

Electronic arts strategic management essay



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Electronic Arts (EA) Currently Electronic Arts (EA) is the leading game developer, publisher and marketer.

It developed games for various devices, such as consoles (Sony PS, Microsoft Xbox and Nintendo Wii), wireless phones and handheld devices (Nintendo's Game Boy and Sony PSP), personal computers and Websites. Its goal is to become the biggest and best entertainment company in the world, that's what EA's chairman and CEO, Lawrence Probst is aiming. But this is not an easy task as a few years before, the gaming industry had suffered a declining profit due to slower-than-expected transition to next-generation video game platforms and partly because of significantly higher costs to develop new games. On the other hand the video game industry is expected to increase significantly. This is mostly due to the enthusiasm shown by game users to purchase Sony Playstation 3 (PS3), Microsoft's Xbox 360, Nintendo's Wii and also other new game consoles.

In order to recommend a strategy which will increase EA's profitability, shown below is the SWOT analysis and Macroenvironment Analysis:

Strength Opportunity -Leading independent developer, publisher and marketer of video games with the biggest market share. -Developed games for various types of game console -Able to distribute and sell all over the world-High speed internet connections can have an impact to how interactivity between users can be enhanced and also the ease of purchasing the games online will decrease production and distribution cost -Growth of game players. Now, more adults continue to play games. This in turn makes the target market doubled.

-Broader game content. -Better quality of graphics and play. -Multiple uses of games console which include TV, DVD player, radio, internet, stream video and other capabilities -Easier to develop games based on Movie or certain type of sports. The creative process is only in making the game more interactive and not in developing the new characters and plots. -Massively Multiplayer Online Games (MMOG), with this online community a strong bond between games and players can be established.

This will make easier for EA to get feedback for their games and increase revenue. -Emergence of mobile gaming and collaboration with cellular provider. WeaknessThreat -Slower transition adopting new technology, new platforms and new markets. -Some of the leading profit makers in video games is associated to other entity such as FIFA, NFL, NBA and also collaboration with movie industry such as Harry Potter, Monster Inc, Tomb Raider and almost all new movie releases targeted to young audiences. This relationship could be a blessing and a burden, since EA has to pay for the royalty and attached to the agreement between both party.

Rapid change of game platform and technology -Sharply rising in development cost -Declining price for video games -Royalty fee and license to other party -Dependent on game console. If new console released is delayed, than the game produced by EA, will also be delayed -Higher competition between game developer in turn will make higher promotion budget Macroenvironment Analysis: Recommendations: In order to to become the biggest and best entertainment company in the world, there should be a collaboration between the company, academia and the government. They should make efforts on the following three strategies: The <https://assignbuster.com/electronic-arts-strategic-management-essay/>

first being a “ development strategy”; the second a “ business strategy”; and the third a “ communications strategy. ”

Development Strategy

(1) Establish an environment that brings out the creator’s potential – Internal, national and also international to acknowledge and reward outstanding game creators should be created. – Conferences for game developers should be held, and the scope of game companies’ confidentiality obligations and procedures for authorizing a game’s release should be clarified.

(2) Reinforce the system for ensuring the promotion of high-caliber human resources within the company The skills and career paths required for games developers and other posts should be clarified, the introduction of a screening system should be considered.

-Programs to acknowledge and reward students who produce games as well as the creation of a recruitment portal site for the game industry should be considered.

(3) Promote human resources development through company-academia coordination – Internships in the game industry should be promoted. – Establishing a contact point in the game industry for coordination with educational institutions should be considered.

(4) Establish a system for the promotion of R&D Game-related research conducted at universities should be studied; industry-academia coordination and inter-company coordination should be promoted. –Presenting awards for new technologies and essays related to games should be considered.

Business Strategy

(1) Promote business development that makes use of the broadband environment – Establishing a forum for coordination between home video game companies and online game companies, as well as a

forum for exploring measures to cope with new issues that accompany the development of online games, should be considered.

2) Promote business development of small- and medium-sized venture firms

- The exhibition of the incubation (support for new projects) functions of universities should be promoted, along with the improvement of a fund procurement environment for games companies. Communication Strategy

(1) Implement efforts aimed at two-way communication - Efforts should be made to establish two-way communication with society and people by

setting up a forum for dialogue between industry and customers, parents and guardians, those in the education field, the media, etc. 2) Reinforce

efforts for the sound development of young people - Regarding the " new rating system by age" of the Computer Entertainment Rating Organization

(CERO), activities should be undertaken to disseminate this system

throughout society and among the people, and constant reviews should be made that take the social context into account. Furthermore, activities

should be advanced to ensure that the new system is in line with other rating systems (for example those for movies, videos, etc.

), and efforts should be made to realize an even clearer rating system.

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