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ROLLING THE DICE ON PIRACY

ABSTRACT

Through a single case study utilising archival evidence and a digital artefact review, this research investigates the publisher Wizard of the Coast's responses to digital piracy via changes to their business model and digital strategy. In response to the loss of revenue via illegally circulated PDF's of their core content for the roleplaying game system *Dungeons and Dragons,* Wizard of the Coast stopped the sale of all forms of digital content—restricting the *Dungeons and Dragons* product to physical copies only. Comparative sales analysis of two editions of *Dungeons and Dragons* and their competitor *Pathfinder,* showcases a strong correlation between unrestricted availability of online content and improved sales performance. A further comparison of Wizard of the Coast's recent digital content platform for *Dungeons and Dragons* analyses the factors in presenting digital content necessary to encourage a "willingness to pay" in the selected audiences. A combination of a complete content catalogue, personalisation and community features, access to free content samples or tiers, and the continued improvement in service quality are all identified in Wizard of the Coast's digital platform *DnDBeyond*, with an increase in physical sales following its debut.

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FULL ARTICLE

1 INTRODUCTION

Theft of intellectual property is a present threat for all companies in the commercial media business. The development of computers and the advent of the World Wide Web made the circulation of illegally reproduced content of any medium a straightforward task requiring only basic, easily accessible hardware and software. The ability to digitally reproduce files infinitely and circulate them gave birth to the threat of digital piracy—the most widespread and effective counterfeiting movement in history.

Publishing any content digitally is, today, filled with the inherent risk of the file being copied and circulated freely, undermining the publisher's ability to monetise the content and directly impacting the author's income. However, in the era of information and digital access many publishers cannot afford to forgo digital offerings entirely. It is therefore imperative that publishers of digital content find a way to supress piracy to maximise their revenue. Within the online sphere many organisations have developed new approaches to both physical and digital sales to maximise the sales potential of products. Understanding the best methods of offering content online to encourage legitimate sales is an important step in securing the viability of the digital market.

This work aims to identify weaknesses in publishing's current digital strategy in combatting piracy and to form solutions for publishers based on successes in other industries.

2 LITERATURE REVIEW

Unlike legitimate sales, each illegal transaction for copyrighted material is not tracked, making the act of quantifying the exact extent of piracy amongst any medium an almost impossible task. In an annual review on the proliferation of online copyright infringement, the UK Intellectual Property Office (IPO) states that "Researching copyright infringement and digital behaviours is complex. The ways in which consumers access and share copyright material online change regularly, and infringement levels are notoriously difficult to measure."[1]

2.1 THE LEVEL AND EFFECT OF PIRACY ON PUBLISHING

The IPO study collates participants' responses to questions concerning their behaviour towards illegally uploaded copyrighted material in six main types of content (music, film, TV programmes, eBooks, video games and computer software), and compares the findings to the previous year's results to model the growth in digital piracy.[2] The IPO estimated from their findings that "15% of UK internet users aged 12+

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1   Kantar Media, Online Copyright Infringement Tracker Latest wave of research (March 2018): Overview and key findings (Newport, 2017), p. 4 < https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/729184/oci-tracker.pdf > [accessed 31 August 2019]

2   Kantar Media, p. 5

(equating to approximately 6,525,000 people) consumed at least one item of online content illegally in the 'past three months'", highlighting how prolific online piracy is in the current age.

The study found that "those who downloaded or streamed/accessed content illegally were skewed towards those aged under 35 (making up 66% of all infringers). It was also slightly skewed towards men (58%)."[3] A lower rate of piracy was found amongst eBooks compared to other mediums, which may be correlated with the demographics of eBook readership. A recent study published by Statista states that more women than men (8% to 7%) read eBooks, and the age demographic most likely to consume eBook content is 35-44.[4]

Sig. increase (from 2017) / Sig. decrease (from 2017)	Music	Films	TV	Software	Books	Videogames	ANY
Base 1 - all who consumed each content type	1840	1430	1576	572	507	761	2868
100% Paid	46%	41%	62%	54%	31%	30%	35%
Mix of Paid and Free	22%	19%	14%	17%	17%	25%	48%
100% Free	32%	40%	24%	29%	52%	45%	16%
ANY PAID	68%	60%	76%	71%	48%	55%	84%
ANY FREE	54%	59%	38%	46%	69%	70%	65%

Figure 1: Breakdown of payment groups. Source: OCI Tracker 2018.

The percentage of respondents who consumed all their eBook content for free (whether illegally or otherwise) featured a significant increase of 100% since 2017, peaking at 52% of all respondents—making eBooks the medium with the highest rate of users who consume all their content for free.

One noticeable limitation of the study published by the IPO is its small sample size in relation to the size of the issue at hand. Compared to the estimated figure of 6.5 million online users in the UK that have pirated copyrighted content, the sample size does not represent a significant share (standing for only 0.77% of the estimated total). This means that the extent of piracy on any of the mediums explored by the IPO could be significantly higher amongst the 99% of estimated consumers of pirated content that were not involved in the study.

Whilst quantifying the extent of piracy in publishing is difficult, there has been plenty of anecdotal evidence published in the media over the last decade on the impact that piracy has on content creators. The Association of American Publishers found that piracy costs publishers between $80–100 million annually, a figure that has been critiqued as "likely too conservative."[5] Muso, a piracy protection company, has reported that they remove "more than 580,000 illegal files for its publishing clients."[6]

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3   Kantar Media, p. 6
4   Katrin Kienast, E-book consumption in the United Kingdom (UK) as of May 2018, by demographic group and consumption method (2018) < https://www.statista.com/statistics/291803/e-book-reading-by-demographic-group-and-method-uk/ > [accessed 31 August 2019]
5   Karen Springen, 'What YA Publishers and Authors Can Do to Fight E-Book Piracy', Publisher's Weekly, 18 July 2014. < https://www.publishersweekly.com/pw/by-topic/childrens/childrens-industry-news/article/63357-the-piracy-problem.html > [accessed 31/08/2019]
6   Springen.

The prevalence of piracy also has had a noticeable impact on modern authors—not only in terms of lost sales, but also in terms of the viability of future titles. Maggie Stiefvater, author of *The Raven Cycle* series, explained to *The Guardian* that after sales of her third novel dropped "her publisher decided to cut the print run of the next book in the series to less than half of its predecessors."[7]

In March 2019 author Joanne Harris argued for publishers to take online destinations that infringed copyright to court, after discovering all her titles were available to download for free from the website *Ebooks Bike.*[8]

2.2 MEASURES FOR TACKLING PIRACY

The most common preventative measure against piracy are Digital Rights Management (DRM) systems, which limit the content being accessed to locked platforms and devices to stop unauthorised sharing.

> *DRM can determine under what circumstances, how many times, for how long, and on which platforms a user may access a file. In addition, this technology is protected by anti-circumvention laws that forbid users from altering it, regardless of the reason.*[9]

Cory Doctorow has argued against the effectiveness of such preventative measures; stating that "I don't need to be a cracker to break your DRM. I only need to know how to search Google, or Kazaa, or any of the other general-purpose search tools for the cleartext that someone smarter than me has extracted."[10] Furthermore, the freedom to use the purchased content in any way, on any device, is often limited by DRM software, breaking down the flexibility of use cases that a traditional print book can offer. TOR Books UK, the UK arm of Pan Macmillan's Science Fiction and Fantasy imprint, decided to scrap all cases of DRM software on its digital titles after discovering that their "tech-savvy, multi-device owning readership … was being inhibited by DRM leaving our readers unable to reasonably and legally transfer eBook files between all the devices they had."[11] A year after all DRM was removed from their eBook products, TOR reported that the imprint had "no discernible increase in piracy on any of our titles".[12] In fact, Ana Carolina Bittar argues that DRM may actually harm sales.[13] Through comparing the average daily earnings for authors of books protected by DRM and with those whose titles have no DRM software, Bittar found that "DRM harms e-book sales at any price point."[14]

Many publishers use the Digital Millennium Copyright Act (DMCA) to take down pirated copies of

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7   Alison Flood, "We're told to be grateful we even have readers': pirated ebooks threaten the future of book series', The Guardian, 6 November 2017 < https://www.theguardian.com/books/2017/nov/06/pirated-ebooks-threaten-future-of-serial-novels-warn-authors-maggie-stiefvater > [accessed 31 August 2019]

8   Mark Chandler, 'Joanne Harris calls on publishers to take online pirates to court', The Bookseller, 5 March 2019 < https://www.thebookseller.com/news/harris-hits-out-pirate-site-and-calls-legal-precedent-965311> [accessed 31/08/2019]

9   Ana C. Bittar, 'Unlocking the Gates of Alexandria: DRM, Competition and Access to E-Books', SSRN (2014). p. 2 < https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2620354 > [accessed 31 August 2019]

10   Cory Doctorow, Content: Selected Essays on Technology, Creativity, Copyright, and the Future of the Future (San Francisco: Tachyon Publications, 2008) p. 8

11   Julie Crisp, One Year Later, the Results of Tor Books UK Going DRM-Free, Julie Crisp (2013) < https://www.tor.com/2013/04/29/tor-books-uk-drm-free-one-year-later/ > [accessed 31/08/2019]

12   Crisp.

13   Bittar, p. 23

14   Bittar, p.23

their works from the web. DMCA takedown is a reactive only measure—often targeting the most visible hubs of piracy. This means traditional legal measures can only mitigate the damage of digital piracy, rather than stopping the practice indefinitely. Furthermore, some evidence suggests removing illegal copies online through DMCA takedowns is not an effective method for combatting piracy. One experiment compared the sales figures of books which routinely had illegal copies removed online with books that did not receive the same treatment. The study "found no evidence of a significant shift in sales due to pirate copies being available on the internet."[15] Overall, this suggests that the availability of illegal copies of a title does not necessarily impact the level of piracy the title will experience, and that those who pirate copies are not likely to purchase the book when no options of piracy are available. Instead, the catch-all method of DRM systems only works to hurt the current user base and readership who legitimately purchase the titles.

Doctorow believes these problems stem from a failure of companies to understand and capitalise on the new dynamic the World Wide Web presents. To Doctorow, simply treating digital media as a different form of a company's usual offerings is ineffective. eBooks should, in his view, be treated differently to physical titles; they have a different use case than paperbacks and hardbacks, a different audience segment, and a different route to market. The faltering sales figures of eBooks is a testament to the failure of traditional techniques in the digital space.

2.3 BUSINESS MODEL RESPONSES TO PIRACY

The business model of platforms such as Spotify, Netflix, and Amazon Prime—offering on-demand, unlimited access to digital content through monthly subscription payments—can be seen as a direct response to the threat of digital piracy, offering users a convenient method of access that is cheaper than traditional purchases.

Paolo Aversa, Andres Hervas-Drane, and Morgane Evenou propose a "causal loop representation" of both Netflix and Spotify's responses to digital piracy, shown in Figure 2.

The key aspect that both firms employ is the extent of the "Content Catalog". "Spotify offers a comprehensive music catalog that compares favorably against the catalog most consumers could access through piracy."[16] The breadth of the "Content Catalog" is then paired with an on-going level of quality service (the "Quality of Service" node), to ensure that the playback quality of files is better than that of pirated options. The quality of service is not limited to the playback quality, however. Digital piracy requires skills and dedication, whereas Spotify and Netflix "provide visual and intuitive interfaces that are much simpler to operate and stream content on demand, immediately."[17]

One of the major benefits of pirated material is the removal of all DRM restrictions, allowing the content to be "consumed on any compatible device without the need for Internet access."[18] The relatively lax levels of DRM that both Spotify and Netflix utilise help provide a flexible use case for both platforms' content library; the platforms come as lightweight and easy to access apps that are available on all commonly used devices.

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15   Paolo Aversa, Andres Hervas-Drane and Morgane Evenou, 'Business Model Responses to Digital Piracy', California Management Review, 61.2 (2019), 30–58 <https://journals.sagepub.com/doi/full/10.1177/0008125618818841> [accessed 31/09/2019]
16   Aversa, Hervas-Drane and Evenou, p. 45
17   Aversa, Hervas-Drane and Evenou, p. 44
18   Aversa, Hervas-Drane and Evenou, p. 44
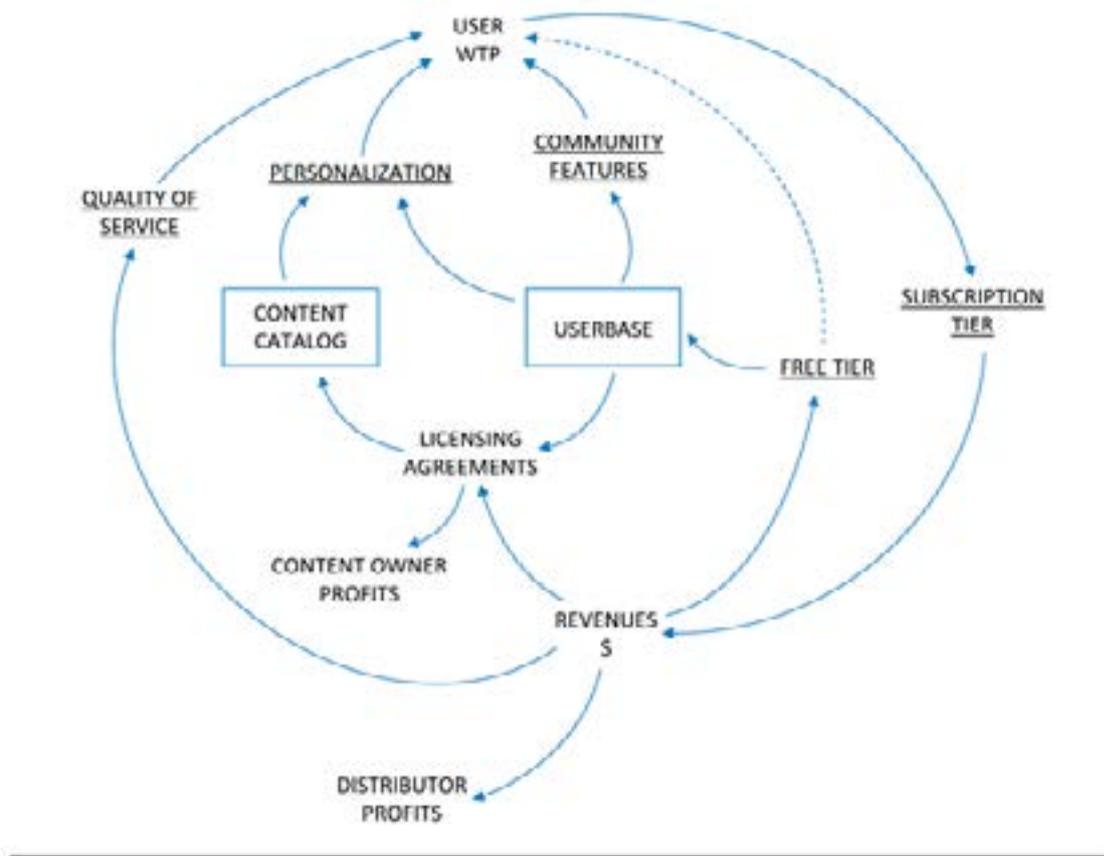
Figure 2: Causal loop representation of business model. Source: Aversa, Hervas-Drane, and Evenou, 'Business Model Responses to Piracy'. The representation showcases the strategic choices that the firms have made in order to promote users' willingness-to-pay (WTP).

Both Spotify and Netflix have also capitalised on the social aspect of media consumption—outlined as the "Community Features" node in Figure 2. "Spotify and Netflix provide social media integration that facilitates social interactions and shared consumption."[19] The lending culture that physical media enables is restricted, or totally disallowed, by digital media employing DRM software. Those who engage in digital piracy are also somewhat shut off from sharing their favourite media, as "digital piracy is limited by anonymity, heavy user churn, and limited community involvement."[20] Allowing users to easily share their content not only dissuades existing users from piracy, but also incentivises non-subscribers to migrate over to the platform so that their media can exist in the same eco-system as their friends'. This is particularly apparent in Spotify's business model, which offers a free-tier account supported directly by advertisements. Offering a trial or limited free account is a common strategy for online subscription-based services which helps encourage new users into the eco-system before incentivising a full, paid subscription.

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19   Aversa, Hervas-Drane and Evenou, pp. 45-46
20   Aversa, Hervas-Drane and Evenou, 45-46

3 METHODOLOGY

This paper will utilise a single-case, explanatory case study method. Wilbur Schramm advises using case studies to "illuminate a decision or set of decisions."[21] The case study approach is therefore the most suitable research method for this body of work, as it involves analysing an organisational structure and its decisions on strategy. This paper will identify the relevant strategic decisions that Wizards of the Coast implemented in its positioning of digital offerings in the market and analyse what impact these had on the prevalence of digital piracy.

3.1 DATA COLLECTION

This research will focus mostly on documentation and archival records. The main source of archival data will be Nielsen Bookscan; with no source of quantifiable data on the prevalence of digital piracy, the best indicator for damage to sales caused by piracy is to track the revenue and sales performance of products over time. This research also utilises a form of artefact review, looking closely at the digital space that the publishers sell their content through for a deeper understanding of the avenues to content access, using Aversa, Hervas-Drane, and Evenou's framework as a tool for analysis.

4 CASE STUDY

WotC are a North American publisher based in the games and hobby category, founded in 1990.[22] WotC's publishing strategy for the fantasy tabletop roleplaying game *Dungeons and Dragons (D&D)* found great success in the early- to mid- 2000s, placing it as a leader in the roleplaying game market. In 2006 blogger Monte J. Cook wrote that "the difference in sales between [WotC] and all other producers of roleplaying games is so staggering that even saying there is an 'RPG industry' at all may be generous."[23] The success that *D&D* found through WotC has transformed it into a pop culture icon[24] which continues to define the game genre to this day.

Presently, *D&D* continues to be a widely successful property. In 2012, Time Magazine stated that "since its creation, [*D&D* has] been played by upwards of 20 million people and made more than $1,000,000,000 in revenue for its owners". [25]

21   Wilbur Schramm, 'Notes on Case Studies of Instructional Media Projects' (1971) < http://files.eric.ed.gov/fulltext/ED092145.pdf > [accessed 31/08/2019]

22   Shannon Appelcline, Designers & Dragons (Swindon: Mongoose Publishing, 2011), pp. 267-277

23   Monte J. Cook, The Open Game License as I See It, Part II (2006) < https://web.archive.org/web/20060328184105/http://www.montecook.com/cgi-bin/page.cgi?mc_los_155 > [accessed 31 August 2019]

24   Neil Armstrong, 'No more nerds: how Dungeons & Dragons finally became cool', The Guardian, 13 July 2019 < https://www.theguardian.com/games/2019/jul/13/no-more-nerds-how-dungeons-dragons-became-cool-stranger-things-game-of-thrones > [accessed 31/08/2019]

25   Graeme McMillan, 'Will Dungeons & Dragons Be the Next Hobbit?', Time Magazine, 12 December 2012 < http://entertainment.time.com/2012/12/12/will-dungeons-dragons-be-the-next-hobbit/ > [accessed 31/08/2019]

4.1 WotC AS A CASE STUDY SUBJECT

While WotC stand in a niche market, their publishing strategy with the *D&D* property has relevant ties to the more traditional publishing industry. The game of *D&D* is produced and sold as a collection of rulebooks and supplements. The publications are high quality, illustrated hardback editions that, in the UK, retail at around £40.00.[26] This is significantly higher than the recorded average price of a book in the UK, marked at £7.48 in 2015.[27]

In the IPO's OCI Tracker 2018 the most common reason for survey respondents to engage with piracy was "it is free".[28] This suggests that consumers who engage in copyright infringement are more likely to be price sensitive. Additionally, titles that have a higher price point will suffer greater losses per each lost sale— significantly increasing the damage each case of digital piracy will inflict. Publishers of high-quality but high price point editions, such as WotC, could be at a higher risk of financial damages from digital piracy than other publishers.

To add to this, the general audience for *D&D* is more likely to have an interest in the video game market, given their interest in roleplaying game systems. The level of digital literacy of *D&D* users may therefore be higher and the technical skill required to engage in piracy may not be perceived as a barrier.

4.2 WotC'S BUSINESS MODEL FROM 2009-2014

Prior to 2009, WotC's business model concerning the publication of *D&D* was relatively standard and had strong parallels to the traditional trade publishing industry. Whilst *D&D* books were not often sold through regular bookstores, they were supplied to specific booksellers that had customers in the relevant games market, such as booksellers specialising in comic books, board game shops, and gaming bars or cafes.[29] In the online sphere, physical editions were sold through retailers such as Amazon, and DRM-free PDF editions of the publications were sold through select online retailers.[30]

However, on April 6th 2009 WotC announced that all digital versions of *D&D* were to be immediately removed from all digital distribution channels.[31] WotC filed three lawsuits against eight individuals on the grounds of "illegally distribut[ing] the Player's Handbook 2 via free file-sharing websites."[32] WotC's press release on the issues specifically stated that "illicit uploads" of the title in question had "resulted in a substantial number of lost sales and revenue".[33]

26   Nielsen Bookscan 2019 report (2019) < https://online.nielsenbookscan.net/ibmcognos/cgi-bin/cognos.cgi > [Accessed 27/08/2019]

27   Statistica, Average consumer book price in the United Kingdom (UK) from October 26, 2012 to June 26, 2015 (in GBP) (2015) < https://www.statista.com/statistics/290875/monthly-average-consumer-book-price-uk/ > [accessed 31 August 2019]

28   Kantar Media, p. 6

29   Wizards of the Coast, STORE & EVENT LOCATOR < https://locator.wizards.com/event-reserva-tions-web/?searchType=stores&query=London,%20UK&distance=25&page=1&sort=date&sortDirection=asc > [accessed 31 August 2019]

30   ICv2, 'WotC End PDF Download Sales', 6 April 2009 < https://icv2.com/articles/games/view/14693/wotc-ends-pdf-download-sales > [accessed 31/08/2019]

31   ICv2, 'WotC End PDF Download Sales', WotC End PDF Download Sales

32   Wizards of the Coast, Wizards of the Coast Sues Eight for Copyright Infringement, Tolena Thorburn < https://web.archive.org/web/20120801184713/http://ww2.wizards.com/Company/Press/?doc=20090406 > [accessed 31/08/2019]

33   Wizards of the Coast, Wizards of the Coast Sues Eight for Copyright Infringement

4.3 PAIZO, INC. AND PATHFINDER

Paizo, Inc. are a North American publisher who started business in 2002 publishing supplemental resources, stories and rulesets for use in *D&D*. All content created by Paizo was published under WotC's Open Game License (OGL), which allowed companies and individuals to publish and sell content derived from specific parts of the *D&D* intellectual property.

On September 1st 2009,[34] Paizo published a competing tabletop roleplaying system through the OGL based on the rules of *D&D*'s '3.5' edition. However, Paizo's digital strategy for *Pathfinder* differed radically from that of WoTC. While *Pathfinder* is sold physically through similarly priced hardback editions,[35] Paizo also published the ruleset online in the form of the *Pathfinder System Reference Document* (*SRD*).[36] The majority of rules, content, and supplements included in the *Pathfinder* system were available for free online through the *SRD*.

4.4 SALES ANALYSIS
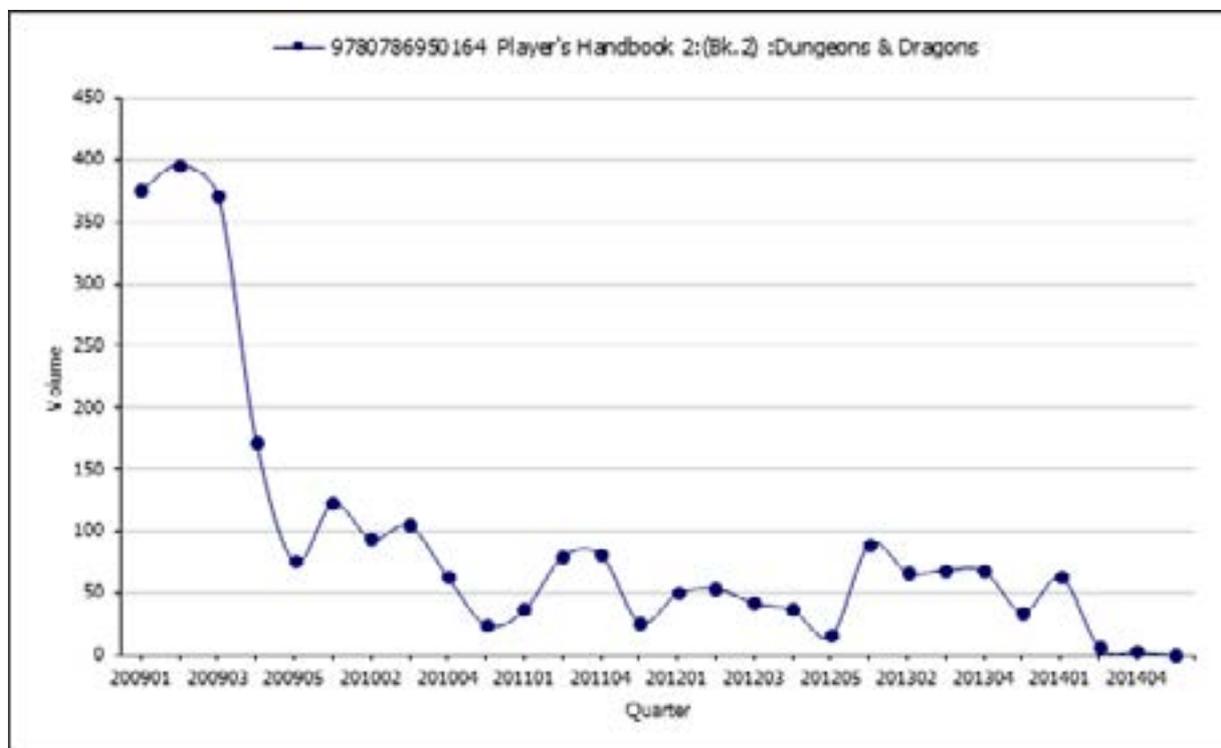
Figure 3: *Player's Handbook 2* Sales Timeline. Source: Nielsen Bookscan.

Figure 3 shows the total sales of WotC's *Player's Handbook 2* throughout its time in print.[37] WotC removed their digital content offerings in the second quarter of 2009, noted by the second dot on the graph. The second quarter of 2009 marks the highest sales record for the title throughout its lifespan (selling a total of 395 copies); with sales immediately dropping after the second quarter, and drastically reducing by the

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34   Nielsen Bookscan
35   Nielsen Bookscan
36   Paizo Publishing, Pathfinder Roleplaying Game Resources < https://paizo.com/pathfinder/rules/downloads > [accessed 31 August 2019]
37   Nielsen Bookscan

fourth and fifth quarters. After this point the sales of the title never exceed the total sales of the first quarter of 2010, recorded at 123 copies. The title accrued a total revenue of just £38,959.63 over its lifespan.

The sales figures of Paizo's *Pathfinder* system (released six months after the *Player's Handbook 2* on September 1st, 2009) show more consistent sales with a less significant drop off after the first three quarters.
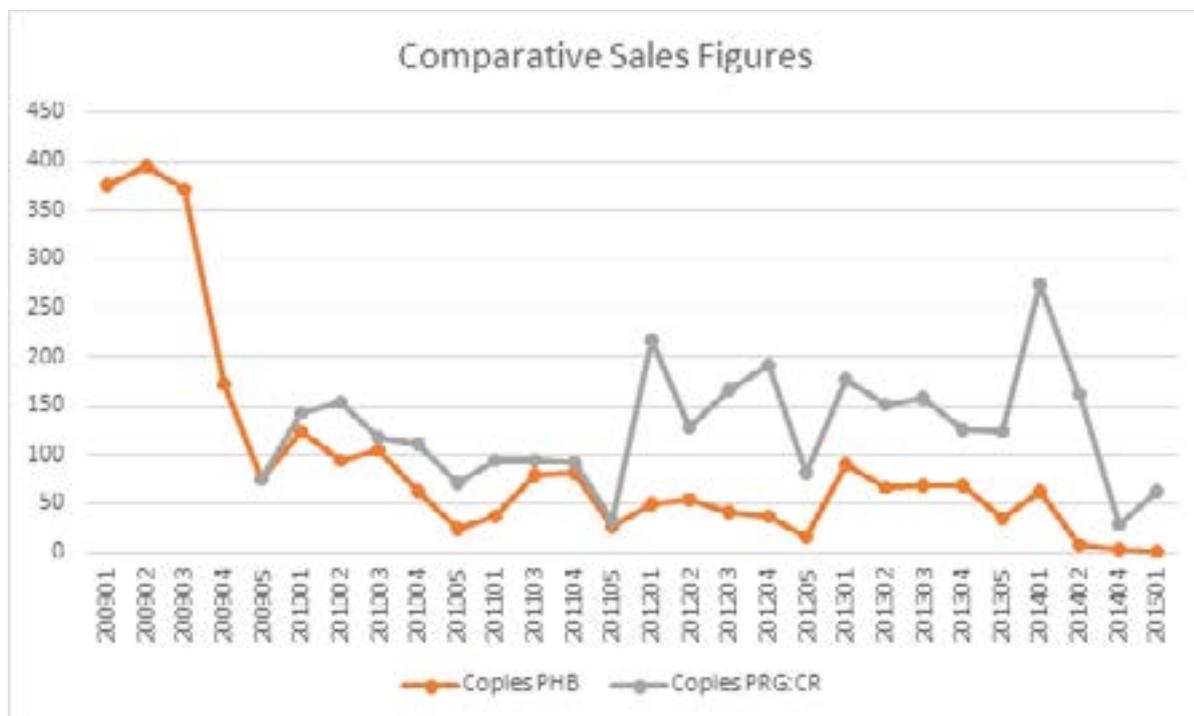

Figure 4: Comparative sales of the Player's Handbook 2 and Pathfinder Roleplaying Game: Core Rulebook. All data sourced from Nielsen Bookscan.

Figure 4 is a comparative chart showcasing both the *Player's Handbook 2* and *Pathfinder*'s sales performance over the period that the *Player's Handbook 2* was in print. This figure highlights that *Pathfinder* consistently outperformed *D&D*'s product in terms of sales. Between September 1st, 2009 and March 21st, 2015 *Pathfinder* generated £88,898.98 in revenue, £49,939.35 more than WotC's publication.[38]

The *Player's Handbook 2*'s lower sales performance following the fifth quarter of 2009 could have been a direct result of the added competition in the tabletop roleplaying game market that *Pathfinder* brought; however the significant drop in sales seen between the second and fifth quarter of that year occurred before the release of *Pathfinder*. The slump in sales only occurred after the company's strategic decision to remove all digital content from online stores.

Throughout the course of *Pathfinder*'s success, the entire ruleset for the system was available for free online. Whether the availability of the content online resulted in sub-optimal sales performance for *Pathfinder* is uncertain, however it is clear that even with the free content available *Pathfinder* consistently outperformed the *Player's Handbook 2*; throwing into question the effectiveness of the entirely restricted digital strategy that WotC employed.

The possibility of free-to-access content online helping to boost legitimate physical sales is not an untested premise. John Perry Barlow argues "familiarity is an important asset in the world of information.

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38   ICv2, 'TOP 5 RPGS--SUMMER 2014', ICv2, 21 October 2014 < https://web.archive.org/web/20190804231014/ https://icv2.com/articles/games/view/29999/top-5-rpgs-summer-2014 > [accessed 31/08/2019]

It may often be the case that the best thing you can do to raise the demand for your product is to give it away."[39] This may be particularly true for the tabletop roleplaying game market, where games are played by groups of people who all need to be somewhat familiar with the rules in order to play. With easy and free access to the rules and content, it is easier and less cost-prohibitive to introduce an individual to the game. Once new players have been introduced, they may be more inclined to spend money on a physical edition of the product. *Pathfinder* offered potential customers the ability to 'trial' the game before they had to make a decision on a purchase, creating an audience who were more confident in buying the title. The free SRD acts as a "free tier", which both builds the userbase and engenders a willingness to pay within the audience.

4.5 WotC'S BUSINESS MODEL 2014-PRESENT

Following the lacklustre performance of the fourth edition of *D&D*, WotC began the development of an updated edition of the game.[40] WotC released the *Player's Handbook* for fifth edition *D&D* on August 19th, 2014,[41] marking a fundamental change in WotC's strategy concerning digital content.

WotC released a PDF of the "Basic Rules" for the new edition, published prior to the main rulebook on July 3rd, 2014.[42] Whilst this release is not a complete resource of every rule in the system, it contains all the information necessary for players to get started with the new edition. This limited, yet unrestricted, resource is most likely intended to act as a "free tier". The DRM-free file can be downloaded and shared by users, acting as a form of viral marketing. However, the limited nature of the Basic Rules helps create demand for the full physical product and incentivises consumers to purchase it. The free Basic Rules were also, at the time of release, the only available fifth edition product for over a month—helping build an active user base for the system before its full release.

The next transformation of WotC's digital strategy came three years later, with the announcement of *DnDBeyond* – "an official digital toolset for use with the Dungeons & Dragons fifth edition rules" that went live on August 15th, 2017.[43] The website application presents the full *D&D* content in a clear, easy to navigate manner – with a light level of DRM which allows access from any device, but stops users from lifting the content directly from the app to share. The web application offers all the content originally published in the Basic Rules PDF published by WotC in 2014 for free to all users, with the rest of the content restricted by paywalls.

4.6 SALES ANALYSIS

The difference between the sales figures of fourth edition's *Player's Handbook 2* and the fifth edition release are immediately recognisable. The fifth edition of *D&D* sold more than double the amount of copies than fourth edition sold. Following the release, *The Player's Handbook (5e)* continued a healthy sales

39   John P. Barlow, *Selling Wine Without Bottles: The Economy of Mind on the Global Net* < https://www.eff.org/pages/selling-wine-without-bottles-economy-mind-global-net > [accessed 31 August 2019]

40   M. J. Harnish, '5th Edition D&D Is in Development — Should We Care?', Wired, 9 January 2012 < https://web.archive.org/web/20140303225739/http://www.wired.com/geekdad/2012/01/5th-edition-dungeons-and-dragons/ > [accessed 31/08/2019]

41   Wizards of the Coast, Player's Handbook Product Overview (2014) < https://dnd.wizards.com/products/tabletop-games/rpg-products/rpg_playershandbook > [accessed 31 August 2019]

42   Wizards of the Coast, Basic Rules for Dungeons & Dragons (2014) < https://dnd.wizards.com/articles/features/basicrules?x=dnd/basicrules > [accessed 31 August 2019]

43   Wizards of the Coast, Annoucing DnDBeyond (2017) < https://dnd.wizards.com/articles/dndbeyond > [accessed 31/08/2019]

performance—with the worst performing quarters still totalling more sold copies than fourth edition's *Player's Handbook 2.*

The increased success of the title is most likely a result of several combined factors, such as updated marketing strategies, different pricing points, and improvements to the content itself. However, these sales figures do show a correlation between a less restricted digital content policy and better sales, which is in line with the findings of the sales analysis of Paizo's open *Pathfinder* system.
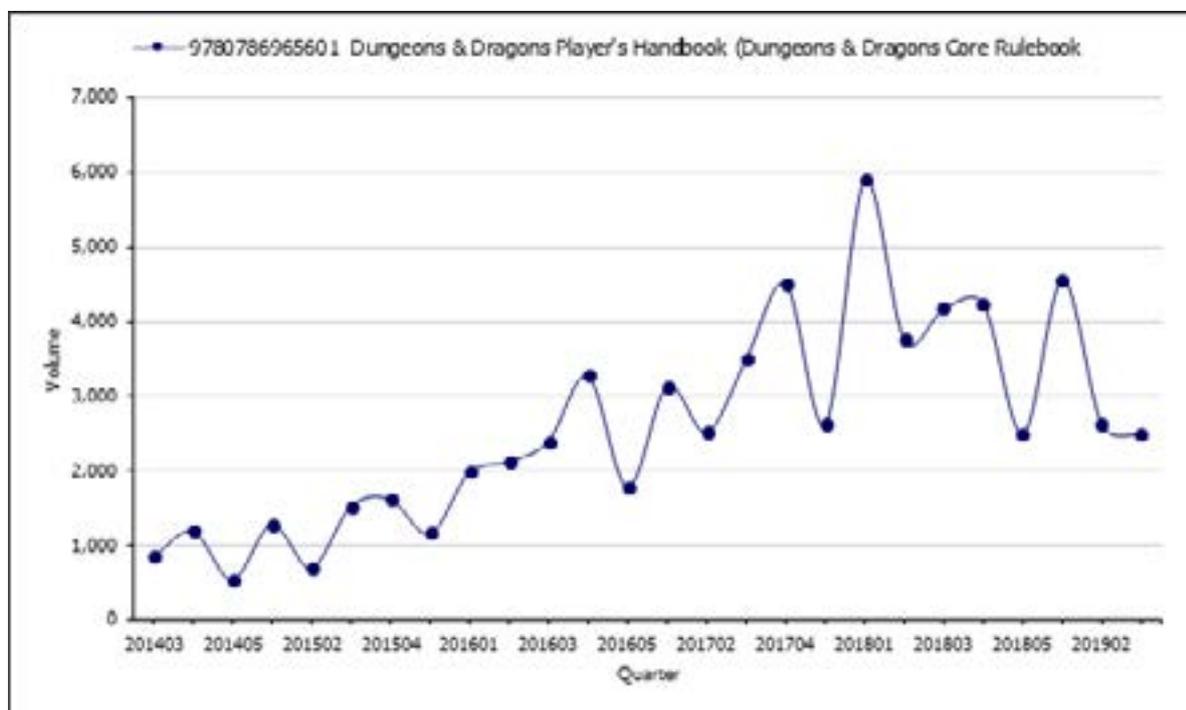
Figure 5: The Player's Handbook (Fifth Edition) sales timeline. Source: Nielsen Bookscan.

Towards the end of the third quarter in 2017 WotC debuted *DnDBeyond.* This was a record quarter in terms of total sales for WotC, with the *Player's Handbook* selling a new high of 3,503 copies. Furthermore, the following quarters continued to have a higher average of total sales than the quarters prior to the release of *DnDBeyond*; averaging at 3,716 copies per quarter, more than double the average of previous quarters before the release of their digital content options. Since the release of *DnDBeyond* sales of the *Player's Handbook (5e)* have not dropped below 2000 copies per quarter, generating £1,122,410.82 in revenue out of a lifetime revenue of £1,806,648.08.

Using Aversa, Hervas-Drane, and Evenou's business model framework (see Figure 2), the specific elements in WoTC's digital offerings that help encourage a user's willingness to pay can be identified.

Unlike the framework proposed by Aversa, Hervas-Drane, and Evenou concerning Spotify and Netflix, here there is no loop between revenue and license agreements. While Spotify and Netflix license large amounts of media from different creators and distributors at great expense, *DnDBeyond* simply has a single license for the entirety of the *D&D* content catalogue, meaning that all revenue can be invested into increasing the quality of service offered by the application, which leads to greater WTP.

Figure 6: DnDBeyond Business Model Framework

Another departure from the proposed business model framework for Spotify and Netflix that *DnDBeyond* have undertaken is in the split streams of revenue, seen in the individual sales and the subscription tier. According to Aversa, Hervas-Drane, and Evenou, the use of a subscription model "simplifies the pricing proposition and payment processing for the firm. But this has the downside of limiting the extent of price discrimination that can be implemented."[44] WoTC, however, offers users the choice of purchasing publications either in bundles or individually; even offering individual rules contained within a publication as separate purchases. On top of this, *DnDBeyond* also offers a premium subscription service which unlocks the use of additional functionality on the website. The platform is therefore, unlike Spotify and Netflix, in full control of the pricing structure of all content, and can manage the pricing of volumes or collections of titles competitively whilst maximising profit.

Outside of these two major differences, *DnDBeyond* adheres to the successful business model developed by companies such as Spotify and Netflix. The all-encompassing content catalogue helps draw in audiences, and offering further features such as community forums and personalisation options increases the value proposition for users and encourages a willingness to pay. Furthermore, the free

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44   Aversa, Hervas-Drane and Evenou, p. 44

sample rules available in the *SRD* act as an analogue for Spotify's' "free tier", which helps bring more users to the platform to generate further sales.

4.7 DNDBEYOND'S LIMITATIONS

Overall, *DnDBeyond* gives users easy access to every piece of *D&D* content necessary for play, with functionality and presentation that are far superior to a basic PDF copy of a publication. *DnDBeyond* is designed to be a more attractive proposition than a pirated copy of the rulebooks—aiming to keep users within the ecosystem and away from pirated material to encourage sales.

However, the chosen business model for *DnDBeyond* has generated some negative responses from a section of the *D&D* fanbase, primarily concerning the need to repurchase content that users may already own in print form in order to utilise it on the platform. On a FAQ help page that explains this, one user called this fact a "deal breaker", with others commenting that they will "not be purchasing additional content" through the platform.[45] One user also explicitly stated that they "will most definitely pirate every *D&D* book that you have to offer" in response to this pricing strategy.[46] The repurchasing aspect of *DnDBeyond*'s business model has actually harmed the willingness to pay of certain members of the userbase, whilst also harming any goodwill that these users may have towards the company and its content.

Additionally, *DnDBeyond* does not actively combat the existence of illegitimate copies that can be shared online. Whilst WotC have refrained from releasing unrestricted PDF copies online, users will always be able to access a scanner to create their own PDF copies to circulate. A basic Google search for "Dungeons and Dragons PDFs" returns multiple websites offering full PDF scans of every WotC title available.[47] The files are also relatively easy to download and access with little to no technical knowledge – making them a free and convenient method of access. Clearly, the added value *DnDBeyond* offers in terms of tools and community features is not effective in enticing users that simply want easy, free digital access to the content.

5 CONCLUSION

Whilst assessing the impact of digital piracy is a difficult task that has yet to be perfected, this case study has found a strong correlation between an open digital content strategy and improved sales. From analysing the changes WotC made to their business model, and the sales figures immediately following them, it is apparent that the presence of digital content online does not encourage users into sourcing illegitimate copies of the content. It can, in fact, help encourage users to buy into the media property or platform by acting as effective viral marketing or as a 'try before you buy' sample. However, WotC's own admission of lost revenue through piracy stemming from their digital content offerings in 2009 highlights the fact that digital content must be different to print media to be effective in encouraging sales. Fourth edition *D&D* was sold digitally as simple, high quality PDF's of the print media, a direct digital analogy to the hardback edition which soon became circulated online illegally.

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45   AmbyR, I have purchased this content elsewhere, can I have the digital content unlocked? (2017) < https://dndbeyond.zendesk.com/hc/en-us/articles/115010773348-I-have-purchased-this-content-elsewhere-can-I-have-the-digital-content-unlocked- > [accessed 31 August 2019]
46   AmbyR
47   Google Search, "Dungeons and Dragons PDF" < https://www.google.com/search?q=dungeons+and+dragons+PDFs&rlz=1C1CHBF_en-GBGB808GB808&oq=dungeons+and+dragons+PDFs&aqs=chrome..69i57.6159j0j7&sourceid=chrome&ie=UTF-8 > [accessed 31/08/2019

In order to find success through digital media, companies must offer content with a separate use case to existing physical media. WotC emulated this through their recent digital offerings, with the sample Basic Rules only offering a limited amount of content to create familiarity with the system and incentivise audiences to purchase the full editions for complete access. Modern publishers' digital content must therefore be designed to offer a separate use case to the existing intellectual property that engenders a 'willingness to pay' in audiences.

5.1 LIMITATIONS AND CONSIDERATION

The most significant limitation of this research is its ability to only discern correlation within the issues being studied rather than causation. In order to confirm the hypotheses laid out by this body of research, an experimental design must be utilised in which the variables present in WotC's business model can be directly controlled and measured in a stable environment.

Additional case studies on publishers of varied content could be undertaken to compliment and strengthen the basis of this body of research. The *D&D* content is more suited to the added functionality that other digital platforms have added to their media than a traditional piece of literature. Similar case studies undertaken on traditional trade, educational, and academic publishers would help to build further understanding of the strengths of digital content platforms regarding a range of literature and materials. Further understanding around the types of content that perform well in digital environments will help actors in the publishing industry make more informed decisions on how to position content digitally.

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