Revisiting Globalisation

through the movie and digital games industries

By Dr. Aphra Kerr and Dr. Roddy Flynn

The 1990s saw the digital games industry adopt similar commercial strategies to the cultural industry which for 80 years has been most closely associated with the process of globalisation – the Hollywood-based movie industry. The major console players, Sony, Nintendo and more recently Microsoft, expanded on a global scale, vertically and horizontally integrating through alliances and take-overs as they sought to control hardware, content development, publishing and distribution. Moreover the relationship between the two industries has become increasingly symbiotic. Vivendi Universal has moved into the exploitation of both game and film assets on a global scale and would seem to exemplify what we understand by contemporary globalisation. This paper considers globalisation through an analysis of the movie and digital game industries both globally and from the perspective of a small country like Ireland which has a high level of cinema attendance and game sales but is struggling to establish domestic movie and game industries.

Key Words: globalisation, convergence, movie industry, digital games, power, cultural imperialism

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1. Introduction

The genesis of this paper lies in the contention by both authors that the film and digital games industries whilst producing quite distinct products, increasingly resemble each other at a structural level. Both these global media industries operate in competitive but unregulated markets and under these conditions they are becoming more concentrated over time and developing into oligopolies with sufficient market power to manipulate individual, particularly small, markets. It is our view that there are important lessons to be learnt from a more in-depth examination of these industries in relation to the continuing political movement to deregulate media industries and include them in world free trade negotiations, and in relation to counter movements to maintain a diversity of media content produced by regional, national and independent actors.

Both the film and digital game industries are dominated by a small number of transnational corporations (TNCs), which develop product in various locales and then exploit economies of scale and scope to distribute this product globally. They also create and participate in global systems that are relatively autonomous from national policy/regulatory oversight. While globalisation theorists within cultural studies tend to celebrate the global flow of people, products and symbolic messages, from a political economy of the media perspective the development of highly concentrated systems of symbolic production may have complex, and not always positive, economic and cultural consequences for small cultures and markets. This paper explores in detail the impact that global film and game corporations have on the production and distribution of independent film and games producers in the Irish context. It then raises some questions as to the adequacy of current, largely Anglo - N. American, globalisation theories to describe this complex empirical reality.

2.0 Globalisation

One might be forgiven for thinking that TNCs invented globalisation and that the term simply refers to the relatively recent phenomenon whereby companies have taken advantage of new telecommunications and computing technologies to expand their production and consumption networks beyond national boundaries. However, this is a very economistic conceptualisation. Within cultural and communications studies globalisation is regarded as a multi-dimensional process with a much longer history [13]. For Robertson and Tomlinson globalisation is bound up with modernity, emerging in the early fifteenth century and accelerating rapidly from the 1880s to the 1920s [18] [24]. For these authors globalisation is a process whereby societies become more interconnected and interdependent at a number of levels through the flow of products, people, finance and through the establishment of international agencies, global competition and international law. Appadurai explicitly identifies as part of these flows "repertoires of images and information, the flows which are produced and distributed by newspapers, magazines, television and film" [4:7]. Together these constitute what he terms the global "mediascape".[i] In short there is a cultural component to be taken into account in considering the globalisation process.

John Tomlinson, who focuses on the cultural dimension of globalisation, adopts a relatively optimistic approach to the siting of power in this context. He warns against conflating culture with the communication and information technologies through which symbolic images are transmitted. He stresses that the media form only one small part of the process by which cultural meanings are constructed, arguing that cultural texts must be considered in relation to the mundane and ordinary activities of everyday life [24:19][ii]. In order to understand the relationship between the media and culture we must place mediated culture in the context of real lived culture:

> …local direct experience-as the 'immediate environment' within which the self develops – can be argued to have a certain existential priority in people's lives. Mediated experience by contrast, because of its distanciated and 'refractory' nature, is 'likely to bear a rather tenuous, intermittent and selective relation to the self'… thus though people do incorporate televisual experience into their routine daily local 'experience mix'...it remains, for the majority, stubbornly separate from the experience that come from 'closer to home [24:178].

Tomlinson is clearly critical of dependency/cultural imperialism/cultural homogenisation theories questioning their reduction of culture to the media and their implicit acceptance of media effects while ignoring almost two decades of active audience research. He also questions the conflation of globalisation with westernisation and the assumption that the political economic power of transnationals is accompanied by an ideological power to define cultural reality. While he concedes that transnational corporations are not 'innocent in the shaping of global culture' [24:85] he warns against the assumption that cultural and ideological impacts flow from the global distribution of uniform cultural goods. His understanding of global culture and the role of the media points more to the opening up of alternative 'lifeworlds', the deterritorialisation of culture, i.e. the erosion of any direct relationship between culture and both geographical and social places and the hybridisation (i.e. intermingling) of cultures. He stops short of celebrating contemporary cultural life as merely post-modern diversity by admitting that 'hybridisation' must be used with an awareness of power and the inequalities which characterise its distribution. But while agreeing that hybridity is never power-neutral, Tomlinson also argues (drawing particularly on some Latin American writing) that the process is not unilinear and that many formerly dominant cultures are now experiencing cultural hybridity from within e.g. the UK. For him deterritorialisation and hybridity are both dialectical processes and must be viewed in relation to a culture's ability to reassert and re-embed itself.

Most academics today reject any notion that a pre-meditated, ideologically motivated cultural imperialism drives contemporary globalisation or that global media companies aim to culturally colonise more authentic cultures. It is argued that we are experiencing not cultural homogenisation but merely the spread and rise to dominance of one form of transnational capitalism that has complex cultural consequences. Given the pervasive 'taken-for-grantedness' of globalisation, the discrediting of the cultural imperialist critique and the post-modern image of cultural playfulness one might wonder if there is still a rationale for critically analysing media flows and responses to them that go beyond the individual active user.

We believe that the answer is definitively in the affirmative. The potential power of active audiences does not lie simply in their ability to reject or negotiate meaning in given products but also their ability to produce alternative products, their access to distribution networks and their combined purchasing power. These are clear political economic issues: as Nicholas Garnham notes, to study power in the media is to be concerned with two distinct forms of power and their effect on who 'has access to what communicative resources and what they can do with them [6:39].' The first is structural, 'how the market system allocates resources and constrains behaviour in ways that are not under the intentional control of individual or group agency' and the second is that 'exercised by economic agents within these overall structural constrainsts [6:39].'

An examination of media producers/distributors is neither to return to cultural imperialist debates which mistook the media for culture nor to ignore the agency of users. Rather it is a call to examine the relative distribution of power between producers and consumers and the relative importance of access to production in relation to access to distribution. Recent trends whereby transnational media corporations are increasingly allowed to concentrate, assert themselves in production and distribution segments of the value chain and exploit cultural goods globally may be reducing cultural diversity in certain forms of media content despite the efforts of localisation teams, regulatory bodies and alternative media groups. A concern for media content which is blind to the plurality of race, ethnicity, gender and class of different people, even allowing for the fact that the media are only one form of cultural contact, is not a call for national or cultural protectionism but rather a call to examine if there is space for producers of alternative messages to be heard. This is even more pertinent in the film and digital game industries given that the goods that these industries produce are pervasive, the costs of production are so high and their activities are subject to very light forms of regulation.

In this respect it is apparent from a literature review on globalisation that the term means different things to different people and is used to serve different interests. Critics like Ferguson argue that the 'myths' underlying the discourse about globalisation are nothing more than thinly veiled justifications for the activities of those institutions and corporations most likely to gain financially from open access to global markets [5]. Some critics use the term to describe historical and contemporary trends while others use it more in a prescriptive and normative fashion. Some describe the term in optimistic terms related to increasing global consciousness and interconnectedness while others fear the effects of commodification especially on less commodifiable cultural forms. What is clearly needed is a historically informed understanding of the complexity and dialectical nature of globalisation which is aware of the positive and negative aspects of the process, informed by empirical analysis and alert to the relative power of corporate structures and individuals/groups. This paper is a contribution to this understanding.

3.0 Key Characteristics of the Film and the Digital Games Industries.

For over a decade now, popular fora such as "Wired" magazine have asserted the inevitability of some kind of corporate convergence between the film and digital games industries going so far as to designate the new industry as "Siliwood". The rationale for this was largely based on technologically determinist assumptions that the ongoing shift to a digital mode of production in the film industry would end the distinction between filmic and digital games texts at an "atomic" level. Although such assertions may reflect wishful thinking more than a realistic appraisal of the probable trajectories of the two industries, it is undeniable that the last decade has witnessed increasing numbers of movie to game and game to movie adaptations. What makes such adaptations such an attractive option from the perspective of those film and games companies who licence properties from, respectively, games and film media?

To begin answering we will rehearse some elementary information/media economics. Both the film and digital games industries conform to what Bernard Miege terms the “editorial model” of media organisation [6:51]. Nicholas Garnham’s description of that editorial model is worth reproducing in full because of the extent to which it will inform our analysis below:

> Editorial produces individual cultural goods – books, records, films etc. – financed largely by direct sale to the end consumer where the problem is (a) the management of highly skilled creative labour working under artisanal conditions, and (b) the uncertainty of demand. Because the nature of the product demands constant renewal – new books, new recordings, new films – for which demand is highly unpredictable, it is necessary to exploit economies of scope through managing what Miege calls a catalogue. In an economy of hits and flops you can only survive if you produce a range of products wide enough to ensure high enough statistical probability of achieving the one in ten hit. It is control of the catalogue and its distribution that is crucial and much of the direct labour can be subcontracted to ‘freelancers’ [6:51-52].

Garnham’s description offers a theoretical context that we will return to below to discuss the impact of globalisation on cultural production in smaller/less developed countries and regions. But for the present let us focus on the implications of his reference to the uncertainty of demand for cultural output from editorial model producers. This uncertainty is accounted for by Garnham's point about the nature of the product demanding constant renewal. In order to appeal to potential consumers, each new film, book and record must appear different (and implicitly better) from those previously distributed/published. In other words, as Garnham puts it, "the use value of the information industries, unlike other industries, is based on the production of novelty [6:55]." This stress on novelty has further corollaries captured in another Garnham formulation:

> If I already possess a piece of information, by definition I no longer need to purchase it again. It also means that I don't know if I want to consumer a given information product until I have consumed it. My decision to buy cannot be based on previous knowledge of the product. This means that unlike most industrial production *demand is very unpredictable* (Italics added) [6:55].

It is this unpredictability that begins to address the question put at the start of this section. Although the positions of the seven Hollywood majors in cinema and the big three in games may appear impregnable this is sometimes illusory: in film MGM/UA have teetered on the brink of disaster for the past two decades. Meanwhile in the digital games industry speculation abounds as to whether there is space for three proprietary and competing platforms in the industry and if not which will win the console battle. In an effort to defend their entrenched positions dominant players in both industries have invested increasing resources in the production of (technically at least) better titles than those produced by actual or putative competition. This has lead to a dramatic increase in the costs of production on individual titles (a fact which of itself constitutes a barrier to new market entrants). The average negative cost of a Hollywood film is now just over $US50m with a further $25m spent on prints and advertising [14]. Against this average US box office revenues for individual films reached just $17m in 2001. Such figures are not yet characteristic of the game industry but here too there have been dramatic increases in the past decade as the technological tools and platforms develop and production teams and production budgets grow. The latest PlayStation title from Sony-owned Naughty Dog took $12 million and up to 36 people to develop. *Final Fantasy X* is said to have cost over $35 million to develop.[iii] This is an extraordinary level of investment to place in products with such an unpredictable market demand.

Although increasing production costs are meant to improve the chances of a given text in the market they also raise the levels of risk associated with individual texts. Games developer Naughty Dog co-founder Jason Rubin, notes that “there is always a possibility of bankruptcy. It’s like the movie industry now” [22]. As a consequence in both industries the dominant players are less willing to accept previous levels of risk on individual titles. The question is how such risk can be offset?

Our answer comes in two parts: the second discussed below relates to the structure of the two industries and ultimately to the site of power within them. But the first directly addresses the question put at the start of this section: what accounts for the interest of film companies in digital game texts and of digital games companies in films? The answer is that one method of reducing unpredictability is to look for texts which have previously demonstrated pulling power in other markets or what film historian Thomas Schatz terms "pre-sold" properties [19]. When Nicholas Garnham notes the importance of novelty in determining the utility of media and information products he hits on a key difficulty in selling media and information products: potential consumers of information products can’t “try out” those products since in the act of doing so they are actually consuming the product.

In this context the attraction of the pre-sold property is that audiences are more likely to be familiar with the text (based on exposure to it in another media form) even though they have not consumed it in its adapted form: "you've read the book, now see the film." This is a long established strategy in the film business - even the foundation text of American narrative cinema, DW Griffiths's 1915 "Birth of a Nation" was based on a bestselling novel.

It is also an increasingly significant strategy in the digital games business. An analysis of the top 100 chart all format games in the UK for 2001 saw a mixture of original titles, of popular franchises, of conversions from one platform to another and of license led games. Specialist game publishers and developers are licensing real world elements like David Beckham (secured by Rage), Starsky and Hutch (secured by Empire) and established brands like *Who Wants To Be A Millionaire*, *Toy Story* and *Harry Potter*. A recent Screen Digest report cited on the ELSPA website notes that;

Last year, licence-based titles accounted for 45 per cent of the all-formats UK top

> 100, up from 28 per cent in 1997 and 42.5 per cent in 1999…Overall, the licence looks set to increase its power over the business as publishers use intellectual properties to buy consumers' attention and throw marketing money at these products in a bid to return their investment [20].

Thus Hollywood now routinely licences films for exploitation as games. This occurs in a rather different guise than in the early 1990s when products were licensed between departments within the same Hollywood studios. The Consumer Products Divisions of the various Hollywood studios now license their filmic properties to specialist game development studios who understand how to make good games. This is even the case with Vivendi Universal Publishing the massive French games publisher formed through the acquisition by Vivendi of Seagram, owner of Universal film and music in 2001. The deal brought Universal Interactive (UI) under the same corporate roof as Vivendi's Blizzard Entertainment and Sierra Interactive. Vivendi Universal is now actively seeking to exploit its established filmic properties in game form. This may appear to constitute a return to Siliwood era since UI itself will in 2002 publish games based on recent Universal releases *The Scorpion King* and *The Mummy Returns* but also on 1982's *The Thing* and 1993's *Jurassic Park* [2]. Significantly, however, UI's involvment in these games has been limited to licencing the properties and publishing the games - the actual development has been outsourced to third party developers such as Wayforward Technologies, Blitz Games and Computer Artworks. Moreover the actual practice of licensing has also developed somewhat from the early 1990s. Games licencing today is conducted less as an ‘add-on’ to a game and more in conjunction with the development of the game. Consequently there are fewer design restrictions placed on the licensed games: developers now have access to film sets and the main characters of a film or the image, voice and signature of a major sports star.

The logic of licencing presold properties also explains the ongoing interest of Hollywood studios in adapting games properties: the various editions of *Tomb Raider* were reputedly played by 100 million people before the filmic adaptation was released. As (again reputedly) the fifth most recognised female figure on the planet, Lara Croft’s status as a pre-sold property was indisputable. Having said that the overall experience of game-based movies demonstrates the limits of licensing: only eight have been made since 1993 and all but two have been box office disasters. This may owe something to the fact that in terms of unit sales, cinema is a much more significant industry than digital games – the various installments of

Final Fantasy, one of the most successful games franchises sold a remarkable 33 million units worldwide between 1987 and 2001 [11]. This sounds less impressive when one realises that the *Fellowship of the Ring* was seen by a roughly similar number of people in US theatres alone in the six months from December 2001 to May 2002. In short even the most successful games text will have a much smaller level of general public awareness than even a moderately performing film. Nonetheless the net effect of all this cross-licencing is to make producing for one industry increasingly dependent on acquiring a property from another industry.

It is the second strategy for coping with unpredictability that leads our discussion towards globalisation. To increase their chances of scoring a hit in an inherently unpredictable market companies must produce a portfolio of titles, a demand which favours those market players with access to significant resources.[iv] Yet achieving scale in production is worthless unless that product reaches the market. Thus as again Nicholas Garnham points out "the ability to produce, and even more important *distribute*, a significant product range is crucial. In the medium to long term the large operator will always defeat the small" (Italics added).

Garnham's stress on the special role of distribution is important because a strong distribution position within a given industry may ultimately become a greater source of dominance than strength in production. Pursuit of a portfolio strategy doesn't necessarily imply that all the products in that portfolio should be created by the production arm of a given media company: the strategy will work just as well with products acquired from external producers or a combination of externally supplied and inhouse products. In effect then distribution may well be the single most important element of any given vertically integrated company.

The histories of both the film and digital games industries bear out the logic outlined above. In the global film market the dual tendencies towards market concentration (or scale) and vertical integration were established almost from the outset. The Motion Picture Patents Company (MPPC) was established in 1908 as a production combine which attempted to use their control of patents relating to cameras and projectors to determine which companies could enter the production market. The MPPC then created an alliance of nationwide distributors, which it then gradually subsumed into a single company, General Film, servicing the entire United States. Only a US Department of Justice antitrust suit broke up the attempt to establish oligopoly power at the level of both production and distribution [23]. The antitrust suit notwithstanding the concentration and integration tendencies reasserted themselves with the eight firms that came to constitute "the studio system" from the 1920s to the 1940s, dominating the entire US industry through their vertical integration into production, distribution and exhibition activities.

Like the MPPC before them, the studios also faced and lost a Department of Justice antitrust action and were forced to divest themselves of their domestic exhibition arms. Having lost guaranteed outlets for their product, the studios also scaled back their production activities, becoming in effect primarily distributors. This shift did not substantially alter their dominance of the industry making manifest the importance of control of the distribution function. This change in any case mirrored the distribution focus of studio activity outside the US: during the First World War as European film factories were turned over to munitions production, US-based producers stepped in to fill the sudden dearth of product copper-fastening their hold on their domestic markets but additionally establishing distribution offices throughout South America, and to a lesser extent Asia. When the European market re-opened after the war Hollywood extended its distribution and production dominance to that region through production/ distribution alliances with now weakened European studios such as UFA in Germany. As a consequence by the mid-1920s, the vertically integrated Hollywood studio system had established a global distribution network which the worlds other film industries were unable to match (or even gain access to).

In this regard the dominance of the major US distributors in international markets was shored up after the second world war by the inclusion (at the behest of the US government) in the 1948 General Agreement on Trade and Tariffs (GATT) of an article limiting national signatories' cinema market regulatory powers to introducing minimum periods of screen time for domestic films [7]. Significantly, Article IV of the agreement ruled out measures which would have specifically targeted another nation's cinema exports. In effect then as the Hollywood majors developed into Trans-National Corporations, they were able to operate in a global cinema market which was largely unregulated (especially in comparison with national regulations on the operation, ownership and dominance in the broadcasting and press industries). Thus the single largest distributor operating in Europe today is United International Pictures, co-owned by Universal and Paramount and which distributes their pictures across Europe along with those of Dreamworks and MGM/UA.

Scale, vertical integration and the central role of distribution are also features of the digital games industry at the beginning of the 21st century although the specific configuration of the industry differs somewhat from film. In 2001 in addition to holding effectively 100% of the console market between them, Nintendo, Sony and Sega were also heavily involved in software/content development and controlled 56% of the rapidly expanding market in publishing games[v]. Furthermore because of their size they were also able to exert considerable pressure over retailers in relation to percentage returns. Although Sega have subsequently pulled out of the hardware market they were immediately replaced by Microsoft (via the release of the X-box console) who had already established themselves as a PC games publisher.

This degree of integration owes much to the mid-80s entry to the American market of Nintendo and Sega who adopted strategies designed to avoid a repeat of the all but total collapse of the US industry a few years earlier. That collapse had owed much to a problem of oversupply of poor quality games from third-party developers. As J.C. Herz puts it consumers became "unable to distinguish the pearls from the dross" and headed "straight for the sale bins, forcing even high quality games into a vicious cycle of discounting and loss [8]. Consequently Nintendo and Sega's primary motivation for vertical integration was to control the quality and quantity of games developed for their digital game consoles through strict licensing arrangements.

The Nintendo case study illustrates how these strategies worked. Introduced in 1986 Nintendo's Famicon/Nintendo Entertainment System (NES) had significant computer power and a lock-out chip to prevent third party games being developed for it. Nintendo sold this hardware at cost price, half that price of its competitors [21]. Company strategy identified hardware merely as a tool to sell software: the more quality games available the larger the installed base of consoles. Consequently Nintendo invested heavily in developing both hardware systems (arcade and domestic), but also in software development via internal development teams (in order to control the quality and quantity of content and reap maximum return on investment in their hardware systems) and exclusive contracts with third party publishers[vi]. Their control of the console system through the lock-out chip meant that they could demand high royalties on third party software sales and operate a very strict licensing policy. In effect Nintendo (and Sega) used licencing to determine the flow and quality of software for their platforms, ensuring a longer shelf life for their hardware and ultimately higher returns. From 1983 to 1995 the Sega and Nintendo operation of similar business models saw off the threat of companies like Atari, Matsushita and NEC.

Similar strategies were adopted by Sony when it launched the Playstation in 1995 (a decision for which Nintendo were directly – albeit unintentionally - responsible[vii]). To ensure availability of quality content for their new platform, Sony became a content developer applying the expertise gained from an alliance with Namco, a Japanese arcade games company, and UK based game developer Psygnosis [1]. As a consequence, by 1999 Sony was also the leading publisher in Europe of console games. Alvisi et al also suggest, however, that Sony's success was based on their strategy to depend more on licencing third party developers rather than inhouse teams. Especially significant was the 1996 release by Eidos of *Tomb Raider,* an adventure game created for the PlayStation One. An exclusivity deal ensured that the next three *Tomb Raider* games appeared only on the Sony PlayStation. Furthermore in 1997 Square Soft announced that *Final Fantasy VII* would be released solely on the PlayStation and not on Nintendo's systems as previously. It sold 6 million copies worldwide.

Sony almost single-handedly expanded the consumer market for digital video games (Poole 2000). The Playstation rapidly outstripped sales of both the Nintendo and Sega platforms, establishing a worldwide market. By 1999 almost 38% of Sony Corporation profits stemmed from its videogames division, Sony Computer Entertainment [1].

The "big three" in the console company league have very effectively parlayed their vertical integration into industry control. Nintendo, Sony and now Microsoft operate at a scale that dwarfs even the $1.5 billion in annual revenues of the largest independent publisher, Electronic Arts (although not those of French owned giant Vivendi Universal Publishing). This logic of scale (as a prerequisite for portfolio creation) has clearly not been lost on independent games publishers, who have adopted one of two strategies to compete with the big three: acquiring other publishers and/or buying into development companies. The latter strategy has allowed them to have greater control over concepts, production processes and deadlines [3]. As production costs rise publishing companies are getting more risk averse and more cautious venture capitalists are favouring larger publishing companies who in turn are favouring larger development studios. For the present there remains more competition in the digital games distribution sector than in the film industry - globally the industry has restructured around a core of between 10 and 20 major publishers – but it's unlikely that this will remain the case for long. During 2000 more than six specialist game publishers were bought out by larger specialist publishers including GT Interactive and Hasbro Interactive by Infogrames, Neversoft and Raven by Activision, Dreamworks Interactive, Kesmai, PlayNation and Pogo.com by Electronic Arts [16]. By 2001 four of the top ten independent publishers were from the US, three from Japan and three from France. French publishers in particular have been busy growing through acquisitions with Infogrames, Titus and UbiSoft all going public during the 1990s and using this money to acquire other publishers and developers [10].

What is equally significant is that games development studios, while growing, remain on the whole small to medium sized companies with 35-60 employees. While there is pressure on them to grow, and some have taken on publishing functions as well, in the main the relationship between development studios and their publishers remains one of unequal power. Cornford et al [3] have noted that in order to understand the digital games industry one has to analyse not just the site of production, but rather the power differential between large finance/publishing houses and development studios. While venture capital is becoming a source of revenue studios still largely depend on the big three console companies or specialist publishers to finance, market and distribute their games.

Similarly through control of global film distribution networks but also through the substantial production budgets at their disposal the Hollywood majors maintain a dominant relationship with other smaller distributors and independent production companies. Even the Spielberg-Katzenberg-Geffen owned Dreamworks must look to UIP (co-owned by Universal and Paramount) when seeking to get their pictures into distribution outside the US. Meanwhile although there are literally thousands of film production companies within the US, only those with first-look deals with the major distributors can realistically hope to see their pictures financed on a regular basis. In both industries then the a small number of distributors or publishers play dominant roles in the value chain, shouldering much of the investment risk in developing new projects but also taking most of the profits.

Returning again to our original question what are the implications of the increasing focus on licencing and the concentration of ownership within the distribution/publishing sectors of the two industries. The first point to stress, of course is that cross-licencing is developing the mutual interdependence of the two industries, as exemplified by Sony's and Vivendi-Universal's operation across both industries. However, perhaps the most significant point in terms of the scope for diversity in production is that the rise of cross-licencing means that producing for one industry characterised by a high degree of concentration of market power is increasingly dependent on acquiring a property from another industry characterised by a high degree of concentration of market power. In effect then oligopoly in one cultural "property" industry reduces scope to enter another culture industry oligopoly and the concentration of power in both industries becomes mutually reinforcing. What implications does this together with concentration of power in distribution have for cultural production outside these corporations?

5.1 Hollywood and the Digital Games Industries: implications for small countries

In the section below we attempt to answer the last question posed above by considering the case of cultural production in Ireland, a country which on a per capita basis avidly consumes both film and games texts but where producers have failed to find a niche even with local audiences/players.

5.1.1 Consumption.

Irish per capita cinema attendance is the largest in western Europe (with the singular exception of Iceland), currently running at 4.5 admissions per annum [12]. This has expanded dramatically over the past 15 years aided both by new investment in multiplex cinemas and more recently by the general economic growth. Similarly the Irish rent out more videos per head of population than any other European country (again with the exception of Iceland) and 85% of Irish homes have VCRs [12]. At a distribution level the domestic industry is dominated by the Hollywood majors, all of whom (Sony, UIP, Fox, and Buena Vista) maintain offices in Dublin (although these are generally subordinate to their London counterparts since the Irish market is still largely treated as region of the UK market).

Similarly with regard to games consumption, Ireland (according to Sony) has the highest per capita rate of PlayStation ownership outside Japan at 38%. Sony has approximately 80 % market share in Ireland and their strength in the market is reflected in the company having an office in Dublin and a regional marketing network. These figures are confirmed by the Amárach Consumer Trendwatch quarterly report conducted in June/July 2001 which found that of 1,000 adults surveyed between 15-74 years 32 percent owned a games console with the most popular being PSone followed by PS2. For retailers Sony's presence on the ground has been crucial in the company's success in Ireland. The launch of the PS2 in 2000 saw the company spending over £1 million (IRL) on a campaign on Irish television, national and regional print, in night clubs, a press launch and launch of a game rating system in Ireland. Although similar figures are unavailable for the sales of the various Nintendo, Sega and Microsoft platforms, both independent and other retail stores have growing games sections and the available data would suggest that while the market is small it is lucrative.

5.1.2 Production

Given the clear market demand for film and digital games and the increasingly concentrated global market structures identified above how are the film and digital games production sectors in Ireland faring?. With regards to cinema the small scale of the Irish market has made sustaining a purely commercial cinema impossible. Consequently virtually no indigenous filmmaking activity took place until the 1980s and control over filmic representations of Ireland to the world lay outside the state. Yet the cultural significance of cinema was sufficiently acknowledged by the state that the situation was partially addressed in 1981 with the establishment of the Irish Film Board. In its six year existence the Board part-funded 10 features as well as a series of short and experimental films. The Board's activities were suspended in 1987 during a period of economic austerity but recommenced in 1993 in the wake of a series of reports arguing that investment in the film industry would generate a net return to the Irish Exchequer. Simultaneously, a hitherto little-used film investment tax break, Section 481 (then called Section 35) was expanded to allow greater investment sums and to allow private investors to become involved in funding productions.

The net effect of this was to bring about a remarkable transformation in the Irish film production sector. From a situation in the early 1990s where perhaps 3-4 films per annum were shot in Ireland, the level of activity quickly grew to 15-20 pictures each year, made up of a mix of co-productions and overseas and indigenous productions.

This contrasts with the Irish games industry. The growth of the digital games industry globally from 1972, the growing revenues and profile of the sector and the multiplication of platforms has sparked entrepreneurial interest in Ireland since 1987. A survey of the industry in 2001, however, found that none of the companies established in the late 1980s or 1990s have survived until today with the companies in the main lasting only five years [9]. Indeed the lifecycle of Irish companies corresponds closely with the lifecycle of different game platforms. By 2002 Ireland had one PC developer, seven developers of game shorts for mobiles, Internet and digital TV and two companies who provide specialist services to the games industry. There was no console developer and no publisher. Significantly therefore Ireland has no presence in the crucial console development sector or in the distribution business.

Increasing development costs and decreasing numbers of publishers posed significant barriers to entry for Irish digital game start-ups. Many of them faced significant problems persuading console or independent publishers that they were capable of developing a game and worth investing in. In order to persuade publishers that a company is capable of developing a game an advanced demo is needed and this in turn imposes considerable capital and labour costs. As a result contemporary start-ups are in the main capitalised using venture capital, debt and client funding and target online markets.

Clearly Ireland consumes games but has almost no presence in the global production of games except for one company who is developing an online strategy game. In contrast to the film industry, this dichotomy has attracted almost no institutional response in Ireland from industrial development, cultural institutions or educational institutions. There are no degree courses in game design and only one college offers a game related course. The only practical action has come from the handful of individuals who either emigrate to work in the UK and US development industry or are content to remain in Ireland and develop tools and content in their spare time which they then distribute free over the Internet. This last, of course, has frequently been identified as the technical panacea that would overcome such inequalities in distribution power. Yet even online distribution necessitates that the developer or publisher has the resources to market and service final users and as a result scale is becoming an important prerequisite.

Yet the question of distribution also has negative implications for Irish film industry. The increase in production has not translated into an a concomitant increase in the number of films in distribution. Thus the apparent turnaround in production has not been reflected in the cinema attendance in Ireland. In point of fact for the years of the 1990s for which figures are available, the dominance of US pictures at the Irish box office has actually increased, accounting in 1995 for 90% of all admissions. Indeed of the 28 wholly indigenously-produced films (i.e. discounting overseas productions and co-productions) made in Ireland between 1990 and 2001, just seven received any kind of release outside the Irish Republic. None of those seven was released in more than one other country. What's more, although figures relating to the release of those 28 films are not publicly available, it's clear that the majority of those 28 have received either no release or a very limited release (i.e. one print in one cinema for one week) even within Ireland itself. In short it remains the case that even after the massive increases in production that Irish producers are unable to break into a distribution system which remains dominated by global-scale players.

5. Conclusions and implications for theory

Both old and new media corporations have demonstrated their ability to erase national barriers to the creation of global media markets. As we have demonstrated above, control of distribution/publishing in the fields of cinema/digital games, has allowed a handful of largely unregulated TNCs to establish dominant global market positions in these industries (or in the case of Sony in both). In Ireland these global players have erected considerable barriers to entry for domestic cinema and digital games production companies despite national (in film only) and independent attempts to circumvent them.

The consequences of such domination are reflected in the inability of independent Irish films to reach sufficient audiences to recoup costs and the failure of Irish digital game companies to obtain publishing deals in the lucrative console and PC games market. The shape and content of the messages distributed in Ireland is dictated by players with agendas remote from the producers and audiences in Ireland. Indeed it has been sobering to see how small independent exhibition spaces have their agendas dictated by larger global players and how local operators are forced to redesign their concepts to conform with international genres and international distribution schedules. This is not to say that some of these genres are not satisfying to Irish audiences; but it is to say that there could be so much more, but market forces alone will not provide it.[viii] Current structures mean that the range of alternative discourses about how people in Ireland perceive and understand the world through film and games is controlled by a handful of TNCs who have little interest in challenging the status quo and there is little or no space for independent producers.

This is not to suggest that the range of responses to this dominance must necessarily be informed by a protectionist logic. Ireland has for generations come into contact with external cultures, from the Normans, to the Vikings to the English, and to varying levels has incorporated or borrowed from these cultures. The country has a long history of being involved in global flows of people, goods, and the arts, from early Christianity to the Foreign Direct Investment policies of the 1960s. With the development of immigration in recent years Ireland is experiencing cultural transformations at many levels and from within. At the same time it would be myopic to embrace the positive elements of cultural hybridisation and deterritorialisation while ignoring the wounds inflicted by years of hegemonic economic, political and cultural domination imposed by imperialism and colonialism.

For the present authors the unequal access to distribution and exhibition resources in these industries signals an important and unequal power relationship which globalisation and free trade debates rarely take into account. While in the theoretical realms of neo-classical economics, all companies have the same potential to compete, in reality in an increasingly globalised world a small number of Anglo/ N. American/Japanese companies control production and distribution channels and erect artificial barriers to entry for others either through scale or licensing agreements. As these trends accelerate audience choice becomes more and more limited and it would appear from our research content innovation in the industries is largely stymied. That two media production sectors co-exist in the Irish state with a situation where high levels of cinema/digital games consumption is dominated by products produced overseas (mainly US, UK and Japanese) would be comic were it not for the fact that - to a greater or lesser extent - both industries are involved in the production of symbolic content.

In recent years the attention given to unequal power relationships within the globalisation literature has evaporated in part because of the overwhelming dominance of the rhetoric of the free-market - implying that consumer choice represents a meaningful exercise of power on the part of individuals - and in part due to the rise of active audience research which showed that audiences often resist and reinvent media texts to suit their own needs. Indeed as cultural studies would argue the media are only one means of cultural exchange and their power should not be overstated. These theoretical and political standpoints however fail, we believe, to place enough emphasis on the extent to which user and group agency is shaped by global corporate and market structures. This leads us to suggest that current debates on globalisation requires some "re-insertion" of questions of power and perhaps we need to revisit and revise the cultural imperialism literature through a more empirically informed lens.

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[i] In point of fact Appadurai adduces five independent dimensions to these global cultural flows. In addition to mediascapes he points to ethnoscapes, technoscapes, finanscapes and ideoscapes.

[ii] In reality the media is narrowed to telephones and television in his explication

[iii] The contrast with the early industry norm could not be more stark. Shigeru Miyamoto singlehandedly designed Nintendo's first hit. *Donkey Kong* (1981), his first game, starred a carpenter, a gorilla and a damsel in distress. The same designer was also behind the first *Super Mario* game, which followed the adventures of a plumber and his brother through fantastic worlds to rescue a princess [21:55] .

[iv] See for example Martin Dale in *The Movie Game* on the economics of operating on the scale of a Hollywood major.

[v] One which is expected to grow by 26% in 2002 [10].

[vi] Exclusivity deals meant that the game could only appear on Nintendo's platforms.

[vii] Nintendo developed a relationship with Sony in the early 1990s with a view to developing a CD-ROM add on for the Super Nintendo Entertainment System (SNES); codenamed PlayStation [17:18]. The deal floundered, partly because Sony insisted on maintaining the licensing rights for all games and partly because Nintendo had also done a deal with Philips to develop a similar system. Despite a 1992 attempt to agree on common CD standards, the Sony/Nintendo/Philips CD technology project was abandoned and in the aftermath Sony went on to redevelop the PlayStation (PS) based on proprietary technology [15, 21].

[viii] Indeed research by one of the authors has found that the digital games industry has failed to attract new audiences outside the core male audience specifically because it relies on tried and trusted concepts.