

FINAL MARKETING REPORT

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PELOTON

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PELOTON

PART ONE
INTRODUCTION



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

Peloton began in 2012, when a group of entrepreneurs who had a desire to stay fit, brought an idea to the market. Between the right technology, software, and hardware, the Peloton Bike was introduced to the market as the first at-home boutique fitness class. Consumers of the product could workout anytime, and by world class instructors, all in the comfort of their own home. Peloton’s mission then, and now, is to use cutting edge technology and design to bring fitness to their customers so they feel empowered through their workouts.

After their initial inception back in 2012, the bike was intended primarily for those who seek quality exercises, without wasting their time. With that being said, the primary target was young, healthy, above-average income, go-getters. Now, after the infamous bike has not only started a trend, but seen improvements itself, and the company developing brand expansion as seen through the Peloton Treadmill, we want to maximize their revenue. In order to do so, the proposed targets we aim to market towards are Individuals, Households, and Organizations. Within the three umbrella target markets, individuals can be broken down into the busy bee, athlete, or workout enthusiast; the household segment consists of three subgroups of young couples, young families, and empty nesters. Lastly, organizations are company office buildings, apartment buildings, and universities. We feel that these segments of the proposed target markets will capture higher profits, and spread brand awareness.

The goal of Peloton remains in tandem with their original mission statement, to bring technology and design to customers so they can feel connected and driven through fitness. The marketing strategy to keep that goal alive is to continue to promote the infamous at-home spin bike to current and new markets. In addition, the strategy spans into promoting new products in new markets, which seeks to keep Peloton at the top of the leaderboard for at-home fitness innovation.

PROPOSED TARGET(S)

Peloton's market reaches a wide variety of consumers, upon which include three major segments: Individuals, Households, and Organizations. Peloton products appeal to a variety of different people due to the accessibility of obtaining a workout machine in your own home, and the guaranteed quality of the technology used in their programs -- which can be used by multiple users. We think that Peloton would best achieve greater profits by pursuing a marketing program directed towards one of three target markets within each segment. To achieve a successful marketing campaign, the targets that will be pushed the Peloton bike are individual athletes, households with young couples, and the target that will be pushed the Peloton treadmill organizations such as Universities. According to our research, our TAM (Total Addressable Market) is 67 million households, of which 45 million are in the United States. Within our TAM, we estimate that 52 million households are interested in learning more about our Connected Fitness Products without seeing the price. We estimate that our SAM (Service Addressable Market) is 14 million Connected Fitness Products, with 12 million represented in the United States. The growing awareness of the benefits of exercise and physical activity is driving increasing participation and spend in fitness and wellness products with a growth rate of 5.4% yearly. This has translated into consistent year-over-year growth of the fitness industry both in the United States and globally over the past two decades, even during times of economic recession.

THE GOAL

In terms of the goals we set for Peloton, we recognized the demand and positive market trends for at-home exercise equipment. Due to the high demand, we want to reach 2 million Peloton users, including new and current consumers. We believe that with such a large market, it is tangible to achieve a goal of 35% growth in stock price by the end of the 2021 fiscal year. With a 35% increase in stock price, we calculated that projected revenues for 2021 could reach as high as \$1.9 to \$2.1 billion. What's important to understand about Peloton and our set goals, is that Peloton further expanded and innovated at-home exercising and inadvertently has the perfect market position to seek lofty goals as a leader in their industry. Peloton's primary growth strategy is to grow the member base through the sale of Connected Fitness Products while continuing to engage and retain our scaled and loyal community members. This can be achieved by growing brand awareness, continuously improving member experience, launching new products, investing in new platforms, and increasing profitability through fixed cost leverage. The expected levels of growth of the fitness industry alone are 8.7% annually. If it continues on this trajectory, then it should reach \$99.9bn in 2019 and \$106bn in 2020. We can assume that given the positive incremental growth of Peloton, achievable benchmarks to hit can be \$2.1 billion (2020), \$5.15 billion (2021), and \$13.4 billion (2022).



PART TWO
**SITUATIONAL
ANALYSIS**

DEMAND ANALYSIS

There are several factors that can influence the demand for a product, however regarding Peloton there are a few main factors that can increase/decrease demand. The factors include, income of the consumer market, changes in prices of the goods (tread, bike, app, membership, etc.), the amount of consumers in the market, consumer's expectations in regards to prices, needs, and motivations, and satisfying the need and understanding the motivation of the target market.

Demand proves to be consistent over time because of the recurring membership and product fees. Whether it is paying monthly for streaming the workouts at home or paying monthly fees for a membership at the NY studio. Additionally, according to the Pew Research Center, over the last few decades, there has been an increase in dual income families from 49% in 1970 to 66% in 2016. Therefore, with busy lifestyles, less free time, and changing household dynamics the demand for convenient fitness options is on the rise.

Market Size

Peloton is a global company, currently selling in the US, Canada, the UK, and Germany. While we would prefer every man, woman, and child to own their own Peloton product in these countries, that is an infeasible goal, so we need to narrow down our target market to those who would actually purchase a Peloton product. According to John Foley, the CEO of Peloton, Peloton's target age group is people aged 35-65 years old because they are the ones who have the money and desire to work out but lack the time to go to a gym. Based on that age range and the countries Peloton sells to, we have a pretty large target market of 182.54 million people, but that is ignoring the price factor. The median annual income is \$43,585 in the US, and \$40,594, \$31,617, and \$33,333 in the UK, Canada, and Germany respectively. Using these medians, we calculated roughly 40% of Americans and Englishmen, and 30% of Canadians and Germans have the disposable income to purchase a Peloton product. Applying those percentages to our population numbers, our final target market size is 67.58 million people.

Trends in the Market

Demand proves to be consistent over time because of the recurring membership and product fees. Whether it is paying monthly for streaming the workouts at home or paying monthly fees for a membership at the NY studio. Additionally, according to the Pew Research Center, over the last few decades, there has been an increase in dual income families from 49% in 1970 to 66% in 2016. Therefore, with busy lifestyles, less free time, and changing household dynamics are driving demand for convenient fitness options.

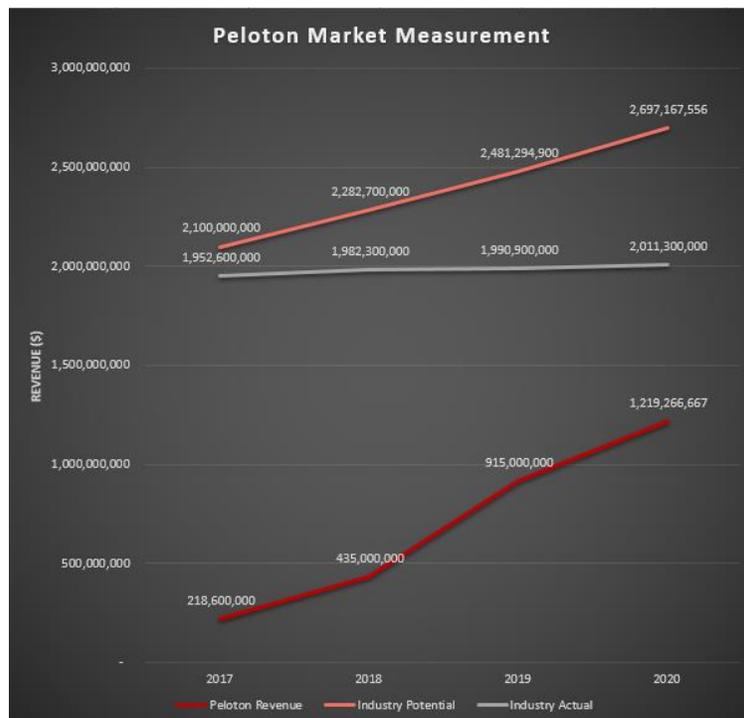
Factors Affecting Demand

There are several factors that can influence the demand for a product, however regarding Peloton there are a few main factors that can increase/decrease demand. The factors include, income of the consumer market, changes in prices of the goods (tread, bike, app, membership, etc.), the

amount of consumers in the market, consumer's expectations in regards to prices, needs, and motivations, and satisfying the need and understanding the motivation of the target market.

Types of Market Measurements

Peloton's product category is fitness and exercise equipment. With regards to demand within the fitness and exercise equipment industry there are both potential and actual industry sales that provide a better understanding of the market size and what variables would better serve as measuring scales. With regards to potential sales, measuring potential increase of exercise equipment within the next five years is pertinent, this would also include potential new equipment releases. Potential buyers would be determinant on potential. Actual sales will be represented by the sales or revenue of machines from Peloton. Supply data would be sourced from supply chain contributors of components of exercise equipment and manufacturers.



Use of Past Sales

With this data you could identify trends in sales and typical sales cycles. A simple moving average would allow you to make short-term forecasts of demand. To augment this analysis, you should identify the factors that influence the demand and attempt to determine if these factors will be increasing or decreasing in the future. Demand for a vacation resort, for example, may be influenced by the price of gasoline, pollution levels, weather, price, etc.

Peloton has seen dramatic growth in sales since 2017. After their first year as a public company, they recorded \$219 million in sales, and \$915 million in 2019. Factors that contribute to such growth are average household income, gym membership cost, the cost of spin classes and the rate in which

each class would become full, situations which require you to stay at home (pandemics), and the ease in which classes can be streamed from an instructor to your bike at home. As a company that sells a \$2,000 bike, it bodes well with them that the average national income has been increasing since 2014. In addition, gyms saw a decrease in the use of their memberships -- up to 80% (IHRSA Consumer Research). Lastly, Peloton developed a niche competitive edge by guaranteeing their ability to provide their consumer with a world class instructor every time they used the Peloton bike.

Use of Supply Data

In Peloton's 2019 S-1 filing to the United States Securities and Exchange Commission they state their "Connected Fitness Products are sourced from a limited number of third-party suppliers, and some of these components are provided by a single supplier. Our manufacturers generally purchase these components on our behalf, subject to certain approved supplier lists, and we do not have long-term arrangements with most of our component suppliers. We are therefore subject to the risk of shortages and long lead times in the supply of these components and the risk that our suppliers discontinue or modify components used in our Connected Fitness Products". In order to try and combat this, Business Insider stated in October of 2019 that Peloton bought out one of their largest Taiwanese manufacturing partners "Tonic Fitness Technology" in order to have greater control over their supply chain. This is important because it reduces the risk and allows Peloton to more closely match supply and demand.

Potential Buyers

Market potential can be estimated by determining the number of possible consuming or purchasing units and the consumption rate of each unit. For example, if the product/service is health care provided by a family practice center, population data (number of potential users) could be obtained from government sources and data on patients rate of visits (consumption rate) might be obtained from the U.S. Public Health Service. This information would allow a calculation of potential demand (visits per year). Later, when we identify different buyer types (segments) it will be necessary to consider the degree to which purchase rates vary. Finally, market potential may increase because the number of potential buyers or the rate of purchase may increase over time. Industry sales may increase because prices decrease, industry marketing efforts increase, environmental factors change, etc.

According to our calculations of the target market size, 67.58 million people across the US, the UK, Canada, and Germany is our market potential. If a Peloton Bike is sold to everyone in the potential market, we would sell 67.58 units and make \$135.61 billion. While this is a very large amount, it will only occur once because the potential buyers will only purchase a Peloton once or twice in their life. Hopefully the bike never breaks, and if it does, the family is unlikely to buy another for a while, therefore the consumption rate would be 1. However, Peloton products are not the only source of income due to our subscription service that charges \$35 a month. Peloton has had a slowly growing membership rate, with a 94% retention past 1 year. Therefore, with a fully realized market potential, Peloton has the potential to increase profits to \$2.23 billion with a consumption rate of 12 per year.

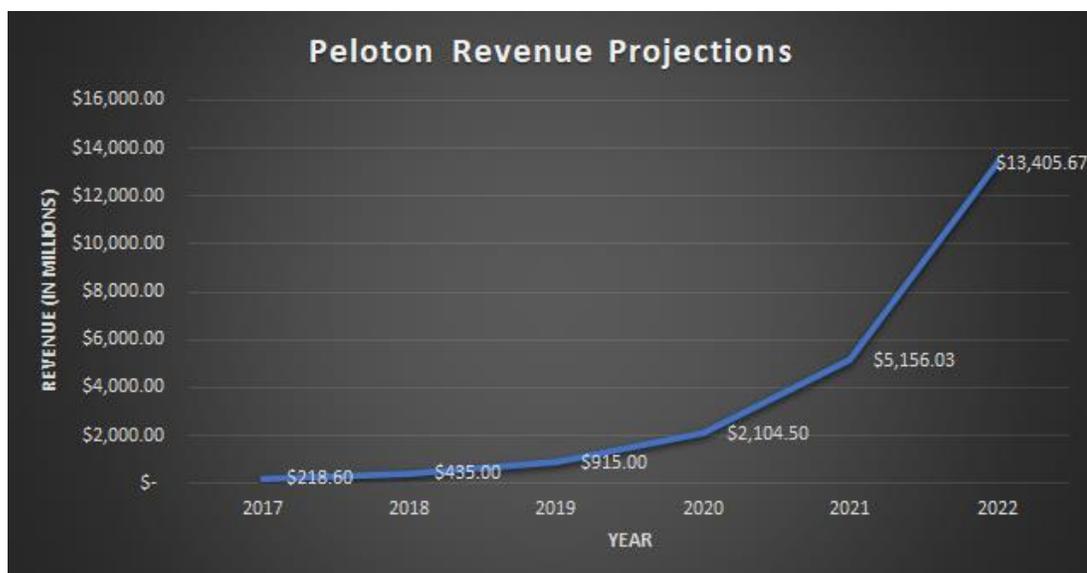
What to Measure

The fitness industry is a \$94-billion-dollar industry that is growing at a rate of 8.7% globally. There is hope that this industry will continue to grow; as it has in the past. It is predicted to grow to be a \$106-billion-dollar industry by 2020. Over 62.5 million Americans belong to at least one health club, have a membership, or are using an at home service within the fitness industry.

To narrow our target market, we would like to focus on boutique fitness studios. Peloton has more than doubled in size in the past year and will only continue to show company growth. With that being said, the main measurement of the target market would be those involved in the boutique fitness industry, but more specifically Peloton members. Peloton has more than 500,000 customers using the paid subscription service. Even with this information, it is important to note potential fluctuations, fads, and trends that could alter the statistics.

Projective Firm, Industry Sales, & Potential

This revenue projection relied on the financial statements provided by Peloton to the SEC, which ensured it to be a factual and trusted source and thus, data. Since Peloton's data only dates back to 2017, our projections were made with the three years' worth of data provided (2017, 2018, and 2019) meaning a moving average analysis was unable to be applied, which is a limitation in and of itself. However, the data did show a steady progression in sales which we interpreted as demand. As we took a closer look at Peloton's stock performance, we noticed a spike each year that happens in early December. The revenue projections were calculated by solving the annual increase between each year's revenues and applying the incremental increase to the projected years. After Peloton's second year (2018), they recorded their revenue doubled. Afterwards, their 2019 records showed a 215% increase from the previous year. With this data in mind, we were able to conduct a realistic revenue projection analysis.



BUYER BEHAVIOR

Selection Of A “Consumer”

Individuals:

For individuals, we identified three possible segments that Peloton caters to. There is the Busy Bee who is a working professional trying to exercise more. The Athlete who wants to supplement and improve their current training regimen. Then lastly the workout enthusiast who wants to change up their fitness routine by having fun home alternatives.

1. Problem Recognition
 - The Busy Bee likes going to fitness classes because they feel like it pushes and motivates them to exercise more. They are extremely busy though and want to be able to experience the same rigor of workout from home. The Athlete is looking for a product to push them and supplement their training. The Workout Enthusiast generally wants to be more healthy by attending classes that push their limits and mixes up their home workouts.
2. Information Search
 - All 3 segments will search for information first by word of mouth and reviews then on the company website. In the fitness industry reputation is everything no matter what kind of lifestyle someone is leading. The workout enthusiasts will also search for information via online means like instagram where as an athlete will typically ask their coach for recommendations before anything.
3. Alternative Evaluation
 - The Busy Bee will first look at reviews to see what piece of equipment people like the most, then they will look at quality in comparison to other products, then price. Both the Athlete and Workout Enthusiasts will be slightly more concerned with reputation as this is their community and they trust what others have already tried. They also would both value quality in comparison to other bikes. While the Workout Enthusiast will still be concerned about price the Athlete might be focusing less on price and more on features as they are going to be using this for a very specific training purpose.
4. Purchase Decision
 - There are 3 ways a customer can purchase. Online, used, or in the peloton showroom. The Busy Bee: Online first, then used, then a showroom. They would be too busy to go in person. The Athlete: Peloton showroom, online, used. They may want to go in and physically evaluate features since they are using it for training. The Workout Enthusiast: Online, Peloton Showroom, used. While they would most likely buy it online because they are into working out they might want to go check it out in person as well.
5. Post Purchase Behavior
 - If the Busy Bee is satisfied they will recommend to others, use it all the time, and leave a good review. The Athlete will be satisfied if it improves their training, which means they would recommend it to their community and leave a good review. The Workout Enthusiast will be satisfied if it mixes up their workout routine and is user friendly. If dissatisfied, all segments can take advantage of the 30 day money back guarantee.

Sources of Information

While all segments will utilize the internet in order to search for information, social media and word of mouth referrals will be very big for finding information about the product. For the workout enthusiast they may search for information on social media, especially instagram where the fitness community is very large. The busy bee would most likely go directly to the website as they do not have a lot of time to do large amounts of searching. Lastly the athlete would probably ask for a referral from their coach and team then possibly go into a showroom to check it out.

Important attributes

The Busy Bee needs home equipment because they do not have the time to go to the gym and need to be able to exercise effectively from the comfort of their own home. The Peloton's community training sessions are great for this individual because they can cut their transportation time to the gym in half but still interact with others in a class setting. The athlete is training for a very specific purpose and would like to have the flexibility to train at home in addition to their scheduled sessions. The motivating instructors are great for them because they can ensure that they are pushing themselves to their max in every session. Then lastly the workout enthusiast is your typical fitness lover wanting to be able to exercise at the same rigor they do at the gym from their home. The variety that Peloton offers is great for this group so they can constantly be changing up their routine.

Households:

Considering a family that both parents have jobs and the kids athletic schedule they want to find a machine that meets the whole family's needs. Most of the family enjoys cardio and biking, the other half enjoys yoga and strength training programs. They need something that is in their own home, convenient, and gives them the workout they need.

1. Recognition of problem/need:

- Considering a family that both parents have jobs and the kids athletic schedule they want to find a machine that meets the whole family's needs. Most of the family enjoys cardio and biking, the other half enjoys yoga and strength training programs. They need something that is in their own home, convenient, and gives them the workout they need.

2. Search for Information:

- Each family member searched on google, social media, and asked friends about the top at home workout programs/products, motivating fitness at home programs, and dived into the price and quality of this product.

3. Evaluation of Available Alternatives:

- After the search, the family has agreed upon a bike to fit their criteria. The criteria is; increase cardio levels, while also cross training for their different sports/fitness goals. The family did not want the equipment to be too big, wanted different resistance levels, a wide variety of classes/instructors, the classes varied in how long they were, adjustable features (each family member was different heights and weights), customizable accounts that kept track of their daily goals and sweat sessions, and finally a product that was top of the line and would last for a long period of time.

4. Making the Choice:

- After evaluating and comparing lists the family agreed that the Peloton would fit all of their wants, needs, and meets all the evaluation criteria, and

5. Post-Purchase Evaluation:

- The family was confident and excited with their new purchase. Each family member was satisfied and excited to have a high quality workout machine at their fingertips.

Sources of Information

While all the segments within our Household segment have the internet at their fingertips, they are all finding sources of information regarding Peloton differently. Young couples will seek out information primarily on social media, as they are more aware of market trends, and they'll also get their information from word-of-mouth, in other words, from their friends or office colleagues. Young families on the other hand will use the internet as their primary source to find good at-home gym equipment, and also get reviews and information from other young families in the neighborhood. Lastly, empty nesters are most likely to go straight to the source and find their information from Peloton's own website. They'll look at specs, customer service, and feel security in the reliability of the website.

Important attributes

The segment of young couples is looking to increase their health and fitness, quench their desire to be with trends, and have the necessary discretionary funds that can be put towards buying a Peloton bike. Young families are looking to fit everyone's wants and needs in their household. They seek a convenient way to maintain or develop a healthy routine in their busy schedules, and try to stay within a reasonable budget. The segment of empty nesters is not concerned about the price of the bike, unlike the other segments. They are looking to maintain their health, seek a variety of workouts to satisfy their needs and abilities, and use a product that has high credibility concerning safety.

Summary

All consumers go through a five-step process when they are making a purchase. These steps include: recognition of problem/need, search for information, evaluation of available alternatives, making the choice, and post-purchase evaluation.

1. Problem Recognition

The problem recognition stage for organizations is different from individuals and families because the problem isn't directly affecting the people who are making the decision. For example, say the managers of a company are trying to find ways to make their employees more efficient, and they come to the conclusion that stress is causing a dip in productivity. When the executives research ways to reduce stress, they are not looking for themselves personally, but rather for a group of people they may or may not know personally.

2. Information Search

When searching for information, organizations may start by finding the top methods for reducing stress and then pick which one they feel they can implement most effectively. This means that things like price, case-studies, and concrete statistics will hold more sway than personal testimonials. This benefits Peloton because their brand-recognition is attributed to the large amount of articles written about them, and organizations see these articles as proof of quality.

3. Alternative Evaluation

After finding some possible solutions before purchasing, it's important to define specific criteria of what the perfect solution looks like. For an organization, the most important attributes can vary based on what the company is trying to solve. It may be evaluating price ranges to see what fits within the budget, or it could be brand-recognition if they are trying to attract customers. In our example of the company looking for stress relief, accessibility of the product and ease of use would be important attributes.

4. Purchase Decision

Now that the buyer has homed in on exactly what they are looking for they can make an educated decision on which product fits their needs and is the best to purchase. There are many online fitness equipment stores, and organizations will look at many brands to ensure they find the best fit for their solution. Peloton's website has a leg above the competition in terms of professionalism and design, and with development of a B2B tab, decision makers will have all the resources they need to decide to work with Peloton.

5. Post-Purchase Evaluation

Even after the deal is made, Peloton does a great job of taking care of their customer. They have services that offer live chat, calling, and email support. In addition, they have a 30 day money back guarantee. This makes all consumers feel comfortable in their purchasing since they have 30 days to try it out and if something goes wrong they can get their money fully refunded. The return policy can also ease the minds of the decision makers because it means they can always get their money back in case the product does not have the desired effect. In the case that Peloton did not meet the needs of the organization, the executives can take advantage of customer support in order to purchase a different product or return the purchased products, ensuring that everyone leaves the transaction feeling happy about their decision.

Information Sources

Organizations go through a more thorough information search than individuals or households because they are making a decision for all the people in the company that will be impacted, so it can range anywhere from twenty to thousands of people. This means that the purchase order is also going to be much larger than individual or household orders, which means there is more money on the line. Due to this, organizations will use the full range of the internet, from company websites to industry expert articles, as well sources outside the internet like conventions or magazines. This is why Peloton plans on promoting their B2B proposals in all of these locations.

Important Attributes

Based on what problem an organization is trying to solve, the important attributes to them will vary. However, most companies will focus on factors such as price, brand-recognition, and quality of the product as important attributes. A company is all about the bottom line and getting the most bang for their buck, so price and quality must align in a way that makes sense to the decision makers. If a product is too cheap, they will question it's quality, but if the product is too expensive, quality and performance will be necessary to justify purchasing the product.

Peloton develops messages through their instructors and results that are relatable, appealing, and motivating to a wide variety of individuals. Additionally, the competitive component of Peloton is a psychological selling point. Our human nature is to receive a reward through being competitive. Much of fitness reward comes internally, which is created through the content that Peloton produces. Peloton appeals to psychological factors like emotions, competition, and motivational triggers through content that appeal to their target market. Specifically, the “Tone” and atmosphere of classes that radiates the idea of continuously “showing up” and “getting your sweat on” they send content and messages in their classes that can be converted into motivation for one’s everyday life. Second way they appeal psychologically through content is social integration, while it is digital and virtual workouts, they create a sense of community. By being able to compete, see, and connect with other riders there is a sense of more than self. Finally, the leaderboard which gives a sense of accomplishment to the individual. It is a tangible way to assess your efforts through seeing how you place, unleashing competitiveness, and becoming more immersed in the class. With that being said, Peloton has developed a product that is not just for increasing your fitness level, but helping you level up your own lifestyle.

Peloton’s products lean towards high involvement processing. Since the products are so expensive, consumers take longer to make a decision on whether they want to purchase or not in order to make an educated decision.

Peloton appeals to consumers primarily who value exercise, their health, and convenience of the two. When it comes to making a decision, the products they need to narrow down are slim due to the blue ocean marketing strategy Peloton has created and dominated for themselves. The prestige that is associated with Peloton’s products can be equated to a consumer's social class attributes, which can push them to validate buying from Peloton. It will correlate with their own views of themselves.

In addition, Peloton’s consumers want to be a part of the healthy, fit, and driven group of Peloton users, which means that the reference group that drives a consumer through their decision process is primarily influenced by an aspirational group.

Lastly, the high price of a Peloton product is a reason to avoid post-purchase dissonance. The consumer will decide to buy it and validate the high price of the product as a way to reassure their purchase immediately and further down the road.

Peloton has been able to optimize buzz marketing by creating excitement among their current consumers that appeal and inspire potential consumers to purchase their product. They cater to a market that relies heavily on peer reviews in order to make decisions. Their target market is influenced by fitness accounts on social media like instagram and video content of the product being used. If a potential customer sees someone they know or look up to reach their fitness goal from using Peloton they will be much more likely to purchase the product themselves in hopes of attaining their personal goal. The target customer will likely be influenced by any message that helps a consumer either understand or learn about how using Peloton will help them to achieve long term success or make their fitness routines easier.

Consumer Behavior Worksheets

Individuals	
Stage of Buying Decision	Description for:
Problem Recognition	<p>Wants to lose weight Wants to be more healthy Wants to exercise more Anxiety working out in front of others Too busy to go to gym Likes to workout at home Gym membership costs too much Gym clothes take up too much laundry Likes to workout in minimal clothing Home workout is too boring Too lazy/little motivation to go to the gym Experienced FOMO wanted to be like everyone else, desire to fit in Old gym equipment is too old/replacement Peloton is higher quality Current equipment doesn't offer online classes Used someone else's but no longer has access (person moved away, breakup) Wants to improve athletic performance from home</p>
Information Search	<p>Internet: Company website, Reviews online Social media: Facebook, Instagram, YouTube Word of mouth: Family, Friends, Coworkers Representative at a physical location</p>
Alternative Evaluation	<p>Criteria used to assess the alternatives Features, reputation, appearance, reviews, warranty, color, size, quality, price, online classes, reputation</p>
Purchase Decision	<p>Peloton website In person at Peloton Showroom Used goods websites (Craigslist)</p>
Post-Purchase Behavior	<p>Satisfied Behavior: Customer service was good Left good reviews Recommended to friends and family Peloton looked good in home Peloton was good value Pelton was user friendly</p>

	<p>Good customer service Peloton had an attractive design Peloton had wide variety of fun classes Works out anytime Dissatisfied Behavior: Returned with 30 day money back guarantee Peloton was ugly Peloton was not user friendly Peloton was too large Software malfunction Didn't use product enough Waste of money/overcharged Peloton broke (pedals fell off) Poor customer service No fun classes Needed to purchase additional equipment (bike shoes)</p>
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Households	
Stage of Buying Decision	Description for:
Problem Recognition	<p>Current gym equipment is not durable Current gym equipment doesn't offer classes Household wants to impress others not in the household by having a Peloton Household is dissatisfied with current gym equipment Household has desire to fit in, be trendy Household doesn't want to leave to go to gym</p>
Information Search	<p>Facebook Instagram Company website YouTube Word of mouth Reviews online Representative at a physical location</p>
Alternative Evaluation	<p>Criteria used to assess the alternatives Performance, price, value, warranty, appearance, image, quality, durability, prestige, online classes</p>
Purchase Decision	<p>Peloton website</p>

	Used goods websites (craigslist)
Post-Purchase Behavior	<p>Satisfied Behavior: Customer service was good Left good reviews Recommended to friends and family Peloton looked good in home Peloton was good value Peloton was user friendly Good customer service</p> <p>Dissatisfied Behavior: Returned with 30 day money back guarantee Peloton was ugly Peloton was not user friendly Didn't use product enough Waste of money/overcharged Peloton broke (pedals fell off)</p>

Organizations	
Stage of Buying Decision	Description for:
Problem Recognition	<p>Employees are stressed out at work Gym equipment needs updating Wants to appeal to members with new technology Wanted to gain new organization members Competitors have Peloton products Advertising involves fitness</p>
Information Search	<p>Internet Facebook Instagram Company website YouTube Word of mouth Reviews online Representative at a physical location</p>
Alternative Evaluation	<p>Criteria used to assess the alternatives Features, reputation, appearance, reviews, warranty, color, size, quality, price</p>

Purchase Decision	Peloton website Used goods websites (craigslist)
Post-Purchase Behavior	<p>Satisfied Behavior: Pelotons were used frequently Customer service was good Left good reviews Recommended to friends and family Pelotons impressed members of the organization Pelotons attracted new members to organization Good value Good customer service</p> <p>Dissatisfied Behavior: Members of organization were not using them enough Returned with 30 day money back guarantee Peloton was ugly Peloton was not user friendly Waste of money/overcharged Peloton broke (pedals fell off) No organization discount Poor customer service</p>

SEGMENTATION

Peloton targets many different segments catering to certain lifestyles. For individuals we have the Busy Bee, Athlete, and Workout Enthusiast highlighting all different kinds of athletic rigors. For Households we have young couples, young families, and empty nesters. Then lastly for organizations we have an office building, apartment building, and universities describing the differences in use between these types of establishments.

Individuals			
	Busy Bee	Athlete	Workout Enthusiast
Problem Recognition	<ol style="list-style-type: none"> 1. Too busy to go to gym 2. Current equipment doesn't offer online classes 3. Wants to exercise more 	<ol style="list-style-type: none"> 1. Wants to improve athletic performance 2. Wants high quality home equipment 3. Current equipment doesn't offer online classes 	<ol style="list-style-type: none"> 1. Wants to be more healthy 2. Current equipment doesn't offer online classes 3. Home workout is too boring
Information Search	<ol style="list-style-type: none"> 1. Online reviews 2. Social Media 3. Company website 	<ol style="list-style-type: none"> 1. Word of mouth 2. Online reviews 3. Company website 	<ol style="list-style-type: none"> 1. Social Media 2. Online reviews 3. Company website
Alternative Evaluation	<ol style="list-style-type: none"> 1. Reviews 2. Quality 3. Price 	<ol style="list-style-type: none"> 1. Reputation 2. Quality 3. Features 	<ol style="list-style-type: none"> 1. Reputation 2. Quality 3. Price
Purchase Decision	<ol style="list-style-type: none"> 1. Online 2. Used 3. Peloton showroom 	<ol style="list-style-type: none"> 1. Peloton showroom 2. Online 3. Used 	<ol style="list-style-type: none"> 1. Online 2. Peloton showroom 3. Used
Post Purchase Behavior	<p>Satisfied:</p> <ol style="list-style-type: none"> 1. Recommend to others 2. Uses all the time 3. Leaves a good review <p>Dissatisfied:</p> <ol style="list-style-type: none"> 1. Returns it 2. Didn't use it enough 3. Software malfunction 	<p>Satisfied:</p> <ol style="list-style-type: none"> 1. Improves training 2. Recommends to community 3. Leaves a good review <p>Dissatisfied:</p> <ol style="list-style-type: none"> 1. Returns it 2. Software malfunction 3. Did not improve training 	<ol style="list-style-type: none"> 1. Recommends to community 2. Uses all the time 3. Leaves a good review <p>Dissatisfied:</p> <ol style="list-style-type: none"> 1. Returns it 2. Software malfunction 3. Not user friendly

Descriptor Variables: Any details about the persona	The Busy Bee is a working professional trying to exercise more.	The Athlete is someone who wants to supplement and improve their current training regimen.	The Workout Enthusiast wants to change up their routine by having fun home alternatives.
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Households			
	Young Couple	Young Family	Empty Nesters
Problem Recognition	<ol style="list-style-type: none"> 1. Desire to workout prior to work day 2. Can't afford two gym memberships 3. Convenience 	<ol style="list-style-type: none"> 1. No time to go to the gym or workout class 2. Conflicting family schedules 3. Convenience 	<ol style="list-style-type: none"> 1. New found time 2. Extra/unused space in the house 3. Product that is safe and reliable
Information Search	<ol style="list-style-type: none"> 1. Social Media 2. Internet Search 3. Word of Mouth 	<ol style="list-style-type: none"> 1. Social Media 2. Internet Search 3. Word of Mouth 	<ol style="list-style-type: none"> 1. Internet Search 2. Peloton Website 3. Word of mouth
Alternative Evaluation	<ol style="list-style-type: none"> 1. Price 2. Size 3. Quality of exercises/workouts 	<ol style="list-style-type: none"> 1. Price 2. Customization and ability to add multiple user profiles 3. Quality 	<ol style="list-style-type: none"> 1. Quality 2. Safety 3. Reputation
Purchase Decision	<ol style="list-style-type: none"> 1. Peloton Website 2. In person at Peloton Showroom/Pop Ups 3. Used good websites (craigslist) 	<ol style="list-style-type: none"> 1. Peloton Website 2. In person at Peloton Showroom/Pop Ups 3. Used good websites (craigslist) 	<ol style="list-style-type: none"> 1. Peloton Website 2. In person at Peloton Showroom/Pop Ups 3. Used good websites (craigslist)

Post Purchase Behavior	<p>Satisfied</p> <ol style="list-style-type: none"> 1. Product fits the budget 2. Product offers wide variety of exercises 3. Product is convenient to use <p>Dissatisfied</p> <ol style="list-style-type: none"> 1. Product requires more accessories than anticipated 2. Do not use as frequently as thought 3. Malfunctions/technical difficulties 	<p>Satisfied</p> <ol style="list-style-type: none"> 1. Satisfies different family members needs 2. Product is convenient to use in home 3. Increased amount of workouts per week <p>Dissatisfied</p> <ol style="list-style-type: none"> 1. Product requires more accessories than anticipated 2. Malfunctions/technical difficulties 3. Do no use as frequently as thought 	<p>Satisfied</p> <ol style="list-style-type: none"> 1. User friendly 2. Reliable, durable, and mett safety needs 3. Helpful customer service <p>Dissatisfied</p> <ol style="list-style-type: none"> 1. Product requires more accessories than anticipated 2. Malfunctions/technical difficulties 3. Do no use as frequently as thought
Descriptor Variables : Describe the segment	<p>This segment of young couples is looking to increase their health/fitness, desire to be with trends, and have discretionary funds.</p>	<p>This segment of young families is looking to fit everyone's wants/needs. They seek a convenient way to maintain or develop a healthy routine in their busy schedules, and try to stay within a reasonable budget.</p>	<p>This segment of empty nesters is not concerned about the price of the bike. They are looking to maintain their health, seek a variety of workouts to satisfy their needs and abilities, and use a product that has high credibility concerning safety.</p>

Organizations			
	Company's Office Building	Apartment Building	Universities
Problem Recognition	<ol style="list-style-type: none"> 1. Employees are stressed out 2. Employees come late from the gym 	<ol style="list-style-type: none"> 1. Competitors are winning with better benefits 	<ol style="list-style-type: none"> 1. Other universities have better gym equipment 2. People think tuition is too high

	3.Management doesn't have time to work out at home	2.People think the rent is too high 3.The current gym is a health hazard	3.Students/staff want easy accessibility after class
Information Search	1.Internet 2.Ask other offices 3.Send out a request form to bike equipment businesses	1.Internet 2.Ask other apartments 3.Send out a request form to bike equipment businesses	1.Internet 2.Ask other universities 3. Peloton website
Alternative Evaluation	1.Price 2.Features 3.Likeability of sales representative	1.Price 2.Brand recognition 3.Likeability of sales representative	1.Price 2.Features 3.Quality
Purchase Decision	1.Peloton website 2.Peloton sales representative 3.Third party sale	1.Peloton website 2. Peloton sales representative 3. Third party sale	1.Peloton website 2.Peloton showroom/sales representative 3.Third party seller
Post Purchase Behavior	Satisfied 1.Expand to purchase Peloton treadmills as well 2.Employees used the bikes to help relieve stress 3.Advertise that your office has Peloton bikes Dissatisfied 1.Return the product before 30 days/Cancel business contract 2.Employees couldn't find Peloton shoes in their size 3.Make a deal with a different exercise equipment brand	Satisfied 1.Advertise that your apartment has Peloton bikes 2.Maintain the business contract with Peloton for all new locations 3.Expand to purchase Peloton treadmills as well Dissatisfied 1. Return product before 30 days/Cancel Business contract 2. People didn't like wearing communal shoes/couldn't find their size 3.Make a deal with a different exercise equipment brand	Satisfied 1.Students/staff with tight schedules use product when free 2.Increased amount of users on campus 3.University creates a relationship with Peloton over time/purchases more product Dissatisfied 1.Returns product before 30 days 2.Malfunxions 3. Students/staff do not use as frequently as predicted.
Descriptor Variables:	Companies care about their employees and	Apartment buildings want to increase their value to	Universities have students and staff who

Describe the segment	want to help them reduce stress using exercise rather than increasing their pay.	attract new residents and justify/raise their rent. Adding some fancy exercise equipment to their gym could help.	are looking to increase their fitness/health from the comfort of where they attend school/work or live.
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COMPETITIVE ANALYSIS

Existing Competitors

Peloton is part of the connected fitness and wellness market. This market is relatively new, rapidly growing, and there is uncertainty if it will sustain high demand. Peloton has about 10 competitors, and they are currently ranked 2nd among all 10. The 10 competitors include; Precor, Life Fitness, SoulCycle, NordicTrack, Flywheel Sports, Fiture, Absolute Studios, CycleOps, Matrix Fitness, and Bkool. The locations vary amongst the top 10, each competitor has a national or global presence. Additionally, the competitor's prices range from \$900-\$2,000. Product attributes among the bikes are very similar across the board. Competitors may develop or will develop products, features, content, services, and technologies that are all very similar. However, some of the products will not have the same level of quality, customization, subscription, or diversity of workouts. Regarding total funding, Peloton has raised a total of \$78.4 million dollars, while competitor's total funding land in the range of \$2-\$70 million. Finally, the presence online, social media, and advertising are led by Peloton. This includes social media platforms like Instagram and Twitter. Competitors are looking to engage with their audience primarily online and building connections through the screen.

Potential Competitors

Peloton's quick rise in the workout market has redefined working out, especially from home. They have been a leader in at-home workouts by bringing one bike to the market, which has inspired millions of people to buy their product, and it has also inspired a market expansion within at-home workout companies. With such a large impact on the market, Peloton now needs to understand that they have inadvertently created a huge opportunity for potential competitors to enter their market. At-home workout fitness equipment is now much broader than just a yoga mat and weights in your basement. Companies such as Mirror, a virtual personal trainer lead workout class in a full-length mirror, or Hydro Rower, an indoor rowing machine that is also lead by a world-class instructor, are expanding the market and becoming a potential competitor to Peloton. Even though they are different forms of exercising -- biking versus rowing, or biking versus weight training -- these companies are potential competitors due to the basis in which they are found upon -- at-home exercising.

While market expansion brings a lot of room for potential competitors, Peloton must also think about the basics of their bike and how product expansion from bike companies can become potential competitors. Companies that make high-end bikes, ranging from road to dirt bikes, such as Trek, Giant, Diamondback, can look at the success Peloton has had and decide to make their own form of at-home exercise bike and bring their current customers with them in their product expansion. In addition, the quick rise in electric bikes on the roads and bike paths such as Electra Bicycle Company could also make a product expansion and bring their ease and comfort on the road to your living room.

In order to combat potential competitors in a highly contested market, Peloton obtains strengths and weaknesses when we look at how they make their bike and bring them to the market. The

forward integration method of selling their products exclusively from their own brick and mortar stores or on their own website gives them a competitive edge, but can also be taken advantage of by a potential competitor who will opt to sell their product through distributors. However, Peloton recently acquired one of their largest manufacturers in Taiwan that allows them to have greater control over their supply chain, and in turn, their competitors. Since Peloton has acquired one of their largest manufacturers, they have removed the risk of relying on them as a third party contributor, and now have the ability to ensure higher quality production and everything on the product line within the supply chain. A potential competitor, however, can utilize this acquisition by finding a manufacturer who is willing to make similar products for cheaper, and at a higher quality. In order for them to understand potential competitors, Peloton needs to understand that while their forward integration has many benefits, it also leaves room for new and upcoming companies to reach a pain point with their market and implement backward integration to reach more people.

Predicting Competitive Behaviors

Given the environment we are living in today, the workout machine industry is expanding with more individuals opting to work out at home using their own personal equipment. The fitness equipment market size was valued at \$11.5 billion in 2019 and is expected to reach \$15.2 billion by 2027, registering a CAGR of 3.5% from 2020 to 2027. In the scope of fitness machines as alternatives to attending classes in gyms to Peloton include: Precor, Life Fitness, SoulCycle, NordicTrack, Flywheel Sports, Future, Absolute Studios, CycleOps, Matrix Fitness, and Bkool.

We can take a look at one of Peloton's main competitors, NordicTrack, who offers a bike very similar called the NordicTrack Commercial S22i. It's screen measures the same 22" across, but rather than streaming Peloton classes you gain access to iFit (1-year subscription included), which delivers thousands of on-demand spin classes in a range of formats from a multitude of instructors.

Peloton has the advantage of using equity as a public company to acquire funding in comparison to NordicTrack who have yet to do their IPO. The level of financial and managerial resources available to NordicTrack is therefore slightly more limited but they have the advantage of being less transparent to other competitors as well as having a history as an established brand.

Based on marketing and manufacturing cost estimates, we can take a look at the second largest competitor, Echelon, the profitability in the fitness machine business and the product-market is lucrative and highly competitive. Echelon is able to produce each individual unit for a third of the cost in comparison to Peloton; however, they are only able to produce fourteen percent of what Peloton produces annually. Peloton makes \$860/unit in comparison to Echelon who profits \$650/unit. Despite charging less per unit, Echelon still has a competitive profit margin that allows them to maintain a high level of revenue regardless of low volume of sales relative to Peloton.

The revenue, profits, and cash flow generated by the fitness equipment business are very likely to be to other competitors such as Precor, Life Fitness, or NordicTrack since most of the

competitors have been around . As of now, Peloton is only going to make up a small portion of the overall projections because they are just recently saturating the market but this is projected to increase.

What makes Peloton different is that owners are able to get variety and engagement of the classes/instructors that are available with the subscription package all from the comfort of your own home with detailed statistics of resistance, performance, improvements, and a heart monitor.

The behavior that we can predict here is product expansion coming from fitness equipment. Competitors can see Peloton’s high demand with live-streamed classes. Competitors can make the same or similar products with better features such as NordicTrack’s S22i. Since the product is already known they do not have to educate consumers about live streaming and equipment, again, especially in today’s climate where we are adapting to live video feeds. This could be a weakness for Peloton since they do only have a few products that consumers have to buy at a high price.

Market Strategy Table

Market Leader 50%	Market Challenger 36%	Market Follower 8%	Market Nicher 5%
Peloton ProForm Echelon Smart Nordic Track	Schwinn TunTuri Bowflex	Myx Bladez Horizon	Slim Cycle Keiser Sunny Health and Fitness

*Percentages based off of company revenue reports from 2019

Buying Criteria	Peloton	ProForm	Echelon Smart	Nordic Track
Built In, Interactive Live Classes	10	9 (not live but still has classes through iFIT)	6 (not build in or live but can stream on ipad)	9 (not live but still has classes through iFIT)
Adjustable Resistance	10	10	10	10
Comfort	10	10	10	10
User Friendly	9 (tech might be complicated)	8 (have to purchase membership)	6 (have to have tablet + purchase membership)	8 (have to purchase membership)

Price	5 (\$2245- expensive)	10 (\$1,999 - best price for value)	8 (\$1,039.98 - good price but lower quality)	10 (\$1,999- best price for value)
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STRENGTHS, WEAKNESSES, OPPORTUNITIES, & THREATS

Strengths:

- Peloton has a large number of outlets in almost every state, supported by a strong distribution network that makes sure that its products are available easily to a large number of customers in a timely manner
- Peloton has a large asset base, which provides it with better solvency or they're able to repay debts
- They have invested extensively in the training of their employees that result in employing a large number of good workers
- They have been in the market since 2012 which means brand awareness is high
- Products have maintained quality over the years and are still valued by customers, good value for money
- Peloton has a large number of outlets in almost every state, supported by a strong distribution network that makes sure it's products are available easily to a large number of customers in a timely manner
- Production has allowed the more efficient use of resources reducing costs, allowing for consistency in the quality of products.
- They own a large number of intellectual property rights like trademarks and patents over their products.
- Strategic partnerships: strong partnerships with suppliers, dealers, retailers, and other stakeholders allowing leverage if need be in the future.
- Automation of production allows efficient use of resources and reducing costs. This also allows for consistency in quality of its products and provides ability to scale up and scale down production as per demand in market

Weaknesses:

- All Peloton products are at a high price point, making it inaccessible to price-sensitive markets
- It's difficult to gift a Peloton product because fitness equipment can make implications about someone's weight
- Misunderstood target market (Peloton Christmas ad)
- A lot of people don't want to buy special shoes in order to use the Peloton Bike
- Doesn't offer enough specific features for athletes but more expensive than regular bikes, only price justification is brand
- Not a lot of different product options to meet different customer goals
- From outside perspectives, a consumer may feel threatened or see Peloton as a "cult"
- Never offer's discounts so people either know they can afford Peloton products or they can't
- Internal accounting/financial weaknesses by putting profits over everything else
- Peloton has a lower budget for its quality control department than competitors which could lead to lack of consistency and possibility of damage to quality across outlets

Opportunities:

- Right now since we are in quarantine they can raise the price of their bikes since everyone needs workout equipment
- Online 1:1 Personal training is on the rise so they can work with these large teams of individuals to sell their products at a discounted rate

- Technological developments: enables better data to be collected on customers and improves on marketing efforts
- Expanding market, target audience, and growth rates concerning individuals that are buying the Peloton and fitness industries growing
- Can expand product offering or have an all in one product since people are stuck at home and want a multi-functional piece of equipment
- Virtual reality functionality on the rise
- More people focusing on improving themselves and their fitness during quarantine
- Industry is constantly changing and growing which means opportunity for constant upgrades, improvements, and more expensive product offerings
- People are craving social interaction and Peloton has a group ride function
- Athleisure wear is a growing social trend that Peloton could take advantage of with their strong brand recognition

Threats:

- Once the gyms open back up from quarantine everyone will be so tired of working out from home that they will want to go to the gym for social interaction
- People who can afford Peloton can afford substitutes like a personal trainer
- The indoor exercise equipment market is very saturated and is easy to enter
- Competitor products are just as high tech as Peloton which customers are attracted to, but more affordable than Peloton
- The threat of new entrants can cause the company to lose customers
- Regulations on international trade keep changing and this could require compliance by companies if they are to operate globally
- Bargaining power of suppliers has increased so cost inputs could increase
- Fluctuating interest rates in the country do not provide a stable financial and economic environment
- Growing social trend to exercise outside through hiking, jogging, or mountain yoga
- Political uncertainties in the country provide to be a barrier in business, hindering performance and making the business incur unnecessary costs

PART THREE

**GOALS &
OBJECTIVES**



PELOTON

MARKET DEVELOPMENT

TARGET

Athletes
Young Couples
Young Families
Empty Nesters
Apartments
Universities

PRODUCT

Peloton Bike
Peloton Treadmill

\$1.9B-

\$2.1B

Projected
revenue
by 2021



**OVER
2 MILLION**

members around
the world

TARGET

Busy Bees
Workout Enthusiasts
Businesses

35%

growth in
stock price
by 2021

PRODUCT DEVELOPMENT

PRODUCT

Weight Lifting
Workout Mirror
Peloton Watch

PART FOUR
**MARKETING
PROGRAMS**



INDIVIDUALS

Peloton Bike: Athlete

Strategy: Peloton will market it's Interactive Bike to Athletes. This segment seeks a fun way to train with their community from the comfort of their own home. We will partner with large online coaching programs to provide a team discount for them and their clients. This market is extremely brand loyal and thrives off of influencers, referral and affiliate programs. We will utilize these techniques to effectively reach this market.

Product: Peloton Bike

- Live weekly classes at any time
- Motivating instructors
- Diverse class types for constant variety
- Real time metrics
- Community experience

Place: Peloton Bike

- Online Purchases
- Fitness expos

Promotion: Peloton Bike

- Current product/ current market: Market Penetration
- We will market Pelotons current Bike but specifically to coaching programs in order to encourage bulk purchases and build brand reputation
- We will form a partnership with these training business and create "team discounts"
- We will also host online virtual events for just that coaching program and can promote leader boards for teams to compete against each other
- We will utilize the following promoting platforms: facebook and instagram lives, email newsletters, fitness expos

Price: Originally \$2,245 or \$58/month. We will give 15% off to teams

- High end pricing
- Signifies good quality
- Discounted rate for partnerships will help encourage purchase

Implementation Plan:

- Q1: Reach out to coaching programs
- Q2: Have them all apply and interview for best fit
- Q3: Provide discount codes
- Q4: Implement new features like leaderboards, host events specially for the team

Evaluation:

- Bulk purchases from the teams
- 10% increased market penetration with the athlete segment

HOUSEHOLDS

Peloton Bike: Young Couple

Strategy: Peloton will market its Interactive Bike to Young Couples. This segment seeks a fun and intense way to train with their community amongst their hectic schedule. We offer a monthly payment plan, or a full down payment to pay for the product. This market is extremely brand loyal and heavily persuaded by the latest fitness trends. We will combine these techniques to effectively reach this market.

Product: Peloton Bike

- Live weekly classes at any time
- Motivating instructors
- Diverse class types for your level of fitness
- Real time metrics
- Community experience

Place: Peloton Bike

- Online purchases

Promotion: Peloton Bike

- We will utilize the following promoting platforms: facebook and instagram lives, and email newsletters
- We will create a relatable community through social platforms and the interactive workout
- We will attract consumers by their needs to find an effective workout, feed their competitive mindset, and chase their fitness goals
- Create a relationship with our consumers through social media, events, and gatherings

Price: Originally \$2,245 or \$58/month.

- High end pricing
- Signifies good quality

Implementation Plan:

- Q1: Post consistently on social media with relatable and motivating content
- Q2: Create a strong following
- Q3: Provide rewards and incentives to try the Peloton and increase word of mouth
- Q4: Implement new features that will satisfy the consumer's wants/needs

Evaluation:

- See an increase in sales, exposure, and following

ORGANIZATIONS

Peloton Tread: Universities

Strategy: Peloton will market its Peloton Tread (treadmill) to universities. This segment seeks new gym equipment for potential university prospects. Also this segment wants students/faculty to get the “bang for their buck” and have easy accessibility after class or with their work schedule. We will create relationships with universities giving them discounts for ordering in bulk. This market is loyal and will potentially draw in other segments such as individuals. We will combine these techniques to effectively reach this market.

Product: Peloton Tread

- Priced at \$4,295 for individual purchase, however Peloton would offer a discounted price of \$40,000 when a company buys 10 treadmills, showing that Peloton is more interested in building a relationship with organizations.

Place: Website and Conventions

- Because all of Peloton’s purchases are made online, we decided to follow that path and create a tab dedicated to B2B relationships. This tab would show discounted prices for bulk orders, as well as highlighting important attributes to organizations like brand recognition, quality assurance, and past business relationships.
- Peloton would also attend fitness equipment conventions like the AB Expo in Baltimore. This expo showcases the latest and greatest in athletic equipment, and many organizations attend to learn about and compare brands.

Promotion: Market Development

- Peloton would place online ads in places that executives would go to research possible fitness equipment brands for their companies, so websites like bicycling.com, forbes.com, and thewallstreetjournal.com.
- As well as advertising online, Peloton will also release magazine ads for Top Fitness Magazine, Athletics Magazine, and others to ensure we are seen as a leader in the fitness industry.

Price: \$4,295/tread discounted to \$40,000/10 treads

- These prices are on the high end, but it signifies the quality and prestige of the brand.

Implementation Plan:

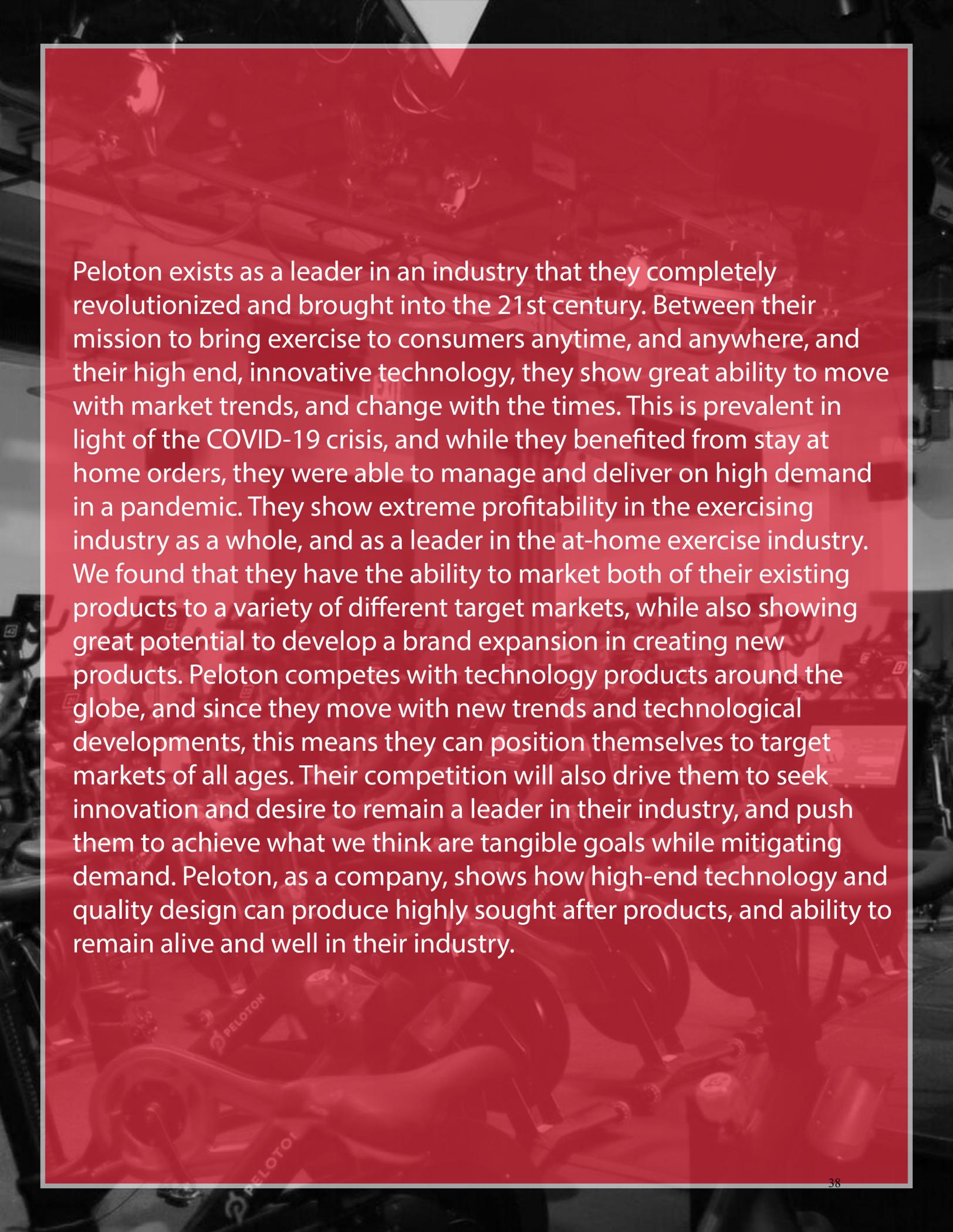
- Developing B2B tab (1-2 months)
- Launching B2B ad campaign in magazines and online (3-4 months)
- Creating business relationships at athletic conventions (1-2 years)

Evaluation:

- Students/staff with tight schedules use product during freetime, reducing their stress
- Increased amount of users on campus, creating potential future-buyers
- Universities create relationship with Peloton over time/purchases more products
- Exposure from students/staff who use it

PART FIVE
CONCLUSION





Peloton exists as a leader in an industry that they completely revolutionized and brought into the 21st century. Between their mission to bring exercise to consumers anytime, and anywhere, and their high end, innovative technology, they show great ability to move with market trends, and change with the times. This is prevalent in light of the COVID-19 crisis, and while they benefited from stay at home orders, they were able to manage and deliver on high demand in a pandemic. They show extreme profitability in the exercising industry as a whole, and as a leader in the at-home exercise industry. We found that they have the ability to market both of their existing products to a variety of different target markets, while also showing great potential to develop a brand expansion in creating new products. Peloton competes with technology products around the globe, and since they move with new trends and technological developments, this means they can position themselves to target markets of all ages. Their competition will also drive them to seek innovation and desire to remain a leader in their industry, and push them to achieve what we think are tangible goals while mitigating demand. Peloton, as a company, shows how high-end technology and quality design can produce highly sought after products, and ability to remain alive and well in their industry.



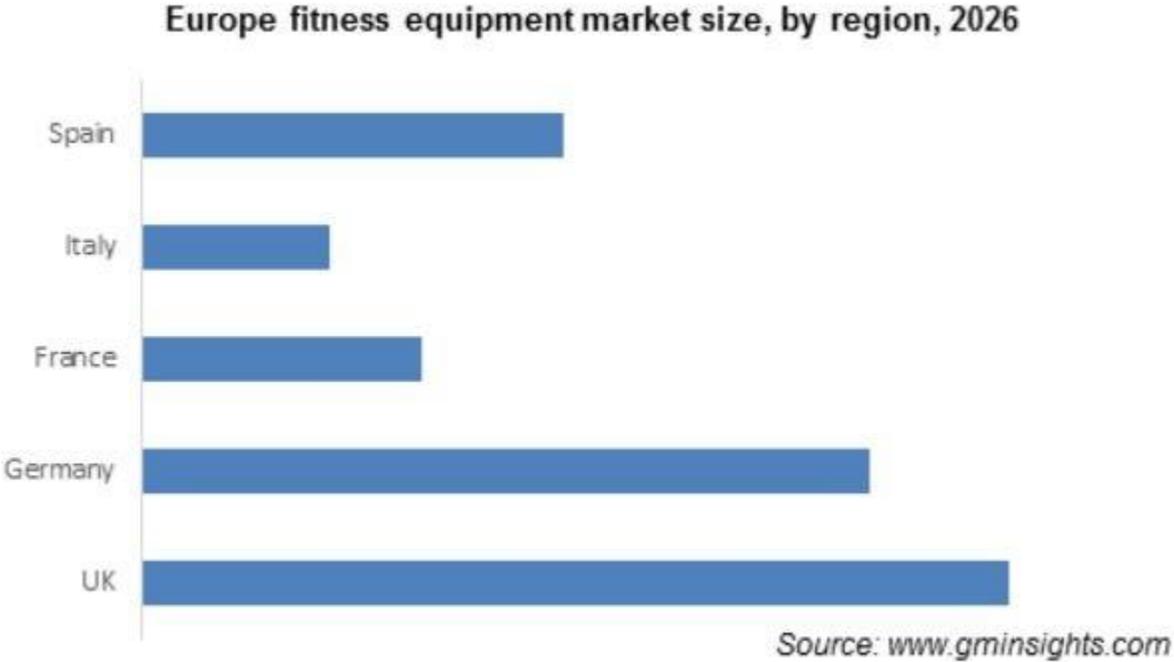
PELOTON



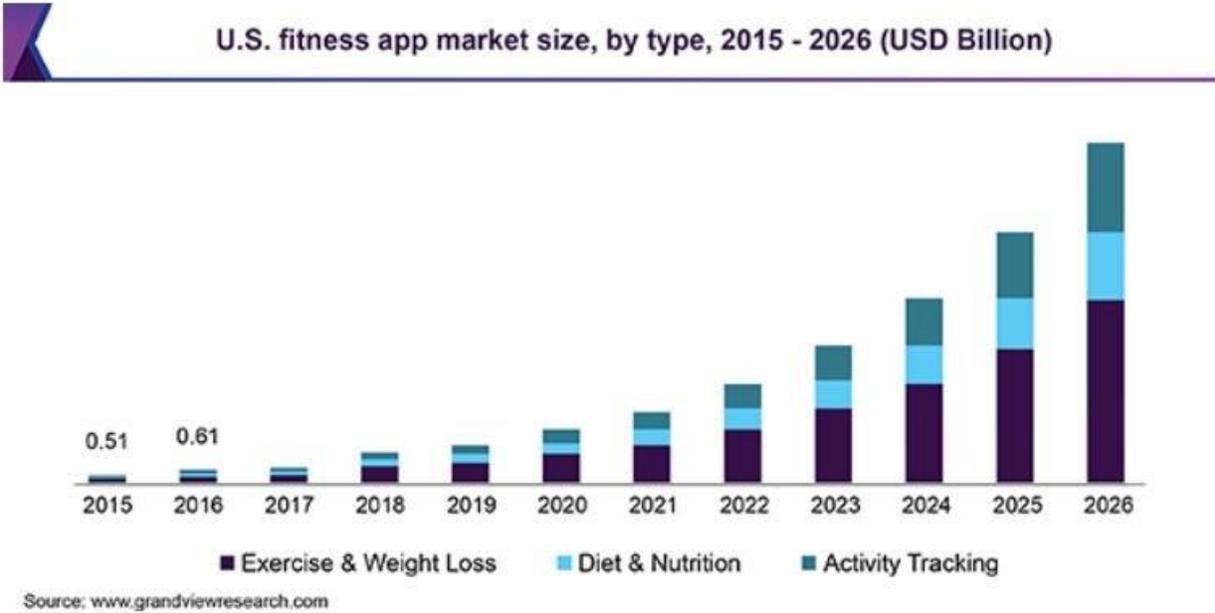
PART FIVE

APPENDIX

Appendix A: Europe fitness equipment market size, by region, 2026



Appendix B: U.S. fitness app market size, by type, 2015-2026 (USD Billion)

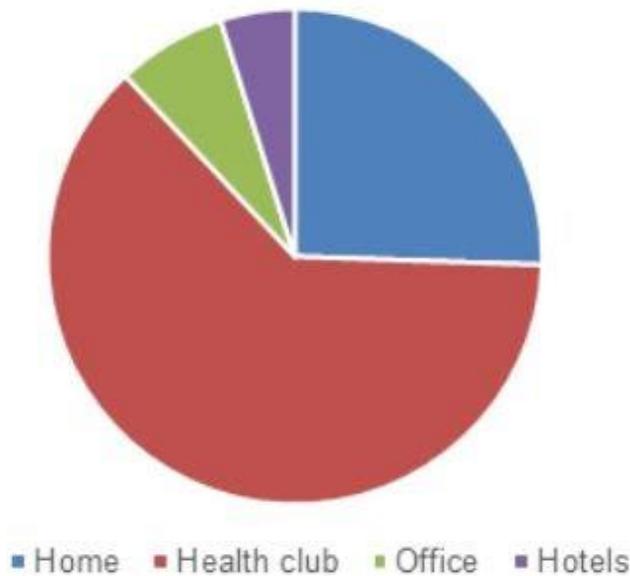


Appendix C: Fitness Equipment Market Infographic



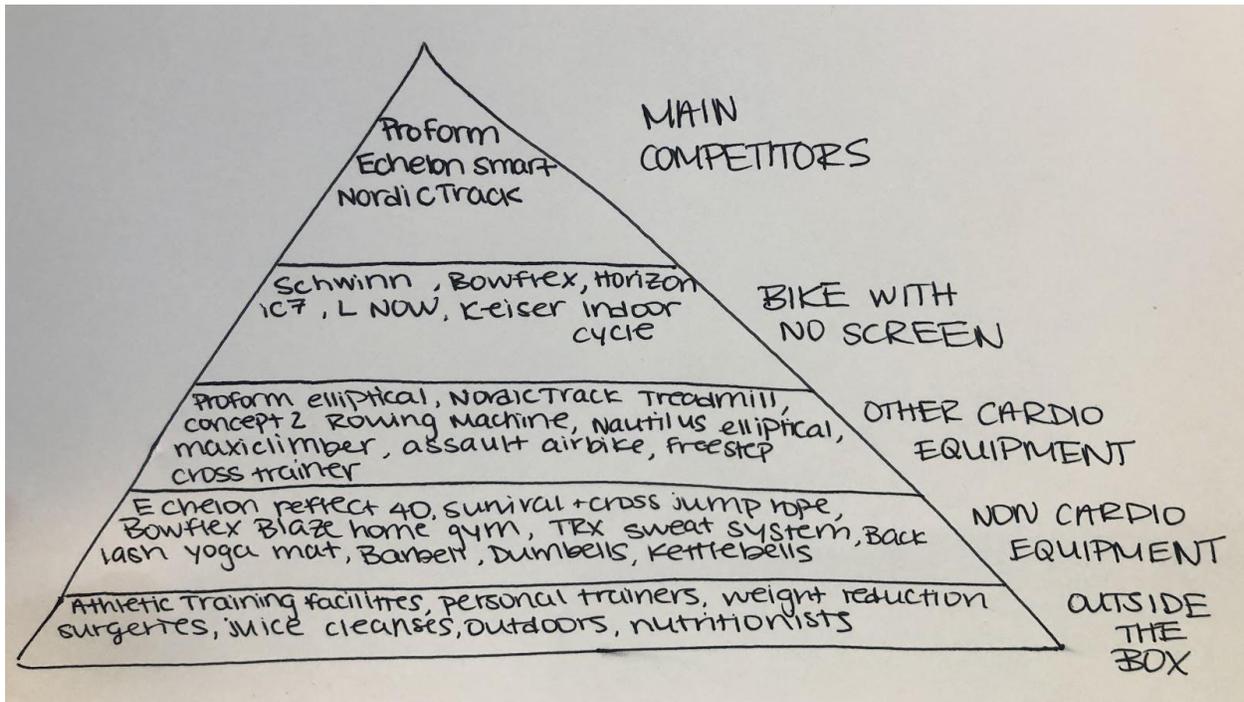
Appendix D: U.S. fitness equipment market, by end-use, 2019 (Thousand Units)

U.S. fitness equipment market, by end-use, 2019 (Thousand Units)



Source: www.gminsights.com

Appendix E: Competitive Pyramid



Appendix F: Peloton Product-Market Grid

			Products				Market Potential	
Segments/Markets		Most Valued Attribute	Current Peloton Bike	Current Peloton Treadmill	New Weight Lifting Workout Mirror	New Peloton Watch	Market Size in billions	Growth Rate (%)
Individuals	Busy Bee	Convenience				# of competitors: 11 Lower price	1.15B	5%
	The Athlete	Levels of Intensity	# of competitors 12				.575B	7%
	The Workout Enthusiast	Keeping up with current fitness trends			# of competitors: 3 High price		2.9B	6%
Households	Young Couples	Price	# of competitors 12				1B	3%
	Young Families	Customization		# of competitors :10			.69B	1%
	Empty Nesters	Safety	# of competitors: 12				.8B	-8%
Organizations	A company	Safety			# of competitors: 3 High price		1.15B	5%
	An apartment building	Wholesale Business Relationship	# of competitors: 12				2.3B	4%
	A university	Brand		# of competitors 10			.92B	10%
Breakeven in Unit			n/a	n/a	71	\$213,000	Total: \$11.5 billion	Total: 3.5%
Breakeven in Sales			n/a	n/a	20	\$11,000		

Appendix G: Break-Even Analysis

- Break Even point in unit = Total Fixed Costs / (Price – Unit Variable Cost)
- Break Even point in sales = Breakeven point in unit * Price

Product	Total Fixed Cost	Price (\$)	Unit Variable Cost	Break Even Point in Units	Break Even Point in Sales
Weight Lifting Workout Mirror	\$200,000	\$3,000	\$200	71	\$213,000
Peloton Watch	\$10,000	\$550	\$50	20	\$11,000