

# Case Analysis of Supercell's Marketing Strategy

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**Abstract.** As the game industry provides increasingly high profit to each countries, majority of people are interesting in how this latest industry can develop in such a skyrocketing speed. To figure out the answer, it is necessary to apply marketing's 4p theory to a typical game company. Supercell is chose as the case to analyze. At the same time, analyze the existing problems of the representative company and give legitimate suggestion toward those problems as well. As the results, the attraction of products, acceptability of price, accessibility of placement and agility of promotion have led to predominate position of game industry. But the lack of creativity, players' socialization and in-game systems have been the main problems for some companies to lose profits consecutively.

**Keywords:** Supercell; video game; marketing strategy.

## 1. Introduction

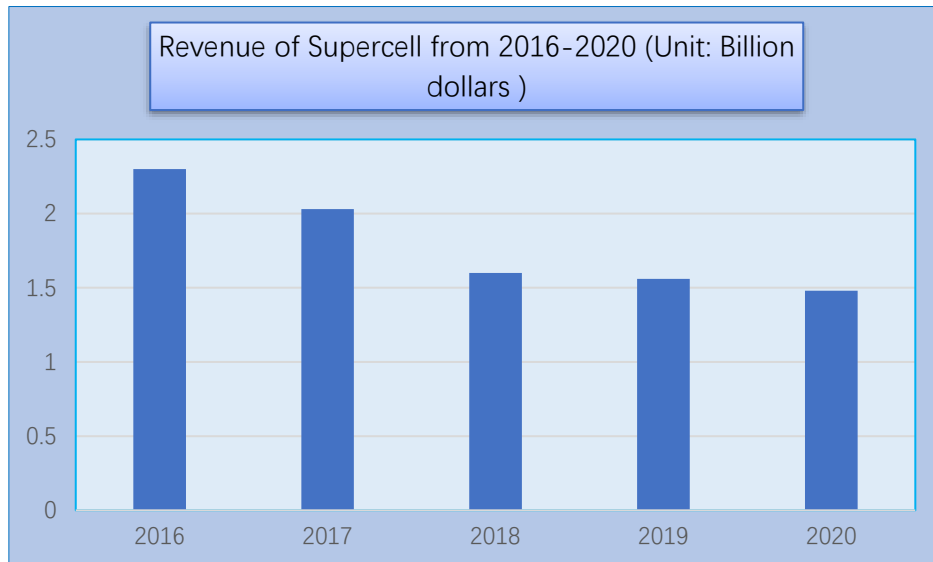
Contemporary game is one of the most profitable industries. It is closely integrated with the economy and the comprehensive strength of an economy is closely related to the competitiveness of the game industry, taking Supercell as case, let's analyze its marketing strategy. According to the forecast of Statista data, by 2026, the market size of China's video game industry will grow rapidly to US \$76.1 billion with an average growth rate of 9.3% [1]. NetEase's net income from online game services in the fourth quarter of 2021 was 17.4 billion yuan, and that of 2021 was 62.8-billion-yuan, accounting for more than 70% [2]. After these huge data, there must be a unique and specific sales strategy. The significance of the research is to find out the marketing advantages and existing problems of specific game company to figure out the problems of general game sales strategy and give reasonable suggestions to today's game industry.

Furthermore, implementation of marketing 4P theory in game industry and case study, and the existing problems of game industry. The research focuses on the product. It is about the importance of creativity and attraction of product. The price of video game is the importance of versatility of marketing method to attract and adept customers for greater income and popularity. Thirdly, the placement is about putting game product in proper place according to targeted customers. Fourthly, the promotion is about the facilitation of sales through cooperation of each platform or brand. The study uses data searching, reference searching and analysis existing problems of the case company and solution for them. The study summarizes the marketing strategies of games industry. The strategies include how to catch customers' thoughts to make them pay for games, finding out the existing problems of specific company and their solutions, how to advertise to enhance the fame of games, and how to make a good game.

## 2. Case Description of Supercell

Supercell is a game studio established by Ilkka Paananen and five other co-founders in 2010. Its headquarters are located in Finland. In November 2012, the company surpassed EA (Electronic Arts) to become the game publisher with the largest income in the App Store, and relied on two games: Hay Day and Clash of Clans. Clash of Clans occupied the top three positions in the App Store game revenue ranking for more than half a year during that time. Relying on two mobile games, the company's revenue has rapidly increased from 700,000 dollars a month to 2.5 million dollars a day,

creating a precedent for mobile game developers. Later, Supercell published three other games: Boom Beach, Clash Royale. In 2016, by running the four games, this company with nearly just 200 people earned 2.3 billion dollars [3]. Among all game companies, Supercell is one of the few that can continuously create brand new and popular games. However, after 2016, the revenue of this game company began to decline continuously, from \$2.3 billion to 1.48 billion. Fig. 1 below shows the change of revenue of Supercell in recent year [4].



**Fig. 1** Change of Revenue from 2016 to 2020 [5]

It is necessary to use digital marketing strategies to figure out why such a marvelous game company has continued to decline in recent years, and to put forward reasonable suggestions for their problems.

### 3. Theory Framework: 4P theory

In recent times, one of the biggest profitable industries is the video game industry. To know why it can gain such position in today's environment of unprecedentedly fierce competition among industries, it is necessary to analyze its marketing strategy in 4P theory. Professor McCarthy, an American marketing scholar, put forward the famous 4p marketing strategy in the 1960s, that is, the marketing method composed of Product, Price, Place and Promotion. The proposal of 4p has established the basic theory frame of management marketing. It has also become a universal marketing rule in the mobile phone industry [6].

#### 3.1 Product

All in-game selling products in the video game industry can be classified into two categories: Progress-facilitating products and Special products.

Progress-facilitating products mainly appear in games that require spending a lot of time to grow characters, and are very addictive for consumers. They help players quickly accumulate the game resources needed for upgrading and growth of characters, so that players can enjoy the games in a short time in advance. Then, when players stop consuming, they will feel greatly miserable due to returning to normal "turtle" growth rate from the rapid one. Many players cannot stand this "misery", so they will pay consecutively, which is why such products are easy to make players addicted. To be more specific, online games' products provide convenience for seeking economic benefits through differential treatment and psychological manipulation. Relying on game manufacturers, their own platform realizes the deep coupling of the two major means of inducing game consumption, namely, integrating players' resources and controlling payment behavior. The behavior of purchasing virtual

products or services is transformed into a rising channel of player status, strength and privilege within the game, fully stimulating the game players' desire for competition and sense of achievement. Give gamers a sense of excitement and satisfaction [7].

Special products, another category, have wider range of spread in games compared with the former one. The characteristic of the products is that it can be obtained by paying money, otherwise players can never have it. They usually appear in form of characters' skin, decoration or weapons. Special products always have very gorgeous appearance and most of them are sold for a limited time to make them more attractive to players. However, a big disadvantage is that most players will buy the special products of their favorite characters or items. Therefore, theoretically speaking, the demand for this kind of goods is not lower than that of the previous one. Special products hardly make players addicted, which leads to relatively low selling quantity. The profitability of special products is lower than the former one.

### 3.2 Price

Different from industrial products, cultural products are more abstract, untouchable things, such as music, literature and social media's video. The selling products in video game is also a typical culture product. The cost of cultural products would be very implicit. Because most of them are intangible, there is no material cost for cultural products like video games. In general, human research cost is the main production cost in game industry. Once the product is successfully developed and getting into the in-game's store the cost of that product is fixed, so game industry can make the price of products to a very low level which makes almost every player affordable and acceptable. Then the total cost will be covered by large quantity of purchase. Furthermore, in order to earn maximum amount of profit, game companies always set up several different price level, always ranged from 6 to 648, to make the price acceptable to majority of customers. Game equipment belongs to cultural products. The marginal cost is decreasing. So, it should attract customers to buy as much as possible. In order to increase the market share, the game products can be used free of charge. When the products are accepted by users and the number of users continues to increase, it has entered a stage of rapid growth and can be charged by registering for use. When the product enters the mature period and the number of users and production reaches the peak, the cost, number and production capacity have been basically determined, and differential pricing, that is, price discrimination strategy, can be adopted at this time. Differential pricing refers to the differential treatment of different products and different users. The differential pricing of products can be increased or reduced appropriately according to the previously determined basic price by dividing the version, adding and deleting functions, and providing different update and upgrade services [8].

### 3.3 Placement

The vast majority of online games have the most direct sales pages in the game and cooperate with many shopping platforms to jointly carry out price reduction. They take the advantage of a characteristic of shopping platforms that they can reach wider customers to increase sales to achieve greater profits.

Another indirect placement is customers themselves, meaning that the games turn their players into their channels of sales. Many games require players to share the game to their social platforms by giving them rewards, which makes players' friends to recognize the existence of the game. Subsequently, there will be more people downloading the games, which facilitates the game's marketing sales. Various channels can effectively promote and apply mobile online games; therefore, mobile network game operators can use mobile operators and mobile payment repurchase and other services and actively seek projects with stable profitability and growth to achieve investment returns [9].

### 3.4 Promotion

Promotion of the game industry is also inexpensive and effective: the most ubiquitous method is video on social media. Each game has many players who like to share the wonderful moments of the game on social media, meaning that players are advertising the game for free, so that more people will know about the game. This promotion method enables the games to advertise them without spending a penny.

Another promotion method is the psychology of consumption competition. Theoretically, consumers will buy the products whose price can be accepted. However, they will become irrational when there is consumption competition. Consumption competition refers to the psychology and behavior of different consumers comparing with each other in terms of consumption level, consumption structure and consumption mode to try to catch up with or surpass others. It is precisely because of the lack of planning for consumer expenditure that some consumers are easily affected by the consumption habits of others around them, which greatly increases the influence of comparison behavior [10]. This phenomenon makes consumers to expense more than their accepted proportion of game spending to their income. As the result, the game companies earn more profits.

## 4. Virtues and Vices of Supercell's Games

Indeed, it has to say that the most admirable aspect about Supercell is that it has avoided all the most competitive game types—shooting and MOBA games. In addition, most of today's popular games have a single battle duration of 10 to 20 minutes, while the games produced by Supercell are about three minutes long, which is another competitive edge that help it successfully avoid fierce competition. Supercell creates a lot of brand-new games, which are all wonderful and intriguing. However, the games of Supercell all have some common problems which makes their revenue plummeted in recent year.

### 4.1 Poor Communication

Communication would be a compelling problem in their products. What is needed to win a team game is excellent cooperation among players. In order to achieve such excellent cooperation, players must have direct text communication channels to discuss tactics and role matching. Many team games such as League of Legends and call of Duty provide players with a dialog box for text communication during the battle, and have microphone buttons that enable players to speak directly for communication.

However, Supercell enable us to send emoji during battle time, causing that player are often unable to convey their ideas to their teammates: for example, in the Brawl Star, if a player is raided and killed by an enemy, he will try to remind his teammates that the enemy is ambushed in that position, but he cannot express it at all since there are emoji, and what can he do is watch other teammates be killed by the same enemy. Brawl Star is not the Supercell game with this problem, and so is Clash Royale.

While playing games, players often hope to establish social relations with teammates or even enemies, or play games with their friends and lovers. Supercell is a famous "social phobia company". Its games pay little attention to communication: Clash Royale cannot talk to others privately, Brawl Star cannot speak or type, and even there is no reporting system. This has been criticized by domestic players for a long time, so some people quit.

### 4.2 Monotony

Another reason for losing popularity is that Supercell has not made any major changes to its games and, therefore, monotonous. Other games, like Minecraft and Fortnite, are constantly changing their game play and adding new items to stay fresh. Sure, Supercell might add a new type of troop to Clash of Clans or a new character to Brawl Stars but this does not fundamentally change the way the game is played. Supercell also adds new maps, but this does not significantly alter the playability [11].

In addition, now Supercell is paying the wrong attention to both Brawl Star and Clash Royale. It frequently gives the character new skin and launches discounted gift packages to drain the wallets of the rest of players. If Supercell wants to make more money, it should focus on increasing the popularity of the game rather than consecutively launching discounted gifts package: the income will naturally increase as the quantity of customers increase.

### **4.3 Lack of Punishment**

In many cases, everyone's mood will be affected by the game. It is very frustrating to meet a teammate who is not intelligent, but the most disgusting is deliberately losing the game. There are many reasons for deliberately losing the game, but more importantly, the pain caused by this kind of behavior is borne by other innocent teammates, which is very unfair. And this kind of behavior has a strong capability of dissemination, because it will bring negative emotions to other people, and because such behavior will not be punished, causing the victim also become killer. Over time, the game environment will get worse and worse, which is the main reason for the loss of a large number of players in Supercell. Many games, such as League of Legend and Call of Duty, have established the punishing system for long time, which definitely inhibit the bad behavior to some degree. However, in all team games (Brawl Star and Clash Royale) of Supercell, there is no any punishment mechanism from the beginning of the game to present, and not even a reporting mechanism. People play games in order to gain happiness, but the behavior of deliberate losing definitely destroy the happiness, resulting in quitting games of players. Therefore, lack of punishment system must be the major reason for losing player.

### **4.4 Poor Placement**

As mentioned in previous paragraph, placement is one of the most important marketing strategies. Placement makes a game more famous since the game will not just appear in application store but somewhere else, resulting in wider recognition of the game. For example, Honor of King, one of the most famous games in China, put themselves everywhere: in elevator, in shopping app, in social media, in livestreaming platform. Compared with this game, Supercell's games are little known. The channels of sales of products (Supercell's games) are so narrow that people cannot notice the games except their app stores or friends' recommendation.

## **5. Suggestions**

### **5.1 Improving Communication**

One of the biggest customers of Supercell is China, but at present, the Supercell game server in China does not conform to the preference of Chinese players. China is a country that attaches great importance to social interaction. To solve the problem, it is necessary to add communication channels in battle. This improvement can meet the communication needs of players and make the game more strategic and intriguing.

### **5.2 Solving Monotony**

Monotony must be resolved in order to gain popularity. Supercell should dedicate in finding out new battle mode, new pattern, rather than incessantly developing new skins for characters or launching discounted gift package to players. Another way is to empower players to make map, design their own favored character to make the game more intriguing. The best way Supercell could achieve it by allowing players to customize their characters or alter their bases by spending in-game money. This would increase creativity and keep some of the better mechanics. Staying as a top-rated game requires constant reworking and reprogramming.

### 5.3 Creating Punishment System

To fight back to bad behaviors in games, it is necessary to establish punishing and reporting system. To be more specific, for the punishment, the players who always swear or humiliate other players can be banned to type for designated time. the players who always exit the battles should be banned to start battle for some times. The punishment system can purify the game environment and render players a better games experience, which is another method to reduce the players losing of Supercell.

### 5.4 Improving Placement

Several simple methods can facilitate the spreading of the Supercell's games. First, like Honor of King, Supercell can make players to share the games to their social platforms by giving players in-game rewards, thus making the game known to more players. This is a mutually beneficial method as players can get more in-game resource by simply sharing the picture and games can gain more popularity. Moreover, few people broadcast the Supercell's games. But once the game is switched to Clash Royale or Brawl Star, there are a handful of livestream rooms. Thus, Supercell can sign up with more livestream players to achieve larger audience of the games.

## 6. Conclusion

The problems that are figured out from the case study are also the whole game industry's ubiquitous problems. These can be summarized into following aspects. Firstly, Developers are lack of innovation, and the phenomenon of homogenization is serious. Many game companies lack the core technology to establish game differentiation and the ability to innovate independently. Eventually, the lack of creativity makes the games monotonous to players and players will gradually quit the games. Secondly, the in-game service is not satisfactory. Many games have several shortcomings that need to be improved, such as the reporting mechanism and difficulties in communication between players analyzed in the case are also common in many games. At this point, the game needs to listen more to the advice of players in order to optimize the product itself. Sales promotion is meaningful after the quality of games get higher. Thirdly, the sales channels of games are too narrow for majority of games. There are probably three ways to promote games, one is the direct recommendation of the app store; the second is to promote the game through video media; and the third is to spread the game through existing game players. The first method is obviously not likely to be achieved, so game companies should focus on the latter two marketing methods, especially the third, which is often the most effective and inexpensive.

This research analyzes the implementation of digital marketing strategies in game industry and definitely finds out the common problems of today's game industry by analyzing a specific game company. Several legitimate suggestions are given toward those common problems which may help game producers to avoid them in future. Considering to make distinctive research, a relatively less famous game company Supercell was chosen as the case of the research. However, since it is relatively less famous than Tencent or other great game companies, the data found for this game company is limited. So future research could be improved by finding more data.

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