

COLUMNS

3 recent market shifts in in-game advertising

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Admit it. You have whittled away minutes, if not hours, playing Farmville, Words with Friends or Candy Crush on your smartphone or tablet. If this guilty pleasure sounds familiar, you are not alone. Today, more consumers are playing games and, therefore, creating a new market opportunity for advertisers.

Not surprising, the biggest opportunities are on mobile devices as this market segment is by far the largest and fastest growing when it comes to gamers. In fact, eMarketer predicts this audience will grow from 125.9 million today to 191.3 million by 2017.

What's playing out

Admittedly, the concept of in-game advertising is not entirely new since players have seen the obvious placement of ads. What is new, however, are three recent market shifts that are putting games, and the advertisers' role within them, further into the spotlight.

The first is the meteoric rise in the mobile games market, which tripled in 2013 to reach \$16 billion, according to researchers AppAnnie and IHS.

Second is the evolution of technology.

Putting aside the breakthroughs in mobile, there has been an emergence of platforms such as TicTacTi, Social Growth Technologies and Tapjoy that are designed to enable brands to monetize social gaming.

Additionally, the ability to aptly use big data to more effectively personalize the gamer's experience with a brand is here today, but yet remains largely untapped.

And third is the growth of the app developer community that is eager to seize these opportunities. Akin to this is the support the gaming developer community is getting from Facebook to help them promote their games.

Underscoring those three drivers is the prediction that the in-game advertising market will grow to \$655 million by 2017, according to an October 2013 report by eMarketer.

While this is not huge for the near term, it does represent solid opportunities for advertisers to finally capture this burgeoning market. And let us not forget about the opportunities advertisers can create through their own advergaming.

Yet the big question remains what should digital marketers do differently this time to really thrive in the in-game market?

Game-changers

First, they need to come to the medium with a completely fresh approach. This includes abandoning the idea of using standard ad units. Instead, they should focus on becoming fully immersed in the game so that the user's experience with their brand becomes a seamless and natural part of playing.

One way to do this is to tap into the popularity of virtual currency and incentives. Advertisers can play into the emotions of the game by recognizing winning players with virtual currency. They may also want to think about helping a player advance to the next level by offering a virtual object in exchange for viewing an ad.

Second, marketers should view in-game advertising not as a standalone marketing effort but as an additional, complementary entry point to reaching customers. To do this effectively, they need to enlist game developers and big data experts to help them define their in-game advertising strategy including what motivates players, what keeps them engaged, and what inspires them to invite friends to play. These are the same principles that apply to reaching customers on other platforms.

Along with gaining a better understanding of their target audience, this approach helps advertisers get deeper into the player's and the consumer's mindset. This knowledge, including responses to the incentives and rewards offered to the player, will pay off in all of their marketing channels.

And, third, advertisers may want to consider creating their own game, a.k.a. advergaming. While in-app purchases would be an obvious and likely path within the game, let that be secondary to creating a fun experience for the player. Advergaming may not be a huge driver for sales but it can work wonders for your brand.

SINCE MOBILE and gaming are poised for continued growth, there is no reason that advertisers cannot take advantage of these emerging opportunities.

However, for advertisers to succeed, they are going to have to demonstrate their value to the community by not interrupting play or otherwise taking away from the entertainment of the game.

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