



The Four Monetization Mistakes That Are Costing You Money

Monetizing your mobile game is hard work. The game industry is constantly changing and evolving, with new rules, formats, technologies, and tools coming out at a rapid pace.

There's also more competition than ever before. Thousands of new apps go live every single day, so even if your app is amazing, it can be hard to make it stand out. Most new apps being released are free, which means that a clear and complete monetization strategy is more important than ever before.

All of this isn't meant to scare you. It's to remind you that with so much to think about, there are many misconceptions and myths about monetization. It's easy to get confused or make mistakes with so much going on.

That's exactly why we put together this guide.

At Unity, we've worked with some of the largest publishers and studios to monetize their games in an effective and scalable way.

In this guide, you'll learn about the four biggest mistakes that monetization managers make, and what you can do to avoid making the same ones.

Mistake #1

Not knowing which types of ad placements to choose

This is one of the most common mistakes that we see, and for good reason. There are so many formats to choose from, and so many misconceptions about which ones work best for a particular game or category. In-app advertising is also the most common form of monetizing a free-to-play game, so it makes sense that there's so much energy put into figuring out which formats work and which ones don't.

Here are some of the pros and cons of the more popular ad formats.

Banner Ads

Banners are one of the most common formats in digital advertising, but often incite some misconceptions in mobile advertising, particularly for games. They're one of the least intrusive forms of advertising, because they're usually on the bottom of the mobile screen, outside of the regular gameplay experience.

They are some of the oldest ad formats in the advertising space, so you might think that they don't work anymore, but that's simply not true.

According to Appodeal's Performance Index:

Despite being on the lower end of eCPMs, banner ads have endured as the second highest revenue generating format across all regions and even held the top spot in markets like Latin America and Western Europe on iOS. Its ubiquitousness and extremely high impression rates make this still a reliably strong monetizing format.



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The problem isn't actually the format itself. It's the creative.

Don't believe the hype that banners are dead. You should incorporate banner placements into your mobile game. But reconsider your copy and visuals to make sure your ad is on target.

Interstitials

Interstitial ads work great as an ad format if used between levels, since that is a natural break in the game that players are expecting.

One big mistake publishers make with interstitials is they are too aggressive and show too many ads too often. This isn't an optimal player experience, and can result in an overall decrease in player long-term value (LTV). Recently, the trend has been non-skippable ads, where the creative is made in such a way that it hides the "x" button to close the ad, hoping to generate more revenue from it.

One [study found](#) that ad viewers spent 22% of the ad playing time looking for the "x" button.

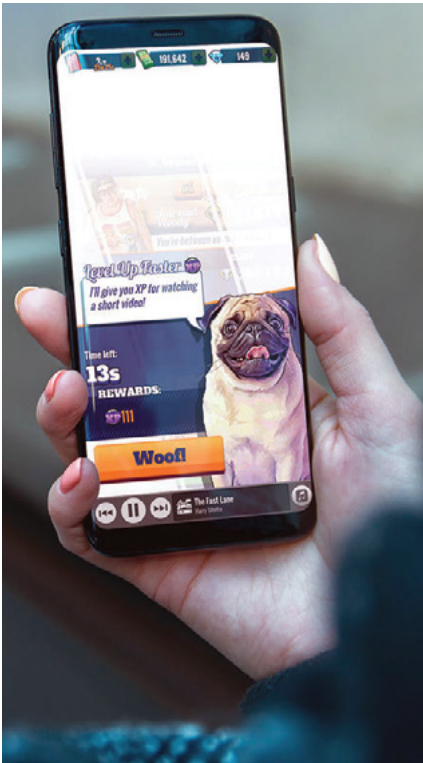
This is a bad user experience (UX) pattern and, long-term, will decrease your overall revenue due to players churning from your game.

Instead, use interstitials where they make sense, and err on the side of caution when thinking about how often to implement them.

Rewarded ads

Rewarded video ads are consistently seen as the top-performing ad format for any game. The reason these work so well is because players get something out of it, like an extra life or more power. So keep in mind, it's not the ad unit or the creative itself, it's the fact that there's an exchange of value that is contextually relevant to the game being played that makes watching that advertisement more bearable.

You should absolutely include rewarded video as part of your overall strategy, but make sure to integrate it properly within the natural progression of the game.



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Interactive ads

Interactive ad formats like playables and augmented reality ads bring you more diversified demand, engage players better, and help you earn more revenue.

Augmented reality (AR) is one of the most exciting technologies to come into the advertising space in a long time. The creative possibilities are endless, and some innovative brands are taking advantage of this.

When it comes to AR ads, we see two fundamental misconceptions:

- People aren't sure if AR technology is ready for prime time.
- People think the technology is too complex.

In fact, when we surveyed creatives about their thoughts on AR advertising, the findings were that people were excited about the technology, but didn't know where or how to get started.

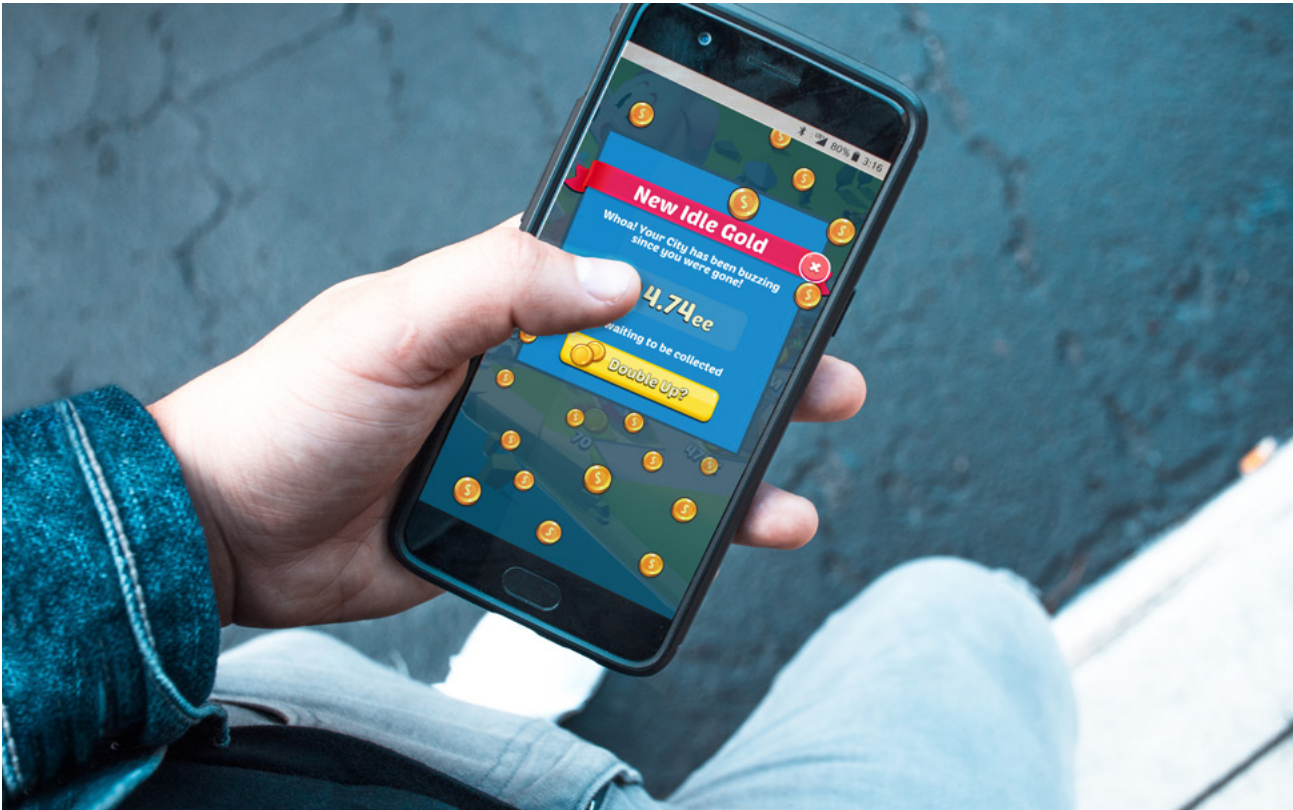
At Unity, we have a ton of learning resources to help you get started with AR ads, and we've seen that they work and can drive high engagement.

Tips to fix Mistake #1

Here are some important things to keep in mind when thinking about ad formats in your mobile game:

- Be mindful of the player experience.

The primary thing you should be focusing on is optimizing the player experience. If you focus on the long term, and have a strategy for monetizing loyal and returning players, you'll be on your way to success. Remember, the best-performing ad units are deeply integrated with the app UX.



- Test everything.

Regardless of your game characteristics, such as its core game loop or its genre, every game is unique. Every player cohort is also unique. This means that you need to test everything rigorously. You'll never know for sure what will work for your particular game if you don't test it.

- Make data-driven decisions.

Especially early on, make investments into analytics. Spend the time setting up the right events so that you can have a deep understanding of your players. With that knowledge, you'll be able to create a monetization strategy that fits with their wants and needs.

Mistake #2

Not diversifying demand sources

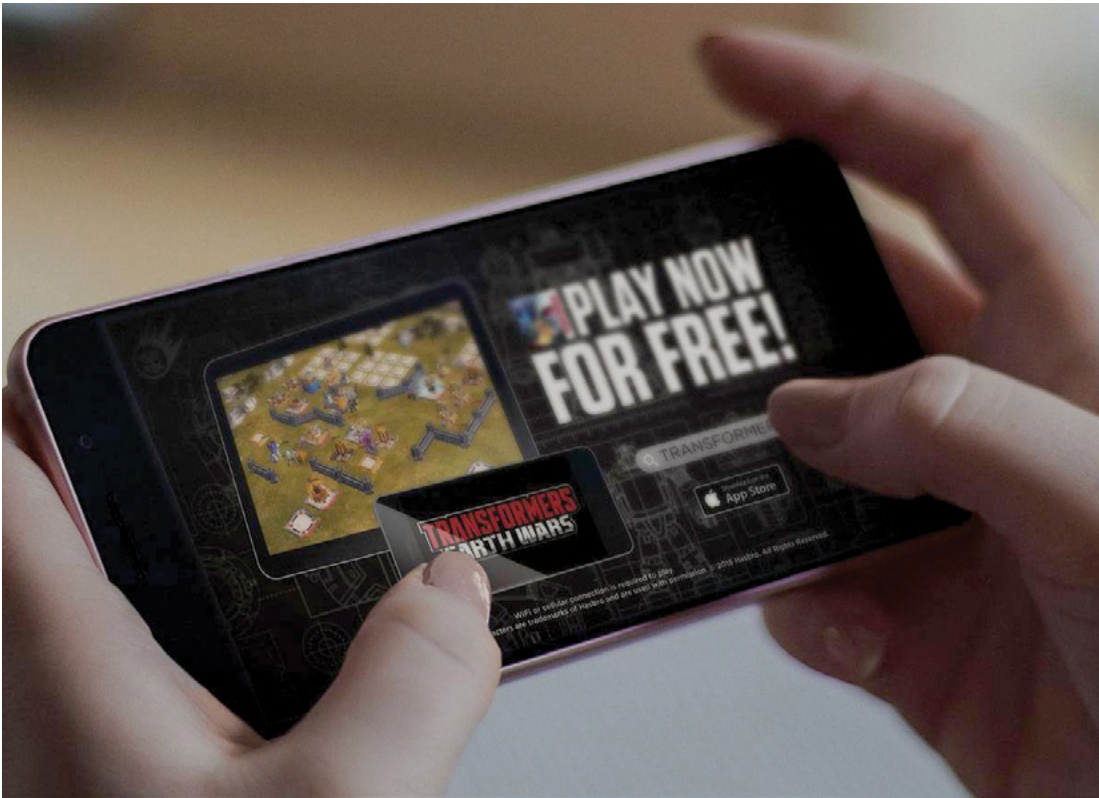
As a publisher, when you're serving ads through multiple networks at the same time, you may be concerned that you're just reaching the same advertisers through different channels. The fear is that advertisers all buy ads through the same reputable sources, so diversifying your sources of demand does little to expand your true reach to advertisers. In theory, this makes sense, but it is a common misconception in monetization.

To see if this was true or not, Unity teamed up with Liftoff, one of the biggest mobile app marketing platforms, to run an experiment on the demand side of this equation.

Unity looked at auction-level data logs of our largest mutual advertisers to see if cannibalization occurs when advertising on both Unity and Liftoff at the same time.

What we found was that this very rarely happened. In order for cannibalization to occur, two or more partners need to bid on the same user at the same time for the same ad space – an extremely unlikely scenario considering how much inventory is out there.

Also, it's important to remember that exchanges aggregate huge user populations and sets of inventory. As a result, each buyer on an exchange bids on only a tiny fraction of available inventory. The overlap of those bids from multiple bidders for the same advertisers is incredibly small. In analyzing the data, we found that Liftoff and Unity



bid on behalf of the same advertiser in only 0.3% of auctions. The takeaway is that even if many demand sources reach an overlap of advertisers, the overlap at the auction level is extremely low, meaning that you should always make sure you have access to a broad set of demand sources.

Tips to fix Mistake #2

Here are some things to keep in mind when thinking about maximizing demand for your ad inventory:

- Explore multiple networks.

As part of a complete and robust ad strategy, make sure to explore multiple ad networks and be willing to work with multiple partners.

- Remember that ad buying is complex.

Keep in mind that ad buying is incredibly complex, so take it slow, test everything, and keep a learning mindset.

Mistake #3

Blocking competitor ads

A big mistake in monetization is blocking competitor ads from showing within your game. The thinking goes something like this: if you have, for example, a first-person shooter game, you wouldn't want another first-person shooter to advertise in your game because players will simply leave your game to go play your competitor's game.

What we've found is that, generally, this shouldn't be a concern, especially if the competitor is the highest bidder for that user. Competitive overlap in auctions tends to be low, and the risk is outweighed by the revenue. That ad is very relevant to your users, so the engagement should be high.

By blocking that ad, you're lowering your potential earnings because it reduces competition for that ad space, which leads to lower CPM (cost per thousand).

In one test, game-studio Storm8 segmented their users into two groups: one that is shown all ads (regardless of whether they were from competitors or not) and one that had competitor ads hidden. After three months, the group that saw all ads drove a much higher ad payout than the group that had ads hidden. For the group that saw all ads, eCPM (effective cost per thousand) was 15% higher, and that revenue came with very little attrition. There were also no negative results in terms of keeping users engaged.

At the end of the day, if you focus on a great player experience, you can feel confident that your players won't leave your game.



Golf Club: Wasteland by Demagog Studio — Made with Unity



Tips to fix mistake #3

Here are some things to remember when planning to block competitor ads:

- Players might not leave.

Just because a player sees an ad for a similar game, it doesn't necessarily mean that they will leave yours and go for theirs. It's possible the user will play both. What you need to focus on is making a game that people love. If your game experience is better and you're not too aggressive with your ad strategy, players will stick with your game regardless.

- Optimize for revenue.

Don't miss out on revenue opportunities because of fear of the competition. You need to test these things to see what works and what doesn't. Let data guide your decisions.

- Add value for your users.

At the end of the day, you want to give your users value. If that means showing them an ad for a competitor, then so be it. They will find it valuable and engage with it, earning you more revenue.

Mistake #4

Believing the AI hype

Almost all of the ad networks out there will claim to have advanced machine learning and algorithms that can optimize your earning potential.

Don't believe the hype.

There can be huge distinctions between the quality of machine learning in one network versus another.

A machine learning algorithm is only as good as the input it receives, so you need to be able to distinguish the good ones from the bad.

At Unity, we're fortunate in that our gaming data is extremely high quality, thanks to all of the mobile games that are built using Unity's engine.

With 50% of mobile games powered by Unity and more than 10 billion ads served monthly, we have a lot of gaming data to train our algorithms with. We've recently made investments in optimizing our machine learning model for ads, and the results have been tremendous so far:

- 13% increase in eCPM on performance ads
- 8.5% increase in eCPM at the overall network level

We're constantly working on optimizing these algorithms, and we're confident that we have one of the strongest mobile app networks.



Tips to fix Mistake #4

Here are some things to remember when looking for machine learning in ad networks:

- Do your research.

Take your time to fully research an ad network before partnering with them. Read reviews, speak with sales staff, ask connections in your social networks.

- Garbage in, garbage out.

If you give an algorithm bad data, you'll get bad results. Investigate whether the quantity and quality of the data used by an ad network for machine learning is competitive in the market.

- Test with a small budget to see the quality.

In order to see proof of a platform's capabilities, you should test it with a small budget to learn and iterate.



Key takeaways

More than anything, the secret to good mobile monetization is to change your mindset. You need to change from thinking about pure monetization to taking an experimental, testing approach.

Everything you do in a monetization context should follow these three principles:

1. Let data guide your decisions.

You need to test everything. There's no way to know for sure whether something will work or not, regardless of how many other similar games have tried it before. Working with product managers, liveops managers, and user acquisition managers, you should be rigorous about prioritizing growth. Run experiments, and let the data make decisions.

2. Focus on the player experience.

As a monetization manager, your job is to monetize the game and scale revenue successfully. This can often lead to being too aggressive in your ad or in-app purchase strategy. While easier said than done, you need to focus on the long term, and ensure a smooth player experience. Once a player is settled in, and has shown (through data) that they are constantly returning and are a loyal ambassador, you can scale up the aggressiveness. But at the beginning, focus on delighting your users.

3. Take big swings.

Don't be scared to test big things that have never been done before. Test ads, in-app purchases, subscriptions. Develop partnerships, run A/B tests, find new cohorts to go after. Try things. Go big or go home.

If you follow these principles, you'll be on your way to successfully growing your games business for the long term.



unity.com/solutions/mobile-business/monetize-your-game