

COLUMNS

Measuring mobile ROI: Fact or fiction?

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As consumer attention shifts to mobile devices, it is no surprise that many marketers continue to invest more in the medium.

In a recent report by the Interactive Advertising Bureau, mobile is one of the fastest-growing channels of advertising investment, reporting a 111 percent gain in mobile ad spend in 2012 compared to 2011.

Search revenues continue to make up the majority of online advertising. As the lion's share of marketing dollars continue to be funneled into direct response channels such as search, could mobile be missing out on a bigger slice of the overall pie?

Mobile only made up 9 percent of online ad spend in 2012, which is only a fraction of total online ad spend.

For many marketers, the missing link in enabling mobile to take off relates to the perception that measuring ROI in mobile is not possible. The truth is that it is possible.

Measurement: A perceived hurdle

One of the obstacles that mobile must overcome to capture more marketing dollars is being able to measure and prove ROI.

Many marketers hesitate to invest their first dollars in mobile because of a lack of understanding and attribution to their mobile efforts effect on business metrics.

In an eMarketer study from the CMO Council, 41 percent of marketers who invested in mobile advertising this year labeled the success level of their efforts either "inconsistent" or "not sure."

Even the marketers who are already investing could be facing major hurdles in measuring their mobile initiatives properly.

A common myth is that mobile ROI is not yet measurable, and that is simply not true.

As users have more mobile Web sites and applications to choose from, the need for smarter measurement is more critical than ever to counteract mobile user churn.

For instance, for app promotion campaigns, we know that only focusing on driving installs can be a myopic approach. Installs do not necessarily translate into loyal users.

For example, Flurry published a report in the fourth quarter of 2012 which reported that the 90-day average user retention rate was only 35 percent.

Driving ROI through mobile: A reality

The mobile medium can be leveraged as a scalable and cost efficient way to drive revenue. The crucial first step is

setting a proper measurement strategy.

It is important to set clear goals tied to business objectives from the outset. What are your key performance indicators? Are they purchases on a mobile Web site or signups within the mobile app experience?

Mobile has additional layers unique to the medium that include device, Wi-Fi, carrier, location and others which should be considered for optimization purposes.

Secondly, advertisers realize success when they can leverage best-in-market tools to understand the quality of their mobile users by looking at the deeper metrics and proper attribution of the paid mobile marketing activity.

The good news is that mobile tracking and analytics have advanced very quickly over the last several months, making the ability to measure true ROI and other key metrics a reality.

There are dozens of third-party tracking tools now available to measure both in-app and site activity.

Flurry, HasOffers and Ad-x are just a few of the companies leading in this space.

Pricing models vary but are typically based on a rate card per number of event fires (i.e., the first launch of apps).

Most of these offerings have already developed different solutions to comply with most major app store's privacy standards including the Apple App Store and Google Play Store.

For best results, it is important to instrument the vendor's SDK or software developer's kit within the app, but it requires a resubmission to the appropriate app store.

Then, the next step is setting up custom events based on your KPIs, such as installs, in app purchases or time spent on the app.

If the custom events are set up properly, these third-party tracking companies are invaluable tools to measure which traffic sources drove the most revenue at most efficient ROI. This then allows you to shift budget accordingly.

With the right approach, mobile marketers have a huge opportunity to drive revenue in the mobile medium.

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