

MOBILE MONETIZATION STUDY
EFFECTS OF BLACKLISTING
NOVEMBER 2015

Introduction to Blacklisting



Defining Blacklisting

Blacklisting is defined as a publisher block that disallows particular brands or apps from advertising within that publisher's apps. Please see page 10 for additional definitions.

The Goal of Blacklisting

Blacklists are typically created for one of two reasons: preventing inappropriate content from being seen by users or preventing competing apps from appealing to high value users.

For instance, a publisher might blacklist a vodka ad in their apps that are popular among teens. Alternatively, a publisher of a match 3 puzzle game might block other puzzle games from running app install campaigns within their game.

Impact of Blacklisting

When blacklisting is used to prevent potentially competing apps, ad demand sources are limited. This often leads to lower eCPMs for the app and lower overall ad revenue for the publisher.

Common Blacklisting Fears

Often, publishers are wary of removing or lessening blacklisting settings for fear of cannibalization of their user base if users install competing apps that are advertised.

Examining the Data

To ascertain the validity of these concerns, the following pages examine the effect of removing blacklists via five unique case studies.

The studies span August through October 2015 and feature apps of varying types and sizes, with DAUs ranging from 20,000 to 1.6 million. Apps studied in this report include:

- Strategy builder with 1.6 million DAU
- Sports card game with 200,000 DAU
- Entertainment news app with 200,000 DAU
- Card casino with 60,000 DAU
- Traditional card game with 20,000 DAU

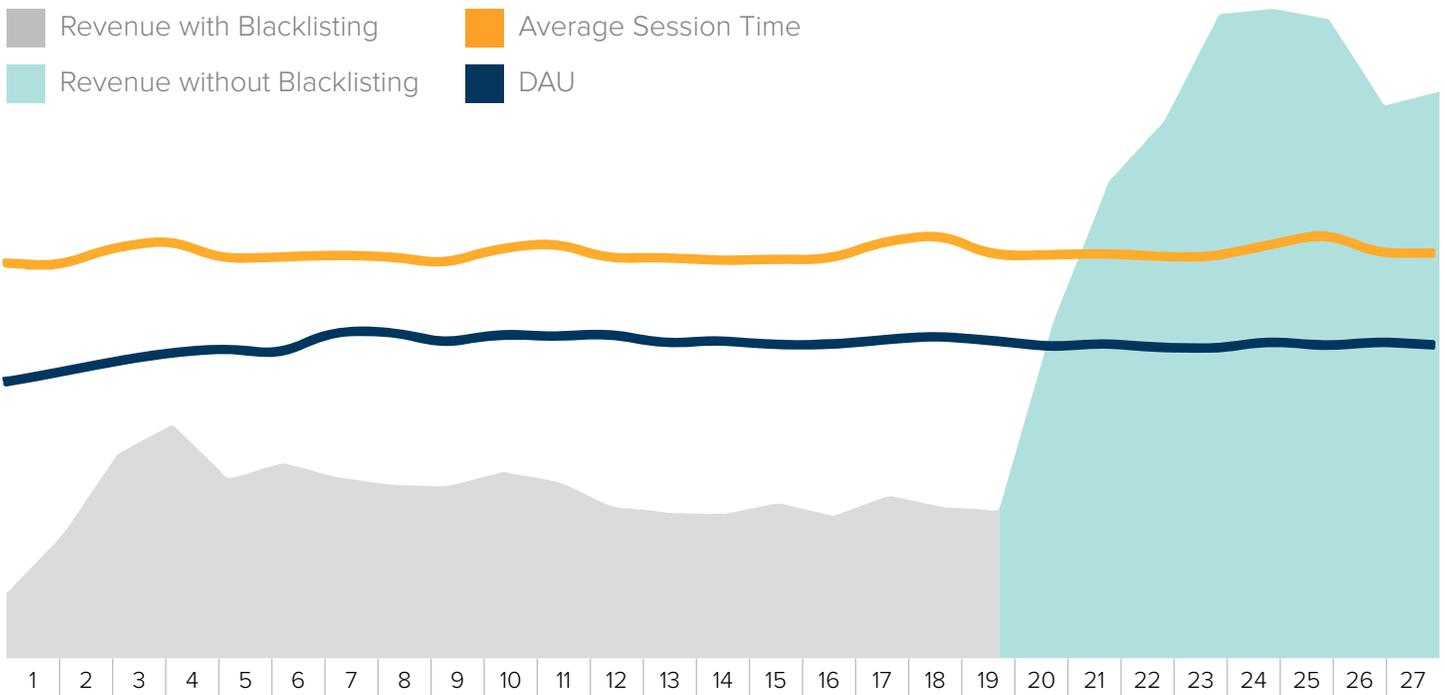
As the data will show, removing advertising blacklists from an app:

- Drives increased eCPM
- Drives increased ad ARPDAU
- Drives increased total revenue
- Does not affect DAU
- Does not affect MAU
- Does not affect session time

Thus, the question is not whether removing a blacklist will cause user cannibalization, but how much revenue can be gained.



Effect of Blacklisting on Revenue: Strategy Builder



Recently, the publisher of a strategy builder game with 1.6M DAU and over 5M MAU adjusted its blacklist settings to allow more advertisers within its app.

Previously, the publisher banned ads for any chart-topping games targeting the same demographic as its core users. During this period, the app experienced typical eCPM for its genre.

In the weeks following the update, eCPMs rose 29%, impressions rose 160%, and ad Use Rate increased from 8% to 20%, driving an overall revenue increase of 238%.

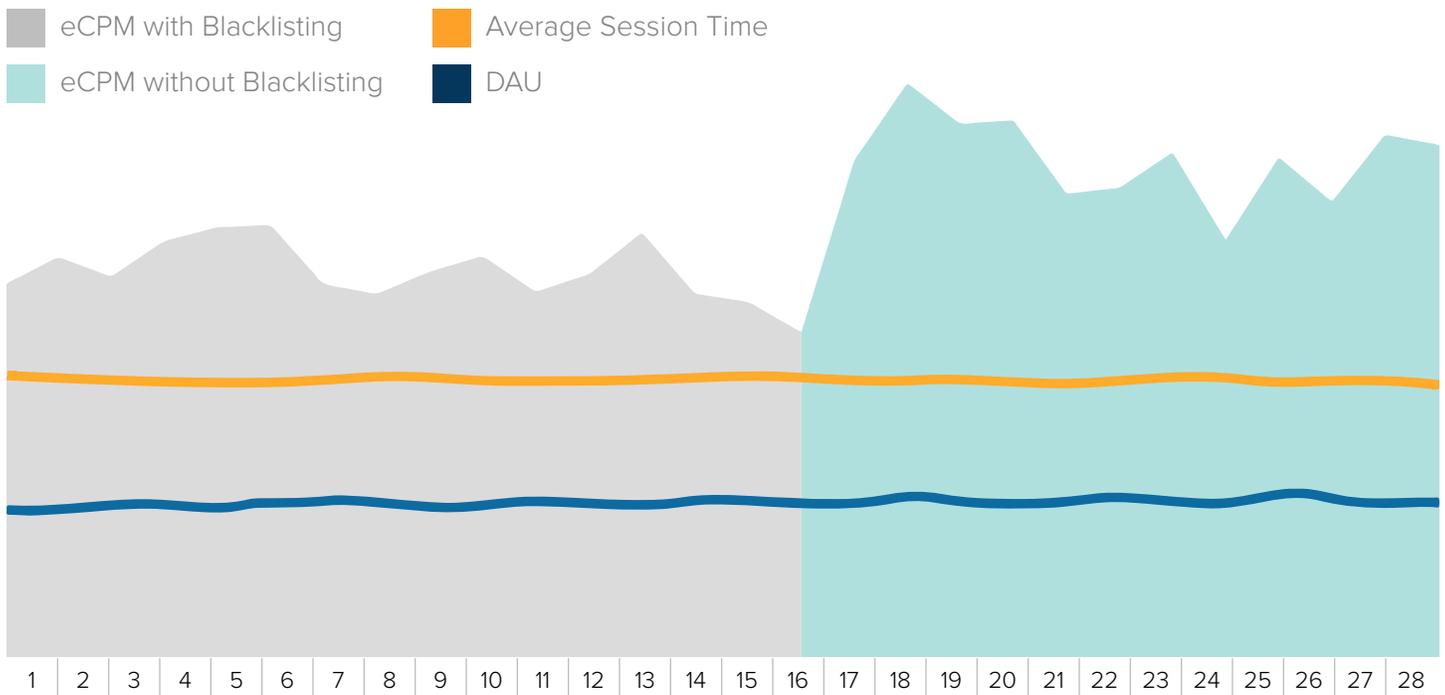
After the update, user retention remained stable, with DAU up 0.7% over the initial period and average session time up 1.5%.

Metric	Δ
eCPM	+ 29%
Earnings	+ 238%
Ad ARPDAU	+ 236%
Session Time	+ 1.5%
DAU	+ 0.7%

MAU	+47%
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Effect of Blacklisting on eCPM: Sports Card Game



Recently, the publisher of a sports themed mobile card game with approximately 200,000 DAU and over 500,000 MAU modified its video monetization settings to remove blacklists that blocked other card games from advertising within its app.

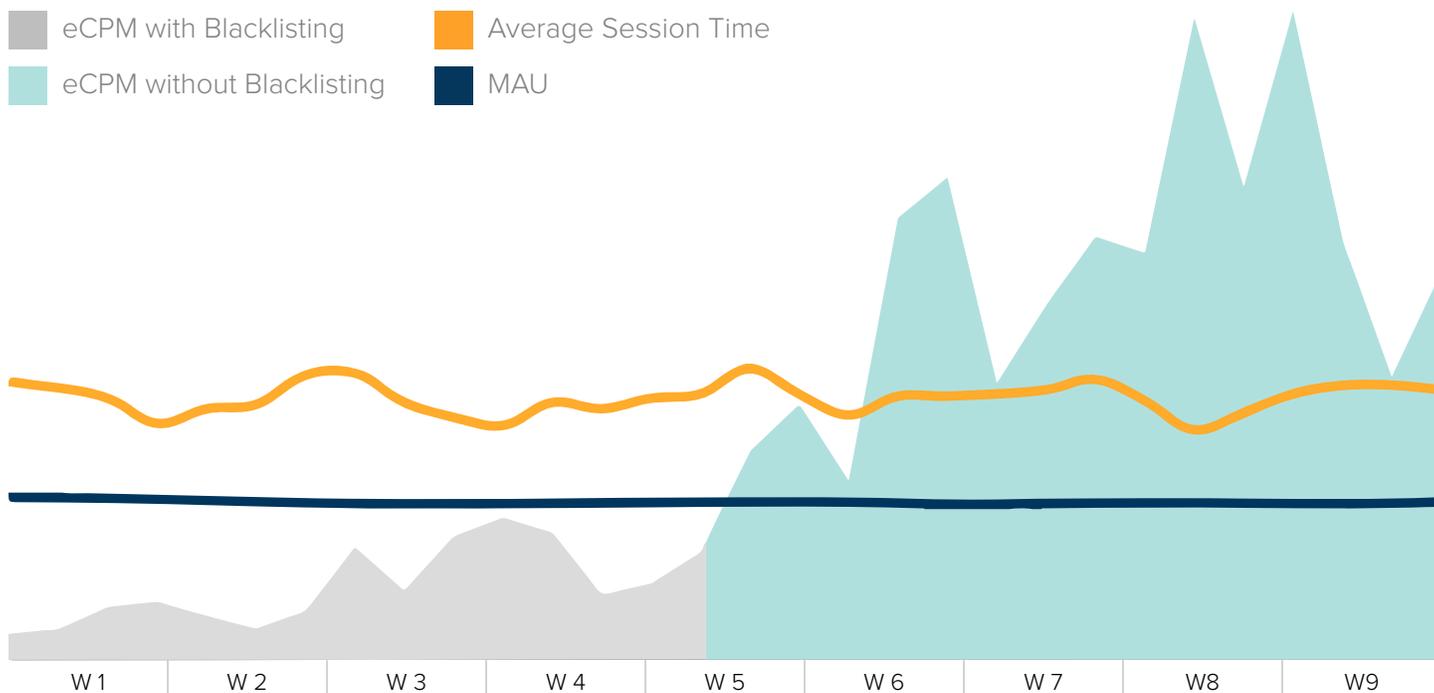
Prior to the update, the app had a relatively standard eCPM for its genre. In the week following the update, eCPMs surged 36%, driving a 33% increase in publisher earnings.

Although the publisher feared allowing competing advertisers to advertise would cannibalize its users, DAU and MAU remained relatively unchanged.

Metric	Δ
eCPM	+ 36%
Revenue	+ 33%
Ad ARPDAU	+ 38%
Session Time	+ 3.3%
DAU	- 1.9%
MAU	- 1.1%



Effect of Blacklisting on Revenue: Entertainment News App



In the scenario above, a news entertainment app with 200,000 DAU and over 560,000 MAU adjusted their blacklist settings to allow more advertisers within their app.

Previously, the publisher banned ads for any casino, contest, or special interest apps. During this period, the app experienced markedly low eCPM and Ad ARPDAU for its genre.

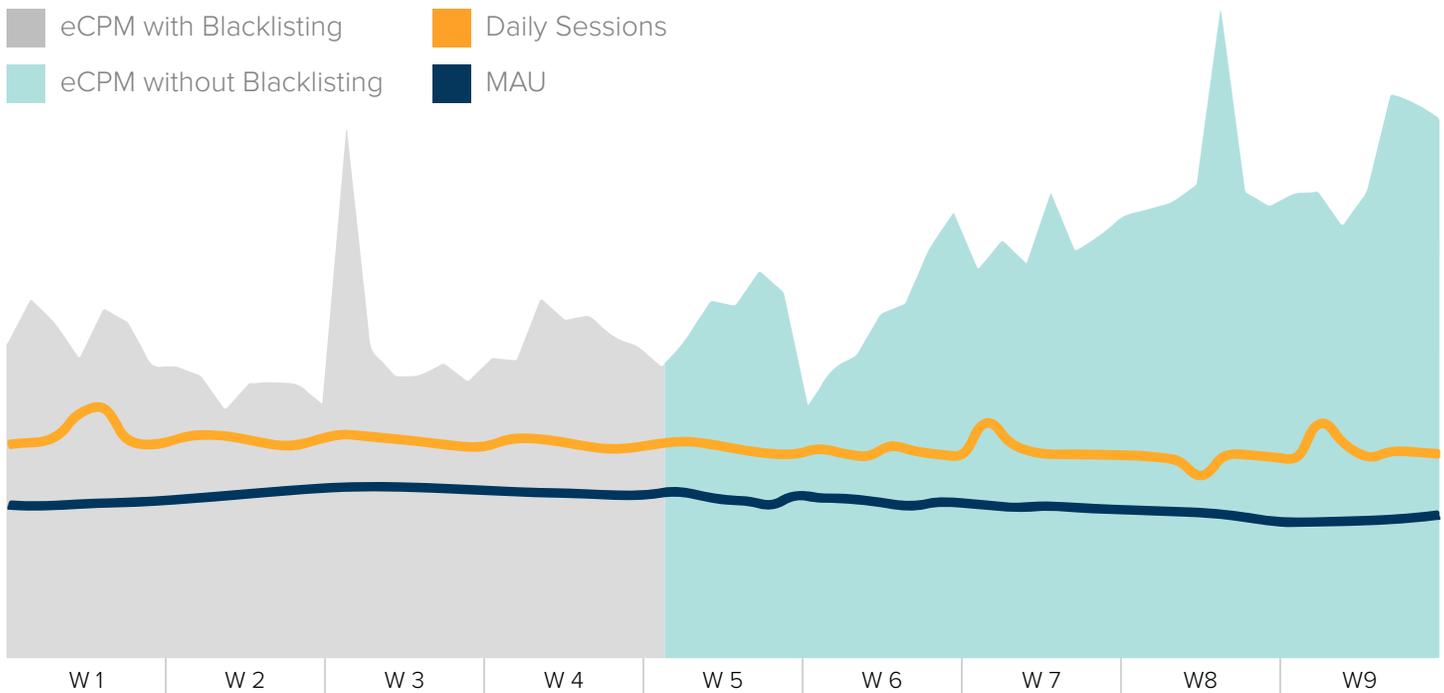
In the weeks following the update, eCPMs rose 59%, impressions rose 259%, and CTR rose 15%, contributing to an overall revenue increase of 432%.

After the update, user retention remained stable, with MAU within 1.1% of the initial period and average session time increased 3.7%.

Metric	Δ
eCPM	+ 59%
Earnings	+ 432%
Ad ARPDAU	+ 442%
Session Time	+ 3.7%
CTR	+ 15%
MAU	- 1.1%



Effect of Blacklisting on eCPM: Card Casino



In the scenario above, a traditional card game with 60,000 DAU and over 360,000 MAU removed a blacklist that prevented other casino games from advertising within its app.

Prior to the update, the app had a somewhat low eCPM for its genre. In the weeks following the update, eCPMs rose 37% and CTR rose 23%, contributing to an overall revenue increase of 25%.

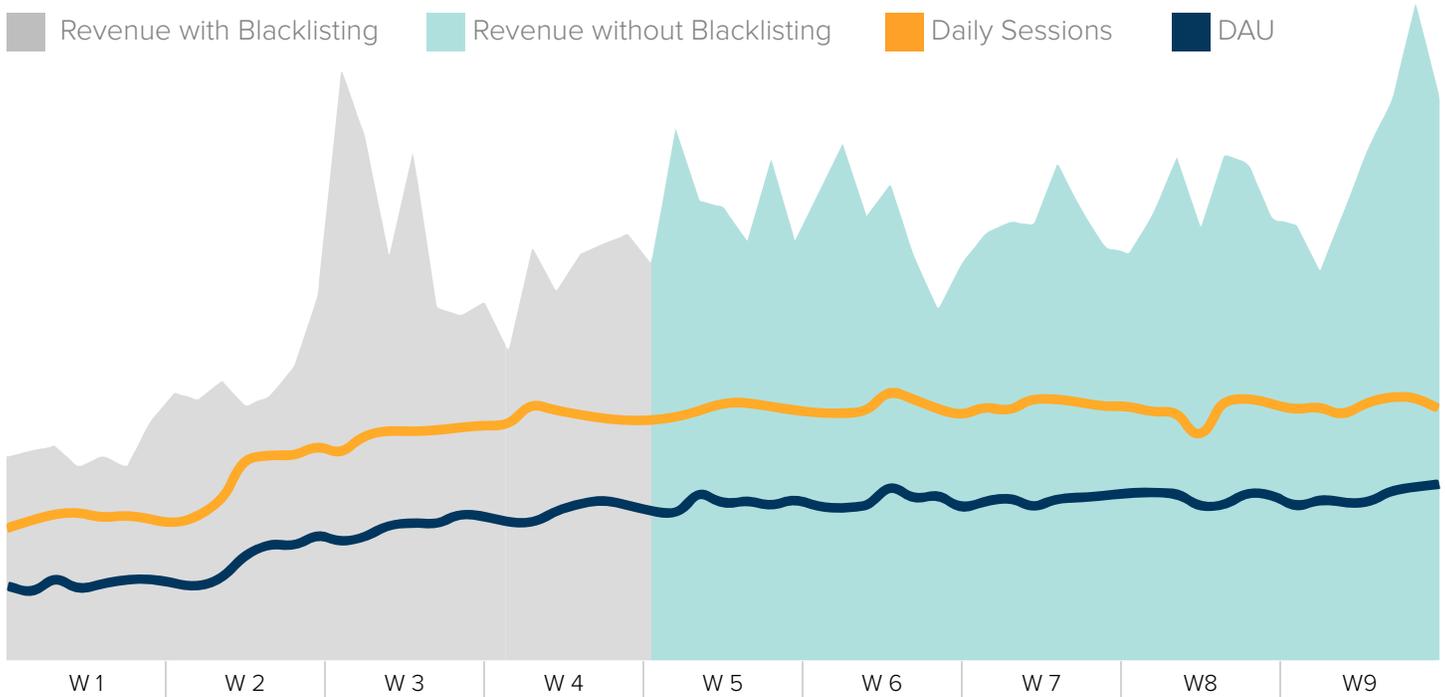
After the update, 3, 5, and 7 day user retention remained unaffected, suggesting that enabling additional ads did not cannibalize users.

While there was a slight decrease in sessions and MAU, it was outweighed by the overall revenue increase. As a result, the publisher elected to continue monetizing without any blacklists.

Metric	Δ
eCPM	+ 37%
Earnings	+ 25%
Ad ARPDAU	+ 37%
Daily Sessions	- 4%
DAU	+ 0.5%
MAU	- 1.2%



Effect of Blacklisting on Revenue: Traditional Card Game



In the scenario above, a traditional card game with 20,000 DAU and over 60,000 MAU removed a blacklist that prevented casino games from advertising within its app.

Prior to the update, the app had a somewhat low eCPM for its genre. In the weeks following the update, eCPMs rose 14% to a rate that is more typical for an app of its type and size.

During the same period, DAU and average daily sessions rose 24% and 22% respectively, driving an overall revenue increase of 34%.

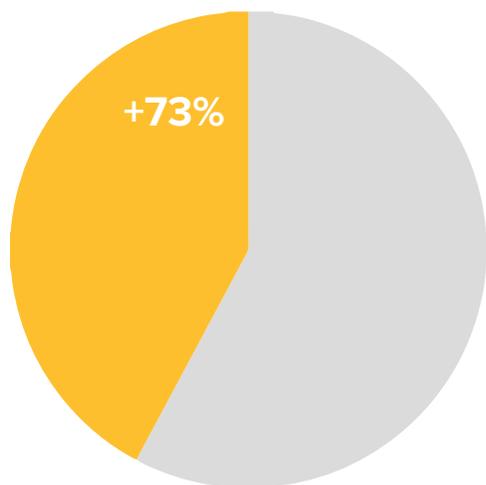
Thus, by removing blacklists and allowing similar apps to advertise, the publisher enjoyed improved monetization efficiency without cannibalizing users.

Metric	Δ
eCPM	+ 14%
Earnings	+ 34%
Ad ARPDAU	+ 9%
Daily Sessions	+ 22%
DAU	+ 24%
MAU	+ 28%



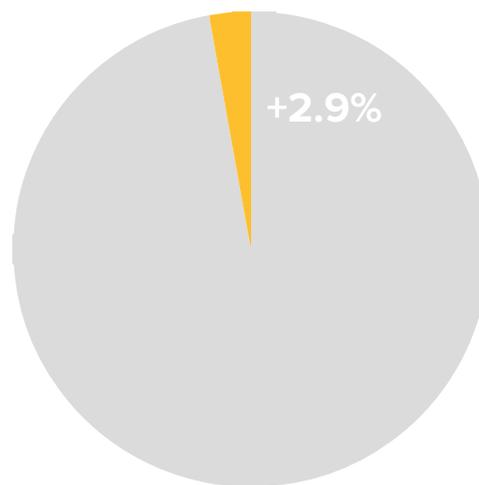
Removing Blacklists: Summary of Effects

With Blacklisting
 Growth without Blacklisting



eCPM Boost

Removing blacklists resulted in higher eCPMs across the board, with an average boost of 73%.



Stable DAU

Removing blacklists caused negligible changes to DAU, with an average DAU increase of 2.9%.

#	App	DAU	Δ eCPM	Δ Revenue	Δ ARPDAU	Δ DAU
1	Strategy Builder	1.6 M	+ 29%	+ 238%	+236%	+ 0.7%
2	Sports Card Game	200 K	+ 36%	+ 33%	+ 38%	- 1.9%
3	Entertainment News	200 K	+ 59%	+ 432%	+ 442%	- 4.7%
4*	Game Casino	200 K	+ 124%	+ 124%	+ 128%	- 1.3%
5*	Slots Casino	150 K	+ 115%	+ 101%	+ 93%	+ 4.5%
6*	Multi Casino	130 K	+ 173%	+ 92%	+89%	+ 1.3%
7	Card Casino	60 K	+ 37%	+ 28%	+ 37%	+ 0.5%
8	Traditional Card Game	20K	+ 14%	+ 34%	+ 9%	+ 24%
Average		337 K	+ 73%	+ 135%	+ 134%	+ 2.9%

* While not featured separately due to shorter test periods, these apps are included here to provide more mid-tier data.



About the Study



Summary

From the case studies and benchmark data collected, the following is evident regarding video ad blacklisting:

- Removing blacklists drives an increase in overall publisher revenue through increased video eCPMs.
- Removing blacklists has no statistically significant effect on user retention, with DAU and MAU figures remaining stable.
- Removing blacklists has no statistically significant effect on user engagement, with number of sessions and average session time figures remaining stable.
- Removing blacklists that target entire app categories (such as in the case of the entertainment news app) can result in exceptionally high video Ad ARPDAU gains.
- Removing blacklists that ban top apps across multiple categories (such as in the case of the strategy builder game) does not hinder user retention or average session time.

From these findings, it is clear that reassessing current blacklist settings is critical for any mobile app publisher looking to maximize ad revenue from mobile video.

About the Data

All data reported is AdColony platform data. Revenue reflects video ad monetization only.

Data for the strategy builder and sports card game spanned a 4 week period in Q4 2015. Data for the entertainment news app spanned a 30 day period in August & September 2015.

Data for both the card casino game and the traditional card game spanned a 9 week period in August & September 2015. Data for the game casino, slots casino, and multi casino apps spanned a 3 week period in September 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.



Key Terminology



ARPPDAU

Defined as the average revenue per daily active user. Ad ARPPDAU refers to the average revenue per daily active user that is generated from advertising.

Blacklisting

Defined as banning particular apps or brands from advertising within an app.

Cannibalization

In mobile apps, the fear that a particular action will eat away at user retention or overall publisher revenue.

CTR

Short for “click-through rate,” this represents the percentage of users who will click on content they are exposed to (such as an ad). Higher CTRs tend to drive higher eCPMs.

DAU

Defined as the daily active users of an app, this quantifies the number of users who will initialize an app session at least once on a given day.

eCPM

Defined as the effective cost per 1,000 completed video views, eCPM tells a publisher how much they will earn per 1,000 ad impressions.

Engagement

User interaction with a piece of content or media, such as an app. Long session times and in-app behavior milestones may be indicators of engagement.

MAU

Defined as the monthly active users of an app, this quantifies the number of users who will initialize an app session at least once within a given month.

Retention

Defined as keeping a user who has installed an app as an active user of that app. Typically focused on 1, 3, 7, 14, and 30 day retention of newly installed users.

Session Time

Typically measured in minutes, session time refers to the amount of time users will spend in an app each time the app is initialized. Longer session times are indicators of deeper user engagement and stronger user retention.

Use Rate

Defined as the percentage of an app’s DAU that will see at least one ad impression on a given day. Top monetizing apps typically have a 40% or higher ad Use Rate.

