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The Opportunity and Risks for Consumer Startups in a Social Distancing World — A Framework for…

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7-8 minutes

Social distancing has dramatically changed how we spend our time. With all in person gatherings canceled, people suddenly have a lot more free time on their hands. New and incumbent consumer internet companies are racing to claim that time.

As an investor in and lover of consumer products, I'm incredibly excited by the opportunities this window represents. But I've also asked myself what distinguishes a consumer startup that will not only thrive during a time of social distancing, but *after*? This is how I think about it, and some advice to consumer founders out there.

We always talk about consumers' attention as being finite, but how is it divided?

I imagine consumers as dividing their attention in a given day across three different types of "events" or modes: Events that span bigger blocks of contiguous time ("Rocks"), micro events that take advantage of attention gaps between or during those blocks ("Sand"), and things that can overlay over the other two ("Water").

Each day, we fill our cup of 24 hours with some combination of the three (+the rare air bubbles), constantly allocating that time across and between our options to maximize our dopamine/serotonin/etc while at the same time fulfill our responsibilities to work, family, and health.

Rock slots are the hardest to fit into a schedule and therefore the hardest to earn. It really needs to be worth it. Some rocks (such as TV) are easier to fit in because they are porous rocks, making multi-tasking easier (like scanning Twitter during slow parts of a show). Others (like VR) are more like diamonds and don't leave room for anything else, making the trade-off harder.

It's much easier to find moments for sand during a day — 30 seconds of TikTok is easier to find than 30 minutes of Fortnite.

While text, photos, videos, and games live in the world of rocks and sand, Audio is what I think of as water. Water is different than rocks and sand. Water doesn't require dominant attention and can permeate some rocks and all sand time.* For example, something like Discord is a perfect water for a gaming rock.

Right now, waters are audio (with music being the most prevalent by far)**, though you can imagine a future in which AR is a water.

Not everyone using a product needs to be in the same mode. For example, talk radio can be water for listeners, but require a level of focus for the speakers more like rocks.

You can use this framework to brainstorm consumer ideas. For example:

Try taking a "rock" activity and think through how to make it a "sand" activity. e.g., Books → Blogging → Microblogging, Movies/TV → short videos, etc.

Or try taking a "rock" activity and think through what a "water" would look like on top. e.g., Working out → Aaptive. Gaming → Discord. etc.

If an average consumer's cup used to be full with a mix of rocks, sand, and water, that mix has changed. Social distancing has pulverized the offline rocks, and consumer digital products are filling that void. You do a Netflix Party with friends instead of going to the movies. You Houseparty or Facetime or …God help you… Zoom with friends from the safety of your home instead of going to a restaurant or a friend's home. Most if not all incumbent social apps are seeing record levels of engagement.

In other words, rock slots (including the hardest of all rock slots: live, synchronous rock slots) are easier to earn than ever before.

But if you hear consumer investors worry about possible head fakes of momentum in these early consumer companies, it's because the lack of offline rocks is a temporary state. What then?

Let's all hope that sooner rather than later, people can spend time with other people in real life without fear or hesitation. When this happens, winning those 15min+ sessions will become more competitive, especially for apps that are digital translations of in person experiences. **How do you make sure that once we're on the other side of this social distancing purgatory, you'll stick?**

If you're a consumer founder thinking through how to position yourself for when Shelter in Place ends, I have two suggestions to think through:

First, set yourself up for success by taking advantage of this window to build momentum and the scale necessary for your network effect to kick in. You'll have the best shot of winning future rock bake-offs with offline competitors if your virtuous loops (Level 3 of my Hierarchy of Engagement) are spinning. In other words, grab this window with gusto!

To me this may mean something sacrilegious that I'll probably regret saying later: if you believe you have product/market fit (as evidenced by weekly cohort retention that asymptotes in the 30%+ range), I'd consider whether spending a little bit of money on acquisition to accelerate growth would help you take advantage of the window. Don't get me wrong — it **cannot** be a dominant means of growth. It must be a temporary strategy where you see organic growth continue to be your dominant growth vector, but in a world where this is moment of time to take advantage, I'm comfortable breaking sacred rules if it's done with intellectual honesty and discipline.

Second, if you are starting off exclusively as a "rock" experience, enjoy it while you can but eventually those rock slots will be harder to come by.

To position yourself for success when the inevitable happens, think through a way to degrade gracefully into "sand" or "water" experiences. This will give a user interaction points with you even when they aren't able to commit "rock" time.

We're still a ways from having to worry about this, but you'll want to keep an eye out for it. For example, Instagram Live is more like a "rock" experience, but the rest of Instagram is sand (and all too often, sandstone!).

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Even though social distancing has restricted our ability to spend time together in the real world, it hasn't eliminated our need as humans to connect with each other, to feel a sense of belonging, and to look for forums in which they can participate.

What rocks or sand will emerge during this time? What waters? We might be seeing the emergence of a new class of waters with specialties across certain types of rocks.

If you are building something that you think takes advantage of this window and will not just survive but thrive post social distancing, don't be shy. DMs are open.

*Interestingly, as my friend Malay Gandhi pointed out, water is unique in that it is positive-sum (vs the zero-sum game between rocks and sand for attention).

**At the risk of extending the metaphor too long, sometimes water (like Audio books & podcasts) is at risk of being more like a viscous liquid — it needs a very porous rock such as commuting or exercising in order to get time, otherwise it's more like a rock itself and have to compete for attention with the more solid rocks and sand.