

Netflix Games: Streaming Giant Expands to Gaming

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On July 20, 2021, Netflix, in their shareholder letter, claimed that they are in the early stages of further expanding into digital games. For Netflix, it is one of many ways to extend the number of subscribers to include gamers. The global pandemic brought to Netflix a higher increase in revenue during 2020, that slowed in Q2 2021 after the unusual pandemic year. The competition also grew and new rivals arose, like Apple TV, HBO Max, Disney+ and Amazon Prime. To maintain a dominant position in the market, Netflix must bring new content and formats and the rapidly growing digital-gaming industry seems to be the best choice.

Netflix started to produce interactive entertainment back in 2017 with kids shows. In 2018, the first interactive adult movie *Black Mirror: Bandersnatch* came out. A big step towards expanding into games was when the company hired Mike Verdu, ex-video game executive from Facebook, in July 2021. Verdu had worked for gaming companies such as Atari, Zynga, and Electronic Arts since the 1990s.

At this time Netflix had already published *Stranger Things 3: The Game* in 2019, a game based on one of its most successful original series which was delisted from Steam, GOG and Epic Games Store two years after its release on August 31, 2021 in order to take control over the games' distribution via their own app extended by the Games section a few days before in Poland. The first two available titles were *The Stranger Things* games.

After Netflix launched the Games section in Spain and Italy on September 28, three more games were added. On the same day Netflix also acquired Night School Studio, a game developer that worked on titles such as *OXENFREE* and *Afterlife*, knowing that owning a studio is crucial to build up a collection of their own exclusive games.

Since November, Netflix games have been available globally for all Android and iOS users with active subscriptions at no additional costs. However, some subscribers are sceptical about this policy. They are afraid that in the future Netflix will raise the price of the membership because of added games.

There are several rivals in the field of game-on-demand services, like Xbox Game Pass with 18 million members in January 2021, according to Microsoft's CEO Satya Nadella.¹ However, Netflix focuses on mobile games for Android and iOS, these systems also have their own subscription services – Google Play Pass with over 170 games,² and Apple Arcade with more than 220 mobile games.³ The only service that offers movies and games in one place is Amazon with its Prime. Amazon Prime Gaming is part of the standard Prime subscription with no additional costs just like the current Netflix policy and gives their paid members not only movies and game titles, but also in-game content and free subscription to Twitch.tv.

1 NADELLA, S.: *Microsoft Corporation's (MSFT) CEO Satya Nadella on Q2 2021 Results – Earnings Call Transcript*. Released on 26th January 2021. [online]. [2021-11-22]. Available at: <<https://seekingalpha.com/article/4401205-microsoft-corporations-msft-ceo-satya-nadella-on-q2-2021-results-earnings-call-transcript>>.

2 WANG, J.: *Here are 824 apps and games available on Google Play Pass right now*. Released on 27th July 2021. [online]. [2021-11-22]. Available at: <<https://www.androidpolice.com/2021/07/27/google-play-pass-apps-games-list/>>.

3 BROWN, S.: *Apple Arcade has over 220 games to play on iPhone, iPad, Mac and Apple TV*. Released on 19th November 2021. [online]. [2021-11-22]. Available at: <<https://www.cnet.com/tech/gaming/apple-arcade-games-full-list/>>.

We can assume the target group for Netflix games will particularly be casual players with high interest in movies. Company should take advantage of their licences like they did with *The Stranger Things* games. If Netflix was able to manage this gaming extension and attract more paid members, it seems likely that other video-on-demand services will just follow their path.

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“Sorry Guys, I Can’t Play with You Anymore”: Regulations of Online Gaming of Minors in China

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The Chinese market has been an enticing target for digital games producers for quite some time. With an enormous potential player base and the Chinese government opening up to more digital game releases in the country, producing games with demographic and regional restrictions in mind could be seen as a potential boost to sales and revenues. Some companies have already been criticised for overly focusing on the Chinese market, and, more importantly, for complying with its strict regulations. Activision Blizzard’s *Hearthstone*¹ has had its share of controversy seemingly connected to abiding by China’s rules, from altering artwork of certain cards to not include blood or scantily clad women, to suspending professional player Blitzchung for voicing his opinion about ‘freeing Hong Kong’ during a streaming event. However, with the new regulations of online gaming that have been recently pushed through in China, the market may no longer be as financially attractive as it used to be.

In August 2021, new rules prohibiting minors from playing online digital games were established. This new set of limitations adjusts the time underage players can play online to only Fridays, Saturdays and Sundays from 8 p.m. to 9 p.m.² That is a total of three hours

1 BLIZZARD ENTERTAINMENT: *Hearthstone*. [digital game]. Irvine, CA : Blizzard Entertainment, 2014.

2 ZHAI, K.: *China Limits Online Videogames to Three Hours a Week for Young People*. Released on 31st August 2021. [online]. [2021-11-30]. Available at: <<https://www.wsj.com/articles/china-sets-new-rules-for-youth-no-more-videogames-during-the-school-week-11630325781>>.