

# Exploring the Marketing Strategy of Gaming Machine Enterprises in China after the Ban Take Microsoft and Sony as example

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## ABSTRACT

The article first introduced that when the government announced the game industry "lifted" in 2014, domestic and foreign game manufacturers enter the Chinese game machine industry. The popular game machine companies including Sony and Microsoft returned to the Chinese market again. Chinese enterprises also released a series of new game machine. Now more than three years have passed and the sales of game machine are far from the expectation of the number when the government just lifts the ban in 2014. The Android-based game machines developed domestically also ended in failure. This article explored what the marketing strategies of major game companies use and why current game machine industry has not yet reached the expected revenue in these three years. It will take Microsoft and Sony as examples. Questionnaires are made to research the attitude of the customers to these game machines. The discussion part will analyze why these marketing strategy are not suitable for the Chinese market. The challenges faced by the game industry were also analyzed, and finally the article made conclusion and prediction for the future development of the gaming machine industry.

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## I. INTRODUCTION

### 1.1 Problem statement

With the popularization of home computers and the ban on game machine promulgated by the State Council in 2001, individuals and enterprises were not allowed to produce or sell game devices privately. As a result, the industry had plunged into a downturn. Game machines had been fully turned underground. The industry was completely declining.

Since the lifting of the ban by the State Council in 2014, the game machine market has a new development. China's game machine market is very promising, but unfortunately neither Sony nor Microsoft could quickly open the market. Microsoft once stated that the Chinese version can be used across regions to unlock games in other countries, but it was later cancelled. The result is that the number of games on Xbox One does not attract many game players. Microsoft has a very good system support and user base in the Chinese market, many users still have a high degree of recognition of the Windows system, plus usage habits. With the convenience factor, Xbox's products are still very promising. As early as 2013, Sony showed great ambitions for entering the Chinese game machine market. "The Chinese market is very important, and we will be as fast as possible to explore the market." said He Hong Ye, the head of Sony's Asia operation. When the "operation order" officially announced the lifting of the ban on the game machine, Sony steps up its efforts to send the next-generation products to the country. Although sales of the PS4 have not been satisfactory for the newly released game machine industry, Sony is trying to open up the Chinese market. In the face of a broader Chinese market, Sony not only delivered excellent games but also put domestic games on the PS4. Snail's "Nine Yang Magic" and Pudding's "Mr. Pumpkin" all explained Sony's game to China. As the Xbox One and PlayStation 4 (PS4) entered in China, a group of strong local Internet companies have invested in the Android console market, the game machine market of China once again usher in an unprecedented opportunity. But in the past three years, XBOX One sold only 500,000 units, the sales of PS4 are also not satisfactory. The article will analyze the marketing strategies of these two companies to find the reasons for their failure.

### 1.2 Purpose of study

The purpose of the study is exploring the marketing strategy of gaming machine enterprises in China after the ban and take Microsoft and Sony as examples. This purpose consists of three objectives:

- (1) Analyze the pros and cons of marketing strategy of Microsoft and Sony.
- (2) Learn the experience and provide advice to the two companies for their marketing strategy.
- (3) Provide advice to domestic enterprises who prepare to develop game machines.

### **1.3 Significance of study**

Because the Chinese market was closed to Microsoft and Sony before 2013, it is now a new product for many consumers. There are not many successful marketing strategies to learn from. As there was no game machine in the Chinese market from 2001 to 2013, Consumers mostly play online games, which are very different from those in Europe and the United States. How do consumers get acquainted with the game machine industry and make them willing to pay for playing games for more than three thousand Yuan, which is the challenge that Microsoft and Sony are facing. At the same time, challenges and opportunities coexist. If game machine become very popular in China, the profits of the two companies will also be very large. Marketing strategy is the most important factors for the two companies to become popular in Chinese market and achieve the sales in European and American markets. This article will evaluate the existing marketing programs and make recommendations, finding strategies for China's game companies can learn.

### **1.4 Structure of study**

Literature review will explain several important marketing theories and explain the marketing strategy that the game companies commonly use to introduce their products to consumers. Methodology will introduce the ways to collect and analyze data. Data results will show the results of the questionnaire and interview. It will also elaborate current situation in Chinese market and the market strategy they use of those two companies. Discussion will analyze the reasons why the sales not reached what they have expected and find ways to improve their marketing strategy. Conclusion will summarize the full article and make predictions for the future.

## **II. LITERATURE REVIEW**

Literature review will bring academic evidence for the answers of questions that constitute the purpose of study, which consist of the introduction of market strategy and several common market strategies that the game machine companies use to enter the market.

Marketing strategy is the planning of development and marketing in a certain period of time to achieve the business objectives of the company. (Li, 2013)

Julie Chance (2017) has showed that there are several aspects that the company has to think about when the company wants to make marketing strategy for the products. Knowing who the consumer groups are is very essential. Compared with the online game, the numbers of the game machine players are smaller. Meanwhile, they are more professional to the console game.

### **2.1 4Ps and 4Cs**

4P is a marketing term. American marketing scholar Professor Jerome McCarthy put forward 4 product marketing strategies of "products, prices, place, and promotion" in the 1960s of the 20th century as 4P. (Yin, 2005) The first letter of the four-word promotion is 4P.

Product mainly includes the product's entity, service, brand, and packaging. It refers to the collection of goods and services provided by the company to the target market, including the effectiveness, quality, appearance, style, brand, packaging, and specifications of the product, including services and guarantees.

Combination of prices mainly includes the basic price, discount price, payment time, and loan conditions and so on. It refers to the economic return that companies are seeking to sell.

Place mainly includes distribution channels, storage facilities, transportation facilities, and inventory control. It represents various activities organized by companies for their products to enter and reach the target market, including various channels, links, locations, storage and transportation.

Promotional combination refers to the communication activities that enterprises use various information carriers to communicate with the target market, including advertising, personnel promotion, business promotion and public relations.

The above 4Ps (products, prices, places, promotions) are the factors that can be controlled in the marketing process, and are also the main means for companies to carry out marketing activities. For their specific application, they form the marketing strategy of the company.

4Cs include customer, cost, communication, convenience. Which means do not sell manufactured products, but sell products that meet consumer needs; do not price according to competitors or profits, but use a series of testing methods to understand the cost consumers are willing to pay to meet demand; do not solve problems from the view of the company, thinking about how outlets are laid out. (Yin, 2005) The company should think about what kind of access strategy should be adopted and the convenience of consumers purchasing products should be paid attention; not how to increase sales through media communication, but to communicate with consumers.

## **2.2. The importance of marketing strategy to the game industry**

No matter how the game is, if no one knows it, no one will buy it. Marketing is a necessary but hidden means. With the rapid development of society and the gradual progress of technology, the seller's economic model in the market is gradually shifting to the buyer's economic model. Therefore, marketing will become more and more important. Among the commodity trading activities, marketing is not the only factor but the key factor that creates a brilliant benefits of company. (Fan, 2015) In an independent game, the community is very important. The gaming community cares more about games than other communities. Their ratings, recommendations, reviews, feedback, originals, user streams and videos are worth thousands of dollars. Therefore, investment in the community will have a profound impact on your future development. However, it is difficult for the community to operate. When you communicate with customers, no matter how many times you listen to the same feedback or what language the community members use to communicate with you, you only need to seriously look for ideas that will improve your game. Although the company has made appropriate plans and put in the greatest effort, the company is still willing to accept failure. If you can accept the mistakes that you made, you will be able to get more opportunities. The key here is that failure can drive the next attempt, if the company can correct the wrong marketing, and continue to create different content. This is also helpful for marketing ideas.

## **2.3 Basic procedure of marketing strategy**

If the company wants to do better in marketing, they should follow the basic produce of marketing strategy. It is helpful for the company to meet the customer need and expand the market.

### **2.3.1 Market analysis**

Companies should analyze market opportunities which mean analyzing the requirements in the market through marketing theory, so that companies can organize and allocate resources according to their own actual conditions, effectively provide corresponding products or services, and achieve the marketing objectives of the company. (Barry, 2005)

The company's marketing strategy decision can only be established on the basis of market analysis. Only after the analysis about the factors that affect demand and the factors that influence the purchase, production, and sales of the company, we can understand and master the mistakes. Thus the mistakes will be reduced and the scientific decision-making will be improved. It also can minimize the business risks.

Second, it is the guarantee to implement marketing strategy plans.

During the process of implementing the marketing strategy plan, the enterprise can test and judge whether the company's marketing strategy plan needs to be modified according to the latest information obtained from market analysis. Marketing analysis can also guarantee the successful implementation of the strategic plan.

Only by using scientific methods to analyze and study the market can we provide a reliable guarantee for the correct decision-making of the company.

Market analysis can help companies solve major business decision-making problems. For example, through market analysis, companies can know whether they have a business opportunity in the certain market or whether they can expand the market share already obtained in another market. Market analysis can also help the company's sales managers make decisions on smaller issues, such as whether the company should immediately make appropriate adjustments to the price to reach the customer's expectations during the holiday season; or whether the company should increase sales promotion. Awards are issued to strengthen promotional efforts.

### **2.3.2 Marketing plan**

The company should analyze market opportunities which mean analyzing the requirements in the market through marketing theory, so that companies can organize and allocate resources according to their own actual conditions, effectively provide corresponding products or services, and achieve the marketing objectives of the company. (Homiak et al, 2006)

Marketing plans are very important in the business plan. It is usually based on an annual basis, focusing on decisions relating to marketing mix variables and considering how to implement the specific content. (Anwar, 2001) Regardless of the types of companies that are created and how large they are, each entrepreneur needs to develop a marketing plan that needs to be developed every year.

Marketing plans refer to the analysis of the current industry potential, marketing conditions, and analysis of the major opportunities and threats, strengths and weaknesses. It also includes the analysis of problems existing in the company and their financial goals. This method will be helpful for the determination and control of marketing objectives, marketing strategies, marketing action plans, and projected profit and loss statements. The marketing plan is part of the business plan.

### **2.3.3 Market segmentation**

Market segmentation means that the company divides the customers in the market into several customer groups according to certain standards.(Toakey et al, 2005) Each customer group constitutes a submarket. Different submarkets have obvious differences in demand. Market segmentation is the basis for selecting the target market. Marketing activities in the enterprise include segmenting a market and using it as the company's target market, designing the right combination of products, services, prices, promotions, and distribution systems to meet the needs and desires of customers within the market segments.

### **2.3.4 Marketing activity management**

Marketing execution refers to the process of turning a marketing plan into a plan of action and guaranteeing the completion of such tasks to achieve the planned goals. This requires marketing managers to configure time, money, and staff at the three levels of functions, policies, and programs. Regulation is also very important, which includes establishing and managing a control system that tracks the effectiveness of marketing activities. There are many types of controls, including annual planning control, profit control, efficiency control, and strategic control. Organizational skills are necessary for marketing activities. They are often used in organizations that develop effective work. Understanding formal and informal marketing organizations is very important for effective marketing execution.

### **2.3.5 Feedback**

In the process of implementation, the attitude and efficiency of the staff, whether the implementation of the information deviated from the expected goals, what new issues occurred during the implementation require the supervisor to carry out serious supervision. (Wang, 2017) There are usually two types of supervision which are institutional supervision and full-time supervision. System supervision is the supervision of the company according to internal regulations and work rules. Supervision the full time is the organization of specialized supervision personnel to supervise, and the mutual cooperation effect is better.

Effectiveness assessment is one of the methods that can show the lessons learned from feedback information. Therefore, it is often used by enterprises and it is also an indispensable way in the implementation of feedback information. The effectiveness of the evaluation needs to be an expert in marketing, so as to ensure professional, objective, reasonable and scientific evaluation. It has a high reference value, companies can also examination themselves, summary and make the implementation of feedback information more effective.

## **2.4 Marketing strategies of the game industry**

This part will introduce five methods that the game companies normally use to increase the popularity. It is help for the Microsoft and Sony to expand market and gain more profits.

### **2.4.1 Expanding market channels and strategic cooperation with other companies**

Actively expand marketing channels is another way to sell products. The current online game market competition has been unable to allow game operators to only use their own market channels. They can explore the market which related to the game machine market. The development of in-game advertising market (IGA), which is a hidden marketing new approach that the online game market can open up, can bring huge business benefits to game operators (Du, 2012)

Cooperating with other companies to sell products is also a good way for game company. The company Asus officially released the first "core graphics game" A43E, while showing a variety of game solutions based on the latest processor and Asus 6 series motherboard products. Asus A43E has served as a dedicated machine for the "Intel Core Graphics Cup" and "League of Legends" star elite tournaments, demonstrating that the platform notebook can play all kinds of mainstream large-scale online games with smooth performance. Through the strong combination of companies, not only the interests of both parties will be strengthened, the introduction of high-end tablet PCs, effectively attracting the attention of gamers. This will not only increase the number of players, but also strengthen corporate cooperation, bringing a win-win situation for both parties.

The most obvious thing about strategic cooperation is that games and traditional industries do what they are good at, and they learn from each other and achieve strong alliances. Asustek and Intel passed the hardware requirements of the League of Legends to reach the strength of the promotion of corporate electronic equipment products and reached the advertising effectiveness. The League of Legends is also supported by hardware, and more kinds of electronic devices can run the game itself. This brings a more convenient user experience to the game. Through an enjoyable gaming experience, players can enjoy the game and attract the game. More players to join

#### **2.4.2 Social media**

Third way is the internet marketing through social media. Players of Xbox and PS4 are the loyal users of the Internet and many social media now have a strong communication with the consumers. It is this feature that make it has strong network marketing capabilities (Chance, 2017). For example, gaming community or popular local game forum where. Of course, the social media like micro blogging or news website also plays an important role to spread the news of the game machine market. Because the communication of the micro blogging is very strong, with the mutual reprinting of the users, the news can be spread very fast. When there are new products launching, how to take good use of the media is very important of the market strategy.

#### **2.4.3 Game competition**

Games are always connecting with the competition. Organizing world game competition is also helpful to sales volume. Take the game League of Legends as an example, which is the most famous game around the world. By organizing world championship every year, reported by plenty of major media. This game attracts more players to join. With this game become bigger and stronger, people start to accept this competitive project. With this game developing, the company has organized many knockout and playoffs and pull investors to set up more teams and recommend normal game players to join the team. Their marketing strategy has become successful during these years. (Zhang, 2013)

Microsoft and Sony are the multinational companies, they should research the differences needs of consumers in different countries and change their market strategy. Nintendo are welcomed by Chinese players. They have connected with other game company to enter the Chinese market and research the preferences of the Chinese players.

#### **2.4.4 Gaming Peripherals**

The online game company produces or authorizes other companies to produce a series of physical objects related to the game, usually including the character figure of the game character, the stamp of the game content, the clothing with the game LOGO, the daily necessities, and the game Props and so on. Peripheral products exist as a derivative of the game. With the deepening of the game and the increase in the number of users, the sale of game peripheral products is an important way for game operators to expand their income. At present, Tencent does better in this market.

#### **2.4.5 Playing before payment**

Many game players are not very familiar with the contents of the game when the game is released. Therefore, they are not willing to spend money on games or equipment in the game console. If the game company can make customers to try the game for free, or give away items that originally cost money. When customers are attracted to these games, they are willing to pay for these games. At the same time, binding games and credit cards is also a good way to facilitate customer spending and give discounts. For example, the game "God List 2" will be officially open beta on May 30. This game uses a new third-generation operating model - - "Credit Card Mechanism."

The so-called "credit card mechanism" means that players can enter the game without paying any fees in advance, use the credit line granted by the company, consume any props, and then decide whether to pay after trial. The 'credit card mechanism' emphasized the use before purchases. This is an operating model that no one previously had. The credit card model allows players to know for the first time that they can buy game equipment on account, this model also attracts a lot of attention. The concept of the first initiative is also a recipe for publicity, and then the "Bravo" 2 beta online at the same time on the first day The number of players exceeded 170,000, and the charm of credit card mechanism is not too small.

### **III. METHODOLOGY**

This section consists of 3 main parts; purpose of study and type of investigation, sampling design, data collection method.

#### **3.1 Purpose of study and type of investigation**

This study is conducted by using quantitative research. By doing questionnaire to the game players and access information from professional literatures, the reasons are found why the market strategies of the two companies failed in Chinese market. By analyzing the special condition of the Chinese game industry and the marketing strategies Microsoft and Sony use, suggestions are given for there marketing strategies to increase the market share of the two companies. Moreover, since the opinions of the customers are essential, the quantitative analysis is necessary. Such research method is helpful to analyze the market strategies these two companies have taken.



### **3.2 Sampling design**

The specific group of this study was the game players no matter what kinds of games they play. Every game player who has the ability to pay for the machines is the potential customer for these two companies, so every feedback of their feedback is necessary. We distributed the questionnaires to the people who have the ability to pay for the machine. Distributing to the people who do not play games is useless. Some people even do not play fee games, much less the game machine. Finally the 18 to 38 year old people who play the game were the specific group would be distributed the questionnaire. Opinions of the people who do not like the game machines are the most important, because we should know why they do not want to buy the machines and find the ways to increase the sale revenue.

### **3.3 Data collection method**

This paper is collected data by literature review and questionnaire method. Consulting literature is helpful to analyze the market strategies of the game machine companies. The article has reviewed the 2016 Global Game Revenue Report and other sales reports since the companies entering the Chinese market in 2014, getting the information about the general situation of the game machine industry. Several successful market strategies are found in other articles as the references of Microsoft and Sony. Next method is the questionnaire and the sample is 107. The data comes from game players with purchasing power at all ages. The advantage of questionnaires is that they save time and the results are easier to quantify. The questionnaire survey method is a structured survey method. The form of the survey and the sequence of the questions, as well as the answers given, are fixed and invariable. They are expressed in a textual manner. Therefore, this method is well quantified. Also, the results of the questionnaire method are easier to statistically process and analyze. We can use analysis software for data analysis, which is very convenient. Another advantage of the questionnaire method is that it can be investigated on a large scale. Regardless of whether the investigators participated in the survey, they could understand the respondents' preference and attitudes from the questionnaire. The survey contents are basically the basic information for consumers, for example, the preference for the game mode, the level of understanding of the game machine and the main factors that influence the purchase of the game machine. According to the company's marketing methods and feedback provided by game players, it analyses the reasons why the sales do not reach the expected value and put forward solutions.

## **IV. DATA RESULTS**

### **4.1 Introduction of Xbox and PS4**

Xbox is a game machine produced by Microsoft, as the first machine launched in China since 2014, naturally attracted a large number of public concern. The Chinese Xbox platform launched the games and divided them into three types. First type includes "Extreme Racing" and "Athletic Meet Athletic Opponent". Second type of games are released by 12 world developers including EA. Thirdly, games are developed by Chinese game companies. Xbox department manager Phil Spencer Seiden announced that the development of a new generation of code-named Xbox One Scorpio host was officially named, which will be officially on sale on November 7 this year.

PS4 is an entertainment machine of Sony, which is the fourth generation of PlayStation game machine. In March 20, 2015, PS4 machine officially released in mainland China, which includes the game "Nine Yang magic prerogative", "pumpkin adventure" and so on. PS series products occupy the absolute leading position in the global game console market. At the end of 2016, Sony sold 20 million game machines globally, occupying 51% of the world's next-generation game machine market and occupying an absolute leading position. As of June 2017, PS4's cumulative sales volume was 60.4 million units. The software was sold 490 million sets. The hardware devices have expanded their content services and their development status is also in good condition. According to the company's official statistics in March 2017, the number of monthly active users of the PlayStation Series products reached 70 million, and its online value-added services reached 26,400,000. Global players use more than 600 million hours a week on average

### **4.2 The results of questionnaire**

I randomly selected 107 people from 18 to 38-year-old gamers as the sample of survey. Around 2000, the game machine was very popular. At that time, about 78 percent of all people played the game machine called Xiao Ba Wang. However, until now, only 50 percent of the people know about Xbox and PS4, not to mention the person who owns it.

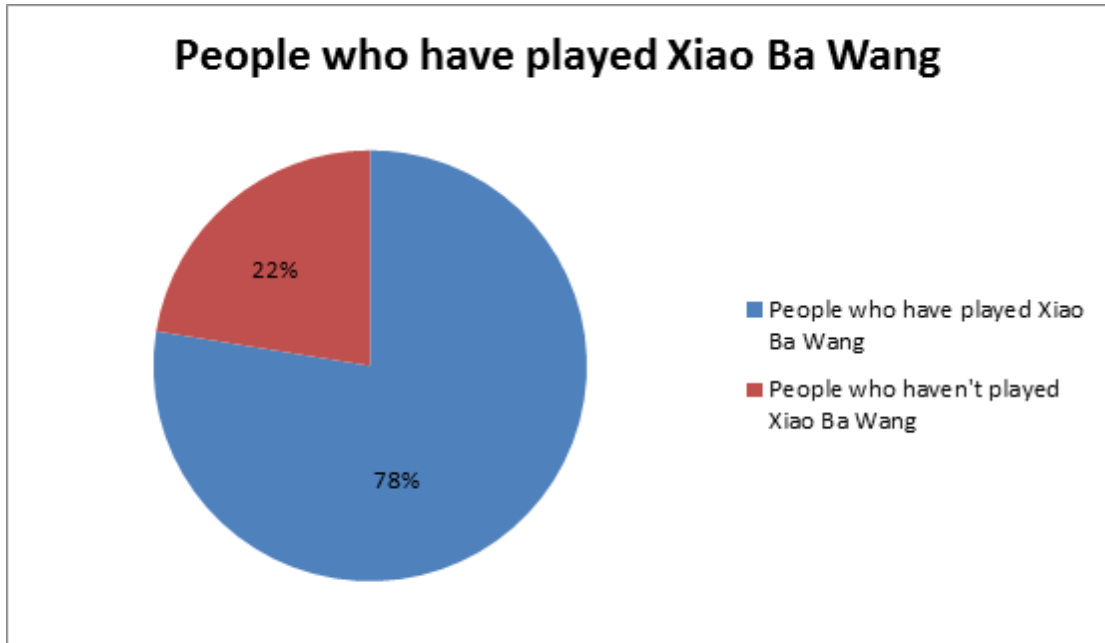


Figure 4-1

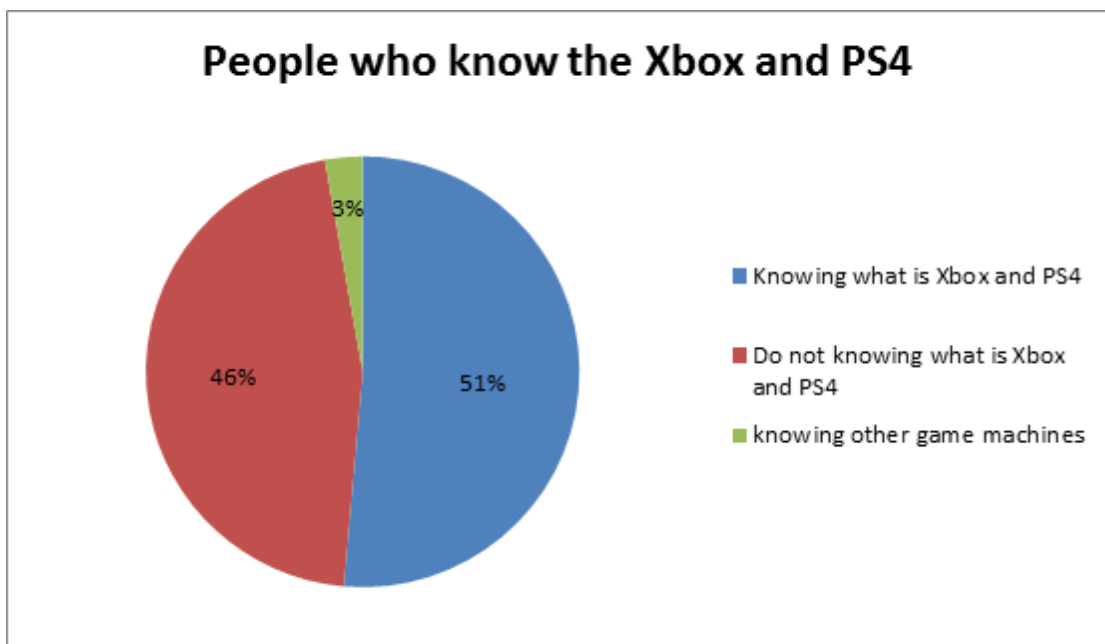


Figure 4-2

From the data, it can be found that Microsoft and Sony need to increase their awareness. Meanwhile, through the third question, it also reflects the reality that the popularity of game machines has fallen a lot due to free online games and computers.

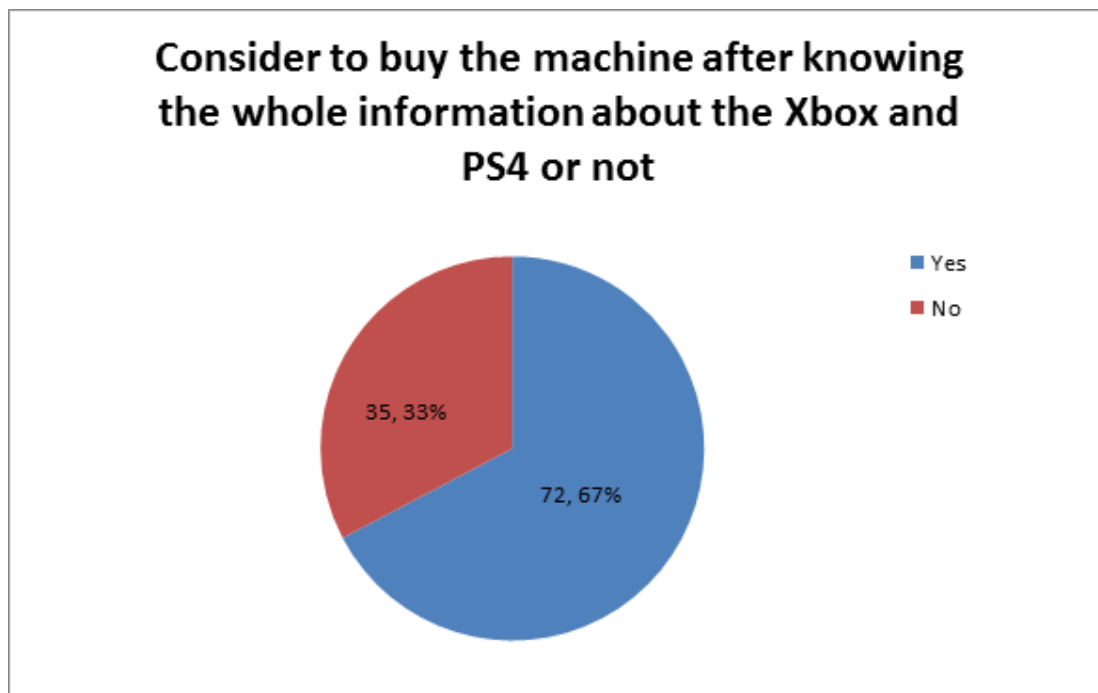


Figure 4-3

Thirty three percent of people have no interest in understanding them in depth after knowing the function about Xbox and PS4. The other 65 percent people can become potential customers of the game machine. The purpose of these two companies is to make this 65 percent of people know more about the two game consoles.

When asked why they would not buy such a game machine, there are 37 customers said that the price was a little bit expensive. This group takes the largest part. 20 people have the preference for the online games. There are 10 people don't like game machines anymore. Another 6 people will not pay any money for the game. Making players feel that they were getting value for money before buying becomes a primary concern for the companies.

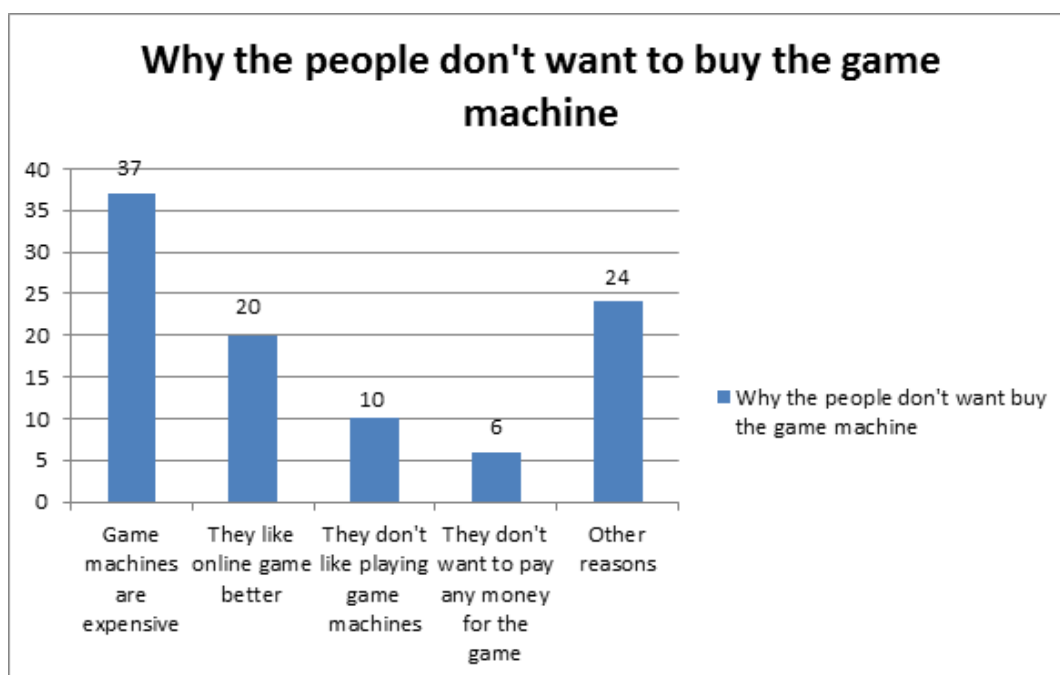


Figure 4-4

Another picture also shows that the high price influences customers to buy game machine





Figure 4-5

From this question, it can be found that only 20 people can accept the price beyond 3000 Yuan. It is normal because they needn't pay money to the online games. But there is still 34% people can accept the money between 1000-3000 Yuan. If the marketing strategies are designed better, they are more likely to accept higher price.

#### 4.3 The marketing strategy of XBOX and PS4 at present

(1) Combining other product businesses with game machines.

Take Microsoft as an example. Although several Chinese players have Xbox, they are familiar with the Windows system. The original Xbox One games only exist Xbox One, but at this year's E3 exhibition, Microsoft launched a new concept of "Xbox Play Anywhere", which enables Xbox One and Windows 10 players to achieve a cross platform game experience, the game "war machine 4" will be sold in both Xbox and Win10. This method can help players to experience some Xbox One games on PC, so that win10 users have more opportunities to understand Xbox One. Last month win10's equipment was used up to three hundred million, this way is not only a welfare of the win10 users, but also brings a large number of potential customer resources for Xbox.

(2) Providing support for domestic game software developers

Compared with the game designers of Microsoft headquarters, domestic game software designers know more about the needs and preferences of Chinese customers. Microsoft, in order to get more support from domestic game developers, especially personal developers, will bring the Xbox project into China and open a new incubator project in Shanghai. As long as the project developed by the Chinese game developers passes the Xbox review, the developer will be able to get the support of the Xbox One developer. This will enable Xbox One to have more games that are popular with Chinese players, thereby increasing sales of Xbox One.

(3) Using a small quantity of Chinese version games to test the reaction of the market.

Compared to Microsoft's Xbox One, in the first time to enter the Chinese market, SONY is not eager to launch products to seize the market. Before the official release of PS4, a large number of Chinese version games (many of which have not been in the past) have been introduced to explore the mainland market, to make clear the consumer preferences, and to modify the plan of the SP4 national release according to the data that consumers play in the game, and to continue to push the release time of the SP4, so that there are more time to make adjustments. Now the sales data of PS4 has proved that this strategy has made SP4 attract more consumers.

(4) Using official websites and news websites to publicize their new products.

Official campaigns have never disappointed loyal video games users. On the website, Microsoft and SONY will launch a variety of new products and give discounts to players. Each new product will appear on the official website. Players will share their experience in the forum. For loyal players, official websites and forums

are their main sources of information. The latest games and the biggest discount can be provided to the customers on the website. The loyal players not need the extra advertisement, the official website is enough.

(5) Launching game packages to make customer choice more diverse

The most competitive time between gamers is the holiday season. This is why Sony and Microsoft continue to launch a bunch of new products. However, Microsoft is also particularly strong this year with the launch of Halo 5 and other packages. The customers have a variety of options. For example, Xbox One has two types of game consoles, one of which is a limited edition. The limited edition game consoles are difficult to process and consume high costs. They will take a long time to process. Another one is value version. Users buy Xbox One usually for certain games. Before launching some popular new games, Microsoft will launch corresponding game packages so that users feel valued.

## **V. DISCUSSION**

### **5.1 The current situation of the Chinese game machine market**

(1) The price is expensive

According to the questionnaire, 50.7% of people will not buy the products because the price is too high, and if they are cheaper, they will buy it. From the [8] of China's game revenue in 2016, mobile games and client games still occupy a dominant position, which is difficult to shake.

Some of the mobile games and the client games are not charged when they log in. Of course, the players can spend money to increase the character attributes, so there is a difference between the RMB players and the non RMB players. In the long run, the consumption view of Chinese gamers is more biased towards the free choice of RMB after free entry, while television and game games have a great conflict with this concept of consumption. First, you must first buy game equipment, in China's home game marketing market, Xbox One and PS4 in the host market are monopolistic and players generally can only choose these two. Xbox One in 2017 is 3699, the full version is up to \$4299 and SONY PS4 is also \$2899, which is only a game machine. In some parts of the world, Xbox and other foreign game players also require users to pay for games, while downloading a network game is free. Coupled with the concept that has long been affected by parallel imports and piracy before lifting the ban, it is difficult for mainland players to accept thousands of dollars in game costs. According to foreign media reports, EA predicts that PS4 and Xbox One are expected to break through 100 million units by the end of 2017, but only 500 thousand in China, which is not surprising. Few people are willing to pay a few thousand Yuan for an average game machine that can only play dozens of minutes a day.

(2) Only a single game function

Most of the game machines have only a single game function, and some newly developed games have hard disk storage, video playback and other functions, but these functions are not attractive. For players who only want to use games to kill time, this is not a very cost-effective choice, and Xbox One and PS4 are not convenient to carry. Compared with mobile phone games, it is a big disadvantage. Even if it is convenient to carry, nowadays, with the rapid development of mobile games, few people will be able to leave the game alone.

(3) Niche markets

As a result of the thirteen - year ban, many gamers do not understand host games, and host games need a lot of preparation, including purchase and installation in the early stage. Host game is more troublesome than the client and mobile game, the player has put the energy into more convenient online games and mobile games, and only a few loyal players still stick to the game.

Secondly, the most popular game type of Chinese players at present is MMO (massive multiplayer online) game. According to the questionnaire, 27.3% of the players will not buy the game because they think that the game and the mobile game have enough for them to play, it is not necessary to buy the game machine again, which is very difficult to change in a short time. However, the current games, such as Xbox One, can not achieve the complex operation required by MMO. It is also a difficult problem for the game host company to make players switch from multiplayer to single player or to develop more popular Internet multiplayer video games.

(4) Lock area

The lock-in area of the game machine has greatly reduced the number of games that can be played in the game machine. For example, the national version of the Xbox One only through the domestic audit of the game can be normal logged in. Most of the games in other areas, especially the American version of the game cannot be played in the Chinese version, which directly leads to the number of games and can not attract too many players. Many very popular games are unable to land in China's game platform. PS4 has been produced by the Sony Corp in Asia. The situation is relatively good, but there are some restrictions.

## **5.2 Problems of the company's existing marketing strategy**

In China, there have been no game machines for 13 years. During this period, most Chinese did not understand what the game machines are, so Chinese markets are potential markets for game machine companies. However, there are some restricts for the sales of the game machine the article has mentioned before. This part will find the problems of the companies existing marketing strategy.

The most important issue of the two companies is that Microsoft and Sony do not have a deep understanding of the special circumstances of Chinese market and the relevant marketing strategies did not make any significant changes. China's marketing strategy is similar to that of Europe and the United States, but the situation of the markets is quite different. Because of the previous ban on Chinese game machines, many people have the money to buy game machines and also love to play games. However, they do not understand the game machines and have no chance to play Xbox and PS4. This situation makes them not willing to buy the machine, but the market of Europe and the United States is different. Because the game culture has been formed in Europe and the United States early, people don't buy game consoles because they don't like it, not because they don't understand it. For the main players in Europe and America, their marketing strategy of the game machines has no problem, but Chinese consumers do not buy the machine because they do not know the benefits of the game machine. This part of the questionnaire can also certificate this problem. From the questionnaire, 20 percent people have played the game machine 15 years ago, but now they know nothing about the Xbox and PS4. That means the promotion of the company is not enough. Base on this analysis, the problems of the marketing are easy to find.

Firstly, the promotion channels they choose can't make ordinary players getting the information of the machine. If people are not loyal players of Microsoft, they will not browse the official website. They are not interested in the release of the new version although the games are really interesting. Most of the current marketing strategies can not make the ordinary players get the latest news about the game machine.

Next, the ordinary players do not know how interesting about the game machine. Few people want to pay more than 3000 RMB for the game machines which they have little understanding with. If they know the information about the game, they are more likely to pay this money. Now the players have no access to play the game machines.

Finally, they hardly have cooperation with other Chinese companies who know the Chinese market better. Microsoft once believed that they can expand the market like their windows system has done before, but they failed.

The two companies should know that not just the problems of the marketing strategy, the current condition of the game machine are also different with other countries. The marketing strategy should be different with others. If the marketing strategies are same with the other country, it will not make success in Chinese market.

## **VI. SUGGESTION**

Many game players begin to pay attention to the game machines in recent years. Microsoft and Sony's game machines have just been known to domestic gamers, it is not easy to open up the market. The consumers can be divided into three areas. At first, we will talk about the loyal users of the game machines. Next, ordinary players who like to play online games or stand-alone games and knowing little about the game machine are also very important to the market. Finally, Middle-aged people who do not play games, and having parents or children are not likely to buy the game machines. These three categories basically include all Chinese users. Microsoft and Sony have just entered the Chinese market soon. To increase the product awareness, we must pay more attention on ordinary players and people who do not play games. We will discuss these three types of people separately.

### **6.1 The loyal players of the Xbox and PS4**

Firstly, professional game machine player are also loyal players. Their focus is on game masterpieces and new games. Therefore, when a game company releases games of very high quality, they will definitely buy them. The transaction rate is the highest. For players in this section, they do not need more promotion. Therefore, the company's marketing strategy for this group of players should be improving the quality of their new products. The marketing strategies now they have are enough. the large-scale increase in loyalty players is very difficult, because the number of loyal players is too small compared to the other two groups. Meanwhile, many Chinese players like buying regional versions and piracy, which also reduce the sales of the products. This is not enough. China's approval is very strict. The newly issued game will not be approved in the short term. This issue is also a reason why the core player does not consider the domestic version. In addition, the problem of the lock area will also limit the number of the games. Therefore, the royal player is really a small group, the companies should not pay most the money on this group.

## **6.2 Normal players**

Next, the most attention should be paid to ordinary players. They also like to play games and they also can afford the game machines. They are potential customers of Xbox and PS. Due to work and studying problems, they may not have much time and energy to focus on Xbox and PS. They will mainly choose to play well-known online games such as World of War craft and so on. Many people often play stand-alone games. Considering family issues, many people are not allowed to buy the game machines because their parents or family members think it does harm to the players. In this condition, marketing strategy is very important. If the company let this group of the people more in-depth understanding of Xbox and PS and let consumers understand the advantages of game machines compared to ordinary online games, it may persuade them to buy the products. If the company allows the consumers to play several games in the store, the sales will definitely increase. In this regard, what the Microsoft and Sony do is not good. Ordinary players have a hard time to understand these games, not to mention buying them. If the company can change some of the marketing strategies, then the number of buyers will increase. For example, middle-aged people like to shopping in the supermarket. If the official set free game machines for consumers to play in the supermarket, the popularity of the Xbox will increase. In addition, the cooperation with other companies is helpful to increase sales. For example, there are several games very popular in China. Microsoft can add these games to the Xbox, because players may not know much about the game in the Xbox. If there is a favorite game also exists in the Xbox and PS, they are more likely to buy this game machine.

## **6.3 The people who never play games**

Finally, if one person never plays games, even if we charge the machines for free, they will not buy them. From the questionnaire, it is found that this group of people just takes the small part. Although these two companies can't gain the profits from this kind of people, if they expand popularity among the normal players, they will get larger profit than their expectation. So the companies don't need to design many marketing strategy for them. In the future, they may have enough money or turn to play games, but now the companies needn't do many researches for them.

## **6.4 Summary of the suggestions**

For Microsoft and Sony who want to open the market, selecting groups with large users who are more interested in games is very effective, so ordinary players may be the most appropriate group.

In conclusion, the game companies need to know how can maximize the influence of the publicity and arrange the sale of goods. The marketing model is mainly applicable to which user group is important for the large companies like Microsoft need to consider. Choosing the right consumer groups can help the company to be more profitable. Meanwhile, Microsoft will not give up its loyal players. They should guarantee the quality of the products will not be disappointing. At the same time, it will allow ordinary players to accept their products. The high turnover of core players is also an important source of Microsoft's revenue.

China's national conditions are special. The degree of understanding of game machines is far less than the other countries and the games in Xbox and PS are also not familiar for Chinese players. If they want to change the consumers' perceptions in China, Microsoft and Sony still has a Long way to go.

## **VII. CONCLUSION**

The host game "injunction" lasted for more than ten years. The game market in China and even the world has undergone earth-shaking changes. Chinese players have been trained in the piracy market, they don't care the copyright. They think the most important factor they should concern is money. Besides, the online game games still occupy an absolute leading position. The competitors of Microsoft and Sony are not the game machine companies, but the online game company. Although the market is now liberalized, the release time is not long. The preferences of using gamemachines to play the game have not yet been fully cultivated. As a result, in the past three years after the "unlocking of the ban", no company has been able to expand the market largely. The game machine market also not develops as rapidly as previously predicted. However, the sales revenue of the two companies is increasing, which show that the preference of the customers begin to change gradually. The future direction of the game market in China may become the game machine because their high quality and the people have more money to spend in the entertainment. Although the time has not yet reached the expected date of lifting the ban, the Chinese game console industry still has great market potential. As the world's revenue carrier, console games still have very good prospects for development, especially in China.

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### Appendix

第1题： 小时候有没有玩过类似小霸王的游戏机 [单选题]

选项	小计	比例
有	83	77.57%
没有	24	22.43%
本题有效填写人次	107	



第2题： 不了解Xbox或PS4 [单选题]

选项	小计	比例
了解	55	51.4%
不了解	49	45.79%
不了解这两个，但是了解其他的游戏机	3	2.8%
本题有效填写人次	107	





第3题:

Xbox和PS4是微软和索尼分别开发的两款电视游戏机，售价三四千元左右，里面有超多好玩的大型游戏噢，有没有兴趣了解一下 [单选题]

选项	小计	比例
有	69	64.49%
没有	38	35.51%
<b>本题有效填写人次</b>	<b>107</b>	



第4题:

如果里面的游戏真的很好玩，你会不会考虑买下其中的一个 [单选题]

选项	小计	比例
会	72	67.29%
不会	35	32.71%
<b>本题有效填写人次</b>	<b>107</b>	



第5题:

不买它的主要原因是什么(如果会买的话就不用填啦) [单选题]

选项	小计	比例
太贵了，如果便宜些的话会买	37	34.58%
不会买，因为网游和手机游戏已经够我玩的了	20	18.69%
不会为游戏花一分钱	6	5.61%
从来不玩游戏	10	9.35%
其它原因 <a href="#">[详细]</a>	18	16.82%
(空)	16	14.95%
<b>本题有效填写人次</b>	<b>107</b>	





第6题： 大约能接受的游戏机最高价格 [单选题]

选项	小计	比例
0-200元	17	15.89%
200-500元	12	11.21%
500-1000元	22	20.56%
1000-3000元	36	33.64%
3000-5000元	15	14.02%
5000元及以上	5	4.67%
本题有效填写人次	107	



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