GoPro Gives Up on Drones

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Following layoffs last week, GoPro today delivered another rough round of financial numbers in its fourth quarter earnings call and announced that it’s dropping development of drones.

Revenue fell short of estimates by a wide margin. The company expected to rake in $470 million in Q4, but came in at just $340 million.

GoPro opened to a big IPO in 2014, with stock selling for around $35 per share. Later that year it climbed to its highest point, just under $100. Today it’s trading at around $6 per share. Revenue has steadily declined year over year, with each quarter seemingly worse than the last.

The company made some efforts to boost sales. It cut prices of its Hero5 and Hero6 cameras by $100 each in December. And it’s doing some things to cut costs going forward. Nick Woodman, the company’s enthusiastic CEO, is cutting his compensation to $1 for 2018. There’s also a chance that GoPro will be sold to a private interest. The company has hired JPMorgan to faciliate a sale. We don’t know if there’s a potential suitor, or who that suitor may be.

Goodbye Karma

For now, however, it’s saying farewell to drones. The Karma will remain on sale until there aren’t any left. But we won’t see any more roll off the production line, and we won’t see a Karma 2. The company cites tight margins and hostile regulations as the reasons. It does promise to continue to service and support customers who have already purchased a Karma.

It’s a shame. The Karma, $798.98 at Amazon, suffered from some first-generation problems of varying concern. Most notably, the first models off the production line had a battery door issue that would cause the drone to lose power and plunge out of the sky. GoPro quickly recalled the drone and corrected the issue.

The other problems we saw with the Karma were things that a second-generation model were sure to address. The controller screen wasn’t bright enough and boasted a glossy finish, flight times were a bit short, and there wasn’t any obstacle avoidance system.

But it had other things going for it, including tight integration with the camera and a removable gimbal that double as a handheld grip. No, it wasn’t class-leading, but it wasn’t a disaster either. We rated it at 3 stars when we reviewed it, before a firmware updated added a Follow Me mode.

That makes it not that different from another promising, but quickly discontinued drone, the 3D Robotics Solo. The Solo also used a GoPro as its main camera, delivering tight integration. But it just couldn’t compete on price or performance with models from industry juggernaut DJI.

High-quality cameras

The Karma might not have been the best drone money could buy, but GoPro’s action cameras certainly fit that bill. We awarded Editors’ Choice to both the Hero5 and Hero6, which deliver the best video quality and toughest build in their class. So why aren’t they selling like hot cakes?

Price is a big factor. Yes, the Hero6 is an excellent go-anywhere camera. But I thought it was a mistake to introduce it at $500. The Hero5’s $400 intro price seemed like a better fit.

But even at $400, it’s a premium option. We’ve seen a number of inexpensive cameras come out of China. Some are low-cost, low-quality products, ranging from barely functional to what you expect for less than a hundred bucks. But savvy consumers have picked up on a few alternatives that, while not built as tough as a GoPro, deliver similar video quality for less money. The $340 YI 4K+ and $160 SJCam SJ6 Legend are two examples.

Smartphones are also a big factor. You don’t want to strap an $800 phone to a surfboard, but for more casual video use, the 4K video offered by flagship phones is good enough. Especially coupled with a gimbal – the new DJI Osmo Mobile 2 stabilizes smartphone footage for just $130.

GoPro is going to have to compete at lower prices to sell cameras. Keeping the Hero5, $299 at Amazon, in the lineup at $300 is a good start. The company has touted its $200 Session as a low-cost option, and while it’s tough and delivers quality video, its lack of an LCD makes it more cumbersome to use than it should be.

GoPro also has its premium Fusion 360-degree camera on the market now. With the demise of the Karma, it’s the most expensive consumer product the company makes at $700. We’ll see if that price holds steady or if it enjoys a reduction to help move units.

I don’t see a day when GoPro’s stock soars back up to $100 a share. But, for the sake of consumers who need a go-anywhere, do-anything, fully ruggedized camera, perhaps the company can survive as a leaner version of itself, even if it’s one that has to sell to a smaller niche rather than a huge mass market.

Rob Marvin contributed to this article.

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