smartclip

Game On

Engaging the Ever-Growing
Casual Gaming Audience with
Rewarded Video Ads

2023

Contents

Executive Summary

With an estimated 3.2 billion video gamers worldwide[1], a figure that continues to grow year-on-year, gaming has evolved into an important scalable opportunity for advertisers to reach a huge audience of engaged viewers.

Casual games — games that do not require significant time or expense to enjoy, such as Candy Crush Saga, Angry Birds, and Solitaire — have become a well-established form of entertainment. Easy to access via mobile or desktop devices, they are being embraced by a broad spectrum of people from different generations and with different interests, backgrounds, and incomes. Dipping into games while travelling to work or relaxing in the evening is now a part of many people's daily lives. And these potential customers are reachable through accessible ad formats such as full-screen, unscrollable rewarded video, which delivers value exchanges that result in high engagement, impressive KPIs, and positive brand associations.

Already delivering outstanding results for a range of advertisers, casual gaming reaches a diverse audience, offering high-quality, brand-safe environments alongside effective solutions for targeting, measurement, and reporting. And the outlook is bright — the casual gaming audience continues to grow[2], new targeting solutions are evolving in response to changes to identity-based tracking, and new technologies such as 5G are improving connection speeds and accessibility.

At smartclip, the adtech development unit of RTL Group, we offer advanced monetisation solutions for advertisers and publishers across Europe. Our smartx ad server and supply-side platform (SSP) technology, combined with our extensive expertise, provides publishers with tools and solutions needed to serve relevant ads to various target groups. Our media sales division will also soon form a powerful new cross-media international advertising sales unit — RTL AdAlliance[3] — in combination with RTL AdConnect and G+J i|MS. This unit will offer advertisers simplified access to a unique portfolio of brands across all forms of media, and casual gaming inventory — particularly rewarded video — will continue to be an integral part

of this holistic product offering. By curating casual gaming inventory for each advertiser — picking the apps that adhere to each brand's individual quality criteria — and guaranteeing high-quality rewarded video products, we are able to add value across the entire process, ensuring everyone can fully realise the potential casual gaming presents.

With gaming inventory about to become more accessible than ever and myriad advertising opportunities available, we believe that now is the time for all advertisers, no matter what sector they are in, to shed any outdated stereotypes or preconceived notions about gaming. It is no longer only about teenagers playing complex games on expensive consoles; it is about you and me, your friends, your parents, and your colleagues, all playing simple, straightforward games for relaxation and entertainment on readily available devices. And it is a powerful, brand-safe, and effective way to reach your target demographic.

So whether you have already reached an advanced level in gaming advertising or have yet to cross the start line, we encourage you to join us in maximising opportunities across this vibrant and diverse ecosystem.

Thomas Servatius
Co-CEO, MD Platform & Technology, smartclip Europe

Dr Oliver Vesper
Co-CEO, MD Media & Operations, smartclip Europe

Introduction

In this in-depth report, featuring smartclip's own data and exclusive insight from leading publishers and advertisers, alongside key industry facts and figures, we will take a closer look at gaming from an advertising perspective. With a particular focus on casual gaming and the high-performing rewarded video ad format, we explore the gaming environment, break down gamer demographics, highlight opportunities, and address common gaming misconceptions throughout, revealing how businesses of all shapes and sizes can leverage this exciting medium.

THE GAME HAS CHANGED

Gaming has evolved into one of the world's biggest forms of entertainment, in terms of time spent, money generated, and audience size — reaching a broad, engaged demographic across multiple platforms.[4] And as people turned to games for entertainment, distraction, sanctuary, and social connection during the pandemic, the market grew even further. Globally, the total number of mobile game downloads was more than 14.4 billion in Q1 2022 compared with 9.7 billion in Q1 2019.[5] In the mobile games segment in Europe alone, the number of users jumped from 168 million in 2019 to 201 million in 2021 and is forecasted to reach 221.5 million by 2027.[6]

✕ **Misconception**

### "Isn't it just teenagers on consoles in bedrooms?"

✓ **Reality**

Gamers are no longer all headset-wearing teenagers playing on consoles in their bedrooms — they are the teenagers *and* the parents, the students *and* the teachers, the employees *and* the bosses, all enjoying gaming while going about their daily routines.

❝

There has never been more attention on gaming than right now. And for good reason. Gaming provides a sense of purpose, connection, and interactivity unlike any other entertainment medium.

Jordan Shlachter
Head of Research, Activision Blizzard Media
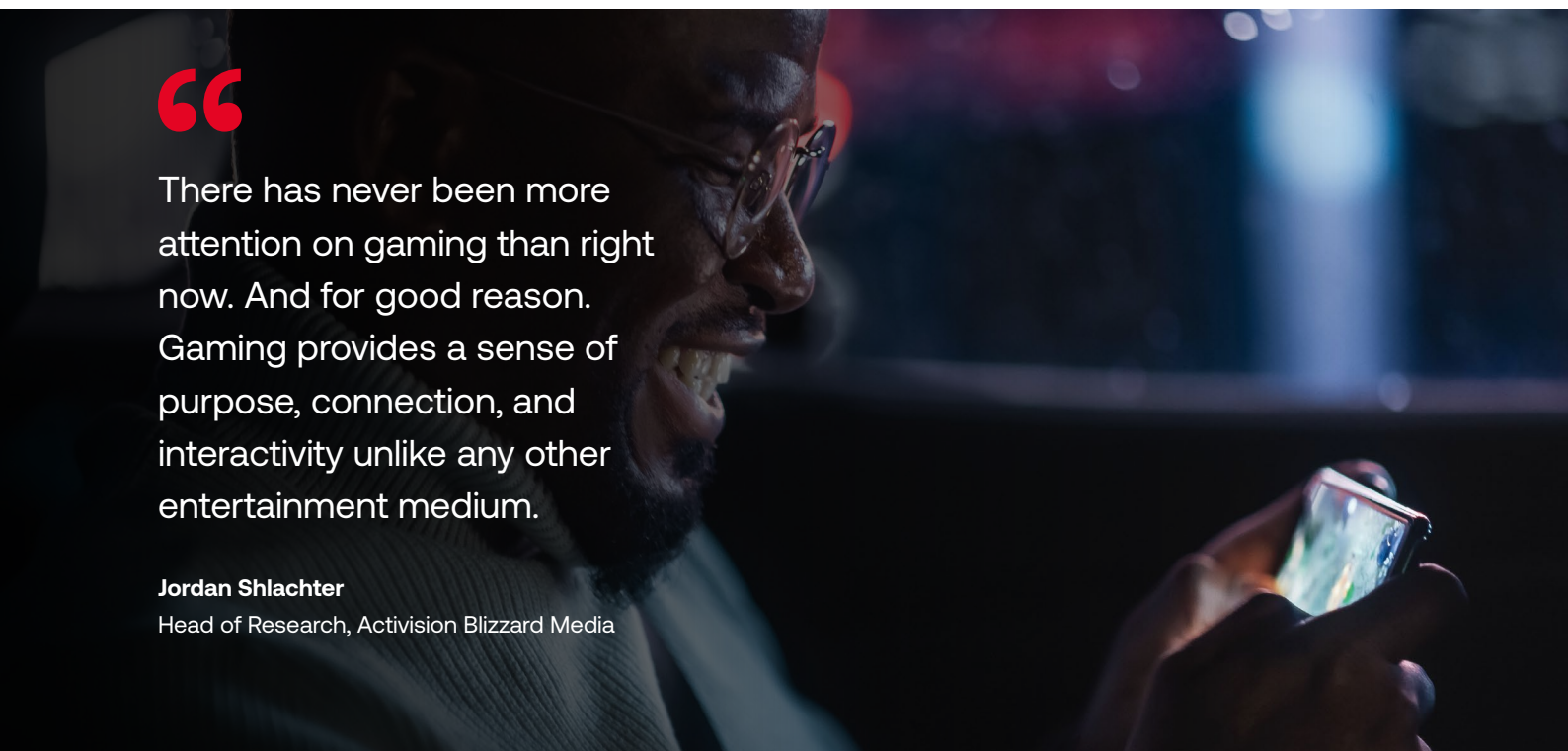
The popularity and accessibility of gaming has been fuelled by the increasing omnipresence of mobile devices (smartphones and tablets) in our lives. Mobile devices are a key access point for gaming, particularly casual gaming, and they have become central to our day-to-day lives, with finance, shopping, food and drink, streaming, health and fitness, travel, and dating apps all contributing to our growing mobile-first habits. When looking at time spent on smartphones in 10 key markets, research showed that users spent an average of one third of their daily waking hours (4.8 hours) on smartphones in 2021, which was 30% higher than the average time spent in 2019.[7]

In addition, trends and developments within the wider gaming landscape point towards a healthy future for the entire sector as gaming becomes an increasingly established part of our culture:

- ✓ The fast, high-bandwidth capabilities of 5G and improved hardware are ensuring mobile devices deliver an ever-more advanced and connected gaming experience.

- ✓ Companies such as Netflix, Apple, and Walt Disney are entering the market with their own gaming offerings or increasing existing efforts.[8]

- ✓ Existing gaming providers and hardware manufacturers are innovating their offerings, such as introducing cloud gaming services (for example, GeForce NOW by NVIDIA) or the planned new smart TV app and streaming service from Microsoft Xbox.

- ✓ The growth in popularity of esports continues apace, with the global esports audience reaching 532 million in 2022 — a year-on-year increase of 8.7% — and predicted to reach 640 million in 2025.[9]

- ✓ Advertisers are taking advantage of new technologies and ad formats, such as the potential to embed their brands within games and metaverses.

There is no question that gaming presents an exciting prospect for advertisers — now and in the future — and to be successful, advertisers do not need the huge budgets or resources that some perceive as necessary. There are many accessible opportunities beyond the more high-profile campaigns and partnerships, with gaming advertising offering familiar ad formats and effective targeting and delivery solutions that are resulting in high-quality KPIs for advertisers of all types and with all budgets. For example, smartclip campaign data shows an average 98% viewability for rewarded video ads.[10] But for advertisers — and decision makers — to realise the potential of the diverse and varied opportunities presented by this now mainstream channel, it is important to understand gaming, gamers, and gaming advertising and to leave behind outdated misconceptions and stereotypes.

"

There's no doubt mobile has changed the game, quite literally, when it comes to video games. It has made gaming accessible to those who don't own gaming hardware, allowing more people than ever before to play, interact, and connect. With mobile gaming, people have a gaming console in their pockets and can play without the investment into additional gaming tech and hardware, offering a low barrier to entry and greater accessibility.

Jordan Shlachter
Head of Research, Activision Blizzard Media

THE GAMERS HAVE CHANGED

The stereotypical hardcore gamer now represents just a small proportion of the overall gaming demographic.[11] Newzoo's insights into gaming across different population segments (as summarised below) illustrate how large and heterogeneous the audience has become.

Generation Z (age 11–25): In this often hard-to-reach demographic, eight out of ten play video games. They spend an average of just over seven hours per week playing games, with gaming taking up the largest share (25%) of leisure time spent on entertainment.[12]

Millennials (age 26–41): 77% play video games, with gaming representing the largest share of leisure time spent on entertainment (21%). Millennials spend an average of just under seven hours per week playing games, with 84% citing unwinding as their main motivation.[13]

Generation X (age 42–56): 60% play video games, with gaming representing an 18% share of leisure time spent on entertainment, second only to watching broadcast TV (24%). Generation X spend an average of just over four hours per week playing games.[14]

Baby Boomers (age 57–66): 42% play video games, and 53% are female — the highest share across all generations. They spend an average of two-and-a-half hours per week playing games, with gaming taking up 10% of leisure time spent on entertainment. 92% list unwinding as their top motivation to play.[15]

"

Gamers are not a singular demographic but a highly diverse and complex audience.

Ari Brandt
Global VP, ironSource Exchange

The increasing diversification of the gaming audience is further reflected when looking at how many games are skewed towards the different demographic groups. In a list of 'Top 1,000 games by consumer spend'[16], more than half of the games were skewed towards the Generation Z audience group in 2021. But, as gaming becomes increasingly mainstream, the share of games directed at Generation X/Baby Boomers is also on the rise; for example, 19% of the top-grossing games in the UK skewed towards these older age groups in 2021, compared with 11% in 2019.

✕ **Misconception**

"It's too niche — our target customers don't spend their time or money on gaming."

✓ **Reality**

Gaming is no longer a niche hobby requiring time, dedication, and expensive hardware or subscriptions. A diverse variety of players are accessing high-quality, subscription-free games when it suits them, with the majority using the devices they carry with them every day.

With such a broad spread of people playing games and such a variety of devices available to play them on, it is important for advertisers to understand the different gamer types and avoid any stereotyping.

Definitions of gamers can vary, and some gamers will fall into more than one category, but it is possible to identify four categories of gamers based on the devices they use and the depth of their involvement.

FOUR TYPES OF GAMERS

Casual/Mobile Gamer

This gamer type, which is explored further later, enjoys playing easy-to-access video games via apps on mobile devices. They play regularly as a fun diversion but with minimal commitment in terms of time spent or hardware/games purchased.

Popular games:

- ✓ Candy Crush Saga
- ✓ Angry Birds
- ✓ Wordle
- ✓ Temple Run
- ✓ Pokémon GO

Console Gamer

This gamer type plays on a branded console specially designed for gaming, such as Sony's PlayStation, Nintendo's Switch, or Microsoft's Xbox. They play on their TV device using a game controller and play games specifically developed for that console. Console gamers might also use handheld consoles with their own built-in display unit and controls.

Popular games:

- ✓ FIFA
- ✓ NBA 2K
- ✓ Forza Horizon
- ✓ GTA

Hardcore/PC Gamer

This gamer type is very invested in gaming, from the time spent and hardware purchased to the skill levels reached and game outcomes. Gaming is their core form of entertainment, and they will often spend long sessions on games, dedicating a lot of time and effort to learning difficult games in-depth so they can reach the highest levels or complete the game.

Popular games:

- ✓ Call of Duty
- ✓ Dota 2
- ✓ Minecraft

Streamer/Competitor

This gamer type plays competitively, competing against their gamer friends or professionally for money as part of esports leagues. Their goal is to be the best, and similar to a Hardcore/PC Gamer, they are very committed to gaming, training regularly, investing in hardware, and engaging with their fellow competitors in the gaming community.

Popular games:

- ✓ FIFA
- ✓ Dota 2
- ✓ Rocket League
- ✓ Fortnite

GAMING ADVERTISING

There is a diverse range of advertising opportunities and formats available to reach the variety of gamer types outlined above — from in-game and in-app to display and merchandise — which can be overwhelming to advertisers making their first foray into gaming advertising. However, some of the key advantages of the casual gaming sector, where you will find the 'casual/mobile' gamer type as defined above, are that it reaches a mass audience and offers video advertising formats that will be familiar to any experienced online video marketer.

With such a range of gaming ad formats available, it is important for advertisers to understand these in order to avoid confusion and maximise effectiveness of campaigns. The IAB splits gaming ad types into three categories, as detailed below.[17]

In the game
In-game advertising opportunities, looking specifically at how brands can directly influence gameplay visuals/audio with their messaging or alter the gaming experience through skins and sponsored content.

Around the game
The opportunities available to brands during the gaming experience but not within the gameplay itself. Examples of this include in-app rewarded video, interstitials, and overlaid audio ads.

Away from the game
Opportunities within gaming that exist away from the gameplay experience itself. This includes streaming, esports, influencer, and content marketing.

✕ **Misconception**

"Isn't gaming inventory mainly for other gaming developers to advertise their games?"

✓ **Reality**

Advertisers from a wide range of industries are seeing results in the gaming space, not just developers advertising games. Some of the largest advertising sources for casual gaming are industries such as CPG (consumer packaged goods), automotive, telecomms, entertainment, travel, and lifestyle and home. Furthermore, a variety of advertisers from a diverse range of sectors are booking gaming inventory as part of their campaigns on the smartx platform, including some of the world's largest FMCG (fast-moving consumer goods) brands.

Although still considered a relatively new vertical by some, gaming advertising has been growing rapidly for many years. On the smartx platform, revenue from gaming-only campaigns was 39% higher in the first half of 2022 compared with the first half of 2021.[18] There is also a perception that gaming advertising is only used by developers to promote their games. However, companies from a broad spectrum of industries — such as FMCG[19], automotive[20], consumer electronics, and entertainment — are now using gaming advertising to reach their target audience, proving that this idea is no longer valid.

+39%

Overall revenue growth of gaming-only bookings on smartx platform

The overall revenue generated from gaming-only campaigns booked on the smartx platform continues to show significant growth, with revenue 39% higher in January-June 2022 compared with the same period in 2021.

Offering a diverse 'leaned-in' audience, high-quality inventory, brand-safe environments, low barriers to entry, and effective targeting opportunities, gaming advertising is now on par performance-wise with many other content mediums. Many advertisers are seeing results in reaching diverse audiences through in-game mobile advertising — 74% state that they have reached age-diverse audiences and 71% have reached gender-diverse audiences.[21]

In the next section, we take a closer look at the casual gaming sector — one of the most relevant gaming types for advertising — further exploring what casual gaming is, who casual gamers are, and the advertising opportunities this significant market segment presents.

Gaming is the new prime time — 6 pm to 10 pm is the most common time to use gaming apps.[22]

Casual Gaming Overview

WHAT IS CASUAL GAMING?

Casual gaming has come a long way since Solitaire launched for PCs in 1990. Riding the wave of technological revolutions such as the introduction of smartphones and the continued improvement of handsets, desktops, apps, and connection speeds, casual gaming has become accessible to all demographics, establishing it as a key segment of the wider gaming marketplace. It is where you will find familiar household names, including mobile-based games such as Angry Birds and Candy Crush Saga, and desktop-based games such as Sudoku, Mahjong, and Farmerama. With a continuously growing number of games spanning a wide range of genres including puzzles, riddles, racing, action, and arcade, casual games offer entertainment for all tastes and preferences.

Simple and straightforward, casual games are characterised by their easy gameplay, relatively low skill requirement, addictive nature, and minimal buttons/controls. The games are targeted to a mass-market audience, and they are subscription-free and accessible on mobile phones, tablets, and desktops. Requiring low commitment in terms of time or expense, they are easy to dip in and out of for short periods.

✕ **Misconception**

"We don't have the budget or resources to host a concert on Fortnite."

✓ **Reality**

Gaming advertising is not just reserved for those with the budget or resources for costly AAA-game partnerships — accessible video ad formats with traditional targeting and delivery solutions are resulting in high-quality KPIs for businesses of various types.

CASUAL GAMES DEFINITION

A mass-market video game that is fun and easy to play, requiring minimal time commitment and designed to appeal to players of all ages and skill levels. Casual games are characterised by their simple gameplay, highly visual nature, few buttons/controls/rules, and easy accessibility via mobile devices or PCs.

31% of internet users in Europe are casual gamers.[23]

WHO ARE CASUAL GAMERS, AND WHY DO THEY PLAY?

As casual games are so readily available and designed for a mass audience, the demographics of people playing them are very diverse, spanning all ages, genders, and education and income levels.

The audience data provided by emetriq, smartclip's targeting partner, offers the opportunity to carry out a broad analysis of gamer demographics, the results of which underline the conclusions that have been drawn in the previous chapters.

As can be seen in the data below[24], which refers to casual gaming inventory on the smartx platform, and on the following pages, casual gaming reaches a diverse audience spanning various demographics.

Casual gamers are commuters on trains or parents waiting for their children to finish school or an activity. They are people looking to relax after work or to pass time while in a doctor's waiting room or queuing at a store. They regularly play games as a form of

entertainment while they go about their daily routines, but they do not play every day for multiple hours, invest money in gaming consoles, or immerse themselves in the wider world of gaming. The convenience and easy access of casual games on mobile devices appeals to casual gamers, but their motivation to play is not necessarily to defeat others or to play the biggest or latest games. A survey of mobile game players found that the main motivation to play was relaxation (83%), closely followed by entertainment (67%) and a distraction from serious issues (57%).[25]

In fact, the link between casual games and relaxation has been highlighted through research looking at the impact of casual games on mood and stress. A study looking at changes in electrical activity in different parts of the brain when playing casual games indicated changes consistent with increased mood, as well as heart rate variability changes that were consistent with autonomic nervous system relaxation or decreased physical stress.[26]

Age

8%	39%	29%	24%
16-19 years old	20-39 years old	40-59 years old	60+ years old
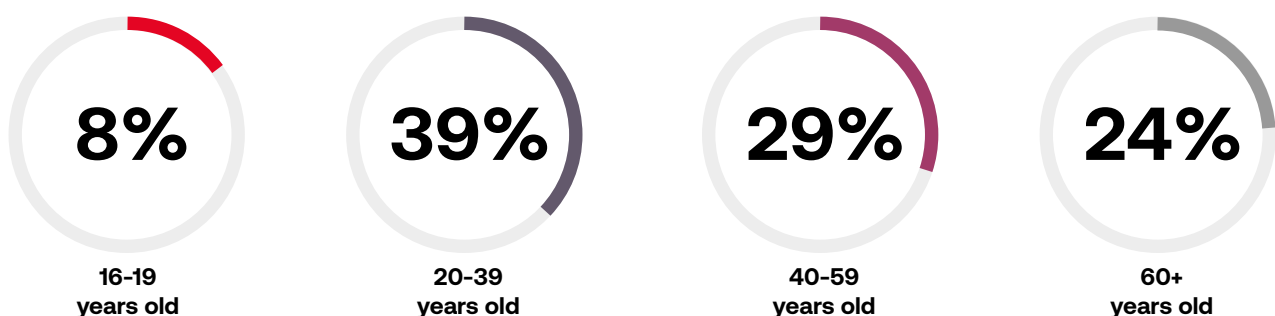
CASUAL GAMER DEFINITION

Anyone who plays video games with minimal commitment — they regularly play games but do not play every day for multiple hours. They often play easy-to-access games on mobile devices when they have some free time and are looking for entertainment or distraction, or to relieve boredom, but they are not invested in the game or immersed in the wider world of gaming.

Although there are many casual gamers, 65% of people who play mobile games do not identify as 'gamers'[27], possibly because of the low level of commitment or equipment required, and this could explain why some still do not see gaming as a mass-market medium. But ask anyone if they have played a game on their smartphone recently and, with increasing frequency, the answer will most likely be 'yes'. Gaming apps are among the most popular apps with smartphone users — 1 in 4 smartphone owners play casual games each month, with casual and

puzzle game apps attracting a wide age range.[28] Their simple gameplay ensures casual games are accessible to gamers of all levels of digital proficiency. This, combined with the ever-increasing digital proficiency across all age groups, means that the casual gaming audience is highly diverse in terms of age groups and skill levels, and does not just include 'digital natives'.

As the way we play games evolves as quickly as the way we watch television, more and more of us are becoming casual gamers — playing our favourite games wherever, whenever, and however we want.

Gender

34%
Female

66%
Male

Education

61%
graduated from college/university

Employment

87%
are employed

Status

42%

are household budget managers

22%

are main income earners

12%

are retired people

Households

63%

live in households of 3+ people

Family

27%

are in a relationship/married

27%

are single

10%

have children aged 0-3 years
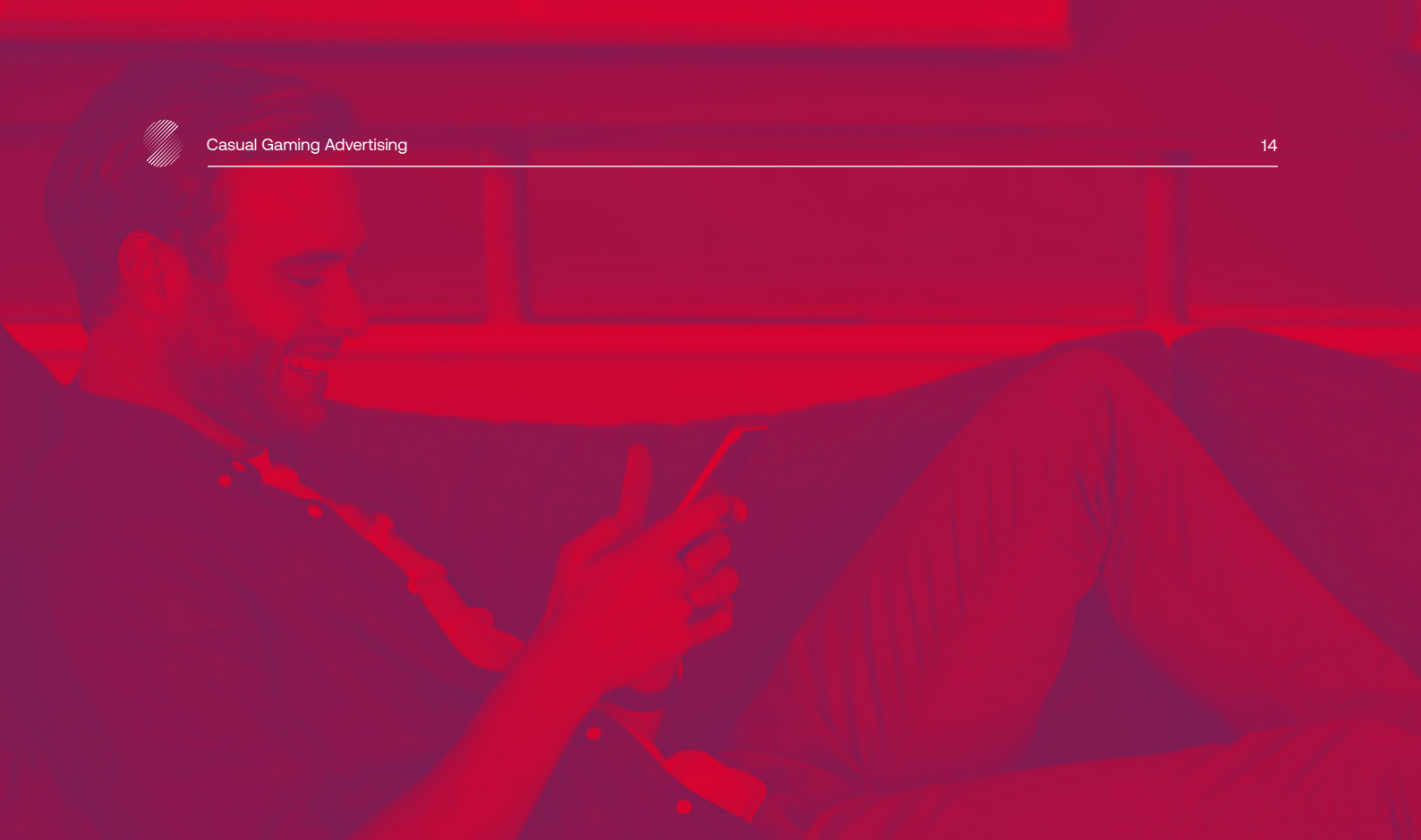
7%

have children aged 4-6 years

10%

have children aged 7-14 years

CASUAL GAMING: ENTERTAINING 'GAMER MOMS'

A recent survey of parents in four markets (US, Germany, UK, France) showed that **70%** of mothers reported engagement with video games, with **74%** of these 'gamer moms' playing games on mobile devices daily.[29]

CASUAL GAMING ADVERTISING AND AD TYPES

Advertising within casual games represents a significant opportunity to reach a wide range of demographics via a number of different ad types. The absence of user-generated content ensures a positive, brand-safe environment, and the leaned-in, engaged audience translates to high-quality KPIs.

Casual gaming ad types, as outlined below, mainly fall under the IAB definition for 'around the game' — the opportunities available to brands during the gaming experience but not within the gameplay itself.

Banner ads

These ads appear during gameplay as banners below, above, or to the side of the actual gameplay screen. They only take up a small part of the screen, so they do not interrupt or interfere with gameplay.

Overlaid audio ads

These are audio-only ads (similar to radio ads) that are overlaid onto games during gameplay. They are standalone, out of context to the gameplay, and do not interrupt the game.

Rewarded video ads

These full-screen, unscrollable video ads appear when users run out of lives, need more game currency, or would like to attain additional features as an added value. Players only receive the reward after they have watched the full ad, so these ads cannot be skipped if the player wants to receive the reward.

Interstitial ads

These full-screen ads are served when there are natural breaks in the game, such as between levels or before a player restarts, or during games, for example, when a player loses a certain number of lives. Interstitials can be skipped after a few seconds.

In the following section, we explore one of the highest-performing and most easily accessible ad types that all casual gaming advertisers can leverage — rewarded video.

The Rewarded Video Opportunity

WHAT ARE REWARDED VIDEO ADS?

Rewarded video ads are full-screen, unscrollable video ads that appear when users run out of lives, need more game currency, or would like to attain additional features as an added value. The ads are user initiated, so the player can proactively choose to watch the ad, and if they watch the full ad, they receive the relevant reward, such as an extra life, a hint, or an in-game bonus. For example, when a player runs out of lives, the game is put on hold, the ad plays, and if the player watches the full ad, they receive more lives and return to the game. As defined by the IAB, rewarded video ads are an ad type that appears 'around the game' — during the gaming experience but not within the gameplay itself.

"

Video ads are the strongest performing formats and create the richest engagement. We find the A35-64 audience to be the highest engagement group, and the one most likely to react positively to advertising.
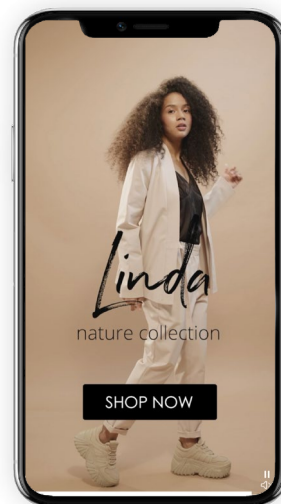
Grig Paul Petrescu
Programmatic Operations Manager – Gameloft for Brands, Gameloft

Break in game

PLAYER TAPS HERE

Ad plays

Rewards offered

"

Who doesn't like rewards? Boosters and other items help players stay in the game longer and associate them with positive experiences. Advertising is consciously perceived, and brands benefit from this with pretty high-quality KPIs.

Anja Junold
Team Lead Digital & Business Strategy, media plan GmbH

HOW EFFECTIVE ARE REWARDED VIDEO ADS?

As the web evolved from the static pages of Web 1.0 into the more dynamic and interactive Web 2.0, advertising became the dominant form of monetisation. In Web 2.0-based advertising, brands are simply paying for users' attention. However, as increasingly sophisticated, immersive experiences emerge in Web 3.0, the third generation of web technologies, brands will need to work smarter to attract that attention. Ads built into the gaming experience and value exchanges such as those offered by rewarded video are predicted to play a key role in effective campaigns in this new monetisation model.[30]

Rewarded video ads offer something of value in exchange for a player's time and attention, and the gameplay boost they receive translates to a positive brand association. Players actively decide to watch an ad, so the message is non-disruptive and delivered at a time when players are receptive to it.

The focused activity of game playing means that players are already interacting directly with the content — arguably more so than on other entertainment and social media platforms where users may not be as engaged as they scroll through content. They are also spending longer periods of time on these types of apps in comparison to others — when looking at the time spent across apps, casual gaming and sports gaming apps have the highest time spent at 21.19 minutes and 22.77 minutes, respectively.[31]

Rewarded video ads play a role in encouraging continued gameplay, which not only delivers higher retention of the player for the publisher but also means that players are more likely to view the ad multiple times, increasing ad recall.[32] These multiple views, combined with the fact that players are more likely to view the full ad so they can receive their reward, leads to higher brand awareness and recognition.[33] As with other digital ad formats, advertisers can also leverage frequency capping possibilities in order to prevent ad fatigue.

Rewarded video is non-disruptive; research has shown that only 24% of players find rewarded video ads disruptive[34] — the lowest percentage among all ad formats — and 86% of mobile gamers do not mind viewing an ad in exchange for in-game rewards.[35] The value-adding nature of rewarded video is driving strong positive sentiment among players, with a US survey reporting that 76% of US mobile gamers prefer rewarded video ads over interstitial ads.[36] Rewarded video is also proven to resonate with a broad demographic, with audiences typically older (age 33–41) than the average audience for all video ads (age 24–32), and featuring a far higher share of female users (57%).[37] At the same time, gaming inventory is effective at communicating with the hard-to-reach younger demographic — the total reach amongst young users (age 18-29) is up to 2.7 times higher when gaming inventory is included in run of network campaigns on the smartx platform.[38]

The rewarded video format also delivers the potential for high visibility for advertisers. Games publisher Gameloft reported that daily opportunities for

> Run of network campaigns including gaming inventory reach up to 2.7 times more people aged 18-29 than campaigns that do not include gaming inventory.[39]

rewarded video ads in Germany, Switzerland, and Austria total 8.5 million, compared with 4.6 million for non-rewarded video.[40] The ad requests that smartclip receives from gaming publishers offering rewarded video inventory increased by 83% between 2020 and 2021[41] — which indicates higher levels of traffic and more people being reached by rewarded video.

REWARDS FOR ADVERTISERS

✔ High engagement/actively viewed ads

✔ Unscrollable, full-screen ads

✔ Positive brand associations

✔ Consistently high-quality KPIs for viewability/VTR

✔ Instant/immediate response and ease of conversion

✔ Potential for repeat ads within same game, increasing ad recall and brand awareness

✔ High-quality, brand-safe environments

✔ Audience segmentation by game genre

✔ Consistent flow of new users

✔ Ability to use existing video assets

THE KPIs

smartclip data shows that rewarded video ads deliver consistently high-quality KPIs for advertisers across various industries, including CPG, automotive, telecomms, entertainment, and travel. Looking at smartclip campaign data from 2022, the average viewability of rewarded video ads was 98%[42], and the format delivers constantly high view-through rates (VTRs) on the smartx platform, with VTR averaging at 94%.[43]

98%

average viewability of rewarded video ads

94%

average VTR of rewarded video ads

✕ **Misconception**

"Pre-video ads are of higher quality than rewarded video ads in gaming environments."

✓ **Reality**

As detailed in the information provided in this report, rewarded video ads in gaming environments appear within high-quality games played by a diverse audience, and when looking at KPIs, deliver impressive view-through and viewability rates.

TARGETING, MEASUREMENT, AND VERIFICATION

Traditional targeting capabilities available within online video advertising are available for rewarded video ads. These include targeting by age, gender, interests, income, or custom channel. On the smartx platform, advertisers can book campaigns across smartclip's entire gaming inventory or target a dedicated audience or themed channel, for example, entertainment, female, or sports. Advanced targeting solutions are also constantly evolving for a future with limited access to identity-based data, including leveraging publishers' first-party user log-in data and contextual targeting.

"

Gaming publishers know a lot about their users. Through login data, they have information about gender, age, genres, devices, operating systems, etc. This information minimises scattering loss and ensures ads reach the relevant target group.

Anja Junold
Team Lead Digital & Business Strategy,
media plan GmbH

✕ **Misconception**

"It's not safe enough for our brand — we can't take the risk."

✓ **Reality**

Gaming advertising is not about risking budgets on unproven platforms or unknown ad formats. Businesses in all sectors are utilising gaming's brand-safe environments, placing familiar video ad formats with the reassurance of targeting, delivery, and measurement solutions that are equivalent to other mass-market mediums.
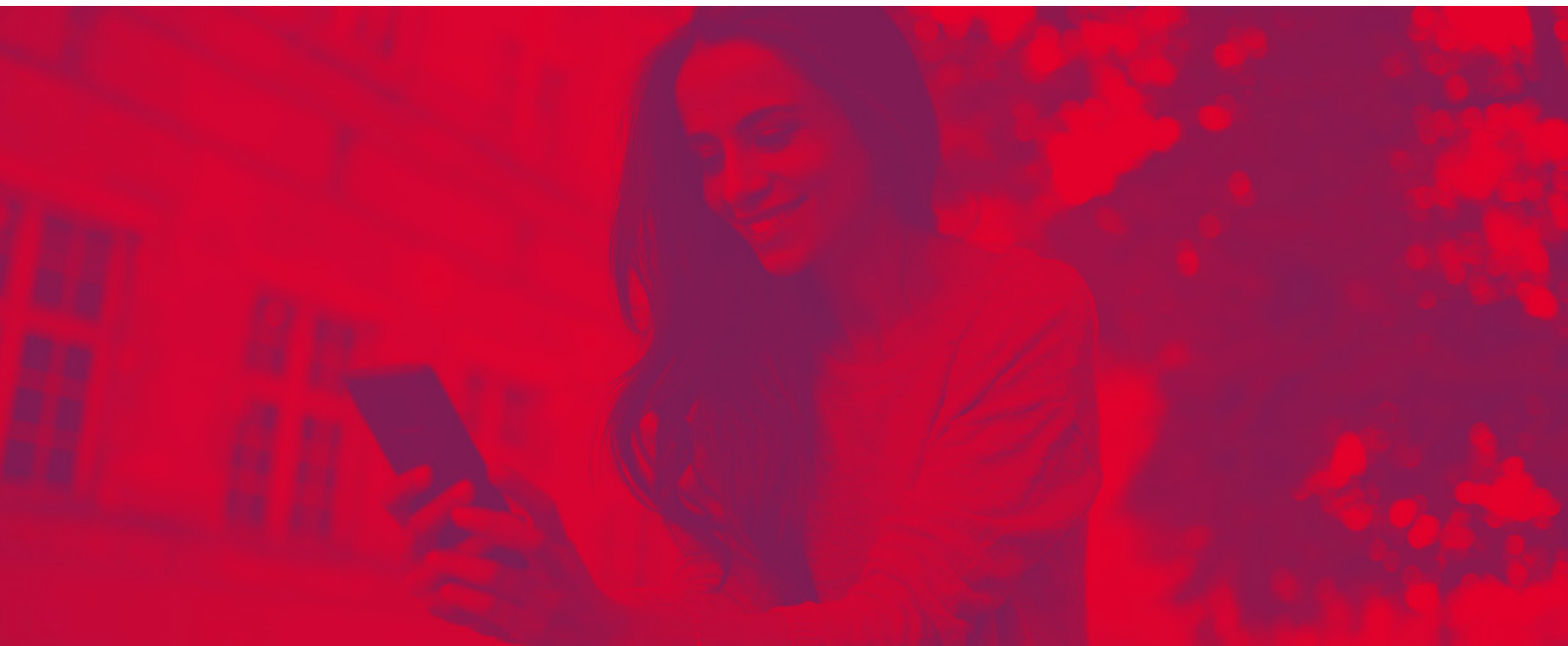
The wide range of apps and inventory available within gaming, alongside the wide range of user demographics reachable, leaves many with the impression that it is a highly fragmented landscape that is too difficult to navigate or too risky for their brand. However, there are a wealth of automated and manual solutions that advertisers can utilise to uncomplicate gaming advertising, eliminate risk, and bring a tailored approach to campaigns.

Adtech solutions are available to curate inventory, ensuring that ads are delivered in environments appropriate to the brand. These include rigorous media quality processes that are automatically applied to guarantee high-quality inventory. Ad verification tools such as Pixalate, DoubleVerify, and Moat, which can carry out measurements of various ad verification KPIs on gaming inventory, are also used — for example, when advertisers book campaigns with a viewability guarantee via smartclip. And the manual processes that can be blended with these automated solutions include thorough checks of all apps, extensive research, and utilising knowledge from experienced supply and verification experts who understand the needs and requirements of the demand side. When advertisers book inventory through smartclip, all these solutions are combined to ensure maximum performance from all gaming ad campaigns.

In addition, ads delivered within gaming app inventory can generally be measured via the IAB Open Measurement Video Software Development Kit (OM SDK) for In-App using the IAB Video Ad Serving Template 4 (VAST4) facilities — smartclip serves as a support for publishers and video player providers to ensure these standards are being implemented on both ends. The OM SDK set of coding provides a consistent and transparent audience measurement and verification solution, while the VAST framework provides a common protocol for the safe and standardised delivery of video ads from a video ad server to multiple publishers/devices. This ensures that ads appear as intended, that concerns regarding viewability measurement are unwarranted, and that gaming inventory is no more prone to invalid traffic than other content-driven inventory sources.

✕ Misconception

"It's an impenetrable jungle of apps — booking gaming inventory is just too complicated."

✓ Reality

Adtech solutions are available that allow for easy curation of gaming inventory. Campaigns can be individually tailored to ensure apps and inventory meet each brand's specific criteria in terms of demographics, environment, and quality — simplifying the process for all advertisers.

"

Games will become a significant advertising platform as publishers increase their investment in consumer data, developing their own player insights that they once relied on the app stores and advertising networks to provide.

Grig Paul Petrescu
Programmatic Operations Manager – Gameloft for Brands, Gameloft

Summary

Gaming advertising — particularly rewarded video — presents an exciting opportunity for advertisers across all sectors, and it does not exist in isolation to other types of advertising. Advertisers can utilise video ads across multiple platforms — gaming, digital, and television — reducing expense, enhancing ad recall, and creating 360-degree brand awareness. However, it is essential that advertisers get the message and targeting right in order to achieve the impressive KPIs that are possible through the rewarded video ad format. Players are highly motivated to watch rewarded video ads as they are about to receive a reward for doing so; nevertheless, ads need to be relevant, clear, and concise to ensure players either engage with the message then and there or remember it later. It is also essential that advertisers invest in understanding the composition of a gaming audience rather than make generalisations — with such a leaned-in viewer, reaching the right audience and maintaining their attention is vital to success.

In our conversations with advertisers who are utilising rewarded video, some of the key success factors they noted include prominent branding and messaging, building emotional connections, ensuring mobile optimisation, delivering thematic consistency, and offering eye-catching creatives. Appropriate targeting is also important — casual gaming has a broad audience, but different games appeal to different demographics, so advertisers need to make full use of targeting capabilities.

KEY LEARNINGS

✓ Breaking down preconceived notions is essential to ensure everyone understands the potential of gaming advertising.

✓ Gaming is no longer niche, a gamer is anyone engaged with a digital game, on any device, at any time.

✓ Casual gaming offers the potential to reach a diverse range of consumers — but the message must be engaging.

✓ New targeting solutions are evolving as the advertising industry reduces its reliance on identity-based tracking.

✓ Gaming is a fragmented market, but advertisers of all types and sizes can make use of a range of adtech and curation solutions — such as those offered by smartclip — that will enable them to take advantage of the opportunities available.

✓ Advances in technology, including 5G and cloud gaming, will make gaming more accessible and omnipresent than ever.

✓ Rewarded video delivers the highest positive sentiment among players, ensuring a viewer-led experience that results in high-quality KPIs, positive brand associations, and high ad recall.

> "
> Gaming has become a well-established form of media consumption — and it is not only an integral part of today's youth culture, it is also now highly significant amongst all age groups. As a result, this dynamic industry delivers huge potential for advertisers, offering maximum scalability of reach and high-quality KPIs for their video campaigns in a completely brand-safe environment.
>
> **Isabella Thissen**
> COO, Ad Alliance

LOOKING INTO THE FUTURE

With casual gaming continuing to grow and diversify with new games and new players, and advertising opportunities such as rewarded video offering clear value exchanges, strong engagement, and advanced targeting capabilities, we predict that we will see more and more advertisers embracing the potential it offers.

The smartphone — the main device used for casual gaming — is increasingly growing in importance when it comes to entertainment. And the smartphone is also our go-to destination for many other activities such as engaging with others and shopping. With smartphones playing such a prominent role in every part of our lives and gaming apps so easily accessible on them, the popularity of casual gaming — and the effectiveness of casual gaming advertising — can only rise in tandem.

Rewarded video in particular has been highlighted as a key ad format for monetisation models in the future as our digital environment evolves. The transition from Web 2.0 — the current version of the internet where the goal is to draw attention to platforms and monetise via ads — to the more sophisticated, immersive Web 3.0 will put a greater emphasis on value exchanges, such as those offered by rewarded video, and ads built into the gaming experience.

Finally, as previously mentioned, various trends and developments in the wider gaming industry will also continue to boost the performance and appeal of gaming advertising. New platforms and streaming services are entering the gaming market, existing media platforms and gaming providers are diversifying their offerings, hardware and 5G connectivity continue to improve, the popularity of esports competitions and console gaming is growing, and new technologies are allowing brands

to offer innovative, immersive experiences. While not all these developments directly impact casual gaming, they all serve to build an ecosystem that delivers multiple ways for advertisers to reach various target audiences. Just as revolutions in television viewing and advertising have created brand-new opportunities for all types of advertisers, the continued evolution of gaming — how games are played, who plays them, and how those people can be reached — is resulting in exciting new opportunities that any advertiser looking to reach an engaged audience cannot ignore.

"

At the heart of any great game experience is its fans. And this holds true across platform, genre, and game type. The first step is understanding the audience — what motivates them, what engages them, and their emotional need states. The right message in the right context, delivered in a player-first way that fits with the game experience, provides outsized results for brands.

Jordan Shlachter
Head of Research, Activision Blizzard Media

About smartclip

smartclip is the adtech development unit of RTL Group — Europe's leading free-to-air broadcaster group. Our proprietary advertising technology is custom-built for the needs of European broadcasters and publishers — enabling media owners to implement smarter monetisation strategies. We are committed to delivering the most innovative video ad experiences spanning in-stream, out-stream, connected TV, addressable TV, and gaming — ultimately empowering brands with true cross-screen storytelling opportunities on all devices. The media sales division of smartclip will merge with RTL AdConnect and G+J i|MS to form RTL AdAlliance, an international advertising and technology sales champion. Once the merger is complete, smartclip will focus strictly on technology development.

Headquartered in Hamburg, smartclip has offices in Berlin, Munich, Düsseldorf, Cologne, Gütersloh, Stockholm, Oslo, Helsinki, Amsterdam, Milan, and Rome.

For more information, please visit **www.smartclip.tv**

About RTL AdAlliance

RTL AdAlliance, a subsidiary of RTL Group, is a leading one-stop advertising champion to deliver premium and unrivalled Total Media inventory at a global level for international and national advertisers and media buyers. The brand bundles the competencies of three strong media partners: RTL AdConnect, G+J i|MS, and smartclip sales and media. It offers TV, BVOD, ATV, OTT, CTV, Online Video, audio, and print as well as cross-media inventory under one roof with a strong focus on making premium European inventory accessible in a simplified way.

RTL AdAlliance is the first address for publishers in Europe seeking ad tech and supply services, as well as for global publishers who look out for reaching European users. Current and future media partners get access to the largest international supply network across the globe — with local teams in 13 countries to connect brands into European living rooms.

For more information, please visit **www.rtl-adalliance.com**

Authors

Shira Leffel

Executive Director Europe
Marketing & Product Education
smartclip Europe

Henning Schwandt

Executive Director Europe Supply
smartclip Europe (moving to RTL AdAlliance)

Lisa-Theresia Rischke

Head of Brand
smartclip Europe

Sarah Peters

Senior Supply Manager Europe
smartclip Europe (moving to RTL AdAlliance)

Contacts

ADVERTISER CONTACT

Pieter van den Bergh
Executive Director Europe Demand
smartclip Europe (moving to RTL AdAlliance)
pieter.vandenbergh@rtl.com

PUBLISHER CONTACT

Henning Schwandt
Executive Director Europe Supply
smartclip Europe (moving to RTL AdAlliance)
henning.schwandt@rtl.com

PRESS CONTACT

Kathrin Müller
Executive Director Europe PR & Communications
smartclip Europe
newsroom@smartclip.tv

Contributors

Thomas Servatius
Co-CEO & MD, Platform & Technology
smartclip Europe

Dr Oliver Vesper
Co-CEO & MD, Media & Operations
smartclip Europe (moving to RTL AdAlliance)

Giuseppe Bronzino
Managing Director
smartclip Italy (moving to RTL AdAlliance)

Ángel Fernández Nebot
Managing Director
smartclip Spain

Stephen Byrne
Managing Director, Adtech & Platform Partnerships
smartclip Nordics (moving to RTL AdAlliance)

Halvard Kristiansen
Managing Director, Demand & Advertising Partnerships
smartclip Nordics (moving to RTL AdAlliance)

Pieter van den Bergh
Executive Director Europe Demand
smartclip Europe (moving to RTL AdAlliance)

Mirjam Naves
Senior Director Process Management
smartclip Europe

Anne Papsdorf
Executive Director Europe Supply
smartclip Europe (moving to RTL AdAlliance)

Daniel Spångvall
Head of Products
smartclip Nordics (moving to RTL AdAlliance)

Michael Zeiler
Senior Director Market Development Europe
smartclip Europe (moving to RTL AdAlliance)

Sebastian Neumann
Director Demand Solutions
smartclip Europe (moving to RTL AdAlliance)

Martin Voss
Head of Ad Verification & Analytics
smartclip Europe (moving to RTL AdAlliance)

Philipp Linden
Senior Manager Supply Management &
Cooperations, Data & Targeting
smartclip Europe (moving to RTL AdAlliance)

Damir Avdic
Supply Manager Europe
smartclip Europe (moving to RTL AdAlliance)

Karen Knüppel
Marketing Design Manager Europe
smartclip Europe

Harshita Parnami
Motion Graphics Designer
smartclip Europe

Rosen Dimitrov
Designer
smartclip Europe

Isabella Thissen
COO
Ad Alliance

Katie Froggatt
Editor
CopyKate

Jordan Shlachter
Head of Research
Activision Blizzard Media Ltd.

Grig Paul Petrescu
Programmatic Operations Manager – Gameloft for Brands
Gameloft

Ari Brandt
Global VP
ironSource Exchange

Anja Junold
Team Lead Digital & Business Strategy
media plan GmbH

Terminology Guide

AAA ('triple A') games - An informal gaming industry classification for high-profile, high-budget 'blockbuster' video games from large, well-known publishers.

Digital native - A term used to describe individuals who were born or brought up during the era of computers, the internet, and other information technologies (often defined as post-1980). Having been surrounded by this technology from an early age, digital natives are inherently familiar with it and consider it to be an integral part of their lives.

KPI (Key Performance Indicator) - KPIs are quantifiable measurements used to gauge how effective someone or something has been in achieving key business objectives. They can be used to evaluate individuals, teams, companies, or — as in this case — advertising campaigns.

smartx - Launched in 2012, the smartx platform is a holistic full-stack ad serving and SSP sales house solution offered by smartclip. smartx is designed to empower European broadcasters and publishers to offer innovative advertising solutions to international advertisers, and to monetise their content across all platforms and devices in the most efficient and effective way possible.

SSP (Supply-Side Platform) - SSPs are adtech platforms that allow publishers to showcase their inventory to multiple advertisers on ad networks, auction off unsold inventory programmatically via real-time bidding (RTB) auctions on ad exchanges, or sell inventory directly to advertisers via demand-side platforms (DSPs).

Web 1.0 - A term used for the earliest version of the internet, which mostly consisted of static, read-only web pages with limited interactivity.

Web 2.0 - A term used to describe the second — and current — stage of development of the internet and how it is used. Compared with the static, read-only content of Web 1.0, Web 2.0 has more emphasis on dynamic user-generated content, user engagement, information sharing, and user interaction (such as on social media).

Web 3.0 - The next, third generation of web technologies. Web 3.0 is still evolving, so there is no widely accepted definition, but it is expected to have an emphasis on decentralised applications, blockchain-based technologies, machine learning and artificial intelligence (AI), and semantic technology.

References

1. Number of video gamers worldwide in 2021, by region, Statista, retrieved on 22 November 2022 via https://www.statista.com/statistics/293304/number-video-gamers/

2. Casual Games, Statista, retrieved on 22 November 2022 via https://www.statista.com/outlook/dmo/app/games/casual-games/worldwide#downloads

3. RTL Group creates international advertising sales champion, retrieved on 12 July 2022 via https://media.rtl.com/meldung/RTL-Group-creates-international-advertising-sales-champion/?__locale=en; RTL AdAlliance: Combined Ad Vendor Announces New Name, VideoWeek, retrieved on 12 July 2022 via https://videoweek.com/2022/06/21/rtl-adalliance-combined-ad-vendor-announces-new-name

4. Where the Audiences Are, ironSource & Digiday, retrieved on 1 November 2022 via https://digiday.com/form/report-brands-are-engaging-a-more-diverse-mobile-gaming-audience/

5. Number of mobile game downloads on the Apple App Store and Google Play worldwide from 1st quarter 2018 to 1st quarter 2022, Statista, retrieved on 22 November 2022 via https://www.statista.com/statistics/661553/global-app-stores-mobile-game-downloads/

6. Mobile Games, Statista, retrieved on 22 November 2022 via https://de.statista.com/outlook/dmo/digitale-medien/videospiele/mobile-games/europa?currency=EUR

7. The State of Mobile in 2022, data.ai, retrieved on 22 November 2022 via https://www.data.ai/en/insights/market-data/state-of-mobile-2022-bouyant-economy/

8. Netflix has 55 more games in development, The Verge, retrieved on 17 November 2022 via https://www.theverge.com/2022/10/18/23411560/netflix-games-development-gaming-efforts-mobile; Building an 'entergament' strategy: Why Netflix and Disney are jumping into the gaming segment, G&M News, retrieved on 17 November 2022 via https://g-mnews.com/en/building-an-entergament-strategy-why-netflix-and-disney-are-jumping-into-the-gaming-segment/; Netflix, Apple, Microsoft and now Samsung are all backing streaming, the inevitable future of gaming, PocketGamer.biz, retrieved on 17 November 2022 via https://www.pocketgamer.biz/asia/feature/80209/netflix-apple-microsoft-and-now-samsung-are-all-backing-streaming-the-inevitable-future-of-gaming/

9. Newzoo's Global Esports & Live Streaming Market Report 2022, Newzoo, retrieved on 22 November 2022 via https://newzoo.com/insights/trend-reports/newzoo-global-esports-live-streaming-market-report-2022-free-version

10. smartx campaign data, measured with MRC accredited ad verification provider, January-June 2022

11. Gallery of the Gamer, Activision Blizzard Media Ltd., retrieved on 17 November 2022 via https://www.activisionblizzardmedia.com/de/galleryofthegamer

12. Gen Z Gamers: Key Insights, Newzoo, retrieved on 12 August 2022 via https://newzoo.com/insights/infographics/gen-z-gamers-key-insights/

13. Millennial Gamers: A Deep Dive, Newzoo, retrieved on 15 August 2022 via https://newzoo.com/insights/infographics/millennial-gamers-how-millennials-engage-with-video-games/

14. Spotlight on: Gen X Gamers, Newzoo, retrieved on 15 August 2022 via https://newzoo.com/insights/infographics/gen-x-gamers-how-gen-x-engage-with-video-games/

15. Insights into Baby Boomer Gamers, Newzoo, retrieved on 15 August 2022 via https://newzoo.com/insights/infographics/insights-into-baby-boomer-gamers/

16. Gaming Spotlight 2022 Report with IDC, data.ai, retrieved on 15 August 2022

17. IAB Europe's Guide to In-Gaming, IAB Europe, retrieved on 17 November 2022 via https://iabeurope.eu/knowledge-hub/iab-europes-guide-to-in-gaming/

18. smartx platform data, smartclip, sourced October 2022

19. Marketing: How FMCG brands are taking gaming to another level, The Grocer, retrieved on 22 November 2022 via https://www.thegrocer.co.uk/marketing/marketing-how-fmcg-brands-are-taking-gaming-to-another-level/653079.article

20. Zielgruppen-Check: Die Gamer (Target Group Check: The Gamers), United Internet Media, retrieved on 22 November 2022 via https://www.united-internet-media.de/de/newsroom/vermarkterblog/blog/show/zielgruppen-check-die-gamer/

21. Where the Audiences Are, ironSource & Digiday, retrieved on 1 November 2022 via https://digiday.com/form/report-brands-are-engaging-a-more-diverse-mobile-gaming-audience/

22. Gameloft GSA opportunities report, Gameloft

23. Gaming Personas: An audience profile on the digital attitudes and behaviors of six gamer types, Global Web Index, retrieved on 22 November 2022 via https://www.gwi.com/reports/gaming-personas-2020

24. smartclip demographic targeting data provided by emetriq, October-November 2022

25. Where the Audiences Are, ironSource & Digiday, retrieved on 1 November 2022 via https://digiday.com/form/report-brands-are-engaging-a-more-diverse-mobile-gaming-audience/

26. The effectiveness of casual video games in improving mood and decreasing stress, Carmen Russoniello, Kevin O'Brien, & J.M. Parks in Journal of Cyber Therapy and Rehabilitation, retrieved on 22 November 2022 via https://www.researchgate.net/publication/289131468_The_effectiveness_of_casual_video_games_in_improving_mood_and_decreasing_stress

27. Where the Audiences Are, ironSource & Digiday, retrieved on 1 November via https://digiday.com/form/report-brands-are-engaging-a-more-diverse-mobile-gaming-audience/

28. Something for Everyone, Why the growth of mobile apps is good news for brands, Ipsos MORI, retrieved on 15 August 2022 via https://www.ipsos.com/sites/default/files/2017-08/Google-mobile-apps-report-2017.pdf

29. Mom's Got Game, Activision Blizzard Media Ltd., retrieved on 22 November 2022 via https://www.activisionblizzardmedia.com/gamermoms

30. The Evolution of Gaming: Why Modern Marketers Need to Embrace Gaming as a Channel, ExchangeWire, retrieved on 22 November 2022 via https://www.exchangewire.com/deep-dive/the-evolution-of-gaming-why-modern-marketers-need-to-embrace-gaming-as-a-channel/

31. 92 App Usage Statistics: 2022 Data on Downloads & Consumer Spending, FinancesOnline, retrieved on 17 November 2022 via https://financesonline.com/app-usage-statistics/

32. The Performance & Impact of Mobile Rewarded Video, MMA Global, retrieved on 17 November 2022 via https://www.mmaglobal.com/files/webinars/the_performance_impact_of_mobile_rewarded_video_final_final_final.pdf

33. What Are Rewarded Ads and How Do They Benefit App Owners?, AppSamurai, retrieved on 22 November 2022 via https://appsamurai.com/blog/rewarded-ads-benefit-app-owners/

34. Rewarded Video Ads: Statistics & Best Practices for 2022, Udonis, retrieved on 22 November 2022 via https://www.blog.udonis.co/mobile-marketing/mobile-games/rewarded-video-ads

35. The Evolution of Gaming: Why Modern Marketers Need to Embrace Gaming as a Channel, ExchangeWire, retrieved on 22 November 2022 via https://www.exchangewire.com/deep-dive/the-evolution-of-gaming-why-modern-marketers-need-to-embrace-gaming-as-a-channel/

36. US Consumers Appreciate In-Game Ads, Insider Intelligence, retrieved on 15 August 2022 via https://www.insiderintelligence.com/content/us-consumers-appreciate-in-game-ads

37. Why It's Time for Rewarded Video to Thrive Outside of Gaming Apps, VideoWeek, retrieved on 15 August 2022 via https://videoweek.com/2019/07/09/why-its-time-for-rewarded-video-to-thrive-outside-of-gaming-apps/

38. smartx platform data, smartclip, sourced January-June 2022

39. smartx platform data, smartclip, sourced January-June 2022

40. Gameloft GSA opportunities report, Gameloft

41. smartx platform data, smartclip, sourced February 2022

42. smartx campaign data, measured with MRC accredited ad verification provider, January-June 2022

43. smartx platform data, smartclip, sourced January-June 2022