

Electronic Arts wants to bring ads to AAA video games. But it's not the only one.

Article

The news: Game publisher and conglomerate **Electronic Arts (EA)**, the publisher of popular franchises like **FIFA**, **Battlefield**, **Madden NFL**, and **Star Wars** titles, is looking to bring

advertisements to AAA video games, CEO Andrew Wilson said during the company's recent earnings call.

- Wilson said advertisements could drive “meaningful” growth for the company and the games industry.

Why ads; why now? Today, video games are many things to many people: an artistic medium, a global entertainment industry worth billions, and a subset of the massive tech industry.

- Games have always been an arm of tech, but the industry's interest in video games received a clear numerical value when **Microsoft** (itself a longtime participant in gaming) acquired Activision Blizzard for \$69 billion—the largest tech acquisition to date.
- Titles that Activision Blizzard, EA, and other major studios publish have become costly due to the rising standards and budgets of AAA games. Production cycles can last years and teams can consist of hundreds or thousands of employees, meaning games must achieve higher sales figures to be considered successful.
- So, like all public companies that are tied to tech, the need to boost revenues has inevitably turned the gaming industry's gaze toward advertising. But the steep challenge EA and others will have is introducing ads to a medium that has historically resisted them.

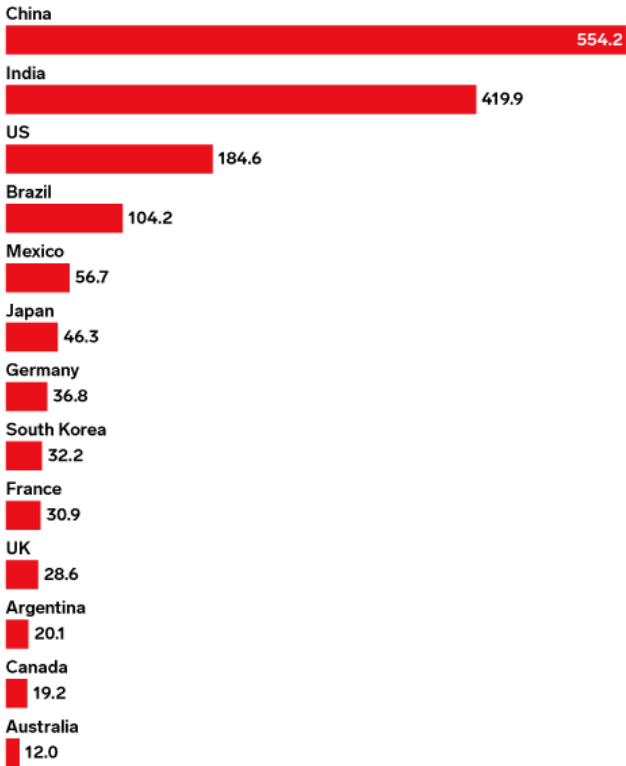
How it could take shape: Though EA is one of the first to state its outward interest in in-game advertising, other industry leaders are making similar moves. **Microsoft** has been testing in-game ad technology for free and cloud-streamed games, and **Sony** has explored similar channels for its **PlayStation** ecosystem.

- Several formats for in-game ads have been floated. One prominent solution that is currently being pushed by Roblox is in-game billboards that cycle through inventory much like an out-of-home digital billboard or a digital display ad.
- Others include placing advertisements on loading screens or tying brand partnerships to rewards for in-game activities—a format games messaging app **Discord** recently started implementing.

Our take: Advertising isn't new to games. Mobile games, one of the industry's largest segments, are a major channel that we expect to bring in \$8.59 billion in ad revenues this year. But so-called AAA games have historically resisted the pull of ads, and EA will have to introduce them carefully to avoid blowback.

Digital Gamers Worldwide, by Country, 2023

millions



Note: internet users of any age who play games through the internet or play games that update via the internet on any device at least once per month; includes desktop/mobile app and browser gaming, online console gaming, and gaming on social networks
Source: Insider Intelligence | eMarketer Forecast, Aug 2023

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