Widespread, Globalized and High-economic-value: The Rise of In-game Advertising as Modern Mass Media

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Abstract: *With the rapid development of society and technology, the game industry has evolved into one of the most promising industries today in just a decade. In-game advertising has became an effective globalized mass media for conveying information to the public, especially for internet users, and has a huge impact on both modern media and the advertising and game industries. In this paper, with the data-analysis method and comparison method, it was discussed how widespread and globalized in-game adverting is from a media perspective, compared with traditional media. Also, two game cases from Asia and North America are used to demonstrate to which extent in-game adverting is immersive and personalized for the customer. Finally, it is explained that in-game advertising is of huge economic value and becoming much more competitive with analysis of the latest market revenue data.*

Keywords: *Modern Media, Marketing, Mobile Games, In-game Advertising, Advertising Industry, Game Economic*

1. Introduction

According to the latest data on game revenues from *Business Of Apps* in 2023, the COVID-19 pandemic benefits the game industry with the total global revenues of mobile games increasing by 57% as a result *[11],* although it brought a crisis to the real economy. Among the total revenues of mobile games, in-game advertising took a significant proportion with its revenue reaching $115.1 billion in 2021 and accounting for 46 percent. Adjoe, the researcher from *Business Of Apps* reported that global revenue of in-game advertising was expected to grow by more than 20% to $147.6 billion by 2025 *[10]*. This is a clear indication that in-game advertising is rapidly becoming an integral part of modern media.

In-game advertising refers to the advertisement mode, in which the demanded advertisement materials are embedded into the game with the help of modern science and technology. It aims to achieve commercial purposes without hindering the reasonable operation of mobile games with unique elements, such as on the in-game dashboard when the game is loading or a highly-integrated character in the game.

From my perspective, in-game advertising has the following three advantages. First, in-game advertising is ripe for excellent communication and globalization development. Second, it is completely immersive and personalized for aimed customers. Third, the in-game advertising industry is of huge economic value, especially helpful in maintaining the company's popularity and user loyalty.

In this paper, I used the data-analysis method and comparison method with data from market research companies to demonstrate the how widespread and globalized in-game adverting is from a media perspective. Next, I also used the case analysis method to discuss the extent to which in-game adverting is immersive and personalized for the customer, using two cases of mobile games from Asia and North America. Finally, I explained the huge economic value of in-game advertising in the advertising market through analysis of the latest market revenue data, especially comparing the advertising revenues of traditional media. From this approach, it would be explained how competitive in-game advertising is and it continues to become a rising-up media to convey information effectively.

2. Researches on In-game Advertising

2.1 Communication and Globalization: Mature and wide-used global media tool—In-game advertising

With the evolution of information technology and the development of the whole society, there is no doubt that traditional media, for example, the newspaper and television industry, is declining, while online digital media has become the main way of disseminating information. Electronic games have developed sharply and played a significant role in online digital media.

Admittedly, traditional media industries are of remarkable historical significance, considering how newspapers and television change people's lifestyles and promote revolutions in the media area. According to Machmud's report, traditional media has taken part in conveying messages to the public, especially in the public whose scope is in rural society[4].

However, Winseck pointed out that when capitalists make investments in the media area, they have a preference for network media in his study[5]The expanding process saw vast sums of capital investment in the creation of massive media conglomerates based on optimistic projections where future profits would grow faster than the traditional media economy and exceed the high profits that characterized the media in the past. This indicates that online digital media has become the latest popular and most-recognized way of media.

Figure 1 below offers us a more objective and digital perspective to observe the trends mentioned the previous paragraph, with a chat showing the proportions of different types of media that people use to get news in a week during the last ten years[7].According to Nic Newman's Digital News Report in 2022, it is quite clear that the consumption of traditional media, such as TV and print, declined further in the last year in almost all markets, while online and social consumption was growing in the last ten years and almost took over the whole industry.
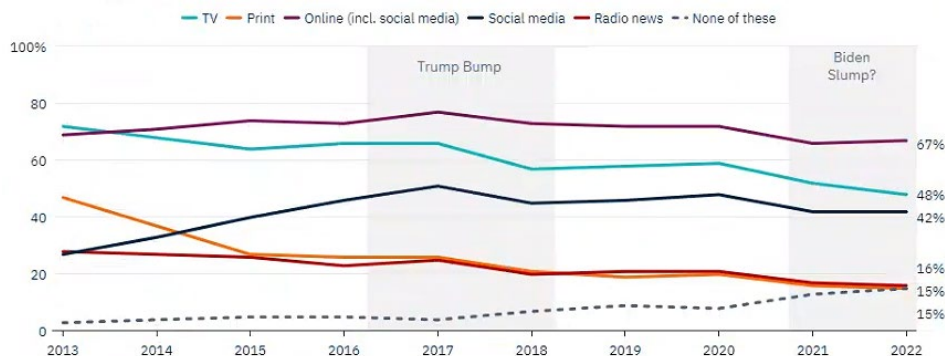

Figure 1: Proportion That Used Each Source of News in One Week, 2013-2022.

In the previous paragraphs, it has been clearly discussed that online digital media play a vital role in the field of media. Looking further, what is the role of in-game advertising (advertising in electronic games) plays in modern online media?

First, it is widely realized that people tend to choose in-game advertising and recognize the significance of it. Rui ma, an analyst working at a top analytics company *Sensor Tower*, reported the current situation of in-game advertising in his annual report *state of mobile games advertising 2023 [9]*, announcing that in-game advertising has become the preferred choice of most people when they try to get information, in addition to other popular digital media, such as Facebook, Twitter, and Tiktok. It seems that electronic games have become a major part of online and social consumption.

Second, the tendency of in-game advertising towards globalization has been especially obvious and keeps expanding its share in the media space, surpassing the share of traditional media. It is easy to notice the trend from the growth of the number of electronic game users. Newzoo published *Global Gaming Market Report of the year* at the end of 2022 *[8]*. *Figure 2* shows the increasing number of electronic game users around the world. Obviously, the global growth of users is sharp and Newzoo believes that the number of game users will grow from 2.9 billion in 2020 to 3.6 billion in 2025, with a CAGR of 4.3% in simple 5 years. Compared with the data on the number of U.S. newspaper readers in circulation from Press Gazette's research[11], which is rapidly declining 27 per cent, with the largest amount of published newspapers being only 3.1 million, the growing amount of electronic game users in North America is

almost the same, by 2.6 per cent of growth. Moreover, the increasing trend of game users is a global phenomenon. There is no continent without significant growth, with the most rapid growth of the number of game users is 1.741 billion in Asia-Pacific and the second growth of the number of users being 488 million in the Middle East and Africa. The reason why the amount of Asian game users is growing might be the huge base population in Asia, while infrastructure, especially the popularization of internet and smartphones, has offered the chance for electronic games to be used as a mass media to convey information to people in the Middle East and Africa.
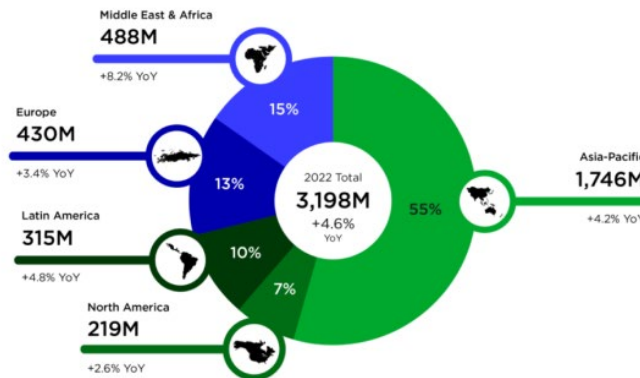

Figure 2: Increasing Number of Electronic Game Users around the World in 2022.

Overall, in-game advertising has a huge base of users and the globalization of it is growing all the time, with the preference of people to choose it instead of traditional media or even other modern popular media. In-game advertising has become a vital means of communication. While traditional media is declining, it is taking over the market and showing people the best of what it has to offer.

2.2 Immersive and personalized: The determinants that in-game advertising is superior to other media

In-game advertising has become a modern mass media tool with 3.6 billion users *[8]*. To discover the reasons why acceptance of in-game advertising continues rising, it is of great significance to understand the main forms that advertisements are presented in electronic games. Game adverts can be presented by displaying them in the background of the game, such as on the in-game dashboard or during a pause when the game is loading. Another common way is that the products or brands which need to be promoted can be highly integrated into the game so that the advertised products or brands become necessary for completing a part of the game such as a unique character in the game or an interesting quest for players to finish*[12]*.

With the perception of the forms of in-game advertising, two main factors are attributed to the reasons why the acceptance of in-game advertising is rising all the time.

First, in-game advertising creates customized content for specific audiences, while it also provides users with a highly personalized experience. For example, in-game advertising is one of the main ways to generate revenue for *Neko Atsume*, a 19-million-download mobile game from a famous Japanese game company called Hit-Point. As the following digital shows, it is totally ingenious how commercials are shown to its players in *Neko Atsume*. In *Neko Atsume,* when players have played for a certain period of the whole game, an adorable cat will randomly appear with a leaflet in the game's backyard. After players click on the leaflet, a selective dialogue box will be shown to the players, 'Would you like to see the leaflet that Meow Meow brought back?' If players select 'Yes', the advert from the leaflet will be displayed, and players will be rewarded with an extra bonus in the game. With adorable cats and an interesting setting of the leaflets, this kind of advertising model is very suitable for the cat-lover game style and players' taste of it. Furthermore, since the upgrading of technology among game advertising industries, the adverts played in every game will be matched with players' attributes, which are calculated by big data. For example, if the players of a game are crazy about fitness, they will get gym commercials via in-game advertising, while commercials of the pet industry will be shown to game players if they are calculated as pet lovers from Big data.

Being attractive and immersive is another vital reason why in-game advertising can be a more powerful communication medium. *Fortnite* is a popular shooter action game around the world, especially in Europe and North America. It is also a great example to explain the importance of in-game advertising to be immersive. On December 1, 2021, *Fortnite* announced the continuation of its cooperation with the

top sports brand, *Jordan*. During the in-game cooperation, players can compete for the Air Jordan XI Cool Gray, the iconic sneaker model, discover rooms Players can compete for the Air Jordan XI Cool Gray, the iconic sneaker model, and even discover rooms in the game which is especially dedicated to the best players. The MVP in *Fortnite* gets access to a virtual museum, a basketball court to test your abilities and an immersive video that advertises the Jordan brand. Most *Fortnite* players are the young generation, about 70 per cent of them are male players with a love of sports, which fits well with the customer characteristics of the Jordan brand. Moreover, the iconic sneaker model and discovery rooms in the game brought an excellent immersion experience to the players, compared with simple text introductions or pictures in traditional media like newspapers and even commercials in popular online media called Facebook or Twitter.

To summarize, in-game advertising can create customized content for specific audiences by the wide use of big data, providing a highly personalized experience, which effectively enhances better role it plays in the dissemination of valid and interesting information than traditional media. Compared to popular social media such as Facebook or Twitter, in-game advertising can attract users in an engaging and immersive way through the creation of cooperate game characters and scenarios with the brand, providing a natural platform for companies to tell a nice story by utilizing the interactive features of electronic games.

2.3 Huge economic value: In-game advertising drives Sales of commercials and the growth of users, especially helpful in maintaining the company's popularity and user loyalty.

It is of vital significance that in-game advertising promotes economic development, particularly in the marketing and advertising industry and mainly based on the following two aspects: the rising amount of advertising sales and growth of users, the help of maintaining the company's popularity and user loyalty.

With the increased ownership of smartphones around the world, online free-to-play games have become popular, while deriving revenue for the game company is difficult and relies on encouraging micropayments to buy in-game tools or cross-selling of other products, which might have a negative effect on the retention of users. Therefore, there is another revenue-generating option, which is to show in-game advertising in which the game company obtains income from an advertiser or owner of the advertisement if a player views the advertisement. Mehrtens noted that in-game advertising established a $10 billion market in 2018[3], and it certainly hints at the huge positive impact that in-game advertising can bring to sales of commercials.

It would be a huge gap if one analyse the revenue figures of traditional media. PwC has released its latest annual Global Entertainment and Media Outlook report recently, a wide-ranging and in-depth study that contains projections for online and offline media advertising markets through 2026[6]. There are some of the highlights for major media markets covered by PwC, ordered by forecast size in 2026, and specific to the US. Linear TV viewing enjoyed a slight rebound last year but is forecast to fall behind digital video in viewing time in the US by 2024 in what will be a monumental milestone. Though the US TV advertising market recovered somewhat last year, with a 4.2% year-over-year increase and a total income of $71.1 billion, this amount is 130 billion less than the amount of the online industry and even less than that in the game industry 5 years ago, with the amount of revenue from in-game advertising being 100 billion in 2018.

Speaking of another typical traditional media, newspaper advertising, *Figure 3* show print advertising retaining the majority share of ad revenues in 2022 at $6.4 billion (down from $7.3 billion in 2021) but forecasts that the print market will drop to $4.9 billion in 2026, making the compound annual rate from 2021 to 2026 a feeble -7.7%.The contrast demonstrates the very huge economic gap between these two kinds of media. There is no doubt that in-game adverts are of profound significance in promoting economic development.

While discussing how in-game advertising brings long-term customer loyalty and increased brand awareness for the company, it is important to understand its interactive nature, especially in engaging brands more deeply and fostering positive brand associations. And more effectively, in-game advertising reduces the need for companies to spend more on advertising. It allows companies to spend their expenses on new product development and technological upgrades, which drives social and economic progress.
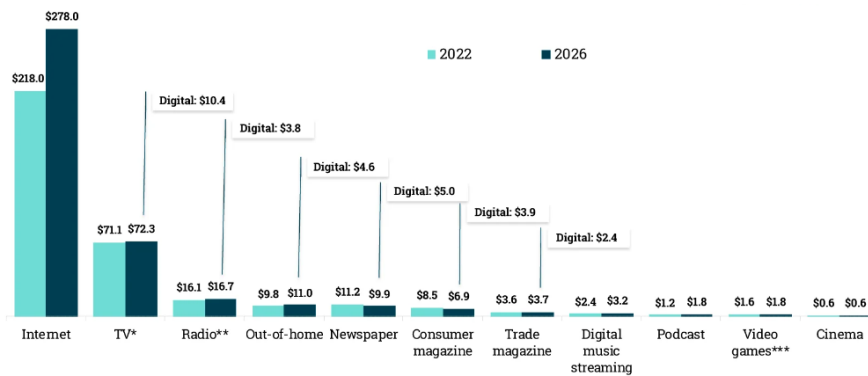
Figure 3: US Advertising Media Market Sizes, 2022($B) V. 2026.

Laura and Karolien used data which is collected through an online survey using the IBM Statistical Package for the Social Sciences (SPSS v23) to find out how in-game advertising influences players in 2013[1].In Laura and Karolien's research, respondents were asked to make a list of brands which is shown in the game from their memory to find out how deep can brand recognition be reminded by the respondents. The survey found that the rate of the respondents with deep brand recognition was almost around 65%, both in single-player games and multiplayer games. Fortunately, this result is pretty decent for the company which needs advertisements.

Ho Keat Leng also mentioned in his survey in 2010 that the rate of recall can also be raised by making the brand more prominent in the game or through repeated exposure[2]. Thus, when brands and companies are affected by the loss of users, this unique feature of in-game advertising will be the best way for them to tackle these tough issues and complete the construction of their business empire.

To sum up, in-game advertising is of enormous economic value, and it profoundly drives global GDP growth. Admittedly, it surpasses the amount of sales of traditional media and will reach a new peak in the next following years. In-game advertising is a media which is continuing to rise up. Meanwhile, it might always be a wise choice to come to in-game advertising while the brands and companies facing customer attrition or having trouble in building long-term customer loyalty and interactive features of electronic games.

3. Conclusions

In summary, this paper argued that in-game advertising is rising as a modern mass media for its incomparable features. With the data-analysis method and comparison method, two sets of data were compared as the amount of game users has reached over 3,000 million and the growth of it is around the whole world, especially with the growth of the users of 1.741 billion in Asia-Pacific and 488million in the Middle East and Africa, while the amount of newspaper readers are rapidly declining 27 per cent, with the largest amount of published newspaper being only 3.1 million. It demonstrates the wide breadth and mature globalization of in-game adverts from a media perspective. Second, the analysis of two cases of mobile games from Asia and North America, indicates how in-game advertising attracts users through the creation of cooperate game characters and scenarios with the brand, providing a natural platform for companies to tell a nice story by utilizing the interactive features of electronic games. Third, I used the data-analysis method to discuss the enormous economic value of in-game advertising and it is much more than that in traditional media since it established a $10 billion market in 2018 and is keeping growing, while newspaper advertising revenues in 2022 is only $6.4 billion and it forecasts that the print market will drop to $4.9 billion in 2026.

In the future, in-game advertising can not only serve as the most effective mass media for communication for brands and companies who need commercials, but also it will always be an excellent choice for these free-download game free-download games to make remarkable profits. It can be customized to fit the brand customer's preference, while it can also reduce frustration and increase engagement for game players. It's a unique way to improve customer retention for both the brands and the games themselves since users are the most fundamental element for media tools.

It took just over a decade for the game industry to develop from black-and-white games to the age of VR games, and just a decade from users paying for games to the period that game companies make profits in a much more acceptable way, via in-game advertising.

It can be imagined that with the rapid development of technology and the whole society, especially the understanding of the media industry, in-game advertising will enter a better generation. With the penetration of smartphones growing all over the world, in-game advertising will complete its evolution of globalization as well as move towards further boom.

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