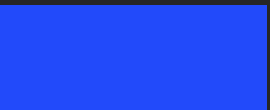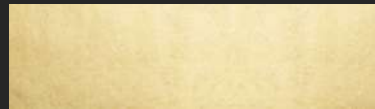# The Entrepreneur's Guide to Boosting Mobile App ROI

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Introduction

Mobile adoption among consumers is at an all-time high. The global problems that characterized 2020 have only accelerated this trend as both companies and consumers have sought to limit human contact and do more from home—including work, shopping, socializing, and other activities which mobile connectivity can support. Mobile apps from companies like Uber, Facebook, Google, Airbnb, and others facilitate these interactions, each with specialised interfaces for their suppliers and individual customers. These companies are accelerating mobile availability as both parties adapt to the streamlined relationships which their mobile apps facilitate.

As of December 2020, there are nearly 6 million different mobile apps installed on smartphones and tablets across the globe. The Forrester website claims that "Mobile has simply become a key driver and enabler of business transformation," but adds that "Many brands wrongly think they have ticked the mobile box and move on to new and more disrupting technologies."

Indeed, most brands are missing critical business opportunities, customer engagements, and revenue streams because they have not developed a mature mobile strategy. As we will find, a winning mobile strategy in any environment involves a value-driven mobile app—but only with clearly defined metrics for success.

This guide explores how successful entrepreneurs define parameters for mobile app development. Discover how to drive returns that have eluded countless others. You will discover:

❯ four key steps in defining and measuring ROI for your mobile app project

❯ four ways you can drive mobile app ROI and improve your relationships with customers

❯ six techniques for implementing a successful mobile app marketing strategy

❯ how to get started with your own mobile app development project

No matter your industry, the mobile app market is becoming more competitive. Take the right steps now to give yourself an advantage, and build a critical foundation for existing and future customer relationships.

Executive Summary

How to Successfully Measure ROI in Mobile Apps

Business leaders must define key performance indicators (KPIs) for mobile apps that reflect successful customer experiences and business outcomes. There are four essential steps to developing your own winning strategy for realizing ROI on your mobile app investment. These are creating a measurement plan, calculating customer lifetime value (CLV), establishing overall cost, and creating actionable metrics.

How to Improve ROI in Mobile Apps

Ongoing mobile-app success depends on the ability of business leaders to create robust plans for both marketing and product strategy. There are four key ways in which companies can improve ROI over time. These are; making a robust business plan, prioritizing features to ensure top performance, ensuring exceptional user experiences, and continuously improving the user interface. These can all help companies improve ROI over time and deliver on KPIs as customer expectations evolve.

Six Techniques to Execute a Robust and Ongoing Marketing Strategy

Apps require marketing with fully realized, customer-oriented initiatives that drive KPIs. There are six strategies for engaging and communicating with key customer segments. These are: targeted marketing, optimizing app funnels, improving ad spend, retention through rewards, social sharing, and improving communication. These can all help company leaders realize the ongoing business success those mobile apps must command.

How to Successfully Measure ROI in Mobile Apps

There are over 1 billion compatible smartphones on which app developers can create robust, integrated experiences for their customers. Business leaders need a clear definition of associated key performance indicators (KPIs) to deliver on their expectations. Mobile app KPIs may include:

❯ Daily Active Users (DAU)

❯ Average Revenue per User (ARPU)

❯ Customer Lifetime Value (CLV)

❯ Cost per Acquisition (CPA)

❯ Incremental revenue

❯ and others

After all, your users rely on a continuous app experience. Delivering on this expectation means proving the business viability of the app, supporting its success, and enhancing the app to solve business and customer problems directly, especially as they change over time.

It's time to define the parameters of success for your mobile app. Consider the following four steps to developing your own winning strategy for realizing ROI on your mobile app investment.

1. Create a Measurement Plan

Mobile app development teams often start with a great idea and proceed without planning specific methods to measure their app's success. These factors are critical if they expect to achieve company growth objectives. They will also help developers modify or fix features that impact the app's performance.

The KPIs that make up a measurement plan should not be restricted to the app alone. As we will find, the off-app, and even in-person impacts of the app (for example, higher foot traffic in physical stores in the case of retailers), can also be KPIs in the context of successful app development.

> **Start by identifying the KPIs that make sense for your mobile app. DAU makes sense for apps monetized through advertising, for example. ARPU makes sense for apps which are meant to drive in-app sales.**

Developers should also introduce analytics into the app. Analytics deliver insights into the app's performance based on any combination of KPIs. Business leaders should identify other ways to measure key customer experience (CX) metrics as well. These may include in-app surveys and reviews that ask users direct questions.
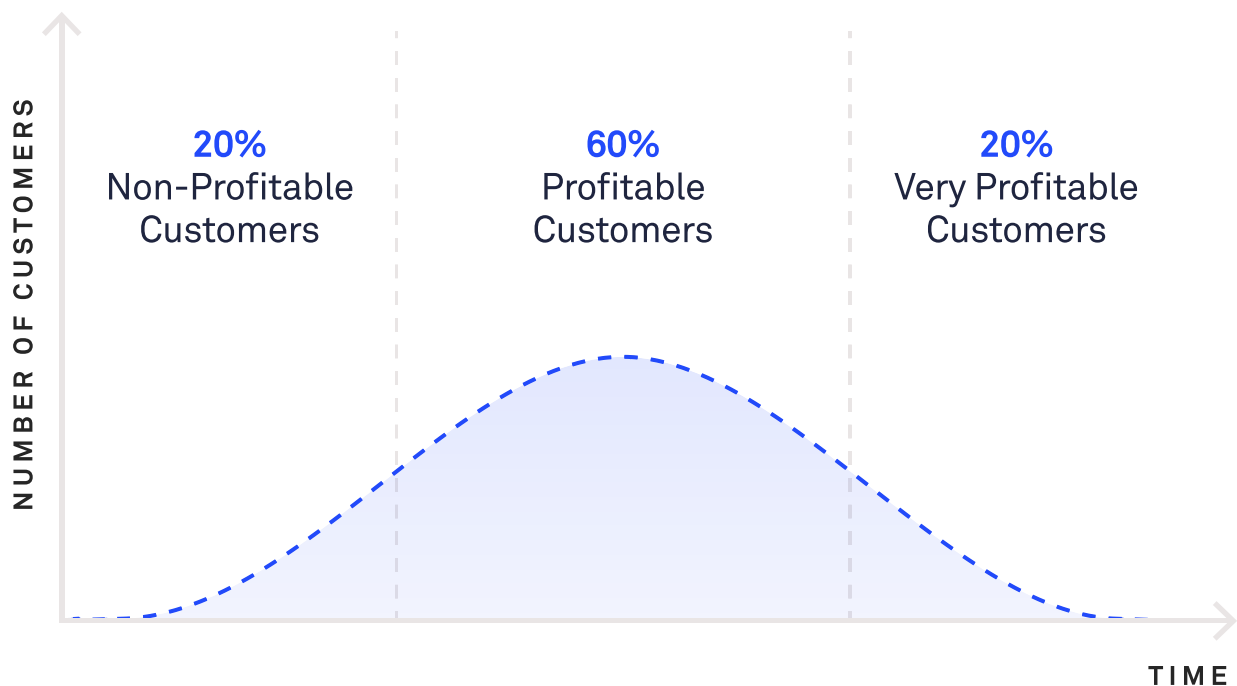
Finally, developers and business leaders should include these metrics in an actionable plan that will impact the further development, optimization, and transformation of the app for its lifetime. With clearly defined KPIs, these business goals remain clear as changes to the app become necessary.

2. Calculate Customer Lifetime Value (CLV)

In addition to key customer metrics like ARPU and CPA, both development and business teams must share an understanding of how customer lifetime value (CLV) is defined in relation to the app. As time goes on, shifts in CLV will determine the existing, and anticipate the future, success of the app, which can guide strategic decision making.

Generally, CLV is the revenue a single customer will contribute and the duration of his or her involvement with the app. A low CLV could be characterized by customers quickly deleting an m-commerce app after a single purchase; or, by downloading the app long-term but never using it.

> **Calculating CLV should be an ongoing effort; a 'scorecard' for the app's ROI. As we will find, CLV contributes to several other methods and strategies for realizing the app's overall success.**

NUMBER OF CUSTOMERS

20%
Non-Profitable
Customers

60%
Profitable
Customers

20%
Very Profitable
Customers

**TIME**

3. Establish Your Overall Cost

Even an otherwise highly successful app is doomed to fail if its costs outpace its financial benefits to your company. In addition to initial development costs (designing, developing, and launching the app) developers must estimate the whole cost of the app over time to understand its cost-benefit ratio.

This can be challenging, depending on the nature of the app. Apps that generate ad revenue or in-app purchases may have a more direct cost-benefit ratio, where revenue generated by the app itself can justify costs. Other companies may need to attribute business value in other, off-app, environments to measure the cost-benefit ratios of their apps.

> **Ultimately, business leaders must include the development and ongoing costs of their app in their ROI calculations when gauging the success of the app. Minimizing costs during development and identifying cost-effective strategies for post-implementation can ensure an otherwise successful app doesn't fail because it is too expensive.**
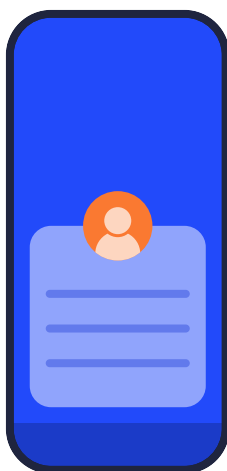
A basic mobile app for 1 platform costs

$25,000 - $50,000
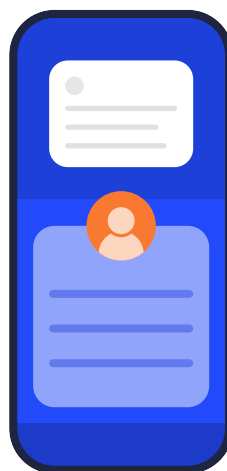
A medium-complexity app for 1 platform costs

$50,000 - $100,000
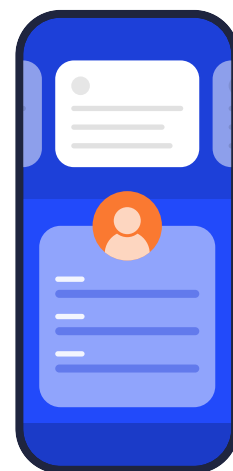
A complex app for 1 platform costs

$100,000+

4. Create Actionable Metrics

Finally, be sure your teams have pathways to realizing success based on the metrics you establish at the start of your project. Actionable metrics represent results that teams can impact through fixes, changes, and improvements to the app's coding, or the campaigns and initiatives that support it.

For example, a retailer may want to create a personalized in-app experience for users based on their off-app purchasing habits as evidenced by data from their customer account. Successful execution of this strategy for all users means the retailer could improve ARPU, and perhaps CLV by reinforcing the value of the app in the lives of its customers.

Other actionable metrics may reflect off-app or individual initiatives. For example, marketers may seek to drive DAU for a specific period, during which time they are executing a mobile app-focused marketing campaign that attempts to drive more users to the app.

ARPU

$36.47

DAU

12 845

How to Improve ROI in Mobile Apps

A successful mobile app solves a specific problem for customers, the business, or both. It is a functional tool that continues to meet one or more of the company's clearly defined goals. But even initially successful apps need attention and support in order to remain successful.

This ongoing success depends on robust plans for both product strategies and marketing. Here are four ways companies can improve ROI over time with these strategies in mind.

1. Make a Robust Business Plan

A mobile app can function like its own business; apps should have their own products or customer benefits, marketing, and both functional and financial logic. It behooves companies to develop a unique business plan for their apps with this in mind.

For example, a company might make a business case for an app by monetizing it. There are dozens of ways to do this, including:

❭ hosting third-party advertisements within the app

❭ integrating the company's existing eCommerce functions (i.e., m-commerce)

❭ supporting in-app purchases (i.e., paid downloadable content or "DLC")

❭ Charging a fee for the app itself

Companies can then develop a business plan based on this goal, featuring analyses, marketing strategies, and other aspects that constitute a successful business plan. But monetization isn't the only justification for a robust business plan. Any benefit that adds value can be defined through metrics as part of the app's ROI.

2. Prioritize Features and Ensure Top Performance

Users will measure the success of your app themselves based on its features and performance. Indeed, apps fail quickly if they don't offer desirable features or if they perform poorly upon first use.

Loading time is perhaps the most critical performance factor because it predicates the success of all other features in the app, and its importance is well documented among researchers. Eliminating bugs and errors before launch, upon launch, and on an ongoing basis is also critical.

Remember, the success of your app hinges primarily on user adoption and retention. Poor performance, as well as too many or too few features, will jeopardize its success. Conversely, delivering on these needs, and building in methods to improve performance and improve or add features, can deliver on key metrics indefinitely.
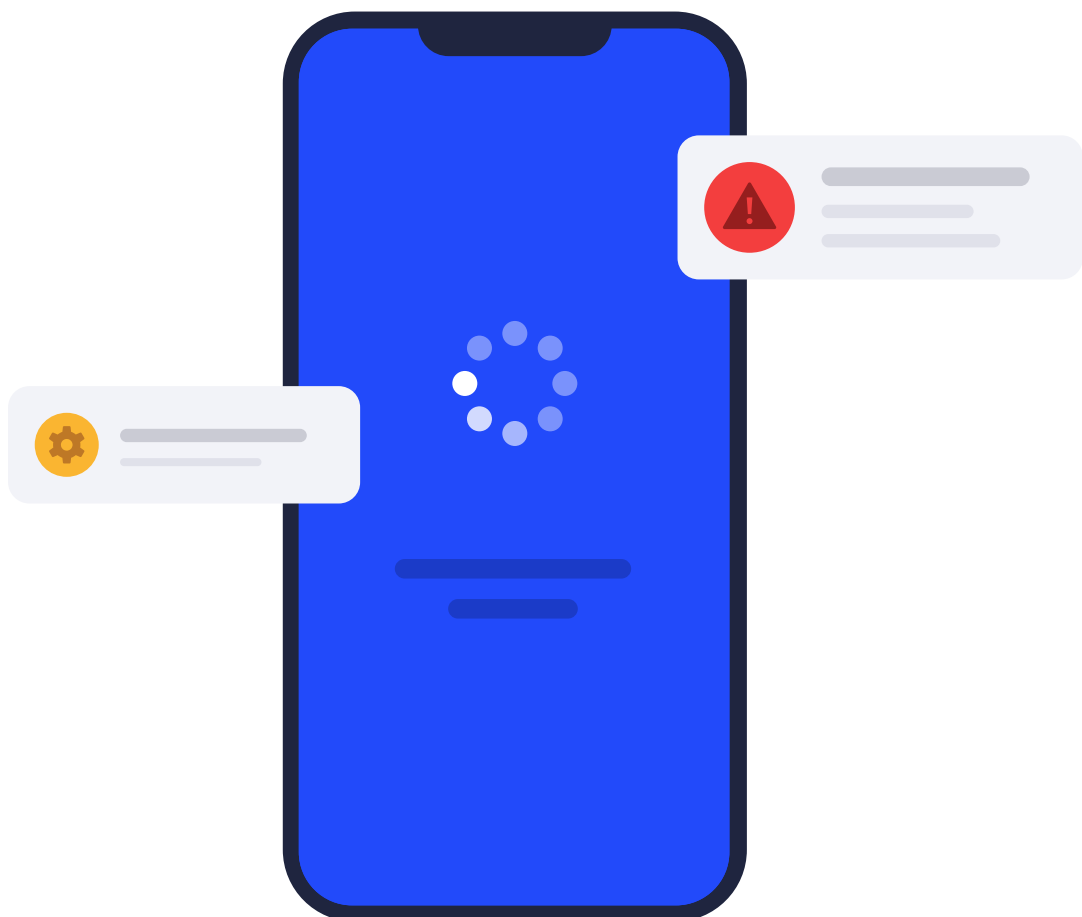
3. Ensure an Exceptional User Experience (UX)

The ongoing success of your app is also dictated by how well you respond to the evolving expectations of your customers. For example, customers who are used to the support from the in-app chatbots provided by your competitors may come to expect the same level of service from you. Failing to provide the experience that customers want puts ROI in jeopardy as they abandon your app for your competitor's.

More immediately, countless apps are abandoned after a single use because of a poor user experience. With this in mind, it behooves companies to invest in user testing, as a poor first-time user experience can turn users away forever.

Increasingly, successful UX requires that developers look beyond the app at the holistic customer experience (CX). As Forrester describes, the mobile app "is not a channel but a way to deliver an integrated offline/online experience in real time." The in-app UX should therefore contribute to a more successful customer experience overall; the mobile app then becomes one of several contributors to lifelong relationships with your customers.
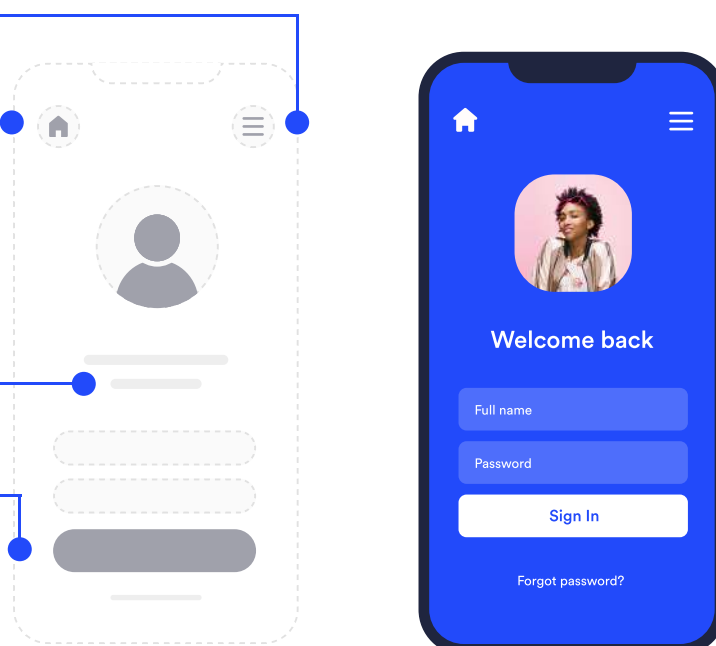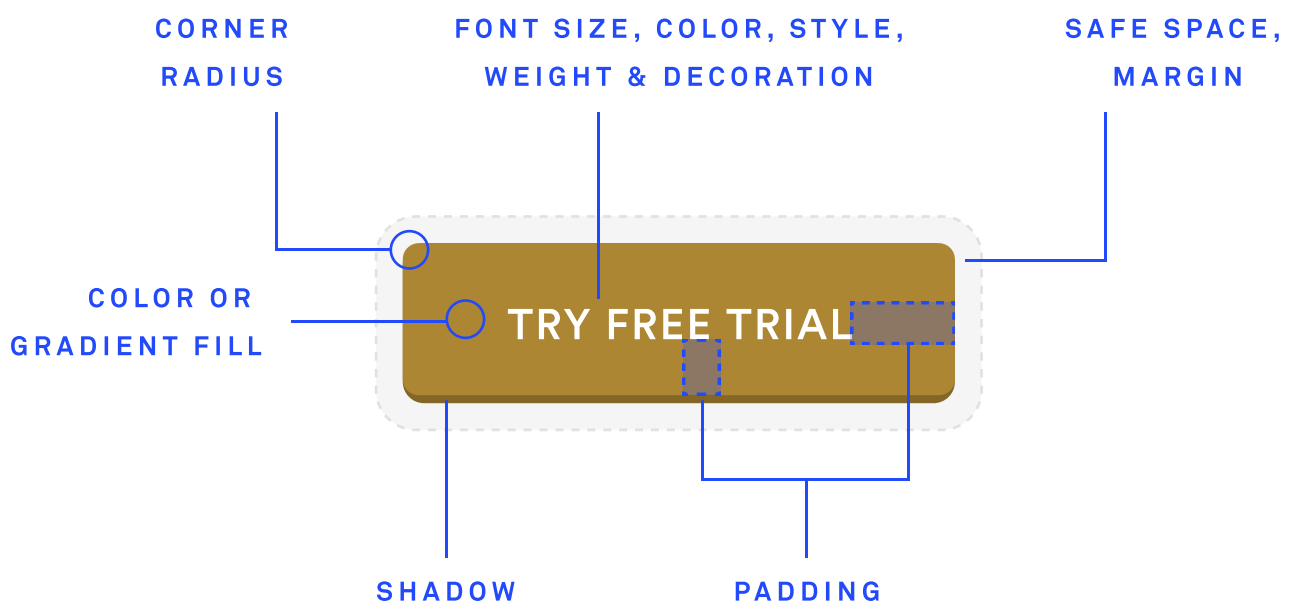
4. Continuously Improve the User Interface (UI)

Although part of the user experience, the user interface (UI) is more precisely characterized by the appearance, interactivity, and functionality of the app from the user's perspective. In its most basic form, the UI must be easy to understand and provide practical features that will help the user achieve specific goals. But UI contributes to the performance and appeal of the app as well.

For example, the Domino's Pizza mobile app became successful in part because of its carefully planned UI. Featuring large buttons and graphic icons, the UI not only simplified the ordering process but it also contributed to the user's decision-making with visually appealing images of the various pizzas. The Domino's Tracker® gives the user a real-time, visual depiction of their pizza's progress, something desirable and difficult to replicate by any of their competitors.

As with UX, UI needs ongoing attention and adjustment to deliver on customer expectations. Simple, small enhancements to the UI, whether that means changing the location of a button or rewriting text in the app, should also factor into your strategies throughout the lifetime of the app.

CORNER RADIUS

FONT SIZE, COLOR, STYLE, WEIGHT & DECORATION

SAFE SPACE, MARGIN

COLOR OR GRADIENT FILL

TRY FREE TRIAL

SHADOW

PADDING

Six Techniques to Execute a Robust and Ongoing Marketing Strategy

As with any business, apps need their own marketing strategy, with targeted and fully realized initiatives to drive customer interactions. As you roll out key features for customers, consider the benefits of the following six strategies for engaging and communicating with key customer groups.

Run targeted marketing

Leverage customer data to personalize messaging for target audiences.

Optimize app funnels

Diversify and optimize your marketing distribution. Target channels most likely to drive traffic and app downloads from key customer segments.

Improve ad spend

Use programmatic advertising techniques to engage target audiences across relevant online properties. These should include websites and even other apps.
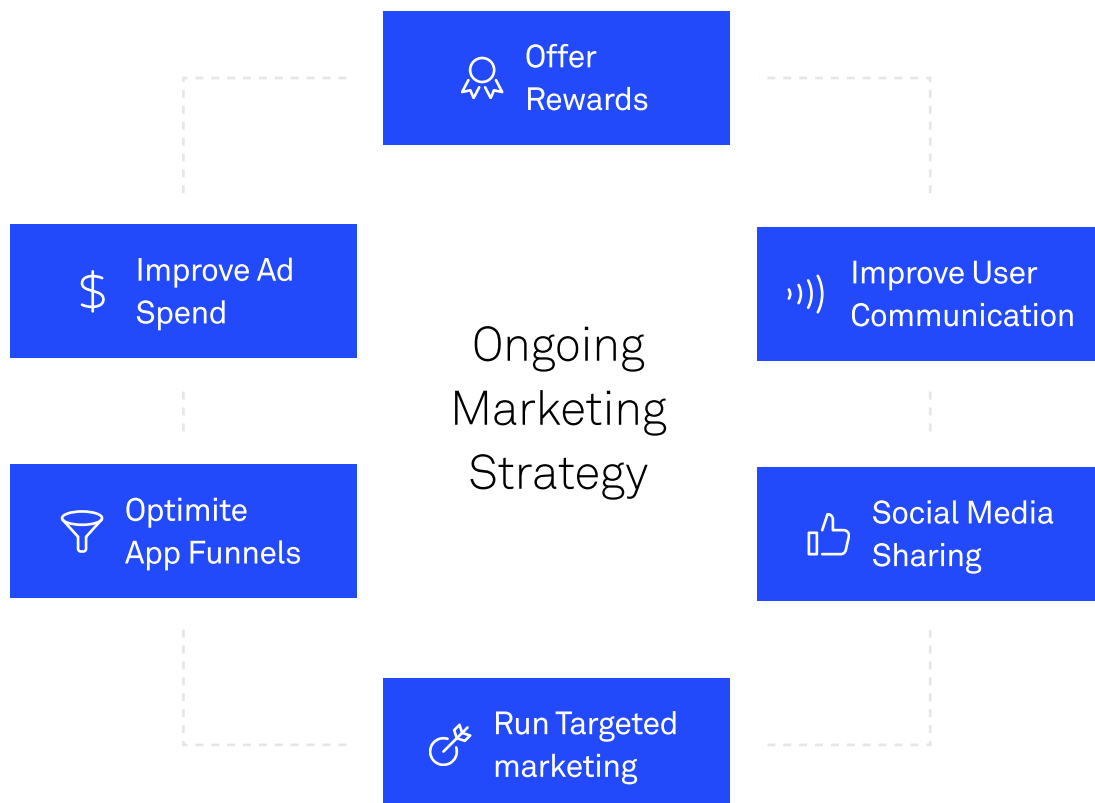
Retain users by offering them rewards

Launching frequent in-app campaigns that reward users in exciting and unique ways keeps them engaged for greater lifetime value. Gamification, points systems, special certificates, and rewards for completing specific tasks are just a few examples of how you can motivate and collaborate with users.

Encourage social sharing

Build social media campaigns that entice, incentivize, or reward customers for sharing your app on social media. Incorporate social marketing or functionality in the app itself to fully leverage the value of your customers' personal networks.

Improve communication with your users

Become a seamless part of your users' lives. Use direct messages, push notifications, email, and in-app platforms to create two-way communication with users. Chatbots and other AI-driven tools control the conversation as you listen actively and act upon user's comments.

Offer Rewards

Improve Ad Spend

Improve User Communication

Ongoing Marketing Strategy

Optimite App Funnels

Social Media Sharing
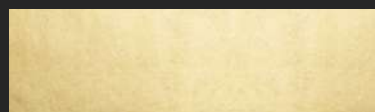
Run Targeted marketing

Reimagine Mobile for a New Generation of App Users

As user expectations evolve, customers increasingly look to companies to provide not just an app, but a total brand experience to which the app contributes. Both B2C and B2B brands can start creating and implementing ROI strategies with this goal in mind. But they can only succeed with clearly defined metrics across brand touchpoints; metrics that reflect all interactions, including those on the company's mobile app.

DECODE Helps You Build Right Mobile App for Your Customers and Your Brand

DECODE is a leading mobile software development partner that puts your customers and ROI initiatives first. Our dedicated team work with you on all necessary steps for creating a successful app experience for your users, for the entire lifetime of your app. Get your mobile strategy started on a pathway to lasting customer success.

Contact Us Today and we will follow up to discuss your strategic opportunities.

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