



GAMESFORUM
INTELLIGENCE

HYBRID MONETIZATION TRENDS 2024

HOW FREE TO PLAY PUBLISHERS AND DEVELOPERS ARE MIXING
MODELS AND EVOLVING SKILLS, FORMATS AND TEAMS



IN ASSOCIATION WITH



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EXECUTIVE SUMMARY

2024 TREND FOR GAMEMAKERS: HYBRID MONETIZATION OR BUST!

- **72% of developers** and **79% of publishers** are planning to implement or advance their Hybrid Monetization Strategy in the next 6 months
- While most ads served in games are now contextual, **45% of respondents'** revenue gains last year were due to IAP increases and projected to remain bullish in 2025
- **63% of respondents** are prioritizing how to increase IAP conversions
- **LTV is the KPI that unites all:** planning at a geo level against CPI and CPM as well as downstream metrics such as Ad ARPDAU help individual teams own and understand impact on topline revenue
- Understanding cannibalization trade offs between IAA and IAP revenue was the **3rd highest rated challenge**
- **49% of respondents** are planning to integrate immersive in-game ads
- **66% of respondents** who believe IAPs will remain their main revenue driver have committed to opening or investing further in a web store

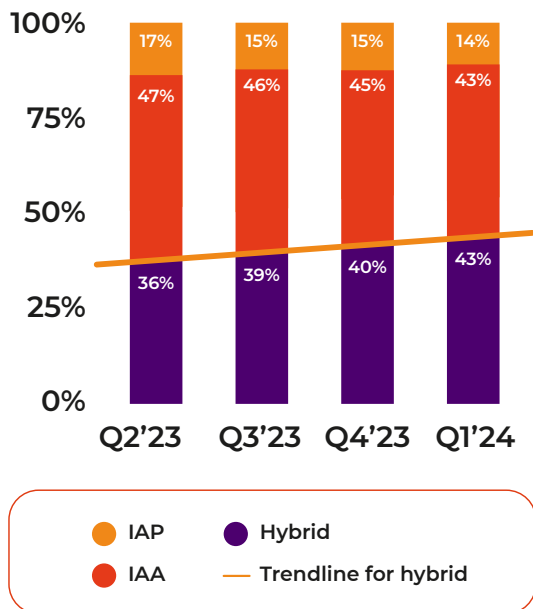
GAMING’S RED OCEAN MIXES IT UP WITH MONETIZATION MODELS

Gone are the days when RPG games took a firm no ads stance, or hypercasual games failing to pop up a good starter pack IAP offer in the first 5 minutes of play. AppsFlyer’s State of Gaming App Marketing – 2024 Edition highlights the same trends identified by our respondents: a 20% surge in hybrid models with a ‘two-sided model’ redrawing the boundaries.

ATT opt-in rates falling 12% quarter over quarter (Singular) and mixed views on whether CPIs are deflating are prompting developers to diversify their revenue models.

Today’s ad market benefits from high quality ad placements that don’t compromise retention or game quality, which IAP games have implemented to offset global IAP downturn. Meanwhile, for IAA games, the hybridcasual trend has launched higher quality experiences with defined progression paths that players invest in. This enables IAA games to harness high ad load fatigue and convert it into a willingness to spend on key time saving IAPs.

Share of Games Monetizing by Revenue Model



Q2'2024 Y/Y Change Revenue	iOS	Android
IAA	↓ 4%	↑ 7%
IAP	↓ 35%	↓ 15%

Q2'2024 Q/Q Change CPI	iOS	Android
Appsflyer	↓ 14%	↑ 31%
Singular	↓ 35%	↓ 15%

Our survey respondents beat these market norms, with 45% reporting IAP revenue increased share over IAA in the past year. Respondents are split on predicting the future however, as about 38% on either side predict IAA or IAP will grow into a larger share of revenue next year.

Insights from [Appsflyer 2024 State of Gaming](#) and [Singular Q2'24 Quarterly Trends Report](#)

THE TWO-SIDED REVENUE DANCE

Borrowing a phrase from AppsFlyer's 2024 State of Gaming Report, the two-sided revenue dance absolutely sums up the findings of Gamesforum's survey into Hybrid Monetization Trends. IAA and IAP models are not an either-or scenario; hybrid monetization is an evolution.

I see the shake-up of monetization models as a positive outcome of the hopefully distant memory that is IDFApocalypse. It's driven by innovation, cross-team collaboration and most importantly gives a greater focus on player experience. Immersive in-game ads deliver that better experience. And yes of course, as the co-founder of AdInMo I'm delighted that the survey shows half of the respondents are planning to monetize with in-game ads.

But what's even more encouraging is this report highlights that free-to-play publishers and developers agree for the need to double down on IAP monetization. This includes better player segmentation, understanding trade-offs and crucially as the survey identified the need to prioritize IAP conversions in the face of ad load fatigue.

In 2022, I stood on the stage at Gamesforum London and talked about how in the future, in-game advertising formats would support IAP conversion. In 2024, I was back on stage previewing the results of this study and sharing the first results of our immersive ads and hybrid monetization product features.

**The future is here.
Welcome to the dance.**

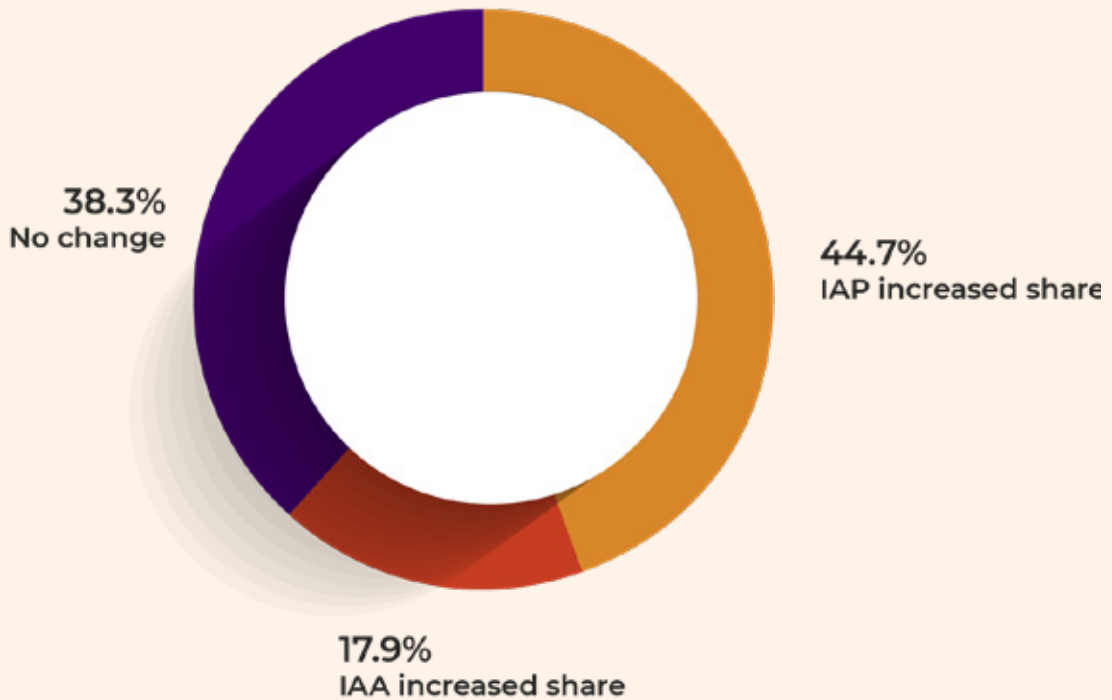
Kristan Rivers,
CEO and Co-Founder,
AdInMo



A. IAP GROWTH STEALS THE SHOW FOR 2024 MONETIZATION PERFORMANCE

- Although respondents were evenly split between majority IAP or IAA revenue driven businesses, over 2x more games were able to grow IAP share this past year vs. IAA irrespective of their pre-existing revenue split
- Across ad mix, eCPM was not a driver of any revenue increases. Whether ads were targeted or contextual, revenue increases were overwhelmingly driven by volume increases

How has the revenue mix of In-App Ad (IAA) revenue versus In-App Purchases (IAP) changed in the past year for your company?



“Waterfall gains are nearly extinct - the modern ad monetization manager will need to be design and analytics-focused to remain relevant.”

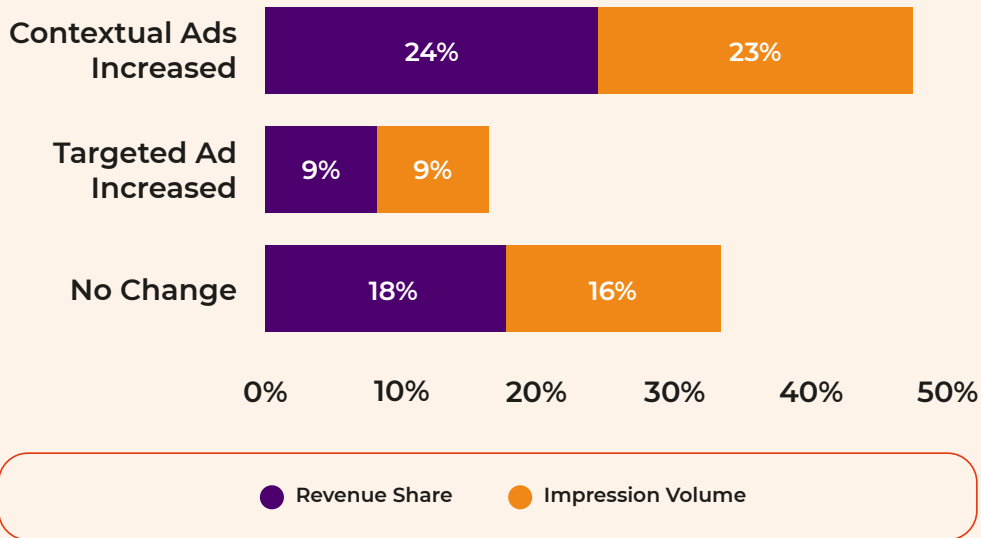
Felix Braberg, Ad Monetization Director & two and a half gamers Podcast Founder



IAP GROWTH STEALS THE SHOW FOR 2024 MONETIZATION PERFORMANCE

- There is wide agreement that within ad mix, contextual revenue and volume share has increased in the past year for about half of respondents
 - Growth of contextual ad share is not driven by CPM increases but publishers' willingness to increase ad impressions and increasing contextual ad supply to be matched to ATT non-consenters
 - For those willing to accept lower unit economics, about a third saw no change in their ad mix
 - Targeted ads increased revenue share for a few majority IAP businesses, however most IAP majority games still saw a rise in contextual ad impression revenue and volume share

How has Contextual vs Targeted Ad Mix changed in the past year?



“One of our biggest pain points is stabilizing and increasing eCPMs for ad based games”

Michael Sheridan,
Ad Monetization Lead, **Sciplay**

B. REVENUE PREDICTIONS FOR THE GREAT HYBRID MONETIZATION SHAKEUP

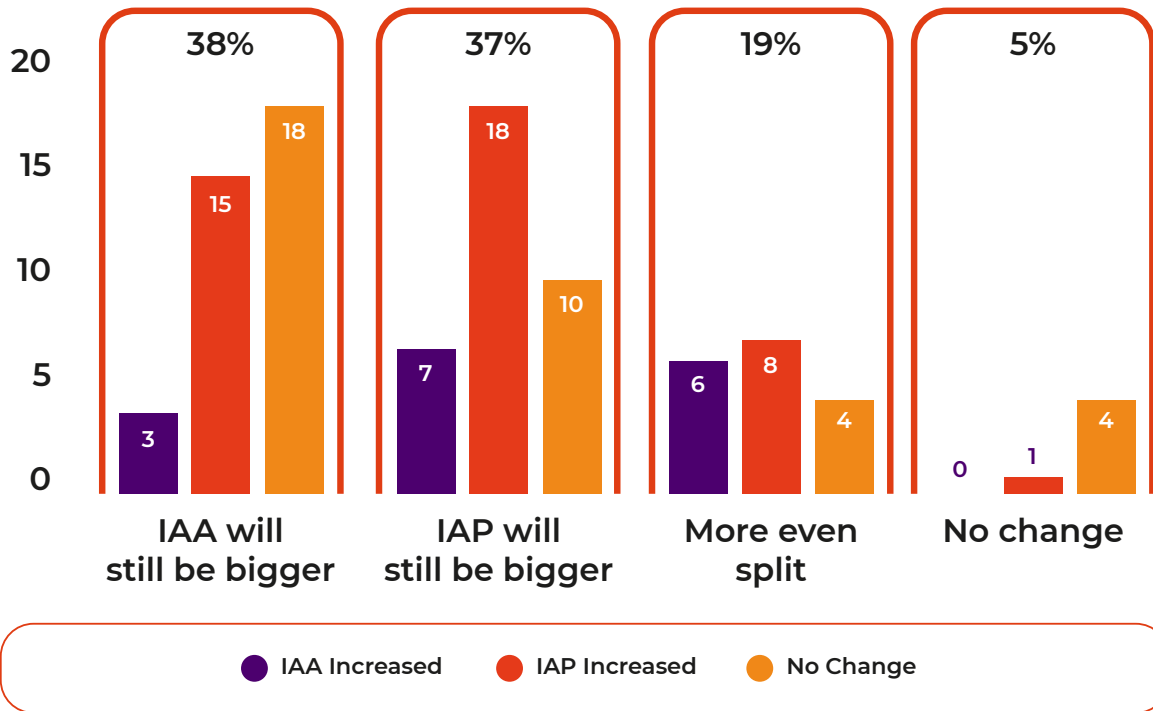
Regional Performance

The 41% of game makers who increased IAP share were evenly spread across EMEA and NA/LATAM apart from APAC. 90% of APAC responders increased IAP share this year.

Although 35% of all games saw no change to revenue mix, almost half of NA/LATAM achieved a stable revenue mix.

Responders where IAA share increased were the most evenly distributed across EMEA, NA/LATAM, and APAC.

How do you predict revenue mix will change in the next 12 months, based on your prior 12 months of performance?



REVENUE PREDICTIONS FOR THE GREAT HYBRID MONETIZATION SHAKEUP

- Games are split on IAP or IAA further growing next year, even though 45% saw IAP share increase in the past year. They still trust their dominant revenue driver will not change, although there is a trend for games going all in on smart hybrid monetization that brings revenue mixes closer to 50/50 each year
- For the 16% of responders whose IAA monetization share increased vs. IAPs in the last year, only a few believe that split will continue to grow larger as the low hanging fruit have been exhausted- eCPMs are not rising and ad impression volume has a natural limit
- After IAA growing, most game makers (44%) believe IAPs will still continue to dominate and further grow revenue share while a similar amount (38%) think revenue will get closer to an even split with hybrid monetization
- One thing is widely agreed on- no matter your revenue performance this year, almost all responders expect their revenue split to further change next year

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Our biggest challenge is moving towards a more equal mix between IAA and IAP for a truly hybrid monetization.

Ahmetcan Demirel,
Product and Design Consultant,
Wildcard Games

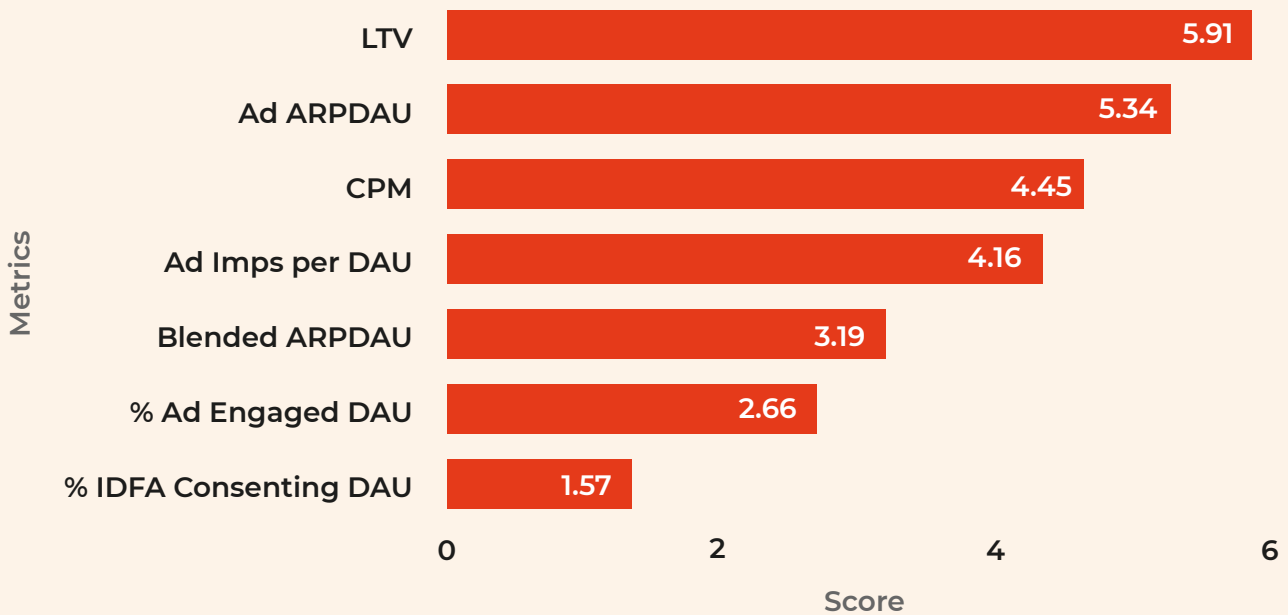
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C. IAA AND IAP DRIVEN GAMEMAKERS LARGELY SPEAK THE SAME LANGUAGE

- LTV still rules all KPIs, while Ad ARPDAU is the undisputed ad metric that best unites downstream CPM, impressions, and ad engaged DAU
- CPM still ranked highly as a top priority for majority IAA businesses, as they have fairly stable ad load impressions that may have already hit their volume ceiling
- Now that ATT is the norm and consent prompts have long been implemented and optimized, almost all respondents rated % IDFA consenting DAU as their lowest priority

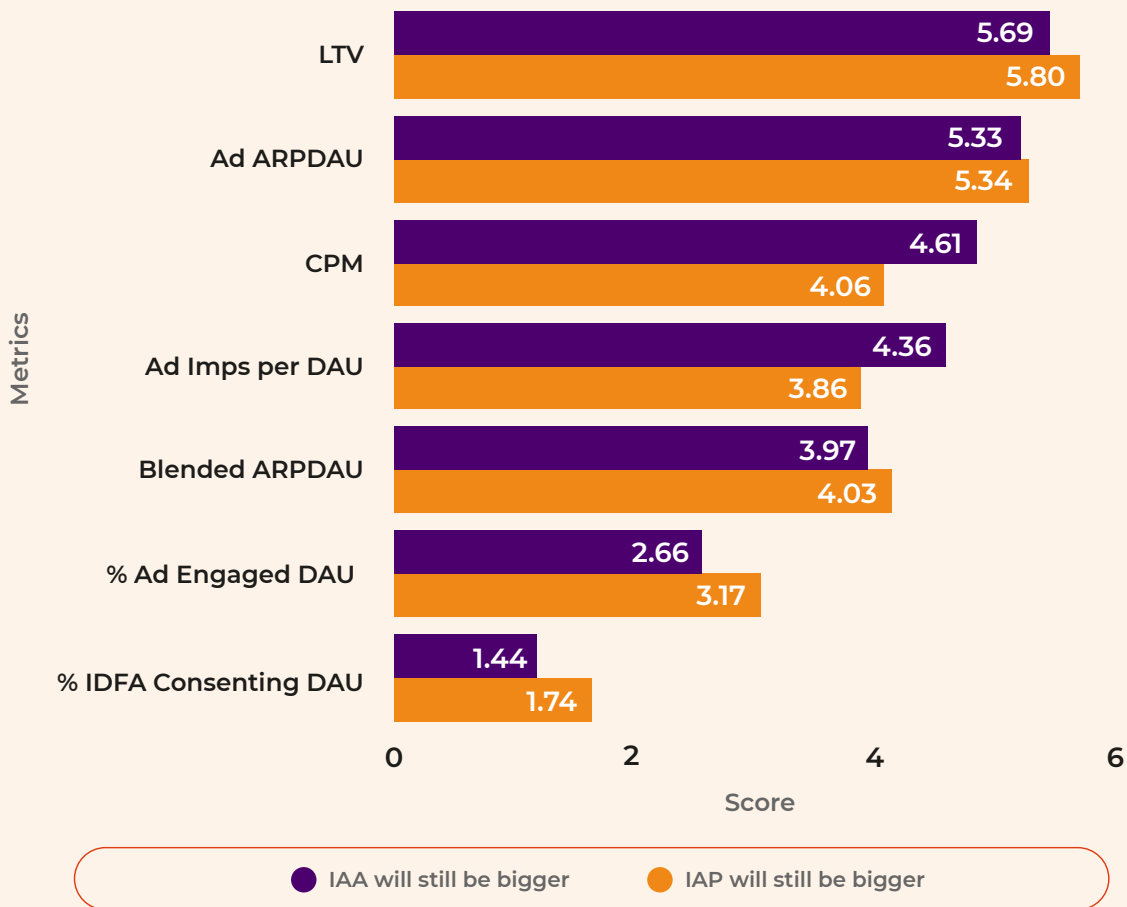
How do you rank your highest priority metrics?



IAA AND IAP DRIVEN GEMMAKERS
LARGELY SPEAK THE SAME LANGUAGE

- How did respondents reliance on IAA or IAP as their larger revenue share impact their prioritization?
 - No matter which way your game leans KPIs like LTV, Ad ARPDAU, and CPM are how teams communicate success on their biggest initiatives
 - IAP driven games rank Blended ARPDAU higher than downstream ad metrics like Ad impressions or CPM, as they seek to strike the balance between a few hard hitting core ad placements, preserving IAP conversion, and retention
 - This is in contrast to IAA driven games; during this eCPM slump they must either increase ad impressions at all costs OR switch tactics to hybrid monetization

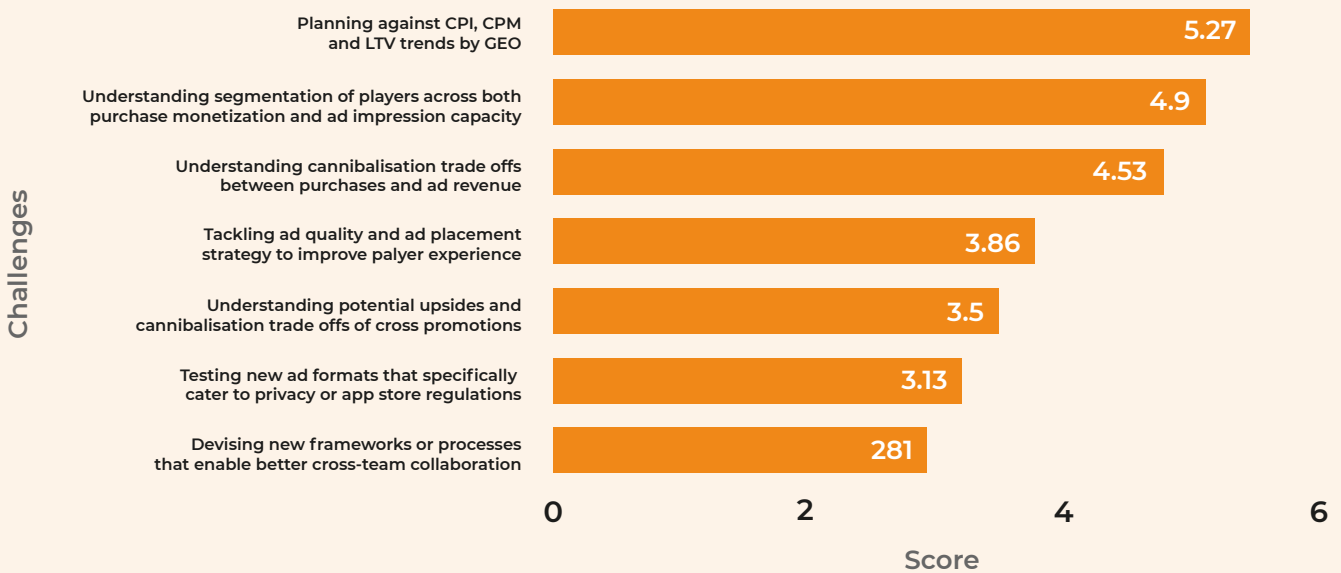
Priority Metrics Ranked by Revenue Split Predictions



D. KEY CHALLENGES: SEGMENTATION TO MAXIMISE ROAS AND REDUCE CANNIBALIZATION

- Publishers are increasingly trying to “skim off the top” of each geo by planning monetization strategies that leverage local disposable income levels against propensity to watch ads
- Ad quality is more tightly contested now that hybrid monetization pushes IAA businesses to convert their top users into payers and provide a nearly premium experience to retain them
- Meanwhile, IAP businesses are finally finding it worth the effort to implement ad supported economies without alienating their existing player base. They also need to avoid inflating the economy and suppressing conversions by closely monitoring their ad reward payouts

How do you rank your biggest challenges between product, monetization, and ad monetization teams?



KEY CHALLENGES: SEGMENTATION TO MAXIMISE ROAS AND REDUCE CANNIBALIZATION

- Experimentation in 2024 caters to growth initiatives like blended ARPDAU monetization best practices more than testing every new ad format
- Many new ad formats that promise high eCPM haven't hit volumes at scale yet, while contextual only formats may struggle with finding an attractive CPM
- New ad formats are being integrated, but they have to prove they can drive significant ad APRDAU improvements

In 2024's EBITDA focused market there is little bandwidth left for iteration of frameworks and processes that are still serving their purpose



“In the next 12 months, I expect a strong focus on improving ad quality and UX while striking a balance between eCPMs and fill rate. The key will be optimizing the balance between player retention and IAA ARPDAU to maximize overall LTV. This approach will be crucial for maintaining a positive user experience while driving revenue growth.”

Ratko Bozovic, VP Marketing, **Sandsoft**

“We strive to increase our revenue share from IAP vs IAA. We want to find a good balance between the remaining IAA and Ad quality to preserve LTV.”

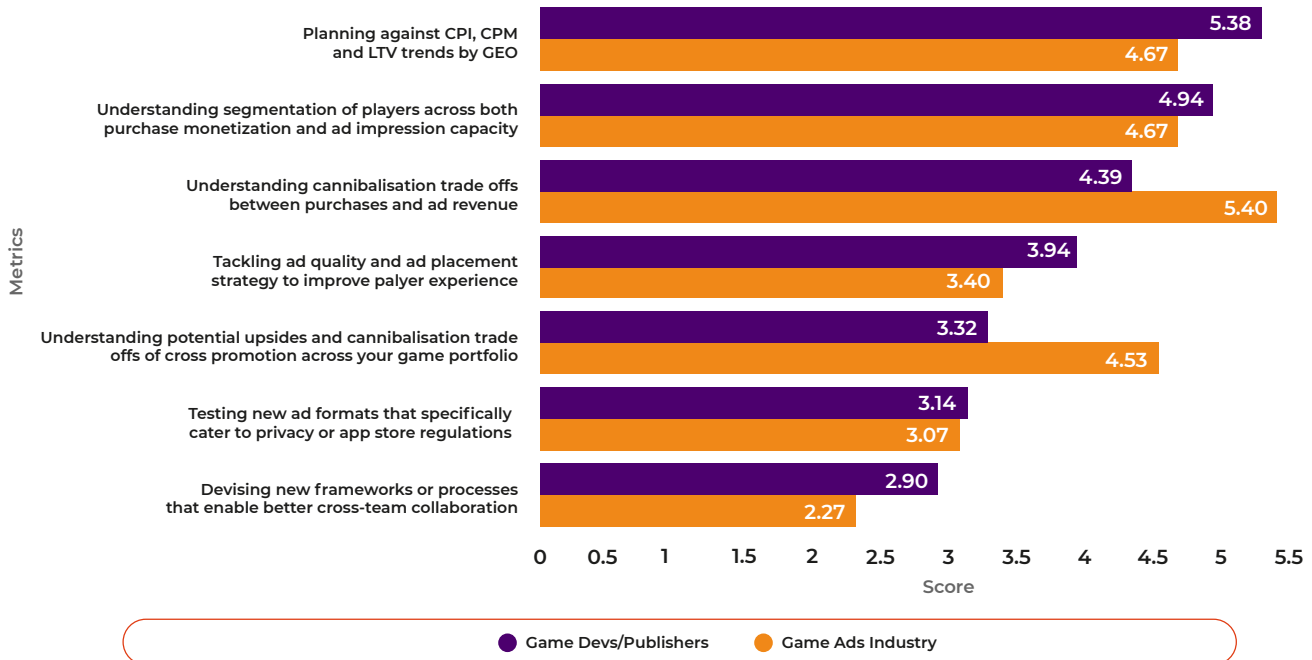
Alvaro Lamela, Growth PM, **VIVA Games**



E. KEY CHALLENGES: ADTECH ECOSYSTEM EVOLVES THEIR IAP SKILLSET

- Gamemakers and adtech providers are split on their key challenges
- Perhaps surprisingly, adtech rated IAP challenges much higher than gamemakers, such as understanding cannibalization broadly against revenue streams or even game portfolios with cross promotion
- Gamedevs are most preoccupied with planning for the orchestration of KPI trends and using segmentation that unites IAA and IAP patterns, such as propensity to spend affecting ad capacity, gating access to certain high value ad placements, or showing ad lovers special IAP bundles containing ad skips
- Developers and publishers largely agreed on challenge rankings, except developers valued devising new frameworks higher than testing new ad formats

Biggest Challenges Ranked by Company Sector



KEY CHALLENGES: ADTECH ECOSYSTEM
EVOLVES THEIR IAP SKILLSET



“ In games with higher reliance on IAPs, we’ll see better user segmentation and more convergence of IAP with IAA, think of chain offers, where ads fill in the revenue gap where IAP lacks.

David Sigal, Ad Monetization Lead, **Plarium** ”

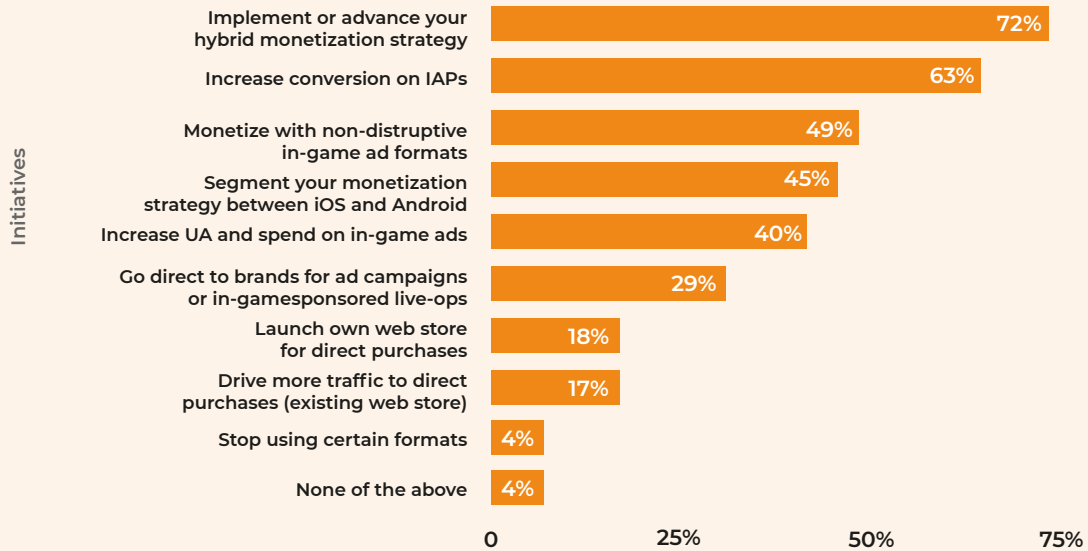
“ Optimizing in-app purchases by presenting the right offer at the right moment, while minimizing intrusive ads that lead to user churn. Additionally, exploring innovative strategies to boost ad-generated revenue.

Keith Pichelson, CEO, **Concrete Software** ”



F. ALL IN ON HYBRID MONETIZATION, IN-GAME ADS, SEGMENTATION AND MORE

Which initiatives do you plan to execute in the next 6 months



- 72% of respondents want to implement a hybrid monetization strategy, regardless of their IAP/IAA revenue split or advertisers vs. games
- 63% are planning to Increase IAP conversions as the next biggest priority across all slices, especially in the 75% of respondents where IAP share had increased or become a more even split, regardless of whether the app was predominantly IAA driven
- In-game ads are trending for 2025 initiatives with 49% of game makers planning to monetize them so they can drive high ad load without harming retention. Their IAB viewability lead 40% of developers and publishers with predominantly IAA businesses to plan investing more UA on in-game ad formats
- 2/3rds of responders who believe IAPs will remain their revenue driver have committed to opening or investing further in a web store. Half of IAP driven games have already started building their web store presence!
- Majority IAP games were most interested in direct to brand sponsored liveops, likely due to their higher value IP and ability to bring in brand clients. IAA driven businesses may not always build a brand safe “premium” experience that resonates with a brand’s target market and willingness to pay
 - Only these IAP driven publishers were considering stopping any ad formats, especially intrusive ads or jarring “start of app open” formats

G. LAST YEAR'S REVENUE GROWTH DRIVES NEXT YEAR'S MONETIZATION STRATEGY

Games Whose IAA Split Increased Last Year

Those who believe IAA will continue to grow more than IAP are planning to double down on ads with direct to brand or sponsored liveops. These bespoke liveop activations are more costly to developers than always on core ad placements, but they can pay off by not just increasing direct CPM but also player engagement during the liveop.

Responders who believe IAP will continue to grow more or revenue mix will stay the same were aligned in wanting to increase hybrid monetization through IAP conversions and non-disruptive in-game ad formats.

Games Whose IAP Split Increased Last Year

Responders who believe IAA will remain larger than IAPs were more likely to invest in segmenting monetization between IAA and IAP, invest in UA spend on in-game ads, and go direct to brands for sponsored liveops.

Respondents who believe their revenue mix will become more even wanted to stick to basics like investing in IAP conversions and non-intrusive ads. Some are also considering going direct to brands for sponsored liveops.

Games Who Kept Revenue Share Steady

Respondents who believed IAA will continue to stay larger than IAP were more likely to prioritize UA on in-game ads and segment monetization strategy based on mobile platform.

Respondents who believed IAP would continue to be larger than IAA or be more even were more likely to open or invest in their web store and go direct to brands for in game ads or sponsored liveops. This group also tended to contain more NA/LATAM businesses with the deep pockets to solve direct to consumer payments and promotion.

LAST YEAR'S REVENUE GROWTH DRIVES NEXT YEAR'S MONETIZATION STRATEGY

Have different approaches to other options of in-app monetization unrelated to ads. New companies are surging, but are still in the early stages of development, just like Mistplay, Appnomix or ZBD for example. There's a belief that their services could contribute to a new strategy of monetizing, where players engage differently with the apps and have new opportunities of experience

Buno Balistrieri, Senior Analyst, **Kwalee**



Implementing more native ad formats that seamlessly integrate into games, along with intelligent ad placements that dynamically determines the best opportunity to display an in-app purchase ad, cross-promotions for other games in a company's portfolio, and ads for external games or products.

Keith Pichelson, CEO Concrete, **Software**



More games will start putting interstitials and No Ads offers in their games. The strategy of how to implement the No Ads logic will also become more straightforward, including it in several different tiered offers and subscriptions. In some cases, any number of "free" Rewarded Videos or alternatively "ad skips" could be included as rewards in No Ads Subscriptions or Offers. These could even be included in the basic No Ads IAP but at a properly higher price point.

Mirko Yu, Ad Monetization Lead, **Zeptolab**



MONETIZATION RECOMMENDATIONS FROM THE ANALYST

Today's gaming marketing landscape demands we master LTV unit economics: segmentation, ad skips with no ad subscriptions, and web stores - each deserving its own SWOT analysis and RICE score exercise. Here's how you can mix and match IAA and IAP revenue streams.

Hybrid for IAA Majority Games

Reap benefits using your ad based economy to sell IAPs that further cement the value of ad placements, such as No Ads for 30 days, Rewarded Video ad skips, and Instant Free Video Ad Rewards.

IAPs that reinforce the ads economy offer superior unit economics to ad impressions. Ad skips sell for what feels like a great deal to the player but command up to 10x higher revenue per skip than similar rewarded video ad impressions by CPM or the commensurate month of banner ads.



Tiffany Keller,
Gaming Product Director,
Co-host on Rise and Play Podcast,
Liquid&Grit Advisory Group,
AdInMo Advisor

MONETIZATION RECOMMENDATIONS FROM THE ANALYST

Hybrid for IAP Majority Games

Follow IAA best practices to implement a few core “no brainer everyday” opt-in rewarded video placements that have little impact on your higher conversion economy or player progression. Try ad placements in the shop, daily wheel spins, daily gift doubler, in-game billboards, or play extensions like extra lives or energy.

Intrusive ads have a limited lease on life with the new focus on preserving IAP conversion. They at least need to reward players or be gated by segmentation. If you use app open interstitials or forced videos, try limiting them to a few a day or rewarding players soft currency post-impression.

Hybrid for Ad Tech Ecosystem

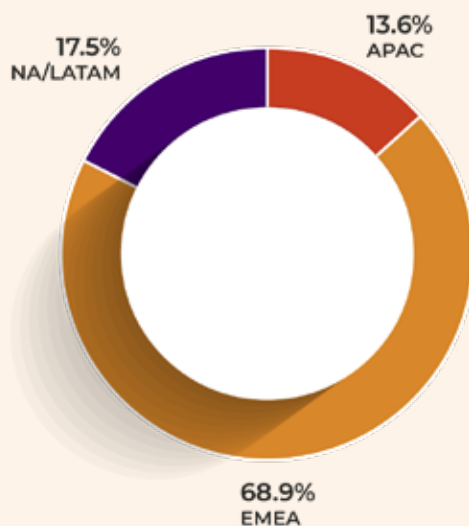
During this industry crunch, ad tech needs to empathise with their customers' hybrid monetization pain points and diversify tools available.

1. Include segmentation, hybrid monetization propensity models, ads based IAPs, sponsored liveops brand matchmaking services, or direct to consumer payment options to diversify an ads only offering
2. Ingest more diverse data that encompasses holistic LTV trend signals covering monetization and engagement
3. Wall up that fortress: studio partners come for the tools, but stay for the data rich insights!

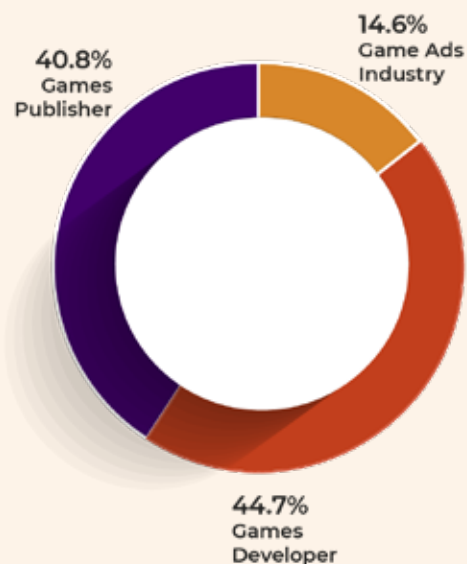


- Gamesforum distributed the **Hybrid Monetization Trends survey** across email, social media, and direct response from June-August 2024 with over 120 respondents. The survey was designed and analyzed by industry expert Tiffany Keller
- The majority of respondents were from EMEA, which is not representative globally, however the split of 50/50 games that have a majority IAP or IAA business is representative and reflects the 2023 split of the **\$226B mobile gaming app revenue** market
- Almost 15% of respondents belong to top game publishers making over \$100M annually. Smaller game businesses are found in the developers sector. Ads industry includes platform, demand sources, tools, and creative services

Respondents by World Region



Respondents by Company Sector



- “I don’t know” respondents were removed from the prior revenue mix and forecast questions to reduce response and nonresponse bias
- This helps revenue performance estimations stay accurate - only information from those familiar with their monetization mix were included
- All responses were included to the questions about key metrics, challenges, and initiatives for the next year
- Slices based on advertisers or gamemakers, revenue reliance or growth on IAA or IAP, yielded more interesting trends than analysis of world region or developer/publisher company sector
- These slices have been included but should only be taken as lending directional context but not magnitude to the overall insights due to their lower sample size

AdInMo is an advertising and monetization platform run by mobile game veterans. We get players: respecting game time and data privacy to provide the most immersive and relevant in-game advertising experience. Our addressability and hybrid monetization solutions engage players and increase their lifetime value through immersive in-game ads and conversion boosting products. Advertisers and publishers reach new audiences, game developers make more money and players keep on playing.

AdInMo's InGamePlay 3.0 SDK includes a suite of Hybrid Monetization tools as well as clickable ad units including the InGamePlay Magnifier to drive better metrics for developers and advertisers while delivering a seamless player experience.

Reach out to Team AdInMo to discuss how in-game advertising can be an integral part of your hybrid monetization strategy supporting ad monetization, IAP conversion, user acquisition and cross promotion by turning player engagement into actionable insights.

www.adinmo.com





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