MoviePass (2019, HBS)

- *Full Name of the Case:* MoviePass
- *Teaching Note(s) Available?* Yes
- Case is available through Harvard Business Publishing (product #: 619052-PDF-ENG)

MoviePass is a now-defunct American company founded in 2011. Aiming to become the Netflix for movie theaters, it introduced a revenue model innovation for movie tickets. MoviePass charged users a flat subscription fee of $9.99 per month (which was around the cost of a single ticket in some U.S. areas); this allowed users to see one movie a day in theaters. MoviePass argued that this would increase the number of moviegoers, who would also spend more on concessions. Although some observers viewed the company's business model innovation (BMI) with skepticism, CEO Mitch Lowe (a Netflix co-founder) defended it against all criticism and continued to believe in its potential for making money.

The focus of the case lies on whether the proposed revenue model, and the network effects needed to drive profitability through the platform, are realistic (or not) and will lead MoviePass to success (or not).

Since students can quickly find out on the Internet what happened, the case lends itself to a post-mortem analysis about MoviePass, and in particular, what assumptions were made about the business model that eventually turned out to be wrong. Thus, the case presents an opportunity to practice *Discovery-Driven Planning* (especially the steps of identifying and testing assumptions) in the context of BMI, as explained in **Chapter 7**. As a secondary use case, it could also be assigned to discuss the economics of multisided platforms (**Chapter 12**), or the importance of strong value propositions for all business model stakeholders (**Chapter 8**).

Note that the revenue model of MoviePass at the time of the case may strike students as intuitively unrealistic, especially in how it appears to undercut a crucial partner (movie studios) on pricing. Nevertheless, other companies such as Netflix have successfully scaled using "unrealistic" pricing strategies, so it might be intriguing for students to see if there is "something to" MoviePass's model and how one might be able to test this.