

THE GUIDE TO

Customer Retention For Mobile Apps



BROUGHT TO YOU BY:

 **Apptentive**

High retention rates are the holy grail for app owners. Not only does retaining customers cost less than acquiring new ones, but it can also be used as a trust signal around how well your brand knows its customer base. Increasing retention also impacts your bottom line. **A 2% increase in customer retention has the same effect as decreasing costs by 10%.**

However, retention doesn't look very good for the average mobile app. What many don't realize is that customer churn can be largely managed with a few simple improvements to their app's customer experience, and boosting retention doesn't mean you have to completely reinvent the wheel.

In this guide, we'll take a look at how the average retention rate for all apps evolves overtime, as well as how each app category fares in the retention race. We'll wrap up by covering five of our favorite retention boosting strategies that will help improve the health of your app.

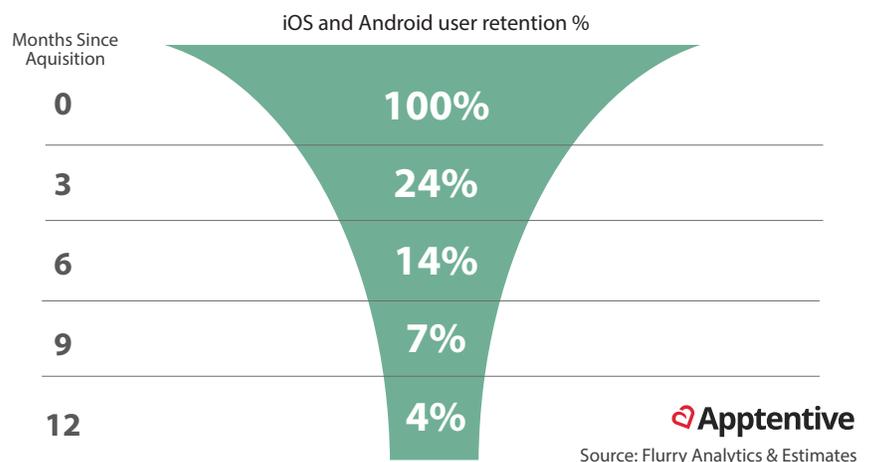
The State of Mobile App Retention

First, it's helpful to know industry benchmarks to better understand how your app is doing compared to the larger app landscape.

Your app may see thousands of new installs every day, but how many of these installs become active, engaged, and profitable customers?

On average, only 25-40% of new customers will re-launch an app after the first week. This number diminishes as time goes on, ultimately falling to 4% one year out. Of these retained customers, only a small proportion will continue on to be active and engaged users of your app. In other words, downloads and installs say little about the true health of your app.

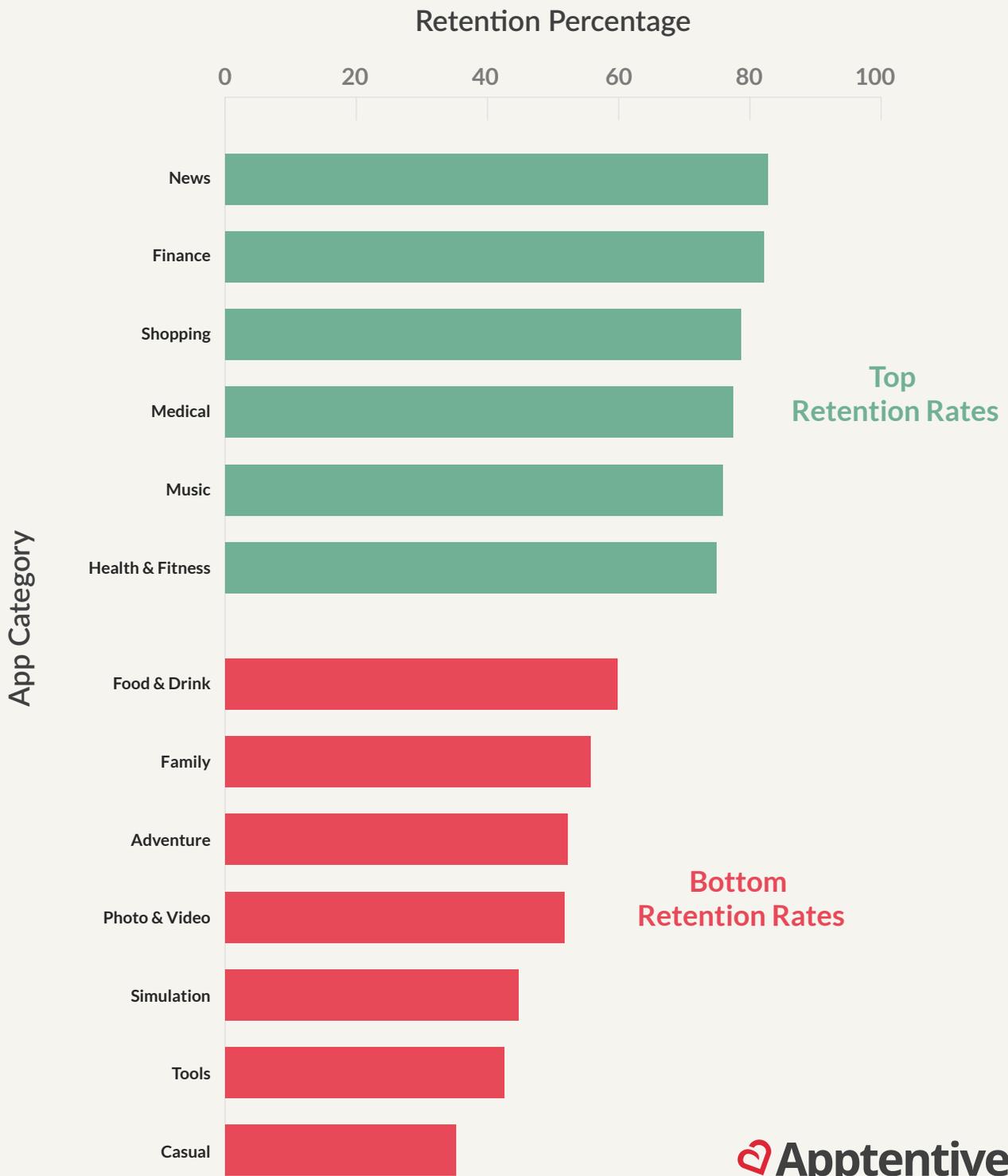
The Retention Problem



It's important to note that average retention rates vary across app categories.

In research Apptentive has been doing around retention, we've come up with benchmarks for many app categories, which will help you understand how your app stacks up against the competition.

Here are the app categories that rank among the top and bottom in terms of retention rates:



Methodology:

The data above was discovered after we analyzed a representative sample of apps on our platform. We chose 28-day return retention, as it proved to generalize over app category better than the other retention metrics.

As a quick refresher for those who may not know it: 28-day return retention measures what percentage of people return to an app within 28 days of their last visit. 28 days is an important number—it's long enough that lower frequency apps (like banking apps) still get meaningful numbers, and it's a multiple of 7, meaning we avoid weekday fluctuation that is present in retention charts for most apps.

Now that we understand the state of mobile app retention, how do we improve it?

Five strategies for boosting mobile app retention

Mobile apps have become a part of our everyday lives; we have high expectations for the kind of experiences we have with our apps. With over two million mobile apps available, only apps with quality content and a great customer experience have the chance to stick around.

Retention is a good indicator of how well customers are receiving your customer experience.



Here are five proven strategies to boost retention in your mobile app:

1 Launch a Voice of the Customer (VOC) initiative

The average company never hears from [96% of its customers](#). **For every one vocal customer complaint, studies indicate that there are [26 equally unhappy but silent customers](#)—the vast majority of whom will simply leave your app without ever indicating why.**

Before you can hope to boost retention, you need to understand why your customers leave in the first place. This takes both empowering your customers with an easy way to leave feedback in your app, and actively listening to their feedback and other social signals.

App owners strive to create the perfect customer experience. Without actual customer insights, however, these programs often fall short. Many lack the tools and data to validate their assumptions and to test if their picture of the customer experience is truly aligned with their customers.

App store ratings and reviews provide a good starting point for a VOC initiative, yet don't provide anywhere near the holistic picture you need to understand your customers as a whole.

There's a misconception that customers are only willing to leave feedback if they have a very negative, or very positive experience (for example, one star or 5 stars)—but it's simply not the case. **Nearly three out of four (72%) [respondents of a survey we partnered on with SurveyMonkey](#) said they're equally as likely to give feedback regardless of if their experience was positive or negative, and almost half of the respondents said they leave both positive and negative feedback.**

The key here is asking for feedback. Consumers expect companies to ask for feedback and are more likely to give it when prompted. About half of customers (51%) expect companies to ask them for feedback directly, whether it be over the phone, on the company's website or in any other form; for customers who prefer to leave feedback in-app, that number jumps to 64%. Moreover, almost everyone who prefers to leave feedback in-app is likely to do so when asked for it directly (98%).

The insights VOC programs provide allow app owners to hone in on customer pain points and requests for new features that can be used to shape future updates of the app and earn customer loyalty.

To launch a VOC initiative, app owners are introducing in-app messaging for one-to-one communications with their mobile customers; using intelligent prompts to send contextually relevant messages; and collecting customer insights at scale using in-app surveys and feedback forms.

2 Use contextually relevant messaging and proactive engagement strategies

In the previous section, we added the intelligent qualifier to prompts and in-app messaging. This is a slight but important distinction when it comes to customer retention and satisfaction.

Many marketers believe the key to customer engagement is messaging, which all too often manifests itself in the form of an endless barrage of push notifications.

However, the harsh reality is push notifications may be harming your app's retention rates. You might be unwittingly leading customers to opt out or to even uninstall your app simply to get a break from the annoying notifications.



When it comes to retention, how you message your customers matters just as much as what you message them.

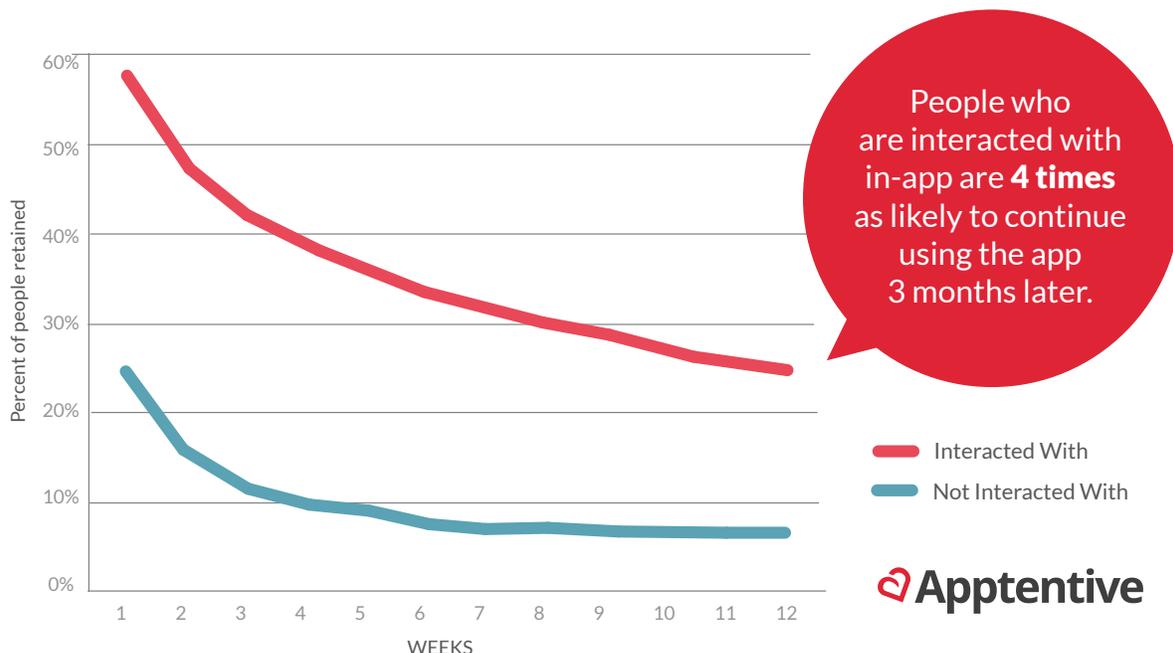
As a best practice, we've found the best way to engage customers is at key 'mobile moments' throughout the customer journey. These moments are tied to events such as the completion of an in-app task, such as after a customer has made a purchase or watched a video. In practice, this means communicating with customers via prompts and surveys at strategic times so as not to bother them.

In contrast, attempting to engage customers before or during a specific task can be seen as intrusive and leads to higher exit rates and lower response rates.

Your customer opened the app with a goal or task in mind—let them accomplish this goal before sending them a message linking to another part of the app or distracting them from the task at hand.

When customers are engaged in an intelligent manner, the results speak for themselves. The chart below shows average retention rates for mobile apps over time and the boost in retention that you can expect to see as a result of interacting with your customers in an intelligent, timely, and contextually relevant way.

App Retention Based on Proactive Interaction



People who are interacted with in-app are **4 times** as likely to continue using the app 3 months later.

— Interacted With
— Not Interacted With



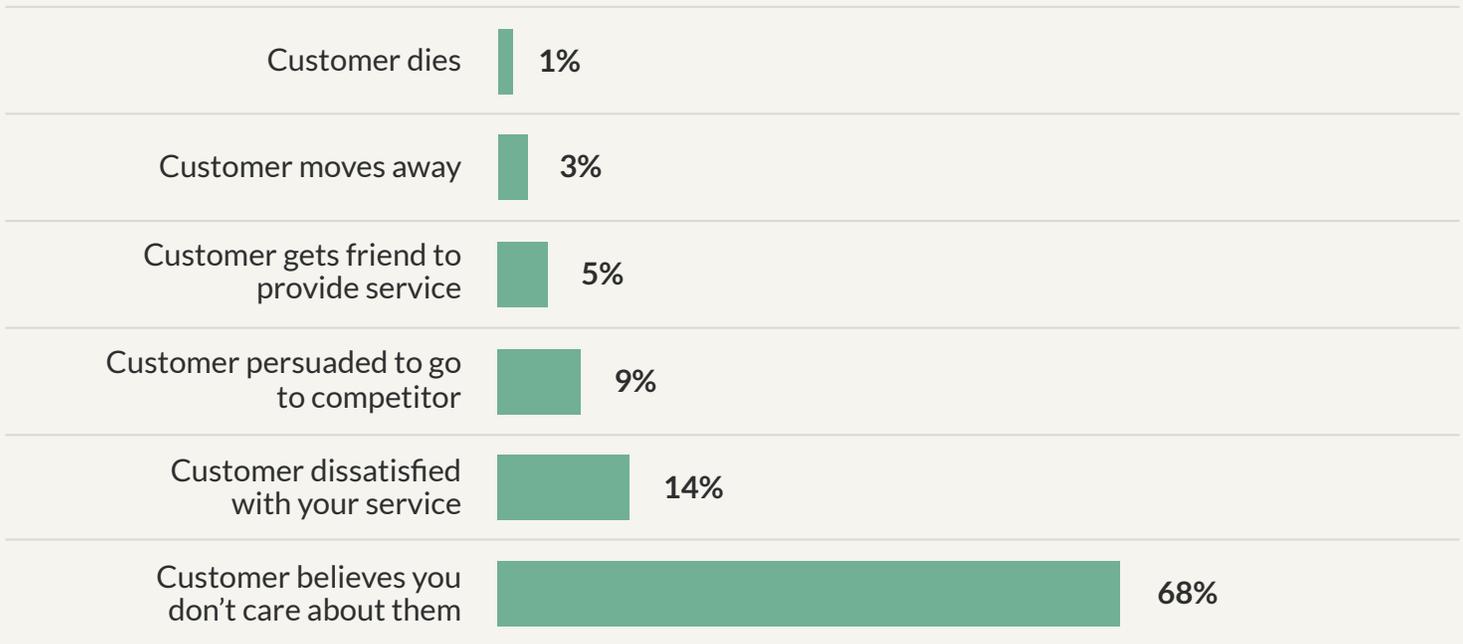
3 Let customers know you care

The best way to retain your customers is to simply let them know they're valued. After collecting and analyzing your new customer insights, give thanks and acknowledge your customers' feedback.

If you see feature requests or bug reports for a certain feature, consider working it into your product roadmap. And upon releasing a new update, remind your customers you're listening and let them know the update was made possible only by their continued feedback.

This kind of proactive communication with customers translates into loyalty. **In the [survey we partnered on with SurveyMonkey](#), people said if they know their feedback has been implemented, 97% of them are at least somewhat likely to become loyal patrons to the company.**

Q: Why Do Customers Leave a Company?



*Study completed by Rockefeller Corporation

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In reminding customers you're listening to their feedback and care about their thoughts, you'll adopt and convey a customer-first mentality that will let your customers know their opinions aren't only listened to, but highly valued.

4 Give customers a reason to come back

Stale content deters customers from coming back to your app. If you want customers to come back to your app day after day, provide them something new and original each time they open the app.

These rich content updates can be in the form of a flash sale, a daily comic, a stream of user-generated photos, a loyalty or achievement program, or something as simple as resetting activity limits.

Whatever shape your reason to come back takes, as customers come to expect fresh content, they'll get into a routine of regularly launching your app to see what's new and exciting.

To understand what content will provide the most value, and the best reason to return, step in to your customers' shoes using your newfound insights. What would make you, as a customer, want to revisit the app time and time again?

To help get you started, ask yourselves the following questions:

1. How long has it been since new content has been published in my app?
2. Am I currently running any business promotions? How can I incorporate them into my app?
3. Do I have a loyalty program? Am I offering enrolled customers unique in-app content?
4. Is any in-app content out-of-date? What can I do in the short-term to update it?
5. Am I rewarding people who open my app frequently for their time? If not, how can I do so?

5 Understand the math of the app business

Last, but certainly not least, have a way of measuring your retention marketing strategies. What are your key objectives, and what metrics make the most sense for measuring their success?

If you're not measuring your success, you'll never know how you can improve overtime.

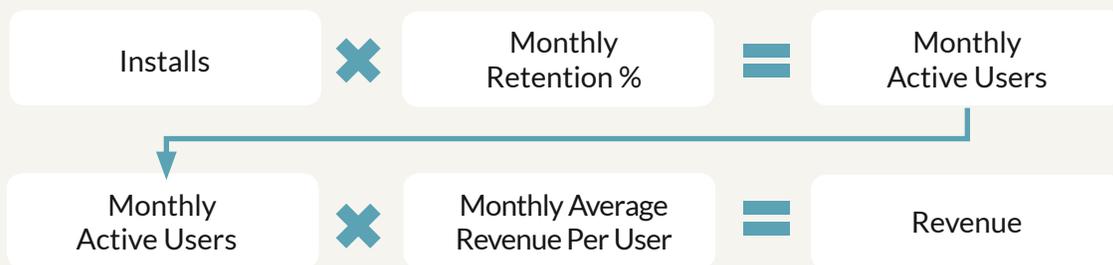
Common metrics include retention (and its inverse, customer churn), monthly active users, daily active users, uninstalls, loyalty, and lifetime value. Looking at each of these metrics will give you different insights into how customers are engaging with your app, and ultimately will build the framework for boosting your customer retention rate.

Calculating each of these metrics is, of course, easier said than done. It ultimately comes down to the parameters you set for each individual app or campaign: How active is an active customer? What makes a customer loyal? Does a customer who opens your app once every two months constitute as retained?

Every business will be different, so make sure to assess your general business goals before setting goals for individual metrics.

For additional measurement resources, download our guide: [The Math of the App Business](#)

Calculating Your App Revenue



The Math of the App Business



Wrapping it up

At Apptentive, we focus on helping companies build brands customers love, which is why we've built tools that empower companies to communicate proactively with customers, measure sentiment, and take action based on customer feedback. There are four main in-app engagement strategies we use to enable brands to communicate with their customers in-app: offering customer surveys, asking for feedback, prompting customers to rate the app at the right time, and conducting a two-way conversation with individual customers.

By taking a customer-first approach and improving your customer experience, you can boost retention, improve monetization, and cut costs on expensive acquisition campaigns. Retaining existing customers is the best way to boost loyalty and build a supportive audience over time, and should be high on every app owners' priority list.

Hopefully the above tips will help set you and your app on the road to retention success. Thanks for reading, and happy retention boosting!

Want to learn how customer feedback can impact your mobile app retention?

Sign up for a free app consultation with one of our mobile experts today!

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About Apptentive

Apptentive's mobile customer engagement software helps companies listen to, engage with, and retain their customers. The product gives brands the opportunity to identify who to talk to, intelligently engage user segments, and mobilize customers to take action through in-app messages, surveys, and ratings prompts. Integrated into thousands of mobile apps, Apptentive helps companies engage mobile customers, boost app ratings, drive downloads, and earn customer loyalty.

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Build Loyalty, Spread the Love