

EXIT STRATEGY

David Murphy talks to IQzone co-founder and executive vice president, **John Kuolt**, about the company's unique approach to in-app advertising - **Postitial®** - which waits until the user exits the app before serving an ad, with impressive results

Question: How do you monetise your free mobile apps and games? Answer: Simple, you target app users with ads while they are using your app or game. Such is the premise on which much in-app mobile advertising is built. But it comes with an inherent problem: targeting app users with ads for other apps, or anything else for that matter, while they are in the middle of enjoying the app they are currently engaged with, is almost inevitably bound to lead to low clickthrough rates, because of the interruptive nature of the ad.

This is the problem that mobile advertising technology firm IQzone set out to solve earlier this year with the launch of its Postitial® mobile ad unit, which serves a full-screen, interstitial ad to the user as they end their app session and move on to another. The technology is unique, patent-protected, and, as IQzone co-founder and executive vice president, John Kuolt, points out, perfectly matched to the way mobile users engage with apps.

"Mobile is very different from digital and online in that people are very activity-oriented," he says. "You launch an app, do something, close the app, open another, do something, close that, open another and so on. Users are far less likely to engage with

an ad if they are in the middle of an activity, such as checking the weather or playing a game, but when they have finished what they opened the app to do, that's a different matter."

In addition, says Kuolt, the Postitial® ad units offers developers a new, incremental source of revenue. App users might currently get five impressions per user session while engaged with the app. With Postitial® they will get one additional high-impact impression on exiting the app. So if an app generates, say 1bn impressions each month, the additional Postitial® impressions amount to an additional 200m impressions per month. "It's like a magazine publisher making the back cover available to advertisers for the first time," says Kuolt. "These are extremely high paying ads because they use full screen real estate such as interstitial, rich media, and video. And because these ad units catch the user at a time when they are in a much better position to engage, they deliver clickthrough rates (CTRs) that are 3-5x those of standard in-app ads. When people are engaged with an app, they are less likely to click on ads, but they are much more comfortable clicking on ads in a transition point, such



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as at the end of an app session. Not only is this great for app publishers, but as Postitial® supply grows, there is a huge opportunity here for brands. In the US alone, there is over \$20bn of brand advertising that wants to transition from other media into mobile, but banner ads are unacceptable to these premium advertisers. Brands need the entire screen to tell their stories properly, and the global shortage of full screen mobile inventory represents one challenge in the mobile advertising space."

Rapid take-up

With figures like the ones Kuolt quotes, it's not surprising that take-up has been rapid among the mobile advertising community. The Postitial® tech has already been integrated with many of the leading mediation partners and mobile ad networks, with the goal in the near future to be working with all major SSPs and ad exchanges. The integration means that a publisher using a given ad network or exchange to serve ads in-app can simply tick a box to switch on the Postitial® ad unit. Postitial® technology currently works on all Android handsets and tablets by using extensive algorithms to determine when the user exits an app, including controlling the hardware 'Home' button. The technical ability to do this was born out of IQzone's other products that were pre-embedded on most major handset manufacturers. Kuolt says Android works perfectly in the company's favour considering 80 per cent of all smartphone handsets sold globally last quarter were Android. So it's fitting that this solution is helping Android developers address the imbalance with iPhone eCPMs. "It's well-known that iPhone eCPMs are higher than Android, which is why a lot of developers tend to favour Apple over Android. But since Postitial® exclusively uses high paying full screen real estate and engagement is much higher, this is a great way for Android developers to increase their eCPMs to match or even better those on iOS." Kuolt's assertion is backed by research from his colleagues at in-app ad exchange, MoPub, whose Quarterly Insights Report for Q2, 2013, revealed that in June, the average eCPM for Android in-app

ads was \$0.84, compared to \$1.16 for iOS.

User feedback regarding Postitial® ads is also encouraging, says Kuolt. "We have carried out extensive studies on user fall off, using flirting apps, where the app is opened and closed lots of times in relative terms, and the Postitial® ads score very high on user experience, with no evidence of users engaging less with the apps."

For publishers, meanwhile, Postitial® promises to solve that conundrum of engaging users through full-screen in-app advertising, without negatively impacting the user experience. "To make good money, publishers need to display full screen ads with rich media and video, but in doing so during the app

session, they hammer the user experience," says Kuolt. "Instead of fighting the app for full screen real estate, our solution is to wait until the user has done whatever they are doing, and after that, display a high paying full screen ad. This signals to the user, for example: 'Thanks for playing the game. That last session was paid for by Coca Cola.'"

Jim Wolfinger, IQzone's CEO adds, "We're not trying to reinvent the wheel, we are just creating a new, high-paying ad slot to increase revenue for Android developers, and doing so in a way that does not affect the app user experience. We are also creating a full screen, homogenous user experience to encourage brands to increase their mobile ad spend." ■



What the customers say

Two IQzone customers told us what they think of the platform...

Simon Budd, account manager, Handmade Mobile Entertainment: "Launching Postitial® to me was like getting 'free money' without compromising the user experience. Not only was it new inventory that we would otherwise not be able to create, but our eCPMs went up by over 5x, there has been

no impact to the user experience and integration was a breeze as Postitial® is already integrated into most major SSP/Mediation SDKs. **Georg Fiegen, COO, Smaato:** "Postitial® provides an innovative solution for our publishers to increase overall earnings without impacting the user experience."



Postitial® delivers:
5x eCPMs
3-5x CTRs