Rolling Thunder Post-mortem

In late 1997 to early 1998, Five Rings Publishing Group conducted what may well have been the largest and most concerted effort in the trading card game industry to release CCGs with flattened rarity. It was called Rolling Thunder, and it failed. Why? Here are the thoughts of the folks who masterminded the scheme in the first place.

Date: Thu, 24 Jun 1999 20:35:23 -0700
From: "Ryan S. Dancey"
Newsgroups: rec.games.frp.industry,rec.games.trading-cards.misc

> If it is more efficient to purchase just the cards people want than to

> buy in bulk, then why does WotC sell cards in bulk? If the "fun of

> collecting" is the issue, why not have one rarity level? Why did

> magazines and publishers print multiple covers for the Star Wars

> issues of their magazines this spring? To sell people more of

> something than they really need. I won't even go into "out of print"

> and limited run issues other than this...

Ah ha! Now we're on territory I know extremely well.

See, I thought exactly like you do once. I couldn't figure out why a rational purchaser would prefer a system where completing a "set" was harder than it had to be simply to drive an increase in sales through a gimmick like "rarity." But unlike a lot of other people, I had a chance to actually put my logical assumption to work in the marketplace.

Let me tell you about Scorpion Clan Coup, which had flat rarity. It was just hated. I don't mean "there was a mild dislike among those who had become accustomed to buying cards with rarity" - I mean customers vehemently rejected the concept in droves. We had the largest drop in active customer participation in every metric available to us by the time the full effects of SCC, and the follow on merchandising program, Rolling Thunder, had manifested themselves. Like a drumbeat we heard the same refrain over and over: Bring back the rarity.

So here's what turns out to be the truth: There is a segment of the population that happens to overlap quite spectacularly with the segment that enjoys hobby games, that derives an intense personal feeling of satisfaction from the pursuit of the difficult to acquire. They need it. They thrive on it. When denied this feature, they seek out other products that deliver that feature.

And something else I learned: To people who don't have that interest and need, the interest and need seems completely irrational and those who cater to it seem unethical.

Date: Sat, 26 Jun 1999 10:24:00 -0700
From: "Ryan S. Dancey" <ryand@frpg.com>
Newsgroups: rec.games.frp.industry,rec.games.trading-cards.misc,rec.games.trading-cards.magic.misc

Frederick Scott <fred_s@netcom.com> wrote in message

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> Of course, I won't buy as many packs because I simply won't have to.So
the upshot
> is *just* like what sounds like happen to Rolling Thunder: people didn't
buy that
> much (because they didn't have to), the guys that actually like
collectibility
> complained, and the folks like me didn't say much because satisfied
people usually
> don't. And WotC sold fewer packs because people needed fewer packs.
Period.
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And the number of people playing the game actively dropped by something close to half. And the rate that new signups to the fan club hit the mailbox dropped by 80%. And we constantly had people that we know have their finger on the pulsebeat of the game telling us that the game was losing people's interest rapidly all over the place. And we didn't sell enough product to make the game profitable.

Setting aside SCC for the moment, I can tell you that the combined print run for Hidden Emperor I, II, and III (which consisted of 150 cards) was smaller than the print run for the third L5R expansion, Crimson & Jade. Anyone who is active in the L5R community knows that the C&J cards are cosidered incredibly valuable and worthwhile - in large part due to their scarcity. But there are still >cases< of the first three months of HE sitting on shelves. And the situation only deteriorated faster from that point.

The overlap between those who like collectibility and those who like TCGs is tremendous. Unfortunately, those who don't like the collectibility and who also like TCGs are never going to be well served by this category of product. And that's too bad - because I'm one of them!

Ryan

(The following messages from Ryan Dancey and Luke Peterschmidt were supplied by Jeff Alexander, who was working on information for a magazine article that went unpublished. These were written at the end of March, 1999. Although originally two separate posts, I have combined them for clarity and readability, and to contrast the information provided by Luke and Ryan.)

When did Rolling Thunder first go into effect? Which sets/expansions used it?

Ryan Dancey: The first "test" of the system was *Scorpion Clan Coup I-III*, which debuted in November 1997, and had additional releases in December '97 and January '98.

(Little known history: When we began the *Scorpion Clan Coup* test, John Zinser and I had to suffer through repeated phone calls from distributors who literally screamed at us and blasted

us with all manner of profanity because we wouldn't give them every card they wanted to order. We restricted sales of *Scorpion Clan Coup* to levels we felt were reasonable. Our distributor partners felt that we were screwing them out of huge L5R revenues. All three episodes were allocated - we didn't give anyone all the product they wanted. *Time of the Void*, the fifth L5R release, had consisted of about nine million cards due to paper shortages. We sold all 9 million cards in four hours. SCC had a *total* print run of just less than 15 million cards, and was shipped in batches of approximately 5 million cards each.

We were unaware of the major problems and concerns the distributors and the retailers had with *Scorpion Clan Coup* until late March when we went to the GAMA Trade Show in Miami, long after we had invested hundreds of thousands of dollars and hundreds of hours of design time in the other Rolling Thunder products based on the overwhelmingly positive feedback we got from the distributors prior to the *Scorpion Clan Coup* releases.)

The following products followed some permutation of "Rolling Thunder" in 1998:

- *Legend of the Five Rings: The Hidden Emperor* (three levels of rarity), Episodes 1-6
- *Doomtown* (the only product that went the full nine episodes at two levels of rarity) Episodes 1&2 - 9
- *Legend of the Burning Sands* (every other month, double size releases), Episodes 1-3
- *Rage* (two decks and 100+ cards a month), Episdoes 1-6
- *Dune* (missed a few months between Judge of the Change and Thunder at Twilight), Episodes 1-6

What is the official current status of Rolling Thunder, if any?

Luke Peterschmidt: Deader than dead.

Ryan: DOA. The system proved to be so challenging on the design, production, marketing, distribution and retail end that we have no current plans to continue with it in the future.

Whose baby is it?

Luke: Rolling Thunder was the brainchild of Ryan Dancey.

Ryan: Technically, the original idea was shared between myself, John Zinser and Danny Landers. I was the primary champion at WotC of the concept. Currently, nobody is willing to stand up and agitate for further Rolling Thunder releases.

What inspired it? Was it conceived over time or did it strike in a flash of inspiration?

Luke: The comics industry was the basic inspiration. Selling on subscription. Also, there was a feeling that smaller easy to collect sets would be more favored than the traditional releases.

Ryan: In the summer of 1996, shortly after forming FRPG, John, Danny and I began to talk about ways to fundamentally alter the distribution sytem being used for trading card games to address the following problems:

- Spikes in cash flow caused lots of monetary problems
- Barriers to entry for new players after initial releases

- Long gaps in releases caused problems maintaining story focus
- Lack of dicipline in the design/marketing cycle

Our previous success in adding strong story elements, pre-constructed playable starter decks, and factionalized players into the TCG environment convinced us that we could continue to innovate within the format. At the time, every game we were aware of was continuing to essentially copy the packaging and design concepts first presented by *Magic: The Gathering*. We were totally convinced that the market would embrace anyone who demonstrated a competency for innovative design; we wanted to be that company.

In the summer of '96, we released *Forbidden Knowledge*, the second L5R expansion. It consisted solely of boosters - no decks. To our surprise, initial orders for FK were *half* of what the orders had been for *Shadowlands*, despite the fact that the game was clearly doing far better than it had been when *Shadowlands* was released. After a few minutes of digging, we released that orders for boosters were actually up slightly from the *Shadowlands* release - the gap was derived almost completely from the lack of deck product!

We decided that what we were seeing was an extended effect of the buying patterns of the retailers. Unsure as to how much product they could sell, and having been repeatedly and expensively burned by unsold TCG product, many (if not most) of the primary adventure game retailers had simply taken to ordering "1" of any TCG release. When presented as two different SKUs, one for decks and one for boosters, the stores would order one of each - thus doubling the preorder sizes!

We got some confirmation of this effect when we talked to the folks at Chaosium. Due to production problems and cash flow issues, they had been forced to release one of the *Mythos* TCG releases in three separate shipments - and they received preorders that were about triple the normal size.

Therein lies the genesis of the Rolling Thunder approach; get the retailers to order product sequentially, rather than in one large order, and present them with as many SKUs as reasonable to increase the total number of items ordered.

Further research lead us to some interesting conclusions. In the comic book market, major story arcs often consist of nine sequential months, followed by three months of "down time" when the books go through special issues or even a brief creative hiatus. Since we felt increasingly confident in our ability to generate repeat, sequential sales, we decided to mirror that release pattern with Rolling Thunder - nine months on, three months off.

That made good sense for another reason as well. On the design/art side, we were used to developing expansions in sets of 150 cards, which could easily be divided into thirds. So our development cycle then became three sequential playtest and design efforts, with 3 months of terminal downtime to allow everyone to catch up and re-energize. It made for a good system for imposing some discipline on a fairly chaotic system; designers knew that on any given day they should be doing exactly what they had been doing three months previously. We hoped that this rigid schedule would finally give us the ability to accurately project street dates and get us out of the cycle we had been experiencing where nobody really knew when the next set would be complete.

To support continued new player acquisition, we decided to add a new faction or two with each release, and to dedicate a certain number of cards in that release to supporting that faction. In that way, a new player could jump on in month #5, and still be very competitive.

To support the idea of continuing story development we knew we needed to continue to factionalize the decks. However, we weren't sure if the stores could sell through an entire deck display and an entire booster display; so we created the "combo" of six decks and some varient number of boosters based on cards-per-booster as the primary "in stock" item. For stores that supported larger player bases, we would release a second booster only SKU to allow them to generate the maximum revenue possible.

All along, the implicit assumption of Rolling Thunder, and the thing that proved to be its downfall, was that we would be *underprinting* the market for each installment, so that *no product* would remain on the shelves when the next month's installment showed up. We never intended, nor expected, that Rolling Thunder releases would "clog" the retailer's shelves in an ever expanding collection of half-full POP (Point-of-Purchase) displays.

Instead of placing 12 million cards into the channel all at once, we wanted to place 4 million cards a month with 100% sell through. That would have smoothed out cash flow (for everyone), created a venue for continous story updates, given people a "jump on" point every 30 days, and provided structure and order to our design and marketing efforts.

Was it put into effect immediately or was it a lingering idea on the back burner for a few months?

Ryan: We actively began design work on Rolling Thunder products in 1997 with *Scorpion Clan Coup*. By the beginning of 1998, we had Rolling Thunder releases in the pipeline for *Dune*, *Rage*, *L5R* and *Doomtown*. *Legend of the Burning Sands* work began in earnest in February.

Luke: *Scorpion Clan Coup* was the test. *Scorpion Clan Coup* did very well on our side, so the implementing seemed like a good idea. What we didn't know is that *Scorpion Clan Coup* clogged up some of the channel.

What shortcomings of the traditional model did you envision Rolling Thunder addressing?

Luke: Traditional products are hard to collect and you never really know when they are coming out. We wanted an easy to collect, "1st Monday of every month is *Doomtown* Day" kind of schedule.

Ryan: See above.

What problems did you expect from Rolling Thunder? I'm interested both in those that actually occured and those that didn't.

Ryan: The biggest concern I had at the outset was paying the artists. At the time, we were offering a $100 advance against royalties, and we were buying art at 150 pieces per release. For Rolling Thunder, we would be well into the second batch of art before sales of the first batch started to put cash back into our hands. Considering that we were going from one game

to five games, the potential cash flow headache was tremendous. After the Wizards of the Coast buyout, of course, that became immaterial.

The second big problem I worried about was the lack of a basic set. With both *L5R* and *Dune* we were able to build a player base via sales of the basic sets before we started trickling out the expansions. For reasons that seemed good at the time, but proved terribly wrong in hindsight, we thought we could just jumpstart those player bases with a small, but focused initial Rolling Thunder release.

And we thought our systems for player support and tournament organization would be able to handle the growth from one game to five without major disruption - boy, was that a blown assumption. *NOTHING* seemed to scale up effectively; we spent most of 1997 learning how to support more than one game at once, and the learning was long and painful.

Luke: Communication to the channel was certainly the biggest problem we had. Our products just didn't command the kind of attention that a *Magic: the Gathering* does, so it was very hard to educate the channel on how to order succesfully.

What new problems did it introduce that completely surprised you?

Luke: The difficulty of getting stores to carry the products and the "back stock" issue. If a store sells 90% of a display every month, that's great, but in 5 months they have 5 different display boxes, each 10% full lying around - that's a lot of shelf space!

Ryan: Inventory problems at the distributor and retail level.

Irritation and player disinterest at the lack of card rarity (a problem that I absolutely would never have believed possible after having read literally thousands of messages bemoaning the existence of rare cards.)

Lack of marketing focus; we were competing with ourselves more than with anyone else.

Near total disbelief from our own internal sales team and the distributors; they simply couldn't wrap their brains around the concept and it hurt us badly.

What benefits do you feel it brought?

Ryan: Clearly it got new games into a market that otherwise was nearly completely stagnant. Besides *Babylon 5*, there were no significant 1998 TCG releases that did not come from Wizards of the Coast.

Luke: Information. We tested all sorts of packing options and we believe we have a good idea of what players want in a release. Sometimes this is tricky because players sometimes SAY they want one thing, but when they vote with their dollars, they go a different direction. For instance, it's clear that even people who think that they are "pure players" enjoy the excitement of card rarity.

Ryan: We learned that card rarity is a fundamental component of people's enjoyment of the hobby, no matter how much they complain.

We did gain significant design dicipline; we developed production systems, flowcharts, tracking systems, roles and responsibilities and more that we will use as long as Wizards of the Coast publishes "small" TCGs.

It made a lot of people a lot of money. Not only our design partners, but the retailers and distributors who stocked and sold the product aggressively.

Do you feel that experimenting in alternate sorting methods or rarity breakdowns is still worthwhile?

Ryan: Yes I do.

Luke: Absolutely.

Ryan: I think that I would now be on the other side of the argument, looking at adding lots of interesting rarity options, chase cards, special preimum cards, tournament winning cards, etc. Not so much that the game became impossible to collect, but just enough to add "spice" to opening booster packs.

Luke: CCG's are still fairly young. I would not be surprised to see some real surprises from us and other companies in the future with regard to how we pack stuff out. The *Magic: the Gathering* chase cards and the *L5R* gold stamped foil cards are two good examples of trying something new.

Ryan: Clearly the market is still dysfunctional. Only a handful of games like *Magic: The Gathering* and *Pokemon* can print 100+ million cards at a time. There must be a place for smaller games to be produced profitably; I think we came very, very close to that place and would relish another shot at finding it.

How much influence do you think the subject matter or target audience of a game have on how appropriate the RT model is for that game?

Ryan: None. I think that the primary component of the purchasing mentality is dictated by a general interest in a collectible, expandable game. Once you're in that demographic, then you subdivide the market by subject matter.

Luke: Various. What is clear is that change is difficult. If a game starts with a strange structure and keeps with it, it may catch on. But when a game has a legacy of being packed a certain way, it's best to make small changes at a time as too many changes confuse the customers, the retailers, and the distributors (hell, it even confuses internal production teams!)

Date: 27 Aug 2003 11:09:41 -0700
From: "Ryan S. Dancey"
Subject: Re: [L5R-CCG] Re: Rolling Thunder [was Diamond Set & Rarity]
To: L5r-ccg@alderac.com

On Wed, 2003-08-27 at 02:53, David Donachie wrote:

Rolling Thunder had a number of non-obvious problems.

The original idea was to "fix" a perceived problem with the way CCGs are marketed and sold. In the "classic" (and current) business model, cards are batched up into large expansions and sold 3 times yearly. That means that the capital to make those expansions is tied up in development and inventory for 9/12ths of the year.

Retailers see a different, but related problem. Retailers typically pay their bills "Net 30," which means they pay them 30 days after they received the merchandise. Unfortunately, this means that retailers have a very strong incentive to get less than 30 days of inventory per order so that they can pay the bill by selling all the product before the bill is due. If a retailer wants to keep more than 30 days of inventory, the retailer is "investing" capital in inventory. Game retailers, in general, have very little free capital, and most try very hard not to make this kind of "investment."

The intent of Rolling Thunder was to alter the fundamental premises of the market that gave rise to both these issues. Rolling Thunder was designed to sell a small quantity of product on a regular basis so that cash would flow at a constant, rather than a sporadic rate. In order to make the system work, retailers had to have a high confidence that product would sell out before the next batch was ready for sale - much like a magazine needs to sell all of this month's issue before the next month goes on sale. We decided to replace the common CCG convention of "rarity" with a new constraint: "scarcity." The idea was that we would release less product than the market could sell each month - it would not be hard to assemble a complete set each month, unless you waited too long and the product was all sold out.

We thought we could safely do that because the #1 complaint we heard from L5R players was "we don't like rarity." (Well, to be honest, we often heard things like "I was promised a game with an ending" and "The Lion win all the tournaments" and "Dragon got screwed again," but in terms of specific "complaints" about the product as a whole, there was a pretty loud chorus agitating against collectibilty.)

Hindsight is 20/20. This is what it tells us:

1) Rarity is essential to the CCG biz. Without it, sales slow and interest wanes. CCGs therefore are a hobby for people who can afford to chase rares. If you don't like chasing rares, find another hobby.

2) Retailers are busy people and don't have time to deal with a complex release scheme. In fact, they're so busy that in general, they'll ignore efforts to explain complex release schemes and order product as if it was still using the old scheme. Event to their own detriment.

3) When rarity is taken out of a CCG environment, and retailers have too much inventory on hand (and thus perceive they're "losing money" on a game), overall sales and interest of that CCG swiftly approaches zero.

I think Rolling Thunder was also impacted by the fact that we tried it with 4 games simultaneously. Since one of the predicates of Rolling Thunder was that it produced a

"pipeline" of product with staged releases, once we committed to RT releases for a line, we essentially committed to 9-12 months of product flow with no easy way to turn it off. I'm certain that Deadlands and the Rage relaunch were impacted by the negative associations with Rolling Thunder. I think that if we'd picked one game, really debugged the release system, and spent a year educating retailers and distributors how to order, stock, and sell a Rolling Thunder release, that the basic concept would have worked as long as during that year we'd realized that we needed to restore rarity as a key selling feature.

I think RT was also impacted because it happened in the middle of the first hard-reset for L5R. People were comparing the Gold Edition environment with "Open" and found Gold underpowered and the Hidden Emporer cards "weak" in comparison with the "Open" cards that were still being widely used in tournaments. It took another whole cycle before we learned enough to balance a hard restart and keep the power level high without re-breaking the environment.

Ryan