



WHITE PAPER: MOBILE ADVERTISING

Mobile Advertising & ROI:
Best Practices for Performance-Based
Mobile Advertising
September, 2011



INTRODUCTION

Smartphones, tablets and other mobile devices have significantly altered the way people consume and interact with their favorite media. More than one-third of U.S. adults have smartphones now, and they spend more time accessing the Web through the mobile Internet than on their desktop computers. By the end of this year Gartner predicts that 468 million smartphones will be sold worldwide, jumping to more than 1.1 billion by 2015. That doesn't even include the number of tablets that will be sold.

These trends present an enormous opportunity for advertisers to reach targeted audiences, yet mobile advertising still lags behind the opportunity. Perhaps because the medium and its technologies are all still so new, many advertisers have not yet figured out their strategy for integrating mobile advertising into their overall mix. For those that have tested the waters, their efforts have generally been met with very promising yet also inconsistent and sometimes frustrating results.



Whatever the reason, advertisers can no longer afford to ignore this emerging trend. Whether big brand advertisers or small businesses, companies that do not advertise on mobile platforms will lose out to those competitors that do, as more and more consumers turn to their mobile devices to do things like research products, ask their friends for advice, search for recommendations, and even make direct purchases and transactions.

This paper will address the top 10 mobile advertising best practices to help you on the road to success.

WHY ADVERTISE ON MOBILE?

Everyone seems to agree that mobile represents the next frontier for advertisers, even though they may disagree on what actually makes the right mix of strategy, creative and distribution that works. We can all at least agree on this:

- **Even your mom owns a mobile phone**—If it seems like everyone has a mobile phone nowadays, it's because they do. More than 83 percent of U.S. adults have mobile phones, with 42 percent of those being smartphones.

“We believe significantly higher volume of projected mobile users, along with device ubiquity and superior local presence, suggests mobile advertising could ultimately become larger than web-based advertising.”

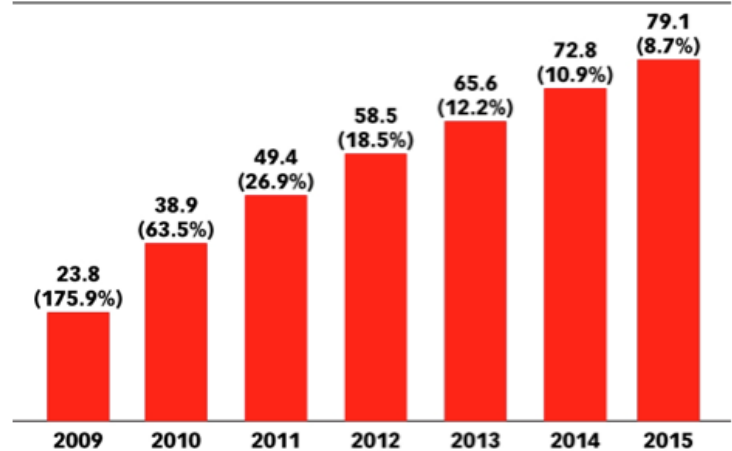
*Douglas Anmuth
JP Mogan*

Mobile devices are connecting the world. By 2015, about 6.35 billion people worldwide will have mobile phones.

- **Mobile is the fastest growing medium in the United States**—According to comScore, time spent with mobile devices grew 28.2% in 2010, while time spent with TV, radio, magazines and newspapers all declined.
- **Mobile devices are an essential part of everyday life**—Consumers feel connected to their mobile devices in deeper and more meaningful ways than perhaps any other technology. And why not? It's where they spend time reading the news, socializing with friends, playing games, shopping, and doing just about anything else they can do in the real world.
- **Mobile devices offer unique engagement opportunities**—Between geo-location capabilities, accelerometers and other technologies unique to mobile devices, there is a bevy of really innovative advertising and engagement opportunities that no other media channel offers. Not TV, not print, not even desktops.

US Mobile Social Network Users, 2009-2015

millions and % change



Note: mobile phone users who have a profile and access social networks from a mobile browser or an installed application at least once per month
Source: eMarketer, Dec 2010

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www.eMarketer.com

COMMON CHALLENGES

There are many reasons why a mobile advertising campaign could fail. They are each an exercise in trial and error, and must be optimized over time. But here are some of the common challenges advertisers face when treading into the mobile waters.

- **The costs to find new users are too high**—“We’ve tried some of the larger ad networks, but we can’t seem to get the kinds of conversion rates we’d need based on CPM or CPC pricing to acquire new users cost-effectively.”
- **We can’t accurately measure our ROI**—“All of our advertising programs are very ROI-centric, and one of the biggest issues we have with mobile advertising is that we just can’t seem to track the effectiveness of our acquisition and engagement efforts effectively.”
- **We haven’t been able to scale**—“There’s maybe a handful of mobile advertising channels that seem to work for us, but we just can’t seem to get the type of volume required to drive meaningful results. It seems like you can either get volume or quality, but not both.”

“Mobile advertising is advancing rapidly and many of the issues that slowed progress in earlier years have been overcome.”

Eden Zoller,
Principal Analyst
Ww Ovum

- **We don't fully understand how to do it**—"Mobile advertising is all so new, and there doesn't seem to be a consensus on how to go about it. We get so many calls every day from some new ad solution or another claiming to help us reach mobile consumers, it's hard to tell one from the other."

BEST PRACTICES

Despite all the challenges, many companies have found remarkable success advertising on mobile. At Tapjoy we facilitate more than 1 million advertising completions every single day, and many of our advertising partners receive "tap-through" rates of greater than 30 percent. Many more report mobile as their most cost-effective user acquisition channel. What's their secret? For starters, they all obey the following best practices.

1. Integrate mobile into your overall advertising mix

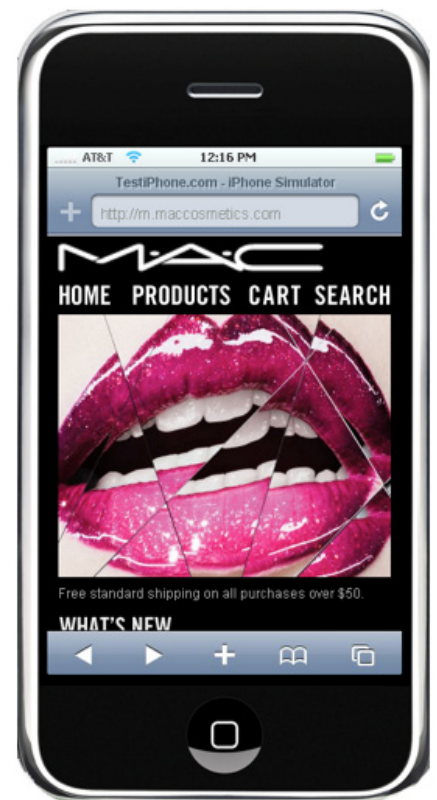
Think of mobile advertising as just one channel in your overall marketing mix – one distribution method underneath the larger umbrella for getting your overarching message out and achieving your overall goals. It shouldn't exist in some silo apart from the rest of your marketing. Instead it should be built into your marketing plan as early as possible.

So no matter what your objectives are, from brand building and customer engagement to new user acquisition or actual sales, there's a mobile advertising solution for it. Use your goals to define your strategy. In terms of execution, you'll eventually want to build custom campaigns just for mobile, but if you've been hesitant to test the waters because you don't have all the pieces in place yet, stop waiting. Whatever campaigns you are running elsewhere, adopt them for mobile and run them there as well.

2. Optimize your site for mobile

Because of the significantly smaller screen size and reduced form factor of a mobile device compared to a desktop monitor, it is practically impossible to read and navigate a traditional web page on a smartphone, even more so if that page includes more than just a few tabs or links. If you're running ads on a mobile device but asking your audience to browse a non-mobile web site, you're probably going to confuse or annoy your users and you'll severely limit the reach and effectiveness of your campaign. Here are a few pointers to keep in mind when building your mobile web site:

- **Simplify**—It's okay to use the same content as on your standard web site, but be sure to significantly simplify the content for your mobile site. This might mean re-working the entire layout, but if that's what it takes then be sure to do it.



- **Limit scrolling**—Scrolling up and down is one thing, but don't make your users have to scroll horizontally to access content. You wouldn't even think of doing this on your standard site, but it's surprising how many developers allow it on their mobile sites.
- **Don't use Flash or JavaScript**—Not all phones support Flash or JavaScript, so don't use these technologies when building your site. It's best not to build an overly "flashy" type of site as your mobile hub anyway, so you should probably stick to basic development technologies like HTML or CSS.
- **Optimize your navigation**—Most mobile devices have touchscreen interfaces, so it's important to design your mobile site with that in mind. Leave a little more room around your links and create larger buttons to make tapping on them easy and effective.

3. Build an app

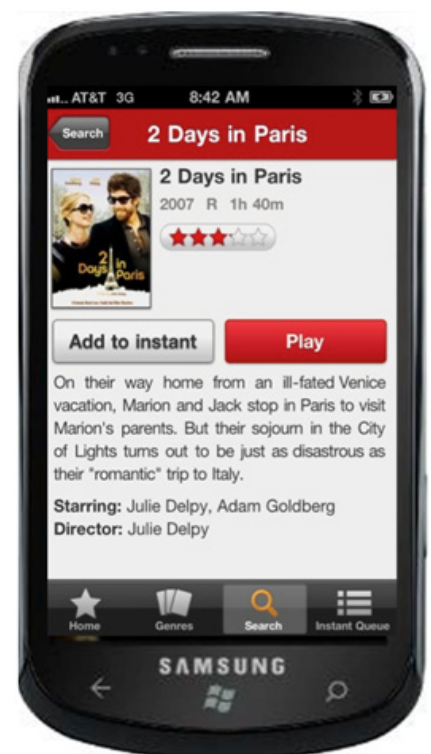
Even if you build a mobile web site, you still haven't accommodated everyone. A general shift is taking place towards delivering mobile content via applications rather than the mobile Web, and a recent study found that when it comes to accessing content on their smartphones, a majority of those in Generations X and Y, in particular, prefer mobile applications over Web browsers.

The main benefit behind building an app as opposed to a mobile web site is that, if done right, apps can deliver a much richer and more satisfying user experience than web sites. But there are several other benefits as well, including:

- Platforms for most apps have built-in billing mechanisms, making it significantly easier and more frictionless for you to accept payments
- Apps can help you capture important information about your customers and prospects, such as their geography, demographics and content preferences.
- Apps open up increased distribution channels, such as through App Stores and app download networks
- Eliminates the need for a constant internet connection, so users can access your product/services any time

4. Make it social

Mobile devices are, in many ways, social platforms at their core, since most people tend to use their smartphones, tablets and even feature phones for texting, email, networking, gaming and otherwise engaging with their friends. Use this to your advantage by incorporating social



media content and virality features into your mobile ad campaigns. Drive Fans to your Facebook page, sign up followers for your Twitter account, and come up with contests, sweepstakes and other viral marketing campaigns to integrate into your campaign to increase word of mouth.

5. Test different types of response

In performance-based campaigns, you have the luxury of only paying for specific responses, but you need to think about what type of response fits best with your corporate objectives and what is most likely to convert effectively. It is also important to test and measure different types of responses to see how each one maps back to your goals. Some of the common responses for performance-driven mobile advertising campaigns are listed below, in approximate order of how easy they are for a consumer to complete from easiest to hardest:

- Follow on Twitter
- Like on Facebook
- Share with friends
- Click-to-View (for videos)
- Application install
- In-app engagement
- Lead form submission
- Registration/Sign up
- Subscription
- Download
- Click-to-Call
- Purchase

6. Drive engagements – not just one-time actions

It's all too tempting to identify which kind of action is your final goal—a purchase, say—and simply pay for that type of action. But smartphones are truly a two-way communications device, capable of cultivating dynamic relationships with your customers, so in some cases it makes more sense to start out your relationship with the end-user via some other type of action or engagement—something that will lead to a relationship that is longer-term and ultimately more valuable than a one-off purchase or transaction.

For instance, if you operate a movie streaming service, sure, you could drive users to purchase a one-month subscription



in the hopes that they'll renew. But imagine how much more powerful your connection to that user would be if instead you drove them to install your app, sign up for your service and add several movies to their "queue." Not only have you demonstrated your utility, ease-of-use and overall cool factor, but you've created a sense of loyalty and a barrier to exit preventing them from going with one of your competitors. It's clear which kind of action is more valuable at the end of the day.

7. Offer channel-exclusive promotions

Consumers like to feel special. Give your mobile audience a special coupon, discount or some other type of exclusive promotion that they can't get online or anywhere else. Reward them for downloading your app or visiting your mobile web site by making them feel like they won something or their part of an exclusive club.

8. Test and optimize different creatives and ad units

Based on your desired response and the type of offer you're promoting, there are a number of different ad units and placements available to drive varying degrees of scalability and engagement. Mobile display banners tend to garner lots of impressions but don't necessarily have the highest tap-through rates. Full-screen takeovers are excellent branding tools and also ensure that you have the consumer's complete attention, at least for that one moment. Test different creatives and figure out what works best based on your campaign goals and objectives.

9. Consider mobile platform differences

Currently there are two major mobile platforms that hold real advertising potential, though more appear to be on the horizon. Apple's iOS and Google's Android platform are by far the two most significant platforms, but Microsoft's Windows Phone 7 and possibly others could come on strong over the next several months. When deciding which platform to allocate your budget to, keep in mind the following considerations:

- **Android is more global**—Even though Android overtook iOS just recently in terms of U.S. market share, its real strength is overseas.
- **Android is growing faster**—The latest reports have more than 550,000 new Android-enabled devices being activated every day, compared to roughly 300,000 iOS devices.
- **Payments easier on iOS/Alt-pay more effective on Android**—While Apple's in-app payments system is more advanced and more widely used than Android's,

alternative payment options such as acquisition advertisements are more effective on Android.

- **Women like iOS**—For whatever reason, 73% of Android users are male, compared to only 57% of iPhone users.

10. Track and optimize your return on investment

It might sound obvious, but if you're not tracking your return on investment, then what's the point of conducting performance marketing? To do this properly you must calculate the Life Time Value (LTV) for users coming through your various channels and balance that against the cost required to obtain those users. In some cases – pay-per-new-user-acquisition, for instance – this calculation is quite simple. In other cases it becomes more complicated, such as pay-per-view for video ads or pay-per-install, both of which require you to make use of pixels or some other tracking technology to measure user behaviors after the initial response conversion.

PUTTING THESE BEST PRACTICES TO USE

Fortunately, there is an innovative mobile advertising solution that has made it possible for many leading consumer brands, direct marketers and app developers to put these best practices to good use.

Tapjoy's acquisition advertising marketplace provides a robust, scalable infrastructure that delivers high-value customers to leading businesses while helping to lower their acquisition costs and significantly boost their return on investment.

With the Tapjoy platform, advertisers are able to:

- Confidently track ad performance and optimize ROI
- Generate deeper, longer-lasting engagements with their customers and prospects
- Build brand awareness while generating an effective cost per loyal user

Reaching over 250 million mobile consumers, Tapjoy is a leading independent mobile ad marketplace. We deliver high-impact performance marketing campaigns across iOS, Android and emerging mobile platforms.

GETTING STARTED WITH TAPJOY

To learn more or get a free consultation from a Tapjoy account executive, contact us today:

email: adsales@tapjoy.com

tel: 415-766-6900

web: www.tapjoy.com

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