

Madison Avenue turns to social game advertising

Liana B. Baker, Reuters

(Reuters) - Self magazine Publisher Laura McEwen sits in her office in the posh Conde Nast building overlooking New York's Times Square and does nothing but play video games for at least an hour or two a day.

She isn't goofing off -- she is doing market research for "Self Workout in the Park," a video game she helped create to capitalize on the explosive growth of advertising in social games like the ones played on Facebook and other online networks.

Once on the fringes of digital advertising, social game ads are now the hip newcomer for Madison Avenue, with McDonald's Corp paying for players to build restaurants in Zynga Inc's "CityVille" game and Unilever-sponsored Dove spas popping up in "The Sims Social."

The number of people who play social games has ballooned to hundreds of millions globally, meaning hundreds of millions of dollars in ad spending in games are up for grabs. Researcher eMarketer expects social game ad revenue to soar 80 percent to \$672.2 million by 2014. Zynga's \$28.2 million in advertising revenue in the first quarter, more than double the amount a year ago, underscores the growth potential of social game ads.

Advertisers like the size of the audience, how they can target specific demographics and how users can spend several uninterrupted minutes a day playing a game.

Publishers such as McEwen also like how social games can lead to branded advertising opportunities. The Self video game allows for the magazine to sell advertising on virtual weights and treadmills, for instance.

"All of these things can be branded and new things can always be created to be branded," McEwen said.

Giant consumer products company Unilever recently signed a deal to advertise a range of goods in Electronic Arts' Facebook games. Players of "The Sims Social" game, which number about 16.4 million per month, can now stock their bathrooms with Dove soap or eat Magnum ice cream cones, earning rewards for using Unilever products in the game.

Unilever is also in talks with Zynga to promote Lipton products, according to Amanda Richards, the company's Global Media Director of Refreshment.

She said Unilever, the No.2 global advertiser behind Procter & Gamble, has made social gaming a priority in its digital advertising budget because gamers can get directly involved with its brands, and they often do so by choice.

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"The gaming space gives you a significant amount of face time with consumers because when you're in a game, you're pretty much not doing anything else," Richards said.

EARLY DAYS

Overall, social game ad spending is nascent compared with other forms of online ad spending such as search advertising, which hit \$15.36 billion last year, or banner ads, which generated \$7.72 billion in 2011, according to eMarketer.

Social game ads are in their infancy and there is no industry standard for which to measure their reach. Conversion rates, or the rate at which people buy products they have seen advertised, are also low, according to eMarketer analyst Paul Verna.

Still, proponents of social game ads insist the results are there, just perhaps not in monetary form. Bounty paper towels was quite pleased with a campaign it had in an EA game called "Restaurant City" that generated more than 500,000 "likes" on its Facebook page, the company said.

The growth potential of social game ads has caused small companies to sprout up along Madison Avenue to serve as conduits between brands and social gaming companies.

Mitchell Reichgut, for instance, left the big advertising agency world to start the Jun Group, a 30-person company focused on video ads. Jun Group has already placed video ads promoting Pinnacle Foods' Aunt Jemima brand, Claussen Pickles and ConAgra products in social games.

Other agencies focused on video game ads include Appssavvy and WildTangent.

Media agency Mindshare has even hired a digital gaming specialist, Geoffrey Greenblatt, whose full-time job is to advise his firm's accounts on gaming.

"Nearly all of our brands are involved to some extent and I only see it growing as they increase their spending in the space year over year over year," said Greenblatt, who wrote a 125-page book on video game advertising that Mindshare gives to clients.

He predicted that advertising in mobile games that friends play together is the next growth area. One big move in that area was Ford's "Word of the Day" campaign in Zynga's mobile hit, "Words with Friends." Players get rewards for spelling words that Ford displays in a banner ad under the game.

"That's the first step and you're going to keep seeing brands get more innovative in mobile," he said.

(Reporting By Liana B. Baker; Editing by [Peter Lauria](#) [1] and Maureen Bavdek)

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