

IN THE GAME

Video games, virtual worlds and social media are taking over as the entertainment platforms of today. If your brand is not in the game in the digital age, then you're out in the cold, writes **James Grant Hay**.

For anyone who has ever played a massive multiplayer online game session of Counter-Strike, you would know that staying in the game is as much part of the fun as it is half the battle. For those brands that made the early leap with younger audiences to advertise in video games, the dividends of their first tour of duty are about to pay off.

Companies have been dabbling with virtual product placement for years, but the money advertisers are now spending in the space is rapidly heading north. According to The Yankee Group report, 'Advertising and Games: 2007 In-Game Advertising Forecast', "The market for in-game advertising, which was worth an estimated \$77.7 million globally in 2006, is growing exponentially, with spending expected to top \$971.3 million by 2011."

The study found that dynamic ads will supplant static ads, but fixed product placements will continue to grow through to 2011; the number of games with in-game ads will double annually through 2011, with PC-based games driving the market for dynamically served ads.

As a result of the significant shift in advertising expenditures in new media, in-game advertising budgets and networks serving these ads are also growing. In addition, internet connected game devices are becoming the foundation on which providers build dynamic in-game insertion.

In May last year, Microsoft acquired Massive Incorporated (the ad serving network) reportedly for between \$200 million and \$400 million. In June, this was subsequently matched by Intel's investment in rival in-game advertising network player IGA Worldwide. Not to be outdone, Google announced in February this year that it had acquired San Francisco-based interactive in-game agency Adscape Media for a cool \$23 million.

Massive is a New York-based technology company that has created its own ad-serving network based on the dynamic in-game advertising (DIGA) model. The network's technology automatically downloads advertising images after a gamer installs the video game on his or her PC. The game ships with the Massive Software Development Kit (SDK). The SDK is integrated with the game

to act as a client to Massive's ad servers. It allows the game to fetch the ad, display it on a surface, and analyse how the player acts around it. Massive refers to this as 'Phase II: Integration of the Software Development Kit'. The Massive network allows game developers to place advertisements within video games by providing the SDK and servers to host advertisements to be streamed to clients when the game is played. The streaming of advertisements allows old advertisements to be removed and more contextual ones applied in their place.

Ads can then be inserted and played online as well as games played on the user's PC. The Massive system can target campaigns geographically, by day parts, number of impressions served, reach and frequency.

DIGA offers several unique advantages, such as timeliness, scalability, measurability and flexibility. Until now, ads in video games have appeared only occasionally and rather haphazardly. Static in-game advertising or SIGA, which called for the advertiser to place its product, service or logo into the gaming environment shipped on its CD or DVD and permanently archived in the game, is now

<132>

VIRTUAL GAMING.

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being replaced with DIGA. DIGA utilises the latest in online ad serving technology and can deliver rich audio, video and advertiser content live to the gaming environment in real time.

When an image is presented to a gamer during game play, Massive's ad server records data from the game to determine if certain thresholds are met and whether an impression can be recorded. The server records the length of time an image appears on screen in accordance with those thresholds and aggregates the total time the gamer has been exposed to the image. One impression for that campaign is then recorded in Massive's client database.

The DIGA technology will greatly enhance an effective in-game advertising model for marketers. Firstly, it will be key to calculating the number of hours gamers are playing on each title. The frequency and length that an ad, brand or product placement shown needs to be tangible to advertisers before a value can be determined. With the almost infinite replayability of online sports titles, such as PS3 and Xbox 360 versions of EA's Madden NFL 2008, many gamers are likely to spend hundreds of hours over several months playing alone, with friends or against multiplayer opponents online. Massive has a strategic partnership with Nielsen Interactive Entertainment, who will provide third-party measurement and accountability for advertising on the Massive network.

Similarly, rival in-game advertising network IGA Worldwide, based in Berlin, has recently announced its own independent in-game advertising rating system for advertisers. Known as Gameasure, the third-party proprietary measurement currency is the brainchild of Interpret, the company responsible for the bespoke measurement of IGA Worldwide's extensive in-game ad network. Gameasure will rate duration, demographics, title, reach and depth of engagement metrics for IGA's supported game titles.

Recently, Sensis MediaSmart, in partnership with IGA Worldwide, signed its first locally produced in-game advertising campaign for the launch of two new movies aimed at young male consumers. As gamers went online to play Counter-Strike, Battlefield 2142 and 9Dragons, they were the first to experience 20th Century Fox's billboard ads for its new movie, *Die Hard 4.0* that premiered on 9 August.

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MediaSmart also launched a campaign for Universal Pictures' release of *The Bourne Ultimatum* to coincide with its 23 August release date. Fans of online games such as Test Drive Unlimited, TrackMania Nations and Colin McRae: DiRT witnessed running billboard ads of the movie and the Australian release date as they played the games.

The reason for this migration is quite simply fun. Video games are great entertainment and immerse users into an alternative interactive universe. With the adoption of mainstream broadband internet, game play will increasingly take place online.

While viewership of broadcast television programming among the coveted 18- to 34-year-old male demographic has slipped in recent times, increasingly members of this demographic have shifted to playing video games.

In its 2006 US report, Nielsen Interactive Entertainment recorded its analysis of average primetime usage data and found that video games as a whole received ratings among males 18 to 34 were on par with, or greater than, three of the four major networks and their affiliates. The report concluded that young men aged 18 to 34 spent as much time playing video games – 30 billion hours – as they did watching television.

According to Nielsen, 70 percent of heavy gamers and 55 percent of active gamers said that the inclusion of real-world products makes games more real. If marketing is done within the context of a game, it actually

enhances the experience. Signage for real brands posted on the side of a virtual stadium is not only unobtrusive, but enhances the reality of world. For example, in EA's Madden NFL 08 (which went on sale on 14 August), there's a virtual Goodyear blimp flying overhead in the game.

Heavy gamers are defined as those playing at least 10 hours per week while active gamers are identified as those playing five sessions of at least 30 minutes per week. Online casual gaming is more conducive to traditional intrusive advertising because the games are free to play and tends to skew older, with players typically female and in their 30s. By contrast, console gamers are on average younger adult males in their 20s. PC users are different from hand-held gamers, who differ demographically from console-game players. For an auto manufacturer, the average age of console gamers is 27, which is a great age for auto manufacturers to be targeting, because if they aren't in the market to buy a first car, they soon will be. With the advent of next generation game console hardware (such as Microsoft's Xbox 360, Sony's PS3 and Nintendo's Wii), this will lead to an invigorated new round of console game software spending by consumers worldwide. Eight months since Nintendo launched its Wii, the console has been the top-selling system for families over its far more expensive competitor models.

Locally, Australians spend more than two million dollars a day on interactive computer games. Some 3.6 million households have a video game console. The average age of a video game player is 28. About 35 percent of players are parents, believe it or not, and eight percent are seniors. Contrary to the myth, games are not a male preserve; in fact 40 percent of players are female. In 2006, more than 12.5 million games were sold in Australia according to the Game Developers Association of Australia.

In its 2005-2009 Global Entertainment and Media Outlook, PricewaterhouseCoopers forecast that video games and the internet will remain the fastest-growing E&M industry segments. According to the PWC report, globally the video game market will expand by 16.5 percent and will be worth an estimated \$55 billion by 2009 driven by growth in the Asia/Pacific, the largest single market.

With forecast growth figures like these, it's not surprising to learn that video games and films may one day merge to become interactive dramas on screen. Machinima, a fusion of filmmaking and computer gaming, which is increasingly being used as one of the quickest and most cost-effective ways of creating animation, has a rapidly growing following, fuelled in part by the enhanced visual quality of many of the most popular computer games.

Using a game engine and environment, a Machinima creator ('Machinimator') can use existing game characters (from games that give permission) or create your own, as the characters or actors and sets for a film. This is then compiled, edited and built up into a virtual film.

Machinima is a new and exciting way to combine machine and cinema. Machinima uses video games and 3D animation for making short films. It is based on the player/producer culture, where the player uses his or her own storylines and humour to create new pieces, rather than professionally produce films. So cult has Machinima become, that it is now spawning a new era of computer games – and a new approach to computer gaming.

Although this hybrid of filmmaking from games started among the game fanatics, it is now beginning to be used by commercial organisations to produce breathtakingly complex and interesting short films. Coming from the games culture, it is all about fun and play, and is now taking off as a global phenomenon.

Machinima has spurned the use 'advergames', where advertisers create a game around their own product rather than place their brands within a well-known game title. According to the Yankee Group more than one-third of all advertising in-game will come from 'advergaming' by 2009. Of all the kinds of in-game advertising, 'advergaming' involve the most complete integration of the product or brand message. The hottest segment of this market is the casual gaming of online downloadable games.

The line then blurs when the amount of time users spend in what appears to resemble a traditional computer game transforms itself into a virtual community universe. Welcome to the world of Second Life. Second Life has become the latest in a string of internet phenomena that has moved from fringe to

mainstream, attracting the attention of a growing base of brands, with some estimates putting the value of the economy in the game at US\$64 million (\$83 million). Second Life is a three-dimensional virtual world entirely built and owned by its residents. Since opening to the public, it has grown explosively and today is inhabited by a total of 8,787,602 residents from around the globe.

The premise of Second Life is simple. Players create a virtual version of themselves, called an avatar, adopt a name, then are free to walk, fly or teleport their way around the rapidly growing expanses of the virtual world. They can buy land, sell services and even hire other players to work for them. Second Life has already spawned several virtual moguls, many of them, predictably, in property development. Players trade in Linden dollars, which have a real-world value with 250 Linden dollars equal to US\$1.

Second Life was launched in 2003, but did not come to prominence until last year when corporations such as Sony, IBM and Reuters bought islands and began marketing to visitors.

Second Life has no defined central purpose, making its audience ripe for distraction by marketers. Fashion and music are two areas that are swiftly embracing a Second Life strategy. Sony BMG has created a space in which to showcase its artists, as has Warner Music. Adidas, Reebok and American Apparel have also opened virtual stores where players can outfit their avatar in the latest look.

The ABC was the first major Australian brand to embrace Second Life, own digital islands and interact with other players around the world. In fact, Australian brands in Second Life lead the world.

The Project Factory, headed by interactive TV guru Gary Hayes in Sydney produced and built two of the top five Second Life presences, including the World Number One for Australia's Telstra BigPond. The Project Factory produces three-dimensional projects, virtual worlds and websites in the UK, the US, Australia and South Africa. In its May 2007 rankings, the world's number one brand in Second Life based on popularity was Pontiac taking over from Telstra BigPond, whose site was produced and built by The Project Factory in Australia. ABC TV, another Factory project, is listed ahead of such major international brands as IBM, NBC Universal, Sony BMG, Toyota and AOL.

The actual vertical figures are based on the open in-world Linden Lab traffic algorithm. Every avatar gets a certain number of traffic 'points' per 24-hour day, which are distributed across the areas they visit – sims and/or parcels (subsections of sims). If they spend

100 percent of their time for that day on a parcel, then that parcel will get 100 percent of their points. If they spend 50 percent of their time there, the space is allocated 50 percent of their points and so on. In addition, a visit to a parcel is only triggered by being there for more than five continuous minutes.

The ABC TV Island has been a success since its launch and is currently ranked a number three worldwide brand in Second Life ahead of such companies as Microsoft, Sony BMG, IBM, Reuters and AOL.

Businesses that have set up in Second Life have effectively replicated their existing internet presence, offering links to online stores and a three-dimensional version of the internet presence they've also developed for the web. Visitors to Telstra's The Pond, for example, can buy songs and watch movies.

Like in-game advertising, this was the approach in the recent *Transformers* movie which promised Second Life residents the ability to interact with a wealth of rich-media production material including stills and video exclusives. *Die Hard 4.0* fans could jump into poses on virtual film sets based on the films and Bruce Willis recently took photos from residents in Second Life.

Strategic brand immersion in Second Life is now being guided by a number of agencies, including Millions of Us, InShare and Activ8, to assemble the world's leading talent across multiple virtual world and media platforms to help businesses better understand and harness the power of all social media.

According to social networking site Bebo, social media and networking serves our need to be distracted for a little while and allow people to share who they are with others. Bebo has a three-pronged approach: self-expression, community and content. The current focus for Bebo is on content and co-producing webisode *KateModern*, a video blog from the producers of web hit *Lone Girl15*.

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