Pholus

Case Study:

Saving a Gaming App's Marketing Strategy

From Burn Rate to Breakthrough — Then Walking Away

Case Study: From Burn Rate to Breakthrough — Pholus Saves a Mobile Gaming App's Marketing Strategy, Then Walks Away

Executive Summary

A gaming app was overspending and underperforming. Pholus restructured ad tracking, cut CAC, and improved conversions—then walked away when governance concerns emerged.

Key Results & Indicators

- CAC reduced from $1.83 to $0.14
- Deposit conversion improved by 15%
- S2S tracking fully implemented
- Investor confidence restored
- Pholus declined long-term engagement due to governance concerns

The Situation

A mobile gaming startup had built a compelling product with strong user interface design, addictive mechanics, and a modest base of early adopters. But it was bleeding money—fast. Despite receiving initial funding from private investors, the app's financial runway was rapidly shrinking due to unsustainable user acquisition costs and poor monetization.

The marketing team was acquiring users at an average cost of $1.83 per install. However, only a small percentage of those users were making deposits. There were no attribution systems in place to track which campaigns were working, and the development team treated paid advertising as a black box. Investor confidence was deteriorating. The burn rate suggested the app wouldn't survive another funding round unless something changed fast.

Pholus was brought in on a short-term advisory basis to evaluate the situation and make recommendations. What began as a marketing performance audit soon turned into a rescue mission.

Diagnosis: High Spend, Low Discipline

Our team began with a forensic audit of marketing operations:

- No Server-to-Server (S2S) tracking was implemented, meaning advertising platforms were self-reporting conversions with no verification
- There was no visibility into user quality by acquisition source, meaning junk traffic looked the same as quality installs
- Campaigns were being run across multiple ad networks simultaneously, with no budget caps or channel performance comparison
- The install-to-deposit conversion rate was abysmally low, indicating poor user quality or misaligned targeting

Without attribution data or spending accountability, the marketing team was flying blind—and burning investor money at scale.

The Intervention: Strategic Overhaul and Tactical Firefighting

Pholus took immediate action across four fronts:

1. **S2S Post-Back Tracking Integration:** We helped the client integrate server-to-server postback tracking across their mobile app and each advertising platform. This move enabled precise attribution and shut down wasteful campaigns that had previously appeared "profitable" based on inflated platform-reported data.

2. **Cost Reduction via Network Partnerships:** Pholus leveraged its relationships with multiple high-quality ad networks, including sources not previously on the client's radar. This allowed for improved ad placements, better fraud controls, and optimized bidding strategies. Within 10 days, cost per acquisition dropped from $1.83 to just $0.14.

3. **Conversion Funnel Adjustment:** We advised small but critical changes to the in-app onboarding and deposit flow. Messaging was tightened, CTAs were reordered, and friction points in the first-time deposit UX were identified and removed. Deposit rates improved by 15% within the first month.

4. **Investor Communication and Confidence Building:** Pholus prepared a private investor brief showing new unit economics, improved campaign performance, and a framework for ongoing accountability. Investor sentiment stabilized, and concerns about marketing spend were significantly reduced.

The Turning Point: Governance Roadblock

With the success of these interventions, the mobile gaming company invited Pholus to remain onboard under a long-term advisory agreement. However, as we began reviewing the company's internal decision-making processes, a deeper issue emerged: unresolvable governance flaws.

- The development team refused to adopt budget controls or transparency measures that Pholus recommended
- Attempts to formalize reporting structures were met with resistance
- Internal communication patterns revealed a lack of oversight and dismissive attitudes toward accountability

In short, while the marketing problems were fixable, the governance culture was not aligned with Pholus' standards for long-term engagement. Rather than compromise, we made the decision to walk away after the project's agreed scope was completed.

The Outcome

- Customer acquisition cost dropped by 92%, from $1.83 to $0.14
- First-time deposit conversions rose by 15%, increasing revenue and extending runway
- S2S tracking infrastructure established, allowing future campaign accountability
- Investor confidence restored, with key stakeholders opting not to pull funding
- Pholus concluded the engagement after short-term targets were met
- Client continued operations, but without further Pholus involvement due to governance misalignment

Why It Matters

This case highlights the fact that most business crises aren't just financial—they're structural. Pholus was able to deliver a clear, measurable turnaround in a matter of weeks. But we also upheld a key value: we do not remain involved in environments where governance is fundamentally broken.

Success is more than a spreadsheet. If a company cannot align its culture with accountability, no amount of cost-per-click optimization will save it in the long run.

If your project is in trouble but you still have willing stakeholders and a fixable core — Pholus can help. If the problem runs deeper, we'll tell you that too. And we'll never stay silent just to keep the engagement.

About Pholus

Pholus is a discreet advisory firm that supports founders, boards, and stakeholders in fragile or complex environments. We specialize in quiet interventions, exit planning, and operational clarity when reputations, relationships, or resources are at risk.

Need to navigate something delicate or high-stakes? We work behind the scenes to help you stabilize, reset, or exit — without triggering avoidable fallout.

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