

Driving continued Apps'
growth through better
user understanding

The pandemic and the response to it by people & administration has altered the world around us in many ways. Amidst the changing environment, people have also adapted to the new normal by adopting several new behaviors in their daily lives - be it integrating working from their homes or changing purchasing and entertainment patterns.

Key trends of 2020 & what we could learn from them:

Today, we are spending more time online and on our mobile phones¹ - consuming new content, engaging in games, or using our phones to take time off and help focus. Apps in certain categories (e.g. video conferencing, learning, social media, gaming etc.) saw a huge boost in downloads & usage whereas apps in some other categories saw major drop in use (e.g. travel, ride-hailing services).

While these changes were driven by underlying shifts in user behavior, we saw some interesting tactics deployed by product, growth and marketing teams around the world to adapt to these changes and drive better outcomes for their products. Let's take a look at some of these interesting tactics, which could potentially be adopted by many more products going forward:

Category	Changes in user behavior/product metrics	Key product adaptations	Key insight
Video conferencing	Services such as Zoom, Hangouts, and Microsoft Teams saw a significant boost in the number of users and downloads (growth in the range of 10-30X across markets such as the UK, US & Spain as the lockdown started). ²	Major service providers such as Google Meet and Microsoft Teams offered their premium features for free or offered an extended trial period on their video conferencing apps.	<ul style="list-style-type: none"> Turning a paid product to free or extending the trial period could help bring in new customers. Offering discounts for long-term subscriptions can help acquire the customers faster and, subsequently, open up the path towards habit formation among users (driving long-term retention).
Learning and education	<ul style="list-style-type: none"> Schools and colleges were closed in 190+ countries, affecting close to 90% of the learners³. Education apps grew by 90% in Mar 2020, compared to a weekly average of Q4 2019⁴. EdTech industry is expected to grow by at least 3X, from a \$107B market in 2015 to a \$350B market in 2025, driven by Asia's booming younger population⁵. 	<ul style="list-style-type: none"> Byju offered students free access to its app, taking its total registered users to 65 million (>60% growth)⁶. Snapask, an Asia-based education technology company, pledged over 10,000 free subscriptions to its mobile e-learning app to Singapore-based students⁷. 	<ul style="list-style-type: none"> For industries dependent on the ecosystem (such as internet connectivity or regulatory support), the ability to download the subscribed content and access it anytime & anywhere can enable flexibility to retain customers. Personal connection is an important paradigm in the education industry. Providing live tutors to solve doubts and regularly updated FAQs (frequently asked questions) can provide post-class backing to support learning.



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Entertainment	<ul style="list-style-type: none"> Games, social media, and video streaming saw a huge rise in downloads and subscriptions in the areas widely impacted by COVID-19. In H2 2020, the casual gaming industry had 45% increase YoY in downloads⁸. Recently TikTok also reported 53.5M WAUs, growing 75% this year⁹. Video streaming apps saw a tremendous increase in subscriptions and a growth in the variety and quantity of content for the audience. While Netflix & Amazon Prime grew from strength to strength, we also saw newcomers like Disney+ growing to a whopping 73M subscribers¹⁰ within 9 months of its launch. 	Content creators and streaming apps have responded to this increased demand by releasing movies directly to home and adding new shows to their portfolio to engage the audience constantly.	<ul style="list-style-type: none"> For entertainment apps, content is the product - the ability to produce content and make it available at break-neck speeds was crucial to adapt to the changing user behavior. It would be crucial to understand the new users' consumption patterns and develop a differentiated customer management strategy to drive retention¹¹.
Health and fitness	As per Statista, Health and Fitness apps download increased by 33% in H1'20 ¹² as compared to H1'19, and this growth was largely attributed to the pandemic	Nike offered its premium offering Nike Training Club for free until further notice, and Peloton extended their free trial period from 30 days to 90 days.	Offering an extended trial period of a paid service helps bring in on-fence customers. Companies then can shift the focus from the acquisition of new customers to engagement and long-term retention.
Ride hailing	Uber reported that the number of rides was down by as much as 70% in some of the hardest-hit cities like Seattle ¹³ as soon as the pandemic started. Uber and Lyft's ride-hailing user base is expected to drop by 28.3% & 32.3%, respectively ¹⁴ by the end of 2020.	These companies quickly pivoted to bring back trust. Companies like Uber have implemented various safety ¹⁵ requirements for drivers and riders to adapt to a new normal and stopped shared rides ¹⁶ .	For services that involve a higher degree of human interaction, trust is paramount. Implementing safety measures and reinforcing communication could help sustain trust and brand equity.
Food ordering	<ul style="list-style-type: none"> Quick service restaurants (QSR) were forced to migrate from their in-store service to curbside delivery & pick up. As a result, downloads on apps of Dunkin, Pizza Hut saw an increase of 55% and 25%, respectively, in May 2020¹⁷. Overall we saw a larger adoption of order-in and food delivery apps this year; Smartphone delivery app users in the US were expected to grow by 25%+ in 2020¹⁸. 	<ul style="list-style-type: none"> Services such as Uber Eats, Doordash etc. introduced no contact delivery for consumers, and measures such as no delivery fee, instant payouts etc. to help and assist the restaurants¹⁹. To cater to emerging requirements, Uber Eats²⁰ & Zomato²¹ introduced grocery delivery in Europe and India, respectively. 	<ul style="list-style-type: none"> Sustaining the ecosystem is just as important as growing the product and delivering value to customers. Implementing measures that benefit all players in the ecosystem could help tide the storm together. Quickly pivoting to new services and/or adding relevant product features helps retain customers and drive business growth.



The way forward - Sustaining product growth or bouncing back post-pandemic

2021 presents hope for everyone – with vaccines & normalcy around the corner, beneficiaries from the newer trends wish to sustain this momentum (and the new user behavior). Products that had to slow down this year are hoping to pick up steam once again next year. Here are some of the key challenges awaiting product, marketing, and growth executives as they plan forward:

1. Translate short term growth to long term gains

Today, most product managers of successful products would be keen to capitalize on the recent user behavior and translate short-term gains (in scaled acquisitions) to long-term gains (in the form of a strong, active user base). The growth spurt we've experienced recently has not only retained core users but also attracted "on the fence" users or users with no prior use case. For example, several executives across the globe have turned into "power" users of video conferencing apps such as Zoom, Microsoft Teams, etc., as meetings became virtual (and WFH seems to be here to stay). While it's natural to wish to retain everyone, it's not feasible, and executives would have to identify users that should be retained and create relevant engagement hooks and develop appropriate user habits for these customers to sustain product usage:

Go beyond the topline metrics - Product, marketing, and growth managers should go beyond the usual funnel metrics and better understand ongoing product/ feature usage. While topline metrics (funnel metrics) help understand the quality of acquisitions and initial user behavior on the product, they are fairly limited in tracking ongoing product/feature usage. They do not help build a deeper understanding of the users & their interactions with the product.

Define metrics to build/ track habits - Product managers should also define metrics that follow the user's journey with the product to track this information and identify actionable insights to build relevant habits for different user segments.

2. Understand and adapt to rapid changes in user behavior

The behavioral changes on the app typically reflect its users' lifestyle changes. Post the initial disruption at the beginning of the pandemic, we saw users adapting to the new normal. However, this new normal is not constant and shall continue to evolve post-pandemic. As users adopted technology trends at a fast pace, it is equally likely that some of these trends would reverse even faster as normalcy resumes. Executives should closely watch, understand and react to the user behavior around their use-cases:

Understand the "why" behind the metrics – While data can inform "what" is happening in the product, talking to the users will help understand "why" it is happening and explain mental models that power user behavior. This can help product managers "design" relevant product features and/or user journeys to adapt their offerings to 'user's needs and motivation as well as help marketing & growth teams understand different user segments, their context and engage them better.

Evaluate & evolve product-market fit - While fast-changing user behavior is challenging to operate in, 'it's also an opportunity for companies to experiment & innovate faster. As we've seen in the case of Uber Eats and Zomato (mentioned above), products have successfully added use cases to adapt to the changing user habits and continue to be relevant. Product managers should focus on extracting insights around needs and motivations outside their existing use-case to identify opportunities to scale (or pivot) their product and continue to be relevant to more users.



3. Be ready to react quickly

Companies that can closely follow, understand, and adapt to evolving market conditions & user behaviors would be better placed to navigate uncertainty better. The post-pandemic stage is likely to move at a fast pace as well, and it would be imperative for executives to stay on top of the latest & greatest product performance and the user behavior around their use-cases and react quickly:

Review & reorient "growth plans" regularly – Set up a "rapid response team" or a "war room," composed of cross-functional team members, responsible for reviewing the health of the business (weekly/fortnightly) and respond quickly to the changes in product usage patterns. This team could also review & revise product growth objectives and set clear short/long term goals for the rest of the teams in the organization.

Invest in the right infrastructure - The success of data-driven decision making depends on the quality & quantity of the data and the ability to mine actionable insights out of it efficiently. As the demand for data-driven insights around user behavior increases exponentially with higher product adoption, the system could be limited by its ability to handle the increased workload, thereby affecting the execution speed. Evaluate efficiency & scalability of your data infrastructure regularly to set up a robust support system to understand your users better and react quickly to any emerging trends.

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