



AD MONETIZATION DEEP DIVE REPORT

Competitive Research and Actionable Product Recommendations

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AD STRATEGY



Strategic considerations for ad monetization, privacy policies, and ad networks

See the [Teardown Document](#) for teardowns of ads in all apps cited in this report.

STRATEGIC CONSIDERATIONS

Rewarded ads offer more valuable impressions than traditional ads and are less frustrating to players. However, traditional ads still have their place, particularly in the casual market. Neither ad type reduces retention rates or in-app purchases.

Rewarded ads are the most versatile option for ad monetization across markets. Rewarded ads make gameplay interruptions optional by allowing players to choose whether they want to watch an ad to earn rewards. Offers for these ads can be placed anywhere that apps use traditional ads, IAP offers, or retention mechanics like daily rewards or challenges. See [page 7](#) for more information about rewarded ads (1).

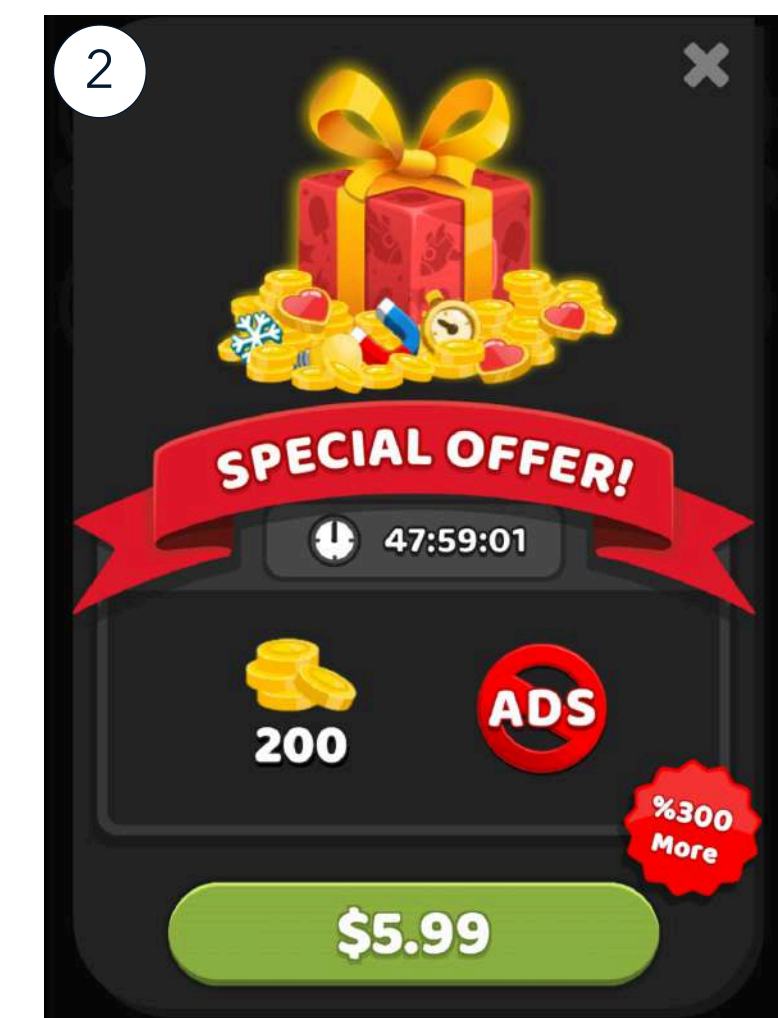
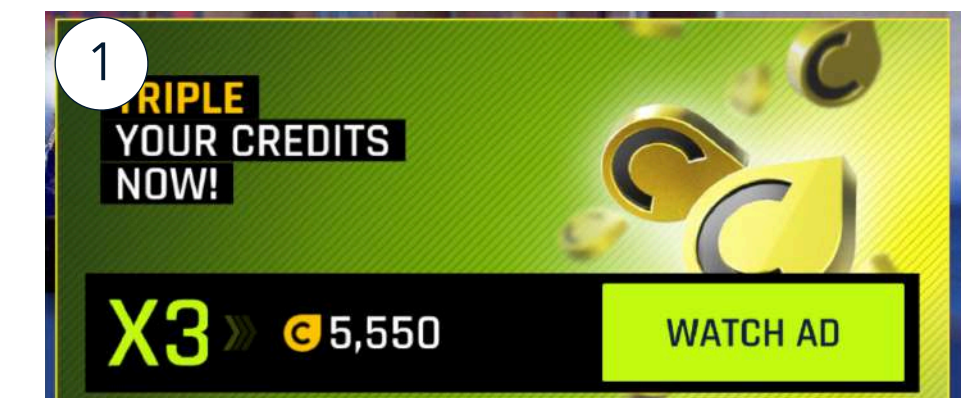
The casual market is the only market that remains a strong candidate for traditional ads. Due to casual apps' slower pace and lack of live competitions, they have more opportunities to display ads without interrupting gameplay. Puzzle apps, which include frequent breaks between levels, are a particularly good fit for interstitial ads. See [page 11](#) for more information about interstitial ads and other disruptive ads.

Apps in the core, casino, and sports and racing markets tend to use traditional ads sparingly and instead focus on IAPs and rewarded ads that help players progress faster or prolong sessions.

Ads do not appear to decrease retention or IAP sales. According to [a study by the Unity Ads network](#), apps that implemented a mix of interstitial and rewarded ads saw a slight increase in retention and conversion rates. However, it's important to note that these increases could be linked to other changes in the player experience and may not be entirely due to ads.

Regardless, there is no evidence that well-placed ads decrease retention or conversion rates. Rewarded ads may even boost conversions because they give players a sample of the increased power that can come from making IAPs.

If you plan to implement ads heavily, consider offering an IAP to remove them. Offering an IAP that removes ads directly after an ad is shown can encourage players to buy the IAP while the disruption is fresh in their mind. Alternatively, you can include a permanent link to the IAP on a high-traffic screen, such as the home page or the store. If your app's monetization centers on IAPs, you can remove or reduce ads after any purchase to incentivize players to make their first purchase (2).



IMPACT OF NEW PRIVACY POLICIES

As new privacy policies reduce the relevance of ads to players, traditional disruptive ads will become more annoying to players and less valuable to advertisers. To reduce players' frustration and increase the value of impressions, apps should move toward rewarded and nondisruptive ads while also developing systems to gather and use first-party data.

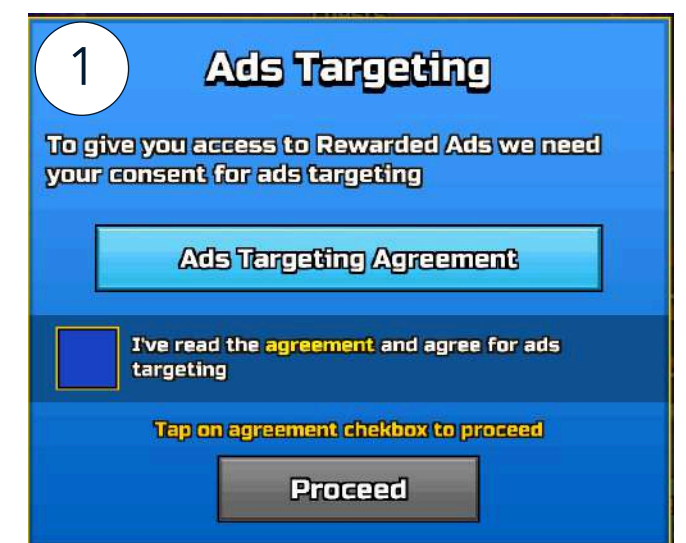
Because impressions from nontargeted ads are now less valuable to advertisers, apps need to show more ads to generate the same revenue. At the same time, players are more likely to be annoyed by ads that aren't relevant to their interests—especially if they're being shown more ads than before (1).

To create more valuable impressions without alienating players, you should prioritize rewarded ads, native ads, and offerwalls. Rewarded ads give players a reason to engage with ads, which makes impressions for those ads more valuable by guaranteeing that players are actually looking at them. Additionally, because rewarded ads are optional, they won't frustrate players with forced interruptions.

Nondisruptive ads, such as offerwalls and native ads, provide an even more seamless experience for players, but they bring in fewer guaranteed impressions, and some require custom deals with advertisers. See [page 12](#) for more information about nondisruptive ads.

First-party data will come to rival third-party data as the basis for targeted ads. Instead of relying on third-party ad networks, publishers will begin to track players' data across their apps for use in targeted ads. The large mergers and acquisitions of the past few years have made this strategy more viable as companies have gained access to more apps, larger playerbases, and greater resources. However, small publishers and developers may not gain as much value from first-party data.

The decline of ad targeting has also made user acquisition harder, which has made cross-promotional ads more valuable as a method for promoting other apps in your portfolio. Apps can either set aside space for cross-promotional ads or cycle in cross-promotional ads when spots for third-party ads go unfilled by networks. Retaining players in your app portfolio through cross-promotion also creates more opportunities for first-party data collection that can be used as the basis for targeted ads (2).



WORKING WITH AD NETWORKS

Starting with one ad network is best for small apps, but working with multiple networks keeps fill rates high and increases revenue. When using multiple networks, ad mediation tools help find the best offers for each potential impression.

Ad networks obtain ads from advertisers and distribute them to apps. When working with ad networks, you should seek to maximize your fill rate (the number of ads you are provided versus the number of ads you requested) while prioritizing networks that offer the highest eCPM (effective cost per mille), the amount they pay per 1,000 impressions. Major ad networks include Unity Ads, Google AdMob, and AppLovin.

Working with a single ad network is the simplest option for smaller apps. A single network only requires one SDK to implement and manage, which makes it easy to get running. However, relying on only one partner to fill ad requests could result in unfilled spots.

Working with multiple ad networks requires more resources to manage but lowers the risk of low fill rates. Larger apps with more impressions to fill may need ads from multiple ad networks to meet their needs. Using multiple ad networks can also increase the eCPM for your ads by increasing the demand for your impressions. When working with multiple networks, you can either develop a proprietary system for filtering offers or use an ad mediation service.

Ad mediation services make it easier for apps to use multiple ad networks. Most ad networks—including the major networks mentioned above—offer their own ad mediation services. Ad mediation filters multiple ad networks through a single SDK, which then chooses a network to fill an ad spot through one of three methods: traditional waterfall, bidding, or hybrid.

The traditional waterfall ranks the networks by eCPM. When a spot needs to be filled, the network with the highest eCPM is considered first. If they have no available ads, the next network in the waterfall is considered, and so on, until the spot is filled. The bidding method allows ad networks to bid on a spot simultaneously, with the spot going to the network offering the highest eCPM. Finally, the hybrid method combines these two methods by first sending an ad call to bidding partners and then adding the highest bid to the waterfall.

REWARDED ADS



When to use rewarded ads and how to reward players

See the [Teardown Document](#) for teardowns of ads in all apps cited in this report.

AD PLACEMENT

Rewarded ads are less annoying than disruptive ads, create more valuable impressions than nondisruptive ads, and have a higher conversion rate than IAPs. They can take the place of traditional ads, appear as part of retention mechanics, or make up their own feature entirely.

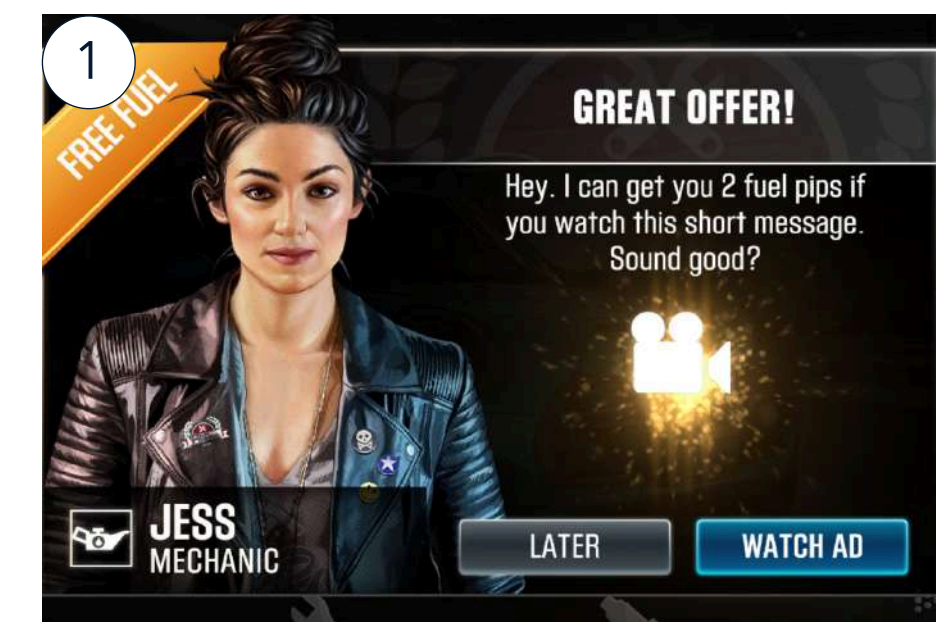
Rewarded ads are commonly placed before or after gameplay segments, much like interstitials. Candy Crush Saga allows players to watch an ad for a random boost before levels, and Art of War: Legions allows players to multiply rewards after levels.

Though some apps include rewarded ads alongside interstitials, these two types of ads should not generally appear during the same gameplay break. To avoid undermining players' choices, make sure players who reject rewarded ad offers are not immediately shown unskippable interstitials.

Rewarded ads are most effective when they offer rewards that players need when players need them. When players need specific resources, such as currency, lives, or time, they are more likely to accept a rewarded ad that fulfills that need. For example, Yahtzee with Buddies offers a rewarded ad for dice rolls whenever players attempt an action that requires more rolls than they have. In CSR 2, a pop-up offers players an ad that awards fuel whenever they are running low (1). In Match 3D, players who run out of time on a level can watch an ad to add an extra 60 seconds.

Combining rewarded ads with retention mechanics encourages consistent impressions. For example, War Robots Multiplayer Battles allows players to watch ads for more attempts at their random daily reward and to progress through any daily challenge. Other apps, such as Cookie Run: Kingdom, Madden NFL 23 Mobile Football, and Pokerist, have daily challenges that require players to watch a certain number of rewarded ads to earn a bonus reward.

Offering rewarded ads in permanent locations, such as in a menu or as part of a feature, allows players to easily access ads. This strategy is especially effective if ad menus are disguised as mini-games or part of the game world. For example, Candy Crush Saga allows players to watch ads to earn attempts at smashing candy for random rewards, while Lotsa Slots and Cash Frenzy allow players to watch ads to trigger a spin on a prize wheel (2). Monster Legends' rewarded ads are located in a theater that players access by clicking a movie screen in their base. If players have watched all ads for the day, the theater's screen dims.



AD REWARDS

Offering a mix of permanent rewards (like currency), expendable resources (like boosts and energy), and accelerators allows apps to generate consistent impressions from rewarded ads without overinflating their economies.

Currency is the most common reward but runs the greatest risk of overinflating your economy. To avoid cannibalizing IAP sales, consider limiting the amount of currency—particularly premium currency—that players can earn from rewarded ads per day. For example, in 8 Ball Pool, players can watch ads an unlimited number of times per day for primary currency but can only watch one ad per day for premium currency.

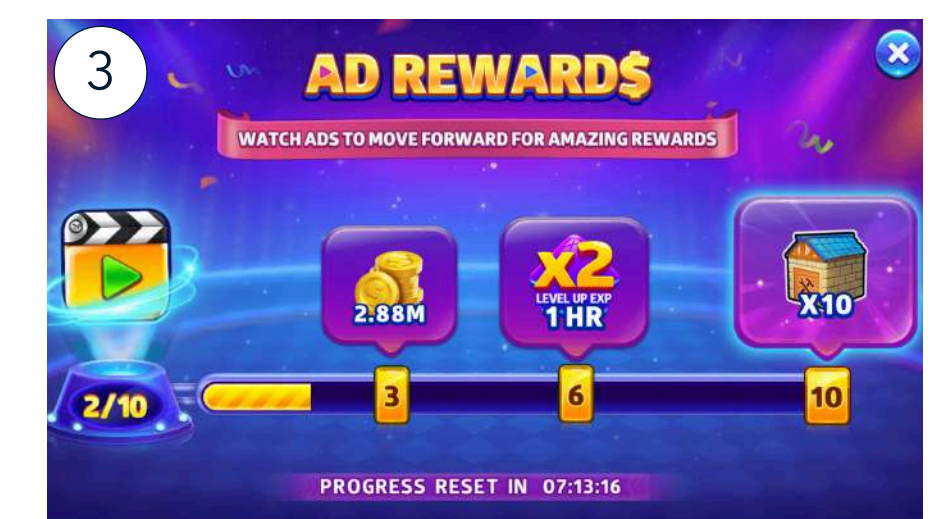
Another option is to offer rewarded ads that multiply the currency players earn from certain actions. For example, in Pokerist, when players leave a poker table, they can watch an ad to double their earnings from that table (1).

Expendable resources—like lives, boosts, and energy—are strong alternatives to currency because players frequently need to replenish them. For example, in Match 3D, players can watch an ad to earn a life whenever they have fewer than the max. In Coin Dozer, players occasionally receive an offer to watch an ad for a boost. In WWE SuperCard, players can watch an ad to restore a single unit of energy whenever they run out.

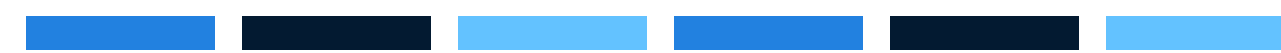
Accelerating timers also has a low inflationary impact, especially when players can only speed up timers in small increments. Many apps with base building allow players to watch ads to reduce timers on certain actions, like crafting, building, or hatching eggs. Rather than letting players skip timers completely, these apps reduce timers by a small amount for each ad watched.

Ads in Cookie Run: Kingdom reduce timers by 30 minutes, and ads in My Singing Monsters reduce timers by 15 minutes (2). While Cookie Run: Kingdom limits its players to watching five ads to reduce timers per day, My Singing Monsters allows players to watch ads to reduce timers an unlimited number of times.

Offering additional rewards for reaching ad-viewing milestones encourages players to watch multiple ads. Cash Frenzy and Lotsa Slots have ad-based reward tracks that reset daily (3). As players watch rewarded ads, they progress through the tracks, earning currency, boosts, and other resources at milestones.



AD FORMATS



Best practices for disruptive and nondisruptive ads

See the [Teardown Document](#) for teardowns of ads in all apps cited in this report.

DISRUPTIVE ADS

Disruptive ads interrupt the player's experience by partially or completely covering their screen with an ad. To mitigate frustration, these ads should only be shown at pauses in gameplay, such as between levels or menus.

Interstitial Ads

Interstitial ads are full-screen ads that should be placed at natural transition points. These ads are typically triggered when players start, complete, fail, or quit a level or match. These transitions can be seen in puzzle apps like Match 3D, racing apps like Asphalt 9: Legends, and shooters like Pixel Gun 3D.

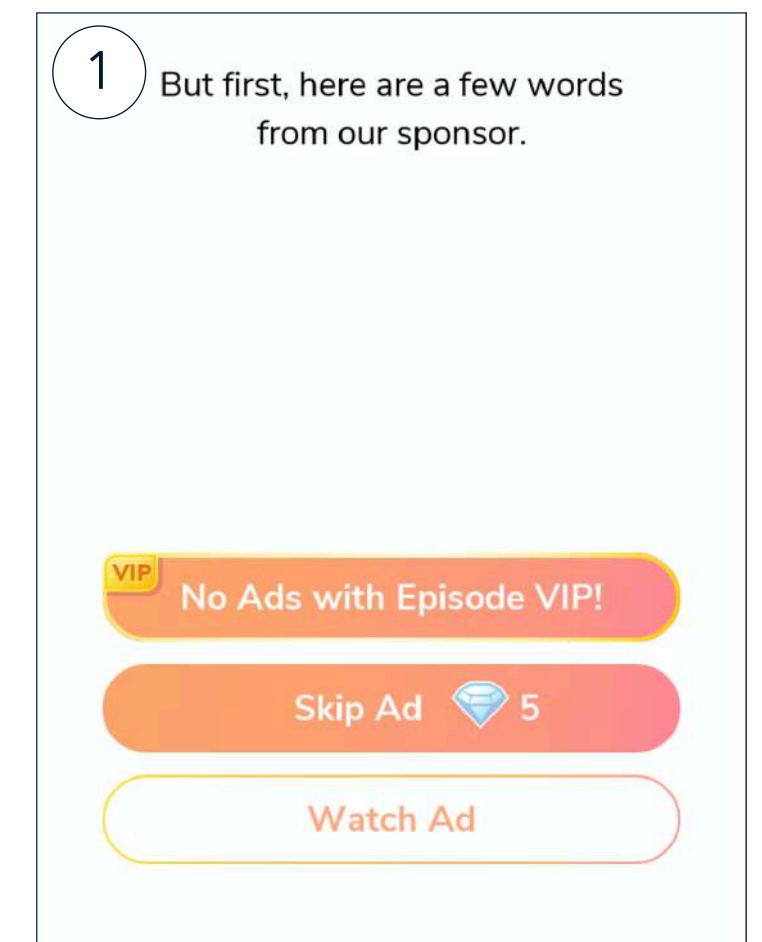
Interstitial ads can also be triggered when players move between menus, return to the home screen, or reopen the app after tabbing away. These types of transitions are the best option for apps without distinct gameplay levels, such as base-building apps like My Singing Monsters.

Because interstitial ads disrupt the flow of gameplay, you need to take steps to reduce player frustration. To avoid overwhelming players who progress quickly, it's a good idea to limit how many times these ads can be triggered within a certain amount of time. Additionally, you could allow players to skip ads after a few seconds or make purchases to disable ads entirely. For example, in Episode - Choose Your Story, players can either spend a small amount of premium currency to skip the ads that play before each chapter or buy a VIP subscription that removes ads while the subscription is active (1).

Pop-Up Ads

Pop-up ads are an alternative to interstitial ads that do not take up the entire screen and are easily closed. These ads typically contain images and text rather than videos, making them faster and less obtrusive than video interstitials. Pop-up ads usually appear when players log in or transition between menus.

Pop-ups tend to contain cross-promotional ads or links to rewarded ads rather than ads for third parties. For example, Summoners War displays pop-ups on login that promote other apps by Summoners War's developer, while Jackpot World has random pop-ups that link players to rewarded ads (2).



NONDISRUPTIVE ADS

Nondisruptive ads can appear passively during gameplay, in their own menus, as interactive rewards, or as game modes. While banner ads are the easiest to implement, they provide low-value impressions. Native ads and offerwalls provide high-value impressions but require complex brand partnerships.

Banner Ads

Banner ads occupy the top or bottom of an app's screen and get a high number of low-value impressions. Because banner ads are viewed passively, they are not very memorable to viewers, and more experienced players may even ignore them completely. Consequently, banner ads have a low value for advertisers and a low eCPM.

While not especially profitable on their own, banner ads can supplement other ad formats. Banner ads occupy spaces that other formats can't, and since they don't interrupt gameplay or obscure the UI, they're unlikely to frustrate players. Examples of banner ads can be seen in Yahtzee with Buddies, Coin Dozer, and Trivia Star (1).

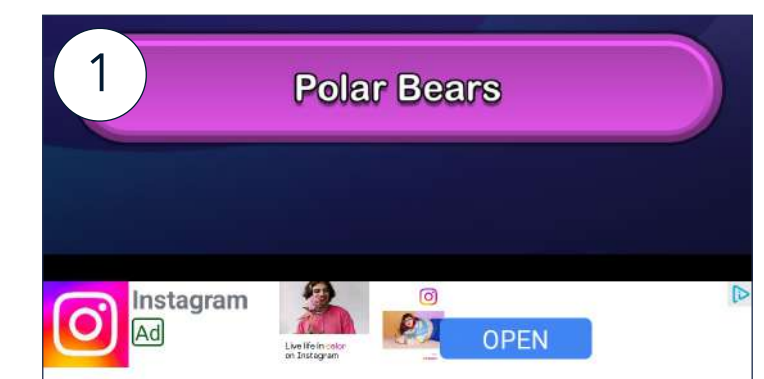
Native Ads

Native ads are designed to blend seamlessly with an app's UI or gameplay and are best suited to apps with game worlds that can incorporate real-world brands. For example, a racing app may display an ad on a billboard that appears during a race; a core app may release a brand-themed hero skin; and a casino app may release a slot machine with sponsored content. On the other hand, apps with distinct visual themes or a strong focus on narrative continuity may not be the best venues for native ads.

Because native ads require more resources to design and implement, they are usually the result of bespoke partnerships with brands rather than automatic placements by ad networks. For example, Pokémon GO has had multiple partnerships with companies such as GameStop and Starbucks, adding all of the chains' locations to the app in the form of PokéStops and gyms. Small- and medium-sized businesses can also apply to have their locations similarly included in the app.

Native ads can also be interactive features such as sponsored game modes and rewards. In Madden NFL 23 Mobile Football, a Gatorade-sponsored event requires players to complete missions to earn packs of in-game Gatorade bottles. Players can exchange five bottles for an exclusive player with a Gatorade-themed skin.

Other apps use real-life rewards rather than in-game rewards. In myKONAMI, slots play awards loyalty points that players can exchange for discounts on services from cruise lines, hotels, restaurants, and more (2).



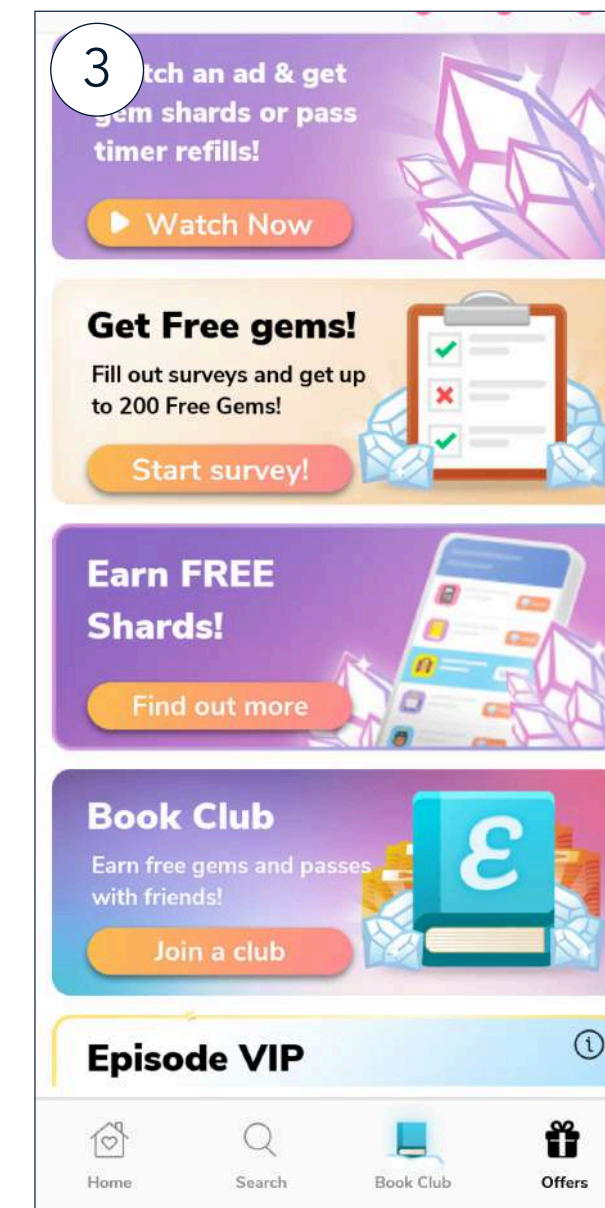
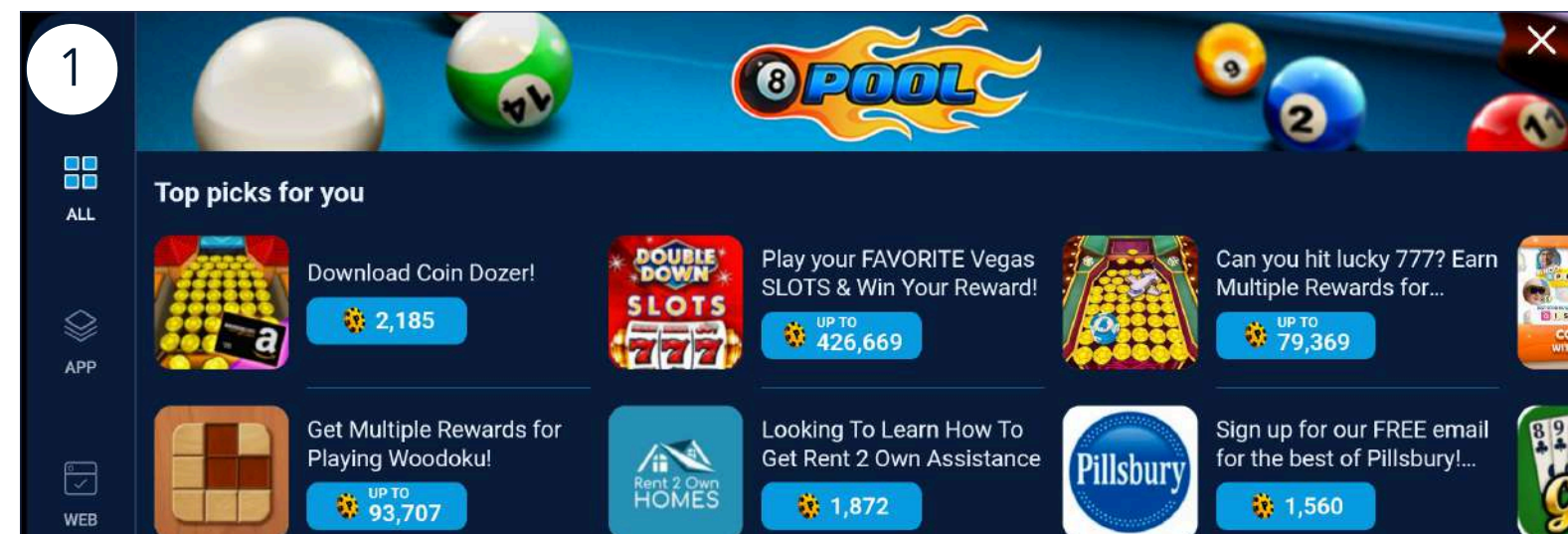
NONDISRUPTIVE ADS (CONT'D)

Offerwalls

Offerwalls provide in-game rewards in exchange for completing actions outside of your app. These actions can include installing and playing other apps, filling out surveys, and making purchases. Completing an offer typically awards a large amount of premium currency. Top apps that use offerwalls include Pokerist, Yahtzee with Buddies, WWE SuperCard, and 8 Ball Pool (1).

Ad Menus

Dedicated menus of ads are the least obtrusive but should be advertised to players through traditional means like pop-ups, banners, or interstitials. These menus tend to contain cross-promotional ads, rewarded ads, or offerwalls. Links to these menus are typically clearly marked and located in high-traffic areas, such as the store or the home screen. For example, My Singing Monsters has a store menu that includes merchandise, ads for spin-off titles, and links to other apps from the developer (2). In Episode - Choose Your Story, an "Offers" menu on the player's home bar contains rewarded ads, offerwalls, and survey offers (3).



"Perhaps imagination is only intelligence having fun."

– George Scialabba

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