

Boost your engine of growth with chat and social value

Lessons learned from helping businesses grow their apps

By Nicolas Vérité



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Introduction by Nicolas Vérité

Instant messaging is a fast growing sector, that is rapidly expanding to yet unexplored niches. Observing how the industry constantly evolves is an inspiring adventure. Being able to contribute to that growth, a great privilege. The differences and nuances are subtle and hard to spot to the untrained eye.



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In this analysis we focus on businesses building apps with chat, or chat apps. Those businesses that we serve, from early stage startups to big corporates, are running after time, trying to avoid waste as much as possible. It is far too easy for those to fall in traps, such as focusing on the wrong KPI and metrics or choosing a technology that falls short rapidly and does not reach large scale. The impact is heavy as it slows down the growth and prevents the realization of the market goals and company vision.

As vendors and facilitators of such ventures, we helped many companies build and strengthen networks that grow naturally, by removing the burden of asset creation, providing a flexible set of highly technical components. Working together, we enabled a much faster and more efficient delivery of commodity features, while concentrating on the real added value that relies in custom features that are the true differentiators.

There are interesting lessons to be learned from those shared experiences. Taking advantage of true expertise you can get to the next stage without friction.

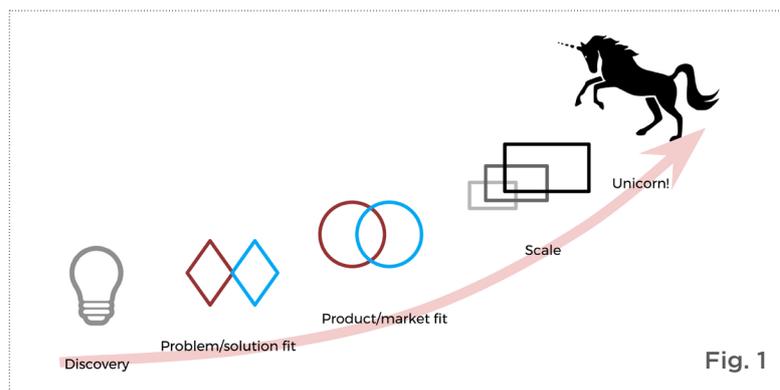


Fig. 1

Nicolas has two decades of experience on chat and what would later be coined instant messaging. He has observed the evolution of the hobbies and the markets by using and testing lots of chat systems. Later, he deepened his engagement by delivering instant messaging systems professionally. Today he happily sits among the team of the best experts of messaging solutions to scale, helping large businesses achieve the aim. This content shows some of the lessons learned during his professional career.

Master your
pirate metrics,
AARRR

Master your pirate metrics, AARRR

AARRR: Acquisition, Activation, Retention, Revenue, Referral

Pirate metrics are business KPIs for product or service marketing, sales and more generally product management. It is a big funnel of quantitative data telling the story of your customers' journey.

This data describes different stages of your relationship with the client: Acquisition, Activation, Retention, Revenue, Referral. Together these pirate metrics add up to a famous pirate battle cry - "AARRR".

What are the metrics behind AARRR?

- Acquisition: people who come to your product or service
- Activation: people who actually do something with your product or service
- Retention: people who continue to use your product or service regularly
- Revenue: people who pay
- Referral: people who talk (positively, hopefully) about your product or service

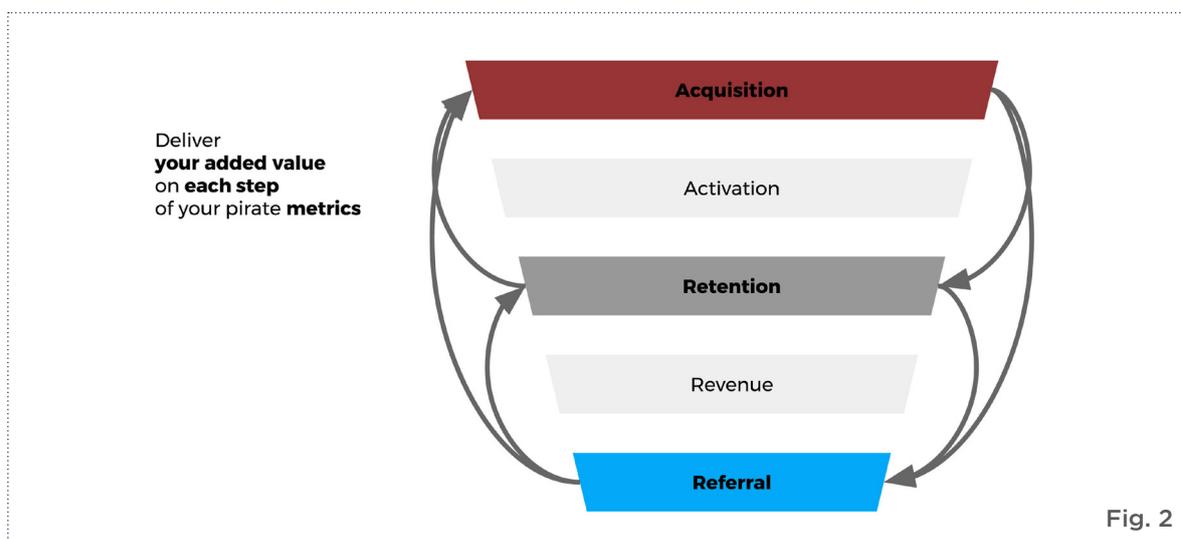
More precisely, it is a set of critical engine parts of your growth machine. Each single value of these five metrics is important for your measure, so that you better understand your customer journey, and can optimise it.

The ratio of conversions for each step is also very important.

But don't lose sight of the bigger picture; it helps you identify what you are good at, and where to improve.

Going deeper, next we will focus on the organic aspects of Instant Messaging: Acquisition, Retention, Referral. We will not cover Activation, neither will we cover Revenue because it mostly belongs to your onboarding, however, it is clear that Activation and Revenue are not fully disconnected from Acquisition, Retention, and Referral.

Here is how to boost the triplet "Acquisition, Retention, Referral".



Features for Acquisition and traction

There are a number of generic chat features available that appeal to your potential users and thus contribute to Acquisition. One-to-one chat or interpersonal messaging obviously comes to mind first. Then group chat is definitely contributing a lot to your traction, as it is more fun and collaborative for users, the generation Slack/HipChat and their dozens of followers showed that massive enthusiasm and need. And finally, social networking is taking all of that to the super next level.

Then you can consider secondary features, such as presence, status, availability, profiles, avatars, and contact management, including blocking. There are even more features, such as typing notifications, last message correction, sent/received/read receipts, pictures/sounds/video/location messaging, archiving, mentions, stickers/emojis, integrations, chatbots, full-text search, the stories craze, and of course end-to-end encryption.

Let's not look too deep into all the features on offer for now, you should focus on creating your own subset, based on your customer demand, and the problems you are trying to solve. Your unique custom features will be your differentiators.

Warning: carefully craft and tailor key distinctive features for your audience. Do not use ALL the commodity features. The goal is to avoid feature factories, making your app look like blinking Christmas decorations.

"It seems that perfection is attained not when there is nothing more to add, but when there is nothing more to remove."

Antoine de Saint-Exupéry

Activities for Retention and engagement

Here you will use mechanics that will not add friction, nor will you focus on the features that "just add value" for individuals. You will focus on conversation (re)activators, such as chatbots, integrations, group chat and social chat (natural user feature, not marketing features to synthetically force the use of the app).

These "wake up" conversations are to be considered in the perspective of the user. These simple tricks allow you to re-capture a significant ratio of dormant users, and greatly improve user engagement with your app.

Warning: be careful of notification fatigue, and information overload. Of course you cannot control your audience's activity. So be wise in buffering, aggregation, and re-activation.

"A wealth of information creates a poverty of attention" Herbert Alexander Simon

FOMO for Referral and going viral

A highly interconnected community will naturally, organically pull the missing people in, and bring more nodes and interconnections into the network. This relies on a very simple psychology trick: FOMO (or the Fear Of Missing Out). If a group or community is almost fully present on your app, having fun with all the content and interactions, then the elements that are still outside this circle will be magnetically attracted.

Warning: do not expect virality to spontaneously generate. The ecosystem will grow starting with much seeding effort. This is why you need to focus on two major tasks: capture a niche first in order to jump into another one, and ignite a viral wildfire on social media using best practices, i.e. prioritising micro-influencers.

"A referral is the key to the door of resistance."

Bo Bennett

Each one of the organic triplet "Acquisition+Retention+Referral" feeds each other:

- Acquisition+Retention: an app user seeing new friends joining in will engage even more with the network
- Acquisition+Referral: virality reduces your cost of acquisition
- Retention+Referral: missing elements of an active and consistent group or community will be invited to join in

Your app's
network value,
Metcalfe's law

Your app's network value, Metcalf's law

Sustain and accelerate growth with high density network delivering high value to users.

Your network, the one which you promise to the customers using your app, is formed by all the users and their relations, and has an intrinsic value to them. This value is proportional to the square of interconnections, or interpersonal relations.

This is the well known and, to be honest, quite intuitive Metcalfe's law. If you weren't familiar with this law, you have probably guessed it and now you realise you knew it.

To generate traction and grow your network organically, both in volume and interlinking, you have to first realise that your app is a high value network. The common cognitive bias is to focus on the number of elements in your network. It is only a vanity metric, just to make your ego feel good, and make your competitors feel sad. However, it is obviously much more valuable to grow the interconnections, the focus of the Metcalfe's law.

.....
"The mark of a good conversationalist is not that you can talk a lot. The mark is that you can get others to talk a lot. Thus, good schmoozer's are good listeners, not good talkers." Guy Kawasaki
.....

You should be able to bootstrap the interlinking, and start with synthetic fabrication. You can generate activity yourself, being among the first micro-influencers. Then you can identify the real users who are natural micro-influencers, by onboarding and nurturing them.

You will engage them, and make them engage their audiences through group chats and social with posts and comments, encouraging discussions with open questions.

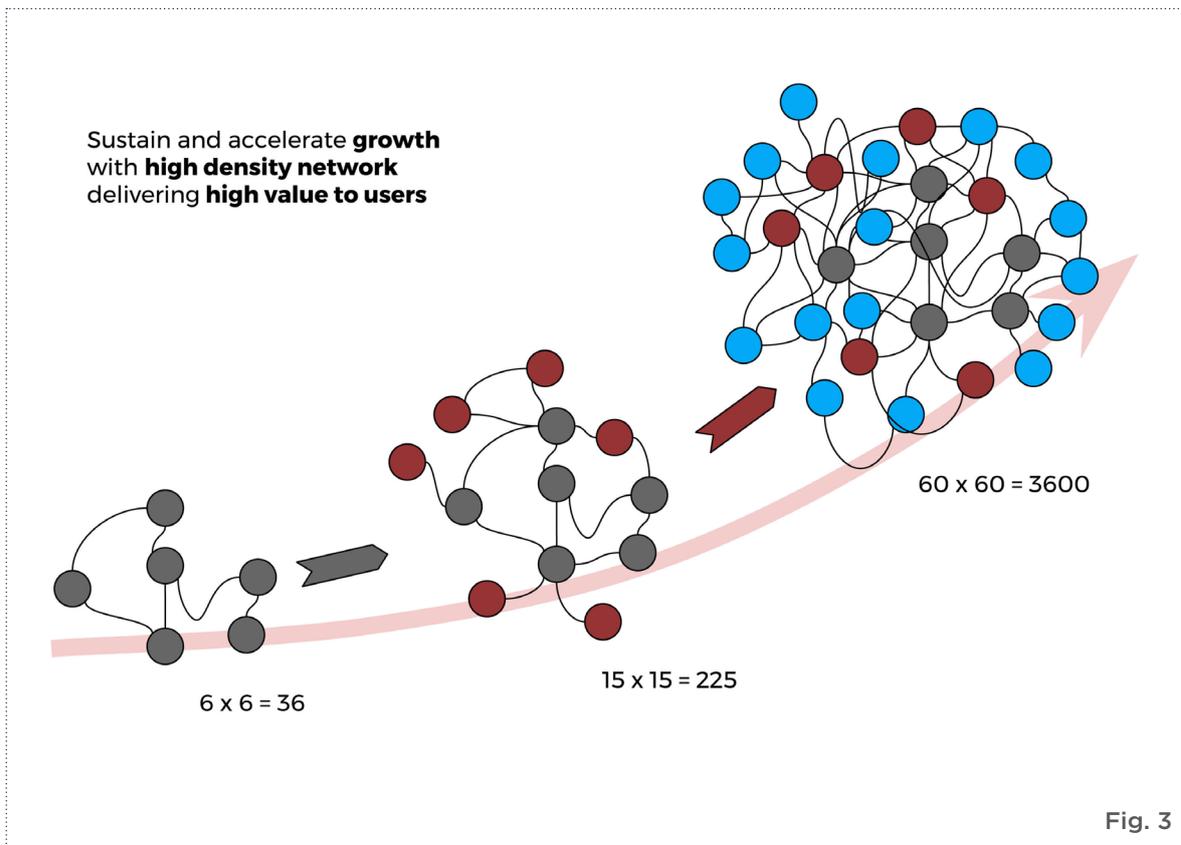
This way, you create active and highly interconnected groups, that consequently have a huge network value... attracting even more users.

Warning: this bootstrap process has to be maintained until you reach the critical mass, all within a well targeted niche. Then you address another niche. Don't abandon this thinking and approach when you believe you can afford to save effort on this. At each stage of your messaging product, a good rapport with your users supports onboarding and retention, as well as your understanding and capacity to adapt to the market.

A very simple consideration: it is not about your app's network, it is about your users' networks. Shouting the number of Monthly Active Users (MAU) is only a vanity metrics, good for your own ego. Instead, tell your users the value of their network.

Your app's network value, Metcalfe's law

Visual representation



Messaging feature sets and their benefits

Messaging feature sets and their benefits

Chatbots, open networks and groupchats

A lot of features have come and gone over the few generations of messaging. Some of them stick around much longer than others.

Interpersonal assistant chatbots, for a warm welcome

A welcome bot will allow you - among other things - to handhold users through first uses, conducting them through a critical part of the customer journey, avoiding early churn. Also, it will fix a common situation with new apps: the emptiness and solitude. When you install a fresh app it should definitely show anything but the void and blank spaces.

A machinegun, marketing-driven push notifications could fit the companionship gap as well, but these are annoying and intrusive, and can disrupt the experience with the app. This may void user value synthetically increasing your vanity metrics for an immediate fall once the shots are fired.

A chatbot has more empathy and emotional triggers due to its location: inside the one-to-one chat. This gives it an air of interpersonal feeling, as opposed to an external and disconnected notification center. A welcome chatbot is in-app automation (client-side or server-side), as it leverages the conversational experience (the vertical timeline). There is no absolute need for any type of AI - your chatbot can be rule-based with quick replies, as it belongs to a properly mapped user experience. Such a chatbot is an opportunity to be fun and warming, as it can establish the users' first steps, and thus a general "connection" to the experience.

Warning: the experience of a chatbot leads to disappointment sooner or later in the user's journey. That is especially true if the AI or the decision-tree is not fit for the job. So you have to set the expectations for your users, to prevent or delay that disappointment.

"A smile is the universal welcome."
Max Eastman

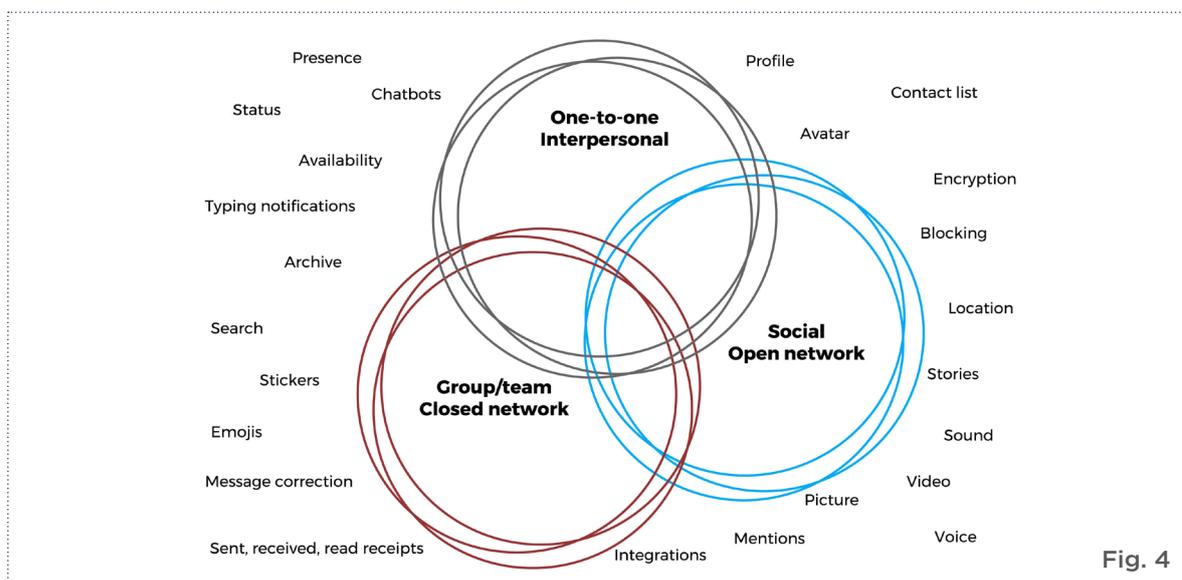


Fig. 4

Social, open networks, for higher discovery

Simply put, the social network sector is quite overcrowded, as the major players over there are really huge. The barrier of entry is high... Unless you are bringing a really disruptive innovation, that is proven to be a game changer, and fit for massive adoption. But then it is often a hard sell.

Instead, instant messaging is again booming, mainly thanks to its third generation. There are plenty of players here, and thus it is indeed very hard for a new app to get discovered on the stores, but the market is more accessible to businesses.

Social posting, liking and commenting are features all well known on social apps. Building the same features on top of conversational apps is a trend today, a real trend even if still a bit shy and hardly noticeable. Here is why: it allows users/customers to discover communities, places, and people. It enables browsing, searching, and interaction through all available open and public content. In other words, it indirectly gives humans more opportunities to interconnect with more humans and bots. And as a consequence, this increases their network value. It is about growing your users' network and own branding, and to engage with their audiences.

Warning: the content inconsistency that you are used to in various apps, whether you refresh or change the device, is a real pain. Be careful about the expectations when people browse to find something.

“The only real voyage of discovery consists not in seeking new landscapes but in having new eyes.”

Marcel Proust

Groupchat, closed networks, for continuous interactions

The groupchat market is still accessible, although massive adoption is clearly observable. A multiplicity of categories and viable niches exist today, and the exploration is not over. Proof of this resides in some big players (Cisco, Microsoft, Google) jumping on the bandwagon, after the huge successes of Slack, HipChat, Mattermost, Rocket.chat, Zulip, Matrix, Ring. The model has definitely won hearts, with the numbers following suit. Expect a wave of mergers and acquisitions to follow (Atlassian already bought HipChat).

What is cool and very well understood about those apps, is that they target groups and communities, in other words, they map to organically highly interconnected networks and serve them. Just bring in one team at a time, and retain them all. Third generation IM app makers understand that brings great engagement and retention to their networks. These activities are mainly happening at the workplace, and during the workday. So there is minimal annoyance after work.

The never-ending stream of groupchat messages is much more fluid and rapidly evolving than social content. Partly because the conversational timeline is much more intuitive and easy to use than social hierarchy and weird algorithms (Facebook and Twitter were much harder to grasp for beginners).

Group chats necessitate a far lower number of people in a closed environment to generate the same engagement, as compared to public social streams. That is aimed at deeper and consistent relations, that your users have to maintain over time.

Warning: easing your users' maintenance of their network is key to consistency.

“Success isn't always about greatness. It's about consistency. Consistent hard work leads to success. Greatness will come.”

Dwayne Johnson

In conclusion:
A balanced
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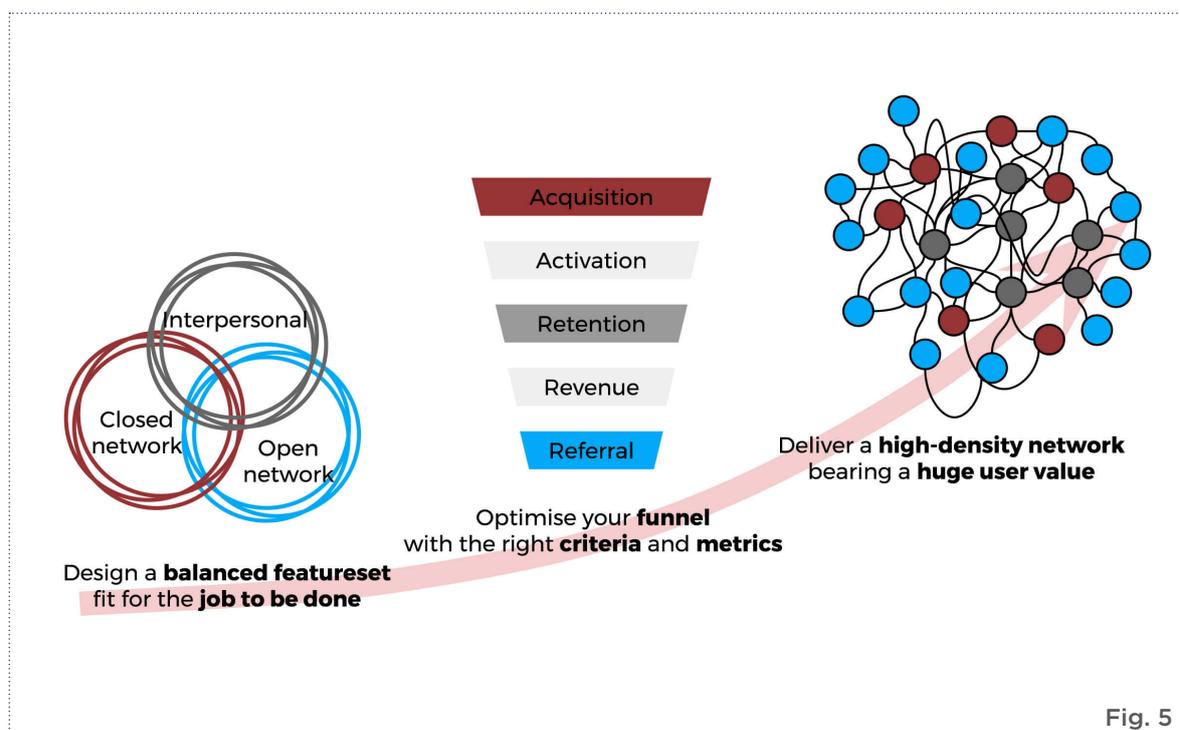
In conclusion

Mixing together open and closed networks for discovery and engagement is key to users' network growth.

Don't leave onboarding to the apathetic factory lines and lower the barrier of entry. Just provide a network, with a perceivable and obvious network value, and means to grow it over time. All these elements will contribute to and catalyse the acquisition, the retention, and referral.

An application that is fully loaded with tons of features is quite a clear signal that the makers don't know what to do, and want to do it all. A carefully crafted feature set, with a strong focus is the path to reach your targets and fix their problems or address their needs.

"There is no decision that we can make that doesn't come with some sort of balance or sacrifice." Simon Sinek



Erlang Solutions

We are the creators of the MongooseIM platform

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**We developed massively
scalable instant messaging
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