

SKIMS FITNESS

Company descriptive

SKIMS is a solutions-oriented brand creating the next generation of underwear, loungewear and shapewear. It is technically constructed shapewear that enhances your curves to underwear that stretches to twice its size! Skims goal is to consistently innovate on the past and advance our industry for the future.



Product description



Marketing Analysis

24 hours working timeline

Industry Analysis



In the Industry of fitness apparel the customers are seeking and becoming increasingly environmentally conscious, demanding more transparency about how their clothing was produced and the sustainable clothing trends are following. Some clothing apparel websites allow users to sort through products by their preferred sustainability credentials. In addition major companies such as Reebok are highlighting some of their sustainable products made with organic cotton.

More athletic wear companies are using products such as recycled polyester and low-impact, non-toxic dyes. This concern is also extended to the factories where the clothing is produced. Companies such as Patagonia have made pledges to lower energy use and emissions at their factories. Finally, several companies phased out the use of plastic in packaging.

The trend "Athleisure," which now includes yoga pants, jogger pants, tank tops, sports bras, hoodies. Customers are interested in trimming down their wardrobes and buying key pieces of apparel that can be worn in different contexts.

Promo Analysis (nicole)

Advertising

- Instagram
- Tik tok
- Facebook
-

PR events

- Celebrity events
- Celeb endorsements
- Launch party
- Do giveaways? Hold contests to win classes, and small equipment

Developmental Plan

Competitive Analysis

Competitors:

1. Peloton
2. TITLE boxing club
3. Club Pilates

Peloton

Even before the coronavirus outbreak, Peloton was benefiting from the increased desire for convenience when it comes to working out. There's a large demographic out there that has every intention of getting and staying fit, but they just can't find the time. It has become even more important to be able to exercise at home at the time of your choosing, particularly as the pandemic has spread. Even as gyms begin reopening their doors, members are still hesitant to go. These factors play heavily in Peloton's favor.

The company offers a truly differentiated product, as evidenced by its gross margins. In the fiscal 2020 third quarter, Peloton's bikes and treadmills had a 45.3% gross margin. During the same period, **Apple's** products segment generated gross margin of 30.3%. This is remarkable, and it demonstrates the value-add that Peloton delivers.

While critics point to the high price points of the company's products, I think there are three obvious signs that Peloton is building a significant competitive advantage for its business.

The company has mastered the customer experience. Average monthly workouts in the third quarter were 17.7, compared to 13.9 in the prior-year period. Average monthly churn during the period was 0.46%, the company's lowest level in four years. Additionally, the 12-month retention rate was 93%. It seems that once a new member tries a Peloton device for the first time, he or she becomes hooked. Bolstering the user experience is the social and community aspect of being able to share workouts and interact with others in class.

Peloton is also building a platform business model with strong network effects. The company attracts some of the best fitness instructors in the industry to exclusive deals by paying them much more than competitors. As these sought-after instructors join Peloton's platform, it attracts more subscribers. Consequently, as more subscribers join and begin taking classes, top fitness instructors gravitate toward Peloton. As the network grows, it becomes more valuable to all participants.

The company's intangible assets make it difficult for competitors to replicate its business. With a Net Promoter Score of 86, brand recognition and likability are through the roof. Peloton's focus on technological innovation is also a huge strength as it has led to the creation of a powerful community of supporters from which the company collects valuable data that it can use to continually enhance the user experience.

TITLE boxing

TITLE has more than 175 clubs operating across the U.S. — with more than 250 locations currently in development.

“With the global fitness and health club industry generating more than 80 billion U.S. dollars in revenue per year, the metropolitan areas remain hot for TITLE Boxing Club to continue its expansion in the identified markets of Las Vegas, Seattle, Portland, Los Angeles, San Francisco Bay Area, New York City, Long Island, Philadelphia, Baltimore, Washington D.C., Houston, Atlanta, Denver, Austin and Chicago,” says Marty Mazer, TITLE Boxing Club’s Vice President of Franchise Development. “Metropolitan consumers are opting for more flexible, community-focused health and wellness options, and TITLE Boxing Club is dedicated to meeting the identified markets’ demand with its effective, interval-based workout programs – in turn, powering continued brand growth.”

The company recently signed an international agreement that will break the brand into the Dominican Republic and Puerto Rico. TITLE Boxing Club is also looking to grow in Mexico, Canada, Colombia, and Brazil as well. The interval-based workout program offered by TITLE combines bouts of intense cardio, boxing and kickboxing exercises on heavy bags, with short periods of active rest, followed by a core workout with medicine balls. The brand’s differentiator is in not only providing members with an effective workout, but giving them the knowledge and confidence that comes with understanding and master proper boxing technique.

Club pilates

largest Pilates franchise in the U.S. — with 224 studios currently open and operating throughout the country. By the end of 2017, the brand plans to increase that number to 350, with new studio locations set to open in Boston, Philadelphia, New York City, Portland and Seattle, as well as areas of Northern California, and hit over 900 franchise locations by March of next year. With over 50 different types of group classes offered including mat and reformer workouts that improve flexibility, posture, core strength and stamina, it's no wonder that the brand has become such a hit for Pilates enthusiasts who are constantly looking to take their practice to the next level.

“As fitness-minded consumers from the east and west coasts continue to broaden their workout preferences with more mind and body based principles, Club Pilates is stepping up its expansion to meet the demand,” says Anthony Geisler, CEO of Club Pilates. “The uptick in health and wellness-focused businesses is undeniable and now more than ever, consumers in these prime territories are looking for premium and diverse fitness class choices for all ages and levels, offered at affordable price options.”

SWOT Analysis

	STRENGTHS	WEAKNESS	OPPORTUNITIES	THREATS
SKIMS	<ul style="list-style-type: none">-Well known, celebrity endorsed brand	<ul style="list-style-type: none">-expenses of opening new locations-competitors with lower costs-main target audience are Kardashian fans	<ul style="list-style-type: none">-could add live stream classes/ remote classes-outdoor classes-lifting of stay at home orders nation-wide so more people motivated to head back to gyms-upcoming summer months so people motivated to work out more	<ul style="list-style-type: none">-current economic environment because of pandemic -people cannot spend money on luxuries like fitness classes-Brand image closely tied and affected by Kim Kardashian's media image (Kim notorious for causing controversy in the past)
PELOTON	<ul style="list-style-type: none">-97% customer satisfaction--competitive subscription pricing of \$12.99/month which also offsets initial equipment cost.	<ul style="list-style-type: none">-"unclear" branding has lead to questions about products rather than answers.-mentions of internal "leaks" in marketing department and product launches	<ul style="list-style-type: none">-growth opportunity in foreign market (mainly Canada) and product line expansion-	<p>2020 annual report showed limited control over production partners, suppliers and logistics partners which could cause fluctuations in product quality and timelines of services/goods.</p>

MARKET SHARES AND SALES BY END OF 2022..

PELOTON

growth continued in the first quarter of 2021. Its revenue surged 232% year over year to \$758 million, its subscriptions climbed 137% to 1.33 million, and it posted a net profit of \$69 million, compared to a loss of \$50 million a year ago. Its adjusted EBITDA hit \$119 million, compared to a loss of \$21 million last year.

Peloton also remains optimistic about the future. It expects its revenue to rise at least 113% for the full year, its subscriber base to roughly double, and its adjusted EBITDA to grow more than 155%.

Analysts expect Peloton's revenue to rise 116% this year and for its earnings to more than triple. Next year, they expect its revenue and earnings to rise by 33% and 97%, respectively. Based on those estimates, Peloton's stock trades at six times next year's sales and 164 times next year's earnings.

Those valuations are a bit high, but Peloton is still cheaper than some other high-growth tech stocks. However, there are uncertainties about Peloton's post-pandemic growth and future competition. Peloton had a great run and it could still head higher, but it probably won't replicate its gains from 2021 soon.

SKIMS

SKIMS fitness is a newly launched sector of the SKIMS brand, as such there is no past data of sales. Skims is not the first billion-dollar business associated with the Kardashian empire, or with Ms. Kardashian West. She sold a minority stake in her cosmetics line to the makeup giant Coty, valuing it at \$1 billion. Her sister Kylie Jenner sold a majority stake in her own cosmetics line, also to Coty, in a deal that valued it at \$1.2 billion. Based on this history it is predicted that by the end of 2022 will show a steady growth in sales. **Kardashian West** is still the brand's largest shareholder, and she and business partner Jens Grede will keep a majority stake in the company's shares.

Funding Plan (Paressa)