

MOBILE MONETIZATION STUDY
MAKING SENSE OF USE RATE
OCTOBER 2015

Introduction to Use Rate

Defining Use Rate

An app's Use Rate is the percentage of daily active users of a given app who are served at least one ad that day.

For instance, if an app has 1 million daily active users and 200,000 of them see one video ad today, that app has a 20% Use Rate.

Importance of Use Rate

At a glance, Use Rate tells a publisher how effectively they are reaching users with in-app ad monetization integrations.

For instance, if an app's use rate is only 20%, then the publisher is leaving 80% of potential ad revenue sources on the table each day.

Causes of Low Use Rates

Low Use Rates can be caused by a number of factors, including restrictive user segmentation, poor placements, and infrequent ad requests.

To determine what may be causing low Use Rates in a given app, consider the following:

- Are there user segments blocked from seeing the ads?
- If ads are optional, are opportunities visible, or are they buried on a secondary tab or below the fold?
- Is frequency appropriate for the average session duration, or are users ending their sessions before an ad could occur?

Reasons to Increase Use Rate

The objective of increasing the ad Use Rate within a given app is to make a reasonable number of ads available to a broader segment of an app's daily active users (DAU).

In so doing, the publisher is able to deliver more overall ad impressions without inundating a segment of its users.

Common Use Rate Fears

However, some publishers are wary of enabling ads for a greater percentage of their users out of fear that these users will respond poorly, resulting in diminished DAU or session time.

Examining the Data

To ascertain the validity of these concerns, the following pages examine the effect of increasing Use Rate via three unique case studies as well as benchmark data from the top earning apps on the AdColony platform.

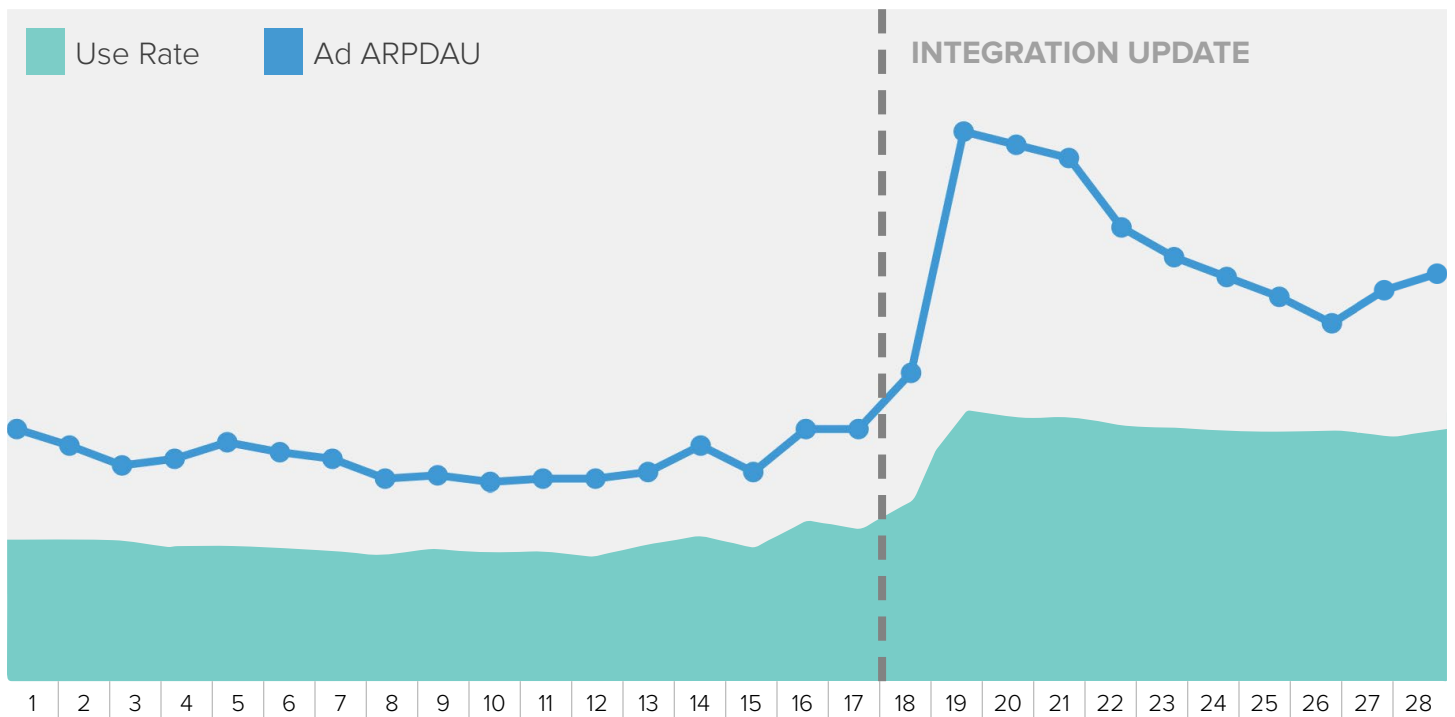
As the data will show, it is evident that increasing the ad Use Rate of an app:

- Drives increased Ad ARPDAU
- Often increases eCPM
- Does not affect DAU
- Correlates with increased session time
- Improves ad monetization efficiency

Thus, the question is not whether Use Rate for a given app should be increased, but how.



Effect of Use Rate on Ad ARPDAU: Adventure RPG



In the scenario above, a publisher of an app with over 400,000 DAU released an update that improved the placement and prominence of the video ad integration.

This update, which took place on the 18th of the given month, drove a significant increase in Use Rate, as visible in the chart above.

Specifically, average Use Rate after the update was 95.5% higher at 24.3% versus a previous 12.4%. This drove an overall 136.5% Ad ARPDAU increase.

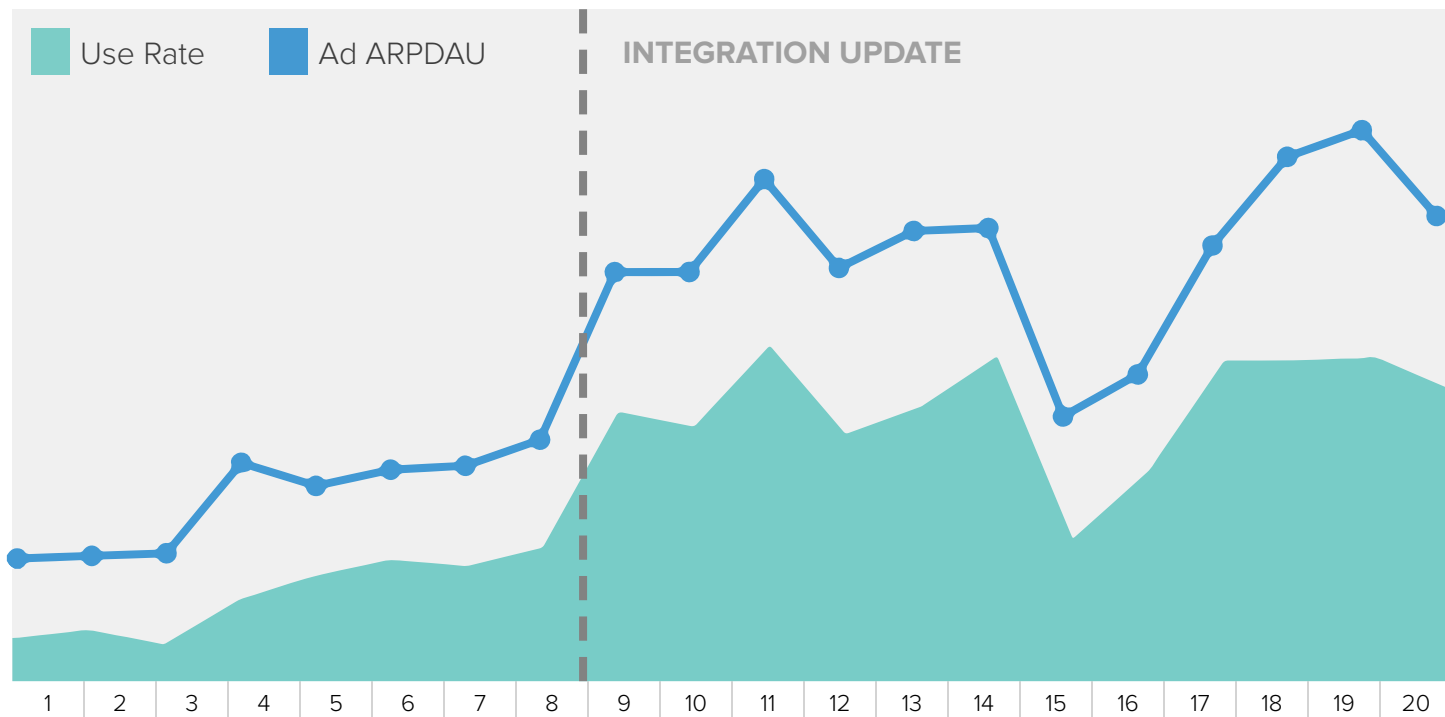
While an increase in Ad ARPDAU is expected with an increase in Use Rate as more users are monetized, the rate of Ad ARPDAU growth is most telling.

Simply put, for each 1% Use Rate increased, Ad ARPDAU increased 1.2%, signaling that improving Use Rate likewise improves ad monetization efficiency.

In fact, the average revenue per ad monetized daily active user increased 21.1% after the update.



Effect of Use Rate on Ad ARPDAU: Social Entertainment App



In the scenario above, a social entertainment app with 600,000 DAU and over 2.3 million MAU modified its video monetization settings after an initial test phase.

Prior to the update, the app had an average daily Use Rate of 14.95%. After the update, the Use Rate surged to 48.00%.

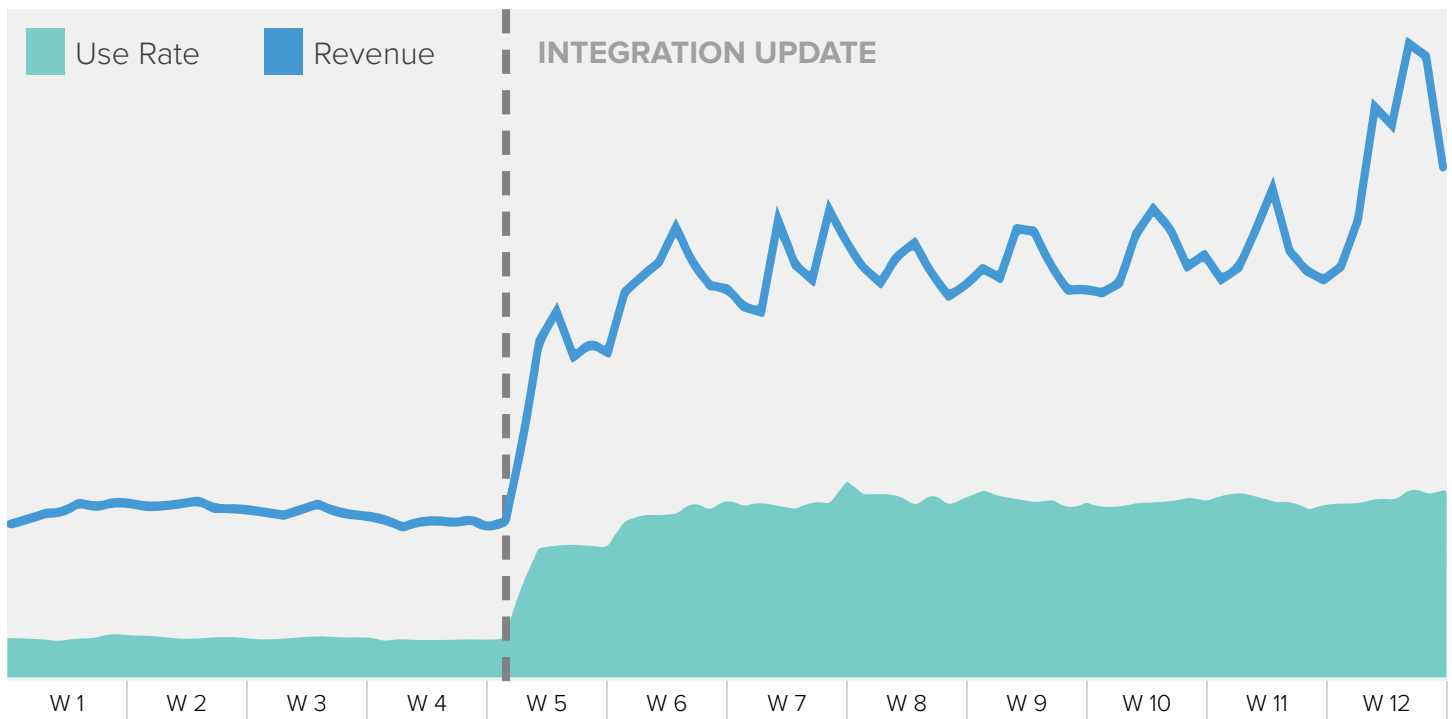
While Ad ARPDAU was expected to increase, it grew at a higher rate thanks to the 38.7% surge in eCPMs.

The eCPM increase coupled with a 13.2% increase in impressions per ad monetized user drove an overall ad efficiency increase, with the publisher earning 54.5% more per ad monetized user.

Metric	Δ
Use Rate	+ 221%
Ad ARPDAU	+ 350%
Daily Revenue	+ 327%
eCPM	+ 38.7%
MAU	+ 0.1%
CTR	+ 19%



Effect of Use Rate on Revenue: Action FPS Game



In Q3 2015, an action FPS mobile game with 400,000 DAU and 3 million MAU increased its ad Use Rate from 6.80% to 29.57%.

While Ad ARPDAU was expected to increase, it grew at a higher rate thanks to a 43.7% surge in eCPMs.

Interestingly, the average user viewed 6.4% fewer videos after the update, but converted better with a 23.8% increase in CTR.

In this way, the publisher was able to deliver more ad impressions without adversely affecting the user experience, as evidenced in the relatively stable DAU.

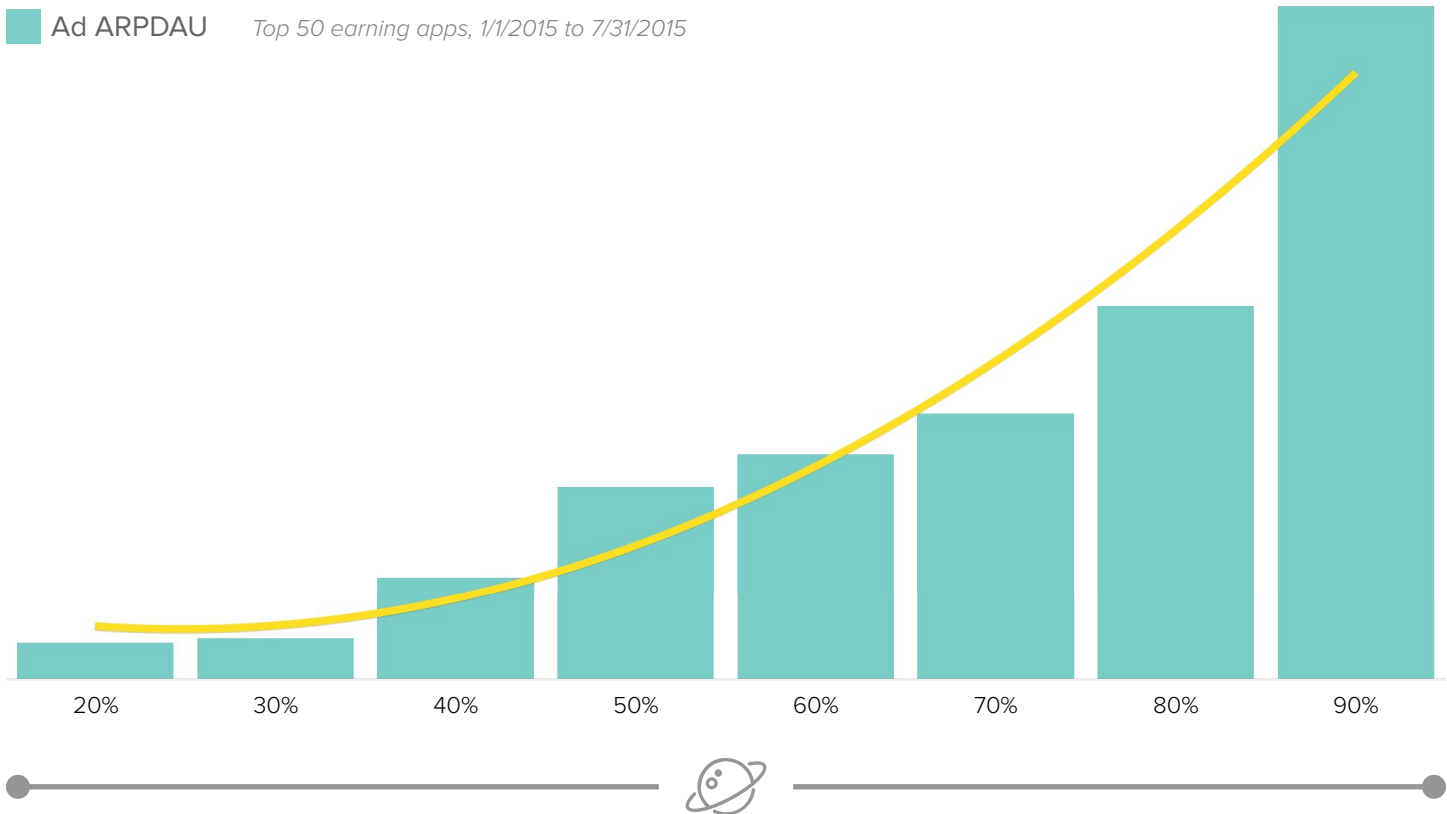
This translated into a notable ad efficiency increase, with the publisher earning 30.9% more per ad monetized user.

Metric	Δ
Use Rate	+ 335%
Ad ARPDAU	+ 485%
Daily Revenue	+ 389%
Impressions	+ 276%
eCPM	+ 43.7%
DAU	- 2.3%
CTR	+ 23.8%



Publisher Benchmarks: Use Rate vs Ad ARPDAU

Ad ARPDAU *Top 50 earning apps, 1/1/2015 to 7/31/2015*



To examine the impact of Use Rate on a larger scale, data from the top 50 earning apps on the AdColony platform in 2015 was pulled and stratified into groups by Use Rate percentile.

From this data, it is evident that increasing Use Rate dramatically increases publisher revenue.

On average, a publisher with a 20% Use Rate can expect notable revenue growth by increasing their Use Rate to the thresholds listed to the right.

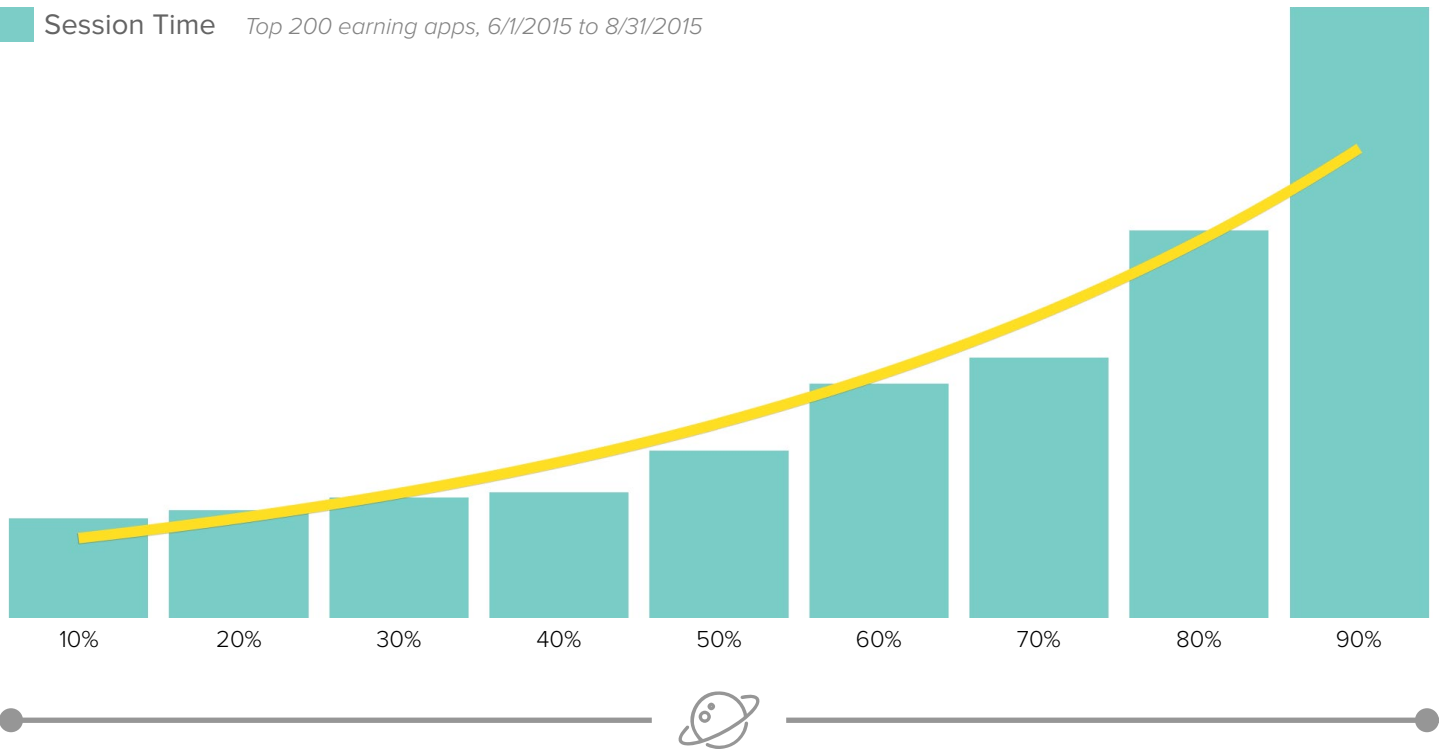
While modest Ad ARPDAU improvement can be gained by increasing Use Rate to 30%, the most significant jumps in Ad ARPDAU were found at 40%, 50%, and 90%. However, few publishers attained the 90% threshold, suggesting that 50% may be a more realistic goal.

Use Rate	Ad ARPDAU
20%	---
30%	+13%
40%	+182%
50%	+437%
60%	+529%
70%	+643%
80%	+946%
90%	+1786%



Publisher Benchmarks: Average Session Time by Use Rate

Session Time *Top 200 earning apps, 6/1/2015 to 8/31/2015*



To examine the impact of Use Rate on average app session duration, data from the top 200 earning apps was pulled.

From this data, it is evident that there is a strong correlation between the share of users who engage with mobile video advertisements and the average session time of the app.

Specifically, compared to the average session duration of apps with 10% Use Rates, apps with higher Use Rates enjoy session times as much as 6X longer, as noted to the right.

While modest session duration improvement can be gained by increasing Use Rate to 30%, the most significant jumps in session duration were found at 50% and 60%.

Apps with average session times of 3 minutes or longer averaged a 33.6% Use Rate, and apps with a 5 minute or greater session time averaged a 48.6% Use Rate.

Use Rate	Session Time
10%	---
20%	+7%
30%	+20%
40%	+25%
50%	+65%
60%	+131%
70%	+157%
80%	+281%
90%	+501%



About the Study



Summary

From the case studies and benchmark data collected, the following is evident regarding ad Use Rate within an app:

- Increasing Use Rate drives an increase in overall publisher revenue through increased Ad ARPDAU.
- Increasing Use Rate has been shown to increase ad monetization efficiency through improved daily revenue per ad monetized user.
- Increasing Use Rate does not have a statistically significant effect on DAU or MAU.
- There is a notable correlation between Use Rate and average session duration.
- The largest increases in ad monetization efficiency are found at the 40% and 50% Use Rate thresholds.
- Increasing Use Rate can result in a higher eCPM when the additional ad monetized users have a strong CTR, suggesting that advanced user segmentation may be ideal to optimize this metric.

From these findings, it is clear that optimizing use rate is critical for any mobile app publisher looking to maximize their monetization strategy.

About the Data

Data for the adventure RPG game spanned a 4 week period in June 2015. Data for the social entertainment app spanned a 3 week period in August 2015. Data for the action FPS game spanned a 12 week period in Q3 2015.

Data examining Use Rate relative to Ad ARPDAU included the top 50 earning apps on the AdColony platform between January 1st and July 31st of 2015.

Data examining the average session time by use rate included the top 200 apps on the AdColony platform between June 1st and August 31st, 2015.

Additional Readings

For additional mobile monetization studies and best practices, visit the AdColony Insights Portal at www.adcolony.com/insights.

About AdColony

AdColony is a mobile video advertising and monetization platform whose proprietary Instant-Play™ technology serves razor sharp, crystal-clear video ads instantly in HD across the world's hottest apps. AdColony is a division of Opera Mediaworks and has offices in 24 cities globally including Los Angeles, San Francisco, New York, London, Helsinki, Seoul and Tokyo.

