Episode #8 – What to learn from Pebble's story: two times most funded Kickstarter campaign ever to its eventual end, with your host, Balint Horvath, Switzerland

KEY TAKEAWAY*

- Finances of Pebble: 10, then 20 million USD funding, then sold for 34-40 million
- Brainchild of Eric Migicovsky Kickstarter (2012) → sold > 2 million smartwatches
- Reason for Pebble going bankrupt:
  - products not resonating with a wider audience (early adopters, later majority)
  - Pebble's being late: fitness is killer application for smartwatches (vs Fitbit)
  - Being first on the market doesn't guarantee success: retail price for Pebble $200 → huge orders needed for survival → but watch not attractive to wide audience → not enough sales
  - Apple appeared with iWatch in premium cat → Pebble's need for a price cut
  - Getting the margin vs scale problem wrong: (i) create a high-margin product → debt financing/self-financing the inventory; (ii) high annual growth rate → attracting investors → BUT SMARTWATCH industry shrinking; (iii) recurring revenue-based business mode
  - Brand: they were doing "feature marketing" vs Fitbit's brand-marketing
  - Neglected the Job To Be Done (JTBD) concept: customer's improving his life should be satisfied with different product offerings from the same company

* excludes the "ultrafast round"