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WHITEPAPER / **MOBILE ANALYTICS**

# Measuring the Success of Your Mobile Strategy



Applying the lessons learned over the past 15 years, digital marketers now use web analytics to measure what matters to their mobile business, build a case for ongoing development, and increase investment returns.

## AT A GLANCE

### **Business Trend**

Mobile applications show huge promise. App downloads now number in the billions, and businesses are jumping at the mobile channel's ability to connect with customers in more strategic and personal ways. Although mobile marketing budgets have increased, total marketing budgets remain fixed, which puts pressure on mobile marketers to justify spending as they try to convert billions of downloads into billions of dollars.

### **At Issue**

Putting an app in an app store and counting downloads is not enough to measure success. But before developing an app, many companies fail to develop a strategic plan for their mobile marketing channel. With unclear objectives, no key performance indicators, and lacking tools to assess and optimize, proving return on investment becomes nearly impossible.

### **Business Solution**

The mobile channel provides its business value best within the context of other digital channels, and analytics can be applied to mobile marketing. By isolating what matters to your company and by studying data that tracks individual mobile customer usage, behavior and patterns, you can develop a compelling mobile channel that produces measurable returns on investment.

“Ever since Beta versus VHS, we’ve been in an environment where if you made the wrong choice, you ended up behind. And it’s true right now. You’re going to be making a bet, and if you make the wrong bet, you might regret it later.”

– Josh Bernoff of Forrester Research on NPR’s Marketplace, Jan. 27, 2010

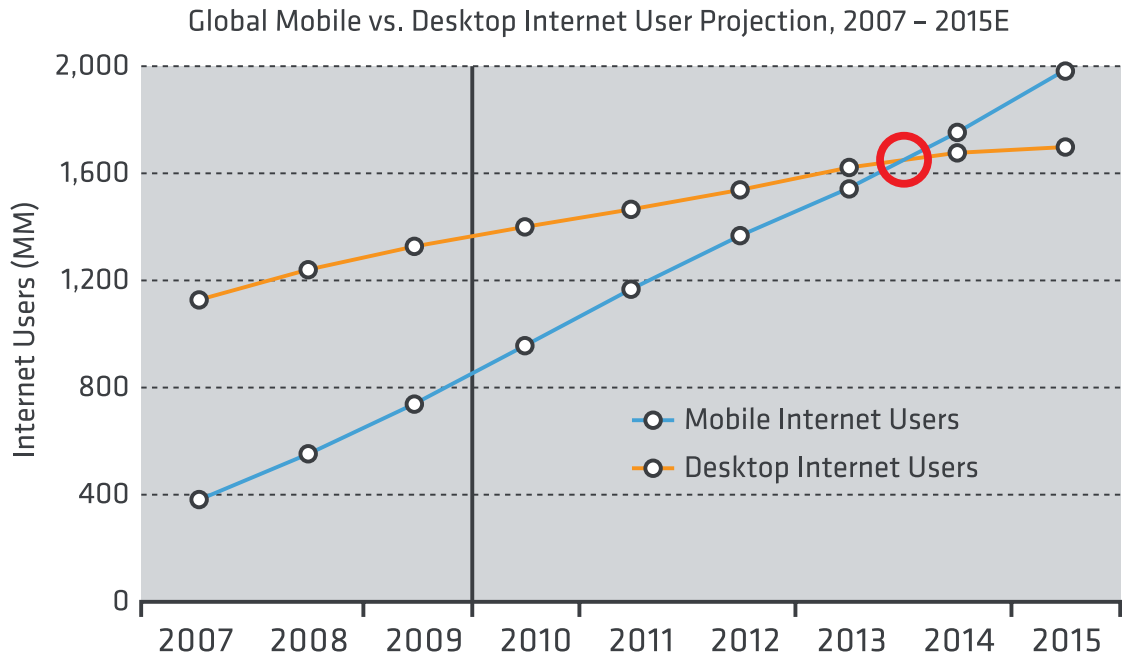
## WELCOME TO THE SPLINTERNET

Fifteen years ago, companies scrambled to take their businesses and brands to the web. Under great pressure, marketers rushed in with blind faith. No one knew what a website could do for a company, yet no one wanted to get left behind either. The elements for sophisticated online marketing—web sales strategies, interactive applications, search engine optimization and web analytics—were either in their infancy or nonexistent. The Internet was too new to measure. But over time, common standards developed.

Today, the scramble has started again with the internet splintering across multiple platforms. For instance, third-party mobile information apps and entertainment apps allow consumers to tailor smartphones in more ways than ever before. However, all these mobile apps and devices work differently.

We take for granted that a website will open equally well in Internet Explorer, Firefox and Safari, but in the mobile world, what works fine on an iPhone may not work at all on a BlackBerry or a Droid. Over the next few years, mobile technologies will flourish but some may disappear. Which one is anyone's guess, but one thing is certain: Mobile is contributing to splintering how your customers access the Internet and how they connect with your company. The choices you make today in the development stage have a big impact on the level of success your mobile marketing efforts can achieve once the app enters the marketplace.

## MOBILE USERS > DESKTOP INTERNET USERS WITHIN 5 YEARS



Source: Stanley Research

## RESEARCH SHOWS APP DOWNLOADS IN THE BILLIONS

Currently, one out of every four mobile customers uses a smartphone. Recent survey results from the December 2009 Marketing Sherpa showed substantial increase in every type of mobile activity, especially app downloads. Apple's iTunes App Store now offers 201,000 third-party smartphone apps, which generated 3.6 billion downloads in 2009. By 2013, Futuresource Consulting predicts that figure will quadruple to more than 16 billion, and Morgan Stanley research says in that same year mobile Internet will ultimately surpass desktop Internet use.

This mobile upheaval affects a wide range of industries. Gartner Research recently named its top 10 consumer mobile applications for 2012, with predictions based on impact to industry, revenue, loyalty, business model, consumer value and market penetration. The financial sector tops the list, but transportation, health, advertising and entertainment make the top ten, as do traditional desktop Internet activities like searching and browsing.

As mobile becomes the preferred way that customers access information and interact with companies, it will also become a critical marketing channel. However, in the race to catch up with consumer demand and achieve a competitive advantage, many businesses still haven't figured out how mobile fits into their digital channels or how to measure its success.

## EXPECTED TOP TEN CONSUMER MOBILE APPLICATIONS FOR 2012

From Gartner Research, published in *The Independent*, November 18, 2009

1. Money Transfer
2. Location-Based Services
3. Mobile Search
4. Mobile Browsing
5. Mobile Health Monitoring
6. Mobile Payment
7. Near Field Communication Services
8. Mobile Advertising
9. Mobile Instant Messaging
10. Mobile Music

## THE ISSUE: DEVELOPING APPS BEFORE DEVELOPING GOALS

Engaging consumers in a mobile application and immersing them in a branded environment requires significant investment. This investment creates pressure for marketers to justify launching a mobile channel.

Usually, marketers skip the critical step of defining and planning a mobile market strategy, heading straight to application development instead. Many enter the mobile arena with an iPhone app, cross their fingers, and hope they achieve something positive. Others roll out mobile apps across all major platforms and hope one catches on.

But merely submitting applications to an app marketplace is not enough. You must influence downloads and reinforce customer adoption using multichannel promotions. Similar to counting web visits, counting app downloads provides very little insight. For example, most people never use a free app after the initial download, so the download metric alone will not serve as an analysis or demonstrate how the channel can increase return on investment. For that, you need much more data and targeted measurements about how the app is used.

## LEARNING FROM THE WEB

Measuring performance and maximizing return on investment tend to get overlooked when companies first venture into the mobile channel. Without clear objectives, an app may achieve one-time novelty but still fail to accomplish any business goals.

Although it's not necessary to halt your mobile efforts if you haven't completely defined your objectives, you should at least apply the lessons learned from traditional websites to mobile. For example, you can't optimize something without knowing how people use it. But unlike the web of the 1990s, where no one knew how or what to measure, the tools already exist to track, analyze and optimize today's mobile apps, even in these early "splintery" stages.

Understanding what influences consumer behavior and purchasing decisions is vital to mobile marketing. Before your development phase gets underway, decide how and, more importantly, what you will measure to assess your mobile channel's effectiveness.

## MEASURING WHAT MATTERS: KEY PERFORMANCE INDICATORS

Four questions are vital to measuring the success of a mobile app:

- 1) Are people finding and using your application?
- 2) How engaged and loyal are your users?
- 3) Are they engaging in high value activities and becoming customers?
- 4) How do we retain customers and encourage usage?

The answers to these questions provide insight to guide development, ongoing improvements, and methods for retaining customers.

### ARE PEOPLE FINDING AND USING YOUR APPLICATION?

To influence downloads and adoption of your apps, it is necessary to generate awareness and interest with your target audience both inside and outside the app markets. For instance, what are you doing today to promote your apps? What tactics are you currently using (website, mobile site, email and text messaging programs, paid and organic search, other forms of traditional advertising)? As you adjust your promotions, you should monitor changes in these mobile measures:



- **Total Downloads** – Number of times your app is downloaded from an app store. It demonstrates the amount of interest in your application and provides an upper bound for the number of active users you may have at any one time (but remember, it's a limited measure by itself).
- **App Users** – Number of unique application users over a period of time. This metric shows how many people actually use the application after downloading.
- **Active User Rate** – Ratio of the number of app users to the total downloads. This helps you understand if you are gaining or losing your audience over time.
- **New Users** – Count the number of users that first used your app during a period of time. This is a useful metric in comparison with active user rate to see if you are staying ahead of the customer attrition curve.

### HOW ENGAGED AND LOYAL ARE YOUR USERS?

Are you offering functionality and services that are useful or desirable to your users? When making a value judgment, think about how you expect your customers to use your application over time. Reading daily news, finding a restaurant, booking a flight, searching for a doctor, checking a balance, paying a bill, reporting an auto accident—all have different frequencies of use. The best measures for user engagement are:

- **Frequency of Visit** – Ratio of the number of visits to the number of users over a period of time. This shows how often your app is being used. It is one gauge of user loyalty.
- **Depth of Visit** – Number of screens viewed on average compared to the number of visits. Together with duration, this metric gives you insight into how engaged your customers are with your app.
- **Duration** – The average amount of time spent in the application. As with depth of visit, an indicator of how much your app is used.
- **Bounce Rate** – Ratio of the number of user visits with a single view event to the total number of visits. This helps you understand how many of your users are just starting up your app and then closing it again.

## ARE THEY ENGAGING IN HIGH VALUE ACTIVITIES AND BECOMING CUSTOMERS?

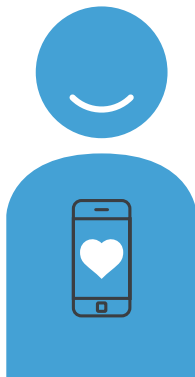
High value measures reflect what you want customers to do when using your app. For example, do you want them to purchase a product, view a movie trailer or register for a promotion? Taking measurement to this level of detail is critical to demonstrating business value for any application, whether it is a simple branded app or a full commercial app.

Most importantly, high value measures evaluate mobile channel success as defined by your company's overall marketing objectives. For example, if the overall objective is to reduce operational and customer support costs with self-service capabilities, identify all of the ways your app does this. Map your measurement to individual customers who successfully complete those self-service activities.

- **Audience characteristics** – Include in the app planning phase. Think about the characteristics of the audience you are trying to reach and what you can distinctly offer them in an app. Starting with a market focused approach will make identifying these elements easier.
- **User activities** – If app or apps are already in the market. Think about the activities you provide that generate revenue, cost savings or brand engagement for your business and determine if those are included in the app. If not, consider ways to update the app.

## HOW DO WE RETAIN CUSTOMERS AND ENCOURAGE USAGE?

Retention depends on the mobile app's relevance and the usefulness of its features. Focus on how your customers use the app. High utility will lead to high retention and high frequency of use. Monitor trends in feature usage as a percentage of overall activity and compare that to frequency of visit. If these measures trend downward together, it is time to take action to save the app. Consider these factors:



- **Stickiness** – Staying top of mind and up to date. Even the best apps lose their stickiness over time. Remind your audience of its existence, educate them on key features and consider pushing out another version with improved or new capabilities. An update often improves your ranking in Apple's app store.
- **Leverage** – Capitalize on other channels. Don't rely on customers finding you by chance in an app store. Seek out other app distribution markets and promote your app on mobile and traditional Internet sites, as well as offline.
- **Feedback** – Get direct insight. Pay attention to specific feedback from your customers about the features they like and don't like or features they wish you offered. You can find this feedback at the app store or you can create a feedback loop on your mobile or traditional website.

## INVEST AND CONNECT IN THE MOBILE MARKETING CHANNEL

Marketers know it is going to take proven, measurable success before their business is willing to make significant investments in a mobile channel. Fortunately, lessons learned from other digital marketing channels can work to a marketer's advantage when developing the business case for mobile apps. Measures developed over the past 15 years that show how customers use traditional websites can also show how they will use a mobile application. Compare the measures of your mobile channel to other digital channels, adjust your spending accordingly, and then focus your efforts on a tremendous opportunity to connect with your customers while increasing marketing returns.



851 SW 6th Ave., Suite 1600  
Portland, OR 97204  
1.503.294.7025  
fax: 1.503.294.7130

Webtrends Sales  
1.888.932.8736  
sales@Webtrends.com

**Europe, Middle East, Africa**  
+44 (0) 1784 415 700  
emea@Webtrends.com

For offices worldwide, visit:  
[www.Webtrends.com](http://www.Webtrends.com)

## About Webtrends Inc.

Webtrends is an enterprise customer intelligence company that turns online and offline data into understanding. We help organizations realize a competitive advantage by providing insight-driven optimization of their digital channels. Our leadership extends beyond the web analytics industry we founded in 1993 to the measurement, optimization and integration of all digital content and customer intelligence, including web sites, social media and paid-search advertising. Our products and services are trusted by thousands of leading brands and global organizations, including Microsoft, The Coca-Cola Company, The New York Times and Cabela's. You can learn more about Webtrends products and services at [Webtrends.com](http://Webtrends.com) or call 1.877.932.8736. Webtrends is a registered trademark of Webtrends Inc. in the United States and other countries. All other trademarks and registered trademarks are the properties of their respective owners.

## Eric Rickson Bio

As Director of Mobile Analytics at Webtrends, Eric Rickson is responsible for driving product strategy and evangelism for Webtrends measurement solutions for mobile. Most recently, Eric was responsible for emerging markets and vertical market measurement solutions at Webtrends with an emphasis on retail, CPG, Media and Financial Services. Prior to Webtrends, Eric was a Strategic Consultant helping businesses understand and optimize the performance of their digital channels using various analytics solutions. Eric brings over 10 years of experience as a digital analytics professional working with brands such as Coca-cola, Wells Fargo, Visa, Microsoft, and Nike.