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In-game Advertising - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 120 pages | Mordor Intelligence

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Report description:

The Global In-Game Advertising market is valued at USD 7.85 billion in the current year and is expected to register a CAGR of 11.35% during the forecast period to reach a value of USD 13.43 billion by the next five years. In-game advertising market growth is anticipated to benefit from rising social and mobile gaming interest. Commercials, billboards, and backdrop graphics may be used in desktop and mobile games, including advertising. Additionally, because these ads aren't disruptive, gamers may experience the game more seamlessly. In-game commercials are anticipated to have a more substantial audio-visual impact and leave viewers with positive and enduring product impressions.

Key Highlights
-Real-time bidding (RTB) and artificial intelligence (AI) are utilized to place these advertisements in online games. Previously, agents were responsible for purchasing and dealing with in-game promotions, which could be costly. However, programmatic advertisement buying has made the process more efficient and cost-effective by eliminating mortal involvement. In the traditional method, advertisers had to go through proposals, quotes, tenders, and negotiations with humans to purchase in-game advertisements. Conversely, programmatic in-game advertisement buying employs algorithms to acquire display space.
-Due to technological advances, digital advertising presentations can now connect to consumers' mobile devices, shifting them to companies' social media accounts or websites. Static advertising can also incorporate augmented reality for interactivity, attracting businesses to use these technologies in outdoor advertisements to increase awareness. In a London campaign, an augmented reality application connected to a digital screen showed a picture of a sick patient and an empty blood pack. Visual recognition activated potential donors with a needle and tube on their mobile screens, showing virtual blood flow and the patient visibly enhancing. These features make advertising attractive, contributing to the growth of the global in-game advertising market.
-People's increasing interest in social media, mobile gaming, and online casual gaming is predicted to drive the growth of the

advertising segment in the global online casual games market over the forecast years. Furthermore, essential industry players' strategic acquisitions and business expansions are expected to enhance segment growth. In May 2022, WPP and Epic Games, the interactive entertainment firm developer of Fortnite and Unreal Engine, announced a new partnership to assist WPP agencies in delivering a new era of digital experiences for brands in the metaverse. A new training program will be launched to teach thousands of WPP creatives and engineers how to develop personalized brand experiences in Fortnite and use Unreal Engine for real-time 3D creation and virtual production.
-On the flip side, the placement of advertisements is a crucial aspect of in-game advertising, as it must align with the game's flow and context. It is essential for advertising companies to strategically place advertisements in a manner that appears natural to gamers and delivers exclusivity to advertisers. Unfortunately, some advertising companies fail to do so, showing disruptions in the gaming experience and adverse effects on advertisers' brands. For example, displaying sports-related ads in food-themed games would be an inappropriate placement.
-A survey conducted by InMobi Pulse Platform during the COVID-19 pandemic suggested that 49% of women started playing games due to the pandemic. They spent an average of 53 minutes/day on gaming apps, while 79% watched an ad to progress in a game. The gaming activity skyrocketed during the enforced lockdown, with STC recording a 300% growth in gaming traffic in Saudi Arabia. Moreover, Twitch's live-streaming game platform marked up three billion hours of gaming in the pandemic, its largest quarter ever.

In-game Advertising Market Trends

Increase in Online Gaming is Expected to Drive the Market

- The online gaming market realizes impressive volumes, and the key driver of the market volume can be considered the increased internet penetration and expansion of low-cost mobiles among the urban and rural populations. The monetization is realized through revenue streams, such as in-app purchases per download and subscription services by gamers, in-app advertisements, incentive-based advertisements, etc., by the ecosystem. In the current market scenario, monetization is dominated by publishers and advertisers. In recent years, the internet ecosystem has initiated course correction by end-to-end local game development. For instance, Zynga's shift from social to mobile meant several tough years, but in February 2022, it reported Q4 revenue of USD 727 million, up by 52% year-over-year.
- As per the Game Committee of the Publishers Association of China, In 2022, there were about 654 million mobile gamers in China. The revenue of casual mobile games reached CNY 34 billion. Such revenue generation from different sources may be due to the rise in the number of gamers, and this would create an opportunity for the in-game advertising players to develop new ads and expand their presence to a vast customer base. As per the Economic Survey of India 2021-22, India's internet user base crossed 830 million users in 2021, growing by over 530 million since 2015. Online gaming has gained a significant foothold within the entertainment industry. With a projected user base of over 628 million gamers, it boosts the gaming ecosystem within the economy.
- Smartphones are the most popular gaming device, allowing advertisers to reach casual players who are unlikely to pay for ad-free platforms. Developers can integrate many different online casual game advertising strategies and ad formats into their games to drive mobile game ad income, such as rewarded video ads, offer wall ads, and interstitial ads. The advertisements that perform best and deliver the highest eCPMs (effective cost per 1,000 impressions) are the ones that are incorporated directly into the game loop and complement the in-game economy; in other words, ads that work as a component of the game.
- According to Demandsage, there are 3.220 billion gamers in the world as of 2023. The gaming industry has become one of the most exciting places for new tech innovations. As competition has ramped up, developers and companies have been introducing better hardware and software, with the whole industry moving forward at an increased pace. Due to rapid demographic changes, geography, and consumption in the mobile ecosystem and entertainment landscape, the game space is getting increased attention and investment, both from within the industry, traditional financial markets, and even governments.

- In May 2023, Frameplay, an enabler of in-gaming advertising, and Gamestack, a gaming marketing company, announced a partnership to offer intrinsic in-game advertising solutions in the Indian gaming market, which continues to grow rapidly. This collaboration will allow brands to reach a vast audience of engaged Indian gaming communities through immersive in-game advertisement experiences. The association between Frameplay and Gamestack comes at a critical time when brands are examining to target the Indian gaming audience.

North America is Expected to Hold Significant Share of the Market

- The North American in-game advertising market is anticipated to increase due to the increasing popularity of mobile and console gaming in countries like the U.S. and Canada. The high penetration of mobiles and Internet access has led to a significant increase in mobile gamers. The demand for AAA games with advanced features in gaming consoles is also on the rise, fueled by increased console sales. Additionally, the growing popularity of e-sports and the involvement of sponsors contribute to the market's growth. Overall, the North American in-game advertising market is expected to expand in the forecast period.
- According to a study by the ESA, more than 227 million players across the U.S. region have recently played video games. In total, 80% of the players are over 18 years old. Further, 76% of the American kids who are under 18 years are players. Additionally, 74% of American households have at least one video game player. Also, during the pandemic, 71% of parents agree that video games have been a much-needed break for their children, and 66% agree that video games have made the transition to distance learning more accessible. Such a huge rise in online gamers would allow the studied market to grow.
- Mobile phone gaming is a burgeoning industry in the United States, and one of the largest game publishers is based there. According to 42Matters, out of the 161,440 game publishers on Google Play, more than 8,797 are American companies. Lion Studios, Imangi Studios, Ivy, Play365, i6 Games, DVloper, Oppana Games, Lowtech Studios, Roblox Corporation, and Niantic Inc. are some of the most well-known American publishers. The United States accounts for 5% of all game publishers on Google Play. Such huge mobile gaming would create an opportunity for the studied market to grow in the region.
- Similarly, According to 42mattrers Canadian mobile gaming statistics in 2022, Out of the 430,817 games available on Google Play, more than 6,356 are from Canadian publishers. Real Drive 3D, Tangle Master 3D, Brain Test: Tricky Puzzles, Move People, Bingo Blitz- Bingo Games, PAW Patrol Rescue World, Spider Solitaire, Solitaire, Blush, and Sonic Dash - Endless Running are the mobile games with the most downloads from Canadian publishers. Canadian publishers account for 1% of all mobile games on Google Play. Furthermore, Google Firebase is used in 62% of mobile games published in Canada. There were 3,451 games in total.
- The regional players are raising funds to expand their presence in the region. For instance, In June 2023, in-game ad company Anzu announced a USD 48 million Series B round, bringing its total funding to USD 65 million. The company's immediate plans for reinvesting its new capital include hiring more executive leadership to spearhead sales and partnerships, growing its engineering team, and expanding its presence in the U.S.

In-game Advertising Industry Overview

The Global In-Game Advertising market is moderately consolidated with the presence of several players like Google LLC, Anzu Virtual Reality Ltd., Blizzard Entertainment Inc., Electronic Arts Inc., IronSource Ltd., etc. The companies continuously invest in strategic partnerships and product developments to gain substantial market share. Some of the recent developments in the market are:

In August 2023, Adlook partnered with Anzu, one of the most advanced in-game advertising platforms. Together, they aim to assist brands and agencies in harnessing the enormous potential of intrinsic in-game advertising through Adlook's next-generation brand growth platform. Due to the new partnership, Adlook's clients can programmatically serve IAB-compliant ingrained in-game video and banner ads at scale across platforms to reach the global gaming audience. Anzu's innovative SDK technology is integrated into games to deliver high-quality direct traffic with complete control over ad placements and first-party data.

In April 2023, TransUnion entered a collaboration with Frameplay, the global player in enabling inherent in-gaming advertising, to offer enhanced audience targeting abilities for brands and marketers to reach relevant gaming audiences at scale effectively. Through TransUnion's TruAudience Platform and Data Marketplace solutions, firms can effectively enhance their data-driven in-game advertising techniques to connect with gamers. The engine at the base of the TruAudience Data Marketplace is a deterministically leveled view of audiences across 80 million-plus United States attached homes, nearly all adults and residencies in the country.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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