Workout Genie

Final Report

Product Description

What is it?

- Design your workout on phone/computer

What does it do?

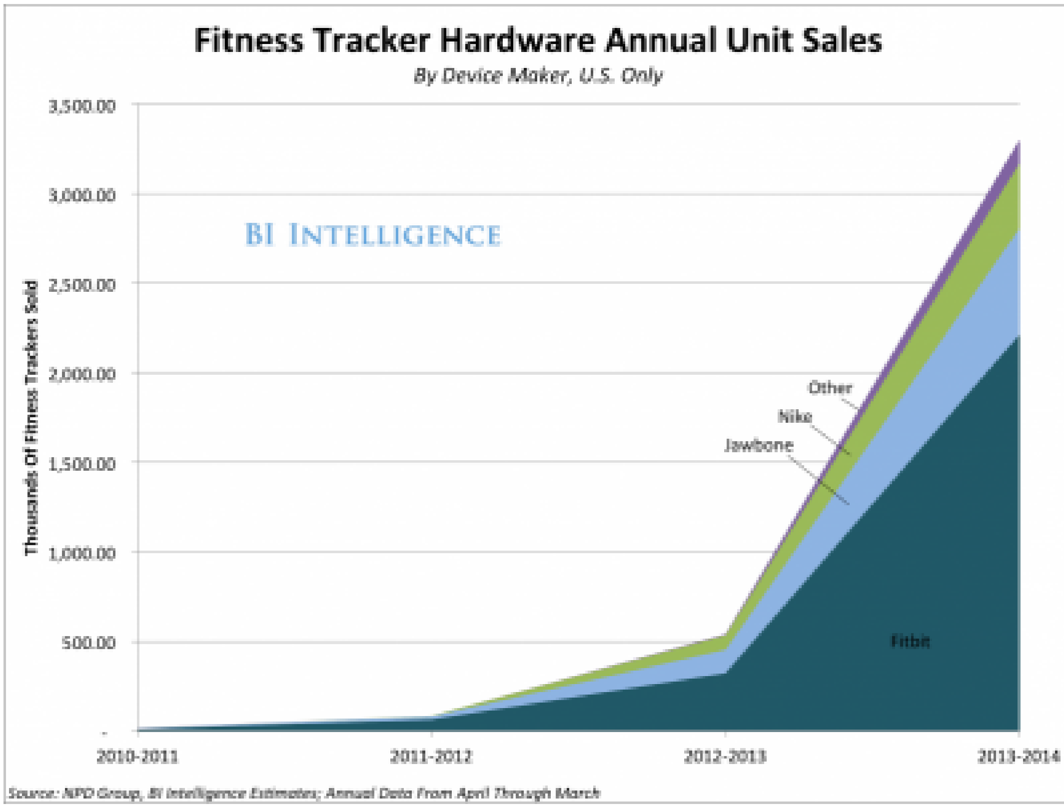
- Device keeps track of rest time, number of sets, repetitions, and repetition speed automatically as the user progresses through their workout.
- Feedback in the form of vibrations let the device communicate with the user.

Why does it do that?

- Transfers the responsibility of tedious tasks from the user to the Genie
- Applies well accepted fitness techniques such as the 42 timing for each repetition to improve the workout results for all users
- Allows for easy long term maintenance of a fitness goal

Market Study and Segmentation

The market for fitness trackers in the United States is skyrocketing and the WorkoutGenie provides a new option for workout enthusiasts that no other wearables offer. This exciting growth leads us to believe that not only will our product be helpful to those already in the market but also have great potential for widespread expansion as the industry matures. In the figure below the exponential growth of these types of devices is impressive. Additionally, there are 3 major players commanding the current market but the trend still shows substantial adoption to newer brands.



Given that Nike, one of the largest companies in the fitness wearable market, has been selling these devices for almost a decade but only has a tiny fraction of the number of sales as FitBit, a much smaller and less established company, the expectation is that novelty and effectiveness dominate the sales in this industry. This is especially good for WorkoutGenie because our product will be both novel and effective in making our customers lives' easier.

Industry/Market	Workout Enthusiasts
End user	End user is interested in augmenting their fitness and health goals with technology and data. End users may also be motivated by streamlining their workout to maximize gains, i.e. the segment of the market that caters to more serious or those motivated to improve greatly. The end user is likely one that would pay for a personal trainer.
Applications	The application is a wearable band that tracks users workouts and results.
Benefits	This would be in order to have a more defined fitness plan and let you focus on the actual exercises.
Lead customer	Young people who want to exercise but don't have much spare time and can't afford personal trainers.
Market characteristics	The market is comprised of a recent trend in young people who are highly interested in using technology to augment their experiences. In this market, "word of mouth" is an important marketing advantage.

Partner/Players	Potential partners are personal trainers, or potentially licensing a unique workout plan. There is a partnership opportunity if there is a marketplace on our app to purchase these workout plans and incorporate them into the workout. Another potential partnership is with the gyms themselves, we could licence this technology as a service the gym could provide their clients, once the market education has been achieved. Finally, licensing the technology itself to an established brand with the infrastructure in place is a possibility.
Size of market	The fitness wearable market is expected to top $1.15 billion in total sales this year, a 35% increase from last year. There has been a recent trend in targeted healthy living. Since 2012, the percentage of Americans with a dedicated fitness wearable has more than tripled [1].
Competition	There are many wristband sensors that can monitor your motions and and display the data or send data to your phones. But systematic applications including sensing, feedback, and plan arranging are rare on the market. This would be a first mover into the market, i.e. there is no market for technology led personal training.
Platform	Selling both online and in store.
Complementary assets required	Marketing campaigns and reliable manufacturing capabilities are a must. Brand name recognition is a consideration.

[1] according to new research by the Consumer Electronics Association (CEA)®

Beachhead Market

Our beachhead market will be the california segment of fitness trackers. This market is the main driver for the recent trend in healthy living. Furthermore, the proximity to SV has led to california being the first adopters to disruptive technologies.

Within the california market, we can further segment by age group, and a beachhead market of age group would be people ages 2035. This age group wants to stay healthy but has little spare time and cannot afford a personal trainer. But many of them are under huge work pressure, and their working time may change frequently so they can't follow the workout schedules strictly. Also, this group of consumers are interested in new electronic products and tend to follow the behaviors of others around them. A pair of cool wrist/ankle bands will be popular within this segment.

User Profile

Gender: Male/Female

Age range: 2035 years old

Income range: $30,000$200,000 per year

Mentality: First adopters of disruptive technologies

Motivation: To help them arrange their workout schedules and take a record of their exercise history. They can also arrange their time more freely than with a human trainer. It is much cheaper than having a human trainer. Also, when everybody around you has a cool band on his wrist, who wants to fall behind?

What makes them special and identifiable:

Our ideal users are:

Easily adopt and accept new concepts.

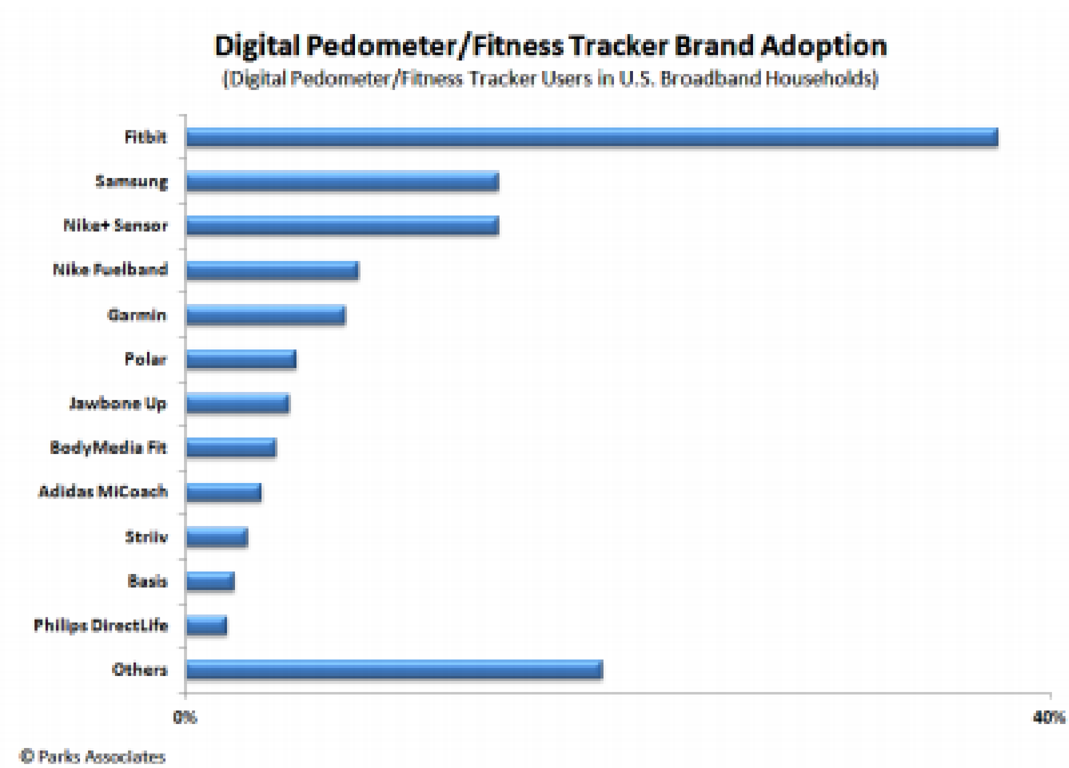
Highly invested in personalized health.

Open to and seek out new technology.

Very interested in keeping up with society.

Beachhead Market Analysis

We can capture a large market share fairly quickly in the market we've chosen. First, we have created a new concept and are also incorporating the personal fitness market. Furthermore, in the fitness tracker market, the leading technology has the highest market share. Companies such as Nike and Samsung have lost market share (see below) to the Fitbit because their technology is not as strong, even though their brand is much more recognizable. Nike's brand as an athletic company, furthermore, has not helped it acquire more market share than Samsung.



Additionally, the beach head market of California young people is a good one, because it will be relatively inexpensive to educate the population in terms of getting them in the mindset of using technologies to “hack” their lives. Furthermore, word of mouth is a strong marketing tool in this market.

A rollout plan, in addition to the launch of the
for marketing purposes. At the beginning we c
for instance, school gyms or public gyms. Use
phones and wear the bands on thei

cooperate with social networks like Facebook or Twitter so that users can share their milestones on these sites. That can encourage users to stick to their workout plan and let more people know our product.

Customer Persona

Personal Information:

Age: 2035

Occupation: Student/Early professional employee

Lives in: America

Buying Power:

Is willing to spend $200 on working out every month

Thinks an application with price below $200 is reasonable

Information Sources:

Online review

PC magazines

CES

GNC emails

Purchasing Criteria (In order of importance):

Practicability

Cost

Appearance

Workout Preferences:

Would rather workout at a gym than home and goes 2 to 3 times every week.

Habitually listens to music with a smartphone when doing exercises.

Is knowledgeable in the world of fitness and wants to make custom workout plans without all the redundancy.

Doesn't mind wearing a band on a wrist and an ankle as long as they are light and soft.

The application must be accurate in counting repetitions and keeping track of progress to be justified.

Repeats set workouts based on major muscle groups rather than making intricate variations.

Doesn't have enough time or money to use a trainer, but wants professional results.

Stays up to date with latest fitness trends and often copies established workout plans.

Determine the customer decision making unit in beachhead market Primary economic buyer: 2040 year old target customer, gymrat. A second possibility is an online workout forum that comments on gym products and analyzes the potential suppliers of this same service.

Champion: 2040 year old target customer, gymrat. Could also be a group of friends who already have the product and are advocating it.

End User: 2040 year old target customer, gymrat Primary and secondary influencers: People who post on message boards about tech products.

Friends who are tech savvy.

Person with veto power: spouse/s.o.

Purchasing department: 2040 year old target customer, gymrat

Mapping the Process to Acquire a Paying Customer

· Create ads on social networks like Facebook.

· Cooperate with local gyms to let people have a try for free, but the temporary user id will expire after 2 weeks.

· People can get extra temporary user id or more services for free if they share our ad on Facebook or invite friends to download our App.

· Customers can buy the bands to get a permanent user id.

· Customers can also buy a pro version App to get more premium services.

Followon Markets

Fitness Wearable Market global size $1.15 Billion expected in 2014 i. Our beachhead market is a small sector of the total fitness wearable market strength training wearables. The immediately adjacent market to capture would be the general fitness wearable market. This transition will be simplified for us as the technology necessary to register steps and calories counted is essentially negligible.

Motion sensing market global size 1.6 billion (2010) with 21.8% CAGR

i. The algorithm and over detection methods could be extended to create an overall package that would have applications in 3D motion sensing. For example, users can control CAD programs by just swinging their arms.

Core Competency: Reducing Fitness Cost. <<<<<<<fix >>>>>>>>>

The goal of the Workout Genie is to remove the current redundancies in keeping track of daily workouts while also helping users stick to their planned workouts. In doing so we strive to remove the necessity of personal trainers, which are currently very expensive and require strict schedules. What we hope, at least initially, to drive sales is the fact that when people buy our product they are more empowered to follow their own workouts, which results in a great cost reduction from hiring a trainer.

Possible Business Models:

a. Workout Genie hardware is sold for a significant upfront cost. Anyone who purchases a Workout Genie device can then download and use the associated application free of charge.

Market pricing of similar technology:

1. Fitbits: ~$150 $250
2. Garmins: ~$80$150
3. Atlas Wearables: ~$250

Model Positives: Given that our product is most similar to Atlas Wearables technology and they have already seen significant sales and preorders, we can expect that if our device is up to par, pricing could be similar. This price point would allow for significant initial profits per sale because our product costs are less than half the price.

Model Negatives: Although we may see large profits initially, this business model lends itself to a significant dropoff in revenue once the market has become saturated. Assuming the devices we sell don't fall apart within about 2 years, it will be difficult to find ways to profit off of current users because there is no reason to have two Workout Genies at the same time.

b. In this model, the Workout Genie hardware is still sold for an upfront cost but it is priced slightly lower than the prices in Business Model (a). The application is still free for all users but contains premium fitness services that are optional.

Model Positives: Our core competency is fitness efficiency and this business model plays directly into this strength by providing services that mimic a personal trainer, but at a severely discounted price. Through the Workout Genie application users will still be able to choose from a basic list of premade workouts or create their own custom ones free.

- $ There will also be the option to pay a fee to access the premium 'custom' workouts that could include sponsorships from various fitness organizations (Eg. Mens Health, the '300 Workout', etc).
- $ On the data analysis side, users will be able to pay a (larger) fee to upload their recent workout data to professionally certified trainers who could then build workouts catered specifically to the user.

Together, these payment schemes allow for a significant income stream from those already own the hardware while still providing the users with a net positive 'value'. The difficulties (and exorbitant costs) associated with dealing with a personal trainer or handling your own data are removed from the user experience making it more than worth it for the customer to invest the ~$200 for the device.

Model Negatives: One downfall of this strategy is that statistically, a significant portion of app users will never pay for any of the premium services. This would mean lower profits on the hardware as well as no long term income from these customers. We would also need to find an acceptable balance between having enough free features to keep as many users as possible while also making it worth it for people to opt into the premium services.

Business Analysis

Marketing Strategies:

Word of mouth and online Forums ($5,000) Online Social Media Marketing ($10,000) Eg. Facebook, Pinterest, etc

Online search Marketing ($10,000) Eg. Google, Bing

Trade Shows and Exhibition booths ($15,000) **Partnership**

Royalty Costs:

Men's Health, 300 Workout, etc %2 per customer

Total Marketing Costs $40,000 + 2% per customer

Online Customer Generation:

Clicks generated 12,500

(1 click per $2.00 spent)
Customers per click .10

Other Customer Generation: 500 (Trade shows and word of mouth)

Total Customers Generated 1,750

Cost of Acquiring a Customer (COCA):

$40,000 / 1750 = $22.86

102% x $22.86 = $23.31

Final COCA $23.31

COCA vs. LTV:

LTV / COCA = $187.09 / $23.31

LTV:COCA ratio = 8.02
