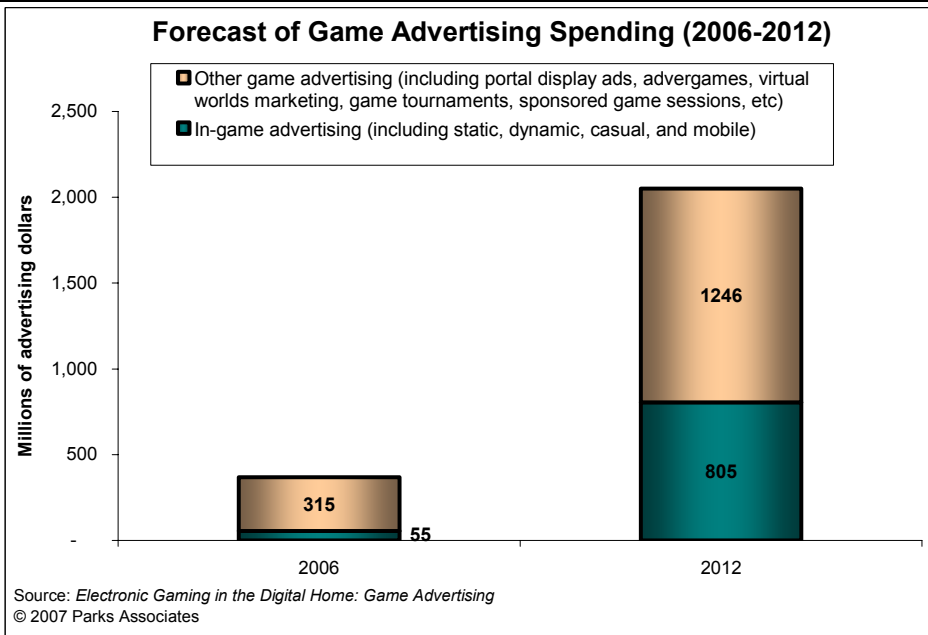


Synopsis

Electronic Gaming in the Digital Home: Game Advertising paints a complete picture of the fledgling game advertising industry. The report includes analysis and forecast for different game advertising models, including SIGA, DIGA, display, advergames, game tournament, and virtual worlds. It also provides profiles of 26 key players in the game advertising industry and comprehensive consumer perspectives.

Forecast of Game Advertising Spending (2006-2012)



Publish Date: June 07

"With an average monthly household expenditure of less than half a dollar in 2006, compared to \$37 for broadcast TV, electronic gaming represents a seriously under-leveraged advertising medium," said Yuanzhe (Michael) Cai, Director of Broadband and Gaming at Parks Associates. "Nevertheless, if executed in the right way, game advertising can provide a win-win solution for advertisers, game developers and publishers, console manufacturers, game portals, and even gamers."

Contents

The Bottom Line is a concise, executive-level summary of the current state of the market, evolutionary path, and the implications for companies doing business in this space.

A Parks Associates' **Resource Book** contains a wealth of consumer survey data and company profiles—a must-have reference for product/market planning.

The Bottom Line

1.0 Notes on Methodology

2.0 Game Advertising: an Overview

- 2.1 What is "Game Advertising"
- 2.2 Key Terminology Explained

3.0 Game Advertising: Industry Domain Analysis

- 3.1 An Overview of the Game Advertising Value Chain
- 3.2 Game Advertising Business Models
- 3.3 Key Constituents and Respective Industry Trends
 - 3.3.1 Advertisers: Looking for the Lost Eyeballs
 - 3.3.2 Ad Agencies: Path toward Digitization
 - 3.3.3 Developers and Publishers: Business Model Diversification
 - 3.3.4 Console Manufacturers: beyond Games
 - 3.3.5 Online Gaming Portals: Solving the 98% Problem
 - 3.3.6 Game Advertising Solution Providers: a Land Grab
- 3.4 Industry Drivers and Inhibitors
 - 3.4.1 Key Drivers
 - The Growth of Online Gaming

The Popularity of Casual Gaming

Connected Game Consoles

3.4.2 Key Inhibitors

The Lack of a "Game Advertising Economy"

The Learning Curve

Platform Fragmentation

Lack of Industry Standard

Lack of Third-Party Auditing

4.0 Game Advertising: Methods and Solutions

4.1 Established Game Advertising Models

4.1.1 Advergaming

4.1.2 Web Advertising

4.1.3 Static Insertion

4.2 The New Darling: Dynamic In-Game Advertising

4.2.1 DIGA in Retail Console and PC games

4.2.2 DIGA in Catalog Games

4.2.3 DIGA in Casual Games

4.3 Alternative Methods

4.3.1 Virtual World

4.3.2 Sponsored Game Play

4.3.3 Game Tournament

4.4 Comparing Different Models

5.0 Zooming in on Dynamic In-Game Advertising

5.1 A Look under the Hood

5.1.1 Key Technology Components

5.1.2 Target Audience

5.1.3 Target Platforms

5.1.4 Ad Formats

5.1.5 Inventory Availability

5.1.6 Revenue Share

5.1.7 Ad-buy process

5.2 Competitive Analysis of In-Game Advertising Solution Providers

5.3 Moving beyond Impression

5.3.1 Product Placement and Plot Integration

5.3.2 Addressable and Transaction-based Advertising

5.4 Benefit for Game Publishers and Developers

5.5 The Importance of a Full-Service Approach

5.6 What Will the "Big Three" Do?

5.7 Mobile Game Advertising

6.0 Market Forecasts

6.1 Forecast Methodology

6.2 Detailed Forecast

7.0 Market Implications and Key Recommendations

Resource Book

1.0 Shifting Demographics of Gamers

2.0 Segmentation of Gamers

3.0 Adoption of Online Gaming

3.1 Growth of Online Gaming

3.2 Popular Online Gaming Services

3.3 A Comparison of Online Gamers

4.0 Analysis of Gamer Behaviors

- 4.1 Average Playtime and Session Length by Platform
- 4.2 Demographics of Gamers on Different Platforms
- 4.3 Social Gaming Behaviors
- 4.4 Online vs. Offline PC Gaming
- 4.5 Gaming Expenditure
- 4.6 Analysis of Game Genres
 - 4.6.1 Popular Genres by Demographics
 - 4.6.2 Gaming Hours of Various Genres on PC and Console
- 4.7 New vs. Old Games

5.0 Gamers' Perceptions of Game Advertising

- 5.1 General Perceptions
- 5.2 Price Points of Ad-Supported Gaming Services & Add-on Features
- 5.3 Desired Discounts & Preferred Ad Formats

6.0 Profiles of In-Game Ad Networks and Consultancies

- 6.1 Adscape Media (Google)
- 6.2 Amobee Media Systems
- 6.3 Double Fusion
- 6.4 Engage In-Game Advertising
- 6.5 Greystripe, Inc.
- 6.6 IGA Worldwide
- 6.7 Massive Inc. (Microsoft)
- 6.8 InGameAd Interactive (China)

7.0 Profiles of Advertising Agencies

- 7.1 Ogilvy & Mather
- 7.2 Play/Denuo

8.0 Profiles of Game Portals & Publishers/Developers

- 8.1 AOL Games
- 8.2 Arkadium Games
- 8.3 Boonty S.A.
- 8.4 Fuel Industries
- 8.5 NeoEdge Networks
- 8.6 RealNetworks
- 8.7 Shockwave (Atoms Entertainment)
- 8.8 Skyworks Technologies
- 8.9 WildTangent
- 8.10 Yahoo! Games

9.0 Profiles of Console Makers

- 9.1 Microsoft Corporation
- 9.2 Nintendo Co.
- 9.3 Sony Corporation

10.0 Profiles of Game Ad Technology Providers

- 10.1 Eyeblaster
- 10.2 Exent Technologies
- 10.3 Trymedia (Macrovision)

Electronic Gaming in the Digital Home: Game Advertising

By Yuanzhe (Michael) Cai, Director, Broadband & Gaming

2Q 2007

Figures

The Bottom Line

An Overview of the Game Advertising Value Chain
 Game Advertising Business Models
 Daily Hours Spent on TV, Web, and Gaming (among All Internet Users, 18-34 Male, and 35-54 Female)
 Ad Spending per Household/Month: by Media
 Percentage of Budget Planned for Various Forms of Emerging Media
 Game Consoles Not Just About Games
 Number of PC Gaming Hours per Month: Online vs. Offline (Q2/06)
 Casual Game Genres Played by Gender and Age
 Number of Xbox Live! Subscribers
 How Is an Impression Counted
 Summary of Advergaming Developers
 Top Ten Casual Game Portals (April 2007)
 Time Spent on Playing New. vs. Old Games
 Key Providers of Virtual World Marketing Solutions
 Summary of Leading Virtual Worlds
 Major Game Tournaments
 The Game Advertising Continuum: a Comparison
 DIGA Technology Illustration
 Game Genres Played by Gender and Age: FPS, Sports, Action/Adventure, and Driving
 Popular Games on Xbox/Xbox 360 and PC
 How Is Revenue Shared
 DIGA Solution Providers: a Detailed Comparison
 Breaking Down the Cost of a Console Game
 Full-Service Shop Approach
 The Six Pillars of Sony PlayStation Network
 Mobile Game Advertising Solution Providers
 U.S. Forecast of Total Game Advertising Revenue (2006-2012)
 Detailed Breakdown of Forecast Numbers
 Comparison of CAGR by Type of Game Advertising (2006-2012)

Resource Book

Trends in PC Gamer Demographics 2004-2007
 Trends in Console Gamer Demographics 2006-2007 by Age & Gender
 Trends in Online Gamer Demographics 2004-2007 by Age & Gender
 Trends in Console Gamer Demographics 2006-2007 by Education
 Trends in Online Gamer Demographics 2004-2007 by Education
 Percentage of Various Gamer Groups
 Estimated Number of Households with Gamers from Different Segments
 Ranking of Motivation, Time, and Money Spent
 Retail Gaming Revenue by Gamer Groups
 Percentage of Frequent Online Gamers (At Least Weekly)
 Online Gaming Services
 Using Online Gaming Services
 Popular Online Multiplayer Games
 Popular Online Multiplayer Games: by Age & Gender
 Online Game Spenders by Gender
 Online Game Spenders by Age
 Mean Hours Spent on Gaming Device

Electronic Gaming in the Digital Home: Game Advertising

By Yuanzhe (Michael) Cai, Director, Broadband &
Gaming

2Q 2007

Average Game Session Length
Gaming Time Allocation by Platform: Male vs. Female
Number of PC Gaming Sessions per Month: by Age and Gender
Number of Console Gaming Sessions per Month: by Age and Gender
Number of Gaming Sessions on a Mobile Phone: by Age and Gender
How Do Different Gamer Groups Allocate Gaming Time
Social Gaming Habits of Teens
Social Gaming Habits of Adults
Gaming with Child
Number of PC Gaming Sessions per Month: Online vs. Offline
Number of PC Gaming Hours per Month: Online vs. Offline by Age &
PC Gaming Session Length per Month: Online vs. Offline
PC Gaming Session Length per Month Online vs. Offline
Gaming Budget Allocation
Monthly Expenditure on Gaming
PC Gaming Under-monetized Compared to Console Gaming
Monthly Expenditure on Computer Games by Age and Gender
Monthly Expenditure on Console Games by Age and Gender
Monthly Expenditure on Online Games
Types of Games Played Personally
Casual Game Genres Played by Gender & Age
Game Genres Played by Gender & Age: Kids, Dancing/Singing
Game Genres Played by Gender & Age: FPS/Sports/Action/Driving
Game Genres Played by Gender & Age: RPG, Simulation, Strategy
Game Genres Played by Gender & Age: Advergaming
Average Number of Hours Playing PC Games
Average Number of Hours Playing Console Games
Time Spent on Playing New vs. Old Games
Average Time Spent Playing New vs. Old Games by Age
Average Time Spent Playing New vs. Old Games by Gender
Average Time Spent Playing New vs. Old Games by Segment
Perception of In-Game Advertising
Power Gamers Have Strong Opinions about Game Advertising
Perception of In-Game Ads Always Having Negative Impacts: by Gender and
Opinion about Seeing In-Game Ads to Win Prizes: by Gender and Age
Opinion about Seeing In-Game Ads if it Helps Reduce Cost
Opinion about Seeing In-Game Ads if it Helps Enhance Game Play
Interest in Subscribing to a Game Service Featuring in-Game Ads at Various
Price Points
Price Sensitivity toward Game Services with Ads
Appeal of Free Ad-Supported Gaming Service
Interest in Games Featuring In-Game Ads and Special Features
Interest in Extra Features in a Game with In-Game Ads: Gender Difference
Desired Discount for Games with In-Game Ads
Discount Expected for Games with Ads: by Age and Gender
Perception of Different Types of Ad Insertion
Least Intrusive Approach of Ad Insertion: by Age and Gender
Double Fusion Publisher Partners and Game Titles
Double Fusion Milestones
Engage Milestones
Greystripe Milestones
IGA Worldwide Publisher Partners and Game Titles
IGA Worldwide Milestones
Massive Milestones

**Electronic Gaming in the Digital Home:
Game Advertising**

By Yuanzhe (Michael) Cai, Director, Broadband & Gaming

2Q 2007

Massive Publisher Partners and Advertisers
 Arkadium Casual Game Publisher Partners and Selected Titles
 Arkadium Milestones
 Boonty Milestones
 Fuel Industries' Casual Game Publisher Partners and Selected Titles
 Neoedge Casual Game Publisher Partners and Selected Titles
 Neoedge Milestones
 Real Networks Milestones
 Shockwave Milestones
 Skyworks Milestones
 WildTangent Milestones
 Yahoo! Games Milestones
 Xbox and Xbox 360 Units Sold
 Number of Xbox Live! Subscribers
 Microsoft Game Advertising Platforms and Divisions
 Nintendo GameCube Units Sold Worldwide
 Nintendo Wii Units Sold Worldwide
 PlayStation 2 Units Shipped Worldwide
 PlayStation 3 Units Shipped Worldwide
 Eyeblander Milestones
 Exent Publisher Partner and Game Titles
 Exent Milestones
 Trymedia Milestones

Attributes

Parks Associates
 5310 Harvest Hill Road
 Suite 235
 Lock Box 162
 Dallas TX 75230-5805

 800.727.5711 toll free
 972.490.1113 phone
 972.490.1133 fax

 parksassociates.com
 sales@
 parksassociates.com

Authored by Yuanzhe (Michael) Cai
 Executive Editor: Tricia Parks
 Published by Parks Associates

 © June 2007 Parks Associates
 Dallas, Texas 75230

 All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

 Printed in the United States of America.

Disclaimer
 Parks Associates has made every reasonable effort to ensure that all information in this report is correct. We assume no responsibility for any inadvertent errors.