In-app advertising: What is in it for publishers?

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By now, we have all heard about how in-application **advertising** represents the next huge land grab in mobile **marketing**. Considering that people with access to a smartphone or tablet now spend an average of three hours on them per day, and 84 percent of all smartphone time is spent in-app, in-app **advertising** is increasingly critical for **brands**, advertisers, marketers and agencies.

The statistics speak for themselves:

n According to BI Intelligence, United States mobile ad spend will reach around $42 billion in 2018, up by a five-year compound annual growth rate of 43 percent from 2013

n WPP mobile ad platform Medialets found that during the first half of 2015, in-app click-through rates averaged 0.56 percent globally, compared to 0.23 percent for mobile Web ads

n Juniper Research estimates that in-app mobile ad spend will reach $16.9 billion by 2018, compared to $3.5 billion in 2013

In-app **advertising** is so appealing because when compared to the mobile Web, it can provide a better solution to capture targeted consumers' attention and encourage them to interact without interruption.

In-app **advertising** also works well because it can be enhanced by location data, which is the first step in understanding context and increasing engagement.

But what about app publishers – the ones who are actually devoting the time, work and energy to investing in, planning and building this critical **advertising** real estate?

According to Gartner, less than 0.01 percent of consumer mobile apps will be considered a financial success by their creators at the end of 2018. This is a travesty, and is largely the result of app publishers not fully monetizing their assets and traffic.

Here are some recommendations for app publishers looking to better monetize their apps and users:

Negotiate the right metrics. There are a variety of performance-based metrics that advertisers and app publishers often agree upon to apportion revenues, including clicks, click-through-rates (CTRs) and cost-per-lead.

The challenge with these metrics is that app publishers may not be paid fairly for their inventory if an ad ultimately proves to be not engaging, or if the advertiser fails to drive purchases for other reasons outside of the realm of **advertising**.

App publishers should consider metrics that ensure a baseline payment, so that they do not unfairly assume responsibility for the **design** and quality of ads, or other factors beyond their direct control.

That said, in this ad-averse climate, it is advantageous for app publishers to seek out high-performing ads.

Delivering engaging ads from reputable companies can decrease the likelihood of users turning on ad blockers, while also increasing user satisfaction, app engagement and traffic numbers. This, in turn, can drive up an inventory's perceived value and increase the eCPM premium that advertisers are willing to pay.

Retain focus on the core competency of app publishing. There are a mind-boggling number of **advertising** options there, including **advertising** networks and direct advertisers, all vying for a piece of in-app inventories.

App publishers need to be focused on making apps that are as unique and engaging as possible, not evaluating various ad networks, dealing with technical integrations and sifting through eCPMs.

It can helpful to leverage third-party mediation services that act as arbiters by filtering out poorly performing ads and deliver the best ones from advertisers bidding the highest eCPMs.

In summary, mediation services help ensure that when advertisers compete, app publishers win, and get paid quickly and easily.

Recognize that increasing app monetization is always a work in progress. While mediation services can help significantly, app publishers can benefit from having an intuitive understanding of **advertising** and audiences. This can improve collaboration with third-party mediation services to help guide more profitable decisions.

For example, are ads from a particular ad network consistently high-performers, such that this network should be prioritized for inventory, while others are de-prioritized?

Are the app users predominantly male or female, young or old – which will dictate which types of ads are most relevant?

Which ad formats – video or banner, for example – work better for different types of ads?

Again, these insights should be easily accessible and decipherable, helping ad publishers implement smart moves in the least amount of time and with the least amount of effort.

GARTNER ESTIMATES that there are more than 200 companies creating mobile application development platforms, and millions of developers creating mobile apps.

This is a hyper, hyper-competitive market, to say the least. Coming up with a ground-breaking app is just the beginning. Figuring out how to make money from it is a whole other endeavor.

For app startups wishing to experiment with premium paid **advertising**, it is absolutely crucial to approach it in the right way.

Negotiating the right metrics, staying focused on the primary work of app development and accessing critical insights to help guide the most profitable outcomes are keys for app publishers to enhance their monetization and ultimately their business success.

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