

What's to Lose? The Dangers of One Bad App

Even though apps are a powerful marketing tool, their positive impact on consumer loyalty and firm revenues is realized only when they are sticky, interactive, and can satisfy consumers' needs by providing utility or entertainment. When consumers go to the trouble of downloading and installing a branded app and then find that it does not do anything they find valuable—or worse, the app malfunctions—the negative effect of the app may carry over to the relationship with the brand itself.

Northwestern University's Spiegel Research Center has been exploring how consumers engage with brands since 2011, and has specifically looked at the financial upside – and downside – of developing branded apps for mobile devices. Our extensive research into this topic has found that brands risk disengaging and even losing customers if they launch a “bad app.”

What Makes a “Bad App”?

Apps that fail to address a particular user need or to deliver a unique experience consistent with the brand will eventually lead to user disengagement. Marketing practitioners considering launching a branded app should closely consider their consumers' needs and aspirations as well as other intermediaries within the online ecosystem – such as Google – that may already be meeting those consumer needs. The most common pitfalls for branded apps include:

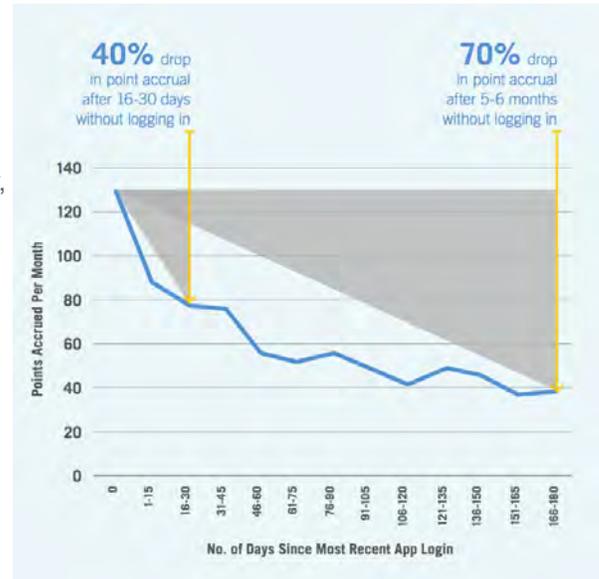
- **Failing to satisfy a specific need:** Apps that provide little utilitarian, social, or entertainment value can cause disengagement, which is the opposite of stickiness. Apps provide an avenue for brands to serve consumers ads, but forcing ads on consumers who do not want to see them will not create engagement. If a brand is to create brand experiences via mobile apps, it must first consider how the mobile contact points will create value for customers and which goals it will help customers achieve.
- **Doing what Google already does (and does better):** Brands often become preoccupied developing an app to satisfy consumers' comprehensive set of needs without considering whether other third parties, such as Google, are already serving those needs. Users tend to want fewer apps on their phones and will often first query Google before turning to a branded app. As an example, consider a grocery retailer with only physical stores that launched an app with limited functionality, such as a store locator and a list of store hours, but not much else. Do consumers need a separate app to find stores when they already have a mapping app such as Google Maps, which has better functionality? Marketing practitioners should therefore ask themselves “what is Google not already doing for my consumers that a branded app could satisfy?”

- **Launching an app with glitches:** A major reason for app abandonment is that consumers have very low tolerance for bugs in using an app. Seventy-nine percent of consumers said that they would retry a failing app only once or twice if it does not work properly during the first try. These malfunctions are mainly technical glitches. A survey by TechCrunch showed that more than half of consumers reported experiencing problems when using an app. Over 60% of these problems included technical glitches such as apps crashing, freezing, or displaying errors, followed by apps that were not launching at all or too slowly (47%).

The Impact of Disengagement

Given the potential benefits of branded apps, it may seem obvious that all companies should have one. *Our app might not be amazing, but at least having something is better than nothing*—or so the thinking often goes. What subscribers to this school of thought are failing to consider, however, is that there is a worse outcome than people not having an app by your company to download. That is to say, a bad app may be significantly worse than no app at all.

The Spiegel team found that app disengagement can result in brand disengagement and that discontinued use of a brand’s mobile app hurts brand sales. When consumers go to the trouble of downloading and installing a branded app and then find that it does not do anything they find valuable, the negative effect toward the app may carry over to the relationship with the brand itself.



The reasons why abandoning an app decreases subsequent spending are not clear. The decline may be attributable to the dissatisfying experience the customer has after exploring the app. As our research shows, if consumers disengage from your app, that means they may disengage from your brand and purchase less than they did before downloading the app.

Brands should work to create apps that customers not only want to download, but that become a part of their daily routines. Our research into the Air Miles Rewards Program found that as adopters went longer without using the app, their spending per month decreased substantially. (See chart.) Unfortunately, major drops in app usage soon after download is the norm for most apps. Based on data from mobile intelligence provider Quettra, technology analyst Andrew Chen found that the average app loses 77% of its usage three days after install and 90% after 30 days. [2]

Following these results, companies should be cautious about making apps available in the marketplace before their functionalities are fully tested because faulty apps may be worse for brands than providing no app at all.

Incorporating Branded Apps Into a Cross-Platform Marketing Strategy.

Successful brands are the ones that are capable of putting their “best face forward” no matter which device or platform a consumer is using. Oftentimes, what brands need most is a streamlined user experience across devices, not necessarily a branded app. The following recommendations will help marketing practitioners determine whether a branded app is right for them and, if so, how to avoid launching buggy

apps that disengage users.

- **Think beyond branded apps:** Besides branded apps, consider complementary approaches such as optimizing your brand's website for mobile devices or making information easily accessible through search engines and other third parties.
- **Optimize search rankings:** Since navigation on mobile devices can be cumbersome, consumers rely heavily on result rankings when performing exploratory searches on their smartphones or tablets. To increase the chances that your brand shows up at the top of search results, optimally bid on appropriate keywords.
- **Be search-engine friendly:** Ensure that your brand's website includes all the necessary content to showcase your values or points of differentiation (e.g., quick information on store hours or locations or detailed product specifications), in a way that can be parsed by search engines without difficulties. Because Internet traffic is increasingly coming from mobile devices as opposed to PCs, a consumer's first touch point with a brand may very well be on a mobile web browser.
- **Create adaptive websites:** Develop and maintain a website that is equally usable on a mobile device or PC. Consumers control mobile devices mostly by touch, but they can more readily rely on external accessories such as mice and keyboards when operating PCs. Thus, to ensure websites remain capable of providing a fluid user experience when viewed on mobile devices, brands should carefully design their interfaces and dialogue box flows. Specifically, typefaces that are designed for screen (e.g., Georgia and Vernada) may not work well on a mobile website or app. The issue of legibility and readability should be properly tested before brands put their apps in the marketplace.
- **Recognize mobile data limitations:** Because mobile plans usually have more stringent limits on data consumption and because download speeds vary by geographic location, app developers should avoid large graphic images and videos. As a general rule, businesses should begin their website development using mobile-optimized or hybrid frameworks and then translate their website for devices with larger screens, rather than starting off with technologies that are more suitable for building PC-based software.

At the Spiegel Research Center, we will continue to study the impact that engagement across branded apps has on customer value. To learn more about Spiegel's research into the value of consumer engagement via branded apps and what it means for marketing practitioners, download our e-book [Branded App ROI](#). Also, many of the findings of this blog post are explained in more detail in a chapter that the Spiegel Research Center's Rebecca Wang, Su Jung Kim, and Ed Malthouse authored for the textbook *The New Advertising: Branding, Content and Consumer Relationships in the Data-driven Social Media Era*.

Perez, Sarah. "Users Have Low Tolerance For Buggy Apps – Only 16% Will Try A Failing App More Than Twice." Tech Crunch. March 12, 2013.

Chen, Andrew. "New data shows losing 80% of mobile users is normal, and why the best apps do better."

Ghose, Anindya; Goldfarb, Avi; and Han, Sang Pil, "How Is the mobile Internet different? Search costs and local activities." *Information Systems Research* 24, 3 (2013): 613-631. doi:10.1287/isre.1120.0453.

Wang, Kim and Malthouse, Ed (2016), *Branded Apps and Mobile Platforms as New Tools for Advertising*, *The New Advertising: Branding, Content and Consumer Relationships in the Data-driven Social Media Era*, edited by Ruth Brown, Valerie Jones and Bryan Ming Wang, Praeger, Santa Barbara, CA.