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Executive summary:

Our team's marketing objective for this campaign is to focus on increasing bike sales in the near future. As of the past year, Peloton's sales have dramatically dropped and our main goal, as a team, is to increase sales of their bikes by partnering with Disney. Disney (Marvel, ESPN) spans the entire world and has such a huge base of customers, for this campaign we are mainly focusing on what some might call "Disney adults". "Disney adults" are typically the older generation of millennials that are avid fans of anything and everything Disney. This group typically does not have kids, so they are able to afford annual passes and are willing to drop a large amount of money on products that correlate with Disney in any way shape or form. Our team is focused on modifying/enhancing the Peloton bike experience, as well as providing an entirely new experience. For our idea, we are introducing two new experiences and bringing back a widely received experience from the previous 2021 collaboration. Our new experiences will bring the world of Disney right into the user's home, giving users the ability to ride through the Disney parks (Disneyland and Walt Disney World) as well as their favorite films. As for a returning experience, it will be Disney-inspired live classes, playing upbeat (EDM) versions of beloved songs, themed backgrounds, and instructors dressing up in Disney attire as well. The latter has already been proven successful and can be built on. The target demographic falls into the same group of each niche and will provide choices as well as enhance the experience.

When considering Peloton and its demographics, we can see that the age for customers or consumers of Peloton primarily ranges from 25 to 44. However, we are focusing on those who fall into the age range of 27 to 41 due to the fact that our target market for both companies is millennials. In addition, this target market can also be expanded to those who are considered to be in the busy working-class category who might not be able to go to the gym due to work or family responsibilities/obligations. However, Peloton does offer products and services that are user-friendly for everyone. These products range from treadmills, bikes, clothing and accessories, and apps/subscriptions. With this variety of products and services, Peloton strives towards a goal where users or consumers can become the best version of themselves through empowerment and collaborative workout/fitness classes. These workouts are also considered a competitive advantage seeing that Peloton is platformed to offer live and recorded workout sessions, so users are able to workout at any time of the day, most in users' respective niches.

Our creative platform is the commitment to making our workouts whimsical, magical, and inspiring. Teaming with Disney, we think our already inspirational classes and equipment fit perfectly with the core synergy that Disney's ventures already exude. The whimsy is a new addition to the plate, already brushing the surface with our current themed classes, this partnership will break the boundaries of workout classes. Engagement-wise, being able to bike through the parks, favorite movies, or along to curated soundtracks evokes emotion in the minds,

and hearts, of the target group. This exclusive opportunity evokes a longing to join fans who cannot go to the parks frequently or want to step into the screen. Credibility-wise, Disney openly spoke recently about wanting to acquire Peloton, so there is no doubt Peloton can pull it off. Distinctly, a workout class to this caliber has never been attempted, with comparisons to screens showing beaches or forests. This VR-style experience has been widely requested (through market research on numerous sources such as Reddit) and would undoubtedly be highly coveted. This experience can be shared with friends, seeing that Peloton does have that feature, and could even become a competition to get to the castle faster. In terms of expansion, Peloton could become a pioneer in workout classes, and a Disney acquisition could be down the road. In 2021, there was a highly successful, but limited, Disney collaboration so this idea in general is an expansion of the last.

An ex-president of Barnes Noble, who was a fitness boutique freak, saw a problem that needed solving. In 2012, John Foley (founder and ex-CEO of Peloton) wanted to create a high-quality studio fitness experience at home. Foley used to work at a company called IAC with his co-workers Hisao Kushi, Tome Cortese, and Graham Stanton, who later became co-founders of his company. They wanted to tackle the problem of not having the time to go to the gym or a boutique fitness class. They had a family to look after and a job that gave them a limited amount of free time. They wanted to create a platform where they could take the same high-energy fitness classes with world-class instructors at the studios, at their home's convenience. Foley sought to find the best bike manufacturers and the best monitor manufacturers and created the hardware, and software, and included content from world-class instructors to create a smart fitness bike. Today, Peloton is a company that caters to a variety of consumers that range from young millennials to busy working-class couples. Their variety of products implements different workout routines such as treadmills, weights, and bikes. These workouts can range from strength training, and running to cardio and cycling. Their flagship product, which is the Peloton Bike is a smart stationary bike with a built-in monitor that can record user metrics to assess performance, collaborate with a community of riders, and include a range of exercises from world-class fitness instructors paired with a curated playlist of high-energy music. Peloton's mission is to use innovation and technology to connect with its consumers and empower them to be the best version of themselves at their own convenience. The purpose of this marketing plan is to analyze the company's strengths and weaknesses, understand the consumer's wants and needs and analyze the marketing strategy that would help increase the sales of Peloton's bike.

Peloton's biggest strength is customer loyalty due to the community of riders that it has built over the past years. The instructor-led classes have engaged users by interacting with them and motivating them every step of the way. By also interacting with other Peloton riders virtually, the company has created a brand culture that relies on the fitness instructors as they have broken down the wall to make the consumer feel like they are in an in-person fitness studio and to create that experience virtually is no easy task. The number of users is over 2.3 million and the retention rate is 92%, which means that when a customer buys the subscription they are more likely to keep engaging with the app and content. Their products are also high quality and their monitors and screen size are attractive features to potential consumers. The product's high quality also brings about a high price point, which is a weakness for the company. A standard Peloton bike starts at roughly \$2,000 which is the upfront cost. The monthly subscription for their app service can start at \$39 per month which is why first-time consumers may consider this

product to be in an exclusive market. Along with a high price point, Peloton has also faced backlash for displaying sexist advertisements and portraying the product as being faulty and dangerous in two different TV shows. The opportunities for Peloton would be global expansion, diversifying their product line, and adding more features to their existing content. By creating a diverse product line, it can stand out as not only a smart fitness company but as an innovative and technologically advanced brand. Peloton can also capitalize on targeting customers that are avid fans of pop culture and participate in themed fitness marathons and events. What is interesting is that there is a massive pop-culture event that generally occurs on weekends throughout the year. This event, more commonly known as “runDisney” is a magical Disney themed fitness experience where fans, young or old, can participate in a variety of different marathons (Complete, 2022). For those who are unable to be in-person, Disney also offers these users with a virtual platform where they can also participate. However, for users who can attend this event, these marathons are often offered in Disney themed parks where participants can run throughout the park while meeting their favorite, and beloved, Disney characters and see their favorite attractions. By targeting avid Disney fans, and possibly fitness conscious, Peloton will have the greatest of opportunity to include this experience onto the Peloton’s monitor to make these workouts more memorable, magical, and exciting for Disney fans everywhere. The company should also be aware of the threats from competitors such as SoulCycle which are creating similar bikes and making them more affordable for the average consumer. The post-pandemic landscape can also make or break the company as people are more inclined to be working out in a social group after being locked down for so long, but with the current wave of diseases, they might still want to continue at-home fitness for safety. Peloton can use this opportunity to pivot and cater to a new type of product feature that can make at-home fitness more appealing to consumers. By sticking to the same products and features, the company may risk losing the advantage to its competitors that have already priced a similar product to be more affordable.

Peloton has developed a niche audience that can afford the bike at a premium price. The consumer who is willing to make a big purchase has to often think about the benefits of buying the bike and if it is actually saving money. Fitness class or cycling class fanatics are capable of spending more money on in-person classes for a year that goes over \$2,000, which is the price of the bike. So indirectly the target audience is saving money and getting a machine that hosts the same, if not more, features than they would get in an in-person class while still paying a lesser aggregate cost. The consumers that Peloton is looking for are the same consumers that will buy a premium product due to the product being useful for a long time rather than a short-term purchase. They want to get invested in the classes, and fitness routines and be a part of the community that has been built around the brand. There are more than 48 live classes per day (Smith, 2022) and host a library of over 2 million songs (Revenue, 2022). The age demographic for the brand is between 35-65, with 35-year-olds being the fastest growing segment for the company (Thegrainedin). This product is specifically for people that have a stable income (preferably between \$75,000 - \$150,000), live in spacious homes, have children and value their health and fitness but are not able to prioritize it due to time restrictions. This consumer wants to use the product to get a quick workout and has the space at home to add a luxurious product that complements their high-quality lifestyle. This consumer can often schedule in advance and create time to work out.

Although a consumer might purchase a Peloton due to its sleek design and functionality, there is also a giant possibility in consumers are purchasing Peloton due to their massive library of songs, playlists, and workouts that tend to reference many pop-culture icons such as Lizzo, Beyonce, Dua Lipa, and many others. These forms of collaborations have increased the interest of many customers to participate in numerous themed classes that showcase their favorite artist, music genre, or celebrity. Peloton aims to give its customers an out-of-home experience by integrating pop culture into their workouts, which has been one of its strongest features that attract consumers. As such, we found that this helps differentiate Peloton from other competitors since the majority of today's in-home exercise equipment are unable to develop a product or experience that we are able to find Peloton having and priding over .

As inflation continues to rise, many people are finding themselves having less and less disposable income. Consumers in this economy will want to save money and stop the purchases of non-essential items. Peloton falls into this category as the product is not seen as a necessity but as something that can be bought if the consumer has sufficient disposable income and prices of primary commodities remain low. In this economy, Peloton may see that its price point may have an impact on the spending habits of potential consumers. As the world progresses out of COVID, outdoor spaces and fitness studios are re-opening which can pose an external threat to the company as many people may want to go back to their social life and prefer an in-person class after being cooped up in their homes for 2+ years. Due to the pandemic causing manufacturing issues and delays, the materials needed to build the bike may have been harder to acquire and could also cause shipping delays, which impacts the selling ability of Peloton for their D2C business model. Peloton currently manufactures its bike and tread machines in Taiwan, which is currently facing war threats from China. If there is conflict in the country, this can affect the manufacturing of Peloton bikes and the company might have to pivot again to find a new manufacturer.

Peloton currently partners with 3 main technology companies that are MySQL, Oracle, and Tableau Software. Peloton collects user data frequently and with the help of database management systems (MySQL) and data analysis systems such as Oracle and Tableau, they can interpret and analyze their consumer data to get a better understanding of how they can improve and highlight the areas of improvement (Partnerbase). They have also partnered with other companies that are considered channel partners are Vertex Inc., Anaplan, Domo Inc., Netlify, MaestroQA, Gem, and Strava. Along with this, Peloton has started their corporate wellness program which gives a discount on bulk purchases of their bikes and equipment to major companies such as Samsung, Wayfair, Accenture, and a U.K based company known as Sky. This is a major incentive for employees as they are treated with high-quality workout equipment and Peloton is able to maintain its brand image by collaborating with companies around the world (Sokolik, 2022). Currently, they have partnered with 15+ companies for their wellness program. The company has also strengthened its ties with Spotify as they include new features such as shared play-listing, curated playlists by Peloton instructors, and an interactive quiz that is called "Find your Instructor" (Olson ,2021). The primary manufacturing company for Peloton's bike and tread machines is REXXON, which is outsourced in Taiwan (O'Kane, 2022). Peloton has also announced a partnership with the Deutscher Fußball-Bund (Germany national football team) or DFB, for short, which is a German soccer academy and this partnership utilizes the DFB brand by creating themed workouts and gives the users an experience of virtually "train" with the

academy (DFB Academy). Branded partnerships are beneficial to Peloton as they give current users an added benefit of interacting with the community and also help reach new market segments. Peloton has also announced a partnership with Disney that is set to take off in August 2022 (Patty, 2021). This partnership will allow users to access the Disney hits playlist via Spotify and would include the songs in the workouts. This is consistent with the pop-culture music that they aim to include in their other playlists, as Disney hosts a massive library of hits that resonate with millennials and older generations as well. Many in-house instructors such as Cody Rigsby and Robin Arzon are including a Disney-themed playlist in their workout session.

There are two types of direct competitors of Peloton and they can be categorized as stationary bikes that have a built-in monitor and those that have a tablet holder. The products that have a built-in monitor are the NordicTrack commercial studio cycle, Stryde bike, SoulCycle at-home bike, NordicTrack and Echelon. These bikes have a built-in monitor that can stream on-demand fitness classes and are priced below the starting price of a Peloton bike. Then there are the bikes that require a separate tablet to be mounted onto them which are Schwinn Fitness IC3, Yasuda indoor cycling bike, Pro-Form Carbon CX, and the Bowflex C6 bike (Lehmann, 2022). These companies come with features such as heart rate monitoring and access to their own fitness memberships via their apps. The benefit of these types of bikes is that they do not come with a tablet, so the up-front cost can be very cheap and can also be seen as a “trial product” for consumers that are not sure if they will fully utilize a Peloton if they bought it. Other direct competitors in the space are products such as MIRROR and Tonal that are priced at a premium but offer a different machine than a stationary bike that encourages full body workouts. These products are similar in price to a standard Peloton bike, but consumers may be inclined towards a full body workout at home which may edge them towards buying these products. Indirect competitors for Peloton are outdoor and indoor gyms, fitness boutique studios, and at-home fitness apps that market a ‘no equipment needed’ workout. With many gyms and fitness studios reopening, consumers may find that interacting with other people is worth the money which would mean that the concept of working out at home may not be as attractive as it was during the pandemic.

Finally, it is also worth diving into the idea of Disney acquiring Peloton. In the past, Disney has been seen expressing interest in the purchase of this big name company. This was especially more prevalent when COVID-19 was at its peak. As seen, the demand for Peloton’s product was at an all time high seeing that consumers were finding any alternatives to exercise and stay active. As COVID starts to dwindle down and consumers are going back to the gyms or fitness studios/centers, we are noticing that product sales are heavily decreasing. Moreover, Peloton has previously also cut down on product production and their workforce due to the lack of profit. If Disney were to acquire Peloton, then it would work perfectly with Peloton as we are trying to create a partnership with them where users are able to go on whimsical adventures, stay fit/active, and attend themed classes related to Disney,

Peloton Interactive, Inc. has a specific target audience they market their products and services to. Brian Dean, the author of the website “BackLinko,” expressed that 66% of Peloton bike users in the United States are between the ages of 25 to 44 years old. However, to be more specific, 37% of the users are from the age of 35 to 44 years old (Andreasays: et al.). On the website, “No Good” authors Stephanie Farrell and Ayushi Gupta stated that Peloton uses

customer data such as demographics, geographical location, etc. to effectively target their users and new consumers. With the information on customer data provided by Peloton, the average household income of a consumer averages/or is under \$75,000 (Hein).

In an interview with a Peloton branch manager, it was found that most consumers are attracted to the monitor screen of the Peloton which is where they host fitness classes from celebrity instructors and include curated music playlists to enhance the experience. The marketing plan is a collaboration with Disney, and the companies under the Disney umbrella, to create virtual themed classes with the help of the company's current instructors, as well as integrating a bike ride through the parks/movies. Teaming with Disney, we think our already inspirational classes and equipment will fit perfectly with the core synergy that Disney's ventures already exude. Engagement-wise, being able to bike through the parks, favorite movies, or along to curated soundtracks evokes emotion in the minds, and hearts, of the target group. This exclusive opportunity evokes a longing to join fans who cannot go to the parks frequently or want to step into the screen. Credibility-wise, Disney openly spoke recently about wanting to acquire Peloton, so there is no doubt Peloton can pull it off. Distinctly, a workout class to this caliber has never been attempted, with comparisons to screens showing beaches or forests, but this partnership will break the boundaries of workout classes. In a survey sent out to our target demographic, 75% of participants surveyed would purchase a Peloton bike if there was a feature to bike through Disney parks. This VR-style experience has been widely requested (market research on Reddit/survey) and would undoubtedly be highly coveted. In terms of expansion, Peloton could become a pioneer in workout classes, and a Disney acquisition could be down the road. In 2021, there was a highly successful, but limited, Disney collaboration so this idea in general is an expansion of the last.

When considering the partnership deal with Disney, this deal would include a licensing agreement in which we are able to license and utilize popular theme songs, certain characters, images/videos, the company is targeting adult Disney fans that are aged between 27 to 41 with an income between the range of \$50,000 to \$75,000. The target consumer would likely be an adult with no kids, and this type of consumer has increased dramatically due to the addition of Disney+. According to an article written by Michael Tedder on TheStreet, Disney found that half of its viewers for their streaming service platform are adults with no kids (Tedder, 2022). Most consumers also seem to be very engaged with the content as they have a 78% retention rate, which is close to other streaming services such as Netflix and Hulu (Disney+, 2021). Disney themselves is trying to attract this specific target segment, as stated by the CEO reported in the article, and has contributed significantly to the revenue made on streaming services. By pairing with Peloton, Disney can target these segments through this partnership as 37% of Peloton users are aged between 35-44, according to the SmallBusinessBlog (Peloton, 2021). The pricing of the bike will remain the same and this added feature (product) will incentivize the target consumers (that are avid fans of Disney's content) to buy the bike and its subscription at no extra cost for the consumer. This exclusive opportunity evokes a longing to join fans who cannot go to the parks frequently or want to step into the screen. The place where consumers will be able to buy this product remains the same which is in stores of Peloton nationwide, through their official website, and other online distributors such as Walmart. Usage-wise, Pelotons are already featured in multiple Disney resorts, so that extension will bring in customers who were able to try out the device while on vacation and want to bring the magic home with them. The distribution channels

will henceforth remain the same since this partnership is an added feature and not a separate product. Users will not be able to participate in the rides through the parks or films by just subscribing to the Peloton app, due to the product being exclusive, these experiences are only available on the bike's tablet. The themed rides will be streaming on the application, though. This feature will be showcased through TV advertisements, and social media marketing on all platforms and on Disney-owned streaming services such as ESPN+, Disney+, and Hulu. Along with marketing on these channels, Peloton will also display this feature in their brick-and-mortar stores nationwide, which would incentivize the walk-in customers to purchase the bikes. The Peloton website will also include videos of the experiences that the themed classes will bring. Through these channels, the company will be able to market this feature as a benefit to buying the bike. The promotion tactics used will be to campaign this feature with the slogan "The Happiest Ride on Earth" and will include videos of people experiencing the whimsical-themed classes as well as showcasing the product features such as their fitness instructors, sleek design of the bike, and the collaborative community. The advertising message would be kept in synergy, as the Disney logo mixed with the Peloton brand would be a constant theme throughout any advertisement and would reinforce the collaboration with the company, along with a constant message of experiencing "The Happiest Ride on Earth".

In conclusion, our campaign for "The Happiest Ride on Earth" will generate more revenue for the Peloton bike and attract the target audience to make a purchase immediately to tune into the new idea of Disney features. Since the virtual bike through movies/the parks is exclusive to only the bikes, fans will be more inclined to purchase for the feature. Due to our market research, we found that our target group would be more than happy to purchase the bike and are incentivized to do so because of the collaboration. Our marketing efforts (poster) also tie into the general perception with color schemes and all-around layouts as well as one of the biggest factors in marketing is tuning into the consumer's perception. Our brains receive external stimuli or sensory inputs which include lights, colors, sounds, smells, and textures on a number of channels. With our new Disney features, these inputs are received simultaneously. The target audience will bike ride along the Disney Park interacting with characters, hearing Disney songs, etc. which will trigger a memory (or memories) of physically being at Disneyland with their family and friends! The consumer will also experience the perception stage while attending the live or pre-recorded classes which already is a popular feature that distinguishes the Peloton bike from other competitors and ordinary stationary bikes. Being able to not only partake in an exclusive and immersive experience but also enter the Peloton lifestyle is what will draw our consumers in. The consumer can relive the extraordinary memories of the Disney experience in the convenience of their own home. This new, whimsical feature is a fraction of the cost in comparison to multiple Disney trips, but most importantly allows fans to live out their dreams and passions all in one place.

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