



REALITY CHECK: A Diet Sprite machine is part of the scenery in Ubisoft's *Tom Clancy's Splinter Cell Chaos Theory* (left); Funcom's *Anarchy Online* is used to promote *Batman Begins* (top); Bell Canada bought billboard space in *Rig Racer* to promote its Sympatico High Speed Ultra service (middle); and the *Navy Training Exercise* online game is promoted as a billboard in *Splinter Cell Chaos Theory* (bottom)

Keep it Real

No wonder in-game advertising is going through the roof. Gamers expect a realistic experience and advertising is part of the action BY EVE LAZARUS

In *Perfect Dark Zero*, secret agent Joanna Dark communicates through her Samsung PDA device. In the latest version of *Splinter Cell*, lead character Sam Fisher carries a Sony Ericsson PDA. Monkeys roll around in giant balls and collect Dole bananas in *Super Monkey Ball*, while *Pikmin* players search for intergalactic treasures that include Dr. Pepper bottle caps and Duracell batteries.

Thus is the world of in-game advertising where a branded communications device is a permanent part of game play. But while product placement is a fixture in the game, new technology allows ads to run in games much like they do in television buys. Temporary ads are now appearing everywhere from in-game rink boards to logos on characters' shirts. The changing ads are delivered to gamers' consoles via the web connection, and they can run for specified periods of time, in hand-picked geographic areas and even change depending on the time of day.

And marketers want to play. They seem to like the sticky nature of the

games where players can spend five minutes on their cellphones riding the bus, an hour playing *Diner Dash* on their PCs or several hours immersed in a game of *Halo 2*.

And, if you thought the typical gamer was a pimply faced adolescent, these figures might surprise you: The average age of a gamer is 30; 36% of

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Canadian households have a video game console; 38% of households play games online; and 8% use their cellphones to pay for, download and play games.

Video games are becoming the entertainment of choice. According to the Entertainment Software Association of Canada, the video and PC games industry generated \$914 million in total revenue in 2004, while in the U.S. that number was a whopping \$7.3 billion. Instead of multi-tasking with the television, scanning newspaper headlines or talking on the phone

while surfing the web, gamers spend serious time focused completely on the game. Among Canadian households with a console, the 2005 ACNielsen Gamer Study found that 33% use their system more than once a week and 20% use it every day.

Marketers can slice and dice these demographics through the different

games, through the type of platform, and now thanks to convergence, you can even reach them where they live.

It gets better. According to Nielsen Interactive Entertainment there is a 27% to 35% unaided recall of in-game advertising with a third of respondents saying in-game ads influenced product purchases; over half of heavy gamers said they liked the games to contain real products, with 70% adding that the products made the game feel more real. "The really interesting insight is this idea that gamers are actually excit-

ed about the opportunity to have advertising in games and that's not something you see in any other advertising medium," says Jason Anderson, head of marketing at Xbox Canada. "Gamers want advertising in games because it makes for a more realistic experience, and that's the single most important thing to gamers."

Hmm... people who want advertising? Perhaps it explains why the Yankee Group projects that video game advertising revenue in the U.S. will reach US\$874.4 million by 2008.

Massive Incorporated has no doubt it will. The company that sells in-game advertising on PCs and consoles, works with video game giants like Vivendi Universal and Montreal's Ubisoft and recently opened up shop in Mississauga, Ont. Nicholas Longano, the New York-based chief marketing officer, figures the worldwide industry will be worth US\$2.5 billion by 2010 with an annual growth rate of around 34%. Longano is quick to emphasize that his company does not sell product placement—something that is hard coded

and becomes a permanent part of the game. Massive's ad buys change frequently, like a television campaign, and could be anything from a poster on a subway platform to a logo on a race car to full-motion video and audio running in the background on a character's TV set. "The rule of thumb is pretty straightforward," says Longano. "In real life if you would expect to see advertising in the setting in which the game is set then you should carry advertising in your title because, from a gamer's perspective, it's not intrusive and contextually it actually adds to the game environment." Like television, he says, ads are sold based on reach and frequency and are comparable in price to a cable television buy.

Because video console games tend to appeal to young males—of which about 70% are gamers—that's also the audience that Massive delivers to its advertisers. In fact, according to Nielsen Media Research, in the U.S. video games accounted for a 7% decline in television ratings among young males.

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Gamers' Preferred Platforms

Console Gamer	CD-ROM Gamer	Casual Internet Gamer	Mobile Gamer
<p>Gender: 68% Male 32% Female</p> <p>Median Age : 26</p> <p>38% of most frequent console gamers are under age 18</p> <p>Sales revenue: \$6 billion Console households own an average of 2.7 consoles</p> <p>Average number of family members who play console games regularly: 2.2</p>	<p>Gender: 66% Male 38% Female</p> <p>Median Age: 32</p> <p>96% of PC-based video game buyers are age 18 or older and 55% are female</p> <p>Sales revenue: \$2.1 billion</p> <p>62% of PC gamers also play console games</p> <p>Average number of family members who play PC games regularly: 1.6</p>	<p>Gender: 50% Male 50% Female</p> <p>Median Age: 36</p> <p>44% of casual gamers download games from game oriented websites such as Yahoo Games and Real Arcade</p> <p>53% of Casual Internet Gamers also play games on their mobile phones</p>	<p>Mobile Phone Gender: 36% Male 64% Female</p> <p>Median Age: 27</p> <p>17% of mobile phone gamers have downloaded additional games</p> <p>PDA's Gender: 56% Male 44% Female</p> <p>Average Age: 36</p> <p>55% of PDA gamers have downloaded additional games</p>

SOURCE: ENTERTAINMENT SOFTWARE ASSOCIATION, YANKEE GROUP - 2004 USVG SURVEY
ALL FIGURES IN U.S. DOLLARS

34 audience and shout out to them 'here's my brand, my brand is relevant, my brand understands you in a manner that is not invasive but part of the game experience,' he says.

Last December, Bell Canada made a pre-Christmas online ad buy for its Sympatico High Speed Ultra service. The ads "You're only as good as your Internet connection," appeared as billboards in *Cycle Manager*, *Rig Racer*, *Rollercoaster Tycoon 3*, *Mall Tycoon 3* and *Karaoke Revolution*.

"It's the perfect marrying of the media and the message," says Peter Farmer, Bell's Toronto-based director

of consumer marketing communications. "The nature of your online gaming connection is totally tied to the nature of the Internet product, so it's a perfect environment to capture the power user and the people who value high speed."

The campaign ran only in Ontario and targeted males in their late 20s. Farmer says that with the Internet penetrating up to 80% of the market, it's becoming more important to talk to the converted. "We are not selling the Internet, we are selling a better Internet so it becomes a competitive switch and steal. That's more and

more the realm that we are going to have to play in because the land grab is not over, but it is diminishing," he says. "The other cool thing is we can target based on their ISP provider, so we know if it's a cableco or one of ours, and if it's one of ours we don't serve it to them."

At Nintendo, president Ron Bertram says that while the Richmond, B.C.-based company doesn't sell space to advertisers, it does partner with them when it fits. "If it makes sense from a game content perspective then we do it, except we don't do it strictly to generate revenue," he says. "I'd call it more



How Mega Bloks became the game

Turn a young boy loose at Megabloks.ca and you'll soon find him immersed in a virtual 3-D environment collecting pieces of the Fire Crystal so as to defeat the evil Xenoz and the Ice Dragon Gul'Khan. Along the way he travels through Dragon Mountain and various lands made out of Mega Bloks, and if he is anything like Matthew, my seven-year-old, he'll be asking you to run out and buy some of the product.

So successful is *Fire and Ice*—a game that launched 18 months ago and one of six advergames on the website—that Ralph Van Coillie, Mega Bloks' Montreal-based interactive marketing manager, says 800,000 users played it last year with 69% from the U.S., 7% from Canada and the rest international. The target market is boys ages seven to 11, and tracking showed that the average time spent on the game was 16 minutes. Because it takes more than 1.5 hours to finish the game, about half the players come back for more. (Matthew spent over half an hour the first time and has been back on the site several times since.)

"We wanted to attract more people on the site and to just advertise the product in another way," says Van Coillie. "The game is a great vehicle to reinforce the story behind the product"

As well as a DVD and game, there was also a contest. While Van Coillie won't give out budget figures, he does say that return on investment was over 100%. Mike Burns, CEO and cre-

ative director at Fuel Industries, the Ottawa-based agency behind the game, says a nine-minute-long animated DVD pulled the product into the story line and the game used the actual toys. "The game allows the kids to play with the actual product, which just gets the kids really familiar with the Mega Bloks brand, benefits and how much more it pushes the envelope than perhaps a competitor like Lego would," he says.

Advergaming, or branded entertainment, is a new form of gaming where the brand strategy becomes the game play. Fuel has created advergaming for a long list of blue-chip clients including DaimlerChrysler, Pepsi, FedEx and Panasonic. According to a report at advertisinggames.com, while overall television spend will decline this year, the fastest growing media segments in 2006 will be video game advertising (40%), online advertising (27%), movie screen advertising (25%), branded entertainment (18%), regional cable television (12.8%) and custom publishing (10%).

Burns says costs to make a game range from \$25,000 up to half-a-million dollars, with most ranging between \$50,000 and \$125,000. "It all depends on the complexity. The more you get towards \$500,000, the more the kids will play. The game will be more in depth, there will be more things you can do within the game—it will be like Xbox-quality gaming," he says.

—EVE LAZARUS

product placement than advertising because I view our industry as very similar to the movie industry.”

After surveying 1,100 households last summer, the Toronto-based Yankee Group found that 36% of Canadian households now own a video game console. More interesting, says Jeff Leiper, research director, is that these households tend to be more affluent, more technology savvy and spend more on entertainment in general. “As income rises we find that you are more likely to have a video game console in the house,” he says. “If a household has an income between \$70,000 and \$90,000, then 47% have video game consoles.” The implication for mar-

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eters, says Leiper, is, “If you advertise in a game, the intuitive thought might be that it's going to a teenager or a young male, but what I'm seeing is advertising that is done in there is advertising to a middle-class family of technology adopters.”

Michael Gartenberg, vice-president and research director at Jupiter Research in New York, says that while the industry often focuses on the “ultra gamer,” there is a whole set of other demographics that come into play.

“There are thrifty gamers—people who buy few games but play them very deeply; status gamers—people who play and buy an awful lot of games, but don't play them very intensely; and casual gamers—people who are not interested in making a big investment in time and money, but are interested in games that they can play for a few minutes and walk away,” he says. “These are people who buy games that are not lifestyle-centric, so they don't have to wait for a birthday or Christ-

mas to purchase it, they have credit cards, they can buy things and access online services.”

Kelly Smak, chief operating officer and senior VP at Radical Entertainment in Vancouver, says there are two trends taking the industry by surprise. One is the increase in women in the traditional core gaming business normally targeted to 18- to 35-year-old males, and the other is the growing trend in casual gaming and in non-traditional gaming media such

as the cellphone and hand-held markets. Smak says core gamers are generally “very high-end buyers, market early adopters. They upgrade their technology on a regular basis.” The casual gamer wants a social experience. “Look at Nintendogs,” he says. “It's outside the normal thinking pattern of the gaming industry. I think it's truly a mass-market product, it spreads across age, it spreads across sex, it spreads across cultures. How unique is that?”

Because a lot of the PC games are free, the Yankee Group's Leiper calls the PC “the poor man's console.” But while the average online gamer may be less affluent than the console or wireless gamer, 38% of Canadian households are playing games online and, according to AOL, women over 40 spend the most time per week playing online games at 9.1 hours while those under 40 log 6.2 hours.

For marketers targeting seniors, PC gaming might also be the way to go. Leiper says of those 65 and older, 27% play online and the most popular games tend to be board and card games like euchre and backgammon.

Wireless games just might be the next frontier for advertisers. James Dobrofsky, games product manager for Airborne Entertainment in Montreal, says it's still early adopters and the technology-savvy young men driving most of the wireless game downloads and purchases. But that's likely to change soon. “The future of mobile gaming and the market that everybody wants to hit right now are women,” says Dobrofsky. It's an audience that seems drawn to the short casual games made for cellphones.

Nokia first launched the N-Gage in 2003. “The N-Gage was the gamer's phone. You picked it up because you wanted a phone that played games,” says Kamar Shah, the Richmond, B.C.-based head of industry marketing for Nokia. Shah reckons he's about to see his young male customer turn into a mass demographic. Games, he says have become an integral part of mobile phones today. “Last year there were 760 million mobile phones sold globally,” he says. “The mobile phone is not just making phone calls any more and that opens a myriad of possibilities.”

And, while Nokia doesn't have advertising in its games, it's something it is looking into, he says.

Shah says his customers seem comfortable paying \$5 to \$10 for downloadable games or around \$25 to buy an N-Gage game. With the launch of the next generation of smart phones, what he calls “mini computers in your pocket,” the quality of the games will be closer to a video console game and appeal to a mass market.

If advertising to a captive market that wants advertising and rewards marketers with high recall and even purchase all sounds a bit like something you'd find inside a *Final Fantasy Tactics*—well, the title, if not the content—then marketers should probably take a closer look at video games as a way for consumers to connect with their brand. “When a gamer sees advertising within the game environment, they know full well that the ad has been given the thumbs up by the games developers,” says Longano. “That's like having a movie and your favourite director saying, ‘Yeah, that brand is cool, I want it in my game.’” ■