

# GCI CONSULTING: DUOLINGO



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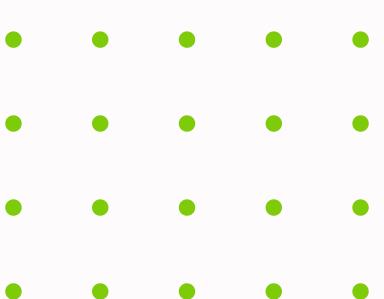
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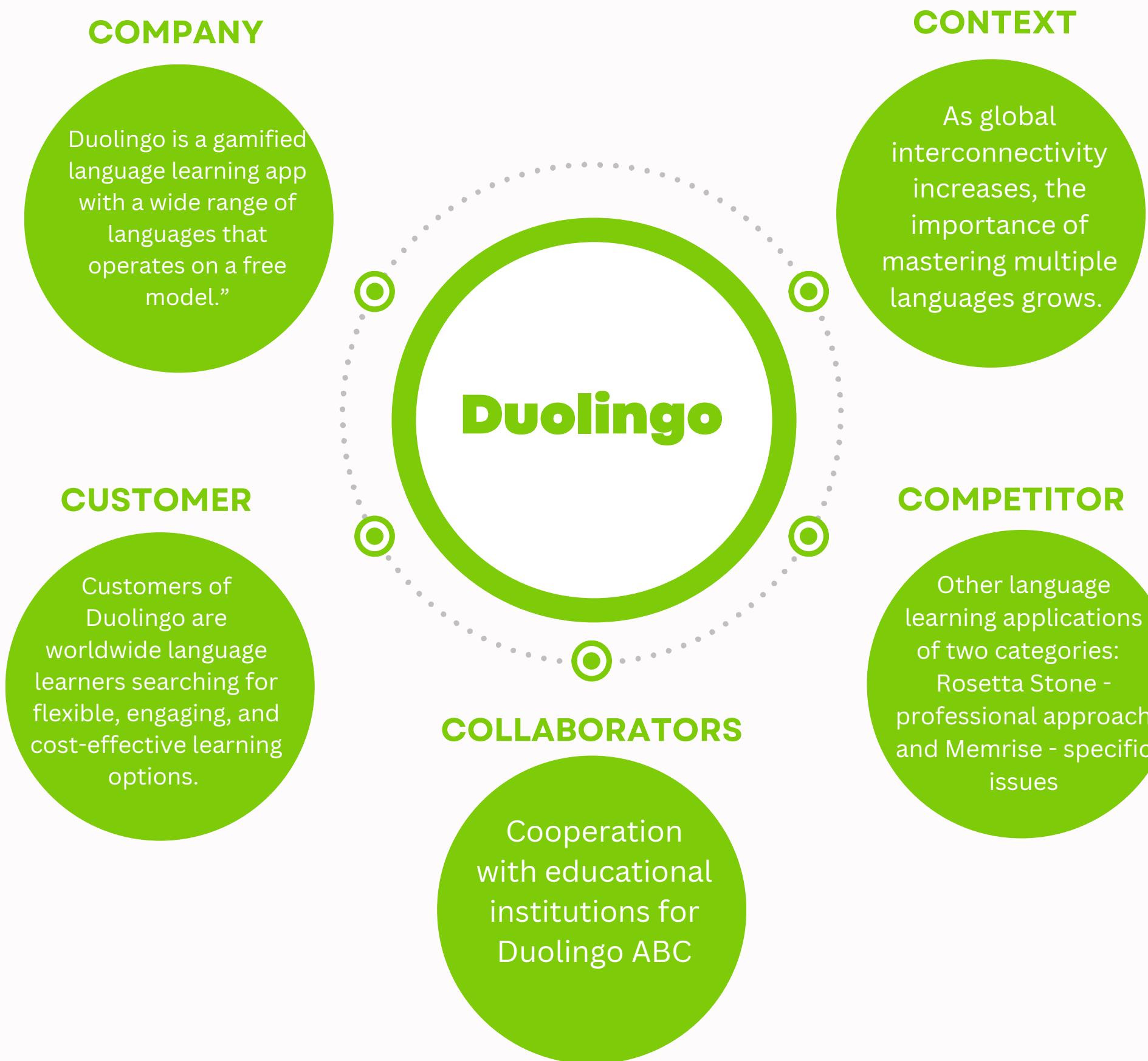
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**By submitting this deck of case slides, the members of our team affirm that we all participated in the analysis of the case and the creation of this document.**



# BEYOND WORDS: DUOLINGO'S BLUEPRINT



## Segmentation



Generation Z is chosen as the main segment for Duolingo and divided into tech-savvy and non-tech savvy.

## Targeting



Global audience, budget conscious people, who want to expand their multicultural knowledge.

# DUOLINGO'S COMMITMENT TO ACCESSIBLE AND AFFORDABLE LANGUAGE EDUCATION

## GAINS

- Increased learning capabilities and consistency in learning
- Basic/intermediate learning languages for free
- Gamified elements for motivation
- Scoreboards that inculcate a sense of competition

- Learning based on vocabulary and theory
- Lack of possibilities for advanced learning - limited advanced content
- Real-life barrier to acquire conversation fluency
- Monotony in learning over-time, leading to demotivation.

## JOBS

- Learn basic/intermediate language skills efficiently
- Communicate in other languages, regardless of social conditions.
- Personalized and “on demand” learning.

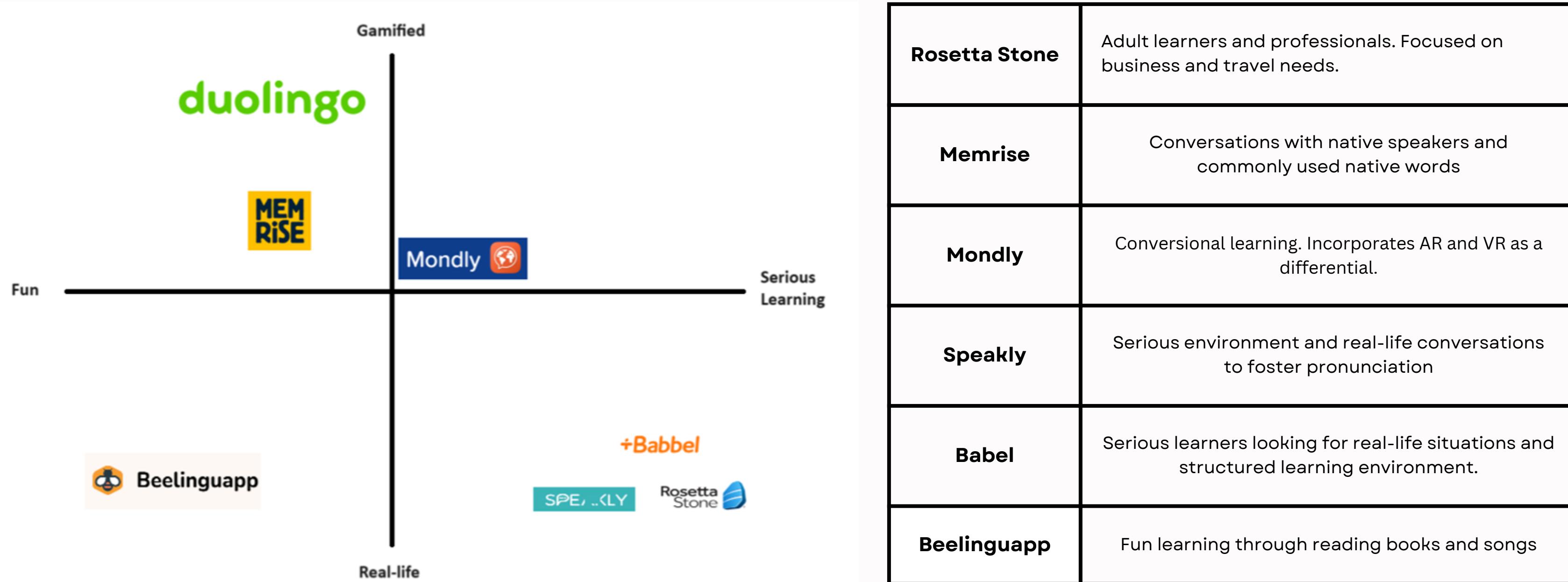
## PAINS

## VALUE PROPOSITION

Unlike other language learning apps, our Duolingo platform helps students and culturally involved people who aspire to enhance their language proficiency by providing accessible and affordable language learning opportunities, breaking down financial barriers and enabling users to learn at their own pace, anytime, anywhere. Duolingo is committed to transforming education for those enhancing their prospects through convenient on-demand learning.

# DECODING LANGUAGE LEARNING LANDSCAPE

## Duolingo's unique value proposition and segment compared to competitors



- Each company defined a distinct value proposition, centered around their unique strengths to secure a share in this fast growing market
- Duolingo strategically positions itself and leverage its innovative model with the ultimate goal of boosting revenues, all while carefully aligning with and reinforcing its distinctive value proposition
- Other new entrants were not explicitly included in the charts, but constitute a rising source of competitiveness for Duolingo.

# Existing Monetization Strategies

## *Subscriptions*

**SUPER**  
duolingo



- \$7/Subscription
- Only 6% of Users are SUPER Users
- \$180 Mn (72% of Revenue)

## *Duolingo English Test*



**duolingo**  
english test

- \$49/test
- Competition from TOEFL & IELTS
- \$25 Mn (10% of Revenue)

## *Advertising*

This ad helps us keep education free



QuickBooks Self-Employed



| FREE

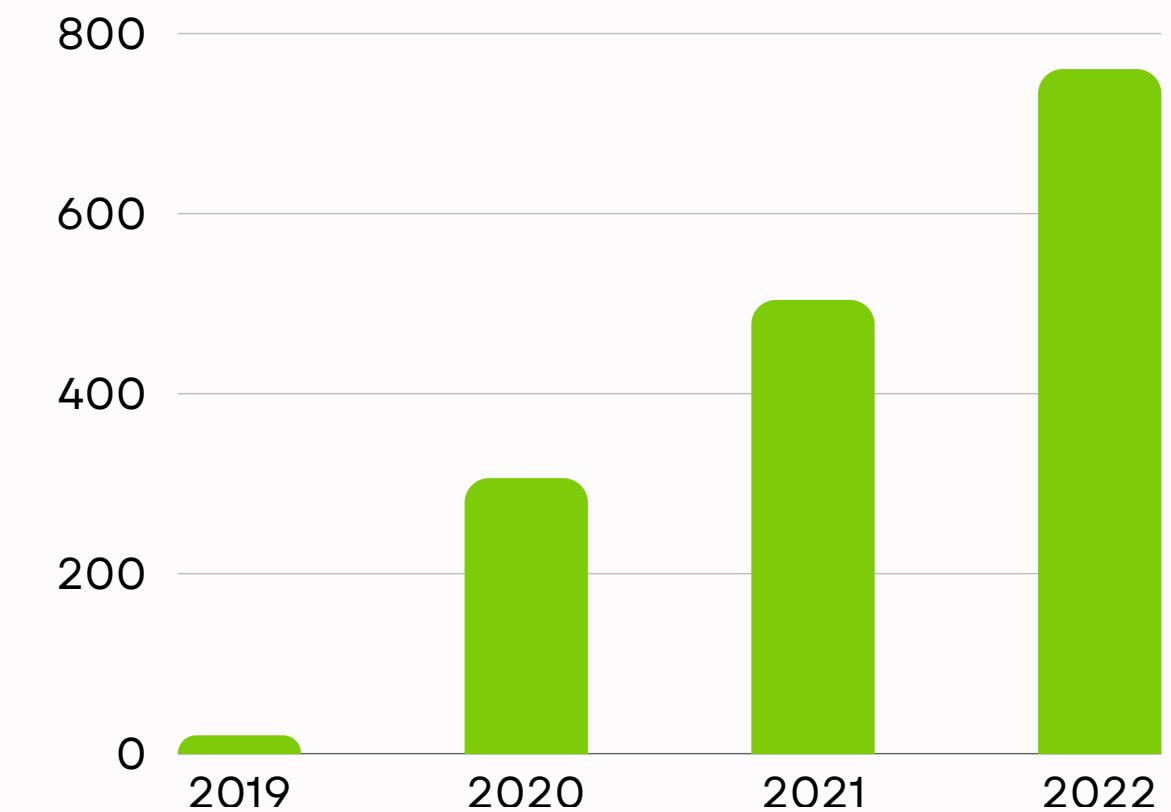
QuickBooks Self-Employed helps you find tax deductions and keeps your finances organized by attaching receipts to business.

- 9.6 Mn Avg. Daily Active Users
- Commensurate with #Users
- \$38 Mn (15% of Revenue)

# 1: DUOLINGO ENGLISH TEST

The new **Defacto Standard** for English Proficiency Tests

- English Proficiency Test (EPT) market is valued at ~\$1700 Million in 2021, and is expected to grow by 90% by 2029.
- DET has higher potential to penetrate the market and become a leader.
- DET Test Takers in 2022 is forecasted to be **0.76 million** → **\$37 Million** in revenue with **50% YoY** growth.
- Increasing Popularity, Increasing Market Acceptance, Transactional Model.



Expand collaborations with universities throughout the USA, UK, Canada, Australia to enhance standardization and recognition.



Increase the price of Duolingo test from \$49 to \$79 following the “Price Signaling” approach to establish reliability and acceptability.



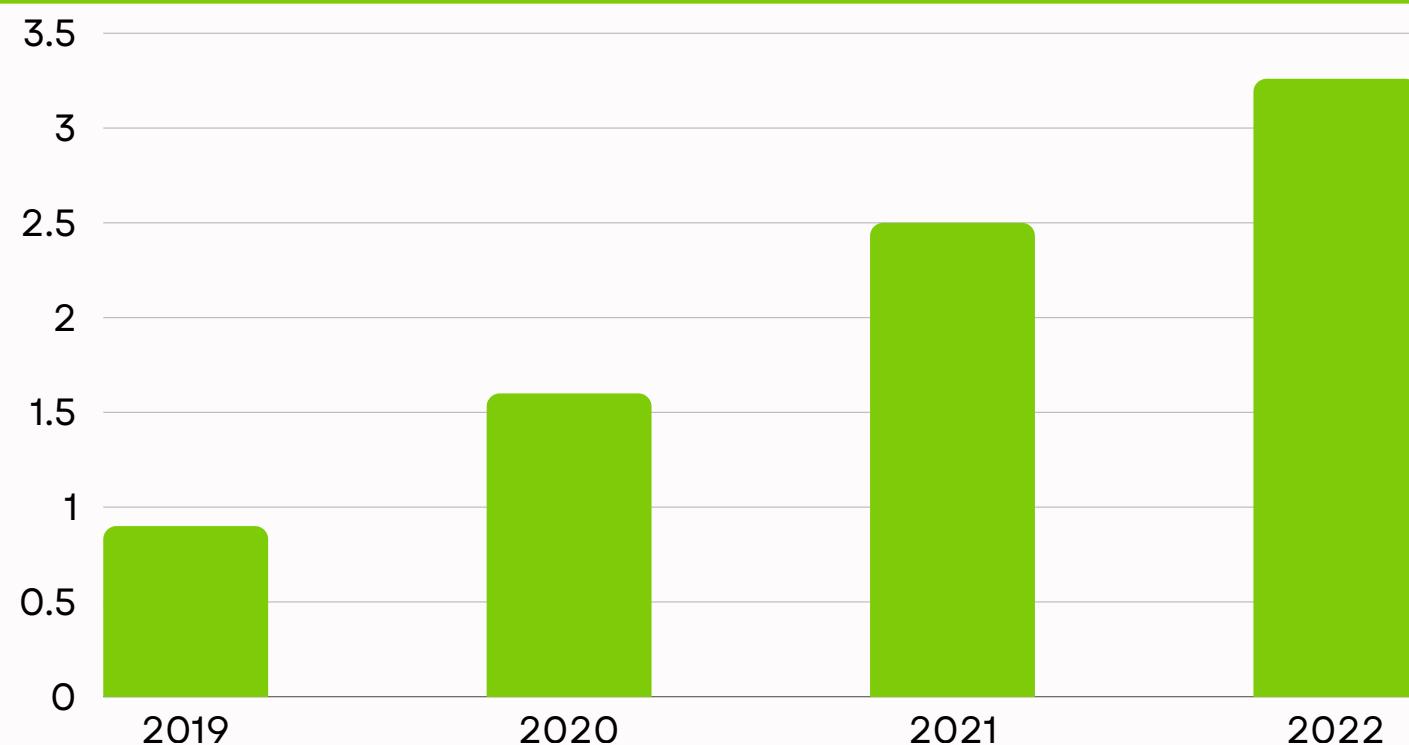
Legitimize the test taking process by implementing better proctoring technology to address malpractice concerns.

# 2: SUPER DUOLINGO

**Navigating the limited horizon - Improve on the Quality of perks offered**

## Issues

- Only 6% of the active users use the super duolingo paid subscription.
- Super duolingo does not offer major benefits for the users to purchase it!
- Linear forecasting despite limited market scope yields just 30% YoY growth



## Benefits

- Attract more users to use super duolingo .
- Increase the major revenue stream.
- Help users have real conversations to be fluent in their chosen language.

## Get more with Super Duolingo

FREE	SUPER
Learning content	✓
Unlimited Hearts	✓
Personalized Practice	✓
Unlimited Legendary	✓
No ads	✓
AI Chat Bot	✓
Guidance from native speakers	✓
Group Sessions	✓

# 3: IN-APP ADVERTISEMENTS

**Why fix what isn't broken? No changes for this monetization Strategy!**

	2019	2020	2021	2022
Advertising Revenue	14.1	27.0	38.5	<b>50.9</b>
Avg. MAU	27.3	36.7	40.5	<b>48.1</b>
Revenue/User	0.04	0.06	0.07	<b>0.08</b>

Stagnated Revenue/User → \$0.07.

**Thus, Lower Priority should be assigned to Advertising Revenue as Monetizing Strategy.**

**Increase in advertisement exposure would lead to Reduced Daily Active Users, Reduced User-Retention Rate Increased App Latency.**

**Decrease in In-app Advertisements would lead to Discontinuation of a regular revenue stream from which the company is earning 15% of their revenue!**

# NOVEL RECOMMENDATIONS

# 1. DIGITIZED LANGUAGE CERTIFICATIONS



Duolingo can become a one-stop destination for language learning and official certification!

**Certificate of Language**

John Smith

Scores

8.8	C1
TrueNorth	CEFR

**German A1**

Individuals at this level can express themselves freely and spontaneously, and for the most part accurately, on concrete topics and on most complex issues. They can usually support their opinion and develop hypotheses on topics of particular interest or personal expertise.

Judson Hart  
Judson Hart  
Assessment Excellence Team  
Presented on: 01 December 2022  
Valid through: April 2023

Rosetta Stone | TRUENORTH

Learn more about your score at [app.emmersion.ai](https://app.emmersion.ai)



**1. Duolingo can incorporate official beginner level language certification testing.**



**2. Starting with German and Spanish A1, can expand to other growing languages.**



**4. Duolingo- one stop solution to all language certifications.**

**3. Leverage Super Duolingo features to provide preparation courses for certification exams**

## 2. COLLABORATIVE PROMOTIONAL EVENTS

### 01 | Alternate Approach for External Advertising

Duolingo can generate advertising revenue by launching company specific promotional events for a short period of time while facilitating learning.

### 02 | Includes company-based language quizzes

These events will include lessons for user's chosen language based on the advertiser company's products.

### 03 | Event completion brings perks of its own

Users will obtain additional hearts and company specific perks on completion of the events.

### 04 | Increases User Engagement and DAU

These events will engage users to spend more time on the app while increasing advertising revenue.

### Duolingo x McDonald's

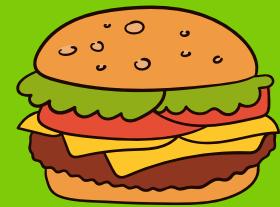
Language: Spanish

You are in a rural town in Spain and you walk into a McDonald's. Let's learn how to place your order in the Spanish Language!



Congratulations!

You can now have your Big Mac!





ਤੁਹਾਡਾ ਧੰਨਵਾਦ

obrigado

**THANK YOU**

ଧନ୍ୟବାଦ

谢谢

শুক্রিয়া

