

# The Biggest Bust of the Streaming Boom

Quibi had a \$1.75 billion war chest and two A-list founders. It failed within six months.

**IN THE ANNALS OF** business failures, Quibi, a mobile streaming content provider launched in 2020, pulled off a truly unique but undesirable achievement. Despite two A-list founders, a \$1.75 billion investment treasure chest from major Hollywood studios and celebrity investors, and a

man, Quibi offered five- to 10-minute news and entertainment productions designed specifically for smartphones. The concept combined the skyrocketing popularity of streaming services and a burgeoning next generation of users who would stream programming on their mobile devices while sitting on trains, buses, and subways, and during lunch breaks at the office.



high-profile launch, Quibi managed to flame out in just six months. Its demise was so shocking, the *New York Times* labeled it “the biggest bust of the streaming boom.”

Founded by heavyweight Hollywood producer Jeffrey Katzenberg and high-tech CEO superstar Meg Whit-

The start-up spent tens of millions of dollars attracting major Hollywood producers and stars such as Jennifer Lopez, LeBron James, Steven Spielberg, Chrissy Teigen, and Idris Elba. The content flowed in quickly, and Quibi soon had more than 100 original programs in its arsenal.

But trouble loomed. The COVID-19 pandemic hit, and suddenly everyone was sheltering at home. The prospec-

tive audience, no longer mobile, had no need to embrace content on tiny smartphone screens. They could watch the major streaming outlets like Netflix, Apple TV+, and Prime Video. The viewers who were supposed to watch short clips had already embraced services like Instagram and TikTok, among others. The marketplace was saturated.

Even with a free 90-day trial, the Quibi app was downloaded just 2.9 million times; it had only 1.3 million active users—hardly the avalanche of business Quibi needed. “It’s not close to what we wanted,” Katzenberg said.

In an interview, a blindsided Katzenberg said he “attribute[d] everything that has gone wrong to coronavirus.”

But observers noted that the company had failed to test its offerings on a small scale to get user feedback, a definite violation of Start-Up 101 doctrine. “It looked like there was a demand, and it looked timely, but it wasn’t solving anybody’s problem,” said Yasuhiro Yamakawa, associate professor of entrepreneurship at Babson College. Usually, he said, start-ups fail because they offer a solution without a problem. In Quibi’s case, “they never identified a clear and concise problem for which they had a unique solution.”

By December 1, 2020, Katzenberg had pulled the plug, declaring that the world had changed since Quibi’s launch and that “our business model was no longer viable.” As for all that content it created? It was sold to Roku—for less than \$100 million. ▀