

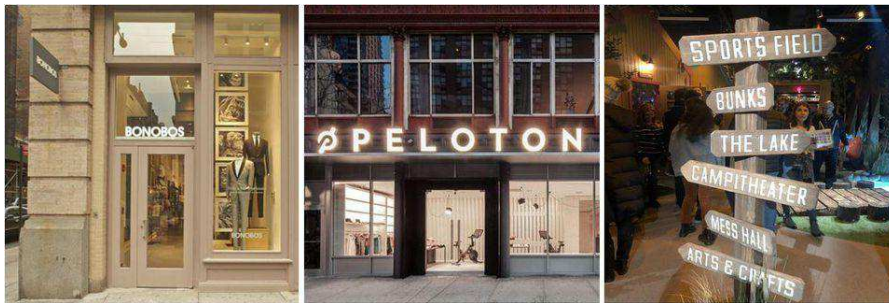
# How Brands Like Peloton, Bonobos And Camp Have Focused On Value Creation Over Selling Goods



**Sanford Stein** Contributor   
Retail

## TWEET THIS

- Men used to have a fit trying to find clothes that fit, but no longer.
- the secret sauce that has propelled the company to a \$4 billion valuation is the social aspect that Peloton is built around.



Bonobos, Peloton and NYC's Camp are high value offerings that differentiate themselves in the marketplace  
FORBES, PELOTON NYC PINTEREST, CAMP BUZZFEED

Since returning from ShopTalk 2019 I've been recovering from "acronym head spin," a common side effect of conference-speak. AI, AR, CCPA, CLV, CDP, ERP, EOM, NPS—is there an app for that? Anyway, aside from the jargon, the time was well spent and insights loomed large. By far the thesis of the gathering was the fusion of the digital and physical retail realms and a new focus on a single view of the customer (SVC).

While that hardly scratches the surface, there was a common thread that I picked up in the many examples of exemplary retailers being singled out. Simply put, it's the creation of great customer value over selling goods. This was particularly evident among the successful category disruptors represented.



Bonobos, Untuckit and Indochino are keeping men from having a 'fit' over good fit  
FORBES.COM

## Great Fit as A Differentiator

Men used to have a fit trying to find clothes that fit, but no longer. 🐦 Thanks in part to the latest plethora of digital native menswear retailers Indochino, Untuckit and Bonobos that have now taken their personalized data-rich brands offline. While there is nothing truly revolutionary about the goods each offers, it's the perceived value associated with their highly personalized approach to the customer that has distinguished them.

Bonobos' revolutionary guide shops broke every rule in the book. Inventory-less showrooms for guys to try on goods and leave empty-handed hardly sounded like a winning business plan. However, Andy Dunn's vision and realization led to a \$310 million buyout from none other than Walmart. The secret sauce behind the digital-first concept was their ability to nail perfect fit, build a personal data-rich profile, and offer the kind of personalized service reminiscent of the bygone men's haberdashery (Gens Y and Z will need to Google this).

New Bonobos CEO Micky Onvural maintains a steadfast focus on their customer while concentrating on maintaining the ideal online/offline synergy that has been key to their success. When I inquired about how the Bonobos/Nordstrom relationship (which contradicts the guide shop concept) factors into the equation I got a candid, straightforward answer: "While our product at Nordstrom accounts for just 5% of our sales, they are a perfect fit." Micky elaborated, saying the customer demographic is a match and the data that they derive is invaluable, even helping determine future guide shop locations.

Similarly, digital-first casual wear retailer Untuckit is bucking the store-closing trend, doubling its size in 2018 from 25 to 50 stores. In a recent interview founder [Aaron Sanandres](#) called his company "digital native have-nots," implying that they have been lean from the start. He underscored the power of an offline/online synergy, where data and customer profiles feed growth and loyalty. Sanandres also emphasized one of the "new truths" of omnichannel, that cross-channel shoppers are worth much more than single-channel shoppers. His offline success formula is simple: 1) get fitted, 2) drink scotch (or water) and 3) choose styles. And for the already initiated, the in-store conversation begins with, "Mind if I bring up your profile?" This is the very definition of clienteling.



Peloton has built their brand around a cult-like social media presence and a closed-loop ecosystem second to none [PINTEREST AND ONEPELTON.COM](#)

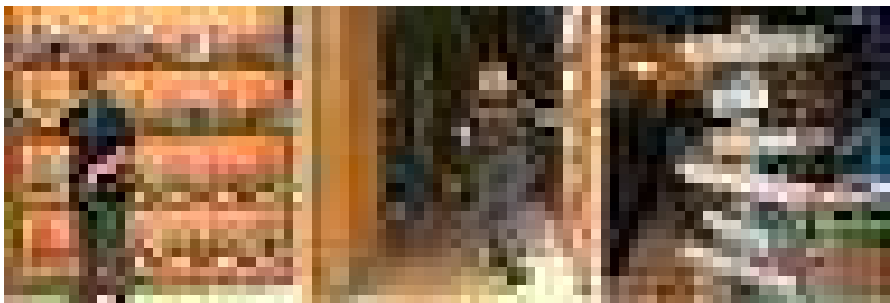
## **Fitness at Another Level**

Having spent several years as a consultant to the Brunswick-owned Life Fitness brand, I have a deep understanding and appreciation for what the organization must do to build and sustain a premier fitness brand. And things have not been going great for LF. While it is now a stand-alone company, freed from the Brunswick mothership, it is battling with poor performance and disappointing year-over-year sales.

So, I've been particularly engaged in the various Peloton discussions at the conference and in the media. Curiously, the company founders categorize it as a media-technology-retail-logistics company (à la Amazon). By comparison, I suspect Life Fitness still think of itself as a fitness equipment manufacturer. Beyond the definition, the Peloton brand is a closed-loop ecosystem that controls every aspect of the brand (à la Apple). This begins with the equipment design and includes the nature of the workout, the instructor training, as well as designing and building the hardware and software that allows you to stream classes. [Even the \\$250 delivery and installation is controlled by the company.](#)

But the secret sauce that has propelled the company to a \$4 billion valuation is the social aspect that Peloton is built around. [🐦 Dr. Sari Shepphird](#), a Los Angeles-based sports psychologist, told [Recode](#): "I think the reason this might be different is we relate to people digitally and have conversations over social media. Peloton has found a way to integrate the social aspect of working out in a manner we've become used to."

This has contributed to Peloton's more than 440,000 Facebook followers, and the star status that some of its lead instructors have attained. And I would add that the attention to the most minute detail, across all the brand touchpoints, reinforces the "[neurological connectivity](#)" that fuels great brand value. As brand Grande dame Faith Popcorn used to say, "their followers join the brand, they don't buy the products."



Camp, with support from BuzzFeed has reimaged the toy store, emphasising play and discovery  
BUZZFEED.COM

### **Creative Play Versus Toy Sales**

Toy retailing has not yet gotten over the demise of Toys "R" Us. At ShopTalk, Mattel's president and COO Richard Dickson stated that Toys "R" Us alone made up 8% of their business. I would argue that beyond Toys "R" Us' mounting debt and internet competition, it remained fixated on warehousing toys rather than focusing on play, discovery and having fun. How ironic.

Among the disruptors reimagining what a toy store can be, is the New York City-based Camp. For those not yet initiated, Camp, at first blush, appears to be a specialty toy store. That is until you makes your way through the “magic door” and discover a carefully curated play zone for kids of all ages, referred to as Base Camp. It offers classes and activities aimed at new moms and active youngsters. The 10,000-square-foot New York Flatiron district installation is a joint venture with BuzzFeed, and is intended to continually refresh itself about every 8 to 12 weeks. [Story founder Rachel Shechtman](#) is a board member.

The store features about 2,500 products that manufacturers/creators are paying a hefty fee to be featured in the experiential space. Additionally, activities and classes at Base Camp are available to individuals or groups for between \$20 to \$30 per person, sounding very much like the popular Museum of Ice Cream. Both concepts ratify Joe Pine and Jim Gilmore’s predictions in their defining book *The Experience Economy* from 20 years ago. The team predicted that stores of the future could and would become pay-to-play environments. Imagine if Toys "R": Us had similar insights.

*Sanford Stein is a retail trend forecaster, designer and speaker. He’s the founder of RETAIL SPEAK on LinkedIn and the author of the 2015 IBPA Award-winning book RETAIL SCHMETAIL. @schmetail*



**Sanford Stein** Contributor

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I am the product of an ‘immersive’ retail upbringing as the son of a midcentury American merchant. I witnessed my dad and uncle go from accidental retailers to brand bui...

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