

# Navigating the Future of EdTech: A Strategic Outlook for Chegg



# Meet Our Team

Mary Charlotte Warner

Project Manager



Daniel Gabriel

Research Analyst



Anna Do

Strategic Consultant



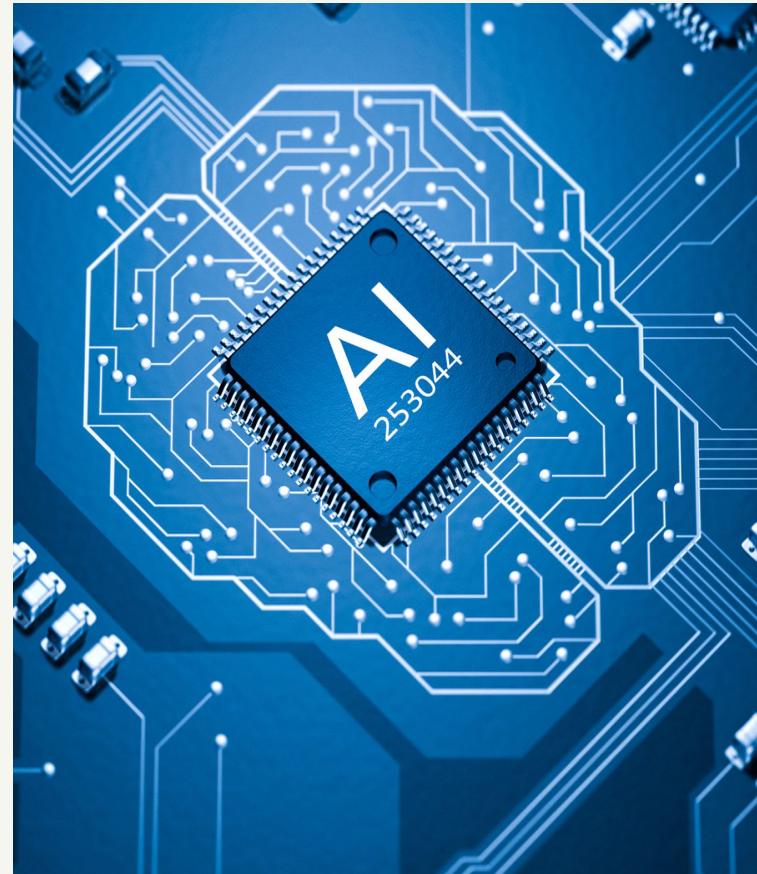


# Agenda

1. Industry Overview
2. Company Background
3. Identified Issues
4. Strategic Framework 1: Blue Ocean Strategy
5. Strategic Framework 2: Technology Adoption Model
6. Key Insights
7. Next Step Recommendations
8. Conclusion & Q&A

# Industry Overview

- Significant growth in digital learning post-pandemic.
- Rising influence of generative AI impacting educational methods.
- Increasing competition as new entrants leverage advanced technology.



# Chegg Company Overview

## Core Services:

- Textbook Rentals
- Online Tutoring
- Academic Writing Help
- AI Integration (CheggMate)

## Market Position:

- Public EdTech leader under market pressure

## Financial Snapshot:

- 23% YoY drop in subscription revenue

## Recent Developments:

- Workforce cuts to reduce costs
- IP lawsuit vs. Google
- Boosted AI investment (CheggMate)

# *Documented Business Issues*

## **AI Competition:**

- Emergence of free AI tools (e.g., ChatGPT) eroding Chegg's core value proposition.

## **Declining Subscriptions:**

- Significant 23% decline in subscription revenues (2024 Annual Report).

## **Reputational Challenges:**

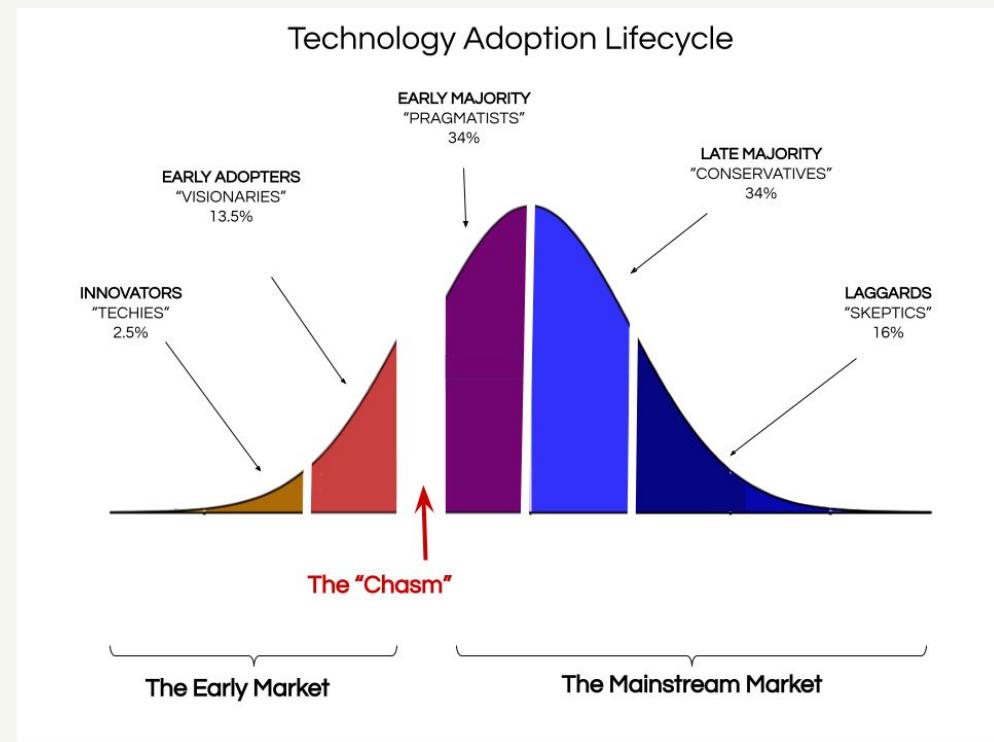
- Increased regulatory scrutiny concerning academic integrity (e.g., TEQSA inquiry in Australia).

## **Legal Challenges:**

- Ongoing litigation against Google over copyright infringement (Reuters)

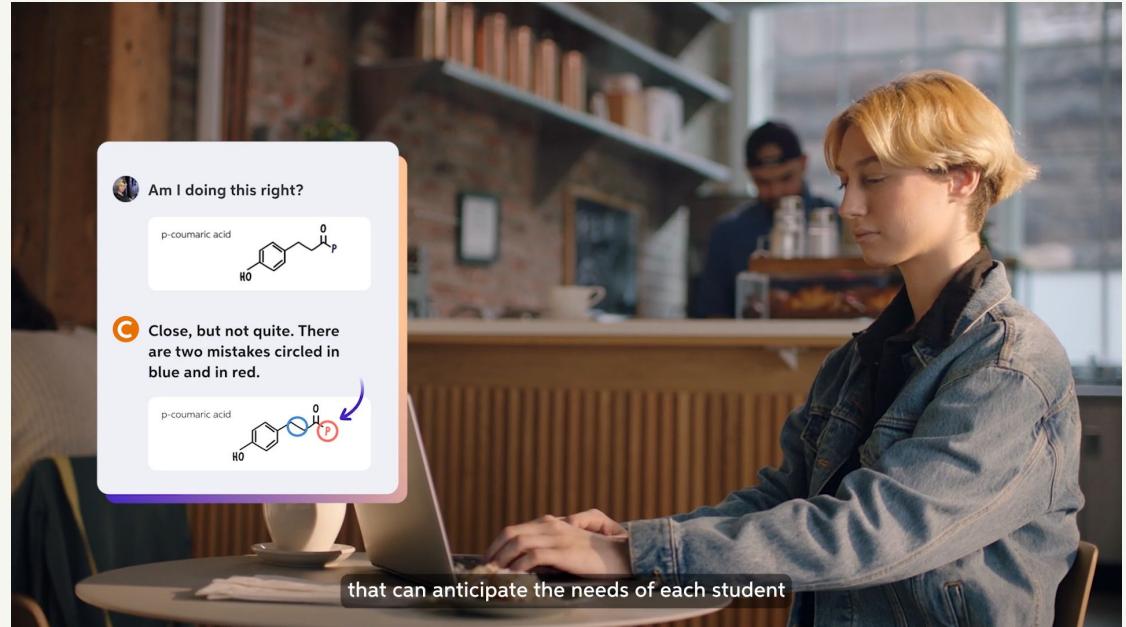
# The Innovation Adoption Curve

- 5 adopter categories:
  - **Innovators** – Risk-takers who try new ideas first
  - **Early Adopters** – Thought leaders open to change
  - **Early Majority** – Pragmatic users needing proof
  - **Late Majority** – Skeptical, wait for full normalization
  - **Laggards** – Resistant to change, prefer tradition
- CheggMate = Early Adopter Phase
- Difficult to move forward, but Crucial



# Why Isn't AI Catching On Faster for Chegg?

- Low Trust in AI answers
- CheggMate's Role is Unclear
- Negative Brand Perception
- \$15 dollars per month vs Free Alternatives
  - ChatGPT
  - Youtube
  - Khan Academy AI Tutor



# Key Takeaways from the Innovation Model

- CheggMate's stagnation
- AI Competition Growing Faster
- Pricing Problems
- Unclear Value
- Goal is to Bridge the “Chasm” to the Mainstream Market



# Blue Ocean Strategy

New, uncontested market space

Red Ocean: full of intense competition

Blue Ocean: shift from traditional norms

Homework Q&A market over-saturated with AI

Reposition to a trusted academic growth partner

Innovation and ethical learning support

***Key approach: Pursue high product differentiation and low cost to make the competition irrelevant.***

# Red Ocean vs Blue Ocean

	<b>Red Ocean (Current)</b>	<b>Blue Ocean (Opportunity)</b>
Focus	Price competition, volume	Value innovation, personalization
Student value	Fast answers	Trusted mentorship & learning experience
Risk	Declining differentiation	New demand creation
Example	ChatGPT auto-answers	Human+AI personalized study coach

*Faster, cheaper answers >< Create lasting academic success experiences that students can trust and value.*

**Eliminate:** Which factors the industry has taken for granted should be eliminated.

Traditional Q&A solutions are easily replaced by AI at no cost.

Vulnerable to free alternatives that **devalue** your services.

From simple answer-providing to active academic engagement.

AI tools can encourage shortcuts, harming real learning.

Growing concern about academic integrity from AI.

Support learning without enabling cheating.

**Raise:** Which factors should be raised well above the industry standards.

**Reduce:** Which factors should be reduced well below the industry standards.

Complex pricing and hidden fees deter students >< free AI resources.

Current subscription models may disencourage potential users.

Must reflect student's need for simplicity and transparency.

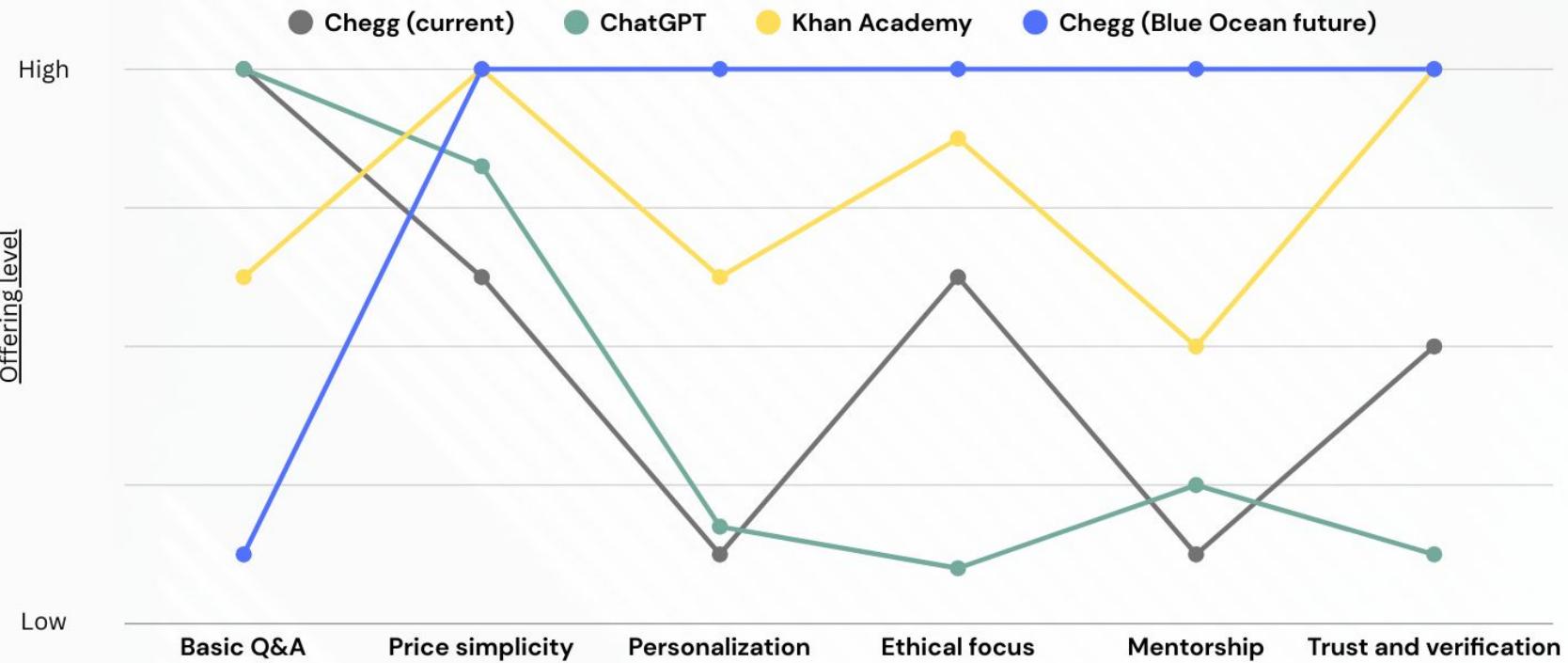
Emotional and motivational aspects of learning are still underserved.

Pure AI: not enough for students with complex learning needs.

Hybrid model: AI assistant + human tutor.

**Create:** Which factors that the industry has never offered should be created.

# Strategy Canvas



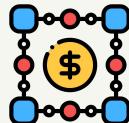
# Key insights



- Not just fast answers: academic integrity and meaningful learning.



- Mentorship, ethical support, human-AI collaboration.



- Pricing complexity.

# Next step recommendations



**Market research:** Targeted surveys to identify unmet needs around trust, mentorship, and learning ethics.



**Small-scale pilot testing:** Pilot hybrid AI-human academic support features at a limited scale.



**Brand perception research:** Conduct focus groups and surveys to understand how students currently view Chegg vs AI tools.



**Preliminary risk assessment:** Assess feasibility, interest, and risks associated with joint programs around academic integrity and learning coaching.

# Risks and Mitigation

 Risk Area	 Why It Matters (If Next Steps Are Explored)	 What Chegg Can Do Now to Mitigate
<b>Legacy User Loss</b>	Students still using traditional Q&A services may feel alienated by Chegg's shift in focus.	Conduct user segmentation surveys before reducing legacy features.
<b>Brand Identity Confusion</b>	Changing Chegg's positioning (from "answer helper" to "learning coach") could confuse long-time users.	Run controlled messaging tests to learn how students perceive different branding directions.
<b>AI Trust Concerns</b>	Users may distrust AI-generated guidance, especially without human validation.	Emphasize human-in-the-loop pilots (e.g., AI-tutor pairing). Gather qualitative feedback on student comfort levels.
<b>Academic Pushback</b>	Educators may remain skeptical of Chegg's role in supporting academic integrity.	Initiate low-risk, non-promotional discussions with institutions. Document their concerns and co-develop pilot ethics-aligned tools.

# Conclusion

- Chegg faces critical challenges from AI disruption and intense market competition.
- Blue Ocean Strategy highlights the need for innovation and ethical differentiation.
- Technology Adoption analysis shows Chegg must bridge trust and value gaps for mainstream acceptance.

# Thank You and Questions



# Appendix

- Kim, W. C., & Mauborgne, R. (2004). Blue ocean strategy. *Harvard Business Review*. <https://hbr.org/2004/10/blue-ocean-strategy>
- Christensen, C. M. (1997). *The innovator's dilemma: When new technologies cause great firms to fail*. Harvard Business Review Press. <https://www.hbs.edu/faculty/Pages/item.aspx?num=46>
- Subramaniyam, B. (n.d.). Blue Ocean Strategy: Four Actions Framework. *LinkedIn*.  
<https://www.linkedin.com/pulse/blue-ocean-strategy-four-actions-framework-bala-subramaniyam/>
- Chegg, Inc. (2025, February 24). *Chegg reports 2024 fourth quarter and full year financial results*.  
<https://investor.chegg.com/Press-Releases/press-release-details/2025/Chegg-Reports-2024-Fourth-Quarter-and-Full-Year-Financial-Results/default.aspx>
- Khan Academy. (2024). *Annual report 2023–2024*. <https://annualreport.khanacademy.org/>
- Matos, C. F. S. (2021, September 19). The technology adoption life cycle. *LinkedIn*.  
<https://www.linkedin.com/pulse/technology-adoption-life-cycle-caio-felipe-santos-matos/>
- OpenAI. (2024, October 9). *Infrastructure is destiny*. <https://cdn.openai.com/global-affairs/openai-infra-economics-10.09.24.pdf>