Removing paywalls increases user retention and revenue

Introduction

VisualBlasters is a cultural phenomenon. Even if you haven't heard of their award-winning animation app FlipaClip you're probably among the-over 1 billion views on social media. Their users *average a mind-boggling 47-minutes in the app a day* developing beautiful animations.

> "User-retention of the creators is a very important metric for our success.
>
> Because the nature of animation is a steep learning curve, it's important to get creators over the hump of initial education – after that they stick around for a long time."
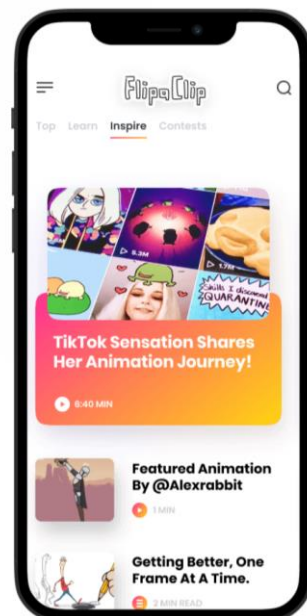>
> *Head of Growth – Geoff Hladik*
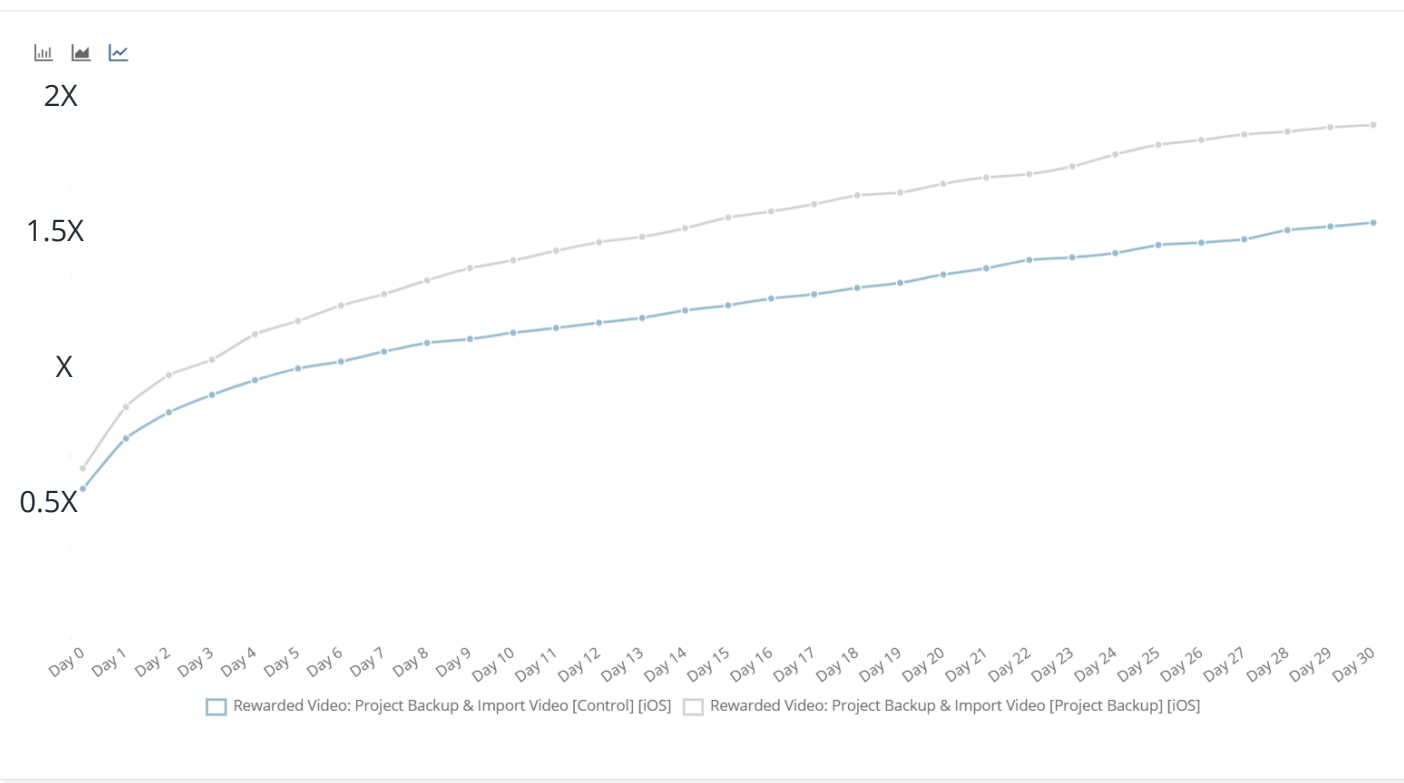
The Test:

VisualBlasters uses Firebase for Remote Configuration & AB testing. Their app is monetized both by ads and via in-app purchases to unlock features.

Two examples of those paid features are "Project Backup" – which allows users to save animation progress to the cloud—and "Import Video" which allows a creator to import videos for the purpose of editing previously created media.

> "Since a better user user-experience is the goal, we set up a test to see if giving away paid features would increase retention and time-in-app.
>
> Revenue was a secondary goal in this test but we decided to put the 'free' features behind a rewarded video."

Chart axis labels (Y-axis): 2X, 1.5X, X, 0.5X

X-axis: Day 0, Day 1, Day 2, Day 3, Day 4, Day 5, Day 6, Day 7, Day 8, Day 9, Day 10, Day 11, Day 12, Day 13, Day 14, Day 15, Day 16, Day 17, Day 18, Day 19, Day 20, Day 21, Day 22, Day 23, Day 24, Day 25, Day 26, Day 27, Day 28, Day 29, Day 30

Legend: ☐ Rewarded Video: Project Backup & Import Video [Control] [iOS]   ☐ Rewarded Video: Project Backup & Import Video [Project Backup] [iOS]

*Above in grey is the LTV of users who were given the paid features for free, after engaging with a reward video. **The 21% revenue increase** was driven by both retention, more ad revenue per user and– surprisingly-- more IAP events.*

The Results

What happened next was extraordinary:

1. **Ad revenue went up:** increased views of reward videos drove up revenue for the users that unlocked features.
2. **User retention went up:** much as Geoff surmised, users liked the additional feature and stuck around longer and shipped more videos.
3. **In-app-purchases for the paid features went up:** unexpectedly users who purchased the paid feature went up as well.

"Our theory is the creators started using a feature, liked it, but got sick of watching a reward video to enable it, so they bought the feature.

This is a win-win because the creators are sticking around longer, using the app more, some are getting the features for free and overall we're increasing revenue."

The Unexpected Findings

Using Audience Reporting Geoff drilled into the users in the AB test to see who exactly was driving the increase in revenue and how it was impacting their app usage.

"New feature-use was bifurcated by device type. Phone users are one feature while the tablets were opting into another.

There were too few users to measure a trend before but the implications are huge for our product: the phone users are using the app for quick, fast engagements where the tablet users are using it as an ongoing long-term project.

This gives us a huge insight to how different users are using the platform – and means we may think about creating two apps to better serve the two audiences."

On the right is a chart representing user engagement of the newly unlocked feature "Project Backup". Tablets are blue, phones in yellow. Obviously the rate of feature-use for tablets is higher
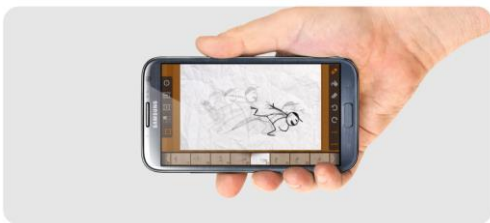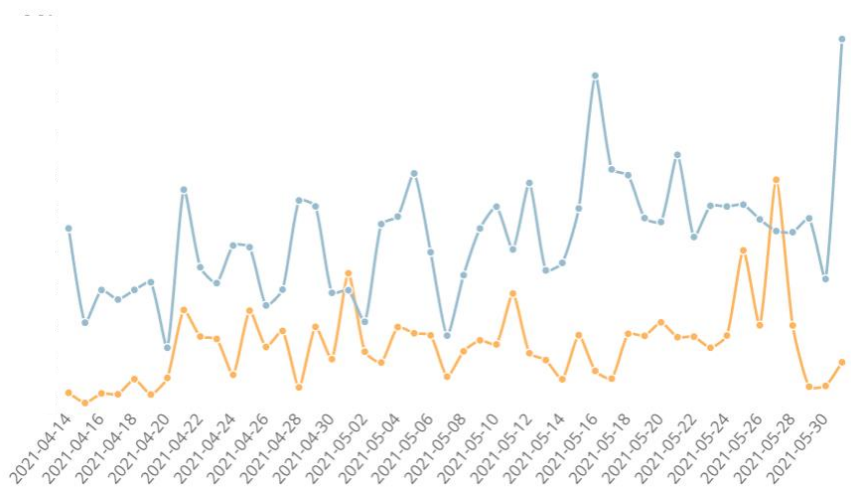
Here the chart shows average "Import Video" events, where the phone users (yellow) shows a higher use than the tablet (blue).