ARCADA

Products differentiation in the wearable industry

Finnish wearable in the Gulf Region

Khalid Lutfi Kadhim

Abstract:
In the recent past, the wearable industry experienced exponential growth which generated increased competition and also created new threats to many companies. Product differentiation is a competitive strategy which can yield profit to businesses if implemented in a proper way. The purpose of this paper is to explore and analyze the product differentiation strategy and the impact on a brand's revenue and market share in the wearable industry, with focus on the Finnish wearable brands in the Gulf region. This paper used the qualitative research method, where the primary sources of information were interviews, desk research, and small-scale test. The secondary sources used include online articles, books, reports and journals. The theoretical part discusses different theories that relate to the differentiation concept and the characteristics of the Gulf region. The research shows the product differentiation process consists of two stages: identification of the key value proposition and the execution of the product development. There is a positive relationship between the product differentiation and brand's revenue or/and market share based on various brands studies. Additionally, the result summarized a proposed product differentiation strategy for Finnish brands in the Gulf region by three phases: understanding the consumer choice in wearable, Market segmentation, and providing a wide range of products with relevant features that appeal to customer value proposition.

CONTENTS

Figures

1 INTRODUCTION

Wearable technology is defined as being devices worn on the user, these devices that are being used to monitor variables and transmit data (Picard and Healey (1997). Devices can range from sport wrist wear, smartwatches, and fitness bands.

There are several studies available on the wearable adoptions and the user experience, but since the industry has grown intensify in recent years and it expected to grow 16.7% year over year (Gartner 2017), it became important to explore the competitiveness in the industry. Many giants have entered the wearable industry such Apple, Samsung and Sony with wide range of products, so the market shrank and became very competitive, and many of the wearable manufacturers are struggling to keep on the competition level, hence the brand, IoT, innovations and R&D are playing a big role in the industry where the companies can differentiate itself through it. This paper is addressing the product differentiation process and its impact on the sport wrist wearable manufacturers with some focusing on the Finnish brands and in gulf market.

1.1 Wearable industry

The wearable technology is spreading through much more, it's not very expensive to produce. It has been expected that mostly in the future people will walk without phone in hand, they will wear it.

Based on the global market report of wearable technology by TMR centre, there are two main purposes of the wearable devices: first to track health & wellness records and second to be connected to digital world (TMR 2017). The forecasted of sold wearable devices worldwide last year is 310 M pcs. and that's generating a revenue in total of $30.5BN of which it expects $9.3BN to come from the smartwatch category (Gartner 2017).

Device	2016	2017	2018	2021
Smartwatch	34.80	41.50	48.20	80.96
Head-mounted display	16.09	22.01	28.28	67.17
Body-worn camera	0.17	1.05	1.59	5.62
Bluetooth headset	128.50	150.00	168.00	206.00
Wristband	34.97	44.10	48.84	63.86
Sports watch	21.23	21.43	21.65	22.31
Other fitness monitor	55.46	55.7	56.23	58.73
Total	265.88	310.37	347.53	504.65

Figure 1. Forecast of wearable devices worldwide in millions of units (https://www.gartner.com/news-room/id/3790965)

According to **IDC** Middle east. the forecasted of sold wearable devices in middle east in 2017 is 2.9 million pcs. Intriguingly the growth was in smart wearable (support 3rd party applications) up to 64.9% year on year, Giants such Samsung & Apple have remarkable share in 2017.

The market is witnessing evolution from fitness bands to smart wearables such as smartwatch & sport-smartwatch, the smart wearable will account for 43% from the total wearable shipments expected by 2021 up from just 26% in 2016 in the region says Nakul Dogra (**IDC** middle east 2017).

Smartwatches will remain the main source of wearables revenue (30% in 2017). Smartwatches are particularly popular as the fast development in wearable technology impacts the smartwatch industry positively. The IOT, Big Data, cloud service and Social Media, those mainstreams are promoting the customers' needs to be connected and supporting both businesses and customers to the Real Time Data (RTD). "Wearable tech is part of the wider internet of things (IOTs) movement where everyday objects become SMART, thanks in part to sensors" (Huang 2015).

Sport wearable (sport-smartwatch) is basically a sport watch which has witnessed several evolvement recent years mainly by adding operation system such Android or Tizen and the hardware are optimized for its main purpose: tracking sports activities including several sport modes (swimming, running, cycling …etc). Traditionally sports smartwatches not very stylish because it mainly designed for workout or training, likewise many sport-smartwatches have same type of smartwatch capabilities but their functionality in this respect is somewhat limited compared to "normal" smartwatches.

Even though Smartwatch may still at the First stage of the adoption process, yet it has a great opportunity to dominate the wearable industry in near future. Based on survey conducted by PWC in 2016 included 1000 respondents worldwide (18-64) years old for both genders stated that 53% of wearables potential customers wanted wearable technology devices to look more fashionable like elegant watch. Nevertheless, through Apps or VAS instantly, a smartwatch is capable of acting as a convenient combination of the smartphone, wristwatch and fitness device and more, so this suggests that the smartwatch market has the potential to encompass the fitness devices market as well (PWC 2016).

1.2 Product Differentiation and challenges in wearable industry

"value is what customer is willing to pay" there is many literatures that emphasizes the most important factor is the value offered to the customer which determines the extent of competitive advantage. In this context, offering differentiated products seems to be a source of competitive advantage because the ability to develop customer-tailored products features can be marketed as a differentiating (Porter 2008). Consumers may perceive or experience advantages/disadvantages in contrast, during or after using a product, due to different auxiliary features (un)available to the product. In addition, some products which similar features may have can actually be experienced differently by the users because the design of those features were carried out differently by different manufacturers. (Eunsang Yoon, Valerie Kijewski, (1997)).

Smart wearable or Sport wearable are part of a crowded and competitive market, and some brands have fallen away, such as the Microsoft Band, Pebble, Motorola, and Jawbone and many others (BBC 2017). As the Harvard professor Michael Porter mentioned that "the benefits that company is able to provide the customer in the target market better than the competition. That's the competitive advantage" (Porter 1996). Differentiation could increase the products value which lead to competitive advantage and that's might be contributing to raise the market share.

Finland is pioneer in wearable technology and many players in the industry such Polar, Suunto, Nokia and Haikara and tens of specialized companies designing and producing

wearable devices, many of the Finnish and other brands followed differentiation strategy which had some effects on the revenue or market share globally such Polar (statista 2014). Currently, the Finnish wearable vendors have no significant market share globally or in gulf region according to many statistics (IDC, statista, canalys), so developing sustainable differentiation approach might be key influence factor in future market share.

1.3 Purpose of the study

The purpose of this paper is to explore and analyze the product differentiation strategy and the impact on a brand's revenue and market share in wearable industry. Additionally, the study addresses the Finnish wearable brands in the Gulf region.

The aim of this Research is to find out answers to these questions:

- How is products differentiation carried out in wearable industry?
- Dose products differentiation have an impact on the brand's revenue and/or market share?
- Is product differentiation paying off in gulf market for Finnish wearable manufacturers?

1.4 Structure of the thesis

The thesis consists of six chapters, chapter one gives an introduction about the wearable industry, challenges and the product differentiation. Chapter two continue with the literature review that discuss the differentiation concept in theories and chapter three address the characteristics of gulf market. Chapter four describe the methodology of data collection and the data resources. In chapter five there are more details about the differentiation process in wearable industry for some Finnish brands as well as other brands and what was the impact of differentiation on those brands, continuing with the product differentiation strategy in the gulf region for Finnish brands. Chapter six is the findings, additional to the conclusions.

1.5 limitations

The differentiation is very wide concept, as companies could be differentiated through the products, services, people, customer service, reputation and so on. However, this thesis is concentrating mainly on the products differentiation in sport wearable that typically worn on the wrist and address specifically the gulf region market with the Finnish brands. These are too many and too different topics to discuss in one thesis, therefor the literature review and the empirical data are limited to one differentiation approach and one market, and due to limited data resources, the finding cannot be generalized to all brands in all market. Many of the statistics and figures in this thesis obtained from commercial portals in which the level of reliability and accuracy cannot be evaluated.

2   THE DIFFERENTIATION CONCEPT

2.1 Introduction

In today's competitive market environment, economic and business complexities have evolved and brought a situation where all the companies whether new or old have to compete for customers and greater market share (Porter, 2008). Increasing competition is certainly driving technological advancements but along with this, companies have started focusing on understanding global customers (Bettis and Hitt, 1995). More so, customers are demanding global products that have been customized to their own needs and requirements (Collis, 1991). This has led to much emphasis being placed on product competency and differentiation so as to create a space for competitive advantage that can provide the companies an edge over the competitors. Global companies thus focus their expansion strategy considering the fact that they need to achieve competitive advantage and enhance their performance so as to synchronize customer demands and their own performance (Teece, 2010). It is thus necessary for the companies to understand their competitors' strengths and weaknesses to present a differentiation to their products in the market (Porter, 1979). Further, it is also necessary for the business organizations to seek a clarity over

their own strengths so as to analyze the extent to which they can explore their territory to provide differentiation (Porter, 1979).

To attain differentiation in a global competitive market, it is important to understand the foundation theories of attaining competitive advantage mentioned by scholars such as Porter and Simon P. Anderson. Over the years, product differentiations, industry analysis, competitor analysis and strategic position are considered to be important part of any business strategy (Porter, 2008). A large number of business executives hold on to these concepts while introducing their products in the global markets.

Differentiation theories have gained a momentum among the economic researchers as well as business organizations (Conner, 1991). Competition has become a synonym for the open market and thus, differentiation theories have received much acclaim from the practitioners. The rising intensity of the need of devising competitive strategy has led the companies to adopt new technology and innovation in order to cater to the varied demands from the customers globally.

Certainly, there is vast study available to understand how the companies opt for differentiation in order to attain competitive advantage over their competitors, however, it is yet to identify how the same companies are adopting the differentiation when exploring global boundaries. Across nations, social culture changes and thus the customers' behavior, requirements, language and fascinations (Oliver, 2014). This prompts the companies to segment their customers and provide them a product that is unique yet advanced from the existing products.

This literature review is an attempt to fill the void in management practice of the concept of differentiation and thus provides an impetus to the companies looking for globalization strategy through the use of differentiation. Further, this literature review investigates other measures related to differentiation that hold importance to certify success for global market such as cost vs differentiation, barriers to market entry and competitive advantage. This literature review is an important segment of the whole study since this study will aid in devising survey for the research section. The literature review along with the empirical data will then be analysed to derive the impact of differentiation over the perception of potential customers for the studied brands.

2.2 Theories of Product Differentiation

2.2.1 Porter's Competitive Strategy

Porter stated that having a competitive strategy is actually equivalent to developing a formula for the process on how the business will succeed among the existing market players. It requires defining of goals, formulating policies and establishing brand identity in order to gain customers and their loyalty (Porter, 2008). Porter's theory of competitive advantage provides a sophisticated tool to analyse the factors that drive success while entering into an international market (Porter, 1991). Porter's competitive strategy focusses towards taking an advantage in the industry in order to yield a profitable return on investment. Firms require to analyse current circumstances, their own capability, competitors' strengths and weaknesses that collectively reflect to the best ways for competing in the industry (Porter, 2011). Porter has suggested three generic strategies in a broader concept that can be ideally used to outperform the competitors and gain an advantage over the customers' preferences (Porter, 2008). The three strategies are as below:

- **Overall Cost Leadership**

- **Differentiation**

- **Focus**

Some organisations are successful in implementing one of the above strategies, however, based upon the situations, a combination of these might be required. Keeping the focus of the study in the direction of the research question, this literature study will analyse the strategy of differentiation as has been stated by Porter.

Differentiation is ideally creating a service or a product that is unique from what other competitors are offering in the market. Differentiation can be served through different dimensions such as- product shape, customer services, availability, specifications, usage

pattern, dealer network, technology or even the combination of these (Porter, 2008). Differentiation can be supported as a strong tool in the market to counter the persisting competition. Differentiation has been termed as a strategy to ensure above average return from a product or a service by providing a defensible position in front of your competitors. Differentiation not only keeps you in a unique position in the industry, it also develops a pool of loyal customers that look forward to your product and thus provides the firm with cost change insulation. Customers clearly have lesser choices available due to uniqueness of the product and are less cost sensitive (Porter, pp-38).

Keeping the view towards positive impact, differentiation adds to the market share of a firm, however, on the other hand, uniqueness disallows the product or the service to become the market leader. Also, cost effectiveness is difficult to achieve in most of the cases. A unique product or service requires an additional fund for meeting the additional expenses, a large number of customers might number be able to afford the product (Porter, 2014, 2008). Thus, it is equally important that any firm decides for launching differentiation considering the factors such as customers' requirements, their spending capacity, current needs of the customers in addition to the economic factors such as inflation and per capita income. Differentiation on one hand, provides a sense of superior quality to the firm and pricing leverage, while on other, might divert some potential customers giving a perception that the product or service is out of their reach. Balancing the trade-off among the two is necessary for any firm to compete in a global competition and the above factors are necessary to devise a strategic plan for implementation of differentiation.

When Porter's theory is studied for digitally advanced smart products, there are several opportunities for the developers for differentiation in terms of greater functionality, reliability, capability, product utilisation and customization. As the technology gets advanced, new choices get created for the customers as well as the manufacturers on how to build relations with the customers, business partners, and how to utilise customer data. Porter has mentioned five forces that mark any market, however, the advent of technology pushes these five forces and forces the market to rebalance. As big data has arrived, companies can use customers' data to enhance their product targeting, customise products and develop an effective marketing strategy (Michael E. Porter & James E. H. 2014). In 2014 Porter has referred to the impact of the technology and smart products in differentiation strategy (Harvard Business review 2014: 11) expresses that in the following way:

> Smart, connected products have the potential to shift rivalry, opening up numerous new avenues for differentiation and value-added services. These products also enable firms to tailor offerings to more-specific segments of the market, and even customize products for individual customers, further enhancing differentiation and price realization.

Porter said This in fact provides opportunities for the developers to provide differentiation to the customers as per their segmentation and thus attain competitive advantage.

2.2.2 Discrete Choice Theory of Product Differentiation.

The theory on product differentiation given by Simon P. Anderson and Andre de Palma has found much meaning into today's company's strategy to gain competitive advantage by gaining consumers' attention. Simon clearly states in his book that differentiation in terms of size, shape, colour, style, packaging, quality and style impacts consumers' choice of buying a specific product (Anderson et al, 1992). The theory of differentiation is much important to understand the economies of modern markets and the model can be used to understand the behaviour of consumers in different differentiated markets to establish and further devise a business model that can work in the situation of competitive industry (Porter, 1991). The theory works on additional dimensions for categorisation of the products to provide discrete model to the consumers. In the book, Simon and Andre worked over different existing models on differentiation and used them as their foundation for the discrete choice theory (Anderson and Palme, 1989). Discrete choice models, Rando Utility Models (RUM), representative consumer model (RCM) and the address model (AM) have been used for the synthesis of alternative preference foundation of product differentiation (Anderson et al, 1992).

The theory clearly identifies that when a new product enters the market, the competitors re-position themselves in order to suit the competition. Some of the scholars have even suggested non-cooperative game theory to devise how the firms take decisions in such an environment (Anderson et al, 1992). Differentiation can be carried out in different manners Specifically for a product, spatial differentiation can be much useful and a strategic step that might lead to savings or increased expenses over transportation costs. This

strongly impacts the pricing of the product and thus provides differentiation to some brands through proximation (Anderson and Palma, 1988).

In a similar manner, other parameters can determine product differentiation and provide a suitable competitive edge to the product over the competitors. Although transportation is a still a major concern for the companies, yet many have already found suitable ways to lessen the transportation costs and new business models are emerging to combat the pricing technique. Discrete choice theory of Product differentiation majorly focusses over geography-based differentiation but does impart knowledge over other aspects that are needed to be learned for product differentiation at the whole (Anderson et al, 1992). Applying the same theory in modern times, companies can gain competitive edge through innovation, creativity and technology. A better technology targeted to gain customers in order to fulfil their requirements in the simplest ways can prove to be useful in a competitive environment.

Simon's and Andre's theory has been a significant step towards product differentiation goals and has been considered important even today while brands enter a new competitive market (Anderson et al, 1992). Although, situational changes are needed to be put under consideration and the industry be analysed thoroughly so as to expect positive outcomes from the theory.
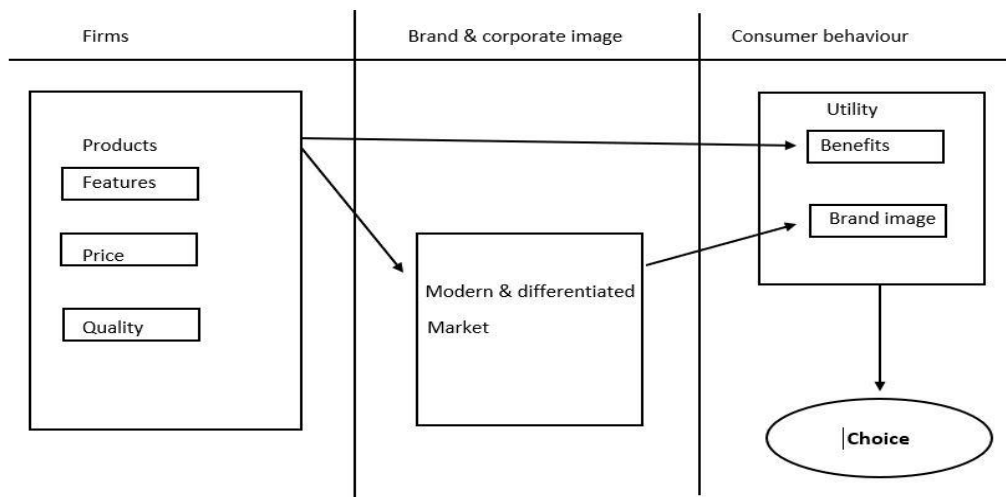

Figure 2. The discrete choice framework model (https://mvsolution.com/?s=discrete+choice)

2.2.3 Product Differentiation and Market Segmentation.

The previous theories reflected differentiation in the product itself and on how to achieve that, while this theory "product differentiation and market segmentation" expands to the knowledge of market and using differentiation to not only build the product but also to sell. This theory has been in critical continuation of the classical and non-classical theories of perfect monopoly and perfect competition that ideally does not exist. Lack of homogeneity at levels such as customer demand, supply from the company, economic structure of the society etc. necessitates understanding of product differentiation (Smith, 1956). Wendall states that product differentiation and market segmentation have largely been neglected but their clear approach and implementation is highly important for a stronger marketing strategy. Dynamics of markets and economic structure of different markets renders it important that rational selection of marketing strategy is made for a functional effectiveness (Smith, 1955).

The whole strategy making activity should lead to minimisation of costs whether they are production costs or the marketing costs considering the fact that at the whole they are going to be added to the price of the product. The theory focusses more on differentiation in overall strategy that works at every level related to the product manufacturing, technology, production, marketing, customer service etc.

In Wendell's words (1955), differentiation is concerned with the bending of demand to the will of supply. And it brings recognition of a product and tends to emotions related to the product. The theory is a major support in building the support for new business launches. Successful product differentiation strategy in the market leads to a probable horizontal market share and success in gaining a market position that is deeply penetrated.

Considering the Wendell's theory (1955), product differentiation is required to be implemented as a response from the changing market conditions and in order to gain a competitive position in the market. Advertising the competitive differences of the product in question leads to securing control over the customers. Product differentiation at this stage provides insulation from cost fluctuations since the customer becomes ready to buy the differentiated product. On One hand, other theories stated using price as a differentiation parameter, Wendell provides security to the cost of the product while providing differentiation and creating favourable market situation.

As the digitisation has taken over different industries, it is highly beneficial for the brands to use technology at different levels of their operation and build a complete chain of differentiation. The streamlining of operations led by differentiation is essential for gaining cost based competitive advantage. In addition, for the smart products, technology can be helpful in selling the product more efficiently by customer segmentation, providing them customisation according to their behaviour and attending the supply of the products through the most efficient way so as to lower costs. The Wendall's theory sets in differentiation at the core of the product or service and guides towards achieving differentiation at every level of its development until it product/ services reaches the customer.

2.2.4 Monopolistic Competition and Product differentiation.

Monopolistic competition has been defined quite interestingly by the scholars. It is the imperfect competition that can exist even with several competitors in the market. The reason of such a competition is solely based upon differentiation that is provided by the monopoly holder (Chamberlin, 1948).

The theory states variety of market phenomenon in which a product carries unique properties to attract the customers which could be in a form – style, design, shape, price, features, usage, availability, ingredients, composition, customer service, after sale service etc. The unique features lead the product to gain a partial or substantial monopoly in the market. The author has also defined oligopolistic market and the idea of monopsony in which there is a single buyer (Chamberlin, 1933). Chamberlin's major contribution to the market was in the fact that he considered the large number of competitors in a product whom he identified as group of competing products. In this order, he sought to identify the key features of monopolistic economy. There are several products available for the customer, the products which are almost similar and can be either stated as almost substitutes of each other. However, when a certain product out of this market provided a differentiation to the customers by not fitting into the substitution of the existing products, monopolistic situation is more likely to exist (Chamberlin, 1951).

However, the theory was not well accepted considering the fact that it was quite plain and was not applicable in real scenarios. Markets are much responsive to even the slightest

changes and differentiation does not work in such plain terms, rather it is quite a complicated process. Some of the scholars have stated that even after 60 years of the theory, there are debates over the acceptance of the theory. The scholars certainly understand the concept of differentiation and they accept it as a major market force which is clear from their arguments, yet they don't accept differentiation as a single-dimensioned parameter. Product differentiation has been considered to be having multiple layers and is being followed in a complicated manner with market forces reflected through all the existing competitors (Rothschild, 1987, Chamberlin, 1961; Kuenne, 1967; and Skinner, 1983).

The theory works in the following way- supposing there to be N firms in a market with each of them selling a differentiated product and assuming that the price of the product is above the costs and there are no new entries to the market. In such a case, according to the Chamberlin's theory, each company can expect to earn profit by lowering the price when their competitors do not do so. However, when all the firms are doing the same, their profits will decrease even when the market share will remain the same. The theory requires a substantial amount of understanding of the situations that can actually create monopolistic markets which in today's industrial preview is quite difficult to achieve letting some industries as an exception (Rothschild, 1987). Competition led to innovation and differentiation, the hub economy today is shrinking to few digital superpowers such Google, Amazon, Apple, Baidu, Facebook, Microsoft, they provide differentiated value to attract users through their digital value chain product/service, the technologies drive the business to make it more monopolistic while in the same it promises to democratize it (Marco L. & Karim R. L. 2017).

Product value proposition in wearable

The current day technology and increasing technology and innovation intervention in the wearables industry makes it important to understand the knowledge and product assets. The industry as a whole has an intact value that is to be understood by the new entrants or the existing brands. In addition, all the countries own a different level of asset for any kind of technology or products which depends upon the customer preferences, needs and the use of the product for the stated customers (Kapferer, 1994).

The product features have an important role while segmentation through differentiation. Scholars have suggested that differentiation in product features provide fascination to the customers and lead to more sales and revenue in the beginning of the launch. However, after a certain time period, Kano model leads the sale of the product in any given region (Jaskulka, 2013). Porter also suggest that companies can enhance its competitive positioning by combining the capabilities and product features as with high-end strategy, a company can often reinforce differentiation through extensive features since low cost competitor will probably go for product basic features only (Michael E. Porter & James E. H. 2014).

For smart product some studies result suggest that the smartness features are act as the primary drivers for core usage which is not necessary to be the same features during the purchase decision and this support the use of differentiated strategies for sport-smart products (Park, H. J., & Lee, H. S. 2014). Considering the product features of sport- smart watches, as has been stated above, Polar and Suunto both have worked towards introducing differentiation to the targeted customers. Polar on one hand has focused on specific sports and is most commonly known as watch for runners, that's why the company has focused on the heart rate sensor, GPS, accelerometer. Suunto is popular as multi-sport watch with GPS, Altimeter and diving optimized. Other brands like Apple and Samsung have utilized their high-tech resources to add the most advanced smart-features to its product such the 4G connectivity and contactless payment. The sports wearables have an important role in betterment of movements of the players. Players and athletes across the globe are using sports wearables so that they can improve themselves by targeting their weak points in a planned manner. The watches can be integrated with phone devices for the apps from the provider. The app then directs to detailed analysis of the user.

2.3 Theories summery

Even if the theory does not apply totally to the concept, yet it is strong enough to hold the ground for product differentiation and its importance. The theories summarize that Product differentiation increase the competitive advantage which reflect positively on the brand's revenue or market share and this is the theoretical concept that the empirical part

is based on. The market gain that is probable on achieving differentiation cannot be neglected and is considered to be a strong way to enter a new market or gain a greater market share if not monopoly in the market. However, there will be more competitive forces that will be acting in the real market preview that are still needed to be worked upon to build a stronger market strategy. The next section builds upon the understanding that it is necessary to learn about the market as well- Gulf region in this study. Market understanding along with product differentiation can work in unison to gain competitive advantage and determine other market forces that will be applicable considering that other market competitors will be actively participating in the competition.

Having analyzed differentiation models and their applicability in global markets, it is necessary to understand the application of differentiation in the real business context. The digitalization and technology are reshaping the differentiation concept in many industries and smart wearable is one of the major industries that driven by the innovations and new technology. The Brands in question here are Finnish Brands, Polar & Suunto and their differentiation strategy globally and in the Gulf market. Thus, the first step is to study the Gulf market, the basics of which will be used to determine differentiation success degree in the region.

3 MARKET CHARACTERISTICS OF THE GULF REGION

3.1 The Gulf market

For Gulf market, as previous researches have stated for marketing strategy that multinationals have need to standardize their marketing plans to each segment while differentiating their strategies among the different segments to reach the Arabs market in more efficient way. this approach would help to know the marketing variables that relevant and effect to consumer decision in mentioned region. (Souiden, 2002)

However, before delving into the study, it is important to answer the questions- how to segment a particular country? Are the above stated parameters enough to reach a conclusion for market segmentation? What other parameters might be impacting for the stated industry? What all criteria should be used to work on the market characteristics parameters?

To answer all these question, the current study is focussed to the Gulf market so as to determine a concrete framework for market characteristics and get a stronger understanding of the market.

The research will study all the countries comprising the Gulf Region and evaluate different parameters and variables for identifying the application of differentiation model to the segmented customers.

As has been stated above, traditionally, marketing executives and scholars have suggested the following variables to determine segmentation in different markets:

- Demographics
- Psychographics
- Usage
- Geographic Location
- Benefits

Based upon the existing research over Gulf market characteristics, this study will follow a multi-level segmentation for the Gulf market. The first level will identify the group of

countries that can be segmented together (macro-analysis) and the second level will consider behavioural and psychological variables for the customers (micro-analysis) to derive the foundational segments for the study.

- Macro-level analysis- Socio-economic, Psychological, demographic, geographic, climatic, political variables
- Micro-level analysis- frequency of purchase, attitude towards product categories, attitude towards brands, economic development, modernisation

Countries included within Gulf boundaries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

3.1.1   Macro-level analysis

Population size

Small population Countries	Bahrain (1.4 m), Qatar (2.6 m)
Medium population countries	Kuwait (4.1 m), Oman (4.4 m)
Large population countries	Saudi Arabia (31.7 m), United Arab Emirates (9.1 m)

Figure 3 Population size in gulf region countries (GCC statistics 2016)

Population average age
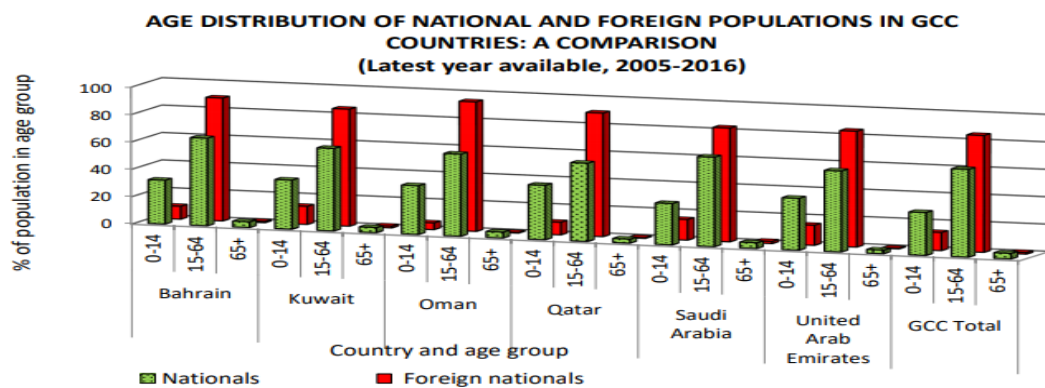
Figure 4. Age distribution of national and foreign population in GCC countries (http://gulfmigration.eu/media/graphs/Graph4_09_05_2017.pdf)

Considering the above graph, in all the Gulf region countries, age demographics is similar and foreign national are more in the age range of 15-64 years. This will be the targeted population that is the direct customer of the stated industry. However, it is yet to be determined, what percentage of these individuals are active in sporting activities and are interested in buying smart sports wearable technology.

Economy size

Small economy Countries	Bahrain ($34.3 b), Oman ($71.3 b)
Medium economy countries	Kuwait ($126.9 b), Qatar ($173.6 b)
Large economy countries	Saudi Arabia ($707.3 b), United Arab Emirates ($407.2 b)

Figure 5 The GDP (nominal) total in 2017 in gulf region countries (IMF 2017)

Climatic Variability

Saudi Arabia	Desert, extreme heat during day, abrupt low at night
United Arab Emirates	Hot and sunny, comparatively cooler in mountainous region
Kuwait	Arid climate. Huge difference in summers and winters with rainy season as mostly humid
Oman	Hot desert climate, with very low rainfall, high temperature during the day and low at night
Bahrain	Extremely hot summer and mild winters
Qatar	Dry desert, low annual rainfall, intensely hot

Figure 6 The climatic variability in counties in gulf region

The climatic conditions in whole of the Gulf region is almost similar and that makes it easier to target the market. The climatic conditions can be considered to be hot and humid

and the wearables need to be differentiated from the Western atmosphere, however, be standardised throughout the Gulf region for the make.

Apart from these, geographic, political and religious changes have a negligible or no impact on the purchase of sports wearable in the targeted region.

3.1.2 Micro-level analysis

1. Measurability

Measurability evaluates the degree of marketing efforts that need to be implemented within the region. Measurable also refers to the fact that the study can measure the targeted area's market size, purchasing power and profiles of the segments.

As has been mentioned in the first section, profile of the segment can be measured through different variables that are useful at macro-analysis level. However, it becomes more important to analyse the micro level segmentation to measure the markets. Assuming that the overall trend will remain the same, Figure 7 can clearly evaluate the measurability of the market.

Market size and purchase of units
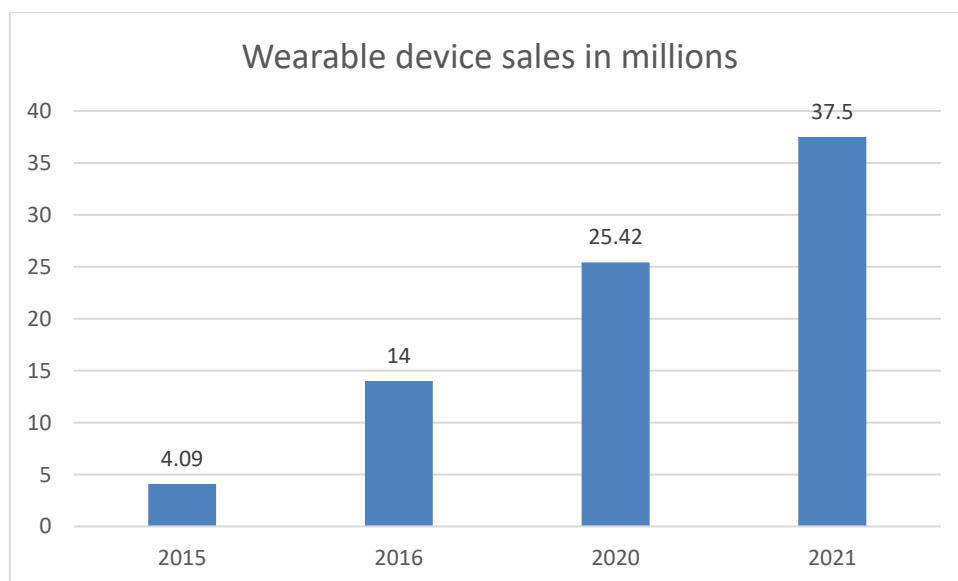
Figure 7. The wearable sales in Gulf region as well as north Africa (Statista 2016).

24

2. Accessibility

In simple words, market accessibility is the ease through which a country is open to the sellers from across the borders. Among the Gulf Region countries, United Arab Emirates is considered to be one of the most accessible market. In fact, it is ranked third globally after China and India making it an interesting and open market for trade for international brands. The favourable business conditions in the UAE make it an attractive market for international sellers.

Considering the accessibility level of all the Gulf region countries, the below table can outline how the countries can be grouped together. The segmentation has been done based upon the GCI (Global Connectivity Index) of the countries. The table shows the ranking of the countries in brackets and the ones with no rating have not even been considered for the global index.:

Good Accessibility	UAE (18), Qatar (22)
Medium Accessibility	Saudi Arabia (29),
Low Accessibility	Bahrain, Kuwait, Oman

Figure 8 The market accessibility in gulf region countries (Huawei Reports, 2017)

3. Profitability

Profitability analysis tool helps in measuring the potential profitability in a country. The profitability of a country can be determined through different parameters that should be synchronised with the product or the service to be sold, however Profitability can be determined through spending capacity of the potential customer in the country, the interest of the customers for the product, the attitude of the potential customers.

Spending capacity

According to an analysis, spending in the Gulf region is on the rise and UAE is expected to hit more than $260 billion in consumer expenditure by 2021 with an estimated CAGR of 7.5%. Another report suggested that Gulf region has one of the strongest driver for the

increased spending capacity- increasing number of young population that earns. The whole of Gulf region has observed an increase of 65% in the overall GDP since 1998 and the whole economy of the region is expected to exceed $2 trillion by 2020 (Dubai Chamber, 2017).

Main reason of the attractive profitability of the Gulf region is that the government is providing good facilities to the residents while there are no taxes. Also, political structure is quite stable in the region (except for Bahrain and Kuwait) making it easier for the residents to spend more on consumer goods. International brands are in much demand in the Gulf region.

Interest of the customers in sports wearable

Assessing the profitability of the countries in Gulf market also comprises the interest and attitude of the customers. According to the latest figures compiled by ICT and IDC in the first quarter of 2017, shipment of wearables in the region increased by 30.2% year on year. The major momentum was provided by the smart wearables that get integrated with third part application and provide significant results. For the smart wearables, the overall growth was reported to be 64.9% Y-o-Y. However, it is important to note that, these smart wearables comprise of sports wearable along with the smart watches. IDC analysts believe that by the end of 2021, the share of smart wearables out of total wearable market will be 43% up from 26% in 2016 (IDC wearable, middle east 2017). Considering the latest news and articles, Qatar and Bahrain are the most sport enthusiastic countries in the Gulf region (Kumar and Steenkamp, 2013).

Most athletic	Qatar, Bahrain
Less athletic	UAE, Saudi Arabia, Kuwait, Oman

On the other hand, it could be important to observe that the less athletic countries might find the sport wearable product more relevant to improve the performance of their players.

4. Market Responsiveness

Business environment in the Gulf region is characterised by rapid developments and changes that involves technological advancements and business exposure. Gulf market

responsiveness can be determined through the market conditions in the respective countries and the degree of economic freedom that the countries have. If the countries are economically free, a new business is more responsive by the consumers. Based upon the global rankings of economic freedom, the countries have been segmented based on their index as following:
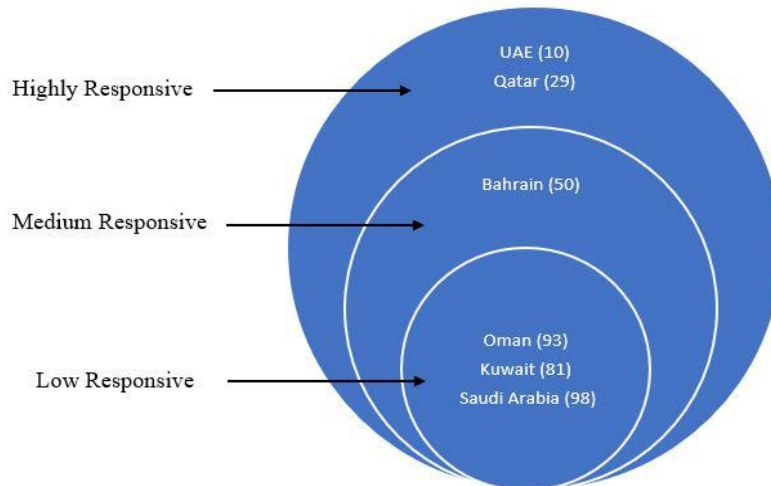
Figure 9. Gulf countries responsiveness index (https://www.heritage.org/index/ranking)

Conclusion

If the above metrics are studied and analysed, three different groups can be determined for the Gulf region countries. The countries in one group are homogeneous in characteristics and consumer behaviour among themselves, while the countries in different groups are differentiated, with considering the common aspects among the groups such language, culture and geographic.
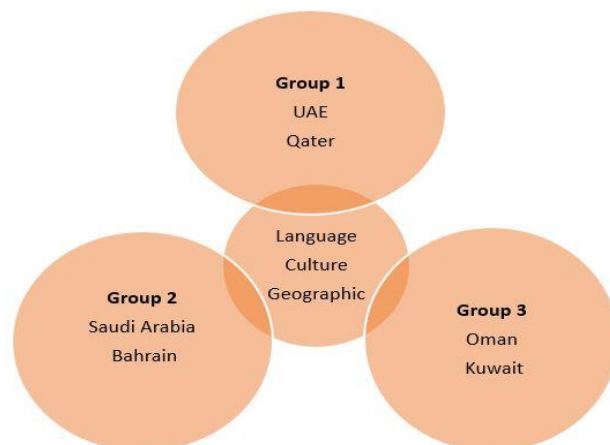
Figure 10. Gulf Countries clustered in three groups

27

3.2 The Wearables Brand

Sample Brands

Here, the current study will focus solely on Polar and Suunto as they are benchmarks in Finnish sports wearables brands as well as the largest Finnish producers. both brands are operating in gulf region through official distributors.

In additional, other non-Finnish brands will be considered in this research such Apple, Xiaomi & Fitbit

in order to assess Finnish sports wearables in the Gulf region, it is important that their brand equity is discussed, and brand asset valuation is done using the model stated above.

Brand Asset Valuator Model

Brand Asset Valuator is a well-researched metric that has been developed by the company named "Young and Rubicam". The purpose is to measure brand value in a structured manner. This model states that brand value is formed through four steps:

1. Differentiation – Perceived distinctiveness
2. Relevance- Appropriateness of the brand to the customers
3. Esteem- Regard for the brand from the customers' perspective
4. Knowledge- Awareness or understanding of the product/ service

These four measures are used by the brands to evaluate how they can perform in the near future. These four characteristics define the strength of the brand in a given market. The strength is further used to evaluate whether the brand will be able to withstand growing competition in the market when differentiation will eventually be copied by the competitors. Assessment of all the four dimensions supports the organisations in developing and then managing their products/ services. The above stated dimensions are the basic elements for a brand and there can be varying amount of these elements in a specific company/ brand.

1. **Differentiation**

Polar sports wearables can be differentiated on the base of their business strategy. In the year 2017, they associated with AthliOS to improve their existing software and drive innovation for future wearables (Polar 2017). Regarding the products, Polar heart rate monitors and sports watches are quite popular for their accuracy and use cases. They have watches for cross training, yoga, swimming, cycling as well as other fitness trackers. Some of the models of the Polar watch have been stated as the best models of the year by several reviewers (wearable 2017). It is safe to state that the company has introduced differentiation strongly at the technology end and smart coach. Adding to this, customer service is another factor that provides it differentiation (Polar 2017).

On the other hand, Suunto has created its differentiation through taking a competitive edge at the products durability, accuracy, and diving sport optimization (wearable 2017). The watches offer a wide range of activities that can be tracked and still priced a lesser price than the competitors. At a lesser price, the accuracy is still one of the best in the market and this provides a significant degree of differentiation to the brand. The brand instead of focusing on a single sport activity through one watch is supporting multi-sports tracking which caters to those who are into more than one sport activities (wearable 2017).

Apple is the brand that differentiating through the high-tech products and the value chain through its platform, however Apple is well-known by high user engagement and provides mostly the high-end devices that appeal to multisport persons and for Apple loyal customers (MBLM 2015). Apple has a long-standing partnership with Nike to strength the brand value in sport industry, the latest Apple product launched by collaborated with Nike (Apple 2016).

Xiaomi is Chinese technological company founded in 2010, with a range of innovative products (phone, laptop and wearable) at accessible prices. Xiaomi is headquartered in Beijing, China. It is the world's 5th largest smartphone maker in 2015, it sold over 70 million units and was countable for 5 % of the smartphone global market share (mi.com). In gulf region the brand became a popular for people looking for convenience products at reasonable low prices, the brand has a partnership with local distributor (The Middle east leading technology 2017).

Fitbit is well-known as one of the first companies into the wearable industry, Fitbit has strong brand recognition and long history with the activity tracker band and has one of the good apps for wearables (Adage 2016). Fitbit is digital health oriented and that's what the brand stand for, however Fitbit has established a partnership with Adidas to strength the brand value for athletes and multisport through the new products range in sport wearable (Fitbit 2018).

2. Esteem

Considering the reputation of the brand Polar in the Gulf region, people who are involved in sports and athletic activities know about the brand and they regard it as one of the most popular brands globally (sportinlife). As it has been stated in the previous sections, Gulf market has a strong fascination towards global brands and this provides a good opportunity for the growth to the electronics brands (The gulf today 2017).

Contrastingly, Suunto has a strong presence in the Gulf market in diving instruments, and the potential customers already know well about the products and the brand (NIK trading). This creates a positive impact for the brand and easier for the company to launch any new product that is based on differentiation in diving instruments.

3. Knowledge- Awareness or understanding of the product/ service

Both brands polar and Suunto are depending on their official distributors in gulf region to spread the awareness of their products as it's seen in the social media channels of the distributors. Polar and Suunto are not involved directly in any marketing campaign, seminar, or conference in gulf region and that's have observed clearly from the brands website since no information for any marketing activity for both brands in gulf region. In contrary, other brand such Apple has already its own stores in gulf region and involved directly in marketing activities (Apple). Fitbit has no official store in gulf region but as a brand it's involved in the marketing activities at some extent, through Athletes sponsorship (Fitbit).

3.3 The sport/smart wearable products

Having studied different aspects of the market that can provide the brand a differentiation as well as clarify on how to target the potential customers, it is now important to know what the brand can offer to the targeted customers. The value proposition in simple terms is the innovation, creativity, service or a characteristic of the product that can deem the product to be fascinating to the customers (Osterwalder, 2014).

There are several questions that a customer might ask- Why do I need to wear this particular technology? How is this technology better than the other? Can I really improve my game with the help of the wearable?

Well, definitely, not all the questions have an answer, but the brand needs to identify and describe the answers as much as they can through value proposition to the targeted customers (Johnson, 2008). There are several wearables in the market such as FitBit, Garmin, Nike Fuelband etc. but the product here is specifically targeted to health and activity concerned people, athletes, and the multi-sports persons. These devices not only track the activity and provide fitness metrics but provide deep metrics based upon their sport, game or activity. In gulf region, the consumers are addicted intensively to digital information and a desire to live in the moment, consumers across the region are seeking for natural interactions with wearable technology via engagement and that's based on wearable features such gesture, body motion and voice control (UM Labs 2017). Also, it should be having stronger sensors since accuracy is a basic need for sports so basically, the standard benefits of wearable according to Signals analytics are value for money, Durability, User engagement, Motivating, Accuracy & comfort, however by looking to figure 8. shows the lead to perfect design of smart wearable, it starts by identify the technology opportunities and the customer interest that definitely differ from region to region (Signals Analytics 2017).

Any sports wearable to be launched in the Gulf market needs to provide value proposition that is beyond the fitness trackers and can be associated with specific sports and smart features. Customers should be able to find reasons to buy these and use them repeatedly.

Figure 11. The perfect design of smart wearable (Signals Analytics 2017)

3.4 Chapter summery

Having analysed different parameters for the market readiness of the Gulf region towards sports wearables, the findings indicate that differentiation is one of the way to attain a competitive edge in the market. The Gulf market is one of the most important economic centres in the world and the region can prove to be a strong region for a brand in the said industry to be introduced. However, the market is quite complex; and it requires understanding the culture, the customer and the potential of the market. The literature review signified the segmented groups that can be created for adopting the strategy of differentiation and provide offerings that are best suited to the corresponding customers. The models studied in the literature review support value proposition based upon differentiation to enhance customer satisfaction and engagement with the product.

4   RESEARCH METHODOLOGY

This chapter describes the qualitative approach used in this study, including the research methods and techniques selected. In addition, the chapter has provided the justification for the chosen research methods and techniques.

The purpose of this paper is to explore and analyze the product differentiation strategy and the impact on a brand's revenue and market share in wearable industry. Additionally, the study addresses the Finnish wearable brands in the gulf region, which is in accordance with the function of the qualitative research method that evaluates the data and interprets it in order to understand a phenomenon or situation.

The primary data used in this paper was obtained through conducting interviews with different people possessing different perspectives within the wearable industry. Other secondary sources of data were through conducting small-scale product tests in the Gulf region as well as the use of reports and statistics from other resources. According to Bryman and Bell (2015), a majority of the data used in the inductive method is usually sourced from interviews, daily observation, etc., which is consistent with the definition of qualitative research.

4.1   Qualitative research

As stated earlier, the research design method selected for this study is qualitative research. The focus of qualitative research is to gain a deep understanding of a specific and single phenomenon, it has a limited number of participants and it is a kind of an explanatory case study (Thomas & Magilvy, 2011). In qualitative case study, data collection is supported from many sources such as interviews, reports, journals, discussions, and experiments.

4.2   Data collection

The main source of data collected in this research is through interviews, reports and statistics. In-depth interviews mostly tend to generate a large amount of data and it is very important to analyze the data using coding methods (Neuman, 2007). Basically, an open

coding technique is used in interview data whereby the distinct concepts and categories in the data are highlighted before being classified and arranged into meaningful data units that generates answers to the research questions. Some report figures and finding were also used in the data collection. Statistics have been used as well from many resources such as Statista, Annual reports, IDC research, GFK research, Nielson data analytics and Signals analytics. In this research, data collection was done through several in-depth interviews with:

i. Finnish wearable manufacturers
ii. Experts from the wearable industry in Finland
iii. Sports wearable distributors in the Gulf region
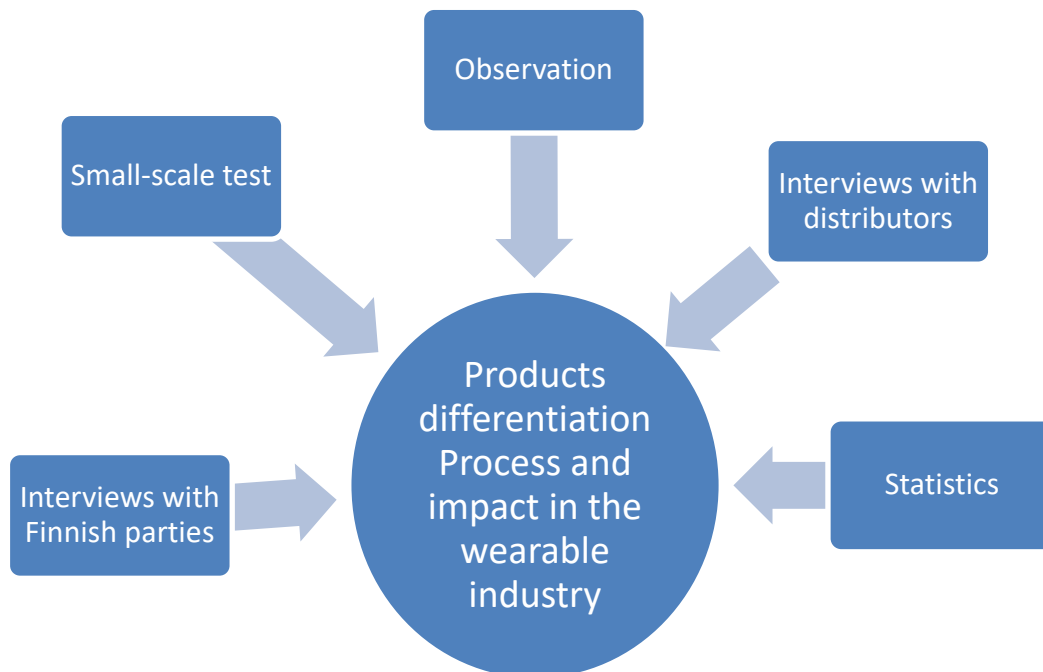
Figure 12: The convergence of evidence

Figure 13 above shows how the convergence of evidence in the phenomenon, where several interviews have been conducted with Finnish wearable manufacturers and experts from one side and wearable distributors from the Gulf region on the other side. In the Gulf region, testing of the wearable product by the end-user (purposive sampling) was conducted. Some facts related to the existing differentiation strategy of some brands.

4.3 In-depth interviews

This study uses in-depth interviews as one of the data collection method for this research study. In-depth interviews require the interviewer to select a specific topic for each interview beforehand. To get the best answers and results from this form of data collection, the interview should be conducted in a relaxed atmosphere and the interviewer should allocate sufficient time. The interviewer should as much as possible use open-ended questions so as to get the interviewee to share his/hers experiences, feeling and perceptions. In most instances, open-ended questions lead to the interviewee sharing information that the interviewer had not considered. (Tjora, 2012 p. 81-87).

Basically, there are three ways to conduct the interview and these types: unstructured, semi-structured and structured ones. Unstructured interview consists of few questions where the interviewee answers tend to be quite long and open and purposely to give him enough time to express and explain his/her opinions. Structured interviews are mainly aimed at obtaining a one-word answer without delving into discussions and is mostly used in survey quantitative research such as market research. Semi-structured interview is the most common type which is specifically used when the researcher wants to get specific information related to the research questions, however, there is also some leeway for free discussion that might lead to additional information that could not have been obtained from the pre-defined questions. (Dawson, 2009, p. 27-29)

For this study, theme interviews were the preferred interview method because being a semi-structured interview method, it suited the needs of this research. Since the intent is to conduct interviews with people from different background with different perspective within the wearable industry, not all the interviews have the same questions. The interviews are mainly divided into two categories:

1. Three interviews that were conducted in the wearable industry of Finland and all the interviews were face-to-face. One of the interviewees worked for Suunto while the other two worked in different sectors in the wearable industry in Finland.
2. Two interviews that were conducted in the market segment of the Gulf region and all interviews were conducted via skype due to distance factor. One interviewee worked for N.I.K Trading, the main distributor of Suunto in the Gulf region while

the other one worked for souq.com, the official online distributor of Suunto and Polar and the biggest e-retailer in Gulf region (owned by Amazon).

1. Interviews with the wearable industry of Finland

The aim of the three interviews conducted in the wearable industry of Finland was to gain an understanding of the competitive advantage of Finnish wearables, the product differentiation process of Finnish brands and other brands, and the impact of the differentiation strategy. The interviews were structured to commence with warm-up questions such as the position of Finland in wearable industry, then, the second stage of questions were focused on the wearable benefits and needs, and the third stage of questions focussed on understanding the differentiation approach in some Finnish brands such as Polar and Suunto and the last stage of questions were focused on the market share and the market segmentation of the wearable industry.

2. Interviews with the wearable distributor in Gulf Region

The aim of the two in-depth interviews conducted with distributors of wearable in the Gulf region was to gain an understanding of the wearable market in the Gulf region, the differentiation strategy of wearable brands, and the impact of the products' differentiation in Gulf region. The interviews were structured to commence with introductory questions about the customer's choice in the sport wearable, before proceeding to questions about the customer's perception of wearable brands and the questions related to product differentiation in the mentioned region, the last stage of the questions were concerned with the price level and the consumer purchase decision of differentiated products.

4.4 Small-scale test

The small-scale test is basically a part of the major investigation area and is a tightly focused study, although if well designed and executed, the small-scale test can contribute to the delineation of problem or challenge in the field of enquiry (Louise & Mike, 2004, p. 38). This test aimed to provide some indications about how customers perceive Finnish brands, the key value propositions in sport wearable in the Gulf region and the relation between the purchasing decision and the differentiated products in term of brand, design, and features. In this study, a small-scale test for Finnish sport wearable product has been

conducted in the Gulf region through the use of purposive sampling because it is very hard to access the target group as well as the resources and time limitation. However, the test mainly targeted the multisport segment because the tested product was designed to cater to this segment. The participants were 5 people chosen through a clearly defined criteria to experience the product for almost one week. After testing the product, a questionnaire was sent to each participant. The criteria referred to above for the sampling was:

i.   Young people aged between 20-38 years
ii. The preferred person should be active in some sport activities that he/she performs 2-3 times per week
iii. The preferred person should have some previous experience using wearable devices
iv. The preferred person should have a profession besides his/her sport activities

The product used for the test in the Gulf region was the sport-smartwatch from Polar (M600), whose price at the time of conducting the test was € 250, which placed the product in the medium level. This specific product (Polar M600), was chosen as it is currently the only Finnish sport-smartwatch available in the market. According to Zeithaml (1988), the perception of the product depends highly on the nature of use. The intent towards using the sport-smartwatch is significantly influenced by the perceived usefulness of the product (Ha et al., 2017). Therefore, in order to understand the customers evaluation of the products from different views; sport, fitness, entertainment, lifestyle etc., the product must have the advanced smart features and the multi-functionality that cater for the targeted segment (Multisport).

5 THE DIFFERENTIATION IMPACTS

In order to figure out the product differentiation process, the impact on the wearable industry, the Finnish brands in the Gulf region a series of interviews took place. The interviewees were:

1. Mr. Christian Lindholm, Wearable expert and CEO of Korulap. Korulap is a Finnish software company dealing in wearable devices and providing a platform to build wearable and offer Internet of Things (IOT) user experiences.

2. Mr. Jonseph Autida, Suunto Brand manager at N.I.K General Trading L.L.C. NIK Trading is the exclusive sales and distribution partner for Amer Sports in the Gulf region and is headquartered in Dubai.

3. Ms. Karoliina Tiuraniem, Customer needs and value proposition manager at Suunto Headquarters. Suunto is a Finnish market leader in wearable, the Suunto brand belongs to Amer sports group and is headquartered in Vantaa.

4. Mr. Prateek Srivastava, Regional Head of Mobile & Smart-watch at Souq.com. Souq is the biggest e-commerce company in the Gulf region and it belongs to Amazon and is often described as the Amazon of the Middle East with headquarters in Dubai.

5. Mr. Markku Lehikoinen, Senior Business adviser in wearable at Business Finland. He also serves as an expert in ICT and digitalization investment in Finland.

The results from this chapter are presented based on the answers to the interviews, figures from other sources and some statistics as well as the small-scale experimental results.

5.1 Results from desk research

1. Figures of the key value propositions in wearable

Design and user interfaces being offered by wearable vendors without compromising on features have captured the big interest of consumers in the Middle East (IDC 2017). Based on the statistics from **Signal Analytics,** to identify the top benefits consumers want from wearable: around 34%-44% of consumers refer to the importance of the value of money, 25% - 30% of consumers refer to the importance of Durability and 1%- 10% refers to the user engagement as below figure (Signals analytics 2017).
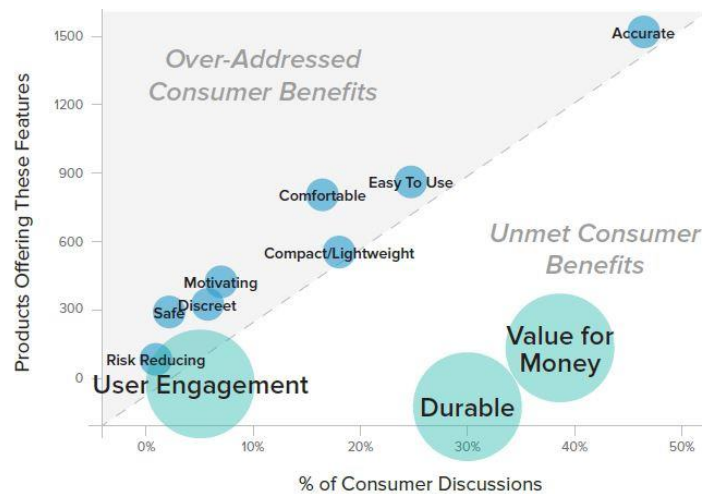
Figure 13 The consumer key benefits in wearable (Signals Analytics 2017)

Consumers will love brands that give them relevant timely information, a new digital generating rising in the Middle East, the digital revolution has linked to the demands of real-time info, also consumer's expectations are evolving faster than ever before: they expect the information to be designed to fit their needs in simple format and the potential of applications is limitless, from embedded social streams, interactive news and more, 40% of the wearable adopters in the UAE are between 25-34, claiming using this technology to track their health (UM Labs 2017).

According to consumers survey of 1560 adults carried out by Deloitte, %42 of consumers who are interested in customized products would still be rather led by brand (Deloitte 2015). According to Nielsen survey, nearly 32% of respondents in Middle east, on average to list brand's country of origin as key purchase driver (Nielsen 2015). In health & wellness and consumer electronics industry, 70% of consumers who expressed interest in purchasing customized products are prepared to pay premium for that (Deloitte 2015). When Apple launched its high-end watch (Apple watch 3) at Q3 2017 the sales increased

by 5.3 million unit at Q4 (IDC 2017). And that's indicating consumers are still willing to pay more for premium wearables (Digital Trends 2017).

According to 20 interviews and 200 surveys of executive conducted by Accenture and Salesforce in 2017 address the customer-centric trends. The survey states: "*Store associates are armed with Apple Watches containing customer profiles, preferences, and shopping histories for a more personalized and engaging experience*" (Accenture 2017). In April 2015, the top airline in gulf region Emirates Airline launched an app for the Apple Watch where users can review list of upcoming trips and access to real-time flight information and get timely notifications of any changes.

"The Apple Watch platform allows us to connect with travellers on a more personal level by providing real time information throughout their journey" said senior vice president, digital at Emirates airline Alex Knigge (UM Labs 2017). 54 % of consumers say the Apple watch is an exciting use of wearable technology (Startek survey 2015).

2. Statstics and figures realted to wearable brand's revenue and makert share

Finnsh brands

Based on brand index report in 2014-2015, Finland is one of the only 22 countries that qualify as "country brands" with ranking 13 (futurebrand 2015). In 2016 Nation Brands Index by **GFK** that use 6 Measurement dimensions: Governance, Exports, Culture, People, Tourism, Immigration/Investment, the Finland's ranking was 17 and export dimension is accounted for 51% (This dimension is what marketers call the "country of origin effect" – whether knowing where the product is made increases or decreases people's likelihood of purchasing it, whether a country has particular strengths in science and technology, with particular industries round out that country's image in this space) (GFK 2016). "Made in Finland" is placed 11th in the world with an index score of 77, Finland is ranking overall 13 in the world in term of perceived product attributes: Uniqueness, Excellent Design and Advanced Technology (MICI 2017).

In the beginning of 2017, Suunto announced of the new multisport watches (Suunto Spartan sport & Ultra) and the watch had IF design award (Suunto.com). Suunto revenue (Sports Instruments) increased by 1% in 2017 and the reason was due to accelerating to high-double-digit growth toward the year end as the demand for the new Spartan product

family was strong and sales grew according to Amer sports group (annual report 2017). Net sales of Suunto increased from € 141.5 m in 2016 to € 141.6 m in 2017, and the net sales in outdoor segment of Amer sport in Middle east and Europe increased 4% from € 935.5 in 2016 m to € 970 m in 2017 (Amer Sport annual report 2017).

Revenue (EUR million)	2016	2017	change %
Footwear	501.3	490.5	3%
Apparel	479.7	431.1	1%
Winter sport equipment	411	388.5	9%
cycling	134.3	150.2	10%
Sport instrument (Suunto)	141.5	141.6	1%
Total	1670.9	1601.8	5%

Figure 14 Amer sport net sales in outdoor segment (Amer sport annual report 2017)

Revenue (EUR million)	2017	2016	change %
EMEA	970	935.5	4%
Americas	449.9	429.6	5%
Asia Pacific	251	236.7	6%
Total	1670.9	1601.8	4%

Figure 15 Amer sport Geographic breakdown of net sales (Amer sport annual report 2017)

The best heart rate monitors and performance sports watches are known globally for high accuracy, according to many resources Polar heart rate monitor is no. 1 in the world in term of accuracy and reliability (wareable.com, PC Magazine, verywellfit.com).

In 2014 Polar announced for its two new technology watches (V800 & M400) that could be connected with polar patented chest heart rate monitor, polar gained several awards for that such (CES Innovation Awards and Red dot award) as reflect innovative design and engineering in some of the most cutting-edge tech products, the Polar V800 was the World's smartest training watch where it contained the most advanced technology, durability, accuracy and unique feature for heart rate monitor (Polar.com & Wearable.com). Polar announced a major update to the Polar Flow web service will be available when Polar V800 launches. Polar sold 150,000 units in 2014 that enabled the company to capture 2% of the global market share (Statista 2015).
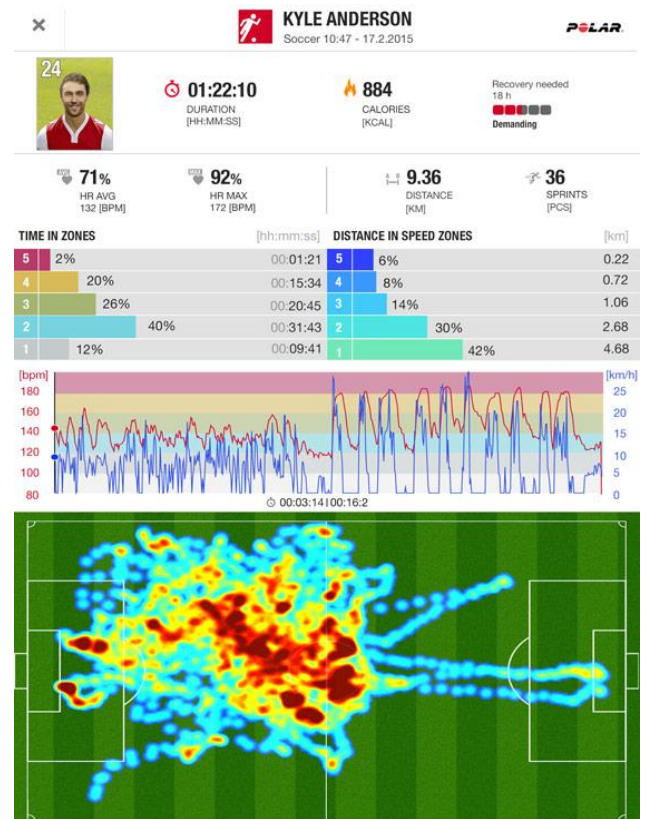
Figure 16 The Polar Team Pro & Coaching app for iPad (polar.com)

Other brands

Xiaomi captured 17.1 % market share in the second quarter of 2017; it shipped 3.7 million wearable units, up from 3 million shipments and 15 % market share in the previous corresponding quarter in 2016 (Strategy Analytics 2017). Xiaomi unit shipment increased 30% in 2016 compared to 2015 as shown in figure (17) (IDC 2017). Xiaomi captured market share in middle east 6.3% in 2017 (IDC 2017). According to Fossil annual report which stated: "*We differentiate our products from those of our competitors principally by incorporating into our product designs innovations in fashion details*"

However, net sales of Fossil in 2017 have nearly doubled as compared to 2016 in wearable sales (Fossil annul report 2017). Fossil unit shipment increased up to 4.9 m in 2017 from 2.1 m in 2016 (Statista 2017).
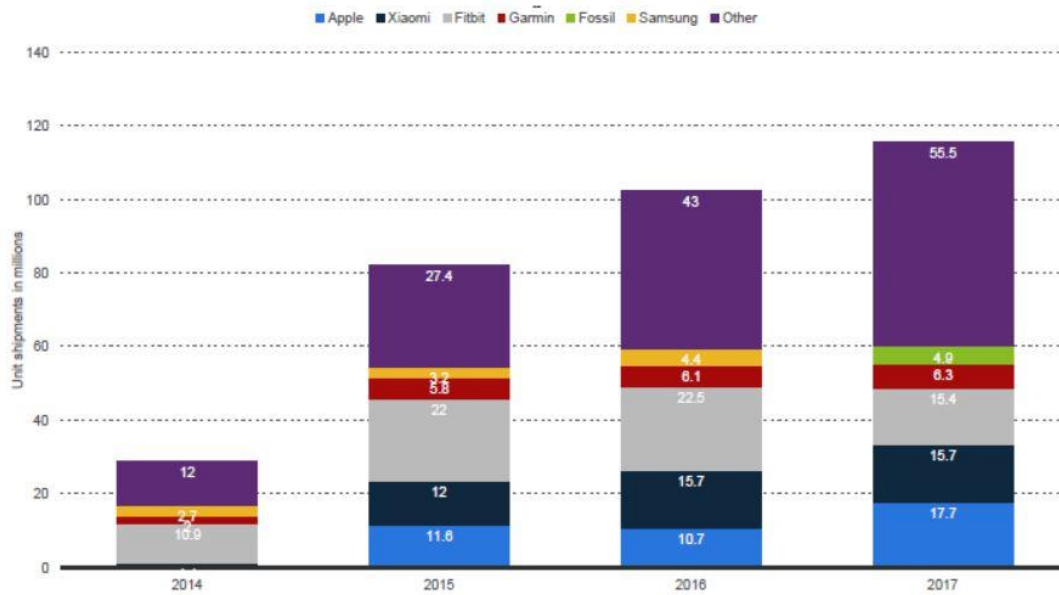
Figure 17 Top 5 worldwide wearable devises companies shipment (Shipments in million) (IDC 2017)

In September 2016 Apple and Nike partnered to bring runners the "Apple Watch Nike+", which combines the Nike Sport Band with Apple Watch Series 2 and during the 4th quarter of 2016 – around 6 million smartwatches were shipped made by Apple. resulted to double the total shipped apple smartwatches comparing with the previous quarter (2.8 million unit) same year (canalys 2017). 61% of Apple Watch owners used their smartwatch to make payments (Business insider 2017).

Apple has launched its first watch in 2015 and shipped 11.6 million units and captured 14.2% of market share in 2015 (IDC 2015). In September 2017, Apple has launch its new watch (Apple watch 3) that features with LTE, GPS, and barometer in Q4 2017 Apple shipped 8 million watch which considered 100 % growth by comparing with Q3 2017 where apple shipped 3.9 million watches (canalys 2017). Based on figure (18), 17.7 million unit of Apple watch shipped in 2017 up from 11.3 million unit in 2016 and that resulted to growth 4.5 % in Apple watch market share from 10.8 % in 2016 to 15.3 % in 2017 (IDC 2018). Apple has come with new watch (watch s3) at end of Q3 2017 that optimized with sports features and LTE technology, in Q4 2017 Apple captured 21% of the market share (IDC 2018).

43
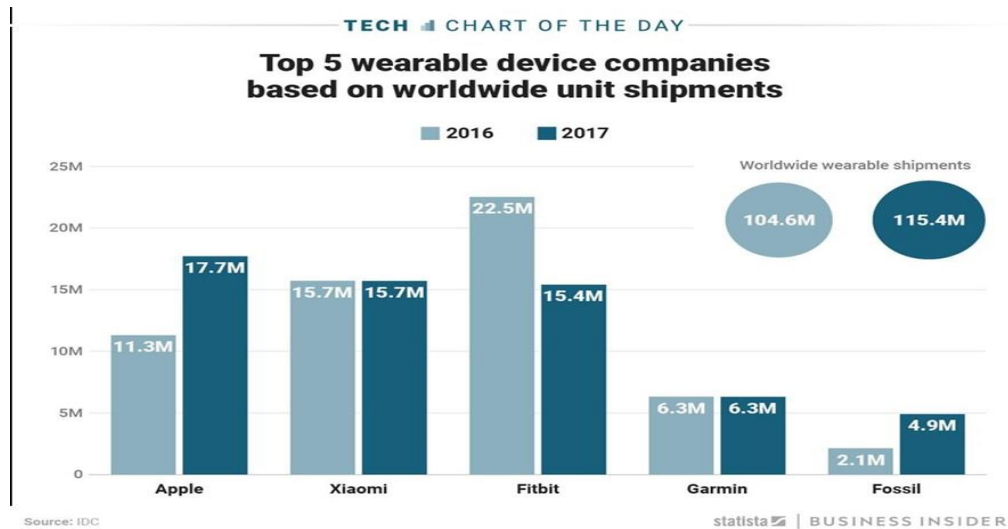
Figure 18 Top 5 wearable devices companies based on worldwide wearable unit shipments (Statista 2017)

In Middle east, the wearable market grew 20.19% in 2017, The smart wearables segment will continue to be the prime driver of this growth, with shipments tipped to increase 52.0% year-to-year and Apple's smart watch offerings being particularly well received in the market, both by first-time buyers and consumers looking to upgrade, however Apple will continue to drive a large portion of the overall market share 12.7 % in 2017 after Samsung watch (IDC Middle east 2017).

Figure (19) shows Fitbit Revenue and gross profit is decreasing (Fitbit annual report 2017). Globally figure () shows that Fitbit market share declined 8.2 % from 21.5% in 2016 to 13.3% in 2017 (IDC 2018). In sport smart-watch Fitbit has partnered with Adidas and tried to produce a product to equal price similar to Apple like "Fitbit Ionic" watch which it was price similar to Apple and features were copied from Apple. But in somehow the usability of the features was not the same, added Srivastava. Though a very strong start, Fitbit doesn't have a sustainable competitive advantage according to some experts. The Fitbit's idea to use the technology to track the exercise was great at the beginning but it's not patentable (Digital Innovation and Transformation at Harvard Business School).

In gulf region Fitbit's market share in the second quarter of 2017 dropped 11.1 % (from 24.1 % to 12.9 %) according to IDC (gulf news 2017).
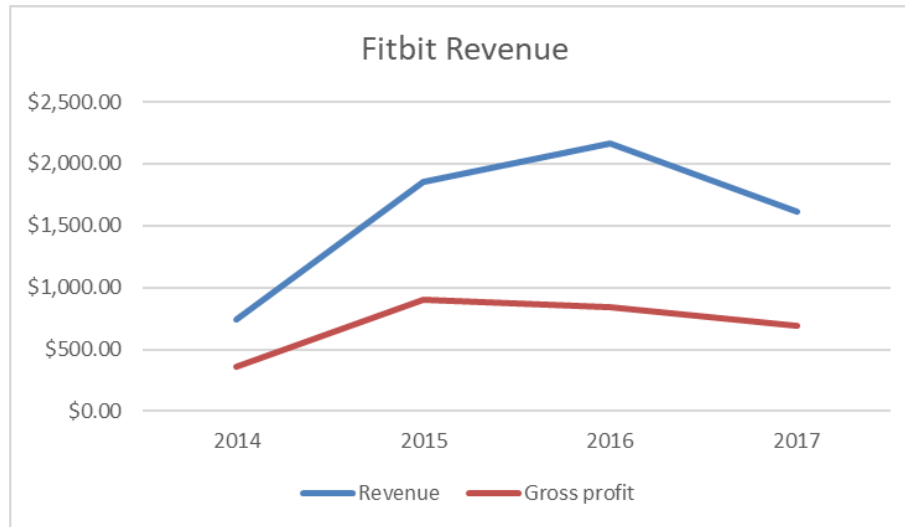
Figure 19 Fitbit revenue and cross profit in years (Fitbit annual report 2017)

According to consumers survey of 1560 adults carried out by Deloitte, %42 of consumers who are interested in customized products would still be rather led by brand (Deloitte 2015). According to Nielsen survey, nearly 32% of respondents in Middle east, on average to list brand's country of origin as key purchase driver (Nielsen 2015). In health & wellness and consumer electronics industry, 70% of consumers who expressed interest in purchasing customized products are prepared to pay premium for that (Deloitte research 2015). When Apple launched its high-end watch (Apple watch 3) at Q3 2017 the sales increased by 5.3 million unit at Q4 (IDC 2017). And that's indicating consumers are still willing to pay more for premium wearables (Digital Trends 2017).

5.1 Results from Interviews

5.1.1 RQ1 - The product differentiation process in the wearable industry

Based on the experts' interview, the product differentiation process in wearable industry is carried out in two main phases: first to identify the key value proposition in the targeted market and second the execution of product development by the company. This part is aimed at providing an understanding on how the product differentiation is to proceed in the wearable industry.

1. Identification of the key value proposition

In the wearable industry, the durability and features are key benefits to the customer according to Tiuraniem, Srivastava and Autida. The main benefits particularly in the sport wearables are: the accuracy and the sports optimized features since these devices are specifically designed for sports and for everyday life and activity tracking that has been added recently, smart features for everyday use such as phone notifications, there's also the mobile apps and the cloud service where the person can analyze his activities according to Tiuraniem. Then there's the long-term follow up of that, especially for the multiple sports activities to evaluate the performance development over the months or years. According to Tiuraniem, the social media aspect is important as well since most of the brands have their own communities where sporty people can share or post about their sporting activity because everybody who is there is interested in that.

Srivastava stated that for the sport-smartwatch, the benefits concerning customers are the usefulness or usability of the product. The major challenge of the smartwatch is the limited usability since many of the original smartwatch adopters ceased using it after a while because of the low battery life. Most of the original smartwatch adopters thought the smart-watch would be rich in features, but, such concerns affected the desirable outcome and the usability, at least for the smartwatch as it was released too early without proper technological development. Many brands who went out of the industry such as Motorola were maybe negatively affected by the industry because a lot of issues that came with the products like the Operating System (OS) and battery life left many customers with a bad experience with the smartwatch, and since then they don't want to repeat the mistake according to Srivastava.

Lindholm stated that the software is a critical component in wearable, and it is the main way that user interacts with the device. A smart wearable gets better with time as it continually learns about the user's preferences and the user can add extra functionalities to the smart wearable over time, the benefits in sports wearable come through the combination of software and hardware to provide more functionality according to Lindholm.

Another example of the benefit of the wearable is the Chinese player "Xiaomi" according to Srivastava. The brand offers basic features such as tracking activities and has very minimal charges compared with other brands. Since both the features and price are an important aspect in the Gulf Region, the $20 price that the Xiaomi brand offers for the sports band leads to high overall sales. The brand is not for the higher premium segment, but it appeals to the lower and mid-level segment (Srivastava). The wearable's features are basic tracking, basic alarm, heartbeat monitoring, and good battery life. As the sports band is considerably cheap, it lacks the good design and advanced features to entice the high-end segment, but for lower/basic segment of customers it meets value of money. Srivastava said:

 "Xiaomi has captured a market share from Fitbit by delivering the value of money benefit to target the basic segment"

2. **The execution of the product development**

Finnish brands

Suunto and Polar focus on sports and adventure, which is their competitive advantage, Polar is the industry benchmark in terms of heart rate monitoring and Suunto is the benchmark in diving equipment according to Lindholm. Both companies have added activity tracking, activity plus intensity; which is what Polar has while Suunto has steps, which then means that you'll wear your sports watch also during the day and the other type of sensors they have as stated by Lindholm. Lindholm stated that Polar and Suunto have always tried to deliver these three value propositions for their customers: the everyday use, the services (music, notification, alerts, messaging ....), and the health measurements (latest cardio, sleep disorders, neurological issues) and this is where the sensors play a vital role in sport such as the Heart rate monitor.

"they were differentiating Suunto from other brands since Suunto stands for adventure"

Tiuraniem said. Tiuraniem, Lehikoinen and Autida stated that the main differentiation of Suunto is their very authentic brand name. Tiuraniem added:

"We've got the spirit of adventure. Our point is that you can add adventure anywhere. Our mission is to equip and inspire people to lead an active and adventurous life. For the core consumers it might be that they are running up to the Everest and back. But then for our normal people--. For our sporty multi actives, it might be that okay, they are doing up a 42 km trail marathon in the forest and that's their adventure."

Lehikoinen explained Polar is therefore more suited to the athletes although Polar also provides solutions through different services like the coaching and team sports and it is putting a lot of effort on this kind of team sport such as football. There's official reference that one Bundesliga team in the German league use Polar devices but unofficially, there might be 75% of those Bundesliga, a lot of them use is Polar system so that everyone wears the Polar watch and an accompanying system for the trainer according to Lehikoinen. The trainer's system helps him/her evaluate the progress of the practice on the physical level and how the players have recovered and so on. According to Lehikoinen, there is a huge amount of information going to the back-end system for the trainer and for the coach and from the consumer's point of view, most of the people don't know this about Polar brand.

Lehikoinen stated that Polar revenues were quite stable for quite a few years, but for the year 2015 and 2016 their revenues have been increasing due to the services. The surge has not been from selling the devices but it's actually from selling the services, as Polar has these services for the team sports and also has similar kind of services for schools that sell only in the United States (US) where there are thousands of schools who have bought Polar devices and then use this kind of a system on tablets where each person can view according to Lehikoinen. It set like individual targets for older kids for these Physical Education (PE) lessons and the teacher can also see how the individual perform like 75% or 100% or above and compared to others and so on. At least, the revenue increase is partly due to these services and maybe due to selling the devices as well according to Lehikoinen.

Other brands

"*the differentiated product and differentiation strategy is what that have been driving the smart watch and the industry so far*"

Srivastava said. The new Apple watch release is one example that features "LTE communication" or the SIM so the users can use the watch to make a call directly without the need for the mobile. Nowadays, there are a couple of smaller players working on the technology of self-charging smartphones that use some form of dynamic movement to charge the battery. The smart watches would definitely gain from this kind of feature because it intensifies the adoption and usability of the smart-watch and this will help the wearable manufacturers to differentiate the product features then market it more efficiently according to Srivastava.

According to Srivastava, the features in the wearable that involved in everyday use also impacts on the product differentiation and increases the adaptability, such as the wireless payment. Apple watch came with this feature which is called Apple Pay and it's available in the new apple watch, and Srivastava asserts that Apple Pay is currently very widely used in payment.

Overall, Srivastava mentioned that when Apple introduced the new Watch 3 the market share in the last quarter increased, and it was expected to increase further. However, people using Apple Watch 1 or 2 are required to upgrade to Apple Watch 3 so that they have a significant advantage in Apple Watch 3 for them to upgrade, otherwise, Srivastava explained that the growth wouldn't have happened. In 2018, it's expected that there are a lot of Apple Watch 1 or 2 customers who are going to upgrade to Apple Watch 3 because of these new features (Apple Pay, AD connectivity). This is significantly going to increase their market share, which has already increased from last year. Currently, in the Gulf region Apple have 60% of the market share in the overall smartwatch industry and this is expected to continue in 2018 with these new features according to Srivastava.

Lindholm added that from the software and user interface perspective, it starts with the platform. Apple provides a platform and anybody who wants, can innovate using the platform. That is sort of the whole idea of a platform, Apple doesn't do any games or much Apps as they provided a platform which means mobile game companies such SuperCell

did not need to have 1000 engineers to create game or apps as Lindholm asserted. They could have only a hundred guys to make a billion-dollar business because Apple did the base work, which is similar in watch manufacturers as they don't have to do all the work because platforms developed seven years ago saved them time and efforts. Therefore, they don't have to spend seven years to build a platform and that's why Apple watch didn't start from scratch according to Lindholm. Lindholm also asserts that since Apple has the value chain in the wearable in both products and services that has helped enhance the user engagement, and this is the core of Apple competitive advantage.

According to Srivastava, by looking to the differentiation implementation from another point of view, FitBit is a market leader in wearable and their situation currently explains what's happening in Gulf region, Fitbit is struggling. Fitbit is also struggling globally since Samsung came with the new smart-watch that has all the features of Fitbit for sports and activity tracking, in addition to the smart features such as messages, reminder which Fitbit does not offer, asserts Srivastava. Samsung gained more market share than Fitbit and in the last one year, Fitbit's shipments have continuously declined. Comparing that to Apple and Samsung which are offering those health features of the sport watch and the smart features and are gaining more market share according to Srivastava. Fitbit was the largest player over the past years but then for the last 2-3 years, Apple and Samsung came up with all these features which are considered better and they have already covered all what Fitbit has in their products according to Srivastava.

5.1.2 RQ2 - The Impact of products differentiation in wearable industry

First, Tiuraniem and Lehikoinen averred that it depends on strategic choices. The differentiation strategy that could have a positive impact on the market share need to be a combination of three elements; the innovation, brand and customer needs. Also, there should be a focus on things that can be done in the best way and knowledge on the consumer needs so as to identify the problem worth solving for the consumers. In design thinking, innovation comes from a combination of technological feasibility, commercial viability, and the desirability from the consumer's point of view. From a technological point of view, it comes from the company's capabilities and the business potential as well so that

it can be sellable, in addition, the needs have to be desirable from the consumer's point of view and desirability is something that Apple undertakes excellently. Therefore, there should be a very strong understanding of what the brand stands for, where it goes and since it's difficult to respond to everyone's needs, the brand should answer to those with whom they share the same values. According to Tiuraniem, product development must be done in a way that customers love the product, not just fulfilling their needs to solve the problem and this is the core issue that leads to the creation of new product concepts. Srivastava asserted that the product development must be tied up to customer need. In many cases, differentiating the product helps to gain market share, but the differentiation has to be substantial and that differentiation has to stay relevant. For manufacturers, it cannot just a different offering which is attracted to a customer at a particular point and it becomes irrelevant after three or six months, and that will not help the manufacturers gain market share and having the customers mind, customer needs in the region as well according to Srivastava and Lehikoinen. Srivastava gave a good example of the smartphone which where itself charging, many are working on that because they know how the battery life is critical in smartphone industry nowadays, so, if someone comes up with a couple of feature that self-charges the smart watch or incorporates a solar charging, then that's relevant feature. That will definitely help to gain market share.

Tiuraniem opined that people want more and more customized ability and they want their product to address their individual needs and express their individuality regardless of the geographic segmentation. So, they want a product that they feel belongs to them according to Tiuraniem. Tiuraniem further stated that since it's more individualized, people want to be self-designers and choose the companies that suit them, so this is one way of how the customer would want to pay.

Lehikoinen equated that scenario to when people pay different prices for the phones and also for the wearable depending on what they get. Autida, Lehikoinen and Lindholm reiterated the importance of the brand, but it can be certain features as well that impact on the decision to buy according to Lehikoinen and Srivastava.

Lindholm's opinion was that a product tailored to the customer's taste and provided that one feels affinity with it will command a price premium. People pay for quality and that

is expressed through the brand, design and user experience, however, the wearable industry will be driven by the digitalization of the business such as the platform where people see more value according to Lindholm.

5.1.3 RQ3 - The product differentiation of Finnish wearable brands (Suunto brand) in the Gulf region

Suunto is a very well-known brand in dive computers in the Gulf Region as well as a multisport watch. It has superb reputation in the Gulf region, since "made in Finland" is one of the most important fact as well as the loyalty to the brand, even if the customer had tried using the brand a long time ago, then, he/she will most likely repurchase again and he/she will not go for another brand even if it's a top one like Garmin, in GCC (Autida). According to Autida, Suunto's customers are loyal to the brand as they value it in terms of quality, features, durability and the "made in Finland" aspect. Autida states that customers know the credibility of products made in Finland, and that a product could be considered as one of the best quality if it comes from Finland. In the Gulf Region, Autida added that

 "Made in Finland is a very big advantage in differentiating the brand"

Many people ask whether a certain product is made in China. However, everyone knows that even iPhones are made in China but a customer in the Gulf Region always want to know the place of the production. However, if they are informed that the product is made in China, then it sounds like cheap quality, at least in wearable. Autida stated that the country of origin was a big impact and has created a great advantage for Suunto products because they are made in Finland.

In the Gulf region, innovation is a very big factor to gain market share for Suunto and other competitors according to Autida. If the company released a watch where it is seen that it has the same features, then their target market will totally be scattered, and their market share will be eaten away and shared by others. Suunto has released new product called Suunto Spartan wherein it has the wrist HR, GPS and other innovative features, and that has driven Suunto to gain more buyers as Autida asserts. In sport GPS watches,

Autida estimated the market share of Suunto, Garmin, Polar and others as 30%, 30%, 10% and 20% respectively in the Gulf region.

In the Gulf region, the durability, features, and quality are the key benefits according to Srivastava and Autida. The usefulness and battery life of the smartwatch as charging the battery of the smartwatch every day does not offer a significant advantage over a traditional watch because it is a traditional watch according to Srivastava. Autida states that people in this region also talk about the brand and the value for money when looking at the features. Innovation is key to benefit the customers in Gulf region as there is high demand for advanced products. For example when comparing Samsung with Apple, once iPhone X was released many customers switched from Samsung S8 to iPhone X, the same thing happens in the wearable as the competition between Suunto and Garmin is quite big in the region. Last year Garmin launched a high-end watch, Garmin Fenix 5 and captured more interest from consumers and the next year there will be the release of the new Suunto watch (Spartan ultra 2) that will attract customers more as it would be more advanced. Autida expects that every year the consumers in GCC keep on changing because they don't really consider the price.

Finland is a very advanced country in terms of engineering, the long tradition of combining small electronics with embedded software and small user interface design makes Finland unique in wearable brands as both Lehikoinen and Lindholm asserts. However, Lindholm stated that it starts with the competence in technology and people skills, underneath that, many of the older Nokia expertise has been moved to wearable technology in Finland. According to Tiuraniem and Srivastava, Suunto and Polar are both big names and have deep roots in wearable and their competitive advantage has been even bigger than before. Some of Adidas devices are designed in Finland according to Lehikoinen.

There is quite a lot of research in Finland about the wearables and sports that centre on how to measure the parameters of an individual and how to you utilize that in sports to improve the small differences between athletes in the Olympics or world champions. Tiuraniem and Lehikoinen said that already the needs to measure the performance had been identifed, and that's pushed the Finnish companies to give the technology to the Multi-sport and athletes.

Autida is categorical that the brand value also affects the price. Lindholm said that reputation of the brand is critical and in the wearable industry, the companies obviously need the reputation and value of the brand that promises to bring quality. For instance, to target a sports like athletics, then there might be a need to collaborate with sport brands like Adidas or if targeting tennis, collaboration with the Wilson Brand is important, those types of co-brand solutions are remarkable in sport wearable according to Lindholm.

Suunto, in the abroad marketing strategy, is using the same marketing materials that allows the marketer to tweak it slightly, though Suunto advertisements looks slightly different in China than in the US or in Europe, but according to Tiuraniem all are based on the same material, the watches from Suunto have variations in design. All happen through the close discussion and meeting with parties from different regions: EMEA and north America where Suunto discuss the concepts and the on-going products and the different design from their point of view, the feedback that Suunto collects regarding the product color, model and design and the distribution in different countries all help in defining the Suunto strategy of production according to Tiuraniem.

In GCC, companies usually launch their new products with much differences than the previous collection or other competitor products to attract the customers more as the case with Suunto as stated by Autida and Srivastava. Generally, in GCC people don't buy a watch like goods after five years, rather they buy a watch to serve them one year and in the next year they buy another watch even though the old watch was still working, so it's like a necessity according to Autida. In the Gulf region Autida opined that people would always desire to have a unique product totally different from others, whenever they find a new launch or new product release, they always want to have it. Local people are not going to look at the price if the product is unique or if it is a brand name. Srivastava said that it depends on the needs in the region, in the Gulf region people would pay more for what caters for their actual needs and since people are struggling with the battery life, something that takes care of this might help it. Now, since Dubai, Saudi Arabia and all these regions are still very rich in terms of adoption of technology like payment technology, everybody wants to use it. So, if the product will cater for that, then Srivastava avers it will definitely sell.

To summarize this part, the key point is that Suunto as a Finnish brand was able to differentiate their products in the Gulf region by the brand value, design, durability and innovations, so overall, we can conclude that the Finnish environment was quite favorable to the wearable manufacturers. Figure (14) above demonstrates the ecosystem of wearable industry in Finland as per the description of the experts in the interviews.
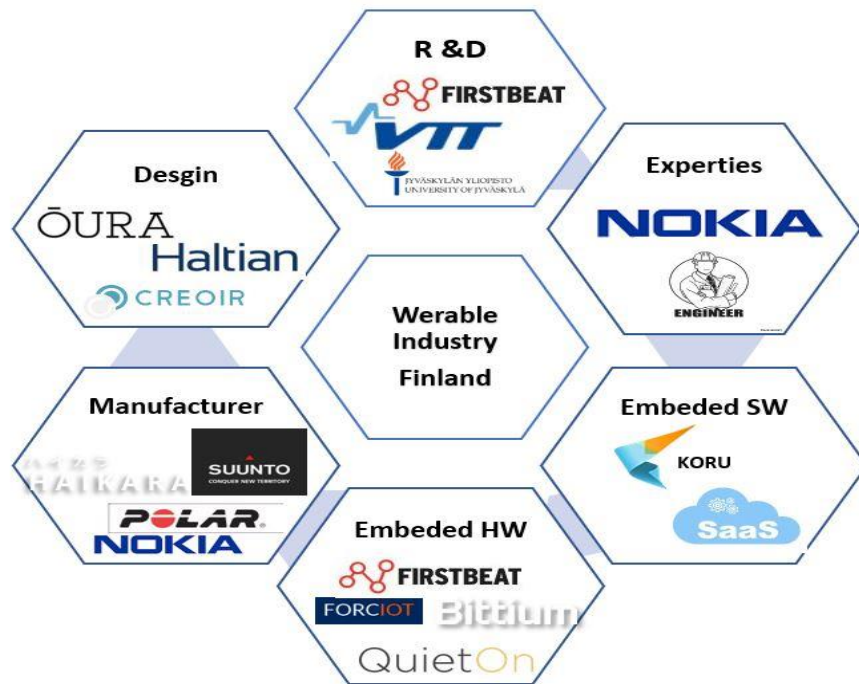

Figure 20 The ecosystem of wearable industry in Finland

5.2 Result from the small-scale test

The small-scale test has been conducted in the Gulf region using a specific product from a Finnish wearable brand (Polar). This test aimed at providing some indications about the customer's conception of the Finnish brands, the key value propositions in sport wearable in Gulf region and the relation between the purchasing decision and the differentiated products in term of brand, design, and features.

The test in practice

The product chosen for the test is the sport-smartwatch (M600) from Polar. It was experienced by 5 users in Gulf region for a test period of 6- 7 days.

At the end of the test the users' filled a questionnaire related to their experience with the product; the questions were a mix of short open-questions and scale-questions and the questions were in both English and Arabic. The researcher translated all the answers to English in a table in appendix.

The analysis

a) The sport segments

All five users are multisport people, and this was one of the criteria used to choose the participants because the tested a product that caters to the multisport segment. Most of the users perform more than one sport activity at least one time per week, three users do running while two users do CrossFit.

b) Finnish Brands

Four of the five users have no experience with any Finnish brands while one user knows about Polar and the heart rate monitoring, four users believed that Finnish products are highly ranked.

c) Their Experience in tested product

Three of the five users were not satisfied with the products for different reasons such as design and performance while two users think that the watch is useful specifically during exercise.

d) Evaluation of the watch features The

product features were mentioned according to Polar.com and the features were classified according to the equivalent product value propositions of wearable as shown in the table below, the product value propositions are: durability, usefulness, user interface and design. All features rated by users from 1 to 5 according to its usefulness.

The heart rate monitoring feature has the highest average rating (4.6). An average rating has been applied to all features, so the average rating for all features related to durability is 4.2 and the average rating for all features related to usefulness is 3.7, the average rating for all features related to user interface is 3.3, the average rating for all features related to design is 2.8 while the overall average rating for the product is **3.5**.

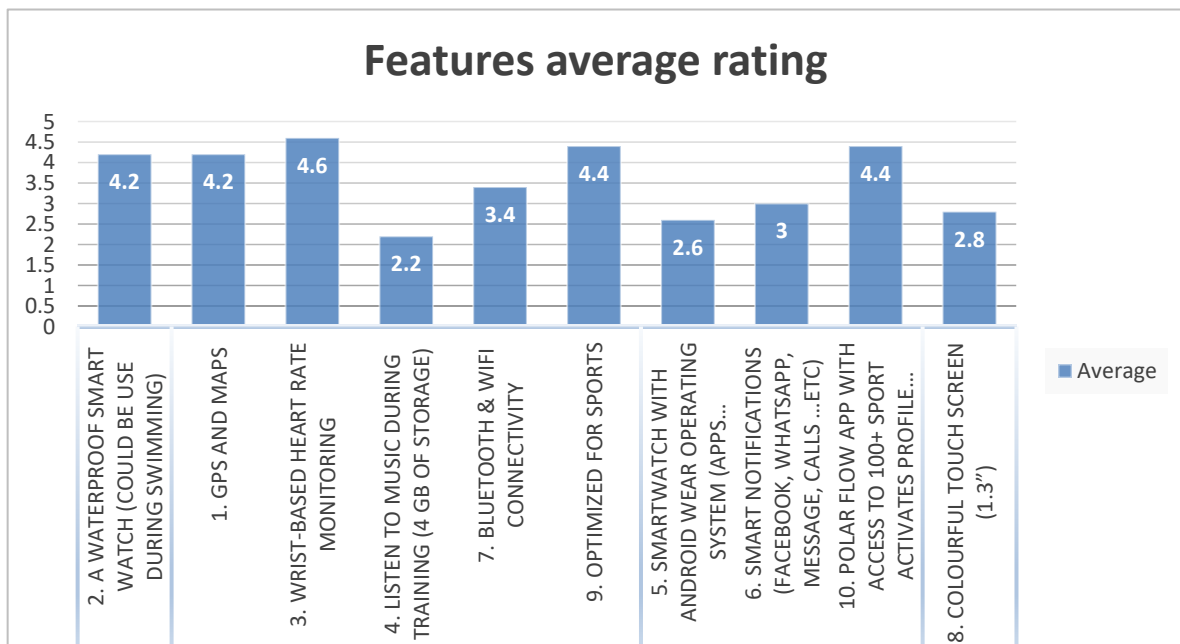*Figure 21 The feature average rating by the users in the product experiment*

e) The desired features/product value proposition

These features do not exist in the product and the users wished they were included in the product. Three users indicated that the product is missing an elegant/beautiful design, four users indicated that the music features was missing, However, according to Polar.com the

product has the music feature but it's not available in the Gulf region and that's due to the fact that both the music streaming providers (Spotify and Google music) have blocked the subscription in the Gulf region and that's why these users are not able to access the product's music feature. Two users mentioned about the battery life while two users indicated that the speaker was missing. One user mentioned to wireless payment feature and one user mentioned about the Arabic language.

f) The sport Apps

All the users indicated that the features of polar sport apps are quite good and sufficient, the functionality of the application in sport activities met their expectations at a certain point although two users had some suggestions on improvements.

g) The willingness to pay for differentiated products

In this question, the differentiation referred to three aspects: brand, features, and design. Four users confirmed that they would pay extra for differentiated/premium product. All the four users referred to the importance of the brand and features when they decide to pay a premium price for a wearable product.

5.3 Summary

Suggested a strategy of product differentiation for Finnish wearable manufacturers in the Gulf region

In wearable Industry, there are different approaches for the differentiation strategy and as described in Chapter three that each market or region has a specific characteristic and needs, in order to create sustainable differentiation strategy in gulf market and based on the result from research questions 1 & 2 and the small-scale experiment, a process is suggested of three phases to carry out successfully differentiation strategy:

1. **Consumer choice phase:** It is important for any wearable brands to identify what mostly impacts on the consumer's selection of wearable products. In the Gulf region, price is not considered a priority as most countries in the Gulf region are recognized with high economy size and increased spending capacity since 80% of the product test participants are willing to pay a premium for differentiated wearable in terms of design, brand and features. The Gulf region's climate is quite hot with high humidity and therefore the durability of the product is important. The design is also an important factor that influences on the purchase decision as the case with Suunto and Fossil. Suunto collected feedback regarding the product color, model, design and the distribution in different countries in Europe and Middle East and that helped in Suunto's production strategy. During the product test experiment, we can notice that 60% of participants in the Gulf region referred to the design aspect. Some figures and experts' insight stated that brand, innovation, features, and usefulness also impact on consumer choice in the Gulf region.

2. **Segmenting phase:** Segmenting the customers in the Gulf market would help the brands produce products that appeal to their needs as the case with Xiaomi, Suunto and Apple. Generally speaking, in the wearable industry there are three segments of customers: athletes, multisport people and the lifestyle and health seeker. Based on the segmentation of the Gulf region in chapter three countries classified in group 1 are considered most athletic, whereas countries in Group 2 & 3 appeal

more to multisport and health-conscious segments. However, targeting the athletes segment in the Gulf region required concentration mainly on the brand, durability and quality of the product as the key customer value proposition and that's where Suunto has focused on. While targeting the multisport segment in the Gulf region, the core value proposition goes more into innovation, feature and usefulness as the case with Apple, Polar and Samsung. For the basic (health-conscious) segment of the wearable where the main concern of customer is the value of money and the basic features.

Based on the experts' interview, statistics and figures, the estimated volume of the three segments in the Gulf region, the athletes segment is small, Multisport segment is medium, Health-Conscious segment is big. The figure below demonstrates the active wearable brands in the Gulf region in each segment.
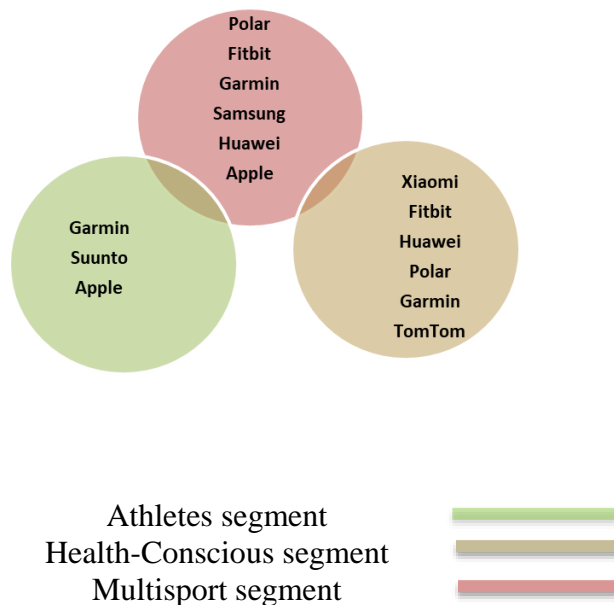
Figure 23 The current wearable players in the three segments

Relevant features phase: Many brands might be able to provide a product with a lot of features but with less usefulness from the customer perspective and that could result in the unsuccessful captured of sales or market share as is the case with Fitbit and Polar in the Gulf region. So, it became vital for the purchase decision as consumers sees the usefulness of the product through the relevant features and the competition among the brands are heavily dependent on the features in the Gulf region. Since, battery life is a critical

issue in the Gulf market. Suunto were able to cater for the customer needs (athletes) by releasing a product (spartan) that has heart rate monitoring, GPS and other features with a combination of good battery life and price compared with other competitors such as Gamrin. In the product test experiment, 80% of participants have mentioned that the music feature is missing while it in fact exists in the product, but it doesn't work in the Gulf region due to a technical issue, however, it affected the whole rating of the product negatively.

The above process can be summed up as demonstrated in figure (22) by addressing the real needs of each segment in gulf region and providing a wide range of products with relevant features that appeal to customer value proposition might help the Finnish brands to revenue growth and capture market share.
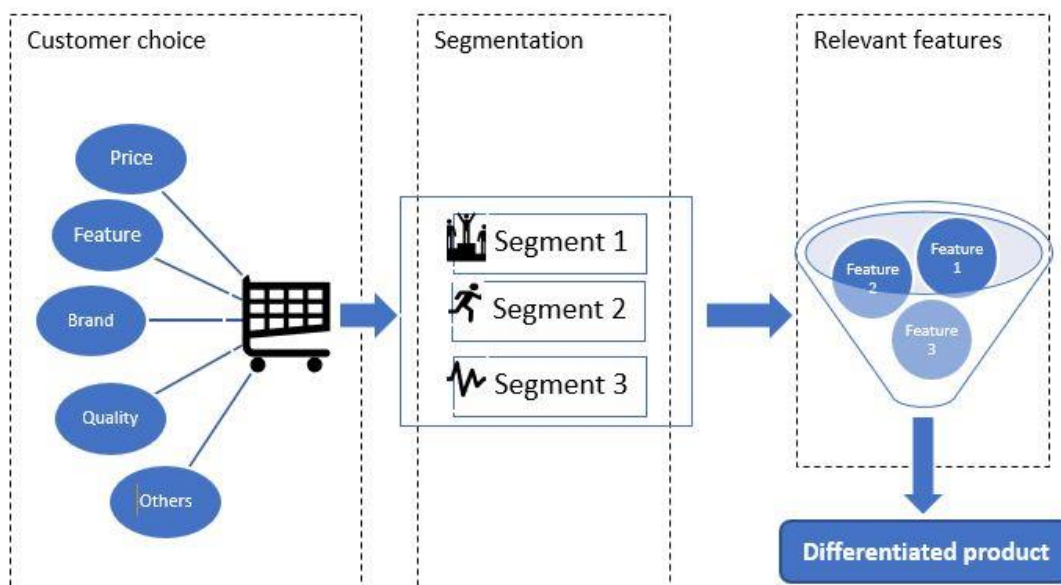

Figure 22 The suggested products differentiation strategy

6 FINDING AND CONCLUSION

This chapter is presented the results related to the research questions.

How is products differentiation carried out in wearable industry?

Based on different case studies of wearable brands such Apple, Suunto, Fitbit, Polar, Xiaomi, Garmin and Fossil, the process starts with the identifying of customer value proposition and the real needs in a certain market, so the manufacturers of wearable are being used their capabilities & resources to perform effectively and meet those value proposition, in sport wearable the key customer value proposition are: value of money, durability, user engagement, accuracy and usefulness, and then execute the product development in alignment with these key value proposition, where the Brand, Design, Innovation and price were the main tactics that the brands pursued in the product differentiation process.

Dose products differentiation have an impact on the brand's revenue and/or market share?

We can argue that there is a positive relation between the product differentiation and the brand revenue or market share, as many of wearable brands who carried out successful product differentiation strategy were able to increase the revenue or the brand market share as the case with Apple, Suunto, Polar Xiaomi and Fossil, however we cannot prove there is direct causality between the product differentiation and the brand revenue and/or market share.

Is product differentiation paying off in gulf market for Finnish wearable manufacturers?

The gulf region is quite sophisticated market in term of technology adoption and quality aspect. The customer value proposition in the gulf region is: Quality, Design, Usefulness and Durability respectively when it comes to select wearable product, Suunto has met the customer expectation in gulf region through differentiating itself by the brand, quality and design for it latest products that targeted athletes segment and that was resulted to increase the brand revenue in 2017 in middle east and Europe market, however Suunto still doesn't has significant market share in the wearable industry in gulf region, due to the fact of a

very small segment (Athletes) that Suunto target it mainly. However, 80% of the participants in the product test in gulf region are also mentioned that differentiation through Brand, features, and design are the main driven factors to pay premium price for wearable products. Hence, the participants haven't seen the test product from polar as "differential" since features and design were very ordinary and that's may give an induction why Polar has no market share recently (2015 -2017). Product differentiation for Finnish Brands namely Suunto and Polar could have positive impacts on the brand revenue and market share in gulf region if the product differentiation is carried out in alignment with customer perceived value proposition in mentioned region.

Conclusion

The aim of this thesis was to explore the product differentiation process and its impact on brand's revenue and/or market share in wearable industry and to find out if the product differentiation is paying off in gulf market for Finnish brands (Suunto and Polar). All the theories in chapter two suggested that differentiation along with market understanding is competitive strategy and could lead to monopolistic competition that yield a profitable return on investment, where it has found that's in-line with the result in this study as the result suggests a positive relation between the product differentiation and brand revenue/market share in wearable industry and there are many brands who gained market share or revenue growth partially due to successful implementation of product differentiation strategy.

Finland has a high potential in wearables due to the well-formed ecosystem and brands such as Polar and Suunto that are global names and they succeed to penetrate the global market with their differentiation, which is mainly through brand and innovation. Currently, both brands have no significant market share in the Gulf region as Suunto is only targeting athletes, which is considered a very limited segment, and Polar has limited products range with no relevant features and design. However, the result summarized a proposed product differentiation strategy for Finnish brands in the Gulf region by three phases: understanding the consumer choice in wearable, Market segmentation, and providing a wide range of products with relevant features that appeal to customer value proposition.

REFERENCES

- Aaker, D.A., 2009. *Managing brand equity*. Simon and Schuster.
- Anderson, S.P., De Palma, A. and Thisse, J.F., 1992. *Discrete choice theory of product differentiation*. MIT press.
- Anderson, S.P., De Palma, A. and Thisse, J.F., 1989. Demand for differentiated products, discrete choice models, and the characteristics approach. *The Review of Economic Studies*, *56*(1), pp.21-35.
- Anderson, S.P. and De Palma, A., 1988. Spatial price discrimination with heterogeneous products. *The Review of Economic Studies*, *55*(4), pp.573-592.
- Anderson, S.P. and De Palma, A., 1992. The logit as a model of product differentiation. *Oxford Economic Papers*, *44*(1), pp.51-67.
- Baalbaki, I.B. and Malhotra, N.K., 1993. Marketing management bases for international market segmentation: an alternate look at the standardization/customization debate. *International Marketing Review*, *10*(1).
- Baldauf, A., Cravens, K.S., Diamantopoulos, A. and Zeugner-Roth, K.P., 2009. The impact of product-country image and marketing efforts on retailer-perceived brand equity: An empirical analysis. *Journal of Retailing*, *85*(4), pp.437-452.
- Bettis, R.A. and Hitt, M.A., 1995. The new competitive landscape. *Strategic management journal*, *16*(S1), pp.7-19.
- Buhalis, D., 2000. Marketing the competitive destination of the future. *Tourism management*, *21*(1), pp.97-116.
- Cavusgil, S.T., Rammal, H. and Freeman, S., 2011. *International business: The new realities*. Pearson Higher Education AU.
- Chamberlin, E., 1948. Theory of monopolistic competition.
- Chamberlin, E.H., 1933. The theory of monopolistic competition.
- Chamberlin, E.H., 1951. Monopolistic competition revisited. *Economica*, *18*(72), pp.343-362.
- Chamberlin, E.H., 1961. The origin and early development of monopolistic competition theory. *The Quarterly journal of economics*, *75*(4), pp.515-543.
- Chen, C.C. and Chuang, M.C., 2008. Integrating the Kano model into a robust design approach to enhance customer satisfaction with product design. *International journal of production economics*, *114*(2), pp.667-681.
- Christy, R., Oliver, G. and Penn, J., 1996. Relationship marketing in consumer markets. *Journal of Marketing Management*, *12*(1-3), pp.175-187.
- Coleman Sr, L.B., 2014. *The customer-driven organization: Employing the Kano model*. CRC Press.
- Collis, D.J., 1991. A resource-based analysis of global competition: the case of the bearings industry. *Strategic management journal*, *12*(S1), pp.49-68.

- Conner, K.R., 1991. A historical comparison of resource-based theory and five schools of thought within industrial organization economics: do we have a new theory of the firm?. *Journal of management*, *17*(1), pp.121-154.

- Costa, R. and Evangelista, S., 2008. An AHP approach to assess brand intangible assets. *Measuring Business Excellence*, *12*(2), pp.68-78.

- Doole, I. and Lowe, R., 2008. *International marketing strategy: analysis, development and implementation.* Cengage Learning EMEA.

- Dubai Chamber, 2017, Online resource- < http://www.dubaichamber.com/whats-happening/chamber_news/uae-consumer-spending-forecast-to-exceed-261-billion-in-2021-analysis> [Accessed on – 28th February, 2018]

- Ernst, D. and Kim, L., 2002. Global production networks, knowledge diffusion, and local capability formation. *Research policy*, *31*(8-9), pp.1417-1429.

- Haley, R.I., 1968. Benefit segmentation: A decision-oriented research tool. *The Journal of Marketing*, pp.30-35.

- Hitt, M.A., Keats, B.W. and DeMarie, S.M., 1998. Navigating in the new competitive landscape: Building strategic flexibility and competitive advantage in the 21st century. *The academy of management executive*, *12*(4), pp.22-42.

- Hvidt, M., 2009. The Dubai model: An outline of key development-process elements in Dubai. *International Journal of Middle East Studies*, *41*(3), pp.397-418.

- Jaskulska, J., 2013. *Quality of service and product as the main factors influencing customers' satisfaction in the clothing retailing industry in Ireland-case study of Zara Plc* (Doctoral dissertation, Dublin Business School).

- Johnson, M.W., Christensen, C.M. and Kagermann, H., 2008. Reinventing your business model. *Harvard business review*, *86*(12), pp.57-68.

- Kapferer, J.N., 1994. *Strategic brand management: New approaches to creating and evaluating brand equity.* Simon and Schuster.

- Kim, W.C. and Mauborgne, R.A., 2014. *Blue ocean strategy, expanded edition: How to create uncontested market space and make the competition irrelevant.* Harvard business review Press.

- Kim, D.J., Ferrin, D.L. and Rao, H.R., 2008. A trust-based consumer decision-making model in electronic commerce: The role of trust, perceived risk, and their antecedents. *Decision support systems*, *44*(2), pp.544-564.

- Khaleeji Times, 2018, Online Source- < https://www.khaleejtimes.com/uae-leads-region-in-market-accessibility-connectivity > [accessed on 27th February, 2018].

- Kuenne, R.E. ed., 1967. *Monopolistic Competition Theory: Studies in Impact: Essays in Honor of Edward H. Chamberlin.* John Wiley.

- Kumar, N. and Steenkamp, J.B.E., 2013. *Brand breakout: How emerging market brands will go global.* Springer.

- Majaro, S., 2013. *International Marketing (RLE International Business): A Strategic Approach to World Markets.* Routledge.

- Oliver, R.L., 2014. *Satisfaction: A behavioral perspective on the consumer.* Routledge.

- Osterwalder, A., Pigneur, Y., Bernarda, G. and Smith, A., 2014. *Value proposition design: How to create products and services customers want.* John Wiley & Sons.

- Porter, M.E., 2011. *Competitive advantage of nations: creating and sustaining superior performance* (Vol. 2). Simon and Schuster.

- Porter, M.E., 2008. *Competitive strategy: Techniques for analyzing industries and competitors.* Simon and Schuster.

- Porter, M.E. and Porter, M.E., 1979. How competitive forces shape strategy.

- Porter, M.E., 1991. Towards a dynamic theory of strategy. *Strategic management journal*, *12*(S2), pp.95-117.
- Porter, M.E., Goold, M. and Luchs, K., 1996. From competitive advantage to corporate strategy. *Managing the multibusiness company: Strategic issues for diversified groups*, *285*, pp.285-314.
- Prahalad, C.K., 2006. *The Fortune at the Bottom of the Pyramid*. Pearson Education India.
- Ranchhod, A., Gauzente, C. and Tinson, J., 2004. *Marketing strategies: A twenty-first century approach*. Pearson Education.
- Rothschild, R., 1987. The Theory of Monopolistic Competition: EH Chamberlin's Influence on Industrial Organisation Theory over Sixty Years. *Journal of Economic Studies*, *14*(1), pp.34-54.
- Iansiti, Marco, and Karim R. Lakhani. "Managing Our Hub Economy: Strategy, Ethics, and Network Competition in the Age of Digital Superpowers." Harvard Business Review 95, no. 5 (September–October 2017): 84–92.
- Shen, X.X., Tan, K.C. and Xie, M., 2000. An integrated approach to innovative product development using Kano's model and QFD. *European journal of innovation management*, *3*(2), pp.91-99.
- Skinner, A.S., 1983. EH Chamberlin: The Origins and Development of Monopolistic Competition. *Journal of Economic Studies*, *10*(4), pp.52-67.
- Smith, W.R., 1956. Product differentiation and market segmentation as alternative marketing strategies. *Journal of marketing*
- Smith, W.R., 1995. Product differentiation and market segmentation as alternative marketing strategies. *Marketing Management*, *4*(3), p.63.
- Souiden, N., 2002. Segmenting the Arab markets on the basis of marketing stimuli. *International Marketing Review*, *19*(6), pp.611-636.
- Teece, D.J., 2010. Business models, business strategy and innovation. *Long range planning*, *43*(2-3), pp.172-194.
- Vargo, S.L. and Lusch, R.F., 2004. Evolving to a new dominant logic for marketing. *Journal of marketing*, *68*(1), pp.1-17.
- Wind, Y. and Cardozo, R.N., 1974. Industrial market segmentation. *Industrial Marketing Management*, *3*(3), pp.153-165.
- Wedel, M. and Kamakura, W.A., 2012. *Market segmentation: Conceptual and methodological foundations* (Vol. 8). Springer Science & *Business* Media.
- Wheelen, T.L. and Hunger, J.D., 2011. *Concepts in strategic management and business policy*. Pearson Education India.
- Park, H. J., & Lee, H. S. (2014). Product smartness and use-diffusion of smart products: the mediating roles of consumption values. Asian Social Science, 10(3), pp. 51–61.
- Xu, Q., Jiao, R.J., Yang, X., Helander, M., Khalid, H.M. and Opperud, A., 2009. An analytical Kano model for customer need analysis. *Design Studies*, *30*(1), pp.87-110.
- Zeithaml, V.A., Parasuraman, A. and Malhotra, A., 2002. Service quality delivery through web sites: a critical review of extant knowledge. *Journal of the academy of marketing science*, *30*(4), p.362.
- Dawson, Catherine. 2009 Introduction to Research Methods, 4th edition, Oxford: How To Books Ltd
- Louise Poulson, Mike Wallace. 2004 "learning to read critically in teaching and learning"
- Ha, T., et al. Examining user perceptions of smartwatch through dynamic topic modeling.Telemat. Informat. (2017),http://dx.doi.org/10.1016/j.tele.2017.05.011

- Valarie A. Zeithaml. 1988 "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence", Journal of Marketing Vol. 52, No. 3, pp. 2-22
- Kevin Huang. 2015 "Wearables devices market and technology", ARETEON consulting. https://www.slideshare.net/KevinHuang23/wearables-devices-market-and-technology
- Egham. Aug 2017 "Worldwide Wearable Device Sales", Gartner. https://www.gartner.com/newsroom/id/3790965
- IDC middle east, 2017. "Wearables Continue to See Strong Growth in Middle East & Africa". https://www.idc.com/getdoc.jsp?containerId=prCEMA42819217
- "Wearable Technology Market - Global Scenario, Trends, Industry Analysis, Size, Share and Forecast 2012 – 2018", 2013 published by Transparency market research
- "The Wearable Life 2.0". 2016, PwC consulting. https://www.pwc.com/ee/et/publications/pub/pwc-cis-wearables.pdf
- UM Labs .2017 "Empowered by wearables untapped brand opportunities". http://www.ummena.com/uploads/settings/UM%20LABS_REPORT_FINAL.pdf
- Eunsang Yoon, Valerie Kijewski, (1997) "Dynamics of the relationship between product features, quality evaluation, and pricing", Pricing Strategy and Practice, Vol. 5 Issue: 2, pp.45-60, https://doi.org/10.1108/09684909710163601
- Zoe Kleinman, 2017. "Has wearable tech had its day?". http://www.bbc.com/news/technology-39101872
- The Middle east leading technology, Dec 2017. "Xiaomi opens second authorized Mi store in UAE", http://www.itp.net/616058-xiaomi-opens-second-authorised-mi-store-in-uae Accessed 09.02.2018
- Polar, June 2017. "Polar Electro and AthliOS Partnership Opens Engaging, Custom Fitness Experiences to Clubs and Manufacturers". https://www.polar.com/us-en/about_polar/press_room/polar_electro_and_athlios_partnership_opens_engaging_custom_fitness_experiences_to_clubs_and Accessed 01.02.2018
- Apple, Sep 2016. "Apple & Nike launch the perfect running partner, Apple Watch Nike+". https://www.apple.com/newsroom/2016/09/apple-nike-launch-apple-watch-nike/ Accessed 07.02.2018
- Fitbit, Feb 2018. "Unlock Your Ambition With the New Fitbit Ionic: adidas Edition Smartwatch -- the Training Companion for Athletes of All Levels" https://investor.fitbit.com/press/press-releases/press-release-details/2018/Unlock-Your-Ambition-With-the-New-Fitbit-Ionic-adidas-Edition-Smartwatch----the-Training-Companion-for-Athletes-of-All-Levels/default.aspx, Accessed 28.02.2018
- Sportinlife, "Brand info: Polar", https://www.sportinlife.net/brands/polar-heart-rate-monitors/ Accessed 07.02.2018

- The gulf today, Jan 2017. "UAE strong platform for global brands". http://gulftoday.ae/portal/6c35b4d2-fc97-48ec-83d8-c80ae2406bdd.aspx, Accessed 07.04.2018

- NIK trading. "Suunto". http://niktrading.com/suunto/ Accessed 10.02.2018

- Deloitte, 2015. "The Deloitte Consumer Review Made-to-order: The rise of mass personalization". https://www2.deloitte.com/content/dam/Deloitte/ch/Documents/consumer-business/ch-en-consumer-business-made-to-order-consumer-review.pdf, accessed 05.03.2018

- Accenture, 2017. "Retail Organizations:The Next Stage of Transformation". https://www.demandware.com/uploads/resources/REP_Accenture_Report_EN_13JAN2017_FINAL.pdf accessed 01.03.2018

- Futurebrand, 2015. "Country Brand Index 2014-15" https://www.futurebrand.com/uploads/CBI2014-5.pdf accessed 01.03.2018

- GFK, 2017. "The Anholt-GfK Nation Brands Index" http://nation-brands.gfk.com/ accessed 02.03.2018

- MICI, 2017. "Made-In-Country Index (MICI) 2017" https://stat-download-public.s3.eu-central-1.amazonaws.com/Study/1/40000/43370_sample.pdf accessed 03.04.2018

- Amer sport annual report, 2017. "FINANCIAL REVIEW 2017" https://www.amersports.com/investors/reports-and-presentations/interim-reports/ accessed 01.04.2017

- Statista, 2017. "Wearable devices dossier"

- Statista, 2015. "Samsung Leads The Smartwatch Market" https://www.statista.com/chart/3290/samsung-leads-the-smartwatch-market/ accessed 06.04.2018

- Canalys, 2017. "Media alert: Apple retakes the lead in the wearable band market in Q3 2017" https://www.canalys.com/newsroom/media-alert-apple-retakes-lead-wearable-band-market-q3-2017 accessed 15.03.2018

- IDC, 2018." Global Wearables Market Grows 7.7% in 4Q17 and 10.3% in 2017 as Apple Seizes the Leader Position, Says IDC". https://www.idc.com/getdoc.jsp?containerId=prUS43598218 accessed 17.03.2018

- Fitbit annual report, 2017. "Annual report". http://d18rn0p25nwr6d.cloudfront.net/CIK-0001447599/a057133c-9493-42de-b810-2f5510191687.pdf accessed 01.04.2018

- Gulf news, Nov 2017. "Fitbit eyes more than 50% growth in UAE wearables market". https://gulfnews.com/business/sectors/technology/fitbit-eyes-more-than-50-growth-in-uae-wearables-market-1.2132965 accessed 13.03.2018

- Nielsen, Jan 2015. "WE ARE WHAT WE EAT HEALTHY EATING TRENDS AROUND THE WORLD" https://www.nielsen.com/content/dam/nielsenglobal/eu/nielseninsights/pdfs/Nielsen%20Global%20Health%20and%20Wellness%20Report%20-%20January%202015.pdf

- Digital trends, Apr 2017. "Xiaomi takes top spot in wearables market for first time as Fitbit falters". https://www.digitaltrends.com/mobile/xiaomi-rises-wearables-market-q2-2017/ accessed 03.03.2018

- Signals analytics, 2017. "The Future of Wearable Technology" https://cdn2.hubspot.net/hubfs/548488/WP_Future_of_Wearable_Technology/Future_of_Wearable_Technology.pdf accessed 28.02.2018

- BBC news, mar 2017. "Has wearable tech had its day?" http://www.bbc.com/news/technology-39101872 accesssed 05.04.2017

-

BILAGOR / APPENDICES

Questions	User 1	User 2	User 3	User 4	User 5
Gender	Male	Male	Male	Female	Male
Age	24	38	25	27	33
Country, State	Oman	UAE	UAE	UAE	Oman
Profession	Accountant	Banker	Communication Engineer	Marketing specialist	Civil Engineer
Testing period	01.03.2018 - 06.03.2018	02.03.2017 - 08.03.2018	09.03.2018 - 15.03.2018	11.03.2018 - 18.03.2018	23.03.2018 - 31.03.2018
What kinds of sports or fitness activities you regularly perform? Describe them briefly?	1. Body buliding (5 times per week) 2. Running (3 times per week) 3. swimming (once a week)	Cycling and running in weekend	Body buliding (5 times per week) and football (2 times per week)	I do running almost 4 times per week and I do also fitness exercise 3 times per week	ping-pong once a week, walking (2-3 times per week) and kick-boxing once a week
Do you have any experience with Finnish wearable brands? What is your perspective about the Finnish wearable brands?	No, I didn't have any previous experience with watch from finnish brand	I know Polar brand, it's well known name in sports activities and wellness. Its pioneer in heart rate monitoring when these were the main method of tracking your exercise	No, I didn't have any previous experience with watch from finnish brand but in term of ranking I think it's in the top positions	Bascilly I use Garmin devise, I never experienced Finnish brands, but I expect in term of technology they are good since Nokia was a big name	I didn't have any previous experience with finnish brand, as I use devise from Fitbit but I know there are excellent finnish brands such Suunto, some friends talk about it
How you describe shortly your experience with the sport-smartwatch Polar M600?	it was fair experience, I think it's useful during the exercise and now I have an idea about the watches from finland	So overall, I have to say I am bit disappointed. It gives the right signs but seems to me it is just finished too early. Polar hadn't added much to the product. I had it connected to my iPhone 7. Being on iOS, this means that I have been unable to use the watch to its full capabilities- you can not add very much at all (any additional apps you would like to add require you to be using an Android phone).	I would say it was good experience, the watch is useful and good motivator during the exercises and sport	Well, user experience is not that good, It's not good enough to be a daily wear smart watch, and it's kind of much into exercise-only, design is awful, strip is clunky	I could describe my experince with M600 from Polar as the watch has many usefull functions but I didnt like the user interferance though its android watch. additionally the design is awful and offline music dosen't work because spotify and google music subscription is blocked in gulf region
Please evaluate the product according to the more usefulness features and to the least usefulness features (where 1 is least usefulness and 5 is most usefulness)					
1. GPS and maps	4	4	5	4	4
2. A waterproof smart watch (could be use during swimming)	5	5	3	3	5
3. Wrist-based heart rate monitoring	4	5	5	4	5
4. Listen to music during training (4 GB of storage)	2	3	2	1	3
5. Smartwatch with Android Wear operating system (apps downloadable)	3	2	4	3	1
6. Smart notifications (Facebook, WhatsApp, message, calls ...etc)	2	4	4	2	3
7. Bluetooth & WIFI connectivity	1	4	5	3	4
8. Colourful touch screen (1.3")	3	3	4	2	2
9. Optimized for sports	5	4	3	5	5
10. Polar flow app with access to 100+ sport activates profile (running, cycling, strengthen workout, swimming, Soccer, ... etc)	4	4	5	4	5
What is the most 1-3 useful features in your mind that not exist in the product? If there is?	Design / Music / -	Speaker / Design / Arabic Language	Music / Design / -	Music / Battery life / Speaker	Payment / Battery life / Music
Are you willing to pay more for the those features you have wished the product has? if yes then what would be the percent from product price?	0%	20%	0%	10%	20%
Are the sport profiles on polar flow apps and info in training summery sufficient?	the sport profiles are quite enough but for example in Crossfit profile I wish if there is an option for reps timer to help in time commitment	It sufficient, Polar flow very good, even you can set up your heart rate zones, and it provides great feedback at the end of the run on how you got on in relation to your zones	The sport profiles are good and enough, for crossFit I would suggest to add the the exercise type, and for football the player position in stadium	sport profile is more than enough, the Polar Flow application function fluidly and has a pleasantly simple visual fascination	Polar flow apps and sport profiles awesome, training summary is good for sport people in medium level
For wearable products, do you pay more for differentiated products? (in term of Brand, features, or design)	I pay more for premium brands because of many important things such the watch design, weight and a lot of features	for me I would pay more for the features in sport-watch because it makes a vital purchase. so I would definitely pay more for brands and in advanced features	yes I would pay for premium brands, and the reasons are (Brand name, Weight, Design, and continuous software update)	Basically No, because I believe the current price level of wearable should deliver a product that value of money, however I might pay few extra for design	Definitely yes, as I'm ready to pay more for famous brands especially the non-chinese manufactured. Design and features as well, as it set the price which I see it suitable for the product