Marketing and Launching a Video Game: Demon Core

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ABSTRACT

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The main focus of this thesis project revolves around the marketing and launching of a new video game, as indicated in the thesis title. In cooperation with Apex Games Ltd. the aims of this thesis are to determine the main strategic marketing decisions for the company's new product, Demon Core. In order to define Demon Core's strategic marketing needs a proposed strategic marketing model has been designed. Furthermore, to determine an efficient way of launching the video game, the new product development process has been closely examined. The main concepts which have been analyzed are the target market, product positioning, pricing, promotion and brand. These main concepts have been supported by Demon Core's marketing mix (4 P's), additionally, the new product development process is also a concept which has been taking under consideration throughout this thesis.

The thesis author conducted an interview with the company CEO, Mikko Karsisto, in order to collect sufficient data, to identify Demon Core's strategic marketing needs. The data assisted in determining the company's marketing and launching awareness, helping identify specific needs. Furthermore, due to the lack of resources available no other research was conducted. However, the methodology applied in this thesis helped determine the main products strategic marketing needs.

In general, the main results presented in this thesis can aid Apex Games to marketing and launching their main product (Demon Core), as of now Apex Games is down the right track towards product launch. However, the appliance of the theories and concepts in this thesis, while may not guarantee success they could at least act as a scope for Demon Core's strategic marketing and understanding the product launch process. Hence, helping the company determine its target market, marketing efforts and launch process. All together the main purpose of this thesis project is to determine Demon Core's strategic marketing needs with the marketing mix acting as a support system and determining the new product development launch process.

Key words: strategic marketing decisions, strategic marketing model, marketing mix, product launch development process,

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1   Introduction

Apex Games Ltd. is an independent video game developer located in Tampere, Finland. As of now the company has focus on the development of their main product. Demon Core is a story-driven first-person shooter game that includes non-stop action, top of the line graphics and a compelling story. Currently, the game designers are modifying their game and preparing it for launch, which is anticipated for the first quarter of 2014. The company is composed of programmers and game designers; however their experience does not include marketing, which plays an essential role whilst developing a successful launch strategy. Therefore, this thesis project has been arranged, in order to support the product's (Demon Core) strategic marketing decisions.

The video game industry has evolved from a curiosity that begun in the 1970's, into a multibillion dollar industry which has grown from focused markets to mainstream media. The pioneers of the video game industry can be considered to be Atari Inc. with the release of the first commercially successful video game pong. In the early 1980's the video game industry begun to see a significant increase in total sales of arcade video game machines. This lead the way for the release of the Nintendo Entertainment System, which resulted in the shift of powers and the home console market began being dominated by Japanese companies such as Nintendo Co. The 1990's saw significant advancements in game related technology, the video game industry kept a steady growth generating worldwide sales of $19.8 billion USD in 1993. At the present time the video game industry has become an overwhelming process of development, whilst profit is still driven by technology advancements. Although, the industry has matured it is still very unpredictable, the presence of third-party game developers has quickly risen and can just as quickly go out of business. However, many indie games and casual games have been developed and become successful. Furthermore, the modern industry has opened the door for mobile gaming particularly on iSO and Android devices.

The video game industry has become a highly competitive industry with a great deal of competitors. However, the opportunity for innovative game development is present and can be taken advantage of. Apex Games main objective is to penetrate the Action First-Person Shooter video game genre. The first person shooter game genre is centralized on gun and projectile weapon based combat through a first person perspective, meaning the video game user experiences the action through the eyes of the video game protagonist.

Most first person shooter games involve an avatar and a range of weapons as well as a variety of enemies. The 3D environment enables players to a realistic gaming experience, with accurate representations of gravity, sound, lighting and collisions. It has been stated that first person shooter games played on personal computers enable a superior gaming experience to that found in console games. Therefore, Apex Games must utilize its product differentiation attributes in order to market their product.

1.1   Purpose of the thesis

This thesis project will focus on how to productively market and launch a video game, taking under consideration the company's current position, the main product and other significant aspects that will support launch. The proposed method for comprehending these variables will be through a designed strategic marketing model for the new product (Demon Core). In addition, to support the proposed strategic marketing model an analysis of the marketing mix and the project launch variables shall be conducted. Furthermore, this thesis will attempt to conclude on a designed marketing mix and product launch process specifically for Demon Core, as well as the other variables supporting the launch of the new product, in accordance to Apex Games company needs. Furthermore, it can be stated that the main purpose of this thesis is to determine Demon Core's strategic marketing needs as well as the new product development process, in order to contribute to Apex Games product launch. This thesis shall be limited to suggestions on the strategic marketing decisions and present a proposed new product launch process.

The main framework to be incorporated into this thesis project consists of a theoretical analysis of the aforementioned concepts and terms. Furthermore, this thesis will take a practical approach, resulting with a realistic set of strategic marketing decision that could be utilized by the company. Therefore, the practical approach will be integrated with the theoretical analysis. However it should be stated that on average companies only deliver 63 per cent of the financial performance their strategies promise, with that said this thesis project can act as a scope in the direction the company should head (Kotler 2008, 159). Therefore, strategic marketing decisions can take an ongoing approach and develop throughout time in order to meet company needs. This thesis project will blend a variety of strategic marketing tools, in order to contribute to Demon Core's product launch.

1.2   Theoretical framework

The main objective of this theoretical framework is to analyze the concepts, terms and theories that will assist Apex Games in marketing and launching their new video game, Demon Core. As of now the video game is under development and will be completed soon, the focus of this framework will be on strategic marketing decisions, the marketing mix, the four Ps (product, price, place and promotion) which are required for product launch. Hence, the marketing mix will be comprehensively analyzed. The marketing mix covers the four Ps all crucial mechanisms associated with the marketing and launch of a new product, playing a primary role in the success of a new product. Furthermore, this structure will focus on the tactical launch decisions needed to support the launch of the new product. Therefore, a comprehensive analysis of the new product development methods shall be examined. These concepts and terms shall be thoroughly analyzed in order to conclude on the strategic marketing decision specifically for Demon Core.

The aforementioned corresponding theories and concepts consist of target markets, product placement, pricing strategy, promotion and brand strategy as well as new product development process. These theories and concepts included in this theoretical framework shall act as a support system in order to determining a designed marketing mix and launch process for Apex Games, which will directly affect the success of the new product launch and marketing efforts.

A range of references have been utilized to assemble this theoretical framework. The main source focusing on the marketing mix comes from Philip Kotler's, Principles of Marketing, in order to supplement these theories an additional source also coming from Philip Kotler's, Marketing Management was utilized as well as Smith and Taylor's Marketing Communication. Furthermore, the main source for the focus revolving around the new product development process originates from Kahn, Kenneth B. New Product Forecasting: An Applied Perspective in determining the project launch process. In addition to these text book sources, numerous business articles and e-journals were also utilized, How to market your small business on a budget by Dan Sodergren presented the principles of guerilla digital marketing. Additional e-journals were analyzed in order to gather more sufficient information, Tactical Launch Decisions: influence on innovation success/failure by Garrido-Rubio, Ana; Polo-Redondo, Yolanda and Clustering Product Launches by price and launch strategy by Calantone, Roger J; Di Bene-

detto, C Anthony and others journals included in the theoretical framework cover a wide variety of topics. The theory presented in these textbooks, books, business articles and e-journals mostly complemented each other in a general perspective. However there were some topics which contradicted each other.

To better understand strategic marketing, it is important to separate the strategy from the implementation process. According to Kotler (2008) the implementation process is thought of as "doing things right" and the strategic process as "doing the right things". However both are critical to success, this thesis project shall focus on "doing the right things". Primarily on the marketing mix which is a set of controllable, tactical marketing tools that the company blends to produce the response it wants in its desired target market (Kotler 2008, 157). Furthermore, particular attention shall be focused of the product launch process variables and other crucial aspects that can aid the launch of Demon Core.

1.3   Methodology

The main source for this methodological section comes from, Apex Games CEO Mikko Karsisto; an in-depth interview was conducted in order to evaluate the company's awareness for the marketing and launching of their main product. The in-depth interview (appendix 1) covered target markets, product positioning, product differentiation, company strategy, pricing strategy, distribution channels and the launch strategy.

The aforementioned terms guided the author in determining the needs of Apex Games in developing the marketing and launching proposal for Demon Core. Furthermore, the accumulated data from the interview helped elaborate the finding of the marketing mix and launch process variables as well as the proposed brand strategy.

2 Demon Core's strategic marketing model

The process of marketing and launching a new product onto the market can be a complex one and marketing efforts can make the difference in the success rate of the new product. Hence, within this thesis a strategic marketing model has been design specifically for Demon Core in an attempt to simplify that process. The following will demonstrate the authors proposed model.
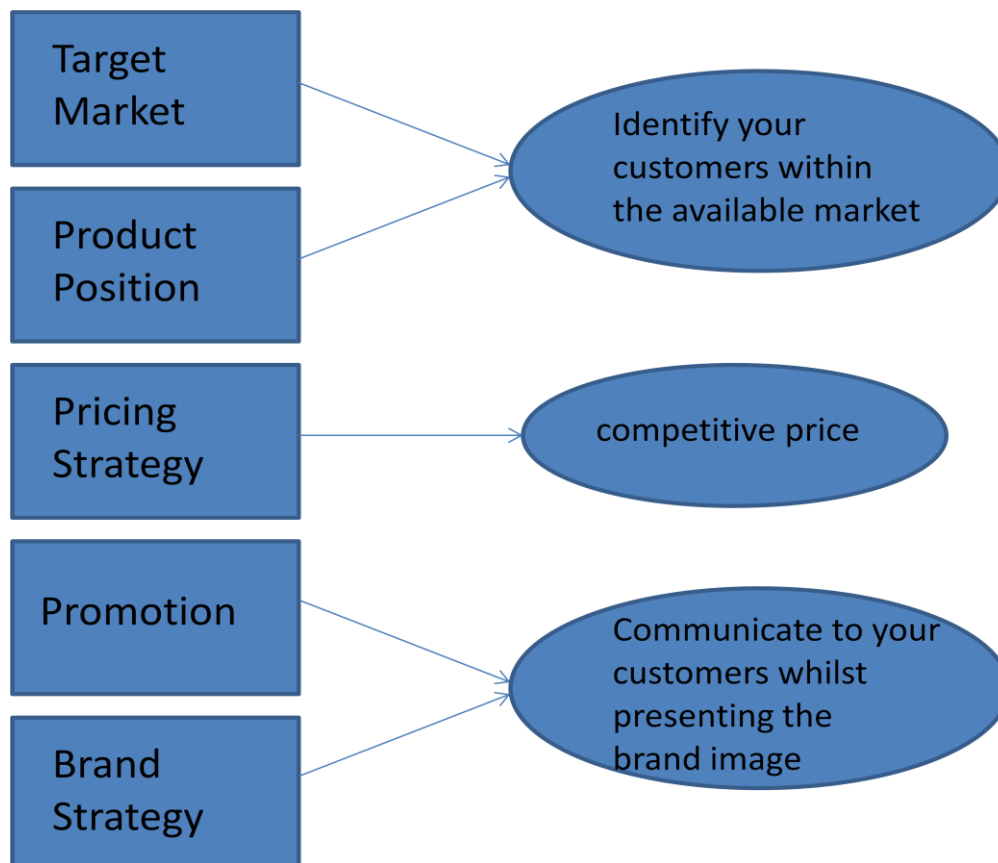
Figure 1: Demon Core's strategic marketing model.

The aforementioned strategic marketing model (Figure 1) represents the key factors which could support Demon Core's product launch. The concepts which are to be analyzed are target market, it is crucial that Apex Games gets to know their customers in order to fulfill their needs and expectations, product positioning consists of identifying the existing market opportunity for the new product, pricing strategy is essential in regards to company revenue it is important to set a competitive price which can lead to market growth, promotion is necessary to communicate with the intended target market and finally devising a brand strategy can lead to creating a brand image and perhaps eventually bran equity.

2.1   Demon Core's marketing mix

In this particular case the marketing mix for Apex Games main product is to be determine, Demon Core. Hence, firstly it is essential for the company to determine the selection of their target market segment. A target market consists of a set of buyers who share common needs or characteristics that the company decided to serve (Kotler 2008, 424). Secondly it is vital for the company to establish the differentiation and product positioning strategy. In order to build a strong solid profitable relationship with the target market, Apex Games must identify the customer needs and deliver a differentiation product which delivers customer added value. These two variables play a primary role whilst determining the marketing mix. (Kotler 2008, 436.)

2.2   Product

In order to conduct a successful marketing mix it critical to have a full comprehension of the first "P", the product. The product can be defined as the company's offering to their desired target market, in order to fulfill consumer needs (Kotler 2008, 500.) This is the essence of the marketing mix all other aspects develop from this starting point, including promotion methods, pricing decisions and distribution channels.

Currently, Apex Games is aiming towards a target market which consist an age group of 16-40 year old gamers, whom favor Shooter and Action genre games. Furthermore, Demon Core is intended to capture a target audience that value story-driven campaign games.

2.2.1   Demon main product features

The following will commence with a comprehensive analysis of the product itself, in order to conduct a successful product launch the product must be analyzed determining what the product offers in terms of differentiation. The overall development of a product involves defining the benefits the product has to offer, presenting product attributes, including quality, features, style and design. The product attributes decisions are significantly important, since they affect consumer reactions to the product. (Kotler 2008, 507.)

According to Kotler (2008) product quality has a direct impact on the product performance and therefore can be used as a major positioning tool. Hence, it is closely tied with customer value and satisfaction. The quality of the product can be separated into two dimensions, quality level and quality consistency. In order to position the product the level of quality must be determined, meaning product performance quality, including durability, reliability, precision, ease of operation and repair. It should be noted that quality is determined by the target market segment perception. Product quality consistency can be defined as the level consistency in delivering an aimed level of company performance. Product features are a competitive tool for differentiating a company's products from competitors' products. Product style and design can aid to add customer value. (Kotler, 2008 508.)

Demon Core's main product features which can potentially offer product differentiation and customer added value consists of, new innovative game play elements. The main product has been designed with a unique art style combining futuristic high technology with exotic Russian design, which include elegant ornaments and decorations, giving it a unique new look. The products innovative game play fundamentals will allow users to flow through a game-play of real-world combat tactics and team dynamics. Users will be able to create a combat strategy and implement it, by hiding in shadows, pretending to surrender, using personal or stolen weapons, setting up traps and triggers. The game is supported by NaturalPoint TrackIR this enables an immersive gaming experience by detecting the users head movement and reproducing it in the game play. Therefore, Demon Core offers a realistic first-person shooter combat game which allows users to take out their enemies one by one making every single shot count.

The target market segment or consumer buyers choose the product offering which will deliver the most perceive value to them. The value of the product is primarily a combination of quality, service and price, also called the customer value triad. The satisfaction of consumer buyers is reflected through their judgment of the product's perceived performance in relationship to expectations. If performance falls short of expectations, consumers are disappointed, however if it matches expectations consumers are satisfied. In the case of products exceeding expectations consumers are delighted. (Kotler 2012, 32.)

2.2.2   Demon Core's SWOT analysis

The SWOT analysis consists of an overall evaluation of a project or business venture, it is structured by the ventures strengths, weaknesses, opportunities and threats. It is a way of monitoring the external and internal marketing environment. (Kotler 2012, 153.) The following will demonstrate the SWOT analysis of Apex Games main product.

Internal Factors	Strengths: •Niche market •Innovative game play •Unique art style design •Independent •NaturalPoint TrackIR	Weaknesses: •Limited market •Relatively unknown brand •Lack of relevant experience •Low revenue
External Factors	Opportunities: •Customer growth •Sponsorship •Product line extensions •Expand home game console, downloadable content	Treats: •Low market entry •Market fluctuation •Competition from video game publishers •Lack of financing

Figure 2: Demon Core's SWOT analysis

The aforementioned SWOT analysis (Figure 2) evaluates Demon Core's internal and external factors, thus, an understanding of where the product stands can simplify its launch process. The strengths include a niche market opportunity which Demon Core could enter the nature that Apex Games is an independent video game developer gives it freedoms on innovative ideas and pursuits. Furthermore, the games innovative game play and unique art design can present product differentiation, beyond that the NaturalPoint Track IR can allow Demon Core to offer a new gaming experience. On the other hand the weaknesses present a limited market which can lead to low company revenue. Furthermore, the products unknown brand can and lack of experience may lead to uncertainties.

The external factors include the opportunities and treats of the product. The main opportunities which could be presented are customer growth, therefore, potentiality leading to sponsorships and expanding from PC to home game console. As of now Apex Game has already considered a sequel to Demon Core, thus, creating a product line extension more importantly a major opportunity for Apex Games future products is to enable them to digital downloadable content acting as an additional distribution channel. It is also important to keep in mind the treats which could be presented the low market entry and market fluctuation (seasonal consumption), as well as the competition from major video game publishers and lack of financing could potentially threaten Demon Core's success rate.

2.3 Price

Pricing decisions are clearly complex and difficult. Price is the one element of the marketing mix which can produce revenue; the other elements produce costs, price is perhaps the easiest element in the marketing mix to adjust, the others take more time. Price also communicates to the market, the company's intended value positioning of its product or brand. Whilst determining pricing decisions companies must take into account many factors, the target market, competition and marketing environment. (Kotler 2012, 405.)

Some factors to be taking under consideration while setting prices are customer perceptions of value, when customers perceive the price is greater than the product's value, they will not buy the product. If the company prices the product below its costs, company profits will suffer. The company must set its price between these two extremes, taking under consideration internal and external factors. (Kotler 2008, 639.) Further, a brief explanation of the internal and external factors comprise, internal factors affecting pricing include the company's overall marketing strategy, objectives and marketing mix, external factors include the market, demand, competitors' strategies and prices (Kotler 2008, 647). Thus, the consumer decides whether a product's price is right. Pricing decisions must begin with customer value, when a customer buys a product; they exchange something of value (price) in order to receive something of value (product benefits).

2.3.1 Setting the Price

The following analysis shall focus on some essential factors a company can take whilst setting the price for their new product. The company must consider many factors in setting its pricing policy.

Thus, step one selecting pricing objectives, the company must first determine where it wants to position its product in the market; clear company objectives will simplify setting the price. Five major objectives used to setting the price are; survival, maximum current profit, maximum market share, maximum market skimming and product quality leadership. These major objectives are utilized as a marketing pricing tool to determine the new product price. (Kotler 2012, 411.)

The survival objective is utilized by firms which are faced with overcapacity, intense competition or changing consumer needs. This objective pursues to simply cover variable and fixed cost in order to stay in business; however the survival objective is short-term, in the long-run the company must learn to add value to their product or face extinction. The maximum current profit objective tends to be implemented by companies that are pursuing to maximize current profits, the strategy assumes the company knows its demand and cost functions, in order to estimate demand and cost connected with alternative prices to choose a price that can potentially maximum current profits, cash flow or rate of return on investment. However these estimates are difficult to be made and if attention is not focused on other marketing variables long term performance can be affected. The maximum market share objective is for companies attempting to maximize their market share; they believe higher sales volume can lead to lower unit cost and higher long-run profits. The maximum market skimming objective is set by companies which are unveiling a new technology setting higher prices to maximize market skimming. The product-quality leadership objective is utilized by companies attempting to strive their brand as affordable luxuries; these tend to be products or services which are characterized as high levels of perceived quality, taste and status with the price tag just high enough to be out of the consumers reach. (Kotler 2012, 417.)

Furthermore, steps two is associated with determining demand, product prices lead to a different level of demand and have a different impact on the company's marketing ob-

jectives. The normal inverse between price and demand is demonstrated in the demand curve, the higher the price, the lower the demand. Nevertheless, for prestige products the demand curve can sometimes slope upwards. However, if the price is too high, demand may fall. (Kotler, 2012.) The major factors that help companies determine demand are price sensitivity, estimating demand curves and price elasticity of demand. Price sensitivity elaborates on consumer price sensibility, the estimation of demand curves are attempted by companies via surveys, price experiments and statistical analysis. (Kotler 2012, 414.)

Thus, the remaining steps are related to estimating cost, primarily fixed, variable and total cost. Furthermore, analyzing competitors' (cost, prices and offers) aids to determine the setting of the new product price. Selecting a pricing method and finally selecting the final price are essential steps whilst setting the price. The diverse pricing methods include, target return-pricing, perceived-value pricing, value pricing, going-rate pricing and action-type pricing. Whilst selecting the final price companies include the impact of other marketing activities. (Kotler 2012, 424.)

2.3.2 Pricing strategies

Bearing in mind the variety of new-product pricing strategies available, this section shall present only the ones which could potentially benefit Apex Games, the market-skimming pricing and market-penetration pricing strategy as well as other methods shall be presented. However, only applicable strategies for Demon Core shall be thoroughly analyzed.

As of now Apex Games has debated over implementing a low to mid-price strategy, depending on distributor's suggestions. Hence, the aforementioned pricing strategies shall be analyzed in order to aid Demon Core's pricing method. Initially companies which develop new innovative products can take the route of setting prices high to skim the revenues, this strategy "market-skimming pricing" by first setting high prices and then rapidly reducing the price over time allows companies to skim maximum amount of revenue of various segments of the market. However, the skimming strategy only makes sense when the product's quality and image support the price and buyers are not price sensitive and want the product at that price. Further, costs of producing smaller volumes cannot be so high that they cancel the advantage of chagrining more; also

competitors should not be able to enter the market easily and undercut the high price. (Kotler 2008, 659.)

In addition rather than setting the a high initial price to reap from smaller more profitable market segments, companies can alternatively use "market-penetration pricing" initial price in set low in order to penetrate the market which in result can lead to a large number of buyers thus allowing to win market share. The high sales volume results in falling costs, allowing the company to cut prices even further. A new product pricing strategy can evolve as the product passes through its life cycle and the company grows. Both strategies present conditional favors, setting the price low is condition to consumers which are very price sensitive, production and distribution costs falls as sales volume increases. The low price must keep out competition and penetration pricing must maintain its low-price position otherwise the price advantage may be only temporary. (Kotler 2008, 661.)

The aforementioned suggests an alternative strategy which can be initially used in order that Demon Core can enter the market (penetration pricing) however as the product and company evolve perhaps (skimming pricing) could be utilized as well, with alternative products and services. However, for initial product launch (Demon Core) the most suitable pricing strategy is market-penetration pricing.

2.4   Promotion

This stage of the marketing mix shall focus on the promotion of Demon Core, once product development is complete and the price has been set to attract customers. The time comes to communicate the product to the target market. The company's communication tools are vital whilst building profitable customer relationships. The company has to communicate not only with the desired target market but also with intermediaries and various publics. In order to manage this complex communication company's use a generic marketing communication system. (Kotler 2008, 691.)
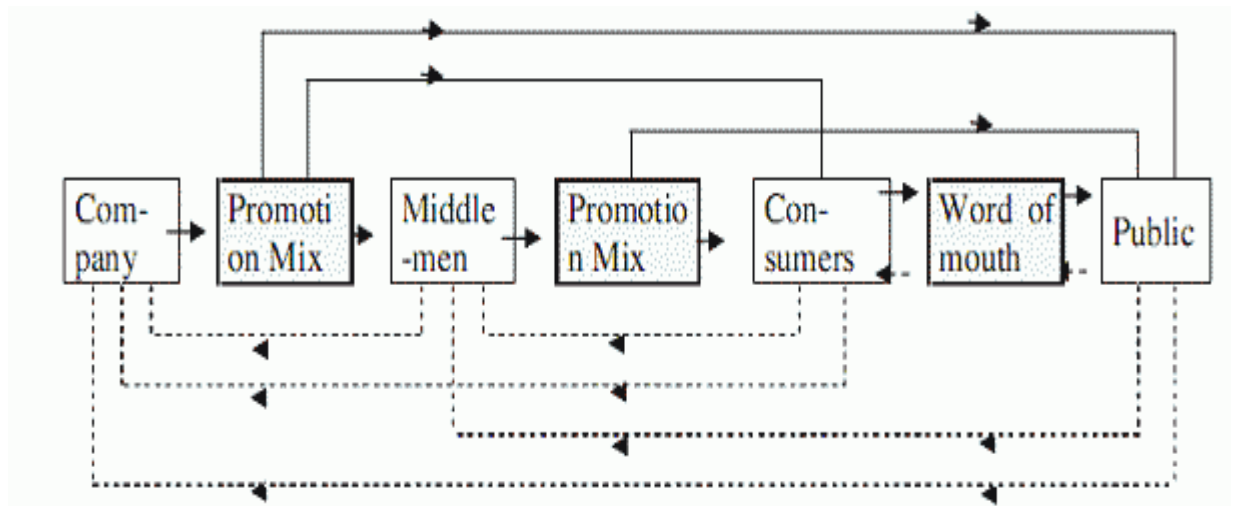
Figure 3: Marketing communication system (Kotler 2008, 691).

The figure above demonstrates the promotion mix which consists of five major promotion tools; advertising, sales promotion, public relations, personal selling and direct marketing (Kotler 2008, 691). However, this thesis shall only focus on the promotion mix tools suitable for Apex Games. Firstly, in order support Apex Games' promotional efforts the principles of guerilla digital marketing will be discussed, presenting an alternative way on how to market a small business on a budget. Furthermore, particular attention shall be focused on sales promotion, direct marketing and public relations.

2.4.1 Guerilla digital marketing

Guerilla marketing is innovative alternative way of thinking which perceives marketing from a different angle, which can grant those without much power to go head to head with those with lots of power. According to Sodergren (2012) the following presents how to market a small company, it is essential to invest time and major interest in your potential customers.

The principles of guerilla marketing consist of the following.
- Knowing your customer
- Usage of analytics
- Company web presence
- Consumer feedback
- Utilization of mobile

It is essential to really get to know your customers and what they want. Thus, the usage of social networking i.e. Facebook, Twitter and LinkedIn can be used as communication tools which can act as focus groups to test products and ideas. Furthermore, social media can also be utilized as a tool to treat the customer as an individual, by generating more one-to-one marketing, creating a greater sense of customer service. Further, taking customers under consideration and making them feel involved in the development of the company can lead to positive word of mouth, by retweeting and recommend your products; consumer word of mouth can have a major impact in any business venture.

The use of analytics such as Google's free analytics tool is great resource for website owners. The analytics tool can be used to test company's marketing efforts. It can offer useful insight into what customers are looking for, i.e. where the website visitors are coming from (whether social networks, search engines or links from other sites), the search terms that lead them to the website and what content is the most popular.

The presence the company website portrays speaks volumes to customers; it is of great importance to send the right message and portray what the company has to offer. Further, the company should also think if an app could benefit their marketing efforts.

Consumer feedback is a vital tool that should not be taking for granted instead it is important to learn from feedback. Therefore, your company must be willing to change your business and marketing according to your customers' wants and needs. The key factor here is being flexible and ready to make adjustments at the moment's notice.

With today's modern technology consumers feel the need to be in constant communication, via smart phones. This has provided companies with an amazing opportunity; they can literally be in the pockets of their customers each and every day. Thus, it is critical that your company website is user friendly on mobile devices or the development of a mobile application may also be considered.

2.4.2   Sales promotion

The following promotion tool is one which could be potentially utilized by Apex Games after the launch of Demon Core. As the name proposes, sales promotion is a limited time offer. Consequently, sales promotions have a tendency to have shorter term tactical

objectives (Smith & Taylor 2004, 359). The following will discuss the sales promotion objectives and how they could benefit Demon Core.

The most typical sales promotion goals can potential be, increasing sales, keep in mind this increase may only be temporary. The development of new sales, lead through the reduction of price promotion. Satisfying retailers with a complete package can gain trade acceptance. Furthermore, the movement of excess stock can be accomplished via sales promotions. Sales promotion may also block or match competitors, with the sales offering. Some sales promotions can also create a customer database, which can later lead to direct marketing. Finally the most important sales promotion objective is generating publicity, publicity can result in demand and an increase in sales. (Smith & Taylor 2004, 361.)

The strategic impact of sales promotion is intended to be part of a bigger and longer-term approach. Unlike short-term tactical sales increase objectives, longer-term strategies are about building and reinforcing brand image, strengthening user loyalty and even inviting new users to join the segment market (Smith & Taylor 2004, 362). Although, sales promotion has short-term objectives, once objectives are fulfilled they can have an impact on the brand or organization's overall image (Smith & Taylor, 2004).

Once Demon Core is launch and is generating publicity in the marketplace, a sales promotion strategy could potentially be implemented to increase sales and publicity. However, it is essential to match the types of promotions with specific objectives, hence, increase sales can be supplemented with sales competition and rebates, acting as a promotion tool.

2.4.3 Direct marketing

Direct marketing can be defined as the distribution of information, products or services through any advertising medium that invites an individual customer to respond directly to the advertiser. (Smith & Taylor 2004, 386.) It brings the market directly to the end users (consumers), instead of the customers having to go to the market. Direct marketing should not be utilized as a tactic, as an alternative it should be used on a strategic basis by integrating it with other marketing communications tools and in the longer term by developing a database. Two popular types of direct marketing techniques are direct

mail and telemarketing; any marketing communication strategy should seek to integrate direct marketing techniques with other communication tools. (Smith & Taylor 2004, 388.)

The development of customer database can be very beneficial for Apex Games; a database is more than just a list of customer names. The essence of a database is distinguished by the amount and quality of relevant marketing data that not only a simple mailing address can provide. There are two types of information kept on database, historical data and predictive data. Historical data includes name, address, recent and frequent purchases, responses to offers and value of purchases. Predictive data on the other hand can identify which groups or subgroups are more likely to respond to a specific offer, this is conducted via statistical scoring; customer attributes. Database marketing is a short term, tactical, one off marketing activity. (Smith & Taylor 2004, 390.)

Apex Games could utilize direct marketing for Demon Core via an independent website for Demon Core, with the objective of creating an online community for the game. This internal factor may be on a strategic basis, the creation of an online community could ease the communication process with the potential end users of Demon Core. The requirement for joining the community could be a collection of basic personal data of the customer simultaneously creating a customer database.

Direct marketing presents several advantages, cost reduction via computer technology, further; direct marketing can also open a new distribution channel offering delivery from the supplier to the end user directly. This may save money by saving margins previously given to distributors or retailers, however it could potentially damage relations with distributors if they feel direct marketing competes unfairly with them. On the other hand it could also work in their favor if referring enquiries can generate leads from them or simply expand their market. (Smith & Taylor 2004, 391.)

2.4.4 Public relations

Public relations can be defined as the development of and maintenance of good relationships with different publics' (Smith & Taylor 2004, 444). There are a wide variety of

different publics including groups which the company is dependent on. Such as employees, investors, suppliers, customers, distributors, legislators/regulators/governments, pressure groups, the community, the media and even competitions. In most cases if not all most of these groups have different conflicting interest in the organization. Hence, it is essential to keep good public relations, in order to keep a planned and sustained effort to establish and maintain goodwill and mutual understanding between an organization and its publics. (Smith & Taylor 2004, 446.)

Therefore, Apex Games must utilize public relations as a way to keep business running smoothly. Particularly with their main distributors, employees, investors and target market. This marketing communication tool can enable Apex Games to build strong lasting relationships with the variety of publics it encounters. Thus, long lasting relationships can lead to loyalty from the variety of publics Apex Games shall encounter, helping increase corporate image, sales and product quality.

Public relations are more than communications; it is considered part of a broader business discipline i.e. corporate planning, finance, personnel, production and marketing. It does not work effectively unless it is integrated into these areas and unless it also links with product quality, customer care and design management/corporate identity. (Smith & Taylor 2004, 449.)

Furthermore, public relations can lead to creating more publicity via publicity generating activities such as news releases, new conferences, publicity stunts, conferences, events, exhibitions, sponsorships and sales promotions. However, it is essential for long-term success that the development of credibility is raised before raising visibility. Therefore, credibility is created by the proper product or quality service, meaning the product must match the promise made by the marketing communications. As a result, do not promise a Ferrari and deliver a Fiat. (Smith & Taylor, 2004.)

2.5 Brand strategy

The conjunction of the promotional efforts in this thesis shall be complemented by a proposed brand strategy. As arranged with Apex Games, this thesis shall also attempt to suggest a brand strategy for Demon Core, in order to raise consumer awareness. A

brand can be viewed as a major continuing asset of a company, outlasting the company's specific products or facilities. Therefore, brands are powerful assets that must be carefully developed and managed. (Kotler 2008, 521.)

It is evident that brands have become much more than just names and symbols, hence, they have developed into key elements in the company's relationship with customers. Brands only exist in consumers' minds; they represent the consumers' perceptions and feelings about a product and its performance. The real value of a strong brand is its power to capture customer preference and loyalty. (Kotler 2008, 522.)

The most powerful brands hold brand equity; brand equity can be defined as the positive differential effect that knowing the brand name has on customer response to the product or service (Kotler 2008, 521). The brands that have higher brand equity usually have brand loyalty, brand name awareness, perceived quality, strong brand associations and other assets such as patents, trademarks and channel relationships. In order to build strong brand equity the right brand knowledge and structures with the right consumers must be determined. (Kotler 2012, 271.)

2.5.1 Brand positioning

Furthermore, building strong brands poses challenging decisions to any company (Kotler 2008, 521). Evidentially, brands have their power on consumer perception; therefore, it is vital for companies to position their brand as clearly as possible in the target customers' minds. Apex Games must first position their brand according to the following levels. According to Kotler (2008) the five major brand positioning levels can help position brands clearly in their customer's minds.

Firstly, the product may be positioned according to its attributes, at the lowest level considering the main products attributes in the company's main promotional efforts. Apex Games may emphasize Demon Core "new innovative game play" or "unique art style design" into their advertising/promotional efforts, several product attributes may be utilized while attempting to position the product. However, it should be kept in mind that attributes are considered to be at least desirable level for brand positioning (Kotler 2008, 522). The attributes can be easily copied by competitors. Furthermore, consumers

are not interested in attributes as such as much as they are interested in what the attributes can do for them.

The second brand positioning level consists of benefits; brands may be better positioned by the associating of their name with a desirable benefit. Hence, product attributes must be translated into functional and emotional benefits. Therefore, when taking Demon Core's new innovative game play under consideration it can be translated that it can provide gamers with an exciting new gaming experience. However, presenting product benefits should be limited, since competitors may promise the same benefits reduce credibility.

Further, the strongest brand can go beyond attributes or beliefs positioning and position strong brands under beliefs and values. At this level the brand can pack an emotional wallop. Strong successful brands engage consumers on a deep, emotional level created via the product.

Finally, products may also be positioned under their brand personality. If the question about the brand itself is ask, for instance if Demon Core were a person, what kind of person would it be. Thus, a brand may attract consumers whom actually desire a self images match the brand's image.

Therefore, this positioning level present that a brand is a complex symbol. When positioning the brand companies must establish an objective for the brand and a vision of what the brand must be and do. Hence, if the company only treats the brand as a name, it misses the point of branding. The main challenge of branding is to develop a deep set of meanings or associations for the brand. A brands essence is its core values and personality. In order to build a strong brand a company must build its brand strategy around creating and protecting these values and personality.

2.5.2   Brand extension

Once product brands are established, companies can consider introducing new products under their strongest brand names. Thus, new products are considered line extensions.

Furthermore, many successful new products are extensions. (Kotler 2012, 286.) At this moment Apex Games has already considered a spin-off product for Demon Core, a sequel to the first game. With that said it can be foreseen that the brand extension strategy is something that Apex Games can utilize.

According to Kotler (2012) the advantages of brand extensions can be divided into two main advantages, they can facilitate new product acceptance and provide positive feedback to the parent brand or company. The odds of a new product success can be improved; consumers form expectations about new products based on what they know about the parent brand, enabling consumers to easier accept the new products. Due to the positive perspective of the parent brand, consumers set up positive expectations, brand extensions can therefore reduce risk. Whilst developing new brand extension products it may result easier to convince retailers to stock and promote brand extension since anticipated increased customer demand. Therefore, extensions can reduce the launch cost. Furthermore, extensions can also avoid the difficulty and expense of coming up with a new name and allow for packaging and labeling efficiencies. (Kotler 2012, 286.)

In addition, to facilitating acceptance of new products, brand extension can provide feedback benefits. Further, it can help clarify the meaning of brand and its core values or improve consumer loyalty to the company behind the extension. Additionally, line extensions may also renew interest and liking for brands and benefit the parent brand by increasing the market coverage. (Kotler 2012, 286.)

2.6   Place

The final element of the marketing mix consist of place, it is here where companies decided how to bring their products or services to their desired target market. As of now Apex Games is determining the final marketing channel decisions according to distributor's suggestions. Therefore, particular attention must be focused on how to manage distribution or marketing channels, to deliver goods and services that customers want at the right time, right place and right price. (Kotler 2008, 875.)

Therefore, Apex Game must focus on developing a value delivery network; consisting of the company, suppliers, distributors and ultimately the target market whom partner

with each other in order to improve the performance of the entire system (Kotler 2008, 880). As of now Apex Games is foreseeing to position Demon Core within the mid-price high quality sector of shooter action games. Although, competition with a cinematic experience is highly unlikely, Demon Core can still provide consumers with unique features and a fun gaming experience, while maintaining the kind of technology, playability and overall visibility quality that was almost nonexistent a few years ago in any indie productions.

2.6.1 Distribution channels

Nowadays very few producers sell their products to the end user (customers); instead, most companies use intermediaries to bring their products to the marketplace. Therefore, the attempt to build distributions channels, a set of co-dependent organizations involved in the process of making the product available for the use or consumption by the consumer is an essential part of the business operations. Thus, channel of distribution is all those organizations which a product must pass between the point of production and consumption. (Kotler 2008, 880.)

When making final distribution channel decisions, Apex Game must keep in mind that channel decisions directly affect every other marketing decision. For instants pricing can depend whether a company uses high quality stores or sells directly to the customer via a web store. A company's sales force or communication decisions depend on how much persuasion, training, motivation and support its channel partners need. The development of a new product may depend on how well the product fits the capabilities of its channel members. Therefore, particular attention should be focused on distribution channels, otherwise negative results may arise from neglecting this marketing element. (Kotler 2008, 881.)

The modern gaming marketplace has numerous distribution channels distributing games. Primarily, the most common methods for PC and console distribution are brick or mortar stores. Additionally with the advancement of the internet online stores have been taking the role of a distribution channel. Digital distribution is a form of delivering video game content as digital information; distributing the final product directly to the customers PC or console via purchase and download, currently, this process is dominated by online distribution over broadband internet. Upon launch of Demon Core im-

portant distribution channels decisions shall be conducted, it is highly recommend that the game is also available in digital download format as an extra distribution channel. Digital downloads is having a major impact on the gaming industry today, companies like Microsoft and Sony are trying to convert console gamers who have become accustomed to consuming music and movies via services like Netflix and Apples Inc's iTunes. (Gaudiosi, 2009.)

2.6.2   Channel behavior

Distribution channels are more than a simple collection of organizations tied together to meet a specific goal. Further, they are complex behavioral systems which people and companies interact to achieve individual, company and channel goals. In some cases there are channel relationships which take an informal approach among loosely organized firms. To the contrary, others consist of formal interactions guided by strong organizational structures. Furthermore, channels do not stand still; the possibility of new types of intermediaries emerging into new channel systems is probable. It is essential that Apex Games determines there distribution channel relationship and attempt to conclude on profitable relationship for both parties. (Kotler 2008, 885.)

If at all possible since the success rate of individual channel members depends on the overall channel success, all channel organizations should work together in harmony. This can be achieved via each channel members understanding and accepting their roles, coordinating their activities and cooperating to accomplish the overall channel goals. It is vital that before Apex Games decides on distribution channels it can set specific objectives which it plans to accomplish, therefore, agreeing among its channel members on the overall goal and working together to achieve it. However, it should be stated that cooperating to achieve overall channel goals may lead to giving up company goals. Although, channel members depend on one another, it is often the fact that they act alone in their own interest. This often can lead to disagreements and channel conflicts. (Kotler 2008, 885.)

Channel conflicts can be defined as the disagreement among channel members on goals and roles, who should do what and for what rewards. In order to avoid such conflicts Apex Games should be award of the type of conflicts that may occur whilst dealing with its channel members. Channel conflicts can occur at two levels. Horizontal conflicts are

ones which occur among organizations at the same level of the channel. For instances, if Apex Games were to distribute to local suppliers and some suppliers sell the products cheaper than the others, this may lead to stealing sales margins from pricing to low. Vertical conflicts consists of may occur between different levels of the same channel. For example, when Apex Games distributers their products via the internet directly to the end user, this may lead to conflicts with brick or mortar stores. (Kotler 2008, 885.)

3 Product launch variables

The following shall analyze the main product launch variables that can potentially aid Apex Games main product launch. The reality of modern gaming industry is that it has become a highly competitive market place and presents difficult challenges for products in development, in order to meet consumer needs. Therefore, it can be even more challenging to launch successful product concepts. Hence, an efficient product launch significantly improves the general probability of new product success (Calonte & Di Benedetto 2007, 4). In order to have a better perspective on how products are usually launch out into the market the new product development process shall be analyzed in an attempt to determine the route Demon Core may take towards launch.

The concept of company strategy when related to the launch of a new product on the market is referred to as the product launch strategy (Garrido-Rubio & Polo-Redondo 2005, 29).

3.1 New product development process

In order to have a full comprehension of what variables should be considered when deciding on a launch strategy for a new product it is important to have an understanding of the new product development process. (Kanh, 2006.)

The following shall briefly explain the essential mechanism surrounding the new product development process. According to Kanh (2006) the new product development process underlines a series of stages and gates; these are then normally referred to as the Stage-Gate process. There are a total of five stage processes which are represented with a characteristic set of activities. The five stages are strategic planning, concept generation, pre-technical evaluation, technical development and commercialization. The final state commercialization is closely tied with the product launch; following the launch a separate process begins, the product life cycle management. As of now it can be stated that Demon Core is at its technical development stage and preparing for the commercialization stage. (Kanh et al. 2006, 20.)

The launch strategy incorporates essential managerial decision making aimed towards marketing in order to present the new product to its segment market and begin generating income on sales of the new product (Green & Ryans, 1990).

3.1.1 Stage-gate process

The five stage processes include specific gate criteria's. The strategic planning gate criterion highlights the importance of market size and technical feasibility to proof a market opportunity. The gate criteria in the concept generation and pre-technical evaluation stages will be in need of specific details such as the market interest in the product concept, market feasibility, income prospective, and capability to technically deliverer new product technology. Once the product development process moves on into the fourth stage, technical development it is here were the product becomes realized and a tangible prototype is developed. The main purpose of these prototypes is to evaluate the product on the market and technical feasibility proportions. The final and most intriguing stage in this particular case of the product development process is the commercialization stage; it is here where the product takes its final form and marketing plans are evaluated. In order to make important managerial decisions the need of concrete data will be needed, to support key launch decisions. Demon Core is well on its way to being launch, Apex Games must now focus on the development of prototypes in order to test their main product onto the market, and after evaluations the vital marketing decisions for launch must be made. (Kanh et al. 2006, 20.)

Kanh (2006) emphasizes that given that each gate pertains to different types of decisions related to the different stages of activities inside the new product development process, the new product forecasting will fluctuate across the new product development process. When forecasting during the "strategic planning stage" the main focus is aimed towards the market potential & sales potential estimates. During this stage process forecast are relevant to the financial sector, answering whether the market opportunity represent a legitimate pursuit. Additionally within the "concept generation & pre-technical evaluation stage" the forecast mainly focus on the sales potential estimates, once again taking into account the financial sector. The main purpose for this forecast is to determine whether or not the product concept represents a valuable idea for the company to follow through on. During the "technical development stage" the forecast is mainly

aims towards determining the unit volume sales. Thus it organizes the main production operations for the product, i.e. installations, purchases and scheduling human resources requirements. Finally once the "commercialization stage" begins it is essential that unit sales forecast are well estimated. These forecasts take on a financial form to confirm the marketing budgets and the unit volume structure for supply chain management and operations purposes. (Kanh, 2006.)
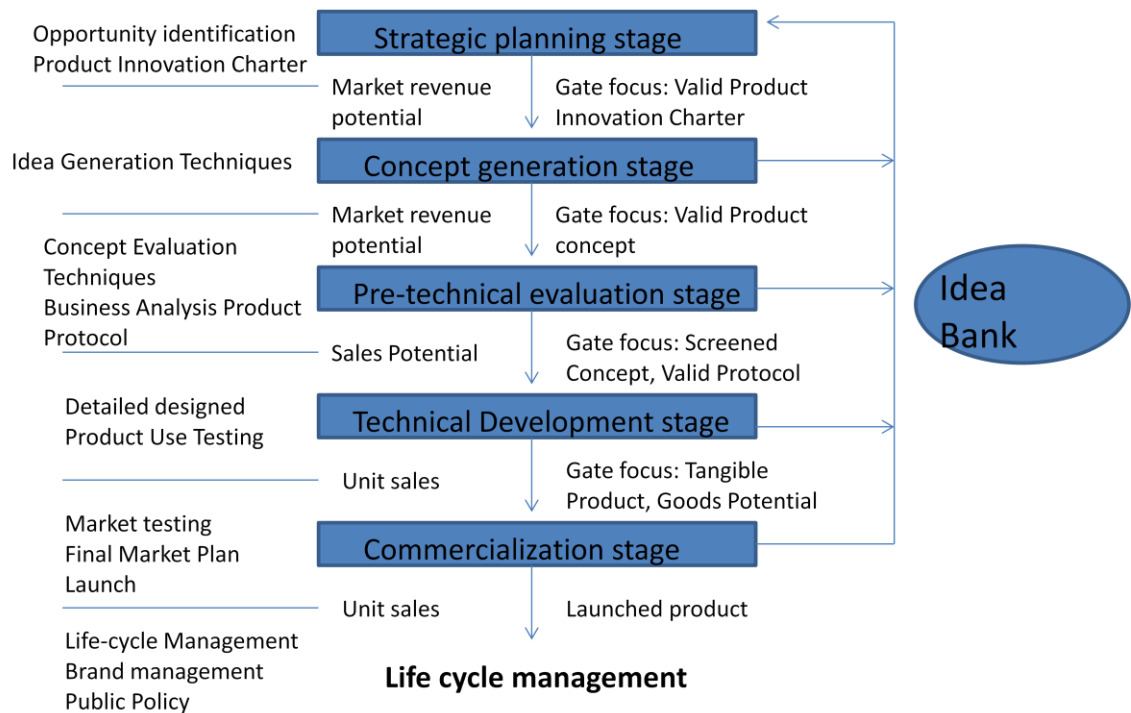

Figure 4: New Product Development Process (Kanh 2006, 22).

The aforementioned figure demonstrates how the stage-gate process functions and what main elements must be taken under consideration. Apex Games is in the position to test and evaluate their product out into the market, in order to determine unit sales forecasting. It is important for the company to harmonize their distinctive strategies in order for them to support each other i.e. when forecasting unit sales the pricing strategy must be taken under consideration, as well as other factors of the product launch process.

3.2   Tactical launch decisions

Recent studies on the subject of product launch have identified two broad launch deci-
sions; strategic and tactical. Hence, strategic decisions concentrate on the "what",
"where", "when" and "why" of the launch, and tactical on the "how" (Garrido-Rubio &
Polo-Redondo 2005).

Normally strategic decisions are made at the early stages of the new product develop-
ment and are continuous through the whole process. Once these decisions have been
made it can result to be difficult in changing them since it can consequently cause high-
er cost once the new product development has begun. However tactical launch decision
are usually taken when the development of the new product has been completed, result-
ing in easier modification in the final stages of development (Benedetto, 1999).

When referring to strategic launch decisions it is important to keep in mind the series of
suggestions that will have long term impact. Once companies make strategic decisions,
in other words select their segment market, market of entry and timing of the product
launch, it is here when products are in position for launch. It is most common that tacti-
cal decision be taken after strategic decision, further it is a known fact that strategic de-
cisions govern tactical decisions. Therefore when referring to tactical decisions these are
related to the product which include brand policy, price, distribution and promotion.
The overall success of a new product launch depends greatly on a correct appliance of a
series of launch decisions. Hence it is important to decide the strategic decisions and
what tactical determinations are essential in achieving a successful launch to its target
market. (Garrido-Rubio & Polo-Redondo 2005.)

Therefore, Apex Games must now focus on the tactical decision governing their main
product. The final adjustments are to be made and with that the tactical decisions re-
volving around the products main strategic marketing must be carefully analyzed.

3.3   Clustering product launches

In the initial stages of product launch a great deal of importance is put on the price strat-
egy, however simply focusing on the price strategy and neglecting other strategic and
tactical decisions can lead to disaster and deny a company the profitability it seeks. Ac-

cording to Calantone and Di Benedetto (2007) pricing decision tend to be the core of management dilemma. However evidence has shown the need to synchronize price decisions with other marketing elements, managers tend to give the blind eye on anything else other than the potential revenues generated by the pricing decisions. It is essential that launch management is not ignored; effective managers must consider the possible effects of variables other than price, including launch timing, logistic decisions and industry structure environment. (Calantone & Di Benedetto 2007.)

3.3.1   Pricing strategic clusters

The study conducted by Calantone and Di Benedetto (2007) demonstrates the following three representative pricing strategic clusters, the "low price/poor timing" cluster, the "high price/poor support" cluster and the "good research/good timing" cluster.

According to Calantone and Di Benedetto (2007) products launched in accordance to cluster 1 ("low price/poor timing") were introduced at low penetration prices, the main objective here was to encourage early adoption. Here low price strategy was selected with particular attention to channel recognition. This cluster is diligent about market research, testing and planning activities. Further the timing variables are also well put.

In cluster 2 ("high price/poor support") products launched under this cluster used premium prices, skimming price strategy. Unlike cluster 1 little deliberation was placed on the likely acceptance of new products by channel or on encouragement of early adoption. There are no significant differences in among the clusters in terms of differentiation strategy. However it can be assumed that products in cluster 2 set premium prices in order to follow a differentiation strategy. (Calantone & Di Benedetto 2007.)

Clantone and Di Benedetto (2007) enlighten that in cluster 3 ("good research/good timing") penetration prices to encourage early adoption are less likely than in cluster 1, however it is more likely to set premium prices than cluster 2. Cluster 3 pays particular attention to channel acceptance when setting prices. Cluster 1 and 3 are very similar in performing market research, testing and planning activities. On the other hand it lacks performance in terms of timing variables.

The findings provided by Clantone ad Di Benedetoo (2007) supported the concept of penetration pricing versus skimming pricing, however it can be said that neither pricing methods leads to good performance. It is crucial that the price strategy is properly synchronized with the rest of the marketing mix. Furthermore, it should be noted that the aforementioned clusters are stated to simply demonstrate the different possible outcomes; all products have their own combination of strategies that can aid launch, therefore, Demon Core must utilize its own blend of strategic decisions which will support its product launch.

3.3.2   Launch timing

Without a doubt the timing of the launch is also a very critical part of the new product success rate. An earlier launch can help establish reputation for the new products, even more so if the product has a substantial relative advantage and if switch out cost, because of new systems or technology on the buyers behave apply. (Guiltinan, 1999). Experimental research proposes a strong relationship between product performance, delivered customer value, launch timing and overall success rate. The launch timing can be evaluated on several elements; associated with company goals, competitors, customers, channel promotions, etc.

3.3.3   Logistics and inventory strategy

If a company is to encounter uncertain cases in the new product demand, it is essential that companies be prepared to make quick adjustments when obligatory. In order to excel with integration of logistics function, marketing, manufacturing and operations must be fulfilled. The probability of a successful product launch should increase if the logistics strategy becomes more efficient in such conditions of logistics facilities, number of suppliers, number of products and stock keeping units, quick response programs and flexible manufacturing techniques. (Calantone & Di Benedetto 2007.)

3.3.4   Industry structure and environment

When developing a product launch strategy is it important for managers to consider the industry structure and environment. Factors such as the intensity of competition, bargaining power of suppliers and customers, threat of product substitution and entry/exit

barriers must all be carefully analyzed since these factors all affect the company's performance. When referring to uncertainties within the market environment it must be noted they can arises from several sources. The most unpredictable sources that can lead to high uncertainty are technology, market demands and competitive strategies. These sources of uncertainty must be taken under consideration when developing launch strategies, including marketing mix decisions. (Calantone & Di Benedetto 2007.)

4   Conclusion

In conclusion, the main determinations to be made in Demon Core's strategic marketing model are to initially concretely define the target market. At this moment in time Apex Games is foreseeing their target market made up of mainly 16-40 year old gamers whom favor shooter and action games and appreciate a story driven campaign. Furthermore, it is essential that Apex Games understands who their customers' are, the more you get to the target market the better. Once the target market is defined it allows for the rest of the marketing mix to build on efficiently. This effort may be achieved via social networks in an attempt to get to know the potential customers. The more time and effort dedicated to getting to know and making your customer feel involved the more positive results.

Furthermore, the product positioning is relatively defined, it is important to try and find a niche market which Apex Games can enter, thus, potentially allowing for market growth. The possible niche being taking under consideration is the mid-price high quality section. While positioning the product other factors must be taken under consideration such as, distribution channels and the type of objectives Apex Games must come into terms with all their channel members. It is essential that clear channel objectives are determine in order to avoid channel conflicts.

When concluding on a pricing strategy Apex Game must take under consideration the target market as well as the product positioning. The price should be in coordination to the target market and competitive in order to ensure company revenue. Therefore, the penetration pricing strategy can benefit Demon Core by penetration the market. Apex Games has the penetration pricing strategy in mind, however, before a final decision the company will take distributors suggesting under consideration. Furthermore, pricing is also incorporated with brand image and must reflect a price which represents the Demon Core brand.

In terms of promotional efforts Apex Games has decided to utilize on-line marketing channels, primarily social networks and social media. Therefore, a supplementary concept which could benefit Demon Core's promotional efforts may be digital guerilla marketing. Thus, creating a positive customer word-of-mouth of the upcoming product could result beneficial. Furthermore, positive consumer perspective may lead to brand

building. Marketing communication tools such as sales promotion may lead contribute to the products increase in publicity and short term sales increase, a sales promotion is a tool which Apex Games could implement. The usage of social networking, online distributing and an independent web portal for Demon Core could lead to a customer database. Thus, creating an opportunity for direct marketing, with no more middle men Demon Core or other products could be marketed directly to customers with the information provided in the customer database. An essential marketing communication tool Apex Games must utilize is public relations, since it will encounter a variety of different publics it is important to keep relationships running smoothly and effectively.

The creating of a brand is a very complex process in order to successed Apex Games must utilize Demon Core's main product differentation attributes. When positioning the brand Apex Games must firstly establish an objective for the brand and its vision of what the brand must accomplish. There are many challenges in brand development, it is essential that Apex Games sets deep meanings associated with what they want their brand to be. The brands core values and personality must be utilizes whilst developing a brand strategy.

It is vital that Apex Games has a guided launch process in order to correct tactical decisions. Thus, the new product development process acts as a scope to "how" tactical decisions may be determined. As of now the essential part of the stage gate process is to evaluate the tangible product via prototypes in order gather feedback and prepare for the commercialization stage. The study conducted by Calantone and Di Benedetto presented several clusters, however, it is evident that no specific cluster methods can lead to good performance. Therefore, Apex Games must determine a specific blend of strategic and tactical decisions upon product launch.

To conclude, Apex Games must determine who their target niche market is and define Demon Core's strategic marketing decisions. Further, focus on promotional efforts can be achieved via on-line marketing channels, the goal being to create positive consumer perception for Demon Core and word-of-mouth. It is essential the final product (Demon Core) is priced according to the target niche market preferences. The main distribution channels should also be in coordination with the target niche market as well as with the possible intermediaries. As of now Apex Games in down the right path, only a few adjustments are to be made before launch. This thesis project can act as a scope for De-

mon Core's strategic marketing efforts and product launch variables; however the product may still take an ongoing approach and further develop along the process of launch or post launch; the potential for success is there, Apex Games must just execute and implement their plans.

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Appendix 1

Marketing and product launch awareness interview: Mikko Karsisto
The main purpose for this interview is to gather more information over the project launch process/decisions.

1. Who would you define as your target market segment for your new product?

2. How do you plan on positioning your product?

3. What type of impact do you want your product to have on your target customers?

4. How does your product present "product differentiation"?

5. What are the key/new features that Demon Core has to offer in comparison to competitors?

6. What has been your main drive in developing the product? To fulfill customer needs, competition, past experience or genuine interest?

7. What makes Demon Core unique compared to other games?

8. Have you considered the brand extension strategy? Spin-off products (Demon core).

9. How would you define your company strategy?

10. What type of pricing strategy you do plan to implement?

11. What type marketing channels are you planning to use?

12. As of now does the company have a proposed launch strategy?

13. How do you plan on receiving feedback for your product?

14. After the launch have you decided how the next process will be executed (the product-life-cycle-management)?