

Video Game Design Foundations ©2014

Chapter 10: Global Economy and Supply Chain—Glossary

Barter system. System of exchanging goods or services without money.

Beta. Trial version.

Bulk. Large quantities of a product.

Cost effective. Money spent wisely; money not wasted.

Currency. Money.

Dead head. Return trip made after delivery when the truck is empty.

Development group. First category of a supply chain; the group that makes the product.

Direct marketing. Selling directly to the end user, cutting out the wholesaler, middleman, and retailer.

Discount. Reduction in the cost per unit.

E-mail blast. Mass electronic mailing sent to potential customers who want to learn more about a company's products.

End user. Consumer or last person in a supply chain.

Globalization. Involving multiple countries in production, distribution, and purchases.

Labor-cost differential. Difference in labor rates between different geographic locations.

Liquidate. To sell quickly, even if taking a loss; to recoup some of the money spent on the original purchase.

Manufacturer's suggested retail price (MSRP). Selling price set by the product manufacturer.

Mark up. Additional amount added to unit cost to represent per-unit profit potential.

Master. Original, finished version of a program from which all other copies are made.

Middleman. Special wholesaler that sells small and mixed lots to retailers.

Mixed-unit sale. Combination pack that contains a few different items.

Outsourcing. Contracting part of the production or marketing to other companies with specific skills or lower cost than the producing company.

Overhead expenses. General expenses associated with being in business.

Packaging. Outer wrapping that protects the product from damage and provides printed information about the product.

Piracy. Illegal copying and distribution of video games.

Place. Actual location of a purchase, such as a store or online.

Portfolio. Set of high-quality examples of work.

Price. Amount of money required to purchase a product or service.

Price competition. When retailers offer lower prices to attract buyers.

Product. Item sold and purchased.

Production group. Second category of a supply chain; adds value to a product by completing the manufacturing and preparing the product in the final packaged form.

Promotion. Marketing effort used to generate interest in a product.

Regional warehouse. Storage building located in a section of the country that stores the product for later distribution to the surrounding local area.

Rental game market. Companies that buy games and rent them to the end users.

Résumé. Document that summarizes a person's education, job experiences, and skills.

Retail distribution. Stage in the supply chain where a product is sold directly to the consumer via a retail outlet.

Return marketing. Allows a consumer to trade a used game for cash or credit at a retailer.

Royalty. Percentage of the unit selling price paid to the original developer.

Skill differential. Specialized skills needed to complete a task or job are present more in one location than another.

Smaller-unit sale. Purchasing from a middleman in amounts less than a full box.

Spam. Unwanted and untargeted e-mail.

Supply chain. How a product moves from raw materials to the end user.

Target marketing. Advertising to a specific segment of the population.

Trade-in. When a consumer takes a used video game to a store in exchange for cash or credit.

Triple A. Most popular and well-funded games.

Unit cost. Value of a single item found by dividing the total cost of the bulk purchase by the number of units purchased.

Uplink. Connecting a single computer or small network to another larger network.

Used video game market. Consumers make their unwanted video games available for resale.

Value added. Benefit in price, product, promotion, or place added to a product as it travels down the supply chain to the end user.

Video game tournament. Competition to see who is the best player or team of players for a specific game.

Wholesaler. Buys in bulk, warehouses products for convenient delivery, and sells to retailers and other wholesalers in smaller bulk.