

Blizzard to pull popular games from China after license spat

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US gaming giant Blizzard Entertainment, headquartered in California, said it had failed to reach an agreement with its Chinese publisher over an extension to their 14-year partnership.

US gaming giant Blizzard Entertainment will suspend most of its

services in China from January, the company said Thursday, after it failed to reach a licensing deal with local firm NetEase.

Producer of some of the best-known titles in [video gaming](#), including "World of Warcraft" and "Overwatch", Blizzard has operated since 2008 in China—the world's biggest gaming market.

But the firm said it had failed to reach an agreement with Chinese publisher NetEase over an extension to their 14-year partnership.

"We will suspend new sales in the coming days and Chinese players will be receiving details of how this will work soon," Blizzard Entertainment, a subsidiary of California-based Activision Blizzard, said in a statement.

Microsoft in January offered to buy Activision Blizzard for \$69 billion, but the deal has yet to be finalised as anti-trust authorities examine it.

Negotiations with NetEase fell apart, the company said, after the two sides failed to strike a deal that is "consistent with Blizzard's operating principles and commitments to players and employees". It did not share further details.

Foreign companies require a license with Chinese publishers in order to sell their games.

Activision Blizzard, for example, distributes its "Call of Duty" franchise through Tencent, the worlds' biggest gaming company by revenue.

The break-up comes as Chinese gaming giants are expanding abroad, buying promising studios or expanding their ownership in major publishers in Europe.

'Love and support'

Analysts said that the row with NetEase did not mean that Blizzard was leaving China and that the company was expected to find new ways to stay in the market, including through a possible tie-up with Tencent.

"It's worth noting that this isn't the first time that Blizzard has done something like this in China," said Daniel Ahmad, a senior analyst at Niko Partners.

Before working with NetEase, Blizzard had a similar deal with a company called The9, before ending the partnership.

Ahmad said the news was reverberating across the gaming world in China and was a trending topic on Weibo, the Chinese version of Twitter.

Reactions poured in from gamers who were born in the 80s or 90s that grew up playing Blizzard video games as well as younger ones who had discovered the company on mobile, said Ahmad.

Blizzard thanked local players for their "love and support", saying it "sincerely looked forward to bringing Blizzard games back to you in the future".

Upcoming releases for "World of Warcraft: Dragonflight", "Hearthstone: March of the Lich King", and season two of "Overwatch 2" will go ahead later this year, the [company](#) added.

NetEase's Hong Kong-listed shares fell more than 9 percent on Thursday.

The Chinese gaming giant said the expiration of the licenses would have "no material impact on NetEase's financial results", in a stock exchange filing Thursday.

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