

A grayscale background image of a woman in athletic wear riding a Peloton stationary bike in a modern living room. The bike has a large screen displaying a workout. A large red rectangle is overlaid on the center of the image, containing the title and subtitle text.

# BEHAVIORAL MARKETING

Addressing Peloton's Drop in Demand  
Through Maslow's Hierarchy of Needs

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# 01

## PROBLEM

What is happening to the demand of Peloton products?



# I. PROBLEM

- Peloton makes a range of home exercise machines and equipment, including bikes and treadmills. The brand connects the world through exercise by utilizing technology and design.
- The demand for Peloton products has drastically declined since their exponential growth in 2020. In November, Peloton lowered its full-year forecast by up to \$1 billion, citing slower-than-expected demand for its workout cycles and treadmills.
- Analysts have predicted a difficult road ahead for the corporation as customers begin to leave their houses. Peloton is temporarily halting production of its connected fitness products as consumer demand wanes and the company looks to control costs.
- In the fall, Peloton severely overestimated demand for the third and fourth quarters, and now has thousands of products collecting dust in warehouses.
- The drop represents a dramatic turn in the fortunes of the interactive fitness brand. Peloton's shares have now sunk more than 70% over the past three months.



# ABOUT PELOTON

- Peloton's mission is to help individuals become the greatest version of themselves anywhere, at any time through the use of their products.
- Consumers are able to workout from the comfort of their own home and connect with friends.
- Peloton has over 50 instructors that conduct live and on-demand classes for its users to take.
- There are thousands of classes to take through the Peloton app that allows individuals to workout at home without equipment.
- Maintaining a strong web presence is a large part of Peloton's marketing strategy. They sell their items through videos and various social media initiatives.
- Real individuals utilizing Peloton's in-house bikes, treadmills, and other amenities are featured prominently in the company's advertising.



# CURRENT TARGET AUDIENCE

- Peloton's target demographic in the United States is 35-65 years old.
- Although Peloton targets individuals that are typically professionals with extra money to spend, an additional demographic, those under 35 with less disposable income has become their fastest growing demographic.
- According to Peloton co-founder & CEO, John Foley, the target demographic of the brand is individuals who do not have "time to go to the gym".



# PELOTON PROGRAMS



## BIKE

### *Peloton Bike*

- Motivating cardio
- Screen tilts to accommodate different heights

### *Peloton Bike +*

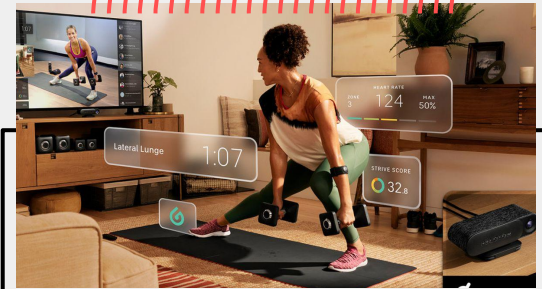
- A full body workout with immersive technology.
- Rotating screen with 360° of movement to seamlessly shift from cycling to strength, yoga and more



## TREAD

### *Peloton Tread*

- Provides everything you need to run toward a stronger, faster, better you.
- Jump on for total body training on leg, arm, or running day.
- A class for everyday, a workout for every muscle.
- Live classes offered.



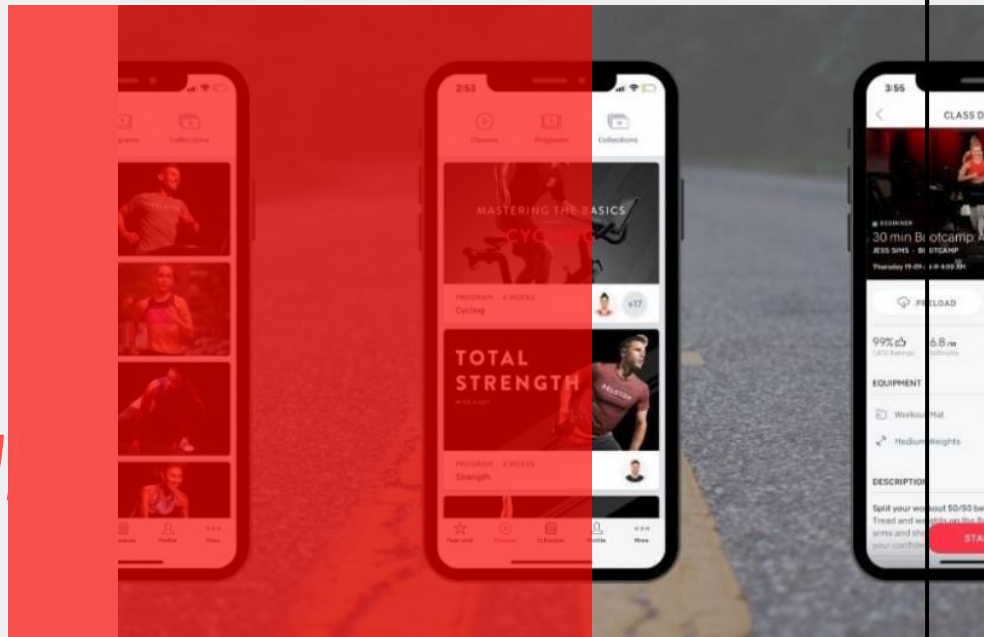
## STRENGTH

### *Strength Programs*

- Peloton Guide transforms your TV Into a strength training gym.
- Designed specifically to help you meet your personal strength training goals.
- Includes a set of 6 dumbbells and a workout matt.

# CURRENT PELTON APP

- The Pelton Digital App allows users to find thousands of classes, expert-level instructors and curated music all in one place, with no equipment needed.
- There are workouts available to fit your mood, goals, fitness level, music taste & schedule.
- The app tracks individual progress and recognizes each milestone. You can work out alongside others, track your progress with metrics and you can challenge yourself and earn achievements.
- Pricing:
  - \$12.99 / month
  - First 30 days free for new members
- 10 workout styles available:
  - strength, stretching, bootcamp, cycling, outdoor running, yoga and meditation
  - Connects to Bike & Treadmill



# CURRENT CHALLENGES

- Peloton is struggling to gain new customers since there are more in person workout options now since quarantine.
  - Gym memberships
  - Workout classes (HIIT, yoga, cycling, pilates, Zumba, crossfit, circuit training, etc)
  - Bootcamps
- During quarantine for COVID-19, Peloton saw their demand skyrocket as people were forced to workout at home. They saw major success and continued to add a plethora of fitness programs. Now, people have resorted to their original way of working out. The demand for Peloton products are now declining.
- People are returning to gyms and in person workout classes since they are lacking human interaction. These classes allow them to get out of the house and find a sense of belonging with others that share the same interests.



# **RELATED CONSUMER BEHAVIORS**

Delving into Maslow's  
Hierarchy of Needs

# 02

Self-actualization

Esteem

Love and belonging

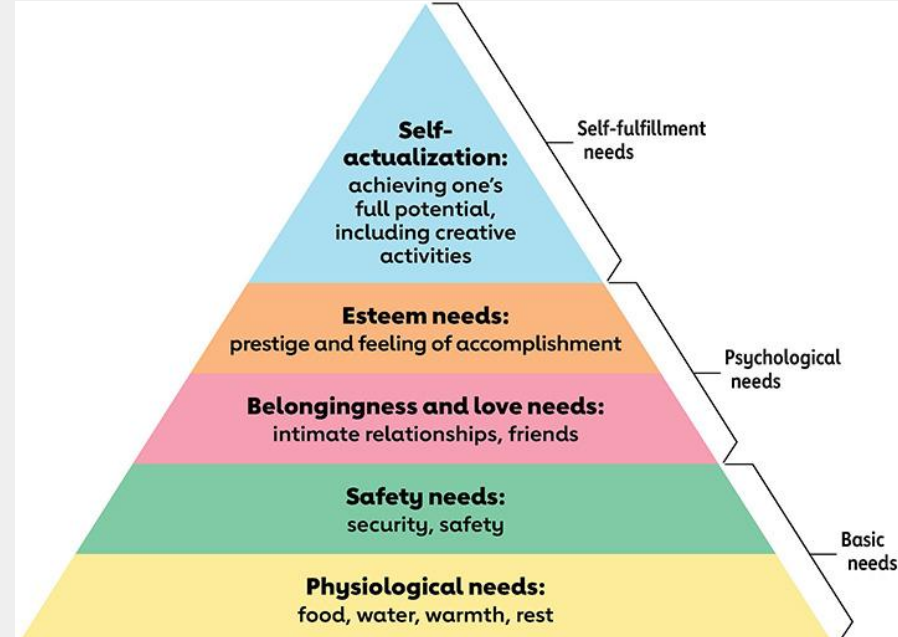
Safety needs

Physiological needs

## II. RELATED CONSUMER BEHAVIORS

### *Maslow's Hierarchy of Needs:*

- Created by psychologist Abraham Maslow, the 5-tier hierarchy is usually portrayed as a pyramid, with more basic needs at the base and more complex needs near the peak.
- Individuals must first meet their lower-level needs before they can focus on higher-level wants, according to Maslow's theory.
- Maslow later corrected himself, stating that not all of the demands in each level must be satisfied before moving on to the next. Before moving on to higher level demands, humans just need to experience a sensation of the need being satisfied.
- Belonging is a psychological need that must be fulfilled. This need is the third tier on the pyramid and relates to Peloton's current problem.



# BELONGINGNESS



- The third level of human wants include feelings of belonging. A human emotional need for interpersonal interactions, affiliating, togetherness, and being a member of a group is referred to as belongingness.
- This might include the desire to join to a school peer group, be accepted by coworkers, be a member of an athletic team, or be a member of a religious group.
- A sense of belonging entails more than just getting to know other people. It focuses on getting acceptance, attention, and support from group members while also delivering the same attention to other members.
- The need to belong to a group also can lead to changes in behaviors, beliefs, and attitudes as people strive to conform to the standards and norms of the group.
- The urge to belong is an intrinsic motivation to associate with others and be socially accepted. A multitude of social phenomena, such as self-presentation and social comparison, are influenced by this urge.
- The need for belongingness also motivates people to participate in social activities such as clubs, sports teams, religious groups, and community organizations.

# WHY DOES THIS AFFECT PELOTON?



- Peloton's demand ultimately dropped when people could return to in person facilities to workout.
- The demand continues to drop as more people return to gyms to interact with others that share the same interests.
- People are always searching for a sense of belonging in every aspect of their life. Gyms reopening allowed people to fulfill their need of connectedness.
- At gyms or workout classes, people have the opportunity to interact with others. When they are given the option, people tend to choose options that allow them to fulfill one of the 5 needs on Maslow's hierarchy of needs.

# WHY DO PEOPLE PREFER GYMS?

- We conducted a survey of 150 participants aged 18-65 to determine their workout preferences.
- 72.5% of respondents reported they workout at a gym rather than at home after COVID mandates were lifted. What is the reason for this?
  - From the survey results, we learned that the majority of people who exercise consistently utilize gyms to interact with others and gain motivation for their workouts.

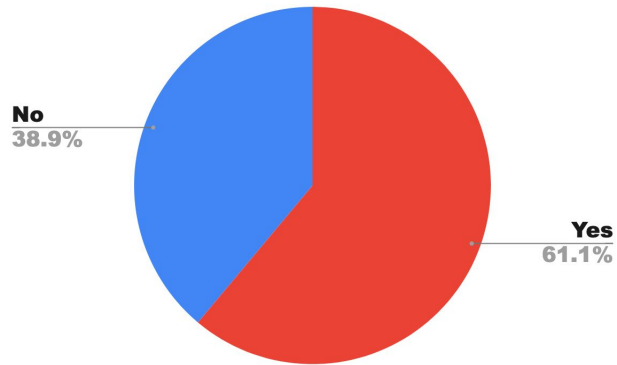
## Questions from the survey include:

- Do you like to workout alone or with a partner?
- Do you enjoy working out with friends?
- Do you enjoy interacting with others at the gym?
- Do others tend to motivate you during a workout?
- Do you like competing with others during workouts?

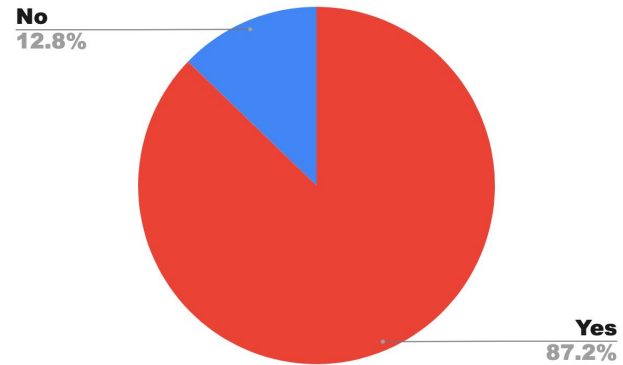


# SURVEY RESULTS

Do you like interacting with others at the gym?

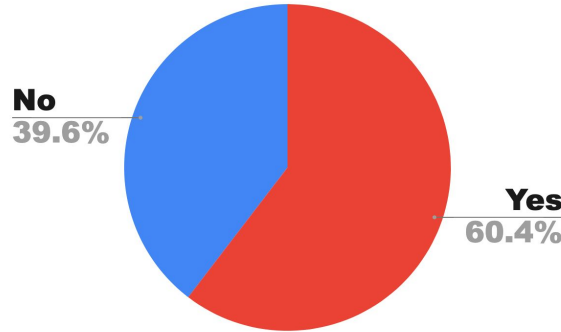


Do you enjoy working out with friends?

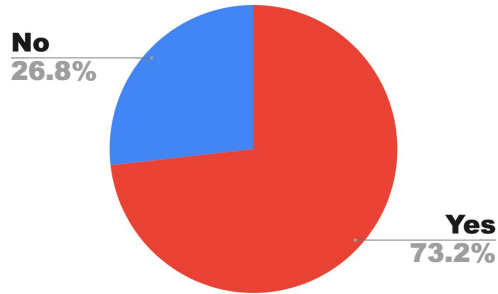


# SURVEY RESULTS

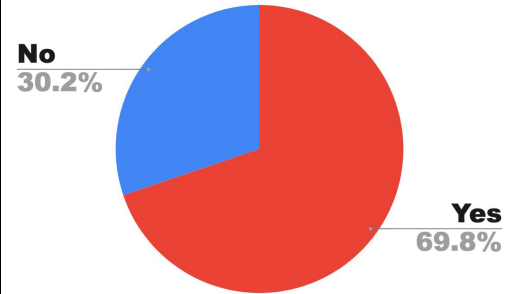
Do you enjoy competing with others during workouts?



Do others tend to motivate you through your workout?



Does competition motivate you to push harder?



# SURVEY RESULTS EXPLAINED



- The survey results conclude that the majority individuals who consistently workout enjoy the company of friends and peers. 69.8% of participants explained how competition makes them push harder during workouts. The gym provides an element of competition for its members leading to more returning clients.
- 61.6% of respondents report they enjoy interacting with others at the gym.
- 87.2% report they enjoy working out with friends.
  - When working out at home, individuals are missing the interactions made at the gym or having the opportunity to pair up with friends. They are searching for this interaction to fulfill their need of belongingness. Gyms provide a sense of connectedness that satisfies an individual's desire of belonging.

# **CONSUMER BEHAVIOR THEORY**

Evaluating an individual's susceptibility  
to interpersonal influence

# 03



# III. THEORY

## *Susceptibility to Interpersonal Influence:*

- Consumer susceptibility to interpersonal influence is hypothesized as a general trait that varies across individuals and is related to other individual traits and characteristics (McGuire 1968).
- The construct is defined as the need to identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase decisions, and/or the tendency to learn about products and services by observing others or seeking information from others.
- A series of studies provides evidence to support the convergent and discriminant validity of a two-dimensional scale (McGuire 1968).



# SUSCEPTIBILITY TO INTERPERSONAL INFLUENCE

## → Creates sensitivity to other people's judgment

- ◆ While all consumers are susceptible to interpersonal influence, people differ in the extent of their susceptibility to interpersonal influence, with some individuals being chronically more susceptible to social influence than others (*high or low susceptibility*).

## → Individuals with high susceptibility will care deeply about others' opinions and how they are portrayed. They value their personal image and what others think.

- ◆ People who are high on this personality trait pay close attention to what others do and use this information to guide their own behavior.
- ◆ Research shows that people feel lower self-esteem when they are exposed to idealized ad images of financial success or physical attractiveness (Hoyer & MacInnis, 2010).
- ◆ When consumers are susceptible to normative influence, they tend to react more positively to communications highlighting product benefits that help them avoid social disapproval.



# HOW TO APPEAL TO INDIVIDUALS WITH HIGH SUSCEPTIBILITY



## CREATE COMPETITION

- Allows individuals to compare and measure up to friends and peers



## INTERACTIVE FEATURES

- Option to check statistics, rankings, and overall improvement reports



## COMMUNICATION OPPORTUNITIES

- Platform to communicate with others about workouts and how they are performing



## ACKNOWLEDGE MILESTONES

- Recognizes major milestones and accomplishments to share with friends

# 04

## **PROPOSED SOLUTION**

Peloton's take on creating a sense of  
community & competition



# IV. SOLUTION

- **Goal:** appeal to one's psychological needs of belonging by making community and daily interaction the number one feature of Peloton's products. Individuals with high susceptibility will gravitate towards learning about others' workouts.
- **Proposal:** remodel Peloton's app to focus on the power of community instead of basic fitness goals. We are aiming to fulfill one's need for belonging since this is the component home workouts are missing.
- **Plan:** create a social media platform right inside Peloton's current app to allow users to discuss workouts, share post-workout selfies, join trending hashtags, and compare results. The app will offer users an accessible platform to discuss anything related to fitness. It will mimic social media platforms such as Instagram, Facebook, and Twitter. However, it will be exclusive to only Peloton users and focus on fitness content.



# IDEAS FOR THE APP



## • COMMUNICATION OPPORTUNITIES

- Users would have the opportunity to post their own content, respond to friends, and even their instructors!
- Having the chance to talk with others directly on the app will replicate interactions in a gym or in-person fitness class.
- The app will also have the option to go live or video share with friends completing the same workout.
- Users will also be able to message friends and peers for anything they may need. There will be a direct message feature, similar to the feature on Instagram.

## • CREATE COMPETITION

- The app will create a friendly sense of competition by displaying statistics and performance reports of each workout.
- Each member's profile will display statistics from rides, runs, or strength training sessions.
- This allows those using the app to interact with peers through friendly competition by seeing how they rank against one another.
- For example, after each ride, the user will be ranked and this information will be shared on their profile.

# IDEAS FOR THE APP



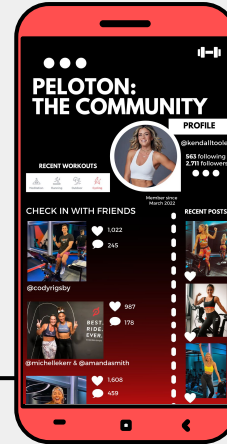
- **INTERACTIVE FEATURES**

- The app will possess a variety of features that allow users to interact easily and keep track of progress.
- Users will be able to like others posts, comment on their content and even view their statistics.
- The app will have weekly progress reports to update the individual and their friends on the app of their progress. The weekly report will share the type of workouts completed, rankings and statistics, and even share the total time spent exercising.

- **ACKNOWLEDGE MILESTONES**

- Along with sharing statistics about each ride or run, the app will also acknowledge each user's milestones since becoming a Peloton member.
- Whether its one's 25th or 1,000th ride with Peloton, the app will automatically post their accomplishment onto their feed.
- Friends on the app will be able to like the post and congratulate them on reaching that point of their Peloton journey.

# PELOTON: THE COMMUNITY



- The social media platform on the Peloton app will be called "Peloton: The Community."
- Users can train with friends on the Leaderboard and add #Tags to their profile.
- The app allows users to post their workout photos and interact with their friends' posts.

# PELOTON: THE COMMUNITY



## PROFILE

@kendalltoole

563 following  
2,711 followers



## RECENT WORKOUTS



Member since  
March 2022

## CHECK IN WITH FRIENDS



1,022  
245

@codyrigsby



987  
178

@michellekerr & @amandasmith



1,608  
459

## RECENT POSTS



## RECENT WORKOUTS



## CHECK IN WITH FRIENDS



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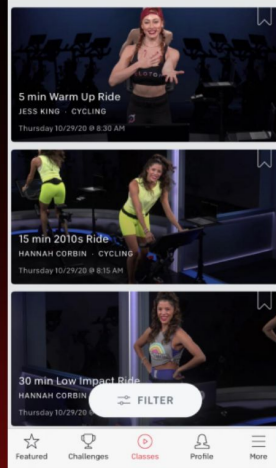
## RECENT POSTS



# PELOTON: THE COMMUNITY

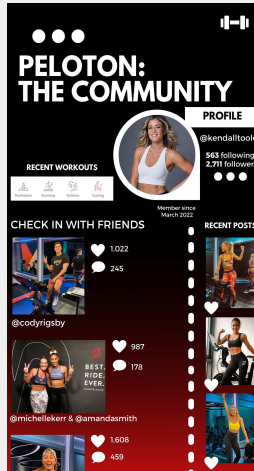


## LIVE CLASSES

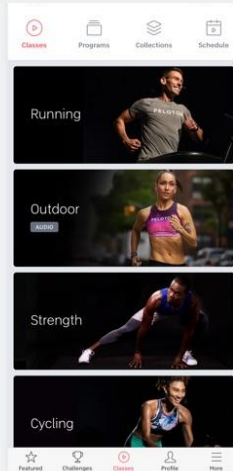


# EFFECTIVENESS OF SOLUTION

- We conducted a survey with the same participants to see if they would respond well to our proposed solution.
- The survey included a photo of the current Peloton home screen and our design of "Peloton: The Community."

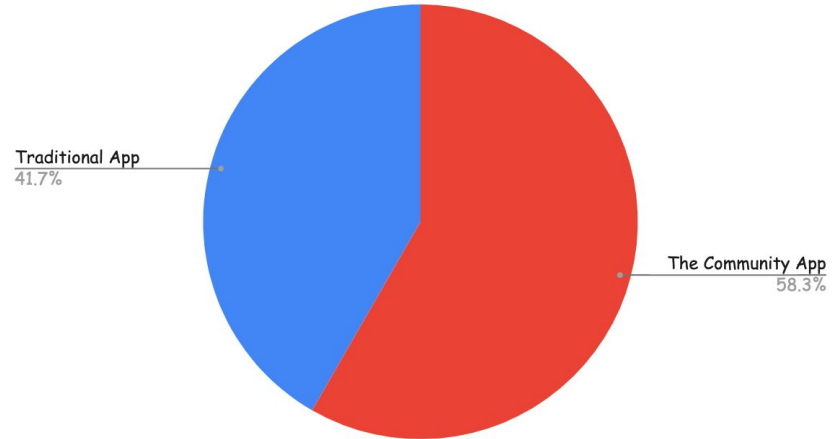


The Community App



Traditional App

Which app would you be more likely to use?

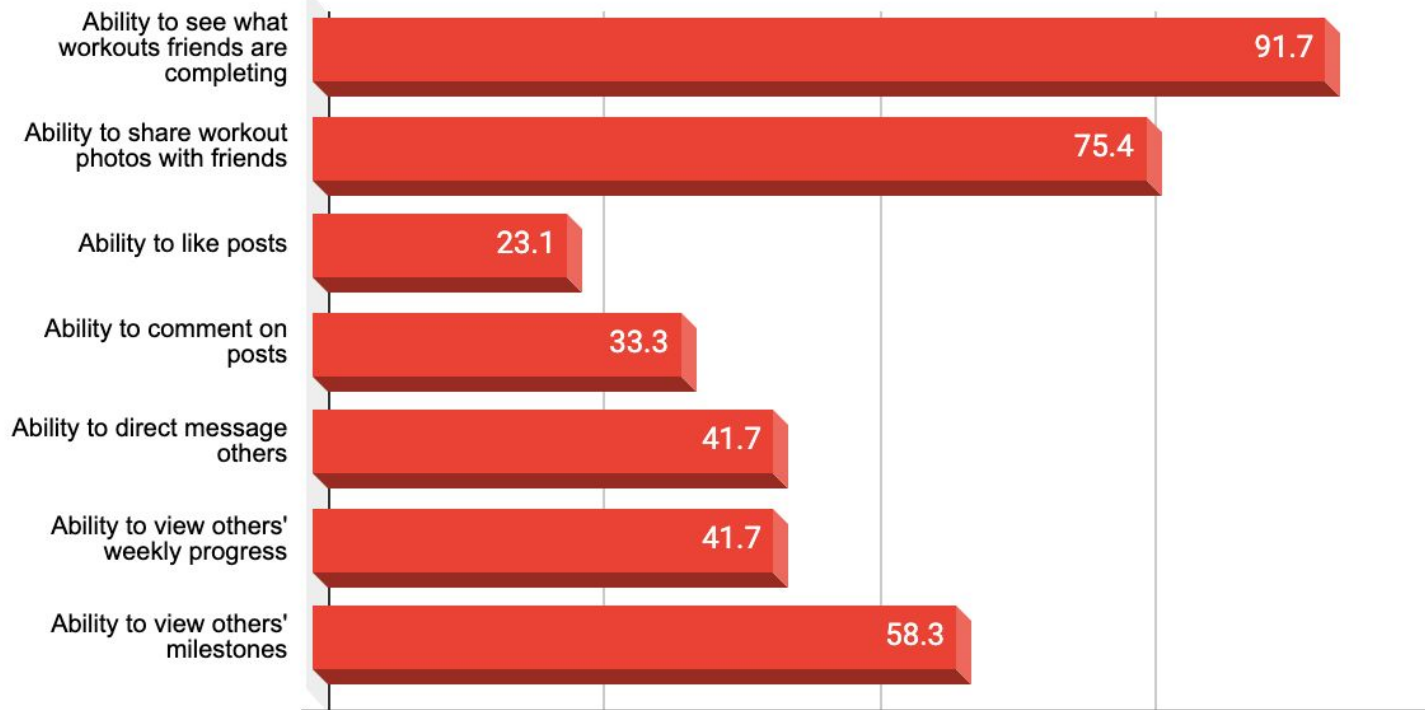


# EFFECTIVENESS OF SOLUTION

- 58.3% of respondents preferred “Peloton: The Community.”
- Out of these respondents, we asked them why they choose “Peloton: The Community.”
  - ◆ 91.7% reported they enjoy having the ability to see what workouts friends are completing
  - ◆ 75.4% reported they enjoy having the ability to share workout photos with friends
  - ◆ 58.3% reported they enjoy having the ability to view others’ milestones
- Individuals tended to enjoy features that allow them to view others’ profiles and see how their friends were performing.
- Features that dealt with liking posts, commenting, and direct messaging were less important to the group.



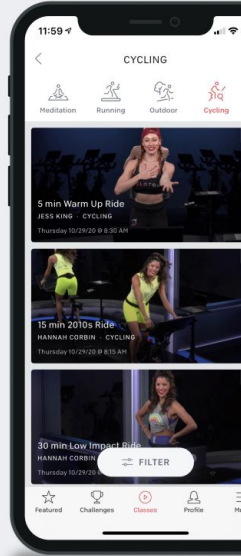
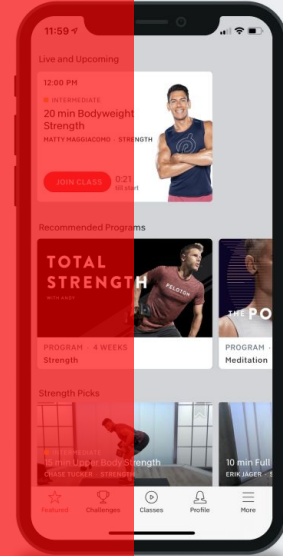
## What features do you like about Peloton: The Community?



# 05

## MANAGERIAL IMPLICATIONS

Improving the proposed solution for  
"Peloton: The Community"



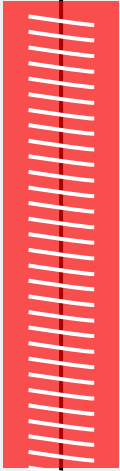
# V. MANAGERIAL IMPLICATIONS

- In order to improve our proposed solution, the main focus of “Peloton: The Community” would be on friends and their performance. The app would display a live-action timeline of when, where, and how friends are working out.
  - ◆ Place less emphasis on the like count and replace with a comment section called “Words of Encouragement.” For those who may feel insecure about posting workouts in fear of not getting a lot of likes, we would remove this feature and replace it with a more positive alternative.
  - ◆ Add a friend-wide calendar onto the app. The calendar would allow friends to schedule workouts with friends via the app to coordinate workouts. Respondents really enjoyed the feature of seeing others’ workouts so the calendar option would allow them to do so in one place.
  - ◆ Add “Stories” for users to engage with friends in a more authentic way. Stories allow users to post more often and share any type of content. Similar to Instagram and Snapchat, stories would be available to view for 24 hours and only for friends to view.



# MAIN CHANGES BASED ON CONSUMER NEEDS & PREFERENCES

- According to Maslow's Hierarchy of needs, the need of belonging focuses on gaining acceptance, attention, and support from group members while also delivering the same attention to other members.
  - ◆ The app will accomplish fulfilling this need through allowing users to support others through the "Words of Encouragement" comment section.
  - ◆ Users will gain attention through sharing their workouts for other members to view. They can also give attention to their fellow riders by interacting with their content.
  - ◆ The urge to belong is an intrinsic motivation to associate with others and be socially accepted. A multitude of social phenomena, such as self-presentation and social comparison, are influenced by this urge. Each user's profile allows them to compare and present themselves to others.



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