

The Smaato logo is positioned in the top right corner. It features the word "smaato" in a white, lowercase, sans-serif font, followed by three curved lines indicating a signal or broadcast. The background of the entire cover is a vibrant blue with a complex network of white lines and dots, resembling a digital or gaming theme. A hand is shown holding a smartphone, with a finger touching the screen, and several game icons (a gem, a character, a skull, a lollipop, a rocket, a monster, a sword, and playing cards) are floating around the phone. A large dark blue circle is in the bottom left corner, containing the title and subtitle.

smaato

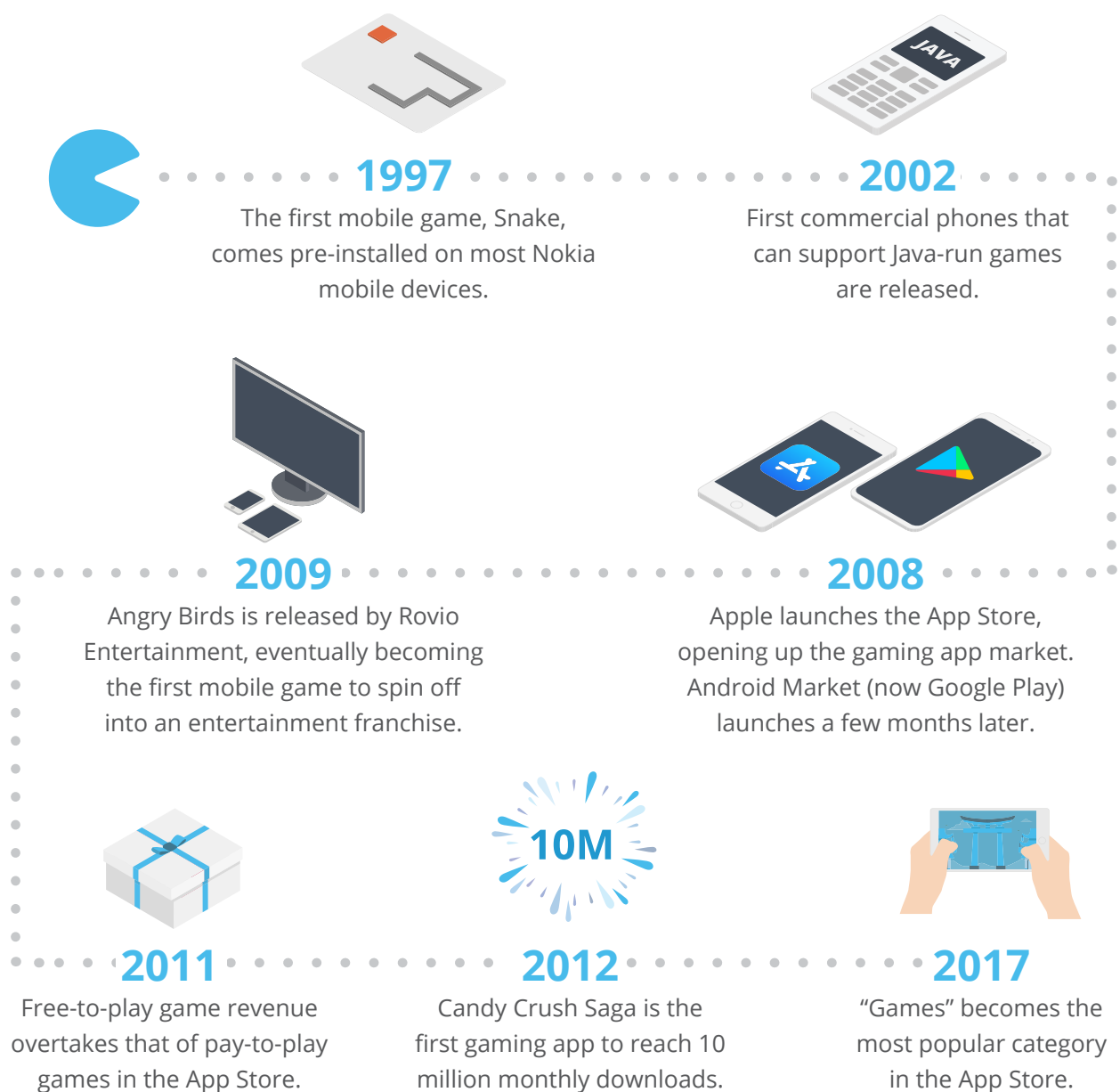
# The Mobile Games Playbook

An Advertiser's Guide to  
Leveling Up In-App Campaigns

# The Making of the Mobile Gaming Industry

As the mobile device has evolved, so has the digital games industry. Mobile gaming has come a long way since the days of Snake and now offers some of the most cutting-edge and interactive games on the market, such as Pokemon Go, Candy Crush Saga, Fortnite, and Clash of Clans.

There are over two billion mobile gamers worldwide in 2018, which means that people of all demographics can be found in gaming apps. Moreover, the average smartphone user spends 55 minutes per day playing mobile games — that's 26% of consumers' total mobile time going to mobile games compared to just 7% of total mobile ad spending.<sup>1</sup> This gap between consumer engagement and ad spending represents a huge opportunity for brands to get noticed, and advertisers can no longer underestimate the power and importance of this engrossing medium.



<sup>1</sup>eMarketer, June 2018

# Why Advertise in Mobile Games?

Mobile games score big with consumers, driving app usage and ad engagement rates that are much higher than in any other app category. However, few have realized the diversity and strength of the mobile gaming audience, creating an opportunity for advertisers to reach key targets through gaming apps. The Mobile Games Playbook looks at four main reasons why mobile games are such an effective method for leveling up advertising campaigns:



## Innovative Environment

Mobile games are fun, relaxing, and often addictive. This combined with their dynamic environment free of user-generated content creates a positive and brand-safe environment for advertising.

## High-Scoring Reach

Smartphones have put digital gaming in the hands of billions of people worldwide, making gaming more accessible and personal than ever before. As a result, the mobile gaming audience is both massive in size and incredibly diverse — ideal for advertisers looking to reach key targets.

## Engaged Players

Mobile gamers aren't just high quantity, they are also high quality. These users spend more time and clock in more sessions playing mobile games than using other types of apps. During their mobile gaming sessions, users are also highly engaged in the in-app content, which puts them in a great position to positively receive ads.

## Winning Ad Formats

Home to the industry's most innovative ad formats, mobile games make it easy for advertising to succeed. From rewarded video to interactive ads, advertisers can take advantage of the ad formats that have been proven to be both preferred by consumers and effective for brands.

## Innovative Environment

Games rule the mobile landscape, with 60% of Android apps and 25% of iOS apps falling into this category.<sup>2</sup> These gaming apps are broad and diverse in their content and gameplay, which means that there is something for everyone — both for the players and advertisers.



### Casual

- Most diverse audience
- Frequent short sessions
- Low LTV

### Midcore

- Mix of hardcore and casual elements
- Easy to learn, hard to master







### Hardcore

- Adaptation of console/desktop games
- Long sessions, high LTV

There are three general categories of mobile games: hardcore, midcore, and casual. Hardcore games typically including first-person shooters and role-playing games like Fortnite and Clash of Clans. Midcore games are a middle ground of easy-to-learn yet hard-to-master titles such as Clash Royale and racing games like Asphalt 8. The largest and most popular gaming app category, however, is casual. Casual games appeal to a broad audience of mobile users and include apps such as Bejeweled Blitz and Subway Surfer.

Although the mobile gaming population is comprised of a nearly equal amount of male and female players, genre preference varies greatly by gender. While women prefer games on the casual end of the spectrum (puzzle, arcade), men more often select hardcore to midcore games (shooter, sports).

### Top 3 Mobile Gaming Genres by Gender

Male	Female
 Strategy	 Puzzle
 Sports	 Strategy
 Shooter	 Arcade

Source: Newzoo, May 2017

<sup>2</sup>Statista, Sept 2017; Statista, May 2018

## Brand Safety

No matter where on the spectrum they land, mobile games provide one of the most controlled and brand-safe environments in the digital realm. Unlike websites that monetize user-generated content, there is no risk of an advertiser's message appearing next to inappropriate content with the majority of mobile games.

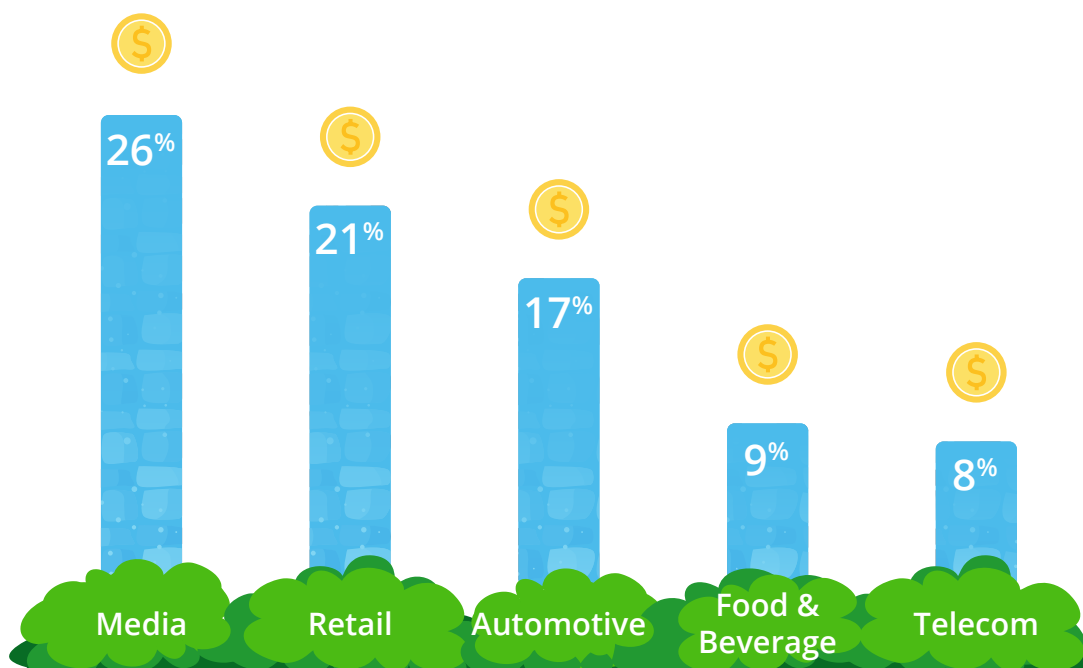
Josh Gaynor, VP of Marketing and Communications at luxury jeweler Bulgari, told Digiday:<sup>3</sup>

*"Many gaming apps provide rich environments with zero user-generated content, which is considerably safer for discerning brands."*

On the Smaato platform, a wide variety of brands are already seeing the benefits of advertising in mobile games. The top categories of ads in gaming apps include media (TV, music, gaming), retail, and automotive. So, while 10% of in-game ads are for other mobile games, the overwhelming majority of in-game advertisers are digital entertainment platforms, retail stores, FMCG brands, and auto manufacturers.

### Media, Retail, & Automotive Advertisers Cash in on Mobile Games

Share of Ad Spending for Top 5 Verticals in Gaming Apps



Source: Smaato Publisher Platform (SPX), Q1 2018

<sup>3</sup>Digiday, May 2018

## High-Scoring Reach

Of the 2.7 billion smartphone users worldwide, 2.3 billion play mobile games. This means today's mobile gamers are incredibly diverse, making it easy for advertisers of all kinds to find their ideal audience within gaming apps. However, after decades of gaming being associated primarily with consoles such as Xbox and Playstation, many advertisers still stereotype gamers and do not realize the full potential of this extensive, and quickly growing, market.

### Did You Know?

43% of the US population plays mobile games — that's over 140 million mobile gamers in the US alone!<sup>5</sup>

### The Modern Mobile Gamer



Female



25-34 Years Old

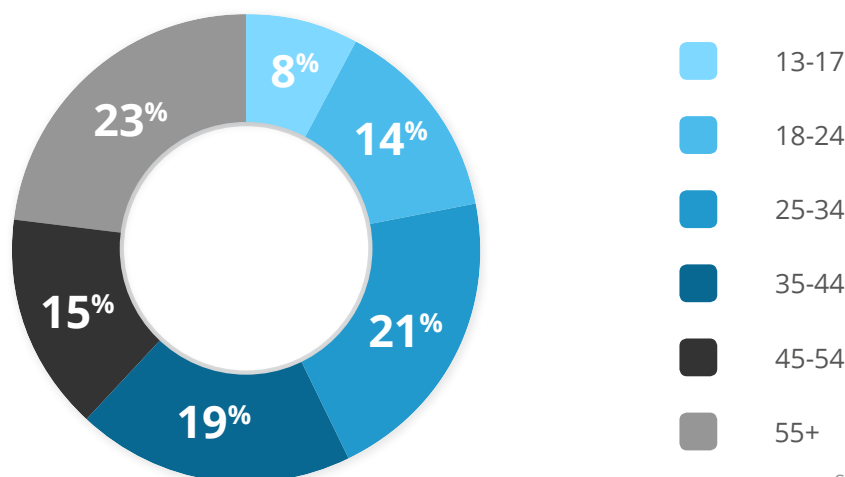


Earns >\$50,000/Year

Video games aren't just for teenage boys anymore — thanks to the accessibility of mobile, they are now loved by busy moms, retired grandfathers, world travelers, and CEOs alike. Multiple industry studies have confirmed that the majority of today's mobile gamers are female (although the split is nearly equal), and these female mobile gamers also tend to be more engaged with these apps than their male counterparts — 60% of female users play mobile games daily versus 47% of male users.<sup>6</sup>

### It's Not Just a Young Person's Game

Mobile Gaming Population by Age Group



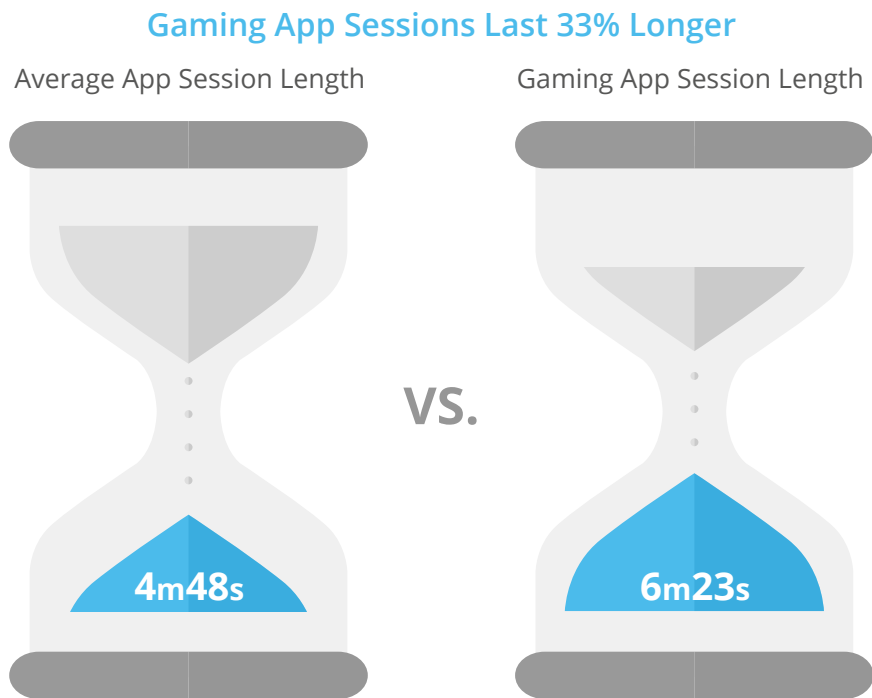
Source: Tapjoy, Feb 2017

The age distribution of gaming app users further proves that mobile games aren't just for teens. In fact, more than half of mobile gamers are over 35 years old — and seeing as 60% of US mobile gamers earn more than \$50,000 per year, mobile games are clearly an effective medium for reaching an attractive and captive audience of adult consumers.<sup>7</sup>

<sup>4</sup>Newzoo, Apr 2018 | <sup>5</sup>eMarketer, Jan 2018 | <sup>6</sup>Jun Group, Sept 2017 | <sup>7</sup>Tapjoy, Feb 2017; Chartboost, May 2017

## Engaged Players

The size and diversity of mobile gamers only tells part of the story when it comes to the attractiveness of this audience. Gaming apps also boast usage and engagement metrics that can compete with many other app categories — and come out victorious.



Source: Localytics, Mar 2017; Flurry Analytics, June 2017

App usage is highly fragmented, so despite the average user spending over three hours per day in-app, the average app session lasts under five minutes.<sup>8</sup> Gaming apps, on the other hand, engage users on a much deeper level, with the average smartphone gaming app session lasting over six minutes. Gaming app sessions are even longer for tablet users, lasting over ten minutes on average.<sup>9</sup> This means that gaming apps provide an opportunity for advertisers to not only reach a broad audience, but also an audience that is highly receptive to advertising.

Cameron Kelly, Director of Strategy at United Entertainment Group, told Digiday:<sup>10</sup>

*"I know that for 15 minutes while people are playing a game, I have their undivided attention to insert my brand in there. That's an assurance that's not awarded by every app."*

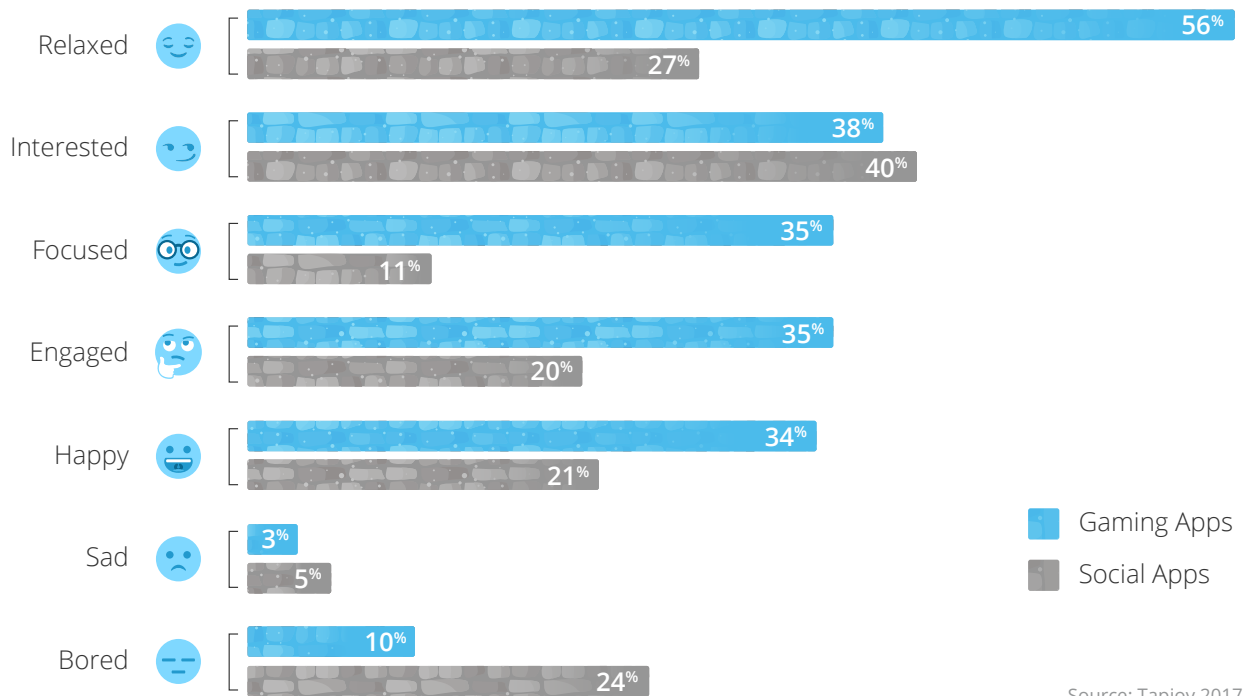
<sup>8</sup>Localytics, Mar 2017 | <sup>9</sup>Flurry Analytics, June 2017 | <sup>10</sup>Digiday, May 2018



Another important factor driving ad effectiveness in gaming apps is the mindset of gaming app users during gameplay, as the way consumers feel can influence their perception of ads that they are served within the game.

## Consumers Play Mobile Games to Relax & Have Fun

How Consumers Feel When Using Gaming Apps vs. Social Apps



Source: Tapjoy 2017

The majority of users report feeling relaxed while playing mobile games. This puts them in an open mode to receive information — and since the free-to-play gaming app format is so popular among consumers, these gamers are much more likely to view advertising as a welcome idea or suggestion than users of social apps. In a recent study by Tremor Video, over 70% of respondents said that ads in mobile games improve their impression of the brand and build their trust in the brand.

On the Smaato platform, this open and engaged mindset of mobile gamers translates to a click-through rate (CTR) that is levels above other app categories. On average, the CTR in mobile games is 3.4X higher than the overall total.<sup>11</sup>



<sup>11</sup>Smaato Publisher Platform (SPX), H1 2018



## Winning Ad Formats

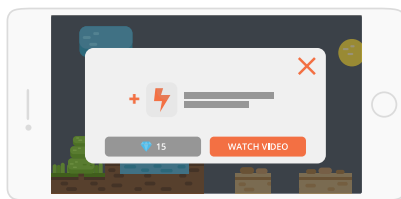
When it comes to innovative ad formats and placements, mobile games are at the forefront of the app industry. Since many games also monetize via in-app purchases, gaming app developers are highly strategic about where and when to integrate in-app ads. This protects the in-app user experience as well as encourages the positive reception of in-app ads.

### Did You Know?

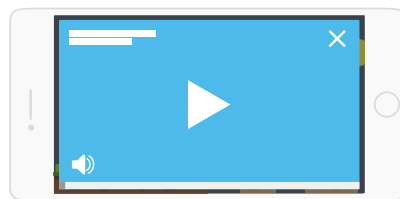
Gaming app developers prioritize user experience over maximizing revenue. The majority of developers serve one ad or less per session.<sup>12</sup>

Mobile games offer a wide variety of display and video ad placements, including native, interstitial, banners, rewarded, and more. Some of the most popular and engaging ad formats for advertising in gaming apps include:

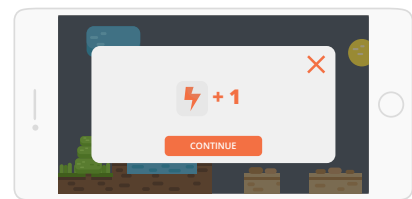
**Rewarded video ads** are the most popular ad formats among mobile publishers worldwide, with 58% of free-to-play mobile games using rewarded video ads.<sup>13</sup> This opt-in ad format rewards consumers for viewing the ad. Popular in-game rewards can include in-game currency, items, and limited time boosts. Since these ads are opt-in and reward consumers, they are preferred 4:1 by mobile gamers compared to mandatory ad formats.<sup>14</sup>



Opt In



Watch Video Ad



Receive Reward

**Interstitial ads**, both video and display, are highly-visual and also make for effective in-game ads. Interstitials are typically placed during natural breaks in the in-game content, which allows them to take advantage of an already captive audience as they, for example, wait for a new level to begin.

**Interactive ads**, such as playable video ads enabled by VPAID, are highly-engaging ads that perform very well in mobile games. While these interactive ads are especially popular among gaming advertisers, it is also an effective format for brand advertisers, and brands can leverage interactive elements to increase ad engagement and brand recall.

**Banner ads** are the original mobile ad format, and today, they remain a popular and non-intrusive format that can be easily implemented in almost any gaming app. Since these ads run alongside the main screen in most casual games, they can reach all of the game's users. Their low cost also makes them a low-risk option for those looking to test the waters of advertising in mobile games.

<sup>12</sup>deltaDNA, Nov 2017 | <sup>13</sup>AdColony, July 2017; deltaDNA, Nov 2017 | <sup>14</sup>Tapjoy, June 2017

## What's Next?

With a diverse base of premium gaming publishers worldwide, Smaato is a key player for demand partners looking to get in on the in-app game. The precise targeting parameters available within the Smaato Demand Platform (SDX) make it simple for advertisers to identify and target their ideal audience from the billions of mobile gamers worldwide.

Smaato also offers demand partners a range of buying options from OpenRTB to the Private Marketplace. Our in-app advertising experts have even created Open Deals packages for targeting users via specific inventory on the open market without time constraints or fixed prices. Popular packages include Premium Gaming, High Completion Rate Video, VPAID, and more.

Contact us at [demand@smaato.com](mailto:demand@smaato.com) to set up a meeting. We are looking forward to helping you reach your campaign goals.

## 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, California, with additional offices in Berlin, Hamburg, New York City, Shanghai, and Singapore. Learn more at [www.smaato.com](http://www.smaato.com).

## Thank You

We hope you have enjoyed The Mobile Games Playbook. Please visit the resources section of our website for more white papers, case studies, and industry trends reports: [www.smaato.com/resources](http://www.smaato.com/resources).



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