

## 15.14: Closing Company Case

### Peloton

If you have ever taken a class at your local gym, you know the excitement of the camaraderie and competition that takes place when you are in a class of like-minded individuals all sharing the same goal and passion for performance. Former Barnes & Noble e-commerce executive John Foley liked riding his stationary bike but wanted to bring the gym class experience to his at-home riding sessions. And in 2012, the idea for Peloton was born (Valinsky, 2020).

Hailed as “Netflix for Fitness,” Peloton introduced its first bike in 2013. The company had slow and steady growth. With several rounds of funding, the start-up took off and began to take hold among consumers who enjoyed the rigorous workouts provided by trainers through the built-in bike video screens and subscription service to the various “rides” (Valinsky, 2020).

For Christmas 2019, Peloton debuted what turned out to be a significant ad for the young brand. Featuring a husband buying a Peloton for his wife, the ad took viewers through the mind and thoughts of the wife while she rode her bike and seemingly got more “in shape.” Viewer outrage kicked up as some viewers believed the ad depicted a husband body-shaming his wife with the gift of exercise for the holidays. Check out the Peloton Christmas Commercial from 2019.



While the ad may have sparked some controversy, it did one thing successfully—it got people talking about Peloton. The ads allowed the viewer to glimpse the life of a Peloton user—it showed the fun method of the video courses, the use of the bike no matter what the weather outside, and the potential transformation of the Peloton user.

The other element of the ad’s storyline is that it sparked a parody ad produced by Maximum Effort, a film production and digital marketing agency (Griner, 2021). The agency was founded by the actor Ryan Reynolds, and the parody ad featured a voice-over by Reynolds himself. Although the ad was for Aviation Gin, a brand owned by Reynolds, the ad featured the “wife” from the Peloton Christmas ad. The parody ad did three things—kept people talking about Peloton, created a memorable story for Aviation Gin, and connected Reynolds and the Peloton brand (Griner, 2019).



As Peloton began to take off in the United States, the country literally came to a screeching halt. In January 2020, the COVID-19 pandemic hit the country. Within months, citizens everywhere were quarantined, with gyms, restaurants, travel, businesses—everything—shut down. What started as 14 days to slow the spread turned into months. Remote work and learning became the norm, and people started to feel restless and cooped up in their homes.

As the pandemic surged, so did Peloton. It picked up the fitness gauntlet, and in 2020, for the first quarter ever, the company turned a profit with a 172 percent increase in sales, stock up 220 percent, and over 1 million subscriptions. The new challenge for the organization was in the fulfillment of orders.

During the pandemic of 2019–2021, Peloton became a household name. It was the topic of discussion on the Fox News show *The Five*. Hosts Greg Gutfeld and Dana Perino regularly discussed the joy they got from using their Peloton bikes. Consumers everywhere were “riding out” the pandemic on a Peloton.

Even as sales surged and Peloton became a household name, it was being woven into the fabric of the American culture, such as on the '90s hit show *Sex and the City*. With the aging of the show's stars, the demographic of viewers was prime for a reboot. And so, in late 2021, the show's stars reprised their famous roles, and *And Just Like That* debuted.

The show premiered on HBO to a record audience.

Per HBO Max, the *Sex and the City* revival starring Sarah Jessica Parker, Cynthia Nixon and Kristin Davis had a strong 24-hour performance that ranks as the most viewed series premiere of a new HBO or HBO Max series on the streaming service. Overall, the *AJLT* opener ranks in the Top 10 of all HBO Max's movies and series debuts, including both HBO and Max originals, trailing just some of the tentpole Warner Bros. movies that launched on the platform (Pisani & Graham, 2021).

*However, the huge debut marked a significant moment for Peloton. In the first episode, one of the major stars of the show, Mr. Big, dropped dead of a heart attack after a spin on his Peloton. Throughout the episode, the love affair Mr. Big has with his bike and his appreciation for the instructor provide the major plotline to the show. This led to the question, How would the character's death affect Peloton?*

Product placement has always been a significant public relations initiative of consumer product companies. The *James Bond* franchise traditionally partners with well-known brands for placement in the movies and use by the popular cultural icon. The use of real products helps connect the consumer to the movie. It is usually a boon to the brand, and the movie benefits from the more realistic quality the product adds to the movie.

In the case of Peloton and Mr. Big, Peloton did not pay for the placement, but they did agree to the brand's use in the show. According to a spokesperson for the company, the plotline was a complete surprise (Del Rosario & Andreeva, 2021). So how does the show recover from “death by Peloton”?

Enter a new parody advertisement developed by Ryan Reynolds and Maximum Effort. When Reynolds created the ad for Aviation Gin that poked a little fun at Peloton and its “body-shaming” commercial, the actor became connected with the marketing arm of Peloton. It was time for a new parody. In this go-around, the focus would be on Peloton and Mr. Big. Actor Chris Noth, who played Mr. Big in the television show *Sex and the City* and the reboot *And Just Like That*, agreed to appear in the ad. Less than 48 hours after the show debut and Mr. Big's death, Noth appeared in a Peloton ad, which shows him very much still alive. The big win all around was for Peloton and its significant increase in brand awareness.

The response from Peloton to the death of the main character Mr. Big on *And Just Like That* was to create an advertisement showing him very much alive—a clever approach and certainly an effort that gained Peloton brand recognition. Watch his death on the television show.



### Case Questions

1. How did Peloton reach audiences with its message about the advantages of at-home exercise on its bike and corresponding trainer subscription services?
2. How was Peloton able to discern the effectiveness of its advertising when it debuted the 2019 commercial that was dubbed “body-shaming”?
3. What are some of the ways Peloton has generated brand awareness through publicity?
4. Peloton became the subject of the first episode of the show *And Just Like That*, a reboot of the hit show *Sex and the City*. What are the advantages and disadvantages to the product placement of Peloton in the show's premiere episode?

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