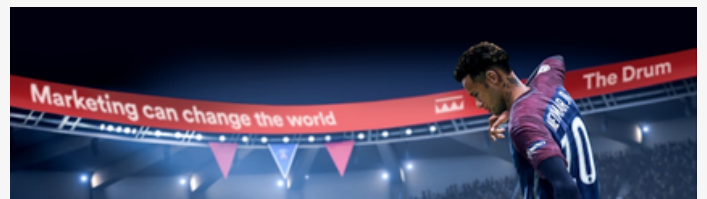# The Impact of
In-Game Advertising

By Juan C. Rangel Barco

"At the heart of video game marketing is a system of goals and rewards. This creates a feedback loop in which users return to gaming as a way to relieve stress and to experience the dopamine hit that comes from achieving a gaming goal." – Jared Atchison

This article studies the current relevance of in-game advertising as a powerful marketing tool that has been proven successful over recent years. To do this, it analyzes the in-game advertising industry's previous relevance and projected growth, its economic impact, and its generated response.

In their popular soccer game, **FIFA**, EA Sports incorporated dynamic advertising by displaying real-time ads on virtual billboards around the stadiums, just like in real life. These ads were updated based on player region, time of year, or relevant events, allowing brands to connect dynamically and authentically with millions of players. The tech-savvy audience engaged with these brands and accepted the advertisements as an organic part of their gaming experience.

As a result, EA Sports benefited from lucrative deals with important brands such as Adidas, Nike, and Under Armour, and these brands engaged with millions of players worldwide in return, generating a considerable increase in brand loyalty and a higher number of sales.

EA Sports' success is not isolated; several brands have opted to advertise their products using video games. This approach has proven to be successful and lucrative for both the game producers and the advertisers, not only enriching gameplay but also allowing brands to reach a vast, global audience without disrupting the user experience.

Such integrations show how in-game advertising can drive significant revenue for game developers while offering companies a powerful, targeted way to connect with millions of potential customers.

Video games have been an important form of entertainment since their conception in the '70s. Thousands upon thousands of people have joined this virtual universe where there is a place for everyone; gamers can be young or old, casual or hardcore, male or female. Although video games started as a niche hobby, they have become more popular over time. If you haven't personally played video games, you probably know someone who has—perhaps casually on their phone or seriously on a game-dedicated console.

In our present time, video games are so transcendental that there are several social media influencers who make a living from streaming their gameplay for thousands of viewers. There are also professional gamers who compete in official world tournaments for massive cash prizes, and there are millions of players online every day. A fact that illustrates the size and relevance of the video game industry is that this industry alone is significantly larger than the film, TV, and music industries combined, with more than 3 billion active gamers.

An Undeniable Success

Considering its massive audience, it is clear that the video game industry is an ideal sector for marketing. Like EA Sports, multiple developer studios and brands have collaborated to incorporate advertising in interactive experiences. Some iconic examples are:

- **Pepsi-Man (PlayStation):** KID and Pepsi partnered to create a Pepsi-themed superhero, released in 2001. This nonsensical adventure created a cult of players who devote themselves to the Pepsi brand, staying loyal not only to their favorite drink but also to its merchandise.

- **Fortnite (PlayStation, Xbox, Nintendo, PC)**: Perhaps one of the most popular examples of successful in-game advertising is Fortnite. This action shooter with battle royale mechanics, released in 2017, is famous for its collaborative campaigns with multiple brands. Epic Games has partnered with musical artists, clothing brands, and even other video games, creating unique experiences such as virtual concerts, cosmetic items, and several game levels. Recently, Fortnite and Nike collaborated to make shoes an integral part of the playable characters' aesthetics, exposing their already famous shoes to the game's 650 million active players.

- **Burnout Paradise (PlayStation, Xbox, PC):** This open-world car-racing game, released by Criterion Software in 2008, displays multiple banners around its virtual world, one of the most interesting being an Obama election campaign. It is known that the president won two consecutive elections, partly by embracing the power of video game ads and using in-game advertising as a key strategy in both campaigns.

"Obama's decision marked a major turning point in campaign strategy because he used the new technology of dynamic advertising to target voters in specific states and only in the month before Election Day. He was able to speak directly to young voters for a small cost compared to his expenditures on traditional media."

-Marcus Schulzke

What the Data Shows:

These examples show that when executed correctly, in-game advertising can lead to revenue, brand loyalty, and a positive brand perception from consumers.

Consider the size and growth of the video game industry revenue shown in Figure 1.

Figure 1: Video game market revenue worldwide from 2019 to 2029, by segment
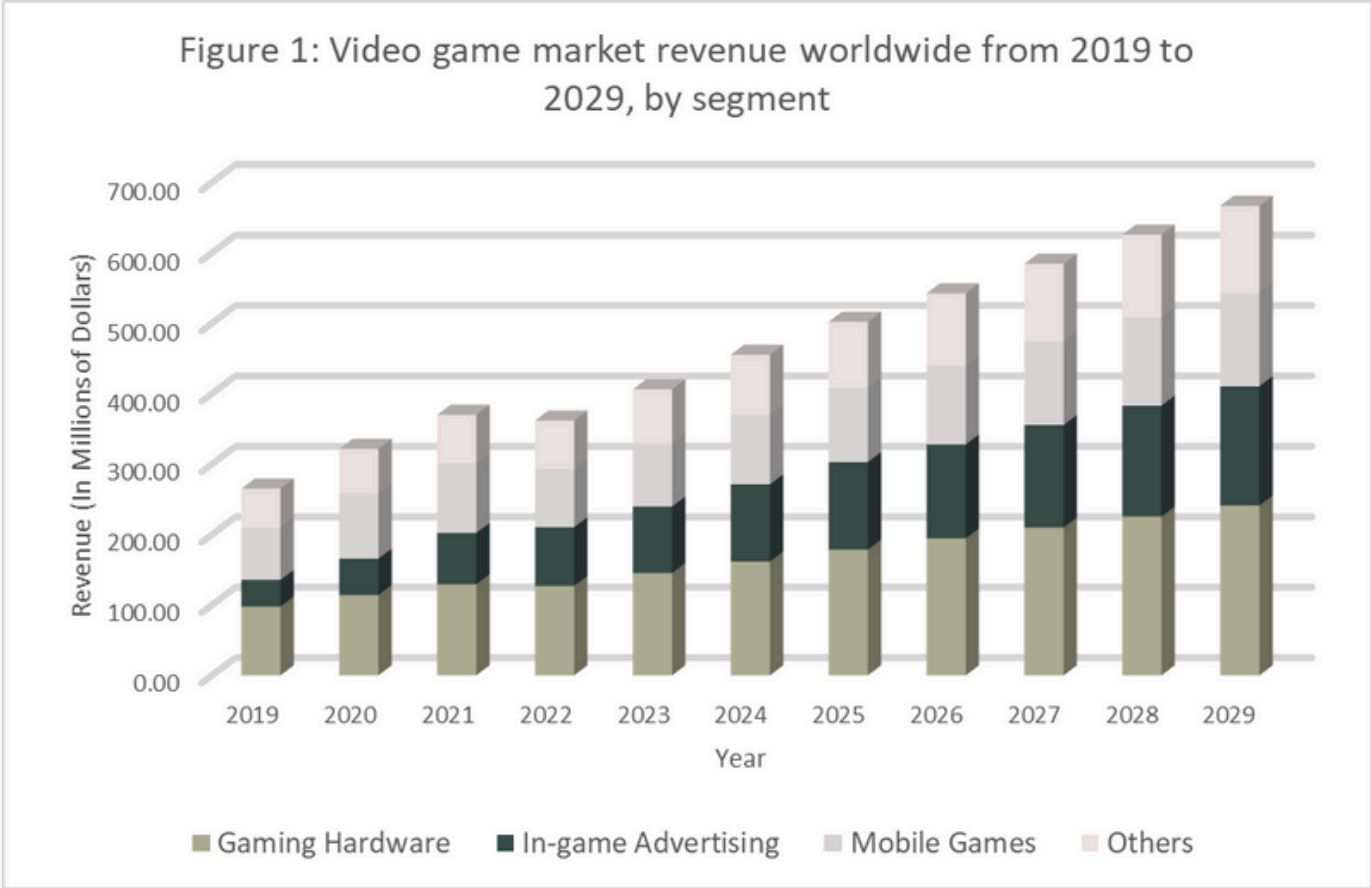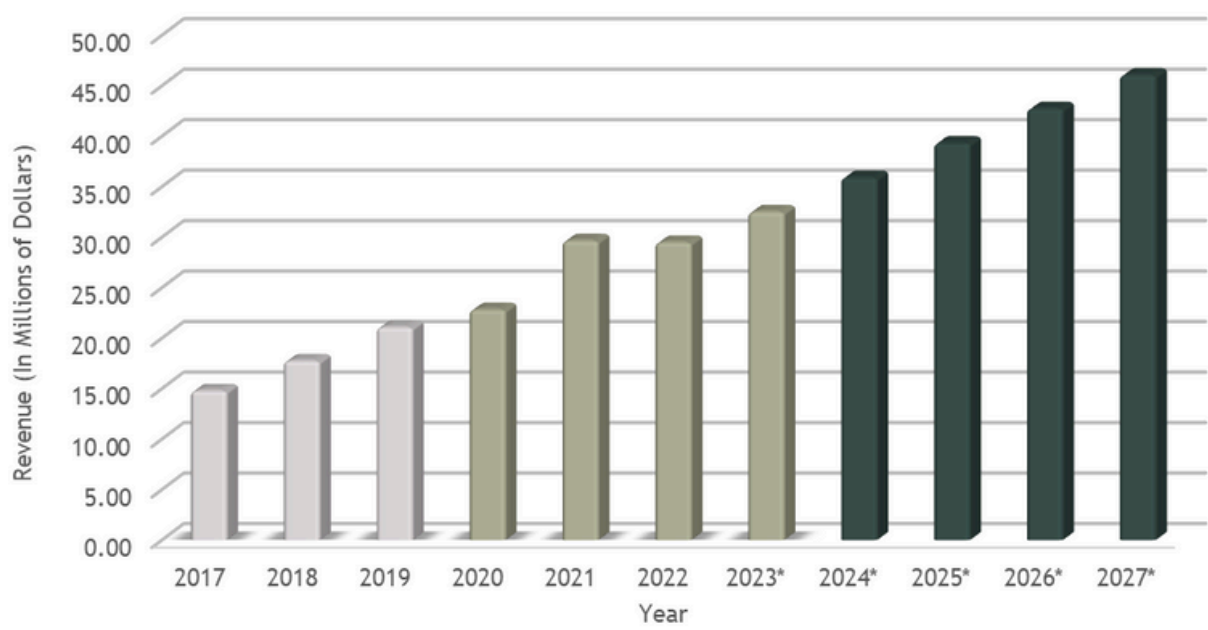
Source: statista.com

Figure 1 shows the growth in revenue from 2019 until the present time and the growth projection until 2029. Notice that the video game industry is a segmented market, with in-game advertising comprising a relevant portion of the total revenue. As shown in the graph, the growth in in-game advertising is directly proportional to the overall growth in revenue. This behavior corresponds to the following dataset to consider.

In-game advertising revenue can be better understood when considering the market size and its projected growth. Figure 2 contains data retrieved from Statista Market Insights, which shows the constant growth in revenue for in-game advertising worldwide.

Although relatively recent, this strategy has experienced only a steady increase in returns since its conception, and it is projected to keep increasing in the foreseeable future.

Figure 2: In-game advertising revenue worldwide from 2017 to 2027 (in billion U.S. dollars)

Source: statista.com

With $46.06 billion projected in revenue in 2027, marketers should consider how they want to engage in in-game advertising. The market is currently more global than it has ever been, and it is projected to keep growing as more people become gamers thanks to the accessibility that newer platforms offer.

The relevance of the in-game advertising market is undeniable; however, not every case of in-game advertising is successful. A clear example to illustrate this point comes from one of the most relevant segments of the video game industry: mobile games. These games tend to use intrusive advertising methods, such as displaying videos that occupy the screen during gameplay, forcing players to interact with ads for a defined amount of time, or using deceptive information to take users to online shopping carts. Consumers call out these campaigns as disrespectful, yielding little to no success. No serious brand should associate itself with this kind of in-game advertising.

The Science Behind It
—Or How to Do it Right—

An experiment conducted by Yunbo Chen and Huijie Yao from Jinan University, China, revealed a strong connection between the incorporation of advertisement campaigns in video games and other interactive experiences and the resulting consumer behavior. A selected group of young people was asked to watch and interact with various advertisement pieces from different media over a period. The results indicate that commercials placed in interactive experiences made a bigger impact on the group's consumer behavior. The group was more accepting of the experience and participated more actively.

This response was more optimal than the group's response to more traditional advertising. Chen and Yao also explain that these results are not isolated; they conform to the norm.

Other research has also shown the impact of interactive advertising. This positive reaction, they say, is related to the fact that users can interact with the product in an organic way, making the advertisement experience meaningful instead of feeling intrusive or disruptive. When an advertisement experience is designed properly, consumers view it in a favorable light, and they tend to share it as an experience they value. In the long run, this generates a positive perception of the brand image and, therefore, loyal behavior.

In their study, Yunbo and Huijie noted, "During the experiments, subjects spent more time watching advertisements with game interaction design and paid more attention compared to those without. In addition, game interaction design successfully lured the audience away... understanding how advertising gamification influences consumers from the mere persuasive nature of advertising and caught them off guard when feeding advertising information along with the game content, which was conducive to increasing the attitude toward the advertisements."

More behavioral studies support Yunbo and Huijie's findings, indicating that gamification generates a deeper response in consumers since this method requires the user's conscious participation and cognition. However, the question arises: How can this be done properly?

Recalling a successful case, Nike's collaboration with Fortnite perfectly applies the theory behind "Understanding How Advertising Gamification Influences Consumers," creating meaningful interactive experiences that blur the line between advertisement and gameplay. To access the polished experience, Fortnite players had to link their Epic Games accounts to .SWOOSH, Nike's online web domain. Doing so also rewarded players with free in-game Nike shoe cosmetics.

The success was so huge that Nike created a Fortnite section in their online store, featuring the shoes that appeared in the game. Players responded positively because they were presented with an immersive, unique, and fun experience that complemented the base game instead of interrupting the Fortnite rhythm.

Use it or Lose It

Whether you are an advertiser strategizing or a developer seeking funds, consider the historical importance of in-game advertising and the revenue it has generated. Also, take into consideration the projected growth and its massive market reach. As you organize your efforts, make sure to incorporate in-game advertising in an organic, non-disruptive, and interactive way that does not disturb the audience. This approach will result in successful campaigns with meaningful positive results.

Meet the Author

Juan C. Rangel Barco is a Computer Science: Animation and Games student at Brigham Young University. He has had a passion for video games and computer-generated graphics since his early years. Juan believes that video games are a form of art and that their influence can be used for good causes. He loves playing table tennis, hiking, playing the ukulele, and playing and making video games.