apptopia

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VIDEO AD MEDIATION

Get the Best of App Monetization

No Illusion. No Confusion.

Insights to help you stay ahead

SECTION 1:
Current State of App Monetization

SECTION 2:
Primary Concerns of App Developers

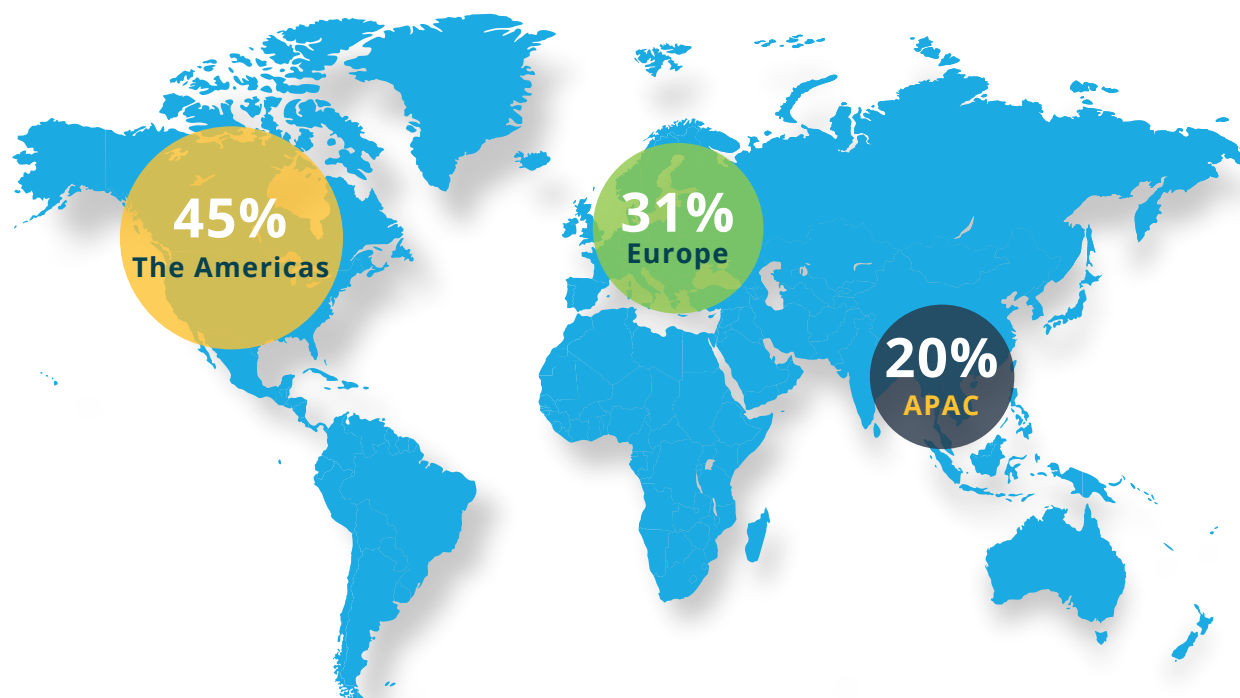## SECTION 3:
Key Revenue Generating Secrets

SECTION 01 | Current State of App Monetization

In This Report, We Analyzed Top Free Apps To Ensure You Get The Best Perspective

Analysis of top 1000+ publishers and 1700+ free apps across Google Play and iOS store

45%
The Americas

31%
Europe

20%
APAC

Source: Apptopia

Industry Response To Monetization Models Used By App Developers

Monetization Models

Advertising

ADS

Industry Trend

Most effective monetization methods - 75% prefer Rewarded video ads as compared to 63% who prefer In-app purchases

Mobile games currently are on track to generate $39.8 billion in ad revenue, globally in the year 2018

Through the year of 2018, it is predicted that more and more developers will move away from traditional ad units to new and more lucrative ad formats like native, rewarded ads and interstitial
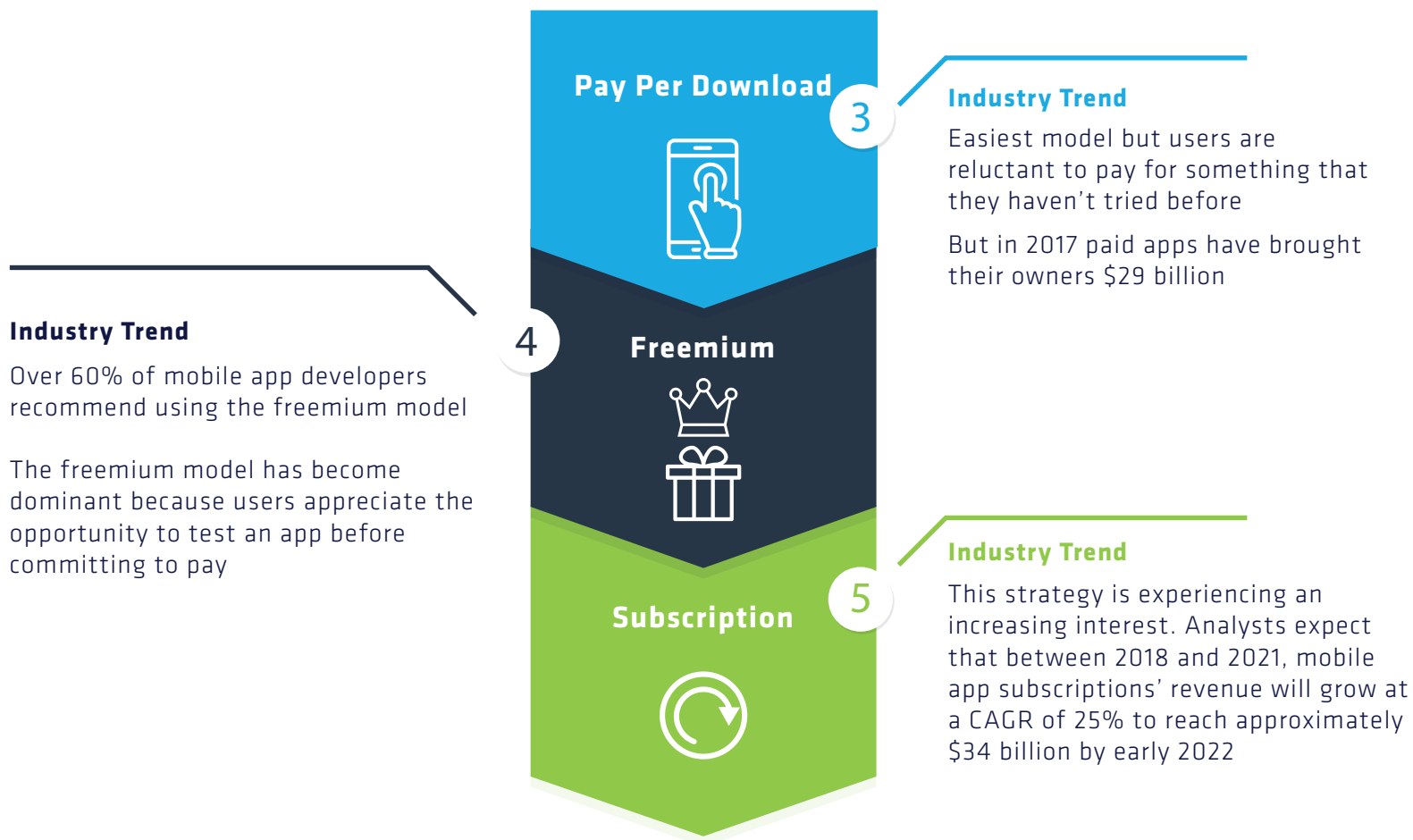
1

In-App Purchases

$

2

Industry Trend

Though only 5% of users make in-app purchases but their revenue contribution is 20 times higher as compared to others

But remember - Google and Apple will cut off their 30% revenue share from your every in-app purchase or any other paid element
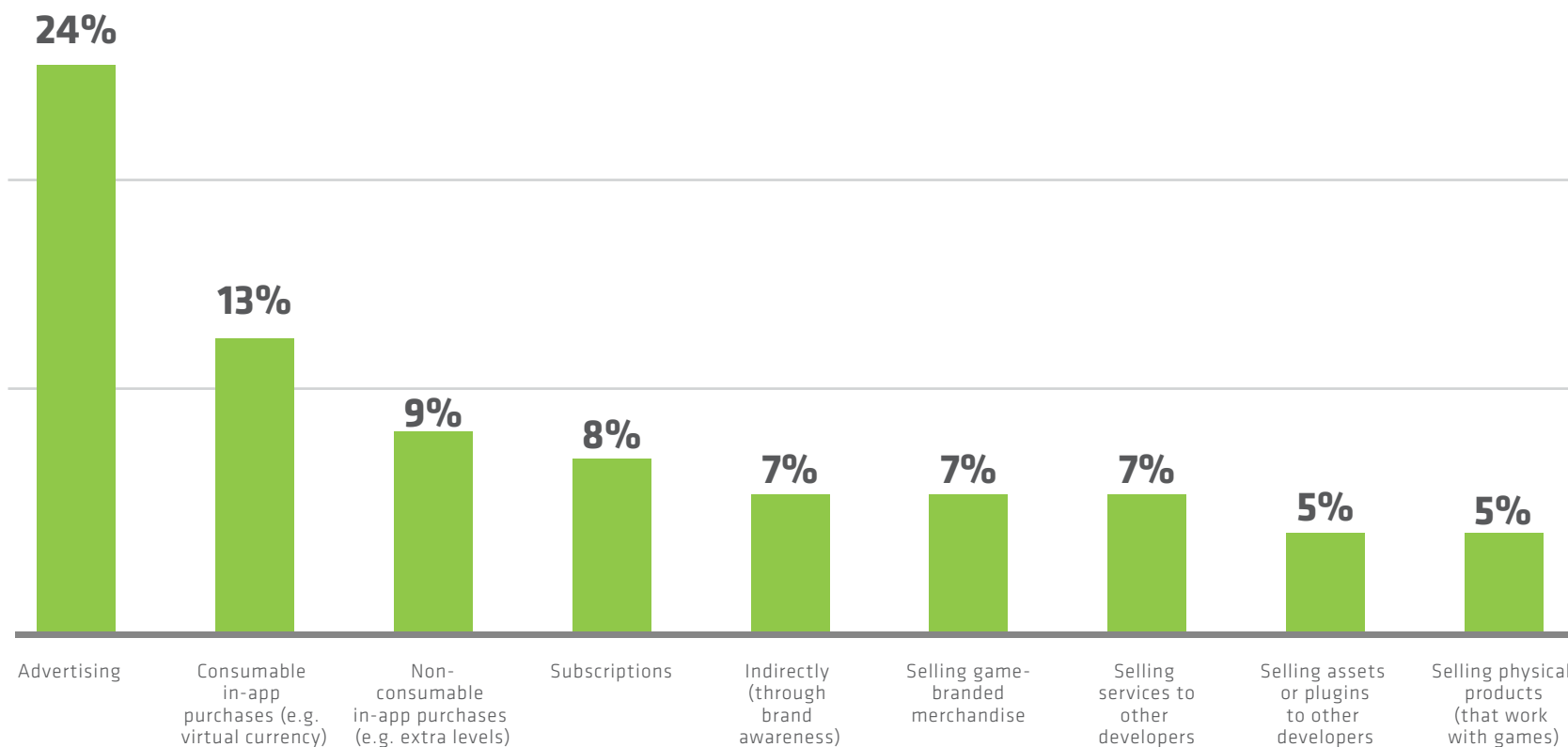
Pay Per Download

Industry Trend

Easiest model but users are reluctant to pay for something that they haven't tried before

But in 2017 paid apps have brought their owners $29 billion

3

Freemium

Industry Trend

Over 60% of mobile app developers recommend using the freemium model

The freemium model has become dominant because users appreciate the opportunity to test an app before committing to pay

4

Subscription

Industry Trend

This strategy is experiencing an increasing interest. Analysts expect that between 2018 and 2021, mobile app subscriptions' revenue will grow at a CAGR of 25% to reach approximately $34 billion by early 2022

5

Sources:
https://magazine.startus.cc/best-strategies-monetize-mobile-app-2018/
https://econsultancy.com/why-marketers-should-consider-in-app-advertising-stats/
https://chocolateplatform.com/wp-content/uploads/2018/06/New-Mediation-Report.pdf
https://www.developereconomics.com/reports/state-of-the-developer-nation-15th-edition

Ad-based Monetization is the # 1 Business Model

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Business Models Favored by App Developers

| Category	Value
Advertising	24%
Consumable in-app purchases (e.g. virtual currency)	13%
Non-consumable in-app purchases (e.g. extra levels)	9%
Subscriptions	8%
Indirectly (through brand awareness)	7%
Selling game-branded merchandise	7%
Selling services to other developers	7%
Selling assets or plugins to other developers	5%
Selling physical products (that work with games)	5%

Source: https://www.developereconomics.com/reports/state-of-the-developer-nation-15th-edition

Developers are Experimenting with Multiple Ad SDKs

Less Than 20% of Top Free Apps Use An Ad Mediation SDK

Ad Mediation **19%**
Ad Network & Monetization **70%**
Video Advertising **69%**
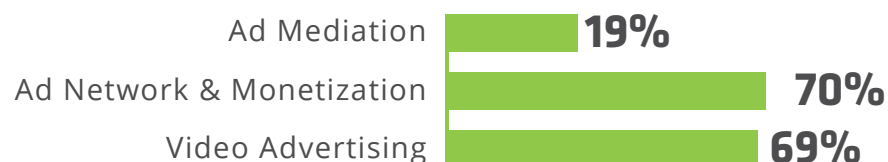
App developers are working with multiple Ad Networks. They are missing out the opportunity to maximize the revenue using Ad Mediation through 'Single sign in and Single SDK' model

Less than 25% of Top Free Game Apps Use An Ad Mediation SDK

Ad Mediation **23%**
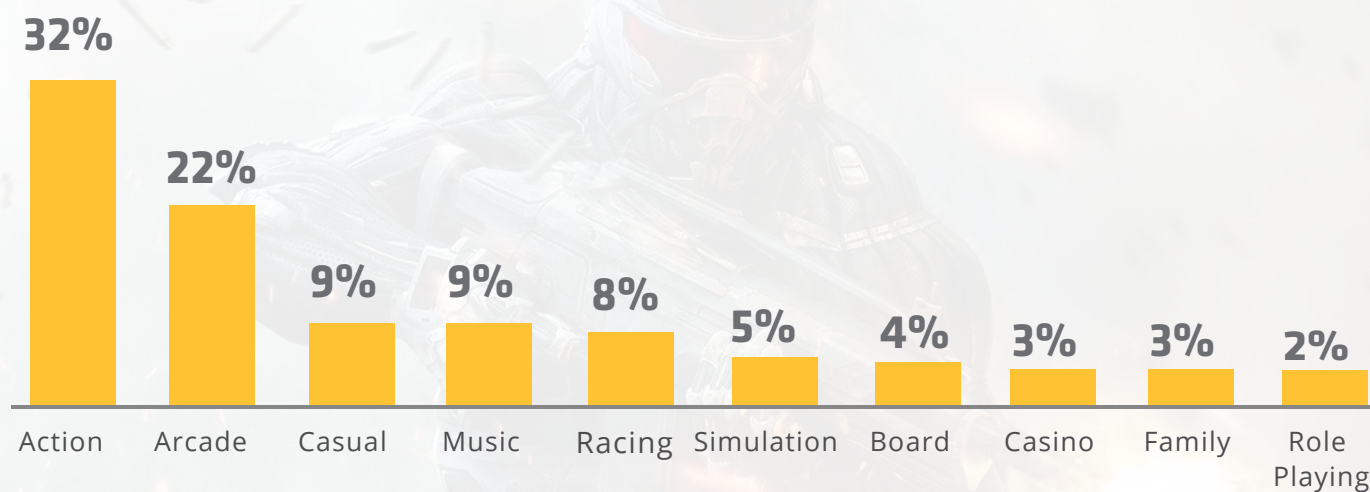Ad Network & Monetization **71%**
Video Advertising **82%**

Integration of too many SDKs is becoming less viable. Ad mediation is a great step to achieving ad revenue nirvana and maximizing your game profitability

Source: Apptopia

Action, Arcade and Casual Games Generate Maximum In-app Ad Revenues

In-Game Ad Revenue Share by Category

Category	Share
Action	32%
Arcade	22%
Casual	9%
Music	9%
Racing	8%
Simulation	5%
Board	4%
Casino	3%
Family	3%
Role Playing	2%

Fast-paced action games seem to have been the most popular genre among the gamers followed by Arcade, Casual, Music and Racing genres.

Source: Apptopia (worldwide revenue for 30 days)

Unity, Cocos2D & Cordova are Front-runners - Chase Them

Systematize your mobile game development using these frameworks to make the next big hit

SDK NAME

1   Cocos2d
2   Unity
3   Cordova
4   Adobe Air
5   PhoneGap
6   Xamarin
7   React Native
8   Corona
9   Marmalade
10 Unreal Engine

SDK NAME

1   Unity
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5   Xamarin
6   Adobe Air
7   React Native
8   Corona Labs
9   Unreal Engine
10 Gideros Mobile

Source: Apptopia

Ranking is based on number of installs

SECTION
02
Primary Concerns of App Developers
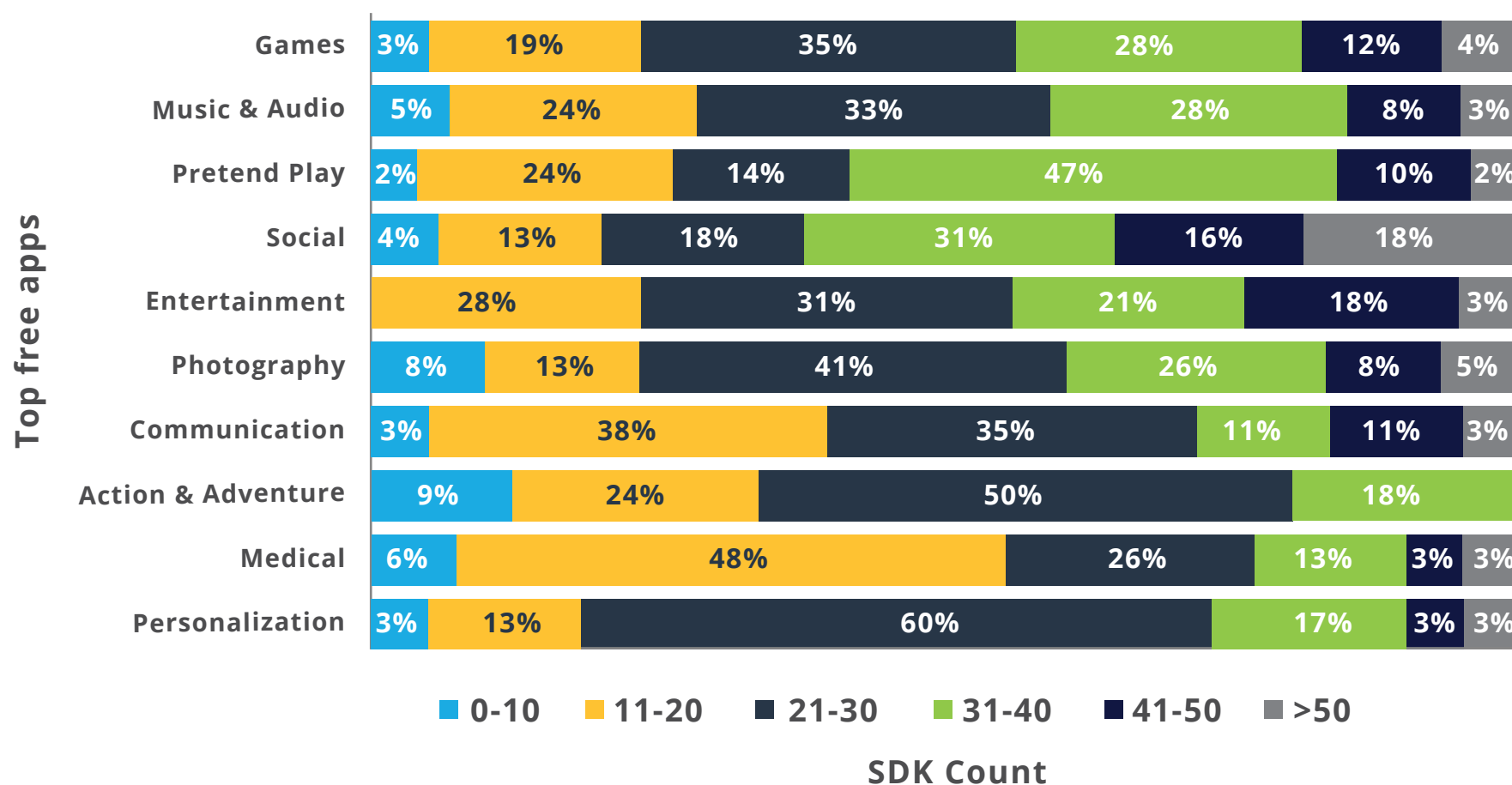
Too Many SDKs :
28 SDKs Integrated in Every App

28
Average number of
SDKs integrated
into top free apps

26

29
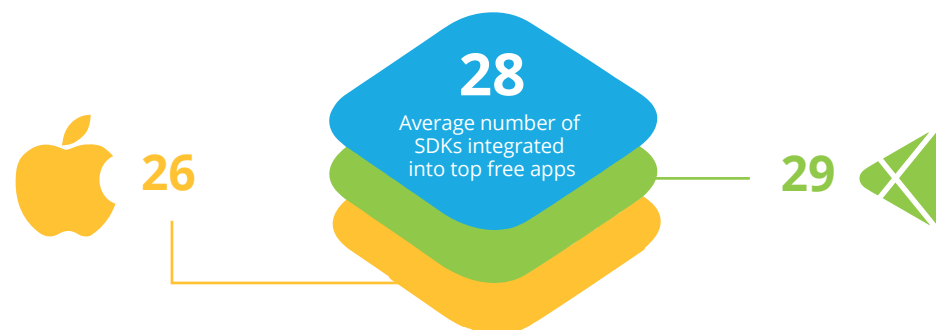
74% Top Free Apps have more than 20 SDKs

SDK count	Top Free Apps
0-10	4%
11-20	22%
21-30	33%
31-40	27%
41-50	11%
>50	3%
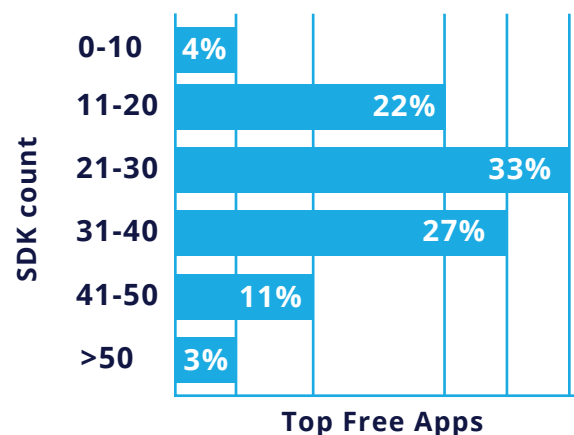
Source: Apptopia

Social, Games and Pretend Play Apps have Highest Number of SDKs Integrated

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Top free apps

	0-10	11-20	21-30	31-40	41-50	>50
Games	3%	19%	35%	28%	12%	4%
Music & Audio	5%	24%	33%	28%	8%	3%
Pretend Play	2%	24%	14%	47%	10%	2%
Social	4%	13%	18%	31%	16%	18%
Entertainment		28%	31%	21%	18%	3%
Photography	8%	13%	41%	26%	8%	5%
Communication	3%	38%	35%	11%	11%	3%
Action & Adventure	9%	24%	50%	18%		
Medical	6%	48%	26%	13%	3%	3%
Personalization	3%	13%	60%	17%	3%	3%

SDK Count

Things that make App Developers Anxious

TIME CRUNCH

App Developers end up spending a lot of time on monetization related procedures like integrating & managing multiple ad network SDKs, managing billings & payout from different partners & optimizing waterfalls. Thus, leaving them with less time to focus on creating better game features and improving app experience.

DEDICATED SUPPORT
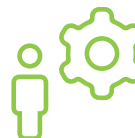
Many successful app developers are not well versed with monetization techniques and desire dedicated account support. They mainly seek 24x7 tech support and yield optimization suggestions to gain confidence for working with a new monetization partner.

REVENUE & FILL RATE

App developers, in general, are not seeking a drastic increase in revenue, what they desire most is a steady & consistent stream of good fill rate and eCPM. Fluctuations in eCPM and fill rates make them anxious about their daily & monthly revenue estimates

TRANSPARENCY

App developers seek clear visibility into the performance of all ad networks and ad formats both individually and aggregated in a clear single dashboard. It helps them identify what's working and what's not without any delays.
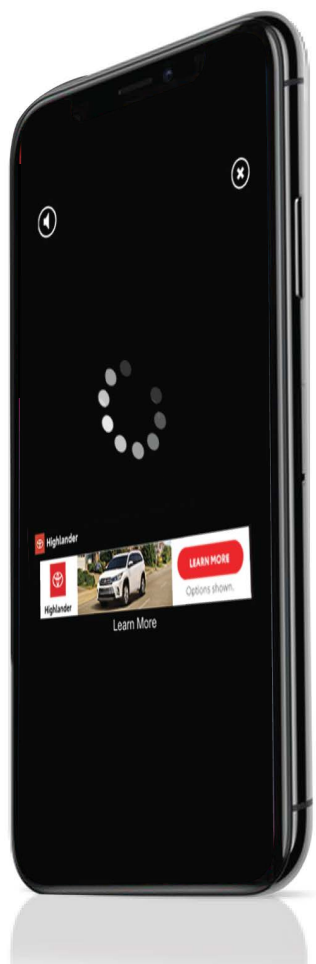
SECTION

03

Key Revenue
Generating
Secrets

Ad Decisioning Happens with Minimum or No Latency

● **What is Latency?**

It refers to the time duration between when the ad request is initiated and an ad response is sent. It is likely that latency or delay in ad decisioning is causing lower yield for your app.

● **What is the reason for it?**

This delay in ad decisioning is pretty common in a waterfall model, wherein, when an ad request is sent it goes to the first ad network in the waterfall if no ad is sourced, it goes to the next ad network and so on. This can result in serious latency issues if the ad is sourced from an ad network which is lower in the waterfall.

● **How can it be solved to maximize ad revenue?**

Universal Auction/Unified Auction model: reduces latency considerably, unlike waterfall where all ad networks are called one after the other, here a single ad request goes to all demand partners/ad networks at the same time and a response is received instantly. This results in less ad decisioning time and hence a faster ad response. Also, Unified Auction model is estimated to deliver 30-40% better eCPMs than the waterfall model.

High Render Rate and
No Time Out Issues
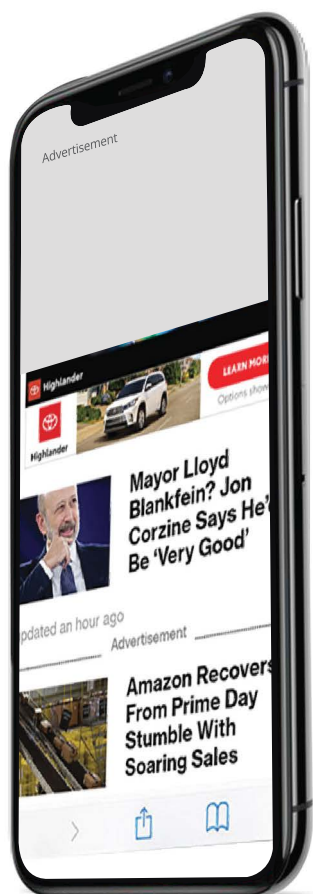
● **What is Render Rate and Time Out?**

Render rate is the % of ad impressions served (vs no. of ad impressions won in the auction by the advertisers). This is an important metric for app developers & publishers as it clearly highlights the health of monetization practice. Time Out refers to the instances when an ad request is won by an advertiser but the ad never got displayed or served on the app.

● **What is the reason for it?**

Low render rate and time-out issues can occur due to multiple reasons - something wrong in SDK integration/back-end code or ad network which won the bid has an issue identifying ad unit size, app credentials etc.

● **How can it be solved to maximize revenue?**

A regular check on render rate is a must to ensure that you are not missing out on revenue and most importantly not serving blank ads to your users. Work with mediation partners that offer Prefetch () and Init () technology which basically warm-ups/initializes the demand SDKs when the mediation auction is run, even before an ad request is fired from the user's device. This technology reduces the time to get a valid ad, increases fill rates and overall revenue.

Comprehensive
Yield Optimization
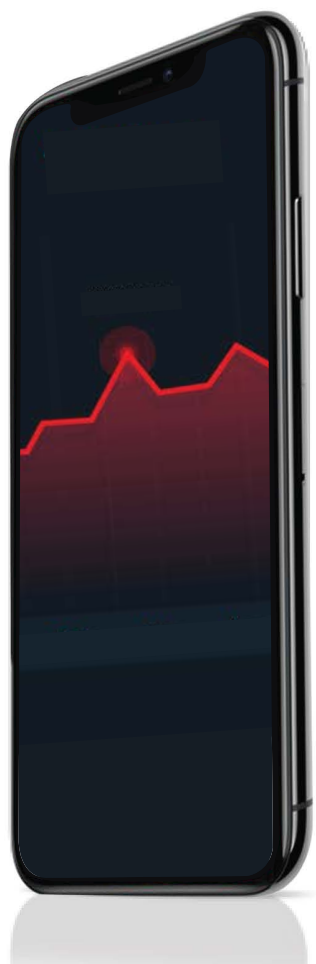
● **What is yield optimization?**

Yield Optimization in simple terms refers to the practice where an app's inventory is offered to different ad networks at the highest price possible to reap maximum eCPM and revenue for an app developer. Lack of yield optimization results in revenue loss.

● **What is the reason for it?**

Many monetization partners that offer Waterfall or predictive algorithm based auction technology, work on historical or average eCPM values to set the priority for each ad network in the waterfall. The issue with this approach is that it measures the best yield at an ad network level and not at an ad-call level. Which means, that ads served to users are not always the highest yielding ads.

● **How can it be solved to maximize revenue?**

Unified Auction or In-App Header Bidding reduces the revenue loss by eliminating priorities and bringing together all ad networks in a unified real-time programmatic auction. App developers are ensured that each ad is served on highest bid value only. Additionally, unified auction still combined with manual analysis can result in comprehensive yield optimization. Hence a mediation SDK that is bundled with multiple ad networks, need not be initialized for all your inventory. Instead it should be only for some ad networks that are giving you the maximum yield.

Apt Factors to Choose
Apt Ad Mediation Partner for SDK Integration

1 Ensure you get a dedicated account manager so that you can focus on other key activities

2 Choose a partner whose SDK gives good QA/live experience after integration (not crashing most of the time)

3 Ensure that your Ad mediation partner is delivering consistent fill rate through real time optimization, higher render rate and negligible latency & timeout issues

4 Seek real-time monitoring and control

5 SDK is compliant with your privacy policies and other industry regulations such as GDPR

6 Opportunity to blacklist content. Your audience's experience is your top priority, so make sure that they don't see any objectionable content (ex. Political, dating, gambling ads etc.)

TELLY LEE
CEO
Salad Hunters

"For free-to-play apps like ours, ad-based monetization is critical for the business. We were looking for monetization partners who can offer rewarded video ads and guarantee a high Fill-rate. Chocolate's user-friendly dashboard and a bundle of multiple demand partners gave us the confidence to partner with them."

Reasons Why Chocolate Ad Mediation Platform is the Best Choice for you

01 Single sign in and Single SDK

02 24x7 Dedicated Solutions Engineer

03 Support for all major Ad formats and frameworks

04 MOAT powered viewability solution

05 Flexible integration options

06 Universal auction model

07 Branded demand from leading premium sources

08 Bring your own demand (BYOD)

09 Create your own customer segments

10 Single point billing

About Chocolate

Chocolate is a global leader in mobile video advertising. Chocolate offers two core products, Chocolate Marketplace, a global programmatic buying and selling platform for mobile video advertising and Chocolate Mediation, an end-to-end monetization solution for app developers & publishers. Chocolate is a privately held, venture-backed company headquartered in Silicon Valley with offices in San Francisco, CA and India.

Try Chocolate Ad Mediation SDK

To Know More

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