The State of the Global In-Game Advertising Market 2021

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Study Methodology

In June 2021, Bidstack sent a series of email invitations to advertising agencies, brands, and games publishers to participate in an online survey. During a three-week period, we received a total of 273 responses. Participation was anonymous.

Respondents to the survey from agencies and brands represent a broad cross-section of organizations in terms of size and average annual marketing spend. Just over half (51.9%) of agencies spend up to $5 million per year, 21.2% spend between $5 and $10 million per year, and 26.9% spend more than $10 million. Amongst brands, 48.7% spend up to $5 million per year, 28.8% spend between $5 and $10 million, and 22.5% spend more than $10 million per year. Respondents' companies are based in Europe and North America.

Respondents to the survey from games publishers represent a narrower cross-section of organizations in terms of size and average revenue, with most of the games they release falling into the category of mobile games. Again, the majority of respondents' companies are based in Europe and North America.

Study Objectives

The first objective of this study is to uncover and analyse attitudes towards in-game advertising amongst advertising agencies and brands in the context of their broader advertising mix, covering:

- Whether or not they have tried in-game advertising, and how successful it was for them.
- How likely they are to increase spending on in-game advertising – or how likely they are to try it if they have not done so before.
- What other marketing channels they use.
- How they typically measure the success of their marketing spend.
- What they view as the leading obstacles to using in-game advertising.

With a view to establishing the relative popularity and success of in-game advertising, and how significant a proportion of the overall marketing mix it could become over the next 18 – 24 months.

Similarly, the second objective of this study is to uncover and analyse attitudes toward in-game advertising amongst game publishers, covering:

- What proportion of them have tried in-game advertising, and what benefits they've seen from it.
- How likely they are to increase this as a revenue stream – or how likely they are to try it if they have not done so before.
- What other income streams they rely on.

- What they view as the leading obstacle to using – or increasing their reliance upon – in-game advertising.

With a view to establishing how likely they are to grow this potential revenue stream over the next 18-24 months.

Executive Summary

Despite the huge size and spectacular growth of the global video games industry, the in-game advertising market is still relatively young – albeit growing. More importantly, however, there is a real dearth of information on the in-game advertising. Perhaps this is because it is still so new. Yet we realised when researching the market that there is no standard industry survey on the state of the market. The data simply isn't hasn't been gathered.

We decided to fill this gap ourselves. To reach out to advertising agencies, brands, and games publishers alike, to find out as much as we could about in-game advertising. We got a total of 273 responses, which is a good result for what is, after all, the first survey of its kind. Yet we're not kidding ourselves. This is too small a sample size to be overly confident about the trends we see in our data. It is, however, a great start, and gives genuine insight into the attitudes and experiences of the market regarding in-game advertising.

As the first-ever state-of-the-in-game-advertising-market survey, we seek to fill that gap in knowledge. This is a work in progress, but it's a very strong start. As we continue to grow our dataset and the value of our insights with future, regular market surveys, we aim to grow this report into a vital resource for the market – both for those who have tried in-game advertising and want to compare their experience with that of their peers and competitors – and for those who have never tried it before but are curious about its potential.

There are insights to be found in this report. For example, that brands who have tried in-game advertising appear to have experienced more success that advertising agencies. That agencies have worked mostly with mobile games publishers, whereas those who have had the most success have worked more broadly with console and PC games publishers too. Advertisers in the healthcare space seem to have enjoyed the most consistent success, while those industries that report the most success differ significantly from the sectors that games publishers believe would be the best fit for them.

As I said, the sample size is too small to state these emerging trends as conclusive or definitive. However, there are patterns emerging and they do suggest some of the challenges ahead for in-game advertising, as well as suggesting several things about what might work most effectively right now.

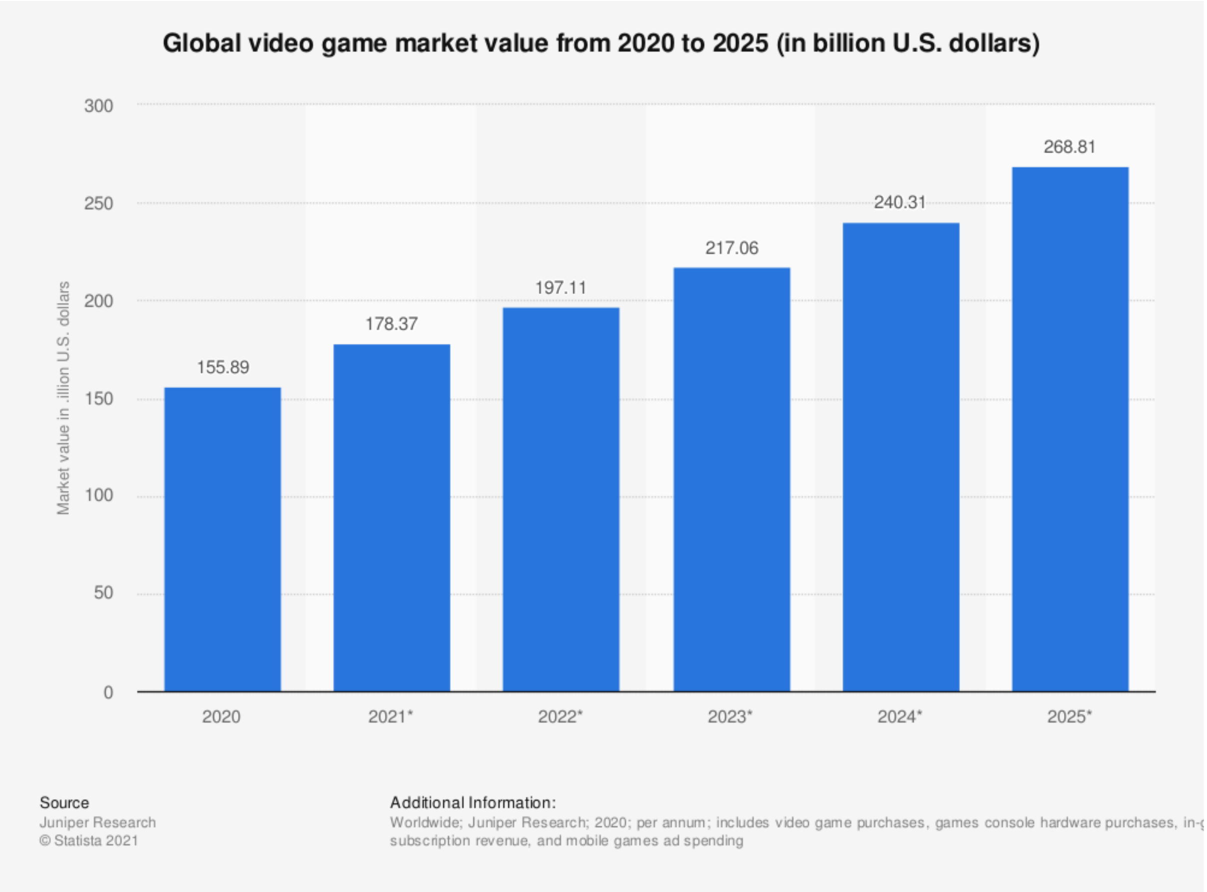
As we collect more data, the trends will become clearer, our conclusions firmer and bolder. We invite you to join us and review the findings of this, the first-ever ***State of the In-Game Advertising Market Survey***. We look forward to many more instalments in the future.

Best regards,

Damien Seaman and Rudy Parker

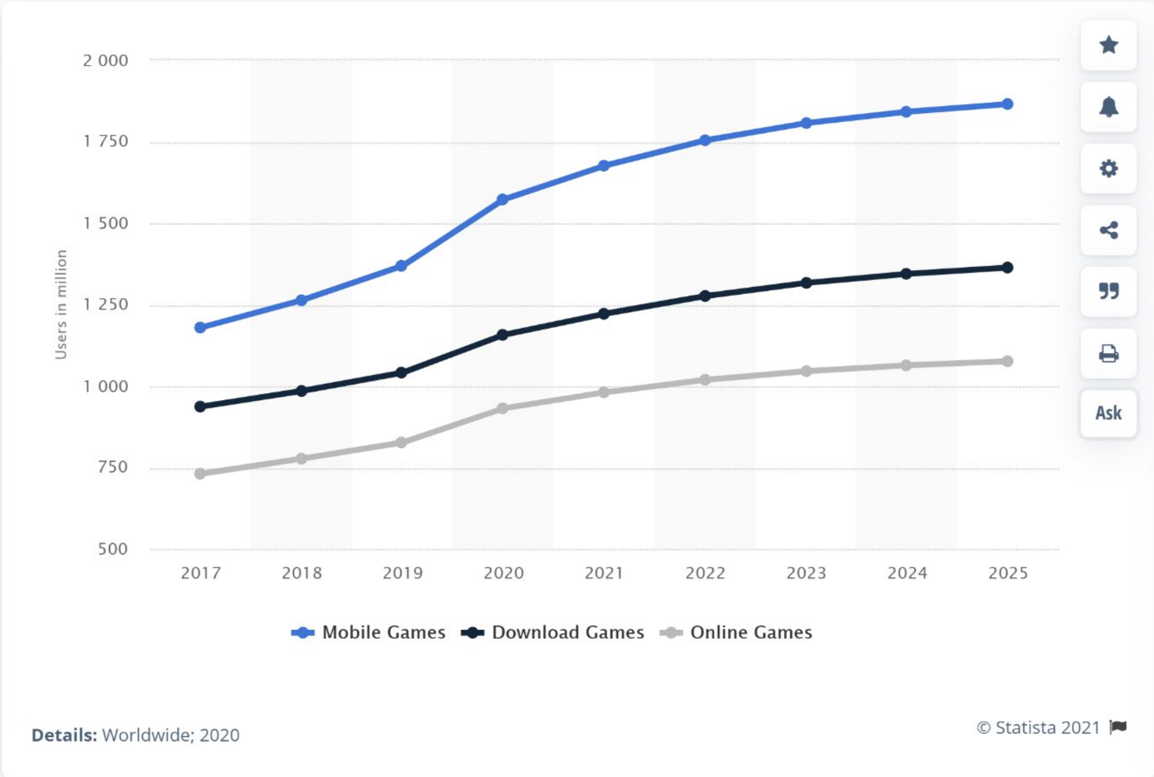
Introduction

The global video games market is big business, worth $155.9bn in 2020, and surpassing the value of both the global film industry (around $101bn in 2019) and the North American sports industry (c. $75bn in 2020). Jupiter Research forecasts the value of the global video games market will increase to $268.8bn in 2025.



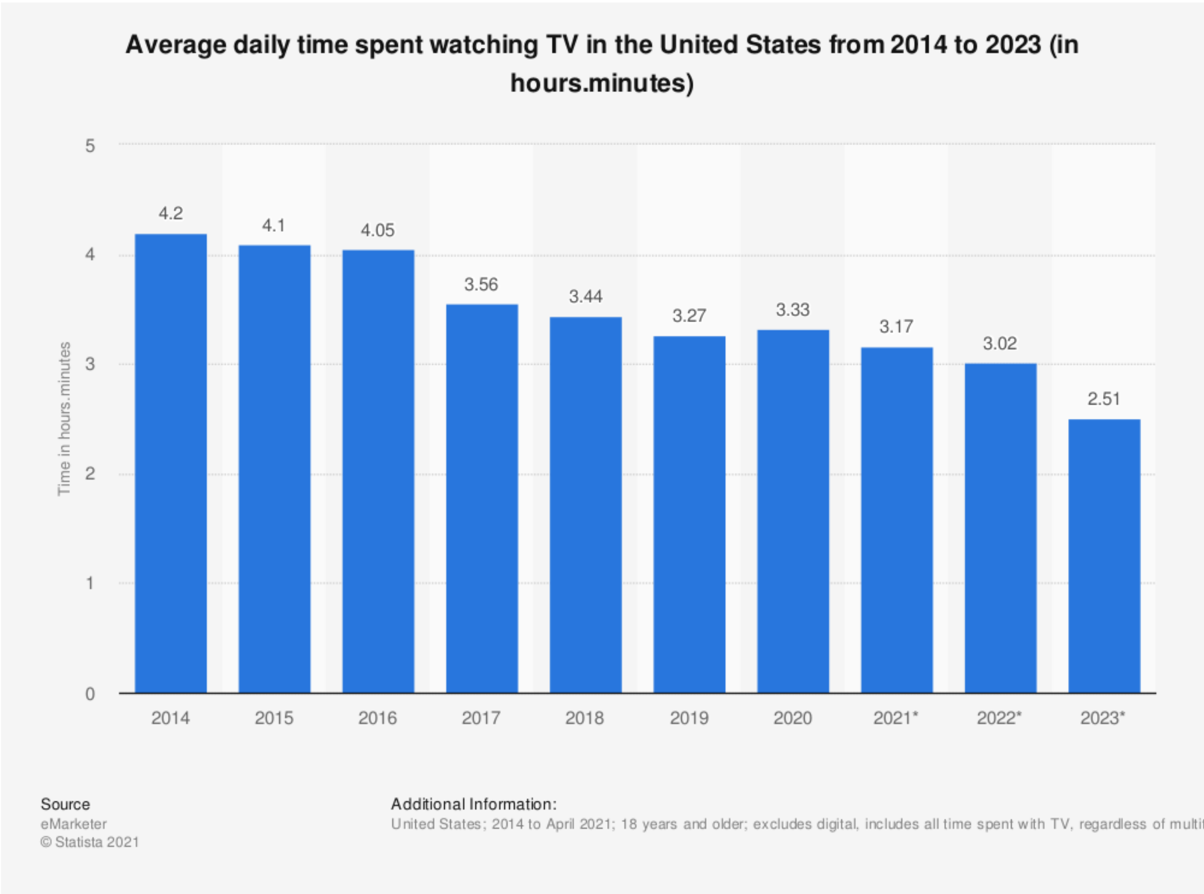
The number of global mobile game users is forecast to grow to over 1.8bn by 2025. "Download games" are forecast to have over 1.3bn users, and the number of "Online game" users to grow to well over 1bn in the same period.

Forecasting video game users by segment worldwide

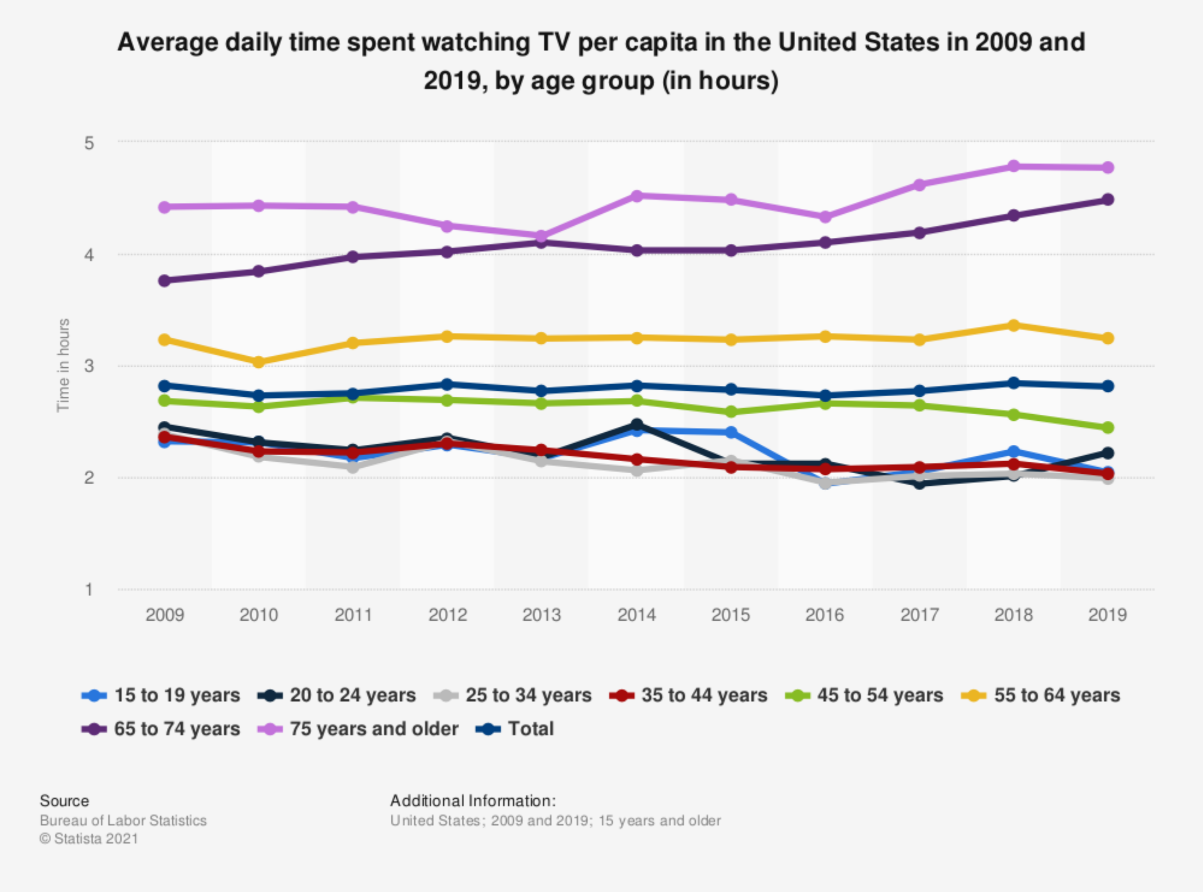


The pandemic boosted video game usage in 2020, with the global increase in time spent video gaming up 39% on 2019. Within the European Union, 16% of gamers even said that gaming had a "positive effect" on their mental health during lockdown.

Gaming is now one of the most valuable and influential forms of entertainment in the world today. By contrast, the time spent watching TV is in decline, down to an average of 3.33 hours per person in the US compared with 4.2 hours per person just six years ago. This is forecast to decline even further, to an average of just 2.5 hours per person per day by 2023.



The most likely cause of this decline is the rise of on-demand streaming services and social media, particularly amongst younger audiences. The chart below shows that the average daily time spent watching TV per capita has increased amongst those aged 65 or more, while it has declined for all other ages groups.



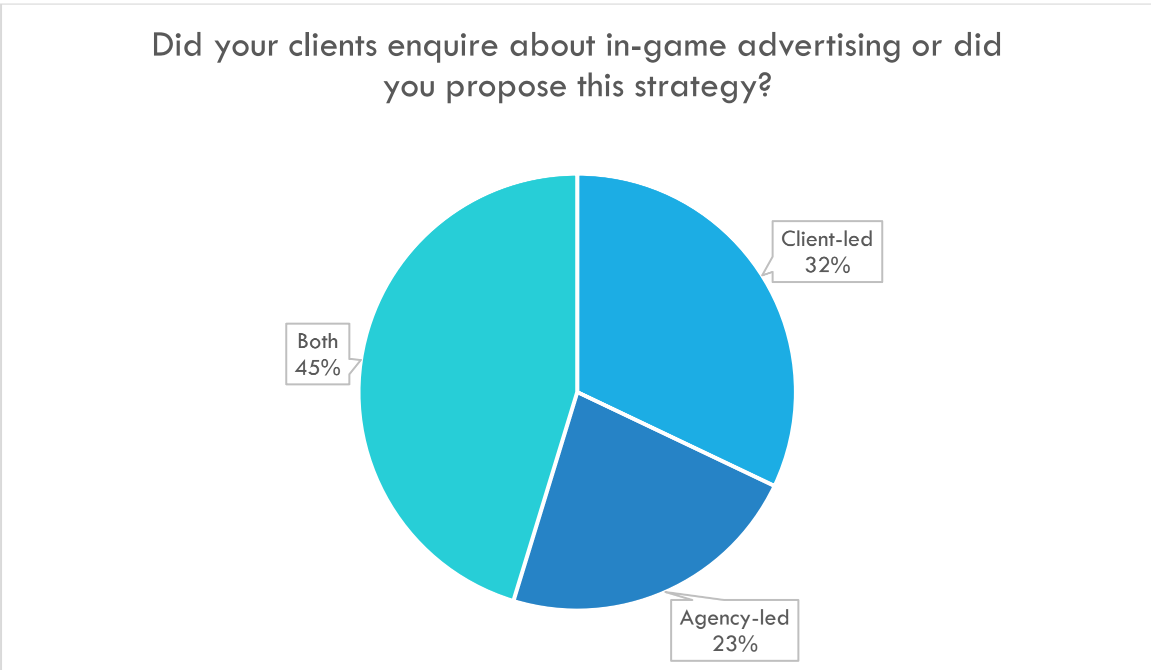
In an age where TV viewing is in decline, and competition for attention spans has led to a fractured market, it's clear that advertising agencies and brands cannot rely on TV as they once did to reach broad sections of the population. Or even that it can be relied upon to reach specific target markets. Now that video games generate more revenues than Hollywood, could it be time for a paradigm shift within the advertising industry?

In-game advertising is a young marketing channel still in its infancy. Yet it's clear from our research that those brands in particular who have tried it report great success. Yet brands and agencies are still looking to TV advertising as a big proportion of their overall average annual advertising budget.

The evidence suggests that we may be on the cusp of a big change within Advertising. Consumers are leading the way, as they usually do. Will the advertising industry respond, and will in-game advertising be one of the major beneficiaries? There is some evidence in the survey findings that in-game advertising certainly has the potential to grow significantly in value and reach.

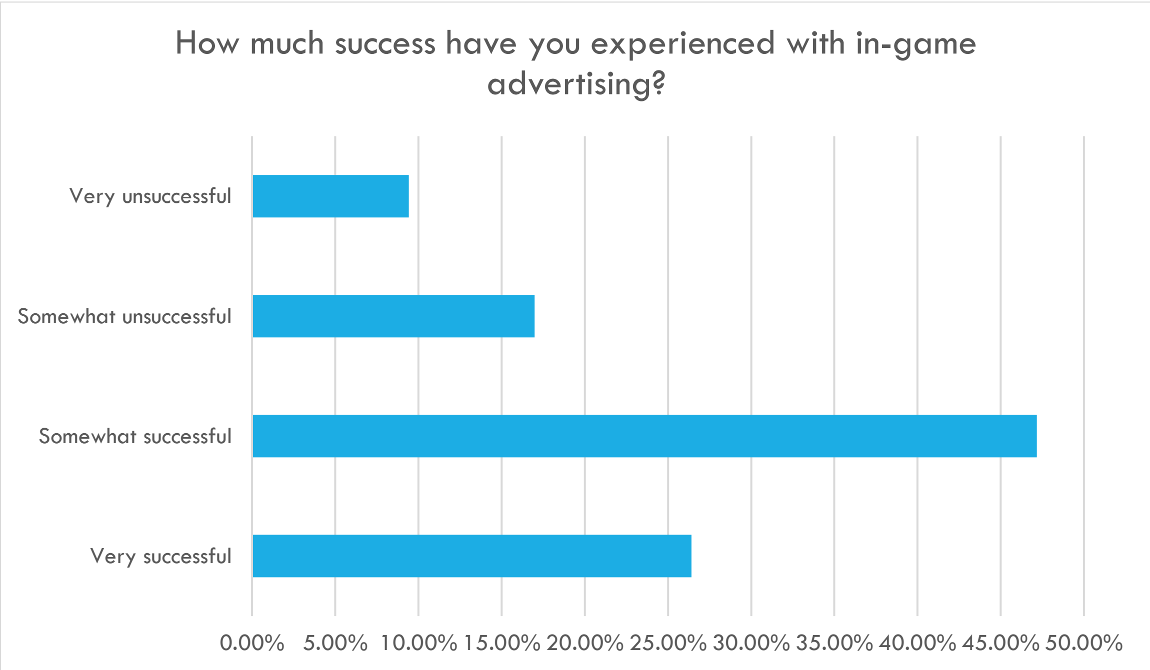
Findings, section 1a: Marketing agencies who have tried in-game advertising

Question 1: "Did your clients enquire about in-game advertising, or did you propose this strategy to them?"



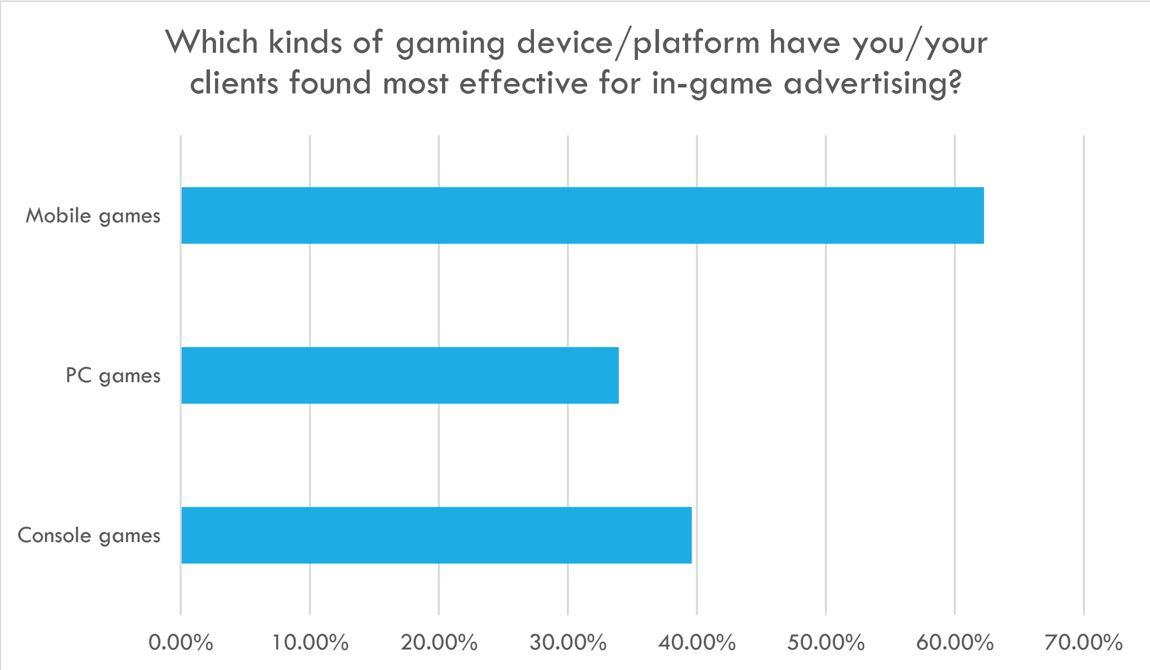
While the majority of respondents (45.3%) said that both clients and agency had pushed to try in-game advertising as a strategy, the full results suggest that clients are probably doing more to drive adoption. Almost a third of respondents (32.1%) said that clients had suggested it, while less than a quarter (22.6%) said they had pushed for it themselves.

Question 2: "How much success have you experienced with in-game advertising?"



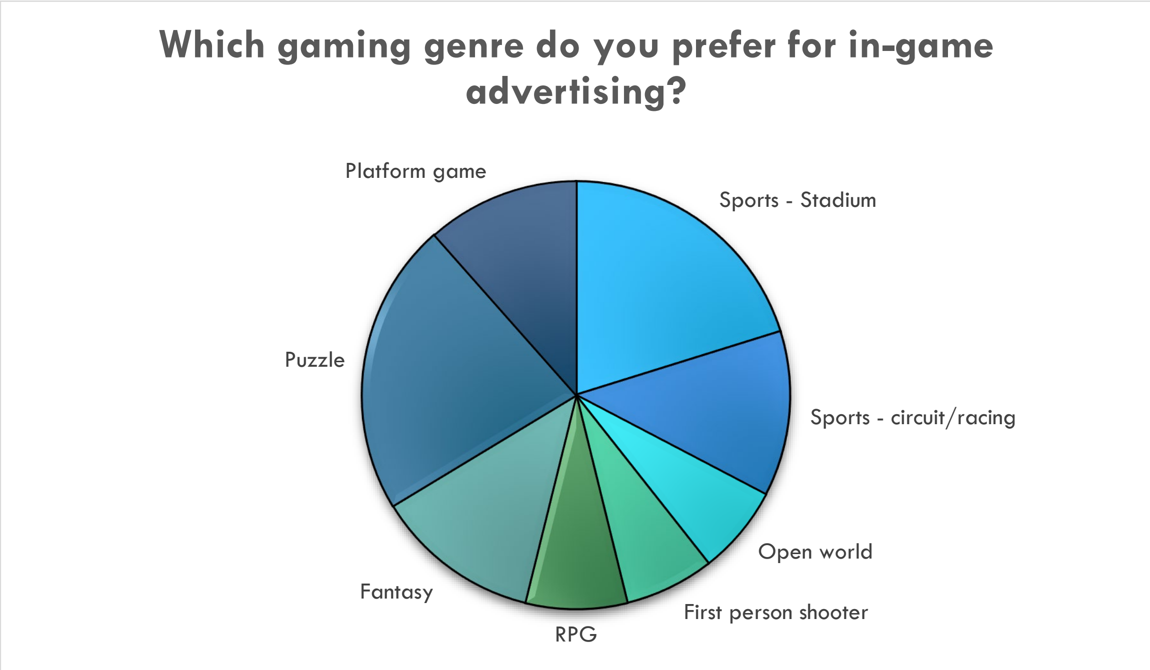
Encouragingly for proponents of in-game advertising as a strategy, almost three-quarters of respondents said that in-game advertising had proven "very" (26.4%) or "somewhat" (47.2%) successful for them. 17% said it had been "somewhat unsuccessful", while only 9.4% said it had been "very unsuccessful". The fact that most respondents said it had been "somewhat" successful means there may still be room to improve the effectiveness of in-game advertising as a strategy, but this does suggest an appetite amongst most agencies who have used it to continue doing so.

Question 3: “Which kinds of gaming device/platform have you/your clients found most effective for in-game advertising?”



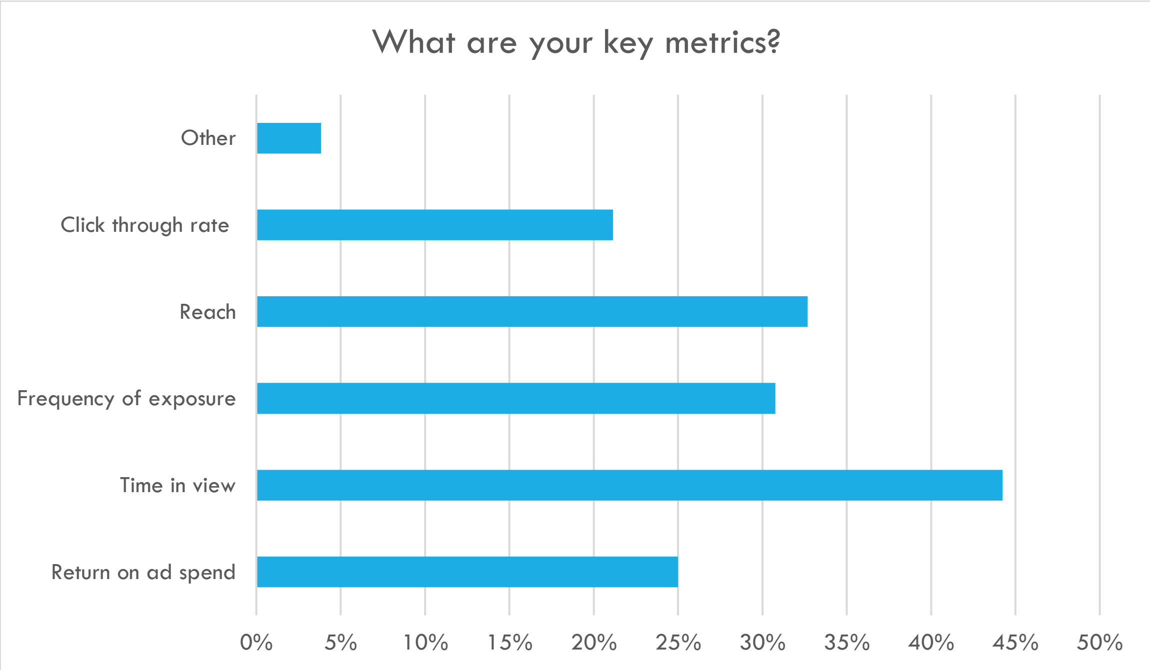
Mobile games appear to be twice as popular as other kinds of games. The majority of respondents cited mobile games (62.3%) as most effective for their clients, followed by console games (39.6%) and then PC games (34%). This is to be expected, given that mobile gaming now accounts for almost 50% of global gaming revenue, according to Statistica.

Question 4: “Which gaming genre have you/your clients found most effective for in-game advertising?”



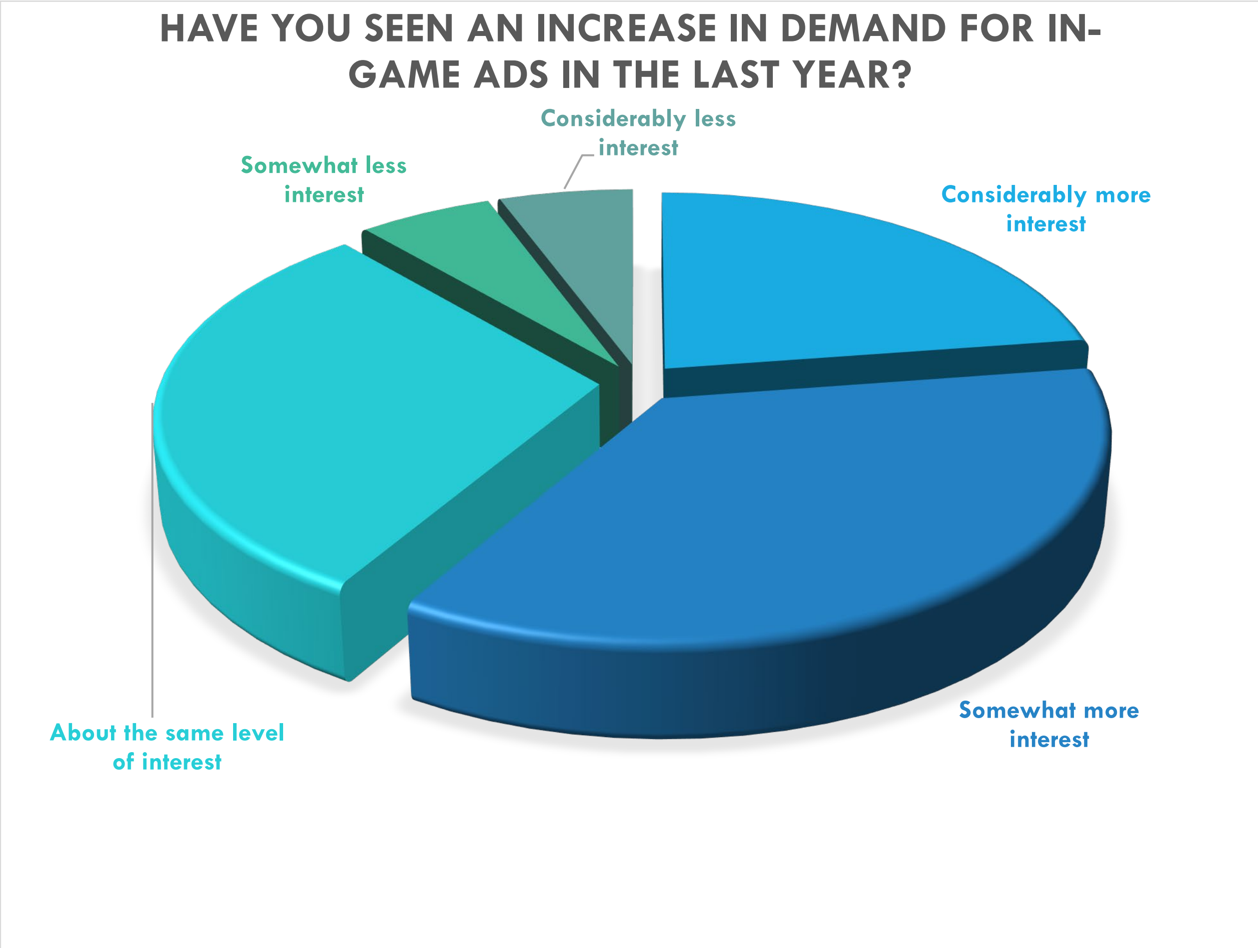
Puzzle games (43.4%) and stadium-based sports games (39.6%) stand out as the two most effective genres by far amongst agencies, with racing games (24.5%), fantasy games (24.5%), and platform games (22.6%) cited as the next most effective. The popularity of puzzle and platform games makes particular sense given that these are the most common kinds of mobile games in the market.

Question 5: “Which metrics do you consider most important for measuring the effectiveness of in-game advertising?”



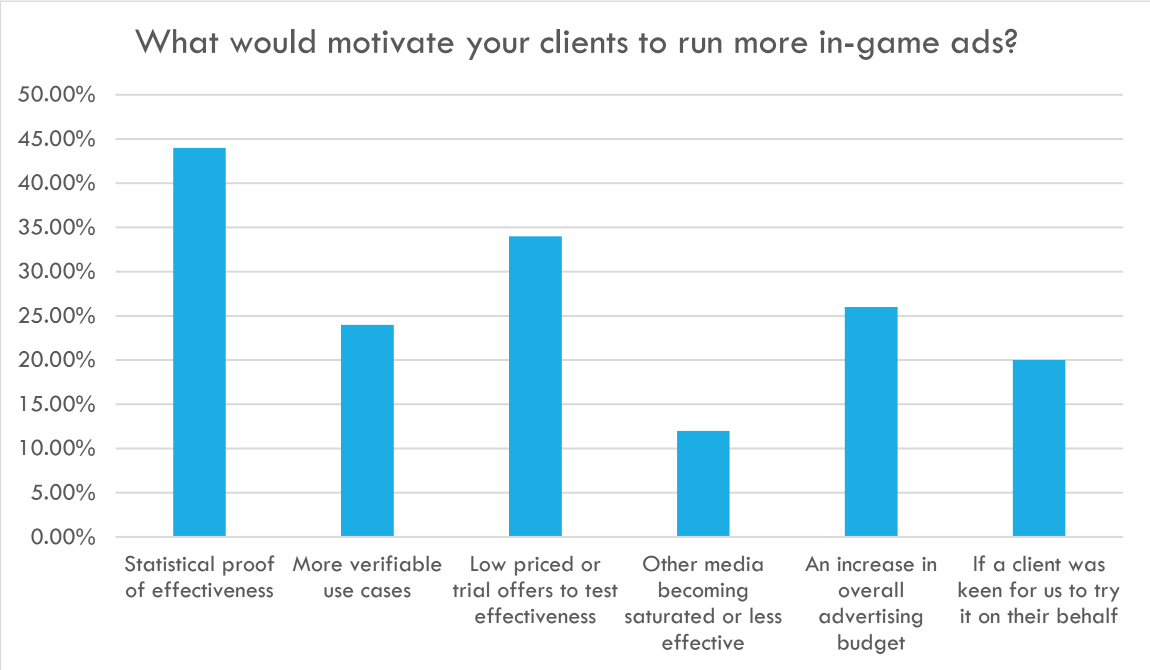
Perhaps surprisingly, “Return on ad spend” is only the fourth most important metric for measuring the effectiveness of in-game advertising. “Time in view” was by far the most popular, followed by “Reach” and “Frequency of exposure” fairly close together. In-game advertising vendors looking to increase spend from agencies who have tried this strategy would be well-advised to focus on improving those metrics ahead of ROI.

Question 6: “Have you seen an increase in your clients’ interest in in-game advertising over the last 12 months?”



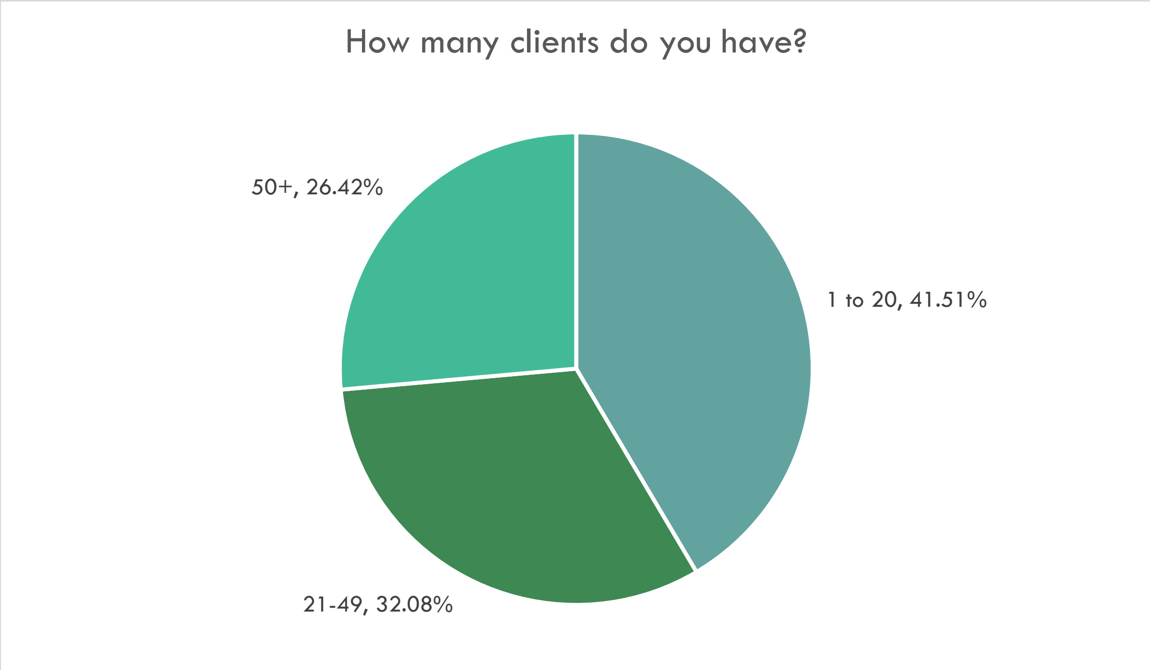
The majority of responses trend towards the middle with these answers, with two-thirds of respondents citing the “same level” (30.2%) or “somewhat more” (35.9%) interest, and only 22.6% citing “considerably more interest”. It seems that clients are interested but not overly excited by in-game advertising, suggesting that in-game advertising vendors may be pushing at an open door, but still need to work hard to convince agencies and their clients of the strategy’s effectiveness.

Question 7: "What would motivate you to increase in-game advertising for your clients?"



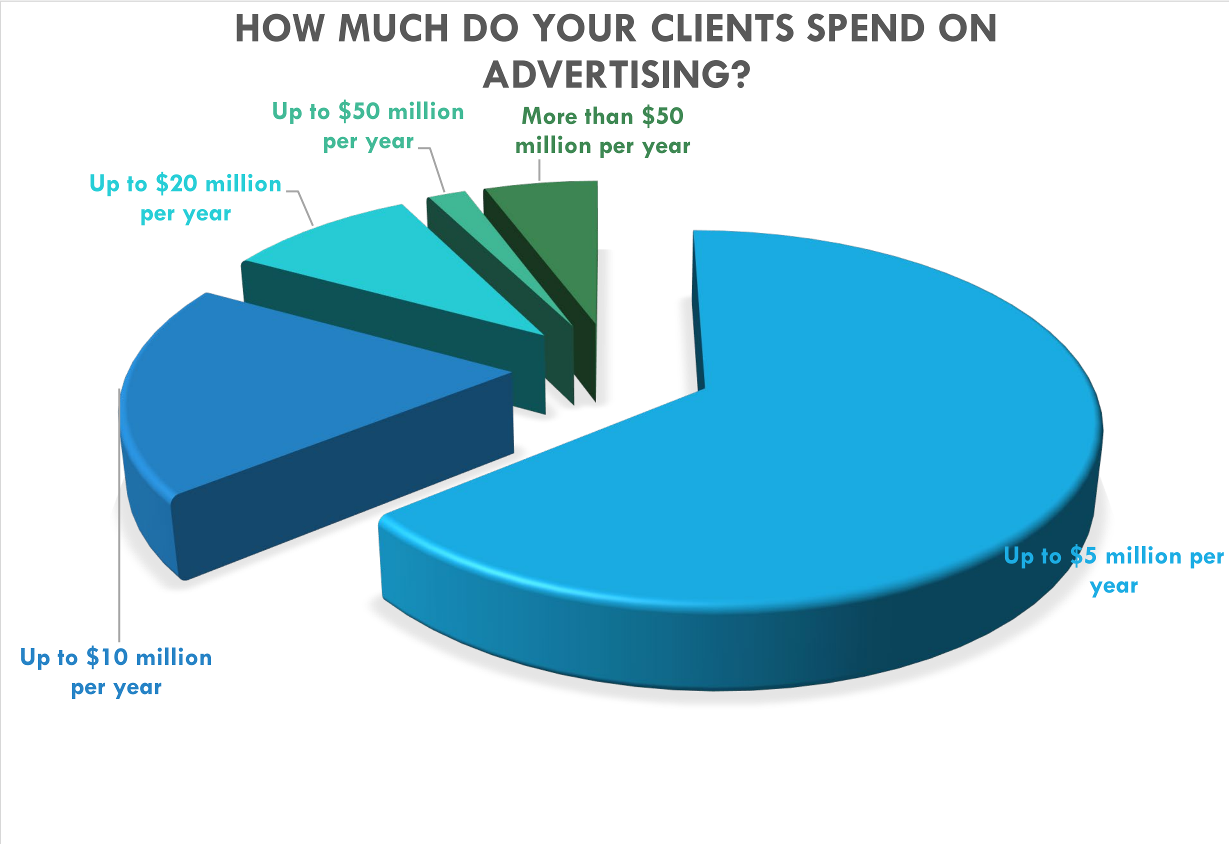
Statistical proof of effectiveness was the most popular response here (44%), outweighing the appeal of low-priced or trial offers (34%). Interestingly, 24% of respondents also said that more verifiable use cases would also motivate them to send more. Agencies who have already tried in-game advertising would therefore be most likely to increase their spend on this strategy if they had more evidence of its effectiveness. 26% of respondents also said they would increase spend if they had more overall budget. This suggests that investment in in-game advertising could rise if and when the advertising industry as a whole increases its spending across the board.

Question 8: "How many clients do you have?"



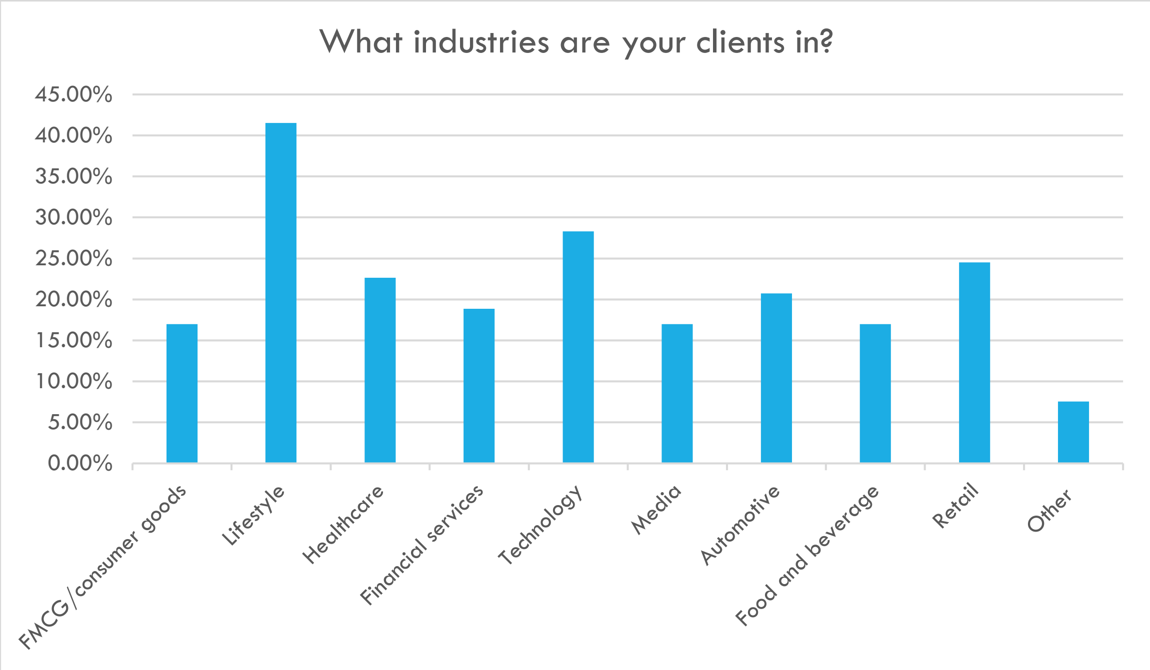
Just over 40% of respondents have 20 clients or fewer, while almost a third have between 21 and 49 clients, and only 26.4% have 50 clients or more. This suggests that in-game advertising may be more popular with smaller agencies, since only 42% of agencies that have not tried in-game advertising have fewer 20 clients or fewer (see section 1b below). Smaller agencies may be more willing to experiment with in-game advertising as a strategy because their budgets are smaller, and consequently the impact of finding success with in-game advertising maybe proportionately much greater than for larger agencies with bigger advertising budgets.

Question 9: “On average, how much do you spend on advertising in total per year for all your clients?”



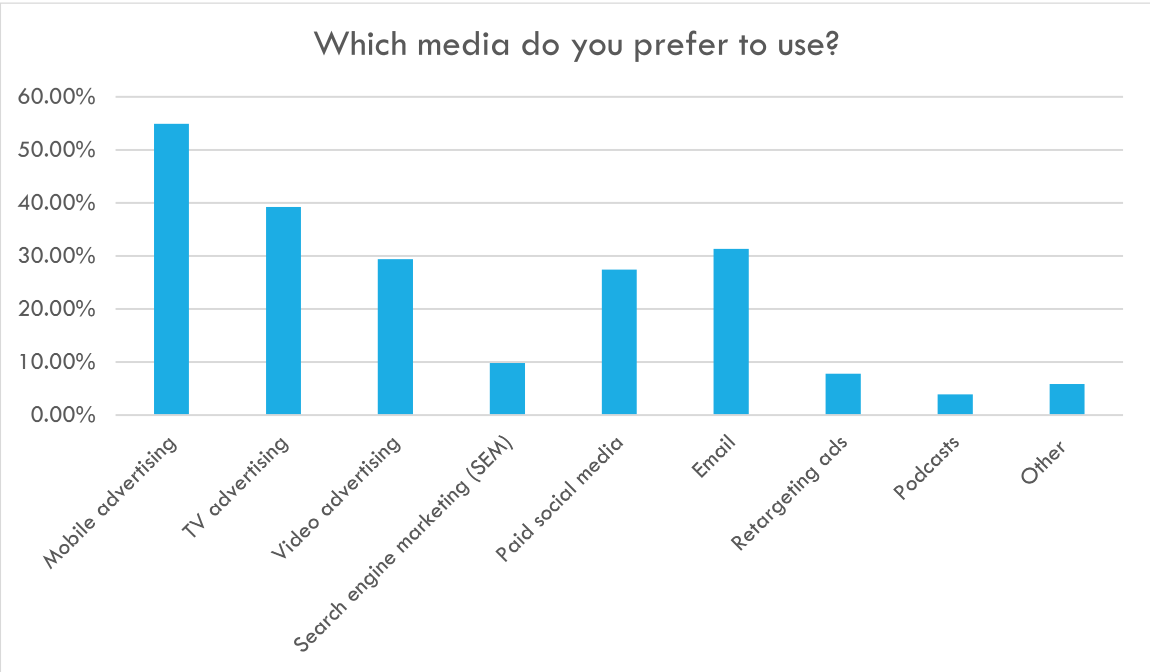
The vast majority of respondents – almost two-thirds – spend up to $5 million on advertising. This suggests that smaller agencies may be more likely to have tried in-game advertising than larger ones, given that only 39.2% of agencies that have not tried in-game advertising are this small.

Question 10: “What industries are your clients in?”



“Lifestyle” was by far the most popular response here, at 41.5%, with “Technology” a distant second at 28.3%. This could mean that agencies with Lifestyle clients are more likely to have tried in-game advertising, or that smaller agencies tend to have a higher proportion of clients from the Lifestyle industry than any industries.

Question 11: “Which advertising media do you prefer to use?”



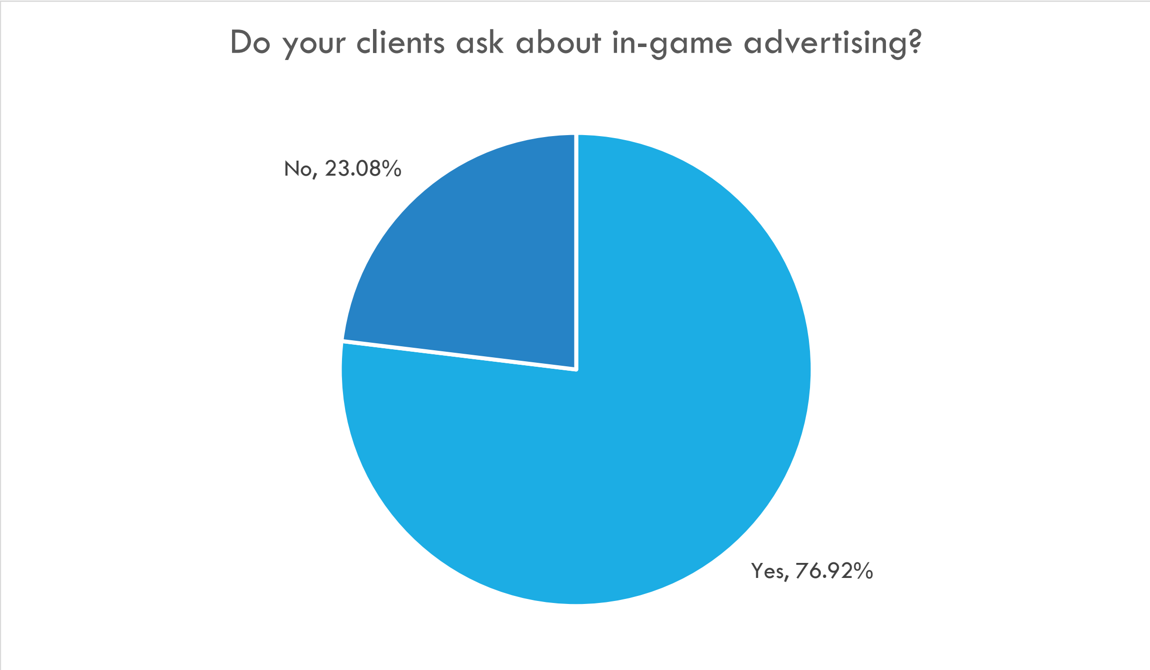
Interestingly, Mobile advertising is by far the most preferred medium (54.9%), according to respondents, with TV second at 39.2% and email third at 31.4%. The dominance of mobile is intriguing, given that most respondents cited Mobile games as those in which they'd had the most success with in-game advertising (see question 3 above). It may be that agencies see in-game mobile advertising as another form of mobile advertising, or else that they are more comfortable trying mobile in-game advertising due to their preference for mobile advertising overall.

Question 12: "What's your biggest challenge when it comes to running in-game advertising effectively for your clients?"

Given the option to provide their own answers, the most popular response was "Cost/Budget", followed by the effectiveness/ability to measure effectiveness, then "Ability to Reach the Right Audience/Demographic".

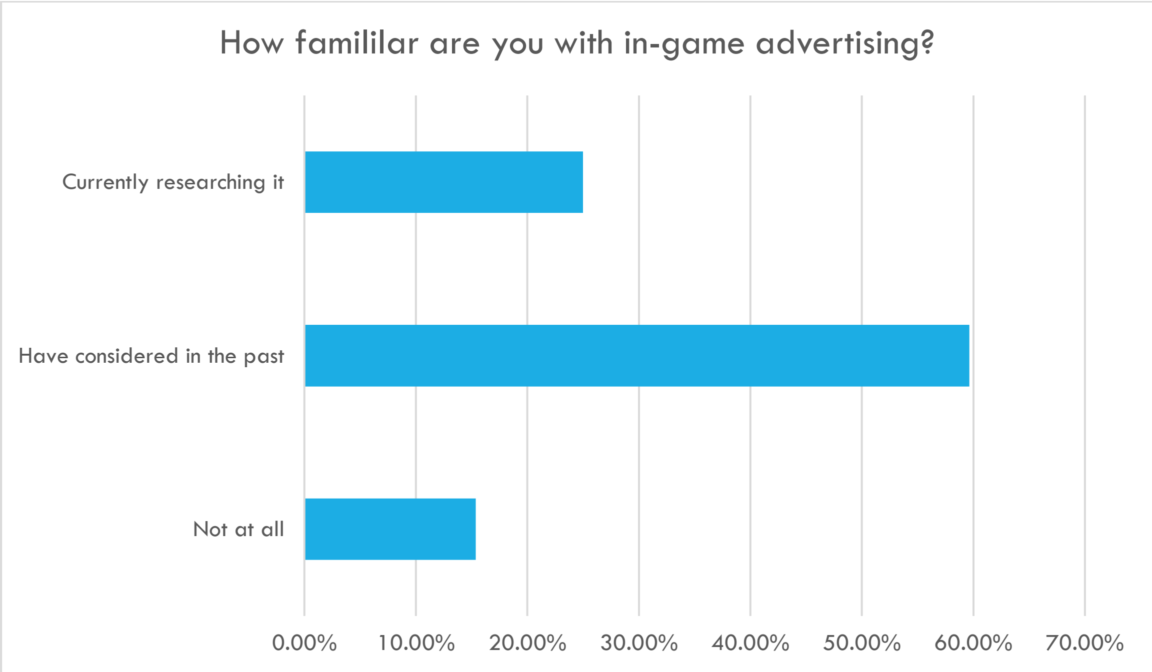
Findings, section 1b: Marketing agencies who have NOT tried in-game advertising

Question 1: "Do your clients ever enquire about in-game advertising?"



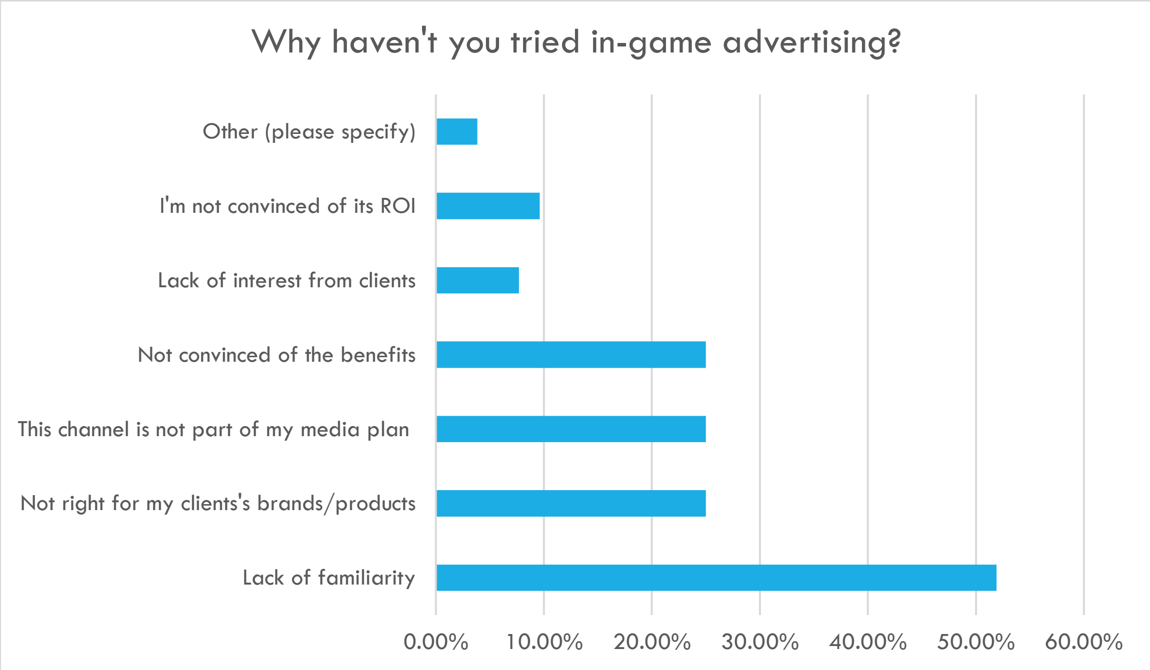
In more encouraging news for proponents of in-game advertising, well over three-quarters of respondents said their clients have enquired about the strategy. The appetite – or at least the interest – is there. So why have these agencies not taken the plunge?

Question 2: “How familiar are you with in-game advertising?”



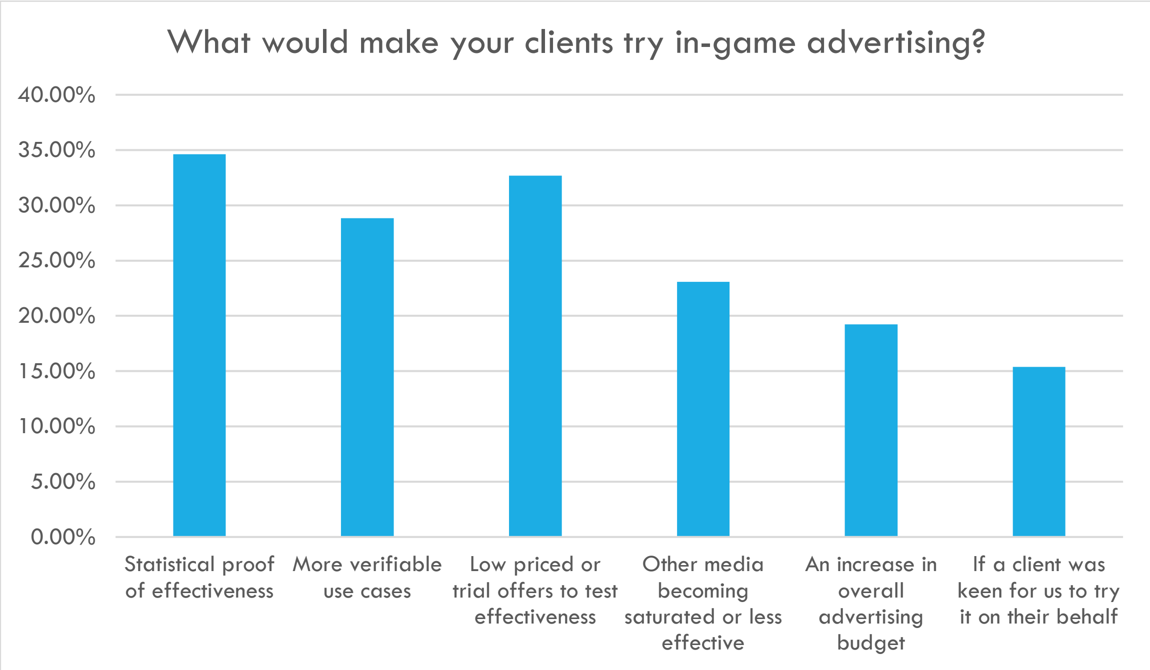
Having seen with question 1 that there is interest from clients, the answers to this question reveal significant potential interest on the part of the agencies themselves. More than 4 out of 5 respondents have either considered trying in-game advertising (59.6%) or have done lots of research but haven’t taken the plunge (25%). The question is why? What is stopping them from taking that next step?

Question 3: “Why haven’t you tried in-game advertising?”



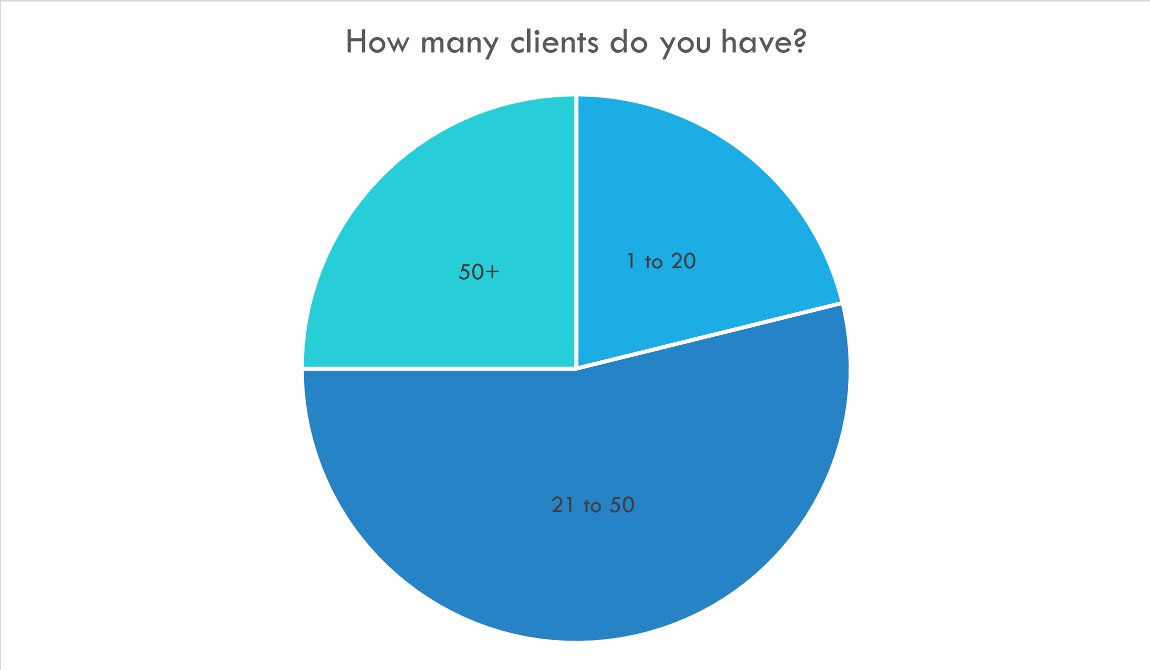
“Lack of familiarity” is by far the biggest answer here, with 51.9% of respondents citing this as an issue. Coming next, all with the same number of responses, are “Not convinced of the benefits”, “Not right for my client’s brands/products” and “This channel is not part of my media plan/budget”. These responses seem closely linked. Becoming more familiar could convince respondents of the benefits, for example. Vendors would likely do well to offer more information to agencies, while perhaps also offering a low-priced or trial offer for those who lack flexibility on their budget.

Question 4: “What would motivate you to try in-game advertising for your clients?”



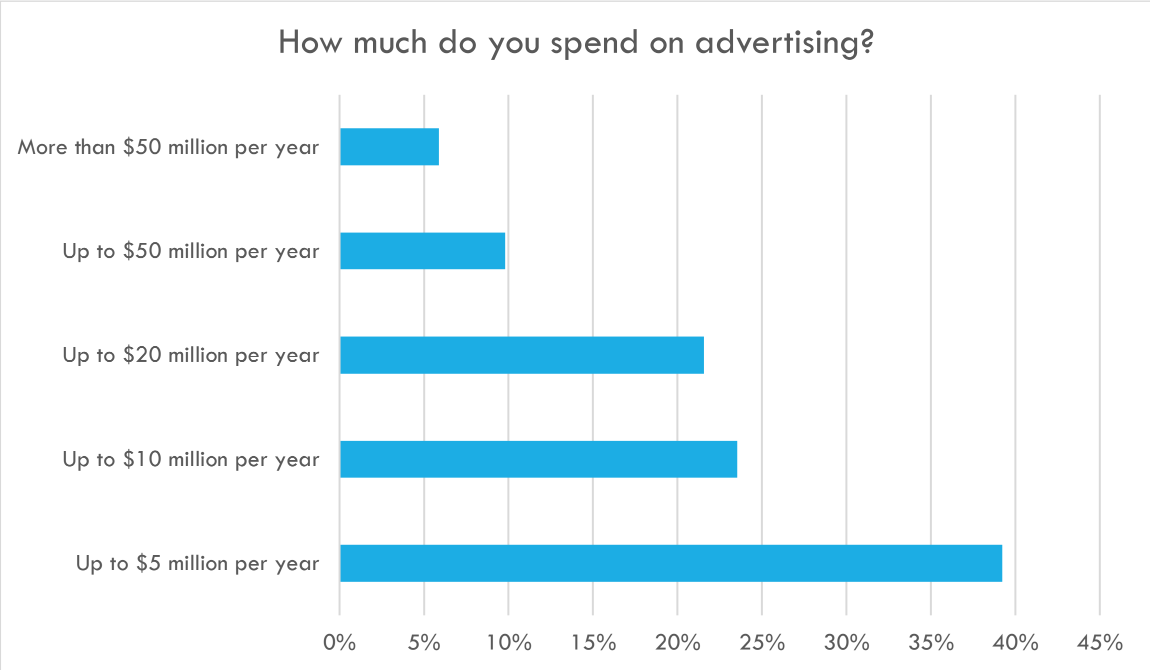
Sure enough, respondents say they would like more information here, from statistical proof of effectiveness (34.6%) to more verifiable use cases (28.9%). Once again, respondents want more proof that in-game advertising really works for clients like theirs. Offering low-priced or trial offers to test its effectiveness could also inspire more agencies to try it, however, since this was the second most popular answer at 32.7%. Meanwhile, less than a quarter of respondents believe that other advertising channels are becoming saturated or less effective.

Question 5: “How many clients do you have?”



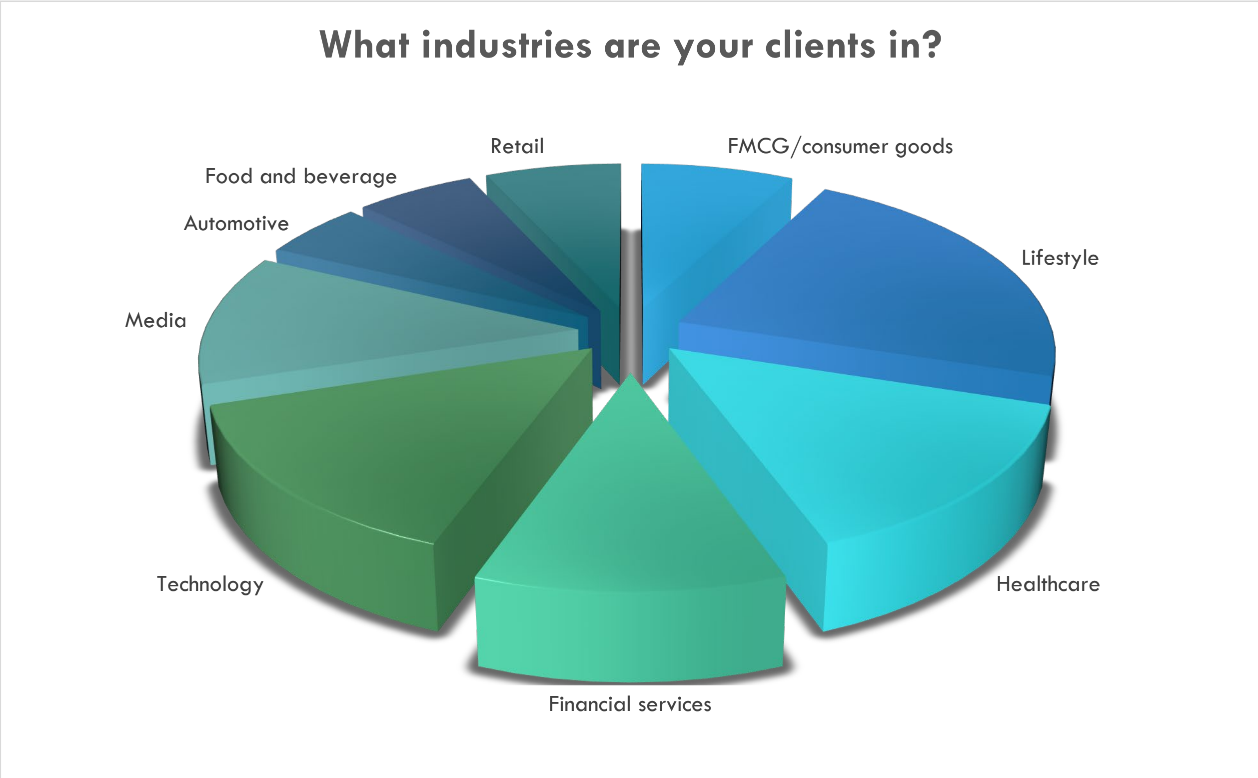
Agencies who have tried not in-game advertising seem to be slightly larger that those who have tried it, according to our respondents. 53.9% said they have between 21 and 49 clients (compared with only % of agencies who have tried in-game advertising). 25% of respondents said they had 50 clients or more (compared with 26.4% of agencies who have tried in-game advertising). Perhaps more significantly, only 21.2% of respondents said they had 20 clients or fewer, compared with 40% for agencies who have tried in-game advertising.

Question 6: “How much do you spend on advertising per year for all your clients?”



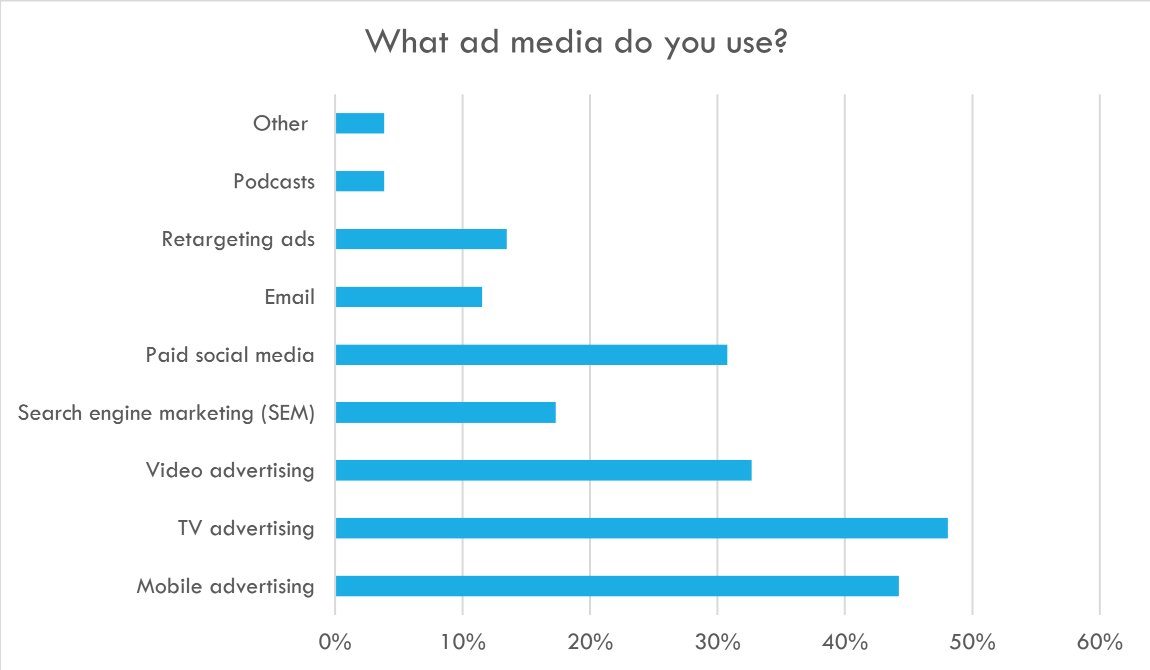
Similarly, agencies who have not tried in-game advertising appear to have slightly higher advertising budgets, on average, than agencies that have tried it. For agencies that have tried in-game advertising, almost two-thirds of them spent $5 million per year or less, whereas the reverse is true for agencies that have not tried it: almost two-thirds of them (60.78%) have annual advertising budgets larger than $5 million per year. This suggests that agencies with larger budgets and more clients may be less inclined to try in-game advertising, perhaps due to viewing it as a less established or less “proven” channel when we consider how many of them would like more verifiable data about its effectiveness (see question 4).

Question 7: "What industries are your clients in?"



Once again, the highest proportion of respondents said their clients were in the "Lifestyle" industry (50%), although in this case, "Healthcare" came joint second with "Technology" at 32.7% apiece. "Media" and "Financial services" also scored relatively highly.

Question 8: “Which advertising media do you prefer to use?”



Mobile and TV advertising came out as the top two choices here, the same as for agencies that have tried in-game advertising – although in this case, TV advertising was more popular (48.1%) than Mobile (44.2%), despite the declining impact and reach of TV according to Statistica. This suggests that agencies are still following old and trusted advertising models even if they are less effective. Due to the relative low popularity of email amongst respondents to this question compared with agencies that have tried in-game advertising, it may also be the case that larger agencies with higher budgets actively look to spend on more expensive media, since Video advertising and Paid social media also scored fairly well.

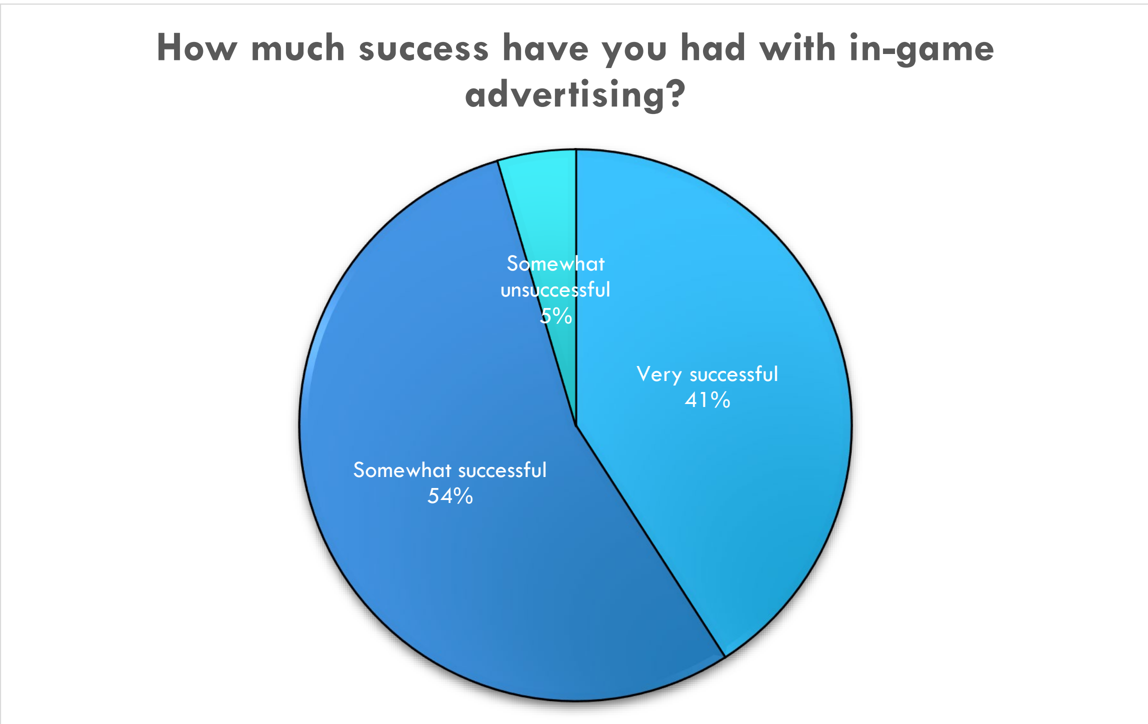
Question 9: "What's your biggest challenge when it comes to advertising affectively for your clients?"

Given the option to provide their own answers, respondent's answers could be categorized and ranked in this order:

1. Reaching the right audience/demographic
2. Costs
3. Engaging people / Making the best work possible
4. Satisfying clients / Appealing to the widest possible audience
5. Increased competition / Staying current/fast-moving
6. Worried about being scammed
7. Finding the right medium/channel for clients
8. TV advertising is no longer as effective

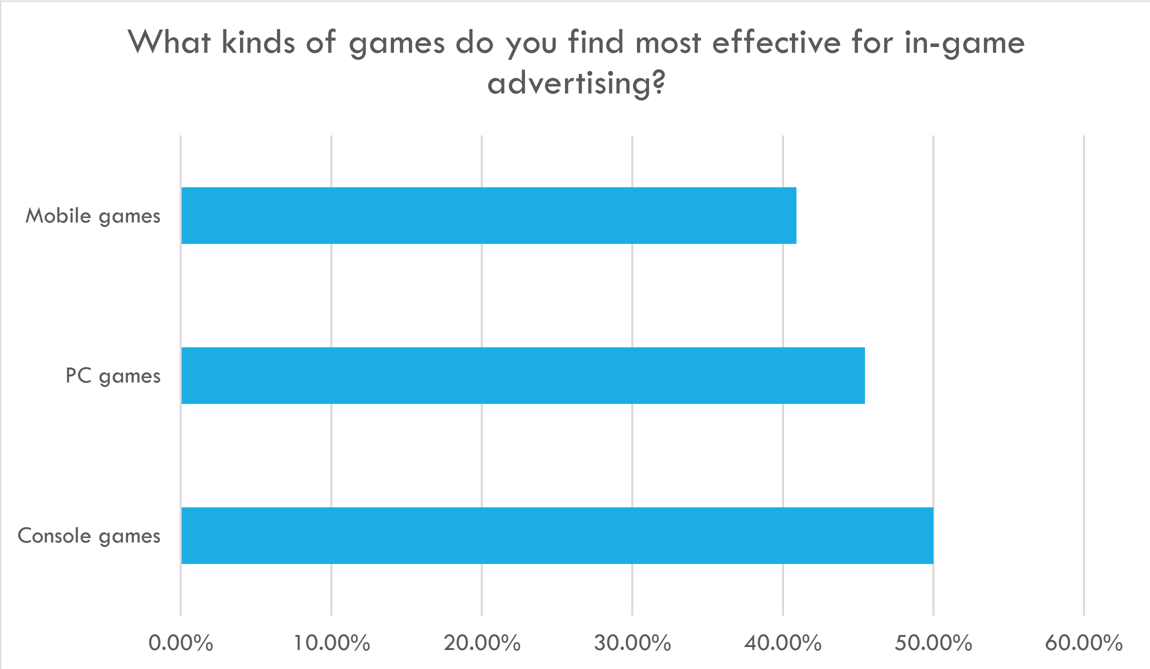
Findings, section 2a: Brands who have tried in-game advertising

Question 1: "How much success have you had with in-game advertising?"



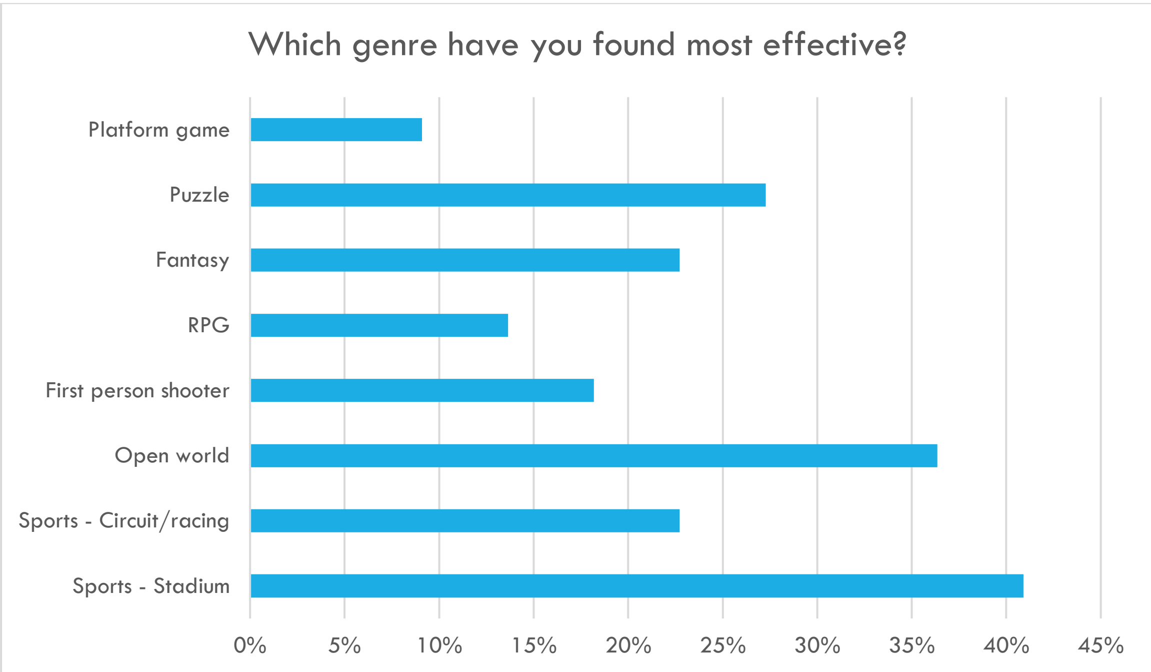
There's great news here for proponents of in-game advertising. More than 95% of respondents said their in-game advertising had been "Somewhat" (54.6%) or "Very" (40.9%) successful, with only 4.6% saying it had been "Somewhat unsuccessful". This is an extremely high success rate, far outstripping the results cited by agencies who have tried it (see Section 1a, question 2, above). It's particularly noteworthy that twice as high a proportion of brands as agencies say that their efforts have been "very successful".

Question 2: "Which kinds of gaming device/platform have you found to be most effective for in-game advertising?"



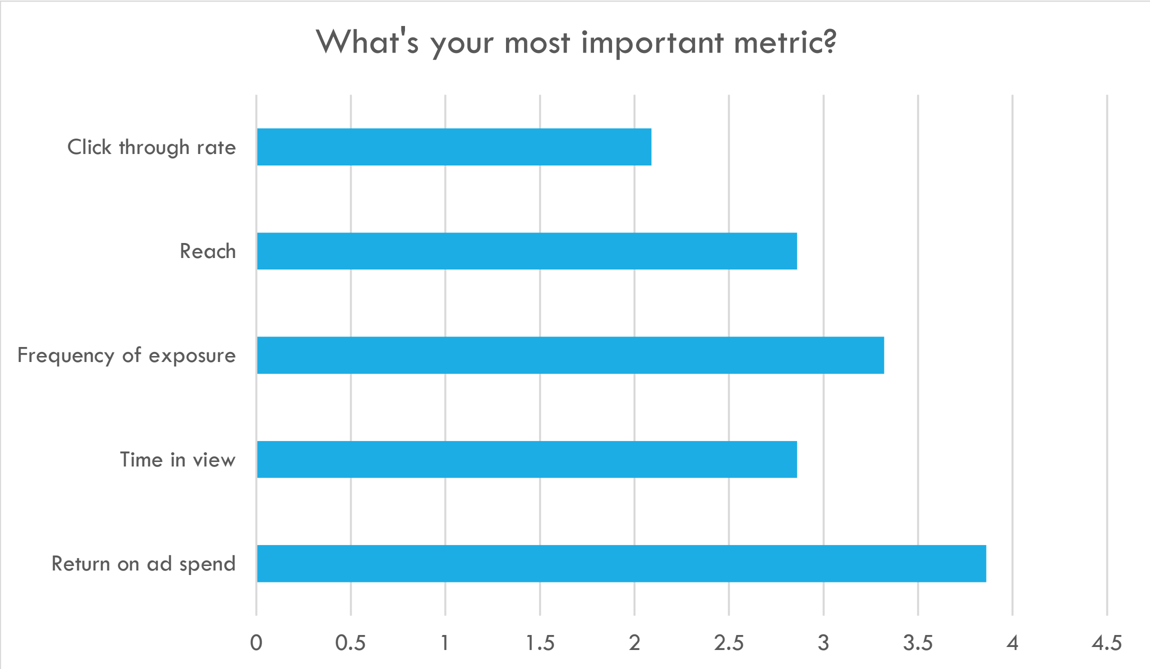
In contrast to agencies that have tried in-game advertising – for whom mobile games proved most effective – brands tell us that they have experience most success with "Console games" (50%), followed by "PC games" at 45.5%, and "Mobile games" last with 40.9%. Brands appear to have had less success with Mobile games than agencies, although they have experience significantly more success with Console and PC games.

Question 3: “Which gaming genre have you found to be most effective for in-game advertising?”



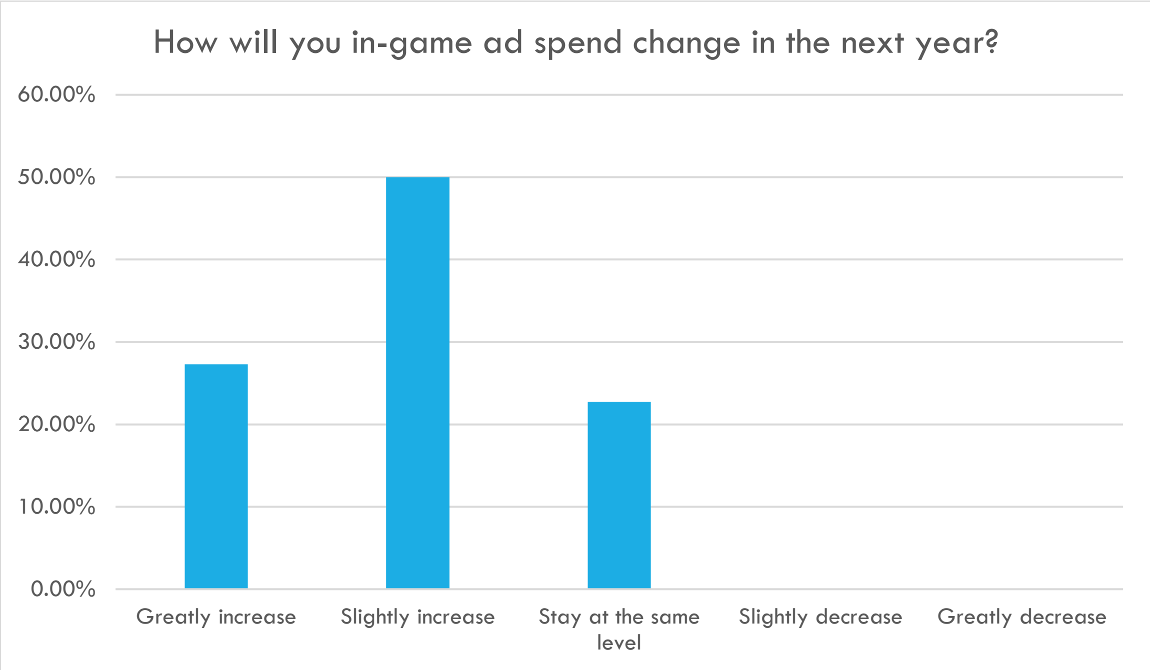
The games genres brands have found most effective for in-game advertising also differ from those that agencies have found most effective. 40.9% of respondents cite Sports-stadium games as most effective, followed by Open world games (36.4%), Puzzle games (27.3%), then Fantasy and Racing games tied at 22.7% apiece. The effectiveness of stadium-sports and open world games reflects the relative effectiveness of consoles and PCs as in-game advertising platforms, as per question 2 (above).

Question 4: "Which metrics do you consider to be most important for measuring in-game advertising effectiveness?"



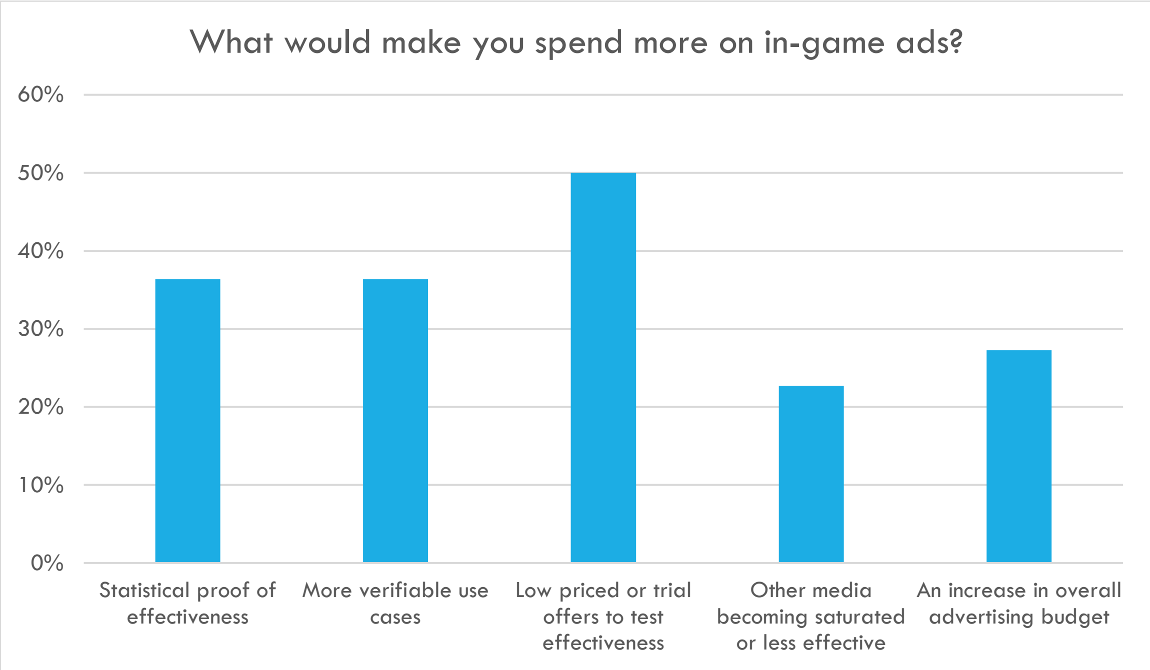
Unlike agencies, brands have their eye on the bottom line when it comes to measuring effectiveness, with the most popular answer here being "Return on ad spend", followed by "Frequency of exposure", with "Time in view" and "Reach" tied in third place. This focus on ROI could explain why brands have experience greater success than agencies with in-game advertising – or that they may simply be measuring effectiveness more accurately.

Question 5: “How do you estimate your spend on in-game advertising will change in the next 12 months?”



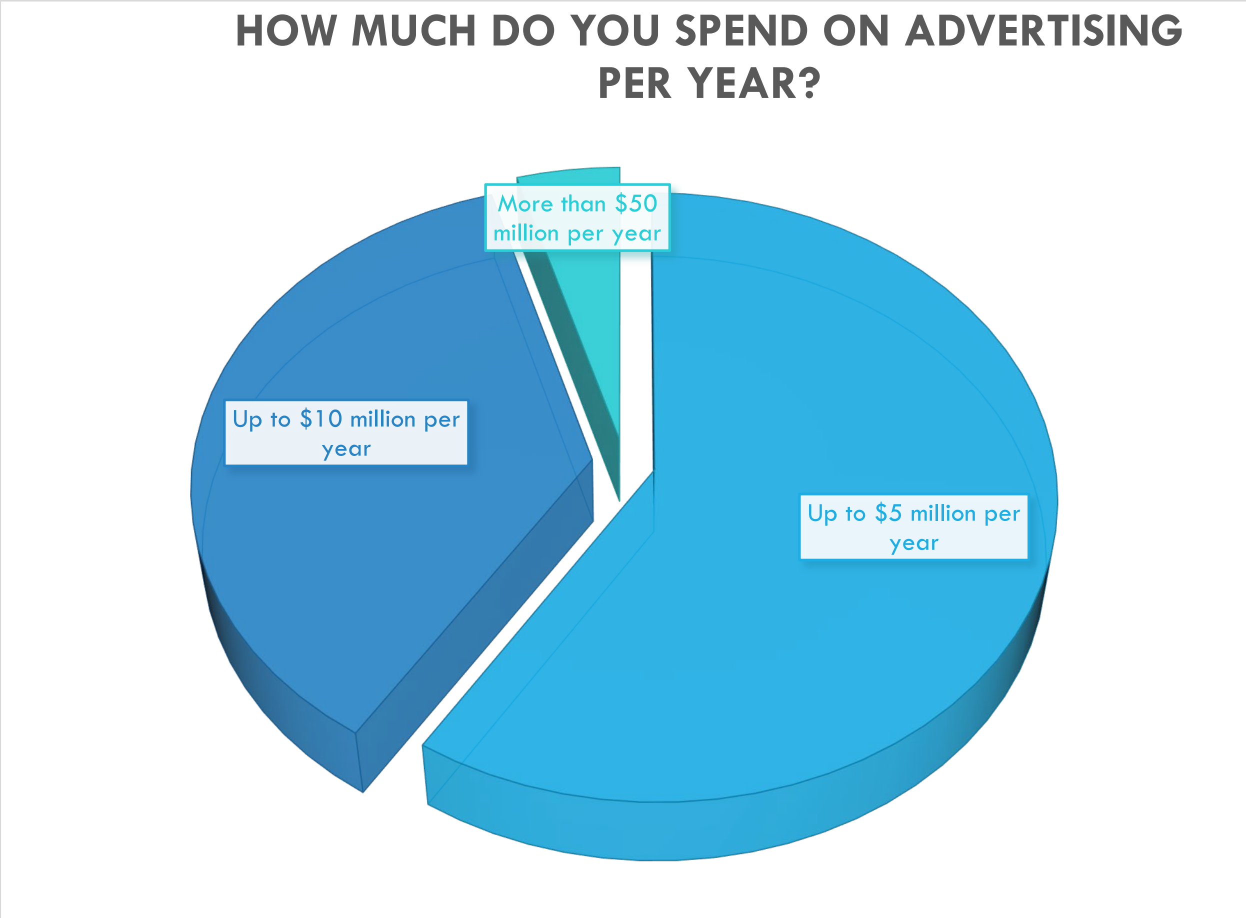
More excellent news for fans of in-game advertising. Not a single respondent said their spending would decrease, while more than three quarters said their spending will either “greatly” (27.3%) or “slightly” (50%) increase. This seems like a strong vote of confidence from brands in the effectiveness of in-game advertising, since they are willing to increase their spend on this strategy as part of their marketing mix.

Question 6: "What would motivate you to spend more on in-game advertising?"



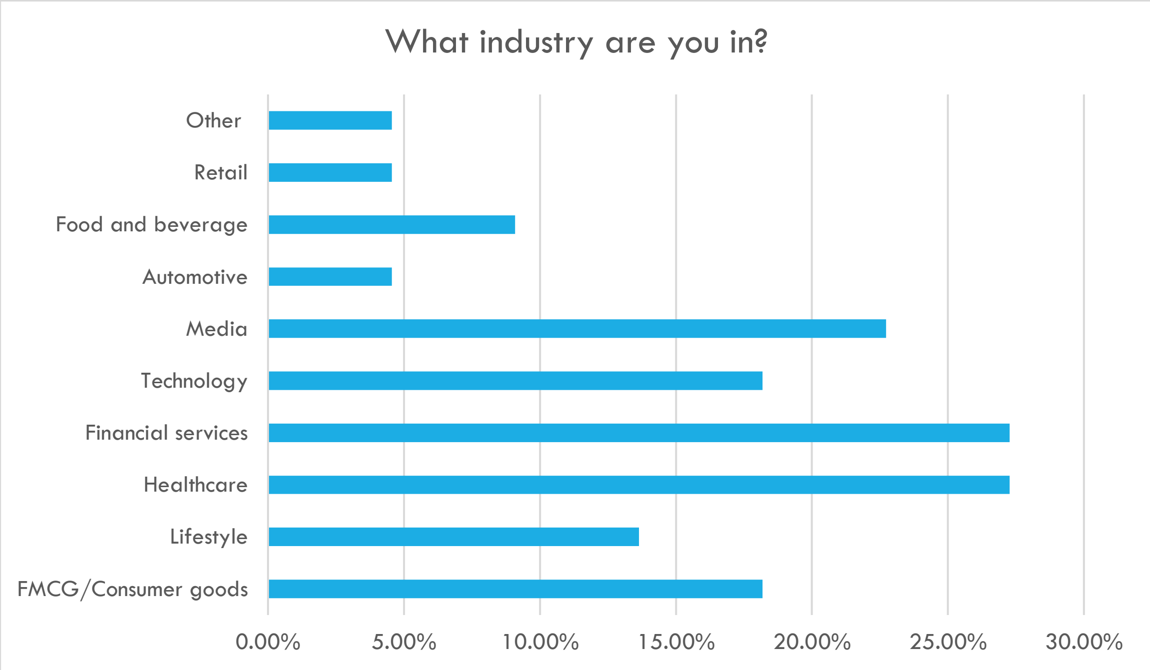
Perhaps this is a reflection of brands focusing more on the financial returns of in-game advertising, but the most popular choice here is low-price or trial offers, at 50%. After that, brands expressed a similar trend to agencies, with over 70% saying that "Statistical proof of effectiveness" (36.4%) and "More verifiable use cases" (also 36.4%) would motivate them to spend more. Brands, like agencies, appear willing to spend more if there is more proof of the effectiveness of in-game advertising. Given that 77.3% of respondents said they were already planning to spend more in their answer to question 5, this suggests that they could be persuaded to increase their in-game advertising budget under the right circumstances.

Question 7: "On average, how much do you spend on advertising per year?"



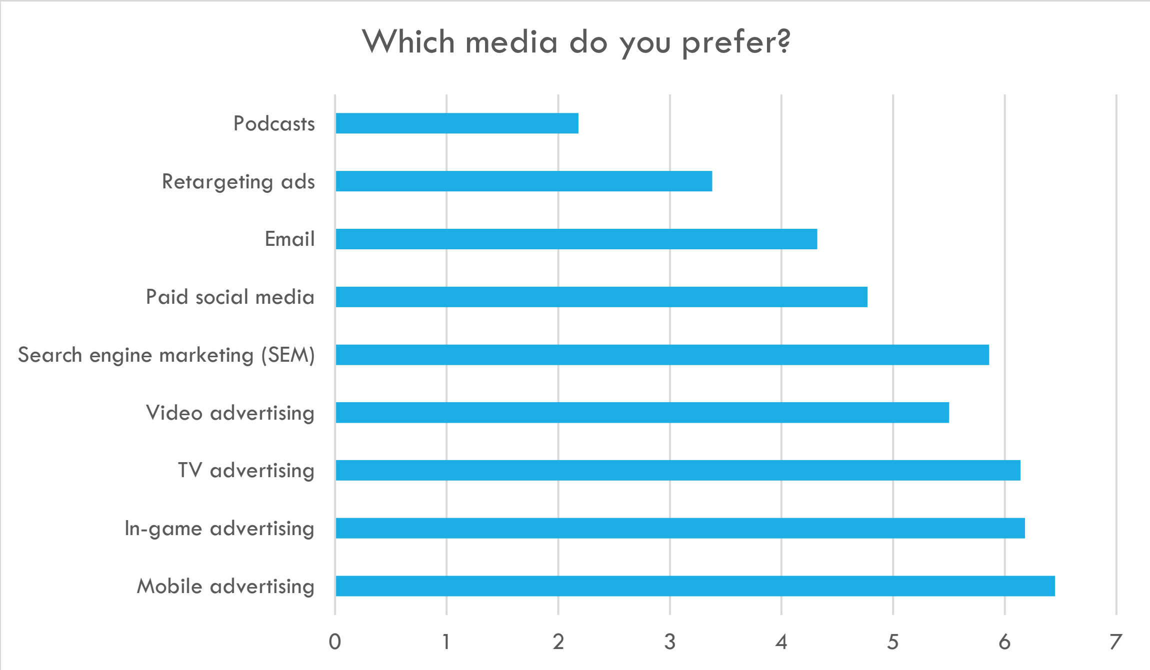
59.1% of respondents said their annual budget was $5 million or less, with 36.4% saying it is between $5 and $10 million. Similar to what we found with agencies, this suggests that those with smaller advertising budgets may be more willing to give in-game advertising a try than those with higher advertising budgets.

Question 8: "What industry are you in?"



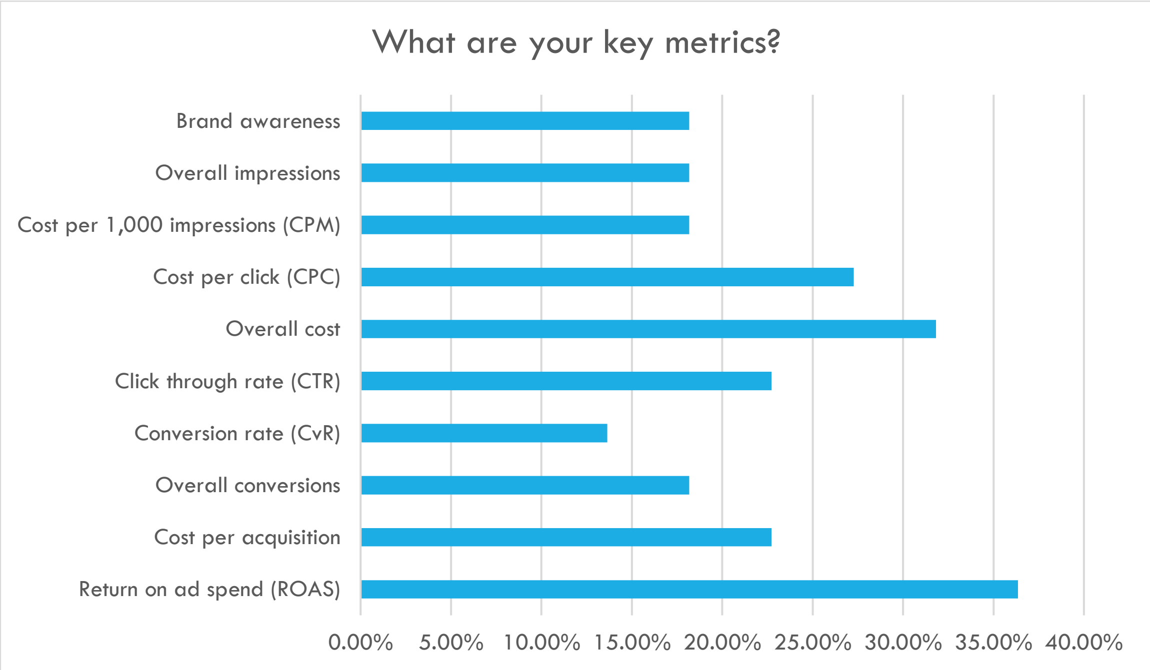
"Financial services" and "Healthcare" come top, with 27.3% each, followed by Media at 22.7%, and then FMCG/Consumer Goods and Technology with 18.2% each. This is a very different industry mix to that seen amongst the agencies we surveyed (above in Sections 1a and 1b). This different industry mix could explain why the brands who responded to our survey have experienced so much more success with in-game advertising than the agencies who have tried it – because they are in different sectors where in-game advertising works better to reach their target audience.

Question 9: "Which advertising media do you prefer to use?"



Going by these responses, brands like to spread their marketing budget across a wide range of media, although these answers also suggest how effective in-game advertising has been for this group. "Mobile" comes top, followed by "in-game advertising" and "TV advertising" tied for second place. The next most popular advertising media are "Search engine marketing", then "video advertising", then "Paid social media", and then "Email", with "Retargeting ads" and "Podcasts" proving the least popular by a significant margin.

Question 10: “Which metrics do you consider to be the most important for measuring marketing effectiveness?”



In keeping with the findings of previous questions, brands once again seem to prioritise the financials. The top answer here was “Return on ad spend” (36.4%) followed by “Overall cost” (31.8%), and then “Cost per click” (27.3%) and “Cost per acquisition” and “Click through rate” – both tied at 22.7%. Again, one cannot help but speculate as to whether brands’ focus on cost and ROI may explain their greater success with in-game advertising when compared with agencies.

Question 11: “What’s your biggest challenge when it comes to advertising effectively?”

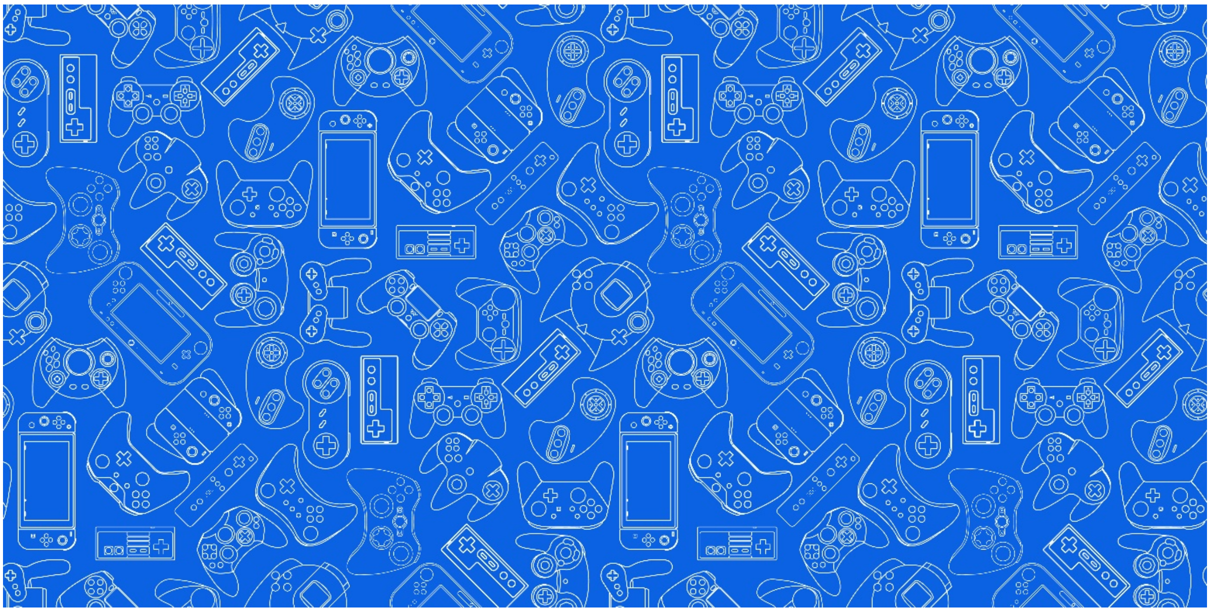
Given the option to provide their own answers, respondent’s answers could be categorized and ranked in this order:

1. Don’t know
2. Reaching the right audiences/markets
3. Getting widest possible coverage/reach
4. Understanding the customer journey / Engagement / Click rates / Time in view / Adapting to rapid social change

Question 12: "What are you looking to accomplish with your in-game advertising campaigns specifically and/or your marketing campaigns generally this year?"

Given the option to provide their own answers, respondent's answers could be categorized and ranked in this order:

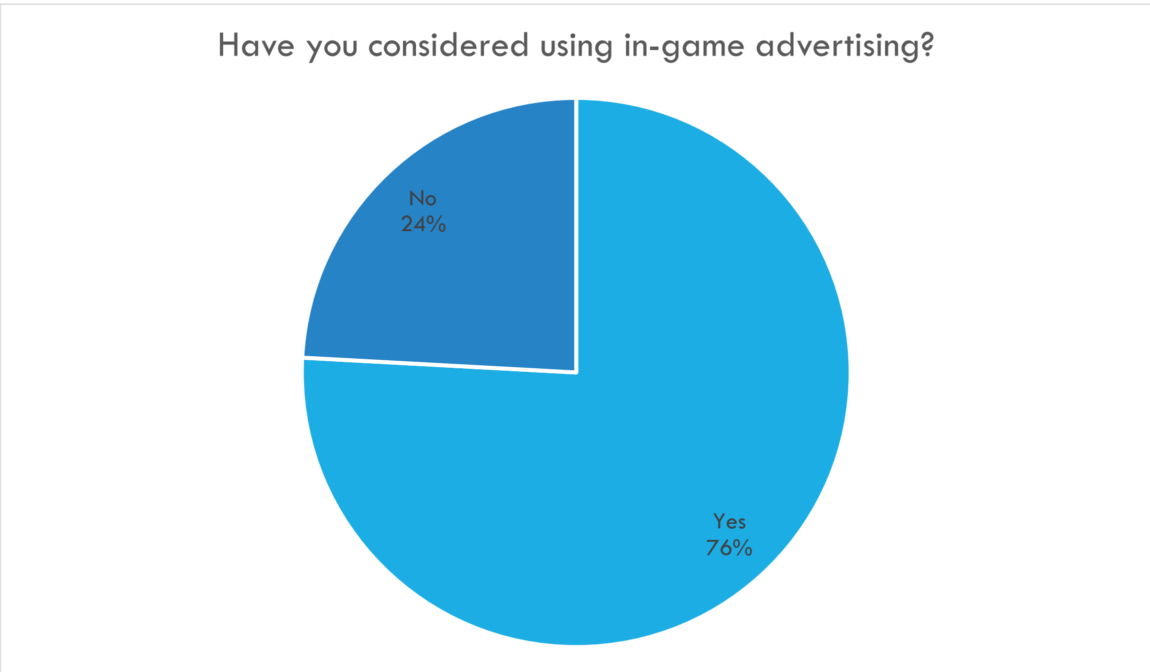
1. Reach new markets / Increase revenues / Don't know
2. Get more customers / Build brand awareness
3. Reduce costs / Better targeting / More clicks/longer time in view / Seek out a more flexible version of in-game advertising that offers more versatility as a platform



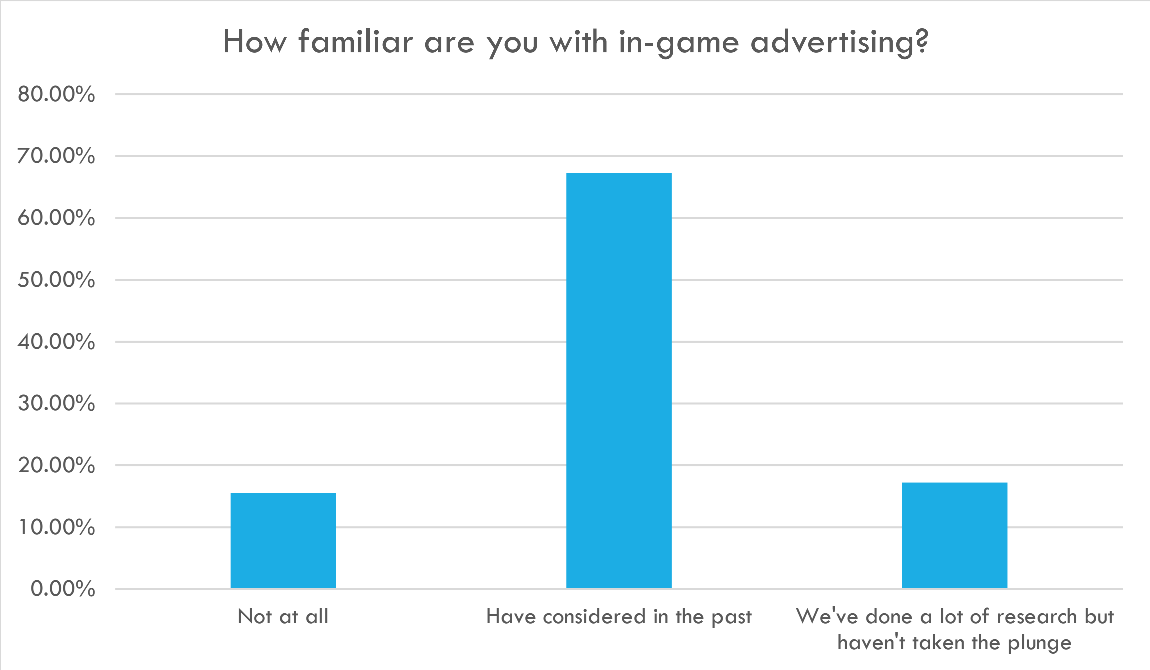
Findings, section 2b: Brands who have NOT tried in-game advertising

Question 1: “Have you ever considered using in-game advertising?”

Just over three-quarters of respondents (75.9%) said they had considered trying in-game advertising, which is good news for advocates of the strategy. Brands are at least somewhat interested.

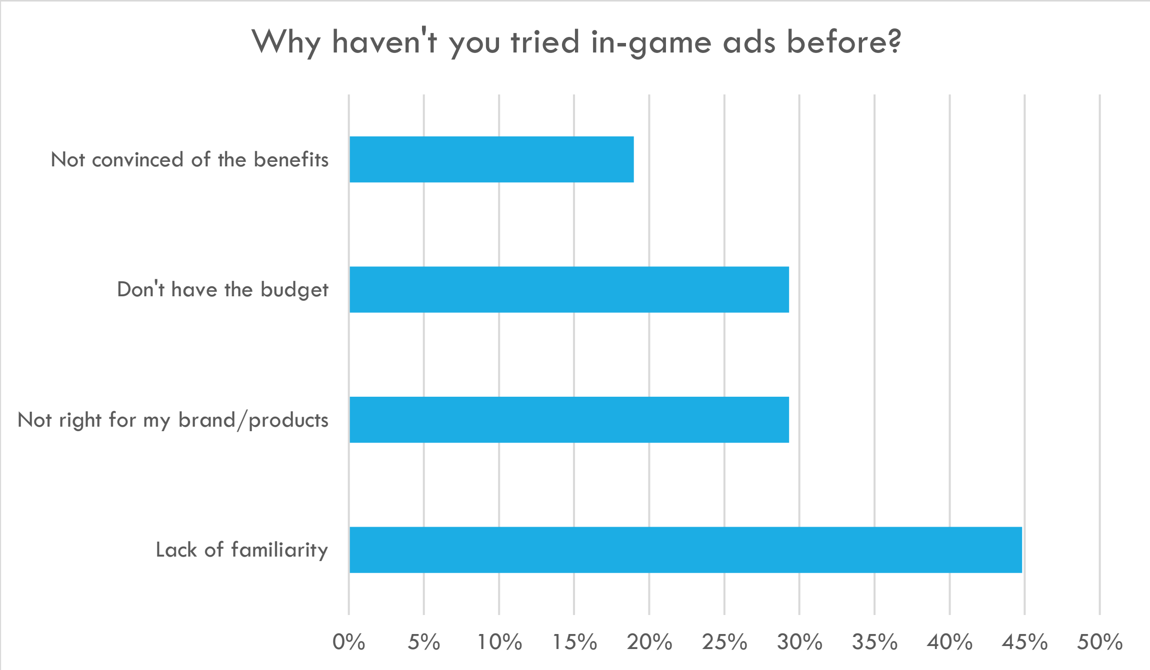


Question 2: “How familiar are you with in-game advertising?”



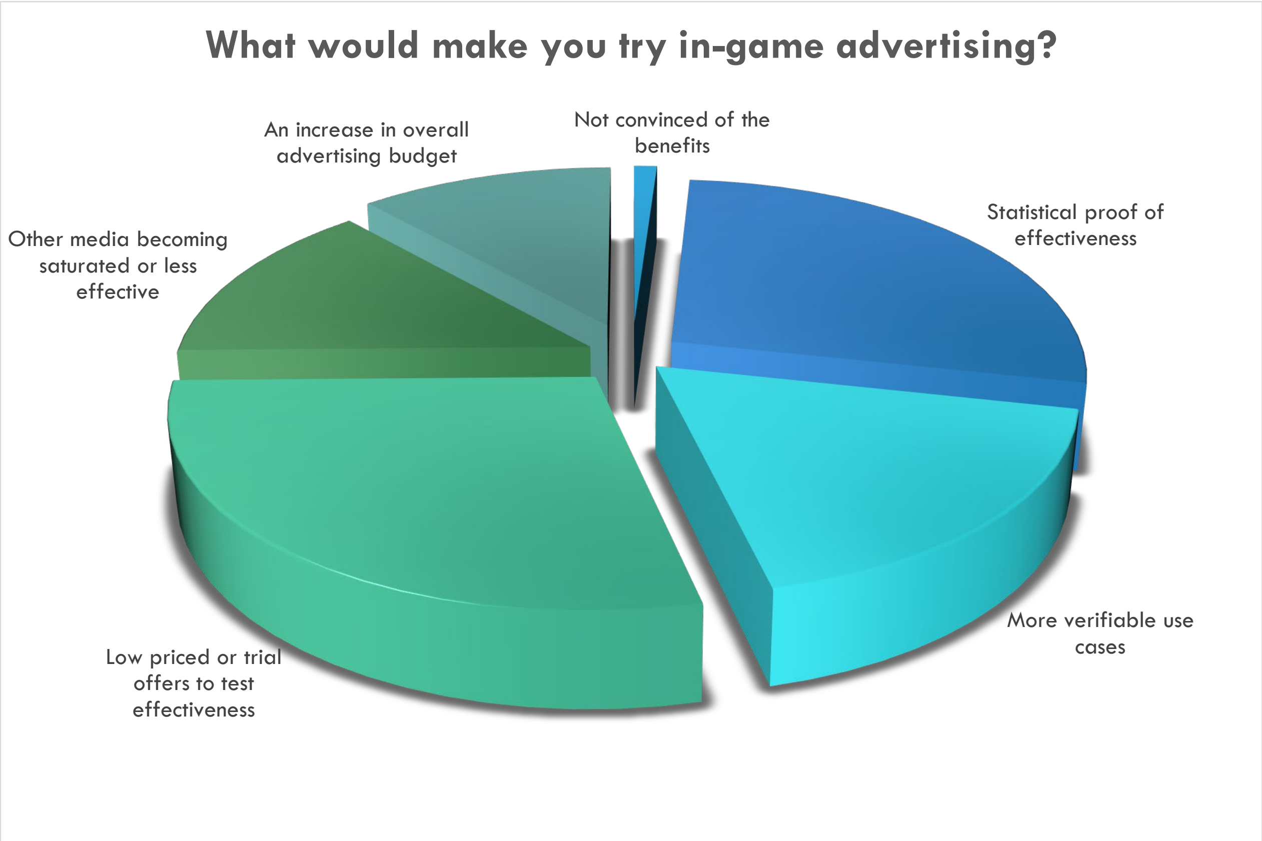
These answers show potential for further adoption of the strategy by brands, for two reasons. Firstly, almost 85% of brands have “considered” (67.2%) or “done a lot of research” (17.2%). Secondly, fewer than 20% have researched it and then decided not to take it further, meaning that the majority of those who are interested have not actively decided not to proceed. This suggests they could be influenced to give the strategy a try in future.

Question 3: “Why haven’t you run in-game advertising campaigns so far?”



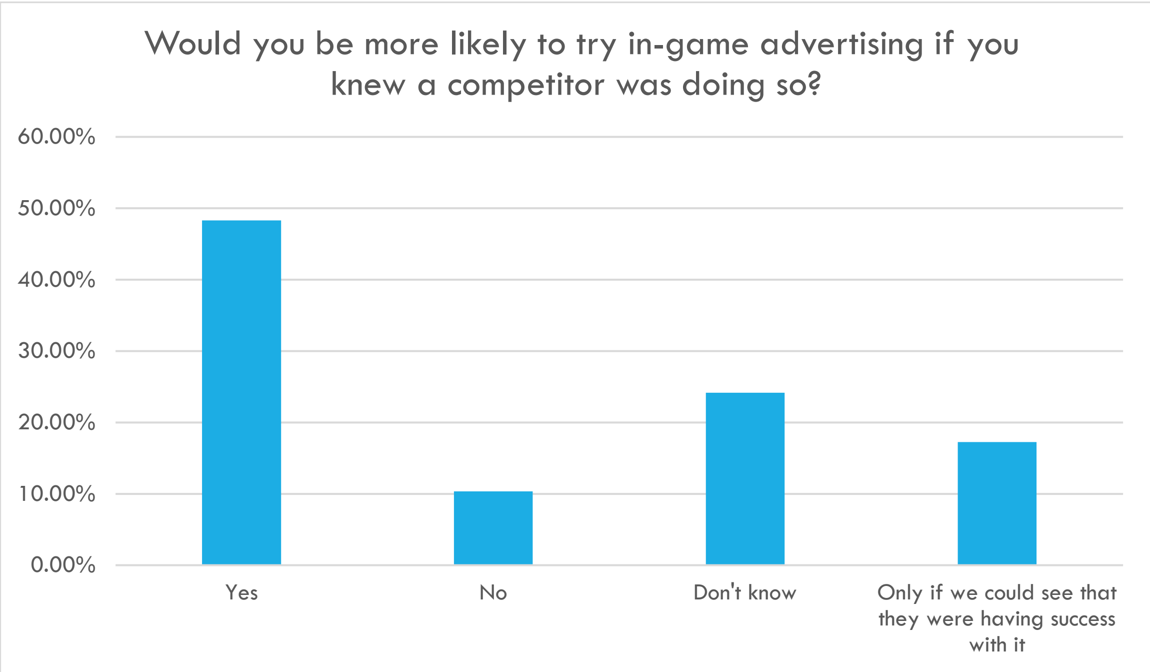
In keeping with the findings of question 2, it seems the largest group of respondents to this question feel they lack familiarity (44.8%) with in-game advertising, and that’s why they haven’t tried it. This is potentially positive for supporters of the strategy. However, more than three quarters of respondents have more active reasons for not trying in-game advertising, including feeling it’s “Not right for my brand/products” (29.3%), not having the budget (29.3), and “not convinced of the benefits” (19%). These are much more active objections.

Question 4: “What would motivate you to try in-game advertising?”



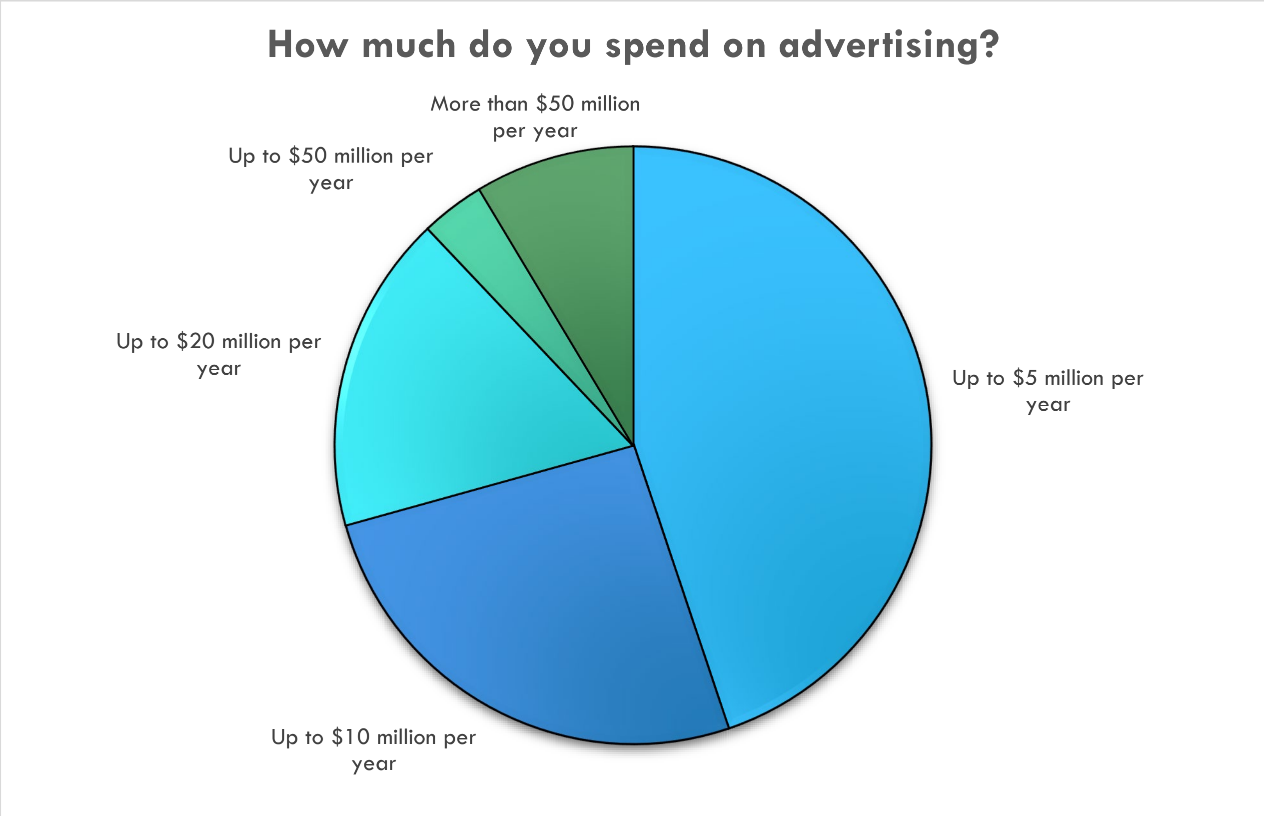
When it comes to answering this question, the results actually suggest a higher level of open mindedness and willingness to be convinced, since only 1.7% of respondents said they were “Not convinced of the benefits”. Similar to the motivations cited by brands that have tried in-game advertising, respondents cited "Low priced or trial offers" (46.6%) as the top incentive that might motivate them to try in-game advertising, followed very closely by "Statistical proof of effectiveness" (44.8%), and then "More verifiable use cases" at 29.3%. Brands want to see more evidence and might be tempted by a price-led offer.

Question 5: "Would you be more likely to try in-game advertising if you knew a competitor was doing so?"



Intriguingly, although the findings so far suggest that most brands are looking at in-game advertising through the logical lens of cost, ROI, and evidence of effectiveness, almost half (48.3%) of respondents said they were more likely to try in-game advertising if they knew a competitor was doing so. Only 10.3% of respondents answered outright that they would not.

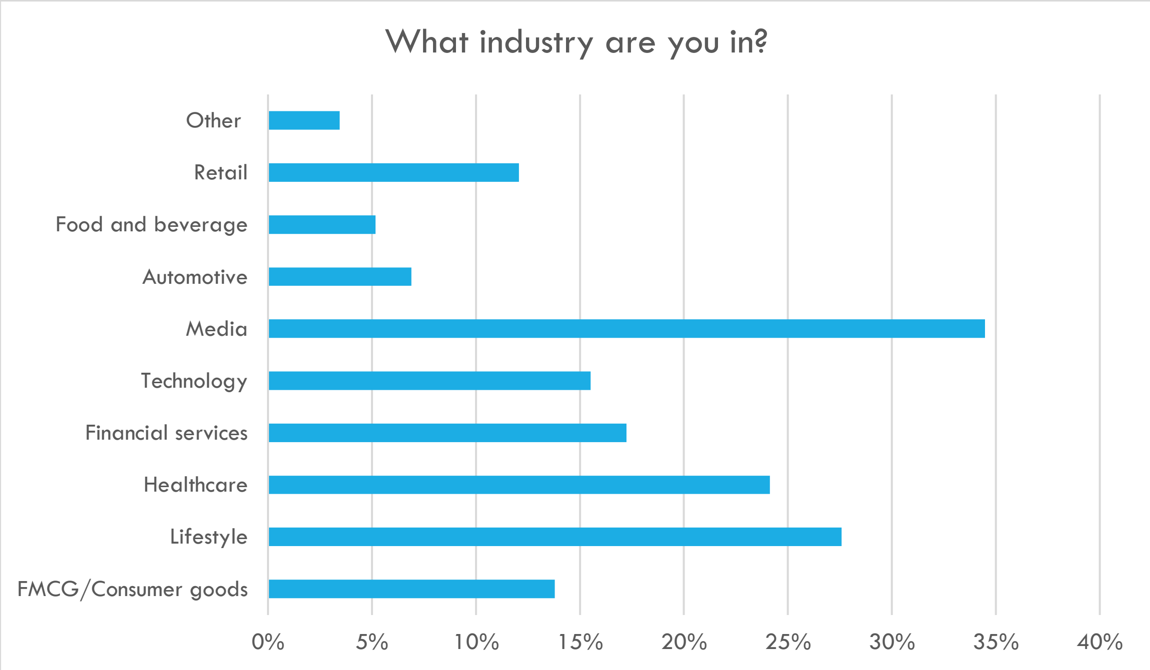
Question 6: "On average, how much do you spend on advertising per year?"



Similar to our findings from agencies (in sections 1a and 1b, above), we find that brands who have not tried in-game advertising seem to have larger average advertising budgets that those that have.

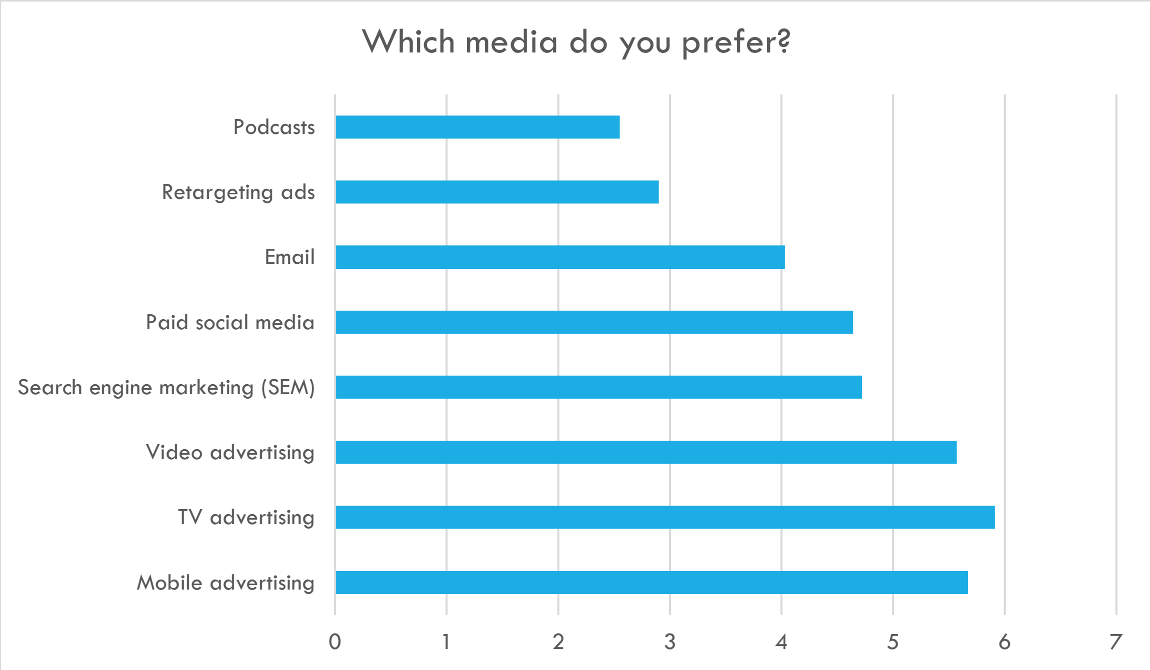
Almost 30% of respondents said they spend more than $10 million per year on their advertising (compared with less than 5% for brands that have tried in-game advertising). Only 44.8% of respondents spend $5 million or less per year (compared with 59.1% of brands that have tried in-game advertising).

Question 7: "What industry are you in?"



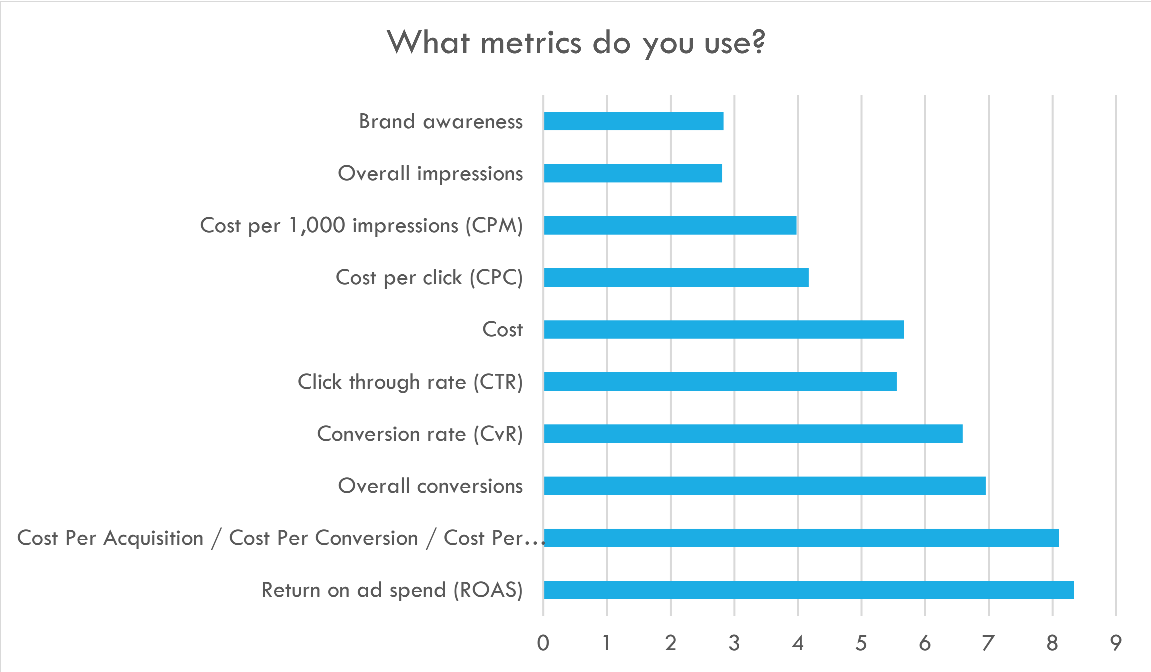
Media is the dominant sector here at 34.5%, with the other most significant sectors being Lifestyle (27.6%), Healthcare (24.1), Financial Services (17.2%), Technology (15.6%), and FMCG (13.8%). This is a slightly different mix to what we saw amongst brands who have tried in-game advertising (see section 2a, question 8 above). They are largely the same sectors, but for those brands, Financial Services came top. Possibly Financial Services are better suited to in-game advertising. Healthcare remained a consistent choice in both groups, suggesting that Healthcare brands who have not tried in-game advertising may be interested in trialling this strategy in future.

Question 8: “Which advertising media do you prefer to use?”



Although respondents indicated that they typically like to spread their advertising spend across multiple media, TV advertising came top, followed by mobile and video. Mobile has scored consistently well across all brands and agencies surveyed, though in both cases there seems to be a trend that brands and agencies with higher annual advertising budgets still tend to favour TV as an advertising medium.

Question 9: “Which metrics do you consider most important when measuring advertising effectiveness?”



Once again, brands appear to be focused on ROI. Respondents cited “Return on ad spend” as the most important metric overall, followed by “Cost per acquisition”. Brands who have not tried in-game advertising ranked “Overall cost”, “Cost per click”, and “Click through rate” slightly lower than brands who have tried it, but they similarly ranked “Cost per acquisition” and “Conversion rate” as amongst the most important metrics.

Question 10: "What's you biggest challenge when it comes to advertising effectively?"

Given the option to provide their own answers, respondent's answers could be categorized and ranked in this order:

1. Cost/Budget
2. Targeting the right audience/market
3. Don't know
4. Increase reach
5. Standing out/Being unique
6. Speed to market for new offers
7. Competition / Lack of familiarity with new channels / Measuring effectiveness / Understanding what customers want

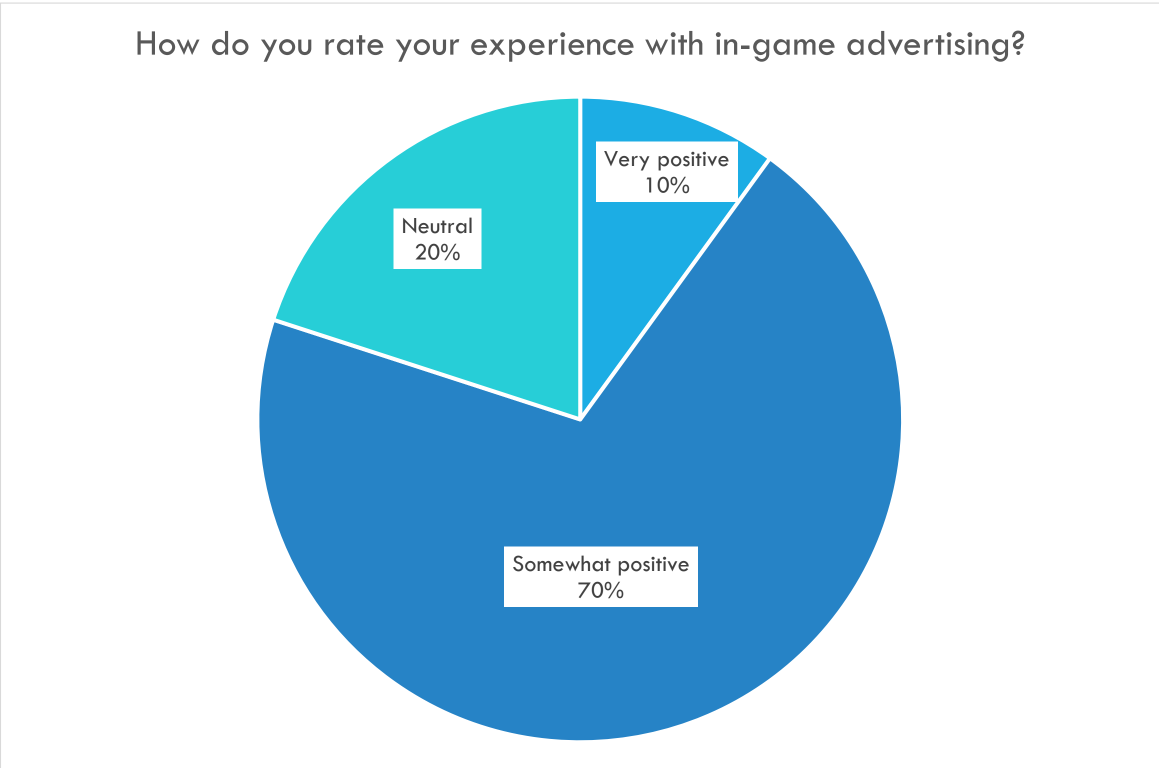
Question 11: “What are you looking to accomplish with your marketing campaigns this year?”

Given the option to provide their own answers, respondent’s answers could be categorized and ranked in this order:

1. Increase revenue
2. Don’t know
3. Increase reach
4. Improve brand awareness
5. Reach new/younger audiences/markets
6. Cutting through / Increase web traffic / Targeting the right audience/market

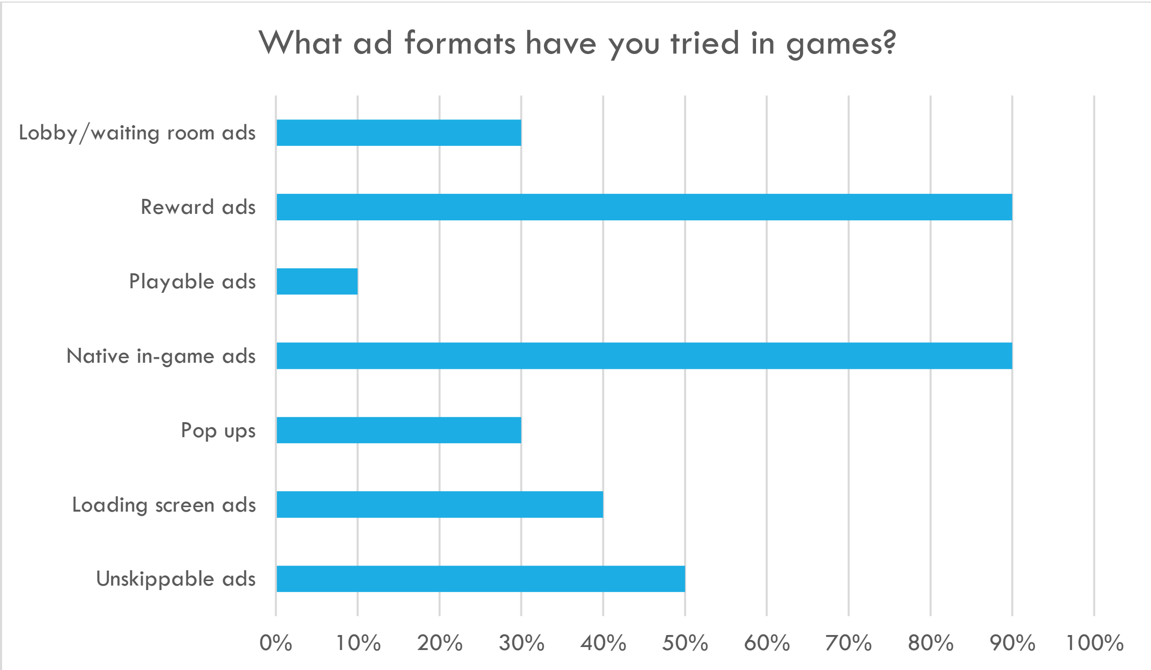
Findings, section 3a: Gaming publishers who have tried in-game advertising

Question 1: "How do you rate your overall experience with in-game advertising?"



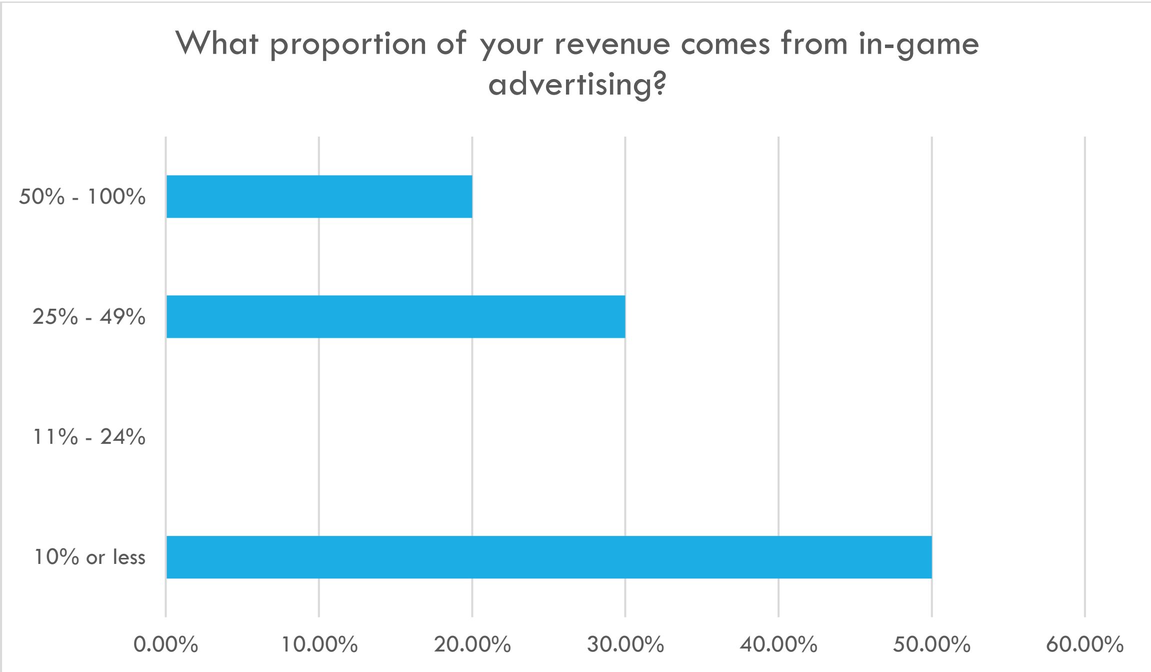
Although our sample size was small, the response was extremely positive for advocates of in-game advertising. None of our respondents said their experience was negative, while 80% said their experience was “Somewhat” (70%) of “Very” (10%) positive, and 20% said it was neutral. This suggests that there is room to improve ther in-game advertising experience for game publishers, but also that 4 out of 5 of those who have tried it have found it valuable to some extent

Question 2: “What kind of advertising formats have you tried in your games?”



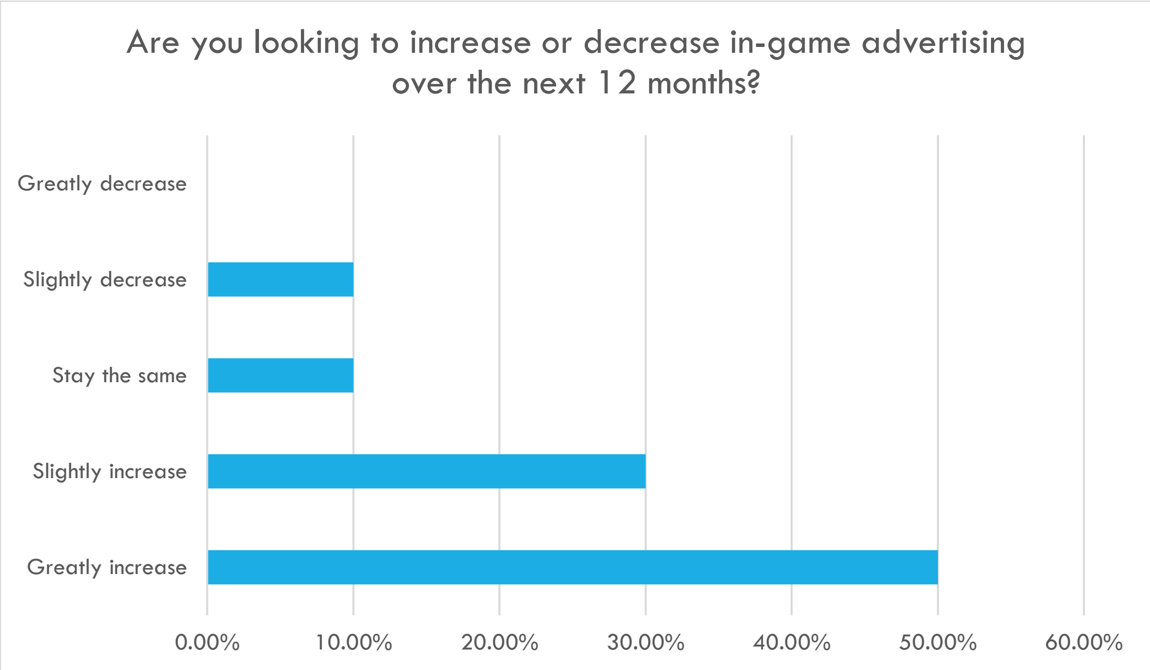
On the whole, respondents seem to have tried a variety of formats, however the two that stand out as most common by far are “Native in-game ads” (90%) and “Reward ads” (90%). This suggests that these ad types have proved most effective – or the least obtrusive to the gaming experience – for publishers.

Question 3: "What proportion of your revenue comes from in-game advertising?"



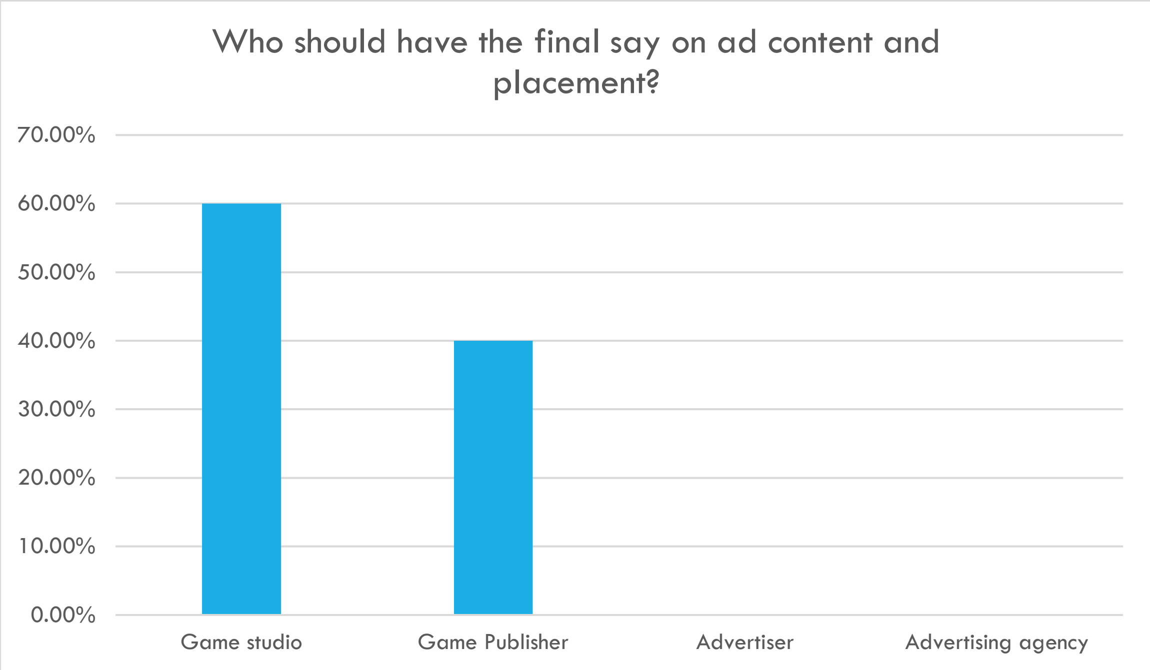
Responses here suggest that publishers see the revenue-generating potential of in-game advertising, as half of them say that the strategy is responsible for a quarter - or more – of their total income. 1 in 5 even said that more than 50% of their income came from this source. Of course, this may also suggest that those publishers are smaller than the market average, but it shows a positive trend for in-game advertising none-the-less.

Question 4: "Are you looking to increase or decrease in-game advertising over the next 12 months?"



Publishers seem keen to expend their use of in-game advertising, with 50% of respondents saying they plan to "greatly increase" it over the next 12 months. This may be the biggest indicator so far in this survey of publisher's confidence in this strategy as a potential future revenue generator.

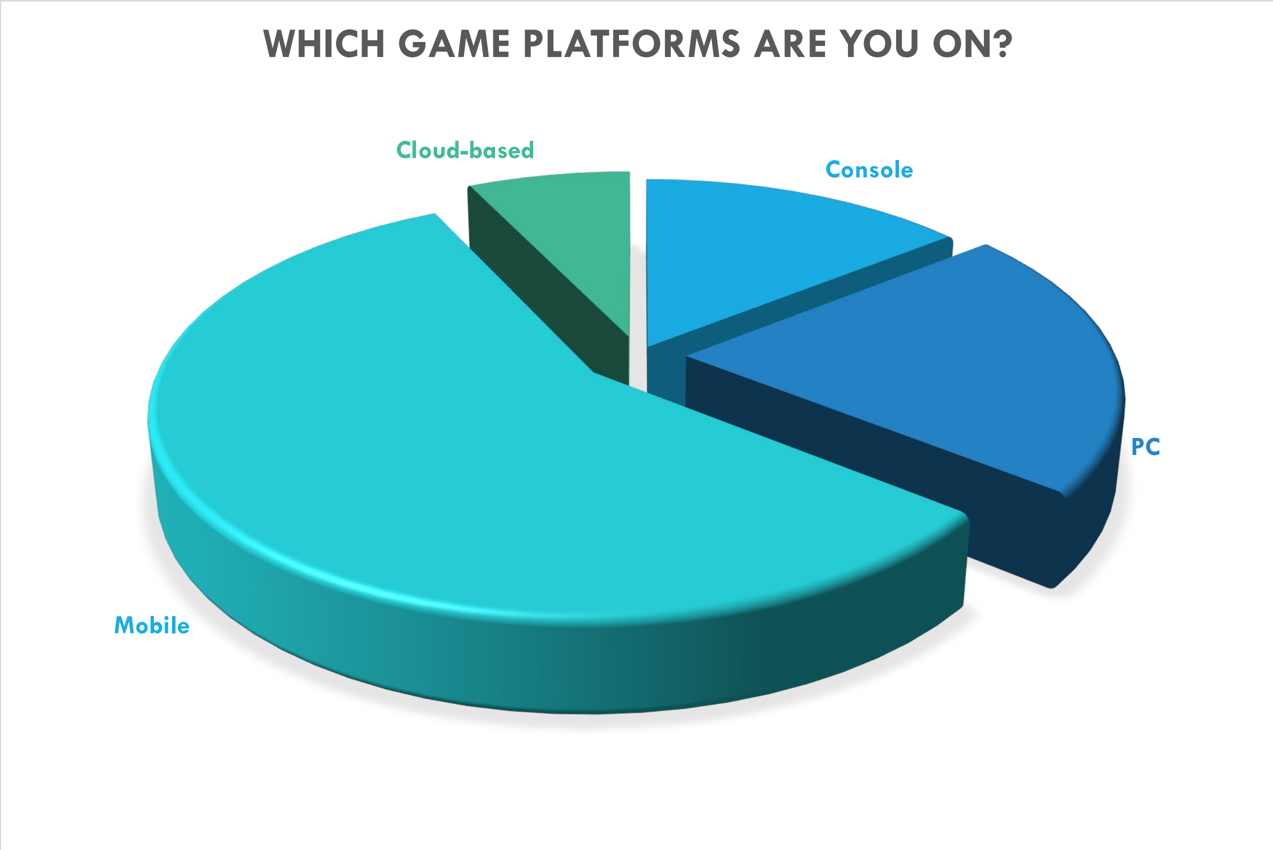
Question 5: “Who should have the final say on ad content and placement?”



Respondents are clear that the gaming industry should retain control over the ads in their games, rather than the brand of agencies paying for the placement. Not a single respondent said that brands or agencies should have final say, while 40% said the publisher, and 60% said the studio should have it.

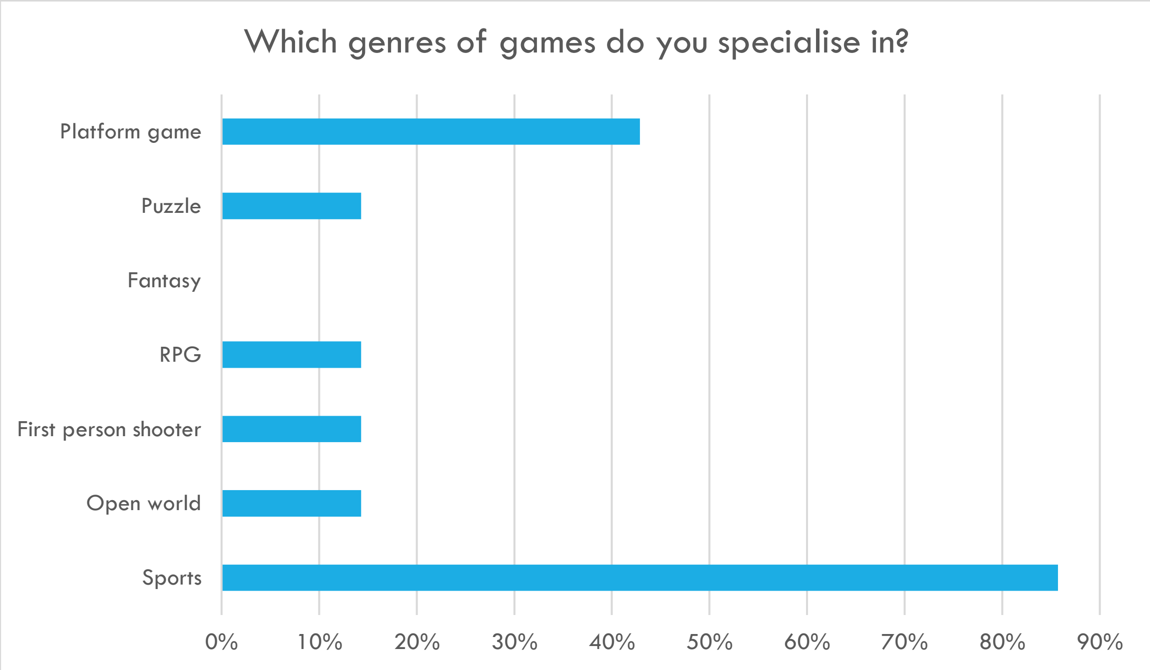
##

Question 6: “Which games platforms do you specialise in?”



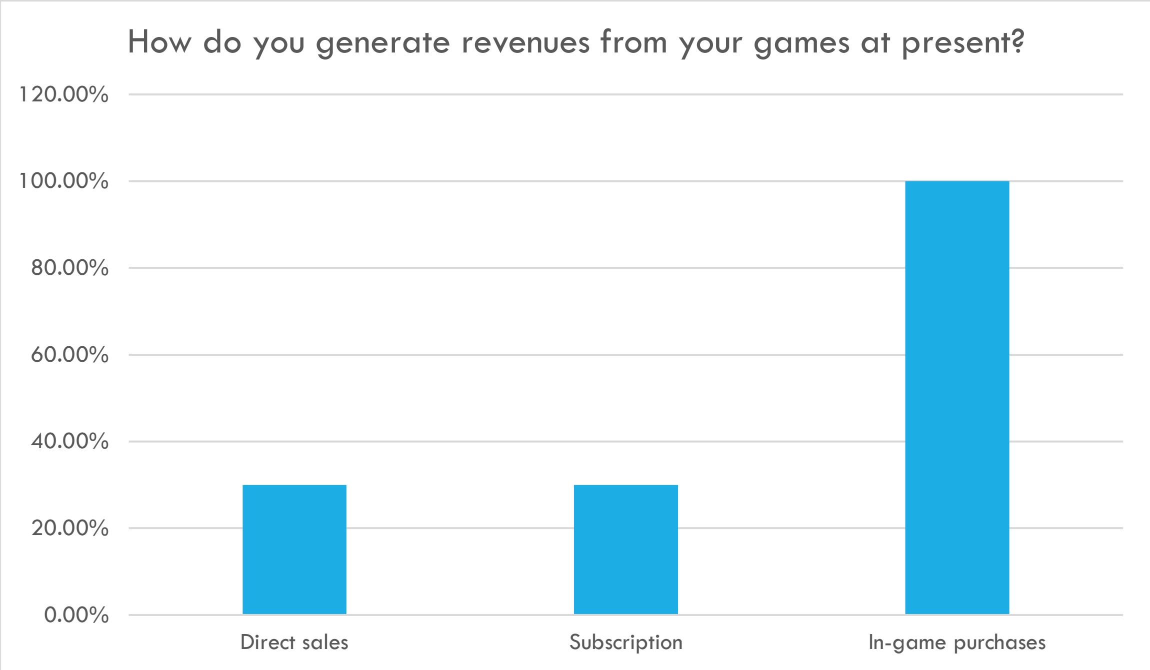
Mobile was the runaway winner here, at 80%. PC came next, followed by Console. Clearly, the publishers who answered the survey are overwhelmingly publishing mobile games, so this is likely to be where most of their in-game advertising experience lies.

Question 7: “Which genres of games do you specialise in?”



Reflecting the dominance of the mobile platform for our respondents, it is probably not surprising that “Sports” (85.7%) and “Platform game” (42.9%) lead the pack here. Given the high proportion of respondents who are keen to increase in-game advertising over the next 12 months (see question 4, above), this suggests that Sports and Platform games may be particularly well-suited to in-game advertising. That said, we could speculate whether publishers might have seen even more of a positive impact if they had extended the strategy into other games genres too.

Question 8: "How do you generate revenues from your games at present?"



Again reflecting the overwhelming importance of the mobile platform, 100% of respondents said they generated revenues from in-game purchases. This is no surprise, given that the vast majority of mobile games are free to download and free to play.

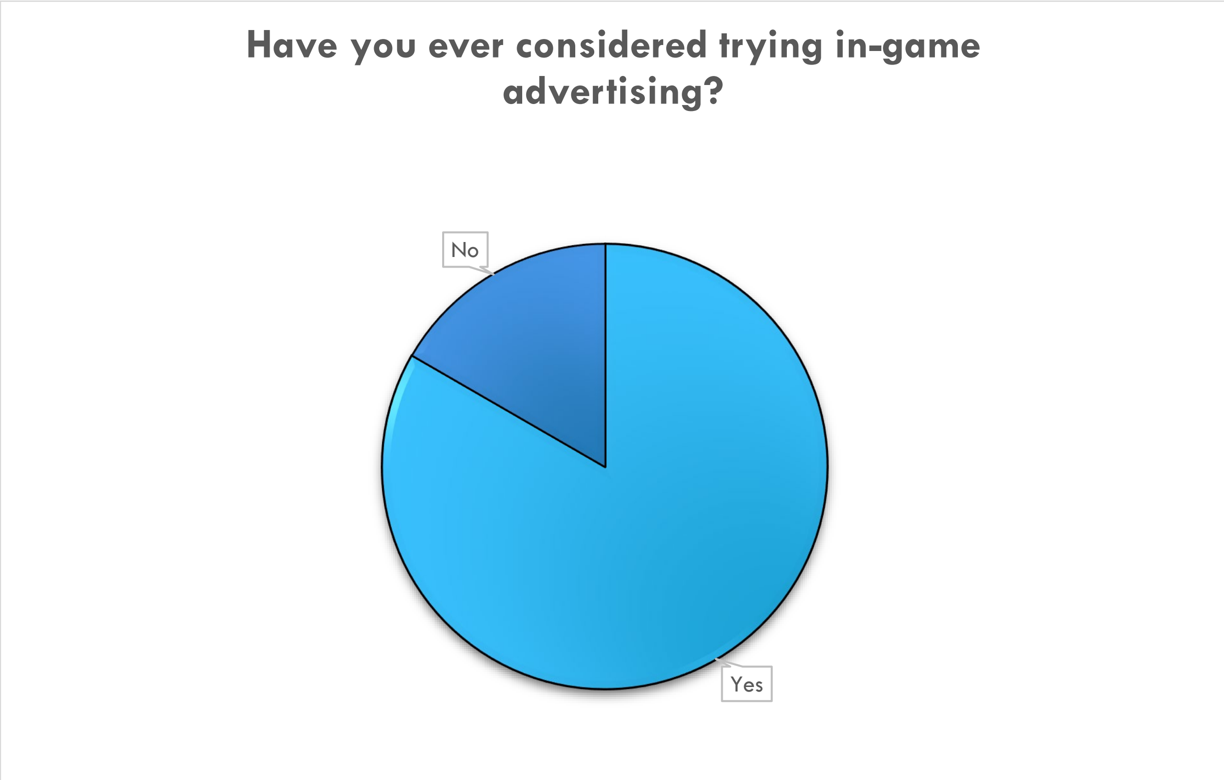
Question 9: “What do you see as your biggest challenge around advertising?”

Given the option to provide their own answers, respondent’s answers could be categorized and ranked in this order:

1. New user tracking policies makes in harder to generate usable data
2. Low revenues from advertising
3. Reliability of the platform / Ad quality
4. Attracting the right advertisers
5. Player negativity towards advertising / Retaining our authenticity / Ensuring non-intrusiveness

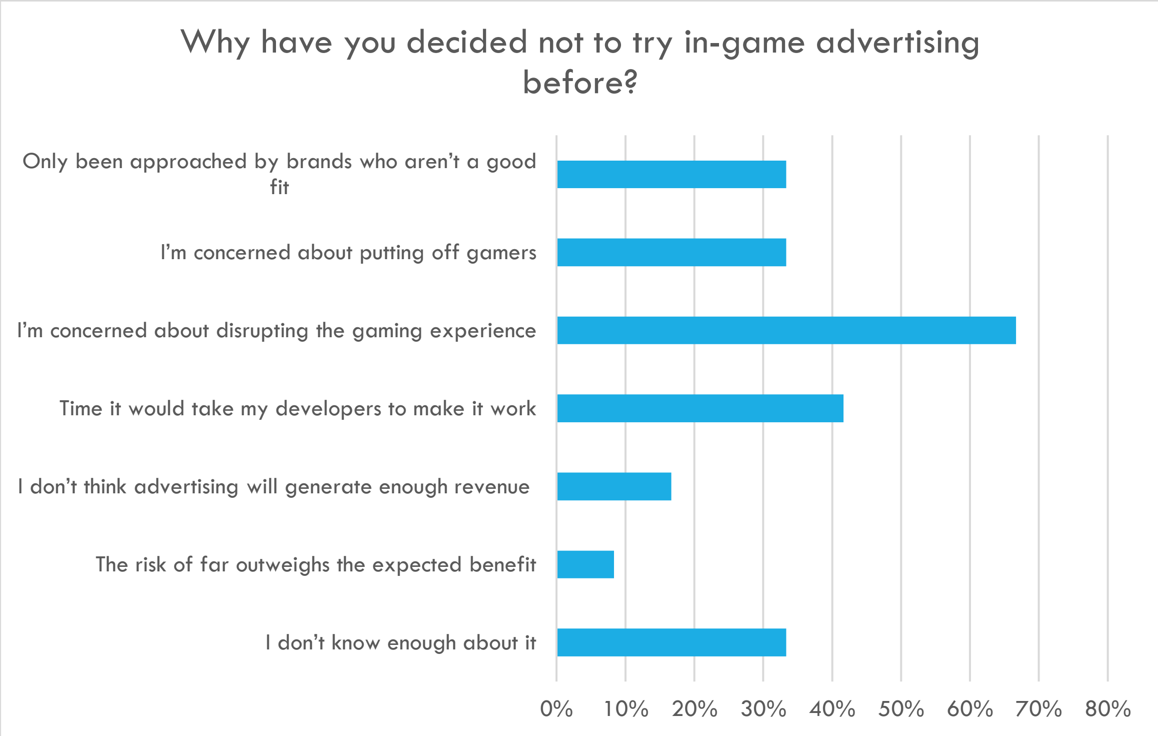
Findings, section 3b: Gaming publishers who have NOT tried in-game advertising

Question 1: “Have you ever considered trying in-game advertising?”



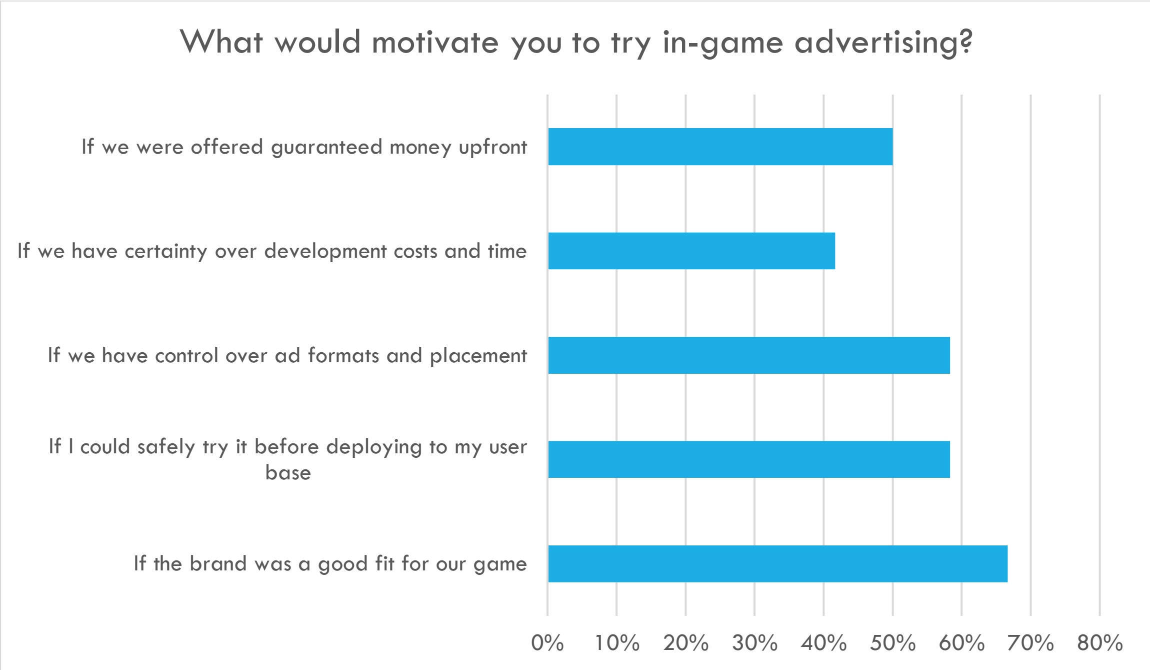
In a sign that games publishers see interested in the potential for in-game advertising, 84.3% of respondents answered “Yes” to this question, while only 16.7% said “No.

Question 2: “Why have you decided not to try in-game advertising before?”



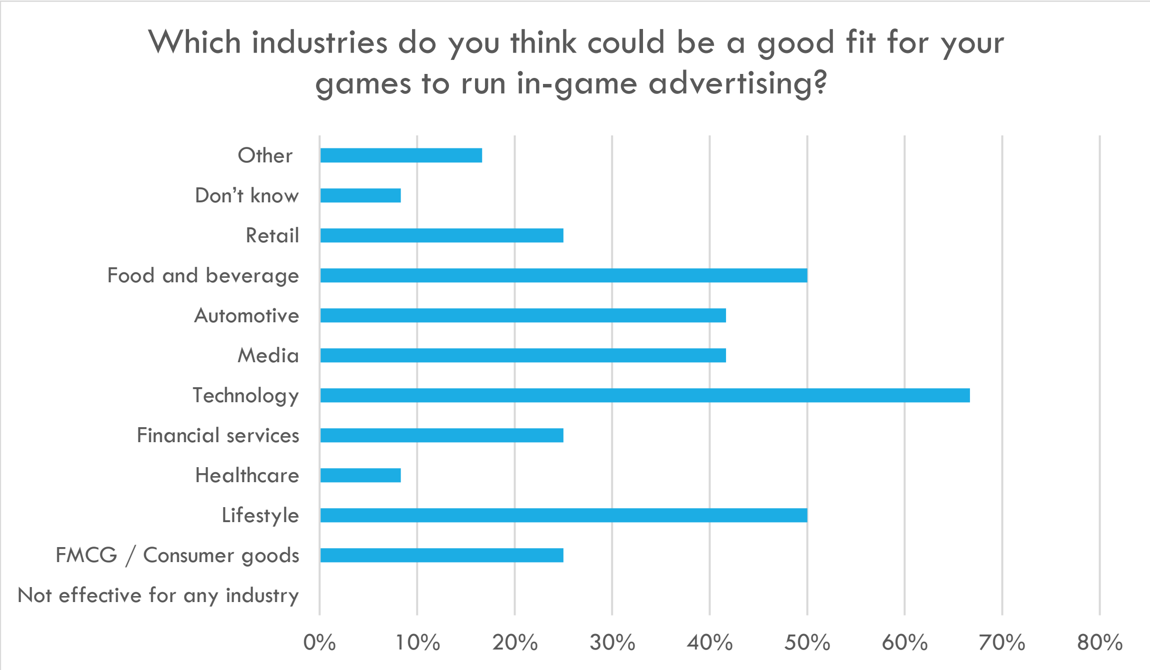
Interestingly, the number one objection from our respondents was “Concern about disrupting the in-game experience”, followed fairly closely by “Concern about the time it would take my developers to make it work”. These are very practical considerations that suggest those publishers who have not tried in-game advertising need more convincing that the potential benefits to them will outweigh the potential risk they see of alienating gamers. This is supported by the 33.3% of respondents who cited the concern about “Putting off gamers”. However, 33.3% of respondents also said they “Don’t know enough about it”, meaning they may be convinced of the benefits if they had more information about them

Question 3: “What would motivate you to try in-game advertising?”



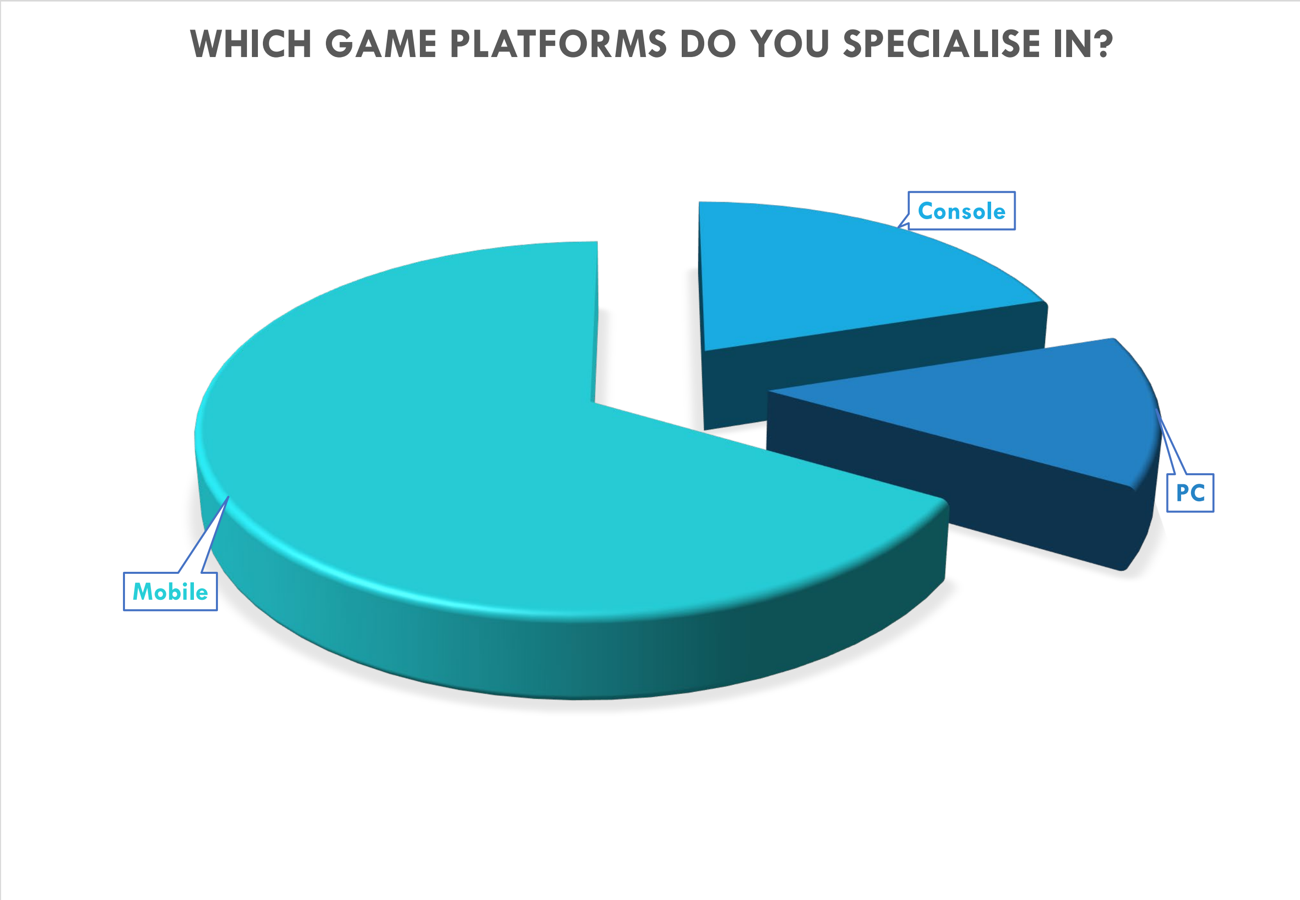
The responses here were very evenly split, but it seems as though the brand being a good fit (66.7%), being able to test it first (58.3%), and retaining control over ad formats and placement (58.3%) would be the biggest potential motivators. These seems consistent with concerns over how gamers would respond.

Question 4: “For your games, which industries do you think could be a good fit to run in-game advertising?”



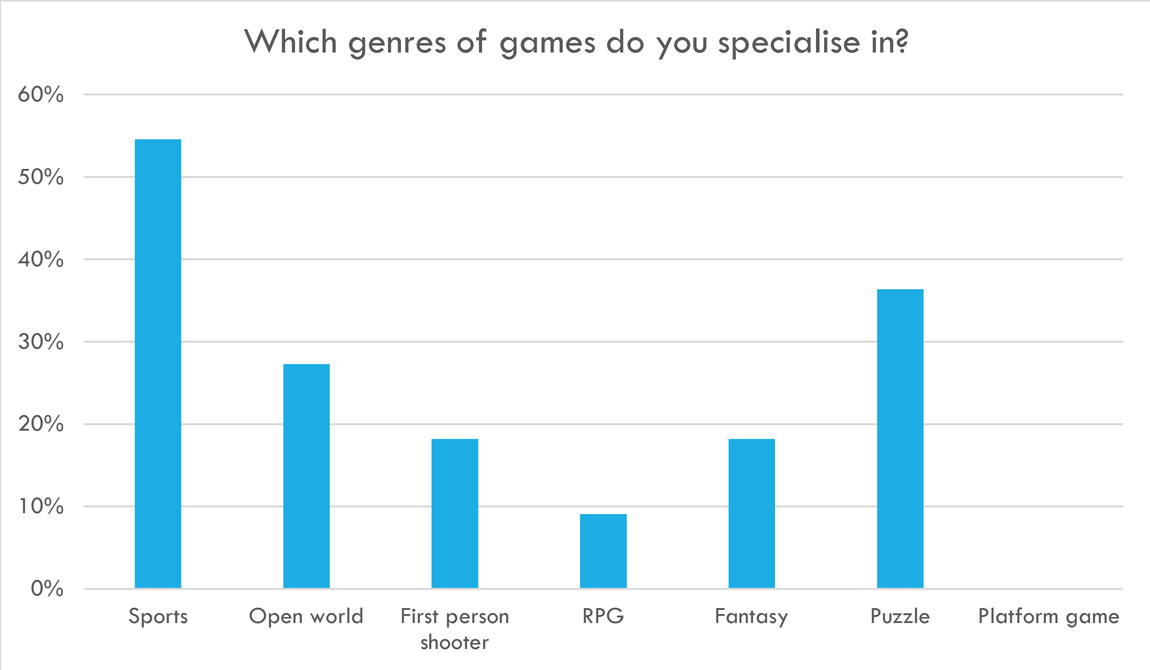
Respondents’ choices here show a mismatch between them and those industries we have seen experience success with in-game advertising in Sections 1 and 2 (above). Healthcare and Financial Services score low with publishers, whereas these were the top industries for the brands that has experienced most success with the strategy.

Question 5: "Which games platform do you specialise in?"



As was the case with publishers that have tried in-game advertising, "Mobile" was the top platform for respondents, at 83.3% versus 25% for "Console" and 16.7% for "PC". This is also interesting because the brands who had tried in-game advertising indicated that they found "Console" (50%) and "PC" (45.5%) more effective than "Mobile".

Question 6: "Which genres of games do you specialise in?"



Once again, "Sports" (54.6%) and "Puzzle" (36.6%) games are the most popular choice here, again reflecting the dominance of Mobile as the most common platform used by our respondents. There is a more even spread of games genres here than for publishers who have tried in-game advertising, however.

Question 7: "Which demographics do your games most appeal to?"

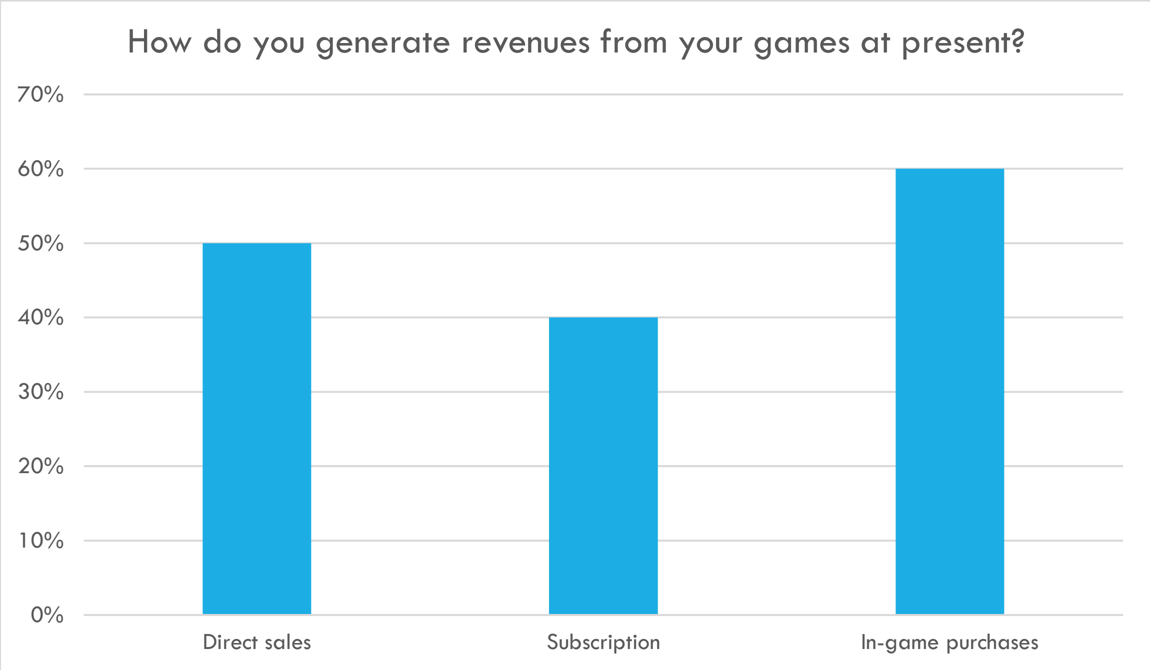
According to our respondents, who were able to answer using their own wording, there was no clear trend in terms of who their games most appeal to. The only common choice cited was:

1. Broad / All ages/sexes

Followed by:

2. Children and youth ages 3-16
3. Ages 15-54
4. Women ages 20-25
5. Women ages 18-45
6. Men – all ages
7. Men – 18-34

Question 8: “How do you generate revenue from your games at present?”



As for publishers who have tried in-game advertising, “In-game purchases” was the largest revenue-generator here, cited by 60% of respondents. However, the spread seems far more even amongst publishers who have not tried in-game advertising, as 50% of respondents cited “Direct sales”, and 40% said “Subscriptions”.

Question 9: “What do you see as your biggest challenge around advertising?”

Given the option to provide their own answers, respondent's answers could be categorized and ranked in this order:

1. Player acceptance/retention
2. Measuring performance/ROI
3. Data regulation and GDPR restrictions
4. Relevance / Making it part of the gaming experience / Ad quality / Choosing the right partners / "Our customers are children, so we don't want to sell to them"

DAMIEN SEAMAN & RUDY PARKER

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