

# Hollywood-backed Quibi thinks you'll pay for its video bites

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People take pictures of a display of LG Signature OLED R TVs at the LG booth during the CES tech show, Tuesday, Jan. 7, 2020, in Las Vegas. (AP Photo/John Locher)

A startup heavily backed by Hollywood is wagering that you're ready to set aside YouTube and TikTok to watch star-studded short videos on

your phone—for a price.

The company behind this billion-dollar bet is Quibi (KWIH-bee), which is preparing to offer movies, shows and other short form video designed for viewing in short bursts on [mobile devices](#). It's an enormous gamble, especially considering that several earlier efforts in [mobile entertainment](#)—most notably Verizon's ill-fated Go90 service—fell flat.

Founded by former Disney studios chief and DreamWorks co-founder Jeffrey Katzenberg and helmed by former Hewlett Packard Enterprise CEO Meg Whitman, Quibi is heavy on big ideas and Hollywood muscle. It has backing from all the major movie studios and [entertainment companies](#), \$1 billion invested in original programming, and star power in the form of creators and producers from Steven Spielberg to Chrissy Teigen.

Quibi plans to launch on April 6. It will charge \$5 a month for an ad-supported service, and \$8 a month for an ad-free version.

Company executives argued at CES that Quibi will offer the first entertainment platform designed exclusively for the phone. In an interview at CES, Katzenberg said it represents the first time "professional storytellers" have tackled the problem of delivering a high-quality viewing experience on mobile.

But the big question is whether a [subscription service](#) like Quibi can attract mobile viewers—particularly younger ones—already immersed in an ocean of free-to-watch short video on YouTube and other social-media services. It will also go up against roughly a half-dozen other paid streaming platforms from Netflix, Amazon Prime Video and Hulu to Disney Plus and upcoming services from WarnerMedia and NBC Universal.

During the keynote Quibi previewed shows including "Don't Look Deeper," a sci-fi show starring Don Cheadle and Emily Mortimer, and "#Freerayshawn" a crime thriller starring Laurence Fishburne as a cop and executive produced by "Training Day" director Antoine Fuqua. Shows and movies, as well as other material like news and weather, are designed to be watched in "quick bites" of 10 minutes or less.

"'Paid premium short form (video)' has never been in the same sentence, it has never really been proven," said Seth Shapiro, managing partner at Pacific Strategy Partners. "That's the challenge." Among other things, he noted, it's already possible for people to watch those other services in the same quick bites Quibi plans.

Quibi executives at the CES gadget show in Las Vegas showed off technology on Wednesday designed to make video viewing on the phone easier. For instance, it will let you watch full-screen video whether you hold the phone upright or sideways.



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Filmmakers deliver two edits to the company, one vertical, one horizontal, and Quibi stitches them together with one audio track. Some creators have incorporated that feature into their productions, as in one show in which horizontal viewing delivers a traditional picture—but turning the phone upright displays a view from the main character's phone camera.

Advertisers, at least, are on board. Quibi said it has sold out its \$150 million first-year advertising slots to blue-chip companies including Procter & Gamble, Anheuser Busch, General Mills, Google, T-Mobile



and Walmart. Ads will appear before shows and aren't skippable.

Jeff Wlodarczak, principal analyst at Pivotal Research Group, says he understands why advertisers are flocking to the product. Millennials can be hard to reach, he said, and when a brand places ads on YouTube or Snapchat, they never quite know what kind of video they might end up next to.

Quibi offers a safe place for advertisers by delivering a known quantity "as opposed to people doing something stupid on YouTube," he said.

That advertising model will stick around, Whitman said. Quibi guarantees that all creators own their own intellectual property, and can repackage it and take it wherever else they want after seven years. It brought creators in, but it also means that Quibi needs both subscriber dollars and advertising revenue to stay afloat.

The company just closed on another \$400 million equity funding round from investors, Whitman said, and has a plan to be profitable "soon."

Others have tried short form content, mostly in ad-supported form. Facebook Watch features original shows with episodes as short as 12 or 13 minutes, but none have garnered much buzz or mainstream attention so far. Verizon pulled the plug on Go90 in 2018, roughly three years after it launched; several concurrent efforts have also shut down. Meanwhile, Netflix, Amazon and Hulu have all been experimenting with short-form offerings, many of them in comedy .

Quibi is "either brilliant or tone deaf," said Tim Hanlon, CEO of Vertere Group. "I just don't know what the answer is and I don't think anybody does."

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