

Researching the behavioral elements of online video game players. A detailed analysis using SPSS. Part II: Analysis of company's marketing environment

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Abstract

It is well-known that communication was always encouraged by interactivity generating knowledge and meaning, while active participation is enabling valuable content, deeper immersion being created by better video game players' experience. Marketers are challenged to reach online video gamers by leveraging new opportunities identified on the relevant market, the rapidly increasing video game industry offering an interesting example of relationship between the sales of both hardware, and software. The very competitive and dynamic video game market is influenced by both the continuous technological advance, and the changes in trends and preferences of video game consumers, who are attracted by innovation in this video game industry which has become one of the largest entertainment industries globally. That is why a coherent analysis of the video game users' behavior it is really useful. This paper is divided into four chapters, as follows. Part I is an introduction to the video game industry, presenting the economic power of the industry, the main factors influencing the video game consumers' behavior, as well as particularities of the marketing strategies in the industry. *Part II presents the marketing environment of one of the largest video game companies, namely Ubisoft Entertainment S.A. The main aspects analyzed are the microenvironment and the macroenvironment of marketing, each with its particularities. The SWOT analysis of the company will also be presented.* In Part III, the actual study of the paper is presented, starting from the formulation of the conceptual framework of the scientific approach, continuing with the list of the research problem and purpose, objectives and hypotheses, and the definition of research variables. At the end, the applied research method is exemplified and the results are analyzed and interpreted. Part IV contains the research conclusions and recommendations for Ubisoft Entertainment SA company based on the results obtained in Part III.

Keywords: Online video game players; Users' behavior; Video game market

JEL Classification: D83; L82; L83; M31

Introduction

Ubisoft Entertainment SA is a French video game company that was founded in 1986. Over the years, it has managed to expand internationally, having more than 45 subsidiaries in several countries around the world. The large producer also has two branches in Romania, one in Bucharest and one in Craiova. (Ubisoft, 2021) Today, the company has become one of the largest video game producers in the world, having under its wings various well-known international franchises such as *Just Dance*, *Assassin's Creed*, *Far Cry* and many others.

This analysis of the Ubisoft company's marketing environment aims to identify and analyze the various factors that can affect the company's marketing and communication strategies.

2.1 Marketing Microenvironment

The analysis of the marketing microenvironment includes the entities with which the Ubisoft Group comes into direct and reciprocal contact. The main elements that will be analyzed within the microenvironment are customers, competitors, suppliers and intermediaries.

2.1.1 Customers

Customers represent the most important component of the microenvironment because the final products that the company produces are dedicated to them. Mainly, for Ubisoft, the most important customers are the individual customers, that is, the direct consumers of video games.

From the point of view of the Ubisoft Group's customer segmentation, demographically, the Group has various products designed to satisfy the needs and pleasures of the general public, regardless of age, gender or location.

In terms of customer revenue, Ubisoft produces video games for both low- and middle-income individuals as well as those with high and very high incomes, but their prices differ from platform to platform. For gamers using phones, the prices are lower, but for gamers on consoles or PC, they are often higher.

The spending habits of customers also lie under the same differentiation. For games available on the phone, the ideal customers are those who make frequent purchases and for games available on the computer, in principle, customers will make purchases less frequently.

Ubisoft, through its products and services, wants to offer customers various enjoyable activities for spending free time at home and relaxing. At the same time, at the opposite pole, the Group has in its range of games also some perfect for people who prefer adrenaline or competitions, and with technological developments, all of these can be shared online with other people.

On a psychographic level, interests and passions are the most important elements for the Group. The target customers are those who have an interest in video games and those who prefer to spend their free time at home or online with friends.

From a behavioral perspective, distinct consumers are targeted, who use video games for various benefits. They are mainly aimed at people who use video games for relaxation, adrenaline, competition or to achieve a goal.

2.1.2 Competitors

From the point of view of competition, the Ubisoft Group has always had strong competition in the video game industry, this industry being very competitive. Every manufacturer, whether big or small, is always trying to leave their mark on the industry and its evolution.

The market is heavily segmented by the type of devices each manufacturer is trying to release their games for. If 10 years ago the video game market was dominated by games for consoles and personal computers, nowadays games for smartphones and tablets dominate the market, due to the benefits it has over other devices, the main advantages being convenience and mobility.

From the point of view of the market, it is highly fragmented, with many competitors, with few dominant companies (Mordor Intelligence, 2022). Thus, in the video game industry, Ubisoft has many direct competitors, and among the most important can be counted: Activision Blizzard, Nintendo, Electronic Arts, Sony, Microsoft, Square Enix Holdin Group, Bandai Namco Holdings Inc. and Tencent. Among the best-selling video games are franchises such as: Mario, Pokémon and Wii, all owned by Nintendo; FIFA, The Sims and Need for Speed, owned by Electronic Arts, Call of Duty, owned by Activision Blizzard; Minecraft, owned by Microsoft and Grand Theft Auto, owned by Take-Two Interactive Software, Inc. Of the franchises that Ubisoft owns, the most popular are: Assassin's Creed, Tom Clancy's, Just Dance and Far Cry (Ubisoft, Ibid).

Analyzing this competition, it can be seen that mobile phone games generate a lot of revenue for companies, especially by offering free games, with revenue coming from in-game transactions (Grand View Research, 2022).

In the mobile games market, the global leader is Tencent, with video games such as PUBG Mobile and Honor of Kings that managed to make over \$2 billion in 2021 and over \$1.6 billion in the same years respectively, but most of the revenue comes from countries like China and Japan, countries where Ubisoft is not very popular (Business of Apps, 2022).

At the same time, new competitors always appear in the video game market, smaller video game developers, but who have the opportunity to compete with the rest of the companies that have a greater age. Thus, potential competitors competing in the market also appear.

As a form of entertainment and leisure, video game producers are indirect competitors with other forms of entertainment available to the population, such as producers of films and TV series.

2.1.3 Suppliers

For the Ubisoft Group, the main suppliers are those who provide the labor and crew required for the development of video games. Of course, service providers are just as important. This category includes banks, video game testing agencies, insurers, marketing and advertising research agencies, and utility providers.

However, intermediaries are also important for the activity carried out by Ubisoft. In order to have access to the widest possible group of people and potential customers, the Group markets its digital products through the various app stores available on various platforms.

For mobile as well as for consoles, the only way to offer the products in digital format to potential consumers in a safe and secure way is through the app stores for each operating system.

For digital products intended for personal computers, Ubisoft is present on several application stores and digital merchants, with Microsoft and Apple offering possible presence of several stores, depending on the respective operating system.

A similar aspect for both consoles and PCs is that games can also be bought from real merchants in the form of DVDs or SD cards.

2.2 Marketing Macroenvironment

The marketing macroenvironment includes all the external elements that indirectly act on the company and that are of particular importance in making marketing decisions and not only that. The main elements that will be analyzed for the Ubisoft company are the demographic environment, the economic environment, the natural environment, the political and legal environment, the socio-cultural environment and the natural environment (Kotler, 2005).

2.2.1 Demographic Environment

Demographically, end users of video games can fall into various age groups, from games that are suitable for children to games that can only be played by adults (PEGI, 2022). Ubisoft, through the varied range of video games at its disposal, tries to come up with various products for each age group, thus targeting as varied an audience as possible.

Another very important demographic aspect is also the age structure of the population. In Romania, it can be observed that the most predominant age groups are 20-64 years, followed by 0-19 years and 65-79 years (Eurostat a, 2022). At the same time, it can be seen that the age groups that contain the most players are people aged between 18-34 years, followed by people under 18 and people who are 35-44 years old (Statista a, 2022). Thus, from the point of view of age, Romania has a favorable market segment for companies producing video games, due to the high number of potential consumers.

In a study of video game players in Romania, it can be seen that men are a bit more interested in video games than women. The average age of a male video game player is 39 and a female is 35 (RGDA, 2020). Thus, from the point of view of age, Romania has a favorable market segment for companies producing video games, due to the high number of potential consumers.

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However, age is not the only important demographic factor. The gender of the population can be just as importantly, statistics showing that men are much more open to video games than women. Also, family structure is equally important, as many parents claim that they prefer to play video games with their children (Techjury, 2022).

At the same time, another important aspect of the demographic environment is the workforce that a certain market can offer. From this point of view, the Group looks for markets that have a high degree of education, with a high density located in an urban environment.

2.2.2 Economic Environment

When we refer to the economy of a country, we refer to various economic factors and their evolution over the years. Such factors are the gross domestic product, the average income of the population, the inflation rate, the unemployment rate, the volume of investments but also the degree of endowment with durable goods of the population (Ristea and Ioan-Franc, 2010).

The purchasing decision of a country's citizens is strongly influenced by the economic developments that the country has had over the years. Like many markets in Romania, the video games market was negatively affected by the effects of the state of emergency restrictions caused by the COVID-19 pandemic.

Although the economy suffered in 2020, in 2021 Romania's GDP increased by approximately 7% compared to 2020 and is estimated to increase by 5.1% in 2022 compared to the previous year (Reprezentanța Comisiei Europene în România, 2021). This economic growth, together with the increased interest in video games due to pandemic restrictions, represent an important opportunity for the video game industry and for the Ubisoft Group.

The unemployment rate is also expected to decrease, due to the resumption of economic activities that were affected by the pandemic restrictions.

At the same time, among the negative effects of the global COVID-19 pandemic that are beginning to be felt is the increase in inflation (Digi24, 2022). During the pandemic, global supply chains and shipments were slowed, demand for certain products increased, and the labor market suffered drastic changes. All these effects, accentuated by the impact of the Russian invasion in Ukraine, led to a record rise in inflation in more and more countries of the world (Eurostat b, 2022).

From the point of view of recent economic developments, we can see that the video game market is also growing in our country, especially due to the COVID-19 pandemic and the restrictions caused by it.

2.2.3 Natural Environment

Although the natural environment does not directly influence the company, in recent years more and more pressure has been put on large companies regardless of the field to help protect the environment and reduce pollution as much as possible.

Thus, Ubisoft started various projects and initiatives to protect nature. Such initiatives include reducing business travel and commuting as much as possible, instead using tools that facilitate remote work and collaboration.

Another important initiative is the shift to the use of renewable energy in as many headquarters and subsidiaries around the globe as possible.

At the same time, increasing the life cycle of the IT devices used by the Group is another important initiative, thus reducing the degree of waste.

But Ubisoft doesn't stop there. Through the products, video games and events they develop, the group tries as much as possible to promote the protection of the natural environment and the reduction of pollution.

2.2.4 Technological Environment

Given that Ubisoft creates digital products and services, the technological evolution in the field is a very important aspect for the company. Among the most important technological factors are: technological developments in the supply chain, in-depth access to information, innovation in the product offering, the rate of change driven by technology, but also the population's access to technology and the Internet.

At the same time, technological developments have led to lower production costs and the need for restructuring in the supply chain to benefit from the new facilities.

Today, technology has shortened the life cycle of many products, especially in the field of video games, thus video game developers must quickly develop new games or improvements to existing products in the market.

In the video game industry, the most important technological factors are developments affecting game graphics. It has evolved very rapidly and continues to evolve, reaching a very impressive level of reality, becoming in some cases difficult to distinguish between what is real and what is video game graphics.

Another important development is in the field of gaming devices. VR and AR technologies have started to grow in popularity among video games, and the use of these tools has introduced a new level of immersion into the world that the video game wants to create (Dani, 2019).

And developments in mobile phones and tablets have helped the video game industry become much more accessible and much more mobile. Many companies have started creating games that are suitable for phone screens due to the popularity of mobile devices and the accessibility they provide (Supply Chain Game Changer, 2022).

At the same time, the evolution in cloud technologies is beneficial to provide even greater accessibility to the gaming industry. Those who want to play video games but do not have powerful devices can do so very easily with a subscription to one of the many Cloud Gaming platforms available. Players can play any game they want, all they need being a strong internet connection and a device with a screen. In this area, the development and implementation of 5G solutions are factors that the Ubisoft Group must consider in order to improve the user experience.

Payment has also become much easier to make and much more secure with the developments in the field of online payments. The introduction of various online app stores has facilitated the process of buying digital products, and security is provided by the technological evolution in banking (The Guardian, 2022).

2.2.5 Political Environment

Politically, Ubisoft has no political presence. However, the Group has several video games that follow various plots, including political plots. These are not directly related to real-life politics, however, they are inspired by people, places, politics and various social dilemmas and true events.

2.2.6 Cultural environment

The culture of a country has a special role in many activities of a company, especially in the marketing activity. It often consists of the set of norms, values, beliefs and customs that mark a certain society. Thus, through the video games it markets, the Ubisoft Group must pay a lot of attention to the set of mentioned elements, when it chooses the market segment it wants to act on.

Due to the various forms of expression that video games can take, social inclusion is an aspect that puts a lot of pressure on the video game industry worldwide. More and more institutions and people want video game companies to include diverse norms, values and beliefs to represent increasingly different and diverse cultures.

2.3 SWOT Analysis

Through the SWOT analysis, we can observe the main perspectives, both internal and external, that influence the performance of a company. For the Ubisoft Group, the main drivers are highlighted in table 2.1 below.

Table no. 2.1 SWOT Analysis for Ubisoft Group

Strengths	Weaknesses
• Very rich portfolio of video games; • Well-known brands; • Rich history in the video game market; • More than 45 operational departments present in 5 continents;	• Low presence on markets outside Europe and North America; • Lack of use of more diversified communication channels; • The slow way in which the company responds to the competition; • Decrease in players' confidence in the company;
Opportunities	Threats
• Technological evolution; • Increasing the population's access to the Internet and smart devices; • Changes in consumer behavior following the global COVID-19 pandemic; • Opening to other international markets.	• Increase in inflation; • Vigorous competition in the video game industry; • Increased population access to piracy.

2.3.1 Strengths

Most of the Ubisoft Group's strengths are due to its rich history in the video game market. This made the Ubisoft brands well known on a global scale, and made the company to be in the top 10 largest video game companies in the world according to the value of game profits in the year 2021 (All Top Everything, 2022).

Another important aspect that represents one of the strengths of the company is the operational departments present in different countries. Through them, Ubisoft has broad access to an international workforce, thus increasing the company's diversity.

2.3.2 Weaknesses

The main weaknesses are caused by the fact that Ubisoft focuses its attention on the European and North American markets, having a low market share in the rest of the international markets (Statista b, 2022). At the same time, due to some controversies, players' trust in the company decreased, which negatively influenced the image of Ubisoft (Eurogamer, 2022).

2.3.3 Opportunities

The main opportunities for the Ubisoft group are provided by the continuous technological evolution, especially among smartphones and personal computers. At the same time, thanks to the spread of the Internet and the implementation of 5G connections, Ubisoft can increase its coverage area and reach more consumers.

Also, more and more people have started to transact online following the restrictions caused by the COVID-19 pandemic. Thus, the confidence of the population in these transactions has increased.

2.3.4 Threats

The threats are caused by the very rigorous competition present in the video game market. Because the number of customers is very high, the Ubisoft Group cannot meet all the needs of niche groups in time. Also, piracy has always been a problem for the video game industry and continued to be in 2022. Rising inflation, and video game prices are major factors leading to the rise of piracy.

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