Yieldmo®

Answering the Call for Better Mobile Advertising Experiences

Consumer Research Study
December 2016

Foreward:
Where Did We Go Wrong In Mobile Advertising?

TWENTY YEARS AGO, IBM launched "Simon," the first smartphone. Ten years ago, Apple launched the first generation Apple iPhone. Two decades is a long time, especially in the current media environment.

And yet mobile advertisers are still busily creating billions of tiny, static, ineffective mobile ads. The majority of these ads load slowly (if at all), sit lifeless on the mobile screen or — worst of all — pop up unexpectedly. Sometimes, the ads force us to locate and tap the impossibly small "X" to close the ad and move on to the content they came to read — and by that point, they're often turned off or frustrated by whatever brand message they might have seen.

This isn't good for anyone in the mobile advertising ecosystem.

Empowered media consumers have begun to take a stand by downloading ad blocking software — with some estimates as high as 22% of the world population[1]. As more and more ads are prevented from being displayed, the symbiotic relationship between content and commerce across the web has become increasingly precarious.

Both Google and the Interactive Advertising Bureau (IAB), a leading industry trade association, have taken recent, very public, stances on creating better mobile advertising experiences. Google has begun to down-rank mobile websites that allow disruptive interstitial mobile ads, while the IAB has announced that it will phase out support for all expanding ads and "Rising Star" formats, as well as 300x250 and 728x90 static display ads.

But if both consumers and industry-leading constituents know that most mobile advertising experiences aren't great, why haven't they changed?

One reason might be that mobile advertising is stuck in an antiquated, desktop-driven world. The majority of mobile ad formats are borrowed from desktop, the media planning platforms used for mobile were developed for desktop decades ago, and mobile measurement methodologies and metrics (clicks-throughs, namely) weren't built to handle the uniqueness and interactivity of mobile advertising. Marketers aren't planning properly for an optimal mobile advertising experience. Their tools and their thinking are simply too old.

This is not to say that mobile advertising's momentum has slowed. According to recent mobile ad spend forecasts[2], mobile is expected to represent 64% of total digital ad spend in the U.S. in 2016, increasing to 77% by 2020. This is a dramatic increase from the 1.4% mobile share in 2008, demonstrating just how important mobile advertising has become in less than a decade.

So. How do we improve the mobile advertising experience and live up to consumers' increasing expectations of mobile content experiences?

At Yieldmo, we design mobile ad formats with the consumer in mind. That means that there are no pop-ups or tiny "X's" to find, and our formats are developed exclusively for the mobile device. We also put the user in control with simple engagement gestures (such as vertical scrolls, horizontal swipes, 360-degree tilts) that make our ad formats more interactive and increase time spent with marketing messages. All of these engagements are measured with metrics that are also solely designed for mobile, granting mobile advertisers the ability to more accurately prove campaign effectiveness.

Yieldmo is also an experimentation-driven mobile advertising company, so we test everything from formats to campaign metrics to creative permutations. Every format's design is informed by consumer insights and A/B testing, so we feel confident that each ad offers an optimal user experience.

We've also sought to formally validate that our mobile ad formats are indeed "preferred" by consumers when compared to the standard formats common across the mobile landscape. The results of this research study are included on the following pages. They provide very strong, empirical evidence that user-friendly formats are the way forward for consumers, advertisers and publishers.

And that's welcome news for an industry that faces tremendous growth — and tremendous challenges — in the years to come.

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[1] PageFair (2016)

[2] eMarketer (2016)

Executive Summary

1.

Two-thirds of consumers prefer better-designed mobile ad experiences and find the current state of mobile ads to be frustrating, disruptive and boring

66% of consumers tested preferred Yieldmo's mobile-specific ad formats over standard mobile formats. Further, standard, non-Yieldmo mobile formats were found to be far more frustrating, disruptive and annoying (interstitial and pre-roll video formats), as well as boring and uninteresting (static 300x250 and adhesion banners).

2.

User-friendly mobile ads drive higher unaided advertiser brand recall

The majority of respondents (63%) who saw the Yieldmo mobile ad formats correctly recalled the advertiser brand in an unaided test, compared to only 48% who correctly recalled the advertiser brand after seeing standard, non-Yieldmo ads.

3.

The common static 300x250 mobile ad is also the most forgettable

An overwhelming 86% of respondents who saw the static 300x250 ad incorrectly recalled the advertiser brand, making it the worst performing format in terms of unaided brand recall.

4.

Preferred mobile ads produce higher advertiser brand favorability

Four-fifths of respondents (79%) found the advertiser brand favorable after seeing a Yieldmo ad, compared to only 63% who found the advertiser brand favorable after seeing a standard, non-Yieldmo ad format.

5.

Publishers can also garner higher brand favorability with better-designed mobile ad experiences

Perceptions of publishers increased for 22% of consumers as a result of seeing a Yieldmo ad, compared to only 11% of consumers who could say the same after seeing a standard, non-Yieldmo ad format.

What Consumers Really Think About Ads

In the four head-to-head ad experience tests included in this study, we found that, when compared to four standard mobile ad formats, two-thirds of consumers (66%) preferred Yieldmo's more engaging formats, all of which were designed specifically for mobile.

Figure 1 (below) shows the results of each side-by-side comparison, demonstrating that while two-thirds of respondents overall

prefer Yieldmo ads, some ad formats perform better than others. For instance, the highest preference for Yieldmo ads came from the Yieldmo Hyperplay outstream video format over the pre-roll video format, indicating that consumers strongly dislike pre-roll video ads. Consumers also preferred the Yieldmo Window and Wrapper sponsorship format 2 to 1 over standard formats.
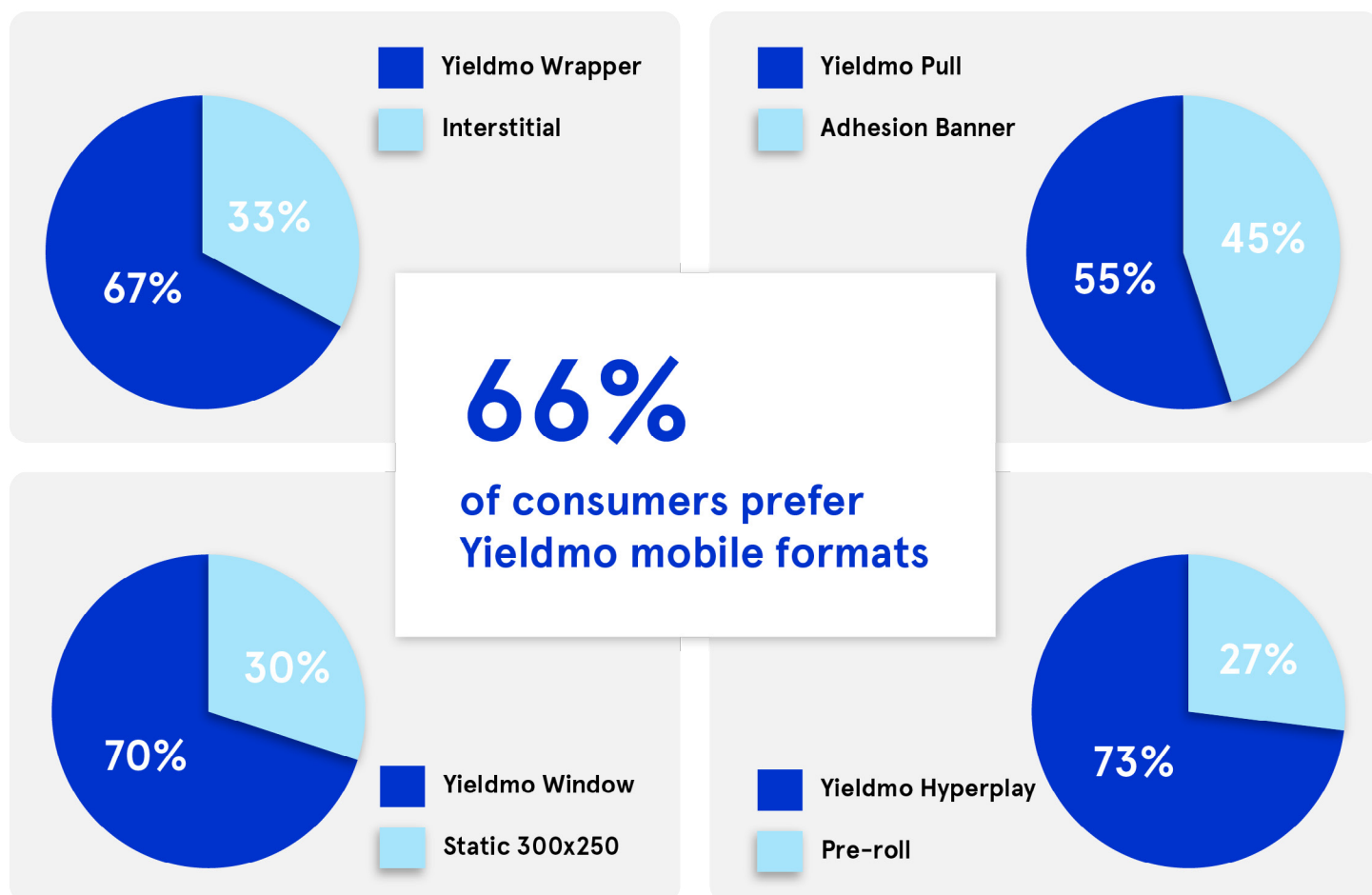

Yieldmo Wrapper
Interstitial
33%
67%

Yieldmo Pull
Adhesion Banner
45%
55%

66%
of consumers prefer Yieldmo mobile formats

Yieldmo Window
Static 300x250
30%
70%

Yieldmo Hyperplay
Pre-roll
27%
73%

Figure 1:
Ad Experience Preference *(percentage of respondents who preferred a Yieldmo ad experience over the standard format specified)*

> **"The full-screen interstitial format was overwhelmingly perceived as 'disruptive,' 'annoying' and 'frustrating'… The overwhelming majority of consumers found the standard 300x250 static display format 'boring.'"**

To understand why consumers preferred one format over another, we asked consumers which adjectives (pre-populated) they most associated with each of the eight ad experiences (Figure 2). We found out some very interesting things.

The full-screen interstitial format was overwhelmingly perceived as "disruptive," "annoying" and "frustrating." This corroborates current industry initiatives to reduce this type of interruption in the mobile content experience.

What's more, the overwhelming majority of consumers found the standard 300x250 static display format "boring" — fitting for a desktop-originated format that's been around since digital advertising's early days. Conversely, Yieldmo formats saw strong agreement with adjectives such as "innovative" and "cool" for the Wrapper and Window formats and "memorable" and "fun" for the Pull and Window formats. This confirms many of Yieldmo's basic philosophies regarding user-friendly format design.

		Yieldmo Wrapper	Interstitial
Positive	Enjoyable	67%	33%
	Memorable	44%	56%
	Fun	67%	33%
	Unique	69%	31%
	Engaging	55%	45%
	Cool	60%	40%
	Innovative	71%	29%
Negative	Frustrating	30%	70%
	Irrelavant	46%	54%
	Ugly	35%	65%
	Out of Place	42%	58%
	Disruptive	31%	69%
	Boring	34%	66%
	Annoying	34%	66%

		Yieldmo Pull	Adhesion Banner
Positive	Enjoyable	57%	43%
	Memorable	59%	41%
	Fun	62%	38%
	Unique	52%	48%
	Engaging	65%	35%
	Cool	57%	43%
	Innovative	57%	43%
Negative	Frustrating	55%	45%
	Irrelavant	46%	54%
	Ugly	39%	61%
	Out of Place	50%	50%
	Disruptive	62%	38%
	Boring	32%	68%
	Annoying	55%	45%

		Yieldmo Window	300x250
Positive	Enjoyable	59%	41%
	Memorable	60%	40%
	Fun	70%	30%
	Unique	72%	28%
	Engaging	65%	35%
	Cool	66%	34%
	Innovative	76%	24%
Negative	Frustrating	52%	48%
	Irrelavant	44%	56%
	Ugly	44%	56%
	Out of Place	38%	62%
	Disruptive	55%	45%
	Boring	31%	69%
	Annoying	46%	54%

		Yieldmo Hyperplay	Pre-roll
Positive	Enjoyable	67%	33%
	Memorable	60%	40%
	Fun	65%	35%
	Unique	72%	28%
	Engaging	61%	39%
	Cool	67%	33%
	Innovative	69%	31%
Negative	Frustrating	27%	73%
	Irrelavant	38%	62%
	Ugly	33%	67%
	Out of Place	38%	62%
	Disruptive	34%	66%
	Boring	34%	66%
	Annoying	29%	71%

Figure 2
Adjectives Most Associated with Ad Experience, by Ad Format
(percentage of respondents who associate pre-populated adjectives with the ad experience)

Positive Mobile Ad Experiences Increase Brand Recall and Brand Favorability

While ad format preference is becoming more important as publishers and advertisers seek to improve mobile content and advertising experiences (and deter the adoption of ad blockers), brand recall and brand favorability are crucial success metrics for advertisers looking to maximize the effectiveness of their mobile campaigns.

> **"**
> ## 86% of respondents incorrectly recalled the brand showcased by the 300 x 250 ad format.
> **"**

We first measured unaided brand recall by showing users a single advertisement on a mobile website and then asked respondents to type in the name of the advertiser's brand (typing the brand ensured an unaided test). We also performed a brand favorability test by presenting respondents with side-by-side ad experience comparisons and asking for explicit feedback on the ad formats they saw.

Figure 3 below shows that, for nearly all formats, the majority of respondents who were asked to recall the advertiser brand in the test were able to recall it correctly.
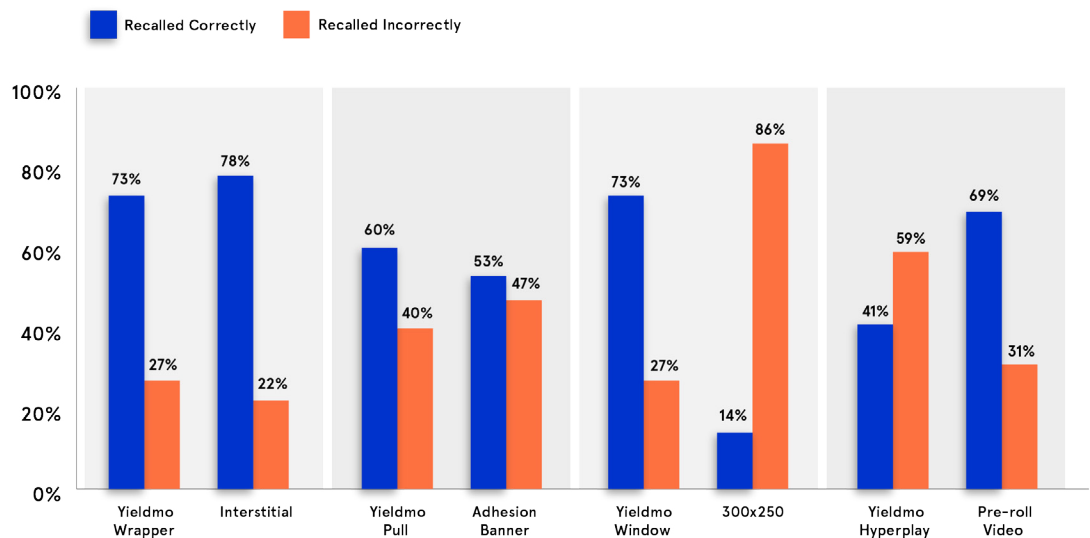
However, across all formats, 63% of respondents correctly recalled the brand when it was showcased in a Yieldmo ad format, significantly higher than the 48% who recalled the brand correctly when it was displayed in a standard format.

The brand recall from standard formats was particularly skewed by frankly horrendous brand recall from the 300x250 static format, for which an overwhelming 86% (64 of 74 respondents) incorrectly recalled the brand advertised.

The near-total inability of the 300x250 format to communicate an advertiser's brand is strong evidence that consumers are essentially "blind" to standard formats and can subconsciously ignore them, which might make one wonder why this is the most ubiquitous ad format used in mobile advertising.

Figure 3

Unaided[3] Brand Recall After Each Ad Experience, by Ad Format & Ad Test *(percentage of respondents correctly recalling advertiser brand)*

Legend: ■ Recalled Correctly ■ Recalled Incorrectly

Ad Format	Recalled Correctly	Recalled Incorrectly
Yieldmo Wrapper	73%	27%
Interstitial	78%	22%
Yieldmo Pull	60%	40%
Adhesion Banner	53%	47%
Yieldmo Window	73%	27%
300x250	14%	86%
Yieldmo Hyperplay	41%	59%
Pre-roll Video	69%	31%

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[3] For unaided advertiser brand recall, respondents were presented with a single mobile website and then asked to identify the advertiser brand by typing it into a text box. Users were given no specific direction to look at the advertisement on the website they were shown.
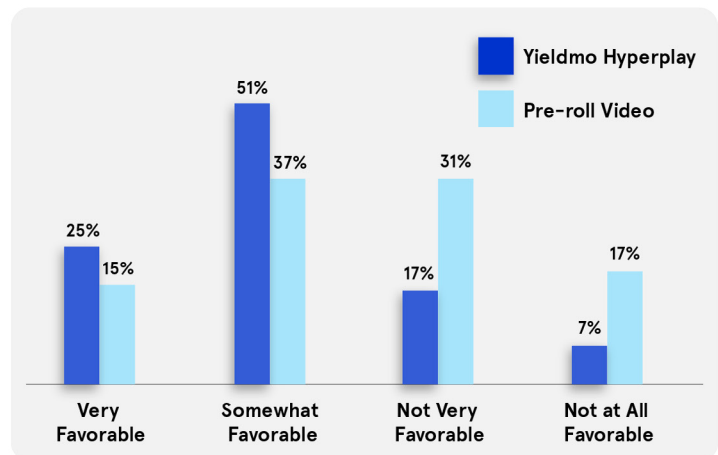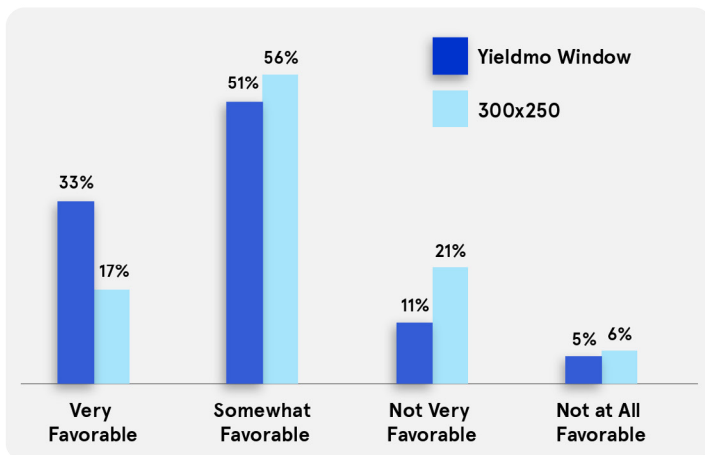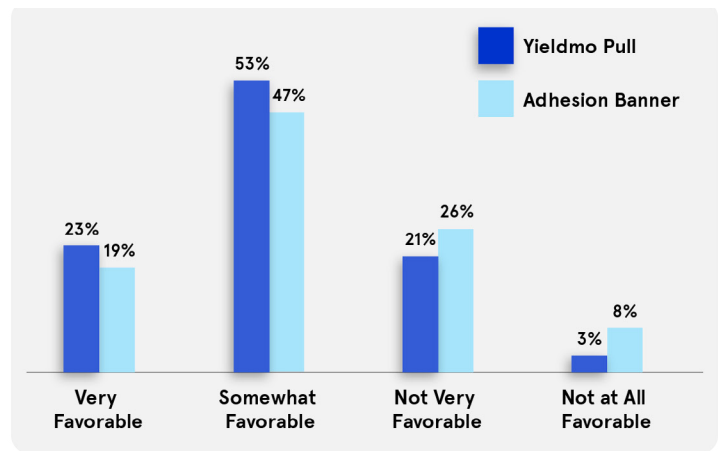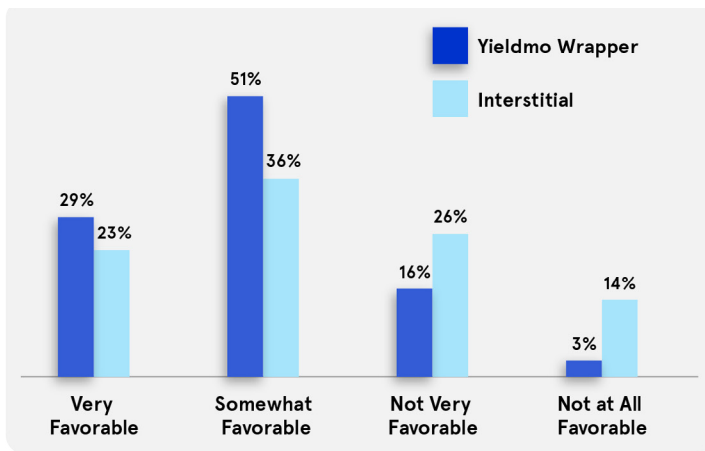
Figure 4
Brand Favorability Based on Each Ad Experience, by Ad Format
(percentage of respondents)

If we look at brand favorability (Figure 4), a similar story emerges. Overall, across all side-by-side tests, 79% of respondents found the advertiser brand favorable (i.e., "very favorable" or "somewhat favorable") for Yieldmo ad formats, compared to 63% for standard formats.

In fact, for all standard formats, respondents found the brand less favorable (i.e., "not very favorable" and "not at all favorable") than the Yieldmo format assessment.

"
79% of respondents found the advertiser brand to be favorable after seeing the Yieldmo ad.
"

Publishers Should Pay Attention to Mobile Ad Experiences, Too

While ad formats are far more important for advertisers, they should also be a high priority for publishers. Publishers that leverage user-preferred ad formats can drive higher publisher favorability from their audiences.

Figure 5 shows that for all ad format comparisons (aside from the Pull versus adhesion banner, which was approximately equal), respondents "liked" the publisher more because of the better ad experience. A publisher can also benefit from a better mobile ad experience and, consequently, tell its advertising partners a more positive story.

"

22% of respondents found the publisher brand more favorable after seeing a Yieldmo ad, compared to 11% for standard mobile ads.
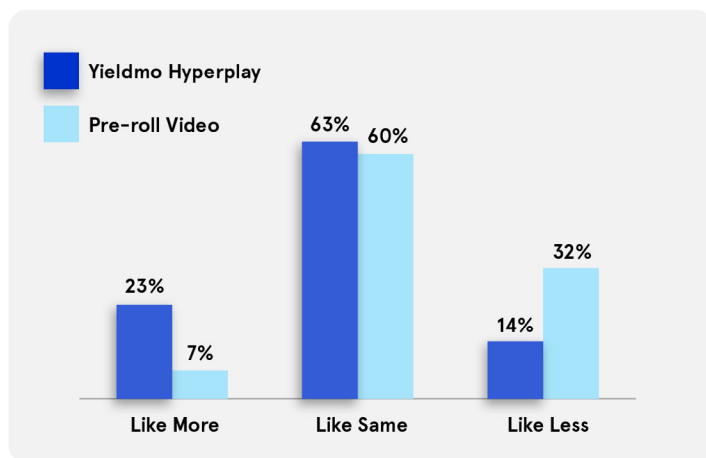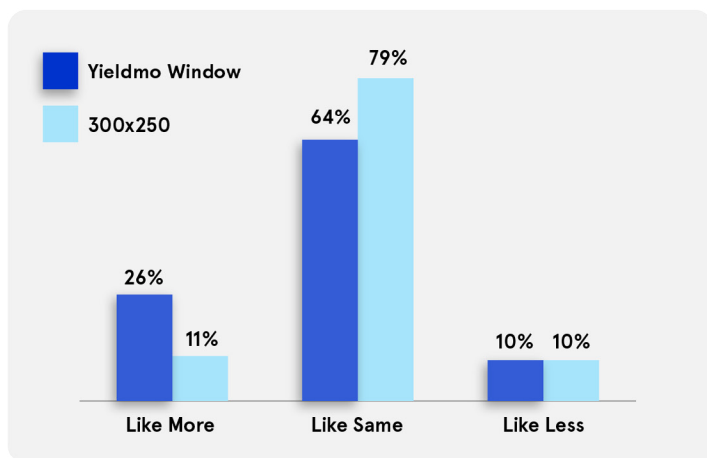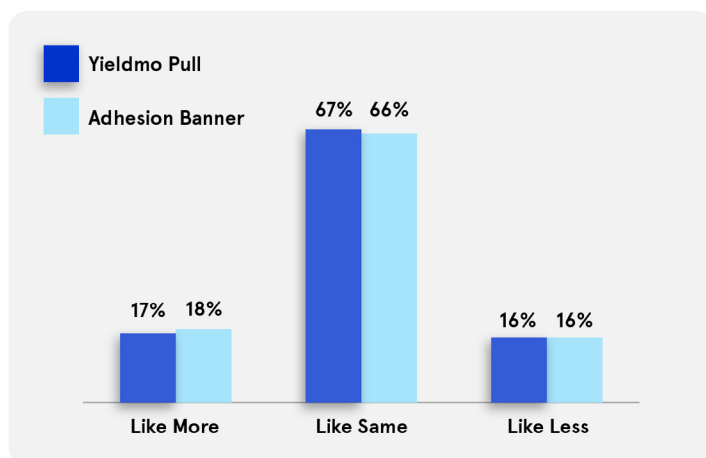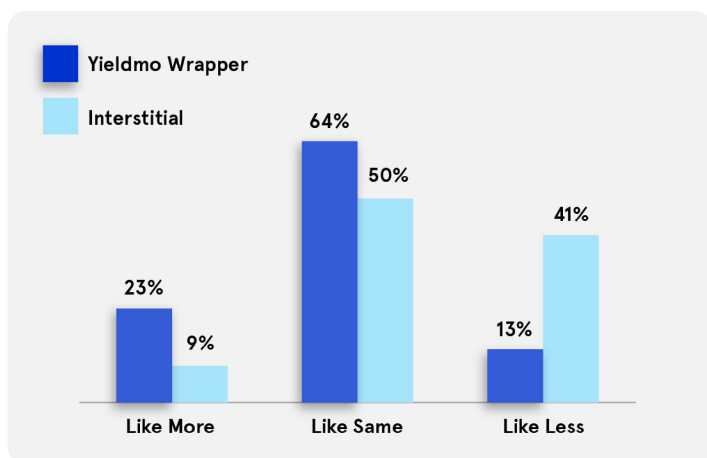
"

Yieldmo Wrapper
Interstitial

	Like More	Like Same	Like Less
Yieldmo Wrapper	23%	64%	13%
Interstitial	9%	50%	41%

Yieldmo Pull
Adhesion Banner

	Like More	Like Same	Like Less
Yieldmo Pull	17%	67%	16%
Adhesion Banner	18%	66%	16%

Yieldmo Window
300x250

	Like More	Like Same	Like Less
Yieldmo Window	26%	64%	10%
300x250	11%	79%	10%

Yieldmo Hyperplay
Pre-roll Video

	Like More	Like Same	Like Less
Yieldmo Hyperplay	23%	63%	14%
Pre-roll Video	7%	60%	32%

Figure 5
Change in Publisher Favorability Based on Each Ad Experience, by Ad Format
(percentage of respondents)

User-Preferred Ad Experiences Drive Purchase Intent for Select Advertiser Categories

For performance advertisers, another critical component of advertising effectiveness is its eventual impact on purchases.

Our study found that Yieldmo formats produced higher intent to purchase as compared to standard mobile formats, as shown in Figure 6 below. Results were by far the best for the retail and e-commerce ad category. Over twice as many respondents (150 respondents versus 69) indicated that they were more likely to purchase from this advertiser after seeing the Yieldmo Window ad experience.

The retail and e-commerce ad categories likely performed best here because consumers are more likely to purchase these lower ticket items on their mobile devices (for the two other categories, auto and telecommunications, products are evaluated on longer timelines given their higher price points).

We can say with confidence that user-friendly formats have a strong, positive impact on short-term purchase intent — great news for retail and e-commerce advertisers, which are typically performance-based.
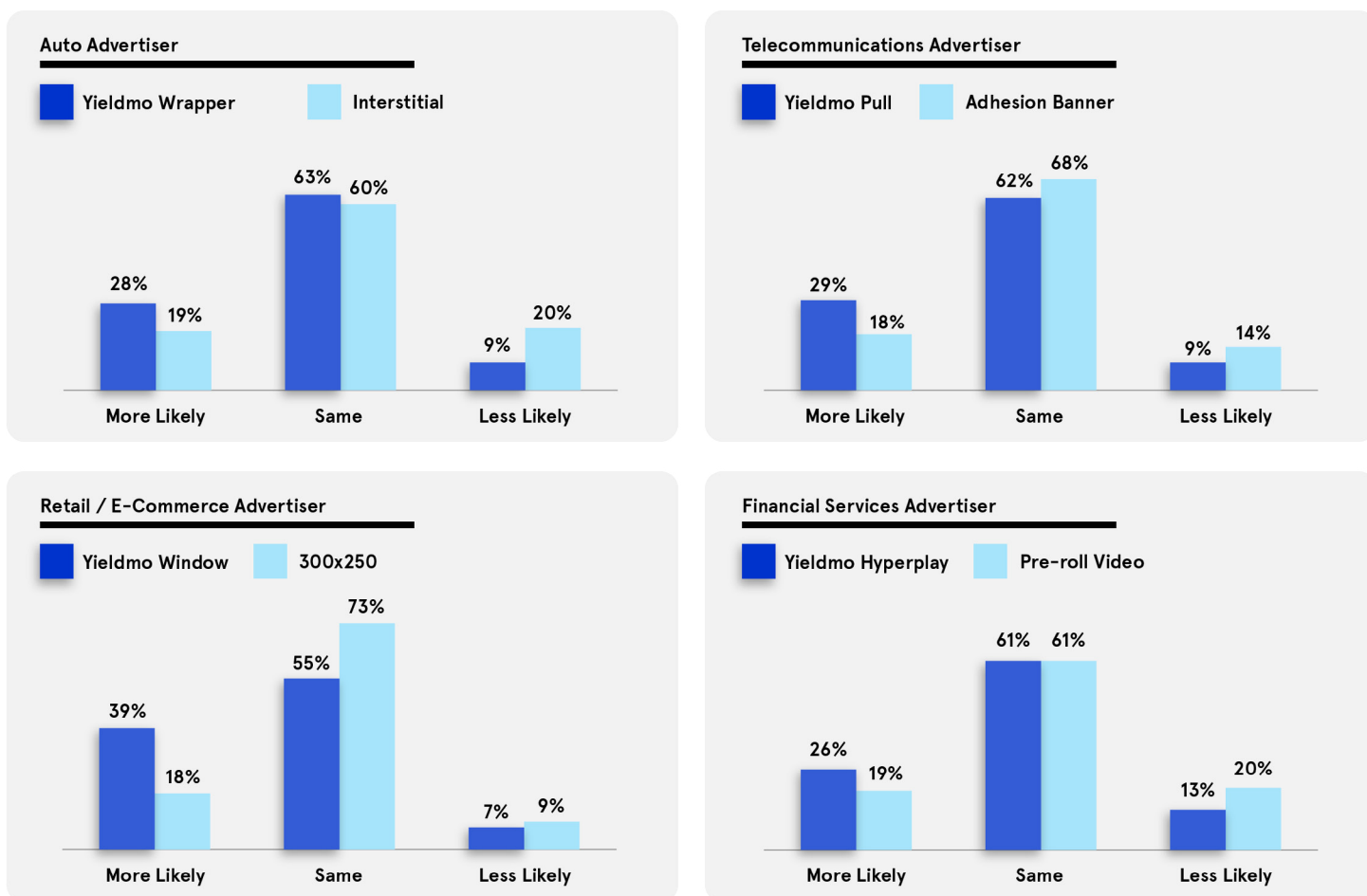
Auto Advertiser

Yieldmo Wrapper / **Interstitial**

	More Likely	Same	Less Likely
Yieldmo Wrapper	28%	63%	9%
Interstitial	19%	60%	20%

Telecommunications Advertiser

Yieldmo Pull / **Adhesion Banner**

	More Likely	Same	Less Likely
Yieldmo Pull	29%	62%	9%
Adhesion Banner	18%	68%	14%

Retail / E-Commerce Advertiser

Yieldmo Window / **300x250**

	More Likely	Same	Less Likely
Yieldmo Window	39%	55%	7%
300x250	18%	73%	9%

Financial Services Advertiser

Yieldmo Hyperplay / **Pre-roll Video**

	More Likely	Same	Less Likely
Yieldmo Hyperplay	26%	61%	13%
Pre-roll Video	19%	61%	20%

Figure 6
Likelihood to Purchase After Viewing Each Ad Experience, by Ad Format
(percentage of respondents)

Note: Same advertiser used for each ad experience comparison.

So, What Does Better Mobile Advertising Look Like?

Two questions remain:

Do advertisers and publishers want their brands to be associated with adjectives like *disruptive, annoying, frustrating and boring*?
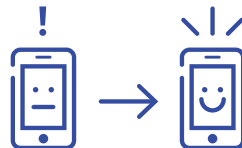
Or do they want readers to associate words like *enjoyable, memorable, engaging, innovative and fun* with the brand images they encounter on their mobile devices?

Our findings suggest that both advertisers and publishers need to develop mobile ad experiences of a consistently higher quality. By focusing on better ad experiences for consumers, advertisers can increase brand recall while reaping the added benefits of

higher brand favorability and purchase intent. Publishers can also capitalize on more user-friendly ad experiences by improving the favorability of their brand. And that may just lead to more loyal readers.

On the following page, we've included a set of recommendations to help advertisers and publishers achieve exactly that. Say hello to memorable, engaging, innovative, fun and enjoyable ad experiences designed for mobile.

In other words, we've answered the call.

5 Key Recommendations for Mobile Advertisers and Publishers

5 Recommendations:

1.

Design for future mobile ad experiences

Our smartphones are beautifully designed, so why are so many of our mobile content and advertising experiences essentially relic designs from desktop sites? Advertisers and publishers should dedicate a component of their efforts and processes to design-driven thinking, which means working together to build aesthetically-pleasing mobile sites and apps that match the beauty of the devices on which those experiences appear.

2.

Consider the consumer's individual advertising experience

Never has a form of media been so personal as the mobile phone. So, why then do so many of our mobile content and advertising experiences not appreciate the nuances of the mobile medium, such as the handheld form factor and interactions? Advertisers and publishers should embrace a design-driven mindset that places the end user at the center of the process, meaning that every decision should be rooted in the consumer's experience and the corresponding measurement metrics.

3.

Measure holistically and optimize for better experience

It's important to note that not all well-designed ads are created equal. Advertisers and publishers must commit to testing ad experiences to ensure that a phenomenal design is not too intrusive or disruptive. Key metrics in analyzing design success are viewability (which, according to the Media Rating Council, should be 50% of the ad viewed for at least one second for display ads, and two seconds for video ads), time spent or exposure time (which can indicate how interested consumers are with certain ads) and interactive events, such as user-initiated vertical scrolls, horizontal swipes and 360-degree tilts (using the smartphone's accelerometer). Advertisers and publishers need to understand these metrics, utilize them and optimize their ad experiences accordingly.

4.

Leverage first- and third-party data to target audiences and personalize experiences

The mobile ad format is only one component of creating an optimal mobile advertising experience—the relevance of an ad to the customer is another component. Consumers are expecting mobile content and advertising experiences that are both relevant and personalized to their needs, without being "creepy" or collecting personally identifiable information (PII). Given these expectations, advertisers and publishers should, at times, leverage first- and third-party data to target audiences with customized messages. Note that too much targeting with a high frequency of messages can damage consumer trust.

5.

Utilize advertising technology to improve the user experience

Mobile programmatic spending is expected to reach $17.7 billion in the U.S. in 2016, representing over 70% of total digital display programmatic spending and 38% of all mobile ad spending.[5] Sure, programmatic provides tremendous efficiencies, but the heavy emphasis on data can make marketers forget the human at the receiving end with whom they seek to make an emotional connection with. When using programmatic buying platforms, find ways to improve the user experience while gaining efficiencies. For example, the technology has advanced to allow unique brand formats to be purchased (Yieldmo formats are available on DSPs like The Trade Desk, for example), audience data to be ingested for better targeting, and granular metrics to be reported.

[5] eMarketer (2016)

Consumer Usability Research Study Objectives & Methodology

Yieldmo set out to prove that innovative, mobile ad formats that optimize for a mobile user's experience are better for consumers, advertisers' brand campaigns and publishers. To accomplish this, we asked consumers to compare Yieldmo's brand-focused, upper-funnel formats with standard mobile ad formats, side-by-side.

Respondents were presented with the following format comparisons:

Yieldmo Ad Formats	vs.	Standard Mobile Ad Formats
WRAPPER http://bit.ly/yieldmowrapper	**vs.**	**INTERSTITIAL**
HYPERPLAY OUTSTREAM VIDEO http://bit.ly/yieldmohyperplay	**vs.**	**PRE-ROLL VIDEO**
PULL http://bit.ly/yieldmopull	**vs.**	**ADHESION BANNER (I.E. "STICKY FOOTER")**
WINDOW http://bit.ly/yieldmowindow	**vs.**	**STATIC 300X250**

387 U.S. CONSUMERS

DEVICE	GEOGRAPHY
54% IPHONE	61% SUBURBAN
47% ANDROID	39% URBAN

GENDER	HHI
42% MALE	22% < $50K
58% FEMALE	45% $50K–$100K
	33% $100K–$125K

AGE
46% 18–34
54% 35-65

Yieldmo surveyed 387 US consumers with a sample composition closely matched to the US Census in terms of age and gender.

We also targeted a mix of mobile OS users (iOS/Android), household incomes and suburban versus rural residents.

Survey Format

Online, quantitative survey was fielded in September 2016. Respondents were prompted with two types of ad experience tests:

For unaided advertiser brand recall, respondents were presented with a single mobile website and then asked to identify the advertiser brand by typing it into a text box. Users were given no specific direction to look at the advertisement on the website they were shown.

For ad preference and all other question types, respondents were presented with four side-by-side ad experience comparisons (all with the same advertiser creative and publisher to control for brand bias) and asked to assess those ad experiences.

Ad tests covered four separate advertiser categories:

1. Automotive
2. Retail
3. Telecommunications
4. Financial Services/Insurance

Study was executed by Applause, an independent consumer usability research provider.

About Yieldmo

Yieldmo is a mobile advertising provider that develops uniquely-mobile ad formats that offer a better user experience for consumers, higher mobile ad performance for advertisers and superior mobile monetization for publishers. The Yieldmo Ad Format Lab™ employs human-centered design processes to create and optimize a full funnel of ad formats that accomplish any media campaign objective, across more than 120 premium publisher partners, reaching 82% of US smartphone users. The company is backed by a number of premier investors, including Google Ventures, Union Square Ventures and Time Warner Investments.

For more information on Yieldmo, please visit:
Yieldmo.com

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