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## Wahoo Fitness: Segmentation and Data Insights

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The COVID-19 pandemic had a major impact on the personal fitness industry throughout 2020.<sup>1</sup> “Indoor training had been slowly growing, but the shift indoors due to lockdowns really tipped the scale,” said John Closs, head of business insights at Wahoo Fitness (Wahoo) in Atlanta, Georgia. “It got more people into cycling.” As a result, Wahoo’s sales skyrocketed; by spring 2021, it was still catching up on the backlog.

One month before the impact of the coronavirus closed businesses in the United States, Wahoo launched its first watch—the Elemnt Rival GPS smartwatch. The watch catered to triathletes and included specific features for them. For example, it was the first smartwatch to include touchless transition for triathletes. It was able to identify shifts between swimming, cycling, and running, and to automatically switch modes. In summer 2021, the Elemnt Rival watch was featured among the best men’s cycling gear of the year.<sup>2</sup>

Closs and the team at Wahoo were excited about the potential of this new category. It was the entryway into a market valued at \$19 billion in 2020 and projected to grow at a CAGR of 38.6% over the next six years.<sup>3</sup>

The company turned to its roots—data insights. Closs and the team started with qualitative data surveys to identify customer segments and extract insights into other market opportunities. “Wahoo still had a relatively low awareness,” Closs said. “Right now, if you don’t consider yourself a cyclist, you are probably not a Wahoo customer.” The data uncovered potential sports activity customer segments—competitive, social, and leisure. Then they asked what that would mean for Wahoo. Was now the time to engage with cycling hobbyists or leisure cyclists? Or did it make sense to expand on the initial success of the smartwatch and offer more products in the running segment? The option to leverage Wahoo’s expertise in software and add more tracker features might also be attractive.

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<sup>1</sup> This is a field-based case. All information and quotations, unless otherwise noted, derive from author interviews with company representatives.

<sup>2</sup> Josh Patterson, “The Best Men’s Cycling Gear of 2021,” *Outside Magazine*, May 10, 2021, <https://www.outsideonline.com/outdoor-gear/bikes-and-biking/best-mens-cycling-gear-2021/> (accessed Aug. 6, 2021).

<sup>3</sup> “Outdoor Sports GPS Device Market Size 2021 with CAGR of 38.6%, Top Growth Companies: Garmin, SUUNTO, Adidas, and, End-User, SWOT Analysis in Industry 2026,” Market Watch press release, June 16, 2021.

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This field-based case was prepared by Henrique Lopes (MBA ’22); Rajkumar Venkatesan, Ronald Trzcinski Professor of Business Administration; and Gerry Yemen, Director, Darden Case Writing Research Group. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2022 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. To order copies, send an email to [sales@dardenbusinesspublishing.com](mailto:sales@dardenbusinesspublishing.com). No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation. Our goal is to publish materials of the highest quality, so please submit any errata to [editorial@dardenbusinesspublishing.com](mailto:editorial@dardenbusinesspublishing.com).

## Wahoo Fitness Story<sup>4</sup>

Buying a failing floating-water-dock business might not have been the career path Chip Hawkins had planned on after earning an MBA at Rice University, but that was exactly what he did in 2002. Hawkins and his partner led a turnaround at Wahoo Docks as business grew year over year. The water-dock industry heavily relied on new construction and sales of new houses. With the real estate market crash in 2008, Wahoo Docks went from doubling sales year over year to flat growth.

With the slowdown in the water-dock business, Hawkins found himself with more free time. His wife convinced him to sign up for a duathlon. Although he was a water sports enthusiast, Hawkins had not done much cardio exercise up to that point and had to quit midway through the first race. That experience motivated him to get serious about physical fitness. He bought better equipment and started training.

Motivated by his time training, Hawkins eventually got into triathlons. His engineering background instilled in him the importance of data and validation. Cyclists mainly relied on five data categories: *distance* and *elevation* helped cyclists understand how far they pedaled and at what steepness (called gradient); *speed* informed cyclists of how fast they moved (but it was not a good indication of effort, since riding downhill was easier than riding uphill); *heart rate* helped cyclists understand how hard their bodies were working; and *power*—perhaps the most unique, yet important, data for cyclists—allowed cyclists to measure their effort in a reliable and consistent way. Power, or the amount of energy used over time, was measured in watts and was consistent even over widely different road gradients and wind conditions; as such, it was key to training. Combining the five sets of data, a cyclist was able to know their distance, power, speed, elevation, and heart rate at any exact point in time.

While training, Hawkins relied on a Garmin bike computer for distance and speed data but had to use another device for power data. Merging data between devices was a challenge. Additionally, it was a hassle to upload data into his computer and impossible to upload it to his smartphone. Hawkins knew he could build a better product. He started building an adapter that allowed a sensor to connect to a smartphone. The co-owner of Wahoo Docks became the founder of Wahoo Fitness in November 2009.

### Wahoo's first success

Running and cycling apps were already prominent in app stores and widely used by 2010 (e.g., Runkeeper, Mapmyride, Strava). Since one of the most common requests from app customers was the ability to track and upload heart rate data to their phones, Hawkins built a wireless Ant+<sup>5</sup> system key adapter that would connect heart rate monitors and other wireless health and fitness devices to a smartphone. In search of a partnership for the new Ant+ adapter technology, Wahoo reached out to contacts at Apple. Although the company was uninterested, a contact there shared a vague hint that a new technology had just been released in one of its new devices that might be of interest. Hawkins browsed online and discovered that the newly released MacBook Air included Bluetooth Low Energy (BLE) technology.<sup>6</sup> The BLE technology was not advertised at all by Apple. If Apple implemented the BLE technology in the iPhone, it would completely disrupt Wahoo's core product, which used the Ant+ system. Hawkins and his team decided to bet that the next iPhone, the iPhone 4S, would

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<sup>4</sup> The material in this section draws heavily from two podcast interviews with Chip Hawkins: "Chip Hawkins North of Atlanta, Georgia," July 7, 2019, in *Home Roads*, hosted by Matt Barbet, podcast, MP3 audio, 32:17, <https://podcasts.apple.com/us/podcast/chip-hawkins-north-of-atlanta-georgia/id1390742483?i=1000443879801>; and Triathlon Taren Podcast, episode "Wahoo Fitness Founder Chip Hawkins on: Starting Businesses, the Future of Bike Tech, and Taking Risks," October 1, 2017, in Taren's MōTTIV Method Podcast hosted by Taren Gesell, podcast, MP3 audio, 1:03:57, [https://podcasts.google.com/feed/aHR0cHM6Ly90cmVhdGhsc250YXJlbnBvZGNhc3QubGlic3luLmNvbS9yc3M/episode/aHR0cDovL3RvaWF0aGxvbnRhemVulmNvbS8\\_cD05OTE?sa=X&ved=2ahUKEwjQsdrL2t7wAhURioQIHRy0CEM0kFYCegQIARAF](https://podcasts.google.com/feed/aHR0cHM6Ly90cmVhdGhsc250YXJlbnBvZGNhc3QubGlic3luLmNvbS9yc3M/episode/aHR0cDovL3RvaWF0aGxvbnRhemVulmNvbS8_cD05OTE?sa=X&ved=2ahUKEwjQsdrL2t7wAhURioQIHRy0CEM0kFYCegQIARAF) (both accessed Aug. 8, 2021).

<sup>5</sup> Ant+ was a network protocol like Bluetooth but with more flexible ways for network devices to connect to each other. See "ANT Wireless Networks: Help," <https://developer.garmin.com/ant-program/help/> (accessed Jan. 26, 2022) for more.

<sup>6</sup> BLE wireless required less energy than Bluetooth and other network protocols.

come with BLE technology enabled. The team at Wahoo immediately started researching and developing a new BLE system, which included running around the parking lot with a MacBook Air strapped to their backs!

When Apple released the iPhone 4S in October 2011, everyone at Wahoo was ecstatic to see that the new phone did indeed have BLE technology. Within a couple of months, Wahoo launched a BLE-enabled heart rate monitor, and for one and a half years it was the only BLE-enabled fitness technology in the market. Apple started selling Wahoo's products in the Apple store, and all fitness apps started using Wahoo's application programming interface (API). Wahoo's sales took off.

### Wahoo's growth

As Hawkins's interest in triathlons grew, he spent more time training inside and bought a CompuTrainer indoor bike trainer.<sup>7</sup> CompuTrainer had been making indoor cycling training equipment since the 1970s. Hawkins's first indoor cycling experience was like his introduction to riding outdoors with multiple incompatible fitness trainers. The CompuTrainer system was clunky and difficult to use. Unlike his outdoor cycling experience, however, there already were several players in the smart indoor trainer industry. Hawkins was not discouraged. He recalled one of his MBA professors saying that having other players present in the market was a good thing. It showed that there was a real and viable business to be made.

Hawkins and his team realized that most companies in the indoor trainer industry, such as Tacx, made their equipment using a closed system. That meant their proprietary software could be used only with their trainer. Wahoo saw an opportunity to build an open system. In 2013, Wahoo launched the Wahoo Kickr as its first smart indoor trainer.<sup>8</sup> The Kickr came with an open API, and Wahoo encouraged people to develop software around it. Shortly thereafter, numerous computer software and apps started popping up. Some, including Zwift and TrainerRoad, would become huge hits. This decision to offer an open system enabled Wahoo to partner with several new software companies. "As a company we are driven to innovate on fitness technology and leverage workout data so athletes can consistently improve the way they train and perform," Hawkins said.<sup>9</sup> Customers loved it, and the Wahoo Kickr became the market leader. Wahoo built several different products and accessories around the Kickr brand, winning awards for top design. The Wahoo Kickr brand continued to hold the top position in the smart trainer market in 2021. In addition to the Kickr brand, Wahoo developed a successful cycling product portfolio (see **Exhibit 1**).

In 2018, Wahoo received funding from investment firm Norwest Equity Partners<sup>10</sup> and started to look for acquisitions to grow its brand. The following year, Wahoo acquired pedal manufacturer Speedplay and software company Sufferfest. Speedplay had a long history of product innovation and grew to become one of the leading high-performance pedals. It had a similar mission to Wahoo's—improving the cyclist experience—and fit in well with Wahoo's product portfolio. Sufferfest was a bit different. Sufferfest was a software product that competed directly with Zwift and TrainerRoad, some of Wahoo's long-term partners. At that time, Zwift announced that it would start to build its own hardware products, including indoor trainers. "We think that Sufferfest is different from everything that is out there," Closs said. "It uniquely blends content and structured training workouts in a way that is different from anything else in the industry."

<sup>7</sup> Outdoor bicycles were attached to these devices enabling riders to train indoors.

<sup>8</sup> An indoor trainer was a product that connected to a cyclist's regular bicycle to turn it into a stationary bicycle. A smart indoor trainer allowed the cyclist to connect the trainer to a computer and control the resistance of their pedaling. This allowed for a software to control the bicycle and give the cyclist a real simulation of outdoor riding. For example, as a cyclist went uphill within the virtual world, it would become harder for them to pedal at home.

<sup>9</sup> BRAIN Staff, "Wahoo Fitness, after Growing 235% in Three Years, Lands on the Deloitte Fast 500 List," *Bicycle Retailer and Industry News*, December 12, 2017, <https://www.bicycleretailer.com/industry-news/2017/12/12/wahoo-fitness-after-growing-235-three-years-lands-deloitte-fast-500-list#.YTIJZSfeSmUl> (accessed Sept. 3, 2021).

<sup>10</sup> John McNulty, "NEP Invests in Wahoo Fitness," *Private Equity Professional*, July 26, 2018, <https://peprofessional.com/2018/07/nep-invests-wahoo-fitness/> (accessed Jun. 13, 2021).

By spring 2021, Wahoo was a leading brand in cycling, employing over 300 people. “Our business was a 50/50 split between US and international,” Closs said. “Growth is especially coming out of Europe.” To that end, worldwide, Wahoo sponsored some of the biggest names in the industry, including Peter Sagan, Mathieu van der Poel, Julian Alaphilippe, and Jan Frodeno. Additionally, Wahoo sponsored cycling teams including the INEOS Grenadiers, Quick-Step, Bora-Hansgrohe, and Alpecin-Fenix.<sup>11</sup> Athletes using Wahoo products had won all major races in cycling and triathlon, including the Tour de France, Giro de Italia, Ironman Kona World Championship, and the Olympics.<sup>12</sup> See **Exhibit 2** and a Wahoo YouTube video<sup>13</sup> for photos.

### Wahoo Fitness Product Overview

The company he founded had come a long way from where Hawkins had started. From the adapter that launched Wahoo to the move into wearable products with the smartwatch, Hawkins had been intentional about growth and new products. Each of Wahoo’s product offerings could be categorized as hardware or software. Wahoo started as a hardware company, and the majority of its revenue still came from the hardware fleet of products. These included three different categories: indoor cycling, outdoor cycling, and multisport.

*Indoor cycling:* Wahoo’s indoor products enabled cyclists to control and simulate outdoor conditions, providing a “real ride” experience that navigated between virtual and reality. These products were often used to train at home. Professional cyclists also used these products to warm up and cool down before and after races.

*Outdoor cycling:* Wahoo’s outdoor products were intended to improve the cyclist’s experience while riding outdoors. Its GPS computers tracked and recorded all available data, and it allowed for on-device navigation to get the cyclist to where they wanted to go. Wahoo’s proprietary pedal system improved cyclist performance and safety.

*Multisport:* Wahoo’s multisport products allowed customers to track and record data in a variety of different sports. The Elemnt Rival GPS watch focused on triathletes and included specific features for runners, swimmers, and cyclists.

On the software side, Wahoo offered Wahoo Fitness phone apps and acquired Sufferfest’s training platform (see **Exhibit 3** for details of Wahoo’s software products). “We need to increase revenue from our software products,” Closs said. “I would like to push more hardware customers to software subscriptions and increase customer lifetime value.” Closs didn’t see software as a “winner-take-all” market. “I don’t see why you can’t subscribe to Sufferfest and Zwift,” he said.

To purchase Wahoo products, customers could order directly from Wahoo’s website or through international distributors, dealers, or retailers in 49 cities worldwide.<sup>14</sup> In the United States alone, Wahoo products were available in 214 retailers.<sup>15</sup> “Wahoo pursues a multilevel sales concept in Europe, working partly with distributors,” Kevin Apt, head of sales, said. “But in many areas there is reliance on a direct dealer approach.”<sup>16</sup> Wahoo used a global network of warehouses to distribute its products to more than 97 countries.<sup>17</sup>

<sup>11</sup> Fun fact: UVA student and pro cyclist Edward Anderson rode for Alpecin-Fenix.

<sup>12</sup> See “Wahoo Athletes,” Wahoo Fitness, <https://www.wahoofitness.com/athletes> (accessed Jan. 26, 2022) for more.

<sup>13</sup> “Wahoo Fitness Case Opener 2021,” YouTube video, 1:14, posted by “Darden ClassVideo,” September 30, 2021, <https://www.youtube.com/watch?v=J7XBE2u0jI8> (accessed Jan. 27, 2022).

<sup>14</sup> “International Retailers,” Wahoo Fitness, <https://www.wahoofitness.com/international-dealers> (accessed Sept 7, 2021).

<sup>15</sup> “Store Locator,” Wahoo Fitness, <https://www.wahoofitness.com/store-locator> (accessed Sept. 7, 2021).

<sup>16</sup> Gary, “Wahoo Fitness Confirms Dedicated Territory Manager in Southeast Europe,” Endurance.biz, March 19, 2020, <https://endurance.biz/2020/industry-news/wahoo-fitness-confirms-dedicated-territory-manager-in-southeast-europe/> (accessed Sept. 9, 2021).

<sup>17</sup> “Shipping & Delivery,” Wahoo Fitness, <https://www.wahoofitness.com/shipping-and-delivery> (accessed Sept. 7, 2021).

## Competitive landscape

Wahoo Fitness found itself in a quickly evolving competitive landscape that provided some unique challenges—some formerly exclusive partners evolved to become competitors. Emerging technologies such as wearable fitness devices and augmented reality had changed consumers' experiences. "We don't view Fitbit, Apple watches, and even Peloton to be much of a competitor," Closs said. "Garmin's acquisition of Tacx—our largest competitor in indoor equipment—made it our number one competitor." Wahoo's competitors included the following:

*Garmin* offered products across a variety of sports categories, such as cycling, swimming, and hiking. While Garmin traditionally focused on wearables, accessories, and GPS tools, its 2019 acquisition of Tacx, a manufacturer of indoor cycling trainers and other cycling specialty equipment, moved it into the fitness segment. With this acquisition, Garmin moved directly into Wahoo's largest product category, and the two companies were now competing head-to-head in all categories. Garmin had strong capabilities and a strong strategic position, with data on endurance athletes, to step into Wahoo's space with confidence.

*Zwift* was one of Wahoo's major partners. It was a software company that provided an app for indoor cycling and running. With the app, users could explore or compete in races, across the digital world of Watopia or within a rotating collection of cities and countryside worldwide. Zwift had not released data on how many users it had, but an estimated 20,000 individual users visited its platform each day, and 120,000 people participated in the 2020 Tour de Zwift event.<sup>18</sup> The app connected to a variety of hardware, embracing an open-access strategy similar to Wahoo's, and Wahoo products could be purchased on the Zwift website. "If consumers use Zwift but have a whole Wahoo hardware setup," Closs said, "we don't get that data—we give customers the option to share their data with whoever they want." In September 2020, Zwift raised \$450 million at least in part to finance the creation of its own hardware offerings<sup>19</sup> and employed more than 500 people.<sup>20</sup>

*Peloton* was an exercise equipment company founded in 2013 in the United States. Peloton had seen considerable growth, especially through the release of its stationary bicycle. The company reduced its bike price by \$350 in 2020, and revenue from that segment increased 169.7% by June 2021.<sup>21</sup> It had over 6,500 employees.<sup>22</sup> In addition to the hardware, the company had its own community software that distributed content such as instructional videos and live exercises. Subscription revenues jumped from \$80.3 million in 2018 to \$363.7 million in 2020.<sup>23</sup> While Peloton's focus on hardware and content was similar to Wahoo's, its targeted market segment was considerably different.

*Apple, Samsung, and Google.* While these tech companies might not seem like competitors at first glance, they did make subtle moves into the endurance sport market. With the introduction of the Apple Watch in 2015, Apple entered into the wearables market, and it quickly became the top wearables seller. While the watch wasn't marketed specifically for athletes, Apple had been developing features to make it more appealing for athletic activities. With the ability to track real-time workout data, built-in workout tracks, and different exercise routines for swimming, running, and cycling, Apple positioned itself as a real competitor in the space.

<sup>18</sup> Gary, "Zwift by Numbers: 120K Take on the 2020 Tour de Zwift," *Endurance.biz*, February 21, 2020, <https://endurance.biz/2020/industry-news/zwift-by-numbers-120k-take-on-the-2020-tour-de-zwift/> (accessed Jun. 13, 2021).

<sup>19</sup> "Zwift Plans to Offer Its Own Hardware Following \$450 Million Investment," *Bicycle Retailer and Industry News*, September 16, 2020, <https://www.bicycleretailer.com/industry-news/2020/09/16/zwift-plans-offer-its-own-indoor-bike-following-450-million-investment#.YEZisdXOIEY> (accessed Jun. 13, 2021).

<sup>20</sup> Nat Rubio-Licht, "Setting the Pace: Silicon Beach Players Are Paving the Way for Post-Pandemic Workplaces," *Los Angeles Business Journal*, June 28, 2021, <https://labusinessjournal.com/news/2021/jun/28/tech-companies-pave-way-post-pandemic-workplaces/> (accessed Sept. 30, 2021).

<sup>21</sup> Peloton SEC Form 10-K, 2021.

<sup>22</sup> Peloton SEC Form 10-K, 2021.

<sup>23</sup> "Annual Subscription Revenue of Peloton Worldwide from 2017 to 2020," Statista, <https://www.statista.com/statistics/1203061/peloton-subscription-revenue/> (accessed Sept. 9, 2021).



*Other players.* Other smaller players in the field competed on several different angles. Polar (with 1,200 employees),<sup>24</sup> Suunto (with 400 employees),<sup>25</sup> and Coros all played in the crowded GPS sport watch category. With approximately 500 employees,<sup>26</sup> Whoop offered a wearable product and accompanying app focused on a more holistic health profile, including sleep and stress. There were also platforms such as Strava, with over 275 employees,<sup>27</sup> that created a social media space for exercise enthusiasts. “Strava is a super important partner and is the most widely used platform by our customers,” Closs said. The fitness technology space was complex and crowded.

The COVID-19 pandemic did present Wahoo with an interesting competitive twist. Wahoo was better able than its competitors to take advantage of a surge in demand, as the strong manufacturing relationships it already had in place enabled it to scale up faster. This led to a market share increase for indoor trainers.

### Wahoo Expansion Options

By focusing on the “tip of the spear” cyclist, Wahoo had created a dominant brand within the “hardcore” cycling segment. “Wahoo doubled down on what we do well—avid cyclists and endurance athletes,” Closs said. “For us it is all about the ecosystem of our products and how they work together.” Yet growth potential within this niche segment was limited. With the launch of the Elemnt Rival watch, Wahoo officially expanded into the triathlete’s segment. This was a logical next step given the overlap of triathlon and cycling. Many triathletes already used Wahoo’s cycling products. Thinking about expansion, Closs and his team looked at three areas that could be good fits for Wahoo:

*Spinning:* Led by Peloton, there had been a massive increase in the popularity of spinning classes from home. Wahoo had the technological expertise in developing indoor cycling equipment, and it could easily develop products catered to that market. There was, however, a big difference between Wahoo’s and Peloton’s customers. Peloton customers were more focused on general fitness, while Wahoo customers were preparing for their next race. Moreover, Wahoo lacked the media content that Peloton had created with its professional instructors. Spinning presented an opportunity to reach a larger audience (expected to grow from \$508.9 million to \$623.8 million in 2026),<sup>28</sup> but it could also damage the branding Wahoo had successfully built around the competitive cyclist.

*Running:* The Wahoo Elemnt Rival watch presented the opportunity to expand into running, a much larger segment than cycling. The Rival watch already included the basic technology tools that runners needed. The drawback was that many runners didn’t know about the Wahoo brand. Additionally, running was a segment with fierce competition and many established players such as Garmin, Apple, and Fitbit. Could Wahoo differentiate from competitors? Would using the same “tip of the spear” strategy work to develop new products and features for runners?

*Existing customers:* Another growth strategy would be to continue to focus on its existing customers—passionate cyclists and triathletes—but with new products and services. This could include entering new hardware product categories, expanding existing hardware categories, or developing new software content, features, and metrics to grow recurring software sales. Wahoo had the engineering, hardware design, and

<sup>24</sup> “Who We Are?,” Polar, [https://www.polar.com/en/about\\_polar/who\\_we\\_are](https://www.polar.com/en/about_polar/who_we_are) (accessed Sept. 30, 2021).

<sup>25</sup> “Join the Adventure at Suunto,” Suunto, <https://www.suunto.com/en-us/About-Suunto/careers/> (accessed Sept. 30, 2021).

<sup>26</sup> Andrei Chirileasa, “US Startup with Romanian Co-Founder Reaches USD 3.6 Bln Valuation,” *Romania Insider*, August 31, 2021, <https://www.romania-insider.com/whoop-valuation-aug-2021> (accessed Sept. 30, 2021).

<sup>27</sup> “Strava Accelerates Growth with Opening of New Office in Dublin, Ireland,” PRNewswire, July 21, 2021, <https://www.prnewswire.com/news-releases/strava-accelerates-growth-with-opening-of-new-office-in-dublin-ireland-301338062.html> (accessed Sept. 30, 2021).

<sup>28</sup> “Global Exercise Bike Market: By Product Type,” EMR, <https://www.expertmarketresearch.com/reports/exercise-bike-market> (accessed Sept. 10, 2021).

software development expertise to create new hardware. However, developing new content and software features would require building out several capabilities within the company. For example, training software program recommendations on Wahoo's Systm app<sup>29</sup> could be further personalized based on customer training data but would require Wahoo to invest in data science capabilities for algorithm development. In terms of hardware, new versions of watches, heart rate monitors, and other GPS products could be developed specifically for triathletes. Industry-wide trends pointed to new tracking devices in the form of bracelets, rings, or glasses. Some in the industry were exploring clothing items such as smart shirts, shoes, socks, hats, or pants that could track athlete performance.<sup>30</sup>

### Consumer Survey

To keep pace with competitors as well as grow beyond them, Wahoo had several areas to consider. Customers wanted easy-to-use devices, innovation, and functionality. Additionally, "we want to create a more seamless experience," Closs said. Wahoo collected product, website, and social media data. "We leverage data on our apps to better understand our customers and to create better products," Closs said, "and do better cross-selling." As the team considered growth, Wahoo decided to conduct a survey to gather data and ultimately improve its strategy, consumer targeting, marketing plans, and innovation pipeline. Closs and his team hoped to use insights from the survey to assist Wahoo in deciding where to expand next. More specifically, objectives of the research included the following:

- Understand sizing, targeting, and profiles of the different consumer types that "live an active lifestyle"
- Define consumer types that have highest potential for Wahoo
- Understand behaviors, product usage, and attitudes of existing and potential Wahoo consumer types

The survey used two different data sources. The first was 250 Wahoo users identified via the Wahoo owners mailing list. The second was 400 random people identified by a third-party consulting company. The survey participants had to fit the following criteria:

- Perform at least some sport activity regularly each week
- Spend at least \$100 on sports in last 12 months
- Age: 18–65 years old
- Gender: Maximum 300 participants either gender
- Cyclist quota: 100 respondents (few times a month)
- Runner quota: 100 respondents (1–4 hours per week)
- Triathletes quota: 50 respondents (few times a month)
- Indoor bike training quota: 100 respondents

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<sup>29</sup> The Systm app was a rebranded update of an app on The Sufferfest, which Wahoo had acquired: Michelle Arthurs-Brennan, "Wahoo Systm absorbs The Sufferfest into a New More Corporate App (and You Should Absolutely Check It Out)," *Cycling Weekly*, September 28, 2021, <https://www.cyclingweekly.com/products/wahoo-systm-absorbs-the-sufferfest-into-a-new-more-corporate-app-and-you-should-absolutely-check-it-out> (accessed Jan. 27, 2022).

<sup>30</sup> For examples of these products see Ambiotex, Owlet, and Sensoria, "Connected Wearable Device Market in Healthcare, Wellness, and Fitness Market Outlook and Forecasts 2021–2028," Mind Commerce, January 2021, <https://www.researchandmarkets.com/reports/5232537/connected-wearable-device-market-in-healthcare> (accessed Sept. 7, 2021).

The survey included two sets of questions about the customers' attitudes and behaviors, as shown in **Exhibit 4**. Additionally, the survey indicated several facts about each customer, such as gender, age, sports practiced, and equipment used during activity. See **Exhibit 5** for the segmentation process.

### Segmentation profiles

There were several different segments within the Wahoo customer survey data, and some had little variance between them. There were, however, three distinct profile classes, which the Wahoo team labeled "Competitive Casey" (36% of data), "Social Sean" (28% of data), and "Leisure Logan" (35% of data). All three shared common characteristics, such as they had practiced their sport(s) for over three years, they tracked and used data to measure their performance, and they were knowledgeable about their sport equipment. See **Exhibit 6** for profiles.

The differences among the three main profiles offered insights into who spent more money on their sporting equipment. Another pattern showed that women tended to be more likely than men to participate in leisure sport activities (52%), rather than competitively (22%) or socially (19%). Regardless of type of participation, sports activities were more prominent among those between the ages 30 and 49 across all profiles, and on average spinning was popular. As the Wahoo team examined the qualitative research results, they recognized how useful it was for understanding of the range of possible segment solutions and how segments compared to each other. See **Exhibit 7** for comparisons across profiles.

### Where to Go from Here?

While the COVID-19 pandemic was a tragedy that impacted humans worldwide, for the fitness industry, it had a small silver lining. Lockdowns and isolation drove an increased interest in cycling, opened people up to the benefits of exercising at home, and heightened the importance of mental and physical health for many individuals. More customers wanted in-depth tracking data that encompassed more components of their lives, as well as more interactive and social fitness experiences. The shift in industry dynamics highlighted opportunities and attracted capital that allowed many companies to pursue expansion through product offerings. Moreover, it opened doors for new entrants.

Wahoo was in the same position. Many of the pandemic-induced changes drove success in the short term for Wahoo. It also brought up the question of where to expand next. Should the company move beyond "hardcore" cyclists and triathletes to capture more of the mainstream fitness-conscious Peloton users? Should Wahoo extend into the running segment with its new GPS watch? Or should it launch new software features and hardware products to target existing customers? Or something else? Closs and his team would use the survey results as a starting point to better understand who Wahoo consumers were, or might be, as they tailored strategies around product offerings.



Exhibit 1

**Wahoo Fitness: Segmentation and Data Insights**  
 Wahoo Hardware Product Portfolio March 2021

**FULL SUITE OF INNOVATIVE SOLUTIONS FOR THE DIGITAL ATHLETE**  
 EVER-EXPANDING PRODUCT OFFERING ACROSS A VARIETY OF ATTRACTIVE FITNESS CATEGORIES

|                                  | INDOOR CYCLING   |   |   |   | OUTDOOR CYCLING  |   |   |   | MULTI-SPORT   |      |  |
|----------------------------------|--|---|---|---|--|---|---|---|---|------|--|
|                                  | KICKR BIKE   | KICKR SMART TRAINER   | KICKR SNAP SMART TRAINER  | KICKR ACCESSORIES   | ELEMINT BIKE COMPUTERS   | RPM SENSORS   | SPEEDPLAY PEDALS  | ELEMINT RIVAL GPS WATCH   | TICKER HEART RATE MONITORS  |      |  |
| <b>Description</b>               | Fully customizable indoor smart bike that recreates authentic outdoor bike ride feel – including downhill – so you can always stay on virtual descents | Indoor smart trainer design with carbon steel body for durability and stability, to hold up to the demands of all types of cyclists | Convenient, easy to set up wheel-on smart trainer with the realistic ride experience Wahoo smart trainers are known for | Products include an indoor cycling desk, Bluetooth fan, and indoor grade simulator to bring the indoor cyclist's experience to the next level | Smart navigation features allow for on-device navigation including "Back on Track" re-routing which will get you to your destination even if you veer off course | RPM speed and cadence sensors are sleek, magnet-less solutions for capturing cycling data including speed and cadence | High performance cycling pedals made for the serious enthusiast or technical aficionado who wants a performance product | Unique multi-sport features like Touchless Transition, Multi-Sport Handover and Perfect View Zoom create a seamless performance advantage | Accurately tracks heart rate and calorie burn during any activity or workout - one of the lightest and slimmest heart rate monitors |      |  |
| <b>Price (\$USD)</b>             | \$3,500  | \$1,200   | \$500   | \$250 - \$600   | \$230 - \$380  | \$40  | \$150 - \$270   | \$380   | \$50 - \$80   |      |  |
| <b>Year Launched<sup>1</sup></b> | 2019   | 2013  | 2017  | 2016  | 2015   | 2014  | 2021  | 2020  | 2012  |      |  |
| <b>Latest Product Launch</b>     | 2019   | 2020  | 2017  | 2018  | 2019   | 2016  | Acquired in 2019;   | 2020  | 2020  | 2020 |  |

Source: Company document, used with permission.

Exhibit 2

**Wahoo Fitness: Segmentation and Data Insights**

INEOS Pro Cyclist Michal Kwiatkowski Warms Up on Wahoo Kickr



Source: Wahoo Media Kit. Used with permission.

Exhibit 3




**Wahoo Fitness: Segmentation and Data Insights**

Wahoo Software Product Portfolio

**TRAINING SOFTWARE BUILT TO EMPOWER THE DIGITAL ATHLETE**

FITNESS SOFTWARE THAT OPERATES INDEPENDENTLY OR CONNECTS EASILY TO WAHOO AND 3<sup>RD</sup> PARTY HARDWARE TO CREATE A POWERFUL DIGITAL TRAINING ECOSYSTEM



| PRICE   | FEATURES & FUNCTIONALITY   | COMPATIBILITY WITH 3 <sup>RD</sup> PARTY HARDWARE  |
|---|--|--|
|  <p>Free</p>   | <ul style="list-style-type: none"> <li>Record indoor and outdoor running and cycling workouts using phone GPS and can connect to Wahoo/3rd party sensors</li> <li>History/feed of all Wahoo workouts with ability to share to 3rd party sites like Strava via Wahoo Single Sign On</li> <li>Setup and control KICKR Bike, Wahoo Smart Trainers and Wahoo accessories</li> <li>Firmware updates and product registration for all Wahoo products except computers and watches</li> </ul> | <ul style="list-style-type: none"> <li>Any 3rd party heart rate monitors, speed/cadence sensors and power meters that use the Bluetooth industry standard</li> </ul>                         |
|  <p>Free</p>   | <ul style="list-style-type: none"> <li>Setup, customization and firmware updates for all Wahoo GPS bike computers and watches</li> <li>History/feed of all Wahoo workouts with ability to share to 3rd party sites via Wahoo Single Sign On</li> <li>Manage and sync routes and planned workouts to Wahoo bike computers</li> </ul>  | <ul style="list-style-type: none"> <li>Only compatible with Wahoo bike computers and watches</li> </ul>  |
|  <p>\$14.99/month<br/>\$129/year<br/>(14-day free trial)</p> | <ul style="list-style-type: none"> <li>Training platform for cyclists and triathletes with comprehensive training plans based on cutting edge sports science</li> <li>Library of structured indoor cycling workouts with engaging video content in addition to yoga, strength and mental toughness video training tailored to the dynamic digital athlete</li> <li>History/feed of all SUFI workouts with ability to share to 3rd party sites</li> </ul>                               | <ul style="list-style-type: none"> <li>Any 3rd party heart rate monitors, speed/cadence sensors, smart trainers and power meters that use the Bluetooth or ANT+ industry standard</li> </ul> |

Source: Company document, used with permission.

## Exhibit 4

**Wahoo Fitness: Segmentation and Data Insights**

## Wahoo's Customer Survey Attitude and Behaviors Questions

Q1. For each pair of statements below, please indicate which statement you agree with most

|     |   | Agree Much More | Agree Somewhat More | Agree Somewhat More | Agree Much More |   |
|-----|---|-----------------|---------------------|---------------------|-----------------|---|
| 1.  | Price is an important factor when I buy sports equipment      | 1               | 2                   | 3                   | 4               | I buy the highest quality sports equipment                |
| 2.  | I gather information from friends / family before I buy       | 1               | 2                   | 3                   | 4               | I do research online before I buy                         |
| 3.  | I look forward to my sport activity / training                | 1               | 2                   | 3                   | 4               | I train because I feel an obligation to do so             |
| 4.  | I manage my nutrition / diet carefully                        | 1               | 2                   | 3                   | 4               | I am active so that I can eat any food I want             |
| 5.  | Improving my performance is important to me                   | 1               | 2                   | 3                   | 4               | Enjoying my activity is important to me                   |
| 6.  | Spending time with friends makes my sport activity more fun   | 1               | 2                   | 3                   | 4               | Sports are a way for me to get away from stress           |
| 7.  | I like trying new activities                                  | 1               | 2                   | 3                   | 4               | I want to be the best at one activity                     |
| 8.  | I work to pay for my passions                                 | 1               | 2                   | 3                   | 4               | Professional success is important to me                   |
| 9.  | I will buy equipment / accessories when I see a good discount | 1               | 2                   | 3                   | 4               | I shop less so I can save to buy higher quality equipment |
| 10. | I don't have enough time for my sport activity / training     | 1               | 2                   | 3                   | 4               | I make time to pursue my sport activity / training        |
| 11. | I enjoy time relaxing away from my sport activity / training  | 1               | 2                   | 3                   | 4               | I like to be active most the time                         |

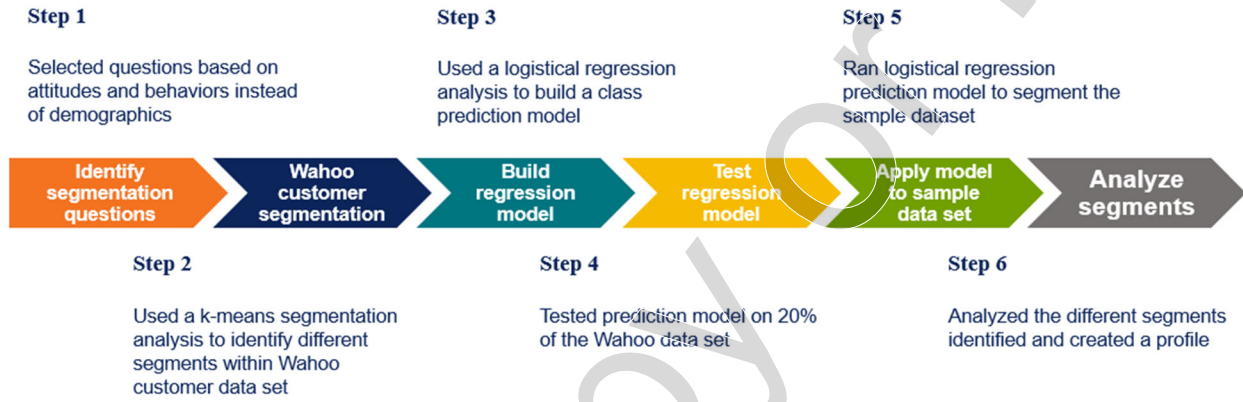
Q2. How much do you agree or disagree with the following statements? (Select one answer in each row)

5-PT SCALE WHERE 1=STRONGLY DISAGREE, 3= NEITHER AGREE NOR DISAGREE, AND 5 = STRONGLY AGREE

1. I manage my recovery time and sleep to improve sport performance
2. I know a lot about my sporting equipment
3. I maintain my own sporting equipment
4. I follow a structured training plan to improve my performance
5. I track and use data to measure my performance
6. Most of my friends also participate in my sport activity
7. I set specific performance goals for my weekly activity
8. I spend time following or reading about my sport when I'm not doing it
9. I enjoy watching professional events for my sport on TV
10. I enjoy going to events to watch my sport live
11. I prefer to work out or train indoors vs outside
12. I am competitive in everything I do

Source: Company provided. Used with permission.

Exhibit 5  
**Wahoo Fitness: Segmentation and Data Insights**  
The Segmentation Process



Source: Created by authors.

Exhibit 6

**Wahoo Fitness: Segmentation and Data Insights**

Class Profiles Based on Data Set

|                                 | <i>Summary</i>   | <i>Attitude toward Activities</i>  | <i>Shopping Habits</i>   |
|---------------------------------|--|--|--|
| <b><i>Leisure Logan</i></b>     | <p>Logan tracks and uses data to measure performance, but goal is not necessarily to improve performance.</p> <p>For Logan, sports are a leisure activity.</p>                                 | <p>75% track and use data to measure performance</p> <p>61%: enjoying an activity is more important than improving performance</p> <p>62%: sports are a way to find distance from stress</p> <p>59% like to try new sport activities</p> <p>30% agree with “I am competitive in everything I do”</p>       | <p>64% say they are knowledgeable about their sports equipment</p> <p>61% spent more than \$2,000 on sports equipment previous year</p> <p>Population split between buying high-quality equipment or the budget option</p>                   |
| <b><i>Competitive Casey</i></b> | <p>Casey is the corporate athlete who enjoys competing in races after a stressful work week.</p> <p>Casey is more likely to focus on one sport and to buy the highest-quality equipment.</p>   | <p>98% track and use data to measure performance</p> <p>76%: sports are a way to find distance from stress</p> <p>75% agree with “I am competitive in everything I do”</p> <p>55% agree with “I want to be the best in one activity”</p> <p>47%: professional career is more important</p>                 | <p>96% research online before buying sports equipment</p> <p>93% say they are knowledgeable about their sports equipment</p> <p>75% spent more than \$2,000 on sports</p> <p>66% agree with “I buy the highest-quality sports equipment”</p> |
| <b><i>Social Sean</i></b>       | <p>Sean really enjoys the social component of sports.</p> <p>Sean is still competitive and strives for performance improvement but is less likely to splurge on high-end sports equipment.</p> | <p>94% track and use data to measure performance</p> <p>79% like to try different activities</p> <p>68%: spending time with friends makes sports more fun</p> <p>59% agree with “I am competitive in everything I do”</p> <p>52% agree with “Most of my friends also participate in my sport activity”</p> | <p>86% say they are knowledgeable about their sports equipment</p> <p>77% wait for a good discount before purchase</p> <p>31% agree with “I buy the highest-quality sports equipment”</p>  |

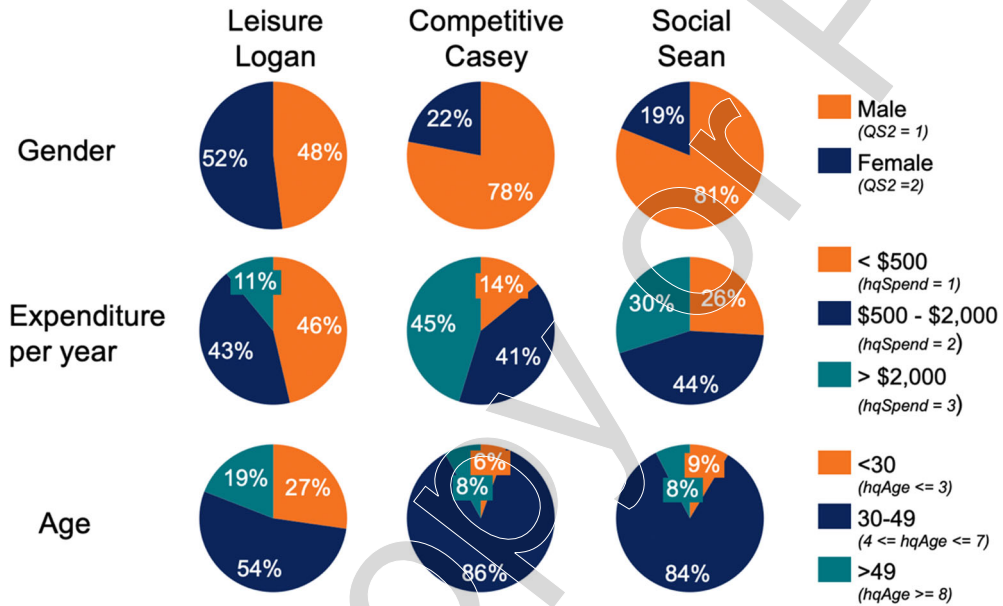
Source: Profiles created by authors, based on company data, used with permission.



Exhibit 7

Wahoo Fitness: Segmentation and Data Insights

Demographics across Classes



Sports across Classes

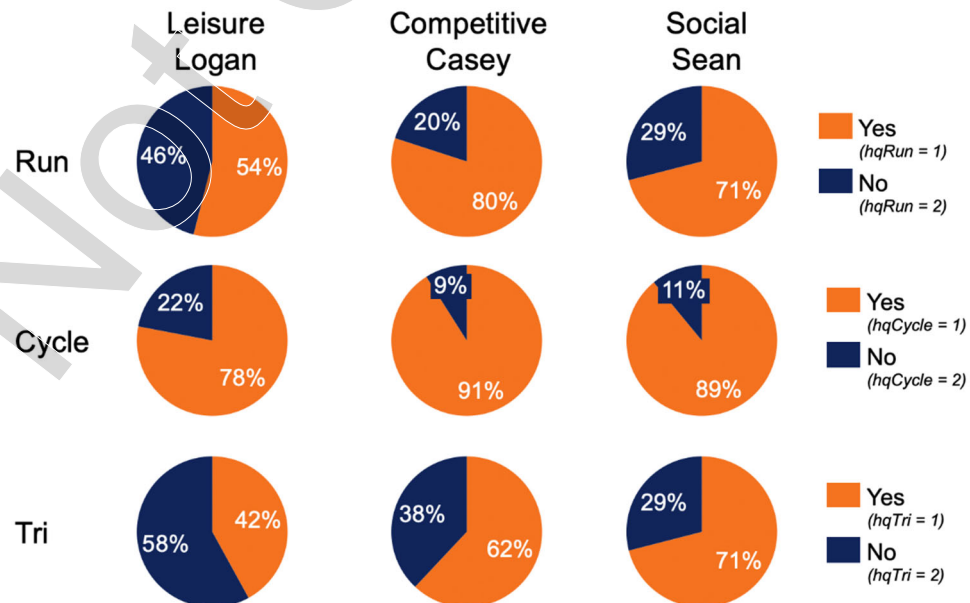
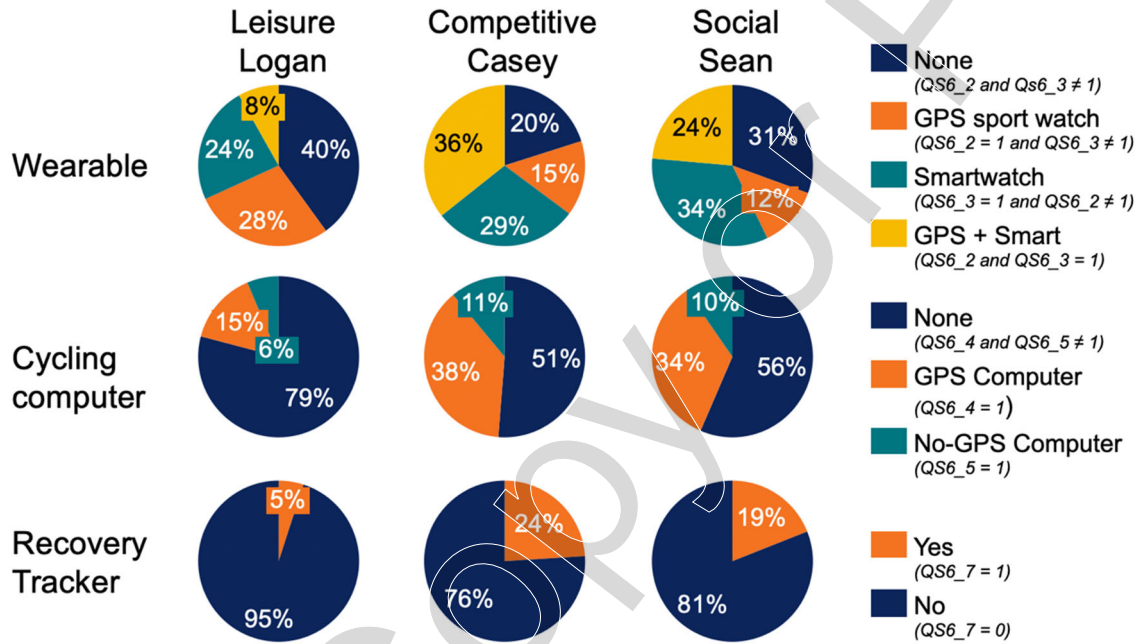


Exhibit 7 (continued)

Electronics Used during Activity



Watches and Bike Computers Used during Activity

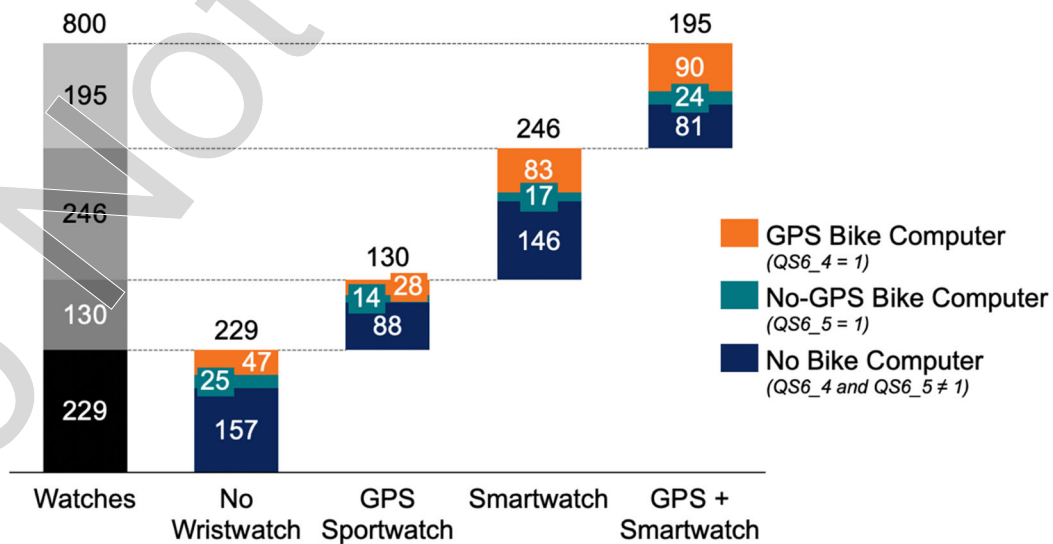
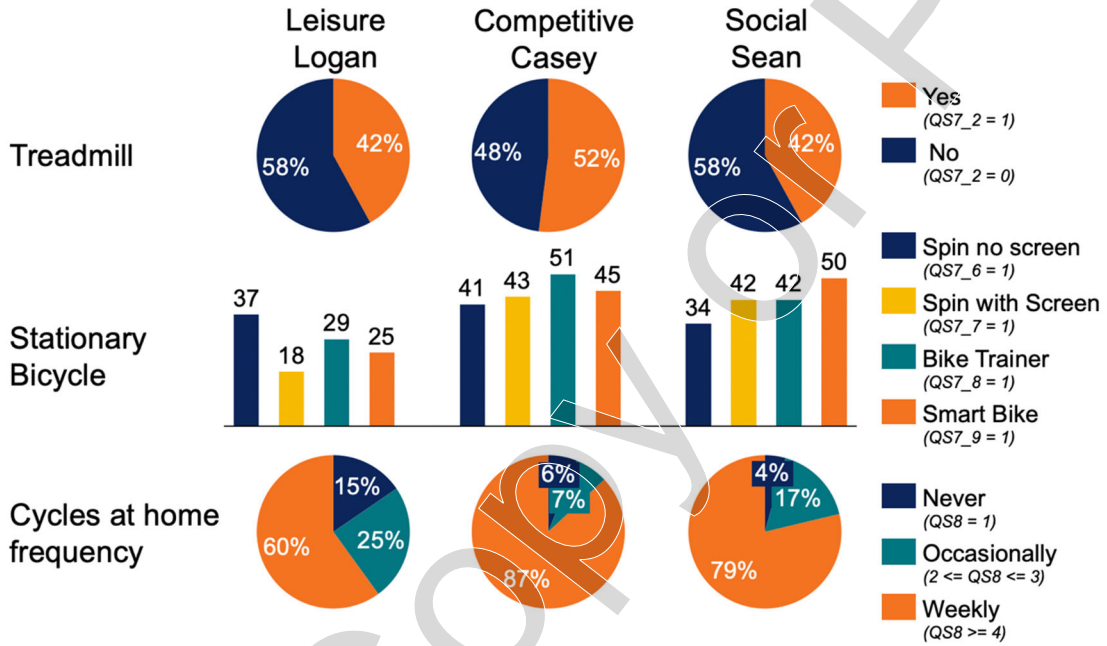


Exhibit 7 (continued)

Equipment Used at Home



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