

COLUMNS

Merits of the rewards-based advertising model

April 18, 2013



By [Andreas Vagelatos](#)

So often in advertising we have to deal with all the negative connotations of running a campaign. Consumers fundamentally do not like to be marketed to in intrusive ways, and often advertising makes us think of our insecurities rather than celebrating what makes us special.

In display advertising, which is the most prominent visual advertising medium on mobile and the Web, there never seems to be a shortage of messaging telling us how we can be stronger, smarter or just normal. There is little wonder why Adblock has been downloaded hundreds of millions of times.

Keeper

Mobile applications and social games, partly as a result of the poor economics in display advertising, have led the way in creating a unique incentive system that has some new, positive results.

When most people think of advertising they think of the messaging first, the action second.

This tends to be especially true in incentive advertising, where the user is rewarded in a tangible way for committing their attention or data to an advertising experience. Submit demographic data to a survey and win two in-game dollars, so I can power up enough to defeat zombies, so I can beat this game, so I can have some fleeting sense of satisfaction or fulfillment in my life.

And five minutes later, whatever that advertising experience meant is either now unimportant or simply a forgotten nuisance.

Now there are some apps that, in combination with advertisers, have reversed this order.

There is a micro-network of apps powered by the Kiip reward-based advertising model such as Nexercise and MapMyRun that seek to make users feel good about themselves and salute their efforts via carefully packaged advertising opportunities.

If a coupon becomes a reward for my ability to do well in a game or stick to a diet, then that offer may generate some positive connotations in the mind of the user.

That individual may never fall in love with advertising, but they can finally see a positive side to it as well.

And while there are some gameification competitors, Kiip really has done an amazing job in being the leader in turning happiness into advertising currency, despite the underlying philosophical questions that relationship generates.

The media buying mentality of the brand when using rewards-based advertising has to be slightly different

The media buying mentality of the brand, when using rewards based advertising, has to be slightly different.

Similar to many of the critiques aimed at native advertising, in general which this type of advertising frequently overlaps and may fall under in terms of nomenclature expectations of scale and cost must be very carefully constructed.

The offer itself should not look like a generic banner because apps depend on real-life actions to be translated into rewards. The brand must make for a compelling offer as a reward that is not always pandering to their wallets.

When implemented successfully, a brand will literally give away the product or offer a free invitation to a service after a triumphant job of breaking a personal record.

Of course, there is then the cost of handing over a free product in addition to the purchase of advertising but the experience is pure.

When deployed less strategically, a user gets a standard coupon for hitting a milestone in a game.

I recall receiving an offer for 10 percent of a candy bar after successfully beating a level in a certain time and saving 10 cents was not too exciting for me even though I eat like a five-year-old.

There is a clear difference in how the user will likely react in these two scenarios as the idea of a reward progressively becomes obscured.

In the fold

The advertiser must balance cost and reach with even more sensitivity than normal to the user experience.

As this line of thinking continues, one can hope there will be mobile app versions of games such as WeTopia that will allow mobile gameplay to translate into advertising dollars for charities. Or take games that contribute to science such as fold.it: What if it was an app that not only allowed you to help solve protein design problems but also allowed you to reap a financial reward via advertising to keep for yourself or contribute to science as well?

Why are there no mobile apps that actively contribute to philanthropic causes via a Kiip-style system? Why are there no popular mobile apps that directly contribute through advertising, in general?

A 10 percent coupon for shoes has almost no meaning sitting in the corner of random content. Perhaps 10 percent off my next shoe purchase actually has a little more meaning if I just outran the living dead. And more still if it can just help the living.

Andreas Vagelatos is CEO of [Aerify Media](#), New York. Reach him at andreas@aerifymedia.com.

© 2020 Napean LLC. All rights reserved.

American Marketer is published each business day. Thank you for reading us. Your [feedback](#) is welcome.