

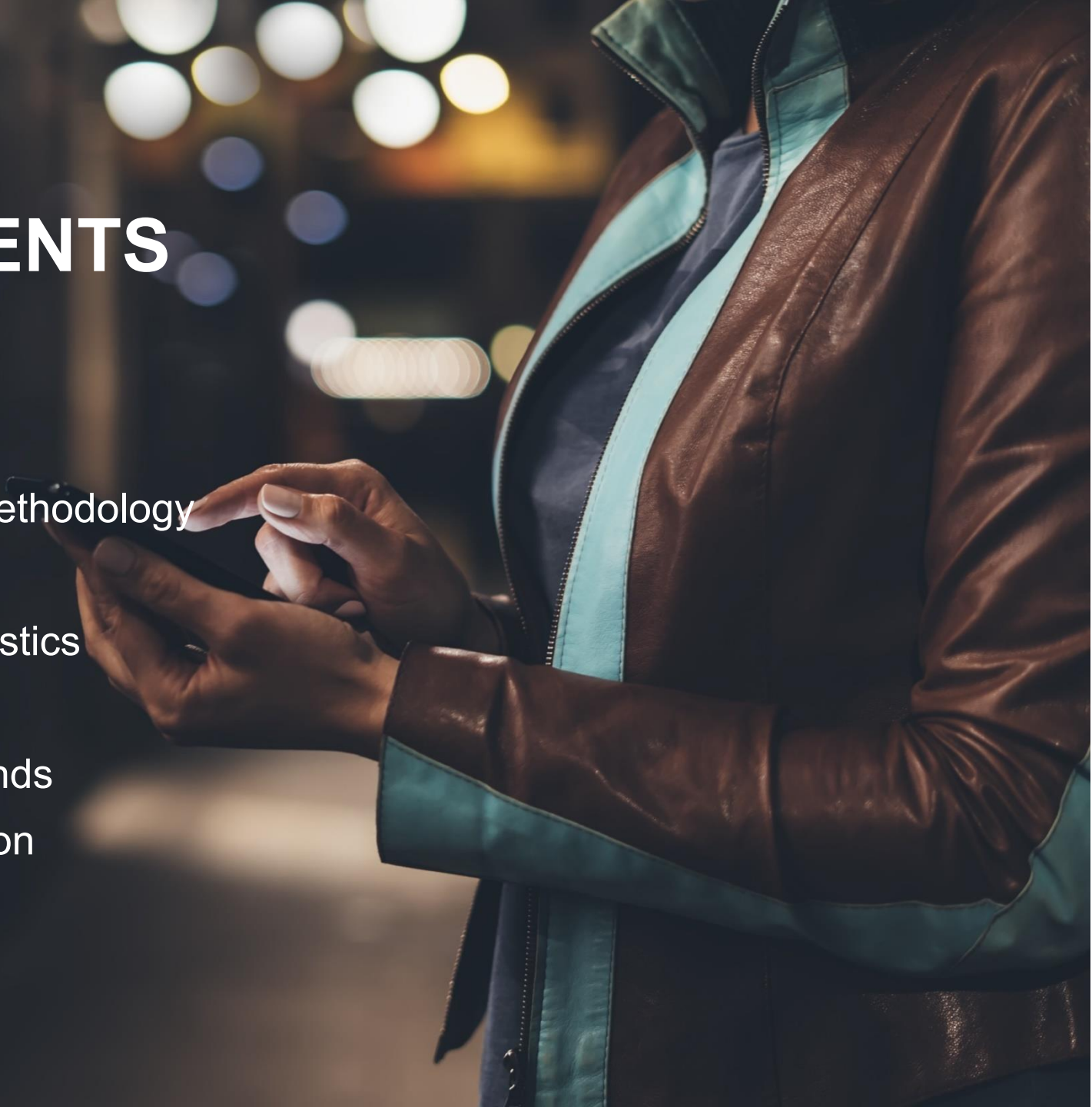
InMobi's State of App Performance Marketing Survey - Global

—
2017



TABLE OF CONTENTS

- 1 Introduction
- 2 Research Objective & Methodology
- 3 Key Insights
- 4 App Marketer Characteristics
- 5 User Acquisition Trends
- 6 In-App Remarketing Trends
- 7 Measurement & Attribution
- 9 Mobile Ad Fraud
- 10 About Us



RESEARCH OBJECTIVE

InMobi's State of App Performance Marketing survey is the leading research program for mobile developers and the app economy. It is designed to help app marketers better understand the responsibilities, activities, challenges, and current/future trends that mobile app marketers face

This survey explores

1. App marketer trends
2. User acquisition strategies
3. Need for in-app remarketing
4. Measurement & attribution
5. Mobile Ad Fraud
6. KPIs to measure campaign success



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- A close-up photograph of a hand holding a magnifying glass over a document. The document contains text in Portuguese, including 'Mistura 6-10-10', 'Sulfato de amônio', 'Superfósforo simples', 'Superfósforo tipo', 'KCl (60% K
- ₂
- O)', and 'Acidificador'. The magnifying glass is positioned over the text, highlighting the details of the document. The background is blurred, showing more of the document and a pen.

STATE OF APP PERFORMANCE MARKETING SURVEY, 2017

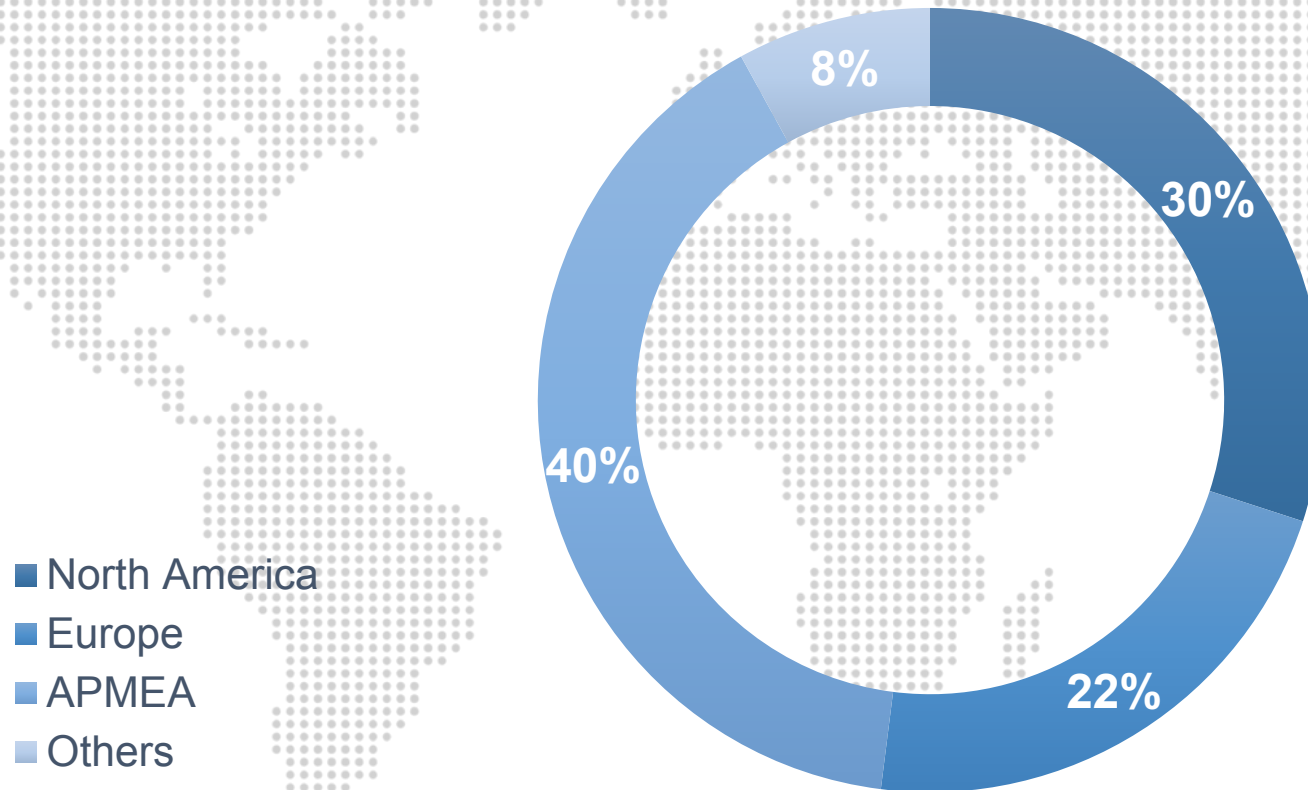
Mobile app marketing has come a long way in the past few years since focusing solely on only app store optimizations to a wide array of techniques that span the entire customer journey from acquisition to retention and conversion.

As part of our endeavor to help grow the mobile app space, we at InMobi have designed this mobile performance marketing survey to help provide app marketers with a greater understanding of what is working and what is not and to better understand the current and future state of mobile app performance marketing covering User Acquisition, App Monetization and Retention.



STATE OF APP PERFORMANCE MARKETING SURVEY, 2017

Survey Participant's Location



APP MARKETER CHARACTERISTICS

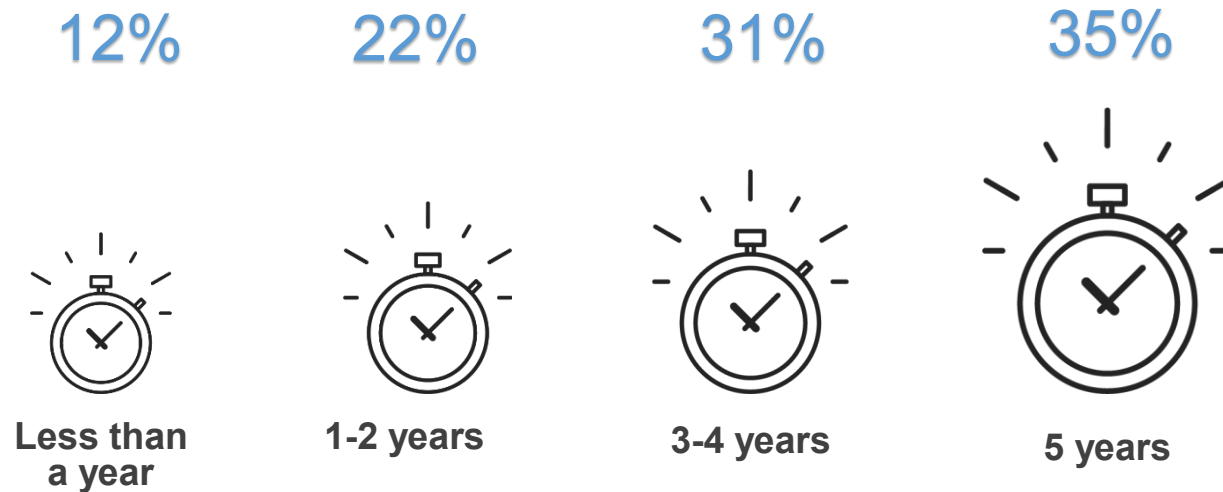
A photograph of two young women in a subway station. The woman on the right, wearing a light pink coat, is pointing at a smartphone held by the woman on the left, who is wearing a dark blue jacket. They are both smiling and looking at the phone. The background is a blurred subway platform with tracks and lights.

Insights

- Mobile app development is a still relatively young and growing industry with only 1 out of 3 developers having 5+ years experience.
- App marketers are pioneers, with a high degree of knowledge about their field. Most have 4 years or less of experience in the field and only 75% rate their knowledge of the field as strong or expert level.
- Mobile app marketing teams are compact: members must play multiple roles. North America, APAC and Europe are the most popular target regions for app marketers, given the stronger economic development, large English-speaking populations and increased smartphone adoption.
- 70% of app marketers consider user acquisition as the most important marketing goal for their campaigns.

Mobile App Development Is A Prospering Industry And Is Going To Get Bigger Over Time

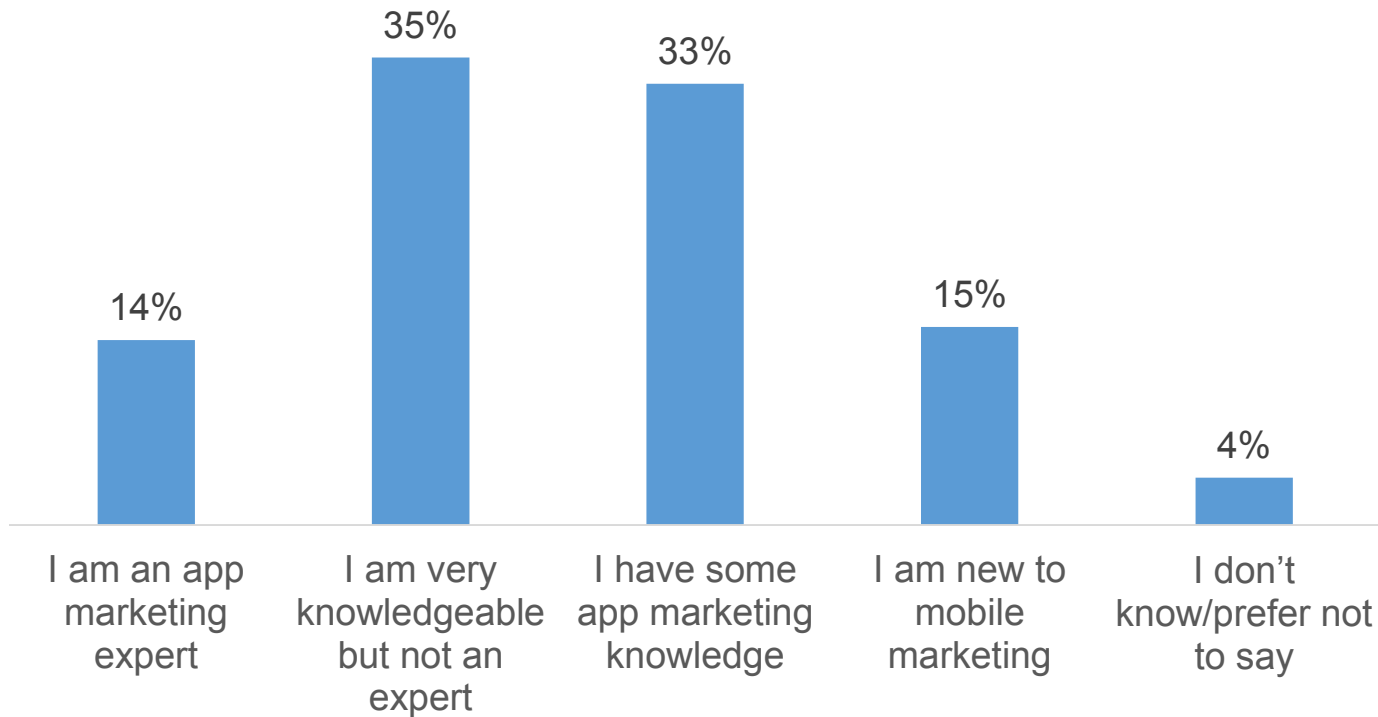
Length of Time Working in Mobile App Industry



- App marketers are trailblazing this new discipline; 65% have 4 years or less of mobile app experience.
- Mobile app development is still relatively young and growing industry with only about 1 in every 3 developers having more than 5 years experience.

Marketers are Pioneers in a Dynamic App Environment

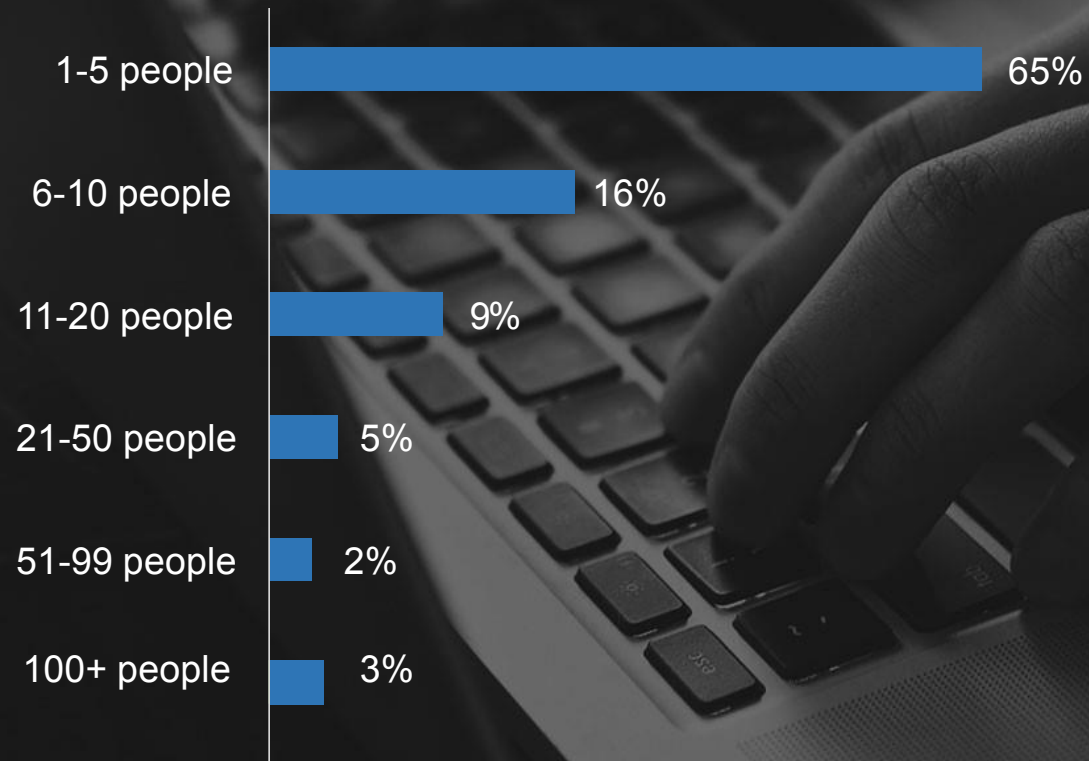
Level of Expertise in Mobile App Marketing



- App marketers are pioneers with a high degree of knowledge about their field. Most have 4 years or less in the field and 3 in 4 app marketers rate their knowledge of the field as strong or expert level.
- In a constantly evolving industry with new strategies and tactics to learn every month, only a handful of marketers call themselves app marketing experts (14%).

Mobile App Marketing Team are Compact ; Members Must Play Multiple Roles

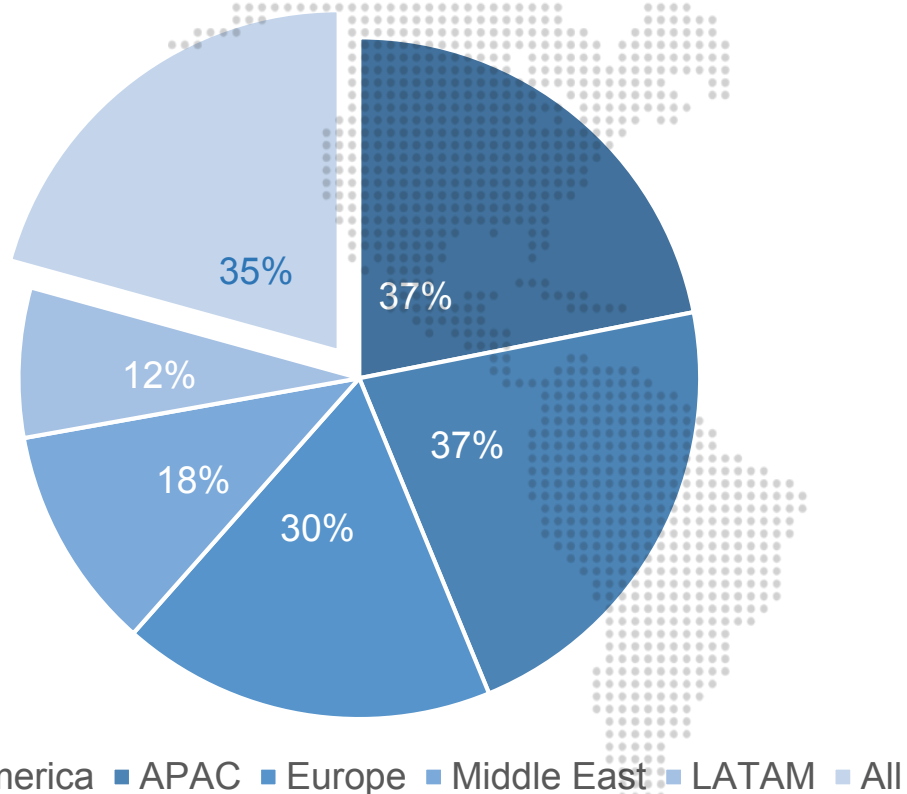
Size of Mobile App Marketing Team



- App marketing teams are quite compact, despite the growing role that apps play in the overall revenue mix for many companies.
- Among our respondents, 65% say that their teams are composed of five people or less.

App Marketers Prioritize NA & APAC Markets For Launching Their Apps

Regions App Marketers Launched Apps

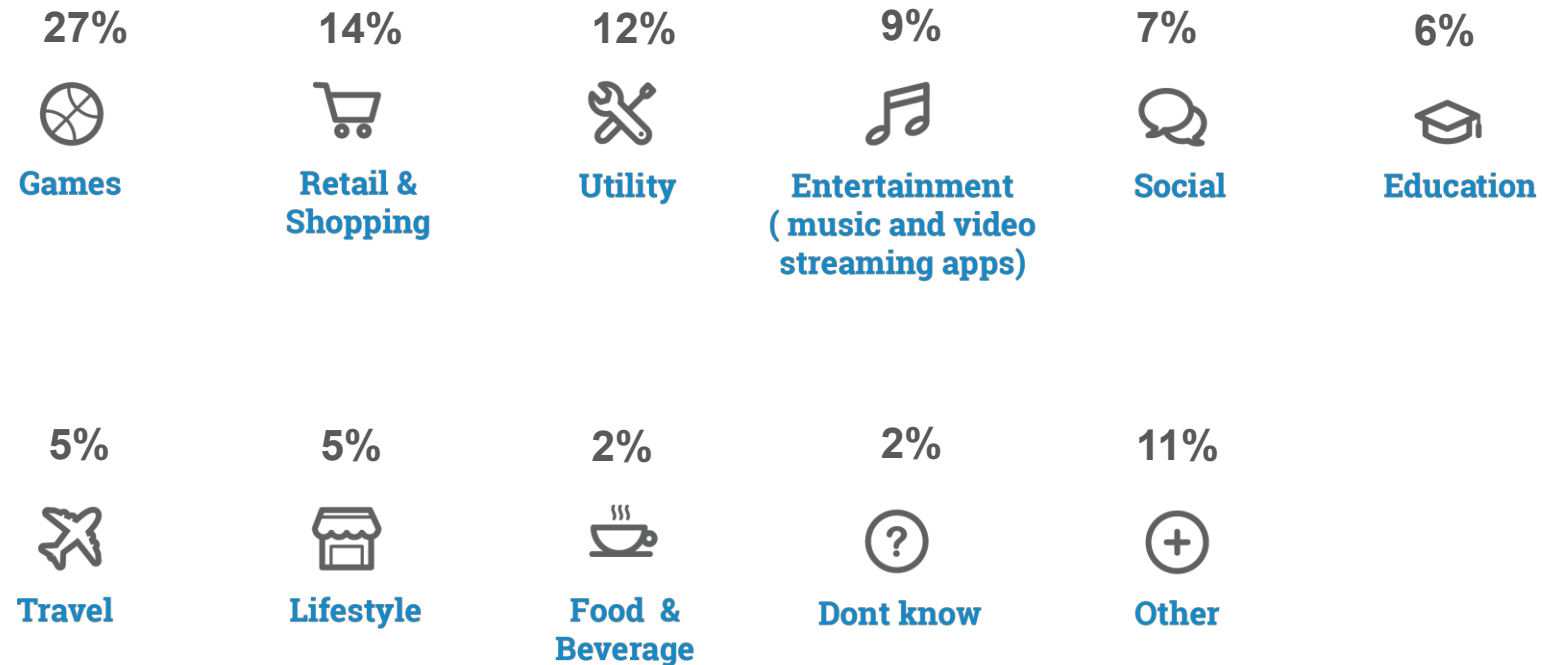


- Most common target regions for app marketers are the ones with stronger economic development, increased smartphone penetration and large English-speaking populations like North America, APAC and Europe.

App Marketers Surveyed Promote A Broad Range Of App Types

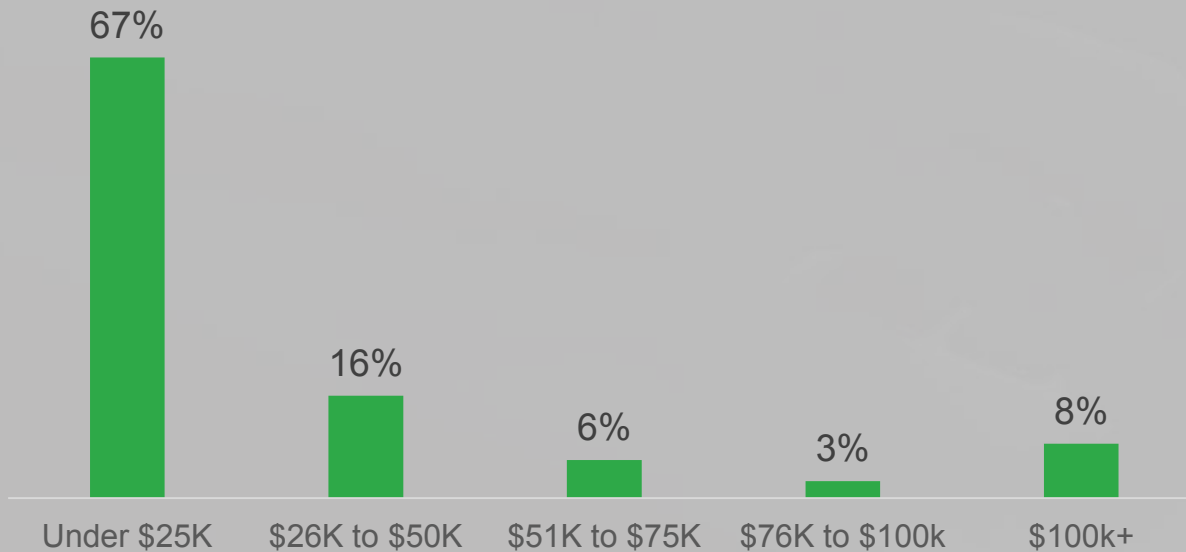
- Gaming, shopping, lifestyle, utility and travel apps were most well represented in our sample, in keeping with general industry trends. These categories also present more opportunities for marketers to add value.

Mobile App Categories



App Marketing Spending Varies Widely Across the Industry

Monthly Average App Marketing Expenditure



- There is a wide range of monthly marketing expenditure across various apps.
- About only 8% of marketers reported heavy spend rates of more than \$100K per month.
- 67% reported spend rates of less than \$25K per month. About a quarter of marketers surveyed reported spending between \$26K and \$100K.

Mobile App Marketing Goals: User Acquisition, Engagement & Retention

Mobile App Marketing Goals



- User acquisition is vital for the success of any new mobile app. In fact, 70% of app marketers consider it to be the most important marketing goal and focus on attracting as many users as possible.
- The next most important goal for marketers is engagement and retention, which involves building a personal relationship with all the users you have acquired.

APP MARKETER CHALLENGES, KEY ISSUES/CONCERS

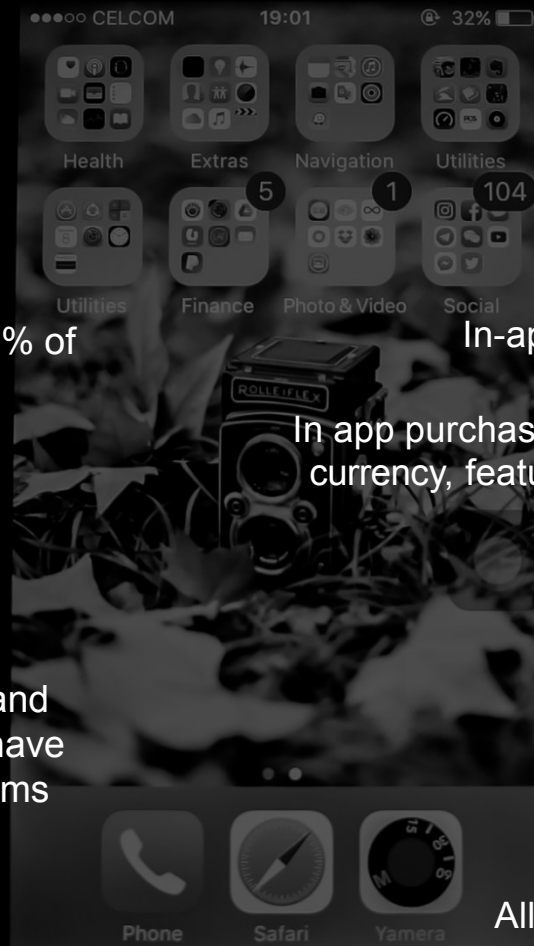
A man with a backpack is walking through a narrow, wet alleyway between buildings. He is looking down at a smartphone in his hands. The alleyway has yellow painted lines on the wet pavement. The buildings are multi-story and appear to be in an urban setting. The overall tone is somewhat somber and focused.

Insights

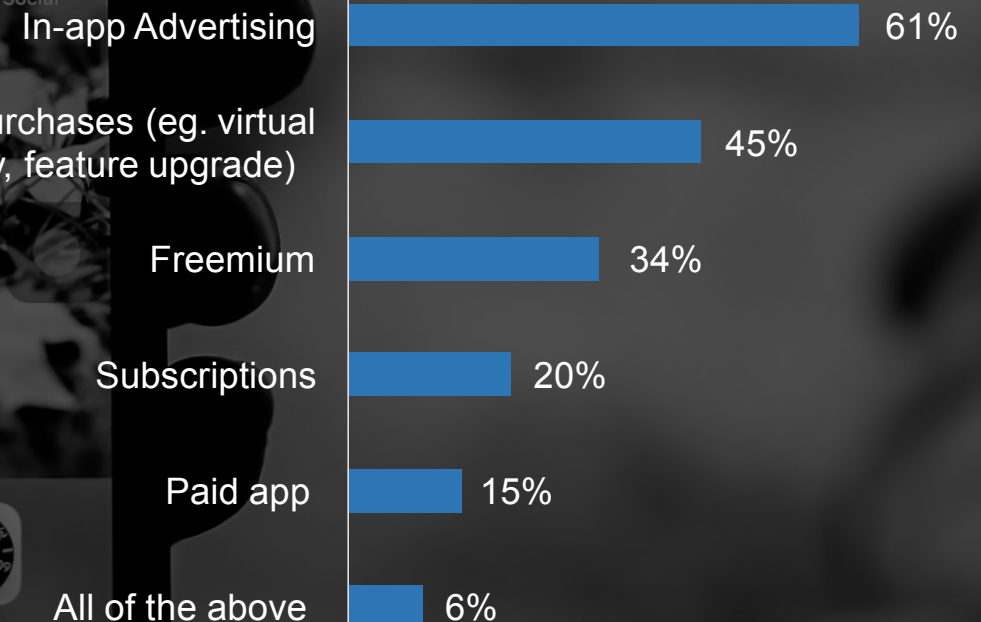
- In-app advertising is still the most dependable app business revenue model, preferred by over 60% of app marketers.
- Over half of respondents (55%) stated that user retention & engagement is a major challenge they currently face. The reason for this being that retentions level diminish over time which puts a dent in monetization efforts for app developers.
- Ad Blocking, Ad Fraud and Attribution challenges are key issues concerning app marketing and advertising.

New Monetization Models Are Quickly Gaining Popularity

- In-app advertising is still the most dependable app business revenue model, and is preferred by over 60% of app marketers.
- In-App Purchases (IAP) of both real world and virtual goods were the next most popular revenue streams among them.
- Having multiple methods of monetization is gaining popularity as a way of diversifying revenue streams and maximizing profitability. About 6% of app marketers have embarked towards embracing multiple revenue streams

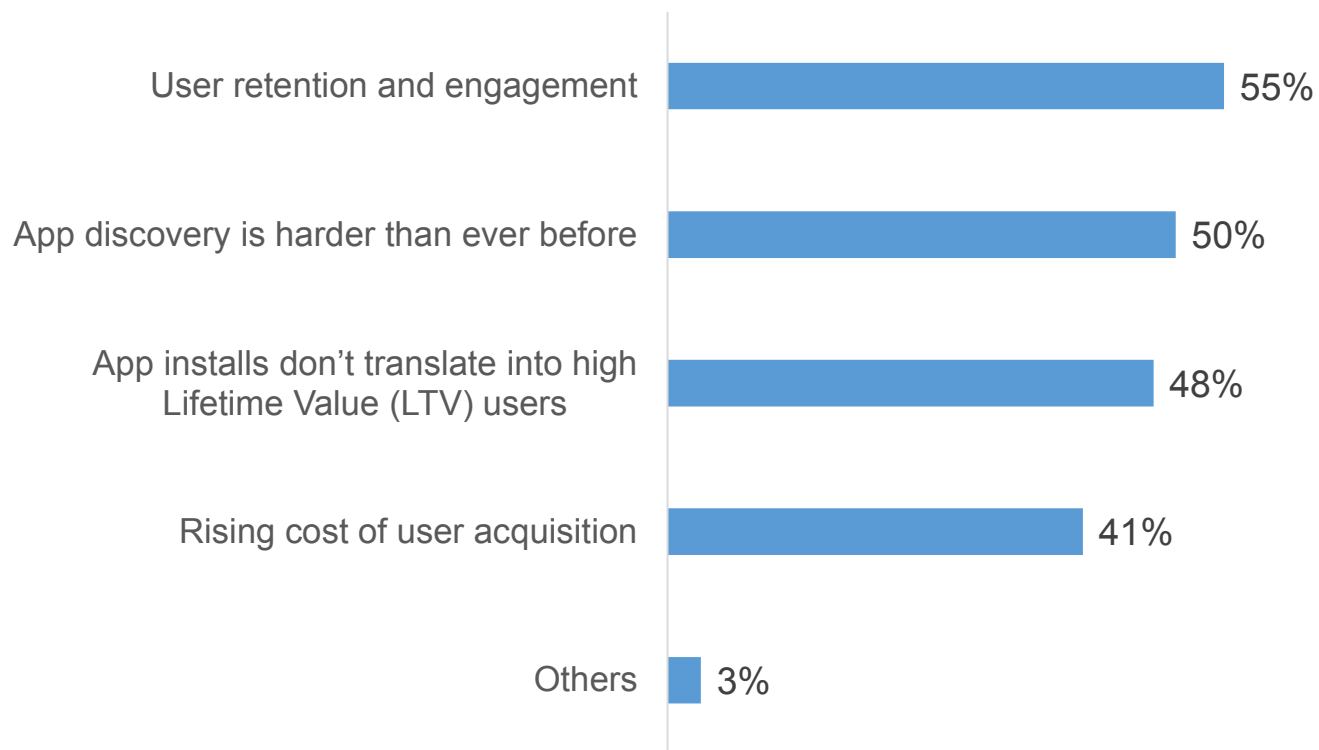


Mobile App Monetization Model



User Retention & Engagement: A Major Marketing Challenge That Marketers Face

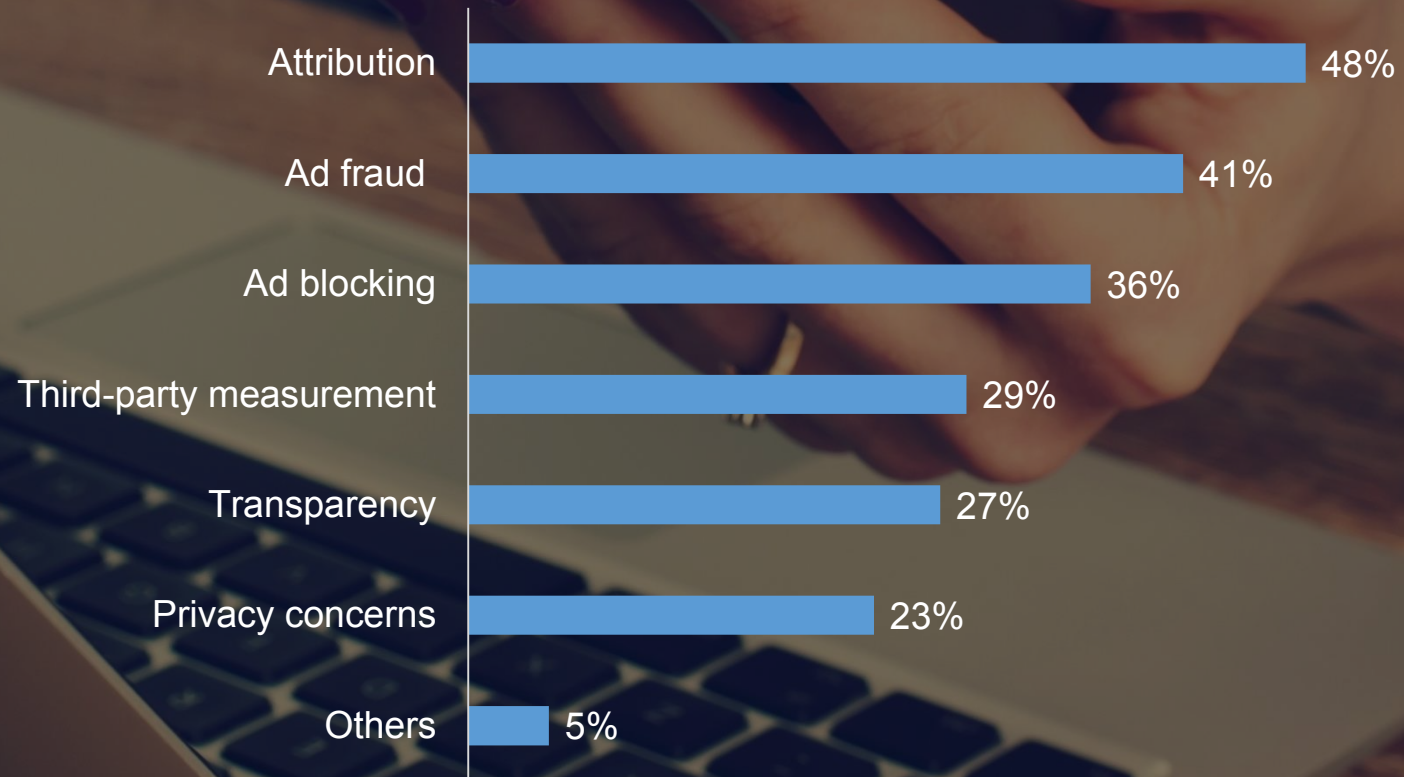
Biggest Marketing Challenges Faced by App Marketers



- 55% of surveyed respondents stated that User Retention & Engagement is a major challenge they currently face. The reason for this is that retention levels diminish with the passage of time which hurts monetization efforts.
- Discoverability of an app was the second toughest challenge, as nearly half of the survey respondents said they have trouble raising awareness for their app. This does not come as a big surprise, given there are currently millions of apps available in the various mobile app marketplaces

Ad Blocking, Ad Fraud and Attribution are Key Advertising Issues/Concerns App Marketers Face

Primary Issues/Concerns Facing In-App Advertising



USER ACQUISITION TRENDS

A photograph of four young adults (two men and two women) sitting on a bench in a park. They are all looking down at their smartphones. The background shows trees with yellow autumn leaves. The image has a warm, slightly desaturated color palette. The text 'USER ACQUISITION TRENDS' is overlaid in white, bold, sans-serif font across the center of the image.

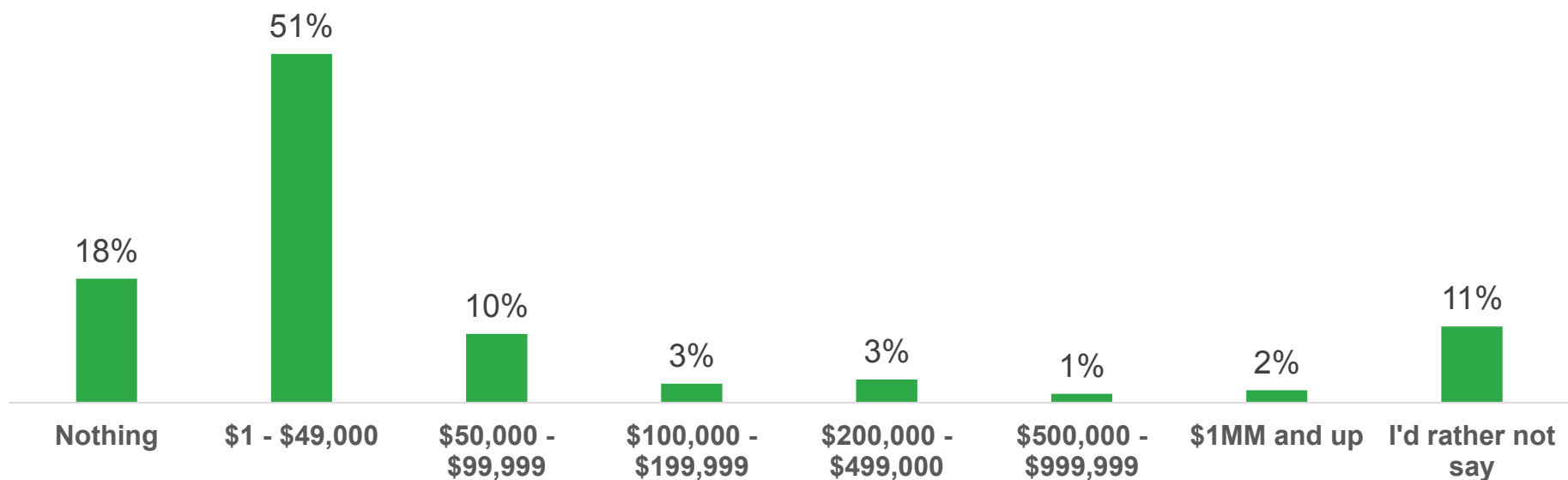
Insights

- More than half of app marketers allocate less than \$50K a month on user acquisition (UA) campaigns.
- From a UA standpoint, CPI is still used by more than half of marketers as the preferred pricing model.
- Video ads are gaining more traction with 44% of surveyed marketers now utilizing video for UA campaigns.
- Video ads are clearly gaining popularity among app marketers with 36% of them planning to invest in video over the next 12 months.
- User Quality, Transparency & Trust and Account Management are the top three most important criteria that app marketers evaluate when selecting an ad network for a user acquisition campaign.

Low Budgets Hinder User Acquisition Efforts

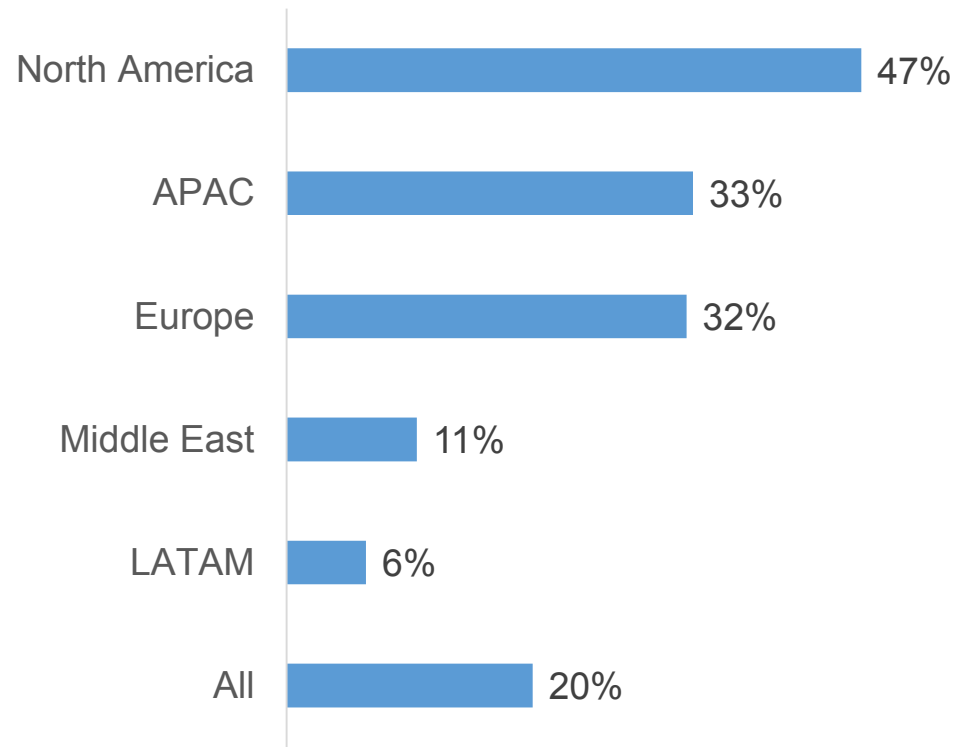
- More than half of app marketers allocate less than \$50K a month towards user acquisition campaigns.

Budget Allocated Monthly Towards UA Campaigns



Marketers Prioritize North America, APAC & Europe Markets For Running UA Campaigns

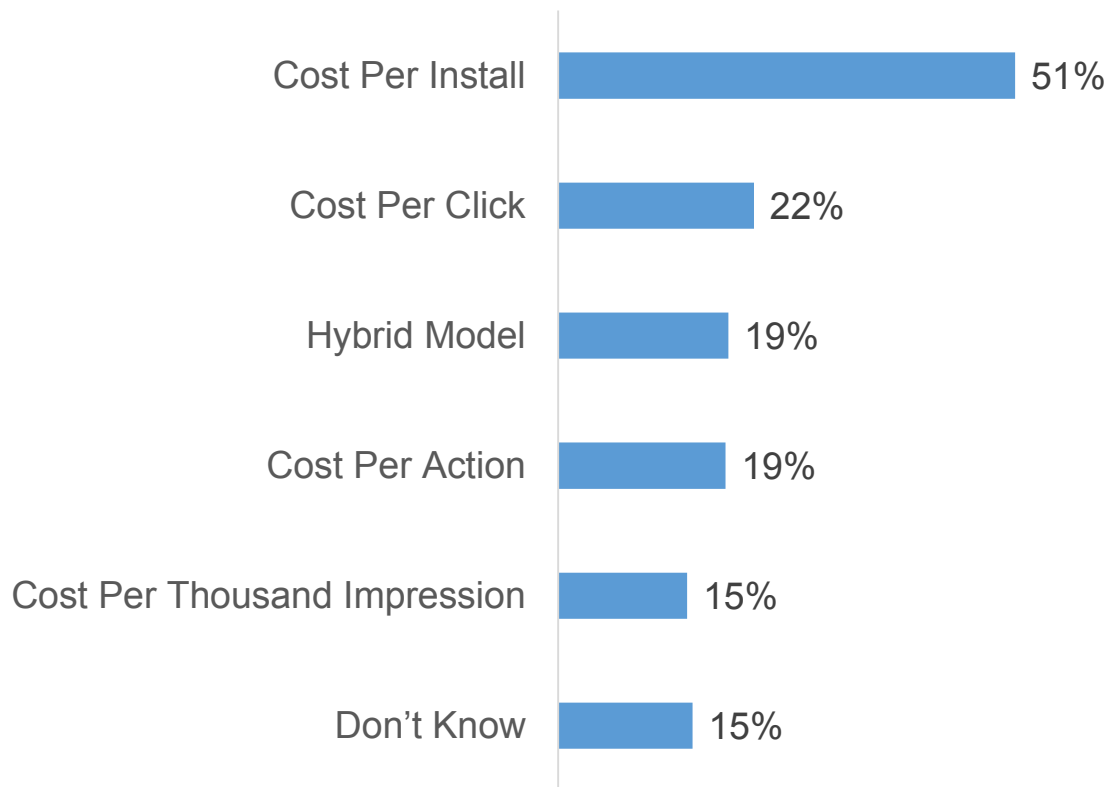
Regions Focused For Running UA Campaigns



- 47% of app marketers still prefer NA as the top region for running UA campaigns.
- APAC is the second most common target region for UA campaigns given the stronger economic development, increasing English-speaking populations and high smartphone penetration.

CPI Still Rules Mobile App Media Buying

Preferred Pricing Model For Paid User Acquisition



- In regards to user acquisition campaigns, CPI is still used by more than half of marketers as a preferred pricing model.
- 22% of respondents use CPA model as it offers advertisers more opportunities to increase their revenues while minimizing expenses. Since an advertiser pays only for a specific action in contrast to Cost-per-Click pricing models, ad fraud is much less likely to occur.
- CPC is preferred by 19% of respondents despite the susceptibility of click fraud in this pricing category.
- As the app landscape becomes more sophisticated, there is a trend towards adoption of hybrid pricing models.

Video, Banner Ads & Native Are The Most Preferred Ad Formats For UA

Commonly Used Ad Formats for User Acquisition Campaigns



Banner Ads
56%



Native Ads
48%



Mobile Video Ads
44%



Full-screen Interstitial ads
42%

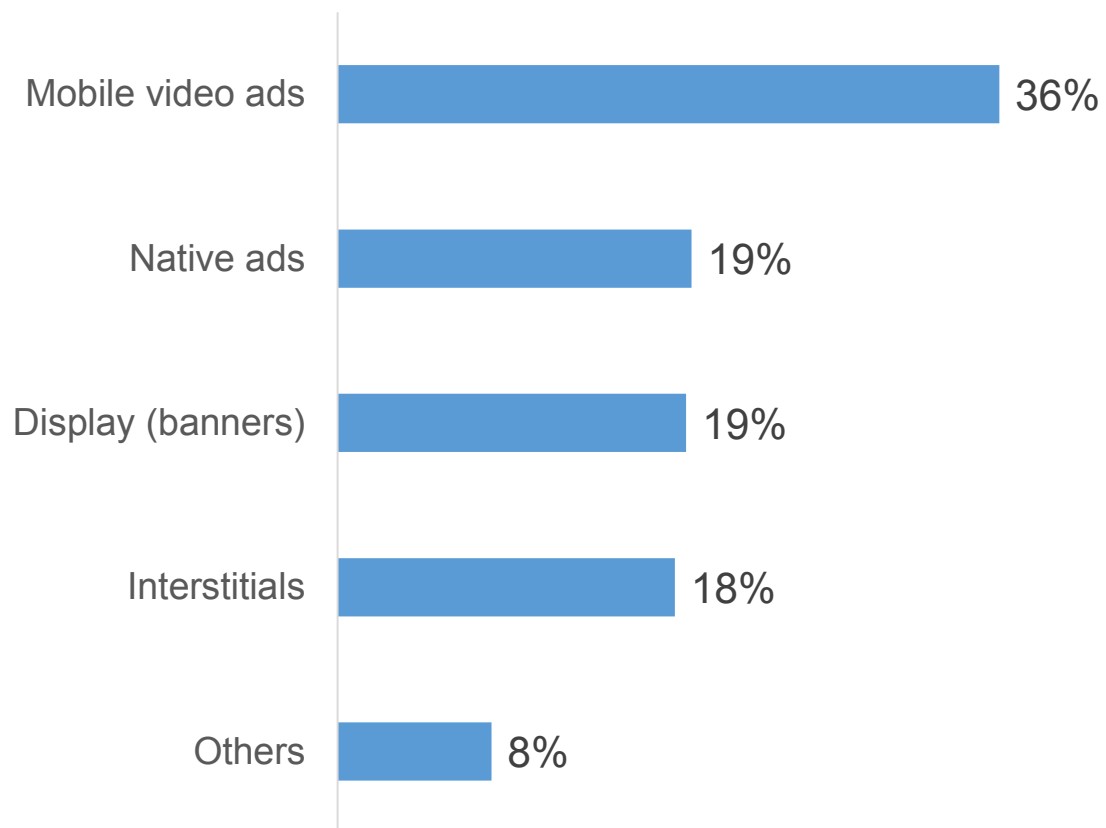


Others
16%

- 56% of app marketers use banner ads for running UA campaigns. The reason for this being that display ads promise mass reach at affordable prices, which translates to millions of ad impressions on mobile.
- Video ads are gaining traction with 44% of respondents using video for UA campaigns.
- Using a combination of multiple formats provides unique opportunities. This is also a great way to gain a better understanding of what ad formats are most effective.

Mobile Video Gaining Popularity

Mobile Ad Formats Planned to be Used in Next 12 Months



- Video ads are clearly gaining popularity among app marketers with 36% of them planning to invest in video over the next 12 months.
- Most mobile video ads are user-initiated, non-intrusive and prompt high levels of user engagement so it's no wonder why video is quickly becoming app marketers' favorite format.

Video Ads: The Key to Acquiring High Quality Users

- Top marketers realize that there is nothing more powerful than sight, sound and motion with one third of them saying video ads are very effective for acquiring users.

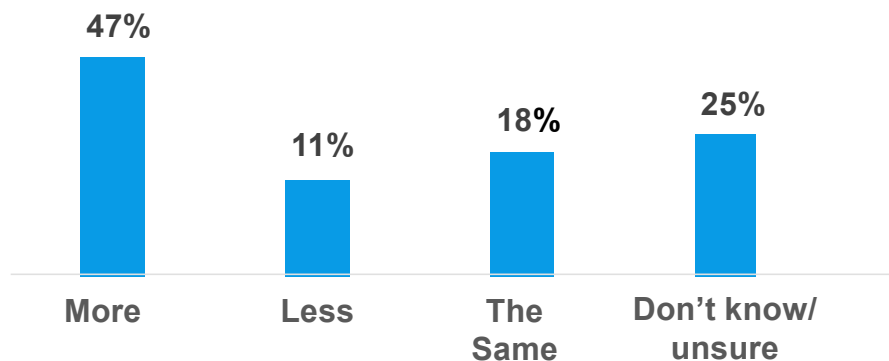
Effectiveness of Video Ads in UA Campaigns Compared to Other Formats



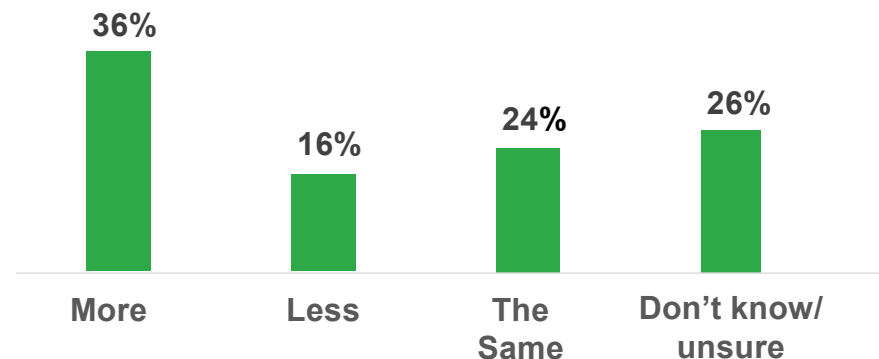
App Marketers Are Betting Big on Video and Native

- Video ads are gaining popularity with today's mobile app developer community and about half of them plan to spend more on mobile video ads over the next year, while about a third plan to increase spending on native ads.

Spending on Mobile Video Ads in Next 12 Months



Spending on Native Ads in the Next 12 Months



Q17. In the next 12 months, my company will spend _____ on mobile video ads

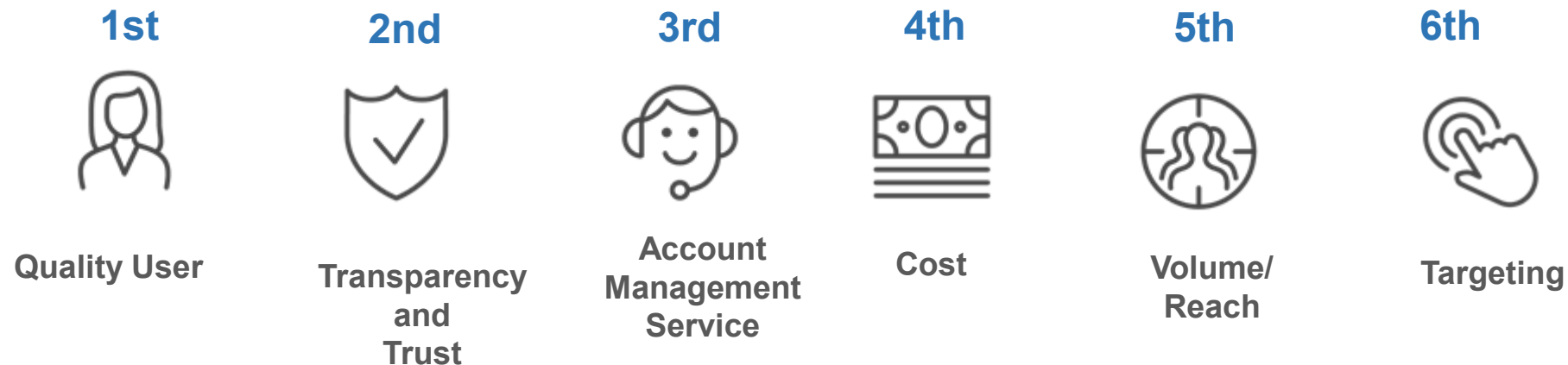
Q18. In the next 12 months, my company will spend _____ on native advertising.

Sample Size n=825.

User Quality, Transparency and Account Management are Key in Evaluating Ad Networks

- User Quality, Transparency & Trust and Account Management are the top three most important criteria that app marketers evaluate when selecting an ad network for a user acquisition campaign.

Parameters Used to Evaluate Ad Networks & User Acquisition Campaign Performance



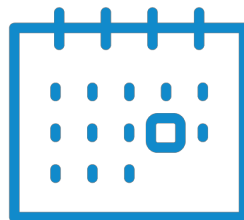
Average Benchmarks

\$2 to \$6



Cost per user
acquisition (e.g.
\$2/user)

Min – 10 events
Max – 20 events



Number of
in-app events
tracked

\$5 -\$8 (depending on
the country)



Cost per quality
user (e.g.
\$2/user)

IN-APP REMARKETING TRENDS

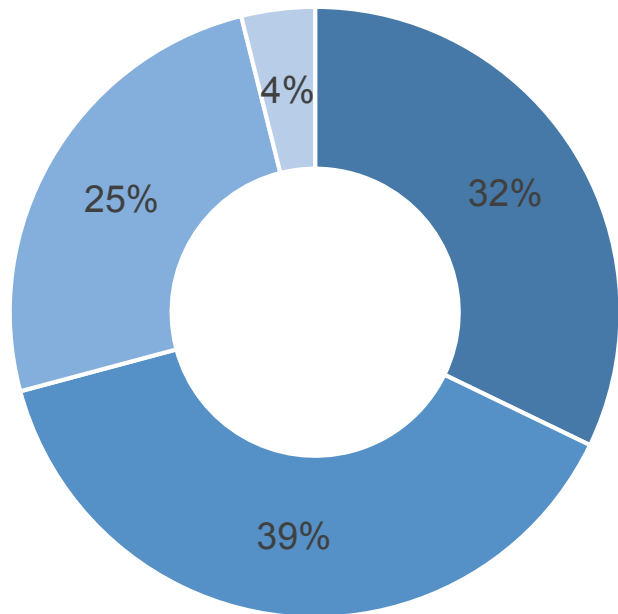


Insights

- Remarketing is gaining traction with almost 32% saying they are fielding some remarketing today and another 39% saying they will invest in this in the next 12 months.
- While the amount of money invested in remarketing is modest so far, it is widely expected to increase in the coming months. 46% of app marketers invest only 0-5% of their marketing budget towards in-app remarketing
- Too Expensive (51%), measuring attribution (26%) & complexity (25%) are the top 3 key factors that's holding app marketers from spending more on in-app remarketing
- Performance metrics are getting matured: ROAS, ARPU, LTV, CPA are the key KPIs that app developers use to track the In-App Remarketing Campaign Success

In-App Remarketing is Gaining Popularity

App Marketers running mobile in-app remarketing campaigns



- Yes
- No, but plan to use in the future
- No
- Don't know

- Remarketing is gaining traction with almost 32% saying they are conducting some sort of remarketing today and another 39% saying they will invest in this over the next 12 months.
- The majority of app marketers are already aware of how crucial mobile retargeting can be to driving net new conversions.

In-App Marketing is Still Considered Expensive With Challenges

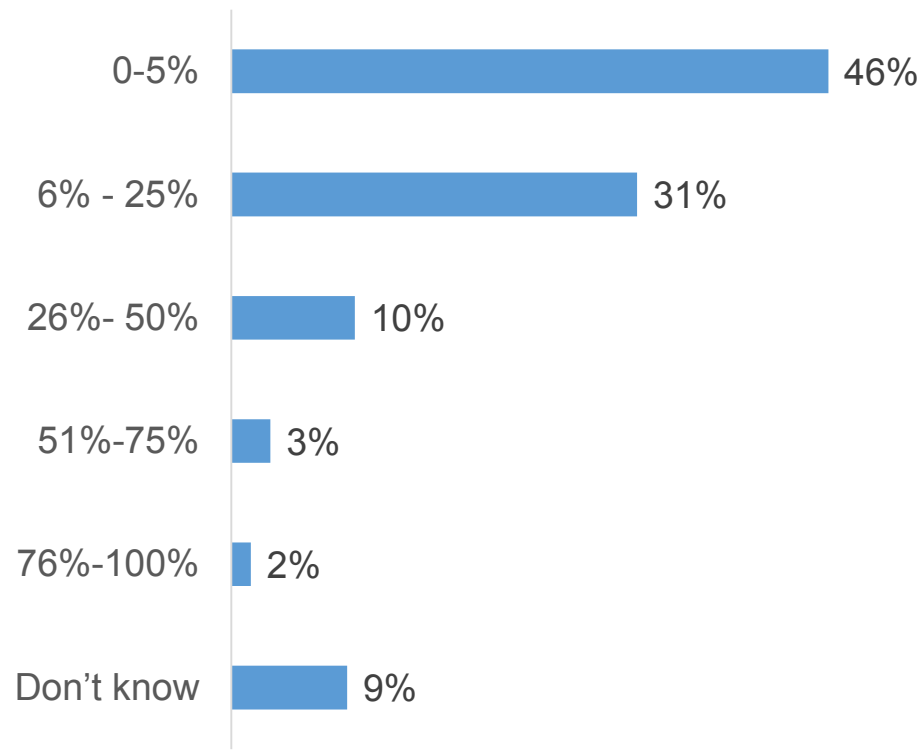
Factors That Inhibit From Spending More On In-App Marketing



- High costs, measuring attribution and overall complexity are the key factors currently preventing app marketers from spending more on in-app remarketing

Remarketing Budgets Will Increase

% Of Total App Marketing Budget Is Currently Allocated To Remarketing

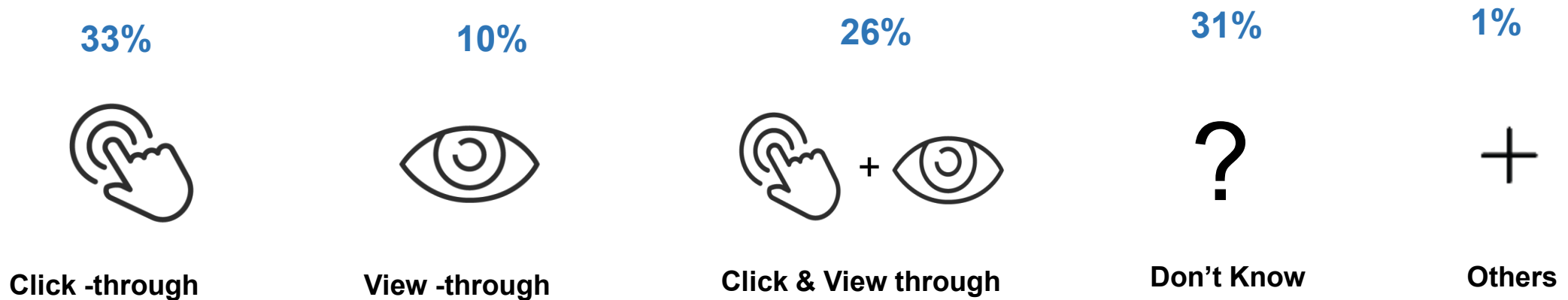


- 46% of app marketers currently invest only 0-5% of their marketing budget towards in-app remarketing. While the amount of money invested in remarketing is currently modest, it is expected to increase in the coming months.

Click-Through Attribution is Still Preferred for Remarketing Campaigns

- Attribution is now accelerating to the forefront and emerging as the highest priority issue for marketers. Industry professionals have intensified interest in marketing measurement to better evaluate their efforts and optimize their decision process.
- More app marketers are relying on the click-through attribution model with 33% of them using click-through only. 26% of marketers are using both click & view through attribution models.

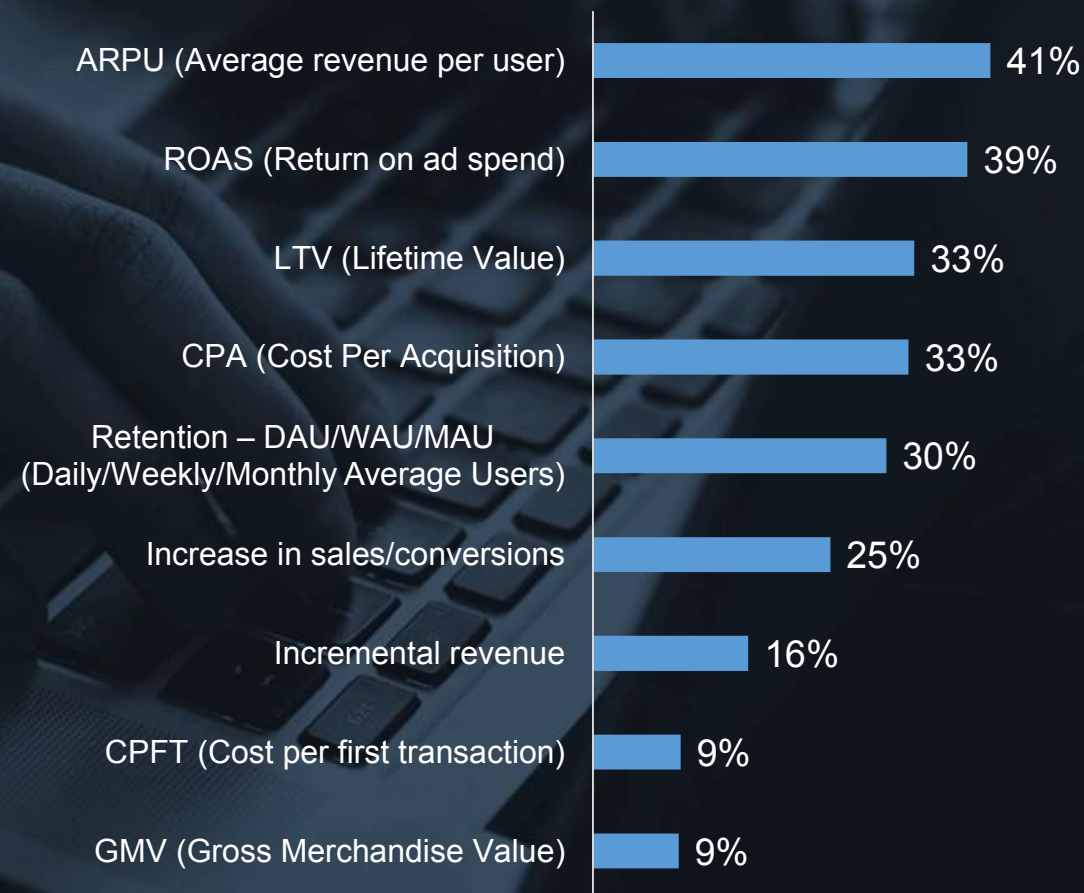
Attribution Method Used for Remarketing/Retargeting



Performance Metrics Have Matured: ROAS and ARPU are Key KPIs to Measure In-App Remarketing Success

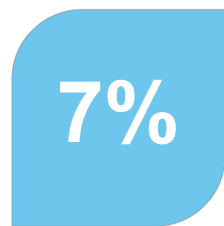
KPIs For Measuring In-app Remarketing Success

- The most successful marketers look beyond top-of-the-funnel measures such as click-to-install rates. Instead, they rely on retention-based measures such as lifetime value (LTV) and return on ad spend (ROAS) to gauge overall effectiveness of ad campaigns
- ARPU, ROAS, LTV, CPA are the key metrics used to measure the success of in-app remarketing



7 out of 10 App Marketers Consider In-App Remarketing Tactics Successful

In-App Remarketing Success



Very
successful



Successful



Somewhat
successful



Not very
successful



Not at all
successful

MEASUREMENTS & ATTRIBUTION

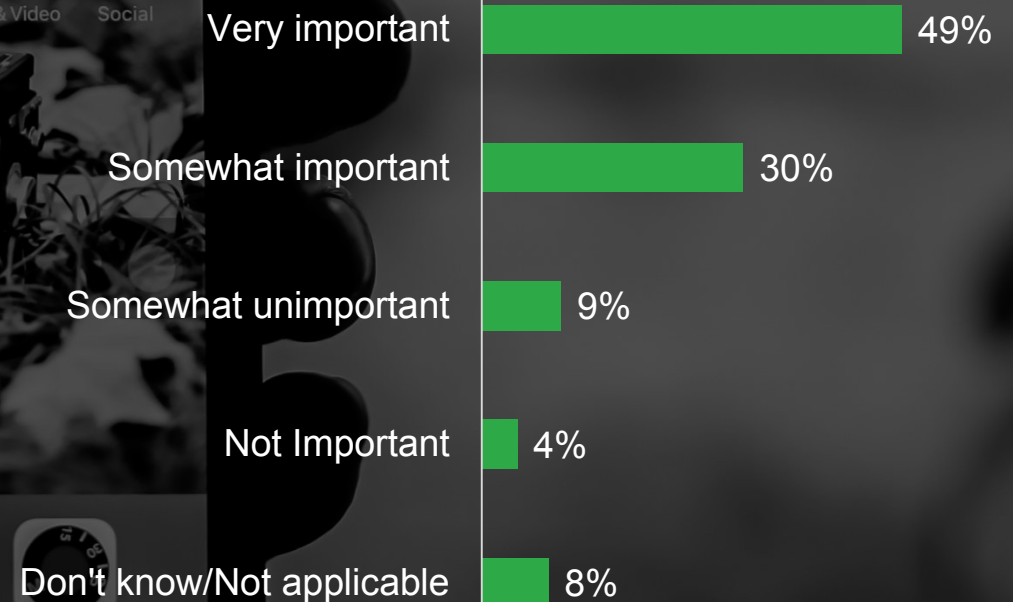
Insights

- Attribution is now accelerating to the forefront and is emerging as the highest priority for app marketers. 79% of marketers find attribution very/somewhat important to app marketing success
- App marketers are currently use a wide range of data driven tools to drive best performance and optimization
- 63% of app developers are using primary attribution tools. Tune, Kochava, Appsflyer and Adjust are the most commonly preferred attribution partners
- Viewability as part of the attribution model for in-app ads is gaining popularity

Measurement Matters More Than Ever: 79% of marketers find attribution important to marketing success

Importance of Attribution in Mobile App Marketing Efforts

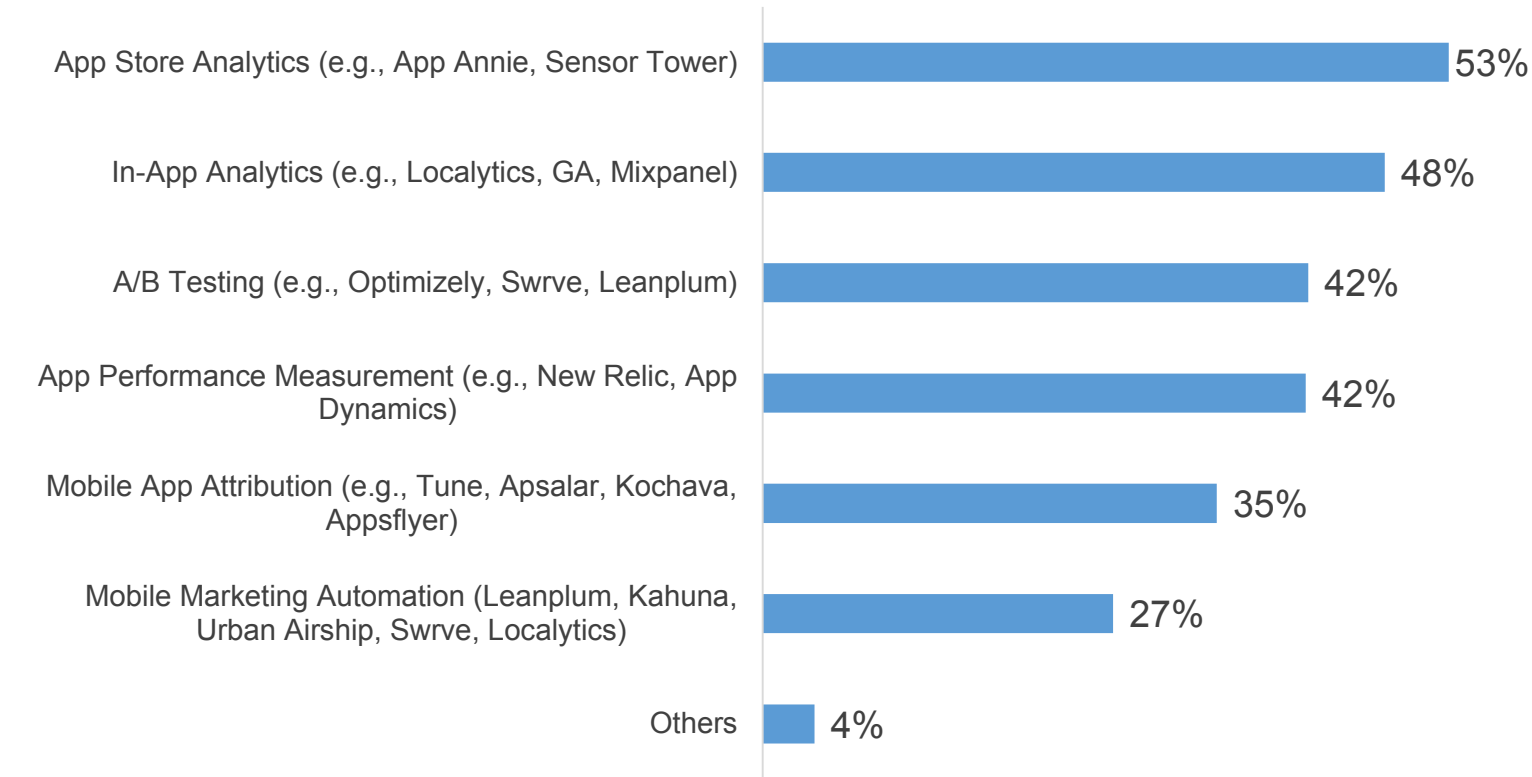
- 79% of marketers find attribution important to app marketing success
- Mobile attribution tracking tools allow you to see not only where downloads are coming from, but also analyze what users are doing after they install your app. With this information, marketers can make smarter decisions about where to spend their advertising dollars.



App Store Analytics & In-app Analytics Tools Are The Most Commonly Used Platforms For Mobile App Marketers

Mobile App Marketing Tools Planned to be Used in Future

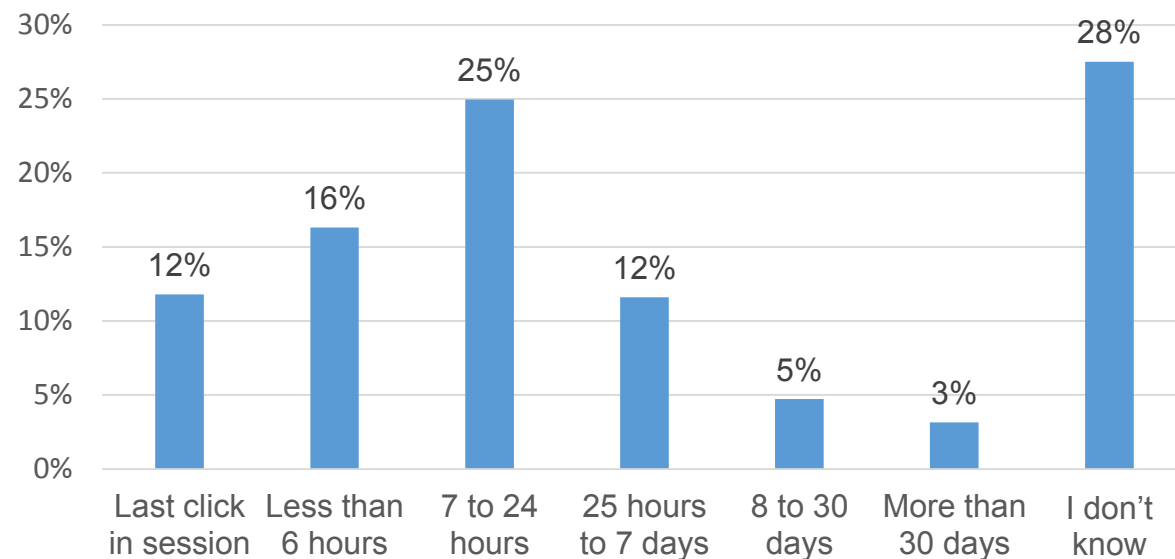
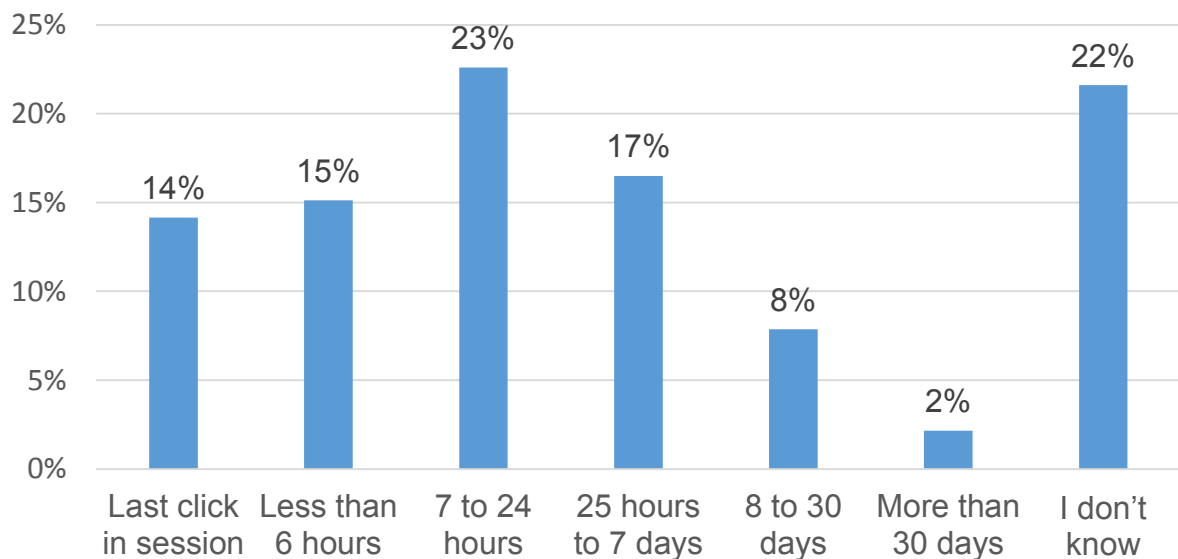
- App marketers use data driven tools to drive the absolute best performance and optimization. App store analytics and in-app analytics are the most established platforms and are expected to continue to grow.
- Automation tools are used by just over a third of our surveyed marketers, with very strong growth expected in the next 12 months.



Attribution Windows: Differences in Post-Click and Post-View

- In regards to attribution windows, there are two camps: marketers who use the narrowest possible attribution window (last click in session) and those who use a much wider attribution window.
- Although, in both post-view and post-click attribution, nearly 75% of advertisers use an attribution window of 24 hours or less

Click Through & View Through Attribution Windows



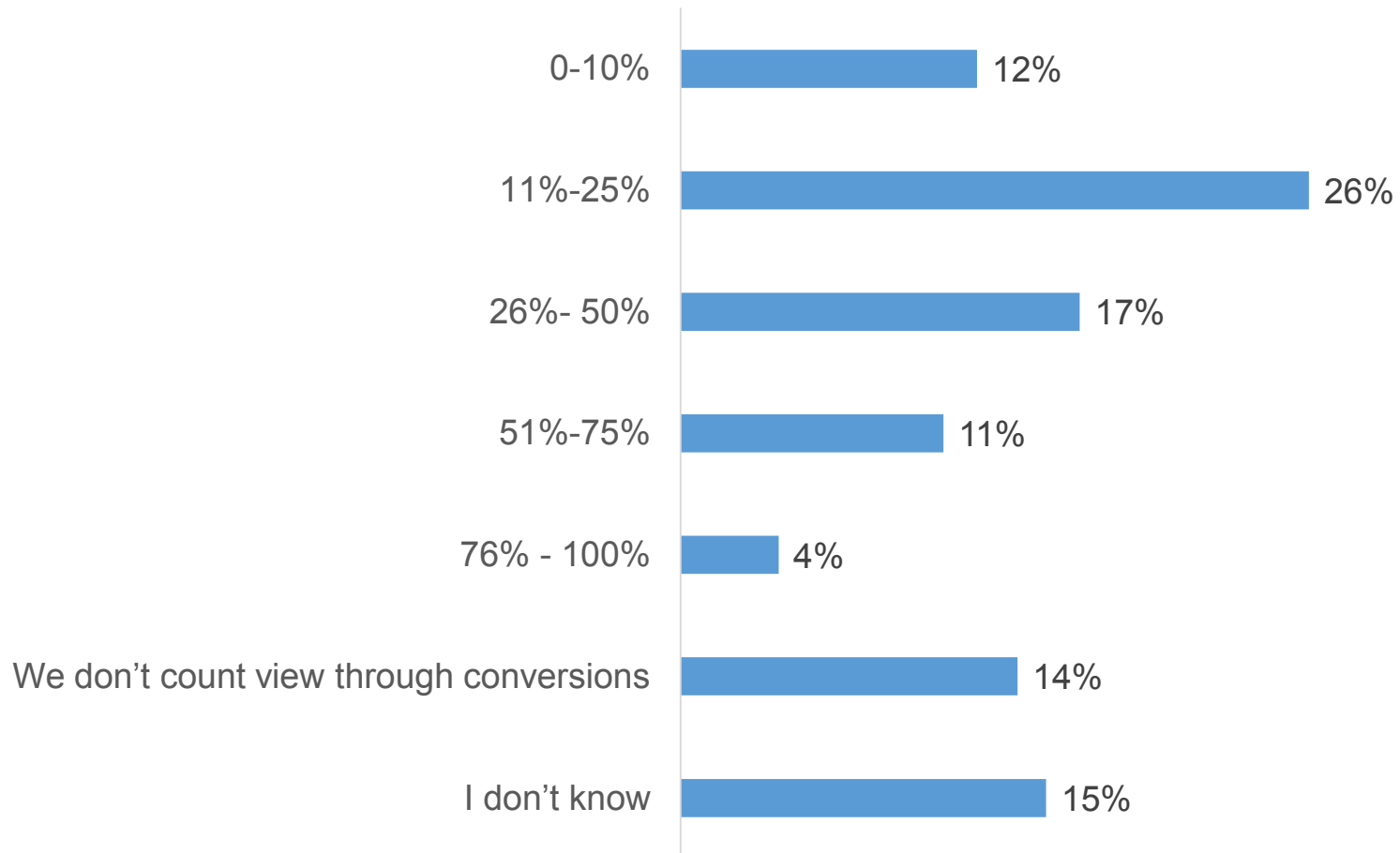
Q29. What windows do you look at for view-through attribution?

Q30. What windows do you look at for click-through attribution?

Sample Size n=825

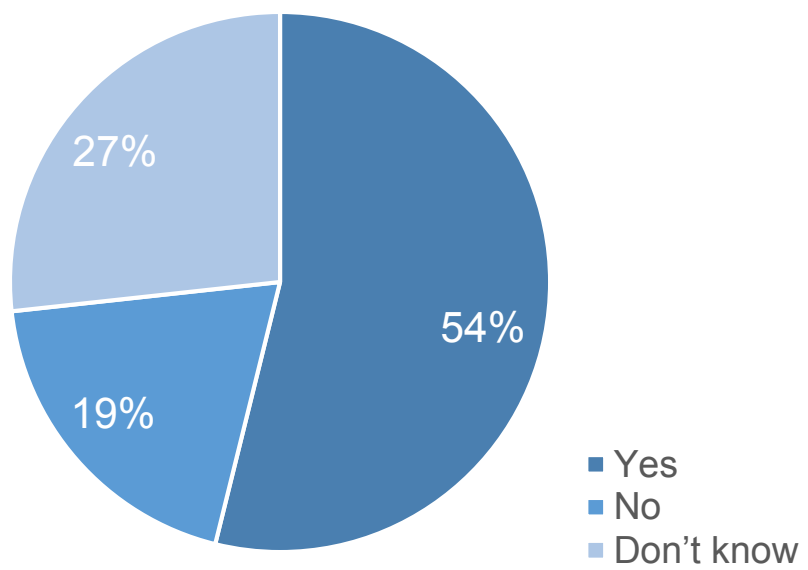
26% Of Them Assign 11%-25% Weightage To View Through Conversions

View Through Conversion – Weightage Assigned



Viewability As Part Of The Attribution Model For In-app Ads Is Gaining Popularity

- Viewability as a campaign report metric is gaining popularity among app marketers, 54% of them use viewability as a full-fledged component of their attribution models.

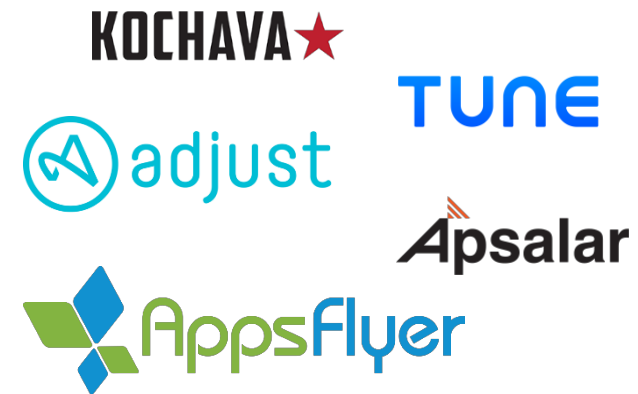


TUNE & KOCHAVA Most Commonly Used In-App Analytics

Primary Attribution Tool/ In-house Analytics Used

63%

Of app marketers are using primary attribution tools. Exciting new marketing attribution models and methods have emerged, allowing marketers to become more sophisticated in their approach to measuring ROI.



Tune, Kochava, Appsflyer and Adjust are the most commonly preferred attribution partners



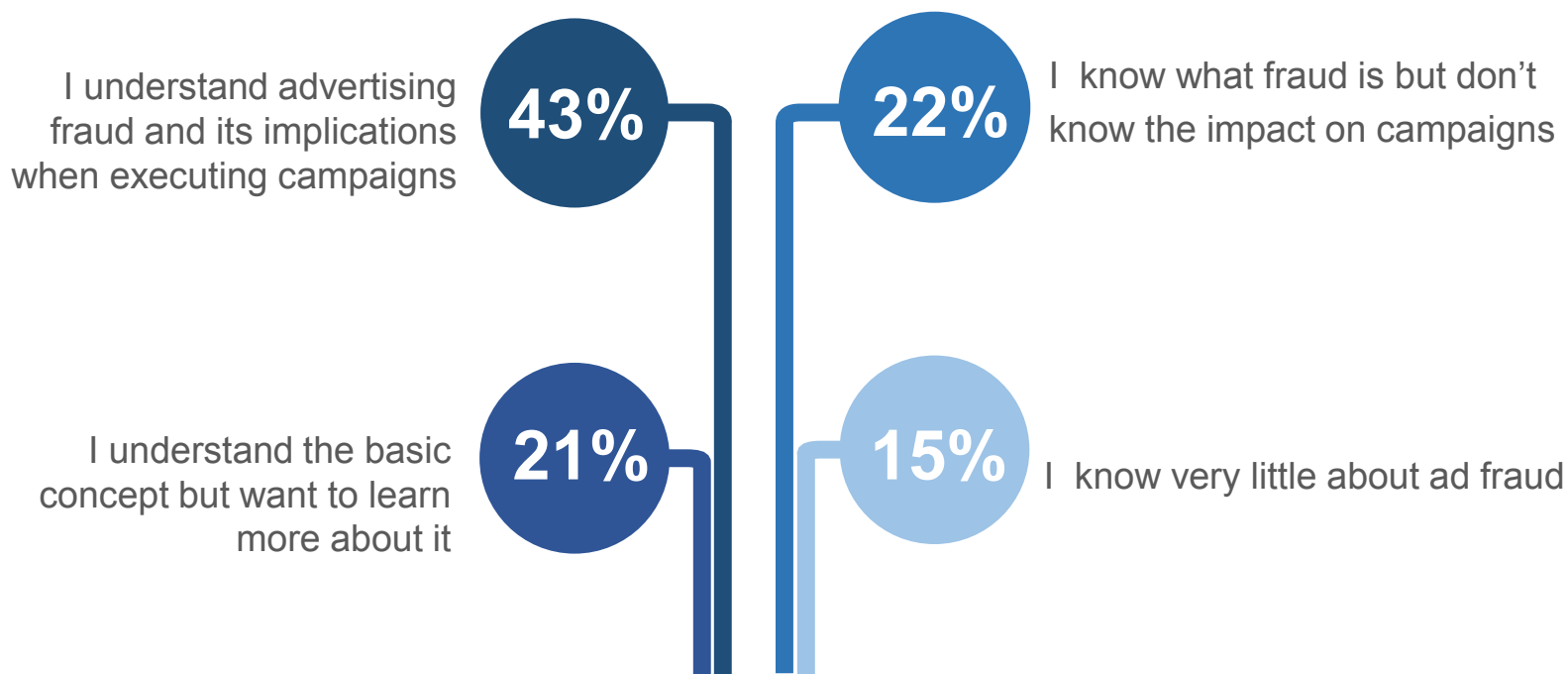
Mobile Ad Fraud

Insights

- 85% of app marketers have some understanding of how app fraud is perpetrated. It's imperative that app marketers gain a high-level understanding of ad fraud, implementing robust anti-fraud solutions – while making sure vendors and partners do the same – and supporting industry initiatives to combat fraud, which is crucial in creating a secure and trustworthy digital advertising ecosystem.
- The top 3 prevalent fraud type that app marketers have encountered the most are: a. Invalid traffic by bots & scripts (46%) b. Click cramming (16%) c. Unauthorized re-brokering (12%)
- Partnering with trusted ad networks (60%) , Transparency in reporting (32%) & Direct publisher partnership (29%) are the measures that app developers are currently using to minimize the impact of ad fraud

85% of Marketers Have Some Understanding of Ad Fraud

Level of Understanding of Impact of Ad Fraud on Campaigns



- 43% of respondents understand advertising fraud and its implications when executing campaigns. Another 22% said they've heard the term but don't have a clear understanding of it. And 21% said they understand the basic concept but need to learn more about how to apply it to campaigns.
- 15% said they were completely unaware of mobile ad fraud.
- It's imperative that app marketers gain a high-level understanding of ad fraud, implementing robust anti-fraud solutions – while making sure vendors and partners do the same. Supporting industry initiatives to combat fraud is crucial in creating a secure and trustworthy digital advertising ecosystem.

70% of App marketers Has Serious Problem With Ad Fraud

Seriousness of Mobile Ad Fraud

27%

Not a serious problem. There have been issues since online advertising began

70%

A serious problem and ad networks must do more to address it.

3%

Others

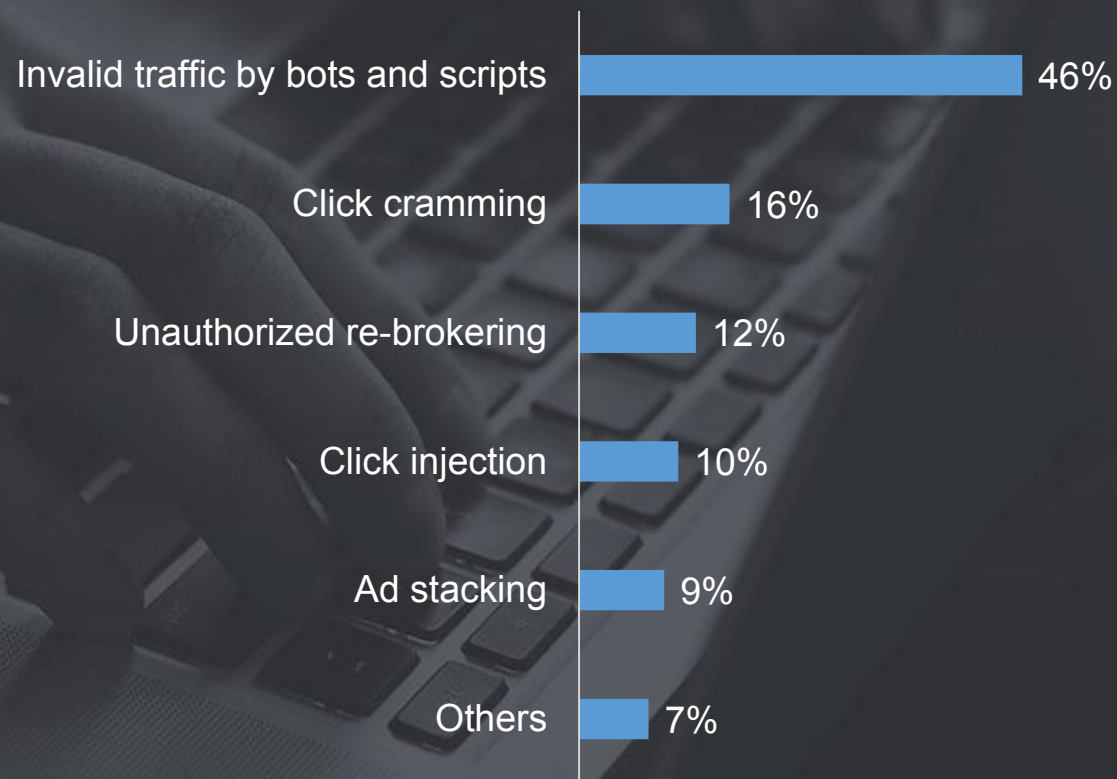
- 70% of app marketers think mobile ad fraud as a serious problem and that ad network must do more to address it.
- Clearly, today's majority of ad networks are investing heavily towards in-house solutions and actively participating with third-party players to help prevent and detect fraud.
- It is time for marketers to educate themselves to ensure they understand the issues and have procedures in place to combat fraud in mobile advertising.

The Most Common Fraud Tactics Encountered by App Marketers

Most Common Ad Fraud Practices Encountered When Running Campaigns

The landscape of ad fraud is ever-changing as fraudsters develop and adopt new techniques in a bid to evade detection while stealing more money. While there are many types of ad fraud, the three most prevalent types are:

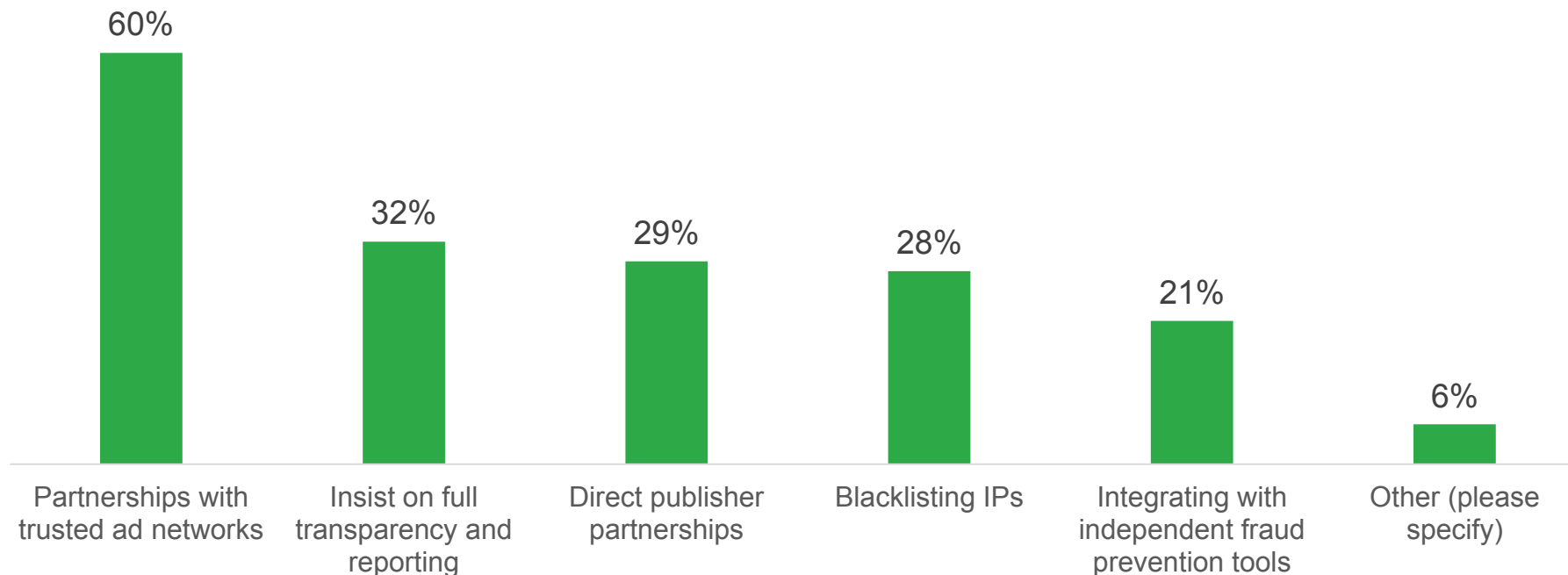
- Invalid Traffic by bots & scripts (46%)
- Click cramming (16%)
- Unauthorized re-brokering (12%)



Partnering with Trusted Ad Network is the Key to Minimize Ad Fraud

- With ad fraud posing a billion dollar threat, industry is proactively on the lookout for protecting value for advertisers across the funnel and through the lifecycle of an advertising campaign. Partnering with trusted ad networks, transparency in reporting and direct publisher partnerships are the measures app developers are currently using to minimize the impact of ad fraud.

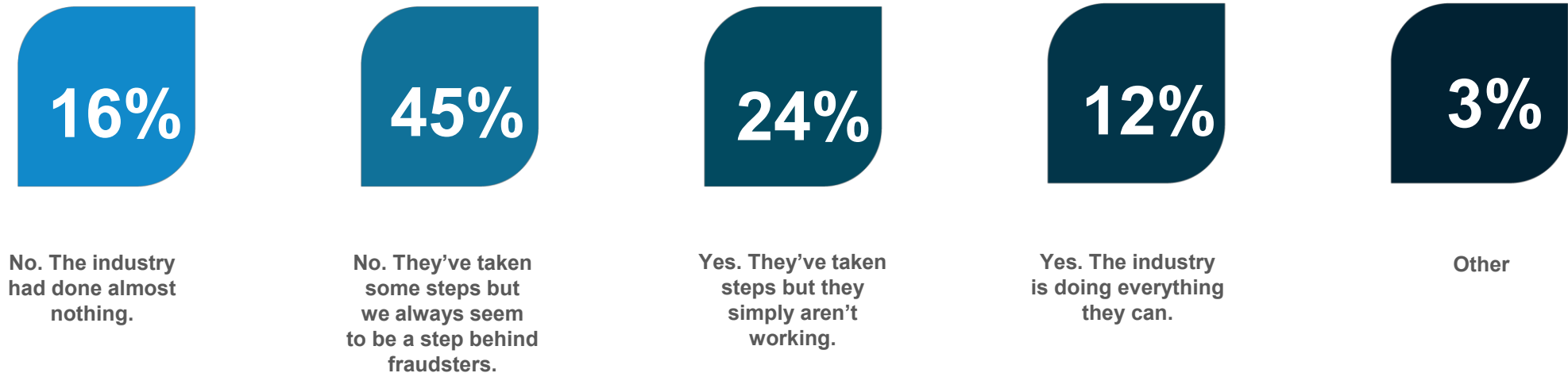
Measure Undertaken To Minimize The Impact Of Ad Fraud



App Marketers Think the Industry Must Do More to Combat Ad Fraud

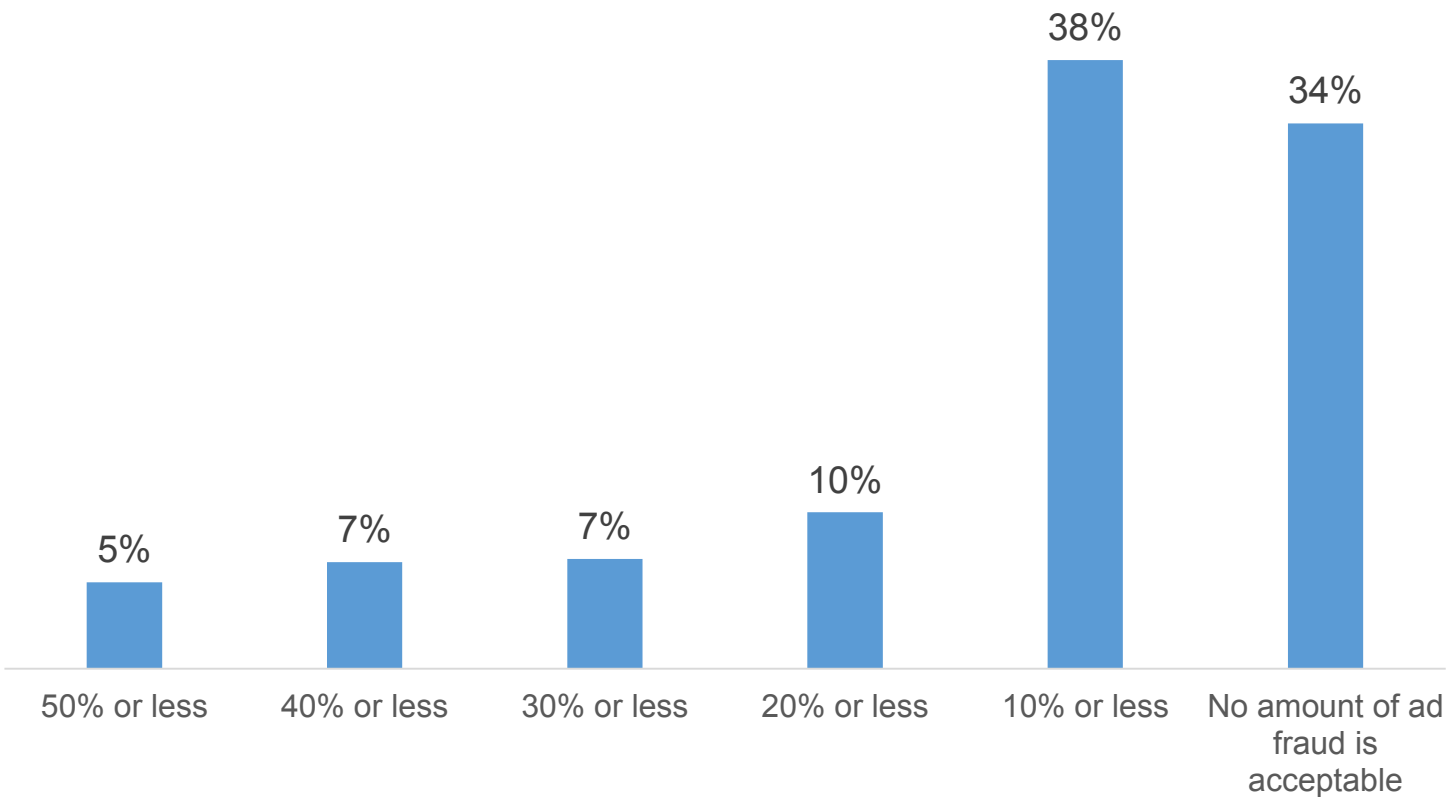
- According to the survey: 45% of marketers think the industry has taken some steps but needs to do more to combat fraud. Only 36% of app marketers think the industry is moving in the right direction in tackling this menace.
- Clearly, there is no easy fix for ad fraud: it's an ever-evolving arms race. But as fraud techniques become increasingly sophisticated, the industry must continuously improve detection and prevention processes.
- To combat ad fraud, all players of the mobile advertising ecosystem must play their part in identifying fraudulent practices and prevent its impact on campaigns.

Has Industry Taken Enough Steps to Fight Fraud



Zero Tolerance for Advertising Fraud

Acceptable Percentage of Mobile Ad Fraud



- It's important to remember that no specific piece of inventory is safe from fraud. 38% of marketers surveyed say 10% or less of a campaign is acceptable for ad fraud.

ABOUT US

InMobi is a global mobile advertising platform that specializes in delivering the best ROI for mobile marketers. A mobile-first and mobile-only platform, InMobi has been pioneering the next generation of ad experiences, including video advertising, on the back of deep learning based optimization engines.

InMobi platforms help brands, performance marketers and app publishers engage mobile users across different stages of their lifecycle, converting each mobile moment into an opportunity to drive engagement and revenue. Recognized by Fast Company as one of The Most Innovative Companies in 2016, InMobi reaches over 1.5 billion unique mobile devices worldwide, and is redefining business models for the mobile ecosystem.

For more information, visit www.inmobi.com

contactus@inmobi.com

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contactus@inmobi.com