



Meta Audience Network

# The Essential App Bidding Guide

4 STEPS FOR APP PUBLISHERS TO ACHIEVE SUCCESS

Audience Network is now a bidding-only platform.

Publishers are seeing countless benefits after making the shift. Here are three of the top reasons to move to app bidding now:



**Increased ARPDAU:**

Demand sources bid in an open, realtime auction, which could mean more competition among ad buyers and better revenue for you.



**Improved efficiency:**

App bidding removes the burden of maintaining waterfalls, so your team can focus on driving impact and making great apps.



**Better user experience:**

There are fewer steps in the bidding ad serving process, so ads can load faster.



Hear what some of the key industry operators have to say about moving to bidding only:



“With bidding, we’re now able to build better strategies on our performance data than before.”

Scott Koenigsberg, Chief Product Officer, Zynga

“A key trend in the in-game ad market is the shift away from waterfall-based processes and toward the relatively efficient programmatic (or real-time bidding) ad processes. [Meta] Audience Network has been particularly aggressive on this front over the past year.”<sup>1</sup>

Lewis Ward, Director Gaming Insights, IDC

“As developers deal with the uncertainties of how we operate within iOS 14.5... moving from waterfall to bidding will save them time and complexity.”

Nikhil Mishra, SVP of Product, Chartboost

So, what do publishers need to know to find success with app bidding? This guide presents four key steps to help you navigate the shift to bidding and help you find success in this new ecosystem.

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1. IDC Worldwide Mobile & Handheld Gaming Forecast: 2021-2025, March 2021

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## SHIFTING TO AN OPEN AD ECOSYSTEM

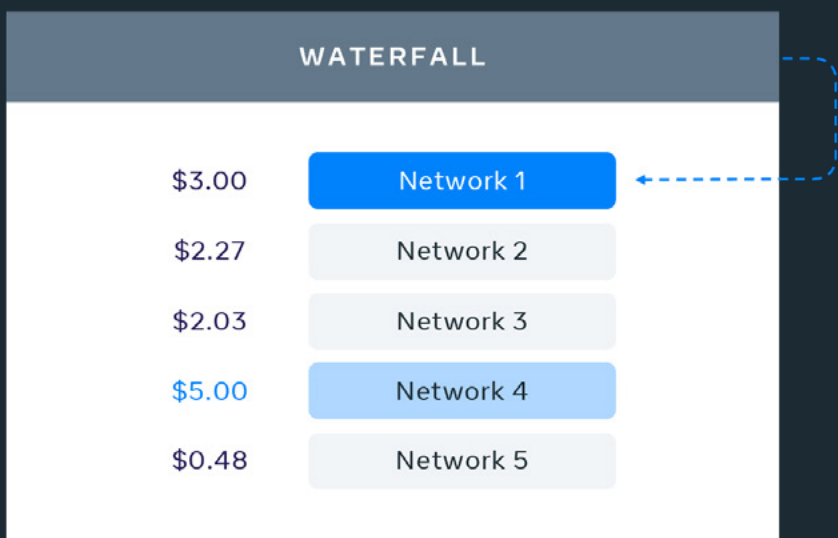
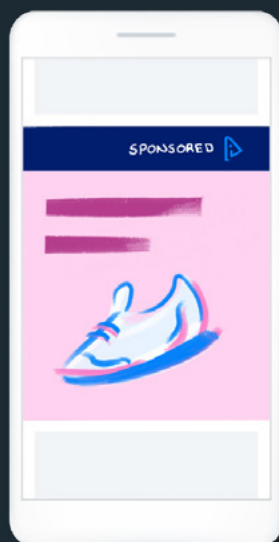
As any seller knows, the more buyers you have for a product or service, the greater the competition. The greater the competition, the more likely it is that buyers will try to outbid each other, effectively driving up the price.

The same holds true for publishers who monetize with ads. Greater demand for their ad inventory creates the opportunity to earn more. Unfortunately, legacy ad technology restricts competition and prevents publishers from earning the most for every impression.

## THE INEFFICIENCIES OF THE WATERFALL

Waterfall mediation has been the standard setup in ad monetization for the past decade. Under waterfall mediation, when an ad impression becomes available, a publisher's ad server calls demand sources one by one, in order of average historic price, not what they are willing to pay for that particular impression. This creates a potential loss of revenue. In some cases, the demand source willing to pay the most for a particular impression never gets called because it is further down in the chain.

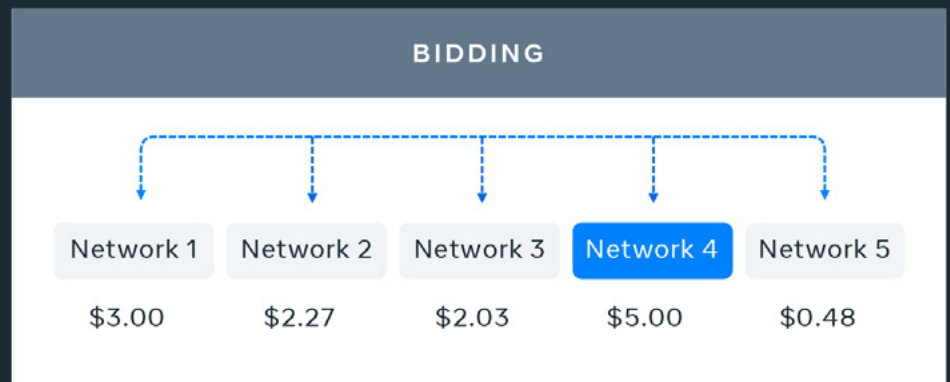
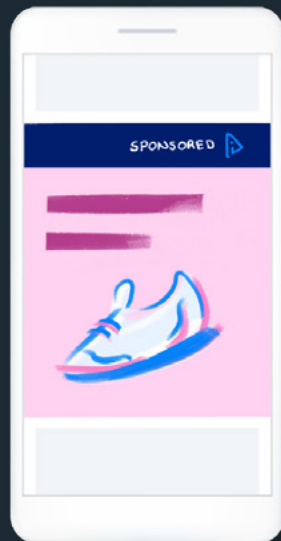
The waterfall is problematic for buyers and sellers. Publishers don't know when they're leaving money on the table. And advertisers may not get a fair shot at the inventory, resulting in skewed average historical prices.



## BIDDING FOR APP ADVERTISING

The inefficiencies of the waterfall can be solved by creating a fair and open ecosystem through bidding. [Bidding increases competition](#) through a real-time auction, where all demand sources bid for each impression. The source willing to pay the highest price has a chance to win every time.

Bidding fundamentally changes the way ads are selected and delivered through apps, which means a publisher's technologies and operations have to undergo a shift before bidding can be fully implemented. App bidding won't replace waterfalls overnight, but we believe that bidding will provide significant benefits to app publishers and will become the de facto methodology.



## HOW BIDDING BENEFITS PUBLISHERS

When waterfalls are replaced with bidding, what do app publishers stand to gain?



### Increased ad revenue

When every demand source bids in an open and fair real-time auction you see more competition for your inventory, which means better prices for every impression.



### Improved operational efficiency

By removing the burden of maintaining complex waterfalls, bidding helps you increase operational efficiency so your team can focus on driving more impact for your business.



### Access to more demand

Bidding allows you to easily add more demand sources, helping you increase competition for your inventory with minimal effect on latency and minimal impact on operational resources.

### Key principles include:

**Principled auction** Auctions are clear, unalterable, fair and choose winners based on the highest price.

**Access** All app bidding ad networks are called on every ad opportunity at the same time.

**Transparency** The auction logic is transparent and verifiable.

Publishers and advertisers should require that solutions adhere to bidding best practices, which will ensure a rich, fair bidding ecosystem with a solid choice of providers. Whether you choose in-house or partner integration, you will save resources in the long run by dedicating developers to manage initial setup and observe performance in the beginning.



# Step 1: Integrate with a mediation partner





Today, we support app bidding for publishers of all sizes and needs through a variety of partnerships with third-party mediation platforms.

## PARTNER INTEGRATION

For publishers who want an app bidding solution but don't have the resources or the need to build their own mediation stack, integration through a third-party partner is a good choice. Third-party mediation gives access to multiple demand sources, is easy to integrate and provides out-of-the-box analytics. Audience Network works with a number of third-party [mediation partners](#), so publishers who work with these platforms can integrate Facebook demand in real time. These partners follow the principles of our [code of conduct](#), which outlines best practices for enabling an open and fair ecosystem.

Our mediation partners include:





# Step 2: Establish auction density



Auction density is a core component to success with app bidding. What is auction density? Ensuring that a sufficient number of demand sources are bidding on every auction.

As you know, bidding creates a fair and open ecosystem. It increases competition through a real-time auction, during which all demand sources bid for each impression. The source that's willing to pay the highest price has a chance to win every time.

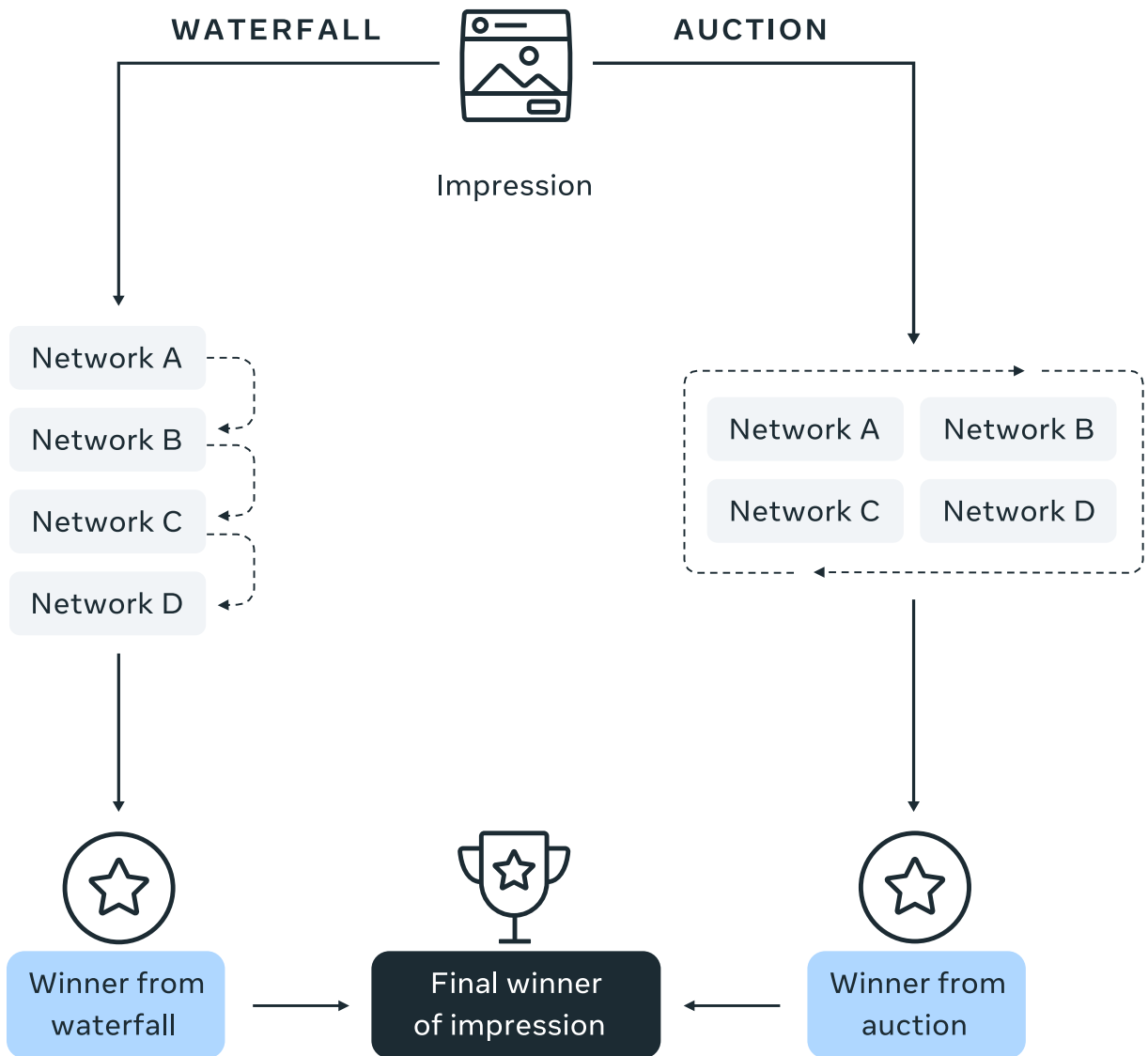
To optimize the revenue from bidding for your app, it's important to create auction density. If you still work with networks that rely on waterfall mediation, create a hybrid setup that integrates both bidding and waterfall methods. That way, you get the best price for each bid request.

The more demand sources that bid during an auction, the better. At least three networks, with a significant budget for ad spend on overall impressions, can provide auction density and maximize revenue. To get the highest price for all opportunities, call every bidder on every impression.



# Step 3: Build a smart hybrid setup

While publishers migrate to bidding, many will need to maintain both waterfall and bidding simultaneously. For an optimal hybrid bidding integration, dynamically merge the bidding auction and the waterfall so they run in parallel. The two winners should then compete for the impression.



## HERE ARE A FEW ADDITIONAL FACTORS ESSENTIAL TO A WELL-FUNCTIONING HYBRID SETUP:



### **Remove price floors on bidding networks**

Price floors will not effect Audience Network bids. The bidding price is based on the impression and user evaluation and will not take into account any minimum threshold set by the publisher. Price floors or price targets should be set only for static networks in the waterfall.



### **Don't call the same network twice**

If you are calling a network as a bidder in your real-time auction, do not call the same network in your waterfall, as this is duplicative.



### **Request ads from winners**

Request the ad only if the bid wins the auction.



### **Send win/loss notifications**

Send win, loss, billable and timeout notifications with the appropriate loss codes. You can send multiple loss notifications, but only one win notification for each bid.



### **Compare bid price with filled waterfall placements**

Compare winning bids to static networks only after confirming that the static network has a fill. Otherwise, you'll be comparing the winning bid to the static network's average historical CPM, which there is no guarantee you would have earned.

See more best practices for optimal hybrid set ups in our [Developer Docs](#).



# Step 4: Evaluate success with ARPPDAU

A shift to app bidding requires a shift in the way success is evaluated. Since bidding fundamentally changes the way ads are selected and delivered, success cannot be correctly measured with metrics intended to evaluate waterfall mediation.

In a bidding environment, the key metric that matters is Average Revenue Per Daily Active User (ARPDau), which measures overall revenue, not performance by network.

Evaluating the success of bidding is simple—look at ARPDau before bidding and compare it to ARPDau after implementing bidding. You may see the CPMs of some networks decrease. This most often means the network previously had access to only top-value users due to a price floor and its position in the waterfall. With bidding, the network has now gained full access to all impressions and could be winning lower-value users, which may negatively affect CPMs, but will positively affect ARPDau overall. This is why it is important to remove price floors for bidding networks, which may increase CPMs, but will cause lost impressions and decrease overall ad revenue.





## MORE THAN JUST REVENUE: THE EFFICIENCY QUOTIENT OF BIDDING

App bidding allows teams to turn their focus away from managing a complex waterfall toward work that has more impact on the business. This increase in efficiency is an important measure of success.

App bidding increases efficiency in three ways:

# 1

### Easier access to more demand sources

Bidding makes it easier to add more demand sources, helping you increase competition for your inventory with minimal effect on latency and minimal impact on operational resources.

# 2

### Easier setup

Setting up and maintaining network placement IDs is labor intensive. The waterfall requires a minimum of 3 to 4 placement IDs per network. Multiply this by 5+ networks in a typical ad stack and by the number of waterfalls maintained for various OS setups and country placements. With bidding, each network needs just one placement ID, which frees up significant resources.

# 3

### Easier evaluation

Because each bidding network needs just one placement ID, performance evaluation is much simpler. Even publishers who automatically optimize their waterfalls will increase efficiency with bidding. Waterfall rankings are based on past performance. Past performance is a result of what inventory the network has had access to. When networks are given access to all inventory through bidding, publishers get a truer evaluation of each network's actual performance.

## CHECKLIST: 4 STEPS TO SUCCESS WITH APP BIDDING

As app bidding gains momentum, publishers should begin to prepare their businesses for a system shift. Follow these four steps to smooth the transition and increase the likelihood of success:



### Checklist:

- ✓ Integrate with a mediation partner
- ✓ Ensure your auction has enough demand
- ✓ Build a smart hybrid setup
- ✓ Evaluate success with ARPDau

Audience Network is a bidding-only platform; for [iOS effective from 31 May 2021 and for Android from 30 September 2021](#). The shift to bidding has been enabling our publishers to turn opaque methodologies into open and impartial transactions through which they are earning revenue, creating more sustainable businesses and continuing to provide people with high-quality ad experiences.

Publishers and developers should contact their Audience Network representative to transition their iOS apps to bidding, or visit [our website](#) to learn more about bidding and how to integrate via our developer documentation.



# Publisher success with bidding

## PUBLISHER SUCCESS WITH BIDDING

Read some of Audience Network publisher success stories with bidding:



### How Brainium used app bidding to boost growth while keeping players in the game

Casual mobile gaming company Brainium had been using waterfall mediation for its ad placement for its games, but found it to be time-consuming and limiting. Working with Meta Audience Network, Brainium integrated app bidding which requires little to no maintenance.

Bidding increased revenue for Brainium while helping them deliver a more positive experience for players by reducing the number of ads they see and increasing the relevance of those ads.

Read the full [Brainium story](#).



### The Supersonic team uses bidding and other Meta solutions to support growth

Hypercasual publisher Supersonic Studios sought a partner who could provide end-to-end support throughout their publishing funnel. Having experienced the complexity of managing dozens of waterfalls, Supersonic Studios was looking to save time and maximize ARPDAU and CPMs by implementing app bidding into their monetization activities.

The team adopted in-app bidding with Meta Audience Network and mediation partner ironSource, which enabled them to maximize the results of their user acquisition, creative testing and monetization optimization.

Read the full [Supersonic Studios story](#).

## POST-IMPLEMENTATION TIPS



### What to do when you've implemented bidding:

- Check that it's working as expected in our [app bidding troubleshooting guide](#).
- Remember to use the [most up-to-date SDK](#).
- Optimize bidding performance with [advanced tips and tricks](#).
- Learn how to get started with [bidding integration](#).
- Check out our free, comprehensive 4-part online course '[Monetize your App with Audience Network](#)'. Learn everything from the basics of bidding to optimizing revenue growth in your app.

## WHY META AUDIENCE NETWORK?

Meta Audience Network empowers app developers and publishers to deliver a great user experience while growing a sustainable business. With Facebook demand from millions of diverse global advertisers, you can expand your app's reach, keep users engaged, and monetize globally.