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# MARKETING COMMUNICATION STRATEGY IN CHINA

Case: Rovio Entertainment. Ltd

Business Economics and Tourism

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## TIIVISTELMÄ

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Kehityksen, tieteen ja teknologian vanavedessä, on perusta uudelleenlaisille liiketoiminnan markkinoille. Kiina on toiseksi suurin kohdeyritysten talous maailmassa olevilla markkinoilla. Kiinan markkinat ovat epäilemättä kilpailukykyiset. Kiinan ainutlaatuinen kulttuuri ja asiakkaiden maku, vaikeuttavat sopeutumista näihin markkinoihin. Opinnäytetyö käsittelee sitä, miten ulkomainen yritys voi saada Kiinassa sellaisen aseman, että se on sopiva kiinalaiseen markkinointistrategiaan. Tutustumme Rovio Entertainment Ltd: tutkimukseen.

Rovio on suomalainen viihdealan yritys, joka on perustettu vuonna 2003. Kesäkuun puolivälissä 2012 Rovion ensimmäinen kansainvälinen toimisto avattiin Shanghaissa Kiinassa. Markkinointipäällikkö Peter Vestrebackan mukaan Roviolla tulee olemaan kahden vuoden kuluttua 600 AngryBirds myymälää ja 6 teemapuistoa Kiinassa.

Artikkelin tavoitteena on löytää tapa miten Rovio saisi sopivan viestintä- ja markkinointistrategian Kiinassa. Toissijaisena tutkimusmenetelmänä käytettiin internetkirjallisuutta. Uudet havainnot paljastavat, että suulliset ja sosiaaliset verkkopalvelut ovat hyviä markkinointikanavia Kiinan markkinoilla. Tutkimustyö tehdään tapaustutkimuksena. Tiedon keräämiseksi kiinalaisilta asiakkailta lähetettiin kyselylomake miten Rovion suorituskykyä voidaan parantaa. Tietoja kerättiin lähinnä sähköpostitse. Toissijaisena tutkimusmenetelmänä käytettiin internetkirjallisuutta.

Internet on suosituin mainosväline Kiinassa ja sillä on tärkeä rooli ihmisten ostokäyttäytymisen vaikuttajana. Rovio on vahvoilla saavuttaakseen johtoaseman Kiinassa. Lisäksi sillä on vahvuutena sen käyttämä SNS (Sosiaalinen verkosto) joka on toinen sen hyvä markkinointistrategia. Tutkimukseni alussa huomasin, että mainostaminen on yksi tehokkaimmista tavoista joilla organisaatio saavuttaa tavoitteensa.

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Keywords                      Communications Marketing Strategy, Leisure Industry,  
Rovio Entertainment Ltd, China

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## ABSTRACT

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Development in science and technology enables capable companies to establish their businesses in new markets. China, as the second largest economy in the world, is considered as the target business market. However, without doubt, China is an intensely competitive marketplace. In addition, due to the unique Chinese culture and customer taste, it is hard to adjust to this market and satisfy the customers. In this thesis, I will discuss how a foreign company can get its position in China by using a suitable marketing communication strategy.

In this thesis, I will take Rovio Entertainment Ltd as the research sample. Rovio is a Finnish entertainment company which was founded in 2003. In the middle of June 2012, Rovio's first international office opened in Shanghai, China. According to Peter Vesterbacka, the Chief Marketing Officer of Rovio, in two years' time, there will be 600 Angry Birds stores and 6 theme parks in China. The aim of this thesis is to find a way for Rovio to get its suitable marketing communication strategy in China.

The research work will be done in the form of survey. A questionnaire on how to improve Rovio's performance will be sent to its customers in China to get the data. The data will be collected mainly through emails; moreover, the company literature from the internet will also be used as secondary material. The research findings reveal that word of mouth and Social Network Services are good marketing channels for Rovio in China market.

From the result of the research, I found that advertising is one of the quickest ways that can help organization achieve its goal. And in China, internet is the most popular advertisement media which play an important role on impacting the purchasing behavior. The following one is the word of mouth. To get its position in China, Rovio should strength the word of mouth strategy. In addition, using the SNS (Social Network Service) to help strengthening the marketing strategy in China is another good strategy.

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Keywords                      Communications Marketing Strategy, Leisure Industry,  
Rovio Entertainment Ltd, China

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## **1 INTRODUCTION**

This chapter is the beginning of the thesis and aim to briefly introduce thesis. Firstly, the background of the study will be given. Then, the problem statement will be presented before research objective. Limitation of the thesis is also mentioned in this chapter, the last part is the structure of the thesis.

### **1.1 Background**

China became the world's second-biggest economy, with a GDP at \$7.2tn in 2005. The seeds of China's rapid economic growth were first planted back in 1978 when the President Deng Xiaoping started to introduce capitalist market principles. From then on, economic expansion accelerated dramatically as a result of mass privatizations and the opening up of the country to foreign investment. Overseas firms rushed to build factories in China to take advantage of its low labor costs. Thus, China is called the factory of the world by the foreigners since made in China products reach every country in the world. However, with the growth in purchasing power of 1.3 billion Chinese people, it comes to the time “made for China”. All the ambitious companies want to establish businesses to get the share of the cake of the Chinese market.

Rovio Entertainment Ltd, the world’s leading provider of mobile entertainment and creator of the Angry Birds franchise, was founded in 2003. In 2009, Rovio released Angry Birds, a casual puzzle game for touch screen smart phones that became a worldwide phenomenon from 2010 onwards. The Angry Birds games have enjoyed continuing worldwide chart success, and the franchise has since expanded to a variety of new business areas.

China is the largest market of Rovio which is followed by the United States, Rovio value the business in China very much. In the middle of June 2012, Rovio’s first international office opened in Shanghai, China. According to Peter Vesterbacka, the Chief Marketing Officer of Rovio, in two years’ time, 600 angry bird stores and 6 theme parks will be opened in China. As we all know, the Chinese market is vast but unique. Rovio, as a Finnish company, needs to adjust to the unique market and satisfy Chinese customers to have success in China. To suc-

ceed in the Chinese market, marketing plays an important role. And in order to have a more accurate discussion in this thesis, I will narrow the topic down to finding a suitable marketing communication strategy for Rovio in China.

## **1.2 Problem statement**

Since Angry Birds was released in 2009, download of Angry Birds have reached more than 300 million globally. China is currently the largest market which is followed by the United States for Angry Birds and represents immense potential for continued growth. China has great potential for growth not only for games but also the other products that are offered by Rovio.

However, cashing in on the Chinese market is not easy. Chinese market is quite unique from the western markets for foreign companies. For example, the problem of piracy is very common in China and the gap of citizens' purchasing power between different cities is big. It's so special that merely dumping an existing management scheme, which succeeds elsewhere, is doomed to fail here adding that the country deserves a solution dedicated to it. One of the ways is to find a suitable communication strategy to reach and attract more customers. As well as getting the requirement of customers in the form of feedback to satisfy the Chinese customers.

Therefore the research problems are:

How does the information of a brand reach the Chinese customers in China?

What are the opinions of the Chinese on communication strategy channels?

How is the communication between customers and companies in China?

What is the most suitable communication strategy of Rovio in China?

## **1.3 The objective of the thesis**

The aim of the thesis is to provide information on how to succeed with marketing strategy in China. Here in this thesis, I narrow it down to a communication strategy to reach and get more customers. The information can be used by other companies which want to enter the Chinese market, improve the operation skills on

communication between customers and companies and not only make sure that the information about the brand reach their customers, but also get feedback from the customers to satisfy the unique Chinese customers.

The main aim of the thesis is to find Rovio Entertainment Ltd's most suitable communication strategy to reach and get more customers in China, as well as defining the requirements from the customers.

#### **1.4 Limitation of the study**

In this thesis, there are several limitations:

First limitation is the location of the questionnaire. The data was collected mainly in the top tier cities (Beijing, Shanghai, Guangzhou, and Shenzhen) and the other data of the 200 questionnaires were collected in other cities in China. However, there are 656 cities in China; only four of them belong to top tier city. Therefore, the data of the other cities is not enough.

Second, 400 questionnaires were sent to the respondents, but compared to the more than 1.3 billion China's inhabitants, it is not enough. More questionnaires are needed to make the data more accurate.

Third, the case company is Rovio Entertainment, Ltd, an entertainment company. Therefore, the research results and strategies summarized in this thesis may not suit companies in other industries.

#### **1.5 The structure of the thesis**

This thesis continues with a literature review concentrating on marketing strategy for a foreign company to apply in a new market. It will first present some basics on marketing, marketing environment, marketing strategies and finally specific on the marketing communication. The theoretical framework of the thesis consists of information on these four sectors that are presented in Chapter 2. The methodology part will be given in Chapter 3, which consists of the research process, topic and research problem, research design and plan, data collection, data analysis, and

reliability and validity of the research. In Chapter 4, the basic analysis of the Chinese market, leisure industry in China and the information of case company, Rovio Entertainment Ltd, and the result of the questionnaires are presented. Finally the conclusion part will be described in Chapter 5. We will find the final answers to the research questions and the recommendations for the further will be given too.

## **2 THEORETICAL FRAMEWORK**

In this section, some basic information on marketing, marketing environment, marketing strategies will be given and finally specific on the marketing communication.

### **2.1 Marketing**

#### **2.1.1 Definition of Marketing**

Here is one of the most popular and acceptable definitions of marketing which is offered by the American Marketing Association (AMA)

“Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchange and satisfy individual and organizational objective” -----AMA

From the definition, we can learn the aim of marketing is to fulfill customer requirements by offering and exchanging the ideas, goods and services. During this exchange, the customer gets what they need, which if offered by the organization, as a deal, the customer offers a sum of money in return for it. If the customer is satisfied by the goods or services, the customer will want to buy again and become a loyal customer of the organization. Therefore, marketing is to establish, maintain and enhance long term customer relationship to make a profit. In order to meet this goal, a series of marketing techniques, strategies and marketing processes management are required. Hence planning and analysis, resource allocation, control and investment in terms of money, appropriately skilled people and physical resource will be involved. (Frances Brassington & Stephen Pettitt, 2000)

#### **2.1.2 Marketing mix**

The task of marketing is to satisfy the customer needs in order to meet the organization's goal for profitability, survival or growth. Without doubt, understanding the needs and the wants is the first step that organization need to do. After that organizations need to act on that information and imply marketing activities that actually deliver something with value to the customer. To get that kind of actual

product or service which makes the good “worth” to the customer, the combination of marketing mix is needed. (Frances Brassington& Stephen Pettitt, 2000)

Firstly defined by Borden, the marketing mix is the combination of four major tools of marketing, which included price, place, product, promotion. However, the 4Ps is not always sufficient. For example, in the service sector, they cannot fully describe the marketing activities that are going on. Therefore, the 7Ps was proposed by Booms and Bitner, adding people, processes and physical evidence to the traditional 4Ps. (Frances Brassington& Stephen Pettitt, 2000)



Figure1 Marketing mix of 7Ps Source: Smart Draw.com

### Product:

Nowadays, product is not only a physical thing; it covers everything to do with creation, development and management of product. For example, new product development, product management. Some other important elements should be also included, such as branding, packaging, after-sales service. All of the elements above are used to add value to the final goods and satisfy the customer. (MedhaBehera, 2008)

**Price:**

The price is another important element in the marketing mix since it directly shows the cost and profit margins. As we all know, it is common that when customers are buying a product or service, they will calculate the value in terms of their perception of what they are getting for their money. In other words, it influences the customers' decision on whether the good or service should be bought. (Medha Behera, 2008)

**Place:**

Place in marketing mix means the delivery of product or service from place A to place B. in other words, it is the channels to send the good to the end-user. Usually the channel involves the manufacturer, wholesaler, retailer, and end-user. And the chain varies from short ones directly get to the end-user to long and complex chains. The efficient deliveries of the goods support sending right goods to the right end-user at a right place in a right time at an efficient cost, which get an impressive deal to the customer. (Medha Behera, 2008)

**Promotion:**

Promotion is a good and efficient way to attract the customer, which includes various ways of communicating with customers of what the company has to offer. Rather than just talking about its features, it tries to tell the customer the benefits of using a particular product or service. In this part, many communication techniques are included, such as advertising, sales promotion, personal selling, public relations and direct marketing. (MedhaBehera, 2008)

**People:**

In the process of consumption of services, a lot of people are directly or indirectly involved. Like knowledge workers, white-collar employees, managers, and part of the consumer. For example, service needs to be performed, created and transferred to the customer, and all these kinds of performances are highly depending on people. That is to say, people add value to the basic product, and the values are quite significant. Better relationship connection between the customer and the employees is really helpful on setting a good brand and developing loyal customers. Thus, skilled and experience employees and good management are needed in this sector. (Medha Behera, 2008)

**Processes:**

Since the service sector involves the people and the performance of their skills, it is more difficult to control and mistakes may occur. Therefore, a series of methods and processes of providing a service is essential to have a thorough knowledge on whether the services are helpful to the customers, if they are provided to the right person in time at the right place to ensure it can satisfy the customer. Thus, through communication with the customer during the process, the feeling of customer can be found. In addition, internal cooperation between different departments also does a favor for service improvement to meet the customer's expectation. (Medha Behera, 2008)

**Physical evidence:**

It refers to the experience of feeling intangible service or the service which added on the tangible goods. When a service goes out to the customer, it is essential that you help him see what he is buying or not. For example, brochures, pamphlets serve this purpose. (Medha Behera, 2008)

The particular combination of the 7ps enables the organization to develop its own competitive edge which makes its product or service different from other competitors and satisfies their customers at the same time. For example, Starbucks, a global coffee company, offers free internet, nice music, and kind employees to



provide the customer a nice, comfortable environment to enjoy the time chatting with friends or finish a work task. The nice environment is the different advantage of Starbucks and makes it different from other common coffee shops and attracts millions of its loyal customers.

## **2.2 The Marketing Environment**

Although knowing the needs of customers is the heart of marketing, a lot of other factors also influence the customer needs. And the external environmental factor is one of the crucial factors. It both affects the customer behavior and the environment of investment. Therefore, understanding the external environment plays an important role to know the customers' behavior in order to know the need of customers, find out the target market's general situation and find the most suitable strategy to deal with. Usually the external environment consists of a wide variety of factors and influences are grouped into four board headings: sociocultural, technological, economic and competitive, and political and legal influences. (Charles W. L. Hill, 2002)



Figure 2 Marketing environment: PEST Analysis. Source: Medha Behera, 2008

### 2.2.1 The sociocultural environment:

The sociocultural environment plays an important role since it has a direct effect on the understanding of the customer and what drives the customer behavior. For example the demographic environment, including the age size, gender, race, can reflect some phenomenon of the society which is useful to the marketing management. (Medha Behera, 2008) For example, the birth rate continuous fall in a particular geographic market, means the demand for the baby goods or services may fall in the coming years, then the ageing problem may also occur at the same time, the demand shifts from baby goods to old people goods or services and thus will be obvious in the future.

Not only the demographic structure aspect, such as language, culture, cuisine, household sizes, income level, spending patterns, women's role in society, varies from country to country, but also this kind of social force effect on how the customer attitudes and opinions are being formed and evolved. (Medha Behera, 2008) For instance, within the open policy of the Chinese government, the western life style has increasingly an effect on Chinese people's life style; their attitudes are changing towards their diet and health. There is an increase in the number of people joining fitness clubs and a massive growth for the demand of organic food. Products such as gyms attempt to deal with society's concern, about children's lack of exercise.

### **2.2.2 The technological environment:**

With the unbelievable development of the technology, our life style changes a lot, so does the technological environment. There are two main sources that should be considered as a marketer. The first source is the external technological advance which may lead the new marketable product before competition. The second one is the technological advance in market driven, for example,

- Technology advance in the material, component and product, such as the micro-chips
- Technology advance incorporating a multitude of software which help them manage the production processes, like computer aided design system, quality assurance and control.
- Technology hardware such as mobile phones, Blackberries, laptops, desktops, Bluetooth devices, photocopiers and fax machines which transmit and record information. (Learn marketing, 2012)

### **2.2.3 The economic and competitive environment:**

Economic and competitive is one of the main marketing environments which influence enterprise marketing activities. It includes both the macro- and micro-economic conditions. The macro-economic condition affects the broader economic picture, such as the taxation, government spending and interest rate. The micro-

economic condition includes the monopoly, oligopoly perfect competition which can offer a deep insight of the structure of the competition. Both of them have an influence on the cost and ability of money and marketing investment in stock and new product. (Medha Behera, 2008) For example, in a growing economy, like China, the second largest economy in the world, the purchasing power of the Chinese customer is higher than ever; the demand for luxury as a result increases a lot. However, without doubt, the competition is also tough.

#### **2.2.4 The political and legal environment:**

The political and legal environment covers the external forces controlled by the national government, local authorities, and other trade or activities oriented regulatory bodies. Some of the rules required are made by the law, while some of them are made voluntary. And usually political factors include:

- Employment Legislation e.g. minimum wage, anti-discrimination laws, employment tribunal rules
- Voluntary codes and Market regulations, e.g. health issue and animal right
- Trade agreements, tariffs or restrictions for example, agreement between European Union member countries
- Tax levies and tax breaks
- Type of government regime e.g. communist, democratic, dictatorship (Learn marketing, 2012)

No company can change the marketing environment. But by analyzing the marketing environment, companies can take advantage of the environment; find opportunities which fit the capability of the company and use the 7Ps tool to find a suitable strategy to meet the goals in this market. However, the marketing environment is changing all the time. It can be divided into stable environment, slowly changing environment and jumpy environment. To fit the changing environment, the company needs to change the marketing mix combination strategy to catch up with the changing environment.

## **2.3 Marketing strategy**

### **2.3.1 Definition:**

According to the business dictionary, marketing strategy is an organization's strategy that combines all of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. The marketing strategy is the foundation of a marketing plan.

### **2.3.2 The importance of marketing strategy:**

Marketing strategy allows the manager to communicate with the customers to know what they want to buy. With the help of the market research, what is being made by the other competitors and in which aspect you can be better than the others can be also found. With this information, you will be able to develop your own innovative techniques that give you a competitive edge over your competitors. Therefore, you can find your position in this market and serve your target customers. Then the marketing strategy support you to attract your potential customers and know what the product or service are and the benefit it will bring to the customers through communication strategy or even remind old customer of your product. It also allows you to be more customer-focused, be able to create a unique selling point and value as well as to remain consistent and goal oriented. (Patricia Bell &How Contributor, 2011)

In this article, I will narrow the strategies down and focus on the communication strategy to give a deeper look into the communication strategy.

## **2.4 Communication strategy**

Communication is one of the critical elements in marketing strategy since it attempts the attribute product to the target customer, not only tell them what the product is, but also tell you the benefit with this product. Available communication channels include advertising, direct marketing, sales promotion, personal selling, and public relations.

### 2.4.1 Advertising:

Advertising can be defined as any paid forms of non-personal promotion transmitted through a mass medium. (Frances Brassington & Stephen Pettitt, 2000). Customers can get the information on the products or service's benefit by advertising and get interested in them. Advertisement is one of the quickest ways that can help organizations achieve their goal. However, advertisement usually cost a lot compared to other promotion tools. Moreover, especially in the 21<sup>st</sup> century, people get uncountable advertisements every day, and become tired of it, so the advertisement needs to be so creative that can attract the attention of the customers.

An advertisement has the follow characteristics:

- ✧ Persuasiveness, audiences get the same large-scale advertisement which contain the seller's size, power, and success many times.
- ✧ Amplified expressiveness: the advertisement has multiple tools to make the product more meaningful by adding stories.

There are two basic types of advertisements. One is the product-orientated advertisement; the other is the institution-orientated advertisement. Each of them has three alternative forms. For example, product-orientated advertisement is divided into three terms: pioneering, which is used to explain a new product; competitive, which can be used to emphasize its unique benefits to compare with the other competitor and reminder, which are used to help customer reminder the former product.

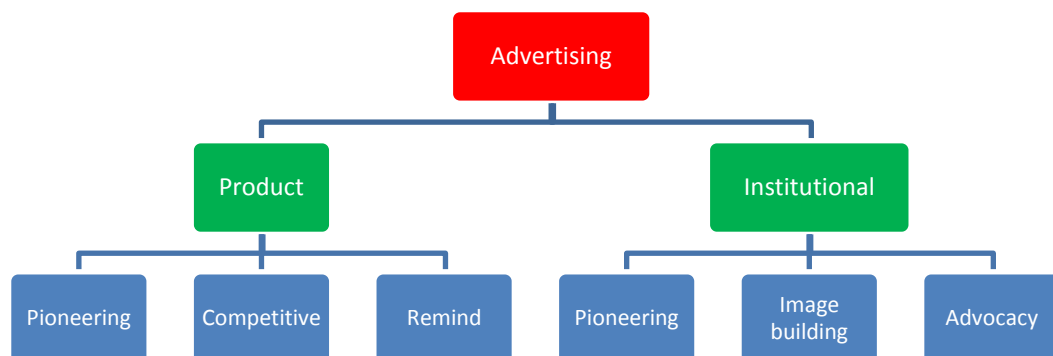


Figure 3 Advertising types. Source: Frances Brassington& Stephen Pettitt, 2000

The advertisement needs media to present it to their target customers and the traditional advertisement media include television, radio, magazines, newspaper, poster, and outdoor advertising. Each of the media has its own advantages and disadvantages. For example, television can reach a wide range of customers, but it is difficult to target a specific group.

#### 2.4.2 Salespromotion :

According to the Institute of Sales promotion, sales promotion is

**“A range of tactical marketing techniques designed within a strategic marketing frame work to add value to a product or service in order to achieve specific sales and marketing objective.”**

Usually the sales promotion is a short-term tool, but actually adds extra value to the basic product or service, thus it has effect on the long-term run. Beside, sales promotion is also used to support the other promotion strategies.

The methods of sales promotion are varied. It varies from money-based (for example, give discount), product-based (such as give some free sample), gift-based (free gift), and store-based (like demonstrations).

Sales promotion can reach the specific objective in a short time, such as consumer product trial or immediate purchasing growth. The improvement of efficient and cooperation between the retailers and middlemen can be also seen. However, there are also problems. For example, the product is sold at a discount during the sales promotion period; the customer can get used to the lower price and believe the product worth is lower. If the price returns to the original price, the sales will decrease. That is to say, the manager needs to take the problems into consideration when applying the sales promotion.

### **2.4.3 Personal selling and sales management:**

**“Personal selling is an interpersonal communication tool which involves face to face activities undertaken by individuals, often representing an organization, in order to inform, persuade or remind an individual or group to take appropriate action as required by the sponsor’s representative.”** (Frances Brassington& Stephen Pettitt, 2000)

From the definition, we learn that personal selling is organized between people, that is to say, it needs labor involved in the selling and it is obvious that in order to reach a certain goal, many sellers are needed; the expenses of the labor are high. However, it also has a lot of advantages. Since it is face to face communication, employee can directly tell customer the function of the actual product, benefits that it will bring to the customer, compare the product with the competition, remind about the product when customer forgets it. And more important, the seller can persuade the customer to buy and set long-term relationship with the target customer. In addition, it is one of the flexible ways since the employees can use different strategies with different respondents of customers. (Y.H.Wong& Thomas K.P.Leung, 2001)



#### 2.4.4 Direct and online marketing:

**“Direct marketing is an interactive system of marketing which uses one or more advertisement media to affect a measurable response at any location.”**

----- US Direct Marketing Association

Using one or more advertisement media (mail, phone, broadcast or print media) enables the marketing advertisement reach nearly any location. It is more flexible than other marketing tools. It makes it possible to use mass media in a mass market to create a relationship with a single customer and set relationships without face-to-face personal selling. Over the past decades, the usage of direct and online marketing increase. The reasons are as follow:

- ✧ Changing demographics and lifestyle
- ✧ Increasing media and sales cost
- ✧ Increasing competition
- ✧ New distribution channels
- ✧ Media fragmentation
- ✧ Increasing computer power and lower data processing costs
- ✧ Impact of new communication technology.

(Frances Brassington& Stephen Pettitt, 2000)

In recent years, with the development of technology, many technology tools join the direct marketing group, and finally direct marketing gets rid of “junk email”. Direct response advertising uses the broadcast and print medias to reach the target group, for example, offering a coupon in a magazine which can be used directly. Telemarketing, with the help of the telephone direct contact with customers is created. Mail order catalogues narrow the available product and service to make specific catalogues to specific customers; it focuses on the target group. Internet is one of the most useful tools to reach the customer it enables taking orders and delivering digital product, enquiry, getting feedback online. (Y.H.Wong& Thomas K.P.Leung, 2001)

All in all, direct marketing takes a variety of forms and can achieve a wide range of objectives.

#### 2.4.5 Public relation, sponsorship and exhibitions:

Public relation refers to mutual understanding between an organization and the public. To get the understanding of the public groups, the organization needs to offer different information to different groups through multiple technique tools. (Frances Brassington & Stephen Pettitt, 2000) For example, the investor needs to know the annual report of the organization, while the customer needs to get information about the product and a brochure is recommended. The job of public relation is not only encouraging the press to cover positive stories about the companies, but also of managing unfavorable rumors, stories, and events.

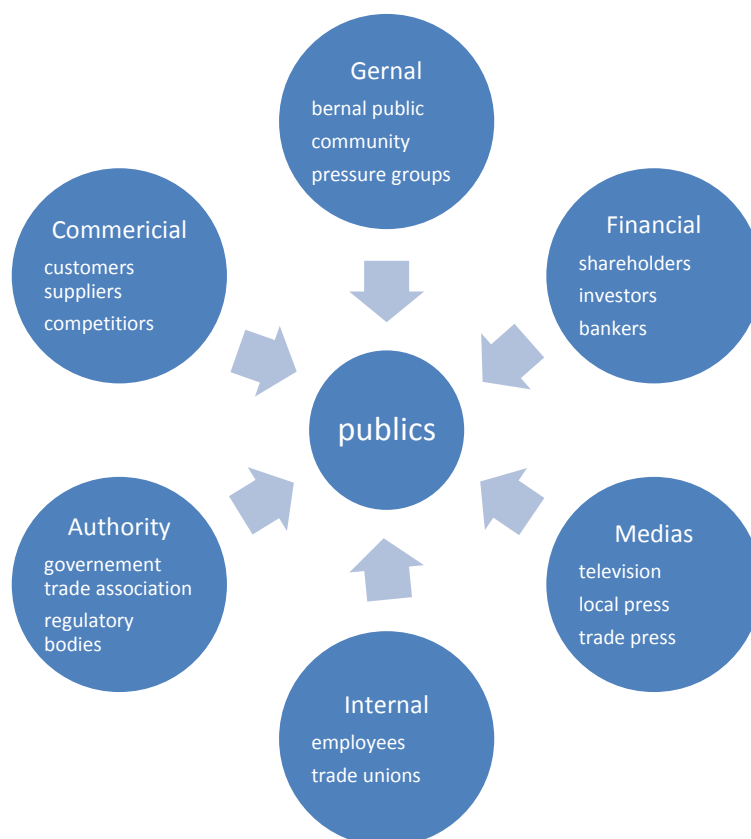


Figure 4 Public relations. Source: Frances Brassington & Stephen Pettitt, 2000

The techniques include advertising, which is different from normal product promotion, is used to set the brand image to the public. Publications, for example,

annual reports, magazines, videos, brochures; events are good ways to get the attention of the public.

Sponsorship means companies, which hope to make profit, give the financial or material support to some independent activities, such as, sport, and the arts. It is a win-win strategy; the companies get the attention from the activities' fans, and at the same time, the activity organization gets the financial or material support for free. That is the main reason why a lot of giant companies support some international activities, like the Olympic Games.

Exhibitions or trade shows are organized to get the potential sales by showing the new product with the key personnel's support. (Y.H.Wong& Thomas K.P.Leung, 2001)

### 3 RESEARCH METHODOLOGY

In this chapter, I will discuss the process of my research on this thesis. First of all, how I came up with the topic will be revealed, after that how the research was designed and planned will be explained, how the data was collected and analyzed will be showed one by one.

#### 3.1 The research process:

According to Pervez Ghauri and KjellGronhaug, research is often thought of as a process, since it takes a long time, and everything can be changed during such a period of time, therefore, it is necessary to divide research into several stages and gain the insights gradually. In the following model, the research process is divided into five stages, Topic and research problem, research design and plan, data collection, data analysis and interpretation, Presentation of the findings and report. (Pervez Ghauri and KjellGronhaug, 2005)

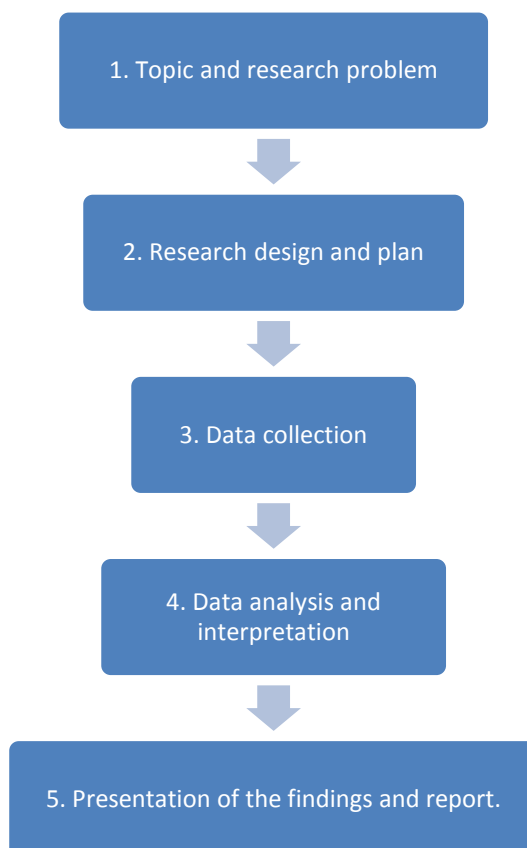


Figure 5 Research process. Source: Pervez Ghauri and KjellGronhaug, 2005

My research is also following this research model.

### **3.2 Topic and research problem**

My major both in Wuhan University of Technology and Vaasa University of Applied Sciences is International Business, during these 4 university years, I have been quite interested in marketing, I want to devote my last task in my university life to marketing and it will mean a lot to me.

After choosing the topic, I need to find a research problem to guide my research and narrow the research down. The idea came when I was searching the information for the Finnish economy in 2013 and in the future. With the bad performance of Nokia which contribute to the Finnish economy a lot, Finland needs to find a new industry which leads the economy to grow again. Then, Rovio Entertainment Ltd caught my attention due to its unbelievable global growth in recent years and it is hoped to be the next company to boost the Finnish economy.

Before writing, I read many books and articles related to the marketing principles, strategies, as well as the performance of Rovio Entertainment, Ltd to get a deeper understanding of my topic. From the articles, I learned that the growth of Rovio Entertainment, ltd in the Chinese market is immense, so I want to know the best communication strategies for the foreign companies in China and use Rovio Entertainment, Ltd as a case company to find the answers.

My research questions are:

How does the information of a brand reach the Chinese customers in China?

What are the opinions of the Chinese on communication strategy channels?

How is the communication between customers and companies in China?

What is the most suitable communication strategy of Rovio in China?

### **3.3 Research design and plan**

From research problems, it is easy to find that the research is a descriptive research. And the secondary data that relates to this problem is not sufficient. Thus, I decided to collect data by a survey, a questionnaire is the best way for me to get the answers.

Survey and questionnaire are among the most popular data collection methods in business studies. Once the research problem is defined, the plan for the survey should be also considered. According to John Gill & Phil Johnson (1991) the planning of the survey should followed a pattern as suggested by the following Figure.

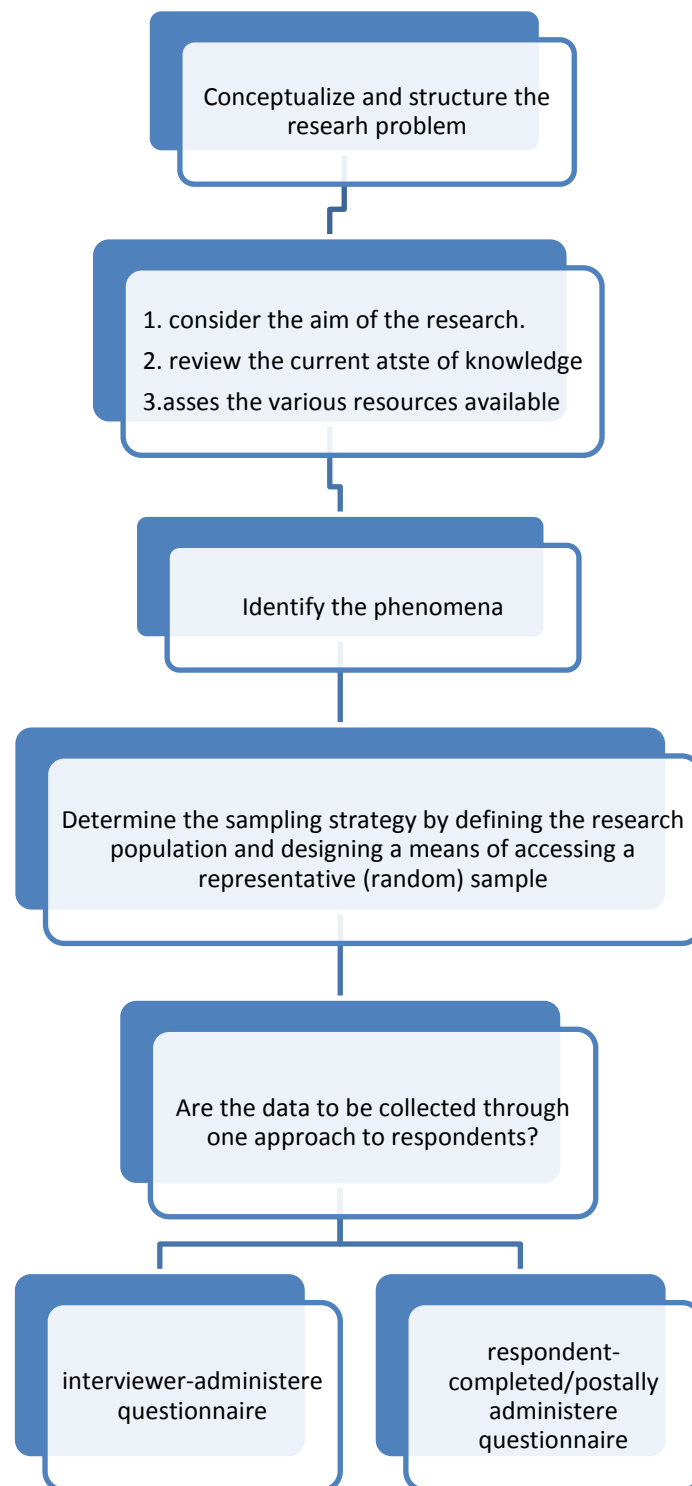


Figure 6 Research design model. Base on the source: John Gill & Phil Johnson1991

The figure illustrates that firstly, we need to find the related literature, theory and research when we conceptualize and structure the research. The following are de-

termine the sampling strategy by defining the research population and designing a means of accessing a representative (random) sample, such who is your target respondents, what kind of information you want to know from them. How the questionnaire should be delivered to the “population”, through email or phone or face to face.

After reading the books and articles related with marketing communication strategy and the performance of Rovio, I got my concepts and the structure of the research. I employed the questionnaire as the strategy. The people who know Rovio is my target group. The information that I want to know is how they know Rovio, in other words, how Rovio reach their customer. What is the best marketing communication strategy for Rovio in the Chinese market? Then the questionnaire starts with their basic information, such as which city they come from, gender and age. Then the following question focuses on the way that they know Rovio. For example, how do you know Rovio? It is an open-end question to get as much information as possible. Another thing I want to know is whether the target is interested in other products. The last question is that are you interested in the following products, movie, games, clothes, books. In addition, the most available marketing communication strategy in China should be learned. Therefore, my questions are which of the following media affect you most, which of the following sales promotion ways affect you most, how do you feel about the personnel selling, how do you feel about direct marketing and online marketing, how often do you go to event activities. The following part focuses on the leisure habit of the Chinese customer. For instance, how long do you spend on leisure activities per day and how much weekly do you usually spend on leisure activities. Also communication between customer and organization should be taken into consideration, thus have you ever given your suggestions to a company is the last question.

In my research, the questionnaires were sent to the people who know Rovio Entertainment, Ltd in the top tier cities (Beijing, Shanghai, Guangzhou, Shenzhen) and second –class cities (Tianjin, Wuhan Dalian and Liuzhou) in China. Each city has 50 copies. I used the “snowball” questionnaire methodology to deliver my questionnaires. The questionnaires were sent by email. The questionnaire was sent to 8



different people in 8 target cities. Then each of them helped me send 50 questionnaires to the target people they know in one city.

### **3.4 Data collection**

The data in my research includes both secondary and primary data. Both of them have their own advantages and disadvantages. But both of support each other in my research.

Using secondary data brings a lot of advantages. First of all, it saves time and money. Moreover, they can also suggest you some suitable methods or data to deal with a particular problem. It is seems the most efficient way to gather data. However, secondary data is found for another objective, which is different in my research. Another one is that no one can ensure that the data from the secondary is accurate and reliable. Though some of the secondary is free, but there are also some commercial secondary data which is expensive.

When we cannot get the data from the secondary data, we need to collect the data by ourselves to set a particular research problem. These data are called as “primary data”. The advantage of the primary data is that they are more consistent with our research problem and objective. But, it may take a long time and cost a lot of money and the respondents may not want to answer the question. Thus, I was careful with the questions in my questionnaire, before I sent them to the respondents, I asked my friend who is studying international business in master degree program in University of Denver, United States, to answer my questionnaire and ask her whether the questions are described in a good way and what her opinion is. After that, I sent the questionnaire to my brothers and my sister who had not studied international business before, and asked them whether they can understand the questions and want to answer. After all these steps, my questionnaires were delivered to the target respondents in November. Since then I have checked data collected in the questionnaires every day, if there are some answers of the questionnaire in which there was existed some mistake which would make the result inaccurate, I would ask my friend in that city to send another questionnaire to another target person. Firstly, 400 questionnaires were sent to the target person. But actu-

ally there were 413 questionnaires altogether that have been sent to the target person since in 13 of the 400 questionnaires which were sent the first time included some mistakes and could not be used.

Secondary data in my research includes some books related to marketing, the annual report about Rovio, some articles related to the performance of Rovio. Some thesis on the marketing and globalization is also read by me.

### **3.5 Data analysis and interpretation**

With the unbelievable development of the computer science, the computer is becoming part of our life. And of course, in my research the computer plays an important role. It helps me store, process, access, and analyze data quickly and easily.

I use the online questionnaire system “survey monkey” to make the questionnaire and send them to the respondents. It also helps me store the data and make graphs with the data. Although it cost me 20 euro, it is still worth that price since it is very convenient and easy to handle.

### **3.6 Reliability and validity of the research**

**Reliability** refers to the measure of how stable, dependable, trustworthy, and consistent a test is in measuring the same thing each time (Pervez Ghauri and KjellGronhaug, 2005). For example, during a mathematic exam on the knowledge of mathematic John learned in this semester, John got a grade at 85. However, the next day, a similar scale mathematic exam was given to John, but his grade for this exam was 45. The grades changed a lot in one day, then the grade John got are not reliable.

**Validity** can be explained in the questions:

Does the test measure what it purports to measure? The extent to which certain inferences can be made from test scores or other measurement (Pervez Ghauri and KjellGronhaug, 2005)

For a test to be valid, or truthful, it must first be reliable, while a measure might be consistent (reliable) but not accurate (valid). In other words, reliability is a necessary but insufficient condition for validity. Since a single test may be used for many different purposes, there is no single validity index for a test. A test that has some validity for one purpose may be invalid for another.

In my research, all the secondary data are from the international organization, government which is high quality and reliable as they are collected and compiled by experts using rigorous methods. And the primary data come from the questionnaire. The questions in my questionnaire are highly suit to the research and objective. And the total number of questionnaire is 400, however compare to 1.3 billion Chinese, it is not that accurate. I have to admit that.

## 4 EMPIRICAL PART

In this section the focus is on the research part. Firstly, the reason for choosing China as a target market will be introduced. The following is the PEST analysis of the leisure industry in China. A brief introduction of Rovio Entertainment, Ltd will be showed before the result of the research discussed.

### 4.1 China as the target market

**People's Republic of China**, one of the most ancient countries in the world, has attracted the world all the time, not only for its largest population, thoughts of years of history, but also its amazing economic growth. Before giving the detail, let us take a birds-eye on the performance of China. According to the GDP rank in 2007, China became the third largest economy of the world and by the end of 2010, its GDP surpass that of Japan, the second largest economy. (XinHua, 2011) In the short phase of three decades, its status in the domain of international business and technology output global financial market surpass its rivals. The following figure is the graph comparing the 2011 nominal GDPs of major economies in US\$ billions

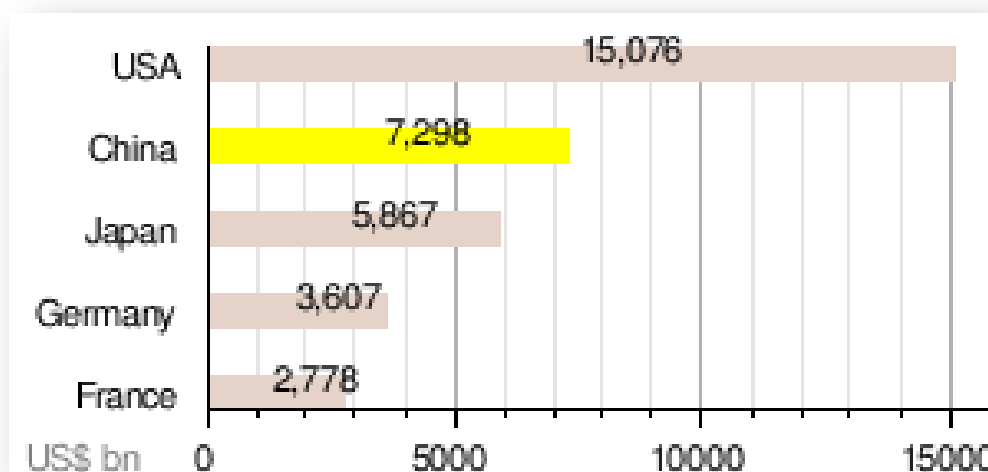


Figure 7 2011 nominal GDPs of major economies in US\$ billions. Source, IMF 2011

The scale and speed in which Chinese economy and corporations are transforming the international business are unprecedented. Business firms treat China as the land of promise and opportunities, and on the other hand as a vital to compete since it is the fastest growth market of their production. Many Chinese business corporations have acquired conspicuous positions in the international business area by continuing growing competitiveness. As competitiveness of Chinese business corporations in the domestic and international market place improved, as well as the increase value of RMB, China government encourages businesses with strength to invest and develop in the foreign countries and find their positions in the global market. More and more Chinese corporations went overseas to build their factory and joint venture and wholly owned subsidiaries in both the lower cost developing countries, like Vietnam, and even the developed countries, for example America, Europe and so forth. Where they can not only share more market but also learn the managing and marketing experience in the developed markets.

Like a British businessman said in the 1840s, "if we could only persuade every person in China to lengthen his shirttail by a foot, we could keep the mills of Lancashire reworking round the clock," he saw the potential consuming power in China. (XinHua, 2011) Many foreign corporations treat China as one of the largest market not only because China has nearly 1.3 billion populations, as well as the growing demand of the Chinese consumers. Since China joined WTO on 10<sup>th</sup> Nov 2001. It is easier for the foreign companies to enter China market. There is an increase of the number of the foreign corporations which set up their subsidiaries to serve the Chinese customers' taste. The reasons are simple, the huge number of the customers, the low cost of the labor capital and materials, the improving infrastructure like road electricity water supply and so on. The coming foreign firms also bring a lot of gifts for China. First of all, offer more opportunities to the local Chinese. Without doubt, companies need a lot of employee to produce, sell and deliver the good. At the same time; training course for worker also improved the quality of Chinese workers. Second those firms bring their advanced technology and managing mold. Last not the least; higher competition leads the revolution of the dynamic industries.

The Chinese market is vast but unique at the same time. Besides the cultural and economic differences from the western countries, the regional variances within the country are significant. China has 31 provincial regions, 656 cities, 56 ethnic groups and more than 80 spoken languages on the mainland. In addition, there are enormous disparities in the areas on income, education and lifestyle between different regions. Some other factors should be also taken into consideration, for example, the retail companies want to expand their business in the eastern half of the country, high cost of the land transports, lacks of sophisticated logistics and relatively lower income level. (XinHua, 2011)

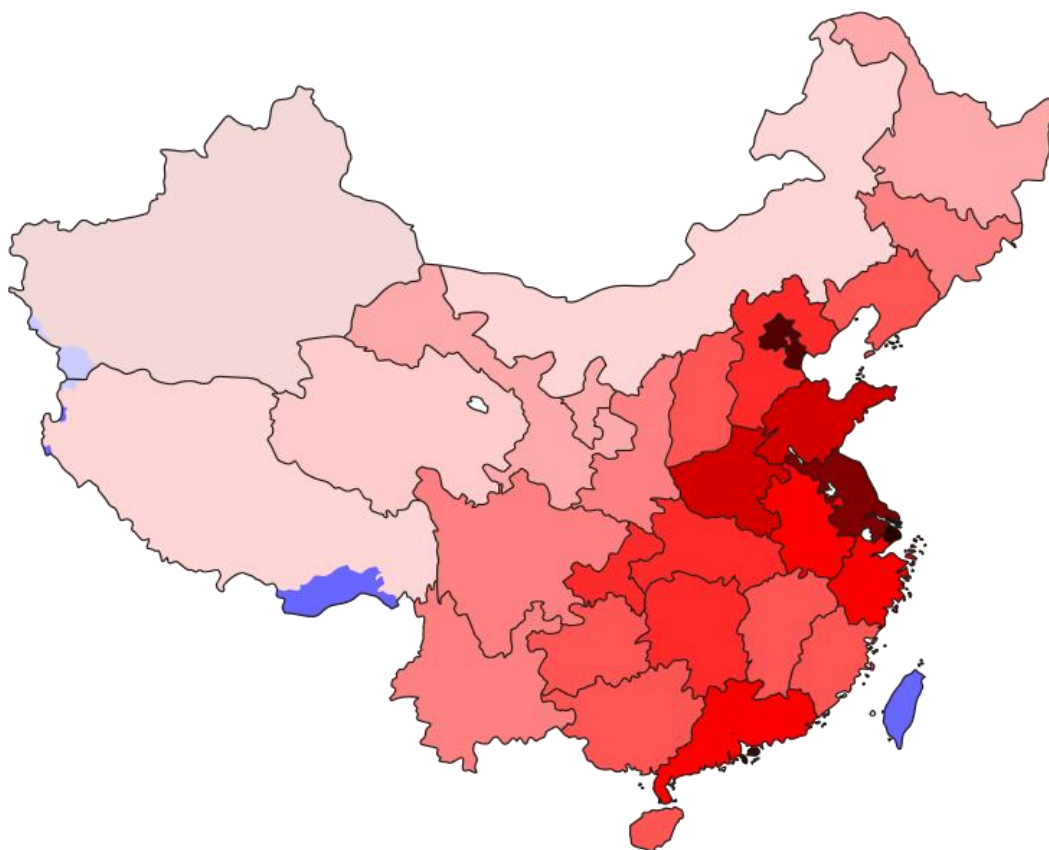


Figure 8A 2009 population density map of the People's Republic of China.

Source: Wikipedia

From the map, it can be seen that the eastern coastal provinces are much more densely populated than the western part.

## 4.2 Leisure industry in China

Leisure industry is a one of the fastest growing industries in China. According to the 2012 China Leisure Industry Development Report compiled by the National Academy of Economic Strategy under the Chinese Academy of Social Sciences at the request of the China National Tourism Administration's Comprehensive Coordination Department, the consumption on leisure industry reach 2.9 trillion RMB in 2011. (Pearson, 2012)

### 4.2.1 Leisure industry

Firstly, what is leisure? According to dictionary, leisure is 'time free from the demands of work or duty when you can rest or enjoy hobbies or sports'. Usually leisure industry contains five parts.

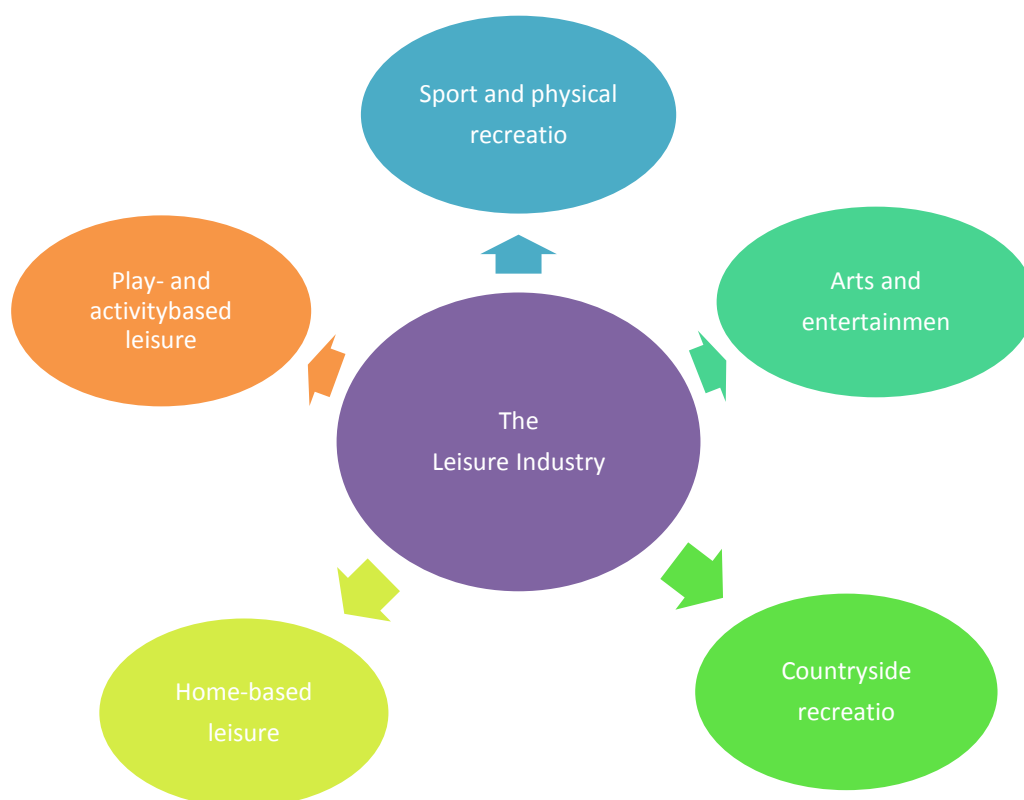


Figure 9 The branches of leisure industry. Source: Pearson, 2012

### Sport and physical recreation

Sport refers to physical activity which has some element of competition and is usually governed by a set of rules, such as playing badminton, watching football match, while Physical recreation is participating in any physical activity that refreshes the body and mind.

### Arts and entertainment

Arts and entertainment refers to things 'entertain you'. This includes things that you watch, e.g. a musical at a theatre, or things that you can actively take part in, e.g. bingo, youth theatre, and reading groups.

### Countryside recreation

Countryside recreation can take place visited not just for its landscape and scenery, which may be mountains, lakes, sand dunes or even just fields, but also for the many activities that can take place there, such as walking, canoeing, potholing, or skiing.

### Home-based leisure

It is not always necessary to leave your home to take part in leisure activities, home-based leisure is still available to people. For example,

- Music – including playing and listening
- Television related entertainment
- Crafts
- Home improvements and gardening
- Internet-based leisure
- Reading
- Games – including interactive games



### Play- and activity-based leisure

Play-based leisure is activities mainly associated with children. Examples range from 'paint a plate' to bouncy castles for children. Activity-based leisure is a fast-growing component of the leisure industry. Examples of activity-based leisure include whitewater rafting and aerial adventures. Both the play- and activity-based leisure activities are available in towns, cities and seaside resorts, as well as in the countryside. (Pearson, 2012)

#### **4.2.2 The PEST analysis of leisure industry in China**

##### (A) political and legal environment

Impact of political and legal environment is a key factor in the development of the leisure industry in China. Now although the development of China's leisure industry is at the beginning, but since the policies for the Tourism and service- support of the tertiary industry is mature, and has accumulated rich experience, which is the development of China's leisure industry has made a good groundwork. For example, after State Tourism identified tourism as one of the growing industries which can lead the next economic growth, the State Council issued <<Travel Management Regulations> "and" <Tour Guides Management Ordinance>>. In 1996 the Ministry of Culture <<State Council to further improve cultural and economic policies on a number of provisions >>, and <<State Council to support cultural development of certain economic policies, the notice>> was awarded in 2000 and a series of regulatory documents (Shi Yongfu Wang&Hongyu Liu, 2008). Since China's leisure industry saw an overall improvement in its development environment in 2011, according to China National Tourism Administration, the administration started compiling the Guidelines on Travel and Leisure in China in 2010, and has completed a draft version.

Every coin has two sides. Considering the current international and domestic macroeconomic environment of China, the development of leisure industry is facing unprecedented opportunities. But there are still a series of constraints in the political and legal environment. Firstly, China's political system is still in transition, the

original plan-style political cannot perfectly handle the new and developing problems. And the leisure industry requires further transforming government functions and reforming the administrative examination and approval system Information on the leisure industry to strengthen guidance and management to clear. Secondly, to support of the leisure industry policy, a series of related policies also need to be further strengthened such as fiscal policy, finance policy, industrial policy. (Shi Yongfu Wang Hongyu&Liu, 2008)

#### (B) Economic Environment

Since the “open policy” was issued in 1978, many companies want to get its market share in the country, which has more than 1.3 billion population. China government not only encourages foreign companies to invest in China, but also encourage the Chinese companies to go abroad and find their position in the global market. With the rich experience, China becomes one of the stable economy in the world which can be reliable and worth to enter. With the good performance, China’s economy grows a lot and enjoys a good condition, The People's Republic of China (PRC) ranks since 2010 as the world's second largest economy after the United States. And it has been the world's fastest-growing major economy, with consistent growth rates of around 10% over the past 30 years. The growth also reflects on the income and purchasing power of the Chinese consumers. (Hongyu Jiang, 2006, 11-16)

With the improvement of the living standard requirement, more and more Chinese want to improve their spiritual level which leads the rapid development on tourism, cultural industry, entertainment, and sports and other leisure services and development of the industry. According to the 2012 China Leisure Industry Development Report, China’s leisure consumption reached nearly 2.9 trillion Yuan in 2011, accounting for over 15 percent of the country’s total retail sales of social consumer goods and over 6 percent of its gross domestic product.

Although the current economic environment is positive to the development of leisure industry, there are some factors that need to be taken into consideration. Firstly, China's economic development is uneven. The economic development gap

between the eastern coastal and western regions, cities and villages is large. Thus the consumption levels of residents in different regions vary from low to high. Secondly, compared to other developed countries, leisure industry contribution to the national economy is still low. For example, in the United States, Leisure industry is already in the first place of GNP, the total labor force employed 1 / 4. However, China's leisure industry accounts for a relatively low proportion of GDP, the contribution to the national economy compared to the developed countries is still at a low level. (Shi Yongfu Wang&Hongyu Liu, 2008)

#### (C) Social and cultural environment

The national census of 2010 recorded the population of the People's Republic of China as approximately 1,338,612,968. About 21% of the population was 14 years old or younger, 71% were between 15 and 64 years old, and 8% were over 65 years old. The population growth rate for 2006 was 0.6%. China male and female average life expectancy in sub-Population of men and women from the early days 39 years and 42 years to 70 years and 73 years.(Qinglu Liu, 2012, 47)

The general education background improved a lot. According to the National Bureau of Statistics, 2007, 42 million graduate education enrollment, 120 million people in the graduate students, graduates of 31 million people, ordinary 566 million Higher Education enrollment, students in 1885 million, 448 thousand graduates. The expansion of China's education also changes people's values and way of life. More and more people' start to pay more attention to spiritual needs of the hierarchy, their own Health and the value of self-realization, and put more time and material consumption for the leisure industry. Leisure is also increasingly become a way of life and mental state. (Shi Yongfu Wang&Hongyu Liu, 2008)

#### (D) Technical environment

Good technology environment can reduce the cost of leisure industry, as well as improves the quality of leisure industry. In addition, with the help of science and technology of production automation, people's labor time and labor intensity decreased, so that there will be more time and energy to enjoy life of leisure.

At present, China in the development and application of key technologies, information infrastructure, technological innovation, e-commerce, e-government, network culture, development, social information and the information industry competitiveness has made great progress. According to the National Bureau of Statistics figures show that in 2006 the State scientific and technological undertakings for the financial provision for the 1689 billion in 1980 to 26.1 times the average annual growth of 13.4% .2007 total Investment in Research and experimental development (R & D) expenditure of 371.02 billion Yuan, 26.1 times the 1991 average annual increase of 22.6% .2007, At present, China's total R & D after the United States, ranking second in the world. All of improvement can led the enhancement of the leisure industry in China. (Shi Yongfu Wang&Hongyu Liu, 2008)

### 4.3 Case company

Rovio Entertainment Ltd, the world's leading provider of mobile, entertainment and creator of the globally successful Angry Birds franchise, was founded in 2003. It is an industry-changing entertainment Media Company based in Finland. Following the success in mobile gaming; Angry Birds has expanded rapidly in entertainment, publishing, and licensing to become a beloved international brand. (Rovio Entertainment's homepage)



Figure 10 The logo of Rovio Entertainment ltd Source: Rovio Entertainment homepage

In December 2009 Rovio released Angry Birds, a slingshot-puzzle game for the iPhone. It became an international phenomenon within a year of release, and is now the number one paid app game of more than 300 days since been downloaded over 1 billion times, with paid downloads accounting for more than 25% of total downloads, making it one of the most sold games in the Apple App Store.

Moreover, Rovio released more games which are based on Angry Bird. Angry Birds Seasons (2010), Angry Birds Rio (2011), Angry Birds Space (2012), Amazing Alex (2012), Angry Birds Trilogy (a console video game which the game contains the first three of the popular mobile game series) (2012) Bad Piggies (a spin-off from Angry Birds) (2012), Angry Birds Star Wars (2012). The games are available as both free and paid versions on all popular mobile and connected devices. In October 2012, Rovio hinted of an Angry Birds Star Wars iteration of its popular game. In 35 days, the hint of Angry Birds Star Wars was more than 50 million. The total number of game downloads reached 648 million by the end of year 2011 and the total number of active monthly users, across all platforms, reached 200 million. (Rovio Entertainment's homepage)



Figure 11 Angry bird star wars. Source: Rovio Entertainment homepage

Furthermore, in the summer of 2012, world's first angry bird theme park comes to Tampere, Finland. With children and families in mind, Angry Birds Land will be themed and designed according to the style of the world's leading amusement parks. More Angry Bird theme parks are also been built in Australia, Canada, China, France, Italy, Spain, United Kingdom, United States. At the same time, with the cooperation of more than 200 licensing partners, the Angry Birds products expand to toys, T shirts, key rings, candy and so on. (Rovio Entertainment's homepage)



Figure 12 Angry bird theme park. Source: Rovio Entertainment homepage

The world's first Angry Birds shop was opened in Helsinki Finland on 11th of November 2011. Fans can get the latest Angry Birds accessories, shirts, plush toys, bags, and games, and check out the interactive life-size slingshot and custom decorations. Now they have stores in Australia, Canada, China, France, Italy, Spain, United Kingdom, and United States. Moreover, to support the fans who want to buy the angry bird toy more convenient, Rovio also have online store which sell toys, games, books, Bags & Lunch Boxes, Bag Clips, Electronics, Eyewear, iPad, iPhone & iPod Cases, Keychains, Magnets, Pillows. (Rovio Entertainment's homepage)



Figure 13 Angry bird real store. Source: Rovio Entertainment homepage

On 1 Jun 2011 – Rovio announced the acquisition of leading Finnish animation studio Kombo, for an undisclosed sum of cash and stock. Following the acquisition, Kombo will focus their production efforts entirely on Rovio properties. The acquisition of the Helsinki-based studio strengthens Rovio’s animation production capabilities, with the long-term goal of creating a world class powerhouse in animated entertainment. This acquisition is an important step in the execution of our media strategy since Kombo's ability to combine playful creativity with traditional handcrafts, excellent technical skills and the latest technology has resulted in a wide and unique collection of works in the fields of media and art. (Rovio Entertainment’s homepage)

On 7th of May in 2012, Rovio announced the financial results for the full calendar year of 2011.

Total revenue amounted to €75.4 million (\$106, 3 million) driven by strong growth in game download activity and consumer product sales. "The strong growth in revenue clearly demonstrates the popularity of the Angry Birds brand." the financial outcome of 2011 is very positive for Rovio. Rovio’s different business areas, Games, Advertising, and Consumer Products, are fully rolled out and generated both revenue and profit. One thing should be point out is that Consumer

Products business area, which includes both Merchandising and Licensing income, generated revenues that represent about 30% of total revenue in 2011. The company was working together with more than 200 licensing partners on developing new products and services within the Angry Birds franchise. (Rovio Entertainment's homepage)

Nowadays, China surpassed the United States and become the largest market for Rovio. According to Rovio, in a few years, more than half of the revenue will come from the consumer business which China market will contribute a lot. 600 real stores will be opened in China in a few years.

#### 4.4 Research result and interpretation

In this section, I will discuss the results of questions in the questionnaire one by one; some questions will be compared with each other.

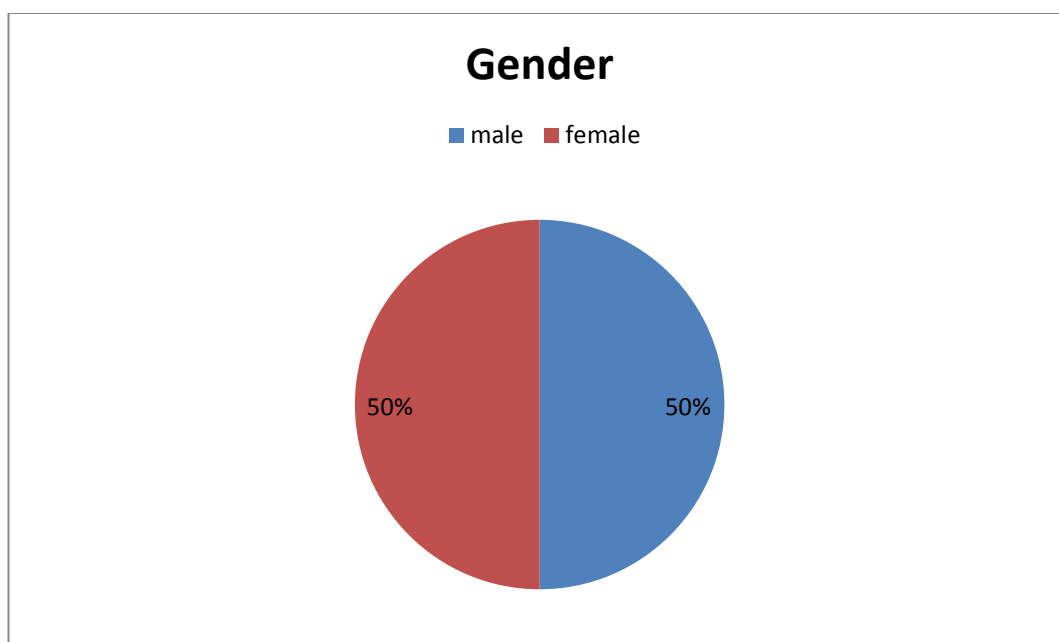


Figure 14 Q1 What is your gender?

In the survey, 413 questionnaires were sent to the customers of the Angry Birds, and 13 of them could not be used as the data included some mistakes which affected the accuracy of the result. Therefore, 400 of the questionnaire's answers were used as the data in this survey. It is interesting to find that half of the re-



spondents are male, which means the number of the male respondents is equal to the female respondents. Since Angry Birds is a leisure brand, it attracts both the males and females in the Chinese market.

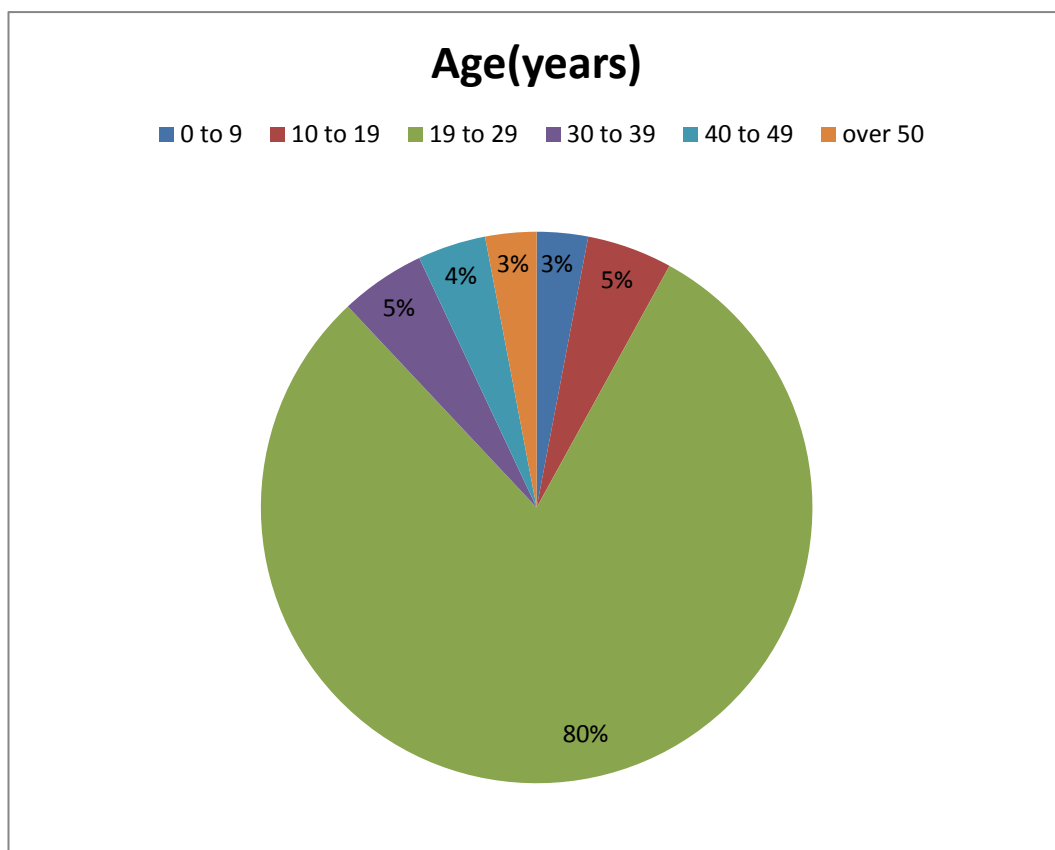


Figure 15 Q2 What is your age?

The customers whose age range from 20 to 29 cover the main part of the respondents at 80%. The numbers of respondents whose age range from 10 to 19 and 30-39 are all 20, while so are the number of respondents whose age range from 40 to 49 and over 50. The least age group is the children whose age range from 0 to 9.

From the number, we can easily find that the people aged from 20 to 29 are more interested in the Angry Birds brand. This kind of people more easily accepts new things and has more time. The children aged from 0 to 9 have the least number. This may be because the questionnaires were sent through email, while the children in China are too young to use email as a major communication tool and their computer time are under the control of their parents.

The reason cause this answer may be that, the persons who sent the questionnaires to the target group in each city are my friends who are the universities' students, and so do the target persons they know. Therefore, the sample is not that "random". It is one of the side-effect of the snowball method.

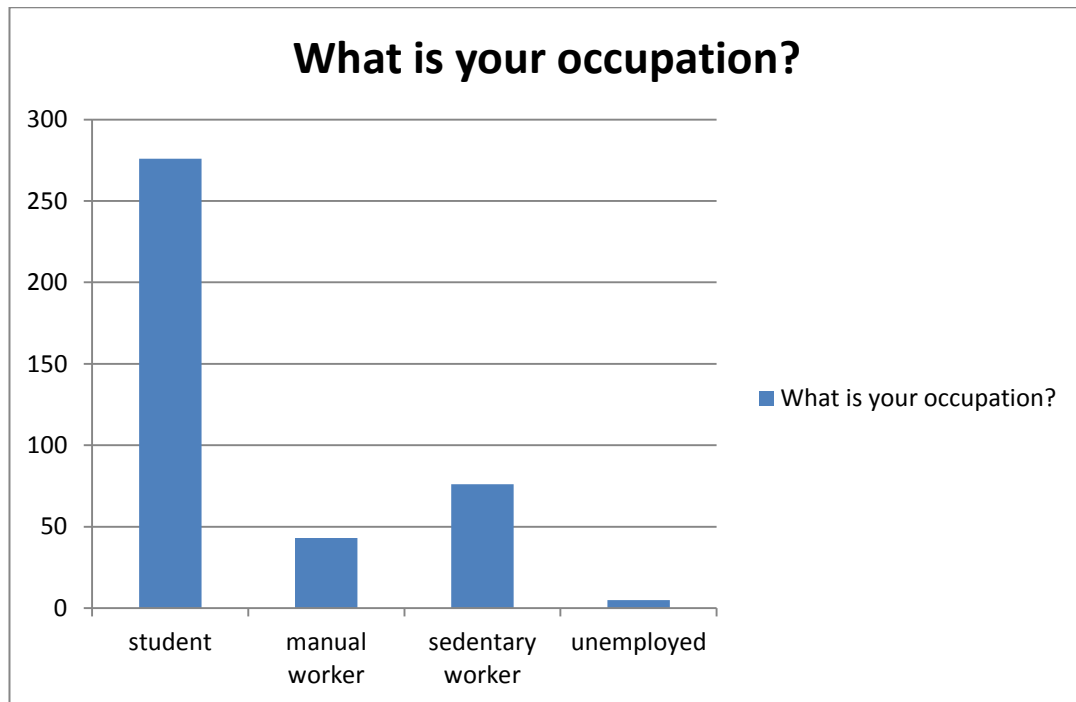


Figure 16 Q3 What is your occupation?

More than half of the respondents are students, 43 of them are manual workers, 76 out of 400 respondents are sedentary workers, and the left 5 person are unemployed. It is obvious that students are the main target group of Rovio. And the business on the unemployed can be improved in the future.

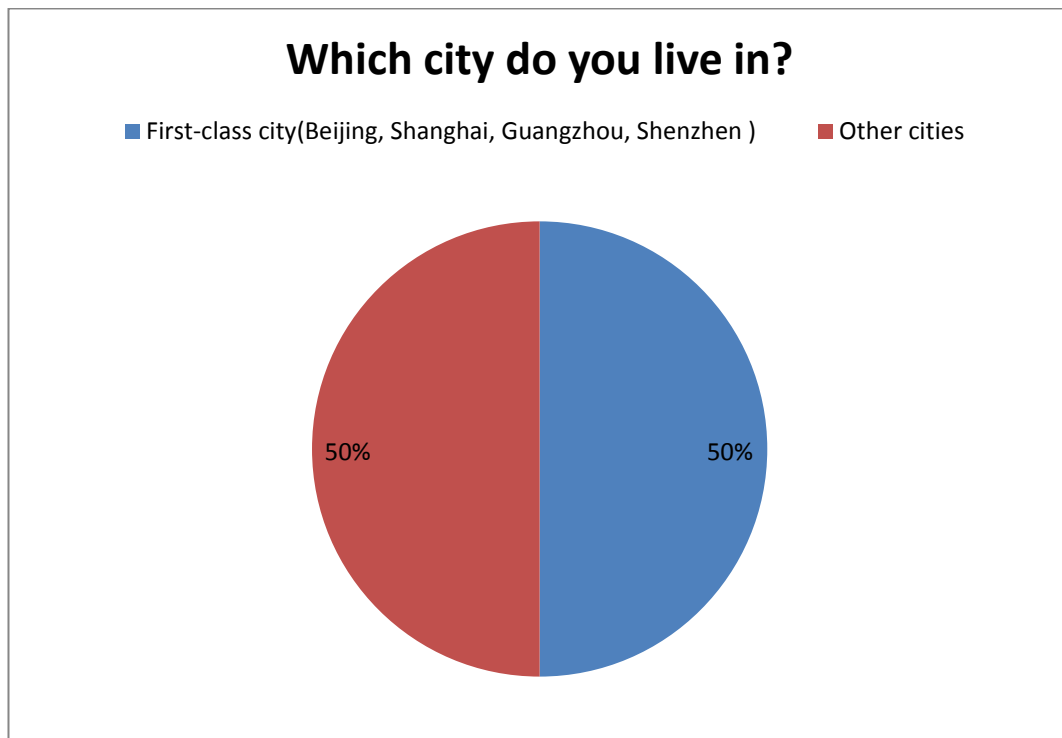


Figure 17 Q4 Which city do you live in?

The cities are divided into two groups in my research, the first- class cities and other. Since now Rovio focuses more attention on the business in the top tier cities. For example, their first international office locates in Shanghai; the first real store locates in Shanghai. To compare the information between the top tier cities and other class, I sent 200 questionnaires to both the groups to get the data.

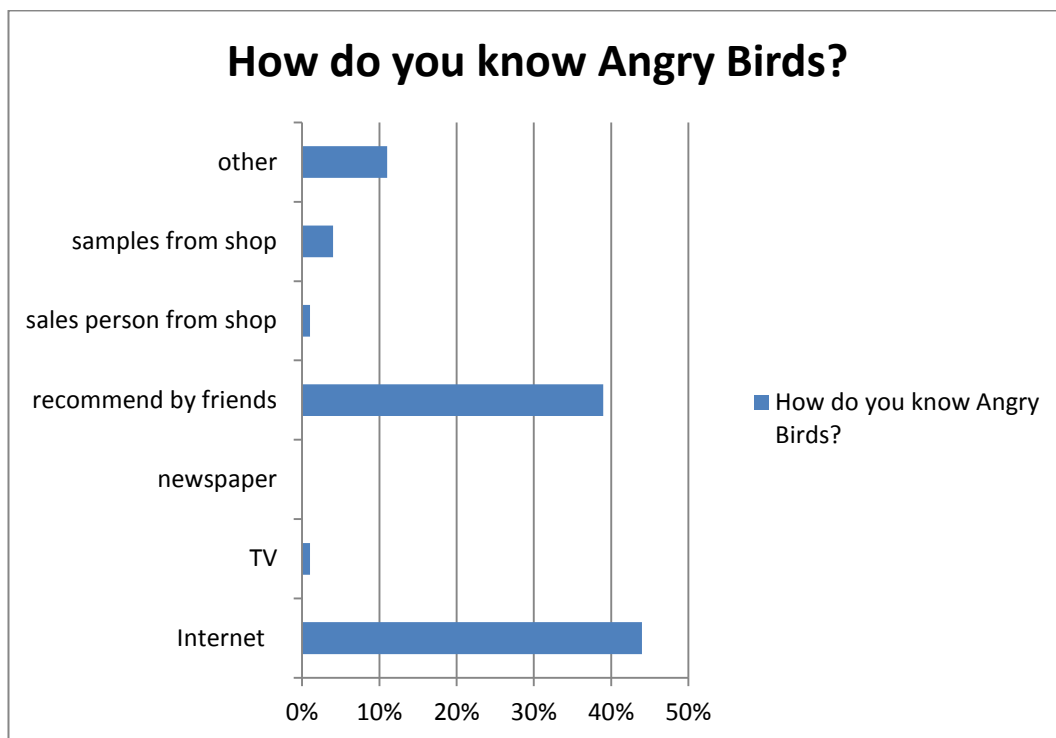


Figure 18 Q5 How do you know angry bird?

More than 40% of the respondents know Angry Birds through the internet; the following is the recommended by their friends. And the point that I need to point out is that no one know Angry Birds through newspaper. 10 people out of 400 know angry bird through samples from shop. 4 people know through TV.

The number of the people know Angry Bird through their friends is 156. That is a great deal, which means the “word of mouth” strategy works really well in the performance of Rovio. Knowing the information from friends is more reliable. Moreover, it is also one of the most cost-efficient ways to promote products.

Some respondents know Angry Birds through other channels. One of the most frequent answers is form the mobile phone. Nowadays, China own the largest number of smart phone player, which means, mobile phone will be a good promotion media in the future in China.

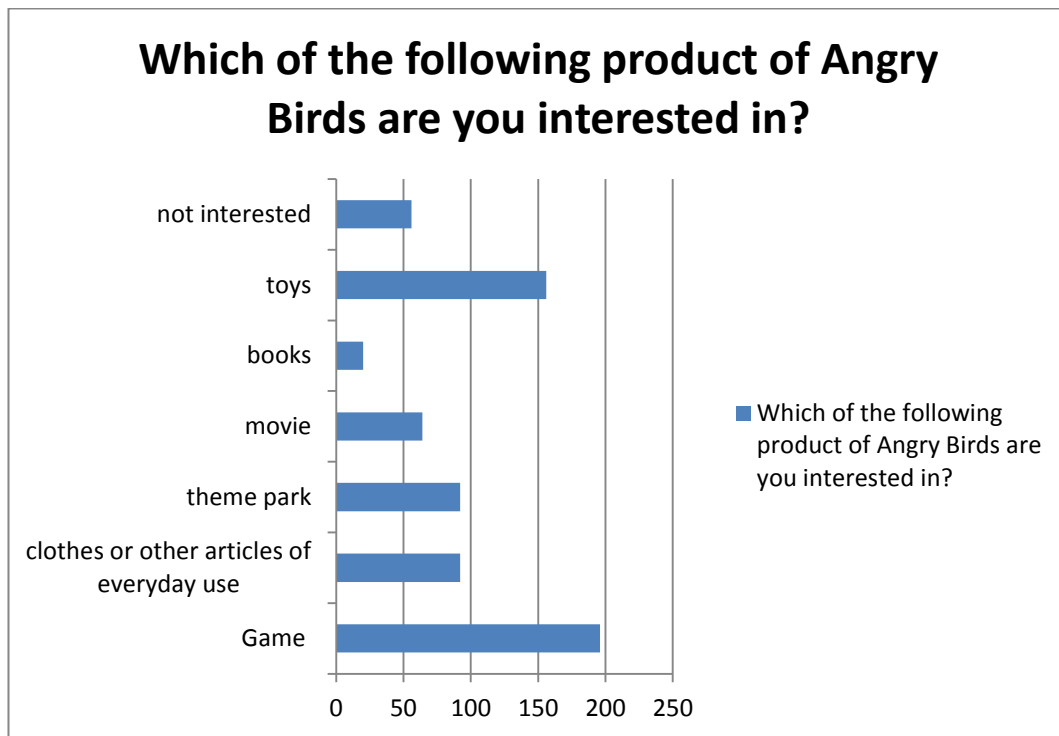


Figure 19 Q6 Which of the following products of Angry Birds are you interested in?

196 out of 400 respondents are still interested in the game, 156 respondents pay more attention to the toys. The following are the clothes or other article of everyday use and theme park; both of them have 92 fans. The fan of books is 20 out of 400 after movies which have 64 fans.

When cross comparing question 1 and question 5, there are more female fans on clothes or other articles of everyday use, the number of it is 76 out of 92. There are more male fans on the games; the number is 132 out of the 196 fans. While the difference between female and male fans of theme parks, movies, books and toys are not big.

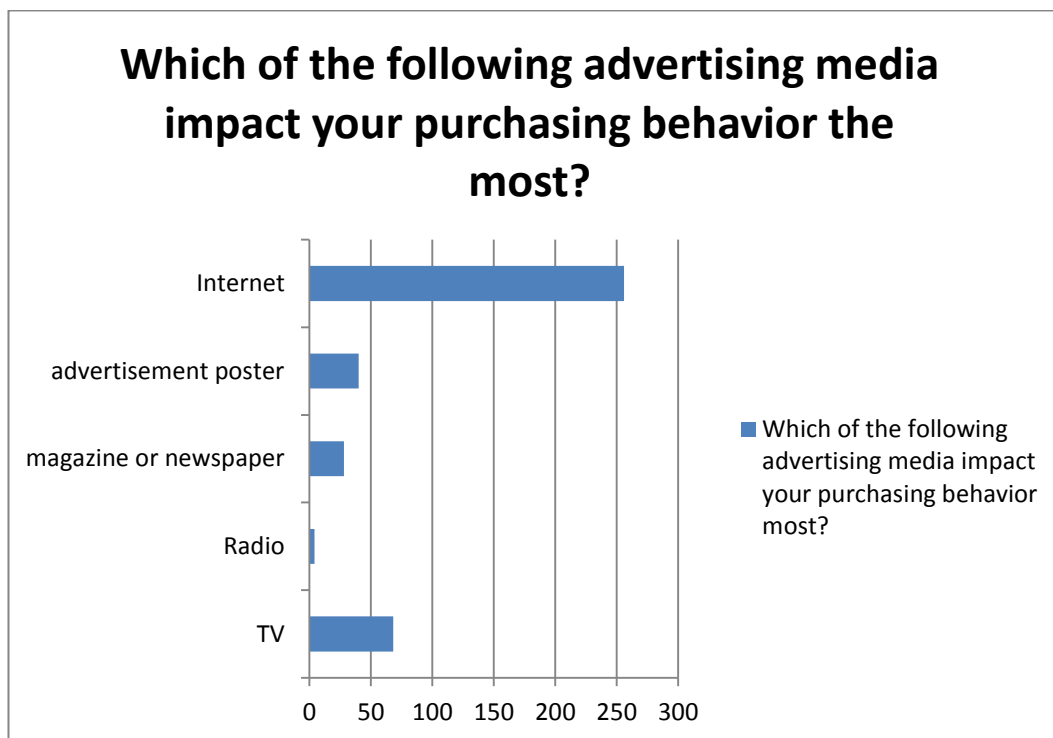


Figure 20 Q7 Which of the following adverting media impact your purchasing behavior the most?

The result of the question shows that Internet is the most common way for the Chinese people to get the information about advertisements and get influenced by those. With the improvement of the living standard in China, more and more families get their own computers, so to use the internet to communicate with customers is the trend for companies in the future.

TV is another major way to see advertisements. 68 of the 400 respondents chose TV as the media which impacts their purchasing behavior the most. In China, TV can be seen in every family and most Chinese watch TV every day. This was somewhat surprising because it was expected that TV would be the most common way to see advertisements, because it used to be; now it has changed in China.

The following is the advertisement poster. It has 40 supporters out of 400. In China, posters still play an important role in advertising; you can see the outdoor poster everywhere, in the bus, subway and so on.

The least is the radio, nowadays, less and less people listen to radio in China.



Figure 21 Q8 Which of the following promotion activities impact on your purchasing behavior most?

According to the results, discount on the price is the most popular way to have a promotion activity and attract customers. 256 of the 400 respondents prefer this promotion activity, 122 out of the 256 supporters come from the top tier cities.

More products at the same price gets 96 votes, 46 come from the top tier cities and 50 come from the other cities.

Convenient discount reminder machine get 48 votes. 32 come from the top tier cities and are the two times of the vote from other cities. The reason can be that there are more convenient reminder machines in the top tier cities and customer easier pay attention to that.

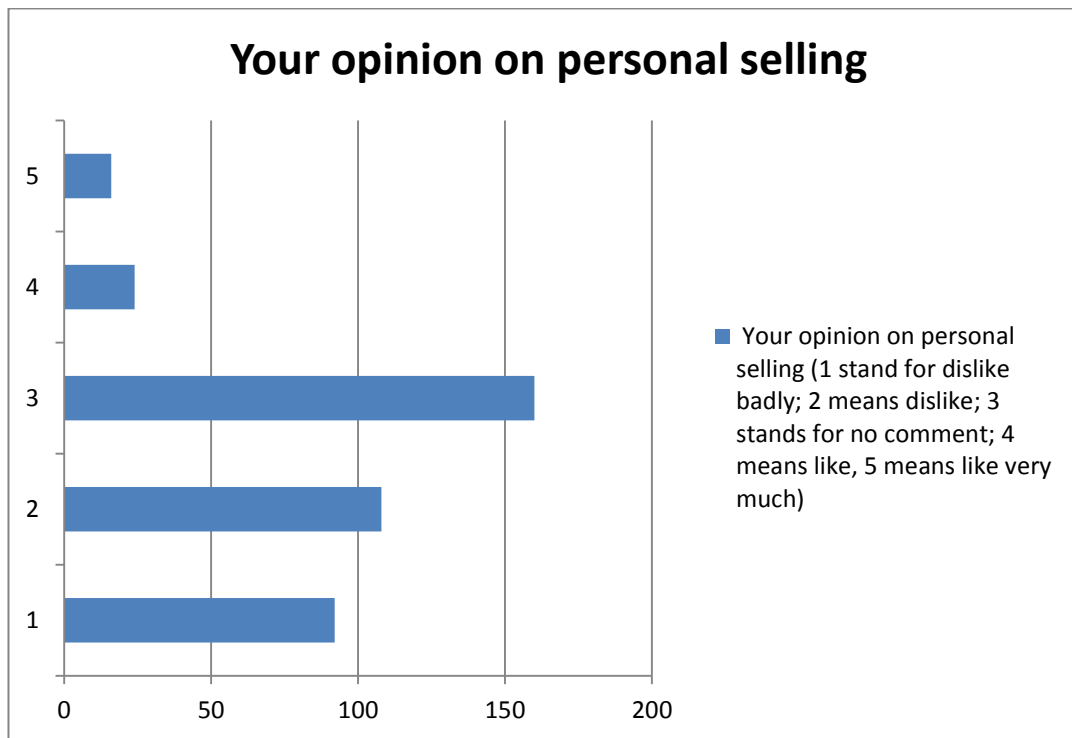


Figure 22 Q9 Your opinion on personal selling

From the result, we can see that 160 out of 400 respondents have no opinion on personal selling. 108 people do not like it and 92 dislike it badly. 42 of the respondents like it and 16 like it very much. But the number of persons who like it is much higher than the number who does not like it. It is totally understandable, because the bad performance of sales persons in the past years. Most of the Chinese customers do not like personal selling at all, which is among all of them, however from the result, we can see that the opinion on personal selling among Chinese customers is better than before, and 40 out of 400 respondents like it.





Figure 23 Q10 Your opinion on online and direct marketing

The results of the question show that most of the respondents have no opinion on online or direct marketing; it received 208 out of 400 respondents' vote which means more than 50%. It has more people who do not like online or direct marketing than the number who like it. 60 respondents do not like it and 56 people do not like it badly while 48 people like it and 28 respondents like it very much. Direct and online marketing is quite convenient for Chinese people, since there are more and more information on the internet in the real world, people need to spend more time to find something than they used to need in the past years, and some of the people do not have too much time to find the information of the product, it saves time and energy. However, direct and online marketing is annoying at the same time. For example, the receiver gets a lot of advertisements which seem no interested to him or her, that would be very annoying.

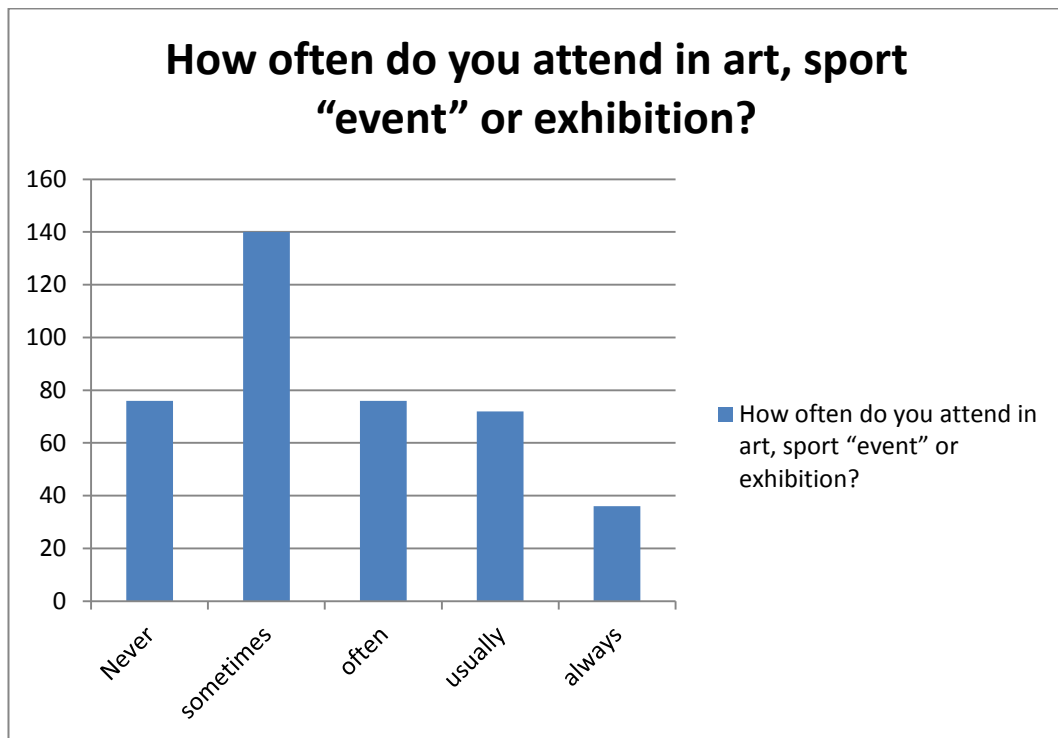


Figure 24 Q11 How often do you attend in art, sport event or exhibition?

There are 140 respondents that go to events sometimes, 65 come from the top tier cities and 75 come from the other cities. The numbers of the people who never attend events and who often attend events are 76. It is surprising to notice that the people who never attend events all come from the other cities. The people who are living in the top tier cities are more likely to take part in events. 68 of them usually attend “event”, 31 of them always attend events, while only 4 of the respondents who are living in other cities usually attend events, and 5 always attend event.

It is obvious that respondents from top tier cities are more likely to attend events. There are many reasons that explain that. Firstly, the organization are more likely to hold events in the top tier cities since the densities are higher than other cities and the salary of the people there are higher than it in other cities. Another main reason is that top tier cities attract and have more good-education background people who have higher living standard requirement than those from other cities.

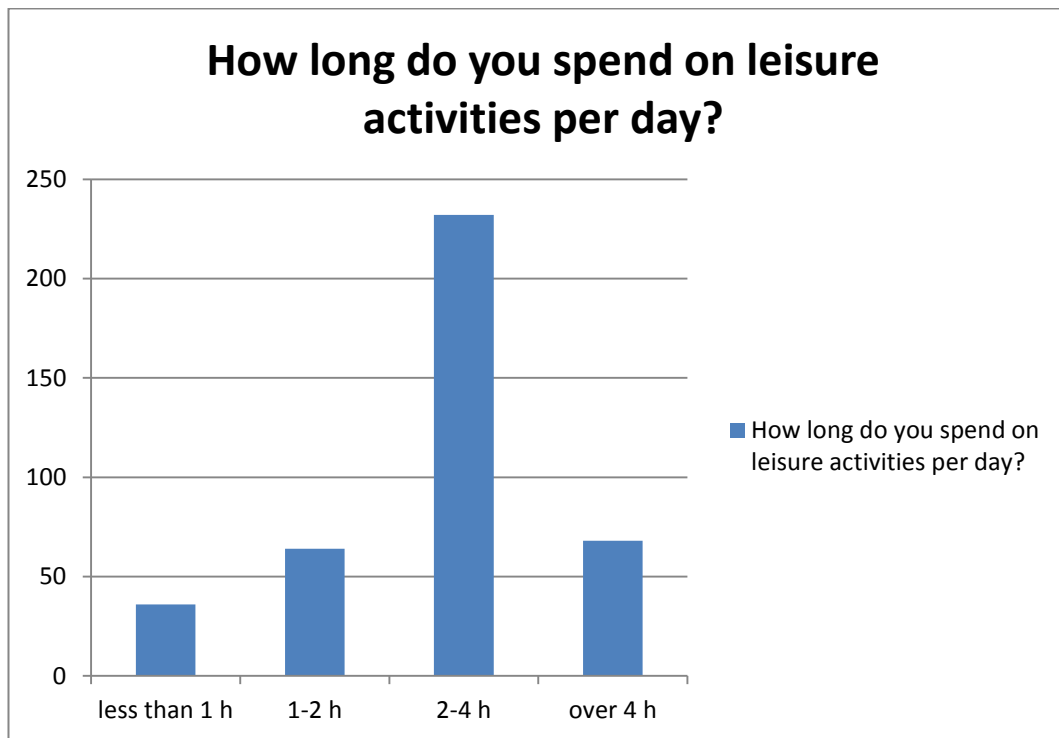


Figure 25 Q12How long do you spend on leisure activities per day?

There are 232 respondents spend 2 to 4 hours on leisure per day, 68 of them spend more than 4 hours and 64 respondents spend 1 to 2 hours. The least time, less than one hour has 36 votes.

According to the result, most of the people spend more than 2 hours per day. One of these reasons is for legal working time is 8 hours per day, and for the students, they have more free time especially the university students.

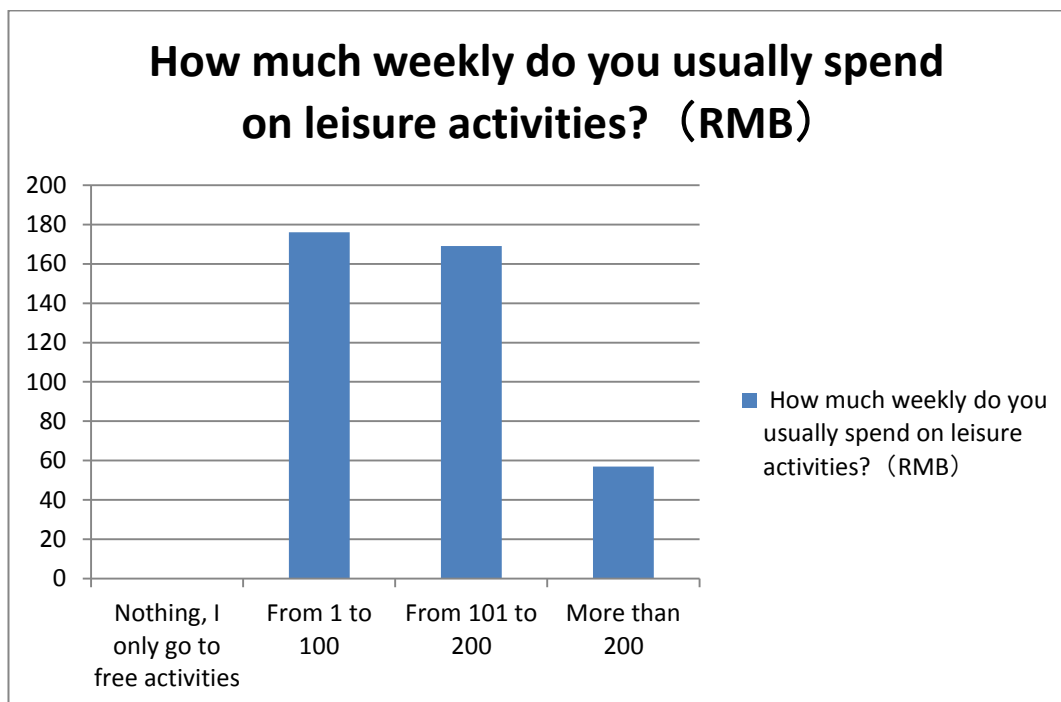


Figure 26 Q13 How much weekly you usually spend on leisure activities?

The figure shows that all of the respondents spend money on the leisure activities every week. No one only participates in free activities. 176 of the respondents spend 1 RMB to 100 RMB weekly, 169 out of 400 spend 169 RMB on it and 57 people spend more than 200RMB every week.

121 out of the 276 students spend 1 to 100 RMB on leisure activities, 106 of students spend 101 to 200 RMB on leisure activities every week. 49 spend over 200 RMB on it weekly.

31 out of 43 manual workers spend less than 100 RMB on leisure activities, which is because the salary of manual worker is quite low; they do not have much money to spend on leisure activities.

44 out of 76 sedentary workers spend more than 200 RMB on leisure weekly since the salary of sedentary is higher than manual worker and they have more time and energy to play after work.

The number of the unemployed who spend less than 100 RMB on leisure activities weekly is the same as the people who spend over 200RMB (2 persons each). The left one spend 101 to 200 RMB per week.

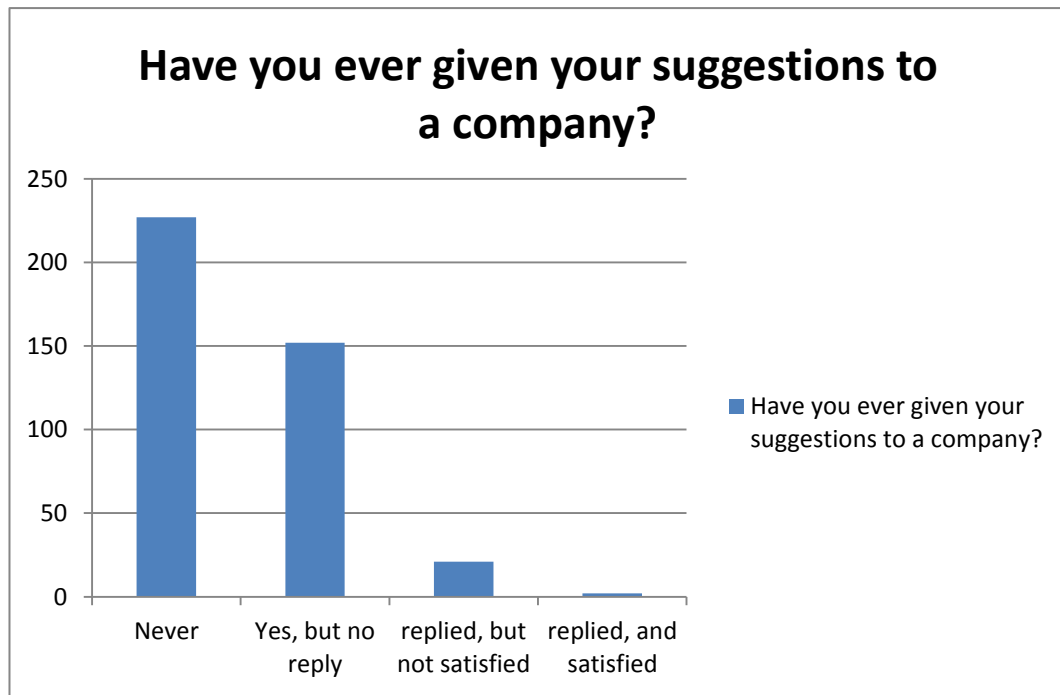


Figure 27 Q14 Have you ever given your suggestions to a company?

222 out of 400 respondents have never give their suggestions to a company, 152 of the respondents tried to give their suggestion, but unfortunately the companies just ignored them, they never got replies; 21 of the respondents finally got a reply, but the result of the treatment did not make the customers happy. 2 of the respondents successfully got replies from the companies and were quite satisfied with the final results.

The result is quite obvious; the companies in the Chinese market do not pay enough attention to the customers. They did not take the suggestions from customers into consideration and make the customers happy. Only 2 of the 175 respondents who tried to give their opinion to the companies got replies and were satisfied with the results. Moreover, 225 of the 400 respondents never gave their suggestions to the companies, in some way; it means awareness of Chinese to protect their right is not strong.

Nowadays, the weak situation of the customer has changed, it is not the seller-driven market any more, it has gradually changed to the customer driven market. In the long-term, only the companies that pay enough attention on the customer's requirements, and take right reaction will survive in the market.

Question 15, what is your suggestion on Rovio's performance?

This question is an open-question. 323 out of 400 respondents wrote no suggestion. This phenomenon is very common in China. Then Chinese do not like to answer the open questions; most of the answers will be no comment. 36 of them wrote the price for the derivatives is so high. 23 wrote Angry Birds know derivative products are everywhere, they do not know how to distinguish the authentic goods from the fake ones; 13 of them wrote it is so hard to get the authentic limited goods, 5 of them wrote the diversity of the product is limited.

#### **4.5 Summary of the empirical research**

In this section, the summary of empirical research will be presented, and the summary will be divided into three parts. The first part gives the information of the main target group of Rovio Entertainment Ltd. The second part describes the current information of the reaction of the Chinese customers on marketing communication strategy in the Chinese market. The third part will present the suggestion which is given by the fans on how to improve Rovio Entertainment Ltd's performance in the Chinese market.

From the results of question 1 to question 3, we can easily see that the target group of Rovio Entertainment Ltd is the 19 to 29 years old students in both the top tier cities and the other cities. Most of them know Rovio Entertainment Ltd from their friends and from the internet. And they still have a lot of passion for the games which are and will be made by Rovio Entertainment Ltd. They are also interested in the toys which are related to Angry Birds.

Form the results of question 7 to question 11, we find a lot of useful information about the reaction of the Chinese customers on marketing communication strategy. First of all, the internet is the most popular advertisement media which plays an

important role when affecting the purchasing behavior of the Chinese. Secondly, the Chinese customers prefer the promotion activity which sells the same quantity of products at a lower price. Thirdly, the opinion of the Chinese on personal selling is not that good. Fourthly, to the Chinese, direct and online marketing is convenient but a little bit annoying at the same time. Fifthly, events are not very popular in China. Last but not the least, the communication between companies and customers is quite weak, Chinese customers do not have the awareness to give their feedbacks to the customer to require better goods and services, and on the other hand, the companies in China do not realize to pay more attention on the feedbacks from the Chinese customers.

In this research, some of the respondents give some suggestions on Rovio. Some of them think the prices of the derivative products are high, and they do not know how to distinguish the authentic goods from the fake ones. They also notice that it is hard to get the authentic limited goods, and the diversity of the product is limited.

## 5 CONCLUSION

In this section, the answers to the research questions will be presented, after that an evaluation and the recommendations will be given.

### 5.1 Answers to the research questions

How does the information of a brand reach customers in China?

From the result of question 5, we learn that 44 % of the respondents know Rovio Entertainment Ltd through the internet, and 39% of them know it from word of mouth. It is a reflection of how information of a brand reaches the customers in China. Internet and word of mouth are the main channels.

According to China Internet Network Information Center, the number of internet citizens was 513 million in China by the end of 2011, compared to the first half year of 2011, it increased by 2.8 million. In particular, the people aged from 10 to 29 are nearly all internet citizens, while the rates among the old people and illiteracy are quite low. At present, the internet penetration has reached up to 38.3%, compared to the number in 2011, it increased by 4%. Another phenomenon is that using the mobile phone to surf the internet is quite popular in China now. There are 335 million Chinese, the number being higher than the total population of United States, who use mobile phones to surf the internet every day. (Zeng Mingfa, 2011)

In China, word of mouth is an important marketing channel. According to the marketing survey made by Zero company in 2011, their target group was 16 to 60 year old people in ten big cities in China. 39.5% of the 4,851 respondents always discuss the purchasing and the quality of the product, which is only lower than the hot news issues. The rate of using word of mouth in decision on purchasing goods was high among women and the young whose age was under 35 years old. The reasons for the high rate are as follow, firstly, the Chinese market is not mature enough, and the fake products are still active in the market. Secondly, the expense on returning is high and the possibility of successfully return is low. Thirdly,



compared to the salary of the Chinese, the price of products is high. All the above reasons make the word of mouth highly used in China. (Shi Qiguang, 2010)

What are the opinions of the Chinese on communication strategy channels?

We can answer this question based on results of question 7 to question 11; First of all, advertisement is one of the quickest ways that can help an organization achieve its goal. And in China, the internet is the most popular advertisement media which plays an important role on impacting the purchasing behavior. The following one is the word of mouth. Secondly, sales promotion can reach the specific objective in a short time, such as consumer product trial or immediate purchasing growth. Chinese customers prefer the promotion activity which sells the same quantity of products at a lower price. Thirdly, “personal selling is an interpersonal communication tool which involves face to face activities undertaken by individuals, but the opinion of Chinese on personal selling is not that good. Fourthly, direct and online marketing is very flexible compare to the other strategy. Using one or more advertisement media (mail, phone, broadcast or print media) enables the marketing advertisement reach nearly any location. It makes it possible to use mass media in a mass market to create a relationship with a single customer and set relationship without face-to-face personal selling. However, to the Chinese, direct and online marketing is a little bit annoying. Fifthly, the penetration of Public relation, sponsorship and exhibitions are not high in China.

How is the communication between customers and companies in China?

Communication with customers is quite important for many reasons. I will discuss some of the important reasons. First of all, knowing the unmet customers' demands are the potential opportunities to the companies, and the way to know that is communicating with customers. Secondly, by understanding consumer's needs and desires, and comments of products from consumers, the enterprise can develop new products or improve the exits goods which will satisfy the customer. For example, General electric design the space saving microwave oven and other kitchen goods in the market which has achieved great success, its product design was inspired from the complaints from the consumers that the products occupy

too much space. Thirdly, good communication can also help enterprisers setting their good brand image in the customers' mind.

However, in China, the communication with customers is not that good. From the result of question 14, there are 178 respondents out of 400 who tried to communicate with companies, unfortunately, only 23 of them got a reply from the companies and 2 respondents were really happy with the reaction of the entrepreneurs. Apparently, entrepreneurs in China do not pay enough attention to Chinese customer. They need to notice that the competition in China is higher than ever. The growth of 1.3 billion Chinese consumers' purchasing power, more and more companies come to China and want to get the share of the cake of the market. Of course the competition will be tough. And it is not the seller driven market any more, consumers play an increasing role in purchasing goods. Satisfying the needs of the customer is the key to win, and communication with customers is the way to get the opportunities. Another phenomenon is that the awareness of customer right is quite low in China, 222 respondents out of 400 respondents have never given their suggestions to a company, and it is up to 22% of the whole target group. The consumer, as a member of society, has the freedom to choose products and services, has the right to get the correct information about the goods. The Chinese government has the responsibility and obligation to prohibit fraud, monopoly, and damage to protect the rights and interests of consumers. The government is also responsible for educating customers to improve consciousness and the ability of self-consciousness. The companies should also take actions to protect the right of consumers in order to set good brand images and attract more customers.

What is the most suitable communication strategy of Rovio in China?

Word of mouth is one of Rovio's main communication strategies. At first, since the budget was limited, the Rovio team tried hard on "word of mouth" by telling their relatives and friends. And one of the word of mouth tricks is to use celebrities. Nowadays, Angry Birds is spread at an incredible speed, and it was started from a famous ski athletic. She is one of the groups who played Angry Birds very

early on, after people saw her playing it, playing Angry Birds became a fashion thing and successfully penetrated Sweden, Greece and the Czech Republic and other European countries. This strategy is called viral marketing .Viral marketing spreads the marketing information through networks of relationships opened to every user based on the principle of public mouth communication, showcasing a similar trend of spreading the virus. This strategy is also used in China, 39% of the respondents know Angry Birds through word of mouth. (Tom Cheshire, 2011)

### Using SNS (SOCIAL NETWORK SERVICE) Marketing

From the results we found above, the internet and word of mouth are two ways of Rovio Entertainment's communication strategy. And nowadays social network services are the perfect combination to the word of mouth and the internet. Rovio Entertainment can make full use of SNS in China. Let me briefly introduce SNS.

According to Wikipedia, social networking service is an online service, platform, or site that focuses on facilitating the building of social networks or social relations among people who, for example, share interests, activities, backgrounds, or real-life connections. A social network service makes up of a representation of each user (often a profile), his/her social links, and a variety of additional services. Most social network services are web-based . Usually a computer is involved. Online community service is a social network service, which means an individual-centered service whereas online community services are group-centered. Social networking sites allow users to share ideas, activities, events, and interests within their individual networks.

There are plenty of types of the networking services. But the main types of social networking services are those that contain category places (such as former school year or classmates), means to connect with friends (usually with self-description pages), and a recommendation system linked to trust. Popular methods now combine many of these, with, for example, Facebook, Google+, and Twitter widely used worldwide. (Duohuai Zhang, 2011)

In China, SNS is in the growth stage of its life cycle. There are some powerful and competitive SNS communities, for example, Qzone, Renren, Weibo. But in China, the SNS market is highly fragmented. Each of the communities focuses on different user segments. Qzone is the biggest SNS by user base and traffic in China. Its primary demographics are teens and users from lower tiered cities, while Renren was the earliest Facebook clone in China. Their primary user demographics are students, mostly college age in top tier cities. SinaWeibo focuses more on the white collar demographics. It is one of the fast-growth SNS communities in 2011, in one year, the users increased from 63million to 250million. (Kai Lukoff, 2011)

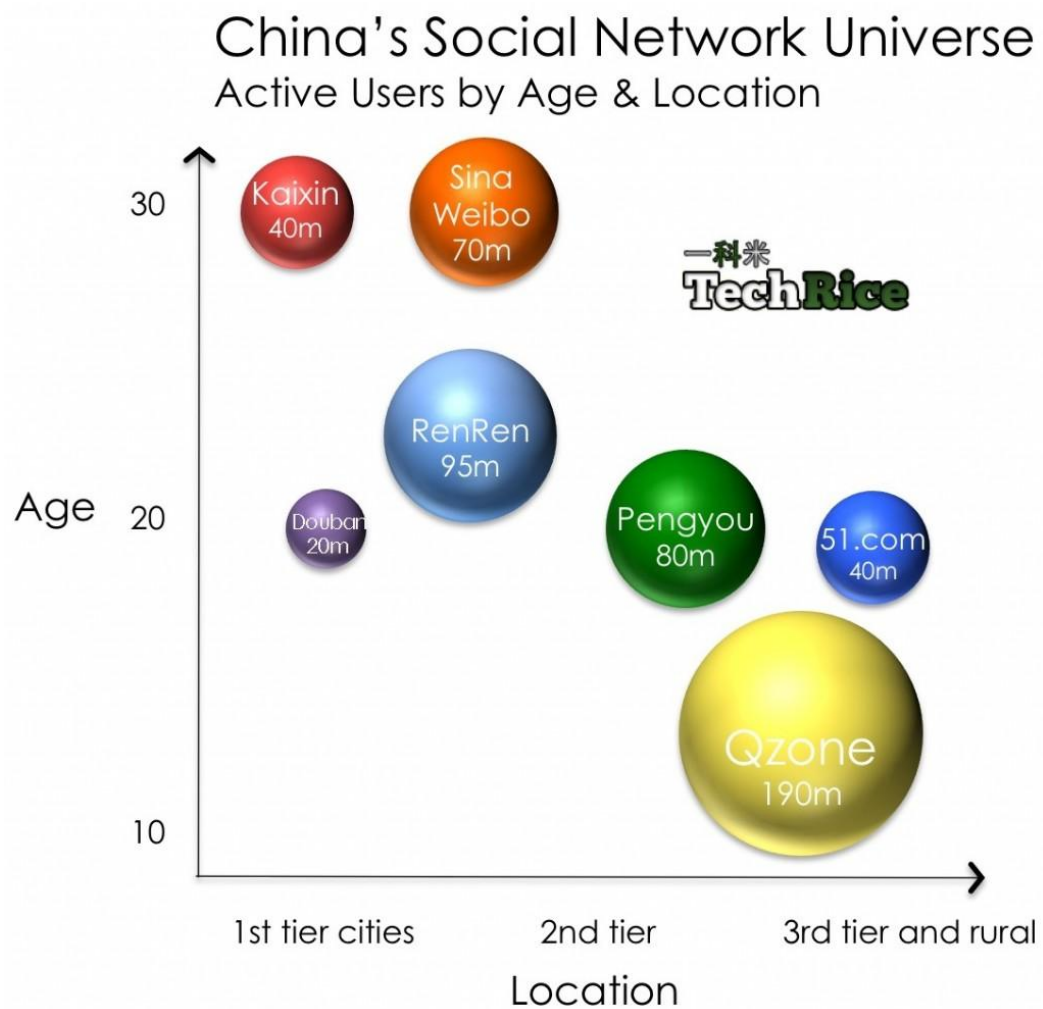


Figure 28 China's Social Network Universe

Therefore, to gain more attention, Rovio can use the SNS to help strength on the marketing strategy in China. Rovio can open its own Weibo or qq to communicate with the end-user to get the feedback from the customer directly, as well as putting advertisements there or testing the new products. Only the companies which pay enough attention on the customer and try their best to meet their needs will survive in the long term.

## **5.2 Recommendation**

Due to the time and resource limitations, the 400 questionnaires data are far less enough to cover the 1.3 billion inhabitants in China.

When evaluating "how do you know Rovio", the option "other" has more than 10% support from the respondents. Usually, the option "Other" should not account for more than 10%. Otherwise, it reveals the improperness of option arrangements. Interviews should be made to find make "other" more descriptive and precise.

The research also find out some complaints from the respondents on Rovio's performance, for example hard to distinguish the authentic goods from the fake goods. The price of the derivative product is high. This involves the product and price and even place marketing strategies. A series of Chinese customers' behavior on the leisure activity could be found in the results. But it is the general information, more detailed are needed. However, in this research, I did not discuss them. Therefore, for future research, how to protect the legal right of the company from piracy in China is one of my suggestions. Suggestions could be centered on the pricing, as well as delivery of Rovio Entertainment. Another suggestion is that study the Chinese customers' behavior to create a suitable product to meet the need of the customer in China. And I would like to propose for a further study that is a field study to be conducted.

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## APPEARANCE 1

**Q1** What is your gender?

[单选题]

- Male
- Female

**Q2** What is your age?

[单选题]

- 0-9
- 10-19
- 20-29
- 30-39
- 40-49
- over 50

**Q3** What is your occupation?

[单选题]

- Students
- manual workers
- sedentary workers
- unemployed

**Q4** Which city are you living in?

[单选题]

- Top tier city (Beijing, Shanghai, Guangzhou, Shenzhen)



Othercities

**Q5** How do you know angry bird?

[单选题]

- Internet
- TV
- newspaper
- recommendbyfriends
- other

**Q6** Which following product of angry bird are you interested in?

[多选题]

- Game
- books
- clothes or other articles of everyday use
- themepark
- movie
- cartoon
- Notinterested

**Q7** Which of the following adverting media impact on your purchasing behavior most?

[单选题]

- TV
- Radio

- Magazine or newspaper
- Advertisement poster

**Q8** Which of the following promotion activities impact on your purchasing behavior most

[单选题]

- Discount on the price
- More product on the same price
- Convenient discount remind machine in shops

**Q9** Your opinion on personal selling? (1 stand for dislike badly; 2 means dislike; 3 stands for no comment; 4 means like, 5 means like very much)

[单选题]

- 1
- 2
- 3
- 4
- 5

**Q10** Your opinion on online and direct marketing? (1 stand for dislike badly; 2 means dislike; 3 stands for no comment; 4 means like, 5 means like very much)

[单选题]

- 1
- 2

- 3
- 4
- 5

**Q11** How often do you attend in art, sport event or exhibition?

[单选题]

- Never
- Sometimes
- Often
- Usually
- Always

**Q12** How long do you spend on leisure activities per day?

[单选题]

- less than 1 hour
- 1-2h
- 2-4h
- over 4h

**Q13** How much weekly do you usually spend on leisure activities?

[单选题]

- Nothing, I only go to free activities
- From 1 to 100
- From 101 to 200
- More than 200

**Q14** Have you ever given your suggestions to a company?

[单选题]

- Never
- yesbut no reply
- replybutnotsatisfied
- reply and satisfied with the result








**Q15** What is your suggestion on Rovio' s performance?

[填空题]

感谢词 再次感谢您参加本调查!

## APPEARANCE 2

**Figure 29** China's Top 15 Social Networks

TechRice		China's Top 15 Social Networks					
			Type	User Demographics	Active Users (millions)	Reg. Users (millions)	Alexa CN Rank
1	Qzone (Tencent)		Nickname SNS	Teens	190 <sup>2</sup>	481 <sup>3</sup>	#12 (Qzone only est.)
2	RenRen		Real-name SNS	Students, white-collars	95 <sup>1</sup>	170 <sup>1</sup>	#16
3	Pengyou		Real-name SNS	Students, white-collars	80 <sup>2</sup>	131 <sup>3</sup>	#36
4	Sina Weibo		Microblog	White-collars	65	120	-
5	Kaixin001		Real-name SNS	White-collars	40 <sup>1</sup>	95	#19
6	51.com		Real-name SNS	Lesser-tier cities, rural users	40	178	#51
7	Douban		Nickname SNS	Urban youth	20	40	#22
8	Taomee (Seer, Mole, etc.)		Children's SNS / Games	Children, mothers	20 <sup>2</sup>	180	-
9	Tencent Weibo		Microblog	Lesser-tier cities	20 <sup>2</sup>	100	-
10	Jiayuan		Dating SNS	White-collars	11 <sup>2</sup>	30	#43
11	Tao Jianghu (Taobao)		E-commerce SNS	All	10 <sup>2</sup>	1200 (all Taobao)	-
12	Bai Shehui (Sohu)		Real-name SNS	White-collars	5 <sup>2</sup>	30	-
13	Zhenai		Dating SNS	White-collars	3 <sup>2</sup>	26	#370
14	Baihe		Dating SNS	White-collars	2 <sup>2</sup>	23	#412
15	iPartment		Avatar / dating SNS	Urban youth	1 <sup>2</sup>	20	#514

1 - iResearch iUserTracker 2 - TechRice Estimate (via reports, traffic, experts, and guesswork)  
 3 - Tencent claims these as "actives", but TechRice believes this is closer to registered users  
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