

Case Study

GARMIN'S PATH TO SUCCESS IN THE WEARABLE HEALTHCARE TRACKER MARKET

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Ayaka Uriu

Executive Summary

The current market trends and external factors are favorable for wearable healthcare trackers, with a growing trend towards health consciousness and advancements in precision machinery and GPS technology making wearable healthcare trackers more refined, smaller, cheaper, and more ubiquitous.

Garmin is well-positioned to succeed thanks to its vertically integrated supply chain, strong manufacturing capabilities, ability to leverage GPS technologies, and global presence in markets around the world

Garmin must be mindful of potential threats to its success, including strong competition in the fitness tracker market, the risk of market saturation for GPS devices, and political risks.

To achieve sustainable growth in the current market, Garmin can pursue the following strategies:

- **Capitalize on emerging customer markets** by developing new products with minimal functionality and at a low cost to attract a wider range of users.
- Differentiate itself from competitors by implementing **a new business model that leverages customer data** collected from the products



Company Information^[1]

Garmin Ltd. is a multinational technology company founded in 1989, headquartered in Olathe, Kansas, USA.

Specialize in GPS technology

The company specializes in GPS technology for automotive, aviation, marine, outdoor, and sports activities. Garmin has expanded its product offerings to include wearable fitness trackers, smartwatches, and cycling computers, among others.

Focusing on the healthcare market

Garmin has been focusing on the healthcare market by incorporating health and wellness features in its products, such as heart rate monitors, sleep tracking, and stress tracking. Garmin also offers healthcare professionals access to its Connect platform, which provides a range of tools to analyze patient data and track progress.

Garmin's Global Presence and Financial Performance

Garmin operates in over 35 countries and has over 16,000 employees worldwide. The company reported a total revenue of \$4.98 billion in 2021, with a net income of \$1,082 million. The fitness revenue is \$ 1.53 billion, with an operating income of \$ 373 million in 2021.

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Section 1. Environmental Analysis

This section will provide an overview of the wearable healthcare tracker market and the surrounding environment.

1.1 Macro Analysis:

Assess the market trends and external factors that impact the wearable healthcare tracker market.

1.2 Industry Analysis:

Analyze the current state of the wearable healthcare tracker industry and identify opportunities and challenges.

Section 2. Market Positioning Analysis

This section will examine Garmin's capabilities, customers, and competitors to determine its strategic position.

2.1 Garmin's Analysis:

Evaluate Garmin's strengths and weaknesses in the market.

2.2 Customer Analysis:

Understand the customer needs and preferences in the wearable healthcare tracker market.

2.3 Competitor Analysis:

Analyze Garmin's key competitors and their strategies.

Section 3. Strategy Development

This section will propose potential strategies for Garmin to succeed in the wearable healthcare tracker market.

3.1 Opportunity Areas:

Identify potential areas where Garmin can capitalize on market trends and customer needs.

3.2 New Business Model:

Introduce a potential new business model for Garmin to differentiate itself from competitors and win in the market.

Reference

1.1 Macro Analysis ^[1]

Positive

Negative

P
olitical

- Global information exchange becomes easier due to reduced information barriers.

- Legal regulations surrounding the handling of health data, heart rate data, and GPS can create obstacles.
- Geopolitical risk

E
conomical

- **Life expectancy is increasing** worldwide, with even emerging countries experiencing growth.
- **As people become wealthier**, they are also more likely to invest in devices like wearable healthcare trackers.

- The rising inflation of transportation costs, including shipping and fuel expenses

S
ocial

- **There is a growing trend toward health consciousness.**

- Some individuals are skeptical of wearable healthcare trackers due to concerns over data usage. These individuals may be hesitant to use these devices or uncomfortable with the idea of their personal health data being shared

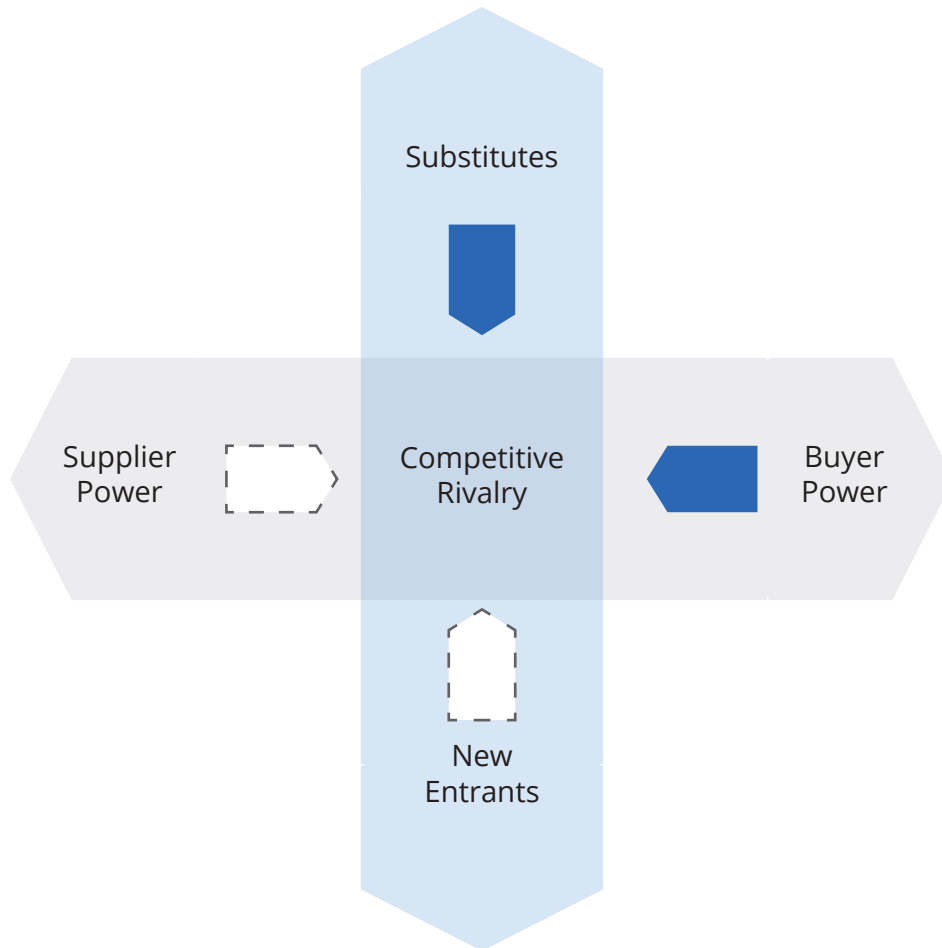
T
echnological

- More advanced, compact, affordable, and widely available with the progress of precision machinery and GPS technology.
- The ability to share and store personal healthcare data electronically

- Implantable chips could threaten the wearable healthcare tracker market by offering similar health monitoring without external devices, potentially reducing future demand for wearables.

The current market trends and external factors are a tailwind for wearable healthcare trackers.

1.2 Industry Analysis



Supplier - Buyer Power Balance^[1]


- Garmin manufactures all components in-house, reducing the risk of supplier issues.
- Price is not the only factor influencing consumers' buying decisions, so Garmin can still generate profits by offering appealing prices.
(Current operation profit ratio: 24.99% in 2021)

New Entrants-Substitutes^[2]

- Regulatory barriers around healthcare data make it difficult for new players to enter the market.
- The market is mainly dominated by existing giant players.
- Adjacent products pose a threat, and the key to success is appealing to consumers' key buying factors.

The wearable healthcare tracker market is **attractive, competition will be intense due to the presence of strong established players.**

Garmin needs to implement the right strategy to succeed in this competitive landscape.

 Power weak

 Power Strong

2.1 Garmin's Analysis



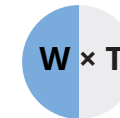
- Our vertically integrated supply chain and GPS technology provide a competitive advantage for offering new products.
- We can launch new products thanks to our strong manufacturing capabilities and in-house GPS technology



- Our technological capabilities and in-house manufacturing help mitigate geopolitical and supply chain risks.
- Despite weak brand strength, we can develop new products to enter new markets and capitalize on opportunities.



- We can minimize the impact of weaknesses by developing new products and entering growing markets.



- In the highly competitive smartwatch market, we remain committed to investing in research and development to maintain our core fans.
- Our focus on functionality and durability sets us apart from competitors and positions us for continued success.

2.2 Customer Analysis

Exploring Customer Needs and Market Potential in the Wearable Healthcare Tracker Industry

Fitness tracker CAGR*

17.5%

[1]



Market Growth:

The wearable fitness tracker market is experiencing overall growth globally due to increasing health consciousness and awareness of fitness tracking benefits.

CAGR 17.5% from 2022 - 2030.

GDP Growth

66%

[2][3]



Market Potential:

The market potential for fitness trackers is particularly high in developing countries due to a growing population and GDP growth.

Global population is growing at CAGR of 0.8%

The Asia-Pacific region is predicted to experience a substantial 66% growth in GDP from 2020 to 2030.

Senior users growth

15%

[4]



Diverse User Demographics:

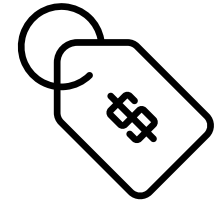
The user demographics for fitness trackers are widening. Especially, there is potential need for seniors to use fitness trackers, particularly to monitor their health and fitness levels.

15% increase in users aged 55 years or older between 2018 and 2019.

Rural population CAGR

6%

[5]



Higher price sensitivity in emerging market:

In developing countries, the low-income population is purchasing more affordable smartphones models. The data on smartphone buying tendencies in developing countries show that low-income individuals tend to opt for very cheap smartphone models.

Population is increasing in Rural area in India. (CAGR 6% from 2021 -2026)

The 74% of the smartphone share in India is the cheap model.[6][7][8]

2.2 Customer Analysis:

Possible Personas

Hardcore Athletes



These are the core fans of Garmin who value high functionality and have an active lifestyle. They prioritize features such as accurate tracking, detailed analytics, and customizable workout plans to optimize their fitness routines.

Everyday Users



This group values fitness tracking devices that are easy to use in their daily lives and have good linkage with their smartphones. They prioritize convenience and accessibility, and may not require advanced features or customization options.

Simplified Seniors



This group values health tracking devices that help and support older adults' autonomy and improve the quality of their life by encouraging them to maintain a healthy lifestyle. They may not require high-end features but prefer devices that are simple to use, reliable, and have clear display options.

Low-Income Customers



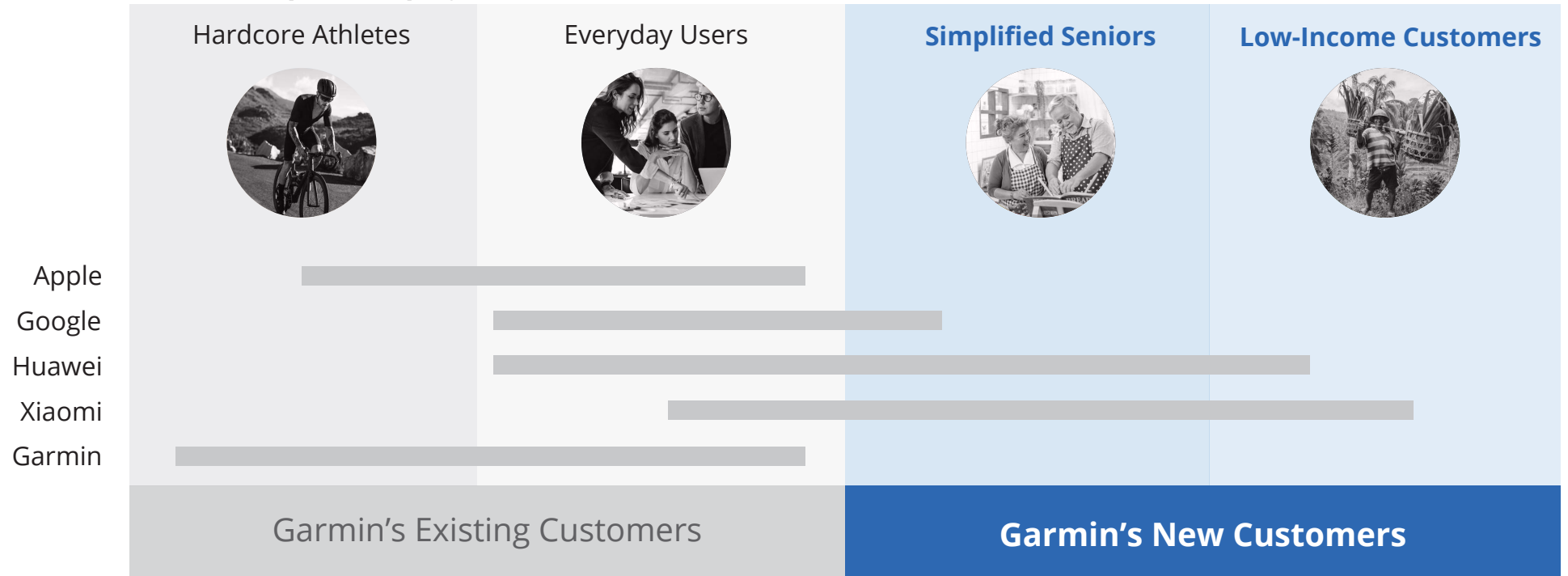
As the population in developing countries becomes wealthier and more health-conscious, we expect to see a growing market for affordable fitness tracker models among low-income customers. This group may prioritize price over advanced features and are likely to purchase devices with minimal functionality at a very low price.

Market size^[9]

	2.1 bil	91.9 bil	16.1 bil	19.6 bil
# of users	2.1 mil	481.3 mil	240.7 mil	980 mil
	×	×	×	×
Estimated unit price	\$1,000	\$191	\$67	\$20

2.3 Competitor Analysis & Opportunity Areas:

Where competitors play



Garmin's Strategy



Garmin faces strong competition in the high-functionality, expensive watch market, with mainly Apple. **To maintain its brand image of high functionality, Garmin needs to continue investing in research and development.**



The market for low-priced fitness trackers is highly competitive with red ocean conditions, and price competition. Given these challenges, it may be difficult for Garmin to leverage its strengths.



Garmin is missing out on the huge opportunity presented by the low-priced fitness tracker market. By launching new products to target this market, Garmin can **attract a large number of new customers**. However, in order to capitalize on emerging customer markets while facing competition from rivals like Huawei and Xiaomi, **Garmin needs a well-thought-out business model.**

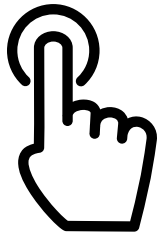
Conclusion

To maintain its competitive edge in the market, Garmin should continue investing in R&D to cater to the needs of Hardcore Athletes who values high functionality and has an active lifestyle. Everyday Users can be maintained in the market as is. However, **the focus of product development should be on Simplified Seniors and Low-Income Customers**, as they represent untapped markets with significant growth potential. By prioritizing product development for these personas, **Garmin can capitalize on emerging trends and gain a competitive advantage in the market.**

3.1 How to win:

To effectively capture the market of Simplified Seniors and Low-Income Customers, Garmin should **focus on developing a low-cost product with minimal functionality that is easy to use for new users.**

Minimal Function



Customer Value

Ability to track health and fitness levels

Simple GPS function for fall and medical alert

Low Cost



Cost

Keep as low as possible, even close to zero, to make it an attractive option for low-income customers

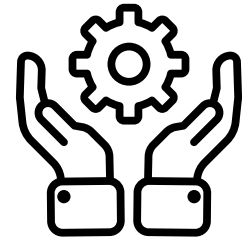
Easy to buy



Convenience

Customers should be able to purchase the product online or through physical shops located in accessible locations such as suburban malls.

Local Support



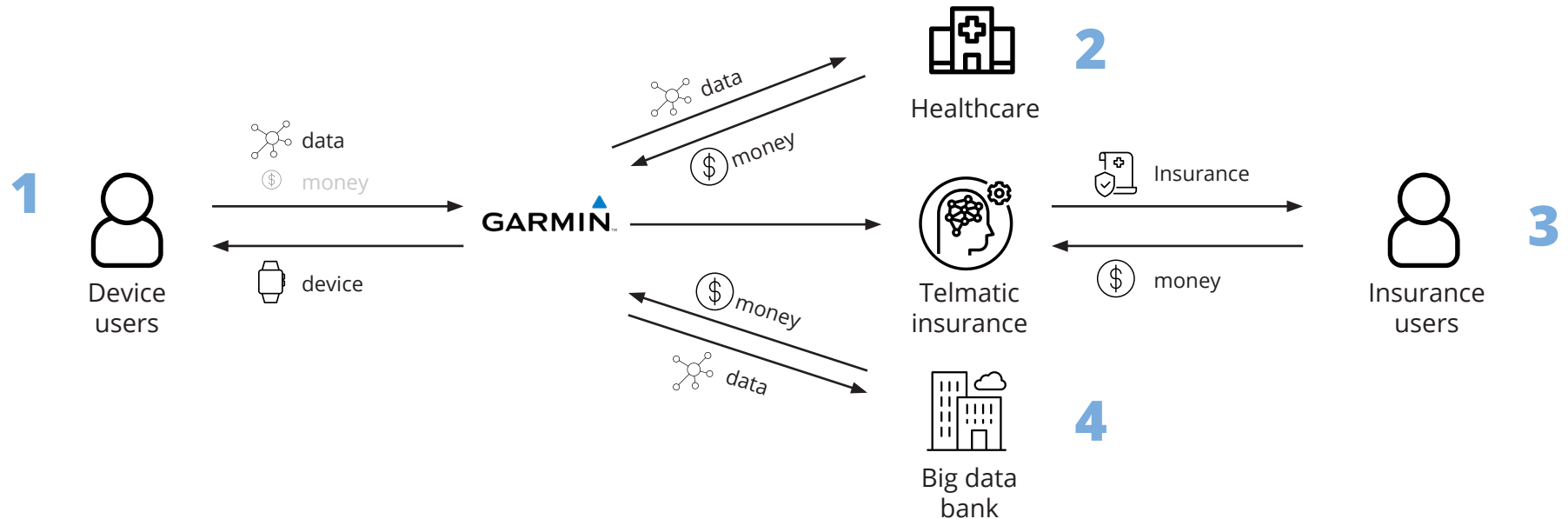
Communication

To provide effective customer support, Garmin can partner with hospitals and offer support at their shops.

3.2 New Business Model:

To offer a low-priced fitness tracker for Simplified Seniors and Low-Income Customers, Garmin can adopt the following business model.

Business Model



Government-supported distribution^[1]

Garmin can leverage government support to distribute its fitness trackers at a lower or no cost in certain regions, as has been done in Singapore. This strategy would enable Garmin to collect data and generate revenue while expanding its customer base.

Partnership with hospitals and healthcare industry

Garmin can share the collected data with hospitals or research institutions and receive payment for the data. This partnership will not only generate revenue but also build a positive image for Garmin in the healthcare industry.

Insurance service based on collected data

Garmin can use the collected healthcare data to develop insurance services with a more precise algorithm for risk assessment. This will attract more customers who are interested in personalized insurance services.

Collaborate with GAFA by using the big data bank

Garmin can partner with other data bank organizations, such as Google or Facebook, to develop data intelligence without compromising their own data ownership. This way, Garmin can stay strong by protecting their own data while utilizing the benefits of data collaboration.

Reference

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2.2 Customer Analysis

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3.2 New Business Model

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Thank you