

Chapter 24

An Opportunity for In-Game Ad Placement: The History of the Video Game Industry Interpreted Through the Meaning Lifecycle

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ABSTRACT

It is argued here that the potential connections video game advertisers can build with consumers makes this new medium a strong force in the digital media world. A meaning-based model is introduced to explain the fluctuation of meaning over time, which is caused by the individual and social interpretation and integration of signs and symbols. The history of video games will be comprehensively interpreted through this model to explain the active identification going on between consumers and video games.

INTRODUCTION

In-game ad placement, defined as the process of placing advertisements in video games, is a rapidly growing industry with \$295 million spent in 2007, \$403 million spent in 2008, and \$443 million spent in 2009 (Verna, 2008; Verna, 2009). However, video game sales for 2008 were \$22 billion, with \$11.7 billion of that being in entertainment software sales, \$8.9 billion in hardware console sales, over \$2 billion in portable software sales, and \$700 million in PC game sales (Hewitt, 2009). So there is still plenty

of room for advertising growth. In the academic realm, in-game ad placement has been subjected to an increasing amount of research over the last decade (Nelson, 2002; Chaney, Lin, & Chaney, 2004; Grigorovici & Constantin, 2004; Nicovich, 2005; Yang, Roskos-Ewoldsen, Dinu, & Arpan, 2006; Lee & Farber, 2007; Wise, Bolls, Kim, & Venkataraman, 2008). It is argued here that the potential connections advertisers can build with consumers makes this new medium a strong force in the digital media world. The power of gaming rests in its high entertainment value, which is engaged in repeatedly by an active consumer. As outlined, each new wave of video game consoles

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and cartridges brings new opportunity for advertisers to engage in a meaning-based process of incorporation and consumption with the consumer.

Sherry (2004) points out that any medium may be sought out for entertainment purposes. However, in accordance with Csikszentmihalyi's (1997) concept of "flow," he argues that video games are uniquely suited for this purpose. Flow is characterized by the high level of engagement an individual displays while completing a task. Flow-inducing activities usually possess four traits: 1) clear rules and goals, 2) adaptable skill display, 3) feedback on results, and 4) few distractions. According to Sherry, "It is realized when there is a balance between the difficulty of the task and the skill of the participant" (p. 332). In the same way an individual builds his or her skills learning to play an instrument such as a saxophone or the piano, individuals also develop skills for media use over time. For example, children learn how to use books by developing their reading skills. Video games also require skill development, however, Sherry makes the argument that once even a rudimentary level of video game skill has been achieved, the process of flow can emerge.

In this chapter, a brief history of games (including the current era of video games) will be presented. Then, a review of the identity-building processes consumers participate in will be explored within the context of video game play. From here, a meaning-based model will be introduced to explain the fluctuation of meaning over time, which is caused by the individual and social interpretation and integration of signs and symbols. Finally, video games will be comprehensively interpreted through these models to explain the active identification going on between consumers and video games.

HISTORY OF GAMING

The history of games expands back to the beginning of recorded time. Games have functioned

as tools to build social, analytical, and decision-making skills. As each game is passed from one generation to the next, they become contextualized into their immediate environment. Although many games have a core or basic premise that endures over the years, each consecutive version possesses an individualized significance for the timeframe and culture in which they are adopted. The inception of video games is no exception. Although the complexity and variety of video games continues to expand, video games as a whole are nothing more than digitalized versions of classic games, which have evolved over thousands of years. (Grunfeld, 1975; Botermans, Burrett, Van Delft, & Van Splunteren, 1989; Mohr, 1997).

For instance, many of the oldest games can be found in the recorded texts of Ancient Egypt, China, and India, starting around 2,000-3,000 B.C. (Mohr, 1997). Games such as mancala (Egypt), tic-tac-toe (Egypt), chess (India), snakes and ladders (India), go/wei ch'i (China), and checkers (China) were a socially acceptable practice to engage in because of their ties to religious and social functions such as mourning for the dead, learning "war" strategy, and understanding the moral differences between vices and virtues. These ancient games are still being played today and exist not only in their classic form, but also have been reinterpreted into "new" games. For example, chess is considered a war game because players develop offensive and defensive strategy skills as well as the concept of retaliation in a head-to-head match up. Territorial protections as well as aggressive capture-and-destroy techniques are common themes for this game. This conceptualization has been reinvented time and time again into other dueling strategy games such as *Mortal Kombat*, *GoldenEye 007*, *Battleship*, *Command & Conquer*, etc.

During the Medieval and Renaissance timeframe (400 A.D. – 1,600 A.D.), many of the games created were associated with Europe. During this time, one of the most dramatic shifts in terms of how games are played occurred with the develop-

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