



FRAMEPLAY

INTRINSIC IN-GAME ADVERTISING REPORT

2023



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**A letter from
Jonathon Troughton,
CEO**



EMPOWER THE DEVELOPER.

Unlock new digital marketing channels for advertisers.



JONATHON TROUGHTON

CEO, Frameplay

Within the first month after our public launch of Frameplay’s intrinsic in-game advertising solution, I wrote a [blog](#) outlining our vision for the future of in-game advertising. It still rings true today:

Our approach is to empower the developer first. Why? Because the developers are the ones creating environments where nearly 2.6 billion people worldwide are choosing to spend their time, the very places that I grew up in and love. Monetization of games is progressively becoming more difficult as spending habits change, coupled with ever increasing fundamental economic forces, game development and the ongoing support of a game is becoming ever more difficult. Many games never see the light of day because they run out of money, or the creative vision of the developer is ruined because they have no other option but to utilize monetization methods that negatively impact the player experience, or behave in a carnivorous manner to their player base. Gamers don’t want to be nicked and dimed in order to play games, and they don’t want to consistently be interrupted when they are playing a game they enjoy. Immersed, Intrinsic, and Natural is what is needed to bring this equilibrium.

With “Intrinsic Virtual Advertising,” games, developers, and publishers can significantly increase the Life-Time-Value of the player, while enhancing creative flexibility, and it opens the opportunity for unobtrusive brand advertising.

This system of checks and balances proves it’s an industry that cares about its gamers and its partners. [In 2022, 3.2 billion players will help the global games market generate \\$196.8 billion, up +2.1% year on year.](#) We’re seeing all corners of the gaming industry find value in what we create.

\$196.8 bil

dollars have been generated by the global games market in 2022.

Our survey is the first of its kind to uncover gamers’ response to intrinsic in-game ads compared to other types of advertisements during gameplay. We found that intrinsic advertising is the top choice for gamers, most likely because it seamlessly integrates into a game’s environment and does not disrupt the experience. Thanks to the innovation of intrinsic in-game advertising, we’re reaching for an equilibrium among advertisers, developers, and all stakeholders to ensure that the gaming industry continues to profit, and the gaming experience continues to thrill.



Introduction to Intrinsic In-Game Advertising



Introduction to intrinsic in-game advertising.

According to this year's [Newzoo Global Games Report](#), 2020 and 2021 saw not only record-level engagement and spending, but also brought many new and returning gamers back to the pastime. We're not only courting loyal consumers, we're reigniting the passion in former gamers and widening the community of new gamers. This means we're speaking to groups who have vastly different gaming experiences. Gaming evolves rapidly, and thus older Millennials have engaged with products differently than Millennials just seven years younger.

To understand these new markets at deeper levels, we took matters into our own hands and hosted a conversation directly with a key audience pool in August, 2022. Our OnePulse survey was presented to gamers across age and gender demographics, providing unique insights on the perception of intrinsic ads that had previously not been discussed.

Gamers' needs and frustrations are changing with each new platform, device, and leap in technology. This growing, diversifying market means we have to understand and honor their evolving expectations.





Ads don't have to be the **supervillain.**

According to the [State of Gaming Comscore Report](#) findings, about 1 in 3 gamers say advertisements negatively impact their game experience. It's not the ad itself that is the problem, it's that the ads are awkwardly placed and disrupt the flow of the gameplay. Intrinsic ads not only alleviate the frustration caused by interrupting the gameplay, but fulfill gamers' recorded preferences and expectations.

1 in 3

say ads negatively impact their game experience

THE SURVEY RESULTS SHOWED THAT INTRINSIC ADS WERE THE MOST PREFERRED TYPE OF ADVERTISING THEY'D LIKE TO SEE WHILE GAMING.

We made it clear that the intrinsic style, formerly referred to as native in-game advertising, is placed "in the game" as a seamless part of the gameplay environment. This is different from adjacent ads, which are placed next to the game, such as a banner image ad below a mobile puzzle game. While adjacent ads were the second most preferred option in our survey, we made a clear distinction between intrinsic and adjacent ads before users were polled.

INTERSTITIAL ADS WERE CLEARLY LESS PREFERRED.

72%

said they expected the product placement to be relevant to them or the game

Examples include rewarded video and other forms of pop-up ads. We also explored gamer interest in audio ads, where gamers hear an ad without pausing the game. Despite the lack of visual interruption, this was the least preferred option, as the listening experience is distracting and disrupts the conversation that takes place within the game.

The insight that gamers prefer intrinsic ads is reinforced by a recent Comscore Report, which found that 72% said they expected the product placement to be relevant to them or the game, while only 18% strongly agreed that they would rather see fake brands be used in video games than real brands. The bottom line, most people expect to see and value real ads in video games. They just don't want their game disrupted.



Brands can strengthen relationships with players and developers.

Gamers have seen fake ads in their games for a long time. Seeing a recognizable, relevant brand brings a realism into that game's environment that encourages the feeling of immersion. Comscore's report reflects the expectation that ads should have relevance that can improve the gaming experience.

THIS IS MORE THAN JUST AN OPPORTUNITY TO USE REAL BRANDS WITHIN GAMES. IT'S A REQUEST FROM THE GAMERS THEMSELVES.

Developers often find pop-up ads burdensome for interrupting a beautifully designed landscape and narrative, but are unaware of alternative monetization options that do not disrupt the game. When intrinsic ads place the brand naturally within a game, it elevates the experience developers create and provides the brand authenticity the gamers have grown to expect. It removes gamers' negative experience caused by pop-up and interstitial ads, it restores the developers' abilities to embrace the core loop mechanics of their game.

INTRINSIC IN-GAME ADS ENSURE EYES ON THE BRAND IN A WAY THAT PLEASES THE GAMER, REINFORCING THEIR RELATIONSHIP WITH THE BRAND.

Game developers and brand advertisers can certainly capitalize on the continued global games growth. Even though growth is at a slightly slower pace than it was during the pandemic, the industry's forward motion is steady and certain. More than 64% of adults in the United States are playing video games and the market is expected to reach \$820 billion in 2025. The results of this survey tell us what gamers want to see from advertisers during gameplay. It reveals key insights into how advertisers can steer the conversation and add to the gaming experience. With more people playing video games, and more stakeholders building this global industry, all eyes are on us. It's time to see more ads that no longer distract or disturb, but *captivate*.

64%

of adults in the US play video games



Survey Results



Survey results.

Whereas older generations may see gaming as an escape from their day-to-day lives, Gen Z grew up as gamers (specifically mobile gamers) and this has significantly changed their relationship with the gameplay experience.

Video games aren't thought of as something they come home to play after a long day at work. It's an ongoing experience that exists on their phone and with them at all times. It isn't viewed as a getaway so much as an extension of their real life.

That perception of video games is no longer unique to Gen Z, but has influenced older generations and is now pervasive. Playing video games on mobile has made it more accessible than ever; almost half of the gamers polled say they play games on mobile more than any other platform. People essentially carry a gaming device with them wherever they go, allowing for more opportunities to play throughout the day.

The growing preference for a mobile gaming experience will reshape everyone's connection to their gameplay so that it's seen more as a part of their lives than a break from their lives.



SURVEY RESULTS

Mobile is now the **predominant device** where people play video games.



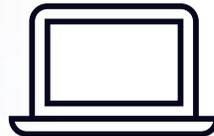
43.2%

Mobile



31.1%

Console



24.8%

PC

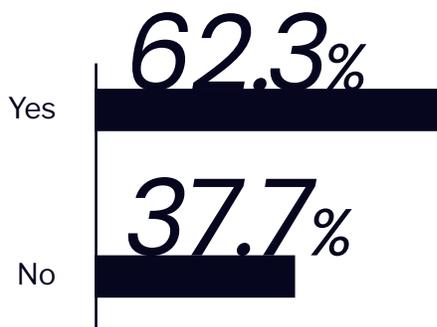
Q1. Which device do you play video games on the most?

While console and PC gaming have been around for much longer, there's no denying the power of convenience and growth of mobile gaming. Newzoo estimates mobile game revenues will account for 53% of the global games market, approximately \$103.5 billion. With an estimated global count of 2,675 million mobile gamers in 2022 (with more every year!) it's safe to say mobile gaming will stay on top for the foreseeable future.



SURVEY RESULTS

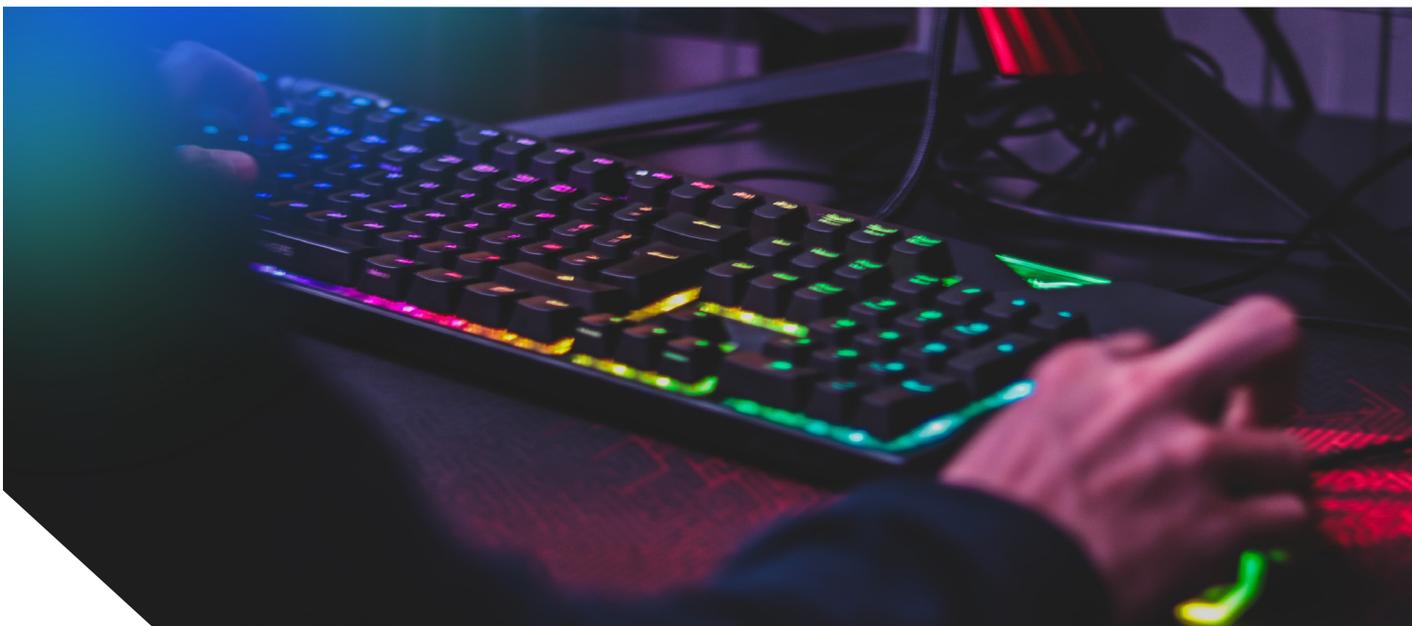
Intrinsic in-game ads grab gamers' attention even though they **don't disrupt** the gaming experience.



Q2. Have you seen intrinsic in-game ads before?

The new intrinsic ads are the most innovative form of ad placements in video game environments, so we were curious to see how many people were familiar with them and had seen them firsthand. Nearly two thirds of those polled have experienced intrinsic ads. Though intrinsic ads aren't disruptive to gameplay, gamers still spot them and identify the products they're advertising.

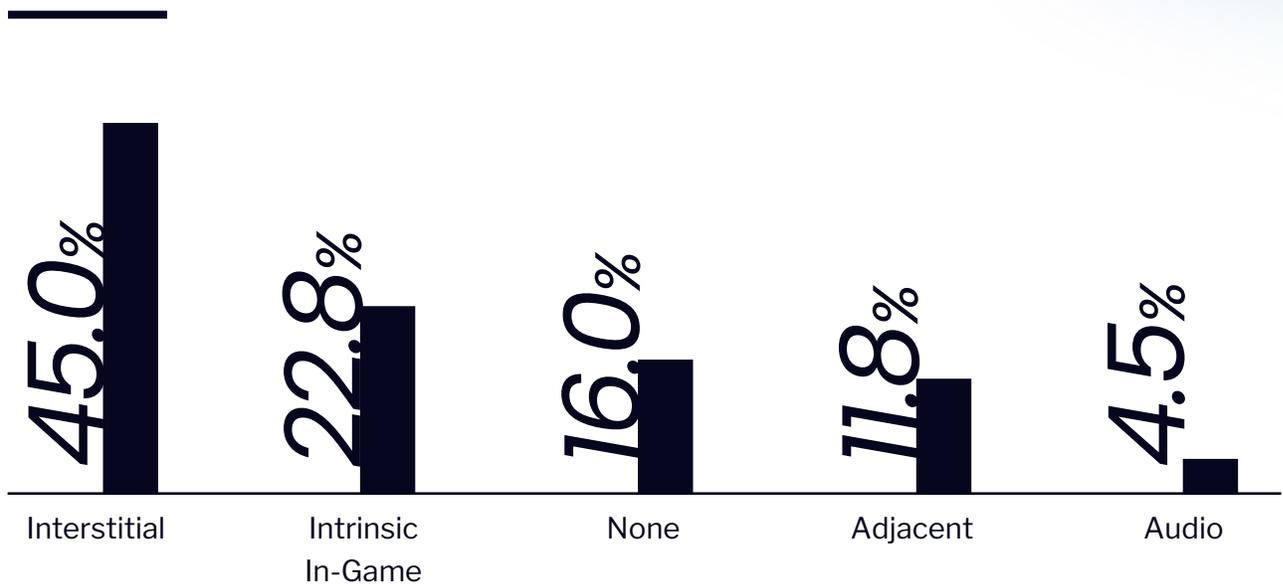
AS ONE COMMENTER REQUESTED, "PLEASE DO THIS INSTEAD OF INTRUDING."





SURVEY RESULTS

While intrinsic in-game ads are gaining traction, interstitial ads are seen **2X more often** due to early market penetration.



Q3. What types of ads do you see the most in video games?

The industry still is in the early stages of adopting intrinsic in-game ads but we've made progress.

GAMERS STILL SEE INTERSTITIAL ADVERTISEMENTS AT LEAST TWICE AS OFTEN AS INTRINSIC IN-GAME ADS. HOWEVER, GAMERS CLEARLY POINTED OUT THEY PREFER INTRINSIC IN-GAME AD TYPES SIGNIFICANTLY MORE THAN THE INTERSTITIAL TYPE.

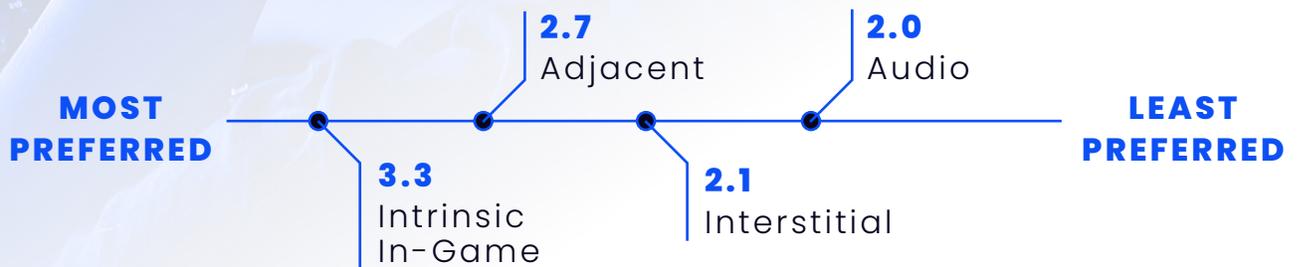
This makes sense. Interstitials by nature pause gameplay. They have a negative association that could change how a gamer perceives a brand. Even if interstitials can ensure visibility, gamers may remember the brand itself as the source of interruptions or inconvenience.

What if we had a world where we flipped that equation? What if people saw more intrinsic in-game ads than interstitial? We know from the data that gamers want to see more real, relevant ads in games. Wouldn't that move make gameplay more enjoyable and thus add value for all involved? Gamers seem to think so.



SURVEY RESULTS

Intrinsic in-game ad types are the **most preferred** ad types among gamers.



Q4. Please rank the ad types you prefer, from your most preferred to least preferred.

Before polling, we clarified that intrinsic style is placed “in the game” as a seamless part of the gameplay environment, whereas adjacent ads are placed next to the game, such as a banner image ad below a mobile puzzle game.

UNSURPRISINGLY, THE ADS THAT DO NOT INTERRUPT GAMEPLAY ARE STRONGLY PREFERRED, WITH INTRINSIC ADS BEING THE CLEAR WINNER.

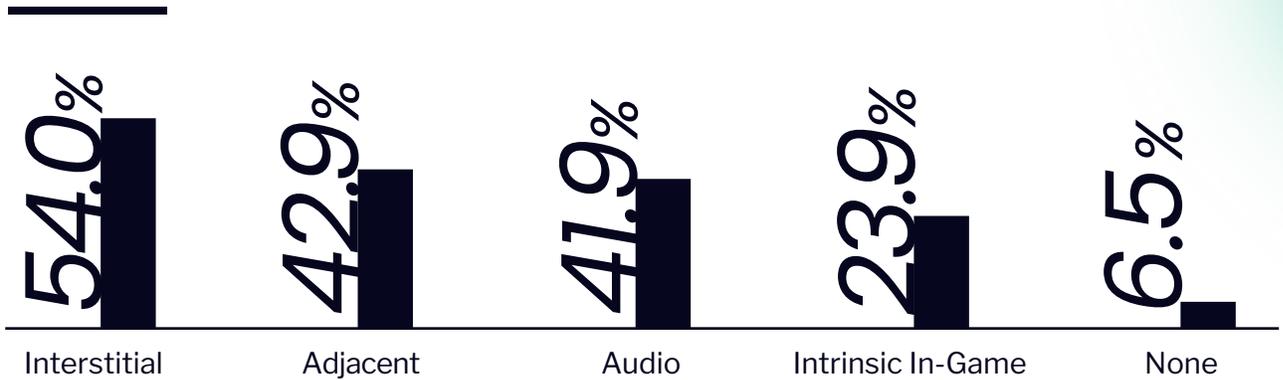
While audio ads do not stop gameplay, “speaking over” the experience is distracting. It could affect performance during the game, and even cause the player to make an in-game mistake, creating a negative association with the brand.

There is a clear inclination for brands that exist within the game’s landscape and can be contextualized in a way that feels authentic. Gamers are growing weary of interstitial ads and any interruption of gameplay, but many have resigned themselves to the idea that pop-ups will always be there.



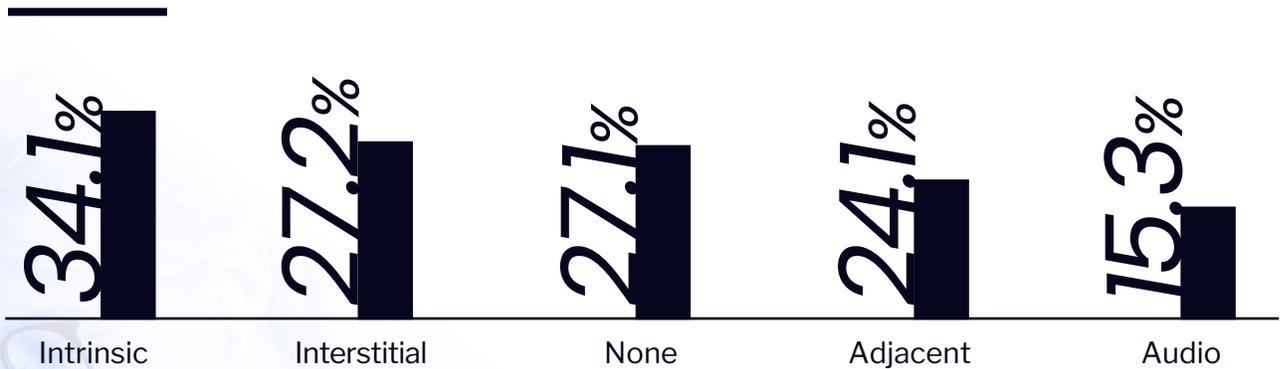
SURVEY RESULTS

Intrinsic ads are the least disruptive and **most preferred.**



Q6. What types of ads do you find distracting?

Intrinsic ads are the best at making gamers **take action.**



Q6A. Looking at what's effective what's not:
A. What types of ads are effective at making you take action?

Not only are intrinsic ads the preferred form of advertising, but they are the least disruptive to gamers. More than twice as many people named interstitial and adjacent ads as being more distracting. Intrinsic ads are also the most likely to incite action. That could be because they mesh with the gameplay, enhancing the gamer's experience and the brand association. Adjacent ads are the second most preferred, but gamers are still more likely to refuse any ad than take action after seeing brands placed next to the game.



Predictions for the Future



The current (and future) gaming industry.

Before now, intrinsic in-game advertising was hard-coded, requiring long timelines and expensive implementation. With Frameplay, we have amassed an ecosystem of games with the mission to offer intrinsic in-game advertising as a consistent, scalable option to the advertising community. So if gamers prefer intrinsic in-game advertising the most, and they take action after they see intrinsic in-game ads, what else will it take for the industry to grow?

Overall, planning and buying tools are not yet consistent in categorizing gaming in the context of other opportunities. For example, instead of research reports showcasing mobile, display, video and social in one combined graph, those reports should delineate the difference between content consumption channels, platforms, and ad types. Frameplay has made significant progress with our partners to up the adtech game in order for advertisers to truly plan, buy and measure gaming at scale. We invite the rest of the industry to join us.

WE PROPOSE THE INDUSTRY TO CONSIDER PROPERLY AND CONSISTENTLY DEFINING GAMING AS A CONTENT CONSUMPTION CHANNEL AS EXEMPLIFIED IN THE FOLLOWING EXAMPLE:



Client
Consumption

People watch video content, consume and share on social platforms, search for things and play video games.



Platforms

They consume content (play video games) on mobile, PC, TV alone and consoles plus TV.



Ad Types

The ad types are text, display, video, and intrinsic-in game (among other hybrids such as native)

This lack of proper and consistent categorization of the opportunity has slowed investment in video game advertising, let alone the newer strategies and innovation. This isn't surprising.

Frameplay is working with industry groups to level up how gaming appears within the planning, buying and measurement ecosystems. For example, [the Gaming and Esports Advertising Framework](#) and the [IAB's new in-game advertising measurement guidelines](#). Both guidelines represent huge progress being made toward validating measurements in virtual environments. The IAB Working Group, lead by Zoe Soon, is moving to leverage existing gamer insight to help planners and buyers identify, educate, and translate audience buying opportunities. We are also working with all of the major digital media research companies to rethink how they categorize the video game industry. We see excitement and movement on all fronts.



The current (and future) gaming industry.

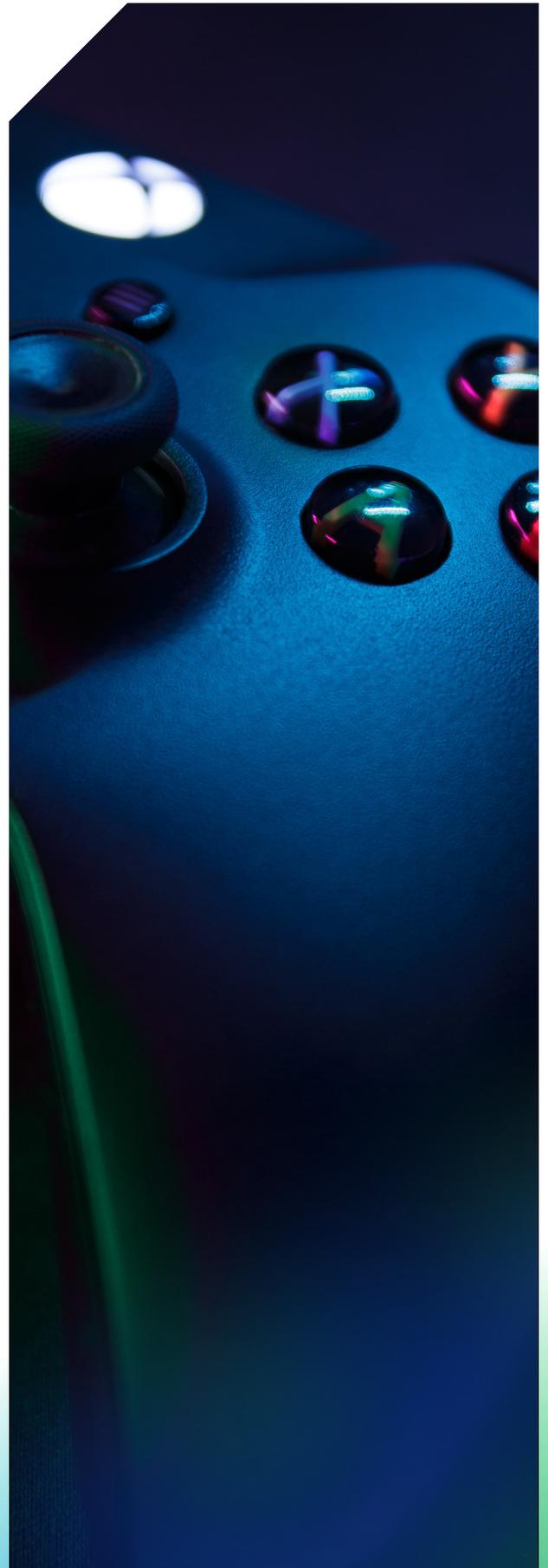
Despite the lack of formal guidelines and integrations within the planning and buying tools, gaming absolutely appeals to advertisers across all industries. Brands understand that when a gamer is immersed in the gameplay, they are **fully attentive** to that content. They also realize gaming has grown to a significant scale, with

3.2bil

**GAMERS
GLOBALLY.**

3.2 billion worldwide gamers globally. With the number of gamers steadily increasing and expected to reach 3.5 billion by 2025, there's

a unique opportunity for brands to develop a lasting relationship that is unique from any other platform with product placement. With growth like this, the term “gamer” is really becoming obsolete. Gaming has become a natural extension of our social life, and just as culturally relevant as television, sports or music. At this point, being a “gamer” demonstrates cultural fluency that is inherent to Gen Z, as well as every other generation frankly. That's what makes Intrinsic in-game advertising so vital today: it's more than just the ability to be spotted during gameplay, it's the power to improve the gaming experience. More than 60% of gamers have already seen it, and more and more prefer it. Advertisers now have the tools to link their brand with positive gameplay experiences. They've been handed the controller.





**Closing thoughts from
Cary Tilds, Chief Strategy
& Operations Officer**



CARY TILDS

Chief Strategy & Operations Officer,
Frameplay

Players want to see brands within the game that **reflect their own reality.**

As the many communities that form the gaming world grow, their voices get louder. Players know what they want from a game and they can discern between what elevates the experience and what draws them away. A great ad provides people with happiness and value in the context it's presented, and intrinsic in-game advertising is far more conducive to the gameplay that consumers are seeking.

A brand has multiple ways to advertise to gamers, but there are very few ways to reach them in a manner that won't hurt the experience or frankly, annoy them. Looking at Frameplay's findings alongside other definitive reports, it's clear that gamers' patience with pop-up ads is waning. The survey results in this report confirm what we've long suspected and felt: intrinsic in-game ads are becoming more popular and preferred as interstitial ads lose traction in the industry. Players want to see brands within the game that reflect their own reality. That's because games are no longer seen as a disruption or distraction from their lives, but an extension of their real-life experiences. Likewise, advertisements should not be viewed as a disruption, but as a natural element of the game.

Brands have an opportunity to build a relationship with consumers by sharing the ecosystem in which they're playing. Not only is a non-disruptive ad more pleasing to the player, but an ad that doesn't stop the gameplay may lengthen sessions and support the retention of players, improving monetization. After decades of conflicting priorities, gamers, developers, and advertisers can now share the goal of keeping people in the game.



Note on Methodology



Methodology.

As mentioned earlier, there are several issues with how gaming is measured against streaming and other platforms, and likewise, vague or too-broad categories make it difficult to assign real KPIs. For this study, Frameplay took matters into our own hands and hosted a conversation directly with a key audience pool in August, 2022. Our OnePulse survey was presented to gamers across age and gender demographics, providing unique insights on the perception of intrinsic ads that had previously not been discussed.

OnePulse is a tool that provides real-time survey findings from a community of 70,000+ respondents fielded through the OnePulse app. The questionnaire utilizes a bite-sized format containing up to three questions in order to maximize community responses and reduce response fatigue. For this survey, we gathered answers from more than 1,200 respondents.

Utilizing a series of audience filters, community members who fit our target sample are recruited to respond to the questionnaire through the OnePulse respondent app. While it is not a globally representative sample, the tool allows us to arrive at statistically significant findings for our target audience.

With every age group represented, we were able to understand not only how intrinsic ads perform against adjacent, interstitial, and voice-over placements, but see how this platform will continue to help brands change and even improve the gameplay experience.

CONTACT

Want more information about advertising opportunities in virtual worlds, and Frameplay's intrinsic in-game ads? Please contact:

insights@frameplay.gg