



platform status report
GAME ADVERTISING

Game Advertising Contents

Executive Summary	2
What is Game Advertising & Marketing?	2
GAME PLATFORM & EXPERIENCES	3
THE COMMON THREAD	5
Games Ad Unit Compendium	6
AROUND GAME ADVERTISING	6
IN-GAME ADVERTISING	8
ADVERGAMES	9
Business & Inventory Monetization Models	11
Challenges & Opportunities	12
OPERATIONAL INEFFICIENCIES	12
AGENCY & MARKETER EDUCATION	12
Who is the IAB Games Committee?	13

Executive Summary

The Interactive Advertising Bureau, in association with the Games Committee, is pleased to release an update to a series of papers that will lead the way to a vigorous and healthy industry with commonly adopted terminology, practices and standards.

The report outlines a detailed overview of the various game platforms, primarily “console” and “personal computer (PC)/online” layering in the types of games that can be played on each. The differences that exist in the operating ecosystem for each platform are explained, as well as a comprehensive exploration of the available advertising models and opportunities.

While video games are one of the fastest-growing advertising platforms in digital media today, there are still many components that need standardization. This report identifies potential areas for standardization including: impression measurement, audience metrics and further discusses the need to address interoperability issues as a way to extend advertiser campaigns across platforms.

Subsequent reports may address audience demographics and behavior, best practices and case studies.

What is Game Advertising & Marketing?

VIDEO GAME MARKET OVERVIEW

Video Games today are a global, mainstream entertainment medium. Surpassing box office revenues, movie rentals, book and music sales, video game revenues reached \$10.5 billion in the US in 2006.¹ The Entertainment Software Association (ESA) estimates that 67% of US households play video or computer games, and in 2009, more Americans played video games than went to the movies.² A growing number of these consumers are using their personal computers to play online games: comScore estimates that over 87 million US consumers visited gaming sites in May 2009, a 22% increase over May 2008. In addition, 25% of console gamers played online games in 2009, a significant jump from the 19% who played online in 2008.³ In the last six months of 2009, it is estimated that over 421 million games were purchased or downloaded in the USA alone.⁴

The integration of online games across all hardware platforms has resulted in the emergence of advertising as a significant revenue driver for the games industry. Analyst predictions vary, but they all point to big numbers. Screen Digest forecasts that the global in-game ad market could top \$1 billion in 2014.⁵

A stereotype has also continually been proven wrong over the past few years: one where people tend to believe that video games are primarily played by young kids and male teenagers. If this was the case in the 80s or 90s, it is no longer the case now: According to the ESA, the average gamer is 34 years old, and 40% of gamers are women. Among online gamers, the male female split is similar: 58% male, 42% female.

¹ Entertainment Software Association, <http://www.theesa.com/facts/index.asp>, as of September 2010. Exhibitor Relations estimated US box office revenues for 2009 at \$10.3 billion.

² NPD Group.

³ NPD Group, “Video Games Experience Significant Growth in Online Gaming Activities,” March 10, 2009.

⁴ Interpret, LLC, NMM Survey W4 2009

⁵ BizReport, “Screen Digest: In-Game Ads to Reach \$1 Billion by 2014,” May 27, 2009.

Projections for increased revenues could be well justified based on the results from a recently released study conducted by Nielsen Entertainment on behalf of Microsoft-owned in-game advertising specialist Massive Inc. The research showed average brand familiarity increased by 64% due to in-game ads on Massive's network. The study also found average brand rating increased by 37%, average purchase consideration increased by 41%, average ad recall increased by 41% and average ad rating increased by 69%.

This medium is ripe with opportunity for advertisers, however it is somewhat fragmented and can be difficult to navigate. Advertising opportunities may vary from platform to platform, and certainly demographics will vary based on platform and game type. A basic understanding of the game platforms and available advertising formats is now an important piece of mastering the Interactive landscape.

GAME PLATFORM & EXPERIENCES

Overview

The first thing to understand about video games is to know how people are accessing and playing with this content. Video games are played across three key hardware platforms: On consoles (such as Sony's PlayStation3, Microsoft's Xbox 360 and Nintendo's Wii), on PCs (either online or from games that are downloaded or bought on disk and installed on hard-drives) and on Mobile devices (phones or wireless handsets and other small units such as the Sony PSP, Nintendo DS). With the debut and widespread use of new smartphones, such as the iPhone or Droid, mobile gaming has reached a new level in the last few years since players are now not required to have separate devices for phone and games. Game applications are easy to download, such as through iTunes or through the iPhone itself, and tend to be priced rather competitively starting at \$99.

While there are myriad types of games being enjoyed, it helps to categorize them by what we call "experiences." In essence, there are two types of gaming experiences, casual and core/enthusiast. Casual games are targeted at a mass audience. They are easy to learn, fun (and often addictive) and can be played in a series of short time slices which is roughly anywhere from 1 to 30 minutes. Examples of these game types are hidden object, word, and match 3.

Core or enthusiast games are highly immersive, and often very realistic, titles with deep and extended game play. Because of the complex nature of the graphics and game mechanics, they often require a fairly powerful computer or console. Core games are played in sessions typically lasting more than 90 minutes. Some take more than 20 hours to complete and many feature structures that offer the gamer no real "completion" and can therefore be enjoyed for months or years, as players are really creating their own narrative and experience within the game structure.

"Connected" (a.k.a. "Social" or "Multiplayer") Gaming

Both experiences can now be either un-connected to the internet, meaning you are simply playing a "local" version of the game that you've downloaded to your computer or loaded onto your console, or "connected" meaning you can either only access the game when you are using a browser to access the internet or by using a console that can connect to the internet. Depending on the type of game, being connected or unconnected has an impact on the type of game play. When you're connected, new content can be instantly streamed to players or new features are made available, such as being able to play in real-time against other players. For example, RuneScape is a highly popular connected, browser-based core game (sometimes referred to as an "MMO" for Massively-Multiplayer Online). But you can also play multiplayer games on connected video game consoles, such as NBA Live 10 on PlayStation 3.

Finally, games on social networks have caught the attention of many players. As people have incorporated social networks into their daily lives, they have naturally gravitated to game applications that can be easily accessed through the network, which is typically more of a seamless experience than navigating to somewhere else on the web to find and play games. Since these games live inside social networks, they leverage player connections to create cooperative and competitive gameplay, including “gifting”, leaderboards and tournaments. The audience reach of these games, if done well, can be tremendous since the viral component of the platform allows word to spread quickly.

One Franchise, Many Ways to Play

To illustrate how the various platforms and experiences offer several ways to play a single game, let’s take the classic and well-know game Bejeweled developed by PopCap.

Retail – “Unconnected”:

If someone wants to own the full and complete version of Bejeweled they would have to pay the retail price for that game and either download or upload it to their computer or console, or purchase a copy in a retail store, such as GameStop. The gameplay would then be single-player and does not require an internet connection.

Retail – “Connected”:

To contrast, if you’ve purchased Bejeweled through a console platform that can connect to the internet, such as Xbox Live Arcade, you have the ability to check leader boards and see how you stack up against other players or people on your Friends List.

Browser-Based:

Some players may simply want to play the game for a little while, but not own it. A free “web” or “browser-based” version of the game is available on www.popcap.com, but because this connected casual game is free, it is limited in scope (e.g., less levels, features or content). The user must be connected to the internet to play the game, and with the advent of social tools, such as Facebook Connect, the developer now has the ability to give the player new “multiplayer” features. This includes visibility into which of their friends are also playing the game, inviting new people to play the game, and comparing their scores.

Social:

The Facebook version of Bejeweled, called Bejeweled Blitz, has an approximate monthly active user base of 12.5M people. Bejeweled Blitz is played in one-minute time increments where you try to rack up as many points as possible in that one-minute, as opposed to trying to beat the highest possible level that you would do in the downloadable version. The game is also centered around one-week tournaments with a leaderboard that shows you how your friends are doing. During the tournament, you are both trying to beat your friends’ scores, and all do your very best so that you can qualify for prizing with your “team score.”

Mobile:

If you find yourself utterly addicted to Bejeweled, which is not uncommon, you can take the franchise with you wherever you go. Bejeweled 2 is available for mobile and iPhone devices, and has even recently been updated to include the “Blitz” social component, which means you can play against your friends from your phone, just as you would on Facebook. If you don’t feel like competing, you can simply play the single-player version.

With so many options for gameplay, players have multiple touchpoints to access game content, depending on where they are, what they prefer, or what they're willing to spend. From a business perspective, it should be noted that there is an "ease of access" component to consider: As broadband penetration increases, it becomes easier to access digital content online, rather than having to purchase or download that same game. This allows game developers and publishers to offer different product versions at different price points in order to capture as much of the market as possible. As a result, brands and advertisers who want to leverage this growing, and very valuable, audience have many opportunities to become a part of the game experience. The numbers are starting to prove this: according to Interpret's In-Game Ad Effectiveness Norms, the average recall for in-game brand metrics was 90%, with 66% considering purchasing said brand.

Table 1: Game Platforms & Experiences

		PLATFORMS		
		PC/Browser	Console	Mobile
EXPERIENCES	Casual	• Downloadable: Polar Bowler • Facebook: Bejeweled Blitz • Browser Based: Diner Dash	• Pac Man • Geometry Wars • Wii Sports	• BlackBerry : Brick Blaster • Tetris • iPhone: Plants v Zombies
	Core / Enthusiast	• Downloadable: Fate • Browser Based: World of Warcraft, RuneScape	• Halo • Grand Theft Auto • Madden Football • Zelda	• Nintendogs • Splinter Cell • NBA 2007

THE COMMON THREAD – Operating Ecosystem

Direct involvement by advertiser clients is high for product placements that are built-in at the game-design level. Client involvement is much less common for online, impression-based deals which are primarily handled by media buyers and ad agencies. In general, game advertising is moving toward becoming a more agency-driven business.

Games Ad Unit Compendium

An abundance of advertising opportunities exist across the different gaming platforms (see Figure 1 below for a representation of ad placements). Generally, ads in this space are classified as either "in-game" or "around-game"; "in-game" advertisements can be further described as either "environment ads" or "immersive ads." Around-game ads are displayed in conjunction with or alongside a given game, while in-game ads are incorporated into the game itself, either as static displays or interactive elements.

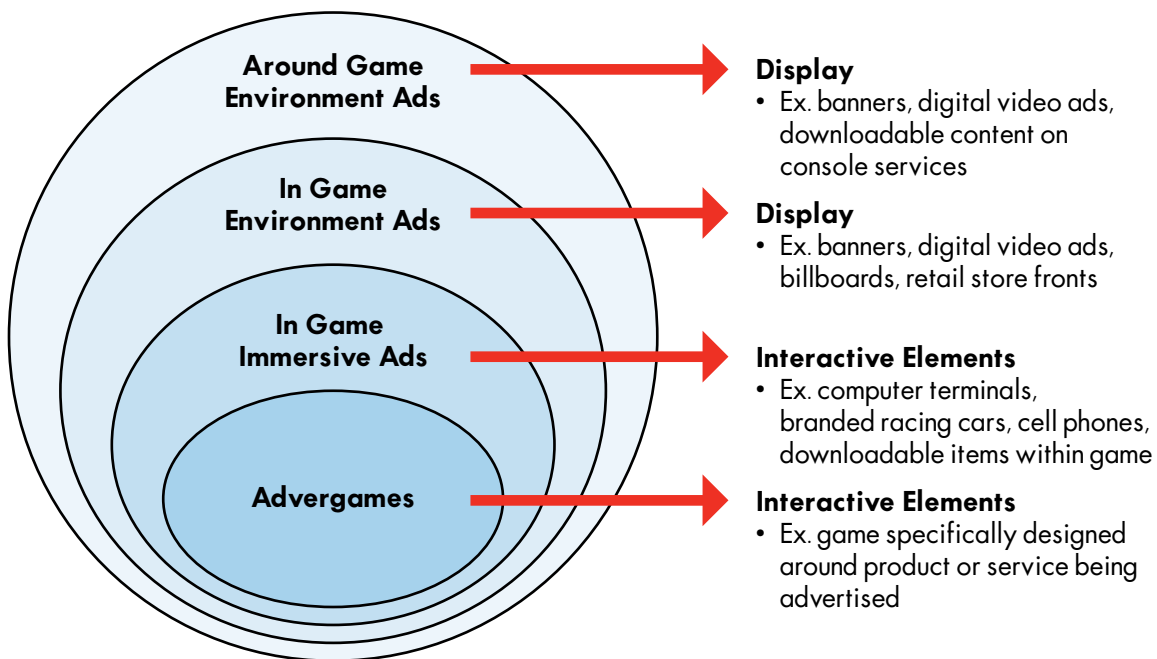


Figure 1: Game Ad Placement Types

For a complete list of these ad formats, and the various subcategories within them, please see Table 2 on pages 11 and 12.

AROUND GAME ADVERTISING

Around-Game advertising simply refers to so-called traditional display or digital video units shown in conjunction with the game. These ads can be shown as companion ads, pre-rolls, inter-level, pre- or post-game, or even as "skinning" which brands the game play area but not necessarily the game elements themselves.

Ex. Above Game Banner and Pre-Game Video

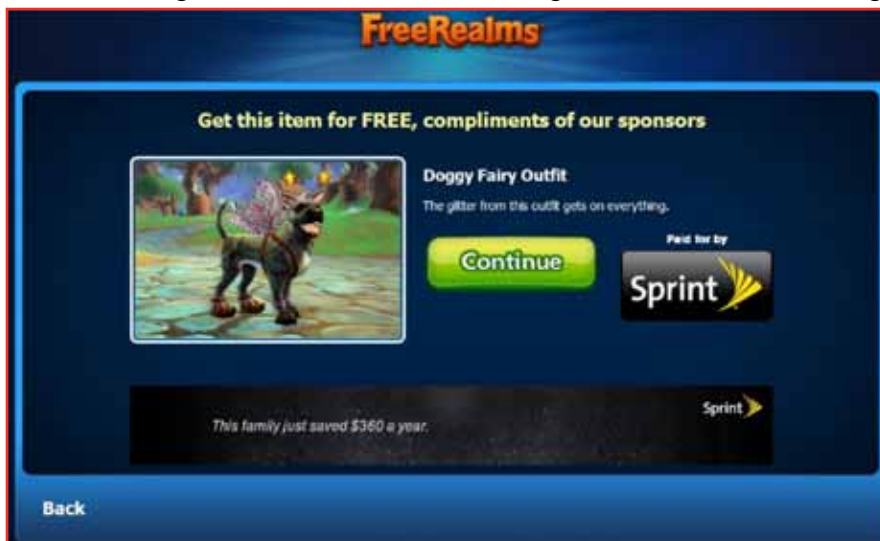
738x90 Above Web Game version of Bejeweled 2 on PopCap.com

300x250 Pre-Game Video

Source: WildTangent

Typically, web-based games are played within a “traditional” website environment where ad units can be displayed around the game window during gameplay. As mentioned above, digital video advertising can also run before a web-based game starts, or in-between levels.

On the other hand PC-based downloadable games are typically housed in an HTML environment and are played in full-screen mode. Advertising can be displayed both before and after gameplay, in the launch and exit windows, with digital video ads running while the game is loading. This format also allows for game patching, digital rights management, and commerce. (For a complete list of Ad Formats, please see Table 2 on pages 11 and 12.)

Ex. Unlocking Exclusive Game in exchange for Brand Advertising

Source: WildTangent



Custom Sponsorship
Elements

300x250 Video

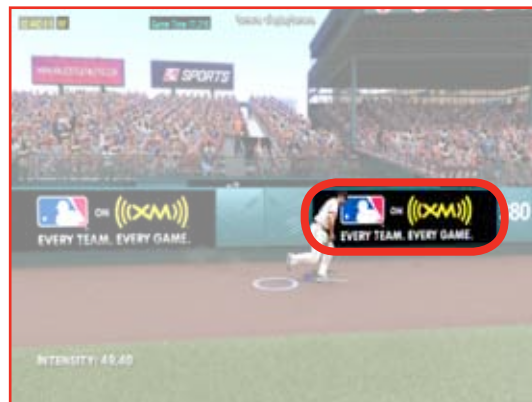
Source: WildTangent

IN-GAME ADVERTISING

In-game ads, as stated above, are classified as either “environment” or “immersive” advertisements. Environment advertisements are branded displays within the game that the player sees, but cannot otherwise interact with: these can be 2-dimensional displays—billboards, movie posters, storefronts, and the like—or 3-dimensional objects, such as cars, food items or sports equipment.



Source: IGA Worldwide



Source: Massive

Immersive in-game ads take many forms, but always invite the player to take some action: for example, a branded computer terminal might instruct the gamer to enter a specific product code, or a branded car model might be available for an in-game character to drive. Such in-game placements present considerable opportunity for commerce: many branded items are offered to players as paid downloads, or “micro-transactions”. On occasion, an entire level of gameplay content may be branded and offered for download, or the game itself might be sponsored by a given brand and filled with multiple immersive in-game ads; these strategies afford the advertiser a great degree of control over their in-game placements.



Source: Massive

In-game environment and immersive ads can either be hard-coded or dynamic: the former are included in the original game disk or download package, and appear even if the game is not connected to the Internet; while the latter are downloaded via an Internet connection, and can be changed or updated in the same way as webpage inventory. Hard-coded and dynamic ads can also be combined in a single game: for example, a game might display a hard-coded ad if there is no dynamic ad scheduled to appear, or if the game console is not connected to the Internet and cannot download fresh ad content.

ADVERGAMES

AdvergAMES are structured entirely around a given brand and act as de-facto ads in themselves, cleverly blending brand messaging with a fun, interactive gaming experience to achieve campaign objectives. Advertiser assets are integrated directly into these games in order to create a uniquely brand-appropriate look and feel; on occasion, this necessitates the creation of an entirely new game concept. The ideal is to provide a clear link between the brand and the game, without interfering with player engagement—indeed, in the best advergAMES, removing the branding from the game would diminish the overall gaming experience.



Table 2: Around Game and In-Game Ad Formats

PC/Browser	Console	Mobile
Around Game Environment Ads	Console Service Ads	Advertising elements or branded pages on console services or user interfaces, such as Xbox LIVE or PlayStation Network
	Game Skinning	Includes game sponsorship of display units around the game, and/or custom branding integration into the game
	Inter-level Ads	Display or digital video ads shown during natural breaks in gameplay, such as between levels ("inter-level"), or between rounds of play
	Post-Game	Ads shown following completion of the game
	Pre-Game	Display or digital video advertisements shown before gameplay begins as the game is loading
In Game Environment Ads	Dynamic In-Game	Advertising elements within a connected game itself, that can be dynamically changed depending on location, day of week, and time of day (e.g. vending machine fronts, billboards and posters)
	Static In-Game	Advertising elements within a game that may not be changed. These may reside within gameplay itself or on menus, leader boards, etc. This type of ad format is also referred to as "Hard-Coded" advertising
In Game Immersive Ads	Downloadable Content	Larger-scale branded content related to a game, or used as a part of that game (e.g. add-on levels; game demos)
	Micro-Transactions	Small-scale, downloadable branded items or features that can be used within a game. Usually low-priced (e.g. weapons, costumes)
	Product Placement	Integrated brand messaging, sponsorship, and/or products into a game (e.g. beverages, mobile phones and cars)
	Sponsorships	Advertiser owns 100% share-of-voice in and around an existing game, such as sponsorship of a tournament, zone (level) or session of gameplay. Advertiser might also sponsor the release of new exclusive content associated with a game.
Advergames	Advergames	Custom-made games specifically designed around a product or service (e.g. Burger King – Sneak King)

Business & Inventory Monetization Models

Inventory management and pricing models within the Video Games platform are similar to those of online advertising, particularly in the need for aggregation networks and the reliance on impression-based pricing models. However, unlike the web, the game advertising value-chain includes additional entities such as game title developers, publishers and distributors. While these additional links in the chain may create a complex diversified revenue share model, they also create unique and powerful opportunities for advertisers.

This is the only interactive platform where both hard-coding of ads and dynamically served ads can occur in a game. When in-game ads are hard-coded into the title; this can affect how and by whom the inventory is sold as well as the counting of the ad unit itself. These types of placements have a lengthy and involved sales process due to the level of negotiation and integration required for the game production. In this case, the pricing model is closest to the notion of product placement or sponsorship where the brand is contextual to the game itself and is a constant element.

On the other hand, dynamically served ads can be forecasted, sold and accounted for based more closely on the internet. And like the internet, these ads are served based on targeting parameters including: placement within the game, time of day or year, demographics and more.

The basic pricing models include:

Cost-per-thousand (CPM) – Inventory is sold on the basis of “number of impressions delivered.” No further action is required by the user/visitor to trigger the revenue event.

Cost-per-click (CPC) – A media company or search provider is paid only when the user/visitor “clicks” on an ad.

Cost-per-action (CPA) – Performance ad networks often use this model where the revenue event is triggered only when the user/visitor takes the desired action with the advertiser (i.e., makes a purchase).

Cost-per-view (CPV) – This relatively new model triggers the revenue event only when the user/visitor opts-in to view the ad, often by clicking on a prompt or “bug.”

Cost-per-session (CPS) – A session-based sponsorship where the user/visitor’s play experience is branded.

Sponsorship – The brand is integrated into the game environment. This type of model may also refer to fixed pricing in exchange for 100% share-of-voice and can give an advertiser particular visibility and advantage above that of run-of-site advertising. When associated with specific content, sponsorship can provide a more targeted audience than run-of-site ad buys.

Challenges & Opportunities

OPERATIONAL INEFFICIENCIES

There are many components of Game Advertising that have yet to be standardized, including creative units and ad impression measurement. The IAB Games Committee recognizes the importance of simplifying the buying and selling process as an impetus for further long-term growth, especially while the platform is relatively young.

Currently in-game advertising uses a time-based measurement approach for several formats and based on this approach, networks and publishers may set threshold caps of exposure. For example, an impression may be defined as ten seconds of cumulative exposure to an ad format or element within a game session. In order for each one second to be counted, the gamer view must meet defined parameters for the angle of view to the ad in addition to the size of the ad unit on the screen. These parameters are designed to ensure that gamers are truly exposed to the ads before any impression is counted. Other measurement methods count “interactive impressions” once there is an interaction between the gamer and the Interactive ad unit. Neither of these metrics, albeit based on long consideration and research, has been standardized in the industry.

Finally, platform interoperability issues will need to be addressed. Games are often published on multiple platforms. To date, the various platform manufacturers have different publishing standards and many have not yet opened their platforms to a range of dynamic ad serving providers. This means that advertisers wishing to appear across platforms must contract with the publishers to hard code ads into each platform’s version of the game, or work with each manufacturer’s advertising system independently. This may create inconsistencies in how campaigns are currently measured across platforms.

AGENCY & MARKETER EDUCATION

The IAB Games Committee is dedicated to providing agencies and advertisers simple yet comprehensive tools for understanding Games Advertising. The Committee continues to look for additional ways to educate the marketplace in the coming months through events, webinars, and enhanced discussions.

Who is the IAB Games Committee?

The IAB Games Committee is comprised of IAB member companies who are committed to promoting and improving the value of video games as an advertising and marketing platform.

Chairs: Dave Madden, WildTangent
JJ Richards, Microsoft

The Committee members span the range of players in the video game advertising and/or media ecosystem, and for the reader's convenience, we have listed them below by primary role. Please note that many companies may offer multiple services or business models.

Agencies

Centro
DraftFCB
MRM Worldwide
Sapient
SpotXchange
Unicast

Ad Optimizers

AdMeld

Ad Serving Technology Vendors

Akamai
MediaMind
Pointroll

Audience Measurement and Research Firms

comScore
Dynamic Logic
Interpret LLC
Ipsos Mendelsohn
Nielsen Games
Theorem
Vizu

Auditors

Deloitte & Touche
Ernst & Young
ImServices Group
KPMG
PricewaterhouseCoopers

Game Developers

Arkadium
Blockdot
Sony Computer Entertainment America
Sony Pictures Television

Game Publishers

Electronic Arts

Lead Generation

Traffic Marketplace

Networks

AdNectar
Adtegrity
Advertising.com
AtomShockwave
Betawave
BrightRoll
Geeknet
Peerset
Massive
WildTangent

Web Sites & Portals

A&E Television Networks
AARP
ABC
CafeMom

CBS Interactive

GSN Games Network
Google
IGN Entertainment
Interactive One
Microsoft Advertising
MTV Networks
MySpace
NBC Universal Digital Media
OMGPOP, Inc.
World Wrestling Entertainment

Training

The Sales Athlete

Software, Consulting, Data Services & Technology

Accenture
Acxiom
Adobe Systems
aiMatch
Cybage
INVISION

Appendix A: Definitions & Nomenclature

Brand Awareness — Research studies can associate ad effectiveness to measure the impact of online advertising on key branding metrics.

Click-through — The action of following a hyperlink within an advertisement or editorial content to another Web site or another page or frame within the Web site.

Contextual Ads — Existing contextual ad engines deliver text and image ads to non-search content pages. Ads are matched to keywords extracted from content. Advertisers can leverage existing keyword-based paid search campaigns and gain access to a larger audience. 3rd party publishers receive a share of the revenue collected from the advertisers.

Console — A video game console is an interactive entertainment computer or electronic device that manipulates the video display signal of a display device (a television, monitor, etc.) to display a game. The term video game console is typically used solely for playing video games, but the new generation of consoles may play various types of media such as music, TV shows, and movies.

Skinned Game — Custom brand integration that can range from logos, watermarks, backgrounds, game name, and/or in-game images

Rich media — Advertisements with which users can interact (as opposed to solely animation) in a web-page format. These advertisements can be used either singularly or in combination with various technologies, including but not limited to sound, video, or Flash, and with programming languages such as Java, Javascript, and DHTML. They may appear in ad formats such as banners and buttons, as well as transitionals (interstitials) and various over-the-page units such as floating ads, page take-overs, and tear backs.

Tethered — Requiring the player to have an active internet connection to play. The connection may be used for multi-player sessions, for data tracking, or for license authentication.

Appendix B: Key Players in the PC/Online Games Operating Ecosystem

Advertisers — Entities that target messaging or other content to consumers in order to achieve a desired result. Generally advertisers will supply ad content in pre-defined standard formats for easier integration.

Ad Agencies — Entities that represent one or more advertisers for either ad content creation or placement with Ad Service Providers (described below).

Ad Service Providers — An entity provisioning a stable of content from advertisers or ad agencies, and providing it for display around or within games, and usually sharing revenue or other value in exchange. This value can be based on metrics around the display of advertising, the results of displaying advertising, or other arrangement.

Aggregator/Distributors — The large number of developers and publishers in the market make it unfeasible for all but the largest Portals to deal with a large enough number of them to offer a wide variety of content to their consumers. Aggregator/Distributors provide a solution by handling distribution agreements with a large number of content publishers and providing a “one stop shop” catalog of content for Web Sites/Portals.

Digital Rights Management (DRM) Providers – In order to prevent unauthorized copying of game software applications, they are generally, when downloaded for local execution, protected with a DRM application layer. This DRM layer determines, based on some criteria, whether the consumer may access the content. While not a direct player in the advertising value chain, DRM solutions will need to offer the necessary authorization check mechanisms to allow for various business models.

Game Developers – Software development companies that create the game application.

Game (Title) Publishers – Publishers' primary business is that of bringing games to market. This may involve providing advanced funding to developers, assisting in development, marketing and demand creation, and finally delivery to market. Delivery to market may mean providing the game directly to Portals/Web Sites, or Platform vendors, providing the game to aggregator/distributors for distribution across their network of customers. Publishers having their own in-house development teams are sometimes referred to as developer-publishers.

Platform Vendors – A Provider of a Product or Service (often a combination thereof) that constitutes its own market ecosystem. A simple example would be a game console like Sony Playstation3 or Microsoft Xbox360. A more complicated example might be the mobile space, where a given Carrier's combined handset, operating system and software distribution service would together constitute a Platform.

Third Party Ad Servers – A technology vendor enlisted by the agency (or advertiser) to manage their campaigns across multiple game titles, networks and web properties.

Web Sites and Portals – A web site is, in this context, a venue on the internet offering games for play to consumers through some mechanism (e.g. free play, download, etc). A Portal is a website offering a variety of services to consumers, and generally having a very large number of customers.

Appendix C: Key Players in the Console Based Games Operating Ecosystem

Advertisers develop, market and sell products / services. In the context of In-Game Advertising, Advertisers pay In-Game Ad Networks to deliver targeted ad campaigns that will reach the target demographic with key messages about their products and services. Advertisers will pay an advertising agency to buy time in an In-Game Ad Network and to provide the creative for the ad campaign. Examples of Advertisers include Coke, Intel, Discovery Channel and Wendy's.

Advertising Agencies are dedicated to creating, planning and handling advertising for their clients. In the context of In-Game advertising, advertisers buy ad space in the In-Game Ad Network for their clients and work closely with the network to ensure the right message reaches the advertiser's target demographic at the right time. Advertising agencies are typically responsible for providing In-Game Ad Networks with the creative that will be delivered into the games.

Console Manufacturers develop, manufacture, market and distribute video game consoles to the retail market. In the context of In-Game advertising, console manufactures own the platform and determine which In-Game Ad Networks can serve ads into the games that run on their console(s). Console manufactures are usually paid a royalty by the In-Game Ad Network based on an agreed upon % of revenue. Examples of console manufacturers include Microsoft, Sony and Nintendo.

Content Licensors generally own the legal rights to special content that is embedded in video games. In the context of In-Game Advertising, licensors are able to approve or reject certain advertisers or advertisements based on exclusive agreements with advertisers, preference. Licensors are usually paid a royalty by the game publisher based on the number of units sold. Examples of licensors include the National Football League, New Line Cinema (Lord of the Rings), Marvel Comics (Spiderman).

Game Publishers / Developers design, develop, market and distribute video games. In the context of In-Game advertising, game publishers own the game design, and work with In-Game Ad Networks to integrate inventory elements into games. Dynamic ads can't be delivered into a game until an agreement is executed between the In-Game Ad Network and the game publisher. Game publishers are usually paid a royalty by the In-Game Ad Network based on an agreed upon % of revenue. Examples of game publishers include Electronic Arts, Activision, Take Two and Midway.

In-Game Ad Networks contract with game publishers and/or developers to place advertising in their games. By combining games from many publishers, they allow advertisers to reach a wide audience across a network of games. Typically, in-game ad network providers work with publishers to strategically integrate advertisements into their games, and then sell the placements to advertisers. They work with the advertisers (or agencies) to ensure that the look and feel of the advertisements match those of the games and monitor the success of each advertising campaign. They manage the serving of ads into the games in the network, and bill the advertisers for the campaigns delivered, collecting the revenue they share with the publishers, console manufacturers and any content licensors depending on the agreements struck with each entity.

Appendix D: Other Resources

- **Casual Games Association** – www.casualgamesassociation.org
- **Entertainment Software Rating Board** – www.esrb.org

The Entertainment Software Rating Board (ESRB) is a non-profit, self-regulatory body established in 1994 by the Entertainment Software Association (ESA). ESRB independently assigns computer and video game content ratings, enforces industry-adopted advertising guidelines and helps ensure responsible online privacy practices for the interactive entertainment software industry.

- **IAB Marketer & Agency Guide to Online Game Advertising** – www.iab.net/iab_products_and_industry_services/508676/1488/GamesPlatform

Presentational Guide to online game advertising, including demographics, advertising potentials, product placements and examples of in-game ads.

- **Interactive Advertising Bureau** – www.iab.net
- **International Game Developers Association** – www.igda.org