

Marketing and advertising Video Games;

The effects of in game advertising on the video games industry

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Abstract

Is advertising within video games an appropriate method of generating income for video games, or does it destroy the game experience for players? Using researched materials and statistics about in game advertising and its reception from gamers; I will look into **what in game advertising consists of and why it is used, specifically in console and AAA games**, as well as **how it contributes to the video game industry**. I will also discuss the **different types of in game advertising**, why it is an important factor of video game economics, and **how (when executed correctly) in-game advertising can substantially benefit game realism**.

Introduction

Video games are one of the most expensive forms of entertainment to produce; It costs roughly £10m to £30m to develop a AAA video game [0] making it understandable that the developers want to include as much additional income as possible to the titles they work on.

While some have made the hit and miss attempt to implement online passes at the utter annoyance of many of their users, another method of making extra money from a video game release (as well as an effective way of generating more interest to the publisher and/or specific games franchise), is in game advertising.

But is in-game advertising a pro or a con to the evolution of video games? Are we on a path to progression of the games industry, or a path to destroying it with corporate logos running amuck in an environment built for escapism?

In game advertising: the developers

There is evidence and potential of in-game advertising becoming one of the most successful money making plans for games publishers; Games will be able to continue making profit even after sales of new copies declines without the need for unpopular money makers such as online passes.

There is always a market in advertising; and a vast number of companies are drawn to in-game advertising particularly, as it can offer them direct access to an audience that is already engaged in the fun of their gaming experience, making them more susceptible to the influence of advertisements that flow with the feel and theme of their game; Kieron Matthews, head of

marketing, IAB also commented on this, suggesting: “In-game advertising offers marketers a compelling route to distinct target audiences with real time ad placement and consumer engagement.” – [1]

There are a number of different methods of including advertisements in a game, including bill boards and posters within the game to promote a brand, these include either self-promotion for future games and products, or paid advertisements for external brands.

One of the earliest examples of this was in a 1978 game titled “Adventure land”, by Scott Addams, who included a poster for his forthcoming “Pirate Adventures”.

This is known as “static” in-game advertising (static referring to a still image/poster/billboard that cannot be interacted with beyond aesthetic).

Other types of in-game advertising include “Dynamic” in-game advertising[2a] (Where these posters and bill boards can be changed and updated via the internet)- This gives the publisher an opportunity to continue making money from their games, post release, by selling advertising space to various companies, rather than trying to squeeze more out of gamers for DLC’s and online passes. There is also a third type; Online in-game advertising [2b]. These advertisements consist of immersive 3d environments with replicas or merchandise of or related to specific brands, a type of advertising that is a totally different experience to gamers, and gains a lot of interest along with dynamic and static advertising techniques.

In terms of earnings, In-game advertising is on the path of a steady financial increase, and seems only to be growing ever more popular as a form of advertisement; in game advertising firm Massive.INC estimates that “the in-game advertising market could grow to \$1 billion globally by 2014.” [4] On top of this; DFC estimates “video game revenues on a worldwide basis will grow from \$67 billion in 2010 to \$81 billion by 2016.”[5] This is a promising fiscal prediction, and shows a hopeful future for in-game advertising as a means of income for those with ties to video game development.

There is, however, a difficulty of appealing to hard-core gamers within in game advertising, keeping ads relevant and un-intrusive to the game’s overall feel and theme. “Gamers are receptive to ads that are appropriate or natural to the game world.” [3]

to back this point, 14% of gamers in a recent poll admitted that in game advertising “spoils the gaming experience”[6]

Developers must keep in mind the delivery of the ads they present in their games, or their audience will respond negatively. If a game’s advertisements are planned and designed carefully, and the advert works in the context of the game, users will look favourably upon it, and the advert is more likely to generate the desired interest in the brand or item it delivers.

It all comes down to three things;

- 1) Does the advertisement agree with the theme and general message of the game?
- 2) Does the advertisement look clear and aesthetically pleasing?
- 3) Is the advert in an appropriate scenario? (e.g. A bill board would be appropriate in a shopping centre, and not a desert)

If not, these factors could be contributing to an un-impressed audience.

In game advertising: the players

Gamers are a constant and reliable audience for advertising; the average gamer will spend around 5 hours per week playing video games, and 67% of US households play video games (over two thirds) [7]. With such an incredible mass of people spending hours of their time enjoying this form of entertainment, it is inevitable that at least a few of them will pay attention to the ads they see in these games and feel persuaded to make purchases of these brands/items. In fact, a recent poll by CNET found that a two third of gamers who remembered witnessing in game adverts felt positively towards the brand, and one third of gamers (33%) said they would be likely to buy products they had been exposed to in video games [8a]

However; as mentioned previously, some gamers are not so accepting of in game advertisement.

This is usually in the case that the advertising has been done in poor taste, not relating to the in game scenarios or the theme of the games message; making the game feel less realistic.

If used correctly, game advertising can actually make the player's experience of the game more realistic. This is also backed up in CNET's study, where "40% of respondents said that adverts added realism to a game"[8b] and "73% do not have a negative opinion of in-game ads provided that the placements are realistic, contextual to the game and non-interruptive to game-play"[8c]

For example, including a border of adverts surrounding the pitch in a sports game is a real practise, and would make a fictional representation of this scenario seem more genuine. Also notable is games such as CoD: Black ops2; in the shopping centre map, where various posters are seen scattered along the walls (also common in reality for this scenario).

On the whole; a lot of gamers are in favour of in-game advertising.

There is a variety of evidence to support the theory that replacing online passes and expensive DLC's with in-game advertising would be beneficial to the video games economy; Jill Orr, managing director, CNET Networks UK, concludes; "if in-game advertising is realistic, contextual and non-intrusive, there is great potential for advertisers" [9]

In fact, the bulk of gamers (86% in CNET's poll), assert that they would be happy to see an increase in advertising in video games if it means a lower RRP for the game [10]

Conclusion

When applied correctly, game advertising can be an extremely beneficial addition to video games, both in terms of fiscal advantages (perhaps for both the developer and the player) as well as contributing to the game's overall realism, furthering the immersive aspect of the gameplay.

The best possible outcome for the use of in-game advertising is for developers and publishers to use this source of income to make money they would otherwise be trying to earn with unpopular schemes such as the online pass. With the use of in-game advertising, game companies could lower their RRP and sell to a larger audience without having to worry about who can afford their merchandise, and also make ties with other companies; providing them with an advertising space full of keen users.

It is already possible to get smaller production mobile games for cheap and even free because of advertising bars that fund the developers. If harnessed properly, in-game advertising could change

the affordability of console games for good, expanding their audiences and helping the industry to grow even further.

References:

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