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## Strategic Marketing for Indonesia Local Game Company To Increase Product Attractiveness

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**Abstract**

*The current games industry growth in Indonesia is quite good and is growing rapidly to date. The value of the game industry in Indonesia already reached 800 million USD or around Rp.11 Trillion based on the survey in 2017. However, even though the growth of the games industry is high, most of the market is still untapped by local game companies. Because of that, the local game companies in Indonesia need to develop a strategy to get more market share in the local game market. This research aims to measure the influence of the 4P marketing mix in the Indonesia games market, and formulate a suitable strategy to increase the product attractiveness based on the Indonesia game market characteristic. The variable for this research is the 4P marketing mix combined into a marketing strategy and product attractiveness. The research is done through qualitative interview method, and quantitative method through survey to 75 respondents with SPSS as the data analysis tool for the results. The study finds that the marketing strategy has low influence on the product attractiveness variable, also, between the 4P marketing mix, the promotion has the highest relation to the product attractiveness compared to price, place/position, or product.*

**Keywords:** Games, Local games, Marketing strategy, Marketing mix, Product attractiveness.

## I. INTRODUCTION

Game was perceived as a hobby or for entertainment, but now it can be considered as a job through occupation or profession such as E-sport (Electronic Sports) “athlete” or game developer. Games industry growth in Indonesia is quite good and is growing rapidly to date. Based on an article from Kompas.com (2018), from the survey conducted in 2017, the game industry value in Indonesia already reached 800 million USD or around Rp.11 Trillion. However, even though the growth of the games industry is considered high, most of the market is still mostly untapped by the local game developer. Based on the data from AGI (Asosiasi Game Indonesia), out of 100% of gaming market share in Indonesia, the local game company only got less than 0.4% share with the rest of the market share dominated by foreign companies [1]. The number of local game developers active in Indonesia is still also relatively low, only around 1000 which count as less than 2% of the online game played in Indonesia, with the rest 98% dominated by foreign game companies [2]. Based on that number, it shows that the Indonesian local game market is still dominated by foreign companies.



Figure 1 SEA Region Games Market Growth and Population.

The Indonesia game market is on a constant rapid growth with the highest percentage of CAGR (Compound Annual Growth Rate) of +37.3% [3]. With the rapid growth of the game industry, the game market of Indonesia has become one of the major contributors of revenue in the SEA (South East Asia) region which can be seen based on the figure 1, has a CAGR of +28.8%. The high CAGR is supported by the fact that Indonesia has the highest number of gamers in SEA with over 34 million gamers [2] with around 19.9 million paying gamers out of the total 59.9 million gamers in SEA [3]. The numbers shown means that around 1/3 of the SEA paying gamers population comes from Indonesia. One of

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the milestones for the growth is during the 2018 Asian Games event held in Jakarta-Palembang in 2018, games were officially completed as E-sport. Although it was not included in the medal count, many representatives of the state sent their teams to compete in this sport. E-sport also planned to be officially contested for medals at the 2022 Asian Games [4].

The growth of the Indonesia games industry also directly contributes to the growth of the Indonesia creative industry sector. However, the games industry is still small compared to other sub sectors like fashion or culinary and still need to be researched to be utilized better. In order to help develop the gaming industry environment, many mobile operators have created incubation programs to support the game developers. Some of the incubation programs that have been running are *TemanDev* by Telkomsel and *Gudang Aplikasi* by XL Axiata. The incubation programs are created to help support growing local game developers in the development process in conjunction with the government program called *Bekup* (Bekraf for Startup) that is launched by Bekraf in collaboration with PT. Telekomunikasi Indonesia or Telkom [2]. In the near future, the dominance of the foreign game company won't be overthrown just by the improvement from the programs, it requires more improvement from the company itself, especially in the marketing strategy.

Because of the domination of the foreign company, there are several choices of strategy that can be taken to market or promote the Indonesian game market and there are also factors that should be considered. Marketing mix are some of the factors that should be considered in choosing the market strategy. Marketing mix for the game industry can be classified into main 4P, which is product, price, place, and promotion out of several other indicators of 7P from the expanded "marketing complex" [5]. Product for this case is the item which is the game itself and the several aspects that are related with the said item, such as the engine the game uses to run, the appearance of the game, etc. Price usually differs based on the games nature and type. People mainly focus on the growing number of mobile gamers and the local game company. Lastly, the promotion can be done through social media such as Facebook, and marketing through various gaming or digital based expo or events. From the marketing mix, the suitable strategy can be formulated for the local game industry by formulating the strategy through analysis of the marketing mix, from that strategy, it can help increase the local game industry competitiveness through the product attractiveness.

One of the reasons why foreign companies still dominate the local Indonesia game market is because there is a lack of investors from government or private companies and

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the fact that the public still doesn't consider games as not much of a business. Because of that reason, it is important to research what strategy has the most significant influence to effectively and efficiently increase the product attractiveness of games from the local games company in Indonesia.

### **Hypothesis**

Hypothesis 1b: Products don't have significant influence on the product attractiveness.

Hypothesis 2a: Price have the significant influence on the product attractiveness

Hypothesis 2b: Price doesn't have significant influence on the product attractiveness.

Hypothesis 3a: Promotion have the significant influence on the product attractiveness

Hypothesis 3b: Promotion doesn't have significant influence on the product attractiveness.

Hypothesis 4a: Place/position have the significant influence on the product attractiveness

Hypothesis 4b: Place/position don't have significant influence on the product attractiveness.

## **II. METHODS**

The study conducted in this research is in the form of conclusive research with the aspect of mixed method. Conclusive research can be defined as research conducted to generate general findings that can help in making conclusions or decision-making [6]. In this research, the main objective is to formulate the strategy that can support the decision-making in the Indonesia local game company.

### **2.1 Unit analysis**

For this research, the unit analysis is the local game developer and publisher in Java Island, mainly in Jakarta. The study is conducted with the focus of the on how the game developer and publisher promote/market strategy of their product to the local market, and the response of the local market (which is gamer in Java Island) toward how the local game developer and publisher market their products/games.

### **2.2 Sampling design**

The population for this research will be everyone that works in a game company in

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Java Island, mainly around Jakarta and Tangerang. The number of the sample will be around 70 to 140 respondents decided based on number of indicator (14 indicators) with the basis on the minimum sample size rule of thumb of 5 to 10 time number of indicators and not less than 50 respondents [7], based on that method, the number of respondents taken for this research is 75 respondents.

### **2.3 Location and time frame of study**

The research takes place around Java Island which includes Tangerang, Jakarta, and South Tangerang, possibly Bandung, Surabaya, and other major cities in Java. The research makes use of internet surveys for easier access to farther locations. The time frame for this research will be around 1 month, from early December 2019 until January 2020.

### **2.4 Type of data**

The data uses both primary and secondary data with both quantitative and qualitative data. The primary quantitative data come from surveys and the primary qualitative data come from interviews. The secondary data comes from literature review, both quantitative, in form of data and figures, and qualitative in form of theories and citations [8].

### **2.5 Data Processing**

The data processing procedures will be done through validity and reliability tests. The reliability test method used will be by testing the Cronbach alpha [9]. and for the validity test method will be by using bivariate correlation analysis. Both tests will be done by using SPSS as the data processing tool.

### **2.6 Data Analysis**

Based on the nature of the research being from business administration in the marketing section, the data analysis method used is descriptive statistics analysis. Some of the data analyzed through classical assumption methods such as regression using the data processing tool.

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### III. RESULTS

#### 3.1 Respondent Profiles

The respondent consists of two types, which is game developers and game publishers. The developers can be in the size of a single person company or as large as hundred person teams, the publishers usually come in the form of an agency or a company. Some of the developers have chosen to self publish or market their games on their own. However, there are some developers that have chosen to let other parties, which is the publishers to market or pitch their games.

The age range of the respondents is dominated by the age range of 20-30 years old, or classified as young adults numbering 68% of the respondents, and adults only about 13.3% of the respondents, and few of the respondents are aged over 40s and some aged below 20s.

#### 3.2 Survey Result

In this research, there are two research variables consisting of marketing strategy and product attractiveness, the number of questions and respondents' answers results differ based on variables. Based on the result, the equation based on the model would be  $y = 12.52 + (-0.5 \times p1) + (0.851 \times p2) + (0.356 \times p3) + (0.421 \times p4)$ . Based on the equation, it shows that promotions have the highest coefficient  $\alpha_n$  affecting the product attractiveness and price have negative value because basically, the higher the price, the less attractive a product will be which in this case, works the opposite of the place, product, and promotion.

The marketing strategy variable consists of 36 questions with 75 respondents. Each respondent chooses one of the available answers given weighted value, namely answers strongly agree = 5, agree = 4, hesitant = 3, tend to disagree = 2, and disagree = 1. The ideal value is when all of 75 respondents chose strongly from 36 questions. The total weighted value is  $75 \times 5 \times 36 = 13500$ . The ideal marketing strategy score is when the choice of respondents either chose strongly agree and agree, with the weighted value of each answer strongly agree and agree namely  $792 \times 5 + 768 \times 4 = 7032$ .

The distribution result of respondents that strongly agree and agree is 7032 out of a maximum weighted value of 13500, from there, the value of around 52,09% can be acquired. This means that more than half of the respondents agree with the marketing strategy variables which consists of various indicators such as payment channel, type of price, promotion channel, methods of promotion, segmentation, features, etc.

The dimensions for the marketing strategy are measured through 8 questions each

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price, promotion, and place/positioning which comes from 4 questions for each indicator (2 indicators/dimension), and 12 questions for product which splits into 3 indicators with 4 questions each with 75 respondents for all dimensions. The weighted value used for each dimension is basically the weighted value used for marketing strategy variables.

Based on the measured weighted value, the ideal score for each price, promotion, and place are 3000 and for product is 4500. Compared with the acquired answer (weighted) from the research, the price dimension has a score of 1466 out of 3000 which leads to the agreement percentage of around 48.87% which means less than half of the respondent agreed with the statement for the price dimension. For the second dimension of the marketing strategy, which is promotion, the received score is 1679 out of 3000 which leads to an agreement percentage of 55.97% which means more than half of the respondents agreed with the statement for the promotion dimension. The placement or positioning dimension, which is the third dimension, received a score of 1483 out of 3000 which leads to agreement percentage of around 49.43% that translates into less than half of the respondent agreeing to the statement for the positioning dimension. The last dimension which is the product or the item (local games) itself has the score of 2404 out of 4500 which translates into agreement percentage of 53.42% or more than half of the respondent agreed with the statement for the product dimension.

From the weighted value analysis, it can be found that the dimension that more than half of the respondent agreed with is the promotion and product dimension. On the other hand, the other two dimensions which are price and place/positioning have less than half of the respondents that agree or strongly agree.

The second variable, product attractiveness, consists of 20 questions with 75 respondents with the same weighted value as the first variable. The ideal value is when all respondents choose strongly agree. The maximum total weight is  $75 \times 5 \times 20 = 7500$ . The ideal value on this variable when the respondent chooses to strongly agree and agree, by giving a weight according to each answer when they strongly agree and agree, the result from the survey is  $499 \times 5 + 367 \times 4 = 3963$ .

From the results of calculations based on the weighted value of the product attractiveness variable, the score of 3963 can be acquired, when divided by the overall weight of the maximum ideal value of 7500, a percentage value of 52,84% can be received. The percentage value means that more than half of the overall respondents agree with the product attractiveness variable which includes the games technical balance, the graphical quality, the engine used for running the games, etc.

### 3.3 Interview Result

The interview is done to several gamers and developers through direct means such as face to face field interview, and through indirect messaging services. The interview is done to 5 respondents.

Based on the general answer from all of the interview, most of the answers about the potential and how promising the current state of the local gaming Indonesia around 4 out of 5 respondent answers that the state is quite promising. From the interview it can also be taken to the conclusion that most of the gamer have desire and willingness to support the local gaming Industry, but only if the local company also supports the game continuously and the game have “acceptable” qualities. That fact shows that the gamer community expects good quality games as a product, and a good communication with the community through things like promotion, which in line with the result of the questionnaire in the way that product and promotion plays a more dominant role, even though not by a huge margin.

The conclusion that can be taken is that based on most of the interview is that Indonesian local gamers expect a good role playing game with Indonesian background. That conclusion leads to one of the possible approaches or strategies that can be taken for a local game company which is to try to make a quality role playing game with Indonesian cultural theme and market it with a decent amount of marketing.

### 3.4 Hypothesis Testing

Paired Samples Correlations

		N	Correlat ion	Sig.
Pair 1	Place & Product attractiveness	75	,635	,000
Pair 2	Product & Product attractiveness	75	,656	,000
Pair 3	Price & Product attractiveness	75	,648	,000
Pair 4	Promotion &	75	,766	,000

	Product attractiveness			
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Referring to the table, the N column shows the number of samples received and processed in the research, which in this case, is 75 paired samples. The correlation column shows the correlation between the paired variable, the correlation is shown in the value of  $r = 0.635$  which translates as a fairly strong linear relationship for the first pair,  $r = 0.656$ , which also means fairly strong relationship for the second pair,  $r = 0.648$  for the third pair also means the same relationship level as the previous two pair, and for the fourth pair, the  $r = 0.766$  means it has a moderate to strong relationship, a level stronger than the previous three pair. The rightmost column shows the p value of the processed data, the p value determines whether the null hypothesis (the a hypothesis) is rejected or not. The null hypothesis is rejected if the p value is equal or less than the  $\alpha$ , for this research the  $\alpha$  is 0.05. Because the p value for all pairs is 0 which is less than 0.05, all null hypotheses are rejected and each alternate hypothesis (the b hypothesis) is accepted.

#### IV. CONCLUSION

1. Based on the hypothesis testing, the marketing strategy variable doesn't have a significant influence on the product attractiveness, even though they have moderate linear relationship between the two.
2. more than half of the respondents agree with the marketing strategy variable of the questionnaire
3. more than half of the respondents agree with the product attractiveness variable of the questionnaire
4. The marketing strategy has insignificant effect towards influencing the product attractiveness of a local game in Indonesia games market, which means, the level of influence the 4P marketing mix has towards product attractiveness is low.
5. Because marketing strategy variables don't really influence product attractiveness, each variable should have their own approach for the games market in Indonesia.

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#### 4.1 Implications

The marketing strategy for the local game market in Indonesia should focus on increasing the market awareness of the local game for the mass market. Based on the questionnaire, most of the respondents consider games as a more “public” or “non-luxurious” item and because of that, the local game should try to acquire the market for the more mass gamer market. The promotion method suitable for the Indonesian games market is most likely through social media, considering that Indonesians spend a lot of time browsing the social media, it would be better to focus on promoting through social media. However, that doesn't mean the company should ignore other promotion channels, even though most respondents consider television to be unsuitable for promoting games, there are also other method or channels where local game company can promote games and attract more people to buy local games, such as through events and gaming competitions, which can lead to more mouth to mouth promotions that most respondents still consider a suitable promotion method for Indonesia game markets.

Based on the interview with several gamers in Indonesia, most of them prefer games with RPG (role playing game) genre more compared to other genres. For the aspect that should be focused, in the current state of the gaming market, games with better appearance, either graphically or package-wise, is more preferred in the Indonesian games market, because of that, it is better for local game company to try making a good RPG games with beautiful graphic to attract the Indonesian games market. The fact that most local game only makes casual games tend to make a more “hardcore” gaming market in Indonesia to lose interest in the local games.

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