CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES

AN ELECTRONIC ARTS CASE

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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AN ELECTRONIC ARTS CASE

WRITTEN CASE

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The Art of Managing a Brand on the Virtual Battlefront: An Electronic Arts Case

On November 17th, 2017, Electronic Arts, an American gaming company, publishes one of the most anticipated games of the year: Star Wars Battlefront 2. It is a first- and third-person shooter video game based on the Star Wars universe, with both single and multiplayer aspects. Upon its release, the game, in its beta stage, was heavily criticized. The criticism was regarding the status of the game's loot box monetization scheme, which was argued to give unfair gameplay advantages to the players who are willing to gamble their money to obtain them. Although the same items can be purchased using in-game currency, gamers would have to invest a significant amount of time to obtain the necessary credits. This situation created an outrage among players and Star Wars fans on social media. Now you, the Marketing & Communications Manager of Electronic Arts, have to respond to the community.

Background

A long time ago, in a galaxy far, far away...

… Electronic Arts was founded. Since 1982, Electronic Arts has been a highly successful American video game company headquartered in Redwood City, California. Electronic Arts is the third-largest gaming company worldwide by revenue and market capitalization behind Activision Blizzard and Nintendo, with a market valuation of $34.34 billion (Ivan, 2020). Moreover, Electronic Arts is one of the leaders in digital interactive entertainment as they develop games, content, and online services for internet-connected consoles, as well as mobile devices and personal computers. Games of recognized franchises such as Star Wars Battlefield, Need for Speed, and The Sims, and EA Sports titles like FIFA or Madden NFL are developed by Electronic Arts. With these well-known high-quality brands, Electronic Arts has reached more than 300 million people worldwide, who are now registered players – a huge community that needs to be satisfied and properly communicated with.

"I'm just a simple man trying to make my way in the universe." - Jango Fett

For you, a passionate gamer and person who has been studying marketing and communication, working for Electronic Arts would be the dream job. After numerous attempts, it was finally time for you to become one of the lucky people to obtain an internship at Electronic Arts. Ever since that opportunity, you have remained in the company, and have become one of the leadership pillars. As the recently promoted Marketing & Communications Manager of Electronic Arts, you will have lots of opportunities, and face even more challenges.

"The dark side of the Force is a pathway to many abilities some consider to be unnatural." - Chancellor Palpatine

Despite much success within game development, Electronic Arts has faced a great amount of criticism which has led to a poor corporate reputation, most apparent in the gaming community – the customers. It started in the mid-2000s when the company was growing rapidly. At this time, Electronic Arts started buying small businesses whose originality or existence got lost along the way. Much of the criticism regards the fact that the company only seemed to monetize on as many games as possible and did not care about the creativity or quality of the content behind. Other factors of criticism include that they force multiplayer features in single-player games to reach a broader audience, their overblown marketing, and disc-cord locked content, meaning that you only get a restricted part of the game and need to pay additionally to get the complete version. Altogether, this led to numerous allegations, including anti-consumer practices and also more serious incidents such as lawsuits for violating anti-competition when signing sports-related contracts. On top of that, in 2012 and 2013

Electronic Arts was named "The Worst Company in America" by the Consumerist and earned the reputation as "the gaming industry's evil empire". However, the games themselves are argued by many to be of good quality, and as an employee, you stand behind the company you work for.

Microtransactions

"Be careful not to choke on your aspirations." - Darth Vader

Over the last years, microtransactions have become a popular way for gaming companies to increase revenues, and in some cases, it is seen as an exciting element for gamers with the opportunities they unlock. It can be described as a business model where users can purchase virtual items in exchange for money, which often is apparent in games that are free to play, meaning that the game itself is free to download, and users can purchase items in the game itself. For example, in League of Legends (LOL), owned by the game developer company Riot Games, users can buy different aesthetic skins for characters and unlock new characters. These items are mostly for cosmetic use and have no impact on the user's gaming ability. Although only a small amount of users chooses to engage in microtransactions, it is altogether a great resource for the companies, bringing additional revenues. In the case of Riot Games, those in-game purchases represent a large majority of the earnings from League of Legends. Microtransactions have been met with various outcomes: some have succeeded very well by keeping them well-balanced with the game, while others have taken it too far. Electronic Arts is brought up many times when it comes to the not so successful ones. For example, the game Scrabble on Facebook, very popular among seniors, started adding monetary changes to the game board when it has increased in popularity. They also added multiple ads blocking the game board which could only be removed with microtransactions. As a member of the company, you noticed a great majority of the users stopped playing the game, and the necessity for changes to be made. Another example is NHL 12 and 13 where many microtransactions incidents have happened. One included that users could not pay with virtual points due to a glitch, and they had to pay with real money, otherwise, they would not have been able to progress in the game. However, many users never received their packages, which led to frustration among them. On top of that, users had to wait for the response from Electronic Arts for quite a long time, and when some of your colleagues from the customer service department finally answered, it did not sound like they understood the grasp of the problem from the gamers' perspective…
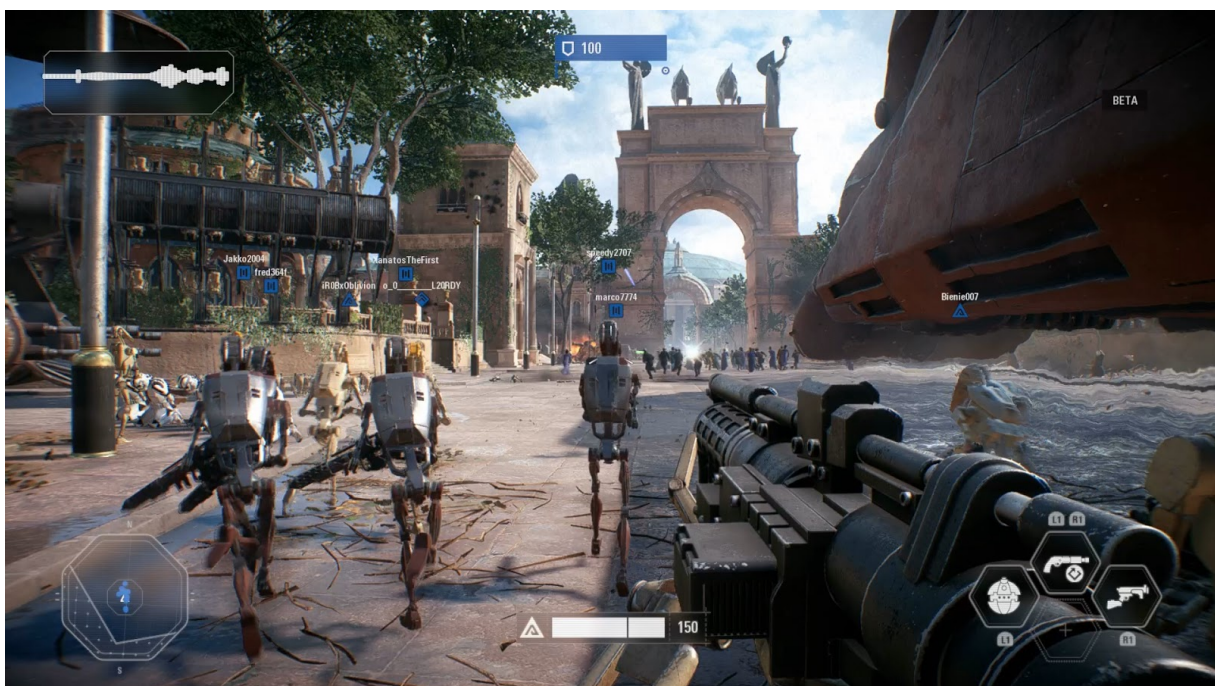
Stakeholders

"I wouldn't be nice to you. It doesn't pay much." - Han Solo

Of course, as a Marketing and Communication Manager of a company that is also listed on the stock exchange, you understand that profit is needed for survival and that this may explain some of the actions taken by the company. There are many stakeholders involved in the company apart from the customers, and they have expectations of the company. Thus, you need to pay attention to balancing different stakeholders' expectations – from shareholders' profit anticipation to customers' on delivering creative and genuine games.

"This is a rebellion, isn't it? I rebel." - Jyn Erso

Crucial to keep in mind when it comes to working for Electronic Arts is the large gaming community. This means that you need to understand how 'gamers' behave, feel and act as well as the power that they have online. They engage in conversations about games on online forums such as Reddit, where users communicate through 'subreddits'. 'Subreddits' can be explained as different topics of discussions where members write posts and others can comment on their opinion. For example, there is the subreddit "r/gaming" which has 29.3 million members at the moment. These gaming communities have the power to create viral content together which ultimately sets off a snowball effect and may reach other online forums and social media platforms as well. This means that a mistake from a gaming company could lead to viral reactions containing disgust towards the company that could be out of control.

What happened?

On November 17th, 2017, your company will publish one of the most anticipated games of the year: Star Wars Battlefront 2, and congratulations! You are the Marketing & Communications Lead for the game. The first installment, 'Star Wars: Battlefront' a first- and third-person shooter based on the Star Wars universe, was a huge commercial success even though the players were not satisfied with the content. This led to the making of this second version of the game, with the vision to satisfy the fans better this time.

"Everything is proceeding as I have foreseen." - The Emperor

The launch date is just around the corner, and for the moment, everything is going according to plan: huge enthusiasm from the community after the announcement, great marketing material, and major expectations building up in the hype train. To receive valuable feedback and make sure the released game does not come out with major technical issues, both the developers and the producers decide to have a public beta test, allowing the players to try out the game before its release.

After the beta, several aspects of the game are massively discussed by the players on social media. One of them is the progression system in the multiplayer of the game, where, as the name indicates, players gain levels and rewards for playing the game. It is relying on a loot box system: players pay for open packs with a chance to boost their gameplay statistics, such as health or damage. Players think it gives an unfair gameplay advantage to the players who are willing to gamble their money to obtain them compared to normal ones. Although the same items can be purchased with in-game currency, which can be earned while playing the game, players would have to play a significant amount of time to get the necessary credits.

You notice on social media that there is a special discontent from the players about finding some of their favorite heroes not being available at the beginning of the game. Perhaps the two most famous ones, Luke Skywalker and Darth Vader, are locked behind an in-game paywall. You talked to the lead developer and no changes for releasing the game are planned. One user from the subreddit r/Battlefront even calculated the amount of time needed for unlocking a top-fight hero: the calculation says it would require 40 hours of dedicated multiplayer time. This situation created an outrage among players and Star Wars fans.

The case

"May the Force be with you." - General Dodonna

It is the accumulation of all these issues that you have to face now, Marketing & Communication Lead of Star Wars: Battlefront 2. The tension between the organization

and the players, also known in this case as the customers, is at its peak. You have to do your best to defuse the situation and ensure a safe launch of the game.

It is clear that the bulk of the "rebels" are located on Reddit, both on the subreddits r/Battlefront and r/Gaming, where the users have been the most vocal about their concerns regarding the game. However, there is still a major part of the community that remains silent, both on Reddit and other platforms such as YouTube. Even though they do not share their thoughts, they will still have an impact on the success or failure of the launch.

To finally settle this once and for all, you decide to answer to one of the posts on r/Battlefront, from a player who is complaining to have Darth Vader locked even though he paid for the limited edition of the game, at a retail price of $80, and demands for refund, claiming "This age of "micro-transactions" has gone WAY too far". You get your team to brainstorm a potential response that will also work as a general statement regarding the game and its mechanics.

Here is what you and the team came up with:

"The intent is to provide players with a sense of pride and accomplishment for unlocking different heroes.

As for cost, we selected initial values based upon data from the Open Beta and other adjustments made to milestone rewards before launch. [...] we'll be making constant adjustments to ensure that players have challenges that are compelling, rewarding, and of course attainable via gameplay.

We appreciate the candid feedback, and the passion the community has put forth around the current topics here on Reddit, our forums, and across numerous social media outlets.

Our team will continue to make changes and monitor community feedback and update everyone as soon and as often as we can."

The decision now is up to you, Marketing & Communication lead: **Do you publish this message?**

- If yes, what are the reasons that convince you to post the message?

- If no, what concerns you about the message?

Reference

Ivan, T. (2020). CD Projekt is now Europe´s most valuable game company ahead of Ubisoft, Available online: https://www.videogameschronicle.com/news/cd-projekt-is-now-europes-most-valuable-game-company-ahead-of-ubisoft/ [Accessed 19 February 2021]