

Peloton uses ‘micro-stores’ to expand retail footprint

Article

The challenge: As Peloton stabilizes its bottom line, it sees significant value in giving consumers a chance to see, touch, and try its equipment in a brick-and-mortar environment.

Balancing those objectives has been tricky. Once operating around 80 stores, Peloton dramatically scaled back to cut costs. Today, only about a dozen locations remain, even as

CEO Peter Stern aims to meet customers “everywhere”—across retail stores, gyms, hotels, online, and live events.

The latest retail strategy: Peloton hasn’t abandoned physical retail, but it is rethinking its approach.

It recently tested a kiosk-style “micro-store” in Nashville with a leaner footprint and a flexible lease. The test outperformed the average North American retail showroom in both revenues and in-store engagement, despite occupying just one-tenth the space, Stern wrote in the company’s shareholder letter.

Based on that success, Peloton plans to expand the concept.

Expanding its reach: At the same time, Peloton is growing its commercial presence to help expose more consumers to its instructors. It launched a pilot with Precor to bring instructor-led Tread classes to select gyms and opened a branded fitness facility at the University of Texas at Austin.

The brand is also leaning into third-party sales to drive incremental revenues. For instance, it saw year-over-year hardware sales growth during [Amazon’s Big Spring Sale](#) by showing up where customers are already shopping.

Our take: For big-ticket items, an omnichannel experience isn’t optional—it’s essential. Micro-stores, gym partnerships, and retail platform visibility offer Peloton a more flexible, diversified path forward.

But the strategy may be too little, too late. The connected fitness boom has long cooled, and with hardware sales down 27% YoY in the latest quarter, Peloton may be pedaling hard with no clear road to recovery.