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A Clubhouse Case Study

Clubhouse's product strategy, interaction model, OKRs, opportunities & threats, and business model recommendations

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If you are new to this publication, welcome! I am a venture designer and a product strategist, currently working at PwC Labs. I help venture teams develop and commercialize what start out as experimental concepts. I hope to share in this publication what I learned about incubating products within corporate environment.

It all starts somewhere...

What does a product concept experience from value proposition to business model? What artifacts need to be created in this process?

In this article, I share an approach to creating an interaction model, an OKR system, and a business model for a product concept based solely on the value proposition and the basic functionalities. I will use Clubhouse's concept in this case study.

Let's get started.



Image from the Internet

About Clubhouse

Clubhouse is an invite-only mobile app that connects people through audio-based conversations. It's a low-cost, and low-commitment way to explore thoughts and connect with other spirits. Many use it to expand their personal and professional network.

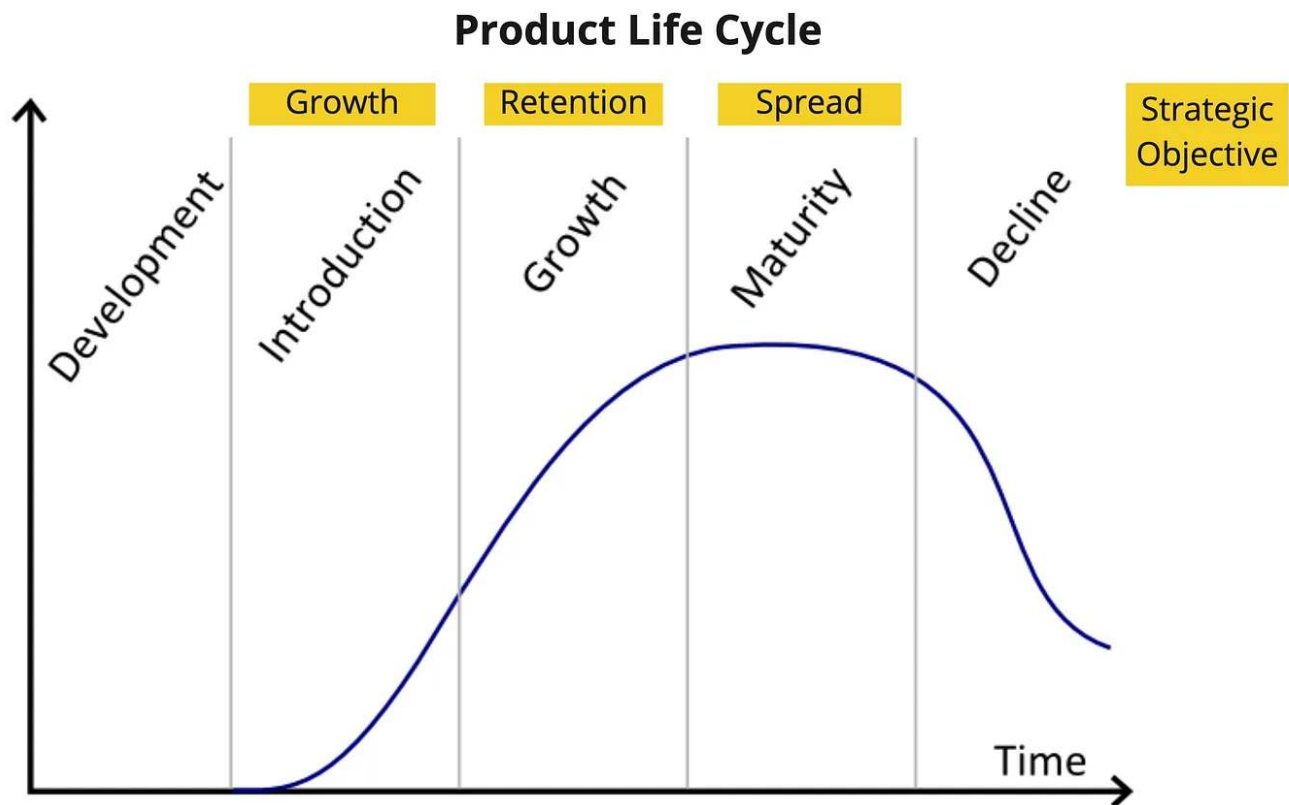
The Commercialization Process

To keep it short and sweet, it goes like this:

Product life cycle > Strategic objective(s) > Interaction model > OKR system
> Business model

Clubhouse's interaction model

Clubhouse is at the introduction stage of its product life cycle. The strategic objective is to create as much active use as possible.



A Clubhouse user journey can be decomposed into 3 phases — “joining”, “using”, and “staying”. Each phase has core interactions that fuel the product.

Joining

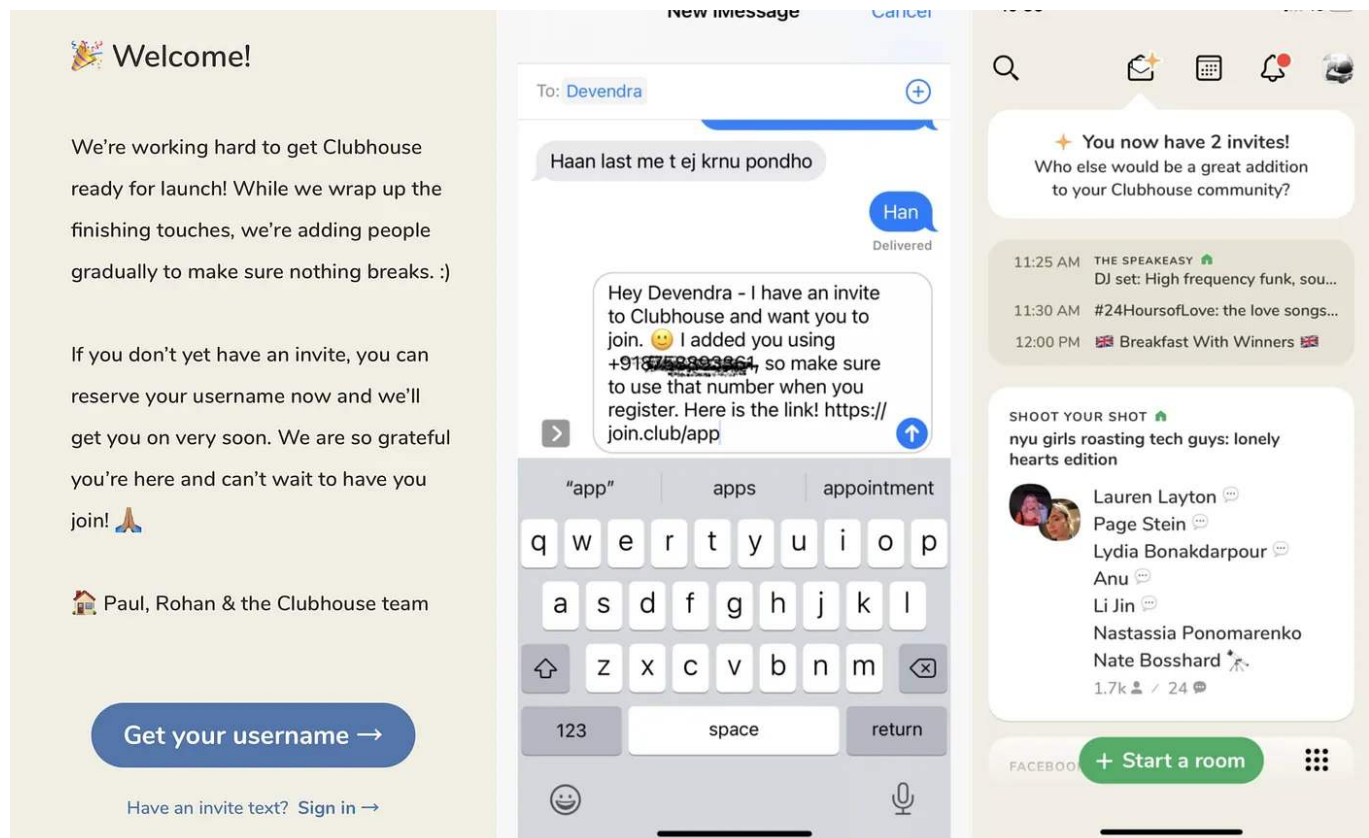
Clubhouse naturally attracts listener learners (vs. reader learners) and listener entertainers who enjoy casual, exploratory chats. Clubhouse's marketing focus is to nurture the habit to learn and entertain through

listening among a broader audience, who is formed based on existing users' connections.

Here are the core product interactions Clubhouse encourages:

Core interactions & Marketing strategies

1. Request Clubhouse invite (Hunger marketing: Reserve your username)
2. Accept Clubhouse invites (Hunger marketing: "I have an invite..", "I want you to join..")
3. Invite close connections to join via phone number (Limited invites to create short invite cycle)



Screenshots from the Internet

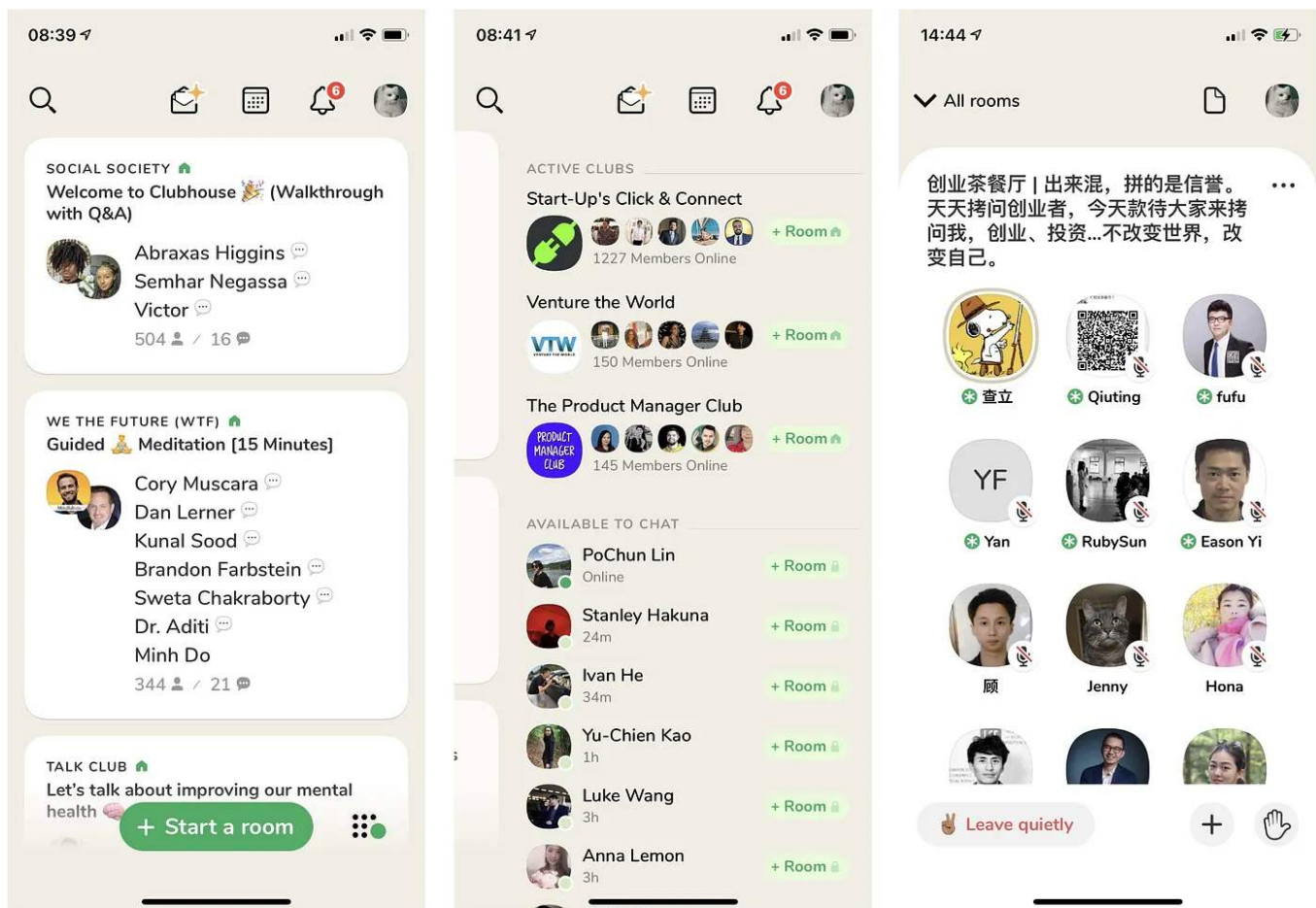
Using

Clubhouse's current functionalities determine the 3 ways to “use” it — join, create, and invite others.

Here are the core product interactions Clubhouse promotes:

Core interactions & Product design strategies

1. Join an existing conversation (One tab to join a chatroom recommended to you; Join a room your connections are in)
2. Start a new conversation (The big fat “Start a room” CTA at the center of the screen)
3. Invite Clubhouse connections to a chatroom (“Ping someone into the room”)



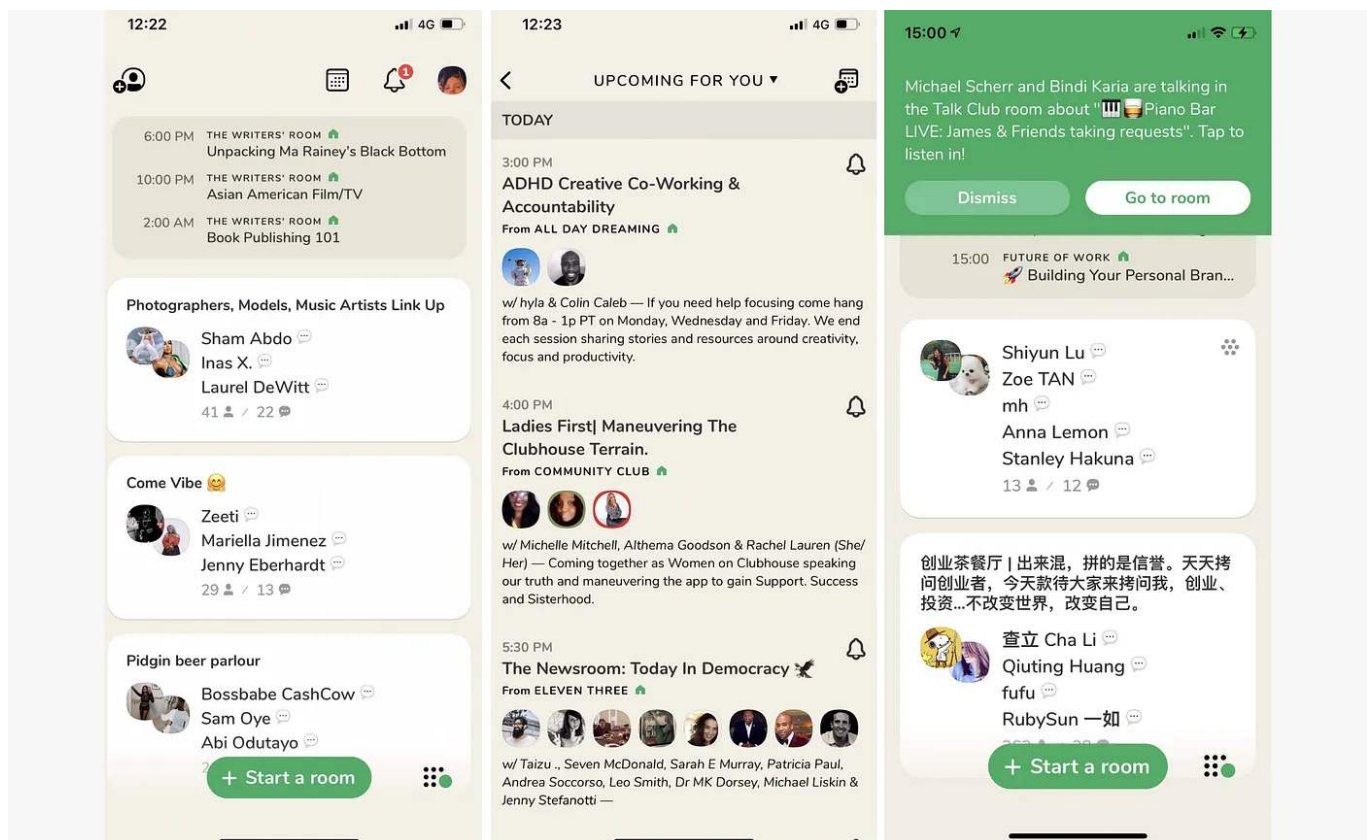
Staying

However joyful a conversation is, it will end or be disrupted by other life events. How to bring users back? What do they need to see or do to make a decision to come back?

Here are the core product interactions Clubhouse supports:

Core interactions & Product design strategies

1. Plan to join a future conversation (“Upcoming for you”, “Events happening next”)
2. Join a live conversation (Receive notifications when a conversation is scheduled/live)



Screenshots from the Internet

Anti-interactions

The interaction design does not stop there. A product should not only reinforce positive interactions, but also prevent interactions that take users away from the product. I call these “anti-interactions”.

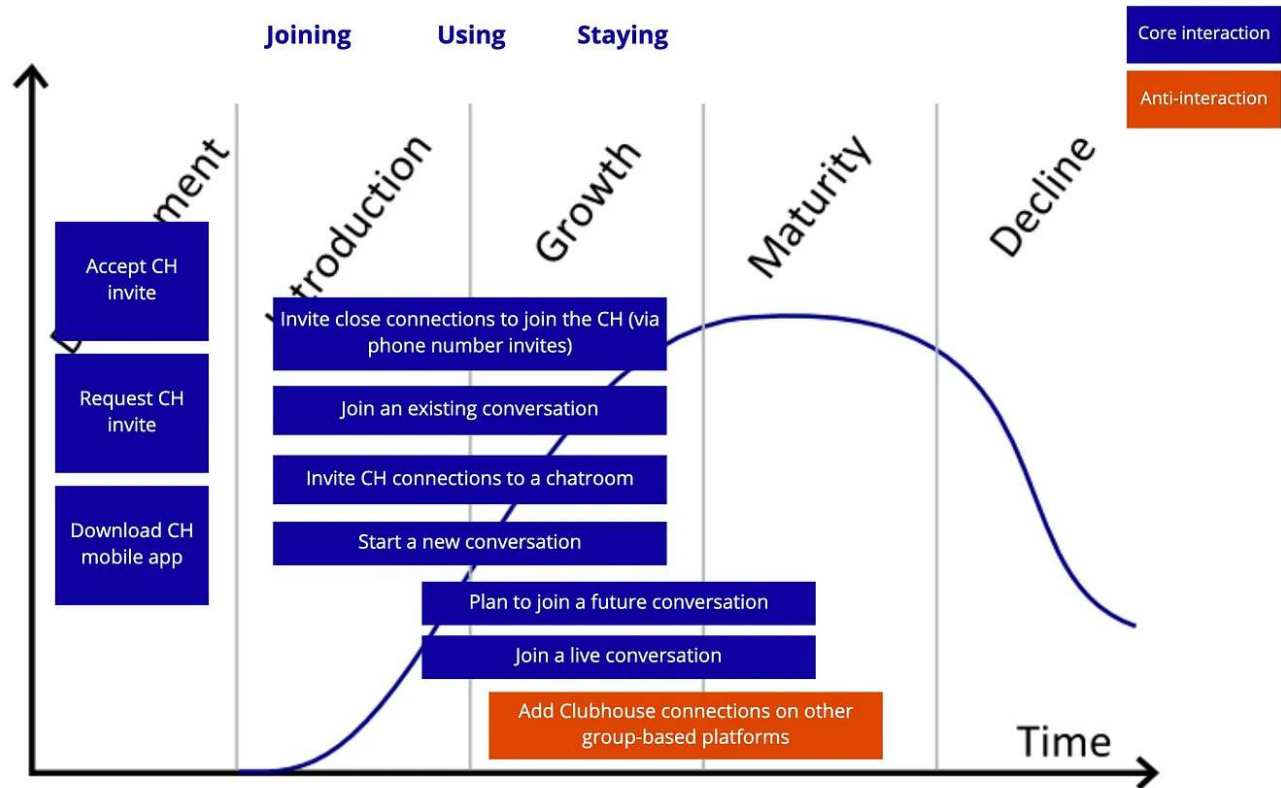
For example, Clubhouse allows users to break into new communities and establish new connections based on interests and common connections alone. That is a key value. However, we have seen WeChat users adding WeChat group QR code to their profile image to allow people in the same chatroom to download the code and stay in touch with each other in WeChat.

Clubhouse should keep these valuable user connections to itself by preventing anti-interactions:

Anti-interactions

1. Add Clubhouse connections on other group-based platforms (Clubhouse should never include links to “Facebook” or “WeChat” in user profiles; It should also detect QR codes in profile images and disable it)

Clubhouse's product interaction cycle

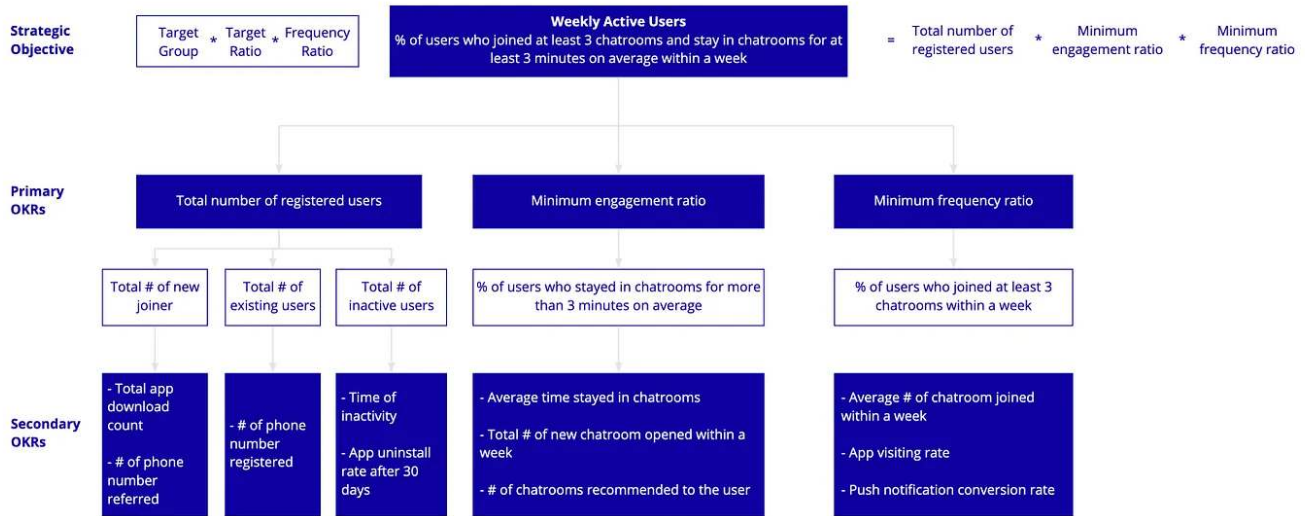


Now you have the interaction model that supports Clubhouse's strategic objective at the introduction stage. The next step is to create an OKR system to support these core interactions.

Clubhouse's OKR System

Defining OKRs is about translating core interactions into quantitative measures.

Say, "% of users who joined at least 3 chatrooms and stay in chatrooms for at least 3 minutes on average within a week" is what I want to use as the to measure "active use". Here's how I would set up the OKR system:



Good vs. Bad OKRs

Why use “% of users who joined at least 3 chatrooms and stay in chatrooms for at least 3 minutes on average within a week” as the OKR of “active use”?

An OKR should be intuitive, generic, independent of the business model, and time-sensitive. Most importantly, it needs to reflect the user value Clubhouse creates.

Here's a list of counter-examples:

```
# of online users per day
# of users log in more than 3 times per week
# of users join at least one conversation per day
% of users join at least one conversation for at least 3 minutes per 3 days
# of users hosted at least one conversation per month
Time length of all conversation joined
```

They all measure “active use” to some degree. However, they all fail on at least one of the five dimensions (intuitive, generic, independent of the business model, and time-sensitive).

For example, “being online” does not reflect true engagement; “Joining at least one conversation” is too weak for measuring general interest in the product; “Joining at least one conversation for at least 3 minutes” is too granular (I bet 99% of registered users will satisfy that requirement); “Time length of all conversation joined” could be unintuitive or misleading as some people might be waiting in the chatroom to get some learnings, or just leaving the chatroom on before bed to help them get into sleep.

Bonus — Clubhouse's threats & opportunities

- It would be difficult for Clubhouse to create a business model based on value delivered through chatroom content with its current design, as the value created is too sporadic for selling. Clubhouse needs a way to evaluate the quality of chatroom content, and a way to guarantee the delivery of it if it wants to make a content-driven business model.

Recommendation: Allow users to rate chatroom content when they exit a chatroom to gauge the quality of the conversation, the speakers, and the host.

- With its current design, Clubhouse users can't collect value created in a chatroom, or “save conversations”. This challenge brought by the technology makes retaining users difficult as whatever value users receive from the chatroom gets lost once they exit.

Recommendation: Give users an option to save conversations, or to take notes within the chatroom (if technically feasible). It can offer it as a premium feature.

- The lack of an in-app motivation system for the audience to continue to join chatrooms will be a problem in the future. Joining a chatroom is completely driven by human curiosity and the recommendation engine at the moment, which isn't necessarily a competitive advantage for Clubhouse.

Recommendation: Add gamification features such as collecting points to join private conversations, or leveling up to view more chatrooms, or even spending Clubhouse digital currency to pay an entry fee to enter popular chatrooms.

- Chatroom hosts might be interested in metrics such as “number of chatrooms hosted”, or “rating from the audience”. The more chatrooms the hosts host, the more credible they are, the better their reputation is, the more followers and influence they have in Clubhouse, the less like they are to leave the product.

Recommendation: Set up an evaluation system to measure the quality of chatrooms & the popularity of hosts like what Airbnb does to super hosts.

- There is no control over the quality of the new joiners or the quality of chatroom conversations at the moment. Whatever business model Clubhouse ends up choosing should support the build of a high-quality Clubhouse network and high-quality conversations.

Recommendation: The audience is charged to join high-quality conversations (Note how this decreases the value of the product as a whole, like most products).

Can building a reputation and expanding the network attract good content generators to Clubhouse to benefit the rest of the audience? Are the human nature of curiosity and the desire to build connections enough to keep people coming back to the app? I am sure the Clubhouse team has the answer in the data they decided to collect.

I can't wait to find out.

About

If you are new to this publication, I am a venture designer x innovation strategist. I used to incubate products within corporate innovation labs, now I craft innovation and experience strategies for startups and scaleups.

This publication is dedicated to topics around business strategy & innovation. I will share more of my experience in formulating innovative strategies in future posts. Subscribe if you are interested in hearing more!

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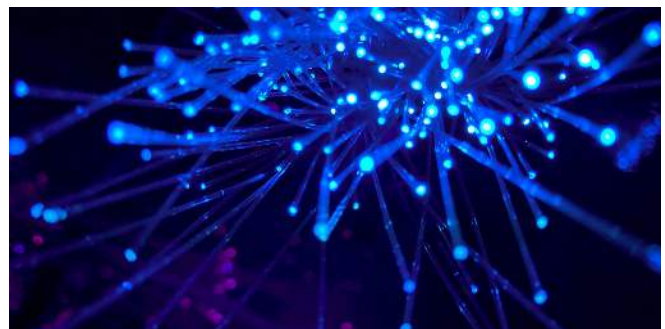
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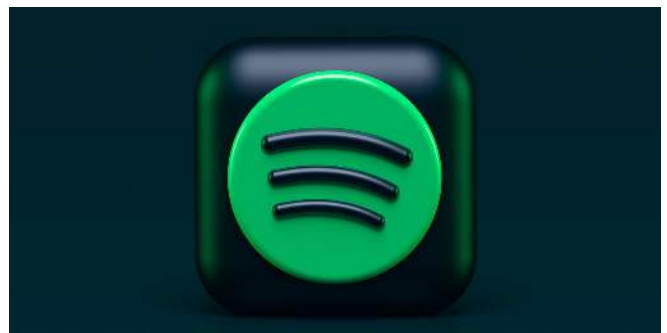
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