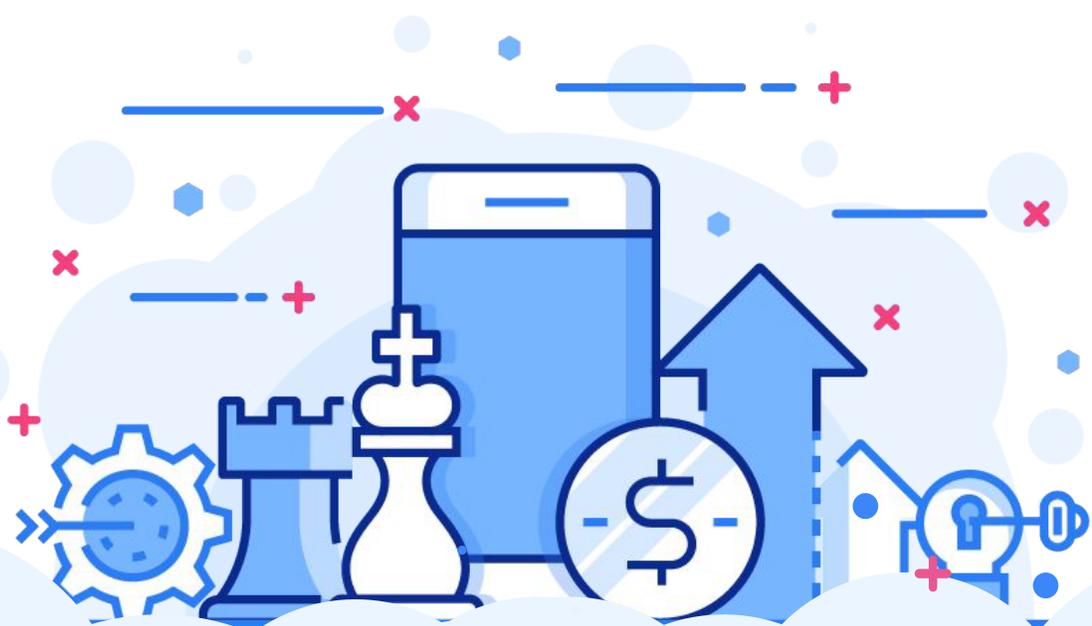


Post-IDFA Mobile Game Advertising Costs: Casual vs Core



Executive Summary

Moloco analyzed 13.5 billion ad impressions from across the programmatic ecosystem to better understand the impact that Apple's latest privacy restrictions have had on the cost of user acquisition for mobile game marketers.

The analysis, which grouped data from hundreds of games into two primary categories of Casual and Core, found that Casual advertising costs have largely declined while Core advertising costs have increased.

Moloco recommends mobile marketers invest in a strategy of diversification and return-on-ad-spend (ROAS) based optimization to keep portfolios profitable going into 2022.

Advertising Costs for Casual Games Are Falling

- The average cost per install for Casual games on iOS has fallen 38% since the release of iOS 14.6

Advertising Costs for Core Games Are Rising

- The average cost per install for Core games on iOS has risen 78% since the release of iOS 14.6
- The average cost per install for Core games on Android has risen 36% since the release of iOS 14.6

Cost Per Install Post-iOS 14.6

January 1, 2021 - May 23, 2021 vs May 24, 2021 - September 30, 2021

	iOS	Android
Core	+78%	+36%
Casual	-38%	+16%

Adapting To The New Mobile Games Marketing Landscape

Apple's new privacy restrictions – and the resulting loss of user-level identifiers as a means of mobile ad targeting on iOS – have had contrasting impacts on advertising costs across the mobile game market. Some categories have seen immense benefits as the cost of customer acquisition fell with little change in average customer lifetime value. Others have seen advertising costs increase as demand for identifiable high-value users rises.

To better understand these changes and provide actionable insight into how mobile game marketers can adapt, Moloco analyzed **13.5 billion** ad impressions across the programmatic ecosystem. This report analyzes those impressions to provide a clear understanding of the macro-level pricing trends

that have resulted from the release of iOS 14.5 and 14.6.

In the case of Casual games, the release of iOS 14.5 triggered a month-long transition that saw the cost of iOS installs, which earlier in the year averaged more than twice the cost of Android installs, fall to being only slightly more expensive. Core games, on the other hand, have seen average install costs rise as marketers compete for high-value users that, as more users opt out of tracking, are in increasingly short supply.

Regardless of your category, there are a few best practices that every mobile games marketer can employ now to ensure they make the most of their paid user acquisition budget for the future.

- 1. Set aside a budget for campaigns optimized for return on ad spend (ROAS) while keeping an eye on CPI trends.** While CPI averages continue to change, make sure you're running campaigns that target big-picture gains. Otherwise, you may become embroiled in bidding wars that won't pay long-term dividends. If you aim for the forest instead of the trees, you'll be in a great position to make the most of this paradigm shift.
- 2. Continue to diversify your marketing channels.** CPI changes can motivate erratic behavior, but it pays to be patient and run campaigns that target a broad range of traffic sources. With so much still to be determined, this approach minimizes risk as the dust continues to settle and increases your chances of spotting a winning tactic.
- 3. Use next-generation techniques, like machine learning, to balance spend based on performance.** Changes in the industry often open up the opportunity to upgrade your approach. New methods of ad spend optimization that leverage machine learning have proven much more capable of navigating rate volatility than traditional means. Mobile game marketers that take advantage of this period to adopt new technology that can better deal with shifting market conditions while also laying the groundwork for greater ROAS over the long term.

Methodology

For this study, Moloco analyzed **13.5 billion** ad impressions across the iOS and Android programmatic advertising ecosystems. The analysis was informed by a proprietary taxonomy that the Moloco Cloud platform uses to categorize games and apps. Individual titles are sorted into categories based on a variety of factors. Individual subcategories like Card or Simulation are not mutually exclusive across the primary categories of Core vs Casual.

Casual Game Categories		Core Game Categories	
Casual games typically have lower retention, lower customer lifetime value, and tend to have lower advertising costs as a result.		Core games typically target deep, dedicated engagement. They tend to have higher customer lifetime values and higher retention.	
Arcade	Card	Action	Card
Geolocation AR	Hypercasual	RPG	Shooter
Lifestyle	Puzzle	Sports	Racing
Simulation		Simulation	Strategy

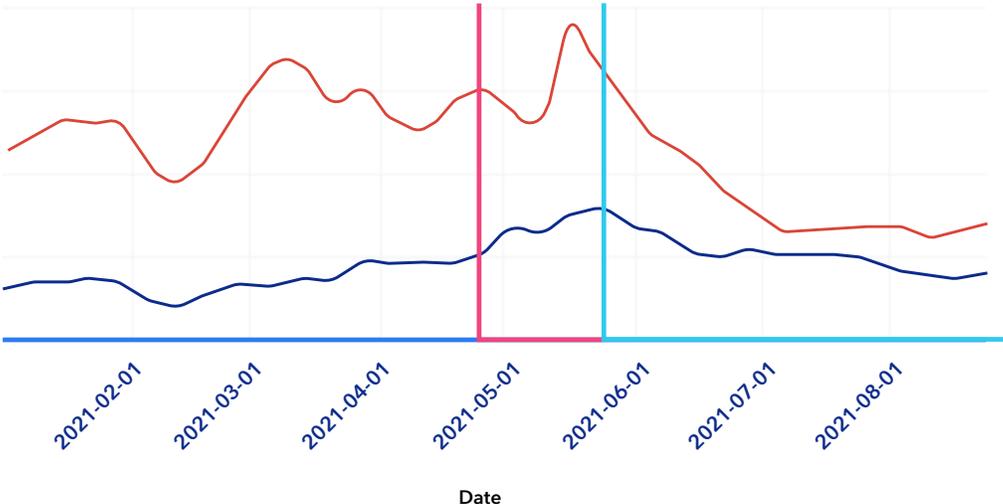
To measure relative change in pricing, cost-per-install data was aggregated and averaged on a weekly basis across the three key date ranges listed below.

Pre iOS 14.5	iOS 14.5 to iOS 14.6	Post iOS 14.6
January 1, 2021 to April 26, 2021	April 26, 2021 to May 23, 2021	May 24, 2021 to September 30, 2021

Casual Games See Decline in User Acquisition Costs

Legend

- iOS CPI
- Android CPI
- Release of iOS 14.5
- Release of iOS 14.6



Platform	Pre iOS 14.5	iOS 14.5 to iOS 14.6	Post iOS 14.6
iOS	Baseline	+20%	-45%
Android	Baseline	+97%	-30%

Casual games tend to attract high-churn gamers that are more interested in a breadth of titles and less committed to specific gameplay. The introduction of iOS 14.6 and the mandatory ATT prompt kicked off a steady decline in advertising costs for casual games, which is excellent news for marketers looking to pick up new audiences at affordable rates.

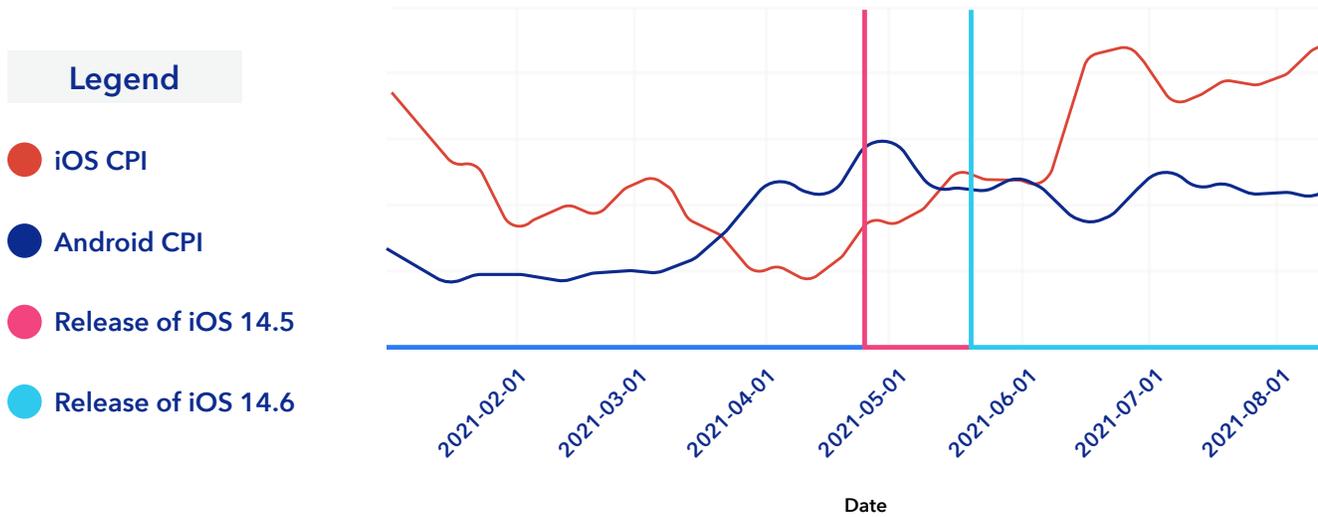
Android saw an increase in cost between the release of 14.5 and 14.6 before backing off, suggesting that marketers looking to secure top-of-the-funnel volume from the Casual category are moving some of their spend to Android, where they can be more confident that

the intended audience is viewing their creative. Even so, it isn't clear from the data that the shift in spend from iOS to Android has been major or had a significant impact on overall trends.

The release of the iOS 14.6 update also narrowed what had long been a sizable CPI gap between the cost of acquiring Casual users on iOS and Android. While that gap closed primarily due to falling iOS CPIs, it's also true that the cost of Android CPIs has risen since the update. This suggests that marketers need to stop thinking of Android users as second-class downloads; dollar for dollar, the market now values Casual installs across platforms virtually equally.



Core Games See Rise in User Acquisition Costs



Platform	Pre iOS 14.5	iOS 14.5 to iOS 14.6	Post iOS 14.6
iOS	Baseline	+10%	+64%
Android	Baseline	+67%	-8%

For games falling into the Core category, 14.6 caused a dramatic increase in the cost of iOS CPI averages. This can likely be attributed to more advertisers competing for a smaller pool of high-value, tracked users that opted in to tracking. Unlike Casual, Core audiences tend to have a higher average lifetime value, making the potential returns much greater and driving up demand as a result.

Even though non-LAT traffic is in the minority among iOS users, it still makes sense for advertisers to commit spend for impressions – with some adjustments. While Core traffic has traditionally been more valuable to advertisers

than Casual traffic, iOS traffic has historically been considered more valuable than Android due to a higher average rate of IAP conversion. The release of 14.6 made quality acquisition for iOS users even more desirable.

We can exclude seasonality as a cause of this iOS CPI increase for two reasons. First, the increase has been steady and sustained since it began right after the launch of iOS 14.6. Second, there's no clear correlation between CPI prices this year versus last year. In the case of Android, for example, CPI costs have also risen since earlier in the year, but that put them on par with where they were at this time last year.

How Mobile Marketers Can Adapt to Changing Ad Prices

In the post-IDFA future, managing advertising spend is going to be critical for down-funnel performance across all categories.

Overall, mobile advertisers can take three simple steps to better navigate this period:

- 1. Diversify spending:** Minimize risk by diversifying your advertising spend across multiple traffic sources.
- 2. Optimize for ROAS:** Wherever tech stacks allow, dedicate more of your advertising budget to campaigns optimized explicitly for return on ad spend.
- 3. Maximize ROI:** Use machine learning-driven techniques and tools to help maximize return on ad spend.

Thankfully, we can help. Moloco is focused on making mobile ad tech more accessible, combining machine learning and big data to help customers supercharge their growth and monetization efforts. Moloco Cloud DSP enables performance marketers to scale performance quickly and efficiently through battle-tested prediction models. Moloco Retail Media Platform enables retail media publishers to easily set up their own ads business and earn revenue from advertising.

Moloco was founded in 2013 by a team of ex-Googlers and has a global presence with 8 offices around the world. Sixty-three percent of Moloco's team work in data science and engineering.

To learn more, click the button below to get in touch with our team of mobile advertising experts.

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About MOLOCO

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