

Sony's mobile game acquisition is an opportunity for in-game ads

Article

The news: Sony has acquired European mobile game developer **Savage Games**, expanding its presence beyond gaming consoles to mobile devices.

Why Savage Games? There are plenty of mobile developers out there with successful games under their belt that Sony could acquire to instantly get a revenue boost. So why did it pick Savage Games, a studio that's yet to release a title?

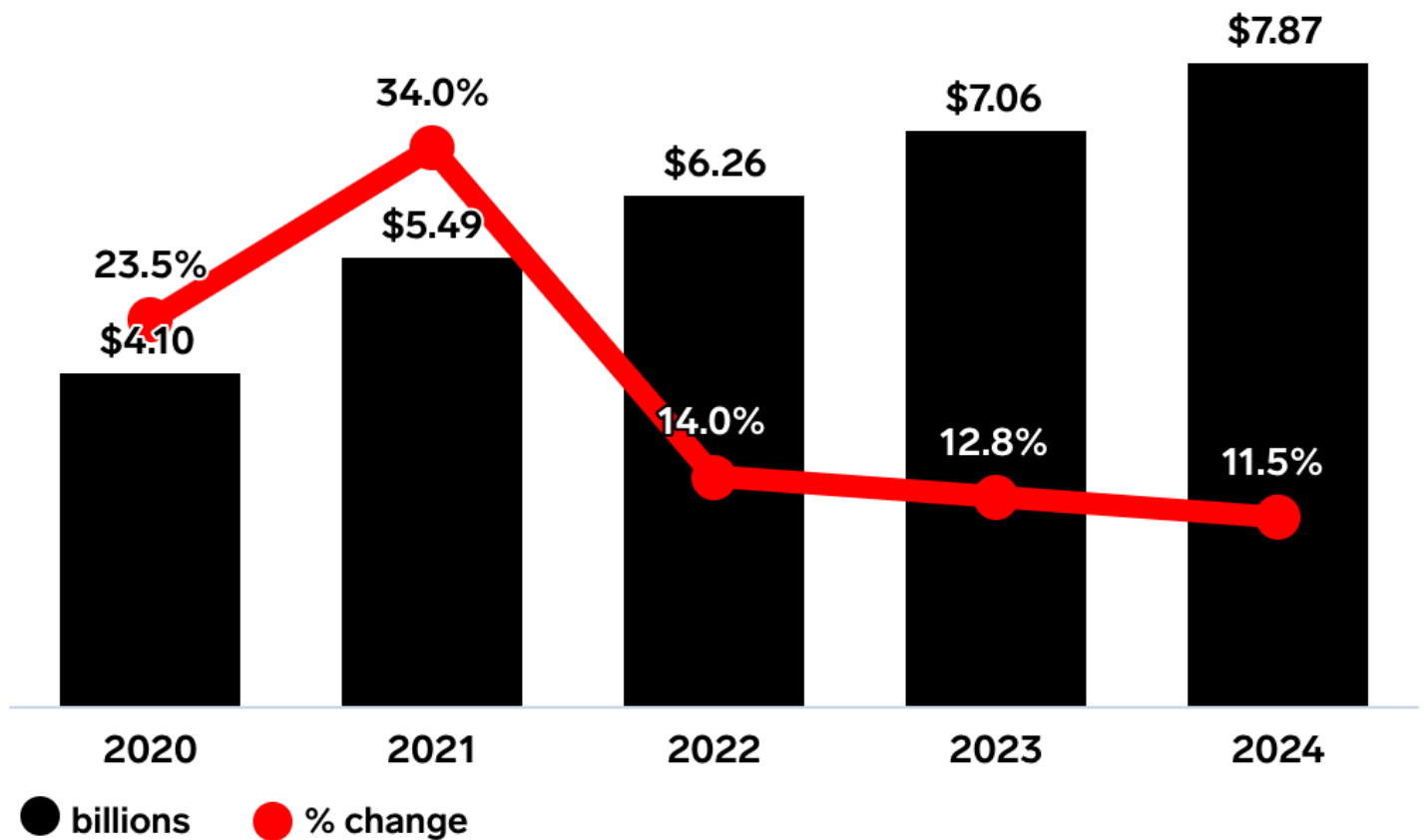
- For one, the studio's leaders come from prestigious, successful studios like **Rockstar** (creators of "Grand Theft Auto"). The company's first game will reportedly be a live service mobile shooting game—a lucrative genre that's made way for some of the highest-grossing games in recent memory.
- **Fortnite** has a mobile version, as do the popular "battle royale" games **Call of Duty: Warzone**, **Playerunknown's Battlegrounds**, and **Apex Legends**. The mobile version of Apex Legends was released on May 17, and as of late June had already grossed over **\$13 million** in revenues.
- Sony has developed a reputation in recent years for "prestige" experiences—video games with high-production values that are often compared with (and adapted to) television and film. The talent behind Savage Games and the market it's entering lets Sony extend its reputation for high-quality games to mobile devices, and gives it a slice of those revenues.

The ad opportunity: Interest in in-game advertising has reached a fever pitch this year and attracted the attention of major publishers. But while ads are new to console and PC gaming, they've been embedded in mobile games for years.

- US mobile gaming ad revenues will reach **\$6.26 billion** this year and **\$7.87 billion** by 2024. Mobile game spending has also remained strong despite some downturns.
- Q1 mobile gaming revenues fell 10% year over year, and that trend has continued into the summer. But despite a slight downturn driven by inflation and recession fears, Sensor Tower expects mobile game spending to reach **\$117 billion by 2026**.

Mobile Gaming Ad Revenues

US, 2020-2024



Source: eMarketer, March 2022

eMarketer | InsiderIntelligence.com

- Sony has also expanded into PC gaming, where competitor **Microsoft** already has strong footing thanks to subscription service **Game Pass**. Sony has ported major titles like **God of War** and **Horizon Zero Dawn** to PC with much success, and expects to [quadruple its PC sales](#) by 2023.
- Both Microsoft and Sony are testing advertising platforms for free-to-play and cloud-streamed games on consoles and PC. The existing infrastructure for ads in mobile games

makes Savage Games' upcoming title a perfect testing ground for Sony to experiment with its own ad platform.

The big takeaway: Sony may be hesitant to insert advertisements into its mobile games due to its reputation for “prestige” experiences, but its interest in ads for other video game formats means it is still likely to experiment with mobile game ads.

- If Savage Games is able to produce a hit on par with other popular mobile titles, Sony will win a healthy stream of player spending while also developing a testing platform for its in-game ad efforts.