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Essay Question: In what ways has the 'network of networks' (the Internet) affected previous distribution methods, such as broadcasting or the distribution of other creative work?

Compare and contrast relevant literature with reference to specific examples of particular mediated forms, such as images, music, film or games.

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Thanks to the Internet, in the last few years the distribution of videogames has changed drastically. This change has not only affected through which channels games are distributed, but it also affected the kind of games being sold.

This paper is going to analyse the correlation between independent games and digital distribution. Independent games, usually referred to as *indie games*, have been one of the biggest innovations of the past decade and they evolved from being niche products to some of the highest grossing games in history. These games are usually made by small studios which are not financially supported by a publisher.

Indie games have seen a dramatic growth in the last few years because of digital distribution, which has made it possible for small developers to publish their games through online stores (Dewdney and Ride, 2013).

In this essay I’m going to argue that indie games have pushed the boundaries of digital distribution and they might be leading to a complete digitalization of videogame distribution.

To do so I will compare the distribution of current indie games to the one in the 70s and 80s.

I will analyse how the Internet changed not only the distribution method but the content being distributed as well. Other points of discussion will be how major corporations decided to follow the indie developers’ route and how the characteristics of indie games might help mitigate the effects of piracy.

There are a variety of differences between the indie games of the past and the ones being developed now. I will analyse how ease of distribution, product quality and buyer awareness influenced the success of indie games.

Even though they saw a profound change because of digital distribution, indie games existed years before the Internet was invented.

Indie games in the 70s were developed for home computers and were not meant to be distributed. The dubious quality of the software, alongside the difficulty to distribute physical copies, meant that often these games were created without the prospect of being sold to a large audience. (Watlington, 2015).

The development of indie games changed in the 80s, with platforms such as the Atari 2600 or the ZX Spectrum. Compared to the past decade, in this period the distribution of indie games was a much easier task for the developer, since retail shops would be the ones in charge of it. At the same time, the fact that home computers made programming an affordable hobby meant that the market started being flooded with low quality games. As said by Donovan (2010, p. 98) “the volume of games and the dubious quality of many of them started to put customers off”.

As technology evolved and advertisement got more expensive, the higher production costs meant that publishers didn't want to risk money marketing indie games and retailers stopped selling indie games now that consoles didn't run third party software.

I would argue that it's exactly in the moment when millionaire game budgets and big development companies seemed to rule the games industry, that independent game studios, thanks to the Internet, found a way to bypass the publisher's and retailer's grip on access to consumers (Donovan, 2010).

Why did digital distribution give such a dramatic boost to the creation of indie games, and why is it such an advantageous method?

One of the most important reasons has to be creative freedom. As Mike Diver (2016, p. 8) said “It’s in the indie sphere where genre traits and tropes are unshackled, mangled, remoulded. Here, reduced manpower and money represent no limit to imagination. It’s a space of near-infinite possibility, manifested most frequently through digital distribution – cheap, reliable and direct to the homes of the consumers.”

Considering how most indie games are pioneering new genres, it is a risk for publishers to invest in a product whose success cannot be foreseen. Supporting the development, marketing and distribution of a game which does not produce enough revenue might result in heavy losses for the investors. Many entrepreneurs decide to appeal directly to large online communities of consumer-investors, given the difficulties they face when trying to be financed by traditional sources (Kuppuswamy and Bayus, 2015).

One of the most interesting aspects of digital distribution is the freedom of choice for both the developers and the customers. Thanks to the creative freedom brought by digital distribution, developers can decide to create any kind of game, no matter how audacious it is. At the same time, thanks to systems such as Steam Greenlight and Kickstarter, potential buyers can now decide which projects they want to see developed and which ones they think are not worth being produced.

The distribution itself is not the only thing being affected, there is also a reconfiguration in terms of content creation. Since games are actively played and adopt elements of user-made content, online distribution needs to integrate these aspects into the value chain (Jöckel, Will and Schwarzer, 2008).

Steam moved in this direction in the last few years when they decided to stop hand picking which games would be sold in their platform and instead decided to introduce the Greenlight system, which lets the users decide which games should be sold.

The fact that games are being funded while still in the early stage of development excludes the publisher from the decision making process of what is worth being produced. It also helps in keeping the market relatively free from low quality games, which was a problem before the Internet. I believe this consumer-investor duality is a crucial difference from the distribution of indie games before the Internet. It is one of the signs of a shift towards a convergent culture, which benefits both the industry and the consumers (Jenkins, 2006)

Indie developers' success demonstrated that there are clear advantages to digital distribution, and I believe it is thanks to this example that the rest of the industry has decided to move along the same path.

Although the introduction of digital technologies led to a democratisation, major corporations still retain crucial control over the marketing and promotion, which will largely determine what products most consumers will know about (Hesmondhalgh, 2012).

Publishers and hardware manufacturers decided to embrace the new situation and change their policies. In the past few years there has been an opening towards indie games and indie studios in general.

Major companies are now marketing indie games alongside their own products. Some indie studios are put under the patronage of corporations: this is the case of Coldwood Studios, an independent studio which struck a publishing deal with EA for their new game, Unravel. EA's marketing of the game was on par with that of AAA games, even though the game was sold only through digital distribution platforms.

This goes in contrast with the idea of Jöckel, Will and Schwarzer (2008), who predicted that online distribution in the game industry would lead to the elimination of the classic publisher in the value chain. Their idea of new business alliances, being formed between a developer and a service provider for the distribution of content that could not be sold through offline retail, does not preclude the fact that a publisher could still finance the marketing of the product.

As described by Watlington (2015), Sony is one of the most notable examples: their online digital distribution system, the PlayStation Network, has seen an exponential growth in the number of indie games. Their hardware platforms, such as the PS4 and PSVITA, have been often marketed as the go-to choices for the digital distribution of indie games.

Even though many would consider this a good sign for the future of indie games, Lipkin (2013) believes that the anti-establishment nature of indie games has been lost after the majority of them has been patronized by mainstream corporations.

His concerns about indie games losing their original intent raises valid questions about what really defines an indie games as such. Indie games were born as home computer shareware, and now they are being distributed and advertised by console manufacturers, the same manufacturers that opposed the distribution of indie games in the past.

The fact that there are concerns about indie games losing their identity because they are being advertised by major companies goes a long way in showing how much Internet has changed the distribution and nature of the content itself.

I believe that what could be considered one of the major obstacles to the complete digitalization of distribution, piracy, will not affect this process.

One of the biggest drawbacks to indie games in the 80s was piracy. Physical versions of the game, often installed on commonly available formats, such as floppy disks, were relatively

easy to copy and resell. Only major corporations such as Nintendo had the possibility to distribute their games in special formats which only worked on proprietary hardware (Smith, 2014).

Because of the Internet it is now much easier to distribute illegal software, thanks to the digital nature of videogames and the fact that hardware manufacturers gradually adopted common formats to distribute their products. A research made by Arxan (2015) shows how piracy has been gradually increasing over the last years, up to the point where more than thirty thousand pirated games are available online.

A study from Khouja and Wang (2010) analysed the impact of the digital channel on profitability and piracy, and found out that digitalization makes the elimination of the physical product possible. It also states that the retail channel suffers more losses from piracy than the digital one.

Digital distribution might, in the future, replace the retail channels. Major corporations like Sony foresee digital distribution being bigger than retail in the next ten years (French, 2009). Even though right now piracy affects the retail channel more than the digital one, it is plausible to think that this order will change as digital distribution grows bigger.

It would be normal to assume that Indie games will suffer from the advancement of piracy. Despite the fact that a research by Drachen and Veitch (2013) reveals that there are no indie games in the top ten most pirated games of 2011, it is safe to speculate that indie games will gradually be more and more pirated. This is the consequence of two changes: the first being that now indie games are promoted by major corporations, alongside their AAA titles; the second being that now, because of the Internet, both AAA titles and indie games are being distributed via the same digital channels.

On the other hand, there are reasons to believe that indie games' peculiar characteristics would help mitigate the effects of piracy.

A study by Hill (2007) reveals that one of the reasons which lead people to pirate digital content is because they consider the prices of digital media to be high, and view this as inequitable, particularly given the economic success of some of the copyright holders.

Indie studios are, because of their nature, self-financed and, even if they make a profit from selling their product, usually consumers do not consider the transaction as inequitable.

Platforms like Humble Bundle, an online retailer which allows users to decide whether their money goes to the developer, charities, or both, let customers feel like they are paying a fair price for the digital content. On top of this, indie games are usually sold at rather acceptable prices, thanks to the relatively low production cost and modest size of the development studio.

Another major reason for pirating has been the immediate and unrestrained access to content opposed to the limited distribution of retail products. A research by Danaher et al. (2010) suggests that in lack of a proper digital distribution channel, users turn to piracy. It is plausible to think that, thanks to the online nature of indie games' distribution, indie developers will not suffer from the piracy tied to limited distribution.

As deduced by both Hill (2007) and Danaher et al. (2010), a viable solution for copyright holders is to embrace the changes and offer a legal alternative to pirated digital distribution. Indie developers have long adopted digital distribution, and they have been offering legal alternatives to piracy for almost 20 years now. It can be concluded that piracy will not be stopping the progress of digital distribution of indie games.

In this essay it has been discussed in which way the Internet has changed the distribution of videogames, analysing the evolution of indie developers as an example.

The possibility to distribute content over the Internet has revitalized the indie scene, thanks to its substantial advantages over retail distribution, such as more creative freedom for the developers.

There is proof that digital distribution, other than altering the order of the value chain, has changed the nature of the content itself. The significant amount of control that consumers have over what is distributed is one of the most indicative signs of a convergent culture.

The impact of digital distribution has been demonstrated by the fact that major corporations, following the path of indie developers, decided to expand their online presence and plan of digitizing their entire distribution within the next decade.

Piracy's distribution is another aspect that has been changed by digital delivery. The illegal distribution of pirated games has been one of the biggest problems of retail, and it has been demonstrated that digital distribution helps mitigate the problem of piracy by addressing the reasons behind it.

The videogame industry might be right at the cusp of change (Dewdney and Ride, 2013), and I believe that this change could be the complete digitalization of videogame distribution, with indie games being a major driving force behind this process.

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Appendix

Essay Plan

INTRO

The paper is going to analyse the correlation between independent games and digital distribution.

Definition of indie games and indie developers. (Dewdney and Ride, 2013)

Thesis: Indie games have pushed the boundaries of digital distribution and they might be leading to a complete digitalization of videogame distribution

In the essay:

- comparison between indie games now and indie games in the past

- changes from retail to digital distribution

- change in the nature of the content being distributed

- major corporations following the example of indie developers

- indie games might help mitigate the effects of piracy

BODY

Indie games in the 70s (Watlington, 2015)

Indie games in the 80s (Donovan, 2010, p. 98)

Despite an increase in production cost, the Internet allows indie developers to publish their games (Donovan, 2010)

Digital distribution gives space to creative freedom (Diver, 2016, p. 8)

Pioneering developers have problems being financed by traditional sources (Kuppuswamy and Bayus, 2015)

Consumers can decide what products they want to see developed

Online distribution integrates user-made elements into the value chain (Jöckel, Will and Schwarzer, 2008); Steam Greenlight example

Games being funded while in development by users which also decide what kind of content is being made is a sign of a convergent culture (Jenkins, 2006)

Major corporations still retain control over marketing and promotion (Hesmondhalgh, 2012)

To avoid being left behind, major corporations decided to change their policies towards indie games; Coldwood Studios example

According to Jöckel, Will and Schwarzer (2008) online distribution would lead to the elimination of the classic publisher in the value chain; this does not preclude a publisher from financing the marketing of the product

Major corporations such as Sony pushing for the digitalization of distribution (Watlington, 2015)

Indie games losing their nature because of patronization by corporations (Lipkin, 2013)

Lipkin's concerns show how much the Internet has changed distribution and the nature of the content

Piracy was a drawback in the 80s and it led to changes in distribution (Smith, 2014)

Internet made it easier to distribute illegal content and piracy is on the rise (Arxan, 2015)

Elimination of the physical product is possible, retail channel suffers more losses from piracy than the digital one (Khouja and Wang, 2010)

Digital distribution could be bigger than retail in the next ten years (French, 2009) and piracy might affect it

Indie games are not heavily pirated (Drachen and Veitch, 2013), but, because of bigger marketing and similar distribution channels to AAA games, things might change.

Principal reasons to pirate games are high prices (Hill, 2007) and limited content access (Danaher et al., 2010). Indie games' characteristics, low prices and online distribution might help mitigate piracy.

For both Hill (2007) and Danaher et al. (2010) offering a legal alternative to pirated distribution is a viable solution, which is what indie developers do.

CONCLUSION

Summary of how the Internet has changed distribution

Indie developers have more creative freedom

Alteration of the value chain, change in the nature of the content

Major corporations follow the example of indie developers

Piracy's distribution has been changed by the Internet

Indie games might mitigate the effects of piracy

Videogame industry is about to change (Dewdney and Ride, 2013)