



FINDING SUCCESS WITH IN-GAME ADVERTISING

PERCEPTIONS OF BUYERS AND SELLERS

MEDIASCIENCE

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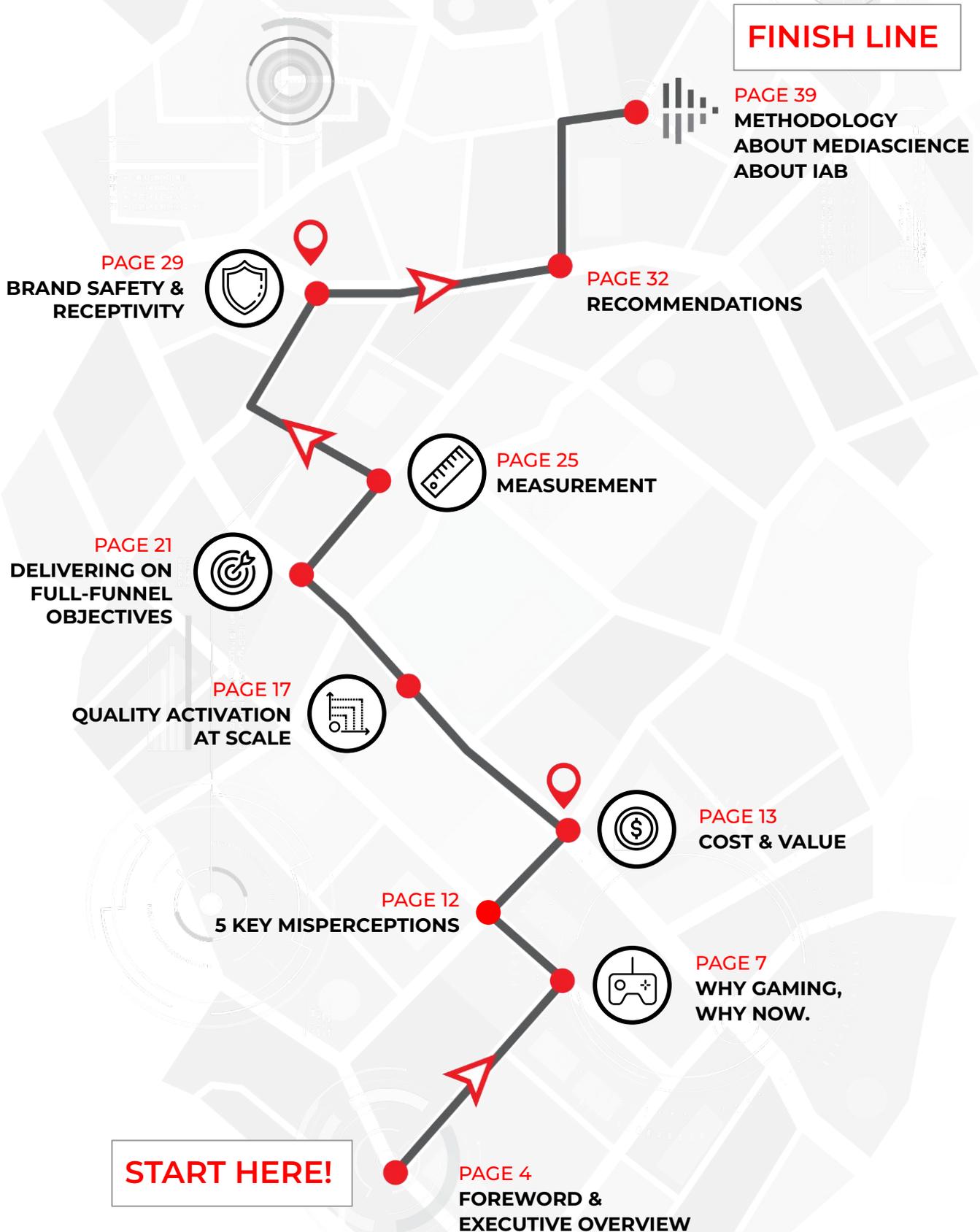
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FOREWORD



With over 215 million gamers in the U.S.¹ and with the average gamer being in their early 30s,² the term “gamer” now encompasses a broad and diverse demographic spectrum. Two out of every three Americans play video games through various platforms, and gaming is third only to TV and social media in terms of how audiences spend their time³—**yet gaming captures less than 5% of advertiser budgets.**

To reach this massive audience, the recent resurgence of in-game advertising has brought with it new technologies enabling programmatic purchasing of quality media at scale, opportunities for brands to create custom integrations, and measurement to determine campaign engagement and effectiveness. Savvy brands have responded by investing in gaming campaigns and have seen success meeting objectives across the funnel—and many expect their gaming spend to increase in 2023.

However, some brands are still sitting on the sidelines with in-game advertising. **IAB** commissioned **MediaScience** to conduct a qualitative research study with over 40 brands, agencies, ad tech companies, game developers, and publishers to determine why.

The research found that in-game advertising investment is being stalled by five key buy side perceptions:

- It’s costly for brands to get started
- It’s difficult to activate at scale with quality inventory and reach
- It doesn’t deliver on key objectives throughout the funnel
- It’s difficult to measure due to lack of standards and capabilities available
- It isn’t a safe and welcome environment for brands

The research revealed that these are largely misperceptions. The industry has invested significantly and built an ecosystem that enables in-game advertising to be easier to buy at scale and measure than ever before, and addresses buy side concerns. But there is still progress to be made to close the perception gaps, align the industry, and remove barriers.

Finding Success With In-Game Advertising: Perceptions of Buyers and Sellers reveals the issues facing marketers, publishers, and ad tech companies today, and explores how the industry is evolving to achieve alignment across these topics, and continue working to meet each other’s expectations.

This report is designed to educate and be a first step towards influencing the industry to find common ground and alignment which will unlock investment and innovation.

EXECUTIVE SUMMARY

WHY GAMING, WHY NOW.

Two-thirds of the U.S. population plays video games,¹ and in-game advertising has experienced a resurgence as a way to reach this massive, leaned-in audience. However, despite this growth, the total ad dollars invested in the space have not followed.

The industry has invested significantly enabling in-game advertising to be easier to activate than ever, yet five key buy side misperceptions still exist which are hindering adoption:

5 KEY MISPERCEPTIONS OF IN-GAME ADVERTISING

COST & VALUE: It's costly for brands to get started with in-game advertising.

- The buy side now has access to valuable and very affordable CPMs and frictionless inventory via network and programmatic offerings.

QUALITY ACTIVATION AT SCALE: It's difficult to activate at scale with quality inventory and reach.

- Ad tech companies and publishers have made significant advances in activating ads in games by assembling large game networks, connecting inventory to programmatic exchanges, and helping advertisers leverage existing assets.

DELIVERING FULL-FUNNEL OBJECTIVES: It doesn't deliver on key objectives throughout the funnel.

- In-game advertising is still perceived as primarily an upper-funnel driver. However, experienced advertisers are finding success across all of the marketing funnel—from top-funnel awareness, to mid-funnel engagement and consideration, to purchase and other lower-funnel outcomes.

MEASUREMENT: It's difficult to measure due to lack of standards and capabilities available.

- There are now full suites of metrics and measurement capabilities available to meet the needs of the buy side, as well as standards being fostered by industry bodies like IAB. Advertisers acknowledge these capabilities have been crucial in driving increased investment, but there's room for continued improvement delivering metrics comparable to other digital media.

BRAND SAFETY & RECEPTIVITY: It isn't a safe and welcome environment for brands.

- Brand safety concerns can be mitigated with various technology and planning measures that ensure the gaming environments are suitable for the brand. In addition, similar to other forms of media, gamers are receptive to ads that are authentic and communicate a clear value exchange.

EXECUTIVE SUMMARY



FINDING ALIGNMENT & OVERCOMING MISPERCEPTIONS

There are more ways than ever before for advertisers to activate in-game, yet misperceptions still exist. This research has revealed recommendations on how the industry can close perception gaps and find alignment which, when addressed, can result in investment and innovation.

EDUCATION & COLLABORATION

- Education needs to happen across the buy side on how in-game advertising has evolved, and that it can be just as easy and cost-efficient to activate as other digital media. Advertisers should be made aware of the many ways to integrate in-game at varying complexity levels and price points, the range of ad formats and opportunities, and the expansive suite of measurement/brand safety capabilities available. And both the buy and sell side need to collaborate on advancements that can reduce friction and increase investment, while publishers and ad tech providers can partner to open new player-centric inventory.

DEMONSTRATE UNIQUE VALUE

- Both custom integrations and dynamic network media buys can be highly effective and valuable in reaching consumers who game. Ad tech companies and publishers need to demonstrate the quality of their reach and inventory through audience insights and channel profiles, and establish they can deliver success on full-funnel objectives leveraging comparable measurement metrics and case studies of real-world success. And with a number of ad tech companies and publishers in the space, differentiation is critical to prevent advertisers from being overwhelmed with options and forgoing investment altogether.

UNLOCK INTEROPERABILITY

- The buy and sell sides need to work together on driving increased interoperability throughout the in-game activation process. Ad tech companies and publishers can collaborate with advertisers on how to efficiently leverage first- and third-party data, and how data can be interoperable so brands can more easily make actionable cross-platform decisions. Setting, adopting, and achieving accreditation with standards, like [IAB's Intrinsic In-Game Measurement Guidelines](#), for not only in-game metrics, but also so they align to other digital media, will enable consistency, comparability, and swifter adoption.

QUANTIFY "WHY GAMING, WHY NOW."

- The sell side can conduct empirical effectiveness research that demonstrates how the engagement and context of in-game ads drives significant impact compared to other media, and why virtual gaming environments offer compelling opportunities for brand-safe alignment. Additionally, quantifying the "halo" effect of gaming's impact on other media will allow buyers to see how gaming plays a part in a larger campaign strategy. As the advertising landscape rapidly changes, gaming can be a future-forward leader by establishing itself as a premium channel with high engagement, emotionally rich creative, contextual alignment, and strong performance.

WHY GAMING, WHY NOW.

“

Gamers are human beings. Everybody games. Whether it's a mobile game you play with your grandma or a AAA title, everybody is in this community. To call someone a gamer would be like calling someone a movie-er or a TV-er. It just doesn't make sense. We all do it. - Agency



WHY GAMING, WHY NOW.

EVERYBODY

GAMES



There has been a long-held perspective that the gaming audience is limited in reach, and only made up of young men playing console games. With the rise of mobile and portable gaming, new consoles with higher quality graphics, online and social platforms where gamers can come together to play and create, and an added boost to the volume of gamers during the COVID-19 pandemic, the gaming audience has grown significantly. There are now **215 million people in the U.S. playing video games** across various devices.¹

Who Is a “Gamer”

The term gamer encompasses a broad and diverse spectrum, and includes people from all genders, ages, ethnicities, and socio-economic backgrounds. An already broadening shift in audience behavior was accelerated by the pandemic, and now female gamers make up the majority of mobile-only gamers,² male gamers account for the majority of console³ and PC use,⁴ and one of the fastest growing gaming audiences is 55 to 64 year olds.⁵ The average age of a gamer is early 30s,⁶ and a widening gamer demographic encompassing audiences drawn to casual mobile games has attracted individuals who may not have previously considered themselves gamers (and still would not identify as such).

Gamers are now a large audience with a wide variety of consumer profiles who choose to entertain themselves with games.

No Longer a Niche Audience

The lingering view that gamers are young men playing violent video games in their basement has often been shaped by only a minority, “hardcore” segment of the gaming audience, when in fact there have always been different spectrums of players—from those who dedicate significant time and money to gaming, to those who play free games on their mobile devices to fill the time.

However, what is constant among all types of gamers—no matter their preferences—is that while playing games, they are focused on the content within the game and leaned into the screen.

In our research, participants noted that the long-held perception that the gaming audience is a small, niche segment of the population, is declining among marketers. Most now believe that gamers are a large audience with an equally large value as consumers.

“

When you pull Gen Alpha and Gen Z's time spent with media, gaming dominates. New generations really embrace gaming and gaming starts to shift the way that we interact and engage with other forms of entertainment media. - Agency

“

Everyone seems to understand gaming at an importance and scale level. They understand how massive this audience or space is and they understand there's value there. - Brand

WHY GAMING, WHY NOW.

THE RESURGENCE OF IN-GAME ADVERTISING

To reach this massive leaned-in audience at scale, the practice of in-game advertising has experienced a resurgence in recent years.

In-Game Advertising

In-game advertising is the integration of advertisements within video games. This can be everything from pop-ups and interstitials that are served during breaks in gameplay, to rewarded ads that players can watch to receive in-game rewards, to intrinsic native ads that blend realistically within the game environment, to custom integrations like product placements, virtual items, and even branded worlds. The full spectrum of advertising in the physical world can exist within these digital gaming worlds, and can enable a seamless advertising experience for players, while providing revenue for game developers.

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Gamers, they're focused on the context of what they're doing and they need to look and pay attention to move forward in that content successfully. This poses such an opportunity for advertisers. - Publisher

Advertising in video games has been around nearly since the beginning of video games themselves, with products and brands being hard coded into the games during production. In-game advertising as a digitally ad-served technology was pioneered in the early 2000s when game consoles first connected online, but its success was limited due to a variety of factors including available internet technologies, scalability, and inventory offerings.

A Technological Renaissance

This resurgence—fueled by the sophistication of game and ad serving technology, the rise of mobile gaming, freemium models mixed with a surge of new game titles, and a substantial increase in people playing video games—has given advertisers vastly increased inventory and entry points to engage this growing audience.

Ad tech companies and publishers have also invested significantly to provide advertisers the tools they require to get into gaming, including enabling more seamless buying across a wide inventory of games, frictionless activation, and effective measurement. The barrier to enter gaming has never been lower.

Savvy brands and agencies have responded by investing in in-game advertising, and are seeing success reaching this massive, engaged, and valuable audience. According to the advertisers interviewed in this research, gaming should be perceived as one of the most attractive, untapped opportunities in media.

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Essentially, if you're not [in gaming], you're losing a massive opportunity to talk to your customers. This is where they are. - Brand

“

This is where people are gathering to socialize. As a brand you have an opportunity to be part of that conversation, part of that community that is ever growing in the area of gaming. - Agency

In-Game Ad Format Examples

Several ad formats are available to advertisers when deciding how to advertise within gaming. These examples are not exhaustive of everything that gaming has to offer, which can be very custom integrations. Additionally, there are several other innovative ad formats currently available and in development.



INTRINSIC IN-GAME

Sometimes referred to as native in-game or in-play, these ad placements, product placements, and experiential branding environments are in the game, and a seamless part of gameplay.



ADVERGAMES

A custom game designed around a specific product or brand.



ADJACENT

The ad placement is next to the game, such as a banner image ad below a mobile puzzle game.



SPONSORED

A brand can sponsor gameplay through special levels and brand themed in-game events.



INTERSTITIAL

The ad placement is around the game, as gameplay stops and the ad itself becomes the focus.



SKINS

A brand can create a "skin" item that players can acquire in-game which changes the appearance of their avatar (the character that represents the player in-game).



AUDIO

The ad placement is purely audio in nature, overlaid during gameplay without pausing the game.



BRANDED WORLD

A brand can develop a fully immersive, branded experience such as an island, an independent gameplay experience, or a branded level.



REWARDED

The ad placement provides an opportunity for users to watch a video or engage with a playable ad in exchange for a reward within a gaming environment.



HARD CODED

The ad placement is built into the game and unchangeable - such that it can only be changed by modifying the source code and recompiling.

WHY GAMING, WHY NOW.

TIME SPENT VS. AD SPEND

The U.S. gaming audience is massive and diverse, yet there is a substantial misalignment between consumer time spent and ad spend in gaming.

Two out of three people in the U.S. play video games through various platforms,¹ and gaming is third only to TV and social media in terms of how audiences spend their time.² Despite this, the majority of brands and agencies interviewed are currently spending less than 5% of their total media spend on gaming advertising.

This is consistent with the broader industry where gaming only captures 3% to 5% of advertiser budgets. MediaScience compiled data to understand where gaming ad revenue sits within the larger media landscape. eMarketer reported that advertising revenue in gaming across mobile, digital video, and esports totaled \$8.6 billion in 2022, a 7% increase year-over-year. This is less ad revenue growth than other media, including CTV, which grew 23%.

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If we look at some of our bigger brands, they are dabbling in gaming. The largest client we have is spending maybe 5%. But it feels like we're on the precipice of this becoming something bigger.

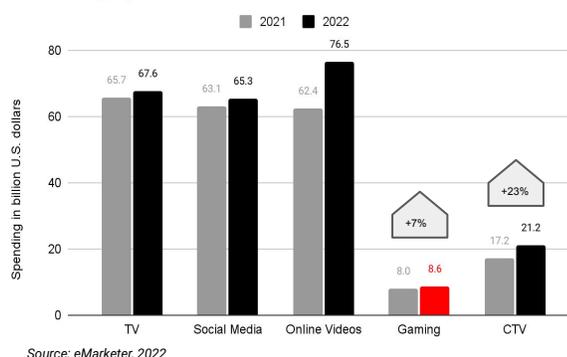
- Agency

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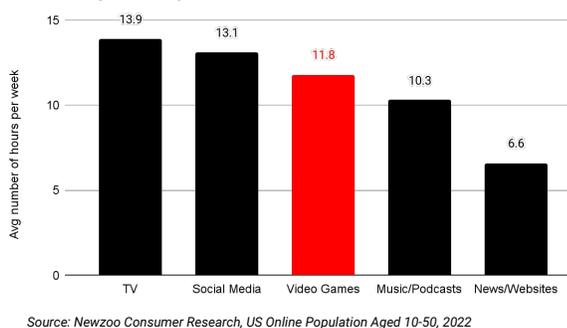
Last year was 3%, in 2021 it was 1%, so it's slowly increasing. I do expect more to come, especially now that we have measurement in place and there are so many new things to unlock with gaming.

- Agency

Advertising Spend in the United States



US Weekly Time Spent with Media



Looking Ahead

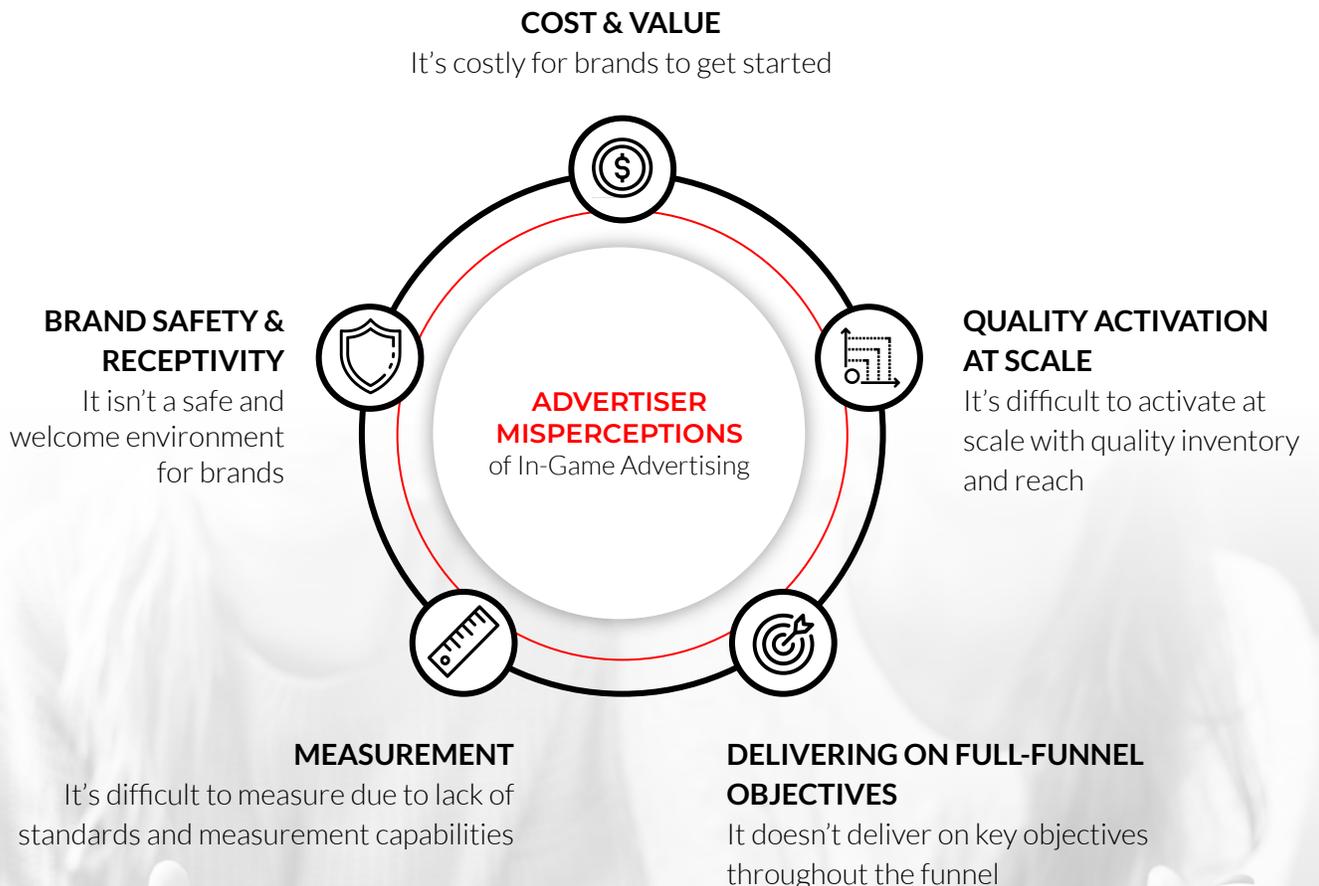
While a majority of respondents in the study report that they do expect their spend to increase in 2023, participants shared a few common reasons for why their spend on gaming advertising is currently low.

About half of agencies reported that their clients come from very traditional TV backgrounds and it can be difficult to get them on board with gaming. A third of brands shared that their agency guides their ad budgets and are not actively suggesting gaming, or it's often one of the last opportunities presented to them. And nearly all respondents shared that uncertainty in the economy has affected their willingness to invest in innovation, which is where many categorize gaming—although they will activate across nearly every other channel in 2023.

5 KEY MISPERCEPTIONS

This research identified five key advertiser perceptions that are hindering in-game ad spend from achieving its share of investment compared to other media channels. **However these are largely misperceptions**, as the industry has built an ecosystem that makes it easier than ever for advertisers to find success with in-game advertising.

By understanding buy and sell side perceptions, the industry can focus on closing misperception gaps, find alignment, and enable advertisers to reach the large, highly-engaged, leaned-in gaming audience.



COST & VALUE

MISPERCEPTION:

It's expensive for brands to get started with in-game advertising



There is an industry perception that the high cost of in-game advertising is a barrier to entry for brands. We found that this is being driven by when advertisers think of in-game opportunities, what first comes to mind is larger custom integrations within well-known titles—the most elaborate tier of in-game advertising—when in fact there are many ways to activate at different price points and integration levels.

Two Ways to Play

From a resource and cost perspective, in-game advertising can be generally categorized into two primary opportunities:

- **Custom activations within a popular title or titles**
This could include hard-coded static integrations that remain for the life of the game, skins in-game that can be changed out, interactive objects, sponsored loot boxes, branded worlds, etc.
- **Dynamic in-game advertising**
These are opportunities within games where ad inventory is available and can be changed out dynamically like other digital media. This could take the form of intrinsic in-game ads like stadium billboards, interstitials, rewarded ads, adjacent ads, audio ads, and more.



Custom In-Game Activations

The advertisers we spoke with asserted that custom in-game activations can provide tremendous value. They are impactful and attention-grabbing, create buzz, and can generate earned media for brands. Moreover, building interactive playable integrations and branded worlds can be ideal for building awareness and aligning the brand with popular gaming titles.

Our interviewees noted that custom integrations can be more costly and resource intensive than other media activations depending on the flexibility and capabilities of the game partner, and look to them for best practices as to when, where, and how these activations should take place.

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There's extensive work that goes into how we're going to see the return on value. It's more than just the game. There is press value in certain games with certain scale. - Brand

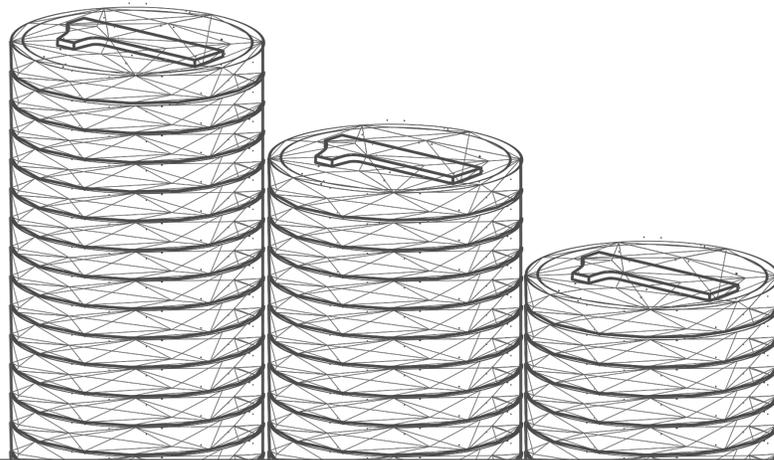
Dynamic In-Game Advertising

Along with custom in-game activations, advertisers have access to a wealth of easily accessible, frictionless in-game inventory via network and programmatic offerings working with ad tech companies and publishers.

The majority of agencies interviewed said programmatic in-game advertising CPMs are affordable and comparable to mobile programmatic display, priced between social/audio and programmatic video (which is more expensive). As a result, advertisers can test different ad options based on business needs and/or budget, which can provide insight into how to include gaming as a regular, established part of their media mix.

“

We feel good about not just the scale, but also the efficiencies in pricing. - Agency



REAL WORLD SUCCESS

An auto brand increased awareness for an upcoming vehicle launch by integrating it into a popular action game. Millions of players engaged with the vehicle, and it drove a significant amount of publicity and earned media for the brand.

A quick service restaurant brand leverages in-game intrinsic billboards because it meets their objective of “high reach, low CPMs, and efficient value.”

An agency regularly recommends in-game rewarded video ads because “they're extremely good at generating low cost-for-completed views.”

It Comes Down to Value

When it comes to activating in-game ads through a network or programmatically, we found that advertisers are generally aware of these opportunities, and are even able to recall specific ad tech companies in the space when asked. However, they're hesitant to get started as they aren't clear on the value of brand alignment with lesser known titles that they're not familiar with.

Buyers we interviewed are willing to accept higher CPMs to be in premium, familiar games. So for many advertisers, enabling in-game advertising is not about pure cost efficiencies—it's about accessing high-quality, engaging ads that align with their brand at an affordable price compared to other media.

Ad tech companies promote their inventory as being vetted for quality, and can create media plans that can align with any brand objective. They can deliver the reach, frictionless activation, and most importantly, focused and engaged consumers. Ultimately, this hesitancy from advertisers leads to a missed opportunity to reach the large, diverse gaming audience at scale through a valuable media channel.

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From a CPM perspective, we have a pretty varied approach, so getting the lowest CPM is not our primary KPI. It's really about brand alignment and the type of partnerships that we can build.

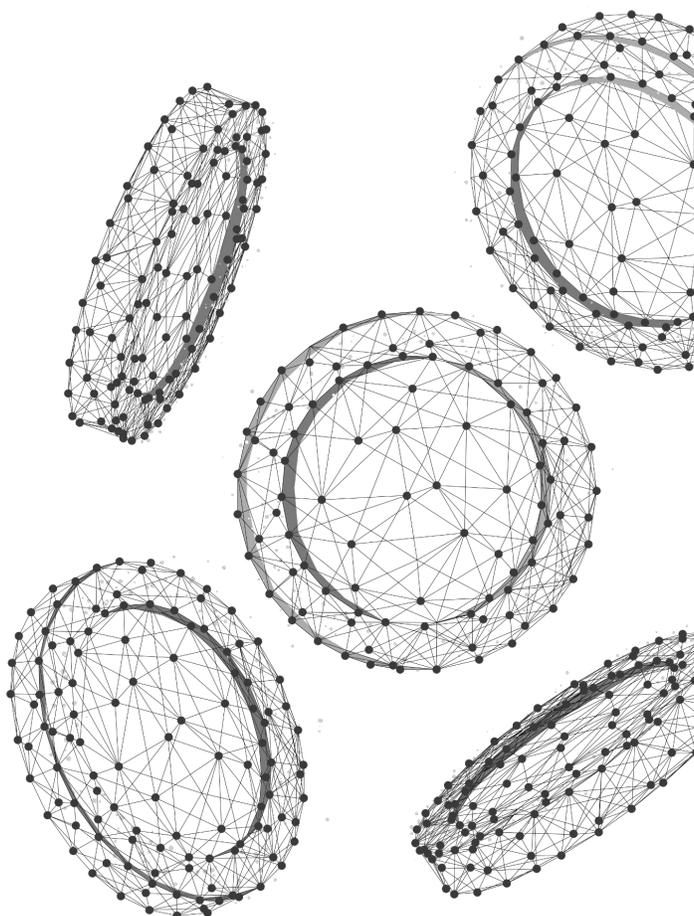
- Brand

Borrowed Budget, Borrowed KPIs

Only a handful of those we interviewed shared that their companies have allocated a specific budget for in-game advertising. The majority of in-game advertising funds are sourced from innovation or test-and-learn budgets, or reallocated from larger digital or linear TV budgets.

When budgets are reallocated, those funds are often tied to specific KPIs dedicated to those budgets. Therefore, advertisers need to assess whether their in-game campaign can achieve the desired KPIs or if they need to be adjusted.

For example, many interviewees noted that when assessing performance of custom in-game activations, media KPIs need to be expanded beyond those typical for digital channel performance (e.g., impressions, views, etc.) to include PR and social media impressions to determine the integrations' full impact.

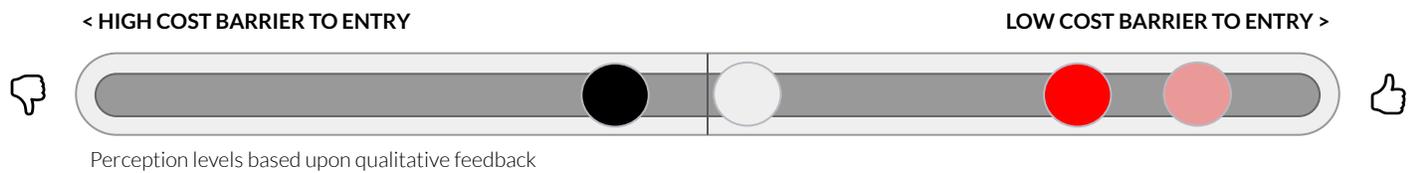


COST & VALUE

In-game advertising does not need to be costly, and there are efficient ways to achieve value and scale

The perception that in-game advertising has a high-cost barrier to entry is primarily driven by advertiser's association with the most premium and custom in-game activations, and that a large network of less popular games may be less valuable than activating in one well-known title. The buy side now has access to a wide variety of in-game opportunities, from custom activations within popular titles, to easily accessible, affordable, scalable inventory via network and programmatic offerings—all of which provide significant value to advertisers.

PERCEPTION SPECTRUM



BRAND PERCEPTIONS

- Associates the cost of in-game advertising with title-specific resource-intensive custom activations, which can be tremendously impactful, but more costly.
- Are aware of scalable offerings, but are hesitant aligning their brand to a network of lesser-known titles.
- Brand alignment and overall value matters more than the lowest cost.



AGENCY PERCEPTIONS

- In-game CPMs are comparable to platforms with similar reach/engagement.
- When budget is shifted to gaming, KPIs need to be adjusted as well.



AD TECH PERCEPTIONS

- Offer many ways to get in the game, at different price points and integration levels.
- Maintain curated networks of high quality games that can align with any objective.
- CPMs for gaming are undervalued compared to other forms of digital advertising.



PUBLISHER PERCEPTIONS

- In-game can be more expensive due to engagement and loyalty to titles and platforms.
- The cost for premium activations, such as interactive integrations, vary and depend on the level of customization, complexity, developer resources, and popularity of IP.

QUALITY ACTIVATION AT SCALE

MISPERCEPTION:

In-game advertising is difficult to activate with quality inventory and reach



There is an industry perception that in-game advertising is challenging to execute at scale. Although advertisers recognize the value of the gaming audience, they're overwhelmed by the large number of individual partnerships with publishers and ad tech companies they feel are needed to activate in-game, and the perceived complexity of launching a campaign. These advertisers also feel challenged to find quality inventory with which to align their brands within gameplay environments.

Interviews revealed that advertisers are largely unaware of the recent technologies publishers and ad tech companies have developed to enable dynamic in-game activation at scale. Additionally, advertisers' definition of quality inventory is focused on popular, well-known game titles. In fact, advertisers can engage directly with consumers in both popular and lesser-known titles, and achieve quality adjacencies in multiple ways.

A Network Approach

There are now numerous sell side companies that have taken an ad network approach to in-game advertising, accumulating the rights to sell dynamic ads within a portfolio of games across platforms. Many have worked to connect their inventory to major programmatic exchanges to enable scale.

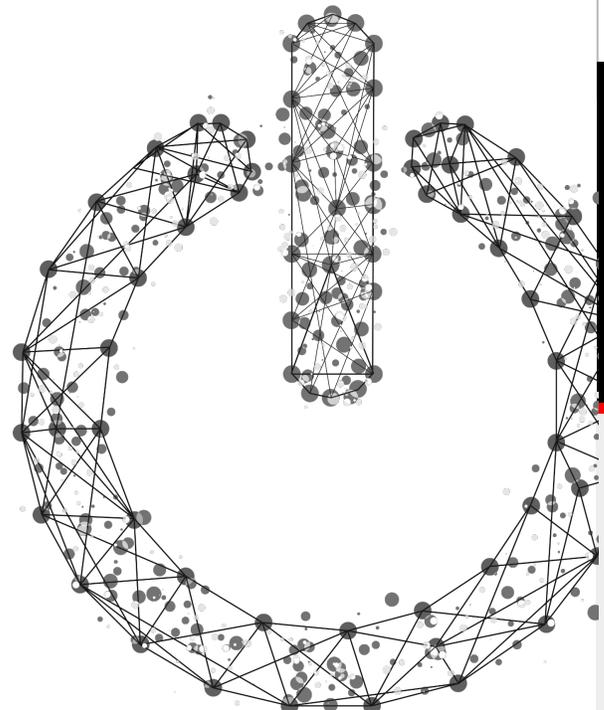
All of our interviewees familiar with these updates agreed that in-game media planning has made significant progress through the integration of publisher and ad tech portfolios within larger DSP/SSP platforms, and for many, deploying ads within a network of games has become relatively turnkey. There are many flexible ways advertisers can access gaming supply from programmatic guaranteed offerings, variable priced private marketplaces, and the open market.



Now when you're a buyer, you go to [the marketplace] and there's a gaming section, and you can see all your incremental audiences who you can reach. So that's the type of thing that's going to make gaming scale. - Brand



Yes, in-game advertising has been around for a bit, but it hasn't been around in a seamless way as it is today. - Agency



Easing Activation

For many in-game ad types and formats, industry-standard display and video assets that an advertiser may be using elsewhere in the digital space can be easily slotted into in-game inventory placements—making the process even more seamless to get started. For those placements that aren't standard, such as intrinsic in-game ads, advertisers expressed that it can be challenging having different ad format standards, depending upon which ad tech company or publisher they choose to work with.

To ease this process, when existing ad assets can't be leveraged as-is, publishers, ad tech companies, and even agencies have stood up creative teams ready to repurpose assets for advertisers to ensure ad collateral can appear in the same style as the environment. In an effort to alleviate this step in the future, both buy side and sell side leaders have been collaborating with IAB to begin defining ad format standards for the industry.

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What we have under the hood of the business is making it easy for our internal teams to create these interactive units. We have an increasingly sophisticated set of tooling. - Ad Tech

Recognizing Quality Inventory

Advertisers are seeking quality inventory, which we found is typically based on their perception that quality equals more custom integrations in popular well-known titles, rather than advertising in a network of lesser-known titles.

Through industry media, advertisers are exposed to all the custom flashier in-game initiatives like product placements, interactive items, or branded worlds that showcase just how customizable these experiences can be. They're excited about the level of engagement in-game ads offer over other media, and eager for consumers to directly interact with their brand or product—which is a unique feature of the platform.

These custom activations can be extremely effective, but can also distract advertisers from getting started with the easiest and lowest barrier in-game network opportunities, which provide quality scale and audience reach. For example, intrinsic ads bring realism to the game, and rewarded ads offer a clear value exchange for engaging with the brand. But some advertisers don't move forward with these types of campaigns because they're not perceived as being as engaging as more custom interactive activations in popular titles.

REAL WORLD SUCCESS

An agency now views gaming as a standard high-performing video channel because of how easy typical digital assets can plug into these platforms. When necessary, their partners at ad tech companies can translate standard assets, such as pre-roll, into placements within gaming environments.

An entertainment brand created a mini game that launched across a publisher's entire portfolio. When they reviewed engagement KPIs, they found that gaming performed four times better than other platforms—better than any video on any online advertising platform.

A quick service restaurant brand was looking to maximize return on ad spend. They activated through a central exchange and used a third party to track foot traffic. With a network of casual mobile games, they were able to exceed their success benchmarks, getting cost-per-store visits down significantly under benchmarks.

Call for Differentiation

When it comes to choosing a partner to activate with, only a handful of advertisers could distinguish the differences between ad tech companies and their network offerings, fueling indecision on how to get started with in-game advertising.

To achieve success, ad tech companies will need to differentiate themselves by promoting the unique services they provide, the games and audiences in their networks, their innovation roadmaps, and success metrics that demonstrate the value of their technology and activations.

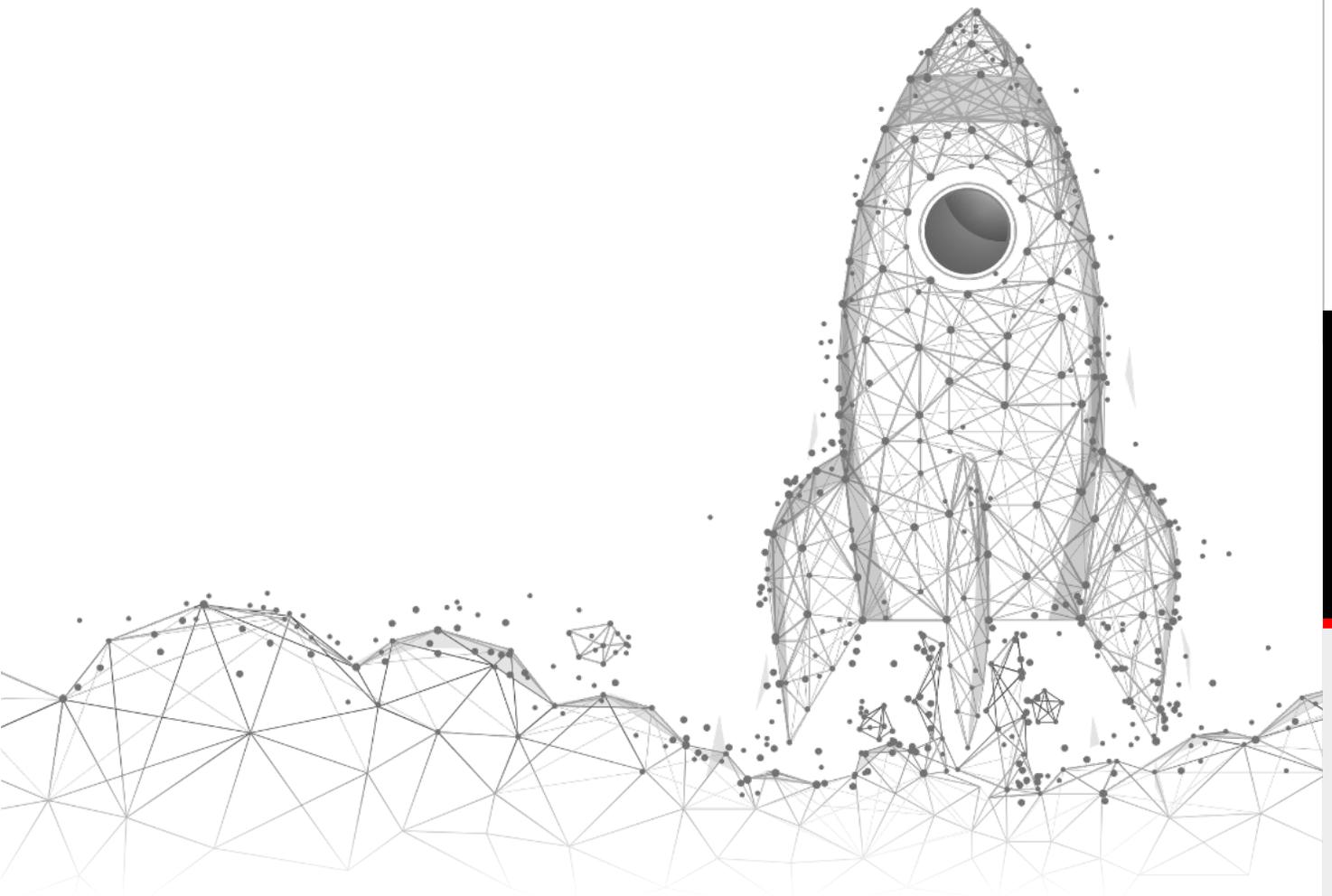
First-party and third-party data interoperability will also soon be a differentiating factor, and being able to transact with data-sharing platforms and use cookieless identifiers. Sell side partners will be prioritized by their ability to connect user data to these exchanges, and demonstrate that an advertiser's audience is accessible through their game portfolios.

Need for Education

The largest hurdle the industry needs to overcome to ease activation challenges is education of what to buy and how.

Advertisers agreed that education is a significant reason for a lack of adoption of in-game advertising, and that it's necessary to ensure education across teams. Within a brand or agency, one team can handle programmatic buys, another custom activations, and another sponsorships and product placements.

Ad tech companies also shared education can take place on the publisher side to help provide access to more inventory. Game developers should understand the benefits, receive guidance on integration best practices, and know what advertisers are looking for in terms of ad formats and creative ways to engage audiences during gameplay.



QUALITY ACTIVATION AT SCALE

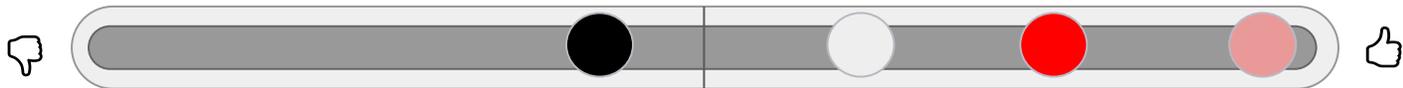
With advances in technology and capabilities, in-game advertising is easier than ever to activate and achieve reach with quality inventory

Some advertisers perceive in-game advertising as difficult and complicated to get started with quality inventory. Ad tech companies and publishers have addressed this by assembling large game networks, connecting inventory to programmatic exchanges, and helping advertisers leverage existing assets in quality ad formats. To alleviate hesitancy, advertisers are looking for more distinction between industry partners so they know who to reach out when they're ready to get started.

PERCEPTION SPECTRUM

< LIMITED SCALABILITY, LIMITED QUALITY INVENTORY

FRICITIONLESS SCALABILITY, UNLIMITED QUALITY INVENTORY >



Perception levels based upon qualitative feedback



BRAND PERCEPTIONS

- Uncertain how to get started in-game due to numerous sell side partners and opportunities, and perceived complexities launching a campaign.
- Quality inventory means inclusion in popular titles with interactive formats.



AGENCY PERCEPTIONS

- Recognize the value a network approach compared to large scale custom integrations.
- Look for additional distinction between ad tech companies and networks.



AD TECH PERCEPTIONS

- Created programmatic pipelines, large portfolios of quality games, and flexible ways advertisers can access in-game inventory that meet their objectives.
- Have creative teams dedicated to repurposing assets to ensure seamless in-game inclusion.



PUBLISHER PERCEPTIONS

- Offer scalable approaches to buying in-game and adjacent ads, and are developing new ways of partnering with advertisers to make custom integrations easier.
- Working towards making more network inventory available, but want to ensure it's player-centric.

DELIVERING ON FULL-FUNNEL OBJECTIVES

MISPERCEPTION:

In-game advertising doesn't deliver on key objectives throughout the funnel

There is an industry perception that in-game advertising as a media channel can only deliver on upper-funnel, awareness objectives. The majority of the advertisers we interviewed maintain this view, and perceive in-game advertising as an innovative way to get their brand in front of a large, valuable, leaned-in audience. Many are unaware of the capabilities and ad formats that can engage consumers throughout their purchase journey—and ultimately drive conversion (e.g., sales and ROI).

A Full-Funnel Opportunity

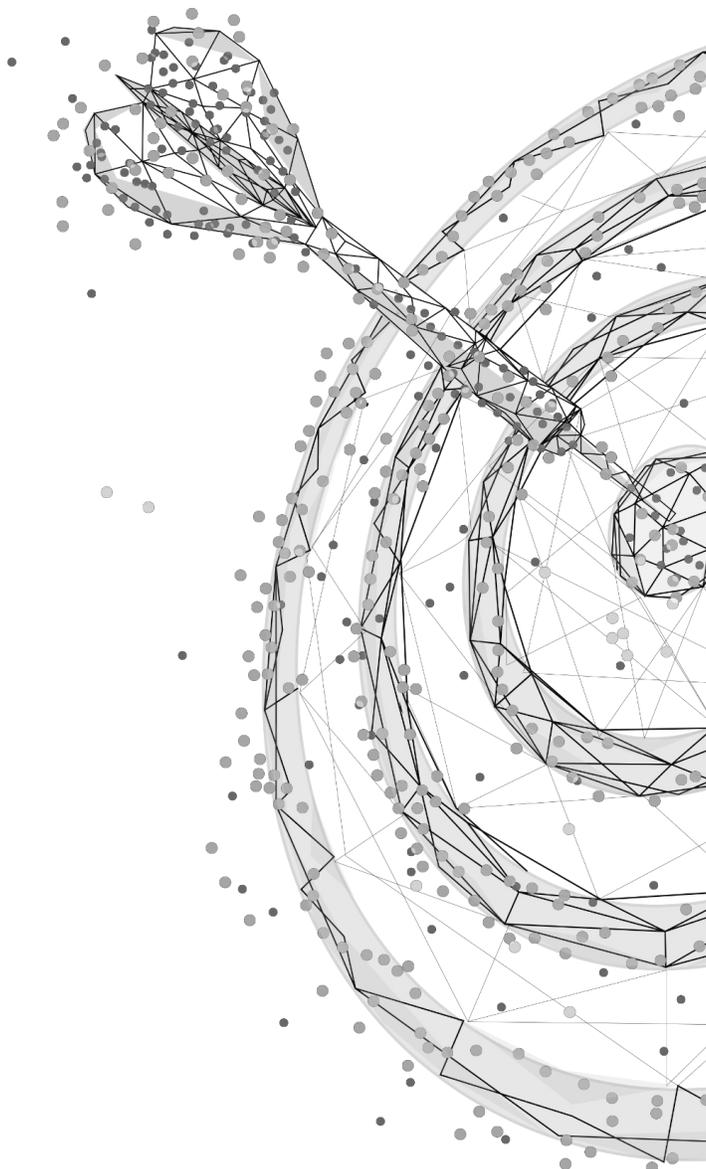
Experienced advertisers shared that they've successfully been able to achieve objectives throughout the entire funnel with in-game advertising as they become more familiar with the variety of offerings in-game advertising can provide. Different ad formats and creative deployments can fulfill various roles ranging from building top-funnel awareness, to mid-funnel engagement and consideration, through driving purchase and other lower-funnel key business outcomes.

“

It's typically looked at as upper-funnel, but I think it's a full-funnel approach. I don't think many advertisers at the moment are looking at it that way. - Agency

“

It can be [full-funnel]. It definitely can be, especially with opportunities where we can bring our first-party data to the table. - Brand



Upper-Funnel Objectives

Almost all of the advertisers interviewed had experience leveraging in-game advertising as a way to drive upper-funnel objectives such as awareness or discovery. They appreciate that native ad formats like intrinsic ads not only don't interrupt the gameplay experience, but provide the large audience reach they are looking for at an efficient cost. In some cases, the sheer volume of impressions from one publisher can be enough to achieve awareness goals.

Mid-Funnel Objectives

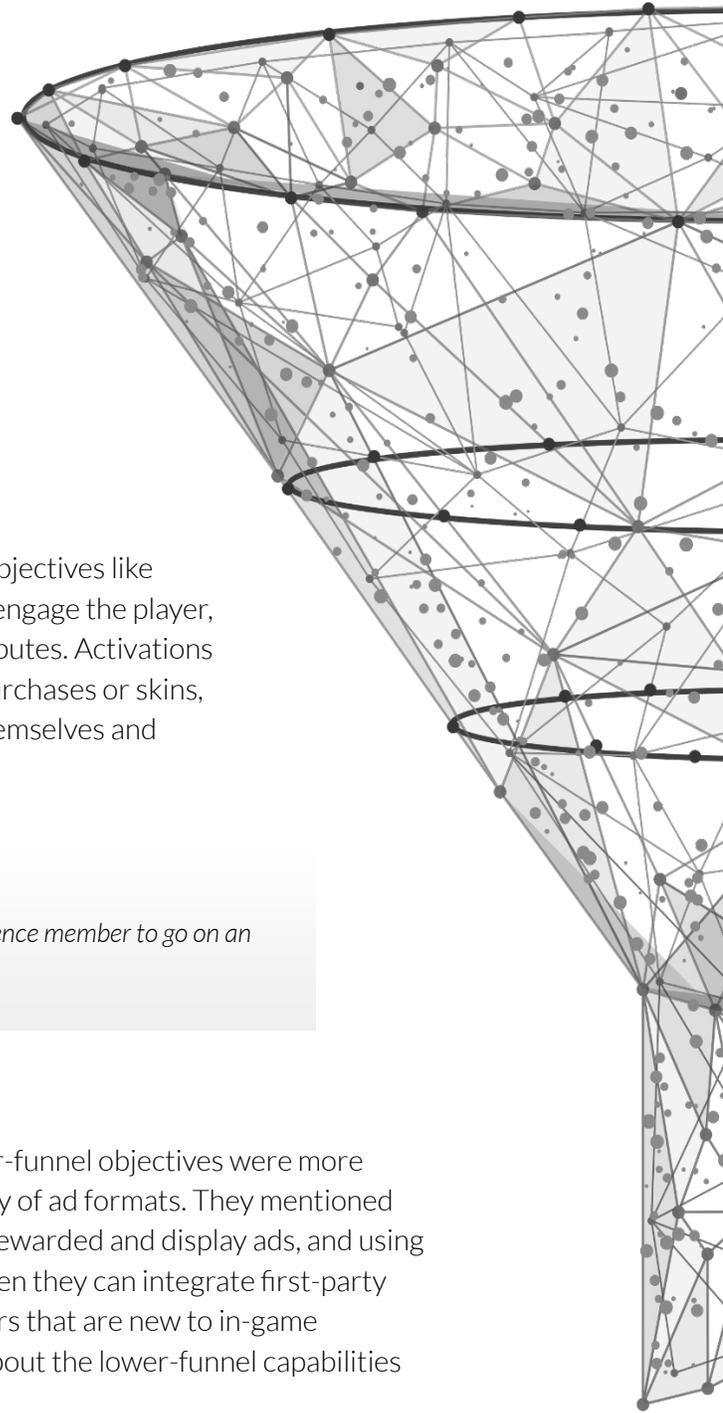
Advertisers are finding success driving mid-funnel objectives like interest and consideration through ad formats that engage the player, and can drive transference of brand values and attributes. Activations like interactive playable objects, branded in-game purchases or skins, enable the consumer to experience the brand for themselves and positions the product as the hero.

“

In-game advertising is where we can convince the audience member to go on an emotional journey. - Brand

Lower-Funnel Objectives

Advertisers who shared examples of achieving lower-funnel objectives were more experienced with in-game advertising and the variety of ad formats. They mentioned driving metrics like clicks and conversions through rewarded and display ads, and using promotional codes—finding incremental success when they can integrate first-party data to increase match rates on targeting. Advertisers that are new to in-game advertising were unaware or just starting to learn about the lower-funnel capabilities now available in-game.



REAL WORLD SUCCESS

Upper-funnel:

A CPG brand uses intrinsic in-game ads as a second-touch amplification/ awareness vehicle to support campaigns across platforms. They find intrinsic ads drive lifts in awareness and consideration - more so than other digital media.

Mid-funnel:

A beverage brand was looking to reposition their product as an energy drink. They partnered with a gaming platform to feature their product as a 'power up' during gameplay. By equating the drink with energy, it showcased its value and allowed consumers to consider the drink in a new way.

Lower-funnel:

A QSR brand looking to drive sales leveraged rewarded ads featuring custom promotional codes. They offered consumers value both during gameplay and at their restaurants, and were able to track and drive incremental revenue from these campaigns.

New Offerings to Power the Funnel

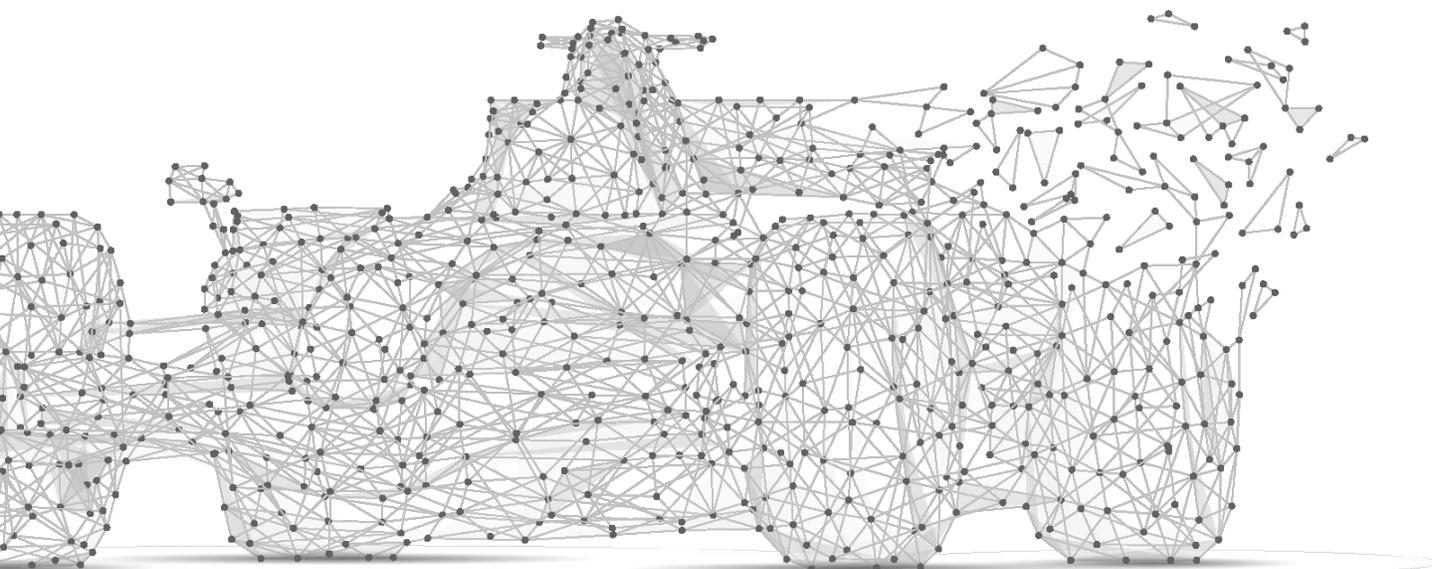
To increase opportunities for the mid-and-lower funnel, publishers and ad tech companies shared how they're constantly building and adding new inventory offerings that can drive full-funnel objectives, such as full-screen interstitials or rewarded advertisements that support cross-media campaigns and are clickable.

And publishers known for their premium portfolios are integrating different types of data, such as geolocation, fan preferences, and even weather, to use as tools within lower-funnel advertising and sponsorship within the game. One publisher interviewed has the ability to use augmented reality in combination with a brand's first-party data to drive foot traffic to a coffee shop when it's cold out, or sponsor a loot box in-store when a player is close to a restaurant.

Publishers and ad tech companies are continuing to expand ways advertisers can meet all their KPIs across the funnel. Educating non-familiar advertisers on existing and new in-game opportunities that can drive the entire funnel and meet campaign objectives will be critical to unlocking additional investment and activation.

“

We worked with an AR publisher to create in-game perks and offers near our stores, and actually saw a 10% lift above normal foot traffic. - Brand

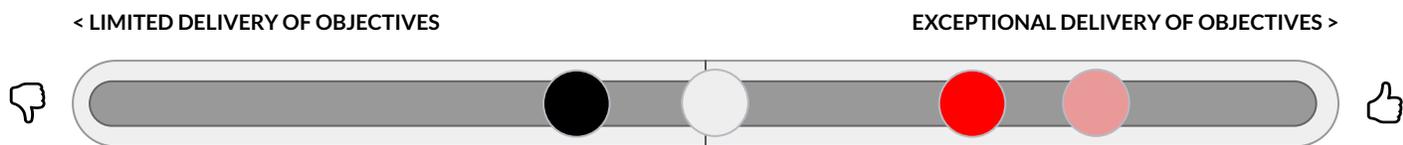


INDUSTRY PERCEPTIONS SUMMARY

DELIVERING ON OBJECTIVES

With expansive ad offerings, in-game advertising can deliver on achieving advertiser objectives throughout the funnel

The perception that in-game advertising is primarily an upper-funnel media channel is held by brands, agencies, and even some publishers. However, experienced advertisers are leveraging the variety of ad formats and creative deployments available in-game to find success achieving objectives throughout the marketing funnel—from top-funnel awareness, to mid-funnel engagement and consideration, to purchase and other lower-funnel outcomes.

PERCEPTION SPECTRUM

Perception levels based upon qualitative feedback

**BRAND PERCEPTIONS**

- Majority view gaming as primarily an upper-funnel opportunity that is non-clickable.
- In-game ads can be a great amplifier or second touch from campaigns largely driven by other media channels.
- Those more familiar with in-game ads are successfully using it as a lower-funnel vehicle.

**AGENCY PERCEPTIONS**

- Majority see gaming as an upper-funnel media channel, although they're more familiar with mid-and-lower funnel opportunities and creative activations than brands.
- Recognize new technology can shift gaming to a scalable, full-funnel vehicle and some of their more experienced clients are already seeing success.
- Custom activations can be a powerful campaign first touch supported by promotional activities such as PR, events sponsorship, and real-world activations.

**AD TECH PERCEPTIONS**

- Have in-game offerings that can drive full-funnel objectives, with more being developed.
- In-game ads are ideal for driving downloads—especially for other app-based services.

**PUBLISHER PERCEPTIONS**

- Agree most of their in-game opportunities are primarily powerful upper-funnel drivers with large reach, or premium mid-funnel activations that enable product engagement.
- Adding new capabilities and technologies to drive full-funnel objectives.

MEASUREMENT

MISPERCEPTION:

In-game advertising is difficult to measure due to lack of standards and capabilities available



There is an industry perception that in-game advertising is not as measurable as other digital media and lacks the integrations and standards required to have comparable metrics across platforms and devices. However, our ad tech and publisher interviewees shared that there are a wide variety of metrics and measurement capabilities available to meet the needs of the buy side. Advertisers may not be aware of these opportunities as some of these developments are relatively new, and the methodology may differ from that of other digital media channels.

Advertisers who are aware acknowledge that the addition of these capabilities has been crucial in demonstrating the effectiveness of in-game advertising and increased investment, but also that as with most other innovative digital channels, there's room for continued improvement.

Evolution of Measurement

Meeting the evolving measurement needs of advertisers has been a key priority for publishers and ad tech companies. In recent years, first-party measurement and data offerings have been greatly improved, while also integrating industry-leading third-party technologies to measure a variety of key metrics including viewability, audience measurement, fraud, brand lift, incremental business outcomes, and more.

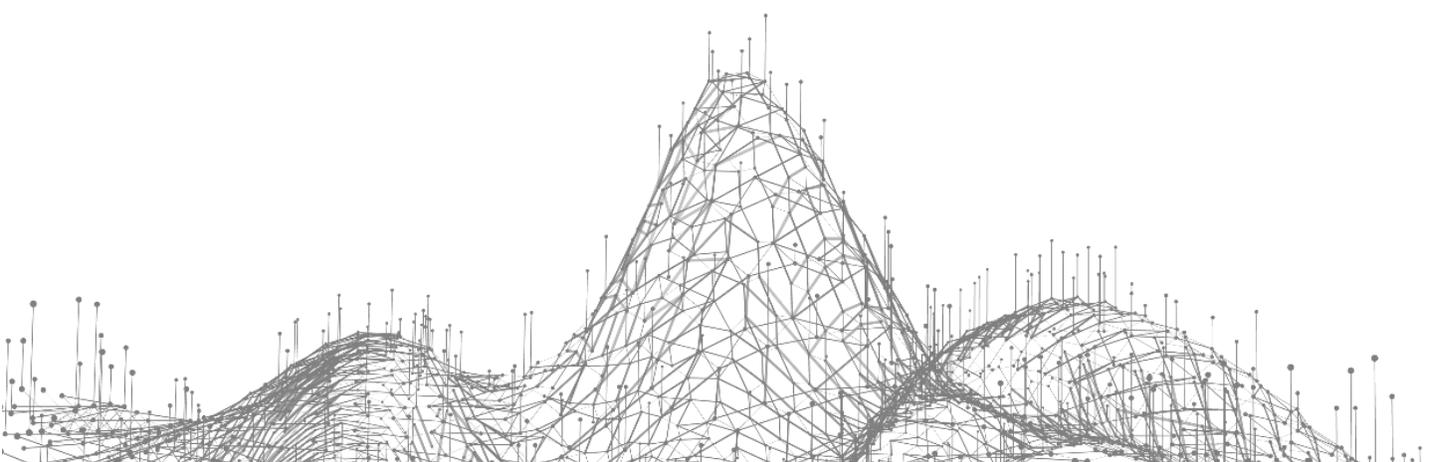
Publishers and ad tech companies said they regularly provide third-party validation with along with metrics such as players played, downloads of a game, time spent, interactions, and dwell time, as well as social listening metrics including shares, conversations, press pickups, etc. They also partner with their clients building extensive roadmaps to add measurement and data capabilities as their clients' needs expand.

“

What we want to do is ensure that we have a spine of [measurement] vendors that are available within our platform for them to be able to use depending on their preferences. - Ad Tech

“

We have relationships with the most commonly used [measurement partners], and then build on continuing relationships with other new providers. - Publisher



Audience Measurement

Buyers that have used in-game viewability and audience measurement expressed frustration that multiple ad tech companies leverage their own in-house impression and viewability metrics that are calculated in different ways.

To address this for intrinsic in-game advertising, IAB, IAB Tech Lab, and MRC have worked with industry leaders to release the [Intrinsic In-Game \(IIG\) Measurement Guidelines](#) in August 2022, which establishes updated standards and guidelines covering impressions, viewability, and engagement. These standards designate the minimum ad size, time on screen, and ad angle to be counted as a viable impression. Although a majority of ad tech companies and publishers shared they've adopted and are compliant with these standards (and with more sell side partners introducing them in 2023) and as companies look to achieve MRC accreditation, inevitably this will provide a more consistent comparison across in-game campaigns.

Additionally, ad tech companies and publishers have been integrating partnerships with several leading measurement and transparency partners to measure viewability, engagement, and ad fraud within the gaming environment which has in the past been challenging due to the various device types and platforms.

“

The updated framework around viewability has brought more of a conformity with [sell side] players to adhere to those standards. - Agency

Brand Lift

Advertisers shared they commonly use brand lift studies to measure lift in awareness, consideration, purchase intent, and more. These studies indicate effectiveness metrics for in-game advertising and are readily available from other media—and results can be compared cross-platform.

Ad tech companies and publishers partner with leading measurement providers to measure brand lift. Some also have the capability to run the studies themselves in-game. Advertisers shared that for a nascent media channel like in-game advertising, using a measurement partner initially is preferred for third-party verification until they're more comfortable with the sell side “grading their own homework.”

Business Outcomes

Measuring how in-game ads influence business outcomes—such as incremental store or page visits, TV program tune in, app downloads, or conversions—is one of the most meaningful forms of measurement for advertisers. This is also the most challenging type of measurement as the metrics and methodologies required can vary greatly by vertical or brand.

The spectrum of methodologies interview participants leverage for measuring business outcomes is vast and complex, including panels, sales data, media mix models, and first-party data. The sell side partners with a variety of providers to assess different metrics from a third-party perspective, and some can provide these metrics on their own. Publishers, for example, have stood up conversion lift solutions that measure the incremental sales lift of a campaign, while advertisers lean into their analytics models to determine return on ad spend.

REAL WORLD SUCCESS

A publisher was losing recurring revenue due to lack of lower-funnel measurement, and player interaction wasn't enough to prove ROI. By integrating foot-traffic measurement, they were able to provide store visit metrics that could reliably be compared to other media, and they won back their clients.

A CPG brand uses a commercial mixed model that their analytics partners built. It's an econometric-based model that takes in channel data and “*spits back out effectiveness, down to how many literal pounds of product are moving, and also return on investments.*”

Bridging the Measurement Gap

Along with putting industry-standard measurement capabilities in place, advertisers shared that in many cases, gaming can go a step further in delivering actionable metrics that other digital or traditional media can't provide. Because the player is fully interacting with the game, the camera angle of gameplay acts as a proxy of what the viewer is looking at, and according to interviewees, in-game metrics such as dwell time or time on screen can be compelling engagement indicators.

However, advertisers also shared that while the additional metrics are valuable, many in-game ad campaigns can't deliver the full suite of metrics they typically receive from their other digital campaigns, and the data they do get is inconsistent in delivery.

Our interviews found that in-game ad tech companies and publishers are operating on different levels of sophistication when it comes to what and how they're able to provide metrics back to advertisers—from APIs, to a cadence of Excel files, to campaign summaries, which can make it difficult to compare in-game advertising consistently against other digital media. To analyze in-game campaigns, advertisers reported having to aggregate the mix of metrics they receive, which can be time-consuming and not fully comparable.

IAB acknowledges this is where accreditation is going to be crucial, bringing in-game measurement up to the same standards as other media channels—allowing for comparability while accommodating for the nuances of in-game advertising.

“

It's so fractured for something that's of this scope and scale. Can we track social metrics? Yes, 100%. But then we have to add it to metrics from the game publishers of usage. There's not an easy aggregator. - Brand

Creating Additional Standards

The variety of publishers, applications, and environments make developing consistent measurement methodologies challenging for in-game advertising. As was the case with viewability, current digital standards and methodologies were not initially designed for these immersive 3D experiences. Past measurement models are being updated to include in-game advertising, but the solution can end up not being able to integrate with an advertiser's larger cross-media analysis.

“

There needs to be rigorous standards introduced that make advertisers feel more comfortable with the numbers that they're dealing in. - Agency

Interviewees look forward to the continued work of industry leaders and IAB to set additional standards for in-game, such as targeting and creative formats. IAB recommends buyers to promote urgency around achieving accreditation from ad tech providers. As the landscape adjusts to the loss of cookies and signals that go with it, new measurement and standards will be developed that encompass all digital media, including gaming.

Held to a Higher Standard

While ad tech companies and publishers have been adding measurement capabilities, they expressed that like many new media types, gaming is held to a higher standard when it comes to achieving results, and needing to constantly prove itself to retain media spend.

The sell side reports consistently over-performing on brand lift studies and viewability, but the results are more scrutinized by the buy side. If a campaign doesn't exceed benchmarks, advertisers may consider it a failure of in-game advertising, rather than a singular campaign, and it dissuades them from trying again. Advertisers shared this is most likely due to an education gap, and when in-game advertising is more ubiquitous and familiar, it will not be singled out.

“

Education gap, that's it. Eventually [in-game advertising] will be more of a native vernacular to people day-to-day and it can be held to its own standard. - Agency

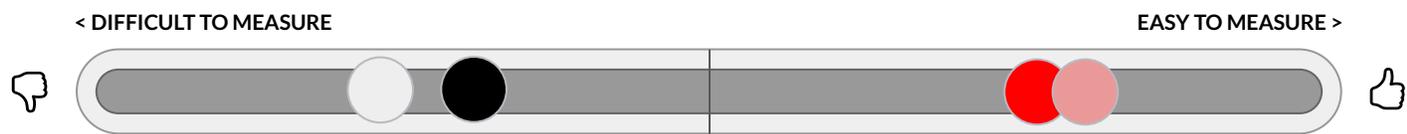
INDUSTRY PERCEPTIONS SUMMARY

MEASUREMENT

Capability advancements have made in-game ads more measurable, but there is still work to be done

The perception that in-game ads are not as measurable with the same breadth and depth as other digital media was rooted in truth, but new technologies, standards, and third-party partnerships are quickly addressing this gap. In-game advertising now has a full suites of metrics and measurement capabilities, as well as standards being fostered by industry bodies like IAB and the MRC. There is still some headway to be made delivering comparable metrics to other digital media in the way advertisers are used to transacting. Because of this, measurement had the biggest discrepancy gap between buy side and sell side perceptions in this research.

PERCEPTION SPECTRUM



BRAND PERCEPTIONS

- Legacy perceptions of lack of measurement and metrics have hindered investment.
- In-game measurement works in a silo, but lacks the comparability to other media.
- Piecing together ways to combine reports and metrics to determine in-game effectiveness.

AGENCY PERCEPTIONS

- Current measurement methodologies and metrics provide directional performance indicators, but ROAS is difficult to quantify along with tying performance to conversion.
- Aware of new third-party measurement integrations, but perceive these integrations as still in the pipeline rather than live.

AD TECH PERCEPTIONS

- Have integrated first- and third-party measurement services across the board to demonstrate campaign performance with comparable metrics to other forms of digital media, and are building measurement roadmaps with partners to ensure client coverage.
- Developed new intrinsic in-game (IIG) ad measurement standards to mitigate discrepancies between partners.
- Consistently demonstrate strong measurement results, yet like other new media, report being held to a higher standard than other media channels to continue investment.

PUBLISHER PERCEPTIONS

- Premium in-game integrations are on the same level as TV or other premium digital integrations, and can be measured comparably.
- Publishers are willing to provide third-party measurement with brand investment.

BRAND SAFETY & RECEPTIVITY

MISPERCEPTION:

In-game advertising is not a safe and welcome environment for brands



There is an industry perception that in-game advertising is not an attractive environment for brands to align with or advertise in. Many popular game titles contain violence and/or profanity—which advertisers feel are not particularly brand safe—and there’s concern that gamers are not receptive to in-game ads that detract from gameplay.

However, we found that advertisers who have had success with advertising in-game understand that brand safety concerns can be mitigated with various technology and planning measures that ensure the gaming environments are suitable for the brand. And gamers are amenable to ads that are authentic and communicate a clear value exchange. In this way, gamers are no different than consumers of other forms of media.

Ensuring Brand Safety

Publishers and ad tech companies shared that they offer a tailored approach to delivering in-game ads. In the planning stage, they can work with advertisers to select specific game categories and avoid others that may not be suitable for the brand, and have developed systems, tools, and services to ensure brands show up in a desired environment.

During gameplay, technology is in place to automatically moderate and prevent potential negative interactions within multiplayer gaming environments that could potentially impact an adjacent brand in a negative way, and a combination of AI and filters are also used to “quarantine” negative audience behaviors and preserve a fun and brand safe environment.

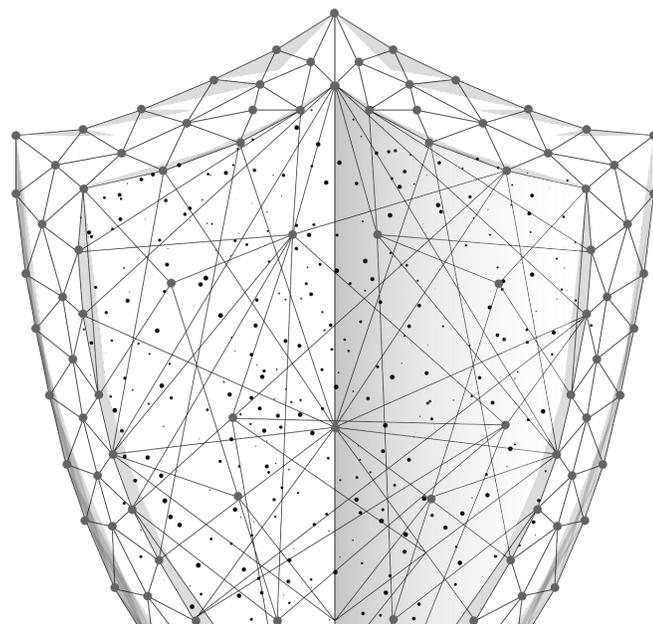
Additionally, several ad tech companies and publishers have integrated third-party brand safety monitoring services to report on how the in-game ads met campaign and brand objectives, and several agencies use keyword blocking as a “second eye.”

“

Most [in-game] platforms can ensure that there's protocols in place, both automated and machine based, plus human moderation to ensure brand safety. - Agency

“

You can easily distinguish or avoid games that are violent or games that have profanity. The filtering that's available from a gaming content perspective is pretty robust. There's no concerns there for what types of games you'll end up in. - Brand



Ensuring Ad Receptivity

Of similar concern for advertisers is brand alignment, and ensuring the brand appears in-game in a way that gamers are receptive to and doesn't disrupt gameplay. Ad tech and publishers shared that they ensure positive gamer receptivity by matching the ad format to the type of gameplay, and ensuring there's a significant "value exchange."

For games that are typically free or low cost, like many mobile games, gamers are aware that the value exchange is watching ads to access the game for free—like many other forms of media.

For console or PC games that cost more upfront—sometimes \$70 per title—gamers expect a premium experience and may be less receptive to ads unless a significant reward or value is passed back to them. This could be through power-ups, skins, adding realism to the game with playable objects or billboards, or other ways that improve the gameplay experience.

The concept of rewarded ads is a compelling opportunity to advertisers that spans across all types of gaming experiences, where players have the option to watch ads for in-game benefits. This opt-in ad format has proven welcome by gamers because they get to choose if they want to engage and receive the reward. Game developers appreciate that the ads don't unknowingly interrupt gameplay, and advertisers get the benefits of providing tangible rewards and value to the gamer.

“

What's more interesting for us is the rewarded side. If you do it correctly, you can definitely add value in a meaningful way. - **Brand**

Bringing Authenticity

As part of providing a value exchange, reaching gamers in an authentic, meaningful way is also critical to success in-game.

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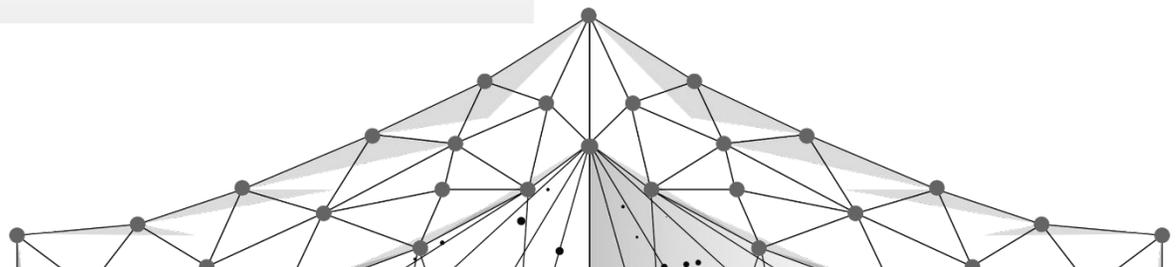
I'm not sure we really see much of an aversion as long as it's a natural fit. Gamers know what's authentic and what's fake or corny. It needs to have real value. - **Brand**

Our interviewees shared that ad formats that provide tangible in-game value such as in-game playables, rewards, currency boosts, and skins are well-received by gamers. And for intrinsic in-game ads that are designed to be native to gameplay, the creative is adjusted to blend into the environment and add realism to the game.

For ad formats where assets from other digital media or TV can be repurposed, we heard a variety of opinions on if it needs to be adjusted to fit the environment for campaign success. Ad tech and publishers shared that while adjusting repurposed creative to match the tone of the game can be beneficial, it's not necessary if the value exchange is strong enough where the ad is providing a reward or a free game—gamers will still associate that positively with the brand. Advertisers confirmed they've seen success leveraging both tactics, and the decision to adjust creative or not depends on the ad format, resources, objectives, and media plan.

“

While it is possible to take standard assets that might exist from your campaign into gaming, I would recommend tailoring it to make it as native as possible. - **Agency**



INDUSTRY PERCEPTIONS SUMMARY

BRAND SAFETY & RECEPTIVITY

In-game advertising can be a brand safe environment where gamers appreciate the value exchange

There's a perception that in-game advertising is not a particularly brand-safe environment for brands, and gamers are not receptive to ads. However, brand safety concerns can be mitigated with various technology and planning measures that ensure the gaming environments are suitable for the brand, and gamers are amenable to ads that are authentic and communicate a clear value exchange—like other forms of advertising. The necessity to tailor the creative for the game can be dependent on ad format and objectives.

PERCEPTION SPECTRUM

< UNSAFE, STRONG AVERSION

SAFE, NON-AVERSION >



Perception levels based upon qualitative feedback

BRAND PERCEPTIONS

- Emphasize the importance of careful brand management and due diligence when it comes to involvement with games. They're cautious about association with certain titles and IP.
- Require placements to be relevant and authentic to core brand values.
- Keen on the concept of "rewarded" ads, where players have the option to watch ads for in-game benefits and enhancements—research supports this is well-received by players.

AGENCY PERCEPTIONS

- Most have established game vetting processes and risk compliance for in-game advertising.
- Game selection process and technology mitigates brand safety concerns—but does not dismiss underlying client needs.
- Tailoring ad creative to fit the tone of the game is beneficial, but not necessary for scale.

AD TECH PERCEPTIONS

- Title-specific and predesigned network approaches are created with the buy side in mind so brands can pick the titles or genre they show up in.
- Implementation of leading third-party technologies can mitigate brand safety concerns.
- Ensures that network ad formats are player-centric, and provide a clear value exchange.
- Agrees that bad execution or disruptive ads can result in negative backlash from players.

PUBLISHER PERCEPTIONS

- Create high-quality content and control every aspect of the ad experience.
- Finding the right fit for brands is critical for success. An integration can be a natural fit if brands are expected to show up in the environment, or provide a clear value exchange.

RECOMMENDATIONS

FINDING ALIGNMENT & OVERCOMING MISPERCEPTIONS

“

I'm a gamer. I tend to think that my perspective is reflective of what gamers tend to think. I've been trying to have meaningful conversations both with brands and people developing these solutions in order to find that tightrope walk and develop a solution that achieves everything that all sides want.

- Agency



INDUSTRY PERCEPTION SPECTRUMS

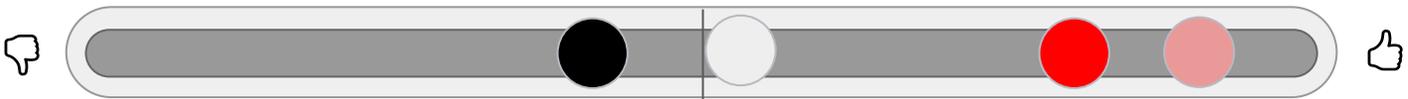
Data from our qualitative interviews was categorized into respective levels of perception for each segment and category, and plotted across these spectrums. By understanding both buy and sell side perceptions for in-game advertising, the industry can focus on closing these gaps and finding alignment.



COST & VALUE

In-game advertising is too expensive and requires a high barrier to entry.

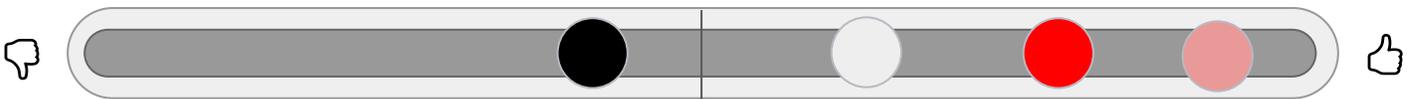
< HIGH COST BARRIER TO ENTRY | LOW COST BARRIER TO ENTRY >



QUALITY ACTIVATION AT SCALE

In-game advertising is difficult to activate at scale with quality inventory and reach.

< LIMITED SCALABILITY, LIMITED QUALITY INVENTORY | FRICTIONLESS SCALABILITY, UNLIMITED QUALITY INVENTORY >



DELIVERING ON FULL-FUNNEL OBJECTIVES

In-game advertising doesn't deliver on key objectives throughout the funnel.

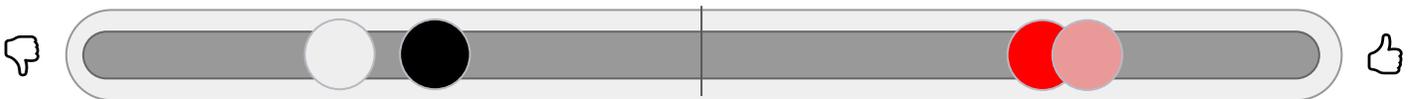
< LIMITED DELIVERY OF OBJECTIVES | EXCEPTIONAL DELIVERY OF OBJECTIVES >



MEASUREMENT

In-game advertising is difficult to measure due to lack of standards and measurement.

< DIFFICULT TO MEASURE | EASY TO MEASURE >



BRAND SAFETY & RECEPTIVITY

In-game advertising isn't a safe and welcome environment for brands.

< UNSAFE, STRONG AVERSION | SAFE, NON-AVERSION >



RECOMMENDATIONS

COST & VALUE

To address the misperception that in-game advertising has a high cost barrier to entry, the sell side needs to prioritize education on the lowest lift entry points to simply get advertisers started.

Furthermore, in many cases “cost” is not the main barrier, it’s “value.” Brands want to know in-game advertising is not just affordable, but they’re also getting a premium media channel for the price.

Publishers and ad tech companies will need to showcase that their media is a good overall value.

ACTION ITEMS

BRANDS	AGENCIES	AD TECH	PUBLISHERS
<ul style="list-style-type: none"> Learn about the in-game advertising ecosystem, and how to activate across multiple ad formats and platforms. Determine goals up front, and let them guide the media plan, ad formats, and activation strategy (custom vs. dynamic, cost efficiency vs. premium titles, etc.). Ensure measures of success align to the activation—especially when budgets are from other areas. Test and learn using smaller buys to start. Compare cost efficiencies and impact of in-game advertising versus other digital buys. Assess media plans to consider in-game advertising for extended reach/efficiency. 		<ul style="list-style-type: none"> Educate buy side on all the available in-game opportunities, formats, and price structures. Promote low barriers to entry, and compare value against other media channels. Leverage cross-platform research to demonstrate the difference between engagement within gaming vs. other media to differentiate value. Highlight the uniqueness of gaming with audience insights that reveal why players play. 	<ul style="list-style-type: none"> Iterate on technology to alleviate higher barrier to entry for custom activations.
<ul style="list-style-type: none"> Understand how different ad formats achieve cost efficiency across platforms and gaming portfolios. Determine maximum cost efficiencies through limited frequency but incremental impact of creative. 			

RECOMMENDATIONS

QUALITY ACTIVATION AT SCALE

To address the misperception that in-game advertising is challenging to scale with quality inventory, ad tech companies and publishers can educate advertisers on the ease of launching in-game ad campaigns with quality impactful inventory, and differentiate themselves so buyers know who and which partners to connect with to get started. Advertisers should be open to looking beyond individual custom integrations and how a network approach can deliver quality and engaging reach. The industry should work together with industry bodies like IAB to develop formatting standards and best practices.

ACTION ITEMS			
BRANDS	AGENCIES	AD TECH	PUBLISHERS
<ul style="list-style-type: none"> • Ensure all teams are educated on the various ways to activate in-game advertising at scale. • Be willing to fail fast and implement incremental improvements to advertising strategies. • Test strategies for specific categories of brands and implement best practices at a genre and category level. 		<ul style="list-style-type: none"> • Educate buy side on where and how to buy across platforms, networks, exchanges, and direct. • Promote ease of activating in-game. Showcase systems and tools that make it easy, and highlight creative teams that will help with any asset repurposing needs. • Continue to build programmatic pipelines and educate advertisers on how and where they can supplement their cross-platform campaigns within gaming. 	
		<ul style="list-style-type: none"> • Activate strategy to differentiate across competitors through inventory and ad format innovation. • Provide case studies highlighting the impact of advertising within a network of lesser known games compared to AAA titles. 	<ul style="list-style-type: none"> • Develop native and rewarded inventory opportunities (intrinsic ads, rewarded ads, etc.). • Open inventory to vetted ad tech partnerships.
<ul style="list-style-type: none"> • Develop thought leadership around the differences between gaming being a first touch vs. a secondary reminder of existing cross-platform campaigns. • Align brand goals with play types and audience motivations. • Collaborate with IAB and other industry bodies to establish ad format standardization. 			

RECOMMENDATIONS

DELIVERING ON OBJECTIVES

Since the majority of participants in this research perceive in-game advertising as primarily an upper-funnel vehicle, ad tech companies and publishers don't need to swim against the current perception, but instead expand and highlight the ways in-gaming ads can deliver across the full funnel. Ad tech companies and publishers can educate the buy side on the suite of full-funnel ad formats they offer, and promote case studies that show real-world examples of success. Advertisers should be willing to test, experiment, and learn with activations that can align with lower funnel objectives such as promotional codes, limited-time-offers, and seamless app downloads.

ACTION ITEMS			
BRANDS	AGENCIES	AD TECH	PUBLISHERS
<ul style="list-style-type: none"> • Define clear objectives, and leverage ad formats and partners that can deliver on those goals. • Target audiences broadly to achieve KPIs rather than narrowing segments too deeply. • Focus on formats that maintain brand values and showcase brand attributes in creative ways. • Experiment with lower-funnel activations that drive clicks, visits, and conversions. • When developing cross-platform campaigns, keep gaming as a consideration and carve out creative space for in-game formats. • Test and learn: activate different audience segments, A/B test creatives, use sequential assets to create storytelling opportunities. 		<ul style="list-style-type: none"> • Highlight case studies to demonstrate ways that brands have created meaningful audience engagement through in-game advertising with either custom integrations, dynamic offerings or both. • Continue to build innovative ad formats that target specific parts of the funnel—giving the buy side an array of options and combinations to meet objectives. 	
<ul style="list-style-type: none"> • Consider pre-campaign testing of creative and ad formats prior to deploying campaigns to determine how specific brand KPIs can be achieved. This could mitigate risk posed to brands that are new to gaming and preserve brand perceptions of gaming as a viable vehicle. • Research and demonstrate the “halo effect” between in-game ads and other media, and impact on the purchase funnel. 			

MEASUREMENT

To address the misperception gap that in-game ads are not as measurable with the same breadth and depth as other digital media, ad tech companies and publishers need to continue to educate the industry about what measurement and metrics are available, and leverage those capabilities to demonstrate how gaming compares to other media. They can ensure compliance with IAB and MRC standards such as the [Intrinsic In-Game \(IIG\) Measurement Guidelines](#) to provide consistent metrics across in-game campaigns, and collaborate with the buy side to adjust and add new measurement capabilities that uncover how in-game advertising engages audiences in a different way than traditional media, uplevels interoperability, and is comparable with how advertisers are already leveraging data.

ACTION ITEMS			
BRANDS	AGENCIES	AD TECH	PUBLISHERS
<ul style="list-style-type: none"> • Leverage ad tech and publisher first-party data and third-party research to determine impact. • Request measurement partners adopt comparable measures of impact that include in-game advertising. • Work towards evaluating in-game advertising at the same standard as other traditional/digital media. • Prioritize partners who are accredited by MRC for IAG measurement standards, and advocate for those that aren't to begin the process. 		<ul style="list-style-type: none"> • Educate across industry as to where, when, and how in-game data and measurement is available. • Ensure compliance with the Intrinsic In-Game (IIG) Measurement Guidelines to ensure accuracy in audience measurement, and start the MRC accreditation process. • Be aware of the types of data clients are using to activate audiences and measure performance, and provide best practices and guidelines for data transference and ingest. • Collaborate to create data pipelines across measurement providers that brands can leverage. • Continue to measure and demonstrate the impact of in-game advertising compared to all different media types beyond just those with comparable CPMs (TV, CTV, social, etc.). • Ensure MRC accreditation for standard display and video ads. 	
<ul style="list-style-type: none"> • Collaborate to build measurement roadmaps based on evolving needs. • Partner with IAB and other industry bodies to evolve measurement guidelines and standards. • Establish frameworks and privacy checks as to what data is appropriate to leverage across various publishers and ad tech companies, and create more pathways towards sharing first-party data that would inform ad effectiveness. 			

BRAND SAFETY & RECEPTIVITY

Brands should be aware that much of their brand safety concerns can be mitigated with various technology and planning measures that ensure the gaming environments are suitable for the brand. And when the ads deliver a clear value exchange and are authentic, gamers are not adverse to in-game advertising. To address this misperception, advertisers can familiarize themselves with the various planning and verification tools available to manage brand safety, and ad tech companies and publishers can continue to research and share the impact of player receptivity and value exchange for various in-game ad formats.

ACTION ITEMS			
BRANDS	AGENCIES	AD TECH	PUBLISHERS
<ul style="list-style-type: none"> • Leverage available technologies and services to ensure brand safety and alignment for in-game campaigns. • Consider gaming’s role when designing cross-platform campaigns, and tailor creative to in-game when possible. • Be open to pushing the boundaries of traditional brand safety guidelines to build more authentic experiences. • Establish frameworks for various teams across organizations to understand inherent risks or limitations of in-game ads. 		<ul style="list-style-type: none"> • Continue to curate channels of brand-safe games linked to gameplay behavior and motivations. • Provide easily accessible opportunities for brands and agencies to quickly understand how different game loops keep audiences engaged beyond genre categorization. • Guide advertisers on when they should leverage existing assets or revise assets to reflect gameplay. 	
<ul style="list-style-type: none"> • Become familiar with the available brand safety tools, services, and mechanisms available for in-game advertising. 	<ul style="list-style-type: none"> • Educate clients on the various brand safety mechanisms in place for in-game campaigns. 		
<ul style="list-style-type: none"> • Be thoughtful and deliberate with the overarching value exchange of the in-game campaign, and what the brand is providing to the player (a free game, rewards, playables, skins, realism, etc.). • Collaborate to integrate various third-party transparency measurement to monitor any concerns and ensure advertisers are placed within context they have chosen. • Get involved or stay informed as IAB and IAB Tech Lab work to define taxonomies to improve content classification for gaming environments, and improve contextual and brand safety categorization. 			



ABOUT THE RESEARCH



METHODOLOGY

This report is the summation of qualitative, in-depth interviews with 40 senior-level decision-makers (at the Director through CEO level) at brands, agencies, ad tech partners (including in-game advertising platforms and ad exchanges), game developers, and publishers with experience with in-game advertising, to determine how companies perceive the state of advertising in gaming, its benefits, and areas for improvement.

Interviewees were selected and vetted by IAB based on their experience within gaming to provide multiple perspectives across the industry. All interviews and the respective insights within this report were anonymously aggregated and separated into respective categories of brands, agencies, ad tech companies, and publishers. The online interviews, each lasting between 60-90 minutes, were conducted between December 5, 2022 and January 30, 2023 by MediaScience.

INTERVIEWS WERE CONDUCTED BY MEDIASCIENCE ALONGSIDE IAB SUBJECT MATTER EXPERTS:

- **Phillip Lomax**, Executive Vice President, **MediaScience**
- **Jack Koch**, Senior Vice President, Research & Insights, **IAB**
- **Chris Bruderle**, Vice President, Research & Insights, **IAB**
- **Zoe Soon**, Vice President, Experience Center, **IAB**
- **Derek Smith**, Director, Experience Center, **IAB**

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HARKConnect by **MediaScience** was used for data collection and analysis. HARKConnect is a QualTech™ platform that creates a digital green room for clients to watch and analyze qualitative research. Live transcriptions and translations into 60 languages allow IDIs and focus groups to take place across multiple geographies. AI tagging captures key moments within interviews and aggregates key moments.

MediaScience would like to thank IAB for initiating and co-authoring this research and report. As with all MediaScience research, this work is both independent and objective, without any influence from any business, government, or other institution. MediaScience is a privately held company.

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ABOUT MEDIASCIENCE

THE LEADER IN MEDIA AND ADVERTISING INNOVATION RESEARCH



MediaScience® is a global leader in media and advertising innovation research with best-in-class research facilities located in Austin, Chicago, New York, London, and Perth. MediaScience's founder & CEO, Dr. Duane Varan, ranks among the top ten researchers in the world in terms of peer-reviewed journal publications in the advertising discipline and was recently awarded the ARF's prestigious Erwin Ephron Demystification Award.

MediaScience specializes in custom, best-in-class lab-based and in-home quantitative and qualitative research and research technology. Utilizing an array of scientific tools to tackle client research questions, including eye-tracking, neurometrics, facial response coding, implicit and reaction time measures, traditional dial testing, and traditional survey measures, MediaScience offers the deepest toolkit in the industry.

The MediaScience team is made up of business professionals and scientists who specialize in various fields in cognitive psychology, neuroscience, statistics, communication, and advertising - along with an in-house support team of data collection and data prep teams, video editors, and software engineers. Clients of MediaScience span the realm of broadcast networks, brands, digital content providers, advertisers, and much more.

MediaScience has a particularly strong track record for innovation research. Almost every major innovation in the TV advertising industry over the course of the past decade was first tested by MediaScience.

ABOUT IAB



The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 700 leading media companies, brands, agencies, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

GAME OVER