



Brand Inventory

IMC 602: Brand Development

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Introduction

Purpose

This report will review Peloton's company as a brand, as well as its products. The report will describe all Peloton's current sales/marketing strategies, marketing programs, integrated marketing communication (IMC) activity, and any other key tactics that may assist in understanding how consumers perceive the company and brand.

Peloton's Brand History

Peloton began in 2012, when former Barnes & Noble executive John Foley found that his instructor-led workouts were much more rewarding than his personal efforts at the gym. He wanted to bring exercise classes into the home for himself and other workout enthusiasts. The rest of the year was spent finding key team members and closing a \$3.5 million Series A (funding designed to establish startup and secure market shares), on top of the \$400k initial seed money (Warren, 2017).

The prototype Peloton bike was designed and produced in 2013 and was the model used to shoot their Kickstarter video. In order to generate awareness and money for the company and brand, a prototype had to be implemented.

In April 2014, Peloton received \$10.5 million in a Series B (funding for a startup's costs associated with company growth), which they used to alter the design of the bike, so it was ready for consumer use. Peloton bikes started selling at a slow but steady pace, landing in customer homes after a long production and shipping cycle. Also in 2014, the first Peloton studio opened in Manhattan's Chelsea neighborhood, allowing spin instructors to record their classes.

One year later in 2015, Peloton raised \$30 million in Series C funds (funding is focused on scaling the company to grow as quickly and as successfully as possible via investor capital) to expand brick-and-mortar retail locations and accelerate bike production. In order to keep the status quo with supply and demand, Peloton hired delivery personnel to deliver bikes to consumers. By the end of 2015, the company received a whopping \$75 million to expand its software engineering team.

By 2016, Peloton began offering unlimited live and on-demand classes at a monthly rate, so consumers were able to work out with or without the Peloton bike. The company raised even more funding of \$325 million, which was used for user and product growth classes e.g., yoga, palates, strength and weight training, stretching, meditation, and more.

In December 2020, Peloton saw its highest sales and stock, primarily due to the COVID19 pandemic. Through the closures of public gyms and in-person workout classes, the need for in home stationary bicycles, treadmills, and home gyms became a necessity.

"On May 5, 2021, CPSC and Peloton announced the recall of 125,000 Tread+ treadmills following the death of a child and dozens of incidents. The hazard with the treadmills is that adult users, children, pets, and objects can be pulled underneath the rear roller, posing a risk of injury or death. To date, in addition to the reported death, Peloton has received 335 incident reports, including 87 reports of injuries to consumers" (U.S. Consumer Product Safety Commission, 2022).

Peloton disclosed that in August 2021, they were subpoenaed by the Justice Department and U.S. Department of Homeland Security for any documents alluding to the reporting of injuries caused by its products (Cohan, 2021).

Also in 2021, the series "And Just Like That", a sequel to the hit HBO show "Sex and the City", releases their first episode where character "Mr. Big", played by actor Chris Noth, dies of a heart attack after completing his thousandth ride on the Peloton bike. In an effort to combat backlash over the safety of the product, Peloton hired Noth and real life Peloton instructor Jess King for a commercial titled "And just like that...he's alive".

In late 2021, Peloton pulls their ad with actor Chris Noth after sexual allegation charges were brought up against him by two separate women (Jacobs, 2021).

By Peloton’s fourth quarter of 2022, sales had slowed rapidly, reporting a \$1.2 billion quarterly loss as it struggled to sell excess inventory. “Revenue in the fourth quarter fell 28 percent, to \$679 million, from the same period a year earlier, Peloton said in a report. The loss in the quarter, which included \$415 million in restructuring charges, was much wider than the \$313 million loss in the same quarter last year. The company has lost money for six straight quarters” (Kelley, 2022).

The Role of the Brand

This section will discuss Peloton’s brand development and show a timeline from creation until the present. It will also address Peloton’s brand portfolio with an analyzation of the brand, company hierarchy, and company family tree with subsidiaries.

Figure A: Brand Timeline Development for Peloton

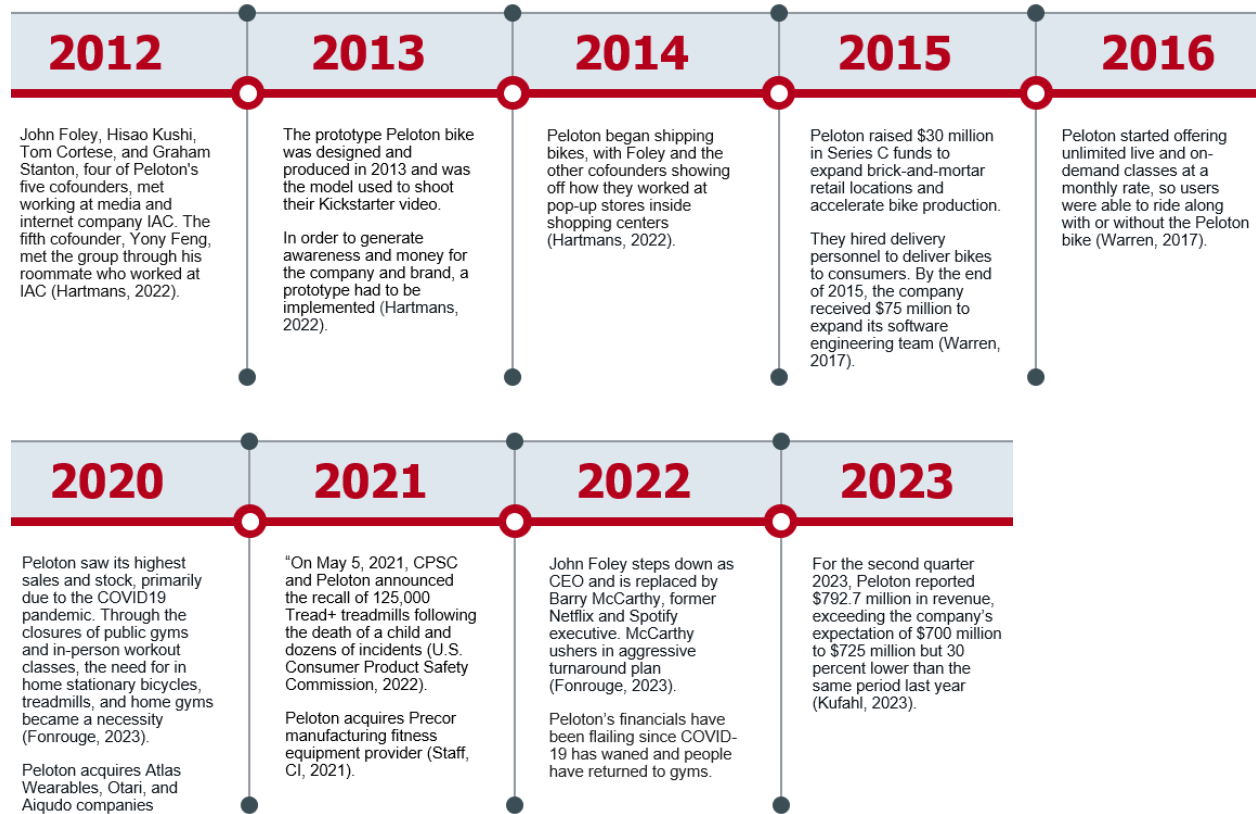
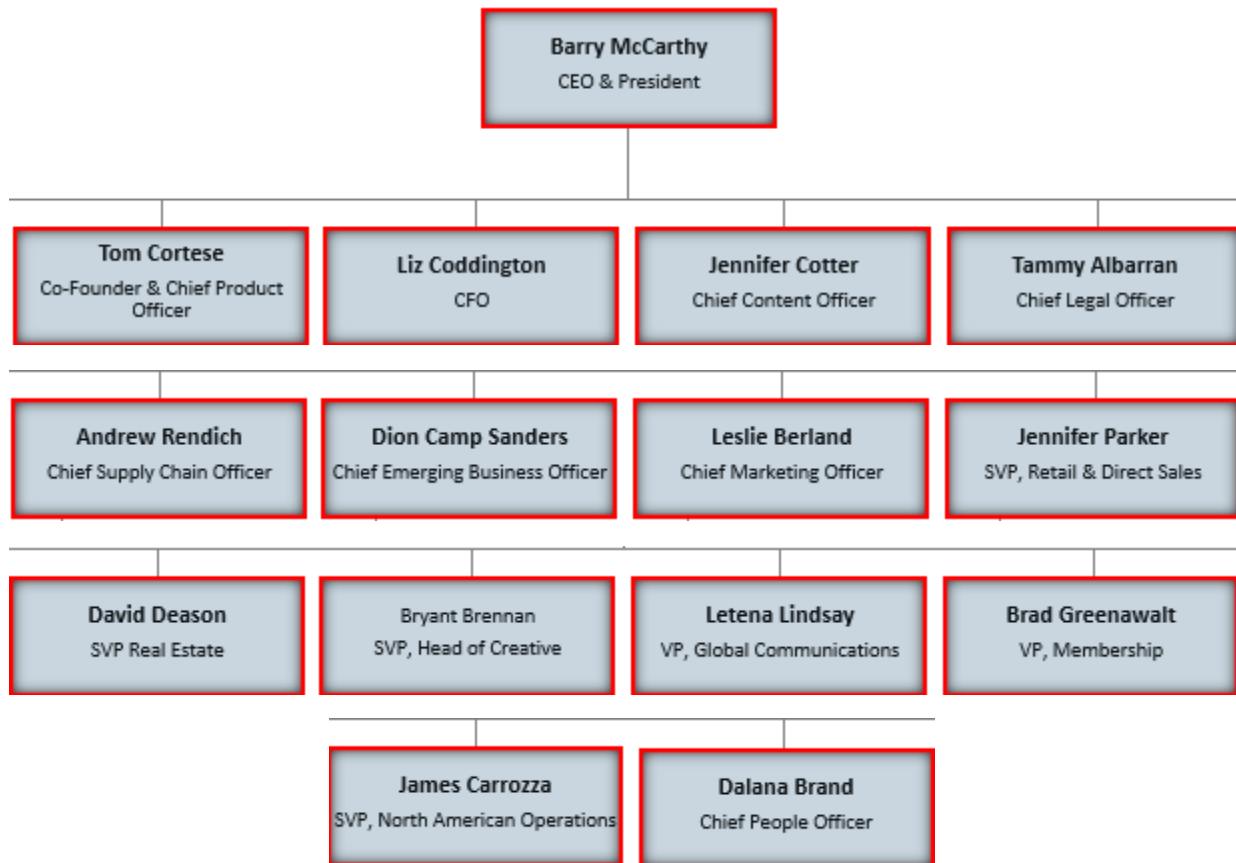
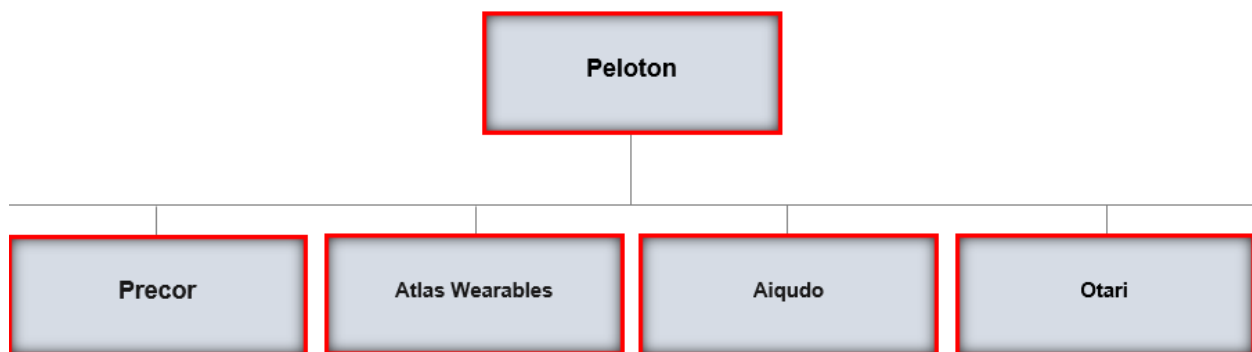


Figure B: Company Hierarchy



Information retrieved from: THE ORG. (n.d.). *Peloton - org chart, teams, Culture & Jobs*. <https://theorg.com/org/peloton>

Figure C: Company Family Tree with Subsidiaries



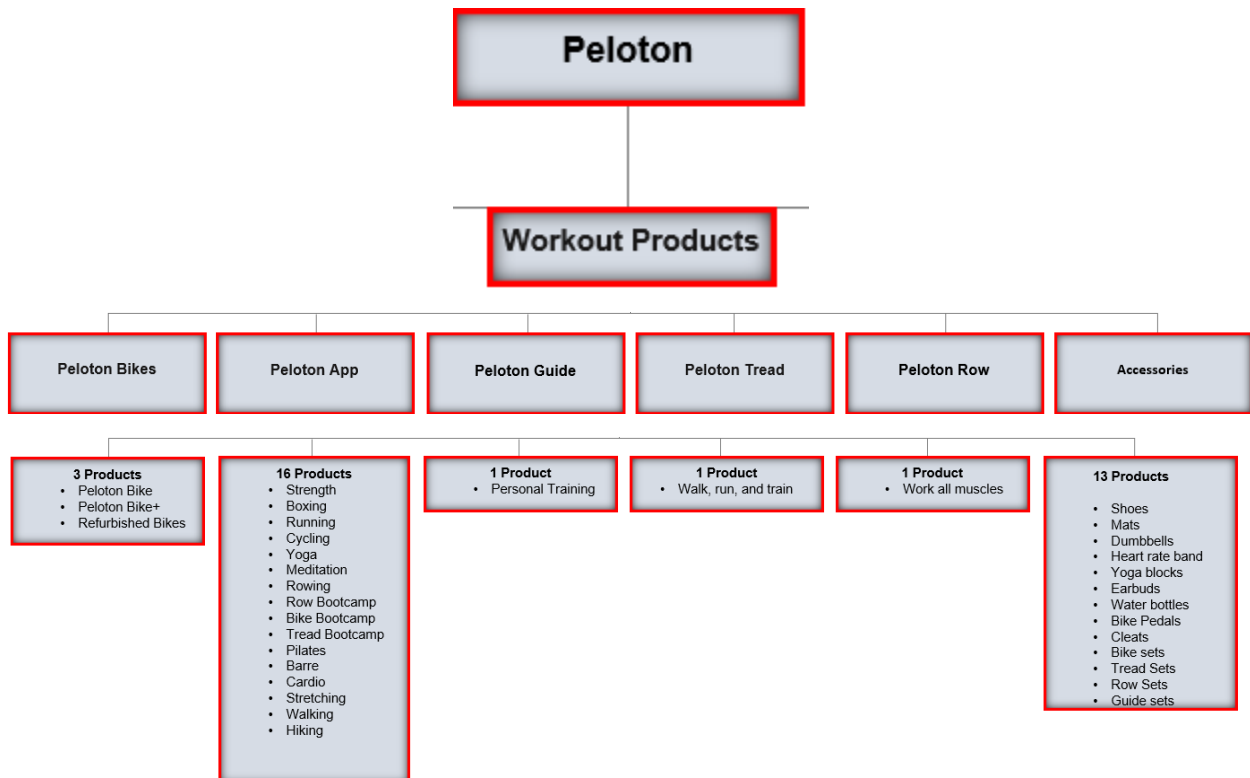
On April 1, 2021, Peloton acquired Precor, one of the largest global commercial fitness equipment providers with U.S. manufacturing, for \$420 Million in cash. “Peloton will have the ability to manufacture its products within the United States rather than relying on its manufacturing facilities overseas. Before the end of 2021, the company will begin producing its first connected fitness products within the United States. Precor has two U.S. manufacturing facilities—one in Woodinville, Washington, and the other in Whitsett, North Carolina” (Staff CI, 2021).

- Precor:** “Headquartered in Greater Seattle, WA, has been a pioneer in delivering fitness experiences for commercial customers and exercisers for more than 40 years. Precor serves more than 100 countries worldwide with offices in the Americas, EMEA, and APAC and operates two U.S.-based manufacturing locations. Precor products and services span across all major categories, including cardio, strength, functional fitness, group training, and connected solutions. In 2020, Precor reached the milestone of recording one billion workouts in its Preva® fitness cloud” (Peloton, 2021).

In late 2020, Peloton finalized deals to acquire three companies: Atlas Wearables, Otari, and Aiqudo, paying \$78.1 million for the companies and employees from these acquired companies are expected to join the Peloton family (Agomuoh, 2021)

- Atlas Wearables:** A Texas based company “redefining the fitness wearables market with their fitness tracking device, Atlas. The device was marketed on Indiegogo in January of 2014 and raised over \$600,000 over a period of two months. Atlas can identify the users’ exercises and will provide users with extensive data ranging from heart rate to a user’s explosiveness when performing a workout” (Wearables, n.d.).
- Otari:** Startup company making Otari Mat which was “designed to have a HD screen, placed on a yoga/workout mat. A detachable arm extended from the monitor that held an AI camera – which would capture & analyze your form for each activity, and could also count your reps. The platform would feature both live & on-demand classes – but use the AI camera to provide feedback on your form in the coach’s voice” (Lewis, 2022)
- Aiqudo:** Founded by John Foster and Rajat Mukherjee in Campbell California in 2017, “Aiqudo offers an artificial intelligence-based technology that connects voice computing to the mobile app ecosystem. Its Voice-to-Action platform lets people use natural voice commands to instantly execute actions in their mobile apps” (Crunchbase, n.d.).

Figure D: Peloton Brand Hierarchy



Brand Portfolio/Products

American company Peloton produces at-home gym equipment, has an exercise app, and produces workout videos that customers can live-stream. They are best known for the original Peloton Bike, an at-home exercise bike that features a large screen on the front and rear speakers, allowing customers to work out to one of the thousands of classes available through the Peloton All-Access membership (Peloton, n.d.).

There are two exercise bikes available: Bike and Bike+ - and there are also two treadmill options (though both aren't available in all regions) - Peloton Tread and Peloton Tread+. There is also the Peloton Guide, which is a TV-connected camera that focuses on strength workouts (Peloton, n.d.). New to the roster of Peloton equipment is a rowing machine.

Peloton also makes bike accessories, which include Peloton shoes, weights, headphones, a heart rate monitor, and a bike mat; there are also resistance bands and Peloton apparel (Peloton, n.d.).

Alongside the at-home gym equipment and accessories, Peloton also offers a mobile app that you can sign up for even if you don't have the Peloton gym equipment (Peloton, n.d.).

Brand Equity Sources

This section will explain how consumer attitudes toward Peloton's brand influence the success of the business. This will be shown through target markets, product positioning, brand mantra and slogans, structures through how consumers remember and think of the brand, and efforts the brand makes toward philanthropy.

Brand Image

"Brand Image is important for any business. When consumers buy a product or service, they aren't just buying a product or service; they're buying what your brand stands for. That's why it's so important to design your brand image to convey exactly what you want it to say" (Thimothy, 2022) Peloton's current brand image and position is centered on the idea that through its unique combination of world class instructors, content, music, hardware, and software, the experience makes fitness motivating and exhilarating

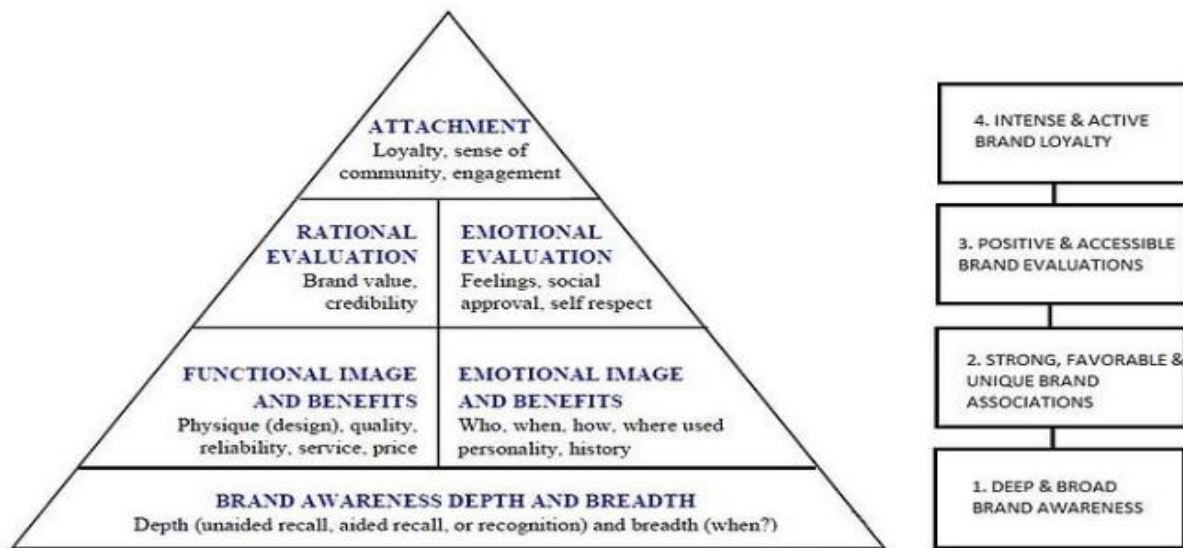
Brand Awareness

"Building a brand requires one thing: attention. Until your brand starts getting attention, it's pretty much useless. It doesn't matter how great your logo looks or how impactful your message is. If you're not attracting attention from your audience, your brand might as well not exist" (Thimothy, 2020).

Consumer brand awareness is made up of brand recognition and brand recall:

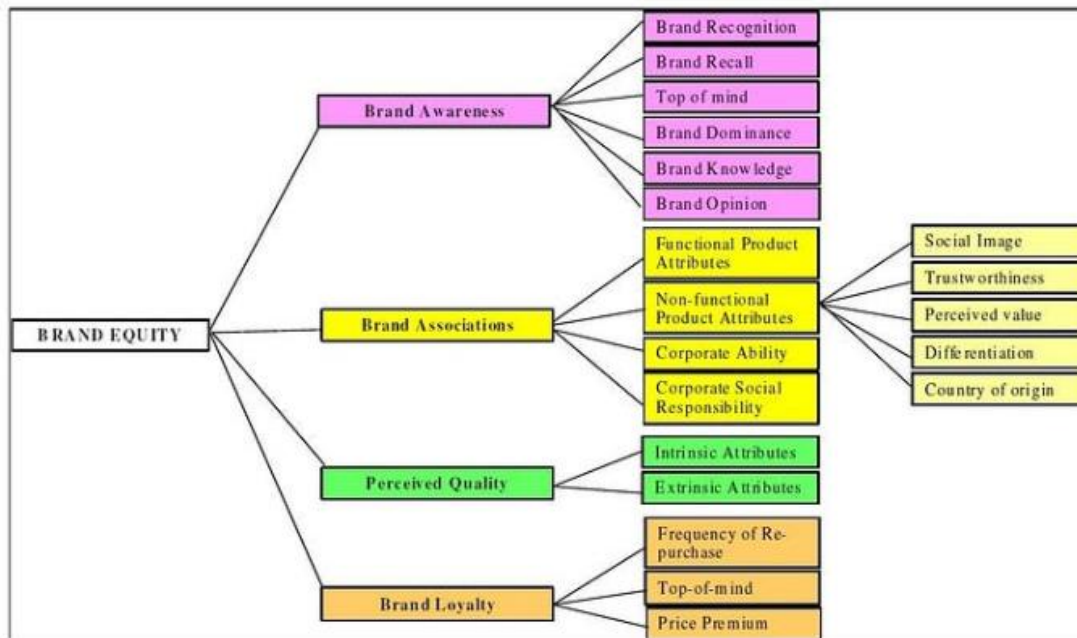
- **Brand recognition:** the extent of a consumer's ability to identify a product or service by viewing their logo, advertisements, or packaging. "Recognition reflects familiarity gained from consumer's past exposure and does not necessarily involve remembering where the consumer encounters the brand before, or why it differs from other brands. The main thing is that the consumers remember the past experience with the brand" (Kalin, 2020).
- **Brand recall:** the likelihood of instant recollection of the name of a brand by a consumer when prompted with a product or service. "It is a qualitative measure of the consumer's ability to remember the name of a brand. It is a component of brand awareness which measures the spontaneous recall of the brand from memory" (Somani, 2023).

Figure E: Brand Knowledge Pyramid



Kalin, M. (2020, November 9). *Exploring the difference between brand recognition and brand recall.* (Image). Medium. <https://disruptermarkkalin.medium.com/exploring-the-difference-between-brand-recognition-and-brand-recall-af64d41dc163>

Figure F: Brand Equity Chart



Kalin, M. (2020, November 9). *Exploring the difference between brand recognition and brand recall.* (Image). Medium. <https://disruptermarkkalin.medium.com/exploring-the-difference-between-brand-recognition-and-brand-recall-af64d41dc163>

Target Market

Product positioning is how a brand desires to be interpreted by consumers. It is important because it can shape how consumers think about a company/brand's products and how to communicate with them. A product's positioning should answer questions about the products/brand and address key points.

There are several types of product positioning:

- **Product positioning in marketing:** "The idea is to position yourself to control how customers think about your product. You can control this by deciding who you are targeting and what product benefits you want to highlight to trigger a positive response from the customer" (Airfocus, n.d.).
- **Price-based positioning:** "Price-based positioning refers to offering your products at a competitive or lower price versus others in the market. And, most often, consumers choose these products based *purely* on price — without considering or comparing the other options" (Airfocus, n.d.).
- **Lifestyle-based positioning:** "Brands may also define their market position by associating their product with a certain usage or lifestyle" (Airfocus, n.d.).
- **Characteristics-based positioning:** "Reliability, performance, efficiency, sustainability, aesthetics, and novelty — these are all characteristics that help create a unique positioning for a product. Positioning your product based on these characteristics encourages consumers to develop a certain brand image based on what your product can offer" (Airfocus, n.d.).
- **Quality or prestige-based positioning:** "When brands avoid competing on price — using their higher fees to suggest a product of higher quality or status" (Airfocus, n.d.).

Peloton has a specific target audience and demographic:

- **Middle aged professionals:** "60% of adults 25+ within a 10-minute drive of their (Peloton's) current locations have a bachelor's degree or higher, compared to 33% of the general population, and about 47% of households earn \$100K or more compared to 31% of all households" (Bean, 2022). These consumers tend to be college-educated, high-income individuals in and around urban areas.

The way Peloton has been able to identify its powerful niche audience is an attribute to the brand's price point. "We often hear that Peloton is a big purchase, which it absolutely is. What we're trying to do is show the value story in a couple of ways. One is getting that math in front of people, so they can see that you are actually saving money by buying a Peloton bike" ([B]RIGHT Brand Performance Group, n.d.).

Desired Product Category Positioning

Peloton's desired product position for their brand is in the fitness and workout worlds, especially in high-end quality. Equipment ratings for Peloton vary depending on the company performing the review. Most review companies place them within the top 10 for in-home workout equipment and apps, however some reviewers leave them out altogether. The consistently highest ranking in-home equipment is the "The Mirror", manufactured and sold by Lululemon. Although this product is not a bike, treadmill, or rowing machine, it offers thousands of workouts and has a slim design that takes up very little space (Ordia, 2023).

Peloton's company and brand is focused on inclusivity and the environmental impacts of their products and manufacturing. They have released many "looking forward" statements regarding their current expectations and projections about future trends, events, growth, financial condition, operations, and business strategies. "As a company grounded in community, ensuring that Members feel connected and supported is an integral part of Peloton's business. Peloton has continued to progress key initiatives focused on creating inclusive and accessible experiences, welcoming its members to show up as they are" (Peloton Interactive, Inc., n.d.).

“Peloton continued to make progress on its environmental sustainability program and delivered on its commitment to announce an initial set of targets. The targets include a commitment to source 100% renewable electricity for its direct operations by 2026, release product carbon footprints for key connected fitness products by 2024 and expand circular business models such as the Peloton certified pre-owned pilot. In line with its commitment to transparency, the company elevated its climate-related disclosures by reporting to global environmental disclosure platform CDP and disclosing carbon emissions across its value chain. These efforts support Peloton’s ongoing commitment to actively engage with its broader stakeholder community and continuously strengthen its transparency on key areas of importance, including climate” (Peloton Interactive, Inc., n.d.).

Brand Mantra

Peloton’s brand mantra communicates its brand through an emotional modifier, a descriptive modifier, and brand function.

The emotional modifier describes how consumers feel about the brand. The descriptive modifier describes who the brand is for. The brand function “describes the nature of the product or service or the type of experiences or benefits the brand provides” (Keller et al., 2020, p. 96)

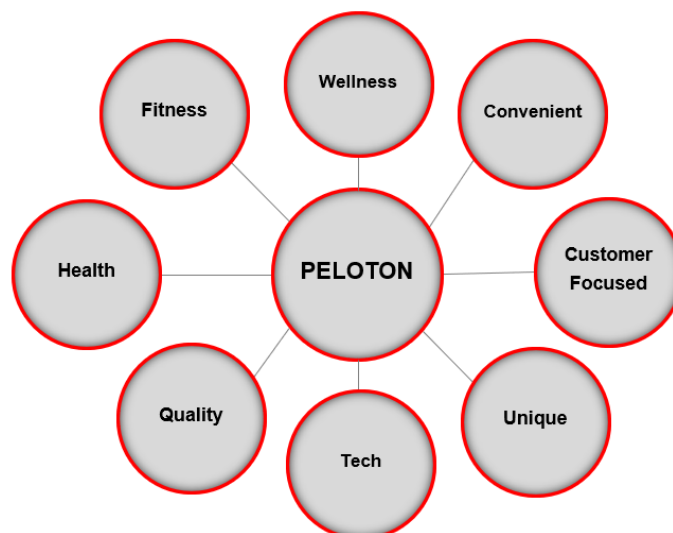
EMOTIONAL MODIFIER	DESCRIPTIVE MODIFIER	BRAND FUNCTION
Pioneer	Athletic	Fitness Performance

Knowledge Structures

Consumers will automatically associate judgments, feelings, quality, credibility, and judgments of a brand. These associations are the attributes and benefits of the brand’s image interpreted by the consumer. “Brand attributes are the descriptive features that characterize a product or service and brand benefits are the personal value and meaning that customers attach to the product or service attributes” (Keller et al., 2020).

The attributes and benefits of Peloton include fitness, current and future technology, working from home or on the go, improved heart health, and long term wellness.

Figure G: Peloton Consumer Brand Association



Philanthropy


Peloton has several programs designed to support and help their communities:

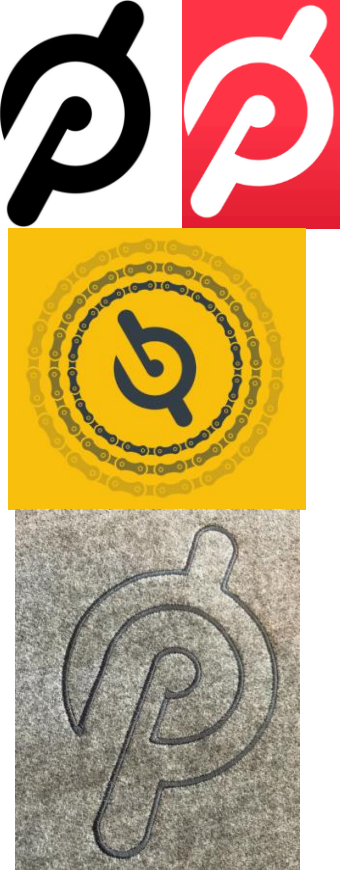
- **The Member Relief Fund:** During the COVID19 pandemic, Peloton pledged \$1 million to cover two months of membership fees for their members. They gave priority to members who had lost their jobs or were unable to work due to the hardships and financial effects of the pandemic (Peloton Interactive, Inc., n.d.).
- **The Comeback:** To show their support of frontline workers during the COVID19 pandemic, Peloton created a program where consumers could upload their stories to the Peloton site and 100 bikes were given away to healthcare and hospital employees (Peloton Interactive, Inc., n.d.).
- **Food Bank for New York City:** 2.5 million meals were generated from their global member community coming together to take classes. This created a \$500K donation to the city’s hunger-relief organization (Peloton Interactive, Inc., n.d.).
- **Peloton Kids Foundation:** This foundation donates time, money, and resources to empower children and their families by partnering with local organizations, hosting charitable events, and volunteering with various organizations (Peloton Interactive, Inc., n.d.).
- **Action for Diversity and Inclusion:** “In June 2020, Peloton made a commitment to invest \$100 million over the next four years to fight racial injustice and inequity and to promote health and well-being for all people. Within the pledge, the company committed \$60 million to increase the wages of its hourly workforce from \$16 to \$19; \$20 million to improve its learning and development programs; and \$20 million to support nonprofit partners fighting racial injustice” (Bloomberg, n.d.). Peloton also donated an additional \$500K to the NAACP Legal Defense and Education Fund.


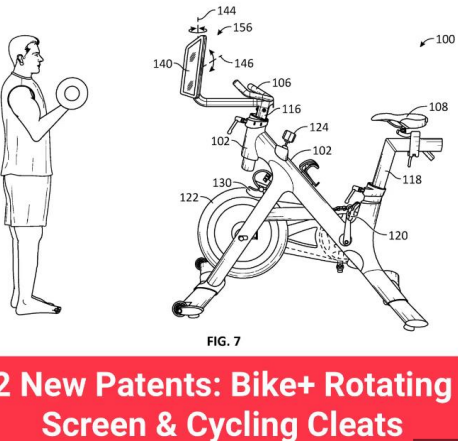
Brand Elements

This section will show and explain Peloton’s branding elements, e.g., symbols, slogans, logos, packaging, and trademarks.

Figure H: Peloton Branding Elements

ITEM	BRANDING ELEMENT	DESCRIPTION
Name		<p>“The name <i>Peloton</i> was inspired by the French word <i>platoon</i> which translates to mean a group of riders in a race” (Hatchwise, 2022).</p> <p>“Peloton” can also mean little ball.</p>
Symbols/Logos		<ul style="list-style-type: none"> • Unique: The Peloton logo is a custom letter that has visual identity. It is set apart from its competitors. With this attribute, customers can easily recognize it with no confusion • Simple: There are bare minimum design elements. The emblem is noticeable and classic. • Memorable: Since the logo is simple and unique

		<p>logo, it's easy to remember. It also resembles a bike pedal and circle which signifies wholeness.</p> <ul style="list-style-type: none"> • Relevant: This logo relates to the market. The fonts and colors used are impactful and tasteful. • Versatile: Since the logo is so minimal, it is attractive and fits across all types of IMC marketing and advertising.
<p>Slogan</p>	<p>Motivation That Moves You</p>	<p>“Slogans can help a brand get noticed and remembered. They can be a quick way for consumers to decide if the brand is for them. Conveying what your brand is about and your message in just a few simple words is by no means easy, but a well thought out and catchy slogan can carry a brand for many years” (Kantar, n.d.).</p> <p>Peloton wanted to get back to the core of what makes the company special with this new slogan. "The motivating power of the Peloton experience results in helping people lead healthier, happier lives. The <i>Motivation That Moves You</i> platform honors these experiences of our members every day, and the motivation that they can access anytime, anywhere” (Cision PR Newswire, 2022).</p>

<p>Packaging</p>		<p>“Packaging plays a critical role in how customers interact with a brand. It can help differentiate your brand from others with its shape, color, design, and style. It can be a potent marketing tool that informs people about your brand” (Cogent Solutions and Supplies, n.d.).</p> <p>Peloton has redesigned their packaging to be simplistic, colorful, and eye catching. The red and black colors represent their equipment and accessory colors.</p> <p>The bikes come in three separate boxes (assembly required) with the signature Peloton name and logo.</p>
<p>Trademarks</p>		<p>Peloton has patented its on-demand fitness class model; U.S. Patent numbers 10.322.315 and 10.022.590 (Rosenbaum, 2022).</p> <p>They have been unable to patent various items such as the technology and interactive aspects of their equipment as these were already covered by a previously filed fitness technology patent. They ended up losing a patent lawsuit with Echelon in January 2022 (Rosenbaum, 2022).</p> <p>Peloton was however able to patent their Bike+ rotating screen and cycling cleats.</p>

Marketing Programs

This section discusses pricing, distribution, manufacturing, and communication programs associated with Peloton.

Pricing

Peloton has a variety of items that vary in price. The following includes equipment, subscriptions, and accessories. Peloton offers financing options starting from 0% APR with \$0 down.

App/Subscription: \$12.99/mo.

Equipment

- Bike Basics: \$1445
- Bike Starter (bundle): \$1245
- Bike Ultimate(bundle): \$1425
- Bike+ Basics: \$2495

- Bike+ Starter (bundle): \$2295
- Bike+ Ultimate (bundle): \$2475
- Refurbished Bike: \$995
- Refurbished Bike+: \$1995
- Tread Basics: \$3495
- Tread Select (bundle): \$3340
- Tread Ultimate (bundle): \$3420
- Row Basics: \$3195
- Row Select (bundle): \$3120
- Row Ultimate (bundle): \$3170

Guide for strength training

- Guide: \$195
- Guide Starter (bundle): \$220
- Guide Select (bundle): \$295
- Guide Ultimate (bundle): \$545

Accessories

- Replacement touchscreen: \$525
- Shoes: range from \$125 to \$145
- Dumbbells: range from \$55 to \$155
- Apparel: range from \$16 to \$88
- Mats: range from \$70 to \$85
- Heart rate bands: range from \$34 to \$90
- Resistance bands: \$70
- Pedals: \$55
- Yoga blocks: \$30
- Cleats: 26
- Light weights: \$25
- Earbuds: \$23
- Water bottles: range from \$15 to \$17

Figure I: Peloton Product Example Chart with Included Elements

	Peloton Bike	Peloton Bike+	Peloton Tread
Price	starts at \$1,495	starts at \$2,495	starts at \$2,495
Display	adjustable 22-inch (in) HD touchscreen	rotating 24-in HD touchscreen	23.8-in HD touchscreen
Features	<ul style="list-style-type: none"> • built-in sound system • adjustable resistance knob 	<ul style="list-style-type: none"> • enhanced built-in sound system • automatic resistance knob 	<ul style="list-style-type: none"> • adjustable control knob • up to 12 kilometers (km) per hour • up to 12.5% inclination
Free trial	30-day free home trial	30-day free home trial	30-day free home trial
Warranty	12-month limited warranty	12-month limited warranty	12-month limited warranty

Rees, M. (2022, February 25). *Peloton review: everything you need to know.* (Image). Medical News Today. <https://www.medicalnewstoday.com/articles/peloton-review>

Distribution

Peloton products and accessories were previously sold through their e-commerce sites, inside sales channels, and global showrooms. They are currently selling items through Amazon. Peloton Chief Commercial Officer Kevin Cornils said, “Expanding our distribution channels through Amazon is a natural extension of our business and an organic way to increase access to our brand. We want to meet consumers where they are, and they are shopping on Amazon” (Bicycle Retailer, 2023).

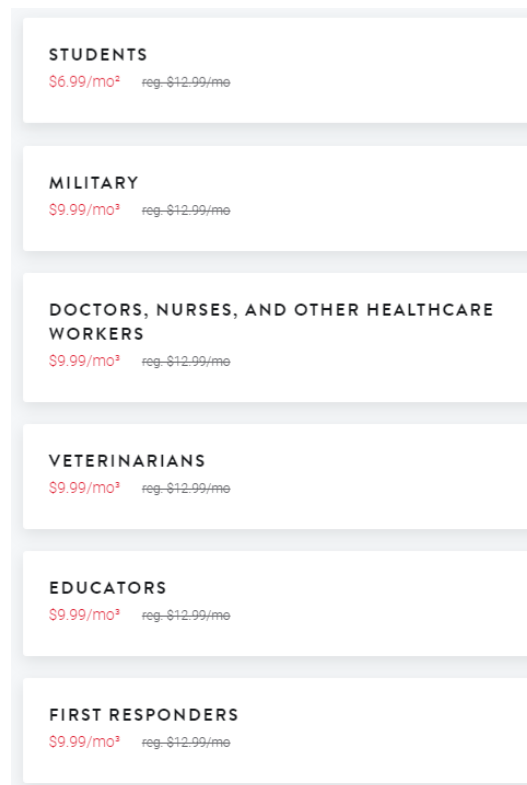
The distribution centers and offices are located in Troy Township, MI, Dayton, OH, Linden, NJ, Beachwood, OH, Columbus, OH, Carrollton, TX, Oakbrook, IL, Grand Prairie, TX, Pittsburgh, PA, Phoenix, AZ, and King of Prussia, PA. Customers have the option to assemble the bikes at home or for no additional cost, add on expert assembly upon delivery.

Communication Programs

Personalized Communication: Peloton offers a diversity of memberships, fitness programs, level of workout intensity, instructors, and types of workout. “Each member has specific fitness goals, schedule, fitness equipment, and level of skill or strength. The diversity of content and individuality of member needs at massive scales creates an opportunity for a recommender system to create a personalized experience on the Peloton platform. Our personalization team at Peloton is constantly discussing new techniques and approaches to connect our members to the right piece of content at the right time in the right context. We have a talented team and routinely discuss new publications and papers in the machine learning space to see how they can be applied to our unique community” (Peloton, n.d.).

Promotions: Peloton offers promotional pricing for students, military, healthcare workers, veterinarians, educators, and first responders.

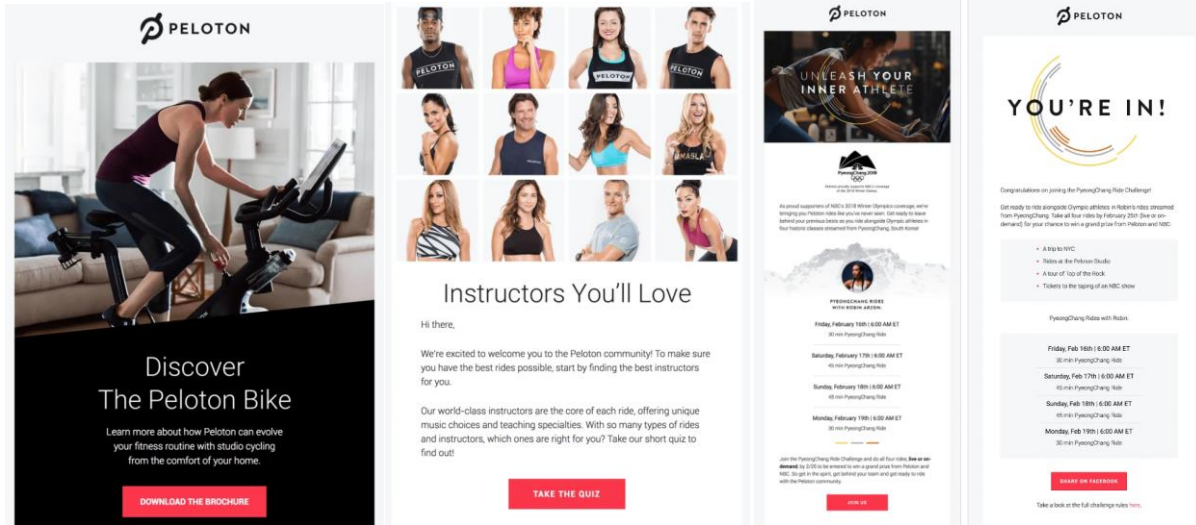
Figure J: Promotional Membership Pricing



Peloton. (n.d.). *Offers.* (Image). <https://www.onepeloton.com/offers>

Omnichannel Marketing: In 2023, Peloton hired Leslie Berland as its chief Marketing officer and is responsible for company marketing, creative and consumer insights, global communications, and membership (James, 2023). Berland’s goal is to create effortless customer experiences and advertisements across the IMC landscape.

Email Marketing: Peloton measures their email success through metrics as well as engagement outside of the email inbox (Medium, 2018). Customers say that the transition from email to Peloton platforms is visually seamless.



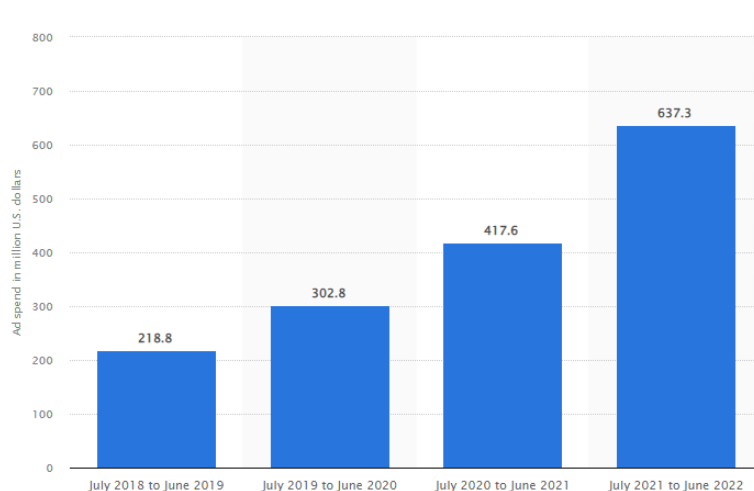
Social Media: “Peloton's social media sites have done a good job at creating consistent content to keep users engaged. From updates on workouts, motivational videos and pictures, to company collaborations with influencers and Spotify. This is all done well because research from the Index found that 68% of consumers want to engage with images while 50% want to engage with videos. Overall, Peloton's content and social media activity isn't the problem. The brand is doing a great job at engaging followers and pushing out content that will do well” (Scramlin, 2021).

Peloton has many followers across various social media platforms:

- **Instagram:** 1.89M Followers
- **Facebook:** 923.7K Followers
- **Twitter:** 220.9K Followers
- **TikTok:** 124.6 Followers, 2.4M Likes
- **YouTube:** 168K Subscribers, 266 Videos
- **Pinterest:** 54.8K Followers

Media Spending: Between July 2021 and June 2023, Peloton invested 637.3M in advertising across all media marketing (Statista, 2023).

Figure K: Advertising Spending of Peloton Worldwide in fiscal years 2019 to 2022 (in U.S. million dollars)



Statista. (2023). *Peloton ad spend 2022*. (Image). <http://www.statista.com/statistics/1329435/peloton-ad-spend/>

Secondary Marketing

Partnerships

- Adidas:** In March 2021, Peloton and Adidas launched an 11 piece apparel collection featuring hoodies, tanks, leggings, and sports bras priced between \$30-\$85. “According to the company’s last reported quarter, it sold a staggering 600,000 units of branded apparel. Its in-house apparel team, meanwhile, has grown significantly in the past year, with Jill Foley telling the Wall Street Journal even she had been surprised by its rapid growth” (Welltodo, 2022).
- Amazon:** With over 197 million monthly users, Amazon is an obvious choice for partnership with Peloton. Peloton’s equipment, apparel, accessories, and guides will be offered through the platform. Implementing memberships through Amazon Prime is also under consideration. “Peloton’s support team will manage ongoing customer service requests related to repairs, maintenance requests, subscriptions, and general inquiries, according to the company, while Amazon’s customer service team will provide support for product purchases, delivery, installation and returns” (Thomas, 2022).
- DICK’S:** In September 2022, Peloton announced that they would begin selling their products in DICK’S retail stores. DICK’S would be the only retailer to carry select items in Peloton’s equipment catalogue. "Peloton is a powerful brand with a very loyal following and a product mix that's compelling for any fitness enthusiast," said Will Swisher, Senior Vice President, Merchandising Hardlines, DICK'S Sporting Goods. "Being able to offer Peloton to our athletes – and to provide an in-store experience for them to see and test products – gives us and Peloton extended reach into the fitness market" (Peloton, n.d.).
- Hilton:** In October 2022, Hilton Hotels announced that Peloton bikes would be featured in nearly all of their hotel locations around the U.S. “Under the partnership announced on Monday, U.S.-based members of Hilton Honors, who are first-time Peloton users, can avail a 90-day trial subscription to the Peloton App. Shares of Peloton rose 5.2% in premarket trade” (Gomes, 2022).

Celebrity Endorsements: Many actors, musicians, pro athletes, and politicians have announced that they use the Peloton bike including Miley Cyrus, Ayesha Curry, Lizzo, Ellen DeGeneres, Kate Hudson, Kevin Hart, Alecia Keyes, Venus Williams, Usher, Jimmy Fallon, Chris Pratt, Usain Bolt, Joe Biden, and many others. Some use their real names while others use screen names. This makes it fun for regular users to “ride along” with them (Pelo Club, 2022).

Influencers: Many of Peloton’s instructors have become influencers for the brand on social media and mainstream media. Instructor Cody Rigsby made an appearance on *Dancing with the Stars* pushing Peloton’s reach even further. Instructor Jess King has various social media platforms where she promotes self-love through fitness and wellness (Social Studies, 2021).



Awards: Peloton has won many awards in the years 2021 and 2022. Some of these include the following:

- Best Company for Women 2021
- Best Company Culture 2021
- Best CEO 2021
- Best Product & Design Team 2021
- Best Operations Team 2021
- Best HR Team 2021

- Best Engineering Team 2021
- Best Places to Work in New York 2021
- Best Company Outlook 2021
- Best Marketing Team 2021
- Best Product & Design Team 2022

SWOT Analysis

Figure J: SWOT Chart



Strengths

- **Brand recognition:** Peloton has established its brand in the industry as being the first of its kind to enter the market (Shastri, 2022).
- **Strong product:** Peloton is unique in that they combine hardware and software, fitness equipment, and fitness training all in one package (Shastri, 2022).
- **Multi-device access:** Similar to streaming services like Netflix or Hulu, users can enjoy multi-device access for families or friends.
- **Loyal customer base:** Peloton has over 5.9 million users with 2.3 million connected fitness subscribers. It has an over 92% retention rate on its subscription packages (Shastri, 2022).
- **Strong customer relationship:** Since its inception in 2012, Peloton has developed strong relationships with its customers and has reached most of their target market.

Weaknesses

- **Dependent on third party:** Peloton's products have a digital dashboard and rely heavily on third party services for music, logistics, manufacturing, and suppliers. Therefore, they have less control over these parties and their operations and efficiency.
- **Branding & marketing:** Peloton comes into different controversies of patent and copyright issues with its competitors. They paid \$59 million in legal settlement with Echelon Fitness & Icon Health Inc (Shastri, 2022).
- **Competition with brands:** Although Peloton has a unique marketing strategy, competitor brands are coming up with new strategies. To maintain the position of their products, they need to advertise and improve their products constantly and consistently.

- **Limited international presence:** Peloton operates in five markets around the world. They should expand to countries to create strong brand recognition and awareness in the international market (Shastri, 2022).

Opportunities

- **Expansion:** Opening the franchise internationally will help Peloton to expand. Many people all over the globe would appreciate its unique products and systems in the market.
- **Product range:** Peloton could innovate and improve their equipment, apparel, accessories, and training.
- **R&D:** Research and development is key to the success of any company. This is especially true for tech companies that have less product variation with competitors.
- **Positioning:** Instead of competing with other brands, Peloton should position themselves as the number one choice brand in the industry by launching new products in the market before competitors have a chance to.

Threats

- **No registered patent:** Any competitor could copy their product. They have already had legal issues (and lost) with various competitor companies.
- **Competition:** Company relies on sales equipment that is also sold and marketed by various competitors.
- **Financial risk:** Peloton has not been able to make sustainable profits even though they went public (Shastri, 2022).
- **Dependent on products:** Most of Peloton's revenue comes from their products, rather than subscriptions, because they have limited geographical regions, they market to whereas competitors are already known and successful in these areas (Shastri, 2022).

Conclusion

Takeaways from the Peloton Brand Inventory Report are:

- The variations of brand development.
- Specifics of the brand's portfolio, products, and advertising.
- Brand equity sources such as target markets, desired product category position, brand mantra, knowledge structures, and philanthropy.
- Investigation into Peloton's branding elements: logos and symbols, slogan, packaging, and trademarks.
- Examination of marketing programs including pricing, distribution, communication programs, and other marketing associations.
- Summary of key strengths, weaknesses, opportunities, and threats with SWOT analysis chart.

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