

COLUMNS

## How to market your mobile application to No. 1

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Have you ever wondered what it takes to have the No. 1 lifestyle application in Apple's App Store? Or perhaps the No.1 game? What if I told you for \$4,255 – and \$7,310, respectively – that your application could be in that No. 1 slot within 24 hours? Well, it can. Welcome to the underground world of application marketing.

As the applications economy has grown over the last 18 months, there has been an explosion of marketing options to promote and encourage users to download applications.

Traditional mobile ad networks such as Google's AdMob or Millennial Media have historically been the first choice with their cost-per-click (CPC) programs that target mobile users.

Now joining them are incentive-based programs that reward mobile gamers for trying out new applications, powered by companies such as Offerpal, ngmoco and others.

Apple itself has joined the fray with iAd for Developers, which launched in July.

When all of these options are used in concert, it is now possible to create a No. 1 application in nearly any App Store category with the proper marketing program.

I have had a chance to run a number of application marketing programs for big brand and lifestyle clients using all of the options above. It has helped us understand the nuances of each method and create a framework for using them together.

The results were surprising in many ways, but do show that application marketing can be helpful in quickly growing a user base for mobile applications. However, like any great new tool, they can just as easily be abused.

### Understanding the app marketing players

There are three methods for digital app marketing that we have found to have substantial impact beyond more traditional marketing methods such as print or e-mail – mobile ad networks, incentive-based programs and being highlighted within the App Store directly.

Mobile ad networks are run by companies such as AdMob, Millennial Media, Jumtap and a slew of others. They display graphical ads on mobile Web sites or within applications that prompt a user to click to download an application.

Generally, these networks sell on a cost-per-impression (CPM) or CPC basis and can reach the broadest audience.

The most recent addition to this group is Apple's iAd for Developers, which allows application developers to use the iAd network to advertise their applications on a CPC basis.

Incentive-based programs are run by companies such as Offerpal, ngmoco, Appdog, w3c and MdotM, and are a collision of the fast-growing trends of the applications economy and social gaming.

These programs work by offering a virtual good, such as a free red barn for your virtual farm, in exchange for downloading and trying a new mobile application.

Because of their ability to track a specific download, these programs charge based on cost-per-install (CPI), sharing the revenue with the developer of the game.

This is a much more accountable way to bill for a marketing program since it is based on actual downloads and usage of the application, but it is worth noting that the incentive is not 100 percent aligned with the goals of the user.

Most of them are in it for the free red barn, not a new application. But as you will see, these programs remain very useful.

Lastly, being highlighted in the App Store directly as a "New and Noteworthy" or "Staff Pick" also generates a lot of downloads.

It is up to Apple if your application will be included in these sections, but you can email the company directly for consideration.

Applications that are highlighted in these categories can generate 3,000 to 18,000 downloads daily, so it is worth giving it a shot.

## Performance metrics and “real users”

For the most part, the performance metrics used to track application marketing campaigns are similar to other digital campaigns. You want to track impressions, clicks, downloads, and users, and understand the cost and conversion rates of each.

These will be metrics such as eCPM (equivalent CPM), eCPC, eCPD (equivalent cost per download), eCPU (equivalent cost per user).

If your Application charges a fee or runs advertising, you will want to also understand the ROI for each user. For simplicity purposes, I will stick with free applications for my examples.

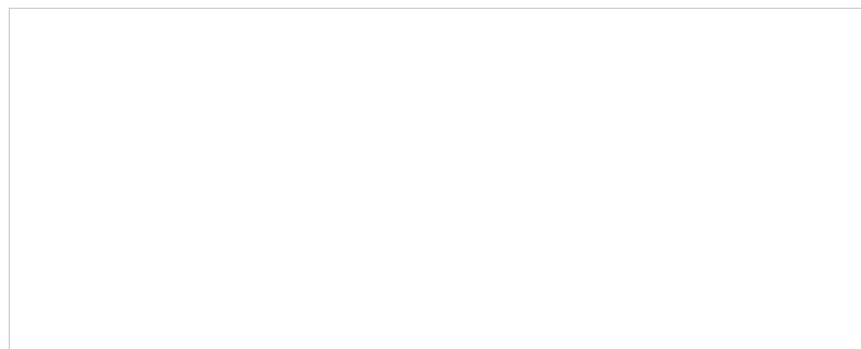
You will also want to create a metric called “cost per real user” (eCPRU) to differentiate the users coming from incentive-based programs.

This helps identify the users who are just downloading for the free barn, and those that become regular users of your application. The target is definitely the latter.

It is helpful to create a usage profile that would indicate this, such as “uses application twice in the first week, with a total engagement of over 90 seconds,” and measure it within your application.

Where does application marketing best perform?

After running a number of different programs across multiple vendors, we found the sweet spot for each one. This helped us develop an average cost for each type of program, which is outlined in the table below.



A couple of things are worth noting right away.

Mobile ad networks and the iAd for Developers program charge on a CPC basis, so all other conversion rates are calculated.

The incentive-based programs are based on downloads, so there is no eCPM or eCPC. Because of this, it is a bit unfair to compare them side by side, but I do so since you can pour money into one or the other equally. It helped us come to some fascinating conclusions.

First, it appears that mobile ad networks are not particularly suited well for application marketing relative to other options. This should not be a big surprise, though.

Mobile ad networks are typically serving passive ads on mobile Web sites that may or may not have content that matches the application you are marketing, such as a “download this game” ad on ESPN.com.

Plus a user is required to do a lot to get from “click” to “download” – you need to click through to the App Store, still decide to download it and have the patience or bandwidth to complete the download of the application.

Mobile ad networks had the widest variety of results of all we tested, including having a zero download result for a five-figure program with AdMob. It is important to do trial campaigns to begin since you can spend a lot of money here.

The iAd for Developers program did better than the other mobile ad networks, but with a few surprises.

The first positive surprise was the low eCPM of \$7.52.

These ads are served specifically to iPhone/iPod touch users, and have a nice graphical wrapper that gives it a mini-endorsement with the Apple brand.

The fact that you can reach tens of millions of users with this high-quality ad unit is a pretty good bargain at this price.

Unfortunately, the program still has a high eCPU due to the second surprise – a very low conversion rate of clicks to downloads.

This conversion rate was hovering around 0.25 percent, which was worst in class for the mobile ad networks.

We found this particularly troubling, since one of the major value propositions of iAd for Developers is that it provides a seamless link from the ad to the App Store.

We saw a number of possible causes here, from slow loading times of the App Store to new EULA agreements, but it all remains in the hands of Apple to remedy.

Let us hope Apple does – even a small improvement here could dramatically alter the iAd outcomes. For the users who did download the application, nearly all of them became “real” users.

The incentive-based programs show the lowest eCPU and eCPRU by a large margin, but what is most interesting is how this was accomplished.

As noted above, most incentivized users are looking for the free red barn or virtual dog chow more so than trying a new application.

Because of this, about 82 percent of the users are not “real” users when the programs are used at low volumes.

But if you dial in just the right volume to get on the Top 10 list of a category in the App Store, such as Lifestyle Apps, then an additional 30 percent to 45 percent of users will see it there and legitimately download the application since it was in the Top 10.

So by placing yourself in the Top 10, you boost your downloads even further and improve your rate of “real” users.

It turns out to maximize the ratio of “real” users to incentivized users, you want to be somewhere between application No. 3 and application No. 7 – anything higher does not produce significantly more “real” users. This can often be done for as little as \$1,500 per day.

So, you are probably concluding at this point to pour all your money into incentivized programs, yes?

Well, not quite so fast.

Numero you know

It turns out that the vendors who manage these programs are all quite different, and the industry is still showing signs of infancy.

Some vendors charge as little as 15 cents per download, but have a limited audience of users that can be exhausted in a matter of weeks.

Some can reach in excess of 100,000 users in a day, but charge 60 cents per download without the ability to throttle the usage.

Some vendors are specific to kids games, while others have a broader range. Some are popular on the weekends, while others are more on the weekdays.

If you get them right, they are very helpful, but if you get them wrong, you risk bringing in too many users that are not “real” that could dilute your performance metrics for good.

Once you try a number of these programs, you find that maximizing your ROI requires some tweaking, balancing, and rotating.

This is an exciting time in the growth of the applications economy and applications marketing programs are now at a point where they can be helpful at achieving your success.

Now that you know how the game is played, there is no reason you cannot have a No. 1 application when you want it.

The trick, of course, is getting it to stay at No. 1. That requires nothing short of a compelling, viral application, and only the best can get there. But a boost never hurts.

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