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IDC

Succeeding in Mobile In-Game Ads:

Lead Developer and Studio Manager Survey Identifies Top Opportunities and Challenges

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IDC Opinion

The results of IDC's survey of 514 lead developers and studio managers at mobile gaming companies, which was localized and fielded in 17 countries in December 2021 and January 2022, found the following themes prominent in regard to how companies approached the market last year and how they expected 2022 to unfold:

- Mobile game studios, broadly speaking, anticipated healthy revenue growth this year relative to 2021. While 17% of the lead developers and studio managers surveyed acknowledged that Apple's rollout of its AppTrackingTransparency (ATT) framework last April led to a net drop in iOS in-app ad (IAA) revenue, more respondents indicated that they'd since responded by tweaking their in-app purchase (IAP) options, capitalizing on other revenue opportunities such as sponsored projects or licensed IP (intellectual property) deals, or emphasizing Android-based ad processes, and so wound up with a net revenue increase. Twenty-nine percent more respondents believed that IAP revenue would rise at their companies in 2022 than would fall relative to 2021.
- In-game ads have become an important aspect of most mobile game studios' revenue mix. A stunning 93% of respondents indicated that their studio supported in-game ads in at least one of their titles. The survey showed that rewarded video ads outperformed other ad formats and that rewarded video ads didn't tend to negatively impact key metrics such as player lifetime value (LTV) or the monthly active user (MAU) base sizes.
- The survey results found that the addition of in-game ads helped increase mobile games' MAU bases more often than not, particularly because many studios used cross-promotion techniques to drive up game downloads. More than four in five respondents indicated they'd found cross-promotion to be an effective means of acquiring new players.
- The IAA business model tended to be more effective when aligned with the IAP (and/or the subscription-based) business model from the start of the development rather than when added after the fact to games already launched. A surprisingly high 67% of the lead developers and studio managers surveyed said their companies were building a unified user acquisition and monetization strategy into their games from the start of development. Studios that added ads to preexisting games found more mixed results, although even in those cases, more upsides were reported than downsides.

Methodology

IDC conducted a survey of senior mobile game app developers and studio managers and executives ("lead developers" or "studio managers") on behalf of Meta to learn about how they monetized their games.

Respondents fulfilled the following requirements:

- Worked for a mobile game developer, studio, or publisher with at least 10 employees
- Had familiarity with game monetization, game development, or user acquisition strategies
- Were at least at a manager or lead level

The web-based survey had a 15-minute maximum duration. The fielding time frame was December 2021 and January 2022. Data was cleaned to remove straight-liners, very fast respondents, partially completed surveys, etc. The worldwide n-value was 514, with the sample spread across the 17 countries shown in **Figure 1** (next page).

The global sample had the following characteristics:

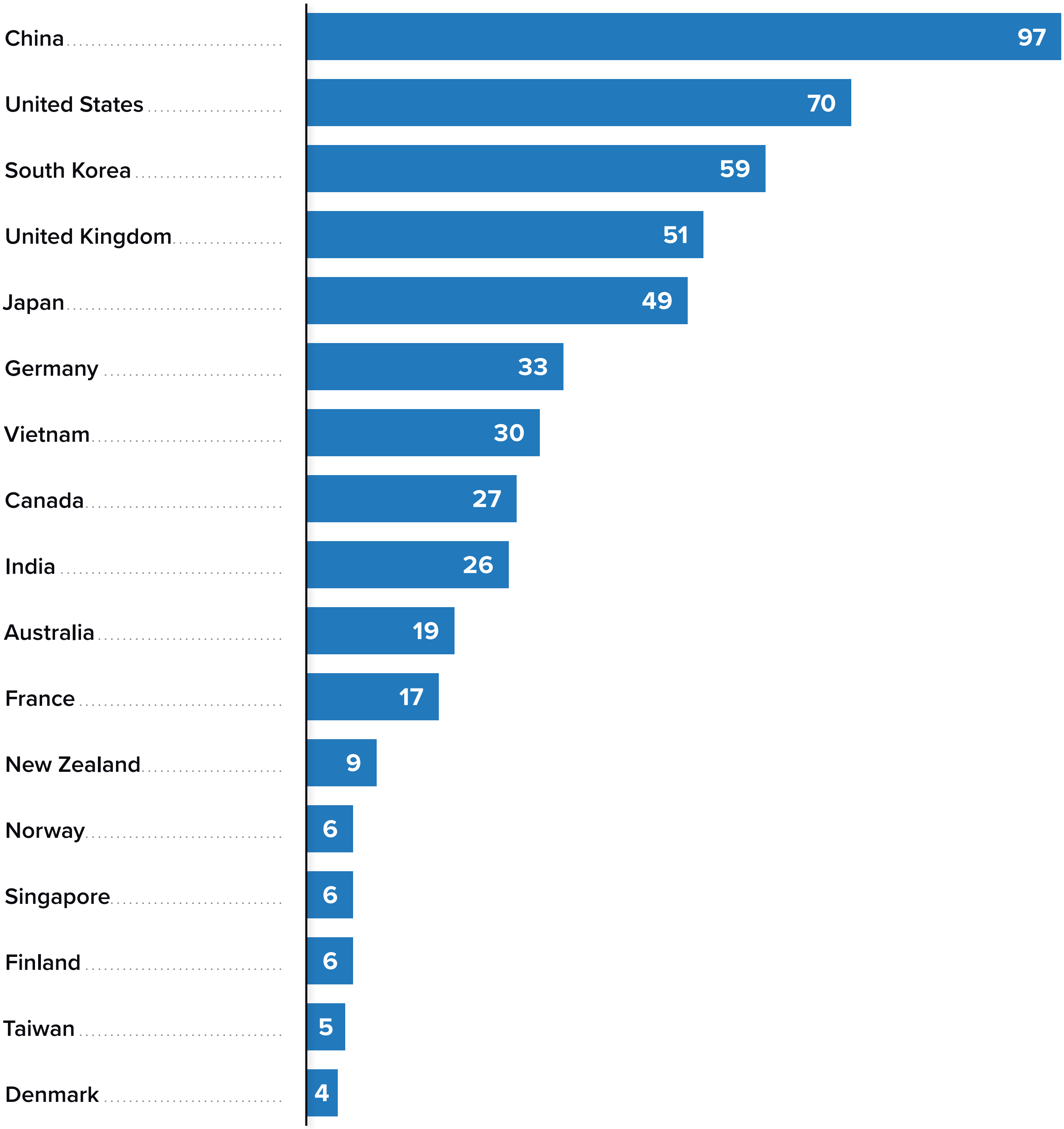
- Ninety-one percent of respondents reported they were knowledgeable about game development, 87% about game monetization, and 84% about user acquisition.
- Six percent of respondents were executives or C-level employees, 14% were VP level, 44% were director or head level, and 36% were manager or lead level.
- Studios with 10 to 99 employees represented 51% of the sample, 39% of respondents worked for companies with 100–499 employees, and 10% of studios had 500+ employees.
- Eighteen percent of respondents' companies generated less than $1 million in revenue in 2021, 23% made $1 million to $5.9 million, 34% made $6 million to $10.9 million, 13% made $11 million to $25 million, and 12% reported making more than $25 million.
- Company revenue sources included a mixture of in-app purchases (the IAP business model, including season/battle passes, worked out to 37% of aggregate revenue), paid games were 21% of the total, in-app advertising (the IAA business model) contributed over 17% of revenues, monthly subscription-based revenue (including Apple Arcade, Google Play Pass, and other subscription models) was almost 17%, and sponsorships, licensing, and other income streams contributed the remaining 8%. Note that these revenue shares were not weighted by company size and so shouldn't be interpreted as accurately reflecting the aggregate average of the companies surveyed.
- Eighty-six percent of respondents' companies published games on devices running Android, 73% on devices running iOS, and 8% offered titles on other platforms/OSs.

FIGURE 1

Number of Respondents by Company HQ Country

Q: In what country is your organization headquartered?

(Number of respondents)



n = 514, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Situation Overview

Most Developers Expect Mobile Game Revenue to Climb in 2022

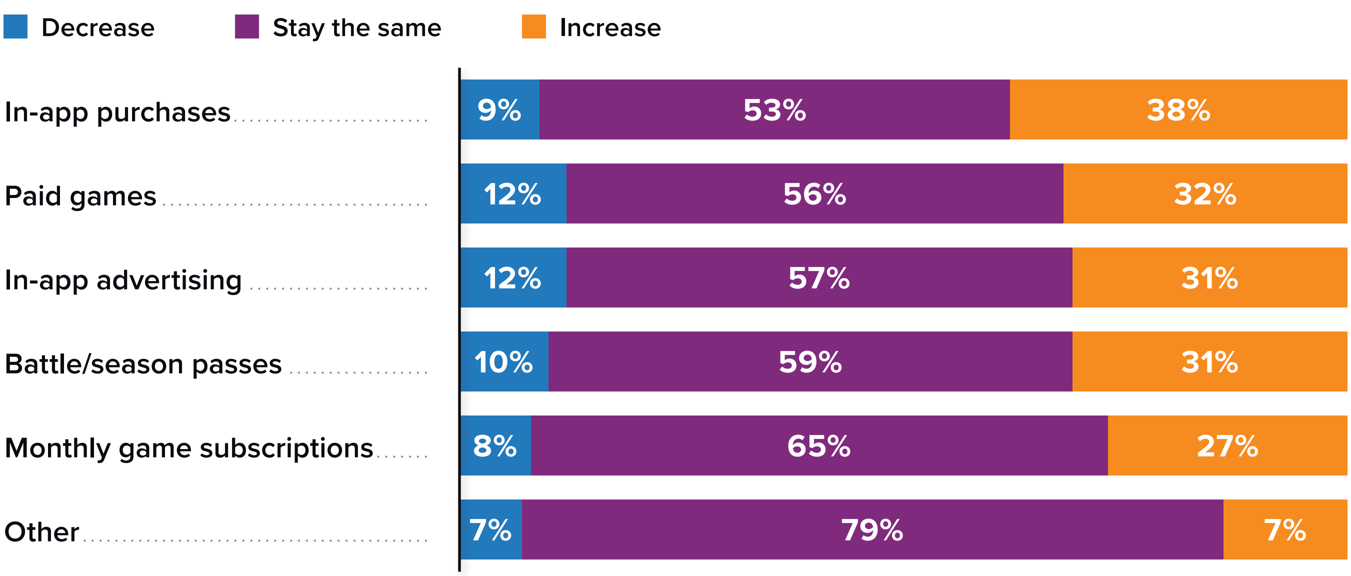
A major theme captured in the survey was that most lead developers and studio managers expected their company to generate more revenue this year than in 2021. As **Figure 2** shows, by a net share of 19 percentage points, respondents expect in-app advertising to grow in 2022. IAP monetization growth was expected to be especially robust: The net difference between the share of respondents who expected an IAP revenue increase and those who anticipated an IAP revenue decline was 29 percentage points. The comparable differences for paid game revenue and battle/season pass revenue were in the 18% to 19% range.

FIGURE 2

Expected Year-on-Year Revenue Change, by Business Model

Q: In 2022, do you expect the percentage revenue from each of these channels to decrease, stay the same, or increase?

(% of respondents)



n = 514, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Perhaps counterintuitively, this was even true among iOS developers in terms of the IAA business model, which clearly took a hit beginning last April with Apple's rollout of the ATT framework and the associated deprecation of dentifier for advertisers (IDFA), which had previously supported device-specific ad targeting on iOS devices. By the end of last year, however, which is when this survey was launched, there appeared to have been a significant improvement in the IAA business model results on devices running iOS 14.5+. The opt-in rate for game-specific tracking climbed substantially worldwide between late April and the end of 2021, and this likely had a lot to do with this finding.

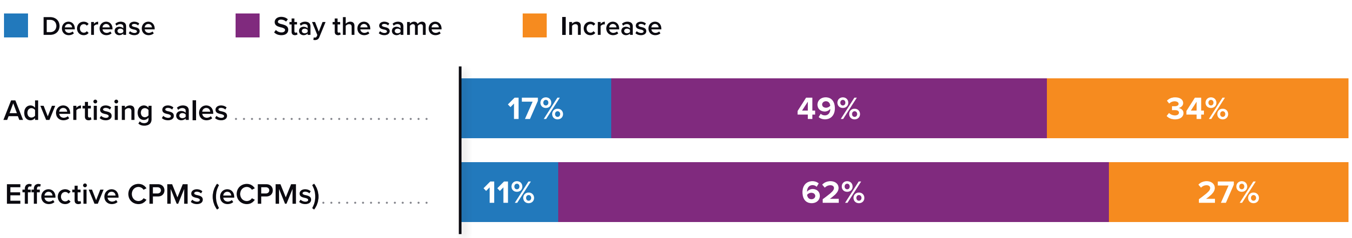
As **Figure 3** shows, while 17% of lead developers and studio managers involved in the development of iOS games believed IDFA's deprecation led to a net drop in iOS IAA revenue at their companies, roughly one-third of all similar respondents indicated their iOS ad sales increased by December 2021 or January 2022 (relative to a pre-IDFA deprecation baseline). Our survey further found that more of these same respondents believed eCPMs (effective cost per mille [thousand] impressions) had increased on iOS devices by late last year or this January than had fallen relative to early 2021.

FIGURE 3

Impact of IDFA Deprecation on the iOS IAA Business Model

Q: How has the release of iOS 14.5 (deprecating IDFA, Apple's GAID) changed your advertising business?

(% of respondents)



n = 385 [iOS developers only], Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Since IDFA was deprecated, moreover, we found that iOS developers scrambled to revise their monetization mix to insulate themselves from IAA revenue shortfalls. Almost half of the iOS lead developers and studio managers surveyed reported adding (or reemphasizing) IAP options or battle or season pass-type options. Others pursued monthly game subscription options (i.e., adding one or more games to Apple Arcade, Google Play Pass, Xbox Game Pass Ultimate, or another bundled game subscription offering).

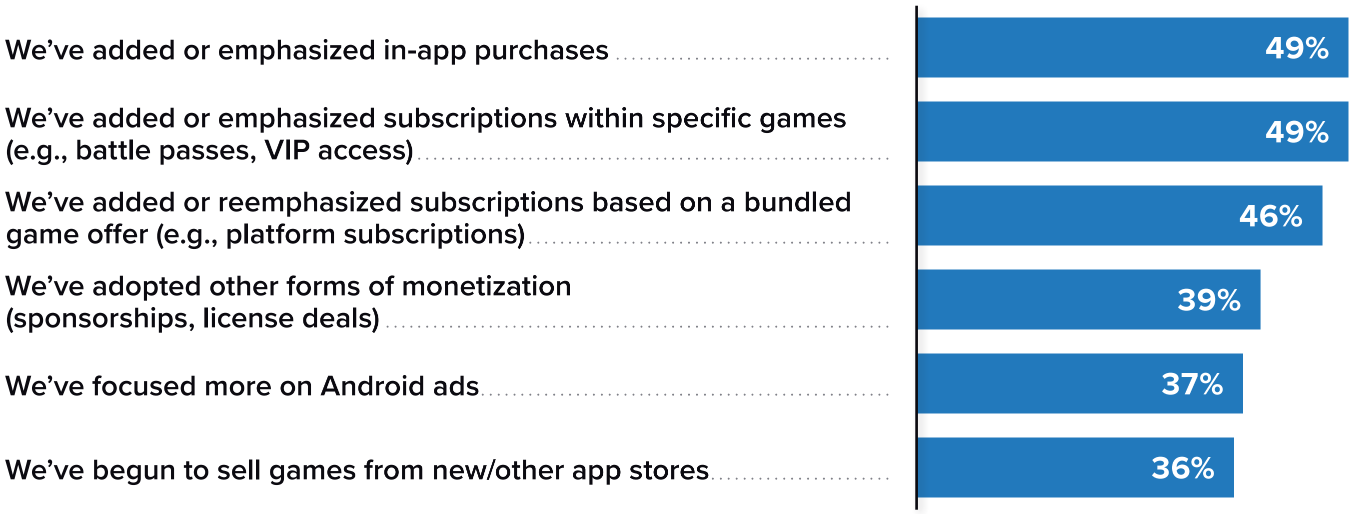
Of these same respondents, as **Figure 4** (next page) shows, 37% also reported emphasizing the IAA business model on Android-based devices — a pragmatic response, as it appears Google won't deprecate its equivalent of IDFA (which is called Google Advertising ID [GAID]) until at least 2024.

FIGURE 4

iOS Monetization Strategies Changed After IDFA Deprecation

Q: How has the release of iOS 14.5 (deprecating IDFA, Apple's GAID) changed your monetization strategy on iOS devices?

(% of respondents)



n = 385 [iOS developers only], Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

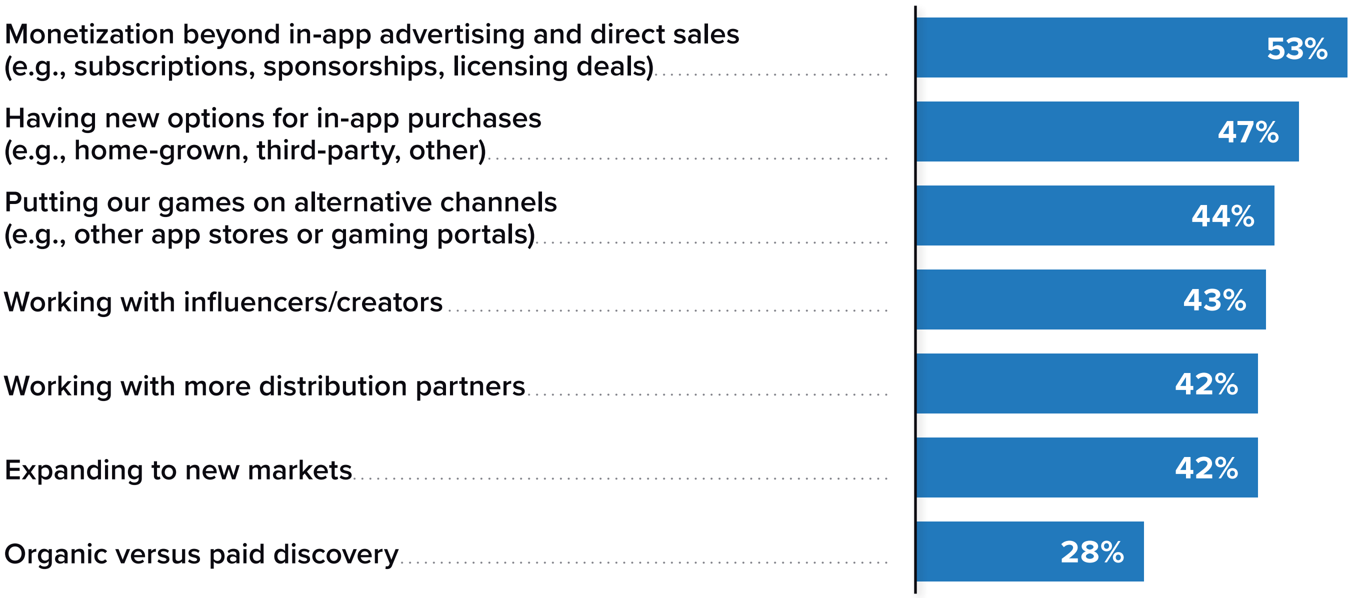
Among the entire sample, the top identified priority for game monetization growth in 2022 was moving beyond the IAP and IAA business models and into subscription services, the licensing of IP (intellectual property), and the landing of sponsored game development projects. The second most popular growth strategy was to further diversify existing IAP options, as **Figure 5** (next page) shows. Based on these strategies, as well as their ability to adjust to the "new normal" regarding iOS ads, these results help explain why more of the lead developers and studio managers surveyed were confident their companies' revenues would increase in 2022 than believed revenues would fall this year.

FIGURE 5

Current Revenue Growth Levers

Q: Which of the following do you consider to be the most important levers for app revenue growth?

(% of respondents)



n = 514, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

More Studios Are Developing Multiple Game Genres

Besides a general increase in the installed base of mobile devices, separate IDC research shows that the number of smartphones and slate tablets specifically used for gaming every month will rise 6% in 2022, to more than 3 billion devices worldwide. Another likely contributor to this year's expected rise in mobile gaming revenue is the apparent growing diversity in the game types published. Eighty-one percent of respondents to this survey indicated that their company published casual or hyper-casual mobile games, for example, while 68% reported publishing midcore or hardcore games.

Separate IDC research implies that the share of studios/companies that crossed over to make both of these broad types of gaming experiences was significantly lower several years ago. Given the rise of hyper-casual mobile games, particularly since 2018, it stands to reason that more midcore- or hardcore-leaning studios have dipped a toe in the casual mobile game pool.

In-App Ads Are a Key Element of Effective Monetization Strategies

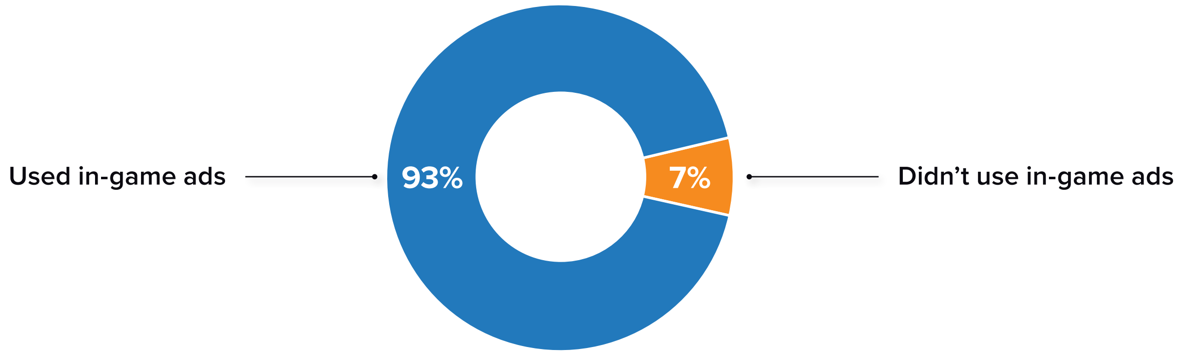
A second broad theme we found in the survey was that a clear majority of the lead developers and studio managers surveyed were not just familiar with the IAA business model but were heavy involved in it. In fact, over 90% of respondents said their company used in-app ads in at least one published title, as indicated in **Figure 6**.

FIGURE 6

In-Game Ad Penetration Rate Among Mobile Game Studios

Q: Currently, how does your company generate revenue from games? Those who responded >0% to the "in-app advertising" option are shown in the blue segment.

(% of respondents)



n = 514, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Among the studios that used the IAA business model and, more specifically, used rewarded video ads, we found that a large share of them believed these ads didn't negatively affect key performance indicators in their games. The share of respondents reporting that IAP revenue increased based on rewarded video ad inclusion was 39%, while the share reporting a decrease in IAP revenue was 19%, yielding a net positive response of 20 percentage points. The comparable impact on average player time spent in-game was also +19% in the rewarded video ad user sample, as **Figure 7** (next page) shows.

The share of respondents reporting that IAP revenue increased based on rewarded video ad inclusion was 39%, while the share reporting a decrease in IAP revenue was 19%, yielding a net positive response of 20 percentage points.

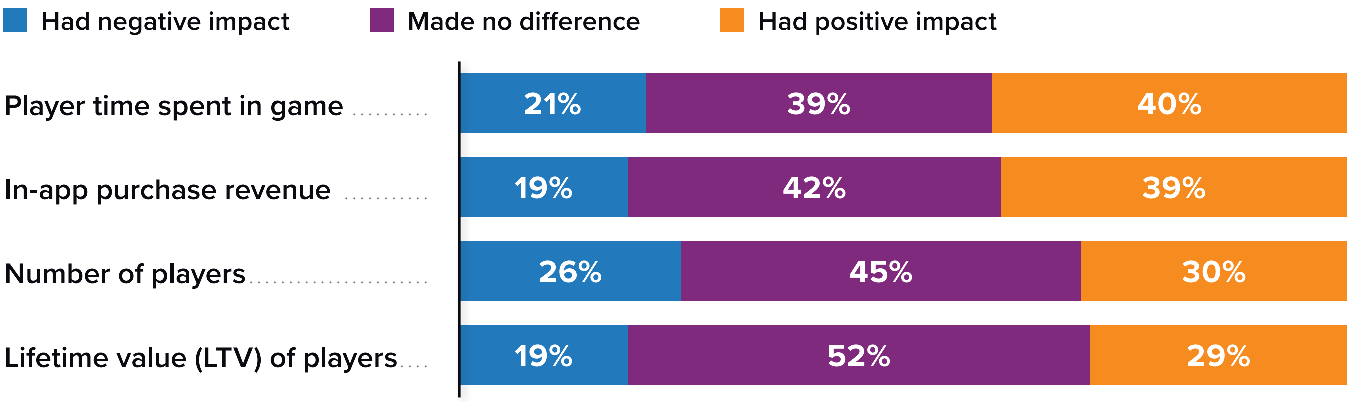
Respondents did not report a net negative impact of running rewarded video ads in any of the four performance indicators we asked about.

FIGURE 7

Impact of Rewarded Video Ads on...

Q: When thinking about your company's flagship mobile game or games in 2021, what has been the impact of running rewarded video ads on the following game-related metrics?

(% of respondents)



n = 340 [rewarded video ad format users], Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Most studios that used the IAA business model reported using multiple ad formats, but more of them reported using rewarded videos than any other ad type (at 47% of respondents). Separate IDC surveys that were fielded to mobile gamers in United States in recent years showed that these gamers are most favorably inclined toward rewarded video ads, and IDC believe this format's "watch an ad and get something in-game that's immediately beneficial" value proposition is the main reason behind this result.

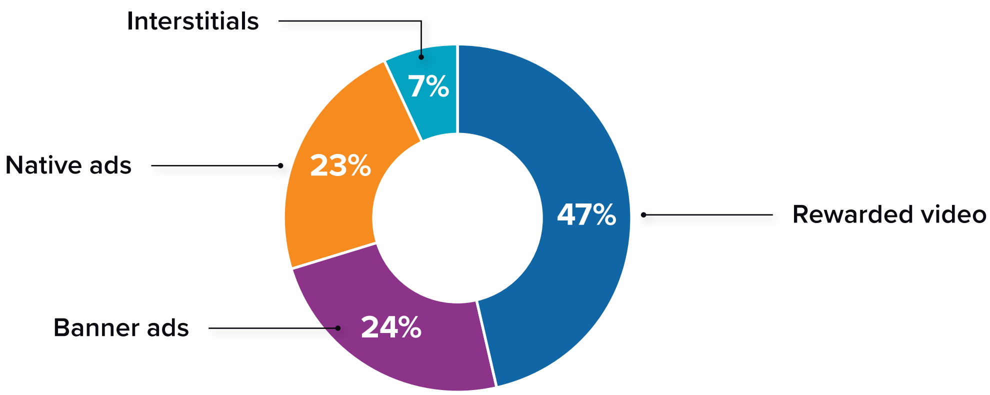
In the present survey of developers/publishers, we further found that banner ads were the second most important format, followed closely by native ads, as shown in **Figure 8** (next page). (Native ads have a natural affinity to the gameplay experience or may be name brands/products that are built directly into the game environment.) The interstitial format came in fourth among those surveyed, although video ads tend to be interstitials.

FIGURE 8

Most Important Ad Format

Q: Currently, which one ad format is most important for your company?

(% of respondents)



n = 488, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

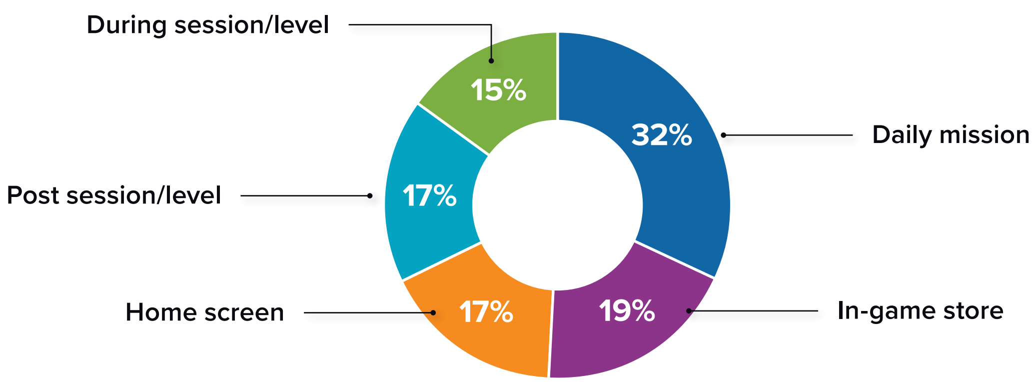
Daily missions were respondents' clear favorite in terms of where rewarded video ads were best placed in-game, at 32%. Rewarded video ads shown in the in-game store were the second most popular placement, as **Figure 9** indicates.

FIGURE 9

Best Entry Point for Rewarded Video Ads

Q: Which entry points (placements) of rewarded video ads have you found to be the most successful?

(% of respondents)



n = 338 [rewarded video ad format users], Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

IDC found a rough correlation between the importance of the four in-game ad formats considered in the survey and the overall popularity of ad formats. Among those surveyed, 70% reported using rewarded video ads, 63% used banner ads, 56% used native ads, and 41% used interstitials.

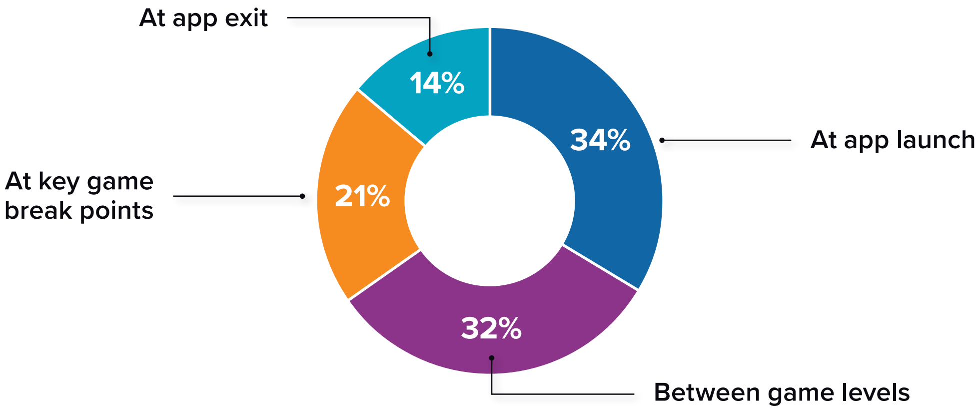
While interstitials weren't wildly popular, they are interesting in that they meet certain use cases better than other ad formats do. For example, when we asked where interstitials were most effectively put in-game, "at app launch" was the top response at nearly 34%. Inter-level placements were close behind at roughly 32%, as **Figure 10** shows. Interstitials thus fill a distinct "hole" in the context of specific games that may not be well suited for rewarded videos (although, again, there's some overlap between these types of ads).

FIGURE 10

Best Interstitial Ad Placement

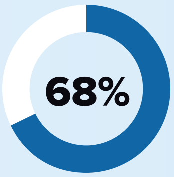
Q: Which interstitial placements have you found to be the most successful?

(% of respondents)



n = 199, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

We also asked respondents to tell us how effective each ad format was for their company. Respondents could choose a box from zero to 10, where "0" meant "Very Poor" and "10" meant "Exceptional". The following results sum the top three box replies. When assessed on a return on ad spend (ROAS) basis, interestingly, we found that three formats — rewarded videos, native ads, and interstitials — clustered closely together among those surveyed. Sixty-eight percent of respondents indicated that rewarded videos were effective, while



of respondents indicated that rewarded videos were effective in terms of ROAS.

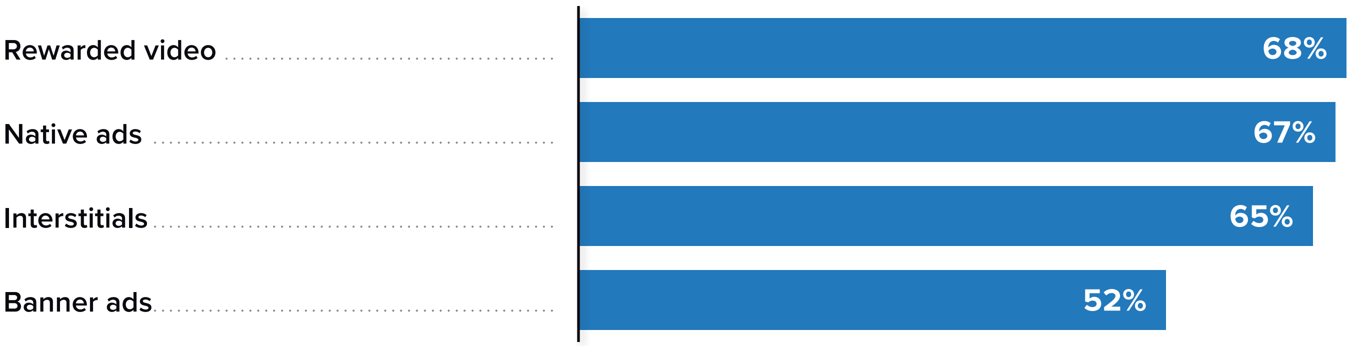
native ads and interstitials came in at 67% and 65%, respectively, by the same measure. As **Figure 11** illustrates, in terms of ROAS specifically, respondents indicated banner ads were the least effective format.

FIGURE 11

Most Effective Ad Formats by ROAS

Q: How effective are each of these ad formats in terms of return on advertising spend (ROAS) for your company?

(Top three boxes % of respondents)



n = 199 to 340, depending on the format; results sum the top three boxes on a scale of 0–10 where 0 = "Very Poor" and 10 = "Exceptional",
Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

In-App Advertising Tends to Help With User Acquisition

A third broad theme in the survey results involved a connection between the IAA business model and mobile game MAU (monthly active user) bases. One such connection point involves cross-promotional campaigns, in which popular games are leveraged by a developer/publisher to drive downloads of another, often less-popular title they make based on in-game ad campaigns that point users to the iOS App Store or to a Google Play Store landing page.

Separate IDC research suggests that the cost savings associated with cross-promotional campaigns has helped fuel some of the mergers-and-acquisitions activity between smaller ad networks and mobile game studios in recent years.

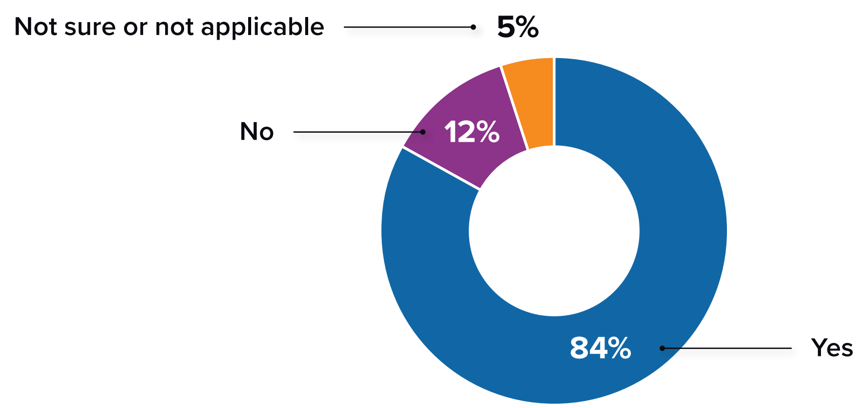
Among those surveyed for this study, more than four in five indicated that they had found in-game ads to be an effective user acquisition (UA) channel for other games in their portfolios. Just 12% of respondents, conversely, found cross-promotional campaigns ineffective, as **Figure 12** (next page) shows.

FIGURE 12

In-App Ads' Effectiveness in Game Cross-Promotion

Q: Have you found that in-app advertising is also an effective way to acquire new players for other games in your portfolio?

(% of respondents)



n = 488 [IAA business model users], Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Improved User Acquisition by Integrating Ads from the Start

Another way studios have attempted to overcome UA challenges is through the integration of the IAA business model in the game design process from the start of the development. One of the more surprising findings in this survey was that roughly two-thirds of respondents indicated that their companies were already combining UA and monetization strategies from the start of the development process. This means that bringing the IAA and IAP business models together into a cohesive whole — rather than treating them as separate tracks and teams — is a wise strategy, generally speaking.

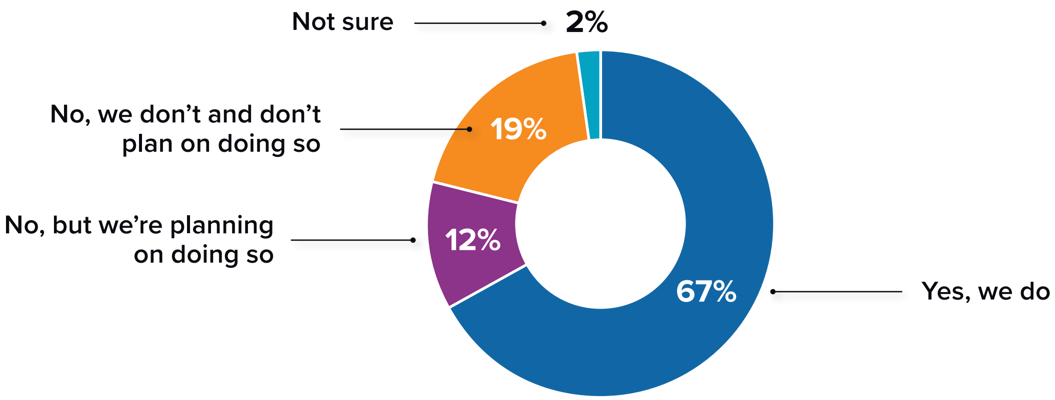
Only about a fifth of respondents said their company had no plans to combine UA and monetization strategies in the new games they're developing, as **Figure 13** (next page) indicates.

FIGURE 13

Share of Studios Combining User Acquisition and Monetization Strategies

Q: Is your company currently building a combined user acquisition and monetization strategy into your games from the start of development?

(% of respondents)



n = 514, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

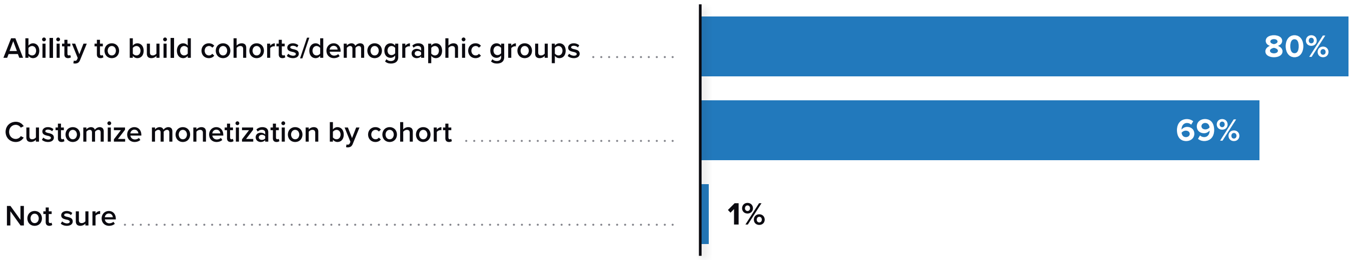
We then asked a follow-on question to the ~80% of respondents who used this combined strategy or planned on doing so, which yielded some other interesting insight into the rationales behind this converged approach. Four in five respondents to this follow-on question indicated that the ability to build and target different user cohorts or demographic groups was a core reason to combine UA and monetization strategies from the start of development. As **Figure 14** shows, an important secondary rationale was that respondents believed varying the monetization options shown to different user cohorts yielded better results (i.e., higher ARPDAU, or average revenue per daily active user).

FIGURE 14

The Upsides of a Combined UA and Monetization Strategy

Q: What do you believe are the upsides of building a combined user acquisition and monetization strategy into your game from the start of the development?

(% of respondents)



n= 408 [respondents did or intended to combine their UA and monetization strategies],
Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

How Studios Measured Monetization Success

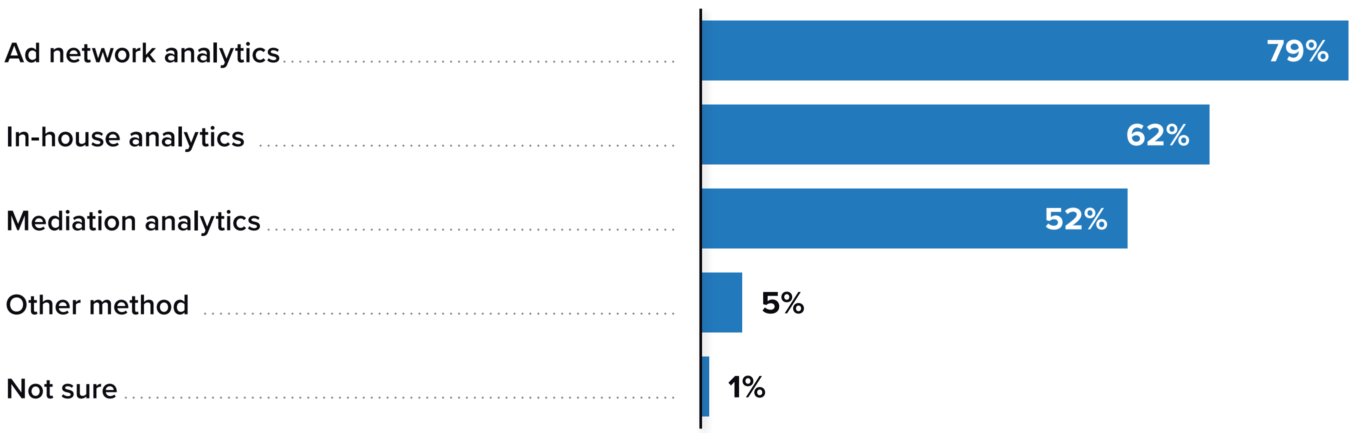
We also asked the overwhelming majority of studios that used the IAA business model what data sources and tools they used to measure success or failure with in-game ads. At 79% of respondents, the top data source or tool used was analytics supplied by their ad network partner(s). Over 60% also reported using home-grown analytics software to assess IAA effectiveness, as **Figure 15** shows. A third major data source or tool used was ad mediation analytics (which come from a variety of vendors and can help simplify IAA for developers/publishers insofar as they only need to integrate one software development kit in their game to gain access to multiple ad networks).

FIGURE 15

IAA Data Sources and Success Measurement Tools

Q: When you measure the success of in-app advertising, which of the following methods do you use?

(% of respondents)



n = 488, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

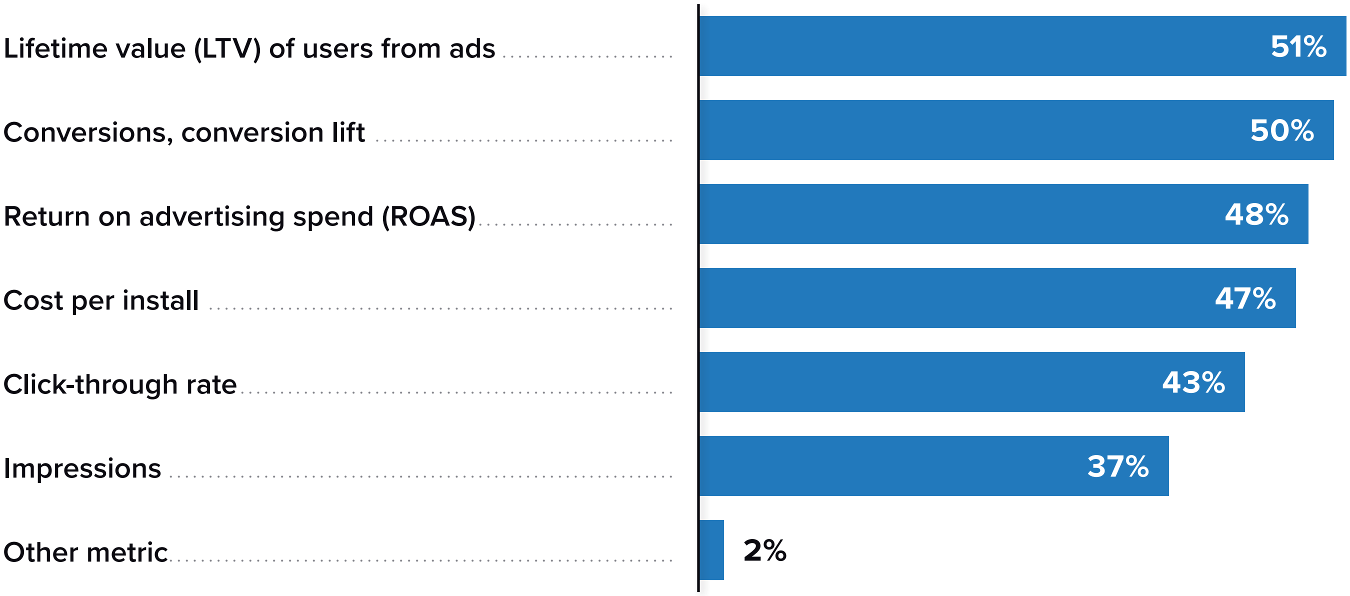
When asked what metrics the respondents are tracking in regard to the IAA business model, we found four clustered in the 47% to 51% range: player LTV from ads, conversions (or conversion uplift), ROAS, and CPI (cost per install [game download]). Click-through rates and impressions (eCPMs) were also reasonably popular metrics, as **Figure 16** (next page) shows, which were presumably assessed via the data sources and tools touched on in **Figure 15**.

FIGURE 16

Ad-Related Metrics Tracked

Q: When you measure the success of in-app advertising, which metrics do you track?

(% of respondents)



n = 488, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

The last topic we addressed in the area of MAU base growth strategies and in-game ads was designed to contextualize where in-game ads fit relative to other UA channels. A surprise finding was the perceived importance of working with social media influencers and content creators as a UA lever. While IDC was aware that some mobile game developers/publishers worked with influencers and creators to help generate interest in their games and drive up app installs, we didn't expect this channel to be the leading UA lever identified by respondents in this survey.

Fifty-four percent of respondents indicated that working with influencers/creators was an important UA lever, while 53% indicated that working with social/gaming communities and networks outside the game was a key UA growth lever. Third, at 51% of respondents, were social/viral uptake features that are built directly into games. In-game ads placed fourth, as **Figure 17** (next page) indicates.

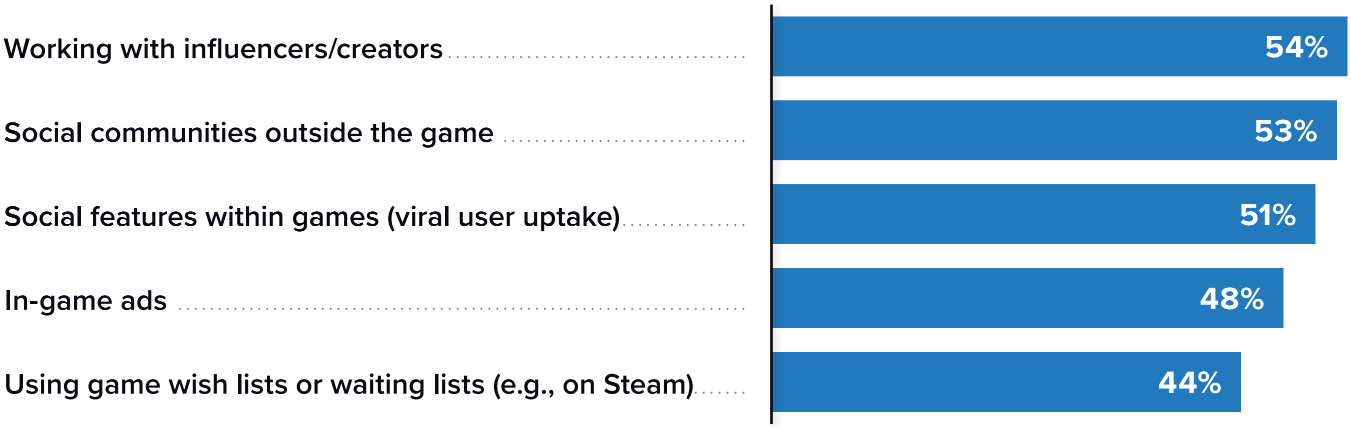
The IAA business model, of course, serves a dual function for many developers/publishers insofar as it's used to generate revenue from non-endemic brands and nongame app ads and it's also used for internal UA purposes (based on the cross-promotional technique described earlier or by the running of ad campaigns in other companies' games). Due to this dual function, it isn't too surprising that in-game ads came in fourth on the UA lever list, at 48%, because the three UA growth levers that placed higher tend to be more narrowly focused on driving UA.

FIGURE 17

Most Important Levers for User Acquisition

Q: Which of the following do you consider to be the most important levers for user acquisition?

(% of respondents)



n = 514, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Incidentally, 65–66% of respondents stated that iOS- and Android-based game apps lent themselves well to advertising, a significantly higher share than those who believed local game console or PC games were well suited to in-game advertising (58–59%).

IAA Results Improve When Built into In-Game Economies from Launch

A fourth theme we identified in the survey results was the sense that studios tended to succeed when the IAA business model was thoughtfully integrated into the gameplay experience early in the development process. We already touched on this idea in the context of **Figures 13** and **14**, but let's unpack this idea a bit further.

We asked lead developers and studio managers a question regarding their Day 7 and Day 28 retention rates in the context of newly launched games, and also asked them to identify if these titles more often met their initial retention and ARPDAU targets when the IAP business model was used alone versus when IAPs were used in tandem with the IAA business model. The results of this question are shown in **Figure 18** (next page). Respondents generally told us that the combo of IAA and IAP more often outperformed on ARPDAU and player retention targets relative to games that solely focused on IAP.

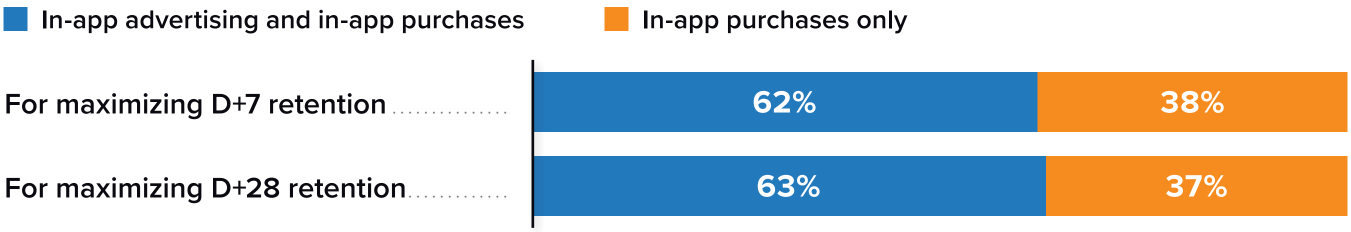
The numbers didn't change much between the Day 7 and Day 28 results: 62% to 64% of respondents indicated that the IAP + IAA business model outperformed by these measures relative to IAPs alone. The result implies that when it's carefully integrated early in development, small, midsize, and large studios alike tend to benefit from a mix of IAP and IAA monetization. Less than 38% of those surveyed, conversely, believed their companies were better off relying solely on the IAP business model to hit their initial ARPDAU and retention goals.

FIGURE 18

Integrating IAA from App Launch Can Support Retention

Q: In your view, what is the best monetization strategy to meet your average revenue per daily active user (ARPDAU) target when launching a game?

(% of respondents)



n = 514, Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Last, a modest share of respondents (16%; n = 84) indicated that their studios had gone down the "retrofit" path in at least one of their games, meaning that they added in-game ads to a title after it was launched (without preplanning to do so). The results warrant caution due to the limited sample size, but **Figures 19** and **20** (next page) get at the experienced impact the addition of ads to existing games had on these titles. It wasn't conducted under ideal conditions, but these studios, in effect, ran experiments that revealed the impact of ads against an ad-free "baseline" performance of their games.

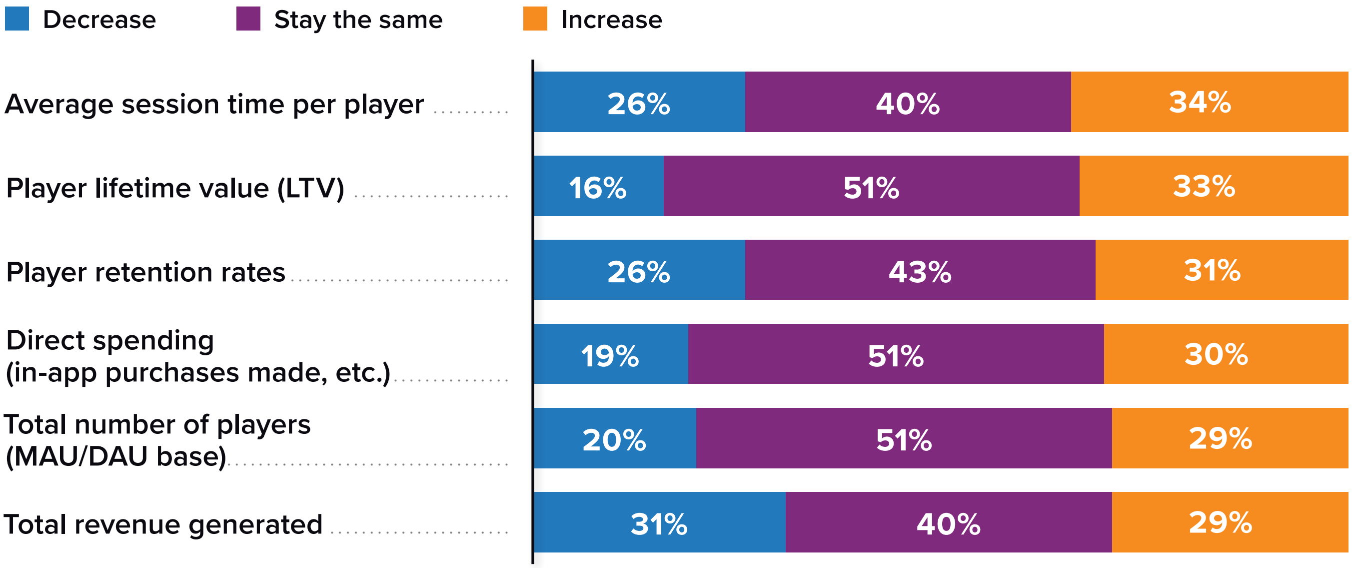
As **Figure 19** (next page) shows, the results were mixed. Adding IAA to a game that had previously only been monetized via IAP increased LTV, average playtimes, and IAP revenue. Player retention rates and the overall MAU/DAU (monthly/daily active user) base size were also up by single digits. The metric in negative territory by this measure was total revenue: 31% of respondents told us revenue fell after the ad "retrofit" took place, while 29% said total revenue instead increased. As suggested above, these types of performance indicators should tend to be higher if the IAA business model is considered in relation to direct monetization paths from the outset of development.

FIGURE 19

The Effect on Metrics of Adding Ads to a Previously Launched Game

Q: What effect did adding advertising to direct spending monetization have on the game's performance?

(% of respondents)



n = 84 [studios that added ads to a launched IAP- or subscription-based mobile game], Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

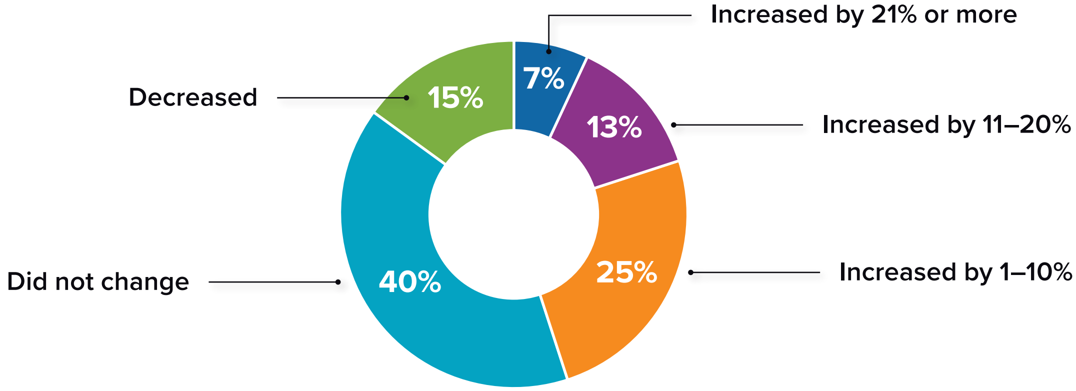
This same subset of respondents who added in-game ads post-launch were then asked about ads' impact on ARPDAU. The results to this question are reflected in **Figure 20** (next page). Fifteen percent of respondents said ARPDAU dropped after the introduction of ads, but 25% indicated ARPDAU rose 1–10% after ads were introduced. Another 13% indicated ARPDAU rose +11–20%, and 7% said ARPDAU increased at least 21%. These results suggest that while adding ads to previously launched games isn't always a good idea, even under these less-than-ideal conditions, 44% of developers/publishers found that this new revenue stream increased ARPDAU at least marginally.

FIGURE 20

What Effect Does Adding Ads to Previously Launched Games Have on ARPDAU?

Q: After adding in-app advertising to your previously direct sales-only game, what was the effect on your average revenue per daily active user (ARPDAU) for your game?

(% of respondents)



n = 84 [studios that added ads to a launched IAP- or subscription-based mobile game], Source: IDC's *Custom Survey sponsored by Meta Audience Network*, 2022

Future Outlook

Separate IDC research has shown that mobile game developers/publishers generated more than $31 billion from in-game ads in 2021 worldwide. IDFA deprecation certainly undercut iOS ad growth last year, but it was offset to a significant extent by increased Android-based ad spending. We anticipate that GAID deprecation will happen on most Android-based devices in early 2024. We believe, however, that this impact will not be as profound as IDFA deprecation on iOS devices last year for a variety of reasons, notably the longer lead time that Android ecosystem vendors will have to plan for these changes and because many companies are already working on effective workarounds in an iOS context.

Our five-year compound annual growth rate for ad-related payouts to mobile game developers/publishers is 15%. We expect in-game ad revenue going to mobile game development studios and publishers will approach $63 billion worldwide in 2026.

Challenges/Opportunities

Marketplace challenges include the denouement of the COVID-19 pandemic, the ongoing clampdown on gaming in China, the war between Russia and Ukraine, the ongoing fallout from IDFA and GAID deprecation, and ad fraud (manual or bot-driven "fake" clicks and app installs that make money for many of the companies engaging in this activity but are bad news for all other ecosystem players).

Growth opportunities should be unlocked by the rollout of 5G cellular networks and the adoption of more potent 5G-enabled smartphones (and slate tablets). Other opportunities include gaming's general rising profile in the context of personal and family entertainment, efficiencies associated with the shift from waterfall-based mobile ad campaigns to programmatic ad processes (that use real-time bidding tech), and an increasing willingness of large brands to dedicate significant portions of their ad budgets to channels such as in-game ads to reach "Zoomer," Gen Z, and millennial customers especially.
Contact IDC if more detail on these market challenges and opportunities is helpful.

Conclusion

IDC's survey of 514 lead developers and studio managers at mobile gaming companies worldwide reached the following conclusions:

1. Mobile game studios anticipated healthy revenue growth this year relative to 2021. Twenty-nine percent more respondents believed IAP revenue would rise at their companies in 2022 than would fall versus 2021.
2. In-game ads are an established aspect of most mobile game studios' revenue mix. Ninety-three percent of respondents to this survey indicated that their studio supported in-game ads in at least one of their titles. The results also showed that rewarded video ads outperformed other ad formats and didn't tend to negatively impact player lifetime value (LTV) or monthly active users (MAUs).
3. The addition of in-game ads more often than not helped increase mobile gamer MAU bases, according to the lead developers and studio managers surveyed. Cross-promotional techniques were viewed as a particularly effective driver of new game downloads.
4. The IAA business model tended to be most effective if aligned with the IAP business model from the start of development. Tacking ads onto existing games was less effective. Roughly two-thirds of those surveyed said their companies were building combined user acquisition and monetization strategies from the start of development. This suggests that this approach is relatively effective and will be an important aspect of the mobile gaming ecosystem moving forward.

Appendix

Contact IDC for the full questionnaire used in this survey process, or with any methodological questions.

About the Analysts

Lewis Ward
Research Director, Gaming and VR/AR, IDC

Lewis Ward is a Research Director whose coverage area includes the global video game and augmented and virtual reality (AR/VR) marketplaces. In terms of gaming, he covers home video game console hardware, software and services market, the digital PC gaming landscape and aspects of the associated hardware and peripherals market, and mobile and handheld video game software and hardware. Regarding AR/VR, he covers off-the-shelf and custom software and services in depth, and contributes to IDC's hardware coverage (i.e., head-mounted display shipments). A long-time enthusiast who developed a text-based game in BASIC on the Apple II in middle school, and who ruled the roost at Joust in the mid-80s, Mr. Ward brings three decades of consumer entertainment-oriented experiences and business acumen to bear in his current role.

More about Lewis Ward

Karsten Weide
Program Vice President, Media & Entertainment, IDC

Karsten Weide is the Program Vice President, Media & Entertainment, at IDC. He heads up IDC's consumer research team, covering new media, consumer digital transformation (CDX), consumer IoT, consumer video, and gaming. His own research practice covers digital advertising and the consumer internet. In advertising, some of the top research subjects are mobile advertising, social advertising, programmatic advertising, performance advertising, AI/ML and header bidding. Mr. Weide's qualitative work is contained in IDC's Advertising Software research practice. He also runs IDC's Worldwide Digital Advertising Market Model, a database tracking and forecasting advertising at an unparalleled level of detail for 50+ geographies. His Worldwide New Media Market Model tracks all important consumer internet data points for 50+ geographies, including socioeconomic data, user and access device numbers, digital activities, detailed ecommerce data as well as top-line advertising numbers. Mr. Weide is an experienced executive with 25+ years of experience in the media and advertising industry. He is a two-time winner of IDC's Research Quality Award, a recipient of IDC's Research Innovation Award, and of IDC's Excellence Award for Business Development.

More about Karsten Weide

Message from the Sponsor

Meta Audience Network empowers app developers and publishers to deliver a great user experience while growing a sustainable business. With Facebook demand from millions of diverse global advertisers, publishers can expand their app's reach, keep users engaged, and monetize globally.

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