



THE GROWTH MARKETER'S

GUIDE TO CPA ADVERTISING



Tapjoy

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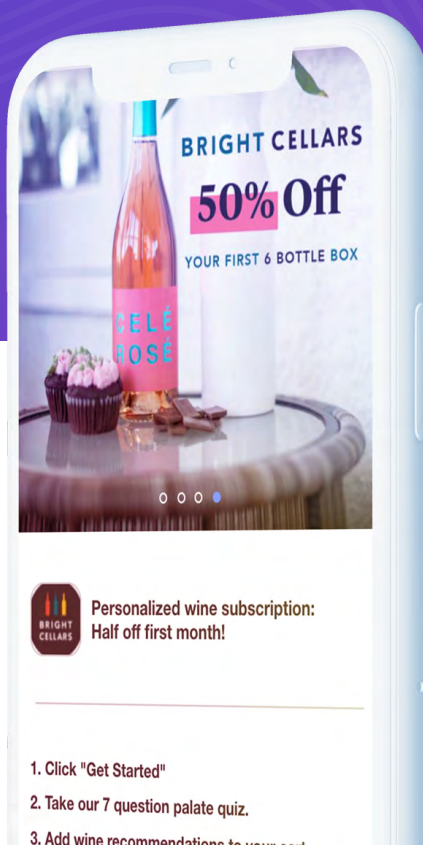
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UNDERSTANDING COST PER ACTION

What is CPA advertising?

CPA is short for Cost Per Action. In CPA advertising, marketers only pay when a consumer completes an action, such as making their first purchase or subscribing to a service. By default, your ad dollars are tied directly to the results you choose. This means no wasted ad spend on impressions or clicks — you only pay for conversions.











$$\begin{array}{c}
 \text{Cost Per} \\
 \text{Action}
 \end{array}
 = \frac{\text{Total Ad Spend}}{\text{Attributed Conversions}}$$

In-app CPA vs. CPE

CPA can be confused with other in-app ad models, particularly CPE (Cost Per Engagement).

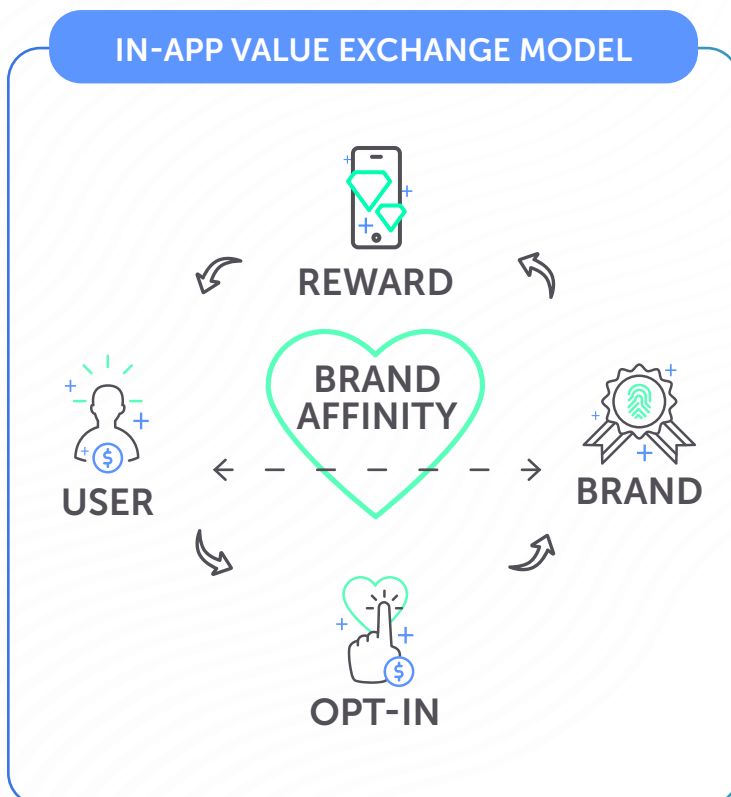
Though both CPA and CPE ads are hosted in the in-app environment, there are key differences in the conversion location and flow.

While most major digital advertising solutions now offer some form of CPA advertising, not all channels are created equal. In recent years, advertising in mobile games has jumped to the top of this list. The engagement, diversity, and expectations of mobile consumers are a perfect match for this model.

	IN-APP CPA VS. CPE				
	Ideal Audience	Conversion Location	Conversion Flow	Conversion Point	Distribution Platforms
CPA	 High-intent mobile consumers	 Mobile web	 Click + action	 First purchase, subscription signup, etc.	 iOS and Android Apps
CPE	 New app users, churned users, etc.	 In-app	 Click + install + engagement	 In-app milestones, level completion, etc.	 Android apps

How CPA ads work in-app

Unlike other mobile formats — such as digital banners, sponsored social posts, or interstitials — **in-app CPA ads offer a clear value exchange that benefits both the consumer and advertiser.**



On Tapjoy's in-app network, users have the freedom to select the ads they view. If they choose to complete a brand offer, they receive virtual rewards (in-game currency, premium content, etc.) in return. As a result, the ad experience is far less intrusive and users are highly motivated to engage — leading to increased performance.

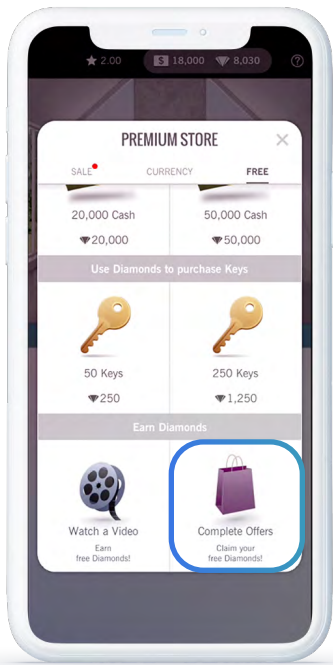
Advertisers benefit from this consumer-first ad experience too. The opt-in rewarded environment facilitates positive interactions with your target audience, leading to increased engagement and better conversion rates than interruption based advertising.

CONSUMER BENEFITS

- Viewing ads is optional and less intrusive
- Freedom to view and complete brand offers based on interest
- Completing offers enhances mobile gameplay

ADVERTISER BENEFITS

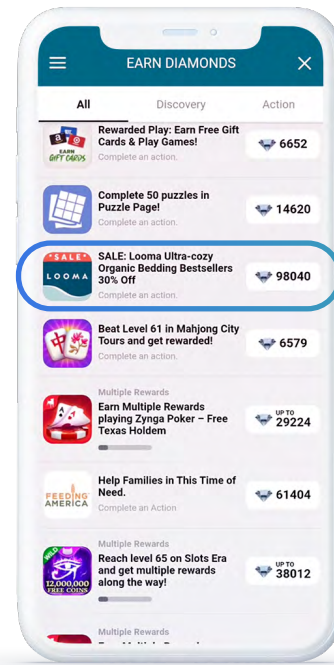
- Reach high intent consumers actively seeking brand offers
- Gain brand awareness (views & clicks), while only paying for conversions
- Facilitate positive consumer engagement



1

In-game

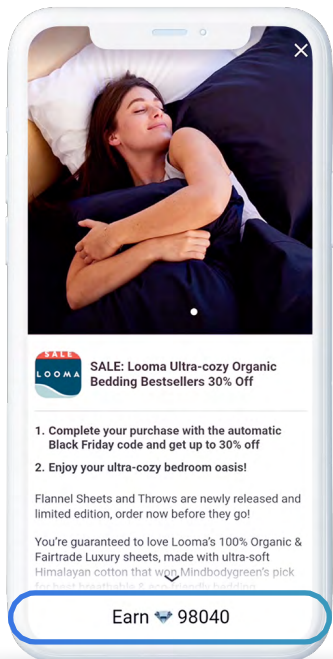
A consumer plays a mobile game and needs in-game currency to continue. Rather than purchasing rewards, they visit the Tapjoy Offerwall, located natively in the in-game store or menu.



2

Offerwall

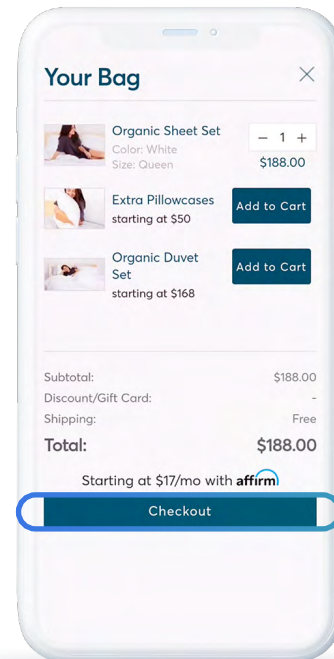
An Offerwall is an interactive hub of branded CPA ad offers. Here consumers can view and learn about the featured brands, and choose to complete offers in exchange for in-game rewards.



3

Instructions

The CPA ads feature direct response messaging and the offer requirements to earn rewards. If interested, consumers click to complete the call to action.



4

Conversion page

Consumers are then taken to a mobile web page to perform the converting action chosen by the advertiser. Once complete, the user receives their in-game reward and the advertiser pays on conversion.

WHY GROWTH MARKETERS CHOOSE IN-APP CPA ADS

Growth differentiators

1 No Wasted Ad Spend



Most advertising tactics have a big risk baked in: Your money doesn't guarantee conversions. But with CPA, you only pay when the desired campaign result occurs. This means no wasted ad spend on impressions and clicks that don't convert.

2 Low cost opportunity to scale



When compared to mainstream channels like Facebook, in-app ad networks have a stake in the game. Tapjoy for example, reaches more than 1.5 billion mobile consumers monthly. A key difference? You can scale in-app CPA campaigns at a significantly lower cost.

3 Easy, low risk testing



Testing CPA can be easy and affordable. At Tapjoy, CPA campaigns include guided setup, reporting, and optimizations for quality and scale. No minimum spend, no integration fees, and no creative necessary. We can help you create visual assets and get live within 48-72 hours.

4 Reach new audiences in an untapped market



In 2020, the number of mobile gamers worldwide reached [2.6 billion](#). While most marketers focus their entire growth strategy on mainstream channels like search and social media, you can beat the competition by expanding your reach to mobile app users your competitors aren't talking to.

5 Consumer-first experience



While consumer sentiment toward interruption-based advertising plummets, the in-app CPA ad experience is entirely native and actually fosters brand affinity. Consumers have control over the ads they choose and brands give them rewards in return. This results in deeper funnel engagements and a higher conversion rate.

6 Brand safety



If you go with an in-app CPA channel like Tapjoy, optimizations happen at the app level. This ensures your ads are only shown to consumers who are a good match for your product. You'll have complete visibility and control over where your ad runs and can safely avoid associations with unwanted content.

HEARD ON THE
TAPJOY NETWORK

Only 10%

say they actively avoid
in-app ads.

"I prefer in-app rewarded ads because I'm getting a product and also making progress in my app. It's better value than simply purchasing gold in the app or the product on its own."

QUOTED FROM A
TAPJOY CONSUMER

CPA channel performance: In-app, social & search

The majority of advertisers focus their paid media on mainstream channels like social and search. While it's true these large channels are important players in your wider growth strategy, there are inherent risks that come with a narrow customer acquisition approach. By expanding your customer acquisition sources to include in-app traffic, you can offset risk by increasing your reach, scale, and ROAS opportunities.



Managing market saturation

If you and all of your competitors are repeatedly targeting the same pool of users, market penetration becomes increasingly difficult. Expanding in-app gets you in front of your target audience first, before your competitors have reached them.



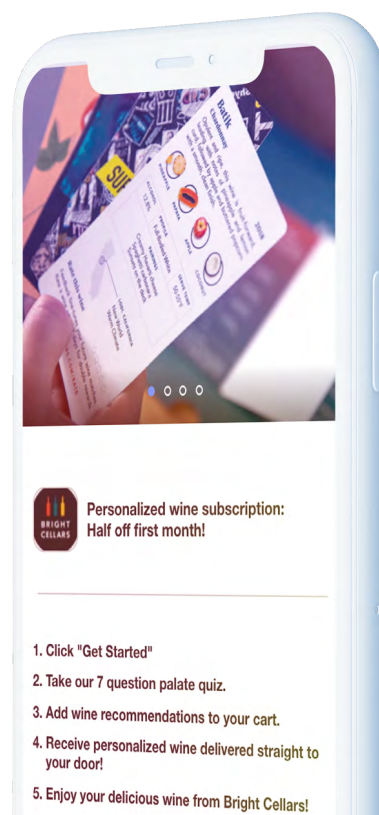
Market agility

The volatility of social and search algorithm changes can upend an entire marketing strategy at a moment's notice. Diversified acquisition sources gives you flexibility to shift swiftly and accordingly.



Increased ROAS




The cost of customer acquisition on social and search is at an all time high. Adding a high performing and cost-effective channel like an in-app network gives you more opportunity to reallocate spend based on ROAS goals.



HEARD ON THE TAPJOY NETWORK

66%

prefer Tapjoy's rewarded ad experience over Facebook, Instagram, and Twitter ads.

	COST	CONVERSION RATE	AUDIENCE
	\$4.23 Average Cost Per Action on Tapjoy	19.87% Average CVR of ads on Tapjoy	1.5B MAUs on Tapjoy
	\$18.68 Average Cost Per Action on Facebook ¹	9.21% Average CVR of ads on Facebook	2.74B MAUs on Facebook ²
	\$90.80 Average Cost Per Action on Google ³	0.72% Average CVR of ads on Google ⁴	4B MAUs on Google

¹Source: [Instapage 2020](#), ²Source: [HootSuite 2021](#),

³Source: [Instapage 2020](#), ⁴Source: [WordStream 2020](#)

Top verticals for CPA ads

In the fifth edition of our [Modern Mobile Gamer report](#), Tapjoy surveyed over 11,000 mobile consumers to see what makes them tick. Our research revealed who has the most to gain from CPA advertising on Tapjoy's network:



Clothing brands

Mobile consumers regularly purchase clothing in-app or purchase monthly subscription boxes.

78% of Gen Z and millennials buy clothing via ecommerce, and 44% of parents subscribe to children's clothing boxes.



Footwear brands

With the rise of companies like Rothy's, consumers are used to buying footwear online and in-app.

58% of millennials and 49% of Gen Z buy footwear through ecommerce channels.



Jewelry & accessory brands

CPA has huge potential for these types of brands offering subscriptions or a variety of products.

40% of millennials say they purchase jewelry & accessory brand subscriptions.



Alcohol brands

Direct-to-consumer alcohol is a fast growing category for mobile orders, which is why in-app is a powerful promotion channel.

Wine brand Winc saw rapid growth while staying under target for CPS and quick cancels.



Beauty & hygiene brands

Often offering subscriptions, beauty & hygiene brand CPA campaigns perform very well with mobile consumers.

Beauty & hygiene was the second most popular subscription category across all mobile consumers types.



Food delivery brands

Postmates. GrubHub. Freshly. Daily Harvest. Food on-demand is a growing category and in-app matches the business model.

CPA is a great fit for mealkit and restaurant delivery apps.



Rideshare brands

The business model was born on mobile. It's a natural fit connecting consumers directly to your app.

Few services are more suited to CPA experience than rideshare.



Fitness & Activewear brands

Millennials and Gen Z made activewear the trend that is, and in-app fits their mobile shopping and fitness app MO.

39% of Gen Z consumers say they subscribe to an activewear box.



Home goods brands

Parents are huge mobile gamers — making in-app ideal for homeware suppliers.

35% of parents say they have home goods and kitchenware subscriptions.

Looking to get even more insight into the mind of mobile consumers?

[Download the full report here.](#)

Top use cases for CPA campaigns

When you're looking to diversify your media mix

Mainstream digital marketing channels can be expensive, saturated, and subject to sudden shifts due to algorithm changes.

Winc found themselves in [exactly this predicament](#). Facebook and Google were more than 60% of their marketing mix, so they tried an in-app CPA campaign. Their success on the new channel gave them the confidence to reduce their dependency on Facebook and Google to 35%-40%.

"Consumers are highly attentive and engaged on mobile, which is why in-app advertising has proven such a successful marketing strategy. With Tapjoy, we were able to scale our DR offer for the 21+ audience AND keep our CPS in target range while improving our LTV."

Rohan Panjiar, Director of Performance Marketing, Winc

"The CPA method of bidding is completely unique to Tapjoy. It allows you to pay only for completed purchases, so it was a no-brainer for us."

Jessica Carlson, Paid Media Manager, Manscaped

When you want reliable ROAS

Let's be honest: Is there ever a time when you don't?

Unlike notoriously abstract metrics like "impressions" or "clicks," CPA ads generate results that matter for your business. Looking to only pay for verified conversions? It's hard to go wrong with CPA.

When you're launching a new product or expansion

To get new results you have to try a new approach.

After years of growth, the MANSCAPED growth team [realized they needed to expand their reach](#) in advance of a new product launch. CPA ads would help them reach an untapped audience and expand internationally. The new tactic delivered: 100K+ new US users, and 20K+ new international users.

"With our CPA at the level of profitability for the US, the added value of nearly all traffic to the site being new customers excites the stakeholders — we are reaching qualified traffic from a channel that many of our competitors are not utilizing."

Jessica Carlson, Paid Media Manager, Manscaped



When you're looking to distinguish your brand in an extremely competitive market

Don't fight for a foothold in a crowded channel — go where your competitors aren't.

As a DTC beauty subscription brand, IPSY found it had to compete against other brands in its vertical, and unrelated subscription offerings. Luckily [in-app ads gave the brand the edge it needed](#). The channel was largely unsaturated and competitors had yet to tap the opportunity. IPSY was able to grow and keep its CPS 27% below its max ceiling.

"Mobile app users are more attentive and engaged than mobile web users, but only a few brands manage to tap the channel's potential. For those that do so, it's a huge competitive advantage."

Alessandra Sales, VP of Growth, IPSY

"When we were first starting out, we focused a lot on growth out of necessity...What attracted us to mobile in-app marketing, particularly through Tapjoy, was just the sheer number of eyeballs. It gave us an opportunity to play both sides — even if we didn't get a ton of conversions right away, we were still able to raise brand awareness, which is huge for a new company."

Denver Rayburn, Founder, Looma

When you're looking for the added value of brand awareness

The performance bias of CPA ads can produce massive awareness dividends.

While shallow interactions can still count on awareness campaigns, a user has a much deeper, rewarded brand experience with CPA ads. Plus, you don't get charged for users that view the ad but don't convert. This dual benefit spurred [early growth for Looma](#), leading to a 30% increase in first-time purchases over the course of its campaign.

BEST PRACTICES FOR CPA ADVERTISING

Best Practice #1: Test your way to the right KPIs

KPIs are made in the lab.

Testing isn't just for honing tactics. It's also key to finding and refining realistic goals so you can scale your campaign. But before you begin, know your benchmarks. Consider ROAS, quick cancel rates, etc. to give your tests context.



"Through our testing, we were able to validate our investment in the mobile in-app marketing experience."

Alessandra Sales, VP of Growth, IPSY



PRO TIP: Set a max CPA ceiling, and aim to recoup your investment within three months. For example, if you have a subscription offer, the CPS ceiling should be three times the price of one month.

Best Practice #2: Take time to find your footing

Start slow.

When it comes to targeting, use a wide net in the beginning. You need to validate the channel, and you'll need to collect data to effectively guide your targeting. This also means keeping your bids conservative while you get your sea legs.

Find your groove.

Identify which publishers are driving the best traffic into your pipeline. If you're partnering with Tapjoy, you can work with your mobile strategist to create a custom block list, ensuring your ads will only show up on apps that perform. Once you get to this point, you can also start narrowing your scope by adding restrictions like age or gender.

Hit the gas.

With your aim calibrated, scale your bid to be more competitive against other offers that target a similar user demographic.



"At Winc, we always have a test-and-learn mindset. The team at Tapjoy shares that mindset — through testing, we were able to optimize our messaging and implement custom targeting. Now our DR offers deliver consistent results."

Rohan Panjiar, Director of Performance Marketing, Winc

Best Practice #3: Optimize instructions, promotions, & creative

1. Test instruction formats

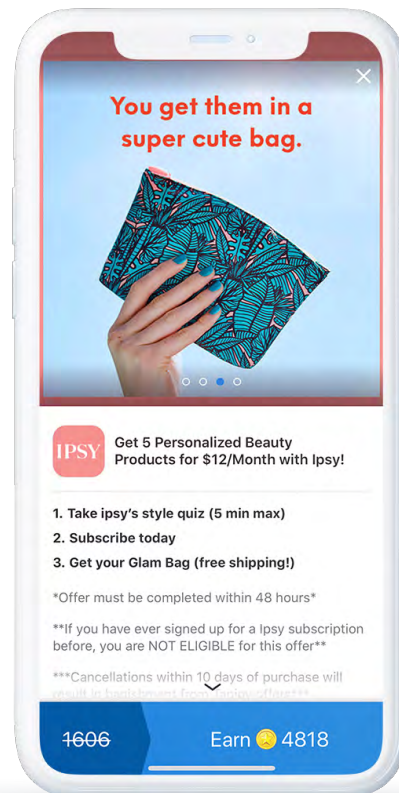
Strong text instructions are critical to CPA ad performance. At Tapjoy, they're included in both video or gallery ad formats. Best practice for this copy? Treat instructions as a mini-sales letter:

- Use a compelling promotion.
- Give a reason to act now.
- Explain the offer steps (thoroughly).
- Make the conversion point clear.
- Keep it concise.

PROMOTION →

STEPS →

CONVERSION →



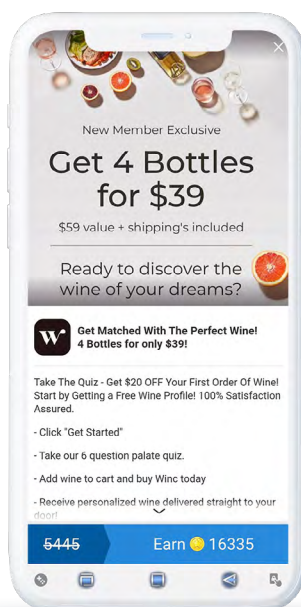
For video offer instructions, remember to focus on showing how easy the offer process is — and don't rely on the audio.

For gallery offer instructions, product images tend to perform better than lifestyle images.

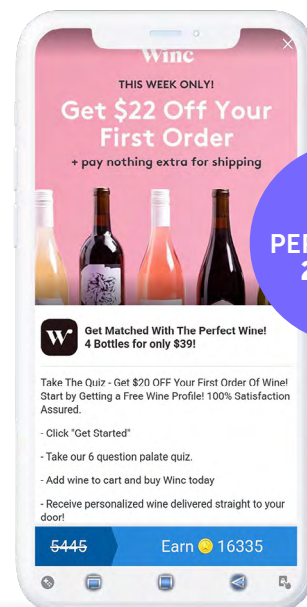
A/B testing instruction formats can really pay off. Winc tested video and gallery instructions and found that gallery yielded a 26% higher conversion rate.

2. Test promotions

Finding the right promotion can make all the difference, so have a set of alternatives ready to test.



PROMOTION A



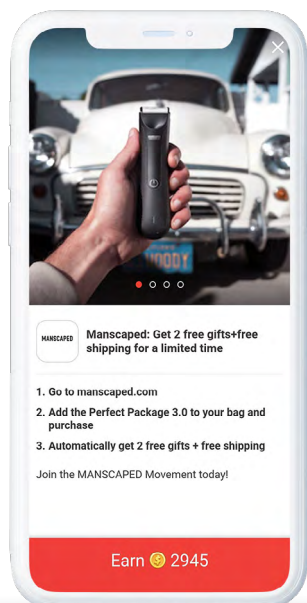
PROMOTION B

TOP PERFORMER:
22\$ OFF

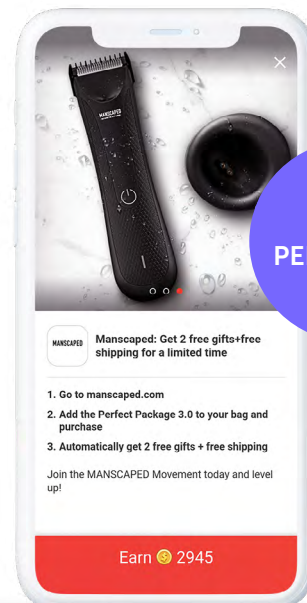


3. Test visuals & brand messaging

Experiment with different versions of every visual element in the ad experience. This can include offer icons, branded messaging, video creative and gallery creative.



PROMOTION A



PROMOTION B

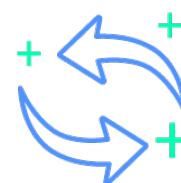
TOP PERFORMER



Localizing creative can make a big impact on performance. MANSCAPED earned a 41% CTR on their campaign after adopting gamer-centric language like “level up.”



Another easy way to boost conversions is creative that aligns with holidays and other tentpole events. Tag on a sale for an even bigger performance boost.



Update creative regularly to avoid ad fatigue. We recommend revisiting it every couple weeks at first, then moving to a monthly refresh cadence. Also, test new creative for holidays and promotions.



PRO TIP: With so much testing, you need to work with a partner that makes it easy to spot winners. Tapjoy's A/B testing algorithm, for example, will identify what's working and what isn't with no manual work.



Best Practice #4: Troubleshoot your campaign

Low CVR?



The Tapjoy Offerwall counts a click whenever a user taps an offer to view the instruction page. If you're seeing a low CVR, the most likely culprit is your copy. Does the offer headline align with the instructions and objective? Is there any way to simplify the copy or prevent a disconnect from click to conversion? A low CVR could also indicate that your target conversion is a bit too ambitious, but always start with copy first.

CPA too high?



Experiment with different promotions, but don't give away the farm. You should also focus on boosting CVR, because that will enable you to lower your bid while still ranking high in the offerwall.

Too many quick cancels?



Pull back on scale until you identify which publishers are the best match for your brand. Then create a custom block list with your mobile strategist to eliminate underperformers.



PRO TIP

"We found that branded direct response creative lead to a 5x improvement in CPA campaign performance. Users respond well to messaging that conveys who the brand is, highlights products and brands we work with and includes a strong call to action."

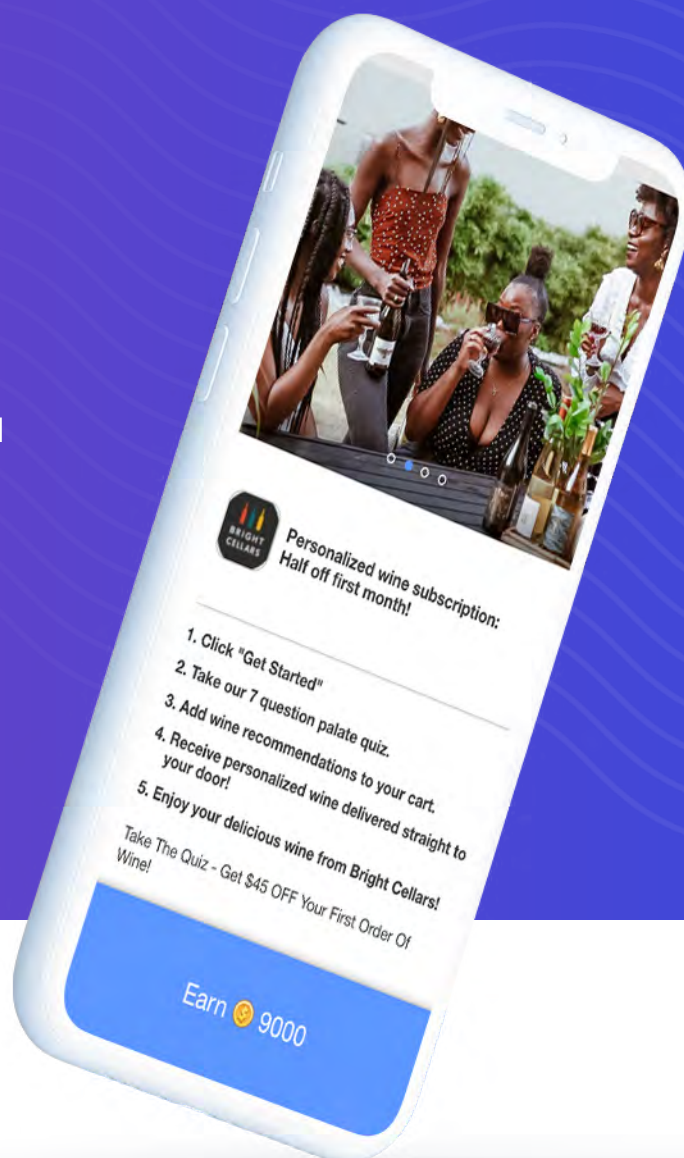
Alessandra Sales, VP of Growth, IPSY

CONCLUSION

Low risk paired with big rewards? We know it's usually the other way around, but every once in a while things just line up. In this case, it's the right incentive (value exchange) with the right audience (mobile gamers) and the right model (CPA). All you need is the right partner.

If you're ready to give CPA a go, we'd love to help. We'll make it easy for you to connect with your audience and convert them with a blockbuster campaign.

Our audience of 1.5 billion plus engaged mobile consumers is waiting, so start your test today.



ABOUT TAPJOY

Tapjoy is a leading mobile advertising and app monetization company. Our platform empowers advertisers to connect with over one and a half billion monthly active users through value exchange advertising that drives awareness, engagement, and the metrics that matter most to their overall growth. Meanwhile, companies such as Scopely, Glu, Ludia, and many of the Top 200 grossing app publishers trust our platform to monetize their content, grow their audiences, and reward their users. Founded in 2007 and headquartered in San Francisco, Tapjoy is a global organization with offices in Santa Barbara, Boston, London, Beijing, Tokyo, and Seoul. For more information, visit www.tapjoy.com.

TAPJOY'S MOBILE NETWORK REACH

1.5B

Global
consumers

1,900+

Premium app
publishers

11,400

of the highest rated
& top grossing
mobile games

