

New York University
Department of Media, Culture, and Communication
Video Games: Culture and Industry

Course code: MCC-UE 1008-002

Instructor: Joost Rietveld (gjr269@nyu.edu)

Office: Tisch 716 44 W 4th St (NYU Stern)

Office hours: By appointment only

Spring semester 2015

Class meets Fridays from 10am to 12:30pm

NYU Washington Square

Building: 194M; Room: 205

COURSE DESCRIPTION

Video games are a force to be reckoned with. On one hand, worldwide sales for the video games industry accumulated over \$70 billion in 2013 making it one of the most relevant cultural industries, economically speaking. Indeed, when released on September 17 (2013), *Grand Theft Auto V* (Take 2 Interactive) quickly became the fastest selling entertainment product ever, grossing over \$1 billion in its first three days on the market. Additionally, video games have parted with their childish and simplistic image and are nowadays recognized as a form of art. Several museums including the Museum of Modern Art (MoMA) and the Museum of the Moving Image have adopted (semi-) permanent video game exhibitions in their collection thereby abruptly ending the debate whether video games are a form of art.

Having said this, the world of video games is facing a tension between the very forces outlined above: creativity and rationalization. This tension goes back to the development of video games. Producers of video games have to balance the economic forces that drive the video games industry with a desire for creative expression and innovation, granting games their status as a cultural industry and a form of art. This course looks at both forces individually as well how industry actors resolve the prevailing tension between creativity and rationalization from various perspectives. We will look at games from a societal perspective, a production perspective and from a business perspective. While doing so, we will touch on various contextual factors such as the ecosystem of video game consoles and the world of digital distribution via iOS, Google Play and Facebook.

COURSE OBJECTIVES

By the end of the class you will have:

1. A broad understanding of video games as a form of art, culture and industry;
2. An understanding of the relevant themes underlying the production of video games;
3. An understanding of the drivers behind prevailing industry dynamics such as hits & flops;
4. Knowledge of academic writings on video games hailing from various disciplines;
5. Sufficient knowledge to decide if and where you'd like to pursue a career in games.

EVALUATION

You are evaluated on three aspects that collectively demand comprehension and application of the course's core readings and lessons. You will work on an essay that explores the extent to which the rise of blockbuster video games (e.g. *Call of Duty*; *Grand Theft Auto*) hampers the expression of creativity and

innovation at the industry level. Secondly, each week small groups of students will present a game of their choice. In the presentation, I expect an analysis of how the developer/publisher dealt with the tension between creativity and rationalization and how this balancing act affected the final product. Lastly, you are assessed each week on your participation and contribution to class conversations and discussions. I briefly describe each aspect in greater detail below.

Paper Project: Does the Rise of the Blockbuster Video Game Harm Creative Expression and Innovation? (60% of final grade)

What is the effect of the industry's increasing trend towards 'blockbuster' releases on developers' creative expression and innovation in game design?¹ For the class' paper project, which comprises the bulk of your final grade, you are asked to form an informed opinion on this matter. You are expected to approach this question from an interesting angle that is in part inspired by the class' readings and provide a sophisticated and well-argued answer in essay form. Perspectives that may be considered include -but are not limited to- a shifting balance between creativity and rationalization, a societal or cultural perspective, or from a perspective of changing power structures between developers, publishers and platforms. Successful papers from previous cohorts can be found online: <http://www.strategyguide.nl/gjrietveld/>

The final paper should be approximately 10 pages long (or roughly 3,000 words). The paper should draw directly on the class' readings and discussions, and should cite at least 8 sources, 5 of them from the class readings. Students are offered to possibility for timely feedback on their ideas and arguments through submitting a paper proposal document. You should send me a 2 (two) paragraph paper outline proposal containing the chosen perspective and your anticipated answer no later than **Friday March 27 11:59pm**. The final paper is due on **Sunday May 10 at 11:59pm**. For every 24-hour period after that I will deduct a full letter from your grade for this segment.

Your paper must contain the following three components:

1. An **abstract**, describing in about 150 words what the paper is about, its core argument, and sources of evidence.
2. A **beginning**, consisting of an introduction (e.g. what led you to the topic), a brief statement of argument, and an explanation of your topic's relevance.
3. A **middle**, made up of the arguments that build your argument.
4. An **ending**, offering a conclusion that summarizes your main standpoint and arguments, suggestions for further research and discussion, and a bibliography.

All submitted work must be typed, double spaced, and paginated in 12-point Times New Roman font, and submitted digitally in two-fold (to my email address and to NYU classes), in Microsoft Word, WordPerfect, or OpenOffice format. The student's name, date, and essay title should appear on the first page, and pages should be numbered. Pictures, graphs, charts, tables and other visual aids do not count toward the final number of pages. Consult the American Psychological Association (APA) formal style manual or Chicago Manual of Style for proper citation and quotation formatting.

¹ The term blockbuster refers to both a product's commercial performance and to its production (scale and components). [Wikipedia](#) cogently defines blockbuster products as: "a very popular or successful production. The entertainment industry use was originally theatrical slang referring to a particularly successful play, but is now used by the film industry and the pharmaceutical industry and others. The term "blockbuster" in film generally speaks to the size of both the narrative and the scale of production." (last accessed August 11, 2014)

Let's Play: Game Presentations (25% of final grade)

A course on video games would be incomplete without playing video games! Each week, a small group of students (group size pending on student cohort) will give a brief (15-20 minutes) presentation about a video game of their choice. In the presentation you should motivate your choice of game, briefly display some footage of the video game (either through playing or showing a video pending on logistics), provide background information on the game's development, publisher, chosen platform(s), give an overview of the game's creative accolades or important innovations, and elaborate on the game's relative and absolute market performance. Each presentation should end with a slide grading the chosen video game on a scale from 0-100 on both key dimensions that form the foundation of the class: creativity and rationalization (note: the dimensions are non-orthogonal, i.e. a game can score high/low on both dimensions if you argue so). The presentation will be followed by class questions and discussion.

You must send me a digital copy of the presentation (either PowerPoint or PDF) via email, before class starts. Students must also upload their deck of slides onto NYU classes prior to their presentations taking place. To minimize technical difficulties and delays everyone will use the same computer (a standard laptop running PowerPoint or Adobe Reader), which will be waiting for you in the classroom. Choice of game is entirely free, however there does exist a 'black list' of games presented in previous classes. These games cannot be chosen for presentation. The blacklist will be posted onto NYU classes.

Class Participation (15% of final grade)

This course is run like a seminar. This means that your attendance and participation are paramount. You are expected to join in on the conversation and build on each other's and last week's comments. Students ought to come to class prepared and motivated to learn. Each class will start with a brief discussion about notable occurrences in the video games industry that happened that week. You are expected to share what you thought were interesting pieces of news. Students that enter the classroom late will not receive any participation points for that class. Student attendance will be taken each week.

TEXTS & SUPPLIES

Most course readings will be made available via NYU classes. Some readings can be accessed directly online, and two books (of which one is optional) ought to be purchased separately. Please print out the readings for each class – **reading from laptops, smart phones and tablets during class discussion will not be permitted.** In addition, you are encouraged to immerse yourselves in the business and culture of games, by reading websites including but not limited to the ones listed below:

- Kotaku: <http://www.kotaku.com/>
- Polygon: <http://www.polygon.com>
- Market for Computer and Video games (MCV): <http://www.mcvuk.com>
- Games Industry: <http://www.gamesindustry.biz/>
- SuperData Research: <http://www.superdataresearch.com/>
- Edge Online: <http://www.edge-online.com>
- Gamasutra: <http://www.gamasutra.com>
- GamesBeat: <http://venturebeat.com/category/games/>
- GamesBrief: www.gamesbrief.com

SEMINAR DESCRIPTIONS & READINGS

Date	Class	Deliverables
01.30.2015	Welcome & Introductions	-
02.06.2015	Balancing Creativity & Rationalization	Student Presentation 1
02.13.2015	Hardware Gimmick or Cultural Innovation?	Student Presentation 2
02.20.2015	Fighting the Console Wars; Guest lecture: Erik Huey (ESA)	Student Presentation 3
02.27.2015	The Rise of the Blockbuster Video Game	Student Presentation 4
03.06.2015	Platform Users & Innovation	Student Presentation 5
03.13.2015	Guest lecture: David Edwards (T2)	Student Presentation 6
03.20.2015	SPRING BREAK – NO CLASS	-
03.27.2015	Guest lecture: Bryan Cashman (ConsulGamer)	Paper proposals due
04.03.2015	Do Review(er)s Matter?	Student Presentation 7
04.10.2015	Digital Distribution and the Indie Revolution	Student Presentation 8
04.17.2015	Business Model Innovation for Digital Games	Student Presentation 9
04.24.2015	Guest lecture: Damon Branch (Last Limb)	Student Presentation 10
05.01.2015	Indie Game: The Movie	-
05.08.2015	Last Class	Term Papers due

Welcome & Introductions (01.30.2015)

Introduction to course, mutual expectations, logistics, grading and games!

Balancing Creativity & Rationalization (02.06.2015)

Cultural industries are characterized by two competing forces. On the one hand, producers are driven by a passion for creativity and expression. On the other hand, cultural industries are rife with uncertainty which demands rational decision making. This class zooms in on this tension and how it is balanced in the context of the video games industry.

Readings:

Lampel, J., Lant, T., & Shamsie, J. (2000). Balancing act: Learning from organizing practices in cultural industries. *Organization Science*, 11(3), 263-269.

Hirsch, P. M. (1972). Processing fads and fashions: An organization-set analysis of cultural industry systems. *American Journal of Sociology*, 639-659.

Tschang, F. T. (2007). Balancing the tensions between rationalization and creativity in the video games industry. *Organization Science*, 18(6), 989-1005.

Hardware Gimmick or Cultural Innovation? (02.13.2015)

Are video games significant, or are they merely a passing fad? In this class we explore why the answer to this question is an unequivocal “yes”. With a projected value of \$83b for 2014 the video games industry is bigger than recorded music and motion pictures combined. This is not in the last place due to the industry’s production network and its constant drive for renewal.

Readings:

Aoyama, Y., & Izushi, H. (2003). Hardware gimmick or cultural innovation? Technological, cultural, and social foundations of the Japanese video game industry. *Research Policy*, 32(3), 423-444.

Johns, J. (2006). Video games production networks: value capture, power relations and embeddedness. *Journal of Economic Geography*, 6(2), 151-180.

ESA (2014). Essential facts about the computer and video game industry 2014. *ESA*. Available: http://www.theesa.com/facts/pdfs/esa_ef_2014.pdf

Fighting the Console Wars (02.20.2015)

One of the industry’s most telling features is the notion of “video game console wars.” Every 5-8 years platform owners release new platforms to the market and rivals tend to align the timing of launch. In this class we review the history of video game console generations and what defined them. We also look at what made platforms within generations more successful than others.

Readings:

Rietveld, J. and Lampel, J. (2014). Nintendo: Fighting the Video Game Console Wars, *The Strategy Process* (in ed. Mintzberg, H. *et al.*), Fifth Edition, FT Press.

Schilling, M. A. (2003). Technological leapfrogging: Lessons from the US videogame industry. *California Management Review*, 45(3), 6-32.

Optional reading: Harris, B. (2014). *Console Wars: Sega, Nintendo, and the Battle that Defined a Generation*, HarperCollins Publishers, New York (NY).

The Rise of the Blockbuster Video Game (02.27.2015)

Grand Theft Auto V (Take 2 Interactive) generated over \$1b in revenue three days after its release September 17, 2013. Other entertainment industries alike, a small number of video games comprise the bulk of the revenue, and the number of economically relevant games appears to decline each year. Why is the market for video games dominated by blockbuster games, and which games become blockbusters?

Guest lecture by Erik Huey (Senior Vice President of Government Affairs, ESA)

Readings:

Cox, J. (2014). What Makes a Blockbuster Video Game? An Empirical Analysis of US Sales Data. *Managerial and Decision Economics*, 35(3), 189-198.

Elberse, A. (2014). *Blockbusters: Hit-making, Risk-taking, and the Big Business of Entertainment*, Macmillan, New York (NY).

Platform Users & Innovation (03.06.2015)

This class we continue the debate on blockbuster video games to include the role of the platform owner and the adopters of platforms (gamers). Industry executives such as Ubisoft CEO Yves Guillemot argue that in order to sell highly innovative or creative games, frequent renewal on the platform side is needed. Using original research, here we explore how platform dynamics affect the business of games.

Readings:

Rietveld, J. (2014). Demand Heterogeneity and the Adoption of Platform Complements. *NYU Stern Working Paper*.

Juul, J. (2010). "A Casual Revolution" In *A Casual Revolution: Reinventing Video Games and Their Players*, 1–23, The MIT Press. Cambridge, MA. Available: <http://marzipa.files.wordpress.com/2011/08/a-casual-revolution-reinventing-video-games-and-their-players.pdf>

GUEST LECTURE: David Edwards from Take 2 Interactive (03.13.2015)

SPRING BREAK – NO CLASS (03.20.2015)

GUEST LECTURE: Bryan Cashman from ConsulGamer (03.27.2015)

Submit your paper proposals by Friday March 27 11:59pm!!!

Do Review(er)s Matter? (04.03.2015)

Video games and reviewers have somewhat of a symbiotic relationship. To keep their integrity, reviewers have to remain independent from game companies. However, in their livelihood, reviewers are financially dependent on the very companies whose produce they evaluate. How problematic is this relationship, and how much to review(er)s really matter?

Readings:

Basuroy, S., Chatterjee, S., & Ravid, S. A. (2003). How critical are critical reviews? The box office effects of film critics, star power, and budgets. *Journal of Marketing*, 103-117.

Parkin, S. (2014). Blurred lines: Are YouTubers breaking the law? Eurogamer.net. *Available:* <http://www.eurogamer.net/articles/2014-07-16-blurred-lines-are-youtubers-breaking-the-law>

Rose, M. (2014). Pay for Play: The ethics of paying for YouTuber coverage. *Gamasutra*. Available: http://gamasutra.com/view/news/219671/Pay_for_Play_The_ethics_of_paying_for_YouTuber_coverage.php

Zhu, F., & Zhang, X. (2010). Impact of online consumer reviews on sales: The moderating role of product and consumer characteristics. *Journal of Marketing*, 74(2), 133-148.

Digital Distribution and the Indie Revolution (04.10.2015)

Digital distribution platforms such as Google's *Play*, Valve's *Steam*, or even Facebook have given video game developers a direct link to video game players. Simultaneously, these platforms have allowed for a widening of the game playing demographic. What are the implications of these tidal shifts for the nature and business of video games?

Readings:*

Anderson, C. (2004). The Long Tail. *Wired*, 12 (10). October. Available:

http://archive.wired.com/wired/archive/12.10/tail_pr.html

Broekhuizen, T. L., Lampel, J., & Rietveld, J. (2013). New horizons or a strategic mirage? Artist-led-distribution versus alliance strategy in the video game industry. *Research Policy*.

Brynjolfsson, E., Hu, Y. J., & Smith, M. D. (2006). From Niches to Riches: Anatomy of the Long Tail. *Sloan Management Review*, 47(4), 67-71.

Elberse, A. (2008). Should you invest in the long tail? *Harvard Business Review*, 86(7/8), 88.

* I recommend that you read the readings in chronological, rather than alphabetical, order.

Business Model Innovation for Digital Games (04.17.2014)

Extending the debate on digital distribution, in this class we look at how novel business models – facilitated by the advent of digital distribution channels- allow for new ways to balance the tension between creativity and rationalization. While free-to-play may be perceived by many as a corporate evil, it may actually allow for greater creativity and economic sustainability.

Readings:

Rietveld, J. & Dreunen, v. J. (2014). De-risking game development in the digital era: Four strategic questions every game company should ask itself. *SuperData Research*. Available:

<http://www.superdataresearch.com/de-risking-game-development/>

Rietveld, J., Dreunen v., J. & Baden-Fuller, C. (2015). Game Changers: Business Model Innovation in the UK Market for Digital Video Games. *CityU/NYU Working Paper*.

Ederly, R. (2012). The Magic of Free-To-Play: How I Stopped Worrying and Learned to Love the Free-To-Play Business Model. *Game Developer Magazine*, May 2012, Vol. 19 (5), 51. Available:

http://www.gamasutra.com/view/news/174308/Opinion_The_magic_of_freetoplay.php

GUESTLECTURE: Damon Branch from Last Limb LLC (04.25.2015)

Indie Game: The Movie (05.01.2015)

A viewing of the fantastic documentary *Indie Game: The Movie* offers an inside look into the lives of four –by certain metrics- successful independent video game developers. What choices do they make and

why? How do these artists balance the tension between creativity and rationalization? A unique inside perspective that is both informative and entertaining!

Last Class (05.08.2015)

Today is your last day to ask questions and get feedback on your papers! We will also use this class as slack time to make up for topics that we did not fully cover yet. We will wrap up the course and say goodbye. I will synthesize the student game presentations in a cogent manner.

Deadline for final papers Sunday May 10 at 11:59pm!

GRADES RUBRIC

A=Excellent

Outstanding work in all respects. This work demonstrates comprehensive and solid understanding of course material, and presents thoughtful interpretations, well-focused and original insights, and well-reasoned commentary and analysis. Includes skillful use of source materials, illuminating examples and illustrations, fluent expression, and no grammar/typing errors.

B=Good

This work demonstrates a complete and accurate understanding of course material, presents a reasonable degree of insight and broad levels of analysis. Work reflects competence, but stays at a general or predictable level of understanding. Source materials, examples, illustrations, are used appropriately and articulation/writing is clear. Paper has been carefully proofread.

C=Adequate/Fair

This work demonstrates understanding that hits in the ballpark, but which remains superficial, incomplete, or expresses some significant errors or weaknesses. Source materials may be used inadequately or inappropriately, and arguments lack concrete, specific examples and illustrations. Writing/articulation may appear vague, hard to follow, or loaded with typos and other technical errors.

D=Unsatisfactory

This work demonstrates a serious lack or error in understanding, and fails to express the most rudimentary aspects of the course. Sources may be used entirely inappropriately or not at all, and writing/articulation appears deficient.

F=Failed

Work not submitted or attempted.

Plus (+) or minus (-) grades indicate your range within the aforementioned grades. In other words, B+ means very good:

A = 93-100

A- = 89-92

B+ = 86-88

B = 83-85

B- = 79-82

C = 73-75

D+ = 66-68

F = 0-55

C+ = 76-78

C- = 69-72

D = 56-65

MISCELLANEOUS

Sources

An important part of academic work consists of finding information relevant to your topic. New York University offers a rich variety of literature, financial information, journals, market research reports and articles. You can find most of it online, at <https://home.nyu.edu/research>

Online and encyclopedic sources such as Google and Wikipedia are excellent starting points for your research. They offer a valuable overview of specific subjects, and link to vital primary and secondary sources for your work. However, you are not permitted to quote or cite the Wikipedia pages themselves as references in your work.

Free writing help is available through the Writing Center, 269 Mercer Street, 2nd Floor. The telephone number is: (212) 998-8866.

Plagiarism

Academic plagiarism is a serious offense. If you do it, in any form, you will fail the entire course. Just to be clear, this includes every unacknowledged use of materials written by others (even sentences or obvious paraphrases without quotes). Please see the University's guidelines for further information on this matter. For more info: http://steinhardt.nyu.edu/policies/academic_integrity

Late assignments

Late assignments will be marked down one letter grade for every day they are overdue. This applies both the presentation slides and the final paper. If you think you are going to be late with an assignment, you must notify me before the assignment is due (and this does not mean an email an hour before class). Please respect yourself and me. Ungrounded excuses will not be tolerated.

Students with disabilities

Any student attending NYU who needs an accommodation due to a chronic, psychological, visual, mobility and/or learning disability, or is Deaf or Hard of Hearing should register with the Moses Center for Students with Disabilities at 212 998-4980, 240 Greene Street, <http://www.nyu.edu/csd>