



A SUBSCRIPTION BOX BY



A PROPOSED SUBSCRIPTION BOX SERVICE
CONTAINING HEALTH AND WELLNESS PRODUCTS
FOR PELOTON INTERACTIVE, LLC

This report was written at the request
of Dr. Ha-Brookshire of the
University of Missouri-Columbia

by

Elise Zissman
Grant Weiner
Jennifer Levin
John Le
Madeline Borowiak
Sean Clemmons

November 22, 2019

November 22, 2019

Mr. John Foley, CEO
Peloton Interactive, LLC
125 West 25th Street 11th Floor
New York, New York 10001

Dear Mr. Foley,

At the request of Dr. Ha-Brookshire, we have prepared a business plan providing Peloton with an opportunity to be a part of their consumer's lives outside the studio and home workout. This subscription box service will engage both current and new users in the Peloton community.

The following business plan was constructed by:

1. Situational Analysis
2. New Product Line Launch and Strategy
3. Retail Marketing and Merchandising Strategy

The Peloton Promise Box fulfills the gap in the health and wellness subscription box marketplace by giving consumers a more defined and personalized product assortment. The box is aimed to give both the current Peloton user community and new potential consumers the opportunity to further benefit their healthy lifestyle.

Thank you for taking the time to review our proposed idea for a Peloton subscription box. We hope that you find our idea both innovative and potentially beneficial to Peloton.

If you have any questions or concerns, please let us know.

Sincerely,



Elise Zissman



Grant Weiner



Jennifer Levin



John Le



Madeline Borowiak



Sean Clemmons

EXECUTIVE SUMMARY

I. Purpose of Report:

The purpose of this proposal is to introduce a new health and wellness subscription box service to the marketplace, as well as to the Peloton community. Peloton Promise will give its consumers a bi-monthly subscription box service with merchandise that benefits them in four sectors of their health journey; wellness, lifestyle, performance and recovery. Adding this subscription box service to Peloton will allow for current users to keep Peloton a part of their lifestyle and not just their workout. It also allows the opportunity for those who don't use a Peloton product or studio to be a part of the community in a different way to benefit their healthy lifestyle.

II. Situational Analysis Summary:

Extensive research shows that there were several gaps in the subscription box marketplace, as well as common issues with the largest being oversaturation in the marketplace, lack of targeting specific consumers, and lack of specificity and personalization of products. We aim to address these issues by giving consumers a product assortment that is tailored to young, urban, moderately active consumers who want to be a part of the selection process for their products.

III. Segmenting/Targeting/Positioning Summary:

We chose for the Peloton Promise box to be a new product line extension under the Peloton brand based on its unique and innovative appeal in the fitness industry and consumer demographic. Each box is designed to cater to the target consumers health and wellness wants, needs, and goals to assist them in their fitness and wellness journey. The consumer being targeted are individuals aged 20-35 years old who live in an urban metropolitan area and live a moderately active lifestyle. The product brings convenience to the consumers life by giving them all the products they will need to get them through their healthy day by being delivered straight to their home. All brands partnered with the subscription box will adhere to auditing, testing, and wholesale agreements that comply with the FDA and CFR. We aim to provide safe and ethical products that will benefit all consumers and exhibit the same core principles of the Peloton brand.

IV. Retail Marketing/Merchandising Strategy Summary:

Peloton Promise, as an extension of the Peloton brand, will utilize the same social media and aesthetics for marketing purposes. We plan to thrive through this extension by enticing both new and recurring Peloton customers to use and customize these products. We will utilize Peloton existing customer-base and brand partner customer-base in order to expand to non-Peloton-related consumers, to unitedly grow business for both Peloton and Peloton Promise. The Peloton Promise brand will provide a diverse assortment curated from twelve chosen brands that the company has partnered with. The products will be bought in bulk every other month to fulfill the 2-month cycle of each Peloton Promise box. Furthermore, the brand will engage with its consumers through the Peloton Promise being featured on Peloton's website and app, as well as through Instagram and Peloton's Instructors reaching their following.

V. Overall Recommendations Summary:

We are confident in that the Peloton Promise box, as well as with the subscriptions future plans, will be profitable to the Peloton company and brand. The service will create an opportunity for Peloton to expand into a new marketplace, as well as expand upon its own brand and consumer-base. Based on our research and findings, we believe it can be exponentially profitable to Peloton and the partnering brands. By giving consumers a lifestyle experience, we become a part of the full health and wellness lifestyle separate of the fitness sector.

INTRODUCTION

Peloton Promise is a health and wellness subscription box service aimed to provide active and urban individuals with products and brands that will benefit their overall lifestyle and well-being. The brand will be an extension of the Peloton Interactive, LLC. The target consumer for the Peloton Promise box is generally individuals aged 20-35 years old, live in a metropolitan area, and consider themselves to be moderately active or more. We believe our product selections and ability to partially customize each box will give our service an advantage over other subscription boxes in the health and wellness market segment. The Peloton Promise box fulfills the gap in the market by giving consumers a more selective and personalized product assortment for their lifestyle. We aim to give current Peloton users a way to incorporate Peloton throughout their day, as well as give new customers a way to become a part of the Peloton community without using one of Peloton's fitness products. The service will ultimately create profits for both Peloton, Peloton Promise, and its partnering brands.

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	ii
EXECUTIVE SUMMARY	iii
INTRODUCTION	iv
LIST OF FIGURES	vi
 PART I: SITUATIONAL ANALYSIS	 1
Business Objectives	2
Problems in the Marketplace	2
Market Leader Analysis	4
Gap Analysis	14
Summary of Situational Analysis	18
 PART II: NEW PRODUCT LINE LAUNCH STRATEGY	 19
Business Objectives	20
New Product Line Vale Proposition	20
Brand Owner	21
Target Consumers	25
Branding Strategy	30
Value Chain Strategy	32
Value Chain Steps	38
Summary of New Product Line Launch Strategy	42
 PART III: RETAIL MARKETING AND MERCHANDISING STRATEGY	 43
Business Objectives	44
Product Strategy	44
Omni-Channel Strategy	53
Merchandising and Pricing Strategy	59
Promotion, Communication & Customer Service Strategy	65
Implementation Plan and Controls	67
Human Resource Management Strategies	71
Budget Statement	74
Summary of Marketing Strategies	78
 REFERENCES	 80
 APPENDIX	 84
Resumes	84

LIST OF FIGURES

PART I: SITUATIONAL ANALYSIS	1
Figure 1.1 FabFitFun Logo	5
Figure 1.2 FabFitFun SWOT Analysis	7
Figure 1.3 CLEAN.FIT Logo	8
Figure 1.4 CLEAN.FIT SWOT Analysis	10
Figure 1.5 MuscleBox Logo	11
Figure 1.6 MuscleBox SWOT Analysis	13
Figure 1.7 Age vs. Active/Sedentary Lifestyle	15
Figure 1.8 Age vs. Urban/Suburban Lifestyle	15
Figure 1.9 Income vs. Active/Sedentary Lifestyle.....	16
Figure 1.10 Income vs. Urban/Suburban Lifestyle.....	17
Figure 1.11 Age vs. Income.....	17
Figure 1.12. Active/Sedentary Lifestyle vs. Urban/Suburban Lifestyle.....	18
PART II: NEW PRODUCT LINE LAUNCH STRATEGY	19
Figure 2.1 Peloton Logo	21
Figure 2.2 Peloton Tread.....	24
Figure 2.3 Peloton Bike	24
Figure 2.4 Consumer Profile 1	26
Figure 2.5 Consumer Profile 2.....	26
Figure 2.6 Consumer Profile 3	27
Figure 2.7 Consumer Profile 4.....	27
Figure 2.8 Peloton Promise Logo	31
Figure 2.9 P ² Logo	31
Figure 2.10 Peloton Promise Box Product Breakdown	32
Figure 2.11 Peloton Promise Box Merchandise Assortment.....	39
PART III: RETAIL MARKETING AND MERCHANDISING STRATEGY	43
Figure 3.1 The Peloton Promise Assortment for the Initial Launch	45
Figure 3.2 The Peloton Promise Box: Cover	47
Figure 3.3 The Peloton Promise Box: Open	47
Figure 3.4 The Peloton Promise Box: Up-Close	47
Figure 3.5 The Purify Box	48
Figure 3.6 The Power Box	48
Figure 3.7 The Performance Box.....	49
Figure 3.8 The Peloton Promise Catalog	51
Figure 3.9 Peloton Promise Banner	54
Figure 3.10 Peloton Promise Web Tab	55
Figure 3.11 Peloton Promise Website.....	55

Figure 3.12 Peloton Promise App	56
Figure 3.13 Jennifer Jacobs Instagram Post.....	57
Figure 3.14 Robin Arzon Instagram	57
Figure 3.15 Robin Arzon Instagram Post	58
Figure 3.16 Peloton Promise Net Sales.....	60
Figure 3.17 Peloton Promise Product Markup.....	62
Figure 3.18 Peloton Promise Merchandise Budget.....	65
Figure 3.19 Initial Rollout Plan	69
Figure 3.20 Peloton Promise Employee Tree	71
Figure 3.21 Peloton Promise Budget Plan	78



A SUBSCRIPTION BOX BY



PART I: SITUATIONAL ANALYSIS

Business Objectives

In order to cater to consumers that live a fit, clean, and urban lifestyle, it is necessary to have the basic underlying information necessary to understand their demands and product needs. This section includes analyses of problems in the current subscription box marketplace, market leader analysis, situational analysis, and gap analysis.

Problems in the Marketplace

As retailers, brands, and businesses have begun to explore e-commerce business strategies to meet and exceed the always changing consumer needs and demands, e-commerce has become a major channel the retailing industry. Consumers are beginning to demand a seamless experience between online and in person interactions with brands as well as consistently want something new and experiential. Out of this progression of e-commerce and e-retailing, many innovations have been introduced into the industry, including the subscription box pioneered by many online companies. With changing consumer tastes and behaviors, the subscription box market has grown significantly within the last four years. Between 2014 and 2018, the subscription box market has grown 890%, with several different companies taking leadership throughout this growth (Kestenbaum, 2018). For the basis of the following situation analysis, the subscription box market will be assessed in order to understand the current problems in the marketplace influenced by technology advancements and changing consumer tastes.

It can be concluded that the emerging trend of e-commerce and consumers migrating from brick and mortar shopping to the preference for experiential and online omnichannel purchasing is linked to a few key problems hindering the subscription box market. As many businesses have strived to create a new solution to provide an e-commerce, experiential box for consumers, these brands create oversaturation of the market which presents no clear market leader, high cancellation and high turnover of consumers due to dissatisfaction, and a lack of awareness of all subscription box services accessible for consumers to subscribe to.

Due to oversaturation within the subscription box marketplace, leadership remains ever changing and fairly easy to takeover. Since consumers within this market are not acting in traditional loyalty patterns, competitors can readily maneuver past one another. In a study showing how many visits leading companies in the subscription box industry had in April 2017 compared to April 2018, it is proven that although there is overall growth present, most leading subscription sites had fewer visitors in April 2018 than in April 2017. However, it seems as if there are in fact some clear leaders based on category. For example, Stitch Fix remains the established leader in the apparel category, whereas categories such as beauty, food or pets have abruptly changing leaders. As the “leaders in the subscription box business keep changing” and more and more businesses are entering the marketplace, customers are less likely to commit to a specific brand, and are more likely to try out many different subscription services (Kestenbaum, 2018). With the leader of the market always changing, brands cannot expect consumers to stick around, but consumers will jump from brand to brand. As for the health and wellness

marketplace, in recent years the health and wellness trend has taken precedence among consumers in many different formats. To engage customers and stay on top of trends, many market leaders in the subscription service have attempted to incorporate health and wellness products into their boxes, but do not ever offer an all encompassing health and wellness box. This has led to brands such as FabFitFun and others to attempt to step foot into the health and wellness market, but refuse to dive into all the products the trend has to offer, therefore contributing to the oversaturation and ambiguity. Although oversaturation is a huge issue in the marketplace, brands will not stop entering into this specific business, so companies have to discover ways to differentiate their subscription boxes from others to gain market share, market leadership, and retain their customer base.

Another key problem facing the subscription box marketplace is the abundance of customers cancelling subscriptions and the increasing churn rate. Subscription boxes have created an experiential way for consumers to test out products and become aware of new brands with reduced risk by purchasing only a subscription box rather than products from each singular brand's offerings. However, when consumers' needs are not adequately met and exceeded, they cancel their subscriptions and often move on to another one decreasing brand loyalty and awareness. The biggest challenge "facing subscription e-commerce companies is churn" which can create an issue for the company to "meet their growth objectives" and retain an impactful customer base. (Chen, Fenyo, Yang, Zhang, n.d.). As consumers changed their minds quickly, the primary reasons for quick cancellations are due to "poor product quality, dissatisfaction with the assortment, lack of perceived value" or the consumers "don't feel that they are getting value for the money" (Chen, et. al, n.d.). With these many factors pushing consumers away at an increasing rate, brands have to quickly find new products or change their subscription box approach in order to retain their customers. This attraction and retention of consumers, however, has to occur quickly and their loyalty must be reinforced in the early stages of subscription, because "more than one-third of consumers" participating in subscription box services "cancel in less than three months" (Chen, et.al, n.d.). In order to address this issue of customer retention, subscription boxes must evolve their assortments as their customers evolve. The solution is to provide customization and personalization, so every subscription box can cater to every customer, and therefore instill brand loyalty and longer subscribers.

Lastly, consumers have a lack of awareness within this marketplace due to targeting a focused, narrow consumer base. The subscription box market targets a very narrow market of the "younger millennial" typically "females" who prefer shopping online at e-tailing sites such as Amazon, therefore awareness is limited to only this age group (Kestenbaum, 2018). While there are brands targeting other consumer bases, such as Dollar Shave Club or Harry's, the primary sector of female millennials creates a narrow scope of awareness of the offerings in the market. Men wanting to subscribe are not necessarily aware of the options, as they are mostly not targeted by brands who participate in this business. In order to create a more varied customer base, subscription box services will need to expand their target outside of the millennial women to gain market share in the long run. Additionally, as brands have a narrow target for who their

subscription box is for, they often lack in advertising only marketing it on their online channels to their current consumers, so they are not attracting any new consumers. Conversely, categories within the market fluctuate frequently based on millennial lifestyle changes. For example, a rise in the kids category has increased within the last year as millennials who shop online are starting to have children. The children's marketplace promotes rapid growth and changes, as kids need products such as school supplies, clothes, and toys on a yearly, if not monthly, basis (Kastenbaum, 2018.) This fluctuation leads to new boxes being created and not widely marketed, therefore consumers lack awareness of their options in the market. In order to counter lack of awareness, brands will have to not only market their ever changing offerings, but market to a wider, more diverse audience that are partaking in the online, subscription shopping.

Conclusively, the problems present in the subscription box marketplace can be summarized in three simple ways: oversaturation, high cancellation rates and lack of loyalty, and lack of awareness due to a narrow target consumer base. By analyzing and understanding the reasons for these problems, we can implement new business ideas and provide solutions to the issues this market faces. We will enforce the importance of technological advancement within this industry in order to fill these gaps and separate ourselves from competitors.

Market Leader Analysis

Introduction

The market leaders featured below, FabFitFun, MuscleBox, and Clean.Fit are three competitors that cover a variety of the subscription box market. The three brands all fit under one subcategory of the market which is health and wellness. The health and wellness community is ever growing and subscription boxes are doing their best to try and tackle the needs of the individual who will use such products. While each of these boxes do vary in product offerings, they all have the common denominator of health and wellness with their own unique consumer focus.

Introduction to FabFitFun

FabFitFun, launched in 2010, is a membership based subscription box that sends out a box of full sized, premium products from a variety of brands and partners to their consumers four times a year. The brand is focused on inspiring their customers to "Get Fit, Have Fun, Be Fabulous" by offering a subscription box that is filled with a "slew of great, healthy resources", fashionable on-trend items, beauty, fitness, home products, and membership perks (FabFitFun.com, n.d.). In addition to receiving a subscription box seasonally that can be customized by the consumer, FabFitFun members have the ability to "work out anywhere with FabFitFunTV", gain access to exclusive sales, and join the FabFitFun community of "every kind of woman" (Fabfitfun.com, n.d.). FabFitFun is more than just a box of premium products, it is a community of fitness tips and tricks, latest on trend beauty and fashion must haves, wellness advice and guidance, and an online sanctuary of lifestyle advice to be the most confident and powerful woman every day.

Image/Message

FabFitFun's brand message is about empowering all arrays of women to feel their best selves through not only FabFitFun's online materials, but by utilizing the assortment of merchandise in the seasonal box. The message of the brand is "Get Fit. Have Fun. Be Fabulous." (Fabfitfun.com, n.d.). The overall brand image of the company is a lifestyle box to fit all of the consumer's on trend wants and needs. The Co-Founder, Katie Rosen Kitchens, described the lifestyle company as "FabFitFun just wants to be your best friend" one "that just happened to know everything about beauty, fashion, and fitness" (Salpini, 2019). To reflect the best friend, lifestyle image, the company recently revitalized the logo to be more relaxed, easy-going, and fun to appeal to every girl and woman that subscribes to FabFitFun. The playful, girly typography resonates with the unique, diverse women consumers and restored the brand back to its fun and flirty foundation.

Figure 1.1 FabFitFun Logo



Store/Online Atmosphere

FabFitFun is a company operating solely in the realm of e-commerce, with no brick and mortar outlets. The FabFitFun Subscription Box website is easy to navigate and immediately upon arriving to the page prompts consumers to subscribe to the latest box. The site makes it easy for the consumer to evaluate the brand before purchasing the recurring \$49.99 subscription box by reading online articles the brand has been featured in, explore previous boxes and editor's favorites, and check out the array of brand partnerships that contribute to each seasonal box. Once a box is purchased online, the consumer can pick and choose items, include add-ons, or leave the box to be a complete surprise. As a FabFitFun Member, consumers have access to FabFitFunTV for online fitness tips, tricks, and videos, the online FabFitFun community to connect with other members, as well as inclusive member-only online sales directly through the website. In addition, with each box launch, the company "produces its own 'seasons' of video content to match the box" and explain the products (Carson, 2019). Those who wish to not pay to be a member, FabFitFun still has an online presence for those just wanting to partake in the company without the subscription. The FabFitFun Magazine is an online blog for all things style, wellness, beauty, life, and entertainment to empower and build confidence in women. The brand also offers a free email for FabFitFun followers to read "everything a woman needs to feel good from the inside out" highlighting the latest news and tips in beauty, fitness, diet, and wellness (Fabfitfun.com, n.d.). The brand exists solely online, utilizing popular podcast and social media influencers, to spread the word of the company and its product.

Customer Service

The FabFitFun customer service team can be reached 24/7 through their website, app, or social media channels. Online the customer can follow the 'Contact Us' link at the bottom of the home page to a request form with the description of the problem, the product type, as well as any relevant documents. The request will then be answered by a member of the support staff. Customers can also Live Chat the FabFitFun Customer Care Team by utilizing the 'Help' Speech Bubble Icon located on the bottom right of the 'Contact Us' page on the website. Members and customers of FabFitFun are offered 24/7 customer service support through the FabFitFun app, phone call, or the VIP FabFitFun email that is accessible to members. On the website, the brand also has an extensive Frequently Asked Questions section that have all been thoroughly answered by the FabFitFun Team. FabFitFun can also be reached through their social media channels, specifically the FabFitFun Customer Service Team on Twitter.

Other

FabFitFun was found in 2010 by Katie Rosen Kitchens, Michael Broukhim, and Danial Broukhim as "a blog and newsletter" with the idea of turning "the swag bag into a customizable seasonal box delivered four times a year" (Carson, 2019). To compete virtually, the brand launched the FabFitFun app which features "augmented reality capabilities" the ability to experience the box "through interactive filters" and enables members to have "insider content surrounding the products in your box" (Sim, 2017). In 2018, the brand reached over one million subscribers, only 8 years after its launch.

Target Market

FabFitFun attempts to appeal to a broader audience of women, ranging from 18 to 34 years old. The target consumer is interested in trends in "beauty, fitness, nutrition, and style" and want to test out a range of products at a fraction of the true cost of the premium merchandise (FabFitFun.com/Audience, n.d.).

Product Offerings

The products featured in FabFitFun boxes range from beauty, wellness, fashion and fitness. The boxes are curated to the receiver based on the products they choose to have in their box for that season or are left a surprise at the receivers choice. The products are typically full sized and are valued at about \$200 or more in total.

Customer Satisfaction/Dissatisfaction

Most of the customer reviews praise the FabFitFun box for its variety, fast shipping, customer service, quality, and value. Of the negative reviews, customers were mostly dissatisfied if their box didn't quite fit their personal taste. Overall, the majority of customers were left with the impression that the box lives up to the hype and standard they were promised when purchasing the subscription.

Figure 1.2 FabFitFun SWOT Analysis

FabFitFun SWOT Analysis

<p><i>Strengths</i></p> <ul style="list-style-type: none"> ● Full-sized products ● Strong brand partnerships ● As of 2018, there are over a million subscribers. ● Strong marketing strategy that is inclusive of popular social media influencers ● Celebrity involvement and advertising ● Leader in the subscription box marketplace ● Strong online presence with a website, blog, magazine, FabFitFunTV, and a brand app ● If seasonal box sells out, they offer an editor's box for the season that features previous product offerings ● Video content and in-box magazines are created to explain the function of all products 	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> ● Lack of personalization, as products choices only vary slightly and include add-ons, not main products. ● Boxes sell out quickly ● The brand is only available to consumers via e-commerce, no brick and mortar presence ● Monthly vs. yearly price differs slightly, consumers don't save as much as they'd want by paying for a yearly subscription versus monthly. ● Consumers have to pay for a box before gaining access to FabFitFunTV and the FabFitFun online community, deterring consumers who don't wish to pay for the brand ● Does not offer selection for men, therefore narrowing the business to only women ● In order to access exclusive offers and detailed box information, a consumer has to become a member
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> ● A rise in men's consumption and demand for subscription box services ● Replenishment component for favorite and popular products ● International demand for subscription services ● Seasonal variations in product offerings as trends and demand fluctuations alongside seasonal patterns ● Customer Engagement and Curation increasingly important in lifestyle and experiential services 	<p><i>Threats</i></p> <ul style="list-style-type: none"> ● Oversaturation in the marketplace, continuously increasing competition ● Changing consumer needs and demands that would require the brand to change their product offerings often, and constantly evolve ● The brand's partners, whose products are in FabFitFun boxes, may venture into creating their own subscription boxes, abandoning the partnership ● Cheaper competitive offerings attracting consumers to subscribe for a lower value

Introduction to CLEAN.FIT

CLEAN.FIT is a subscription box with products catered towards healthy living and clean eating. Founder Renee Fouquet found her true passion for living a healthy lifestyle after her little sister was born with congenital heart disease. After seeing the effects of this disease first hand, Fouquet began to do research about diseases similar to congenital heart disease (Cleanfitbox.com, n.d.). According to the Centers for Disease Control and Prevention (2014), up to 40% of annual deaths from each of five leading causes (heart disease, cancer, chronic lower respiratory diseases, stroke, and unintentional injuries) are preventable by the lifestyle choices we make daily. Although Fouquet's sister's disease was diagnosed from birth, Fouquet wanted to help consumers by showing and informing them about clean, real foods that over time can potentially promote the prevention of life-threatening diseases (Cleanfitbox.com, n.d.). These boxes are filled with food, workout supplements, drinks, and other various products that provide customers with the nutrition they need in order to live a long, hearty life.

Image/Message

CLEAN.FIT's message is simple- to encourage and educate consumers about the importance of sustaining their health through their every day eating and lifestyle habits. Not only can eating well and living fit improve and preserve physical health, but also contribute to mental health. Part of CLEAN.FIT's brand message is the importance of strength in both mind and body. In the Ellivate Alliance Member Spotlight (Elliott, 2018), Fouquet talks about her vision for the brand. Through her personal journey of doing extensive research about foods that give the human body healthy fuel, she wants consumers to understand three main concepts about the message behind her brand. These things are: eating for energy, preventing illness and disease, and the role of self-loving and well being.

Figure 1.3 CLEAN.FIT Logo

The logo for CLEAN.FIT features the brand name in a bold, black, sans-serif font. The text is centered and flanked by two thick, horizontal black bars, one above and one below the text.

Store/Online Atmosphere

CLEAN.FIT is an e-commerce based company that does not have brick and mortar stores. The major reason for this is due to the convenience of customers having one main website where they can sign up for a subscription box to be delivered to their door (catering towards their busy target consumer.) They do not have to go out and shop for these items. Instead, the CLEAN.FIT team hand-curates six to eight items in each box. Each box includes things like protein and energy bars, granolas, trail mixes, nut butters, superfoods, protein powders, all natural energy beverages, grass-fed jerky, and workouts and recipes. The website also features brands they partner with, which are normally not big brand names, in order to introduce

customers to new brands and products. For those customers with dietary restrictions, gluten-free, vegan, vegetarian, and dairy-free boxes are also available for purchase. The website features examples of past boxes in order to show customers and potential customers a sample of what they can expect to receive in their box, while the products included in each box change from month to month. With two types of boxes differentiated by size- either the “Regular” or the “#Supersnacker”- customers choose between different tiers of subscriptions, from monthly, to 3 month pre-paid, 6 month pre-paid, or 12 month pre-paid. For those customers who do not want to sign up for a membership or monthly subscription, they may buy just one box at a time. Another feature offered through the website is a blog run by the CLEAN.FIT team, covering topics from healthy recipes, to discussion of studies about exercise, to informational material about vitamins (CleanFitBox.com, n.d.).

Customer Service

Under the “Contact” tab on the CLEAN.FIT website, users are able to email the CLEAN.FIT customer service team directly. For further assistance with product orders or inquiries, those customers that have a login or membership with CLEAN.FIT may access further support when logged into their account (CleanFitBox.com, n.d.).

Other

CLEAN.FIT reaches out to bloggers and influencers to post a review of their unboxing experience and talk about their opinions of the products offered in each box. From nutritionists to lifestyle bloggers, each posts either a video on YouTube, pictures via Instagram, or provides a link to CLEAN.FIT’s website in a blog post. One example of these influencers that leads a health and wellness brand on Instagram is known by the handle @bowlobsessed. Erica, the owner of @bowlobsessed, tags and mentions CLEAN.FIT on pictures of healthy meals she makes, using products she received from her monthly box (Erica|Bowl Obsessed, 2019.)

Target Market

CLEAN.FIT caters to active consumers living a busy lifestyle wanting convenience. These consumers are driven in their jobs and disciplined in their lifestyle choices. They see the importance in taking care of their bodies and mind in order to be the best version of themselves they can be. They want to accomplish great things during their lifetime. Not only does CLEAN.FIT strive to meet their target consumers’ needs, but they also want to inform newcomers about the importance of living clean and fit, and encourage and promote self-love (Elliot, 2018.)

Product Offerings

CLEAN.FIT offers subscription boxes for individuals who are passionate about maintaining an active and healthy lifestyle. The box includes 6 to 8 items delivered on a monthly basis. There are 5 options that customers can choose when preferencing the type of box they

wish to receive. These options are original, vegan, gluten-free, dairy-free, and vegetarian. The products that are offered in their boxes are primarily food and nutritional supplements. Most of these products are snacks that can be added to one's daily diet and are not necessarily meal replacements. In addition to food and dietary supplements, the boxes often include an item that is geared towards working out (ie. massage ball for muscle knots) as well as spices or seasonings that can be used when preparing a meal (CleanFitBox.com, n.d.).

Customer Satisfaction/Dissatisfaction

A majority of customers from various review websites seem to be satisfied with their subscription to CLEAN.FIT. On the website CrateJoy, a website dedicated to subscription box services, 87% of customers gave their box a 5 star rating and 13% gave it a 1 star rating (Cratejoy.com, n.d.). None of the 15 reviewers rated the box 4, 3, or 2 stars. The reviewers who were satisfied with their boxes commended CLEAN.FIT for their product offerings and diversification of each box. A word that popped up in many reviews was "clean", and customers seem to be very drawn to the box because of their clean and healthy food offerings. The negative reviewers were not happy with their box because of the product offerings. They felt as though they were not receiving products that they were not already familiar with, and also mentioned that the sizes were too small (Cratejoy.com, n.d.).

Figure 1.4 CLEAN.FIT SWOT Analysis

CLEAN.FIT SWOT Analysis

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> ● Variety of products in each box ● Relevance of product offerings that meet consumer profile ● Caters to dietary restrictions (dairy-free, vegan, gluten free, and vegetarian options) ● Strong customer service based on consumer feedback ● Supports smaller brands to boost awareness of brands and among consumers ● Workout guides are included with workout supplement and protein to use together ● Health and wellness blog included on company website ● Free US shipping 	<ul style="list-style-type: none"> ● Lack of awareness due to small target market ● Saturated subscription box market, hard to find a role as a leader ● Difficult to reach older consumers through popular social media marketing outlets ● Weak social media presence ● No brick and mortar presence ● Blog is open to the public via their website, no presence of exclusivity ● Unable to select a men's or women's box

<p>Opportunities</p> <ul style="list-style-type: none"> ● Product Education and Awareness ● Niche in the market of boxes focused on workout objects rather solely on health related food and supplements ● Social Media Engagement and Presence as it becomes a main means for consumer interaction ● Prominence of Social Media influencers and celebrities to capitalize on trends and market interest ● Unmet demand in the men's subscription service market 	<p>Threats</p> <ul style="list-style-type: none"> ● Large amount of competitors with small target consumer base ● Ever changing market interest and trend-based consumer needs ● Established brands have the ability to offer lower prices and take less of a risk ● Competing boxes may already have contracted brands due to early market penetration
--	--

Introduction to MUSCLEBOX

MuscleBox is a subscription box service that aims to bring the best products to help individuals transform their bodies. MuscleBox began when the founders from the United States and Australia felt there was a lack of representation in the subscription box marketplace for fitness and bodybuilding. One of the original founders was a dedicated follower of several different fitness subscription boxes and therefore had the drive to start his own geared towards his personal fitness goals and lifestyle.

Image/Message

The MuscleBox's image is total fitness. Amazing bodies, workouts, and intense videos are the front lines of this companies marketing strategy. The company promotes a health-positive lifestyle in order to drive consumers to purchase the box. The MuscleBox team describes the box to be "Not just some basic sampler box, but a motivational subscription box that encompasses everything from apparel to equipment to supplements" (Musclebox.me/about/, n.d).

Figure 1.5 MuscleBox Logo

MUSCLEBOX

Store/Online Atmosphere

As an online-only retailer, there is no in-store presence of the box for purchase. The brands online and social media presence is moderate. The content featured is of good quality but with low engagement. Though MuscleBox's follower count on instagram is just under 150,000, the engagement per post is small with only about 40 to 200 likes. The instagram page for

MuscleBox is not verified, but is listed as a business. Many of the posts MuscleBox makes are giveaways to engage their followers and promote purchase.

Customer Service

The MuscleBox customer service is limited to an email and number listed, along with a forum to fill out on the contact page. The company does feature a FAQ page that lists common questions in regards to shipping, billing, what is in the box, and other questions consumers may have.

Target Market

MuscleBox targets fitness individuals of all ages. They aim for consumers who want to get into fitness or are already an active fitness individual, by providing excitement in each box. They want to cater to consumers that want more than just boring supplement samplers. MuscleBox includes items for all levels of fitness.

Product Offerings

MuscleBox offers four main categories for their subscription boxes. The four categories include men's boxes, women boxes, protein boxes, and past boxes for those who missed or wish to retrieve a previous box. They work with top brands like Musclepharm, 1up Nutrition, Bmfit, Muscle Nation, and more to provide quality products in each box. The boxes usually offer a new apparel item, a couple of supplements, some gym goodies, snacks and inspiration. The subscription also includes \$100+ of workouts free to customize to one's preferences.

Customer Satisfaction/Dissatisfaction

According to reviews, customers are very satisfied with this subscription box because they find that they actually use the majority of the items included. The box gives consumers the proper guidance to achieve their fitness goals. Consumers are also getting these products at a great value, as they are worth more than the box is priced at. The price of the box versus the value cost, makes the box worth the purchase. Because the box can be tailored towards a specific type of fitness individual, consumers are overall very pleased with what they receive. The only dissatisfaction consumers have are that with some of the apparel, items may run too small. Another dissatisfaction was that on occasion the box is delayed or arrives late. The customer service team is prompt to reach out if there are any problems, specifically on social media comments. Many consumers wish to see specific items featured in the box, therefore, MuscleBox asks for suggestions on social media for what should be featured in future boxes.

Figure 1.6 MuscleBox SWOT Analysis

MuscleBox SWOT Analysis

<p><i>Strengths</i></p> <ul style="list-style-type: none"> ● Has several meal & workout plans to follow ● Zero commitment so you can skip a month or cancel at anytime ● Box is valued more than the subscription price ● Known as the worlds #1 fitness box ● Great customer service ● The brand is available to ship internationally 	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> ● Lack of workout items included in the box ● The brand gears its products only to beginning to moderate fitness levels, lacking for those at experienced and elite fitness levels ● Lack of Social Media presence ● The brand operates solely online, no brick and mortar presence ● Lack of personalization and customization, not able to make the box personalized to the consumer's fitness needs
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> ● Prominence of Social Media Influencers for brand awareness, marketing, partnerships, customer base expansion ● Shift to Mobile Apps for convenience and higher, more frequent customer engagement ● Brand collaborations ● Unmet demand for different physical fitness levels (most services in the market target one specific fitness level) ● Product Expansion as health and wellness trend produces many supplementary products currently ● Social Media Verification correlates to credibility to consumers 	<p><i>Threats</i></p> <ul style="list-style-type: none"> ● Other powerhouse competitors creating subscription boxes ● Partnered brands making their own subscription service ● As the fitness subscription market is currently smaller, new brands could easily enter at a lower cost to consumers ● Buyers' needs can change if the fitness and wellness trend declines or regresses in future years

Market Leader Analysis Conclusion

After extensive research and analysis of three main competitors in the subscription box market, the products offered by the three brands FabFitFun, MuscleBox, and Clean.Fit show that there is room for more within the market. Many of these boxes show flaws and are very detailed to a specific type of health based individual or do not reach full consumer satisfaction. In order to gain a larger market share and a more diverse array of consumers, these three competitors will have to partake in evolving their product to include more than a small target of consumers. Additionally, the opportunities available to the brands include expanding technologically and in many more social channels. Whereas, all the brands face similar threats of oversaturation of the market, brand partners venturing into their own subscription boxes, and the demand to change product quickly to fulfill consumer's ever-changing wants. These companies, along with others in the subscription box market, will have to utilize a variety of technological advancements and personalization attributes to make their company differentiated. Our goal is to utilize these issues in the marketplace to work towards building a product that can fulfill the needs of a more unique consumer.

Gap Analysis

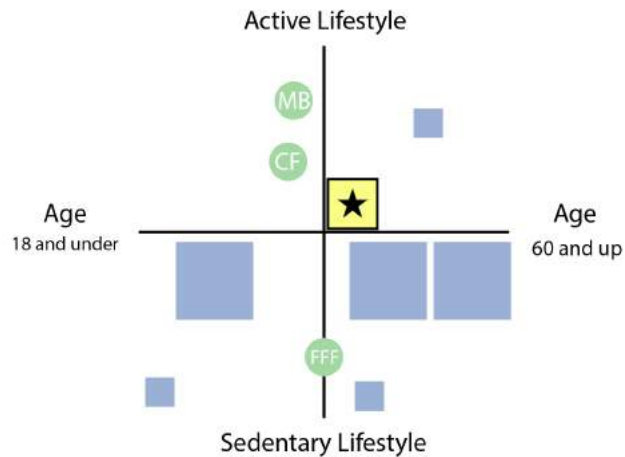
Introduction

In the following maps, the variables that will be focused on in the subscription box marketplace are consumer age, income, geographic area (urban vs. suburban), and fitness lifestyle (active vs. sedentary). Using these variables, a gap analysis will be conducted in order to identify gaps within the subscription box marketplace and will therefore determine which variables should be targeted that competitive brands do not already target. The competitive brands that will be analyzed in this gap analysis are FabFitFun, CLEAN.FIT, and Muscle Box to find the ideal market position for our brand to fill.

Analysis 1: Age and Active/Sedentary Lifestyle

In this gap analysis, the age of target consumers, with the low end of age, beginning at 18 years old, and the higher aged consumers at 60 years old in the market, is compared to the fitness lifestyle, active or sedentary, of consumers. Many gaps were determined through the gap analysis. One evident gap in the marketplace are younger consumers between the ages of 20 to 25 living a moderate lifestyle. Another evident gap is an older age range, between 50 to 60 years old living a moderate lifestyle. Other gaps identified include consumers around the age of 20 years old and the age of 40 years old, both with sedentary lifestyles. However, the most favorable gap are the consumers in the middle of the age range, around 20 to 35 years old, and living a slightly more active lifestyle.

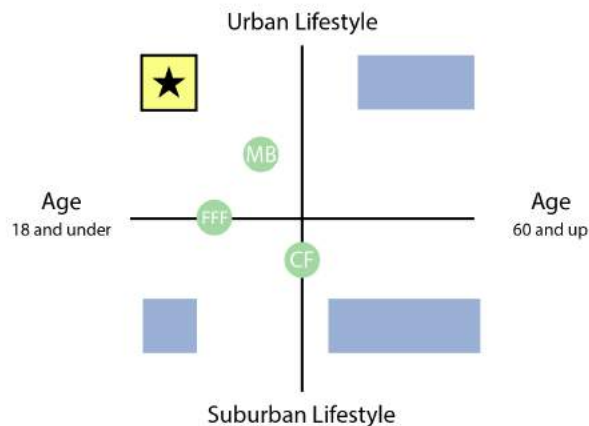
Figure 1.7 Age vs. Active/Sedentary Lifestyle



Analysis 2: Age and Urban/Suburban Lifestyle

In this gap analysis, age of target consumers in the market are compared to geographic lifestyle, urban or suburban, of consumers. The gaps identified from the analysis include younger consumers living in urban areas, younger consumers living in suburban regions, mid to older aged individuals between 35 years old to 60 years old living in urban areas or suburban areas. Although there are large gaps for suburban and urban lifestyles on the higher age spectrum, these consumers are less likely to be involved with subscription box companies. Therefore, the most favorable gap is a younger consumer roughly between 20 years old to 30 years old and living in an urban lifestyle.

Figure 1.8 Age vs. Urban/Suburban Lifestyle

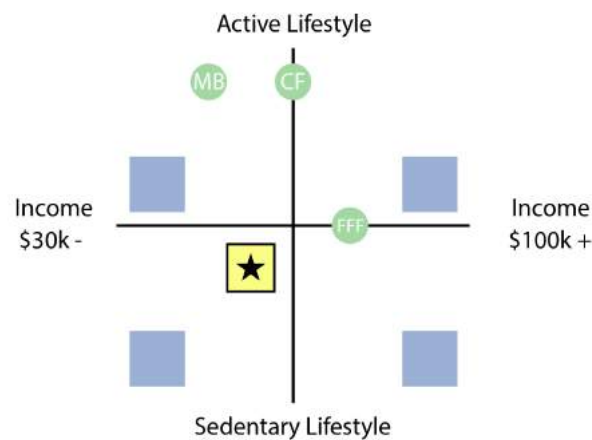


Analysis 3: Income and Active/Sedentary Lifestyle

In this gap analysis, the income of target consumers, with the low end of income, beginning at \$30,000 a year and the higher income consumers making up to \$100,000 a year, in the market is compared to the fitness lifestyle, active or sedentary, of consumers. Many gaps

were determined through the gap analysis. Evident gaps in the marketplace are consumers making a lower income around \$30,000 to \$40,000 a year living a moderate life encompassing both active and sedentary, consumers making roughly \$60,000 to \$65,000 a year living a moderate lifestyle focused more on wellness and sedentary hobbies, consumers making a higher income of \$90,000 to \$100,000 a year living a moderate life encompassing both active and sedentary, consumers making \$30,000 to \$40,000 a year living a sedentary lifestyle, and lastly consumers making \$90,000 to \$100,000 a year living a sedentary lifestyle. However, the most favorable gap are the consumers making the moderate income around \$50,000 to \$65,000 a year living a moderatley active lifestyle.

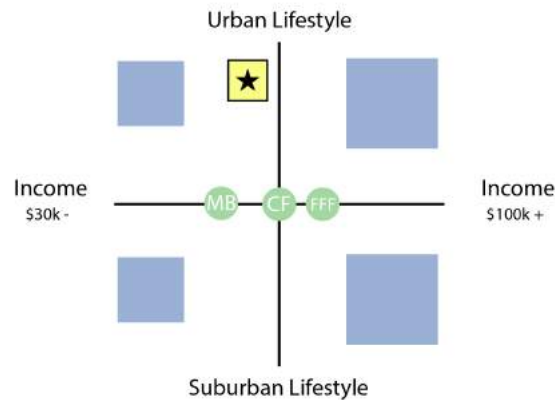
Figure 1.9 Income vs. Active/Sedentary Lifestyle



Analysis 4: Income and Urban/Suburban Lifestyle

In this gap analysis, income, with the low end of income, beginning at \$30,000 a year and the higher income consumers making up to \$100,000 a year, of target consumers in the market are compared to geographic area, urban or suburban, of consumers. The gaps of consumers not being catered by the subscription box market include consumers making \$30,000 to \$40,000 a year living in either urban or suburban areas, consumers making \$70,000 to \$90,000 living either in urban or suburban areas, as well as consumers making a moderate income close to \$65,000 a year living in urban regions. However, the most favorable gap is in the middle of the income, around \$50,000 to \$60,000 annually living a very urban lifestyle.

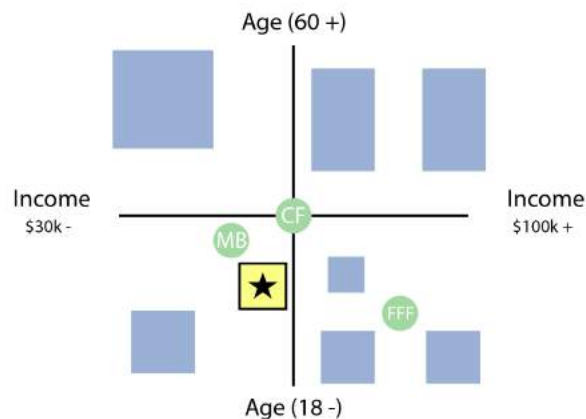
Figure 1.10 Income vs. Urban/Suburban Lifestyle



Analysis 5: Age and Income

In this gap analysis, age of target consumers in the market are compared to income with the low end of income, beginning at \$30,000 a year and the higher income consumers making up to \$100,000 a year, of consumers. The gaps identified from the analysis include younger consumers making between \$30,000 and \$45,000, as well as above \$70,000. Middle to older aged individuals between 35 years old to 60 years old making anywhere from \$30,000 to \$50,000, \$65,000 to \$70,000, \$75,000 to \$100,000. Although there are large gaps for higher salaried individuals on the higher age spectrum, these consumers are less likely to be involved with subscription box companies due to lack of awareness. Therefore, the most favorable gap is a younger consumer roughly between 20 years old to 35 years old making around \$50,000 to \$65,000 a year.

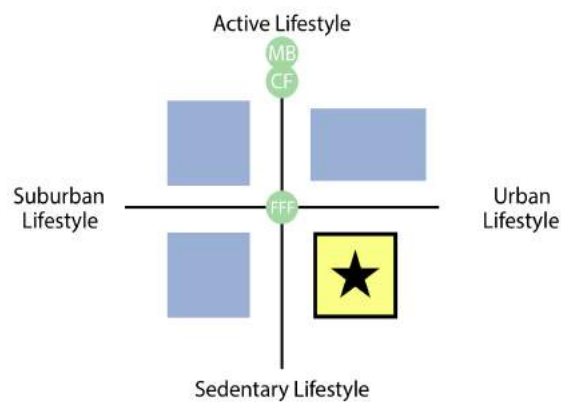
Figure 1.11 Age vs. Income



Analysis 6: Active/Sedentary Lifestyle and Urban/Suburban Lifestyle

In this gap analysis, the fitness lifestyle, active or sedentary, of target consumers in the market are compared to geographic area, urban or suburban, of consumers. The major competitors in the market are all targeting consumers moderately between sedentary and urban. The gaps identified from this analysis include consumers living a suburban moderately active lifestyle, consumers living an urban moderately active lifestyle, consumers living a suburban moderately sedentary lifestyle, and consumers living in urban moderately sedentary lifestyle . However, the most favorable gap is the gap of consumers in urban locations living a moderately sedentary lifestyle who in turn are focused not only on fitness but also on wellness products.

Figure 1.12. Active/Sedentary Lifestyle vs. Urban/Suburban Lifestyle



Gap Analysis Summary

These maps have led us to discover and visualize the gaps within the health and wellness subscription box marketplace. After reviewing and comparing the maps, we have concluded that there is a need for a more defined subscription box consumer within the health and wellness industry. We found that most subscription boxes currently on the market are very broad and moderate on all variables, therefore trying to target all consumers. We believe that our brand will fulfill this gap and give urban consumers the opportunity to have a product that satisfies their health and wellness needs. Overall the gap of consumers with unmet needs from the analysis are 20-35 year old individuals living in urban metropolitan areas, living a moderately active lifestyle, and earning between \$50,000 to \$80,000 annually; the income gap was expanded to include more consumers with more discretionary income, taking into account the subscription service market is widespread as it is an online, order service and therefore encompasses consumers with a wide range of incomes dependent on location and location's inflation.

Summary of Situational Analysis

Overall, the research conducted in this situational analysis identifies several variables of consumer shopping patterns within the subscription box marketplace. We have identified problems within this marketplace, and evaluated the market leaders and their overall brand

variables through both SWOT and gap analyses. After identifying these gaps within the marketplace and considering the strengths and weaknesses of market leaders, we found a commonality of issues across the subscription box brands including oversaturation in the marketplace, lack of targeting specific customers rather brands are targeting a broad range of consumers, and lack of specificity or personalization of products. We hope to address these issues from the situational analysis by implementing a product that caters specifically to a younger, urban, moderately active individual delivering product that has specific value and purpose to this consumer, rather than targeting broad, non-specific subscription box consumer.



A SUBSCRIPTION BOX BY



PART II: NEW PRODUCT LINE LAUNCH STRATEGY

Business Objectives

Based on the gap identified in Part I, the gap of consumers with unmet needs are 20-35 year old individuals living in urban metropolitan areas, living a moderately active lifestyle, and earning between \$50,000 to \$80,000 annually. In the subscription box market, the analysis determined that there is not a specific subscription box for these consumers considered with health and wellness. In order to achieve the objective of Peloton Promise Subscription Box, **P²**, it is necessary to provide a subscription box focused on health and wellness products for active, urban individuals.

Part II of the business plan outlines a new product line value proposition, identification of brand owner, description of target consumers, a branding strategy, a value chain strategy, and a summary of new product launch strategy.

New Product Line Value Proposition

Established in the Gap Analysis portion of Part 1, the gap of consumers identified with unmet needs in the subscription box marketplace are 20-35 year old individuals living in urban metropolitan areas, living a moderately active lifestyle, and earning between \$50,000 to \$80,000 annually. Launching a subscription box with a fitness brand like Peloton as the brand owner is something consumers in this marketplace have not seen before. Peloton is a workout designed for consumers craving an in-home or studio-based workout, with state-of-the-art technology to support the modern values of these consumers. In order to support the fitness and wellness concepts of Peloton, launching Peloton Promise Subscription Box, **P²**, will satisfy individual and personalized health and wellness products for consumers who lead a fit, clean and urban lifestyle.

P² is a subscription box by Peloton that includes a monthly value of all things urban active individuals value and desire to improve and support their healthy lifestyle. Included in this monthly box will be products such as collagen and other wellness and vitamin-infused powders by Vital Proteins. Our target consumer is aware of the promise of beauty and fitness benefits that Vital Proteins offers. We feel it is important to use brands like these that our consumers know and trust in order to promote our new subscription box. Other products in this subscription box will include “healthy body healthy mind” products, apple cider vinegar gummies by Goli Gummies, protein by Whey Protein, vitamins, water bottles by Hydroflask and Blender Bottle, muscle recovery creams by BioFreeze, natural skincare products and SPFs by Naturally Serious, and other products related to clean, urban, and fit lifestyles. In addition to these products, our box will come with a monthly access code to Peloton trainers that sell their own workout plans and fitness products, allowing **P²** customers to receive a special promotion for these workouts or products. Customers with memberships to Peloton will also be able to order their subscription box or products in the box through their Peloton app. Another feature that will cater to our consumers preferences will be the option for consumers to begin customizing their boxes after they have found products they like. They will do this via the **P²** app by “liking” their desired products under the “customizable box” feature.

Since **P²** is a subscription box that is offered online and via the App Store, there are no specific brick and mortar locations. However, **P²** will be displayed in Peloton studios, located in New York City. The product will also be featured in Peloton showrooms and pop-ups found throughout the country. In each NYC studio, **P²** will cater the products offered specific to each separate studio for cycling, running and yoga. Muscle recovery creams and yoga accessories will be displayed in the yoga studio; protein and vitamins in the running studio; and deodorant and sweat towels in the cycling studio.

Peloton Promise Subscription Box, **P²**, will add value to the marketplace by reaching the needs of individuals demanding products to purify and power their fitness performance, using technology to streamline their needs and purchasing habits. **P²** provides a convenient, customizable, and technologically efficient way for active urban consumers to maximize their health, fitness, and wellness goals.

Brand Owner

Introduction

For the brand owner of the new product line, the group chose Peloton for its health and wellness centered subscription box. The Peloton brand is based off the definition in the name, a group of riders in a race. The company stands by the mission that “riders in a peloton work together, conserve energy, and performance better because of one another” from this stems the community of Peloton (Onepeloton.com/company, n.d.). The company, dating back to 2012, has broken into a new market of fitness, bringing intense studio classes into their riders’ homes, giving everyone the ability to experience fitness classes on their own time. Peloton has changed the concept of in-home fitness, providing access to premiere fitness classes coupled with sophisticated technology to all. This section will cover many aspects of Peloton’s history, core products, and target demographics. It will discuss the brand’s image in today’s marketplace, performance in recent years, and the long-term and short-term goals, all of which will explain the justification of Peloton as the brand owner.

Figure 2.1 Peloton Logo



Brand Attributes

The proposed health and wellness subscription box for the new product line is aligned with many of the brand attributes and values of the Peloton brand, making it a brand that will allow the subscription box to reach the active, urban intended target market. Peloton is a new craze in the fitness world and is following along with the upsurge of the health and wellness trend. As well as consumers today are looking for convenience and technological advancement, both of which will be catered to the customer through Peloton and the subscription box. The

brand has many attributes that would be needed to create a successful subscription box that could benefit both the company by creating more of a lifestyle attribute and the consumer by introducing them to more products to aid in their Peloton lifestyle.

Brand Attributes that in coordination with the subscription box would enable a successful product line extension:

- Offer both Peloton Bikes and Peloton Tread for users to work out at home on sophisticated equipment, therefore the consumer is already used to convenience.
- Peloton requires a \$39-a-month subscription plan for streamed workouts to go with the Peloton Bike and Peloton Tread, an additional amount could be added for the subscription box, due to the fact that subscriptions are already on the consumer's mind.
- Showrooms and Studios are in urban, metropolitan areas.
- Technology Focused: Live Streamed Workouts, On-Demand classes, the affordable Peloton Digital app
- All about convenience, premiere workouts on your own time, in your own home.

Brand History

Peloton was founded in 2012 by “former Barnes and Noble e-commerce executive John Foley” alongside top talent Graham Stanton, Hisao Kushi, Tom Cortese, and Yong Feng (Warren, 2017). The concept grew out of the founders' love for boutique fitness classes but the inability to fit classes into their busy day-to-day schedules. When they attempted at-home workouts, the result was not “up to bar” with cycling and other fitness classes (Onepeloton.com/company, n.d.). To solve this daily issue, the founders created a “world class indoor cycling studio experience” that can be experienced “on your time, and in the comfort of your own home” (Onepeloton.com/company, n.d.). Utilizing the company's state of the art bikes, equipped with technology and TVs, users can enjoy an engaging fitness experience from their own homes. The brand has made an impact in the fitness industry, transforming how individuals can work out at home.

In 2018, the Peloton brand acquired Neurotic Media LLC which is a “digital music aggregator, streaming, and downloading service” (Business Wire, 2018). The acquisition of the business to business “music platform will enable Peloton to provide its members with an enriched music experience” as music is central to the Peloton experience (Business Wire, 2018).

On September 26th of 2019, the Peloton brand officially became a publicly traded company being traded on the NASDAQ exchange under the ticker symbol PTON.

Demographics

The Peloton headquarters was established and is still located in New York City. The company has a Peloton Cycling Studio and a Peloton Tread Studio in New York, New York as well. The company has an array of Peloton Showrooms throughout the United States, Canada, the United Kingdom, and will soon be expanding into Germany. Currently, there are 82 showrooms open globally that allow for consumers to test the Peloton product. Outside of their

own showrooms and studios, the company will often do Peloton pop-ups across the country to expand their brand awareness and reach more consumers. As the brand is all about using “technology to bring group exercise...right to your home” the classes are also available through the digital screens installed on the Peloton product, so the classes can be experienced from anywhere (Onepeloton.com, n.d.).

The company was started by Co-Founders John Foley, Tom Cortese, Hisao Kushi, Yony Feng, and Graham Stanton (Onepeloton.com/company, n.d.). Every officer has a distinct position in the company. John Foley is the CEO, Tom Cortese is in the positions of both COO and Head of Product Development, Hisao Kushi is the Chief Legal Officer, Yony Feng is the CTO and CIO, and Graham Stanton oversees Business Intelligence as the Senior Vice President. The company has a Board of Directors consisting of many key Senior Vice Presidents, the Co-Founders, and general partners of the brand.

According to Peloton’s latest SEC filing, the company employs 1,550 workers including their Headquarters’ workforce, Showroom Employees, and Peloton Instructors (Owler Company Profile, n.d.).

Products and Brands

The Peloton brand broke into the boutique fitness scene with its notable Peloton Bike. The Peloton Bike, which retails at \$2,245, is a compact bike that will fit in any space in the home, includes a set of weights as well as an “adjustable seat, handlebar, and screen” for the maximum workout experience (Onepeloton.com/bike, n.d.). The HD Touchscreen is equipped for Bluetooth and Wi-Fi capabilities to track heart rates and know when riders are in each Cardio zone and track metric results from the workout, as well as allows for the riders to be face to face with instructors in live streamed and on-demand classes.

The Peloton Tread is a high class treadmill equipped with a 32” HD Touchscreen with a built in soundbar to transport a runner’s home into a running studio (Onepeloton.com/tread, n.d.). The treadmill is worth its retail of \$4,295 due to its low impact, shock-absorbing slat belt, adjustable knobs to change speed and incline settings without “breaking your stride” and the ability, like the Peloton Bike, to run to on-demand and live streamed classes alongside other Peloton runners (Onepeloton.com/tread, n.d.).

The Peloton Bike and the Peloton Tread require a \$39/month to access live and on-demand classes across every Peloton product. The subscription membership goes beyond just cycling and running with classes in bootcamps, yoga, outdoor exercises, and many more. The membership unlocks training programs, live workout metrics including distance, resistance, heart rates, and overall workout performance. As well as riders and runners can explore their stance on the live and on-demand leaderboard amongst other Peloton members.

Peloton has taken its technology stance further with its affordable Digital Membership which includes Peloton classes on the go, live classes and on demand classes, a variety of class types, and training programs all for only \$19.49/month (Onepeloton.com/membership, n.d.). The digital membership can be accessed across all devices and used anywhere.

The Peloton experience does not stop with its smart equipped workout products. The brand expanded into Peloton Apparel and Peloton Accessories to equip their consumers to be the best possible peloton. The brand offers its own activewear apparel for Women and Men in their showrooms and online. Lastly, Peloton's accessories are all about creating the best possible in-home boutique workout. Consumers can purchase bike accessories including bike shoes, weights, heart rate monitors, bike mats, headphones, and Peloton branded water bottles. Those who are followers of the Peloton Tread can purchase treadmill accessories including running shoes, weights, resistance bands, exercise mats, Peloton earbuds, heart rate monitors, and Peloton branded water bottles.

Figure 2.2 Peloton Tread & Figure 2.3 Peloton Bike



Image in the Marketplace

Looked at to be the future of fitness, Peloton's offerings of both studio classes (NYC, London) and their highly profitable at-home fitness equipment and streaming services have put them on the fitness map in recent years. With its recent expansion to Canada and the U.K. in the past year, addition of a music distributor, and celebrity trainers, Peloton is actively engaging the fitness industry with fandom. The unique fitness experience, both live and streamable at any time, creates a sense of community all over the world that engages consumers to push harder to achieve new goals. Peloton is described as "a technology company, a media company, a software company, a product-design company, a retail company, an apparel company and a social connection company that enables our community to support one another" according to Jeremy C. Owens of Market Watch (Owens, C.J. 2019).

Performance in Recent Years

Peloton sells two types of fitness machines, a \$2,245 exercise bike and \$4,295 treadmill, and monthly subscription plans at about \$40. It disclosed overall sales of 577,000 fitness machines and 1.4 million members in its fitness community.

In 2018, Peloton's fiscal year earnings were \$435 million, with the year before that being \$218.6 million. Since then, with the fiscal year for 2019 ending in June, their earnings more than doubled and rose 110% to \$915 million. Meanwhile, their net losses were substantial as well. Their 2019 net losses were \$245.7 million while in 2018, they were only \$47.9 million.

Peloton planned to raise \$500 million in its NASDAQ offerings when they opened publicly on September 26th. Peloton filed to go public in late August and priced the IPO at \$29 a share on the night before the opening. It then opened the following morning at about \$27 a share and continued to drop about 11% before the end of the day. The company said it will sell 40 million shares at that price to raise \$1.16 billion at a valuation of about \$8 billion. TCV, a venture investor that has previously invested in the company, purchased an additional \$100 million in shares at the IPO price as well, pushing the total raise to at least \$1.26 billion (Owens, C.J. 2019).

Long-Term and Short-Term Goals

Peloton is working towards expanding their market globally, as well as raise money with its public offering. Globally, they are currently in London and expanding into Germany. In the future, they plan to expand all throughout Europe as a long-term goal. Peloton aims to raise over \$1.1 billion in its initial public offering. Peloton plan and mission is to go “beyond the bike”.

Why Peloton for the Product Line?

We chose Peloton for our product line because it not only fits the ever-evolving technological advancements of the fitness industry, but it tailors to the young-urban millennial that has fitness needs both from the studio and at home. We want to give our consumers a product that is not gender specific, as well as versatile for all fitness lifestyles. Peloton has done a great job at trying to build a large community of people, at all ages, to enjoy an active and healthy lifestyle through their products. We, as a team, feel that they would be the perfect fit to having our subscription box make a splash in the fitness subscription box marketplace. Partnering with Peloton gives our box an advantage because of the large community Peloton has and the cult-like following the community members create. The fandom behind Peloton products will be the key to our boxes success.

Summary Of Brand Owner, Peloton

Peloton, an exercise and media company, prides itself on being able to create a community of active individuals through its luxury at-home cycling and tread equipment. Through its exercise equipment and monthly subscription service, Peloton connects individuals all around the world through its live fitness classes and leaderboards. Having recently gone public, Peloton is working towards expansion both globally and technologically with its products.

Target Consumers

Introduction

In order to more accurately describe and represent the target consumers of **P²**, consumer profiles and consumer voice summaries have been constructed. Each of the four consumer profiles represent a version of a male or female individual living in an urban/metropolitan area of

the United States. Although these consumers have different lifestyles, they are all moderately active, between the ages of 20 and 35, and represent a young urban professional. These target consumers will be able to incorporate the products and services offered through P² into their lives at ease.

Consumer Profiles

Figure 2.4 Consumer Profile 1

Tiffany Johnson

Demographics:

- Gender: Female
- Location: New York, NY
- Race: White/Caucasian
- Education: Bachelor's degree
- Occupation: Director of Sales
- Annual Income: \$80,000
- Age: 35 Years Old
- Marital Status: Married; no children

Psychographics:

- Hobbies: Cycling, journaling, social activities with friends such as brunch, shopping, or attending parties, traveling in the United States to states like Montana where she can escape city life, watching her favorite TV shows such as Orange is the New Black, Grey's Anatomy, and Big Little Lies



Figure 2.5 Consumer Profile 2

Johnny Dang

Demographics:

- Gender: Male
- Location: Seattle, WA
- Race: Asian
- Education: Bachelor's degree
- Occupation: Director of Sales
- Annual Income: \$74,000
- Age: 28 Years Old
- Marital Status: Single

Psychographics:

- Hobbies: Johnny likes traveling to see different scenery and monuments. He is a very outdoorsy person so when he has the chance, he likes to hike, camp, play sports, BBQ, and hang out with friends. He likes to go to the gym and also take workout classes.



Figure 2.6 Consumer Profile 3

Amanda Gutierrez

Demographics

- Gender: Female
- Location: Chicago, IL
- Race: Hispanic
- Education: Bachelor's Degree
- Occupation: Human Resources Specialist
- Annual Income: \$59,000
- Age: 27 Years Old
- Marital Status: Single

Psychographics

- Hobbies: Riding her bike, brisk walks outside, attending group fitness classes, hiking, cooking, blogging, watching makeup and wellness videos on Youtube. When the weather is permitting, Amanda loves to spend time outdoors with her friends and family



Figure 2.7 Consumer Profile 4

Walter Johnson

Demographics:

- Gender: Male
- Location: Denver, Colorado
- Race: African American
- Education: Bachelor's Degree
- Occupation: Middle School Teacher and Football Coach
- Annual Income: \$55,000
- Age: 30
- Marital Status: Dating Around

Psychographics:

- Hobbies: Working out, getting active by playing sports or going hiking, snowboarding during the winter season, loves trying new food places and being adventurous



Voice of Consumers

Tiffany

Tiffany Johnson is a 35 year old white/caucasian woman living and working in New York, New York. After attending a four year college, she graduated and immediately entered her career in sales at a Fortune 500 company. After hard work and dedication she made her way up to director. She is recently married, after meeting her husband-to-be a few years ago at a coffee shop near her apartment. She wakes up at 6:00am during the week so she can cycle on her at-home Peloton bike before going to work at 8:00am. She tries to drink green tea in the morning but craves coffee sometimes. When she gets home from work she likes to make a healthy dinner with her husband and then stroll through Central Park, or even have a picnic at the park. On the weekends, she likes to indulge after being so disciplined during the week. She shops with her girlfriends during the day and then enjoys going out to fun new restaurants for dinner with her husband and their friends. On Sundays, she eats pancakes, journals, sends emails, and makes a to-do list for the upcoming week.

Since Tiffany is up early to start her day with a good workout, she needs fuel to get through her day. She uses her balanced diet and exercise, plenty of water, and vitamin intake in order to maintain focus and energy throughout her busy work week. When Tiffany orders the **P²** subscription box, she starts her day by using some of the natural skincare products. She especially likes the apple cider vinegar gummies to help her feel less bloated during the day. She finds it easier to increase her water intake when she is using the reusable straws and water bottles found in her monthly box. In addition, she often buys the customizable version of the **P²** box, as she finds favorites and sticks with them.

Johnny

Johnny Dang is a 28 years old asian american male living in Seattle, WA. He is a healthy and very active person. He works out on a regular basis to stay fit and healthy. He loves to stay fit and feel good. Johnny wakes up early, grabs his daily coffee, and gets to work. Work comes easy to him because he can work at home most of the time. His stress level for his job is low. Working at home makes it easy for Johnny to go to the gym and also take Peloton classes throughout the weekdays. On the weekend when his friends/family are off, he likes to hang out with them and go downtown, Pike market, hiking trails, play ball, or BBQ at the park. He devotes his weekend to the people that make him happy. Johnny is generally a happy person that believes self care plays a big part in how you feel. He is an active individual that doesn't know much about natural products like skincare and nutritional supplements. He has always wanted to get into it but never got around to it. He loves to stay fit and feel good. Working out everyday is how he maintains feeling good and the **P²** box is a bonus to make him feel even better. Johnny orders the **P²** subscription box with hopes of that extra boost and familiarize himself with healthy, natural products.

Amanda

Amanda has been in the workforce for 5 years, being employed straight out of college. She moved to Chicago, IL for a human resources position with a reputable company, and has stuck with that company since being hired. She is single and has ample free time for activities and hobbies. She typically works out in the evening after getting off from work, and cooks herself a nutritional meal for dinner.

Amanda is a subscriber to the **P²** box and uses it primarily for the nutritional supplements. She enjoys taking a supplement in the morning before her work to boost her energy for the day and will also take one prior to a workout. Amanda has been happy with the box so far and is looking to expand into the other products that **P²** has to offer.

Walter

Walter is a middle aged African American male who grew up in Dallas, Texas. Sports have always been a part of Walters life since he was a kid. He played football and basketball until college, where he then attended the University of North Texas to study Psychology. After graduating, he enrolled into a program called “Teach for America” where he then was relocated to Denver, Colorado as a Middle School teacher and football coach.

Walter truly has a way with students as he values each and every student. He tries his best to make a positive impact in their lives while also making sure education and knowledge are instilled. He has a loud and out-going personality which the kids love and gets the football team riled up when it’s time to play. This also translates to his social life, that whenever he’s out with friends, he can be considered a jokester. He is social but is also comfortable by himself. He typically cleans his house every Saturday morning to clear his mind. He will get out on the weekend just to be outside, and loves to meet with close friends to do activities such as bowling, and amusement parks.

The typical day for Walter looks like him waking up at 5:30am to get a morning workout in. He uses his Peloton treadmill to warm up before he hits the weights. Once he finishes his work, he has to be at school at 7:30am. Later he has after school football practice at 4:30pm with the boys team as a Defensive Coordinator. Once practice is dismissed, Walter heads home to make himself dinner for the night, as well as lunch for the next day. Once he is fed, he takes some time to grade papers as well as look over the curriculum. By then, it’s time to get rest to get started for the next day.

The **P²** box helps Walter recover and stay active throughout his long days. Walter doesn’t always have time to research new workouts, so some of the exercise pamphlets included in boxes not only helps him with his morning workout routines, but also gives helpful tips when he is teaching his players new workouts. Since Walter is already active, the Middle range box makes sure he stays prepared with pre-workout, recovery, and energy bars. These products are great for Walter’s constant attention lifestyle, so he doesn’t have to go out and look for more products to pertain to his health. Finally, Walter can be comfortable in a special **P²** shirt only provided through subscription while working out in the mornings.

Summary of Target Consumers

Our target consumers are representative of several individuals who would use and benefit from the Peloton Promise box, as many, but not all, are already a part of the Peloton fitness community. This box gives fitness individuals who aren't already using Peloton products to be a part of the Peloton community. Whether they cycle or tread, workout in the morning or night, participate live or stream later, these active individuals would all benefit from the health and wellness products featured in this subscription box. Our gap analysis showed that there is a need in the health and wellness subscription box industry for consumers with a more defined urban living merchandise assortment and Peloton tailors to both the urban consumer and at-home individual.

Branding Strategy

Introduction

In order to give consumers a brand they can trust with their health and wellbeing, the brand Peloton Promise has been created as a product line extension of the Peloton brand to deliver a specialized subscription box. The subscription box, known as **P²** will cater to health and wellness needs of young urban individuals on a variety of different health and wellness pursuits to assist in purification, power, and performance.

Brand Name

The brand name, Peloton Promise, was created to give consumers both a sense of reassurance and ability to take their participation in the Peloton community even further. The Peloton community is built on its name 'Peloton' and being a group of cyclists with synergy who perform better together. This subscription box is a promise to continue the synergy and improve each consumer in their health and wellness goals. It is solely a promise to consumers that the products and merchandise offered will cater to each and every health and wellness needs and assist users in going above and beyond their health and fitness goals.

Logo

The logo for Peloton Promise is a combination of the classic Peloton Logo with the Peloton Spinning Wheel and the Peloton Promise typography. The 'promise' is in red not only because it is one of Peloton's main branding colors, but the red is bold and catches the eye, enticing consumers to learn more about the new product extension. By keeping the main Peloton Logo and adding on the 'Promise' in red, it enables the Peloton Promise product line to be consistent with Peloton's overall brand strategy, and makes it an easier transition to introduce the subscription box within the Peloton company.

Figure 2.8 Peloton Promise Logo



Symbol

The symbol for Peloton Promise will be the Peloton symbol with the squared superscript. This stands for the two “P’s” in our brand name “Peloton Promise.” Keeping the Peloton symbol will ensure consumers will recognize the brand but then also be able to differentiate the subscription box from the workout brand. Again the Symbol, similar to the logo, incorporates Peloton’s main Spin Wheel icon with its main branding colors of black and red. The colors and the spin wheel together are bold and powerful, like the Peloton brand. This combination of the Peloton icon and branding colors enables for the Peloton Brand and the Peloton Promise Subscription Box to be closely related in the consumer’s mind. The symbol will be utilized as branding on the subscription box as well as social media iconography.

Figure 2.9 P² Logo



Tagline

The tagline for the Peloton Promise, P², subscription box will be “Peloton’s Promise to Purify, Power, and Perform”.

This tagline is meant to be representative of both the “Peloton Promise”, as well as what is to come of the Peloton Promise boxes. We plan to provide boxes that fit the purify, power, and performance sectors of the fitness industry and give our consumers a more fitting and unique experience for their fitness needs while using Peloton products and equipment. In the promise to purify, power, and perform distinct products and merchandise will be chosen to satisfy each type of health and wellness lifestyle. Products within each promise can also be interchange and intermixed to create personalized boxes, as each and every fitness and wellness consumer is different with unique lifestyles and goals.

Summary

The Peloton Promise brand created as a subscription box product line extension under the Peloton company is a promise to assist urban young individuals in their health and wellness pursuits. The logo and symbol of the Peloton Promise is consistent with Peloton's bold and powerful image, incorporating both the Brand Owner's iconic spin wheel symbol and strong and powerful black and red colors. In order to ensure the new product line is assisting and supporting the target consumers in fulfilling their health and wellness needs, Peloton Promise is simply a promise to help purify, power, and perform the mind, body, and soul. The Peloton Promise is the promise for everyone's health and wellness needs.

Value Chain Strategy

Introduction

The Peloton Promise box, **P²**, will align itself with Peloton's values of creating customer centered products and upholding quality standards. In order to create a successful subscription box, **P²** will ensure brand transparency, quality assurance and safety of all brands and partners used in the box.

Figure 2.10 Peloton Promise Box Product Breakdown



Brand Partners and Supply Chain

The Peloton Promise subscription box is a Peloton-owned brand that will operate under the Peloton business and partner with brands to feature exclusive products in the **P²** box through

wholesale licensing agreements. Peloton will have full ownership over the entire subscription box product extension, however, the Peloton Promise sector will control buying and compliance, assortment and packaging, as well as additional auditing and testing to ensure safe products and compliant brand partners that align with Peloton values. Each company is subjected to a wholesale licensing agreement with the Peloton Promise sector. The agreement will outline that the Peloton Promise brand will purchase products up front from the brands, there will no additional revenue once the products are purchased. The brands are required under the licensing agreement to create exclusive offerings for the **P²** box that are uniquely manufactured for the Peloton Promise and are not allowed to be resold. These unique modifications can include exclusive colors, exclusive flavors, exclusive packaging, or pre-determined modifications that set the product apart from mass-produced brand products, these products will be solely made for Peloton Promise. Furthermore, brands will be subjected to audits before buyers purchase products, as well as will submit quality control and auditing throughout the agreement.

The Peloton Promise box, **P²**, is divided into four distinct sections: Wellness, Lifestyle & Merchandise, Performance, and Recovery. Every brand partnership fulfills a distinct category in the box. As the brand is sourcing products from partners, the brand partners' supply chains and testing methods are discussed.

Wellness

Vital Proteins

Vital Proteins is a company that Peloton Promise will source product from to put into the wellness sector of the subscription box offered. The products include collagen based beauty supplements. The product assortment of Vital Proteins range from performance pre and post workout powders, collagen water, collagen powders, marine powders, capsules, whey and coffee.

Vital Proteins sources its collagen peptides from grass-fed, pasture-raised bovine hides from Brazil and sources its marine collagen from wild-caught, non-GMO white fish off the coast of Alaska.

Vital Proteins transparency with their sourcing of the products is sufficient. According to their FAQ's section on sourcing, Vital Proteins produces its gelatin and collagen peptides exclusively in Brazil and the company takes great care to ensure the safety and welfare of the cattle is met with the Global Animal Partnership 5-step animal welfare rating standards by creating 2.67 acres per one animal for pasture size. The pasture raised cattle is grass-fed only to reduce the risk of rBGH in their feed. According to Vital Proteins, "Brazil has a law (Decree No 57 824 Article 4(4)) which prohibits the addition of hormones to feed. The hormone rBGH is typically injected into dairy cows to make them produce more milk. The Nelore breed is not a dairy producing cow and is strictly used as a beef breed. Based on these factors, the collagen is derived from bovine hide without the use of hormones like rBGH" ([Vitalproteins.com/pages/faq](https://vitalproteins.com/pages/faq), n.d.).

Vital Proteins describes their collagen making process as, “Made from pasture-raised bovine hides, the hides are first cleaned and soaked in hot water to remove the fat. They are then soaked in an alkaline or acid solution to facilitate the release of collagen. After, the hides are cooked in water with a temperature that fluctuates up to 190 degrees, to extract the collagen from the hides. Unlike the Beef Gelatin, the Collagen Peptides are broken down further with an enzyme treatment. The final steps are evaporation and milling, which results in the powder form of collagen or gelatin” (Vitalproteins.com/pages/faq, n.d.).

Republic of Tea

The Republic of Tea is a company that the Peloton Promise will source product to put in the ‘Wellness’ sector of the bi-monthly subscription box. The products will include tea bags for wellness and recovery as well as The Republic of Tea’s ‘Single Sips’ that the apple cider vinegar single sips can be mixed with water to create a healthy wellness beverage.

Safety Testing

The company implements many safety testing protocols that will be audited by The Peloton Promise’s Buyers/Compliance Buyers in order to ensure the company is delivering on their safety claims. The teas come in the brand’s “signature unbleached round paper teabags” and the tea bags are never made from “nylon or ‘silken’” (Therepublicoftea.com/safety-testing, n.d.). The Republic of Tea is known for sourcing teas from high quality gardens globally. The “teas are inspected and undergo the most stringent of quality assurance processes at the garden level before they are shipped” and are “inspected again” when the teas arrive at the packaging facility (Therepublicoftea.com/safety-testing, n.d.). Furthermore, all premium teas and herbs of The Republic of Tea “undergo extensive testing prior to purchase and prior to entering” the United States (Therepublicoftea.com/safety-testing, n.d.). The teas are also tested again when arrived at the Republic of Tea’s warehouse. Prior to importing the teas, The Republic of Tea “will continue to conduct extensive testing and quality control checks to ensure future tea harvests are safe” for consumers to buy and drink (Therepublicoftea.com/safety-testing, n.d.).

Tea Certification

All of The Republic of Tea’s products are certified with one or a combination of the following labels; USDA Organic, Biodynamic, Non-GMO, Kosher and/or Fair Trade.

Goli Gummies

Goli Gummies is a company that Peloton Promise will source from to include in the wellness sector of subscriptions offered. Goli Gummies has launched the world’s first Apple Cider Vinegar (ACV) gummy. These gummies are made in California, in an FDA-registered, cGMP-certified, Kosher, and allergen-free facility. Due to these certifications, Goli Gummies is a Parent Tested Parent Approved award winner. Goli achieves transparency by being certified 100% organic, non-GMO, vegan, Kosher and gluten-free, containing no preservatives, chemicals, or artificial ingredients (PRNewsWire.com, 2019.) Ingredients are sourced, and production takes place in the USA. Testing throughout all stages of production, from

manufacturing to quality checks upon packaging, ensure these high quality ingredients are held to the highest standard of quality assurance. Goli's wholesale program is currently accepting new distributor partnerships ([Goli.com/pages/inside-the-gummy#howismade](https://goli.com/pages/inside-the-gummy#howismade), n.d.) Currently, these gummies are only for sale on Amazon and directly through the Goli website.

Performance

Optimum Nutrition - Whey Protein

As a performance supplement for the Peloton Promise Box, Whey Protein, which is produced by Optimum Nutrition (ON), has products that contain sufficient amounts of dietary proteins for consumers nutritional needs. Whey Protein can be found in various different forms and can be used for many reasons. You can find ON's Whey Products in a protein bar form, powder, chips, water, and more. According to ON, their products help consumers support muscle building, recovery, and extends strength. Whey uses Whey Protein Isolates and ultra-filtered Whey Protein Concentrate to create the purest form of protein ([Optimumnutrition.com/en-us/product/gold-standard-100-whey](https://optimumnutrition.com/en-us/product/gold-standard-100-whey), n.d.).

When it comes to sourcing, Optimum Nutrition uses state of the art production facilities in Illinois, South Carolina, and Florida. Since 1986, ON has been producing all of their products in the United States making sourcing fairly easy. When it comes to wholesale, the company lets third party companies such as DNA Sports Nutrition Distribution to handle bigger orders. All wholesale orders are handled on a personal basis, meaning a deal or negotiation would have to be settled.

FiberOne

As a performance supplement for the Peloton Promise Box, Fiber One, which is owned by General Mills, has products that contain sufficient amounts of dietary fiber for consumers daily intake. According to Fiber One, their products help consumers get more of their daily dietary fiber intake of both soluble and insoluble fiber. The fiber for Fiber One products comes from the chicory root. In addition to insoluble fibers, chicory root is full of inulin, a soluble fiber that's extracted with water. Many of the products also have fiber from bran and hearty oats ([Fiberone.com/our-story/why-fiber](https://fiberone.com/our-story/why-fiber), n.d.).

General Mills makes a promise in their sourcing information to source sustainably. According to their website, General Mills, "verify progress by purchasing certified sustainable raw materials or completing independent verification in high-risk regions." The company has a goal to sustainably source 100% of their top 10 priority ingredients by 2020. And they state that, in fiscal 2018, 85% of these ingredients were already sustainable sourced ([Generalmills.com/Responsibility/Sustainability/sustainable-sourcing](https://generalmills.com/Responsibility/Sustainability/sustainable-sourcing), n.d.).

Gatorade

As a performance supplement for the Peloton Promise Box, Peloton Promise brand will source Gatorade product with PepsiCo. This special collaboration will only be offered in the box.

Some items will include energy chews, energy gel, and bars. They're made to resupply fuel levels for your activities and give you that extra boost (Gatorade.com/products/bars-and-chews, n.d.).

PepsiCo makes a promise in their sourcing information to aim for a more sustainable food system. One that can help human needs for nutrition and enjoyment without crossing the natural boundaries of the planet. According to the PepsiCo website, 100% of their direct farmer-sourced agriculture raw materials will be sustainably sourced by 2020. This will be done through the company's Sustainable Farming Program. They are also moving towards more nutritious options. To help provide nutrition guidelines, they have a PepsiCo Nutrition Criteria (PNC). The criteria are based on the dietary and nutrient recommendations from leading global nutrition authorities including the U.S. Department of Agriculture (USDA), World Health Organization (WHO), and other dietary guidelines from numerous countries (Pepsico.com/sustainability/positive-nutrition, n.d.).

Lifestyle & Merchandise

Hydroflask

As a lifestyle or merchandise piece in The Peloton Promise box, the Peloton Promise brand will partner with Hydro Flask to provide consumers with top quality, insulated bottles to stimulate their health, wellness, and fitness needs. The brand is committed to saving “the world from lukewarm” both in their beverages and their life experiences (Stuart, 2015). This value perfectly aligns with the promise of the subscription box.

In order for all products to be healthy for the consumers to use as well as safe in manufacturing in China, Hydro Flask created the ‘TempShield’ to properly vacuum seal all Hydro Flask merchandise. The product is created in China at the “largest steel bottle manufacturer” carefully chosen by Hydro Flask, and then stored and tested in Hydro Flask warehouses in Portland, Oregon (Stuart, 2015).

To partner with the brand in a wholesale agreement, companies must fill out a “New Account Inquiry” through the Hydro Flask’s Dealer Central. In order to be an active dealer of Hydro Flask product, Hydro Flask requires a \$2000 annual minimum.

Peloton Merchandise

As a lifestyle or merchandise piece in The Peloton Promise box, the Peloton Promise brand will incorporate its own apparel with top quality, premium fitness apparel and accessories. When thinking of the Peloton brand, there’s no better way to promote your own company than to have your subscribers wear it. Giving the consumers proper fitness wear while also promoting your brand is a win-win situation.

The Peloton brand has already made quite a following with their apparel through their showrooms, social media, and website. Peloton creates multiple avenues to get exclusive content and apparel year-round. While changing their showrooms seasonally to conform to trend analysis

and performance enhancement. Using the Promise Box can give consumers one more way to get exclusive merch that couldn't be purchased anywhere else.

The company Peloton can continue using the same manufacturers and sourcing they use now. The company would have to increase the number of units they are making for individual products.

Blender Bottle

Blender Bottle is a revolutionary product in the world of physical fitness for its ability to simply whisk up a protein shake in the users hand. The product consists of a refillable water bottle with a BlenderBall wire whisk inside, which the user shakes and the wire whisk does the job of blending your protein powder with your liquid medium of choice. The company offers multiple levels of products with an option for every consumer. Their mission is to “simplify and improve everyday life” through their product innovation (BlenderBottle.com, n.d.)

Blender Bottle offers a private label which allows companies to put their name and logo on Blender Bottles for resale. Blender Bottle then takes care of the manufacturing process. There is a wholesale application that must be completed in order to be an authorized reseller of their products. They do not require a minimum purchase or disclose pricing until following the application.

On the FAQ page of their website, they answer questions regarding the manufacturing process and materials used. Blender Bottles products remain BPA free and will stay that way. The bottles also meet European standards and are manufactured in China after being designed in the US.

Recovery

BioFreeze

BioFreeze is a menthol based pain reliever that is available over the counter in a variety of forms. The forms that it comes in are spray, gel, roll-on, cream, and patches. There is also a Professional line for these products that is stronger and more clinically effective. BioFreeze is “backed by science, trusted by clinical professionals” which is part of their claim to fame (BioFreeze.com). The technology behind the products is that the cold sensation of menthol works to disable pain receptors, allowing for a more comfortable recovery post workout.

In an effort to be transparent about the products, there are safety data sheets available on the BioFreeze website for each product. These tests were financed by Performance Health and provide the reader with risks such as flammability, and first aid measures in the case of misuse (ex. Product in eye). They also provide ecological information which shows its safety for the environment. Performance Health is based in Warrenville, Illinois, but does not disclose their information regarding manufacturer location.

Naturally Serious

Naturally Serious is a clean skincare brand that is ethically developed and clinically tested. These clinically tested antioxidants mix with a proprietary complex of natural bioactive plant extracts. Each product has a preservative-free antimicrobial complex of natural acids to prolong shelf life without the use of harsh preservatives. Naturally Serious created a way to prevent harmful ingredients from being used in products that researchers and consumers recognize as potentially harmful: parabens, phthalates, preservatives, PEG, formaldehyde, petrolatum, mineral oil, sulfates, silicones, drying alcohols, artificial colors and artificial fragrances. They call this checking system “No B.A.D. Ingredients”, ensuring they do not use any **B**anned, **A**mbiguous, or **D**ebatable ingredients. In order to remain sustainable, they offer recycled packaging and FSC (Forest Stewardship Council) certified cartons manufactured with wind power in a carbon neutral facility. Naturally Serious is certified cruelty free, 100% vegan/vegetarian, gluten-free, anti-pollution, and green friendly (Naturallyseriousskin.com/about-us, n.d.). In addition to these certifications, Naturally Serious partners with Sephora in the United States. Sephora has their own list of what they consider to be clean, and Naturally Serious meets the parameters of what Sephora is looking for. Parameters change from year to year but Naturally Serious has remained suitable (Good, R. 2019). Naturally Serious also retails through Beautylish.

Whole Foods

Whole Foods is a company that will be featured in the recovery section of the Peloton Promise Box. Whole Foods Market has ingredients that we can trust. They partner with farmers and suppliers that carefully vet their products. With researching ingredients, reading labels, and auditing sourcing practices, they make sure they meet high standards. They also sell personal care products that are not tested on animals. One item we will include from Whole Foods is bodycare. There are no mandatory government standards for “organic” label claims on body care products, so Whole Foods created their own. According to Whole Foods website, there are 100+ ingredients common in conventional body care products that are not allowed in any body care product they sell. These ingredients include microbeads, BHT, BHA, aluminum chlorohydrates and many more. With Whole Foods practices, we can trust the company with healthy products (Wholefoodsmarket.com/quality-standards, n.d.)

Value Chain Steps

Buying and Compliance

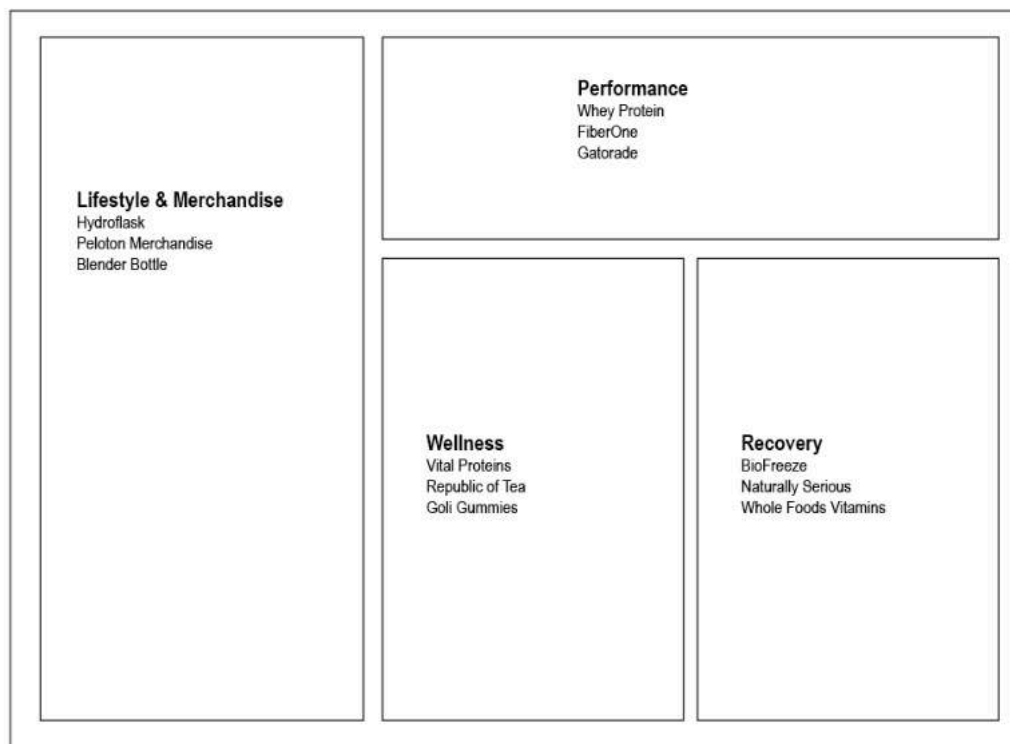
The Peloton Promise Buyers will be trained in both buying, wholesale licensing agreement, and compliance. The buyers will create partnerships with the selected brands for the box and agree upon a wholesale agreement that outlines the specific exclusive products the brand will offer. The buyers will also oversee all compliance for their specific brands they oversee and work with. The buyers must audit, test, and assess the companies before purchasing products and

signing agreements. Once agreements are permanent, buyers will oversee the products bought from each company and evaluate the brand's quality assurance every 6 months.

Assortment Management

Once the product is bought, audited, and tested by the buyers, the assortment management team will assort the products to best merchandise an aesthetically pleasing box and a box that will be profitable. Assortment Management will comply with the predetermined sections of the Peloton Promise box, merchandising products to fit within the Wellness, Lifestyle & Merchandise, Recovery, and Performance sectors of each box. The Assortment Management teams will create planograms for every subscription box that the packaging team can closely follow to ensure each box is consistently packaged the same.

Figure 2.11 Peloton Promise Box Merchandise Assortment



Packaging

The packaging team will be located within a Peloton manufacturing facility. The team will follow the Assortment Management teams planogram to physically package the boxes according to the plan. This will require manual labor and tedious work to ensure all boxes are packaged the same.

Shipment and Delivery of Product to Consumer

The Peloton Promise subscription box will be shipped according to the same methods the Peloton brand ships their products. The Peloton brand utilizes USPS for shipment of apparel and accessories, therefore the box will also be delivered to the consumer through the same means.

Support

The Peloton Promise will have a trained sector of customer service to handle support for the subscription box. The Peloton Promise will have a section of the Peloton website that enables for consumers to contact support specifically for the box. Each box will also include a pamphlet and a call to the digital app of Peloton Instructors explaining and utilizing the products in the current box. This will allow consumers to understand how each product can be used and contribute to their daily health and wellness needs and goals.

Value Chain Mechanism: Brand Transparency and Integrity

As a subscription box partnering with several different brands, we want to assure our customers that these brands within our box align with our brand values. Peloton Promise will highlight each partner's brand transparency and integrity in order to place focus on certifications and other registered items (ex. Certified cruelty-free, gluten-free, FDA-registered, etc.) In order to be completely transparent to the public, certifications, registrations, and awards will be stated directly on the Peloton Promise website.

Each box will include a pamphlet with information on all of the brands and products used. These pamphlets will state specifically all of the certifications and registrations for each product and brand. The pamphlet will also include a brief background of the brand's supply chain, testing, and transparency which the Peloton Promise team will ensure aligns with the Peloton's values and expectations.

Value Chain Mechanism: Quality Assurance and Safety

Quality of the brands and products sourced for the **P²** subscription box is essential for the success of the Peloton Promise brand as these products are promised to assist in the health and wellness of its consumers. As this is supporting health and wellness needs, the brand wants to ensure all products are safe and healthy for each individual. Each brand will be subject to auditing and testing done by the buyers before brands sign a wholesale licensing agreement. Throughout the agreement, brand partners must prove that they adhere to FDA rules and regulations for dietary supplements and cosmetics as well as the Consumer Product Safety Commissions' flammability guidelines and tests by submitting auditing and testing documents to the Peloton Promise team every 6 months.

For testing of Dietary Supplements, such as vitamins and supplements included in the box, the brands will be following the FDA guidelines. As the "U.S. Food and Drug Administration does not have the authority to review dietary supplement products for safety and effectiveness before they are marketed" but regulate labeling as well as that companies are

operating according to the current Good Manufacturing Practice, brands will submit testing complying to these guidelines (Center for Food Safety and Applied Nutrition, n.d.). Companies must adhere to the FDA's current Good Manufacturing Practice and evaluate their own products through "testing identity, purity, strength, and composition" of their dietary supplements, as well as all products must be visually labeled as a dietary supplement (Food and Drug Administration). These evaluations done individually by the brands must be submitted to the Peloton Promise team to prove they are complying with FDA regulations. The Peloton Promise buyers will also evaluate labeling, purity, strength, and composition of the product before purchasing for the subscription box to ensure the product is safe. Once operating under a licensing agreement, audits, testing, and compliance must be submitted to the Peloton Promise buyers every 6 months to ensure quality assurance.

For testing of Cosmetics, such as facial moisturizers, beauty, and lotions sourced for the box, brands must comply with the FDA expectations of companies following FDA labeling and legally responsible manufacturing. The "FDA does not have the legal authority to approve cosmetic products and ingredients before" the products are marketed, and the FDA does not have a "list of tests required for any particular cosmetic product or ingredient" (Center for Food Safety and Applied Nutrition, n.d.). However, the FDA requires all cosmetic manufacturers and distributors to be legally responsible for ensuring their product is safe for consumer use according to labeling direction or safe in the customary and expected way. Therefore, all brands must prove their products are safe by producing in-house auditing of cosmetic manufacturing practices and testing. Furthermore, brands will be required to adhere to FDA cosmetic labeling requirements under the Federal Food, Drug, and Cosmetic Act and the Fair Packaging and Labeling Act. The "principal display panel" must "state the name of the product, identified by descriptive name or illustration the nature or use of the product" and carry an "accurate statement of the net quantity of contents of the cosmetics in the package in terms of weight, measure, numerical count, or a combination" and this declaration of quantity must be "distinct, placed in the bottom area of the panel in line generally parallel to the base" (Center for Food Safety and Applied Nutrition, n.d.). Cosmetics for consumer use in retail must also declare the ingredients and can appear on any information panel. Lastly, the name of the business as well as location must be on an information panel, and if the distributor did not pack or manufacture the product, the product must state the manufacturer or distributor. All labeling, testing, and auditing done in house must be submitted for review every 6-months to the Peloton Promise team. Lastly, before a wholesale agreement is signed, the Peloton Promise's buyers will audit the manufacturers' products for proper FDA labeling, safety, and best manufacturing practices.

The apparel being used in the Peloton Promise subscription box will be used directly from existing Peloton apparel. Peloton partners with several different apparel brands to produce collaboration collections. These brands include Lululemon, Spiritual Gangster, Oliver Thomas, Vuori, Solfire, Sprayground, Flag and Anthem, Yeti, and Peloton's own in-house brand. Since we will only be using the Peloton in-house brand in the Peloton Promise subscription box, we will be able to source Peloton apparel used directly from Peloton manufacturing. Each apparel

product used must meet apparel flammability standards and testing described in the Code of Federal Regulations (CFR), Title 16, Part 1610-- Standard For the Flammability of Clothing Textiles. This collection includes Commercial Practices, the Consumer Product Safety Division, and Flammable Fabrics Act (GovInfo.gov, n.d.). In order to ensure the Peloton apparel supplier meets apparel flammability standards, the supplier must conduct reasonable and representative tests on each item that the guarantee covers, and must maintain records of the tests that support the guarantee (except for exempt fabrics such as acrylic, modacrylic, nylon, olefin, polyester, wool) Please refer to the regulation for more detailed information on guarantees and record keeping requirements. In order to provide quality assurance and safety to our customer, we will take steps to confirm that the supplier issuing the guarantee has in fact tested the guaranteed product, and also to confirm periodically that appropriate testing continues (CPSC.gov, n.d.).

Value Chain Strategy Summary

In summary, The Peloton Promise, P², subscription box will utilize value chain strategies and wholesale licensing agreements that concern manufacturing, brand transparency, integrity, safety regulations, and quality assurance that guarantee all products are safe for consumers' health and wellness. The brand wants to align itself with the customer-centered mindset of Peloton, providing safe products from meaningful and ethical brands that can help consumers purify, power, and perform to enhance their daily health and wellness.

New Product Line Launch Strategy Summary

The Peloton Promise, P², is a new line product extension under the Peloton brand. The product is a subscription box filled with exclusive products from partnered brands chosen by the Peloton Promise team. Each box is designed to cater to the target consumers' health and wellness needs, wants, and goals and assist in their fitness and wellness journey. The consumers being targeted by the P² box are individuals, aged 20 to 35 years old, living in an urban, metropolitan area, and leading a moderately active lifestyle. The Peloton Promise's goal is to provide a bi-monthly subscription box that can be customized to fit each person's needs for their health and wellness demands. The brand owner, Peloton, was selected because it has done a great job at trying to build a large community of people, at all ages, to enjoy an active and healthy lifestyle through their products as well as catering to consumers globally through both their in-home and showroom locations. As Peloton consumers are active individuals wanting convenient fitness, the subscription box is perfect to bring convenient products to the Peloton consumer's homes.

As the Peloton brand is extremely customer-centered, the Peloton Promise sector's value chain strategies will follow Peloton's values and keep the consumer's safety and needs at the center of the process. All brands' partnered with the subscription box will adhere to auditing, testing, and wholesale agreements that comply with the FDA and CFR. The overall goal is to not only satisfy consumers' health and wellness needs and wants, but provide safe and ethical products from brands that exhibit the same core principles of Peloton and the Peloton Promise.



A SUBSCRIPTION BOX BY



PART III: RETAIL MARKETING AND MERCHANDISING STRATEGY

Business Objectives

The Peloton Promise subscription box includes many brand partnerships in order to cater to Peloton's consumer needs. While considering these brand partnerships and wholesale licensing agreements, Peloton Promise will execute several strategies in order to produce a subscription box that will appeal to the Peloton consumer. This section includes product strategies, omnichannel strategies, merchandising and pricing strategies, promotion, customer service, and communication strategies, an implementation plan and a budget statement utilized by The Peloton Promise subscription box.

Product Strategy

Introduction

The Peloton Promise product strategy is outlined to serve Peloton's customers in our target market between the ages of 20 and 35. The Peloton Promise buying team has carefully chosen products and brands that our consumers are familiar with, and will work alongside their daily activities and exercises to ensure top-notch performance. Each box is curated to contain products specific to each consumer's needs, and is designed to fit the profile of these needs, identified by differentiating aesthetics. In this product strategy section, product features, benefits, quality, packaging, and merchandise assortments will be identified and explained.

Product Features

The Peloton Promise subscription box provides customers with an opportunity to try industry leading products for a significantly reduced price. These products are curated and tailored specifically to the needs of health conscious individuals. Because of our wholesale agreements with the companies who are participating in the Promise box, we will be giving the subscribers a fantastic deal while increasing the brand exposure for some of the smaller brands featured in the box. The features that Peloton Promise has to offer extend further than the physical products, with the mobile app being a focal point of our brand. Through the mobile app, users can view product information videos created by Peloton representatives, subscribe, modify, or cancel their subscription, and reach out to Peloton for customer service related issues.

The Peloton Promise app will ultimately be an extension of Peloton's existing app. Many of the features will overlap and the interface will be largely the same. Because of this, the startup cost for launching the mobile app will be eliminated almost entirely. On top of this, the users of the app will not have difficulty navigating through each one because of the overlapping interface functions. Since our product is a subscription box, users will also be able to track the shipping of their box via the mobile app. Promoting an interactive atmosphere, we encourage our subscribers to leave their feedback regarding products which is simple to do within the app. Users will be able to favorite and dislike the items that they have received in previous boxes.








Merchandise Assortments






The merchandise assortment found in the Peloton Promise box is a narrow, but deep assortment of products for consumers of the **P²** subscription box. Although the twelve selected brands are not available for customization, products from each brand will be carried in a variety of colors, flavors, and sizes when applicable. The assortment is classified as narrow because products in the Peloton Promises' boxes will only be from the twelve brands the Peloton Promise brand has deemed clean and fit for the health and wellness image the subscription box wishes to portray. Therefore, by only offering selected products from these brands, the consumers will only experience a narrow selection of branded products.

The merchandise assortment is deep because within each of the twelve selected brands fulfilling the wellness, lifestyle, performance, and recovery sectors of the box, inventory will be heavily stocked in the box's selected products and many options of these products will be offered for customization. Per the brand's wholesale licensing agreements, the Peloton Promise team will negotiate specific colorways, flavors, and sizing offerings to give our consumers options to make the boxes their own and fulfill their personal goals.

The subscription box itself will be a bi-monthly subscription with differing products for each 2-month period. The first launch of the Peloton Promise box includes the merchandise assortment below.

Figure 3.1 The Peloton Promise Assortment for the Initial Launch

Product	Item Description	Customization Offering
	Hydro Flask 32 Ounce Bottle	Color Options: Peloton Red Peloton Black
	Peloton Promise T-Shirt	Size Options: XS – XXL Color Option: White
	Naturally Serious Serum 1 Ounce	No Customization
	Optimum Nutrition Protein 6 Servings	Flavor Options: Vanilla Chocolate
	Goli Apple Cider Vinegar Gummies 60 Pieces	No Customization
	Vital Proteins Collagen Peptides 4 Peptides	Flavor Options: Original Flavor Strawberry Lemonade
	Blender Bottle 20 Ounce	Color Options: Peloton Red Peloton Black

	Whole Foods B- Complex Vitamin 50 Capsules	No Customization
	Fiber One Brownie 3 Brownies	Flavor Options: Chocolate Chip Birthday Cake Fudge Brownie
	BioFreeze On- the-Go Singles 1 Box	No Customization
	Gatorade Energy Chews	Flavor Options: Fruit Punch Strawberry
	Republic of Tea Lean Green Tea 36 Bags	No Customization

Product Benefits

The Peloton Promise subscription box contains products that serve Peloton consumers in wellness, performance, recovery and lifestyle. Our brand partners offer a diverse spread of product benefits among the products we source from them. The benefits products in our box offer are important to our consumer, just as the convenience of the streamlined arrival to their doorstep is. Our consumers understand the importance of leading a healthy lifestyle, and appreciate having these products to use at ease to enhance their health habits. By having a box full of health and wellness products delivered bi-monthly that contribute to our target consumers urban active lifestyle, the Peloton Promise subscription box offers value, convenience and satisfaction to these consumers.

Product Quality

Peloton's goal is to provide consumers with the utmost satisfaction from our subscription box "The Peloton Promise". We do this, by approving products that are FDA certified through inspection and have great customer satisfaction on the brands end individually. Peloton does their best to provide products that are not only fan favorites, but will meet the criteria for all our consumers needs in their health and wellness lifestyle. We differentiate ourselves from competitors by giving our consumers products that fulfill their lifestyle as a whole and not individual target areas. From product selection to packaging and shipment, it is crucial to us as a brand to give our consumers the best quality of product and service.

Product Packaging

The Box

The Peloton Promise subscription box packaging is carefully designed by the Peloton Promise design team and marketing teams. In order to differentiate the four types of boxes, The Promise Box, The Purify Box, The Power Box, and The Performance Box, each box will display a different interior color, all with the iconic **P²** symbol centered in the middle of the top of each box to identify the brand. Each box will have the Peloton Promise logo on the front-facing side of the box. This mailer box is an easy-to-open recyclable cardboard box that, when opened, will display all products within the box along with the Peloton Promise Catalog. Since our brand partners offer many different health benefits in their products, we want to give our customers a centralized product assortment in each box so they can target the health benefits they're want to address.

The Promise Box

Figure 3.2 The Peloton Promise Box: Cover



Figure 3.3 The Peloton Promise Box: Open



Figure 3.4 The Peloton Promise Box: Up-Close



The first and main box being launched, The Promise Box, is identified by a red interior with a variety of products offered throughout our merchandise assortments. Red represents one of the Peloton logo colors. To incorporate the black and white also used in Peloton's logo, black and white tissue paper will protect the products within this box. Since this is the primary box throughout the collection of boxes, the **P²** marketing team aims to pay homage to our brand

owner by using the three main Peloton colors. The box is uniform across the collection of boxes, with dimensions of 12 x 9 x 4”.

The Purify Box

Figure 3.5 The Purify Box



The Purify Box is identified by a turquoise interior to represent purifying and cleansing benefits of the products within this box. The **P**²marketing team chose turquoise to represent turquoise’s cleansing and energizing interpretation. The tissue paper inside of the box will be black and white in order to stay true to Peloton’s colors. The box is uniform across the collection of boxes, with dimensions of 12 x 9 x 4”.

The Power Box

Figure 3.6 The Power Box



The Power Box is identified by an orange interior to represent the energy and power boosting benefits of the products within this box. The **P²**marketing team chose orange as orange represents strength and endurance. The tissue paper inside of the box is black and white to represent Peloton's colors. The box is uniform across the collection of boxes, with dimensions of 12 x 9 x 4".

The Performance Box

Figure 3.7 The Performance Box



The Performance Box is identified by a purple interior to represent performance enhancing benefits of the products within this box. The **P²**marketing team chose purple to represent The Performance Box in order to compliment the association of the color purple with ambition and devotion. The tissue paper inside of the box is black and white to represent Peloton's colors. The box is uniform across the collection of boxes, with dimensions of 12 x 9 x 4".

The Peloton Promise Catalog

As part of the packaging for the Peloton Promise Box, each box will include a catalog (as seen below) explaining the Peloton Promise's Purpose, the specific products in the box, the brand partners, as well as a brief call to action to the digital app. The catalog is crisp and bold in color mimicking both the aesthetic and branding package of Peloton and the Peloton Promise team. Additionally, the catalog utilizes many of Peloton's marketing imagery for the Peloton Bike and the Peloton Tread to enhance the brand imagery throughout the pamphlet. The catalog was deemed a necessary addition because although the Peloton Promise will always carry products from the company's brands, the products will change every other month to create a new element of surprise and bring variety into Peloton Promise users' daily routine. Therefore, each product needs to be identified and explained to best be utilized.

The Pages

The first spread, pages 1-2, introduces The Peloton Promise to the consumer unboxing their **P²** box. Furthermore, in this introduction spread, the consumer is urged to log into the Digital App to see the products in the box in action. Each box will have digital media associated with it of well-known, followed Peloton Instructors explaining the products, using the products, and connecting the products to their everyday wellness routine and their daily workouts. Not only does this create an ‘influencer-esque’ marketing strategy by encouraging box users to log into the app and engage with the instructors through digital means, but it will help box consumers know how to use the products and understand the product’s purpose to help purify, power, and perform their mind, body, and soul.

Moving into the Promise Products spreads, pages 3-6, all twelve products in the Peloton Promise box are introduced. Each product includes the Brand Name, Product Name, a witty title connecting the product to its purpose, as well as a brief synopsis to introduce the product’s promise to health and wellness. The products shown are example images, as different colors or different flavors may be selected for a box. On the opposing page of the products, again, Peloton Imagery is utilized in conjunction with the defining words of the **P²** tagline.

After the twelve box products are introduced, the spread of pages 7-8 introduces the twelve brands the Peloton Promise team has partnered with to bring clean products to its consumers. These brands were chosen on the basis of carrying products that align with the Peloton Promise to purify, power, and perform, as well as help consumers reach their health and wellness goals. The array of brand partners selected cover the four overarching categories of the Peloton Promise box, fulfilling products for Wellness, Lifestyle & Merchandise, Performance, and Recovery.

The last spread, the back cover of the catalog, is a scenic marketing image of the Peloton Tread coupled with the Peloton Promise’s Logo and **P²** symbol to visually reinforce both the Peloton brand and the Peloton Promise extension.

Figure 3.8 The Peloton Promise Catalog

the Peloton Promise Box

The Peloton Promise is a subscription box to cater to the health and wellness needs of every individual. Whether you need a collagen supplement, a new water bottle, or some protein to power you through, the box has got it all. Log into Peloton's Digital App to see your favorite instructors using all the products from this bi-monthly's Peloton Promise Box!

The Promise Products

Purify. Power. Perform.

HYDRATION

HydroBak
32 Oz. Bottle

The perfect, professional grade sports steel bottle to hydrate for every fitness and wellness endeavor. The HydroBak has a double wall insulation to keep your ice water cold for up to 24 hours! Get hydrated!

MAKE IT FASHION

Peloton
Peloton Promise Active T-Shirt

The first exclusive Peloton Promise activewear, all size tee made in-house by Peloton. The perfect lightweight, sweat wicking fabric to make you not only feel good, but look good for every workout.

GET LEAN

The Republic of Tea
Lean Green Super Lemon Tea

Get Lean with this Green Tea Medicated. The Republic of Tea crafted the perfect green tea to increase metabolism and always energize. The perfect cup of tea for anyone of the day to assist in your wellness and fitness goals.

METABOLIZE

Goli Nutrition
Apple Cider Vinegar Gummies

The Goli's First Apple Cider Vinegar Gummies brought to you in the Peloton Promise Box. These ACV gummies offer many benefits including healthy digestion, improves complexion, helps reduce weight, detoxifies the body, and promotes a healthy heart.

MOISTURIZE

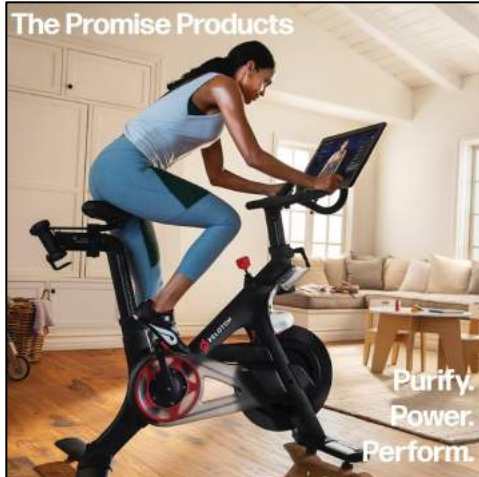
Naturally Serious
Supercharge Moisture Serum

Naturally Serious revolutionary serum filled with all antioxidants, will help you protect, nourish, and revive your skin. Revive and Moisture your skin all day long with this supercharge moisture serum.

FUEL YOUR BODY

Optimum Nutrition
Vanilla Whey Protein

A high quality protein powder that will support your goals before your workout, after your workout, and all the hours in between. The pure protein is perfect before endurance training or after weight training to rebuild recovery. Use with the best protein powder to a shake on the go!



COLLAGEN CRAZE

Vital Proteins
Collagen Peptides

Join in on the Collagen Craze! The Collagen Peptides will improve hair, skin, nails, joints, and ligaments, and benefit health. Add it to your favorite beverages and foods to experience all the major benefits.



BLEND IT

Blender Bottle
20 Oz. On-The-Go Bottle

Need a quick protein shake on the go? The 20oz. blender bottle is perfect for you. Throw in your favorite powder (or the Optimum Nutrition Whey Powder in this bowl), and blend it on the go all day every day.



FIT FOODIE

FiberOne
FiberOne 70 Calorie Brownies

Eating healthy doesn't have to be without a dessert! FiberOne's 70 Calorie Brownies are the perfect protein-packed snack to fuel your workouts. With only 2 grams of sugar and 5 grams of carbs, you don't have to compromise on great taste.



'WHOLE' -ISTIC

Whole Foods 360
B-Complex Vitamin

Get on the holistic health trend with Whole Foods B-Complex Vitamin. B-Complex vitamins offer a multitude of benefits, promoting energy levels, great sleep, and healthy brain function, good digestion, and a healthy appetite.



ICE ICE BABY

BioFreeze
On-The-Go Singles

If you've been out and about and get hit with an ache or pain, but have no means to fix it? The Peloton Promise is here, bringing you BioFreeze On-The-Go Singles. These patches provide fast-acting cold therapy pain relief to sore muscles, headaches, sore joints, and aches.



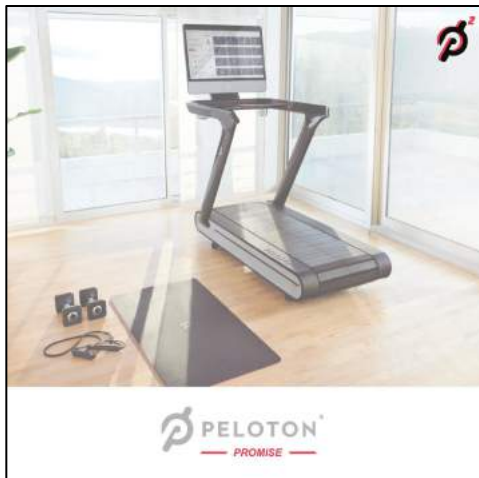
FUEL FOOD

Gatorade
Energy Chews

Fuel your mind, body, and soul before or during your workouts with Gatorade's Energy Chews. A tasty, fun, and gummy snack pre-run, post-ride, during strength training, or any other activity you find yourself in.



Peloton
Vital Proteins
Optimum Nutrition
BioFreeze
Blender Bottle
HydroFlask
FiberOne
Whole Foods
Goli Nutrition
The Republic of Tea
Naturally Serious
Gatorade



Summary of Product Strategy

From features and benefits, to quality, packaging and our merchandise assortment within the Peloton Promise subscription box, our main focus directed towards our product strategy is to deliver a convenient, prestige subscription box for Peloton consumers. It is our mission to inform consumers about the Peloton Promise benefits by including a product catalog in order to show we want our customers to succeed in their health and wellbeing goals. We have streamlined the search for wellness-enhancing products targeted towards individual goals by separating the boxes into categories, the Promise, Purify, Power, and Performance boxes, to personalize consumer experience.

Omni-Channel Strategy

Introduction

The Peloton Promise subscription is dependent on its multi-platform presence. Through our website, app, and in-store ordering capability, Peloton gives consumers several ways in which to view, order, and replenish their subscription. The subscription box will also have engaging opportunities across the platform to demonstrate product usage and benefits utilizing the app and the Peloton instructors.

Recommended Store Types

Using Peloton's omni-channel platform, consumers will be given the opportunity to check out the current subscription box offering in-studio or at a pop-up location. Each store and studio will have a sample of the box on display with iPad's available to register as a new subscriber.

In addition to in-store, our website will be a great display of our brand as a whole, product offerings, and future availability. The website will also entail all product details and FAQ's, as well as a login for recurring customers to check on the status of their subscription.

The app for the Peloton Promise Box, will be similar to that of the websites information and offerings but with more of a personalization. Customers will only be able to access the app after having logged into their account. Within the app, it will feature details surrounding the individuals subscription history and future ordering. It will be the easiest way for our customers to stay in-touch with their subscription and ordering information.

Store Atmosphere

The Peloton Promise Box will not be offered in physical Peloton showrooms and pop-ups, but customers have the ability to interact with trained employees to learn about the subscription box and order from a mobile device or tablet with the assistance of the Peloton trained employees. The Peloton Promise product line extension will be displayed in Peloton Showrooms' and pop-ups through the Peloton Promise, **P²**, banner. The Peloton Showrooms and Pop-ups create an atmosphere of excitement around their products. Showrooms and pop-ups always showcased the newest technology and rendition of their Tread or Bike alongside an array

of merchandise. Consumers are invited to engage with the products and get a sense of what it would feel like to own a Peloton Product. In addition, Peloton employees are heavily trained in product knowledge and consumer insights, in order to interact with each consumer on a personal level to find the best Peloton package for them. The Peloton Promise will build on this atmosphere. The banner will draw attention to the product itself, but employees will be trained in the Peloton Promise offering and assist consumers in ordering their personal box alongside any customization preferences. The showrooms and pop-ups will be a one stop shop utilizing technology devices to place orders for customers creating the ultimate Peloton order, bringing in transactions for Treads, Bikes, Apparel, and Boxes.

Every pop-up shop and showroom will be equipped with mobile tablets that consumers can interact with the app and website to explore the **P²** box. When in the Peloton environment, having the ability to order the subscription from the tablet instantaneously, will help bring awareness to the new product extension, and entice more consumers to buy or test out the box offering.

Figure 3.9 Peloton Promise Banner



Online Atmosphere

The Peloton Promise app will be promoting an interactive experience for our users, encouraging them to leave feedback and interact with the brand. The feedback given will receive a response from a representative in order to discourage linear communication. This will help our subscribers feel like they are truly a part of the brand and it's community. Being that the Promise

app is an extension of Peloton's app itself, users will have access to the video classes that are offered on the flagship app.

The webpage will also emulate the features that are already present on Peloton's website. Added features will include the "subscribe" function, customer service and reviews, as well as product demonstration videos. Peloton will make every effort to encourage interaction with the subscribers, though this will be slightly limited due to the nature of product that we are offering.

Figure 3.10 Peloton Promise Web Tab

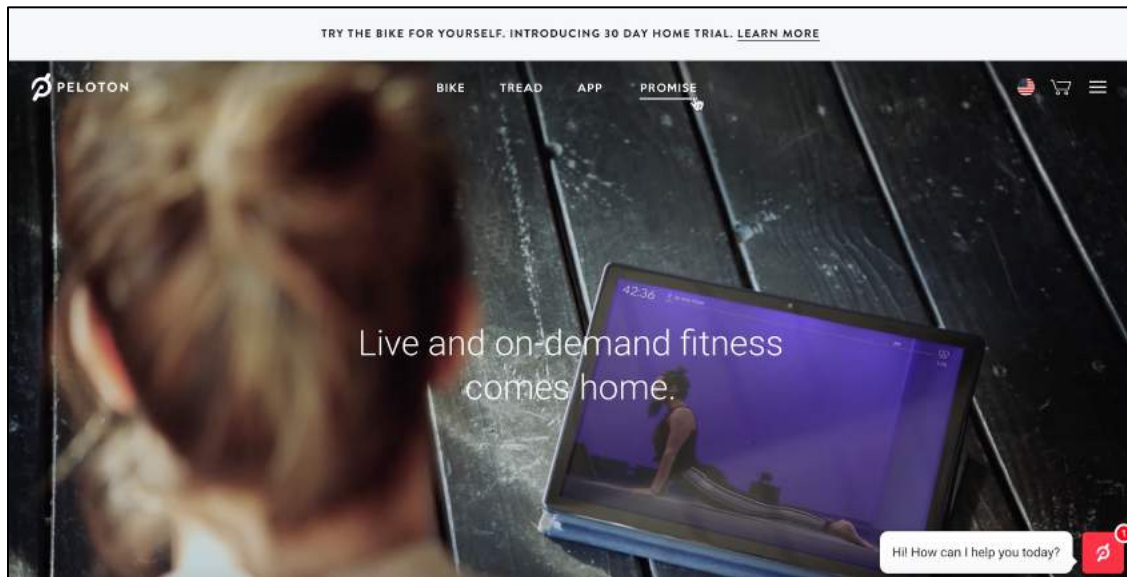


Figure 3.11 Peloton Promise Website

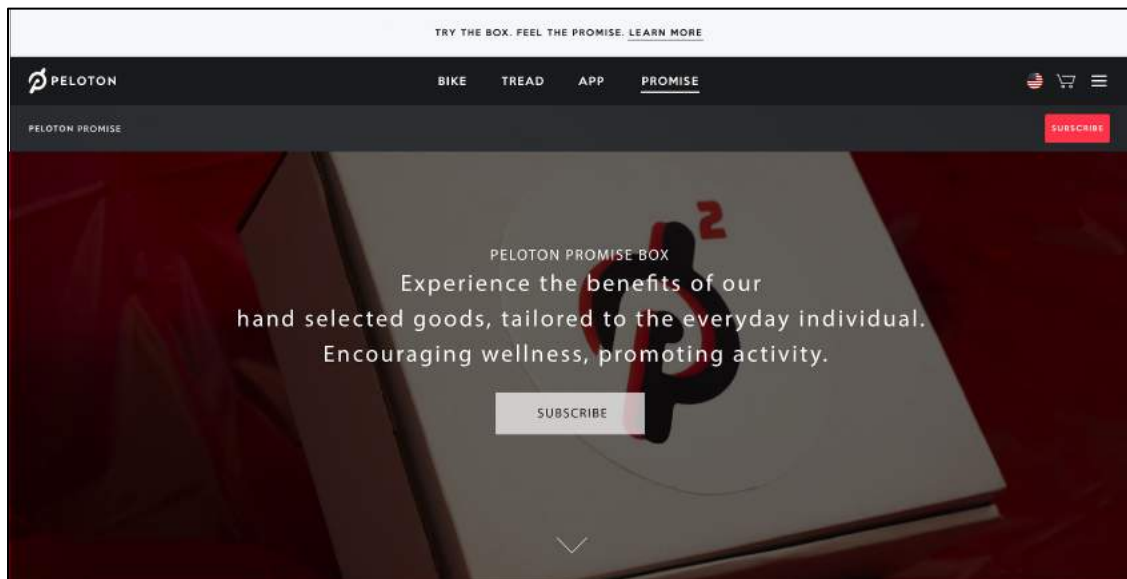
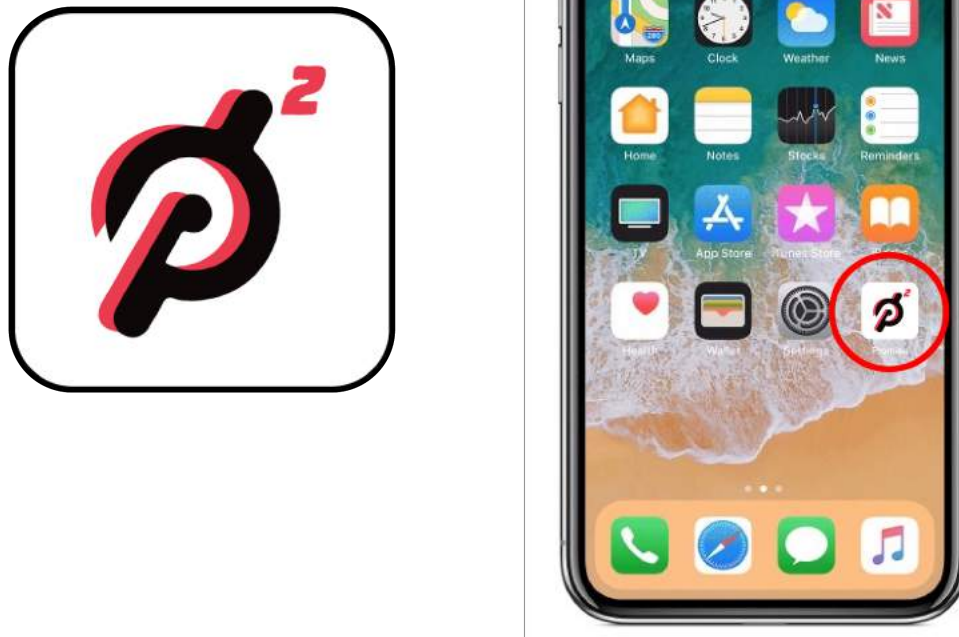


Figure 3.12 Peloton Promise App



As the online video classes are a defining aspect of Peloton’s online presence, Peloton Promise will capitalize on this element. To generate a connection between The Peloton Promise Box and Peloton’s digital components, Peloton Instructors will be utilized to create videos that engage the current box offerings, explaining to consumers how to best use the products in their daily routine and workout regime. This will draw consumers into the Peloton App and Website, encouraging them to not only interact with Peloton Promise videos, but with all other aspects the Peloton online formats have to offer. These videos will give each product purpose for the consumers' health and wellness needs. Additionally, in the fitness community, Peloton Instructors are highly regarded, so having them be the faces of the peloton promise box items will encourage more consumers to try the products, replenish the products, and utilize the products in the intended manner to best benefit their health and wellness needs and goals.

Customer Engagement Strategies

In order to boost customer engagement, the Peloton Promise team will execute several strategies including instructional videos, social media, personalized customer service, and other strategies in order to achieve top tier service, as Peloton is a prestige fitness company.

Peloton instructors bring a large following through social media where they promote Peloton and the Peloton app. Jennifer Jacobs is a former Peloton instructor with over 79,000 Instagram followers. On her Instagram page, she promoted the Peloton app, tagging “@onepeloton” directing viewers to the Peloton Instagram page.

Figure 3.13 Jennifer Jacobs Instagram Post



It’s not just Jennifer Jacobs that boosted consumer engagement via social media for Peloton. Current Vice President and head Peloton instructor Robin Arzon has over 278,000 Instagram followers.

Figure 3.14 Robin Arzon Instagram



Engagement rates on each post can be calculated in order to represent how interactive followers are with these instructors. For example, one of Robin Arzon’s pictures promoting Peloton received 11,020 likes and 428 comments. To calculate the current engagement rate the number of likes and comments are added together to the sum of 11,448. This sum is then divided

by the number of Robin's Instagram followers, and multiplied by 100 to measure the engagement rate.

$$11,020 + 428 = 11,448$$
$$11,448 / 278,000 \times 100 = 4.12\%$$

Figure 3.15 Robin Arzon Instagram Post



On Instagram, effective engagement baselines are between 3%-6%. Robin's engagement rate for this post falls in the effective engagement baseline (Laurence, 2019.) By utilizing instructors like Robin to promote the Peloton Promise subscription box via Instagram and via the Peloton Promise app, the Peloton Promise box has the same engagement potential. Instructors will post informative videos on Instagram promoting the Peloton Promise box and discuss the brand partners and products. This also opens up opportunity for brand partners to repost and promote these videos. Informative and instructional videos will also be viewable on the Peloton app. Videos, pictures, and other digital formats will also be promoted via the existing Peloton Instagram page.

In pop-ups and showrooms, instructors and other trained Peloton employees versed in Peloton products will inform customers and members about the subscription box extension and the product offerings in the current box. This will allow members to engage with the products within the box before actually purchasing their subscription. It is important to the Peloton Promise team that instructors educate members about the benefits of the product offering, and how this box will enhance their health and wellness wants and needs. Having this explanation coming from a Peloton instructor will create a personalized customer service experience. At these pop-ups and showrooms, instructors will use mobile tablets to assist in instantaneous

ordering if customers wish to purchase the subscription box in-person without having to go online. If customers do shop online and have questions or need assistance, The Peloton Promise website will have an online customer service desk for product questions, shipping/handling questions or issues. Customers will have access to the customer service email, and a 24/7 instant messaging agent will be available for customers to utilize while on the website.

Summary of Omni-Channel Strategy

In order to provide a top tier and impressive omni-channel strategy, the Peloton Promise team will utilize many existing Peloton features to build in-store and online presence. Pop-ups in store will guarantee member engagement with the Peloton Promise brand and promote digital formats such as the P² website, app extension, and social media presence. Utilizing the following and reputation of Peloton instructors will assist in the promotion of the Peloton Promise brand and boost customer engagement.

Merchandising and Pricing Strategy

Introduction

The Peloton Promise subscription box is expected to generate a revenue for Peloton of \$28,455,900 for the 2021 fiscal year following a prestige pricing strategy to reflect the boutique fitness brand image of Peloton. In the following merchandising and pricing strategy section, the project annual sales, pricing structure, mark-up strategy, merchandise budget, inventory plans, and planned reductions will be discussed and justified for the 2021 fiscal year.

Projected Annual Sales and Justification

The projected annual sales for the Peloton Promise product line proposal is forecasted at \$28,455,900 generated from a total of 517,380 Peloton Promise Boxes. The box is a bi-monthly subscription box that requires a \$55 subscription fee to be paid every other month to receive the Peloton Promise subscription box. The forecasted revenue was calculated from Peloton's overall subscribers, revenue, monthly subscription, and the percentage of Peloton's overall business that their subscription contributes.

Currently as of 2019, Peloton Interactive has 511,202 subscribers to their business and reported an annual total revenue of \$915,000,000 for the last fiscal year ending on June 30th, 2019 (SEC, 2019). Of the total revenue of Peloton Interactive, the subscription service generates 19.8% of the total sales, producing \$181,100,000 in contribution towards Peloton's total profits (SEC, 2019). The subscription business for Peloton has been growing exponentially. From 2018 to 2019, Peloton saw an increase in over \$100 Million in Subscription Service revenue which translates to a 125% increase in subscription sales, as well as Connected Fitness Subscribers grew from \$245,667 to \$511,202 during the period (SEC, 2019). Therefore, the Peloton Promise Subscription Service would be a likely successful and strategic next step for the company.

Looking at Peloton's annual revenue and the subscription service generating 19.8% of the total profit, The Peloton Promise team forecasted that the new subscription box would attract

17% of Peloton’s target market, developing a consumer base of 86,230 subscribers for the Peloton Promise’s first year. Peloton Promise is likely to also draw consumers in from the twelve partner brands, therefore, the entirety of the 17% of the market will be a combination of Peloton followers and brand partner loyalists. Peloton’s followers are extremely loyal and eager to try their newly introduced products, so the Peloton Promise brand foresees that many consumers will be eager to try another Peloton branded and produced product line. In the proceeding of calculating the total projected net sales, the Peloton Promise team set the price of the bi-monthly box at \$55, paid 6 times a year. This is in accordance with Peloton’s current subscription fee to their consumers, who pay \$39/month, totaling in \$468 for the Peloton Subscription every year per Peloton customer (Onepeloton.com/membership). From the set price of the box, the total subscription annual investment per consumer was calculated by multiplying the \$55 fee paid 6 times throughout the year, costing each consumer \$330 for 6 subscription boxes. Utilizing the \$330 investment per customer, this total was multiplied by the projected total subscribers of 86,230 to result in the outcome of the total expected net sales to be \$28,455,900. The total net revenue generated by the Peloton Promise Subscription Box will contribute to Peloton’s subscription revenue.

Figure 3.16 Peloton Promise Net Sales

Total Net Sales for The Peloton Promise Subscription Box

Peloton Company Information	511,202 Subscribers	\$39 / Month	\$181,100,000 in Subscription Revenue in 2019 Fiscal Year (19.8% of total revenue)
Peloton Promise Subscribers	86,230 Subscribers	\$55 / Bi-Monthly	17% of Peloton’s Subscribers and Customers from Partner Brands
Total Boxes	6 Boxes a Year * 86,230 Subscribers	517,380 Peloton Promise Boxes	
Total Cost of The Subscription Box To Subscribers	\$55 per 6 Times a Year	\$330	Annual investment per subscriber for the Peloton Promise Subscription
Total Net Sales	\$330 per Subscriber * 86,230 Subscribers	\$28,455,900	Total Expected Net Sales for the upcoming Fiscal Year

Projected Pricing Strategies and Justification

Peloton Promise will follow a Prestige pricing strategy which reflects the premium pricing of Peloton Interactive. The current Peloton consumer invests a substantial amount of money into Peloton each year, implying that the consumer has a vast amount of discretionary income, and would be willing to add another Peloton-branded subscription to their annual Peloton expenditure. The decision to follow a Prestige pricing strategy for the Peloton Promise subscription box stems from Peloton's product pricing structure. The business sells their renowned Bike at a price of \$2,245 and the Peloton Tread retails at \$4,295. The product purchase does not include further spending for Peloton's membership, apparel, accessories, or any additional necessary purchases. This pricing exemplifying the boutique fitness brand has proven to attract consumers, generate a profit, and stimulate consistent success. Therefore, it is justified for the subscription box to have a bi-monthly fee of \$55 to align with the boutique prestige pricing strategy of the parent company. This price is guaranteeing to consumers they will receive a curated box of premium products that will fulfill their needs and can be used in accordance with their other Peloton products. This pricing structure, although premium, is expected to draw in potential new consumers who wish to try these products, but do not want to buy all 12 products offered in the box individually. The \$55 fee is delivering products in one box that collectively have a retail value of over \$200, an economical way to test new brands without the commitment. The prestige priced subscription will complement the Peloton business and align with its premium image.

Projected Mark-Up Strategies and Justification

The Peloton Promise does not have a markup strategy as the brand is not marking up goods to be sold individually. The products, however, are sold collectively in a box for a single price of \$55 bi-monthly. The brand partners the products are sourced from have a 50% retail markup over the negotiated wholesale cost for the Peloton Promise team. The cost would be negotiated with each brand in the wholesale licensing agreement determining a set cost for purchasing in recurring bulk. This enables the Peloton Promise team to control the Cost of Goods Sold and Gross Margin in order to generate a positive net profit.

Figure 3.17 Peloton Promise Product Markup

BRAND & ITEM	RETAIL PRICE	UNITS BOUGHT	WHOLESALE PRICE (COST)	TOTAL WHOLESALE COST	BRAND'S IMU %	BRAND'S IMU \$
Hydro Flask	\$39.95 (32 oz)	172,460	\$19.99	\$3,447,475	50%	\$19.96
Goli Apple Cider Vinegar	\$19.00 (60 Pieces)	172,460	\$9.50	\$1,638,370	50%	\$9.50
Fiber One Brownie	\$2.98 (6 Count)	92,000	\$1.49	\$137,080	50%	\$1.49
Optimum Nutrition Protein	\$9.99 (6 servings)	172,460	\$4.99	\$4,394,271	50%	\$5.00
Peloton Promise T-shirt	\$42.00	172,460	\$21.00	\$3,621,660	50%	\$31.50
Naturally Serious Supercharge Moisture Serum	\$56.00 (1 oz)	172,460	\$28.00	\$4,828,880	50%	\$28.00
Republic of Tea Lean Green Super Green Tea	\$13.50 (36 bags)	15,350	\$6.75	\$103,613	50%	\$6.75
Vital Proteins Collagen Peptides	\$34.00 (20 Count)	34,375	\$17.00	\$584,375	50%	\$17.00
Blender Bottle	\$8.99 (20 oz)	172,460	\$4.50	\$776,070	50%	\$4.49

Whole Foods B-Complex Vitamin	\$9.99 (50 Capsules)	172,460	\$4.99	\$860,575	50%	\$5.00
BioFreeze On-the-Go Singles	\$6.98 (16 Packets)	172,460	\$3.49	\$601,885	50%	\$3.49
Gatorade Energy Chews	\$19.54 (16 Count)	112,500	\$9.77	\$1,099,125	50%	\$9.77

12 Month Merchandise Plans

The Peloton Promise is a bi-monthly subscription box service delivered to the consumer and is made up of products from twelve hand selected brands, chosen and audited by the Peloton Promise team. Every box, merchandised and delivered, every other month, resulting in 6 total boxes annually for each consumer, will have a different curation of product from the twelve brands. As product will be changed every other month, the brand must only purchase the amount it anticipates to sell in addition to reductions in order to reduce extra or carryover inventory. In order to do this, purchases will be made for each bi monthly box, with inventory levels in the last month of the box to be equal to \$0. To further emphasize the purchasing process, for example, for the launch of the box that will last for the months of March and April, purchases will be made in the beginning of March, with distribution occurring in the middle of the month.

The Merchandise Budget begins in the month of March for the fiscal year. The Peloton Promise team wanted to launch the product before fitness trends spike before summer, in order to gain a customer base for the popular summer months, as in the summer, many are trying to obtain a healthier, wellness-focused lifestyle. As stated above, for the 12-month plan, the projected annual sales are \$28,455,900 generated from the bi-monthly subscription. Increases in sales can be seen in the months May, June, and July (The Summer Season) and November, December, and January. The anticipated spike in sales during the summer season is due to the trend of consumers wanting to obtain a slimmer figure, often gravitating to fitness and wellness products more so to obtain these goals. The other spike in sales is expected around the holiday season and in January. As a subscription is an easy gift to give, the brand expects more subscriptions to come in during November and December, as well as more people will be introduced to the subscription service as they are shopping Peloton products for holiday gifting. January is forecasted to be a high selling month due to one of the most common resolutions for the new year focusing on wellness and weight loss. The box will expect to see more people subscribe to help motivate the new year's resolution. The company expects to see some

decreases in sales after productive seasons, as some consumers may opt to save money by canceling or pausing their subscriptions.

12 Month Inventory Plans

As stated above, the subscription service is bi-monthly with the product curation changing for every bi-monthly box. Therefore, the goal in order to not have a vast amount of carryover inventory from box to box is to purchase for the specific two month box expected revenue as well as accounting for a small amount of anticipated reductions. The purchases were calculated by adding the planned sales of the month of the box and the planned reductions of the two months. Therefore, for the first month of the fiscal year, March's purchases were equal to the planned sales of March and April, and the planned reductions of March and April. This will give the brand enough inventory to fulfill the planned revenue as well as have backup inventory for any mishaps in the process including shortage, damages, loss of package during delivery, or any other minor adversities. The goal for each box, is at the end of the second month to have no inventory left as the products will not be repeated in the next bi-monthly box. The first month of each box will have a small end of month inventory to account for additional subscriptions in the second month of the box's tenure. The end of month stock for the total 2 month's was calculated by taking the second month's beginning of the month inventory (the first month's end of month inventory) and subtracting the planned sales and planned reductions for the second month to result in the \$0 inventory for the end of the two month cycle. This will prepare the Peloton Promise team to purchase new inventory for the next box without having to invest in storing old inventory that will no longer generate the company profit.

The sales-to-stock ratio for the 12-month plan varies 1.0 to 2.7 with an average of 1.5. The sales-to-stock ratio is lower than the retail average of 2.0-3.5, as the Peloton Promise company in order to generate new boxes every other month, intends to buy inventory to account for only two months, rather than have carryover inventory which will result in an investment in product generating no profit, only taking up shelf space. The average sales-to-stock ratio of 1.5 implies the company will purchase enough inventory to fulfill the planned sales for each month's subscription as well as have enough back-up inventory for shortages, damages, and subscription mishaps. However, there will be no needed investment in excess inventory being stored and maintained. As the subscription box is a delivered service ordered online and the company will only have an online presence, inventory will not need to be stocked in depth for retail distribution or in-store retail orders. The inventory will be kept solely in Peloton's Distribution Center for the duration of the two-month cycle of each box.

12 Month Reduction Strategies

As the Peloton Promise brand follows a prestige pricing strategy conveying the top-quality image of Peloton, reductions are forecasted to be minimal. Peloton Interactive does not take markdowns, run sales, or reduce the price of the Peloton Tread or Bike, always maintaining premium pricing. The lack of promotions in the Peloton business creates a brand atmosphere of

class, quality, and prominent standing to Peloton consumers. The Peloton brand will follow suit with Peloton's strategy. Reductions are planned to be approximately 1% each month to account for the minimal issues that occur in doing business. The reductions account for possible shortages, damaged goods or damaged boxes, lost boxes or other shipping and delivery issues, as well as any miscommunications between the Peloton Promise team and the distribution center.

Figure 3.18 Peloton Promise Merchandise Budget

Merchandise Budget															
Category: Subscription Box															
Total Net Sales: \$28,455,900 Projected Total Boxes for the Fiscal Year: 517,380															
		March	April	May	June	July	August	September	October	November	December	January	February	March	Total
Sales	Next Year Plan (\$)	\$2,561,031	\$1,707,354	\$2,845,590	\$3,699,267	\$3,414,708	\$1,422,795	\$853,677	\$1,422,795	\$2,276,472	\$3,414,708	\$2,845,590	\$1,138,236	\$853,677	\$28,455,900
	Sales Percentage	9%	6%	10%	13%	12%	5%	3%	5%	8%	12%	10%	4%	3%	100%
Inventory (BOM Stock)															
	Next Year Plan (\$)	\$4,311,069	\$1,724,428	\$6,610,306	\$3,736,260	\$4,885,878	\$1,437,023	\$2,299,237	\$1,437,023	\$5,748,092	\$3,448,855	\$4,023,664	\$1,149,618		\$40,811,452
Sales to Stock Ratio															
	Next Year Plan	1.7	1.0	2.3	1.0	1.4	1.0	2.7	1.0	2.5	1.0	1.4	1.0		Average STS 1.5
Reductions															
	Next Year Plan (\$)	\$25,610	\$17,074	\$28,456	\$36,993	\$34,147	\$14,228	\$8,537	\$14,228	\$22,765	\$34,147	\$28,456	\$11,382	\$8,537	\$284,559
	Next Year Plan (%)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Purchases															
	Next Year Plan (\$)	\$4,311,069		\$6,610,306		\$4,885,878		\$2,299,237		\$5,748,092		\$4,023,664			\$27,878,245
EOM Stock															
		\$1,724,428	\$0	\$3,736,260	\$0	\$1,437,023	\$0	\$1,437,023	\$0	\$3,448,855	\$0	\$1,149,618	\$0		

Summary

In order to generate a profit and contribute to Peloton's \$181 million subscription business, the Peloton Promise will strive to attract 17% of Peloton's current subscribers by offering the premium priced bi-monthly subscription box to bring about an annual revenue of \$28,455,900. The Peloton Promise team believes this market share, pricing structure, and projected annual revenue is a reasonable projection based on Peloton's 125% increase in subscribers and \$100 million increase in their own subscription service. By delivering a premium bi-monthly box, the products will be hand selected and curated differently for each box, offering a unique and new addition to the Peloton subscription revenue with closely monitored inventory levels, reduction rates, and sales to stock ratios utilizing close communication and product organization.

Promotion | Communication | Customer Service Strategy

Introduction

Since our subscription box shopping traffic will mostly be directed via our website and Peloton app, The Peloton Promise team finds it important to prioritize outstanding promotion, communication and customer service regardless of a digital shopping format. In order to provide top tier communication and customer service, P² will utilize Peloton instructors and customer service teams both in-store and via digital platforms to communicate with customers and promote the Peloton Promise brand.

Promotion

The Peloton Promise team predicts that our initial customers will come from those who are existing Peloton members. Having pop-ups in Peloton showrooms will promote the Peloton Promise brand, but we want to further encourage Peloton members to try the **P²**box by offering a promotion that gives Peloton members their first box free if they sign up for a bi-monthly membership. This promotion will allow members to get familiar with the product offering, the delivery method, and overall give them a free first time experience with the box, product offering and brand partners. When customers receive their first free box, information about following the brand, brand partners, and instructors on social media will be provided and ensure customers receive further communication beyond what is presented in the box.

We also want to drive business for both Peloton and the Peloton Promise subscription box, as we want our customers to think of the Peloton exercise membership to go hand-in-hand with the Peloton Promise subscription box, and for one to compliment the other. In order to do this, Peloton instructors will run special promotions via their Instagram. This will reach those Peloton members who signed up for the first free box promotion as they were given information about Peloton instructors social media and encourage them to receive further promotions. This will also reach those customers who are not already Peloton members and encourage them to buy both the Peloton membership and Peloton Promise box.

The Peloton Promise team will promote to Peloton instructors Instagram followers a month prior to our March 2020 launch date. In February 2020, Peloton instructors will be posting content on their Instagram promoting the Peloton Promise brand and The Promise Box. During this time, if followers swipe up on instructors' Instagram stories when instructors tell them to do so while running this promotion, they can receive a code to get 25% off of their first Promise Box. Our website will also launch in February 2020, and customers will be able to submit their email addresses to receive information leading up to the March 2020 launch. At the beginning of the month, we will have a website launch promotion where the first 25 people to submit their email for the promotional emailing list will receive 25% off of their first Promise Box. At the end of the month, customers will be able to swipe up on Instagram stories posted by Peloton instructors to receive a code for 25% off their first Promise Box. During the March 2020 launch party, giveaways, raffles, gift cards and other promotional prizes will be utilized to boost consumer engagement and brand awareness. More information about the marketing and promotional strategies used in February 2020 are listed in the initial rollout plan in the Implementation Plan and Controls section of this business plan.

Communication

Achieved both digitally and face-to-face, the Peloton Promise team achieves extended communication through several different platforms. On the **P²**website, a live chat function will assist customers in their purchasing decisions. If they are unsure which box will fulfill their health and wellness needs, our trained customer service team will be available through this

instant message format 24/7. Separate from just the website, Peloton instructors will promote FAQ's, respond to customer questions/concerns, and inform their following about the need-to-knows of the Peloton Promise brand via Instagram posts, stories, and Instagram Live. Instagram posts and stories will be a constant place customers can reference back to at any time for information. Instagram Live be a way instructors can digitally communicate with a broad audience and instantaneously answer questions. This will serve to communicate with a wider scope of consumers, reaching a number of potential and existing Peloton customers that follow these instructors. Instructors and other Peloton employees will also be able to communicate with customers about Peloton Promise in Peloton showrooms.

Customer Service Strategy

The reason the Peloton Promise subscription box was created was for the wants and needs of Peloton customers. The **P²** team values each customer and understands the variety of health and wellness goals each customer has. This is why we find it crucial to inform and train existing Peloton instructors and employees about the health benefits that the products in each box present. Since instructors and employees will be knowledgeable about the product offering and about the ordering processes of the Peloton Promise subscription box, this will provide customers with face-to-face customer service when in the showrooms rather than solely on social media and website platforms. This will set us apart from other subscription boxes, as no other competitors in this market offer a face-to-face customer service experience, nor do they have a brick-and-mortar location for customers to interact with products and speak to health and wellness professionals about product offering and personal needs.

Summary

In order to promote, communicate, and provide top tier customer service, the Peloton Promise team will utilize the strategies listed above. While executing these strategies, we want to focus on providing excellence in these areas in order to live up to the high quality Peloton brand ideals. Having a distinctive brand owner like Peloton will allow us to build off of their core business in order to promote both Peloton and the Peloton Promise brand. Using Peloton trained health and wellness professionals to promote and inform customers will ensure customers they are receiving conscious information about their health and wellness needs.

Implementation Plan and Controls

Introduction

The Peloton Promise team has constructed an implementation plan in order to successfully launch our first subscription box - The Promise Box. We have constructed both short-term and long-term goals, along with an initial rollout schedule, in order to contribute to the launch. A human resource management strategy will aid in the accomplishment of these goals and rollout schedule.


Short-term Goals

Our initial launch will consist of a nationwide website launch, as well as the launch of Peloton Promise pop-ups in existing Peloton showrooms in major United States cities such as Los Angeles, New York, Chicago, Dallas, Boston, Indianapolis, Atlanta, Denver, and Tampa. We chose to focus our initial launch on large United States cities focused on all coasts in order to reach a wide geographical range of consumers. In showroom pop-ups, iPad technology will track in-store purchases and customer purchasing behavior/habits. Described in our initial rollout schedule, we will track this information one month after launch, and continue to keep track each month to then create a six-month brand check report in order to track factors such as consumer engagement rates, purchasing behavior, etc. and then make predictions and goals for our future brand check reports. Other things we will keep track of in this monthly report is the number of boxes sold to existing Peloton members, new Peloton members, and non-members. Based off of our first six-month check information, we want to grow our existing Peloton member customer base by 3%, new Peloton members by 2%, and non-members by 1% annually. Additionally, we will compare online sales via our website to sales within the pop-ups in order to cater future sales goals to be either digitally driven or in-store driven. We also want to expand our brand partner number to adding four brands annually. As far as social media marketing goals, we want to boost consumer engagement rates for the Peloton instructors promoting the Peloton Promise brand. Vice President and Head Peloton instructor Robin, known by the Instagram handle @robinnyc, has a consistent Instagram engagement rate of 4.12%. However, not all Peloton instructors meet this same Instagram engagement rate, so our digital goal is to boost current and under-performing Peloton instructors Instagram engagement rates to meet between 3 and 6%.

Long-term Goals

In the following 3-5 years, Peloton Promise aims to increase sales by 2-5% or more annually. In addition to increasing sales, we are looking to increase our overall product depth and expand brand partner relationships. Eventually, the brand will expand to open up our own distribution center apart from Peloton's. Having an independent distribution center will give us more control over our product assortment. It will create faster shipping so we can meet the consumers needs. At the very minimum, we hope to double our current selection of products and the brands that we are partnered with (increase depth from 12 to 24). In the next 3 years, we are looking to grow our number of boxes from 1 to 3 in order to cater to a wider consumer base. We are looking to maintain our brand image promoting wellness, providing products focused on a healthy lifestyle to all of our customers. For long-term social media marketing goals, we want to boost Instagram consumer engagement rates amongst Peloton instructors to meet the top level of engagement rate of 6% per post.

Figure 3.19 Initial Rollout Plan

Peloton Promise Initial Rollout Plan			
MONTH YEAR	PRODUCTION SOURCING EMPLOYEE TRAINING	MARKETING PROMOTION	
November 2019	<ul style="list-style-type: none"> Finalize brand partner contracts and wholesale agreements Begin sourcing of wholesale products Order iPads for pop-up utilization Train and bring Peloton Promise Sourcing Operations and Buying teams together to collaborate about initial execution Introduce Peloton Promise to existing Peloton employees and instructors; present a conceptual proposal to inform about product offering 	<ul style="list-style-type: none"> Creative marketing team meets with Peloton instructors and employees to explain social media and pop-up strategies; no actual marketing and promotion being presented to consumer at this time Marketing team utilizes samples for first official Peloton Promise product photo shoots 	
December 2019	<ul style="list-style-type: none"> Begin testing and curation of <i>The Promise Box</i> Sourcing Operations team works with Buying and Merchandising teams to finalize planograms, measurements, and logistics with integration of visual merchandising concepts of the box Peloton Employee Training on <i>The Promise Box</i> including selling tactics, social media marketing and promotions, and general product offering information Creation of Website and App Install marketing, website, and ordering software on iPads 	<ul style="list-style-type: none"> First promotion email sent only to existing Peloton Subscribers Inform Peloton members of upcoming launch (will allow members a "Sneak Peek" before announcement to the general public) Include images of Peloton Promise branding to get customers familiar with the brand logo, symbol, etc. Include initial images of <i>The Promise Box</i> along with the introduction of brand partners and teaser of product offerings 	
January 2020	<ul style="list-style-type: none"> Installation of Peloton Promise In Store features within Peloton showrooms begins; hang banners, deliver iPads Prototypes finalized; initial samples placed in Peloton distribution center in storage to prepare for launch Peloton instructors and other trained employees receive a finalized prototype <i>Promise Box</i> in order to use products, so they are well-versed in the outcomes of the products Employee training on how to use iPads utilized in Peloton pop-ups All company meeting: Peloton Promise teams inform Peloton teams about marketing and promotional strategies 	<ul style="list-style-type: none"> First announcement of The Peloton Promise brand to the general public Instructors post an Instagram post of a marketing video provided by the Peloton Promise Marketing Team with their own personalized caption Instructors go live on Instagram introducing the Peloton Promise brand and briefly speak about product offering; creation of Instagram highlight on instructors Instagram pages labeled "Peloton Promise" for all stories and saved live stories of all informational, marketing, and promotional videos/pictures; creation of Instagram highlight labeled "Peloton Promise FAQ" for all videos/pictures of instructors answering customer questions about subscription box Continuation of promotional emails sent to existing Peloton members 	
February 2020	<ul style="list-style-type: none"> All company meeting: Peloton Promise teams inform Peloton teams about launch strategies; implementation of monthly memos to Peloton teams from Peloton Promise teams to keep informed about Peloton Promise news All iPad technology and training completed All pop-up curation, construction, and merchandising complete Website and App made public Production, Buying, Merchandising continues Invitations to launch party sent at BOM: brand partners, all Peloton and Peloton Promise employees, loyal Peloton members, fitness influencers, etc. invited to launch party 	<ul style="list-style-type: none"> Website Launch Instructors go live on Instagram speaking about their experience with <i>The Promise Box</i> after receiving their box in January; inform followers of product benefits, their favorite products, etc. Instructors post 3 Instagram stories per week showing them using the products in <i>The Promise Box</i> in their daily life Instructors post 2 Instagram posts this month about The Promise Box: BOM - getting followers excited for the official launch next month, promoting the brand, introducing promotions, etc.; EOM - execution of promotions of initial launch; per instructors' direction via Instagram story customers can swipe up to receive a promo code Peloton posts Peloton Promise marketing content on their own social media channels to create synergy of the brands 	
March 2020	<ul style="list-style-type: none"> Launch party in NYC showroom location Full website launches and customers are able to subscribe via the Peloton website and app Sourcing Operations team oversees initial subscriptions and troubleshoot any ordering/shipment/payment issues Purchases for the 2-month Cycle of the first box registered in the Merchandise Plan for March 1st First round of subscriptions boxes sent out March 15th 	<ul style="list-style-type: none"> Instructors promote the launch party via Instagram story Instructors at launch party to meet and greet and sell boxes Giveaways, Gift Cards, etc. Peloton Brand promotes party and launch on their social channels 	
INITIAL LAUNCH: THE PROMISE BOX			

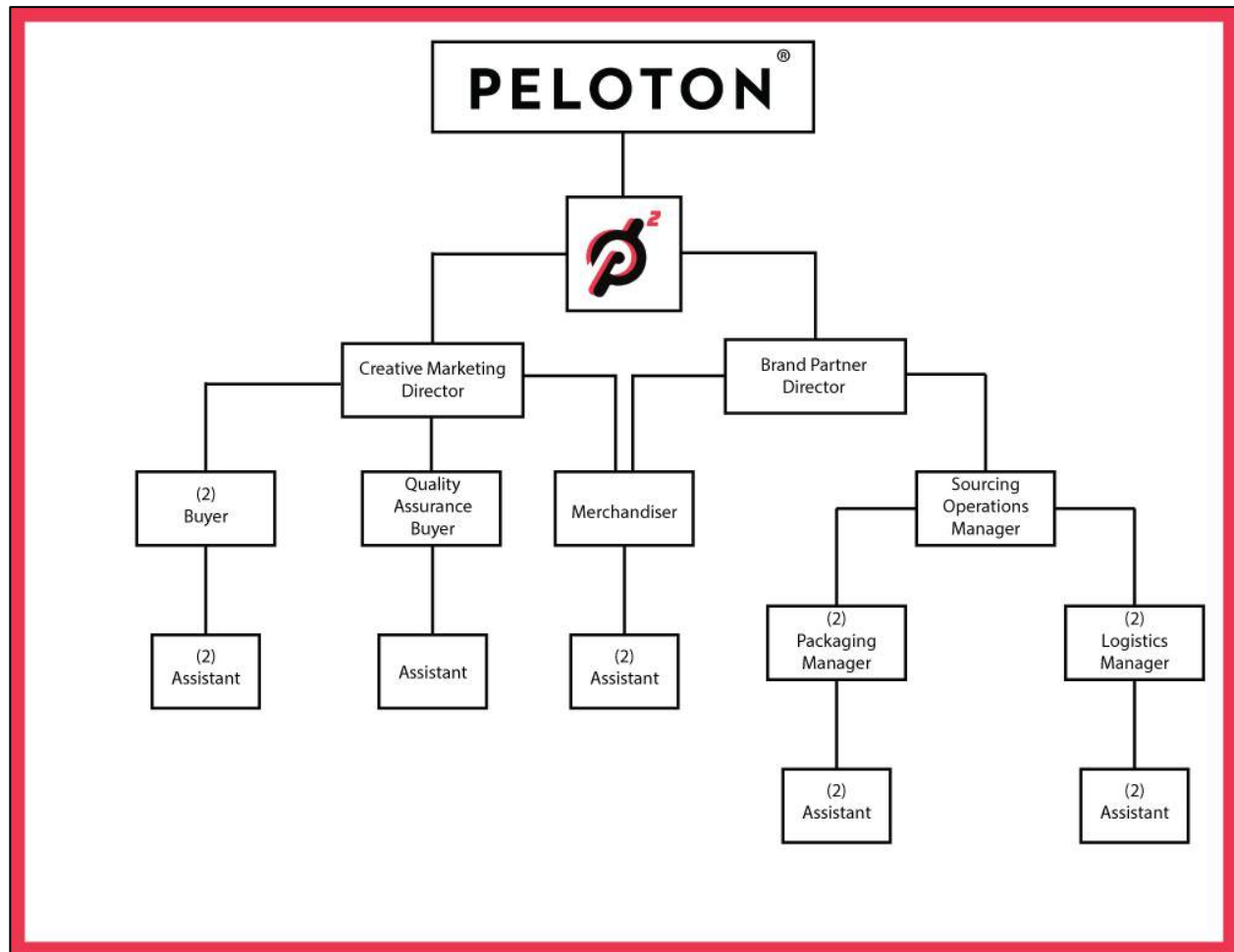
April 2020	<ul style="list-style-type: none"> • Continue Production, Sourcing, Quality Assurance • Invest in brand partners; expand product offering within brands • Track consumer engagement and purchasing behavior from first month • Begin development of Purify, Power, and Performance boxes via marketing, merchandising, buying, and brand partner management teams 	<ul style="list-style-type: none"> • Continue to lead and educate Peloton instructors and employees about social media weekly/monthly requirements • Continue to promote and inform, with updates about expansion within brand partners • Share consumer's posts on social media of utilizing the Promise box in their daily lives • Begin initial photo shoots for Purify, Power, and Performance Boxes
May 2020	<ul style="list-style-type: none"> • Brand Partner Team expands brand partners and product offerings with focus to upcoming launch themes of Purify, Power and Performance • Products purchased for second 2-month cycle of the Promise Box • Second box curated and distributed mid-May 	<ul style="list-style-type: none"> • Summer Promo: heightened marketing and advertising to promote health and wellness during swimsuit season • First promotion email sent only to existing Peloton members about Purify, Power, and Performance boxes
June 2020	<ul style="list-style-type: none"> • Integration of monthly memos to keep Peloton and Peloton Promise teams connected • Production of extension line boxes continue and placed in Peloton distribution center in storage to prepare for launch shipment 	<ul style="list-style-type: none"> • Teaser of Purify, Power and Performance boxes on social via the same Instagram strategies listed for The Promise Box
July 2020	<ul style="list-style-type: none"> • Curation of Marketing plans for pop-ups begin to form for Purify, Power and Performance • Updated installation of pop-up marketing in showrooms due to expanding product offering • 3rd Peloton Promise Box products purchased, curated, shipped out mid-month 	<ul style="list-style-type: none"> • Introduction of Purify, Power and Performance Boxes on social • Introduce new product offering and new brand partners • Utilize same strategies used for Promise Box
August 2020	<ul style="list-style-type: none"> • All company meeting: Peloton Promise teams inform Peloton teams about launch strategies • Invitations to launch party sent; similar invitation list as Promise Box launch party • Integration of new products on website, app, and on iPads 	<ul style="list-style-type: none"> • Addition of Purify, Power and Performance box pages on website; sign-up with email to receive promotional emails about upcoming launch • Instructors use same marketing and promotion strategies as the Promise Box; catered towards a different product offering • Begin to construct other advertising and marketing strategies via print and media based off of consumer engagement and purchasing behavior
September 2020	<ul style="list-style-type: none"> • Launch Party promoting new boxes • New boxes available for purchase on website and app • Six month Brand Check: track consumer engagement and purchasing behavior since initial launch of the Promise Box in order to make predictions about this launch, gather feedback • 4th Peloton Promise Box products purchased, curated, shipped out mid-month 	<ul style="list-style-type: none"> • Instructors promote the launch party via Instagram story • Instructors at launch party to meet and greet and sell boxes • Giveaways, gift cards, etc. • Peloton Brand promotes party and launch on their social channels

BEGIN LAUNCH
STRATEGY FOR
PURIFY, POWER,
PERFORMANCE
BOXES



Human Resource Management Strategies

Figure 3.20 Peloton Promise Employee Tree



Creative Marketing Director: This position will be the head of the **P²** marketing and quality of goods. The salary for the Creative Marketing Director will start at \$100,000 annually and include \$30,000 in benefits. The Peloton Promise total investment into this position will account for \$130,000. The Creative Marketing Director and Brand Partner Director will be the first lines of communication whenever speaking with other companies, presenting the **P²** name. The implementation of product assimilation as well as marketing, will be this positions responsibility. As the director, they must delegate other positions such as the Buyer and Quality Assurance Buyer of the **P²** branch. The director will also come together with the Brand Partner Director to find the perfect merchandiser.

Brand Partner Director: This position will be the head of all partnering and operations within the **P²** branch. The Brand Director will receive a starting salary of \$100,000 annually with

benefits accounting for \$30,000. The total investment into this position for the company is \$130,000. The Brand Partner Director and Creative Marketing Director will be the first lines of communication whenever speaking with other companies, presenting the **P²** name. Sourcing, packaging, and logistics all fall under this area. As the Director, they must delegate other positions such as the Sourcing Operations Manager, Packaging Manager, and Logistic Manager. The director will also come together with the Creative Marketing Director to find the perfect merchandiser.

Merchandiser: The merchandiser will somewhat stand as the lines of communication and unison between the workers under the Creative Marketing Director, and the Brand Partner Director. The starting salary of the Merchandiser position will receive a starting salary of \$80,000 with benefits equalling \$24,000. The total investment in the position is \$104,000. Their responsibilities will include making sure products arrive on time, forecasting plans, and management of stock levels. They will also have the responsibility of finding assistants to help aid with these tasks. The merchandiser helps make the final decision with how the box will look when shipped to the customer.

Assistant Merchandiser (2): The Assistant Merchandiser positions will be hired by the Merchandiser and directly report to the Merchandiser. The position will start at an annual salary of \$55,000 in addition to the benefits of \$16,500. The total investment for the Peloton Promise for each Assistant Merchandiser will equal \$71,500. The Assistant Merchandiser position will assist in creating SKU inventory lists, ensuring products arrive on time, communicating with Buyers, and reporting when stock levels of products are low by communicating with the distribution center.

Buyer: The Buyer position is responsible for which products will go into the various **P²** boxes to make sure the customer is getting the perfect products. The Buyer position will receive a starting salary of \$80,000 with benefits equivalent to \$24,000. The company's expenditure for the Buyer will account for \$104,000. The Buyer will also be responsible for finding the best wholesale price for these products to so we save money for the quantity we purchase in. They will create the deals to buy quantities of products and the price to sell them to the customers. The Buyers will also be responsible for finding assistants to help out with their responsibilities.

Assistant Buyer (2): The Assistant Buyer positions will be hired by the Buyer and report directly to the Buyer to aid in all buying tasks. The position will start at a salary of \$55,000 with benefits of \$16,500, accounting for a total investment of \$71,500 for each assistant. The position will be responsible for maintaining constant communication with brand partners, looking for additional companies Pelton Promise could source from, reporting accurate financial data, and creating purchase orders.

Quality Assurance Buyer: The Quality Assurance Buyer position will share many of the same responsibilities as a regular buyer but the main focus point will be the quality of products we are

purchasing from other products. If products must change their orientation to fit into the box, the Quality Assurance Buyer will make sure the product is presentable and ready to perform. Making sure that the maintenance of our products remains high while in the box is the main responsibility of this position. The Quality Assurance Buyer will receive a starting salary of \$80,000 in addition to \$24,000 in benefits. The total investment for the Peloton Promise brand for this position is \$104,000. This position will also be responsible for finding assistants to help out with their responsibilities.

Assistant Quality Assurance Buyer: The Assistant Quality Assurance Buyer will be hired by the Quality Assurance Buyer and directly report to the Quality Assurance Buyer. The position will start at an annual salary of \$55,000 with benefits of \$16,500. The total investment into the position accounts for \$71,500. The Assistant Quality Assurance Buyer will be responsible for collecting all quality assurance data from brand partners, reporting any ethical or quality control errors to the Quality Assurance Buyer, managing time tables of when brands report quality assurance checks, and assisting in quality check.

Sourcing Operations Manager: The Sourcing Operations Manager will carry out the duties of organizing business plans to properly conduct shipping contracts between transportation companies to ensure we are effectively shipping our products. This includes discovering packaging, shipping, and distribution management within the company. Other responsibilities include planning routes and analyzing budgets. The Sourcing Operations Manager will earn a starting salary of \$70,000 in addition to \$21,000 in benefits. The total expenditure for the Peloton Promise for this job would be equal to \$91,000. This position has the task of finding a Packaging Manager and Logistics manager to help with their work.

Packaging Manager (2): The Packaging manager reports directly to the Sourcing Operations Manager to handle the transition from P² packaging to the shipping companies' facilities. This includes operating costs, distribution costs and analytics. The Packaging Manager will work with the Logistics manager to bring the Sourcing Operations Manager accurate reports. The Packaging Manager will receive a starting salary of \$60,000 annually, plus benefits equalling \$18,000. The total investment into the position sums to be \$78,000. They will also be responsible to find assistants to help them with their responsibilities.

Packaging Assistants (2): The Packaging Assistants will be hired by the Packaging Manager and report directly to the Packaging Manager. The position will begin at a salary of \$55,000 in addition to the benefits of \$16,500 with the total investment in the positions to be \$71,500. The Packaging Assistants will aid the Packaging Manager in compiling operating and shipment costs as well as communicate with Peloton's distribution center to handle any transition of product to storage.

Logistics Manager (2): The main priority of the Logistics manager is to essentially regulate supply chain management within the company. Wherever shortages and overages lay, it is the

Logistics Manager to handle. The storage of goods and services also lays in the responsibilities of the Logistics manager. They will also work with the Packaging Manager to bring the Sourcing Operations Manager accurate reports. The Logistics Manager will receive an annual salary of \$60,000 in addition to benefits accounting to \$18,000. The total investment into this position would be equal to \$78,000 for the company. They also have the responsibility of finding assistants to help with their work.

Logistics Assistants (2): The Logistics Assistants will be hired by the Logistics Manager and report directly to the Logistics Manager. The position will start at \$55,000 with the benefits accounting to \$16,500. The total investment for the positions will be equal to \$71,500. The responsibilities of the position include aiding the manager in reducing shortages and overlays, ensure the supply chain operates effectively and report any mishaps, as well as assist in manually packing boxes and compiling all products to be distributed to consumers.

Customer Service and IT Divisions: As the Peloton Promise brand is a division of Peloton, all Customer Services and IT Development will be controlled by Peloton's currently operating teams. The Peloton Promise will expand into their own customer service division as the brand grows, but as we are an extension of Peloton and all Peloton employees will be properly educated on the subscription service, the customer service team will be equipped to take on Peloton Promise customers. Additionally, the Peloton Promise app and website is an addition to Peloton's currently running app and website. Therefore, the Peloton IT division will insert Peloton Promise onto these channels working with the Peloton Promise Creative Marketing Director to ensure the correct design and operation. The Peloton IT team will work cross functionally with the Creative Marketing Director throughout the fiscal year to ensure the Peloton Promise sector of the app and website are operating according to standards and include all proper marketing aspects.

Summary

The Peloton Promise implementation plan and controls explains our short and long-term goals, initial rollout schedule, and human resource management strategies. By having a rollout schedule to follow, we can stay punctual with sourcing, marketing strategies, brand partner relationship building, future launch strategies, and so on. By aligning out short-term and long-term goals, each team, from marketing, to buying, to sourcing operations, can work conjointly to accomplish these goals, boost sales and engagement, and spread overall brand awareness to promote a healthy lifestyle.

Budget Statement

Introduction

In order to ensure generated funds will be properly allocated to support the growing Peloton Promise Subscription Box Service, the Budget Statement, discussed below, was developed to ensure all areas of the budget are properly accounted for to result in a profitable

first launch year. In the following section, we will detail each aspect of the Budget Statement, based on Peloton's annual financial reporting, justifying the identification and calculation of each financial number and its reasoning for its apportionment to properly build and maintain our business. All numbers can be seen in Budget Statement figure below.

Budget Statement Identification and Understanding

The budget statement allocated for the Peloton Promise's first operation year, the fiscal year 2020, states the projected Net Sales, Cost of Goods Sold, Operating Expenses, Gross Margin, and the Net Profit before taxes. In order to develop a thorough budget statement, Peloton's annual report covering data from 2017 to 2019 was analyzed. Peloton's annual reports were reviewed in order to understand their numbers as well as to ensure the Peloton Promise subscription follows a similar financial pattern of Peloton's Subscription service data including the revenue generated, costs incurred, and gross margins of the past three fiscal years.

Starting with the forecasted total Net Sales, the Peloton Promise subscription box is projected to generate \$28,455,900 for the fiscal year 2020. The sales for this product extension seem extremely plausible as Peloton's current subscription business brought in \$181,100,00 in the fiscal year of 2019 and has increased by 125% in profits from 2018 (SEC, 2019). Therefore, the subscription business is highly popular among Peloton consumers, so it is likely that many of these consumers will invest in the Peloton Promise subscription increasing their portfolio of Peloton products. The budgeted Net Sales for the Peloton Promise would contribute about 16% to Peloton's subscription business, calculated by dividing Peloton Promise's Net Sales by Peloton's Subscription's Revenue from 2019 to project the percentage of contribution.

In order to calculate the Cost of Goods Sold, the merchandise assortment laid out in the Mark Up Strategies section, was utilized to outline each product that will be purchased for the box, the negotiated Wholesale Cost, the total amount of units purchased, while referencing the retail price of the products and the negotiated 50% reduction that Peloton Promise will receive on all products. The overall Initial Markup percentage of all goods bought in bulk for the subscription box for 2020 was equal to 50%. The IMU percentage was utilized to forecast the Cost of Goods Sold by multiplying the 50% IMU by the total net sales to budget \$14,227,950. In the Budget Statement, the Cost of Good Sold percentage is equal to the IMU, therefore, totaling 50% of the total Net Sales. As the Peloton Promise subscription box, similar to Peloton's subscription service, gains support, returning consumers, and strong brand partnerships, we expect the costs of goods to decrease. In 2017, Peloton's subscription cost \$29,300,000 and only generated \$32,500,000, however, the revenue grew by \$50 Million and \$100 Million in 2018 and 2019 respectively, making it worth the investment in the cost of goods in the first year of the subscription (SEC, 2019). Furthermore, as the Peloton Promise team works more and more with our brand partners, we expect to be able to negotiate lower wholesale bulk costs to reduce the cost of goods sold. As the product line is just launching in 2020, these brand partnerships are newly formed. As they grow, we will negotiate bulk prices and cash discounts that will benefit all parties including our budget, our brand partners, and our consumers.

In succession, the Gross Margin budgeted dollar amount was found by subtracting the total Cost of Goods Sold from the total Net Sales. This resulted in a Gross Margin for the fiscal year 2020 of \$14,227,950. The Gross Margin percentage was calculated by subtracted the 50% of the Cost of Goods Sold from the total Net Sales of 100%, producing the 50% Gross Margin. In future years, the Peloton Promise brand anticipates the Gross Margin to increase to 60% as the brand becomes more familiar with its brand partners and consumers and is able to reduce the overall Cost of Goods Sold. The predicted Gross Margin of the Peloton Promise follows a similar pattern of Peloton's Subscription as it was being launched and started. In 2017, Peloton's Subscription Gross Margin was only 9.7%, as their costs were only about \$3 Million less than the revenue generated from the service (SEC, 2019). As the subscription service grew and Peloton invested money and personnel into the subscription sector, the Gross Margin saw increases year-to-year resulting in steadier Gross Margins in 2018 and 2019. Therefore, the Peloton Promise subscription, although it has a predicted steady Gross Margin in its first year, Peloton has experienced lower Gross Margins from their subscription, so the Peloton Promise wants to bring a subscription service that has a steady income and controlled margin to contribute to Peloton's overall profitability. Secondly, month-to-month, Peloton has seen a fluctuation in the subscription service's Gross Margin percentage between 25.6% and 52.3% between the months of March 2019 and June 2019 (SEC, 2019). The subscription service is profitable and successful but still sees an unsteady Gross Margin at times, therefore the Peloton Promise's Gross Margin of 50% is likely to see some minor fluctuations month to month as new members cancel or subscribe to subscriptions, but it is expected to remain feasible at approximately 50% throughout the fiscal year. Additionally, as the Peloton Promise box is curated from purely sourced products, the more the service is invested in and develops a steady consumer base, the Peloton Promise brand expects Gross Margin to replicate Peloton's Gross Margin pattern by steadily increasing to even more manageable levels in the next 2-5 years of business.

The Operating Expenses were based around the numbers found in Peloton's Annual Report. For the fiscal year of 2019, Peloton's operating and administrative expenses were 22.6% of their total revenue. In order to calculate our Operating Expenses, Peloton's expenses percentage of 22.6% was multiplied by Peloton Promise's total Net Sales of \$28,455,900 to result in the expenses for our first year to be budgeted at \$6,431,033.40. The allocated expenses percentage is higher than average, as Peloton invests a large portion of revenue into personnel, marketing, location expansion, and research and development of their prestige products. As for the Peloton Promise, the Operating Expenses forecasted will support the business' personnel development as well as marketing and supply chain development.

Finally, Peloton Promise's first year's Net Profit before taxes is budgeted at \$7,796,916.60. This was calculated by subtracting the total Operating Expenses of \$6,431,033.40 from the total Gross Margin of \$14,227,950. The allotted percentage for the Net Profit was found by subtracted the 22.6% of Operating Expenses from the Gross Margin percentage of 50% to get 27.4% to represent the total Net Profit. The Net Profit represents the profit of the Peloton

Promise subscription box from the generated revenue including all expenses incurred in the first year of business except for interest and income taxes. Following Peloton's Subscription financial pattern, the brand owner's subscription gross profit grew from \$34.7 million to \$77.4 million in 2018 and 2019 respectively, demonstrating the exponentially increasing subscription service demand, therefore the Peloton Promise profit will contribute overall positive profit and growth to Peloton (SEC, 2019). We expect the subscription box to follow a similar pattern to Peloton's Net Profit data starting steady and generating a profit as brand partnerships are formed and a consumer base is attracted, then as cost of goods are lowered and more defined and the Gross Margin rises, the subscription service will generate a higher and more successful Net Profit allowing for expansion of the Peloton Promise brand.

Summary

In conclusion, the Peloton Promise brand has outlined the financial parameters for our first fiscal year of business that will generate a positive Net Profit and cover all incurred expenses. For the launch year of 2020, the Net Sales forecasted are \$28,455,900, that will be an additional contribution to Peloton's already established subscription revenue of \$181 Million. The Cost of Goods Sold will only slightly exceed \$14 Million accounting for 50% of the total revenue. Although relatively feasible, the product's cost follows suit with Peloton Subscription financials for their startup years. We expect the Cost of Goods to be reduced in the coming years as Wholesale Bulk costs are negotiated lower with strong brand partnerships. The Gross Margin will be 50% of the total Net Sales. Based off the Gross Margin and Peloton's annual reporting, the expenses will make up 22.6% of the business, resulting in a Net Profit of \$7,796,916.60 which will stimulate positive growth to build from as the subscription box product extension grows.

Figure 3.21 Peloton Promise Budget Plan

Budget Plan for Peloton Promise's Year One - Fiscal Year 2020		
	Budgeted Amount in \$\$	Budgeted Amount in %%
Net Sales	\$28,455,900	100%
Cost of Goods Sold	\$14,227,950	50%
Gross Margin	\$14,227,950	50%
Expenses	\$6,431,033.40	22.6% (From Peloton Report)
Net Profit (Before Taxes)	\$7,796,916.60	27.4%

Summary of Marketing Strategies

To summarize Peloton Promise's Marketing Strategies and Pricing Structure, this section discusses Peloton Promise as an extension of the Peloton Brand in the context of the brand's product features, merchandise assortment, product benefits, social media and brand atmosphere, pricing structure, and personnel. We believe that the Peloton Promise brand will thrive as an extension of the Peloton brand, enticing our target consumers in addition to Peloton's consumers and our Brand Partner's customers to invest in the Peloton Promise subscription service. In order to spread brand awareness amongst our target consumers, we will utilize Peloton existing customer-base and brand partner customer-base in order to expand to non-Peloton-related consumers, to unitedly grow business for both Peloton and Peloton Promise. The Peloton Promise brand will provide a diverse assortment curated from twelve chosen brands that the company has partnered with. The products will be bought in bulk every other month to fulfill the 2-month cycle of each Peloton Promise box. Furthermore, the brand will engage with its consumers through the Peloton Promise being featured on Peloton's website and app, as well as through Instagram and Peloton's Instructors reaching their following. We have outlined our projected revenue that will be a positive contribution to Peloton's current popular subscription service, and is expected to grow as the Peloton Promise brand expands into more brands and expands its box offering. To conclude, to make our goals achievable and our consumers excited, the Peloton Promise brand will work with Peloton Instructors and Employees as well as hire a team of specific individuals to ensure the business is operated efficiently and effectively to deliver the best product to our loyal consumers.



A SUBSCRIPTION BOX BY



PART IV: REFERENCES & APPENDIX

References

Part 1

- Carson, B. (2019, February 6). Why FabFitFun's Founders Raised \$80 Million And Their Plan To Challenge Stitch Fix. Retrieved from <https://www.forbes.com/sites/bizcarson/2019/02/06/why-fabfitfuns-founders-raised-80-million-and-their-plan-to-challenge-stitch-fix/#2241172d5a82>
- Centers for Disease Control and Prevention. (2014, May 1). *Up to 40 percent of annual deaths from each of five leading US causes are preventable*. [Press release]. Retrieved from <https://www.cdc.gov/media/releases/2014/p0501-preventable-deaths.html>
- Chen, T., Fenyo, K., Yang, S., & Zhang, J. (n.d.). Thinking inside the subscription box: New research on e-commerce consumers. Retrieved from <https://www.mckinsey.com/industries/high-tech/our-insights/thinking-inside-the-subscription-box-new-research-on-ecommerce-consumers>
- Elliott, S. (2018, December 2). *Ellivate Alliance Member Spotlight: Renee Fouquet*. Retrieved from <https://ellivatealliance.com/spolight-renee-fouquet/>
- Erica|Bowl Obsessed. [@bowlobsessed]. (2019, August 1). Erica: Bowl Obsessed on Instagram: "Happy Thursday, and HELLO AUGUST! I'm personally excited to be at the tail-end of summer....that just means Fall is around the corner!...". Retrieved from <https://www.instagram.com/p/B0owQVbPn/>
- Highya Research Team (2017, January 25). FabFitFun Reviews - Is it a Scam or Legit? Retrieved from <https://www.highya.com/fabfitfun-reviews>
- Kestenbaum, R. (2018, May 30). The Subscription Box Business Continues To Grow And Change. Retrieved from <https://www.forbes.com/sites/richardkestenbaum/2018/05/30/the-subscription-box-business-continues-to-grow-and-change/#b64c5d92c3e4>
- Salpini, C. (2019, May 30). 30 minutes with FabFitFun's co-founder. Retrieved from <https://www.retaildive.com/news/30-minutes-with-fabfitfuns-co-founder/555569/>
- Sim, E. (2019, February 11). Introducing the New FabFitFun Logo. Retrieved from <https://fabfitfun.com/magazine/new-fabfitfun-logo/>
- Sim, E. (2017, June 9). The FabFitFun App Is Here. Retrieved from <https://fabfitfun.com/magazine/fabfitfun-app/>
- (n.d.). About. Retrieved from <https://www.cleanfitbox.com/about>
- (n.d.). About. Retrieved from <https://fabfitfun.com/magazine/about/>

(n.d.). Audience. Retrieved from <https://fabfitfun.com/magazine/advertise-with-us/audience/>

(n.d.). CLEAN.FIT Box. Retrieved from <https://www.cratejoy.com/subscription-box/clean-fit-box/>

(n.d.). Contact. Retrieved from <https://www.cleanfitbox.com/contact>

(n.d.). FabFitFun: Discover products for a life well lived! Retrieved from <https://fabfitfun.com/get-the-box/?step=getbox&#plan=fffvip>

(n.d.). Home. Retrieved from <https://www.cleanfitbox.com/>

(n.d.) Retrieved from <https://www.facebook.com/muscleboxme/>

(n.d.) Retrieved from <https://www.instagram.com/musclebox/>

(n.d.) Retrieved from <https://www.musclebox.me/>

Part 2

Center for Drug Evaluation and Research. (n.d.). Facts About the Current Good Manufacturing Practices (CGMPs). Retrieved from <https://www.fda.gov/drugs/pharmaceutical-quality-resources/facts-about-current-good-manufacturing-practices-cgmps>.

Center for Food Safety and Applied Nutrition. (n.d.). Product Testing of Cosmetics. Retrieved from <https://www.fda.gov/cosmetics/cosmetics-science-research/product-testing-cosmetics>.

Center for Food Safety and Applied Nutrition. (n.d.). Summary of Cosmetics Labeling Requirements. Retrieved from <https://www.fda.gov/cosmetics/cosmetics-labeling-regulations/summary-cosmetics-labeling-requirements>.

Center for Food Safety and Applied Nutrition. (n.d.). What You Need to Know about Dietary Supplements. Retrieved from <https://www.fda.gov/food/buy-store-serve-safe-food/what-you-need-know-about-dietary-supplements>.

Clothing Business Guidance. (2019, April 10). Retrieved from <https://www.cpsc.gov/Business--Manufacturing/Business-Education/Business-Guidance/Clothing>.

Food and Drug Administration. (n.d.). FDA 101: Dietary Supplements. Retrieved from <https://www.fda.gov/consumers/consumer-updates/fda-101-dietary-supplements>.

Food and Drug Administration. (n.d.). Fortify Your Knowledge About Vitamins. Retrieved from <https://www.fda.gov/consumers/consumer-updates/fortify-your-knowledge-about-vitamins>.

- Goli Nutrition Launches World's First Apple Cider Vinegar Gummy. (2019, September 23). Retrieved from <https://www.prnewswire.com/news-releases/goli-nutrition-launches-worlds-first-apple-cider-vinegar-gummy-300922883.html>.
- Good, R. (2019, March 20). Naturally Serious Skincare: Taking Clean Beauty to the Next Level. Retrieved October 7, 2019, from <https://beautymatter.com/2019/03/naturally-serious-skin-care-taking-clean-beauty-to-the-next-level/>
- Owens, J. C. (2019, September 28). Peloton IPO: 5 things to know about the interactive exercise-machine company. Retrieved October 1, 2019, from <https://www.marketwatch.com/story/peloton-ipo-five-things-to-know-about-the-interactive-exercise-machine-company-2019-08-28>.
- Peloton Competitors, Revenue and Employees - Owler Company Profile. (n.d.). Retrieved from <https://www.owler.com/company/onepeloton>.
- Peloton Acquires Neurotic Media LLC to Enhance Its Members' Music Experience. (2018, June 27). Retrieved from <https://www.businesswire.com/news/home/20180627005297/en/Peloton-Acquires-Neurotic-Media-LLC-Enhance-Members>'.
- Stuart, A. (2015, October 14). How a \$35 Million Water Bottle Company Overcame a Toxic Mistake. Retrieved from <https://www.inc.com/alix-stuart/2015-inc5000-how-this-company-overcame-a-toxic-disaster.html>.
- Warren, L. (2017, June 20). A brief history of Peloton: A look at the cycling startup's explosive growth. Retrieved from <https://www.builtinnyc.com/2017/06/16/history-peloton>.
- (n.d.). About Us. Retrieved from <https://www.naturallyseriousskin.com/about-us.html>
- (n.d.). About us. Retrieved from <https://www.biofreeze.com/about>
- (n.d.). Content Details. Retrieved from <https://www.govinfo.gov/app/details/CFR-2016-title16-vol2/CFR-2016-title16-vol2-part1610>.
- (n.d.). Exercise Bike With Indoor Cycling Classes Streamed Live & On-Demand. Retrieved from <https://www.onepeloton.com/bike>.
- (n.d.). Exercise Bike With Indoor Cycling Classes Streamed Live & On-Demand. Retrieved from <https://www.onepeloton.com/company>
- (n.d.). Exercise Bike With Indoor Cycling Classes Streamed Live & On-Demand. Retrieved from <https://www.onepeloton.com/membership>
- (n.d.). Exercise Bike With Indoor Cycling Classes Streamed Live & On-Demand. Retrieved from <https://www.onepeloton.com/tread>

(n.d.). FAQ. Retrieved from <https://www.blenderbottle.com/pages/faq>

(n.d.) FAQ. Retrieved from <https://www.vitalproteins.com/pages/faq>

(n.d.). Inside the Gummy. Retrieved from <https://goli.com/pages/inside-the-gummy#howismade>

(n.d.) Our Story. Retrieved from <https://www.fiberone.com/our-story/why-fiber>

(n.d.). The Republic of Tea. Safety Testing. Retrieved from
<http://the.republicoftea.com/about/safety-testing/.cing>

(n.d.) Sustainable Sourcing. Retrieved from
<https://www.generalmills.com/Responsibility/Sustainability/sustainable-sour>

Part 3

Clark, K. (2019, August 27). Peloton files publicly for IPO. Retrieved from
<https://techcrunch.com/2019/08/27/peloton-files-publicly-for-ipo/>.

Exercise Bike With Indoor Cycling Classes Streamed Live & On-Demand. (n.d.). Retrieved from
<https://www.onepeloton.com/membership>.

Horn, H. (2018). Retail Finance Handbook and Notes. PDF.

Laurence, C. (2019, July 31). How To Calculate Your Engagement Rate on Instagram. Retrieved
from <https://www.planthat.com/calculate-engagement-rate-on-instagram/>.

Peloton Interactive, Inc. Registration Statement. (n.d.). Retrieved from
<https://www.sec.gov/Archives/edgar/data/1639825/000119312519230923/d738839ds1.htm>.

Elise Zissman

CONTACT

913.488.7141

elise.ziss19@gmail.com

www.linkedin.com/in/elisezissman

www.eliseziss19.wix.com/designportfolio

EDUCATION

University of Missouri
Columbia, Missouri

Expected Graduation: May 2020

B.S. - Human Environmental Sciences

Textile and Apparel Management

Apparel Merchandising & Marketing

Minors: Business / Entrepreneurship

Cumulative GPA: 3.9/4.0

RELEVANT COURSEWORK

Retail Finance / Merchandise Control

Global Sourcing

Omnichannel Retailing

Digital Merchandising

Brand Management and Promotion

Global Sourcing

Consumer Research and Analysis

TECHNICAL SKILLS

Adobe InDesign

Adobe Photoshop

Facebook

Instagram

Issuu

Microsoft Office

VSCO

WIX

WORK EXPERIENCE

Paper Source

May 2019 - August 2019

Visual Merchandising Intern

Chicago, Illinois

- Learned visual merchandising strategies by assisting the Visual Team in merchandising mock store fixtures to convey new, seasonal, and core product stories for retail stores' floor sets.
- Supported the Director of Visual Merchandising with window display and window signage design utilizing a variety of Adobe Suite platforms.
- Gained industry knowledge through participation in and observation of cross-functional departmental meetings for pre-season planning, floor set merchandising communication, store opening execution, and product line developments.
- Networked with executives in departmental meetings, design reviews, and Paper Source's 'Explore the Brand' Intern series.

Anthropologie

May 2017 - Present

Seasonal Customer Associate

Leawood, KS

- Asked by Store Management to return for seasonal continuous employment due to outstanding job performance.
- Selected by Store Management to train new employees, manage markdown, inventory, and shipment processes, and restock product.
- Provide attentive customer service through personal styling, fitting room service, product mastery, and cashier skills.

MizzouRec

April 2018 - Present

TigerX Cycling Instructor

Columbia, MO

- Design and execute Cycling classes involving a multitude of drills and music playlists for the health and well-being of the MizzouRec TigerX members.
- Lead classes of members individually, develop exercise routines, and motivate participants in the TigerX program while maintaining a current National Cycling Fusion certification and American Red Cross CPR/AED certification.
- Chosen to mentor new hires to prepare instructors to teach individually.

AWARDS AND HONORS

University of Missouri - Mark Twain Scholarship

August 2016 - May 2020

- Earned by graduating in the Top 10% of high school class and receiving an ACT score of 30.
- Recurring all four years of attending the University of Missouri as a full-time student.

University of Missouri Dean's List

Fall 2016 - Spring 2019

- Maintained above a 3.0 major GPA all consecutive semesters.

Textile and Apparel Management Student Showcase

March 2019

- Presented and showcased Textile and Apparel Management Sourcing Project to professors, students, and industry professionals.

INVOLVEMENT

Alpha Delta Pi Sorority - Alpha Gamma Chapter

Merchandise Chair - December 2017 - December 2018

- Designed all t-shirts and merchandise for Alpha Delta Pi events.
- Collaborated with other members of the Executive Board throughout the semester.
- Built relationships and worked jointly with representatives from Greek Life Merchandise companies to create designs for events.

Homecoming Flats Liaison - September 2018 - October 2018

Homecoming Costumes Committee Lead - September 2017 - October 2017

Association of Textile and Apparel Management - August 2016 - May 2017

Girls on the Run Coach - January 2017 - May 2017

Grant Weiner

525 Elm Street Apt 622, Columbia, MO 65201 | 9495021411 | grant.weiner@gmail.com

Summary

Highly creative and multitalented individual proficient in Adobe Illustrator and Photoshop. Possesses an eye for detail and a passion for design, whether beginning new projects or modifying prior work. Entrepreneurial mindset and excited to develop new business ventures and capital opportunities.

Education

BACHELOR OF SCIENCE IN HUMAN ENVIRONMENTAL SCIENCES

GRADUATION DATE: DECEMBER 2019 | UNIVERSITY OF MISSOURI: COLUMBIA

- Major: Textile and Apparel Management; Minor: Sociology
- Track: Apparel Marketing and Merchandising

Experience

RETAIL MANAGEMENT INTERN | NORDSTROM | MINNEAPOLIS, MINNESOTA

JUNE 2019 – AUGUST 2019

- Assistant managerial role in the men's shoe department of a high-volume store (Mall of America)
- Worked independently and alongside of department manager to perform day to day operations
- Experience in various areas of retail including customer service, logistics & fulfillment, and E-commerce

SALES & STOCK ASSOCIATE | EDDIE BAUER | COLUMBIA, MISSOURI

OCTOBER 2018 - PRESENT

- Provide adept customer service to all customers in the store, whether assisting with checkout, shopping for themselves or others, or answering general product questions
- Maintain store cleanliness and organization while efficiently unloading new shipment, making sure all shipment is properly sorted and placed on the sales floor or stock shelves
- Assist manager with daily tasks, such as ship-from-store, inventory, and visual merchandising duties

MARKETING & MERCHANDISING INTERN | HUF WORLDWIDE | LOS ANGELES, CALIFORNIA

MAY 2017 – AUGUST 2017

- Created and modified apparel line sheets for upcoming seasons (Excel)
- Examined samples for accuracy and sorted for examination by design and product development sectors
- Prepared garments and fixtures for annual GSM (Global Sales Meeting)

Extracurricular

MERCHANDISE CHAIRMAN | ALPHA GAMMA SIGMA FRATERNITY | FEBRUARY 2018 - DECEMBER 2018

- In charge of designing and sourcing the merchandise for Alpha Gamma Sigma at the University of Missouri. I have been an active member of the fraternity since Spring 2016 and previously held the position of Social Chairman from Spring 2017 to Spring 2018.

Jennifer Levin

C: (847) 736-6529
jlevinphoto@gmail.com
www.jennifer-levin.com
www.linkedin.com/in/jlevinphoto/

Education

Bachelor of Science in Human Environmental Sciences
University of Missouri - Columbia, Missouri
Major: Textile and Apparel Management
Track: Apparel Marketing and Merchandising
Minor: Business
Anticipated Graduation Date: December 2019

Work Experience

Marketing & Creative Intern, June Jacobs/Naturally Serious, New York, New York
May 2018 - August 2018

- Assisted in the launch of Naturally Serious skincare (exclusively at Sephora)
- Managed June Jacobs social media including content creation, copywriting, and scheduling
- Researched and compared competitive products, ingredients and digital content
- Photographed and designed graphic content for social media and Sephora product pages

Sales Associate, Marcus Lemonis Fashion Group (MLFG), Deerfield, Illinois
(Formerly) Runway
April 2014 - August 2017

- Recommended merchandise to customers based on their needs and preferences
- Reorganized the sales floor to meet company demands
- Stocked inventory when shipments were received
- Assisted at MLFG store Final Sale in Highland Park, Illinois

Other

Staff Photographer, The Maneater, Columbia, Missouri
February 2016 - October 2016

- Edited, captioned and uploaded photographs for news publication
- Photographed high-quality images for both print and Internet distribution

Summer Program in Photography and Imaging, New York University, New York, New York
June 2014 - July 2014

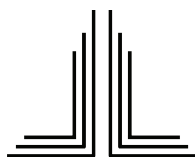
- Completed two NYU Tisch School of the Arts courses on digital and film photography

Courses

- Softgoods Retailing
- Digital Presentation Techniques
- Science of Textiles
- Retail Finance and Merchandise Control
- Global Sourcing
- Omnichannel Retailing in the Digital World
- Retail Entrepreneurship
- Clothing/Textile Consumer: Research & Analysis

Skills

- HD photography
- Fashion photography
- Adobe Photoshop & Illustrator
- Microsoft Word, Excel & Powerpoint
- Creative visionary
- Styling
- Merchandising
- Problem solving



JOHN LE

(573) 823-2501

Jthanhle23@gmail.com

www.Linkedin.com/in/Therealjohnle

EDUCATION

BACHELOR OF SCIENCE IN HUMAN ENVIRONMENTAL SCIENCES

University of Missouri - Columbia, Missouri

Major: **Textile & Apparel Management**

Track: Apparel Marketing and Merchandising

Minor: **Business**

Graduation Date: December 2019

GPA: 3.1/4.0

2018-2019 Deans List (Maintain 3.0 GPA or Above)

ASSOCIATES OF ARTS

Moberly Area Community College - Columbia, Missouri

Major: **General Studies**

Graduation Date: December 2017

WORK EXPERIENCE

Cashier/Inventory Management, TC Nails - Columbia, MO

May 2015 - Present

- Managed money transaction
- Analyzed trends that effectively updated business with new products & services
- Oversaw inventory & the replenishment of equipment and supplies
- Communicated styling suggestions/tips to increase sales
- Entrusted with the keys to the shop

Computer Laboratory Assistant, Bellevue College - Bellevue, WA

September 2014 - March 2015

- Troubleshoot program platform issues to assist students
- Utilized available resources & technical knowledge to assist lab technologists
- Acquired excellent customer service & teamwork skills

Seasonal Sales Associate, Lynnwood, WA

October 2014 - December 2014

- Managed money transaction
- Assisted customers to increase sales
- Created a clean visual presentation for customers to shop
- Rewarded with a job after season trail

OTHERS

Courses

- Digital Presentation Techniques
- Retail and Merchandising Analysis
- Omnichannel Retailing in the Digital World
- Digital Merchandising
- New York City Study Tour
- Global Sourcing/Consumers

Skills

- Bilingual (English and Vietnamese)
- Adobe Photoshop and Illustrator
- Microsoft Office
- Creative visionary
- Desire to learn
- Adaptive

Madeline Borowiak

262-424-1515 | mgbzr7@mail.missouri.edu

EDUCATION

The University of Missouri - Columbia, MO

Anticipated Graduation May 2020

Bachelor of Science in Human Environmental Sciences- Textile and Apparel Management

Track: Apparel Marketing & Merchandising Minor: Business

EXPERIENTIAL LEARNING

Faye's, Visual Merchandising Intern; Milwaukee, WI

June 2019-August 2019

- Assisted the lead Visual Merchandiser in day-to-day visual displays, styling, photoshoots, and creative ideas for marketing and social media presence
- Chosen as the Assistant Stylist for the Fall 2019 issue of MKE Lifestyle Magazine
- Modeled and promoted merchandise through video-selling on Facebook Live
- Asked for future employment upon completion of undergraduate degree

Coty, Inc.; New York, NY

Global Innovation Intern, COVERGIRL Cosmetics

June 2018-August 2018

- Presented weekly and competitive brand innovation analyses to Senior Director within the eye, lip, and face segments
- Researched competitive brands marketing strategy of influencer collaborations
- Established a conceptual board for future launches based off of forecasted trends and visionaries
- Final Project: Delivered an analysis of tamper-evident packaging among competitive brands across all color cosmetic segments; provided a recommendation for COVERGIRL products that is currently being implemented on new launches.

Global Marketing Intern, Lifestyle Fragrances

June 2017-August 2017

- Analyzed contractual minimums for Coty licensed brands' A&CP spend
- Created briefs to present to suppliers, agencies, brand and cross-functional teams. Lead presentations for new launches and current and future product lines
- Developed creative research and development of products and gift set packaging, merchandising materials, Gift With Purchase (GWP) items and advertising assets.
- Executed conceptual development of e-commerce strategy including writing romance copies
- Final Project: Researched and outlined a review of social media and digital consumer engagement for Coty fragrance brands and competitors; the team utilized competitive analysis to create digital toolbox supporting new flanker launch.

EXPERIENCE

The Broadway Columbia, Front Desk Agent; Columbia, MO

April 2016-December 2017

INVOLVEMENT AND LEADERSHIP

Association of Textile and Apparel Management, Secretary; Columbia, MO

September 2018-May 2019

Rent the Runway, Campus Representative; Columbia, MO

August 2018-December 2018

- Generated massive amounts of awareness about Rent the Runway on campus through launching marketing stunts
- Created social content to drive ultimate brand awareness

Kappa Kappa Gamma, Theta Chapter; Columbia, MO

August 2016- Present

Ritual Committee

August 2017- May 2018

Education Committee

August 2016- May 2017

A Way With Words and Numbers, Tutor; Columbia, MO

January- May 2016

Mizzou Alternative Breaks, Volunteer ; Columbia, MO

August- December 2015

Executive Women International, Retention and Recruitment Committee; Columbia, MO

November 2016-May 2017

SKILLS

Adobe Photoshop, Adobe Premiere Pro, Adobe Audition

Microsoft Office, Microsoft Excel, Microsoft Word, Microsoft PowerPoint

SEAN W. CLEMMONS

817-938-6570 | swcvyc@mail.missouri.edu

EDUCATION

University of Missouri, Columbia

Anticipated Graduation Date:

Bachelor of Science in Human Environmental Sciences

December 2019

Major in **Textile & Apparel Management**, Minor in **Business Administration**,

Certificate in **Digital Global Studies**, and **Multicultural Certificate**

Study Abroad, *Business Management*, University of Missouri, December 2018 – January 2019

- Trulaske College of Business South America (Chile & Argentina), Winter Intercession 2019
- Visited 10+ corporations with accompanying lectures.
- Participated in culture diversity through 5+ volunteer service hours.

EXPERIENCE

Plato's Closet, *Team Lead/In-Store Buyer/Floor Salesman*; May 2019- present

- Entrusted to close and lock the store by counting the remaining money in registers as well as close them down.
- Authenticated high priced and high fashion garments to make sure the store didn't take in knock off or replica products. (Jordan, Nike, Coach, Kate Spade, etc.)
- Executing over 30 buys a shift by sorting through 100 garments from multiple brands and companies.
- Partook in organizing 5 different events for exceptional weekends to increase revenue.
- Eagerly practicing customer service by styling customers, helping them with their clothes, and cashing out their transactions more than 15 times a day.

Old Navy, *Sales Associate*; May 2018- October 2018

- Partook in styling mannequin and sales floor design
- Handled product placement by breaking down, packaging, and transferring merchandise
- Gained experience on cash wrap and cashier services by handling over \$500 a day

Trinity Management Co. (Marketing Firm), *Sales Rep Intern*; May-August 2017

- Gained professional skills marketing and selling Electricity, and DirecTV across four stores.
- Demonstrated superior customer service by building relationships with different customers.
- Consistently surpassed sales goals by achieving weekly sales quota of \$480 a week by selling \$120 DirecTV's and \$40 Electricity.
- Developed human resource skills through shadowing and supporting the Marketing Supervisor in the training of new hire employees.

INVOLVEMENT

Alpha Phi Alpha Fraternity, Inc. - *Parliamentarian, Intake Coordinator, Step Captain*

- Planned, organized, and executed 10 events per semester
- Communicated with members on professionalism, values, and scholarship
- Coordinated District Miss Black & Old Gold Scholarship Pageant including over 10 chapters in the Midwest Region.
- Volunteered on average 30 hour per semester to support community organizations: Grade A Tutoring, Women's True North, and Columbia Food Drive

Black Business Students Association, *Member*; August 2015- Currently

Diverse Student Association, *Outreach Chair*; February 2016- February 2017

National Association of Black Accountants, *Member*; August 2015- May 2016

AWARDS AND ACHIEVEMENTS

Missouri Diversity Award, C. Watson Memorial Award, and Vasey Academy Scholar