

Going Live with a mobile app is an important business decision one has to makeand 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







gives



with



\$100 spend monthly



Months

10,000 Downloads in a year 1000 Active Users

\$1200 (Yearly Marketing cost)

1. User Acquisition Cost

Amount spends to get new user for your app.

User Acquisition Cost =

Cost of MobiCommerce App

\$699



\$1200/1000





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

User Retention Rate =

Retention is a measurement of customer churn:

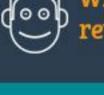
Total downloads/

Total Users

10,000/1000

_ 10% of users are retained

on your app usage



we calculated user retention rate

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,

Payback period is the concept when one assesses the time

Payback Period

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 Mobile App Development

(Yearly)

(One time cost)

Mobile App Marketing

+ \$1200 Shopping value (per customer per

Active Users

Total Sales

1000

(Per year, considering 100 dollars per month)

Grand Total

\$1899

quarter)
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 consideringnew 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.

