

ONE PELOTON: START YOUR NEW YEAR OFF RIGHT

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COMM 422: ADVERTISING MEDIA
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EXECUTIVE SUMMARY

Peloton is a company that has experienced its fair share of highs and lows. With the flip to working from home brought on by the COVID-19 pandemic, in-home exercise equipment and software like Peloton's has experienced recent periods of unprecedented success. However, Peloton has also been involved in numerous highly-covered scandals and negative brand endorsements. One notably recent example involves a character from the popular show "Sex and the City" dying after riding a Peloton; this caused stock prices to immediately plummet. Another tragic example is the death of a child after an accident with a Peloton workout machine. Though these incidents have been somewhat detrimental to Peloton's market value and share, the biggest challenge lies in maintaining the brand's momentum in a post-pandemic era. There are many uncertainties facing indoor workout machine companies – as a leading brand in the market, Peloton must figure out how to navigate the unprecedented market and time to their best advantage.

The communications plan in this proposal takes into account a new audience that Peloton may pivot to target. This audience is made up of 25-34 year-olds, or Millennials, who make under \$75,000 in annual income. According to the brand's IPO prospectus, this is the fastest growing audience for Peloton, though somewhat unexpected, due to the income status and audience typically associated with "high-end" exercise equipment.

The proposed communications plan takes Peloton's position in the market, current situation, and new target audience into consideration. Timing-wise, advertising for the campaign ("One Peloton") will begin the week preceding Black Friday and Cyber Monday. It will continue into the holiday season and new year, riding on the wave of gifting, new year's resolutions, and resurgence of motivation and "new start" mentality. The campaign itself will be on an on-week, off-week basis beginning January 3rd, 2022, with hopes to continue the campaign again in the summer based off of the success rates that this primary campaign provides. The campaign will enlist four high-profile celebrities and athletes (Kevin Hart, Christian Pulisic, Zendaya, Simone Biles) to lead workout classes alongside Peloton instructors and essentially partner their personal brands with Peloton to encourage new users in our target audience. The main goal of the proposed communications plan is to get consumers to purchase, at minimum, the Peloton subscription. Precisely, the campaign aims to increase subscriptions by 10% at the end of the first fiscal quarter, making a revenue goal of roughly \$30 million.

SITUATIONAL ANALYSIS & SWOT

The Industry

The at-home exercise industry has been dominated by a select handful of exercise technology brands such as NordicTrack, Bowflex, Myx, and Peloton among others. Live and on-demand workout classes paired with only requiring limited space to use such equipment are prime features that are found in a number of brands. Peloton in particular markets itself as a technology company that manufactures exercise equipment rather than just an exercise brand which is evidenced by the technological advancements that have been made and applied to its products over the years. Dating back to 2020, 6.05 million people used exercise bikes; the market was valued at \$5.5 billion in 2019. That valuation is expected to reach up to \$11.5 billion by the year 2027. Traditionally speaking, sales surrounding exercise equipment have always increased in the later months of the year, specifically around the holiday season. However, during the COVID-19 pandemic, the industry saw an incredibly large sales boom. During this time, treadmill sales rose roughly 135% and sales for stationary bikes tripled.

The Company

Peloton, which is a French term that refers to a pack of cyclists, was created in 2012 and headed by now-CEO John Foley. Peloton has grown immensely since its creation in 2012 and now employs 5,800 people. The company has over 4.4 million Peloton members as of Q2 of 2021; there are currently 95 brick-and-mortar showroom locations. During the COVID-19 pandemic the at-home exercise industry as a whole boomed as Peloton saw revenue grow 54% over the final quarter of 2020 (\$937 million). Peloton has become one of the most successful brands in the industry over the past decade by utilizing its sleek and innovative brand image and possessing a strong presence on social media. However, despite the success Peloton has weaknesses that include more cost-effective alternatives to the brand and negative online scandals that it has been involved in.

The Product

Peloton's design is constructed of high-strength steel and other high-grade materials that provide users with a product that can provide any user with an optimal workout experience. Peloton currently offers 4 different packages for consumers, depending on what their specific needs are. The more expensive the option, the more items that are included, as four different packages sell for prices of \$1,495, \$1,645, \$1,745, and \$1,945. Its most popular package sells for a retail price of just \$1,495 (down considerably from \$2,300 a year ago) and includes the

Peloton bike, a 12-month warranty, delivery, and assembly in your home. In addition, the all-access membership is \$39 a month and offers 12 types of classes like strength, cycling, pilates, and meditation.

Sales History

In its 2019 fiscal year, Peloton recorded revenue of \$719.2 million from sales of its fitness machines, which was up from \$348.6 million in 2018 and \$183.5 million in 2017. Its subscription revenue grew to \$181.1 million from \$80.3 million in 2018 and \$32.5 million in 2017. Overall revenue, which includes apparel and some other business, was \$915 million in the year ended June 30, up from \$435 million in 2018 and \$218.6 million in 2017. Peloton Interactive, Inc. stock reached its high on December 24th, 2020. The holiday season, along with a global pandemic, drove Peloton to its most profitable quarter yet, as many could only workout at home for an extended period of time. In 2021, the stock has been steadily decreasing.

Share of Market

In 2020 Peloton's stock rose roughly 440% with a market cap of \$45 billion at the beginning of the year. Peloton achieves 73% of its annual revenue between October 1 and March 30, riding the "new year's resolutions fitness wave". Currently, the company is valued at \$15.4 billion with shares down roughly 66% this year to date. This year, Peloton reported a fiscal-first-quarter net loss of \$376 million, or \$1.25 a share; investors fear that the pandemic-driven spike in sales is unsustainable. However, industry-wide, North America was the biggest market for exercise bike equipment, with almost one-third of the share in 2019. On the growth end, the Asia-Pacific region is expected to grow at the fastest rate.

The Market

Peloton's current market is segmented into multiple categories. "Age Group" is a major category to consider with consumers being segmented into' ages groups of 18-24, 25-34, 35-44, 45-54, and 65+. The share for each age group is 2%, 29%, 37%, 21%, 9%, and 2%, respectively. Peloton's market can also be segmented into income brackets with the largest segment for this category, at 38% of the share, coming from an average annual income of \$50,000-\$100,000. However, this share has decreased significantly in the past seven years, down from 41% in 2014. This shift is likely due to Peloton's several price reductions in recent years, with the most recent being late August of 2021. Peloton's market can also be segmented into "types" of consumers, with 4.4 million members, 1.67 million with a connected fitness membership, as well as 625,000 digital-only subscribers.

Distribution

Peloton equipment and bikes are primarily ordered online, through the Peloton

site. Currently, in the United States, there are also 98 Peloton stores (“showrooms”) to view and try out equipment. The distribution of Peloton and its competing brands has been segmented into different channels, dealers, online, retail, third-party retailers, mass retailers, gyms/clubs, and district distribution. Peloton is looking outside of the household for its next stage of growth. After the \$420 million acquisition deal of Precor (April 2021), the company announced a new platform in September 2021, on which hospitality industry customers can buy both its connected fitness equipment and Precor products online. Peloton offers special pricing on the app for students (\$6.99/month), military (\$9.99/month), healthcare workers (\$9.99/month), educators (\$9.99/month), and first responders (\$9.99/month). This approach is similar to many other brands, and shows Peloton’s sensitivity to different demographics of people who deserve appreciation.

Pricing Policies

After debuting in 2012, the price of the Peloton Bike+ was sold for \$2,495. Eventually this price was trimmed to \$2,245, then \$1,895, then to \$1,495. Peloton also said it is offering new monthly financing options for its Bike+ and their cheaper model Tread to try to make the products more affordable. The Peloton all access fitness membership costs an additional \$39 a month. As of September 2020, Peloton offers a premium bike known as the Bike+ that offers a “superior four-speaker sound system and a large, rotating screen that enables users to easily transition from cycling to strength, yoga, or other floor-based exercises.” Since Peloton users are brand loyal, this bike (offered for \$2,495 and \$500 more expensive than competitors) is a viable option for Peloton users. Channel attitudes are perceived to be best utilized through targeted social media ads and commercials during live sporting events.

Competition

Peloton is leading the indoor cycling industry, but some notable competitors now are NordicTrack (\$1499), Bowflex (\$999-\$1700), and Myx (\$1400). Several of these companies also offer an immersive fitness class, like Peloton, to aid your cycling workout with the main goal to offer it at a lower price. NordicTrack has been in the fitness equipment industry since 1975, and has remained a steady player throughout its 46 years. They currently have 1.5 million fitness subscribers to their immersive classes led by various fitness instructors. Bowflex has been around for decades, but tends to not get as much attention as Peloton and NordicTrack. Their stock has been steadily declining since its peak in February 2021; the company also has a history of thousands of machines being recalled due to mechanical problems from 2004 to 2007. Myx was established in 2016 and markets itself as a complete home gym. Myx also offers a fitness led class where they have 2.8 million subscribers. Some of the features that come along with Myx equipment include

heart rate monitors, workout mats and resistance bands. Other notable competitors in similar markets are Mirror (\$995) and SoulCycle. Though these brands are big in their own markets (“interactive home gym” and spinning classes, respectively), consumers may consider them to be competitive in the same market.

Promotion

During the onset of the COVID pandemic, Peloton refocused their promotion strategy as it advertised a free trial of their workout program which received coverage from notable publications such as CNBC, USA Today, and Business Insider. In response, their sales skyrocketed 172%. As gyms begin to reopen, Peloton has had to be creative in ways to retain the loyalists they acquired during the pandemic and still appeal to new people interested in cycling from home. Peloton has invested millions over the past three years on paid media to utilize Facebook ads, retargeting, search engine marketing, email marketing, TV and print to elevate their brand. Peloton is determined to make their products more affordable so more people can use their equipment and so they can finally live up to their slogan “Peloton is for everyone”. Whether you are active or just getting into exercise, Peloton allows anyone and everyone to get good workouts using their equipment and with their live recordings of fitness instructors.

SWOT Analysis

<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> • Pioneered the connected fitness market • Integrated platform and brand of fitness equipment and products, software, and owned programming • Strong webpage and online presence • Growing demographic of under-35, under \$75,000 income • Showrooms, ministores (brick-and-mortar store experience) • Product experience (delivery process) • Equipment/technology endorsed by celebrities • Free trials before purchase 	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Considered a one-time purchase • Impact from seasonality of the product • Alternatives available for cheaper price (Peloton may be viewed as “luxury”) • Ability to attract and retain new customers post-pandemic • Target audience confined to those who work out/exercise regularly • Bike is large, need to have space • Lowest share percentage comes from the 18-24-year old demographic
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> • Commercial and corporate deals • Offers more than just cycling classes/instruction • Incorporating equipment into in-person traditional gyms • Capitalizing on existing One Peloton culture • Multiple mediums to market product/brand on • Celebrity/influencer promotions • Can be utilized by any consumer, no matter what stage they are in in their personal fitness journey • Foreign audiences and expansion into international markets • Individuals under the age of 35 • Consumers with annual household income under \$75,000 	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> • Companies such as NordicTrack serve as a threat to Peloton with it’s similar features and growing following • Changing consumer preferences (switch back to in-person gyms, working, life) • Scandals and bad PR for the brand • NordicTrack plans to go public within the coming year, and has potential to steal loyalists from Peloton • The reopening of gyms may continue to be a threat to Pelotons success

THE BRIEF

Peloton is an exercise technology brand that has seen a tremendous amount of success since its creation in 2012. However, sales records show that the majority of sales happen between the months of October and March. In addition to this, the company's sales numbers and stock peaked during the global COVID-19 pandemic. Now that many are no longer required to stay at home and gyms have reopened, Peloton's stock has decreased and sales have since plateaued. This is a recent development that has caused concerns over the future of the brand.

In order to rectify this issue, Peloton must increase sales between the months of April and September by once again bringing the gym to consumers and revolutionizing their workout experience, thanks to its state-of-the-art exercise technology. Peloton's target audience is one that is extremely hardworking and does not always have time available in their busy schedule to travel and workout at a gym. With Peloton, users can utilize their at home equipment to fit a daily workout into their busy schedule at any point of the day. Peloton also has the privilege of bringing qualified exercise instructors into every home who owns a Peloton subscription.

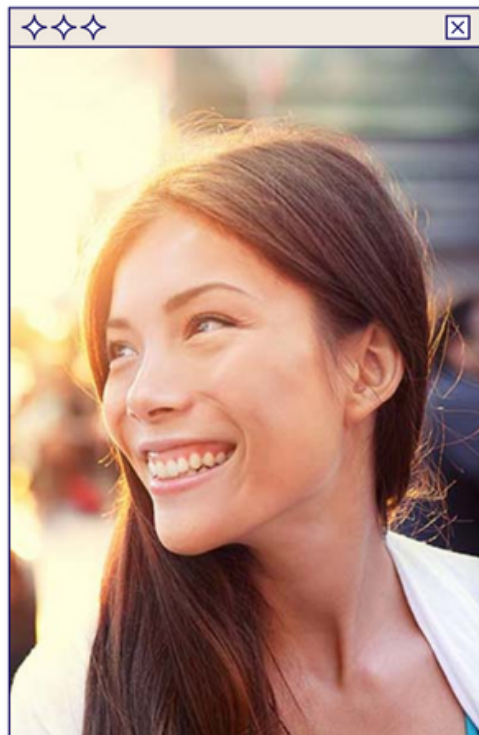
Peloton intends on achieving this response by emphasizing the convenience of the brand and increasing consumer loyalty. Various promotion efforts will also allow the brand to better connect and interact with its desired target audience. With Peloton's equipment, users can receive a challenging workout at the most convenient times. The increased engagement amongst the target audience and beyond will help flatten the brand's sales curve.

TARGET AUDIENCE

As mentioned in the situation analysis, individuals under the age of 35 and consumers with incomes under \$75,000 are Peloton's fastest growing demographics. Combining these two growing demographics will provide a new audience for Peloton to target their products to: consumers from ages 25-34, earning less than \$75,000 a year. With this rising demographic, Peloton is gaining the insight that the price point for their exercise equipment is not as steep as previously perceived. Demographically, 39% of individuals in this demographic have a bachelors' degree or higher, 18% have finished some college, and 26% have a high school diploma: this makes them on track to be the most educated generation in American history. This demographic completely fits into the "millennial" generation. Millennials are known as the most diverse generation, who are more ethnically and racially diverse than older adults. Just one-in-five of millennials (21%) are married, half the share of their parents' generation at the same age. In terms of psychographics, this audience is known for being "confident, self-expressive, liberal, upbeat, and open to change." Their transition into adulthood and maturity during the advent of the new millennium (hence "millennial") is significant and makes them one of the most novel and influential generations. The 25-34 year olds are more optimistic about their economic futures and the future of the nation than previous generations. They are the least openly religious generation in modern times. In terms of behavior, this audience is very active online. They may mostly be non-users of Peloton who have heard of the brand and are interested in the market.

Sandy is an example of an individual who fits into this target audience. She is a 27 year-old single millennial woman who lives in New York City. She is extroverted, energetic, and cultured. She may take influence and inspiration from online sources such as social media, short-form video trends, magazines, or journals, as well as traditional actors and influencers she follows on Instagram. Sandy is a particular person who is motivated to take care of herself and her fitness. She is very busy with her work-life schedule and is constantly on the go; she has multiple gym options close by, but feels that the saturation of the traditional gym market is overwhelming. However, her desire and drive to work out and take care of her health and fitness is still very high, and she is actively seeking to find a community through her workouts. She has previously had trouble picking a gym that may be right for her. As with many Gen Z-ers and Millennials, Sandy works hard to be able to afford a certain lifestyle. She has a bachelors' degree in a business- or communications-related field, and is currently working in the marketing field. Time is a valuable asset to her. She enjoys being in control of her own life and timeline, and

the independence that comes with living in a big city. She loves experiencing new places and people, and rarely has a boring weekend. Though Sandy does love splurging on certain holidays, on trips, or at events, she also loves a good deal, and is always searching for discounts. She dislikes being late or disorganized, and has her life generally “together.” As an extrovert, she dislikes being alone with herself for long periods of time, and has a steady group of friends and colleagues that she regularly hangs out with. Her brand affinities lie with Apple, Netflix, Nike, and Instagram, among others. Her life motto is: “work to live.”



Sandy



"My motto is "work to live"! I value taking care of myself in a productive way."

Influences

- Traditional actors and celebrities in popular shows and movies
- Close friends and colleagues
- Social media, (short-form) video trends, magazines or journals

Brand Affinities

- Apple
- Netflix
- Sephora
- Nike
- Starbucks
- Google
- Target
- Instagram



Background

Age 27
Job Marketing Specialist
Status Single
Location New York, USA

Personality

- Motivated
- Extroverted
- Energetic
- Cultured



Likes & Dislikes



- Flash deals
- Splurging on special holidays or events
- Being in control of her life - independence
- Being productive with her time
- Cool, new experiences
- Social media and interconnectivity
- Meeting new people and speaking with them



- Being late or disorganized
- Not knowing what to do or being bored on weekends
- Excessively spending money
- Being alone for long stretches of time
- Staying late at work in the evenings

According to the Commspoint survey analyzer, this demographic (25-34 year olds, under \$75,000 annual income) is made up of 57.6% females and 42.4% males. This percentage difference is most likely due to the 87.09% gender pay gap in the 25-34 year old age group. Among this demographic, 43.3% of individuals live in urban areas, 39.9% live in suburban areas, and 15.8% live in rural areas. Sandy is a prime example of an individual in our target audience, since she is a woman living in an urban area (New York). She, along with 43.1% of the target audience, have a bachelor's or associate degree. 18.9% of this demographic work for a public company, while 25.3% work for a private company. The next leading percentage for "Kind of Company" is "Other" (9.7%) and "Local, State, or Federal Government" (6.4%). In terms of importance attitudes, 85.8% of the audience ranks "Looking Good - seeking the utmost attractive appearance" of "average importance" to "extremely important." This is an especially important attitude to evaluate, because those who are seeking to enhance their appearance naturally have more interest in investing in their physical health and well-being. This demographic evidently greatly values looking good, which may prove to be one of the reasons why they are the fastest growing demographic for Peloton. The company can use this data to specifically target this age group and rely on their values and ideals. For agreement attitude statements, 81.3% of the target demographic "somewhat" or "mostly agrees" with the statement, "I try to eat healthy and pay attention to my nutrition." The results from this statement, along with the "Looking Good" attitude statement, are both useful to identify that this target audience will be receptive to devices and equipment that may help with the goals of paying attention to physical wellness and appearance.

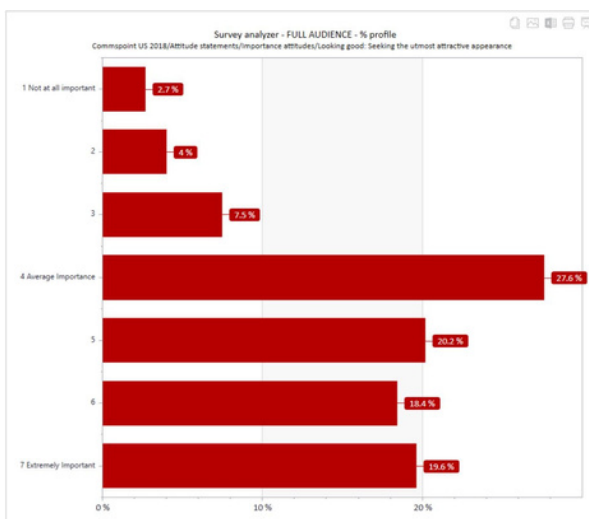


Fig 1. Commspoint Survey Analyzer "Looking Good"

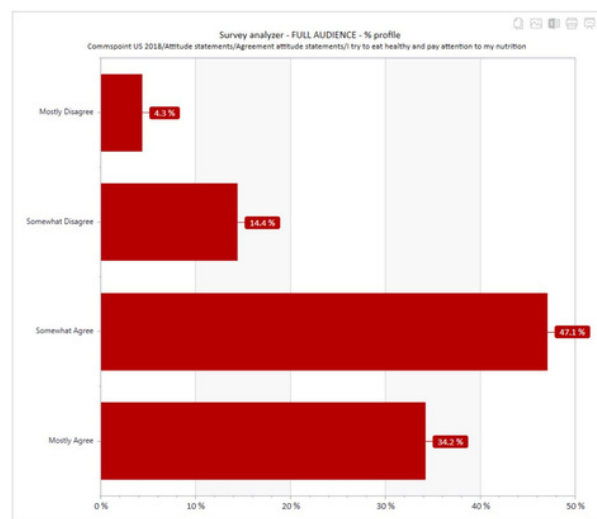


Fig 2. Commspoint Survey Analyzer "Nutrition"

In terms of behavior, Commspoint survey analyzer revealed that 50.4% of the target audience had bought “wearable technology worn on your body” at some point, about 10% more compared to the 41.5% of all adults who had bought wearable tech at some point. Additionally, 76.2% of the target demographic had “bought athletic clothes or shoes” in the past 12 months. This data is also significant, as it shows that a vast majority of people in this demographic are interested in athletic gear, and therefore have some interest in athletic activity, even over the pandemic time period. The survey analyzer results all affirm that the target audience of 25- to 34-year olds who make under \$75,000 is a rich potential group for Peloton to grow into.

CAMPAIGN STRATEGY & ROLE OF COMMUNICATIONS

While Peloton remains one of the leading brands in the fitness industry, it is still constantly searching for ways to enhance the user experience. With the new proposed campaign, 'One Peloton', Peloton reiterates their slogan: "Peloton is for everyone." Whether you are a Peloton loyalist, have accumulated dust on your Peloton bike, or are new to using Peloton equipment, this campaign is intended to bring all people together as one to be the best version of themselves.

Celebrities will be carefully chosen based not only on the Peloton brand, but the individual brand of the celebrity as well. Each celebrity will be compensated with \$5 million for their efforts. These same celebrities will also participate in various marketing schemes such as commercials and social media posts to expand reach for this campaign. These celebrities will also have the opportunity to promote any upcoming projects or activities that they are involved with, in order to further ensure that the relationship is beneficial for both parties.

'One Peloton' provides the opportunity for our subscribers to workout alongside their favorite celebrities. With New Year's resolutions afoot, subscribers will have the opportunity to pedal alongside the likes of world renowned gymnast Simone Biles, international soccer star and US Men's National team captain Christian Pulisic, stand-up comedian Kevin Hart, and Euphoria star Zendaya. Celebrities who choose to join the Peloton team in its new campaign will become brand ambassadors and will be known as Peloton Partners. Peloton is also a socially conscious brand that will partner with these like-minded influencers to help bring about positive change in society. Alongside a trusted Peloton Instructor, these stars prove that Peloton makes you the best version of yourself, and you can be too! This eight-week initiative will begin January 3rd, 2022 and run for eight weeks. Their appearance will feature dialogue between the celebrity and the Peloton Instructor with the opportunity for active subscribers tuned in to the session to converse with the celebrity. This initiative is intended to be enticing for existing subscribers, with hopes to reignite the passion for Peloton owners who do not currently have the all access fitness membership.

This is a unique campaign strategy that has yet to be utilized by any other competitors in the industry and would add a new dynamic to the Peloton all access fitness membership for brand loyalists and new members to enjoy. The overall goal of the campaign is to not only increase sales, but also encourage current Peloton

users who may not currently have the all access fitness membership to re-purchase.

Peloton's marketing objective with this campaign is to increase subscriptions by 10% by the end of the first fiscal quarter. Currently, Peloton has acquired 2.49 million subscribers from the previous three months. A 10% increase in subscribers is 249,000 people. At \$40 per month for 3 months, this campaign could potentially generate just under \$30 million in revenue.

The main goal for this campaign is to get consumers to buy the subscription for Peloton while they are having celebrities work with their product. The celebrities will be natural entertainment; users will get a workout and a show at the same time. After the workouts have concluded, the users can take it a step further and vote on new celebrities for who they would like to work out with next. This will have consumers actively engaged in the brand and it will give Peloton the data needed to see possible personnel options with the best return on investment. Communications will play a crucial part in reaching Peloton's target audience in terms of its new celebrity training experiences. Peloton, with its large reach, will utilize its large social following and market its new campaign by creating social media posts from its main account. Partnered celebrities will also be able to promote the new campaign on their own personal social media platforms to further increase the reach of the brand. In addition to this, the new campaign will also be promoted through traditional television networks as well as various digital streaming services.

In terms of social media, Peloton will author three posts per week for each of its social platforms. These three posts will be specifically centered around 'Peloton One' and will be published in addition to any standard weekly posts. On top of this, each celebrity will post up to two posts per week endorsing the Peloton brand. This conjoined effort will not only ensure a broad reach, but a heightened frequency rate as well. The increased frequency combined with the new campaign will also allow for additional earned media and audience engagement.

Outside of social media, Peloton will also be utilizing more traditional means of advertising by publishing both traditional and digital commercials. These commercials will run on various streaming networks and will be strategically broadcast on top television networks. When broadcasting on cable television networks, Peloton will aim to run commercials during popular programs that will allow the brand to best reach its target audience. Marketing and advertising through popular streaming services will also allow for the brand to connect and engage with its target audience.

The communications objective for Peloton is to drive action and subscriptions for the brand by promoting celebrity features that can only be accessed by purchasing the Connected Fitness subscription. The overall message Peloton wants consumers to remember is to become the best version of themselves alongside notable celebrities. The celebrities will make the participants actively engaged and it gives them an incentive to work out alongside a celebrity they love and look up to. Peloton's instructors are great at their job, but they are relatively unknown, and the celebrities will create a more dramatic selling point. The consumers are mostly in the active evaluation phase, between the initial consideration set (awareness) and moment of purchase. They have already made the decision to exercise, and are making the next step to evaluate possible categories. Peloton is pushing to be the top home exercise equipment in the category. The consumer will decide on Peloton or one of their competitors before they make the purchase. The ultimate objective is to be the company that our target audience chooses to make their purchase with.

Peloton, though an incredibly successful brand in the exercise equipment market, is not without its fair share of obstacles. With this proposed strategy, a few barriers arise. One big concern may be the trouble of hiring the celebrities and influencers needed for the campaign. Since we plan to target big-time celebrities like Simone Biles, Kevin Hart, and Zendaya, it can be difficult to negotiate contracts with their individual brands and management. As with any celebrity endorsements and brand partnerships, Peloton may run the risk of being incorrectly represented by the celebrity. A notable example of a celebrity endorsement "gone wrong" is Oprah and Microsoft — Oprah originally made a deal to endorse the Microsoft Surface tablet and decided to promote it through a tweet. The problem was that her tweet — shown as the device used in the message — was made on an iPad. Celebrity endorsements can be hard to manage, especially when the celebrity could possibly be caught up in other endorsements and partnerships at the same time. Another barrier Peloton is dealing with is the difficulty of getting consumers oriented to at-home exercise. Post-pandemic, many individuals could be looking forward to getting back into the real gym experience, instead of being cooped up, working out in their living spaces. The idea of a subscription may also turn potential consumers off — many may feel like they can't cancel it in the future, or that it's too much commitment to pay on a monthly basis.

On the other hand, Peloton has a lot of opportunities to potentially grow into. Though some individuals may be itching to go back in-person to traditional gym environments, there are also consumers who enjoy the at-home lifestyle — working out at home while still remaining interconnected with a community of people working out (through Peloton's leaderboards and competitions) may be very

enticing for some. A major driver for people to join Peloton's membership is also just plain curiosity and yearn for entertainment — who doesn't want to try working out with Zendaya? Or Kevin Hart? The pure novelty of the idea — a workout regimen with your favorite influencer, actor, or athlete — can drive consumers in our target audience to buy a subscription, just for the experience. Another driver for Peloton could be its emphasis on community and unity — its global leaderboard and competitive edge can foster a sense of being with others in a workout space, similar to a traditional gym. Peloton could also be a great option to consider for those who experience anxiety or are uncomfortable in a traditional gym space.

INTEGRATED PLAN RECOMMENDATION

Advertising for our campaign (One Peloton) will begin the week preceding two of the biggest shopping days of the year, Black Friday and Cyber Monday. The purpose behind beginning our advertising campaign then is because Peloton has their only sale day of the year on these days, and the One Peloton campaign is intended to begin at the start of the new year as it correlates with many Americans' New Year resolutions to work out more often. By beginning advertising One Peloton at least a month in advance, clients will have ample opportunity to purchase their Peloton bikes as well as the all access fitness membership. Approximately 50% of our advertising spending budget will be spent in this period between the week preceding Black Friday leading up to the new year with this money primarily allocated to TV ads, internet advertising desktop, internet advertising mobile, and radio ads on both traditional radio channels, as well as streaming platforms such as Spotify and Apple Music. These channels will be focused on primarily due to the number impressions they will generate and considering Peloton's strictly online selling platform.

This period is traditionally the strongest period where advertising spending is at its strongest among at home workout equipment. This is a result of the holidays and the resolutions that are made by consumers to begin the New Year with getting their body and mind in the right place while producing a successful return on investment. As stated prior, four well recognized celebrities and athletes will serve as co-workout instructors on an on-week, off-week basis beginning January 3rd, 2022, with hopes to continue the campaign again in the summer based off of the success rates that this primary campaign provides. That is why we are using half of our designated budget in this period as the success of the campaign will be determined in the first four months of the campaign.

MEDIA OBJECTIVE

The campaign aims to increase subscriptions by 10% at the end of the first fiscal quarter. This 10% increase in subscribers equates to 249,000 people. At a rate of \$40 per month for three months, Peloton would see an increase in roughly \$30 million in revenue. Utilizing different forms of media to encourage consumers to make the jump from “Awareness” to “Action” will help make this goal possible. As many people in the established target audience have heard of the Peloton brand, the media objective aims to draw their attention and become an official Peloton member by paying for a subscription. With the celebrity campaign, the advertising adopts a personal tone — the consumers should feel as though they are being personally encouraged to join a workout routine with Simone Biles herself. The advertisements will strive to give the audience a resurgence of motivation and drive to buy a bike or pay for the subscription to join their favorite celebrity in a workout.

MEDIA STRATEGY

The media strategy is to prioritize frequency over reach. Brand awareness is already high among Peloton's competitors. Frequency can help persuade people that have already made the decision to workout in some way to use Peloton as their exercise bike. The medium Peloton would utilize is cable TV during primetime sporting events such as college football bowl games, the college national playoffs, and the NFL playoffs on ESPN, CBS, and NBC. These events will occur late December into January. Social media will be the second medium. The athletes and celebrities participating will post on their social media platforms about their involvement. The third medium being used is streaming services, such as Hulu and Peacock. These vehicles will reach the large demographic of young people that don't own cable. These three channels will optimize Peloton's chances of reaching its intended target audience.

As of right now the campaign is flighted, but that is subject to change based on the success of the campaign. The campaign will be heavily marketed during the later months of the year, November to February, to focus on users who are looking to get active during or after the holiday season. However, its continuation is based directly on its success as the campaign has the potential to be extended throughout the entirety of the year.

Print Mockups

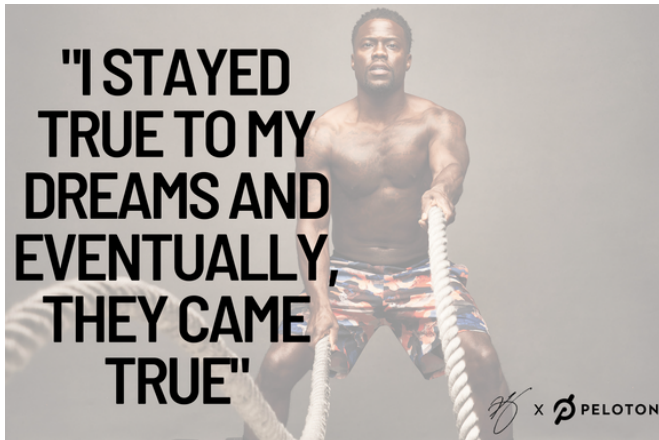


Fig 3. "Get Your 'Hart' Pumping with Kevin"



Fig 4. "Cardio with Christian Pulisic"

These sample images take a personal note from the celebrity, a quote, and spin it to be compatible with motivation to “be your best self.” A personal touch is also added with the “Signature x Peloton” label in the bottom right corner. The ads are reflective of Peloton’s sleek print ad examples, which are usually fairly simple with an image of someone working out, and a few words overlaid on top. These images could also be repurposed as social media graphics posted by either Peloton’s official accounts or the celebrity’s account.

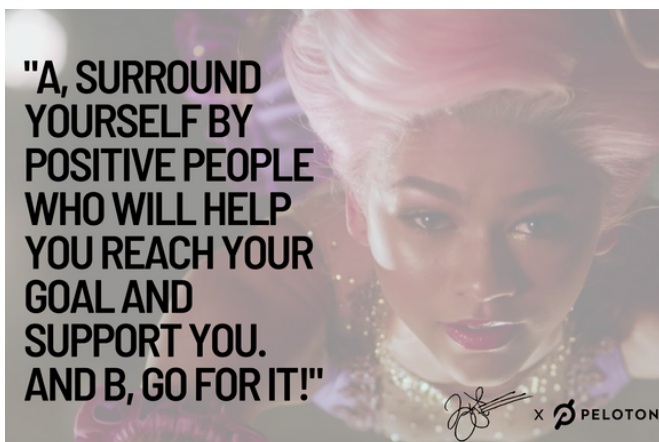


Fig 5. "Feel the Workout 'Euphoria' with Zendaya"



Fig 6. "Get into a Routine with Simone Biles"

PAID/OWNED/EARNED INTEGRATION

The One Peloton campaign will integrate primarily across paid and owned media channels. As paid media which consists of TV and radio ads, and internet advertising desktop and mobile produce billions of impressions, these channels provide the best avenue to get potential clients to engage with Peloton. The most money will be allocated to these channels as they contribute the most toward the 99.6% campaign reach which this campaign will capture. The most prevalent day for these television ads to be broadcasted will take place during the New Year's Six bowls which will take place on December 30th and January 1st. These dates will be especially essential as each of these six college football games will have high viewership and will primarily be reaching fans of athletics which is who our campaign is intending to reach. This will also serve as a final reminder to potential Peloton clients that this is their last chance to purchase the all access fitness membership to workout alongside notable celebrities and athletes.

Across owned media, specifically social media such as Facebook and Instagram, there will be opportunities for Peloton followers to suggest future celebrities that they would like to work out alongside in the future as well as converse with the four celebrities obtained during the specified workout sessions. Our target audience falls in line with the demographic who primarily use these social media sites often and will inevitably see Peloton's promotional posts. We are also paying our four celebrities and athletes to post about their Peloton workout classes on their own Instagram stories, as their platforms have a much higher reach than Peloton pages do which will help increase our reach even more greatly.

COMMSPOINT

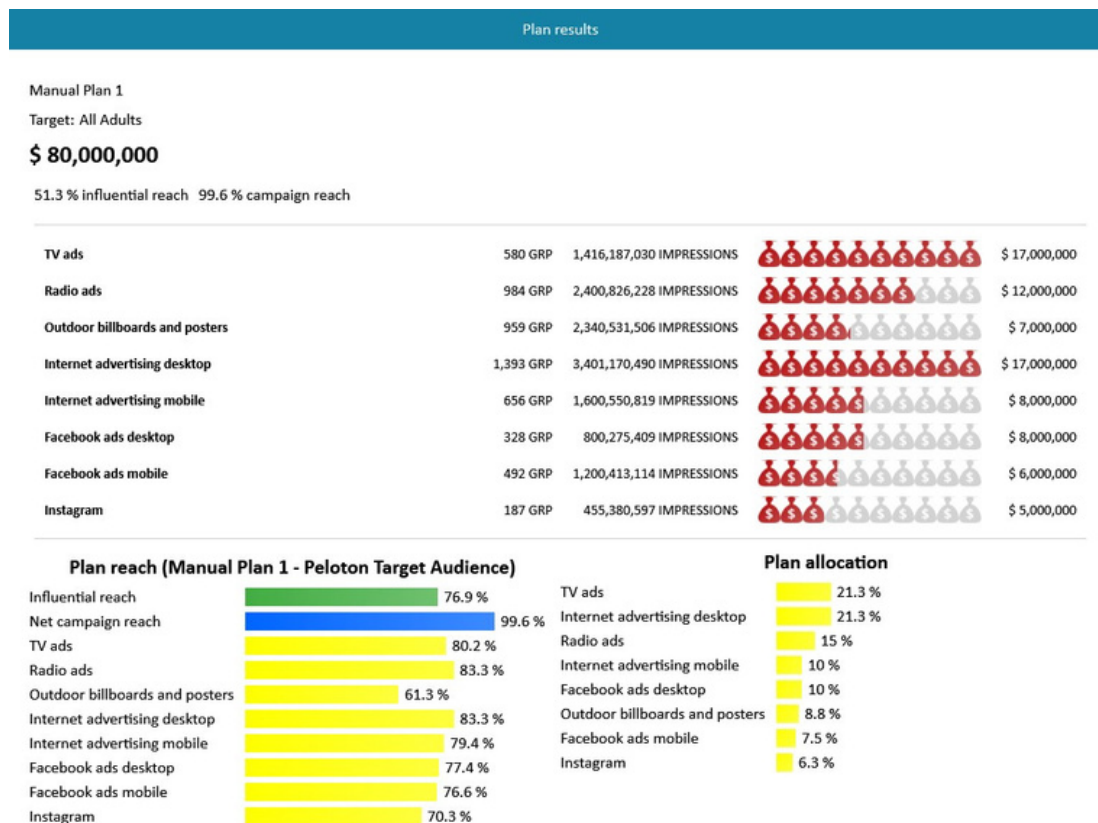


Fig 7. Commspoint Manual Plan

The campaign will utilize \$80 million of the \$100 million budget on advertisements and marketing efforts to economically raise awareness of the brand. Television ads and internet advertising on desktops will garner the largest portion of the budget. The campaign will require that \$17 million be invested in the two mediums. Together, the two mediums alone will account for just under 50 million impressions. In addition to television ads and desktop internet advertising, the campaign will allocate the remaining budget on radio ads, outdoor billboards and posters, mobile internet advertising, desktop Facebook ads, mobile Facebook ads, and Instagram. Combined, the mediums are expected to produce a 76.9% influential reach and a 99.6% campaign reach.

The remaining \$20 million of the budget will be allocated towards contracting four notable celebrities/influencers. Once it is made official, contracted athletes will then join the Peloton team as Peloton Partners. The newly acquired Peloton Partners will then be able to market both the brand and campaign from their own individual social media platforms. This will not only increase consumer engagement, but increase the reach of the campaign and allow for Peloton to broaden its audience as well.

Plan results

Autoplan 1

Target: All Adults

\$ 80,000,000

49.1 % influential reach 99.2 % campaign reach

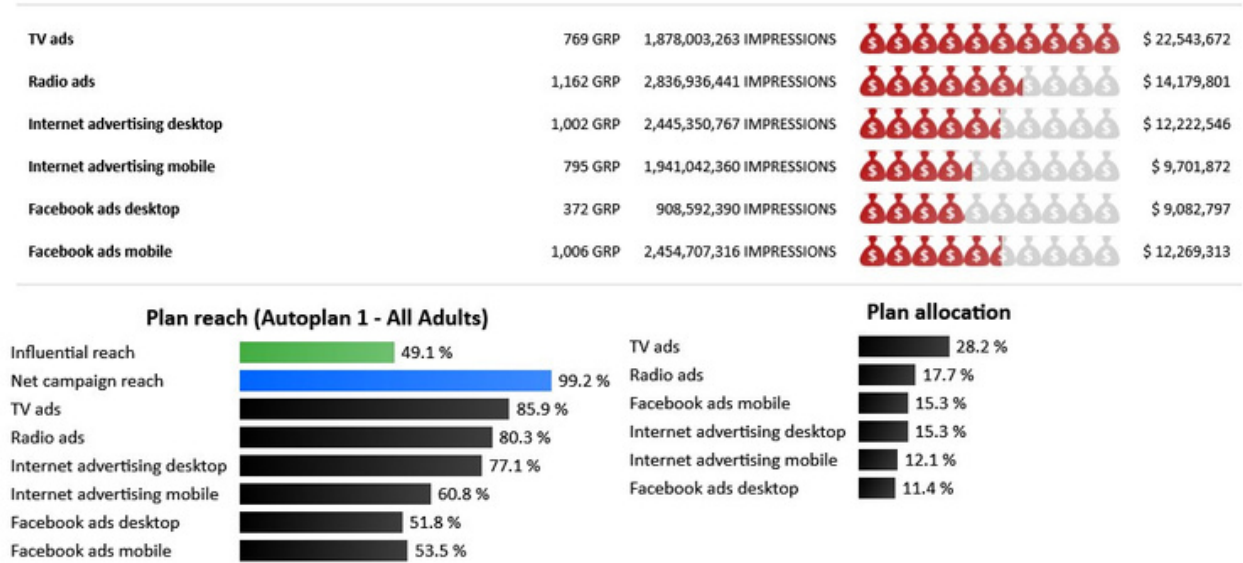


Fig 8. Commspoint Autoplan

For this proposal, a manually constructed Commspoint communications plan was used. However, we have included an example of an Autoplan that could potentially be used as well. The Autoplan differs in budgets, reach, and allocation. One notable difference is that the influential reach in the Autoplan is much lower than the influential reach percentage in the manual plan (49.1% vs. 76.9%). Influential reach is important to this campaign (though it is focusing on frequency, it is also crucial that we influence consumers at numerous touchpoints to push them into the "Moment of Purchase." Another difference between the Autoplan and the Manual Plan lies in spending. The Autoplan spend the most on TV ads (\$22.5 million), radio ads (\$14.2 million), Facebook ads mobile (\$12.3 million), and Internet advertising desktop (\$12.2 million). Alternatively, the constructed Manual plan spends the most on TV ads and Internet advertising mobile (\$17 million each), then allocates \$12 million to radio ads and \$8 million to Internet advertising mobile and Facebook ads desktop each. The manual plan allows the plan reach to be optimized for the \$80 million allocated for advertising and also effectively emphasizes the brand affinity attributes that the brand would most likely want consumers to identify with.

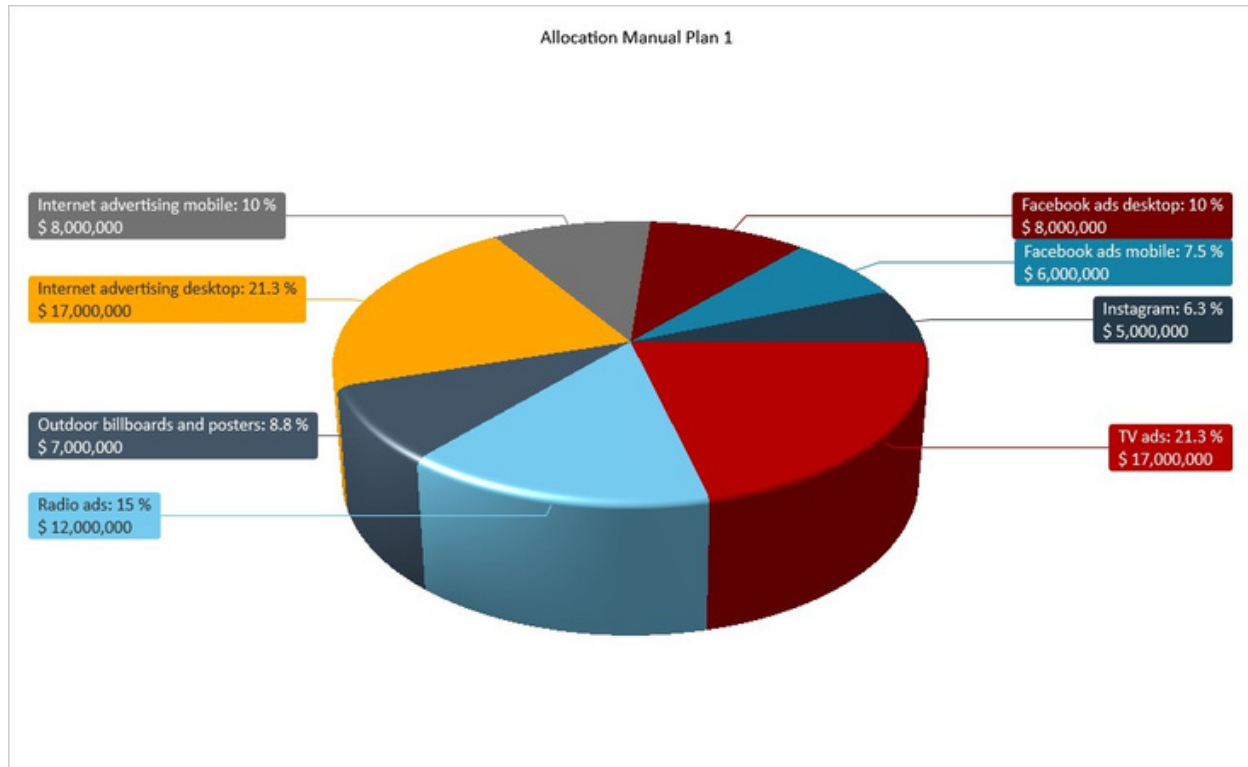


Fig 9. Commspoint Manual Plan Budget Allocation

The top eight chosen media channels for this proposal are TV ads, internet advertising desktop, radio ads, internet advertising mobile, Facebook ads desktop, outdoor billboards and posters, Facebook ads mobile, and Instagram. Since the target audience is millennials, relying on social media and internet ads was our primary choice. The media channels with the highest spending (\$17 million each) in the proposed communications plan, “TV ads” and “Outdoor billboards and posters,” both optimize the plan reach in the most cost-effective way.

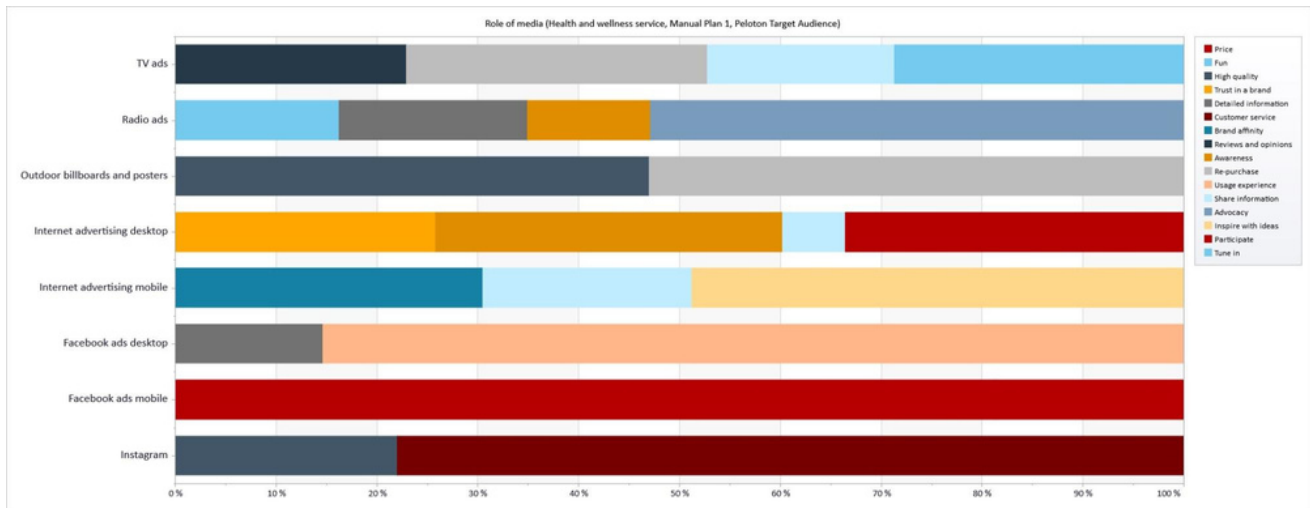


Fig 10. Commspoint Manual Plan Role of Media

The media channels selected aim to provide various methods of brand affinity to the customer. Aspects such as price, high quality, trust in brand, and fun are a few roles that our campaign will influence our customers with in a positive way. Although the Peloton bike is set at \$1,495, which may seem steep to some consumers, it is a significant decrease from the price of the bike a few years ago. The new price point for the Peloton bike puts it in the same range as its competitors. Peloton is notable for providing high-end service by delivering the bike to your door and eliminating the in-store shopping experience that many consumers in the 21st century appreciate.

This campaign specifically is intended to be fun for the consumers, and this will be represented in the advertisements that will be shown specifically in TV ads, radio ads, and internet advertising mobile channels. It is our hope that Peloton customers will find that working out among celebrities will add a fun dynamic to their workout routine and incentivize them to continue using Peloton services and use the all access fitness membership even after this specific campaign ends.

MEASUREMENT PLAN

Since Peloton's stock has been decreasing, this advertising campaign is set up to bring Peloton back into the positive direction. To reiterate the campaign strategy, Peloton's marketing objective with this campaign is to increase subscriptions by 10% by the end of the first fiscal quarter. Return on Investment (ROI) is very important in calculating if the campaign is successful. The budget for this campaign is \$100 million and if this campaign doesn't work, then Peloton will be under further stock pressure. This strategy will do the opposite, however, because we know how to gauge and monitor our success. The most beneficial KPI for our mobile ads will be cost per action (CPA). This will monitor the cost of the ad per action that the consumer takes on their phone. This could be a click onto our social media profile, a phone call, or even a subscription sign-up. For our cable TV commercials, cost per thousand impressions (CPM) will allow us to see the most effective channel and time. Our demographic is keen on watching live sports. Channels like ESPN, NBC, and Fox are outlets geared for the most potential success in fitting with our demographic. CPM will show us how much the cable TV commercial will cost per thousand impressions. Impressions drive action. Action drives sales. Sales drives growth.

CONCLUSION

Peloton is a company of resilience. Maintaining flexibility and adapting to circumstances and events is one of the most difficult things to navigate as a company, and Peloton has been through it all. From an incredibly successful pandemic era to a drastically slowly post-pandemic era, there is a need for change in order for Peloton to remain afloat with the current times.

This communications plan proposal intends to boost Peloton up to the #1 spot in the market — establishing and sustaining their position as *the* exercise bike and in-home workout equipment company. A few tactics used are pivoting target audience to the fastest growing demographic of millennials making under \$75,000, utilizing brand partnerships and ambassadors to optimize reach and garner interest with the target audience, as well as picking specific media channels to best meet the consumers where they are. This integrated recommendation will not only pick up Peloton's share of market and stock, but pivot the company's perception in the target audience's eyes.

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