Hyperdistribution and the future of copyright economics

- A study of the contemporary Nordic Gaming industry

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Abstract

This interdisciplinary study shows that because of the changing demands from consumer caused by the growing influence of the internet and file-sharing the Nordic Gaming industry is going through an economic evolution. This result was derived by using qualitative questionnaires directed towards Gaming industry decision makers in the Nordic region combined with critical discourse analysis based on the methodology of Norman Fairclough, using theories of different characters to understand the field.

In this thesis the case of the Nordic Gaming industry is used to assert that because of changing demands of consumers and an ever growing piracy movement, societies are evolving into transitional economies where it is increasingly harder to sell products consisting of pure information.
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Abbreviations

TCP/IP = A set of communication protocols on which the Internet operates.
FTP = File Transfer Protocol, a protocol for exchanging files over TCP/IP networks.
C64 = Commodore 64, an early computer.
BBS = Bulletin Board Software, a computer system running software that allows users to dial in over a phone line using a terminal program.
CDA = Critical Discourse Analysis
STEAM = An online portal specializing in selling games from different developers as digital downloads to its users.
MOG = Multiplayer Online Game. A game that is played over the Internet with other players. The user usually connects to other players through a set of centralized servers.
MMORPG = Massively Multiplayer Online Role-Playing Game. A MOG within a specific genre of games (Role-playing games) where a player assumes the role of a fictional character and interacts with a very large number of other players within a persistent virtual world.
1.0 Introduction

At present, copyright is something that people come in contact with on a daily basis – be it in books, advertisement or in any other form of media that most people have daily interaction with. Most people tend to use this media by interacting with it, and by sharing it with others. This sharing in many cases means piracy. The purpose of this study is not to explore the notion of piracy being either ethically ‘right’ or ‘wrong’. Nor is it to thoroughly research the reasons, sources and techniques of piracy. This study asserts that, because of changing demands of consumers and an ever growing piracy movement (due to the overall view on piracy and copyright amongst consumers), societies (in this case the societies in the western world) are in transitional economies where it is increasingly harder to sell products consisting of pure information. This study investigates if we are experiencing a partial shift (however reluctant) from an information-based economy\(^1\) to an experience-based economy\(^2\). This shift should be strongest and most notable in the copyright industries\(^3\), since this is where we will find the largest share of information-based products. This development has been prophesied and has been sparsely visible for several years but it is just now gaining momentum in different parts of the copyright industry. For example is, according to previous studies made, some of the music industry reluctantly adapting to this change\(^4\). The purpose of this study is to show that, by using the computer game industry\(^5\) as an example, that this shift is indeed taking place and explore how it changes the production, consumption and the economic models of capitalization on products in this evolving economy.

Setting out from this purpose, a number of issues will be addressed in this study. First of all, the emerging theory of these changes will be put forward and discussed. Secondly, the study will examine how computer game industry decision makers perceive and make sense of changes in the media environment. Third, the study will examine how and why computer game firms revise their strategies, policies and routines based on their understanding of this media environment. These changes in the computer game industries routines will then be discussed in the light of the theory surrounding this field. In my last chapter, I will discuss my findings and what impact I see that they have on society as a whole – portraying the social process and practice. I will also explore and discuss what kind of business models might be viable for future entrepreneurs, based on the observations made in this thesis.

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1 This term is defined in section 2.2
2 This term is defined in section 2.2
3 This term is defined in section 1.2.4
5 This term is defined in section 1.2
1.1 Research context

This thesis sets out in somewhat uncharted territory. There are no recent studies on how the gaming industry has adapted to the changing economic conditions of the 21st century, especially not in the Nordic context. There is however a lot of debate on piracy and the surrounding fields but the discourse tends to be extremely binary, with extreme poles on each side. The balance tends to tip in favor of the biggest player in the business with the most annual income rather than the grassroots involved in the actual piracy in the discourse reflected by the mainstream media. This however does not change the fact that customers continue to turn to piracy rather than to purchase the products supplied to them by the same corporations that take a bigger and bigger piece of the mainstream media discourse. There is a lot of controversy surrounding this subject and science that studies piracy is scarce and tends to very rarely get any kind of space in the mainstream media discourse. But, even though research discussing the gaming industry and piracy is somewhat scarce, the gaming industry as a whole has however been researched.

Tony Jacobsson made an economic-theoretic report of the market for computer games in 2000, “Piratkopiering – en ekonomisk-teoretisk granskning av marknaden för dataspel”. In his report he talks about the clustering of competence that is needed to create computer games, the impact of piracy on computer game producers and the optimal pricing for computer games. He states that the value of a certain software (game) increases with its network externality – an idea I have found to be very useful, since this is a large and important factor in the new economies surrounding the game industry that this thesis sets out to discuss.

Patrik Wikströms dissertation from 2006, “Reluctantly virtual : Modelling Copyright Industry Dynamics”, has also been a great help and is probably the work closest related to what this thesis discusses. Wikström writes about how decision makers in the music industry perceive and make sense of the developments in the media landscape and how they revise their business strategies based on their understanding of these developments.

In creating the theoretical background for the field I have used a number of articles and books from different authors. Most prominent are the theories of Chris Anderson with his Long-Tail theory revealing how the Internet has changed product consumption. Other contributors to this and the surrounding fields are Marx, Schumpeter, Mark Pesce, Tyler Cowen, Lawrence Lessig, Peter Barnes and many more. I will discuss their theories more thoroughly in chapter 2.
1.2 Explaining the media landscape
When approaching my intended field it is with a combination of different theories about society, economics as well as theories about methodology. However, before plunging into theory, I feel the need to discuss some points of view and definitions before proceeding.

1.2.1 Copyright industries
*The copyright industry* is a term that defines the industries that sell non-material products that can be reproduced digitally – meaning information of some kind. A speaker who does an oral presentation is thus not in the copyright industry business. However; the firm engaged in the business of selling videos featuring the speakers oral presentation is on the other hand engaged in the copyright industry. Hirsch defined cultural products as “nonmaterial goods directed at a public of consumer, for whom they generally serve an aesthetic or expressive, rather than utilitarian function”\(^{6}\). This term has also been used by politicians and is used by Patrik Wikström in his dissertation from 2006\(^{7}\).

1.2.2 Copyright
When using the term ‘Copyright’ or ‘Copyright laws’ I am referring to the set of laws in place for the products that is defined in 1.2.1 or the products themselves produced by i.e. the ‘Copyright industries’. When using the similar word ‘Copyright works’ or ‘Copyright products’ I am, instead of referring to the actual laws, referring to the products protected by the ‘copyright’ laws. A ‘copyright’ exists independently of who is the creator of the product, be it an actor in the ‘Copyright industry’ or not. When comparing legislations concerning ‘copyright’ laws in Sweden, UK and the USA, they are almost identical\(^{8}\). Since most of the industrialized world has signed trade treaties recognizing somewhat the same copyright laws they all have common denominators. These denominators protect the following types of works\(^{9}\):

- Literary works
- Dramatic works
- Musical works
- Artistic works

\(^{8}\) Ibid. P. 36
\(^{9}\) Ibid. P. 36
1.2.3 Market
I use the term 'Market' to describe the audience of the ‘copyright’ works to whom the ‘copyright industry’ sells their products. The market is thus the heterogeneous and objective mass of potential customers, which consists of homogeneous subjective individuals.

1.2.4 Gaming industry
I use the term “Gaming industry” to describe the part of the ‘copyright industry’ that produces and sells games for any computerized platform. These include:

- Computer games
- Consol games
- Mobile games

1.2.5 Piracy
I use the term ‘Piracy’ to describe the violation of the ‘copyright’ laws.

1.2.6 Media landscape
I am using the term ‘media landscape’ to refer to the environment and surroundings of the ‘copyright industries’ in which they act and exist. A different term could have been used due to the fact that ‘media’ is a broad and somewhat overused term, but since the ‘copyright industry’ mainly is in the business of selling and distributing some kind of media I decided to use this term. When I mention the ‘new paradigm’ and ‘old paradigm’ within this media landscape I am referring to my hypothesis in which the ‘old paradigm’ is the part of the established ‘copyright industry’ which has more ‘traditional’ ways of capitalizing on their ‘copyright’ works, and the ‘new paradigm is the part of the ‘copyright industry’ which primarily uses experimental (“new”) ways of capitalizing on their ‘copyright’ works.

1.2.7 Game Service & Game Technology
I use the term ‘Game Technology’ to describe the technology behind a certain game. The technology that makes the game can be defined as the programming code whether it is compiled (made into an application that can be used) or not. The term ‘Game Service’ is to describe the end-user application.
1.3 Preview of the thesis

In chapter 1 I will establish what common denominators I want the reader to have, and thus aiding in the reading of this thesis. In chapter 2 I will introduce, discuss and draw parallels between different ways of viewing the world that I feel are relevant to the interpretation of what I am studying in this thesis. This is as much a theoretical standpoint as a historical background, and the two cannot as such be separated. However, this is not the method by which I will analyze my data with later. This is the context in which this thesis is created, and a context to the data is collected.

In chapter 3 I will discuss my scope and why I came to use this scope. I will also discuss the methods surrounding this thesis; I will explain and discuss how I deduced that the method I chose would be the correct method with regards to my purpose (previously defined in chapter 1). I will make a thorough presentation of my scope, and present relevant data regarding the respondents of this thesis. I will present Fairclough’s critical discourse analysis method and how I plan to use this method for my purposes, as well as discuss the reliability of this thesis.

In chapter 4 I will present my data for the case of the Gaming industry, as well as my analysis & findings within this case. In chapter 4.1 I will start off by presenting the different ways the companies fund their projects, and starting from this I will examine the discourse that the representatives from the corporations use with regards to how they perceive the impact of different funding methods. I will examine the relationship between what kind of platform the corporations use depending on their funding method, and what discourse the respondents construct around these different platforms. In chapter 4.2 I will present a number of different anti-piracy methods that the corporations in this study uses and examine what these different methods consists of practically and conceptually. I will then proceed to examine why they have chosen that particular anti-piracy method by examining the respondents views on piracy and its effects on their corporations. In chapter 4.3 I will present the different distribution methods that the companies in this study use. I will then proceed to examine how they perceive the way they will distribute their products in the future. In chapter 4.4 I will examine how the anti-piracy methods the corporations use are related to their chosen business model and their platform choices. I will then proceed to analyze and compare how the respondents perceive that the market of the games industry and culture industry in general should be regulated by analyzing and comparing how they think the government should act against piracy in context to their business model and their own actions against piracy.

In Chapter 5 I present my findings surrounding the Gaming industry field found in chapter 4 and present what I consider is the ‘essence’ of my findings and what impact it has on society. In chapter 5.1 I draw upon the conclusions found in chapter 4 and discuss the significance and meaning of these findings in relation to the theories of the emerging media landscape in chapter 2. Using the Nordic
Gaming industry and the ideas conveyed by its decision makers, I conceptualize how they have changed their business models, and what kind of ideological contents these changes have. In chapter 5.2 I will take my understanding of the contemporary copyright industry field and by using the ideological standpoints found in chapter 5.1 I will try to apply them to other parts of the Copyright industry to explore what kind of business models could be used for future entrepreneurs.

The remainder of this thesis is then comprised of supplements that aided me in the creation of this thesis. Because of restraints on the text length I have not added the full transcripts of the interviews to this thesis, as this would increase its size by several hundred pages.
2.0 Theories of the emerging media landscape

The 20\textsuperscript{th} Century gave birth to the modern industrialized civilization as we know it. Even though the 20\textsuperscript{th} century brought numerous of horrible events etched in the fabrics of our civilization, the 20\textsuperscript{th} century also made some dramatic changes to living standards, especially in the western world. A person could produce ten times more value (in economic terms) in an hour by the year 2000 then a century before. The amount of goods and services available to an average European family in 2000 was five times greater than that available to a similar family in 1900\textsuperscript{10}.

The 20\textsuperscript{th} century also gave us so many incredible advances in technology. This process made, amongst other things, societies in the western world switch from an agricultural mode of production to an industrial mode of production. In the field of medicine amazing discoveries have been made. We have created new amazing materials and compounds, and we have extended our knowledge about how the natural world works – even though our advances, according to some, have cost us our health and even the health of the planet itself. This last century also gave us computers that we could actually use. Crude, gigantic machines at first, spanning entire buildings, that eventually evolved into the neat machines that are everywhere in our societies today - be it inside cellular phones, laptops, desktop computers, elevators, etc. The list goes on and on. Today, computers are everywhere. Adding to that, the economy had over the 20\textsuperscript{th} century developed more and more into a truly globalized one, and when the Internet became available to the public and technologies were created to simplify its use in the nineties, it was a hit. The Internet of today is not a luxury item, but a prerequisite for production and communication for people all over the world, even though most of its users are located in the industrialized parts of the world. As of early 2008, 19.1\% of the world’s population was online. That meant 1,262,032,697 people\textsuperscript{11} connected to each other somehow. By late 2008, that number had grown to 21,9%\textsuperscript{12}. If the digital divide\textsuperscript{13} continues to diminish and eventually deteriorate, that number will increase dramatically.

The Internet has changed so many things in our society that it is hard to really grasp it all. The Internet could in some ways be seen as the culmination of the globalization process that defines our time. This thesis is, in a way, about some of these changes. Chris Anderson, author of the book “The Long Tail”, writes about how the consumption of goods and services has changed due to the

\textsuperscript{10} Ivan T. Berend. An economic history of twentieth-century Europe. Cambridge: Cambridge University Press. 2006. P.1
\textsuperscript{13} The financial barrier to universal Internet access.
popularization of the Internet. Anderson writes that “Our culture and economy is increasingly shifting away from a focus on a relatively small number of hits (mainstream products and markets) at the head of the demand curve, and moving toward a huge number of niches in the tail”. 14 This process, that he has named “The Long Tail” is the product of three powerful forces. First of all is the democratization of the tools of production. The best example here is, of course, the personal computer and computer software. With more and more people with powerful computers and software at their desktops, millions of people can produce things that only professionals did just a few years ago. This lengthens the demand curve15, or in other words, increases the number of products. Second is democratizing the tools of distribution and thereby cutting the cost of consumption. If the PC made millions of new producers, the Internet gave them an audience. This fattens the tail of the demand curve16, or in other words it cuts the cost of production. The third and last force of the Long Tail is connecting the supply with the demand. If there are millions and millions of music tracks, images, films and games, then we need help finding the rare gems that fit our particular taste in all the media debris. This drives business from a hit-based economy to a more niche-based economy, thus, moving business that was formerly limited to the head of the curve down to the actual tail. This theory can, according to Anderson, be applied to almost anything if these three powers can be achieved – from politics and public relations to sheet music and collage sports17.

If we were to draw a graph to compare how people consumed services and goods before the Internet and the three steps of distribution came into play, the “previous” paradigm would have a fat head, but a short tail, if none at all (Figure 2.0.1). This translates easy to some every-day examples; the local video rental store, for example. They have all the hits, and a whole bunch of films that does not really interest you, but there are millions and millions of other titles produced that does not reach you because of, primarily, poor distribution. The graph would look something like this:

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15 Ibid. P. 54
16 Ibid. P. 55
17 Ibid. P. 10
This explains itself fairly easy; if your distribution and production costs are high, you cannot produce as many and as niched products. And since the cost is high, you need to know that your products are going to sell for a lot of money, so you stick to the rules of the business. The existing media and entertainment industries are in fact still oriented around creating these blockbusters, and it is not very likely that they will ever stop doing it. If we were to take Hollywood as an example, we need but to skim the surface to discover some of the rules of the business. Hollywood productions does not always set out to make good movies, but rather hit movies.

Setting out to make a hit is not exactly the same thing as setting out to make a good movie. There are things you do and don’t do in the quest to draw tens of millions of paying viewers. You do pay as much as you can for the biggest-name star you can lure to the project. You don’t try to be “too smart”. You do have a happy ending. You don’t kill off the star. If it’s an action movie, more effects are better than fewer. And, all things being equal, it probably should be an action movie. Certainly, it’s possible to break these rules and still have a hit, but why take chances? After all, you’re investing a lot of money.

Tyler Cowen, a professor of economics, writes in his book “Creative Destruction: How globalization is changing the world’s cultures” that the “difference in linguistic expectations means that European moviemakers have a much harder time penetrating the American market -than vice versa. The American film export advantage is based on a combination of outward-looking producers and inward-looking consumers”\(^\text{19}\). The language barrier is a big obstacle to overcome for something to be a mainstream production, and that is not the only cultural reason to why most movies shown in, say, Swedish cinemas, are American action movies. An action movie does not require the same rich layers of social context from the audience that a drama film requires. Violence and heroism is a language

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spoken by all people\textsuperscript{20}. This is, in my opinion, why so many of the films coming from Hollywood often have such a poor plot, so many special effects, and so many explosions.

If we were to draw the demand curve of the Long Tail according to the three laws of the Long Tail, it would have a longer tail (almost infinitely long, actually) and a shorter head (Figure 2.0.2). The area of the entire curve would be much larger than the first graph with only the short head because with more options, more people consume more products and services that suit their particular taste.

![Figure 2.0.2: The Long Tail economy’s demand curve](image)

Long before I was born, there were only a handful of television channels available, or anything else for that matter. When my grandfather was a young man living in Sweden there were really only two types of subcultures to choose from for the likes of him; Either you listened to Elvis, or you were one of those that did not. Now, there are hundreds of television channels and thousands of music genres, each with their own subcultures. That is why our consumption has changed. When we only had so many channels on the television we had to watch what was on if we wanted to sit in our sofas and stare at that particular screen. Now we have so many channels that it is impossible for us to watch it all, and instead to choose to watch what’s on, we choose to watch only what actually interests us. But it is not only the width of the programming that has grown; our culture and taste in culture has also been transformed, and is always in a state of transformation. “Cross-cultural exchange [The process of Globalization] tends to favor diversity within society, but to disfavor diversity across societies”\textsuperscript{21}. Our society grows from all the influences that comes into it; Immigrants from war-zones adds culture just as Japanese avant-garde artists add culture, but when these cultures are adopted into our societies, they are in their turn colored by the culture that adopts them.


\textsuperscript{21} Ibid. P. 15
... Individuals are often more creative when they do not hold consistently cosmopolitan attitudes. A certain amount of cultural particularism and indeed provincialism, among both producers and consumers, can be good for the arts. The meliorative powers of globalization rely on underlying particularist and anti-liberal attitudes to some extent. Theoretically “correct” attitudes do not necessarily maximize creativity, suggesting that a cosmopolitan culture does best when cosmopolitanism itself is not fully believed or enshrined in social consciousness.\(^22\)

This process is mostly invisible for the actors themselves, and, “like economic development, rarely is a steady advance on all fronts at once. While some sectors expand with extreme rapidity, others shrink and wither away”\(^{23}\). Stuart Hall, professor of sociology, has identified two characteristics of the global mass culture;

One is that it remains centered in the West. That is to say, Western technology, the concentration of capital, the concentration of techniques, the concentration of advanced labor in the Western societies, and the stories and the imagery of Western societies: these remain the driving powerhouse of this global mass culture. In that sense, it is centered in the West and it always speaks English. On the other hand, this particular form does not speak the Queen’s English any longer. It speaks English as an international language which is quite a different thing. It speaks a variety of broken forms of English: English as it has been invaded, and as it has hegemonized a variety of other languages without being able to exclude them from it. It speaks Anglo-Japanese, Anglo-french, Anglo-German or Anglo-English indeed. It is a new form of international language, not quite the same old class-stratified, class-dominated, canonically-secured form of standard or traditional highbrow English\(^{24}\)

It is important to remember that the western-dominated “world-culture” does not infringe on local cultural production. In fact, the barrier of language helps local producers. Most domestic music, as an example, has no trouble commanding loyal audiences at home. In India, domestically produced music comprises 96 percent of the market; in Egypt, 84 percent; and in Brazil, 73 percent. Even in a small country such as Ghana, domestically produced music is 71 percent of the market\(^{25}\).

When we put these two paradigms side by side we see that there is a big difference in the two (Figure 2.0.3). There is, as the graph tells us, far more content on a place that uses the Long Tail of production and distribution, like the Internet, than a place that does not – like the average store. Of course, going further down the tail in the Long Tail means less money for the producer. But most of what populates this curve does not start off as the Hollywood production; something to make loads

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\(^{23}\) Ibid. P. 11


and loads of money from\textsuperscript{26}. Instead, the value of these products are often measured by their ability to create attention that will lead to other things of value; jobs, for example\textsuperscript{27}.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure203.png}
\caption{The long tail economy’s demand curve compared to a hit-driven (dashed) economy’s demand curve.}
\end{figure}

A whole new way of harnessing the power of the \textit{Long Tail} has emerged the last few years, and is gaining momentum. The ways of these businesses are based on aggregation of goods production instead of actual goods production (producing websites, movies, texts etc). Google or E-Bay are probably the best-known examples that use this kind of business model. Instead of producing value by creating content they act as aggregators: \textit{They} are the third force of the Long Tail. They connect the supply with the demand. Since doing so is free (or almost free) of charge for these corporations, they can do so for free or for a low cost, making their money on the one out of a thousand that actually pays. Google helps people find whatever they need from the web, and their business consists mainly by buying and selling advertising space and advertising opportunities. They sell goods that are a hundred percent electronic, and their business is booming. EBay on the other hand helps people to buy and sell all kinds of items, aggregating thousands of sales each day, charging the sellers a small fee for each auction. By having their business online and almost fully automated, they can generate a big income per employee - much larger than “regular” firms. There are, on the other hand, businesses that are losing money due to this development. The technological development has supplied most homes with purchasing power with cheap home-theatres, making it more comfortable and common to watch films at home than at the cinema. This has created a situation where only the biggest, most mainstream cinemas can afford to be in business. Newspapers are also on the decline. With the rise of blogging to erase the distinction between amateur reportage and newspapers,

\textsuperscript{27} Ibid. P. 74.
people just do not buy as much newspapers as they used to. And it is getting harder and harder to sell the paper editions. If a good or service is valued by what the purchaser is willing to pay for it, trying to sell newspapers when some of the newspapers (Metro, for one) and the online content is free seems like a losing battle. Free is a tough price to compete with.

2.1 The Internet, the Commons & Piracy
The Internet itself has had a deep impact on the market, mainly due to the fact that it can provide its users with almost anything that can be copied for free, be it piracy or not. What is piracy, then? The act of piracy in itself is always a few clicks away anytime you are working with your desktop computer. Your computer is the most advanced information copying machine known to man, and the Internet was made to distribute and copy information. Put those two together with 21.9% of the world’s population (the amount of estimated humans connected to the Internet) together with our will to communicate with other human beings, and you are bound to have piracy in some extent. For me, this really is not a new phenomenon. My parents and their friends made mixtapes with their favorite songs in fact, illegally. When I was younger, my friends and I used to copy each other’s C64 games and VHS movies. If someone bought a new game or film, everyone else copied it, and we all chipped in on the original cost of it. Thus; we shared the cost almost equally; the person with the original packaging had to pay a little more than the rest of us, but not much more. Later, as our hunger for information grew, we got a hold of private BBS servers. It worked like this; we used our modems to call another person’s modem, and we could download all the data from that person. As time passed, our methods of piracy changed. As Internet connections got faster and became more accessible, we got a hold of private FTP servers. This was really only the BBS servers that had moved online, but eventually we got to see the Peer-to-peer networks where computers connected to each other could share in real time. The real explosion came with the file sharing services like Napster & Kazaa. These two applications, especially Napster, were what really made filesharing common, and was soon to be replaced by the now so popular BitTorrent.

For me, piracy has always been a part of enjoying culture and sharing it with the people around me. In the beginning it was a matter of proving that we could, and to save some money. Today people turn to piracy not only because they do not have the money, but also because the very ethos of the Internet promotes the infringement of copyright. Studies have shown that piracy activities are

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29 Commodore 64, an early computer.
30 Bulletin Board Software, a computer system running software that allows users to dial in over a phone line using a terminal program.
31 File Transfer Protocol, a protocol for exchanging files over TCP/IP networks.
in general insensitive to price changes and that moderate price cuts only have a small effect on piracy rates. That is because on the Internet it is common sense to just make a copy of the next person’s data. It’s the mixtapes my parents did all over again, but on a global scale. The Internet’s influence has also gained momentum due to the fact that smaller vendors have become less common, replaced by large vendors not specializing in media. In an interview Catharine Saxberg, executive director of the Canadian Music Publishers Association (CMPA), stated that a big problem for the music industry is the fact that these smaller and more specialized vendors are replaced by larger vendors such as Wal-Mart. These actors only carry the head of the demand curve and leaves out a huge amount of music that is being demanded, leaving the demand for that music to be satisfied in other ways. Now the Internet more or less is the only choice for exploring down the tail. This has created a situation for music bands where they cannot capitalize as much and easily as they once did by selling pre-fabricated recordings, but need to make their money on live performances and t-shirts. It is increasingly harder for all parties involved to sell pre-fabricated digital products.

For computer software, piracy has had a major role in making certain kinds of software the norm. Adobe would certainly not have the position as top of the food chain when it comes to applications for creative artists if they early on would had endorsed a strategy that aimed to persecute users and small-time media vendors that did not have the economic power to actually buy these applications. Rather, in using these applications and making sure their friends used these applications, made Adobes (and previously Macromedias products, purchased by Adobe) products gain status as the products to use. Microsoft has also seen a similar development with their software. The reason that these two software companies are at the top today is because they did not act on piracy. Be it negligence or not, the result is that, together with some great software, it gave them the largest market shares. Both Adobe and Microsoft would probably make a lot more money if people did not pirate their software, but their position as number one in their markets would not be the same. I would claim that the Long Tail would not exist if it were not for piracy to some extent. The broad piracy of software means that large quantities of users are empowered with the tools of production, free of charge, which is one of the main components in the Long Tail. 1997 people still had personal

33 Holm, J. Håkan. The computer generation’s willingness to pay for originals when pirates are present – a CV study. Working paper series / Department of Economics, School of Economics and Management, University of Lund. 2000. P. 13
34 From the documentary “On Piracy & The future of media”. Available at http://video.google.com/videoplay?docid=3011602580477307231. Downloaded 2008-03-01
37 Ibid.
computers, but they did not have the software to express themselves. The acquisition of this software has been as dramatic a change to society as George Eastman’s Kodak camera. In 1995, most people I knew who had a desktop computer could barely use a word processor. Ten years later, the number of people I know with computers has dramatically increased, and most people I know use the computer not only for writing but also to organize their family photos, creating videos, animations, and World Wide Web content.

The clash between the economics of the Long Tail and the normalization of Internet piracy has lead to two things for the production of content: Number one consists of the extreme increase of personal and/or open-source projects with the purpose of creating value for the community, instead of creating value within a corporation. There are many well-known projects that have this kind of participatory mode. The most famous is probably the Linux project, but the idea of community projects can be found everywhere from the Open-Source car 38 to the Firefox browser 39. Michel Bauwens, founder of the P2P foundation 40, describes the function and workings of these different kinds of projects by using the terms sharing economies and commons economies. Sharing economies consists of works and projects made by people wanting nothing else than a little attention and self-realization. These projects are often personal projects, i.e. Chris Crocker’s hilarious YouTube homage to Britney Spears 41 (that in the end made him a lot of money) and they have an overall interest of sharing these projects with others – these others mostly meaning friends. However, these works are often small, modest projects without the goal of building value within a community. The commons economies are the projects aimed at creating value within the community (i.e. Linux), and around these commons exists foundations acting as greenhouses for these commons projects, along with corporations that capitalize on the value created by these commons 42.

This kind of production for the common good is not a new idea, but a renaissance of old ideas and economies. The commons could be defined by not just being a piece of software, but all the things we inherit or create together. In that broad definition the commons consists of nature (things such as air, water, DNA, photosynthesis, seeds, minerals, antibiotics, solar energy, etc.), community (things such as streets, libraries, laws, social insurance etc.) and culture 43 (things such as language, religion, music, the internet, medicine, mathematics, open source software etc.). The privatization of nature is
a process that is not yet complete, and to reach the point at which it is today has taken thousands of years of economic development, due to the fact that it is first when the common is considered of value private interests try to grab it for its own. This is the same for all the commons that we share. One could see social security as a kind of economical compensation for the lack of opportunity caused in part of earlier generations’ exploitations of these commons. We cannot live without these commons. For any kind of production, we need the commons. If we were to manufacture a product, a circuit-board for example, we would need to use all three of the commons I just mentioned. You would need nature and its products for creating everything from the plastics to the metals used, you would use the roads that span our societies for transportation, and you would need the knowledge and science that has lead us to the remarkable feat of building this particular circuit-board. The things that are of the physical world are obviously scarce; but the metaphysical ideas of the commons are inexhaustible. Any kind of production would not be possible without a pool of commons from which to borrow. The problem is that governments’ through history only have had the interests of private corporations and short-term economic growth in sight rather than the benefit of all citizens by not recognizing the value of the commons. The Firefox and Linux projects do make them money, but their object is not to maximize profits. Instead, by using the network externality of their product, they create not just a way for some to capitalize on the product, but they actually widen the commons. This mode of production is getting increasingly popular not only within the creative industries, but also with other entrepreneurs, the so called social entrepreneurs.

Muhammad Yunus, founder and manager of Grameen bank, was in 2006 awarded the Nobel Peace prize for his accomplishments. Grameen bank was started to make profits, but the primary goal was not to maximize profits, but to increase the wealth and well-being of poor people in Bangladesh. The value created by strengthening the commons is one that applies naturally to the Long Tail. It is the re-distribution of wealth further down the tail. By creating projects as commons, resources are diverted from the software giants such as Microsoft to thousands of other programmers working on projects such as Linux and Firefox. They do not make their money by selling their software though; they make their money from donations, cool t-shirts and by selling services such as support for their products. Number two consists of the downfall of traditional distribution networks because of the Internet. Marc Pesce is the creator of the VRML programming language and lectures at the University

44 Ibid. P 19
45 Ibid. P. 18
46 An effect that causes a good or a service to have value to a potential customer which depends on the number of other customers who own the good or are users of the service.
of Sidney. He claims that the Internet has become the default mode of distribution for the western world48. The law professor Lawrence Lessig (also known as founder of the Creative Commons movement) agrees with him that the war against piracy is a sad one, and that it is only a way for corporations to hang on to their old ways of capitalization through their lobbyists49, and the most important thing for producers is to learn how to channel the awesome power of piracy. Should they not succeed, their future looks grim. It is in this shift of paradigm that I am writing this thesis. Entrepreneurs within different areas are beginning to attempt exactly what Pesce says; harnessing the great power that is piracy.

Thus far, the most common approaches to piracy have been to turn to legislatures and technology to defend the so called intellectual property50. The first version of what we today call the copyright laws, the laws surrounding “intellectual property”, was born in England in 1710 and was based on the so-called common law that had been developed since the 17th century51. It gave authors of books title to their works, rather than the printers. Back then the writer sold the book to a printer at a fixed price, who then sold so many copies he or she could possibly sell. This new law gave the writer an “exclusive right for fourteen years, with an option to renew for the same period. Thereafter, works would enter what we now call the public domain, and anyone could reprint them without further compensating the author. The idea was to reward authors sufficiently to induce them to write, but once they had been fairly paid, to have literature circulate as widely and as cheaply as possible52. This was a way to make sure that the authors got a reasonable pay, while it was still very profitable to be in the business of distribution. The old distributors would not give up their strong monopolies easily though; it was not until 1774 that courts once and for all uphold these first laws. That means that for 64 years there was a battle over the rights to distribute books. Some vendors took the right to claim copyright on certain books and literal works (i.e. Romeo and Juliet by William Shakespeare from the year 1595-1596) and constructed business rules and regulations, making sure that vendors who tried to compete on the market would have a tough time doing so53. The copyright laws of today are widespread, and most of the so-called developed nations (The World Intellectual Property Organization, the organization administering most of the copyright treaties and run by the UN, has a total of 184 member states54) in the world have agreements (i.e. the Berne convention, the Paris convention, the Rome convention, WIPO Performances and Phonograms Treaty, and the TRIPs
agreement) that make them virtually the same or extremely similar everywhere.55

Whenever the average Swede buys a CD or DVD, a special tax on these recordable devices makes sure that authors of the most popular media get paid for what that recordable media CAN be used to copy. This money (in 2006 there was approximately 167 million Swedish Kronors that was divided to a number of authors and groups56) is, in terms of the Long Tail, only concentrated to the Head of the demand curve. Thus, they benefit only a small portion of the already established media producers, since they only give money to whoever that has had material that have been published on a few mainstream channels.57

Copyright has changed a lot since 1710. Peter Seipel, a law professor at the university of Stockholm claims that the so-called “Digital copyrights” that we have today has evolved step by step starting in the 1960s, and they are still going on today. The problem with the copyright laws, Seipel claims, is that “Discussions concerning their implications and consequences have an unfortunate tendency to dwell on details rather than on fundamentals. This means, for example, that the problems and possibilities are formulated in the categories provided by current copyright law, rather than in open-ended terms and with a view to fundamental changes.”58 These laws are becoming increasingly restrictive because of the notion that a strong copyright is needed to ensure economic incentives.

To make sure that these copyrights are upheld, technologies to sustain and manage these “digital copyrights” have been developed. These are called DRM (Digital Rights Management) technologies. These technologies could be viewed as trade barriers in free market economy terms – they are viewed as a technological “fix” to the problems of piracy on the Internet.59 They are advanced technologies to make sure that the content cannot be spread further than to the actual buyer. This is a pretentious project, and perhaps also a losing battle, taking that the Internet was once designed by the US military to be a system that embraced decentralization and user communities and opposed authoritarian rule, a system without central mechanisms of organization and control, and thus a system with openness built in, both in its technical workings as well as in the cultural ethos surrounding the Internet.60 DRM technologies have been effectively implemented in i.e. digital music (MP3) that is sold online. This can clearly be beneficial to the author or distributor of a certain media,

60 Ibid. P. 33-34
but DRM has not gained much popularity with consumers. DRMs effectively remove rights to media that otherwise is taken for granted; sharing it with your closest friends, for instance. The DRM protection can easily be bypassed and removed, and when a non-protected version of the specific media is made available the DRM protected ones have less value than those without the DRM protection. This is not strange. On the one hand, you have a product that you cannot do what you want with, and on the other hand you have the exact same product, without restrictions – and probably for free. It is a simple choice. “Generally speaking, it is natural – and digital technology facilitates this – that use should not be confined to passively receiving. On the contrary, the simplicity of copying, extracting, compressing, remarking, converting, compiling, linking, associating etc. makes it natural to activate the use of works in a variety of ways”61. Tarleton Gillispie, an assistant professor in the department of Communication at Cornell University and author of the book “Wired shut: copyright and the shape of digital culture”, describes the shift in the media landscape:

The embrace of the global information economy and the shift toward what David Harvey calls “flexible accumulation” models of post-industrial production have not only fueled the development of digital information networks and put personal computers on every desk; they have also encouraged a “digital culture” in which users expect information to be instantly accessible and easily portable, increasingly see themselves as producers and collectors of information as much as consumers of it, and accept the commingling of leisure- and work-related communication activities. All of these changes put pressure on copyright and the traditional forms of information distribution.  

2.2 The technological sublime and the experience economy

There are risks in viewing these changes in our society as changes being the product of only technology, just as DRM technologies are viewed as the solution for piracy63. Marita Sturken and Douglas Thomas authored the book “Technological visions” that researches the field of just that, technological visions. They claim that new technologies almost always give rise to both utopist views on new technologies and a sense of loss and nostalgia. One of the technologies they write about is, of course, the Internet.

The visions of technologies as life-transforming, in both transcendent and threatening ways, have been reiterated and embraced again and again throughout history, from the development of the printing press to the computer; from the telegraph to the cell phone; from photography and cinema to television; with new technologies taking the place of more established ones in a seemingly endless cycle. There is little nuance in these characterizations, or, for that matter, much sense of the complex ways in which individuals experience new technologies and integrate them into their lives. Therefore, it remains tragically the case that while technological

63 Ibid. P. 4
change continues at a rapid pace, the visions that define it remain caught within a repeating cycle of overly simplistic binary frameworks.64 These technological visions gave birth to the so-called “IT-bubble” in the 1990s that eventually cracked around the year 2000.

With this in mind, it is important to remember that these technologies that enable the media convergence we are seeing today have been available for a long time and have been used in somewhat the same manner for many years. The term technological sublime is popularly used to describe the ideological movement in western modernism that claims that technology and science is an autonomous force for social change. These thoughts are visible in many of the modern thinkers; Comte, Hegel & Marx to name a few65. The technology for creating many utopist kinds of societies exists, but there are more things to social change than just technology, but technology can undoubtedly be an aggregator for this change, but it is a slow change. We can find anecdotes in the areas of alternative energy. In 1980, no one thought much about alternative fuels for cars. They still existed and were developed by minorities of research groups, but car manufacturers and oil companies had no real economic incentives for using these solutions. In 2008, I have noticed that almost every car manufacturer describes its new cars as “environmentally friendly”. I claim that the same is true for what is happening in the digital realm – we are witnessing the very first steps in this evolutionary relay. Nevertheless; if we were to invent cybernetic implants tomorrow that could change the function of the human mind (super-memory, super-intelligence etc.) our societies would need many years to adapt to these changes, and the scientific community would surely talk about the “cybernetic divide”, and these changes would not be fully accepted and integrated to our societies for a very long time. Technologies do not change our societies, we do.

But of course, things change. One thing amongst many that has changed in our society is the way that we sell things. If the building of the world trade center marked the paradigm shift to a new economy that sold services instead of goods, the destruction of the towers could have marked the shift to another type of economy – the experience economy. Joseph Pine II & James Gilmore wrote in their book “The Experience Economy” that this development is because of “the nature of economic value and its natural progression … from commodities to goods to services and then to experiences. An additional reason for the rise of the Experience Economy is, of course, rising affluence”66. Pine &

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Gilmore writes that there are, this far, four evolutionary stages of products\(^{67}\). First of all, there is the commodity. This is followed by the transformation of the commodity to a good. Third is the good transformed into a service, and the fourth is the service or good turned into an experience.

Commodities are “material extracted from the natural world: animal, mineral, vegetable. After slaughtering, mining or harvesting the commodity, companies generally process or refine it to yield certain characteristics and then store it in bulk before transporting to market”\(^{68}\). Commodities are, in other words, products refined from our commons. Goods are products created transforming commodities into “shelved” products\(^{69}\). While corn might be a commodity, popcorn is a good.

Services are “specific tasks they [Clients] want done but do not want to do themselves; goods merely supply the means”\(^{70}\). Experiences then are “events that engage individuals in a personal way”\(^{71}\). The work that goes into making an experience perishes upon its performance, but the value produced continues to exist within the memory of the individual that was engaged by the event\(^{72}\). To be in the business of experiences is thus learning how to create economic value out of seemingly worthless or, by comparison, cheap objects – just as the farmers in the creation of commodities learn how to turn water, air, the sun and some seeds into the important commodities of different foods.

The evolution from the commodity to the experience could be exemplified by using, say, tea. When farmers harvest the tea plants they receive very little pay for them. It is now a commodity. At this stage the manufacturer then imports the tea, grinding it, mixing it and putting it in neat little bags of different sorts. That transforms it to a good. They then sell this good to stores distributors for an income. They in their turn sell it to coffee shops that then sell a cup of tea as a service, or as an experience. The pricing for this cup tells of how it is intended to be perceived by its buyer. The price of the tea is not solely defined on how good the tea is or how good the service is. These things are important, but they are not what you are paying for - You can get the same cup of tea for a price that varies 100-1000%. If you buy your tea at the local vending machine, you get tea that is sometimes at least as good as the tea in the coffee shop or the tea you could do at home. But when you go to the coffee shop and buy the same cup of tea, the price is usually much higher. What you pay for in the coffee shop is the *experience* of the coffee shop. This is done by the coffee shop owners by creating a hospitable environment in the shop and branding themselves as ‘the place to be’ for a certain audience. Going to the coffee shop and drinking this cup of tea is thus not only consuming a product, it is a social marker and for some a life-improving experience. The growing market for experience is a


\(^{68}\) Ibid. P. 6-7

\(^{69}\) Ibid. P 7-8

\(^{70}\) Ibid. P. 8-11

\(^{71}\) Ibid. P. 12

\(^{72}\) Ibid. P 13
market that takes things that once were free or extremely cheap (drinking a cup of tea), putting them into new shiny packages, and then selling them for high prices (drinking a cup of tea at a trendy coffee shop).

The economic evolution that we have seen in the last hundred years is one that has changed rapidly and fast. Even Marx in his discussions regarding capitalistic economic theory viewed capitalism as an evolutionary process that would eventually evolve to a point where it would overthrow itself, or as stated by Joseph Schumpeter: “The essential point is that in dealing with capitalism we are dealing with an evolutionary process. It may seem strange that anyone can fail to see obvious a fact which moreover was long ago emphasized by Karl Marx”73. In viewing economy it is important to account for the facts that “societal and economic systems are often not in equilibrium, and socio-economic structures do change, sometimes even rather dramatically”74.

This is a big bundle of ideas about our society. Researching this subject is nothing easy that can be defined in a single, unifying theory. This is why I have chosen to take this large bundle of theories and combining them to create a more holistic approach. Even though they were not published as related ideas they share many valuable aspects, and by combining them they are resting on each other’s weaknesses and flaws that existed in their original forms, creating this closed-knit bundle of ideas. All of these perspectives are needed to fully understand both the social and economic development that this thesis aims to analyze.

3.0 Method & scope

3.1 The Gaming Industry field
The game industry in the Nordic region is comprised by a number of different companies. It is hard or even impossible to list all of the companies involved in the Gaming industry, if I were to list both professionals working in both large organizations and amateurs working out of their basements. I choose to concentrate my efforts on companies that have a turnover reaching at least a few million Swedish kronor and have more than one employee. These companies comprise the “mainstream” of the Nordic gaming industry – they make most of the games and in particular the most played games. For the Swedish region I have chosen to concentrate on the companies connected to the Swedish games industry (Which I will refer to simply as Spelplan from now on), the special interests organization for the mainstream gaming industry in Sweden. Spelplan themselves claim that they represent 95% of the game developers and over 99% of the game distribution in Sweden. For the rest of the Nordic region I have chosen companies by cross-referencing the FragZone database (A Swedish gaming news service) with the wikipedia database, adding other companies from the Nordic region that I found suitable according to my previous stated criteria, although the number of developers in the Nordic region outside of Sweden was very limited. Since a company does not necessarily need to be a member of Spelplan to exist in the mainstream gaming industry, I chose to make an extra addition to the Swedish game industry. Spelplan is currently comprised by the following companies:

- Ageia
- Avalanche Studios
- Axiglaze
- Coldwood Interactive
- Custom Red Software Studios
- Donya Labs
- EA DICE
- Eidos Studios
- Gameport
- Grin
- Hansoft
- Illuminate Labs
- Jadestone

75 Spelplan - ASGD
76 Supplement 1.
77 Spelplan- ASGD. Availible at http://www.dataspelsbranschen.se/about.aspx, Downloaded 2008-04-24
• Lockpick
• Massive Entertainment
• Muskedunder Interactive
• NL Studios
• Peligroso
• Play 'N Go
• Redikod
• Resolution Interactive
• Rinman Game Installations
• Paradox Interactive
• Sim Bin
• SouthEnd Interactive
• Starbreeze
• Tenstar
• Terraplay
• Upside Studios.

Of these companies only the following can be defined as being involved in the actual game production. The rest of the companies supply outsourced services, licensed technologies or venture capital for the game producers.

• Avalanche Studios
• Coldwood Interactive
• EA DICE
• Jadestone
• Lockpick
• Massive Entertainment
• Muskedunder Interactive
• Redikod
• Resolution Interactive
• Paradox Interactive
• Sim Bin
• Upside Studios

Since these companies do not make up the entire Swedish field of the gaming industry, I would like to make the following addition to this list:

• Power Challenge

The Nordic developers I have chosen to involve in this study are the following:

• Funcom (Norway)
• Watagame (Denmark)
• IO Interactive (Denmark)
• Deadlinegames (Denmark)
• CCP Games (Iceland)
- Remedy Entertainment (Finland)
- RedLynx Ltd (Finland)
- Frozenbyte (Finland)
- 10tons (Finland)
- Recoil (Finland)
- Bugbear (Finland)
- HouseMarque (Finland)

These combined lists are a good representation of the professional game development in the Nordic region, and thus makes up my scope for this thesis. Thus my scope is comprised by a total of 25 companies. Of these companies 13 are located in Sweden, 1 in Norway, 3 in Denmark, 1 in Iceland and 7 in Finland.
3.2 A brief description of the respondents.

This section contains brief descriptions of the companies that make up my scope for this thesis. The description consists mainly of what kind of games they are developing or have developed, and general company news.

3.2.1 Avalanche Studios (Sweden)

Avalanche studios is a Swedish game developer that to this point mainly has developed action / shooter games, with their biggest franchise being their title “Just cause”. They make their games for PC as well as consoles, relying on STEAM for online distribution and shelf sales for the console version of their games. They hired numerous new employees between the years 2004-2006787980, but as late as October 2008 they gave notice to about 50% of their staff that they might lose their jobs due to lost contracts81. Avalanche has a staff of 160 employees82.

3.2.2 Coldwood Interactive (Sweden)

Coldwood Interactive is a Swedish game developer that produces racing / sports games with their latest title being “Freak out: Extreme freeride”. They produce games for PC as well as consoles, and sell their games as digital downloads online (although not through STEAM). Coldwood has a staff of 14 employees83.

3.2.3 EA DICE (Sweden)

EA DICE (An abbreviation for Digital Illusions Creative Entertainment, from here on just “DICE”) was originally a Swedish company but is today owned by EA (Electronic Arts), one of the largest international game developers and distributors. DICE produces PC games and console games, and since they are a part of EA they offer their games for digital download through their online shop. DICE is by far the biggest games developer in Scandinavia, with more than 50 games published and developed. DICE has a staff of ca 280 employees84.

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82 http://www.avalanchestudios.se/about.html. Downloaded 2009-01-28
83 This information was retrieved from Håkan Dalsfelt, CEO of Coldwood Interactive. 2009-02-14
84 This information was retrieved from DICE switchboard personnel. 2009-01-28
3.2.4 Jadestone (Sweden)

Jadestone is a Swedish games developer specializing themselves on producing games for PC, online and mobile platforms. “Jadestone brings games and revenue to your media, gaming or community site” is the first words visitors to Jadestones website sees[^85], and this sums this corporation up quite good. They make (often smaller) games on demand for customers, these games usually being mobile or web games intended for brand strengthening. Jadestone has a staff of “more than 70 employees”[^86].

3.2.5 Lockpick Entertainment (Sweden)

Lockpick entertainment develops games based on their own concepts, their biggest title being “Dreamlords”, a free web based game financed by micro transfers. This title is a continuous project being developed constantly by Lockpick. Lockpick has a staff of ca 7-10 employees[^87].

3.2.6 Massive Entertainment (Sweden)

Massive Entertainment develops mainly strategy games for PC and consoles, with “world in conflict” being their largest and most recent title, distributed both in box but recently also through STEAM. Massive Entertainment was recently bought by Ubisoft[^88], and it has been stated that Massive in the future will be developing massive multiplayer online games[^89]. Massive has a staff of ca 130 employees[^90].

3.2.7 Muskedunder Interactive (Sweden)

Muskedunder Interactive is a Swedish game developer that develops games using Flash. This means that they make games for browsers. They fund their business by developing games intended for advertising and casual games intended for brand strengthening but they also receive funds from “internally owned intellectual properties through game portals and strategic partnerships”[^91], meaning that they offer people to play their games for free at game portals that they have developed, making money from the commercials that they show on those portals. Muskedunder has 6 employees[^92].

[^87]: This information was retrieved from David Rosén, CEO of Lockpick, by phone. 2009-01-28
[^88]: Ubisoft köper svenska Massive, [http://www.fz.se/nyhetsarkiv/?id=28933](http://www.fz.se/nyhetsarkiv/?id=28933), Downloaded 2009-01-18
[^89]: Massive får göra massiva spel, [http://www.fz.se/nyhetsarkiv/?id=28971](http://www.fz.se/nyhetsarkiv/?id=28971). Downladed 2009-01-18
[^92]: This information was retrieved from Magnus Alm, CEO of Muskedunder Interactive, by E-mail.
3.2.8 Redikod (Sweden)

Redikod is a Swedish games developer that makes small games based on their own concepts for download to PC, consoles and mobile phones. They are also the founders of SPELPLAN-ASGD, Association of Swedish Game Developers. Redikod has a staff of 5 employees.93

3.2.9 Resolution Interactive (Sweden)

Resolutions Interactive is a Swedish games developer who has thus far developed mobile games only. Their main franchise is the title “Clusterball”, with their latest being Clusterball: Arcade for the iPhone. This game is sold as a digital download through Apple's Application store online. Resolution has a staff of circa 10 employees.94

3.2.10 Paradox Interactive (Sweden)

Paradox Interactive is a Swedish games developer dedicated to create strategy games. Paradox has created a competitor to the STEAM service called GamersGate, on which they sell their strategy games on. Paradox has also released their game engine, meaning the code upon which the games are built, and made it freely available for other game developers.96 Paradox Interactive has ca 25 full-time employees, but they also employ about 100 freelancers every year.97

3.2.11 Sim Bin (Sweden)

Sim Bin is a Swedish games developer developing mainly racing simulator games. They have thus far only developed PC games but are now also developing for the console market. One of their franchises is the “RaceRoom” where they use special hardware and racing seats together with their games in a multiplayer environment to enhance the gaming experience.98 Their games are available on STEAM for digital download but also as retail purchases. The SimBin group has ca 50 employees.99

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93 http://www.redikod.com/. Downloaded 2009-01-28
94 This information was retrieved from Paradox Interactive switchboard personnel.
95 GamersGate - Steams största konkurrent. http://www.fz.se/nyhetsarkiv/?id=15409. Downloaded 2009-01-18
97 This information was retrieved from Boel Bermann from Paradox Interactives PR & Marketing department, by e-mail.
99 This information was retrieved from Magnus Ling, Vice VP of SimBin Studios AB, by e-mail.
3.2.12 Upside Studios (Sweden)
Upside Studios is a Swedish games developer mainly developing games for children. They have developed both PC games and web based games, amongst them are games for SVT (Swedish state television) and interactive learning games for children. They distribute their games through retail purchases or through web browsers. Upside studio has 5 employees\(^{100}\).

3.2.13 Power Challenge (Sweden)
Power Challenge is a Swedish games developer creating mainly web-based sports multiplayer games, but are planning to release a web-based multiplayer racing game in 2009. Their biggest franchise at the moment is the title “Power Soccer”. All their games are free of charge for players and they receive funds from commercials within the game from third parties. Power Challenge has “over 60 employees”\(^{101}\).

3.2.14 Funcom (Norway)
Funcom is a Norwegian games developer creating mainly action & adventure games. They develop games both for PC and for consoles, with MMOG (Massive Multiplayer Online Games) being their main objectives in PC games. Their latest title is “Age of Conan”, an action & adventure MMORPG (Massive Multiplayer Online Role Playing Game). Funcom distributes and sells their games through a few different models. The console games and some of the PC games are sold as retail products, their web-based & online MMOGs are either free - funded by micro-transfers or commercials (Anarchy Online), or they use a per-month fee (Age of Conan). Funcom has ca 300 employees with the main bulk in Oslo and the rest in North Carolina, Beijing and Zürich\(^{102}\).

3.2.15 Watagame (Denmark)
Watagame is a Danish games and community developer creating web-based games and communities and games for mobile phones. Their biggest title is “goSupermodel”, a community for tweens and children. Watagame distributes and sells their games through mobile downloads or finances them through micro-transfers or commercials. Watagame has 35 employees\(^{103}\).

\(^{100}\) This information was retrieved from Oscar Wemmert, Managing director at Upside Studios, by e-mail.
\(^{101}\) http://corporate.powerchallenge.com/company.php. Downloaded 2009-01-28
\(^{102}\) This information was retrieved from Morten Larssen, VP at Funcom, by e-mail.
\(^{103}\) http://office.watagame.com/corporate/. Downloaded 2009-01-28
3.2.16 IO Interactive (Denmark)
IO Interactive is a Danish games developer creating mainly action & adventure games. IO Interactive was bought by Eidos in 2004 and is as such part of their label. They create both PC games and console games. Their most famous titles is the “Kane & Lynch” series and the “Hitman” series. They distribute their games through retail purchases and digital downloads through STEAM. IO Interactive has “more than 200 employees”\(^\text{104}\).

3.2.17 Deadline games (Denmark)
Deadline Games is a Danish games developer creating mainly action & adventure games for PC and consoles. They sell and distribute their games through retail purchases. Deadline games has ca 60 employees\(^\text{105}\).

3.2.18 CCP Games (Iceland)
CCP Games is a games developer located in Iceland, mainly involved with the creation and evolution of the PC title “EVE Online”, CCP Games flagship. This title was released in 2003 and is a Sci-fi MMOG that is distributed through free digital download and is funded by monthly fees paid by the users. CCP Games recently acquired the company “White wolf” who were mainly engaged in creating physical products for the fantasy fans such as card games and other physical goods popular with fans. CCP Games would use their expertise to create physical products for fans around their flagship EVE Online they stated in a press release\(^\text{106}\). CCP Games has 370 employees in three offices; Reykjavik (Iceland), Atlanta (USA) and Shanghai (China)\(^\text{107}\).

3.2.19 Remedy Entertainment (Finland)
Remedy Entertainment is a Finnish company creating mainly action & adventure games for consoles and PC. Their most recent blockbuster game was the title “Max Payne” but they are also famous for “Death Rally”, one of the most successful indie racing games of the 1990’s. They fund their games by

\(^{104}\) [http://www.ioi.dk/about/](http://www.ioi.dk/about/). Downloaded 2009-01-28


\(^{107}\) This information was retrieved from CCP Games switchboard personnel.
selling and distributing them both as retail but they also use STEAM to distribute and sell their games as digital downloads. Remedy Entertainment has ca 40 employees\textsuperscript{108}.

### 3.2.20 RedLynx Ltd (Finland)

RedLynx Ltd is a Finnish company creating cross-media games for television, mobile devices, web & PC. They produce mainly games giving their players a “casual” game experience by creating small and entertaining games. They distribute their games in different ways depending on what platform they choose for their games. The television games are not downloadable, and they generate income by people sending text messages from their mobile phones and the sum is then withdrawn via their phone operator. PC Games, mobile games and games for other handheld devices are sold as digital downloads through 3rd parties or via their own website. RedLynx has ca 70 employees\textsuperscript{109}.

### 3.2.21 Frozenbyte (Finland)

Frozenbyte is a Finnish games developer creating mainly action games for PC and consoles. They have yet to develop any major titles, with “Shadowgrounds” being their biggest title thus far, with the title “Trine” coming some time in 2009. They sell and distribute their games mainly through STEAM and will also use Playstations “Playstation Network” distribution channel for their new title “Trine”, but they also sell boxed versions of their games from their own website. Frozenbyte has ca 20 employees\textsuperscript{110}.

### 3.2.22 10tons (Finland)

10tons is a Finnish games developer creating indie games and casual games for PC’s, web browsers and mobile handheld devices such as Iphone. 10tons consists of two studios: 10tons entertainment and MythPeople. 10tons entertainment makes the indie games for “the hardcore gamer” while MythPeople makes games for the casual gaming market\textsuperscript{111}. 10tons generate income from their games through selling their games as digital download online or through mobile networks. Some of their games are free but the gameplay is limited unless the user pays for the full version of the game. This is done through the user paying for the whole game or by using micro-transfers and thus acquiring funds from their buyers. 10tons has 5 employees including its 2 owners\textsuperscript{112}.

\textsuperscript{108} [http://www.remedygames.com/company/company_history.html](http://www.remedygames.com/company/company_history.html). Downloaded 2009-03-17
\textsuperscript{110} [http://en.wikipedia.org/wiki/Frozenbyte](http://en.wikipedia.org/wiki/Frozenbyte). Downloaded 2009-03-17
\textsuperscript{111} About 10tons. [http://www.10tons.org/About.html](http://www.10tons.org/About.html). Downloaded 2009-01-22
\textsuperscript{112} This information was retrieved from 10tons switchboard personnel.
3.2.23 Recoil Games (Finland)
Recoil Games is a Finnish game developer creating mainly action games. Recoil is an offspring of Remedy Entertainment that was established in 2007 when one of the founders of Remedy dropped out and started up a new company – Recoil. Recoil has yet to release its first title, but is involved in developing “Earth no more” together with the Radar group\(^{113}\) that is said to be revolutionizing to the FPS gaming category\(^{114}\). Recoil Games has ca 30 employees\(^{115}\).

3.2.24 Bugbear Entertainment (Finland)
Bugbear is a Finnish games developer creating mainly racing games for consoles and PC. Their breakthrough came with the titles “FlatOut” and “FlatOut 2” and has since the release of those titles grewed exponentially and releasing new titles. They sell their games as both boxed retail products, but their primary means of distribution is by selling their games as digital downloads, although some of their titles (especially the older ones) cannot be purchased online nor be purchased as boxed retail. Bugbear has ca 40 employees\(^{116}\).

3.2.25 HouseMarque (Finland)
HouseMarque is a Finnish games developer creating mainly casual games for downloadable console platforms (such as the Playstation Network or through Xbox Live). HouseMarque generates revenue by selling their games as digital downloads through these online distribution systems set up by the console manufacturers. By late 2008 HouseMarque had 14 employees, but since business has been good they are expanding and by early 2009 they have 19 employees.

\(^{113}\) http://www.radargroup.com/
3.3 Discourse and discourse analysis

Norman Fairclough is one of the leading researchers for the development of theory about language and discourses and has more or less founded today’s version of the methodology that is called Critical discourse analysis (CDA). This theory and method of analysis seeks to bridge the gap between the linguistic analysis of text and recent social theories about the language-power relationship.

The term “discourse” usually refers to the idea that language is a social practice determined by social structures\textsuperscript{117}. “Discourse has effects upon social structures, as well as being determined by them, and so contributes to social continuity and social change”\textsuperscript{118}. Language thus both changes and reproduces social structures and is used to express power relations. There are, for example, different notions of what is considered as “appropriate” ways of expression in different social situations that portray political motives as sociolinguistic realities\textsuperscript{119}.

When analyzing discourse, a discourse practice has to be identified and its articulations selected and analyzed (i.e. the discourse about drug users in mainstream newspapers). The purpose of this is to map the processes where we struggle about the meaning and values of linguistics, where a certain definition of discourse takes a hegemonic form\textsuperscript{120}. CDA relies heavily on that we agree on the notion that the human existence is solipsistic, meaning the epistemological belief that knowledge or anything outside of the mind is unjustified and uncertain, and as such there is nothing that is “true”,\textit{ a priori}. That in turn makes all claims on knowledge false as a neutral and objective truth and thereby also the linguistic reflections of that knowledge. Knowledge is then a construction uphold and maintained by linguistic elements\textsuperscript{121}. This agreement is sometimes expressed with these four paragraphs\textsuperscript{122}:

1. **No knowledge is objective.** Nothing that we know of this world is to be viewed as an objective or neutral truth.
2. **Knowledge is specific to history and culture.** Our view and knowledge of the world is always culturally and historically characterized.
3. **Social structures affect knowledge.** Our way to view the world is created and reproduced in social processes. Knowledge is created within social interactions where common truths struggle for hegemonic dominance.

\textsuperscript{117} Fairclough, Norman. Language and power. London : Longman. 1989. P. 17
\textsuperscript{118} Ibid.
\textsuperscript{121} Ibid. P.7
\textsuperscript{122} Ibid. P.11
4. **Knowledge affects social action.** In a society with common truths that has claimed hegemonic dominance other truths seem false or ‘inappropriate’. Different truths thus lead to different social actions, and the social construction of knowledge and truth gives direct social consequences. 

To analyze a linguistic event Fairclough has developed a research model in which discourse is deconstructed into three main parts; Text (or any type of linguistic articulation including sound, text and images), Interaction (the production- & consumption process of the text ) and context (social conditions). Social conditions “can be specified as social conditions of production, and social conditions of interpretations. These social conditions, moreover, relate to three different ‘levels’ of social organization: the level of the social situation, or the immediate social environment in which the discourse occurs; the level of the social institution which constitutes a wider matrix for the discourse; and the level of the society as a whole”124. A text then “is a product rather than a process – a product of the process of text production. But I shall use the term discourse to refer to the whole process of social interaction of which a text is just a part. This process includes in addition to the text the process of production, of which the text is a product, and the process of interpretation, for which the text is a resource”125. This is illustrated in Figure 3.3.1

![Figure 3.3.1 Discourse as text, interaction and context.](image)

When analyzing the discourse articulation (Text) it is important to emphasize that not only linguistic information but also all other data attached to the source needs to be analyzed. If the text consists of

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125 Ibid. P . 24
an interview it is thereby important not only to analyze the linguistic data but also the verbal data. Fairclough has three distinct stages when using CDA;

1. **Description** is the stage which is concerned with formal properties of the text.
2. **Interpretation** is concerned with the relationship between text and interaction – with seeing the text as the product of a process of production, and as a resource in the process of interpretation.
3. **Explanation** is concerned with the relationship between interaction and social context – with the social determination of the process of production and interpretation, and their social effects.

In my thesis I have used a questionnaire with open questions that I handed out to the subjects. The questionnaire has been developed by researching background information, handing the questionnaire to anonymous mid-level employees at Swedish gaming companies and, like in a hermeneutic circle, continuously improving the questionnaire by analyzing the answers of the subject as well as performing interviews with them to ensure the quality of the study. The questionnaire is attached as a supplement to this thesis, as well as the massive letter used to present the study. This approach has thus left me without some of the rich layers of discourse that Fairclough describes in his thesis. Doing so would indeed increase the accuracy of this thesis, but due to restrictions in time and resources I have chosen this solution. My analysis will, according to the three steps described by Fairclough, be organized like this:

1. At this stage, I will systematically analyze the texts features of vocabulary, grammar, punctuation, turn-taking, types of speech act and the directness or indirectness of their expression. If I were to perform interview I would also at this stage analyze examples of non-linguistic textual features, but this stage is due to the non-verbal nature of this study not possible.
2. At this stage, I will look at the intertextual and situational context of the texts to better understand interactional history and social orders. To do this, I will answer three questions:
   a. Context: what interpretation(s) are participants giving to the situational and intertextual contexts?

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128 Supplement 2
129 Supplement 3
b. Discourse type(s): what discourse type(s) are being drawn upon (hence what rules systems or principles of phonology, grammar, sentence cohesion, vocabulary, semantics and pragmatics; and what schemata, frames and scripts)?
c. Difference and change: are answers to questions a and b different for different participants? And do they change during the course of the interaction?130

3. At this stage, I will try to portray the discourse articulation as part of a social process, as a social practice, showing effects discourses can cumulatively have on those structures sustaining them or changing them. To do this, I will answer three questions here as well:
   a. Social determinants: what power relations of situational, institutional and societal levels help shape this discourse?
   b. Ideologies: what elements of background knowledge which are drawn upon have an ideological character?
   c. Effects: how is this discourse positioned in relation to struggles at the situational, institutional and societal levels? Are these struggles overt or covert? Is the discourse normative with respect to background knowledge or creative? Does it contribute to sustaining existing power relations, or transforming them?131

In this thesis I have chosen to structure my analysis in conceptual chapters rather than sorting the analysis in these three steps. If I were to make any kind of analytical distinction between the chapters I would claim that the first chapters contain step one and two of the Fairclough analytical system, whilst the last chapter contains the third and last step of this analytical system. All of my analysis and findings in the Gaming industry as such are presented in chapter 4, and these findings are then analyzed and discussed in the broader sense in chapter 5.

3.4 Scope & reliability

Sending this questionnaire to different companies addressed to ‘decision makers’ is not entirely unproblematic in terms of reliability. One can claim that the questionnaire as such is not a good way to collect data for this study. The written word is indeed an edited discourse articulation modified to suit the interests of the company and the respondents’ role within that company, and using discourse analysis on this articulation means overlooking rich layers of data such as body language and tone of voice, and the questionnaire does not have the element of surprise, unlike the interview. I agree with all of this. On the other hand, one could ask if a researcher really can reach any true ‘self’ by changing way of data retrieval, but most importantly – is that really what we wish to study?

Overall, a big portion of the companies asked to take part of this study actually answered my

131 Ibid. P . 167
questionnaire. A total of 25 companies were asked to take part of this study, and 11 of these companies finished the entire questionnaire, and 1 company only finished it partially. The complete list thus consists of the following companies:

Partial answers:
- Funcom (Norway)

Full answers:
- Coldwood Interactive (Sweden)
- Massive Entertainment (Sweden)
- Avalanche (Sweden)
- Housemarque (Finland)
- Jadestone (Sweden)
- Paradox Interactive (Sweden)
- Simbin (Sweden)
- Muskedunder Interactive (Sweden)
- IO Interactive (Denmark)
- Watagame (Denmark)
- CCP Games (Iceland)

Since my scope consisted of a total of 25 companies, this list in pure numbers consists of less than half of the computer games industry in the Nordic region, although looking at the scope we can see that this list is comprised mainly by the larger game developers, although the largest (DICE) and many of the smaller “indie” companies did not participate in this study. Setting out from this fact, I would still claim that my findings in this study are valid and that my scope makes up for the “meainstream” within the Nordic game developers.

Why then did the smaller companies and the largest company within the Nordic region not participate in this study to be part of this thesis? There can be a number of different reasons, but I can only try to analyze and interpret these reasons based on the few answers I got since only a handful of the companies actually took time to contact me and tell me that they were unable to complete or participate in this study for some reason.

DICE, the biggest company in the Nordic region were quick to contact me and tell me that they could not participate in this study. I received this notification from Jenny Huldschiner, their Information chief. She told me that she was very sorry but they had no time to participate in my study due to lack
of time. Her response was very interesting though, since she said that they could not partake due to “new projects with new business models”. This answer was received on August 28, 2008.

Hi Jimmy,

Thank you for your email and your request. Sadly we do not have the opportunity to participate in your research due to lack of time. Dice has an extremely busy autumn ahead with several launches and projects with new business models in the pipeline. Therefore, we must focus on our core business - Game Development. Good luck anyway with your research!

With best regards,

Jenny Huldschiner, Information Manager

This sparked my attention and since I felt that this could be a temporary state I tried contacting DICE later, this time on October 6, 2008. This time I received a similar answer, but with a longer explanation of why they could not partake in my study. Apparently their position as the biggest games developer in the Nordic region had made many aspiring scientists ask them to partake in their research. This meant that they received approximately 50 requests to partake in different studies each week.

Hello again!

I am really sorry, but there is simply no time at present. We have around 50 similar requests per week, which we are both happy and proud of. But even though we would like to participate, we simply need to prioritize other things that are more directly linked to our business.

Hope you understand.

With best regards,

Jenny Huldschiner

This amount of questionnaires would require a number of full-time employees to answer, so with this context their reluctance was understandable.

When contacting RedLynx I received some serious critique on the design of this study from Tero Virtala, the CEO of RedLynx. Tero claimed that they considered some things about my study being flawed. First off he felt that it was a problem since they did not know me, this study and how the results would be utilized. The second big problem was that I asked for information such as Name and company name, since many would feel that they would not want to answer, fearing that they would
give out confidential information by mistake. He claimed that I would have better luck if I were to design the study so that the respondents would remain anonymous at all times.

Hi Jimmy,

I think a key problem for many people in your questionnaire is:

- They do not know you & this study & how are the results utilized
- In the first page you ask name, company names etc. I guess this is where most people (otherwise interested) quit. Later you would obviously ask our views on the industry, etc etc. As most of the game companies are small and mainly work with only selected publishers, the fear is that these questions would unavoidably touch confidential information. And when you request the person answering to identify themselves very exactly, many people (my guess) see this as a risk they do not want to take. If there would be no mandatory fields that have to be fulfilled, the case would most likely be different.

Br,

-Tero

All of these opinions are accurate and thus intentional, and so I contacted Tero and gave him explanations on all of his considerations. Even so, he did not proceed to partake in the study.

The CEO of Funcom started filling out my questionnaire and finished 2/5 of it. On the last question that he answered he started his statement with “The question is too-open ended”, thus implying that this study would and could take too much of his time. Since I obviously was interested of his answers I wrote him a letter asking him to fill out the last questions of the study. He then answered that he thought that there were too many open-ended questions and that filling out the whole survey would take too much of his time.

Hi, Jimmy!

I started on the survey as I generally think we have an obligation to help out in research and surveys done to understand our business better, but as you had a little too many open-ended questions it’ll take too much of my time to answer all of these in a good way.

I will be able to set you up with a 30 min interview though, if you’re interested in my views on this.

Br
Morten

Altough Morten did offer me to make a telephone interview instead of using this questionnaire, I felt that this would create an imbalance towards the rest of the material, and would probably lead to a situation where we skipped several categories of questions and fine nuances because of the short
time-limit.

Time was thus not only a reason for DICE, but also for Funcom. The same could, as it turned out, be said about the smaller corporations that were asked to partake in this study. The CEO of Redikod, Erik Larsson, contacted me explaining that the questions were so general that he did not see it as a possibility to answer them. This would require a lot of time on his hand, and this was time that he did not have, or as he stated, it was not something that could be done in 10 minutes.

Hey Jimmy!

The study questions - at least the first - was so general that I did not see it as possible to take time to write the relatively exhaustive answers you need. There was nothing that could be done in 10 min. I had hoped that it was more to consider claims etc.

I have to decline [to participating].

/ Erik.135

Furthermore, he stated that he would have answered if the questionnaire was designed in the manner of taking a stand to pre-defined statements and answering how much he agreed or disagreed.

A different strategy towards the questionnaire would possibly have produced a higher number of participants. If I would have made the questionnaire as a study where the respondents would have positioned their opinions on a scale whether or not they agreed or disagreed on pre-defined statements, the amount of time needed to fill out the questionnaire would have been minimized and thus more people would have had time to answer. That would although not give any room to analyze any linguistic data, and this would have been a totally different thesis.

If I would have made it possible to be anonymous, I would have had no way of being reflexive about who answered the questionnaire, since the question of who actually answered the questionnaire would have been unanswered. This is in my opinion crucial and cannot be overlooked, removing anonymity as an option in this study.

Since these ‘decision makers’ decide how the corporations should act and have a big influence over their business models, I would claim that the questionnaire used in this study is not a bad choice for fulfilling the purposes of this study. In fact, I would claim it is a good choice, because asking decision makers their opinions and analyzing these opinions somewhat reflects how the companies will act on the market in the future.

When analyzing and interpreting these results, it is important to remember that all of the participants are positioning themselves in some way or another. The reason for why I have chosen executives as my respondents is because they have the biggest say in how their corporations acts

135 Supplement 6
and they are the persons in charge of evolving the business model that they are using. When answering they position themselves not only as "someone knowing a lot of the gaming industry" but also as the front figure of a major actor. This means that their discourse will reflect how the corporation can be said to reason and present their position, and thus, show their likely intentions also to act. If I were to send the same questionnaire to a press or PR section I would get similar results, but they would circumvent important questions and answer them in "politically correct" fashions rather than giving a 'true' reflection of how the company will act on these issues. Examples of this can be found amongst my data. Since these companies have a lot to do a simple questionnaire would not likely draw much attention to it. Therefore it is not unlikely that several persons will receive the same questionnaire and complete it, and that also happened, and comparing the 'decision makers' answers with the PR / press departments answers revealed some interesting findings. On issues regarding the overall development of the companies and the business as a whole they responded in similar fashions. Boel Bermann, the PR chief of Paradox Interactive, answered like the VP of Paradox on many questions. When answering the question “Have you seen a change in how you sell and produce games the past few years?” Wester stated that they were hoping on having 50 or 60% of their sales being distributed by digital means within the next 5 years, and that this development has gone much faster than he anticipated. Bermann stated on the same question that the possibilities of online distribution would increase their profits as a PC game producer and that boxed games in the future will be sold above all as luxurious items with a lot of extra materials for the hardcore gamers. She concluded that the days of selling games as retail with just a simple packaging and a disc is over.

Fredrik Wester:
*How do you think you will sell and produce games in the future?*
We hope for 50-60% of digital sales in 5 years. The development has been faster than expected.
Boel Bermann:
*How do you think you will sell and produce games in the future?*
Online opportunities will only increase for us as a PC game producer. I think boxed games is to become more luxurious and packed with extra materials, the time with only one disc in a DVD case feels like it is over.

The essence of these two statements is the same: They both talk about how digital distribution are changing how they sell their games. This topic is not a topic I would expect to see any big changes between the statements of the “PR person” compared to the “decision maker”. I do expect a change when dealing with sensitive matters. I would claim that file-sharing is a sensitive matter for these companies, since attacking file-sharing in a sense is attacking the base of their corporations: their players, who in a way are their customers. This however is not only an opinion on my behalf, but this is also something that echoes throughout the answers of my subjects. On the question of wheather
or not piracy was an issue for Paradox, Bermann stated that it really was not. They had a player base that was between 25 and 45 years with good economies, and as such they did not have any problems. If someone were to suggest that they had downloaded the game illegally they would receive no help from the forums either by the company or by the other players. On the question “How are you working against piracy?” Bermann answered that they did this by taking care of their players and giving them lots of extras and support, and by using DRM technologies on occasion. On the question of how she perceived that other corporations worked towards piracy she stated that many corporations are too aggressive and that she thinks that it is more important to reward the players for buying the games rather than punish the ones that do not buy them and download them illegally.

Do you perceive that you have a problem with piracy? Motivate your answer.
No. Many PC developers have it, but Paradox Interactive has an audience for their strategy games that is older than the average player (about 25-45 years) who mostly has a good income and a strong loyalty to us as a company. If someone suggests that they downloaded illegally in the forum may not help or support from either the company or the other players. When players feel that companies are responsive, listening to the player comments for future expansions and Game, receive advice, tips and suggestions, and open for people to create modifications it will create a strong bond between the players and the company.

How are you working against piracy?
Much through forums and by taking care of our players by giving them forum icons, additional material as strategy guides and manuals, wallpaper, concept art, is sure to regularly patch up the games and often put extra material in patches more than mere repairs. Then we, naturally, often use copy protection of different kinds.

How do you understand that others are working against piracy?
Many companies are working too aggressively and chasing players who download illegally. I think it is important to show the players that they are rewarded for having purchased the game rather than to punish those who download illegally.

While Bermann answered that piracy was NOT a problem for them, Wester seemed not to be of the same opinion. Wester instead stated that this was indeed a problem for them, especially since they spend a lot of time supporting their games to people who did not even buy it from them. Wester also stated that they did not do particularly much against piracy at the moment, and that they would like to see more “clear” copyright laws, contrary to what Bermann stated. He did however agree with Bermann on the topic of how they were fighting piracy: they were using their “soft gloves” combating the problem rather than waging a war against it.

Do you perceive that you have a problem with piracy? Motivate your answer.
Yes, we perceive that. In particular, we get a lot of support from the people has not bought the game, which means both the loss of income and a lot of time to non-customers.

How are you working against piracy?
Not so much in the current situation, we wish, however, for more clear copyright laws in Sweden and internationally.
How do you understand that others are working against piracy? Some try with hard copy protections and others give away games and lives on micro-payments. We have chosen a different path with a little softer attitude. The differences on this area simply cannot be overlooked. While the decision maker stated “yes”, the PR person stated “no”. I would claim that these differences are much caused by the positioning that their different roles at the company require them to take.

Furthermore, since I have translated some of the respondents’ answers from Swedish to English, this might create room for discussion surrounding the translation of these texts. I would however claim that my awareness of the importance of language and its power relations has made me extremely accurate in the translation of these texts, and can as such be used for my purposes.

Doing research in organizations is a complex matter. Not only can, as I have shown, different respondents produce totally different answers when asked about the ‘common goal’. Companies can sometimes also have a reluctance to provide ‘entry’ into their organizations due to the fact that the researcher and the organization have different goals. It is only by describing my research as relevant to their business that I can truly gain access to their culture. “Historically, the rich and powerful have encouraged hagiography, not critical investigation. And, unlike the poor and the weak, they have been in a position to determine the way they are investigated and the manner of their public exposure”36e. This idea has been a major influence in everything from approaching the companies to designing the questionnaire. This has however not been totally successful as many of the companies, such as RedLynx, did not allow me entry into their organization due to suspicions of industrial espionage of some sort. However, when consulting with friends working as low-level employees in the gaming industry, they were surprised that so many of the companies actually took time and answered and participated in this study. Talking with a 3D graphic designer that would like to remain anonymous working at Power Challenge introduced me to the notion of the gaming industry being an industry that was very secretive and non-transparent, and I should be very happy if I even got responses from a handful of the companies.

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4.0 Analyzing the Gaming industry

Setting off from my broad theoretical base, I will in this chapter present my case and my findings within this case. To remind the reader of this thesis of how I have constructed this analytical segment I once again will call on the theories and thoughts of Norman Fairclough. In this chapter I construct my analysis in conceptual chapters rather than sorting the analysis in the three steps supplied by Fairclough. If I were to make any kind of analytical distinction between the chapters I would claim that this chapter contains primarily step one and two of the Fairclough analytical system, the steps that are concerned with the description and interpretation of the material, meaning the analysis of textual features and looking at the intertextual and situational context of the texts. In using the Fairclough analytical system I claim that the knowledge supplied to me through the questionnaires are not only to be viewed as questions, but rather as part of the discourse. The questionnaire and the other linguistic material surrounding this questionnaire and its contents are thus not only to be viewed as a means of transportation for the information that is analyzed in this thesis, but also as part of the context and discourse that is being analyzed. Through this context I gain a material that has an ethos built upon the notion of the interviewed being ‘official spokesmen’ of their business and their company, thus making the discourse analyzed in this thesis contain information about the ideology the respondents represent, their social determinations and the social effects the discourse has, rather than their discourse would be about their personal relationship within their workaday office environment.

Some data might be lost in the translation from Swedish to English. This was made to make it easier for the reader to understand the full extent of how the respondents answered the questions. To compensate for this, I have to some extent explained how the original Swedish Discourse went and explained the articulations for a better and more comprehensive discourse analysis.

In chapter 4.1 I will start off by presenting the different ways the companies fund their projects, and starting from this I will examine the discourse that the representatives from the corporations use with regards to how they perceive the impact of different funding methods. I will examine the relationship between what kind of platform the corporations use depending on their funding method, and what discourse the respondents construct around these different platforms.

In chapter 4.2 I will present a number of different anti-piracy methods that the corporations in this study use and examine what these different methods consists in practically and conceptually. I will

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137 See chapter 3.3.
138 See chapter 3.3.
then proceed to examine why they have chosen that particular anti-piracy method by examining the respondents views on piracy and its effects on their corporations.

In chapter 4.3 I will present the different distribution methods that the companies in this study use. I will then proceed to examine how they perceive the way they will distribute their products in the future.

In chapter 4.4 I will examine how the anti-piracy methods the corporations use are related to their chosen business model and their platform choices. I will then proceed to analyze and compare how the respondents perceive that the market of the games industry and culture industry in general should be regulated by analyzing and comparing how they think the government should act against piracy in context to their business model and their own actions against piracy.
4.1 Project Funding and platform choices

A general trend within the companies in the Nordic Gaming industry is that companies developing games for consoles are often funded by publishers, and companies that are self-funded are most often developing computer games.

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<th>Publisher-funded</th>
<th>Platforms</th>
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<tbody>
<tr>
<td>Coldwood Interactive</td>
<td>Computer / Console</td>
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<td>Massive Entertainment</td>
<td>Computer / Console</td>
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<tr>
<td>Avalanche</td>
<td>Computer / Console</td>
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<td>Housemarque</td>
<td>Console / Mobile</td>
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These facts could definitely be overlooked as ‘unimportant’, but I would claim that this is in fact something very interesting. The first question that must be answered is: How come some companies are funded by publishers, and some not? All of the publisher-funded corporations claim that they were once self-funded, but that they were either bought by their publisher or that the sales & distribution of their product showed to be a very difficult enterprise and therefore decided that being publisher funded would be easier for them. Håkan Dalsfelt of Coldwood Interactive claims that they tried selling one game that they financed themselves, but this proved to be too much work for them.

We have funded a project ourselves when we tried if it was easier to sell a “finished” game, this was not the case so now we work with publishers who pay the development of the whole product.

Dalsfelt here very quickly turns away from self-funding and by claiming that being publisher-funded is ‘easier’ he therefore establishes within this discourse that self-funding is the opposite: harder.

The companies that actually ARE self-funded do not talk about distribution and sales being ‘harder’ or ‘easier’. Instead we find a discourse that seems to be centered on the notion of freedom, or lack thereof when being financed by a publisher. Robert Henrysson of Jadestone claims that they previously were financed by publishers, but that that form of financing comes with great risk and only some minor benefits for the publisher.

We used to rely on game publishers, but this is a very uncertain form of financing, where you as a developer have high risks and a few advantages.
Henrysson could be interpreted as very negative to this form of financing, and by using the words “osäker” (uncertain), “liten uppsida” (few advantages) and “stor risk” (high risks) he creates an image of the publisher as being a unprofitable choice. Johan Roos of SimBin Studios uses even stronger words of resentment when describing why they are self-funded. He claims that being publisher-funded means that you are “in the lap” of the publisher, and that that sets limits that he cannot accept.

By using “Då sitter man i knät på en publisher eller uppdragsgivare” (Then you sit in the lap of a publisher or client) Roos is the most outspoken speaker against publisher-funded projects. By using the term “Work for hire” in context with “då sitter man I knät” (Then you sit in the lap) he claims that publisher-funded corporations do not have any real freedom or a self-driven concept of development, but is rather a puppet controlled by the publisher. By using these descriptions of the publisher and what they feel about them Roos and Henrysson both construct an image of the publisher as someone not to be trusted.

Thus; Publisher-financed corporations use ‘easier’ or ‘we were purchased’ as their main argument of choosing publisher-financing, whilst Self-funded corporations see this kind of funding (and in the end also distribution and sales) as killing the freedom and individuality of their business. Why is it then that some companies choose to take the “easy” road whilst some say that it would kill all their freedoms? It might be that some companies made some bad business choices and found themselves in a position where they would either be purchased by a publisher or find new ways to profit from their games. If they could not find this way, there was only one more way to go, and that is why so many are owned by publishers.

When asked the question “How do you think games generally will be funded in the future?” The game developers express that their business is going towards one being run by a few major companies, with similarities to how Hollywood productions are financed. Johan Roos of SimBin Studios states that increasing budgets required in game development forces developers to choose to be publisher-financed or to go out of business. He also states that smaller developers will have a hard time getting noticed and these developers will have a tougher road with more threats and risks than before.

With more and more expensive budgets, I think, unfortunately, that work for hire via publishers will dominate. Smaller developers will get more difficult to assert themselves and new ideas by underdogs will have a longer and more risky journey to the finished product.

By using the word ‘sadly’ Roos establishes that he does not appreciate this change, but that it is a change that will happen whether he likes it or not. The other respondents all ventilate this view on
the future of this business. Martin Hultberg of Massive Entertainment states that big games need publishers in one way or another, but that small games can be developed independently.

Big games are dependent on a publisher in one way or another. Smaller games can be developed independently of individual companies.

By stating that big games require publishers, Hultberg also shows us that in his view of the future there will be publisher-financed developers developing big productions, and small independent developers developing smaller games. Christofer Sundberg of Avalanche studios claims that in the future he thinks that more studios will be bought (in this context he is talking about corporations being bought by publishers) and thereby becoming publisher-financed, but games will also be funded by ‘traditional work’ and ‘product financing’.

By more and more studios are bought primarily. Secondary through traditional work, and thirdly by product financing.

Sundberg:s statements can be put in the same category as Hultberg:s, even though Sunbergs view on the Game business is somewhat less dystrophic than Hultbergs, with more ways of financing games.

Håkan Dalsfelt of Coldwood Interactive states that because of the digital distribution he believes that many companies will develop smaller self-financed projects because of the high royalties that you get from these kinds of projects.

Because of the increase in digital distribution I think that there will be many who are investing in smaller self-funded projects because the royalty is pretty good through these channels.

This supports Hultbergs view of a future where smaller games are developed and self-financed without publishers, even though Dalsfelt does not go deeper into this subject.

Ryan S. Dancey of CCP Games believes that going into the gaming industry will become harder and harder. He claims that “the window has really closed for new successful startups” and that the classic publisher-financed model will be the primary way that games are funded. Only a handful of companies will be able to self-fund development of games in the future.

I think that most new companies will have to find angel investors, because the institutional investors are very wary of investing into the game space. Most of the companies who are going to be successful in this space are already in operation and the window has really closed for new successful startups. Classic publisher / developer deals will likely be the primary way that games are funded after they have left the concept stage. Only a handful of companies, like ours, will be able to self-fund development.

This gives our view on this subject a few new layers. Dancey here gives us a vision of the game industry where, indeed, games will be self-funded, but for the most part the game industry will be controlled by publishers.

Ilari Kuittinen of Housemarque also expresses that it is really hard for a ‘startup’ within the gaming
industry to get any funding. He expresses his hopes that private and public funds will be allocated to
game development so that a cluster of independent developers could develop and publish their own
games. He claims that the publisher / distributor role is obsolete in the digital world, and that the
publisher-funded method makes the profits from the games go mainly to the publishers, and not to
the developers.

I hope that more and more private and public funds would be allocated to give a smaller
developer a chance to fund their games themselves and publishing them on digital distribution
channels. In a digital world, the role of a publisher isn’t that important anymore as it is in a
world of distribution games on disks and cartridges. If funding would be available, it would give
a chance to create a cluster of "boutique" / "rock band" publishers, which would be
independent of publishers and would be creating brand value on their own. Currently, it is
really hard to obtain private money for game related businesses or in content business in
general as the investors are not familiar with this area. Most of the vc-funds are investing in
technologies or bigger ventures, not in content business. This is the only way to really keep the
ownership of the intellectual property right of their own creations and keep a bigger share of
the profits themselves. This would mean that a developer would have a chance to become a
digital games publisher themselves. In a publisher funded models, the ownership of the IP and
most of the profits is going to publishers abroad.

By stating that “In a digital world, the role of a publisher is not that important anymore as it is in a
world of distribution games on disks and cartridges” Kuittinen shows us that he might think that the
role as distributor is outdated and obsolete. The real reason of choosing the publisher-funded model
is therefore only funding, the “publishing” itself is not important since games are not shipped in
boxes as often as they used to. Also, by stating “the ownership of the IP and most of the profits is
going to publishers abroad” regarding the publisher-funded models, he connects with the previously
discussed articulations where
the publisher might be seen as a greedy and selfish actor.

Robert Henrysson of Jadestone states that he believes that financing will look similar to what it is
today, with publishers owning and hiring companies, but in the future there might be a shift towards
an economy resembling the movie industry, where game development will get money from
syndication and fund trusts, but for this to become a reality risk analysis must be more evolved.

Like today, in a lot of different ways. Publishers remain. Possibly to the syndication / fund
financing like in the film industry, but then KPIs and risk management / hedging will be much
better than it is today.

This view is also shared by Marko Orenius of Watagame. Orenius states that ‘Capital funding’ is
needed for big budget production, and new developers will ask for financing their projects. He also
remarks that “The similarities to the movie industry will become even more obvious”.

Capital funding will be necessary for big budget productions, for example if a new online
multiplayer game is developed from scratch. New developers will be asking for financing for
their projects. Large publishers will also fund their portfolio of studios as today. The similarities
to the movie industry will become even more obvious.
By using “even more obvious” Orenius shows us that there are already some similarities with the movie industry of today. By comparing the game business with the movie business Orenius has touched an interesting subject. We earlier established the idea that Hollywood productions do not always set out to make good movies, but rather hit movies, movies that never step out of the “mainstream” box. Thus; a similar development seems viable within the gaming industry. In context, this could explain why the game developers see the publishers as greedy actors, and why they think that going towards an industry with bigger and bigger actors with less and less space for newcomers is something really sad. Whilst the movie industry in many cases gets money from public funds and private investors the gaming industry might not be this developed since it has not been around for the same amount of time as the movie industry has. Even so, Magnus Alm of Muskedunder Interactive states that the game industry will get a lot of money from venture capitalists, since the financial world has opened its eyes for it.

Direct investment from venture capital, the industry has caught the eyes of the financial world. Thus, we have two major directions in this discourse. On the one hand we have a huge publisher-financed model that resembles the movie industry; Developers do what they are told and produce big mainstream games. On the other hand we have a few small developers making more niche games, either self-funded or funded by other means such as venture capitalists or public funds etc. In terms of Chris Andersons theories of The Long Tail this discourse constitutes what Anderson would call the “regular distribution”, since the cost of developing games is staggering and very few actors can actually afford it. Thus, the gaming industry this far does not fulfill one of the basic demands of The Long Tail, the democratization of the tools of production.

The second question that arises is then of course, how is it that the funding method so strongly seems to affect the platform choice? Magnus Alm of Muskedunder Interactive claims that the reason why they have not developed any console games is because of the fact that it is both very difficult to port a game to a console, but the main issue is that “big corporations” control the distribution channels, thereby creating a threshold for companies wanting to develop these kinds of games.

Mobile - We switched because porting problems is a big thing to overcome as a small developer, furthermore are the distribution channels owned by hard-reached mega corporations. Extremely high threshold to enter into the industry.

By using the words “Svårnådda” (hard to reach) and “storföretag” (major corporations) Alm constructs a discourse articulation where the developers of console games are portrayed as a kind of developer version of the ‘gentlemen’s club’, strongly restricting access to the rest of the world.

Even though getting into the business of console game development might be hard, the rewards

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seem to be lush. Most game developers involved in console games claim that they chose this platform because they are both responding to market changes and that it gives the highest profit on their projects. When asked the question “Have you ever produced games for other platforms?” both Morten Larssen of Funcom and Jonas Eneroth of IO Interactive claim that they have adopted their choice of platform because of the changing market. Eneroth calls it a “generational shift” driven by ‘Where the market is’.

Only generational shifts driven by "where the market is".

Larssen claims that they have been producing games for “ALL” the ‘viable’ platforms since they started in 1993, and that they are adapting to the market on a continuous basis.

Yes, we've been in this business since 1993, and have as such produced games for ALL the viable platforms since then. We are adapting to the market on a continuous basis.

Of course, using the “market” as a reason for changing platforms is viable, since technologies change and so do platforms. But, by using market fluctuations as their main reason for changing platform this must mean that consoles are the most profitable platform. Ilari Kuittinen of Housemarque claims that developing console games best suit their expertise, and that it gives them the best growth opportunities.

Past platforms include PC, N-Gage, Xbox, java-phones. Console platforms suit best to our talents and expertise and seems to provide best growth opportunities for a company like us.

In the context of the other developers statements the PC market is then defined as the less attractive and less profitable, compared to the attractive and profitable ‘gentlemens club’ that is console gaming. Fredrik Wester of Paradox Interactive also claims that his company will be going into console games within the next 2 years, but without giving a reason why. Reason and context would state that profit would be the main issue here.

No, but we plan to do things to the DS and 360 within the next 2 years.

In comparison, Marko Orenius of Watagame calls the mobile platform ‘bad business’ and thereby putting the final piece of the hierarchical puzzle of this discourse in place.

Yes, mobiles. The mobile platforms don’t offer a good business opportunity and scalable production. It was a bad business to be in.

In this hierarchy Mobile is thus the platform that is the hardest to profit from, PC is seen as the ‘middle layer’ and console games are where most profit can be found.

With these pieces of the puzzle laid out in front of us, answering the question of why the funding method so strongly seems to affect the platform choice is fairly easy: It is a matter of profit. Since being publisher-funded means being controlled by or (as Roos of SimBin expresses it) being their
lapdog, you most often tend to use their favorite way of distribution: The profitable console games that are shipped and sold in nice little boxes. When you are depending on a client instead of a market you shape your production depending how your client wants your product to be, not necessary how the market wants it to be. And if the high-profit part of the market is controlled by these publishers, a smaller corporation has to choose other ways of distribution: PC and mobiles.
4.2 Anti-Piracy methods

As I have previously discussed there are quite a few different methods that can be used to fight online piracy. In this study I have found a number of different strategies used by the companies that participated to combat online piracy. Robert Henrysson of Jadestone claims, when asked the question “How are you working against piracy” that they did a joint effort together with “Spelplan”.

Together with other actors in the industry body Game Plan.

If I was to boil down that statement and conceptualize the meaning of it I have to know that Spelplan does lobbying and information campaigns against piracy for the game developers, distributors and technology corporations that develop specific technology for the gaming industry. In doing so, Henrysson tells us that Jadestones uses lobbying and information campaigns to combat piracy. All of the Swedish companies in this study are members of “Spelplan”, and thus support their methods, but I would claim that since most corporations did not respond that they are a part of “Spelplan” as their main method of combating piracy, they do not see the actions taken by Spelplan as their main strategy to combat piracy. Johan Roos of SimBin says that they think that it is important to get the “hard core” squad of gamers playing your game to promote other users buying the product instead of using piracy to acquire the game. “The second step” against piracy is paying anti-piracy corporations to build cases and pursue legal actions against online file-sharers.

A good hand with communities can help in prevention and if you get your hard core squad with you against piracy much is already won, then they can keep the network free of unauthorized material, which makes it more difficult to access. Step two is to take advantage of anti-piracy companies which today is building cases and financing via processes to hunt pirates, it will become more and more common.

Conceptualizing this statement reveals both that SimBin uses information campaigns directed at ‘hard core’ gamers, but also that they pursue legal actions towards online file-sharers. Martin Hultberg of Massive Entertainment says that they had to put a lot of resources into an online portal which verified CD-keys when gamers use their games online. A second strategy was putting a reasonable price on the product and maintaining high quality and thus making sure that the client is pleased.

We have invested a lot of resources at an online portal where we can verify CD keys when people play online. Then of course it is it is important to set a reasonable price for the product, provide a high quality and ensure that the customer is satisfied. If you know that the product is good and reliable, it is more likely to buy it.

Conceptualizing these statements shows that Massive Entertainment uses DRM protection on their games, combined with adapting unit costs. Håkan Dalsfelt of Coldwood Interactive claims that their
main strategy against piracy is avoiding to develop PC games altogether since console games (Xbox360 and PS3) are not affected by piracy yet. In the case that they do develop PC games, they have to be online games so that you maintain control over the players and thus halting “illegal use”.

Preferably avoids to develop PC games, if so, they must be online-based so that you must log in to servers and has the ability to stop illegal use. Xbox360 and PS3 is not experiencing piracy to the same extent yet.

Conceptualizing this statement shows that Coldwood Interactive uses both distribution choice by choosing not to develop any non-online PC games and platform choice by choosing to develop console games. Ilari Kuittinen of Housemarque also states that their main strategy is working on “proprietary platforms”, meaning consoles, using the new online features that are gaining momentum on the console platforms.

Working on proprietary platforms doing digitally distributed games.

When conceptualized, this statement tells us that Housemarque, similar to Coldwood Interactive, uses mainly platform but also distribution choice to combat piracy. Fredrik Wester of Paradox Interactive says that they do not do very much at the moment against piracy, but that they would like more “clear” anti-piracy laws both in Sweden and internationally.

Not so much in the current situation, we wish, however, for more clear copyright laws in Sweden and internationally.

In this context “Clear” is a politically correct way of expressing that the current laws are too soft on piracy. Ryan S. Dancey of CCP Games, Magnus Alm of Muskedunder Interactive and Marko Orenius of Watagame all claim that they also do not do anything against piracy. Dancey and Alm do not give any specific reason, but their silence tells us the same thing as Orenius does: “Our distribution model does not allow for piracy”. In fact, CCP games, Watagame and Muskedunder Interactive all use either distribution choice or platform choice as their primary method of combating piracy. CCP Games uses only distribution choice since they develop online PC games (EVE Online), Watagame uses mainly platform choice since they develop mainly mobile games, and Muskedunder Interactive uses distribution choice since they develop free games funded by either commercials or a specific client wanting a mini-game for their website etc.

When viewing these different concepts of combating piracy we get a list that looks something like this:

1. Distribution choice (4)
2. Platform choice (3)
3. Information Campaigns (2)
4. DRM protection (1)
5. Lobbying (1)
6. Adapting unit costs (1)
7. Legal actions towards online file-sharers (1)

The most used method of combating piracy, distribution choice, is in this list placed at the top with four (4) companies using this as their primary strategy, and legal actions towards online file-sharers as one of the least used strategies at the bottom. Let me explain these concepts in more detail.

Fighting piracy with distribution choice means that those companies choose to make games that do not rely on the medium itself to be ‘authentic’, but rather switch from supplying a product to supplying an experience or a service. CCP Games has an online game that you buy a subscription to. The game itself is free, and you get a free period of 14 days where you can try the game, but the subscription costs money. This way CCP Games has no need for combating piracy: the game itself is free and what is charged for cannot be “copied”, since you pay for the service rather than the product. Thus far these games are more or less in the same category: Multi-player online games with a central server responsible for authenticity. Platform choice means that the developer switches from, for example, producing games for PC to producing games for consoles. By doing this the expectation is that it will be more work to pirate the game than actually buying it. This method is often enhanced with direct or indirect DRMs, such as the console developers remove the ability to read “homemade” discs. Information campaigns are exactly what they imply, they are most often the hegemonic struggle of discourses going on in mainstream media, where the purpose is to make people think of piracy as something bad, using the same discourse as the movie companies. The movie companies have in their discourse articulations said that piracy is equal to stealing by saying that “piracy is stealing”. DRMs are advanced technologies to make sure that the content cannot be spread further than to the actual buyer. Using lobbying is exactly what it implies: It is the relentless and long-term work of making politicians change laws to benefit the companies doing the lobbying. Adapting unit costs is more or less making the product cost less, making the act of piracy take more time and money from the player than actually buying the game. This is also often combined with DRM protections. Legal actions towards online-file sharers are the most aggressive method of fighting piracy. The anti-piracy companies conducting this kind of activity usually search the internet for people sharing their software or other copyrighted material, save their IP address and then take the file-sharer to court.

Why then do these companies use anti-piracy methods? When asked the question if they perceived that they had a problem with piracy some of my subjects answered in some interesting ways. Martin Hultberg of Massive Entertainment said that sure, piracy is a problem, especially when you develop

140 You can read more about DRMs in chapter 2.
games solely for PC. As soon as anyone downloads a product without paying for it – it is a problem, although the size and the scope of the problem may vary.

Quite sure piracy is a problem, especially when developing games exclusively for PC. Whenever someone downloads a product without paying for it is a problem. Then the scope / size of the problem vary.

In this statement Hultberg states that the real problem is in developing games for PC. In contrast, although if Robert Henrysson of Jadestone said that the whole industry has a problem with piracy, they weren’t that sensitive to it in regards to their online games, although some of their games have been ‘cracked’ and distributed for free.

The entire industry has it. We have all our content on servers in the case of online games, so we are least sensitive. Our mobile games have however been cracked and distributed for free.

By stating this Henrysson does not dement the earlier statement of Hultberg, but shows us that the problem with piracy is perceived to be within non-online PC games. Håkan Dalsfelt of Coldwood Interactive claims that many of their previous titles have been pirated heavily and that has damaged sales.

Yes, some games have previously been pirated to a very large extent, and this has hurt sales. Dalsfelt here gives us a glimpse of how the act of piracy is understood: it hurts sales. Fredrik Wester of Paradox Interactive states that their main problem with piracy is that the players that buy their games still contact them for support, and that means that they lose sales (due to piracy) and “loose” a lot of time giving support to these “non-customers”.

Yes, we perceive that. In particular, we get a lot of support from the people who have not bought the game, which means both the loss of income and a lot of time to non-customers.

Thus the problem seems to be perceived as a loss of income and time spent supporting “non-customers”. Christofer Sundberg of Avalanche Studios takes this to the next level. He claims that the biggest problem with piracy is the fact that companies are trying to invent ways around the problem, in this context meaning using distribution & platform choice to combat piracy, rather than attacking the problem itself for “what it is”: stealing.

No, not as a studio directly. For the industry, it is a huge problem, primarily due to that businesses rather try to invent ways around the problem than to actually tackle it for what it is; that is theft.

This aggressive discourse articulation is in line with the discourse surrounding i.e. the movie business and this is the same hegemonic view promoted by the Swedish business organization, Spelplan. These words must be seen in context though. If what’s not affected by piracy is online PC games, that means that the non-online PC games are most affected by this development. For developers this
means that there will be less economic incentives for creating non-online PC games, producing an effect that forces developers and publishers to switch to develop games either for consoles only or switching to developing online games. When asked about the future of how games will be sold & produced the informants all repeat the same mantra: Internet and digital distribution will get a bigger role – and casual games will be very important. Casual games is a term that can be defined as being a game targeted at a mass audience of gamers that will not spend big amounts of time playing games, in contrast to the “hardcore gamer” who spends a lot of time playing games. This means that these kinds of games have a very fast learning curve, simple rules and (therefore) a simple game play. The users of Wikipedia define the goal of casual games as “being to present a pick-up-and-play experience that people from any age group or skill level could enjoy”\textsuperscript{141}. When asked about general business trends, Robert Henrysson claims that the Internet will be more important to all actors on the game market, and Casual games will be more important. Furthermore will companies have to go big to be successful, and outsource non-critical functions to cheaper countries to combat high salaries in Sweden.

The Internet becomes more important for all. Casual becomes more important. If you do not have your own sales channel you will find it difficult to assert yourself as a Swedish company. Then the company must increase in size to handle multiple parallel publisher clients, outsourcing of non-critical functions to combat high wage costs in Sweden.

Since casual means broadening the game making it a mainstream game, this makes Henryssons statement go in line with the previous findings: The companies will go bigger, the games will go bigger – and more mainstream. Martin Hultberg of Massive Entertainment also talks about this movement within the games industry. He states that he sees a development where there are big, mainstream games, or extremely small, niche titles that appeal to a smaller but more dedicated crowd, and that the social aspects of gaming have become essential and therefore will most games have online functions.

As I mentioned earlier, the trend is to broaden the games so that they appeal to as large a group as possible. Obviously, this is both good and bad. In the future I think we will see either really big, broad titles with high mass-market appeal or extremely niche titles that appeal to a smaller but more dedicated crowd. The social aspect of gaming has also become increasingly significant, and thus also various online functions, integration with social networks, etc..

This movement within the games industry is one that, according to the game developers, seems to have some similarities with ‘the long tail’. If there are many games on the market, a lot of people will want the games that are very niche. It is not a “true” long tail, but similarities can be found.

I would claim that the rising importance of the ‘casual’ games is because of the synergy between rising demands for social products and the publishers and developers will choose platforms that

make the act of piracy harder. And with a growing number of users and games, the value of any of these console platforms increase, since they are viewed upon as “social tools” rather than something for the hard-core gamers. Nevertheless, these users are also important because of the fact that many of the casual gamers do not have the technical skill or effort that is required to use pirated games. This means that they buy the games more often than pirate them. This makes these customers very important for game developers, because making a good ‘casual’ game that is well-received and popular means that you are making a lot of money.
### 4.3 The future of distribution

When comparing the different companies’ distribution forms most companies today sell boxed products, but a lot of companies are also choosing digital distribution via different online distribution channels. The general trend seems to be that the companies that are developing console games are the companies that end up having their products on shelves.

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I would claim that the fact that most companies developing console games are using retail (box) distribution instead of online distribution is the fact that online distribution systems are not that developed (yet) and, as I showed previously, piracy on the “proprietary platforms” that make up the console market is not seen as a problem. Yet, I would claim that online distribution systems might not be only the future for pc games, but for all kinds of games. I asked the representatives for the corporations to answer some questions about the future of games distribution. On this subject my respondents all used the same mantra – digital distribution is the future. Paradox Interactive is self-funded PC Game developer and is currently using both retail distribution in box via a publisher and online distribution. Fredrik Wester of Paradox Interactive states that digital distribution gives a lot of advantages. It is a direct way of distribution without the hassle of returns, and the user can try the game before the user buys it. On the issue on how they will distribute their own games, he simply states. “Like my previous answer”. On the issue of what distribution channel will generate the most income in the future he states that digital distribution will be the most profitable way, without any kind of competition.

*Have your games been distributed in any other way? If yes, explain why you switched.*

We have gone over to digital in the last 2-3 years, because that retailers want to be paid more and more to take the games in stock and it becomes difficult to get out on the shelves.

*How, do you think, will games be distributed in the future? Motivate your answer.*

Digital distribution, especially because it is a cheaper and more efficient way to distribute, avoiding the return handling, end users can test the game before purchasing, etc.

*How, do you think, will you distribute your games in the future? Motivate your answer.*
Wester also states that they have switched to digital distribution more and more over the last 2-3 years due to that retailers wants “more and more”, to put their games on their shelves. This has made it harder to get their titles out on shelves. Thus the “gentleman’s club” that is retail distribution forces developers to choose online distribution. A company in a similar situation as Paradox Interactive is IO Interactive. IO Interactive is also a self-funded company, even though they are developing both PC Games and console games. They are currently using both retail distribution in box and online distribution. Jonas Eneroth of IO Interactive states that in the future, more and more content will be “on demand” content, and the boxed copies will become “irrelevant as storage and net speeds evolve”. On the subject on how they will distribute their products he is not clear. He simply states that they will distribute in the most cost effective fashion reaching the largest possible “install base”, meaning client base. He states that on-line distribution will be the most profitable in the future.

How, do you think, will games be distributed in the future? Motivate your answer.
More and more content on demand, boxed copy will probably become irrelevant as storage and net speeds evolve.

How, do you think, will you distribute your games in the future? Motivate your answer.
We will distribute in the most cost effective fashion reaching the largest possible install base.
Which means of distribution do you think will be the most profitable (most revenue in relation to the development amount invested) in the future?
On-line.

The fact that Eneroth does not know what kind of distribution he will choose implies that he thinks that digital distribution will be the future, but he is not certain, and time will tell whether or not they will choose this kind of distribution. A company in a similar situation as both IO Interactive and Paradox Interactive is SimBin. SimBin is also a self-funded company, developing both PC Games and console games. They are currently using both retail distribution in box via a publisher and online distribution. Johan Roos of SimBin states that in the future more and more games will be distributed digitally, and so will they with their games.

How, do you think, will games be distributed in the future? Motivate your answer.
More and more digitally

How, do you think, will you distribute your games in the future? Motivate your answer.
Same as above
Which means of distribution do you think will be the most profitable (most revenue in relation to the development amount invested) in the future?
For the developer, digitally. It depends entirely on how the agreement between the developer
He also states that for the developer, digital distribution will be the most profitable model in the future, depending on how the deal between the developer and the distribution/publishing company looks like. The fact that Roos so clearly sees publisher and distribution companies as part of this development is interesting. This implies that these actors might be a part of how Roos sees digital distribution. Thus, Roos does not see a future in developing their “own” distribution channel, but rather using someone else’s. Coldwood Interactive is a publisher-funded company, developing both PC and console games. They are currently using both retail distribution in box and online distribution, all through their publisher. Håkan Dalsfelt of Coldwood Interactive says that in the future more and more games will be distributed using digital distribution. Their strategy is going towards more digital distribution, but they are going to continue to distribute games for retail distribution in boxes since consoles demand that today. On the issue of what distribution model will be the most successful in the future Dalsfelt claims that the companies that develop a “successful” products and distribute their games digitally will make a lot of money, but at the same time he says that the risk of doing so is very high since this requires the developer to pay for the development of the game themselves and that you do not get the same amount of control in your marketing when you use digital distribution.

_How, do you think, will games be distributed in the future? Motivate your answer._
More will be done digitally

_How, do you think, will you distribute your games in the future? Motivate your answer._
More digitally, but remain on discs since we do mainly gaming to consoles that requires discs.

_Which means of distribution do you think will be the most profitable (most revenue in relation to the development amount invested) in the future?_ If you have a successful product that is distributed digitally, you can earn good but it is quite a large risk with this because you have to pay for the development and you don’t have a complete eye on marketing etc.

By stating that, if a developer chooses to develop games for digital distribution, it is _required_ by the developer to pay for development themselves Dalsfelt insinuates that some distributors prefer not to pay for development in this area. Another interesting statement Dalsfelt makes is stating that when you use digital distribution, you do not have the same amount of control (meaning _less_ control) as when you use regular distribution. I would claim that this is due to the viral nature of digital distribution. Using this kind of distribution and producing a product that is perceived by the consumers as one that does not have high quality usually does not reach in high sales. On the other hand, if the product is deemed as having high quality it is usually very successful and gets very high sales. Similar to Roos, Dalsfelt does not state what kind of digital distribution that they will intend to use. A company similar to Coldwood is Avalanche studios. They are also a publisher-funded company, developing both PC and console games, and they are currently using both retail distribution in box
and online distribution, all through their publisher to publish their products. Christofer Sundberg of Avalanche Studios claims that in the future more games will be distributed online and via digital download, and so will they. He also claims that digital download will be the most profitable way of distribution in the future.

_Sundberg makes an interesting distinction between digital download and online distribution. Thus far all of the companies involved in producing console games, whether they are publisher-funded or not, say that they will use some kind of digital distribution system, but not pointing to any particular one. Someone who does talk about how distribution will look for consoles in the future is Ilari Kuittinen of Housemarque. Housemarque is a publisher-funded corporation producing both console games and mobile games. Kuittinen claims that in the future everything will be digitally distributed, but it will take 15-20 years before this is the standard form of distribution. They will use established networks for the proprietary platforms like the Playstation network, the Microsoft Live network or via Internet (The Playstation network and the Microsoft Live network are services accessed via the internet). In the future Kuittinen claims that the most profitable games will be self-financed digitally distributed games distributed through the channels that they are using._

_How, do you think, will games be distributed in the future? Motivate your answer._
More online and digital download.

_How, do you think, will you distribute your games in the future? Motivate your answer._
See above.

_Which means of distribution do you think will be the most profitable (most revenue in relation to the development amount invested) in the future?_
Digital downloading will be the most profitable.

By stating that it is the self-financed companies that will be the most profitable in the future, using the distribution systems that they are using, Kuittinen insinuates that in time they will switch from being publisher-funded to being self-funded. Housemarque is the only one of the respondents involved in producing console games that actually uses digital distribution as an effective means of distributing their games. By doing a full list of the games that the developers has produced during the
last few years\(^{142}\) we see not only that Housemarque is the only company with a digital distribution system in place for console games, we also see that online distribution for PC games is very common. A star (*) means that that title is digitally distributed in that particular medium.

Coldwood Interactive

Freak out – Extreme Freeride PC*/PS2/PSP 2007
Skiracing 2006 PC*/XBOX2 2005
Skiracing 2005 feat. Hermann Maier PC*/XBOX/PS2 2005

Massive Entertainment

World in conflict: Soviet Assault PC*/XBOX360/PS3 2008
World in conflict PC* 2007
Ground Control II PC* 2004
Ground Control: Dark Conspiracy PC* 2000
Ground Control PC* 2000

Avalanche

Just Cause 2 PC*/XBOX360/PS3 2008
Just Cause PC*/XBOX360/PS2 2006

Housemarque

Golf: Tee it up! XBOX360* 2008
Super Stardust HD PS2* 2007
TransWorld Snowboarding XBOX 2002
Supreme Snowboarding PC 1999
The Reap PC 1997

SimBin

Race Pro XBOX360 2009
STCC – The Game PC* 2008
GTR Evolution PC* 2008
Race 07 PC* 2007
Race – Caterham Expansion PC* 2007
Race – The official WTCC Game PC *2006
GTR 2 PC 2006
GT Legends PC 2005
GTR: FIA GT Racing Game PC 2005

IO Interactive

Kane & Lynch: Dead Men PC*/XBOX360/PS3 2007
Hitman: Blood Money PC*/XBOX360/XBOX/PS2 2006
Hitman: Contracts PC*/XBOX/PS2 2004
Freedom Fighters PC/XBOX/PS2/GC 2003
Hitman 2: Silent Assassin PC*/XBOX/PS2/GC 2002/2003
Hitman: Codename 47 PC* 2000

\(^{142}\) This list was produced by cross-referencing Fragzones database (www.fz.se) with Steam & other digital games distributors (http://store.steampowered.com/), the developers own websites, Playstation networks (http://www.us.playstation.com/PSN) and Xbox LIVE (http://www.xbox.com/sv-SE/live/).
Only a few of the console titles are digitally distributed, and all of the digitally distributed PC games use digital distribution platforms that allow for piracy. In contrast, CCP Games, a company that was early in using digital distribution for their products, uses their own distribution system for their online PC games. CCP Games is a self-funded company developing PC Games, mostly being titles connected to their main title EVE Online. They are currently using online distribution but will soon also offer their product via retail distribution in box via a publisher. Ryan S. Dancey of CCP Games states that in the future games will be distributed either by digital download or in retail box distribution (SKU means “Stock Keeping Unit”), and so will they. The most profitable means of distribution will be digital download, meaning digital distribution.

How, do you think, will games be distributed in the future? Motivate your answer.
Digital download and retail SKU

How, do you think, will you distribute your games in the future? Motivate your answer.
Same as above

Which means of distribution do you think will be the most profitable (most revenue in relation to the development amount invested) in the future?
Digital download

Dancey answers these questions in a whole other way than the companies that uses other kind of digital distribution. Dancey here tells us that he thinks that the way they are doing distribution will be the standard way of distribution in the future.

There is a difference in nuance between the kind of digital distribution that CCP games uses for their PC games and the kind of digital distribution that i.e Coldwood, Massive, Avalanche etc uses for their PC games. CCP Games was early in knowing what people would want to pay for (multiplayer games) and at the same time that they responded to what their presumptive customers wanted they invented a distribution system that did not allow for piracy. The difference is thus not only the way the game is distributed, but also how the game is constructed. It is impossible to gain access to EVE Online through piracy, because the game in itself is free and available for download on their website. Access to the game is controlled by servers, for which you must pay an entrance fee to be able to play.

A general trend amongst the non-console developers seems to be that they think that their current way of distribution is working great, and that they do not see themselves changing anything soon. One of these companies is Jadestone. Jadestone is a self-funded company developing PC and mobile games. Robert Henrysson of Jadestone stated that in the future games will be distributed mainly online through Internet and wireless networks (in their context this means networks for mobile phones and other mobile devices), but they themselves are not going to change their means of distribution (Since Henrysson:s vision of the future is the way they distribute already). Furthermore Henrysson states that the most profitable games will be the ones that most efficiently hits their
target group and uses correct price points (setting the right price at the right time), and the
distribution method is not that important, even though digital distribution will be by far the
cheapest.

*How, do you think, will games be distributed in the future? Motivate your answer.*
Preferably online, via the Internet and wireless networks.
*How, do you think, will you distribute your games in the future? Motivate your answer.*
Same as now.
*Which means of distribution do you think will be the most profitable (most revenue in relation
to the development amount invested) in the future?*
It is not based on distribution but on the target audience and price points etc ... In other words,
I assume that all games will be distributed in all kinds of ways. But it says it himself that digital
distribution is the cheapest

Henrysson here likes to put the emphasis on marketing instead of distribution, and he does have a
point: All kinds of distribution are possible. But the question that needs to be answered then is: Can
all games be distributed through all channels? Another game developer that answers this question is
Watagame, a self-financed company developing PC and online games. Marko Orenius of Watagame
states that online distribution will be more common in the future, since it allows for upgrades,
combats piracy and is fast to market. They themselves will continue distributing their games like they
do today, via browsers (web games). Orenius also states that in the future the most profitable sales
means of distribution will be sales directly from the developer to the consumer. He believes that only
big mainstream console hits will be profitable being distributed on DVD, but overall games
distributed on DVD will fail.

*How, do you think, will games be distributed in the future? Motivate your answer.*
Online digital distribution will become more common. It allows for upgrades, combats piracy
and is generally fast to market.
*How, do you think, will you distribute your games in the future? Motivate your answer.*
online web browsers as today.
*Which means of distribution do you think will be the most profitable (most revenue in relation
to the development amount invested) in the future?*
online direct sales to consumers - overall. The occasional big hit sold in the form of a console
DVD may get high sales but overall the many other failed games distributed on discs will drag
the average down for this distribution channel.

Orenius believes, similar to Henrysson and Dancey, that they will keep their distribution model. Thus,
we see that all of the game developers consider the future of game distribution as one moving
towards digital distribution rather than one defined by discs. The companies that are most adapted
to this shift are the non-console developers, which see that their way is going to be the general way
of game distribution in the future (CCP Games, Jadestone & Watagame), and the companies that just
recently realized that they will have to make this shift (the console developers) are trying to quickly
catch up with their competition. Whilst moving towards console games was a good way for the
developers to raise sales and both listen to the market and combat piracy, it seems that digital
distribution is the future even for these companies.

Orenius introduces us to a problem that not only the gaming industry has, but is shared also by the
music industry: the fact that smaller and more specialized vendors are replaced by larger vendors
that only carry the head of the demand curve and leaves out a huge amount of specialized products
that are being demanded, leaving the demand for that kind of products to be satisfied in other ways,
furthermore driving companies towards digital distribution. Similar to the music industry the gaming
industry also faces a difficult time, and has done so for quite a while, with selling pre-fabricated
digital recordings of their products and need to make their games either experiences or services to
be able to capitalize on their products in the long run, not only because of piracy but also because of
the fact that that this kind of game is what customers expect and demand.
4.4 The business models vs piracy
The companies in this study have, as I have previously shown, a number of different strategies against piracy. These strategies are in turn closely related to what business model the companies use. While some companies have chosen to change their games and build online games using distribution systems that will not allow for piracy, others (and especially publisher-funded corporations) have instead put their money on developing console games, relying on DRM protections, hunting file-sharers and lobbying to make sure they are successful.

A general trend amongst the game corporations in this study is that companies that already have a fully functioning digital distribution system do not advocate copyright laws as strongly as the corporations without a functioning digital distribution system. These companies also have the most outspoken opinions about the government’s role in regulating copyright laws to benefit them. When asked questions about how the governments work against piracy and their and responsibilities towards them and others regarding piracy, my respondents seemed to have either a liberal view and they considered that the responsibilities of ‘solving’ the piracy problem was the same as staying in touch with the market and answering to market fluctuations. This view was expressed especially by the corporations with functioning digital distribution systems, but also by some of the console developers. As I have previously shown it seems that being publisher-funded means that developers are more likely to develop mainstream console games, but it does not say anything about whether they support stronger copyright laws or not. That depends more on how they see piracy – as a menace that must be fought through laws or as a market fluctuation that needs to be assessed in a different manner. Robert Henrysson of Jadestone thinks that the government does “very little” to combat piracy, and expresses no opinion on whether the government has a responsibility towards them for protecting the copyright of their products. As for culture in general he considers that the government has a preventive responsibility.

*How do you think your government is working against piracy?*
Very little.

*How do you think your government will act against piracy in the future?*

*How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?*
As for all crimes. After all, it is the criminal who has the primary responsibility. But prevention is the responsibility of the State.

*How much responsibility do you think the your government has for the fight against piracy of just your products?*

The fact that he has no opinion on whether the government has a responsibility towards them, to other kinds of culture he only considers that they have a preventive responsibility, but he does not elaborate on what he thinks they should do. This points us in the direction that we might assume that Henrysson consider it the business responsibility to adapt to piracy as with market changes, with the aid of the government enforcing copyright laws. Ryan S. Dancey of CCP Games said that he did not care about how others worked against piracy, and then wrote N/A (Not available) on the questions regarding on how the government works and should work. Regarding responsibility he claimed that the government had no responsibilities whatsoever fighting piracy.

- How do you understand that others are working against piracy?
  Couldn't really care.
- How do you think you are going to work against piracy in the future?
  N/A
- How do you think others will work against piracy in the future?
  N/A
- How do you think your government is working against piracy?
  N/A
- How do you think your government will act against piracy in the future?
  N/A
- How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?
  None
- How much responsibility do you think the your government has for the fight against piracy of just your products?
  None

By answering these questions in this manner Dancey positioned himself and thus CCP Games as a corporation that has liberal ideas regarding copyrights. They see it as a market fluctuation that must be responded to by other means than by strengthening copyright laws. Magnus Alm of Muskedunder Interactive holds a similar view. Alm said that he has “no idea” of how the government works against piracy, and on the question of if the government had a responsibility towards their company he answered that they had “some” responsibility.

- How do you think your government is working against piracy?
  No opinion
- How do you think your government will act against piracy in the future?
  -
- How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?
  Some responsibility
- How much responsibility do you think the your government has for the fight against piracy of just your products?
  Some responsibility
Similar to Dancey, Alm is not very interested in government policies. Similar to both Dancey and Henrysson he also feels that the government does not have a big responsibility towards them. Amongst the console developers there are some that also hold this true. Ilari Kuittinen of Housemarque has, similar to Dancey and Alm, no opinion on how the government works against piracy, claiming that piracy is beyond government controls and that the government has no responsibility towards his company.

How do you think your government is working against piracy?
No opinion.

How do you think your government will act against piracy in the future?
No idea. I think it’s beyond government’s control. Piracy is illegal today and it still happens.

How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?
No opinion.

How much responsibility do you think the your government has for the fight against piracy of just your products?
Not much really.

Kuittinen here states that piracy is beyond government control. By doing so he, similar to Dancey, shows us that his and thus Housemarque has a liberal view on piracy, and views it in a similar fashion to what the other “liberals” think. Another of my respondents that feel that piracy is beyond government control is Martin Hultberg of Massive Entertainment. Hultberg states that he thinks that it is up to different states to have different rules and laws that regulate crime, but it is up to the people of these states to watch their own interests, with these laws as a base. The state cannot do much more than they already do he continues; any change must come from the business if they are needed. To the question of which responsibility the government has he points back to his previous answer, insinuating that he does not think that government has any responsibility towards them.

How do you think your government is working against piracy?
It is up to different states to have rules and laws regulating crime. Then it is up to people in the various States to defend their own interests, with the laws as a base. As for just piracy is difficult, as it moves across State boundaries. I do not know if there is so much more the state can do about it really, requirements for improvement must come from the industry in cases where it is needed.

How do you think your government will act against piracy in the future?
Do not know

How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?
See 6 [28]

How much responsibility do you think the your government has for the fight against piracy of just your products?
See 6 [28]
The fact that Hultberg discusses the law as something used mainly to facilitate the needs of the people rather than the needs of his corporation gives us insight on his thoughts of piracy as something natural, and the law as something artificial. As with the previous respondents, Hultberg positions himself and his company as one seeing piracy as something that needs to be circumvented rather than fought. Håkan Dalsfelt of Coldwood Interactive says that he does not believe in “banning” piracy, since he believes it to be impossible to control and monitor. If a system for control were to be invented that would mean that all people need to be monitored at all times, and that is just not possible. He also does not believe in higher criminal punishments for piracy, since piracy is common and widespread. Dalsfelt instead speaks of education as a good way to combat piracy: raising awareness with people that these products have cost a lot of money to develop and that it is “stealing” to pirate games even if it is available on the internet. To the question of how he thinks the Swedish government will work against piracy in the future he ironically states that they maybe will come up with new laws against piracy that do not work, but in a quick turn after that statement claims that he has no real idea of what they will do in the future. To the question on how big responsibility the Swedish government has fighting piracy for them and for the whole cultural industry he simply states that this is a global problem and as such the Swedish government has a very limited responsibility on preventing piracy.

_How do you think your government is working against piracy?_  
[I] think it is difficult to "ban" piracy because it is impossible to monitor, [I] do not believe in tougher sentences for ordinary users because it [piracy] is so common. Educating people is one thing you could do, explain that it is a product that has cost a great deal of money to produce and that it is "theft" to take such a thing even if it is available on the internet.  
_How do you think your government will act against piracy in the future?_  
Come up with new laws that do not work in practice? Have no idea what their plans are.  
_How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?_  
It is a global problem, so I do not believe that the Swedish government has a very large responsibility in this matter.  
_How much responsibility do you think the your government has for the fight against piracy of just your products?_  
We have very little market in Sweden so for our products the Swedish state has very little responsibility for the fight against piracy.

By stating that it is hard to “ban” piracy and that there should not be harder punishments for piracy Dalsfelt does not only say that it is impossible to combat piracy with laws, but together with his ironical statement about the future work of the Swedish government Dalsfelt believes that the Swedish government has taken a position where they believe that they can fight piracy with laws, but

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143 File Sharing Has Become the “New Normal” for Most Online Canadians.  
in reality they cannot. This combined with the fact that he says that it is a global problem above
government responsibility gives me enough information to realize that he has positioned himself as a
somewhat liberal player in this field, responding to piracy in the same manner as the previous
corporations mentioned – as a market fluctuation.

Marko Orenius of Watagame positioned himself in a somewhat different manner. Orenius said that
he thought that the government was doing an OK job working against piracy, but that “Europe-wide”
there should be [...] more emphasis on protecting copyrights and effort to pressure pirate endorsing
countries”. He does not believe that the government will change their approach to piracy in the
future, and regarding “culture” in general he believes they have a big responsibility towards culture
producers, making sure laws are upheld. Nevertheless, he also said that he did not think that the
government has much responsibility towards them with protecting their products. Instead he
claimed that they would protect them themselves.

How do you think your government is working against piracy?
in general, ok. Europe-wide there should be a more emphasis on protecting copyrights and effort to pressure
pirate endorsing countries to act against this.
How do you think your government will act against piracy in the future?
pretty much the same way as today
How much responsibility do you think your government has for the fight against piracy in
general for all of the culture industry?
a lot. Laws are made by the government and then courts need to execute on the policies.
How much responsibility do you think the your government has for the fight against piracy of
just your products?
not that much. We will protect our IPRs as much as we can ourselves.

Orenius here makes the distinction that ‘the others’ doing culture might need strong copyright laws,
but that they themselves do not need them that much. In doing so he insinuates that they will treat
piracy as a market fluctuation, but that they do not necessarily like this development.

Another actor that does not appreciate this development is Fredrik Wester of Paradox Interactive.
Wester thinks that the Swedish government is doing a bad job working against piracy and that ‘We’
(referring to Swedes) have a weak copyright (referring to the copyright laws) and a bad
understanding of the authors needs. He thinks that the government has a responsibility to guard the
notion of entertainment being something that costs, and make sure that the general opinion also
thinks this way.

How do you think your government is working against piracy?
Not good. We have a weak copyright and lack of understanding of the authors' needs.
How do you think your government will act against piracy in the future?
No idea.
How much responsibility do you think your government has for the fight against piracy in
general for all of the culture industry?
They have the responsibility to say that entertainment costs.
How much responsibility do you think the government has for the fight against piracy of just your products?

I think they have a responsibility for the general opinion.

Wester here airs his ideas of both how the government should work and thus also how the market should work. By stating that the government should control public opinions he insinuates that the government should work for its corporations and not for its people – controlling opinions and constructing laws (in this case that would mean stronger copyrights) for corporations rather than for the “people”. The fact that Wester previously stated that Paradox Interactive has turned towards digital distribution and online games rather than pursuing its old habits of retail distribution tells us that Wester, not unlike Orenius, has been forced to make this change to survive – but similar to Watagame:s case, they do not seem to appreciate this development.

Johan Roos of SimBin Studios also aligns himself in the same kind of position that Wester does. Roos here states that the government should make legislation that deals more harshly on piracy and force Internet service providers to, as he says, act against rather than line one’s own pocket on piracy. He believes that file sharing is one of the biggest factors driving the development of high bandwidth internet connections. He rhetorically asks “what else would people do with 100mbit connections?”, insinuating that the only reason for this is online file sharing. Roos says that he hopes that the government will wake up from its slumber and realize that enormous tax revenues and many job openings are lost due to piracy, and states that file sharing are draining the entire entertainment industry. He perceives that the government has a big responsibility towards the culture and entertainment industry as a whole, especially since Sweden with “Pirate Bay” leads the way and has become something of a global sanctuary for file-sharers. Roos also thinks that the government has a bigger responsibility towards SimBin to fight piracy, since SimBin is a Swedish corporation with 100% Swedish interests.

How do you think your government is working against piracy?

They need to legislate against it harder and force internet operators to act against, instead of serve on the file sharing that is currently one of the driving bits in the development of bandwidth, what are people otherwise doing with 100mbit lines?.

How do you think your government will act against piracy in the future?

I hope they wake up and see the enormous loss of tax revenue and jobs they go missing. File Sharing drain all of the entertainment industry

How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?

Enormously. Especially when Sweden with the Pirate Bay in the lead has become something of a global sanctuary for file-sharers.

How much responsibility do you think the government has for the fight against piracy of just your products?

We are a Swedish company with 100% Swedish interests, so maybe a little more responsibility.
Roos is the most outspoken talker against piracy, and as I have previously shown SimBin is one of the companies that are the most aggressive against piracy. By stating that he recognizes file sharing as the number one driving force behind the development of high bandwidth internet connections (also known as broadband) he also reveals his position towards this development; Roos would rather not have seen it turn out this way. He continues to blame file sharing for ‘draining the entire entertainment industry’, thus claiming that without file-sharing, the entertainment industry would get a huge increase in income. Roos thus positions himself along with Wester and Orenius who also believe that the government should use every means possible to strengthen their business.

The last informant that I will use in this chapter is Christofer Sundberg from Avalanche Studios. He positions himself together with the previous few informants, as he thinks that the government should work more against piracy and not rely on the businesses and thus the market solves its problems by itself. He claims that the governments work against piracy is going slowly, but forward, and that he thinks that the government has a responsibility to legislate against piracy, but he has no opinion whether the government has a responsibility towards Avalanche studios.

*How do you think your government is working against piracy?*
It’s slow but moving forward.

*How do you think your government will act against piracy in the future?*
Hopefully, more active and not rely on that the industries solve it themselves.

*How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?*
They have a responsibility to make decisions and legislate on the matter.

*How much responsibility do you think the your government has for the fight against piracy of just your products?*
No opinion

Similar to the previous informants, Sundberg also sees the future of games distribution as digital distribution, but as with the previous informants he does not appreciate this development, and thinks that the problem of piracy should be dealt with by legislative measures by the government, and not on the markets terms.
5.0 One step further
In this chapter I present my findings surrounding the Gaming industry field found in chapter 4 and present what I consider being the ‘essence’ of my findings and what impact it has on society.

In chapter 5.1 I draw upon the conclusions found in chapter 4 and discuss the significance and meaning of these findings in relation to the theories of the emerging media landscape in chapter 2. Using the Nordic Gaming industry and the ideas conveyed by its decision makers, I will conceptualize how they have changed their business models, and what kind of ideological contents these changes have. This chapter is concerned with the third and last step in Faircloughs analytical system, being the stage of Explanation. I here try to portray the discourse articulations as part of a social process.

In chapter 5.2 I will take my understanding of the contemporary copyright industry field and by using the ideological standpoints found in chapter 5.1 I will try to apply them to other parts of the Copyright industry to explore what kind of business models could be used for future entrepreneurs. This chapter takes on the subject of the ‘Future’ of copyright economics, discussing what might be on the basis of the observations I have made in this thesis.

5.1 Piracy as part of the business model
What all the companies in this study seem to agree on is that digital distribution is the future of games distribution, even though digital distribution never will be the only medium for the distribution of computer and console games. With this in mind, it is fair to claim that the market of games will become a mainly digital marketplace in time. If done incorrectly, I believe that many companies might face tougher times, and the corporations have by their actions proven that they realize this. Chris Anderson showed us in his book ‘The Long Tail’ that people are increasingly online in their consumption mode. More and more prefer the internet as their marketplace rather than the average store. This is something that is true for an increasingly variety of products sold. Chris Anderson describes this process by stating that “Our culture and economy are increasingly shifting away from a focus on a relatively small number of hits (mainstream products and markets) at the head of the demand curve, and moving toward a huge number of niches in the tail” 144. There is however a big difference between physical products and products produced by the Copyright Industries. Physical products can and must be manufactured, stored and shipped to its customers in a different manner than digitally reproducible goods. In that sense, they are still sold in the same way as they have been before: It is just that now the marketplace has moved online. For completely digital products, other rules apply. The best thing about digital products is that they can be copied

indefinitely at no cost, which is also the downside of this fact. Thus, the very idea of selling digital products as retail items (physical products) is based upon the control of the distribution system of these products. If no control can be exercised over the distribution system, the product might need to have an alternative means of funding. These are general rules that can be applied to all products produced by the Copyright Industry, and as such they apply very well to the Gaming industry. The fact that people have turned more online in their consumption and that the Internet provides effective means of distributing digital products had, as this thesis shows, a profound effect on the Gaming Industry. These two combined have created a dangerous situation for game developers, turning the market upside down. The development has forced game developers to think “Ok: People want our stuff, people like playing and interacting with each other, they want it online, and if they can – the will copy it from each other”. These unique starting points have shaped the unique solutions to these problems within the gaming industry. The solutions within the gaming industry have many similarities with other kinds of copyright industry businesses, but since Games are a specific medium many solution will be specific to the gaming industry. If we were to search for common denominators, a keyword regarding all of these new methods, regardless of which business they are implemented in, is *network externality*. Many games get revenue by offering the same price for the game as a digital copy would: free. Instead, the company that made the game makes their money on things that seem secondary at first glance: commercials, for example. This method means that the more the game is spread, the more revenue the game will generate. And the network externality does not end here; for very successful game concept there exists a market for things such as board games, fantasy stories and all kind of different peripherals. The spread of the game as such then gives sales on these kinds of items. This can be seen in the music industry, where some bands and labels have chosen to give away their music for free online to promote their music and thus get more live plays and sell more t-shirts and other products that is connected somehow to the band and / or label. Radiohead is probably the most famous band today that has chosen to give away their music for free and offering their fans to pay an *optional* fee – if they want to. Singer Thom Yorke told TIME magazine that “I like the people at our record company, but the time is at hand when you have to ask why anyone needs one. And, yes, it probably would give us some perverse pleasure to say ‘F___ you’ to this decaying business model.”\(^{145}\) I would claim that the thing that has put the Gaming industry in the forefront of these kinds of business developments is that they have managed to have some influence over the distribution model. Many games have by adapting to a conceptual level (often by making the game into a MORPG) been able to sell subscriptions to their games, whilst others have chosen not to use the same kind of controlled distribution system and instead have a

\(^{145}\) TIME Magazine. Available at [http://www.time.com/time/arts/article/0,8599,1666973,00.html](http://www.time.com/time/arts/article/0,8599,1666973,00.html). Downloaded 2009-02-18.
more “Long tail”-inspired approach to funding: Selling small items or other “addons” at low prices – 
making funding possible by creating huge amounts of micro-transfers instead of some bigger ones. 
These business models are not only interesting ways to create funds, but they evade piracy since they always have some kind of control over their distribution system. The idea of using a business model that is not dependent on whether the product is pirated or not and at the same time maintain some kind of control over the distribution method is one that sets the Gaming industry apart from other businesses, because it is possible to a larger extent to engineer this kind of control in games. It is however not isolated to the Gaming industry; the same kinds of solutions to the problems faced by the Copyright Industries exists for more or less all media forms. For television and to some extent movies there are services that broadcast streaming video like Joost\textsuperscript{146} or Hulu\textsuperscript{147}. For music there’s Spotify\textsuperscript{148} or the free online radio channel, Last.fm\textsuperscript{149}. The businesses that surround these media types are, together with the Gaming industry, the businesses that can lose the most by not switching their business models. The solutions provided to the problems of digital distribution within the Gaming industry, the music business and to some extent the tv/movie business represent a big shift in their respective business model. These solutions have not caught momentum within these other businesses, but they do exist. And similar to these different factions of the copyright industry the Gaming industry has a lot of actors that have not switched towards these kinds of business models, and are still selling their products as bundled retail products - even though their marketplace has moved online. Patrik Wikström wrote in his dissertation “Reluctantly virtual: modeling copyright industry dynamics” that “many music industry decision makers still have not embraced the new logic [the logic of online distribution business models], and have not yet challenged their traditional mental models of the media environment. Rather, they remain focused on preserving the pivotal role held by the CD and other physical distribution technologies\textsuperscript{150}”. While record companies have not changed their business models, others have, and they are thus gaining market shares because of it. Wikström wrote that “the increasing importance of revenues from various forms of music licensing has raised the significance of the music publisher at the record label’s expense. The music publisher which since many decades have been reduced to the record label’s side-kick, have regained some of its original weight\textsuperscript{151}”. I would claim that it is because of the recognition, however reluctant, of the importance of the change in the media environment made by decision makers at these music publishing firms that they have been able to craft strategies to deal with the new problems and 

\textsuperscript{146} http://www.spotify.com
\textsuperscript{147} http://www.hulu.com
\textsuperscript{148} http://www.spotify.com
\textsuperscript{149} http://www.last.fm
\textsuperscript{151} Ibid. P 198.
possibilities, and thus increase the size of their profits over the companies that have not adapted their strategies: the record labels. Wikström conceptualizes this action by stating that “Decision makers have to challenge their old mental models, and engage in double-loop learning”.

I have previously shown that all of the actors interviewed in this study have in some way taken steps to meet the changing demands of their customers and at the same time avoid piracy to their best ability. Different companies took different strategies depending on their experience and expertise developing games and their view on piracy. Some companies were very early with seeing that the future would be like this and adapting to it, while some companies just recently realized that they needed to change. The companies that were very early with making changes in their business and distribution model to meet these demands of the future all rebuilt the very idea of what they were selling: They were no longer in the market of supplying a product resulting in an experience (a compact disc or such containing the game), they were now in the business of supplying a service resulting in an experience. This is the natural order of things, since products (goods) follow an evolutionary model where they start out as products and then evolve to services and later to experiences. According to this logic, the distribution of games will one day solely be focused on providing profound experiences to their users. Joseph Pine II & James Gilmore wrote in their book “The Experience Economy” that this development is because of “the nature of economic value and its natural progression … from commodities to goods to services and then to experiences. An additional reason for the rise of the Experience Economy is, of course, rising affluence”. For most this was accomplished by doing nothing else than adapting to the markets terms: Switching from single-player games to online multiplayer games making user interaction key, switching from revenues being collected by selling physical products to receiving revenue from monthly fees, micro-transactions or advertisement - making the economic loss of piracy a thing of the past. By doing these changes it did not matter anymore if the game was copied and distributed outside of the developers distribution channels (or pirated, in other terms) since this was in fact beneficial since that would spread the game even further. I would claim that the same loss of market shares that Wikström showed that the corporations that did not adapt to the new demands of the evolving media environment faced will probably echo in all corners of the Copyright industry, and this process has already started within the Gaming industry. The companies that were late with realizing that this would be the future, only to one day discover that this was the way things were, has indeed tried adapting, but they have chosen a somewhat other route towards adapting to this new market than the corporations that adapted early. Whilst the early birds rebuilt the idea of their games and their

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distribution system from scratch, these actors are instead “patching” their existing methods and spending money on lobbying - forcing their business methods to survive a few more years. The corporations that were late with adopting all realize that they must eventually make these changes, but their discourse tells us that while claiming that they are going towards micro transaction games and consoles, they still think that piracy is wrong and bad for their business. The notion of piracy being ‘wrong’ and ‘stealing’ is one, in my opinion, enforced primarily by lobby organizations funded by the Copyright industry. The primary mission for these lobby organizations is to influence the discourse within the state, which then will proceed to change the discourse within society by propaganda and by legislative measures. Within the gaming industry this discourse is used primarily by companies without established and successful digital distribution models, and with this information at hand this gives us a good insight into the ideological character that this discourse has. If one can establish on a discursive level that ‘piracy’ is equal with ‘stealing’, making claims to enforce legislation on the matter is easier, and if this discourse gets popularized and becomes the dominant hegemonic viewpoint, you can keep your business model which is largely based on the fact that people will not copy things from one another to any large extent. Thus, many corporations actively use a discourse which is used for actively fighting ‘piracy’, but, they do this at the same time as they change their business model to better adapt with the changing media environment. By doing so, they expose that they make these changes reluctantly, and that they have little understanding for the essence of these changes, the essence being the idea of natural evolution of the economy due to changed distribution means. A general trend amongst the companies researched in this study is that the companies that speak the most about copyrights and the fight on piracy are also the same companies that have these “patched” business models. Up to this point we have seen a development where some companies either adopted their business models and distribution systems to the demands of the future or turned towards console games. However, since these platforms today are going online, I would claim that this enterprise - on a business model level - only was a way of prolonging what was inevitable: the spread of new business models and distribution systems. This development was and will be what sends many companies into bankruptcy, but will also be the same process that will generate huge incomes for some companies, all depending on the quality of their products and their will and ability to change their business model. Ironically it was by turning towards the big money in console games, reaching that profitable consumer base of ‘casual’ gamers, that many companies overlooked this important development and fell behind in the development of their business model. With file-sharing being one of the most common activities on the Internet I claim that right now game developers are at the end of a golden era: The era of single-player boxed games. This paradigm will eventually end, but it is prolonged by stronger copyright laws and government intervention due to lobbying. Internet was created not to be able to be controlled by any single node
in its net so turning the internet into a panopticon where every node can be seen at all times might prove difficult. The Internet will not be able to be turned into the vending machine that the copyright businesses lobby organizations so strongly advocates. The companies that drive this development forward might eventually go bankrupt, or change their business model. The first important step is to take the same step as the “early birds”, who changed their business model many years ago. They need to stop thinking about piracy as a crime, and start thinking of it as an asset: An economically strong viral distribution method - Shifting towards a view on economy where the online market defines what kinds of products are manufactured and not the other way around is the only solution for these companies.

What kind of a world does these kinds of changes imply then? In a world where the Copyright Industry has abandoned the business models that requires products to be sold as retail items the function of copyright laws might be altered. In this paradigm, where all copyright holders will have found new solutions to fund their business, copyright might be transformed into something similar to Lawrence Lessigs Creative Commons154, which in turn would present us with a world where all information is freely available to all of mankind – for personal use. This will increase the amount of available culture and knowledge by building a large public domain155, and all culture and knowledge would invite to participation. The upside is then in terms of “The Long Tail” that the tail becomes increasingly long. The downside is that the “megahits” can only make as much money as they do today if they are creative with their business models, and this goes for the entire Copyright Industry. If we were to apply this on games, we already see this in the discourse articulations of the decision makers; they believe that games will become more mainstream as the competition hardens, similar to when globalization forces our cultures together, creating a larger “mass” culture with local variations156. To make the big bucks you will have to stick to the mainstream; but there will be plenty of room in the furthest reaches of the consumption tail for niche games. They just might not be as well constructed and marketed as the big games – but they will be there.

What we can draw from the evolution of the business models within the Gaming industry that can be applied to the whole Copyright Industry is that copyright laws do not necessarily help copyright businesses; it only makes them live a little longer. Laws should as such not be passed enforcing copyright regulations; if laws should be passed it is only to help the business transition from one economy into another, as this would probably more beneficial to both the producer and the consumer. An historical anecdote that I think fits accurately to this scenario is the story of the ice

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154 Creative Commons is a collection of licenses making it easier for people to share and build upon the work of others, consistent with the rules of copyright.
industry. The ice industry was basically an industry that existed before the heat pump was invented, that (during winter) “harvested” ice by chopping out big blocks of it from lakes and such. They then used cold-storage and sold the ice during the year, only to harvest more ice the following winter. This all changed when the heat pump arrived. This basically made the whole profession of ice-harvesting obsolete and today only a few companies do it (and sell it as a luxurious item). In this new context, the ice is replaced by different kinds of culture, the ice harvester industry is the copyright industry, and the heat pump is the internet and its file-sharing technologies. A few things have to be overlooked when using this anecdote, but overall I think it fits pretty well – what I am trying to convey is that technology will change society through us. The absurdity of passing copyright laws to prevent file-sharing is made visible in this example; would the ice harvesters ever have been able to pass laws regulating the use of refrigeration? The answers must be that yes, they probably could - If they would have spent billions on lobbying their cause.
5.2 The future of copyright economics

This chapter is an attempt to explore future business models for entrepreneurs in the copyright industry. To do this, I feel that I need to establish the notion of sharing - in this new context meaning file-sharing - as being something secular and natural. People growing up with new technologies tend to make the most of them (the technologies), and integrate them as natural components in their everyday lives. In those lives, file-sharing is a most common element made possible by the convergence of technologies - and the invention of new ones. I believe that successful business models are going to be made possible by harnessing file-sharing and the role of digital distribution models, by recognizing the economical evolution and thus converting to selling ‘solid’ products, services and ultimately also even experiences. Many companies in the copyright industry have already realized that file-sharing cannot be permanently stopped. Many thus just want to make file-sharing as hard as possible. Unfortunately, the users are fighting back at an ever increasing rate. I believe that in a short period of time, file-sharing technologies will be even one more step ahead of anti-piracy bureaus and others who would like nothing more than to catch and prosecute file-sharers. Just recently a group of scientists and graduate students from the University of Washington developed software which they named ‘OneSwarm’\textsuperscript{157}. This software is conceptualized as “BitTorrent 2.0”. It uses the BitTorrent protocol together with the ideas of the Gnutella network\textsuperscript{158}, creating a totally decentralized anonymous file-sharing network. It works by simply adding the files you would like to share, and then adding what friends you would like to share it with. These files are then by default made available not only to your friends, but to your friends friends, and to their friends in turn and so on and so forth. The result is that it creates a massive ‘Swarm’ of computers sharing each other’s data securely and anonymously – OneSwarm. Even if this specific application does not turn out to be the next “big thing” in file-sharing technologies, the rapid development of file-sharing technologies that support strong anonymity implies that file-sharing might eventually be pretty much untouchable. The economical evolution in many cases means converting from a paradigm of defining what ‘value’ is. Today when discussing ‘value’ in the sphere of the copyright industry many corporations see value as their cash flow. In my opinion, the notion of value should also include values that are not visible on bank accounts, the so called network externalities. By recognizing that bank accounts do not hold all the value produced by the copyright industry, one can start to explore business models not thought possible.

If we start with examining what kind of business models might be plausible to be successful in the

\begin{footnotesize}
\begin{enumerate}
\item http://oneswarm.cs.washington.edu/
\item Gnutella is a semi-decentralized file-sharing network
\end{enumerate}
\end{footnotesize}
future I would first like to explore the Gaming industry, since this is the subject closest to what I have studied in this thesis. I would claim that there will be many different business models within the Gaming industry. Some already exist, as I have shown in this thesis, whilst others are not yet fully explored. One movement that exists just outside of the Gaming industry is the Open-Source game developers. The games developed within this homogenous movement range from being mere copies of “classic” games that have been re-programmed to be run on today’s computers and on different platforms to be new concepts being built and maintained by its users on open platforms. I believe that, just like many corporations today make money by making customizations, giving support and writing books on Open-Source operating systems, there will be companies that make money by doing the same towards Open-Source Games. It might not be a viable solution for all game companies, but this could definitely be something for a lot of corporations. The type of corporation closest at hand are the kinds of companies maintaining Open-Source platforms for building games upon. These platforms can be downloaded by anyone and games can thus be built by any amateur – just like today – or perhaps by one of the game companies mentioned within this thesis. When running into problems the game companies will probably need some expert help – which they buy from some of the companies maintaining and developing these Open-Source platforms. Another kind of corporation could exist, probably in a realm of games accepting all kinds of user-generated content – similar to the game “Second life”. These kinds of corporations would then specialize in providing customized user-generated content. There might be other kinds of corporations involved in creating games in the future, but those business models are for entrepreneurs to discover as societies and technologies used within them evolves.

Another wing of the copyright industry that I prophesize will change is the Music industry. There are already today business models where users pay a monthly fee and get to listen to all the music they want. If they do not want to pay – the service just puts commercials here and there between the tracks. Since recorded music is in abundance and the unauthorized reproduction of these cannot be controlled, the obvious solution is just to charge for the service of providing all the music in the world, or just to let it free. Anyhow, money should be put into throwing gigantic parties for thousands – if not hundreds of thousands - of people. These events could be super viral or super-marketed, super-branded or super-underground, it would not matter. The important thing is that instead of selling a digital product, they would instead be selling an experience, and a massive amount of peripheral merchandise such as t-shirts etc. This would probably be the death of the record company as we know it, but it would be the birth of millions of small labels and bands filling up the void left behind. It would probably also mean that musicians would have to work hard and be entrepreneurs just like everyone else, and adapt to the demands of the market of the music industry. With less money going into record label executives pockets, more musicians would be able to
support themselves, even though they will have to work hard and be resourceful to do so. In a society where music is expected to be everywhere, demand for music is high, musicians will not likely go unemployed. This situation would require an aggregator that connected this big demand not only for music, but also for live music. If all bands were to be listed on an online service, their music made available – together with the option of buying gear, booking the band for events, or buying tickets for an event – that would probably be the next big thing. Separate technologies exist today in services like Myspace\(^{159}\) and Livenation\(^{160}\), but by combining them something amazing might be created.

A business that makes big money today and will continue to do so is the TV & film industry. These businesses would do very well for themselves if they responded to the needs of their customers and made the same approach as the Gaming industry – by constructing distribution systems with limited control. For television, this is in the making and I would not be surprised if we will see most television channels online in a relatively short period of time. What is needed is a major aggregator to come forward and help people find, sort and watch their favorite content – and for all content providers to get involved. For film, the film experience should be made more into an experience and sold as such. When I go to see a film at the cinema, I do not feel that I am actually paying for the film itself. I am paying for the experience of going to a place where I can socialize with my friends - preferably before and after the film, at the same time as I am provided with a great film experience. Another way of selling film is with the ‘all you can eat’-buffet approach. If there would exist a service where it was possible to pay a small fee every month for all the films I could ever care to see, I would be the first to sign up. For users that did not want to pay there might perhaps be a solution where commercials are injected in the film with time intervals. Film production will be made much cheaper in the future – technologies will become much cheaper making both regular film and CGI\(^{161}\) much cheaper. Huge amounts of money could also be saved by not paying single actors hundreds of millions. This would increase the overhead drastically on films produced, making it possible to create more and cheaper films. Television might perhaps go into producing more live content – packaging it both as events that they can capitalize on from ticket sales and packaging it as live TV entertainment. That kind of content could be sent both on the ‘old’ televisions, and streamed online – but always be kept live, and having strong interactive elements to it. This would definitely keep audiences attracted to television.

A common denominator for all wings of the copyright industry is that they all need to lower their development costs, and have many alternative business models. For games, it could mean the establishment of OpenSource game platforms. For Music, Television and Film, it could mean lowering

\(^{159}\)A community which many artists use to give snippets of their music away, together with info on how to contact them, tour dates etc. Availible on http://www.myspace.com/

\(^{160}\)A ticket service selling ticket to music events

\(^{161}\) Computer Generated Imagery
production costs. What seems to be true for all is to construct new distribution methods and stop relying on their old distribution methods as their only way of capitalizing on their work.
References

Chapter 1

Books

Articles, Reports & Statistics

Chapter 2

Books


**Articles, Reports & Statistics**

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**Online**

*Articles, Reports & Statistics*


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Chapter 3
Books

Chapter 4
Books

Online

Chapter 5
Books

Online
Hej,

Vi representerar minst 95% av sysselsättning och omsättning bland utvecklarna och över 99% bland förlag/distributörer.

Mvh
Martin

Den 08-04-24 19.36, skrev "Jimmy Rosén" <jimro069@student.liu.se>:

Hej igen!

jag formulerar om min fråga: Hur representativt är er ert medlemsregister i förhållande till "hela" dataspelsbranschen i Sverige?

mvh
Jimmy

Den 2008-04-24 skrev Martin Lindell <martin.lindell@dataspelsbranschen.se>:
Hej,

Samtliga medlemmar är listade på hemsidan.

Mvh
Martin
Hejsan!

Jag heter Jimmy Rosén och tänker inom ramen för min mastersexamen skriva om Svenska spelföretags affärsmodeller. Då ni utger er för att representera spelbranschen i Sverige så vore ju er medlemslista en väldigt bra bas för mitt urval.

Det saknas dock aktörer som jag trodde jag skulle hitta på er lista (Jag har vänner som jobbar på Powerchallenge till exempel, men som inte är listat), och därför tänkte jag höra med dig hur det fungerar med medlemskap hos er - vilka är med hos er och vilka är INTE med hos er?

mvh
Jimmy
Supplement 2: The Questionnaire

For the purpose of keeping page numbers down ‘[box]’ and ‘[field]’ will be used instead of the space provided for the purpose of answering questions. ‘[field]’ represents a smaller area, whilst ‘[box]’ represents a larger area.

The Questionnaire, English version
Study: Changes in the Video Game Industry

1. **Demographic information**

Questions about you and your work.*

1. Demographic information

   Demographic information  [field]

   Name:  [field]

   Company:  [field]

   Email Address:  [field]

   Tel. No:  [field]

2. Describe your job / your position in the company:
   [box]

2. **Industry**

   Industry-related issues.

   1. Have you seen a change in how you sell and produce games the past few years? If yes, explain these changes.
   [box]

   2. How do you think you will sell and produce games in the future?
   [box]

   3. How do you think, generally, other companies will sell and produce games in the future?
   [box]

3. **Platform**

   Platform-related issues.

   1. What platforms do you produce games for?
2. Have you ever produced games for other platforms? If yes, explain why you switched platform.

3. What platforms will you, you think, produce games for in the future? Please motivate your answer.

4. What platforms, you think, will generally be the most successful in the future? Motivate your answer.

4. Economy

Economy-related issues.

1. How do you finance the development of your games?

2. Has the funding looked like in any other way? If yes, explain why you changed your method of funding.

3. How do you think games generally will be funded in the future? Motivate your answer.

4. How do you think your games will be funded in the future? Motivate your answer.

5. How do you get revenue from your games?

6. Has the way you get revenues looked like in any other way? If yes, explain why you switched income manner.
7. What do you think will be the general way of collection revenue from games in the future? Motivate your answer.

[box]

8. What do you think your sources of revenue from games will come from in the future? Motivate your answer.

[box]

5. Distribution

Distribution-related issues.

1. How do you distribute your games?

[box]

2. Have your games been distributed in any other way? If yes, explain why you switched.

[box]

3. How, do you think, will games be distributed in the future? Motivate your answer.

[box]

4. How, do you think, will you distribute your games in the future? Motivate your answer.

[box]

5. Which means of distribution do you think will be the most profitable (most revenue in relation to the development amount invested) in the future?

[box]

6. Copyrights

Copyright-related issues.

1. Do you perceive that you have a problem with piracy? Motivate your answer.

[box]

2. How are you working against piracy?

[box]
3. How do you understand that others are working against piracy?
[box]

4. How do you think you are going to work against piracy in the future?
[box]

5. How do you think others will work against piracy in the future?
[box]

6. How do you think your government is working against piracy?
[box]

7. How do you think your government will act against piracy in the future?
[box]

8. How much responsibility do you think your government has for the fight against piracy in general for all of the culture industry?
[box]

9. How much responsibility do you think the your government has for the fight against piracy of just your products?
[box]
The Questionnaire, Swedish version
Undersökning: Förändringar i Datorspelsbranschen 2008

1. Demografisk information

Frågor om dig och ditt arbete. *

1. Demografisk information

Demografisk information
Namn: [field]
Företag: [field]
Email Address: [field]
Tel. Nr: [field]

2. Beskriv dina arbetsuppgifter / din position i företaget:
[box]

2. Branch

Branschrelaterade frågor.

1. Har du / ni sett en förändring i hur ni säljer & producerar spel de senaste åren? Om ja, förklara dessa förändringar.
[box]

2. Hur tror du ni kommer att sälja & producera spel i framtiden?
[box]

3. Hur tror du, generellt, andra företag kommer att sälja & producera spel i framtiden?
[box]

3. Plattform

Plattformsrelaterade frågor.

1. Vad för plattformar producerar ni spel till?
[box]

2. Har ni producerat spel för andra plattformar? Om ja, förklara varför ni bytte plattform.


4. **Ekonomi**

Ekonomirelaterade frågor.

1. Hur finansierar ni utvecklingen av era spel?

2. Har finansieringen sett ut på något annat sätt? Om ja, förklara varför ni bytte finansieringssätt.


5. Hur får ni intäkter från era spel?

6. Har sättet ni får intäkter sett ut på något annat sätt? Om ja, förklara varför ni bytte inkomstsätt.


5. Distribution

Distributionsrelaterade frågor.

1. Hur distribueras era spel?
   [box]

2. Har era spel distribuerats på något annat sätt? Om ja, förklara varför ni bytte distributionssätt. 
   [box]

   [box]

   [box]

5. Vilka distributionssätt, tror du, kommer vara mest lönsamma (mest intäkter i förhållande till investerad utvecklingssumma) i framtiden?
   [box]

6. Upphovsrätt

Upphovsrelaterade frågor.

   [box]

2. Hur arbetar ni mot piratkopiering? 
   [box]

3. Hur uppfattar du att andra arbetar mot piratkopiering? 
   [box]

4. Hur tror du ni kommer att arbeta mot piratkopiering i framtiden? 
   [box]

5. Hur tror du andra kommer att arbeta mot piratkopiering i framtiden?
6. Hur tycker du Svenska staten arbetar mot piratkopiering?

7. Hur tror du Svenska staten kommer att arbeta mot piratkopiering i framtiden?

8. Hur stort ansvar tycker du Svenska staten har för motverkandet av piratkopiering generellt för alla i kulturbranschen?

9. Hur stort ansvar tycker du Svenska staten har för motverkandet av piratkopiering av just era produkter?
Supplement 3: Massive Letter

Massive Letter, Swedish version

Hej!

Jag heter Jimmy Rosén och håller för tillfälle på att genomföra en undersökning om Datorspelbranschen och skulle vara mycket tacksam om ni kunde läsa igenom denna information och vidarebefordra denna till berörda/person/per på ert företag. Undersökningen är riktad till policykapare och beslutstagare inom spelbranschen, och det vore därför bra om den eller de personerna som motsvarar den beskrivningen på ert företag svarar på frågorna.

Tack på förhand!

Med vänliga hälsningar

Jimmy Rosén
jimro069@student.liu.se

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Undersökning: Förändringar i Datorspelsbranschen

Många spelföretag förändrar idag sina affärsmodeller på grund av kulturella och ekonomiska förändringar. Avsikten med denna undersökning är att kartlägga hur datorspelsbranschen själv anser sig ha utvecklats, och varför. Denna undersökning är riktad till policykapare och beslutstagare inom spelbranschen. Jag vore därför tacksam om ni själva ser till att rätt person/er får ta del av denna undersökning.

Denna undersökning görs som en del av mitt examensarbete på Mastersnivå för Kultur, Samhälle och Mediegestaltning vid Linköpings Universitet. Svaren kommer att behandlas inom ramen för mitt forskningsarbete för min mastersuppsats.


Om ni har några frågor om undersökningen så tveka inte att höra av er till mig, Jimmy Rosén, vardagar 10-17, telefon: 073 - 509 06 06. Om ni hellre vill skicka e-post kan ni göra det på jimro069@student.liu.se.
På förhand tack för er medverkan.

**Gå till frågeformuläret**

Ditt lösenord är: FxQ831Ap

Norrköping i Juni 2008

Jimmy Rosén

Mastersprogrammet i Kultur, Samhälle och Mediegestaltning.
Swe. Reminder
Hej!

Jag har tidigare bett er svara på min undersökning kring förändringar i Datorspelsbranschen. Tyvärr verkar ni ännu inte ha kunnat svara på mina frågor, och jag skulle därför återigen vilja be er att fylla i frågeformuläret så snart som möjligt. Tänk på att undersökningen är riktad till polisyskapare och beslutstagare inom spelbranschen, och det vore därför bra om den eller de personerna som motsvarar den beskrivningen på ert företag svarar på frågorna.

Tack på förhand!

Med vänliga hälsningar

Jimmy Rosén
Jimro069@student.liu.se

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Undersökning: Förändringar i Datorspelsbranschen

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Denna undersökning görs som en del av mitt examensarbete på Mastersnivå för Kultur, Samhälle och Mediegestaltning vid Linköpings Universitet. Svaren kommer att behandlas inom ramen för mitt forskningsarbete för min mastersuppsats.


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På förhand tack för er medverkan.

**Gå till frågeformuläret**
Ditt lösenord är: FxQB31Ap

Norrköping i Juni 2008

Jimmy Rosén
Mastersprogrammet i Kultur, Samhälle och Mediegestaltning.
Massive Letter, English version

Hello!

My name is Jimmy Rosén and I’m currently conducting a study on the Video Game Industry and would be very grateful if you could read this information and pass it on to the concerned person/s at your company. This study is aimed at policy- and decision makers within the gaming industry; therefore it would be good if the person corresponding to the description on your company responds to these questions.

Thank you!

Sincerely

Jimmy Rosén

jimro069@student.liu.se

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Study: Changes in the Video Game Industry

Many gaming companies today are changing their business models because of cultural and economic changes. The purpose of this study is to identify how the computer games industry believe they have developed, and why. This investigation is aimed at policy makers and decision makers within the gaming industry. I would be grateful if you yourselves can see that the right person / persons may take part of this study. This survey is done as part of my thesis at the Masters level for Culture- and Media production at Linköping University. The answers will be used within the framework of my research for my master’s thesis.

This questionnaire has been sent to selected players in the Nordic computer games industry. I would be grateful if you fill out this form so that the results & reliability of the study is as accurate as possible. The form is expected to take about 10-30 minutes to fill in.

If you have any questions about the study so do not hesitate to contact me, Jimmy Rosén, weekdays 10-17, phone: +46 (0) 73 - 509 06 06. If you prefer to send e-mail, you can do it at jimro069@student.liu.se.

Thanks in advance for your participation.

Go to the questionnaire
Your password is: ba93Aoe

Jimmy Rosén
Masters Program in Culture & media production.
Linköping University
Norrköping, September 2008
Massivbrev, Eng. Reminder

Hello!

My name is Jimmy Rosén and I’m currently conducting a study on the Video Game Industry. I have previously asked you to participate in my study and I’m now asking you once more that you participate, since I will be finishing my data collection by next week. I would be very grateful if you could read this information and pass it on to the concerned person/s at your company. This study is aimed at policy- and decision makers within the gaming industry; therefore it would be good if the person corresponding to the description on your company responds to these questions. A market chief or CEO is the perfect person to answer these questions.

Thank you!

Sincerely
Jimmy Rosén
jimro069@student.liu.se

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Study: Changes in the Video Game Industry

Many gaming companies today are changing their business models because of cultural and economic changes. The purpose of this study is to identify how the computer games industry believe they have developed, and why. This investigation is aimed at policy makers and decision makers within the gaming industry. I would be grateful if you yourselves can see that the right person / persons may take part of this study. This survey is done as part of my thesis at the Masters level for Culture- and Media production at Linköping University. The answers will be used within the framework of my research for my master's thesis.

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Thanks in advance for your participation.
Go to the questionnaire

Your password is: ba93Aoe

Norrköping, September 2008

Jimmy Rosén
Masters Program in Culture & media production.
Linköping University
Jenny Huldschiner

Hej igen!


Mvh,

Jenny Huldschiner

From: Jimmy Rosén [mailto:jimro069@gmail.com]
Sent: den 6 oktober 2008 14:03
To: Huldschiner, Jenny
Subject: Undersökning om förändringar i datorspelsbranschen

[Citerad text är dold]
Hej igen!


Mvh,

Jenny Huldschiner
Hi, Jimmy!

I started on the survey as I generally think we have an obligation to help out in research and surveys done to understand our business better, but as you had a little too many open-ended questions it’ll take too much of my time to answer all of these in a good way.

I will be able to set you up with a 30 min interview though, if you’re interested in my views on this.

br

Morten

Morten Larssen
VP, Sales & Marketing

Funcom
Fra: jimro069@gmail.com [mailto:jimro069@gmail.com] På vegne av Jimmy Rosén
Sendt: 26. september 2008 10:51
Til: morten.larssen@funcom.com
Emne: Uncompleted survey

[Citerad text är dold]
Undersökning om förändringar i datorspelsbranschen

Erik Robertson <erik.robertson@redikod.com>  

Till: jimro069@student.liu.se

Hej Jimmy!

Undersökningsfrågorna - i a f de första - var så allmänt hållna att jag inte såg det som möjligt att ta mig tid att författa de relativt uttömmande svaren du behöver. Det var inget som skulle gå att göra på 10 min. Jag hade hoppats att det var mera ta ställning till påståenden etc.

Måste tyvärr avstå.

/Erik.

Jimmy Rosén skrev:

Hej!


Tack på förhand!

Med vänliga hälsningar
Jimmy Rosén
jimro069@student.liu.se

LIU, Filosofiska Fakulteten
Undersökning: Förändringar i Datorspelsbranschen


Denna undersökning görs som en del av mitt examensarbete på Mastersnivå för Kultur, Samhälle och Mediegestaltning vid Linköpings Universitet. Svaren kommer att behandlas inom ramen för mitt forskningsarbete för min mastersuppsats.

Detta frågeformulär har skickats till utvalda aktörer inom den Svenska datorspelsbranschen. Jag vore tacksam om ni fyller i detta formulär för att undersökningens resultat skall bli så korrekta som möjligt. Formuläret beräknas ta cirka 10-30 minuter att fylla i.

Om ni har några frågor om undersökningen så tveka inte att höra av er till mig, Jimmy Rosén, vardagar 10-17, telefon: 073 - 509 06 06. Om ni hellre vill skicka e-post kan ni göra det på jimro069@student.liu.se. På förhand tack för er medverkan.

Gå till frågeformuläret
<http://www.surveymonkey.com/s.aspx?sm=0F7eHrMSmLkLBc4aVc1H5w_3d_3d>

*Ditt lösenord är: FxQ831Ap*

Norrköping i September 2008

Jimmy Rosén
Mastersprogrammet i Kultur, Samhälle och Mediegestaltning.

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Bästa hälsningar / Best Regards,

Erik.

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Erik Robertson, Redikod AB, Box 4402, SE 203 15 Malmö, Sweden
erik.robertson@redikod.com  http://www.redikod.com  +46 40 36 76 70