

Game Over?

Electronic Arts - SimCity in Flames

TEACHING NOTES

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Teaching Notes

Case Synopsis

In March 2013, the 2nd largest video game publisher in the US, Electronic Arts (EA), released the long-anticipated SimCity 2013 title. The game was developed by the fully-owned studio Maxis. Despite pre-launch critique of the announced always-online digital rights management (DRM) measures, the game received great reviews and even awards prior to release. When the game was launched on March 5th, hundreds of thousands of users immediately experienced massive server problems. They were at first not able to download the game and once they could, the game was unplayable. At first, Maxis assumed full responsibility. However, the gamer community, having previously experienced related issues, instantly blamed EA for repeating the same mistakes. Furthermore, EA's reputation was at all-time low due to their perceived ignorance of customer expectations and wishes.

Against this background, a number of managerial decisions needed to be faced by EA: the case focuses on the questions whether Maxis or EA should assume responsibility and how reputational implications should be handled. Moreover, it emphasizes the importance of understanding the level of stakeholder engagement. Finally, the case considers not only the short-term damage control aspects of a severe crisis, but also the long-term rebuilding of corporate reputation.

Learning Objectives

The case aims at the following learning objectives:

- Remembering and applying the theoretical constructs of the Corporate Brand Identity and Reputation Matrix (Urde & Greyser, 2014) and the Reputational Reservoir (Greyser, 2009) to analyze the crisis situation
- Remembering Greyser's brand crisis management approach to understand and evaluate the crisis
- Arguing using relevant ideas where to apply responsibility in a corporate crisis situation
- Creating a relevant communication strategy based on insights from the case
- Understanding the implications of highly engaged stakeholders (Bromley, 2001)

Considering the high amount of analytical work required to solve this case, it supports the students in learning to combine different frameworks and bridges the gap between theoretical knowledge and actual events.

Teaching Notes

Teaching Notes and Opening Questions

The live case is designed to be presented in the following order: first, the relevant background information should be provided by the lecturer. This includes a general introduction to the company and its structure. It also provides an insight into the particular customer culture and the high engagement that derives from it – including the disputed digital rights management (DRM).

In a second step, the reputational background of both companies needs to be presented, as it allows students to understand how the two (2) corporate entities are perceived differently by its customers. Furthermore, the corporate values (EA Actions) are introduced, which enables participants to refer back to these when discussing possible approaches to solve the case.

The third part provides an overview of the SimCity launch, including the pre-release ratings and the reactions after the problematic launch in the U.S, until March 8th, 2013. It is therefore positioned the same day as the global launch, thus allowing students to consider possible approaches such as a postponed release. This leads up to the initial questions, designed to split class and spark a discussion:

- (1) *Who should take responsibility, EA or Maxis?*
- (2) *How should we (EA) proceed?*

This question is followed by a short summary of how the SimCity launch went on in reality until the 13th of April 2013, leading up to a second, shorter discussion centered around the question:

- (1) *What should we do to rebuild reputation in the long-term perspective?*
- (2) *What are the learnings from EA's reaction?*

The case then is ended by summarizing the consequences Electronic Arts went through after the immediate crisis situation.

Board Plan

When presenting this case to a class, we recommend using the following three headings for columns, after posing the managerial questions to the audience:

- **Issues** – What were the main problems faced by EA and Maxis regarding the managerial decision?
- **Alternatives** – What different solutions can be thought of?
- **Actions** – Possible actions to address previously listed issues, using the alternatives for solutions.

These should then be filled with comments from participants. The figure below lists some examples that may come up during class discussion. These can be used to help get students involved and, if necessary, lead them in the right direction.

Issues	Alternatives	Actions
<ul style="list-style-type: none"> • Upset customers • Technical problems • Piracy • Stakeholders <ul style="list-style-type: none"> ○ Community ○ Gamers ○ Shareholders 	<ul style="list-style-type: none"> • EA CEO apology • Maxis taking the blame 	<ul style="list-style-type: none"> • Apology • Using core values • Reputation reservoir • Keep players content • Listen to customers • Allow pre-downloads • Provide free game as part of apology

Time Plan

15 minutes: case introduction and background

15 minutes: class discussion I – short-term perspective (crisis management)

5 minutes: epilogue – this is what actually happened

10 minutes: class discussion II – long-term perspective (rebuilding reputation)

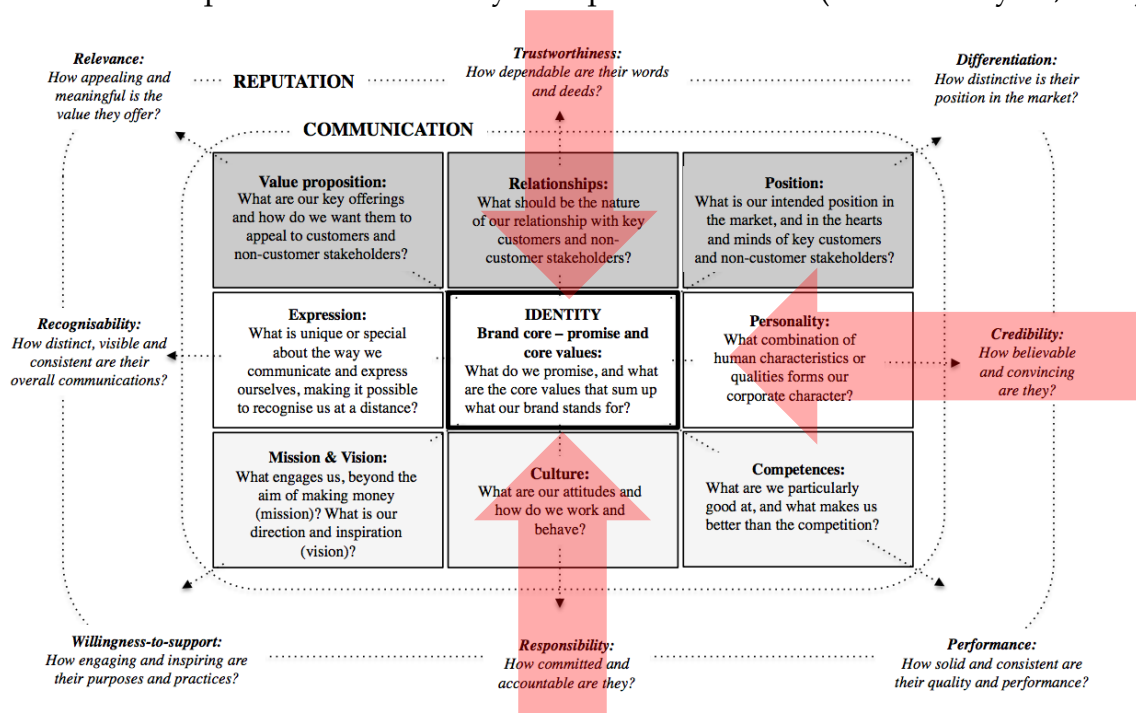
Theoretical Background

This case aims to examine how the responsibility for the *SimCity* crisis is shared between two reputational entities, one being the mother brand, one the daughter (Petromilli, Morrison & Million, 2002). To understand the crisis situation, it is of paramount importance to define the brands identity and reputation by employing Urde and Greyser's (2014) Corporate Brand Identity and Reputation Matrix. This allows students to understand the brand structure, identity and its essence (Greyser, 2009). Furthermore, contrasting the brand's core values with the actions taken enables students to evaluate the gravity of the crisis in regard to the brand's essence (Greyser, 2009). Finally, the case illustrates how powerful stakeholders affect a crisis' course and, thus, creates an understanding of the impact engaged customers can have.

Understanding the Corporate Brand and Reputational Implications

The Corporate Brand Identity and Reputation Matrix (Urde, 2013; Urde & Greyser, 2014) can be used to evaluate the identity of EA and Maxis, analyzing how the different elements of reputation are affected.

Exhibit 1 Corporate Brand Identity & Reputation Matrix (Urde & Greyser, 2014)



In any crisis situation it is imperative to understand the affects it has on the brand core and values. In this case, the use of always-online gameplay, which was perceived by gamers as a DRM measure, was in clear violation of several of EA's core values (EA Actions), thus having a negative impact on actions taken. Uncontestably, this DRM introduction conflicts with the core value of 'Think Players First', thus threatening the brand essence itself. Furthermore, EA points out that 'Learn and Grow' is one of their core values – however, the corporate behavior does not indicate any learning from the *Spore* debacle.

An Organisation's Reputation Affects the Ability to Handle a Crisis

The past reputation of a company is directly linked to its ability to handle a crisis: Greyser (2009) elucidates that a company's reputational reservoir enables an organization to "draw down on that reservoir" (Greyser, 2009, p. 600), thus being better equipped to withstand damage to the brand. Consequently, EA's previously problematic reputation points to an empty reservoir and makes the company vulnerable in regard to its crisis situation. Furthermore, the public immediately pilloried EA, although one might as well argue that Maxis being the developer was responsible for the problems. Greyser (2009) highlights the importance of substance to make crisis communications effective. EA, due to not being able to staying true to their corporation's core values, was not perceived as authentic when communicating its response to the crisis at hand.

Maxis, on the other hand, disposes of a positive reputation in its interest groups (Bromley, 2001) and never completely failed to deliver on its promises. Even during the *Spore* debacle, consumers mainly criticized EA instead of associating it with the developer Maxis. Also, the division never faced a severe crisis before and is, thus, supposedly in a better position to counter the negative effects of the situation. The fact that in this case, the Maxis communication failed to achieve its objectives might be explained by a negative halo effect from its mother brand (Roper & Fill, 2012).

Stakeholder's Levels of Engagement Influence a Crisis

Besides the reputational background of EA and Maxis, the case is also closely related to the strong emotional bond which the interest group of gamers forms with the SimCity brand. According to Bromley (2001), the level of interest can be linked to the amount of resources a stakeholder invests in a product. Gamers typically spend not only approximately \$60 for the game, but also immerse themselves into the virtual worlds and tend to invest incredible amounts of time playing the game. Consequently, their interest (Bromley, 2001) – and involvement – can be considered as being extremely high explaining the immediate and strong reactions.

Moreover, the crisis was considered preventable – as previous experiences with always-online DRM measures had emphasized the difficulties connected to it. In 2012, Blizzard Entertainment encountered comparable problems and a similar backlash when launching their high-profile title *Diablo III* (Kain, 2012). Coombs (2006) categorizes this type of crisis in the preventable cluster. Consequently, EA deliberately risked its reputation by introducing these perceived DRM measures for *SimCity*.

Combining the high level of interest (Bromley, 2001) and the preventable cluster categorization (Coombs, 2006) created a reputational minefield in which any error could have disastrous consequences. Understanding this potentially dangerous situation enables students to develop a crisis strategy that is less prone to public repercussion.

Reflections

The teaching case at hand was created as final assignment for the course “Corporate Brand Management”, held by professor Mats Urde at Lund University. The assignment included both the written case as well as presenting the case to a group of students also taking said class.

Our group was formed during the first lecture and aimed at combining different backgrounds in terms of culture, previous work experience and past studies. For one of the student case assignments prepared for one of the lectures during the course, we decided to present the brand structure of Electronic Arts – soon realizing that its complex and branched structure is difficult to summarize and present. It was also evident that the video game industry provided an unconventional background for a teaching case, thus allowing the case to introduce students to an often overlooked industry with annual revenues larger than Hollywood and the music industry combined.

Due to the aforementioned complex structure, the primary task was to first gather the information necessary, at the same time trying to penetrate the abundance of information available to identify the core issues. Considering the whole background – a company struggling with customer complaints, recent losses and realizing only meagre profits – several different main topics would have been possible. However, due to the course theme of “Corporate Brand Management” we decided to focus on the reputational issues Electronic Arts faced.

An interesting insight amid the preparation was that EA’s values, presented as “EA Actions”, were quite strong. Furthermore, the label “Actions” might be even more helpful for employees as opposed to values: it takes the passive form of values into an active and powerful guideline for the day-to-day processes. Instead of memorizing abstract values, it allows employees to directly act as based on a company’s values. We concluded that such a set of actions derived from values could help any corporation to better illustrate their values to their employees and help in guiding their day-to-day behavior – and, thus, forming the corporate culture.

After that, we struggled for a while with different possible main questions: should we focus on a crisis situation, thus emphasizing a short-term reaction to reputational issues, should we focus on the reputational issues as a whole and highlight the strategic implications and possible approaches to rebuild reputation? As pointed out before, even a question concerning the brand structure would have been possible, investigation the interesting combination of both a well-known corporate brand and famous product brands such as *Battlefield*. We finally decided to focus on a crisis to create a sense of urgency to fuel the discussion. However, we included a short second discussion on the long-term problems created through the crisis and reputation issues. This allowed students to reflect on the approaches chosen before and take a look at the bigger picture.

To finally structure our case presentation, we first specified the course taken during the live case, before applying it to the written case. A few days before the presentation, we did a test run with another group from our course – which was a fortunate decision, as our partner group criticized the structure of being confusing and argued that we included too many secondary clues, while some central information was missing. After that, we spent almost another complete day on the presentation, shortening it, revising its structure and strengthening the sense of urgency created.

For the in-class presentation, we included some role-play aspects in the live case, as it was presented by three (3) students, thus allowing us to take different positions and perspectives during the case. The positions of Lucy Bradshaw, General Manager of Maxis, and EA’s CEO John Riccitiello were emphasizing the corporate perspective. The position of Scott Steinberg, an industry expert, served to provide background information on the industry and to provide a person able to criticize the corporate behavior in class.

While presenting in class, it turned out that the case question was working very well to spark a discussion – maybe even a little bit too well. The twelve (12) participants engaged quickly in a lively discussion that was difficult to guide or control. Therefore, one aspect we emphasize to present the case live is the behavior of the lecturers: they need to guide the discussion and control possible chaotic situations without stifling the discussion.

The fact that gamers are extremely engaged costumers makes this case interesting from a reputational perspective. In this industry, thinking players first is crucial to success. A lesson EA learned the hard way.

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