'AppStore Secrets'
(What We've Learned from 30,000,000 Downloads)

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30,000,000 Downloads?!
(Actually, it's a fair bit more than that by now.)

- Pinch Media provides developers with an analytics library to monitor app usage – unique users, sessions, usage time, etc

- Since AppStore launch we've also been collecting every bit of detail possible from the AppStore – rankings, price changes, you name it – and tying it back to our analytics

- Our stuff's in hundreds of applications right now – it's been in the #1 free and paid application several times each, and has been in at least ten of the top 100 free applications for a while now

- With all of this data, you learn a few things

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What we are going to cover
(And maybe a little more)

- **How do I get ranked?**

- Do I have a recurring userbase?

- How long are they using my app?

- So should I give it away or not?

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How do I get ranked?
(How does the AppStore work, anyway?)

- iPhone AppStore – application distribution platform for iPhone applications

- Getting ranked = more exposure = more downloads in the AppStore

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How do I get ranked? (cont'd)

Every ranked list ('top 100', 'top 25', 'top 20 by category') on the AppStore is based on a short rolling window of <u>units downloaded</u>.

How short? It has varied in the past. Since launch, 24 hours, 3 days, and 5 days have all fit our data best.
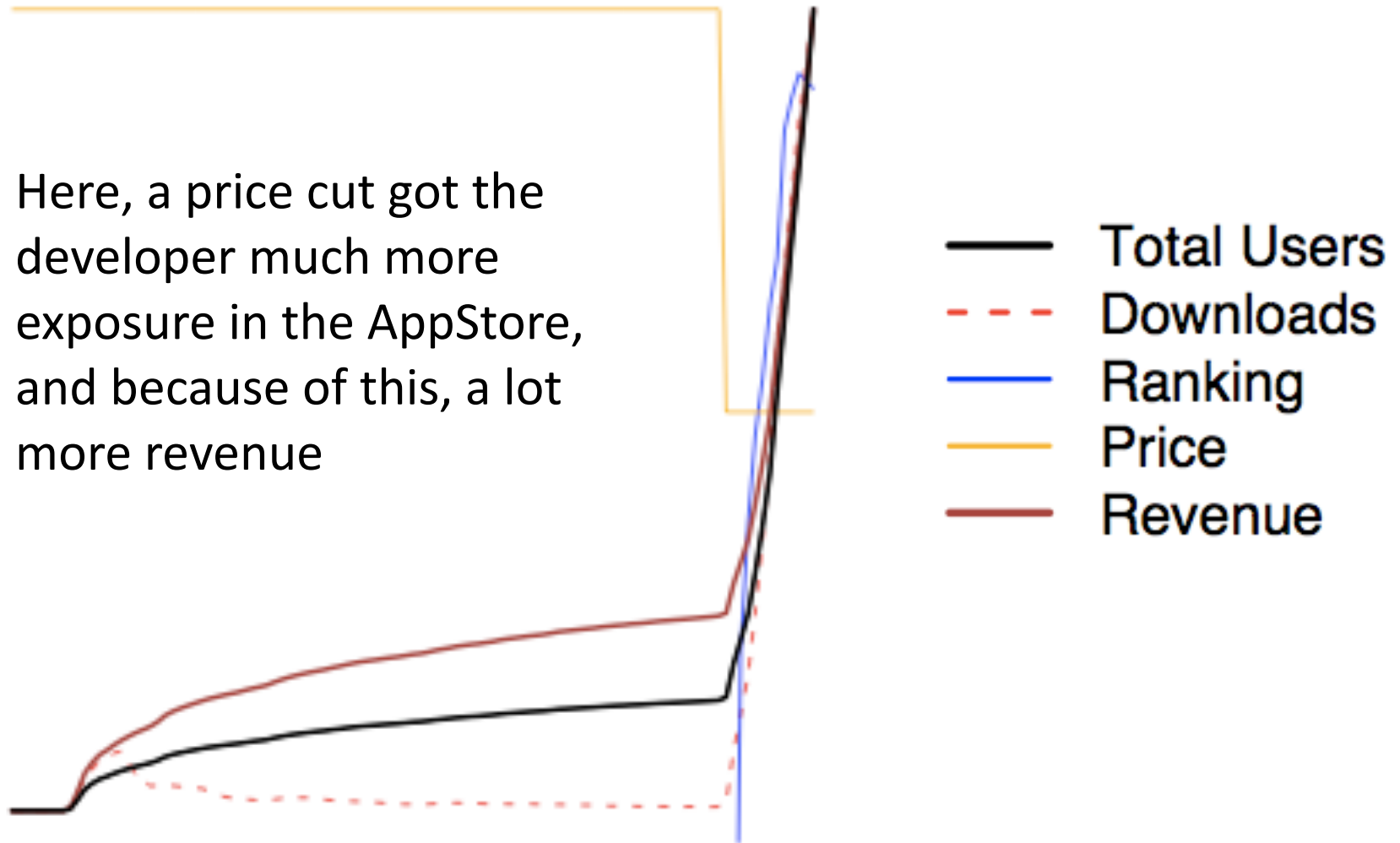
Currently, to maximize chance of ranking, assume:

<u>24 hours</u>

(In other words, bunch up your publicity.)

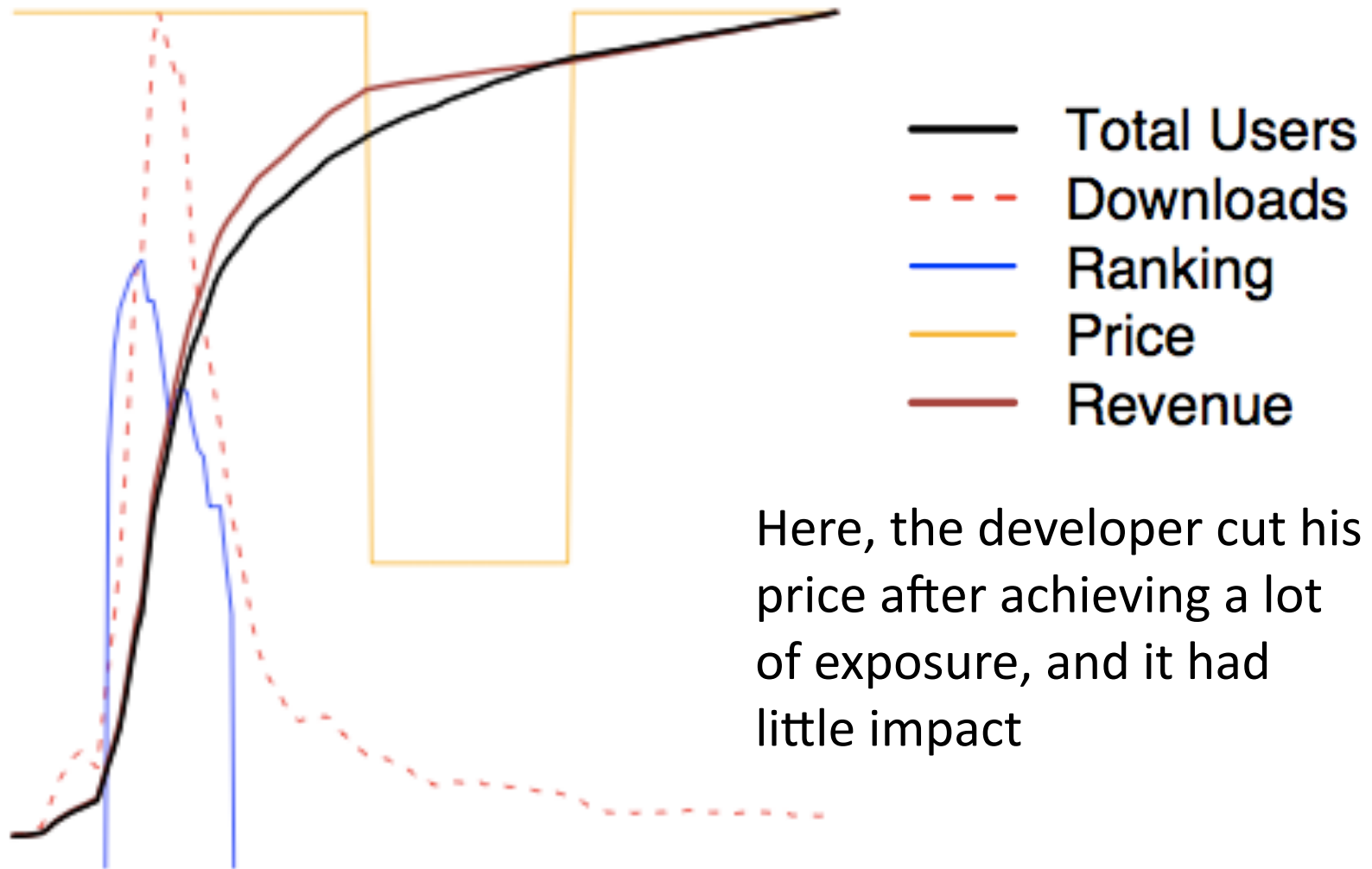pinch media

What do you get by appearing on a list?

- Appearing on a top 100 list increases daily new users by an average of **2.3**x

- Greater gains result from appearing in the top 25 and top 10 lists – more variable, but often an order of magnitude

- However, it's not permanent; Apple's AppStore is structured for <u>maximum turnover</u>

- Let's go through a few case studies:

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Case Study A: Well-Timed Price Cut

Here, a price cut got the developer much more exposure in the AppStore, and because of this, a lot more revenue

Legend:
- **Total Users**
- **Downloads** (red dashed)
- **Ranking** (blue)
- **Price** (orange)
- **Revenue** (dark red)

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Case Study B: Not-So-Well Timed

Legend:
— Total Users
- - - Downloads
— Ranking
— Price
— Revenue

Here, the developer cut his price after achieving a lot of exposure, and it had little impact

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Case Study C: Counterproductive?
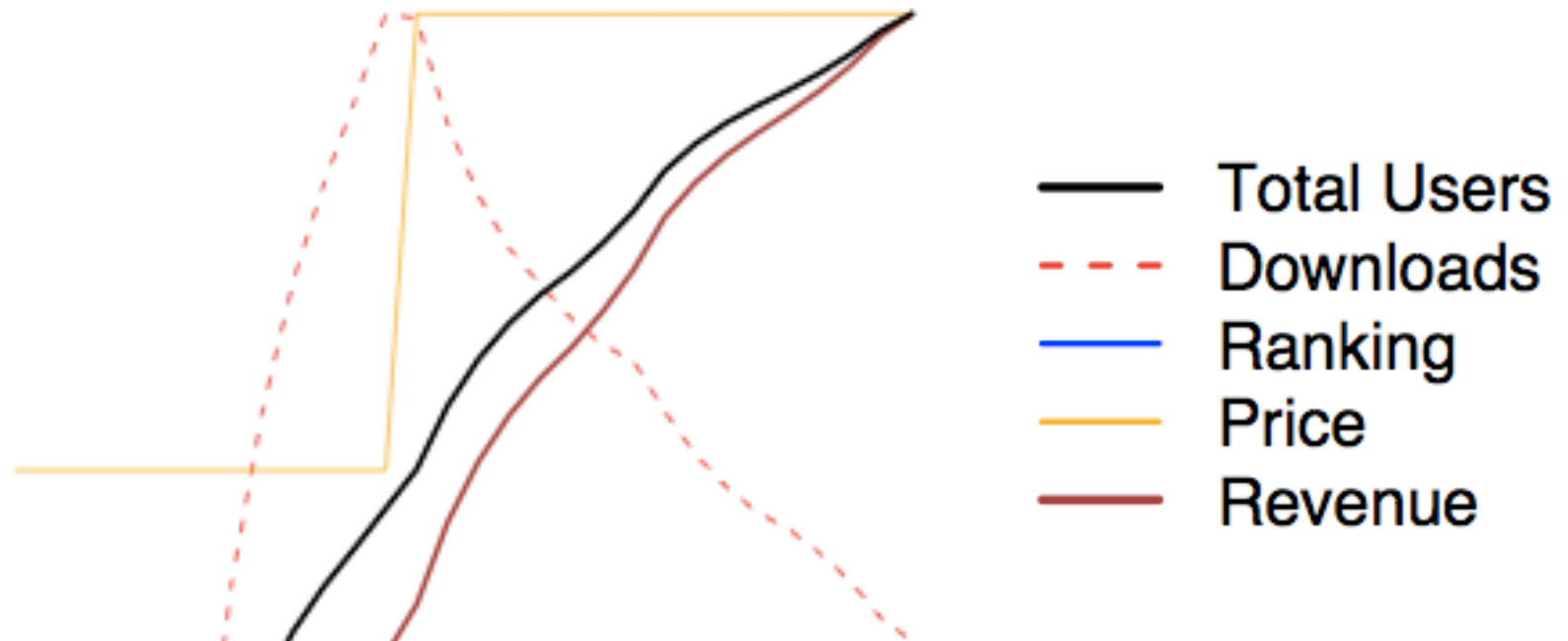
This developer never ranked; his price increase didn't increase his revenue, and may have lost him some exposure

In general...

- Decreasing price is often worthwhile, due to the resulting increased exposure

- After you've been broadly exposed, experiments have less effect

- Don't mess with a positive download trend

The average price cut increased demand by 130%
The average price increase drops demand by 25%
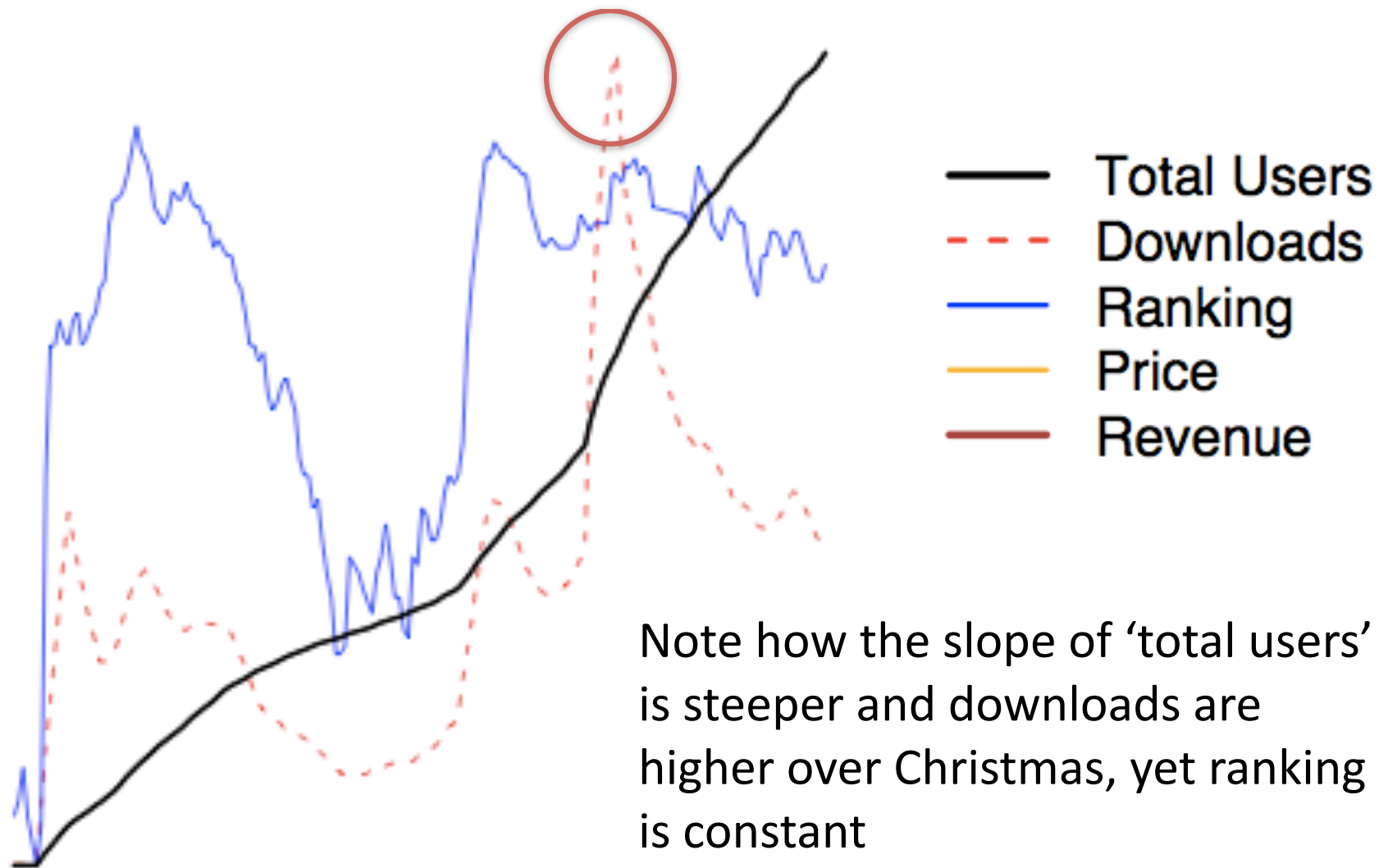
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What do I need to get on a list?

For free applications:

(downloads per day)	Top 25	Top 100
six months ago	10,000	1,000
three months ago	11,000	1,500
this month	20,000	5,000

For paid applications:

Roughly one-tenth of download #'s for free apps

(Apple had a big Christmas!)

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Case Study D: Happy Holidays

Note how the slope of 'total users' is steeper and downloads are higher over Christmas, yet ranking is constant

Total Users
Downloads
Ranking
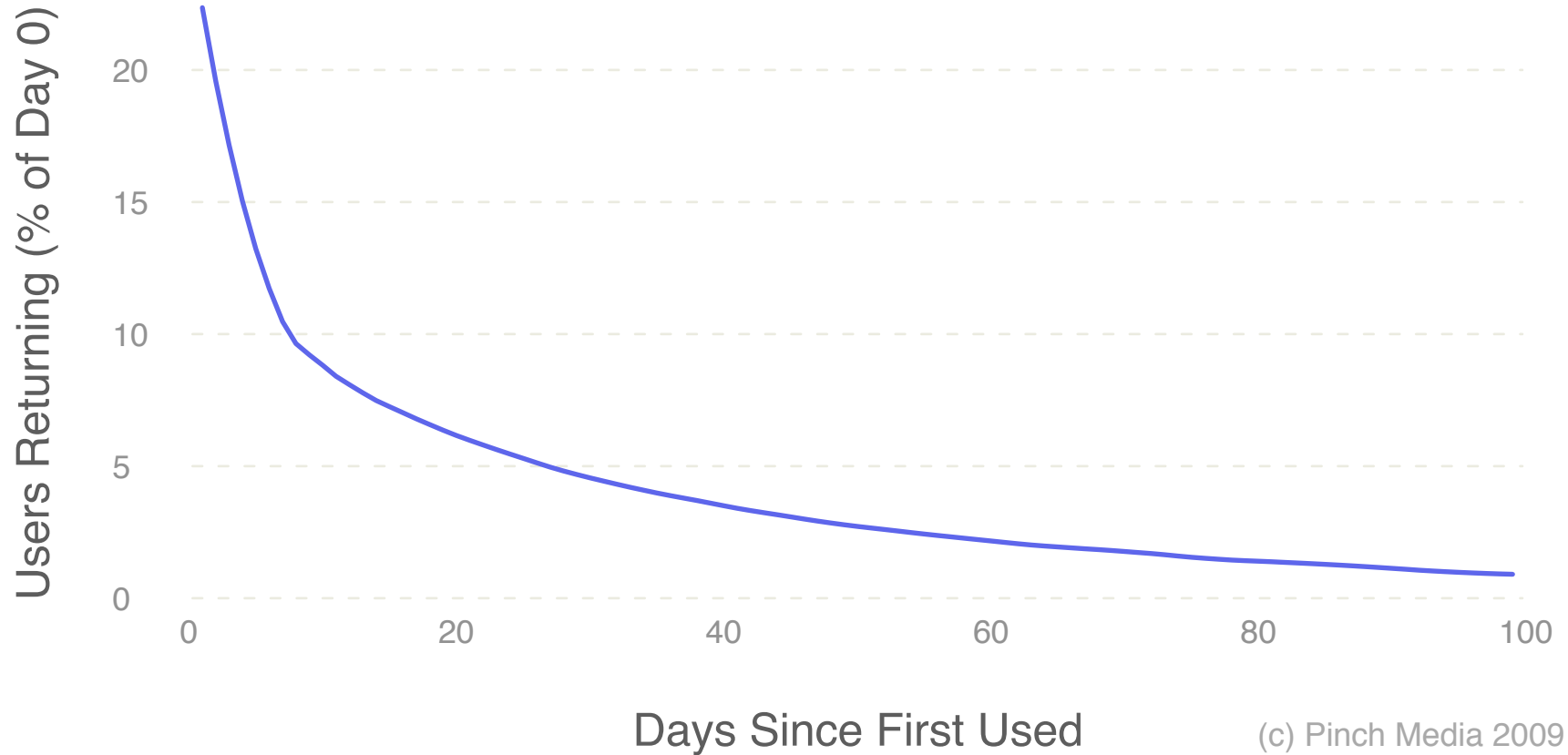**Price**
Revenue

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- How do I get ranked?

- **<u>Do I have a recurring userbase?</u>**

- How long are they using my app?

- So should I give it away or not?
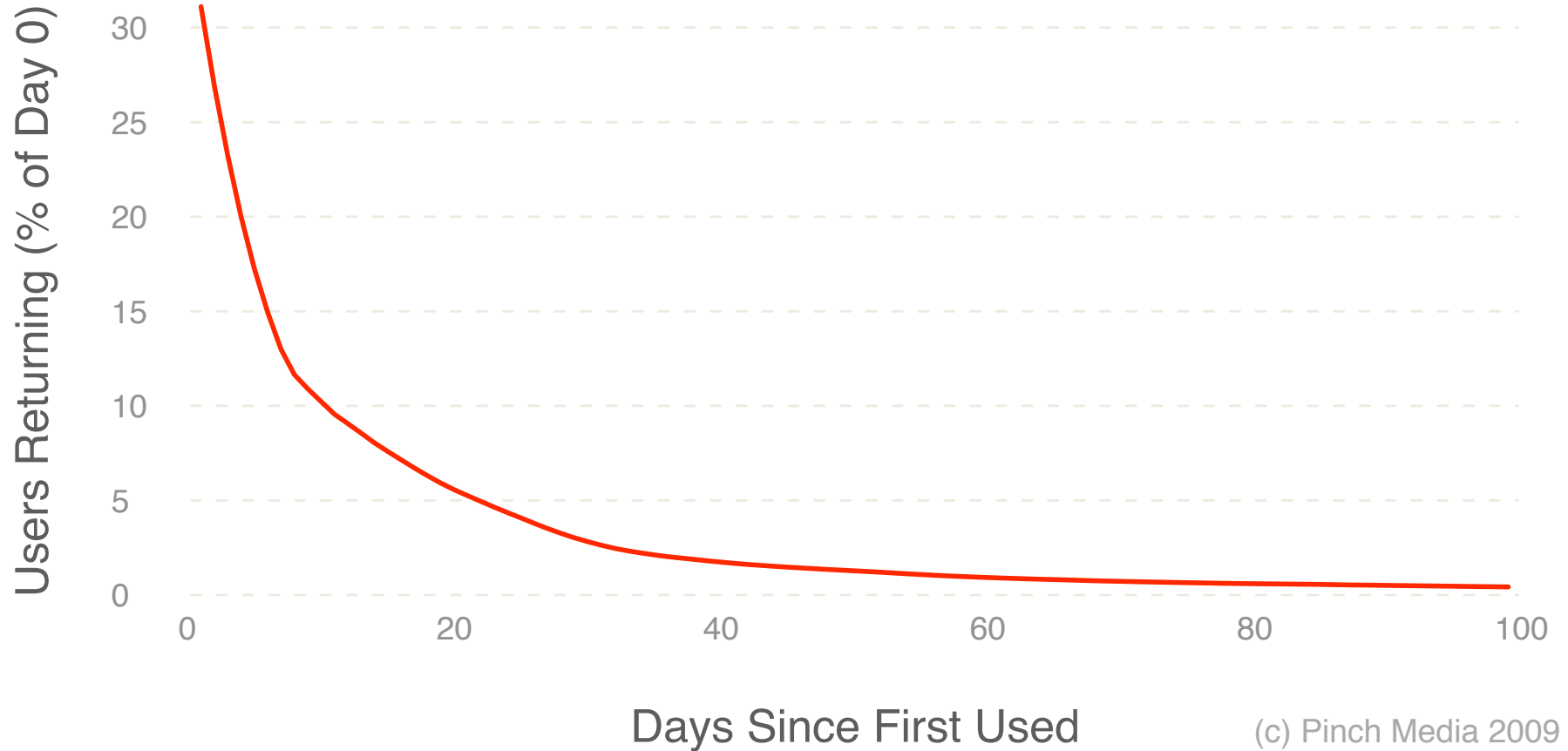
Do I have a recurring user base?
(aka 'How much is my app used?')

- So you've got a million downloads – congrats! But what percentage use your application the next day? The day after?

- The biggest applications in our system have +3MM downloads – but what kind of active user base does a download translate into?

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Free Applications – Usage over time

Users Returning (% of Day 0)

Days Since First Used

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Paid Applications – Usage over time

Users Returning (% of Day 0)

Days Since First Used

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Applications By Category – Usage over time

Users Returning (% of Day 0)

Days Since First Used

- Entertainment
- Games
- Sports
- Lifestyle
- Utilities

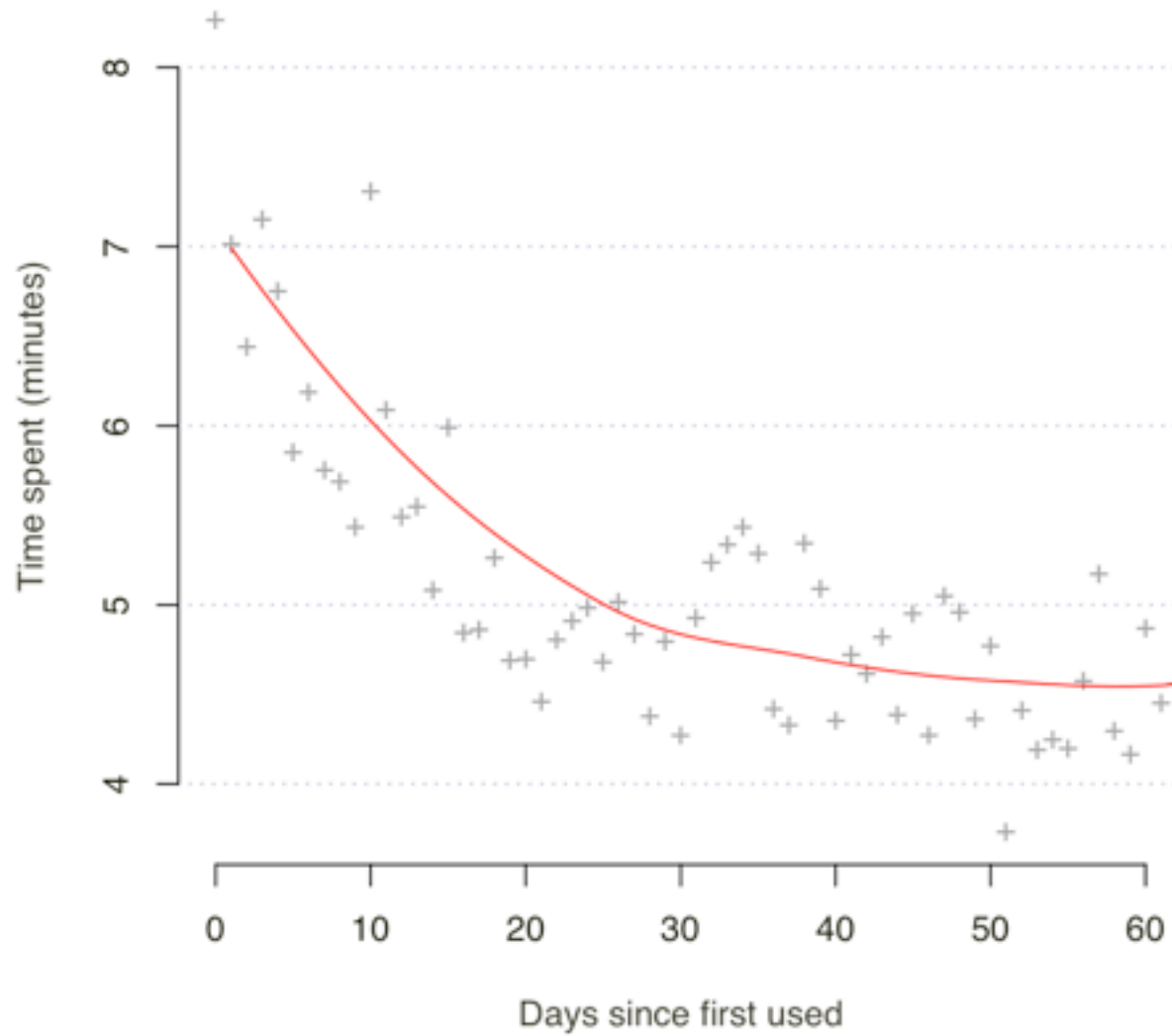(c) Pinch Media 2009
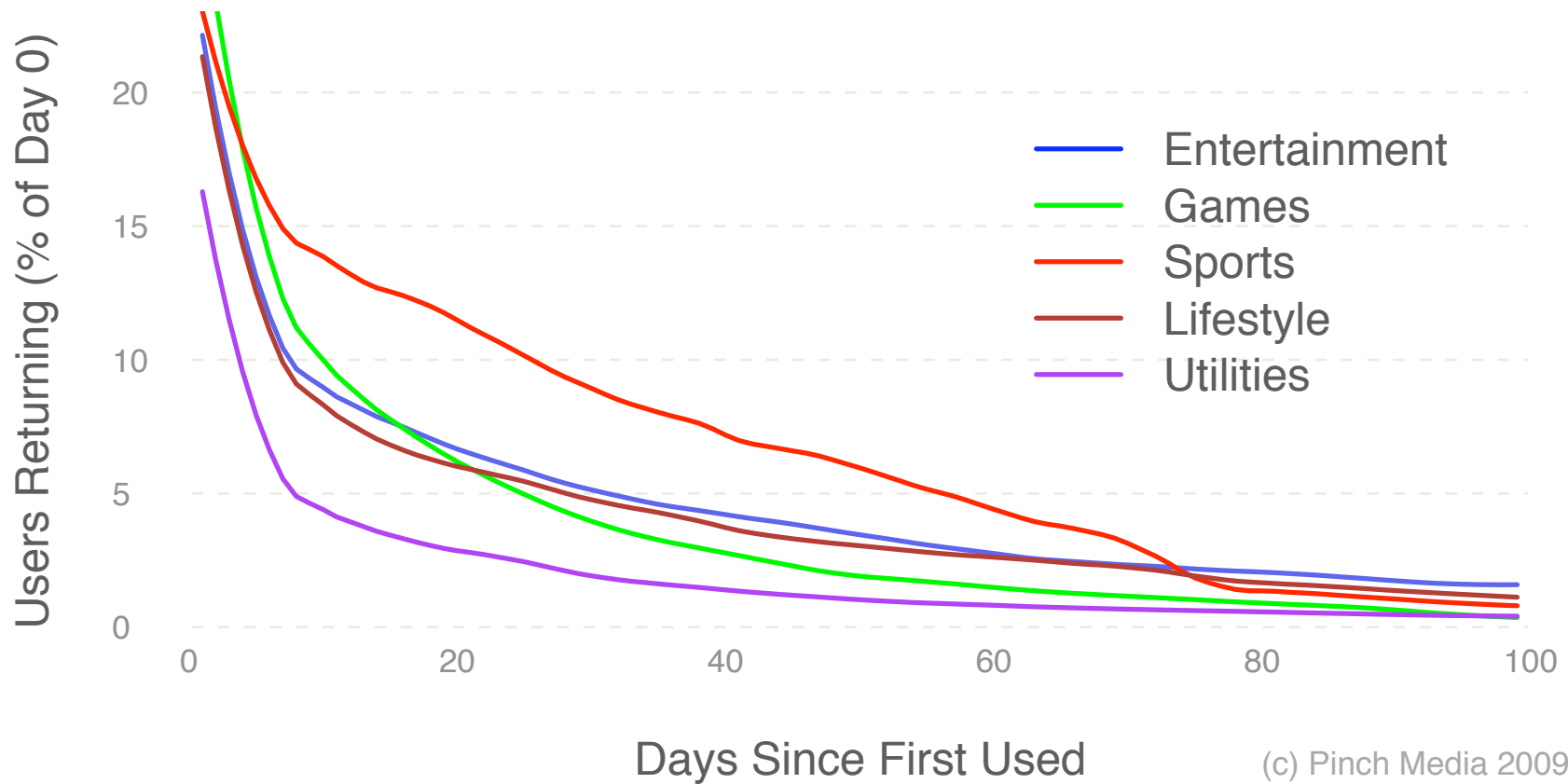
Wednesday, March 4, 2009

In other words…

- Users use the average application infrequently
- Long-term, 1% of total downloads use the average application on any given day
- Paid applications generally retain their users longer than free applications, although the drop-off is still pretty steep
- Sports seems better at retaining users over the short term; entertainment at retaining users over the long term

- How do I get ranked?

- Do I have a recurring userbase?

- **How long are they using my app?**
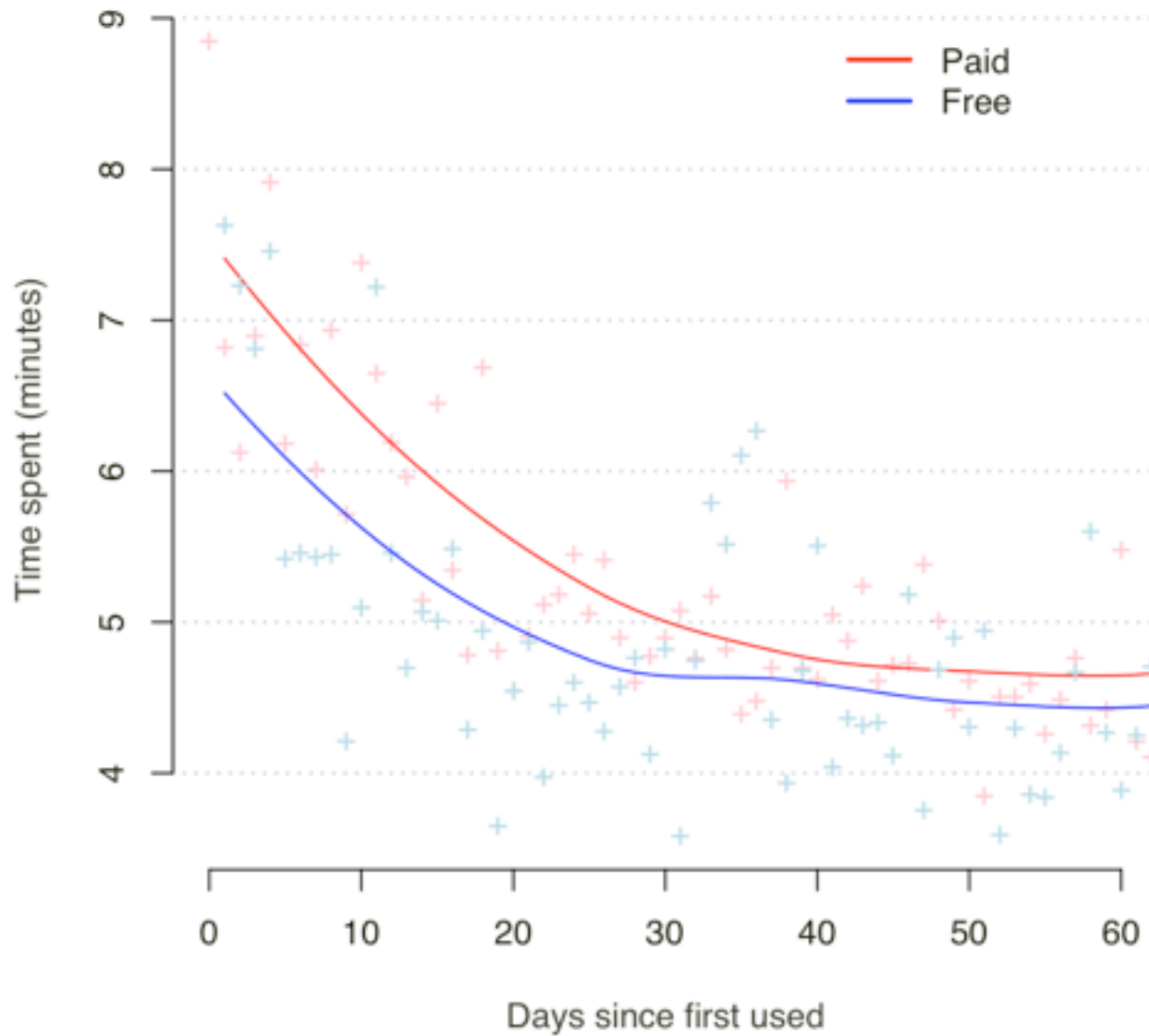
- So should I give it away or not?

How long are they using my app?

- For certain applications, the length of time users use the application is important.

- Branded applications care deeply about engagement

- Applications showing ads periodically also care about session length, for obvious reasons

- **In general, every second the app's open is a second it can be seen by or recommended to others**

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Engagement – All Apps

Time spent (minutes) vs. Days since first used

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Engagement – Paid vs. Free

Time spent (minutes)

Days since first used

Paid
Free

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Engagement by Category

Time spent (minutes) vs. Days since first used

Legend:
- Entertainment
- Games
- Sports
- Lifestyle
- Utilities

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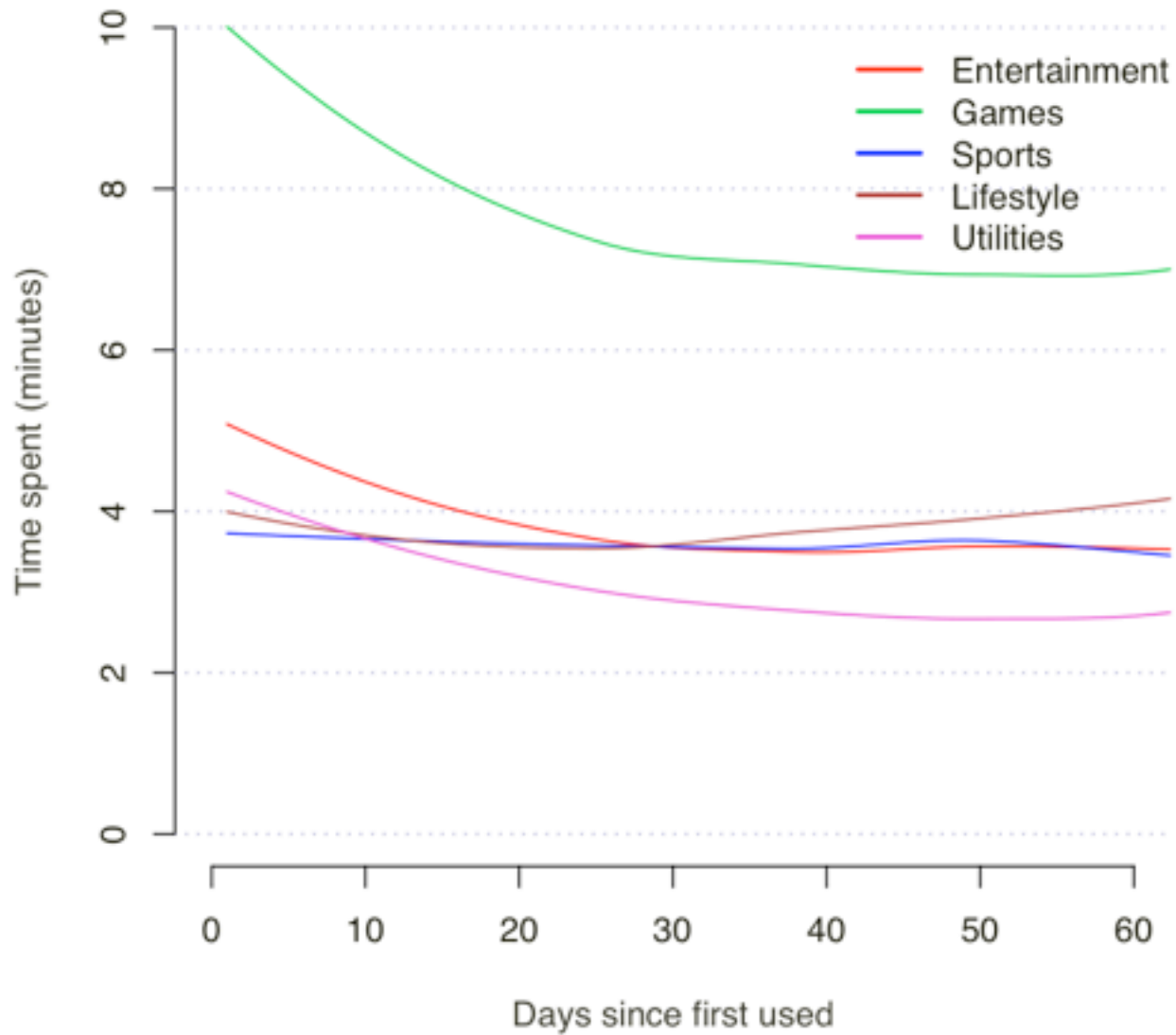
Again, summing up -

- Usage time declines by almost a third in the first month after use, stabilizing at just under five minutes

- Paid applications see slightly more use soon after installation, and are used for slightly longer periods

- The biggest usage differentiator is category – games are used for longer periods than any other type of application

- How do I get ranked?

- Do I have a recurring userbase?

- How long are they using my app?

- **So should I give it away or not?**

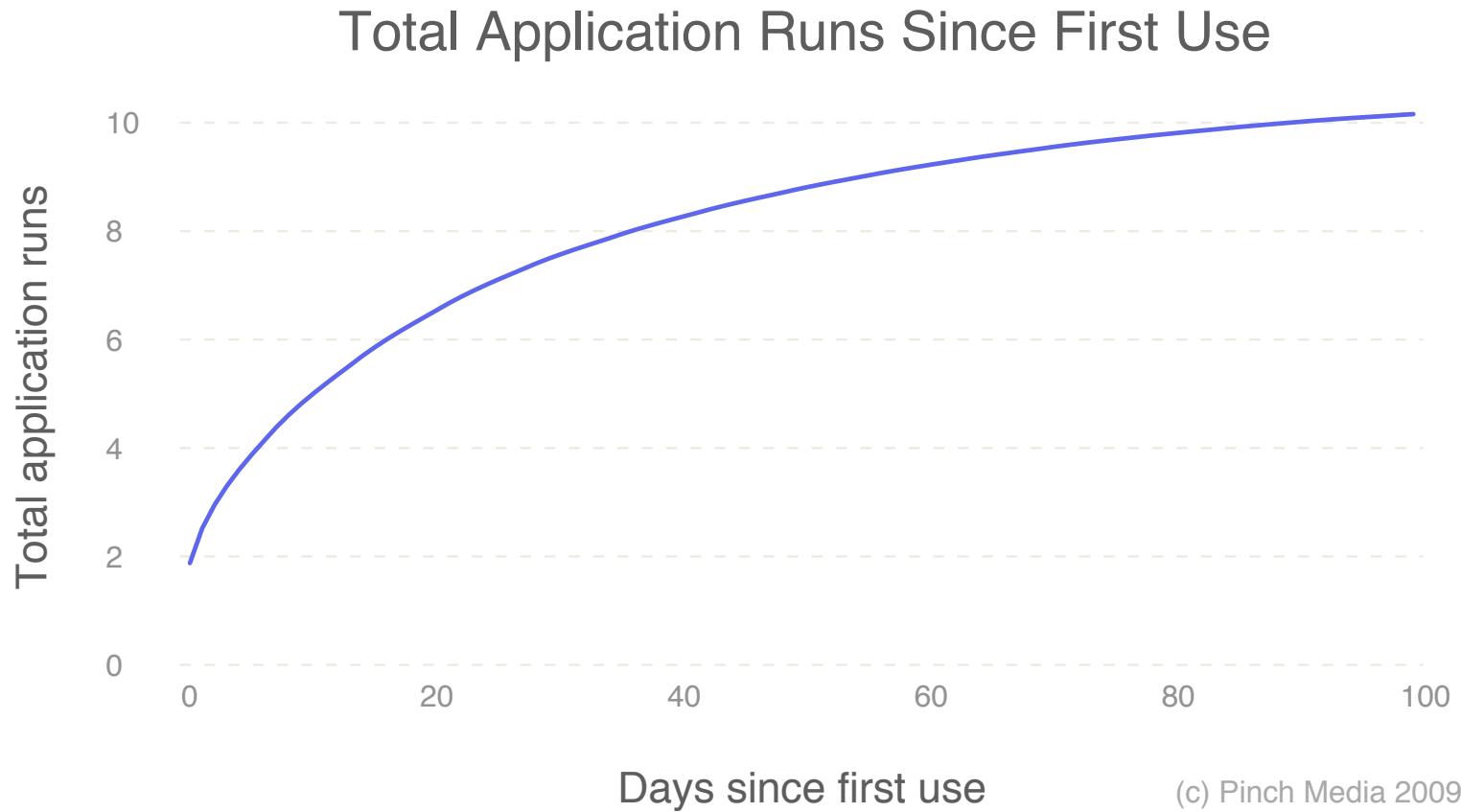# So should I give it away or not?

- Anyone browsing the top free applications knows that advertising is an option

- The biggest player is AdMob, but Pinch Media has partnerships with ad networks that also supply some of these ads

- Determining whether an application should be paid or free can be difficult in advance.

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Paid vs. free – how we evaluate

- <u>Step 1</u>: We determine, as best we can, the number of times a user will run a free application over the course of its lifetime.

- <u>Step 2</u>: We determine, as best we can, the ratio of free application users to paid application users.

- <u>Step 3</u>: We use the above to figure out the number of free-user application runs you'd get instead of a paid sale.

- From that, we figure out what ad rate you'd need to beat the revenue from a paid sale.

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<u>Step 1</u>: How many times will users use a free application?

Total Application Runs Since First Use

Total application runs

Days since first use

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Step 2: How many more users will a free application get?

Average 'free vs. paid' ratios:

- for total unique users:

    ## 7.5 to 1

- for total number of times used:

    ## 6.6 to 1

- for total time spent using the application:

    ## 3.9 to 1

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: How many free application runs do I get?

- From <u>Step 1</u>, we see free applications are run, on average, a dozen times per user at most

- From <u>Step 2</u>, we see free applications have, on average, 7.5 times as many unique users as paid applications

- Doing the math: 12 x 7.5 = 90 sessions / user

- So instead of one paid sale, which brings in at least $0.70, the developer has 90 sessions

- *Can the average application make more than $0.70 off advertising in 90 sessions?*

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Answer: No – <u>not without hard data!</u>

To earn $0.70 in 90 sessions, you need revenue of $7.78 per thousand runs

If you can show one ad per session, that's an $7.78 CPM

Different parties make different claims - but in the current ad market, this is difficult to achieve

The ideal strategy is to release paid, install analytics, understand your audience, and then make an informed decision about advertising.

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Advertising isn't <u>always</u> a bad idea.

- Some applications benefit from network effects, and get far more than 7.5x the users they'd get if they charged

- Some applications are exceptionally 'sticky' – users use the app far more than a dozen times on average

- Some applications – generally, ones catering to people with money – can command better advertising rates than usual

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CPM

< $2.00

~ $7.00

~ $15.00

~ $35.00

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To sum up…

- Only a few (<5%) high-performing applications are suitable for advertising right now, and you don't know if you've got one until after launch

- Unless there's something inherent about the app that <u>screams</u> free, start off by selling it

- Install analytics in your application and watch your sessions per user over time. Within a few weeks, you'll know if you've got a sticky application

- Only release an ad-supported version when you have <u>data</u> strongly indicating success

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This was actually a sneak preview

- AppStore-wide reports are being generated daily and will be incorporated into Pinch Media's reporting site in the near future

- Any application using our analytics library and actively sending in data gets access to all ecosystem-wide reporting for free

- Pinch Media wants to know what else you want baked into this reporting

Questions?

You can always reach me at:
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If you've got a technical question,
support@pinchmedia.com goes to the
entire company.

You can see a demo at [demo.pinchmedia.com,](http://demo.pinchmedia.com) or just
get started at developer.pinchmedia.com.

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