Retargeting:
Why Your Mobile Marketing Strategy is Incomplete Without It

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Maximize Your Budget and Amplify Your Results

As dramatic as the evolution of mobile marketing technology has been recently, mobile marketing tactics have been evolving as well. When mobile-first companies initially started advertising on smartphones and tablets, their primary goal was to acquire large volumes of loyal users at the lowest costs. Lately, larger brands have entered the mobile space and have focused their strategies largely on awareness, instead of purely on acquisition.

In either case, those messages are targeted at users who aren't yet familiar with your app or your brand. But what about the users who you've already acquired or reached? If your sole focus is on new users, you could be missing out on a world of opportunity within your current user base. According to Gartner, 80% of your company's future revenue will come from just 20% of your existing customers. You need to focus on maximizing the value you get from those current users, and thanks to the emergence of new mobile technologies, you can.

80% of your company's future revenue will come from just 20% of your existing customers.

Enter **retargeting**, which allows you to re-engage with users who have already visited your app or mobile website. As we'll discuss, these can range from un-engaged users who are at risk of disappearing forever to high-value users who are already engaged but could be encouraged to do even more.

Retargeting isn't a strategy that should be employed in the absence of user acquisition, nor is it something that should be considered as an afterthought. Retargeting should be thought of as a core part of any successful mobile marketing approach, alongside more traditional user acquisition strategies. Executed properly, it is a cost-effective way to maximize your ROI by adding impressive incremental gains to revenue, purchasers, registrations, and more. In fact, for one mobile game company working with Fiksu, **every $1 invested in retargeting resulted in an incremental $4 in sales.**

What Is Retargeting?

Retargeting is the ability to target a specific group of users who have previously visited your mobile app or mobile website. This could include users who have:

Downloaded your app but haven't opened recently

Placed an item in a shopping cart but haven't completed the checkout process

Registered but haven't made a purchase

Made at least three past purchases

Retargeting is generally most effective after you've built up an engaged user base. Since you're going to segment existing users into smaller sub-groups, you need to make sure each of those smaller segments has enough users to make it worth your while.

As a result, it's generally recommended that you have at least 100,000 total users before you consider running retargeting campaigns. But just because you can't start running campaigns until then, that doesn't mean you can't start thinking about retargeting from the get-go. As long as you have the proper tracking in place from the start and are collecting the necessary data, you'll easily be able to implement retargeting into your broader strategy once you're ready.

Mobile App vs. Mobile Web Retargeting

The same general principles apply to retargeting on mobile apps and mobile web. However, the tactics employed on each are different based on the unique ways that users are tracked.

With mobile apps, users are tracked and retargeted based on their mobile identifiers, usually Apple's IDFA and the Android Advertising ID.

Tracking on mobile web is more similar to tracking on the desktop, which uses cookies. A tracking pixel is placed on a mobile website to identify site visitors, who can then be retargeted both on mobile web and in-app.

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Why Do You Need It?
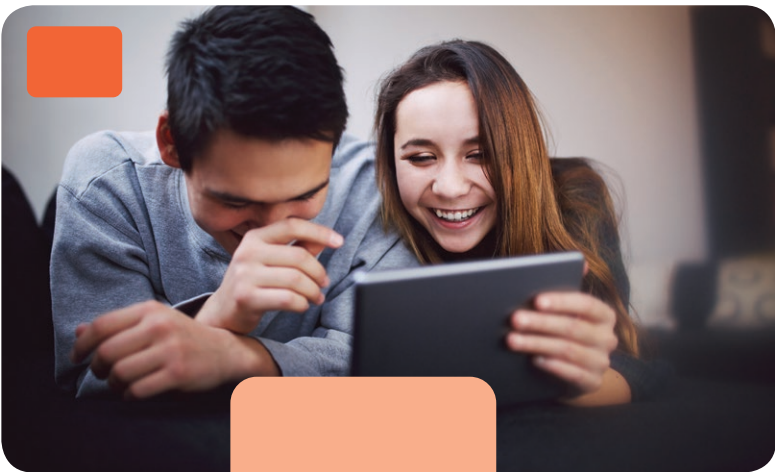
Data has shown that as time passes, your mobile users become less and less likely to return. In fact, as the chart below shows, according to Localytics, there's a **60% chance users who don't come back after 7 days never return.** You've spent too much time and money acquiring these users in the first place to let them go without trying to re-engage them.

Percent Chance of Never Returning
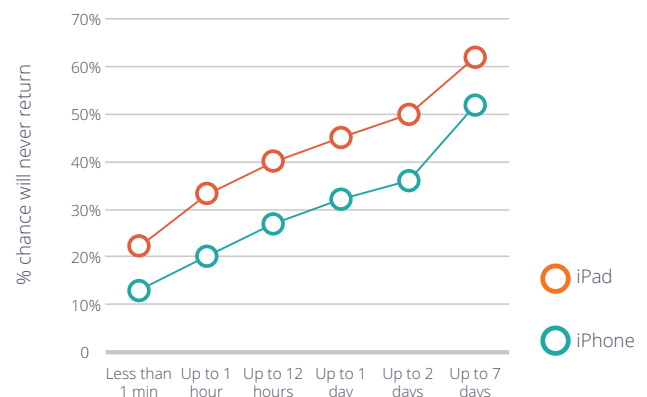
More broadly, according to Flurry, Americans are now spending an average of 2 hours and 57 minutes per day on a mobile device. That's time they could be interacting with your brand, and you want to be sure you're maximizing that opportunity: just having your app on their phones isn't enough. You need to be sure those users are spending as much time and money as possible in your app, and retargeting is a great way to make sure you're maintaining and increasing that engagement.

In fact, retargeting can be extremely useful throughout the marketing funnel, particularly in persuading users to take additional actions deeper down the path to monetization. Depending on your particular goals, these specifics will vary— but as you'll see below, with so many ways to use it, you'd be hard pressed not to identify at least one way retargeting can work for you.

When Can You Use It?

GOAL	DESCRIPTION
Prevent app abandonment	Target current customers to keep your brand relevant and prevent users from abandoning the app or going to competitors
Drive incremental actions & increase activity	Create custom campaigns focused on driving incremental opens, registrations, purchases, DAU (Daily Active Users), and more
Re-engage lapsed users	Target lapsed users to bring them back to the app. Can be particularly effective for seasonal apps
Push users down the funnel	Drive users deeper down your engagement funnel – for instance, targeting registered users to purchase
Increase revenue	Drive additional purchases (in-app or otherwise) from your engaged user base. Target them with customized offers to keep them spending
Promote new features	Tell current users about recently released new improvements to your app
Promote new products	Keep customers informed on new products – a new line of clothes, new game levels, new options...
Take advantage of seasonal events	Retarget users with seasonal messaging; re-engage them before and during the holidays; and more
Promote other apps	Target App 1's users and drive them to download App 2 when it launches
Promote your mobile site	Introduce your app users to your website – or drive repeat visits from mobile web users
Find users across devices (aka cross-device targeting*)	Reach desktop users on their mobile devices to promote your app or mobile site

*Cross-device targeting is a unique use case. To get more in-depth knowledge on how to target users across devices, download our other ebook: *Bridging the Desktop/Mobile Divide*.

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Key Components of Retargeting

Now that you know what it is, why you need it, and when to use it, you're ready to put retargeting into practice. Executing a successful retargeting campaign requires several key components:

A rich & relevant dataset for **segmentation** – identifying ideal users to target

Targeted creative tailored to each specific segment to improve effectiveness

Reach across various ad networks in order to effectively target users

Optimization capabilities to improve performance and reach

**Reporting** and measurement of key metrics

Segmentation

User segmentation is at the core of retargeting. A segment is a group of users that share a set of characteristics (i.e. they've registered but haven't purchased). User behavior from one segment to another will often be extremely different – which is the reason you're creating the segments in the first place. Each segment needs to be crafted carefully, and reached via specifically tailored messaging, as we'll discuss later in more detail.

To segment your user base, you need to be tagging and tracking key user events. The more granular and robust the events you're tracking, the more options you'll have when segmenting your audiences.

In addition, you specific goals will help define the parameters you use to segment your users. The segments can be based on things such as the users' level of activity, frequency or amount of purchases, or how recently they've interacted with your mobile website or app. For example:

- If your goal is to drive incremental purchases, you could create a segment of users who registered within the last week but haven't yet purchased, and retarget them with an offer of a discount on a first purchase.

- If you want entice lapsed users back to your mobile game, you could create a segment of users who made it past level 3 but haven't played in more than 2 weeks, and offer them an in-game item or map that would help their progress.

- If you want to increase revenue by driving repeat sales, you could create a segment of users who have purchased from you before but not in the last 30 days and highlight your newest products.

Those are just a few examples - the possibilities are endless. It really depends on your goals and the characteristics of your current user base. The more granular the segment you create, the more precisely you'll be able to target those users.
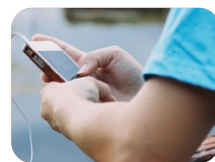
It's not a one-time thing

Automated, frequent segment refreshes are key to a successful retargeting strategy and improve the overall effectiveness of your campaigns. For example, if you define a segment to include those who made a purchase in the last seven days, the users who fit that parameter would change every day.

By automatically refreshing your segments, you can ensure that your segments are as accurate and current as possible. Our data has shown that automated daily refreshes can actually improve cost per purchase metrics by 2x when compared to periodic manual updates.

Social networks offer unique segmentation tools

Facebook and Twitter both allow you to reach specific audience segments at scale, making them great choices for retargeting. On Facebook, the feature is known as "custom audiences," and on Twitter, it's "tailored audiences." Both allow you to segment users according to pre-determined characteristics, taking advantage of the robust demographic and interest data available on both networks.

Additional data layers further refine segments

In addition to the first-party data you're tracking and collecting, third-party data can give you added layers of information to further refine your segments. For example, you may know your users' purchasing history from your first-party data, but not their broader interests. Perhaps you want to retarget people who have made a purchase in the last 30 days and are interested in new movies. Your first-party data on purchasing, combined with third-party data on user interests, will allow you to create that refined segment.

Targeted creative and offers

By customizing the messaging, offers, and images shown to each segment, you maximize the relevance of the ads your users see, and in turn, improve the performance of those ads. For example, a mobile game targeting users who hadn't opened their app for a while might show ads encouraging users to "play now." If that same game was targeting users who had registered but hadn't yet made an in-app purchase, they may show an ad offering "1000 free coins" with a paid purchase.

Alternatively, a retail company targeting users who had put an item in their cart but hadn't followed through with the purchase might show an ad offering "20% off" to encourage them to complete the purchase. If that same company targeted users who had downloaded the app but hadn't yet opened it, they might show an ad encouraging users to "shop now" with images of their newest available items. The possibilities are endless, but the more specific the creative and the offer is to the segment you are targeting, the more likely they'll be to click on the ad and complete the desired action.

Deep Linking

In addition to customizing the ad creative, you can customize the retargeting experience even further by directing users to specific pages within your app. This practice is known as "Deep Linking."

For example, if a user had put an item in their cart in your app, but hadn't completed the purchase, an ad with a deep link might take that user directly to the checkout page within the app, rather than just to the home screen. If someone who doesn't have the app installed clicks on the same ad, they'd simply be taken to the appropriate app store to download the app.

For more on deep linking and how to use it, download our Deep Linking Tip Sheet.

Reach

Once you've created your ads, the next step is to get them in front of the segments you defined earlier. Just as you should be searching for new users across the entire mobile ecosystem, you want to be sure to extend that same reach to your retargeting campaigns. It's important to make sure you're working with a partner that has access to retargeting across a variety of networks, including Facebook, Twitter, RTB, Google Adwords, and more.

If you aren't working across a broad spectrum of networks when retargeting, you risk not reaching enough of your users. The more specific the segments are, the smaller the audience you are **targeting**, so if you narrow your reach by only advertising on one channel, you're further decreasing your chances of being able to **find** your users.

Optimization

Like any mobile marketing campaign, retargeting isn't just "set it and forget it." To get the most out of your investment, you need to be optimizing your campaigns regularly. And effective optimization is about more than just reviewing results in a spreadsheet and making manual adjustments.

There are many aspects of a retargeting campaign that can benefit from optimization.

Your creative performance might vary from one network to another.

Some segments might be far more reachable than others.

Or your third-party data might be more consistent on one segment than another.

With so many factors influencing results, it's too complex to try to optimize manually. By programmatically optimizing your campaigns in real time, your spend and campaign structure will be automatically adjusted to react to changing conditions and put your media spend towards the most effective combinations of targeting, channel, and creative.

Reporting

Accurate, flexible reporting is the final key piece of the retargeting puzzle. Based on your particular retargeting goals, you'll want to be sure you're measuring key metrics like your campaigns' contributions to opens, registrations, purchases and more. You'll also want to be able to easily measure these metrics across the various channels you're advertising on. The insights you'll get will help you make decisions like how much of your overall budget should be allocated to retargeting in the future.

Retargeting Makes Financial Sense

The good news about retargeting is that in many cases, it costs significantly less to re-engage an existing user than to acquire a brand new one to complete the same action—and the data bears this out. As you can see in the chart below, **retargeting cost per purchaser was at least 40% lower than new acquisition cost per purchaser** across three different apps running retargeting and UA campaigns on the same networks.

Reduction in Cost Per Purchaser with Retargeting

Incremental Gains in Purchasers with Retargeting

In addition to reducing cost per purchaser, retargeting also drove substantial incremental increases in their number of purchasers – despite representing only a small portion of their overall budgets.

- For the puzzle game, retargeting represented only 11% of their overall budget, but drove a 20% increase in the number of purchasers.

- For the photo app, retargeting represented only 28% of the total budget, but drove a 65% increase in purchasers.

- And for the card game, retargeting represented only 19% of the budget but more than doubled the volume of purchasers.

Conclusion

Retargeting can be an extremely effective way to increase engagement among current users—who are more likely to monetize, and often at a lower cost than brand new users. But retargeting isn't a strategy to use in isolation. It's important to realize that retargeting should be used as a complement to ongoing user acquisition efforts, as part of a broader mobile marketing strategy. Assuming you have a large enough user base, it's difficult to justify not allocating a portion of your mobile marketing budget to retargeting.

Key Takeaways on Retargeting

Should be part of a broader mobile marketing approach

Can be effective on both un-engaged and highly engaged users

Can be done on mobile app and mobile web

Requires first tracking events to create a rich dataset

Depends on creating robust and unique segments of your current user base

Automatic, frequent segment refreshes improve results 2x or more

Reach across the ecosystem is key to success

Targeted creative allows you to effectively reach different audiences

Financial benefits are significant: 40% lower costs with potential to double the number of purchasers

Case Study: Retargeting in Action

About the app

Golfshot: Golf GPS is a leading GPS-based course management, scoring, and golf instruction app for iOS and Android. It helps golfers improve their game and lower their score.

Why Retargeting?

As a golfing app, Golfshot's business is seasonal. Customers who golf in the summer months may completely forget about the app through late fall and winter, and therefore need to be reminded come spring. Golfshot used retargeting to re-engage specific segments of users who had been inactive and reminded them to come back to the app.

Networks:

Facebook, Real-time bidding exchanges (RTB)

Results:

The cost to reactivate a user was **one third the cost of a new user**.

"Retargeting was intuitively obvious to us. People lose interest in golf seasonally if they live in an area where golf isn't played year round. In a market above the Mason Dixon line, by October, most people have put their golf clubs away and are expecting not to pick them up until March or April of the following year. We know that users that stop using the app actively in October can be successfully reactivated in March at a much lower cost."

Ben Addoms
President & GM
Shotzoom

FiKSU

Why Do You Need It?

Fiksu Retargeting

Fiksu Retargeting allows marketers to cost-effectively reach highly targeted user segments across many major mobile advertising channels.

ROI
Fiksu Retargeting campaigns can drive improvements of 70% or more on key monetization metrics.

Reach
Fiksu can retarget across many mobile media sources:
Major ad networks – Real-time bidding exchanges – Social media (FB and Twitter)
The best reach means the most flexibility to use the channels that work best for your business and the best chance to find your target users in multiple ways.

Manage across sources
Fiksu's unified management lets us control the user experience and eliminate oversaturation and overlap.

Simple, fast implementation
Manage campaigns across multiple sources with a single insertion order and SDK.

Fiksu Technology
Audience segmentation tools
Target your campaigns across a wide variety of criteria such as user actions, engagement history, demographics, interests, geography, and more.

Deep linking
Bring users directly to pages where they can take action, such as in-app purchase pages, registration pages, tutorials or shopping carts.

Data management tools for consistent, reliable data
Fiksu provides consistent methodology and measurement technologies that give you a unified view of your performance across all channels.

Optimization
Fiksu optimization algorithms reallocate spend dynamically to maximize ROI - including optimization across multiple advertising channels, within a channel to specific targets, and to high-performing creatives.

Clients that use Fiksu

Coca-Cola · GROUPON · zynga · amazonkindle · BEST BUY

Disney · GSN · nickelodeon · ROVIO · SEPHORA

SAMSUNG · GREE · Topps · Plain Vanilla · BURGER KING

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