

3 Months In, Can Short-Form Streamer Quibi Be Saved?

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Key insights:

- Quibi's biggest missteps included a fundamental misunderstanding of its target audience.
- The service is now tasked with making good with disappointed launch sponsors while trying to bring additional advertisers on board.

Covid-19 has been a boon for some subscription video services like Netflix, which has reported surges in subscriptions amid the ongoing pandemic that has relegated many Americans to their homes. That hasn't been the case for Quibi, the 3-month-old, short-form streaming service from execs Jeffrey Katzenberg and Meg Whitman that is struggling to get a foothold in a crowded digital video landscape.

Quibi, which debuted in April with more than \$1.7 billion in venture capital backing and a robust slate of short-form episodes and series, reported 2.7 million downloads in the early months of its availability on the market, but has suffered lower growth than expected. Now, the streamer is facing another test: This week, Quibi reached the end of its 90-day free trial period for those who set up accounts during the service's first week, meaning that subscribers will have to decide whether to start paying or pull the plug.

The prognosis so far is grim. While Quibi has been downloaded approximately 4.5 million times, according to the data analytics firm Sensor Tower, only an estimated 72,000 users who installed the app between April 6 and April 8 converted to paid subscribers beginning July 5—a maximum of 8% conversion.

A Quibi spokesperson disputed the figures. “The number of paid subscribers is incorrect by an order of magnitude,” the spokesperson said. “To date, over 5.6 million people have downloaded the Quibi app. Our conversion from download to trial is above mobile app benchmarks, and we are seeing excellent conversion to paid subscribers—both among our 90-day free trial sign-ups from April, as well as our 14-day free trial sign-ups from May and June.”

The download figures alone, though, are an indication of the challenges Quibi faces in carving out its position in the marketplace, especially as negotiations with advertisers for year two inventory are slated to begin later this summer. The service previously projected it would have 7 million paid subscribers in year one and promised advertisers big audiences out of the gate.

“I saw the projected numbers they had if they were in a perfect world, and I thought they were high from the start,” said one media buyer working with the service, who wished to remain anonymous.

Making good with advertisers

Advertisers have begun negotiating new terms with the service to account for lower-than-expected viewership and Covid-19-related business shifts. The media buyer said there were “significant under-deliveries” on both sign-ups and impression deliveries for advertisers who signed up to advertise during Quibi’s first year. Makegood terms—whether they come in the form of cash back or ADUs [audience deficiency units] through year two—are still being ironed out.

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an anonymous media buyer, about Quibi’s ambitious subscriber projections

“A lot of their promise was having a lot of people on their platform, and that allowed for unique impressions to be

delivered,” the buyer said. “You can deliver a \$100,000 buy, but if you have 10 people on there, you just over-served the hell out of them from a frequency perspective. Our goal is unique impressions, and they have a long way to go to get those deals complete.”

Quibi has faced a number of hurdles out of the gate. Executives have blamed some of the service’s woes on the pandemic, which drew a line through the “on-the-go” moments like commutes or waiting for a coffee order that the company thought would make up the bulk of its usership. In an interview with Adweek at launch, Whitman said she believed people would still watch programming at home “in between Zoom calls or in between home-schooling the kids.”

Katzenberg has been adamant about the pandemic’s effects on the service’s prospects. “At the very moment where the world stopped being on the go is when we launched, which is a little bit of a cement wall that we ran into,” Katzenberg said recently in an interview at the entertainment industry conference SeriesFest. “But we will be out on the other end of that wall soon.”

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