game
advertising

State of the Nation Report
Wave 2 | July 2022

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introduction.

The growth of gaming has evolved into an incredible opportunity for brands that are keen to leverage and architect their advertising strategies in high-quality content across a diverse ecosystem. Brand building has emerged as the key driver for usage of game advertising this year, with reach, innovative ad offerings and diversity in gaming audiences compelling advertisers to experiment with a range of ad formats.

The IAB Game Advertising Working Group has undertaken a market survey to uncover the unique opportunities available to advertisers. The group are proud to launch the IAB Australia Game Advertising State of the Nation Report which assesses the level of experience mainstream media agencies have with game advertising to better understand the gaps in knowledge that would increase their confidence in continuing to use gaming or recommend gaming advertising. The findings within this report helps identify gaming content environments within the game, around the game and away from the game that will actively support advertisers and media agencies to invest in relevant gaming environments that translate into positive user experiences.

Poppy Hill
Senior Group Director, Double Verify
Chair of IAB Australia Game Working Group

diverse games landscape fueling market growth

interactive games and esports revenue
PWC Entertainment and Media Trends Forecast 2021 - 2025

Total interactive games market $m

$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0

game advertising $m

$100
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0

$3,175 $3,405 $3,651 $3,917 $4,216 $4,551 $4,895
$59 $61 $64 $69 $74 $80 $86

2019   2020   2021   2022   2023   2024   2025

— Total interactive games market   — Game advertising
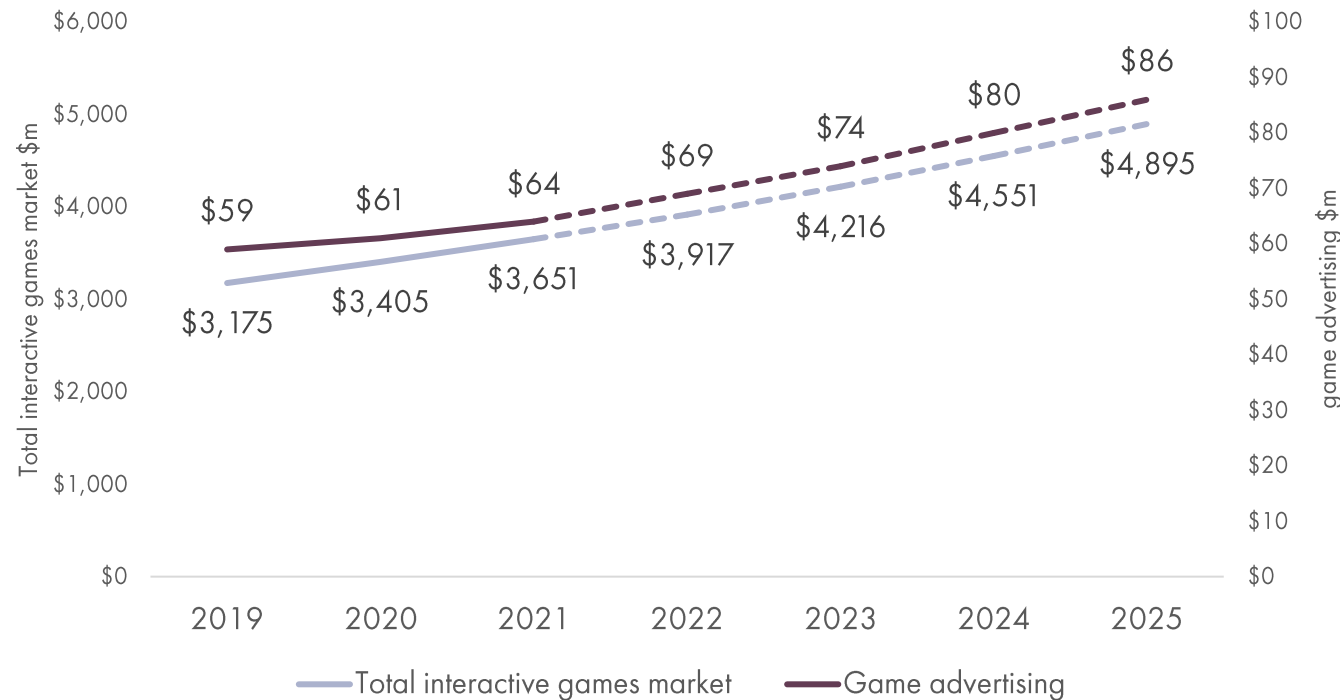
The interactive games market accounted for 5.9% of the total entertainment and media market in 2020, expected to grow to 6.8% by 2025.

Game advertising CAGR 6.6% 2019 - 2025

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game advertising opportunities.

in the game

In-game advertising provide opportunities for how brands to directly influence gameplay visuals/audio with their messaging or alter the gaming experience through skins and sponsored content.

around the game

The opportunities available to brands during the gaming experience but not within the gameplay itself. Examples of this include in-app rewarded video, interstitials and overlayed audio ads.

away from the game

Opportunities within gaming that exist away from the gameplay experience itself. This includes streaming, esports, influencer and content marketing

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methodology.

The IAB Game Advertising Working Group conducted a survey in June 2022 amongst **80 advertising decision makers** working in agencies and brands with experience or intention to buy game advertising and marketing.

The survey was designed to **assess industry understanding and use of game advertising** and prioritise initiatives to help marketers drive business results.

This wave 2 report compares results from wave 1 survey conducted in August 2021 (IAB Attitudes to Game Advertising Report 2021).

experience with game advertising.

Experience with game advertising amongst mainstream advertising agencies is mostly at the experimental stage with 30% regularly considering or using it (up from 20% in 2021). Those with no plans to use it most commonly say its not suitable for business/client or they specialise in other channels.

experience with game advertising and marketing to date

62%
have used game advertising to date.

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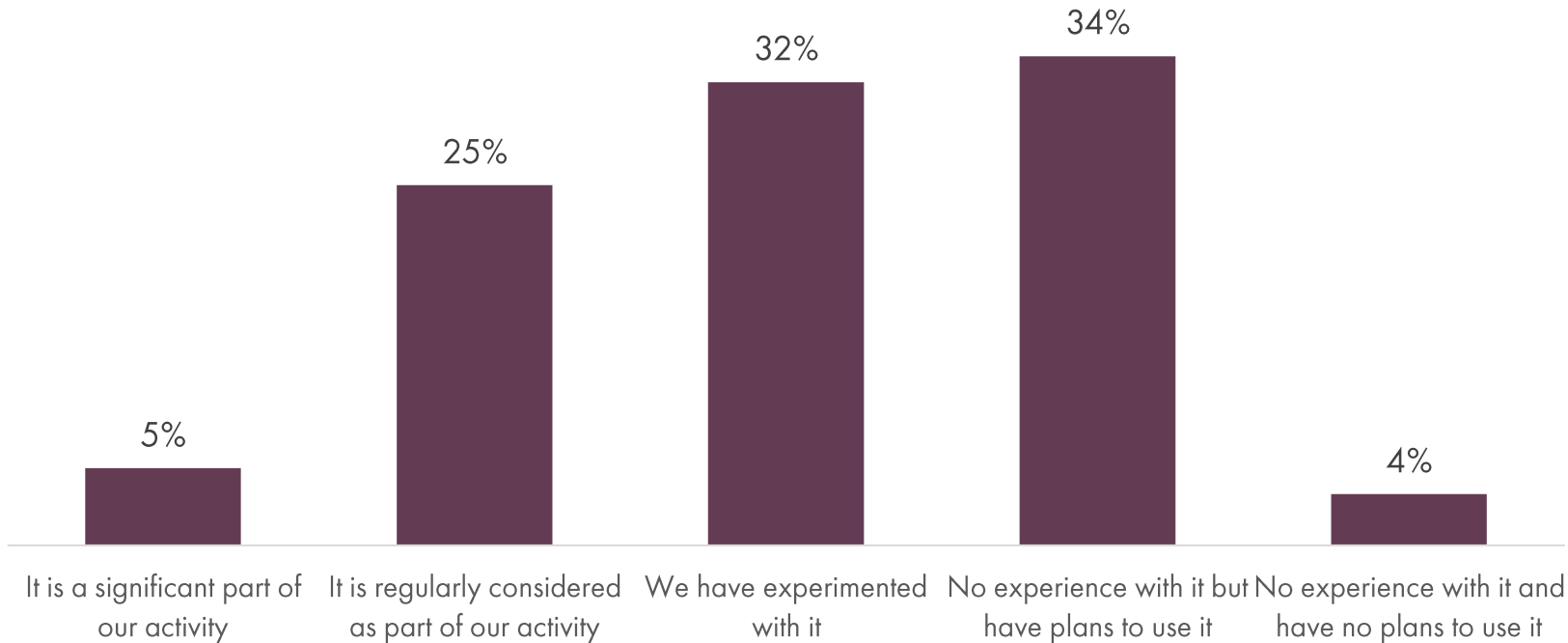
changes to game advertising activity.

Nearly all advertisers have either increased game advertising activity and participation or not changed it over the last 12 months.

activity and participation in game advertising changes over the last 12 months

43%

36%

19%

2%

0%

| Significantly increased activity | Somewhat increased activity | Somewhat decreased activity | Significantly decreased activity | No change |
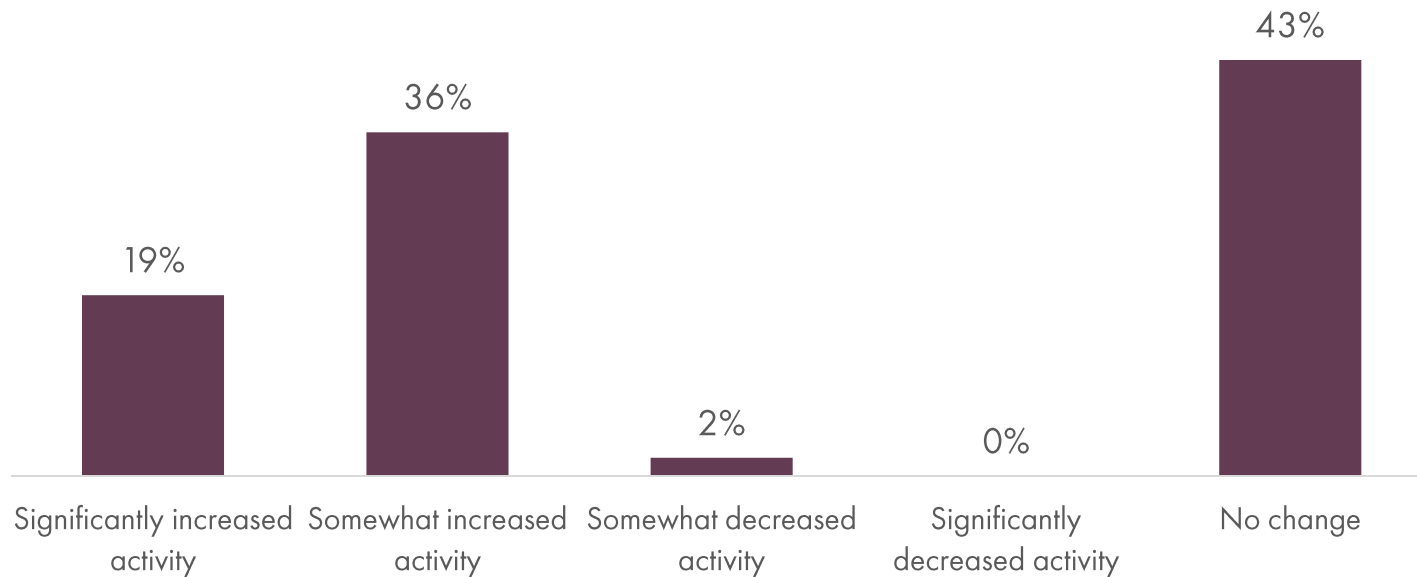
55%
have increased game advertising participation in the last year.

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agency structure for game advertising.

There are some specialists/experts that can be called within agencies on but mostly game advertising is handled by the digital media team, so broad education and knowledge building is important.

agency structure for game advertising

72%
Handled across our digital media team

16%
Local dedicated specialist team

16%
Global specialist team

6%
Internal gaming expert / lead

6%
A specialist external agency
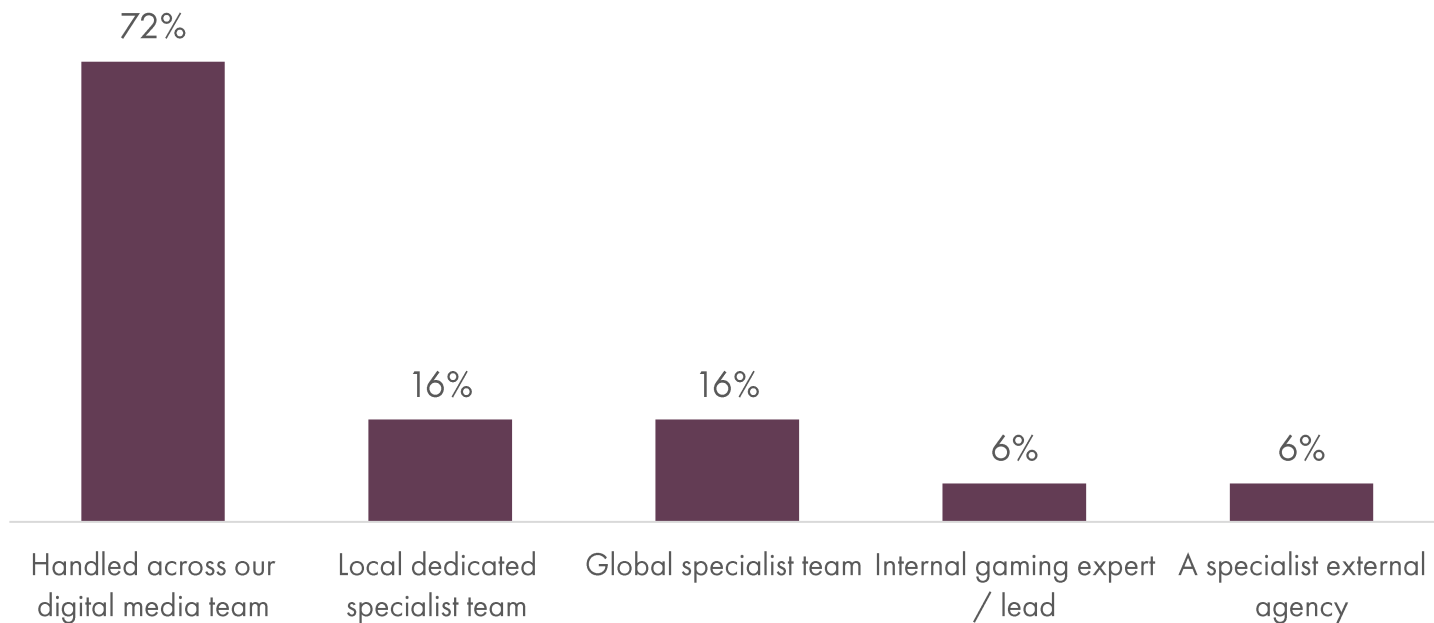
Game advertising is mostly handled by the digital media team in agencies.

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formats used in game advertising.

game advertising and marketing formats used in the last year

Format	%
Streaming adjacent display and video	53%
Mobile game ads	51%
Live Streaming video	46%
Playable ads	38%
Blended/intrinsic in-game display and video	33%
Interstitials	29%
Direct brand engagement (custom activations)	28%
Game influencer marketing and ambassadors	28%
Game content marketing (bespoke advertorial/video)	26%
Rewarded video	25%
Esports sponsorships (leagues, teams, players)	22%
Shoppable formats (direct response 'shop now')	17%
Brand extensions (on-pack, branded cross-promotions)	14%
Direct in-game product placement	11%
Metaverse activations	8%

There has been increased usage of blended/intrinsic in-game display and video (+10) and playable ads (+9) on last wave.

17% used shoppable formats included in the survey for the first time.

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formats **intend to use** in game advertising activity.

game advertising and marketing formats intend to use in the next year

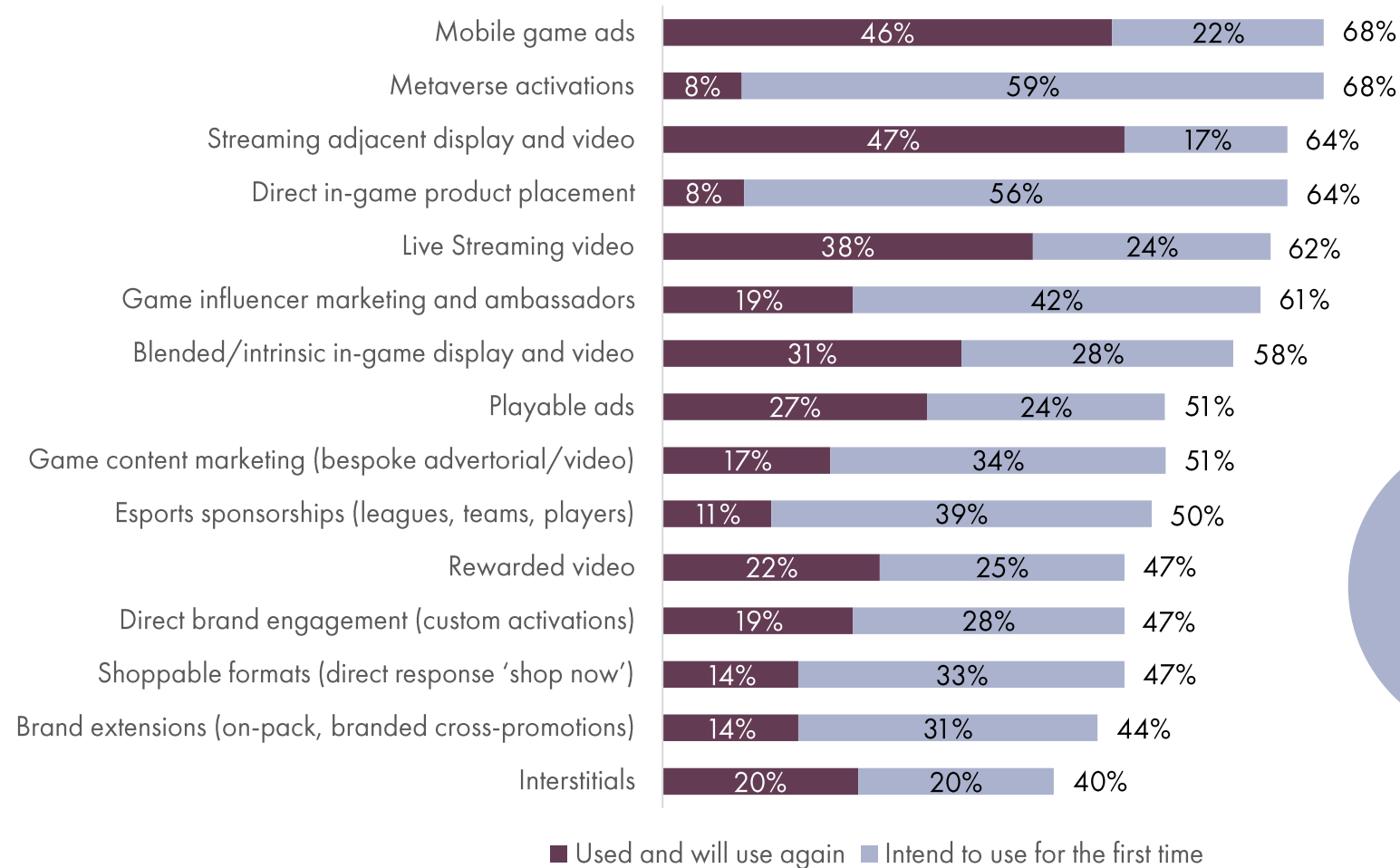| Format	Used and will use again	Intend to use for the first time	Total
Mobile game ads	46%	22%	68%
Metaverse activations	8%	59%	68%
Streaming adjacent display and video	47%	17%	64%
Direct in-game product placement	8%	56%	64%
Live Streaming video	38%	24%	62%
Game influencer marketing and ambassadors	19%	42%	61%
Blended/intrinsic in-game display and video	31%	28%	58%
Playable ads	27%	24%	51%
Game content marketing (bespoke advertorial/video)	17%	34%	51%
Esports sponsorships (leagues, teams, players)	11%	39%	50%
Rewarded video	22%	25%	47%
Direct brand engagement (custom activations)	19%	28%	47%
Shoppable formats (direct response 'shop now')	14%	33%	47%
Brand extensions (on-pack, branded cross-promotions)	14%	31%	44%
Interstitials	20%	20%	40%

■ Used and will use again   ■ Intend to use for the first time

"The Metaverse is just getting to a really exciting space and being able to reach consumers in this environment is new and bold. I'd love to see where this all ends up."
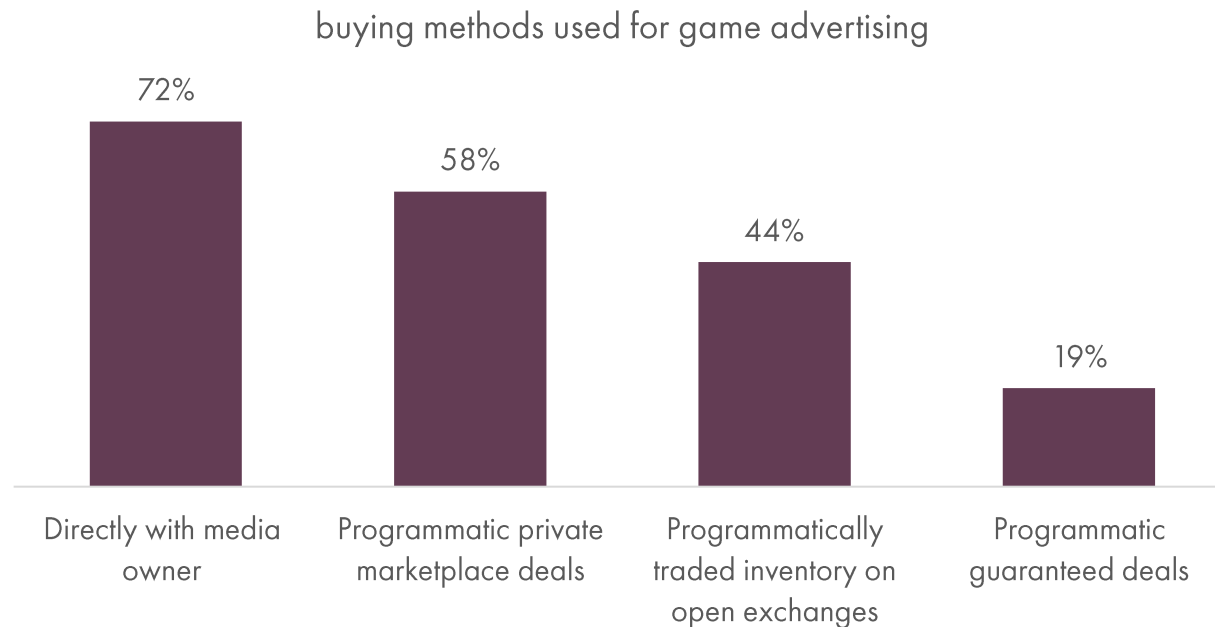- Brand Marketer

68% intend to use mobile game advertising in the next year.

Source: IAB Australia Game Advertising State of the Nation 2022
Q - Which of the following game advertising and marketing formats have you used in last year or do you intend to use in next year?

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methods for buying game advertising.

most game advertisers are currently buying directly with the media owner choosing games and genres that suit their brand. Buying via programmatic private marketplace deals has increased from 24% to 58% since last wave.

buying methods used for game advertising

72%	Directly with media owner
58%	Programmatic private marketplace deals
44%	Programmatically traded inventory on open exchanges
19%	Programmatic guaranteed deals

"I am excited about native in-game and blended formats that can be traded programmatically, as well as an increase in console/PC inventory that can be traded programmatically".
- media agency

"Programmatically inserting stadium advertising into sport games is something that will be really interesting to watch as it develops to understand how the users react"
- media agency

Source: IAB Australia Game Advertising State of the Nation 2022
Q - Which of the following advertising buying methods have you used for game advertising?

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planning and buying with other media.

7 in 10 game advertisers always or sometimes plan and buy game advertising collaboratively with digital display advertising (up from 65% to 73% this year).

planning and buying game advertising with other media

		at least sometimes
Planned and bought collaboratively with digital display	9% · 64% · 21% · 6%	73%
Planned and bought collaboratively with digital video	6% · 64% · 21% · 9%	70%
Planned and bought independently from other media	9% · 48% · 27% · 15%	58%

■ Always ■ Sometimes ■ Rarely ■ Never

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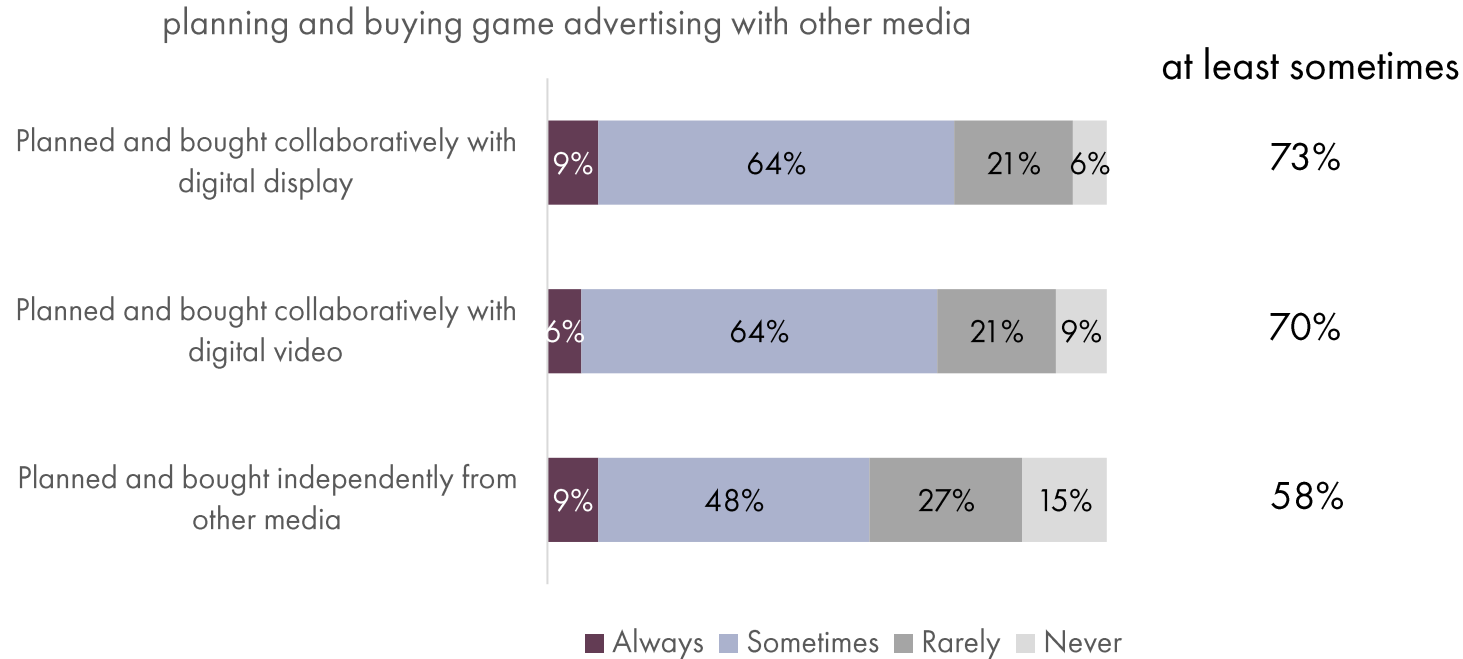
evaluating game advertising opportunities.

Audience suitability remains the primary consideration when evaluating game advertising opportunities this year with game content and context also major factors again. Game content alignment with brand values increased (+14) as a major consideration since last year.

considerations for placement of game advertising

Consideration	Major factor	Minor factor
Audience suitability	86%	14%
Suitability of the game content to brand values	75%	22%
Contextual targeting of placement	75%	22%
Involves ways to create motivation with audience	61%	31%
Avoid particular game genres (eg avoid violence)	61%	31%
Involves ways to engage with creator/influencer content	42%	47%
Involves ways to engaged in sociability of the game	39%	53%

■ Major factor   ■ Minor factor

Audience suitability remains the key consideration when evaluating game advertising opportunities.

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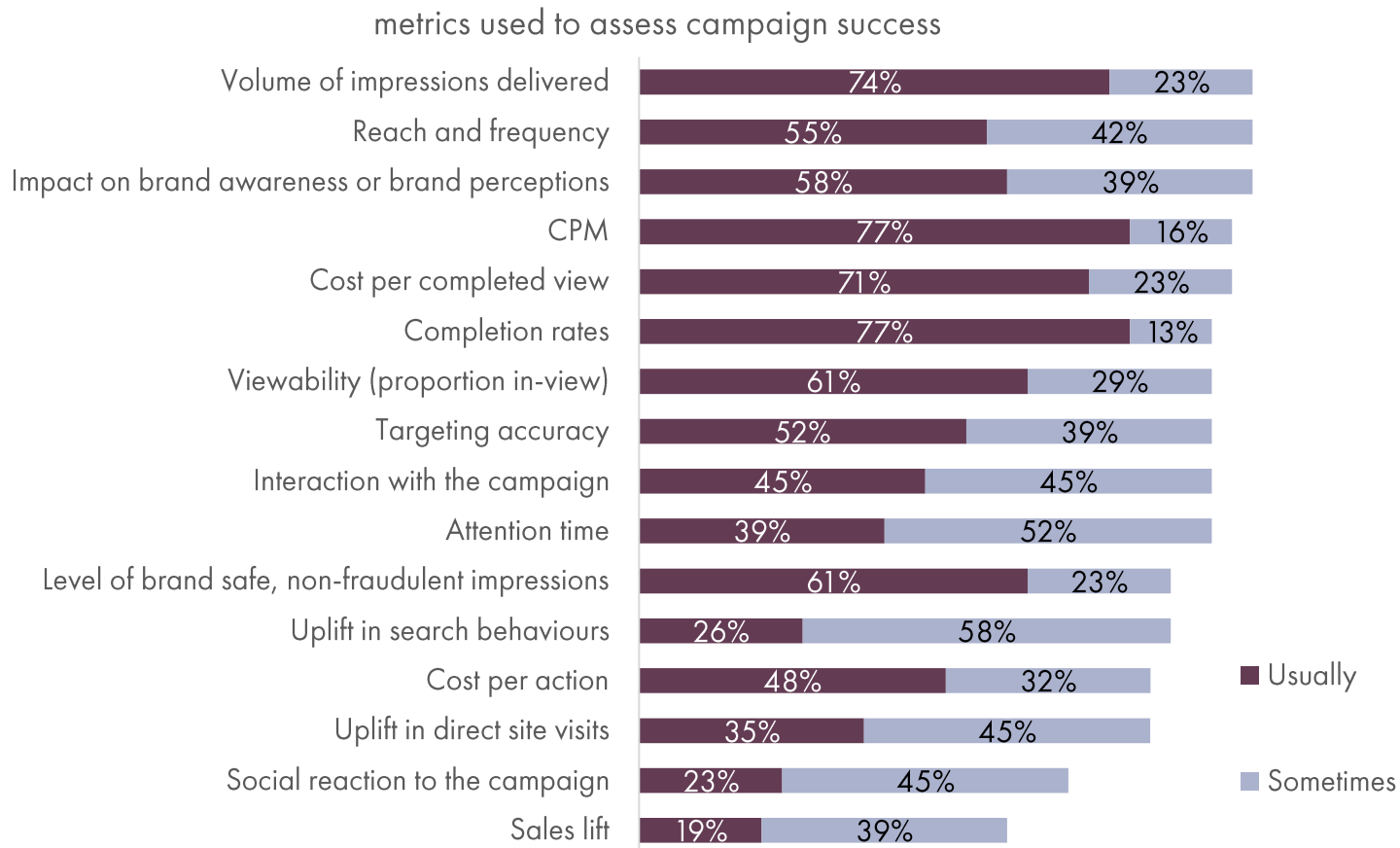australia

objectives of game advertising.

Increasing brand awareness and impacting brand perceptions remains the primary objective of game advertising and marketing this year. Using game advertising to inform/educate has increased over the last year (+15) while there has been a reduction in campaigns designed to drive purchase/action intent and sales.

objectives of game advertising and marketing

Brand awareness/brand perceptions	85%
Engagement	53%
Incremental/extended reach	50%
Inform/educate	41%
Purchase/action intent	21%
Sales or conversions	15%
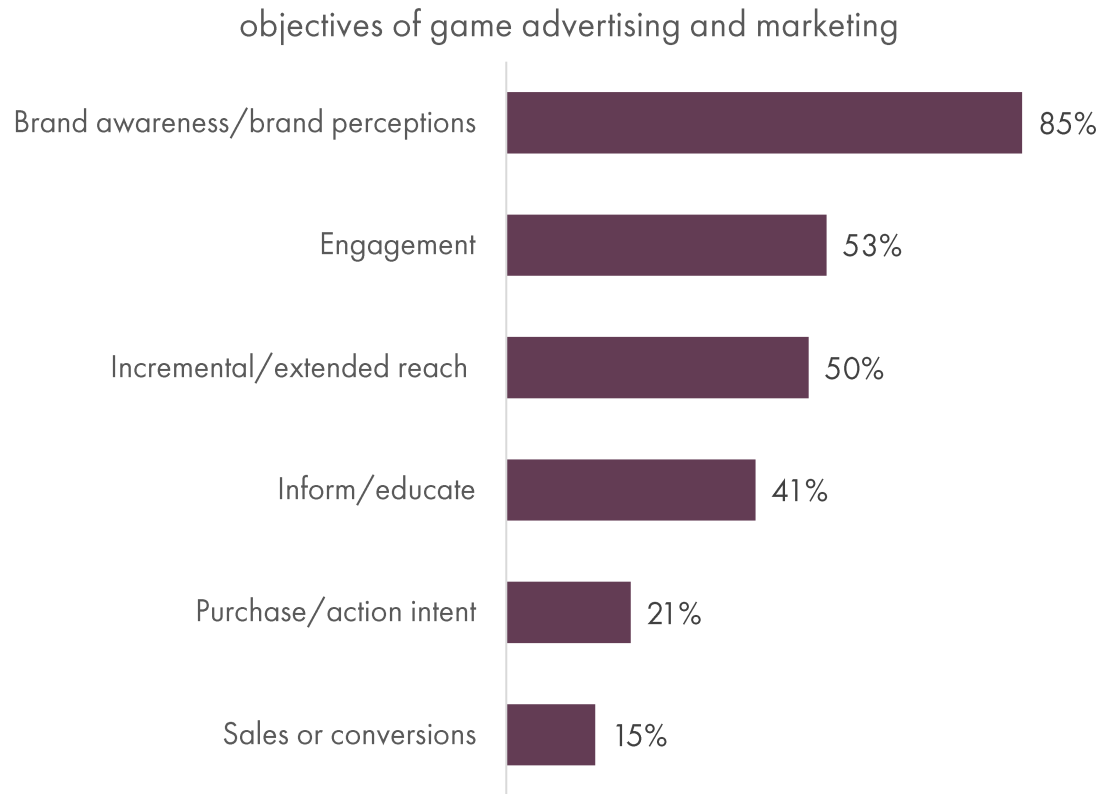
Brand building is the #1 objective for game advertising and marketing.

Source: IAB Australia Game Advertising State of the Nation 2022
Q - What have been the objectives of the game advertising and marketing activities you've been involved with over the past year?

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metrics used to assess success.

Volume of impressions delivered and reach & frequency remain the most popular metrics used to assess game advertising success with 97% of advertisers at least sometimes using these. The usage of brand metrics has increased this year, also now at 97% having at least sometimes used.

metrics used to assess campaign success

Metric	Usually	Sometimes
Volume of impressions delivered	74%	23%
Reach and frequency	55%	42%
Impact on brand awareness or brand perceptions	58%	39%
CPM	77%	16%
Cost per completed view	71%	23%
Completion rates	77%	13%
Viewability (proportion in-view)	61%	29%
Targeting accuracy	52%	39%
Interaction with the campaign	45%	45%
Attention time	39%	52%
Level of brand safe, non-fraudulent impressions	61%	23%
Uplift in search behaviours	26%	58%
Cost per action	48%	32%
Uplift in direct site visits	35%	45%
Social reaction to the campaign	23%	45%
Sales lift	19%	39%

■ Usually
■ Sometimes

Aligned with branding as the key objective for game advertising, usage of brand metrics to measure success has increased (+15) since last wave.

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key drivers for using game advertising.

Brand building has increased on last year (+20) to become the key driver for usage of game advertising. Access to hard-to-reach audiences was the #1 driver for using game advertising last year, focus has now shifted to brand building/story telling and to the diversity of game audiences, all increasing as drivers.

key drivers for using game advertising

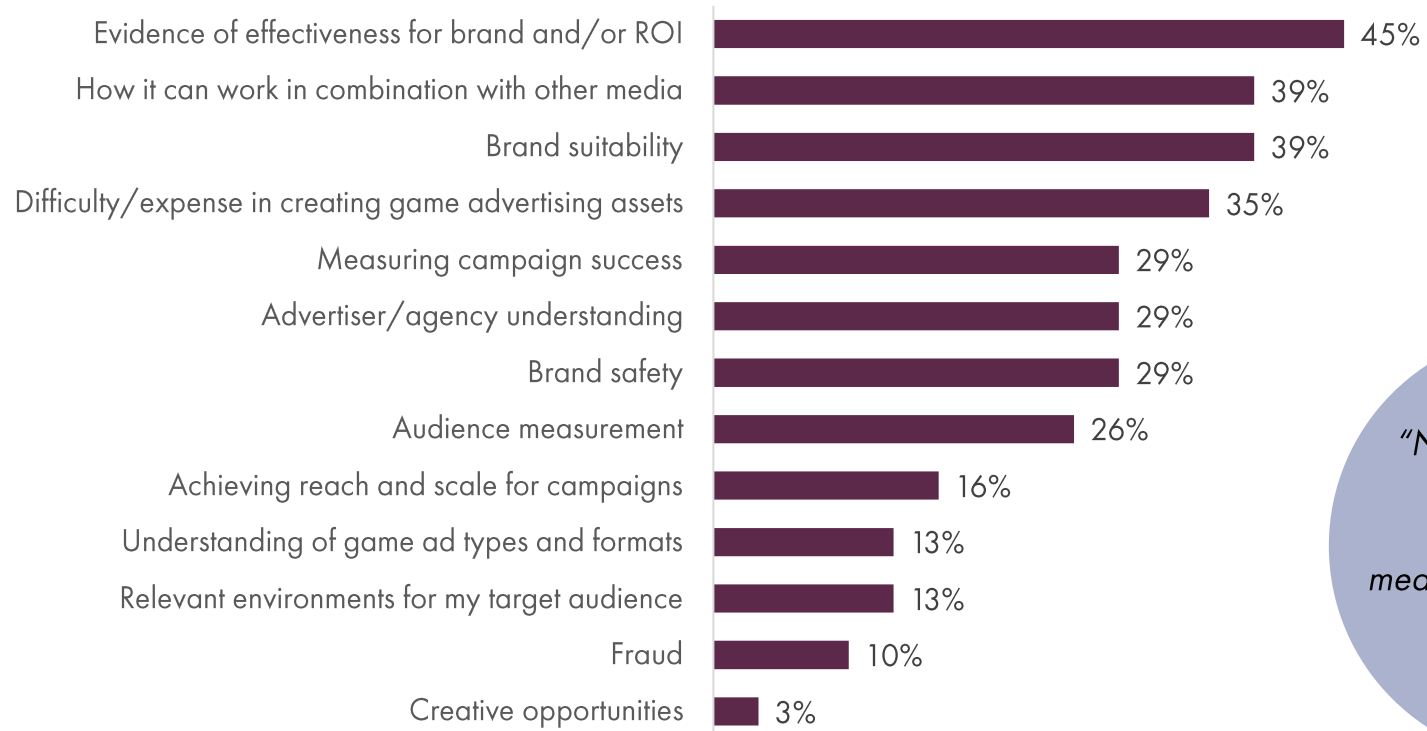|	
Effective at brand building	48%
Incremental reach	45%
Innovative ad offerings	45%
Diversity of gaming audiences	45%
Brand storytelling	42%
Access to harder to reach audience segments	39%
Access to gaming talent and influencers	35%
Higher audience attention and engagement	35%
Reach audiences at scale	35%
Trusted brand-safe environments	32%
Quality content environments	29%
Brand integrations and custom executions	29%
Better targeting and personalisation	26%
Competitive pricing	26%
Measurable ROI	23%

"The development of game advertising as a more utilised space will mean there will become more creative opportunities to incorporate brands into games. "
- Media agency

"The opportunity to diversify how we reach audiences and provide a more engaging experience that sits within the consumers mindset"
- Media agency

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key barriers for increasing investment.

Evidence of effectiveness for brand and/or ROI and understanding how game advertising works in combination with other media remain the top barriers from last wave. Brand suitability (+10) and audience measurement (+11) have both increased as a barrier this year while understanding of game types and formats has become less of a barrier (-10).

barriers to increasing investment in game advertising

Barrier	%
Evidence of effectiveness for brand and/or ROI	45%
How it can work in combination with other media	39%
Brand suitability	39%
Difficulty/expense in creating game advertising assets	35%
Measuring campaign success	29%
Advertiser/agency understanding	29%
Brand safety	29%
Audience measurement	26%
Achieving reach and scale for campaigns	16%
Understanding of game ad types and formats	13%
Relevant environments for my target audience	13%
Fraud	10%
Creative opportunities	3%

"Curious to know the impact of in-game advertising/product placement on business results/outcome"
- Media agency

"Need to know more about campaign effectiveness measurement - what's the north star?"
- Media agency

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Source: IAB Australia Game Advertising State of the Nation 2022
Q - What are the 3 biggest barriers preventing more investment in game advertising and marketing? Please select up to 3 responses.

fit for purpose creative in game advertising.

Creative is a key driver of advertising effectiveness, however 4 in 10 advertisers rarely or never develop tailored creative executions for game environments. There has been improvement on last wave with 61% at least sometimes tailoring creative, up from 41% last wave.

frequency of creating tailored creative executions

Never, 11%

Always, 17%

Rarely, 28%

Sometimes, 44%
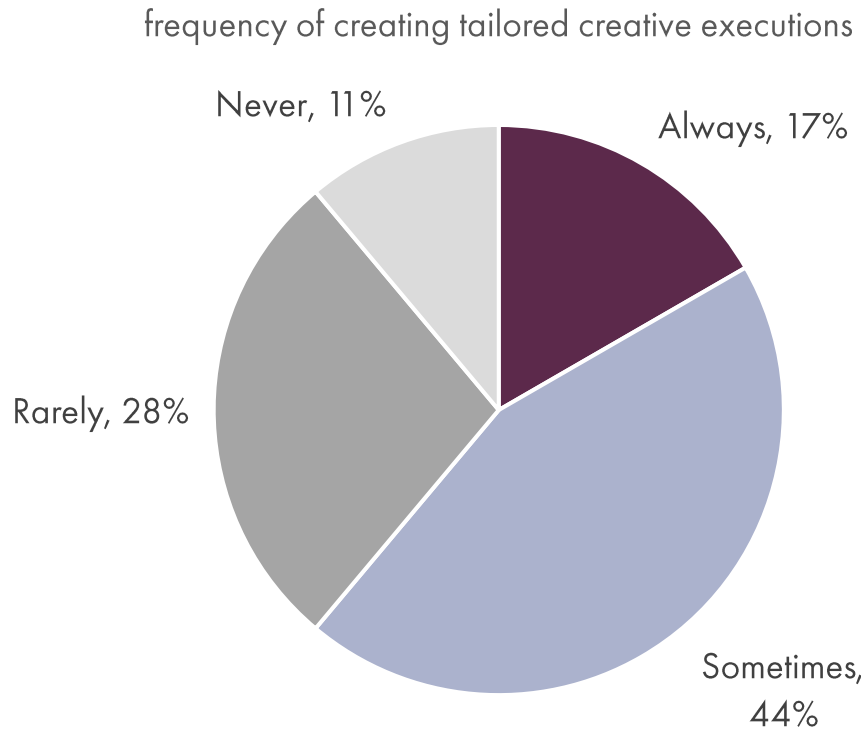
Given the strong impact from creative its worth the effort to invest in strong impactful creative that is designed for the specific game environment.

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summary.

Most mainstream agencies are experimenting with game advertising and marketing, 62% have used game advertising to date but it is not yet embedded as a significant or regular part of digital activity.

Advertisers are experimenting with a wide range of game advertising formats, including the most popular streaming adjacent display/video, mobile game ads and live streaming formats, as well as some experimentation with emerging formats such as shoppable ads, direct product placement and metaverse activations. There is future appetite to use these popular formats again and these emerging formats for the first time.

Game advertising is handled across digital teams within agencies and, when undertaken, is often planned and bought with other digital media, however most agencies do not have a game advertising specialist to evangelise this emerging media and provide deep expert knowledge. Therefore, it is important for the industry to provide opportunities to increase knowledge broadly across digital teams.

Audience suitability is a key consideration when evaluating game advertising and marketing opportunities. There has been a shift in thinking about game audiences over the last year. Previously, getting access to hard-to-reach audiences was the main driver for investment, now focus has now shifted to the diversity of game audiences as a greater driver for using game advertising.

Brand building remains the key objective for game advertising campaigns and the importance of effective brand building has increased on last year to become the key driver for investment in game advertising. The usage of brand metrics to assess campaign success has also increased over the last year.

To embed game advertising as a regularly considered option, the industry needs to continue work to provide evidence of the effectiveness for brand and ROI outcomes, as well as demonstrate how game advertising works with other media.

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