



KNOW ROI OF YOUR Mobile App

Going Live with a **mobile app** is an important business decision one has to make and here is a **cost/benefit analysis tool** to ascertain value of app for an eCommerce business

Step 1 - Understand Objectives



Step 2 - Define Metrics

We have defined few **metrics** and how to calculate them to help in calculating **ROI on money spent** on mobile app.
For example, if a **eCommerce store** spends



1. User Acquisition Cost

Amount spends to get new user for your app.

User Acquisition Cost =

Cost of MobiCommerce App	\$699
Marketing cost of app/ Total Users	+\$1200/1000
Total	\$1.899

Wondered!! Yup we know it's pretty less to your expectations!!

Assuming that one **company spends \$100 per month** on marketing and promotion of app using paid media (Facebook Ads or adwords or emailer or promotions and offers etc.)

2. User Retention Rate

Retention is a measurement of customer churn:

User Retention Rate =

Total downloads/ Total Users	10,000/1000
Result	= 10% of users are retained on your app usage

With more marketing, usage and customer reviews about your app, user retention grows!!

Assuming total downloads in 6 months to be 10,000 and active users as 1000, we calculated user retention rate

3. Payback Period

Payback period is the concept when one assesses the time in which single user will return his acquisition cost in form of **business/sale/profit**. In case of mobile app, payback period depends of how frequently customer visits and shops from one's app.

Step 3 - The Summary

Total Cost		Total Sales	
Mobile App Development (One time cost)	\$699	Active Users on App	1000
	+		*
Mobile App Marketing (Per year, considering 100 dollars per month)	\$1200	Shopping value (per customer per quarter)	\$40*4
Grand Total (Yearly)	\$1899	Total Sales	1000*40*4 \$160000

(According to Statista, global average value per order via smartphone is **88.73 US dollars**, we assume still half of it considering new business model and usage and customer acceptance)

Conclusion

With this we conclude about, cost and profits one can make out via going with mobile apps. We have done this analysis on basis of our expertise and regular projects we deliver to our clients in the industry. Apart from the quantitative aspects of building an app with Mobile Commerce, there are mentioned qualitative aspects which have long-term impact on overall presence of one's brand.