Action-Camera Industry Analysis:

Hero 3+ BLACK

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Overview:

The product our team will focus on is the Hero 3+ BLACK. It is one of the highest quality wearable camera that GoPro has to offer to the action camera market today. This company is gaining market share every year, and has recently opened up an initial public offering (IPO) in July of 2014. This product is a high quality portable and wearable digital camera that captures high definition video in a compact device. It captures life and experiences that can be relived time and time again. The reason our team is interested in the Hero 3+ BLACK is due to the growth of sales every year and the ever-expanding industry of wearable cameras.

Market Review:

The key factors that influence demand in the action-camera industry are the holidays, seasonal cycles, new innovations, extreme sports events, and music festivals. For example, during winter, the purchase of action-cameras increase due to Black Friday sales and last minute Christmas shopping. Demand for action-cameras is volatile and most prominent in the particular seasons such as winter and summer. For winter, extreme sports like snowboarding and skiing drive sales up as well as in the summer time for sports like surfing and skydiving. These products are for anyone who wants to capture and share their experience.

Another influence on GoPro’s quarterly and annual sales for the product is extreme sport events which have a telling influence on the demand in the action-camera industry. From X-Games to the Olympics to Surf Competitions, new and old competitors wish to capture the moments and this leads to the purchase of action-cameras. Other events beyond extreme sports also influence the demand of this industry such as music festivals like Coachella and Paradiso.
which is still an untapped market for GoPro. On top of these events, a big influencer of this industry is innovation. With higher pixels, easier ease of use, higher frames per second, and integrated apps: the action-camera industry is open to new possibilities and endless competitive intensity amongst the leading companies.

**Porter’s Five Forces:**

**Threat of New Entrants:** Moderate-High

The growing size of the portable and mountable camera market has not gone unnoticed by larger electronics firms. The threat of new entrants is moderate to high for this product. While GoPro may have been the first mover into the market, other big companies are entering in to establish themselves in a once considered niche space such as reputable companies like Apple and Sony. One of the main reasons why threat of entrants is high is due to the action camera industry having relatively low barriers to entry for large companies that can develop similar technology. These established companies can easily replicate the features GoPro has to offer to the newly developing ‘point of view’ camera industry.

One company that is taking notice is Apple. They have recently been awarded a new patent for a video camera that would compete with GoPro. When the news broke out, Go Pro’s stock dropped 13%¹, a warning sign indeed. This is a major issue for GoPro because Apple already has a wide array of devices that are compatible with each other. It will be another piece of the puzzle for Apple to expand its diversified range of products. When they enter the market,

¹ [https://aistemos.com/2015/01/22/apple-gopro-patents-reactions/](https://aistemos.com/2015/01/22/apple-gopro-patents-reactions/)
the already loyal Apple customers who are going to want to add this to their Apple brand collection, and GoPro must be proactive to maintain its dominant market share.

**Buyer Power: Moderate**

This industry is relatively new within the last decade, and companies have taken notice of GoPro’s created value. However, as of 1/23/2015, buyer power is still moderate since there are less than ten brands customers can switch to. This industry has seen a dramatic increase in disruptive technology in the last few years for point of view cameras provide customers with other forms of value created such as cheaper price in the Polaroid Cube’s case. This has allowed customers to have a larger selection of products that may suit their needs better even if it may be considered an inferior product.

**Supplier Power: Low**

The supplier power of this industry is low. The products are being manufactured in China through Foxconn. If Foxconn decides to raise the price of manufacturing, GoPro has the ability to outsource their manufacturing elsewhere. The action-camera industry is growing quite fast, and the price of technology is dropping constantly. Manufactures are becoming aware that there is an uprise and will be more prone to undercut their competition, and offer cheaper prices.

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Threat of Substitutes: Moderate

While GoPro customers are somewhat loyal at this point in time, there is moderate threat of substitutes for point of view cameras. There has been an increasingly diversified line of products that are being released or about to be released in the near future that can suit particular needs better such as wearable camera classes that can be used to block out the sun as well. Despite the recent entry level product released from GoPro such as the Hero wearable camera priced at $130, it’s clear that GoPro’s attention is on the higher-priced cameras, and their deluge of high-end features. GoPro is the premium product in this industry, but their will be a segment of the market who feel it is too expensive allowing them to easily switch to another brand. Faced with new competition at lower prices, GoPro has to be conscious and ask the question if they are too “pro” for the average consumer.

Companies in this industry also need to be wary of the increasingly technological advances in the camera phone industry. If phones can offer the same quality and value in their cameras, then extreme sports enthusiasts market segment customers might feel obliged to stick with their camera on their phone if they can provide similar mountable accessories since they take their phone everywhere anyways.

**Competitive Intensity:** High

Competition is bullish in the wearable camera market, a new and underappreciated product category that is fastly gaining track in consumers mind. We are seeing emerging new subcategories and usage cases of wearable cameras which has prompted larger, more established companies to catch up. The first mover strategy from GoPro has allowed it to be considered high/premium quality giving them the right to charge higher prices for their product. GoPro must be weary of the companies that are offering a cheaper product in this competitive market such as the Polaroid Cube price at $99 compared to the GoPro’s Halo +3 black priced at $400.

**Most Important Force In Industry:** Threat of Substitutes

The most important force in the action-camera industry is the threat of substitutes. With the industry growing steadfastly, new products are coming out from Google and Apple that are diversifying and changing the ‘game’ in the camera industry. The lines of camera technology are being blurred as newer products are being introduced that satisfy particular needs and create certain value for customers.
Competitive Review:

Brand Competitors:

1. **Polaroid**: Polaroid is an American international consumer electronics and eyewear company. Founded in 1937 by Edwin H. Land. In 1948 Polaroid brought instant film cameras to the market. The current CEO of Polaroid is Scott W. Hardy. On October 11, 201, Polaroid filed for Chapter 11 bankruptcy protection⁴. Due to the high demand for digital cameras, Polaroid had to do a serious evaluation of how they were going to stay abreast in the electronics industry. Polaroid now offers products through their line of

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Polaroid PoGo digital products. Polaroid also sells LCD TVs, digital cameras, digital photo frames, and more⁵.

2. **Drift Innovation**: Drift Innovation is a leading active lifestyle focused technology company, and their headquarters is located in London, United Kingdom. It was founded in 2009 and is currently a privately held company. The industry they are in is consumer electronics and they have 11-50 employees⁶. Drift Innovation distributes its products to more than 25 countries and is known to be one of the top three point-of-view camera brands globally.

3. **Sony**: Sony’s mission is to be a company that inspires and fulfills your curiosity. Sony was founded in 1946 and is currently a public company. They focus their attention on consumer electronics and have 10,001+ employees⁷. Their headquarters is in Tokyo, Japan and have been considered one of the leaders in the camera industry for many years.

4. **iON Camera**: iON Cameras pioneered the concept of Shoot/Share. The company was founded in 1993 and is currently privately held. The industry they focus their attention on is consumer electronics and they have 51-200 employees⁸. The company’s headquarters is located in Moorestown, New Jersey.

**Product Competitor:**

1. **Sony Action Cam**: The Sony Action Cam has a lot of the same features and benefits as the GoPro Hero 3+. The Action Cam takes pride in the low price that they offer that

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⁵ https://www.linkedin.com/company/4760?trk=tyah&trkInfo=tarId%3A1422067435973%2Ctas%3Apolaroid%2Cidx%3A2-1-4

⁶ https://www.linkedin.com/company/drift-innovation

⁷ https://www.linkedin.com/company/sony

⁸ https://www.linkedin.com/company/ion-america-llc
allows them to undercut their competitors. Offering three different models which range from $169-$500, giving their consumers a choice when it comes to documenting their adventure. The Action Cam will be releasing a new Action Cam this March.

2. **Drift HD Ghost**: The Drift HD Ghost offers a cheaper option when it comes to action-cameras but you are sacrificing the frames per second. The Drift HD Ghost also offers an extra hour of battery life which could be a huge advantage to a consumer’s eye. GoPro Hero 3+ Black Edition offers 120 FPS, while Drift HD Ghost offers only 30 FPS. GoPro’s market share is 47.5% of the action camera market. We can attribute the remaining market share to GoPro’s competitors.

3. **Polaroid Cube**: The Polaroid Cube is for the adventure-seeker that is on a budget. The Cube sells at $99, while a GoPro Hero 3+ Black Edition sells for $400. The battery life is 1.5 hours while the GoPro Hero 3+ Black Edition lasts for 2 hours.

4. **iON Air Pro 3**: The iON Air Pro 3 looks similar to the Contour +2 in that it is a sleek cylinder. The Air Pro 3 offers 60 FPS, 2.5 hours of battery life (which is .5 hours more than the GoPro Hero +3 Black Edition. Consumers will be attracted to the mounting options that the iON provides.

Refer to Table 1 in the Appendix.

**Generic Competitor**: Smartphones

1. Apple iPhone 6
2. Samsung Galaxy S5
3. HTC One (M8)

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9 http://www.gizmag.com/smartphone-comparison-2014/34847/
4. Google/Motorola Nexus 6

**Generic Competitor: Tablets**

1. Samsung Galaxy Tab S 10.5
2. Apple iPad Air 2
3. Google/HTC Nexus 9
4. Amazon Kindle Fire HDX 8.9

**Generic Competitor: DSLR Cameras**

1. Canon EOS Rebel T5
2. Nikon D3300

**Total Budget Competitor:**

Since the GoPro Hero 3+ BLACK is in the $300 - $400 range, there are a variety of different alternatives. This can be smart phones, tablets, digital or film cameras, or other handheld recording devices.

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Top Three Most Significant Competitors:

1. Sony Action Cam
2. Polaroid Cube
3. Drift Ghost-S HD

Competitors Past and Current Strategies:

Sony Action Cam:

Sony has taken a hands on approach to its strategy. Doing experiential marketing at large events such as the Electric Daisy Carnival, Sony gained an organic connection to its market. Setting up booths where the consumers can get a hands on experience to Sony products while

also promoting their name through the sponsorship has worked well. Also, sports celebrities like Tony Hawk\(^\text{14}\) have joined Sony’s Action Team and helped promote the action cam.

**Polaroid Cube:**

Polaroid took an interesting leap with their new Cube action camera. Before the release date, Polaroid offered pre-sale orders from a trendy photography website called Photojojo\(^\text{15}\). This allowed Polaroid to penetrate the creative, young, and tech-savvy target market and launch the Cube with success. Although the Cube is new to the market, Polaroid’s strategy of differentiating the Cube as an introductory action camera is expected to do well in the future.

**Drift Innovation HD Ghost:**

Drift is trying to create a global digital launch campaign incorporating social media, PPC advertising, YouTube, digital partnerships, and online PR\(^\text{16}\). With video at its core, channels were leveraged to drive audiences to experience the brand and product launch content through the Drift brand page allowing maximum control over audience experience.

**Competitive Performance:**

GoPro is leading the market share of the action-camera market at 47.5%. The Sony Action Cam falls behind GoPro at 6.5-8%\(^\text{17}\) of the market share. Polaroid sit at around 1% of the market share when it comes to action-cameras. While Drift Innovation has no market share.


GoPro went public in July of 2014 at an asking price of $48.80\textsuperscript{18}, with a year price change of 28.65 - 98.47\textsuperscript{19}, and is currently priced at $52.51 (1/23/15). The market share for GoPro has seen a surge of growth since its initial offer of 138\%\textsuperscript{20}. The GAAP gross profit for the nine months ended on September 30, 2014; GoPro grossed 323,422 thousand dollars which is 42.5\%\textsuperscript{21} gross profit as a % of revenue.

### Competitor’s Primary Strengths and Weaknesses:

#### Sony Action Cam Strengths:

Sony has the brand equity based on the fact that it is the oldest company compared to its competitors in this industry. Their reputation for high quality products plays well with the customers who are already loyal to the company. Action Cam 2 has the best audio quality from its competitors. Even when it's in its waterproof housing, the sound is way more immersive than the competition which is something Sony is renown for.

#### Sony Action Cam Weaknesses:

Only waterproof to 16 feet. Considering some of our cameras can do that without a housing, and considering last year's model was waterproof to 197 feet, it is a major step backwards. From its previous model, there have not been much improvement other than an added GPS. Compared to the GoPro Halo + Black, it is quite bulky of a product.

\textsuperscript{18} http://www.nasdaq.com/article/gopro-dominates-do-it-yourself-action-video-industry-cm414301
\textsuperscript{19} http://www.usatoday.com/story/tech/columnist/talkingtech/2014/06/24/gopro-goes-public-this-week/11288647/
\textsuperscript{21} http://investor.gopro.com/releasedetail.cfm?ReleaseID=879497
Drift HD Ghost Strengths:

Strong focus on community and relationship with customers. The Drift HD Ghost packs in similar features at a cheaper price than GoPro’s Halo+ 3, albeit slightly inferior. For example, the Drift offers a built-in LCD and Wi-Fi. It is a waterproof camera that does not require a housing, it offers a wireless remote is included, it includes a mic jack for an external mic, and has a slightly longer battery life from its product competitors. The lens can rotate up to 300 degrees, so it allows the user to keep their shot straight regardless of the weird angle at which you've been forced to mount it.

Drift HD Ghost Weaknesses:

The camera menu system, while easy to understand, can be a pain to navigate. One negative for customers is that they have to supply their own microSDHC card for memory storage, a small issue. Customer Reviews mention the poor audio sound quality of this product. It is also the biggest and heaviest of all the competitors products. Video quality isn't as good as other action cameras in same price range.

Polaroid Cube Strengths:

Price is a major competitive advantage for Polaroid. At $99, it is far below most of the competitor’s prices. This entices a wider range of casual users who may not need all the professional accessories that the GoPro offers. Another advantage with the low price is it allows the customer to buy more of them. The Cube is a bit more economical than the GoPro if you want to buy a bunch of them for multi-cam setups systematically.

23 http://www.cnet.com/search/?query=Drift+Hd+Ghost
Small Size and Simple Design: The camera is tiny – it's only about an inch-and-a-half on each side – so you can stick it anywhere and everywhere. The Polaroid Cube is an ultra small and lightweight action cam which allows it to be carried anywhere to catch all life's action. The simple small cube is easy to carry and use for any sort of activity.

**Polaroid Cube Weaknesses:**

The only mount included is its built-in magnet. No microSD card is included for storage. Video quality takes a backseat for design and is below par, but one must consider the price. Video is split into 5-minute clips while recording which might not be long enough for some people. Also, the battery life only last 1.5 hours\(^2^4\) so if they were in an isolated location it could be an issue\(^2^5\).

**Likely Competitor’s Competitive Marketing Strategies:**

The competitive marketing strategies for the competition within the action-camera industry will focus mainly on innovation and building brand equity. These companies can differentiate themselves by offering higher pixels, more fps, cheaper prices, extended battery life, and lighter weight. Polaroid is offering a smaller, lighter, and more compact version of the GoPro, while Sony has cheaper prices, and Drift offers a longer battery life. Beyond that most of these companies and their products are similar in features and only the next big thing can really grab the audiences attention.


This leads to building brand equity. By having more people loyal to the company’s products, the greater the chance friends of users will also purchase the same product. Sony is marketing their product by going to events and having sponsors like Tony Hawk use their product. While Polaroid did a pre-launch on PhotoJoJo, a website targeting the younger tech savvy photographers and Drift Innovations is going after the same target market as GoPro.

**Impact on GoPro:**

The impact on GoPro from the competitor’s competitive marketing strategies is Sony and Drift Innovation are slowing taking some of GoPro’s market share due to targeting a similar audience while Polaroid is after a completely different target market. This forces GoPro to be innovative in order to be ‘ahead of the game.’

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**Competitive Market Type:**

The camera market is quite broad and quite large, although GoPro and it’s competitors qualify under the niche ‘action-camera’ market. The action camera market is defined by its point-of-view angles and its wearable and mountable technologies. Things like waterproofing, external cases, wireless remotes, and connectivity capabilities also are included in the action camera category as well as abilities to take high definition photos, videos, and audio recordings.

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Customer Review:

Existing Buyers:

In the beginning they target young, active, extreme sports enthusiasts, passionate people, adrenaline junkies, and all around adventurous people. However, lately they are trying to widen their market into every household. It’s becoming the norm to document more and more of our lives and also share it on social media devices. The typical user of the GoPro Hero 3+ Black Edition is named, Chad Power. Mr. Power loves skydiving, surfing, and mountain-biking. The reason that he loves the Hero 3+ is because of the crystal clear 1080p quality that it provides. Mr. Power loves that when we wipes out while rippin’ down the mountain on his Trek mountain-bike, he doesn’t worry about the screen cracking, or the camera itself getting harmed. Mr. Power then goes on to say that he loves that the Hero 3+ Black Edition because it is as light
as a feather, only weighing 2.65 ounces. Mr. Power loves the Hero 3+ Black Edition because it lets him document and share what he loves.

**Size of Existing and Potential Target Market:**

In 2014 alone, over 5.5 million units of action cameras were shipped worldwide giving a market evaluation of over $2 billion. If we broaden this to the market to digital cameras in general, we find a market that was once at over 120 million units a year (2010), but now is shrinking down to under 50 million units (2014). This brought a market value of over $25 billion down to under $15 billion in just four years. Since the digital market is shrinking from the emerging smartphone camera market, which is around $20 billion now, it would be smart to include action cameras in that category. This gives GoPro a potential market size of over $20 billion right now, with a bright future of increased markets.

**Potential Customers:**

GoPro has strategically placed its product in big box stores such as Walmart and Target to broaden its ‘normal’ consumers (non-extreme sports enthusiasts), but it is still a largely untapped market opportunity that is awaiting to be fulfilled to its potential. GoPro hopes to establish themselves in every household through this and also promoting to ‘everyday people’. Also with the emerging smartphone camera industry, we find that at least 22% of all smartphone users identify themselves as ‘active’ and are subject to GoPro’s market.

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27 [http://www.slideshare.net/nicolasleonard986/gopro-brand-audit](http://www.slideshare.net/nicolasleonard986/gopro-brand-audit)
Police Officer Departments: In recent years, and more present in the news recently, the issue of police officer brutality has sparked outrage among many Americans. This has sparked the question to whether Police officers should be forced to wear first person video cameras to document their daily duties on the job to make them more accountable of their actions on the job. If local and state government authorities enforce and enact this requirement among police officers in legislature, then GoPro may have another market opened up to them.

**The Purchase Decision Process:**

The need and problem recognition for customers comes from wanting to document their activities being a walk through the city, or the massive slope that they snowboarded on their last trip. Customers want to be able to show off their experiences in life from a first person point of view in the form of video clips. These self-made videos from other customers that are post on YouTube. Whether its surfing, skydiving, or mountain climbing, viewers will have a connection with GoPro based on their interests.

For information search GoPro has thousands and thousands of customer uploaded videos of them using the camera. This is a great way to promote the product without having to spend a dime on marketing activities. Since GoPro customers upload videos online, it makes it easy for potential customers to find information about the GoPro. Online research makes it easy for customers to evaluate alternative companies.

GoPRO can be bought in large retail stores such as Walmart and Target, and other businesses that sell consumer electronics. GoPro also has a large online presence. After the

purchase is made, potential GoPro customers will feel satisfied with the purchase in their post-purchase behavior. The videos uploaded will keep them interest and since they will continue watching other GoPro videos, they will be motivated to keep it and hopefully become loyal to the company.

**Why the Customer Buys:**

The customer buys the GoPro Hero 3+ Black Edition because that person wants to document their upcoming adventure. Whether it is an adrenaline inducing adventure or one that is relaxing with their friends and family. The Hero 3+ Black Edition makes sure that every documented clip or image is at the highest quality. The customer wants to buy an action-camera from a brand that has authority. The trust GoPro to give them the most valuable product at a reasonable price. They know that it will last through anything, and they believe that it is not an investment involving money, but an investment involving memories.

**What the customers Expect:**

A GoPro customer expects the highest of quality. They expect to be amazed by the quality of the imaging software. They know that if they get crushed by a wave, and slam into a coral reef, then the GoPro will still be intact and fully functional. They expect to be able to mount their GoPro on just about anything, and feel confident that it won’t fall off. A GoPro customer expects to be able to relive the moments that they record.
Macroenvironment Review:

Legal & Regulatory Environment:

One potential worry for the company is customers might injure themselves by performing
daredevil stunts to impress people, which could damage its brand. Participation in a wide variety
of physical activities, including extreme sports, which in many cases carry the risk of significant
injury. Last year GoPro released a statement. “We may be subject to claims if consumers are
injured while using our products. Although we maintain insurance to help protect us from the
risk of any such claims, such insurance may not be sufficient or may not to apply to all
situations. Similarly, proprietors of establishments at which consumers engage in challenging
physical activities could seek to ban the use of our products in their facilities to limit their own
liability. In addition, if lawmakers or governmental agencies were to determine that the use of
our products increased the risk of injury to all or a subset of our customers, they may pass laws
or adopt regulations that limit the use of our products or increase our liability associated with the
use of our products. Any of these events could adversely affect our brand, operating results or
financial condition.”

Recently, a lawsuit on patent infringement has been issued against GoPro. Contour
Action Cameras based out of Seattle Washington has taken legal action against the company
over patent infringement. Contour is suing GoPro based on allegations that the patents are
infringed by GoPro’s remote viewfinder feature, which connects the camera wirelessly to a
smartphone so that the user can see what’s being recorded.

• The patents in question wirelessly communicate between camera and a device such as a smartphone competitors have picked up and introduced cameras incorporating that particular invention.

• The U.S. patent office issued patents on the invention a couple months back.

• The company filed against GoPro on infringement of two patents that deal with wireless technology.

Also, in the past few months a motorcyclist was fined $289 in Australia for attaching two GoPro cameras to his helmet for “failing to wear an approved helmet”32. There have been small complaints and questions from consumers regarding this issue. A small issue, but one that still needs to be addressed because drivers obviously need to be safe driving with an obstructed view.

**Economic Landscape:**

The economy has recovered since the economic downturn of the 2008 financial crisis. Real gross domestic product adjusted for price changes -- increased at an annual rate of 5.0 percent in the third quarter of 2014, according to the "third" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 4.6 percent. Global economic growth is forecast to increase marginally over the next two years at 3.1 per cent in 2015 and 3.3 per cent in 2016, compared with an estimated growth of 2.6 per cent for 201433.

Recently, lower oil prices down about 50%\textsuperscript{34} will help stoke US GDP growth. With lower costs it will will spur businesses to increase investment in new production capacity. With lower oil prices, people are going to be spending less of their income at the gas pumps. This extra disposable income in turn will have a positive effect on the economy, particularly in the consumer durable goods sector\textsuperscript{35}.

**Societal Factors:**

People want to be able to tell a story and GoPro wants to become the most socially engaging brand through user generated content online. The GoPro enables them to do this through crisp, clean hd video quality. GoPro is a driving force of content creation on YouTube. In addition to having YouTube’s most engaging brand channel, Google reports that 6,000 videos tagged with GoPro are uploaded to its video site every day\textsuperscript{36}.

GoPro has become more than just a camera manufacturer; GoPro has become a media company. Not only is GoPro the most popular action video camera in the world, the company has literally created the action cam culture\textsuperscript{37}. Sustaining this online media culture is vital in order to keep its bond and relationship with its customers.

\textsuperscript{34} http://www.kiplinger.com/tool/business/T019-S000-kiplinger-s-economic-outlooks/index.php#hqEtiG15oSgCdhu.99
\textsuperscript{35} http://www.bea.gov/newsreleases/glance.htm
\textsuperscript{36} http://www.mediaispower.com/gopro-shares-the-secret-of-video-engagement/#sthash.NW6bXug4.dpuf
\textsuperscript{37} https://lijimenez.wordpress.com/customer-buyer-decision-process/
Environmental Issues:

The GoPro uses a lithium-ion battery which is common among consumer electronics, but it is alleged to have some negative environmental effects during the production phase. The U.S. Environmental Protection Agency (EPA), took a look at the materials and processes within a lithium-ion battery’s life cycle. These impacts are a result of the production, processing and use of cobalt and nickel metal compounds. The environmental impacts include resource depletion, global warming, and ecological toxicity while the health impacts are poor respiratory, pulmonary and neurological effects for the local region in which the battery is manufactured. Albeit, lots of consumer electronics companies use this type of battery in their products.\(^{38}\)

Technological Advancements:

Camera technology is continually improving. Apple recently patented a new video camera that caused GoPro’s stocks to drop dramatically (13%). This happened after the U.S. Patent and Trademark office published 34 newly granted patents for Apple\(^ {39}\). Since technology is constantly evolving we can expect to see higher resolutions than the industry leader of 1080p. As this industry is becoming larger we can expect to see more competitors which in return will cause GoPro to create new innovative action-cameras. We can potentially see a GoPro that offers a 360-degree camera that will be able to capture a full spectrum of video content.

\(^{38}\) [http://www.dailytech.com/Study+LithiumIon+Batteries+Can+Impact+Environment+Health+Negatively/article31678.htm#sthash.CXfHHd0n.dpuf](http://www.dailytech.com/Study+LithiumIon+Batteries+Can+Impact+Environment+Health+Negatively/article31678.htm#sthash.CXfHHd0n.dpuf)

\(^{39}\) [http://www.cnbc.com/id/102074905](http://www.cnbc.com/id/102074905)
GoPro Firm Analysis

Key Information:

GoPro (formerly Woodman Labs, Inc) was founded by Nick Woodman in 2004 after he returned home from a surfing trip in Australia only to be disappointed that the “amature” photographers could not capture and get close enough quality of him at an accessible or affordable price. He wanted to be able to view and share his first-hand experiences of himself doing what he loves. Woodman had a dream to turn mortal humans into “human highlight reels” within a budget. Shortly after, GoPro was founded.

In 2002, Nick Woodman started the company with $64,000\(^40\) of his own capital and was fortunate to have his parents put in $200,000\(^41\). A decade later, GoPro is a billion dollar company with products sold through consumer electronic retailers in more than 100 countries and is still exponentially growing; the sky’s the limit for GoPro. With more than 25,000\(^42\) stores worldwide along with direct sales via GoPro.com. GoPro, Inc. is headquartered in San Mateo, California and has around 600 employees at this time\(^43\).

GoPro offers versatile cameras and accessories which enable users to capture engaging footage of themselves doing anything from surf boarding to mountain biking to snowboarding. From extreme to mainstream activities, GoPro gives professional athletes a line of wearable and mountable gear to position GoPro products. Woodman calls it the “life” camera\(^44\). These cameras

\[^{40}\] http://www.nasdaq.com/markets/ ipos/filing.ashx?filingid=9622631
\[^{41}\] http://www.cnbc.com/id/101399385#.
\[^{42}\] https://www.linkedin.com/company/gopro_3
allow video production professionals the ability to capture, manage, and share visual experiences and meaningful photos. For example, professional snowboarder Shaun White said he used to tape old cameras to his hand before GoPro was invented. Now he swears by it, and wears it everytime he hits the slope to capture his extraordinary feats on a snowboard45.

In July of 2014, GoPro had its first initial public offering and has been able to keep the majority of their shareholders happy with a few hiccups due to intellectual property. The GoPro brand is currently being shared and enjoyed by millions of people on popular media channels such as Facebook, Twitter, Vimeo, YouTube, and Instagram. The content they release advocates an active lifestyle and has transformed the way people can share experiences. This has seen GoPro turn into America’s fastest-growing digital imaging company.

Woodman loves his company so much that he still owns 45% of his company with a net worth of around $1.3 billion46. His love for the company is rooted is portrayed by the fact that he habitually posts photos of him using his own product in multiple ways such as hang gliding, skydiving, surfing, climbing and a host of other facets. He resonates easily with his target market, because he is a part this ‘extreme sports enthusiast’ segment allowing him to drive the direction of the company strategy in a self-reflecting manner.

Primary Products and Services:

GoPro Cameras:

GoPro currently has six point of view cameras. Each product has its own specific set of features and benefits as well has a number of differentiated model numbers and colors fitted to meet particular needs of customers. GoPro’s camera’s are of high quality, sturdy, waterproof with simple, but effective design that allow a wide range of activities. Some of GoPro’s popular cameras are:

- Hero
- Hero3 White
- Hero3+ (Silver & Black)
- Hero4 (Silver & Black)

Mounting Accessories:

GoPro offers a wide range of mounting accessories that allow the user to be able to handle any type of environment within any type of use. These weather conditions can be rain or snow, hot or cold, the camera is built to endure the worst conditions nature has to offer. Mounting options such as harnesses, helmets, grips, wrist options, and other forms of mounts can be used to capture all sorts of different angles. The products price range varies from $15-$60\textsuperscript{47}.

\textsuperscript{47} http://shop.gopro.com/mounts
**GoPro App:**

GoPro offers two free apps for its customer base to create a large loyal customer base and customer lifetime value. The volume and quality of shared GoPro content, coupled with their enthusiasm for the GoPro brand, are virally driving awareness and demand for GoPro products.

Firstly, The GoPro App functions to control the camera remotely, and gives instant access to the GoPro Channel to watch GoPro videos uploaded by other users. This app provides full remote control access of all camera functions. Functions such as taking a photo, start/stop recording and adjust settings

The second free app offered for free is GoPro Studio. A “easy” video editing software that gives an avenue for user to create, share quick and easy professional looking videos. These two apps play an integral role in GoPro plan to “capture, create, and sharing” business strategy to create a sense of community.

**Current Goals and Objectives:**

GoPro wants to give every person the ability to capture individual moments in any situation imaginable. Enabling engaging content is at the core of GoPro stands for. They develop hardware and software solutions to alleviate consumer pain points associated with capturing, managing, sharing and enjoying engaging content.

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48 [http://shop.gopro.com/softwareandapp/gopro-app/GoPro-App.html#/start=1](http://shop.gopro.com/softwareandapp/gopro-app/GoPro-App.html#/start=1)

49 [http://www.amazon.com/GoPro-CHDHY-401-HERO4-SILVER/dp/B00NIYJF6U/ref=sr_1_1?s=photo&ie=UTF8&qid=1422834828&sr=1-1](http://www.amazon.com/GoPro-CHDHY-401-HERO4-SILVER/dp/B00NIYJF6U/ref=sr_1_1?s=photo&ie=UTF8&qid=1422834828&sr=1-1)
Capture with their mountable and wearable cameras and accessories, enable professional-quality capture, and exceptional versatility at affordable prices. Manage and transfer footage from their cameras to a system that efficiently organizes their content and facilitates convenient editing and sharing. Share and edit engaging photos and videos, GoPro is ultimately helping their customers share more compelling personal content in a simple and user friendly process.

**Current and Past Strategies:**

**Branding Strategy:**

GoPro has a genius branding strategy. Since its a camera platform, the GoPro panoramic action cam was a perfect setup for GoPro pictures and videos to be used and shared on Youtube and social media platforms. This made sports a huge market for GoPro and they focused their strategy of following professional athletes and working collaboratively with action adventure firms like Red Bull to promote their brand. A part of GoPro’s strategy is to let the users tell their own story, with things like “Video of the day” and “Photo of the day,” GoPro has a following of millions and is continuing to grow.

What began as an idea to help athletes document themselves engaged in their sport has become a widely adopted solution for people to document themselves engaged in their interests, whatever they may be. From extreme to mainstream, professional to consumer, GoPro has enabled the world to capture and share its passions\(^50\).

Pricing Strategy:

CEO Nick Woodman started selling GoPro’s out of his surf van in 2004 to local surf shops. By 2005, Nick Woodman sells about $350,000 worth of cameras, hitting his goal by selling to specialty store boutiques as well as appearing on QVC. When GoPro put their first camera it was $200 to $300 cheaper than its closest competitors. By pricing so much cheaper than its competitors, GoPro was able to gain traction and penetrate the market substantially due to its focus as the “most affordable wearable camera.”

The GoPro when it initially came out was not the best in the market but it provided its users the bare essentials to relive their memories. After having positive growth, GoPro has been able to improve its product quality leading to a constant level of growth in the product lifecycle, especially with the interest of the youth due to its unique product category giving GoPro a rise in market power to what makes it now a very versatile product in a number of different activities.

Now GoPro is being sold anywhere from $130 to $500 dollars. From the Hero at $130 all the way to the Hero4 Black at $500. The price levels are based upon features and improve as the price goes up. This allows consumers at different price sensitivity levels to still have the option to find an affordable camera to wear. The pricing doesn't end with just the cameras though. Along with the GoPro camera, other sources of revenue come from accessories and mounts. Mounts ranging from $20 for a simple bodyboard mount to $40 for a chest harness to $70 for a 3-way mount. This sort of product line gives all kinds of users the ability to pick the best mount for their needs.

With the apps being free and giving users a great way to experience their footage, GoPro continues to retain loyal customers and advocates for their products. With a number of accessories from SD cards to LCD Touch BacPac to give users the ability to attach a portable screen. With a dual battery

http://blogs.ubc.ca/markrasmith/2013/11/20/gopros/
charger and rechargeable batteries to choose from. All these accessories give additional channels of revenue to GoPro.

**Current Performance:**

As of today, a vast amount their revenue attained derives from the sale of cameras and accessories. Defined as an “emerging growth company” as defined under the federal securities laws. In 2011, 2012, 2013 and the three months ended March 31, 2014, they generated revenue of $234.2 million, $526.0 million, $985.7 million and $235.7 million and reported net income of $24.6 million, $32.3 million, $60.6 million and $11.0 million, respectively.

**Financials:**

<table>
<thead>
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<th>Profitability</th>
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<td>Profit Margin (ttm):</td>
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<tr>
<td>Return on Equity (ttm):</td>
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53 [http://venturebeat.com/2014/05/19/highlights-from-gopros-ipofiling-unearthed/](http://venturebeat.com/2014/05/19/highlights-from-gopros-ipofiling-unearthed/)

Income Statement

Revenue (ttm): 1.12B
Revenue Per Share (ttm): 12.06
Qtrly Revenue Growth (yoy): 45.70%

Sales Revenue and Net Income by Year:

GoPro Made Nearly $1 Billion in Sales Last Year
Revenue and net income of GoPro (in million U.S. dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Net Income</th>
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<tbody>
<tr>
<td>2010</td>
<td>$64.46m</td>
<td>$11.58m</td>
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<tr>
<td>2011</td>
<td>$234.24m</td>
<td>$24.61m</td>
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<td>$526.02m</td>
<td>$32.26m</td>
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<tr>
<td>2013</td>
<td>$985.74m</td>
<td>$60.58m</td>
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Source: GoPro's 5-1 Filing

http://www.nasdaq.com/symbol/gpro/stock-chart?intraday=off&timeframe=3y&splits=off&ear

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Stock Trend Since IPO:  

![Stock Trend Chart](http://www.nasdaq.com/symbol/gpro/stock-chart?intraday=off&timeframe=3y&splits=off&earnings=off&movingaverage=None&lowerstudy=volume&comparison=off&index=&drilldown=ff)

SWOT Analysis: 

**Strengths:**

- User Generated Content (UGC)
- Loyal Customers
- Sponsorship Events

**Opportunities:**

- Social Media
- New Technology

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56 [Link to Stock Chart](http://www.nasdaq.com/symbol/gpro/stock-chart?intraday=off&timeframe=3y&splits=off&earnings=off&movingaverage=None&lowerstudy=volume&comparison=off&index=&drilldown=ff)

57 SWOT Analysis link
<table>
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<th>Weaknesses:</th>
<th>Threats:</th>
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<tr>
<td>● High Risk of Substitutes</td>
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<tr>
<td>● High Costs</td>
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<tr>
<td>● GoPro’s Media Side</td>
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<td></td>
<td>● Competitors</td>
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<tr>
<td></td>
<td>● Substitutes</td>
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**Strengths:**

**User Generated Content (UGC):**

Marketing strategy that allows users to upload videos to social media platforms, send through email, and share with friends. This generates a cheap and effective avenue to expand and grow their products from its main stakeholders, the customers. The fact that it is so easy to record an activity of any sort, create a video and then transfer it to your computer within a couple seconds, shows that this is a serious strength. This UGC helps create a sense of community within its users leading to loyalty explained below.

**Loyal Customers:**

Users that own this product tend to fall in love with it. The content that they create ‘organically’ increases awareness for GoPro and drives demand for their products. When a person purchases a GoPro they immediately think about the things that they can do. They think about all the crazy adventures that they can go on and document. If for some reasons this product breaks, gets stolen, or misplaced, they will quickly purchase another one because they don’t want
to miss out on the chance of documenting themselves going through a wave-barrel on a surfboard, or watching their child take their first steps.

GoPro also has endorsement relationships with more than 120 athletes, celebrities and entertainers such as Shaun White and 11-time world champion surfer Kelly Slater and Foo Fighters for example. By having these famous individuals wearing and promoting the GoPro, it creates a sense of authority around the brand. If Shaun White is wearing a GoPro while he is snowboarding, it obviously means that it is of high quality, durability, and portrays a sense of coolness.

Sponsorship Events:

Last year GoPro sponsored 90 sporting events. With the likes of the X Games, Supercross, and ASP world surfing championship events. These events add social relativity to its target market and provides credibility to the quality and effectiveness of GoPro products. For example GoPro was recently given exclusive advertising rights to host the Dew Tour, a similar event to the X-games to increase awareness within its target market.

Weaknesses:

High Risk of Substitutes:

Many competitors are releasing comparable substitutes for GoPro’s products. Some include Sony’s HD Action Cam, Garmin’s Virb, and the iON Air Pro, just to name a few. These substitute products are very comparable, many offering the exact same specifications on capturing ability. Also, many of the substitute products are offered at a lower price than GoPro’s products such as the Polaroid cube at only $100.
High Costs:

GoPro has large costs from emerging so quickly. They need to set up secure contracts with their value chain and set budgets in case of price competition. Although the phrase “price tends to go with quality” is quite evident when looking at what GoPro offers, they are also missing out on a number of consumers that can’t afford to spend hundreds of dollars on a portable camera.

GoPro’s Media Side:

There is no security that GoPro will be able to mature into a media company and not just an action camera company. Many critics scrutinize against GoPro’s push to become a major media company. So far, GoPro has a vast media supply from their users content which is spread across many social media sites and especially Youtube. However, they currently do not make any revenue off of their 2.2 million subscribers and have no guarantee that the transition from action camera producer to media producer will be profitable.

Opportunities:

Social Media:

While social media and the sharing of content is an integral part of their business, they still currently not profitable, nor achieved any revenue from any app services or any social engagement. However, they do plan on expanding this aspect of their business. For example, advertising and sponsorship opportunities on Xbox Live and GoPro Channel advertising on YouTube and Virgin America.

58 http://www.fool.com/investing/general/2014/09/02/gopro-investors-cant-ignore-these-3-key-problems.aspx
To expand on Youtube, we can see that these two firms go ‘hand-in-hand’ with each other based on the similar growth patterns. GoPro and Youtube can continue to mutually benefit from each other. They can expand this part to become achieve social media and ‘mindshare’ empires. The more content GoPro puts out, the more content Youtube will have to view.

GoPro’s Instagram account currently has 4 million followers. That is a tremendous following. GoPro can use this colossal of a following to continue to promote their brand via contests, engagement with customers who display brand loyalty, and much more. In GoPro’s Instagram biography they have one link. This link is gopro.com/submit, where you can upload 15 second clips that you have created that are simply awesome. GoPro then chooses the best ones and then uploads it to their account. This will encourage their customers to get creative as possible and if they are able to do so, then they will have the chance of being Instagram famous for a day, and possible obtain a solid amount of followers.

New Technology:

New technology helps GoPro to better meet their customer’s needs with new and improved products and services. Technology is constantly evolving and GoPro is constantly staying at the forefront of their competitors. GoPro was a first-mover when it came to action camera. They have been able to withstand a solid market position and create a high customer lifetime value considering that people are constantly want to have the most new-and-improved GoPro model. GoPro will strive to continue to remain the highest quality products with the latest technology to remain competitive and to maintain its positioning in the market.
**Threats:**

**Competitors:**

There are many large companies that are competing against GoPro. These competitors are continuously creating new products to gain market share. With companies like Sony, they have the capital and resources to manufacture action cameras. Since the barriers to entry are not high for companies like Sony, GoPro needs to monitor their competition and continuously create innovative products that will help maintain their authority as an action camera company.

**Substitutes:**

Along with the many competitors against GoPro, there are also many alternatives and substitutes. Lots of photographers and professional filmers still use video cameras because they have more options i.e. filters, fish-bowl lens, light settings, and etc. As the emerging smartphone camera market grows, many people are finding it easy and efficient to use their phones with camera platforms built in to them, instead of a solely specific camera platform like GoPro.
**Current Product Lifecycle Stage:**

Since GoPro’s sales are quite substantial and because it is an industry leader, it is safe to assume that it is not in the introduction stage of the cycle. GoPro’s sales continue to climb and their product lines continue to extend, it is easy to see that GoPro is in it’s growth stage in the product lifecycle. GoPro’s sales are increasing so steadily and so vastly, it is safe to assume GoPro is going to continue to experience more growth within this stage and has not completely reached the maturity stage yet. In the product lifecycle it is in the midst of being used by early adopters, but we will see a larger scope of customers using this product if current growth continues at its current rate.

**Core Competencies and Competitive Advantages**

**Core Competencies:**

To really understand the core competencies of GoPro lets first look into the values of its founder, Nicholas Woodman. The story behind the CEO and founder of GoPro shows that the vision wasn't always to “enable as many stoked consumers with GoPro so that they could document their lives and share it online.” The vision was at one point to find a way to tether existing cameras to wrists of surfers to capture their experiences, this was back in 2001. The company as a whole has grown a lot since then with the leadership of Nicholas Woodman, at first he created prototypes of mounts to capture an experience he was passionate in sharing to

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today where he has allowed thousands of individuals around the world to be able to share their experiences in an easy and different way. Nicholas Woodman through hard work and perseverance has been able to overcome obstacles of manufacture, quality, and durability over the course of 15 years and is now a billionaire to show for all the work he has put into it.

GoPro, the company excels in providing quality action cameras and accessories that are both durable and versatile in any weather condition. Being the industry leader for action cameras, GoPro believes that they are giving individuals the ability to empower themselves by being the hero, the world needs. Three core competencies GoPro have been at the forefront of when it comes to meeting the needs of their best customers are innovation, media brand management, and effective content management.

**Innovation:**

The product development from the first GoPro “prototypes” to the current GoPro Hero 3. The GoPro company has given its products the shock resistance and water resistance to withstand all weather conditions. From being in the water to being in the desert, from being in the beating rain to handling the constant shock of rocky hills, the GoPro has the capabilities to capture high quality videos from a point of view that gives others a whole new way of experiencing life. Extreme sports to proactive hobbies, the GoPro can endure the constant beating of users who snowboard, mountain bike, surf, and much much more.

Refer to Appendix: Figure 1: GoPro Product Development.

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Media Brand:

As of 2007, GoPro has separated itself from the rest of their competitors by focusing solely on the customer experience and giving them the lifestyle they want to live by allowing them to share it online with friends and family. Being recognized by AdWeek as the number one youtube video of the top 10 youtube brand videos from October 20th to 26th. Having over 7.81 million views and 11,000 shares mentioning nothing about the product features but instead showing the capabilities of GoPro’s product by uploading a story of Kelly McGarry doing some incredible life endangering stunts.

Youtube along with GoPro’s website have been two central hubs for people who use GoPro’s products to upload their captured videos. GoPro’s Youtube channel has almost 1000 videos and releases a new video almost every week. The amount of editing and work put into these videos have allowed some to go viral and encourage others to buy into the experience. The GoPro website has playlists of top videos chosen by its fans and has helped give recognition to hundreds of active users.

A whole new perspective to the world of hockey and people’s lives can be seen through these videos on Youtube. From freerunning videos to backcountry skiing, the possibilities of activities to capture are near endless due to GoPro focus to create the best action cameras around. With near 3 million subscribers on their main GoPro channel alone, they have made a definite impact to the online community with numbers likely to increase over time.
**Content Management:**

Thanks to GoPro’s discipline in targeting a narrow market at first they have been able to see continuous growth each quarter. With the first camera sell in 2004, the 35-mm HERO, GoPro has gone a long way since. In 2007, they were able to improve the video quality and have early test footage with the Hero 3 of Bradford Schmidt, the creative director being seen in the video surfing in Baja California. Targeting people who want to share an active lifestyle by being able to wear a digital camera and capture the moments such as the founder himself, these users have been pleased and GoPro has been able to create loyal followers.

Through these followers and advocators, GoPro has a lot of social currency now with people who inspire to document and share their lives to the world. With hundreds of thousands of videos being uploaded on Youtube daily, GoPro has been able to get their message through the clutter by having remarkable videos worth watching. A lot of this comes from the content management and editing the videos to be of good enough quality for people to stay engaged and continue to watch till the end. GoPro has done a successful job picking videos to share.

**Competitive advantages, Cost Advantages:**

GoPro has a manufacturer by the name of Foxconn. Since GoPro has developed a relationship with Foxconn, then it is safe to assume that they are able to get a cheaper discount than most competitors because they are more developed as an action camera company. With a strong supplier relationship, GoPro is able to make good profit margins and growth at a rapid pace.
Along this GoPro prices its products higher than any of its competitors but since it has such high brand equity and a strong reputation for its quality of footage, they do not focus nearly as much on the cost advantages to its competitors as it does on its differentiation advantages that can be hard for competitors to manipulate. This may not be sustainable as other competitors continue to improve their quality and find ways to penetrate the market and differentiating themselves. But if GoPro can keep its focus and discipline in giving its best customers the best experience when it comes to action cameras, the company may prove to show that it will remain the market leader for years to come.
Since GoPro has been around they have adopted a policy to ensure the brand reputation stays prestige and proactively make sure that they stay in a competitive position while pleasing

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their resellers in the process. A subscript from their website explains what GoPro believes and they stand by it.

“To protect the investment of our high-quality dealers and GoPro’s brand reputation, we have unilaterally adopted a MINIMUM ADVERTISED PRICE POLICY (“MAP” Policy). GoPro established this MAP Policy due to the fact that reseller advertising and sales practices that promote GoPro products primarily on the basis of price could be detrimental to re-seller's service and support efforts and GoPro’s competitive position. Such activities can be harmful to GoPro’s brand, reputation and competitiveness, and allow some resellers to take advantage of the service and support efforts of others. GoPro believes that these practices are unfair and thus discourages such efforts.” 63

This advantage is sustainable because it strengthens the relationship between GoPro and the retail stores that sell its products. By having a MAP Policy it gives the retail stores the opportunity to keep compete on service while GoPro has the chance to focus on the quality of the product and giving the best experience to the end users.

**Differentiation Advantages:**

One differentiation advantage would be that GoPro offers an extremely high quality product. GoPro excels in the differentiation category more than the cost category. $400 is not a cheap investment for most people. But a high quality product that is very durable balances the high price out. This is not going to be sustainable for every as technology advances and competitors find a way to deliver quality at par if not better in the near future.

Another strong differentiation GoPro has is its brand loyalty. Due to GoPro always having a strong, consistent brand image, the reputation has been known for its quality and durability. The GoPro products are priced higher than its competitors and still continues to have record sales each quarter. The reason behind this is due to the social currency of the brand. Once a friend buys GoPro and shares their personal experiences with their friends, anyone interested in capturing moments will be enticed to follow after. As loyal customers of GoPro continue to go to events and sponsor the company by uploading their videos online, the amount of traction the name has continued to increase and build value. No wonder GoPro is known to be one of the fastest growing camera companies to date. This can be sustainable if GoPro continues to focus its attention on the customers and meeting their essential needs. If they deter from this it can be detrimental to the company in the long run.

GoPro follows the three branding laws: relevance, coherence, and participation. With their image to the public GoPro continues to keep itself relevant in the extreme sport scene with athletes using their products to film their experiences in a never before seen way. The relevance of GoPro first started with a very narrow target market but over time its awareness has built and led to consumers to consider buying GoPro for a broader range of activities. With new videos being released by sponsored companies like Red Bull on YouTube, no wonder GoPro resonates in everyone's mind when the topic of action cameras come up.

Beyond just relevance, GoPro has been consistent with their brand message. Advocating a lifestyle that their best customers want, an active lifestyle of extreme to leisure activities. GoPro stands for quality, durability, and giving individuals the chance to relive their experiences. Since they continue to send this message out with social media content, the management behind
it does not tell the public of its features and quality that is known from seeing videos captured from the products first hand, the message the brand continues to repeat is that anyone can be a hero so tell your story. GoPro just has the best way of telling it.

The last law GoPro has been effective in performing its participation. GoPro has been partnering up with countless companies keeping it at the forefront of action cameras. By collaborator with sporting events and athletes they can prove their product capabilities. By teaming up with social media platforms, they can market their products out easily to those most likely to buy it. But it doesn't stop there, GoPro has tons of videos of people using their cameras and sending videos to GoPro to feature on their website. The playlists range from video of the day to photo of the day to top picks to categories of people in snow, flight or doing tricks and having short films. The range of participation between GoPro and its end users have been near endless as people wish to share and show their experiences to the rest of the world with GoPro in the middle to allow that to happen.

They communicate clearly to people in the buyers journey, they do not try to sell the product more than they try to sell the experience, the lifestyle. By providing information to the users when they are at the awareness stage that can choose whether they want to dig deeper into the purchasing an action camera or watch a ton of awesome videos. As soon as they are in the consideration stage, potential buyers see from reviews, testimonies, and quality of footage that GoPro is the market leader for a reason. Then at the decision stage, with all the information there, the website as well as re-sellers give the end users the chance to compare products within
the GoPro product line that meet their needs. This is sustainable with a good management team and with Nick Woodman leading the way, the company has a promising future ahead.

GoPro has a strong following in Facebook, Twitter, Instagram, and Youtube. With over the 8 million likes on Facebook\textsuperscript{64}, 1.31 million followers on Twitter\textsuperscript{65}, 4.1 million followers on Instagram\textsuperscript{66}, and near 3 million subscribers on Youtube\textsuperscript{67}. The social currency of the brand will only continue to increase as more people here of the product from active users all over the world as the reputation of the brand continues to encourage active lives and sharing moments. Through sponsors and events they are able to leverage the reputation of GoPro and hit masses through social media content and management. If they can keep relationships with their partners strong then they can sustain this connection and the advantage since these key partners will not want to double dip with the action camera industry.

They are known to have a strong customer service and provide unique content and continue to come out with new features such as free apps that integrate with their devices. Along with the camera they have additional accessories to accommodate not having a screen. The apps can be downloaded on either android or apple market for free and is connected to the GoPro. This allows for instant sharing and control your camera view. The app allows for easy remote control and access to the GoPro channels to watch the best GoPRo videos from all over the globe. Some of the key features are live previews, video highlights, mark key moments, browse and delete files, and wirelessly updating camera software. This is highly differentiable to its

\textsuperscript{64} \url{https://www.facebook.com/gopro}
\textsuperscript{65} \url{https://twitter.com/gopro}
\textsuperscript{66} \url{http://instagram.com/gopro/}
\textsuperscript{67} \url{https://www.youtube.com/user/GoProCamera}
competitors since the platform has its own touch to it. This is sustainable as well since the scalability is near limitless when it comes to apps once the software is created.

GoPro content published on YouTube in Q3 was up 92% year over year; views on GoPro’s YouTube channel were up 99%; video minutes watched on GoPro’s YouTube channel were up. Looking at the graph one the right, around December 2012 we can see that the quantity of GoPro units sold surpasses the amount of Youtube views (millions). While the trend equals out in December of 2013, the number of units sold depicts the growth and success GoPro has achieved thus far. Being a big name is good for the company as it dominates the market, it is a lot easier to sustain a company that is doing well if it continues to be innovative and transparent with its users. GoPro has proven to be such a company and may keep this advantage since it currently controls the action camera market.

**Networking with Other Companies**

[Diagram showing network connections with XBOX360, YouTube, GoPro, Twitter, America, Facebook]

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68 [https://prezi.com/cohkrjlku74s/vanguard-marketing-gopro/](https://prezi.com/cohkrjlku74s/vanguard-marketing-gopro/)
**Segmentation Analysis:**

GoPro has become the industry leader when it comes to action cameras. When analyzing the action camera industry, GoPro owns 42%\(^{69}\) of it. Shipping out a total of 2.1 million action cameras in the second quarter of 2014, it is quite evident that GoPro has been successful when tapping into different segments. In this analysis, I will discuss the different segments that benefit from GoPro.

The first segment is snow sport enthusiasts. These individuals are looking for a camera that is convenient and the setup time is minimal. The GoPro Hero 3+ Black features a single button that you press to stop, and record. This allows skiers and snowboarders to press record without having to take their gloves off. Features a strong plastic HD housing unit. A benefit of this is that individual knows their action camera is safe whenever it may encounter abrupt contact. These individuals are seeking high quality of video when they are filming. Features the highest video resolution; 4K. These participants are seeking a camera that has a reliable battery life, and will not die while skiing. Features a battery life of 1.5 hours while recording. These extreme individuals are in need of an action camera that is versatile when mounting on their snowboard. Offering a variety of different brackets that can be attached to a variety of surfaces.

The most important competitor for the extreme sports enthusiasts is the Sony POV action camera. This camera does not offer the same level of quality but it is $150 less than the GPH3B

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According to statista.com, there were 10.99 million skiers and snowboarders that went skiing or snowboarding in spring of 2014. This is a massive segment that could be very profitable if they keep creating innovative action cameras and targeting the extreme snow sport enthusiasts.

The second primary segment is college students. This segment is not specifically targeted by GoPro. College students are looking for a way to document their night and reflect on moments that they cannot recall and get creative with how they document the night. They are seeking a camera that they can drop in the middle of a party and not be concerned about damage to the camera. The GoPro Hero 3+ Black, as stated before, features a highly durable housing system that prevents damage. These students do not have to worry about spilled drinks causing water damage to their camera. GoPro features a waterproof housing system. They want to be able to take pictures and videos at a press of a button, so they do not miss a picture perfect moment. The GoPro action camera features a button on the top of the camera that allows you to take pictures and videos with a simple click. College students want to be able to record the hilarious things that their friends say throughout the night. The GoPro Hero 3+ Black features an advanced audio system that has improved drastically.

The main competitor in this market would be the Cube that is offered by Polaroid. The main reason that this would be the main competitor is because the price point is $300 less than

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the GoPro. College students tend to not have a large disposable income, this might be their first choice.

The college student segment size is made up of 21 million people. This is a huge segment that they could target and capitalize on. If they were to advertise more on campuses across the US, they could build brand awareness and build market share in the action camera industry.

The third segment is individuals who race cars\(^74\). These individuals can be on the professional level or the amateur level. For example, Formula 1, NASCAR, or individuals who race at their local track. These individuals are looking for a way to document each race, and see how they can improve their time. GoPro allows you to document your race at high-frame rates of 1440p48, 1080p60, 960p100, and 720p120. This benefits the drivers by allowing them to play back certain parts of their race in slow motion and figure out what they need to correct. Individuals who race cars want to be able to hear the engine roaring when their car is being pushed to its limits. Featuring an advanced audio system that has been improved since previous models. People who race cars want to be able to see the full width of the track when they are reflecting on their tape. This allows them to study certain parts of the track, and see how close their competitors were to them. Featuring SuperView, which is a video mode that captures the world’s most immersive wide angle perspective.

The main competitor on a more professional level (i.e. NASCAR) are BSI \(^75\)(Broadcast Sports, Inc.). In 2013 they introduced 3 new POV cameras. On a lower level (i.e. individuals

\(^74\) http://gopro.com/videos/auto/
who race at their local track) they could use the Sony POV action camera because of the affordable price. These individuals like to put their money into their car and might be more price conscious.

In conclusion, the primary segments of the GoPro are the snow sport enthusiasts, college students, and individuals who race cars. These individuals are able to turn the features that GoPro offers into benefits. GoPro is a successful company currently, and if they are able to keep strategically segmenting and changing when it is necessary, then they will stay successful.

3 Circle Target Analysis

Segment:

GoPro targets multiple segments in the action sports category. However, since GoPro was conceived for capturing footage of surfing, we are going to focus on that and other action water sports. These water action sports include sports like freediving, scuba diving, wind sailing, wakeboarding, kayaking, and other activities that require a waterproof recording device.

Competitor:

The main competitor is Sony and their HDRAS100V/W action camera. Sony is a major competitor in the action water sports market because they offer similar benefits to their customers at a lower price, better sound quality, and longer battery life.
Goal:

The goal for GoPro is to increase market share by taking some of Sony’s points of difference and making them points of parody to the consumer. By taking these actions, GoPro can build more value for sound quality conscience consumers, as well as those who appreciate a longer battery life.

Customer Perspective:

Surfer’s consider a variety of factors when choosing one offering over another when it comes to action camera competitors. We will be analyzing what we believe they are seeking, what GoPro offers, our competitor Sony offers, and rate these factors on a 1-10 scale basis. Where 1 equals not important, and 10 being very important.

Surfer’s seek shock resistance when they are analyzing their options when it comes to action cameras. We believe that this is very important to them (10) because they want to be confident that when they are surfing on a wave and wipe out, their camera will not freeze up and glitch. They want their viewer to feel as if they are on that surfboard with them. Capturing them with every surfing element possible. Especially when it’s them tumbling under the water. GoPro offers the best of the best when it comes to shock resistance. GoPro delivers 10/10 when it comes to shock resistance.

Sony Action Camera offers a feature called SteadyShot where it stabilizes the camera while you are using it. This feature is especially effective against low amplitude vibrations. SteadyShot is not at the same level of GoPro’s shock-resistance. SteadyShot has made
improvements when it comes to image stabilization (by almost 3 times, since past models) but it is no where near the GoPro Hero 3+ Black. Overall we believe that is a rating of 8.

Durability is something that is very important (10) to a surfer. They want to know that when they get smothered by a wave, dunked under the water, and smashed into a coral reef, their action camera is still intact. Their precious footage is safe, and could be a possible ticket to a sponsorship. GoPro’s durability is a 10/10. Featuring a hard plastic housing case that is extremely durable.

Sony Action Camera is considered to have a flimsy build according to reviews online (7.5). Surfers are in need of a action camera that has durability, and can withstand being knocked around. Although the Sony Action Camera is advertised as being heat, sand, and dust resistant. There still needs to be emphasise on how durable it is.

Water resistance is arguably one of the most important factor for surfers when evaluating different action cameras. Surfers spend the majority of their time on the water. With that said, water resistance is very important to them (10). GoPro offers water resistance up to 131 meters. This gives the surfer peace of mind when they are shredding a wave and getting drenched by water.

The Sony Action Camera is water resistant as well. The Action Camera is only able to go up to 10 meters deep. Although Surfer’s tend to not go so deep when they are surfing, they may find it comforting if their action camera falls off their surfboard during a serious wipe out and

http://www.engadget.com/products/sony/action-cam/
falls to the bottom of the ocean. If they dive to the bottom of the ocean to save their action camera, they want to make sure that their action camera is safe. We believe that since the Sony Action Camera is only water resistant up to 10 meters, it deserves to be a rating of (8.5).

Sound quality is of average importance (7) when it comes surfers preferences. They want the YouTube viewer to get chills when they hear the wave crashing behind the surfer. But this isn't nearly as important as other factors (i.e. shock resistance and water resistance). GoPro’s sound quality is not nearly as great as it should be. Although GoPro has made improvements to their sound quality, it is still below average (5).

The Sony Action Camera offers great sound quality. We believe that sound quality is very important to surfers, especially if they want to encapsulate their viewer in the full experience. The Sony Action Camera features wind resistant technology which makes the sound quality of the Action Camera significantly better. We believe that the Sony Action Camera is a rating of (8.5).

Ease of sharing is very important (9) in the extreme sports community, especially surfers. After a long day of surfing, they want to be able to upload their surf montage to YouTube, and share their footage with their friends, fans, and family. In hopes that their video ends up going viral. GoPro offers an app called, “GoPro App”. This app allows you to view your footage through your phone immediately after it is taken. We believe that GoPro delivers ease of use (9).

Sony Action Camera does not offer an app for their action camera, but they do offer live streaming when they are using their action camera. If a family member, friend, or fan wants to view the surfer in the POV setting, they can log into UStream. This is a great feature, but they do
not offer an app like GoPro does. We believe that when it comes to ease of use, the Sony Action Camera is a rating of (8) because they do not offer an app feature.

Mounting accessories is important (9) to surfers when they are out on the ocean. They want to feel comfortable while they are surfing a wave. They want to know that their action camera is not going to fall off when they coast down a wave. Whether their action camera is on their head, waist, chest, or surfboard. They want to have a variety of options when it comes to mounting options. GoPro offers a large variety of mounting options (9). GoPro wants to make sure that their consumers have a variety of options when it comes to mounting opportunities.

The Sony Action Camera offers six different mounts that are arguably the same as what GoPro offers. A surfer is seeking an action camera company that offers a variety of mounts that fulfill their needs. We believe that the Sony Action Camera offers a variety of mounting features and deserves a rating of (10).

The GoPro Hero 3+ Black has a variety of features that makes it a great action camera company. We have calculated the overall competitive number when it comes to the level of quality and beneficiality, which is an overall score of 55/60. The Sony Action Camera is a main competitor of GoPro and offers a variety of features that makes it a true runner up. We have calculated the overall score of factors that they offer as well, which is a rating of 40.5/60.

**GoPro Key Features:**

In the perspective of the firm, GoPro offers a number of features that their target market wants. Some of the key features offered by GoPro include dimensions, weight, waterproofing,
field-of-view, 4K video recording, HD recording, still photo resolution, burst rate, ease of sharing, mounting accessibility, and low profile.

1. **Camera Dimensions** - 41mm height, 59mm length, 30mm width
2. **Camera Weight** - 88g for HERO4 Black or 83g for HERO4 Silver
3. **Waterproofing** - 40m (with case)
4. **Field-of-view** - 17mm (35mm equivalent) and 170 degrees
5. **4K Video Recording** - 30/25/24 fps for HERO4 Black or 15/12,5 fps for H4 Silver
6. **HD Recording** - Full HD 120/100/60/50/48 and HD 120/60/50 for HERO4 Black
7. **Still Photo Resolution and Burst Rate** - 12 MP and 30 fps
8. **Ease of Sharing** - Wi-fi and fully integrative app with versatile settings
9. **Mounting Accessibility** - chest harness, head strap, wrist housing, surfboard mounts
10. **Low Profile** - focus on action cameras, camera mounts, and camera accessories only

**Sony’s Key Features:**

1. **Camera Dimensions** - 36mm height, 24mm length, 74mm width
2. **Camera Weight** - 63g for the Action Cam Mini
3. **Waterproofing** - 5m (with case)
4. **Field-of-view** - 17mm (35mm equivalent) and 170 degrees
5. **HD Recording** - Full HD 60/50 and HD 120
6. **Still Photo Resolution and Burst Rate** - 11.9 MP and 8 fps
7. **Ease of Sharing** - Wi-fi + NFC

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8. **High Profile** - televisions, digital cameras, cell phones, tablets, home theatre, headphones, video cameras, and gaming console

9. **Sound Quality and Battery Life** - doesn’t shatter audio\(^{78}\) and 2 hours 17 minutes life

10. **Price** - $250

3-circle map:

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\(^{78}\) http://www.engadget.com/2012/11/05/sony-action-cam-review/
Key opportunities for growth:

GoPro is slightly behind Sony comparing the sound quality. In this respect, GoPro can improve its sound capabilities to catch the full experience. Also, as of right now, GoPro only offers three colors, white, grey, and black. GoPro has the opportunity to offer fully featured customization with different colors with the customers orders via online. One other feature that GoPro can improve on is the nightlight. As of right now, Sony’s illuminated light is smaller and attaches the camera in a simpler manner. GoPro’s nightlight is larger, and a bit bulky for the consumer’s liking.

Features that can be eliminated:

As of right now GoPro offers a “burst” picture mode at 30fps. This is currently the highest frame rate in the industry. GoPro may think about not eliminating, but reducing the fps, which would lower the cost of the inputs to make the product to allow a cheaper price. We are not saying they should completely reduce the image burst camera rate, but add on another product for a cheaper price.

While awards may be a good idea for the most extreme users, it may not go well with the average consumer. The average customer who tries to capture pixel perfect extreme videos are often left disappointed because they lack the available mounts or camera taking experience.

Features that should be better promoted:

GoPro has established a strong following with the ability to shoot and share on the spot to the world with their fully integrated App. Although GoPro should promote their fully integrated
App more, because it is a major differentiator from it’s competitors. This fully integrated app is the gateway to the masses. Attaining the recognition from the masses is one of GoPro’s main goal to become the leader in extreme sports media.

Another major differentiator between GoPro and its competitors is the wide array of mounting options that surpassing everyone else. We feel that GoPro is only going to continue to innovate with their accessories and should promote this part to their most loyal customers.

**Positions of Difference:**

In the most important factors for customers, GoPro With increased R&D into the GoPro unit, we could increase both the battery life and the sound quality to par or exceed Sony on it’s features. Also we could add illuminating LED’s to increase the ease of using the GoPro and add to the versatility of the products.

**Marketing Plan:**

**Marketing Goals & Objectives:**

The marketing goals and objectives that we will have obtained when this marketing plan is complete will help GoPro continue to be the leading supplier of action cameras. We will increase market share from 41% to 60%. We will strengthen our social media presence and increase our followers and likes. Our Instagram currently has 4.1 million followers, at the end of the marketing plan we will have 7 million followers. Our twitter presence is lacking compared to
our other social media platforms. We are currently sitting at 1.35 million followers, by the end of the marketing plan, we will have 3 million followers. GoPro’s Facebook currently has 8,500,544 likes, we think this is great, but we believe that it can be increased to over 10 million. We believe that a strong social media presence tells a prospective buyer that the company has authority when it comes to action cameras, and when a consumer purchases a GoPro, they are confident with their decision.

**Primary Segments:**

The primary segments that GoPro will focus on are water sports, snow sports, racing sports, and college students. We have performed extensive research to how these segments interact with marketing and we believe will match best with our business goals and objectives. Each of these segments are adventurous, observant, and have high probabilities of creating valuable content for GoPro. They also interact the most with GoPro on social media already and are the biggest brand ambassadors.

The types of customers that are particular for GoPro’s segmentation are key to the success of the campaign. For demographics, this segment is typically between the ages of mid 20’s to early 30’s. They are mostly male, single, and make higher income than their peers. The segments lifestyle is outgoing, adventurous, and open-minded that tend to be extraverted and daredevilish. This segment loves to share their experiences with people from across the world and are heavily engaged in social media already.
**Benefits Sought:**

This market segments are looking for a clear set of benefits in their action camera to be satisfied with their purchase over the long term. For one, durability is a must. The user needs to be able to know that if he or she takes a hard fall while snowboarding that it is not going to break. Particularly for the water usage activities, since the camera is electronic, the product needs to be highly water resistant. Surfing was the beachhead and main target market for CEONick Woodman when he first created the GoPro product and this will continue that legacy.

Another benefit sought is to be able to view recorded videos and photos on the go and feel immersed in the video as if they are reliving the moment again. This means that image quality and wide field-of-view are essential to remain competitive within the industry and also creating immersive applications such as the GoPro app to view content. When users are recording at high speeds or are surrounded by their environment, they want minimal wind noise and high clarity of sound. The image quality and sound quality are vital features that all segments will rely their choices heavily on.

Users will want to share their videos with ease by a click of a button. The internet has provided a great medium to reaching people across the world. GoPro recognizes that this is a huge component when it comes to sharing footage and is why it’s focused so heavily on social media. GoPro individuals want to be able to share with their friends, family, and the world their crazy stunts and experiences. This convenience of use and sharing is one of GoPro’s main value proposition that is provided for the user.
Lastly, and a major reason why people purchase a GoPro, is for the unique point of view visuals from the sleek, low profile package and universal mounting accessories. GoPro’s are used for many different activities and thus need many different ways to attach to people and objects. GoPro has taken advantage of this need and created mounts that satisfy the strength, versatility, and low profile sought in a video recording device. GoPro action cameras themselves are low profile and small, making them more aerodynamic and lighter than most of the competition. GoPro was the first to penetrate the market with the action camera and is the best performing in the market today.

**Direct Segmentation:**

We are going to perform direct segmentation towards water sports, snow sports, adventurous college students, and racing sports. Each of these segments have opportunities of a needed action camera to record the users unforgettable experiences. These experiences can include video footage of tricks, a unforgettable Coachella experience, crazy party, or a souped up RC car. They want to show their potential sponsor, friends and family, the crazy things that they have done. GoPro will fulfill their needs.

**Non-Customer Segments:**

GoPro represents the fun, outgoing, and adventurous individuals. These typically include younger users who are riskier than most adults. Because of this, we are going to stay away from the older demographic above age 40 for males and females. While this age group still may purchase a GoPro camera, we consider them anomalies compared to the typical customer. The
reasoning behind this is they likely are not into any extreme sports due to their old age. They also do not often attend festivals, college, race cars, or put themselves in high risk situations.

**Value Proposition Statement:**

When someone is surfing they are in need of something that is waterproof, durable, and has great audio recording capabilities. The surfer wants you to feel like you are on the board with them, when the wave is closing in, they want your heart to start pounding because they feel like they are going to wipe out with you. GoPro offers a shock-resistant plastic housing case that is durable and waterproof. The action camera also features an audio system that is of good quality.

When a skier is scaling a never been touched mountain that has fresh powder, they want you to feel the burn in your legs. They have been hiking for the past hour, and are getting anxious to get to the top and shred through the trees, and huck some cliffs. They are seeking an action camera that has a great battery life, durable, and waterproof. The GoPro offers a plastic housing case that durable and waterproof, as well as a superb battery life.

College students have been known to be messy and rowdy, especially when alcohol has been involved. They are seeking an action camera that is able to record that epic party and are not worried about spilling a drink on the camera, because it is waterproof and durable. GoPro offers a plastic housing case that is not only durable, but waterproof.

RC car enthusiasts love to modify their cars. They are constantly making additions that are strengthening, improving the overall speed, and the handling of the car. They are seeking an action camera that is durable, has great audio, and has versatile mounts. GoPro offers a variety of
mounts that can be placed on just about anything. The plastic housing case as mentioned before, is very durable.

**Targeting:**

We will be targeting 18 to 34 year old men who participate in or are apart of water sports, snow sports, racing sports, or college students. Each of these segmentation typically participate in activities that are high risk and very adventurous, which creates valuable content for viewers. Content that pertains to these target segments are constantly uploaded to social media sites and video hosting websites. These include Facebook, Twitter, YouTube, Vimeo, and other well known websites that consumers can share and disseminate content across the internet.

When someone is surfing, it is usually not as entertaining when they are filmed from the beach as compared to on the board. You do not feel like you are on the board with them. GoPro gives you that personal ‘on board’ interaction with the surfer. These surfers need something that is light-weight and water resistant, that can either be attached to their body or board that will record every moment of that massive wave and make you feel like you on the board with them.

When someone is getting ready to perform a backflip off a kicker jump in the Appalachian mountains, they want to record that moment and take you on that ride. You can always have someone film you from a distance, but maybe they are not able to go up that day, or you don’t think it gives the same effect that an action camera would. This is where GoPro comes into play. We provide your own personal professional videographer.

When an individual finally affords a new exhaust system they want to take their car out to the local racing track. They bring along their GoPro so that they can tape the experience, and
then reflect back on it when they get home. Maybe they want to hear how the new exhaust system sounds, or simply view the recording so that they can see where they need to perfect their driving skills. GoPro allows you to critique, view, and share the footage that you are proud of.

When you are in college, there are moments that you cannot seem to remember, maybe there was alcohol involved, or maybe you simply forgot. College students want an action camera that is durable, waterproof and will give clear visuals of the night. GoPro allows you to reflect on the hilarious moments that you forgot about.

**Positioning Strategy:**

GoPro’s new redefined positioning strategy will focus on the social media aspect of the target segments. This focus will allow us to create more value with GoPro’s products because of it’s easy sharing, upload capabilities, and social validation. Currently, GoPro’s competitors do not have as strong of a social media presence and we believe this is key to dominating the action camera market.

For snow sports, GoPro will sponsor events and professional athletes while fully utilizing social media to broadcast and document the events. This can include special advertisement videos with seasoned professionals, going back country through hazardous slopes for premium content. GoPro will also emphasize on pushing these sports to the extreme, to increase views and video interest, similar to how brilliantly Red Bull sponsors events.

Water Sports will take a front section on GoPro’s home webpage. Since this was GoPro’s initial beachhead, we want to pay homage to the market by keeping it as one of our highlighted video segments. A GoPro micro-series will be planned and documented as GoPro sponsors some
of the world’s best surfers to travel around the world surfing the waters. This surfing series will bring users continuously coming back to GoPro’s website and channels, and will be posted and shared throughout social media platforms.

Racing sports is a segment that has not been target by action cameras yet. GoPro will take advantage of this blue ocean and heavily promote content for racing sports. To do this GoPro will sponsor racing events with booths that drivers can use and test out with their vehicles. GoPro will also set up ‘action spots,’ where multiple cameras will be set up to record high definition footage in the places that are estimated to be the most exciting corners or obstacles in the racetracks. This will give viewers new angles and content to disperse and share with others.

College students are currently dominated by the smartphone industry for video recording capabilities. To obtain higher levels of market share, GoPro will re-position itself as the ‘fun-memory recorder’ where it sets a social stigma on how videos are recorded. GoPro will also be focusing on college students who are adventurous and will promote them through it’s own video segment for the top college student videos of the week.

**Positioning Statement:**

For the adventurous individual, GoPro is the action camera designed for you that offers the best recording experience for extreme sports enthusiasts because of its unparalleled overall quality, vast selection of mounting accessories, and strong social media presence.
Marketing Implementation:

We will continue to utilize social media websites to create an encompassed community of GoPro users. Social media websites such as Facebook, Twitter, and Instagram will be the main avenues for social media. This is important because it is a basically free way of marketing to our target market. By continuing to engage in social media, GoPro will be able to identify their market segments of extreme sports enthusiasts, since these websites such as Facebook, allow the user to like, follow, or participate in certain activities that can be followed and monitored by GoPro.

Activities Undertaken:

GoPro has a net income of $128 million from 2014. We recommend GoPro utilizes this extra income to implement a few activities to meet its marketing goals. The first activities revolve around the product itself from product design to product improvement, which can help increase the market share due to having a 10x performance compared to its competitors through continuous innovation. We believe the best route to take for continuous product improvement would be to invest into a manufacturing facility in the USA.

The other activities we had in mind to meet marketing goals are to host and sponsor annual events such as action camera film festivals and extreme sports boot camps. By capturing footage at these events and giving recognition to outstanding individuals. GoPro can build awareness of its product by showing its footage to large crowds of people and building social currency as people want to become more informed on what they can do to capture high quality footage. On top of this, we recommend creating rental stations and service centers at these
events, to give strangers the opportunity to try the product out and integrate it to their phone through the GoPro app, and try first hand the mounting options. This would be a similar tactic to Apple, who have physical stores that allow potential customer to try out products before they purchase them.

The most complex but highly innovative activity GoPro could invest into is creating a video footage exchange system similar to the stock exchange, and Google’s notable ad exchange system. By finding a way to monetize video footage, it could be the first of its kind and give people an incentive to capture high quality videos to sell, and be bought by sport events trying to promote their store. Businesses could also use this video footage exchange system to find exciting footage to capture their target audience.

**How Will Activities Be Performed:**

The way we can monitor the product development process, is by comparing GoPro’s action camera to Sony’s action camera in similar controlled environments. This will allow us to test each products performance on each feature. Then we can have customers write reviews, or have video testimonies, similar to the Pepsi Challenge. This will ultimately allow us to find out what the customers prefer.

For annual events and the rental stations, we can have this be done through contracts with vendors wishing to advocate GoPro. These vendors can be the facility hosting the events, or a team of GoPro employees who go from event to event informing people of the product itself. On top of this, GoPro can compare the reach of its sponsorships and events by new followers on social media, to similar events done by Sony. We plan to also have a unique hashtag for each we
sponsor. This will allow us to gauge how individuals feel about the event that we hosted. If there is negative feedback, we will correct our mistakes, and use it to strengthen our brand.

When it comes to creating a video footage exchange system, it will take several skillful developers to create a demand side platform, real time bidding auction system, and supply side platform. After this system is developed it will need to be tested for bugs and accuracy.

When Will Activities Be Performed:

The activities for product improvement are being done constantly with R&D expenses. However, in order to have the convenience of being in-house and create a manufacturing facility, it will take at least two years of planning to figure out logistics to implement. We are expecting permitting will be a huge factor in this equation.

Activities for the annual events revolving film festivals and extreme sport boot camps, can be performed as soon as upcoming events occur for different sports and activities. This will be primarily seasonal with spikes in sales around water sports during the spring and summer time and snow sports during the winter time. We will be strategically hosting events around certain times of the year. For instance, we will want to host a couple events in the month of February because we know that a lot of individuals will have their tax-returns. In additional, film festivals will most likely happen a month or two after the sporting seasons are over to bring together all the best footage and relay it to the public.

For the video footage exchange system, this will be an ongoing project to find a way to monetize and set up the system from end to end. The activities won’t be complete until the
Software is perfect and the bugs are removed. However, once it is complete it will function on its own with little maintenance and will create serious commotion in the action camera industry.

**Projected Length of Activities:**

As we know, Product design is a continuous process. Technology is becoming faster, and better every single year. However, GoPro needs to allocate its resources in their research and development in order to maintain their market position. We feel that improving their product should be an annual goal for the next few years with releases of new cameras in that time frame. This will allows us to continuously produce a fresh product, and not go stagnant.

For an in house manufacturing facility and video footage exchange system, it will take up to 5+ years to implement and plan. These are large projects that are complex and takes large scale collaboration to accomplish. From determining blueprints to location of manufacturing facility to integrating multiple platforms together to finding a way to monetize video footage for the exchange system.

To achieve the desired following on social media, we believe that it will take 1 year. This can take less time if we are able to continue to sponsor events, festivals, bootcamps, and sponsor professionals in extreme sports categories. The best way to grow our social media following is to build the awareness of the product and the quality of the footage it is able to take. By focusing on their social media aspects, they can increase their brand awareness to increase profits.
**Estimated Cost of Activities:**

For product design and product improvement, we believe that it will cost R&D funds of approximately 300 million dollars, a 200% increase from 2014. This is on par with the last several years of R&D funding through GoPro. They have seen an increase in funding year after year since 2012 of 200%, 36 million in 2012, 73 million in 2013, and 151 million in 2014.\(^{79}\)

For annual events it will cost approximately $10,000 for small scale including expenses for labor and inventory and approximately $25,000 for larger events. This cost will also depend on how many professionals are present at these events. Luckily, we will not have to pay our sponsored athletes since they are on contract to be present.

For the manufacturing facility it will cost approximately $50 million. The video footage exchange system will cost $10 million to replicate. These will be the hefty in price in the short-run, but extremely beneficial in the long-run.

These recommendations will improve market share and our social media following by delivering the best performing action cameras available. This will be attributed to continuous product improvement and building brand awareness at all major events that our primary segmentations will be present at.

**Evaluation and Control Measure of Success:**

In order to evaluate, control, and measure our success we will use particular metrics. We will be looking at the quantitative side of social media. This will be the ‘likes’ on Facebook and ‘followers’ on Instagram. This data will easy to document, and plan to use Hootsuite Social  

Media Management to build analytical reports. We will also gauge the content that we are posting by seeing how our followers react to the video we upload of mountain biking, and using that “like” to target them for a customer. Also, if they like a certain sport that is being promoted more than another, we will focus heavier on the favored sport to monitor what our market is into in order to create effective targeting strategies. We will not neglect sports, but we will be more precise on the content that we post. This will be an on-going activity of finding the sweet spot when it comes to posting the right content and connecting on an emotional basis with our primary segments.

Second of all, we will be paying close attention to the market share of action cameras. Right now we own 42% of the market, but we need to be wary of competitors such as Sony and Apple who are massive companies, with large brand equity and are known for taking over markets. GoPro has already seen mild declines in market share over time, as companies have entered the industry, which is typically normal.

The third metric for success is revenue. In the past year, GoPro has doubled its revenue from $985 million in 2013, to $1.4 billion in 2014. If we can earn at least 1.6 billion by Q4 in 2015, then the revenue metric will be successful. By increasing its revenue, GoPro can tackle on newer innovative projects as they look to continue to maintain their market share. This is vital because GoPro needs the cash equity in order to stay atop as being the best product in the customer’s eyes. Companies like Sony have vast amounts of resources compared to GoPro, so we need to continue to stay ahead of our competition in our market position within the customer’s eyes.
The fourth metric of success is units sold. In 2014, GoPro sold around 5.5 million action camera’s. If GoPro can match, and beat that goal by 10% to $6,050,000 million, then we feel we have met a decent benchmark. This has an effect for economies of scale. As more units are manufactured, the costs of producing each unit decreases and at faster rate. Less costs equals higher margins of profit, so a higher amount of units sold is a major goal for GoPro.
# Appendix: Industry Analysis

Table 1: Comparing Product Competitors

<table>
<thead>
<tr>
<th>Product</th>
<th>Price ($)</th>
<th>Camera Resolution (pixels)</th>
<th>Frames Per Second (FPS)</th>
<th>Mounting Options</th>
<th>Battery Life (hours)</th>
<th>Weight (with battery)</th>
<th>Field of View</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoPro Hero 3+ Black Edition</td>
<td>$400</td>
<td>1080p</td>
<td>120 FPS</td>
<td>30</td>
<td>2 hrs</td>
<td>2.65 ounces</td>
<td>170°, 127°, or 90°</td>
</tr>
<tr>
<td>Sony Action Cam</td>
<td>$169</td>
<td>1080p</td>
<td>30-120 FPS</td>
<td>A few</td>
<td>2 hrs.</td>
<td>3.05 ounces</td>
<td>170°, 120°</td>
</tr>
<tr>
<td>Drift HD Ghost</td>
<td>$299</td>
<td>1080p</td>
<td>30 FPS</td>
<td>5&lt; X &lt;10</td>
<td>3 hrs.</td>
<td>6.40 ounces</td>
<td>170°, 127° or 90°</td>
</tr>
<tr>
<td>Polaroid Cube</td>
<td>$99</td>
<td>1080p</td>
<td>30 FPS</td>
<td>5&lt; X&lt;10</td>
<td>1.5 hrs.</td>
<td>1.60 ounces</td>
<td>124°</td>
</tr>
<tr>
<td>iON Air Pro 3</td>
<td>$199-349</td>
<td>1080p</td>
<td>60 FPS</td>
<td>Many</td>
<td>2.5 hrs.</td>
<td>5.01 ounces</td>
<td>up to 160°</td>
</tr>
</tbody>
</table>
Figure 1: GoPro Product Development

Nick Woodman develops first GoPro “prototypes.”
Originally, Nicholas Woodman only had a vision to develop wrist straps that could tether existing cameras to the wrists of surfers. He takes these first prototypes with him on a surf trip to Australia and Indonesia.

Going digital: GoPro kicks film and takes its first stab at video.
After being pressed by friends to make the transition to digital, Woodman introduces the Digital Hero in 2006. The camera shoots VGA video in 30 second bursts and has no audio recording ability.

GoPro improves video.
The first GoPro with sound, the Digital Hero 2, captures activities with unlimited video and audio. Bradford Schmidt, GoPro’s creative director shown in the video below surfing in Baja California, was one of the first to test the camera.

GoPro develops and sells its first camera, the 35-mm HERO.
Long before GoPro has HD video capacity, the company starts by selling Chinese-manufactured 35-mm cameras. Reusable and purchased from the manufacturer for $9.95 each, the cameras originally sell for about $30. Woodman sells his first cameras to surf retailers at the Action Sports Retailer Convention in San Diego.

Woodman introduces the wide-angle lens.
In 2008, GoPro makes two distinct changes with its Digital Hero 2. First, the company installs wide-angle lenses on its newest cameras, giving users that distinct panorama shot that is now one of GoPro’s signatures. The company also begins marketing GoPros as mountable devices, allowing people to now film themselves by attaching their cameras to ski poles, car frames and surfboards.

GoPro refreshes product line with Hero2.
A year after launching its first HD camera, GoPro introduces an improved version with an 11-megapixel camera, improved low-light capability and 1080P video at 30 frames per second. The company ends the year with revenues of $294 million.

Company introduces HD Hero3, passes $500 million in revenue.
GoPro continues its yearly product refresh with the smaller, lighter GoPro Hero3. With three different camera types, the latest line features the $400 black edition which now has 12-megapixel photo capability and 1080p video at 60 frames per second. The company ends the year with sales of $522 million.

High-definition brings in new markets.
The jump to high definition with the Hero HD (1080 P video at 127” wide-angle) opens up new markets for GoPro, which is fast becoming the name-brand camera for unique point-of-view perspective videos. The company ends 2010 with revenues of $64 million, more than tripling sales from the year before. Says Neil Dana, the company’s first hire looking back: “When we started getting into HD that’s when we realized that this could be absolutely massive.”