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The History of Video Games: Final Exam

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KOEI's Romance of the Three Kingdoms: A Titan in Japan, Tit-Mouse in the US.

In October 1989, KOEI Corporation released its first game for the Nintendo Entertainment System, *Romance of the Three Kingdoms*. *Romance of the Three Kingdoms* proceeded to spawn five direct sequels, *RTK2-6*, all of which except *RTK 5* came out in the United States. Additionally, at least four other games were created using the same basic engine as *RTK*, including *Genghis Kahn 1-2* and *Nobunaga's Ambition 1-2*.

KOEI was founded in 1978 in Japan, and opened a subsidiary office in Burlingame, California in 1988 where it fought for a profitable foothold in the American gaming culture. Since KOEI's inception, it has grown to become the "leading manufacturer of games for the Japanese PC game market."¹ According to figures recently released by KOEI Corporation, in March of 1999, KOEI demonstrated a net income of 2,994 million Yen (for the quarter), or approximately 24 million US dollars.²

¹ Online. <http://games/ign.com/publishers/38.html>. Internet. 3.21.01

² Online. Yoichi Erikawa, Chairmen and CEO KOEI Japan. www.koei.co.jp/company/99_03messageCEO.PDF. Internet. 3.210.01

KOEI has only made a profit in the US for the last four years, however, and has only done this by downscaling its American office to three current employees.³ However, KOEI struggled to sell its war simulation titles in America, which Haru, an analyst for KOEI Corp. of America, suggests can be ascribed to a “difference in temperament and taste.”⁴ *Refer to section 2 (backbone) for a look at cultural differences.*

KOEI created its own niche market, the "historical strategy simulation."⁵ KOEI's historical strategy simulations are unique and challenging and stress a player's strategic prowess and command abilities. In most of the early *RTK* titles, the player's goal is to control assume the role of a historical Chinese ruler and unify 3rd century China under his command. Kou Shibusawa, the CEO of KOEI America, is the Japanese designing guru who had led in-house design teams in producing all of the *RTK* and *Kessen* titles. His team has been intact for over fifteen years and is responsible for KOEI's prominent stature in the Japanese market.

2) **The backbone: How cultural differences have repressed *RTK*'s American success.**

KOEI began producing its historical war simulations in the late 1980's, coinciding with the establishment of its American branch, KOEI Corporation of America. KOEI had initially planned to develop titles in America, placing a R & D team in the American office.

However, during its early years, the KOEI Corporation of America's drive for profit was hampered by a non-responsive American public that, by and large, rejected the

³ Interview. Haru, Japanese Liaison at KOEI of America. Via email. 3.22.01

⁴ Interview. Haru, Japanese Liaison at KOEI of America. Via email. 3.22.01

⁵ Online. www.koei.co.jp/bgate/english/indexes/busi_gi.htm. Internet. 3.20.01

genre. KOEI's historical simulations did not become popular in America for a number of reasons: American video game players were not interested in the Japanese and Chinese-based games, KOEI's games took too long to play, and the games did not have enough action.

Joanna, the Financial Manager at KOEI of America, observed in a telephone interview that many Americans could not identify with the very specific cultural references and cultural history, and thus found it difficult to become interested in the games that depicted Chinese warlords.⁶ War games that succeeded in America were either not of the strategic vein or pit American forces against foreign one.

Could the success of *Dynasty Warriors 2*, an innovative 3-D fighting game for the Playstation 2 that uses the prominent characters found in the *RTK* series, prove Joanna's assessment incorrect? Actually not, because it too is an action game. This game, expanding on the fighting-interface found in *Tekken 3*, affords the player the ability to move all over the screen, and not just side-to-side. More importantly, *DW2* introduces the new concept of multiple battles between NPCs that occur while the PC fights the computer. This game has already been wildly successful in America, selling over 200,000 copies in a few short months. What seems to be the obvious difference here is that *DW2* is an action game, and thus is "well accepted in the US market,"⁷ while the traditional KOEI games are not action-based, and therefore, not very well received by the US consumers. This supposition is supported by other Japanese-themed fighting games, like *Tekken* or even *Street Fighter*, that incorporate Japanese culture but are still hugely popular in America.

⁶ Interview. Joanna of KOEI of American Corp. 3.21.01

Second, American consumers seem as a whole to shy away from KOEI's games because they take too long to play and move too slowly. The very strategic nature that makes them popular in Japan makes them unpopular here. Japanese culture embraces rationality, deliberate action, and intellect. American culture embraces eccentricity, fast action, and popularity. Thus, from a cultural standpoint, it makes sense that games reflective of Japanese culture would not be very successful here. "American society places a premium on instant-gratification. Our [American] kids grow up playing action games, not games like Romance. That explains Romance's lack of success here," said Joanna.⁸

Perhaps the nature of the late 80's world economy explains KOEI's attempt to bring the historical strategic war simulation genre to America. In the late 80's and early 90's, America was in a recession and Japan loomed large as the heir apparent to our role as leader of the free world. Heck, even my all boys, mostly white private school in Texas installed a mandatory Japanese program for 5-6th graders. Japanese culture was on the verge of permeating American culture. KOEI took this as a sign to proceed with their "infiltration" of America... Unfortunately for the company, however, Americans were not responsive to their games. Then, America emerged from the recession and experienced the largest continuous period of growth in United States history. Japan's economy recessed. When the two nations reversed economic roles, Japanese culture slowly receded from its prominence in American culture.

3. An examination how the *RTK* series has changed over the years

⁷ Interview. Haru. Via email. Japanese Liaison at KOEI of America. Via email. 3.22.01

Romance of the Three Kingdoms hit the market in October 1989. *RTK* defined the genre that KOEI would go onto exploit: the historical strategic simulation. Most impressive about *RTK* is that the entire series is based on actual Chinese history, captured in a book of the same name. The characters in the game reflect characters in the book that were indeed actual rulers, generals, and dynamos in 3rd century China. KOEI has preserved the historical legacy of the principle characters in the video game—those traitorous in life are likely to rebel from their ruler in the game; those legendary for their loyalty will sooner commit suicide than serving a rival Lord. What this attention to detail offers is an enhanced game play that invites the gamer to assume the historical role of the Lord he chooses to play. To KOEI's credit, by *RTK3*, the designer included an option that allows the player to “turn off” the historical mode.

From the first game in the series onward, *RTK* has offered gamers the opportunity to govern the civil, the diplomatic, and the military aspects of running an independent state. Some evaluators even classify KOEI's games as educational because they demand thought, intelligence, and patience to play. Though this position is contentious, playing a game in the *RTK* series requires concentration and planning ahead, if nothing else.

The genre employs two different aspects that govern the play-interface: the civil aspect and the military campaign. In all the *RTKs*, the basic structure of the civil aspect of the game is micromanaging your provinces. Important duties include recruiting generals from the land at large and soldiers from the peasantry, developing your province's land in order to secure a larger return of taxes and rice when taxes are collected, and conducting diplomatic negotiations with neighboring generals.

⁸ Interview. Joanna of KOEI of American Corp. 3.21.01

The *Romance of the Three Kingdoms* series relies heavily on statistics that serve to define the individual generals. Generally, the ruler whose role the gamer assumes has higher stats than the generals under his command. In the first two *RTKs*, the only visible statistics are Intellect, War, and Charisma. Each corresponds to a different area of the game: governing, fighting, and diplomacy (and subterfuge), respectively. In *RTK3* for the Super Nintendo, the statistics were expanded to further differentiate the generals—military and navy capabilities were added, placing an upper limit on the number of soldiers any given general can control. Though none so powerful exists, a general with 100 of each category would be the strongest, smartest, and most charming. Furthermore, each general has a quantifiable “loyalty-value” to their ruler. The lower the loyalty-value, the higher chance the subject has of betraying his ruler. Loyalty can be increased with rewards of gold, books, and special items.

KOEI observed that the fans of its games enjoyed the micro-management required in unifying China, so it continued to add functions over the course of the series to the civil aspect that increased a player’s opportunities to tweak control over his nation. Therefore, as the Corporation produced games for each subsequent new platform, it increased the amount of control possible for its players’.

For example, in the platform upgrade from NES to SNES, new items could be found that would enhance the individual statistics of generals. The diplomatic aspect of the game took on a whole new dynamic: rulers could now offer gifts and trade goods amongst each other, in addition to arranging marriages and forming alliances, the latter which were present in the earlier games. This change made alliances in *RTK3* much more important.

The technological advancements made available by the Super Nintendo allowed the complexity of *RTK3* to greatly surpass the complexity of its NES predecessors. The new technology afforded allowed KOEI to increase the presence of Artificial Intelligence in its games, thus making the “interpersonal” relations between playing-chars and non-playing-chars more dramatic and more significant. In *RTK3*, the AI further manifested itself in the non-historical mode, mentioned before, which produces different AI strategies every time it is played.

Battlefield

The second aspect of the game is the military, or siege, component. To win any title in the series, the gamer must be very successful in this area of the game. Within every game, individual provinces have unique battlefields made up of interlocking squares, or grids, and each battlefield has unique terrain. Each terrain has differing properties; ie mountains afford more protection than plains but take more time to move through.

RTK3 was the first in the series to make the switch from a flat two-dimensional battlefield to an innovative, overhead isometric battlefield. *RTK3* also introduced some new battlefield weapons, such as ships, calvary and crossbows, and new battlefield tactics, such as ambushing an enemy or digging pitfalls. *RTK4* introduced new walls that surrounded the castles that had to be destroyed using battering rams and catapults. *RTK 5*, only released in Japan, further increased the control a player has over the game, introducing new battle formations for the player to use. In *RTK6*, real-time battle

elements were added, forcing a player to plan his armies' moves out turns in advance, instead of reacting on a turn-by-turn basis to the AI's moves.

Thus, as technology improved and new titles were added to the *RTK* series, conquest on the battlefield became more complex. Players had to adapt to new strategies as the new games came out because techniques that worked on older games were not as effective on the newer ones.

4. An evaluation of the Japanese Business model utilized by KOEI (produce, appeal to culture, produce lots of games).

As successful as KOEI has been in Japan, it has struggled until recently in creating games that appeal to Americans. The reasons responsible for the company's Japanese success are the very reasons it has not experienced much American growth. *Refer to the 2nd section (backbone) of the paper to read about how the cultural differences in America and Japan have hindered KOEI's share of the American market.*

KOEI has achieved success, demonstrated by its status as the leading Japanese software producer for PCs, by producing new titles on a consistent basis, for most popular platforms, by experimenting with cutting-edge multiplayer-Internet games, and by seeking to achieve popularity on a global scale.

First, KOEI's willingness to design and adapt its games for each new platform that arrives on the market has played a large role in the software-producer's in Japan. The *RTK* titles have spanned seven platforms—NES, SNES, the Sega Genesis, the Sega Saturn, the Playstation, the Playstation 2, and the PC. KOEI, by religiously releasing

innovative games that build on the historical simulation genre, has maintained a following of consumers who regularly purchase the new KOEI titles that hit the market. This system of maintaining consumer loyalty, similar to what Squaresoft has done with the *Final Fantasy* series, has secured KOEI's position as the leading Japanese PC game manufacturer. Thus, by bouncing from new platform to new platform, as well as devoting significant attention to PC gamers, KOEI has been able to stay at the forefront of the Japanese industry. Moreover, Japanese culture seems to operate with the view "if one is good, ten will be great." Observe *Final Fantasy I-10*, *Mega Man I-X*, etc. KOEI has appealed to this Stephen King-esque philosophy, producing sequel after sequel of each for their titles.

Second, KOEI has observed steady profits in a gaming industry where the "recent decline in computer prices has resulted in an increase in PC users and a subsequent increase in Internet usage."⁹ As faster Internet connections become cheaper and cheaper, KOEI is hoping that Japanese, and possible eventually American gamers will embrace its new expansion into online gaming. KOEI has produced multiplayer online versions of *Nobunaga's Ambition* and *Romance of the Three Kingdoms*, establishing itself as the first Japanese company to tap the online multiplayer market. By exploiting the growing number of Internet users, and supplying them with challenging and addicting games with very good replayability, KOEI anticipates its strategic war simulations will dominate the Japanese market just as *Ultima-Online*, *Everquest*, and Microsoft's *Asheron's Call* currently lead the American online-gaming market.

⁹ Online. Yoichi Erikawa, Chairmen and CEO KOEI Japan.
www.koei.co.jp/company/99_03messageCEO.PDF. Internet. 3.210.01

Third, KOEI has made some aggressive moves in the gaming industry with the aim of obtaining a broader share of the world gaming market. In an attempt to appeal to a broader sample of gamers, KOEI has released the player-friendly, hand-to-hand combat titles *Kessen* and *Dynasty Warriors 2* for the Playstation 2, as well as *Winback* for the Nintendo 64. *Kessen 1*, *Kessen 2*, and *Dynasty Warriors 2* incorporate the rich traditional heritage and Chinese-warlord motifs of the original *RTK* series, but also represent the popular one-on-one fighting genre found in *Street Fighter*, *Tekken*, and *Mortal Kombat*.

As of mid-2000, both *Kessen* and *DW2* had sold over 300,000 units in the first few months of their release in Japan. The CEO and Chairmen of KOEI of Japan, Yoichi Erikawa, demonstrated his confidence in the latest KOEI products, in a shareholder address, predicting that “We firmly believe that we will be able to achieve our sales target of over one million units throughout the world.”¹⁰ Expanding on the *RTK* series, the latest incarnation shifts the focus from civil and military engineering to hand-to-hand combat. By embracing the mono-y-mono fighting genre, KOEI has positioned itself to snare even more consumers who would normally shy away from the historical simulation genre.

On July 23rd, 1999, before the release of the Playstation 2 (PX2), Simon Carless, a game-reviewer and post-mortem writer for Gamasutra, previewed *Kessen* and saw the potential both it and the PX2 had. “It's a beautiful looking feudal Japanese battlefield tactical game, and if the graphics really look that good on PSX2, we'll all be in videogame heaven come next year,” wrote Carless.¹¹

¹⁰ *ibid*

¹¹ Online. Simon Carless. “Rumble in Roppongi.”

[Http://www.gamasutra.com/newswire/mgt_report/19990723.htm](http://www.gamasutra.com/newswire/mgt_report/19990723.htm). Internet. 3.12.01.

Additionally, to broaden its appeal as the leading Japanese software producer, KOEI has continued to produce other software and applications that appeal to a broader cross-section of the PC using populace than just the avid war sim players. The software developed by KOEI has aided 3-D graphic design, C++ tools, and “business application software for accounting and inner company managerial tasks.”¹²

Conclusion

In summary, KOEI has experienced much commercial success from *the Romance of the Three Kingdoms* series—in Japan. The historical simulation genre simply hasn’t taken off in America. The reasons for the genres failure in America may be culturally specific: American youth are impatient, and don’t like to invest a lot time in non-action oriented games. Or, the lack of success could be from a specific flaw in subject matter—maybe American youth are not stimulated by a game about 3rd century China. Likely, KOEI’s relative failure in America is a combination of the two.

How has KOEI impacted the video game industry? First and foremost, KOEI created an unprecedented and novel genre: the historical simulation. Though a few companies have sought to emulate the genre, such as Kemco’s with *North and South* for the NES, KOEI remains the definitive creator of historical and strategic simulations.

Furthermore, KOEI has defined the PC gaming industry in Japan and is seen as the leading innovator in new products overseas. With the largest individual share of PC-gaming profits, KOEI has the muscle to introduce new ideas successfully in Japan.

¹² Online. www.koei.co.jp/bgate/english/indexes/busi_gi.htm. Internet. 3.20.01.

Reference KOEI's foray into Internet-gaming, under the auspices of the *RTK* and *Nobunaga's Ambition-Online* titles.

KOEI's contributions to the gaming industry

- 1) created a new gaming genre
- 2) dominate the Asian PC-gaming market
- 3) discovered that American kids and Japanese kids have very different tastes
- 4) discovered that cultural aspects of a video game are important for consumer appeal; but not as important as design aspects (action vs. strategy as being a more significant difference in KOEI's games than Asian history vs. American/ other history).
- 5) recently tapped the American market with *DW2* and *Kessen 1-2*

Thus, culture plays a huge part in video game marketability. KOEI has succeeded in Asia: KOEI has offices in Japan, mainland China, Taiwan, and Korea. KOEI has “topp[ed] the software charts in both countries [China and Japan] and [has been generally] acknowledged...as the most successful PC game developer and publisher in Asia.”¹³

Yet in the US, they are a smaller company searching for consumers to embrace their niche. Perhaps, and likely, KOEI's future success in America rests on their ability to produce more action titles like *DW2*, and less Asian-themed historical simulations like *RTK3*.

Or maybe, with conservative POTUS George W. Bush in the White House, the US will experience another recession. Japan may feed off of the declining relative value of the dollar and emerge out of their recession. Japanese culture may again overflow into

¹³ *ibid.* (p3)

to America, and someday, maybe, all American kids will grow up playing *Romance of the Three Kingdoms 23*, just like I did. But somehow, I doubt it.