Rewarded Returns

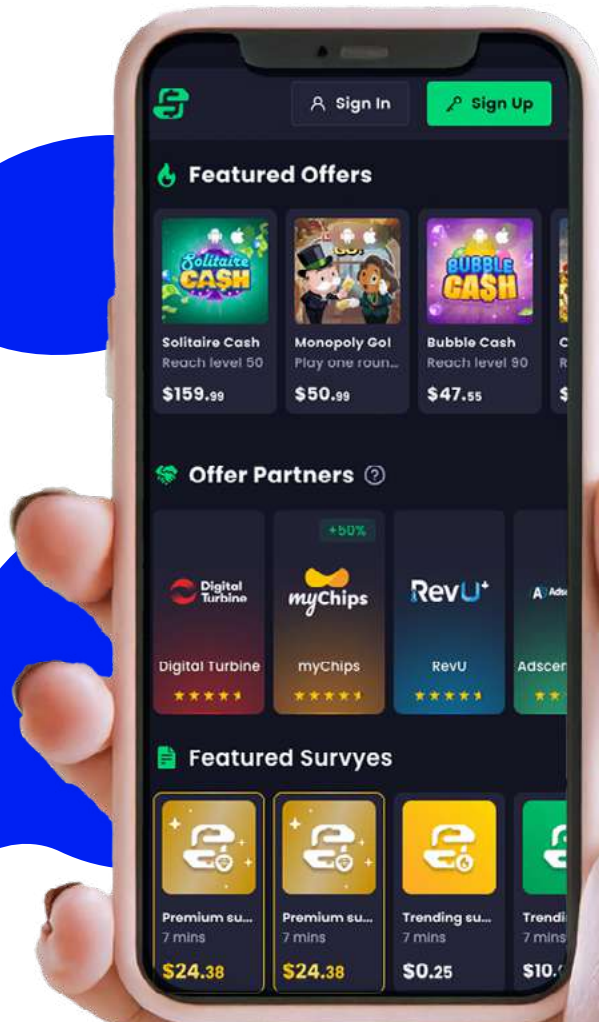## Part One

An Almedia Study

Almedia

Foreword

Reward-Based UA: A History

Once upon a time, with App Store rankings dependent on downloads alone, a savvy game or app developer could buy incentivized traffic and rocket to the top of the charts. Suffice to say Apple wasn't particularly keen on the idea, but incentivized traffic has persisted throughout the almost 15 years that have passed, in the enduring success of early mover Tapjoy as well as other offerwall products from the likes of Fyber and RevU.

A series of seismic industry shifts—the IDFA deprecation, the global pandemic's economic rollercoaster, significant consolidation among user acquisition players—have led game developers to seek out more diverse routes to success. Technological evolution has displaced the crude incentivized mechanisms of the past in favor of more transparent systems, deeper reward structures, and hard currency incentives that provide genuine value to both developers and users.

Almedia commissioned this research to explore whether reward-based UA has now truly transcended its contentious origins. Our comprehensive study— one of two we will release in Q1 2025—reveals a remarkable transformation that shows it has shaken off legacy concerns—including fraud— and emerged as a sophisticated, data-driven strategy at the forefront of mobile game marketing.
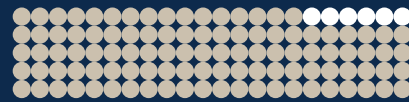
Moritz Holländer
Founder and CEO

Key Findings

Among 502 mobile game developers

94% Feel positive about reward-based user acquisition

54% Expect user acquisition to get easier in 2025

64% Rate the current user acquisition environment as challenging

Among those who have run a rewarded UA campaign

77%

59% Expect reward-based UA to become a bigger part of their strategy in 2025

82% Say their reward-based campaigns have outperformed other types of UA campaign

95% Say rewarded campaigns have given their game a competitive advantage

Among those who haven't run a rewarded UA campaign

23%

36% Cite fraud as the biggest barrier to adoption

43% Expect reward-based UA to become part of their strategy in 2025

62% Are concerned about falling behind competitors by not using reward-based campaigns

2

Audience

502
mobile game developers

251
in the US

251
in the UK

Most likely persona

A developer with 3-4 years of experience

Working in a company of 50-100 staff

Developing a puzzle game

User Acquisition Overview

We've all talked about it *ad nauseam* for more than three years. The pre-2021 mobile marketing landscape isn't coming back, but not everyone has cracked the code to the new reality. The mobile games industry continues to navigate intricate technological and privacy-related user acquisition challenges. Yet our research shows that the tide may be turning for the better.

We asked our game developers how they found user acquisition in general in 2024. Approximately two-thirds **(64%)** characterized the current user acquisition environment as challenging (shock!). However, just **16%** found user acquisition very challenging, and a surprisingly meaningful one-third **(33%)** found it straightforward, indicating that marketing success in 2024 wasn't the preserve of mega publishers alone.

Difficulty in tracking and measurement due to privacy rules was cited as the single biggest UA challenge by **37%** of respondents, followed by high user churn **(28%)** and high CPIs **(18%)**. A further **15%** said discoverability was their biggest pain point. Collectively, these challenges underscore the complexity of effectively and efficiently attracting new players.
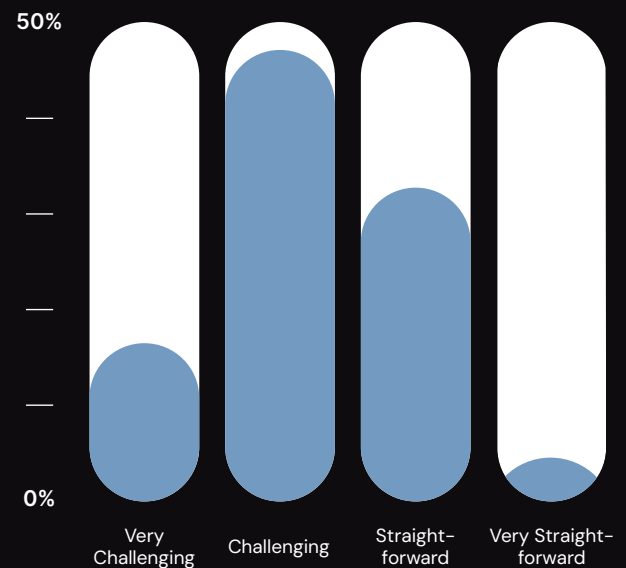
64%

Approximately two-thirds characterized the current user acquisition environment as challenging

The current user acquisition environment for mobile games

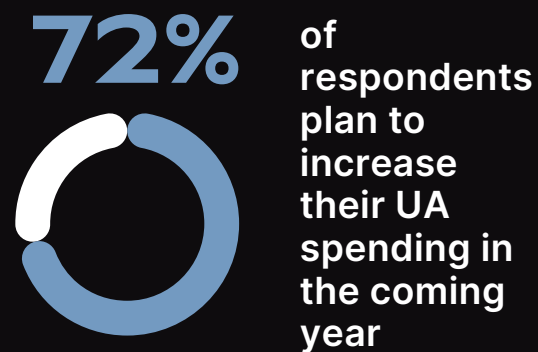|			
50%			
0%			
Very Challenging	Challenging	Straight-forward	Very Straight-forward

As it is with all forms of digital advertising, fraud is a persistent concern, with **46%** viewing it as a significant issue in mobile game user acquisition. According to Pixalate, the "Video Gaming" IAB mobile app category had a global invalid traffic rate (including ad fraud) of **21%**, resulting in **$690M+** ad spend lost in this category alone in Q3 2024.

Despite this, an overwhelming **88%** of respondents express at least a degree of trust in traditional user acquisition sources such as Meta and ironSource. This can be interpreted in a couple of ways. Firstly, a high expectation of or tolerance for fraud in mobile games user acquisition. The proportion of respondents with complete trust in traditional UA sources falls to **34%**, providing a more nuanced picture. Secondly, game developers have had little choice but to continue to invest heavily in traditional UA - until recently.
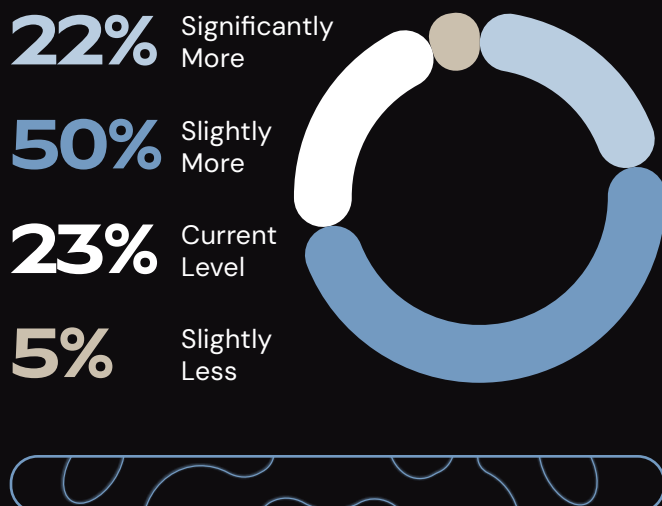
Looking forward, the outlook is notably positive. Over half of the respondents **(54%)** believe user acquisition will be easier in 2025, with only **16%** anticipating increased difficulty.

This optimism is further reinforced by investment intentions, with **72%** of respondents planning to increase their UA spending in the coming year and **23%** maintaining current investment levels.
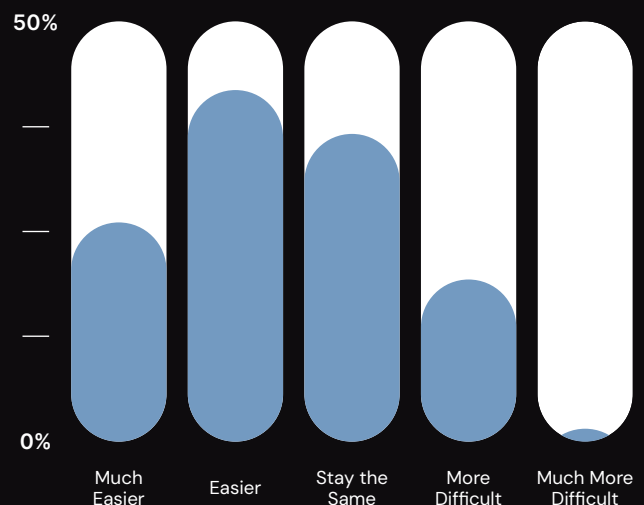
The emerging trend of reward-based user acquisition likely contributes to this positive sentiment, offering more engaging and transparent methods of attracting and retaining players. As the industry continues to innovate and adapt, these strategies may well provide the bridge between current challenges and future opportunities.

72%

of respondents plan to increase their UA spending in the coming year

Planned user acquisition spend in 2025

22% Significantly More

50% Slightly More

23% Current Level

5% Slightly Less

The user acquisition environment in 2025

50%

0%

Much Easier | Easier | Stay the Same | More Difficult | Much More Difficult

The Impact of Rewarded Campaigns

The Big Picture

Could reward-based UA really already be making that level of impact on mobile games marketing? With **77%** of respondents saying their company had run a reward-based campaign previously, it's clear that the channel has moved from experimental to mainstream. The rapid adoption rate suggests not just acceptance, but enthusiasm from gaming advertisers.

Likewise, **38%** said **11%–25%** of their UA budget was currently allocated to reward-based campaigns. The same proportion said **26%–50%** of their budget was allocated to them. These substantial budget allocations indicate that reward-based UA has earned its place as a core component of acquisition strategies, rather than just an experimental line item. That over a third of companies are willing to dedicate up to half their UA budget to this approach demonstrates remarkable confidence in the channel's effectiveness.

Performance of reward-based campaigns vs other UA campaigns

2% Slightly less efffective

16% Similar performance

50% Slightly more efffective

32% Much more efffective

A whopping **95%** said this had given them a competitive edge in the market

How do those campaigns compare to regular UA campaigns? More than four-fifths **(82%)** said their reward-based UA campaigns had been more effective compared to their non-reward UA campaigns. A whopping **95%** said this had given them a competitive edge in the market, with **49%** feeling they had a significant edge over competitors. These striking success rates suggest that reward-based UA may be addressing some of the fundamental challenges plaguing traditional UA methods – particularly around user quality and retention.

Despite the aforementioned legacy concerns from some quarters around incentivized traffic, the proportion of game developers who believe fraud is a significant consideration in reward-based UA **(47%)** is just one percentage point higher than traditional UA channels. Again, this demonstrates the extent to which reward-based UA is becoming part of the furniture rather than a relative unknown.

Into the Weeds

The highest performing elements of reward-based campaigns were customer service and tech support **(rated 8.13/10)**, followed as you'd hope by access to high intent users **(8.05)**. The lowest-performing element was transparency and fraud prevention, although this still scored an impressively high **7.57**, showing platforms' commitment to effective anti-fraud mechanisms.

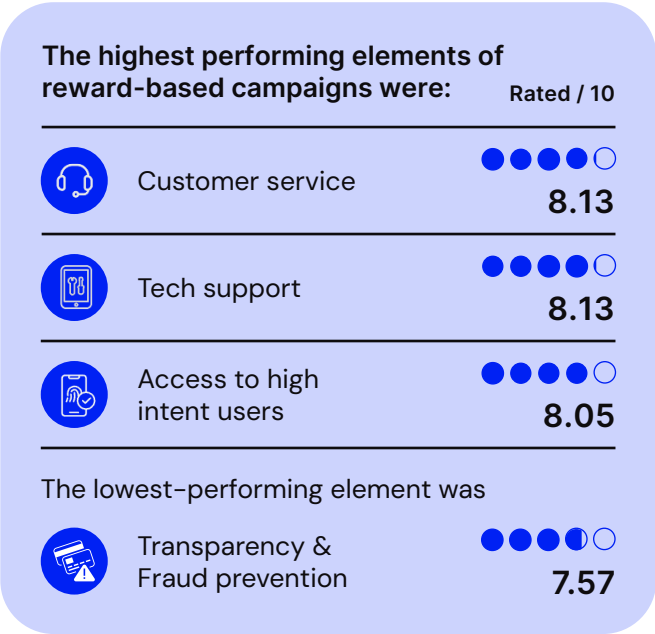**79%** said user retention from reward-based campaigns is stronger than from non-rewarded sources.

Though, at their simplest, reward-based campaigns are designed to acquire users, they have progressed beyond that baseline. When it comes to tracking the success of reward-based campaigns, developers also pointed to engagement metrics **(cited by 51%)**, LTV of the acquired players **(45%)** and retention rates **(45%)** as key indicators. In fact, **79%** said user retention from reward-based campaigns is stronger than from non-rewarded sources.

Rewarded campaigns aren't always total sunshine and rainbows. When it comes to the challenges faced during rewarded campaigns, respondents mentioned that the acquisition costs can be high relative to LTV **(48%)**, ensuring rewards maintain their appeal **(42%)** and low retention once rewards end **(34%)** are all notable.

At Almedia, we work with our partners to ensure deeply engaging campaign design based on data-driven insights from first-party data. However, this is certainly one of the ways reward-based campaigns will develop further to ensure longer-term engagement (read on for more on this topic).

We would also flag another pain point: Often, early metrics from reward-based tests can be so promising that advertisers want to scale their campaigns too quickly. A responsible reward-based platform will always aim to ensure this doesn't happen.

The highest performing elements of reward-based campaigns were:

Rated / 10

Customer service	●●●●○	8.13
Tech support	●●●●○	8.13
Access to high intent users	●●●●○	8.05

The lowest-performing element was

Transparency & Fraud prevention	●●●◑○	7.57

Biggest challenges of using real world rewards to attract players

- Low user retention after claiming rewards
- High cost of rewards
- Difficulty in tracking effectiveness
- Canibalization of existing users
- Ensure rewards maintain its appeal

0% | | | | 50%

Almedia & Innplay Labs A Case Study

Almedia became the biggest rewarded channel for Innplay Labs, helping Animals & Coins rank 4th globally by revenue in Casual Casino category.

100K — Installs in August 2024 alone

70% — higher D30 retention than average

Challenge:
Standing out in a Crowded Market

The casual casino market is fiercely competitive, with countless titles fighting for players' attention. To support rapid growth without losing momentum, Innplay Labs needed a scalable UA channel to acquire and retain high-quality users at scale.

Solution:
Strategic User Acquisition and Retention with Almedia

To address its growth and retention goals, Innplay Labs and Playtika turned to Almedia, the leading rewarded UA channel for mobile games. Almedia leveraged its expertise and high-quality, transparent rewarded channels to target the perfect audience by attracting high intent users and keeping them engaged long term with rewarded gameplay campaigns. D30 Retention 70% higher than average

Exceptional retention rates, with Day 30 retention outperforming industry benchmarks by 70%. They played and they stayed – a whole lot longer than users from any other channel.

The Wild Results

Biggest Rewarded Channel

Helping Animals & Coins reach Rank 4 globally by revenue in Casual Casino Category.

100k+ Installs in August 2024 Alone

The Almedia rewarded channel brought over 100,000 new players to the game across 11 key markets.

D30 Retention 70% higher than average

Exceptional retention rates, with Day 30 retention outperforming industry benchmarks by 70% . They played and they stayed – a whole lot longer than users from any other channel.

"Almedia drives top-quality users to our games, among the best of all UA channels. We're happy to keep scaling and strengthening our partnership with this talented team."

**Mor Stone,
VP of Marketing at Innplay Labs**

Perceived Benefits and Barriers

Within our research, we developed a bespoke question track for those developers who had some familiarity with the concept of reward-based user acquisition, but hadn't run a campaign themselves. We wanted to hear their thoughts on the potential benefits of reward-based UA and understand what could be stopping them from diving headfirst into the channel.

Despite never having run that type of campaign, this cohort of developers nevertheless showed strong understanding of reward-based UA. When asked for a single biggest potential benefit of reward-based campaigns, the largest proportion **(34%)** unsurprisingly said user acquisition. However, **24%** mentioned increased player retention, while a further **21%** mentioned boosting IAPs, showing that the broad potential impact of rewards is widely understood.

When it comes to the rewards themselves, developers that hadn't yet run a reward-based campaign felt real world value was the way to go. **48%** said cash would be the most successful reward format, followed by **38%** who mentioned gift cards. Almedia's freecash.com platform offers both of these as well as advanced options for users such as the ability to use their earnings to open an account with a leading banking app.

When it comes to barriers, fraud concerns crop up once more, although they're mentioned by just **36%** of developers. This is only slightly higher than those who pointed to a lack of internal resources **(34%)** and concerns about the cost of reward-based campaigns **(32%)**. While concerns about fraud are a notable theme throughout this research, they rarely stand out compared to other concerns or other UA channels, demonstrating once again how far the reputation of incentivized traffic has shifted in recent history.

Biggest potential benefits of reward-based user acquisition?
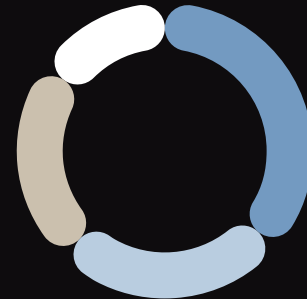
34% Bringing in more active users

24% Increasing player retention

21% Boosting in-game purchases

14% Enhancing brand reputation

Barriers to implementing reward based campaigns

Unsure how they work

Cost concerns

Potential impact on UX

Lack of internal resources

Historic stigma or reputation
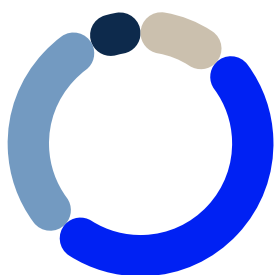
Fraud concerns

Less effective than classic UA

0%   40%

Reward-Based UA in 2025 and Beyond

Reward-based UA shows no signs of stopping its clear upward trend this year, with those already bought-in doubling down on their commitment, and non-adopters expressing growing FOMO.

Among those with reward-based campaign experience, an impressive **59%** plan to expand these initiatives in 2025, while **37%** intend to maintain them as a key secondary UA strategy. This suggests that once companies experiment with reward-based UA, they tend to entrench it in their marketing mix rather than retreat.

Perhaps most telling is the anxiety among companies yet to implement reward-based campaigns. A substantial **62%** of these non-adopters express concern about falling behind their competitors, indicating that reward-based UA is increasingly viewed not as an optional enhancement but as a competitive necessity. This fear of missing out appears well-founded, given the overwhelming success rates reported by current practitioners. The fact that **43%** of these non-adopters already plan to incorporate reward UA into their 2025 strategy suggests a second wave of adoption is imminent.
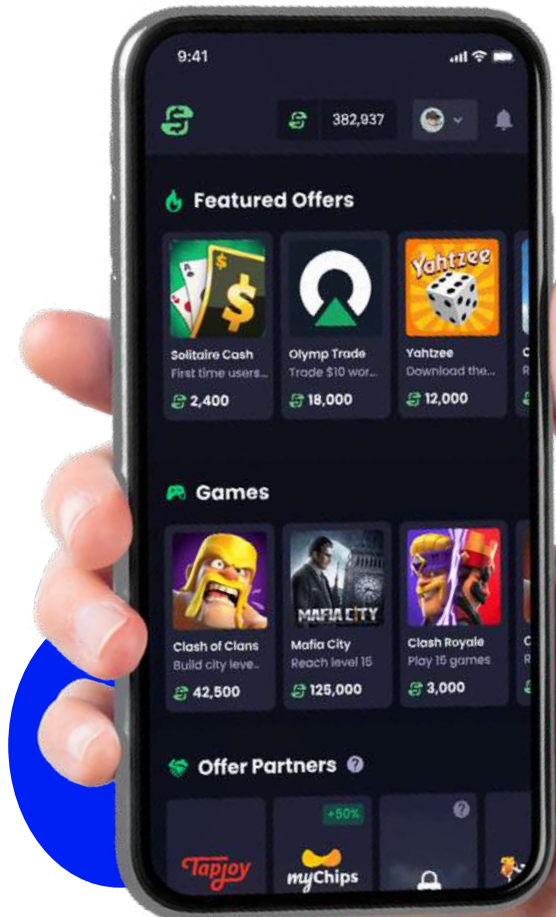
59%
who have run a reward-based campaign plan to expand this in 2025

Falling behind competitors by not running reward-based campaigns

12% Very concerned

50% Concerned

31% Not concerned

7% Not at all concerned

Both groups – adopters and non-adopters alike – already expect rewards to expand beyond mobile and web into console gaming in future. **90%** of those who have run a reward-based campaign anticipate this evolution, along with **71%** of those who haven't. This consensus suggests that real-world rewards aren't viewed as a mobile-specific phenomenon but rather as a fundamental shift in how games might incentivize and engage players across all platforms.

This cross-platform prediction could indicate that we're witnessing the early stages of a broader gaming industry transformation, where the lines between virtual achievements and real-world rewards become increasingly blurred. The mobile gaming sector appears to be the testing ground for this evolution, with console gaming potentially following suit in the coming years.

What do the gamers think?

Developers of all shapes and sizes - adopters and non-adopters, clearly believe reward-based UA is not only here to stay, but becoming ever more important. But what do gamers think? In March 2025, Almedia will be releasing a study which dives deep into what's driving the effectiveness and growth of reward-based campaigns from the user perspective.

Here's a sneak peek from our survey of more than 2,000 gamers in the US and UK:

Real World Rewards

65% feel positive about mobile games offering rewards to download or play games. This rises to **75%** when the rewards are specified as real money or gift cards. Our developers had it spot on when they pointed to hard currency rewards as the way to go.

Growing Trust

57% would trust a platform that offered real world rewards for playing mobile games. Only **14%** wouldn't, with the remainder neutral. While there's still work to be done with both developers and gamers to improve it further, the overall level of trust in rewarded platforms is remarkably (but increasingly justifiably) high.

Discoverability

Mobile gamers prefer to find out about new mobile games on reward-based mobile gaming platforms over app store recommendations, social media ads, press articles and reviews, and influencer reviews. Only in-game ads and word of mouth rank more highly. This addresses one of our developers' key pain points and hints at another compelling element of reward-based campaigns.

Ultimately, the success of reward-based UA is driven by the value exchange it offers both advertiser and user. If the balance shifts too far in either direction, it won't work for anyone. Keep an eye out for the full study later in Q1 where we'll dive deep into how gamers are turning rewards from a successful acquisition mechanism to a gaming megatrend!

A Vision for the Future of Reward-Based UA

The transformation of reward-based user acquisition from a controversial customer acquisition tactic to a sophisticated marketing strategy has been remarkable. Our research reveals not just widespread adoption, but genuine enthusiasm from developers who have experienced its benefits firsthand. With **77%** of developers having already run reward campaigns and the majority planning to increase investment, reward-based UA has clearly moved beyond its experimental phase.

This evolution is just the beginning. Several key trends suggest how reward-based UA will develop in the coming years:

Enhanced Engagement Mechanics

The current challenges around maintaining user engagement after rewards end (faced by **34%** of developers) will drive innovation in campaign design. Future reward-based campaigns will likely feature more personalized, more sophisticated progression systems, tiered reward structures, and longer-term engagement mechanics that bridge the gap between initial acquisition and sustained gameplay.

Data-Driven Optimization

As platforms mature, they will offer increasingly sophisticated data analytics and campaign optimization tools. This evolution will help address current pain points around campaign scaling and ROAS optimization, allowing developers to make more informed decisions about reward structures and user targeting.

Cross-Platform Integration

With **90%** of developers anticipating rewards expanding into console gaming, we'll see more sophisticated cross-platform reward ecosystems emerge. This could create opportunities for developers to build reward strategies that span multiple games and platforms, creating more engaging user journeys and stronger player loyalty. Almedia's flagship rewards platform already spans web and mobile apps, but as gaming distribution opens up further, the possibilities are endless.
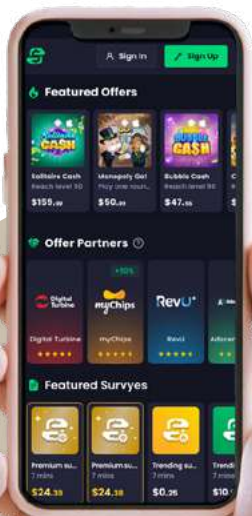
New Types of Content

While current reward-based campaigns are most effective for certain types of game such as midcore mobile, the high trust levels in reward-based platforms (**57%** among gamers) suggest opportunity for deeper integration between games and reward platforms. This could lead to more seamless reward experiences and potentially new forms of gameplay mechanics built around real-world rewards.

Discovery Platform Evolution

With gamers ranking reward-based platforms highly for game discovery, platforms like freecash.com are positioned to evolve into broader gaming communities. This could create new opportunities for organic discovery and community-driven growth alongside traditional user acquisition.

Evolving Reward Structures

While gift cards currently dominate the reward landscape, we may see evolution toward more diverse reward types that blur the lines between virtual and real-world value. This could include exclusive digital content, or hybrid rewards that combine virtual and physical elements.

Enhanced Fraud Prevention

As the channel matures, we'll see continued investment in sophisticated fraud prevention mechanisms. This will help address the lingering concerns about fraud (cited by **36%** of non-adopters) and further legitimize reward-based UA as a mainstream marketing channel. Crucially, this effort needs to be replicated across the entire mobile marketing ecosystem - as this research shows - it's an issue of comparable magnitude everywhere.
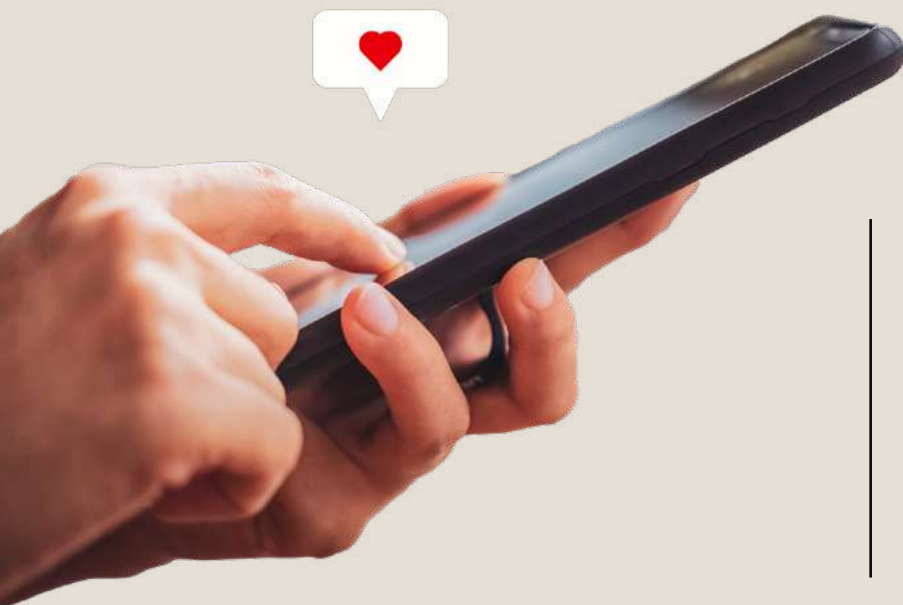
The future of reward-based UA is a central role in how games acquire, engage, and retain users across platforms. The key to success will be maintaining the delicate value exchange between developers and players while continuing to innovate in ways that benefit both parties. With uptake of rewarded campaigns skyrocketing, the channel will soon evolve from significant competitive advantage to a fatal omission for game developers. Are you ready?

Methodology

Game Developers

An online survey was conducted by Atomik Research among 502 mobile game developers respondents from across the UK and USA. To qualify for the survey, the mobile game developers had to be at least "slightly familiar" with the concept of reward-based user acquisition. The research fieldwork took place between the 25th of November and 4th of December 2024.

Atomik Research is an independent creative market research agency that employs MRS-certified researchers and abides by MRS code.

About Almedia

Almedia is on a mission to engineer the future of user acquisition. With data driven rewards and recommendations, Almedia creates new ways to transform high potential users into high value customers. Identified by Singular as the fifth–highest absolute leader for ad spend growth in 2024, the aim is to become the world's most intelligent engagement engine.

Founded in 2020 by Moritz Holländer, Almedia initially rewarded users with in–game items for playing games. After rebranding the flagship–product to 'Freecash', and expanding from in–game rewards to real–world rewards, while further gamifying the user experience, Almedia continued to gain traction. By the end of 2024, Freecash had built a community of over 35 million users, engaging with games, apps and surveys on one of the highest–rated reward platforms.

Advertisers enjoy unparalleled returns on their ad spent with a technology platform that increases the lifetime value of every user. By working collaboratively with advertisers, Almedia creates custom rewarded campaigns for customers' products and games, leading to superior user engagement, and delivering up to 2x 180 day ROAS and 3x ARPU compared to a traditional Google campaign.

With a team of 80 at the end of 2024, Almedia is now focused on growing its data science and engineering team further. With expanded data analytics and optimization capabilities, Almedia wants to continue to deliver on its promise: The smartest way to spend your ad budget.

Almedia

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Part One

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