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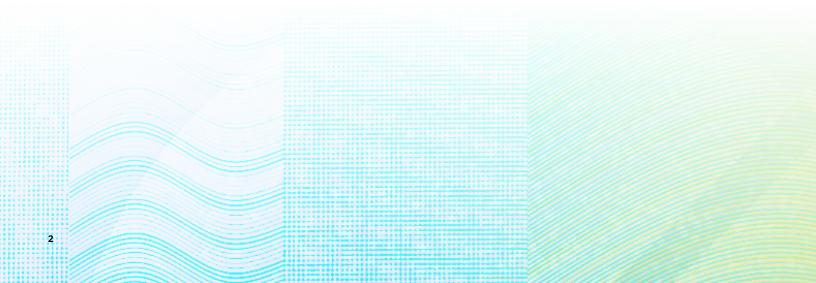
Quality drives value: A look into mobile gaming ads

The context Mobile gaming ads today

Mobile gaming is one of the most popular and engaging forms of directto-consumer entertainment today.¹ As users increasingly dedicate more time-share to mobile gaming, app publishers are responding by ramping up their monetization efforts—often through increased in-app advertising (IAA) that enables apps to maintain a free-access model to encourage user growth. Advertisers, eager to reach these highly engaged audiences, have increased investment in the mobile ad space.²

Capturing growth in the mobile app ecosystem in part hinges on the "return-on-ad-spend (ROAS) flywheel," where ad partners must deliver high-performing ads that drive user acquisition, clicks, and impressions—boosting advertiser ROI and publisher ad revenue. For some publishers, who also advertise to grow their user base, this cycle is critical. The ideal outcome from this flywheel, especially for publishers that value longer user retention and engagement, is to improve advertiser returns while minimizing impacts to user retention and engagement on apps.

While advertisers and publishers strive to provide an experience for gamers that enables both growth and retention, a trend toward prioritizing short-term results has led to a rise in disruptive ad features—including obscure close buttons, non-functional ad controls, and forced redirects that redirect gamers to app stores or landing pages instead of closing the ad as the gamer intended or allowing gamers to play the game within a playable ad. Disruptive ad features are often designed to force users to engage with an ad by keeping users in the ad or taking them to the app store or landing page when a user does not intend to navigate or click-through. While disruptive ad features may temporarily boost short-term ROAS by driving ad engagement (i.e., clicks), they erode user trust, decrease user retention, and hamper publisher brand perception. This dynamic, for app publishers focused on cultivating a loyal and engaged user base, gradually undermines app user growth and hinders achieving sustainable ROAS and monetization (IAA, in-app purchases).



The context

A closer look at ad quality in mobile gaming apps

Deloitte and Google AdMob conducted a global study to measure how gamers behave in response to different ad experiences and how certain experiences impact user outcomes or behaviors (e.g., user retention and churn, engagement, quitting, etc.). Exploration into this topic began in September 2024, and the study was completed earlier this year and included various countries across the globe.³

Deloitte ran a global survey of 7,000 participants who were vetted gamers,⁴ using a combination of memory recall questions and reactions to mock ad scenarios designed to show both ad experiences with and without disruptive ad features. These scenarios controlled for mobile game and ad creative variations by showing participants videos of the same fake mobile game and ad creative while changing the outcomes of clicks on standard ad controls (e.g., close, skip, and mute buttons and CTAs [call to actions]).

To complement this survey, Deloitte also conducted a multi-day global diary study with 50 participants who were vetted gamers across the same five countries to capture natural gamer sentiment and interactions with real, in-market ad experiences. This qualitative method validated survey findings and provided deeper rationale for reactions to certain ad qualities.

These methods allowed for an objective mobile gaming ad study that provided direct insights on the overall user experience rather than just isolated reactions to specific, varied ad creatives or different advertisers, publishers, and ad networks.



The findings

What we found: Some disruptive ad features negatively impact user retention and outcomes

This study focused on user outcomes as a result of disruptive ad features on three full-screen format types: rewarded ads, interstitial ads, and playable ads. The ad experiences tested included ad features that can change the user experience, where users are redirected from the app to an external app store or page even though the user's intention is to close or skip the ad. These features include:

- Obscure close "X" buttons that redirect gamers to app stores or landing pages rather than closing the ad.
- Non-functional ad controls that mimic gameplay but redirect gamers to app stores or landing pages instead of allowing the gamer to interact with the playable game within the ad.
- Forced redirects that redirect gamers to app stores or landing pages without any explicit user interaction.

The study findings are clear: **Disruptive ad features, such as those listed, hurt user experience** (i.e., increased negative feelings while gaming, shorter session durations, higher rates of quitting) and **contribute toward negative brand perception**, driving churn.

- Churn increases 6%–7% with just one exposure to a single disruptive ad feature.
- Disruptive ad features⁵ increase quitting rates on the first ad encounter from between 3% and 6% to between 9%-11% for ads with disruptive ad features.
- Disruptive ad features,⁶ on average, push **1 in 5 gamers to** abandon the game entirely.



The findings

Repeated exposure to disruptive ad features only exacerbates the impact

- **52% of gamers** say they would churn following repeated encounters with disruptive ad features (compared to 20% who churn in one encounter, on average)
- **14% of survey participants would leave negative reviews** after experiencing disruptive ad features

About 20% of gamers report that a high number of ads that are difficult to close or are misleading would make them more likely to stop playing even their favorite games.



User quote on playable ads

"The worst experience for me was an ad that showcased interesting gameplay, and near the end it gave the impression of being interactive, but it actually led to the app store with bait-and-switch behavior."

Figure 1. Gamer reaction to repeated encounters with disruptive ads

Gamer reaction to repeated encounters with disruptive and misleading ads % of gamers

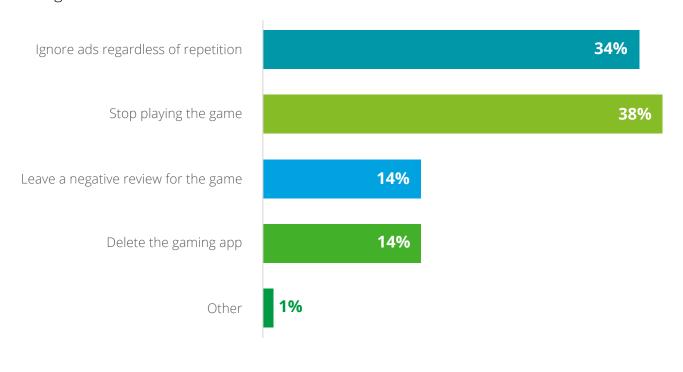


Figure 2. 6%-7% increase in user churn from a mobile gaming app with just one exposure to a single disruptive ad feature

Increased churn across ad types and creatives





User quote on redirects

"The worst ad experience is being automatically redirected ... or otherwise forced to close the application entirely to exit and continue game play."

The findings The results were universal

Negative reactions and churn from disruptive ad features are not limited to one type of gamer. Casual and heavy gamers both exhibit increased churn behavior⁷ in response:

- Casual gamers who spend less than 5 hours a week mobile gaming, show 30%–50% higher sensitivity to ad experiences with disruptive ad features,⁸ churning at a higher rate.
- Heavy gamers who spend more than 10 hours a week mobile gaming churn 8%–9% on disruptive ad features⁹ compared to 3%–5% on ads without disruptive ad features.

Heavy gamer churn is especially damaging to app publishers because **20% regularly click ads out of interest** and **15% drive organic awareness talking about ads** with family and friends. When they leave, they take real ad engagement, mobile app affinity, and revenue streams with them.



The opportunity

8

High-quality ad experiences can create positive outcomes

The same survey data reveals that high-quality ad design doesn't just prevent churn; it can actively boost engagement, retention, and brand perception. Gamers told us what makes for a high-quality ad experience:

- Ad functionality that works as expected with no deceptive ad placement, forced interactions, or forced redirects.
- Skip features are ranked high by 50% of gamers because they can make a longer ad experience more acceptable.
- Rewards that provide gamers an incentive to engage with ads as a fair value exchange, which means the absence of disruptive controls after a gamer opts in to the ad experience.

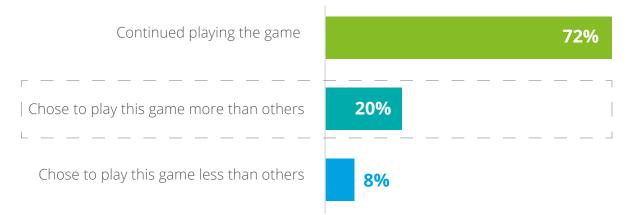
When ads are designed with the gamer experience in mind:

- 72% of gamers who see high-quality ad experiences **continue playing the game**.
- 20% of gamers report playing a game more often than other games when ads are consistently high quality.
- More than two-thirds (37%) of heavy gamers who are high spenders would play a game more often after a high-quality ad experience than casual gamers who are lower spenders (24%).

This means more gamers will stay if app publishers prioritize high-quality ad experiences. App publishers that prioritize high-quality ad experiences can strengthen active users (daily, monthly) and drive more ad engagement and in-app purchases (IAP).

Figure 3. High-quality ad experiences extend session length, drive retention, and boost lifetime value

Gamer action taken after encountering a high-quality ad experience % of gamers



The so-what

High-quality ads that create a positive experience with gamers can strengthen retention, improve perception, and unlock new growth

Short-term gains from disruptive ad features that drive engagement can come at the cost of sustainable, long-term business growth and can introduce the following risks:

- Losing casual users before they can grow into loyal gamers for apps with longer retention cycles.
- Driving away heavy gamers who may contribute disproportionate value and are the biggest IAP spenders—taking their engagement, spend, and word-of-mouth influence with them.
- Damaging brand equity through negative reviews and sentiment.

It is possible to mitigate the risks of exposing users to disruptive ad features, without sacrificing revenue and maintaining or even improving user retention. In an increasingly competitive mobile gaming landscape, for advertisers and publishers prioritizing longterm user value and retention, user-first ad experiences are more than good practice; they are a business imperative.

The evidence is clear: *Quality drives value*. To achieve the virtues of a healthy app ecosystem that enables growth, where advertisers are successful in getting strong ROAS and publishers see growth in ad revenue and their user base, app publishers and advertisers should prioritize ad partners and solutions that empower them to make ad quality decisions and control the ad experience that aligns with their brand, financial goals, and long-term strategies.



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Endnotes

- Deloitte's <u>Digital Media Trends Report</u>, <u>19th Edition</u>, finds the average US consumer today spends 10% of daily media and entertainment engagement on gaming, with younger generations spending increasing time-share, up to 16% for Gen Z. Roughly 7-in-10 consumers consider themselves "gamers," which has increased 10% since 2023 alone.
- 2. Deloitte found that "companies on average spend 19% of their total marketing budgets on mobile activities and predict they will spend 34.5% of their budgets on mobile in the next five years"; Kate Maddox, "<u>Overall marketing budget growth slows, digital spending increases</u>," Deloitte's *CFO Journal for The Wall Street Journal*, August 15, 2023.
- 3. The countries included were the United States, Germany, India, Vietnam, and South Korea. This study was run in February and March of 2025.
- 4. Participants were screened and were only allowed to participate if they play mobile games for at least 5 hours per week and play mobile games daily, weekly, or monthly from the following genres: action, puzzle, simulation, and RPG.
- 5. Ibid.
- 6. Ibid.
- 7. Churn is especially damaging today as user acquisition costs are rising, as noted in Deloitte's "<u>Unlocking player lifetime value:</u> The path to profitable growth and player retention."
- 8. Disruptive ad features includes obscure close buttons, non-functional ad controls (e.g., close, skip, and mute buttons and CTAs), and forced redirects.
- 9. Ibid.

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