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# M&A and Market Landscape Review: Long Term Retention and its Implications

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MARKET STRATEGY

[fburl.com/ms](http://fburl.com/ms)



# Agenda

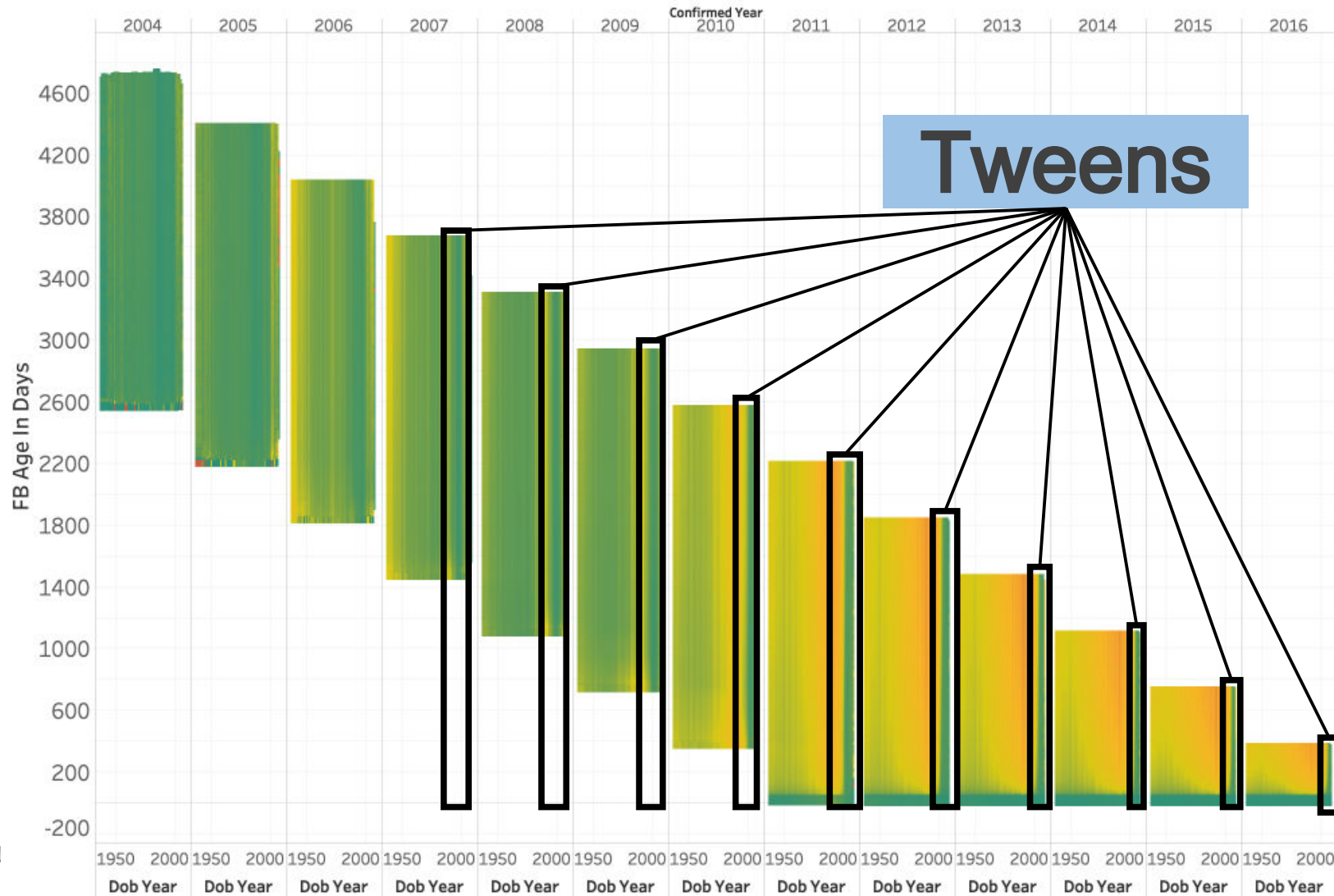
Long Term Retention Conclusions ◆

Implications for Youth Strategy ◆

Implications for M&A ◆

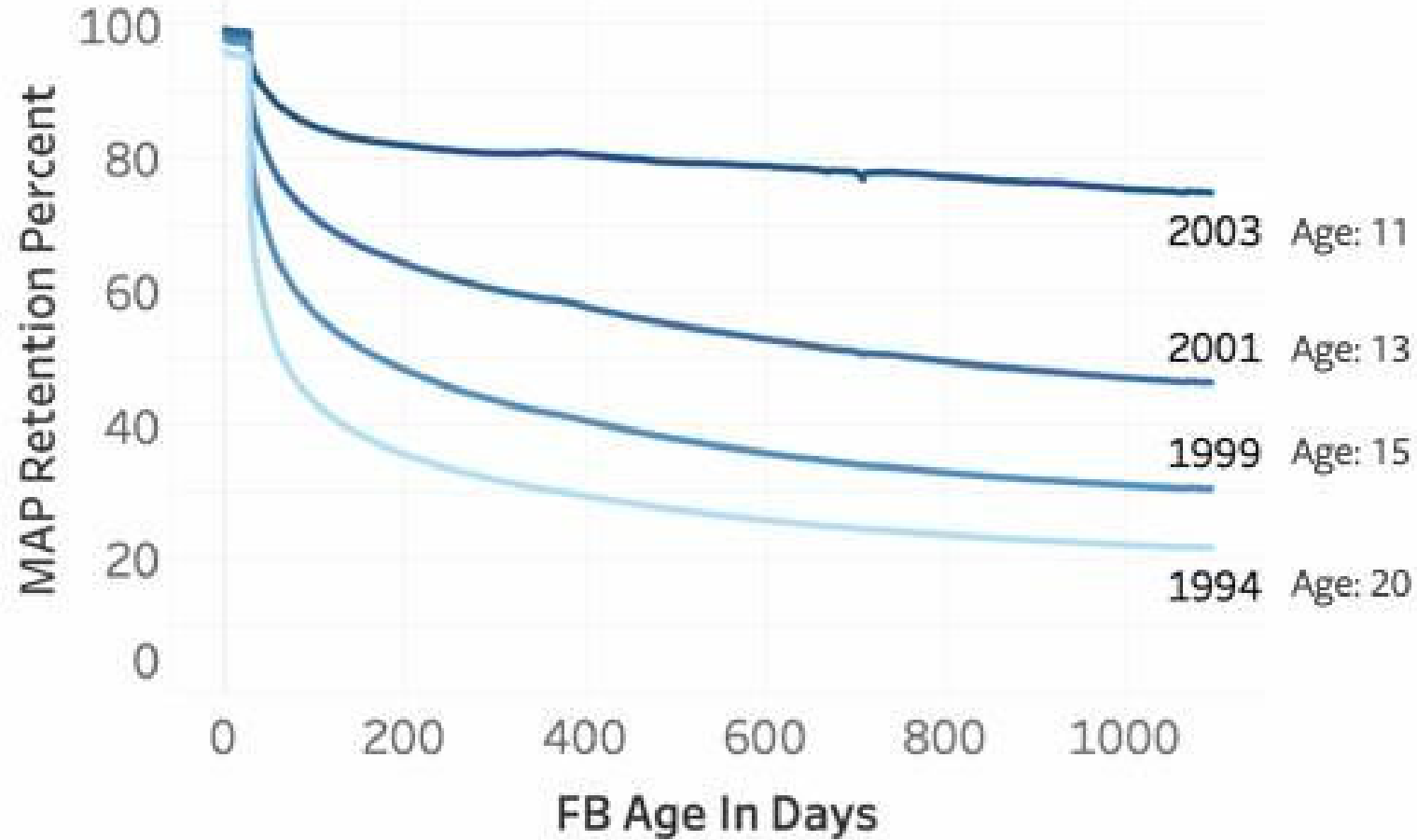
# Long Term Retention

# We have definitively established tweens as the highest retention age group in the United States



Source: Market Strateg

To give you a sense of scale, people who joined Facebook at 11 years old have almost 4X the LTR of those who joined as 20 year-olds



Source: Market Strategy Analysis

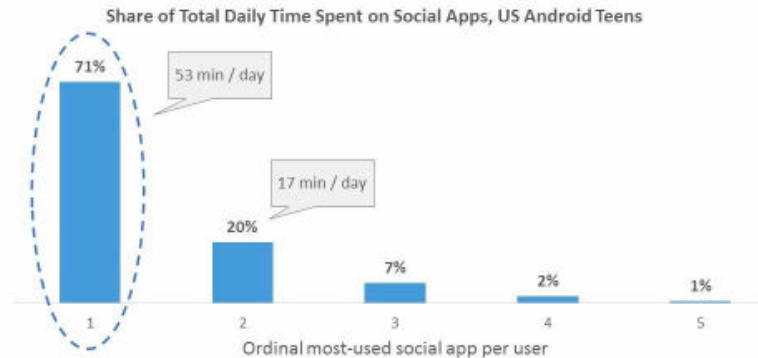
# Implications for Youth Strategy

**If we want to win big with teens, we must bring them in as tweens**

# Logic Chain

1. People stick with the apps they start with
  - People who join Facebook as tweens continue on Facebook for years and years
    - Loss of teens on Facebook is primarily a generational shift
  - People who join Snapchat as teens continue on into adulthood
2. People spend most of their time with their #1 social app—we want to be #1 for as many people as possible

Being #1 social app for teen users is crucial



In social, we should aim to be #1 for as many teens as possible.  
Anything less than #1 much less consequential.

Source: Dnava; Analysis based on 7-day avg. daily social app usage for Android teens between 9/2/2016-9/9/2016; The top app usage trend is relatively consistent across international markets.

Source: Market Strategy Analysis

# So what should we do?

1. Very deeply understand what makes Facebook work amazingly for those who join as tweens
2. Build for tweens (which may mean building a “teen” product) above all other age categories, whether kids or late teens

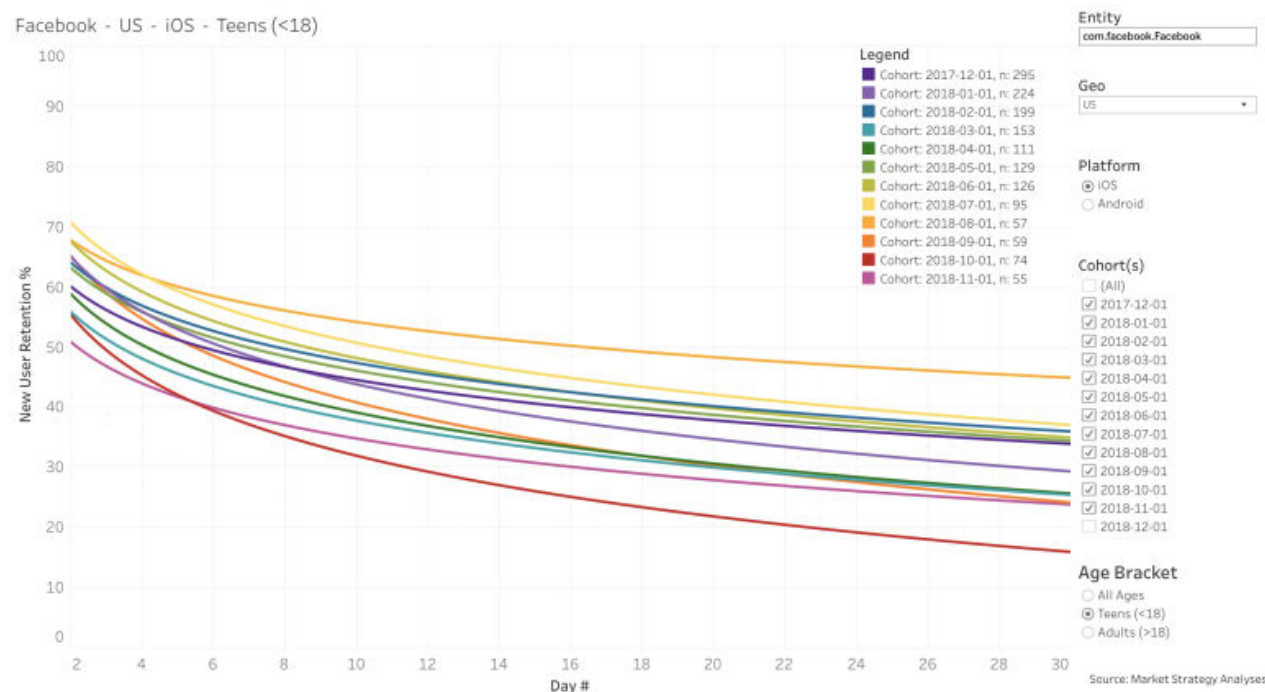
# Implications for Youth M&A

**If we were looking at Facebook as  
an M&A candidate, we would buy it**

# Logic Chain

## 1. Facebook's retention is incredibly high

- We have seen this with our internal long term retention data
- And even using the external MINT/Onavo data we see very favorable figures—for outside apps we are happy if it hits 20% daily retention at 30 days. FB is regularly 30-40%, even on iOS!



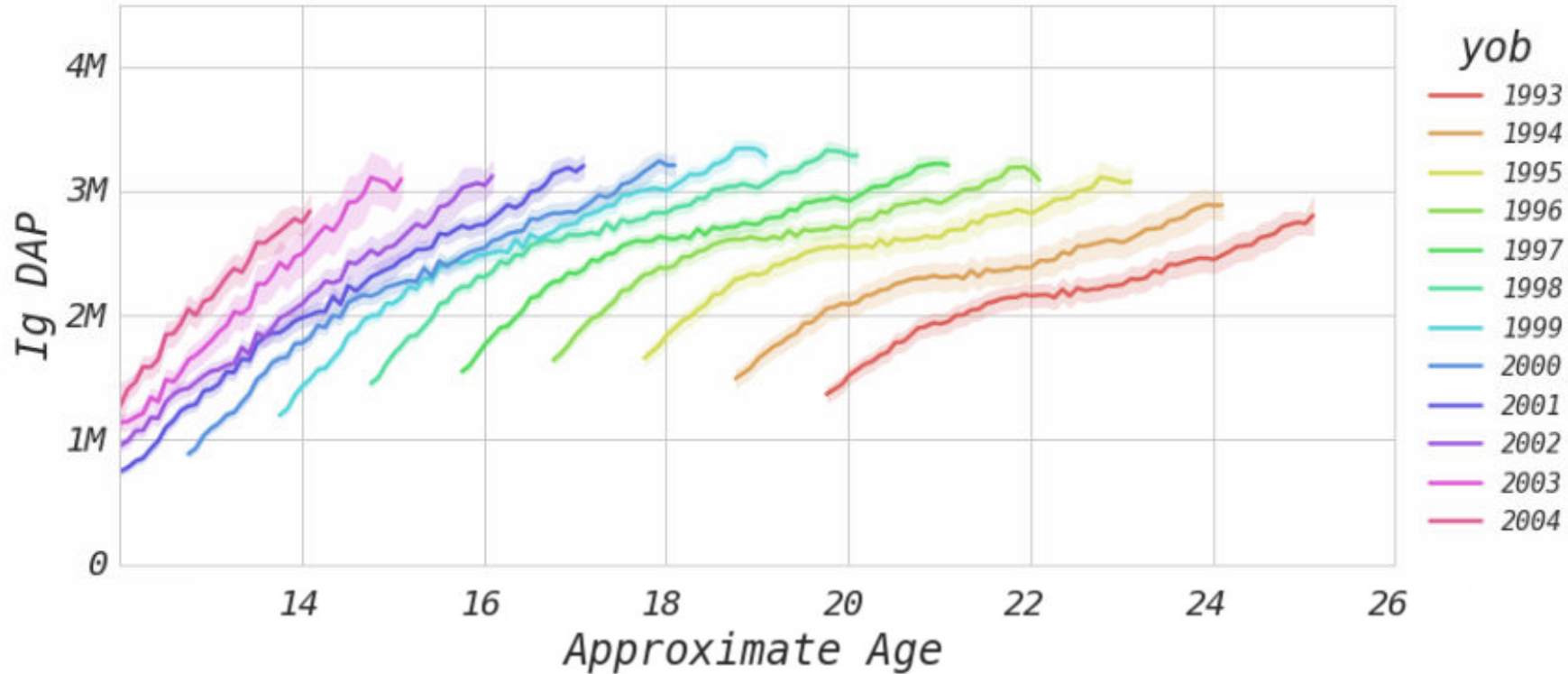
Source: Market Strategy Analysis

# So what should we do?

1. Facebook very clearly is an amazing product for many tweens/teens. Do we understand the root cause of its shortcomings?
2. If yes, are we solving those?
3. If no, are we okay with that?

# APPENDIX

# On Instagram, teen adoption is more rapid year after year. There is no tween or teen problem on Instagram



Credit: [REDACTED]; <https://our.internmc.facebook.com/intern/anp/view/?id=37995>

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