

Mobile Ad Formats Explained



Introduction

As the mobile market continues to evolve, the methods for advertising mobile apps are becoming more sophisticated and complicated. Not to worry, we've got you covered. Though there are a number of ways to promote your app (including PR outreach as well as traditional and online forms of media), this paper will focus on mobile promotion.

The paper is broken down into separate parts that each focus on a different ad format and pricing model so you can more easily visualize the mobile ad ecosystem. Let's begin by introducing each mobile ad format.



Ad formats and buying models

Ad format	CPI	CPC	CPM	CPA	CPV
Display	X	X	X	X	
Incentivized	X	X		X	X
Video	X	X	X		X
Social Media	X	X	X		
RTB	X	X	X		
Search		X	X		
Discovery Apps	X				

Understand Mobile
Ad Formats and Buying
Models

* Refer to page 13 for detailed
buying models

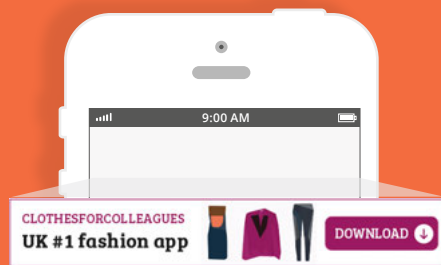
Display/ Banner Ads

Although sometimes dismissed for their low click-through rates, standard display banners continue to be one of the most used forms of digital advertising. Mobile display advertising has proven to be more effective than its online counterpart. The format offers a number of possibilities and can appear in a number of places both in-app and within mobile browsers. In addition to standard display ads, there are a variety of other formats, including interstitials (ads displayed before or after the expected content), which are currently increasing in popularity among mobile advertisers.

Mobile display ad formats compiled by the Mobile Marketing Association

Ad Size Name	Dimension (pixels)	Supported File Formats	Animated GIF	Basic File Size (kb)	Enhanced File Size (kb)	Optional Text Tagline
XX-Large	320 x 50	GIF, JPG, PNG	X	< 5	< 7.5	24
X-Large	300 x 50	GIF, JPG, PNG	X	< 5	< 7.5	24
Large	216 x 36	GIF, JPG, PNG	X	< 3	< 4.5	18
Medium	168 x 28	GIF, JPG, PNG	X	< 2	< 3	12
Small	120 x 20	GIF, JPG, PNG	X	< 1	< 1.5	10

Display/ Banner Ads



Top Facts

Performance

On average, they deliver a 0.5-1.5% click-through rate, depending on where the ad is bought and placed. The click-through rates may be lower than those of other formats, but standard display banners remain one of the cheapest mobile ad formats. Especially when bought on a CPI basis, the format shows a high ROI and thus counts as one of the most popular ad formats for performance advertisers.

Additionally, large display banners can be used as a valuable form of brand advertising, especially when bought on CPC and CPM. Even when users are not clicking on your ad they can see your app and familiarize themselves with your name.

Cost

Average CPC prices range between \$0.05 and \$0.35. Non-rewarded CPI starts at \$1.00. CPM prices vary widely (between \$1 to \$60) depending on the publisher.

Volume

Currently, standard display banner ads offer the largest inventory available for mobile advertising. Many variables must be factored in, including the time of day, the publisher you are advertising with, and different aspects of the ad. However, there is no limit to the volume of traffic provided.

Pros

- Flexibility in format offerings and pricing
- Large volume

Cons

- Susceptible to accidental and fraudulent clicks
- Typically low CTR and conversion rates (though these numbers can be improved with campaign optimization strategies and click fraud protection)

Incentivized

Incentivized traffic most commonly awards app users virtual currency or premium content within “freemium” apps, in exchange for a download or for engaging with another app. Games are the most common platform using this strategy, but other services such as dating apps also utilize this format.

The ads are integrated into the app environment and interaction is initiated by the user as they scroll through offer walls to find ads that are most relevant to them.



When is incentivized traffic right?



There is some apprehension towards incentivized traffic due to the preconception that it provides low quality traffic. While it's true that some users may not engage with the app extensively, it could offer benefits. It is important to cautiously test the format, but it should be noted that incentivized traffic can prove very cost effective and efficient. Boost campaigns aimed at lifting your App Store Charts position can especially benefit from incentivized traffic: when acquiring a large amount of incentivized users within short time period, the app moves to a top ranking position and then higher-quality organic (free) installs follow. Most importantly, it's crucial to track results closely to gauge the quality of the users.

Top Facts

Performance

Companies providing incentivized offers tout conversion rates as high as 80%, which is due to the fact engagement is user initiated.

Volume

Incentivized installs are an ideal format for quickly building up a large volume of new users, however, the user quality tends to be inferior. Several users either uninstall the app shortly after downloading or rarely open the app. The volume for incentivized actions is much lower (and decreases as the difficulty of the action increases), but the user experience is usually significantly higher, as users are more likely to re-engage with an app after investing time in it.

Cost

The average cost per download ranges from \$0.35-\$2 for a free app or 50-75% of a paid app's price. Average cost per action (for CPA campaigns) varies widely based on the incentivized action. For actions which don't require much user engagement, such as a Facebook connect, prices hover around \$1.50-\$2.75 for a free app.

Pros

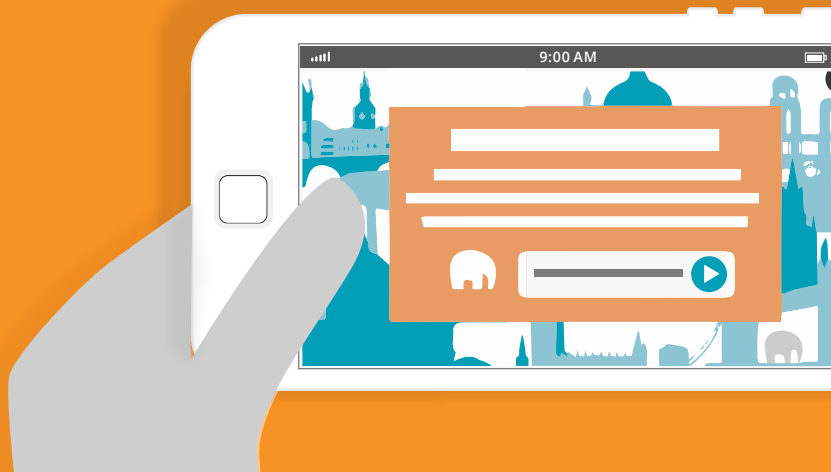
- Ad unit is unobtrusive to the user
- Good for quickly building up a user base

Cons

- Quality and activity of acquired users need to be closely monitored

App Trailers/ Mobile Video

Video advertisement consumption on mobile devices continues to rise, from mobile web ads to app trailers that prompt an install at the conclusion of the video. This is a highly engaging ad format that can also be coupled with a TV commercial to create a truly cross-platform campaign.



Top Facts

Performance

30-40% install rate for incentivized videos (although only the video view is incentivized) and an over 90% view-through rate. For non-incentivized videos, the average conversion rate is about 1.3%. View-through rates vary based on format, and while pre-roll and mid-roll show lower viewing rates, they also perform well in general. Non-incentivized mobile video ads have approximately 15% click to view (CTV). In addition to performance advertising, a number of advertisers also use video ads for a positive branding effect. Rich media is another great way to grab the users' attention and help them forge an emotional connection with your brand.

Pros

- A highly engaging ad format
- Flexible and includes a variety of options including: incentivized, non-incentivized, pre-roll, mid-roll, post-roll, short, medium and long lengths

Volume

Traffic volume varies widely depending on format. For example, traffic will be higher with pre-roll and mid-roll ads since users must first view them before seeing the rest of their content. In general, videos have lower traffic than standard banner advertisements, but the available inventory is rising with the increased interest in this medium.

Cost

On average, cost per view (CPV) ranges between \$0.03-\$0.06 for incentivized videos. For premium mobile videos, CPMs are about 300% higher than those for standard banner ads. Moreover, production costs for video ads are relatively high and usually require an upfront investment on top of the regular media investment.

Cons

- Video ads can be expensive since they involve production costs in addition to media buying
- Technical difficulties such as loading errors and buffering issues should also be considered

Social Media

In addition to paid standard display advertising on social networks, new mobile formats are arising, such as Twitter App Cards, Facebook App Install Ads and Facebook Retargeting Ads. They offer unparalleled granular and demographic targeting options including gender, age, birthday, location, device, operation system, etc. As more users access social networks with their mobile device, this vertical will only become more relevant and lucrative.



Top Facts

Performance

On Facebook, the average click to install rate is around 26%.

Cost

For Facebook, the average cost per click (CPC) is \$0.30-\$0.50 and the CPM ranges from \$2.80-\$3.50, varying based on country. However, due to favorable targeting and conversion rate, the cost per install on Facebook averages between \$1.00-\$1.40 and CPA often shows better results than other formats.

Advertisers should be aware of the discrepancies in Facebook's reporting. Facebook reports an impression whenever an advertisement is placed in a user's News Feed. In this case, there is a 24-hour timeframe from when the ad is placed in a user's News Feed to when a user downloads the app when the ad can be attributed as the source of the download. Facebook tracks such installs as an indirect effect of their branding. This increases the conversion rate while lowering the CPI.

In comparison, other tracking solutions such as Trademob's only count direct referrals as the sources for installs. So, if a user sees an ad but ends up installing the app at a later juncture, the impression is registered but the install is attributed to the last source. Therefore, this type of reporting shows lower conversion rates and a higher CPI, but is more accurate.

Volume

There is the potential for high volume since the user base of social networks is expansive and steadily growing. However, the more fine tuned your targeting parameters are, the lower the traffic volume.

Pros

- An effective new vertical with an extensive user base and highly granular targeting options

Cons

- Volume can become limited with more detailed targeting

Search

This functions much like its online counterpart. You can tap into Google Adwords to bid on impressions or clicks to promote your app within search results. Research is critical as you must find the appropriate mix of keywords. You'll want to create a mix of popular search terms (to drive traffic) and niche search terms specific to your app (which might be cheaper).



Top Facts

Performance

The average CTR for smartphones is 4.12%. Tablets see an average CTR of 3.12%.

Cost

Prices vary widely depending on the different targeting settings and keywords you optimize for. Average values are: \$0.84 CPC, \$4.03 CPM.

Volume

Extremely high potential: Traffic is dependent on which keywords are used and how much competition there is for each of them. More specific keywords will reduce traffic, but increase quality.

Pros

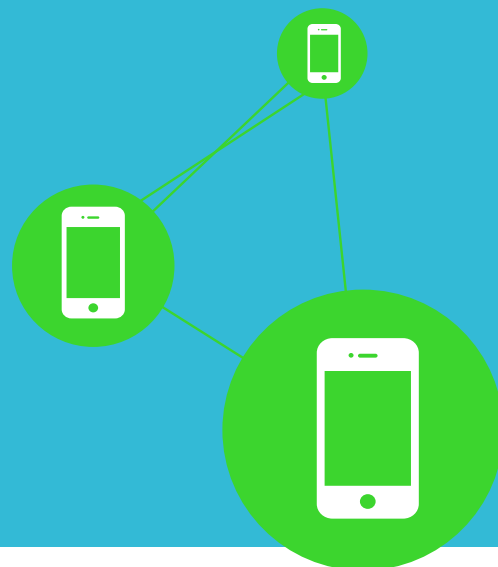
- Higher CTR on mobile devices than online
- Good for branding
- Effective for performance advertising
- High traffic potential

Cons

- Can get pricy depending on the keywords
- Not all of those costly clicks lead to downloads, so it takes sophisticated tracking and campaign optimization to maximize ROI

Discovery Apps

Discovery Apps are platforms that help users find new apps, and they serve as an alternative to App Store rankings browsing. They are a great way to generate a large number of installs within a short time frame. They are thus a popular traffic source for boost campaigns, which help increase App Store Chart rankings. You can pay to have your app featured on a specific day and mentioned via push notifications sent out to the discovery app's entire user base. Traffic is limited since the same app can only be featured so often on a discovery platform.



Top Facts

Conversion

About a 40%-50% conversion rate for incentivized offers and about a 10-30% conversion rate for non-incentivized offers.

Cost

CPI varies between \$0.60-\$2.00 per download, depending on region and app type. Typically, larger markets such as the US will cost more per download. However, the number of additional organic downloads you receive (if you are executing a boost campaign) will effectively lower the CPI. Games usually receive a 100% organic uplift (meaning they will get the same amount of free downloads as the amount they bought to get to the top), while non-gaming apps receive a 65% uplift.

Volume

Drives a high volume of traffic in a short amount of time.

Pros

- Can be used with a boost campaign to generate a top App Store Charts ranking

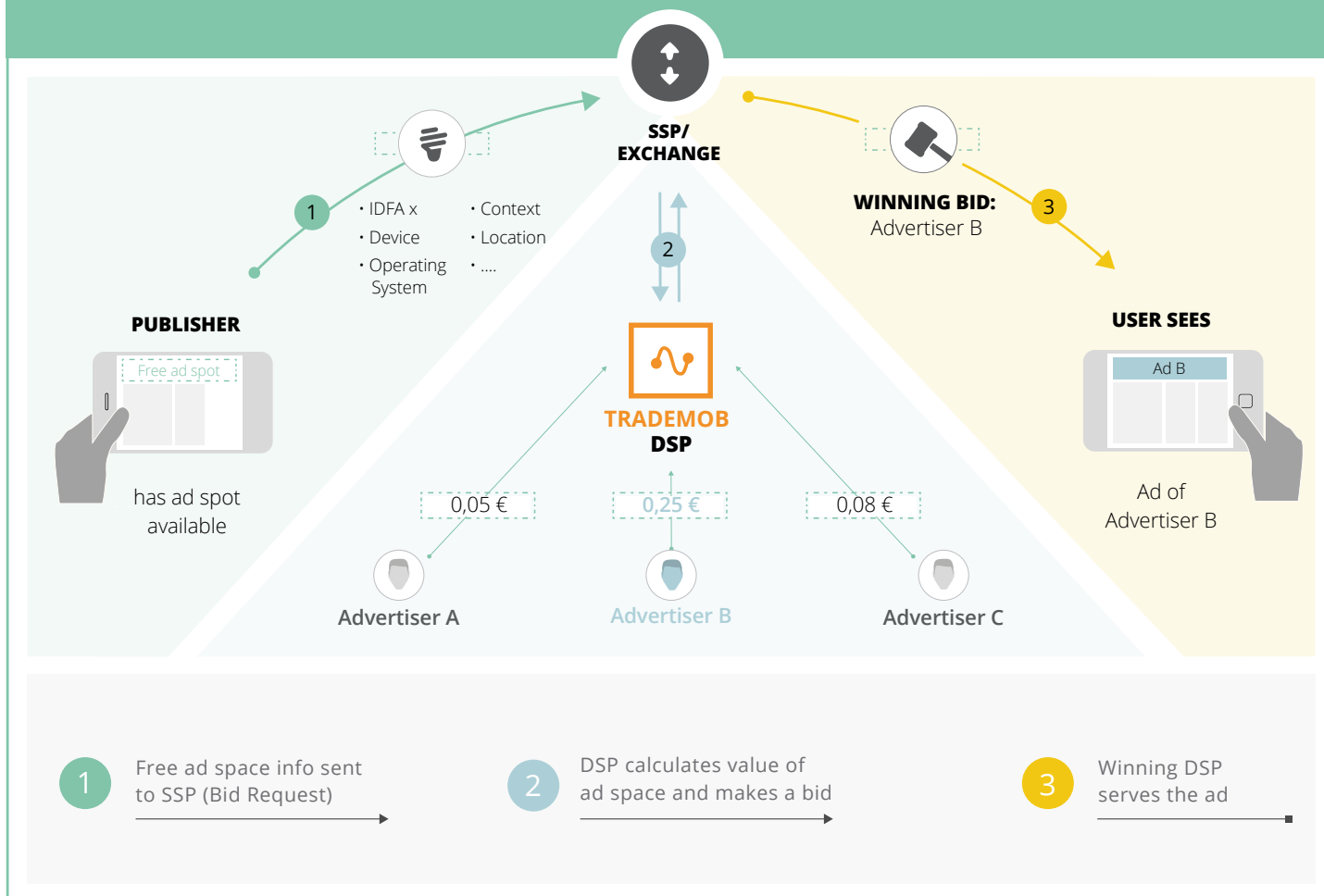
Cons

- High minimum budget
- Not a sustainable campaign tactic

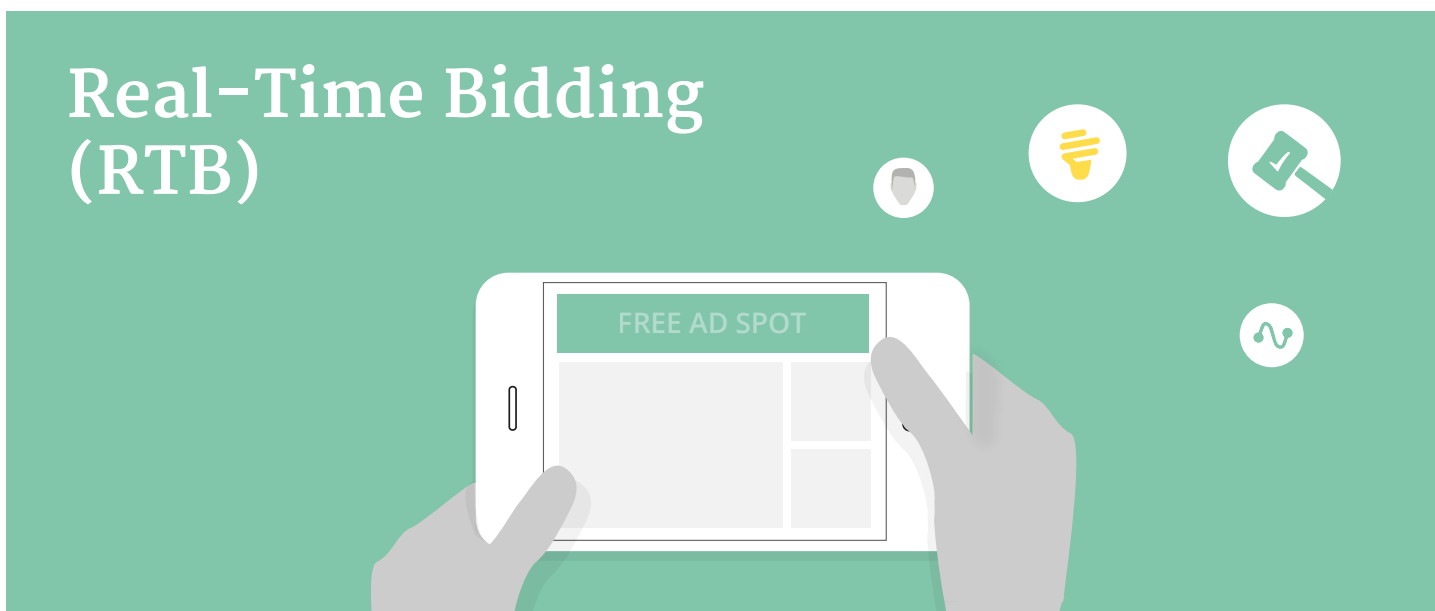
Real-Time Bidding (RTB)

RTB is not an actual ad format, but rather a specific technology that has revolutionized how mobile advertising inventory is bought and sold. RTB is a method of selling and buying display advertising in real time, one impression at a time, allowing for device specific — and thus user specific — targeting. When a user visits a mobile site or app, a Supply-Side Platform (SSP) server is alerted and sent information about the context of the app in which the ad would be shown and about the user who will see the ad. The Demand-Side Platform (DSP) receives this data from the SSP and processes the request, calculating the value of the specific ad space and user. The buyer with the highest bid then wins and serves the impression. This is a great way to generate a high number of quality leads as you can target specific users.

The chart below is an example of how the bidding works:



Real-Time Bidding (RTB)



Top Facts

Performance

RTB is a highly effective way to advertise, as it allows for user specific targeting and retargeting, making it a great tool for both user acquisition and user re-engagement. The optimization potential widely varies depending on the sophistication of the user segmentation and user-centric marketing.

Cost

Very cost effective, if the pricing-algorithms and bidding processes are advanced and applied efficiently. Since the value of each impression is calculated individually and impressions are shown on a user specific level, RTB can significantly reduce spread and increase ROI.

Volume

RTB on the mobile platform is still evolving, which means traffic is continuously growing. Due to the targeting parameters, traffic quality is much higher than with ads placed via traditional insertion orders. As the format continues to develop and become a popular tactic among advertisers, more inventory will become available.

Pros

- If applied correctly, RTB is extremely efficient
- Increases CTR and quality impressions, thus lowering CPI and CPA and increasing ROI

Cons

- There is high competition for space
- Requires a sophisticated technology partner that can process large quantities of data in order to effectively leverage the technology

Retargeting Fueled by Real-Time Bidding



RTB is the catalyst for mobile retargeting campaigns. With mobile retargeting, lost and churned users can cost-effectively be reminded about an app and be brought back as active users. Retargeting technology identifies and targets exactly those users who are most likely to return and engage with an app. Costs to retarget a user are, on average, a third of the cost to acquire a new user. Once users are re-engaged, they are likely to return since they've already invested time into the app.

Buying Models

Buying Models

Overview



Cost Per Mille (CPM)

With CPM campaigns you pay per thousand impressions. CPM campaigns are great if you want to cost effectively get your app recognized (which is especially useful early in its lifecycle).

✓ Display
Social Media
RTB
Search
Video



Cost Per Click (CPC)

This is the most standard form of digital advertising. Although CTR are often lower than with other formats, this form of payment offers the largest mobile inventory currently available. It is great for experimenting with and testing different traffic providers.

✓ Display
Incentivized
Social Media
Search
Video
RTB



Cost Per Install (CPI)

This is one of the most widely used and efficient ways to acquire users through advertising. The risk is low because advertisers only pay for completed conversions. When compared to other pricing models, CPI usually has the lowest dollar/download ratio. Volume is limited, however, especially for non-incentivized traffic.

✓ Display
Incentivized
Video
RTB
Discovery Apps
Social Media



Cost Per Action/Engagement (CPA/E)

CPA campaigns work similarly to CPI campaigns except that after the user downloads the app, he or she must perform an additional action (reach a certain level in a game, for example). This is great for getting users to open an app after installation and increases the likelihood of acquiring loyal users since they must engage with the app.

✓ Display
Incentivized



Cost Per View (CPV)

This is a buying model option for video ad units. Cost per view is much cheaper, but also riskier than with CPI campaigns. With this model, only completed video views must be paid for, so the risk of technical issues such as failed loads or buffering problems is eliminated.

✓ Video
Incentivized