

# Global Game Industry: Level 8

(MLI26C738)

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# Agenda for today

16:00 – 16:30 Branding, marketing, community mgmt

16:30 – 17:30 Joining Johnathyn on Twitch

NEXT, TWO OPTIONS

Short break + continue with the rest of the session

OR

I'll create a video of the rest of the material for you to watch

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## Today's learning outcomes

- Game companies today heavily rely on data: *metric-driven design*
  - Due to competition being fierce, community management aims at boosting commitment and perceived value
  - Branding a balancing act between conformity and distinctiveness (Pinto Santos, 2017)
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# Branding, marketing and community management



Let's start with some key terminology

- UA = User Acquisition
- ARPU = Average Revenue Per User
- LTV = Lifetime Value
- DAU = Daily Active Users
  
- Metric-driven design!





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## Logic behind "traditional" services

Stocks



Clothing



Textbooks





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## Logic behind in-game currency



Although technically feasible, in-game currency lock-in means invested money cannot be transferred to a different service / game -> sunken costs!



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## In-game currency only one part of the equation

- Key issue: how do we design experiences that keep consumers playing our games over and over again?
  - Acquiring new users / players is a costly endeavor!
- Marketing activities before, during, and after launch differ
  - Hype -> user acquisition -> user retention
- Also, games themselves marketing platforms
  - Binns et al. (2018): third party tracking in mobile games







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## Marketing & development go hand in hand 1





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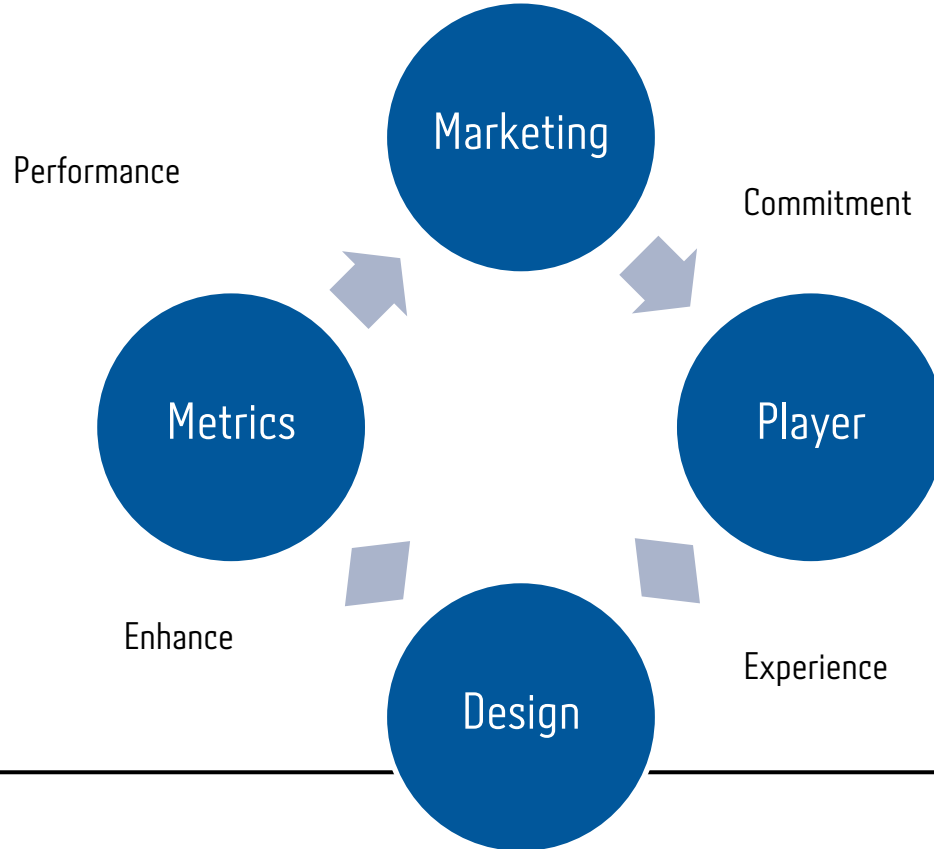
## Marketing & development go hand in hand 1





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## Marketing & Development: post-launch





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# Marketing activities mapped

## Before

Streaming the development process

Generating hype, being secretive

Crowdfunding campaigns

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## Marketing activities mapped

Before	During	After
Streaming the development process	Multichannel campaigns	Influencers
Generating hype, being secretive	In-game advertising, cross-promotion	Cross-promotion
Crowdfunding campaigns	Traditional media, bloggers, influencers	Community management

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# Co-creating with customers

<https://www.youtube.com/watch?v=1xf3x7YLZCA>

# Community management in action (with some familiar faces)

[https://www.youtube.com/watch?v=Na7Kpr6\\_7u4](https://www.youtube.com/watch?v=Na7Kpr6_7u4)



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## Then some more videos... (more food for thought)

<https://www.youtube.com/watch?v=R2zWUX9diVw>

<https://www.youtube.com/watch?v=gmA6MrX81z4>

<https://www.youtube.com/watch?v=NKE39Tg9oQY>

<https://youtu.be/5H8ATZxWdNI>

<https://www.youtube.com/watch?v=jdDdKe0ay9c>

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## And some failures...

- <https://www.gamesradar.com/15-awful-and-totally-real-video-game-marketing-campaigns/>
- What kind of marketing failures are there? What do you think causes them?

### Marketing activities mapped

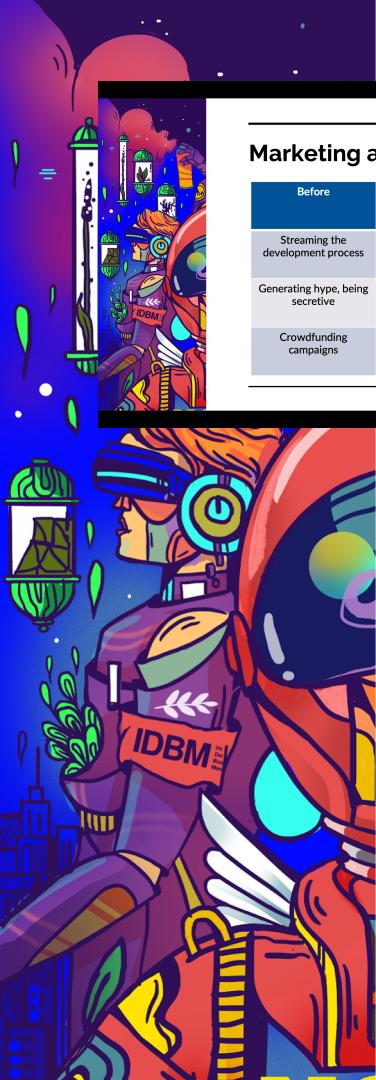
Before	During	After
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Design

Players

Branding

Marketing serves different purposes in game companies



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# Branding: games vs. company

- Games
  - Design direction and style
  - The "what" aspect
- Company
  - The "why" aspect
  - Competitive advantages, what makes us unique
- Combination
  - The "how" aspect
  - Behind the scenes, trailers, postmortems



We have worked hard to make our Privacy Policy easier to read, and have managed to make it over 50% shorter! The update is aimed to simplify our policies, and your data will not be processed in new ways. Please take some time to read the new [Privacy Policy](#).

## *“Supercell was founded on a few core beliefs.”*

### **The Best Teams Make The Best Games.**

We used this simple sentence to describe our idea of a new kind of games company that would put people front and center. We thought to ourselves: “What if you put together a games company the way you’d put together a professional sports team?” In that type of model, the sole mission of the founders and management would be to acquire the best talent FOR EVERY SINGLE POSITION, create the best possible environment for them, and then get out of the way. It would be an environment with zero bureaucracy. A place where the best people could make the biggest possible impact and nothing would stand in their way. Everything else, including financial goals, would be secondary.

### **Small and independent cells.**



# corporate

- [Manuals](#) ▶
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### Nintendo of America's Corporate Mission and Philosophy

At Nintendo we are proud to be working for the leading company in our industry. We are strongly committed to producing and marketing the best products and support services available. We believe it is essential not only to provide products of the highest quality, but to treat every customer with attention, consideration and respect. By listening closely to our customers, we constantly improve our products and services.

We feel an equal commitment toward our employees. We want to maintain an atmosphere in which talented individuals can work together as a team. Commitment and enthusiasm are crucial to the high quality of our products and support services. We believe in treating our employees with the same consideration and respect that we, as a company, show our customers.

#### [How to Apply](#)

## Next Games

Why Invest in Next Games?

Strategy

CEO's Review

Share



Governance



Investor Relations



News

Reports and Presentations



## Our Strategic Priorities – Focus on Delivering a Great Player Experience

The global mobile games market has matured quickly and is incredibly competitive today, just like any content business such as music, film, or television. Rapid advances in technology, increased congestion in the application marketplaces, and the constant need for creativity in gameplay innovation, coupled with competition for the most experienced game developers, means that game studios need to master both the business and creative side better than ever before. Capitalizing on lessons learned and an understanding of a constantly evolving market, Next Games concentrates on enabling teams to efficiently focus on building engaging mobile games through four strategic initiatives:

### 1. Building on top of the existing game mechanics and technology

Optimal time-to market is a key question as the market evolves fast. Next Games has a strong foundation to build upon with the company's experience in role-playing, collection and location gaming mechanics. Next Games' games share a technology platform, which has matured during 2018 into a more robust product. The purpose of the shared technology platform is to offer a shared backend solution and tools for all the company's games in order to increase code reusability across projects and thus reduce time and effort spent on basics for each game as well as make all generic features available for all game projects.

## Investors

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## Strategic Focus Areas

### 1. Strengthening Strategic Partnerships

Next Games' vision is to become the most sought after partner for global entertainment franchises. Next Games operates the whole value chain, from game concepting and development to publishing and marketing, providing a one-stop-shop service and expertise to its partners, the IP owners.

In collaboration with its partners, Next Games creates new business opportunities by providing a game experience that fits the partner's and their target audience's needs. Next Games is in a very good position to partner with the most significant license holders in the world, such as AMC Networks, Netflix, and Alcon Entertainment.

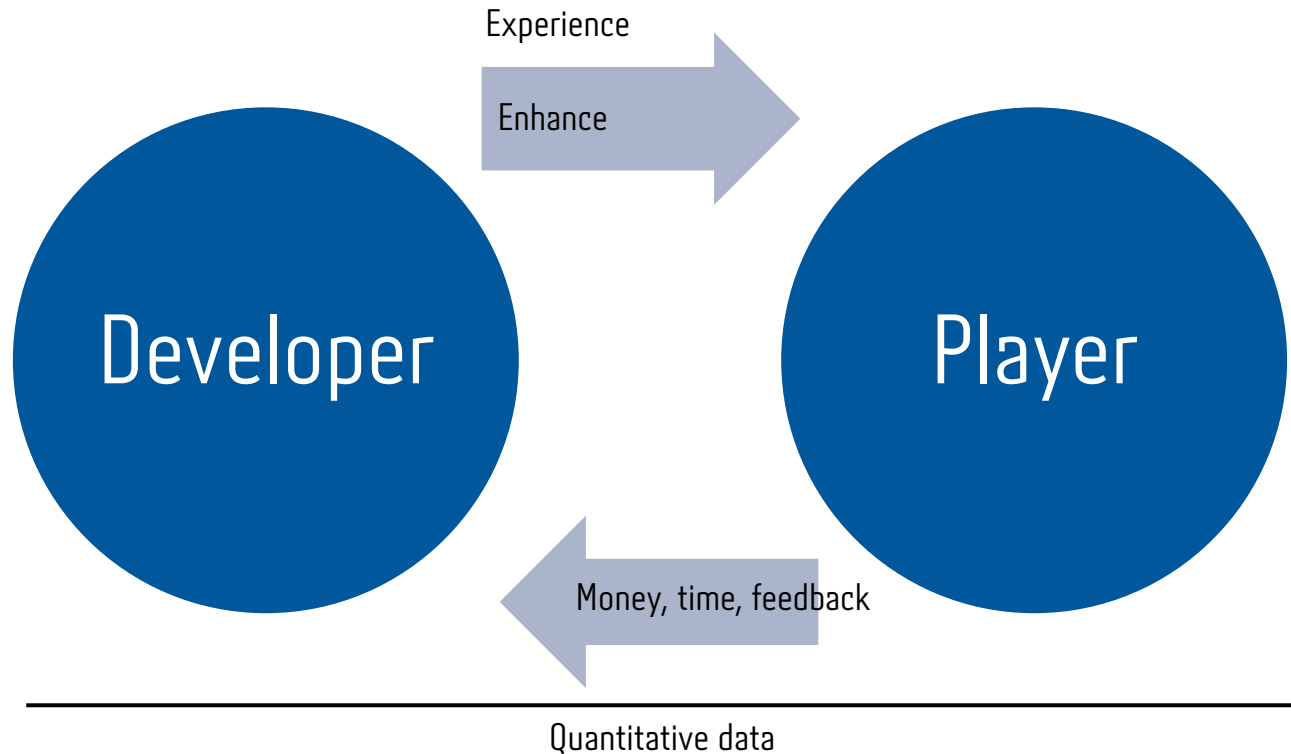
### 2. Active Brand Portfolio Management

Next Games' mission is to define the way franchise entertainment transforms into highly engaging mobile games. A strategy based on utilizing well-established and widely recognized brands solves the challenge of rising user acquisition costs and thus stricter game performance requirements prevailing in the industry. The utilization of brands brings a competitive advantage, such as with alternative marketing opportunities or lower overall user acquisition costs. If utilized correctly, brands have the potential to create a higher organic



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## Why marketing and community mgmt?







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## Marketing, branding, community mgmt

- Marketing: before, during, and after launch
  - Goes hand in hand with the development process
- Branding: serves different audiences
  - Institutional legitimacy, customer perceptions of quality and content
- Community management: boosting the value players perceive to be getting from playing a game



# Q&A with Johnathyn on Twitch



Let's take a closer look at  
streamers





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# Streaming: obligatory market statistics

- Twitch sees an average of 15 million daily active users (DAUs)
- Over 2.2 million Twitch creators broadcast their games live on Twitch monthly
  - Yet not everyone makes money out of streaming or even attracts one single viewer 😞 😞 😞
- Fortnite is the most streamed game on Twitch
- Other platforms: YouTube, Facebook, but Twitch clearly dominating



**CHALLENGER!**

Your fists of evil are about  
meet my steel wall of niceness



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## Streamers seldom go solo

I actually had three YouTube channels, and I did those for about a year or two, did over 1,000 videos of Clash of Clans and probably another 100 videos of other games...and we barely have produced maybe even 100 videos since then in the last three years just because we started managing so many huge YouTubers that it became my passion, and it became where I made more money. At the end of the day, it was something I actually preferred to do, and I was kind of sad that YouTube had turned into such a grind for money rather than something I enjoyed as just a hobby for fun. So it was kind of a good reason to slow down and stop posting videos pretty much on my channels.

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## Streamers seldom go solo

He [nickatnyte] actually lives a mile from me. We're very good friends, actually.

We both quit really good jobs, actually, which everyone thought we were crazy for, but we were like, yeah, we're young. We're not going to have this opportunity to do something crazy in 5, 10 years. We already have good resumes. What's the point? Let me do something I want to try to do. If I don't succeed in a year, I'll just quit. But I have enough money saved up to throw a year of time into something I like, and so we kind of did it.

He started three months before me...and so from there it turned into him actually needing help with brand deals because companies were taking advantage of them.

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## Emergence of managers

- Producing videos for YouTube / streaming content is **hard work**:
    - Stream / play every day for several hours, then edit the videos, engage with the community, deal with companies, deal with platform analytics (search engine optimization, tagging, algorithms always changing) -> while remembering to enjoy playing games!
    - Community lock-in: switching to different games OR taking a break -> community backlash
  - Managers ensure the backstage is clean so the streamers can focus on delivering content
  - Seems to be based on reputation: "Yo, my buddy Brian, he's a YouTuber too, but he actually is helping us with this because he's business-oriented, and here's what he did."
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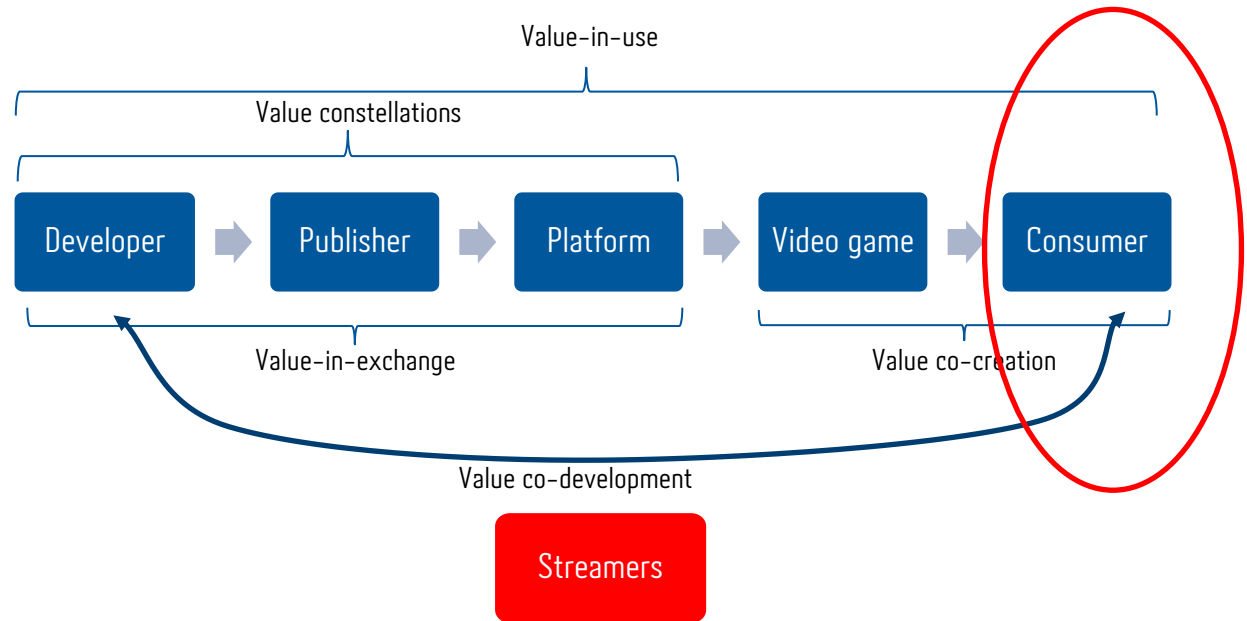
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## Emergence of an industry

- Streamers and agencies representing them are still relatively new phenomena
  - Hence, these actors are also shaping the industry
    - Bubbling under: what kind of legislation do we need to support this emerging industry?
  - Video games balance between creativity and rationality – so do streamers, too
  - Also finding games they want to play: “We didn’t really have the passion to be a Call of Duty streamer”
  - Streamers: revenue from game companies, platforms, brand collaboration, consumers
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## Seven value creation mechanisms of the video game industry



What makes games stand  
out?

...and why some games are  
axed?



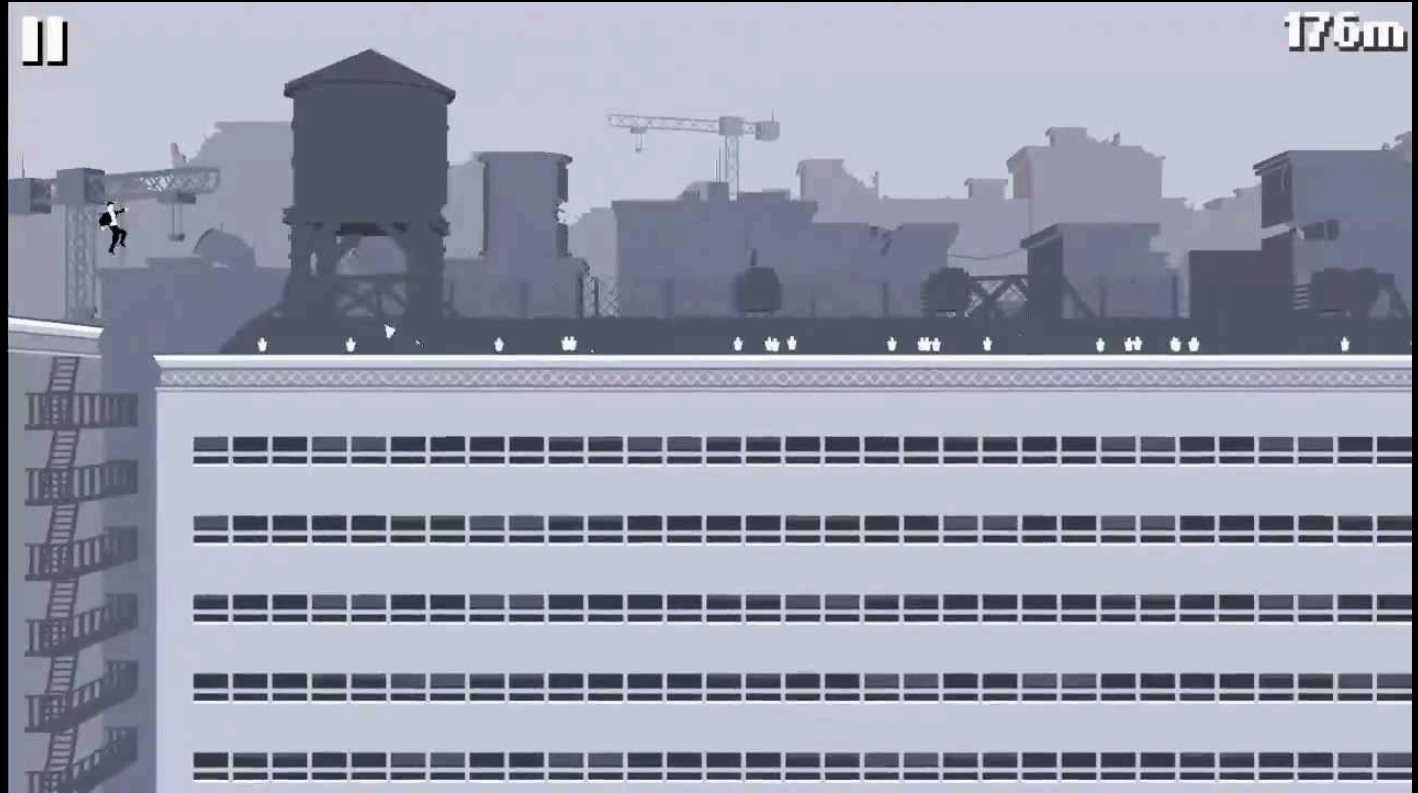


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# Games that stand out: novelty and quality

- High quality: experience products, difficult to evaluate beforehand
    - Rigorous testing prior to release, matching the platform's design direction
    - Word of mouth (predictor of sales), professional critics (positive impact on sales) [Cox & Kaimann, 2015]
    - Perceived value and loyalty (Hsiao & Chen, 2016)
  - Standing out from the rest through radical and incremental innovations
    - Gameplay, story, new genre or genre combo, blue ocean strategy
  - Let's look at a couple of examples
-

**Canabalt  
(2009)  
created the  
endless  
runner  
genre**



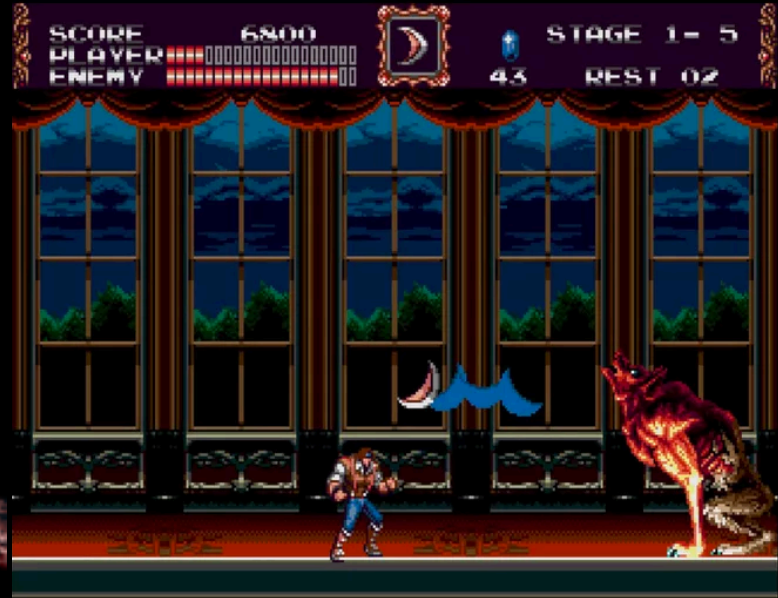
Papers, Please  
(2013)  
created an  
emotionally  
engaging  
experience  
with mostly  
bad decisions  
available for  
the player



Plague Inc. (2012) is a strategy game where you play as a disease



Metroidvania  
genre was  
defined by  
Super  
Metroid and  
Castlevania







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# Differentiation as a brand-building approach

- Innovative, high quality games -> builds the company's brand
  - Does it fit with the platform's design direction and style? -> getting featured on the platform (this is super important for sales!)
  - Nurture ties with the platform (e.g. meetings at trade shows), however develop a sequel / follow-up title that doesn't match the expectations, and you can be replaced
-



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# Innovations push the industry forward

- Games are more often than not created to provide experiences, not to match existing demand (compare to e.g. cars, food, housing)
  - Technological advances play a role in defining the dominant design (i.e. what becomes mainstream?): at the moment, digital distribution and microtransactions
  - On a more macro level, technology partly explains why single player games are losing ground
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## Innovations push the industry forward (cont'd)

- ...game production costs are going up, yet the price point has remained the same (e.g. 50€)
  - When customers are willing to spend more over time, it makes sense to develop games that **meaningfully** implement microtransactions
  - From a game company's perspective, reasons are diverse: personal reasons (Flappy Bird), server costs (other games more profitable), hardware cycles push the developer to focus on the newest version
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## Game longevity and differentiation: concluding remarks

- Not all companies decide to craft their strategy based on differentiation (clones!), but those that do mostly focus on quality, gameplay, story, or game mechanics
  - Although luck also plays a part, successful companies utilize their networks, nurture loyal and engaged customers, and focus on creating innovative experiences
  - And since games have become services, they are usually killed when they no longer generate profits OR beta testing shows there isn't enough traction
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What did you learn today?

**MUCH TO LEARN,**

**WE ALL STILL HAVE.**



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## Preparations for Friday

- Upload your team presentation by midnight
  - Learning Diary 2 due tomorrow midnight
  - Prepare to share your progress with the other teams!
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# See you tomorrow!

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