



# A Guide to Games and Advertising

Video gamers represent a significant portion of the world's population and contrary to conventional wisdom, these gamers are not just adolescent males but rather represent a broad spectrum of consumers. According to the Yankee Group, the average console gamer in the U.S. is 26 years old and the split is 68% male to 32% female. In comparison, the average casual web gamer is 36 years old and the split is 50% male, 50% female.

Video games offer advertisers a variety of opportunities in and around games. In-game ads are integrated directly into the game while around-game ads occur outside of the game itself. Both in- and around-game ads can come in a variety of formats.

To help you get your game on, here is a collection of terms to get you started.

**Ad Angle** – The angle by which an advertisement appears to the game player on screen, and is relevant to the visibility thresholds that are established in order for an exposure to an in-game ad to count as a valid ad impression.

**Ad Impressions** – A measurement of exposure to an in-game ad that meets established minimum thresholds for time and quality.

**Around Game Ads** – A form of game advertising that places advertisements in borders that surround the screen area in which the game itself appears.

**Advergame** – Free-to-the-consumer downloadable or web-based game that carries advertising or branding in lieu of a charge to play.

**Aggregator** – Company sitting between publishers/developers and portals/distributors, collecting the rights to distribute games from the former, and selling them into the latter.

**Below-the-Line** – Traditional media term for non-mass-media advertising.

**Branded Entertainment** – Akin to TV product placement, can be either interactive or game-like ads – some even POP, or outdoor, or ads embedded in on or offline games, known as in-game advertising.

**Brand Equity** – The value or essence of a brand and its value.

**Call to Action** – The advert will have a purpose that will mean that it encourages interaction. It tells the viewer what to do to engage.

**Casual Games** – A video game or online game targeted at a mass audience of casual gamers. They are typically distinguished by their simple rules, in contrast to more complex hardcore games. Casual gaming demographics also vary greatly from those of traditional computer games, as the typical casual gamer is older and more predominantly female, with over 74% of those purchasing casual games being women.

**CGA (Casual Games Association)** – A professional international trade organization founded to facilitate a healthy and stable global casual games industry;  
[www.casualgamesassociation.org](http://www.casualgamesassociation.org).

**Click Through** – The act of clicking on a banner or text link ad, which takes the user through to the advertiser's site or other destination.

**Click Through Rate (CTR)** – The response rate of an online advertisement, typically expressed as a percentage and calculated by taking the number of click-throughs the ad received, dividing that number by the number of

impressions and multiplying by 100 to obtain a percentage.

**Community** – A group of gamers congregating around a particular product or portal, supported by features such as personalisation, chat, high scores, and skill-based challenges for prizes. Active communities are a strong selling point to potential subscribers.

**Converged Advertising** – A mix of mobile marketing, mass media, and non-mass media advertising.

**Conversion Rate** – The percentage of downloads of trial versions of a game that result in a sale of the fully-featured version. Typical conversion rates are around 1% - 2%.

**Cool Off Period** – In a cumulative counting approach, a cool off period is a specified period of time that must pass between valid ad impressions.

**Cost per Click (CPC)** – The price paid by an advertiser for a single click on its ad that brings the end user to its intended destination.

**CPM (Cost-per-Thousand)** – The price paid by an advertiser for a site displaying their ad 1,000 times.

**Creative** – The concept, design and artwork that go into a given advertisement.

**Cumulative Counting Method** – A method of calculating ad impressions that allows for the aggregation of separate ad exposures to achieve a pre-determined time length threshold to qualify as a valid ad impression.

**Deferred Ad Impressions** – These are ad impressions that occur and are counted while the game is being played offline by a user. These impressions are then reported when the game player reconnects online, and the data for these offline impressions are collected.

**Developer** – The individual or company responsible for a game's design, graphics,

sound and coding. Casual game developers range from one-man bands to large multi-teamed SMEs. They may be self-funded, or contracted by publishers or others to work for hire.

**Distributor** – Specialist companies that secure the rights to distribute the games of publishers and developers, as well as the technical ability to deliver the games. Usually work with publishers and retail portals; often also aggregators or portal owners in their own right.

**Downloadable Game** – A game that can run on a consumer's PC, mobile phone or console without access to the Internet. Usually purchased as a result of the successful conversion of the try-before-you-buy version.

**Dynamic In-Game Ads** – In-game ads that can be dynamically changed so that users are presented with different ads. Generally these ads follow the rules established for content types which include logo ads, billboard ads and sight-sound-motion ads.

**Event-Based Ads** – Those in-game ads that are generated as a result of a game event, typically a user interaction with the ad within the game environment. These ads may also be called "interaction-based ads."

**Fill Rate** – The percentage of ad requests that are filled with ads (that is, where an ad is displayed to the end user).

**Flash** – A multimedia technology used to add animation and interactive elements to web pages, Flash is used to create most new web-based casual games.

**Frequency Cap** – The maximum number of times an ad can be delivered to the same browser in a single session or time period. A site can use cookies in order to manage ad frequency.

**Geotargeting** – Displaying (or preventing the display of) content based on automated or assumed knowledge of an end user's position in

the real world. Relevant to both PC and mobile data services.

**IAB (Interactive Advertising Bureau)** – IAB is a non-profit trade association devoted exclusively to maximizing the use and effectiveness of interactive advertising and marketing; [www.iab.net](http://www.iab.net).

**Hardcore Gamer** – An avid consumer of full-priced boxed games, who responds positively to difficult and lengthy games that have a focus on skill-based game play, and who identifies himself through his consumption of specialist websites, forums and games magazines.

**In-Game Ad Unit** – An individual advertisement that appears within the game environment. Multiple in-game ad units may appear on screen simultaneously.

**In-Game Display Ads** – Display advertisements that are integrated into the game play scenarios that the user (gamer) experiences when playing the game. These ads may be either static or dynamic. Two common types of in-game display ads are billboards and logos. Billboard ads typically contain more extensive messaging than logo ads, and this messaging may appear in text, graphic, pictorial, or other forms, and may include logos within them.

**In-Game Advertising** – Ads developed to be an integral part of a game world, a form of branded entertainment.

**In-Game Advertising Network** – A network that delivers advertising creative as part of the in-game environment to console, PC, online and mobile games. Players interact with in-game ads as they play. Network providers include Massive, IGA Worldwide, Double Fusion, Google, NeoEdge, Exent and Engage.

**In-Game Transaction Records** – Records that result from the delivery of advertisements to game play users, and from which reports on the number of ad impressions and other relevant advertising metrics are derived. Transaction

records, and the methods used to create and process them, are key elements to the auditing of ad serving systems.

**In-Game Video Ad** - Video ads that plays while a game is loading, in-between level breaks or after a player finishes a game.

**Intellectual Property (IP)** – Legal term for the designs, images, copyrights, trademarks, patents and other rights granted to the creator of an invention or artwork such as a game. An IP holder can sell others the rights to exploit their creations, and can legally challenge those who 'steal' them.

**Java** – A platform independent programming language used to author web-based casual games.

**Mass Market** – A product designed to appeal to all demographics.

**Mobile Games** – A game played on a mobile phone or PDA, having either been downloaded by the phone's owner or else pre-loaded on the device before sale. Casual gamers make up a significant (but not exclusive) portion of the mobile games market.

**Monetization** – The conversion of a consumer's desire to play a game into a revenue stream for its developer, and/or publisher, and/or distributor. Popular methods include charging for full downloads, featuring adverts alongside or as part of the game experience, subscription fees and micro-transactions.

**Occlusion** – This refers to the state of visibility of an in-game ad to the user. Occluded ads are ads that are obstructed to various degrees by objects that appear on the screen in the game environment that affect the user's ability to see and/or distinguish the advertiser's message.

**Online/Offline** – Games that can only be played when connected to the Internet are known as online games. Offline games can be played on standalone devices such as PCs,

mobile phones, and games consoles. Often a casual game can be played in a limited online mode for free, with consumers paying to download the complete offline version.

**Overlay** – A banner ad which is displayed in the bottom portion of the browser between levels or at the beginning or end of a game.

**Performance-Based Video Advertising** – An advertising model in which advertisers pay based on a set of agreed upon performance criteria, such as a percentage of online revenues or delivery of new sales leads.

**Publisher** – Provides funding, marketing and other support to developers of games, in return for owning some or all of the Intellectual Property rights, and works with distributors, aggregators and retailers to sell games to consumers.

**Portal** – A website storefront, enabling consumers to try and buy a wide range of casual games, usually from many publishers and developers, and access to community feature.

**Platform** – The host hardware and software combination on which a game is loaded, executed and played.

**Pay-per-Play** – A business model where a gamer is charged every time they want to play a particular game.

**Retailer** – Any company that sells games to consumers; in the casual space usually a web-based portal, but also mobile phone operators and ‘bricks and mortar’ game stores.

**Session** – A single game play event that spans an unspecified period of time of constant or ongoing game play activity by a specific user or users. Sessions can be terminated by user actions signaling the end of the game play activity or by inactivity levels that exceed pre-defined thresholds. Sessions are generally applicable to the calculation of reach metrics.

**Static In-Game Ads** – These ads appear within the game environment, but cannot be changed from session to session or user to user. In other words, they are “hard coded” into the game itself.

**Skill Games** – Games where the business model is to charge consumers to face each other in competitions; the winner gets the pot, minus a fee for the competition’s host. In some jurisdictions, certain casual game genres must be modified to remove any element of luck in order to be legal.

**Sticky** – A term used to describe a web site on which visitors stay at for longer than normal. This is often due to the variety of content and features offered to the visitor which prevents them from needing to go elsewhere for more information. For example, online game sites are sticky as users tend to stay and play for awhile where as link directories are not as visitors tend to leave as soon as they find what they were looking for.

**Subscription** – A charge, usually monthly, levied for accessing and playing the games from a particular retailer or game portal.

**Targeting** – Criteria used to define the intended audience for a campaign. Targeting criteria include location, device, mobile operator, time of day, and demographics.

**Try-Before-You-Buy** – A business model whereby a gamer is allowed restricted ‘teaser’ access to a game – say with a time limit, or with limited features or levels – but must pay if they want to play the full title.

**User, Unique User** – A person playing a gaming application and exposed to advertising messages, as determined through registration, user self-identification or some form of heuristic. A unique user is an unduplicated person playing a gaming application and exposed to advertising messages during the reporting period.

**Value Chain** – In casual games, the activities of developers, publishers, distributors, aggregators, retailers and consumers that together take a game from first concept to gamer, for various profits for each participant along the way.

**Viral Marketing** – The use of social networks, word-of-mouth, and the Internet to spread an idea or sales message. Casual games can

benefit from viral marketing, but more often comprise part of marketing campaigns themselves, in the form of Flash-based games played in browsers, or advergames.

**Web Game** – A game that runs in the consumer's web browser.

**Sources:** *CasualGaming.Biz, IAB, Microsoft, Online Advertising Glossary, SpotExchange, Wikipedia*



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*Prior to joining Mercury Media, Michael was Director, Consumer Research at Yankee Group, where he provided market research, syndicated reports, decision support tools, and consulting services to clients trying to understand and profit from the impact of technology on content distribution, advertising and consumer behavior. Before joining Yankee Group, Michael was a marketing representative for Nielsen Media Research, where he was responsible for the design, management, analysis, and marketing of custom research projects. In addition to television research, Michael was responsible for developing the Nielsen Home Technology Report, which is still in use today.*

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