



All about Hike Messenger

CASE STUDY

Rise and Fall



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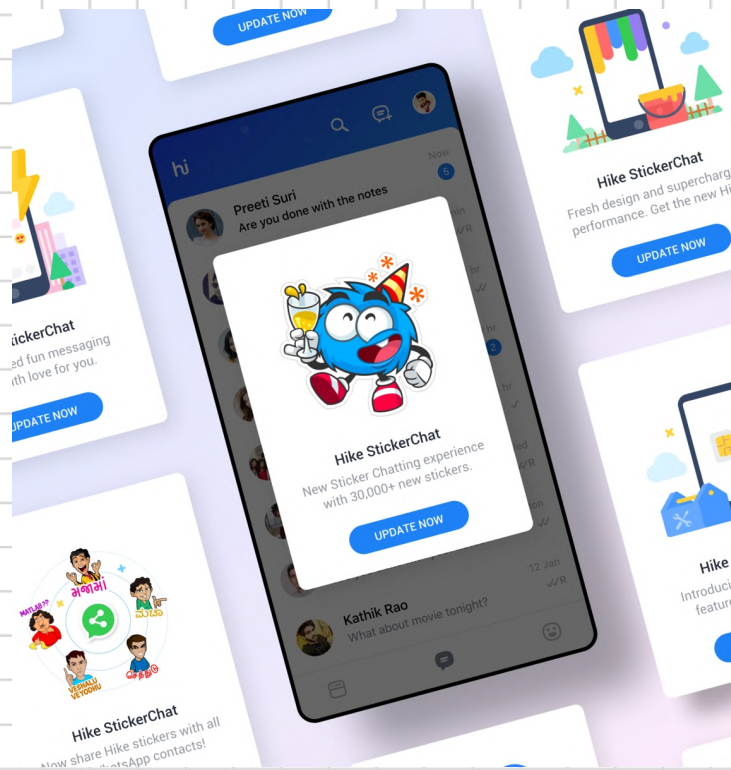


INTRODUCTION

Hike Messaging app was a cross platform instant messaging app for communication on the internet. Hike was launched on 12th December, 2012. It was a joint venture of Bharti Enterprises and Softbank. It was a free software available on various mobile platforms founded by Kavin Bharti Mittal and was one of the first instant messaging apps made in India. Hike, within a few months of its launch, caught user's fancy (users who were youth below age 30) almost within a very short period. Millions of people got on it, it reached the milestone of 70 M by the end of Oct 2015. On the other hand, its top competitor Whatsapp was picking up slowly but surely in India at the time. India being a huge market, there was undoubtedly enough space & scope for another company to succeed. Hike did just that. It kept adding millions of users month over month with addition of smart features such as free unlimited SMS called Hike Offline, in-app news, cricket scores, personalized stickers store unlike any other app; and added many hi-tech features over time such as Hike ID, Hike Wallet, Hike Direct, Hike Web (some of these outperformed WhatsApp) to enhance user experience while keeping user privacy & security intact. Hike was hailed as the youngest startup in India to get a unicorn title, with a valuation of over 1 Billion within just 4 yrs of launch i.e. around Aug 2016. Hike was most certainly the best & biggest competitor of other widely popular Instant Messaging apps.



WHAT HIKE OFFERED



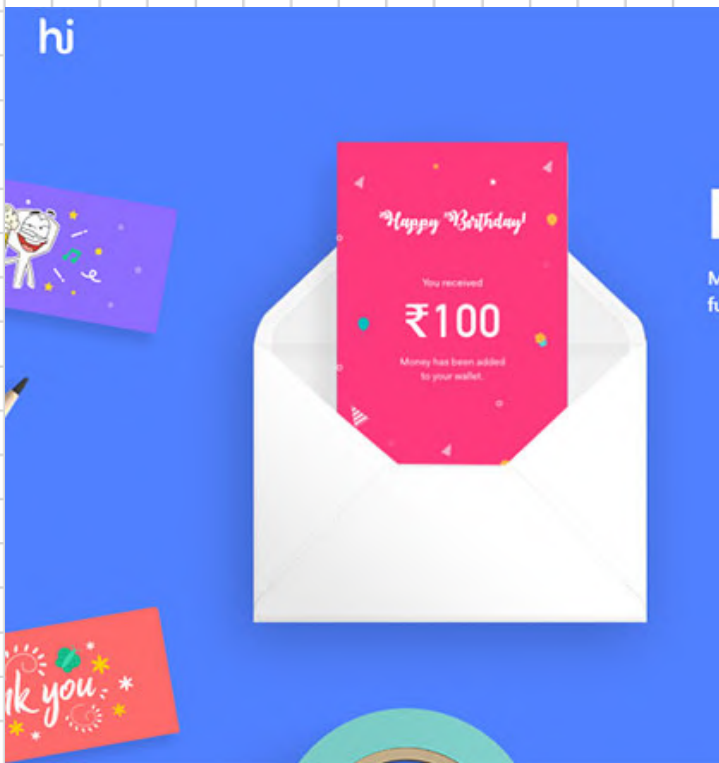
HIKE STICKERS

Hike had a library of almost 20,000 stickers in 40+ local languages. These stickers were exchanged over 300 million times a day. To further localize the experience, Hike introduced stickers that had both national and regional festivals like Holi, Diwali, etc. Going a step further to localize, Hike even had a library of customized stickers for over 500 colleges across India.

HIKE RUN

Hike Run measured the number of steps you took everyday and you could share the score with your friends. The counter used to reset each day and you could also compare your previous performances and see how you've improved your numbers with time. To make things more exciting, Hike Run maintained a daily leaderboard, seen only by the user's personal network, to provide motivation to be at the top.



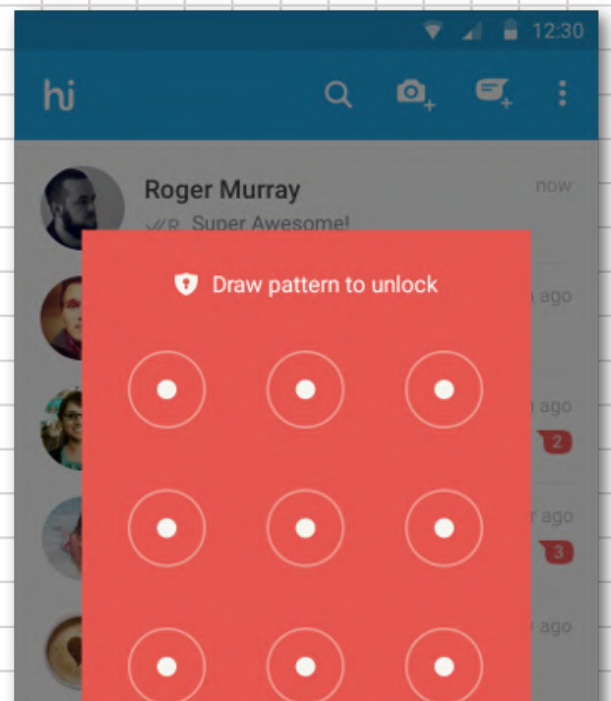


BLUE PACKETS

Blue Packets were nicely designed envelopes where users could insert money and send it to their friends and surprise them with personal messages along with filters on them. By introducing Blue Packets, Hike changed the way people send and receive money. It became more fun and interesting.

HIDDEN MODE

Focused on the 15 - 24 years segment, one of the very popular features that Hike introduced was the Hidden Mode. It allowed users to hide their chats quickly and elegantly.



TEXT TO STICKERS

Hike was the first messaging application to introduce Text to Stickers. This was an amazing feature that allowed any text typed by the user to be converted into a cool sticker to make chats more vibrant.



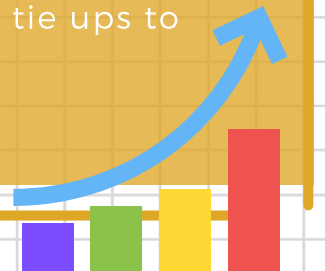
COMPETITORS OF HIKE MESSENGER

Hike Messenger's major competitors were messaging platforms like WhatsApp, WeChat, Signal, Viber, and Telegram. WhatsApp was one of the top rivals of Hike. All these platforms have an appreciable market standing and each has its own set of user bases. Though Hike provided a unique kind of interface, it still faced cut-throat competition from these platforms.

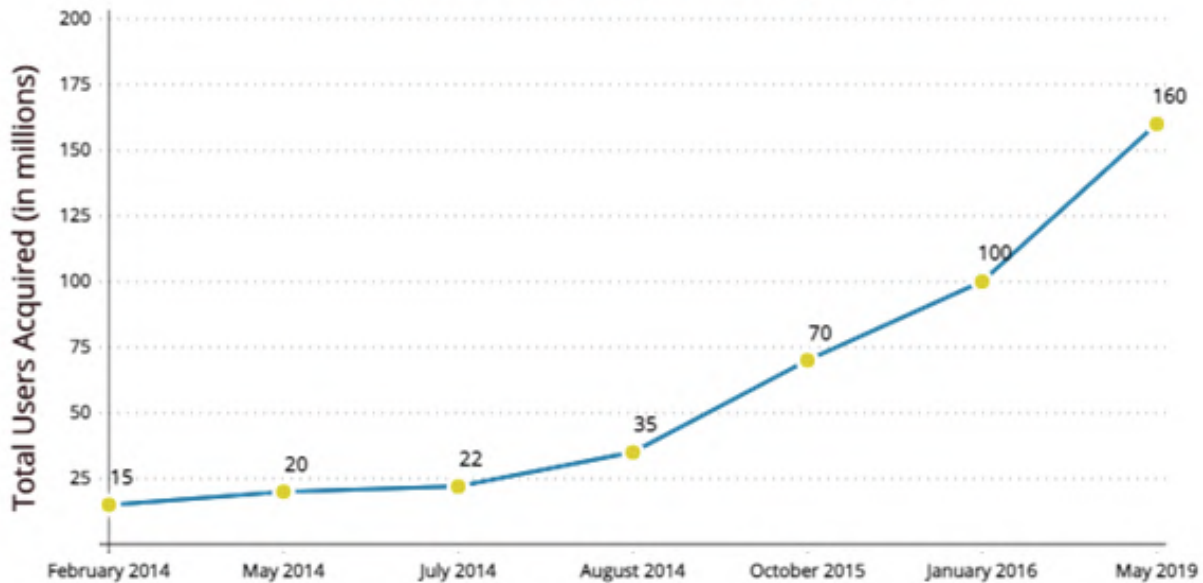


RISE OF HIKE

Hike was the youngest startup in India to get a unicorn title within 4 years. With Kavin Bharti Mittal coming from a rich background and having good connections, Hike was flush with cash from marquee investors like Bharti Softbank and Tencent etc. Hike acquired companies such as CREO for advancement in technology. Hike gained a base of 15 million followers within a year and was rated #1 app on Android Playstore, iOS App store, and Windows store. In the span of 5 years it gained more than 100 M users. Hike was a great start-up giving an amazing overview and it was valued at \$1.4 Billion. It had, in a very short period, captured a sizable portion of the Indian market. Hike reached 35 million user base in 7 years; 60% being in India and the rest in Germany, the Middle East and other countries. It had some remarkable marketing strategies and tie ups to reach up the ladder.



Total Users Acquired By Hike



HIKE CUSTOMER ACQUISITION STRATEGIES

1. Hike had affiliations with big brands such as MCD, dominos, CCD to provide vouchers/discount coupons to the customers. Users appreciated the app for rolling out such benefits which eventually led them to get new consumers.

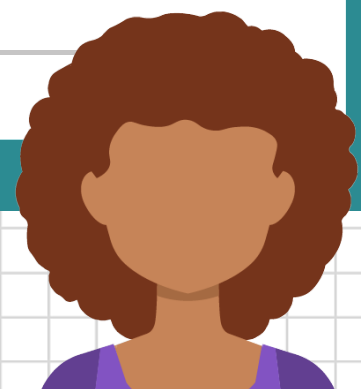
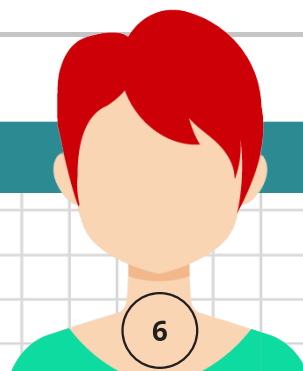
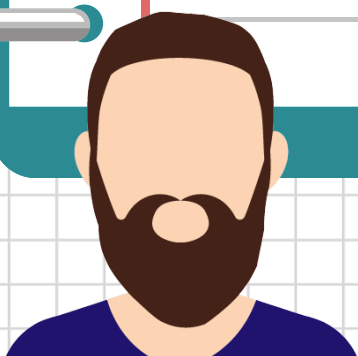
2. Hike targeted customers via the incorporation of local languages and regional stickers in the app to draw a personal connection. This helped the company gain the attention of local people who could now communicate in their own language comfortably.

3. Hike launched a reward program to attract customers. The company gave monetary benefits or coupons to people who recommended the app to their friends, family or other people.

4. In August 2013, Hike ran a full fledged digital marketing and brand campaign across TV, radio, and Cinemas, titled "Keep your friends close", which became a big hit. The company then started taking in real-time feedback from the customers to improve and develop their product.

5. Hike tied up with Airtel and ran a scheme to offer free data for three months incentive to users with Airtel postpaid connection, which helped Hike to get a good no. of consumers, thus increasing its customer base and at the same time targeting potential customers.

6. Hike gradually moved to other markets and tried its hand on making Hike a one stop solution for everything, where a person could find news, games, and messages at one place. Thus they wanted to increase the app interface time of the customer.





HIKE ACQUISITION

Hike acquired four organizations - CREO, InstaLively, Thought Mechanics and Zip Phones. All these acquisitions took place in the first five years of Hike's launch.

CREO, a company dealing with designing and developing an Android-based operating system for smartphones, personal computers and tablets, was Hike's latest acquisition. Other companies acquired were a web development company called Thought Mechanics, a live event broadcasting organisation called InstaLively and Zip Phones, a startup which provided free voice calling facility.

DATE

ACQUISITION

January 2015

Zip Phones

January 2015

Thought Mechanics

June 2017

InstaLively

August 2017

CREO



HIKE MESSENGER- FUNDING AND INVESTORS

Getting funds and investors wasn't difficult for Kavin Mittal, unlike other ventures. Hike garnered a total of \$261M in funding over 6 rounds. Their most recent funding was raised on Aug 24, 2021 from a Venture round led by Justin Mateen and Sean Rad. These funds were utilized in recruiting skilled employees, upgrading the product strategy of Hike, launching stickers, and adding innovative stickers. Apart from the joint venture of Bharti enterprises and SoftBank corporations called Bharti SoftBank (BSB), Hike's major investors were Tencent Holdings, Foxconn Technology Group and Tiger Global Management.

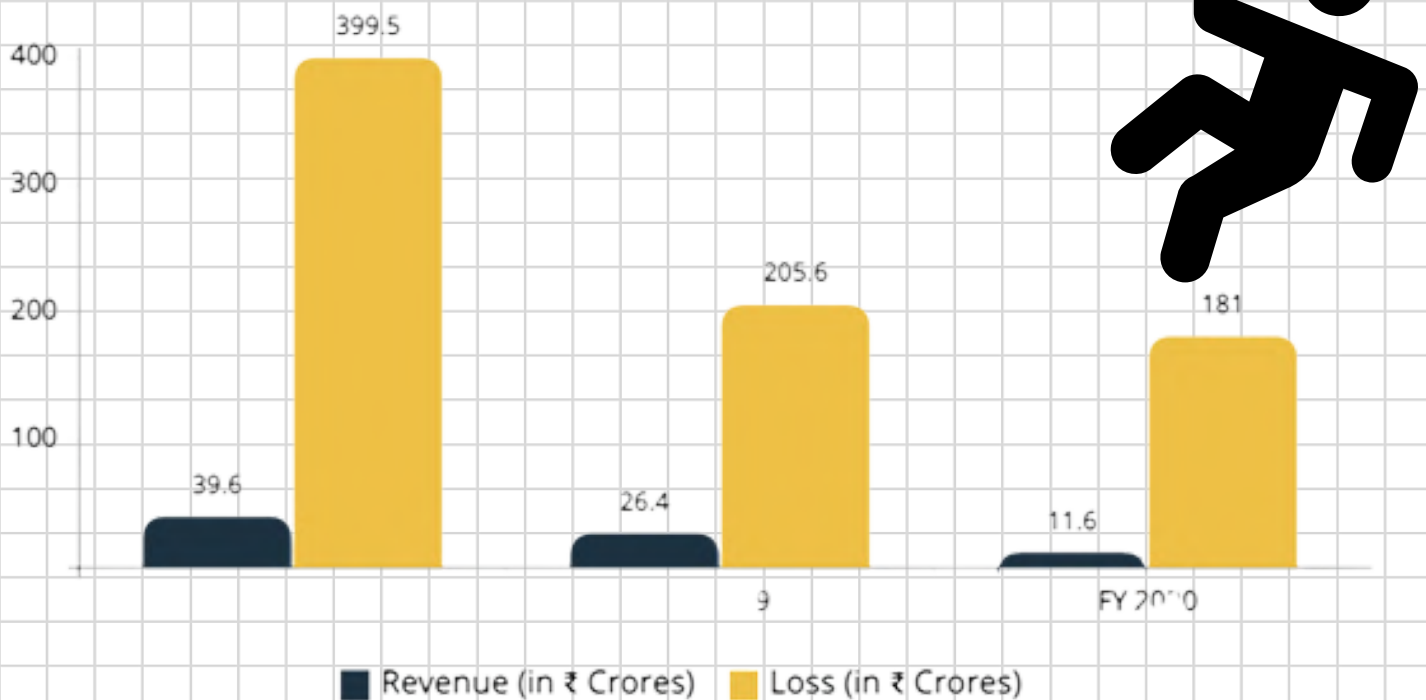


Date	Stage	Amount	Investors
August 24 2021	Venture Round	-	Sean Rad, Justin Mateen
August 16, 2016	Series D	\$175M	Foxconn Technology Group, Tencent Holdings
January 11, 2016	Venture Round	-	-
August 26, 2014	Series C	\$65M	Tiger Global Management
March 31, 2014	Series B	\$14M	Bharti Soft Bank
April 25, 2013	Series A	\$7M	Bharti Soft Bank

FALL OF HIKE

The made-in India technology, Hike, rose to great heights but finally succumbed to global competition. The app has been officially removed from Google play store and App store. The reason behind this move wasn't clearly mentioned but there are a number of reasons identified that could have potentially led to this decision.

Decline in Hike's revenue (2018-2020)



1. FEATURES

Hike had too many features such as Hike daily, Hike direct, hidden mode, Hike offline, two way chat theme, news updates, games, Hike cricket and horoscope. While this wouldn't have been a challenge for its young users, the older generation could have been perplexed by it, and hence not considered it an alternative. Moreover, new features were launched every six months, which made the app very complex to use. This complexity can be illustrated by the fact that a user had to go through seven steps to post a photo on the timeline. Moreover, the packing of such diverse features meant that Hike took somewhat more storage than its competitors - 75.16 MB (Android). Smartphones weren't as affordable back then as they are today, neither did they used to come with 4 GB RAM and 128 GB ROM. Obviously, Indian smartphone users had to avoid heavy apps to save more space on their phones hence they preferred whatsapp whose application size was only 28 MB.



2. COMPETITION AND CONTROVERSY

The global dominance of tech giants was one of the major factors of Hike falling out. Hike couldn't beat its competitors WhatsApp, Telegram, WeChat and a few more to become the top of its game. Kavin Mittal mentioned in his tweet on January 10, 2021 "Global network effects are too strong (unless India bans Western companies)"

Whatsapp was growing fast because of its user-friendly interface and easy to use features. Facebook blocked an option in its advertisements which allowed people to visit the Hike official website. People assumed it to be an initial technical glitch, but later Facebook confirmed that certain products and services can't be advertised on its platform.

3. NO USP (UNIQUE SELLING POINT)

Initially, their USP was providing sticker stores. But consequently, WhatsApp too added the sticker features, making Hike just like any other messenger.



U
Unique

S
Selling

P
Point



4. BAD MARKETING

Hike's marketing team does share the blame for the app's failure. There wasn't really any buzz around Hike as compared to its competitors WhatsApp, Telegram and Signal. Hike wasn't as much talked about as its rivals.



5. NO PROPER REVENUE MODEL

Hike had a single source of revenue only which was used to earn from telecom operators through the amount of data their consumers spent while using the app. Furthermore, the Jio revolution made the internet cheap. Hike wasn't able to obtain revenue from telecom operators anymore. They were left with no source of revenue. Due to their high burn rate, they were not left with any money at all in the end.

6. SELECTIVE MARKETING

Hike focused on the age group 18-30. Its negligence to the older population could have been a negative factor.

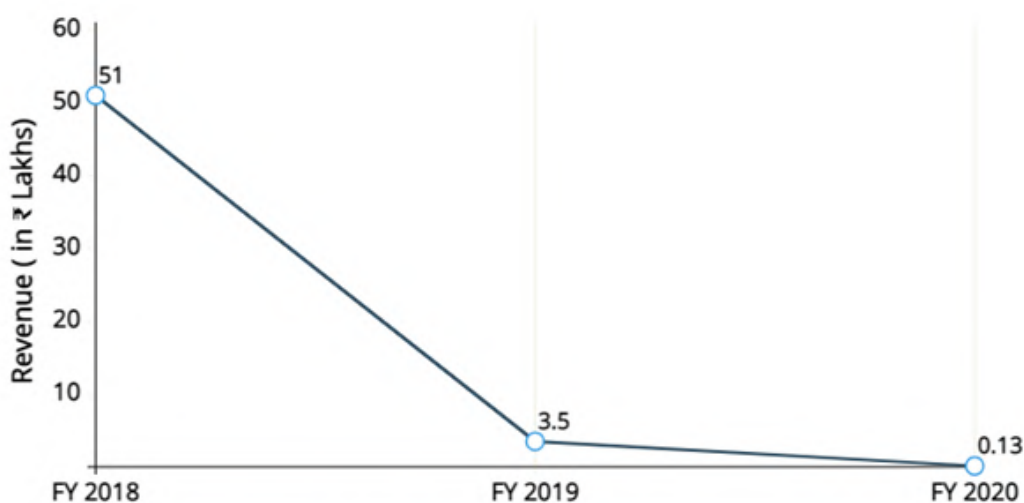


7. TIMING

- **Timing of its launch:** Hike was launched two years after WhatsApp was introduced in 2010. The latter came at a time when people were using Facebook and other social networking websites. WhatsApp came as a completely new messaging app and therefore acquired a huge user base. It was made for mobile use and not computers. WhatsApp was relatively easier to operate and without any complex features which made it extremely difficult for Hike to gain an upper hand in the market.

- **Timing of launching its apps features -** Hike was bringing up its features one by one in a span of just a few months. Hence, users were finding it difficult to adapt with them and when they got familiar with it, Hike launched another one. The cycle kept going on and Hike failed to sustain its consumers.

- **Wrong timing of exiting -** Hike exited at that time when they could have utilised the opportunity to expand their user base. India had a “Local for Vocal” movement going on where people were supporting Indian products and boycotting the foreign ones. Moreover, a tussle was happening between WhatsApp and the Indian government. Hike could have been the perfect alternative at this time.



Hike earned ₹13,000 from operations in FY 2020

SHUT DOWN



Hike took to Twitter and announced the closure of its messenger app on January 6, 2021. "Today, we are announcing that we will be sunsetting StickerChat in Jan'21." They gave their users a deadline till January 14, 2021 to migrate their data. Founder Kavin Mittal didn't give any particular reason for shutting down the service but mentioned in their tweet that global forces were too strong for India to have its own messenger. The company now focuses on its other two apps- Vibe and Rush.

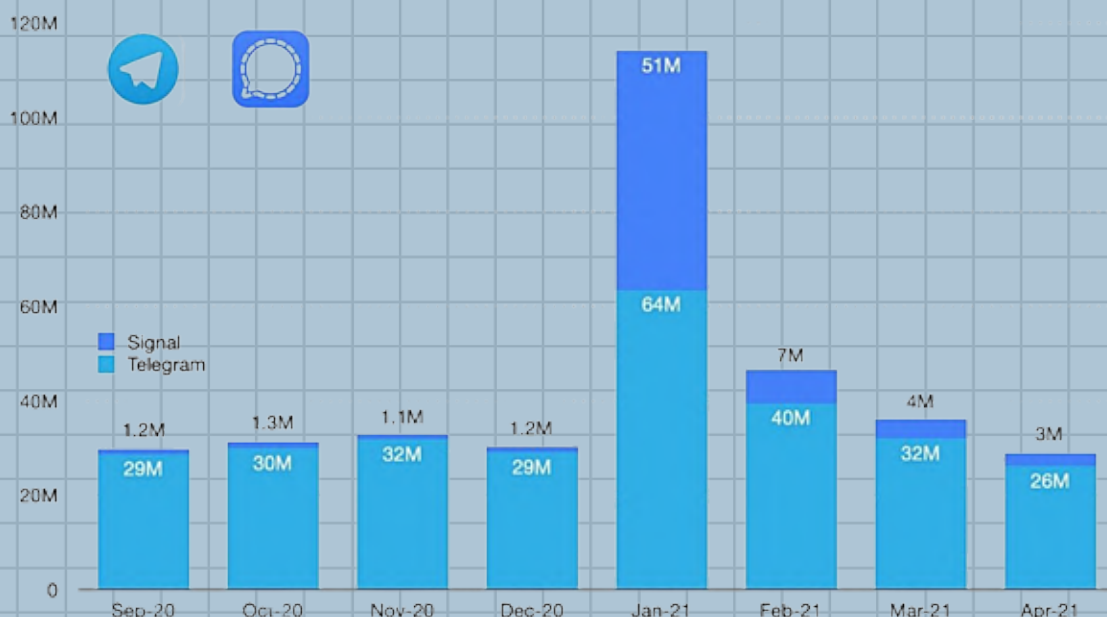
Vibe was first started within the Hike app as HikeLand and later emerged into a social media platform and renamed Vibe. This is supposedly an approval-based community app. Rush, on the other hand, is an online competitive gaming platform where users can play against each other in skill-games and win real money. The platform is a community of real players only without bots. These comprise of arcade games, skill games and quizzes, among others.

WHAT COULD HAVE BEEN DONE INSTEAD



1. Hike had a golden opportunity when Whatsapp's new data-sharing policies emerged. It could have used it for acquiring users. However Signal picked up the pace. It was very intriguing why no one paid attention to Hike till Kavin's tweet showed up in Jan 2021 concerning motioning the electronic communication app down. If Hike would have used a method to upsell itself within the name of Encryption of data and better privacy measures, the users who gave up Hike earlier might have returned. This was a major opportunity which hike didn't seize while on the other hand SIGNAL acquired a lot of new users by taking advantage and strategizing on this opportunity.

Below is a data of how many users SIGNAL acquired during Whatsapp's new data privacy policy fiasco:



2. During lockdown there had been a surge in the number of users and time spent on social media. Hike could have very well captured more audience here, and laid out better policy and user acquisition strategy to retain the user at the same time expand them. Moreover, Hike also found a surge in its active users during the country's lockdown in 2020. The incident confirms that there was a scope for Hike to come back.



3. Hike could alternatively have incentivised on the 'Vocal for local' movement, and projected itself as an MADE IN INDIA app when Whatsapp (its top competitor) had played out its new privacy policy fiasco. It was a great opportunity for hike to leverage the campaign to retain as well as acquire more users and stay in business and even expand exponentially. Hike also made a mistake by laying out new apps thus forcing its user base to divide into two which broke the user flow and disrupted the smoothness of their services .

CONCLUSION

In its early years, Hike had all the makings of a successful venture. Backed by marquee investors such as Bharti Softbank and Tiger Global, Hike amassed over 100 million users in 2016 and joined the unicorn club after raising \$175 million in a funding round led by Chinese internet giant Tencent and Taiwanese company Foxconn. But India's 10th unicorn startup lost its way and failed as it tried to become a WeChat like super app for India. After considering all possible factors, we can conclude there were many reasons behind

Hike messenger's fall:

1. Lack of USP
2. Dominance of competitors
3. Poor market penetration
4. Lack of proper revenue model
5. Fast evolution overwhelmed customers



By the time Hike woke up to try and steady its ship, Whatsapp's scale became too big to match. Whatsapp also introduced Whatsapp Business and strengthened its roots in the corporate ecosystem. On January 6, Hike informed its users that Hike messenger will be shut down and they were given till January 14 to migrate their data. Now individual entities owned by Hike - Vibe and Rush remain and serve Hike's loyal user base.



APPENDIX

Daily Active Users (DAU) : Daily active users (DAU) is a metric that measures the total number of users that login and engage with a business's product on a daily basis. An "active user" refers to one unique user logging in. Tracking daily active users can provide insight into the number of people who use and value a product or service.

End-to-end encryption : It is the act of applying encryption to messages on one device such that only the device to which it is sent can decrypt it. The message travels all the way from the sender to the recipient in encrypted form. In recent years, communications services ranging from WhatsApp to Zoom have announced their implementation of end-to-end encryption.

Startup Valuation : Startup valuation is the process of calculating the value of a startup company. Startup valuation methods are particularly important because they are typically applied to startup companies that are currently at a pre-revenue stage.

Super App : A super app is a platform developed by a company offering various services under one umbrella. For example, China's WeChat, which started out as a messaging app, expanded into payments, cabs, shopping, food ordering, cab services to become a super app.

Unicorn : It is a term used in the venture capital industry to describe a privately held startup company with a value of over \$1 billion. The term was first popularized by venture capitalist Aileen Lee, founder of Cowboy Ventures, a seed-stage venture capital fund based in Palo Alto, California.

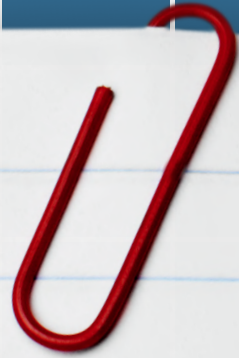
Unique Selling Proposition (USP) : The factor or consideration presented by a business as the reason that one product or service is different from and better than that of the competition. A successful USP promises a clearly articulated benefit to consumers, offers them something that competitive products don't offer, and is compelling enough to attract new customers.

Venture funding : It is a funding process in which the venture funding companies manage the funds of the investors who want to invest in new startups which have the potential for high growth in future. The venture capital funding firms provide the funds to start ups in exchange for the equity stake. Such a startup is generally one that possesses the ability to generate high returns, although the risk for venture capitalists is high.

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We truly commend the team's cooperation and joint effort in curating this detailed case study. Such publications demonstrate our members' ability to produce high quality work, which will further assist many in better understanding how start-ups operate at their nascent stages, the causes for performance fluctuations, and most importantly, how a single thought shapes reality.



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