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# GAME ON!
## FOR ADVERTISERS

Video gaming's potential as a media channel

October 2021

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## About In-Play

Admix seamlessly integrates non-intrusive advertising content into gameplay experiences.

From speaking to brands and advertisers on a daily basis, we know that this type of video games inventory has been described dozens of different ways. It's downright confusing. So, to give this report the greatest possible clarity, we use the term 'in-game advertising'.

For Admix, this doesn't nearly encapsulate what we do. We digitally inject ad creative into any 2D or 3D world and display this as players enjoy gameplay experiences. It's not just in-game, it's In-Play. We'll always call it In-Play and we know that others in the industry are increasingly doing the same.



## Methodology

Admix commissioned Atomik Research to conduct an online survey among 406 respondents who are responsible for media buying in their company, from the UK and USA. Respondents were pre-screened based on job seniority, company size, location and industry sector. The research fieldwork took place on 10-17 June 2021.

Atomik Research is an independent creative market research agency that employs MRS-certified researchers and abides by MRS code. Respondents completed the questionnaire via leading market research software Decipher.

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# Introduction

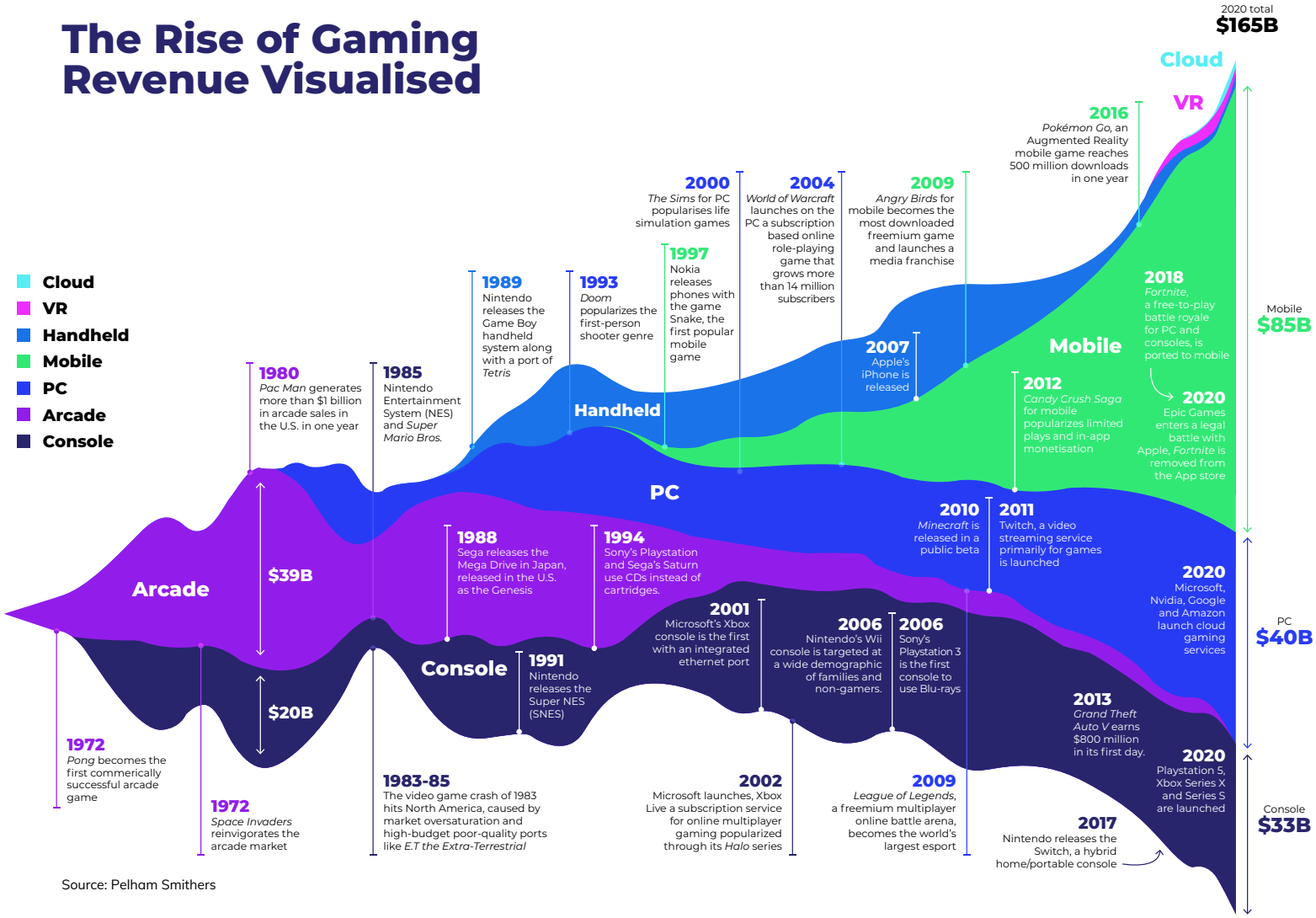
Video gaming is a big deal for consumers, which means it's a big deal for advertisers too. With 3 billion active gamers spending $175.8 billion in games 2021, a figure which is set to surpass $200 billion in 2023, the channel's potential is huge - bigger even than social media[1].

At Admix, we know brands and advertisers have barely scratched the surface of what the gaming media channel has to offer - particularly on mobile platforms, which are now worth more than console and PC gaming combined[2].

While the prevalence of in-game advertising has increased over the past 12 months, it's still considered a grey area by many advertisers. We wanted to get to the bottom of why this is.

So we set out to understand what brands know about the video gaming market, their experience of in-game advertising to date, and their plans for reaching the vast – and growing – gaming audience in the future.

# The Rise of Gaming Revenue Visualised




Source: Pelham Smithers

1. Newzoo 2. Pelham Smithers/Visual Capitalist

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# CHAPTER 1 THE TAPPING 20s: Video Gaming's Era Is Here

## The big video gaming opportunity

Much as the desktop web was the dominant media channel for the 2000s, surpassed by social media in the 2010s, video gaming is now on the cusp of claiming the crown of key media channel.

Media buyers are broadly aware of this, though they underestimate how close we are to it becoming a reality. They perceive the market's economic value accurately, and increasingly recognise that gaming is going toe-to-toe with social media for share of the attention economy. However, they are unaware of the sheer numbers of daily gamers worldwide.



Counter Strike: Global Offensive esports event.

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## Gamer spend

Advertisers undoubtedly realise that video gaming is a huge market. 37% of those we spoke to believe gamers' average global spend is between $10 and $100 billion, while 34% believe it's closer to between $100 and $500 billion. They're close: in 2020 it is estimated that those 3 billion gamers spent $165 billion. $85 billion - more than half - was on mobile gaming[1]. Mobile gaming spend is set to accelerate to over $120 billion this year[2].

In 2020, **3 billion gamers** spent an estimated


## Audience size

Despite their awareness of the economic opportunity of video gaming, media buyers drastically underestimate the scale of gaming audiences. A third believe there are between 100 and 500 million active daily gamers. 27% think there are more – between 500 million and 1 billion. In reality, there are 3 billion; 2.8 billion of whom play on mobile devices[3].

**2.8 billion**
***daily active users***
*playing on mobile devices*

**$85 billion** was spent on mobile gaming

## The Attention Economy

54% of media buyers think people spend more time on social media than they do playing video games. In reality, it's the other way around. There's a reason social media and video giants such as Facebook, Snap and Netflix are making forays into video gaming. But it's metaverse gaming platforms such as Roblox that are having the biggest impact on the ways we socialise and consume content - with in-built voice chat and messaging functionality, shared social spaces and even live music and video events.

In 2021 thats set to accelerate to over **$120 billion**

1. Pelham Smithers/Visual Capitalist, 2. AppAnnie 3.Newzoo, 2021

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# Perceptions of gamers

We've moved on from the prevailing caricature of a "gamer" as a teenage boy in a darkened bedroom or basement, although it's fair to say we're still feeling its legacy. In many ways, advertisers perceive gamers to be the adult version of this image. As such, they aren't aware of the significant diversity of people who play video games across the globe.

This comes as no surprise, because the gamer stereotype influences gamers too. A large proportion of people who consume video game content on a daily basis do not self-identify as gamers - particularly women and older gamers.

# How advertisers see gamers

The typical gamer is perceived by media buyers to be male, aged 18-25 or 26 to 35 years-old, working in IT, and living in urban areas. This does tally with the most common profile for a console gamer.

But across all video gaming platforms, gamers are everyone. 86% of people aged 16-69 have played computer or mobile games in the past year, 54% of whom play on most days. Of those who play games on most days, exactly half are female and half are male, while almost half (46%) are aged over 40*.

# How gamers see themselves

Perceptions persist that only certain types of video games on certain types of platform "count" as video gaming - linking back to that familiar image of the console gamer. Only 11% of people who play exclusively on smartphones or tablets actually think of themselves as gamers, compared to nearly half of those people who play on consoles or PCs*.

There is likewise a split in self-identification as gamers between men and women. Only a third of women who play most days (33%) would identify as a video gaming hobbyist, compared to 58% of men who play the same amount*.


**86%** of people aged 16-69 have played computer or mobile games in the past year

**54%** of whom play on most days

Those who play on most days is **50/50** split men and women

**46%** of which are aged over **40**

**Only 11% of people**

*who play exclusively on smartphones or tablets actually think of themselves as gamers*



*Savanta

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# CHAPTER 2 OUR MOBILE-FIRST GAMING REALITY

## Gaming platforms

We know from the figures above that both media buyers and gamers are struggling to reconcile themselves to the reality that there are 3 billion active gamers worldwide of all ages, genders and nationalities - who play games on many platforms. Chief amongst these platforms is mobile: 2.8 billion of the world's 3 billion gamers this year will play on a mobile device. This compares to 1.4 billion who play on PC and 0.9 billion who use consoles*.

## The great premium video games inventory debate

The familiarity of our media buyers - urban, professional, western - with consoles was borne out in how they perceive video gaming inventory. 60% felt console offered more premium video game inventory when compared to mobile.



*Newzoo

Yet the advertising industry has never settled on a definition of premium that we can all buy into, let alone a definition of premium video games inventory. Does inventory need to reach only the wealthiest audiences to be premium? Or is it more about easy-to-implement campaigns? Viewability? How about ROI? Is the same gamer less premium when they play on mobile than when they play on console?

When presented with more specific options, the media buyers noted that all gaming platforms offered premium inventory. Xbox and PlayStation consoles were felt to have premium inventory by 31% and 32% of respondents respectively, with PC coming in slightly lower at 29%. Interestingly, casual mobile games specifically were identified as being premium by a third (33%) of advertisers - a shade higher than PlayStation.

So is premium inventory simply inventory that reaches consumers with relevant creative while they are engaged in an activity they enjoy - without breaking that enjoyment?

**33% of advertisers**

**Specifically identified casual mobile games as being premium inventory**

*– a shade higher than PlayStation.*

**Of the 3 billion worldwide gamers**

**81%** play predominantly on mobile (smartphone and tablet)

**65%** play predominantly on PC/laptop

**37%** on console


## Is mobile really premium?

Among gaming platforms, mobile leads the attention economy. Mobile advertising spend will reach $290 billion this year, with the average daily time spent per user hitting a new high of four hours and 20 minutes during the Covid-19 pandemic. This equates to over 25% of the average user's daily waking hours[1].

Mobile gaming is clearly capturing large amounts of our attention on an unprecedented scale. 81% of the 3 billion worldwide gamers play predominantly on mobile (smartphone and tablet), compared to 65% on PC/laptop and 37% on console[2].

While this is in no small part enabled by the low barriers to entry of mobile games (snackable, free-to-play hypercasual games, ubiquity of mobile devices), we are also seeing a rise in the sophistication of mobile gaming hardware and more AAA console-type IP coming to mobile devices, meaning mobile has increasingly universal appeal - interesting core gamers as much as it does brand new ones.

1. App Annie, 2021 2. GWI

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# CHAPTER 3 LEVELLING UP MEDIA BUYING

## The state of play

How do media buyers' perceptions of the video gaming market, gamers and gaming platforms translate into how they spend their budgets? There is a clear growth in games advertising spend, but what's driving it? What's holding it back from exploding to match the spend on social media? And what ad formats or campaigns are advertisers using?

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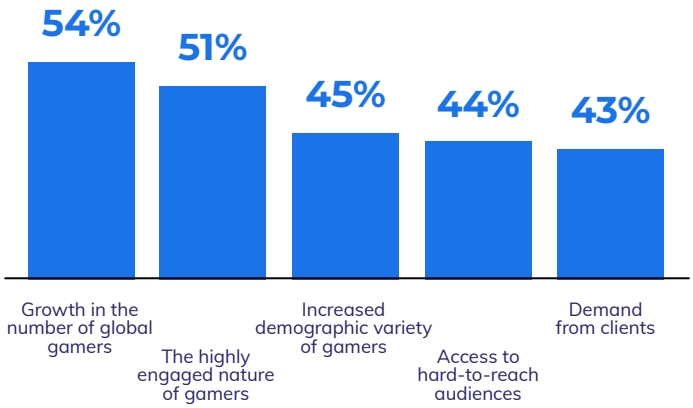
# Games advertising is growing - but why?

Advertisers in both the UK (93%) and the US (94%) said they have seen an increase in video game advertising spend over the past 12 months. The majority of the media buyers we spoke to (81%) plan to maintain or increase their own advertising spend over the next 12 months (41% increase, 40% maintain). Almost all (93%) intend to run some form of in-game advertising by 2025.

Improving the scalable infrastructure of video gaming inventory is a key driver of this growth. The most common perceived reason for the increase in video games advertising was third-party verification for in-game advertising performance (46%). Earlier in 2021, an integration with IAS (Integral Ad Science) meant Admix became the only In-Play advertising company to offer ad inventory that is measured and verified by a trusted, independent partner.

An increase in the availability of programmatic options was also important (40%), while a simple increase in the availability of in-game inventory was also mentioned by 37% of media buyers. Mobile advertising as a whole is a space the ad industry knows intimately, and no-code, programmatic integrations are fast becoming the norm in mobile games advertising too.

Other critical reasons for the growth of in-game according to advertisers were:




**93%** of media buyers

*intend to run some form of in-game advertising by 2025*


More than half of US media buyers polled felt that in-game advertising was growing because video gaming is now the biggest entertainment sector in the world.

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## Gaming inventory and player immersion

We set out at the very beginning of this research that the wide variety of terms used to describe non-intrusive video game advertising are causing confusion among media buyers in the US and UK.

This confusion is evident in the responses we received. Our media buyers were told that in-game refers to "ads which seamlessly integrate into the gameplay experiences" and don't interrupt player immersion. Despite this almost a third (32%) associated full screen interstitials with in-game, while another 30% associated rewarded video with in-game.

80% of media buyers nevertheless felt that it was important that advertising in games should not be disruptive or intrusive to players, with 36% deeming this very important.

More education is needed to provide clarity for media buyers on how video gaming and in-game ad inventory work and their impact on player immersion.

**80%** *of media buyers felt that it was important that advertising in games* **should not be disruptive or intrusive to players.**

**48%** **of gaming campaigns undertaken** *by the media buyers we polled were one-off, custom activations.*

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## Custom vs scalable video games advertising

In the last few years there have been dozens if not hundreds of amazing examples of branded video gaming activations on platforms such as Fortnite, Animal Crossing and Twitch with brands including Gucci, Bud Light and Nike.

While brilliant, these bespoke activations are non-scalable and expensive, and it's often difficult to measure ROI. Nevertheless, many brands and advertisers are not combining their custom activity with cost-effective, programmatic campaigns that reach the same or similar audiences. Almost half (48%) of video gaming campaigns undertaken by the media buyers we polled were one-off, custom activations. Just 15% are combining them with ongoing gaming activity.

The reasons for this stems primarily from a lack of awareness of the infrastructure and measurement behind in-game. A perceived lack of in-game infrastructure was the main reason cited by media buyers for delaying or not undertaking ongoing campaigns (33%), while a quarter felt in-game was hard to scale and hard to measure.

# What's preventing media buyers from spending in-game?

The greatest dichotomy this research reveals is that the same factors that are driving the growth of in-game are limiting it too - due to a lack of awareness, knowledge or clarity in video games advertising. A fifth of media buyers cited a lack of understanding as the biggest reason they were not investing in in-game advertising, while 31% still consider it a grey area - reiterating the need for more education on in-game infrastructure and ad formats.

In fact, a third of media buyers said their knowledge of video game advertising was moderate at best, rising to two-in-five in the US market.

Therefore, despite the universality of gaming audiences and the fact that increased diversity and the ability to target hard-to-reach audiences were cited by advertisers as reasons for the growth of in-game advertising, 36% of media buyers also felt they could not reach their target demographic.

And while Admix's inventory is programmatic, scalable, trackable and independently verifiable, media buyers did not feel these were ubiquitous hallmarks of in-game. Only 39% felt in-game campaigns were trackable, 43% scalable, 47% programmatic and 47% independently verifiable.

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# CHAPTER 4 US VS UK
## A MARQUEE MATCHUP

### The special relationship

Brands, agencies, game developers, creatives... They're all at the top of their game in the US. So it came as a bit of a surprise that our research hinted that UK media buyers could be a couple of levels ahead when it comes to understanding video games advertising.

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## The attention economy

US advertisers are more likely to feel video gaming is the biggest entertainment sector in the world (53% vs 40%). But UK advertisers were more confident in gaming's share of the attention economy. 55% said people spend more time playing games than on social media compared to 37% in the US. (By comparison, for TV this was 57% UK, 41% US).

**55%** of UK advertisers

*said people spend more time playing games than on social media compared to*

**37%** in the US

## In-game client demand

Interestingly, almost a quarter (23%) of US buyers are not spending media budget on in-game advertising because of resistance from clients, compared to just 9% in the UK, suggesting US brands are more wary of the in-game environment. This rings true in the figures on demand from clients. More than half (52%) of UK media buyers' clients are asking for in-game activity in the next 12 months compared to a third (33%) in the US. UK advertisers were also more likely to have been recommended to pursue in-game by market research (45% vs 36%).


## Brand safety

US advertisers were also much more concerned about brand safety (23% vs 13%). However, UK advertisers felt more strongly about the potentially interruptive nature of video games advertising - which is commonly seen as antithetical to brand safety. 86% of UK advertisers said it's important that inventory is not disruptive to players, compared to 75% in the US. 46% in the UK said it was very important, with just 27% in the US.

## In-game attitudes

UK media buyers are more positive about video gaming ad inventory across the board. 39% of UK respondents said casual mobile games have premium inventory compared to 26% in the US. They're also twice as likely to consider console inventory premium (42% vs 19% for Xbox and 43% vs 21% for Playstation).

**39%** of UK respondents

*said casual mobile games have premium inventory compared to*

**26%** in the US

# CONCLUSION

With over 3 billion gamers generating hundreds of billions of dollars in annual revenues and the darlings of social media advertising such as Facebook and Snap scrabbling to introduce meaningful gaming offers, it's impossible to ignore video gaming as the next key media channel. It's no surprise that Netflix sees Fortnite as a bigger competitor than other video on-demand platforms. And so media buyers do broadly recognise the considerable opportunities of video games advertising.

## However, they still underestimate three key areas:

- **The size and diversity of the gaming audience.**

  The 3 billion daily players span all markets and age groups, with an equal gender split. This number is predicted to reach 3.3 billion by 2024.

- **The scale and richness of mobile gaming.**

  2.8 billion of the 3 billion gamers play on mobile devices. Large numbers of this audience also game on other platforms too, meaning it's increasingly unwise to segment gamers by platform, though in some key markets such as India mobile is the only way to reach and monetise gamers at scale.

- **The technical infrastructure that enables scalable, measurable, programmatic in-game campaigns.**

  While media buyers cited these elements as key to the growth of in-game ad spend, many aren't aware that they are widely available.

And while they are certainly aware of gaming's potential as a media channel, media buyers are far less clear on how to access it. In-game is a massive, intangible opportunity in advertisers' minds. Education is needed to give them the knowledge and confidence to access it in a meaningful way.

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# LEARN MORE ABOUT IN-PLAY

**In-Play** is a modern non-intrusive ad format that appears inside game scenes

Think virtual billboards that give players a great brand impression rather than the frustration of interrupted playtime.

There are currently 3 billion gamers on the planet, from every demographic that you can imagine, so gaming as a media channel has almost limitless scale and potential.

- ✅ ***85%-90%+ Viewability, verified by IAS***
- ✅ ***10% Brand uplift***
- ✅ ***Supported by custom Admix consent flows and age-gating***
- ✅ ***Pioneering ad rendering tech***

**Explore In-Play**

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