User Retention Trends and Action Items
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At the core of MoEngage lies user-obsession. **AT. EVERY. LEVEL.** This handbook is written keeping not only you but your users in mind.

We analyzed the data of over **3 million** e-commerce app users from India over a 90-day period and consolidated our findings to create this go-to resource for Indian e-commerce apps.

**But what good is data if you don't how to act on it?**
To show you how you can use the information presented in this report, we have also included action items for you to consider at every step. So keep your notepad handy, or open Trello.
Why do users uninstall mobile apps?

**Utility:** Quite often people find that the app does not live up to their expectations. For some, the ease of use is a determining factor. Most users prefer stable apps that do not freeze or crash!

**Trust:** User privacy is a rising concern, and consumers are very selective about the data they share with any app. If your app constantly requests access to social accounts or sends invites on the users' behalf without approval, your app uninstalls will be high.
Why do users uninstall mobile apps?

**Bloatware**: People love apps. However, with limited device memory, they prefer apps that require less space, load faster and do not store too much data locally.

**Annoyance**: Push notifications are a great medium to engage users and boost retention. But, they can also be the primary reason for uninstalls. Consumers delete apps that send them irrelevant notifications often.

**Data consumption**: Users tend to uninstall apps that require a constant mobile internet connection for background refresh or consume too much data.
Retention across different mobile devices

We discovered that Apple device users tend to have a higher retention rate than other devices, whereas Oppo, Samsung and Xiaomi device users have some of the lowest retention rates.
Why does retention vary with devices?

Mobile storage space is the key factor here. Since Samsung and Xiaomi devices have limited storage space, these users are more likely to uninstall apps they do not use frequently.

E-commerce apps compete with apps like Whatsapp and Facebook that not only take up a lot of space but are also much more frequently used than shopping apps.
Retention trends in different cities

When we mapped the install and uninstall trends to cities, we noticed that **Tier 1 cities have a retention rate of 68%**, which is slightly higher than Tier 2 cities in India.

One of the primary reasons for a low retention rate in Tier 2 cities is, once again, limited storage space, particularly in Samsung devices. Note that Samsung holds the maximum market share in Tier 2 Indian cities.
Retention across the days of a week

Our research shows that most users tend to install apps over the weekend, whereas users are more likely to uninstall e-commerce apps on Wednesdays and Thursdays.
The most significant trend we noticed was that more than 56% of users uninstall their apps within the first week of installing them.

Digging a little deeper, we found out that over 23% of all uninstalls happened within the first 24 hours!

So, why do so many users uninstall their apps in less than a day? Curiosity got the better of us. We isolated the D0 users and looked into their behavior and interaction with the app to find the root cause.

Read on to learn what we found.
The impact of sessions on retention

We noticed that about **23%** of users do not open the app on the day of install, and **15%** of total users uninstall on the same day without opening it even once!

**Action item #1**

Enable Acquisition Tracking:
Based on acquisition campaigns, personalize each user's first interaction with your app.

As number of sessions increase, retention rate increases proportionally.
Run a **campaign on social media** on women's shoes during Valentine's week. Create a segment and add everyone who installs your app from this campaign to it.

For this segment alone, show a list of all the women's shoes that fall under this discount as soon as the users open your app for the first time.

**An example of a personalized first session**
How do I drive engagement and increase retention?

Earlier, we saw that as the number of app sessions increases, the uninstall rates drop proportionally. **More engagement = higher retention.**

By focussing on user engagement, you can improve your app's retention numbers. Here are a few ways to get users to keep returning to your app frequently:

1. Leverage push notifications
2. Increase the number of repeat purchases
3. Go heavy on content creation
4. Use re-targeting advertisements on multiple channels
Leverage push notifications

We observed that on the day of install, retention tends to increase significantly when users receive at least two notifications.

However, it is important to note that retention drops slightly when users are sent more than 3 notifications on the day of install (Day 0). So, make sure you enable a frequency cap on the number of notifications a user receives.

Action item #2

Increase the number of sessions on the day of install (D0) by sending relevant push notifications.
Questions to ask before you start sending push messages

Are you collecting enough data?
The difference between basic data and rich data is event attributes. For example, this is the data your events should capture:

In-app event: 'Add to Cart'
Attributes:
- category
- price and currency
- timestamp
- user ID

Have you identified your app's retention point?
Retention point, or the more commonly used term 'aha moment', is the point in a user's journey where they realize the value of your app. This is also the point where the user decides to make a purchase on your app.
Push notification opt-in rate for e-commerce apps

89.9% of app users with Android devices opt for push notifications, while only 44.3% of iOS users enable push notifications!

This is probably because Android devices opt a user for push notifications automatically, as opposed to Apple devices where the process is manual.

Action item #3

Do not ask your users to opt-in for push notifications as soon as they launch the app for the first time. Make sure they understand the benefits first.
How do I improve the relevance of my push notifications?

At the heart of effective communication lies **user segmentation**. In the initial stages, most marketers create different user segments based on the source of acquisition and location. However, as your user base grows, you will have to move to more advanced segments based on browsing and purchase patterns.

**User segmentation at Grofers**

Grofers, a notable online grocery delivery service in India, segments its users based on wallet share, i.e., how the user buys every month. They found out what an average Indian household looks like, how big it is, their average grocery spends, and how frequently they shop for groceries. Based on this information, they were able to deliver **hyper-personalized notifications** with exceptional click-through rates!

You can watch Sharad, the Sr. Director of Marketing at Grofers, explain this [here](#).
We noticed that as the number of transactions per user increases, the uninstall rate decreases. The biggest contributor to this is trust. If the user's first transaction experience goes through as expected, their trust in you increases and they're more likely to purchase again.
Another interesting trend we noticed was that once a user has completed 3 or more transactions on an e-commerce app, the retention rate goes up.

However, the boost in retention rate was much higher on week 1 and week 2, implying that **if you are able to retain a user after 24 hours of installation, chances are they will stick around longer.**
Tips to drive repeat transactions on your app

Leverage browsing and purchase patterns:
Create a cluster of related categories and products. Then, depending on each user's search and purchase history, send them notifications about relevant products from this category cluster.

An example of a category cluster for mobile phones:
- Phone covers & stickers
- Screen guards
- Headphones & earphones
- Power banks
- Mobile phones
- Cables & chargers
Implement machine learning for recommendations:
It is 2020. If you aren't utilizing the power of AI, you need to bump it up in your priority list. AI is far more efficient at analyzing data and picking patterns than humans, especially when the data size is in petabytes (*that is* $10^{15}$ bytes of data!). As the data size increases, algorithms become more efficient at predicting what a user is more likely to purchase, and when. You can build your own recommendation algorithms or use tools like MoEngage to help you with it.

Smart recommendations at BigBasket
BigBasket, India's largest online grocery store with more than a million customers, built Smart Basket – a system based on ML algorithms to predict a customer's next purchase based on buying patterns. The system ensures that users are introduced to new products based on recent shifts in their individual buying patterns or on group buying patterns of similar user segments.

You can watch Pooja, the Head of Category Marketing, explain this in detail here.
Create content to engage your users

Just because your app is an e-commerce one doesn't mean that customers have to open it ONLY to purchase or browse through products.

Build a dedicated section in your app to host content, and go heavy on content creation. Conduct customer research, run surveys and figure out what information your users like to frequently consume. **Get them addicted.**

Some formats you can experiment with are videos, infographics, articles, interactive quizzes, image cards, and podcasts.

**Action item #4**

Use the power of vernacular languages to drive engagement through content. Create content in native languages if the device supports them.

Read how Moengage's **localization feature** helps e-commerce apps deliver notifications and social ads in native languages.
Use retargeting advertisements:

Push notifications aren't the only way you can reach out to your users.

When used tactically, ads on social media and ad networks can drive high engagement rates.

Action item #5

Ensure that the CTA of your ad deeplinks to the relevant product list in the app. Broken experiences lead to low ROI!
Key takeaways

Here is a quick recap of what you've read in this report, followed by a list of all the recommended action items.

- Most Indian users uninstall e-commerce apps on the day of install, without launching it even once.
- Although the number of installs on iOS devices is lesser than Android, iOS users have a higher retention rate.
- Tier 1 cities have a higher retention rate than Tier 2 cities.
- Retention rate increases with the number of sessions.
- More engagement = higher retention.
- User segmentation lies at the core of all engagement and retention strategies.
- As the number of transactions per user increases, retention goes up. This trend is consistent even after 24 hours of app installation.
- Retargeting is an effective way to drive app engagement.

For any questions about this report, you can reach out to support@moengage.com
List of all the to-do items

1. Enable Acquisition Tracking: based on acquisition campaigns, personalize each user's first interaction with your app.

2. Increase the number of sessions on the day of install (D0) by sending relevant push notifications.

3. Do not ask your users to opt-in for push notifications as soon as they launch the app for the first time. Make sure they understand the benefits first.

4. Use vernacular languages to drive engagement through content. Based on the device's default language, create content in native languages.

5. Ensure that the CTA of your ad deeplinks to the relevant product list in the app. Broken experiences lead to low ROIs!
About MoEngage

MoEngage is a customer engagement platform built for the mobile-first world. Using the power of AI-powered automation, advanced user segmentation capabilities, localization features, and built-in analytics, MoEngage lets you communicate with the right audience at the right time, and with the right message across multiple channels like SMS, mobile push, email, in-app, web push, and on-site messages.

Fortune 500 brands such as McAfee, Samsung, and Vodafone across 35+ countries use MoEngage to run omni-channel campaigns.

MoEngage has been featured on Gartner’s Magic Quadrant for two consecutive years.

Want to get a demo of MoEngage and explore how it fits in your workflow? Click here