

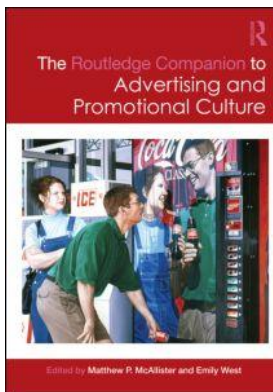
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FROM ADVERGAMES TO BRANDED WORLDS: THE COMMERCIALIZATION OF DIGITAL GAMING

Sara M. Grimes

To anyone who has followed the steadily massive growth of the digital games industry over the past 30-odd years, the idea that games can mean big business is nothing new. According to industry analysts, the digital game market's overall worldwide revenues were estimated to have reached \$74 billion in 2011, and are expected to exceed \$112 billion by 2015 (Rose 2011). The market for online games alone has nearly reached \$16 billion, drawing profits from a variety of sources that include subscriptions, fees, online advertising, and digital downloads (DFC Intelligence 2011). Industry analysts estimate that there are currently 500 million players of social games worldwide (Entertainment Software Association of Canada 2010), while the number of registered accounts for virtual worlds worldwide hit 1 billion in 2010 (KZero Worldwide 2011).

As digital games skyrocketed in popularity and sophistication, so too did interest in mobilizing them for advertising purposes. While perhaps ill suited for the types of advertisements found in traditional media (for instance, commercial breaks during broadcast television programming), digital games contain a number of features that have proven surprisingly amenable to the incorporation of commercial content. For one, advertisements can be integrated directly into the game itself, supported by audience measurement tools that can be programmed into the very code of the game's software. Furthermore, the deeply engaging, interactive, spatial, and temporal features of digital games have inspired marketers to attempt to develop equally "immersive" advertising content (Grimes and Shade 2005). This in turn has given rise to a number of important innovations in both the design and the implementation of interactive ad campaigns, from licensed games and advergames to newer examples such as branded virtual worlds and elaborate forms of behavioral targeting.

In response to the continued shift toward more heavily integrated approaches, such as advergames and branded virtual worlds, the discussion has now widened to include additional questions about regulation and about ethics in advertising, particularly in cases where the intended audience consists of children (Nairn and Fine 2008). Although advertising to children has traditionally been subject to special rules and restrictions,

advergames for children are both extremely prevalent and largely unregulated (Grimes 2008; Grossman 2005). Initially, many were produced by the same industries that dominate in most other areas of children's commercial culture, including media (e.g., Disney, Nickelodeon), toy (e.g., Mattel, Ganz), and food and beverage conglomerates (e.g., Kraft, General Mills) (Lee et al. 2009; Moore 2006). In more recent years, the children's industries have migrated toward branded environments, social platforms, and immersive advertising. The resulting combination of digital product placement and viral and experiential marketing is oftentimes so seamless and integral that identifying (let alone separating out) the ads from the non-promotional content has become a growing challenge.

Academic opinion about advergames and their potential impact on both play and players is accordingly mixed. For instance, Jenkins (2006) argues that advergaming is merely a new form of "transmedia storytelling," one that could act as an important force in expanding the (largely male-oriented) games market to include more women. Conversely, studies by Kline, Dyer-Witheford, and de Peuter (2003) and Schor (2004) suggest that branded game content is both restrictive and constraining, and that an increased presence of advergaming within *children's* digital culture in particular could have negative consequences for children's play and well-being. On the other hand, the key concerns among scholars of commercial culture and policy are the political economic implications of advergames, and the regulatory and ethical questions that they raise, as well as relationships between advergames and other contemporary cultural trends (Grimes and Shade 2005; Montgomery 2007; Steeves and Kerr 2005).

This chapter traces the ongoing commercialization of digital games, from advergames and licensed videogames to the more recent phenomenon of branded virtual world environments. The chapter begins with a brief history of advertising in games through a cursory review of some of its early incarnations, an introduction of key terms, and seminal works on the subject. I will then identify a number of emerging trends that indicate where the ongoing merger of ads and games is now headed, and consider the growing roles of "pay-to-play" frameworks and of affective labor in these processes.

The chapter concludes with a discussion of the deepening relationship between advergaming and the commercial exploitation of player contributions, and some of the regulatory and ethical implications that this raises. Chief among these is the industry's growing reliance on affective and immaterial labor, not only in the production of user-generated game content, but also in the commodification of play that occurs as players are mined and mobilized for market research, use value, and brand loyalty. The prominent involvement of child players within these processes is also considered, as a key indicator of the significance of the regulatory oversight in which contemporary advergaming practices are currently unfolding.

Advertising in Games, from A(rcades) to Z(ynga)

The commercialization of digital games can be traced at least as far back as the emergence of the commercial video arcade in the 1970s. To play an arcade game in one of these spaces was not only to engage in a "paid-for experience" (Rifkin 2000), but to enter into a potentially endless cycle of consumption. As Kücklich (forthcoming) describes, "It could be argued that the marketing for Arcade Games such as *Space Invaders* is based on a psychological trap, which implicitly promises narrative closure without ever delivering it, thus persuading players to drop quarter after quarter into the coin slot" (4). With

each quarter, players bought themselves another chance, another life, some extra time to strive toward perpetually deferred closure. According to Bogost (2007), this is also where the idea of merging advertising and games first surfaced. He explains, “The first film-to-game adaptation was 1976’s *Death Race*,” whilst the first instance of “authorized branding in support of a product [was] the 1976 arcade game *Datzun 280 Zzzap*” (200).

As games shifted into the domestic sphere with the introduction of home console systems, the relationship between advertising and games accelerated considerably. It also expanded into new areas. While early incarnations, as described by Bogost, consisted primarily of film and product-based games, such as *E.T.*¹ and *Kool-Aid Man*—both making their first appearance in 1982—product placement, corporately sponsored games (and systems), and in-game advertisements soon followed.

Since the 1980s, licensed games have accounted for an increasingly significant proportion of the games market. Initially, the majority of these were based on feature films and sports franchises. By the mid-2000s, Bogost (2007) describes, licensed properties based on film and television represented about 20 percent of all console game sales. Electronic Arts, the industry’s largest game publisher, earns “some 60 percent of revenue . . . from licensed properties like films and sports” (174).

In more recent years, toys and other media have also generated their share of best-selling titles. Notable examples include the *Lego Star Wars* game series (which sold over 27 million units between 2005 and 2011 (VGChartz 2011)), EA’s *Harry Potter* games (many of which are based on the films, but some of which are based on the books), and Nintendo’s *Pokémon* games (over 200 million units sold since 1998, contributing significantly to the franchise’s estimated revenues earned so far) (Gaudiosi 2011). The trend has carried over across the various platforms and formats where digital games appear, including computer games (for instance, *SeaWorld Adventure Parks Tycoon*), educational games (e.g., the *Toy Story 3/Fisher Price iXL Learning System Software*), and “lapware” (software designed for infants to play with the assistance of parents or guardians, while sitting on their lap in front of the computer, for example *Sesame Street Learning Series: Toddler* edition).

Despite their obvious promotional function, licensed titles are not always included in discussions of advertising in games. The growing prominence of transmedia storytelling, adaptations, and derivative works, as well as cross-media branding within contemporary culture, produces a lot of ambiguity when it comes to distinguishing ads from intertexts. As Jenkins (2008) argues, in “the age of media convergence” entertainment is increasingly synonymous with “integrating multiple texts to create a narrative so large that it cannot be contained within a single medium” (95). Where licensed games fit into this discussion appears to be somewhat contingent on the specific nature of the game’s contents, as well as the type of product that is being licensed and promoted (Brookey and Booth 2006; Grimes 2010). However, this remains an under-examined facet of digital games, particularly with respect to unpacking the point at which the function of such games may shift from building transmedia intertextuality to cross-promoting brands and products.

Branded Games and Advergimes

In response to the ambiguity surrounding licensed games, scholars and industry analysts have over the years proposed a number of terms aimed at clarifying and differentiating the various forms of advertising in games. For instance, in Bogost’s (2007) work, the term “branded games” is occasionally used to describe titles built around a particular

consumer good (as opposed to a media text or character), such as *Kool-Aid Man* (1982) or *Mountain Dew Skateboarding* (2003). By the early 2000s, “advergame” had emerged as the term most commonly applied to games designed from the outset around a specific product or brand (Radd 2007). Within trade publications and the industry press, clear (if not always consistent) distinctions are oftentimes made between these kinds of “advergames” and other forms of game-based advertising, such as licensed games and in-game ads. While these distinctions are helpful in constructing taxonomies of advertising in (or as) games, however, they can also obstruct important continuities or overlaps, which surface over time and across formats.

A more comprehensive approach would enable us to see advergaming as but one of many methods that have hitherto been used not only to merge ads and games, but to transform commercial priorities into an integral part of the player experience. In this vein, Heide-Smith and Norholm-Just (2009) provide a highly useful and inclusive definition of advergames as any game “whose *main purpose* is to boost sales of a product or service, whether through increased brand recognition, increased liking or other methods” (54, emphasis added). Here, the term “advergame” is understood to function as a flexible category that includes a diverse range of games that share the common characteristic of having been designed first and foremost as promotional devices. It thus opens up the discussion to include more ambiguous applications, such as licensed games or games that feature multiple and distinct advertising strategies.

A major influence in thinking about advergames as a diverse and evolving genre is Chen and Ringel’s (2001) early research report on advergames and the future of interactive advertising. Cited throughout both the academic and practice-oriented literature, the report outlines three different “types” or ways products and brands can be integrated into digital games. The first type, associative advergaming, attempts to drive “brand awareness by associating the product with the lifestyle or activity featured in the game” (3). The second, illustrative advergaming, consists of games that “prominently feature the product itself in game play” (4). The third, demonstrative advergaming, invites the player to interact with and “experience the product within the virtual confines of the gaming space . . . boost[ing] messaging effectiveness by presenting the product in its natural context” (4).

Chen and Ringel’s typology is frequently used as a starting point for mapping advergames by strategy rather than format. Although, as Bogost (2007: 159) argues, there is still “unexplored territory” here that needs to be discovered, new iterations of each advergaming “type” continue to emerge. For while the forms and contents of advergames have changed (or at least expanded) significantly in the past ten years, the underlying strategies—the types of relationships that advertisers hope or intend to build between their brand/product, the digital game, and the player—have remained remarkably consistent. This lends further support to the argument that advergames should be approached as an evolving tactic of the advertising industry, one that adapts and transforms with each new technological affordance, partnership opportunity, and potential audience that it encounters. The following sections thus describe some of the dominant strategies of the past several years, with the above-mentioned caveat that all consist of types of advergames, in some sense and to some extent, rather than discrete forms.

In-Game Advertising

In addition to branding and licensing, another important way in which games come to function as advergames is through the integration of in-game advertising. Generally, it

consists of inserting a self-contained ad—in the form of a poster or billboard, interstitial, video, or sound bite—within an otherwise unrelated game environment. In-game (and around-game) advertising dates back to the 1980s if not earlier, with the oft-cited example of Sega inserting Marlboro ads into its arcade racing games (Emery 2002). However, the practice first became widespread within the context of online game portals (hubs that provide an assortment of flash-based games, the majority of which are often free-to-play, casual titles) that were primarily supported by advertising revenue. Akin to the ads that appear in traditional media, these ads were largely distinct from the game content, appearing as the game was loading or when it was paused. This changed, however, in the mid-2000s with the arrival of web-enabled console systems, specialized in-game advertising brokers such as Massive Inc. and Double Fusion, and the notion of dynamic ads.

Instead of “static” ads that appeared before or after the game was played, these new brokerage companies promised to integrate “dynamic” ads directly into the gaming experience. In an article that appeared in *MediaPost* (a marketing industry publication) in early 2005, Massive is described as inserting ads in “places where the characters would naturally expect to see them—on billboards . . . or posters, scattered throughout the game world” (Gupta 2005, n.p.). These ads could then be updated as often as desired through the system’s Internet connection over time and in conjunction with the advertiser’s specific demographic or behavioral targeting goals. The appeal of this approach to the broader industry was staggering. By 2006, an estimated \$77.7 million had been spent globally on advertising in video games (Goodman 2007), and Microsoft had acquired Massive for a reported \$200 million to \$400 million (Shields 2010).

Product Placement

A related approach is in-game product placement. Instead of simply translating print ads into a digital game context (as billboards, posters, etc.), this tactic operates much like the product placements found in television shows and film. Here, advertisers and companies can pay to have a digital version of a product integrated into the game itself, either as part of the *mise-en-scène* or as an item with which players can interact. Product placement in games has also been around since the video arcade: actual car models have been featured in hundreds of racing games since *Darxun 280 Zzzap*, and a large proportion of the advergaming produced over the past 30 years have showcased specific products. Despite its longevity, however, product placement remains a surprisingly limited phenomenon within digital games, largely constrained to a particular sub-set of genres. As Bogost (2007) suggests, this is “possibly as a result of the small intersection between credible scenarios for real-world products and commercial videogame themes” (195), which still predominantly gravitate towards the fantastic.

Micro-Transactions and Pay-to-Play

The problem of thematic disconnect finds partial resolution in a more recent development within the commercialization of digital games, namely the commodification of game items, objects, and “powers” that are used in the playing of a digital game, as well as levels, add-ons, currency, and so on. The inclusion of real money transactions (RMT) or “micro-transactions” as part of the game design, enabling players to purchase special weapons, magic potions, and various other items required for successful gameplay, is a growing trend within the game industry. Prominent examples can be found in the wildly

popular social games created by Zynga, which include *FarmVille*, *CityVille*, *Mafia Wars* and *FrontierVille*. Zynga rocketed to success with the launch of *FarmVille*, a Facebook game (or application) that made headlines in 2009 by attracting over 60 million players (about a fifth of Facebook users) within its first four months of operations (Debaise and Austin 2010; Lastowka 2010). In 2011, Zynga games reached an estimated 275 million active monthly users (Wingfield, Ante, and Das 2011). The company reported \$850 million in revenues in 2010, a significant proportion of which was earned from micro-transactions, and is currently valued at over \$7 billion (Wingfield, Ante, and Das 2011).

Prior to Zynga and *FarmVille*, micro-transaction models in games had already gained a fair amount of traction in massively multiplayer online games (MMOGs), as well as virtual worlds such as *Second Life* and *Habbo Hotel*. Following an unanticipated rise and spread of player-driven black markets for game items in the early 2000s² (Castronova 2001), MMOG developers began exploring ways to control and monetize emerging player practices by establishing official, corporately endorsed auction sites and purchasing opportunities (enabling players to purchase pre-levelled avatars, for example). After several years of successfully implementing micro-transactions models in MMOGs in various parts of Asia, the practice was imported to North American markets in the mid-2000s via teen- and adult-oriented titles such as *Eve Online* and *Maple Story*³ (Lastowka 2010). The micro-transactions model was subsequently developed and significantly refined within the context of children's online games, such as the *Webkinz* innovation of linking access to its online world to the purchase of "real-world" plush toys, and the development of a highly lucrative tangible/virtual hybrid model for micro-transactions that numerous other MMOGs and virtual worlds have since attempted to emulate.

The rise and spread of micro-transactions within digital games represent an important stage in their commercialization. Along with the monthly subscriptions model now found in many MMOGs and other games subject to continuous updates,⁴ micro-transactions introduce a "pay-to-play" approach to gaming that has important political economic repercussions, particularly around issues of continuous consumption and access (Rifkin 2000). Yet, as Kücklich (forthcoming) reminds us, the underlying notion of its "pay-to-play" revenue model also bears fundamental similarities with coin-operated arcade games. As with arcade games, ongoing payment (of monthly subscription fees and of costs associated with each new item, level, or skill) is here integrated into the very fabric of the gameplay design.

In other ways, micro-transactions are markedly unique, in that unlike the largely fixed models of arcade machines and monthly subscriptions—where players pay the same fee for a standardized level of access—economic exchange is concentrated onto particular in-game items, upgrades, or progression stages. The advantages associated with these items and upgrades are exclusive, as they are only available to those willing and able to pay for them. This introduces additional issues of inequitable access (Rifkin 2000), as players are entered into a tiered system that privileges monetary exchange as a primary basis for mastery and progression, rather than simply players' skills or amount of experience.

The broader implications of this system are particularly apparent within the many games that contain micro-transactions but are otherwise "free to play." Also known as "freemium" or "velvet rope" games (Snider and Molina 2009), these titles lure players in with free content in the hopes that they will eventually be persuaded to pay for premium items. Towards this end, players are frequently exposed to the benefits of purchasable

content, both through their observations of other players and through various features of the games themselves. In each case, non-commercial elements of the games are transformed into new forms of advertising. The game itself comes to function as an ad for the purchasable content, whilst players themselves become the informal ambassadors for any content they purchase and display. Today, the micro-transactions model is gaining significant momentum, as an increasing number of games and platforms have begun featuring purchasable “premium” items, missions, chapters, add-ons, avatar costumes, and various other forms of downloadable content.

Emerging Trends: Chimeras and Hybrids

As described above, when an inclusive approach is adopted, advergaming can be understood as encompassing a wide range of “in-game” promotional activities, a number of which date back to the earliest days of the medium. As these practices have migrated into new digital game genres (e.g., online, user-generated), systems (e.g., corporately controlled networks of players, new content distribution models), and technologies (e.g., handheld devices, web-enabled consoles), however, a number of important new trends have emerged that warrant closer consideration.

First, the strategies that are currently being used to integrate commercial priorities and processes within both game design and gamer culture are not only multiple, but also overlap increasingly. While this contributes to the aforementioned difficulties associated with defining and distinguishing between the various promotional strategies at work within digital games, the resulting obfuscation can itself be seen as a key process of their commercialization.

Second, the shift towards online and web-enabled gaming has considerably broadened corporate mandates to use games for advertising purposes. This is true not only because online connectivity enables regular updates to promotional materials and the fostering of ongoing cycles of consumption, but also because it allows for much greater levels of corporate control over branding and promotional content. It also presents unique opportunities for data-mining and market research, as players divulge information about their habits, preferences, thoughts, and dreams (Chung and Grimes 2005; Steeves and Kerr 2005).

Third, a particularly large amount of commercialization and innovation in this area has occurred within children’s games. For several years, children’s games have served as an under-examined laboratory where a variety of advertising strategies, products, and ideas have been “tested out” at little cost and with very low risk attached (Shields 2006). Whereas advertising to children in other media (both digital and traditional) must follow special regulatory and ethical requirements, advergaming and branded games have largely gone unchallenged through a convergence of regulatory loopholes, jurisdictional ambiguities, and an as yet unfulfilled promise of industry self-regulation. The combined result of these trends is the emergence of an increasingly immersive and interactive area of consumer culture, within which children become engaged in complex economic relationships which are seemingly unfolding beyond the purview of existing regulatory frameworks.

An early example of this dynamic is discussed in Grimes and Shade’s (2005) analysis of *Neopets*, a virtual pet game and children’s online community that launched in the late 1990s. *Neopets* contained a strategy it termed (and trademarked) immersive advertising™, a “practice akin to product placement” (182) through which the game

generated a significant portion of its revenues. The strategy involved much more than mere product placement, however, incorporating elements of branding as well by providing third-party advertisers with opportunities to “rent out” particular areas and experiences within the game for a set amount of time to promote specific products, build their brand image, or simply associate themselves with the *Neopets* environment. In addition to immersive advertising, Neopets Inc. also conducted a fair amount of market research on its users, through both surveys and data-mining, the product of which was then packaged and sold to interested parties (Grimes and Shade 2005).

The *Neopets* framework for selling access to its space and player base to third-party advertisers has since been reused in a number of online multiplayer environments. For instance, popular teen-oriented virtual world *Habbo Hotel* runs a wildly successful micro-transactions system, and contains branded rooms, product placements, licensed costumes, and corporately sponsored events. Corporate owners Sulake recently extended their data-mining services to advertisers and third-party data collectors to enable them to “track” how, when, and why certain topics come up in the everyday “in-world” conversations of *Habbo Hotel*’s users (Afan 2009). The service, which the company calls “Habble,” is described in corporate materials as a “brand measurement tool” that allows third-party marketers to buy information on players’ conversations about brands, slogans, or keywords, tracking and contextualizing fluctuations in the rates at which particular topics come up. Sulake also conducts its own market research on users, and frequently publishes portions of the findings of the large-scale surveys it conducts on its 200 million registered users worldwide (Sulake 2011).

Other games that apply hybrid promotional strategies do so without involving third parties. Instead, the focus is on cross-promotion of transmedia brands and their various ancillary products (for instance, *Fusion Fall*, an MMOG based on Cartoon Network properties, and the *LEGO Star Wars* console games, based on the popular cross-over toy line), or self-promotion (encouraging players to pay for micro-transactions or subscription fees, etc.), or both. In so doing, they are often able to claim to be “ad-free,” even though many are clearly forms of branded or licensed games. A key example of this tactic is found in Disney’s *Club Penguin*, an online virtual world for elementary-school-aged children that contains a combination of promotional features. The world features immersive, cross-promotional advertising for (*Club Penguin* branded) tie-in products. It contains a velvet rope model of self-promotion, in that the game is initially free to play, but offers premium memberships (and exclusive access to a variety of items, spaces, and features) at a monthly subscription rate. In addition, *Club Penguin* includes micro-transactions as part of its revenue model, which are mediated through the purchase of “real-world” products—toys, accessories, and trading card games that come with “special codes” that activate in-game benefits (Grimes 2010).

With the arrival of new gaming genres these commercial processes are reconfigured in new and unprecedented ways. A primary example of this is Media Molecule’s *LittleBigPlanet* (2008) (originally published for the Sony PlayStation 3, a web-enabled videogame console; and now the basis of a sequel, a PlayStation Portable game, a website, and various other tie-ins), in which players are provided with tools for creating their own content (items, songs, costumes), games, and levels. Since it first launched in 2008, *LittleBigPlanet* players have produced and shared over 7 million levels through a built-in (corporately moderated) distribution system. These player-created games are largely made up of a combination of original creations, remixed items, and customized content, which the players “discover” as they navigate through the various areas of the game.

However, players can also purchase branded “downloadable content,” such as costumes and creation kits, in the *LittleBigPlanet* “store” using a real-money micro-transaction system that’s integrated seamlessly into the game itself.

For instance, players can purchase an “official” Disney’s *The Incredibles* Level Kit, which comes with the furniture, props, theme song, and other materials required to build an “authentic”-looking *Incredibles* game, along with a limited license to use the items to this end. Players are furthermore encouraged to create fan levels and tributes in the game’s marketing and packaging (although a more significant emphasis is placed on creating original content as well). At the same time, however, levels containing player-made, do-it-yourself versions of Disney characters are formally restricted by the game’s end-user license agreement (EULA), and can be taken down from the network at any time. A key issue here is how playing with branded content is concurrently encouraged and enclosed, as players are invited to engage in a form of fandom—to appropriate popular signs and symbols and use them in their own stories and levels—but only if the appropriation is in accordance with corporate copyright demands.

Regulatory and Ethical Implications

The trends described above raise a number of important questions about the regulatory and ethical implications of some of the practices involved in advergames. The blurring of ads and content, the potential presence of hidden fees, the bait-and-switch strategies found in freemium games, and the negative impacts that data-mining and market research can have on players’ privacy rights all point to areas in need of further research and debate, as well as possible policy development. Chief among these are the questions and concerns that arise when considering advergaming strategies targeted to children.

This is particularly true of games and associated processes involving younger children (under the age of 13 years), as they are the ones most often singled out for special protections within existing media and advertising regulation. For instance, children in Canada and the United States are protected against advertising messages that are misleading or that might prey on young people’s credulity and lack of experience. Children’s media producers are also required to clearly distinguish between ads and content. Nonetheless, many of the strategies found in branded games and advergames conflict with these regulatory requirements, or else apply them so loosely that they fail to function as intended. This is especially the case in games that feature immersive advertising and other forms of in-game ads and product placements.

Another, albeit related, set of regulatory and ethical implications emerges out of games containing branding, licensing, and self-promotional tactics, wherein the line between promotional and non-promotional can become so obscured that such distinctions no longer serve as adequate evaluation criteria. In this respect too, advergaming strategies can be seen as diverging from existing regulatory standards. For instance, although traditional media such as television have rules about “host selling” and “program length commercials,” these terms are rarely applied to advergames. As described above, while there remains a lack of in-depth, critical scholarship into how these processes actually unfold within games, emerging research suggests that, in at least some cases, branding often translates into design limitations and overtly promotional content (Brookey and Booth 2006; Grimes 2010).

Similar questions arise around games in which a significant amount of the content works to promote micro-transactions, subscriptions, or other purchasable content.

Indeed, the problematic implications of self-promotional games is most evident in titles containing tactics designed to lead players to an actual point of purchase, rather than merely fostering brand identity or transmedia intertextuality. This was best demonstrated in a controversy that erupted in late 2010 over Capcom's "free-to-play" iOS game *Smurf's Village*. Described as appropriate for players aged "4 and up," *Smurf's Village* features an embedded micro-transactions system similar to the one in *FarmVille*—certain items cost real money to purchase, while others can be acquired using in-game currency (i.e., play money). The cost of the RMT items in *Smurf's Village* ranges wildly in price, from 99 cents to a reported \$99 (Kang 2011). As with other applications such as these, engaging in micro-transactions during gameplay was streamlined by the fact that the application linked directly to the account holder's credit card. To confirm a purchase, players needed only to click an agree button (rather than input a password, etc.). Controversy arose as parents began to discover unexpected (and in a few cases quite substantial⁵) charges made to their credit cards after letting their kids play the game. Although the charges were explained to some extent in the game's EULA, the ensuing public outcry led *Smurf's Village's* developers to insert a warning (i.e., disclaimer) in the first paragraph of the game's description. Soon after, the Federal Trade Commission launched an investigation into the use of "in-app" RMT in applications targeted to children (Pereira 2011). Examples such as the *Smurf's Village* controversy highlight the importance of public attention in mobilizing regulatory discourse around the commercialization of games (and children's games in particular).

The deepening relationship between advergaming and the commercial exploitation of player contributions, as occurs within data-mining and "brand ambassador" strategies, carries important political economic implications as well. In addition to raising crucial questions in regard to players' privacy rights, not to mention the potential repercussions of extending corporate surveillance into yet another facet of everyday life, these practices also raise a new set of questions in terms of how players' labor and intellectual property become commodified in the process. This is consistent with trends found across the so-called "Web 2.0" (O'Reilly 2005), which sees users providing a significant amount of the content (and use value), which is then commodified and either sold to third parties (as market research data) or sold back to the users themselves (via subscription fees, etc.). These processes reconfigure the user as a "prosumer," at once a producer and consumer of content that draws heavily on existing cultural texts (usually industry-generated), as well as the contributions of other prosumer users.

Within this conflation of production and consumption, players and other users can be seen as generating a form of immaterial labor. As Coté and Pybus (2007) describe, in the new information economy "[C]ommunication and . . . cultural practices are not only constitutive of social relations but are also a new form of labour increasingly integral to capital relations" (89). Within the rubric of the type of data-mining and market research that takes place in digital games, players' immaterial labor produces an important hidden commodity in the form of their personal and behavioral data. There is also an important affective dimension to this process, which helps explain the emergence of "brand ambassadors" as a feasible marketing strategy. As Coté and Pybus explain, affect is both the product of the conflation of social and economic relations that occurs within Web 2.0 applications, and what actually "causes them to coalesce in the first place" (95).

Of course, affective labor is not solely produced through this intertwining of market and social relations. Players can also develop deep emotional bonds with the games

themselves and their avatars, progression, and achievements. For example, games like *Neopets* and *Webkinz* invite players to build emotional attachments to virtual pets, which evoke happiness when properly fed and cared for (which is usually only achievable through the purchase of virtual or real-world items), but become despondent and sad when neglected (Grimes and Shade 2005). The idea here is to manipulate players' emotional investment in a particular game to encourage the desired consumer behavior, whether it be engaging in micro-transactions, paying ongoing subscription fees, or purchasing new chapters, upgrades, add-ons, or premium content (Pybus 2007).

Lastly, these mobilizations of the player—of player affect and player contributions—frequently involve a form of corporate appropriation, as any and all content (including inter-player communication) that players produce in-game are usually claimed in EULAs and TOS agreements as the intellectual property of the game's owner. Thus this increased reliance on player contributions, user-generated content (UGC), ideas, and other creative expressions is concurrently fuelling a system of proprietary exchange, in which players are at a clear disadvantage. In other cases, such as *LittleBigPlanet*, where player contributions are not claimed in such sweeping terms, intellectual property is nonetheless delineated and policed in a way that is disproportionately consistent with corporate copyright regimes. Conversely player rights, such as access to fair use or fair dealing exemptions, as well as moral rights over the content they've produced, are rarely addressed. While these inequalities are common in the digital world, it is worth noting that the presence of branding and in-game advertising introduces an added incentive for monitoring copyright, particularly when such actions might encourage players to pay for branded (sanctioned) content as an alternative to engaging in alleged copyright infringement.

Conclusion

Much to the chagrin of the marketing industries, Bogost (2007) reminds us, the establishment of advertising in games as a viable revenue source has thus far unfolded in a highly unstable and disorganized way. While virtual billboard ads and digitized products continue to appear in *certain* types of games with great frequency, both the mainstream game community and the industry itself have proven surprisingly resistant to this particular form of commercialization. Indeed, research conducted by Bogost, Jenkins (2008), and Gee and Hayes (2010) shows that, even when advertising and marketing *are* successfully integrated into digital games, many players—children included—are able to subvert and resist the “strategic limitations” of promotional content. This includes discovering ways to bypass or “work around” programmed limitations, engaging in creative re-appropriations of promotional materials and ads, constructing active cultures of practice, and forming and sharing negotiated and resistant readings. On the other hand, such opportunities for resistance may start to dissipate as advertising continues to creep into these spaces, and as players are left to deal with increasingly subtle and sophisticated strategies with little outside support. In many of the examples discussed above, the blurring of boundaries and distinctions characteristic of advergaming strategies has enabled powerful alliances to form between corporate functions (e.g., advertising, market research, legal departments, sales). This level of internal synergy can often put individual players at a palpable disadvantage.

As this chapter demonstrates, advertising and games have a long and varied history. Today, the processes and relationships involved in the commercialization of digital games have grown even more diverse, as they continue to proliferate across formats.

Increasingly sophisticated branded environments and subtly cross-promotional games continue to challenge our ability to distinguish ads from content, particularly when tactics aimed at commodifying both players *and* content are involved. In examining both the dominant and the emerging trends that characterize the commercialization of digital games, a number of regulatory and ethical implications are raised. Finally, in the absence of proper regulation, clearly articulated industry standards, or concerted public attention, an uneven, largely corporately determined vision of the role or function of advertising in games is taking shape. This, in at least a few cases, is in turn serving as a Trojan horse for the infusion of a number of complex legal and economic relationships, hidden fees, and a reconfiguration of play as a form of immaterial labor.

Notes

- 1 Interestingly, the emergence of film-based console games came at a time when the industry as a whole was heading towards a devastating crash, brought on by market saturation and a flood of poorly designed games. *E.T.* itself is often singled out as one of the prime catalysts for the crash, and legend has it that truckloads of the game were dumped into a landfill in New Mexico with the epitaph “the worst game of all time” (Guins 2009: 345). Although *E.T.*’s critics focused predominantly on the game’s design flaws (and *not* on its cross-promotional content), lingering concerns about the quality and purpose of tie-in games are frequently raised within both game community and industry discourses. Subsequent to the market’s recovery in 1984 (spurred by the arrival of the Nintendo Entertainment System—NES), games based on film, television, and other media have continued to be produced, meeting with varying degrees of success.
- 2 According to Castronova (2001), early news coverage of the virtual item black market phenomenon appeared in *CNET Tech News* in 2001 (for example, Sandoval 2001) following Sony Inc.’s initial attempts to pressure online auction sites such as eBay and Yahoo to cease allowing the sale of *EverQuest* in-game items and currency.
- 3 While *Eve Online* is T-rated (T for teen), *Maple Story* is more ambiguously defined as teen- and adult-oriented, as it carries an ESRB rating of E10+ (appropriate for everyone), but also contains a terms of service (TOS) statement that requires users to be 18 years of age or older to create an account. Although the TOS also contains a caveat that registered account holders are allowed to let a single player between the ages of 13 and 18 play through their account, there is nonetheless an important and puzzling disconnect between the TOS and the ESRB rating.
- 4 In addition to software patches and other technical updates, a number of games now periodically offer new content, levels, expansion sets, and other elements made available through purchasable download and/or installation discs. Within MMOGs, this model builds upon the “persistent” quality of the game world, which continues and evolves over time independently of the presence of individual players, thereby requiring ongoing story development, events, and changes to occur on a regular basis.
- 5 More than \$1,400 in one case, according to Kang (2011).

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