SWOT Analysis

Strengths

1. **Profitability:** According to the company's Q4 and FY2026 earnings report, FY26 was Peloton's first fiscal year of year-long profitability. These profits give Peloton the resources to take risks and explore new ventures across its fitness portfolio.
    a. A strength because profitability is a characteristic of Peloton itself, rather than an advantageous market condition (Opportunity).
2. **Relevance Across Multiple Fitness Dimensions:** Peloton's equipment captures key market segments in cardio exercise (bikes, rowing machines and treadmills). Its online classes also cover strength-based fitness regimens, such as Pilates and Barre, meaning Peloton captures a wide range of the home fitness market across its product portfolio.
    a. A strength because Peloton's product portfolio is a characteristic of the company that is within its control.
3. **Rental & Refurbished Options:** According to Peloton's 2025 Impact Report, the company has numerous options for enthusiasts on a budget, such as the rental program or the option to buy certified refurbished equipment. Though the company generally makes premium products, there are compelling options for more cost-conscious consumers, which include young people.
    a. A strength because Peloton's pricing structure and product portfolio is within its control and inherent to the company.

Weaknesses

1. **Increasing Subscription Churn Rates:** According to Peloton's FY26 earnings report, in Q4 2026, churn rates were at 2.2%, up from 1.2% in Q3 2026 and 1.8% in Q4 2025. This is particularly damaging because unlike equipment purchases which necessitate a consistent stream of new customers, subscriptions provide Peloton a steady source of income.
2. **Premium Pricing Structure:** Peloton's exercise bike costs about $1700 MSRP, not including subscription fees. While budget options exist in the forms of rental programs and refurbished products, Peloton's pricing scheme can restrict where it finds its customers. This can be seen in a *Statista* study that shows that ~60% of Peloton's consumers are 35-54 years old—an age range with generally higher incomes than younger ranges.
3. **Product Safety Recalls:** According to a *Wall Street Journal* article, Peloton recalled over 800,000 Bike+ models due to safety concerns in 2025. The article states that

Peloton had a separate recall in 2023. Repeated product recalls can damage reputation and stifle consumer confidence.

Opportunities

1. **Pilates and Barre Trends:** According to a *Statista* study, the number of participants in Pilates has increased by nearly 40% since 2020. This trend presents an opportunity that aligns with Peloton's equipment-free classes (strength, floor, yoga, etc).
2. **GLP-1 Use:** According to a shareholder letter written by CEO Peter Stern, GLP-1 usage necessitates cardio and strength training to maintain muscle health. GLP-1 use as a weight-loss regimen provides Peloton with a new source of consumers that require exercise routines the company already provides.
3. **Increasing Gym Membership:** According to a *Statista* study, gym attendance in America has increased by about 25% since 2019. Providing wholesale equipment sales to gyms gives Peloton a growing market for a product portfolio it already owns.
    a. *Could be a threat as well; see **Threat #3***
4. **College Graduation & WFH:** College graduations mean new workers with increased disposable income. It also means a new segment of athletes losing access to university gyms and exercise equipment. This provides Peloton an opportunity to continuously capture new business on a regular cadence.

Threats

1. **External Competition From Apple Fitness+:** Competition from other fitness apps such as Apple Fitness+ threatens Peloton's position in the market. Apple Fitness+ also leverages the company's strong ecosystem, leveraging products users already have (iPhones and Apple Watches), rather than proposing new equipment.
2. **Economic and Social Uncertainty:** In times of economic and social uncertainty, premium/discretionary purchases, such as Peloton's equipment and—to a potentially lesser extent—its subscription services, are the first expenses to be reduced.
3. **Increasing Gym Membership (Cont. from above):** While gyms provide Peloton an avenue to sell its equipment wholesale, gym attendance also has the potential to cannibalize the company's other key revenue pillar of home fitness.

Strategic Insights

1. **Increase subscription customizability:** To help address subscription churn rates and premium pricing issues, Peloton should leverage fitness trends like Pilates and Barre by providing subscription options for just one exercise genre (Pilates, floor, etc). This would

enable Peloton to access price-sensitive customers, especially in today's economic climate.

KPIs

- # of new subscribers to Pilates, Barre and Yoga
    - % of new subscribers aged 18-25
    - % of new subscribers with annual income under $100,000
- Increase in positive conversation sentiment around Peloton's affordability/accessibility

2. **Increase "behind the scenes" transparency around production and refurbishment:** Highlighting how Peloton produces its products will give the company a communications strategy to address product safety concerns and increase awareness of its refurbishment program. By increasing transparency on production practices and how they have changed to address recalls, Peloton can begin regaining customer trust. Furthermore, Peloton can also show that it thoroughly refurbishes equipment and gives products new lives, which will help increase awareness of the program and add credibility to the company's sustainability claims.

   KPIs

   - # of new sales of refurbished gear
   - # of new rentals
   - Increase in positive sentiment around Peloton product quality and safety
       - Increase in consumer trust/Net Promoter Score
   - Increase in positive conversation about Peloton's sustainability efforts

3. **Target young grads with new disposable income:** Peloton should target these new grads who have lost access to university gyms but have new disposable income by more heavily advertising rental options and offering special promotions for fresh grads. This strategy could be especially relevant in urban centers where gym access might be difficult. Raising awareness and consideration within the target market would enable Peloton to tap into a new audience using existing products in its portfolio. It would bring new users into the Peloton ecosystem in a more budget-friendly way, stemming potential churn from gym memberships and economic downturns.

   KPIs

   - Increase in annual # of renters
       - % of new renters aged 25-30 living in urban centers

Sources

AI Disclaimer: I used AI to help brainstorm SWOT entries, but all synthesis in the strategic insights is my own.

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Prompt: "help me do a swot analysis for peloton not in the context of the hypothetical case, just generally for the entire company. include real sources. keep in mind that strengths and weaknesses are internal/inherent to the company while threats and opportunities are external/contextual."

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