

branch

The Fundamentals of
Mobile Growth Marketing

Paid & Affiliate Marketing



A Paper Based on *The Stanford Continuing Studies Class*
Bus 257 Introduction to Growth Marketing

Taught in Fall 2020

The Guide to Paid Advertising

Paid media weaves through our offline and online existence across every conceivable channel: print ads in hard copy publications, display ads on every website, product feeds, dynamic retargeting, and paid social are just a few examples of what an average person will experience daily. Given the cost, ecosystem challenges and rampant fraud, why do companies place such a premium on paid media?

Paid media reliably broadens a brand's reach at every stage in the funnel, from awareness to conversion to winback . Place a dynamic bid and you can reach a uniquely tailored audience at exactly the right time. This is especially critical with channels where the accessible audience for a brand's organic outreach can get lost in the noise or lack the requisite scale to reliably achieve holistic growth goals. Sophisticated networks provide both scale and granular targeting that can introduce new, highly tailored customers to a brand on a regular basis, specifically by creating a paradigm that favors paid placements above "earned" views.

In this paper, we'll explore various types of paid advertising strategies, from audience targeting based advertising to affiliate marketing to influencer marketing, to help grow your app user base, increase engagement, and achieve higher ROI.

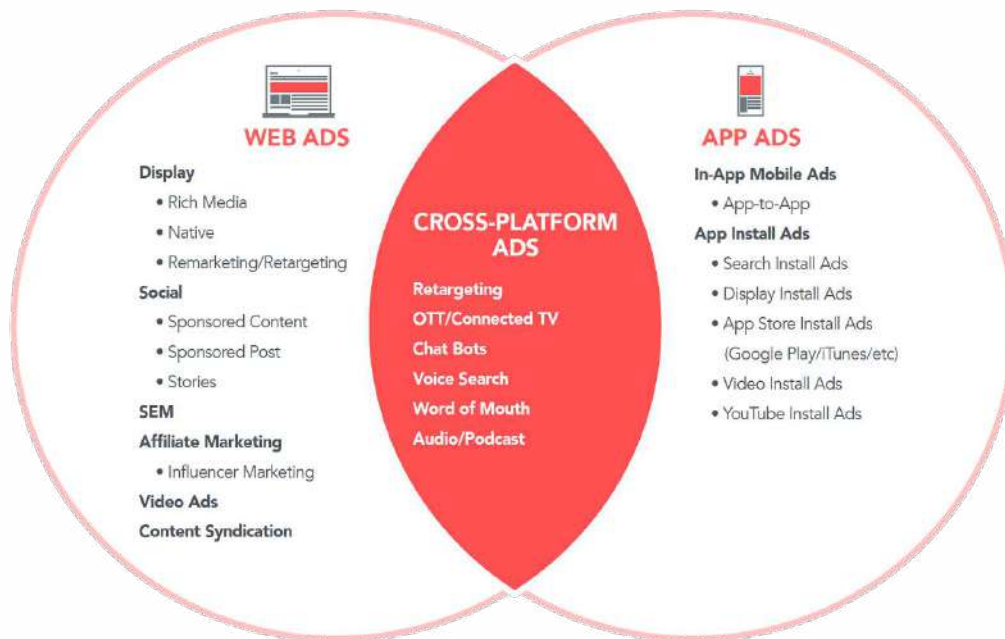
Let's dive in.



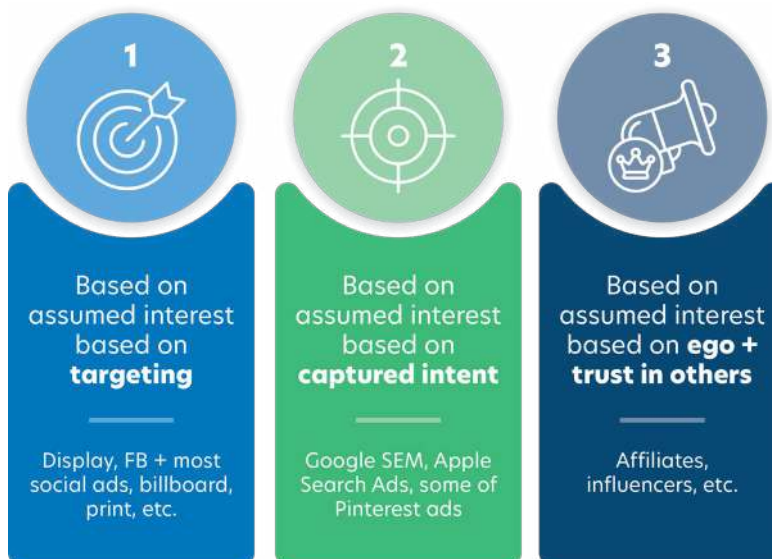
Paid & Affiliate Marketing

Types of Paid Advertising

Paid media continues to evolve novel formats and placements due in no small part to factors including ongoing platform proliferation, the premium value of trackable performance marketing, and the dominant forward-facing role of tech giants that monetize through targeted advertising. This means brands must put forward a cohesive strategy that incorporates everything from traditional web display banner ads, to in-app retargeting placements, to commercials across both set-top boxes and OTT and sponsored placements on podcasts and traditional radio.



More generally, paid advertising can be put into 3 buckets:



Audience targeting based advertising

With this type of advertising, you're targeting an audience with an assumed interest in your brand. Display, social media ads, billboard and print ads are all examples of targeted audience advertising, as they can be put in places where the target audience frequents.

This is also a great way to discover what resonates with your target audience. Start at a low spend, initially cast a wide net across different strategies and tactics, then cut what isn't working and reinvest in the strategies that do work. The wide net is crucial to ensure you get a full picture into what works.

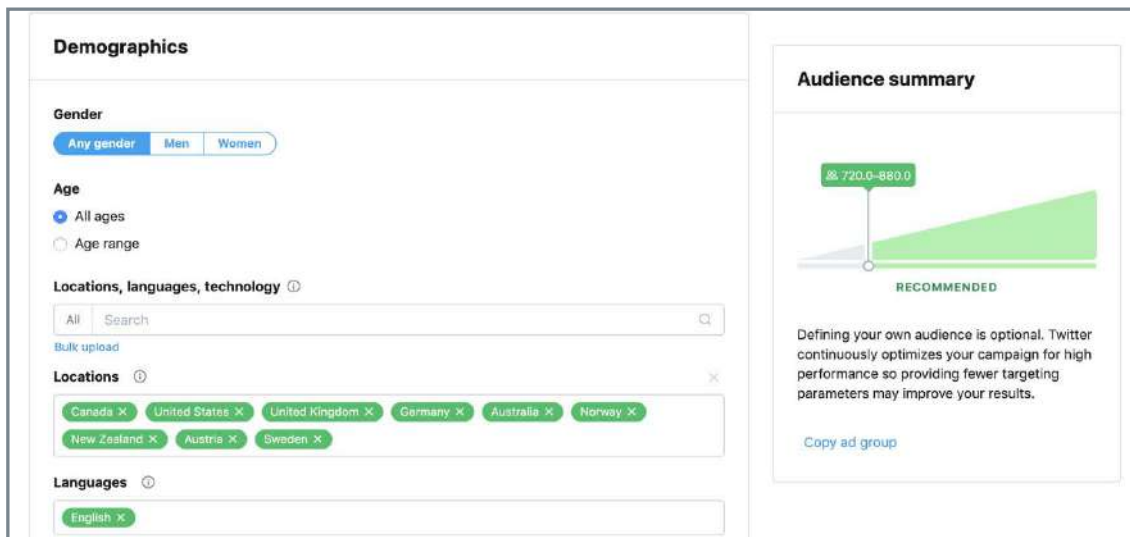
Network	Ad Type	When to Use	Intended Audience
Snapchat	Story Ads, Video Ads, Lens AR/VR experiences, Discover Ads	Use for creative, visual storytelling about your brand.	Younger audience open to discovering new brands. 69% of 13 to 17-year olds and 62% of 18 to 29-year-olds use Snapchat.
LinkedIn	Image ads	When advertising to other businesses, or advertising to professionals based on company or professional interests.	Businesses or professionals; targeting based on company or business interests.
Instagram	IGTV video ads, Image ads, influencer ads	Works best when you want to display an ad for a consumer product.	Consumers open to products/apps similar or adjacent to yours, or those open to something new.
Google Ads	Search ads, display ads, shopping ads, video ads on YouTube, app campaigns, local campaigns, smart campaigns	To promote across a vast network and reach the widest audience possible; to drive awareness, consideration, and conversion.	Consumers open to products/apps similar to yours, or those open to something new.
Facebook	Carousel ads, Image ads, Video ads, Collection ads	To drive awareness, consideration, conversion for your brand.	Show your ads to a broad consumer audience, or narrowly define your target audience based on characteristics like interests, age, gender, location, relationship status, occupation, and much more. Targeting types include lookalike audiences, custom audiences, and saved audiences.
TikTok	In-feed video ads, Brand takeover ads, Hashtag challenge ads, Branded Augmented Reality ad, Custom Influencer Package.	When targeting a younger audience, as a way to use or test fun creative.	Gen Z and millennials - 62% of users on TikTok are under 30.



Intent-based advertising/contextual targeting

With this type of advertising, you are basing your bets on someone's **stated** rather than assumed interest in something. Search ads are a great example—a user who already performs a search has high intent and has stated interest. Another example: you could target users who are on ESPN with sports related ads. Users go to these categorized sites or apps which tells advertisers what they are already inherently interested in.

Most search ads are based on intent rather than a specific persona, though you can technically target both. These types of ads are great to use when you know you have a type of product someone knows they need or want.



The image shows a screenshot of a social media advertising interface. On the left, under the heading "Demographics", there are several targeting options: "Gender" with buttons for "Any gender", "Men", and "Women"; "Age" with radio buttons for "All ages" (selected) and "Age range"; "Locations, languages, technology" with a search bar and a "Bulk upload" link; "Locations" with a list of selected countries including Canada, United States, United Kingdom, Germany, Australia, Norway, New Zealand, Austria, and Sweden; and "Languages" with "English" selected. On the right, under the heading "Audience summary", there is a green area chart showing a range from 0 to 8,720.0-880.0, with a "RECOMMENDED" label below it. Below the chart, there is a text box stating: "Defining your own audience is optional. Twitter continuously optimizes your campaign for high performance so providing fewer targeting parameters may improve your results." and a "Copy ad group" link.

Trust-based Advertising

Many people buy things because their friends or people they admire tell them to – in fact, [90%](#) of people trust recommendations from friends and family.

Trust-based advertising encapsulates affiliate marketing and influencer marketing, both of which are based on an assumed interest due to trust in others. While this falls under paid advertising, it has a very different dynamic. These methods can be used alongside virality practices when you have a product that can inspire others – but works best when the referrals and influencers are authentic. Paying an influencer who is a good fit for your brand and has a similar target audience to yours goes a long way, rather than choosing an influencer who might have a large following but doesn't match your brand.

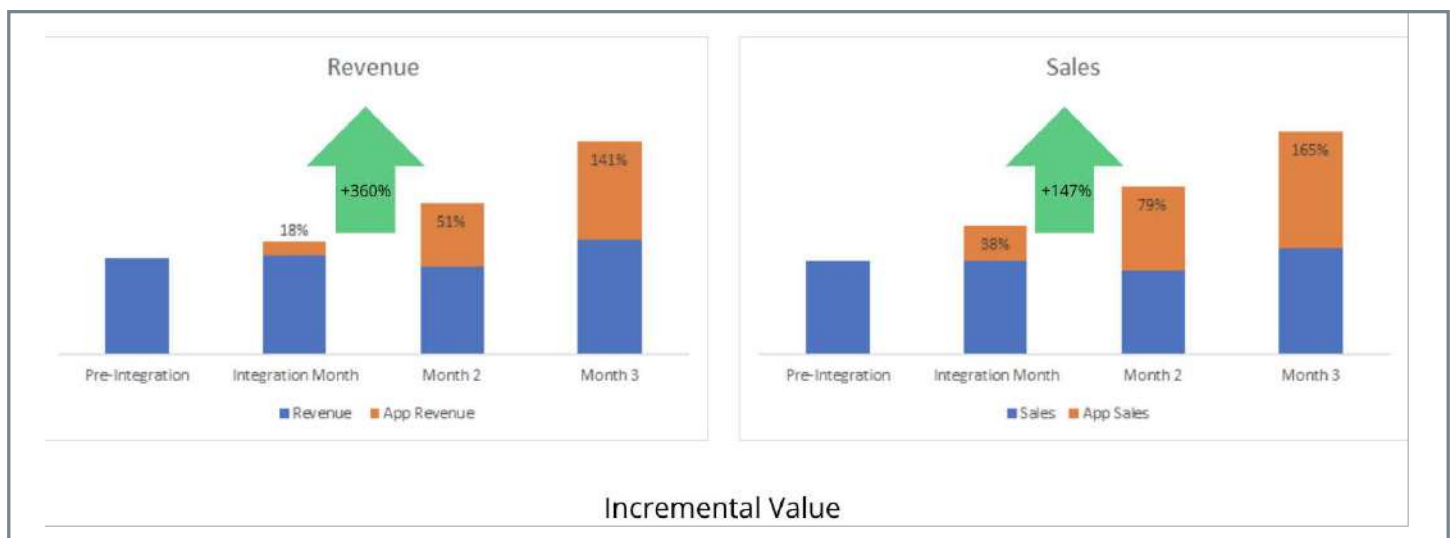
Affiliate Marketing

Deep linking users from a campaign to the advertised product into the app and subsequently attributing in-app conversions back to the affiliate source optimizes both sides of the this unique funnel:

The end advertiser sees increased campaign impact by reducing friction to conversion. While ideal in any campaign, eliminating unnecessary steps in a “trusted source” intent path is critical to both the short-term conversion and the long-term “halo effect” a user perceives from influencer/ brand affinity. This often translates to higher ongoing LTV for the brand.

The affiliates/publishers/partners get credit for their true impact, including cross-platform user conversion paths, unencumbered by false positives or negatives. For well aligned publisher/ brand relationships, this typically results in higher payouts for the influencer (by eliminating holes in attributing click-to-conversion rate and minimizing mid-funnel dropoff) and gives stronger signals about whether the brand/ influencer pairing is a good ongoing fit.

The end user gets a seamless transition into the app with fewer steps between them and the desired action, which reinforces trust with the influencer and mirrors some of that affinity onto the brand itself. Because the destination app preserves context of the user’s click and delivers them directly to the content they expected, with any promised offers and coupons are automatically applied, there is a continuity of experience and trust. This reduces likelihood for churn and increases the opportunity for ongoing conversions.



We see here that by integrating app tracking in an affiliate marketing campaign, revenue grew an additional 360% between the integration month and month 2, while sales grew 147%. If you're not unlocking the app for your affiliate programs, you're missing out huge amounts of revenue growth that drastically increases over time.

Business looking to improve their advertising impact and margins on mobile should make app-focused affiliate marketing campaigns a core tenet of their strategy because:

1. They're low risk

Since the payouts are usually on the basis of actual transactions that are driven by each affiliate/partner, the risk for marketers is low and can be tied to a tangible return/ROI.

2. They come with a high degree of tailored relevance and influence

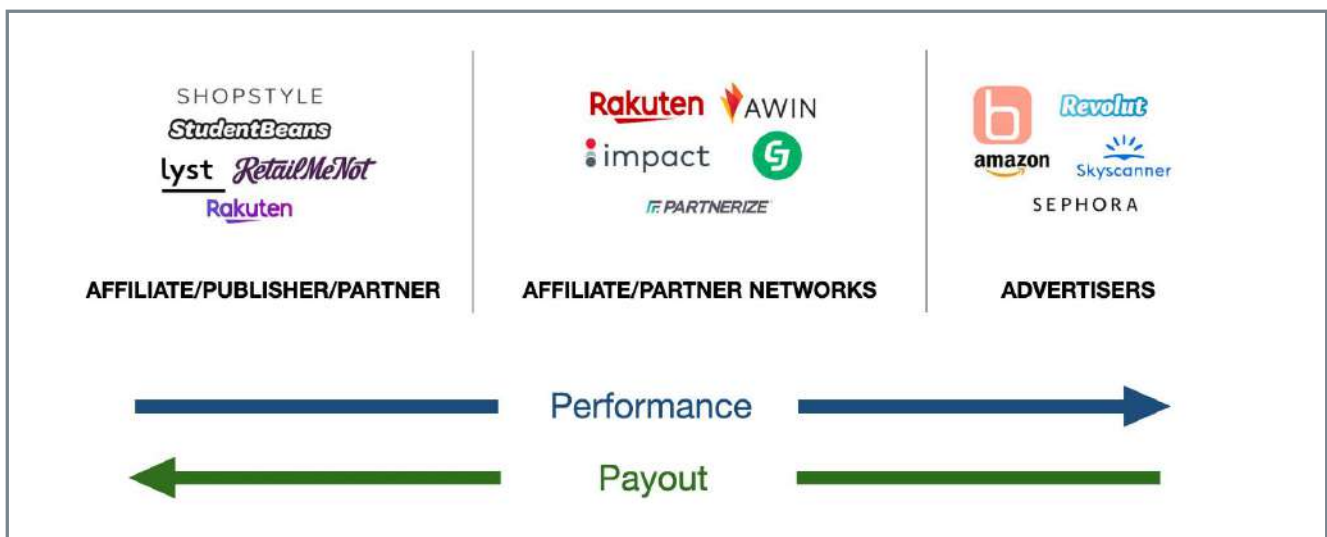
With affiliate marketing, marketers have a way to reach affiliates/partners whose audience is relevant for the advertiser's business. This effectively removes the need to independently target demographic and behavioral attributes while still ensuring a higher average propensity to convert.

3. They're increasingly accessible

Finding good quality affiliates/partners has become far easier, thanks to affiliate platforms/partner networks like Awin, CJ Affiliate, Impact, Partnerize, Rakuten, TUNE etc.

4. Innovative Technology

Platforms that support affiliate marketing have made huge strides. Building and rolling out affiliate programs, making creatives and links available, tracking and attributing conversions and paying out affiliates based on their performance have all been automated to a large extent.



Influencer Marketing

An influencer is defined as a person with a following and audience who promotes your brand in order for you to achieve your business goals. Influencers can help you drive awareness, engagement, product sales, app installs, or another metric important to your team by advertising on your behalf to reach a wider audience.

Keep these tips in mind when choosing an influencer:



ENGAGEMENT

Is this influencer getting a high engagement rate relative to their follower count?



RELEVANCY AND AUTHENTICITY

Does this influencer create content in my niche? Will their users perceive our partnership as a natural extension of their previous work and interests? Is this someone I will want affiliated with my brand long-term?



DEMOGRAPHICS

Would the audience that follows this influencer buy my product? How does this influencer's demographics compare to my typical audience targets? Does this influencer offer me access to an audience that is costly to target on other platforms?



COST

What would the all-in rate be for partnering with this influencer? Do they expect a one-time fee, a CPA revshare agreement or some combination thereof? Based on previous brand work and their engagement metrics, what kind of ROI can I anticipate? What sort of ROI have I seen in campaigns with audiences similar to theirs?



SPONSORED CONTENT

Has this influencer worked with brands before? What were the results? Are there brands they would not work with again?



AUTHENTICITY

Do they appear to be authentic in their posts?



PROFESSIONALISM

Is working with this influencer easy? What does the collaboration process look like? What do changes or reshoots look like and what will they commit to contractually?

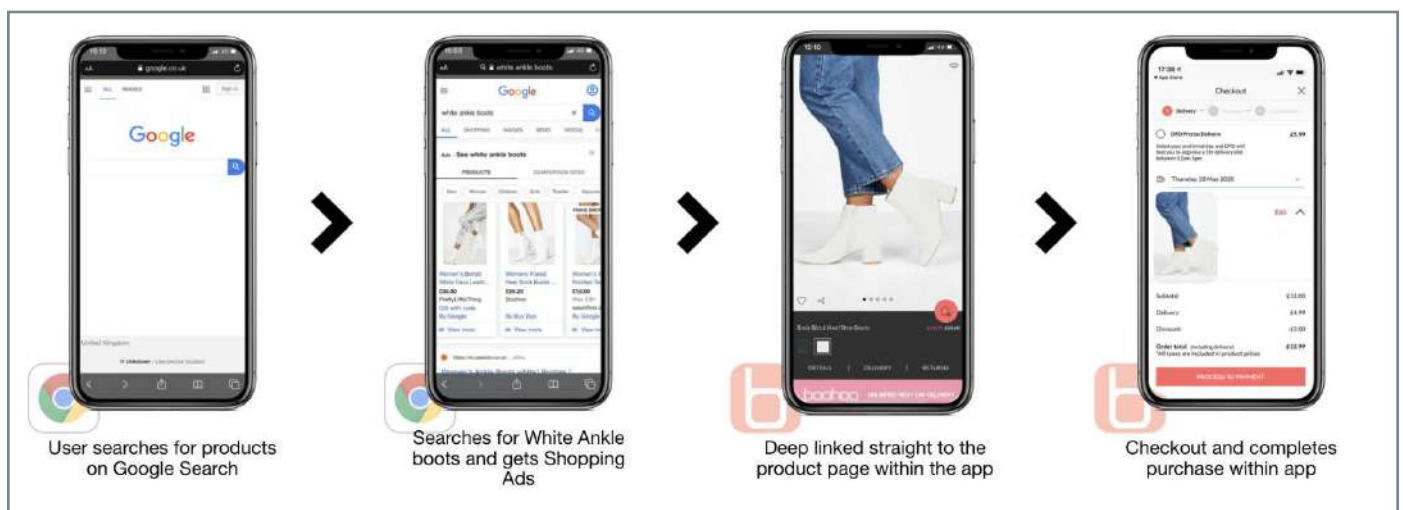


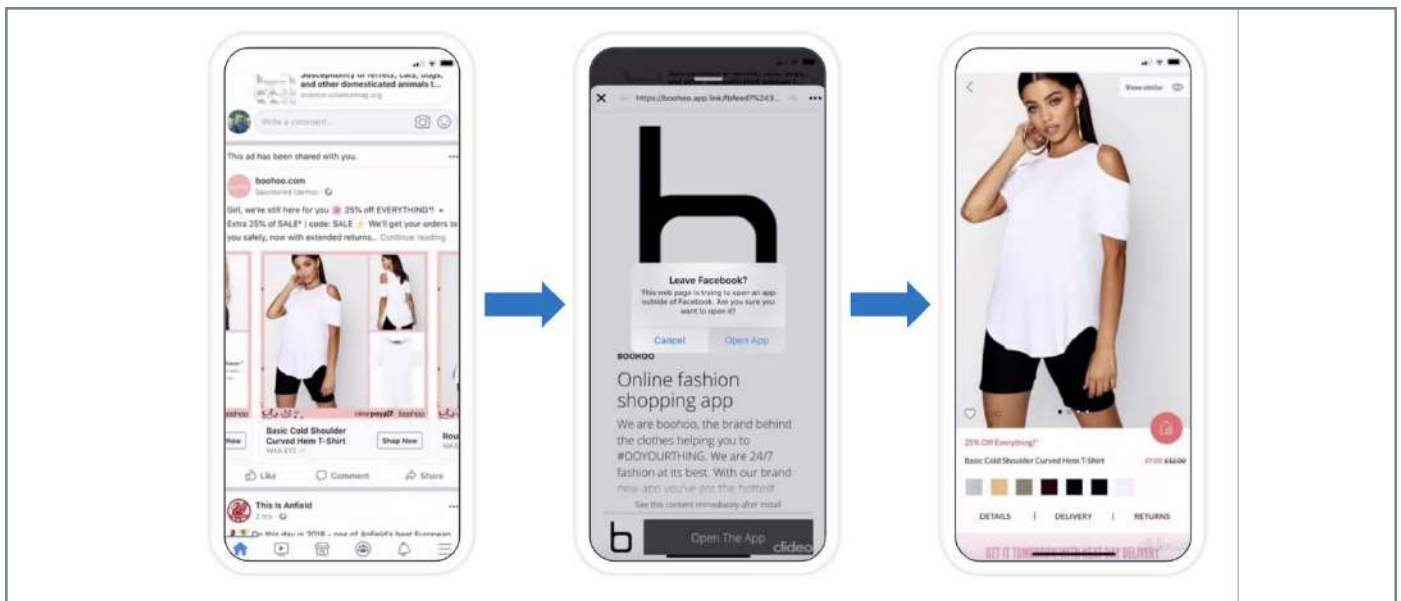
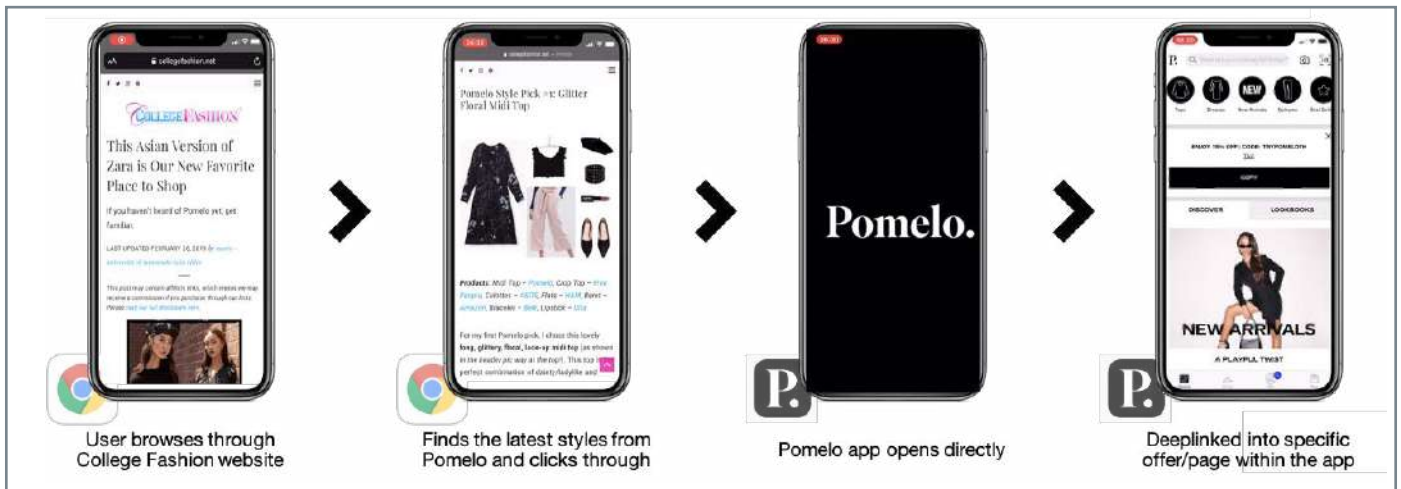
Not all types influencers have the same levels of reach or engagement either, and subscriber or follower count doesn't necessarily translate into making more sales or driving more app downloads:

	Industry Influencers	Brand Advocates	Brand Fans	Brand Ambassadors	Bloggers & Affiliates	Brand Influencers
Engagement with Brand	Low	High	Medium	Medium	Low	High
Social Influence	High	High-Low	Low	High	Medium	High
Finding Them	Neoreach, Moz, Appentive	Social media engagement	Apptentive, Localytics, Mixpanel	Fans, students, job posts	Affiliate networks, research	Branch Influencer Tab

There are many different paths to finding value through paid media. But regardless of your media mix, overall spend or team size, one thing's clear across the board - context and personalization doesn't stop at the ad click. If you can meet a user you've brought into the app for the first time with an experience that connects to the ad they saw, you're far more likely to create a lasting relationship that results in long-term ROI. Deferred deep linking can provide that context, making your users more likely to convert by removing friction and enhancing their experience.

Here are some fantastic examples of deferred deep linking from paid ads straight into the app, bolstering engagement:





Increasing the Efficacy of Your Paid Ads

Paid ads are a great way to drive urgency and mindshare by creating an almost paradoxical anxiety rooted in curiosity and fear of missing out that can only be relieved by clicking the call to action to purchase or download:



This [WIRED](#) ad had a 44% click-through-rate!

By using creative language and copy to drive a sense of urgency, you can drive users to take the action you want them to, whether it be to click, view or purchase. We cover more on using emotion to drive action in the “Virality” section.

Common Paid Media KPIs

There are various ways to both structure ad buys, align paid media KPIs and measure paid efforts/effectiveness:

CPM – Cost Per Mille.

Strongly favored by the supply side of mobile advertising because higher volume can be sold more efficiently, this measures the cost an advertiser pays per 1,000 impressions on an ad.

- ✓ **Pros:** Publishers are often willing to offer less expensive engagements because the ad does not require down-funnel conversion for payment. Therefore, CPM can be cheaper on a per-install basis if the placement is very well-aligned with an app's core audience. CPMs are also good for branding and awareness campaigns where the goal is to get a message in front of as many eyes as possible.
- ✗ **Cons:** A challenge with CPM is “backing out,” or ensuring performance metrics make sense. For example, if you buy a CPM for \$10 but are only getting paid on a CPI of \$, you would need to achieve conversions for 10 installs from that \$10 CPM buy to just break even.

CPC – Cost Per Click.

A more traditional metric, CPC is used to measure the price paid for each click on your ads.

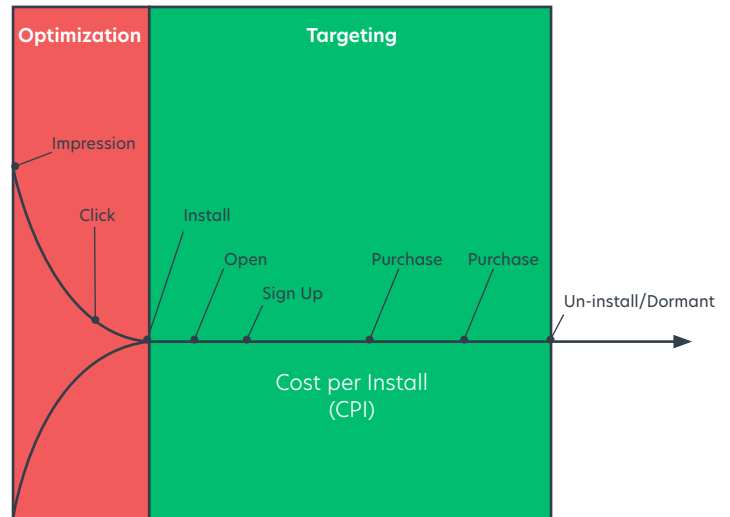
- ✓ **Pros:** Analyzing CPC provides fast feedback on the types of content, keyword bets, or audience targets that get targeted users to take the first step and these insights can be translated to more effective aggregate CPI over time. Awareness-focused campaigns, without down-funnel goals, may benefit from CPC as the main KPI.
- ✗ **Cons:** CPC has inherently less value to the mobile marketer than post-click or post-install metrics due to the degree of dropoff in the click-to-install funnel. Well intentioned content that poorly maps to the app's core purpose or “click-bait” creatives may result in strong CPC but poor CPI/CPA and be a drain on marketing budget with poor incrementality.

CPI – Cost Per Install.

Favored by app acquisition advertisers, CPI aligns spend with a broadly applicable top-of-funnel metric.

✓ **Pros:** CPI is a metric that can be easily incorporated into an evolving full-funnel ARPU or LTV model that aligns the acquisition team with broader scale or monetization targets. In addition, many networks are built to provide CPI optimization based on both pre-install demographic targeting and post-install success metric ingestion, helping your budget stretch as far as possible.

✗ **Cons:** Install is rarely the standalone indicator of success. Unless other internal metrics align product, user acquisition and lifecycle marketing teams, singular reliance on CPI can lead to wasted spend and poor incrementality.



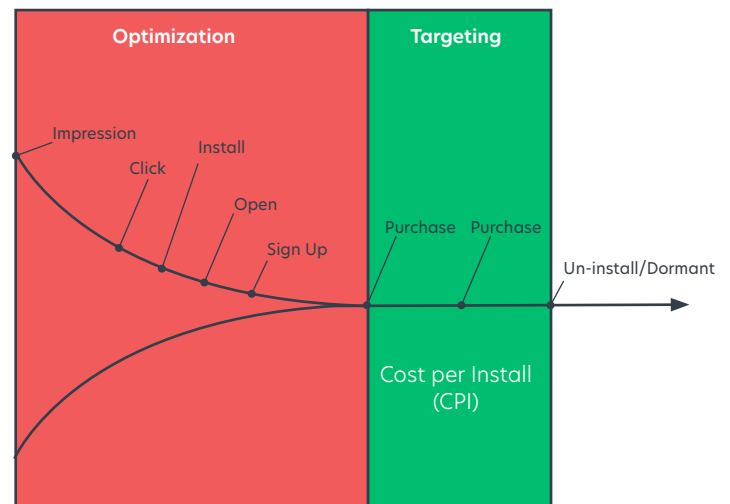
This graph shows how CPI campaigns work – an advertiser pays ad networks for each install driven by paid ads the network publishes. Installs are targeted as the core metric that determines success.

CPA – Cost Per Action.

Measures the cost brands pay ad networks to acquire a user who completes specific actions such as registrations or purchases.

✓ **Pros:** Easy to justify ROI by showing how ad spend led to a specific in-app action, such as a purchase.

✗ **Cons:** Paying for CPA may not be as cost-effective as a well-designed CPM or CPI campaign, as not everyone who clicks an ad or visits your website will take the specific action you want them to. And if the actions you want users to take aren't contributing to your bottom line, you risk losing money long-term. Plus, it's harder to get conversions, since your payout depends on a post-install action. Ensure you align your bids with your ad network's payout structure as much as possible.



CPA campaigns target specific actions, such as a purchase.

Key Takeaways

- **Paid ads can broaden your reach and increase conversion rates with your target audience.**
- **Effective channel mixes for paid media are more diverse than ever, including web inventory (both desktop and mobile), in-app ads, and cross-platform ads on TV/OTT (over-the-top) channels, and voice search.**
- There are 3 buckets of paid ads:
 - » **Audience targeting based advertising:**
Ads based on an assumed interest in your brand. For example, if you know your target audience enjoys fitness and frequents fitness websites, you can show ads for workout clothing you sell in your app on those websites.
 - » **Intent-based advertising:**
Ads based on someone's **stated** – not assumed – interest in something. Search ads are considered intent-based advertising.
 - » **Trust-based advertising:**
Ads based on assumed interest due to trust in others, such as an influencer or affiliate. While this falls under paid advertising, it has a very different dynamic.
- **Affiliate marketing is low-risk, broadens your audience, and is easier than ever with today's technology.** Using your app for affiliate marketing can increase conversions and engagement, give publishers greater payout, and enhance the user experience.
- **Influencer marketing can be used to reach a broader audience similar to your own.** Not all influencers have the same level of reach or engagement - and larger follower count doesn't necessarily make one influencer better. Some things to keep in mind when choosing an influencer are:
 - » **Engagement**
 - » **Relevancy and Authenticity**
 - » **Demographics**
 - » **Cost**
 - » **Sponsored posts**
 - » **Professionalism**





Questions to Align Your Team

- What type of paid advertising are you currently running: audience-targeting based, intent-based, or trust-based? How do your CPIs compare to other companies in your vertical? What are your optimization goals? If you haven't yet started running paid ads, which one would be best to start with for your brand, budget, and quarter-over-quarter goals?
- Are you driving the users to your app in your affiliate campaigns? How often do links fail, dragging users to the mobile web instead?
- Are your influencers aligned with your brand's values? What is important to you when choosing an influencer? What kind of results do you expect from the influencer and how do you evaluate short vs. long-term benefit?



Conclusion

Paid media can amplify your brand's voice in a sea of noise. The type of paid advertising and ad network you choose should be based on your target audience, company goals, and your users' journeys. Your chosen paid media KPIs should reflect and optimize for your ultimate goal, whether that be to get a user to buy something within the app, click on an ad, or install.

Whether you decide to focus on one or two new strategies mentioned above or implement several across the board, these growth tips will increase your app's user base and better retain these users throughout the mobile growth funnel. As you go forward in your journey, remember to integrate growth as a key need and stakeholder in every product and marketing initiative.

Ready to transform your mobile growth strategy? We're here to help you every step of the way – [chat with our sales team](#) to discover how the techniques and strategies mentioned above can help take your app growth to the next level.





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