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Gotta Go Fast: Why Gaming IP Is Finally Taking Off in Film/TV — Matthew Ball

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26-33 minutes

After decades of fan petitions and dreams, it's clear that video game publishers, Hollywood, and general audiences are finally ready for gaming IP to be adapted to film and TV. In 2018, "Rampage" topped $100MM at the domestic box office and crossed $450MM globally. A year later, "Detective Pikachu" broke domestic records for a video game-based film with a $54MM opening weekend and $144MM final haul (it hit $433MM globally). And less than a year later, "Sonic the Hedgehog" managed more than $58MM in its domestic debut. Notably, this opening was roughly twice the size of 2019's "Terminator: Dark Fate" (a sequel to the biggest film of 1991) and 2020's DC film "Bird of Prey" (a spinoff from the 9th biggest film of 2016). It also matched the opening of 2019's "Hobbs & Shaw", a spinoff from the most successful new film franchise of the millennium. In January 2020, Netflix also announced that "The Witcher" had become its biggest ever original series release. And while the show is an adaptation of a book series, much of the franchise's popularity seems to have started with its hit video game adaptation (in fact, the show borrowed heavily from the game - including its vocal stylings).

Many more adaptations are due. Tencent's Riot Games is likely to premiere its "League of Legends" anime by the end of the year, while Showtime's TV adaptation of "Halo" is expected to premiere early in 2021 (some fifteen years after Peter Jackson had signed on to make a blockbuster film based on the franchise). Netflix's "Castlevania" anime adaptation has been one of its most popular series for years, and the streamer has reportedly greenlit at least one season of Activision Blizzard's "Diablo" and "Overwatch" franchises, as well as Capcom's "Resident Evil" games. Series based on Capcom's "Devil May Cry", Activision Blizzard's Call of Duty and Square Enix's "Final Fantasy" are rumored to be underway, too. Meanwhile, PlayStation Productions - the console manufacturer's attempt to build an internal Marvel Studios-like group to adapt its gaming IP - should be close to unveiling its own multi-title slate, and has already announced a film based on "Uncharted" (though it has been delayed several times). [Update: The world-leader in premium television, HBO, has now announced its own video game adaptation, "The Last of US". The show will be written by two time Emmy Award Winner, Craig Mazin (creator of "Chernobyl") and feature original music from two-time Academy Award Winner Gustavo Santaolalla, who also scored the game].

The sudden embrace and success of gaming IP is somewhat of a surprise. Around 2000, Hollywood began to shift its film and TV strategies to focus on sci-fi, comic book and fantasy IP. However, its

interest in video games as source material was relatively limited - even though many of its most successful films were fundamentally “game-like”. The fourth highest grossing (and most surprising) hit of 1999, for example, was set in a virtual world where the hero needed to “download” new superpowers, pause time, and defeat AI enemies. This title, “The Matrix”, beat the year’s James Bond and almost matched “Toy Story 2”. A year later, Hollywood had the first critical and commercial comic book adaptation of the modern era, “X-Men”, which focused on a large team of varyingly superpowered humans. Less than two years later, the biggest film of the year was a comic book film, “Spider-Man”, in which the hero “web-slinged” through a photo-realistic, digital recreation of Manhattan.

And in the years that followed these films, the box office was increasingly dominated by titles like "Harry Potter", “Star Wars,” “Lord of the Rings”, “Transformers” and those of the Marvel Cinematic Universe. Games should have been a perfect fit for this model.

Yet when these films were produced, they tended to be both critical and commercial disasters. 2005’s “Doom”, starring Dwayne Johnson, and 2008’s “Max Payne”, starring Mark Wahlberg, both lost an estimated $50MM and managed 19% and 16% Rotten Tomato scores and B- and C CinemaScores. Disney’s 2010 adaptation of “Prince of “Persia”, starring Jake Gyllenhaal and produced by Jerry Bruckheimer, lost $100MM+ and netted 37% and B scores. 2015’s “Hitman: Agent 47”, from Daybreak Films, failed to recoup its budget and scored a brutal 9% and B. 2016’s “Assassin's Creed”, starring Michael Fassbender and Marion Cotillard, lost a reported $75-100MM, with 18% and a B+. The year’s other big release, “Warcraft”, was also a money loser and netted a 28% and B+.

These failures cannot be fully attributed to insufficient budgets, inexperienced talent or meager fanbases. Worse still, it seemed even the “best” outcomes weren’t good enough. Warner Bros.’ 2018 “Tomb Raider” adaptation cost a relatively modest $90-100MM, but didn’t deliver enough profit or love to greenlight any sequels. The most successful video game adaptations are likely the six “Resident Evil” films from 2002-2017. In fact, it’s the highest-grossing horror film franchise in history, and the second highest-grossing R-rated franchise behind “Deadpool”. However, this topline achievement oversells its performance. With $33-65MM budgets, the “Resident Evil” films cost many times more than most horror films. The franchise benefits from having six films (“Deadpool” has two, “The Conjuring” four). In addition, no title ever grossed more than $60MM in the United States, with the latest entry managing only $26MM and the best-reviewed title a 37% Rotten Tomatoes rating and B CinemaScore.

This created a vicious cycle: audiences learned video game movies were bad, making it even harder for the best film to succeed, and histories of failure meant major talent would stay away from future adaptations and IP owners were reluctant to adapt their best IP.

Why, then, is everything changing so quickly and why now? I think there are seven core reasons.

#1: If It Remains Popular, IP Ages Like Whiskey and Becomes Increasingly Rare

The growth in value of popular IP is exponential over time, not linear. The difference between “Halo” IP in 2020 versus 2010 isn’t that it’s twice as old, or ten years older. Today, “Halo” is IP that spans generations. This correlates with the fact “Halo” has a greater cultural impact and more fans than it did a decade ago, but it’s distinct. Consider, for example, that a famous 1990 survey found that more American children recognized Mario than Mickey Mouse. Those kids now have kids.

Note, however, that just getting “older” does not make IP more valuable. During this time, it must also remain beloved and “modern”. Here, another Nintendo property is instructive. 20 years after the release of “Pokémon Red/Blue”, millions of (now) adult consumers were delighted to jump back into the franchise following the release of the first mainstream AR game, “Pokémon Go”.

#2: Hollywood (and Especially New Hollywood) Needs New IP

The idea of multi-generational appeal segues to Hollywood’s core strategy in 2020: to launch a globally successful franchise. For twenty years, the major studios have been largely obsessed with creating these franchises out of the up-to-several centuries-old European stories such as King Arthur and Robin Hood, and the tales of Brothers Grimm and Hans Christian Andersen, or early 19th and 20th century “classics” like “The Wizard of Oz”, “Tarzan” and “Dracula”.

The problem is… audiences didn’t care. Yes, they “know” these titles, their heroes, and their macro-plots, but they don’t care for them. In many cases, the problem was cultural atrophy. Many Americans, for example, grew up reading Edgar Rice Burroughs Barsoom (AKA “John Carter”) novels, but this basically stopped after the “Boomer” class. As a result, and unlike “Halo” or “Pokémon”, its generational recognition and appeal has declined over time. This issue extends to more modern IP, too. Younger

audiences are rapidly rejecting many of their parents' most beloved film franchises, such as "Robocop", "Terminator", "Independence Day", "Hannibal", and "Men in Black".

This problem is particularly pronounced outside the US; China and Japan (the 2nd- and 3rd-largest box offices) might enjoy American blockbusters, but they rarely read (let alone study) Victorian, Anglo-Saxon, and early 1900s American literature. They also have limited interest for reboots/sequels to the "cult classics" of 1980s and 1990s America (many of which never even saw foreign release).

Hollywood is still trying to make these titles work, of course (many of them are out of copyright and thus free to adapt). However, the failure rate of such adaptations, the dearth of other recognizable and adaptable cross-cultural tales, and the need for established, globally-appealing IP has naturally led to gaming.

These points help to explain Netflix's particular interest in gaming IP. More than 70% of its subscribers are outside the United States. As a result, Netflix can't focus on stories that have limited appeal abroad. And as a new media company, it doesn't benefit from inherited IP rights, unlike many of its SVOD competitors (HBO Max gets access to DC, Disney+ gets "Star Wars" and Marvel). Furthermore, most Hollywood IP owners, such as WarnerMedia, Disney, Fox and NBCUniversal, have largely halted the sale of their IP to outside buyers like Netflix - meaning the company can't even *buy* access to most legacy IP. And while Netflix doesn't own the IP rights to "Resident Evil" or "Diablo", the companies that do aren't in direct competition with Netflix - i.e. they have no plans to launch and SVOD. As a result, they *need* a third party to produce and distribute adaptations of their games.

#3: The Rise of the (Common) Geek

The internet era has also surfaced the strength of (the poorly-named) "nerd culture". More specifically, we've learned that almost everyone—including the most "educated" and "successful" among us—is obsessed with geeky fantasy worlds. This was far from consensus even ten years ago, despite the success of "Lord of the Rings", "Harry Potter", and "Spider-Man". Sure, audiences liked the occasional epic sci-fi blockbuster, the thinking went, but this was limited to adaptations of the very most successful IP of the modern era and there was little audience demand for much more of this content, let alone year-round.

To this end, almost no one believed “Game of Thrones” or “The Walking Dead” would work. And yet “The Walking Dead” has spent eight of its ten seasons to date as the most-watched scripted show among 18–49 year-olds on basic cable, and five seasons as the biggest scripted show on television overall. And when “The Walking Dead” wasn’t the biggest show on cable, that title was held by “Game of Thrones”. This (surprising) success has a direct connection to the belief that weird titles like “Diablo” or “Sonic” might work on film.

#4: Gaming’s Growing Cultural Impact

At the same time, recognizing the plausible appeal of gaming IP is not a sufficient explanation for Hollywood’s growing interest in the medium. Over the past decade, the cultural influence of gaming has grown considerably - and not just because of the overall expansion in the number of gamers.

Much of this advance stems from underlying technological advances that have improved fidelity (including performance/motion capture by professional actors), enabled immersive storytelling experiences (Hollywood composers regularly produce game-specific scores), and allow players to do far more than jump, move right or shoot. Each of these help, but their ability to come together to create unmistakably magic art is crucial to the legitimization of *all* types of games—just as the creative achievements of Frank Miller, Alan Moore, and Bill Sienkiewicz with their 1980s comics signaled a new maturity to the medium.

Similarly, gaming has shown a disproportionate ability to create culturally-resonant content, IP and stars. Beyond the Marvel Cinematic Universe, most of the best-selling and most repeatedly successful franchises since 1990 have been games like “Call of Duty“,“ Grand Theft Auto“, and “Legend of Zelda“. The highest grossing franchise of all time is now “Pokémon”. Two of the biggest celebrities of the past decade, PewDiePie and Ninja, built their brands almost exclusively based on video gaming. And, not for nothing, the outsized success of Sony’s “Jumanji” reboot was based around the tropes, experience, and aesthetics of video gaming.

More broadly, the last few years has seen Hollywood fundamentally reconsider the role of gaming for *its* IP. Historically, tie-in games and licenses were seen as little more than additional “monetization” opportunities. To this end, most of these video game titles were substandard experiences that sold only because of their IP, rather than for their quality, and represented a “brand withdrawal” rather than a “brand deposit”.

In recent years, however, this disposition has evolved. Video games are increasingly seen as a medium through which “real” stories can be told and fan love can be grown. Warner Bros. Interactive’s “Batman“ games, for example, have been substantially better received (and are more repeatedly successful) than any of Warner Bros.’ DC feature films. Similarly, Sony Interactive achieved much greater heights with the 2017 video game title “Spider-Man” than with either of its “Incredible Spider-Man” films (2012 & 2014). Every “Star Wars” film released since 1980 has struggled to appease fans. Yet, the franchise has seen some half-dozen games released to wide acclaim (and typically from an even “nerdier” and “obsessive” set of fans). And given the franchise’s need for a narrative reset and source material to draw from, it would be of little surprise if Lucasfilm decides to adapt a game like “Knights of the Old Republic” or “Jedi: Fallen Order” to the screen.

In a similar vein, many studios are now using video games as a key promotional channel for their IP. Based on press reports, the studios behind Marvel, Star Wars, DC, and John Wick offered their IP to *“Fortnite”* at no fee. Nothing else could more clearly demonstrate Hollywood’s mindset shift. IP-based businesses live and die by "affinity". If Hollywood now believe that games are a critical path to growing affinity for TV/film IP, it’s logical that they now see the potential in IP native to the medium.

#5: The IP Kiln

This, of course, is separate from whether games are a good fit for adaptation. However, the gaming industry today is the closest analogue to the Golden (1938-56) and Silver (1956-1970) Ages of comics that created the characters, worlds, and storylines, that now dominate the box office.

It's not odd luck that comic books have proven to be the most fertile sources of IP today. For decades, the category produced enormous volumes of content and characters (writers such as Stan Lee were frequently ordered to create a new hero or villain each week). This dynamic meant that only the most resonant characters and characterizations survived, and even then, they were constantly remixed, iterated upon, or imitated. Marvel, for example, is estimated to own the rights to some 6,000+ characters – almost none of which have any value, but some of which are now worth billions. Similarly, producers such as Kevin Feige have the ability to look across scores of audience-tested stories, some of which are simply retellings of the same plotlines, and then "cherry-pick" only the best ideas and learn from mistakes. Marvel Comics' "Civil War" comic book run, for example, was popular, but not well received. And so, when Marvel Studios adapted it for film, the central premise was retained, but it was plotted quite differently. The Marvel Cinematic Universe is essentially "the best of" eight decades of Marvel comics. And its appeal was "powered up" by an important truth: comic books have spent decades at the forefront of many generations of kids' imaginations (many of which spent hours imagining how they would adapt a given character or storyline to the big screen).

Like comics, video games are now creating a tremendous amount of content - almost all of which is terrible and repetitive, but through which the best content rises to the top. And fast, cheap, pulpy, and out of control development has always produced era-defining content - no matter the medium or format. Thanks to the shift to online play, DLC, and live services, today's games are also evaluated, iterated on, and improved based on audience response, faster than ever.

The degree of audience attachment to and time spent with video games is also without parallel. We don't hear of regulators and royals warning of "Pixar addiction" or "Star Wars obsession". Tencent and the Chinese government now limit minors to two hours of gameplay per day. Games are also the most effective medium when it comes to the most important storytelling objective: the suspension of disbelief. If you stack up a viewer of "John Wick" or "The Fast & The Furious" against a gamer playing "Uncharted" or "Gears of War, it's clear which medium achieves greater immersion.

#6: Learning How to Tell a Story

Still, it's not enough to say Hollywood and the video game industry wants to adapt gaming IP to film/TV, or that these stories can be adapted to film/TV, or even make a profit in doing so. We also need to be able to tell these stories *well*. And this takes time.

All stories, genres, formats and styles have their own language that needs to be learned, established, and improved upon. Films in 2020 aren't just HD and in-color versions of 1920s movies - the way we write, shoot, and stage films has also evolved. This requires lots of success and lots of failure.

To this end, it's not clear whether the Marvel Cinematic Universe could have worked in 1990, even though it's the most successful franchise since then and little has changed when it comes to what stories appeal to the human species. We were simply too early in comic book storytelling in film. Marvel Studios maestro Kevin Feige, for example, spent a decade supporting productions such as Spider-Man 2, Elektra and X-Men: The Last Stand.

Ultimately, Hollywood and video game studios alike need to learn how to tell video games via film and TV. The essence of adaptation is knowing what to take versus drop, what to change versus preserve, and how to appeal to die-hards while onboarding new fans and non-fans.

This applies to all mediums, but it's particularly hard in gaming. Books, comics, TV, and film all share a clear throughline - each is heavily reliant upon storylines, clear characters and singular creative visions. They have to, too - their narratives are relatively fixed, singular, and impersonal (even if audiences fill in or change certain details in their heads). This makes adaptation from one medium to another somewhat straightforward. Games, conversely, are typically lighter on narrative, and rest on the premise that every individual "audience" member literally "is" the hero - and the cameraman.

In addition, modern games often run 15-200 hours in length - making it hard to faithfully adapt any title to a two-hour film. And much of what needs to be cut, such as side characters or mythology, is likely to alienate the very people a Hollywood studio hopes to appeal to when adapting gaming IP - fans of that IP. To this end, it's no surprise that as Hollywood has shifted its focus from theatrical movies to SVOD-based series, gaming IP has become more in demand.

This all speaks to the core adaptation problem: the driver's seat matters. The Marvel Cinematic Universe thrives first and foremost because it's (1) led by a tremendously talented conductor, Kevin Feige; who (2) has a true love for source material; (3) that has been accumulated for decades; and (4) was allowed to tell an expansive, serialized story that was true to the comics. This has a generational lag, by definition. It wasn't until recently that those who grew up in love with video games had the time and opportunity to become filmmakers or decision-makers in Hollywood.

As a result, we're likely to see not just *more* gaming adaptations in the future, but better ones. We are now at the point in which those hired to lead gaming adaptations offer more than just technical expertise and a strong resumé. Those writing, directing, and shepherding gaming adaptations today *grew up* with (and some would say, through) these games. In addition, they've seen not just myriad takes on these games as games (i.e. PlayStation 1 versions and PlayStation 4 sequels, as 2D side-scrollers and as sandbox-style 3D worlds), but been able to learn from the many film failures (e.g. "Assassin's Creed", "Warcraft"), too.

The ever-expanding use of video gaming engines and virtual production assets has further enabled this shift, too. Riot Games, for example, doesn't *need* to hire an outside studio to lead development or design of its anime. Instead, it can use many of the same tools, assets, and processes already used for its games and cinematics.

#7: The Best IP is Starting to Be Unlocked

Ultimately, every adaptation of gaming IP starts with the IP owner. And the "best" gaming IP tends to (and should) be the most tightly held. To this end, it's not sufficient to say Hollywood is now ready and able to adapt major gaming IP. It also needs to be made available. Nintendo is a good example here - millions have been screaming for a "Legend of Zelda" or "Metroid" movie for decades now - and yet Nintendo showed no interest in such an adaptation (and doubtlessly rebuffed many offers).

Gamers are incredibly sensitive to the idea of their favorite IP "selling out" or "cashing in" - especially if it's to produce films that embarrass their fandoms. This mentality isn't unique to gaming, but these fans are generally seen to be the most protective of their favorite franchises (perhaps because of the difference between loving Iron Man and *being* Link). Furthermore, most of the major gaming studios will never get rich from licensing their IP for a film or TV adaptation - especially from the likes of Netflix, which pays a modest and fixed fee. Certainly, Microsoft, which has a $1.4 trillion market cap, doesn't need a few million from $18B ViacomCBS for the rights to a "Halo" TV series (due on Showtime in 2021).

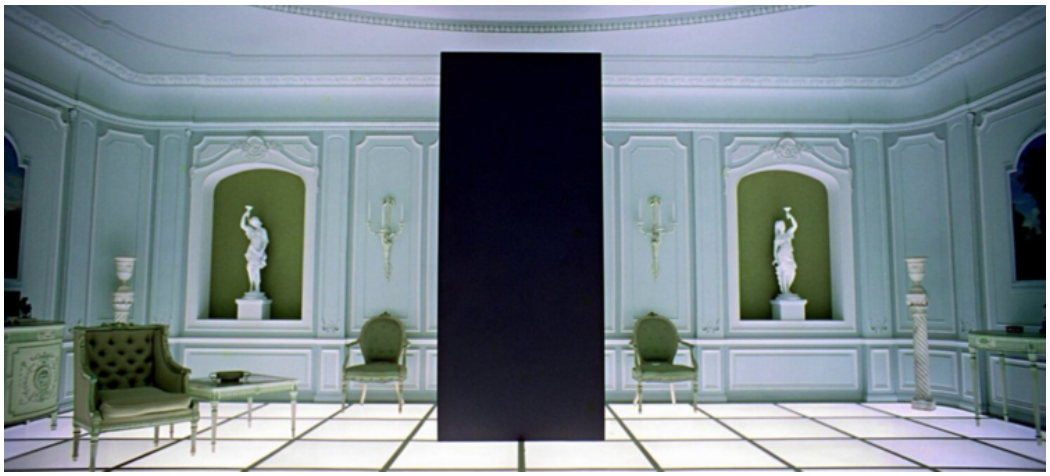
As a result, the risk-return for IP owners is shaky (see the 1993 "Super Mario Bros." movie) and we must examine "why" a gaming studio wants an adaptation in the first place and why they suddenly feel the need to adapt *now*. After all, there are lots of other things they can do - like make more games - and the core business is doing very well. Yet, it's clear the mindset in the gaming industry here is shifting, just as the mindset in the film industry is shifting. A "Super Mario" movie is due in now due in 2021 or 2022, and expansive "Nintendo lands" are currently under construction at Universal's many theme parks. Activision Blizzard, Ubisoft, and Sony PlayStation all have dedicated film/TV studios, and Riot Games has produced and will self-distribute an anime later this year.

The answer is simple: expansion will be critical to ensuring the viability of all IP, from those currently dominant to those looking to become more so across games, film, TV, and books.

The Definition of Scale:

As new technologies and business models emerged throughout the 20th and early 21st century, it became clear that audiences want more of the stories they love, more often, in more places and more media, always. This is why the Marvel Cinematic Universe has been able to increase its per film grosses even after it grew from 1.2 films per year to three (in 2021, Marvel will start releasing four annually) - even as the number of competing franchises tripled. It's also why the biggest film universes are now expanding into TV ("Star Wars" and Marvel), while TV is expanding to film ("Walking Dead", "Downton Abbey", "Breaking Bad"), among other experiments that include video games and comics.

This demand is so great audiences eagerly embrace narratively duplicative storytelling experiences. George R. R. Martin's "A Song of Ice and Fire" series had sold roughly 15MM copies over its first fifteen years, but in the eight years following the premiere of the "Game of Thrones" TV series, some 85MM copies were shipped. Following the release of the hit "Witcher 3" video game, the 25-year-old "Witcher" book series hit the The New York Times Best Sellers list for the very first time. Once Netflix's "The Witcher" started streaming, the video game saw its player count grow 3-4x, and the decades-old book series returned again to the Times Best Seller list (and a stunning 500,000-copy reprint). Most of us would rather spend more time in a universe we love than find a new one. Similarly, consider how many people would have loved "The Mandalorian" if it were devoid of anything "Star Wars"?



The consequence here is profound. The ability to richly address the seemingly endless consumer want for "more" will be critical to every IP. Not only will it provide additional opportunities to grow love on a per fan basis (not to mention the number of times a franchise reaches this fan), it will help to acquire new ones and help prevent displacement by emerging franchises. Mario might have been more well-known than Mickey Mouse in 1990, but this is probably not true today (in addition, other characters like the Minions have likely surpassed him). Movies and TV adaptations would help.

This is the threat to all IP owners. The "carrying capacity" of these franchises and universes used to be medium-specific— there was a fight to be one of the winning comic books, video games, or film franchises. This meant there was room for many winners across mediums, and that the reach of any winner was limited.

Soon, it will be a fight for dominance between all franchises and across all mediums. Every story will need to grow into more categories and capture an ever-increasing share of audience time. Games, however ascendant as a medium, will need to expand too.

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