

In-game advertising is ramping up, but consumers are worried

Article

The trend: Advertisements could be coming to PC and console games in the near future. Last week, Insider revealed that **Microsoft** was [seeking adtech partners](#) and building its own systems to bring ads to free-to-play Xbox games. One day later, Bloomberg revealed that **Sony** had been working on a similar program for at least 18 months.

More on this: Bringing ads to free-to-play console games makes sense on paper. Advertisements have driven record revenues for mobile games, and the global audience for video games as a whole is only getting bigger.

- According to a March survey from Deloitte, 96% of millennials, 96% of Gen Zers, and 89% of Gen Xers listed video games as one of their top 3 frequent activities.
- It's not just in-game ads that are getting attention. Japanese publisher **Sega** is reportedly working on a large-scale remake of Crazy Taxi, one of the first video games to heavily feature in-game advertising—but now gaming consoles are connected to the internet, which means that in-game ad space becomes more flexible and valuable.
- This isn't even Microsoft's first foray into in-game ads. Microsoft acquired gaming adtech company **Massive Inc.** in 2006 (though it shut down in 2010) to bring ads to several games on Xbox consoles. And plenty of contemporary games across genres feature advertising in one way or another.

Share of US Teens/Adults Who Play Video Games, by Generation, March 2022

% of respondents in each group

Gen Z	96%
Millennials	96%
Gen X	89%
Baby boomers and seniors	57%

Note: ages 14+; Gen Z born 1997-2007, millennials born 1983-1996, Gen X born 1966-1982, baby boomers born 1947-1965, seniors born 1946 and earlier; respondents were asked to choose their 3 most frequent activities

Source: Deloitte, "Digital media trends survey, 16th edition," March 28, 2022

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The challenge: But while advertising interest is growing within the industry, consumers haven't reacted so positively. Games have a long history with advertising from their inception, but the re-injection of ads into free-to-play games should be handled with care or risk alienating consumers.

- A **Reddit** thread on popular forum r/Games with over 3,500 upvotes was full of negative responses to the news. "Billboard ads in-game is one thing, but having ads interrupt in the middle of the game would drive me insane," [said](#) one commenter. Popular gaming news site Kotaku's [coverage](#) of the news begins, "Raise your hand if you're excited to see more ads inside your favorite video games? I don't see any hands. Well, bad news."

- Some of consumers' anxiety comes from concerns about how these ads will take form. Xbox's rumored proposals include in-game billboards in racing or open-world games that could be updated with new advertisements, but questions about whether players would be served ads between game matches or have ads obscure the screen mid-match have consumers worried.

The big takeaway: From licensed games dating back to the '80s to **Fortnite's** lavish in-game concerts, advertising has been part of the gaming experience since the medium's birth. But ads still aren't baked into the medium the way they are for TV, and advertisers should be mindful of players' wishes for a non-disruptive experience.