

COLUMNS

Factors reshaping the mobile app economy

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The rapid advance of advertising technology in the past few years has completely reshaped the mobile business ecosystem.

More individuals are creating applications and operating as successful businesses, resulting in an increase in the number of mobile-first companies in the United States.

ACT says 82 percent of apps are considered small businesses, which thrive in the app store model where they need not concern themselves with distribution, security or payments.

App developers are able to acquire users and monetize their apps from home, earning tidy profits as they overcome the traditional challenges of matching supply and demand using technology and data.

In 2016, mobile ad spending worldwide overtook desktop for the first time, according to the Interactive Advertising Bureau (IAB).

The United States currently has around 207 million smartphone users, and a quarter-billion are expected by 2020.

With advancements in mobile ad tech comes the potential for increased revenues, both for advertisers looking for new users for their apps and publishers wanting to earn money by showing ads in their app.

Whether they are advertisers, publishers or both, app developers who want to make money with their apps need to keep up with industry trends on formats and technologies to stay on top.

All about quality users

Marketing opportunities in the mobile arena are evolving fast, as advertisers' and publishers' focus shifts from quantity to quality when it comes to users.

Advertisers are starting to invest more in finding quality users for their apps those who will either make purchases or engage with the app long enough to consume ads.

Publishers know that if they want to secure high payouts for their ad slots, they are going to have to show the right ad formats. This ensures that users download the advertised app from the store, resulting in revenue for the publisher,

as most in-app ads are sold on a cost-per-install (CPI) basis.

Improving relevance and user experience with native ad formats

Mobile marketers should be actively seeking out ad formats that improve the user's app experience to make them more likely to interact with advertisements. This delivers high-quality users to advertisers and higher payouts to publishers.

During the course of 2016, mobile native ads became more widespread. They are far more effective in converting quality users, as click-through rates are up to four times higher than traditional banner ads.

Native ads, which blend in with the mobile app's own content, are less obtrusive than other formats due to both their design and the time at which they are triggered.

By blending into the app's environment, and appearing at a time that does not interrupt the user's flow, native ads stand a much higher chance of successful conversion.

Automation for intelligent optimization

At the same time, programmatic has quickly emerged as a way to automate and optimize the buying and selling of mobile ad slots.

By making use of programmatic methods, advertisers and publishers are able to take advantage of automatic optimization, with advertisers finding the best sources of high-quality users and publishers selling their ad inventory the slots in their app in which they can show ads to the highest bidder based on preset conditions.

In this way, programmatic buying and selling holds significant advantages over traditional methods of media buying, as this sophisticated optimization means that the right demand and supply sources find each other easier and quicker.

Choosing the right monetization strategy

The rapid changes in the industry mean that developers need to prioritize when it comes to monetization options.

Advertisers who want high-quality users and publishers who want to ensure that ad inventory is sold for the highest possible price will need to access as many supply and demand sources as possible to reach larger audiences.

However, implementing multiple ad networks and software development kits (SDKs) is time consuming, which is why many are turning to ad mediation as a solution.

In ad mediation, a single SDK is implemented into the publisher's app, which connects to multiple non-programmatic ad networks and programmatic exchanges.

Mediation prioritizes ad networks based on the networks' prior payouts, favoring those with historically higher payouts first.

Publishers can integrate with a large number of demand sources with minimal integration and monetize while keeping their key performance indicators (KPIs) in focus at all times, and optimizing based on these.

App developers can make fully informed decisions on networks are performing better than others at any given time.

APP DEVELOPERS who move with market trends are in the best position when it comes to capturing market share and improving monetization.

The United States has already started to embrace ad mediation and it boasts huge potential.

But making money from apps remains a tricky business when not equipped with the right tools.

It is essential to keep the user's experience in mind and to take advantage of programmatic methods if advertisers and publishers want to ride the mobile monetization wave.

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