The Sponsored Avatar: Examining the Present Reality and Future Possibilities of Advertising in Digital Games

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ABSTRACT

This paper examines the practice of advertising within the space of digital games. Additionally it anticipates the future development of advertising within the interactive entertainment spaces. A future that holds possibilities as varied as actual game sponsorship, product placement and brand integration within games, or cross promotional opportunities between digital games and other forms of entertainment media. The author seeks neither to neither bury nor praise the practice, but to offer a careful and reasoned examination. Given the similarity between videogames and movies this research synthesis incorporates analysis of advertising placement within those genres with limited processing theory to propose a placement model for digital games. The analysis includes the perspective of advertisers, game publishers and designers, and end user consumers. This work finds that currently there are multiple approaches to in-game advertising, but that it is an accepted practice by end user consumers. An agenda for future approaches is also offered.[1]

KEYWORDS

advergaming, advertising, digital gaming, gamevertising, product placement, marketing, videogames

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INTRODUCTION
We are surrounded by products in real life. Art imitates life. –Advertising Executive

Today Americans are surrounded by more advertising messages than at any other time in history. Advertising is featured on virtually every surface possible and it is a common feature in periodicals, movies, television programs, and on the Internet. Accompanying this spread of advertising messages, however, has been an increase in the amount of technology to avoid advertisements. New computers ship with software to filter out advertising invasions into one's online experience and digital video recorders (DVR) are often included in cable and satellite television boxes. Consumer power to avoid advertising is clearly on the rise. This development has not gone unnoticed among advertising agencies and media companies. Executives are now searching for ways to protect their advertising revenue and keep advertising messages where consumers can not only see them but not blatantly avoid them. Consequently, one advertising practice attracting growing interest is advertising and product placements in entertainment programming. The attention is primarily focused on placements in movies and television programs. But, one area that is attracting mounting notice is the area of videogames [8]. Agencies and game publishers are seeking greater opportunities to incorporate more advertising messages and product placements in digital games.

THE DECLINE OF TRADITIONAL MEDIA
Today it is common for advertising personnel to describe the 30-second commercial as "dead" [36, p. 4]. The advertising audience that once predictably gathered in front of network television has become fragmented. Further, some major advertisers have publicly announced a shift away from spending the largest portion of their advertising budgets on television advertising. In 2003, the president of Coca-Cola, one of the nation's largest advertisers, stunned the advertising industry when he said that the nation was moving away from television as the anchor medium in the home. Further, that the company was redistributing its more than $300 million in annual advertising spending away from television commercials and towards advertising placement in television shows, movies, and videogames [17].

Accompanying the shift away from the commercial has been growing consumer antipathy towards advertising. A recent survey by the Yankelovich Partners research firm revealed that two thirds of all consumers feel as though they are "constantly bombarded" with advertising messages [43, p. 15]. Furthermore, 65 percent of respondents said there should be more limits placed on advertising and nearly 70 percent agreed that they would like to have more mechanisms to help them block advertising [37]. While this consumer anxiety over the ubiquity of advertising messages may have been mirrored in previous decades, today consumers have the power to help them block or avoid advertising [39]. Thus, just as advertising agencies are in search of more ways to reach them, consumers are searching for more ways not to be found. Yet the one area which research indicates consumers accept, if not appreciate advertising, is product placement in entertainment programming [7].

This paper explores the developing interest on the part of advertising agencies and game publishers to incorporate advertising into digital games, a practice commonly referred to as

"advergaming" [32].[2]   This essay is specifically concerned with the practice of advergaming within console- and computer-based games. As a practice, advergaming will continue to increase for the foreseeable future. Advertising agencies are focused upon the medium as an outlet for their client's messages and game publishers and developers view the revenue as a way to offset rising development costs [22]. Carolyn Feinstein, an executive at game publisher Electronic Arts (EA) noted, "We've begun to aggressively build a business model around our games as an advertising medium. EA is placing a huge bet on the fact that this is a real business opportunity" [44, p. 9]. Yet within this interest there has been no model or framework developed to ascertain the optimum approach. Thus the goal of this analysis is to offer a first step towards creating guidelines for the future development in-game advertising. The present work argues that if a brand or advertising message is appropriately integrated into a digital game it will enhance the experience of end users and meet the goals of game developers and advertisers. This essay is a synthesis of research that brings together the viewpoints of the three sides of the triangle: advertising practitioners, game developers and publishers and end-user consumers (i.e. gamers). In the process it is hoped that the future agenda provided will serve to satisfy the goals of all three groups.

PRODUCT PLACEMENT

MOVIES AND TELEVISION

In analyzing the practice of in-game advertising the most appropriate parallel is product placement within movies and television programs. Both of these mediums allow for the incorporation of advertising message within the framework of the programming. Because videogames mirror the experience of television and movie viewing a discussion of product and message placement within these mediums will inform the analysis of the practice within digital games. Further, the growing number of movie and television show and videogame tie-ins increases the likelihood of the extension of placement practices from these mediums to their accompanying games. Also, movie studio executives are increasingly looking for strategic partnerships with (if not outright ownership of) videogame companies [18]. Greater involvement by studios will impact the manner in which games are developed and how the practice of in-game advertising proceeds. It is also appropriate because there has been substantial research on both the development of measurement metrics and the opinions of the practice from consumers and practitioners.

What started as an informal process of using real-world products in movies has evolved into a practice with spending in the billions of dollars. Estimates of placement spending in 2005 on placements show spending in excess of four billion dollars, a 23 percent increase over the previous year [28]. Despite the amount of money spent on placements, there is considerable disagreement about both the most appropriate way to do placements practice and the most appropriate standards of impact measurement [24, 47]. Research among advertising practitioners and academic researchers reveal a contested battleground [23].

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[2] Advergaming is currently the most often used term to describe in-game advertising. However, there are growing arguments that there should be terms developed to describe the practice in different forms of media (e.g. online games versus console-based games).

There are, however, some useful points of agreement for the present essay. First, research indicates that the majority of viewers consider product placements to be an acceptable practice and an enhancement to realism [7]. Second, the length of exposure and level of prominence are recognized as key factors in effective placements. Third, the more modal cues a placement has (visual and audio) have been show to positively impact brand recall [19]. Fourth, the context of the program and the mood it evokes has also been shown to impact the cognitive reaction to placement within programming [13]. Thus within the context of a digital game users would be more likely to recall the brand of car that they had victoriously driven in a virtual race than they would the billboards that surrounded the track. Fifth, is the viewers' affinity for the character or star using the product. Such interactions impact the viewers' perception of the product. In their study of placements in movies scholars DeLorme and Reid recounted an exchange describing a shift in gin preference after a viewing of the movie *The African Queen*: "He claims it's the best ever because Bogart was his hero and Bogie drank Gordon gin…It really changed [his] whole drinking habits" [7, p. 80]. The use of the product by a positively viewed fictional character became a personal testimonial for the brand. A similar transference process may be possible using a videogame character.

A digital game placement framework
Cristel Russell theorized a three-level framework to measure product placement: 1) "Screen placement" (the brand is visible in the frame, 2) "Script placements" (the brand is verbally mentioned), and 3) "Plot placements" (the brand is incorporated into the story) [41]. The further a placement proceeds through the levels the higher the degree of consumer recall. Within digital games a fourth level should be added: the degree of user interaction, or active control, over the brand or product. Unlike movies, game playing is an active process in which the brand can be integrated into the storyline with the user directing the experience. Therefore the pleasurable benefit of controlling the action and experience through the brand are transferred to the user. Watching James Bond barrel down the road in a BMW roadster is one thing. Actually taking control of Bond and controlling the car in a game like *Everything or Nothing* is something else entirely. In fact, in the case of automobiles, evidence has been found demonstrating that intimate involvement with a product in a videogame led to specific purchasing choices in the real world [25, 33, 34].

DIGITAL GAMES
One of the first instances of in-game advertising was in Sega racing games in the early 1980s that featured Marlboro billboards. The practice has grown, however, to one in which the majority of the best selling games feature some type of advertising content. Although the interest in advertising placements in games mirrors that of movies and television, the revenue is currently smaller. For example, in 2004 EA had worldwide sales in excess of $4 billion, of which $10 million came from in-game advertising revenue [40]. For the digital game industry recent projections estimate that advertising revenue from in-game advertising will approach $260 million by 2008 [36]. But, similar to the case with movies, not all placement arrangements are

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on a for-cash basis. For example, *Street Hoops* featured billboards for the soft drink Sprite and the game was featured on Sprite cans [26].

Yet, despite the comparatively low figures for product placements in games, the revenue model is clearly changing. In the past game developers had to pay companies to include their brand name or logo within a game. Today, though, game developers are finding themselves sought out by advertising agencies to incorporate advertisements and placements within their work. Moreover, some advertising agencies, like Young & Rubicam and Starcom have developed game advertising divisions (Bounce Interactive Gaming and SMGPlay, respectively) to better coordinate efforts between the worlds of advertising and game development [45]. Hence although the development of synergistic efforts between the two industries is developing slowly, it is clear that parties on both sides want the effort to succeed. Advertising agencies welcome the opportunity to develop an additional outlet for their work, and game developers welcome the additional revenue to offset development costs [10].

But what is the opinion of the end-user consumer, of the gamer? Research has demonstrated that the majority of game players seem to be in favor of greater levels of advertising and brand placement within games [35]. The most commonly cited reason for supporting the practice is that it enhances the sense of realism [27, 34]. The other two most commonly cited reasons for supporting in-game advertising were that gamers (mistakenly) felt that it would lead to lower game costs or would help the development of better games. Gamers most oft-cited concern was that the advertising or placement would be incongruous with the setting and detract from the experience [1, 46]. However, despite the seeming support of gamers for in-game advertising existing surveys have offered little detail. There is limited indication, for example, of exactly what type of advertising game players consider to be "realistic". At present the most realistic game setting for product placements is one where the product is used to achieve a goal (sports, racing, and adventure games). But, the majority of games sold are outside of these varieties. Settings like science fiction, fantasy, and horror themes make advertising and placements in these genres difficult, if not impossible, to make realistic. Some gamers may laugh at the idea of *Half-Life 2* protagonist Gordon Freeman replenishing his health with a Pepsi, but many more might reject the brand because of its irrelevant involvement.

LIMITED PROCESSING CAPACITY

Also, desires for in-game advertising aside, how effective is the medium for communication advertising messages? What impact does limited processing capacity have upon recognition and recall of an advertising message? Studies suggest that the higher the level of excitement generated during the viewing process, the lower the level of cognitive resources to process advertising messages [2, 20, 21, 38]. Hence the type of advertising and placement included within the framework of the game clearly matters as well as the type of game it is placed within. When players are completing a pass, shooting at another player, or rappelling down a building, it is likely that static advertising messages will be overlooked.

There have been precious few studies addressing these questions. Still, the results are promising. Research has shown that immediately after playing a game users could recall 30 percent of the brands included and nearly 15 percent over five months, staggeringly high numbers when compared to recall of 30-second television spots. However, these results were obtained using a small sample (n=36) and they resulted from the integration of brands into the framework of the game [34]. Studies that have used what amounts to billboards in a gaming environment have found slightly lower levels of recall [6]. Therefore, the placements most well-received by consumers and most effectively recalled have been ones with a high degree of user control and interaction, such as Sam Fisher using a Sony Ericcson P900 phone in *Splinter Cell: Pandora Tomorrow*.

RECOMMENDATIONS FOR THE FUTURE

Game developers and publishers

- Keep the integrity of the gaming experience foremost.

- Consider placements and brand integrations at the initial stages of game development. Make the practice part of the business model.

- Accept advertisements and placements only when they enhance content rather than just revenue.

- Individual game companies should consider establishing a position responsible for finding advertising relationships.

- Understand the manner in which gamers actually play the game [30]. For example, what pathways a user might take through a particular level and how that can be leveraged in terms of advertising or brand content.

- Abandon the gamers are geeks and geeks only persona. The videogame player of today represents a broad variety of demographic groups beyond that of 15-25 year old males [14, 15, 16, 49]. As one developer aptly noted, "Companies need to stop representing videogames as suitable only for prepubescent boys. It's time we sent a message out across the board, letting people know the pastime isn't just for kids" [42, p. 58].

ADVERTISERS AND ADVERTISING AGENCIES

- Do not approach in-game advertising as though it is a complete replacement for the 30-second commercial. Instead view it as an extension of the brand message that could be incorporated into other advertising messages. Consider, for example, a commercial for the Sony Ericcson P900 that uses themes or settings similar to those in *Splinter Cell* allowing the user to get a unified message. Linking the brand placement to other

advertising or promotional efforts is one of the most effective ways to enhance the placement.

- Understand how gamers view advertising as part of the game experience across its variety of forms including: advergaming, online gaming, computer gaming (where users may develop the ability to "hack" the advertisement) and console gaming. While there have been some studies of gamer attitudes towards advertising they must be constantly updated.

- Develop a set of standardized measurement metrics [29, 48]. Here the recommendations offered by DeLorme and Reid to practitioners interested in product placements in movies are appropriate: Practitioners…would be wise to commit quickly to research programs designed to explore, describe, and explain the relationships among brand prop exposure, audience reactions and interpretations, contexts, and brand placement practices" [7, p. 87]. Advertising practitioners, game publishers and developers, and academics should work in concert to develop these metrics.

- Avoid the passive logo or billboard approach. Gaming is an interactive experience, in which the user expects greater, not lesser, levels of involvement and control. Let gamers interact with the brand or advertisement in the manner that they deem most fit. Work with game developers to develop creative brand interactions that may be outside of traditional approaches. Effective advertising and placements in videogames will demand a wholly different type of creativity and involvement not unlike that experienced in the transition from radio to television.

- Recognize that in-game product placement is an evolving proposition. The current novelty of in-game advertising and placements may be limiting current reactions against the practice. However, the impending growth of branding and advertising inclusions in games may increase consumer resistance [5].

- Welcome the opportunity for change. Instead of continued hand wringing about viewer erosion and the death of the 30-second commercial get more creative. The history of the advertising industry clearly shows the ability to adapt to changes in technology and media habits. Use that legendary creativity to reach them in the new places and spaces they inhabit in ways that they will respect and appreciate.

CONCLUSION

The next generation of videogame consoles is set to launch within the next 12-16 months. Coupled with recent developments in handheld gaming like the Nintendo DS and Sony PSP, game developers have the opportunity to produce more realistic games than ever before. Technological advancements in graphics and artificial intelligence will lead to games that are even closer in image and content to movies. Moreover, built in internet access in next generation machines opens a wealth of possibilities from downloadable games and streaming advertising to tracking options that provide information about exactly how gamers interacted with brands [4]. Further, the growth of online gaming presents both developers and advertisers with opportunities

and choices (and potential regulatory hurdles) that are as yet unclear [3, 12]. As one observer enthused, "When this thing [in-game advertising] matures, there will be the opportunity to launch products in videogames. I don't know if it'll be songs or music videos or clothing lines, but it will happen" [4, p. S7].

At present, however, the three points of the triangle seem to be in harmony. Gamers have not yet revolted en masse against in-game advertising, but instead largely welcome it as an enhancement to their experience. Game developers and publishers are working with advertising agencies to develop appropriate advertising and branding synergies [9, 10, 11]. Still, caution must be exercised. Few gamers likely want, or will accept, sponsored avatars. Instead, most would likely agree with the sentiments of one game industry journalist who derided, "If Link [the hero of the *Legend of Zelda* series] shows up wearing Reeboks, I think I'll puke" [31, p. 14]. He neglected to add that his revulsion would probably also include walking away from both the brand and the game. And he would likely not be alone in doing so. But, if agencies and developers develop a synergy that does not leave out the desires of end users, we will see clever and creative ways to meet the goals of all parties concerned.

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