Brand Doctor

Brand Check-up

Duolingo

As of September 2, 2025

Status: Needs attention

A healthy business with a strained brand: revenue and users grow about 40%, but the AI-first memo drew a backlash and free AI tools are entering its category.

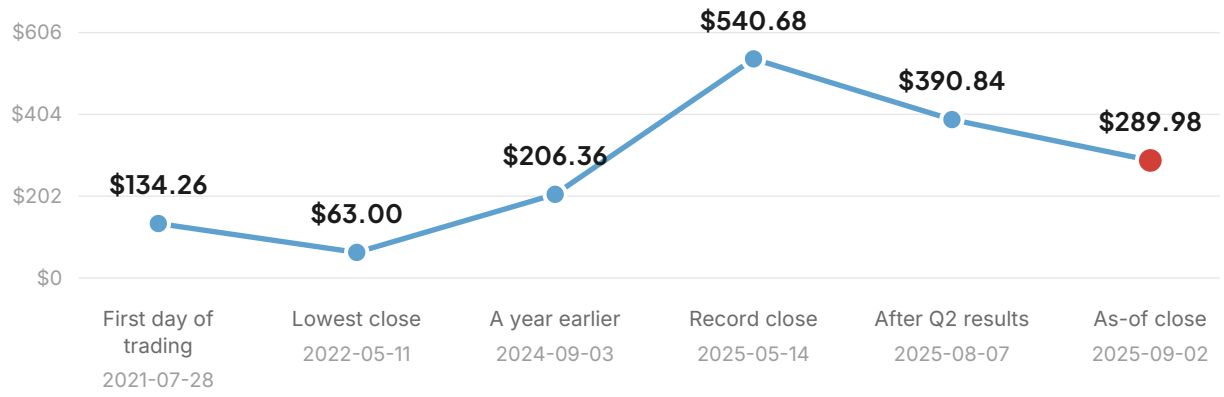
About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on September 2, 2025. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [2, 1]



Share price

$289.98

Close, September 2, 2025 (Nasdaq: DUOL) [1]

Change from peak

Down 46%

From record close of $540.68, May 14, 2025 [2]

Change over a year

Up 40.5%

From $206.36 close, September 3, 2024 [2]

Annual revenue

$748.0 million

Fiscal 2024, up 41% [5]

Quarterly revenue

$252.3 million

Q2 2025, up 41%; full-year guidance raised [3, 4]

Daily active users

47.7 million

Q2 2025, up 40%; 10.9 million paid subscribers [4]

Timeline

2021-07	Duolingo shares begin trading on Nasdaq; first-day close of $134.26. [2]
2022-05	Shares reach their lowest close, $63.00, on May 11. [2]
2025-02	On February 11, Duolingo announces that Duo the owl is dead; he returns two weeks later after learners race to earn XP. [6, 7]
2025-02	Fiscal 2024 results: revenue of $748.0 million, up 41%, and 9.5 million paid subscribers. [5]
2025-04	CEO Luis von Ahn's AI-first memo says Duolingo will gradually stop using contractors for work AI can handle. [9, 10]
2025-05	Shares set a record close of $540.68 on May 14. [2]
2025-05	Duolingo deletes its TikTok and Instagram posts amid the AI backlash; von Ahn says the company is still hiring. [8, 9]
2025-08	Q2 results on August 6: revenue up 41%, daily active users up 40%, guidance raised; shares close up 13.7% the next day. [3, 4, 1]
2025-08	Von Ahn on the memo: "This was on me. I did not give enough context." [10]
2025-08	Google adds a Gemini-powered practice option to Translate; Duolingo shares fall and close at $297.86 on August 29. [11, 12, 1]

Symptoms

- Daily active user growth slowed from 51% in Q4 2024 to 40% in Q2 2025.
- Duolingo deleted its TikTok and Instagram posts in May 2025 amid criticism of the AI-first memo.
- The CEO clarified the memo on LinkedIn in May and told the New York Times in August: "This was on me."
- Shares closed 46% below their May record on September 2, 2025.

- Google added a free language practice option to Translate in late August 2025, and the shares fell.

Diagnosis

1 A brand that rests on one character

The campaign that killed off Duo drew 1.7 billion impressions in two weeks against a 70 million goal, and the TikTok account gained more than 6 million followers in a year. Duolingo's own letter credits "unhinged and viral marketing campaigns". When the brand speaks through one character, any message that contradicts that character lands hard. [7, 5]

2 A staff memo that did not speak to customers

The memo said Duolingo would "gradually stop using contractors to do work that AI can handle" and grow headcount only if "a team cannot automate more of their work". Ad Age reported that Duolingo deleted its TikTok and Instagram posts amid the backlash. Von Ahn later said: "This was on me. I did not give enough context." [9, 10, 8]

3 AI makes the category easier to enter

Google added a Gemini-powered practice option to Translate, with lessons tailored to the learner's level and goal. Fortune reported Duolingo's shares fell 3% after the announcement, and StockStory tied the August 29 fall to the same news. [11, 12]

4 Fast growth, but slowing

Daily active users grew 51% in Q4 2024 and 40% in Q2 2025. Revenue still rose 41% and paid subscribers rose 37% to 10.9 million, so the concern is pace, not direction. [4, 5]

Prognosis

As of September 2, 2025, Duolingo is a profitable, fast-growing company with a brand under strain. Revenue grew 41% last quarter, and management raised its full-year guidance and now expects revenue of $1,011 million to $1,019 million. The open questions are trust and substitution. Watch daily active user growth in the next quarterly results, whether the owl's social channels regain their reach, and how clearly Duolingo explains what it offers that free AI tools do not. If user growth keeps slowing while AI rivals add features, the brand will need more than a mascot to hold its place.

Treatment

- Lead every AI announcement with what learners get, before any word about cost or staffing.
- Keep tying owl campaigns to lessons and streaks, as the Duo revival did with XP, so attention turns into habit.
- Show the people behind the courses and the characters, so learners can see the human work that AI supports.
- State in plain words what Duolingo gives that a free AI tool does not: structure, habit and fun.

Lessons for growing companies

A mascot buys attention, not forgiveness

A strong character draws an audience, but it raises the cost of any message that clashes with it. Test big announcements against the personality customers know.

Internal memos are public

Assume any staff memo will be read by customers. Write it so it makes sense to them too.

Name your edge before rivals do

When a free tool moves into your category, say plainly what customers get from you that they cannot get from it.

Sources

1 Duolingo, Inc. (DUOL) historical prices, August 1 to September 2, 2025. Yahoo Finance, 2025-09-02.
https://finance.yahoo.com/quote/DUOL/history/?period1=1754006400&period2=1756857600

2 Duolingo, Inc. (DUOL) historical prices, July 28, 2021 to September 2, 2025. Yahoo Finance, 2025-09-02.
https://finance.yahoo.com/quote/DUOL/history/?period1=1627430400&period2=1756857600

3 Duolingo Reports 41% Revenue Growth, 46% Subscription Revenue Growth and Record Profitability in Second Quarter 2025; Raises Full-Year Guidance. Duolingo (Form 8-K, SEC), 2025-08-06.
https://www.sec.gov/Archives/edgar/data/1562088/000156208825000165/q2fy25duolingo6-30×25press.htm

4 Q2 2025 Shareholder Letter. Duolingo (Form 8-K exhibit, SEC), 2025-08-06.
https://www.sec.gov/Archives/edgar/data/1562088/000156208825000165/q2fy25duolingo6-30×25share.htm

5 Q4 and FY 2024 Shareholder Letter. Duolingo Investor Relations, 2025-02-27.
https://investors.duolingo.com/static-files/99006c40-d8cf-41ca-b5b1-c5cb1fa5ba88

6 Duolingo kills off mascot Duo as marketing stunt sets off social media frenzy. Ad Age, 2025-02-11.
https://adage.com/article/digital-marketing-ad-tech-news/duolingo-kills-mascot-duo-new-marketing-stunt/2602261

7 How Duolingo scored its most viral hit ever by murdering its mascot. Fast Company, 2025-04-10.
https://www.fastcompany.com/91313082/duolingo-dead-duo-owl-social-media-campaign

8 Duolingo deletes its TikTok and Instagram posts amid AI backlash. Ad Age, 2025-05-20.
https://adage.com/social-media/aa-duolingo-wipes-tiktok-instagram-ai-backlash

9 'Continuing to Hire': Duolingo's CEO Clarifies AI Stance After Backlash. Read the Memo. Entrepreneur, 2025-05-23.
https://www.entrepreneur.com/business-news/duolingo-ceo-clarifies-ai-first-memo/492141

10 Duolingo CEO admits his controversial AI memo 'did not give enough context' and insists the company never laid off full-time employees. Fortune, 2025-08-18.
https://fortune.com/2025/08/18/duolingo-ceo-admits-controversial-ai-memo-did-not-give-enough-context-insists-company-never-laid-off-full-time-employees

11 Duolingo is facing an existential crisis as Google Translate rolls out features to tutor users, and even handle live translation as a bonus. Fortune, 2025-08-27.
https://fortune.com/2025/08/27/duolingo-existential-crisis-ai-google-translate-language-learning-live-translation/

12 Why Duolingo (DUOL) Shares Are Falling Today. StockStory via Finviz, 2025-08-29.
https://finviz.com/news/153769/why-duolingo-duol-shares-are-falling-today

About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

Find out where your marketing is bleeding.

Brand Doctor runs the same check-up on your marketing. Book a free diagnosis at brandmd.ca/contact.

Book your free diagnosis