

What Makes a Blockbuster Video Game? An Empirical Analysis of US Sales Data

Joe Cox*

Department of Economics, University of Portsmouth, Portsmouth, Hampshire, UK

This study uses a unique data set of individual video game titles to estimate the effect of an exhaustive set of observable characteristics on the likelihood of a video game becoming a blockbuster title. Due to the long-tailed distribution of the sales data, both ordinary least squares and logistic regression models are estimated. The results consistently show that blockbuster video games are more likely to be released by one of the major publishers for popular hardware platforms. Results also show that games of higher quality are significantly more likely to sell a greater number of units than those of a lower quality. Copyright © 2013 John Wiley & Sons, Ltd.

1. INTRODUCTION

So-called blockbuster or ‘triple-A’ titles are a well-known feature of entertainment industries. The blockbuster movie is a particularly familiar concept, with the second instalment of ‘Harry Potter and the Deathly Hallows’ setting a box office record by earning \$169m in revenue during its opening weekend in July 2011 (The Economist, 2011). Other mainstream forms of entertainment, such as music and books, are also associated with a limited number of releases that generate disproportionately high sales and revenues. For example, the book ‘Harry Potter and the Deathly Hallows’ generated \$220m revenue in the first 24 hours of release. A comparatively recent addition to these more familiar and mainstream forms of entertainment is video gaming. In the latter part of the previous decade, several major video gaming releases have set new standards for revenues earned by entertainment products. Since the launch of ‘Halo 3’ by Microsoft in 2007 and ‘Grand Theft Auto IV’ by Rockstar Games in 2008, the ‘Call of Duty’ series

by Activision has produced a series of annual records for revenues over the course of a 3-year period. For example, in 2009, ‘Call of Duty: Modern Warfare 2’ sold 4.7 million copies in 24 hours in the UK and USA, earning \$310m in revenue. In November 2010, ‘Call of Duty: Black Ops’ sold 5.6 million units in its first day and \$650m revenue in its first 5 days. The title went on to earn \$1bn in its first month of release.

More recently, ‘Call of Duty: Modern Warfare 3’ has eclipsed all of these records by selling 6.5 million units on the first day of release in November 2011, raising \$400 million in revenue in the UK and US (The Guardian, 2011). The game has gone on to generate \$750m in revenue over the first 5 days of release and \$1bn in revenue within the first 16 days. This narrowly overcame the previous entertainment record set in 2009 by the James Cameron film ‘Avatar’, which achieved \$1bn in revenue within the first 17 days of release (Activision, 2011b). In addition, ‘Modern Warfare 3’ has since gone on to become the best-selling game of all time at each of the top five US retailers and set a further record for having 3.3 million unique players online in a single day (Activision, 2011a). The success of these games is such that life-

*Correspondence to: Department of Economics, University of Portsmouth, Portsmouth, Hampshire, UK. E-mail: joe.cox@port.ac.uk

to-date sales for the Call of Duty series exceed those of popular franchises 'Star Wars' and 'Lord of the Rings' (Eurogamer, 2011).

Video game software is traditionally played on a range of different (and incompatible) hardware models, commonly known as consoles. These consoles can either be connected to a power outlet and a television set or take the form of a handheld/portable device that are used outside of the home. Consoles are manufactured by the Japanese companies Nintendo and Sony, as well as the American company Microsoft whose consoles of the current hardware generation are the Wii, Playstation 3 (PS3) and Xbox 360, respectively. Additionally, both Nintendo and Sony have competing handheld platforms in the DS and PSP, respectively. Figure 1 shows the cumulative North American sales of all of these consoles during the period analysed in this study (2004–2010), as sourced from the analysis site VGChartz (2011). It can clearly be seen that the Nintendo consoles have dominated other hardware platforms since 2007, with the DS and Wii selling just over 50 and just under 40 million units, respectively, up to the end of 2010. The Microsoft Xbox 360 follows as the home console with the second largest installed user base in North America, with just under 27 million units sold to date. The consoles with the lowest sales figures in this generation have been produced by Sony, with the handheld PSP selling just over 21 million units and the PS3 selling just over 18 million units in North America up to the end of 2010.

The business model of video game publishers is becoming increasingly geared towards achieving the goal of high sales volumes, with Aoyama and Izushi (2003) demonstrating that software publishers face negligible marginal cost and high up-front development (fixed) costs. Scale economies therefore dictate that blockbuster titles will earn huge profits, whereas flops can generate financial disaster. Academic evidence increasingly points to video gaming becoming an industry where a handful of titles are increasingly sharing a majority of revenues (Coughlan, 2001). Shintaku and Ikuine (1999) suggest that 14% of titles generate over 70% of industry sales. In the sample of video games titles analysed by Clements and Ohashi (2004), it was acknowledged that the top 5% of titles had been responsible for more than 50% of software revenue, whereas Shankar and Bayus (2003) claim that only 10% of games earn a profit and nearly half of all titles sell fewer than 10 000 copies. In addition, the same study argues that a blockbuster title can return 200–300 times the cost of production within a year and can also subsequently be exploited into a franchised series, which helps to drive forward technological frontiers as a result of high consumer expectations with regard to subsequently released titles.

2. LITERATURE REVIEW

The literature on the phenomenon of the blockbuster has understandably tended to focus on Hollywood movies.

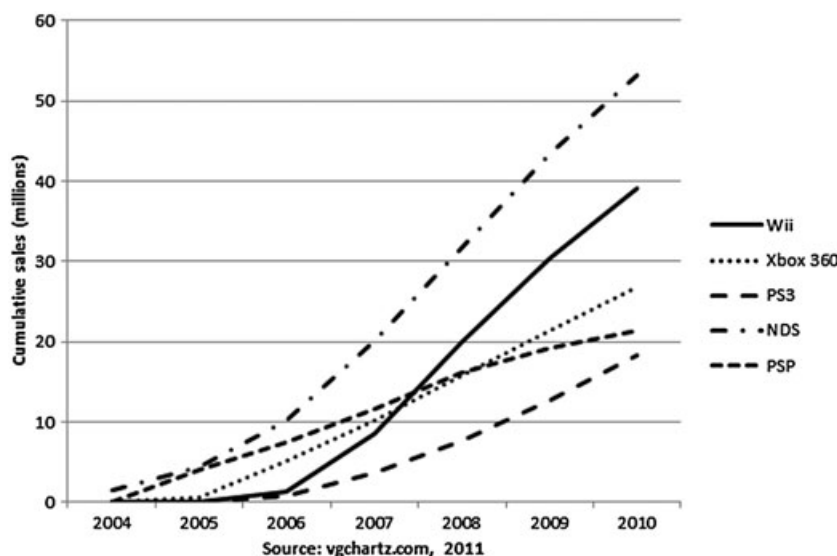


Figure 1. Cumulative North America hardware sales (2004–2010).

Studies by De Vany and Walls (1999), Prag and Casavant (1994), Smith and Smith (1986), Sochay (1994) and Wallace *et al.* (1993) have all investigated the success determinants of films. Collins *et al.* (2002) examine the UK film market, attempting to empirically estimate the influence of a variety of factors that contribute to a blockbuster. They emphasise the problems of using ordinary least squares (OLS) regression where there is a heavily tailed distribution and instead advocate the use of a transformation of the dependent variable into binary form.

There is a relatively limited academic literature focusing on the factors that define blockbuster video game titles. One of the earliest mentions of gaming in this context was by Neuman (1991), where video games were described as a ‘hits business’. Subsequent studies by Cringely (1996) and Williams (2002) looked into the so-called ‘killer apps’, which are so desirable as to induce consumers to go out and spend several hundred dollars on the hardware necessary just to be able to play them. Gallagher and Park (2002) suggest that technological advances allow for better imagining of established franchises, often providing in-house killer apps. This conclusion is further supported by the work of Evans *et al.* (2005), who find that virtually all killer apps have been produced by console manufacturers themselves, the one exception being Sony’s Playstation, which achieved major success in the absence of a killer app. Instead, Sony was able to attract a variety of software from a wider range of developers though the simplicity of their development tools.

More recently, Binken and Stremersch (2009) distinguish between the different terminologies used to define a successful game. They suggest that high quality games are ‘superstars’, ‘hits’ or ‘blockbusters’ refer to titles with high sales volumes and ‘killer app’ refers to software that allows one hardware platform to dominate another. This study also finds evidence of a positive, monotonically increasing relationship between quality of particular games and both software unit sales and the sale of hardware. Gretz (2010) suggests that contrary to the literature on indirect network effects, which tends to assume symmetric demand for all software titles, there is a wide variety in both the popularity and profitability of video games and that further analysis should focus in particular upon killer applications.

3. DATA

The data set used in this study represents a snapshot of the US video game market during September 2011.

The dependent variable used in the empirical analysis is the lifetime unit sales of games released in the US up to September 2010, which were collected from an online database maintained by VGChartz.com. Figure 2 shows a graphical representation of the dependent variable, where the heavily tailed nature of the distribution is obvious. This supports various claims from the literature that a minority of titles are responsible for a disproportionately high proportion of total sales, with the top 10% of titles observed to be responsible for over 54% of total unit sales. Just under 28% of titles in the sample sold fewer than 100 000 copies. The long-tailed nature of the variable can be demonstrated via a comparison of the mean and median value, where the median title sold 190 000 copies against a mean of 480 000.

The long-tailed nature of the unit sales variable is more formally analysed using the STABLE software package written by John Nolan. Four parameters are reported on the heavy-tailed distribution in Table 1, these being α the tail index (where $0 \leq \alpha \leq 2$), β the skewness parameter (where $-1 \leq \beta \leq 1$), γ the scale parameter (where $\gamma \geq 0$) and δ the location parameter. As the estimated value of β is exactly equal to 1, this implies that the quantile estimators should be used in favour of the maximum likelihood estimators. Of these quantile estimations, only the ‘S0’ parameterisations are reported, where these are based on the Zolotarev’s (1983) M for an alpha stable distribution with skewness = β , as well as an intuitive interpretation relative to other parameters. All three outputs estimate the value of α to be 1.0573, which implies that the variance of the unit

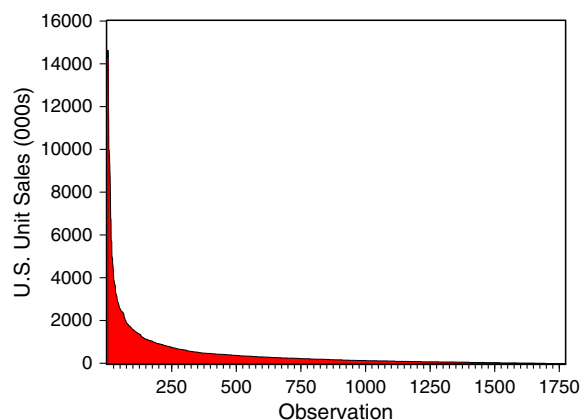


Figure 2. Plot of dependent variable (US unit sales, 000s).

Table 1. STABLE Estimates of Parameters

α	β	γ	δ
1.0573	1.0000	180.000	190.000

sales variable is unbounded, but not the mean. This suggests that standard OLS regression output should be interpreted with caution and that either an appropriate transformation of the dependent variable should be carried out before OLS regression results are generated or alternative modelling procedures should be considered. This study adopts both of these approaches in order to check for consistency and robustness in the empirical estimations.

The regression analysis includes a number of variables that could theoretically explain variations in unit sales, these being largely consistent with control variables included in the analysis of blockbuster films undertaken by Collins *et al.* (2002), where critical response, genre, age-rating and film characteristics are included as control variables. In this study, the explanatory variables include a measure of the quality of the title as indicated by its metacritic score. This is a value ranging between 0 and 100 and is based on a weighted measure of the critical response received in a wide selection of well-known news and media outlets. Additional variables include the age rating of the title, the maximum number of players allowed simultaneously at any one time, whether it is officially licensed and whether the game comes packaged with an accessory. Other control variables include the hardware platform of release, developer, genre, theme, perspective of play and whether or not the title is a sequel or rerelease. A vast majority of these variables are collected in binary form based on the information appearing in the video games database hosted on the website MobyGames, except the latter two variables, which are the author's own observations. Full information on the variables appearing in the regression analysis can be found in Table 1. The final data set consists of 1770 video games titles released on the current generation of hardware platforms.

4. RESULTS

An OLS regression analysis is performed, where the functional form of the model is as follows:

$$\begin{aligned} \ln \text{SALES}_i = & \beta_0 + \beta_1 \text{YEAR}_i + \beta_2 \text{SEQ}_i \\ & + \beta_3 \text{REREL}_i + \beta_4 \text{REV}_i \\ & + \beta_5 \text{RATING}_i + \beta_6 \text{PLAYER}_i \\ & + \beta_7 \text{ONLINE}_i + \beta_8 \text{LIC}_i \\ & + \beta_9 \text{ACC}_i + \beta_{10} \text{MULT}_i \\ & + \beta_{11} \text{PLAT}_i + \beta_{12} \text{GENRE}_i \\ & + \beta_{13} \text{VIEW}_i + \beta_{14} \text{DEV}_i + \mu \end{aligned} \quad (1)$$

The dependent variable is the logarithm of US unit sales in thousands. Each of the independent variables are defined in Table 2 and reflect the relevant observation for the i th video game title. Each of the RATING, PLAT, GENRE, VIEW and DEV are vectors of variables reflecting age ratings, hardware platform, genre, viewpoint and developer, respectively. The output from this regression can be found in Table 3.

In the general model specification, it appears that one of the most statistically significant variables is the review score. A one unit increase in the metacritic review score (in this case, each unit change effectively represents a 1% change) is found to increase unit sales by approximately 1.5%. Thus, a 10% increase in the review score would typically increase unit sales by around 15%. The evidence from these regressions suggests that video game unit sales are quality elastic. Other key characteristics that are found to influence sales by a statistically significant amount include whether or not the title is a sequel to an existing franchise (increasing sales on average by around 6%), the age rating of the game (games with a 'mature' rating are found to sell around 10% more than the control case of games with an 'everyone' rating) and whether the title appears on multiple platforms (multi-platform titles are found to sell around 8% more units than titles that are exclusive to a given platform). It should be noted that games of the same name released for different consoles are each considered unique titles for the purposes of this study, so this result does not simply reflect the broader availability of multiplatform titles. An interpretation of this finding could be that multiplatform titles are associated with a more coherent marketing effort and also afford greater opportunity to derive network externalities as a result of being able to discuss and enjoy various aspects of a particular game with other gamers regardless of the specific hardware platform owned.

Year of release is associated with a lower quantity of unit sales, with each additional year between releases found to result in a reduction of around 2% in the number of copies sold. As this represents a

Table 2. Model Variables

Definition	Mean	Standard Deviation	Range
Dependent variable			
Sales US unit sales (in thousands)	479.785	1064.915	10–14 660
Explanatory variables			
<i>Game characteristics</i>			
YEAR Year of release	2007	—	2004–2010
REV Metacritic review score (%)	68.429	13.895	12–98
SEQ Game is a sequel to an existing franchise	0.530	—	0–1
REREL Game is a classic rerelease	0.060	—	0–1
RATEE Game awarded an 'E' rating	0.332	—	0–1
RATET Game awarded a 'T' rating	0.287	—	0–1
RATEM Game awarded an 'M' rating	0.147	—	0–1
PLAYER Maximum number of players	1.662	1.236	1–8
ONLINE Game has online functionality	0.354	—	0–1
LIC Game is an officially licensed title	0.353	—	0–1
ACC Game comes packaged with an accessory	0.008	—	0–1
MULTI Game released for multiple platforms	0.507	—	0–1
<i>Platform</i>			
X360 Game released for the Xbox 360 platform	0.247	—	0–1
WII Game released for the Wii platform	0.167	—	0–1
PS3 Game released for the Playstation 3 platform	0.176	—	0–1
PSP Game released for the Playstation Portable platform	0.173	—	0–1
NDS Game released for the Nintendo DS platform	0.236	—	0–1
<i>Genre</i>			
ACT Dominant genre is action	0.608	—	0–1
ADV Dominant genre is adventure	0.078	—	0–1
EDU Dominant genre is education	0.008	—	0–1
RAC Dominant genre is racing	0.116	—	0–1
RPG Dominant genre is role playing	0.124	—	0–1
RAC Dominant genre is simulation	0.107	—	0–1
SPT Dominant genre is sport	0.192	—	0–1
STR Dominant genre is strategy	0.129	—	0–1
<i>Perspective</i>			
1ST Game is played from a first-person perspective	0.239	—	0–1
PLA Game is a 'platformer'	0.087	—	0–1
ISO Game is played from an isometric perspective	0.054	—	0–1
SID Game is played from a side-scrolling perspective	0.079	—	0–1
TOP Game is played from a top-down perspective	0.119	—	0–1
3RD Game is played from a third-person perspective	0.750	—	0–1
<i>Developer</i>			
2KG Game is developed by 2K Games	0.035	—	0–1
ACT Game is developed by Activision	0.081	—	0–1
ATA Game is developed by Atari	0.021	—	0–1
CAP Game is developed by Capcom	0.031	—	0–1
DIS Game is developed by Disney	0.010	—	0–1
EID Game is developed by Eidos	0.020	—	0–1
EAG Game is developed by EA	0.129	—	0–1
KON Game is developed by Konami	0.037	—	0–1
MIC Game is developed by Microsoft	0.017	—	0–1
MID Game is developed by Midway	0.015	—	0–1
NAM Game is developed by Namco	0.029	—	0–1
NIN Game is developed by Nintendo	0.060	—	0–1
ROC Game is developed by Rockstar	0.010	—	0–1
SON Game is developed by Sony	0.052	—	0–1
SEG Game is developed by Sega	0.059	—	0–1
THQ Game is developed by THQ	0.057	—	0–1
SQE Game is developed by Square-Enix	0.025	—	0–1
UBI Game is developed by Ubisoft	0.070	—	0–1

variable included to control for the passage of time in the data set, the estimated value of the coefficient attached to this variable is entirely intuitive. Simply put, games that have been available for a longer period

are likely to have sold more copies than relatively newer games. However, it is interesting to note that the passage of time is found to result in only a relatively small increase in sales, which indicates that

a vast majority of activity takes place in the period immediately following release. The other control variables included to reflect the hardware platform are also found to have a significant influence on unit sales, with all measurements taken relative to the control case of the Xbox 360. Titles for handheld platforms are found, on average, to sell significantly fewer copies than for home platforms, with games for the Sony PSP and the Nintendo DS (NDS) selling on average 30% and 13% less than Xbox 360 games, respectively. Among the home consoles, PS3 games were found to sell around 7% fewer copies than the base case, whereas Nintendo Wii games sold around 5% more on average, with the latter estimate not found to be statistically different from zero. This clearly matches the pattern of sales trends presented in Figure 1, where the Xbox 360 and Nintendo Wii are seen to be the home consoles with the highest installed user bases, the former particularly offering network externalities through the provision of its XBox Live service. However, the reduced average sales levels observed for the NDS are somewhat puzzling given the number of hardware units sold, perhaps indicating that handheld console owners tend to buy relatively fewer games on average compared with home console owners.

Relative to the base case of the action genre, a number of specific game types are found to associate with significantly different average sales. Adventure, sport and strategy genres are found to reduce unit sales by about 10%, 10% and 15%, respectively, whereas educational games are found to sell around 37% more copies on average compared with the base case. Additionally, some of the viewpoints taken by the player are also found to affect unit sales on average relative to the first person. Platform and third-person perspectives are found to associate with sales increases of around 11% and 5%, respectively, whereas a top-down view is found on average to reduce unit sales by around 8%. Finally, the release of a game through a major publisher is found in many cases to affect unit sales. This could proxy for marketing effort or the subjective element of utility derivation, with output from different publishers often having a unique look, feel and playing style that are otherwise difficult to quantify. Many major publishers associate on average with higher sales than the base case, namely (with the statistically significant percentage increase stated in parenthesis); Activision (24%), Capcom (14%), Disney (32%), EA (26%), Microsoft (35%), Nintendo (63%), Rockstar (42%), Sony (32%), Sega (14%) and THQ (18%). The only significant reduction in unit

sales observed for a major publisher is Eidos, with sales on average being around 13% less than non-major publishers. Major publishers, particularly Nintendo, are therefore found to be associated with significant differences in the unit sales of video games titles. It should also be noted that three of the largest estimated influences on unit sales relate to the three hardware manufacturers Nintendo, Microsoft and Sony. To an extent, this reinforces the findings of Evans *et al.* (2005) that suggest killer apps are almost always produced by hardware manufacturers themselves.

Table 2 also contains a preferred model specification, which excludes any variables not found to be significant at the 95% confidence interval or above. The estimated parameters are largely consistent with those appearing in the general specification, with the same signs and relative orders of magnitude observed for all remaining model variables. The largest variations from the original specification are observed for the platform-dummy variables (showing an 18% and 33% reduction in sales relative to the base case of the Xbox 360 for NDS and PSP titles, respectively, rather than the 13% and 29%, respectively, estimated in the original regression). Otherwise, the parameter estimates common to both models seem to be largely consistent.

However, even allowing for the logarithmic transformation applied in the above regressions, OLS regressions are likely to produce biased results due to the long-tailed nature of the dependent variable. Thus, to check for robustness, a series of binary logistic regressions are specified in Table 4 where the dependent variable reflects whether or not the particular observation represents a blockbuster title. The independent variables in these regressions are identical to those outlined in Equation (1) and detailed in Table 2. The model output from logistic regressions is specified as follows:

$$\Pr(S_i > T) = \frac{e^{\beta' x_i}}{1 + e^{\beta' x_i}} \quad (2)$$

In other words, the model predicts the probability that sales of the i th title (S_i) will exceed a nominated threshold (T). Of course, the sales threshold that distinguishes a blockbuster from other titles is entirely subjective. To minimise the impact of this subjectivity on the results, a range of alternative unit sale thresholds is considered across three separate binary logistic regressions. The thresholds are set at US sales of 2 000 000 units, 1 000 000 units and 500 000 units.

Table 3. Ordinary Least Squares Regression Output (Dependent Variable = Insales)

	General model		Preferred model	
	Coefficient	t-value	Coefficient	t-value
CONSTANT	47.719	2.958	55.456	3.604
YEAR	−0.023	−2.888	−0.027	−3.526
SEQ	0.060	2.847	0.062	3.021
REREL	0.013	0.290	—	—
REV	0.014	16.56	0.015	17.719
RATET	0.017	0.691	—	—
RATEM	0.109	3.324	0.105	3.794
PLAYER	0.010	1.068	—	—
ONLINE	0.027	1.125	—	—
LIC	0.004	0.154	—	—
ACC	−0.028	−0.280	—	—
MULTI	0.076	3.282	0.082	3.660
NDS	−0.132	−3.674	−0.188	−6.006
WII	0.047	1.471	—	—
PS3	−0.067	−2.563	−0.076	−3.123
PSP	−0.293	−8.267	−0.335	−10.170
ADV	−0.096	−2.621	−0.104	−2.886
EDU	0.370	2.432	0.376	2.506
RAC	−0.013	−0.351	—	—
RPG	0.019	0.570	—	—
SIM	−0.008	−0.213	—	—
SPT	−0.101	−3.319	−0.090	−3.303
STR	−0.148	−4.522	−0.147	−4.576
PLA	0.110	2.685	0.072	1.970
ISO	−0.023	−0.512	—	—
SID	−0.080	−1.948	—	—
TOP	−0.080	−2.360	−0.079	−2.347
3RD	0.053	2.058	0.053	2.163
2KG	0.080	1.623	—	—
ACT	0.242	5.887	0.228	6.216
ATA	−0.036	−0.555	—	—
CAP	0.141	2.660	0.127	2.556
DIS	0.323	2.645	0.324	2.699
EID	−0.130	−1.902	−0.153	−2.338
EAG	0.258	7.548	0.237	8.303
KON	−0.083	−1.601	—	—
MIC	0.346	4.505	0.323	4.403
MID	0.143	1.642	—	—
NAM	−0.015	−0.259	—	—
NIN	0.633	9.763	0.632	10.121
ROC	0.416	3.933	0.396	3.943
SON	0.317	6.786	0.306	7.012
SEG	0.143	2.918	0.120	2.608
THQ	0.180	4.016	0.158	3.934
SQE	0.051	0.787	—	—
UBI	0.076	1.863	—	—
N		1770		1770
R ²		0.450		0.443
F		(45,1724) = 30.99		(26,1743) = 53.012
Normality		$\chi^2(2) = 55.445$		$\chi^2(2) = 49.236$

These thresholds accord with a proportion of the overall sample of around 1%, 4% and 11%, respectively. In common with the OLS output, the metacritic review score is found to have a highly significant association with unit sales at above the 99% confidence interval. This provides stronger evidence that better quality games are more likely to become blockbusters. However, the influence of this variable at the margin

is found to increase as the unit sales threshold employed becomes higher, with the probability of achieving blockbuster status expected to increase by between 22% and 9% for every one unit increase in the review score, depending upon the chosen threshold. This finding indicates that high quality becomes more important in determining success among the very top blockbusters. Games rated for a teen audience

are found to be less likely to become blockbusters at higher thresholds. This indicates an inverted 'U'-shaped relationship between age rating and likelihood of success, whereby games targeted at a general or mature audiences are both found to be more likely to become blockbusters at higher thresholds than those aimed at a teen audience. Higher numbers of players allowed by the game at any one time are associated with a higher probability of success, with the associated coefficient found to be statistically significant at the 95% confidence interval when the threshold is set at either one or two million units sold, but not when the threshold is set to half a million units.

In each of these logistic regressions, the platform of release is found to have a significant influence on the likelihood of a video game title becoming a blockbuster. However, in contrast to the findings from the OLS regressions, the only platforms that are found to have a statistically significant (negative) influence are the Sony PS3 and PSP consoles, with the latter associated with a much higher reduction than the former. In common with the OLS regression output, educational titles are found to have a significantly higher probability of achieving blockbuster status at all three indicative thresholds relative to the action genre, whereas sports and strategy titles are significantly lower. For educational titles, the increased

Table 4. Logistic Regression Output

	<i>T</i> = 2 million		<i>T</i> = 1 million		<i>T</i> = 0.5 million	
	Coefficient	Standard error	Coefficient	Standard error	Coefficient	Standard error
CONSTANT	303.314	268.707	231.7	158.071	42.31	118.362
YEAR	−0.161	0.134	−0.121	0.079	−0.025	0.059
SEQ	0.259	0.392	0.043	0.207	0.147	0.150
REREL	−0.806	0.827	−0.897	0.504	0.186	0.315
REV	0.201***	0.029	0.119***	0.012	0.090***	0.008
RATET	−2.470***	0.634	−0.603***	0.285	0.051	0.190
RATEM	−0.653	0.621	0.168	0.326	0.296	0.244
PLAYER	0.30**	0.134	0.076	0.080	0.075	0.059
ONLINE	−0.116	0.429	0.268	0.242	0.140	0.174
LIC	−0.233	0.534	0.017	0.261	−0.188	0.179
MULTI	0.619	0.556	0.309	0.273	0.186	0.184
NDS	−0.938	0.795	−0.149	0.414	−0.084	0.285
WII	−0.265	0.594	0.213	0.336	0.183	0.245
PS3	−1.600***	0.591	−0.782**	0.294	−0.449**	0.209
PSP	−2.120**	1.001	−2.106**	0.505	−0.918***	0.278
ADV	0.016	0.810	−1.417	0.547	−0.355	0.315
EDU	2.766**	1.152	2.280**	0.849	2.154***	0.748
RAC	−0.462	0.569	−0.057	0.308	0.220	0.221
RPG	0.352	0.530	0.086	0.319	−0.178	0.241
SIM	0.221	0.560	−0.372	0.328	−0.329	0.239
SPT	−1.323**	0.651	−1.254**	0.345	−0.553**	0.222
STR	−2.940***	1.028	−2.071***	0.511	−1.252***	0.291
PLA	0.755	0.652	0.316	0.389	0.732***	0.280
SID	−1.831**	0.846	−0.695**	0.483	−0.534	0.330
TOP	−0.804	0.814	−0.527	0.434	−0.077	0.266
3 RD	0.376	0.436	0.547	0.262	0.364**	0.189
2KG	−1.162	1.265	−0.329	0.601	0.652	0.382
ACT	2.179***	0.620	0.693***	0.344	0.809***	0.260
CAP	−0.396	1.135	0.291	0.510	−0.185	0.422
EAG	−0.323	0.835	−0.093	0.361	1.046***	0.224
KON	0.122	1.278	−0.164	0.699	−1.284**	0.648
MIC	1.851**	0.868	0.921**	0.597	0.672	0.493
NIN	3.166***	0.724	1.999***	0.371	2.038***	0.299
ROC	1.938*	1.027	1.893*	0.697	1.446**	0.616
SON	1.588*	0.937	1.431*	0.469	0.952***	0.324
SEG	0.030	1.142	0.156	0.474	0.244	0.319
UBI	0.459	0.828	−0.218	0.443	0.309	0.299
N	71		185		382	
Log-likelihood	−141.262		−379.516		−666.335	
$\chi^2(36)$	312.98***		425.03***		510.29***	

*Significance at the 90% confidence level.

**Significance at the 95% confidence level.

***Significance at the 99% confidence level.

likelihood of success is relatively consistent across the three blockbuster thresholds. In the case of sports and strategy genres, there is a clear reduction in the reduced probability of success at the lowest sales threshold compared with the two highest. There are also several statistically significant coefficients attached to each of the player viewpoint variables relative to the first person, although there does not seem to be a particularly consistent pattern across different thresholds or particular viewpoints. Side-scrolling perspectives are always found to associate with a reduced probability of blockbuster status, but only significantly so where the threshold is set at either one or two million copies sold. Platform and third-person viewpoint titles are found to have an increased probability of success relative to the base case, but only significantly so where the threshold is set at half a million units sold. Particular publishers are also found to be associated with significantly different probabilities of success, with consistent results found for Activision, Nintendo, Rockstar and Sony, which are all found to be associated with statistically significantly higher probabilities of releasing games that achieve blockbuster status across all three thresholds. Generally, major publishers are found to have a strong, positive influence on the probability of success, with any negative parameters generally being either inconsistent across thresholds or lacking statistical significance. The only significant negative coefficient estimated across the three specifications is for Konami when the threshold is lowered to half a million units sold.

In summary, after modelling the data in a number of different ways, certain characteristics are consistently found to associate with an increased likelihood of a video game achieving blockbuster status. These are the metacritic review score, which proxies for the quality of the game, the platform for which the title is released, which proxies for the size of the installed user base and the publisher of the title, which potentially proxies for both marketing effort and subjective elements of gameplay that affect the utility derived by the player. Therefore, a game that has the best chance of becoming a blockbuster would need to be released on popular platforms by a major publisher, while also offering a high-quality gameplay experience.

5. CONCLUSION

This study investigates the factors that affect the likelihood of a video game becoming a blockbuster. A unique data set is collected consisting of approximately 1800 observations relating to individual video games titles released across a variety of platforms.

The data set incorporates information on the quality of gameplay experience from Metacritic, gameplay characteristics from the video games database maintained by MobyGames and lifetime US unit sales from VGChartz. Due to the long-tailed nature of the dependent variable, OLS regressions of the logarithm of unit sales are estimated alongside binary logistic regressions based on three different thresholds of sales success. The results indicate that three factors are consistently and significantly associated with an increased probability of a given title achieving a high volume of sales. Blockbuster games are more likely to be released by major publishers, particularly Activision, Nintendo, Rockstar or Sony, and are also more likely to be released on popular home platforms. Finally, successful video games are found in every model specification to be, on average, better quality titles than less successful titles. As quality is proxied by critical response, this paper offers evidence to suggest that the purchasing decisions of consumers are strongly influenced by review scores.

The significant managerial implications of these findings are twofold. Firstly, for a developer or publisher to maximise the chances of securing a blockbuster release, the selection of appropriate hardware platform is found to be vitally important. Blockbuster titles tend to be released on home platforms with higher installed user bases that allow for increased exploitation of network externalities via online interactions. During the period under analysis, it would appear that the Xbox 360 is the hardware platform that best fits this description, as Xbox Live typically offers a better quality online experience than that of the Nintendo Wii, whereas the PS3 lacks the installed user base. Secondly, as quality is found to be one of the most important factors affecting the likelihood of a video game becoming a blockbuster, optimisation of the gameplay experience would seem to have considerably more impact on sales than, say, paying for a license or franchise endorsement. This may challenge conventional wisdom relating to the most effective use of available resources in the development of a potential blockbuster.

Acknowledgement

I would like to thank James Tarbuck for his assistance in compiling the data set used as part of the empirical analysis in this paper.

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