



-Brand Audit-
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COMPANY BACKGROUND

GoPro was founded by Nick Woodman in 2002; however the first prototype was made by 2001. By 2004, Woodman sold the first cameras Chinese-manufactured at the price of US\$30, purchased them at a price of US\$3.05 each. By 2005, GoPro revenue from the cameras sold reached US\$350,000. The next year, GoPro introduces the 10second video, and one year after in 2006, the sound in their videos. However, it is in 2008 when the two major changes on its product would redefine a new use: wide-angle lenses and mountable devices.

The firm announced an investment of US\$88million from the five joint venture capital firms such as Riverwood Capital, Steamboat Ventures, and Disney (Forbes 2013). By 2016 GoPro market net worth was valued in US\$1.2billion, with a CEO of just 40 years old (Forbes 2016).

BACKGROUND OF KEY EXECUTIVES

Nicholas Woodman is the former Founder, CEO and Chairman of GoPro, Inc. Woodman, with an education of Bachelor of Arts/Science by the University of California, San Diego, is currently in the number 73 of Forbes Ranking of Richest in Tech, and the number 782 Billionaires in 2015 (Forbes 2016).

Committee composition:

- Edward Gilhuly: audit member, governance chairman (director), and key member of compensation and leadership areas.
- Kenneth Goldman: audit chairman.
- Peter Gotcher: key member of auditing, compensation and leadership areas.
- Michael Marks: key governance member, and compensation and leadership chairman.

ANNUAL REPORTS

According to GoPro, Inc. During the fourth quarter and final year of 2015, the gross profit, compared to 2014, increased a 9.3%. Regarding to operating expenses:

- Research and development investments remind in a second place with US\$241,694, an increase of 6.3% compared to the same period in 2014.
- Sales and marketing investment in first place, with US\$268,939, an increase of 7.2% of 2014.
- Regarding to stock information, GoPro (GPRO), has a current volume of more than 4billion, and a previous close worth of 12.03, viewed 6th of April of 2016.

According to its Q4 2015 Investor presentation, GoPro, Inc. reached 4.6 years of content to YouTube (just with GoPro in the title).

CURRENT BUSINESS AND MARKETING PLAN

Their current marketing plan objectives a focused on “*engaging consumers by exposing them to compelling GoPro content*” according to GoPro 2014 Annual Report. GoPro subdivide their marketing strategies by:

1. Consumer Marketing: the key of GoPro success is the user generated content (UGC), which trough social media and other different platforms (such as TV commercials, printed, online, etc.) is able to support marketing efforts in the point of sale (in-store).
2. Lifestyle Marketing: their lifestyle marketing programs focus on creating brand awareness, trough celebrities, influential athletes, and other brands which boost the engagement of its customers.

Among those key influencers such as Lindsey Vonn, Alana Blanchard, and Shaun White, GoPro creates a strong social networking, plus their “*tireless efforts to improve*” (ForbesMagazine 2014), which represent their motto of: *Go Big. Or GoPro.*

Moreover, the UGC changed the slogan due to GoPro realised about their key potential: the people. The users are, at the end, the ones who created, edited and shared all those videos. They were the key, they were not part of the experience of being “*awesome*”, they were the ones who created their own using their products. They were the *Heroes*.

Nevertheless, GoPro key strategies are the continuous creation of innovative devices; developing content, editing and sharing solutions; scaling as a media brand; expanding in-store brand; extend strategic marketing relationships, and expand brand awareness through advertising (GoPro2014)

MARKETING COMMUNICATIONS

Marketing communications expenditure reminds low if compared with some of its main competitors such as Panasonic, which reach the US\$1.8billion in selling, general and administrative expenses by 2015 (Panasonic 2015).

According to the firm Morgan Stanley (Udland 2015) GoPro marketing management has big **issues**. Firstly, **poor awareness, followed by minimal marketing and an inadequate pricing policies**. According to recent analysis of its stock, GoPro addresses a low demand, with a high production, a warning which might represent future sort-term issues if their marketing management do not adjust to the real circumstances. Just a month later, Marc Andreessen, well-known investor, entrepreneur and software engineer, made public in Tweeter, how GoPro is facing another issue in their products and in the market: ***commoditization*** (Oreskovic 2016).

By 2012, GoPro used marketing with media and public relations agencies as a way to communication (Burell 2012). However, the main marketing communications from the past 2 years come from its own customers (UGC). According to Bergen (2014) “hundreds of consumers take his product and make ads for it on their own” (the relevance of the 7th P- People- arises with the key potential for GoPro).

In addition, GoPro marketing communications face a key issue, the limitations of their marketing communications. The video format, used to show experiences using their products, could not be used in potential magazines, and printed sources. **GoPro limitations, at the same time that strengths, are in social media channels** such as YouTube, Vimeo and rarely, TV.

BRAND INVENTORY

1. Brand elements

Name: GoPro

Brand Hierarchy: See Appendix 1.2

Logo: See Appendix Figure 1.1

Font: *Neuropol* and *Sensation*

Colours: Black, White and Blue

Slogan: Be a *Hero*.

URL: <http://gopro.com/>

From the point of view of the brand elements, GoPro creates a likeable, memorable, adaptable and transferable logo and colours, which might represent an advantage in terms of marketing communications.

2. Brand Portfolio

Among GoPro products, we can find cameras, premium accessories, mounts, software, GoPro *Studio* (editing software), and GoPro *App* (GoPro, Inc 2014):

Cameras: their main strength it's the *HERO* devices. They capture video and photos, in a small and easy form, offering among them, some editions with an increase image quality (besides the standard HD quality). According to GoPro website, at this time, they offer *Hero Session* (A\$300), *Hero4 Silver* (A\$600), *Hero4 Black* (A\$750), *Hero3*, *Hero3+*, *Hero+LCD*, *Hero+*, *Hero*, *HD Hero2*, and the *Original HD Hero*.

Premium accessories and mounts: 3-way mount, Head strap mount, chesty mounts, the handler, suction cup, seatpost, flex camp, tripod mounts, flat adhesive mounts, helmet, side mount, etc. In addition, they offer premium accessories such as remotes, batteries, anti-fog insert, windSlayer, camouflage covers, HDMI cables, lents, filters, bags, and even a guide to professional filmmaking.

Software: for managing, editing and sharing their videos, GoPro efforts to simplify the process (6th P of the marketing mix), is where they invest most of their time and resources. However, they do not seem to realise that their key issues, are not in here but in their placement, pricing and marketing communications (Wrong focus of their economic resources).

GoPro Studio: their main editing tool, representing a solution for simplifying the process regarding to the content share.

GoPro App: Mobile and for computers (PC), features include control of all camera settings, content preview from the camera on a phone or tablet.

Drone: to be launched by 2016.

3. Share of Market

According to Yahoo Finance (2015), GoPro represents a 47.5% of the action camera market share. The second place with a 12% of market share is ION, followed by Sony action cameras (SNE) with a 7-8% of the market share. The market valuation of action cameras reaches the US\$2billion, due to the demand worldwide.

4. Direct and indirect competition

	GoPro	ION	SONNY	APPLE
Products	HERO family Drone (2016)	Air-Pro family Sped-Pro	Action Cam	iPhone6
Camera /video resolution	HD	HD	HD	HD
Waterproof	Yes	Yes	Yes	No
Wi-Fi	No	Yes	No	Yes
Lightweight	Yes	Yes	Yes	Yes
Accessories	Yes	Yes	Yes	No
Price	US\$300-800	US\$300-400	US\$300-500	US\$800

Unexpectedly, a new competitor arises, Apple, with the high resolution video of the new iPhone6. According to DiSavino (2015), the quality and reliability of Apple (as a brand, and in its products) are threatening GoPro stakeholder's investments. There are speculations about the ability of apple to buy GoPro, however, which is even more disturbing, Apple made clear that they have enough resources and technological knowledge to build the product in-house.

Moreover, the fact that Apple launched the iPhone6 with HD resolution, makes pricing less determinant, due to consumers perception of acquisition of a new high-tech smartphone are linked with the acquisition of a HD video camera (2 customer needs in 1 product).

5. Competitive spending

According to the Annual Report of 2015, GoPro 17% of the revenues, correspond to sales and marketing expenses:

“The year-over-year growth of \$74.6 million in sales and marketing expense in 2015 compared to 2014 was primarily attributable to higher advertising and promotional activity costs of \$30.8 million associated with expanded corporate branding campaigns (...).”

However, marketing efforts result in an increase of inventory, and a decrease of demand. This might represent the wrong allocation of investments, at the same time that **this might represent a wrong marketing mix for the targeted audience.**

Moreover, as it has been shown before, **levels of awareness are low** regardless the engaging audience, which does not mean brand equity and high resonance. Secondly, **the inadequate pricing policy makes consumers look for cheaper action cameras in the market**, which ends with a low demand in-store, and **less loyalty among the value chain** (issues of processes and placement?).

6. Mission and vision

According to Woodman, CEO and Founder of GoPro, the company’s vision relies on *“GoPro helps people capture and share their lives’ most meaningful experiences with others—to celebrate them together.”*

However, GoPro ambition is higher, shown with a mission statement about who they want to become: *“Enabling you to share your life through incredible photos and videos by capturing, creating and sharing the world’s most GoPro perspective with versatile cameras”*

7. Goals and Objectives

According to the 4th Quarter of the Investor's presentation, GoPro main objective is eliminate the time spent during the process of capturing, editing and sharing the content. Making it simple, easy. Maximizing the possibility of engaging users to share content (UGC). However, wouldn't it be more likely to review first their marketing mix?

8. Customers perception

"Just as its stock = SUCKS" social media community face a conflicting expectative towards the brand. Brand quality perceived is high, and their expectative in terms of editing video trough the GoPro App is high. However, even with 10million downloads; **GoPro positioning does not match with the reality**: connection problems, slow process, etc.

In terms of pricing, statistics and financial statements made clear why GoPro's inventory is so high: why consumers are going to be willing to pay \$600 for an action camera when they can pay \$300?

Nevertheless, this could represent an **issue of positioning and differentiation**. Consumers would not switch to another brand if GoPro offered them something unique (which are their points of difference? Are they well-communicated?) Would this still be an issue if their pricing policy changes?

9. Marketing Mix (7 Ps)

a. Products and services

GoPro, with a differentiated and unique product portfolio, produces their cameras in a small and manageable format, waterproof and HD video and photo resolutions. However, what makes them so attractive: the complementary products. The mounts and remotes used, make the all their products able to use anytime, anywhere, under any climate conditions.

b. Price

If the prices are too high, or too low, there will be consequences. GoPro suffering with their pricing policy is more than real. The firm struggle positioning in a high-quality – high-price, with a difference in price with some of their products of more than US\$400.

However, consumers, in a competitive market, with internet access, are able to find another alternative, with a similar performance and quality, at a lower price. Limiting themselves through this pricing policy makes GoPro vulnerable to market threats. The question that GoPro must answer is: what makes you so special for making me willing to spend that money on you?

It is time for the firm to low their standards, redefine a new pricing policy, and invest more budget on marketing communications based on their points of difference.

c. Placement

Distribution locations are becoming less and less loyal due to the lack of demand. Even if GoPro counts with a strong and direct distributors such as Amazon, Walmart, Quicksilver, City Sports, REI and Target, they have an incredible market opportunity here. Brands such as Billabong, Roxy, even Nike should be part of their partnerships and in-store locations where they can distribute their cameras. Distributors represented the 52% of the total revenue of 2015, and this area represents a long-term opportunity investment.

d. Promotion

How to generate content reducing costs of advertising and marketing? User Generated Content (UGC). GoPro's magic of engaged audiences sharing their videos took YouTube by storm. YouTube, at the same time of other social media channels, works like a free platform where their users feel comfortable to share their videos.

However, levels of awareness are low, which means that either way GoPro investments in advertising and marketing become higher, or consumers loyalty to the brand become zero: it will be just a camera to record HD videos, which

I can find in another brand/store, cheaper, with the same performance. Where are your PODs GoPro? Why don't you use your budget on **continuous and effective** marketing campaigns?

e. Physical Evidence

Their use. Internet is overloaded with videos from GoPro, the best physical evidence is the feeling to be in first person as a part of the experience of the video.

f. Process

Recording, Editing, Sharing. One of the main **issues the firm is facing at the moment, how to make it more simple?** Without losing the efficiency? GoPro Studio and GoPro App, make it possible. However, the brand need to work on complains about the connection (how are they going to share if they have intermittent internet access? Does it create negative implications regarding to the quality?).

g. People

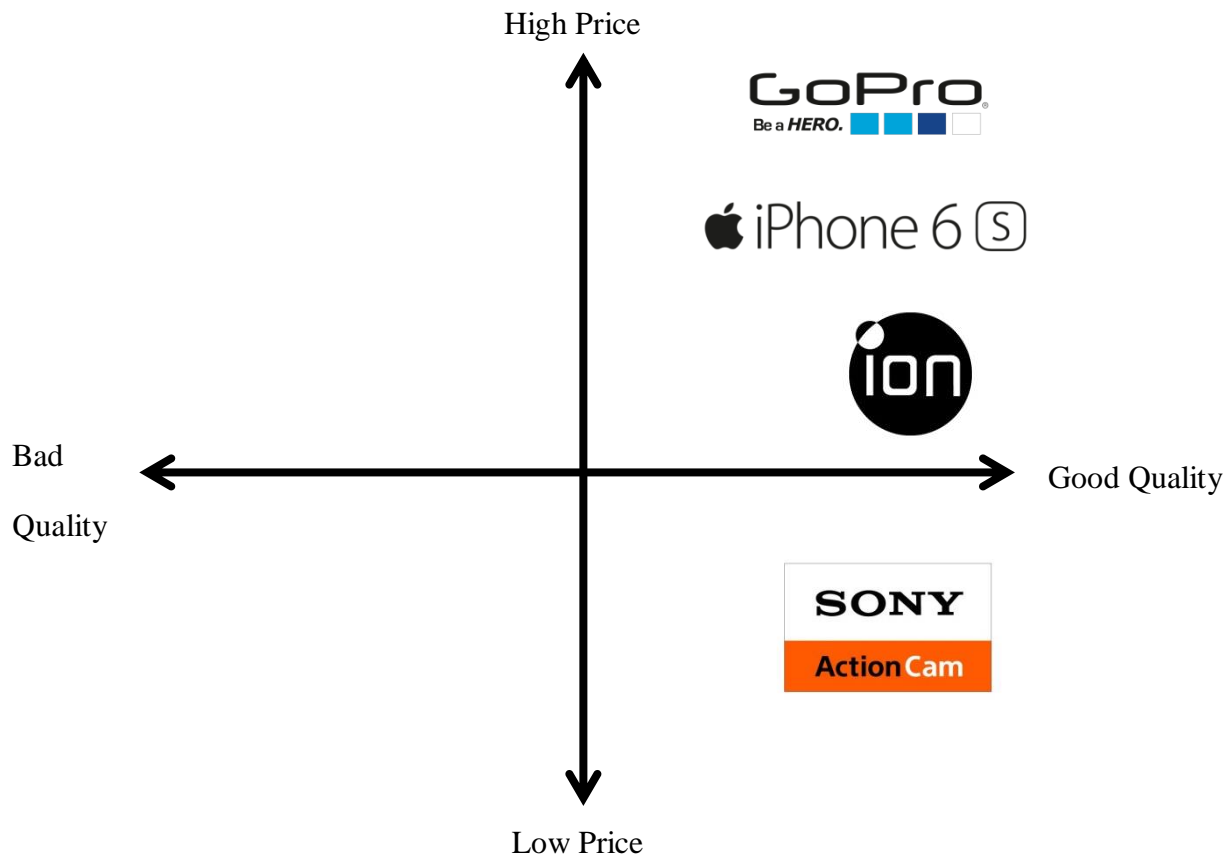
Peer-to-peer sharing, network connection and human networking. Names can vary, but the implications remind the same, the 7th P for GoPro is their most valuable asset: the human capital.

The individuals are the ones who buy just a camera, and create an emotional world of experiences around it, which share, creating free content for the brand. A dream with some brand like Red Bull have been building for years through branded content, celebrity endorsements, and high risk sports sponsorships.

There is no issue in this matter; however, it represents a potential area to improve for GoPro.



EXTERNAL AUDIENCE (EXPLORATORY)

1. FOCUS AND POSITIONING**i. Identification of core competencies**

**Note that Apple iPhone6 positioning in high price is due to another factors due to it is a mobile phone device.*

ii. Positioning and differentiation

Despite all the market competition, GoPro, as it has been shown before, has almost the 50% of the market share of action cameras. This means, that even all the issues analysed are present, individuals still prefer a GoPro camera.

Firstly, because it was the first waterproof mountable camera adapted for extreme weather conditions and high risk-sports. It was the first one, and it is a point of difference that is never going to change. Secondly, it has a small and discrete design. Finally, you can use it everywhere. Due to all the accessories provided by

GoPro, it is possible to see that camera on a surfboard, helmet, car, bike, etc. It is becoming widespread.

However, competition got really intense, so GoPro decided to stand out with a new product line: drones. Expected to be launched by this year 2016, the drone is the ultimate production of the firm, able to generate a 360 panoramic view, and again, is the first brand doing it for a different use.

2. AWARENESS

Regarding to the first level of the CBBE pyramid of Keller's model, levels of awareness of the brand are low when the decision making process is having place. GoPro recall and recognition as a brand is limited by a generation: Millennials, due to is a product made to create content by people who feel comfortable using social media channels. However, recall is limited when the target audience skills online are not so good. A different target audience age would not be able to fully recognise the brand, and not being able to recall it when deciding to buy an action camera, simply because, they are not likely to buy one.

What happens then, when just a small part of the population (a generation) has high brand awareness? This might represent a warning for future issues that could arise when the current target audience become older. (See Appendix 1.3 CBBE)

3. DIFFERENTIATION

iii. Key PODs and POPs

Points of parity are represented by the performance and judgements. Hence, what a consumer is looking in an action camera is quality, waterproof coverage, HD video, durability, guarantee, efficiency, small and manageable design, mounts accessories, and a price according to the performance.

However, the tipping point relies on the points of difference, in the imagery and feelings perceived such as the experiences (while surfing, snowboarding, cycling, etc), the values perceived (passionate, sportive, actual, and modern), personality (excitement, competent, rough). At the same time, GoPro, the small, almost invisible camera, is part of a trend: I like high intensity sports, and I must record it for everyone to see it (social approval), surrounded by all the fun of being part of other user experiences through their videos. (See Appendix 1.3 CBBE)

iv. Communication of PODs

Is it GoPro communicating effectively their PODs? No. The limitation of the video format means limitations when promoting through advertising. Consequently, all the potential consumers, who are not engaging in social media, will not be likely to perceive all of those PODs.

It will be needed to analyse how to reach all those consumers who are not confident and comfortable using YouTube, Vimeo, Facebook or Instagram. Product placement in movies could be an opportunity to reach them, event marketing on key locations, or even creating a “Rent a GoPro” possibility in the closest shops of where some activities are taking place (surf shops close to the beach, or in the rental stores when going to snowboarding, etc.).

4. RESONANCE

However, even the community shared content is high; they are not engaged in creating content for the brand, but to feel sportive, rough and exciting. Efforts to make positive associations through sponsoring sports events and through celebrity endorsements, are effective. However the brand identity stays in second place when the users are more focused on sharing their experience, rather than the cameras they use.

Moreover, as it has been said before, resonance (loyalty and engagement) are not possible if the PODs are not clearly identified, and poorly communicated with a minimum expense in advertising, sales and marketing if compared with the competitors. That minimum expense in marketing communications (and in brand identity) carries consequences from the base until the top of the CBBE pyramid (Keller 2008, p.61) (See Appendix 1.3 CBBE).

5. BUILDING BRAND EQUITY IMPLICATIONS

According to Keller (2008, p.638) brand equity is based on three main areas: brand building tools, consumer knowledge and brand benefits. GoPro brand elements are memorable, appealing, transferable and adaptable. However their marketing mix does not fit the consumer expectations and perceived value of the brand (brand meaning), such as the pricing policy, and the media channels used to communicate the PODs (marketing

communications.) Opportunities arise through leveraging the brand, when the marketing mix issues are reviewed.

Moving on, brand awareness (salience), in terms of recognition is high, however, in terms of recall is starting to lose power. Hence, the associations with the brand are becoming weaker. GoPro, the first action camera in the market had favourable, unique and strong associations; however, their uniqueness does not exist anymore, and their favourability and consistent associations are weak, and threatened by other competitors with less expensive prices, and HD resolution cameras. Consequently, due to the lack of brand leverage (and the minimum marketing communications), the brand is becoming vulnerable, threatened by its competitors in the market share, and reducing its margins continuously.

APPENDIX

Figure 1.1 GoPro, Inc. Logo



Figure 1.2 GoPro Brand Hierarchy

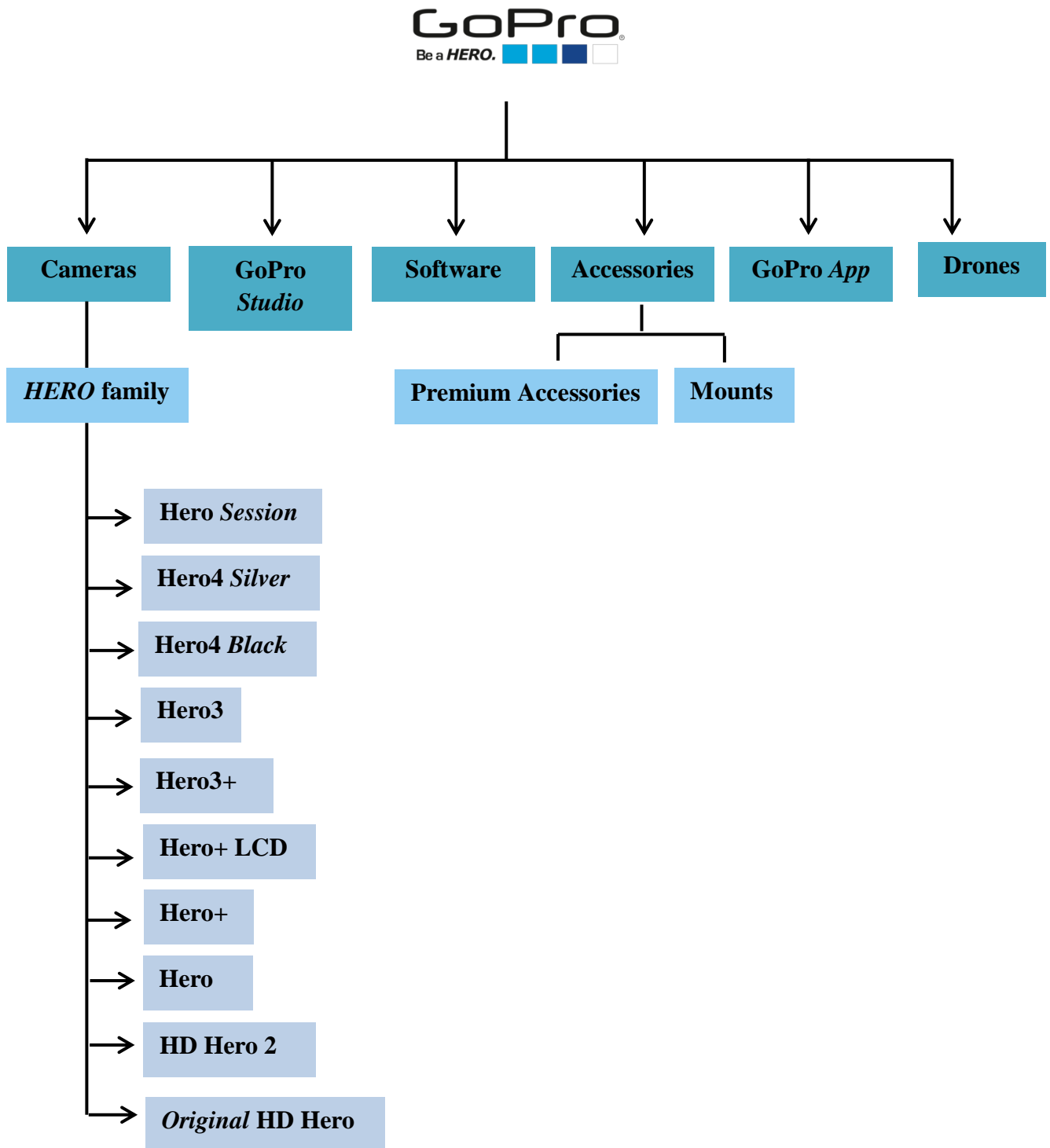
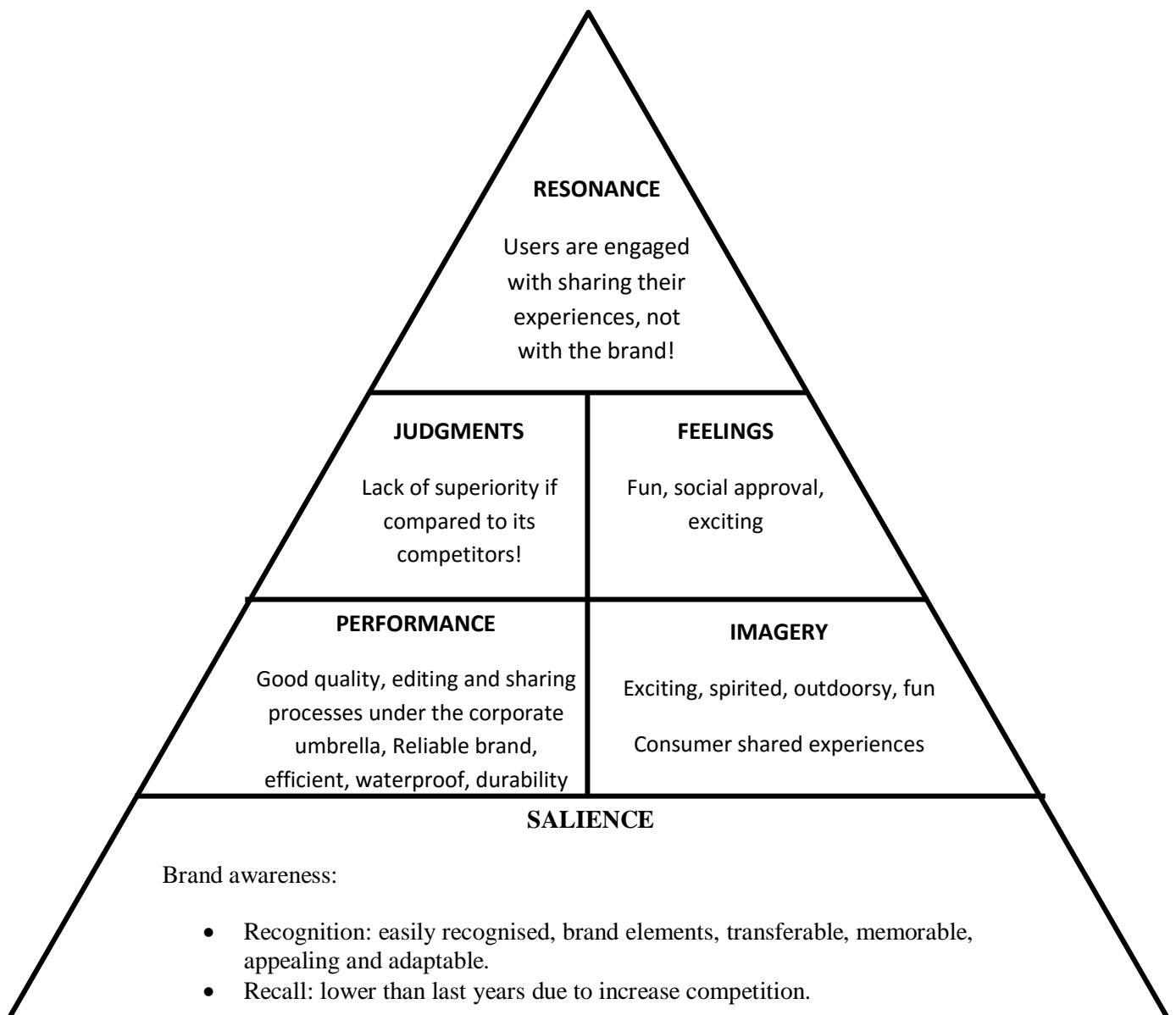


Figure 1.3 CBBE GoPro



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