game advertising

state of the nation survey

wave 3 | july

iab. australia

2023

contents.

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

australians consumption of online games and game information on smartphone, computer and tablet

15.2 million

Australians (14+) consumed online game content on web or apps in June 23, spending on average 10 hours (**594 minutes** pp/m).

12.3 million consumed online games

8.0 million consumed gaming information content

excludes gaming console activity

games category by device
audience and share of total time per month

mobile

12.2 million
74% share of time

desktop

5.4 million
5% share of time

tablet

1.8 million
21% share of time

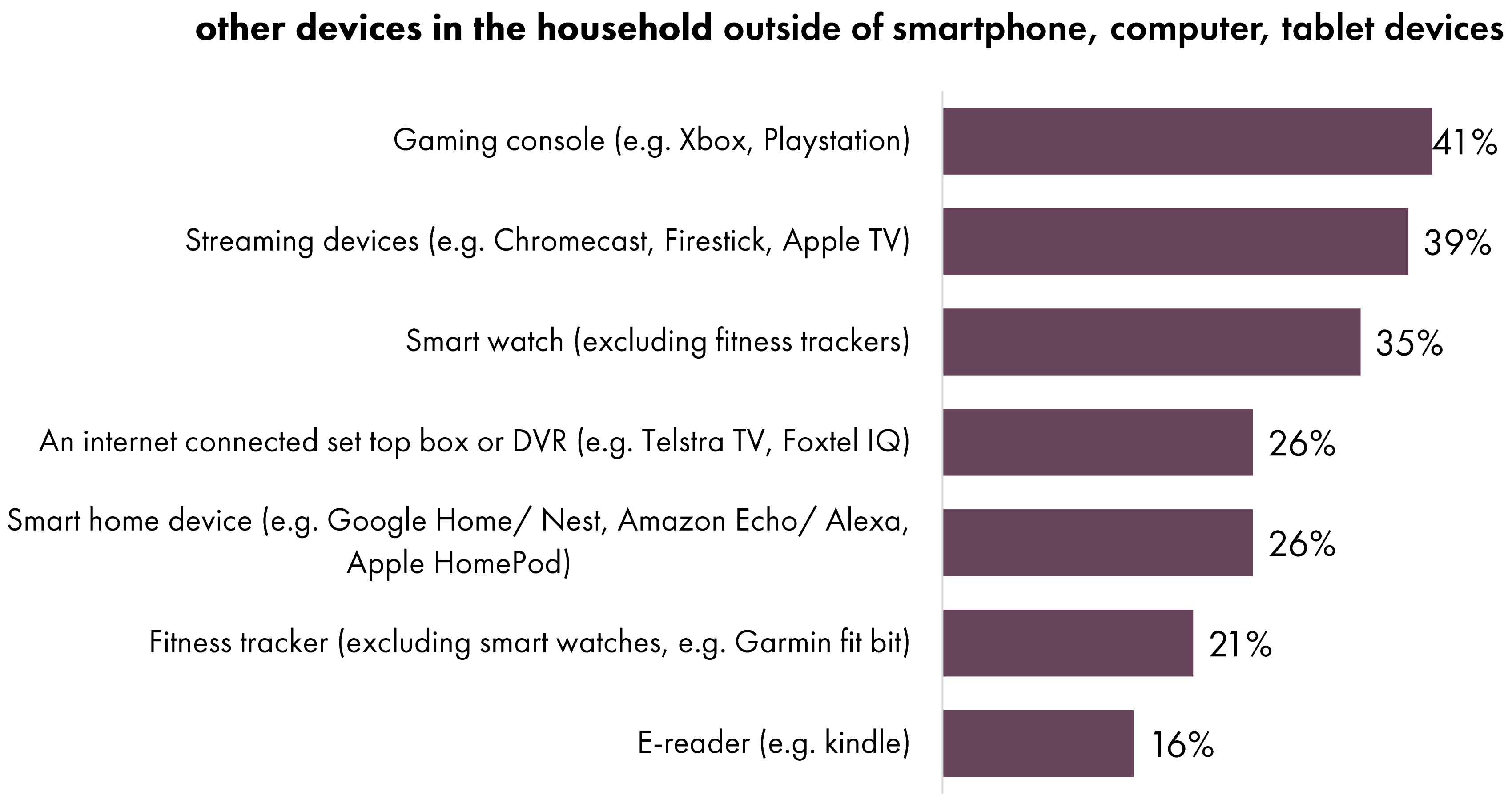
outside of the main devices, gaming consoles are the most commonly owned device

41%

of australians aged 14+ own a gaming console.

62%

of Australians aged 14-24 own a gaming console.

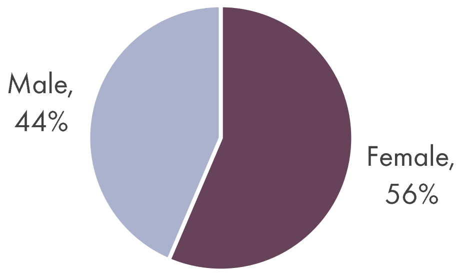


Source; Ipsos iris Establishment Survey, June 2023, N=17,195 P14+

there is diverse consumption of online games

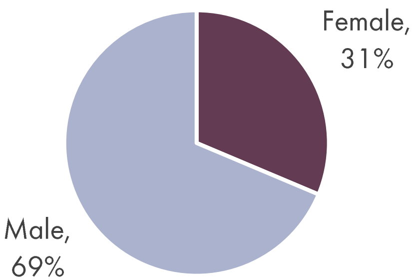
games category by device share of total time per month
excludes gaming console activity

mobile



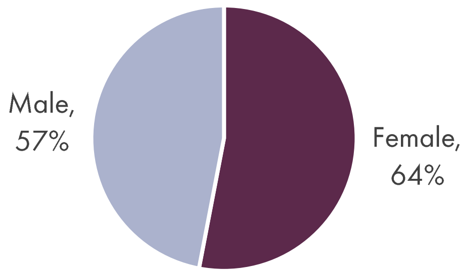
age 55-64
spend most time pp/m
(1008mins)

desktop



age 14-24
spend most time pp/m
(225mins)

tablet



age 55-64
spend most time pp/m
(1410mins)

Source: Ipsos iris Online Audience Measurement Service June 2023, Age 14+, PC/laptop/smartphone/tablet, online population Games category

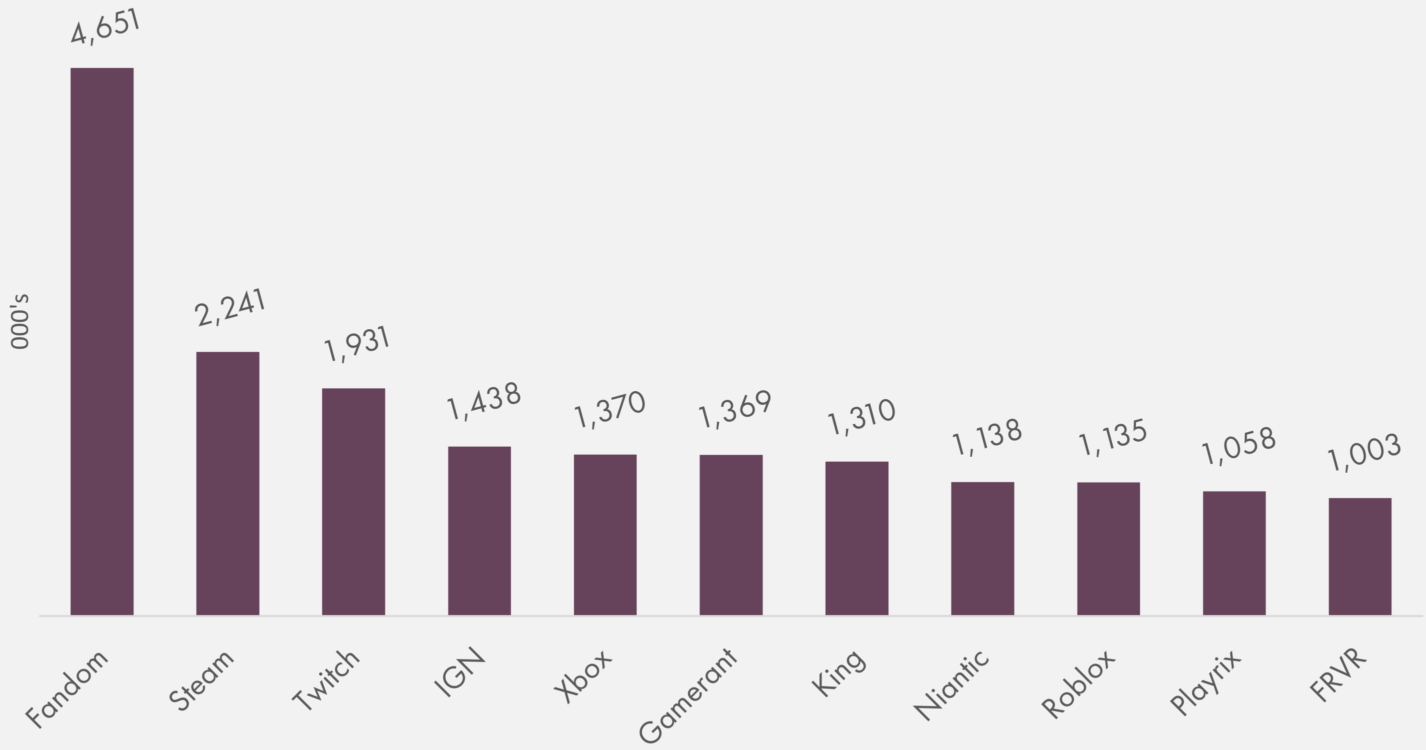
top 10 gaming brands (smartphone, computer and tablet)

15.2 million

australians (14+) consumed online game content on web or apps in June 23, spending on average 10 hours (**594 minutes** pp/m).

excludes gaming console activity

top 10 brands (website and app) game category monthly audience (000's)



Source: Ipsos iris Online Audience Measurement Service June 2023, Age 14+, PC/laptop/smartphone/tablet, top 10 brand group Games category

methodology.

The IAB Game Advertising Working Group conducted a survey in June/July 2023 amongst **100 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.

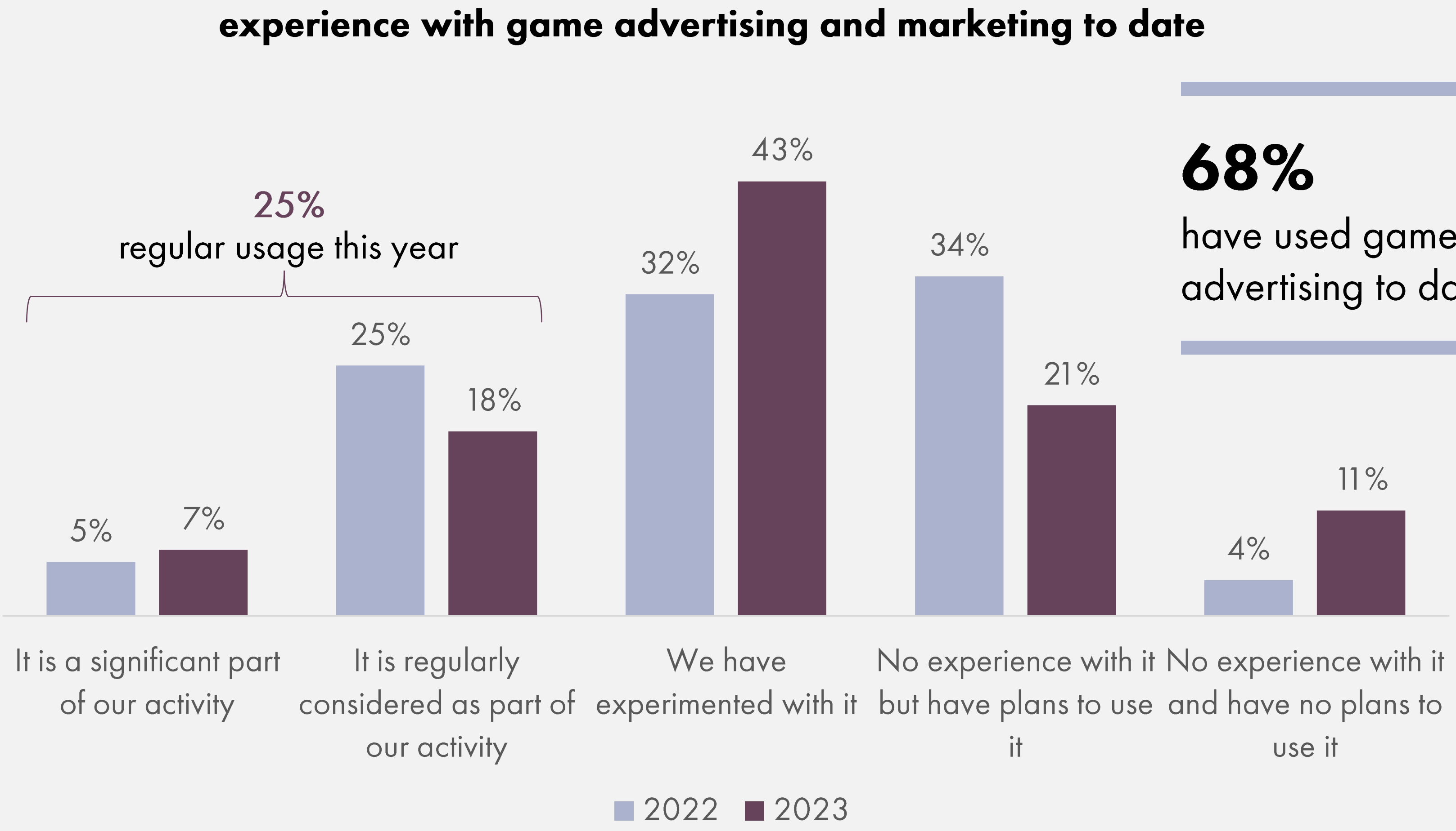
This wave 3 report compares results from wave 1 survey conducted in August 2021 (IAB Attitudes to Game Advertising Report 2021) and wave 2 conducted in July 2022 (IAB Game Advertising State of the Nation 2022).

experience with game advertising

experience with game advertising

Experience with game advertising amongst mainstream advertising agencies is mostly at the experimental stage with 68% having experience with it (compared to 62% in 2022).

In the current economic market, a small number have no plans to experiment. Those with no plans to use it also commonly say its not suitable for business/client or they specialise in other channels.



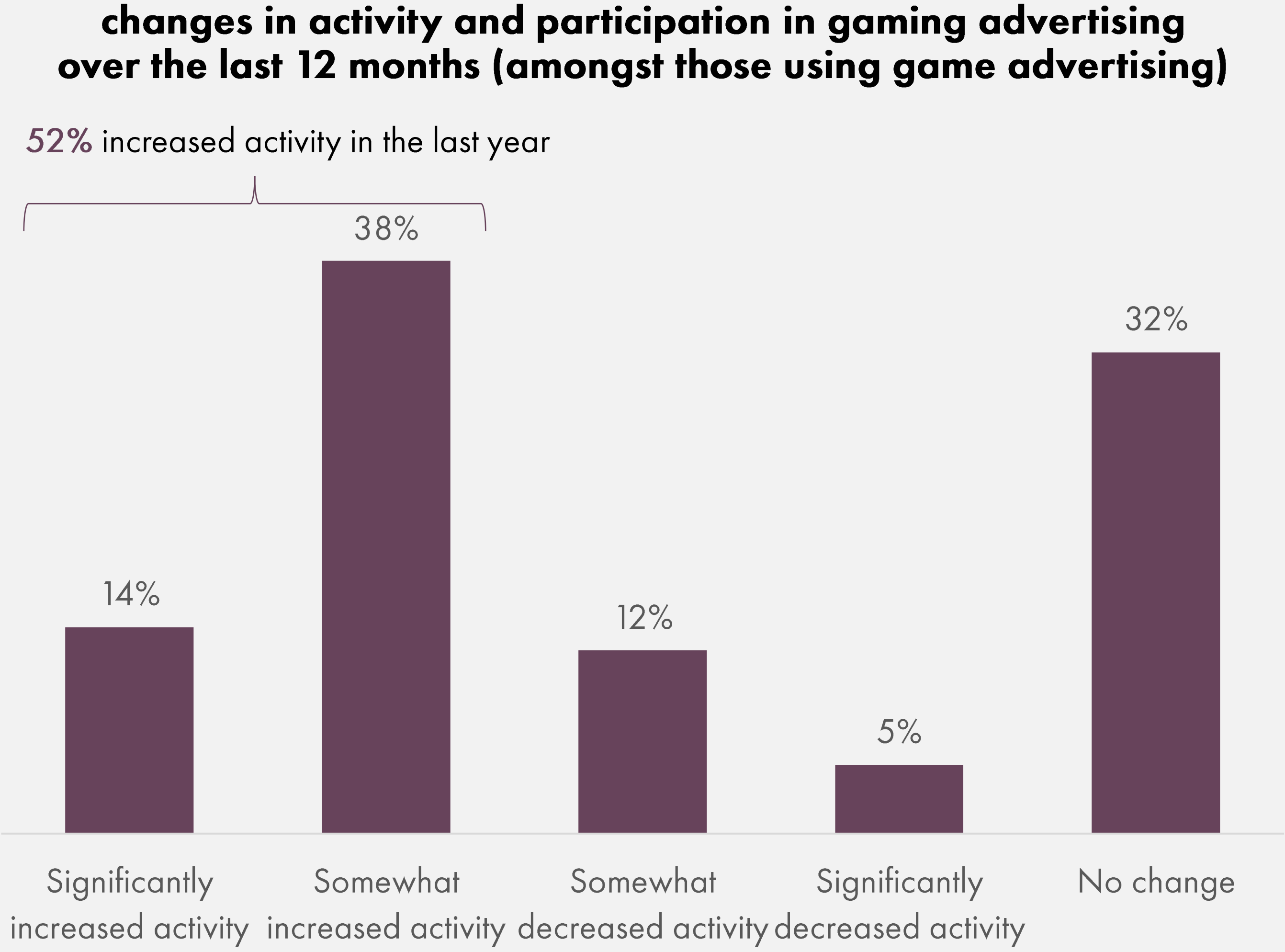
68%

have used game advertising to date.

Source; IAB Australia Game Advertising State of the Nation 2023
Q - Which of these best describes your organisation's experience with game advertising and marketing to date?

changes to game advertising activity

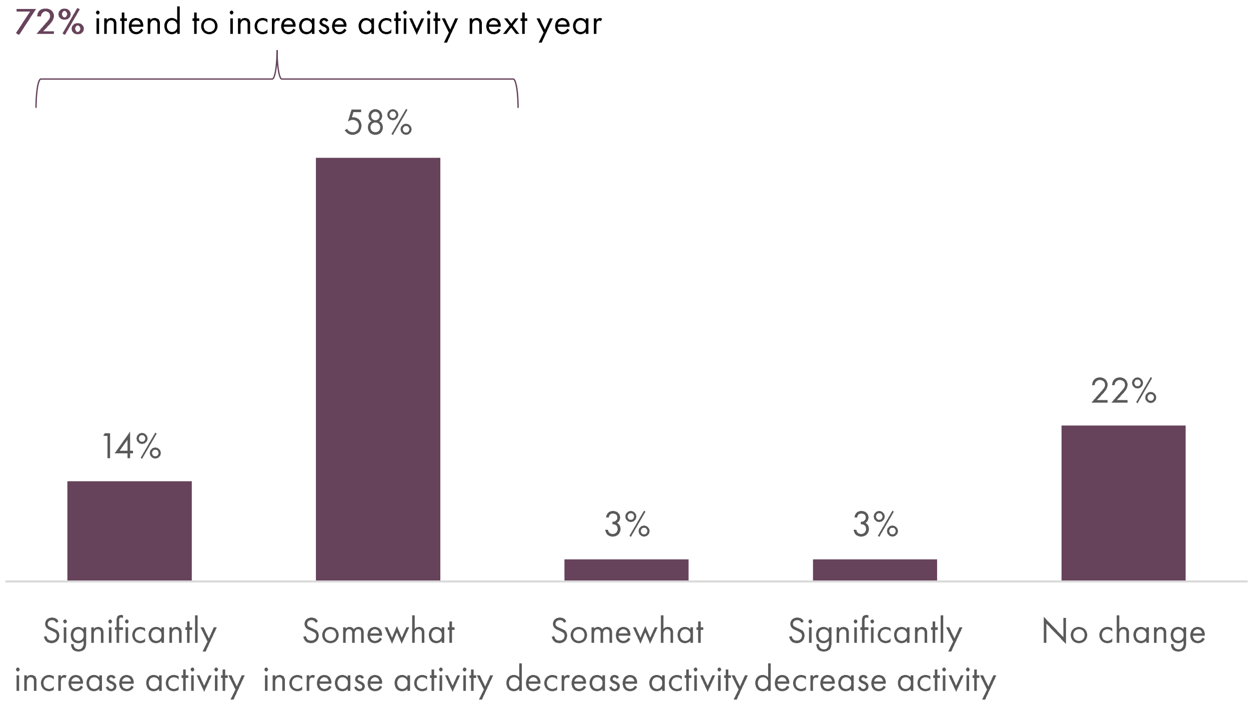
Over half (52%) of those using game advertising have increased their activity over the last 12 months.



Source; IAB Australia Game Advertising State of the Nation 2023
Q - How has your activity and participation in gaming advertising changed over the last 12 months?

changes to game advertising activity

expected changes in activity and participation in the next12 months (amongst those using game advertising)



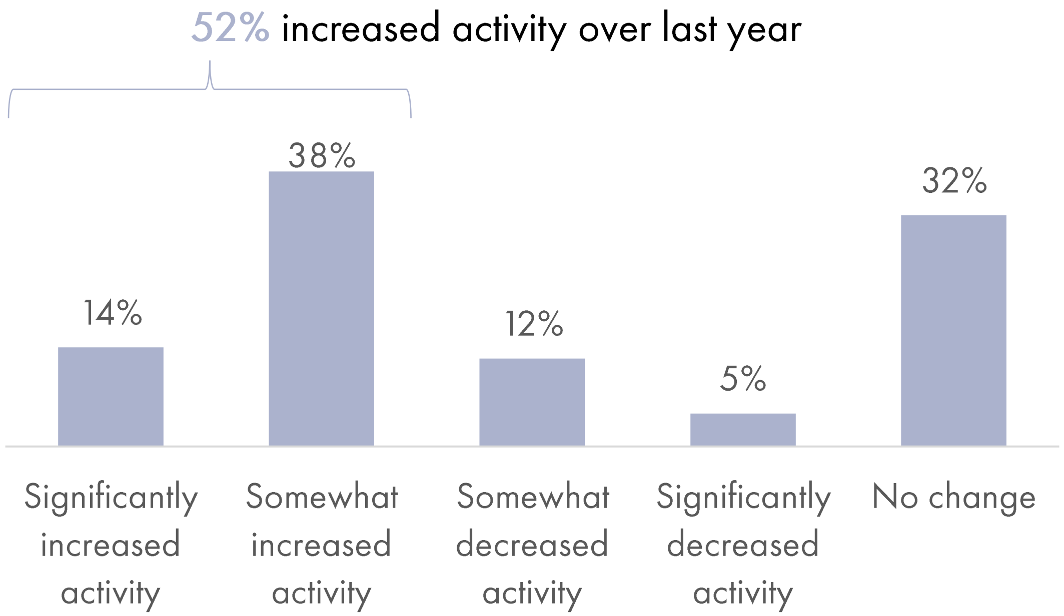
"Following successful test and learns, we've started to include on 80% of our campaign responses (pending audience relevance and available budgets)"

"We've been recommending gaming environments consistently for some time but are finally getting some traction."

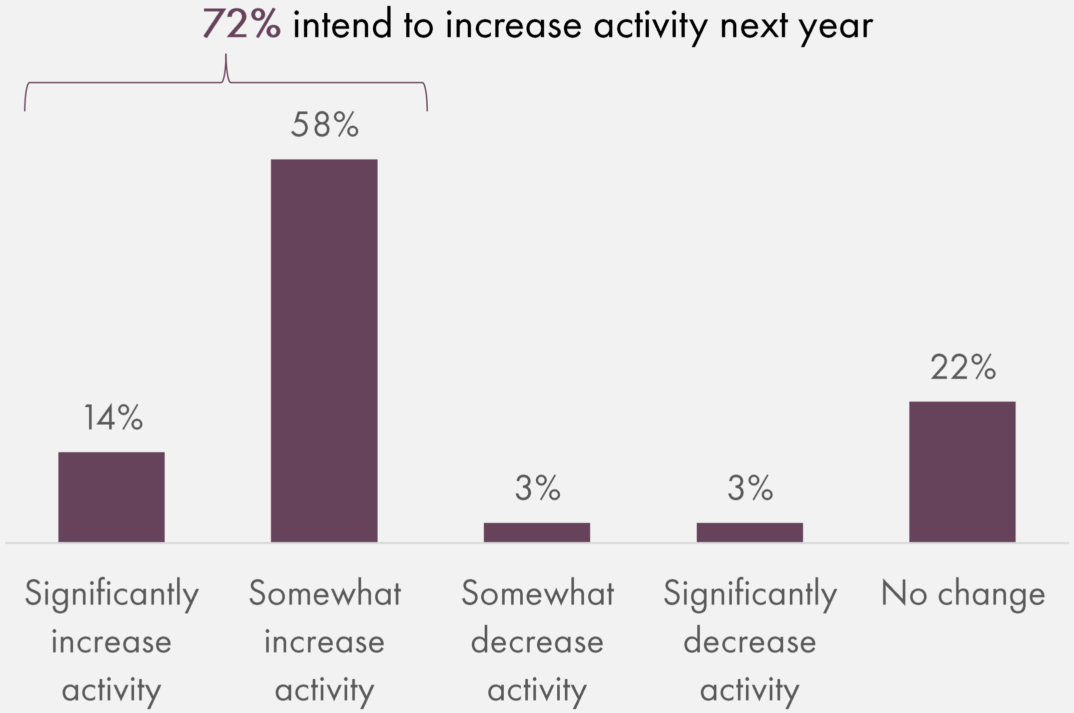
"the client now sees the importance of gaming in their media plans and has won awards in this space heavily influencing the continuation of gaming being considered and included on the plans in the future"

Source; IAB Australia Game Advertising State of the Nation 2023
Q - How do you expect your activity and participation in gaming advertising to change over the next 12 months?

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



expected changes in activity and participation in the next 12 months amongst those using game advertising



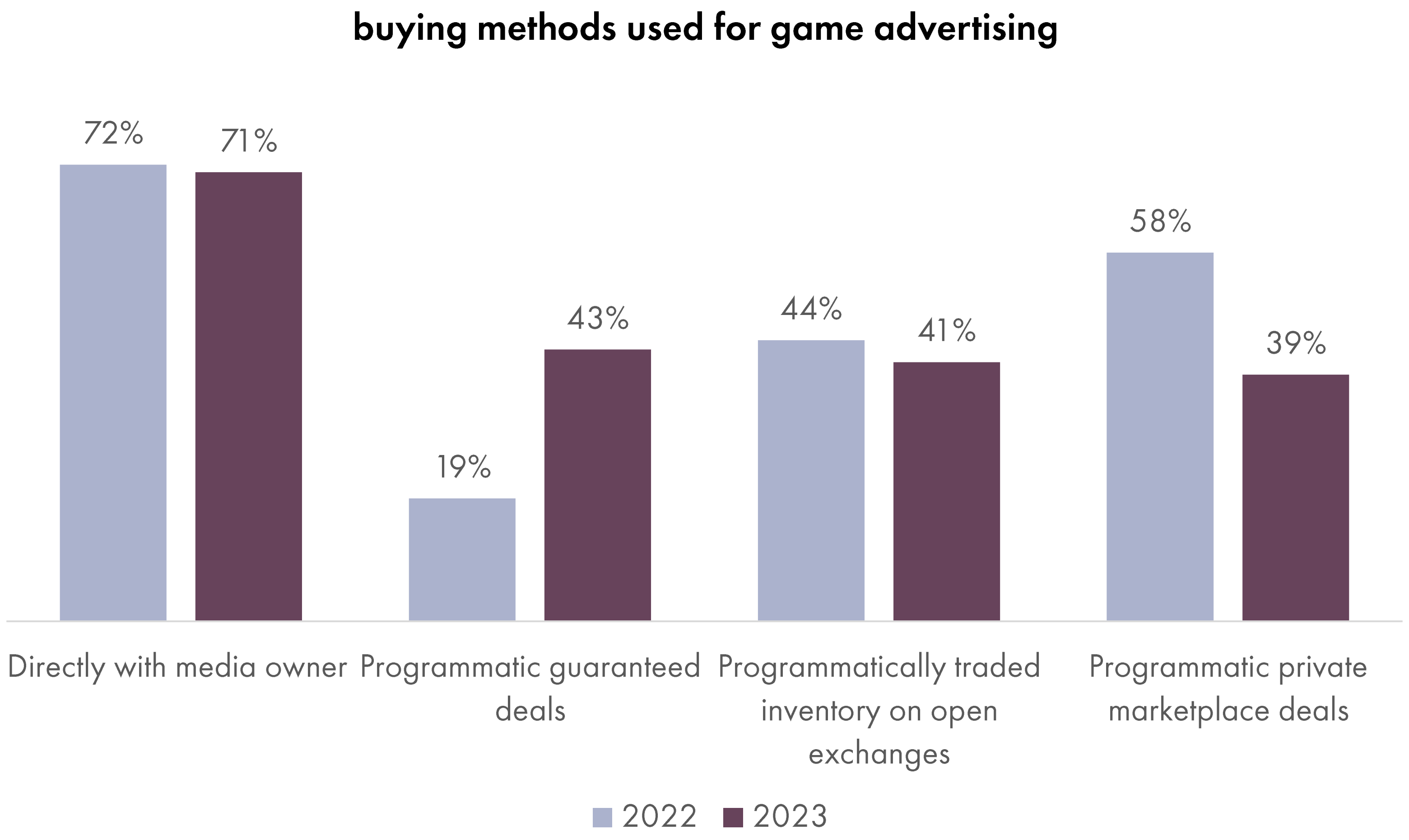
Source; IAB Australia Game Advertising State of the Nation 2023
Q - How has your activity and participation in gaming advertising changed over the last 12 months?,
Q - How do you expect your activity and participation in gaming advertising to change over the next 12 months?

methods of buying game advertising

methods of buying game advertising

Most game advertisers continue to buy directly with the media owner choosing games and genres that suit their brand.

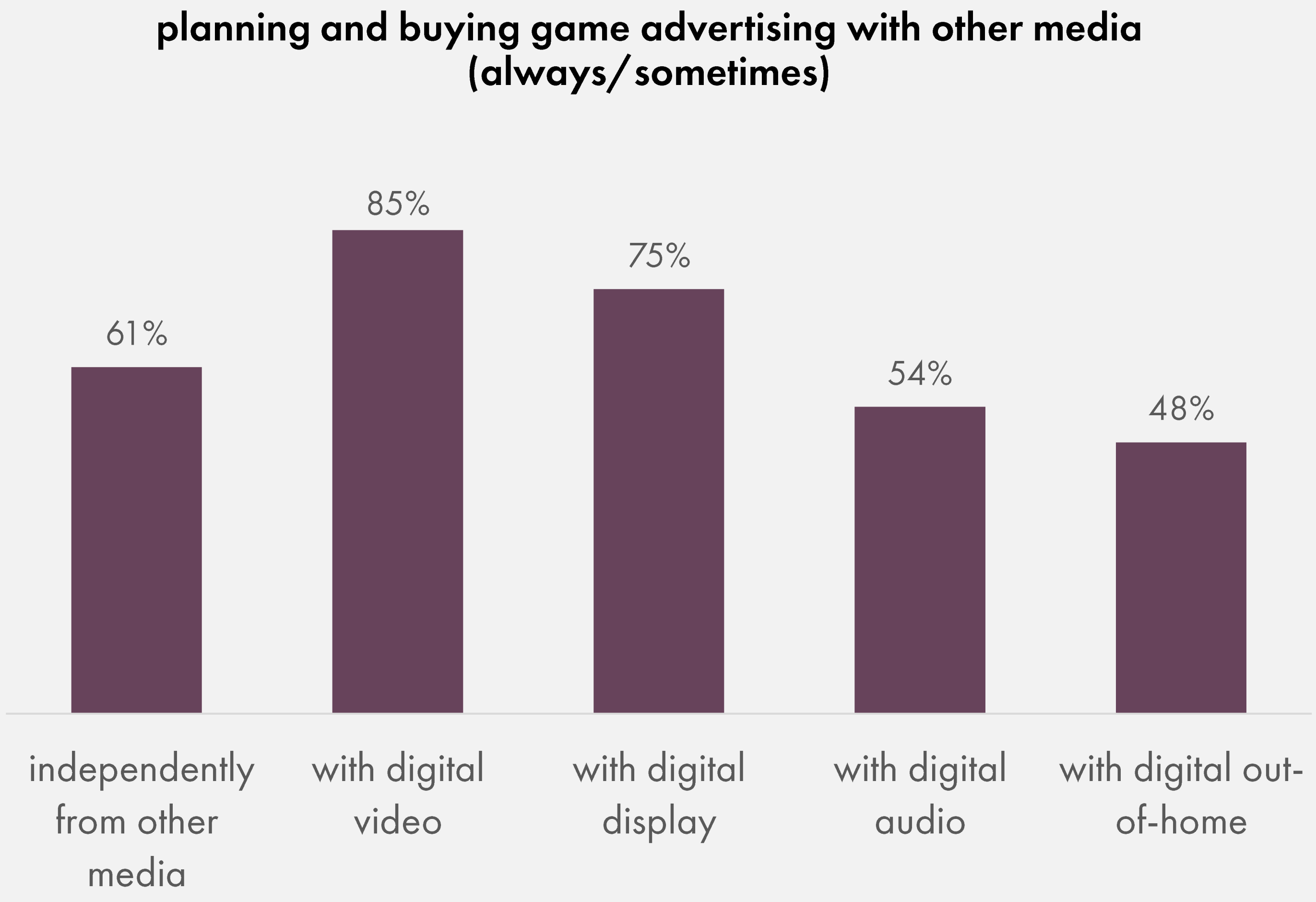
There has been a shift with respondents this year to using programmatic guaranteed deals.



Source; IAB Australia Game Advertising State of the Nation 2023
Q - Which of the following advertising buying methods have you used for game advertising?

planning and buying with other media

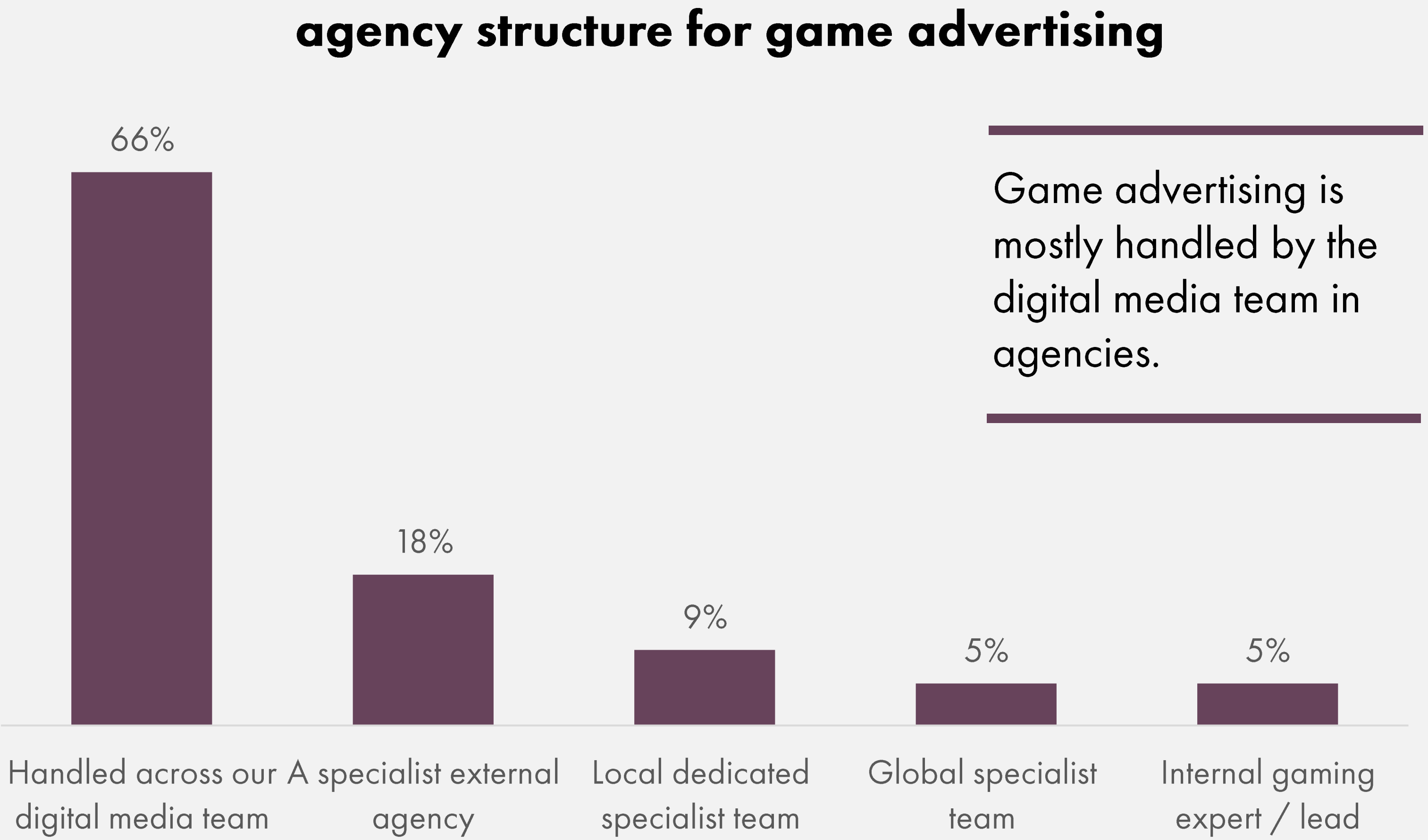
85% of game advertisers are planning and buying game advertising collaboratively with digital video, this has increased from 70% last year.



Source; IAB Australia Game Advertising State of the Nation 2023
Q - When buying game advertising what best describes where it typically fits into your campaign plan?

agency structure for game advertising

There are some specialists/experts being called on, but two-thirds of agency respondents manage game advertising via their digital media team, so broad education and knowledge building is important.

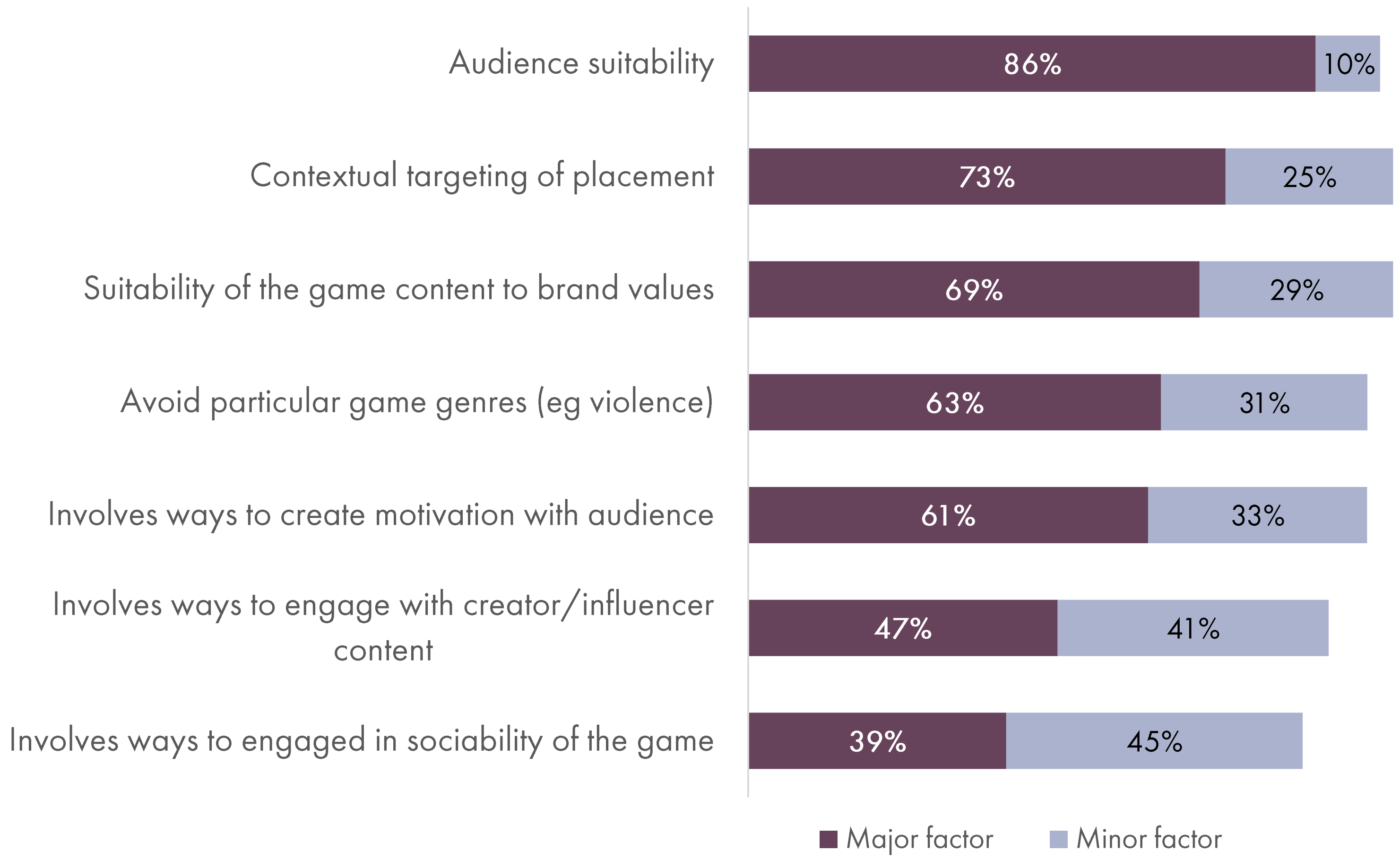


Game advertising is mostly handled by the digital media team in agencies.

Source; IAB Australia Game Advertising State of the Nation 2023
Q - How is your agency structured in relation to game advertising?

objectives and evaluating game advertising

considerations for placement of game advertising



Audience suitability, context and suitability of game to brand values are major factors when evaluating game advertising opportunities.

Involving ways to engage with creator/influencer content has increased this year (major factor up 5% pts).

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

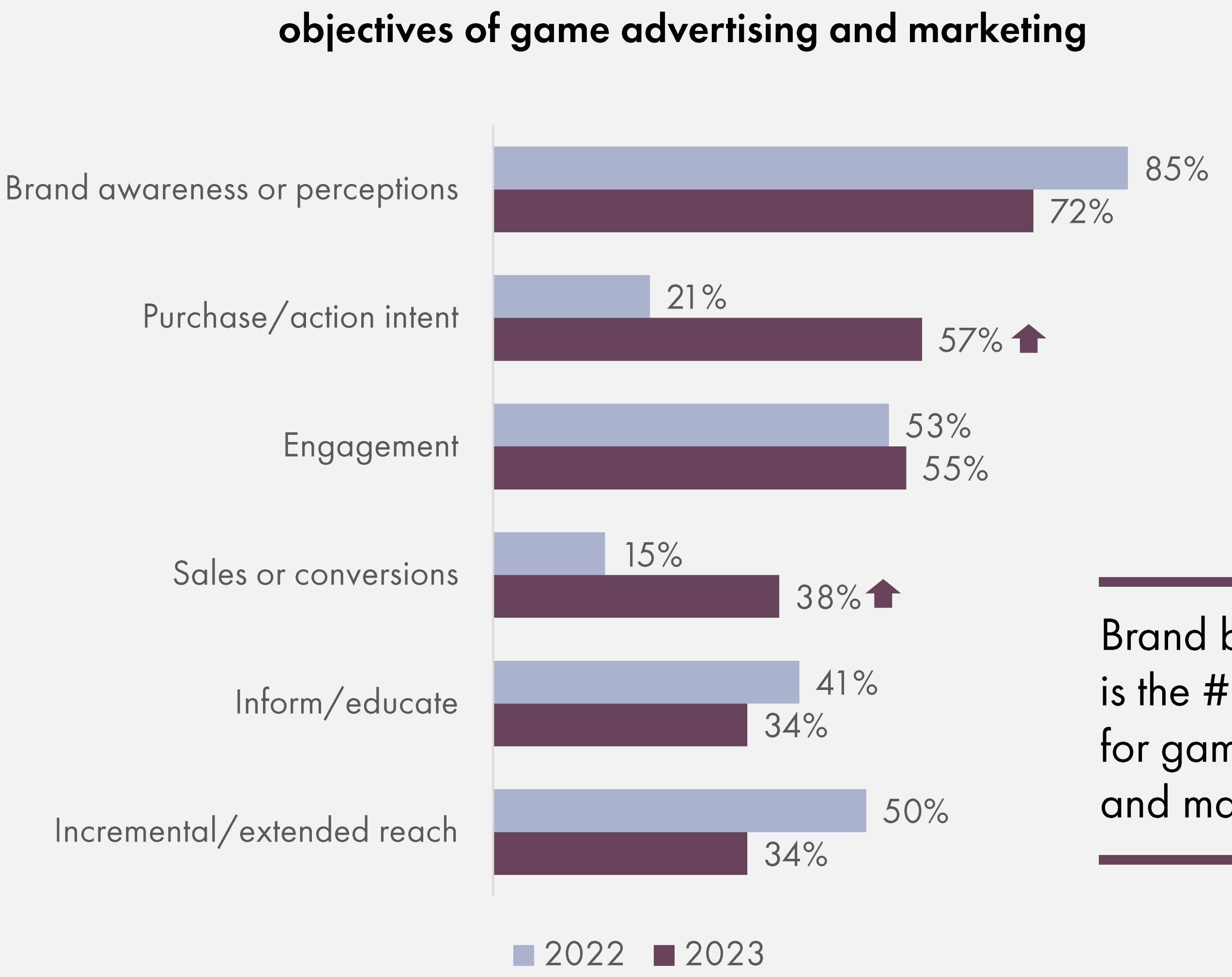
Source; IAB Australia Game Advertising State of the Nation 2023

Q - When evaluating game advertising opportunities, which of the following considerations about ad placement are factors in your media decision?

objectives of game advertising

While brand building remains the most important objective, this year there has been significant increase in using game advertising for purchase intent and sales/conversions.

These changes are reflective of the current economic market driving focus on short-term sales.



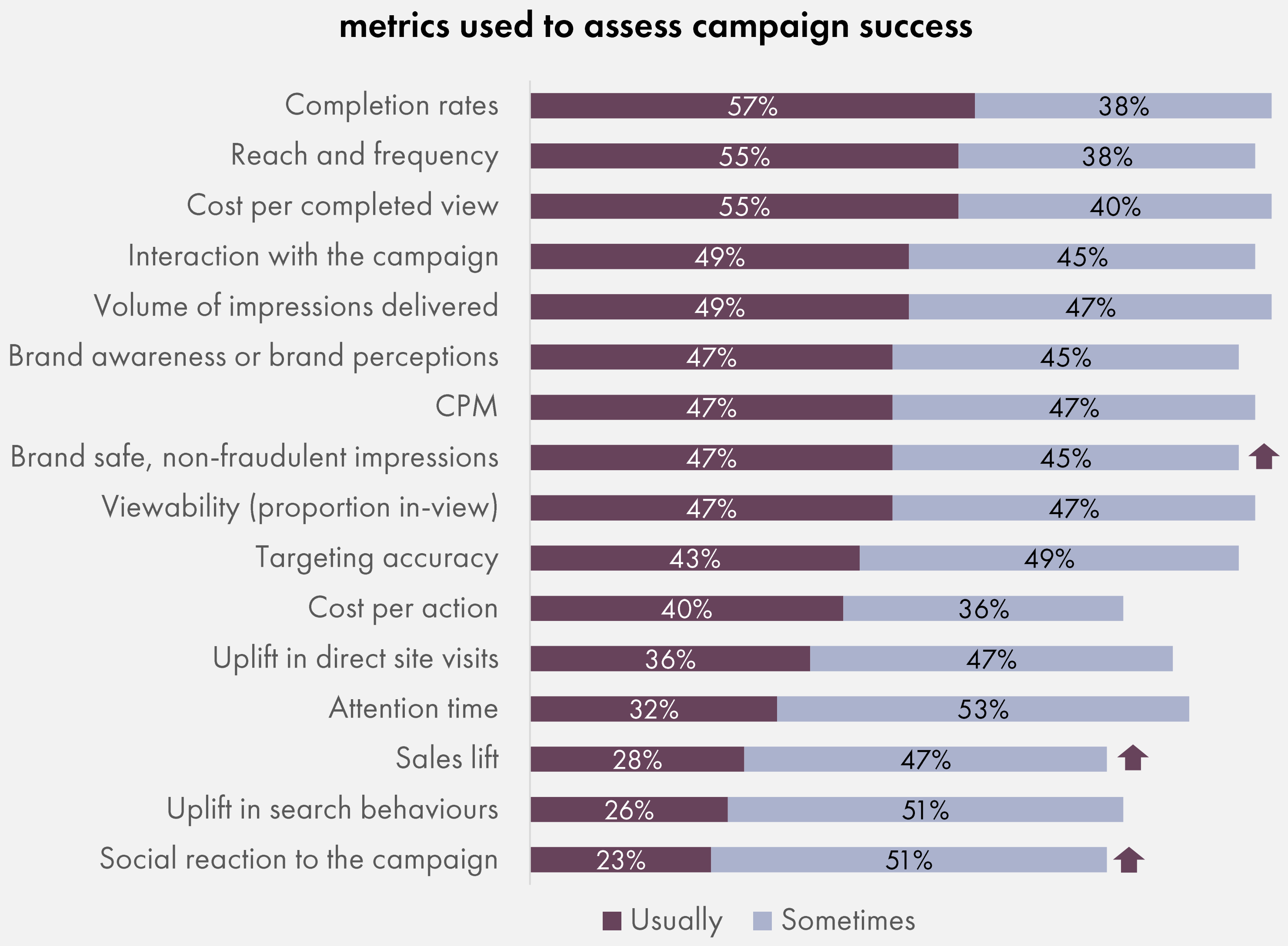
Brand building is the #1objective for game advertising and marketing.

Source; IAB Australia Game Advertising State of the Nation 2023
Q - What have been the objectives of the game advertising and marketing activities you've been involved with over the past year?

metrics used to assess success

Completion rates and reach and frequency have overtaken impressions delivered as the most often used metrics to assess campaign success.

With the focus on driving short-term sales this year, usage of sales lift measurement has increased from 58% to 75% (usually or sometimes).



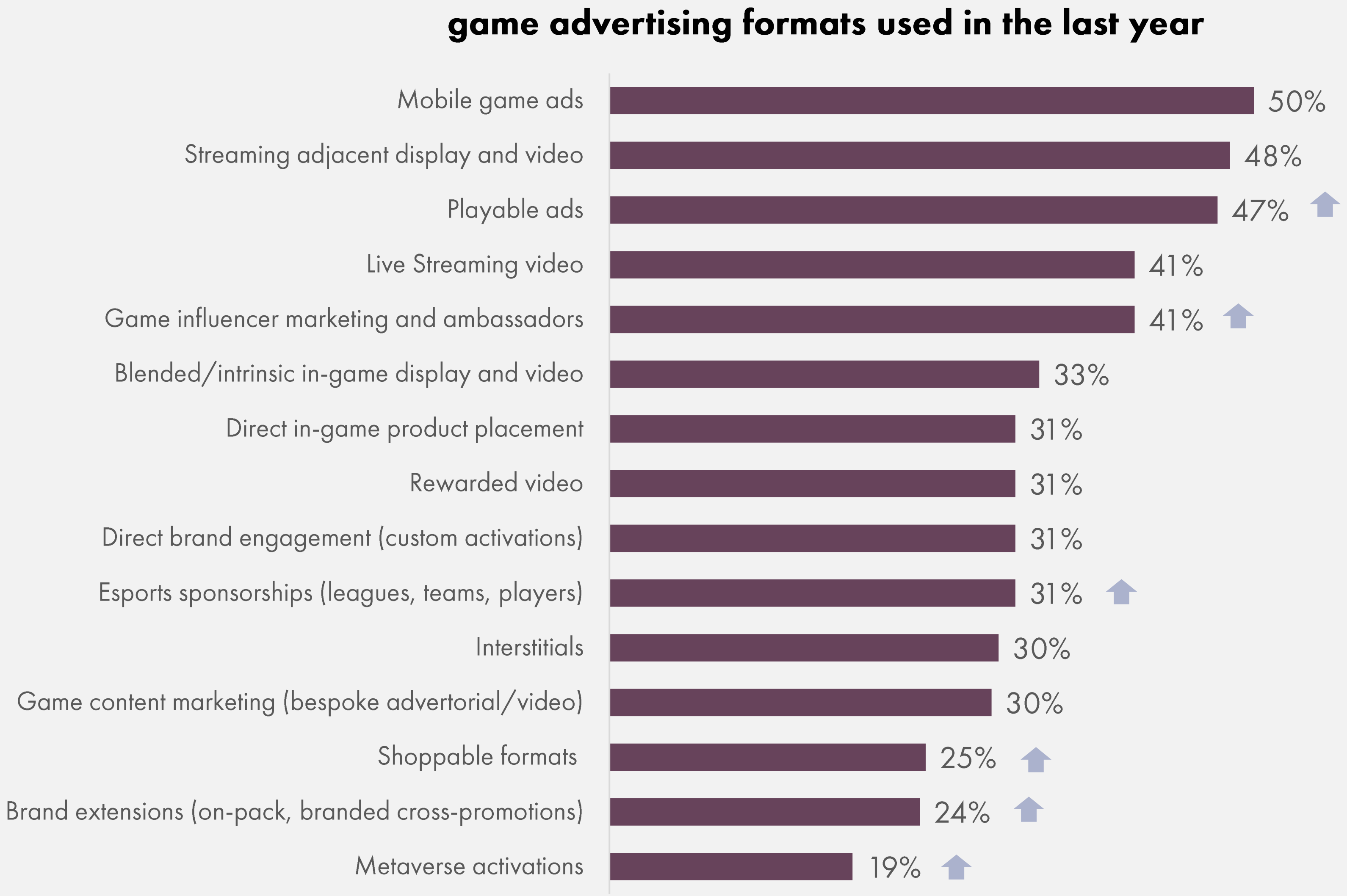
Source; IAB Australia Game Advertising State of the Nation 2023
Q - How often are you using the following metrics to assess campaign success for game advertising and marketing?

ad formats used in game advertising

ad formats used in game advertising

Mobile and streaming adjacent display and video continue to be the most used game ad formats.

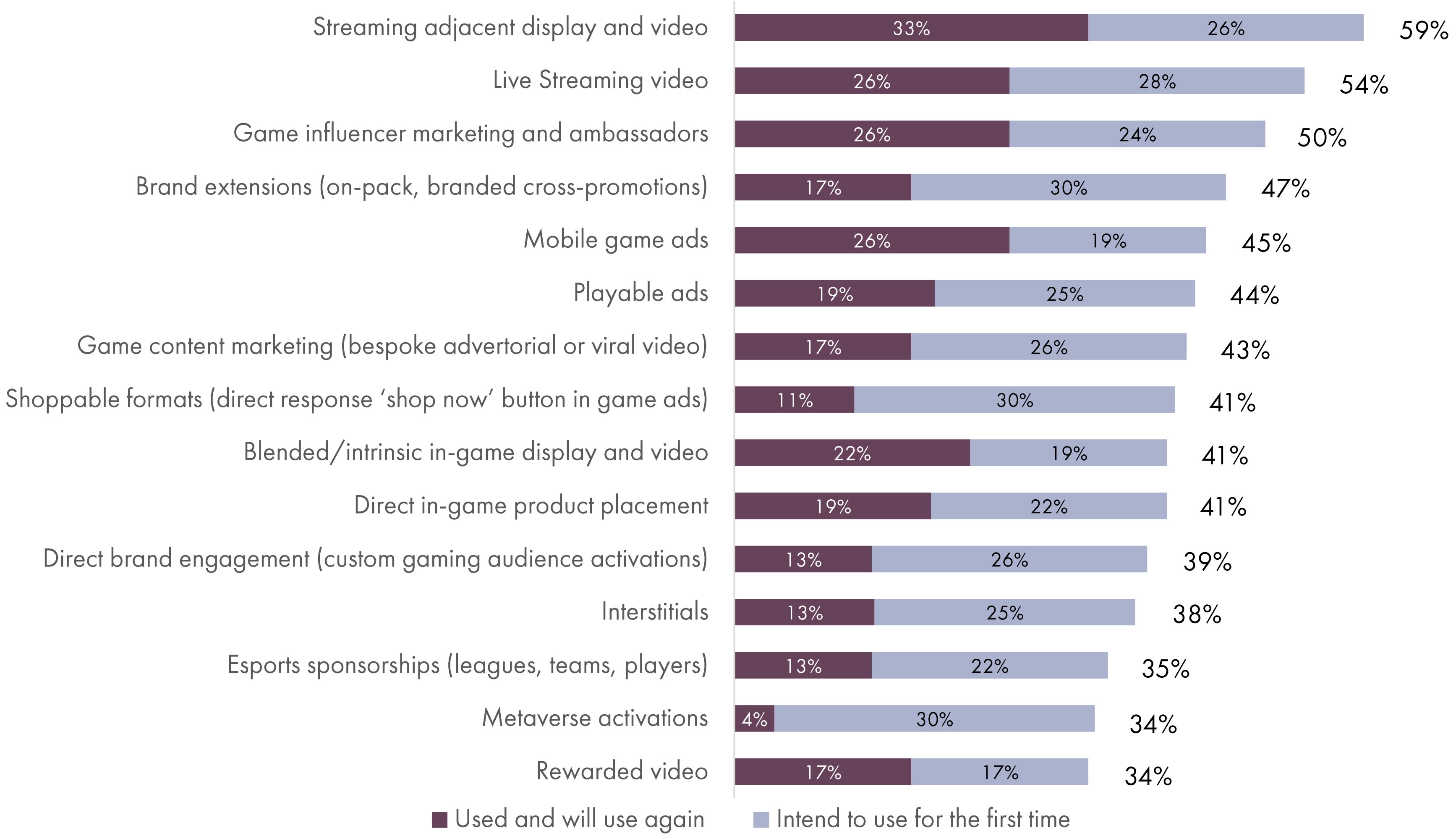
There has been growth in usage of playable ads and game influencer marketing as well as in some of the emerging formats such as shoppable, brand extensions and metaverse.



Source; IAB Australia Game Advertising State of the Nation 2023

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?

game advertising intend to use in the next year



"Game developers are finding innovative ways to seamlessly integrate advertisements into gameplay without disrupting the user experience. This includes product placements within games, dynamic ad placements and sponsored events or challenges."

"I'm most excited about Esports activations and integrations.
I believe it is slowly becoming akin to traditional sports."

"I have used several formats in the past with in-game advertising as the most recent. I am most passionate metaverse game activations and I believe that the slowdown in metaverse interest is just temporary."

Source; IAB Australia Game Advertising State of the Nation 2023
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?

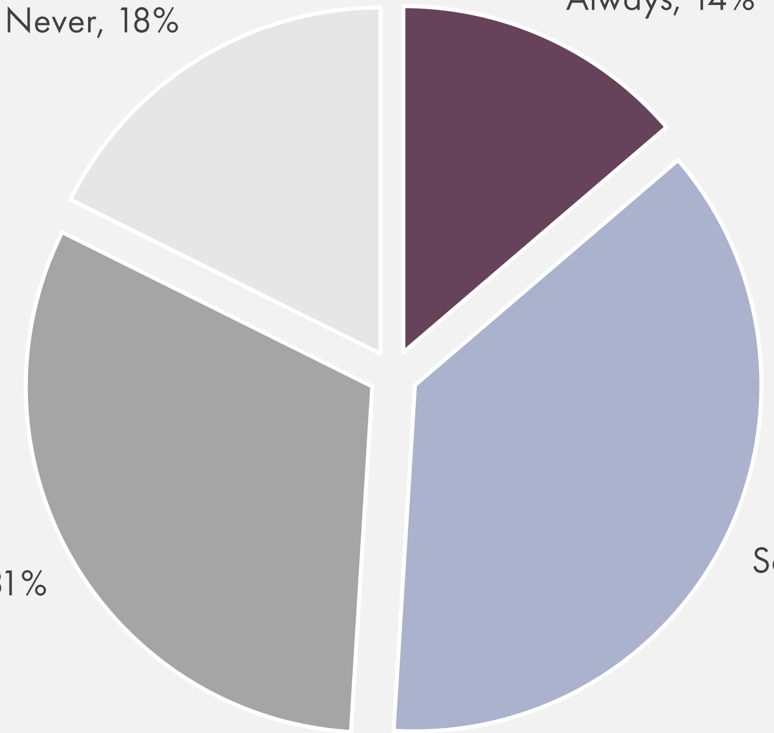
fit for purpose creative in game advertising

Nearly half of advertisers rarely or never develop tailored creative executions for game environments.

Almost half (48%) of advertisers have used a local creative agency.

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

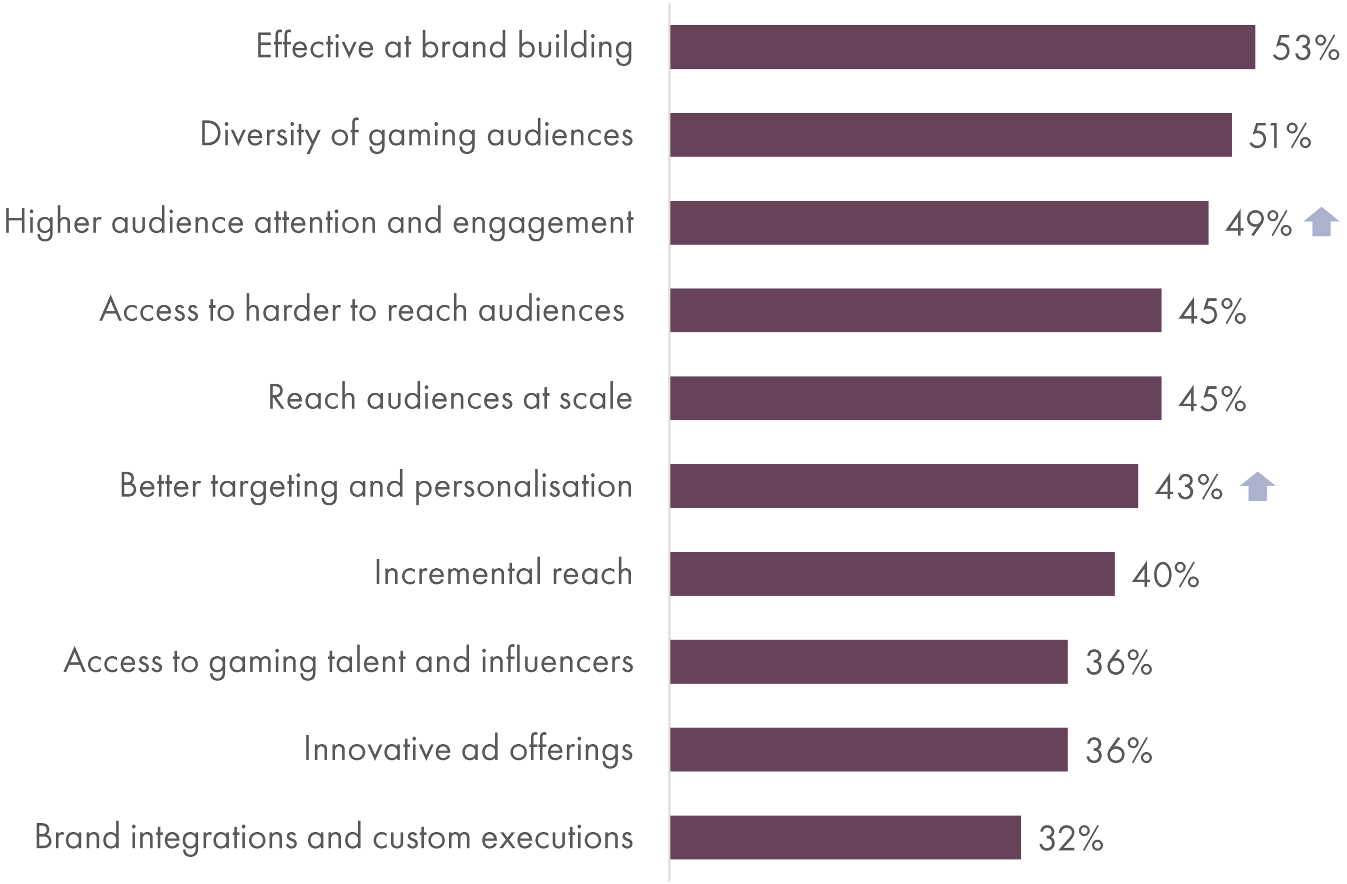
frequency of developing tailored creative executions



Source; IAB Australia Game Advertising State of the Nation 2023
Q - How often does your company/client develop tailored creative executions for campaigns in different game environments?

key drivers and barriers for using game advertising

top drivers of continuing to use and recommend game advertising



Impact on brand continues to be the #1 driver of using game advertising.

Higher audience attention (up 13% pts) and better targeting (up 17%) have increased as drivers of using game advertising since last year.

"The ability to target individuals that meet a defined set of characteristics with ads that hold their attention and drive a response."

Source; IAB Australia Game Advertising State of the Nation 2023

Q - Which of the following are key drivers for continuing to use or recommend game advertising and marketing? Please select all that apply.

key barriers for increasing investment

Brand safety has increased to become the #1 barrier for increasing investment in game advertising.

top barriers for increasing investment in game advertising

"Attribution and getting consistent measurement."

Source; IAB Australia Game Advertising State of the Nation 2023
Q - What are the 3 biggest barriers preventing more investment in game advertising and marketing? Please select up to 3 responses.

summary.

Most mainstream **agencies are experimenting with game advertising** and marketing, 68% have used game advertising to date but it is not yet embedded as a significant or regular part of digital activity. There is strong appetite to continue investing with 7 in 10 advertisers intending to increase activity and participation over the next 12 months.

Brand building remains the key objective for game advertising campaigns and key driver for investment. With the current economic conditions this year there has been significant increase in also using game advertising for **purchase intent and sales/conversions** (consistent with findings on video advertising this year from the IAB Video Advertising State of the Nation). The usage of **sales lift** has also increased as a measure of campaign success.

Diversity of gaming audiences also remains a key driver for usage and higher audience attention and better targeting have increased as drivers of using game advertising since last year.

Advertisers are **experimenting with a wide range of game advertising formats**, including the most popular streaming adjacent display/video and mobile game ads, as well as growing usage of emerging formats such playable ads, game influencer marketing, shoppable, brand extensions and metaverse.

Game advertising is handled across digital teams within agencies and, when undertaken, is often planned and bought with other digital media, **increasingly with digital video advertising.**

Audience suitability is a key consideration when evaluating game advertising and marketing opportunities. Contextual placement and suitability of game to brand values are also major factors. Involving ways to engage with creator/influencer content has increased as factor of consideration this year.

Brand safety has increased to become the #1 barrier for increasing investment in game advertising.