

THE TARGET IS MOVING: VIDEOGAMES AS A MARKETING MEDIUM

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Videogames provide a high-involvement environment for marketing—but maximizing the value of this unique medium requires special care

Over the past decade, videogames have become one of the world's fastest growing entertainment media—as well as a rich new avenue for target marketing. In 2003, the game industry recorded \$9.4 billion in revenues, surpassing movie box office receipts. Additionally, roughly 415 million videogaming devices are now owned worldwide—a number that will rise to 2.6 billion by 2010, according to Deloitte & Touche. (And that doesn't even include PCs used for gaming.)

Videogames have become embedded in the language and lifestyles of several generations. Generation X was immersed in games from an early age, and Gen Y will not know what a “game-less” mindset might be. Even Baby Boomers have embraced gaming as a way to wind down after a day of work and parental

stress. Taking off from the fantasy worlds of comic books, movies, and board games—and bringing these alive through role-playing that mimics childhood “cops and robbers” and “daring quests”—videogames have carved out a unique niche in our entertainment repertoire.

It is also natural that videogames have been tapped as powerful tools for marketing—especially for delivering repeated product exposure to boys and young men. Recently released Knowledge Networks data show that console videogames account for 6 percent of media use by men ages 18 to 34, and 15 percent among males ages 12 to 17.

Advertising Age reports that in the first 11 months of 2003, marketers invested some \$414 million in videogame advertising—but the ways in which gaming and marketing



intersect are so diverse and far-reaching that it is difficult to account for them all. Product placement in videogames alone has become such a hot topic that the *Wall Street Journal* gave it front-page coverage this summer.

How are marketers leveraging the unique qualities of gaming—its immersion and high attention levels—to reach key audiences who may be less responsive to conventional advertising? And can we learn more about game users—perhaps even dispel some myths—so that we can make more effective use of the dollars spent on game-related marketing? Who are the biggest buyers and players of games, and what can their gaming habits tell us about better marketing?

THE GROWING PARTNERSHIP: VIDEOGAMES & MARKETING

One of the biggest problems facing software developers has been the increasing cost—often measured in millions—of developing a new title. Game publishers large and small began looking for ways to offset these extraordinary upfront expenses, and marketing initiatives have become a powerful new revenue stream. For some, the marketing dollars now go way beyond just making ends meet.

In console and PC games, probably the most talked-about form of marketing is product placement, in which a product or logo is incorporated into the game action. In *Splinter Cell*, the game's hero uses a Sony Ericsson cell phone; and, whether through background billboards or actual character interaction, brands from McDonald's to Puma to P&G have gotten into videogames—

literally. In some cases, advertisers have gotten their names into the title of the game itself, as in *ESPN NFL 2K5*. Marketers wishing to appear in the latest *Need for Speed* title from Electronic Arts reportedly bid against each other for the privilege.

Some videogames are just one expression of a much broader marketing program with many consumer touch points. They represent a single facet of an ESPN identity that also embraces magazines, Web sites, products, and more. Some of the most popular videogame titles are tie-ins to popular movie franchises such as *Lord of the Rings*; for some (but not all) consumers, loyalty to the game series becomes intertwined to commitment to the movies or books.

The action-movie star Vin Diesel directed a video game studio to develop a successful game title that coincided with the movie release of *The Chronicles of Riddick*. With *Enter the Matrix*, the producers of the movie took a direct role in the development of the accompanying game. This kind of collaboration helps ensure that marketing elements will be seamlessly integrated into the game and across the campaign.

But leveraging the power of the videogame medium doesn't always mean partnering with an existing product; some marketers simply create their own custom games. According to the *Wall Street Journal*, the U.S. Army is spending several million dollars a year on Web- and PC-based videogames and local tournaments. And DaimlerChrysler created its own Web-based videogame to simulate the experience of driving its Wrangler Rubicon 4x4; a quarter-million consumers traded their



Product logos have always been a part of NASCAR, and they have migrated to such games as *NASCAR 2005: Chase for the Cup*.
Source: Electronic Arts.

e-mail addresses for the opportunity to play the game, and dealers reported that “hundreds” of those who bought the vehicle had also played the game.

The visual language of gaming is also migrating to other media, as *Ad Age* acknowledged in its March cover story “Joystick Nation.” TV ad campaigns from Nike and Volvo have co-opted videogame imagery, and the UPN TV network created an animated primetime series about a family of videogame characters.

IDENTIFYING YOUR TARGET GAMER

As you can tell from the examples above—TV networks, action movies, off-road vehicles—videogame marketing has largely been targeting young men. Reports about this group’s diminishing use of TV—though

based on suspect TV ratings data—drew attention to the inescapable fact that media habits are changing, with games playing a larger role. This news gives marketers more reason to experiment with videogames and other alternative vehicles.

But working effectively in the game medium means understanding its users. The conventional view of a videogame player is almost cliché—a male teenage X-Games lover who spends hours absorbed in multiplayer games with his friends. But sophisticated game marketers know that not all gamers are alike, and that reaching specific consumers via videogames requires the same analytical approach that is applied to primetime TV.

The diversity of gamers, and their very different preferences, was highlighted by the landmark Gaming Universe Tracking Survey (GUTS) conducted in late 2003

by Knowledge Networks and Future Network, the leading international publisher of magazines for gamers. The study revealed that gamers (ages 13 and above) fall into three distinct segments—heavy, casual, and occasional.

REACHING SPECIFIC CONSUMERS VIA VIDEOGAMES REQUIRES THE SAME ANALYTICAL RIGOR THAT IS APPLIED TO PRIMETIME TV.

The Heavy Gamer plays videogames for more than ten hours a week and fits the gamer stereotype: young, male, and single. Heavy Gamers are aware of most game titles and experienced with a large number; but they account for just one-fourth of videogame sales while only being 10 percent of the GUTS sample. They prefer “first-person shooter” and role-playing games (generally more challenging genres) and keep up to date by reading gaming magazines, monitoring Web sites, and checking in with friends. They are more likely to shop at videogame “boutique” stores and to purchase used games, as well as sell ones they have beaten or don’t like. And, contrary to popular belief, they watch just as much TV as the general population.

Casual Gamers—those who spend one to ten hours a week playing—account for two-thirds of videogame sales. Roughly 40 percent of Casual Gamers are female; and, compared to the general population, they are twice as likely to be ages 13 to 25. They are more likely to favor action/adventure and sports games.

A closer look also reveals that this group does prefer different TV channels and radio formats; uses the computer more than the general population for instant messaging, downloading music, job searches, and educational uses; and is more likely to attend a movie at least once a month.

Occasional Gamers invest less than one hour a week in gaming and are largely uninvolved in games as a way of life. Aside from being slightly younger, these gamers very closely mirror the general population of the United States. Occasional Gamers are more likely to give a game as a gift than the other two groups, even though they account for just 10 percent of videogame sales.

One purpose of the study was to expand on the metrics now available about videogames. While there is no shortage of sales data, more-nuanced information on how consumers interact with games, their attitudes toward marketing in the game environment, and how gaming fits into the media mix is hard to come by. One exception is Knowledge Networks/SRI’s *MultiMedia Mentor*,™ which includes gaming among eight media measured through a single survey.

BETTER TARGETING WITH VIDEOGAMES

So how can you use a better understanding of gamer segments and videogame campaigns to be sure you make wise use of this medium? Here are some thoughts based on our study of this highly promising marketplace.

Authenticity counts with frequent game users: Heavy Gamers are the target of most

videogame advertising, and their immersion in the medium means they are most likely to have repeated exposures to any marketing elements within a given title. But they are also the most savvy and devoted consumers of games, meaning that they may be more sensitive to marketing elements that draw too much attention to themselves.

Pick the right game for your target: Heavy Gamers are also more likely to avoid a given title based on word of mouth, so partnering with a challenging, high-quality game or game brand is essential with this audience. And while they are committed to videogame series, they are less likely to embrace games because of their connections to movie franchises; so their interest in titles that are part of a much larger marketing scheme may be limited.

By contrast, the Casual or Occasional Gamer is more open to mass-appeal titles that cross over from movies or TV; and their limited time with the medium means they may lose interest in long, complex games. The message is clear: Different games reach different audiences, so be sure to market with one that is most likely to resonate with your audience.

Take a big-picture approach: Don't view your videogame efforts in isolation; tools such as Knowledge Networks/SRI's *MultiMedia Mentor* show videogames as one element in a cross-media plan and can help allocate media spend properly to reach key demographics.

Measure, measure, measure: Establishing the return on a campaign that incorporates gaming may be more important because of gaming's "alternative" status; but the methods for taking such measures are, to some extent,

still in development. Creating an innovative campaign should include devising a smart way to establish its effectiveness.

Because the gaming industry is constantly changing, the opportunities presented in 2005 will be different from those in 2004. That means marketers must commit to understanding this industry and devote the resources necessary to keeping current on the changing dynamics. The potential rewards can only be described as "fantastic." ■

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