

Understanding the strategies of activision blizzard



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Understanding the Strategies of Activision Blizzard, Inc. What is the vision of Activision Blizzard, Inc.? Activision Blizzard, Inc. 's corporate vision is to be a " worldwide leader in the development, publishing, and distribution of quality interactive entertainment software, online content and services that deliver a highly satisfying entertainment experience (Activision Blizzard – 2013 SEC Form 10-K/A Amended Annual Report). " Horizontal Integration & Synergy; Activision Blizzard, Inc. 's approach to success. Activision Blizzard, Inc. s " a worldwide online, personal computer, console, handheld, and mobile game publisher (Activision Blizzard – 2011 Annual Report). " The company was created via the merger of Activision, Inc. , Sego Merger Corporation, Vivendi S. A. , VGAC LLC, and Vivendi Games, Inc. (Activision Blizzard – 2013 SEC Form 10-K/A Amended Annual Report). Utilizing horizontal integration, the merger integrated " ownership of production facilities, distribution channels, exhibition outlets and ultimately allowed the formerly separate companies to profit from the others expertise (Turow 175). The new company uses three separate operating segments. Activision Publishing, Inc. , Blizzard Entertainment, Inc. , and Activision Blizzard distribution. Activision Blizzard, Inc. holds " leading market positions across every major category of the rapidly growing interactive entertainment software industry (Activision Blizzard – 2011 Annual Report)," and is a classic example of synergy, " a situation where the final product is more valuable than the sum of it individual parts (Turow 175)," at work.

What is the competitive environment for Activision Blizzard, Inc.? " The interactive entertainment industry is intensely competitive with new products and platforms regularly introduced. Competitors vary in size from

small companies with limited resources to large corporations who may have greater financial, marketing, and product development resources than Activision Blizzard, Inc. (Activision Blizzard - 2013 SEC Form 10-K/A Amended Annual Report). " Whom is Activision competing with in the marketplace? Activision Blizzard, Inc. competes primarily with other publishers of PC, online and video game console interactive entertainment software. Most similar in operating structure is Electronic Arts, which has the largest portfolio of blockbuster games, including many sports titles, and other game franchises with long histories of success. Sony, Nintendo and Microsoft compete directly with them in the development of software titles for their respective platforms.

They also compete for the leisure time and discretionary spending of consumers with other interactive entertainment companies, as well as with providers of different forms of entertainment, such as motion pictures, television, social networking, online casual entertainment and music (Activision Blizzard 2013 SEC Form 10-K/A Amended Annual Report). " What does Activision see as their primary competition? Activision Blizzard, Inc. believes the primary competitive factors in the interactive entertainment industry include: " product features, game quality, and playability; brand name recognition; compatibility of products with popular platforms; access to distribution channels; online capability and functionality; ease of use; price; marketing support; and quality of customer service. (Activision Blizzard - 2013 SEC Form 10-K/A Amended Annual Report). " What strategies and specific activities is Activision considering to compete with others? Expanded product development - Activision Blizzard, Inc. s "

creating a publishing arm that will bring third-party mobile games to market. Through the program, it will assist independent game makers with funding, development, distribution and promotion of their titles across both iPhone and iOS. The company is collaborating with Flurry to help with this transition (Duryee, Tricia. " Activision Starting to Take the Plastic Wrap off Its Mobile Strategy. " AllThingsDigital. com, 13 Jun 2012. Web). " Increase online capability & functionality - access new customers & audiences: ' Skylanders' Is Officially Activision's newest \$1 Billion Franchise. The ' Skylanders' franchise became the first kids' video game IP to cross the \$1 billion mark in just 15 months, and I think we are still just starting to realize its potential," Activision publishing CEO Eric Hirshberg said in a statement (LeJacq, Yannick . " Skylanders' Is Officially Activision's newest \$1 Billion Franchise. " IBTimes. com, 11 Feb 2013. Web.). " Access new distribution channels - Activision Blizzard, Inc. " announces in-game live streaming via YouTube for Black Ops II (McGlaun, Shane. " Activision announces in-game live streaming via YouTube for Black Ops II. SlashGear. com, 8 Nov 2012. Web.). " What might an Activision customer see in terms of different offerings or approaches because of the strategies the company is undertaking? Increased Content and Online Services. Activision Blizzard, Inc. 's shift towards digital delivery of content will result in more diverse online product offerings. Expansion of Mobile Products and Services - Activision Blizzard, Inc. will continue to expanding into the mobile arena by supporting legacy franchises as well as creating new brand assets.

A Narrowing of the Gap between the real and virtual worlds - Riding an unprecedented wave of success, Activision Blizzard, Inc. will produce

additional Skylander style kid's games. Which one of the six changes in media is Activision's strategies addressing well? Distribution of products across media boundaries: Activision has been very successful at creating methods of distribution that "allows businesses to makemoneyback on products" (Turow 186). Activision Blizzard, Inc. will absorb the growing demand of digital content distribution without issue.

Many of its video games and content expansions are already available for direct download. For example, "Activision Publishing's innovative new online service, Call of Duty Elite, which launched with Call of Duty: Modern Warfare 3 is one of the fastest growing premium online services ever created. As of January 2012, more than seven million gamers had registered for the service, which includes more than 1.5 million users who purchased premium annual memberships. Additionally, the franchise is estimated to have had over 40 million monthly active users across five Call of Duty titles (Activision Blizzard - 2011 Annual Report). Which of the six changes in media is Activision neglecting to address? Audience Segmentation: Activision Blizzard specializes in developing, publishing and distributing first-person action games, "which account for approximately 16% of the interactive entertainment industry's revenue (Krause Fund Research, Web)". Activision Blizzard's target audience, "the people whom their products are directed (Turow 36)," are males 18 - 45 who "account for over 55% of all gamers and are the back bone of the industry (Krause Fund Research, Web). Activision Blizzard has been wildly successful with their media franchises, "properties that are highly profitable over time and in many media formats beyond their original appearance (Paul, Nora, slide 10)," but has neglected to address the

need for audience segmentation, " creating products designed to reach different types of people (Turow 160). " Due to this dependence on a specific target audience, failure to achieve anticipated results by one or more products may significantly harm their business.

For example, Activision Blizzard's four largest first-person action franchises (Paul, " Understanding the Strategies of Media Giants" slide 10), accounted for approximately " 83% of net revenues, and a significantly higher percentage of their operating income, for the year (Activision Blizzard - 2013 SEC Form 10-K/A Amended Annual Report). " If consumer demand trends away from first-person action games and Activision Blizzard fails to attract new audiences or add other sources of revenue, their lack of audience segmentation could significantly harm their business. References From news article: McGlaun, Shane. Activision announces in-game live streaming via YouTube for Black Ops II. " SlashGear. com, 8 Nov 2012. Web. From news article: Duryee, Tricia. " Activision Starting to Take the Plastic Wrap off Its Mobile Strategy. " All Things Digital. com, 13 Jun 2012. Web From news article: LeJacq, Yannick. " Skylanders' Is Officially Activision's newest \$1 Billion Franchise. " IBTimes. com, 11 Feb 2013. Web. From SEC report: Activision Blizzard, Inc. Form 10-K/A, Amended Annual Report for the fiscal year ending December 31, 2012. Web. From Annual report: Activision Blizzard, Inc. 2011 Annual report for fiscal year ending Dec 31, 2011.

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Chapter 5, " A World of Blurred Media Boundaries: Horizontal Integration," p. 175. From the text: Turow, Joseph, Media Today: An Introduction to Mass Communication, 4th edition, New York, NY: Routledge, 2011. Chapter 5, " A World of Blurred Media Boundaries: Synergy," p. 175. From the text: Turow, Joseph, Media Today: An Introduction to Mass Communication, 4th edition, New York, NY: Routledge, 2011. Chapter 5, " A World of Blurred Media Boundaries: Contrasting Views on the Social Pros and Con of Media Trends, Distribution allows businesses to make money back on products," p. 86 From the text: Turow, Joseph, Media Today: An Introduction to Mass Communication, 4th edition, New York, NY: Routledge, 2011. Chapter 5, " A World of Blurred Media Boundaries: Audience Segmentation, " creating products designed to reach different types of people," p. 160. From PowerPoint Presentation: Paul, Nora, Jour 1001 - 002, Chapter 6, " Understanding the Strategies of Media Giants," PowerPoint presentation in " Introduction to Mass Communication," Slide 10 Media Franchise," February 10, 2013.