appsumer®

Mobile Advertising
Benchmark Report

Q2 2022

Executive Summary

iOS versions where AppTrackingTransparency (ATT) was enabled reached mass adoption in **June 2021**, so we can now do a full comparative Year-over-Year (YoY) analysis of its impact on mobile app advertisers. In this report, we break down the impact on app advertisers' media mix over this period.

The key headline is the comparison between Facebook and Apple Search Ads' (ASA) advertiser adoption and share-of-wallet changes YoY. ASA joined the duopoly of Facebook and Google at the top table of advertiser adoption as it grew adoption nearly four percentage points YoY to 94.8%, while Facebook adoption declined three percentage points to 82.8%.

This trend also played out with share-of-wallet as ASA gained five percentage points YoY reaching a 15% share, whilst Facebook declined four percentage points YoY, still finishing significantly ahead with a 28% share. Facebook also recovered share-of-wallet when comparing Q4 21 to Q2 22, suggesting that they're starting to recover from initial ATT headwinds. Google remained fairly steady on both metrics as most of their inventory sits on the Android platform.

The question now is how much can Apple increase ASA's share-of-wallet, given that inventory is constrained by the volume of searches on the App Store? It appears that a DSP could be Apple's answer to further their first-party data advantages on iOS, if rumors are to be believed.

In the lower tier of channels, TikTok is now ahead of Snap for both advertiser adoption and share-of-wallet. However, TikTok's advertiser adoption declined nearly seven percentage points YoY to 43.2%. Their share of wallet remained steady at 3% suggesting that some advertisers are succeeding, while others are struggling to come to grips with the platform.

Snap's challenges with ATT and economic headwinds have been well documented, which is evident in adoption and share-of-wallet. Their share-of-wallet halved YoY from 4% to 2%. However, while adoption declined three percentage points YoY to 32.7%, it bounced back from 25.4% in Q1 22. This could be a sign of recovery and potentially a leading indicator for share-of-wallet gains in coming quarters.

While the number of channels used by advertisers didn't move significantly, the underlying data shows bigger deltas. The largest advertisers increased by 1.4 channels used YoY to 10.7 on average, while the smallest advertisers decreased channels used by 1.1 channels to 2.5 on average. The largest advertisers likely increased channels to maintain volume when performance dipped on some channels. However, smaller advertisers struggle to deal with this cross-channel complexity in an ATT world given their smaller creative, data and optimization resources.

Introduction & Methodology

iOS versions where AppTrackingTransparency (ATT) was enabled reached mass adoption around June 2021, so we can now do a full comparative YoY analysis of its impact on mobile app advertisers. In this report, we break down the impact on app advertisers' media mix over this period.

While many benchmark reports look at a broad set of advertisers, we look at performance-focused mobile app advertisers spending greater than $100k per month on paid media. For challenger apps, it should give you insight into your desired media mix as you scale and act as a benchmark for the biggest spending apps versus your peers. *We'll look at:*

Media Channel Adoption

Which channels have the highest percentage adoption amongst the biggest spenders.

Channel diversity

How many channels advertisers use relative to their monthly paid media spend.

Share-of-wallet

Which Self Attributing Networks (SANs) get the largest share of spend from the biggest advertisers.

Whats the Methodology

To give you insight into the dataset we're exploring, here are some of the key stats and methodology behind the study:

- Over 100 different consumer mobile apps.

- The median spend of our customers is $354k per month.

- Spend is exclusively from advertisers in North America and EMEA.

- The total sample of annual spend we're looking at is over $500m.

- We've ensured that no single advertiser represents more than 20% of the dataset to avoid data being skewed by one single advertiser's dynamics.

- It's a longitudinal study starting at the beginning of Q2 2021, and finishing at the end of Q2 2022.

Media Channel Adoption

Media Channel Adoption
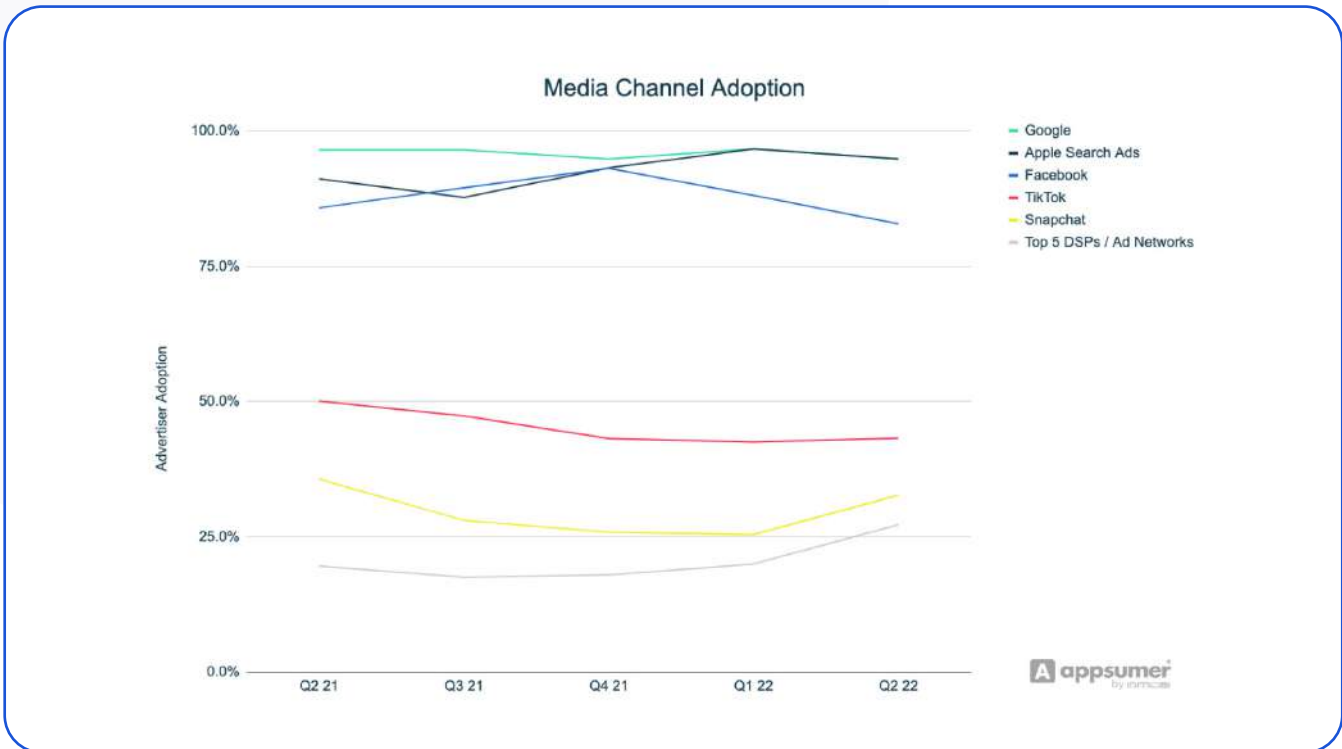
Channel Adoption	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Google	96.5%	96.5%	94.8%	96.7%	94.8%
Apple Search Ads (ASA)	91.1%	87.7%	93.2%	96.7%	94.8%
Facebook	85.8%	89.5%	93.1%	88.1%	82.8%
TikTok	50.1%	47.4%	43.2%	42.5%	43.2%
Snap	35.7%	28.1%	25.9%	25.4%	32.7%
Top 5 DSPs / Ad Networks	19.6%	17.5%	18.0%	20.0%	27.3%

Traditionally, we've seen Apple Search Ads (ASA) lag behind the duopoly of Google and Facebook in terms of adoption at around 75%. However, in the post-ATT world, ASA has now very much joined Facebook and Google at the top table of advertiser adoption. While Facebook's adoption did recover toward the end of 2021, the last two quarters have seen it once again decline below ASA, which has seen adoption that is consistent with Google, most recently.

In the lower tier of adoption, we've traditionally seen TikTok lag behind Snap. However, throughout this period TikTok has now jumped ahead of Snap, with between 40-50% adoption. That said, TikTok has seen adoption decline about seven percentage points YoY. TikTok is at the awkward teenager stage of advertising platform growth where perhaps some advertisers run tests on the platform but don't find ways to make it work for their app, while some advertisers clearly do. This could perhaps be due to advertisers not quite nailing the creative format or finding that TikTok's specific audience just isn't a fit.

Although Snap adoption is down three percentage points YoY, they did see some gains in Q2 22, after slumping to 25% adoption in Q1 22. Their problems with ATT and economic headwinds are well documented. However, recent recovery does suggest that they may be finding ways to overcome this.

Our top five DSPs and ad networks also saw solid gains in adoption throughout the period, jumping from around 20% to 27% adoption as advertisers look outside the traditional Self Attributing Networks (SANs) to find performance.

Channel Diversity

Channel Diversity
By advertiser monthly spend size
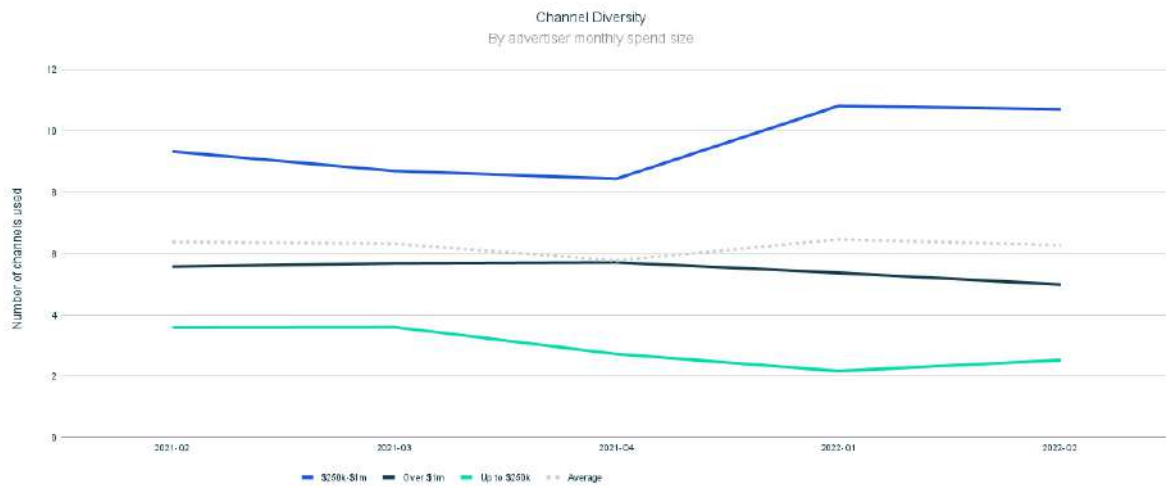
| Monthly Spend Size	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Over $1m	9.3	8.7	8.4	10.8	10.7
$250k-$1m	5.6	5.7	5.7	5.4	5.0
Up to $250k	3.6	3.6	2.7	2.2	2.5
Average	6.4	6.3	5.8	6.5	6.3

There is a clear divide between the top tier of spenders and mid- to lower-tier spenders when we look at the impact of ATT on channel diversity. The top tier of spenders ($1m+ per month) have increased channels used YoY by 1.4 channels. They have clearly seen a need to increase channels, perhaps to maintain volume when performance dropped on some channels.

While the mid-tier spenders ($250k-$1m per month) saw a marginal drop YoY, the smallest tier (Up to $250k per month) saw the average number of channels used drop by 1.1. Without the significant optimization, data and creative resources of the bigger guys, these smaller advertisers are less able to deal with cross-channel complexity in an ATT environment. This lack of diversification becomes an even bigger challenge when performance on a channel is negatively impacted by ATT headwinds and they don't have a big enough channel portfolio to continue scaling.

While average channel diversity looks pretty stable over the period, it's clear that the underlying data shows a bigger divide between the top tier and bottom tier of advertisers.

Share
of Wallet
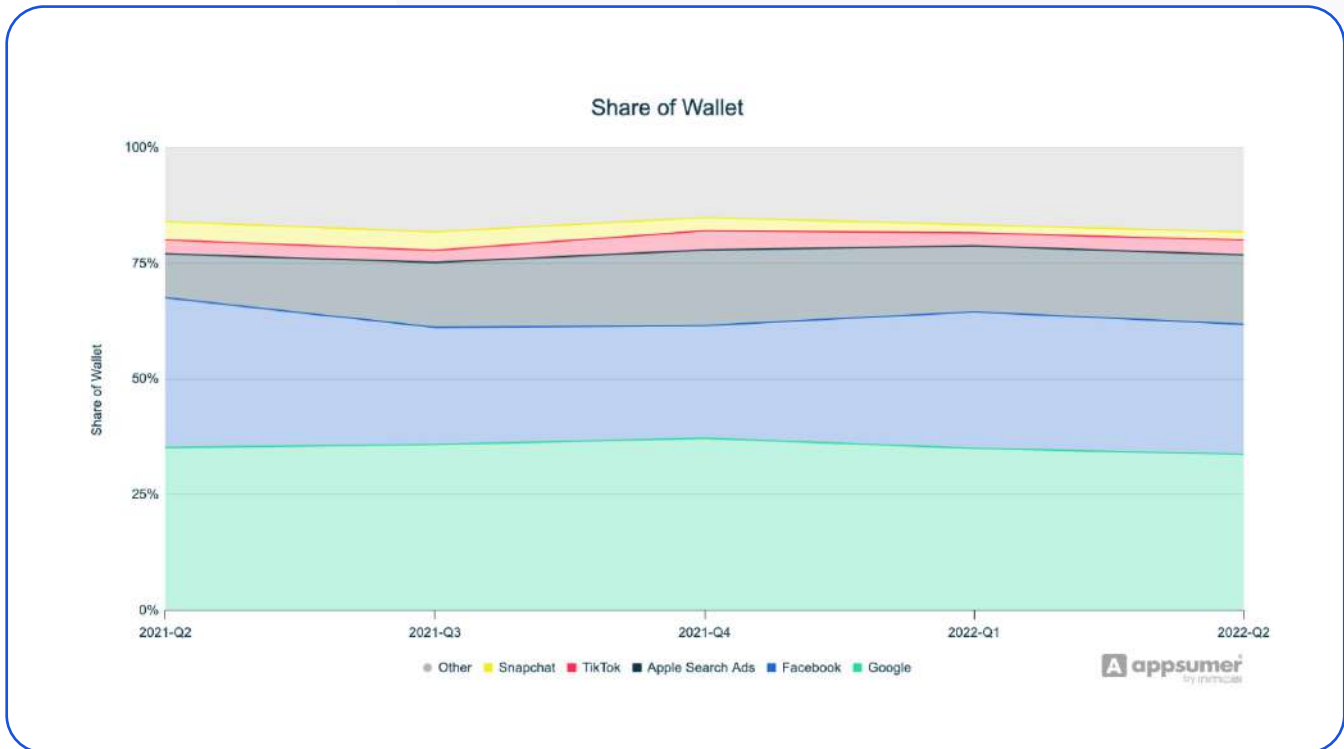
Share of Wallet

| Share-Of-Wallet	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Google	35%	36%	37%	35%	34%
Facebook	32%	25%	24%	29%	28%
Apple Search Ads	10%	14%	16%	14%	15%
TikTok	3%	3%	4%	3%	3%
Snap	4%	4%	3%	2%	2%
Other	16%	18%	15%	17%	18%

Looking at share-of-wallet YoY, the headline is that ASA gained five percentage points, while Facebook declined four percentage points. Facebook's share-of-wallet has been most volatile starting with 32%, then declined as low as 24% in Q4 2021, before recovering to 28% in Q2 2022. This is likely a sign of their struggles as they got to grips with the impact of mass ATT adoption. In contrast, ASA has seen steady gains throughout the period, peaking in Q4 21, before being squeezed a little in the first half of 2022 as Facebook's share-of-wallet recovered.

Snap's share-of-wallet has been halved YoY as they faced economic and ATT headwinds, despite their recovery in adoption as we headed into Q2 2022. However, with adoption recovering, it could be a leading indicator that share-of-wallet may too recover in future quarters.

Despite having a fairly stable share-of-wallet, TikTok now sits ahead of Snap with 3% vs. 2%. The fact that their share-of-wallet remained steady over the period, despite declining adoption, suggests that some advertisers are finding success on the platform while others are not.

Google's share-of-wallet has remained pretty stable across the period as they see less impact from ATT, given the majority of their spend sits on the Android platform.
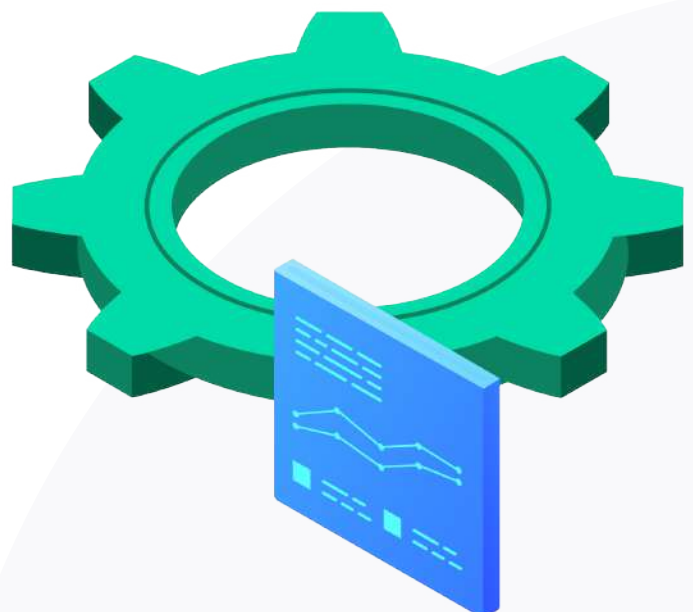
What does this mean for advertisers?

For advertisers, these trends suggest that some changes are needed to media mix as the industry gets used to the post–ATT world

Share-of-wallet and adoption movements suggest that performance has suffered on Facebook and Snap in the post-ATT world, while opportunities are there on ASA, TikTok and independent DSPs and ad networks. However, it's worth noting:

- ASA is constrained in inventory by search volume on the App Store, so costs could quickly become unsustainable as more advertisers flock to the platform. However, it's worth keeping an eye on rumors that Apple could soon be launching their own DSP, which would provide more inventory with the benefits of Apple's first-party data for targeting and measurement.

- TikTok is clearly working for some advertisers and less so for others. Making sure the audience matches with your own is important to understand before investing significant effort. If it fits, spend time understanding creative format and tone best practices, given the important differences with context versus traditional app performance channels.

There are signs of recovery on Facebook and Snap, and being a first mover to scale as these platforms recover will have a definite upside. So, continuously watch performance metrics on these channels and test scaling spend regularly when you see opportunity.

For smaller advertisers, it's clear that ATT has constrained channel diversification. However, looking at the top tier of spenders, they've had to diversify further as channel performance was hit. So as a smaller advertiser, it's apparent that you need to find leaner and more cost-effective ways of dealing with cross-channel complexity to diversify spend. The key is likely in lean experimentation with new channels and cost-effective solutions to deal with cross-channel data complexity.

About Appsumer

Appsumer by *InMobi* is built for performance marketing teams at consumer mobile apps who want to accelerate user acquisition more effectively. The platform aggregates and normalizes cross-channel cost, attribution and internal revenue data and visualizes it in an easy to use BI tool for UA teams. Customers include Adidas Runtastic, Miniclip, Trainline and Picsart who are able to:

Spend time on what matters: Spend more time optimizing creatives and revenue, with less time manually fighting data.

Unlock deeper insights: Optimize long-term revenue at the most granular level to gain an edge on competitors.

Boost campaign performance: With more time and deeper insights you can focus on advanced optimization.

Maintain user privacy: Built on aggregated data from the ground up, get rich insights without the need for user identifiers or an SDK.

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