CHAPTER 1

INTRODUCTION

In the pursuit of persuading consumers to buy their brands, marketers have always relied on traditional communication tools like print, radio and TV ads. Of late, with the advancement of internet, marketers have also understood the coaxing potency of the digital media. However, the success of these communication tools is often called into question due to competitive clutter resulting in reduced brand and ad claim recall (Kumar and Krishnan, 2004), banner blindness (Benway, 1999) and avoidance of advertising on the internet (Cho and Cheon, 2004). Therefore, as marketers persist to gain increased access to consumers’ attention and interest toward their products, one of the channels they have exploited more frequently in recent years is product placement in movies, television soap operas, and more recently in online games, more commonly known as in-game ads or advergames. Advergames are “a particular form of branded entertainment which is the insertion of a brand within an entertainment property, e.g., product placement in film, television show or video game” (Moore, 2006, p.1) and are particularly designed to perform the role of advertisements in the form of embedded brand elements like brand names, logos, and messages in a gaming environment (Kretchmer, 2005).

One of the factors that led to the growth of advergames is the gradual shift of consumers in their media consumption habits. Particularly, with the advancement of information technology and
proliferation of internet, computer games have become a mainstream entertainment medium (Grigorovici, 2003). A report published by Activision (2005) documented that men aged between 18-34 years are gradually migrating from watching television to playing computer games and gaming consoles in order to be entertained during their leisure hours. Another study conducted by Nielsen Media Research also found a gradual shift of preference of young consumers from being entertained by movies to being entertained by computer games (Reynolds, 2004). As the volume of gaming audience increases worldwide, marketers also have started increasing their effort in using this medium for placing branded products and services. In the present day scenario, marketers are spending an enormous amount of money in order to develop advergames. In turn, game developers command additional revenue from marketers for placing their brands in video games. In 2012, marketers in USA spent $408 million on in-game advertising and this industry is projected to grow to $1.45 billion by 2016 (eMarketer, 2012). The total number of gamers, including mobile, online and social gamers, is projected to grow from 198 million in 2010 to a whopping 327 million in 2016 (eMarketer, 2012). This steady increase of gaming audience enables marketers to expose their brand messages to a vast population and thus makes computer games an attractive format of product placement.

Given the increasing number of gaming audience and the practice of advergames, it becomes important for the academicians to investigate few salient things – first, how in-game brand related information such as brand names, logos, messages and brand claims are processed by consumers as well as factors affecting information processing, and second – the efficacy of advergames as a cogent tool of communication. In general, product placements are less intrusive unlike traditional advertising formats and are processed differently as compared to print, radio and TV ads (Balasubramanian, 1994). From an information processing perspective, consumers
allocate most of their attentional and processing resources in encoding and storage of information relevant to the primary task, i.e., the game and its content, and are left with less cognitive resources to process brand elements embedded in the game (Hang and Auty, 2011; Lee and Faber, 2007). As a result, in-game product placements are less likely to trigger persuasion knowledge or cognitive defense mechanism of consumers toward these embedded brand messages (An and Stern, 2011). Studies have been conducted to understand the impact of advergames on brand recall and recognition (Nelson, 2002), brand attitude (Mackay et al., 2009) and brand choice (Hang and Auty, 2008) and the factors causing these effects, for example, types of advergame, involvement with product category, gaming experience, placement modality and proximity, and game-product congruity, to name but a few.

However, while the efficacy of advergames and the modus operandi of in-game brand information processing has been established, one primary facet of gaming (including advergames) that remains under-investigated is the role of game outcomes, i.e., wins and losses, and outcome-induced motivation on information processing by the gamers, typically on their emotions, memory and attitude toward the embedded brands. It may be also noted here that outcomes are nevertheless important to consider because they have been shown to influence mood (Hirt et al., 1992), an important predictor of ad evaluation. Hence, one salient objective of this research is to develop a conceptual framework to understand the relationship between specific game outcomes and the motivational nature of gamers. For this purpose, the present article derives its conceptual fabric from an underlying principle of motivation, the Regulatory Focus Theory (Higgins, 1997).

One more lacuna that exists in extant research dealing with product placement in games is that most of the studies in the domain of advergames have investigated the impact of playing
advergames on gamers’ explicit memory, viz., recall and recognition (Jeong et al., 2011; Lee and Faber, 2007; Nelson, 2002). This measurement bias arises from the predominant assumption that learning requires effort, attention, and concentration. In other words, cues available only to consciousness ideally impact learning and behavior. The primary take away for product placement researchers is that to be effective a placement ought to be consciously recalled. However, informational cues might also impact consumers’ unconscious memory, also popularly known as implicit memory (Jacoby, 1983; Roediger, 1990; Lee, 2002). Likewise, consumers’ purchase decisions and behavior might also be influenced by unconscious memory processes specifically at the time of purchase in stimulus-based situations (Duke and Carlson, 1993; Holden and Vanhuele, 1999; Lee, 2002). Law and Braun-LaTour (2004) suggest that explicit memory measures are not capable of detecting more subtle effects of product placements and since most of the previous studies employ explicit memory measures they cannot tap into the ‘learning without awareness’ processes involved in processing product placements in games. Rather, impact on implicit memory is most salient when consumers’ attention is divided between primary and secondary activities (Shapiro and Krishnan, 2001). Advergames, where players’ attention is divided between playing the game and processing brand related information, thus provide a perfect opportunity to test players’ implicit memory for brands placed in the games.

This research attempts to achieve the following – (a) conceptualize a relationship between advergame outcomes and outcome-induced motivation defined in terms of regulatory focus of gamers, (b) develop a conceptual framework to explore the influence of distinct types of regulatory focus of gamers on their emotions, implicit and explicit memory, and attitude toward the embedded brands as well as toward the advergame, and (c) provide empirical evidence on the proposed conceptual framework and validate the relationships.
The organization of this dissertation work is as follows – Chapter 2 presents a review of the foundational literature and theories on advergames, regulatory focus, and implicit memory, and highlights the gaps existing in the literature; Chapter 3 elaborates the research objectives and describes the conceptual framework based on a set of hypothesized relationships; Chapter 4 describes the research methodology adopted; Chapter 5 details the analyses of the data and empirical findings; finally Chapter 6 reports the discussions related to the findings along with implications for academicians and managers. It concludes with the limitations and directions for future research.