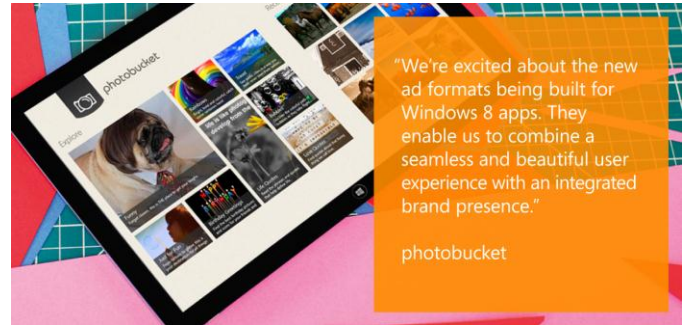


Ads in Apps 101

Reaching Audiences & Making Money with Advertising

Windows 8 presents new opportunities for both developers and advertisers. Developers can use advertising to monetize their applications while presenting a rich, engaging and immersive advertising experience to their users. Advertisers can utilize advertising within apps to deepen their engagement with their customers. Browse the document below for some quick concepts on Ads in Apps.



Why advertising?

More and more, developers are turning to advertising to monetize their apps. The Microsoft Ad SDK delivers attention-grabbing ads that are not perceived as intrusive.*

Advertisers will pay to reach your audience.

When you create an app with the Microsoft Advertising SDK for Windows 8, you join the multi-billion dollar media marketplace. As the app publisher, you have the opportunity to attract unique and valuable audiences that advertisers will pay to reach. By connecting the advertiser to your app audience with relevant and engaging experiences, you create value for advertisers and users, and revenue for yourself.

Ad 101: Think like an advertiser.

Terminology

- **Anchor Ad Size:** The size of the ad unit in pixels (e.g. 300x250) that developers include their app.
- **Ad Experience:** The ad experience that launches from an anchor ad. With Microsoft Advertising, most ad experiences launch from any ad format.
- **Impression:** The number of views of an ad unit.
- **UUs:** Unique users who see the ad impressions in a given time period.
- **Ad Inventory:** Volume or number of advertising impressions available on your app.
- **Yield:** Revenue generated from the ad inventory; often measured as revenue per impression.

Buying Models/Rate

- **CPM:** Cost Per Thousand impressions; advertiser pays when a user sees an ad. Microsoft pays developers on a CPM model.
- **CPC:** Cost Per Click; advertiser pays when a user clicks on the ad.
- **CPA:** Cost Per Action; advertiser pays when a user completes a specific action

Engagement Metrics

- **CTR:** Click-Through Rate; number of clicks on the ad divided by the number of delivered impressions of that ad.
- **CVR:** Ad Conversion, typically represented as a percentage calculated by the number of ad conversions, divided by the number of clicks, multiplied by 100.

Common Ad Formats

- **Banner Ad:** Most common ad type that is constructed from GIF, Flash, Animation files
- **Expanding Ad:** Ad size changes and expands out from original size
- **Video Ad:** similar to a banner ad except video plays instead of a static image
- **Interstitial Ad:** an ad that appears while the original destination loads

Common Ad Sizes

Choose popular industry sizes to create higher advertiser demand:

- 250x125 • 500x130 • 728x90
- 250x250 • 292x60
- 300x250 • 160x600

*Source: Ads in Apps for Windows 8 Release Preview Pilot Research. Microsoft in partnership with Metrixlab. September 2012. Sample size: 300.



Ads in Apps

What's in it for advertisers? The right content and a relevant audience.

App developers create value for advertisers by providing a medium to reach an audience – an audience that is likely to be interested in the advertiser's product, service or brand.

- **Choose from a variety of anchor ads to enable ad experiences that consumers like and advertisers will pay for**

You'll want to make sure that your anchor ad is easily visible to users, but don't distract users from their core goal. Our motto is "invite, don't interrupt." Make sure the ad fits with our overall app design and delivers a seamless experience.

- **How advertisers measure performance**

Advertisers measure engagement through a variety of metrics including: number of impressions delivered, number of users reached, "Click Through Rate" (CTR), "Conversion" (CVR), time spent, and other interactions with the ad. The higher the number of clicks on an ad, the greater the level of engagement. The combination of audience characteristics, CPM and CTR drives the demand for an app's inventory.

What's in it for developers? Revenue!

To drive the largest yield per advertisement, you need to attract as many eyeballs to the advertisement as possible. Ads placed in the upper half of the screen (above the fold) or in the first frame that a user sees, drive more ad impressions. When marketing the value proposition of your app, "tag" your app with the specific category of content it provides, such as gaming, finance, etc., to help advertisers easily identify what type of audience they may reach.

Keep advertising in mind right from the start of development. Details such as app content and context, where to place an ad, and how it looks in different viewing modes are extremely important. Bottom line: you want to place ads where users can see them, without intruding on the app experience.

- **How you as the developer measure ad performance**

Your ad revenue or yield is driven by how much advertisers pay per ad impression, and how many impressions are bought by advertisers. Advertisers will pay a certain cost per impression to reach their audience. This cost is known as CPM or "Cost Per Thousand." Advertisers will have the opportunity to buy your advertisements at this rate. The goal of the developer is to carefully monitor advertising campaigns to drive the best yield. Adjusting the anchor ad size may help drive up the ad yield. Make sure to choose an ad provider that serves ad experiences that respect users and keep them engaged and within the app.

Summary

- More and more, developers are using advertising to monetize their app.
- With Microsoft Advertising, developers choose from among many anchor ad sizes to identify a solution that's right for their app. Most of our ad experiences launch from any anchor ad format.
- The best ad experiences follow the motto "invite, don't interrupt." Microsoft Advertising delivers ads that are attention-grabbing but are not perceived as intrusive.