

Peloton's Rise and Fall

August 19th, 2023



Peloton Interactive, Inc. is an American exercise equipment and media company based in New York City. The company's products are stationary bicycles, treadmills, and indoor rowers equipped with Internet-connected touch screens that stream live and on-demand fitness classes through a subscription service. The equipment includes built-in sensors that track metrics such as power output, providing users with real-time feedback on their performance and leaderboard rankings to compete with other users.



Peloton's Story

Described as the “Netflix for fitness,” stationary bike startup [Peloton](#) has made it possible to get instructor-led workouts without stepping foot in a gym. Started in 2012, the company has transformed into a fitness sensation with a cult-like following. Here's a breakdown of how it's grown over the years. It all began in 2012, when former Barnes & Noble e-commerce executive John Foley noticed that his instructor-led workouts were much more rewarding than his self-led trips to the gym. He wanted to figure out a way to bring exercise classes home, and that's where the idea of Peloton was born. The rest of the year was spent bringing together some key team members and closing a \$3.5 million Series A, on top of the \$400k initial seed.

Peloton's Story (Continued)

In April 2014, Peloton received \$10.5 million in a Series B, which they used to modify the design of the bike so it was ready for consumer use. Peloton bikes started selling at a slow but steady pace, landing in riders' homes after a long production and shipping cycle. That same year, the Peloton studio opened in Manhattan's Chelsea neighborhood, allowing spin instructors to record their classes. One year later, the company raised \$30 million in a Series C funding to expand brick-and-mortar retail locations and accelerate bike production. The challenge then became getting the bikes in people's homes faster and more efficiently. To meet the growing demand, the Peloton team essentially hired delivery men to bring the bikes to consumers. At the end of 2015, the company scored another \$75 million to expand its software engineering team.

Peloton's Story (Continued)

In more recent years, Peloton started offering unlimited live and on-demand classes at a monthly rate, so users were able to ride along with or without the Peloton bike.

The company also recently raised a new funding of \$325 million, which will be used for user and product growth (think: yoga classes, more studio locations, etc). Whether or not the company will go public is yet to be confirmed, but one thing is for sure: it's an exciting road ahead for Peloton.

Peloton's Struggles

Peloton's story sounds like a classic fall from grace. During the height of the COVID-19 pandemic investors couldn't get enough of the stock driving it up to a market cap. high of \$50 billion last January. Now Peloton is valued at \$2.9 billion. What happened? That's what investors and fans of the brand want to know. As the saying goes, all that glitters is not gold.

As a team of consultants hired by Peloton, you need to find out what happened to the business and make constructive suggestions on how to improve it.

Solution Requirements:

Analytical Thinking

Ability to structurally approach the solution of a complex business problem, correctly dividing it into streams (into directions within which the solution of the problem may lie).

Conceptual Thinking

Ability to build correct hypotheses based on the resulting structure, made by analysis. The contestant also makes sure that these solutions are feasible and have a common and business sense.

Quantitative Thinking

No case can be solved without simple but fast calculations and more complex models that illustrate certain analysis.

Communication Skills

Ability to adequately present information, communicate your findings, recommendations and case solution.

Solution Requirements:

1. The competition requires **a recording of a 10-minute oral presentation**, accompanied by slides. The presentation must be in English.
2. While solving the case, contestants may use **any materials (online/offline)**, however, it is **prohibited to contact anyone for assistance**.
3. The presentation slides must be in **landscape orientation** with an **aspect ratio of 16:9**