

# CORPORATE BRAND MANAGEMENT AND REPUTATION

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## MASTER CASES

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### ZOOMING IN ON THE FUTURE

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## **Corporate Brand Management and Reputation: Master's Cases**

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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# **ZOOMING IN ON THE FUTURE**

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## **WRITTEN CASE**

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## **Zoom: Where to go from here?**

It is March 2020 and the world is just getting familiar with the words Coronavirus, pandemic, social distancing and quarantine. Another word and activity the world is getting familiar with is “Zooming”, or more formally known as having a Zoom meeting, which is becoming a part of millions of people's daily lives. Zoom is now acting as a platform for the new types of social interactions, meetings and education. In December 2019 the platform had ten million daily users and just seven months later this number was 300 million. This exponential growth has put Zoom in the spotlight and the company has faced multiple setbacks regarding security throughout the COVID-19 pandemic.

Flash forward to February 2022, the world is slowly opening back up and people are going back to their jobs, schools and the life that we used to know and the role of Zoom might not be as obvious.

### **Background and history**

Zoom was founded in April 2011 by Eric S. Yuan who was determined to find a solution to visit his girlfriend without a ten hour long train ride. In his first year as a university student in 1987, he created and developed a video telephony software. After studying at some of the world’s most prestigious universities, he began his professional journey. In 1997, Yuan started working at WebEx, an online meeting platform, as a founding engineer. In 2007, the company was acquired by Cisco and in turn they decided to name the company Webex with a lowercase E. He became the vice president of engineering at Webex and pitched an idea for a mobile-friendly video system for the company, which was turned down. He continued working for Webex, but the customers were unhappy with the product since it had not been developed to keep up with the fast technological movement. In 2011 Yuan left Webex and a few months later, Zoom became a reality.

Zoom is a cloud-based video conferencing platform used for virtual meetings, both formal and informal. In January 2013, Zoom 1.0 launched its first version of the software for the public. Only five months later, Zoom had reached over one million monthly users. It was at that time they became a full-grown video-conferencing product. The amount of daily users had increased to ten million users in 2015 and in 2017, Zoom's worth was over one billion dollars. In 2019 the company went public and was valued at sixteen billion dollars by the end of the day of the initial public offering.

When Zoom started in 2011, the market was already filled with giants like Skype, Google Meet and market-leader Webex, and investors were hesitant to invest in Zoom. However, Zoom differentiated itself from their competitors, i.e. it was compatible for all devices and was a user-friendly software. Today, they have a wide product range which includes e.g. meetings, marketplace, video webinars and phone systems. Zoom meetings are their core product where a majority of the profit can be derived from, using a freemium model, i.e. some features are free but users have to pay for additional services. The meetings connect people with audio and video, allowing the users to chat, share images and other files.

## **Making the case**

In the beginning of 2020 the COVID-19 virus started spreading drastically across the globe, as people had feared, and on 11th of March the World Health Organisation (WHO) officially announced it as a pandemic. Due to restrictions and social distancing, people turned to technology and remote working as corporate meetings and teaching became digital. This led to a huge increase in the usage of online video communications applications and Zoom became one of the most popular options. Even social gatherings were held on Zoom throughout the pandemic to try to keep people's social life going and "Zooming" became a big part of peoples professional and personal life.

Zoom had around 10 million daily users before the pandemic, those numbers saw a rapid increase in March 2020 and four months later the daily users had grown to 300 million. This growth was impossible to foresee for the company and it was certainly accompanied by some growing pains and complications.

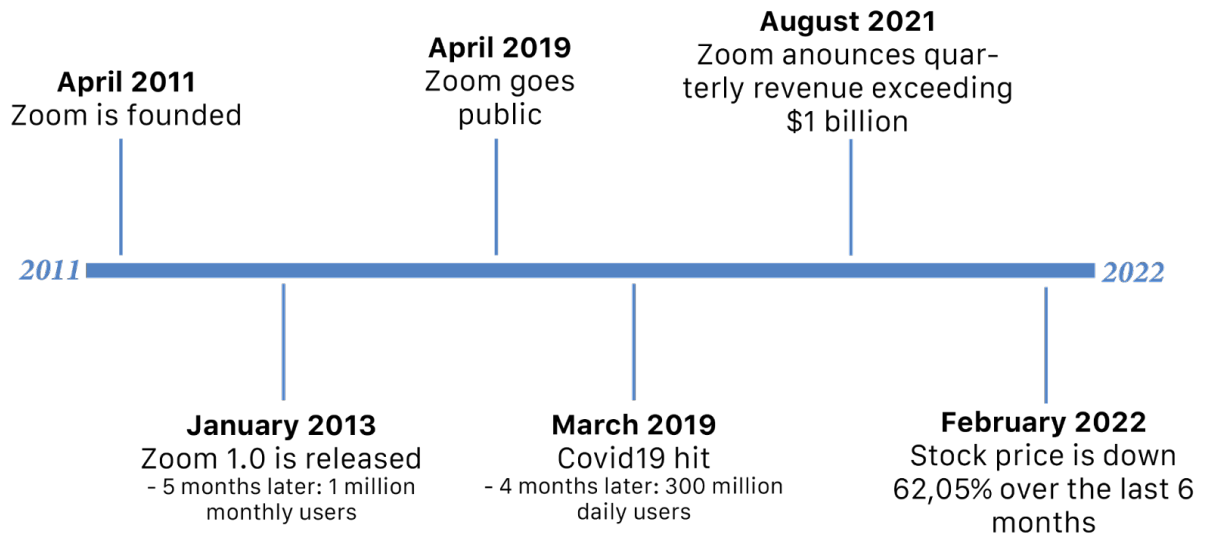
However, it soon became apparent that the company's security standards were insufficient; it turned out that Zoom's end-to-end encryption was not quite end-to-end as stated. Zoom was using transport encryption and therefore meeting attendees were able to access personal information about each other. Another issue they faced revolved around people breaking into random meetings or so called "Zoom bombing". "Zoom bombers" figured out the ID numbers of meetings and were therefore able to enter private meetings on the platform. The 4th of April 2021 Zoom announced new features to prevent those "Zoom bombing" incidents, those features included a waiting room as well as improved passwords settings.

Moreover their privacy policy seemed to give Zoom the availability to use people's personal data as they wanted. Zoom apologised for the mishappenings and the CEO confirmed that they were experiencing growing pains and that the company was not ready for this unexpected increase in users.

*"As we scaled our infrastructure at an incredible pace, we also had to enhance our privacy, security, and user education operations to address concerns of our rapidly expanding and changing customer base."*

A majority of the privacy issues were quickly resolved in the spring of 2020 but since then, new problems have regularly surfaced and affected the company itself and their users. Zoom has faced more than one lawsuit due to their privacy and security related issues, one of them was settled December 7th and ended with a settlement. The settlement resulted in all active users from March 30th 2016 until July 30th 2021 having the right to claim a cash payout. From December 7th 2021, individual users of Zoom have had the option to enable the automatic update to make sure that they get all crucial security fixes as soon as possible.

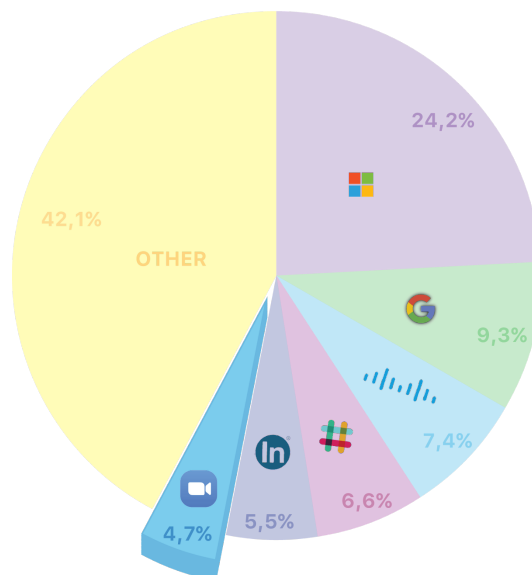
One of their latest security issues was revealed in February 2022 and concerns the microphone on Apple computers not turning off after meetings have ended. All the incidents mentioned above are only a small part of what Zoom has faced over the last two years and the CEO has been forced to make several public apologies. These security issues have led to organisations and public institutions banning the use of Zoom. Companies like Google and SpaceX and institutions like the FBI and The UK's Ministry of Defence turned to other options for video conferencing. This has enabled the competitors to capitalise on Zoom's failure. The timeline in **Figure 1** displays how Zoom has evolved over time.



**Figure 1** Zoom’s timeline

### Current state of Zoom

Even though Zoom has faced several issues they have managed to retain close to a 5% market share in the software segment, as seen on **Figure 2**. However, these numbers do not really reflect how big Zoom really is since their competitors have a broader spectrum in this segment while Zoom primarily provides video conference calls.



**Figure 2** Market segmentation in the software industry (Zandt, 2021).

Zoom currently has over 125 000 educational institutions using Zoom as their primary platform for teaching and in 2021 the company decided to globally offer the service for free to primary and secondary schools. The platform is considered to be more fun, creative and easy to use, compared to competitors like Microsoft Teams, e.g the CEO states the following in the 2021 annual report;

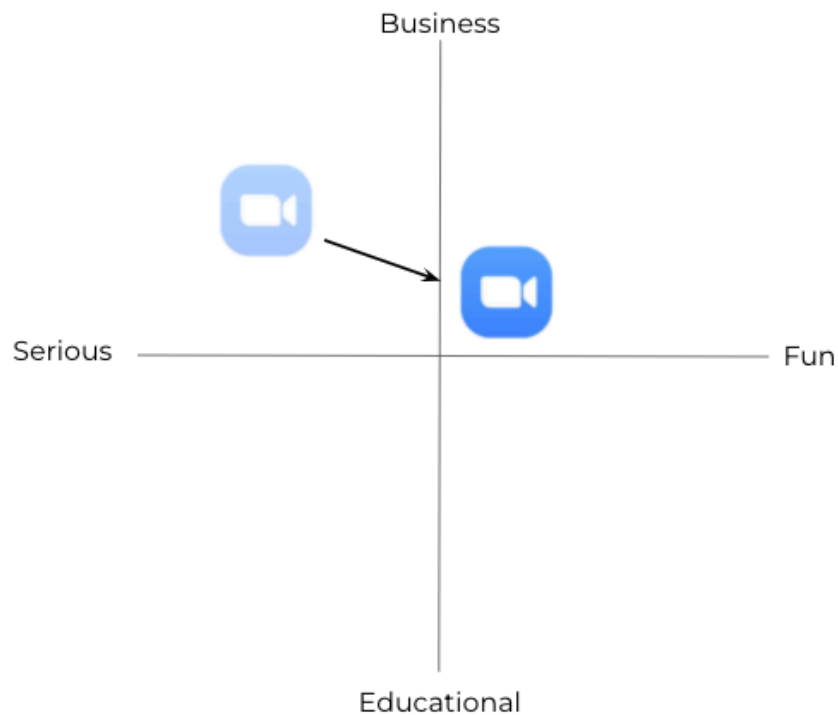
*“As the global community faced the COVID-19 pandemic, we were so humbled to see businesses, educators, and families choose Zoom, and use our platform in increasingly innovative ways to connect, collaborate, and celebrate.”*

Furthermore, Zoom’s largest segment of users are people in the ages between 18 to 24 who account for 27% of their total users. Compared to Microsoft Teams the same age group only accounts for 4% of the total number of users. Zoom’s CEO describes their customers in the following way;

*“We have customers of all sizes, from individuals to global Fortune 50 organizations.”*

This statement expresses the variation of Zoom’s customers and manifests the range of customers the company has. Allowing their users to *connect, collaborate* and *celebrate* with each other constitutes the starting point for Zoom and it is reflected in the way they have developed their business. Furthermore, Zoom values accessibility and aims at being a people-centric company that is for everyone. Pre-pandemic Zoom’s desired position was to be a video conference tool for business, enterprises and companies but during their expansion in the pandemic the position was forced to change as people started using Zoom for many different occasions and therefore their position became unclear. **Figure 3** below is based on our interpretation of how Zoom’s position has changed during the pandemic based on the previously presented facts and statements.





**Figure 3** Zoom’s pre-pandemic and current positioning

Now when it appears the pandemic is standing on its last leg, it is crucial for the management team and the board of directors to think about Zoom’s positioning in the future. During the pandemic, Zoom was to a larger extent used for social events and gatherings compared to their competitors, as well as being used for teaching and corporate meetings. In a post pandemic world it is hard to predict which role Zoom will play in people's everyday lives as well as professional lives. Hence, the question reads as follows; *What should be Zoom’s strategic positioning in the post pandemic world?*