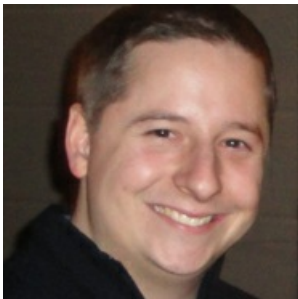COLUMNS

A new mobile metric: RVC = Rank Vs. Competition

April 15, 2011

By Adam Grenier

The iPhone App Store has been a wild Gold Rush of sorts over the last three years. Many publishers have found significant revenue by landing their application in the Top 10 of respective categories.

With that, most application promotion is focused on driving the application rank up within the store.

One of the easiest, most popular and most inexpensive ways to do this is from incentivized installs. Users get free virtual currency in their favorite games by downloading other applications.

While these downloads rarely convert to actual revenue, the strategy itself has mostly worked for the sheer fact that being in the top ten guaranteed a huge lift in organic downloads.

The incentivized downloads act as a traditional loss leader for organic downloads that generate much higher revenue.

However, as Apple's App Store tops 300,000 apps, platforms such as the Android introduce a much broader path to app discovery and signs point to the mobile Web increasing in popularity over apps.

The shallow "get to the Top 10" strategy is no longer a universal solution. Do not get me wrong it is still a viable answer for many marketers and publishers.

Take ad-supported games, for instance.

When the everyday iPhone user is in the mood for a new game, the obvious place to go is to the App Store and see what games other users think are most popular. If you are in the mood for a new game, you are willing to take whatever is free and give it a shot.

Now, shift over to some of the more broad categories within the App Store.

Rarely will a consumer think, "I really would love a new finance/lifestyle/social media app." She is more likely thinking, "I really would love a new mortgage calculator/celeb gossip/Twitter app."

In those cases, the Top-10 strategy is overkill.

Enter: Rank vs. Competition (RVC)

Rank flank

Chances are, the person looking for a mortgage calculator will either do a search, or go into the finance section, but quickly sift through the list until she finds a mortgage calculator.

The user is not looking for the top finance app. She is looking for the top mortgage calculator app.

The RVC strategy is based on a simple theory: If your app is ranked No. 20, but all your actual competitors are No. 21 or lower, you will garner more organic downloads, and steal share from the competition.

You can still spend the money necessary to get to the Top 10, but the difference in organic growth rarely makes up for budget spent to sustain a Top 10 standing.

As a point of reference, take a step out of the App Store and mobile world all together.

If you are running a cupcake bakery, there is no need to outspend a 5-star restaurant or McDonald's. Just because each is a place to get food does not mean you have the same customer.

If your application is a mortgage calculator, why spend the money to compete with Bank of America, Chase Mobile and PayPal?

My favorite part of this strategy is: it is actually a strategy.

Monitoring RVC forces marketers to be better marketers.

It forces marketers to understand their audience, know who their app is actually competing with, keep track of those competitor's strategies, and ultimately measure and monitor actual ROI against their marketing budgets and build sustainable plans.

Making the grade

As previously mentioned, RVC measurement is not ideal for everyone.

So please, test and understand various ways to monetize your product. See how your ROI fluctuates based on your rank in comparison to a clearly defined set of competitors.

If being in the Top 10 is your most efficient bet, roll with it.

Worst-case scenario is you learn more about the category marketplace that your app lives in and it helps you build stronger strategies as the mobile landscape continues to change.

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