



PubMatic

BRANDS & MOBILE GAMING

WHAT THE SHIFT OF BRAND SPEND INTO GAMING MEANS FOR PUBLISHERS

Game-changing insights from marketers and ad buyers in Singapore, Japan, and South Korea

INTRODUCTION

In-app advertising, which are image, video or audio ads that appear within the app's content or interface, has become a cornerstone of digital marketing. However, huge growth potential remains under-recognised: in-game advertising is an emerging channel that integrates ads within mobile gaming environments to engage players, formats like banner, interstitial, intrinsic in-game, rewarded video, etc.

Among global internet users, 66% of people use their smartphones for video gaming, significantly higher than the second or third most used devices – laptop/desktop (38%) and games console (25%). This sets the stage for in-game mobile advertising to play a pivotal role in brands' marketing strategies. Through the lens of marketers in Singapore, Japan, and South Korea, we explore how brands are investing in mobile gaming to reach target audiences, and what this means for publishers.

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KEY TAKEAWAYS

- 1** Brands that have tapped into in-app advertising are already seeing their efforts pay off, with nearly 8 in 10 marketers seeing improved brand awareness.
- 2** As the profile of mobile gamers continues to diversify to include new cohorts, in-game advertising allows advertisers to broaden and scale audience reach.
- 3** The biggest revenue opportunity for gaming publishers comes from brand buyers: 62% of brand buyers are looking to increase or maintain their spending on in-game advertising next year.
- 4** Marketers' preference for programmatic advertising reflects the need for agility through data-driven precision, adaptability, and cost-efficiency, with 62% of in-app marketers buying programmatic today.
- 5** Effective measurement tools are the key to unlocking the full potential of in-app and in-game advertising. Publishers need tech partners who can provide transparency, control, flexibility and guidance in an increasingly complex and dynamic landscape.
- 6** App publishers need to work with the right technology partner that provides unique demand, while offering customized, curated packaging to ensure control over audiences, inventory and data.

A woman with long, dark, wavy hair is looking down at her smartphone. She is wearing a dark jacket. The background is a light-colored wall with vertical lines, possibly a window blind. The overall lighting is soft and slightly dim, with a blueish tint.

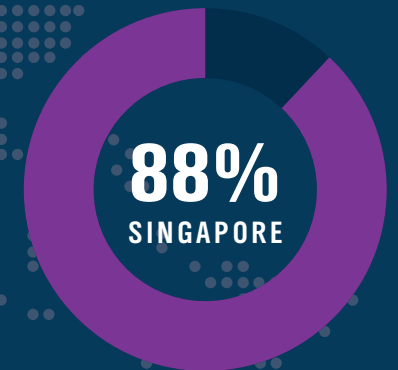
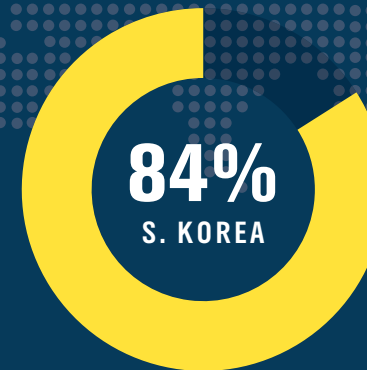
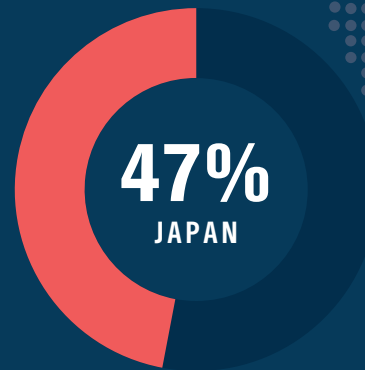
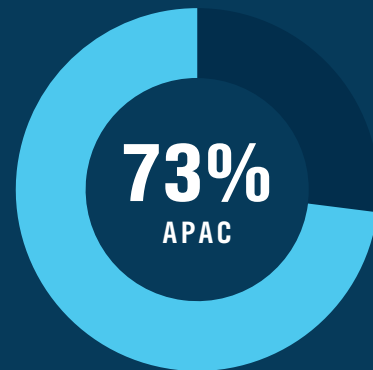
CHAPTER 1:

THE STATE OF MOBILE IN-APP ADVERTISING

ON AVERAGE, 7 IN 10 MARKETERS HAVE AN IN-APP ADVERTISING STRATEGY

Singapore, Japan, and South Korea are among the world's top 10 "mobile-first" markets and have some of the highest mobile internet adoption rates: The time spent on a mobile device per user in these three markets is about 5 hours daily – at least an hour above the global average.^{1,2} As such, 73% of marketers have advertised in-app.

SHARE OF MARKETERS ADVERTISING IN-APP, BY COUNTRY



¹Data.ai: State of Mobile, 2023

²We are Social: Digital 2023

Base: All respondents

Source: Millieu/PubMatic Mobile Advertising Study, 2023

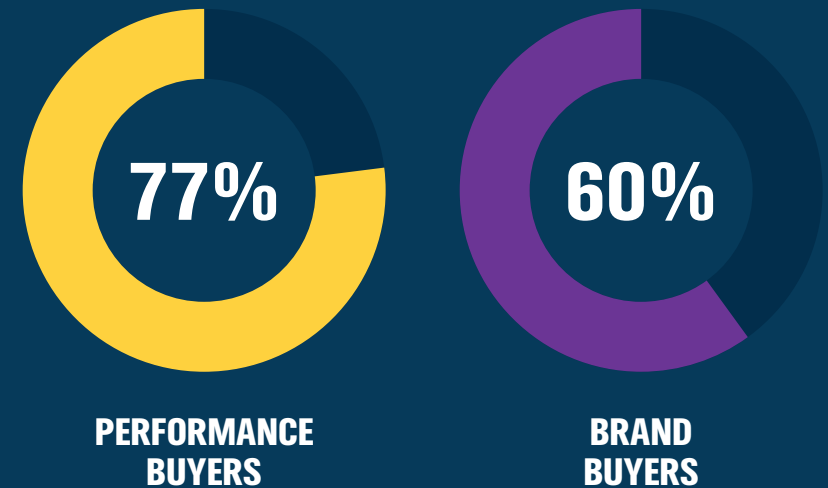
MOST IN-APP ADVERTISERS ARE STILL BUYING PERFORMANCE ADS

This study segments in-app advertisers into two subgroups:

- **Brand buyers** are defined as advertisers whose primary objectives are improving brand awareness or brand reputation.
- **Performance buyers** are advertisers who primarily seek to generate leads or sales, increase consumer engagement, web traffic or app downloads.

The study found that 77% of performance buyers advertise in-app, as opposed to 60% of brand buyers.

SHARE OF MARKETERS ADVERTISING IN-APP, BY TYPE OF MARKETER



Base: All respondents
Source: Milieu/PubMatic Mobile Advertising Study, 2023

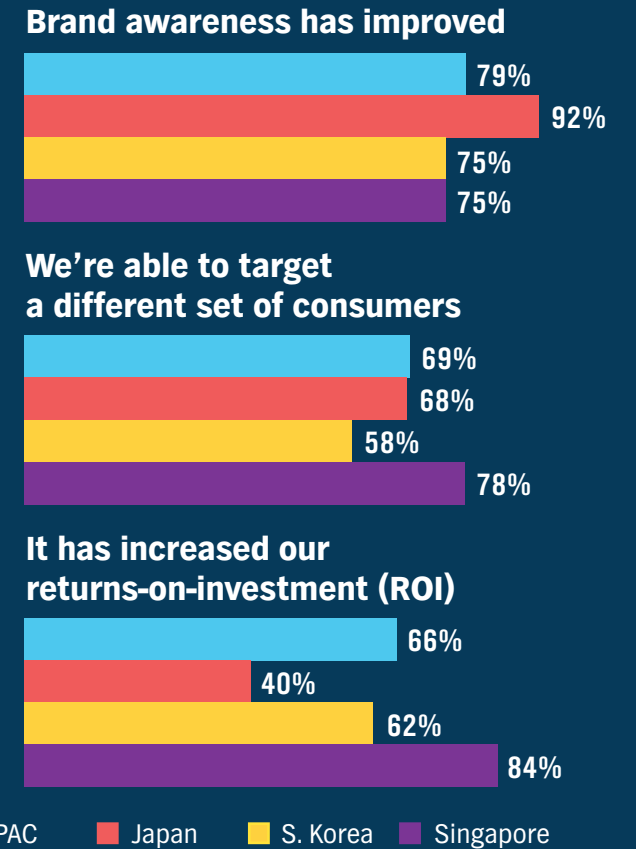
DESPITE THIS, BRAND AWARENESS IS THE LEADING BENEFIT OF IN-APP ADVERTISING

- 79% of marketers reported improved brand awareness, which is the top benefit of advertising in-app.
- 92% of Japanese mobile marketers reported an improvement in brand awareness, but only 40% noticed an increased return on their investment (ROI).
- Whereas awareness and ROI were more closely aligned in Singapore and South Korea, likely due to the maturity of their mobile advertising markets.

TAKEAWAYS FOR PUBLISHERS

Mobile ads can have an impactful, positive effect on brand awareness for buyers, while publishers need to maintain a brand safe environment.

BENEFITS OF IN-APP ADVERTISING



Base: All respondents
Source: Milieu/PubMatic Mobile Advertising Study, 2023



CHAPTER 2:

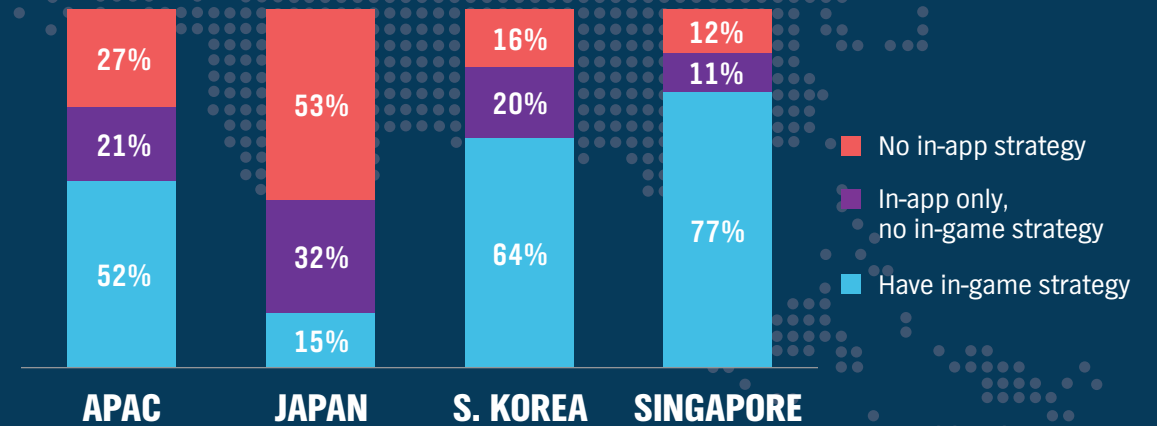
MARKETING BUDGETS SHIFT INTO MOBILE GAMING

HALF OF ALL ADVERTISERS HAVE PURCHASED IN-GAME ADS

Today, about 2 in 3 global internet users are mobile gamers.¹ The study shows 52% of marketers who currently incorporate in-app ads in their marketing strategies also invest in mobile gaming ads. Each market shows different adoption rates on in-game advertising. Singapore has the highest share of marketers advertising in-game at 77%, compared with 64% in South Korea and 15% in Japan.

¹Digital Marketing For Asia: What You Should Know About the Japanese Gaming Industry

SHARE OF MARKETERS ADVERTISING IN-GAME, BY COUNTRY

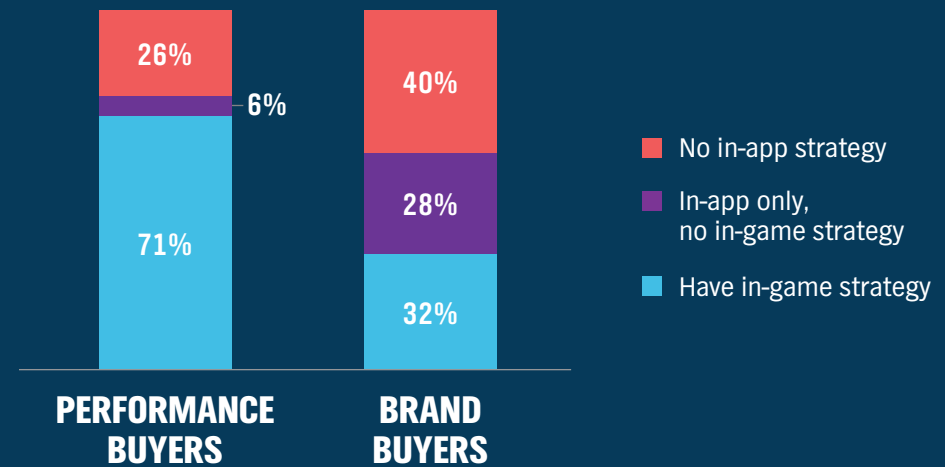


Base: All respondents
Source: Milieu/PubMatic Mobile Advertising Study, 2023

PERFORMANCE BUYERS ARE MORE LIKELY TO INVEST IN-GAME

The majority of performance buyers (71%) have invested in in-game advertising. Brand buyers are more hesitant, with just slightly less than a third (32%) having invested in-gaming advertising.

SHARE OF MARKETERS ADVERTISING IN-GAME, BY TYPE OF MARKETER*



*Values do not sum to 100% due to rounding
Base: All respondents
Source: Milieu/PubMatic Mobile Advertising Study, 2023

MOST IN-GAME ADVERTISING SPEND GOES TO ACTION-ORIENTED GAMES

Currently, in-game advertisers place most of their ads in action-oriented games, such as role-playing, simulation, strategy and shooting.

GAME GENRES THAT IN-GAME MARKETERS ARE ADVERTISING IN



Base: In-game advertisers
Source: Milieu/PubMatic Mobile Advertising Study, 2023

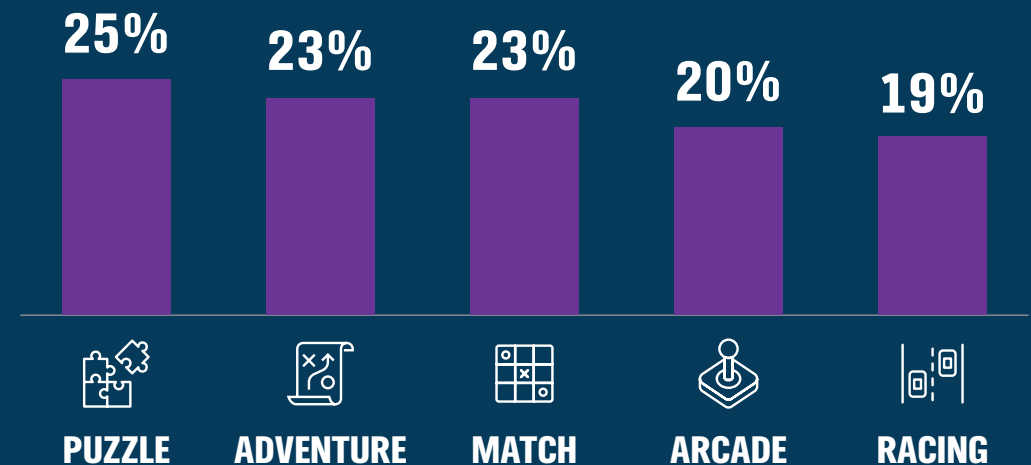
CASUAL GAMES REPRESENT AN UNDER-UTILIZED SEGMENT OF REVENUE OPPORTUNITY FOR PUBLISHERS

A study showed that casual games, specifically puzzles, are the most played game genre today, driven by older players.^{1,2} This misalignment in consumption and advertising budgets puts the spotlight on casual gaming as an untapped category for brands to reach incremental audiences.

TAKEAWAYS FOR PUBLISHERS

Provide flexibility for buyers to spend on different game genres — each genre has equal opportunity to attract brand buyers' attention.

TOP 5 GAMING GENRES PLAYED ON ANY DEVICE



¹ Newzoo's Global Gamer Study 2023

² We are Social: Digital 2023

Base: Single-platform players (n= 29,099)

Source: Newzoo Global Gamer Study 2023 (Global weighted average across 36 markets)

NEW PROFILES OF MOBILE GAMERS BRING NEW AUDIENCES TO BRANDS

While performance ads dominate in-game advertising, marketers report that the biggest appeal in in-game advertising is the ability to create positive associations of their brand with mobile gamers.

More than half of advertisers also mentioned that in-game ads enable them to reach wider target audiences and having a captive audience.

TAKEAWAYS FOR PUBLISHERS

Choosing the right technology partner allows publishers and developers to put resources on creating high quality consumer experiences, while maximizing marketers' brand goals.

REASONS FOR ADVERTISING IN-GAME

To create positive associations with gamers



Wide target audience range



Effective way to capture attention



Diverse ad formats



It's where our target audience is



For brand integration



Base: In-game advertisers

Source: Milieu/PubMatic Mobile Advertising Study, 2023

A photograph of two young men sitting together, smiling and playing mobile games on their smartphones. The man on the left is wearing a plaid shirt over a white t-shirt, and the man on the right is wearing a green hoodie and glasses. The background is a dark, textured wall.

ADVERTISING BARRIERS WITHIN MOBILE GAMING

While in-game mobile advertising offers an effective way to reach new, captive audiences, the top challenges marketers face in this exciting frontier are:

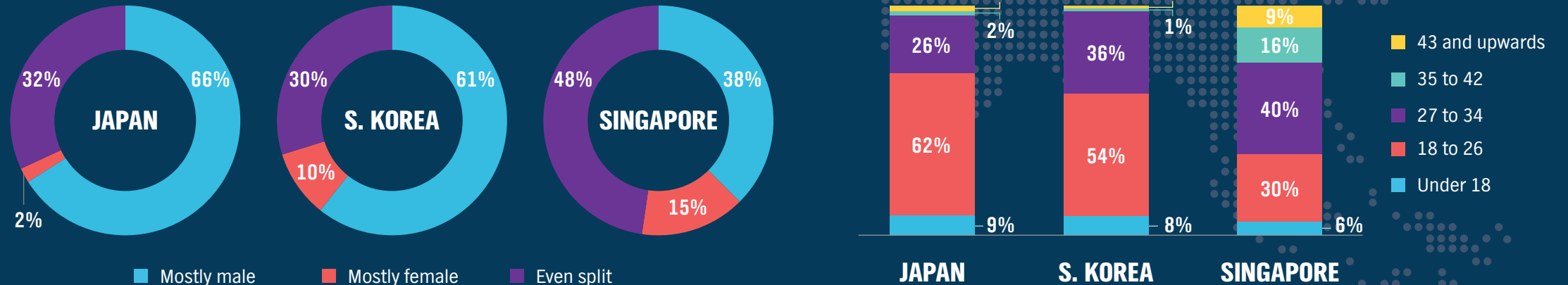
- Being able to identify and target consumer segments within the broad label of gamers, and
- Safeguarding their brand and company values across the variety gaming environments

CHALLENGE #1

MISCONCEPTIONS ABOUT MOBILE GAMERS RISK LEAVING MONEY ON THE TABLE: MARKETERS' PERCEPTIONS

Marketers' perceptions of who the average mobile gamer is varies by market – Singapore reported that men and women play equally, and most mobile gamers are between 27 and 34 years old. Marketers in Japan and South Korea, however, believe gamers to be predominantly male and under 27 years old. As such, 38% of non-in-game buyers indicated that “it’s not where our target audience is.”

MARKETERS' PERCEPTIONS OF MOBILE GAMERS*



Base: In-game advertisers
Source: Milieu/PubMatic Mobile Advertising Study, 2023

*Values do not sum to 100% due to rounding

CHALLENGE #1

MISCONCEPTIONS ABOUT MOBILE GAMERS RISK LEAVING MONEY ON THE TABLE: REALITY

However, global user studies show that the demographic of an average mobile gamer is almost equally split between men and women.¹

While there's a higher penetration of younger players, older players spend more time engaged in video games. Additionally, women in Japan are more likely to be mobile-first gamers, accounting for 55% of the country's mobile-first gaming community.²

Misconceptions around the average mobile gamer can result in missed opportunities to target the higher spending potential of older age groups, and the household decision-making power of women.

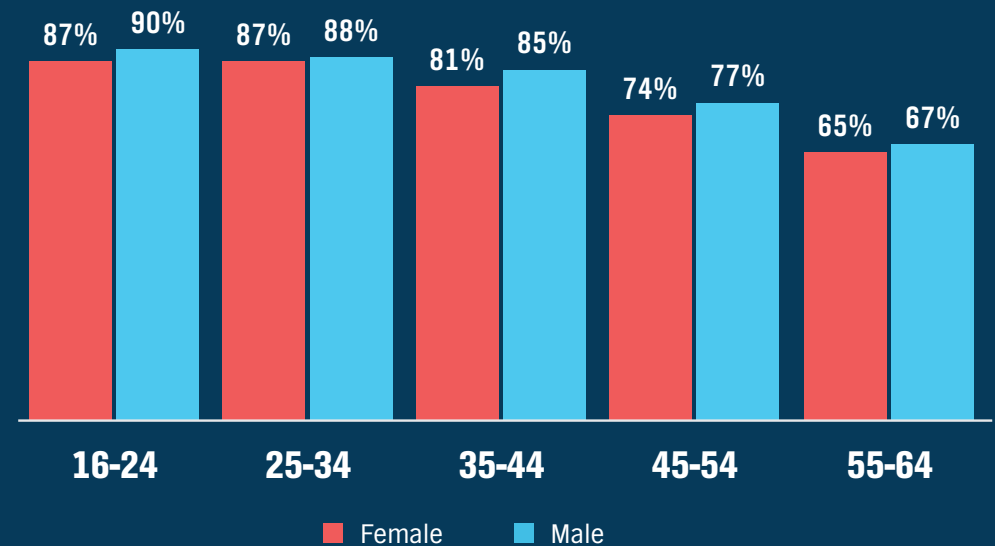
TAKEAWAYS FOR PUBLISHERS

PubMatic enriches mobile app ad requests with age and gender signals (when available), which increases the value of publishers' inventory by making it more addressable for mobile app buyers.

¹We are Social: Digital 2023

²Newzoo and Gamma Data Report

2023 GLOBAL VIDEO GAME PLAYERS, BY GENDER & AGE



Source: We Are Social: Digital 2023

CHALLENGE #2

FINDING THE RIGHT BRAND FIT WITHIN VIDEO GAMES

Brand safety within video games was historically a concern for marketers, and still is. Marketers struggle to find the ideal brand fit in in-game advertising, with the most common reason being not “aligned with my company or brand values.” 38% of marketers think their target audience doesn’t align with gamers. With the explosion of mobile gaming and new cohorts of audiences, in-game advertising has become a valuable touchpoint. Today’s mobile gamers are more mass market, and amenable to ads than PC or console gamers.¹

TAKEAWAYS FOR PUBLISHERS

Through a transparent and premium ad tech partner, buyers can curate relevant audiences while safeguarding against content or environments that are not aligned to company or brand values.

¹Digiday’s “In graphic detail: Gamers are warming up to in-game ads,” 2023

REASONS FOR NOT ADVERTISING IN-GAME

Does not align with my company/brand’s values



It’s not where our target audience is



Budget constraint



Too many options to choose from



Limited control of where my ads will end up



Presence of ad-blocking software



Negative association with brand



Lack of internal support



Base: In-app advertisers who are not advertising in-game
Source: Milieu/PubMatic Mobile Advertising Study, 2023

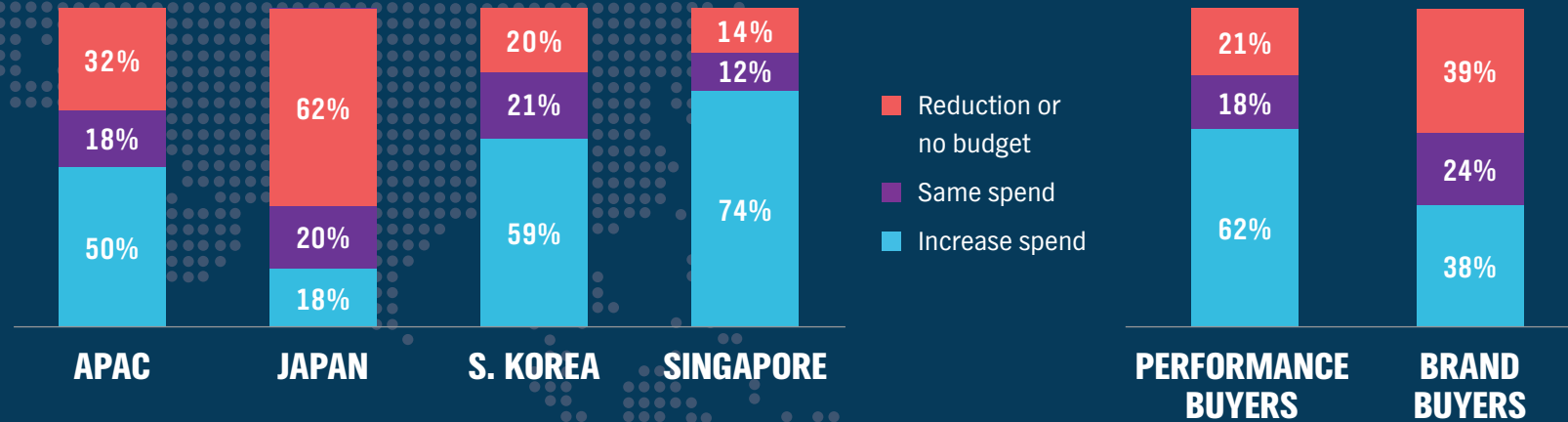
MOST MARKETERS PLAN TO INVEST MORE IN IN-GAME ADS

More than 6 in 10 brand buyers plan increase or keep to the same budget in in-game advertising. This points to a huge windfall opportunity for publishers looking to capitalise on a shift towards in-game ads. Marketers in Singapore are the most enthused about in-game marketing, where 38% say they will increase spend “significantly,” and 36% to increase “slightly.” Conversely, Japanese marketers have more reservations about in-game marketing: with 58% saying that they “don’t plan to budget for it,” but only 4% said they will “reduce” budgets.

TAKEAWAYS FOR PUBLISHERS

For Japanese publishers, it’s not too late to attract overseas ad spend on your inventory. Partner with global company like PubMatic to help you access diverse demand from all over the world.

SPENDING CHANGES FOR IN-GAME ADVERTISING IN 2024*



Base: In-game advertisers
Source: Milieu/PubMatic Mobile Advertising Study, 2023

*Values do not sum to 100% due to rounding

A young woman with dark hair and glasses is looking at her smartphone. She is wearing a pink sweater and is sitting at a table with a drink. The background is a blurred indoor setting, possibly a cafe or office.

CHAPTER 3:

DEAL TYPES AND MEASUREMENT

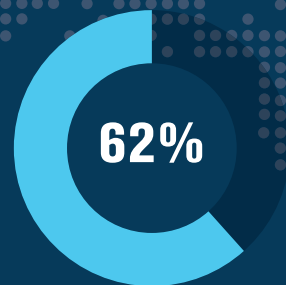
MOBILE APP MARKETERS ARE CHOOSING PROGRAMMATIC ADVERTISING OVER DIRECT BUYS

62% of in-app marketers bought ads programmatically, driven by brand buyers. The allure of programmatic advertising lies in its data-driven precision, adaptability, and cost-efficiency, making it a compelling choice for brands in an increasingly competitive and fast-paced digital landscape. In-app marketers who work solely direct with app publishers, cited “audience targeting precision” (58%) as the top reason, followed by “more control over ad placement” (53%) and “customizable solutions tailored to specific goals of our brand” (52%).

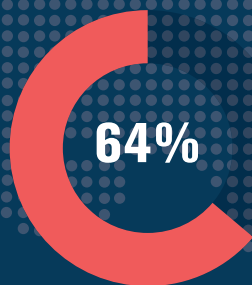
TAKEAWAYS FOR PUBLISHERS

PMP (Private Marketplace) provides you the benefit of direct buys, control of your inventory, as well as the efficiency and scale of programmatic.

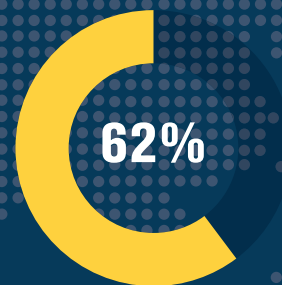
SHARE OF IN-APP MARKETERS WHO PURCHASE APP ADS PROGRAMMATICALLY



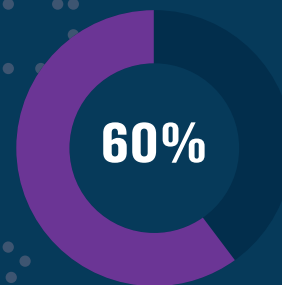
APAC



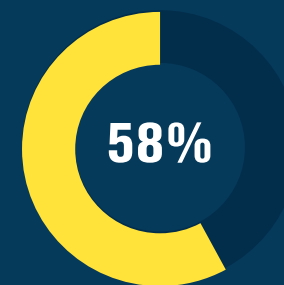
JAPAN



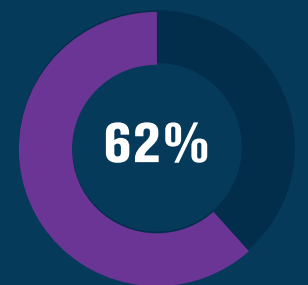
S. KOREA



SINGAPORE



PERFORMANCE BUYERS



BRAND BUYERS

Base: In-app advertisers who advertise through both direct-buy and programmatic
Source: Milieu/PubMatic Mobile Advertising Study, 2023

UNLOCK PREMIUM INVENTORY WITH BETTER CONTROL AND SPEED

In search of a more tailored, secure, and brand-safe advertising environment, brands are increasingly gravitating towards exclusive, data-driven transactions offered by PMP (Private Marketplace).

Among marketers buying via PMP, “increased efficiency from the strength of direct deals and open, real-time bidding” is the top reason for engaging with PMP deals (42%). For brand buyers, access to a premium inventory can also mean better control over their branding within in-game ad environments.

TAKEAWAYS FOR PUBLISHERS

PubMatic Private Marketplace: Equips publishers to designate certain inventory to be sold in an invitation-only marketplace to select buyers or groups of buyers.

IN-APP MARKETERS' REASONS FOR USING PMPs

Increased efficiency from the strength of direct deals and open, real-time bidding



We know which publishers we're dealing with



Less possibility of ad fraud



Auction process is transparent



Access to premium inventory



Base: In-app advertisers who leverage PMPs
Source: Milieu/PubMatic Mobile Advertising Study, 2023

BRAND BUYERS LOOK FOR MORE RELEVANT METRICS

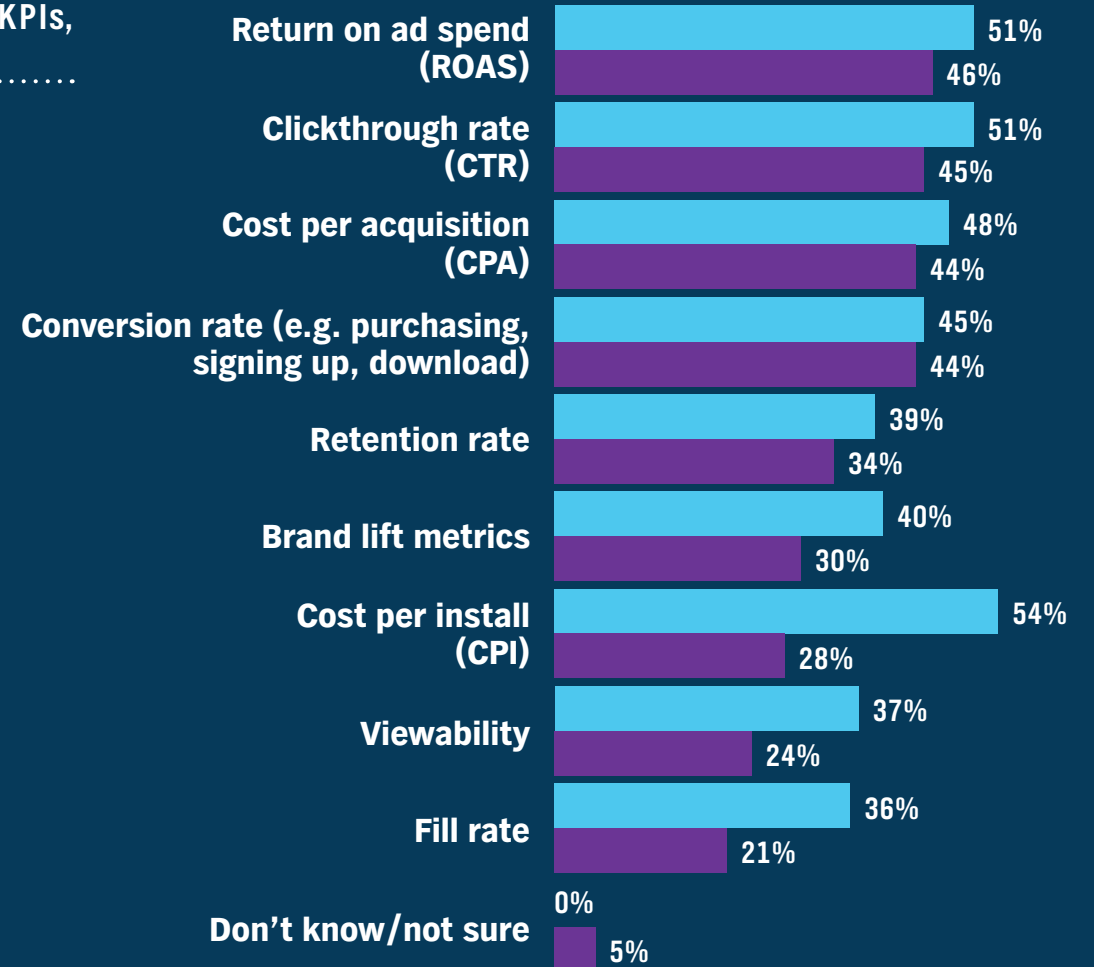
As consumer touchpoints grow, the right metrics are essential for assessing effective in-app and in-game advertising campaigns. Marketers report that the most used key performance indicators (KPIs) are still performance-oriented goals, such as return on ad spend (ROAS), click-through-rates (CTR), cost per acquisition (CPA), and cost-per-install (CPI).

This leaves a gap, and an opportunity, for more relevant metrics to gauge the success of branding campaigns.

TAKEAWAYS FOR PUBLISHERS

PubMatic's reporting suite offers brand advertisers a range of industry standard metrics such as viewability and video completion rate, helping them direct more spend to your app.

MARKETERS' KPIs, BY AD TYPE



Base: In-app advertisers
Source: Millieu/PubMatic Mobile Advertising Study, 2023

In-game In-app

WHY PUBMATIC: MAXIMIZE REVENUE & CONTROL HOW INVENTORY & AUDIENCES ARE ACCESSED



CUSTOMER-SPECIFIC SOLUTIONS



UNBIASED APPROACH



MEASUREABLE QUALITY

OMNIFORMAT

Matching buyer needs to publisher inventory, across rewarded, interstitial, native and banner



OPENWRAP SDK

BRAND DEMAND

VIDEO

ADDRESSABILITY

Providing a flexible, portfolio approach to addressability



ALTERNATE IDENTIFIERS



FIRST-PARTY DATA



CONTEXTUAL SIGNALS

VALUE

Access incremental brand dollars while minimizing operational headaches



OPEN MARKET



ANALYTICS



PMP & PG



AD QUALITY SUITE



Methodology

This report is based on findings from a custom quantitative study commissioned by PubMatic and conducted by Milieu Insight, with business decision-makers from brands and agencies responsible for media buying, N=100 each from Singapore, Japan, and South Korea (N=300 overall). The study explores ad buying preferences, challenges, and growth opportunities within apps and mobile gaming.

Survey fieldwork was conducted from 19 to 30 of October 2023.

About PubMatic

PubMatic (Nasdaq: PUBM) is an independent technology company maximizing customer value by delivering digital advertising's supply chain of the future. PubMatic's sell-side platform empowers the world's leading digital content creators across the open internet to control access to their inventory and increase monetization by enabling marketers to drive return on investment and reach addressable audiences across ad formats and devices. Since 2006, our infrastructure-driven approach has allowed for the efficient processing and utilization of data in real time. By delivering scalable and flexible programmatic innovation, we improve outcomes for our customers while championing a vibrant and transparent digital advertising supply chain.

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