

Rewarded Video: Is it 'The King' or just a trend?

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Rewarded Video is a new way of value exchange mobile advertising, built to create a win-win situation for the user and the game publisher. They are mostly used in games or other apps that support virtual currency economy. The flow is simple – the user wants to earn some extra in-game goods/currency, so he watches a short non-skippable video (between 15-30 seconds) and gets his currency for free. Most of the time the video will contain a trailer of an app, and sometimes even brand advertising. At the end of the video the user will see an “End Card” which is a full screen interstitial with an option to download the app if the user likes it. The publisher makes revenues for any install that occurs after the video is viewed.

Why are Rewarded Videos needed?

Did you know that [97.7% of the people playing King's games never spend a dime on it?](#)

To put it simply, publishers must find new and creative ways to monetize their non-paying audience in order to survive.

Why do publishers like Rewarded Videos?

- Opt-in advertising – The user isn't interrupted during the use of the app because he only watches the video if he chooses to. This way it doesn't interfere with his user experience and he sees it as a non-intrusive way of advertising that is to his benefit for enhancing his app use.

- A [recent study](#) showed that rewarded videos can boost your IAP (In App Purchases) revenue: **4.7%** of players who watched a rewarded video made an IAP – **6X more conversions** than from those who did not.
- When using rewarded videos the user stays in the publisher's app, while other monetization solutions might force the user to leave the app in order to download a new one or visit a brand's page.

Why do advertisers like Rewarded Videos?

App advertisers:

- The user gets the feeling of what the app will be like when watching the video.
- The install itself is 100% non-incentivised since the user chose to download the app instead of being forced to do so.
- The advertiser gets a user that is more likely to be engaged and loyal.

Brand advertisers:

- A [recent study](#) showed that video ads are 5 times more engaging than standard banners. For example, retail advertisers saw 628 percent higher engagement when using video ads.

What to look for when choosing a Rewarded Video supplier?

- Fill rate – Choose a partner who can offer decent fill rate for your audience. You want your users to be able to watch a video no matter where they are located.

- Pre-caching – Choose a partner who uses pre-caching which allows bufferless HD streaming in order to improve the user experience
- Targeting tools – Choose a data-driven partner that can segment your users in order to show them super targeted videos. **Remember**, you are giving virtual currency for the views but are only getting paid on the installs after the video is viewed. You don't want casual gamers to watch video ads of heavy strategy games as it will not convert into an install and won't get you any revenue.
- Easy integration – Choose a partner that can integrate the rewarded videos easily into your app. You don't want your team to work extra hours in order to integrate a monetization partner – they need to focus on making the game awesome!

How to find the right balance?

Here are some tips based on our experience at Persona.ly to maximize the yield of the rewarded video in your app:

- Limit the use of rewarded videos – If the user has unlimited free rewards then he won't be inclined to make IAPs. Perform A/B testing to find the right balance.
- Placing of the “Call To Action” button – The traditional approach is placing it inside the “Shop” section of the app. My suggestion is to try to put yourself in the mindset of the user and offer him the rewards when he really needs them. For example – when he needs more game lives, when he failed a level a few times in a row, when his balance is “0” etc..
- Set the exchange rate: Make sure the reward is high enough so the user will want to watch the video for it, but low enough so they will need to watch multiple videos.
- “Hey Victor – How are you today?” – Users love personalization. Offer higher rewards to your loyal users as they progress through your game.

- “Happy Hour” – Set higher rewards for the hours where you have less in-app activity.
- To sum up, I think that Rewarded Video was definitely one of the hottest trends of 2015 and will stay this way throughout 2016 as well. It creates a triple-win situation where the user, the publisher, and the advertiser all benefit.
- I do believe that soon enough we will start seeing even more engaging native advertising strategies that involve the use of more senses to increase the level of engagement and they might claim the throne.