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Summary
Retention, Referral and Revenue Growth Hacking

As a product manager, it is your job to identify the most efficient ways to grow your product through product development and marketing channels. In the previous sessions, you learnt about growth hacking for acquisition and activation. Now, let's see how you can do growth hacking for retention, referral, and revenue.

Retention Growth Hacking

Retention growth hacking seeks to increase retention through improving the cohort metris and reducing the churn rate. If you have poor retention metrics, it's like leading users to a leaky bucket. You would be acquiring users, activating them through various strategies, but ultimately they won't stick to your product and drop-off. In fact, retaining acquired users is the only sustainable way to grow any business. You should maximise your acquisition and activation hacks only after you solve for retention.

Using retention to grow your product and your business involves the following:
- Identifying the common patterns among repeat users
- Replicating these patterns among other users to bring them back to your product

Some retention growth hacking tactics are as follows:
- Personalised drip marketing emails
- Paid Facebook ads customised to users
- Remarketing through notifications about updates, feature announcements, or product launches

Once you've employed retention growth hacking tactics, you would have to measure the performance of your endeavours through metrics. These metrics are important because they indicate the value your product had for customers, and they also help you identify the drop-off points and the reasons behind the same.

The following metric can be used to analyse retention:
- Cohort metrics: As you've learnt previously, cohort analysis groups users according to time or location. For example, you would group users who joined in the same month together, and analyse how many of them return after one month, two months, and so on.
- Segmentation by behaviour: You would segment users based on their behaviour, such as creating an account, making the first purchase, or editing personal details in their account. You can use tools like Mixpanel and CleverTap to analyse these user segments. Suppose your segments users according to an action X. When you analyse the retention for X, you see that it has increased from month 1 to month 2. This would mean that your product experience had improved and so more users are sticking with your product.
- Analytics: You would use metrics like D1, D2, D30, and so on. Suppose 100 people start using your product today. D1 would be the percentage of users who come back after one day, D2 would be

repeat users after two days, and so on. This would give you a clear idea of how your product is doing in terms of retention.

- Events: You can also analyse specific events to understand user behaviour. For example, events such as onboarding, initial experience can give you insights into what's working and what's not to bring back users. Here, tools like BigQuery come in handy.

One important thing to keep in mind while formulating strategies for retention is the type of business you're in. For example, for a media or content website and app, the primary mover for retention is engaging and relatable content. One of the tactics to improve the relatability of your content would be testing the title of your articles. For example, Buzzfeed and Upworthy test different titles on different social media platforms, and finally stick with the one that works best to attract readers.

If you work in ecommerce, you need to give your customers an incentive to come back every week or every month, or even every six months (as would be the case in experiential products like travel booking). Goibibo provides this incentive through a clever use of "What you see is what you pay", which means that the user can see the price right on the results page.

Referral Growth Hacking

Referral growth hacking is all about ensuring that your current users recommend your product to others. For this, you have to identify referral triggers and maximise customer acquisition through this method. Referral is, in fact, the online adaptation of the most traditional marketing channel, i.e. word of mouth. It is the most genuine and economical way to grow your business. But there is one caveat to referral: people would never recommend a bad product. So, first of all, you have to optimise the UX of your product to make referral work.

In this session, you saw how referral growth hacking was done at Practo for their product Practo Order. They worked on and optimised a lot of elements before launching their referral program, such as the referral amount for both referee and referrer, the amount and times of notifications, and the copy of the notification message.

The primary metrics when it comes to referral growth hacking is the K factor, also known as the viral coefficient. Let's take an example to understand this better. Suppose your app has 5,000 users, who have sent out a total of 2,000 referrals to their contacts. Here, the invitation rate is:

$$\frac{5,000}{2,000} = 2.5$$

Now, suppose out of the 2,000 invites, 600 are accepted. So, the acceptance rate would be:

$$\frac{600}{2,000} = 0.3$$

The viral coefficient is calculated as the product of the invitation rate and the acceptance rate. Therefore:

$$2.5 \ X \ 0.3 = 0.75$$

A few things to note about the viral coefficient:
- 1 = Every user you have refers one other user
- >1 = Your product has exponential growth
- <1 = Your product has exponential decline

The viral coefficient/K factor of your product should keep increasing, but also know that it has a limited shelf-life. Beyond a point, it would start declining and you would need to figure out other ways of growth hacking.

The right time to do referral growth hacking is when all the UX touch points of your product are stable, and you should ensure that all the referral messages and notifications go out on time to the users.

The referral program at Smartapp gives the user complete power over the referral lifecycle. He gets information on who was invited, who accepted, and whose invitation is still pending. This way, the team at Smartapp ensured that their referral program works with users.

Revenue Growth Hacking

With revenue growth hacking, you can increase the payable customer base through:
- Maximising conversion at each stage
- Engaging customers
- Reducing churn

You can use tactics such as the following for revenue growth hacking:
- Offer a discounted annual pricing: You can offer X% off is the user buys your product for one year.
- Charge $1 plan: This is better than the free plan. In this way, you can get the user's contact details and get back whenever you run offers or promotions.
- Enhance the promotions/discounts page on your site/app.
- You can also use persuasion elements like a countdown times which plays on scarcity and the user's fear of losing out. For example, sites like Groupon and Nearbuy place a timer next to their buy button to get users to purchase the product.
- Alliances and deal bundles also increase revenue, such as the ones offered by hosting providers.

The metrics to look at for revenue growth hacking are the monthly run rate, the growth rate, and the channels through which revenue comes in. You would have to maximise the channels that bring in the most revenue, and minimise those that bring in the least.

At Gaana, revenue growth hacking is done through:

- Advertising, such as display ads, audio ads, sponsored content
- Subscriptions

Engagement

Engagement differs from product to product. To define engagement for your product, you have to:
- Measure its retention on D1, D7, D30, and so on
- Define the user actions for your product: This would include interactions of first-time as well as repeat users
- Define the user goals

There is a high correlation between app engagement and business revenue, so it's crucial for you to focus on product engagement. The data says that the average app loses 77% of its daily active users in the first three days after installation, and 90% of its DAUs within the first 30 days. 70% of the app installs happen in the first week. Therefore, it becomes important to hook users within D3 and D7.

Let's look at the ways to increase engagement at various steps.

Onboarding the user
- You can send a 'Welcome' or 'Thank you' message after the user installs the app to show your appreciation.
- As a general practice, the first few screens should explain how your app works to the users. For example, Tinder does a succinct tutorial in just four screens.
- Another important step missed by most is prompting the user to use the app as soon as he/she downloads it. You could offer a promotion or send a push notification to this effect.

Getting the user hooked
- If you want to engage your users, you need to create an 'action-gratification' loop. For example, Candy Crush has hundreds of levels which only unlock if you pass the previous level. This is also a type of loop that provides gratification and prompts action.
- You should understand the user's initial motivation, and based on this, define the user actions. At the same time, you need to provide a reward for gratification. This reward could be app-specific, specialised content, or coupons

Sending push notifications
- Once the user downloads the app, you should make use of the opportunity to send them push notifications on offers and promotions. For example, when PM Modi launched the demonetisation campaign, Paytm sent push notifications to its users, urging them to add money to their wallet.
- Push notifications would help you pull the user back into the action-gratification loop.
- The number of notification you send should be strategic, and they should be customised for specific users

Talking to customers

- Customer service can play a big role in increasing engagement. As a good practice, you should inform the users where they can contact you for queries and help. Zomato does this with their 'Chat with us' prompt.
- The two major reasons for uninstalls are:
  - The user feels he/she was treated poorly
  - The user's problem was not solved in time

Engagement: B2B vs B2C

- Updates/notifications: B2B products and services, such as ClickDesk, do not require frequent updates to drive engagement. On the other hand, B2C products like Walnut require a higher amount of notifications sent with a higher frequency to maintain user engagement.
- User need: In B2B, user needs are specific so it's relatively easier to solve for them. But, in B2C, user needs are varied because the user base is varied. For example, Paytm has a user base that ranges from 20 to 60 year olds.

Engagement: Web vs Mobile

- Channels: Engagement channels are more varied or mobile than for web. You have push notifications, emails, SMSs, and other such channels for mobiles, whereas for web, you have limited option such as emails, Facebook ads, or Google AdWords.
- Updates: Updates on web are faster than on mobile, where the user has to manually accept an update.
- Notifications: Notifications sent through a mobile app have higher engagement as they are more personalised. In contrast, it's very easy to block notifications on web, and users more often than not end up blocking them.

A couple of examples of engagement are Expedia's Scratchpad and Airbnb's Collections on web.

App Monetisation Models

The following are the various monetisation models you can employ to monetise your app offerings:

- In-app advertising: The app is free to download but includes ads which are personalised to the user. For example, Facebook uses this model quite effectively.
- In-app purchases: This model involves selling physical or virtual goods through the app. Physical goods could be clothes or electronics, e.g. Flipkart. Virtual goods could be in-app points or extra lives, e.g. Pokémon Go.
- Freemium: Such apps are free to download but some of the features would be locked until until purchase. For example, Angry Birds has a lot of features, such as additional levels or the option to juice your bird, which you can buy.
- Paid app: Such an app is not free to download, and the user has to purchase it from the App Store or the Play Store. Examples of this model are AVG Antivirus Pro and Pocket Casts.
- Subscription: In this model, content instead of features are locked. The app would give the user limited free content, after which the user needs to subscribe to use the app further, e.g. Headspace.

- Sponsorship: The app shows the user content that's sponsored by someone, e.g. TVFPlay has content sponsored by SnapDeal and Flipkart.

- Undertake growth hacking for the retention, referral and revenue of a product
- Understand how to increase engagement in different scenarios
- Tackle challenges to increase the engagement of a product
- Identify and implement the various monetisation models for an app