

Fresh from his recent visit to the E3 Electronic Entertainment Expo in Los Angeles, **James Grant Hay** reports on the implications of advertising in video games.

Playing the game.

There's a saying now in Hollywood, "If you've seen the movie in summer, chances are you'll be playing the game by fall." Video games are big business, even by Hollywood standards.

Advertising in video games is set to become even bigger. Just ask *War of the Worlds* director Steven Spielberg. In the lead-up to the 29 June worldwide theatrical release of *WOW* this year, Paramount Pictures initiated a series of interactive virtual movie poster billboard advertisements within Ubisoft's online video game thriller Tom Clancy's *Splinter Cell Chaos Theory*. Millions of networked gamers interacted with the campaign, recording countless numbers of audience impressions worldwide. The studio had migrated with its audience. As an emerging new advertising medium, in-game advertising poses as many challenges as it does opportunities for marketers intent on finding their audience. If we are to strive for relevance in the digital age, then we must learn how to play the game.

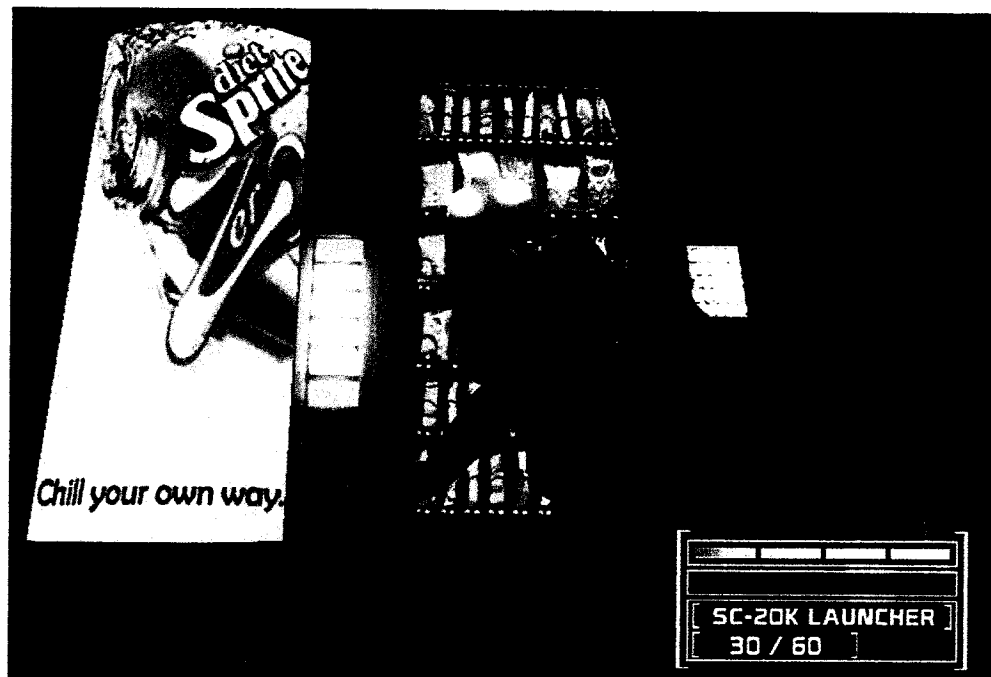
Some television network executives may be reluctant to admit it, but viewership of broadcast television programming among the coveted 18- to 34-year-old male demographic has fallen in recent times. Increasingly, members of this demographic have migrated to playing video games. In fact, video games overall can command an even greater mindshare of audiences than a major television network. In its June 2004 US report, Nielsen Interactive Entertainment recorded its analysis of average primetime usage data and found that video games as a whole received ratings among males 18 to 34 on par with or greater than three of the four major networks and their affiliates.

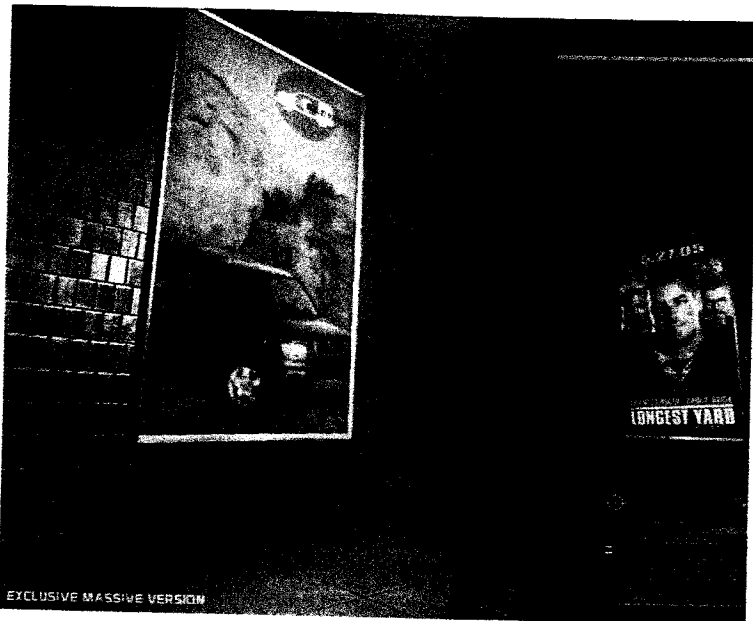
Among 18- to 34-year-old males in June 2004, ABC scored a 2.3, Fox scored 1.9, video

games scored 1.9, NBC scored 1.8 and CBS scored 1.4. Among teens aged 12 to 17, video games dominated the June data with a whopping 2.8 rating followed by ABC (1.5), Fox (1.4), NBC (1.3) and CBS (0.9). The Nielsen's research revealed that from 4pm to 8pm weekdays, 18- to 34-year-old males are spending 4.3 hours (out of a possible 20 hours) on average playing video games. From the start of primetime television weeknights 8pm onwards, males 18 to 34 spend an additional 5.1 hours on average playing video games during the five weekday evenings.

The reason for this migration is, quite simply, fun. Video games are great entertainment and immerse users in an alternative interactive universe. With the adoption of mainstream broadband internet, game play will increasingly take place online. In its 2005-2009 Global

Entertainment and Media Outlook, PricewaterhouseCoopers forecast that video games and the internet will remain the fastest-growing E&M industry segments. With the advent of next generation game console hardware (such as Microsoft's Xbox 360 and Sony's PSP PlayStation Portable), this will lead to an invigorated new round of console game software spending by consumers worldwide. Wireless applications will also become important distribution channels for video games, with new mobile phones that will be used as much for entertainment as for communication. According to the PwC report, globally the video game market will expand by 16.5 percent and be worth an estimated \$55 billion by 2009, driven by growth in the Asia/Pacific, the largest single market. With these forecast growth figures, it's not surprising to learn that the global





Screens from Ubisoft's 'Tom Clancy's Splinter Cell: Chaos Theory' with dynamic advertising placements served via Massive Incorporated's in-game network.

market for advertising in video games could top \$2.5 billion worldwide by 2010.

So, you ask, what's it all about and how's it going to work? Advertising in video games isn't like marketing on television or radio. Each video game title is a world unto itself and brands tend to be matched by genre or game title. Striking a relationship with an accommodating game publisher is one of the first challenges, and not offending the gaming audience is another. According to Nielsen's 2004 study, 70 percent of heavy gamers and 55 percent of active gamers said that the inclusion of real-world products makes games more real. So at least you know you are welcome. Heavy gamers were defined as those playing at least 10 hours per week while active gamers were identified as those playing five sessions of at least 30 minutes per week. Striking a deal where advertisers pay for their products to appear while allowing the game developers some leniency in use of the brand or product also needs to be taken into account. For example, in EA's arcade-style snowboarding game SSX, the environment includes panes of glass emblazoned with the SSX game logo. Players could potentially steer their snowboarding character to smash through the glass en route while executing an

aerial display for points. Instead of the SSX logo, those panes of glass could contain a Pepsi or KFC logo.

An example of a more involved scenario can be found in Take-Two's Grand Theft Auto: San Andreas. One aspect of the game involves making certain the character eats food in order to sustain player energy levels. What he eats will determine his body type. If he frequently dines on fast food, he will become obese. With that obesity comes rude commentary from female passers-by. Not surprisingly, the game's dining establishments include the fictional The Well Stacked Pizza Co and Burger Shot, rather than Pizza Hut or Hungry Jack's. While fast food executives reading this may only find the negative in knowing a game character becomes obese from eating their food, game publishers could theoretically sell them on the practice of visiting a restaurant in a game that will result in more frequent real-world visits by the gaming audience to their real-world fast food restaurants. With so many games now online-enabled, restaurants could simultaneously launch TV ads for a new menu item and allow it to be consumed at their in-game restaurant.

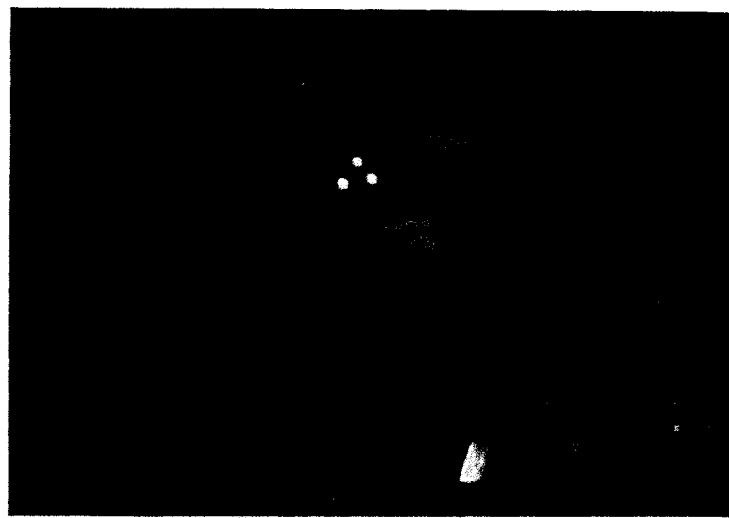
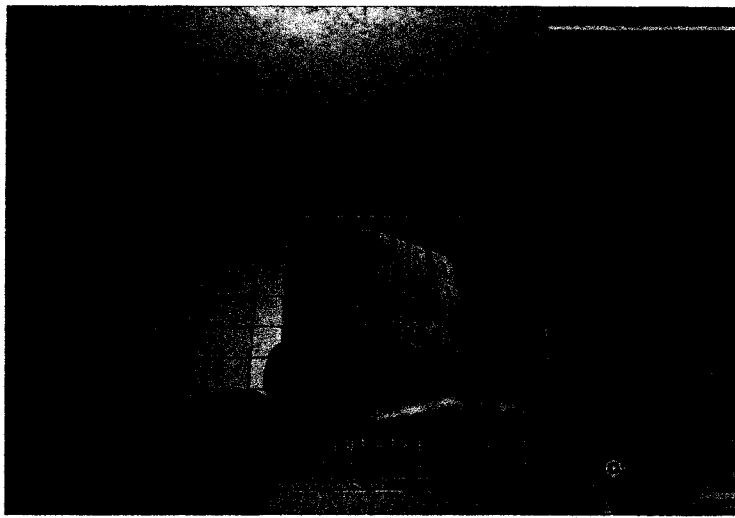
Until now, ads in video games have appeared only occasionally and rather haphazardly. Static in-game advertising or SIGA,

which called for the advertiser to place its product, service or logo into the gaming environment shipped on its CD or DVD and thus permanently archived in the game, is now being replaced with dynamic in-game advertising or DIGA. DIGA utilizes the latest in online ad serving technology and can deliver rich audio, video and advertiser content live to the gaming environment in real time.

The DIGA technology will greatly enhance an effective in-game advertising model for marketers. Firstly, it will be key to calculate the number of hours gamers are playing on each title. The frequency and length that an ad, brand or product placement is shown needs to be tangible to advertisers before a value can be determined. With a shorter adventure game such as Ubisoft's Prince of Persia: The Sands of Time, gamers on average have spent fewer than 10 hours completing the title. With the almost infinite replayability of online sports titles, such as PS2 and Xbox versions of EA's Madden NFL 2005, many gamers are likely to spend hundreds of hours over several months playing alone, with friends or against multi-player opponents online.

One of the major global players carving out this model with a presence in the local Australian market is Massive Incorporated. Massive is a New York-based technology company that has created its own ad-serving network based on the DIGA model for advertising in video games. The network's technology automatically downloads advertising images after a gamer installs the video game on his or her PC. The game ships with

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the Massive (ad-receiving) technology. Ads can then be inserted and played online as well as games played on the user's PC. The Massive system can target campaigns geographically, by day parts, number of impressions served, reach and frequency.

When an image is presented to a gamer during game play, Massive's Ad Server records data from the game to determine if certain thresholds are met and whether an impression can be recorded. The server records the length of time an image appears on screen in accordance with those thresholds and aggregates the total time the gamer has been exposed to the image. One impression for that campaign is then recorded in Massive's client database.

The company began the roll-out of its new system back in October 2004 when it signed deals with game publishers Ubisoft, Atari, Universal and Take-Two Interactive that enabled it to build its anchor and targeting code into the physical software of the games themselves. Massive and the publishers have entered into a revenue-sharing agreement. Advertisers pay the network on a cost-per-thousand basis. Massive's network guarantees a 15-second impression and invoices only executed campaigns. Massive provides its clients and agency affiliates with full metrics support and has recently added an in-game auditing service through Nielsen Interactive Entertainment in an attempt to standardise the measurement of gamers' response rates to advertising. So far, an impressive list of advertisers – including Coca-Cola, Dunkin' Donuts, Intel, Paramount Pictures, Verizon, Honda and Universal Music Group – has signed up.

Of course the next evolution of in-game advertising is what is becoming known as 'advergams', where advertisers create a game

around their own product rather than place their brands within a well-known game title. According to the Yankee Group, more than one-third of all advertising in-game will come from 'advergaming' by 2009. Of all the kinds of in-game advertising, advergams involve the most complete integration of the product or brand message. The hottest segment of this market is the casual gaming of online downloadable games.

One Australian campaign worth noting was recently produced by Brisbane-based interactive marketing outfit WebResource for Tourism Queensland, the PGA, Sunlover and the Hyatt Regency Coolumb. The sponsors commissioned a golf-based advergame from WebResource to help test the viability of the medium. The Tourism Queensland game is designed to promote both Tourism Queensland websites and the Australian PGA Championship. The game features a Tee-Shot Challenge, where players vie for a prize pool by indulging in a short, fast 'n' furious online game. The game can only be completed if the players elect to 'challenge' a friend, and clever viral tactics are utilised throughout. For example, if a player makes a poor shot he or she can 'buy a ball', which will open a specifically targeted website under the game, or send more viral challenge emails. A leader board is dynamically published to the Queensland Holidays site, encouraging players to return and check their position on the board. The game is a good example of advertainment. It allows multiple sponsors to absorb costs, markets directly where consumers are going online and delivers its messaging wrapped in entertainment.

WildTangent, a US-based studio, is bringing downloadable games into the mainstream of interactive advertising with the implemen-

tation of 24/7 Real Media's Open AdStream ad management system across its games network. The first downloadable game to feature this new technology, Snowboard Super Jam, will literally put two prominent international brands, Jeep and Oakley, in the game. WildTangent is at the forefront of the rapidly growing downloadable games market. While primarily known for the development and distribution of custom games for leading national advertisers in the US, it has quickly become the dominant publisher of downloadable online retail games.

We visited its booth at E3 to inspect its latest advergame instalment, Mojo Master, the new online game, sponsored by AXE, maker of men's grooming products. The game lets players prepare for female encounters with AXE products and during an encounter, when in danger of running out of mojo, players can use AXE Unlimited spray as a power-up to get them back on track. Mojo Master is the first Unlimited three-dimensional mating game that reasserts the age-old question in the minds of single guys everywhere, "What do girls really want?" The game launched online on 20 June and is available for free download at www.mojomastergame.com

Combined with expanding online distribution, broadband internet will be the major growth catalyst of in-game advertising. Like online advertising itself, the confluence of these trends is likely to make product placement in games even more appealing to advertisers in the future. ■

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