

MOBILE APP MARKETING

10 Tactics Used by Successful App Marketers

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Catherine Boyle

Contributors: Christine Bittar, Rimma Kats, Chris Keating



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EXECUTIVE SUMMARY

The number of apps in the leading app stores increased roughly 40% in 2013. Greater choice may be a boon for consumers, but the massive inventory of apps has made it harder for marketers to build a large base of active users. More so than ever, achieving this goal requires a multifaceted marketing plan.

In some ways, the growth and diversification of the app marketplace makes it difficult to analyze as a whole. Apps and app categories vary as widely as individual businesses and industry sectors. Differences between apps manifest most notably in the business model of the app, the content offered, the user interface and the degree of competition within the app stores.

However, from a marketing standpoint, app discovery, user acquisition and retention are challenges that unite all businesses aiming to occupy a prominent place on the home screen of a smartphone or tablet. Looking at the app marketplace through the lens of these three marketing objectives focuses attention on a set of 10 core tactics and tools used by successful app marketers.

This report aims to bring those successful tactics to light, in addition to providing an overview of the app marketplace and trends around consumer usage of apps.

Report Series: Channel Focus—Mobile

This report is part of eMarketer's 2014 Mobile Series focusing on consumer usage, ecommerce and marketing trends related to mobile devices.

Other reports coming in our 2014 mobile coverage will include:

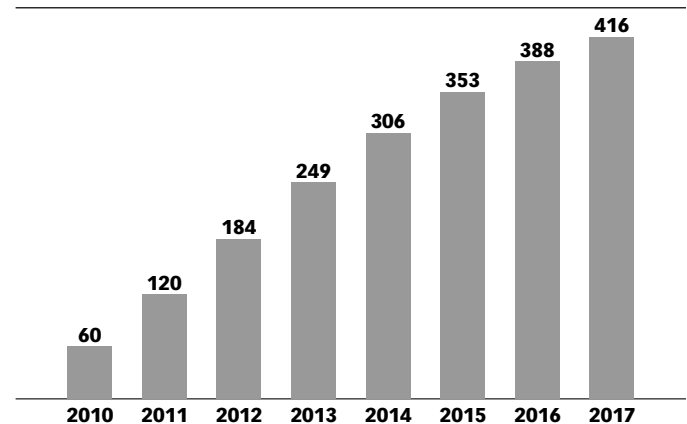
- Mobile Targeting
- Mobile Ad Effectiveness
- Mobile Ad Spending Forecast

Market-by-market breakdowns will be available in our 2014 Global Mobile Landscape report.

KEY QUESTIONS

- How big has the app marketplace become?
- How widely used are smartphone and tablet apps?
- What tactics are successful marketers using to attract and retain more app users?

US Mobile App Users, 2010-2017
millions



Note: refers to total users of apps via multiple devices, i.e. smartphone app users counted separately from tablet app users
Source: Portio Research, "Regional Mobile Markets: North America 2013-2017," Nov 26, 2013

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A COMPETITIVE LANDSCAPE

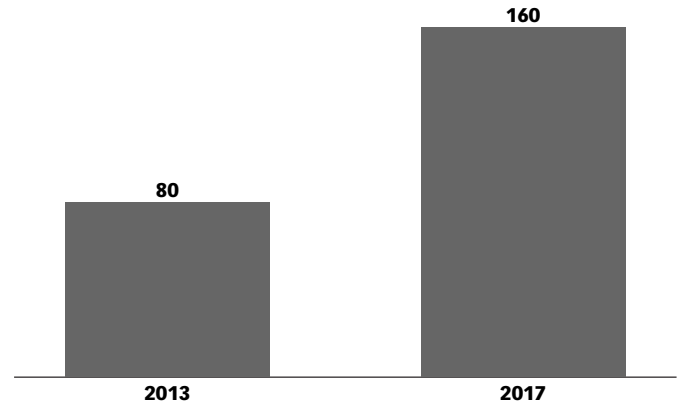
The adage “there’s an app for that” needs to be revised to the plural form to accurately reflect today’s app marketplace. The days when there was just one great flashlight app, grocery shopping app or photo-captioning app are long gone. Now there are many to consider. As a result, competition to catch the consumer’s eye is fierce.

Between the two leading app stores—Apple’s App Store and Google Play—mobile users literally have millions of apps to choose from. In May 2013, Google announced 1 million apps and games were available in Google Play, a 43% increase from the 700,000 reported by the company in October 2012. Apple reached the 1 million milestone several months later in October 2013, and while its growth was slower than Google’s, the increase in available apps was equally significant (43% growth compared with October 2012).

The volume of app downloads has increased as well. According to mobile marketing platform provider Fiksu, volume grew 30% from November 2012 to November 2013.

Even though download numbers fluctuate on a daily, weekly and monthly basis, research firms project the annual total will increase substantially in the coming years as smartphone and tablet usage increases worldwide. Portio Research estimates the number of annual downloads will top 200 billion in 2017, which is two-and-a-half times the 82 billion forecasted for 2013. Juniper Research’s estimates are more conservative but also very positive; the research firm projects the number of downloads worldwide will double in the span of four years, rising from 80 billion to 160 billion between 2013 and 2017.

Mobile App Downloads Worldwide, 2013 & 2017 billions



Note: includes mobile phones and tablets
Source: Juniper Research, "Future App Stores: Discovery, Monetisation & Ecosystem Analysis 2013-2018" as cited in press release, July 1, 2013
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FREE AND FUN STILL WIN OUT

Research firm Gartner estimates that free apps generated more than 90% of app store downloads worldwide in 2013, and the share of free downloads will inch higher each year through 2017.

Paid vs. Free Mobile App Store Downloads Worldwide, 2012-2017 billions

	2012	2013	2014	2015	2016	2017
Free downloads	57.3	92.9	127.7	167.1	211.3	253.9
Paid downloads	6.7	9.2	11.1	12.6	13.5	14.8
Total downloads	64.0	102.1	138.8	179.6	224.8	268.7
Free as a % of total	89.6%	91.0%	92.0%	93.0%	94.0%	94.5%

Note: numbers may not add up to total due to rounding
Source: Gartner, "Forecast: Mobile App Stores, Worldwide, 2013 Update" as cited in press release, Sep 19, 2013

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Looking specifically at the Apple app market, The NPD Group’s research showed that 95% of iPhone, iPad and iPod users downloaded free apps in 2013, which is essentially unchanged from the prior year (94%). Meanwhile, the share of Apple users who paid for apps declined; 69% of iOS users polled downloaded paid apps in 2013 compared with 72% the prior year.

The percentage of respondents who bought apps may seem high, but the numbers were small, especially when compared with the number of free apps downloaded. Respondents to the NPD poll reported downloading an average of 35 free apps in 2013 compared with just eight paid apps.

US iOS Users Who Download Free vs. Paid Apps, 2012 & 2013

	2012	2013
Download free apps	94%	95%
Average number of free apps downloaded	32	35
Download paid apps	72%	69%
Average number of paid apps downloaded	8	8

Note: ages 13+

Source: The NPD Group, "iTunes 2013: Consumer Usage & Market Dynamics Report" as cited in press release, Aug 5, 2013

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Clearly, free apps win out with consumers, and so do games. The game category continues to generate the largest share of downloads from the leading app stores. Data from app tracking and analytics firm App Annie showed the games category accounted for the largest single share (40%) of downloads worldwide in Q3 2013 in both Apple's App Store and Google Play—consistent with data from the previous quarter.

Distimo reported a similar share from September 2013: Games comprised 36% of downloads in the App Store and 37% of the total from Google Play. No other single app category generated more than 10% of total downloads in either store, according to Distimo's data.

Outside the game category, App Annie showed that communication, tools, entertainment and social apps were among the top five categories in Google Play during Q3 2013. And in the App Store, entertainment, photo and video, utilities, and lifestyle apps rounded out the top five categories for the quarter.

DO RANKINGS STILL MATTER?

For most app marketers, they do. For Chris Mason, co-founder and CEO of mobile commerce vendor Branding Brand, ranking high creates a virtuous cycle. "The mere fact that you're in the top 10 means that you're going to get an extra hundred thousand downloads. People see the app there and then they want to download it."

However, ranking high is no easy feat. Underscoring the ranking challenge, Remco van den Elzen, co-founder and COO of Distimo, pointed out that most app developers will never get into the app stores' top rankings because doing so requires a massive amount of daily downloads.

Although every app marketer would like to rank in the top 10, success doesn't hinge on it. "You could be in the top 300, 400, and still get a lot of downloads," said Mark Ghermezian, CEO of Appboy, a mobile relationship management provider. "Obviously, you won't get as many downloads compared to being in the top 10, but there is still a nice business to be made by being in the top 500."

Competition to achieve high rankings varies by category. "If you look at the specific categories, it's achievable to get into those top rankings," van den Elzen said. "You need about 25,000 daily downloads to get into the top 50 apps right now. But in some specific categories, let's say education, you need only a few hundred to a few thousand downloads. So ranking high depends on the specific category you're targeting."

The importance of ranking high also varies by category. "If you're a gaming company, you want to be in the top rankings, and if you're a social app that caters to just about everyone, it's very important to rank high," he said. "But if you have 1,000 customers for your fitness studio app and the business is really local to San Francisco, it's not necessary to be in the top ranking charts."

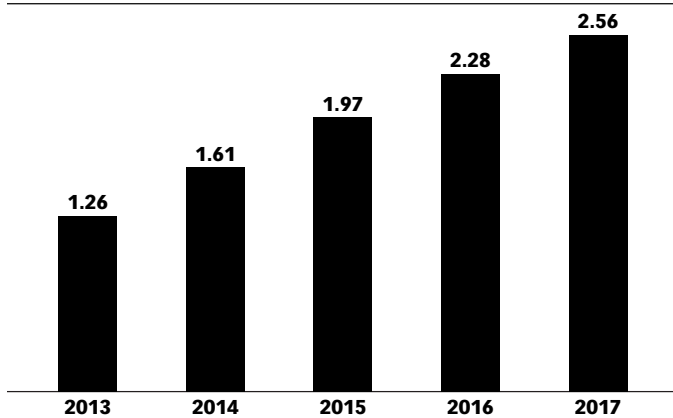
A BIG BUT FICKLE AUDIENCE

Getting consumers to download an app is just the first hurdle for marketers. Driving repeat usage is the next challenge. With so many app options and downloading being a relatively quick, easy and in most cases free endeavor, fickle consumers can easily—and they often do—download an app simply to give it a try. The troubling news for marketers is if the fit isn't right, consumers can just as easily delete it.

Yankee Group estimates 1.26 billion mobile users worldwide used apps last year, and the research firm expects that number will increase nearly 30% in 2014. By 2017, more than 2.5 billion people will access mobile content through apps on a regular basis.

Active Mobile App Users Worldwide, 2013-2017

billions



Source: Yankee Group, "Mobile Applications and Cloud Forecast," Dec 2013 as cited in company blog, Jan 6, 2014

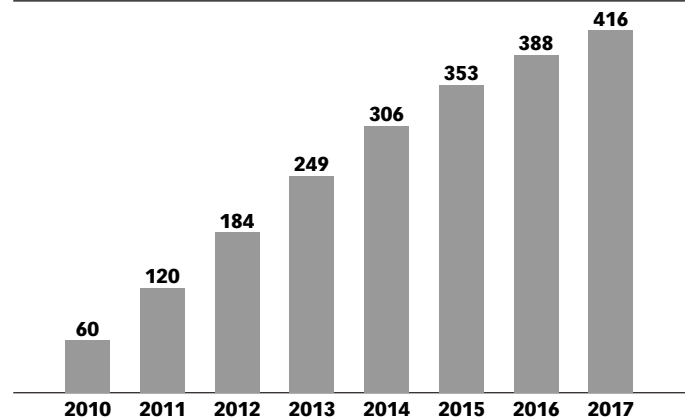
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Portio Research estimates the number of smartphone and tablet app users in the US more than doubled between 2011 and 2013, from 120 million to 249 million. And the growth outlook is extremely positive. It's important to note Portio's estimate counts a person who uses a smartphone and a tablet app as two users. Over the span of its forecast period (2011 to 2017), the research firm projects the number of smartphone and tablet app users in the US will increase at a compound annual growth rate (CAGR) of 17.7%. To put this figure into perspective, it falls between eMarketer's projections for growth in the number of US smartphone users (14.3% CAGR) and tablet users (29.9% CAGR) over the same time period, which makes sense given app usage is inherently linked to the use of smart devices.

US Mobile App Users, 2010-2017

millions



Note: refers to total users of apps via multiple devices, i.e. smartphone app users counted separately from tablet app users

Source: Portio Research, "Regional Mobile Markets: North America 2013-2017," Nov 26, 2013

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In fact, research suggests the link is so tight that time spent using a mobile device is essentially synonymous with time spent using apps. According to Nielsen's Q1 2013 "Cross-Platform Report," smartphone users spent 87% of their time using mobile apps in March 2013. iPad users were only slightly less obsessive, spending 76% of their time using mobile apps.

APP DISCOVERY TRENDS

By a large margin, browsing the app store is the most common method consumers use to find new apps. In a March 2013 survey from InMobi, just more than half (55%) of US smartphone users said they typically browsed the app store to find new mobile apps. Roughly one in three said they sought out apps that were personally recommended to them. In terms of frequency, nearly one in four of those polled said they searched for new apps every day, and a similar share (26%) said they hunted for new apps every week.

Methods Used to Find New Mobile Apps According to US Smartphone Users*, March 2013

% of respondents

Browsing the app store

55%

Recommendations from friends and family

35%

Sites I access through my mobile phone

20%

Recommendations from social media (Facebook, Twitter, etc.)

18%

Ads on my mobile phone

10%

Sites I access through a desktop/laptop computer

8%

Magazines and newspapers

5%

None

10%

Note: *Android and iOS

Source: InMobi, "InMobi Developer Research: US vs. China," May 8, 2013

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Similarly, when Forrester Research asked mobile users how they found the apps currently installed on their phones, the largest group—more than half of both the iOS and Android users polled, at 63% and 58%, respectively—said they found them by browsing the app store. Further, 50% of iOS users and 41% of Android users said seeking recommendations from friends and family, which often results in a targeted search, was also another way they found apps.

When speaking to a developer-centric audience in May 2013, Ankit Jain, head of search, discovery and store infrastructure at Google Play, said, "For the average app, search actually makes up the vast majority of installs." [Editor's Note: Jain has since left Google and is founder and CEO of Quettra, Inc.] He added that 12% of Google Play's daily active users (DAUs) searched for apps every day, 50% searched every week and an average of 6 million unique phrases were used to search the Google Play store every month.

Social media played a smaller, but still significant role in app discovery: Roughly one in five respondents to the InMobi poll credited social sites like Facebook and Twitter for helping them discover new apps. In addition, Forrester found that between 14% and 16% of mobile phone users discovered apps through web-based search queries, and a slightly larger share (15% to 19%) discovered apps through social sites.

App-Install Ads

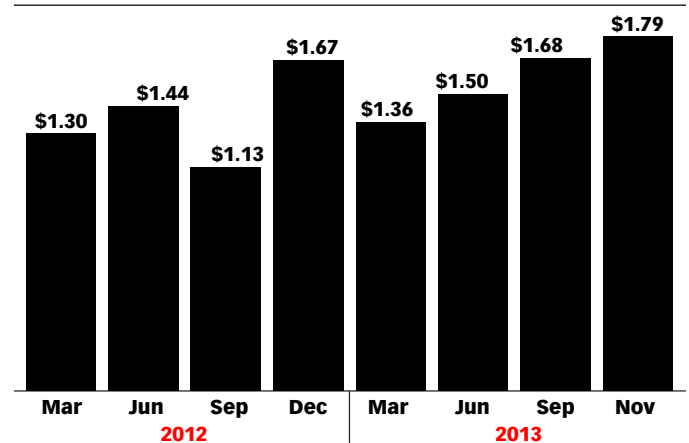
In general, mobile users give advertising little credit for helping them find new apps. However, marketers consulted for this report widely agreed that investing in advertising is necessary given the fierce competition in today's app stores.

Facebook, for one, has seen an influx of app advertisers. "The number of advertisers who are using our mobile app install ads doubled in 2013," said Emma Rodgers, ad product marketing manager at Facebook. "The categories that are really active are gaming, ecommerce, travel, entertainment and lifestyle apps." As of November 2013, Rodgers said Facebook drove more than 175 million installs as a result of the mobile ads it served to that point in 2013.

Rising marketer adoption of install ads is one factor contributing to mobile advertising's growth. eMarketer estimates that the total amount spent on mobile advertising in the US last year reached \$9.60 billion, more than double the amount spent in 2012.

Going hand-in-hand with the overall increase in spending, the amount spent to acquire app users increased significantly in 2013. Data from Fiksu's Cost per Loyal User Index, which tracks the average amount spent to acquire a loyal user by brands that proactively market their apps, showed the average cost per user rose nearly 32% between March 2013 and November 2013. Additionally, a year-over-year comparison showed a 54% increase between October 2012 and October 2013.

Average Cost of Acquiring a Loyal iPhone App User in the US, March 2012-Nov 2013



Note: defined as the cost of acquiring a user who opens the app 3 or more times (among brands who proactively market their apps)

Source: Fiksu, "Cost per Loyal User Index," Sep 2012-Dec 2013

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"What's happening is you suddenly have a focus on spending from premium brands trying to get their app distributed, which is adding upward pressure [on pricing] for some of the most valuable pockets of ad inventory," said James Lamberti, vice president and general manager at retargeting technology solutions provider AdTruth.

Although overall costs are on the rise, the cost to acquire users can vary drastically depending on how marketers split their ad budgets between incentivized ad networks—such as Tapjoy or FreeMyApps, networks that offer mobile users rewards for installing apps—vs. nonincentivized networks and publishers. Marketers' objectives largely determine these choices.

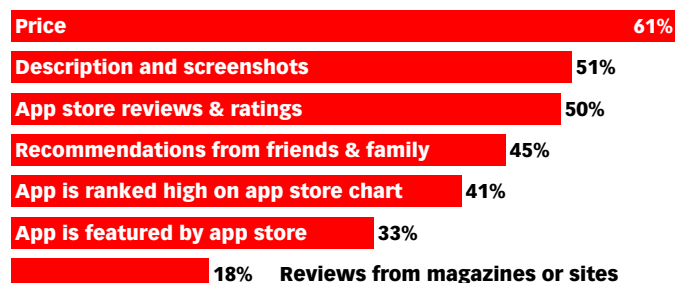
Tom Cummings, manager of client development at Fiksu, explained how differing strategies can influence costs: "If you happen to be a game marketer who says, 'We just need volume this month,' and you're using all incentivized [networks], the CPI [cost per impression] is going to be significantly lower than one who says, 'Our game makes more sense as a long-term role-playing game, so we're going to try and focus on increasing our quality of usage.'" In that case, Cummings added, the game marketer might use more nonincentivized networks and pay a higher CPI because they're more focused on quality than quantity. The average cost to acquire users in the two cases would be very different.

CONVERSION AND RETENTION TRENDS

Regardless of whether it was an ad, a personal recommendation or a targeted search that led a mobile user to a specific app, that user still needs to be persuaded to download the app. Research suggests a handful of factors influence that decision. In the InMobi survey, price topped the list among US smartphone users. But considering the bulk of apps on offer are free, it's worth looking at the other factors cited. Roughly 50% of respondents said the app description and screen shots, as well as the app's reviews and ratings, swayed their decision to install the app, more so even than recommendations from friends and family and the app's ranking in the app store.

Factors that Influence Mobile App Downloads According to US Smartphone Users*, March 2013

% of respondents



Note: *Android and iOS

Source: InMobi, "InMobi Developer Research: US vs. China," May 8, 2013

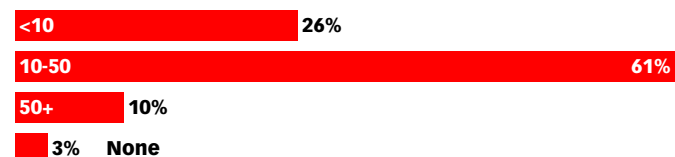
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Broadly speaking, mobile users tend to maintain a sizable number of apps on their devices. Research firm Harris Interactive interviewed roughly 700 US smartphone users for data privacy management firm TRUSTe and found the majority of participants (61%) had between 10 and 50 apps installed on their phone in June 2013.

Number of Mobile Apps Currently Installed on the Smartphones of US Smartphone Users, June 2013

% of respondents



Note: ages 18+

Source: TRUSTe, "US 2013 Consumer Data Privacy Study - Mobile Edition" conducted by Harris Interactive, Sep 5, 2013

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While these numbers are substantial, data from app analytics firm Flurry indicates mobile users have the tendency to refresh their app collection frequently. Flurry analyzed the presence of new vs. legacy apps on a sample of 2.2 million devices that had been active for more than two years. The study showed that the proportion of devices with new apps—apps that had not been on the device the prior year—doubled from 17% to 37% between Q4 2010 and Q4 2012.

The growth in new app usage suggests consumers remain curious and interested in sampling apps. However, it's unclear whether the reduction in the number of "old" apps is the result of consumers deleting apps from their devices or whether they simply have a larger number of apps overall so the "old" apps comprise a smaller share of a larger pool. While both factors are likely playing a part in the shift noted by Flurry, other findings suggest retention remains a significant challenge for app marketers.

According to a study from app analytics and marketing firm Localytics, one-third (34%) of mobile users surveyed from Q3 2012 to Q1 2013 said they returned to an app only once or twice after installing it.

A comparison of three years' worth of results showed the share of users who returned to the app more than 10 times after the initial download rose from 26% to 34% between the 2010 and 2012 studies. On the other end, however, there was little improvement in the number of users who returned to the app only once or twice; this group consistently represented one-third of those studied each year. While usage rates are certain to vary between app categories, these averages indicate a significant portion of mobile users are sampling apps and never using them again.

Number of Times Mobile Apps Were Used During the First 6 Months of Ownership Among Mobile App Users Worldwide, Q1 2011, Q1 2012 & Q1 2013 % of total

	Q3 2010- Q1 2011	Q3 2011- Q1 2012	Q3 2012- Q1 2013
1	26%	22%	22%
2	13%	13%	12%
3	9%	9%	8%
4	7%	6%	6%
5	5%	5%	5%
6	4%	4%	4%
7	3%	3%	3%
8	3%	3%	3%
9	2%	2%	2%
10	2%	2%	2%
11+	26%	31%	34%

Note: numbers may not add up to 100% due to rounding; read as 34% of users who downloaded the app in Q3 2012 opened the app 11+ times by March 15, 2013

Source: Localytics as cited in company blog, Aug 5, 2013

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In a separate study, Localytics compared the retention rate of app users acquired via Facebook's app-install ads with users acquired organically, meaning those whose download wasn't attributable to any other advertising channel. The firm used the number of app opens as the metric for this analysis and found that users acquired using Facebook's ads performed as well as those acquired organically. Eighty-one percent of respondents derived from Facebook ads opened the app more than once after downloading it compared with 78% of those acquired organically. Moreover, 50% of users sourced through Facebook ads opened the app five times within 60 days of downloading the app.

Mobile App Engagement Rates Over the First 60 Days Among Mobile App Users Worldwide, by Acquisition Source, Sep 2013

	Facebook	Organic*
Used app once	100%	100%
Used app twice	81%	78%
Used app 3 times	67%	65%
Used app 4 times	57%	56%
Used app 5 times	50%	50%
Used app 6 times	44%	45%
Used app 7 times	40%	41%
Used app 8 times	36%	38%
Used app 9 times	33%	36%
Used app 10 times	31%	33%
Used app 11+ times	29%	31%

*Note: 60-day period ending Sep 10, 2013; read as 81% of new users acquired through Facebook used the app more than once in the first 60 days, while 67% used the app more than twice; *users not attributed to any specific acquisition source*

Source: Localytics as cited in company blog, Oct 29, 2013

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Push notifications—messages sent from the app to a mobile device's home screen or lock screen—also have a positive effect on retention rates. Urban Airship studied 2,400 apps offering push notifications for at least six months in 2013 and found that between 35% and 50% of app users opted in to receive push alerts, and the messages sent had a dramatic effect on the monthly app open rates across all categories in the study. It's worth noting that Urban Airship is a provider of push notifications, so such positive findings are good for business. However, the scale of the study and the consistency in the results across app categories make them worth considering.

The research showed that in aggregate, 55% of app users who opted in for push notifications opened the app during the first month after installing it. Without a push notification, just 29% of respondents opened the app in the first month. The positive effect was consistent across six app categories. In the six-month period of the study, the average open rate of those receiving push alerts was twice that of those who chose not to receive the alerts.

User Retention Rates of Mobile Apps Worldwide Over the First 6 Months of Use, by Push Notification Opt-In Status, 2013

% of total

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Media						
Opt-in	76%	66%	60%	56%	52%	50%
Opt-out	47%	40%	36%	34%	32%	31%
Sports						
Opt-in	62%	47%	39%	33%	29%	27%
Opt-out	35%	26%	21%	18%	15%	14%
Retail						
Opt-in	56%	40%	32%	28%	24%	21%
Opt-out	27%	18%	15%	13%	11%	10%
Entertainment						
Opt-in	49%	32%	26%	21%	19%	17%
Opt-out	24%	16%	13%	11%	9%	9%
Gambling*						
Opt-in	52%	37%	32%	28%	24%	22%
Opt-out	26%	18%	15%	13%	12%	11%
Games						
Opt-in	44%	27%	21%	17%	15%	14%
Opt-out	27%	16%	13%	10%	10%	9%
Total						
Opt-in	55%	41%	34%	30%	27%	25%
Opt-out	29%	21%	18%	16%	14%	13%

Note: among apps using Urban Airship's push notification services; read as 55% of users who opted in to receive push notifications opened the app in the first month vs. 29% of users who opted out; *only available outside the US

Source: Urban Airship, "The Good Push Index," Nov 2013

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There's little doubt that a consumer's decision to download and regularly use an app depends on the quality of the app—the relevance of the app's content and the ease of the user experience, for example. However, the Urban Airship and Localytics data underscore the influence marketing tactics can have on conversion and retention rates. In fact, research conducted for this report found successful app marketers rely on a host of tactics to attract and retain an active user base.

TEN TACTICS USED BY SUCCESSFUL APP MARKETERS

To be successful in today's competitive landscape, app marketers rely on a mix of paid, earned and owned media channels to acquire and retain loyal users. The degree to which marketers use these channels varies based on the business model of their app and whether they are focused on long- or short-term goals. Although no two marketers are exactly alike in their approach, the 39 app marketing experts who spoke with eMarketer for this report repeatedly cited 10 acquisition and retention tactics as being effective.

The first six tactics relate most to user acquisition, while tactics seven through 10 relate to user retention. It is important to note that this list is predicated on the assumption that a marketer is working with a high-quality app, which every expert said is the most critical component to long-term success.

1. APP STORE SEARCH OPTIMIZATION

App store optimization (ASO) is a relatively new, fairly basic technique designed to lift an app's position in app store rankings and search results, particularly through the use of keywords. "At the outset, there wasn't really a need to do ASO, because good apps would simply rank higher than poor-quality apps," said Patrick Haig, vice president of customer success at app marketing firm MobileDevHQ. "But as the space became really crowded, it stopped being a meritocracy and a lot of awesome apps were getting lost."

The key to success is knowing which areas affect search results. This is not as easy as it sounds, given that search algorithms are unique to each app store. And, in the case of Apple, the algorithm is somewhat of a mystery. However, those consulted for this report agreed the following areas hold sway over search results within Apple's App Store and Google Play:

Apple App Store:

- Title field
- Keyword field
- Review ratings

Google Play:

- **Title field**
- **Keyword field**
- **Description**
- **Review rating**
- **Review language**
- **Rank on Google's mobile search engine results page (SERP)**
- **Google+ standing**

Keyword optimization is particularly important to influencing an app's ranking in a store's search results. The challenge with keyword optimization in app search is finding out which keywords are working and for whom. Currently, keyword research requires marketers to monitor search trends for each app store individually or combine multiple tools to gain the insight they need. This can be a time-intensive task, but companies like MobileDevHQ are bringing keyword tools to market to help marketers overcome these challenges.

On its own, ASO is not likely to generate a large volume of downloads. However, being prepared for searchers who come from campaigns running across owned, earned and paid media channels means marketers will get more bang for their buck if their app is easy to find.

2. REVIEW REQUESTS

Reviews are important in three ways:

- **The quantitative aspect of reviews (the rating) influences how both Google Play and Apple's App Store rank an app overall and in search results.**
- **The qualitative part of the review (the language used within the commentary) is indexed by Google to determine an app's rankings in Google Play.**
- **Consumers take reviews seriously when choosing whether to download an app, as evidenced by the InMobi research mentioned earlier.**

Successful app marketers ask users for reviews, but they do so at strategic points within the user experience. Most agree the key is to solicit reviews based on user behavior—not time spent with the app. Taking this path requires a keen understanding of the behaviors of the app's active users, what content or features of the app are the most and least popular, and finally, what aspects of the app, if reviewed positively, will encourage others to download it.

For example, a marketer of a shopping app might determine it's best to ask for a review if users have opted in for push notifications and shared a product from the app with a friend. These behaviors may mirror those of the app's most loyal users, so asking for a review after such actions are taken increases the likelihood of a positive review.

Marketers should also modulate how often they request reviews. "You can manipulate that frequency within the code of your app to be sure that you're not spamming users with requests," said Dave Roth, vice president of marketing at Realtor.com. "You don't want to ask your users for a review every time they launch the app, because they'll get annoyed and give you bad reviews."

Lastly, marketers need to remember that the App Store includes an average rating for both the current version and all versions of the app, so when an upgrade for that app is released, reviews for the new version are needed.

3. SOCIAL INTEGRATION

Making app content and experiences easy to share is a relatively simple and effective means of raising awareness and driving downloads. Chris Glode, general manager at MapMyFitness, captured the sentiment of several app marketers when discussing the power of building a social sharing feature into an app: "Social integration is a critical element for app discovery and downloads because it lets you reach new users who may be hearing about your app for the first time. Within our apps, you can post to Facebook and Twitter and that drives a lot of download traffic."

The popularity of Facebook and Twitter nearly guarantees the two social networks a prominent place in the social sharing options apps offer. But it's important for marketers to remember other digital communication channels, because mobile users often share their experiences and mobile content via email and SMS.

For example, in a study of over 40 news, sports and entertainment apps conducted between May and June 2013 by mobile content provider Rumble, email was the preferred channel for sharing content. Of the more than 100,000 smartphone and tablet users tracked in the study, 76% of the articles shared were sent via email, with the remaining balance shared equally via Facebook (12%) and Twitter (12%). As a result, Rumble recommended two actions for its app publishers:

- **Offer email as a content-sharing option.**
- **Use that email as an opportunity to acquire new app users by embedding a “download our mobile app” button or link in the body of the email.**

Branding Brand’s Mason noted that when his company’s retail clients use email in this way, “We see huge spikes in downloads, especially during holiday seasons, when millions of downloads occur because people want mobile offers.”

Meanwhile, flash-sales fashion retailer Rue La La makes it easy for its app users to share content via text messaging, not only to increase interest and sales for products but also to drive app downloads. “We enable our app users to share products with their friends via SMS. We measure the success of this tool by monitoring how many members share and the purchase rate from these shared products,” said Gabriella Buerman, mobile marketing manager at Rue La La.

The key takeaways are to offer app users options in order to facilitate sharing, keep the option list current to ensure it reflects mobile users’ interests and behaviors and to not hide the sharing features, because these one-to-one recommendations are a powerful means of acquiring quality users.

4. APP TRAILERS

App trailers—short video clips that show real people benefiting from or enjoying the app—are increasingly being used in addition to written descriptions and screen shots. The growing popularity of mobile video viewing is one reason for the uptick in app trailer usage. Another reason is app marketers are finding that trailers provide potential users with a deeper understanding of the app experience and in turn attract higher-quality users.

“We’ve seen video be very effective when used as an app trailer,” said Sean Galligan, vice president of sales and business development at Flurry. “Users that complete those views convert into users that install the app and stay engaged.”

Currently, Apple doesn’t enable app marketers to include video trailers with the app description and screen shots in the App Store. However, Google Play does, and Google’s Jain went as far as to say that “videos play a critical role when encouraging users to download an app.”

That role is not limited to use in app stores. Brand marketers with advertising budgets and other digital assets—a YouTube channel, a desktop and/or mobile website and an email program, for example—can and do use those paid and owned media channels to broaden the distribution of the app trailer in order to lure in a greater number of engaged users.

“We’re seeing high install rates from ads that incorporate video creative,” Facebook’s Rodgers said. “And what we’re hearing from our clients is, ‘I love being able to use compelling video creative so I can showcase what the app experience is, and qualify someone as a customer who’s really interested in interacting with my app.’ That’s driving high install rates.”

5. LIFETIME VALUE MEASUREMENT

The most successful app developers measure far more than install rates to gauge the performance of their app. Ray Pun, strategic marketing manager for mobile at Adobe noted: “Downloads are not sufficient in measuring business success. You need to look at the entire lifecycle of the app in terms of how people are launching and using it.”

Those taking a more holistic approach assign values to business-critical actions and calculate a lifetime value (LTV) for their users. The actions used in the calculation vary depending on the business model and app type. However, examples of actions mentioned by marketers interviewed for this report include: the number and frequency of app opens, the number of ad views, an in-app purchase and/or a subscription to a paid version of the app.

After calculating LTV using measures such as these, marketers score and segment users by their value and the source through which they were acquired. They do so to understand which source is providing the greatest return on investment (ROI).

LTV is particularly valuable for determining the appropriate spending level for mobile advertising. For example, a Q2 2013 study conducted by InMobi found that a direct correlation existed between lifetime value and the rate marketers were willing to pay to acquire a new user. It also showed travel app developers typically paid far more to acquire a new user compared with those in the gaming sector, because the expected revenues from a travel app user could be nearly \$100 more than the revenues a game marketer might expect to earn from its users.

Facebook's Rodgers noted a similar trend: "We see advertisers who really understand lifetime value are often more willing to spend more. So, if I'm an advertiser who's actually measuring not only installs, but the downstream impact of acquiring a particular audience type, I'm willing to pay more for that particular audience type."

But as Dale Carr, CEO of mobile ad network Leadbolt pointed out, LTV analysis cannot be boiled down to a single metric, such as a specific number of downloads. "It's about a return. It's about getting [and keeping] valuable users."

6. LOOK-ALIKE TARGETING

The segmentation and the LTV exercises mentioned earlier enable marketers to isolate and study the traits and behaviors of their app's most dedicated users. With such insight, marketers can build a profile of an "ideal" user and seek out "look-alikes," mobile users with attributes that mirror those of the app's loyal users.

A Q1 2013 analysis conducted by mobile rewards platform provider SessionM found there is a group of power users across the app ecosystem. "They represent the top 33% of mobile app users. And this 33% makes up anywhere between 70% and 80% of all time spent in apps," said Deborah Powsner, vice president of marketing and consumer insights at SessionM. "They're a small but very powerful group, and these are the folks you really want to hold on to."

Marketers profile power users in order to target acquisition ads to look-alikes. "Developers are increasingly targeting consumers that look like their most productive customers—those producing the best lifetime value," said Victor Milligan, CMO of ad exchange Nexage. "We see the outcome of that strategy in our exchange CPM and we hear it in the conversations we have with agencies and buyers. If they do find a look-alike, they're willing to pay for that person."

The willingness to pay higher CPMs to reach a more qualified audience is a sign that app marketing strategies are getting more sophisticated. "The majority of spend is, for lack of a better word, still spray and pray, but the best developers are adopting these very mature and thoughtful techniques," AdTruth's Lamberti said.

According to Facebook's Rodgers, "A lot of our successful advertisers are leveraging what we call Custom Audiences to find look-alikes. They're saying, 'We have this segment of really engaged high-value users, and we'd love to target users who look like that.'"

"This definitely is a big change," Lamberti added. "In 2014, you won't be able to have a successful ad strategy, even as a game developer, without evolving and adopting advanced [targeting] techniques."

7. PUSH NOTIFICATIONS AND IN-APP MESSAGES

Messaging—both push and in-app messages—can be a vital tool for driving user retention. One key to success is asking users to opt in and giving them control over the type of messages received. Apple requires apps to attain an opt-in for push notifications, but that doesn't mean a marketer needs to ask for that immediately after the install.

"A best practice is to let the user experience the app, build some trust, feel like it's a good experience and then ask," said Brent Hieggelke, CMO at Urban Airship. "Apple's default is to ask upon the first app open, but you can delay that and have it ask later. The other best practice is to have a page that explains the value of push in very clear wording so when the user gets that request from Apple, they say, 'Yes.'"

Once the opt-in is attained, testing is required to determine the best frequency and type of push or in-app messages to send. The format of in-app messaging is also being tested. Some app marketers are testing newsfeeds as a means of delivering in-app messages to their users rather than sending messages to an app inbox. Appboy's Ghermezian said he has found that "some marketers are getting around 30% clickthrough rates [CTRs] from messages sent through an in-app newsfeed."

The ABC News app leverages push technology in three different ways. According to Peter Roybal, head of mobile product at ABC News, the results have been "beyond our wildest dreams." Like other news apps, ABC's app users can opt in to receive push notifications about major news events, but they can also receive more personalized push alerts and in-app messages when they tag news stories that interest them.

According to Hieggelke, personalized push notifications are indicative of a broader communications shift. "We're seeing our customers move out of a broadcast mentality where it's one message for everybody toward more segmented, targeted and personalized messaging."

The high-level takeaway: If the message contains time-sensitive, need-to-know information, a push notification is justified. Conversely, information that is "nice to know" is better sent within the app to an inbox, message center or newsfeed.

8. REWARD PROGRAMS

Loyalty programs are proving their worth in the app ecosystem, as they have in many industry verticals. Borrowing a page from the playbook of loyalty marketers in the retail and travel sectors, some app marketers are handing out reward points for actions taken within an app. These may include opening the app with regularity, visiting a specific section within the app or conducting a high-value behavior. Users can redeem the points for tangible rewards like gift cards or prizes.

For example, users of the Moviefone app can collect reward points for viewing a video clip, looking at show times and sharing content with friends. Moviefone partnered with SessionM to run the loyalty program and found that users who participated in it spent 27% more time per app session than those not collecting points. "The more time a mobile user spends in an app increases the likelihood that the mobile user will engage with advertising or purchase movie tickets, increasing the app's revenue potential," SessionM's Powsner said.

Similarly, the New England Patriots' football app doles out points to users who watch game highlights within the app and visit the app's photo gallery. The results showed that those receiving points returned to the app twice as often as the app's average user.

"Marketers are trying to find ways to thank their app users, and part of it is thanking them with a tangible reward for completing specific activities," Powsner said. "It's like any business, you can't just focus on bringing in new traffic; you have to keep people coming back. Success comes down to having loyal users."

Of course, a reward is just part of the story. If the app itself fails to provide value, retention rates will drop regardless of how great the rewards are.

9. DEEP LINKING

App marketers have often struggled to provide mobile users with a seamless transition back into an app from social networks, search results or email. Without deep-linking capabilities in the app, a link might otherwise take a user to a mobile site, despite the fact that the brand's app is installed on their phone. Put simply, apps configured to allow mobile deep linking can be opened when a user taps a link in an email, a social media post, search results or mobile ad. Moreover, the deep link can take the user to a specific section of the app—the order page for a product advertised rather than the app home page, for example.

The launch of several deep-link mobile advertising startups and announcements made throughout 2013 by Google, Facebook and Twitter have renewed marketers' interest in mobile deep linking, particularly as it relates to app engagement and retention. Twitter Cards, Facebook app engagement ads and Google's Android 4.4 KitKat release all include deep-linking features.

"Within the past six months, we've gone from an environment where people didn't fully understand or embrace deep linking, to a point where if your app supports deep links, anything that's shared from your application on Twitter or Facebook can link back. And, your app will show up better in Google search results," said John Milinovich, CEO of mobile app retargeting platform URX.

Apps with deep-linking identifiers in place, which Milinovich estimates are roughly between 30% and 40% of the top 100 apps, eliminate that friction and increase the number of entry points for the app. In turn, they increase the likelihood of repeat app usage.

10. RETARGETING

With the cost to acquire active users steadily rising, marketers are investing in mobile ads as a means to reengage their existing users. "In the past year, we've seen a big trend toward retargeting advertising," said Mary Ellen Gordon, director of industry insights and analysis at Flurry. "So if someone downloaded an app, they might see an ad that reminds them of the app and the ad encourages them to use it again."

On the whole, devoting a portion of ad budgets to retention makes better sense to marketers facing steep competition on the user acquisition front. As Gordon explained it, if someone has already downloaded an app, that's a really good signal of interest. So, getting them to use that app again is often "easier and more cost effective than trying to get a new person who might or might not be interested in the app to download it."

Unique identifiers such as Apple's Identifier For Advertising (IDFA), Google's anonymous identifier and an app's own user ID (if one is used) enable marketers to recognize and target ads to their existing users across the app ecosystem. "There's a lot of value in that ID traffic for targeting, for attribution (to understand post-click transactions) and to enhance cross-channel targeting and retargeting solutions. Buyers and agencies are willing to pay for that value," Nexage's Milligan said.

Marketers are at different stages of development when it comes to retargeting, and for those just starting out, there is much to be learned from the leaders. "King [the developer of Candy Crush] has gotten extremely sophisticated in their retargeting," AdTruth's Lamberti said. "If somebody's already got Candy Crush downloaded, they're not going to hit them with the same [install] ads. They're either going to re-engage those users or upsell them to Pet Rescue."

Regardless of whether marketers use retargeting tactics to reengage users or cross-sell other apps in their portfolio, most agree the ability to retarget is a game changer. "Retargeting became a thing in 2013," Flurry's Gordon said. "And it looks like it's going to be an even bigger thing next year."

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CMO

Pandora

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Matt de Gannon

Vice President of Mobile Product and Operations

Gannett Digital

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Walter Levitt

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Comedy Central

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Co-Founder and CEO

Branding Brand

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Facebook Reveals Ins and Outs of Mobile App Ads for Installs Program



Emma Rodgers

Ad Product Marketing Manager

Facebook

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Frank & Oak Tailors Tactics for Encouraging App Downloads



Jeffrey Talajic

Brand Manager

Frank & Oak

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Gabriella Buerman

Mobile Marketing Manager

Rue La La

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Dale Carr

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LeadBolt

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Marc Carr

Chief Revenue Officer

Leadbolt

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Viji Davis

Vice President of Marketing

Resolution Media

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Peter Dille

CMO

Tapjoy

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Sean Galligan

Vice President, Sales and Business Development

Flurry

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Chris Glode

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MapMyFitness

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Mary Ellen Gordon

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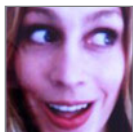


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Christina Koshzow

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Bryson Meunier

Director, SEO Strategy

Resolution Media

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John Milinovich

CEO

URX

Interview conducted on November 14, 2013



Victor Milligan

CMO

Nexage

Interview conducted on November 22, 2013



Deborah Powsner

*Vice President of Marketing
and Consumer Insights*

SessionM

Interview conducted on November 19, 2013



Ray Pun

Strategic Marketing Manager for Mobile

Adobe

Interview conducted on November 6, 2013



Hugh Reynolds

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Interview conducted on December 6, 2013



Peter Roybal

Head of Mobile Product

ABC News

Interview conducted on December 3, 2013



Marcos Sanchez

*Vice President of Global
Corporate Communications*

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Brian Suthoff

*Co-Founder and Vice President of Strategy
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EDITORIAL AND PRODUCTION CONTRIBUTORS

Cliff Annicelli

Kaitlin Carlin

Joanne DiCamillo

Stephanie Gehrsitz

Dana Hill

Nicole Perrin

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Allie Smith

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