

The Trouble with In-App Advertising

Contributed by eMarketer
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Users welcome ads to create a free experience, but with caveats

Most smartphone users prefer to get their apps for free, and accept the tradeoff of advertising to support that. November 2011 research from Lab42 found that 80% of smartphone users had recently downloaded apps with ads, and data from the same month from Pontiflex indicated just 12% of smartphone users preferred to pay for apps.

The Lab42 survey revealed that most smartphone users had clicked on at least one in-app ad in the past three months, though not many had clicked on more than a few. But despite evidence of the high effectiveness of mobile advertising, just half of that group remembered what the ads they had clicked on were for.

The Pontiflex survey found a preference among smartphone owners for ads that keep them within the app, rather than pulling them into a mobile browser, and a lack of affinity for mobile video ads, which are similarly disruptive.

Other mobile ads might incentivize an app user to download another app, such as by offering points or rewards within the game a smartphone user is already playing. These efforts appear similarly ineffective, according to the Pontiflex survey.

Even among smartphone users who were successfully convinced to download a new app, incentives don't guarantee much use, and nearly two in five preferred to keep their smartphone decks clear of extra icons by quickly uninstalling the app.

Marketers have a clear opportunity with in-app advertising: Millions of consumers want a free product and are willing to view ads in exchange for it. Those ads often spur higher click rates than online banners, but they must be relevant and avoid being overly disruptive.

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