

Analyzing Video Game Companies' Marketing Strategy

Yang Bohan^{1,a,*}

¹*Bachelor's degree of banking and finance, University of London, Singapore, 050000*

a. Yangbohan666@gmail.com

**corresponding author*

Abstract: With the development of the times, more and more people focus on video games. Some video game companies have also developed with this wave. The paper, through a method of SWOT, explores three video game companies' (Tencent, Netease, and Nintendo) marketing strategies and shows optimization and safety precautions that are feasible for them. It hopes to provide some insightful suggestions for further development of Tencent, Netease, and Nintendo.

Keywords: Tencent, Netease, Nintendo, marketing strategy

1. Introduction

With the progress of the times, online games have become a popular form of entertainment, changing people's consumption patterns in the new media era. The release of League of Legends and Dota 2 in 2011 also marked the beginning of the era of online gaming. The popularity of games has seeped into people of all ages. Game companies are also constantly updating the game iterations, fumbling out their own products, and over time, they also gradually have their own characteristics. The most representative companies are Nintendo, NetEase, and Tencent.

Among them, Nintendo is in the lead in the game field represented by terminal games and console games, with the basic principle of creating unique game modes, bringing a smile to all those connected with Nintendo as corporate social responsibility, and becoming one of the Big Three in the video game industry. Netease is dedicated to building the largest mobile game platform for gamers to provide the best gaming experience possible. Since its inception, Netease has gained the trust and affection of its users. Tencent Corporation is a market leader in the Internet sector, with obvious platform advantages, technical advantages, and extensive market operation experience. Tencent was founded more than 10 years ago, always adhering to the "value to all users" business philosophy to provide hundreds of millions of users with stable, quality services, and has always maintained a sound development momentum.

Each company lives alone, which is why the author uses these three companies as examples in the paper. The paper, through a method of SWOT, explores three video game companies' marketing strategies and shows optimization and safety precautions that are feasible for them. It hopes to provide some insightful suggestions for further development of Tencent, Netease, and Nintendo.

2. Related Theoretical Basis

2.1. SWOT Analysis

SWOT analysis, which is based on the internal and external competitive environment and the situation analysis under the competitive conditions, is the process of listing the main internal strengths, weaknesses, external opportunities, and threats closely related to the research object through investigation and arranging them according to the matrix form. The state of the research item can be thoroughly, methodically, and accurately studied using this method, and related development strategies, plans, and countermeasures can then be made. Strengths are S, weaknesses are W, opportunities are O, and threats are T. The full notion of enterprise competitive strategy states that a strategy should be an organic fusion of "what can be done" (i.e., the organization's strengths and weaknesses) and "what can be done" (i.e., the opportunities and threats of the environment). SWOT is a tool used to evaluate opportunities and risks by identifying internal strengths and weaknesses, external opportunities and threats, and internal and external factors [1].

2.2. Marketing Strategy

A marketing strategy is the method used by an organization to choose and control the target market based on its internal circumstances and external competition. It is a crucial component in creating a strategic marketing plan, and its core is the overall layout of marketing initiatives. In order to maximize economic outcomes, marketing strategies are created to fully utilize the advantages of businesses, boost competitiveness, better respond to changes in the marketing environment, and require less marketing expenditure. Analyzing market possibilities, creating marketing strategies, creating marketing plans, and managing marketing are its four main components [2].

2.3. Integrated Marketing Concept

The goal of integrated marketing is to enable trade parties to provide value to one another through the systematic combination of marketing tools and procedures that are dynamically changed to suit the environment. Integrating autonomous marketing into a larger system in order to create synergies is known as integration. Included in these unaffiliated marketing initiatives are advertising, direct marketing, sales promotion, employee promotion, packaging, event sponsorship, and customer service. Strategically evaluate the integrated marketing system, the market, the goods, and the customers in order to create an integrated marketing plan that is appropriate for the current environment [3].

3. Introduction by Company

3.1. Netease

Founded in 1997 in Guangzhou, Netease operates in Mainland China, Hong Kong, Europe, and Southeast Asia. The company is mainly engaged in software development, network marketing, network marketing and other businesses. Since its establishment in 2001, Netease has been at the forefront of the online game industry and has become the first online game company in China. Along with the strong hand tour, NetEase games seized the opportunity to constantly innovate, developing a "Luan Dou Westward", "the world", "Don't Panic" and other widely acclaimed hand tours, but also "dream", "boast" and other classic hand tours, and more than six games ranked in the iOS top 50 list. On February 27, 2020, Netease released its fourth-quarter results and 2019 full-year results as of December 31, 2019. Net revenue from Netease's online gaming services rose 5% to 11.6 billion yuan in the fourth quarter, compared with 46.42 billion yuan for the entire year, up 16% [4]. In 2014,

China's online game market reached 110.81 billion yuan, with 24.9% of the mobile game market and 27.6 billion yuan, representing an 86% year-on-year growth rate [5].

3.2. Tencent

Tencent, a global leader in Internet technology with its headquarters in Shenzhen, China, was established in 1998. The company offers cutting-edge goods and services that aim to enhance people's lives all over the world. The business has always been dedicated to technological innovation, providing more than 1 billion people with access to communications and social services so they can stay in touch with friends and family and take advantage of practical travel, payment, and entertainment options. Tencent Game is a game development and operation agency established by Tencent in 2003, and is the largest online game community in the country. The company is mainly engaged in online games, online games and mobile online game development. At present, it has 249 million web game users and 101 million mobile game users. The cumulative number of registered users is 101 million, accounting for 23.3% of China's online chess game market. On March 24, 2020, Tencent released its financial report for the fourth quarter and the whole year of 2020. Tencent reported revenue of 133.669 billion yuan in the fourth quarter, up 26% from a year earlier and up 7% from a month earlier. In the fourth quarter, the net profit of the homestead was 59.302 billion yuan, up 175% year-on-year, and based on the general accounting standards of the United States, the net profit of the homestead was 33.207 billion yuan, up 30% year-on-year and 3% year-on-year. In 2020, Tencent's revenue was 482.064 billion yuan, higher than the market's expectation of 48.1026 billion yuan, up 28%; its net profit was 159.847 billion yuan, higher than the market's estimate of 130.17 billion yuan, up 71%; and its net profit from motherhood was 122.742 billion yuan, up 30% year-on-year, based on the general accounting standards of the United States [6].

3.3. Nintendo

Nintendo Games was originally a Japanese florist when it was established in 1889. After 1970, sectors associated with gaming started focusing on research and development, and the first gaming console was released in July 1983. Nintendo has sold more than two billion copies of its video game software worldwide, giving rise to iconic characters like Mario and Donkey Kong, as well as some of gaming's most well-known titles, like The Legend of Zelda. Nintendo creates and markets gaming hardware, such as the Nintendo GameCube and the best-selling handheld Boy Game series in the world. In 2009, Nintendo came in first on the list of the top 40 businesses [7]. Nintendo's revenue has increased by 36% annually and its value by an average of 38% during the last five years. Nintendo's dedication to innovation helped the company create the Wii and DS handheld game consoles. On July 15, 2016, Nintendo's shares exceeded 476 billion (\$4.5 billion), breaking the previous record set by the Tokyo Stock Exchange in Japan [8].

4. SWOT Analysis by Company

4.1. Netease

Advantages: Netease has a strong ability for independent R&D and innovation. As mentioned above, since the establishment of Netease Game Studio, Netease has launched a number of independently developed games and has been widely praised. Furthermore, netease game has extensive person network resources and rich game to-issue experience, allowing the game product discrimination ability and pair of hands to swim in the deep understanding of the industry. Through years of in-depth exploration of the game industry, R&D and operation experience, as well as the extensive distribution of upstream and downstream of the industry chain, the company has laid a solid foundation for

independent innovation and is building a "digital +" ecology, further enhancing the company's competitiveness.

Disadvantages: Netease company's external marketing ability is not high. The company does not have a well-known game platform, making Netease company's integrated marketing more difficult. In addition, although NetEase acted as an agent for Blizzard's various games, the hardware facilities were not enough to meet the needs of various advanced hardware environments, technical platform development tools, and testing tools. In addition, due to the huge demand for Blizzard game servers, Netease needs to invest a large amount of money every year to maintain the servers, which to some extent affected the company's R&D investment and market development and had a negative impact on the company's development.

Opportunity: The vigorous development of Internet technology has attracted more potential users. As long as Netease grasps this node, creates a game platform which operates by oneself, the proxy and completes the propaganda work, it can bring a widespread popularity in the player community, which can also enhance the company's profitability, and has made it very difficult for the company to carry on the conformity marketing awkward situation.

Netease's main threat to the game market now comes from Tencent. Compared with Netease, Tencent has a very good game platform and can provide high-quality services for many players, greatly promoting the development of Tencent's game sales. This is also the reason that Tencent's outstanding achievement grows continuously, and may also be the reason that Tencent has influence more and more in the market.

4.2. Tencent

Advantages: Not to mention Steam, Epic, and other foreign platforms, Tencent's biggest advantage is that it has a big game platform, the "League of Heroes", dungeons and warriors, and other popular games as a whole, so that it has synergies. The WeGame platform has greater influence in the country. Whether it is computer games or mobile games, a large number of players can communicate at the same time, which is a good communication platform.

Disadvantages: Tencent's lack of independent innovation. Tencent in the process of product development is mainly to imitate other products. Because of a lack of innovation, it is difficult to form a competitive advantage with its own characteristics. Although it acts as a middleman for many popular games between players, it has yet to launch its own products or intellectual property. This has largely limited the company's growth. In addition, while Tencent is committed to making WeGame a steam-like gaming company, the quality and quantity of games are far lower than the steam platform, putting games in an awkward position.

Opportunities: Like NetEase, there are a large number of potential users waiting to be discovered as the Internet advances and China develops. Not only that, with the national income unceasing enhancement, the people's expense acceptance degree is also more and more high, the expense demand is also more and more exuberant. The corresponding market scale can also expand gradually, unceasingly expands, in the real powerful road, inevitably many new opportunities will emerge for the new player, thus forming a virtuous circle.

Threats: The biggest threat to Tencent comes from government censorship of games. In the game approval process, China still stays in the text, script, and other surface content and did not really review the game from the player's point of view, which led to some crude games entering the market, and the real painstaking development of the game has been delayed for various reasons. The most typical example is "Monster Hunter: World," an online game available for only six days because it does not comply with the policy, the legal requirement to be forced off shelves, and the refund.

4.3. Nintendo

Advantages: extensive coverage of the game type; high production costs; high game quality Nintendo has a large number of loyal fans, but also a large number of popular IPs, such as the Mario series, Zelda series, and so on, have attracted a number of players. In addition, unlike Microsoft and Sony, Nintendo specializes in gaming and entertainment, greatly reducing the company's operating costs and ensuring a large profit margin.

Disadvantages: Along with its strengths, Nintendo's focus on gaming and entertainment not only reduces the company's operating costs but also its ability to cope with risk. If the corresponding industry suffered a serious blow, the company is likely to collapse. In addition, its pricing is very unfriendly to the age of its audience; whether it is the game console itself or the game cassette, the price is very high, which greatly affects the game console and game sales. This has certain benefits for the promotion of the game, but does not have too much help for the long-term operation of the game.

Opportunities: With the improvement of people's living standards, people's consumption habits also began to change from hedonistic consumption to caring consumption. People's quality of life is increasingly demanding. Furthermore, as the resident income level continues to rise, people's purchasing power grows, and they have a greater desire to spend money on higher-quality items. The global game industry as a whole is improving. The demand for game products has also increased. For Nintendo, this is a good profit opportunity. In addition, the popularity of games such as Adventure in the Gym and Aerobic Boxing has attracted a lot of non-gamers. Perhaps the company can use a similar perspective to attract more potential customers.

Threat: Compared to console games, the devices required for computer and mobile games are more convenient and don't cost a fortune, leaving Nintendo inherently behind platforms such as Steam. In addition, Microsoft's X-Box and Sony's Play Station series will also have a significant impact on Nintendo's console market, potentially leading to user churn.

5. Companies' Reference Strategy Optimization and Guarantee Measures

5.1. Netease

Netease company has a very strong independent innovation spirit and ability. They need to maintain this very well or they will eventually be in competition and hold an opportunity. NetEase does not have a well-known game platform, so NetEase can try to build a platform of its own and make corresponding innovations according to the actual situation of the company, such as NetEase's hand game development momentum, but at the end of the lack of competitiveness. This can be developed in the platform for hand game interoperability, so that it can attract a large number of hand game players. In addition, NetEase also needs to seize the opportunity of Internet development, publicize its own game platform, make up for its own weaknesses, and truly realize the integrated marketing strategy of internal games, so as to further expand the company's market share and improve the company's profitability and core competitiveness. In addition, the proposed company will open the official micro-blog and WeChat public account, and build a mobile Internet marketing platform for the company to provide more marketing channels.

5.2. Tencent

Tencent is the leading company in the field of the Internet, with obvious platform advantages, technical advantages, and rich experience in market operations. But Tencent's product technology content is very low. If Tencent can not carry out technical innovation as soon as possible, it will not keep up with the development of the times. Unable to meet customer needs, it will face a huge blow.

As mentioned before, Tencent in the product development process is mainly to imitate other products. Because of a lack of innovation, it is difficult to form a competitive advantage with its own characteristics. In the future, Tencent will absorb innovative talents, create its own big IP as soon as possible, develop and produce its own brand products and form its own core competitiveness. In addition, Tencent game charges are widely criticized by players. There are many games, often hundreds of yuan or even thousands of yuan. Such charges are obviously too high, causing a lot of criticism. The author believes that Tencent in the game industry can achieve sustained and stable development if the company can set a reasonable price for their products.

5.3. Nintendo

Nintendo has a lot of its own high-profile products, and the company can make more money by continuing to hype these IPs. However, if they want to maintain their own video game industry, one of the Big Three identities, just hyping their existing IP is not enough. Sooner or later, they will be replaced by some latecomers. While Nintendo continues to make money with Mario and Zelda, it can also try more similar gaming models to attract people other than gamers to buy its products, thereby expanding its influence and driving the company as a whole. In addition, Nintendo can seize the opportunity to improve the living standards of people around the world by reducing their own sales prices of certain products to achieve small profits and quick turnover.

6. Conclusion

In conclusion, the paper, through a method of SWOT, explores Tencent, Netease, and Nintendo companies' marketing strategies and shows optimization and safety precautions that are feasible for them. Through SWOT analysis, each of the three companies has its own strengths and weaknesses. For example, Nintendo can seize the opportunity to improve the living standards of people around the world; Tencent owns a large number of game players; and Netease has very strong independent innovation spirits and abilities. However, the paper lacks relevant data analysis, which can specifically describe the situation of these companies. That can be advanced in future studies.

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