

Extra Credit: Peloton Elite

Menucha Libman

New York City College of Technology

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Brief Peloton history

In 2011 John Foley had the idea to bring the benefits of group workouts into consumers' homes while accommodating their busy schedules. Peloton sought out what it hoped would be the best stationary bike and tablet screen manufacturers. In 2012, Peloton launched their bike screen combo and membership plans. They disrupted the market of fast growing boutique gyms. In 2018, Peloton opened a work-out production studio in NYC where they record and livestream classes across the globe (Reiff, 2021). In September of 2019 Peloton went public. The company makes the majority of its profits from the membership fees (Reiff, 2021). There are two membership plans: 1) All-Access Membership: \$39/ month family plan with Peloton equipment required workouts. 2) \$12.99/ month plan with no equipment required workouts (Sinra, 2021).

How Peloton adapted to the Covid market

In 2020 Peloton was struggling to meet demands for physical products and deliver them within promised windows. So, in 2021 Peloton bought Precor, an exercise equipment company with over 625,00 sq feet of USA manufacturing space for \$420 million. This purchase helped Peloton gain control over the production and distribution of their products (Melin & Pitcher, 2021).

SWOT analysis

S:

Peloton was positioned perfectly to take advantage of the pandemic lifestyle from the beginning.

Peloton has the physical infrastructure to create products and meet demand.

W:

Peloton's original growth plan is no longer applicable.

The company has no new products to increase sales.

Peloton burned through their target market significantly faster than expected during the unforeseen pandemic.

O:

The pandemic increased the public's interest in physical activity.

The Peloton name gained major publicity through successful advertising.

T:

Peloton is facing the same supply chain issues for manufacturing materials as other brands.

Peloton's Current Position:

Peloton gained over 1 million new members during the pandemic (Valinsky, 2020). Peloton has a reported 93% retention rate for their memberships and a 10% conversion rate from membership to physical equipment purchase (Iglehart, 2020). Based on these numbers Peloton can expect to maintain over 930,000 members post-pandemic and to sell over 100,000 new physical products.

Businesses are opening up and their workers are coming back in person. Additionally, Travel is picking up again. The consumer's schedule will fill up with work and travel commitments. Peloton can take advantage of this new environment.

Part of Peloton's appeal is their on location workouts. Many pre-corded classes are filmed in locations around the world. Participants can virtually run or bike through forests, up mountains, and around cities from the comfort of their home.

Proposed New Business Idea: Peloton Elite

Wake up at 5am, run on the treadmill watching video footage of your instructor hiking in the Swiss Alps. Imagine the difference in your workout if you were there climbing with the rising sun. Come home from work, log onto a yoga session filmed in Bali, try to drown out the noise of rush hour traffic. What if you were on that Bali beach, warm sand, afternoon sun rays, and waves crashing creating the perfect background to relaxing yoga. This could be you when you upgrade your membership to Peloton Elite. Join smaller classes with focused individual instructor attention, compete with fellow participants to meet required benchmarks. Once all benchmarks are met, qualifying members will be invited to join live on location workout retreats. Only those who meet the benchmarks ontime can join the highly anticipated trip. Now, how does waking up at 5am sound? Enticing? How about that post work rush hour yoga session? Tempting? The exclusive invite will only be yours if you participate, challenge yourself, and rise to the top.

These smaller classes and in-person global meet ups will increase competition. Competition is addictive. That's why your kids are addicted to video games. You can be addicted to exercise, health, wellness, and relaxing Peloton retreats. For just \$20 more per month this can be your life. Peloton Elite is a lifestyle, join today and reap the rewards.

Peloton's Next Moves

Further, research must be done before determining what Peloton's next moves should be. It is important to consider the company's original business plan, response to the pandemic, and new market opportunities. All in all, the company is at a pivotal point and their response now will determine their future for decades to come.

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