

Nike's FuelBand: Anyone Who Has a Body really is an Athlete

Differentiation strategy creates a distinct identity about a product in the customer's mind

Nike's new product *FuelBand SE*, worn on the wrist, tracks fitness goals of customers such as steps taken, stairs climbed and calories burned. The product is connected to computers and smartphone to monitor the progress by graphs and sharing the progress with others. FuelBand is able to raise the profits of Nike by 18% from the last year's 1% decline.



The marketing success of FuelBand is found in its differentiation strategy as a product for everyone who has a body. The marketing strategies that supported the differentiation “anyone who has a body really is an athlete” are as follows.

- **Product-focused to customer-focused market:** FuelBand focused on what customers want from the product. Customers don't want to use many things on their wrists. The latest version of FuelBand has incorporated watch into the product and customer is able to see the time with a double click.

Firms which adopt the **differentiation strategy** differentiate their products from that of competitors so that consumers can perceive the products of the company as being different from those of competitors.

Differentiation of a product can be done in terms of design or brand image (Pepsi), features (Mercedes Benz), technology (Intel), quality (Toyota), customer service (Hilton Hotels), etc. A firm can attract customers using differentiation strategy by influencing the customers' perception instead of reducing prices.

- **Customer connection through social media:** Customer can upload his data to the social media such as Facebook and can interact with friends and family members who have FuelBand. Customers encourage each other to fulfill their fitness goals through social media and keep a long record of data.
- **Customer data is an opportunity for market potential:** Customer usage of the product provides rich data about customer tastes, location, friends on Facebook, etc. The data can be used to market other

products such as shoes, clothes etc. Nike can link all the data together to get a big picture of customers and customers' friends.

- **Serving marketing potential with variety of products:** The customer data and information will help the company to surround the customer with right kind of products. The data provides customer behavior such as what type of exercises they do, their lifestyle, eating habits, where they reside etc. This is an entry point to deal with customers in a new and different way. This customer-centricity provides a business opportunity.

For e.g. Pharma companies have to understand their customers more than developing new drugs to leverage the opportunity

- **Complete picture of the customer for quantified self:** Customer data over a period provide quantified self that portrays complete picture of individuals. Companies can use quantified self to develop new business models
- **FuelBand appeals to wide range of target groups:** Everybody such as serious athlete, weekend warrior, people who play little tennis or basket ball, gender-free, age-free etc. are the target group for FuelBand i.e. the product is meant for anyone who has a body, who is considered as an athlete.
- **Emotional focus rather than rational appeal:** The positioning 'anyone who has a body really is an athlete' evokes an emotional appeal among customers that they are all athletes in some sense. Though FuelBand is technologically advanced, emotional positioning is going to be a successful barrier to future entrants into this category.

Topic	Course
Differentiation Strategy: Marketing and competitive strategies: Unit 10.6	Marketing management

Source: Nike FuelBand: Did the Brand Score a Goal, Nov, 25, 2013, Knowledge@Wharton