

PELOTON MARKET RESEARCH

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PELOTON COMPANY OVERVIEW

Peloton is an American exercise company just under ten years old. The company was founded by Graham Stanton, Hisao Kushi, John Foley, Tom Cortese, and Yony Feng in February 2012. The company has grown from a Kickstarter campaign to a single location in New York, New York, to 37 locations in the US, UK, and Canada. In 2019 the company opened their most recent location in Germany.

The company released its first bike in 2014 with a very high price point of \$2,245. The Peloton tread was later released in 2018 with a price tag of \$4,295. Peloton Digital is a monthly service that allows users to choose from a variety of classes (cycling, running, walking, yoga, strength, cardio, meditation, stretching, and boot camps) that can be streamed on their phone or desktop. The fourth product that the company offers is their shop which is stocked with apparel and accessories for men and women.

Peloton is the world's largest, and fastest-growing, fitness platform with a little over three million subscribers. In February 2019 the company was reported to be worth around \$8 billion. According to Forbes revenues rose from about \$440 million in FY'18 to about \$1.83 billion in FY'20. Amid the Coronavirus pandemic demand has surged with subscriptions growing 230%.

PELOTON COMPANY GOALS

1. Get users on a Peloton bike or into a Peloton class
2. Get that user addicted to the experience by using community and reward

PELOTON MARKETING STRATEGY

Just like other large companies Peloton uses powerful behavioral and psychology principles like the Hooked model to get its users addicted to the equipment and app. Due to the pandemic and the organic demand for at-home workouts the company has put less emphasis on marketing but president William Lynch says "We don't think we'll be off forever and we're going to invest, find new products and new GEOs to continue to lead the connected fitness."

PELOTON CUSTOMER DEMOGRAPHICS

- Target demographic, individuals who do not have time to go to the gym
- Individuals busy with family and work, age 35 - 65 years old
- 55 percent female, and 45 percent male
- Largest growing demographic users under the age of 35 with income under \$75k
- The typical Peloton user has children and is married or partnered
- In the United States, the average user has a nice large house in the suburbs

PELOTON CUSTOMER PSYCHOGRAPHICS

- Enjoys healthy cooking and a healthy lifestyle
- Support the LGBTQ+ community
- Enjoys friendly competition. Live classes consist of a leaderboard where users can compete against one
- Invested in their instructors as people
- Use social media liberally
- Have very strong tastes in music

HOOKED METHODS

Social Motivation (leaderboard): Competition increases physical effort during a workout.

The Goal Gradient Effect (Challenges): People are more motivated by how much is left to reach their goal, rather than how far they have come. As one gets closer to the reward, they speed up to get to their goal faster.

Gamification (output): Scores are calculated from cadence (speed) and resistance. Users earn points, achievement badges, and can then rank higher on leaderboards.

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