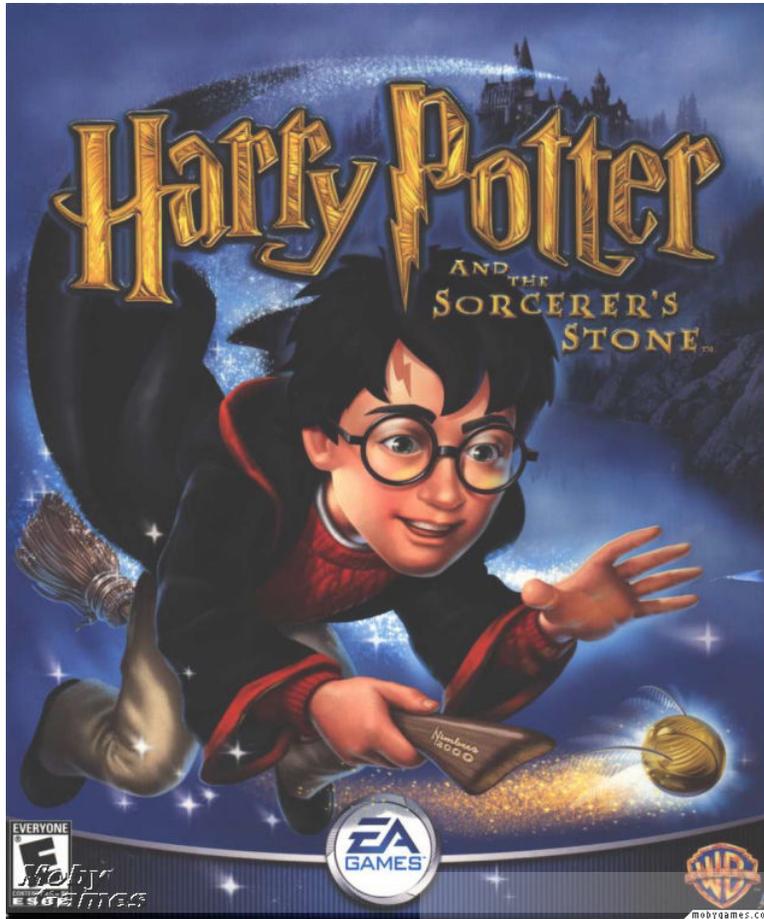
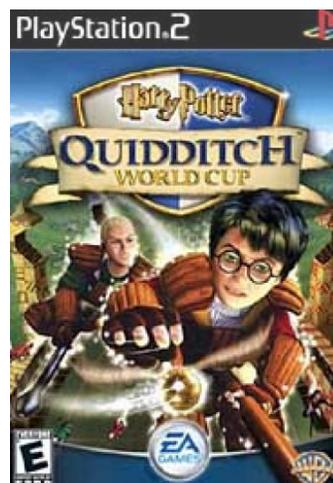
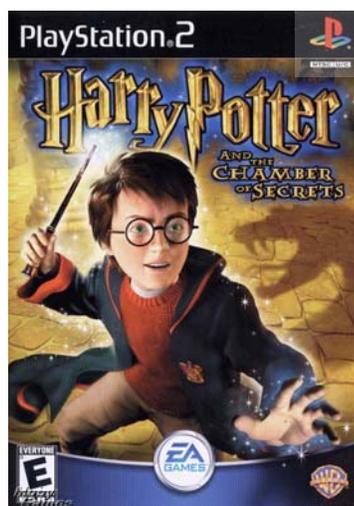


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STS 145 – History of Computer Game Design  
Case History: Harry Potter Game Series



## Harry Potter & *The Role of Licensed Properties in Video Game Development*



Covers from MobyGames

Ever since the first Harry Potter novel was published in 1998, many children around the world have been attracted to and mesmerized by the magical adventures involving Harry and his friends in their years at Hogwarts. The appeal of the story goes beyond young readers, as Harry Potter has found himself a significant following even among more serious readers. By 2000, the book series had been published in 115 countries and in 28 languages with more than 18.4 million books in circulation in the United States alone [EA00-8]. BBC News' decision to do a feature article exploring aspects of the Harry Potter phenomenon in the In-Depth section of their website is further testimony to the successes of JK Rowling's storybooks [BBC03]. As Harry Potter gained popularity and fame, it became obvious that a huge market had been created for other Harry Potter-themed products; fans wanted to relive the experience of the novel through other types of media. Because of the hype generated by the sales, Warner Bros. soon announced their intentions to make the Harry Potter novel into a film [BL98]. Subsequently they bought the film and worldwide merchandising rights for the first four Harry Potter books from JK Rowling in 1999 [AU00]. Similarly, Harry Potter also found his way into the video game industry; Electronic Arts (EA) announced on August 10, 2000 that it had been awarded worldwide interactive rights for Harry Potter books and films in agreement with Warner Bros [EA00-8].

Harry Potter definitely did not introduce the idea of using of licensed properties to video game development; the idea itself dates back at least to the early 80s when Atari bought the rights to make ET into a game [LT03]. Instead, the significance of the Harry Potter game series comes from its accurate reflection of how the industry develops games based on licensed properties.<sup>1</sup> The Harry Potter license is currently one of the most

<sup>1</sup>The term "licensed development" will be used to refer subsequently to developing games based on licensed properties.

valuable licenses in the industry.<sup>2</sup> As such, EA has been very cautious in their management of this ‘goldmine.’ Unlike original game productions which rely on creative and appealing game design to make the game a bestseller, a moderately successful game design coupled with the advantage offered by Harry Potter’s reputation will suffice to propel the game into the bestseller lists. The need for EA to implement more innovative but riskier development methods to increase the demand for the game is simply not as strong as it would be for original games, and EA will most likely utilize tried and tested methods. The Harry Potter game series hence gives a credible portrayal of the way the industry currently manages licensed development.<sup>3</sup> In addition to exploring aspects of licensed development, this paper will show how licensed properties offer publishers the stability they need in a market that is increasingly hit-driven and demonstrate their irreplaceable role to the industry’s development.

### **Game Releases**

On November 13, 2001, EA announced that it had shipped four video games to retail stores based on “Harry Potter and the Sorcerer’s Stone,” published for the PlayStation, PC, Game Boy Color and Game Boy Advance. These games were the first to be developed under the license and the games went on sale on November 16, 2001, coinciding with Warner Bros. Pictures’ release of the highly anticipated movie. The KnowWonder and Griptonite Games studios of Amaze Entertainment developed the games for the PC, Game Boy Color and Game Boy Advance. Argonaut Games, based in London, developed the PlayStation game [EA01-11].

<sup>2</sup> JK Rowling’s wealth, largely from her ownership of the Harry Potter license, is estimated by the Sunday Times (London) to be around £280 million in 2003, thus proving that in terms of monetary value, the license is very valuable. In addition, the license is unique in that it commands a diverse audience group – children, teenagers, adults - not found in other licenses.

<sup>3</sup> This credibility is backed by game critics. In 2002, IGN.com gave the “Best adventure game” award to “Harry Potter and the Chamber of Secrets” for EA’s “great use of the license and some top-notch production.” <http://pc.ign.com/articles/382/382687p1.html?fromint=1>



Fig 1. Sorcerer's Stone - PS



Fig 2. Sorcerer's Stone - PC

This first game release highlighted several aspects of licensed development. First, there exists a relationship between the game genre and the license. In this case, the license had a clear magical adventure theme; and, since

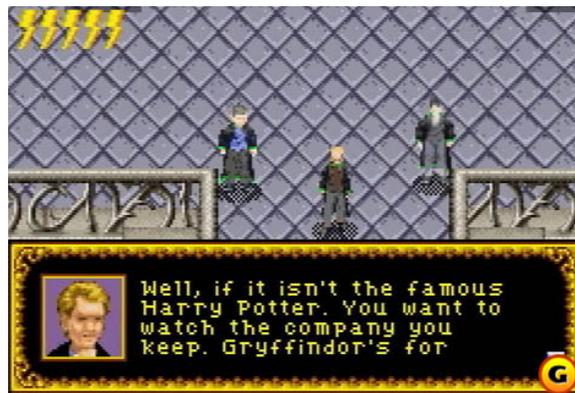


Fig 3. Sorcerer's Stone GBA

the game was made for a known audience group, it was expected that the first released game should be an adventure game. As suggested earlier, it would have been foolhardy of EA to attempt to increase the game's market potential by venturing into an unfamiliar genre and risk disengaging the Harry Potter fans. In most cases, the buyers are interested in the game because they see the game as another avenue to enjoy the experience, and not because the game is captivating by itself. This is evident from the game design, in which players now assume the role of Harry Potter and embark on a journey to unlock his magical abilities. Instead of living Harry's experience from the sidelines as they are used to when reading the books or watching the movies, fans are now more involved in his adventures. From their press release, EA showed a clear understanding of this relation,

since they emphasized that the games aimed to “represent a faithful interactive adaptation of the book’s story line” [EA01-11]. A more detailed analysis of the associated advantages and disadvantages will be discussed in the later part of this case study.

Development using licensed properties also has a clear impact on the production deadlines and release date. It is not unusual for licensed development to be less flexible in production times because they are often scheduled to coincide with other events, such as movie release or holidays. For consistency and to keep the historical narrative focused, the relative advantages and disadvantages of having to meet a deadline will be discussed later.

Another feature that has been observed of licensed developments is that they are generally developed for a broader range of platforms. In this case, the game was developed for established platforms like the PC, Game Boy Advanced, Game Boy Color and Playstation. Game publishers know that there is a demand among fans for the games and are willing to invest more into development for multi-platforms to improve the accessibility of the game for the potential buyers. This contrasts with the trend that original game productions are usually more conservatively released on a single platform for the initial release. They are developed for other platforms only if the games become very popular. For example, EA’s “The Sims” is the all-time bestselling PC game. However, it had only PC versions till recently. The game was only imported to the other platforms such as the PC, PlayStation2, Xbox, GameCube and Game Boy Advance for the release of “The Sims Bustin’ out” [GS01].

On November 15, 2002, EA announced that it had shipped the second game produced under the license “Harry Potter and Chamber of Secrets” on seven game

platforms. For the first time, the platforms included the “next generation” game consoles – PlayStation2, Xbox and GameCube. The games went on sale on November 15, 2002, again coinciding with the movie release date in UK and US. Under the supervision of EA, The KnowWonder studio of Amaze Entertainment developed the PC and Game Boy Color versions; Argonaut Games, based in London, developed the PlayStation game; Eurocom, based in Darby, England, developed the Xbox, Nintendo GameCube and Game Boy Advance games; and, Electronic Arts developed the PlayStation 2 game. [EA02-11]



Fig 4. Chamber of Secrets - GC



Fig 5. Chamber of Secrets - Xbox



Fig 6. Chamber of Secrets - GBC

This second game release was also in the adventure game genre, and it generally illustrated the same aspects of licensed development as the first. The characteristic of releasing games on more platforms is reinforced by this release. By the time of release, the newer consoles had already established their market presence. Thus the game was released simultaneously

on more consoles to improve accessibility to the game. This feature was yet again reinforced by the next release within the series.

Also, EA became directly involved with the game design, after the high profit margin from the first release. This demonstrates another aspect of the industry's approach to licensed development. The game companies lean toward in-house production of games to maximize their profit margin, especially after witnessing the high profitability of the license. The first release was distributed among many developers possibly because the deadline was too tight for EA to manage on its own. This trend has also been observed in subsequent releases where EA's role in the game development became more significant.

On July 3, 2003, EA announced that it would re-release the first game from the series in fall 2003 on "next generation" consoles with enhanced graphics and updated gameplay. EA's UK Studio joined Warthog Games in developing the game for PlayStation2, Xbox, and GameCube [EA03-7]. In a separate news release, EA announced on December 12, 2003, that the games had been shipped to stores [EA03-12/1]. Ultimately, the second and third game releases demonstrate the trend among game publishers to modify the accessibility of the game according to the changes in the platform market. When newer consoles take over the market share of older consoles, the game can be redeveloped to cater to the new group of players generated by the new systems. In addition, the license had an obvious impact of the license on the development schedule. EA used this release as a venue to tap into the Christmas season sales. Thus a strong license will encourage the game company to maintain a steady production so as to cater to the major holiday seasons, even without the hype generated by the movies.



Fig 7. Sorcerer's Stone - Xbox



Fig 8. Sorcerer's Stone – PS2

On October 28, 2003, EA announced that the “Harry Potter: Quidditch World Cup” videogame had been shipped to stores, just in time for Halloween. The game was developed by EA’s UK studios for the PlayStation2, Xbox, GameCube, Game Boy Advance, and PC [EA03-10]. This marked the first time the game series deviated from the adventure genre and the first time EA’s studios had sole ownership in the



Fig 9. Quidditch – PS2

development process. This venture into the sports genre was well-timed because fans had already had sufficient games to enjoy the adventure experience and would be more receptive of genre changes.<sup>4</sup> Also, this showed how game companies can lend their own strengths to improve the marketability of the game. Since EA had a strong tradition of producing enjoyable sports games, fewer doubts were cast upon their ability to reproduce an enjoyable sports game from Quidditch.

<sup>4</sup> The Quidditch World Cup videogame international tournament was held on December 21, 2003 at the Tower of London, UK, to increase fans’ interest in the game. Competitors came from 12 countries. The tournament was won by Hidenori Tanaka of Japan. Results were announced by EA on December 22, 2003. [EA03-12/3]

On December 18, 2003, EA announced that the next release from the series, “Harry Potter and the Prisoner of Azkaban,” was scheduled for spring 2004 to coincide with the next movie release. The game is being developed in-house by EA’s UK studios for the PlayStation2, Xbox, GameCube, Game Boy Advance, and PC [EA03-12/2]. While the game design reverts to adventure genre, players are now given the option of playing as Harry, Ron or Hermione. This helps to broaden the target player group, appealing to fans who are avid supporters of Harry’s friends. It also illustrates another aspect of licensed development. There is a gradual introduction of new features to sustain interest in the series, and thus the same consumer will be persuaded to buy the new releases. It is not in the developer’s interest to consolidate the interesting features in a particular release because that will make subsequent releases harder to market



Fig 10. Prisoner of Azkaban - PS2



Fig 11. Prisoner of Azkaban - PC



Fig 12. Prisoner of Azkaban - GC



Fig 13. Prisoner of Azkaban - Xbox

Thus far, many aspects of licensed development are clearly shown, namely the relation between the license and game genre, the deadline constraints, the platforms, and the shift towards in-house productions. Licensed development also significantly affect the development schedule, the switch to other genres in which the game company has a good reputation, the broadening of targeted players, and the gradual introduction of new game features. How do these aspects translate into advantages or disadvantages for the game companies' development of these games?

### **Advantages and Disadvantages**

When it comes to game design, an obvious advantage from a strong license like Harry Potter is that there is an established background to the game; this reduces the research time needed to conceptualize the game, cutting down development costs. In the case of Harry Potter, the license pointed toward a magical adventure game genre and the initial research stage became more of an issue of deciding which parts of the storyline, characters, and plots appeal to focus on. However, this sense of direction offered by the license can also be a disadvantage. Since the game has to ultimately live up to the fans' expectations, so as to give them the alternate experience that matters most to them, there is little room for deviation, thus restricting the game design. This restriction is most evident from EA's press release for the first Harry Potter game. They said that they made the system specifications for the PC game "modest to ensure that Harry Potter's biggest fans can easily install and play his interactive adventure" [EA01-11].

However, this same restriction can benefit the game quality. Typically, games with strong license also enjoy marketing boosts from other related events, like movie releases. As mentioned earlier, their deadlines for the game production are less flexible.

This becomes a potential pitfall for the game design, which can be avoided only if the developers are clear about what they want to achieve in the given time. They have to acknowledge the time constraint and adopt an approach in which they can incorporate simple gameplay into the game but refine it greatly by eliminating the bugs and enhancing the graphics, thereby enabling smooth and visually captivating play. If the designer tries to be overly innovative with the gameplay, it is highly likely that not all the bugs in the design will be rectified given the time constraint, and the disruption caused by the game to the consumer will offset any good achieved by the creative gameplay. The aforementioned restriction imposed by the license helps prevent the developer from being overly ambitious. Ultimately, this creates a situation in which the benefits of the marketing boost can be enjoyed without taking too great a toll on the game design.

Another advantage licensed development offers is that it attracts communities and consumers who are already predisposed to liking the game. This acts as a source of motivation for game developers because they know that there will be strong interest for their products, and they are thus more driven to create an enjoyable game.

While the same advantages might not apply to other licenses which are less popular, it is beyond the scope of this case study to thoroughly analyze the differences. In short, these 'weaker' licenses may not provide as detailed a background to the game, leaving more room for exploration when it comes to the game design, thus bringing game development closer toward that of original game production. The expectations for the game might also be lower and not motivate the developers as much. Furthermore, an unpopular license might have the reverse effect of driving players away instead.

Overall, while a strong license like Harry Potter may not steer the game toward the optimal game design, it does, however, make it easier to produce an enjoyable and popular game. This often leads to healthy profit margins which cement the irreplaceable role of licensed properties to game developers.

### **Licensed Properties – A Source of Stability amidst Market Uncertainty**

From the companies involved in the production of the Harry Potter game series, it is clear that licensed development contributed significantly to stabilizing their finances. The fan bases that accompany the licenses provide companies with the stability they need to thrive in a market that is increasingly driven by hits, and the profits generated are used to sustain their original production efforts. Dan Elenbaas, President and Chief Executive of Amaze Entertainment Inc., acknowledged that “brand names like ‘Harry Potter’ have made it possible for Amaze to develop from an interactive games company to an entertainment company” [BJP01]. The fact that a company started in 1996 with a focus on licensed development managed to remain profitable since 1998 strongly indicates the benefits of licensed developments.



For Argonaut Games, a successful franchise like Harry Potter provided the company with the revenue for subsequent projects. In their press release, they announced that their £5.3m net royalty income from Harry Potter far exceeds their full year budget of £1.5m [AFX02].





Eurocom clearly states on their website that:

Our development philosophy has always been to choose titles where we can generate the maximum return for our publishers by creating a title that is both a great game and entirely faithful to the underlying property. With such a hit-driven market, we prefer to work on a smaller number of high profile titles and look to maximize sales of those titles. As a developer, and for our publishing partners, it makes much more sense for us to strive to create a smaller number of million+ unit selling titles than a larger number of lower-quality titles that will achieve a small fraction of that success [EU03].

This statement clearly reflects the company's philosophy which attests to the importance of licensed developments.

For Warthog Games, licensed properties helped them tide over difficult moments. On April 7, 2003, they issued a profit warning but emphasized that they had "at least continued to pick up some of the more valuable license development contracts on offer" and "announced what could be its most lucrative contract to date. Warthog is developing a game based around the first Harry Potter novel, Harry Potter and the Philosopher's Stone, for EA [...] Warthog targets sales figures of around \$60m" [GI03]



This importance of licensed developments is ultimately demonstrated most strongly in EA's case.

The company has grown to annual sales of almost \$2.5 billion because it is scoring big hits with non-sports titles as well. [...] The most recent, "Harry Potter," sold more than nine millions copies, generating nearly \$300 million in revenues [...] and "That's a powerful message," said Larry Probst, EA's chief executive [SJ03].



In their 2002 annual report, Lawrence F. Probst III, CEO & Chairman of EA, said that in the late 1990s EA decided to adopt a business strategy of “[making] it a priority to build and acquire new intellectual properties that would drive market share growth on the PC” [DT04]. Subsequently, EA’s dominance of licensed development, particularly sports games, “helped EA become the giant of the video game industry” [SJ03]. According to Jeff Goverman, an analyst at Pacific Crest Securities, “EA is very good at building long-life franchises. This is in step with the way the video game market, like Hollywood, is moving toward big brands that attract huge audiences” [SJ03]. The strongest testimony to the success of this approach is reflected by their remarkable growth. Over the years, they have grown into a company with a “market capitalization of \$8.5b, [which] is worth more than all the independent game publishers combined” [SJ03]. Thus it has been demonstrated repeatedly that licensed development indeed currently possess an irreplaceable role because it is a stable source of profits which is used to assist the growth of the company.

In conclusion, the significance of the Harry Potter game series clearly lies in its demonstration of various aspects of the industry’s approach to licensed development.

This is an important trend to monitor because it currently accounts for much of the growth and profits in the gaming industry. With the increasing diversity in the industry, buyers are now flooded with choices, and it is increasingly harder for original game productions to stand out from the crowd. This is where licensed development steps in; they target a familiar consumer base and provide the revenue needed to sustain the original productions. Licensed development ultimately represents a consolidation of the creativity in all the other industries; and, from its positive impacts on Amaze Entertainment, Argonaut Games, Warthog, Eurocom, and EA, licensed developments are here to stay.

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