

Why Retention Should Be Your Top Priority in Social Media Marketing

Jeremy Richardson heads up Business Development at [Mixpanel, Inc.](#) a real-time analytics service that helps companies understand how users behave with web applications.



Everyone in social media knows that virality is the number one metric to track if you want to be a success. If a game goes viral, then there's no stopping it, right? On the surface, this may seem correct. However, I believe that there's a much better metric for businesses to pay attention to: Retention.

The viral growth rate, or "K-factor," is the accepted way to measure the virality of a product. It's computed by multiplying the percentage of current users who invite other people (X), the average number of people who are invited per user (Y), and the percentage of invited people who accept

an invitation (Z). Many companies use this — and only this — to determine the success of a product.

Now don't get me wrong — I believe that virality is a very important metric and should always be tracked. But I do not believe it is the be-all-end-all in determining the long-term viability of a product.

Why Track Retention?

There are two primary reasons why tracking retention is important for any business. The first is the fact that it will not only improve the K-factor, but it will also make virality itself last longer. The second is that it's a great way to measure the overall sustainability of a product. Even if you don't have high virality, a sustainable business will last.

Retention and Virality

As I stated, the K-factor is the product of three numbers, so to increase that product, we want to make all three numbers as large as possible. The first and last numbers, X and Z, are conversion rates. By definition, they are always going to have a finite limit — 100% engagement. While having perfect conversion rates would be amazing, it wouldn't really mean much if Y, the number of people invited, was only one.

So, if conversion rates are maxed out, then the only thing left to tweak is the number of invites sent out. There are two main contributors to this:

Invite Rate: The frequency with which users send out invites

Engagement Period: The duration that users actively use a product

On a platform like [Facebook](#), the daily number of invites that can be sent is capped, limiting the invite rate. The engagement period, however, is never going to have a limit. Users will play a game as long as they get value from it. This is where tracking retention becomes vital to the success of a social game. The ability to measure user retention rates will give you a better understanding of where you need to improve in order to increase that Y variable. If rates are on the low end, not only can you work to improve them overall, but you will also learn when in the engagement timeline you should try new distribution strategies to get users to invite more people.

There are many other ways to take advantage of this information. For example, if you know the customer life cycle of your product (i.e. the time between when customers start using it to when they stop), you can use that information to determine how long you have before you should launch a new product. [Zynga](#) (creator of popular Facebook games [Farmville](#), [Mafia Wars](#), and others) does a great job with this: Their marketers know exactly how long their engagement periods are and make sure to cross-promote a new game before the customers are completely done with the first one. This gives them a chance to push the older users onto the newer game before they stop playing completely.

Retention for the Long Term



Just because something becomes viral does not mean it will stay viral for long. Even if a situation arose where all the stars of virality are aligned — all of the users are inviting all of their friends, and all of their friends accept — if there is no real retention, this phase will not last. The number of users will reach a saturation point, and then start to decline. If retention isn't being tracked, then we have no idea why this is happening.

The Facebook app “Funwall” (now known as [FunSpace](#)) is an example of a rapid user explosion, followed by a crash. During their heyday, Funwall had 20 million users. Its growth spread virally; it was a success. When Facebook decided to replicate its features, Funwall didn't have a complete picture of whether or not the engagement period of the active users was declining. By the time they realized that the utility of the app had decreased, it was too late. Had they put more emphasis on measuring retention, they might have known how user engagement was affected immediately. In the long run, growing and optimizing the virality of the app did not matter. Retention did.

Think Value, Not Hype

Companies are becoming more and more metric driven, but not all data is created equal. Distribution and growth are obviously very important, but when it comes to long-term, planning we need to start moving toward metrics that better reflect the end goal. A sustainable model should be the goal of any business, and retention is a core metric that can help drive that.
