

CREATING HABIT-FORMING DIGITAL PRODUCTS

Enhancing retention for online grocer picnic

ASSIGNMENT

Roughly half of all households in Picnic delivery areas registers for the service, but not all users become loyal customers. This means that Picnic has sub-optimal retention rates, but a large upward potential.

The challenge of this thesis was to come up with a design strategy for the Picnic app, so the company could retain more users.

This is beneficial to users and society. Picnic reduces emissions and food waste, while saving users time and money.

STRATEGY

This thesis discovered 6 user characteristics that drive a strong Picnic habit. The users that have these characteristics form Picnic's early market (B). These users have both a high motivation and ability to use the Picnic service.

In order to increase conversion rates, customers who (partly) lack these characteristics (A & C) should be enabled to place orders.

Once these users are enabled, their frequency of interaction should be increased. This can be achieved by connecting internal triggers related to groceries to the use of the Picnic app.

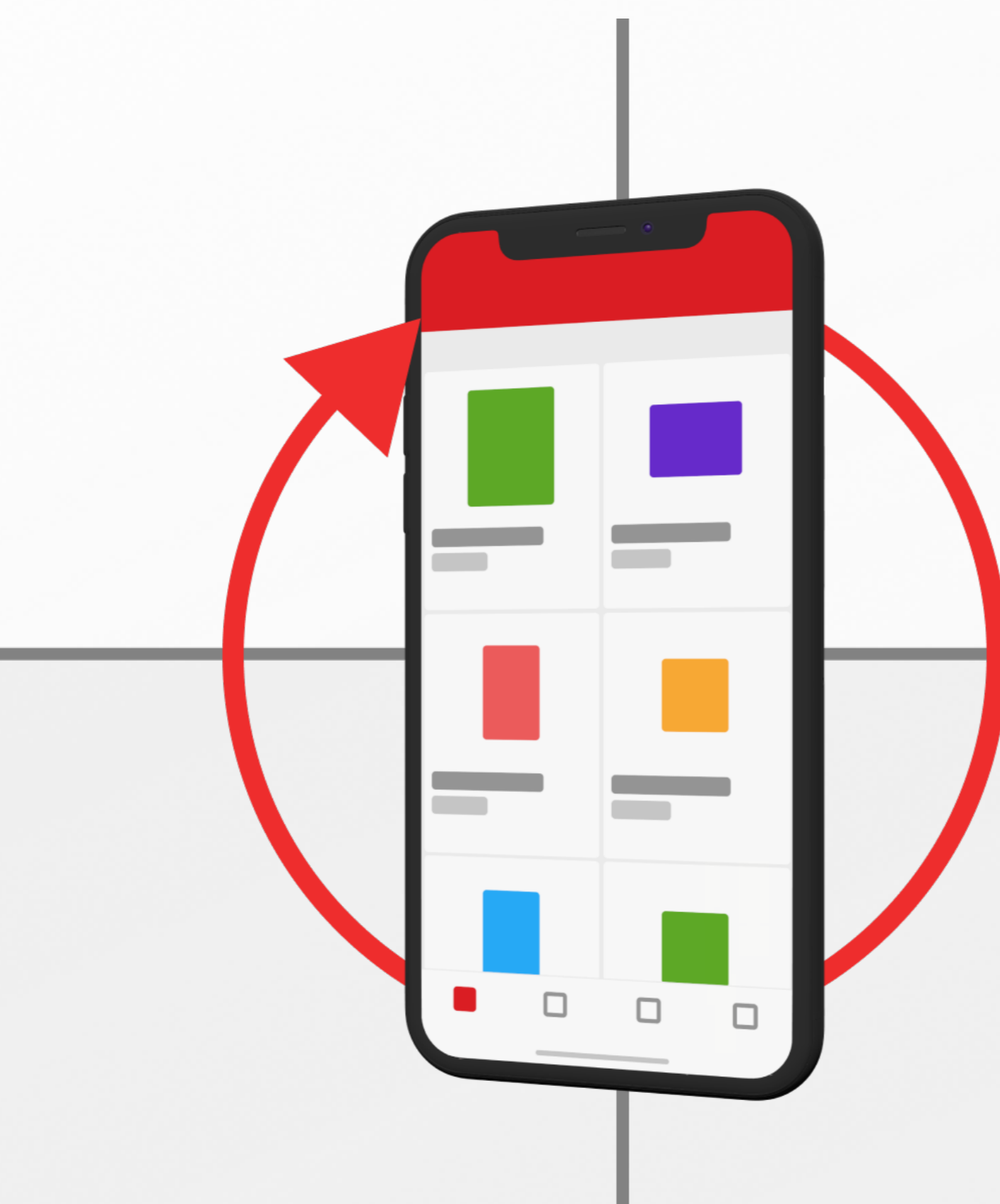
Finally, when more users are engaging with the app, they are empowered by an app that improves with each use. This increase both perceived utility and switching costs, and therefore long-term retention.

IMPLEMENTATION

A comprehensive product design framework for Picnic's store was developed. This is crucial for successful implementation of aforementioned strategies. The Picnic organization, is driven by analytical rather than design-thinking.

The framework combines the strategies with three new components:

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Strategic Product Design



THEORY

To guide the design of this thesis, a theoretical framework was conceived. This framework looks at how retention and habits are related.

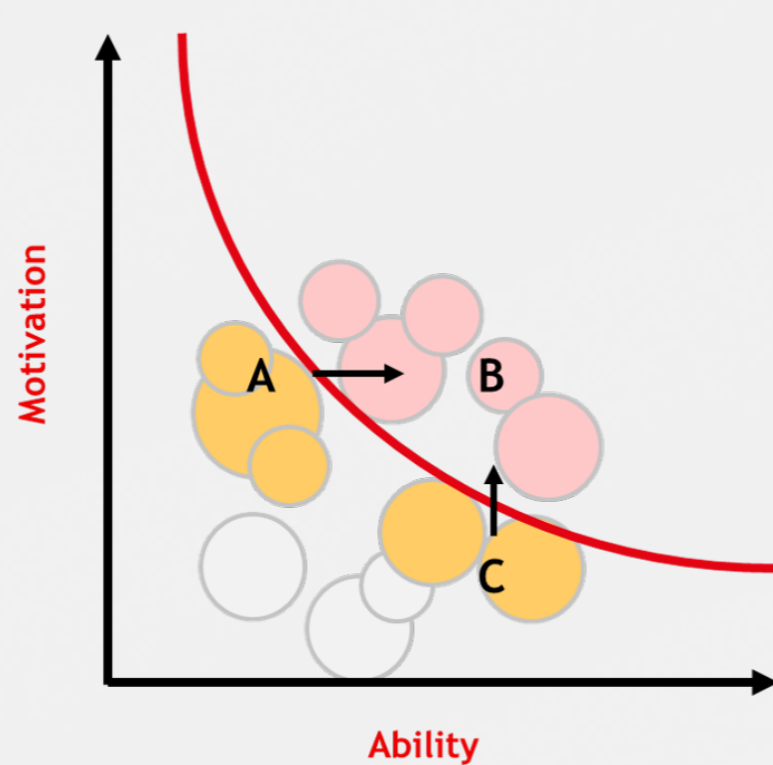
Retention is driven by perceived utility and switching costs. Habits drive retention by influencing both dimensions. Groceries are eminently a habitual consumption, as it is purchased with high frequency, limited variability and limited cognitive thought. Therefore, using Picnic requires a change of habits.

Habits are formed when utility and frequency are high enough. The structure of a habit consists of a trigger, an action, a reward and an investment.



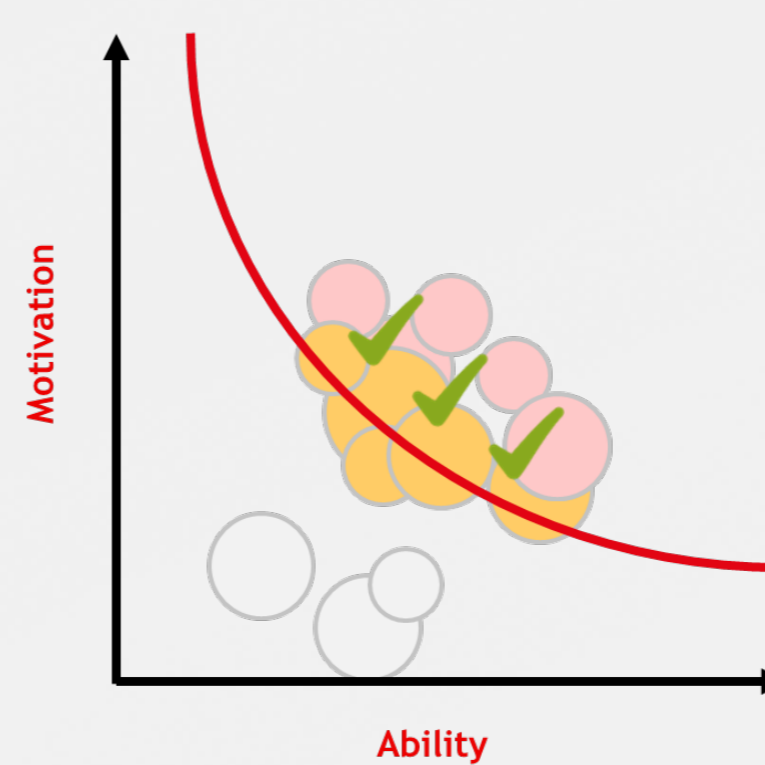
Enable

Enable different types of users to place orders
By increasing motivation and ability



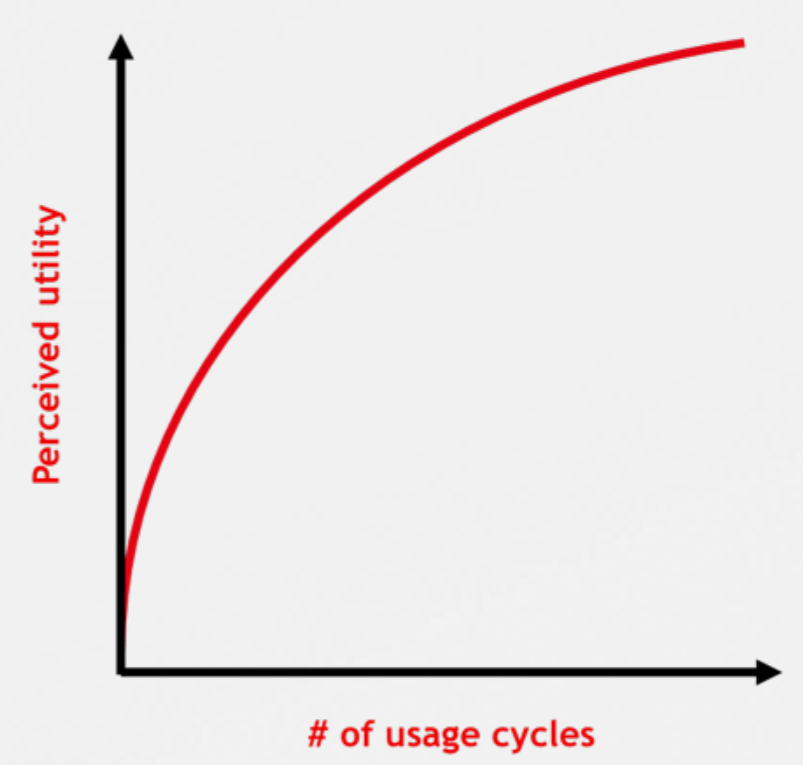
Engage

Increase the frequency of interaction.
By loading strong triggers, and providing (variable) rewards.



Empower

Improve the app with each usage cycle.
Through user- and Picnic-driven personalization.



Product vision

This framework is built on the vision that the Picnic store should be *The little milkman in your pocket*. This vision ties together the product strategies and provides the team with inspiration.



Committee

Prof. Ir. D.N. Nas (Chair)
Ir. J. Coelen (Mentor)
J. Beekhuis (Company mentor)
Picnic technologies

Company

Key results

Key results are introduced to make the new product strategy and its success measurable. These metrics will be used to evaluate new features and ideas, and will therefore shape product development. A dedicated design dashboard is developed to track these metrics.

Product principles

The vision, strategies and results are reinforced by clear product principles. These help in decision making and aligning with other teams across the organization. The product principles were co-created with designers and team leads.

