

# Global Game Industry: Level 10

(MLI26C738)

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## Today's learning outcomes

- Internationalization happens in multiple levels
  - Different outcomes: not only financial gains
  - Needs to be closely linked to company's strategic goals
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# Internationalizing game companies – how and why?



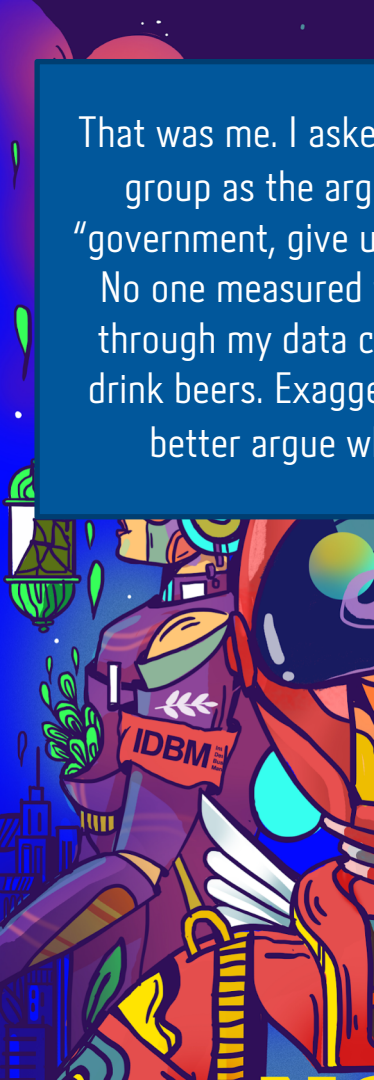


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*Somebody in Finland just asked me if trade missions to game industry conferences are necessary. Is it necessary to participate in trade missions when over 95% of the industry turnover already comes from exports? I got **irritated**. Then I realised that maybe it looks goofy from outside. All these game developers are travelling around the world, just having a good time.*

<https://www.pocketgamer.biz/feature/60626/top-tips-for-surviving-and-thriving-at-game-conferences/>

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That was me. I asked this question on Play Finland Facebook group as the argument felt a bit too shallow. Basically, “government, give us money because we need to go abroad”. No one measured the impact of these trade missions, and through my data collection I heard people go there just to drink beers. Exaggerating a bit here, but also worthwhile to better argue why public funding should be granted.

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*95% of our sales come from abroad, so we have to be international by default.*

Manager A, Finnish game company

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Small domestic market, so international...

Just because someone from Sweden buys your game when they're drunk doesn't make you international!



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## Levels and dimensions of internationalization

### Consumer perspective

- Sales  
(i.e. people abroad buying our products through various channels)
- Product development (cross-cultural dimension)

### Organizational perspective

- Technology licensing
- International networks
- Mergers and acquisitions
  - Partnerships
  - Own subsidiaries





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## Levels and dimensions of internationalization

Consumer perspective

- Sales  
(i.e. people abroad buying our products through various channels)

Industry

Company

Individual

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## ...and a bit more.

- To put it bluntly, the consumer does not care where the game comes from
  - However, aesthetic and gameplay preferences do exist; the US – Japan continuum (Aoyama & Izushi, 2003; Izushi & Aoyama, 2006) one of the classic ones
  - However<sup>2</sup>, brand equity plays a role here: especially Japanese game companies with their distinct style draw upon Country of Origin phenomenon





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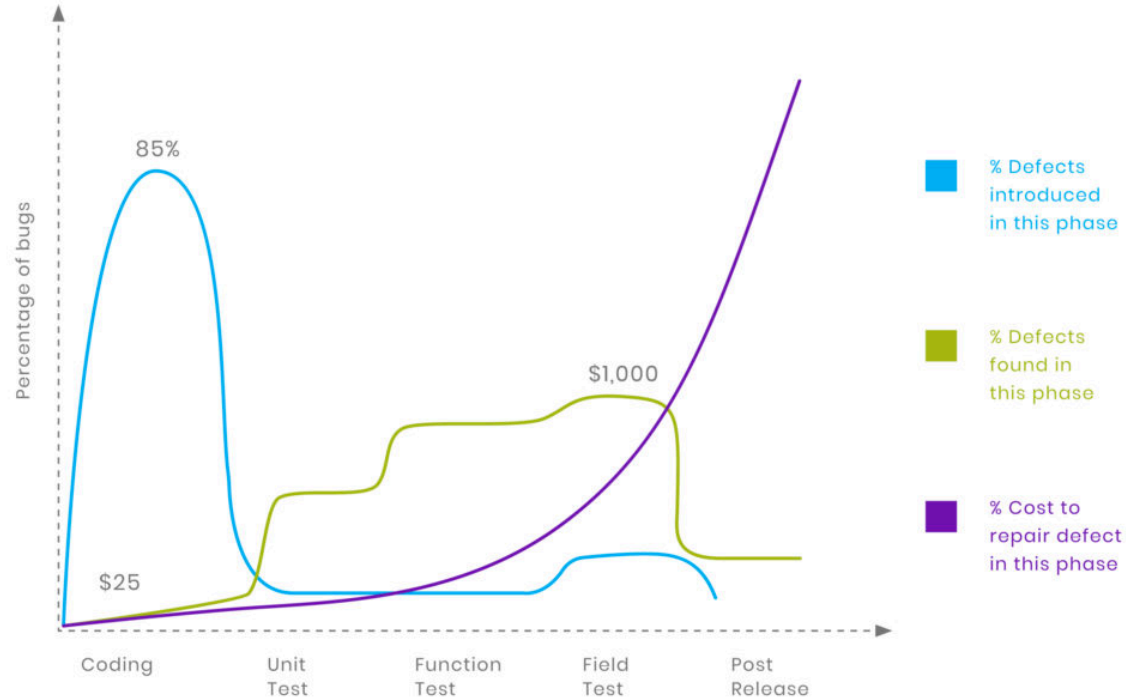
## Global tastes, local flavor?

- Due to digital distribution games balancing between conformity and distinctiveness
- However, locality is in the details:
  - Swedish flag in Angry Birds
  - Witcher 3 based on Polish novels
  - Yakuza games closely connected to the Japanese organized crime
- Internationally famous games with strong local elements?





# Want to go abroad? Better be prepared...





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## Let's look at the ecosystem

Partners and  
platforms

Customers

Video game  
company

Own subsidiaries

Corporate  
customers

Media

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## Individual customers abroad

- Small domestic market, relatively easy access to global audiences
  - Sales, access to local market data, consumer preferences
  - Gameplay data, consumer insights, community management
  - More involvement -> potentially more revenue, but also costs
  - Localization costs! (during and after development)
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## Corporate customers abroad

- Balancing the revenue streams, mitigating risks
  - Technology licensing, consulting, subcontracting
  - Acquired through networks, attending international conferences, outreach activities, funders
  - Potential to gain global credibility and authority
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# International media connections

- Visibility for the game and the company, positive impact on sales [Marchand et al., 2017]
- Media as a gatekeeper (Hirsch, 1972): personal contacts help in gaining access and visibility
  - Importance of communication skills! (e.g. press releases)
  - Media houses have their own agenda, though...
- <https://www.youtube.com/watch?v=dWnwfVsNBhE>
- <https://www.youtube.com/watch?v=R2zWUX9diVw>







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## Establishing own subsidiaries

- Mergers and acquisitions: In 2017, Supercell acquired 62% of UK-based Space Ape Games (and 51% of Frogmind in 2016)
    - Why?
  - Knowledge transfer, new partners and networks, better access to local customers and talents, new technological solutions
  - Own subsidiaries: access to local talents and markets, more control on design direction, strategic relevance?
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# Partners and platforms

- Platforms: getting featured, loved by the platform critical success factors
    - Platforms looking for distinguishing factors!
  - Partners: knowledge transfer, credibility, international exposure
    - Game industry networks relatively small in terms of gatekeepers, crucial to know the key players
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## Conversely, mergers and acquisitions important in tapping into local networks

- Game companies seem to cluster within cities (Lehtonen et al., 2019)
  - As such, foreign companies can gain access to critical resources through acquiring local actors (yet acquisitions slowing down as the industry is consolidating)
    - Chinese Tencent currently on a shopping spree: <https://www.pcgamer.com/every-game-company-that-tencent-has-invested-in/>
  - Sometimes, establishing a subsidiary, whilst technically feasible, would not make sense due to the lack of local connections (e.g. Rovio in Japan)
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# Types of internationalization

Industry

Company

Individual

## Triggers

- Networks
- Appearances
- Mindset
- Institutional support

## Activities

- Consulting
- Conferences
- Public speaking
- Market research

## Outcomes

- Financial
  - Cultural
  - Social
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## Unpacking internationalization

- Internationalization activities crucial in the game industry
  - Both inward and outward activities important
  - However, competitive advantages? Both company and country?
- Financial, social, and cultural internationalization
- Does not seem to follow traditional step-wise theories on internationalization
- What do you think?



# See you tomorrow!

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