

IN-GAME ADVERTISING: ADVANTAGES AND LIMITATIONS FOR ADVERTISERS

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Abstract:

The increase fragmentation of mass-media and the decline on television efficiency in promotion and market targeting, determined the appearance and development of new methods, more efficient for communicating with consumers, especially for gaining attention of those who are not for the moment consumers of a specific brand. The attempt of finding new promotion methods, video games found a place as a new advertising environment. In-game advertising is remarkable due to its numerous benefits, firstly due to the online environment where it operates, and secondly due to its strong connection to entertaining, which increases the acceptance rate of the consumers. In-game advertising, the technique of presenting advertising into the virtual environment of a video game, gains more and more sympathizers among brands who chose to become present in this environment. Online video games offers special advantages of communication and interaction between brand and its public, brings advantages that has been exploited only partially, but also implies limitations that marketers have to take count of when they chose to use this environment for their promotion purposes. This paper tries to presents a theoretical systematization, based on secondary data, of the specific elements of in-game advertising, concentrating on classification, potential and limitations that this type of promotion implies for advertisers.

Key words: in-game advertising, product placement, online advertising, video game, gamer

JEL clasification: M 37

INTRODUCTION

In game advertising, the practice of presenting advertising into the virtual environment of video games, is a new method that proved to be efficient in reaching the audience – public, that spends a long time with video games. In-games can be targeted by location, demographics and time. They proved their efficiency in increasing levels of awareness and purchase intention. This advertising method is relatively recent, but in the future, the integration levels will be deeper because of scientific development and internet technology.

To be present in a video game can bring substantial advantages to a brand, including awareness, purchase intention of players, but the most important benefit is the catch of attention. While video games gain a place more and more important in people lives, brand how chose to get involved in this environment become more relevant.

Internationally, the gamer's behavior varies between regions. When in-game advertising is analyzed on a particular market, it is extremely important to take in count the specific behavior and demography of the region. Also, the in-game advertising capacities do not extent beyond the geographical limitations, even if there is used the same application platform.

Primarily, in-game advertising represents placing of advertising messages into or through a video or computer game. In this way, advertisers can transmit messages using static images, video images or interaction of potential consumers with the virtual images of a product, through sounds and images. In-game advertising integrates a brand into a story already created into a game.

As part of communication tools, in-game advertising is part of marketing mix, but a classification of this type of advertising as belonging to ATL or BTL (below the line), or PR techniques is difficult to realize (Abrudan, 2009).

Using advertising into a video game has generated a lot of impressions, this practice is generally perceived as an instrument of product placement, sponsorships or even direct marketing, but more often this practice is associated with product placement, resembling of that used with movies or television programs.

BACKGROUND

Video and computer games began to be studied into academic world only recent, the year 2001 is considered to be the moment when video games were taken “serious”. They succeeded rapidly to become a competition environment of other entertainment Medias as television and movies, and gained a high acceptance rate on the market, because of its specific properties: Nelson (2002) considered video games as a unique environment based on interactivity with the player, sensorial implication, high levels of implication and intensity, unlike that of movies. Concomitant, there were researchers that didn’t accepted video games as a new environment for advertising. In 2002, Newman sustained that video games, especially those for a single – player are not interactive because of their segmented structure and presentation mode.

For avoiding misunderstandings, in present video games that contain advertising element have been separated in two main forms: *advergames*, which are a basic form of advertising combined with a video game, being the first form of this type of advertising and considered traditional, and *in-game advertising*. *Advergames* implies a video game constructed around a brand or a specific product, and *in-game advertising* represents the insertion of a brand or product into a game that is already constructed, in the form of billboards, posters, sponsored signatures in sport or race games (Schwartz, 2005).

Studies regarding *in-game advertising* had encouraging results. Chaney, Lin and Chaney made in 2004 an experiment in which they placed advertising billboards with fictive products in first-person shooter games and invited 42 participants to play for 15 minutes, time in which they were exposed to advertising. The researchers registered every game session and the individual exposure to each commercial. Participant remembered to see advertising billboards, but did not remember the exact name of brands and products advertised, after the game session ended. With all this, the players remember to see the billboard in a higher rate than in the case of displaying during a real event. This fact is because during the game they were exposed to only one billboard at a time, while at a real event the displays happens all the same time (Chaney, et. all, 2004).

Other studies concentrated on how willing to accept *in-game advertising* were the players. Nielsen Entertainment and Activision conducted one of the first studies related to this problem. The study was applied on 1350 masculine players, age 13-44 and showed that “67% of this players considered that *in-game advertising* makes the game be more realist, and 40% of them declared that this kind of commercial influence their buying decision” (Wegert, 2005).

In the studied preceding these discoveries (Activision, 2005) showed that the majority of players that recall seeing a product during a game session consider that the commercial is relevant and it integrates to the game they played.

All this researches suggested an encouraging acceptance of *in-game advertising*, determined by the fact that especially in games with race cars thematic or sports, this type of advertising has the most sense, the placement conditions resembles to those of the real events (di Cesare, 2005; Nelson, 2002).

IN-GAME ADVERTISING CLASIFICATION

In-game advertising can be classified in two main categories: static *in-games*, with means they look the same each time when a game is played, and dynamic *in-games*, meaning that the commercial can be changed through internet connection for addressing to each player.

1) *The commercials for static in-games* are very strong coded and placed in billboards and banners, as game menus and loading menus. Generally, the user can interact with the billboards where the commercial is placed, sings or objects inserted into the game, for accessing information related to the game storyline.

Static *in-game advertising* is integrated into the computer and video game before the selling of the game and does not permit any later changes. For example, since the launching of the race car

game Need for Speed Carbon, the cars that appear into the game are virtual replicas of the real cars models. In another game, the consumption of the Red Bull energizer conditions the passing of the character to the next level of the game. This kind of in-game advertising facilitates the fast and very creative integration of the products that are promoted (Abrudan, 2009).

2) *The commercials for dynamic in-games* can be renewed each time a game is accessed from a computer or console that is connected to internet. They use information offered by specialized local agencies about dates, geographical place, the time of the day, game duration, and any other information related to the user. Advertisers can access data regarding the commercial exposure time and can in this way optimize their performances.

Comparing to static in-games, dynamic advertising wins notoriety with the real time insertion of posters and banners into the computer game. The placement of the commercials is made by the Internet servers, during the game, on the special surfaces prepared for insertion of advertising. If static in-games do not include the possibility to be modified, the dynamic character allows the changing of the space-time coordinates. In the same game space containing a surface destined for advertising, can be promoted different products, in different moments and regions. Independent from the launching date of a video game, advertisers have all time the possibility of promoting their product in a computer game. In-game advertising facilitates the change of the commercial insertion into a game and the communication messages, so they can be renewed constantly for a long time since the launching of a game, witch offers to producers a permanent profit (Abrudan, 2009).

THE ADVANTAGES OF IN-GAME ADVERTISING

Video games offer numerous advantages to advertisers. Besides the information about demographics, they can provide information that traditional media is unable to transmit, because of their specific environment. In-game advertising can catch the attention of a user for a longer period of time than traditional commercials, and often, at lower costs. Advertising agencies can also to record data about consumers concerning name, address, buying preferences or the acquisition history, using a tracking and collecting technology of information of this type that today is very user in internet environment monitoring (Ferrazzi et. all, 2003).

A very important advantage brought by in-games is the “packing of a message in an entertaining environment”, witch makes users not only to form an opinion about the advertised products, but also to communicate with the producers through the special services and enhance connectivity offered by online environment, how allows players to be in a permanent interactivity with the brand they chose to interact (Ferrazzi et. all, 2003).

In-game advertising offers a number of advantages. One of this is that a game is related to emotions, moment of happiness. A game is a move-forward environment; witch implies a high rate of focusing on the screen. In this way, the advertiser can easily insert, in the right moment the message or product promoted. Also, due to the dynamic integration of advertising into the video game, there is the possibility of on-time measuring and analyze the impact of the message transmitted through the online channel. In-game advertising has a high rate of acceptance, not only it is tolerated by users, but as studies showed previously, over 70% of gamers consider this is desirable and appropriate, while it gives realism to a virtual world and, in some cases, reduces the game price (Abrudan, 2009).

Studies about consumer’s attitude towards the product placement using in-game practice showed that in general, participants have a positive reaction regarding this practice and do not consider that the commercial interferes with the experience of the game used in the study (Nelson, 2002). Some participants specified that the product placement into a video game increase then game realism, suggesting that the environment can bring value to game experience. The researches about consumer’s attitude on product placement on other media channel showed that, in general, consumers are positive to the technique of placing product than to traditional advertising types (Nebenzahl and Secunda, 1993).

Often, the researches that were made regarding the effects of in-game advertising revealed that players have a strong recall of the brand and manifest purchase intention after being exposed to a brand during a game session.

The advantages of in-games were showed in a study in 2005 made by Massive and Nielsen Entertainment for in-games campaigns:

- 1) the main familiarity of the brand increases with 64%
- 2) brand rating increases with 37%
- 3) purchase intention increases with 37%
- 4) reviewing of the commercial increases with 41%
- 5) the commercial notoriety increases with 69%

A study conducted in collaboration between Nielsen Entertainment, Chrysler and game publisher Activision in 2004, showed that “Participants who recall seeing a particular brand into a video game were more alike to express their interest in buying the product associated, then in the case of participant who didn’t remember seeing the brand. In some cases, the brands that strongly manifested their presence in video games generated the same or much purchase intention like in the case of TV commercials. Almost 3 from 10 people said that in-game advertising is easier to remember than TV commercials.

A continuance of the same research showed later that “the combination of product integration and generalization conducts to the rise of the persuasion level – the desire of changing the opinion on a certain brand and to recommend it to others. These facts established that video games have a persuasive component” (Nielsen Entertainment, 2005)

A study conducted by Nielsen Interactive Entertainment for Double Fusion in-game advertising agency showed that in-game advertising generates an increasing of product awareness by 60% (Burns, 2005).

While all this information was delivered by the part that had a direct interest in obtaining positive results, they were also confirmed by independent research sources, even if the information were poor. A limited study was conducted by a group from University of London in 2004 and brought proofs that into the virtual world of a video game, billboards for products at a lower or higher quality were remembered at an increased rate than those from real events like sports manifestations. They also specified that the recall and exposure to a brand does not necessarily imply the purchase intentions (Chaney and co., 2004).

This study confirmed the fact that players, even if they play a game for the first time and only for a short period of time, they are capable to remember a brand placed into a video game, on a short and long time (Nelson, 2002).

At first, many advertisers considered that the value of an in-game advertising can’t be measured, the value of the placement space (in the case of advertising on a web site) or the efficiency. During the latest years, in-game advertising became more measurable. If at the beginning advertisers relied on the number of game sold and the average time spent with a game for concluding over the exposure time to an advert, now there are online monitoring systems that can deliver real-time statistics on how much players, where, for how long and under what angle they perceived the placed commercial and interacts with it (IGA Worldwide, 2006).

The effects of in-game advertising are easier to measure then, for example, the case of outdoor billboards, recording to a study conducted by Media Daily News (Sass, 2005).

There is not impossible, technological, for advertisers to follow if players pass around the branded objects in the video game, to record the conversations for seeing if a specific advertising campaign generates effervescence in the game.

Advertising distribution becomes more and more standardized and automatic. Advertisers who plane to build a unique brand presence have to assign a great among of time and to do this “manually”, while those who are pleased with the content of analogues and billboards in the game world can appeal to a big number of intermediary that place live commercials in online games and have immediate integrated brands, conforming with the publisher acceptance. The complexity level of technology is extremely high today, so advertisers can ask for their commercial to appear in

certain moments of day, to select the demographic area and the language, for better serve the players from a region.

Games are also a very good environment for testing new products and marketing ideas. There can be launched campaigns for a fictional product that can be used during a game session, and recorded the impact that it has on the players, the number of acquisitions and the possible collected money. This kind of phenomenon is encountered into the application Second Life, were for every object from the virtual world of this online game are applied the selling rules from real world, or the buying of a certain product in the game brings a discount from that firm, in the real world.

LIMITATIONS OF IN-GAME ADVERTISING

One of the greatest risks brought to advertisers by in-game advertising is the game piracy. The channels used by producers for interacting with players and for changing dynamics in-games are used often by pirated for stealing this games. For example, in 2005, surveillance over 6000 games consoles, 21% of players recognized they play pirated games, and other 20% copied the games from their friends. For keeping the safety, companies like Exent Technologies applied different technologies that allow insertion of advertisings in games that have already been launched on a market, without having direct access to the source code, witch will make them more difficult to be pirated (Exent Technologies, 2006).

Another problem that appears with in-game advertising is that the public is extremely heterogeneous. Addressing to a specific public is difficult to achieve, targeting is one of the biggest inconvenient for advertisers in choosing the right video game for inserting their commercials.

The most important classification of players was made in 2006, and divided players on gender and complexity of a game. Games with different levels of complexity attract different categories of players, and gamer's motivation appears to depend on gender, age and economic status. Jupiter Research showed in a study that the majority of women (75%) prefer simple games, while men (61%) prefer complex challenges. The mean age of a complex player is 35 and for a typical simple player 46. Simple players play just for fun, use the computer and prefers games that have a low cost, while complex players buy their favorite games and are willing to get a special console for them (Gartenberg, 2006).

The players who love the story and the temporary players are strong represented by men, it tents to include users from households with low incomes and prefer action and role-playing games. Challengers and explorers are more divided by age, and prefer roll playing and adventure games, and fun players are older, mostly women and prefer occasional puzzles (Gartenberg, 2004). In general, this data maintained until today, the changing of players categories being slightly different.

The high level of segmentation and the limitations of individual games researches mean that advertisers have to broadcast their advertising at numerous games, and the problem is accentuated by the fact that not all games are proper for including commercial into them, at leas in the classical form of billboards.

An agency of media planning concluded for the first time on the problems related to in-game advertising in a report based on a series of interviews with players. It came out that players agree with advertising insertions into a video game, but only when it is relevant and proper. People play games for entering into an alternative world, so brand can act so they can allow players to do this thing. In other words, if a brand appears in a game, it has to enhance the sensation of alternative reality (Mediaedge: CIA, 2005). In the case when this fact does not happen, then the advertiser has failed, and what he obtains are only negative reaction from the consumer.

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