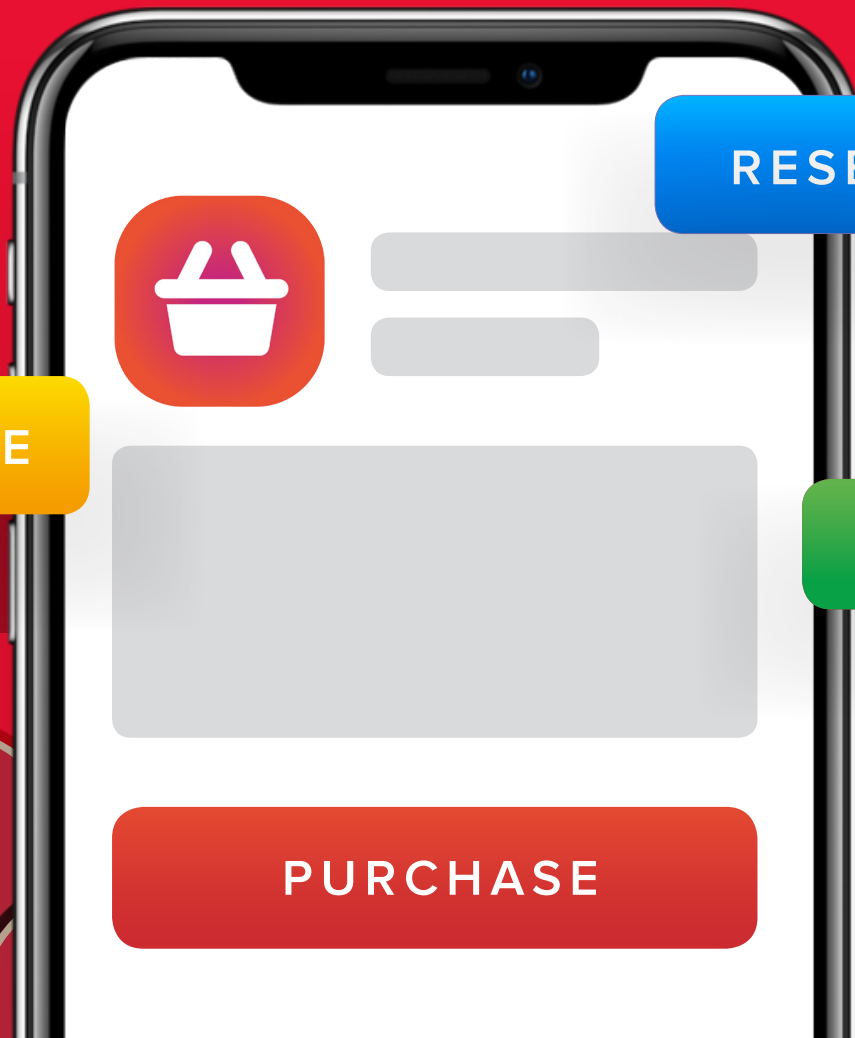




JAPAN MOBILE APP ENGAGEMENT

REPORT

2018 User Acquisition Trends and Benchmarks



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Introduction

Among the world's largest developed economies, Japan has historically punched well above its weight in terms of mobile consumer app spend.

While Japan is currently the third-largest market as measured by gross app store consumer spend at approximately **\$14-billion**,¹ it has continued to keep pace with the second-place United States, even surpassing it on occasion. And yet, as our data shows, the app-centric Japanese market is unlike any other, and understanding its unique dynamics can be crucial to building effective campaigns and optimizing mobile ad spend.

Liftoff and Adjust's inaugural report on app engagement in Japan delivers a few surprises, while highlighting potential marketing opportunities for brands operating here. For

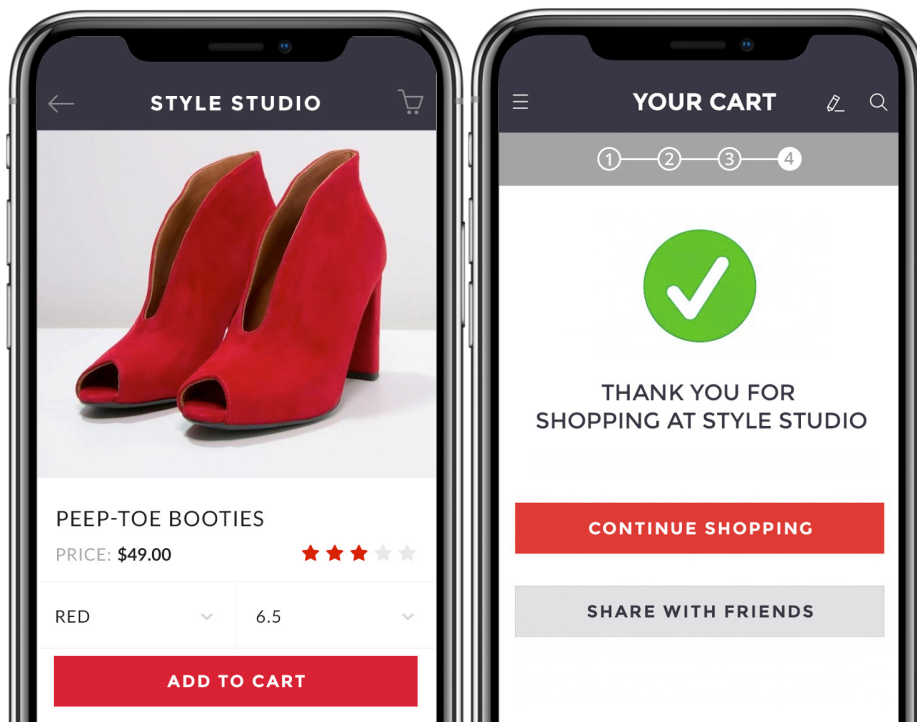
instance, while cost per engagement in this market is seen to be relatively expensive across a majority of app categories—typical for such a mature economy—install-to-action engagement rates are also remarkably high. That is, while marketers have to spend more to attract a consumer to install an app, those users who do install are much more engaged, with a relatively high percentage of them registering, making purchases and subscribing to services, when compared with Liftoff's global app engagement benchmarks.

¹2018, App Annie Intelligence, 2017 Retrospective

“ Women are outperforming men in metrics of engagement across all cost and in-app events. ”

But perhaps most interesting is the outsized role that women are playing in the Japanese app market, outperforming men in metrics of engagement across all cost and in-app events. Our data shows women accounting for over two-thirds of all app installs, more than twice as much as men, with a cost per install that's noticeably lower. This would suggest that apps and campaigns specifically targeting women in the Gaming, Entertainment and Shopping app categories, for instance, could potentially outperform campaigns targeting men.

The Japan Mobile App Engagement Report draws from Liftoff and Adjust data from Aug 1, 2017 to July 31, 2018, sampling over nine billion impressions across over 100 million clicks and 1.45 million installs. A total of 123 apps were included in the sampling, and data is broken down by platform (iOS and Android) and gender. This report tracks costs and engagement metrics across the entire mobile app conversion funnel, from install and registration to in-app purchase and subscription. We also analyze seasonal trends as well as mobile app retention within the first 30 days.

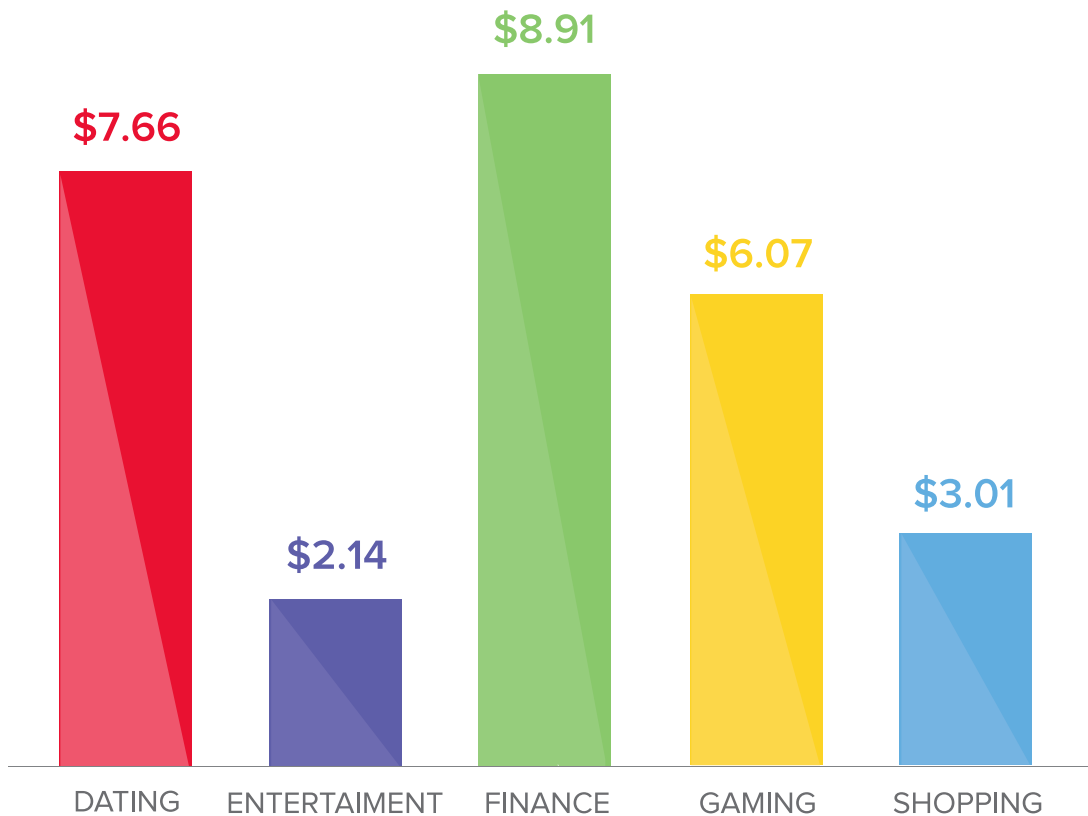


Mobile Engagement Benchmarks

Which app categories convert at a higher rate?

The Japan Mobile Engagement Report benchmarks the average costs and conversion rates associated with acquiring a new user from a paid app install campaign. The report provides insights into app engagement across the entire in-app funnel, from install and registration to purchase or subscription.

The average cost-per-install (CPI) and cost-per-action (CPA) show wide variance across app categories in Japan, with Finance, Gaming, and Dating apps spending the most to acquire new mobile users. This is likely due to the competitive nature of these app categories and consumer willingness to spend in these apps.



AVERAGE COST-PER-INSTALL BY APP CATEGORY

Average Cost-per-Install by App Category

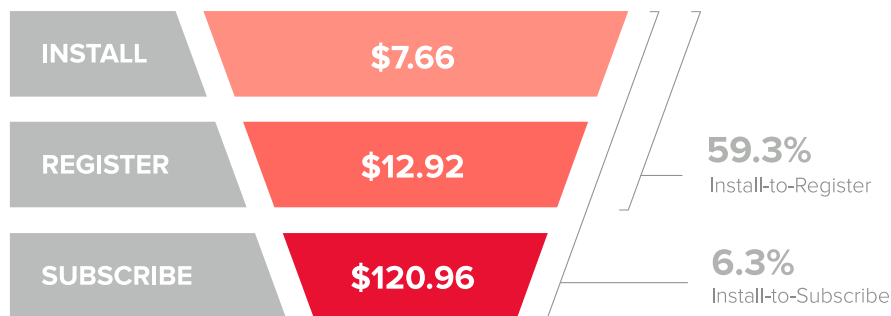
Installation and registration are remarkably inexpensive for Entertainment apps, costing only \$2.14 per installation and \$2.84 for every registration, which is to say that 75.4% of installed users end up registering for the service.

The underperforming Dating app category, however, is another story, and perhaps reflects the lingering [stigma](#) around online dating in modern-day Japan. It costs a record \$7.66 just to entice a user to install the app, and almost double that (\$12.92)

to register, a 59.3% install-to-register rate. And Dating app subscriptions represent the most expensive of brass rings in the Japanese app world, costing an exorbitant \$120.96 per subscription, for an install-to-subscription rate of 6.3%.



ENTERTAINMENT APPS: COSTS & ENGAGEMENT RATES

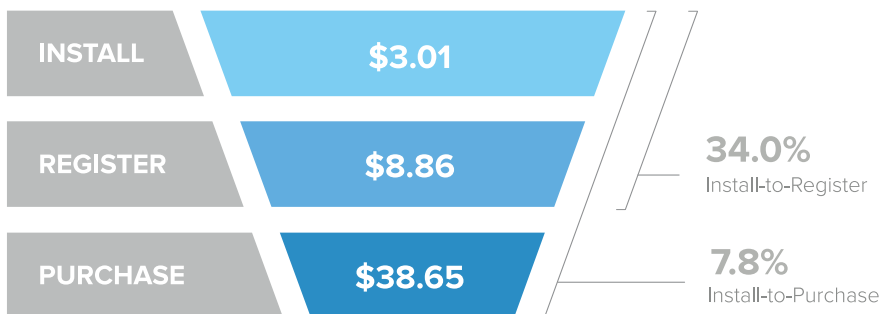


DATING APPS: COSTS & ENGAGEMENT RATES

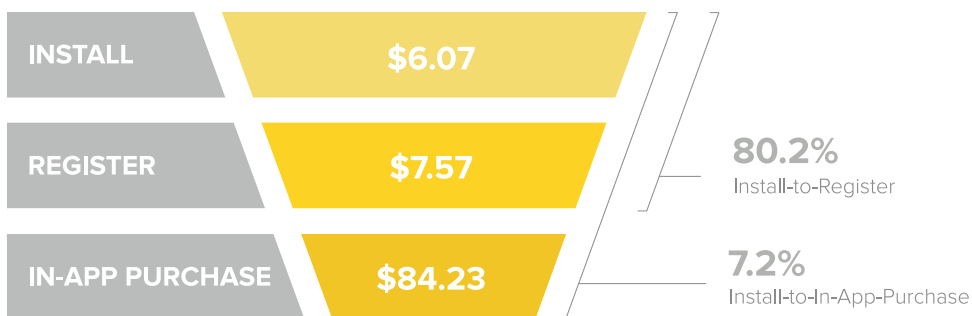


In the context of Japan’s robust e-commerce market, the second most economical app category (for marketers) is Shopping, costing just \$3.01 per user installation, and \$38.65 to get that coveted first purchase, resulting in a 7.8% install-to-purchase

rate. And finally, Gaming apps cost \$6.07 to acquire a user who will install with a \$84.23 cost to acquire an in-app purchase. The 7.2% install-to-in-app purchase rate fell just behind that of the install-to-purchase rate of Shopping apps (7.8%).



SHOPPING APPS: COSTS & ENGAGEMENT RATES



GAMING APPS: COSTS & ENGAGEMENT RATES



Engagement by Gender

Do males or females convert best?

A comparison of acquisition costs and engagement rates reveals women in Japan cost less to acquire and engage at a significantly higher rate than men. In fact, looking across all key metrics, women outperform men by a wide margin, including Registration (men cost 39% more), In-App Purchase (men cost 56% more) and Subscription (men cost 159% more to acquire).

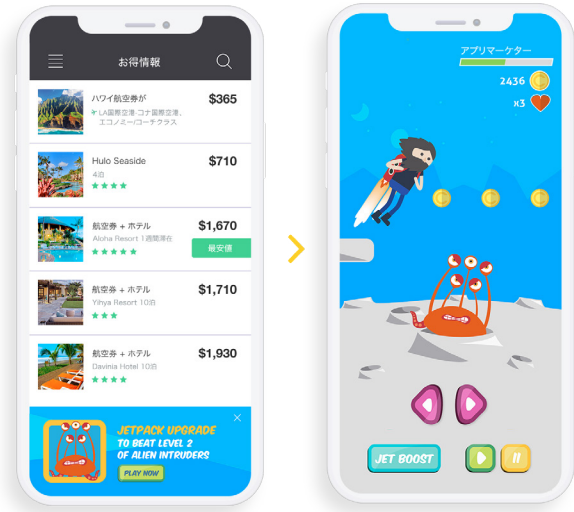
In addition, women in Japan account for 66.9% of all app installs acquired programmatically, more than 2x that of men. Women are clearly more open

to trying out new app experiences and subsequently making in-app purchases, confirming [reports](#) that Japanese women have long viewed smartphones as the device of choice for consuming entertainment, including games, videos and music.

And according to Liftoff's [Mobile Gaming Apps Report](#), female gamers are much more engaged than men, with a 79% higher likelihood of making in-app purchases. Here, Japanese women appear to be leading the way, with many publishers in recent years

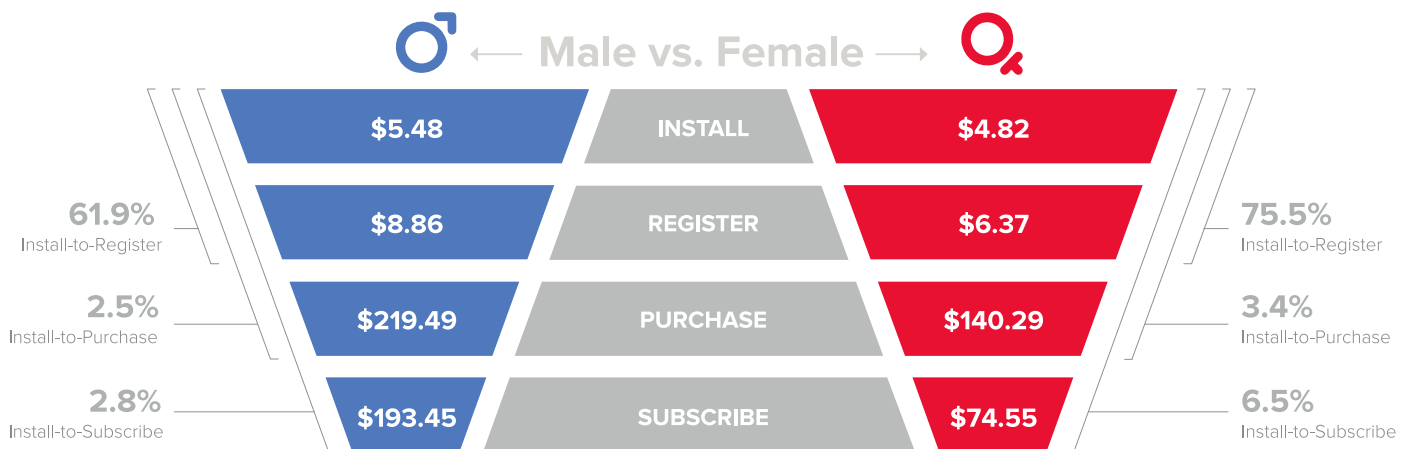
“ Female gamers are much more engaged than men, with a 79% higher likelihood of making in-app purchases. ”

starting to aggressively target this market by developing mobile games with the female gamer in mind. We're now witnessing a proliferation of **mobile games for women** in Japan, much more so than in the United States, with many games offering players an opportunity to scout out and train the next international superstar or find romance through a virtual online boyfriend.



Women are also wide adopters of social apps in Japan, with **93%** of women claiming a preference for using Line, Japan's largest social app, compared with just 81% of men, according to 2016 numbers from Mobile Marketing Lab.

More significant still, females spend more than twice as much time talking on their chat apps than males, logging an average **960** minutes per month in 2015 compared with 450 minutes for men.



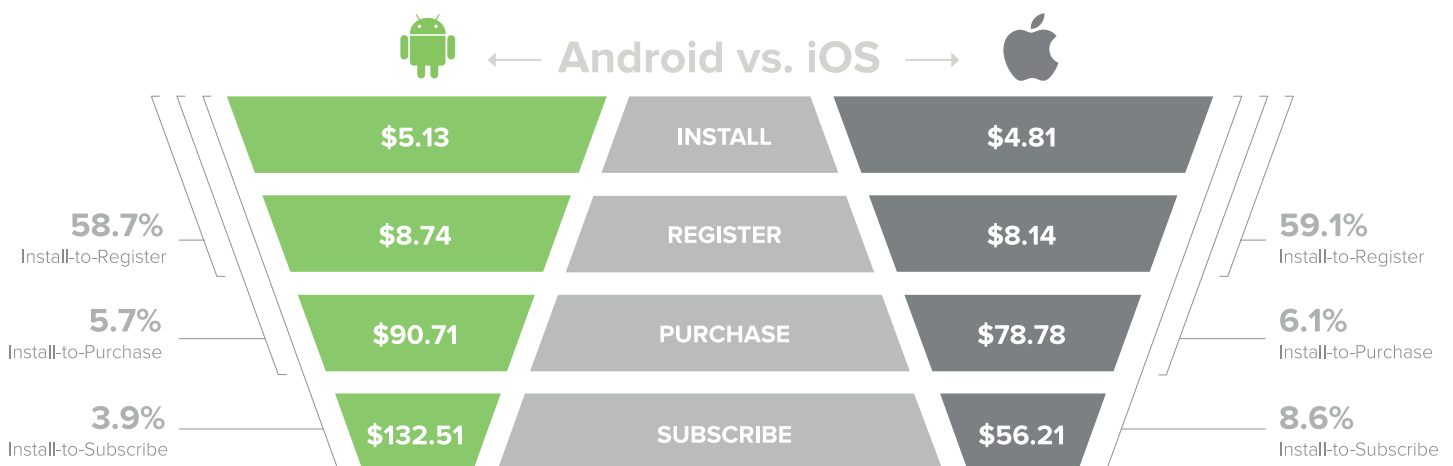
COST & ENGAGEMENT BY GENDER

Engagement by Platform

Do Android or iOS users convert at a higher rate?

Across the funnel, iOS users in Japan outperform Android users with higher engagement rates and lower acquisition costs. At a cost-per-install of \$5.13, Android users are just 7% more expensive to acquire than iOS users. However, when we look further down the in-app funnel, the gap widens. At \$90.71 for a first-time purchase, Android users cost 15% more to acquire than iOS users (\$78.78). And with an install-to-first-purchase rate of 6.1%, iOS users are converting 7% more than Android users (5.7%).

The engagement gap between Android and iOS users also extends to mobile app subscriptions. At a cost of \$132.51 per new subscriber, Android users cost a massive 136% more to acquire than iOS subscribers (\$56.21). And with an install-to-subscription rate of 3.9% on Android, iOS users (8.56%) subscribe 121% more than their Android counterparts. Overall, iOS users in Japan are simply more engaged and more willing to spend than Android users, at lower acquisition costs.



COST & ENGAGEMENT BY PLATFORM



Retention: First 30 Days

What does the first month of app usage look like?

Android users are, however, spending plenty of time in their apps. Although iOS users tend to be easier to acquire and faster to monetize, Android users in fact do more than iOS users with the apps that they download. On the whole, Android users log 31% more sessions in any given app than iOS users—2.45 sessions for Android users vs. 1.87 sessions for iOS users in the first 30 days of install. A session is defined by a period of time in which a user interacts with an app.

This divergence is most striking in the Utilities app category—with Android users logging 4.69 sessions in Utilities apps within the first 30 days, 173% more than iOS users. This finding echoes previous studies showing that Android users gravitate more towards digital Utilities apps that can increase performance, enhance security or offer additional customization options. Android users are also known to experiment with their phones, and are thus more likely to pay for these types of services over iOS users.

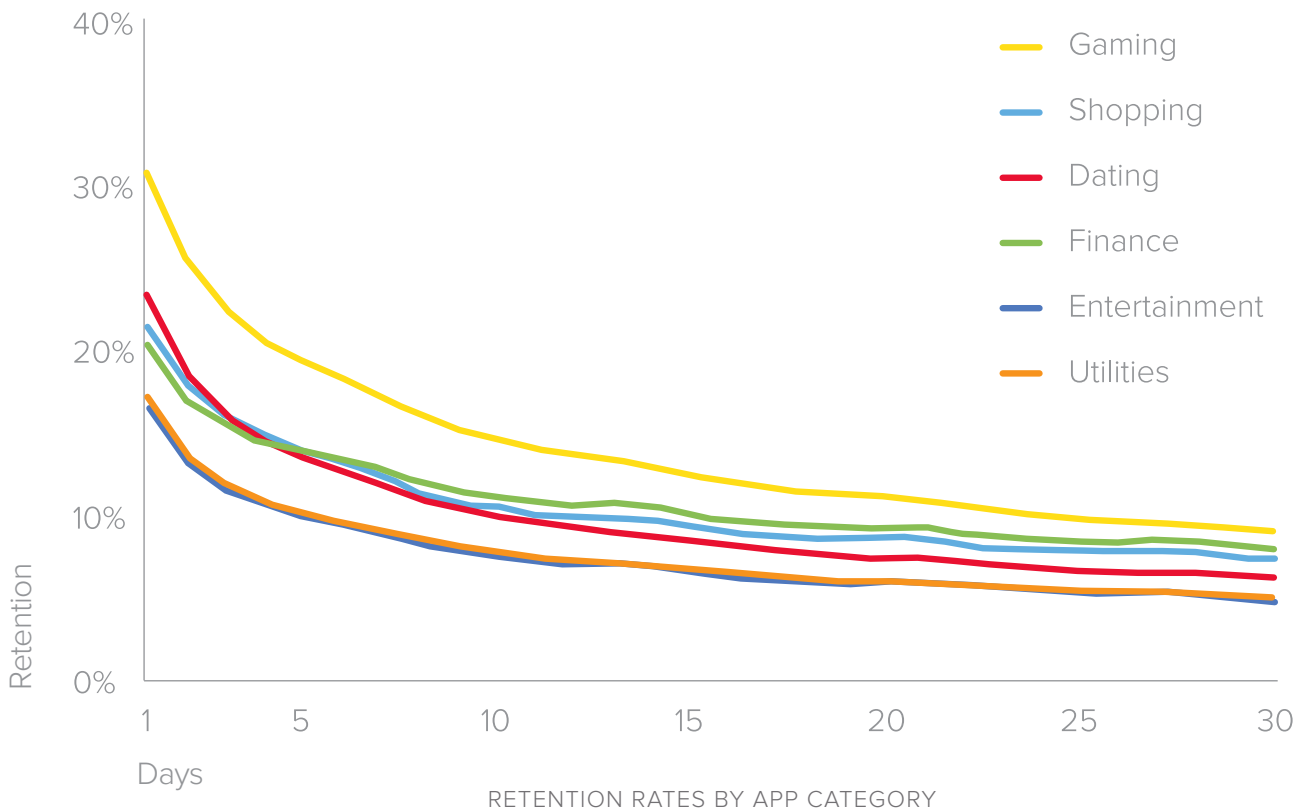
Retention by App Category

Not surprisingly, Gaming apps have the highest 30 day retention rate, just over 30% on Day 1 to a healthy 9% at Day 30.

On the other end of the spectrum, only 16.6% of Japanese users who install an Entertainment app are still using it one day later, with 5.0% continuing to use it by Day 30. This suggests that while users are relatively quick to install and register for Entertainment apps, they are just as quick to stop using the app, showing that users have little appetite for an app that doesn't deliver immediate value.

DAY 1 RETENTION RANKING FROM BEST TO WORST

- 1 Gaming (30.8%)
- 2 Dating (23.3%)
- 3 Shopping (21.5%)
- 4 Finance (20.4%)
- 5 Utilities (17.1%)
- 6 Entertainment (16.6%)



While Shopping and Dating apps post higher retention rates than Finance apps on Day 1, at 21.5% and 23.3% respectively, Finance apps perform best across all non-gaming app categories, with an 8.0% retention rate after 30 days.

DAY 30 RETENTION RANKING FROM BEST TO WORST

- 1 Gaming (9.1%)
- 2 Finance (8.0%)
- 3 Shopping (7.4%)
- 4 Dating (6.2%)
- 5 Utilities (5.1%)
- 6 Entertainment (5.0%)

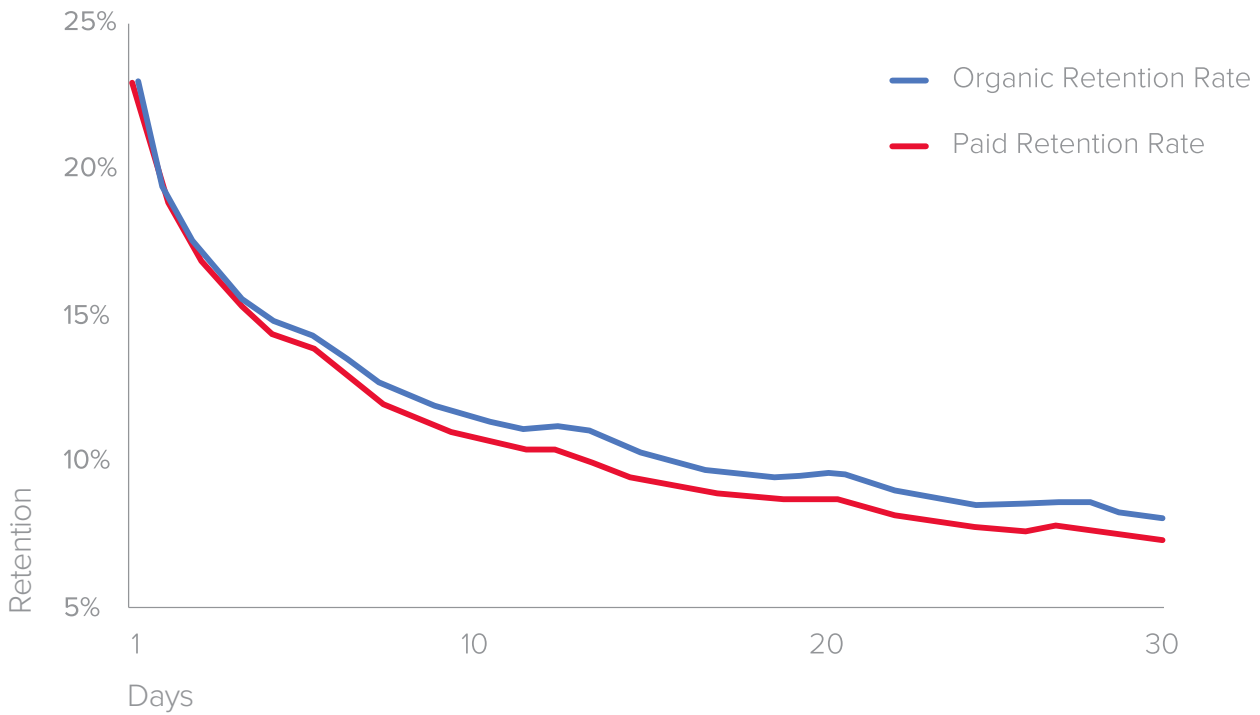
Retention by Organic vs Paid

App retention is exceptionally high in Japan, in comparison with user retention in other countries.

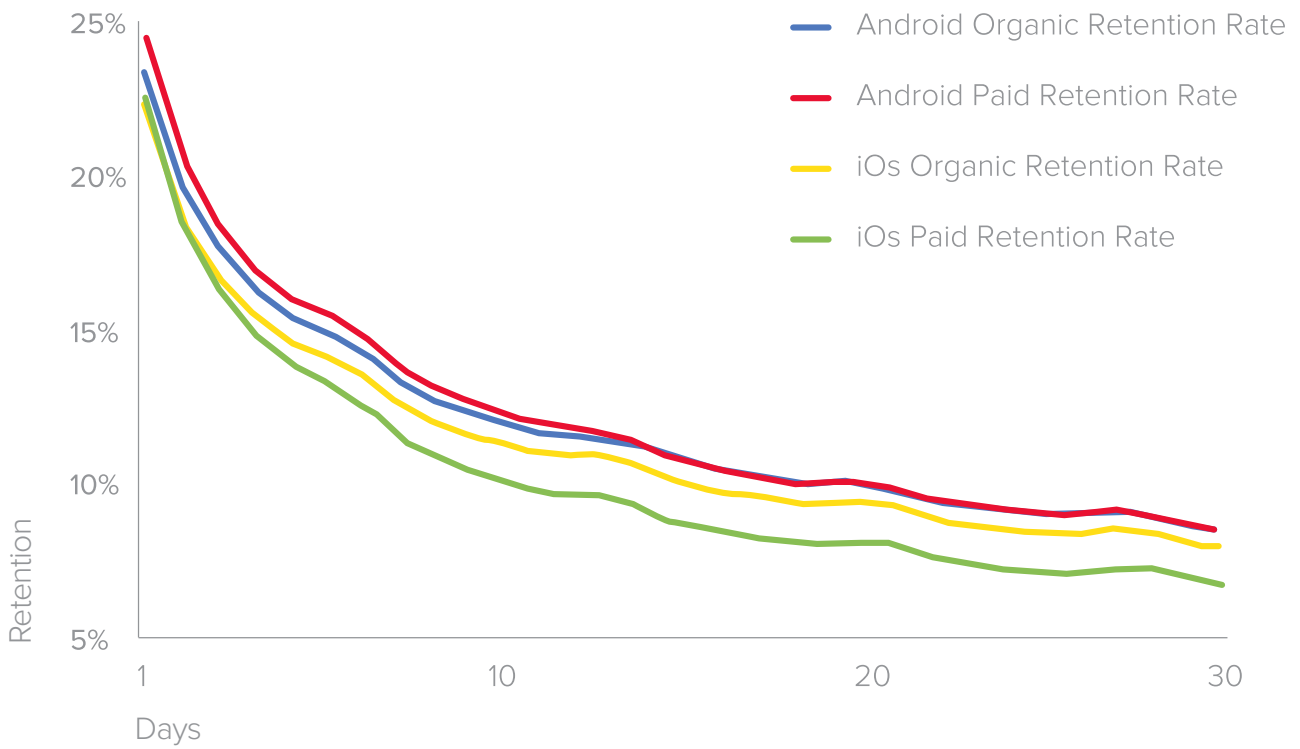
Japanese users, while comparatively difficult to acquire, appear to be some of the most loyal in the world. According to the latest benchmark numbers from [Adjust](#), Japan sees retention rates at 3% above the US, making it the highest-performing country.

Globally, Adjust's data shows that organic users—that is, users who installed an app without being prompted by advertising—are more

likely to continue using their apps than users who were acquired via paid advertising. That's to be expected, given that organic users install apps out of genuine curiosity or interest. The higher organic retention advantage also holds true in Japan, where we see the paid vs. organic retention rates diverging after the first five days. The gap then steadily increases, widening to 10.3% by the 30-day mark.



OVERALL PAID VS ORGANIC 30 DAY RETENTION RATES



PLATFORM: PAID VS ORGANIC 30 DAY RETENTION RATES

“ While iOS users tend to be more receptive to advertising, they do uninstall at higher rates than their Android peers. ”

iOS Paid vs Organic 30 Day Retention Rates

When we examine iOS app retention, we can see a comparatively large gap between paid and organic users, with the organic 30-day retention rate coming in 18% higher than the paid 30-day retention rate.

So while iOS users tend to be more receptive to advertising, they do uninstall at higher rates than their Android peers, with only 6.8% of users keeping their apps around after 30 days, compared with a superior 8% app retention by organic iOS users. Games enjoy the highest 30-day retention

rate for paid users, at 9.4%. This rate is similar to that of organic users, 10.7% of whom keep their games after 30 days. In contrast, Entertainment apps suffer from the worst paid 30-day retention rates, at 4.2%, while only 4.5% of organic iOS users hold onto their travel apps after 30 days.

Android Paid vs Organic 30 Day Retention Rates

In comparison, paid and organic Android users appear to support similar retention rates, with both paid and organic apps clocking in at 8.6% retention after the 30-day mark.

Interestingly, paid Android users tend to jettison their Utility apps most often after the initial 30-day period, with a record-low retention rate of 3.1%. This

may suggest that Android users have a relatively low tolerance for Utility apps that don't live up to their initial promise.

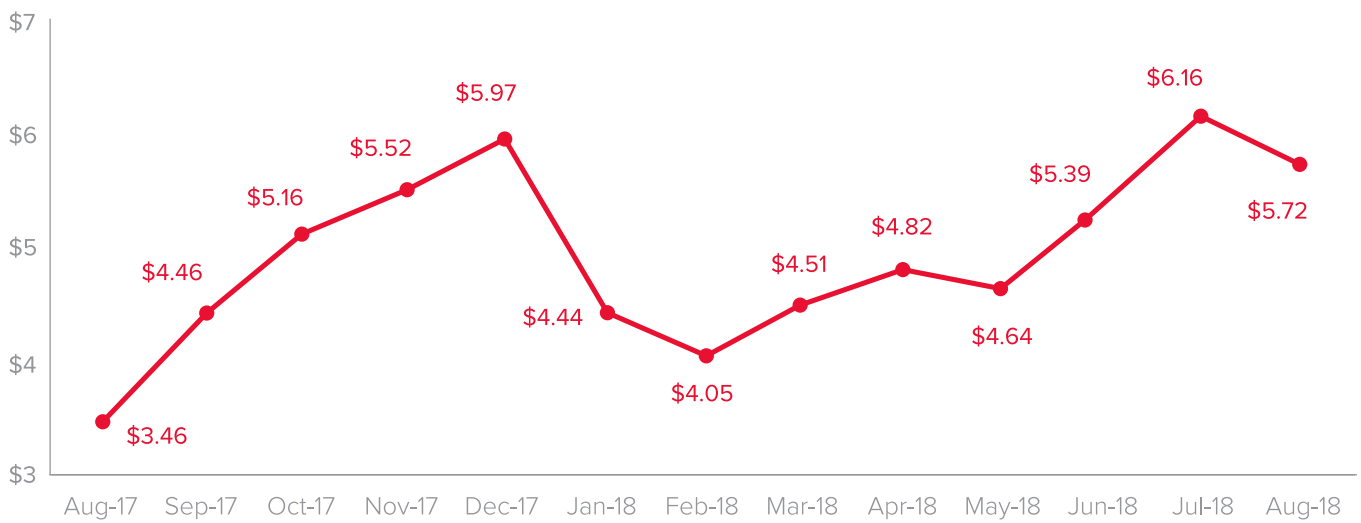


Seasonal Trends

Cost-per-install in Japan, similar to that of any other country, tends to rise and fall in step with the various peak seasons throughout the year.

In the case of Japan, CPIs have a tendency to spike during the December holiday season and July, the height of the summer months, when CPIs rise to \$6.16.

CPIs are relatively suppressed in the months following the year-end holidays, and reached a low of \$3.46 in the month of August, prior to the back-to-school period in early September.

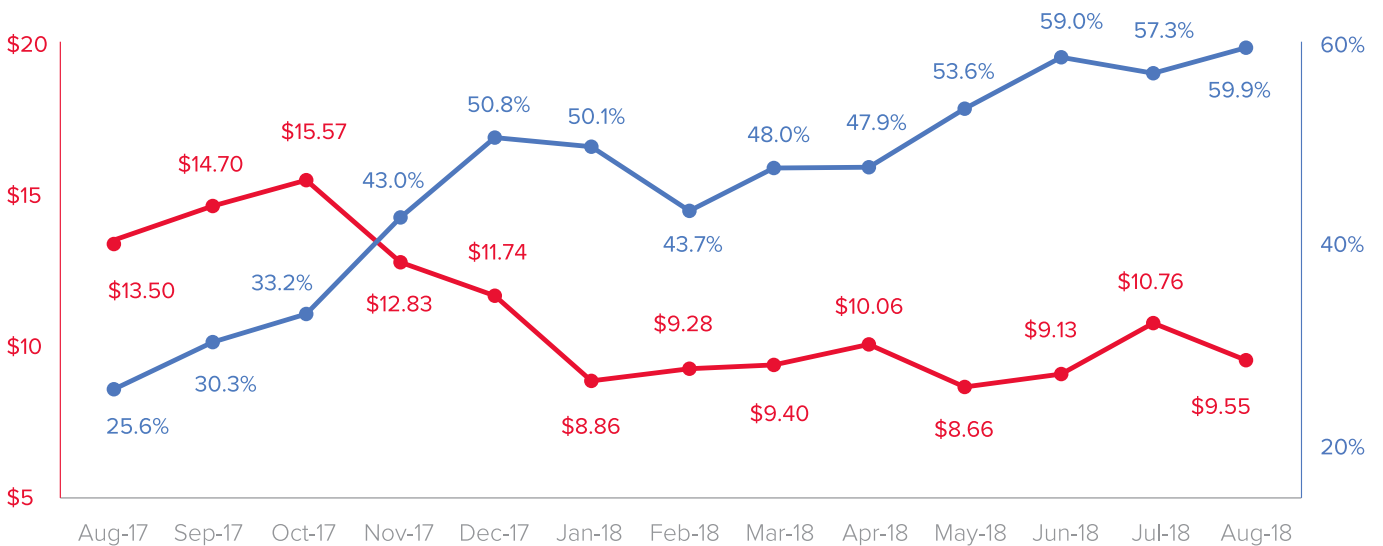


COST-PER-INSTALL BY MONTH

Registration Costs and Engagement Rates by Month

It's a slightly different story for Registration costs and engagement metrics. Registration costs peaked in October at \$15.57, then plunged to fire sale prices in May at \$8.66.

Mobile app marketers hoping to get the most bang for their buck in optimizing registration volumes could do worse than launching campaigns any time from November 2017 through to the summer of 2018, when registration rates were at their highest, while costs stayed relatively low.



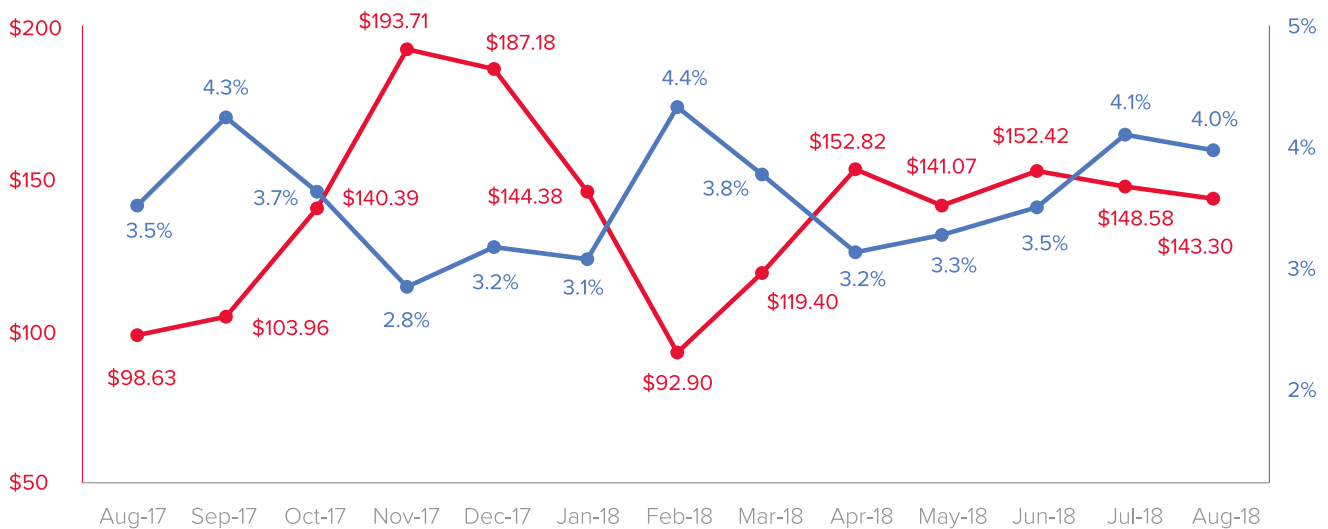
REGISTER COSTS AND ENGAGEMENT RATES BY MONTH

Purchase Costs and Engagement Rates by Month

Seasonal trends for Purchase costs and conversion rates tend to follow a more dynamic pattern in comparison with Registrations, and present two distinct windows of opportunity for app marketers.

Cost-per-first-purchase reached a high in November at \$193.71, dipping just slightly in December. This cost then plummets in January, hitting a low of \$92.90 in February. Engagement rates follow an almost inverse pattern, with a November low of 2.8% of installed users making purchases, steadily rising to a high of 4.4% in February.

Since most brands target the holidays with seasonal campaigns, advertising during the off-peak months, especially in February, may yield excellent outcomes as users during this time are generally less bombarded with advertising. Another window of opportunity is in September, when costs were similarly low, and purchase conversion rates are high.



PURCHASE COSTS AND ENGAGEMENT RATES BY MONTH

“ Women are the growth drivers of Japan’s mobile app market. ”



Summary

Our findings are clear: women are the growth drivers of Japan’s mobile app market. This is confirmed by new data showing that females consistently outperform males across all app engagement categories, particularly in the metric of installations, where installs by female users are more than double that of male users.

Women also tend to cost less for in-app events including registrations, purchases and subscriptions. For instance, 3.44% of new female installs make an in-app purchase, compared with just 2.5% for men. When paired with results from Liftoff’s [2018 Mobile Gaming Apps Report](#) that finds that women are 79% more likely to make in-app purchases in mobile games, it’s clear that females will remain a robust audience segment in Japan for the foreseeable future.

And women are a key demographic in an already robust mobile gaming industry. Consider that for all gaming apps downloaded in Japan, a whopping 80.2% lead to user registrations, while 7.2% (more than one in every 14) result in an in-app purchase. Meanwhile, gaming apps enjoy the best 30-day retention rate out of all app categories, confirming existing research on Japan’s historical status as a standout in terms of average revenue per gaming user.

“ Japanese users are more engaged and committed to the apps they do download, and thus more likely to monetize. ”

According to [App Annie](#), Japan’s top 30 app games monetized over twice as effectively as the top 30 in the United States, with two thirds of those apps being role-playing games (RPGs). This is also consistent with [media reports](#) that Japanese women are particularly drawn to romance simulation apps, a phenomenon unique to a market in which the romance gaming industry is now worth \$130-million.

In addition, while Japanese users are slightly more discerning in their app selections when compared with the global mean, they are more engaged and committed to the apps they do download, and thus more likely to monetize. The install-to-action engagement rates in Japan are healthy across all app categories, with 7.8% of Shopping app installs leading to a first purchase, 7.2% of Gaming app installs resulting in in-app purchases and 75.4% of users installing Entertainment apps registering for the service.

When examining the differences between iOS and Android platforms, we find that iOS users tend to be significantly more engaged overall, with

more installs leading to actions such as a purchase or subscription. And while this is typical throughout most regions of the world, Android users in Japan do tend to log more user sessions in the first 30 days (2.45) than the average iOS user (1.87). Android users also log more engagement in in-app events—that is, actions performed within the app such as reaching a level in a game or creating a dating app profile—than iOS users.

Finally, app marketers in the midst of their annual campaign planning should consider that the cost-per-install can vary significantly from month to month, with install costs rising to as high as \$6.16 in the summer months and the year-end holiday season, and dropping to as low as \$3.46 in August and February. Similarly, cost per action is lowest in February and August, which happens to coincide with relatively high user engagement rates. The data would then suggest that marketers could be better served by running campaigns outside of traditional peak seasons in favor of off-peak periods, when the market is less saturated and users are likewise more engaged.



Liftoff is a performance-based mobile app marketing and retargeting platform which uses post-install user data to run true cost-per-action user acquisition and re-engagement campaigns. Powered by advanced machine learning and lookalike targeting, Liftoff campaigns are optimized to drive actions beyond the install, like booking a hotel, making a reservation, or renewing a subscription.

Liftoff's cost-per-action model helps customers scale and grow by acquiring users that actively spend in revenue-producing events. Headquartered in Palo Alto, CA with offices in New York, London, Singapore, Tokyo, and Paris, Liftoff works with leading app publishers and brands across the globe.

<http://liftoff.io>



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