University of Europe for Applied Sciences

Implementation of Behavioral Design in Startups

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Dilip Soman, 2015.
*Canada Research in Behavioral Science
and Economics at University of Toronto.*

"Every organization

—regardless of industry, mission or location

—shares a common quest:

they are all in the business of

changing human behavior".

Agenda

1. Introduction

2. Problem Statement

3. Objectives

4. Methodology of Research

5. Literature Review

6. Implementation Proposal

7. Results and Discussion

8. Conclusions

9. Future Work

10. Acknowledgments

Introduction

What is *Behavioral Design? "A human centered approach that integrates insights from *psychology*,

behavioral economics, and other behavioral sciences".

- **Visceral:** refers to the first impression of a product, which is based on sensory experiences and immediate emotional responses.
- **Behavioral**: focuses on the functionality and usability of a product.
- **Reflective:** deals with the personal meaning and significance that a product has for the user.

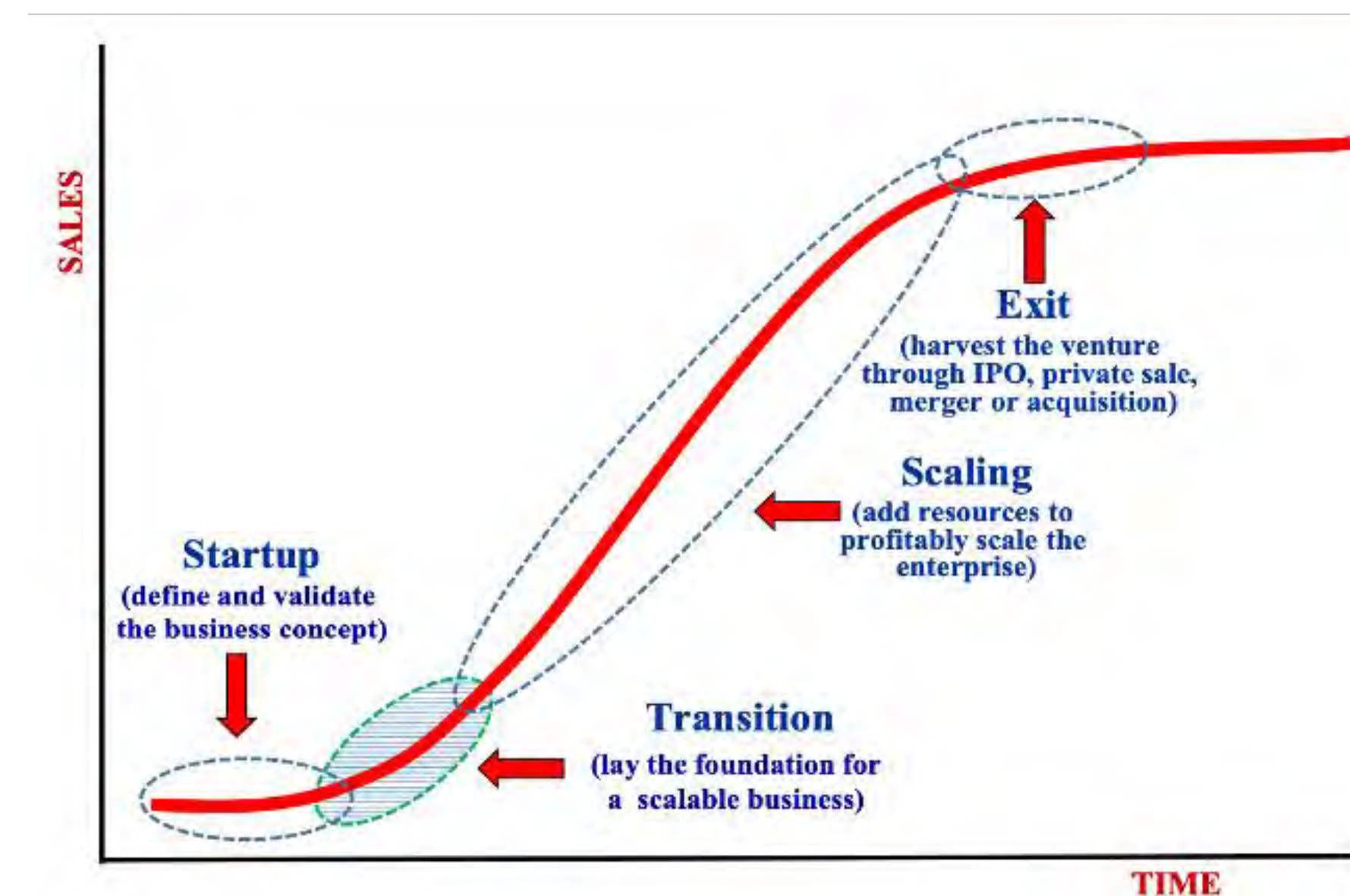**Success of a product** = visually + functionally + emotionally

Introduction

What is a *Startup? "A startup is a temporary structure aimed at finding and implementing a scalable business idea".

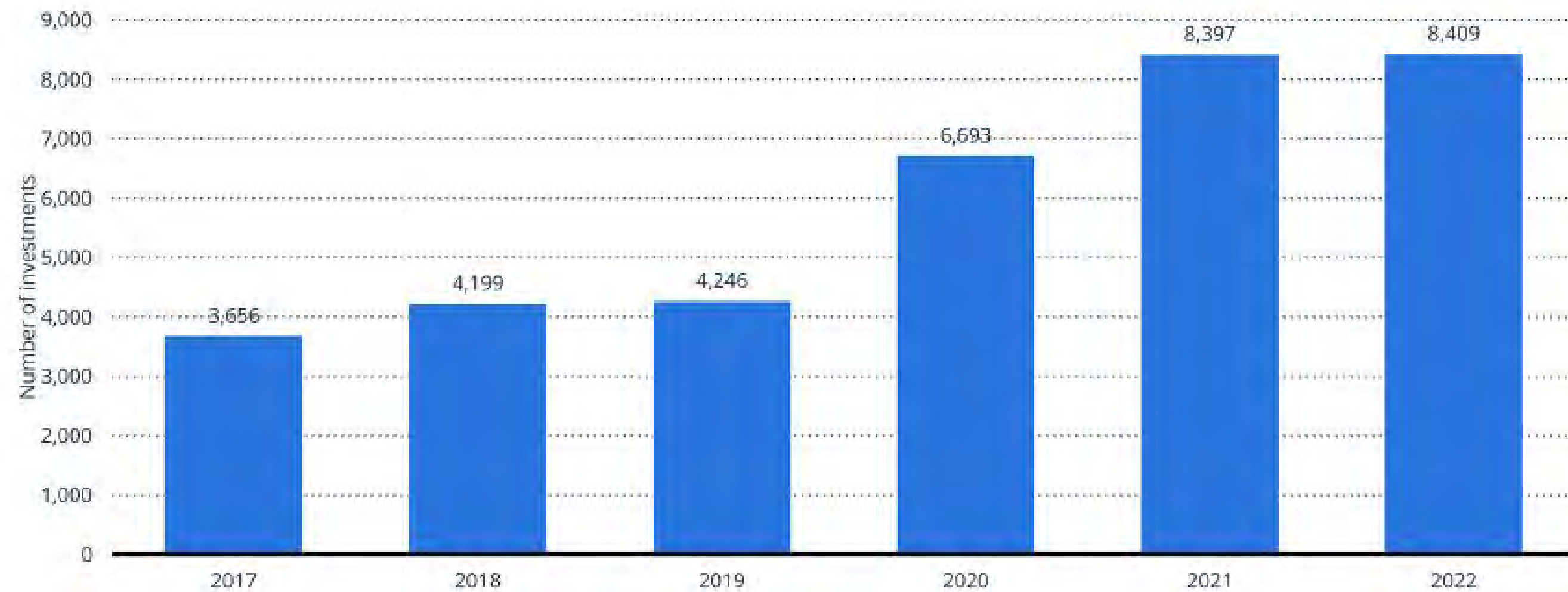**Stages of transformation of Startups into an enterprise**
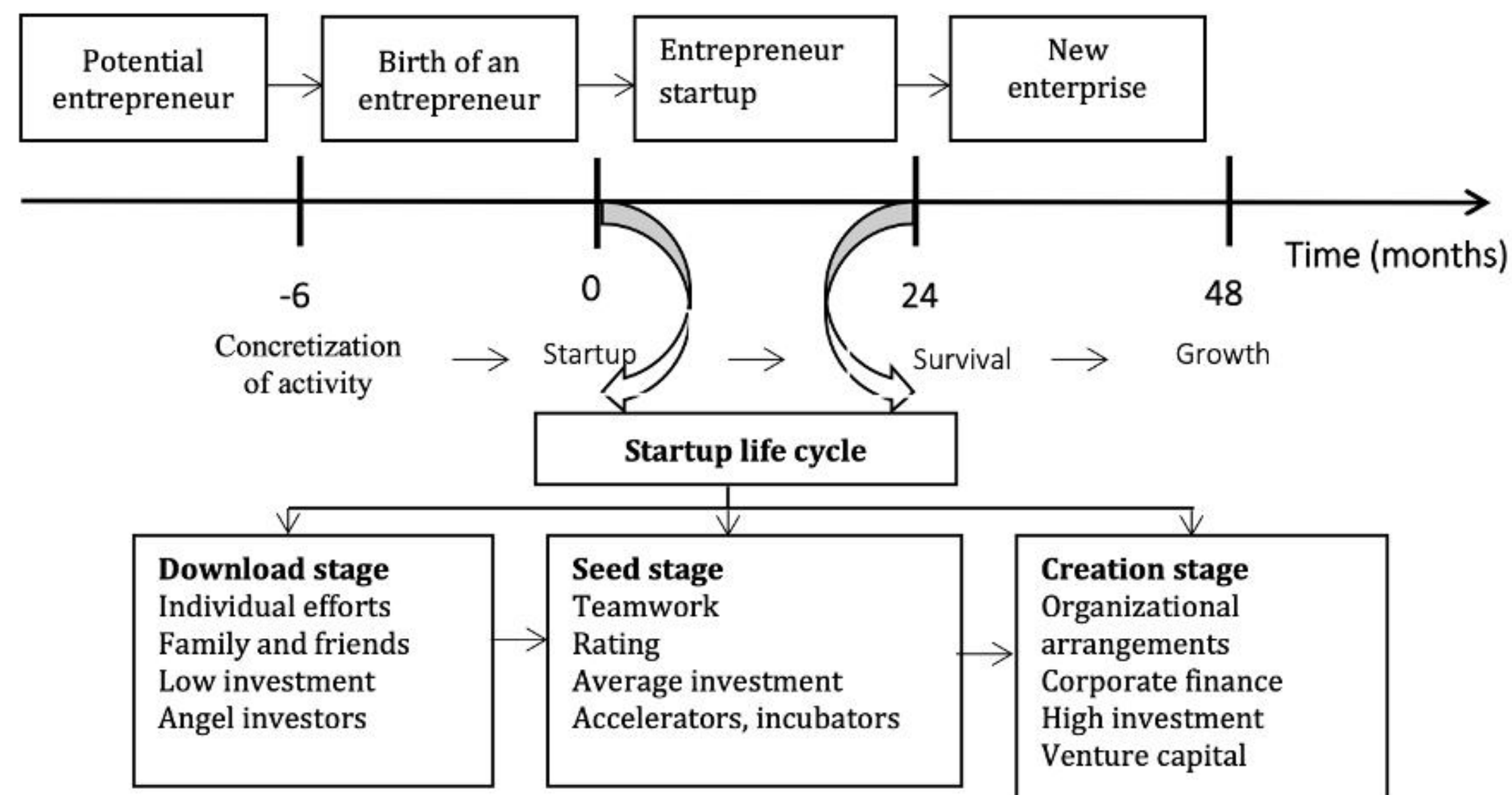
Lifecycle of Startups

Problem Statement

Total number of investments in startups in Europe from 2017 to 2022

Number of investments in startups in Europe 2017-2022

- Emerging entrepreneurs in Europe face a dynamic and saturated market.

- Despite aspirations to become well-known brands, the journey is complex and demanding.

- Enhances competitiveness, sustainability, and lifecycle in the market.

Problem Statement

Tech jobs projections in Europe by 2025
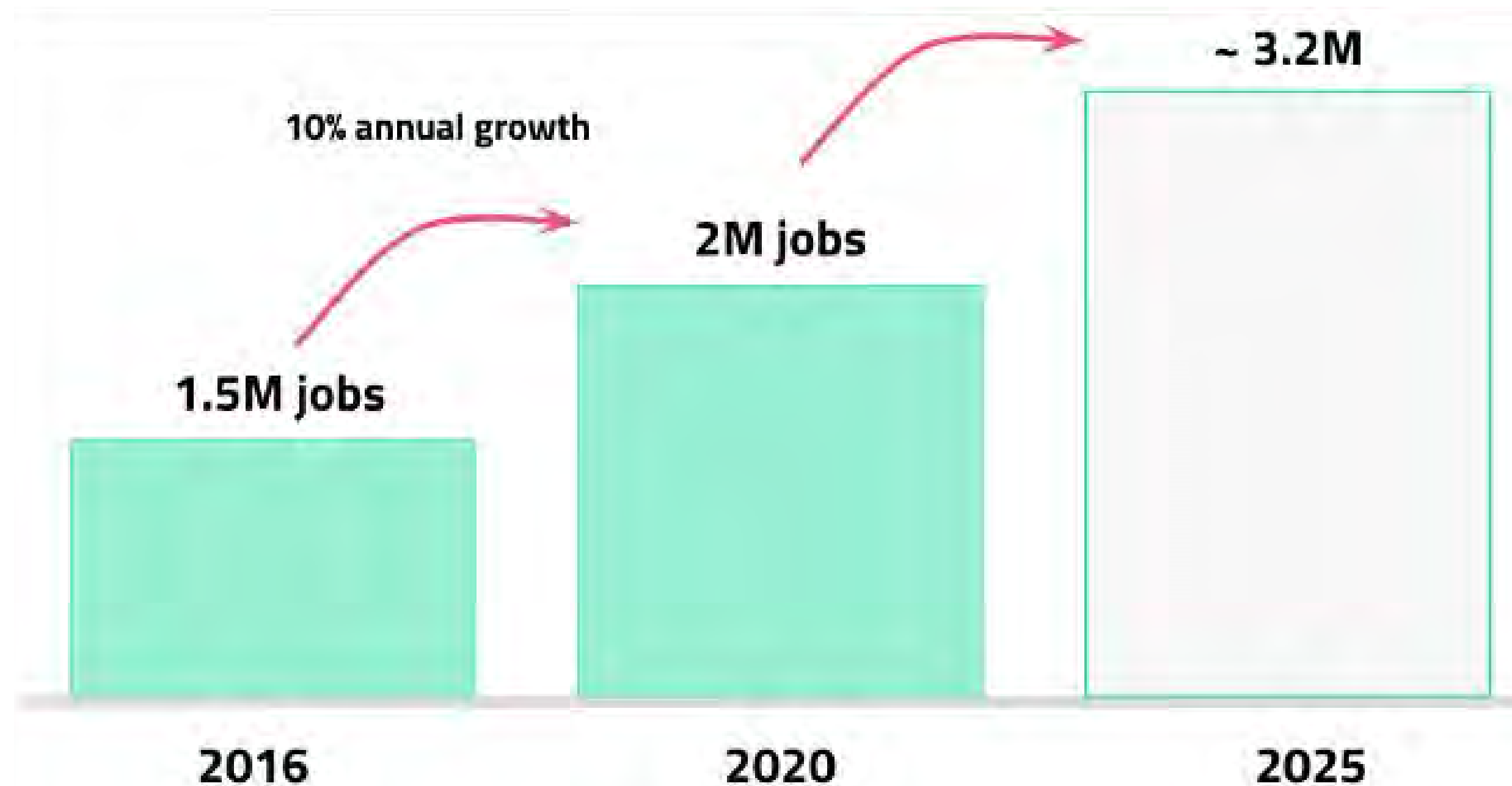
- The European Startups Report predicts 3.2 million will be employed in European tech by 2025.

- Understanding and influencing human behavior to achieve desired outcomes.

- Despite its potential, Behavioral Design remains under-explored with limited empirical research available.

Research Question

How can startups integrate Behavioral Design to empower new startup founders and managers to drive customer engagement, optimize sales, and enhance user experience?

?

Objectives

General Objective

To explore the foundations of Behavioral Design and its use in startups.

Specific Objectives

- Investigate the effectiveness of different strategies utilized by startups to integrate behavioral insights into their organization.

- Provide recommendations for startup owners on how to incorporate Behavioral Design into their organizations.

- Develop a framework for future startups to implement and leverage Behavioral Design.

Methodology of Research

Literature Review

- Academic journals, PDFs, articles, books.

- Market Analysis as reports, statistics, forecast.

- Online Platforms.

Focus

Startups in the technology-driven sectors: e-commerce, software-as-a-service (SaaS), Apps, and digital platforms.

Field Research

- Expert in-depth Interviews (Wundertax and Gastrorientación).

- Successful Case Studies Analysis . (Duolingo and Fabulous App).

A. Literature Review

Behavioral Design

- Foundations of Behavioral Design
- Norman's Three Levels of Design
- Key Principles of Behavioral Design
- Three Key Aspects of Behavioral Design

Startups

- Concepts of Startups
- Challenges and Barriers facing Startups
- Lifecycle of Startups
- Considerations for Implementing Behavioral Design in Startups

Considerations

- Ethical Considerations
- Responsible Uses of Behavioral Design
- Approaches and Tools for Setting Up Behavioral Design

B. Field Research

Routine

HABIT LOOP

Reward

Triggers

You used your streak freeze
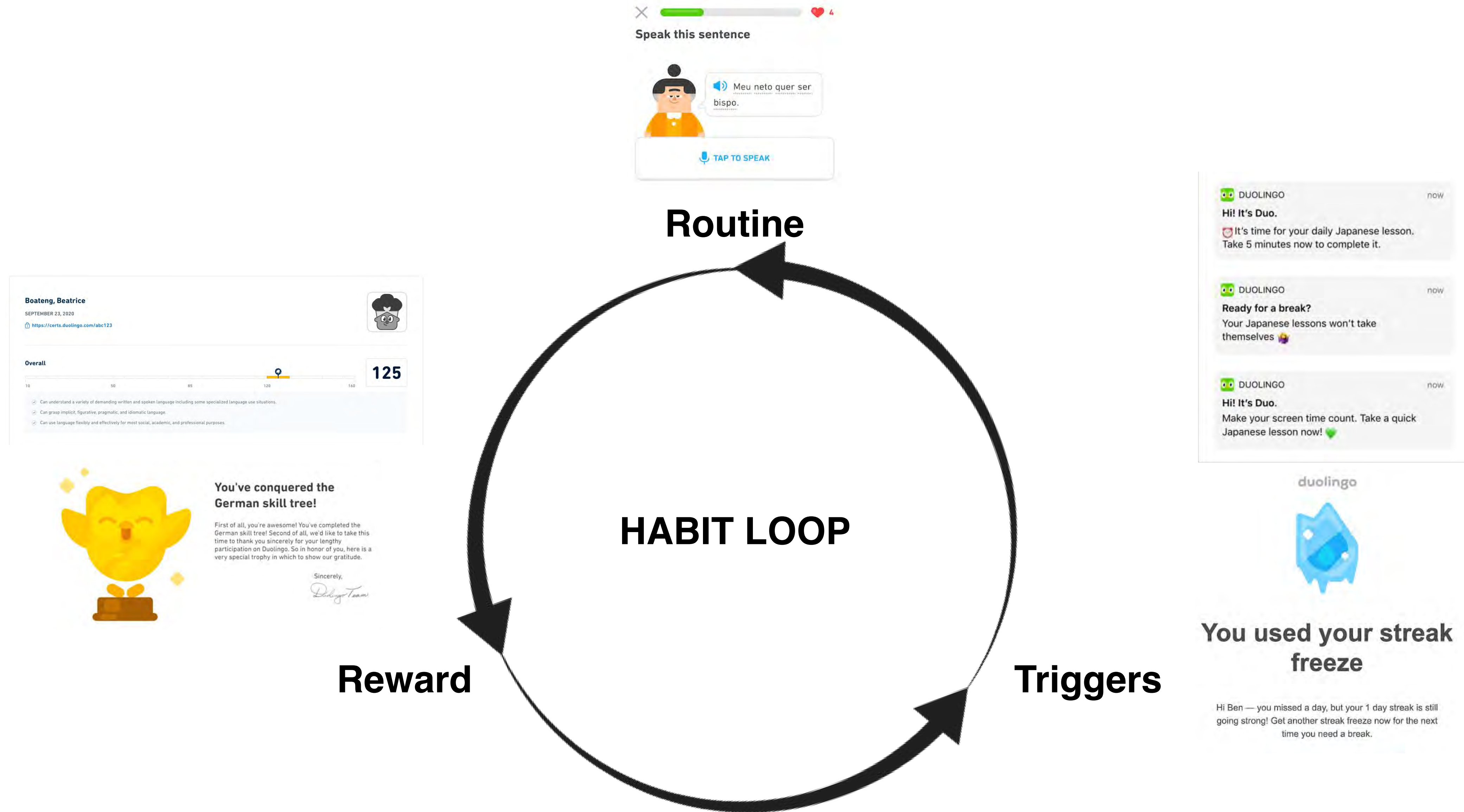
MIT found that online courses only have a 4% retention rate. "But Duolingo has been remarkably successful in keeping people engaged with digital learning. They boast a daily active user retention rate of about 55%" (Clinehens, 2021).

"Delivering education on a smartphone is like hoping that people will eat their broccoli when the most delicious dessert ever made is right next to it.
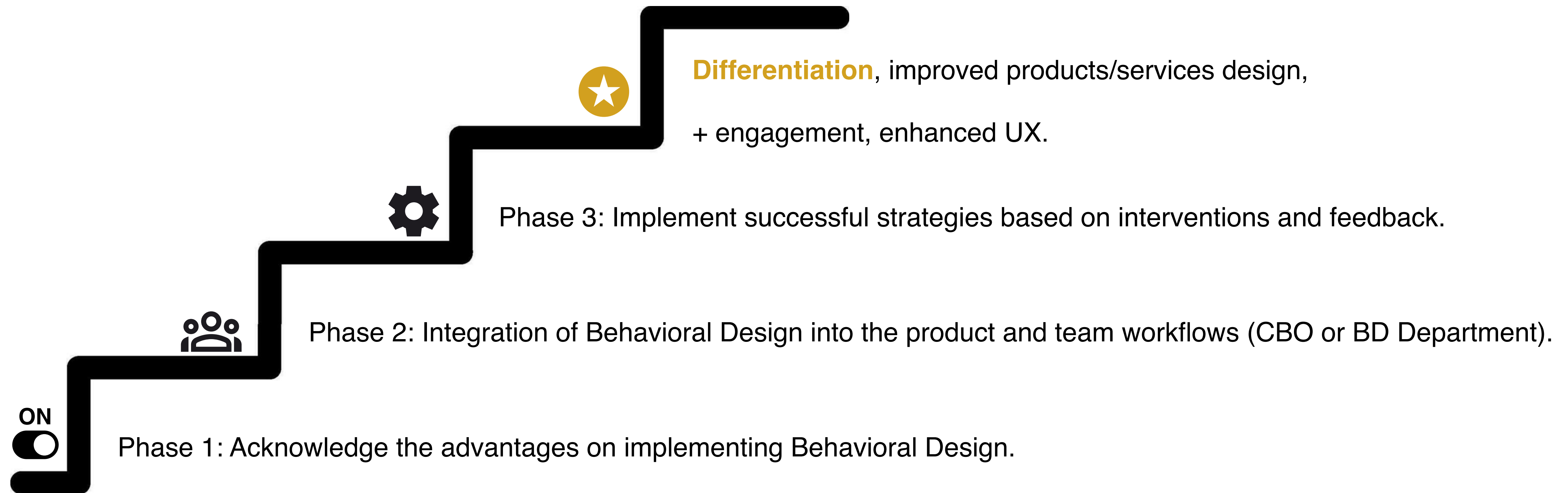
If you want to provide education to everyone, you have to make it accessible AND you have to make sure people actually want to learn".

"At Duolingo, we make broccoli taste like dessert".

Luis von Ahn CEO and co-founder at Duolingo.

Implementation Proposal

Differentiation, improved products/services design,

+ engagement, enhanced UX.

Phase 3: Implement successful strategies based on interventions and feedback.

Phase 2: Integration of Behavioral Design into the product and team workflows (CBO or BD Department).

ON

Phase 1: Acknowledge the advantages on implementing Behavioral Design.
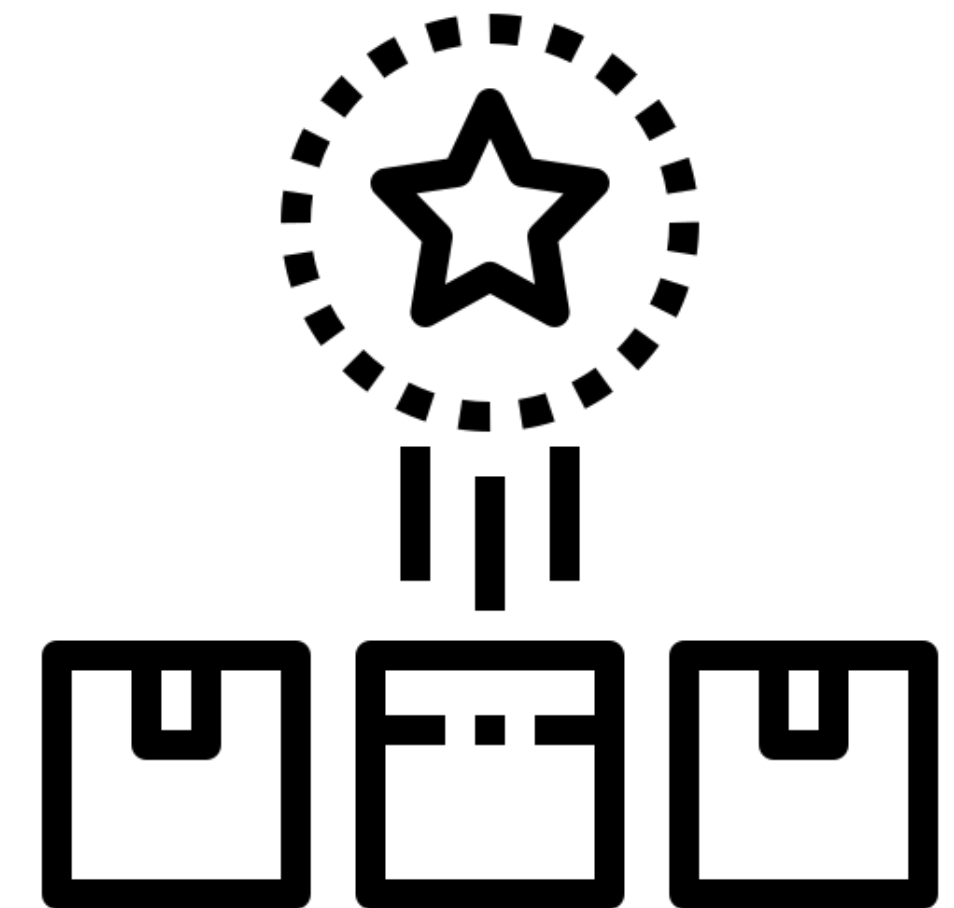
Results and Discussion

Gap between BD theory and startups

BD + Informed decisions

Differentiation Tool

Results and Discussion

Sharing the theory and
concept with employees
and departments

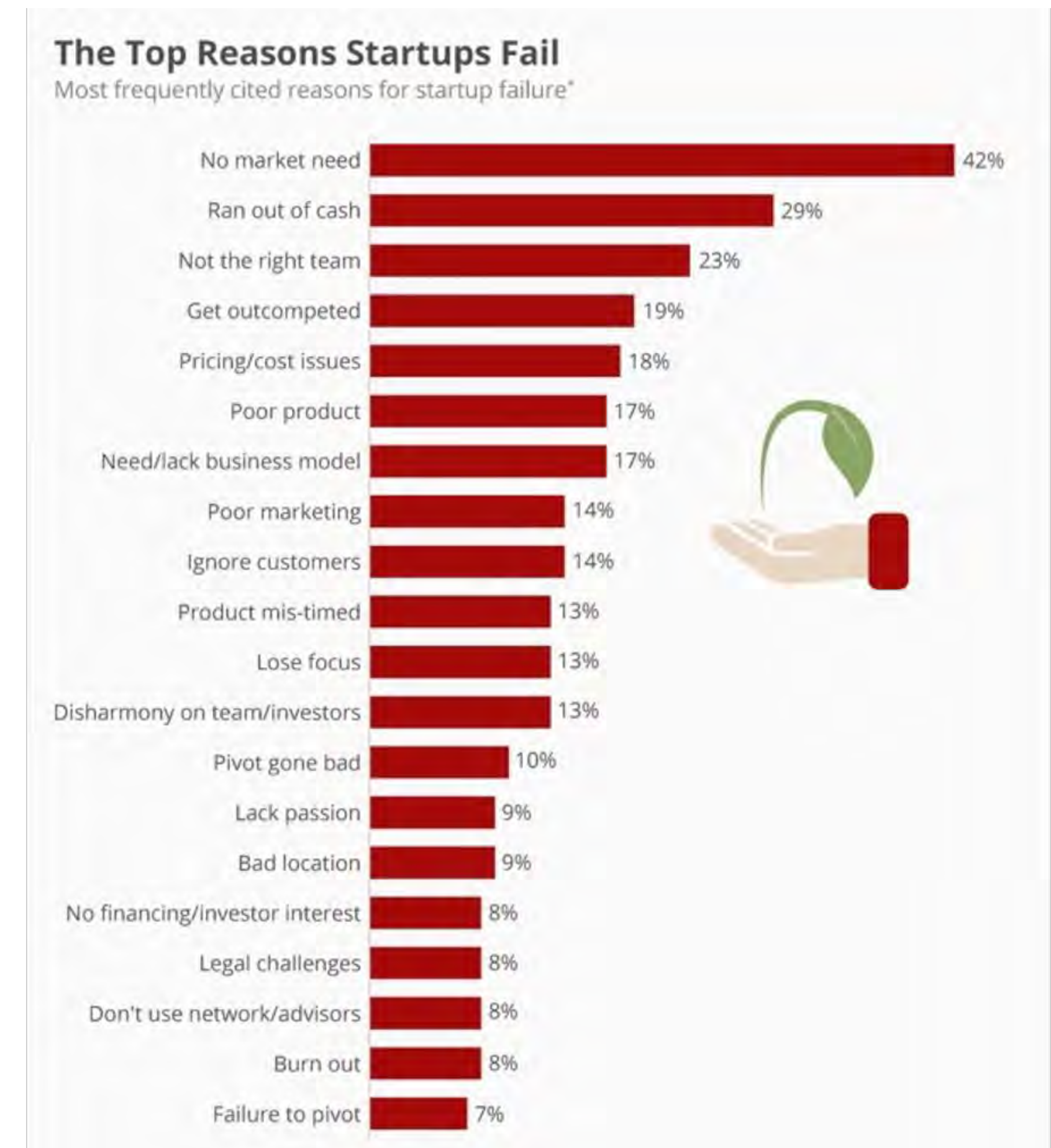Understanding the complex
and multifaceted human
behavior

Customer Engagement

Conclusion

Studying and implementing the advantages of integrating Behavioral

Design in startups, with an emphasis on the "catalyst" effect that

helps them survive and scale.

This research is recommended as a constructive framework to

leverage and benefit from, both internally and externally, for startups.

The Top Reasons Startups Fail
Most frequently cited reasons for startup failure*

Reason	Percentage
No market need	42%
Ran out of cash	29%
Not the right team	23%
Get outcompeted	19%
Pricing/cost issues	18%
Poor product	17%
Need/lack business model	17%
Poor marketing	14%
Ignore customers	14%
Product mis-timed	13%
Lose focus	13%
Disharmony on team/investors	13%
Pivot gone bad	10%
Lack passion	9%
Bad location	9%
No financing/investor interest	8%
Legal challenges	8%
Don't use network/advisors	8%
Burn out	8%
Failure to pivot	7%

Future Work

**Adaptive
and Responsive
User Experiences**

**Cross-Disciplinary
Collaboration**

**Increased Use
of Gamification**

**Integration of AI
and
Behavioral Design**

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Thank you for your attention!

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