



PELOTON

Peloton

OUR MISSION

Peloton uses technology and design to connect the world through fitness, empowering people to be the best version of themselves anywhere, anytime.

- Peloton is a technology-driven fitness equipment and media company that provides premium at-home fitness experiences, including connected fitness equipment, apparel, and digital classes.
- The company was founded in 2012 and is headquartered in New York City.
- Peloton's defining product is a stationary bike with a large touch screen that streams live and recorded fitness classes to the user's house.
- Peloton offers a digital membership that provides access to its entire library of live and on-demand classes, personalized workout recommendations, and social features.
- Peloton has established itself as a leader in the connected fitness industry and has achieved success in creating a strong brand image through its marketing efforts and collaborations, in addition to its product offerings.



Products / Services



Peloton SWOT Analysis

Strengths

- First movers advantage
- Brand recognition
- Celebrity trainers
- Strong loyal customer base
- Large social presence
- Luxury fitness service
- A- list celebrity partnerships (Beyonce)
- Large catalogue of on demand workouts

Weaknesses

- Selective equipment
- Competitive market
- Outsourcing of products and services with 3rd parties
- Limited international presence
- Premium price of products
- Sensitive to change in customer workout preferences

Opportunities

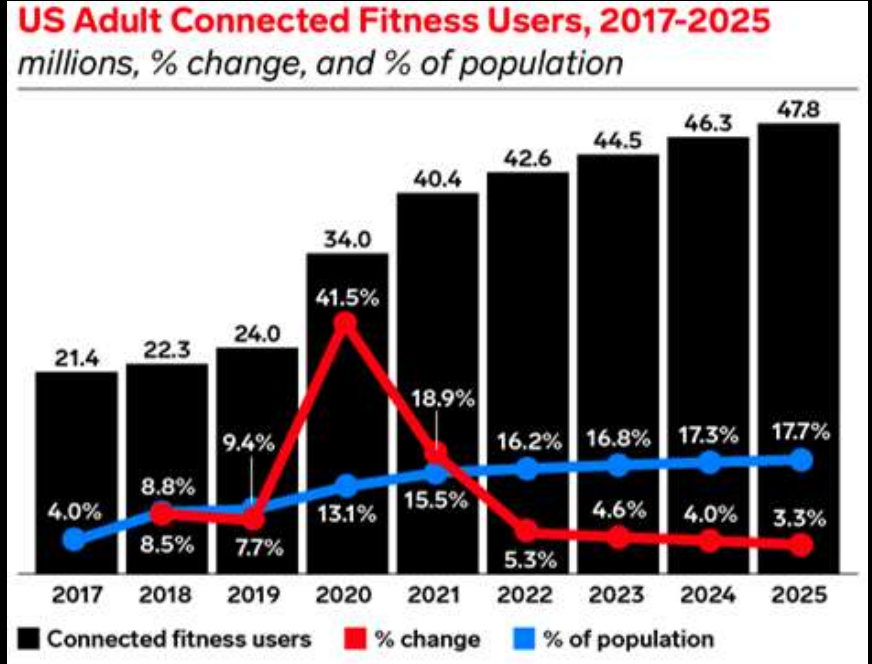
- Geographic expansion
- Strategic Partnerships
- More product range and diversification

Threats

- Financial instability
- High Competition
- Adherence to regulatory policies
- Patent issues
- Lawsuits and negative advertisements
- Drop in demand
- Limited barrier to entry

Connected Fitness Industry

- \$15 Billion Market Cap
- Highly competitive
- Cardio and strength based
- Largest Markets
 - North America (35%)
 - Japan
 - China
 - UK
 - France
- Key Market Drivers
 - Rising health concerns
 - Growing tech advancements
 - Wearables



Competitors

	Subscription Price	Price To Purchase	On Demand Fitness Classes	Community Focus	Authentic Content	App on Phone	Connection to wearable devices
Peloton	\$44/mo	\$2,495	✓	✓	✓	✓	✓
NordicTrack	\$39/mo	\$1,999	✓		✓	✓	✓
Echelon	\$40/mo	\$2,300	✓	✓	✓	✓	✓
Soulcycle	\$40/mo	\$2,500	✓		✓	✓	✓
MYX Fitness	\$34/mo	\$1,599	✓		✓	✓	✓
Proform Studio	\$39/mo	\$1,403	✓		✓		✓
Stryde	\$30/mo	\$1,895	✓		✓	✓	✓

- Saturated Market
- Identical Products / Offerings
- Minimal differentiation

Post Pandemic Usage Declines

1. Peloton experienced a significant increase in revenue during the COVID-19 pandemic due to their first-mover advantage in the Connected Fitness industry, with sales increasing by 172%, monthly workouts doubling, and over a million new users purchasing subscriptions.
2. Despite its initial success, Peloton's stock value plummeted to \$12.75 in February 2023, a 56.03% decrease from its IPO of \$29 in 2019, due to supply chain hiccups, excessive inventory, dropping demand, error in planning while assuming market trends would last long after the pandemic, competition, expensive recalls, and negative press.
3. Peloton invested \$400 million in a factory to cut costs and bring manufacturing in-house, but with the lifting of COVID-19 restrictions, revenues dramatically dropped due to an increase in outdoor activities and customer attrition.
4. To cut costs and revive Peloton from its drowning debt, the company underwent managerial restructuring with a new focus on software offerings that brought in profits, leading to more profitability from their subscription sales compared to physical product sales.
5. The challenge now for Peloton is how to restore, maintain, and grow peak pandemic demand amongst their users, and address its challenge of buyer resistance and financial fragility.



Reasons for Attrition

1. Peloton's cult-like following during the pandemic resulted in many users becoming obsessed with Peloton's spin classes. However, many of these users soon got burnt out from the same workout routine, and as a result, Peloton adopters have begun to pursue other physical activities like yoga, meditation, strength training, etc.
1. As gyms reopen, there has been a waning interest in at-home fitness equipment, with reduced demand attributed to an increase in the need for class variety, being around other people and socializing, separation of work and play, and feeling the need to catch up for social events missed during the pandemic.
1. Peloton users miss the physical presence of others and are looking for a safe space to exercise, free of distractions, amongst a community of people that hold them accountable.

Recent Rebranding Efforts

Motivation That Moves You: Peloton unveils new brand positioning, new campaign, and first-ever tagline



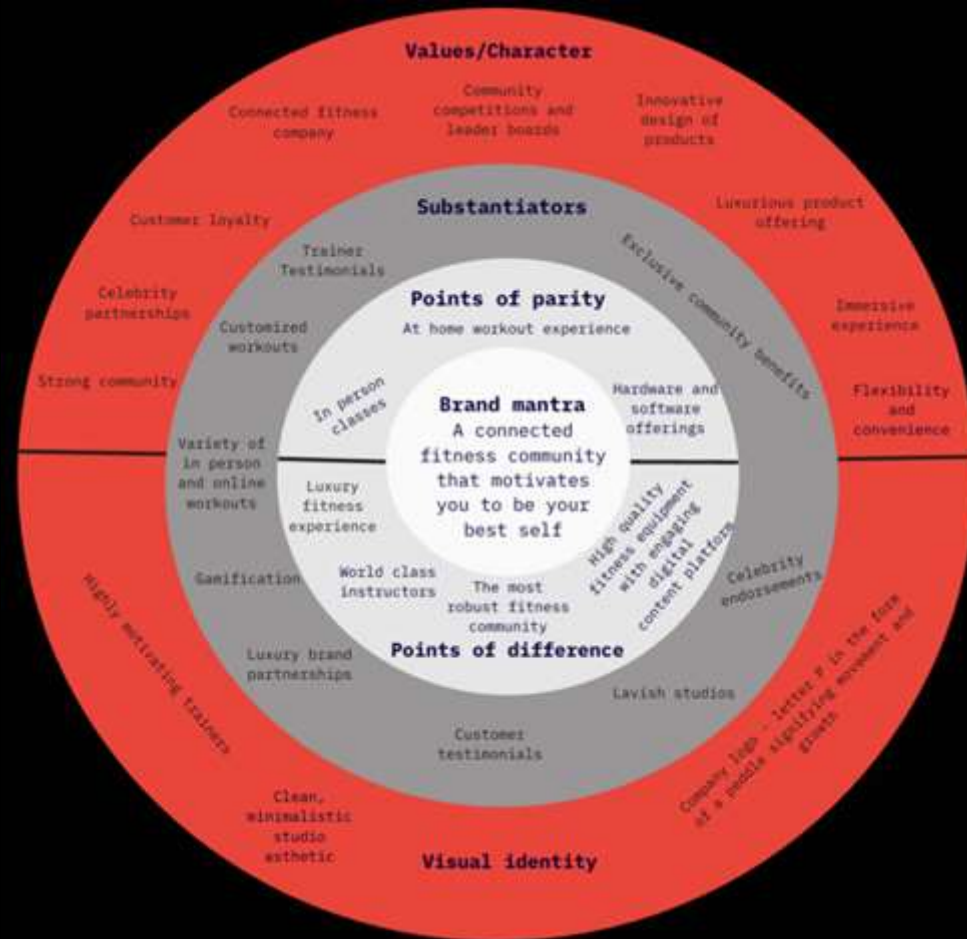
Proposed Rebranding

Specific positioning

Connected fitness community that motivates you to be your best self.

Type of position

Niche, and Horizontal



Differentiators



Luxury / Exclusivity



Gamification + New Experiences



Community + In Person Experiences

Luxury Fitness Club

- Temple of well-being
- State of the art Peloton studios (member only access by retinol scan)
- World Class Trainers
- Exclusive Partnerships
- Exposure to unreleased products
- Networking, conferences, education, and other studio events

Customer Segment

Demographic - Trainer, parents, professional athlete.

Geographic - Urban population.

Firmography - Wellness clubs, Hotels, Universities, and Corporate Offices.

Psychographic - Fashion enthusiasts, Immersive exercise experts, and Fitness enthusiasts.

Peloton Community

- Studio + On Demand Classes
- Motivation
- Accountability
- Group Competition
- Psychological Safety
- Individuals with similar goals



Gamification

- Exclusive Tour de France content
- Ride with celebrities
- Competition + leaderboards
- Wearable tech partnerships
- New product / pre-release
- Increased class variety



PELOTON X BEYONCÉ

Targeted Customer Segments and Value Proposition

Fitness Enthusiasts

For extrinsically motivated Fitness Enthusiasts that value convenience, Peloton provides a robust community of users and world-class trainers that will engage you holding you accountable during your fitness journey.



Working Parents

Working parents with inconsistent schedules that revolve around their children and value exercise but can't make traditional class times, Peloton offers a large catalog of on-demand classes that vary in time and intensity for convenient and flexible workouts.



Fitness Boutique Users

For our loyal premium customers, our high-end facilities provide you with a luxurious fitness experience tailored to your expectations with top-notch trainers and exclusive member benefits.



Product

- Stationary Bikes
- Treadmills
- Accessories
- On-demand classes
- Immersive Experience
- Fitness community

Promotion

- Digital Marketing (Amazon, Social Media)
- Celebrity Influencers
- Marketing campaigns
- Word of mouth

Price

- Premium Pricing for equipments
- Monthly Subscription

Place

- Websites
- Retail Showroom
- At partner stores (Lululemon)

Success Metrics

Non - Financial Metrics

- Net Promoter Score
- Customer Engagement
- Customer Experience
- **Member retention**
- **Fun & Behavioral**

Financial Metrics

- Revenue per member
- Revenue per session
- **Return over investment**
- Additional service revenue per customer
- Conversion rate
- **Market share** (for subscriptions)

KEY TAKEAWAY: Financial and Non-Financial metrics are both important to the success of peloton.

Risks Involved

- Resistance to Adoption of Peloton
- Failed Partnerships
- Risk of injury with new Product releases
- Current inflation in the economy
- Dislike in the gamification features
- Unexpected product recalls

Conclusion

- Investment in rebranding that address user needs and grievances
- Build Peloton Studios
- Expand the Peloton community
- Increase class variety and gamify exercise
- Financial stability
- Make fitness fun and motivating
- Maintain Peloton as the leading luxury fitness equipment brand

Thank You

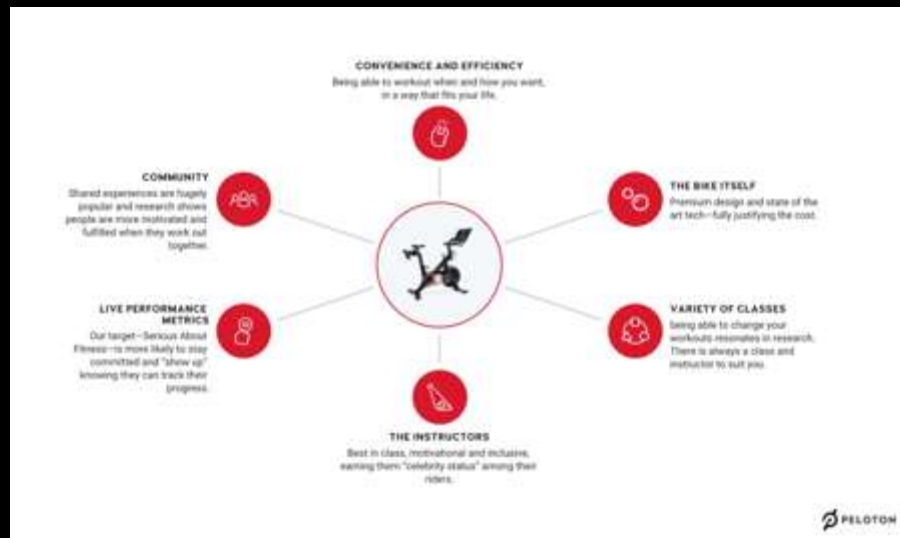
Appendix

Hierarchy of effects

Steps	Influences	Influencers	Decision maker	Importance
Awareness	Partnerships Events Commercials Social media campaigns Word of mouth Gym partnerships Trainer interviews Blog/Magazine articles	Fitness enthusiast Trainers Customers Partners	Partners Customers C-suite execs	Building credibility and re-establishing brand trust
Knowledge	Customer reviews Celebrity testimonials Blog/Magazine articles Success stories Discounted non-member trials	Trainers Fitness enthusiasts Partnerships Fashion influencers Celebrities	Trainers Fitness enthusiasts C-suite execs	Building the brand as a luxurious fitness experience

Liking	Luxurious fitness experience Brand partnerships Community Experience Gamification and user engagement	Customers Trainers Celebrity endorsements Partners	Customers Trainers	Generate buy-in through the belief in investing in Peloton to motivate one to be their best selves.
Preference	Highly engaging and active community Elite club-like status Variety of classes and product offerings Strong customer support	Trainers Celebrity Partners Community members	Customers Trainers	Generate buy-in through the belief in investing in Peloton to motivate one to be their best selves.
Conviction	Discounted non-member trials Product lock-in Motivating community Strong customer support	Customer Trainers Partnerships Community members	Customer Trainers	Establish credibility and provide product confidence
Purchase	Seamless purchase experience Post sales support Pre-order choices In-home machine assembly by delivery technician	Trainers Partnerships Community members	Customer Trainers	Generate brand equity and customer loyalty

Product Offerings



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Political	Economic	Social	Technological	Environmental	Legal
Highly regulated industry	Sensitive to consumer spending patterns and income changes	Peloton targets consumers who value effectiveness of home based fitness solutions	Heavily dependent on technology, including hardware, software, and digital content	Climate change and outdoor activities	Litigation risks
Consumer safety, data safety, data privacy and product changes	Economic recession	Changes in consumer preferences for fitness solutions.	Increased performance and health data demand	Peloton supply chain is subject to environmental regulations and sustainability concerns	Copyright and patent laws
Changes in government policies and regulations	Reopening of gyms with reduction of consumer spending	Role of physical and virtual communities	Rapid growth in capabilities of wearables	Remote and on site work durations	Health data ownership and governance

Differentiators

Luxury / Exclusivity	Community (physically & digitally)	Enhanced experience combined with improved gamification
<ul style="list-style-type: none"> - Limited edition Peloton apparel partnerships (ex: Peloton-Lululemon apparel only available to Peloton members) - Access to networking, conferences, education, and other studio events - Studio entrance only accessible to members - Top of the line facilities and world class trainers - Exposure to unreleased products and opportunities to experience to preview and review before launch (ex: beta testing) - Pre Launch product deals - In-house machine assembly by delivery technician 	<ul style="list-style-type: none"> - Peloton Studios only accessible to members - Accountability upheld by trainers and Peloton members - Group competitions that promote excitement, teamwork, and connectedness - Motivation that moves you - Psychological safety - Community of individuals with similar priorities and interest - Ability to bring non-members for a fixed fee 	<ul style="list-style-type: none"> - Custom Peloton wearable technology partnerships with well-known providers offer metric tracking and promote competition (ex: Apple, Whoop, Garmon, Logitech) - Peloton-only exclusive experiences: virtual Tour de France rides, celebrity drop-ins, etc. - Leaderboard and reward systems - Best fitness technology and tracking - Competition based workouts and game like experiences that make fitness fun - Flexible workouts (largest multidisciplinary library including 15+ live classes per day)

New Top Tier Subscription Model



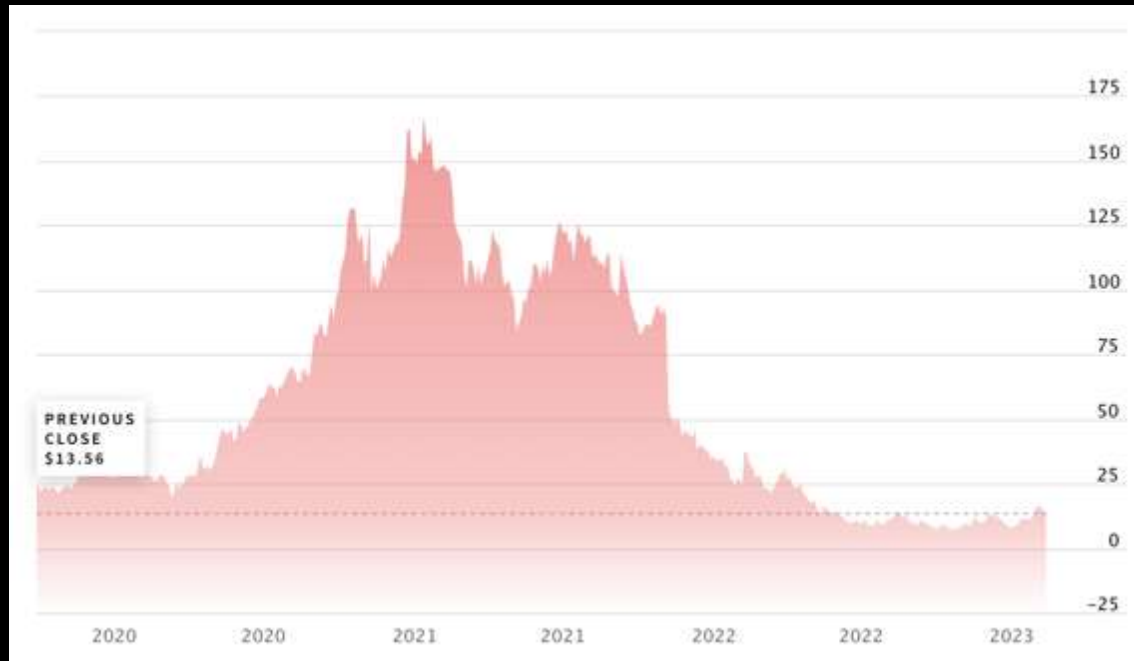
Studio + MEMBERSHIP

\$144/mo

Access to all Peloton devices,
content, and studios

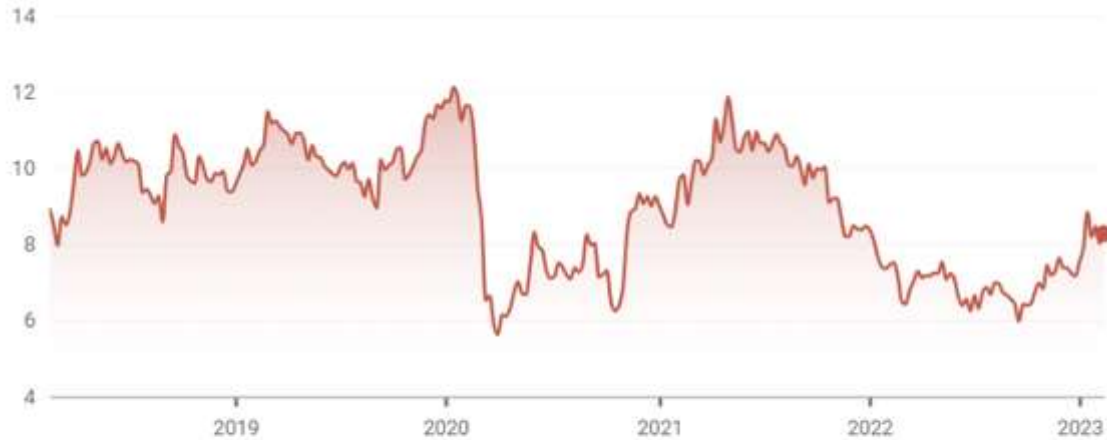
- Access to all devices, content and studios
- Opportunity to bring nonmember for fee
- In person classes (booked in advance)
- Access to events, education, etc in studio
- Ability to compete on platform
- Studio amenities

Peloton Stock



Peloton Stock price chart

Competitor Stock - Technogym



Technogym Stock price chart

Competitor Stock - Nautilus

