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ON THE VERGE

EMBRACING GAMING COMMUNITIES TO DRIVE COMMERCE

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INTRODUCTION

The fastest-growing segment of entertainment isn't movies, TV or even short-form video à la TikTok and YouTube — it's **gaming**. In fact, more than **one-third** of the world's population already regularly spends time playing video games, whether it be via traditional console games like *Call of Duty*, in virtual environments like **Roblox** and **Fortnite**, playing mobile games like *Candy Crush* or *Wordle* or simply watching other gamers play on platforms like **Twitch**.

The video game industry has one major advantage in the fight for share of mind and wallet — **the interactivity and deep engagement already built into these environments**. With ***eMarketer* projecting that** advertising revenues within video games will surpass **$8.5 billion** in the U.S. alone this year and reach **$11.5 billion** by 2027, brands clearly already have a healthy appetite for this audience. In fact, **40%** of advertisers plan to boost their spending in gaming over the coming year, making it the **third**-most-popular channel for increased investment after social media (**47%**) and digital video (**40%**), according to a **study by the Interactive Advertising Bureau** (IAB).

The IAB's SVP of Research and Insights Jack Koch summed up the situation at the organization's **PlayFronts** event earlier this year: "Capturing consumer attention in these immersive, engaging experiences offers a huge, tremendous opportunity for brands," he said.

This report examines the gaming ecosystem with an eye to how brands can leverage the unique dynamics of the space to connect with consumers, including:

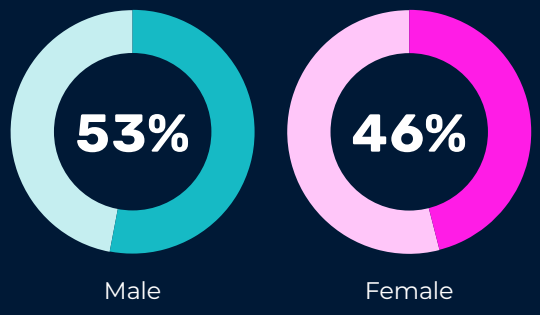
- An **overview of the growth and impact of the gaming sector**, both in terms of player demographics and advertising revenue;
- **Insight into the gamer mindset** to pinpoint what makes this particular consumer segment such a powerful advertising audience;
- The various **types of ad formats** brands can employ to reach gaming audiences; and
- **Key platforms and properties** for advertisers and examples of successful brand initiatives.

GAMING BY THE NUMBERS

There are **190.6 million** active players aged **5 to 90** in the U.S., accounting for **61%** of the U.S. population. (Source: ***Entertainment Software Association*** *(ESA), 2024*)

Active players skew slightly more male than female.

PLAYER GENDER



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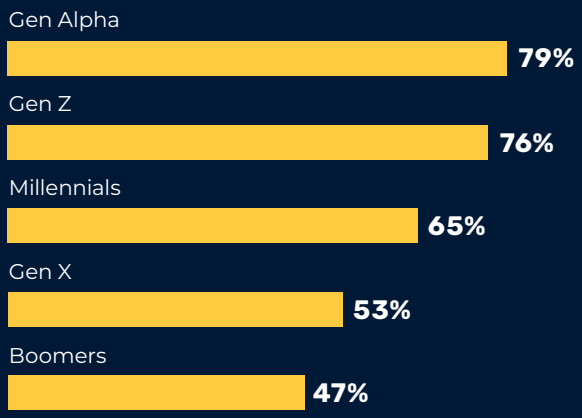
Source: *ESA, 2024*

All generations are gamers.



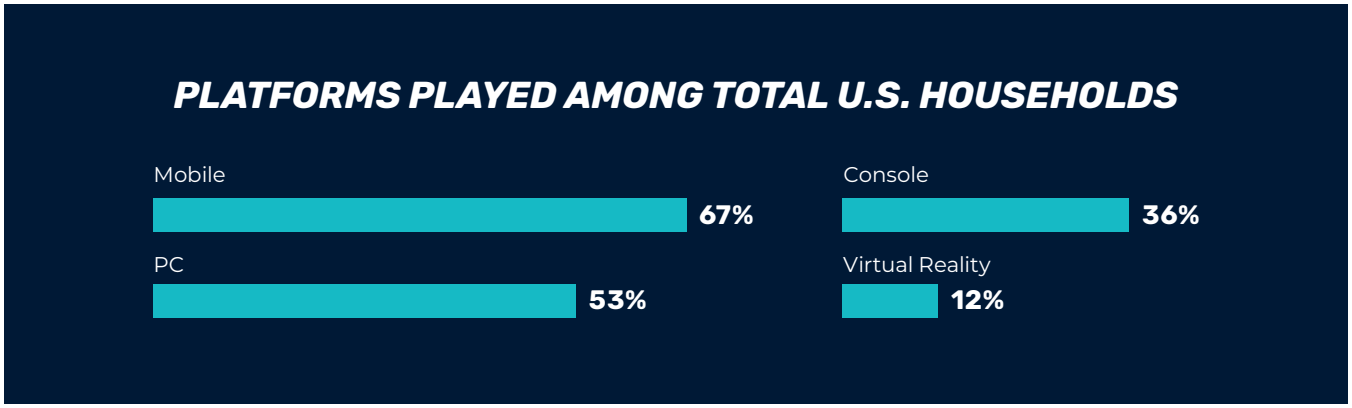
Source: *ESA, 2024*

MOTIVATIONS FOR VIDEO GAME PLAY

Among players 18+

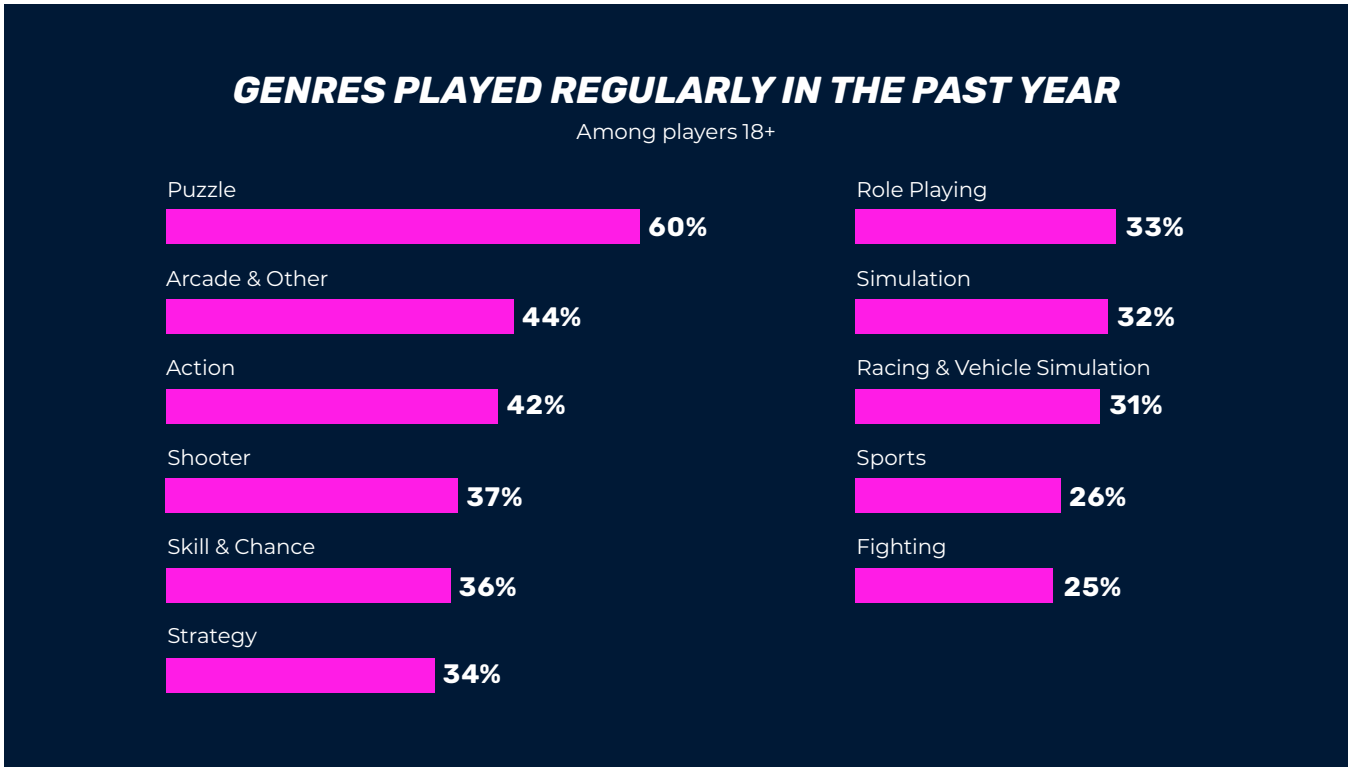
Source: *ESA, 2024*

Since 2012, the number of gamers who play on their mobile device has grown from 33% to 78% in 2024.



Source: *ESA, 2024*

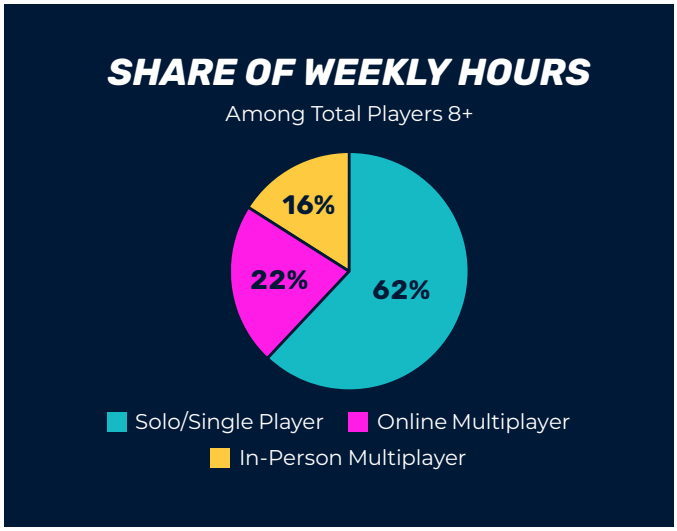
In 1999, only 18% of players reported playing online; today nearly 90% of gamers enjoy some form of online gameplay.



Source: *ESA, 2024*

> "Gaming fans are not necessarily bound to a single type of game. That may come as a shock to people who aren't close to gaming, but gamers are interested in a number of different genres. This is different than within music and sports and other categories. With gaming, gamers respond to being fans of an average of **5.8** different genres."
>
> **-Bill Young, Head of Games at Twitch**

Nearly all players play alone each week, and the majority of their play is solo; still, over half of gamers also spend at least some time playing with other players.

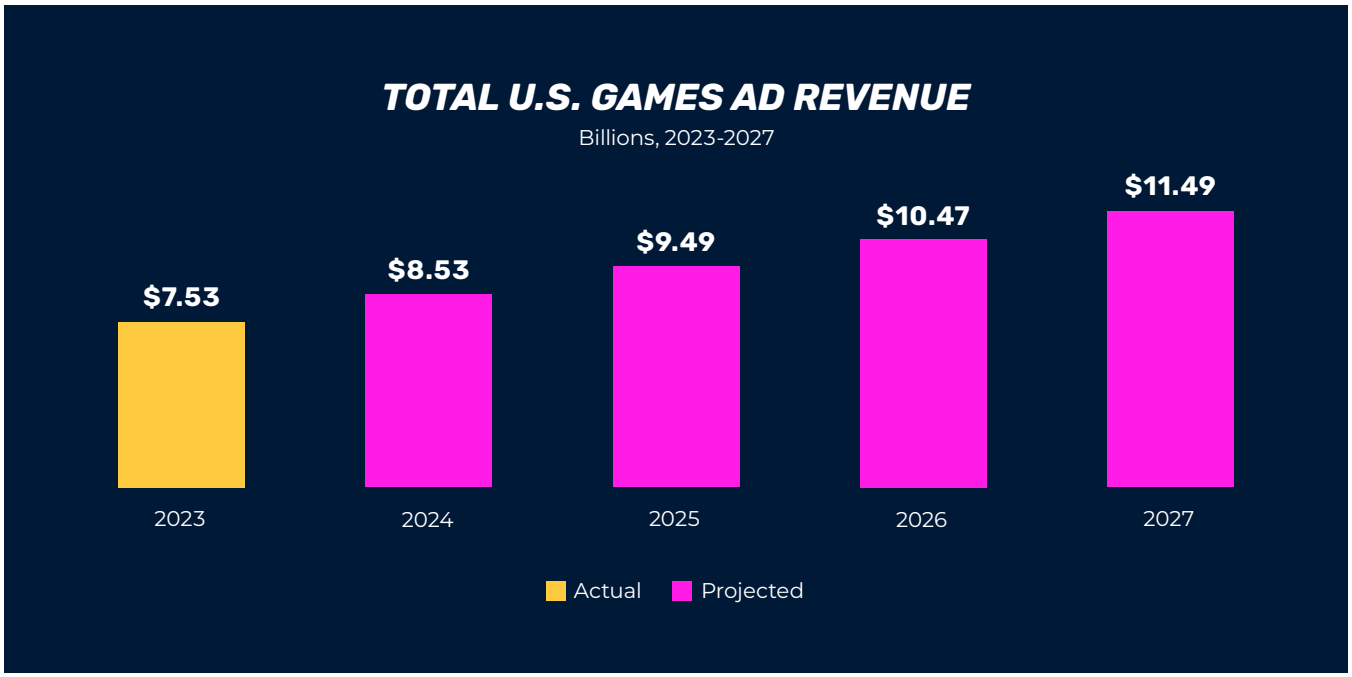


Source: *ESA, 2024*

% SOLO/SINGLE-PLAYER

Alpha/Gen Z	47%
Millennials	56%
Gen X	72%
Boomers/Silent	86%
Males	57%
Females	67%

Source: *ESA, 2024*



Source: ***eMarketer**, 2024*

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WHAT MAKES GAMERS DIFFERENT?

Consumers have a variety of motivations when they game: to pass the time and relax; to have some fun and even escape from the "real world"; to keep their brain sharp; or to stay connected with family and friends. That's not to mention that gaming often results in a satisfying sense of accomplishment. But there is one motivation that stands out as particularly compelling: **fandom**, and in particular the engagement and sense of community that gaming's **fan culture produces**.

"We're all fans of something — gaming, music, sports, you name it. But over the years, fandom has evolved, and today we have the power to be fans of whatever we want," said Bill Young, Head of Games at **Twitch** at the IAB PlayFronts. "Fandom is enjoyment and identity. For many, fandom is a part of everyday life. So **when we think about the spaces within culture that have the capacity to influence a collective group, fandoms and fan culture are a really big part of that.** Those communities of **fans who come together for their love of one topic have an outsized influence over what gets attention within those communities**, and *that* has the propensity to extend out into the broader public sphere."

The fandom force is particularly strong in gaming communities because of the **amount of time players spend** in these ecosystems and the **interactive nature** of that participation. And with **two in three** fans saying their fandom is a defining part of their identity, according to a recent **Twitch study**, making an impression on gamers can have halo effects well beyond the game environment. There is something particularly enduring about gaming fandom as well — the average gaming fan has been involved in their particular community for approximately **12** years, according to the Twitch study.

“You consume this media in a way that's not passive; that seems fairly obvious, but it has bearing in terms of the investment [people put in],” said Jonathan Stringfield, formerly VP of Research and Marketing at **Activision Blizzard** and now serving in a digital advertising role at parent company Microsoft. “**The extent to which you're not just watching a protagonist, but you are the protagonist, is a big differentiator.** The second part is the extent to which this forms a community. Many games are inherently very social. Even with games that don't necessarily have online play components, such as *Candy Crush*, there is a huge base of fans that talk about the game on web forums and share their passion,” he said at **Advertising Week New York**.

One such fan is Kimberly Thompson, President and Global Client Lead at media agency **Spark Foundry**, who has been part of a *Call of Duty* “squad” for **20** years: “I have seen these people get married; I have gotten married; I have carried through decades with them,” she said at Advertising Week NY. “On Saturday mornings at 4 a.m. without fail for the last 20 years, I am online — my husband, nobody, can touch me. And I’ve only met one of these people [in the real world] once.”

Somewhat surprisingly given such passionate communities, gamers are in fact open to brand participation in their environments: “There’s this misconception that gamers are averse to advertising,” Twitch’s Young said. “**They’re not averse to advertising, but they *are* averse to tone-deaf, ham-fisted advertising that talks *at* them**. They welcome brands that bring value to the content they enjoy, especially those that enhance that experience.”

In fact, **63%** of fans surveyed by Twitch said they are happy for brands to get involved with their fandoms as long as they make the effort to understand it.

“What happens is **some of that love that they have for the games tends to then be reflected upon brands that are integrated therein**, when done the right way,” said Activision’s Stringfield.

> **"The extent to which you're not just watching a protagonist, but you are the protagonist, is a big differentiator."**
>
> Jonathan Stringfield, Microsoft

THE HOW: AD FORMATS AND PLACEMENTS

Entering these environments authentically is of paramount importance, and it's complicated by the fact that advertising formats in games are highly varied. But that can be a good thing, according to IAB's Koch: "Unlike many other digital advertising channels, **gaming allows advertisers to unleash their creativity and become part of the game, creating a unique experience for their consumers**," he said.

Brands across industries, from media to sports, retail and even insurance are testing different gaming ads to not only drive brand awareness but also generate bottom-line results, according to the IAB study. More than **90%** of advertisers noted that games advertising helps them engage the right consumers with relevant messaging, with most highlighting the channel's power in helping them **access valuable, often hard-to-reach audiences**, according to the study. Nearly as many advertisers (**86%**) noted that games advertising amplifies the overall impact of their larger campaigns. As a result, **40%** said they plan to increase their spending in games this year.

"Fans love when a brand shows real support for the things they love," said Twitch's Young. "It's a very big deal, especially if you're earnest and you add value to those communities. What you're doing is validating their commitment, and if you handle this properly, you are helping to add credibility to these communities. **This is not just permission from gamers to get involved, it's an invitation.**"

The IAB outlined the **10** basic styles of games advertising, which include more familiar formats such as:

Adjacent
An ad placed next to the game, such as a banner ad at the bottom of a mobile puzzle game

Interstitial
An ad that surrounds the gaming screen and becomes the focus when gameplay stops

Sponsorship
A brand can sponsor gameplay through special levels or brand-themed in-game events

But the options also extend into more channel-specific formats such as:

- **Intrinsic in-game** — product placements or branded, experiential environments built into the game as a seamless part of gameplay;
- **Branded world** — a fully immersive, branded experience such as an island, independent gameplay experience or a branded level;
- **Hard-coded** — an ad placement that is built into the game and can only be changed by modifying the game's source code;
- **Rewarded** — an ad that provides an opportunity for users to watch a video or engage with a playable ad in exchange for a reward within the gaming environment;
- **Audio** — an audio-only ad that is overlaid during gameplay without pausing the game;
- **Advergames** — custom, typically standalone games designed around a specific product or brand; and
- **Branded skins or digital objects** — a virtual covering ("skin") or item that players acquire in-game which changes the appearance of their avatar or provides an advantage (e.g. a tool, weapon or fashion item).

Of course, not all these formats require the same amount of effort. As an example, Activision's Stringfield talked about the **Skeletor skin** that **Mattel** created for *Call of Duty*, saying that this particular brand integration fell more into the "bucket of integrated marketing."

"In the gaming landscape, we have the integrated marketing bucket, which tends to be the **bigger, more customized executions**," he explained. "Then the other side are the **things that are a little bit more turnkey, like video ads** in mobile games — these are a good way to integrate into the gaming ecosystem, and I invite folks to think about those kinds of incremental opportunities before they get into the bigger cultural moments. Those [larger integrations] are powerful, but by merit of being customized, they're not going to be as scalable or turnkey as things that we can execute on the media side."

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THE 'WHERE' — POPULAR, AD-FRIENDLY PLATFORMS

There is certainly no shortage of games for brands to explore in their advertising adventure; in fact, the sheer scale of the opportunity can feel a bit daunting. However, there are **three** gaming environments that come up frequently with regard to brand advertising, not only because of the large number of players they draw but also because of the flexibility of the advertising opportunities they enable: **Roblox**, **Minecraft** and **Fortnite**.

All three regularly top lists of the most-played games in the world, with Fortnite drawing approximately **221 million** monthly active users (MAUs); Minecraft, **182 million**; and Roblox, **216 million**. Brand activity in these environments has exploded in recent years; for example, the number of branded applications in Roblox has grown from **10** in 2019 to more than **240** in 2023.

Despite what is becoming a crowded space, many brands are still finding success connecting with their consumers in these environments. **Burberry** went large in Minecraft in a somewhat unexpected activation for that brand, while **Honda** built a series of Fortnite maps in partnership with Twitch. And the list of brands that have created spaces or activations in Roblox is nothing short of impressive: **Claire's**, **Ulta Beauty**, **Ikea**, Mattel's **Barbie**, **Walmart**, **Fenty Beauty**, **Coach** and **Pacsun**, to name just a few.

Of course, the world of gaming is much bigger than these three platforms, and a number of larger retailers are trying their hands at other methods to attract gaming audiences. Walmart also has launched a **standalone gaming environment**, Walmart Realm; a **mobile game** called *House Flip*; and teamed up with the development platform **Unity** to make it easy for other **game-makers to integrate Walmart commerce functionality into their games.** Amazon also is looking beyond simple advertising, working toward in-platform commerce integrations with **Amazon Anywhere**, an immersive shopping functionality that allows customers to **discover and buy physical products from Amazon within virtual environments.**

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CASE STUDY

HOW NICKELODEON AND THE NFL DROVE TV VIEWERSHIP WITH A JOINT ROBLOX ACTIVATION

During the 2023-2024 football season, Nickelodeon and the NFL **simulcast a number of games** to reach younger fans, including the Christmas Day game and the Super Bowl. "We had really aggressive viewership goals on linear television at a time when kids are watching less TV, so **we knew we had to go outside of our owned-and-operated ecosystem to reach kids at scale and drive awareness**," said Brian Irving, VP of Digital Ad Sales at **Nickelodeon/Paramount** at the IAB PlayFronts (who has since moved on to Tubi).

The obvious choice was Roblox, where kids "are showing up *en masse* and they're highly engaged," explained Irving. So, the two companies created the **NFL Nickmas game** in Roblox.

"Nearly a quarter of media consumption among kids is happening on gaming platforms. **If we're not showing up in a big, authentic way on Roblox we're one step closer to irrelevance**," said Irving. "As we're building our franchises, whether it's SpongeBob or Teenage Mutant Ninja Turtles or *Avatar*, we think about Roblox as much as we think about linear television or Paramount+ or YouTube — it's an equal part of the puzzle at this point for us."

"We see Roblox as a fan development tool," added Sam Fink, Director of Content Partnerships for the **NFL**. "We need to reach the next generation of fans where they're spending their time. The path to becoming an NFL fan is very different from how I became a fan — **today you can come in through gaming or following your favorite player on social. So Roblox is really that next frontier of fan development**, and it's a place to engage with our brand in an unexpected way."

As for how the effort fared, Irving pointed out that **this year's Super Bowl was the most watched ever among kids ages 2 to 11**, "and if you think about how kids have been consuming television content over the last seven years, that's certainly bucking the trend in a big way," he said. "I think Roblox played an outsized role, maybe not all of it, but it's certainly an integral part of our marketing plan and how we drive viewership."

TIPS FOR SUCCESS

Regardless of how you choose to approach the world of gaming, here are a few tips for finding success from folks who've already traveled down this road.

"**Test and learn.** You can start small with a few ad formats, a few platforms and build from that success. And take advantage of the entire gaming ecosystem — partner with influencers, creators and game developers and use them to help create deep and engaging integrations."

-Jack Koch, IAB

"It helps to **start by identifying where in the world of gaming you want to be.** There are so many types of gamers — casual gamers, hardcore gamers, eSports gamers, computer gamers — you could go after so many different sub-segments even within the segment of gaming. So start with, What is the business challenge? Who is the audience that I need? And then you start to ideate: How are we going to show up? Where are we going to show up? Is it just one game or are you going to build out a larger overarching gaming strategy?

-Kimberly Thompson, Spark Foundry

"The vast majority of branded games [in places like Fortnite, Minecraft and Roblox] are basically ghost towns. What has set [activations like those by] Burberry, Honda and Barbie apart is market support. Unfortunately, most branded games are pushed to market with the belief that because they exist, gamers are going to care. That may be true for pop culture moments like Barbie, but for the **99.9%** of other campaigns out there, **'build it and they will come' is just not a viable strategy.** Now, is it a bad game? Maybe; probably. I mean, very few 'advergames' are actually good games — don't be offended by that; you are not game developers. Your objective is not to find the fun, but to acquire and retain customers. The game that you make is simply a vessel to that end, but even if you make a great game, it still might not matter. Gamers have more choice than they've ever had before. What you need is promotion."

-Bill Young, Twitch

"There is no [set it] and forget it option in retail or in digital; you have to maintain things. **Digital users especially expect new content.** You can't just have a game that you've created once and leave it alone. You have to make sure there's a feed of new things, new partnerships and new collaborations. Yes, this is a lot of work, but it's also very rewarding. It rewards fans and it brings new fans into the fold."

- Jordan Walbesser, Director of Legal and Business Affairs at Mattel in a D2 session at the Retail Innovation Conference & Expo

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Nicole covers the retail industry at large with a focus on ecommerce, looking at digital innovation and the evolution of modern retail.