A TALE OF TWO INDUSTRIES:

How In-Game Advertising Exemplifies the Requirements of Modern Advertising

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A research Paper submitted to the University of Dublin, in partial fulfilment of the requirements for
the degree of Master of Science Interactive Digital Media

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Abstract

The advertising industry is an exciting example of how creativity can be utilised in business. The video-game industry is an exciting example of how business can realise the creative process. The requirements of modern advertising, and most especially in-media advertising, have evolved significantly due to the rapid development of digital technologies. This research paper hypothesises that in-game advertising exemplifies the implementation of these requirements.

This report explores and evaluates the connection between the advertising industry and the gaming industry. This involves an analysis of how the development of digital technologies and the necessity of innovation have created a link between two areas vastly disparate in their conceptualisation and role in modern society.

This paper identifies in-media advertising as an exceptional implementation of how advertising has been forced to evolve by digital technologies. The central requirements of modern advertising are revealed to be those of engagement and interactivity, and the dominant requirements of in-media advertising to be congruency and innovation. It is the latter of these elements which is analysed through for, as a branch on in-media advertising, in-game advertising inherently possess the former attributes.

An evaluation of these industries reveals a number of intriguing development including how gaming and advertising appear to have matured enough to develop beyond the remit of the mentality that advertising is simply an offshoot of selling. An analysis of the potential for advertising to develop social and political influence reveals how gaming has substantially fulfilled the evolved requirements of modern advertising.

The following research finds that video-games do not merely implement the central requirements of modern advertising but have generated a means of creating in-game advertising that is both innovative and congruent to the user. Gaming exemplifies the developments of in-game advertising and provides a contextualisation for the concept that technological progress is not necessarily to the detriment of the advertising industry.
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Introduction

“Creative without strategy is called art.
Creative with strategy is called advertising
- Jeff I. Richards

Essentially this research paper is the tale of two industries. Advertising and gaming both run on innovation and are fuelled by the interse and ever-changing requirements of creativity, technological development, and user-engagement. This is, it might appear, where the similarities end for as the rapid evolution of digital technologies depicts, there is a distinctive disparity between these areas. Accosted by this digital evolution, advertising - as an element of the marketing mix and a tool of enterprise- is threatened, challenged and consequently altered by this development. Conversely, gaming, an industry based on finding ever more creative means of employing leisure time, is motivated and energised by this development. And yet this study hypothesises that in-game advertising exemplifies the requirements of modern advertising in general and in-media advertising in particular.

Digital technologies have implanted exceptional changes to the very nature of advertising, forcing promotions to take to new channels in an attempt to reach a burgeoning generation of technologically-adept individuals. These technologies have precipitated a series of fresh demands from modern advertising, and this research paper hypothesises that these requirements are most evident in the gaming industry’s utilisation of in-game advertising (IGA). Due to the presence of the deeply evaluative nature of this hypothesis and the plethora of existing quantitative and qualitative information available on this subject this study does not carry out organic research. Instead, this paper has broken down the subject at hand into a series of chapters, each of which will be composed of an in-depth critical analysis leading to the verification or refutation of the centric hypothesis.
The first chapter of this research paper is used to identify the core requirements of modern advertising and will examine how in-media advertising is the core area for study, as the medium most affected by the evolution of digital technologies. The second chapter will, in response, draw concrete conclusions regarding the advertising requirements that in-game advertising must fulfill to exemplify the necessities of modern advertising. These chapters are structured to possess an individual literature review of relevant, existing sources before carrying out a critical evaluation in which conclusions are drawn from this information and other relevant studies. In each chapter, a number of relevant case studies will then be analysed where there are considered to be gaps in available information or where corroboration is required.

Having established that the requirements of in-media advertising are the essential elements that IGA must fulfil to substantiate or reject the central research premise of this research paper, the subsequent chapters will examine this hypothesis. The third chapter of this study will examine the development of IGA and determine what elements of the gaming industry make it productive for this means of advertising. With the current position of the effectiveness and user-acceptance of in-game advertising fully evaluated the final chapter will draw upon this knowledge to verify the overall hypothesis of this paper. This final chapter will, therefore, identify whether in-game advertising does implement the developed requirements of modern advertising, as precipitated by the development of digital technologies. As the third and fourth chapter will be collaboratively building towards the main focus of this research the methodology will be adjusted accordingly. A thorough and systematic literature review of all the sources relevant for the refuting or supporting the hypothesis of this paper will be analysed in chapter three. This chapter will also begin an in-depth evaluation of this data which will be further developed in the fourth chapter. This final chapter will focus on answering the central research question of this paper and will evaluate all the conclusions reached in prior chapters using a series of case studies to tie the final deductions of this study together.

With these four chapters completed it is anticipated that this will result in a number of deductions regarding the effectiveness of IGA at implementing the requirements of modern advertising. This
will either refute or substantiate the central research question at the heart of this study, and a number of recommendations for further research will consequently be compiled.
Chapter One – The Development of Advertising

As an introduction to this research evaluation of digital media’s impact on the changing nature of advertising, this chapter examines the development of advertising. This evolution follows advertising from traditional techniques to its present state a hybrid traditional-technological model. This is evaluated through a literature review centering upon Rust and Oliver’s (1994) report on, “The Death of Advertising” and Gupta and Kumar’s (2016) findings on, “Conceptualising the Evolution and Future of Advertising”. This information will then be evaluated and conceptualised in a critical evaluation, formulating conclusions regarding the development of modern advertising. To substantiate these drawn conclusions, and address any gaps in the information evaluated, a number of case studies regarding advertising’s reflection of modern society and digital technologies will be analysed.

A Brief History of Advertising

No dialogue surrounding advertising is complete without the contextualisation of its rich and vibrant history, which provides a framework upon which to build an understanding of its present position. Advertising can be traced back to the very earliest civilisations, developing in its formats from the most primitive iteration of promotions; word-of-mouth recommendations and the utilisation of crude tools and technologies, to implement the earliest forms of advertising. The middle of the 19th century is commonly referred to as the, “the birth of advertising” (Rust and Oliver, 1994, p. 73). This era coincided with the development of new technologies such as the printing press enabling mass marketing promotional material, and increased literacy rates creating a public capable of discerning this information. The 20th century brought the widespread uptake of new means of disseminating

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1 Rust and Oliver (1994, p. 72) depict how in ancient Egypt bricklayers would brand their bricks, perhaps the earliest form of brand equity development, and Kumar and Gupta (2016, p. 1) highlight how merchants travelling through ancient towns would spread awareness, “of their art and goods”.

~ 11 ~
information, with the radio and the television becoming staples of homes across the 20th century, and is regarded as the “golden age” of advertising (Rust and Oliver, p. 72).²

Unlike any other industry in the business sector, advertising has not undergone any significant alteration to its flat-line growth in over a century (Chemi, 2014). Advertising therefore, keeps evolving merely to stay relevant and maintain its fragile equilibrium. The most fundamental development to the nature of advertising is encapsulated in Kumar and Gupta’s (2016, p. 1) statement that, “[advertising] has evolved from having one simple objective of informing people about products and services to being a highly sophisticated and personalised tool of persuasion”. Technology is widely regarded as the force behind this development and the following evaluation changing requirements of modern advertising will highlight how technology has enabled this evolution. This analysis will evaluate sources which consider both the potential positive and negative fallout of this. It will also interpret what this means for the future development of this centric element of the marketing mix³.

Technology and the Development of Modern Advertising:

In the “Death of Advertising” (1994, p. 72) Rust and Oliver firmly denounce the role of technology in the development of advertising. This influence is not a recent development but is contended to be, “the skeleton around which advertis-ing[sic] was formed.” Opening with the assertion that, “Mass media advertising as we know it today is on its deathbed, and its prognosis is poor” (p. 72) this research clearly takes the viewpoint that the relationship between advertising and the technological process is inherently negative.

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² This “golden age” coincided with the rapid development of advertising agencies, and the rise of the advertising executive, an individual capable of creating, “a mass audience for mass-produced products.” (Rust and Oliver, p. 73)
³ The marketing mix is the umbrella term for all activities related to the promotional development of a good or service.
This source discusses how advertising has been ailing since the 1980s and correlates this with media fragmentation leading to the allocation of finances to sales promotion and integrated marketing communications (IMCs). Rust and Oliver credit the movement towards a more serviced-orientated economy with changing the requirements of advertising and making the “traditional consumer goods mass marketing approach...increasingly irrelevant” (p. 72). The foresight of this source is exceptional when one considers that a major trend in advertising over the previous decade has been an emphasis on the promotion of events as opposed to goods. This is best surmised by marketing expert Brian Schultz (2015) in his article, “Not Just Millennials: Consumers Want Experiences, Not Things”. Schultz evaluates how psychologists and leading business-trend-identifiers have concluded that consumers are increasingly aware that doing things not having things is the key to enhancing their lives and lifestyles.

Rust and Oliver’s research broaches how advertising is intricately tied to technological advancement and offers an exceptionally insightful discussion regarding the future of advertising. A central weakness of the source is the refusal to accept digital channels as an evolution of traditional advertising, and not as a completely disparate component of the marketing mix. Considering that traditional marketing is by no means redundant, but has merely evolved in conjunction with its digital compatriots, the summarisation that, “Advertising is on its deathbed” (p. 76) seem premature. Therefore, the impact of technological progression must also be examined through the evaluation of a more recent text.

Gupta and Kumar’s (2016) research on, “Conceptualising the Evolution and Future of Advertising” provides a modern conceptualisation of the topics discussed in the previous source. Written within the framework of the modern era’s achievement of a hybrid between traditional and digital media in advertising, this source commands an understanding of digital advertising as an evolution and not a replacement of traditional advertising. A central strength of this source is that it does not negate how

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4 Integrated Marketing Communications is essentially the integration of all the elements of a company’s or product’s marketing efforts to form a cohesive marketing effort. Rust and Oliver posit that IMCs are required by this fragmentation according to this research (p. 72) as, “the more fragmented this media becomes, the more integration is required”.

~ 13 ~
technology has inherently altered promotions, stating that, “The influx of technology …
[has]…changed the marketing climate irreversibly”. This research also highlights how
digital advertising has altered not merely how consumers are reached but also how these consumers are now
segmented by their preferences, purchasing-potential and also their capacity to encourage other
potential customers (p. 302)⁵.

Gupta and Kumar adeptly highlight the benefits associated with advertising’s adoption of technology
on the basis of these merits themselves, as opposed to examining them to the detriment of traditional
advertising. This source evaluates both traditional and non-traditional advertising methods. It
dissects the emphasis, of traditional marketing as being on “verbal and visual communication”, and
of digital advertising on an immersive experience capable of real-time updates and intense
customisation (pp.305-306). Also of note is the reference to “products and services” as opposed to
just products, coinciding with Rust and Oliver’s prediction of the movement towards an experience-
orientated audience. Finally, Kumar and Gupta’s research on the future development of advertising
focuses upon a prediction of the channels of digital advertising most likely to thrive in oncoming
decades. This research complements Rust and Oliver’s assertion that increased engagement and
increased interactivity are the key elements upon which modern advertisers must focus to solidify
the future development of this medium (pp. 313-316).

Each of these sources provides valuable insight into the current positioning of advertising as
precipitated by the development of digital technologies. They both possess an explicit awareness that
technology is, and to some extent has always been, the mainstay of promotional development. The
key conclusion of these sources has been the identification of the increased demand for engagement
and interactivity as the reasoning behind why technology will continue to propel the revolution that
is modern marketing. These sources highlight the reality of the more informed consumer as a major

⁵ Gupta and Kumar expand explicitly upon this topic throughout their research paper stating, (p. 303), “Digital media advertising
spending is increasing at the cost of print media investments, and it is foreseeable that they will continue on this upward trajectory”
but emphasise the role of evolution regarding digital technologies.
force to be reckoned with when considering advertising. They also highlight how this increase in consumer knowledge has been directly influenced by the development of information technologies.

**The Informed Consumer and the Developing Trust in Digital Information:**

"In advertising’s prime, producers held virtually all of the power in the marketplace" (Rust and Oliver, p. 74) but since the 1950’s this power dynamic has shifted greatly in the favour of the user, and consumer awareness is at an all-time high. Word-of-mouth is no longer the recommendation of friends and family but of every digitally-capable consumer found online. Price comparison websites such as Pronto and PriceGrabber have unveiled the most economic option to potential buyers and social media sites provide a public domain for any and all complains. Review websites such as Trip Advisor and Yelp reveal the strengths and weaknesses of places to visit, and the vast majority of online retail outlets provide an area for product review. As Kumar and Gupta aptly state digital technologies have, "turned the traditional marketing pitch into a two-way conversation" (p. 312).

The rise of these information technologies has generated a new breed of consumer. This new customer is highly informed, aware of their rights and not willing to simply take a brand’s word regarding the innate superiority of a product or a service. Therefore digital media and the two-way conversation it has opened between the consumer and the advertiser, has led to the requirement of a vastly more insidious advertising format.

In 2016 digital advertisement spending was predicted to surpass its television equivalent for the first time ever in the U.S (Kressmann, 2016) and packaged-goods marketers are now spending more on digital advertising than all other channels combined (Cadent Consulting Group, 2017). These statistics give some insight into the extent to which digital technologies have been embraced by the advertising industry. However, analysing consumer trust in digital technologies is more imperative than monitoring financial targets, as trust is what ensures that these technologies have any potential

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4 This last is perhaps most the most damaging for modern advertising.
longevity. The report carried out by Marketing Sherpa (Fig.1, Burnstein, 2016) and compiled below by eMarketer (2016), indicates that trust in modern and online digital media still falls substantially behind rational advertising methods. Nevertheless, the level of trust displayed in online advertising has greatly increased from previous years. Edelman’s 2017 Trust Barometer, for instance, polled 33,000 people from all around the world and found that online information is growing in credibility with “59 percent of respondents …[believing]…a search engine over a human editor.” (Edelman, 2017).

![Fig. 1 Burnstein (2016)](image)

Therefore, trust in digital and online media is advancing significantly. Between the rise of digital technologies and the upkeep of traditional technologies, there has been the creation of a modern society with pervasive and inescapable advertising. Consequently consumers have developed a growing appreciation for non-invasive advertising capable of engagement and interactivity.

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\[7\] For as will be later discussed, despite the minimisation of their funding and impact these traditional techniques have evolved to become part of the digital platform.
The Impact of Developments in Social Consciousness on Advertising:

Advertising has become a lot more answerable for any blunders or inaccuracies in today’s climate of mass-audience digital media utilisation, and damage control can no longer consist of an apology in a print newspaper. Research also indicates a gradual reversion to ultra-traditional marketing techniques such as word-of-mouth promotions (eMarketer, 2009) (Fahy, 2009). These traditional techniques now possess the additional complication of these having evolved with digital technologies and digital platforms, ensuring that word-of-mouth has the potential to reach millions rather than individuals. The nature of word-of-mouth has always possessed the capacity for both positive and negative influence, but technology has also warped this balance somewhat with consumers estimated to be twice as likely to report a negative experience online as a positive one (American Express, 2011).

Due to the placement of advertising in popular culture, and considering its present ubiquity it stands to reason that advertising has had in recent years, more so than ever before, to adapt to the social, political and economic mores of the present time. Advertising as a medium is held to a higher standard than ever previously encountered, and is expected to develop in conjunction with the customs and standards of their audience. It has proven to be of great value for modern brands to track the political, social and psychological leanings of their potential consumers. The research carried out by Kumar and Gupta touches upon this understanding, reflecting that social media advertising, in particular, has encouraged a development of the general public’s expectations regarding the societal appropriateness of advertising (pp. 314-315). However, the aforementioned sources do not review in sufficient depth the changes that the advertising industry has had to undergo in order to achieve better assimilation with modern culture.

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*a Kumar and Gupta concur with this throughout their research stating that advertising has, “come full circle by stopping right back at the word-of-mouth promotion stage.” (Kumar and Gupta, p. 302)
*b This societal appropriateness involves political, social and psychological and economic evaluations to name but a few.
Never has such analysis been more applicable than in the wake of the recent YouTube advertisement freeze following the discovery that campaigns were running on extremist videos. This has seen major corporations including PepsiCo, Starbucks and Wal-Mart (and many others) withdrawing their YouTube campaigns. Therefore, to illustrate the importance of social coherence in advertising two case studies will be used to depict the imperative of this social conscientiousness.

Case Study One: The potential for developing social consciousness to negatively impact brand development; Breitbart and Kellogg’s

Nowhere is the impetus for advertising to comprehend political trends more evident than in the climate which provoked the recent YouTube advertising boycott, and the on-going Grassroots campaign encouraging Twitter users to shame companies which advertise with Breitbart. Organised by activist groups Sleeping Giants and SumofUs this campaign aims to discredit those who chose to advertise with the website, which has been widely condemned as racist and misogynistic. The resulting impact of this campaign has seen over 818 pre-existing advertisers with Breitbart pulling their advertisement revenue from the news and opinion website. The multinational food manufacturing company Kellogg’s, despite the non-profit activist origins of this campaign, has been seen to lead the charge on this boycott. Kellogg’s, which released a statement claiming that they would no longer align themselves with sites that “aren’t aligned with our values” (Wahba (Fortune), 2016) has received both widespread support and condemnation from various sides of the political chasm in the USA. This case has prompted significant debate on freedom of speech but also proves conclusively the role of societal appropriateness in modern advertising, especially since the advancement of digital technologies. These technologies have enabled these grassroots campaigns to generate extensive support in a manner simply not possible in the past.

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10 This boycott has since come to include the likes of BMW, Lufthansa and Visa.
11 The central debate of this campaign questions whether this is an opportunity for freedom of speech in advertising or a signal of the “beginning of an era of American politics in which political clout is used to shame businesses into silence” (Wahba (Fortune), 2016).
Though it is currently too early into this boycott to fully evaluate its economic fallout, the sheer scale and visibility of this debate proves that advertising has moved far beyond simply being an element of the sales process. Advertising instead has developed into an integrated element of modern life and the social makeup of societies. This case study depicts that staying clear from political activism is not an advantageous position in the current political climate. It also shows that a neutral standpoint is perhaps not even possible when one considers the 552,000-signature strong petition currently circulating for Amazon to cancel their Breitbart sponsorship (SumofUs.org, 2017).

*Case Study Two: The potential for developing social consciousness to positively impact brand development; Lynx*

When evaluating advertising’s evolution into a force which reflects the social makeup of societies, it is essential to examine this from more than simply a political basis. The recent trend towards advertising’s more sensitive take on mental-health concerns is an important indicator of how this movement is developing. The advertising of male toiletries brand, Lynx,\(^{12}\) has long been infamous for its “1990s Lads Mag” aesthetic (Vizard, 2016), which utilised the branding of the “Lynx Effect” to depict how irresistible any male that used their products would become to women (Fig. 2). However brand manager David Titman identified this marketing strategy as “not relevant anymore”, and in recent years re-branding efforts from Lynx have opted for a more mature, sophisticated and less retrogressive approach.

Lynx has addressed the growing obligation for modern advertising to reflect social mores in two ways; by moving away from their objectification of women, but also through their movement towards a more socially conscious method of suicide awareness and prevention (Roderick, 2016). In a 2016 campaign Lynx joined with the charity “Campaign against Living Miserably” (CALM) to help raise awareness regarding male suicide through campaigns like that indicated below in Fig. 3. Lynx reflects how advertising is channelling social consciousness regarding mental-health awareness. They

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\(^{12}\) Lynx is known as Axe outside the United Kingdom, Republic of Ireland, Australia, New Zealand, and People’s Republic of China
have also created a dialogue\textsuperscript{13} with their consumers through this shift in their messaging, which includes marketing around London Pride to support LGBT rights and launching a Peace campaign to tie in with the “Peace One Day” movement in the United Kingdom.

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\caption{Fig 2 Lynx (2011)}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{fig3_lynx_2016.png}
\caption{Fig 3 Lynx (2016)}
\end{figure}

Each of these case studies reflects how advertising has become about more than simply encouraging the consumer to buy. Advertising is evolving to encapsulate the necessity of developing a brand’s potential to raise and improve brand awareness, and reflect the central values of their customers. Analysing the development of advertising reveals the imperative for advertising to adjust to societal mores, as demanded by the evolution of new digital media. However, it is also clear that these same technological advancements have made extensive re-branding a possibility for international brands,

\textsuperscript{13}This is a reflection of their awareness of the two-way dialogue between advertisers and consumers, as evaluated previously as a formative development of modern advertising.
and that technology need not be the death of advertising. It is instead the catalyst for the revolution of traditional techniques and also the development of new powerful advertising mediums.

Utilising the literature review, statistical research and case studies outlined above the central conclusion of this chapter is that the most recent and characteristic requirements of modern advertising are those of engagement and interactivity. These are two of the major requirements in-game advertising must fulfill to exemplify the conditions of modern advertising. In-media advertising appears to be the advertising medium most capable of harnessing the insidious and subtle advertising capabilities enabled and necessitated by digital media. Therefore the requirements of in-media advertising must be analysed, as this will enable the development of more definitive, and relevant requirements to be analysed through IGA. This research paper will examine the development of in-media advertising to comprehend the full requirements of this medium, enabling a full evaluation of in-game advertising, to prove or disprove the central hypothesis of this paper.
Chapter Two – The Development of In-Media Advertising

“Good advertising does not just circulate information. It penetrates the public mind with desires and belief.”

Leo Burnett

If Albert D. Lasker can be considered the father of modern advertising (Cruikshank and Schultz, 2010) then the American advertising executive Leo Burnett can perhaps be considered the father of post-modern advertising. Burnett was responsible for the creation of some of the most recognisable characters in modern promotions including the likes of Tony the Tiger, the Marlboro Man and the Jolly Green Giant (Ewen, 1999). Despite living in an era where advertising was inextricably and almost indistinguishably linked to sales, Burnett displayed an innate understanding that advertising had to be about more than simply convincing individuals to purchase a product or service. As discussed, modern advertising has had to adopt an understanding of its own nature and find a contemporary alternative to Burnett’s colourful cast of recognisable and approachable characters and icons.

In the following chapter, the presence and development of in-media advertising will be discussed as the modern equivalent to Burnett’s techniques, as a medium which encapsulates advertising’s obligations of engagement and interactivity. This will formulate conclusive requirements for in-game advertising to be measured against. As per the structure of this research paper, this analysis will include a review of the relevant modern literature regarding in-media advertising. A detailed critical breakdown of this information will then be amassed, endorsed by a case study to supplement

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14 Burnett was recognised by Time Magazine in 1999 as one of the 100 most influential people of the 20th century.
15 In the interests of brevity, though in-media advertising is capable of being integrated into any current media be it television, music, social media, gaming or cinema this chapter’s analysis emphasises cinema and television to build a framework upon which to develop an advanced understanding of the fundamental attributes of in-game advertising.
the resulting findings and provide concrete conclusions on the full requirements of modern advertising.

The Developing Impact of In-Media Advertising:

Note - In-media advertising is recognised by a wide variety of terms\textsuperscript{16} and referred to in the following literature review sources as “product placement”.

In the study, “Product Placement: How Brands Appear on Television” (2006) researchers La Ferle and Edward’s study the prevalence and impact of product placement on prime-time television through extensive quantitative research engaging with how these trends have developed over the last five years. A key strength of this research was the distinction made regarding how the amount of product placement, and its resulting impact, differed in accordance with the type of programming being examined. The analysis included both “storied programming”\textsuperscript{17} and “non-storied programming”\textsuperscript{18} with this distinction proving essential to comprehending the nuances of this medium. When unintentional placements were discounted\textsuperscript{19}, product placement amounted to just below one call-out every three minutes, with storied programming featuring the least amount of product placement and “game shows…[offering]…the greatest exposure” (La Ferle and Edwards, p. 68).

This research reflected that patterns in in-media advertising have held exceptionally steady with variety proportion holding at approximately 7%, and theorised that strategy in this area may not yet have evolved considering the, “the limited control that advertisers seemed to have over placements”

\textsuperscript{16} Other commonly utilised terms include “covert advertising”, “guerrilla advertising”, “in-media advertising” and “stealth advertising”
\textsuperscript{17} Storied programming includes any explicitly scripted programme such as a situation-comedy or dramatic soap.
\textsuperscript{18} Non-Storied programming includes any programme not definitively scripted such as a game show, or sporting event.
\textsuperscript{19} When unintentional callouts were not discounted research unearthed, “2,327 brand appearances were coded in 102 different programs, across … 7 days of prime-time television programming.” (La Ferle and Edwards, p. 68).
La Ferle and Edwards also cited the overcrowding of a “cluttered promotional environment” (p. 84) as a threat to the development of product placement. It was noted that interest and experimentation around product placement in media had greatly increased since the year 2002 (p. 81), and recommended that advertisers retain greater creative control over product placement to harness the effectiveness of this medium. La Ferle and Edwards (p. 84) concluded their research with the statement that, “for all estimates, product placement…is here to stay and has only scratched the surface of what it will become in the future.”

The research carried out by Chen and Wang in 2016 is perhaps the most extensive current research existing regarding product placement in cinema and provides an up-to-date and systematic study through a “complete picture of product placement practices in the motion picture industry” (Chen and Wang, p.848). This research was conducted as a quantitative content analysis of product placement in the top-grossing films, in the U.S, released between 2001 and 2012. The extrapolations from the impeccably-implemented methodology of Chen and Wang include the finding that product placement is prolific in top-grossing films from the U.S. This research also revealed that product placement is becoming more exposed, and purposefully prominent over time (Chen and Wang, pp.845-847). This research clearly indicates the developing prevalence of product placement analysing former research studies carried out by the likes of PQ media (2012). PQ Media found that, “global product placement spending increased 9.8% to $7.39 billion in 2011 ” (p. 835) and in the U.S alone reached $4.26 billion in the same year.

The Strengths of In-Media Advertising over Other Advertising Mediums:

Moving beyond financial considerations, Chen and Wang (p.835) also address the strengths of product marketing as opposed to its more traditional counterparts, highlighting how it is “inescapable”, “unobtrusive” and, relatively, “inexpensive”. Also revealed is how product placement in cinema is most often found in the genres of action and comedy, how new releases have more
visually-orientated product placements and how in comedy movies, “Products with close-ups appeared much more often”. Conversely, in action movies products were more likely to be discussed by supporting than central characters (Chen and Wang, p.845). From the brands most featured in films\(^{20}\) (with Apple products cited to have appeared in 30% of 2010’s top 33 films) (Chen and Wang, p. 835) the prevalence of high-quality, high-cost brands is noted, with product placement is clearly an instrument favoured by powerful brands\(^{21}\).

Chen and Wang’s research revealed many of the same understandings reached by La Ferle and Edwards earlier in this literature review, and both sources of information on in-media advertising emphasise the importance of using relevant and, most essentially, unobtrusive products. Chen and Wang (p. 842) explicitly measured product placement strength using its incongruity/congruity factor as a major indicator\(^{22}\). Chen and Wang also agreed with La Ferle and Edwards that, despite positive growth, in-media advertising was not being utilised to its full advantage and that the increasing “clutter” of this advertising option should be combatted through, “marketers…[taking]…more controls (sic) of their brand placements by…strategically placing their brands in a more innovative way” (p. 847). In 2006 a study (Redondo, p. 51) examined advertiser’s accuracy in targeting their placements and found they, “barely improved upon a random selection”. This proved that these decisions were not being accurately, or, “systematically made according to the anticipated impact upon consumers.” This leads to the demand for innovative utilisations of this media channel, to ensure it is being used in a timely, accurate and effective manner.

A key limitation present in both of the main sources analysed was the sole utilisation of top-grossing movies in the case of Chen and Wang’s research, and prime-time television in La Ferle and Edward’s study. This predominance is a limitation as it does not examine how independent media can often be something of a trendsetter in business and marketing. This is depicted clearly in chapter one by the

\[20\] Nike, Ford and Chevy close behind at 24% and brands such as Sony and Glock trailing further at approximately 15%

\[21\] There is little consideration of this detail within this research, but it will be relevant to consider this question regarding in-game advertising, and questioning the imperative of pre-existing brand equity for full utilisation of in-media product placement.

\[22\] This factor measured the extent to which visual or verbal characteristics of a product advertised managed to blend with their surroundings.
renewed power of word-of-mouth, as precipitated by the developing role of independent games, films, and other media, reliant on this for expansion (McElroy, 2013).

La Ferle and Edwards, and Chen and Wang also clearly state the requirement of in-media advertising to provide innovative methods of reaching their allocated audience but provide little contextualisation of this requirement. Therefore, further insight into this requirement is provided in the case study below of the sitcom “Community” and the car manufacturing brand of Honda.

**Case Study: US Sitcom “Community’s” Innovative Utilisation of In-Media Marketing**

Yahoo! Screen screened season six of “Community” in 2015 with Honda as a presenting sponsor of the series. Honda product placement was carried out throughout 2016 with multiple multi-media integrated advertising campaigns featuring the cast members including commercials and in-episode call-outs. However, episode seven of the series went beyond integrating Honda products or subtly plugging the virtues of these products, choosing instead to build the episode around the brand and its products. Throughout the episode, Honda is depicted carrying out “guerrilla-marketing” tactics by infiltrating the community college featured, through the use of a highly-persuasive salesman, “Rick”. “Rick” convinces susceptible cast members to purchase the products and is depicted doing this with extensive success (Fig. 4) (Fig. 5), often describing the features and assets of the Honda products for sustained periods of time. Even as the utilisation of these guerrilla marketing tactics is decried, a central character is forced to admit to herself that little embellishment or sales technique is required from the marketers as, “the 2015 Honda CRV sells itself”. (Yahoo! Screen, 2015).
Critical reaction to the episode which was broadcast in 2015 under the ingratiatingly titled, “Advanced Safety Features” was fundamentally non-committal with the A.V Club giving the episodes a solid B+ but admitting, “There are limits to how deftly a show can overtly integrate advertising, even when that advertising is massaged into self-referential humor” (Alston, 2015). Mark Harrison (2015) from The Den of Geek stated, that the episode, “holds more entertainment than most sitcom ad-breaks” and he also noted the innovation displayed with reviewers forced to mention Honda in their episode write-up.

However, despite the moderately lacklustre critical reception, this in-media advertising campaign was an unprecedented success (Baysinger, 2015) with the customised Twitter hashtag of #Level7Susceptible trending and creating more than 29 million impressions on Twitter. Research carried out following the episode indicated that viewers had a 95% brand-recall for the central product featured in the episodes23 and that 50% of viewers stated they were more likely buy a Honda manufactured car following the placement. Delighted with this result Lisa Utzschneider, chief revenue officer at Yahoo, stated that Yahoo was looking at more opportunities to, “give marketers the chance both to integrate and sponsor a show, like Honda did with Community”. This episode clearly developed upon the basis that if in-media advertising cannot be inconspicuous it should be innovative. Therefore this case study evidently embraced Chen and Wang’s (p. 847) dictum that advertisers should exert more creative control by, “strategically placing their brands in a more innovative way” and carried this to a fruitful conclusion.

23 Viewers also had an 88% brand recall for the secondary product featured.
Clearly in-media advertising, when utilised applicably and effectively, illustrates the requirements for modern advertising to exhibit engagement and innovation. However, in-media advertising also shows that any advertising medium which utilises digital media must address the additional necessities of congruence and innovation. This research paper suggests that the gaming industry is exceptionally well-placed to carry out this blend of subtlety, innovation and interactivity. Therefore this paper posits that in-game advertising demonstrates the developing requirements of modern advertising. As a branch of in-media advertising gaming will inevitably substantiate the requirements of interactivity and engagement but this research will examine the hypothesis that gaming exemplifies the requirements of innovation and congruency as necessitated by in-media advertising.
Chapter Three - The Development of In-Game Advertising (IGA)

(and an examination of the factors which make the gaming-industry ripe for in-media advertising)

In the previous chapter, Chen and Wang (2016) justified the existence of their exploration on “Product Placement” due to the lack of media-specific product placement analysis. In the past it has clearly been considered more practical to analyse in-media advertising by using a broad overview to examine how the intricate requirements, utilisations and capacities of this channel are developing, and to study their impact. The implication of this is quite evident; up until relatively recently, in-media advertising has not been taken particularly seriously, not even by the advertisers who have utilised this medium for decades (pp. 846-847). Chen and Wang’s individualised research on product placement addresses the necessity of analysing in-media marketing not as an overall trend, but as a medium with highly discrete components, each requiring a varying level of examination. An extrapolation of this finding, therefore, is that the requirement of a singular study into individual media channels implies that not all digital media’s are created equally. This suggests that different media-implementations have differing requirements in terms of implementation and also, that they possess fluctuating capacities for success. Therefore, it appears that each medium requires individual evaluation.

This research paper therefore, examines in-game advertising (specifically video-games) and measures how it reflects the key requirements of modern advertising, as necessitated by the development of digital media. These requirements consist of the necessity for innovative and interactive content. Consequently, to substantiate this hypothesis this chapter will first carry out a critical literature review examining in-game advertising, and how and why it has developed.

Following this, a crucial analysis will be carried out to determine what aspects of the gaming industry

\[^{24}\text{An exception to this is La Ferle and Edward’s exploration product placement in television, also a key source of this research paper’s analysis of in-media advertising. The research of La Ferle and Edwards was carried out in 2006 and utilised the sole medium of television to carry out analysis.}\]

\[^{29}\text{It is due to the plethora of research currently existing on the topic of mobile games and advertising that the main emphasis of this study is upon video-games.}\]
make gaming capable of exemplifying the requirements of in-media advertising. Case studies relevant to IGA will be examined in the following chapter, to substantiate the conclusions of this chapter regarding IGA and the requirements of modern advertising.

The Current Position of In-Game Advertising

Within the Digital Marketing Glossary (2013) in-game advertising is defined as, “the practice of inserting advertisements in games”. Corresponding research generally seeks to examine the effectiveness of this advertising medium (Glass, 2007) (Nelson et al, 2004) (Mackay et al, 2009), and/or to analyse how it may be best utilised to maximise this effectiveness (Lee and Faber, 2007) (Hansson, 2017). A wide variety of methodologies have been utilised to provide insight into in-game advertising (IGA) including sponsored studies into impact and effectiveness from the likes of Massive Incorporated in 2009 (a fully owned subsidiary of Microsoft) and the joint Activision-Nielsen Entertainment study (2008). Other sources include original research carried out by the likes of Lee and Faber (2007) on what factors affected the success of IGA. Finally evaluations like those carried out by Nelson et al (2004) study the online reaction to IGA, specifically of gamers on the social news website Slashdot in an attempt to gauge the success of this medium.

Much of the current research on IGA entails a certain ethical dilemma as many of these investigations have been carried out by researchers with a vested interest in highlighting the positive attributes of this advertising channel. The leading research in this field was carried out by Microsoft in association with Massive Incorporated\(^\text{26}\), and another prominent study depicting IGA as more effective to its television equivalent implemented by NeoEdge Networks\(^\text{27}\). Therefore to balance this out, independent studies and research initiatives have also been utilised throughout this paper to provide a thorough analysis of the development of in-game advertising. However even in research

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\(^{26}\) Massive is a leading network for video-game advertising.

\(^{27}\) NeoEdge Networks is another major advertising network.
papers such as, “Advertainment or Adcreep” (Nelson et al, 2004) the problem of bias and subjectivity is presented once more as this research utilises the viewpoint of users of the social media site Slashdot. Online user contributions carry their own connotations of lacking precision or even veracity, but a central strength of each of these sources is the sheer volume of data collected and the wide time-frame of analysis within each of these sources.

Of all the sources analysed it is the research papers from the likes of Mackay (et al, 2009) and Lee and Faber (2007) which provide the most objective reasoning and evaluative content, though each identify the limitations of their original research in terms of sample size, and scope. The adverse effect of this limitation is addressed in Mackay (et al, p. 434) who forewarns that in such instances, “caution is required in extrapolating the findings to larger and more diverse populations.”

Each of the sources analysed agree that in-game advertising has developed enormously in recent years, with the research on “Advertainment or adcreep” (Nelson et al, p.3) stating that, “The inclusion of brands in electronic games or the brand as the game (Advergaming) is not a new marketing practice.” This research also cites industry analysis which predicted that in-game advertising would become a five billion dollar industry though no reliable research currently exists to demonstrate this figure. However, analysis from Forbes reveals the expectation in 2011 that IGA would double in profitability by 2016 (Tassi, 2011), and recent figures from IGA provider Zynga (Jordan, 2015) revealed that the company, “generated $153 million of revenue from in-game ads in 2014”. More recently in 2007, Lee and Faber addressed how, “Advertisers’ interest in games has mirrored the expanded use and sales of these games.”(p. 76), and in 2009 computer games were identified as a potentially powerful medium for marketers (Mackay et al, p.435) and finally, in 2017 Hansson addressed how, "As a form of entertainment video gaming has grown explosively, especially in the last decade".
In the interests of providing a full analysis of the current position of the current position of IGA following this literature review, an evaluative study is provided below. This will analyse firstly the effectiveness and secondly the user-acceptance of this medium using the sources critically evaluated above.

I. The Development of IGA Effectiveness

From the sheer number of sources available for evaluation in the previous literature review it is evident that there is a developing comprehension of the need to evaluate IGA effectiveness. This alone does not clearly indicate whether or not the fundamental effectiveness or user-acceptance of this advertising format has altered considerably within this time-frame. Reports on the effectiveness of in-game advertising generally register the relative success of this medium, especially as opposed to alternative media’s utilisation of product placement. Research (sponsored by NeoEdge Networks) clearly indicates that advertising within gaming\(^\text{28}\) is more effective than television advertising, both in terms of product recall and brand perception. The research study carried out by Massive Incorporated was resoundingly positive on the effectiveness of in-game advertising noting that, “Massive in-game advertising campaigns outperform comparable advertising campaigns across other media” (Massive Incorporated, 2009). Average advertisement recall standing at 63% for the Massive campaign as opposed to 32% for television.

Research carried out in 2007 by Zachary Glass on, “The Effectiveness of Product Placement in Video-games” indicated that when players were exposed to brands in video-games they were much quicker to characterise these brands as “good”. When their reaction times were weighted users were much slower to distinguish promoted brands as “bad” (Glass, pp. 28-29). The research on “The effect of product placement in computer games” (Mackay, p. 422) was similarly successful, revealing

\(^{28}\) It is imperative to note that this study involved on-line gaming, however, as opposed to the video gaming which is the fundamental emphasis of this research paper.
that, “exposure to a particular brand in a computer game can increase [brand-attitude and brand-recall] among consumers whose pre-existing attitude towards the brand in question is fairly low”.

Much of the prior research on IGA addresses how IGA effectiveness might be developed and expanded in the future, with the research from Lee and Faber (2007) in particular raising fascinating points about the factors which contribute to the effectiveness of IGA. The fundamental findings of research regarding the effectiveness of IGA were highly positive, and this chapter will later analyse what aspects of the gaming industry have enabled this effectiveness. This effectiveness also grants this paper a positive indication regarding the central hypothesis that IGA exemplifies the requirements of modern advertising, as is implied by the positive implementation of this medium.

II. The Development of IGA User-Acceptance

Having analysed the development of the effectiveness of IGA, analysing user-acceptance of product placement in games is an essential consideration and the research of this subject has generated widely varying and conflicting results. Overall research appears to indicate that gamers do not resent the presence of in-game advertising (Nelson et al, 2004) (Microsoft, 2008) (Haselton, 2007). The study from Massive Incorporated (2009) indicates that, “that the gaming audience has a consistently positive opinion of the advertisements and how the ads affect their game experience.” Microsoft (2008) and Haselton’s (2007) both note that this report, which stated that gamers find in-game advertising “cool”, closely followed the similarly positive results of the Activision sponsored study (2005) on IGA. On the surface these reports would appear to coincide with the findings of a 2007 comScore research evaluation which was widely cited for its finding that heavy gamers were the most receptive to in-game advertising and widely believed that the inclusion of ads made games more realistic.

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29 This will be discussed in greater detail later in this research paper.
30 Heavy gamers were defined as those who played more than sixteen hours a week.
The reporting of this study from comScore is highlighted by Nate Anderson of ARS Technica (2006) as evidence of the bias inherent in research regarding IGA. Anderson (2006) called into question gamer acceptance of IGA by addressing how the widely un-reported results of this comScore survey showed that 73% of “casual” gamers and 63% of “hardcore” gamers who did not agree with this statement. Anderson also underscores how a great deal of acceptance from gamers regarding IGA is perhaps not due to the added “realism” or perceived nature of products as “cool”. He postulates that this acceptance is more in keeping with the belief that in-game product placement is keeping the price of video-games down in the wake of exceptional high game development costs. In this way, Anderson reflects that studies into the attitudes of gamers might not be wholly accurate, reflecting the bias often inherent in these sponsored reports. However, in his closing statement Anderson, who campaigns extensively online protesting IGA, states that, “Rather than arguing that more ads are needed to make virtual worlds look more like the real one, perhaps it's time to start asking whether we wouldn't prefer the real world to be as ad-free as most virtual spaces?” With this statement Anderson represents a central finding of the research carried out by Nelson (et al, 2004) which concluded that, though players were generally positive about brands in games, “Those who were negative about product placements were also negative about advertising”. Therefore, Nelson’s (et al, p. 9) conclusion that those who rejected the advanced realism offering by IGA were “negative about growing commercialism in general” depicts how the issue of personal subjectivity is inherent even in sources protesting the bias of corporate-sponsored reports into IGA.

Examining How the Nature of the Video Gaming Industry Has Enabled the Development of IGA:

The second part of this chapter seeks to provide insight into what elements of the gaming industry have enabled the effectiveness and user-acceptance of IGA, following the literature review carried

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31 Anderson also raises the question of gaming’s capacity for innovation raises the imperative of offering gamers an opt-out-and-pay-more option when it comes to IGA.
out previously within this chapter. This will provide a basis upon which to corroborate or disprove the central hypothesis of this paper, that IGA reflects the requirements of modern advertising as outlined in the initial chapters of this study. The following critical study will, therefore, attempt to draw conclusions and theorise what elements of the gaming industry have led to effective up-take and positive reaction to the implementation of this medium.

Throughout this research paper, the individual evaluations of advertising, in-media advertising, and in-game advertising have culminated in one predominant understanding: digital media has revolutionised modern advertising. This realisation is widely supported by research into vastly varying areas of advertising. It is perhaps best surmised within Lee and Faber’s (2007, p. 75) exploration of brand-recall in IGA when they state that, “Advances in technology...have made it increasingly easier for consumers to avoid traditional advertising messages”. This statement is reflected by and linked to in-media advertising by through Chen and Wang’s (p.835) research which asserts that “product placements are now prevalent...consumers are increasingly resistant to traditional advertising”. The following critical study’s discussion of the elements inherent to the gaming industry which make it an exceptional conduit for IGA will examine a wide variety of the factors which ensure that gamers are both receptive to the implementation of IGA.

1. Immersion Factor

According to Chen and Wang’s study in 2016, all digital media possesses the capacity to be long-lasting, unobtrusive and inescapable. What sets the gaming industry apart from other media is that immersion is a key component of its nature. Gaming requires full immersion into a game-world in a way not demanded by television, film or social media. Therefore IGA must fit within the constraints of this interactivity, and not detract from the engagement or “flow32” of the user. The elemental

32 Flow is a mental state of operation in which a user, or player, in the instance of gaming is fully immersed in their activity.
nature of this immersion ensures that the gamer is less likely to be dissuaded by the presence of
advertisements. A gamer who has invested significant money, time and effort in a video-game is
unlikely to be put deterred by the presence of IGA, and resultantly, (Nelson et al, 2004) a negative
reaction is more likely due to a pre-existing negative estimation to all advertising.

Research on addressing the ineluctable nature of IGA was carried out in 2017 (Hansson, pp.1-5)
which analysed the importance of offering dynamic advertising, capable of changing in order to
provide advertisements of higher relevancy to the user. This report concluded, however, that whilst
(p. 10) dynamic in-game advertising has its benefits due to its capacity to generate, “more efficient
and targeted ads”, there was no imperative of dynamic in-game advertising. Findings showed that
gamers had, “no preference for dynamic ads over static ads” but this capacity for “customised”
advertisements shows how interactive nature of gaming offers vast benefits to the development and
effectiveness of IGA.

Of note from analysis of this factor is the unmistakeable attribution of the qualities of interactivity
and engagement to the gaming industry and IGA, the same traits noted as the key requirements of
generalised modern advertising.

2. Technological Factor

Interactivity and engagement sum up the core nature of the video-game industry and they need not
be a constraint or a limitation on the development of IGA. Indeed these are the elements that reign
supreme when generating the achievement of significant breakthroughs in terms of the expectation
and the realisation regarding this medium. As the interactivity required from gaming leads to the call
for increased realism in the worlds inhabited by players, this realism can, at least partially, be aided
by the applicable utilisation of congruent in-game advertising\textsuperscript{33}. Demand for advanced realism has developed in conjunction with the rapid development of video-game technologies. The accomplishment of hyper-realistic graphics rendering incredible gaming-landscapes capable of increasing interactivity and engagement by blurring the line between game and reality is depicted below in “Watch Dogs 2” (Fig. 6) and “The Last of Us” (Fig. 7).

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{watch_dogs_2.jpg}
\caption{“Watch Dogs 2” (Ubisoft, 2016)}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{the_last_of_us.jpg}
\caption{“The Last of Us” (Sony, 2013)}
\end{figure}

Photorealism\textsuperscript{34} is widely being hailed as the future of video gaming from gaming analysts such as Keith Stuart (2015) and Luke Plunkett (2016). In only July of last year PC Gamer’s Tyler Wilde (2016) discerned from experts at Epic Games and Nvidia, that though the processing power required to render photorealistic quality graphics in real-time was currently not available, “it’s not impossible”. This report ended with the surmising that, “someone is going to simulate the world one

\textsuperscript{33}Congruence is a fascinating area of massive interest which will be examined later in this research paper, and also analysed through the utilisation of a relevant case study on this subject.

\textsuperscript{34}Photorealism is a visual representation style which creates exceptionally realistic graphics giving the artwork the same attributes as a photograph.
way or another.” The interactivity and engagement so inherent to the gaming industry is inextricably linked to the developments in technology. This is, therefore, an essential component of what makes this industry so adaptive to the requirements of modern advertising, and the potential of in-media advertising.

3. Adaptability Factor

The immersive factor of the video-game industry ensures that gamers are less likely to object to IGA, especially due to the technological factor which calls for increased realism in gaming. Analysing this acceptance regarding IGA requires evaluating a wide variety of sources, and this study postulates that a key element of this acceptance is the concept of gamer adaptability. Though there is little current research on this topic, it is a matter worth consideration that gamers are often credited with expanded decision-making skills, visual-spatial skills and adaptability skills (Green, C. S., & Bavelier, D., 2007)(Dye, Green, and Bavelier, 2009)\textsuperscript{35}. It may be that this adaptability has led to the integral acceptance by gamers of IGA.

The vast majority of free-to-play mobile games are monetised by in-game advertising (Morrison, 2016) and the widespread prevalence of advertising through, in and on all forms of digital media has perhaps led to a normalisation of in-game advertising. Combining this normalisation with the adaptability of gamers, who tend to be technologically advanced, has led to a generation of avid video-game players. These players have seen the takeover of advertising in other mediums and are potentially more accepting that video-games will be held to the same account.

This acceptance, of course, is not as straightforward as simple acquiescence, but is best examined in conjunction through with an evaluation of the economic incentives of IGA for the consumer as well

\textsuperscript{35} Though the findings of these sources are not explicitly expanded within this essay these sources can be found within the referencing section.
for advertisers. Previously, the economic considerations of in-game advertising were addressed as a central reasoning component behind video-gamer’s compliance by Nate Anderson (2016) in the wake of rapidly developing video-game development costs as represented by the graph below.

Joe Marchese’s (Fig. 8) above forecast predicted the rapid increase in game development costs in 2011 but could not predict how the costs of creating video-games now often match or outstrip the costs associated with motion pictures. Activision’s “Destiny” released in 2014 was widely purported to incur costs of up to $500 million for development and promotion purposes (Cartelli, 2015) (Pitcher, 2014)\(^ {36} \). CEO of Activision Blizzard Bobby Kotick explained the finance allocated for this game in its of context franchise-potential. The Economist’s “T. W” (2014) cites Moore’s Law\(^ {37} \) as a centric reason for this increase with the same improvements in computer graphics, which makes

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\(^{36}\) This number has been refuted by a number of sources which claim that, whilst the marketing for this game may have amounted to this number, this price-tag is not representative of the development costs of this game (The Economist, 2014). This amount includes all “marketing, packaging, infrastructure support, royalties and other costs” (Pitcher, 2016)

\(^{37}\) Moore’s Law in the Intel’s Gordon Moore’s comment upon how the number of transistors per inch squared on integrated circuits had doubled every year since their inception.
games such an incredible tool for interactive and engaging advertising, being the reason for these increased development costs.

With Disney’s “Infinity” purportedly costing $100 million to develop in 2013 and Grand Theft Auto (GTA) V estimated at $265 million these costs are inevitably being pressed upon the consumer with the average cost of a video-game currently estimated at $60 (Fig. 9). However, as Nate Anderson stated in the previous chapter, video-gamers believe that IGA is at least partially responsible for video-game price not reflecting this extraordinary increase in their development costs. Therefore within video-games, there is certain to be reluctance to upset the fragile equilibrium of in-game advertising costs. This represents yet another factor in video-game’s positioning as an exceptional medium for this advertising capability.
4. Financial (and geographical) Reach Factor

Financial considerations are always in essential industry analysis and having examined the influence of the game-player’s understanding of video-game financing it’s important to examine the reach of the video-game industry. This examination of gaming’s reach, both economic and geographical, will provide insight into why this industry implements IGA so effectively. In the Adaptability Factor outlined above GTA V was estimated at development costs of an appreciable $265 million. However, in a single weekend, Grand Theft Auto V generated $815 million, in effect tripling the development costs of this game over two days.38

The gaming box office far outstrips the cinematic box office39, and New Zoo’s latest quarterly update of the Global Games Market Report (Fig. 10) depicts 2.2 billion gamers40 across the globe expected, “to generate $108.9 billion in game revenues in 2017”, with console gaming predicted to generate $33.5 billion in revenue worldwide. The data-depiction below denotes that not only is the financial reach of the gaming industry booming but that the geographical reach is comprehensive and extensive.

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38 This achievement ensured that GTA V was entered into the Guinness World Book of Records in 2013 (Lynch, 2013) under the title of both, “the Highest revenue generated by an entertainment product in 24 hours and the Fastest entertainment property to gross $1 billion.”

39 It is important to bear in mind that the cinematic box office does not include DVD or broadcast sales.

40 This statistic includes all gaming mediums including online and mobile.
Fig. 10 (McDonald, 2017) New Zoo Global Games Market

This economic consideration is essential when considered in conjunction with the findings of Chen and Wang (2016, p. 835) that the expenses and brand-equity requirements of in-media advertising ensure that only established brands tend to utilise this medium. Due to the developing reach of the gaming industry it can afford to be innovative with its advertising, and implement un-tried and un-tested advertising techniques, as will be examined later.

Having determined the factors which make the gaming industry ripe for the further development of IGA, it is possible to examine how the requirements of modern advertising are fulfilled by this capacity. Gaming’s ability to implement IGA does not by necessity mean that it does reflect these requirements and considerations, and so the question is raised, does IGA exemplify the requirements of modern advertising?
Chapter Four – In-Game Advertising’s Fulfilment of the Requirements of In-Media Advertising

The prior examination of IGA reveals that the gaming industry is, by its very nature, exceptionally well-placed to implement in-media advertising. Whether this capacity is utilised to carry out in-game advertising in a manner which fulfills the fundamental requirements of modern advertising is now available for analysis. This research paper posits that in-game advertising exemplifies the requirements of modern advertising and therefore this chapter will examine how effectively IGA reflects these requirements. The following evaluation will utilise the literature reviewed in the previous chapter to continue this examination of IGA, and will also review a number of relevant case studies to provide a contextualisation of its resulting conclusions.

Analysis of the requirements of modern advertising concluded that the central requisites of advertising, in general, are the elements of interactivity and engagement. The analysis of in-media marketing added “congruency” and innovation to this interesting mix. In-media advertising was attributed with being a channel of advertising capable of comprehending and implementing modern advertising’s main requirements. As a channel of in-media advertising IGA, by its very nature, therefore engages with the requirements of engagement and interactivity. IGA’s demonstration of these capacities was also clearly outlined in the third chapter’s analysis of immersion as an elemental aspect of the nature of video-games. Therefore the following analysis must examine how IGA exemplifies the requirements of in-media marketing, “innovation” and congruency. This will provide a verification of the central hypothesis of this research paper.

The effectiveness of this medium and widespread acceptance within the gaming community suggest that that IGA is being efficiently and successfully implemented. From an analysis of technological, immersive, economic and acceptability factors which encapsulate the nature of the gaming industry
it seems evident that IGA does exemplify the requirements of modern advertising. Congruency and innovation are the banners under which the two greatest fundamental changes to the nature of advertising in the last decade have occurred. This analysis, therefore, condenses down to evaluating the exemplification of the requirements of modern advertising, as necessitated by the following two major developments:

I. The growing understanding that not all publicity is good publicity – this has led to the development of the requirement for congruence.

II. The conceptualisation that advertising can be about more than simply a product – this has led to the development of the requirement for enhanced innovation in promotional material and techniques.

**Congruency:**

Defined as “agreement or harmony” (Oxford English Language Dictionary, 2017) congruence in advertising encompasses the concept that effective advertising is in-keeping with its environment, and inherently unobtrusive. Any study regarding congruence and the consumer is, therefore, an innately psychological evaluation on how to best develop this concept to increase brand-recall and develop brand-attitude. Brand-recall and developing brand-attitude are specific strengths of the gaming industry’s utilisation of product placement (Mackay, 2009) (Massive Incorporated, 2009). The development of digital technologies has precipitated a more informed consumer, and therefore congruence studies are of especial interest to advertisers today.

The study carried out by Lee and Faber (2007) on the effects of product placement raised a fascinating insight into congruence which correctly hypothesised that, “highly incongruent brands are better recalled than either moderately incongruent brands or highly congruent brands” (p.75). Vast amounts of quantitative research on brand congruity were carried out and found that brand-recall increased for incongruous products. This is most likely due to the implausible nature of the
presence of a highly incongruous brand in gaming. Therefore, it is of note that in a more detailed evaluation of this research the words used to describe the presence of this highly incongruent product placement were, “odd”, “inappropriate”, “surprising” and “confusing”. These descriptors do not bode well for the goal of improving brand-attitudes through IGA as concluded with the statement that “this disconnection may negatively influence brand-attitudes.” (pp. 86-87).

The development of a savvier consumer and longer-lasting consequences from advertising failure has led to the recognition of advertiser’s that not all publicity is good publicity. This is evident from more recent studies into IGA which resolutely affirm the need for congruence in product placement, with the study from Nelson (et al, p.10) clearly stating that, “gamers mentioned the ineffectiveness of obvious, out-of-context, or saturated use of placements”. A 2017 study on IGA (Hansson, 2017, p.3) revealed that, “The congruence between game and ad can positively influence player attitude toward the placement” and, “higher relevance between the advertised brand and the game…makes [the gamer] more receptive to the advertisement”. Congruence is imperative in an era where advertisers are held accountable for obtrusive, non-relevant advertising, and punished by accordingly by the consumer. This reprimand can have a long-lasting impact upon a brand by developing negative branding association or leading to “viral” recognition of advertisement’s error in implementation or content.

Gaming has led the way in implementing advertisement congruence. The attitude towards IGA’s congruency as analysed in the third chapter is more positive than that found in other digital media due to the user-acceptance of IGA as an opportunity to highlight realism. Congruency is established in IGA not merely as an essential requirement of product placement, but also as a defining attribute of this medium. One need only examine the prevalent utilisation of product placement in video gaming especially in sporting games where they do in fact appear to add an element of realism, to understand that congruity is widely implemented in the advertising structure of the gaming industry.

41 This can be clearly seen earlier in this research paper’s analysis of the vast rebranding required from major brands such as Lynx in the current climate of increased social consciousness.
Case Study Four: Congruency in Sports Brands.

With congruence clearly defined as an essential component of IGA it is consequently linked to the creation of positive brand association. Of all the wide varieties of gaming genres sports gaming is the genre which offers the greatest potential for congruity. Congruity is made possible in sports-games by virtue of the reliance on brand sponsorship in all sporting mediums, which accurately mirrors the placement found in games (Fig. 11) (Fig. 12).

![Image](image1.png)

**Fig. 11 FIFA 07 – EA Games (2007)**

![Image](image2.png)

**Fig. 12 2014 FIFA World Cup Brazil (FIFA, 2014)**
Research into IGA found that gamers generally found the phenomenon “cool” (Massive Incorporated, 2009) and credited with the capacity to increase realism. Evidence for this is found in the wide variety of case studies analysed to evaluate gamer reaction by Massive Incorporated (2009). Earlier within this study, the effect of incongruous branding upon brand-recall was analysed, concluding that, within IGA, advertisers have overall wisely chosen to value brand-attitude over brand-recall. Though incongruent brands may well evoke higher levels of brand recollection Massive’s case study compendium revealed that even highly congruent advertisements had immensely impressive brand-recall. In-game advertising was also noted as possessing higher brand-recall rates than any other comparative medium. IGA’s brand-recall percentage was valued at 63% as opposed to televisions 32% and print media’s 18% (Massive Incorporated, 2009). Therefore utilising congruency does not mean that advertisers will fail to achieve high recall rates from their IGA implementation.

The most successful case study in the Massive (2008 p. 16) compendium was their advertisement for a tyre company, the objective of which was to “build consideration and perception for the tyre brand among gamers who consider themselves “automotive enthusiasts,””. Massive carried out an extensive multi-title IGA campaign and surveyed gamers from titles such as Burnout Paradise to examine the campaign’s effectiveness. With a brand-recall rate of 87% and increases of up to 89% in brand rating and purchase consideration this campaign was highly successful, and carried out an 88% agreement rating with the statement that the advertisements, “made the game more realistic”.

The case study with the lowest realism agreement rating was carried out by Massive for a, “leading broadband and telecommunications provider” (Massive Incorporated, p. 24) and advertised within a number of sporting games including Need for Speed: Carbon. This study recorded only 52% of gamers stating they felt the advertisement made the game feel more realistic, and achieved 69% brand-recall. Though 68% of those questioned felt that the advertisement, “looked cool in the game”,

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43 A major strength of case study compendium was that it featured a strong diversity in the category of product or service advertised.
44 This company was not named through the report for privacy considerations but ranked one of the US’s largest tire brands.
the lack of congruency between the service and games utilised reveals that congruency is an essential consideration.

When it comes to sporting games the statement of regarding IGA as realistic or “cool” feels like a very genuine reaction to this advertising medium. Advertising is capable of creating a distinctive parallel with reality which does not seek to ignore the presence of the non-digital world. The study into IGA carried out by Nelson (et al, 2004, p. 9) investigated whether the utilisation of humorous “fake brands” could replace the commercialisation of video-games. Results indicated however that gamers appreciated real products and brands which, “allow for greater immersion because they do not psychologically “launch [the player] out” of the game”. Sporting games often rely on name recognition to increase sales, hence the use of real football stars names in FIFA and the branding of car games such as Colin McCray Rally. Thus it is rational to assume that this desire for realism might continue on to the choosing of which brands to utilise in the available virtual advertising space.

Clearly, congruency is an essential factor in considering the potential success of an IGA. Recent reports on IGA no longer tend to consider the widely existing research which states that incongruent advertisements have higher rates of brand-recall. Utilising incongruence is not essential for the gaming industry as, due to the effective fulfilment of the central requirements from product placement, IGA enjoys exceptionally positive rates of recall, brand positivity and realism-association.

**Innovation:**

Advertising must be innovative to keep up with the digital era. This can be seen explicitly through the uptake of mediums such as in-media marketing, which reflect the staple requirements of modern advertising. By its very nature the video-gaming industry is inherently innovative, as necessitated by:

- The continuous new platform development upon which to showcase new digital capabilities.
- The intense creativity required to tell a story in an interactive and engaging way, and, perhaps most essentially.
- The thriving indie market which continually dares major game developers to match them in story, characterisation and raw creativity.

Gaming does not merely exemplify, but actively epitomises the innovation required for advertising to develop. Gaming reflects its innate capacity for innovation through its implementation of IGA. The effectiveness of IGA is directly tied to the gaming industry’s demonstration of developing in accordance with the developed requirements of this medium. IGA reflects this embrace of the developments of advertising with its incorporating of the continued role of traditional marketing techniques in campaigns, and its utilisation of long-term orientated advertising solutions such as congruence.

As discussed in the first chapter, traditional marketing methods still apply to advertising in the digital era, and in particular word-of-mouth has become an essential consideration throughout an advertising campaign. A central reason for this is the thriving indie market of the gaming industry wherein game-developers cannot afford expensive marketing techniques and rely instead upon personal recommendations for growth and increased coverage. Word-of-mouth has evolved to become a tool as capable of halting the progress of a game as surely as it can instigate interest.

Research in video-games carried out by the likes of Mike Lahy (2009) indicates the presence of a faction in the gaming community called “Influence Multipliers” who have an unmatched capacity to influence the successful distribution of a game. EMarketer’s (2009) breakdown of the NPD Group’s report on “Gaming Device Profiles” corroborates this; “Word-of-mouth is a major force in the video-game industry” with 41% of video-gamers reliant on this medium for information on new games.

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44 Influence Multipliers are identified as personal acquaintances connected with a wide range of other players. Digital technologies have exponentially increased the exposure and following of this influencers with YouTube featuring players like VanossGaming who has over 20 million subscribers.
The video-game industry has twinned its innate innovation with traditional advertising techniques. The re-kindled imperative of word-of-mouth in advertising has precipitated advertisers to tread more carefully regarding sensitive topics including but not limited to mental health, gender, race, and sexuality. Attempting to understand the psychology of the consumer in question is an innovative move forward in advertising, and widely embraced by the gaming industry’s utilisation of IGA. Within the sources researching the effectiveness and results of product placement in games there was significant intellectual questioning of the inner-working of the average gamer. This included analysis of the limited-capacity model of attention by Lee and Faber (2007) and the research carried out regarding “Advertainment” (Nelson et al, 2004) which explicitly analysed the psychology of game placements. The research surrounding IGA clearly depicts how this consideration of the game-player’s psyche has become significant to this industry, as it provides an understanding of what new and innovative processes their targeted users will accept.

This understanding of game-players’ mind-sets has led to the development of what is perhaps the key innovation of the gaming-industry. This is how gaming harnessed advertising’s potential to promote more than simply goods or services through product placement. Gaming possesses a thorough understanding of how to utilise both traditional and non-traditional media to increase brand-attitudes. This understanding is combined with the gaming industry’s capacity to employ IGA with exceptional effectiveness in a manner that is congruent, interactive, engaging and capable of increasing brand-recall. This combination depicts how the gaming industry is capable of deploying the full potential of advertising. Where other industries are slowly developing the way in which they advertise, 'the gaming industry is innovative in its development of what it chooses to advertise, through its enactment of IGA.'

In-game advertising has long utilised the unique array of capabilities inherent to the medium of gaming; employing its potential for engagement, interactive capacity and user-profiling to develop beyond the remit of simply marketing “things”. As stated previously the consumer has moved
beyond “things”. Experiences (Morgan, 2015), being part of online communities (be they social sites such as Reddit (Swift, 2016) or social media such as Facebook (Litza, 2016)) and supporting social causes (Struebi, 2015) (Baker, 2015)\(^5\) are each changing the requirements of modern advertising. The innovation enabled by the gaming industry’s implementation of IGA allows for the development of socially conscious in-media content which is congruous and in-keeping with the carefully-researched requirements of the consumer. Video-game advertisers know that incongruent placement increases brand-recall; but they have not utilised this method, due to understanding how incongruity can psychologically-impact the viewpoint of the user. This suggests that the true innovation of the video-game industry is represented by its unprecedented capacity for maturity. The video-game industry takes advantage of this maturity by accepting that advertising need not be limited to products. The following case study, therefore, illustrates the evolution of the content advertised by in-game advertising. From this case study it is therefore possible to draw conclusions regarding how the requirement of innovation has introduced elements of social consciousness to IGA, enabling the successful implementation of politicised product placements.

*Case Study Five: Barack Obama’s 2008 Utilisation of Video-game’s In-Game Advertising.*

The central theme of Barack Obama’s 2008 presidential election campaign was *Change* and is, therefore, unsurprising that this campaign harnessed the innovation which distinguishes the gaming industry. The following case study shows the utilisation of IGA techniques to fully exploit the capacity, enabled by the development of advertising, to expand advertising beyond the remit of the simple product.

\(^5\) Though many of these sources have not been directly used during this research paper they nevertheless have provided valuable insight into the understanding regarding how modern society, through the development of digital technologies, has moved beyond a product-orientated emphasis and will therefore be included in the final bibliography.
This was not the first attempt to connect gaming with politics following Mark Warner’s use of a Second Life event to feature an interview\textsuperscript{46} (Kaye, 2016). However, the following case study does, in fact, feature the very first in-game political campaign ever run. This campaign was created by Massive Incorporated, (responsible for the biggest survey of IGA reception to date) in 2008 for the Obama administration. Massive (2008) identified the objectives of this campaign to “drive early voting” and “improve perceptions of Obama in key battleground states among the under 30 audience”.

![Early Voting Billboard](image)

\textit{Fig. 13 Burnout Paradise (EA Games, 2008)}

Massive targeted 11 geographic regions, mainly highly-contested states including Florida, Ohio, Iowa and Wisconsin and EA featured in-game advertising featuring Obama. Initially solely implemented in their racing gaming Burnout Paradise (Fig. 13) these were later rolled out to include 18 games in total including Madden NFL 09 (Fig. 14) and Skate (Fig. 15).

\textsuperscript{46}Mark Warner was a Virginia governor who used the virtual world “Second Life” to hold an event which featured an interview in which he was questioned on education and jobs by a Second Life character. Incidentally, supporters of Barack Obama initiated a similar “Second Life” event in 2007.
Already this information highlights how advertising in gaming values the approval of its users, for Massive only utilised the banner advertisements featuring Barack Obama in games where the presence of advertisements was congruent with reality. This case study also depicts the imperative of innovation not merely from advertising techniques but from those responsible for implementing...
these techniques, as the Republican candidate for 2008 did not take up the offer of utilising this medium.\textsuperscript{57}

Massive (2008) reported the outcomes of this campaign as highly positive, resulting as it did in, “improved perceptions and intent to vote for Obama among surveyed”. This campaign also generated a great deal of attention in mainstream media with, “over 984 articles/TV Stories within 2 weeks of the campaigns”. The innovation of this campaign was widely appreciated and duly rewarded when “The Obama Campaign” won the Titanium Award at 2009 Cannes Lions International Advertising Festival.

Having witnessed the capacity of in-game advertising to promote people, causes, and political parties, IGA has been utilised extensively since this campaign for political causes, with Obama returning to utilise this medium in 2012. Even in 2016, though neither implemented IGA, both Hilary Clinton and Donald Trump attempted to garner positive association within the gaming community through their embrace of the Pokémon Go craze in swing states (Kaye, 2016). This included Donald Trump’s parodic creation of an in-game character advertisement for his political rival (Fig. 16).

\textsuperscript{57} During this campaign Massive, and EA games were prompt to issue statements that they did not endorse any candidate for the 2008 election, and an EA representative commented that the Republican candidate John McCain had been approached with an opportunity to do the same but “passed on a Burnout ad buy” (Sinclair, 2008).
The results of this case study reveal the strength of the gaming industry’s position when it comes to carrying out the requirements of modern advertising. The above case study expertly blends the twin necessities of congruence and innovation to develop a highly original campaign capable of high-impact results. Considering these results it is of little surprise that the future of political advertising is widely purported to develop this medium as Ingham (2015) states that in-game advertising, “look(s) set to become a firm staple in many political campaigns”. Gaming and IGA have enabled the development of the dialogue of advertising from a product and service-orientated environment to one who is open to the possibility of utilising this medium to promote almost anything.
Conclusion

In the introduction to this research paper how advertising and gaming displayed their disparities in their reaction to technological development was briefly evaluated. And throughout this paper, it is clear that advertising and gaming do not view the development of digital technologies through the same lens. However, gaming’s timely and efficient reactions to the changing requirements of modern advertising reflects a deep and abiding connection between these mediums. This paper theorises that this connection is concomitant with the maturing of both of these industries. Advertising has clearly evolved beyond the stage of considering all publicity to be good publicity\(^{48}\) and gaming has moved to the consideration of psychological studies to determine user-requirements, utilising these studies to generate user-acceptance. This connection reveals the verification of the central hypothesis of this study, as IGA has clearly exemplified the requirements of modern advertising to become such an effective and widely accepted tool.

To reach this verification this paper has sought to provide an in-depth analysis of the requirements of modern advertising (i.e. that it be both “interactive” and “engaging”) and the obligations of in-game advertisements (the twin requirements of “innovative” and “congruent” content). This understanding has been built through an evaluation of the factors which have precipitated the evolution of these necessities i.e. rapid technological developments. The research throughout this paper has yielded a number of fascinating conjectures regarding modern advertising’s relationship with the gaming community. These include the speculated insight that, through digital media, gaming is revolutionising the oldest advertising techniques. How gaming deploys word-of-mouth and congruent in-game advertising strongly recalls the oldest of advertising practises. Nowadays, modern sporting games tend to place an advertisement directly in the eye-line of the viewer using an

\(^{48}\) Hence the increased call for congruity even if it reduces brand recall potential.
old-fashioned billboard⁴⁹ that you are possibly less likely to now see in real-life than any car-racing game.

A central conclusion of this research paper was the finding that gaming manages to blend the central requirements of advertising, interactivity, and congruency within their IGA implementation. The governing rule of product placement is to either be unobtrusive enough that the consumer is not aware of your presence⁵⁰ or to be innovative enough that your presence is not minded, or a source of amusement⁵¹. IGA does not merely exemplify these requirements but finds a creative way to combine and fulfill them both. It proves its exemplification of advertising’s requirements by bypassing the above rule to create product placement which is both congruent and innovative such as the use of major brands in sporting games arenas. The gaming industry understands that paying attention to the central requirement of creating advertising content that is congruent, creative, and artful can create IGA of which the average game-player is genuinely appreciative.

Analysis on IGA throughout this research paper depicts how, when games apply their understanding of the central requirements of modern advertising effectively it results in exceptional rates of brand-recall and brand positivity. It also leads to a general agreement that advertisements can add realism to a game. In the interests of realism, and prompted in the name of innovation gaming also displays how product placement can move beyond the concern of the product and highlights how IGA can be utilised to advertise anything. This is only possible due to gaming’s innate exemplification of the requirements of modern advertising. Though this study does not claim to possess insight into whether the gaming industry best exemplifies the requirements of modern advertising it is clear that IGA is an intensely powerful medium. Though currently woefully underused, IGA is clearly unafraid to utilise intensely innovative techniques and is highly adaptive to the developments which have precipitated the evolution of modern advertising.

⁴⁹ As per (Fig. 14) (Fig. 15)
⁵⁰ Unobtrusive advertising would include the popular placement of branded beverages or foodstuffs in a scripted network television show.
⁵¹ An example of innovation is the “meta” application of advertising to the sitcom “Community”.

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The nature of gaming is that it is interactive, innovative and continually developing in conjunction with digital technologies. Each of these factors has enabled gaming to exemplify the requirements of modern advertising, and gaming goes one step further by positing that digital media need not be the harbinger of death to advertising. IGA and its fulfillment of the requirements of modern advertising reveals the potential for digital technologies to work as a catalyst for modern advertising. This catalyst is capable of prompting the evolution of advertising beyond the remit of the product and the service and into the role of influencer, through campaigns that embrace the developing social, political and economic vocalism of this digital world. The exemplification of the requirements of modern advertising by in-game advertising reveals that, where advertising is concerned, digital technologies represent a brave new world.
Recommendations

Given the brevity of this research paper, there are a number of recommendations for further research. A major limitation of this study was the limited allocation of time to examining other in-media mediums, beyond the early chapters. Further analysis of alternative product placement mediums to gaming would allow this paper to become more comparative, and less evaluative. This would allow for the verification of a hypothesis that would posit gaming as the most effective implementation of the requirements of modern in-media advertising. Further study would also place more emphasis upon the negative aspects of in-game advertising, and attempt to provide more insight into gamers who strongly oppose this medium.

A great deal of the research sources examined but not utilised within this topic including sources such as “Advertising or Games” (An and Kung, 2014) and “Children’s Responses to Advertising in Social Games” (Rozendaal et al, 2013) raised the topic of children and advertising. An area ripe for further examination would be analysing how digital technologies have created a younger generation of potential consumers, with research into how IGA may affect this new consumer segment.

The above research paper’s conclusion on gaming’s growing maturity being exposed by their implementation of political campaigns through IGA needs to be further expanded. This could potentially occur through an examination of the potential in gaming for socially-conscious campaigns akin to Lynx’s mental-health positivity rebranding.

Finally, a fascinating area for research, not evaluated only in the interests of brevity and due to the lack of organic research carried out within this paper, would be to examine how gaming could utilise
the “meta” functionality of advertising. There is an opportunity for gaming to utilise such techniques, by linking with real brands with “virtual” brands. Creating fake brands does not sit well with the average gamer, but to link an official brand with an unofficial product would represent an exceptional capacity to expand the congruence of brands. An example would be for Coca-Cola to connect with Bethesda’s Fallout franchises “Nuka-cola” branding, which would offer opportunities in the off-line advertising industry for limited-edition products, and extended marketing opportunities for both the game and the product brand in question.

These are but a few of the areas for further research which could be encouraged having satisfied the hypothesis that in-game advertising effectively implements the requirements of modern advertising, in the current climate of rapid technological development.

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52 In television an example of such “meta” techniques was carried out by Yahoo! Screen with “Community” and their product placement of Honda.
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