Polarization in the Gaming Industry: The dystopian model

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목 차

Abstract

What will the gaming industry look like in the future? Where is it heading? Most producers, developers, and gamers have been pondering such questions since the very beginning of video games. This paper asserts that the current trend in video games to emphasize rationalization will, in time, bring about an extreme polarization within the game industry. Each year the barriers to entry are becoming lower and the size of the game market is growing, which will bring about an emphasis on who has the power to be recognized in the industry. This paper argues that such trends will, in turn, lead to a power play in which the winner will always be the player with the most monetary power. In time, this prolonged power play is expected to bring about what this discussion refers to as a dystopian model within the game industry.

Keywords: polarization, rationalization, money power, dystopia

Ⅰ. Introduction

A significant number of factors in the gaming industry have changed since the mid-1900s. However, one aspect that has become remarkably evident today is the accessibility to which people are exposed. Although accessibility can relate to the notion of obtaining a game to play for the end user, it can also be associated with the producer side of the model. Platforms have been digitalized, rendering the 'shelf space' of a game on certain platforms virtually non-existent, and tools have been developed to guide people even with no knowledge of computer programming at all to be able to develop and create games.

This change in both technology and distribution has in turn led to an explosion in the number of games available on the market. Indeed, with the game industry now extended to include mobile devices as one of the key platforms of game development, the size of the game market is expanding exponentially every day. As shown in Figure 1, during the past 6 months alone, an estimated 10,000 games on average are released each month—the same number of games released throughout all of 2008 and 2009 combined (App Store Metrics, 2016). It is also noticeable that using the same database, we can also see that this monthly increase in the number of games on the App Store is equivalent to that of the games released in the year 2008 and 2009 combined (App Store Metrics, 2016). This supports the fact that As these data

indicate, the market for games is constantly continues to increasineg at an alarming rate. Although this statement by itself may sound obvious, this sudden expansion of the gaming market was followed by several significant changes in the way video games are marketed and produced.
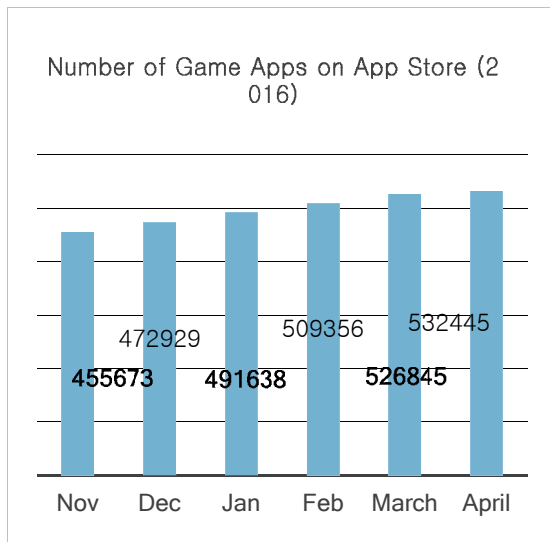

Figure. 1 Number of game apps available on App Store, November 2015 to April 2016

The sudden expansion of the gaming market has led to several significant changes in the way video games are marketed and produced. Arguably one of the most explicit trends is the shift toward a blockbuster model, in which producers and game developers focus on one big hit rather than several small projects. Although this approach seems like an effective option when considering the size of the market and adopting a purely business-oriented point of view, it usually comes with a costly price: creativity. Therefore, this paper aims to explain this shifting trend toward the blockbuster model and further explore how game developers and producers have made this shift. It also examines the implications of this shift on the gaming culture—not only from a business perspective, but also from a cultural perspective. Ultimately, the discussion asks how this trend, assuming that it continues, will influence games developed in the future. To this end, the discussion uses a dataset of five years of game sales (i.e., 2012 to 2016) from VGChartz.

This paper aims to highlight how the current trend in the game industry has come at a costly price. Creativity is an aspect of games that should be preserved, but the current business model is detrimental to both the concept of creativity in gaming and the gaming industry as a whole.

Ⅱ. The Blockbuster Model

The growth of the video game market is leading to market saturation, which means competitors are not only trying to sell games, but also stand out in the market in order to ensure continued sales. Generating excitement in the market might not be a problem for highly funded video games from major companies that already have name value, such as Electronic Arts (EA), 2K Games, and Ubisoft, yet others will face challenges in overcoming such an obstacle in the market. Moreover, because the chances of an independent game being shelved at GameStop or another game retail shop are slim, these game developers are frequently forced to compete on digital distribution platforms. Being featured on one of these platforms is crucial to attracting attention from gamers.

In order to overcome this obstacle, a majority of game developers are forced to collaborate with game publishers that already have the power of large advertisement channels. However, this collaboration comes with a price. Besides the obvious share that the game publishers receive from each sale of the game, the game developers are often asked to tweak their original game to fit the publishers' specific requirements. Such rationalization is understandable from the publisher's viewpoint because the game

industry, like other entertainment products and services, has certain qualities that must be considered to ensure successful marketization. Yet game developers might be asked to sacrifice their creativity to meet the publishers' demands.

Tschang (2007, p. 990) examined the balance between rationalization and creativity in game production, identifying three characteristics of video games that are highly influential in this decision-making process: "(1) a hits-oriented nature; (2) a short product life cycle; (3) difficulties in predicting product acceptance." The notion of bestsellers orienting the market is not without evidence. According to Wingfield (2013, p. 1) in his article on the blockbuster game strategy, "the top 20 games in 2012 accounted for 41 percent of total American game sales in stores." This winner-takes-all system forces publishers to push rationalization so much for their products that it becomes detrimental to creativity. Another variable in this equation that magnifies this rationalization effect are the stakes on the table. Destiny, for example, a major sci-fi genre game developed by Bungie in 2014, reportedly cost $500 million to create (Griffiths, 2014). When the stakes are this high, producers want to ensure that their investment pays off.

In order to reduce the risks of releasing a game at astronomical costs, game publishers seek to control external factors that may have an impact on sales. For instance, studies have shown that review scores influence video games' sales. In his empirical analysis of American game sales data, Cox (2013, p. 4) demonstrated that "a one unit increase in the 'Metacritic' review score […] increase[d] unit sales by approximately 1.5%." Although the exact quantitative influence may vary from study to study, external factors such as review scores undoubtedly influence game sales' numbers. Given the numerous factors affecting the process, from the development of the game to its distribution to end users' feedback, it is critical to understand how they also impact the quality and content of the game itself.

The easiest way to identify such impact—and the fundamental basis of the blockbuster—is to study previously successful games, which often leads to sequels and media adaptations. Game development costs are high, and reproducing past hits (e.g., as sequels) can minimize risks to the greatest extent possible. In fact, Elberse (2008, p. 95) recommended that, "when trying to strengthen your presence in digital channels, focus on marketing your most popular products." She further mentioned that, when producing niche goods, it is advisable to keep costs low because the odds of success in this area are not high and will likely stay that way (Elberse, 2008). This cycle of focusing on already over-marketed products leads to products that lack the originality that games should have and further exacerbates the polarization of the gamer industry as smaller companies seek to firmly establish their roles in this blockbuster business model.

Ⅲ. Polarization in the Game Industry

The current business model in the game industry begs the question: Do small independent developers stand a chance of becoming a conglomerate? As previously mentioned, one of the key reasons that independent game developers cooperate with large publishers is the attention the latter can generate for the former. With more than 200,000 competitors in the market, even negative attention is better than nothing. In exchange for such attention-generating efforts, game publishers expect a proportion of the sales profits from the game. Although unique situations and specific factors determine who has the upper hand in this relationship, most of the time the developer—not the publisher—is the one desperate to forge such a relationship. Publishers often develop contracts with multiple game developers; as these transactions build up, they become assets for the

publishing company. Yet even in situations when a publishers help promote a game, the chances for the game to become a major hit are slim. As a result, small developers stay small, and big publishers get bigger.

Although rare, it is not impossible for independent game developers to make a bestselling game. Some games score with the audience; Flappy Bird, Angry Birds, and Minecraft are all examples of such success. Unfortunately, as is often the case—including for the developers of the three mentioned games—many game developers fail to continue such success when they develop the follow-up and subsequent games. Often developers do not know exactly why their first game scored such success, making it hard to replicate their unexpected success. Consumers have high expectations of the developers to create a follow-up success, but there is no formula for ensuring that a sequel or a completely new intellectual property (IP) will hit the jackpot again.

Mojang's Minecraft is an excellent example illustrating this point. Since its release in 2009, Minecraft has sold more than 50 million copies on a variety of different consoles (Ovide & Rusli, 2014). Notch, the creator of Minecraft, stated that "it was never his intention for it to get this big… and that he doesn't want the responsibility of owning a company of such global significance" (Owen, 2014, p. 1). Thus, However, Mojang announced that Minecraft, —along with Mojang itself, —was had been sold to bought by Microsoft for $2.5 billion. This decision was met with much criticism on the consumer end, but Notch's decision is understandable from a developer's point of view. Much like winning the lottery, a bestselling game comes with the underlying pressure of the need to create an even more successful game as a follow-up product. Aoyama and Izushi (2003, p. 432) explained

that "consumers expect a greater degree of excitement in the new versions, therefore raising the stakes on its success, prompting a push toward a greater degree of technological complexity as well as more labor-intensive production." Unfortunately, it is often the case that these smaller game developers do not have this type of technology or are simply not ready to make the next big step. Selling the game at its height of popularity and not risking the fall of an unsuccessful sequel is perceived as a rational choice by many in the industry.

Analyzing Notch's decision from Microsoft's perspective is interesting as well. As previously discussed, larger companies and publishers often cooperate with smaller developers by funding and helping them during the advertisement process. These larger companies are obviously hoping for a true bestseller, but even moderate successes can be extremely profitable when the publishers have many such deals generating transactions and building up income. Yet, as Mojang's deal with Microsoft demonstrates, larger companies are also looking beyond the pure profits. Acquiring another developer's intellectual property is a way to secure thousands, if not millions, of users already playing a specific game.

Obviously when small and large game developers and publishers have different and competing goals, tensions between the two are inevitable. The current system in which smaller companies depend on larger companies with already established name value to advertise products and attract attention acts as a growth mechanism for conglomerates, which causes polarization in the game industry as larger publishers continue to grow at the expense of creativity and smaller independent companies. Over time, this situation will create the perfect environment for a dystopian model to emerge.

Table. 1 Annual Global Game Sales, 2012 - 2016

Rank	2012	2013	2014	2015	2016
1	Call of Duty: Black Ops II (X360)	GTA5 (PS3)	FIFA 15 (PS4)	Call of Duty: Black Ops 3 (PS4)	The Division (PS4)
2	Call of Duty: Black Ops II (PS3)	GTA5 (X360)	Pokémon Omega Ruby & Alpha Sappire	FIFA 16 (PS4)	Uncharted 4: A Thief's End (PS4)
3	Halo4 (X360)	Pokémon X/Y	Call of Duty: Advanced Warfare	Star Wars: Battlefront (PS4)	Call of Duty: Black Ops 3 (PS4)
4	Pokémon Black/White Version 2	Call of Duty: Ghosts (X360)	Super Smash Bros (3DS)	Call of Duty: Black Ops 3 (XOne)	Far Cry: Primal (PS4)
5	FIFA13 (PS3)	Call of Duty: Ghosts (PS3)	Destiny (PS4)	Fallout 4 (PS4)	The Division (XOne)
6	Just Dance 4 (Wii)	FIFA 14 (PS3)	Watch Dogs (PS4)	GTA5 (PS4)	GTA5 (PS4)
7	New Super Mario Bros. 2 (3DS)	The Last of Us (PS3)	FIFA 15 (PS3)	Splatoon (WiiU)	Dark Souls 3 (PS4)
8	Kinect Adventures! (X360)	Animal Crossing: Jump Out	Mario Kart 8	Uncharted: The Nathan Drake Collection (PS4)	FIFA 16 (PS4)
9	Assassin's Creed 3 (PS3)	FIFA 14 (X360)	GTA5 (PS4)	Halo 5: Guardians (XOne)	Call of Duty: Black Ops 3 (XOne)
10	FIFA 13 (X360)	Luigi's Mansion: Dark Moon	Youkai Watch 2 Ganso/Honke	Fallout 4 (XOne)	Naruto Shippuden: Ultimate Ninja Storm 4 (PS4)

Ⅳ. The Dystopian Model

Before arguing the notion of a dystopian model, it is important to first establish the opposite: a utopian model. Utopian is a relative term, meaning people in the game industry have different ideas about what utopian means. This paper asserts that a utopia for games is a society in which games are able to be created without unwanted external influence or pressure. This paper does not argue whether it is possible, or even plausible, to achieve a utopia, nor does it aim to create a working model for a utopian gaming industry. Yet the discussion is predicated on the idea that the current business model of the gaming industry is moving toward the very opposite of a utopian society.

Using a data set by VGChartz, Table 1 ranks annual global video game sales for 2012 to 2016, with the most sales listed first. For convenience purposes, new IPs (i.e., games that are not a sequel or adaptations of other media) are highlighted in the year of initial release. As the data indicate , only five new IPs ranked in the top 10 games per year during the last fiev years whereas major blockbuster games, such as Call of Duty, Grand Theft Auto, and FIFA, were ranked numerous times during this timeframe.

Based on these data, those not familiar with the gaming industry might wonder whether Pokémon, Call of Duty, FIFA, and GTA are the only games available. In fact, the successes of such blockbusters have slowed the development of new games. In his article on blockbuster video games, Wingfield (2013, p. 1) stated that "the richer games are getting richer partly because the industry makes fewer games overall." For example, Electronic Arts (EA), the creator of FIFA, has greatly reduced the number of

games developed and sold in the past few years. In the fiscal year ending March 2009, EA had sold 67 different titles, but in 2012 it had only sold 13 (Wingfield, 2013).

Creating fewer games based on previously successful models not only affects the diversity of the games on the market, but also the content of the games being developed. In his article on Triple-A games, Kaiser (2013, p. 1) described the current blockbuster model as follows:

There are two video game industries… These blockbuster games, often called "AAA" or "triple-A" games in the industry, are typically violent, take about 8 to 12 hours to play through, and feature cinematic storytelling in the style of Michael Bay or John Woo. The other video game industry takes everything else.

Although based on only one example, Kaiser made a valid point. With the current business model raising the stakes of single video games higher and higher, games are tailored to fit the majority of consumers' tastes. However, this approach creates limits on what a good game should be like. For example, adventure and action-based games might be expected to feature guns and other weaponry as well as killing action that is as authentic looking as possible. When games do not satisfy such criteria, consumers with prolonged exposure to blockbuster, tailor-made games will dismiss the game as not entertaining.

Although the majority of the bestselling games are restricted by the blockbuster model, games featuring creativity and something other than the mainstream approaches do still exist. These games do have fans who look for such games on the market. However, Reitveld's (2014) concept of early and late adopters is important to consider in this situation. Although early-adopter gamers might have the competence to see behind the charts and select games that are not just blockbuster games, the same cannot be said for the majority of gamers. In fact, those classified as late adopters are heavily reliant on trends when selecting a game. "Complements with low exposure tends to only be discovered by platform adopters that are prone to seek information about many alternatives (i.e., early adopters)" (Rietveld, 2014, p. 14).

Considering both the cultural aspect of game development and the business aspect whereby the selection window is constantly becoming smaller, the future of the game industry may not seem bright. The stage is being dominated by well-prepared actors who draw on only a handful of different contents, while the space for creativity and diversity in games continues to diminish. This dystopia must be dealt with or at least seriously examined.

Ⅴ. Conclusion

This paper explained the game market's current dominant model, the blockbuster model, and its implications on the gaming industry as a whole. The current saturation of the game market means that small developers often cooperate with larger publishers, but at a cost as creativity in their games becomes stifled. Continuing this model over time can lead to polarization between small and larger companies, which can—and is—causing the reduction of the diversity of bestselling games in the market, thereby leading to an industrial and cultural dystopia in the game industry as a whole. As such, this paper contributes to the discussion on balancing rationalization and creativity and how such a balance affects the game industry and culture. Further discussions may include, but not be limited to, working models to diversify blockbuster products, the lifespan of the current blockbuster market model, and possible future competitors to existing bestseller games and publishers.

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