



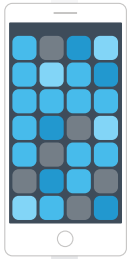
smaato[®]

The In-App Advertising Playbook

An Advertiser's Guide to In-App's Advanced Advertising Capabilities

The Game Plan

The In-App Advertising Playbook is divided into three sections:



Welcome to the App Age

Mobile is the leading growth driver of global internet usage, with 80% of users accessing the web via mobile devices. But today's digital world isn't just mobile-first — it's app-first. Apps dominate the mobile landscape, accounting for 89% of consumers' smartphone time. This figure is only expected to grow as app usage continues to increase at a faster rate than that of mobile web.

The Advanced Advertising Capabilities of In-App

The in-app environment isn't just the place to find consumers — it also offers sophisticated data tracking, targeting, and geo-location superior to other digital advertising formats. This allows advertisers to target audiences with pinpoint accuracy by tracking behavior over time. In-app's ad delivery also makes it resistant to ad blocking technologies, while its tracking capabilities ensure that ads are truly being seen by the desired audience.



Best Practices for In-App Advertisers

After answering the question of why advertisers should invest in in-app advertising, it's time to turn to how to best invest in-app advertising budgets. From engaging consumers with interactive video to targeting users via programmatic deals, we have compiled a list of best practices for advertisers to optimize their in-app strategies and maximize mobile results.



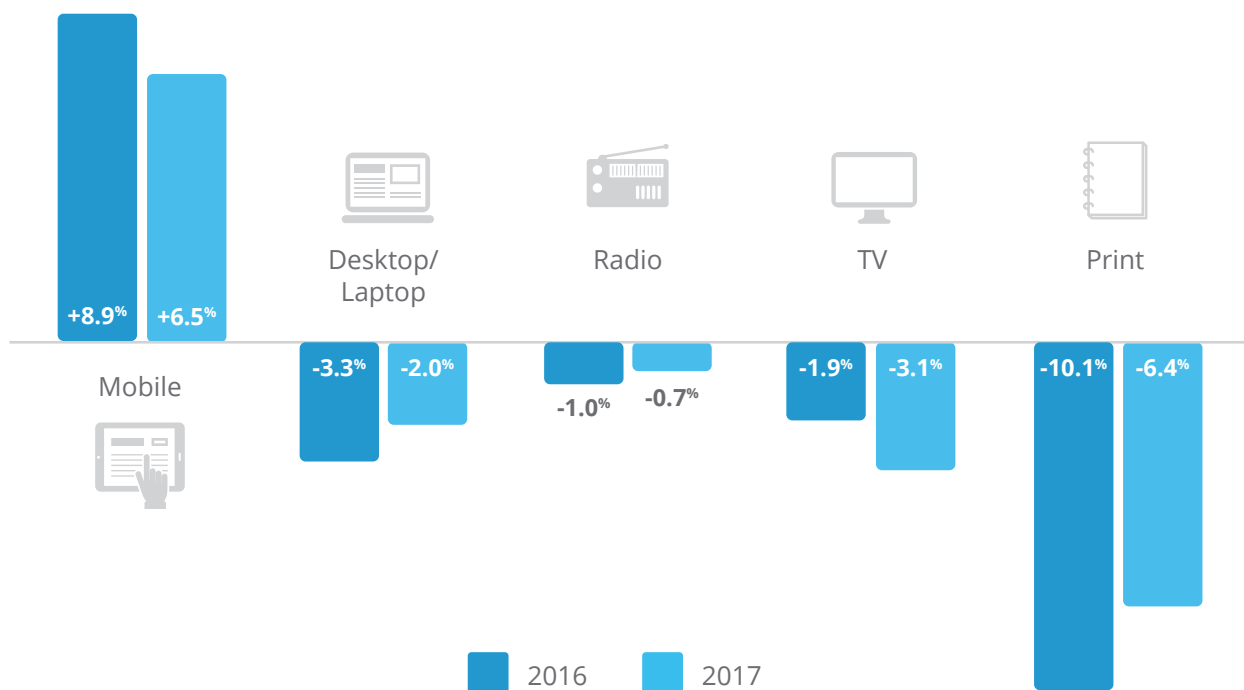
Welcome to the App Age

In the ten years since Apple opened the digital doors to its App Store in 2008, apps have paved their path to ubiquity. We now rely on apps for everything, from navigating traffic on the way to work to remembering what to pick up from the grocery store on the way home.

Consumers' time spent with their mobile devices continues to grow each year as apps accumulate the minutes that were previously spent with other media. In fact, mobile is now the only media format with growing usage, while consumers are spending a decreasing amount of time with all other formats, including desktop and television.

More Mobile, Less Everything Else

Growth of Average Daily Time Spent With Major Media by US Adults



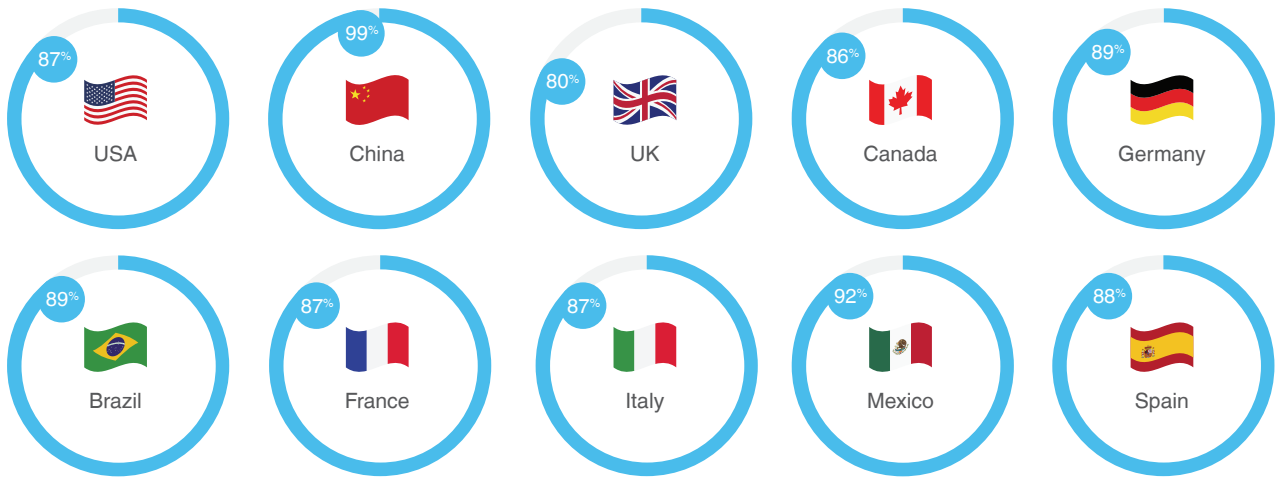
Source: eMarketer, September 2017

Apps are the growth driver of not only the mobile world, but the entire digital world — 80% of internet users access the web via mobile devices,¹ and apps account for upwards of 89% of consumers' mobile time in many mobile markets worldwide.²

¹ eMarketer, December 2017 | ² comScore, September 2017

Consumers Spend 3+ Hours per Day In-App

Average Share of Mobile Time Spent In-App

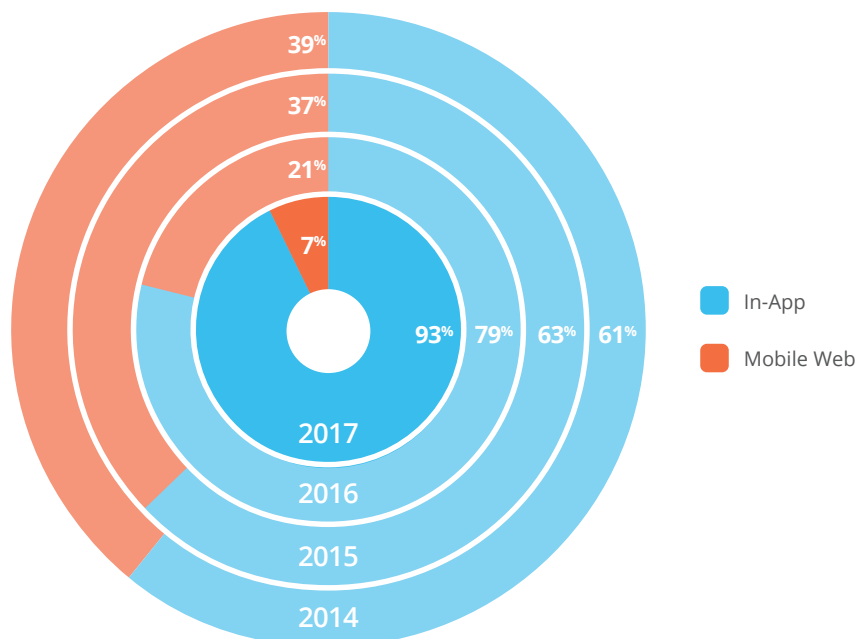


Source: comScore, September 2017

On average, consumers have a total of 80 apps on their phone, and they are using an average of 40 of these apps per month.³ This combination of increasing app usage and the number of apps used has translated to an ever-growing share of ad requests coming from apps on the Smaato platform.

Apps Attract 96% of Mobile Ad Spending

In-App vs. Mobile Web Share of Ad Spending on the Smaato Platform



Source: Smaato Publisher Platform (SPX)

³ AppAnnie, January 2018

The Advanced Advertising Capabilities of In-App

Mobile devices, unlike desktop computers, are typically owned and used by one person, which means the apps we use are closely connected to our personal lives and daily habits. This makes mobile apps the ideal place for advertisers to create effective advertising touchpoints. By leveraging in-app's advanced technical capabilities to reach specific audiences, it's also easier to verify that users are actually seeing their ads. Here are some of the key differences between mobile browsers and apps:

Mobile Websites		Mobile Apps
Cookies	Tracking Method	Device ID
Web activity (e.g. shopping habits, favorite websites, etc.)	Available User Data	GPS location, device type, OS, gender, age, wireless carrier
Vulnerable to in-browser ad blockers	Ad Blocking	Ad blocking technology has not advanced to universally block in-app ads
33 minutes	Average Daily Usage	3 hours 8 minutes

Device ID vs. Crumbling Cookies

Web advertising is still largely beholden to cookies, which are increasingly blocked by browsers. But advertisers need not fear the crumbling cookie — within the in-app environment, active user identification is tied to the device ID of each unique mobile device. This enables true people-centric targeting, given the personal nature of mobile devices. Furthermore, most apps are opt-in, and device IDs last for an average of 21 months — about 630 times longer than the average cookie.

Did You Know?

Apple's Intelligent Tracking Prevention (ITP), released September 2017, limits the ability of website owners and advertising platforms to track users across domains. ITP caps the use of cookies for ad targeting at 24 hours, deleting them entirely if the user doesn't visit the site for 30 days.



Mobile Device IDs

- Tied to users
- Last for an average of 21 months
- Users opt in to each app's policies when they download the app



Mobile Web Cookies

- Tied to browsers
- Decay within 24 hours
- Not opt-in

Blocking Ad Blockers

Besides just rendering the cookie obsolete, ad blockers are now also being incorporated into browsers as users try to avoid annoying ads and protect their privacy.

Back in the early days of the internet, ads were often intrusive and garnered a bad reputation for disturbing the online user experience. Demand for ad blocking technology grew in response and now continues to be an obstacle for advertisers and publishers alike. More than a quarter of internet users in the US had ad blocking software on at least one of their devices in 2017. Of these ad blocking users, 87.3% were blocking ads on desktop/laptop, while only 34.5% were blocking ads on mobile.⁴ However, even mobile ad blocking software cannot fully block in-app ads, which makes the in-app environment even more attractive to advertisers.

Did You Know?

In cooperation with the Coalition for Better Ads, Google has updated Chrome to block ads that fail to comply with the initiative. Chrome now blocks full-page interstitial ads, flashing ads, or loud auto-play ads, among others.

27.5%

of internet users block ads

87.3%

block ads on desktop/laptop

34.5%

block ads on mobile

Precision Targeting

Since apps are able to collect first-party data on an opt-in basis, they are also able to pass valuable targeting parameters such as gender and age, which allow advertisers to precisely reach their ideal audience.

Within the in-app environment, advertisers can also harness geo-location data to ensure that they are reaching users at the right time and in the right place.



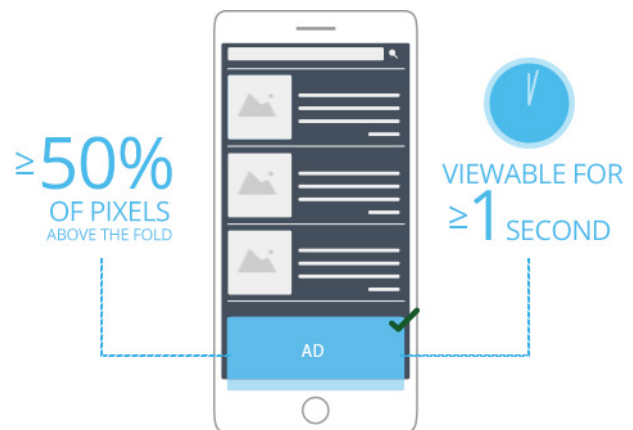
⁴ eMarketer, February 2018

High Viewability

Advertising can only be effective when it is viewed by real people. In the mobile world, an ad can only be considered viewable if the ad content is within the viewable area of the app or mobile website for a minimum period of time.

To provide an industry standard for measuring viewable mobile ad impressions, the Media Rating Council (MRC) published the “Mobile Viewable Ad Impression Measurement Guidelines.” According to the guidelines, a mobile display ad impression can only be considered viewable if it fulfills the following requirements:

- **Pixel requirement:** At least 50% of the advertisement's pixels (density-independent) must be on an in-focus browser or a fully downloaded, opened and initialized application in the viewable space of the device.
- **Time requirement:** The duration in which the pixel requirement is met must be at least one continuous second, post ad render. This time requirement applies equally to news feed and non-news feed environments.



There are currently several organizations and industry standards that are working to ensure that objective and fair viewability measurement is available in-app.

In-App Viewability Verification Providers



The IAB Tech Lab is also leading the development of a new technical tool for in-app mobile viewability measurement, the Open Measurement Software Development Kit (OM SDK), which will be the first industry-approved open source viewability measurement SDK. As a leader in the in-app space since 2005, Smaato is an active participant in the Open Measurement Working Group (OMWG), which is reviewing, testing, and maintaining the SDK. This new viewability measurement standard will be the next step in ensuring a high-quality, transparent advertising ecosystem.

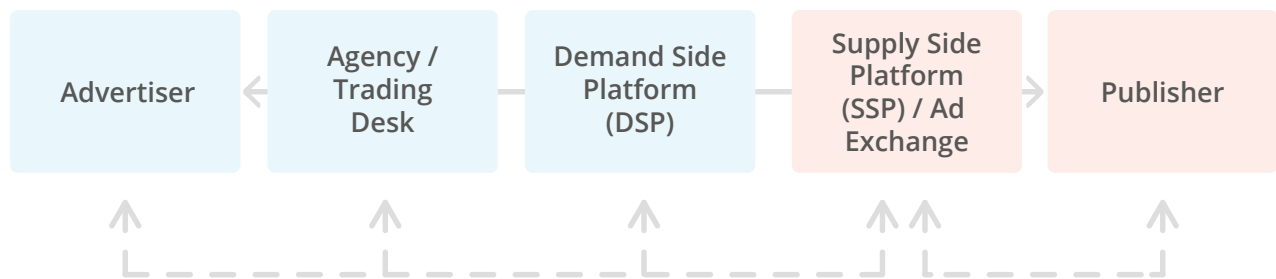
Best Practices for In-App Advertisers

With ever-increasing usage and superior technical capabilities, it's clear why advertisers should invest in in-app — now it's time to look at how to best invest advertising budgets in-app.

Here are five best practices that advertisers can apply to their next in-app advertising campaign to optimize their strategy and maximize campaign performance:

1. Know Where Your Ads Come From

The mobile advertising landscape is a complex environment that requires trust and transparency between all supply and demand partners. This is especially important for advertisers to maintain control over their creatives as they move through the programmatic supply chain and are ultimately served on a user's mobile device.



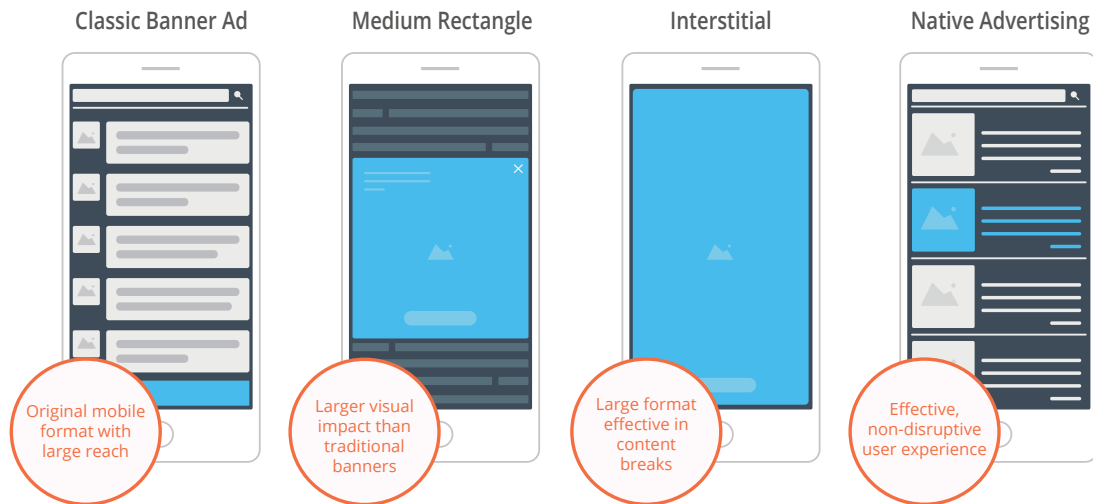
The best starting point is to understand where purchased ads are coming from and who is authorized to sell this inventory. Choose supply partners wisely — many premium publishers only work with a small selection of supply-side platforms (SSPs), and working with SSPs that have direct relationships to high-quality inventory is the best way for advertisers to maintain control over their ads and get the best return on investment.

“A trustworthy supply chain is vital for fostering an efficient and fraud-free advertising marketplace.”

2. Choose Banners for Reach, Full-Screen for Impact

The in-app environment allows for ad spaces to be seamlessly integrated, turning ads into a relevant idea, offer, or suggestion that enhances, rather than distracts from, the user experience. When choosing an ad format for an in-app campaign, consider how users experience advertising in the app age.

Top In-App Display Ad Formats



3. Maximize Engagement With In-App Video

Video has become one of the most effective advertising formats for connecting with mobile consumers. Mobile video ads yield higher user engagement and greater brand recall than any mobile display ad format.⁵ And since mobile video demand is still growing and eCPMs have not yet matured, in-app video is also one of the most cost-effective sources of video inventory.

Interactive Video

To maximize consumer engagement, look no further than VPAID (Video Player-Ad Interface Definition). This video ad delivery format allows advertisers to program interactive features directly into ads — something that VAST (Video Ad Serving Template) cannot. It also allows an advertisers' preferred viewability tracking to be implemented, regardless of whether the specific measurement provider is integrated into an app's SDK.

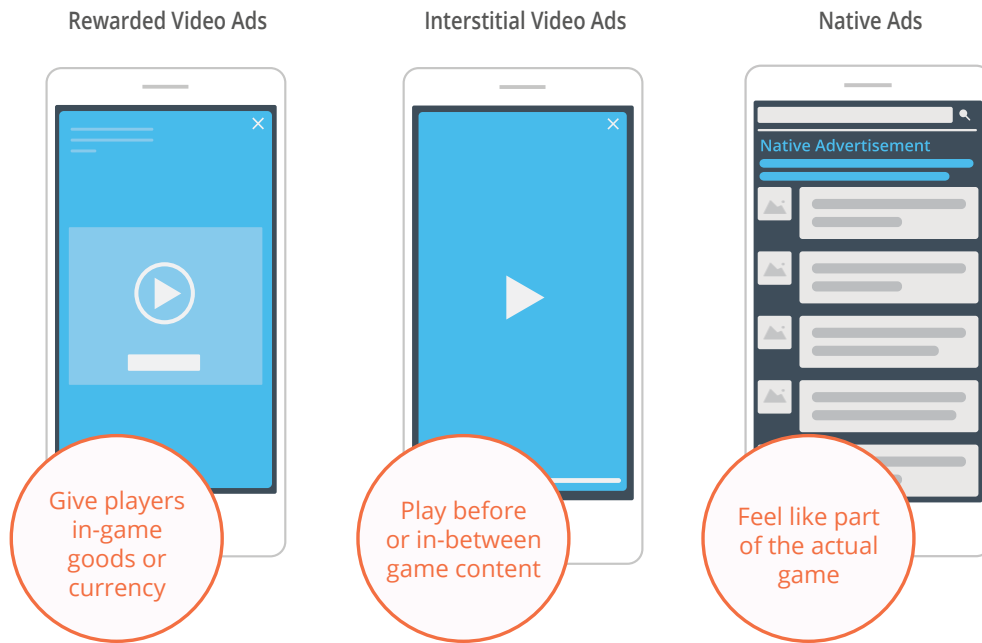
	VAST	VPAID
Delivers in-stream video ads	✓	✓
Provides a standardized way to pass data between ad servers and video players	✓	✓
Creates an interactive experience	✗	✓
Allows for viewability measurement and other performance verification tools	✗	✓

⁵InMobi, 2017; YuMe, April 2017

Rewarded Video

Another effective method for gaining informed clicks and high-quality conversions is to use rewarded video ads. Since this ad format is opt-in, with users choosing to watch in exchange for a reward, it has the highest viewability rates of any mobile ad format.

Top Mobile Ad Formats for Gaming Apps



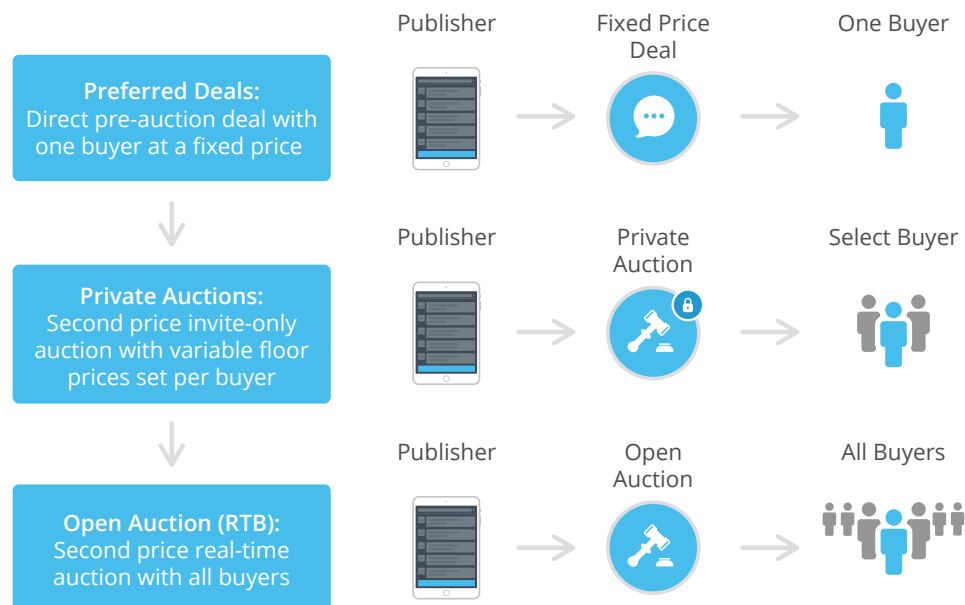
What Is the Difference Between Rewarded and Incentivized Video?

Rewarded video enhances the users' in-app experience by rewarding them with virtual goods or currency that advance the game. Incentivized video gives the user compensation completely unrelated to gameplay (e.g. currency, gift cards, discount codes, etc.).

4. Take Advantage of Private Marketplace & Other Programmatic Deals

Customized programmatic deals are an effective way to ensure that in-app advertising campaigns reach their target audience at the right mobile moment. Not only do they provide more transparency and control, but they are effective tools for optimizing campaigns, inventory, and pricing.

Types of Mobile Programmatic Buying



Buying inventory through programmatic deals creates a direct relationship between advertiser and publisher, allowing advertisers to know exactly who is seeing their ad and in which context. When working directly with supply partners, there are multiple programmatic buying options available. At Smaato, we recommend both Private Marketplace and Open Deals. Here's how we look at these two tactics:

Private Marketplace

Private Marketplace (PMP) is an exclusive Real-Time Bidding (RTB) auction where selected buyers are invited to bid on specific ad placements. PMP inventory can be built around numerous variables, including audience data, content type, impression attributes, and more. Publishers are often willing to give higher priority or volume discounts via PMP deals.

Types

- **Preferred Deal:** non-guaranteed, first look, fixed price setup using RTB infrastructure
- **Private Exchange:** RTB auction with preselected buyers

Open Deals

With Open Deals, buyers can purchase a package of inventory across different publishers based on their targeting goals or customize their own package with specific apps and ad spaces. These deals will still be executed at the open auction level, but create predetermined parameters around the exact inventory being bid on.

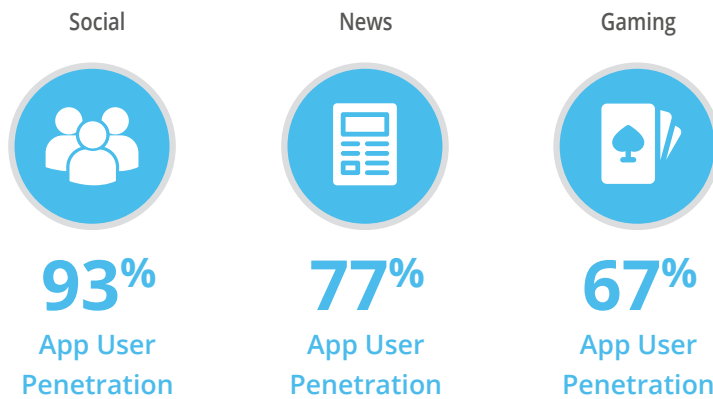
Types

- "Curated Marketplace" or whitelist of selected publishers/inventory
- Open market deals
- Option for no fixed or floor prices
- Packages based on demand partner needs

5. Target People in Their Natural Habitat

Since mobile is such a personal device, the ability to harness user data such as location, age, and gender is incredibly valuable for reaching highly-specific audiences and achieving campaign success. With such a wide range of apps available for diverse audiences and purposes, in-app targeting is one of the most effective contextual targeting tools available. And when combined with audience data, specific groups can be targeted in the places where they spend the majority of their time on mobile devices.

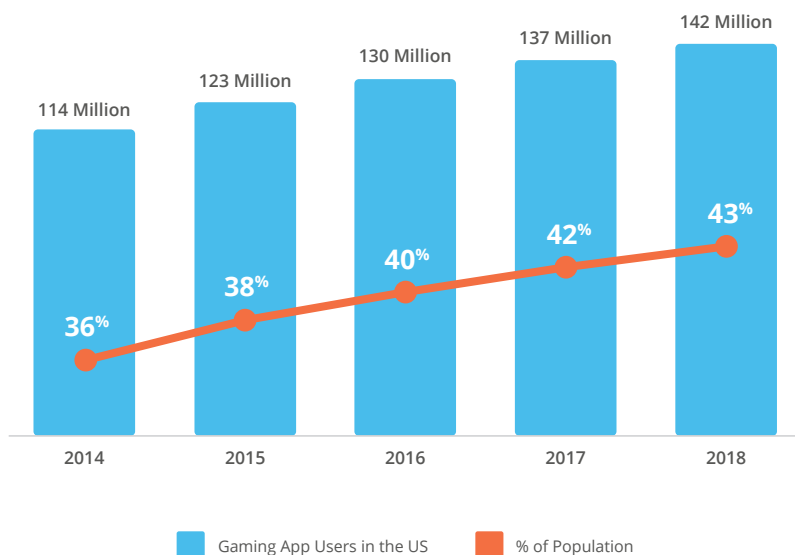
Top App Categories for Reaching Engaged Audiences



Source: comScore, September 2017

Social, News, and Gaming are three of the top app categories in terms of user penetration. This means that they attract a diverse base of engaged users that can be filtered by additional in-app targeting data such as gender, age, and location to create a highly-effective in-app advertising campaign.

Nearly 50% of US Adults Play Mobile Games



Source: eMarketer, January 2018

Did You Know?

Games are not just for kids! Users of all ages turn to gaming apps to relax or challenge their friends. Gaming apps tend to get a bad rap, but in reality they represent a very efficient and effective opportunity for advertisers to reach diverse audiences.

Gaming apps present an especially attractive advertising opportunity — the mobile gaming audience is not only diverse and broad, but it is rapidly increasing year-over-year. Take advantage of the untapped value of mobile gamers by investing in the ad formats that these players love most.

What Is Next?

Smaato's team of in-app advertising experts is eager to help you find the right combination of programmatic buying options that fit your needs. From OpenRTB buying to Private Marketplace deals, Smaato makes it easy to ensure that your mobile advertising campaigns are getting in front of the right audience, on the right device, at the right time. Our inventory is available in all of the leading DSPs, including Amobee, AppNexus, BidSwitch, dataxu, DoubleClick Bid Manager (DBM), Index Exchange, MediaMath, S4M, and the Trade Desk.

Smaato's Open Deals, which include packages such as Moat, VPAID, high completion rate video, LDA, and more, are perfect for targeting users via specific inventory on the open market without time constraints or fixed prices. For first look premium in-app inventory, our team can also create customized Preferred Deals that match the unique needs of your campaign.

Contact us at demand@smaato.com to set up a meeting. We are looking forward to helping you reach your campaign goals.

Thank You

We hope you have enjoyed The In-App Advertising Playbook. For more white papers, case studies, and industry trends reports, please visit the resources section of our website at www.smaato.com/resources.

About Smaato

Smaato is the leading global real-time mobile advertising platform, connecting 10,000+ advertisers — including 91 of the Top 100 Ad Age brands — with over 90,000 mobile publishers and app developers. Smaato manages up to 19 billion mobile ad impressions daily and reaches over one billion unique mobile users monthly. Founded in 2005 by mobile pioneers Ragnar Kruse and Petra Vorsteher, Smaato has global headquarters in San Francisco, with additional offices in Berlin, Hamburg, New York City, Shanghai, and Singapore. Learn more at www.smaato.com.



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