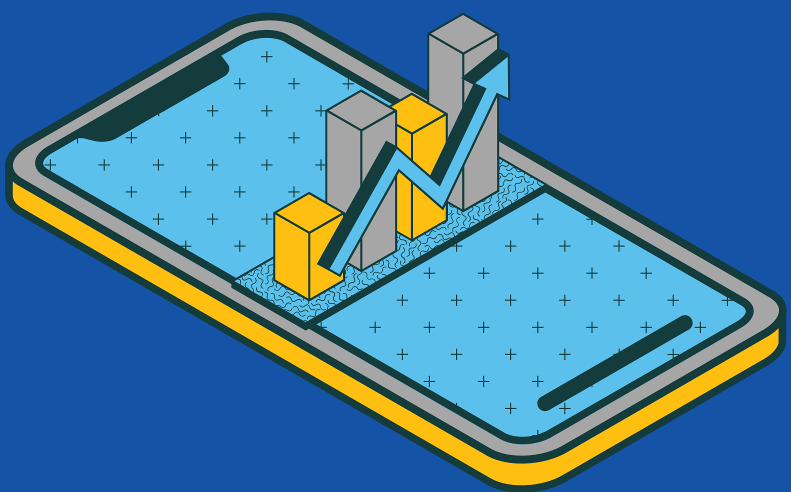
4 STEPS TO SUPERCHARGE USER ACQUISITION

AND HOW TO GET THE FUNDS TO DO IT!

App Growth Network

BRAAVO



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Congratulations! You've Launched Your App...

...Now What?

Launching an app is a tremendously exciting feat and certainly cause for celebration. And now, it's time to prove your business model works.

The end goal for this phase is to achieve positive unit economics, which comes down to lifetime value (LTV) being greater than the customer acquisition cost (CAC). The focus is on testing and optimizing the customer touchpoints:

Businesses will go through cycles of optimizing lifecycle touch points that are met with phases of growth and plateaus. Developing an effective testing framework and ways to track performance are key.

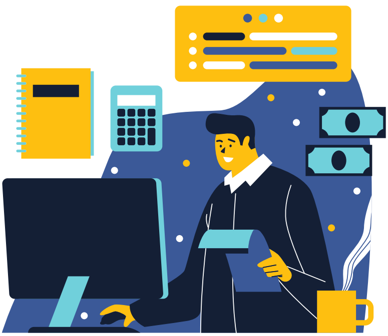
For newly launched apps, the first iteration of tests should get you to a moment of traction. For app businesses further in their journey, growth remains top of mind. In both situations, it’s time to kick things up a notch and invest more into what is working for your business. You are ready to supercharge growth!

This guide walks through how to turn traction into a growth multiplier with smart funding, user acquisition (UA) best practices, and key learnings from other app businesses mastering the growth game.

STEP 1:
Determine if Funding is Right for You

Whether you're a solopreneur or have an established team, having additional capital will always put you steps ahead of the competition. Choosing the right funding option, at the right time, depends on your goals.

Before exploring (or revisiting) funding options, be sure to have a clear endgame and map important milestones along the way. With an understanding of which phase of your journey you're in and what goals you need to tackle next, it's time to evaluate which funding option gets you there.



Funding Options

Most businesses consider raising capital through equity, debt, or a blend of both.

Equity Financing

Equity financing involves selling a portion of company ownership in exchange for funds, a process that can take months or years. Equity investors absorb more risk than any other type of investor, which often means the cost of capital is much higher for the company. However, the main benefit is that there is no repayment obligation.

This option is best for companies that need capital for product development, or soon after launch during the early product optimization and marketing experiments phase when they're focused on building predictive revenue models.

Debt Financing

Debt financing is a loan that is repaid with interest. This option is not ideal for growing businesses because they absorb all the risk. It often requires guarantees that put business and personal assets at risk if there is a payment default. Monthly payments on the principal and interest must be made regardless of revenue.

Because of this, debt financing is best for companies with consistently growing revenue that don't have concerns about potential cash flow limitations. The benefit of debt financing is that interest paid is tax-deductible and company ownership is preserved.

Revenue-Based Funding

If you're looking for the best of both worlds—maintaining company ownership, not overextending with interest payments, and avoiding potential liens—there is a third option: revenue-based funding (RBF).

For the purpose of this guide, we'll focus mostly on RBF because it's a more favorable option for growing businesses. RBF removes the blockers that come with traditional funding options to enable growth with scalable capital. So, how does it work?

Step 2: Scale Faster with Revenue-Based Funding

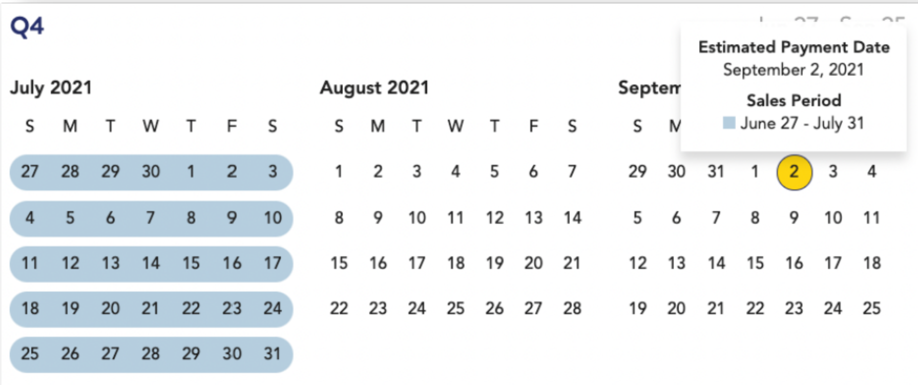
How RBF Works

RBF is the least risky, fastest option for growing business and funding is structured in a way that enables growth, not hinders it. Business owners retain ownership so they can continue to carry out their vision without needing buy-in from investors.

The cost is a fixed fee and repayment is typically taken as a percentage of future earnings, so a business never has to extend beyond what they are able to pay. This flexibility better supports the typical ups and downs most businesses face as they grow.

The amount of capital that can be secured is based on current and predicted revenue. There are three types of funding options that can be used interchangeably, making RBF the most agile form of capital that scales with a business.

Option #1:
Advance App Store Earnings



App store payment schedules can be a major growth blocker. If your app is in the Apple App Store, sales cycles are four-to-five weeks (highlighted in blue) and actual earnings are paid (highlighted in yellow) around 33 to 67 days later.

From day one of the sales cycle, June 27, the September 2 pay day is 67 days, while the last day of sales, July 31, is 33 days.

The payout schedule varies, and usually there is zero payment activity during one calendar month within Apple's fiscal quarter (e.g., August in the chart above). If you want to check your next payment date from the Apple App Store, see this calendar.

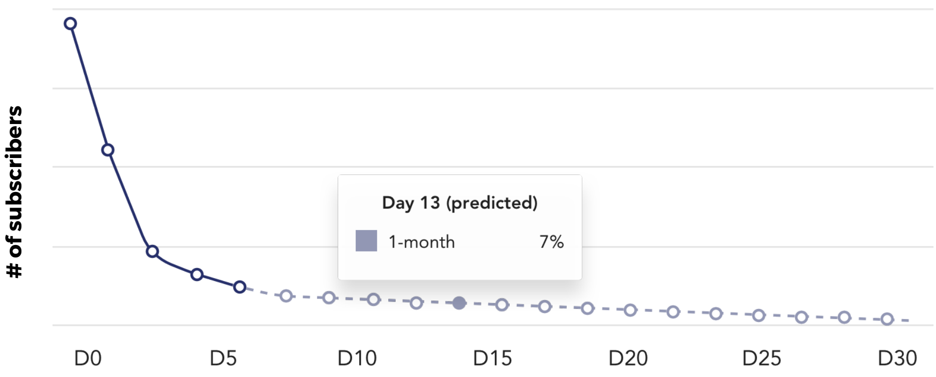
On this schedule, the amount invested in marketing has to stay behind actual current revenue, unless a business is willing to reallocate budget from other areas of the business to match growth trends.

The fix for this is to close the gap between sales and payment cycles. A RBF partner can advance both app store and ad network earnings so that revenue earned the previous week is in your bank account the following week. Instead of waiting a month or two to collect revenue, the cash flow influx creates more flexibility and consistency that enables better growth investments.

Option #2:
Advance Subscription Renewal Earnings

The subscription economy has seen a massive boom, and the race to dominate has made for a very competitive landscape. The value of a subscription app is defined by retention. It starts with an optimized experience that captures enough interest to convert customers from a freemium user to paid. Both freemium and paid experiences require a regular output of quality content that drive retention by maximizing value.

Naturally, subscribers will drop off, but it can be minimized. It's important to stay close to retention performance by tracking when users lose interest and why.



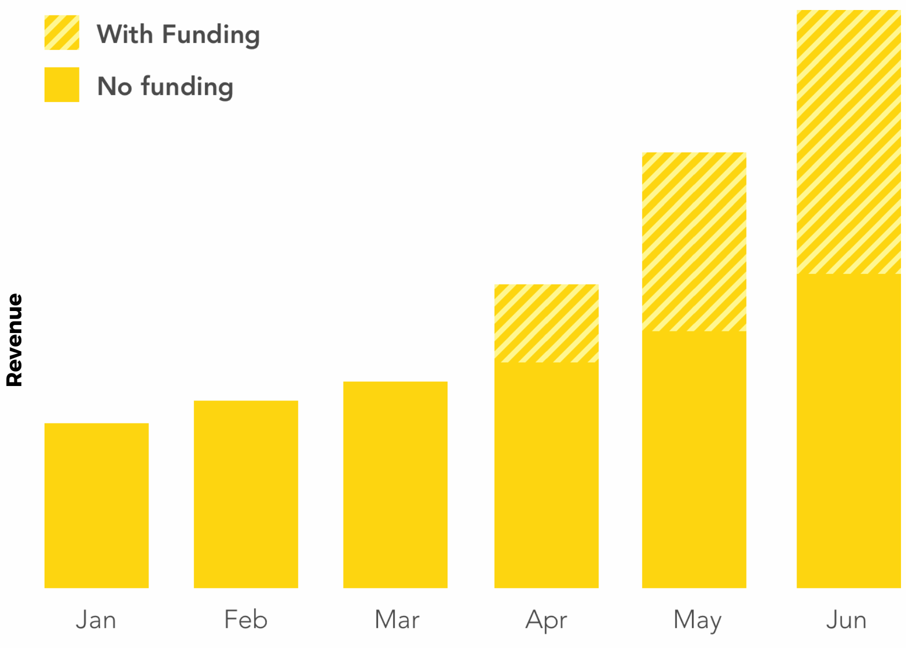
Example of tracking retention (and dropoff) performance during the first 30 days.

Founders can turn recurring revenue into upfront cash with a RBF partner that pre-purchases subscription renewals. Instead of waiting for renewal payments, subscription apps can accelerate access to the funds needed to invest in building long-term value that drives retention.

User Acquisition Funding

What if you could double or triple your monthly UA spend? Imagine what this could do for your business. A RBF partner can provide funds that are dedicated to investing in UA growth. This is a scalable funding option that starts with funds in the amount of one-to-two times the amount of the previous month's UA spend.

As the added investment in UA generates more revenue, eligibility for higher funding amounts increases. This can be a significant growth multiplier for businesses that have tested and identified predictable UA strategies.



Step 3:
Create an Allocation Plan

To get the most of your funds, we've outlined some industry best practices for each stage that comes after you have a completed app product.

The 3 launch stages will give you an idea of the approach you should take for each, approximate timeline and the recommended budget allocation.

Of course, these may vary slightly depending on the type of mobile app you're bringing to market, but will provide solid guidance.

Technical Launch Stage

After your app developers have finished building your app, you want to go through this first stage, the Technical Launch stage. This one is key! The purpose is to make sure that the app is crash and bug free.

- **Goal: Check that the apps' vitals and KPIs tracking are correct**
- **Time frame: 1 month**
- **Users Required: 100**
- **Metrics: Crash Rate, ANR (Application Not Responding) Rate, Installs/First Open, Unistalls, Select Content, Session**
- **Budget: ~$5k**

Retention Launch Stage

In this next stage, you want to find your product market fit and optimize your app's features and UX for the best app stickiness.

Beta users will serve as your first-line testers to help you determine how your app will perform in the real world and how well your app keeps users engaged. In other words, do people like your product?

- **Goal: Understand and optimize FTUE (First Time User Experience) and app balance**
- **Time frame: 2-3 months**
- **Users Required: 200+/day for statistical significance and A/B testing**
- **Metrics: Retention D1, Retention D7, Retention D30**
- **Budget: ~$50k**

Monetization Launch Stage

At the monetization stage, we want to make sure we can do just that—monetize! This means converting free users to paid users and scaling the product to the public.

- **Goal: Achieve an LTV > CPI or a specific ROAS DX target**
- **Time frame: 2-5 months**
- **Users Required: 200+/day for statistical significance and A/B testing**
- **Metrics: Conversion to paying user, ARPU (Average Revenue per User), ARPDAU (Average Revenue per Daily Active User), LTV (Lifetime Value), ROAS (Return on Ad Spend)**
- **Budget: $50k+**

Keep in mind that, while we've provided approximate time frames, going through this entire process can take anywhere from 3 months up to 1 year.

Allocation Plan Overview

Post-app development stages to consider for your allocation plan

Technical Launch Stage

Goal: get app's vitals & tracking in check

Time frame: 1 month

Users needed: 100

Metrics: Crash rate, ANR, Installs/1st open, Uninstalls, Session

Budget: ~$5k

Retention Launch Stage

Goal: optimize FTUE & app balance

Time frame: 2-3 months

Users needed: 200+/day

Metrics: Retention D1, Retention D7, Retention D30

Budget: ~$50k

Monetization Launch Stage

Goal: achieve LTV>CPI

Time frame: 2-5 months

Users needed: 200+/day

Metrics: Conversion to paying user, ARPU, ARPDAU, LTV, ROAS

Budget: ~$50k

Step 4:
Uplevel UA

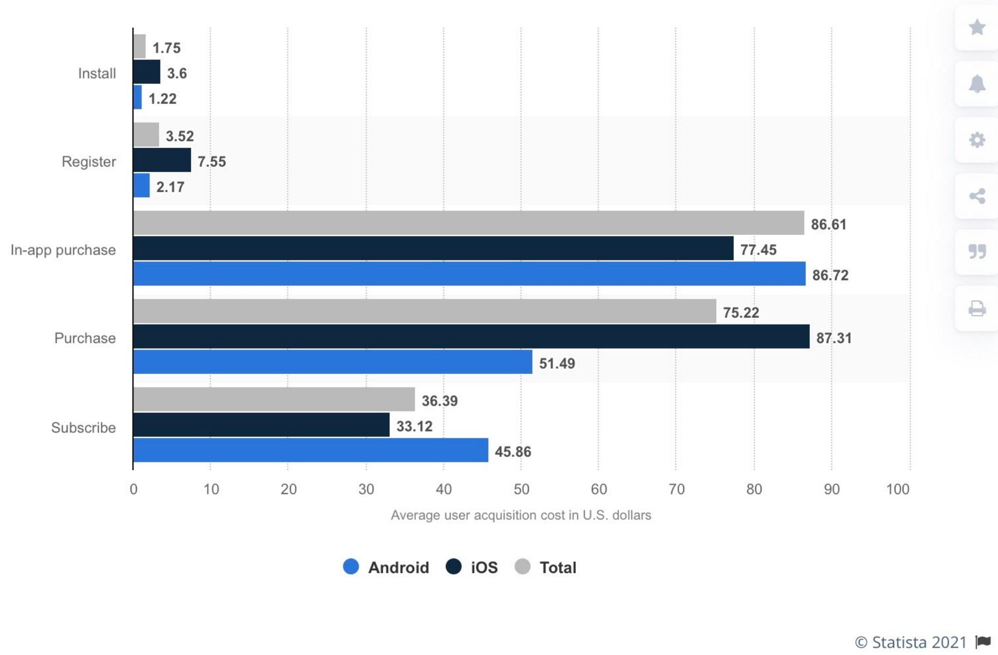
After you've gone through all of your launch stages successfully, you're ready to go big! And this is where full-scale user acquisition comes into play.

First, it's important to keep in mind that there are various steps in the mobile app user funnel—where the app install is just the first step. Depending on the type of app you have, next may come registration, in-app purchases, an app purchase or a recurring subscription.

App publishers and marketers need to take action at each step of the funnel to keep the app user engaged and to convert them to the next stage of app journey.

Several factors influence an app's user acquisition costs, including user action at each stage, the operating system and the region.

According to the latest Statista research, the cost for an app registration averages at $3.52 (with North America being the most expensive to acquire). Whereas making an in-app purchase costs an average of $86.61.



Statista graph showing the average user acquisition cost by mobile device

Clearly, there is a big difference between the cost of getting a user to complete a registration versus completing an in-app purchase. As you drill down by OS and funnel stage, it all varies. But, there's one thing that they all have in common: they cost money! Which is where your app funding comes into play.

User Acquisition falls into two main buckets: organic (as in, *free*) and paid.

Because we're referring to the benefits of funding to step up your UA game, we'll focus on the best strategies that fall into the latter. But, please make sure that your organic UA is rock-solid first. This means having your App Store Optimization (ASO) strategy in place and running like a well-oiled machine.

UA Channels to Consider

After all of your ASO elements are tiptop, you'll want to evaluate which of the following most tried-and-true paid User Acquisition strategies work best for your mobile app. You may find that a combination of paid UA channels make up your ideal mix and then allocate funds accordingly.

For example, different UA channels serve different purposes—and the type of app you have and your business goals should dictate where it makes most sense to invest your dollars. Google is known for getting the lowest Cost Per Install (CPI) but without the precise targeting for Android apps.

Also, targeting and bidding is automated based on Google algorithm. The longer the algorithm has to learn, the more optimized and efficient this medium becomes for finding valuable users based on the actions that matter to you most, like in-app conversions.

So if you're a gaming app with volume as the main KPI, then Google App Campaign could be your golden ticket.

But if you have a yoga app and need more granularity in your targeting, you may benefit by paying more for higher quality users with Facebook Ads.

In any case, your strategy needs to be in line with your app user: if you have a Gen Z-target app, look to TikTok or Snapchat; if you have a Beauty/Fashion app, turn to Pinterest, and so on.

Now let’s take a closer look at the most popular App User Acquisition channels to see how, why, (and if) they should be in your consideration set when making budget allocation decisions.

Apple Search Ads (ASA)

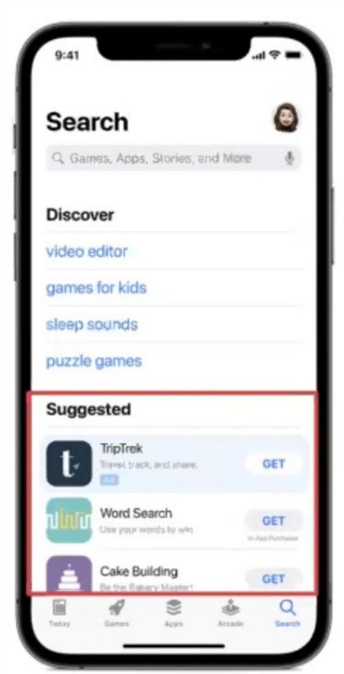
If your app is available on the iOS App Store, this is the first media buy you should consider allocating funds to.

Why?

Because Apple Search Ads are hands-down the most efficient way to make it to the top of Apple's App Store search and attract quality users. Knowing that there are almost 2 million apps on the App Store and ASA can also help you boost your ASO (organic) efforts.

You can also use Apple Search Ads to protect your branded keywords or win a bigger market share by bidding on competitive keywords. More competitive niches like health and fitness can become quite expensive for some of the higher volume keywords, so it's important to optimize main keywords based on your budget.

Apple is also investing more into developing new placement—like Search Tabs—that are worth exploring. This newer campaign type features apps in a “suggested” section on the search age of the App Store.



Example of App Store’s “suggested” section

Given that half of users find apps through an app store search, having prime placement in search is key. Ads get placed at the very top of App Store search, above any organic search results, which is ASA’s main draw.

Keep in mind there’s a lot at play here too—knowing how to manage your bids and how to make it to that coveted sponsored spot is important and you’ll want to entrust this job to an expert.

Now that we're in a post iOS 14.5 world, the value of Apple Search Ads has increased even more. Apple serves ads based on the context of a particular search according to keywords, making ASA an intent-based channel.

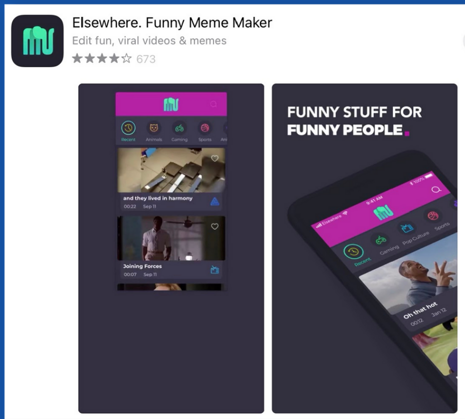
This means that you align your app to users' intent by tapping into these keywords that draw in high-quality users, versus relying on IDs to target individuals. The attribution model is already at an advantage over other channels that rely on IDs for their individual behavioral targeting.

This level of intent-based targeting is probably why Apple claims such phenomenal performance numbers, like a 50% average conversion rate and a 65% download rate that results from App Store search queries.

It can also serve as a source of revenue—mobile measurement partners can help you to understand Return on Ad Spend (ROAS) from your Apple Search Ads campaigns. However, because of ATT, the visibility to ROAS per keyword has decreased and you will need a more advanced calculation to get your real ROAS for the Apple Search Ads channel.

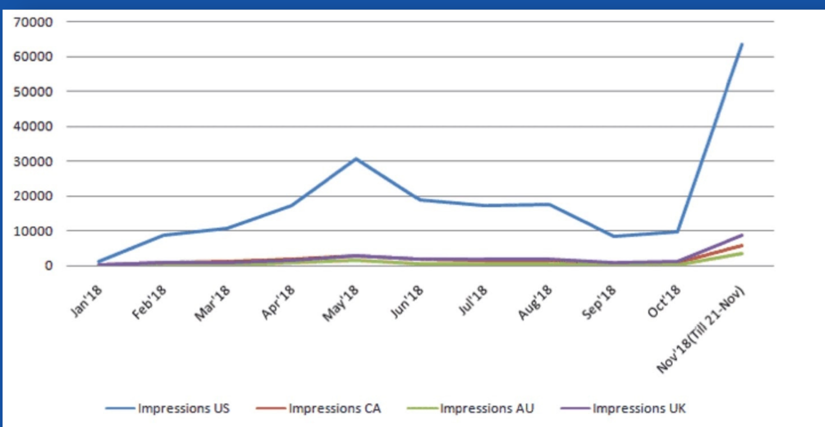
Case Study of ASA in action

Elsewhere is a free meme maker app for users to create customized meme clips from pre-selected funny video content. Here we'll take a look at the impact a 3-week ASA campaign strategy in November had on user acquisition with an average $100 daily budget.



At the start of the campaign, the app was getting about 10,000 impressions a day via organic and social channels. The baseline for app installs was about 4,000 monthly downloads (130 average per day).

As dictated by ASA best practices, the first step was to conduct thorough keyword research. The results of targeting the right keywords, as seen below, was a sixfold increase in US impressions to almost 65,000.



Graph showing the increase in impressions after keyword targeting with ASA campaign

Google App Campaign (UAC)

When you add Google UAC to your user acquisition mix, you're inviting all of Google's biggest players to the party—Google Search, YouTube, Google Play, Discover on Google Search and the Google Display Network. Suffice it to say, you're getting some massive reach. This means that if you have an app where the primary goals are the getting downloads and maximum ROI, like for a hyper-casual game, then allocating funds to UAC is a must.

The key to Google Ads success is knowing how and when to dial the bidding up or down, optimizing creatives to the app's metadata, and knowing how to implement in-app action campaigns.

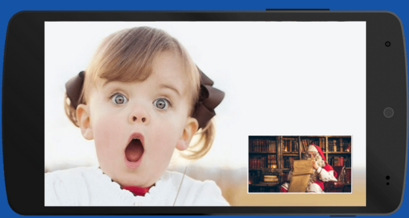
If done correctly, or you get app marketing experts to help you, you can really cast your net wide and attract significantly more downloads.

Case Study of UAC in action

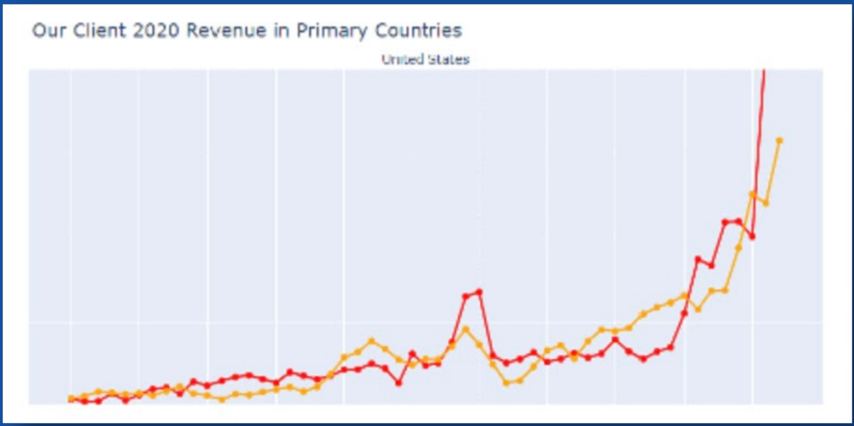
Portable North Pole is a popular Christmas app for families to send personalized videos and live calls from Santa. For the 2020 season, their main business goal was to launch and scale high-performing campaigns globally and acquire new users in more than 20 countries, in four different languages.

Before launching the 2020 UAC campaign, analysts thoroughly analyzed the past performance of 100 campaigns to establish a baseline from which to develop marketing copy and overall global market strategy. With so many markets to monitor, creating an automated daily dashboard is a huge help!

Through consistent monitoring, the monthly budget was doubled in the first month, resulting in increased year-over-year revenue. More impressively, the app acquired 1 million new users in less than 30 days.



You can see the results below in the revenue charts for the app's top-performing countries, the US and Mexico. Through new Google UAC automation and optimized practices implemented in 2020, revenue (shown in red) reached much more favorable numbers versus revenue in 2019 (in yellow).



Graphs show 2020 revenue (red) vs 2019 revenue (yellow) in the US (top) & Mexico (bottom)

Facebook Ads

With over 2.6 billion users, Facebook continues to reign as the king of social media. So, whoever you're looking to target, chances are that you'll find them on Facebook —which also owns the megastar platform, Instagram. Facebook has a network similar to Google Display where you can run your ad as a rewarded video in millions of apps worldwide.

It's a recommended platform to use as part of a paid channel, in-depth audience targeting strategy. The ability to do hyper-targeted ads based on users' likes/preference is especially valuable for brand-focused apps that benefit from getting quality users (versus maximizing the volume of downloads).

Getting the lowest Cost-Per-Install (CPI) is one of the primary goals mobile app publishers aim for.

Once you have your app optimized for purchase and consistent amount of purchases per day, you can optimize for that.

On Facebook, there are currently three types of campaign/goals:

1. **Mobile App Install (MAI)** where the campaign's goal is to get the lowest CPI
2. **App Event Optimization (AEO**) where the goal is to get users who are most likely to perform a certain action (event) in the app—the most common event is purchase. The CPI in this case is usually higher, but so is ROAS.
3. **Value Optimization (VO)** is where you submit your list of the most valuable users and FB matches them to other users who are similar, which maximizes your ROAS. But with the IDFA depreciation, the future of this type of campaign is questionable.

When done right, Facebook Ads can deliver the results that meet your UA goals whether it's downloads, in-app engagement or revenue.

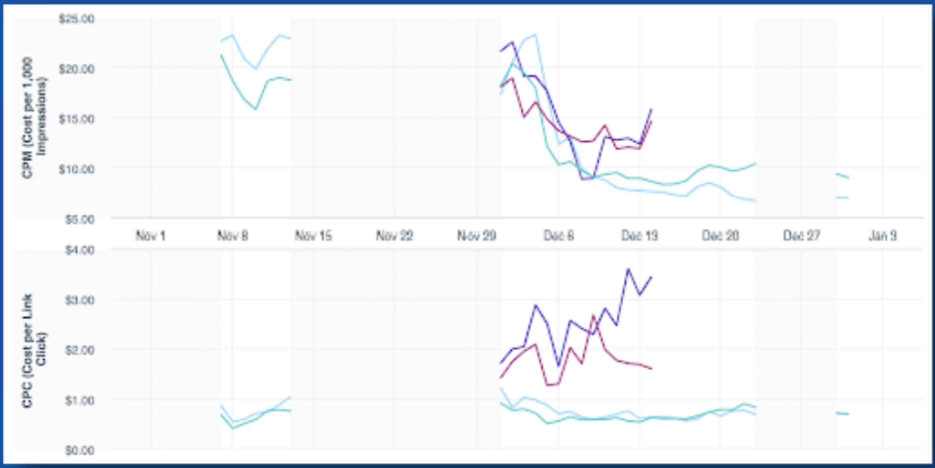
Case Study of Facebook Ads in action

Here's a look at the 3 factors that will impact the success rate of your Facebook campaign and how the AGN team tackled them for a newly-launched coloring game app client.

- **Creatives** - the most important factor. The ad visual should be catchy, to the point, and action-inducing. 20% of your budget should be spent on new ads. You never know which ones will bring you the sweet returns. Don't get discouraged when they don't succeed immediately; on average only 1 in 50 creatives does!
- **Targeting** - making sure that your ad is shown to the right person at the right time. With the new privacy regulations, targeting becomes more challenging as the ML algorithm is fed with less accurate data about the quality of users.
- **Budget** - minimum budget to reach your goals, e.g. if your average CPI in the category is $3 and you need a mini50 downloads a week per ad to overcome the learning period, you will need a minimum monthly budget of :
  3 x 50 x 4 = $600 per ad

The red and purple lines were campaigns run by a client with a small target audience which didn't allow the algorithm to overcome the learning phase and caused high acquisition costs.

The dark and light blue lines represent the campaigns run by App Growth Network. After refreshing the creatives on Dec 3, the acquisition costs decreased significantly.



Graphs show FB ads CPC when run by previous agency (red & purple) compared to the CPC of FB ad campaign run by AGN (blue & light blue)

Third-party CPI Deals

DSP Minimob

Minimob is a programmatic media buyer—demand-side platform (DSP)—network a mobile marketplace that allows mobile app publishers to buy media ad placements (search, video ads, banners) on affiliate networks and apps.

Here we see an example of a 2-month test with Minimob—the results for the client were a high volume of user impressions and 2,321 installations.

APP	NAME ▲	APP NAME	OS	STORE	TRAFFIC TYPE	COUNTRIES	CLICKS	INSTALLATIONS
	US_Wavely City targetting	Wavely – Job Search & Finder				US	240631022	1780
	Wavely Direct US AOS City targeting	Wavely - Find Jobs in Tech Industries & Startups				US	27885427	541
							268516449	**2321**

Final Thoughts

There you have it! The steps of your post-launch journey for if and how to use funding to level-up your UA efforts.

We covered:

1. How to assess funding options and match them to business needs
2. How revenue-based funding (RBF) works to better enable growing apps to scale faster
3. How to allocate funds by stage and business goals
4. How to evaluate paid user acquisition channels and app success stories of these paid media channels in action

Are you ready to supercharge your user acquistion?

For UA, contact App Growth Network
www.appgrowthnetwork.com

For funding, contact Braavo Capital
www.getbraavo.com

App Growth Network is a full-service mobile app marketing agency with happy clients that have received results like over a 200% increase in downloads and 150% increase in app visibility score.

Major brands trust AGN for customized data-driven app growth strategies including Portable North Pole, Spartan Fitness Apps, Heroes Jobs, Ten Percent Happier, Fit52, Color Collab, Breethe Zynga, Sage and Twist.

Braavo Capital is the pioneer of cohort-based funding (CBF), the non-dilutive investment model powering rapid growth for ambitious consumer subscription businesses worldwide. With Braavo, customers gain immediate access to their future profits based on AI-powered cohort retention and LTV models. By building great products that customers love, businesses can turn future subscription renewals into today's capital for growth, without sacrificing equity.

Since launch, Braavo portfolio companies have earned more than $2B in revenue and acquired 100M+ subscribers globally.