

# Game advertising



17 October 2006 Assignment Throughout the years, advertisers recognize that television viewing has been rapidly declining due to the wider popularity of video gaming. Thus, the emergence of the in-game advertising industry is a response to this situation. The in-game advertising industry is primarily responsible for the placement of ads in video games in different platforms. It should be noted that the industry specifically caters to the 18-34 age group that represents a huge proportion of the global market and is one of the highly sought demographic segments by advertisers.

According to Kennish (2006), the video games industry is expected to "break the \$10 billion mark this year." Furthermore, as the sector has succeeded in reaching audience that the traditional media can't, advertising investment is anticipated to reach \$300 billion. PricewaterhouseCoopers estimates that the online gaming industry is set to grow \$55 billion in 2009 (Video Games 2006). It should also be noted that the gaming industry grows at an astounding double digit rate of 25% annually.

Business organizations have been very quick to realize the potential profit gain from this segment. Massive Incorporated, which is the world's first video game company, operates with the mission of "aggregating the gaming audience to deliver advertising across a network of premier video titles and providing measured results on consumer interaction with the advertising." Double Fusion is an Israeli in-game advertising company established in the summer of 2004. The business model of Double Fusion is very much similar to that of Massive. The product line of Double Fusion ranges from dynamic advertisements, integrated advertising, and "around game" inventory (Double Fusion 2006). In Game Advertising (IGA) seeks to provide advertising services with its global computer video game media and

advertising network. As opposed to Massive and other aforementioned competitors, IGA's network encompasses multiple platforms including PC, console and mobile gaming and offer both static and dynamic advertising. Together with Massive, Double Fusion and IGA Worldwide captures the largest market shares. Some smaller start-ups and players in the video game industry are also taking the challenge of in-game advertising.

Despite the rapid growth of the video gaming industry, it also faces numerous challenges. It should be noted that customers now demand the creation of video games which have more sophisticated story lines and graphic improvements. This has resulted to higher production costs as well as longer production time. On the other hand, the average commercial life of a video game has significantly dropped to less than one year. With the increasing competition among industry players, companies are launching new strategies to attract clients. For instance, Double Fusion has launched a new technology which allows them to sell custom programs to advertisers (Hyman, 2006).

The in-game advertising market is presently experiencing a trend of rapid growth and development. With the success of the pioneers in the industry like Massive Incorporated, more and more players opt to break in the sector. In the current circle of players, companies are leveraging on their different capabilities to provide a differentiated product.

#### Works Cited

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