

Peloton Interactive

Marketing Plan



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Peloton Interactive Bike+

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Peloton Interactive Bike+

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Executive Summary

Product and Company Description

The Peloton Bike+ is a stationary workout bike with integrated coaching. The bike is designed by Peloton Interactive, a New York based company that got its start in 2012. They work to provide quality materials and have defined the market with memorable products.

Environmental Factors and Market Trends

The most important trends after scanning environments are as follows

- Influx of wearable technology
- A shift to at home fitness
- An incredibly strong and devoted consumer based

Competitive Analysis

There are several competitors and competing products, namely, the Soulcycle, the Echelon EX-7, and the Spinclass Flywheel

Companies with the potential to develop into the current market include both Apple fitness and further development of Soulcycle sports.

Peloton does offer several main advantages that the other bikes in the section do not have, convenience of delivery, ease, and branding.

Market Segmentation

The three most attractive segments of the market for Peloton and the Bike+ include individuals with health centric lifestyles, individuals with little time commitment, and individuals with a considerable amount of disposable income.

The demographic segment this plan targets is both single and married, college-educated adults, aged from 25-45, earning over between 80,000 to 120,000 USD annually.

SWOT Analysis

Convenience of location, ease of use, and a strong consumer base are some of Peloton's strongest areas

However Peloton is still a stationary bike, which to many lacks any utility, and with high costs and continued delays to shipping times, Peloton has exploitable market areas

Peloton has a great many areas of opportunity, specifically, brand partnerships and the expansion of the at-home fitness market.

Lastly, one of the largest threats to Peloton is the fragility of this market, at home activity is very situational, and we may find a significant pull back once normalcy returns.

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Product and Company Description

The Peloton Bike+ is a stationary workout bike with integrated coaching. The bike is designed by Peloton Interactive, a New York based company that got its start in 2012, and is actively produced by Ryon Industrial Corp. Using high quality materials and attractive, user friendly technology, the Peloton Bike+ allows the consumer to get fit in the comfort of their own home, and on their own schedule. In addition to a stationary bike, Peloton offers around the clock live and pre recorded workout videos as part of a subscription service, which really pioneered the direction of at home workouts in terms of their monetization.

Environmental Factors and Market Trends

A company and product description segways nicely into a market trend and factor analysis. This section will explain and explore macro and micro trends, more specifically, how these trends and factors could affect supply and demand for Peloton and the Bike+, as well as profitability and product market performance in the future.

One trend that has seen significant growth over the past couple years has been the influx of both wearable technology and especially over the past year, a shift to at home fitness. With uncertainty still surrounding the years after covid, many companies have and will continue to bet on increased at home equipment and technology use for their personal wellbeing. (Thomas, 2021). While this could very well be a source of growth for Peloton, a growing market invites more entrants, and the greater the amount of available substitutes, the more likely you are to seek out a product that fits your needs.

Another area Peloton really stands out in however, is their devoted and growing consumer base. (Thomas, 2020) While Peloton currently boasts about 30 million users, their CEO, John Foley, hopes for those numbers to reach 100 million users in the coming years. Coupled with rapid growth is increasing consumer devotion. A fortune article illustrates how just over the last year, average monthly workouts are up to 18 from 13. (King, 2020)

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Two similar but different training ideas interestingly, both increased in popularity over the late year, and while rationale for each may be different, their effects on supply, demand, and potential profitability are nearly identical. The first is the growing interest in the idea of personalized, individual training (Thompson, 2019), which has been bolstered by a global pandemic, encouraging isolation. If we are to recognize the physical effects of the pandemic, the same journal article illustrates psychological effects of the pandemic on general fitness, describing how isolation can increase drive for group orientation. While this may seem counter-intuitive, these ideas both work to improve Peloton's market position. As Peloton is both a piece of equipment and technology the company and product, the Bike+ offers elements of two non-complementary ideas, and combines them. Peloton's ability to market itself as personalized group training equipment is a very unique position, and having pioneered that position, a more than safe bet would be on increasing profits in the long run for Peloton.

Having discussed many of the positive impactful trends on Peloton's market and other environmental factors, it is important to address potential issues as well. Two important external factors involving the pandemic and possible threats presented include both a pull for a return to normalcy, and continued transportation issues. As vaccines start to roll out, much involving the next years to come is speculation, and with the idea of a return to a notion of normalcy could seem very appealing for many who have found themselves secluded over the past year. Being that many of these people could be Peloton consumers, ie. health conscious and making over 100k per household, a large psychological shift in how people desire to get exercise could harm Peloton's business model and cause them to adapt. Secondly, Peloton has and still is dealing with delayed shipping and handling, according to the New York Times. These issues present problems on the consumer front and while situational, not all are able to receive delivery at the rate by which Peloton is increasing production. (Thomas, 2020)

In summation, while Covid is still present, business is very situational and adaptive, at least for the time being. There are many factors to consider when positioning Peloton in its current market, and while much is up to speculation, Peloton is a solid company with good financials that have been able to consistently push out and deliver a quality product that those who

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purchase generally enjoy and use. What they do, they do well, and as a company, Peloton has worked to pioneer the technologically integrated stationary bike market in 2019-21.

Competitive Analysis

Current Competition

As aforementioned, Peloton takes up a fairly niche market, the “technologically integrated stationary bike market” and while this is a specific market, it is not one without profit, and as a result, there are several competitors and competing products, namely, the Soulcycle, the Echelon EX-7, and the Spinclass Flywheel (See Chart 2 for positioning).

a.) Soulcycle offers very close competition to Peloton, with slightly lower cost and lower quality, you still find yourself shelling out big money, near 1800 new for a Soulcycle Bike. One of the main ways Soulcycle differentiates itself in the market is its business model. Soulcycle makes much of its money running studios, where patrons rent out a bike and area for a period of time to train, and as a result of bad timing and forces outside of Soulcycles control, “SoulCycle is now late to the market,” said Winnie Clark, 33, an advertising creative director according to the NYT (Thomas, 2020) Their business model in a post pandemic world in ineffective, and ultimately their greatest strength became their greatest weakness.

b.) The Echelon EX-7 is even more similar to Peloton than Soulcycle, offering very quality bikes at around 2000 USD, comparable if not cheaper than Peloton. Echelon prides itself in providing materials of a similar caliber to Peloton at a cheaper price point. This is most definitely a significant advantage for the Echelon EX-7, but when going on their website, it is quite apparent they are also having those same shipping issues Peloton has. One the specifications and checkout page, you are very clearly alerted to the fact that shipping could take 3 weeks or more to arrive. This is a weakness, but one shared with Peloton, and often when products share weaknesses, advantages help to differentiate one from the other.

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Threats of New Entrants

Companies with the potential to develop into the current market include both Apple fitness and further development of Soulcycle sports.

Apple offers a recognizable brand name and strong market positioning in terms of technology available. Following the previously established and cited trend of an increasing interest in both wearable technology and personalized training (Thompson, 2019). Apple could have very good reason to rationally enter this market, it fits along nicely and at a similar ticket to other products apple offers, as well as apple having the capital and knowing the right producers to get that type of product off the ground.

Soulcycle saw its business absolutely decimated in 2019-20, following the Covid-19 Pandemic, where beforehand they offered much of their services through classes and meeting spots, Covid left them unable to do so and as a result in a vulnerable position as a company. Soulcycle does still offer its bikes electronically, and now functions in much the same capacity as Peloton, as a supplier instead of a service provider. They still have much of the same connections and ability to construct and market these bikes, their main advantage over Peloton being once again, their price point.

Product Positioning and Competitive Advantage

Peloton does offer several main advantages that the other bikes in the section do not have, convenience of delivery, ease, and branding. By offering a unique, curated experience in an attractive package, and being really the first brand to pioneer the redesign of a stationary bike, Peloton has been able to make a name for themselves with high functioning equipment, quality materials, and return on brand promises.

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Market Segmentation

The three most attractive segments of the market for Peloton and the Bike+ include individuals with health centric lifestyles, individuals with little time commitment, and individuals with a considerable amount of disposable income. (See chart 2)

Consumer Profile

Meet the Jones' (See Picture 1). Jack and Jill Jones are in their mid-30s, married with one child living in Chicago, Illinois. Jack is the franchise operator of a local supermarket, and Jill operates daily functions in a marketing firm. Despite being focused on work, they both go off their own schedule and are able to live their lives to the fullest. They found this impacted by the pandemic and had no urge to slow down their physical activity. They are still able to workout along side their friends, virtually, whilst safely abiding the laws, and appreciate Peloton all the more for it. While before the pandemic they might enjoy a bike ride or walk, the comfort of their home is a well earned luxury, and the Peloton fits in nicely to their daily routine.

Demographics

The demographic segment this plan targets is both single and married, college-educated adults, aged from 25-45, earning over between 80,000 to 120,000 USD annually.

Geographics

Peloton offers a fairly recognizable name and commands recognition, but the scope of the production and transport behind a 110lb bike can be difficult, so this combined with our demographic findings places our targetable consumers near to or in a larger metropolitan area, however Peloton can be ordered and shipped internationally.

Psychographics and Behavior

The ideal consumer for a Peloton Bike+ is health centric, appreciates quality, values fitness, and

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has an active lifestyle with enough time on their hands.

Market Size

The target market size is roughly 3.29 million consumers. This number was calculated from the following information using CDC and Census data

- The population of the United States
- The proportion of upper class adults in the US
- And lastly the proportion of US adults interested in fitness

SWOT Analysis

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Peloton has a great many areas of opportunity, specifically, brand partnerships and the expansion of the at-home fitness market.

Lastly, one of the largest threats to Peloton is the fragility of this market, at home activity is very situational, and we may find a significant pull back once normalcy returns.

The rest of the SWOT analysis is available as Chart 1 below.

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Appendix



Chart 1



Chart 2



Picture 1

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