

COLUMNS

Rewarded video: Monetization beyond gaming apps

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Chris Lam is director of business development at HyprMX

By **Chris Lam**

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From messaging to photos, travel to music, fitness to transportation, we are witnessing the rapid adoption of shiny new mobile applications. Some apps shoot to the top of the charts and fail to generate revenue, while others more wisely employ methods borrowed from leaders in mobile monetization.

Mobile games are some of the best-monetized apps in the industry. In fact 65 percent of the top 20 grossing apps for much of November were gaming-related.

Lowdown on downloads

Most apps on the market are free roughly 80 percent and developers focus on user acquisition to build scale to then monetize.

In fact, only 5 percent of all apps downloaded globally in 2017 are expected to be paid apps.

The popularity of the free-to-play (F2P) model has meant that app developers are forced to be creative with monetization. And the reality is that only 5 percent of people who download an app will ever make an in-app purchase (IAP).

In other words, the vast majority of people who download an app are challenging to monetize.

Therefore, app developers that are serious about generating revenue should consider the worst kept secret in mobile gaming monetization: rewarded video. This ad format could have huge implications for non-gaming apps.

With rewarded video, developers earn a steady revenue stream by giving users content, points or other virtual goods in exchange for watching video ads. And 52 percent of mobile game developers identify video ads as providing the highest revenue per user compared to any other type of in-game advertising.

Everyone, from indie game developers such as Hipster Whale (Crossy Road) to the largest gaming publishers including Rovio (Angry Birds) and King (Candy Crush), are using rewarded video over other more intrusive and interruptive formats such as banners and static interstitials.

The rewarded video ad unit is also growing in popularity amongst non-gaming app developers because it simply works well and audiences prefer it.

In a recent study, 71 percent of users said watching video ads is their preferred way to access in-game content.

The same percentage of respondents prefers games with opt-in ads to games without them.

If audiences prefer these units in gaming apps, there is a strong probability that they will also like them in non-gaming apps.

Game on

Recently, big apps outside of the gaming category have creatively adopted rewarded video as part of their monetization strategy.

Music apps such as Pandora and Spotify use rewarded video to give their listeners uninterrupted music.

Kik, a messaging app, allows users to exchange points earned from rewarded video for stickers, emojis and gift cards.

SworKit, a popular personalized fitness app, uses rewarded video to unlock new workouts. This mechanism encourages early consumer satisfaction and engagement, all while allowing users to fully experience the app before deciding to upgrade for more features and workouts.

Major advertisers are also falling in love with this format.

Brands such as Honda, Fox, Gillette, T-Mobile and many others are running rewarded video on mobile and desktop placements, taking advantage of advanced targeting in the process.

The benefits of rewarded video extend beyond it being a top monetization tool.

Rewarded videos also deliver increased engagement and greater consumer loyalty. Rewarded video is flexible and can be creatively integrated into any type of app.

All types of apps are adopting rewarded video because it outperforms intrusive ads and does not distract from the core user experience.

Developers spend billions every year to encourage users to download their apps, but, according to a report by Appboy, more than 75 percent of new mobile app users fail to return the day after first use.

Finding ways to retain a larger share of new users is the most significant factor in determining whether an app thrives or fails on mobile.

Rewarded video helps retention and engagement by making it easy for users to unlock points, new levels and other rewards.

According to a study by Unity Technologies, more than 60 percent of developers that integrated rewarded videos into their games saw their retention rates stabilize or increase.

THE OPPORTUNITY to expand rewarded video outside of games is massive.

Rewarded video wins because it puts the user first and drives greater performance for advertisers.

With brand advertisers on board and with stellar results from the gaming space, new app categories can now seamlessly unlock all the benefits of rewarded video with a simple integration.

Chris Lam is director of business development at [HyprMX](#), New York. Reach him at chrisl@hyprmx.com.