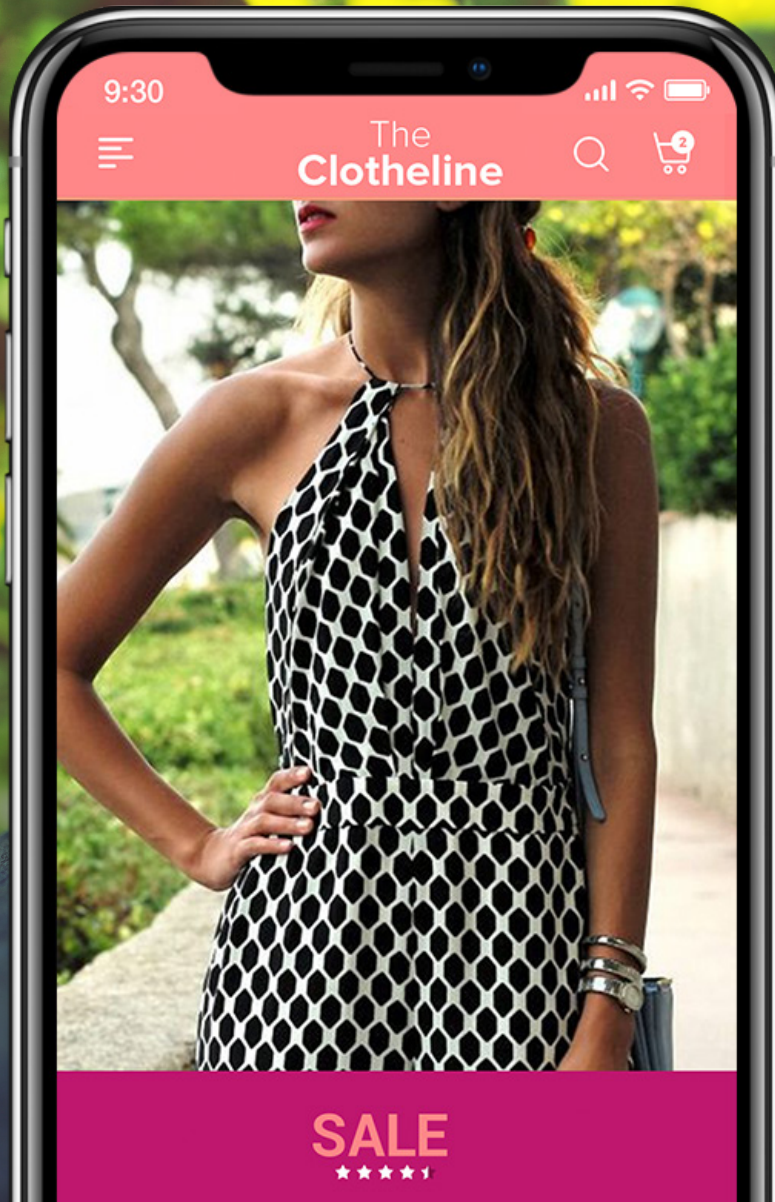




MOBILE SHOPPING



User Acquisition Trends and Benchmarks 2018



MOBILE SHOPPING



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Introduction

Mobile and increasingly apps are instrumental to success in retail, impacting all stages of the shopper journey—from initial research through to purchase. This massive growth in activity and interest is reflected in app store analytics reports that show retail apps are now the second fastest growing app category globally after gaming apps. In the U.S. alone retail apps account for [over 20% of e-commerce sales](#)—a trend that shows no signs of slowing.

A [January 2018 research report](#) released by app analytics company Flurry reveals that shopping apps experienced a 54% growth spurt in 2017 over the previous year. It chalks this up to two factors. At one end, “consumers continue to shift their spending into e-commerce via mobile shopping apps.” At the other, the advance of

digital wallet services such as Apple Pay and Samsung Pay have made huge headway, removing much of the friction from browsing and buying on mobile and apps.

As a result, retail apps are soaring in popularity and use. App store intelligence company [App Annie drills down in the data](#) to declare the existence of an outright “boom in mobile retail” worldwide, with APAC leading the pack. The company reports shopping app downloads grew 20% year over year in H1 2017. But the market is also crowded with competition for user mindshare and share of wallet fiercer than ever. Currently, “users turn to between 2 and 4 shopping apps per month”—and more often than not Amazon is one in the list. As the same research also shows consumers rely on—at most—30 apps per month, it’s

“ Shopping apps experienced a 54% growth spurt in 2017 over the previous year. ”

clear that marketers must architect and execute comprehensive strategies to ensure their shopping app makes the cut.

This report provides marketers with essential data about user activity at key stages in the funnel (Install, Register, Purchase), allowing them to plan and prioritize tactics in a wider strategy to drive consumer connection and conversion.

The 2018 Mobile Shopping Apps Report draws from Liftoff internal data from April 1, 2017 through April 1, 2018—which spans 58.1 billion impressions (58,155,727,824 to be exact) across 10.2 million (10,206,012) installs and 1.8 million (1,842,878) first registrations and purchases.

The report also breaks new ground, segmenting shopping apps into three key categories and highlighting the time frame and contexts that are required to turn a shopper into a buyer.

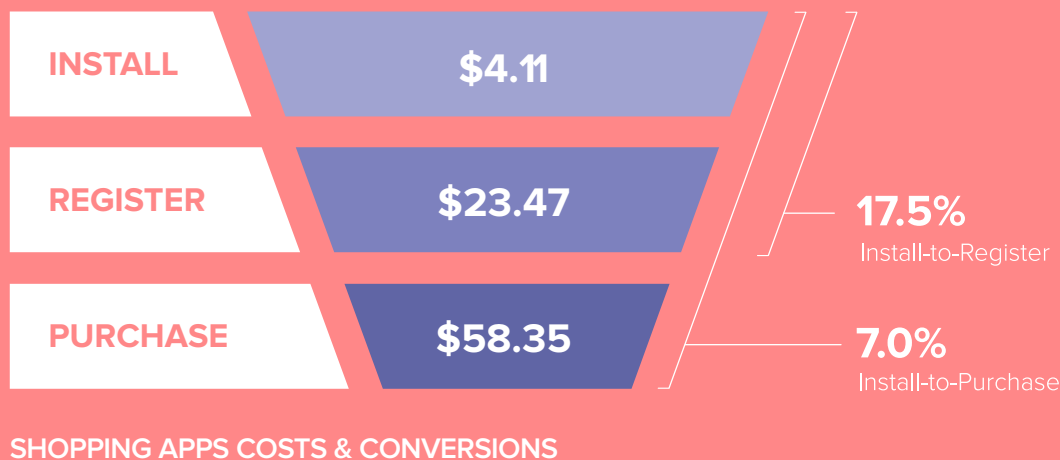
Brand Commerce, an app offered by a company (under that company’s name/ brand) that makes and sells its own branded products [Example: Gap]

Marketplace, an app offered by a company that aggregates and sells products primarily belonging to other brands and merchants [Example: Amazon]

Value-Add, an app offered by a company that provides additional shopping value to the user beyond enabling a purchase [Example: Ibotta – which allows users to earn cash back on in-store and mobile purchases]

Finally, the report breaks down data by platform (iOS and Android) user demographics (gender) and region (North America, LATAM, EMEA and APAC).

The changing retail landscape has produced more opportunities than ever to interact with mobile shopping app users and influence their purchase decisions. Use the data and insights contained in this report to turn every session into an opportunity to pinpoint the approaches and contexts that will allow you to drive usage, boost loyalty and ultimately increase commerce.



Overall App Costs and Conversion Rates

A high-level benchmark for shopping apps

Low costs and higher conversions at three key stages in the purchase funnel indicate mobile shopping is poised for its biggest year ever.

High in the funnel, the average cost-per-install is \$4.11, down 7.6% from \$4.45 for the same period last year. It could be a sign that mobile apps are becoming firmly entrenched in the shopping DNA of users. Or it could be a testament to the effectiveness of campaigns and strategies to convince consumers to take the plunge. Either way, the dip in install prices suggests users are more receptive than ever to exploring mobile shopping apps.

Fortunately, increased activity deeper in

the funnel at decreased costs (roughly 20% under levels reported last year), suggests users are not only more open to retail apps. They are also more serious about shopping.

Specifically, the cost to acquire a user who completed the registration process came in at \$23.47. That's 23% down from the previous year. It's much the same story for Purchase, where the cost to acquire a user who completes a first purchase (\$58.35) also showed a 23% decrease from the previous year.

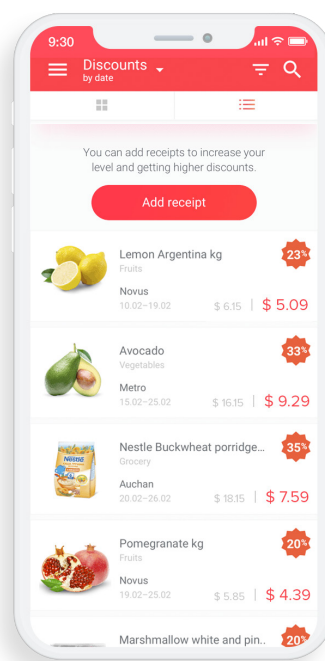
However, the **real** news for marketers is not the decrease in costs across the funnel. It's the marked increase in post-install conversions.

Register

The typical marketing funnel consists of three key stages: Awareness, Consideration and Purchase. While much app marketing effort has been concentrated on driving installs (Awareness), this is changing—fast. The realization that customer lifetime value (LTV) matters is moving marketers to use every interaction and session—at every stage in the shopper journey—to drive and deepen engagement. Capturing and keeping user attention in the middle of the funnel is critical to inspire and influence users at the intent-rich moments when they are preparing to make a purchase.

Simply put, efforts to increase Consideration (or registration in the case of shopping apps) have magnified in both importance and urgency. Today Registration is much more than the hurdle marketers must clear to make a sale. It's the stage where marketers must go the distance to gather the information and insights that will allow them to target and retarget users and—ultimately—turn valuable users into dedicated shoppers.

Fortunately, the data suggests this goal is well within reach—and budget. The impressive install-to-registration rate of 17.5% (up 20% compared to 14.6% the previous year) suggests shoppers understand and appreciate the benefits offered by retail apps. It's significant growth that should spur marketers to double-down on efforts and campaigns to continue the conversation and convince users to make the all-important purchase. It's here that approaches such as push notifications can be a huge help, reinforcing the value proposition of the shopping app and the benefits to users if they make it part of their regular routine.



“ Mobile shopping app users are proving to be the most valuable customers by far. ”

Purchase

The shift in consumer shopping habits is driving a global explosion in mobile commerce. A [recent Forrester study estimates](#) mobile will influence a whopping \$1.4 trillion in offline sales within the next five years. By 2021, Forrester reckons, consumers will spend \$152 billion directly on mobile phones, or almost 24% of total online sales. BI Intelligence is even more bullish. [It forecasts](#) mobile commerce will reach \$284 billion, or 45% of total U.S. e-commerce revenue, by 2020.

Studies may vary but the outcome is the same. There is money to be made for retail apps that succeed in becoming the “go-to” every step of the shopping journey. Fortunately, Liftoff data suggests that converting a shopper to a buyer is becoming less of an uphill battle. At 7% the install-to-purchase rate is up 20% over the previous year.

At first glance the \$58.35 cost of acquiring a user who completes a first purchase may appear pricey. But do the math, and the real value of mobile shoppers emerges. [Venturebeat combines](#) several recent studies to reveal that customer spend per transaction via mobile apps has risen to \$116 for every \$100 spent on desktop. That, it concludes, “outpaces per-transaction spend via desktop and mobile browser, by 16% and 27%, respectively.”

In many ways, mobile shopping app users are proving to be the most valuable customers by far. Fortunately, the increase in post-install conversion rates shows marketers are on track to reach and engage this high-value audience. Now efforts should focus on growing the momentum (and sales) through campaigns and creatives that drive usage, build trust and deepen loyalty.

Shopping App Engagement by Gender

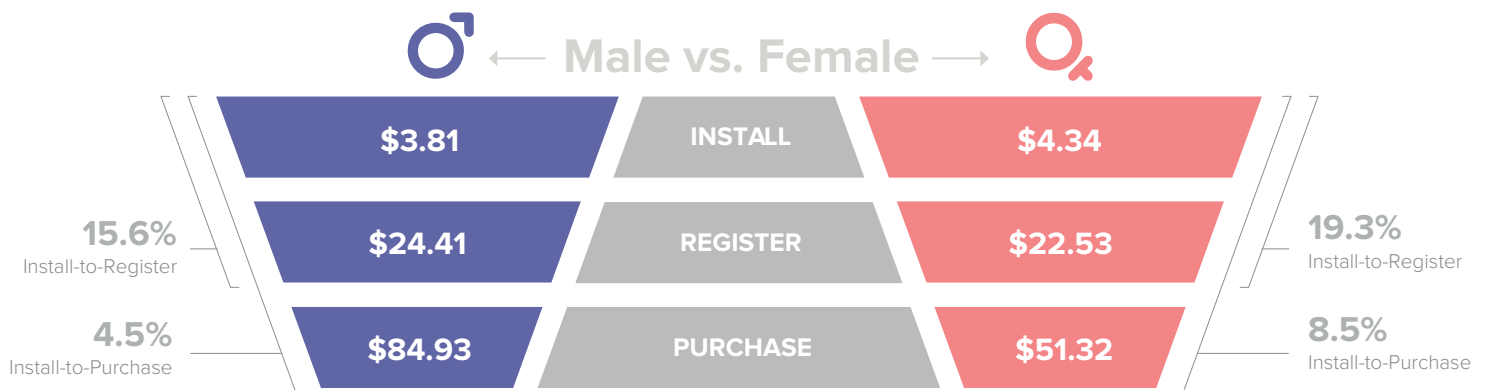
Which gender should app marketers shop for?

A comparison of acquisition costs and engagement rates reveals females represent a win-win. Overall, they cost less to acquire and engage at a significantly higher rate.

Even better, the trend of decreased costs and increased post-install rates observed

earlier in this report continues to hold true. Marketers have made progress, and succeeded in convincing both sexes of the benefits of using shopping apps. With the ice broken, campaigns and strategies must focus on ways to turn users' initial interest into a daily habit.

SHOPPING APPS COSTS & CONVERSIONS BY GENDER



Register

At \$4.34 females are 14% more expensive than males to acquire. However, the effort pays dividends when we examine the relationship between costs and conversions deeper in the funnel.

Take registration, a stage where the cost to acquire a male who completes a registration (\$24.41) is 8.3% more expensive than the cost to acquire a female. However, the install-to-register rate for females of 19.3% (4% more than males who come in at just 15.6%) is a solid outcome that justifies this investment.



Purchase

Purchase, the stage that crowns an effective campaign, confirms females are the prize. At \$84.93 the cost to acquire a male is an incredible 65.5% more than the cost to acquire a female. (Even better, the cost to acquire a female at this stage has decreased 4.8% over the previous year.)

Females are not just a bargain to acquire; they are also the biggest shoppers. With an install-to-purchase rate of 8.5% (nearly double that of males) females are primed to make a purchase.

The data highlights two interesting opportunities. Marketers can choose to focus more effort and investment to turn male users (14% cheaper than females to acquire with a cost-per-install of just \$3.81) into regular shoppers. Or they can concentrate campaigns on encouraging female shoppers to do more—and spend more—in their apps.

Before you make a decision, factoring in research that highlights a significant gender gap in how men and women shop and make purchase decisions could save you some trial and error.



First Insight, for example, [released a report in March 2018](#) that suggests women are more advanced in mobile shopping and more eager to use marketplaces such as Amazon than their male counterparts. Add to the equation that females are often managing a sizeable budget (families and household budgets or significant personal wealth—or both) and it's clear that competition for female shoppers is bound to get tough in the year ahead.

Should you prepare for the battle, and come up with approaches that cater to

females in an increasingly competitive and crowded retail app market? Or should you take a detour around the competition by developing app experiences and campaigns that target males earlier in the funnel, [appealing to their desire to research products quickly and effectively](#) before making a purchase?

Both approaches have their merits. No matter what you choose, leverage a data-fueled strategy to get users to your app—and ensure they engage often.

“ It's clear that competition for female shoppers is bound to get tough in the year ahead. ”

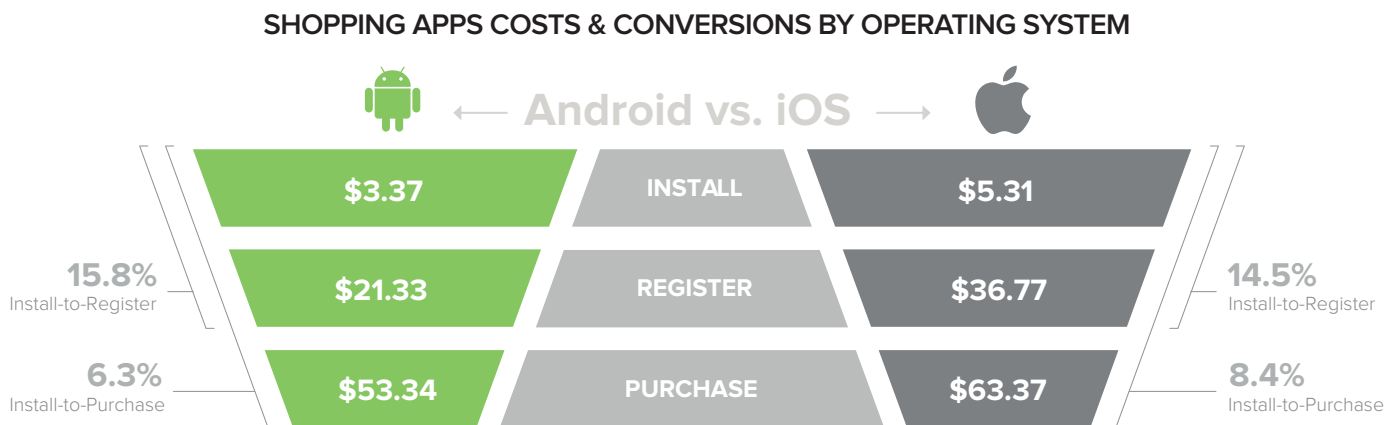
Shopping App Engagement by Operating System

Does Android or iOS convert at a higher rate?

Across the funnel, Android users come at a moderate cost, but modest engagement rates suggest iOS users also offer better value for money.

At an install cost of \$5.31 (just marginally less than the previous year), iOS users are more than half

(57.6%) more expensive than their Android counterparts. Deeper in the funnel Android users are certainly a bargain, but this win is overshadowed by lackluster engagement rates where it counts most. At 8.4% the install-to-purchase rate for iOS users is 32.8% higher than for Android users.



While the data doesn't shed light on the dollar value of a typical purchase, the perception that iOS users are the "Big Spenders" of the app ecosystem is increasingly supported by fact, not just hearsay. Last year digital marketing scientists at Wolfgang Digital interrogated a dataset of 31 million sessions to [unearth "astonishing" results](#). "On average, Android users

spend \$11.54 per transaction. iPhone users, on the other hand, spend a whopping \$32.94." This is not to say that iOS users, as a rule, spend almost three times as much as Android users. But it is a significant data point that marketers would do well to consider as they develop strategies to get the most mileage out of their engagement campaigns.

To be fair, a closer examination of Android activity (and cost) at the all-important middle-funnel stage suggests marketers might also do well to open the aperture of how they view and pursue this user segment. After all, the cost to acquire an Android user who completes a registration is low (a massive 72.4% less than iOS) and the install-to-register rate (15.8%) is nearly 10% higher than on iOS. Clearly, campaigns that focus on engaging with Android users at this impressionable stage fulfill requirements (and gather the data) essential to driving conversions deeper in the funnel.

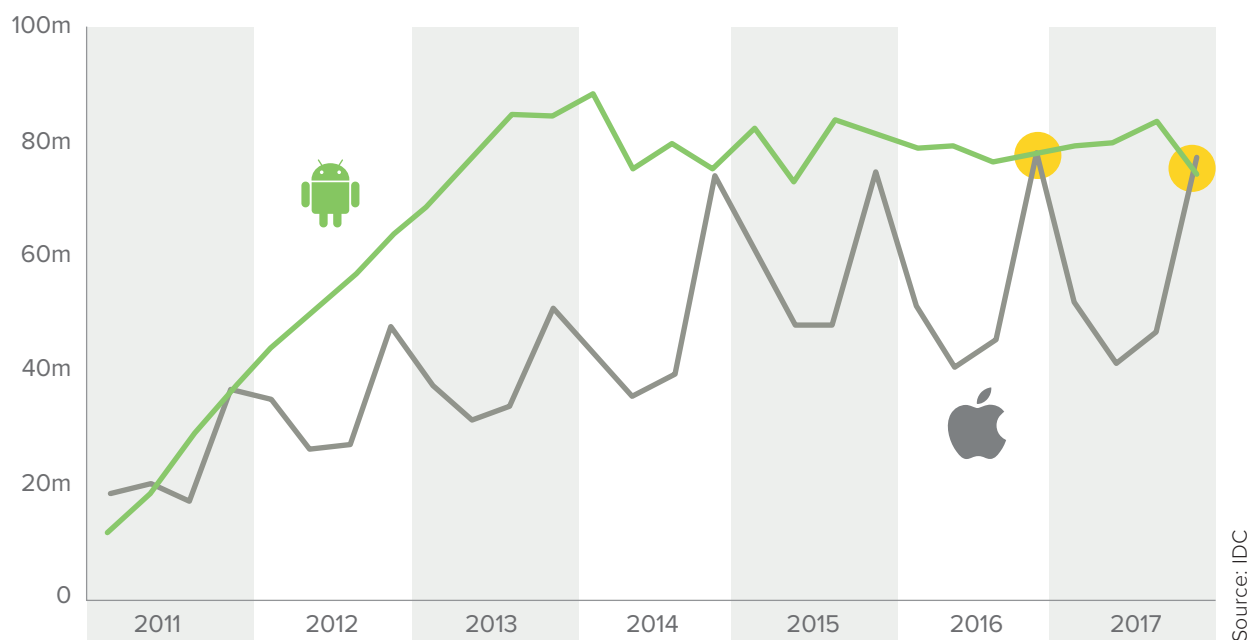
Android is, after all, the leading platform worldwide. Forget the stereotype that

iOS is the operating system of the affluent. Samsung high-end devices, specifically the Galaxy S line, were only briefly “dethroned” by Apple, [according to IDC](#). What’s more, the [surprising news in fall 2017](#) that Huawei has now overtaken Apple in global smartphone sales for the first time, making it the second largest smartphone maker globally, is food for thought.

Should marketers target heavy spenders among iOS users or should they cater to Android users in order to clinch the sale? The decision, as always, will depend on your app category, your target audience and, above all, your grasp of data to direct your marketing efforts.

APPLE (BRIEFLY) DETHRONED SAMSUNG IN 2017 HOLIDAY QUARTER

Worldwide Smartphone Shipments (in million units)





Monthly Trends

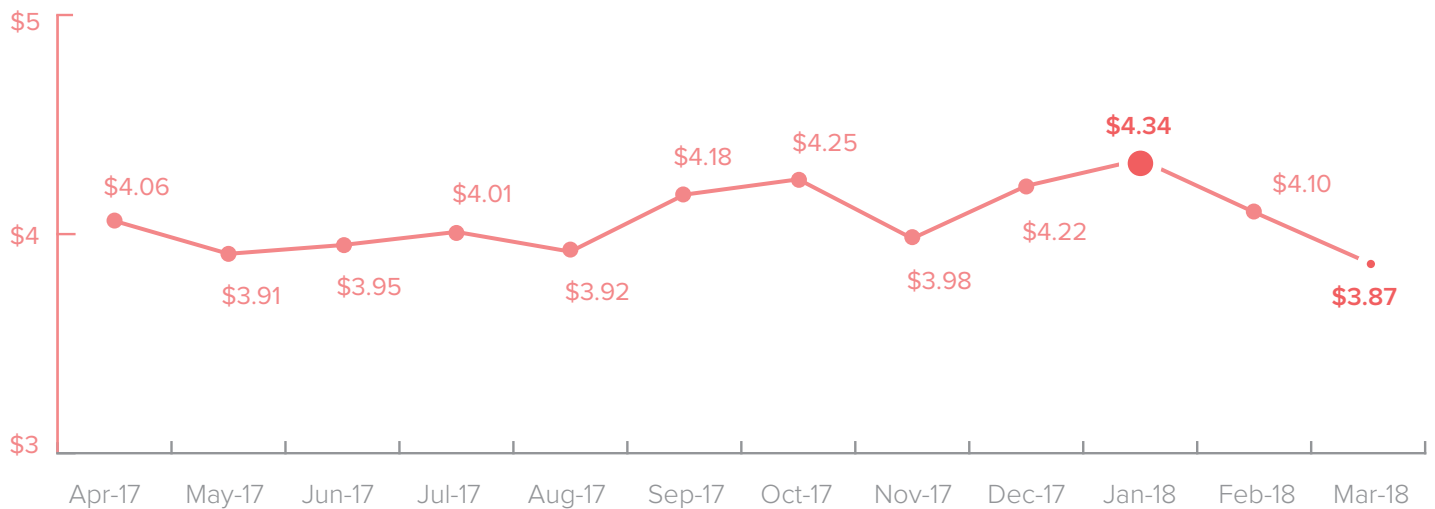
Which months provide the best opportunity to acquire users who engage?

Stable acquisition costs across the calendar year suggest users need little convincing to download shopping apps. Indeed, the [famous observation](#) that consumers are “never not shopping” rings truer than ever, opening up new opportunities for smart marketers to cash in on user interest and intent.

Overall, CPIs show only a 12% difference

from the lowest cost (\$3.87) to the highest (\$4.34). This range has also declined since 2017. Significantly, the highest cost of that year (\$4.53) was observed in October, in the run-up to the holidays. A year later the highest CPI is recorded in January, proof that the seasonal shopping calendar has indeed shifted.

SHOPPING APPS AVERAGE COST PER INSTALL BY MONTH



The takeaway: consumer interest in shopping apps is continuous—but there are still some significant differences.

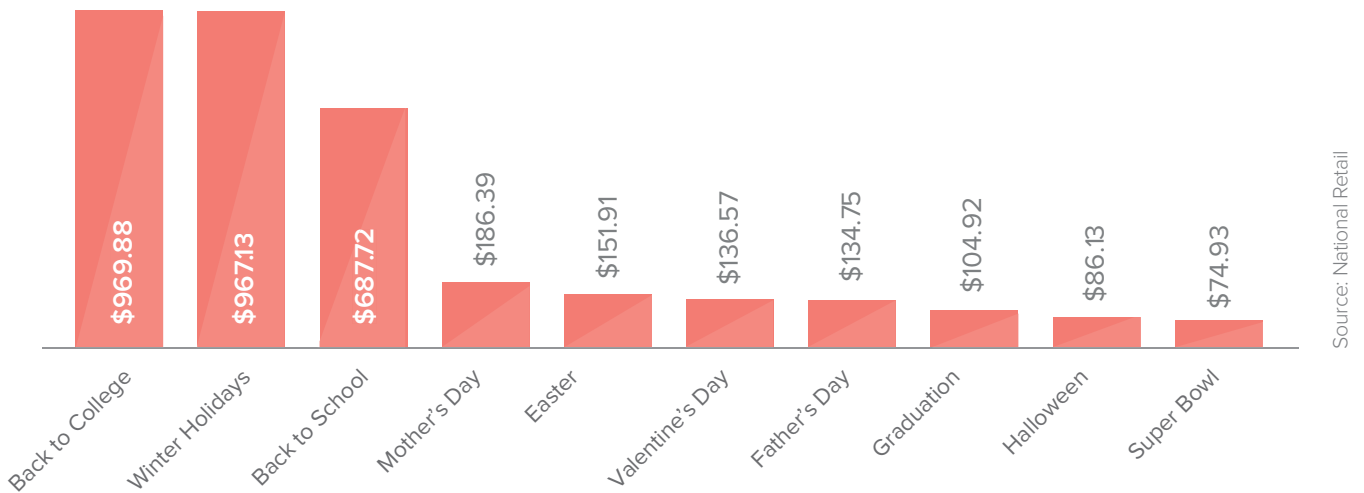
Shopping holiday milestones

Before we pinpoint the precise months to target users and trigger shopping activity, it's important to plot the current holiday milestones. A good starting point is detailed research from the National Retail Federation (NRF). Since 2003, the NRF has partnered with Prosper Insights & Analytics to gauge how much consumers are likely to spend and when. The results provide an invaluable view of the holiday schedule and spending triggers that are top of mind with shoppers everywhere—and especially on mobile and apps.

While some months, such as the run-up to Christmas and the holiday season, are a given, others come as a complete and pleasant surprise. An example is Mother's Day when [a whopping 62% of consumers](#) will start their search for the perfect gift on mobile. This mobile-first behavior linked with a high level of intent suggests marketers that spend could win big. Other significant consumer events (at least in the U.S.) include the Super Bowl and Independence Day.

While Black Friday and Cyber Monday continue to chalk up record sales ([Cyber Monday 2017 was the first \\$2 billion mobile shopping day in the U.S.](#)), both are dwarfed by China's Singles' Day on November 11. The national holiday when consumers celebrate

2017 TOP TEN CONSUMER SPENDING EVENTS



their pride in being single, often buying gifts for themselves, reached a record \$25.3 billion in sales, that vast majority (90%) coming from mobile.

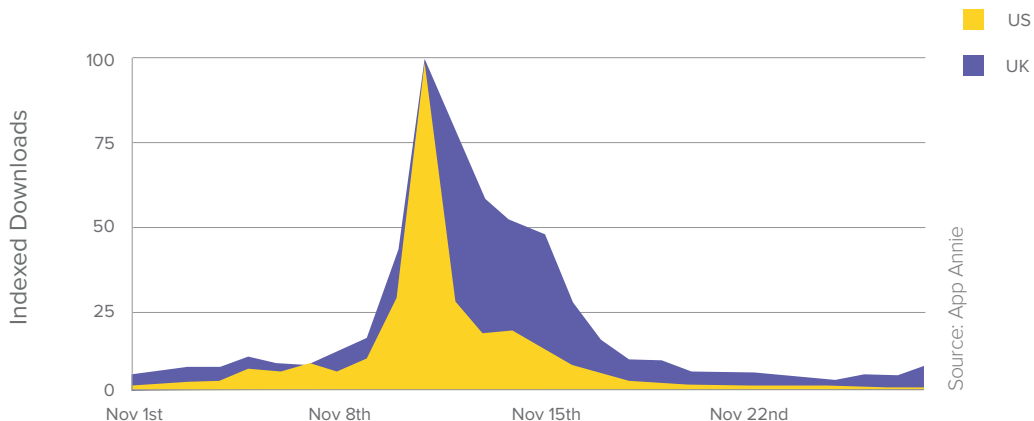
Significantly, Singles' Day was also the ["largest day for worldwide shopping app downloads,"](#) according to app store intelligence company App Annie. Shopping app downloads across iOS

and Google Play combined hit over 2.7 million on just one day.

Notably, Singles' Day was a significant holiday everywhere, not just in China. Shopping app downloads across the U.K. and the U.S. spiked, driven by Alibaba's wider strategy to make Singles' Day a global phenomenon.

ALIEXPRESS DOWNLOADS, NOVEMBER 2017

iOS & Google Play Combined



In fact, App Annie notes that AliExpress alone contributed 50% of the iOS and Google Play shopping app downloads for the top 10 apps on Singles' Day in the U.S.

Installs are one thing, engagement is another.

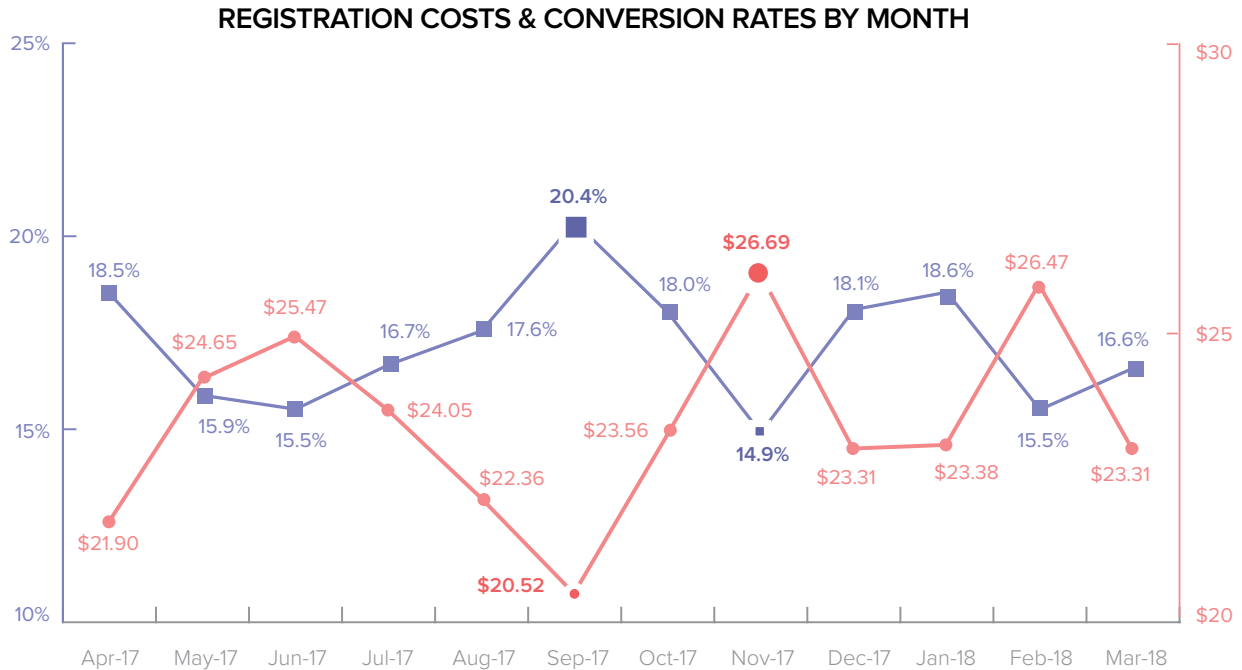
Significantly, App Annie observed that the week of Black Friday (November 19-25) drove the most app usage. American consumers spent over 47 million hours in shopping apps (on Android alone); U.K. consumers spent more than 6 hours on Android shopping apps.

“ AliExpress alone contributed 50% of the iOS and Google Play shopping app downloads for the top 10 apps on Singles' Day in the U.S. ”

Registration costs & conversion rates by month

The heightened interest and activity around shopping apps during the more traditional winter holiday season is mirrored in Liftoff data, which shows that the window of opportunity is wide open in December and January. The install-to-register rate is a respectable 18%. While the cost to acquire users, which hovers around \$23, is not a bargain—it's a smart investment at a time when shopping is clearly top of mind.

Significantly, registrations hit their highest point in September (20%), when the cost to acquire these users is also at an annual low (\$20.52). It's a rare moment when costs and conversions are favorable for marketers with approaches that match consumers' drive to get back in the routine (back-to-school, back-to-college or just back-to-work) after weeks of summer downtime. Clearly, efforts timed to the uptick of shopping activity in the fall—the optimal period when costs are low and conversion rates are high—can deliver uplift where it counts.



Purchase costs & conversion rates by month

Generally speaking, the year can be divided into [six shopping seasons](#), distinct periods when shoppers' interest and activity in making a purchase is in high gear.

January-February: The post-holiday lull is when many consumers are more focused on replenishing their credit cards after the holiday spree, rather than on ringing up additional purchases. But it also marks a boom time for health-related products and services. Sales of everything from

mindfulness exercises to bio-friendly power foods can skyrocket. Purchases across a variety of verticals tend to notch up as consumers gear up for Valentine's Day, a holiday when luxury items (ranging from fashion and jewelry to a night on the town) take on new meaning and importance.

March-May: It's out with the old and in with the new as consumers refresh and renew to welcome the coming spring. Cleaning supplies are in demand and, thanks to the Easter holidays, chocolate and other grocery items are flying off the shelves. Warm weather also wakes consumers up to do more

“ August is a month when users are eager to spend on products and services that will help them make the transition from the lazy days of summer to busy days. ”

outside. From swimwear to sporting goods, interest in the outdoors surges.

June-July: No school and no schedules. Staycations and vacations are top of mind, and so is shopping for all the usual accompaniments. From picnic foods to party apparel, consumers' spending is focused on ways to enjoy the good times. Digital content also sees a spike as consumers look to buy a good “beach read” and some great tracks to make the summer season memorable. The rising popularity of Amazon Prime Day (July 11 and moving to July 10 this year), a one-day global shopping event exclusively for Prime members, also kicks off a [digital-only shopping spree](#).

August-September: Summer is winding down, and consumer attention turns to back-to-school shopping and whatever else is needed to get back

into a routine. Bright colors give way to darker hues, and consumers shop for new items in thicker fabrics. Electronics are also in demand as cooler and shorter days boost interest in pastimes consumers can indulge in indoors.

October: It's the calm before the storm (otherwise known as holiday shopping). In many countries across North America and Europe, Halloween spending is significant. But it's also a prime time for finishing home projects and car repairs before the cold weather sets in.

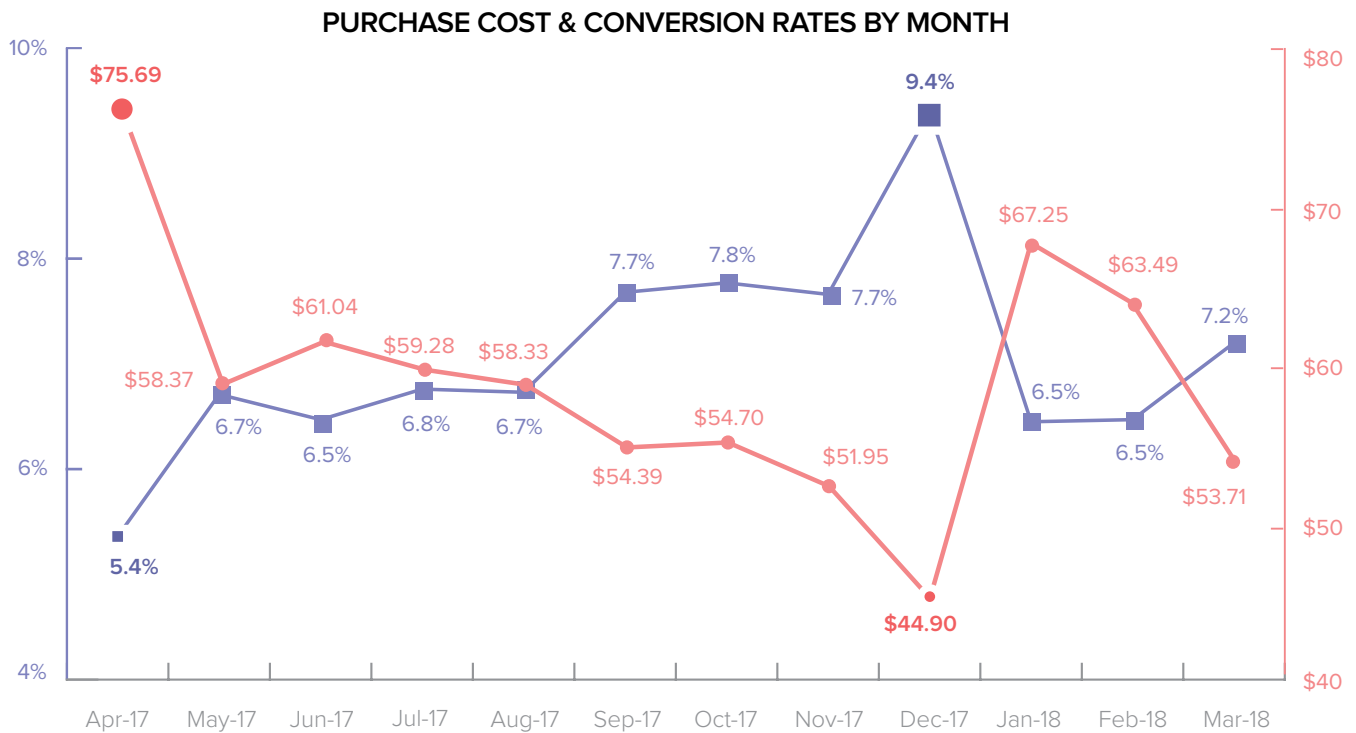
November-December: Across cultures and countries it's *the* shopping season. Singles' Day, Thanksgiving, Christmas, Hanukkah—it's all about giving and gathering. High volume and high spirits go hand-in-hand—and shopping apps have the opportunity to be at the center of the action.

Map these seasons to Liftoff data, and an interesting pattern emerges.

August, a month when users are eager to spend on products and services that will help them make the transition from the lazy days of summer to busy days

(and holiday periods) ahead, is also the starting point for a steep and exciting post-install conversion curve.

Starting at just 6.7% in August, the install-to-purchase rate rises to a high of 9.4% in December. From start to



finish it's a period when users are in "shopping mode," which explains why the cost to acquire a user who will complete their first purchase declines steadily from \$58.33 in August to a low of \$44.90 in December.

Connect the dots in the data, and it's clear that shopping is evolving to

become an "always-on" activity that follows its own rhythm and rules.

However, shopping isn't just shifting the calendar. It's moving to mobile at a breakneck pace.

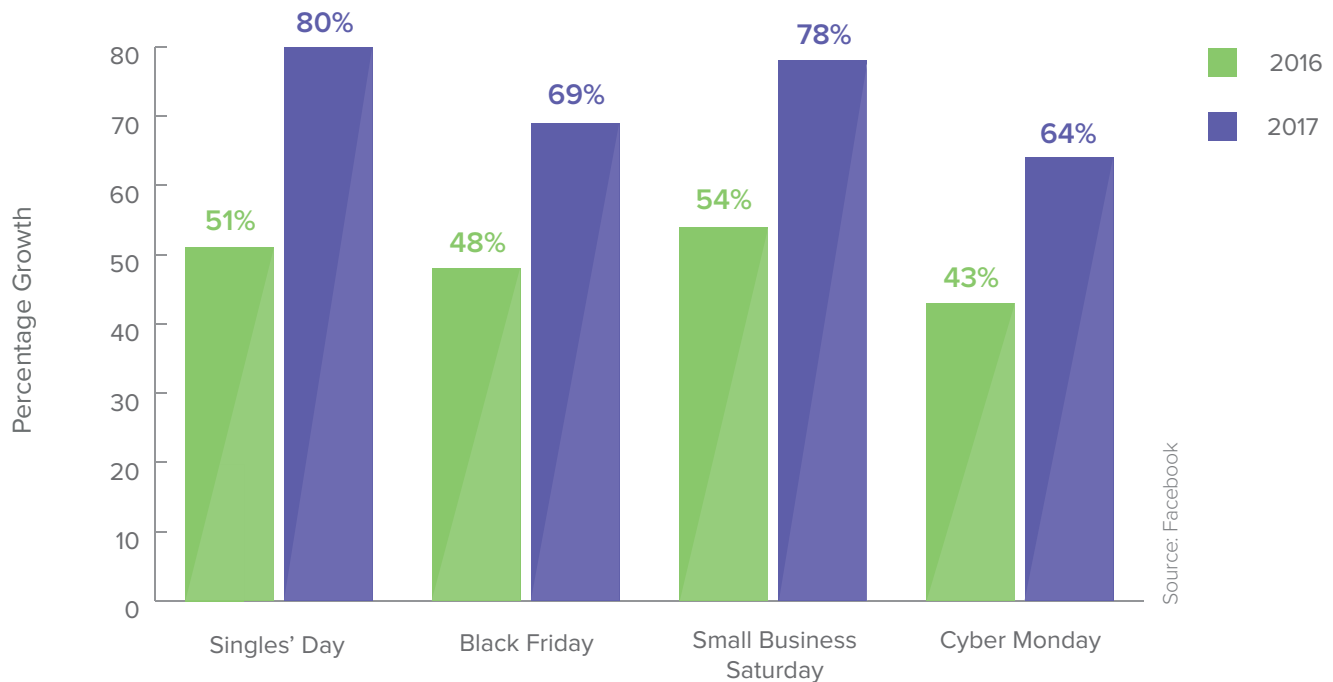
[Facebook data](#) shows conversions during major holidays on mobile far

outnumbered those on the desktop. Specifically, Facebook’s 2017 analysis of holiday activity over Singles’ Day, Black Friday and Cyber Monday shows shoppers bought significantly more on mobile compared to purchases recorded the previous year. The

share of online conversions made on mobile vs. desktop across 17 markets rocketed to 80% on Singles’ Day, 69% on Black Friday and 64% on Cyber Monday. So, what’s driving the shopping exodus from desktop to mobile and—increasingly—apps?

SHARE OF ONLINE FACEBOOK CONVERSIONS MADE ON MOBILE VS DESKTOP

Holiday shoppers across 17 markets



In a word: convenience. Holiday shoppers, Facebook states, “value the ability to purchase anytime, anywhere.” What’s more, “buying on mobile is also now easier than it was a few years ago due to improved transaction experiences, more affordable data plans and greater access to Wi-Fi.”

Fortunately, these are precisely the factors that are driving the adoption and use of mobile shopping apps. The outcome is a “perfect storm” of conditions with the power to turn interested browsers into eager buyers.

Conversion Rates by Region

Which regions provide the best opportunity to acquire engaged shopping app users?

While shopping apps represent a massive opportunity to reach, influence and convert shoppers, success begins with a deep understanding of the data to inform your strategy at home and abroad.

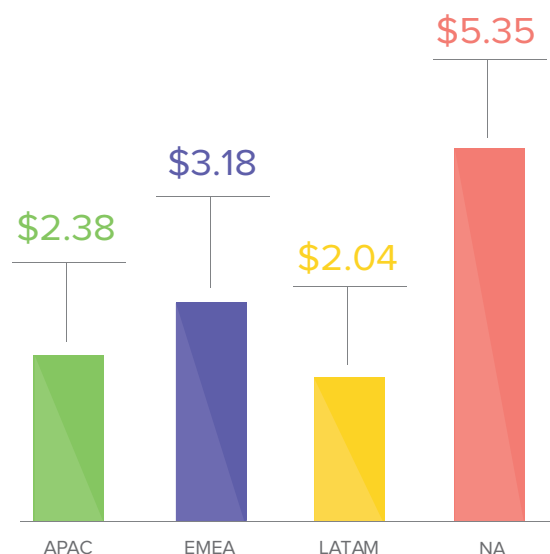
At a high level, [November 2017 data](#) from app store intelligence company App Annie highlights dramatic differences among regions that literally speak volumes about where mobile shopping is going and where it's growing.

Leading the list is APAC, which App Annie reports is “way ahead by a host of

factors.” Mobile shopping is “healthy and growing” in North America and Europe. Predictably, in North America, a mature market where App Annie notes users spend nearly one hour on average in shopping apps each month, competition to be the retailer of choice is fierce.

This dovetails with Liftoff data, which shows that North America is a hotly contested market. At \$5.35, CPIs are high – but so is the probability that users from this region will convert deeper in the funnel.

SHOPPING APPS INSTALL COST BY REGION



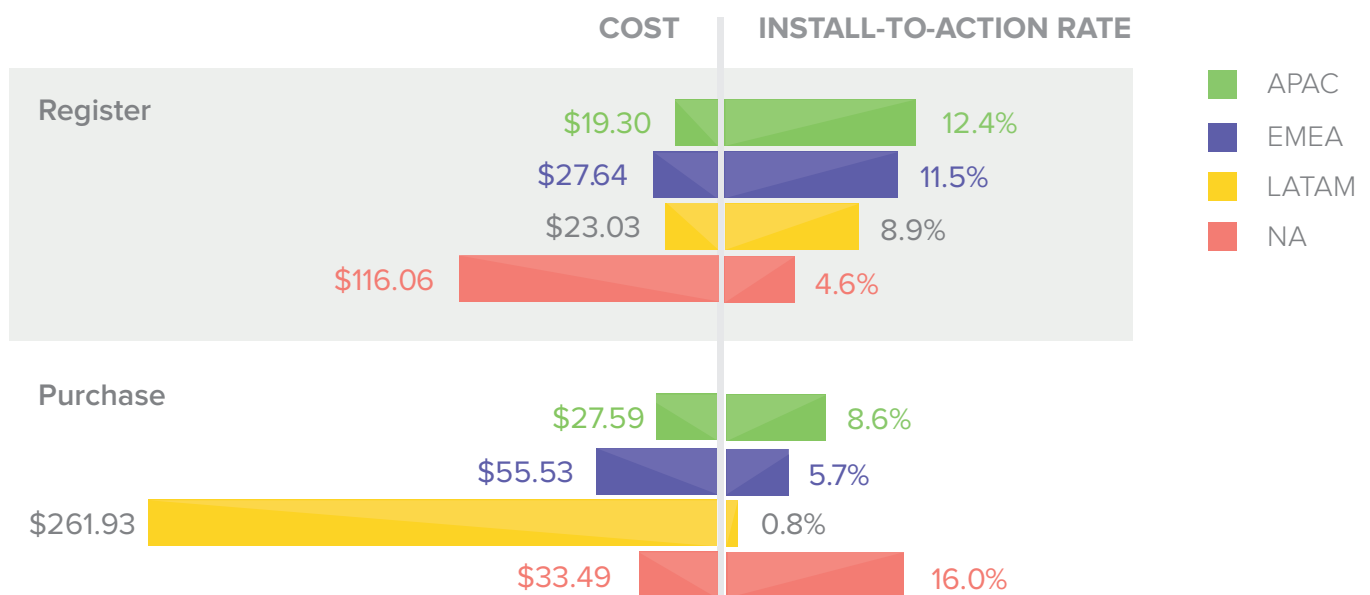
Predictably, costs to acquire users across the other regions are somewhat lower, an indication that these markets are sophisticated, not saturated.

Another factor to consider is the level of consumer interest, which is inextricably linked to the level of sophistication across marketing campaigns designed to capture shopper interest and inspire action. Are campaigns striking a chord

with consumers, satisfying their need to research, plan and make a purchase? The data doesn't say for sure.

Where interest exists, engagement will follow. Liftoff data, which highlights costs and conversion rates at key stages in the funnel, reveals some interesting opportunities to drive positive results.

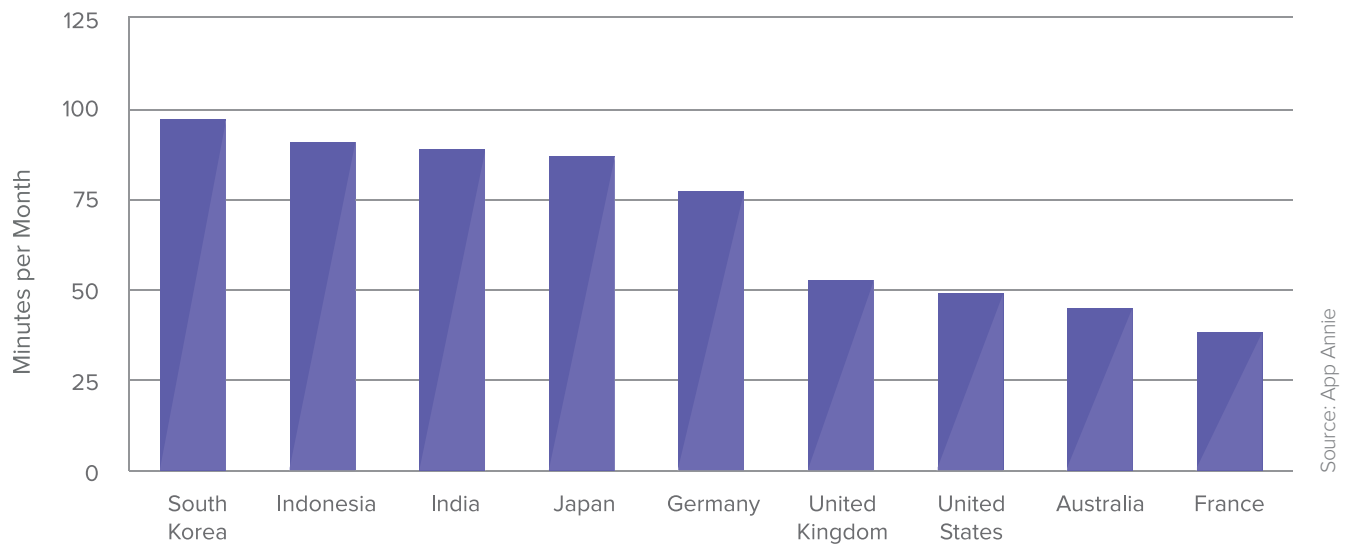
REGION: REGISTER AND PURCHASE COST & CONVERSIONS



Take **APAC**, a region populated by the shopping addicted. Competition is high, but so is user engagement, according to App Annie. Its data shows users in APAC spend an extraordinarily high amount of total time in mobile

shopping apps after the install. Good reason why APAC is poised to “lead the growth of total time spend in mobile shopping apps to surpass 3.5 trillion hours worldwide in 2021.”

AVERAGE MINUTES PER MONTH PER USER IN SHOPPING APPS H1 2017



This impact is evident when we examine the cost and conversion rate for Register. At this stage in the funnel Liftoff data shows the cost to acquire a user who will complete a registration (\$19.30) is the lowest while the install-to-register rate (12.4%) is the highest of all regions.

In Europe, a region where shopping app interest and activity is on the rise, the install-to-register conversion rate (11.5%) also shows an increase over the previous year (10.7%). But engagement comes at a price, as the cost to acquire a user who will complete a registration is \$27.64. This is likely linked to stiffer competition as shoppers in the region

are more active on smartphones than ever before. [As a series of global mobile commerce reports](#) observes: the share of shopping transactions completed in Q4 2017 on smartphones increased an impressive 21% from Q4 2016.

Add to that the explosion of interest in North American shopping events and triggers—notably Black Friday, Cyber Monday and, more recently, Amazon Prime Day—and it's clear that EMEA is a region where shopping behavior is on the cusp. To compete and win in this region, marketers will have to develop approaches and campaigns that clearly communicate their value proposition.

Strengthening the pitch with appropriate personalization can only be a plus.

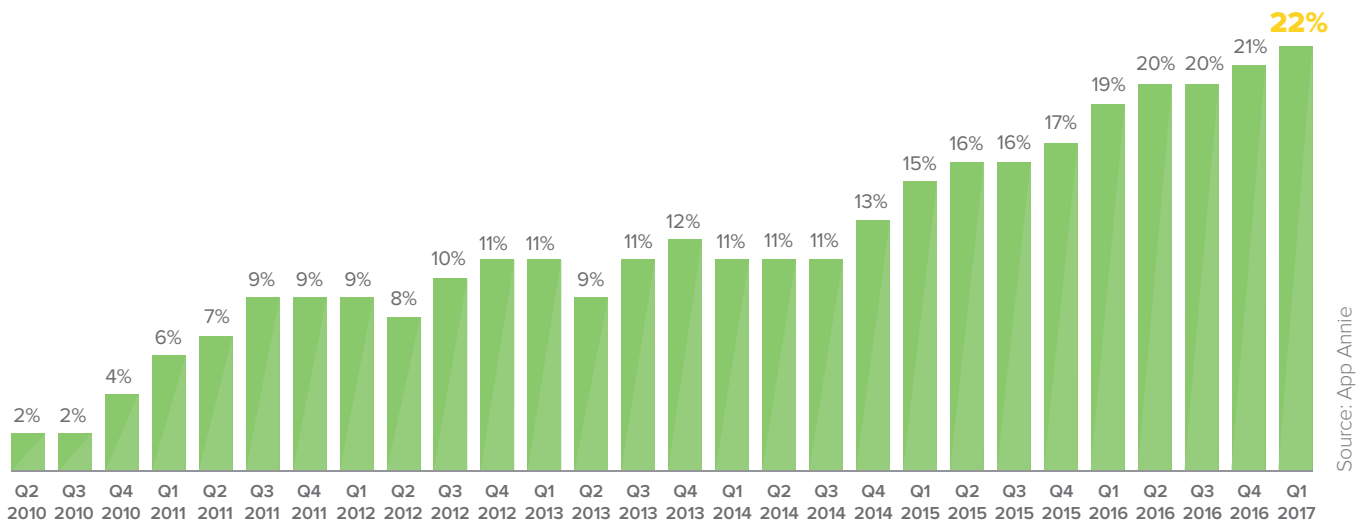
LATAM is a region on the move. Overall, app users are savvy, and conditions are more conducive to mobile commerce. This helps explain why the [share of mobile conversions](#) (apps included) for Q4 2017 shows an increase of nearly half (48%) from Q4 2016.

While users in the region come at the second lowest measured in CPIs (\$23.03), the install-to-register rate of 8.9% (8.85% the previous year) suggests users are looking but not engaging. Marketers are well advised to use campaigns and creatives to tap into the overwhelming interest in mobile

commerce and convince shoppers to do more, more frequently, in the app.

North America, where CPIs are by far the highest, is predictably the region where competition to move users deeper in the funnel is the toughest. This is reflected in the massive price tag (\$116.06) to acquire a user who will complete a registration. The install-to-register conversion rate of just 4.6% may prompt marketers to ask if the effort (and investment) is worth it. But before you abandon this market for greener pastures, consider the growing body of research [from comScore](#) that suggests North America is also home to the world's most eager and active mobile-first shoppers.

M-COMMERCE SHARE OF TOTAL DIGITAL COMMERCE DOLLARS
Q1 2017 Share of 22%



“ The install-to-purchase rates in most regions showed only a slight change compared to the previous year. ”

Not only does mobile commerce (including apps) outpace commerce in brick-and-mortar stores. Mobile has also strengthened its position as the most critical consumer touchpoint on the shopping journey. While these conditions play in favor of mobile shopping apps—comScore stresses not all retailers will be able to share in the gains. Amazon & Co. currently have the competitive edge so marketers will have to smart fight to win audience. One way to level the playing field: focus on delivering emotive and effective campaigns that connect with the right shoppers in the right context.

Significantly, the install-to-purchase rates in most regions showed only a slight change compared to the previous year. Conversion rates in EMEA, for example, rose to 5.7% from 5.3% in 2017. Meanwhile conversion rates in North America declined by 10%. It's a sign that users are inundated by offers and a signal to marketers that they must do more to rise above the noise.

Overall, APAC and North America continue to have the lowest install-to-purchase costs, a clear indicator that these are audiences primed to make a purchase with their shopping apps from the get-go.

Mobile commerce—increasingly via shopping apps—is here to stay. In fact, it is poised for explosive growth as it's forecast to increase by more than 250% by 2021 as more consumers take to mobile and increase basket sizes in the process. Demand for shopping apps is high, but [users also demand ideal shopping experiences](#). Many will drop off—or delete an app altogether—if it fails to offer convenience. Another dealbreaker is a lack of exceptional and exclusive content and offers tailored to past browsing and buying patterns. The bottom line: shopping apps that mix innovation, personalization and localization are a great way to reach audiences, drive engagement and stay top of mind with shoppers on the move—especially in mature markets.



Mobile Shopping Behavior

How long does it take an install to convert?

Mobile apps have not only transformed shopping and retail. They have helped redefine what [Google research](#) calls the “consumer decision journey.” This journey can be very different depending on the consumer, but the milestone moments tend to fall into one of three categories:

- 1 - I-need-some-ideas:** moments when people have a general awareness of what they’re interested in but haven’t yet narrowed down their choices.
- 2 - Which-one’s-best:** moments when people are considering their options
- 3 - I-want-to-buy-it:** moments when the research is done, and the decision is made.

While Google focuses specifically on how consumers use mobile to discover and decide which items to buy, similar steps and “need states” can be mapped to mobile shopping behavior in apps.

In this scenario, the second category can be compared to Register, the key stage in the funnel when users are generally and deeply engaged in activities (comparing prices, specs and product reviews) that bring them one step closer to their buying decision. The third category is a perfect match with Purchase, the retail event that matters most.

Clearly, the journey on shopping apps is influenced by user intent. Shopping apps are marvelous ways to explore offers and

“ On average, users complete the first purchase using the app within just under 11 days. ”

options, which is why, on average, a user who installs a shopping app completes a registration within just under six minutes (or 5 min 39 sec to be exact).

The time from install-to-purchase, however, is longer. On average, users complete the first purchase using the app within just under 11 days. Granted, this may seem like quite a wait compared to last year's data (which produced an install-to-purchase timeline of 6 days for all shopping apps). However, it's also important to take a more holistic view of the shopping journey.

Are users truly taking longer to convert? Or are mobile apps the source of inspiration for buying decisions taking place elsewhere—on other screens (desktop, web, wearables) that define the user's daily routine? There's no denying the advance of omnichannel marketing campaigns and Liftoff data, which tracks user engagement in-app, can't say for sure.

Significantly, some categories of apps do better than others, good news and

critical data for marketers who are counting on recouping their investments within a reasonable timeframe.

To highlight the differences and opportunities Liftoff data examines three categories of apps:

Brand Commerce, an app offered by a company (under that company's name/brand) that makes and sells its own branded products [Example: Gap]

Marketplace, an app offered by a company that aggregates and sells products primarily belonging to other brands and merchants [Example: Amazon]

Value-Add, an app offered by a company that provides additional shopping value to the user beyond enabling a purchase [Example: Ibotta – which allows users to earn cash back on in-store and mobile purchases].

Significantly, each app category has a distinct role and importance in the shopper journey. A [standout report](#)

[on the future of retail](#) from digital and PR agency Walker Sands goes the distance to divide retail apps into similar categories and, more importantly, gauge consumer attraction to each.

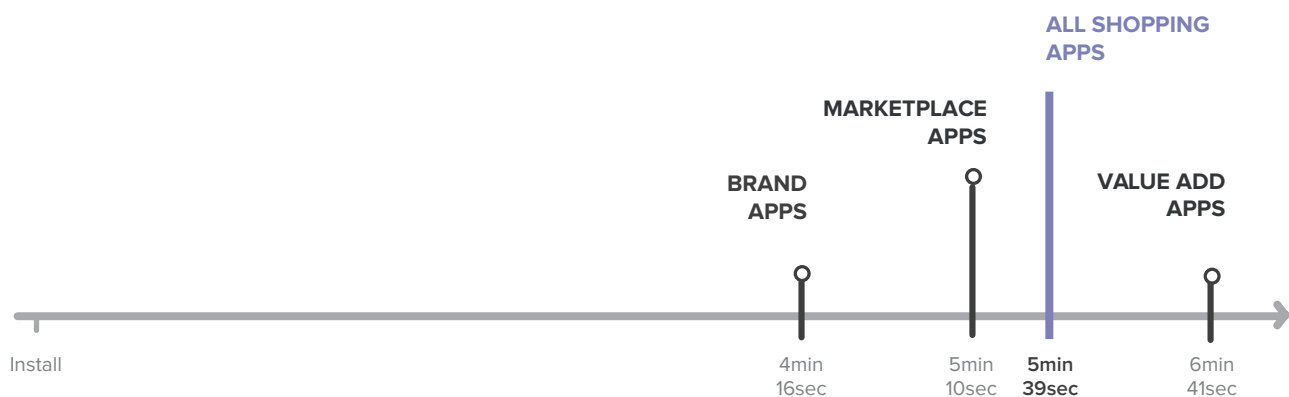
The results, though relevant only to the U.S. market, are eye-opening. Specifically, over half (51%) of consumers have Marketplace apps. Retail apps follow with 40%, and Brand apps come in a distant third with just 13%. (The report doesn't examine attitudes toward Value-Add apps, but it's a no-brainer that consumers would be open and interested in shopping apps that allow them to earn cash or redeem coupons.)

Overall, the report findings dovetail with Liftoff data that shows **Marketplace** apps have the lowest install-to-purchase time (8.5 days). Install-to-register (5 min 10 sec) comes in only second to Branded apps. Taken together the data suggests

Marketplace apps have been successful at encouraging user engagement and triggering purchases. Evidently, this category of apps (which includes leading names such as Amazon and Alibaba) is reaping rich rewards after investing significant ad spend and effort in educating users about their unique, one-stop-shop benefits.

Brand apps are another story. As brands they no doubt understand how to harness marketing to boost awareness among consumers. This would explain why they lead the pack with just 4 min 16 sec from install-to-register. Clearly, campaigns are inspiring users to engage with the app. However, it appears Brand apps lose the plot when it comes to driving the all-important purchase. A 12-day install-to-purchase time isn't the longest, but it isn't the best. For some reason campaigns are not striking a chord with the target

TIME FROM INSTALL TO REGISTER



audience—yet. However, the fault might not be with app marketing. The Walker Sands report also sheds light on the app features that would motivate users to make purchases. One-third (31%) point out that an easier purchase process would be a help, and 26% stress more product information and better images would seal the sale.

Value-Add apps appear to be the two-time loser of the data set. They have the longest time from install-to-register (6 min 41 sec) and an install-to-purchase time that is off the charts at just under 25 days (more than double the average). But there are two ways to interpret the data. The glass-half-full explanation: users install a Value-Add app with the intent to save money (at some point in time), not necessarily make an immediate purchase. Since

users are probably waiting for the best opportunity to get the most value out of their app, they are in no hurry to register or make a purchase. The glass-half-empty explanation: campaigns and app experiences fail to educate and engage users about the value-add. Marketers should target audiences with a wider message about the many ways and contexts where their app enhances the shopping journey. There will always be cost-conscious consumers who want to save money, but focusing on this moment (and this demographic) can limit opportunities to engage with users who can afford to do more (and spend more) with your app. Efforts to improve location relevance and targeting can also ensure that Value-Add apps are present and prominent at key stages on the path to purchase.

TIME FROM INSTALL TO PURCHASE





Summary

Mobile shopping apps have finally and formally arrived accompanied by a massive growth spurt of over 50% in interest and activity over the previous year.

It's momentum that shows no signs of stopping amid app store analytics reports outlining retail apps are now the second fastest growing app category globally after gaming apps.

Retail apps are clearly soaring in popularity and use, turning up the pressure on marketers to find new ways to capture audience mindshare and share of wallet. Winning requires a firm grasp of audience

data and user activity at key stages in the funnel (Install, Register, Purchase), insights that will allow you to plan and prioritize tactics in a wider strategy to drive consumer connection and conversion.

Here are some key takeaways to help you turn every session into an opportunity to pinpoint the approaches and contexts that will allow you to drive usage, boost loyalty and ultimately increase commerce.

“ The cost to acquire a male is an incredible 65.5% more than the cost to acquire a female. ”

Costs and conversions are perfectly aligned, allowing marketers to drive interaction and engagement without draining budget. Low costs and higher conversions at key stages in the purchase funnel indicate mobile shopping is poised for its biggest year ever. More importantly, the decline in costs is accompanied by a marked increase in post-install conversions. The impressive install-to-registration rate of 17.5% (up 20% compared to 14.6% the previous year) suggests shoppers understand and appreciate the benefits offered by retail apps. Moreover, Liftoff data suggests campaigns are better than ever at converting a shopper to a buyer. At 7% the install-to-purchase rate is up 20% over the previous year, showing marketers are on track to reach and engage their audience. Efforts should now focus on growing the momentum (and sales) through campaigns and creatives that drive usage, build trust and deepen loyalty. It's here that approaches such as push notifications can be a huge help, reinforcing the value

proposition of the shopping app and the benefits to users if they make it part of their regular routine.

Women are the win-win, costing less to acquire and engaging at a significantly higher rate. At \$4.34 females are 14% more expensive than males to acquire. However, the effort pays dividends when we examine the relationship between costs and conversions deeper in the funnel. A prime example is Purchase, a stage where (at \$84.93) the cost to acquire a male is an incredible 65.5% more than the cost to acquire a female. With an install-to-purchase rate of 8.5% (nearly double that of males) females are clearly primed to make a purchase. This dynamic presents marketers with an interesting choice of opportunities. They can either encourage female shoppers to do more and spend more on their apps, or they can focus more on developing more targeted campaigns and creatives to inspire male shoppers, gaining competitive advantage in a relatively untapped market.



High engagement rates suggest iOS users also offer better value for money than Android counterparts. Deeper in the funnel Android users are indeed a bargain, but this win is overshadowed by modest engagement rates. For example, the install-to-purchase rate for iOS (8.4%) is one-third (32.8%) higher than for Android users. But this is not a message to marketers to focus solely on iOS users. A closer examination of Android activity (and cost) at the Register stage in the funnel suggests marketers might also do well to open the aperture of how they view and pursue this user segment. Costs are low (a massive 72.4% less than the cost to acquire an iOS user) and engagement rates are high (nearly 10% higher than on iOS), indicating more effort to reach and engage users at this stage would pay significant dividends.

The seasonal calendar has evolved and expanded, opening up new opportunities for smart marketers to cash in on user interest and intent. Stable CPIs throughout the year (only a 12% difference from the lowest cost at \$3.87 to the highest at \$4.34) show every day can be a shopping day. While consumer interest in shopping apps is continuous—there are still some significant seasonal opportunities. Costs and conversions in the fall months are particularly favorable for marketers with approaches that match shopper intent and interest in establishing an orderly routine after weeks of summer downtime. From start to finish it's a period when users are in “shopping mode,” which explains why the cost to acquire a user who will complete their first purchase declines steadily from \$58.33 in August to a low of \$44.90 in December.

“ It’s up to marketers to do more to ensure their campaigns and creatives rise above the noise. ”

APAC is where the action is, while EMEA offers a first-mover advantage.

A comparison of costs and conversions across regions (APAC, EMEA, LATAM and North America) highlights where mobile shopping is going and where it’s growing. North America is home to die-hard shoppers, but they come at a price in a hotly contested market. APAC is booming and boasts the lowest install to first purchase costs. The explosion of interest in North American shopping events and triggers—notably Black Friday, Cyber Monday and, more recently, Amazon Prime Day—in EMEA makes it an attractive choice, but marketers will have to develop approaches and campaigns that clearly communicate their value proposition. LATAM is a region on the move. While users in the region come at the second lowest measured in CPIs (\$23.03), the install-to-register rate of 8.9% (8.85% the previous year) suggests users are looking but not engaging. Significantly, the install-to-purchase rates in most regions

showed only a slight change compared to the previous year, and conversion rates in North America declined by 10%. Connect the dots, and it’s a sign that users everywhere are inundated by offers. It’s up to marketers to do more to ensure their campaigns and creatives rise above the noise.

Time from install to action plays in favor of apps with strong identities and offers.

Shopping apps are marvelous ways to explore offers and options, which is why, on average, a user who installs a shopping app completes a registration within just under six minutes (or 5 min 39 sec to be exact). The time from install-to-purchase, however, is just under 11 days. This may be linked to the advance of omnichannel marketing, a journey in which shopping apps are the starting points but not always where users are completing the purchase. Significantly, some categories of apps do better than others based on their role and importance in the shopper journey.

Overall, Marketplace apps appear to have the advantage. They have the lowest install-to-purchase time (8.5 days). Install-to-register (5 min 10 sec) comes in only second to Brand apps. Brand apps benefit from their natural prowess at driving brand awareness, but need to do more to motivate purchases. Taking the longest time from install-to-register (6 min

41 sec) and recording a massive install-to-purchase time (at just under 25 days), Value-Add apps appear to be the two-time loser of the data set. Marketers with this category app would do well to target audiences with a stronger message about the many ways and contexts where their app enhances the shopping journey.



Liftoff is a full-service mobile app marketing and retargeting platform which uses post-install data to run true CPA-optimized mobile user acquisition and retention campaigns. With Liftoff, campaigns are optimized to drive specific actions beyond the install, to acquire users who engage in more profitable post-install events like booking a hotel, subscribing to a service or making a purchase.