

# MARKETING MANAGEMENT TODAY



## Project #1

### Failed Company Launch: Quibi

#### Assignment Overview

This could be a 1-2 person, small group, or individual assignment. This case in particular is important because it is timely, relevant, and should resonate with the students. This project was designed so students can apply the knowledge they have learned throughout the Brand and Customer modules, but also serves as a launching pad for the Product module as well. The assignment is to critique the rise and expeditious fall of Quibi, the short-form video streaming app that shut its doors within six months of launching.

Students are expected to read the case background and do some external web research to sufficiently answer the questions below under “Assignment Deliverables” and develop a compelling document or slide deck.

#### Background: Quibi

In 2020, Quibi launched a new short form video platform that promised users a new way to consume video on-the-go—in “quick bites” or “quibi” that were 10 minutes in length or less and available only on smartphones. The new platform was heralded as something that could revolutionize mobile video with high quality short form content.

Quibi was founded in 2018 by Jeffrey Katzenberg, former Chairman of Walt Disney Studios and co-founder and CEO of DreamWorks Animation and led by Meg Whitman, former CEO of eBay and Hewlett Packard. The company raised more than \$2 billion in capital a variety of investors including Hollywood studios, Walt Disney Company, NBCUniversal, and Goldman Sachs, among many others. According to Wikipedia, by late 2019 Quibi announced it had sold out its first-year advertising inventory, which amounted to \$150 million.

On April 6, 2020, Quibi launched just weeks after the COVID-19 pandemic began permeating the US, Within one week, the company announced it had seen 1.7 million downloads of its app and was the 11th-most-downloaded app as of April 16 in the Google Play store. By early May, it was estimated that Quibi had been installed by approximately 3 million customers and that 1.3 million converted to active users—performance that was far below company expectations. There were two tiers available to customers: \$5 per month or \$8 per month without advertising.

The company made adjustments to the service by allowing users to share content on social media and a feature was added so users could watch programming on televisions in landscape format—both features were not available upon launch.

By early June, the service was on track for 2 million subscribers in its first year, which was far below its projected 7.4 million total. In early August, a free, ad-supported version of the service was released in Australia and New Zealand, and the price of the ad-free version was reduced in the US. In October, Quibi was made available on Apple TV, Amazon Fire TV, and Google TV.

Just six months after Quibi’s launch, it was announced the company would shut down. In an interview, Jeffrey Katzenberg cited the timing of the launch during the pandemic as a contributing factor. At the time of the announcement, Quibi had approximately 500,000 subscribers.

In January 2021 Roku announced it would acquire Quibi’s original content—75 programs for less than \$100 million, which would run on free ad-supported channels.\*

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## Case Questions to Ponder

- Many things probably contributed to the company's quick demise—what do you think those reasons are?
- Was original short-form video content compelling enough to users?
- Were customers ready to pay for this type of content?
- What other platforms and content might have competed with Quibi?
- How significant was the pandemic on Quibi's results?
- Did Quibi's value proposition resonate with customers?
- Did Quibi understand its target market in terms of behavior? Needs and wants?
- Companies are often blinded by their own products—do you think Quibi's offering was as good as they thought it was?

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## Assignment Deliverable

Have your students complete one of the following:

2-3 page document OR slide deck (10 slides maximum) document that includes:

- Situation Analysis—background, trends, environment, etc.
- Value Proposition—what was Quibi’s value proposition?
- Key Insights—what led to Quibi’s quick demise? Be specific.
- Other Outcomes—what could Quibi have done differently to change the outcome? Be specific.