

Marketing plan for GameStop, Inc.



Executive Summary

GameStop, Inc. is an international video game and software retailer with over 6500 retail stores spread out across the world. The company, however, is not in the Chinese market, which has of the recent times reported a high demand for the legitimate video games. China is a large country with a very high youthful percentage of the total population. These are the main target market for the company's video games; thus, with extensive advertising and other market penetration strategies the company can report success within a short time frame. Penetrating the Chinese market will not be as hard or expensive, given that there is already demand and all the company needs is to provide the supply. This report highlights the required measures that will propagate GameStop, Inc. to take over the Chinese video games market within the next few years.

Current Marketing Situation

Through its extensive market presence and experience in the global market, the company has a good network that has built a good global reputation for the gamers worldwide. The company's expertise in the video games and entertainment software retail industry will ensure easy brand recognition by the Chinese gamers. Moreover, with its financial



resources the company can easily acquire the new personnel to take over the implementation of crucial changes that are in line with the advancements in technology, especially given that the Chinese market is vast and with impeccable growth potentials (Aulakh, 2007).

Market Description

As a video game retailing company, GameStop's target market is the youth in and out of school. This youth is already playing video games, but they cannot easily access the legitimate versions due to the limited supply within the local stores, and an obvious absence of large suppliers. Thus, there is a need to capitalize on this deficiency and to provide these potential customers with their much needed games.

The Nature of the Chinese Customers

China has a fairly large customer base, but there are no legitimate video game retailers to serve them. They, thus, resort to buying off the shelf games with no assurance of legitimacy. This implies that there is demand, but the supply is absolutely lacking, and the Chinese gamers are being subjected to the substandard games.

The sale of video games in China is bound to be a lucrative venture, given that the consumers are now obtaining the merchandise from the personal stores at exorbitant prices despite the lack of assurance in terms of the legitimacy of the products. In addition, given the high number of youth in the country, there is bound to be a high number of sales made, given that the youth is the major target market and they love playing video games. The only competition the company is likely to get in China is from the small personal stores that have no assured legitimacy for the video games that they sell. This implies that the entire market is basically for GameStop to



enter and dominate.

The strategic constraints involved in this business will include the acquisitions of physical locations to place the products. China is large in population size and reaching all the potential customers will require investing in numerous stores around the country. In keeping up with technological advances, the company can invest in an online business system and efficient delivery services, so as to avoid the constraints of operating numerous physical stores. The stores can then be located in the strategic cities and towns, so that those in need of deliveries will know the nearest store to contact. This will save the expansion costs, as well as provide the customer with convenience in terms of time and location.

Threats and Opportunities Analysis

China is a large market with high levels of technological advancement. In order to achieve market domination, the company will have to provide value addition services and high quality gaming products that will attract the customers. Given that there is presently no major competition, the company will have to work hard and not only dominate the market at present, but also to become the pacesetter for other prospective competitors in order to retain its market position (Kotler & Keller, 2006).

With its current market position and level of expertise in the video games retail business, the company can explore the areas such as online gaming facilities and total online stores that provide all the customers' needs. Moreover, consistency will be a key tool in maintaining the company's



global status and reputation among the Chinese gamers. Rather than investing in physical stores, the company can focus on the online retailing, whereby it will just has to have a central location, preferably in the Chinese capital, and a number of the local centers, which can also be pick up points for those customers, who do not opt for the delivery systems (Keller, 1998).

The company can use its experience on the discounts and other rewards in order to attract the Chinese customers by creating a wide range of options for redeeming the earned points. More attention can also be put in availing a wider variety of products that require follow up services; therefore, more revenue and customer loyalty will be earned. In addition, the company can undertake backward vertical integration and focus a bit more on creating the games and other software. This can be easily achieved by co-sponsoring talent searches across China given the country's reputation in terms of computer skills. The company can also popularize its games using social networking sites that have downloadable links for the games. These sites are convenient venues not only for selling all the downloadable products, but also for customer interaction and feedback.

Objectives and Issues

Objectives

Considering that the Chinese market boasts of greatly untapped potential, the company will have to focus on the market penetration and fostering customer loyalty. Rather than approaching the market as a whole, the company should segment the market according to age, social status, and



location. Each particular segment of the market should be able to get the products of its preference, or rather products that are specifically made to suit their needs and desires. This means that while identifying with the young generation as the target market, the company should not ignore the possibility of older gamers. Thus,, the creation of market awareness will have to be done extensively and indiscriminately.

The target market can be largely satisfied by providing and updating the downloadable products and more online services such as gaming sessions, product ordering, and customer complaints handling among other things.

The marketing objectives, therefore, will include:

1. Creating wide spread customer awareness;
2. Increasing demand for the company's products and services;
3. Fostering customer interaction to obtain feedback and keep up with consumer demands and expectations.

Issues

The company has previously employed horizontal growth strategy; thus, opening itself up to the acquired debts and unnecessary expenditures in terms of expansion. While this mode of expansion is seen to be much cheaper, it will not be possible or even necessary in China. This is because there are no large video game retailers in the Chinese market, and the company's strategy in China will mainly be concentrated on the online transactions and product delivery.



Marketing Strategy

Video games retailing is primarily consumer oriented; thus, its marketing mix will be based on the 4C's. The company will, therefore, focus on providing the goods and services at the customer's convenience.

Consumer

In considering its consumers, the company will initiate customer loyalty programs in order to cushion itself from any possible competition. This will also help to increase the level of sales in terms of retaining the large customer base in China.

Commodity

The Chinese people are tech-savvy. This means that China is a country that embraces technology in the varied aspects. They are in tune with technological advances in the global arena. Thus, the games will not only need to be of a high quality and assured legitimacy, but also of the latest versions. This is in keeping up with consumers' expectations in order to promote customer loyalty.

Cost

At the moment, authentic videos are expensive in China. The company will have to consider that the target market is young people in and out of school. Thus, there will be a need for the market segmentation, so that each consumer is provided with the products that they can easily afford.

Channel

Convenience in terms of channels of distribution is critical for the business,



especially in a society like China. With its vast size, it would be too expensive for the company to open retail locations in all the towns and cities. Thus, the company will need to stock in the existing departmental stores, supermarkets, as well as having its main retail stores in the major cities, and small location stores that can act as the pick-up points for the consumers, who order online.

Action Programs

My first recommendation is for the company to understand the dynamics of the today's cyber-based retailing, and more so in the video games retailing business. This involves upgrading the technology to fit with the buyer attitudes and match, if not outdo, any potential competitors. In order to increase profitability, the company should segment the market and give a lot of attention to the young customers, who are the best consumers in the video games retail business. This target market can be easily accessed through social media advertising, sales promotions during school functions, direct marketing at the strategic outlets, and personal selling by their peers.

The company can also retain its brand logo, tagline, corporate identity, and even core message that is globally recognized by the youths; therefore, will easily identified by the Chinese gamers. This is in order to stir up the interest of its target market and to create a good local following. By designing and packaging their products and services to conveniently suit the desires of the target market, and providing a great customer experience through friendly customer service programs, the company will be able to attract diverse customers (Robson, 1994). The company can



employ promotional tools, such as database marketing, consumer promotions, and customer relations management, as a way of attracting customers and fostering brand loyalty.

For the purposes of consolidating its large market share, the company will need to use integration tools that will enable customer tracking, marketing automation, web analytics, and inbound marketing software. This is all in order to obtain relevant accurate feedback on its marketing strategies. In addition, creating a social networking site will promote consumer-to-consumer marketing, and provide a forum, through which customers' feedback on the company's products and services can be obtained. This will be a good and cost-effective forum for conducting internal market research in order to find out what else can be done in order to extend the company's market penetration and eventual domination.

By dynamic pricing of the downloaded products, more and more sales will be made, as customers will have a wide range of prices to choose from based on what they have and what they want. Offering free games that need frequent updating will ensure that products distributed for free generate income through maintenance services. Customer engagement is bound to promote customer loyalty and this will prove useful, as these customers will in turn serve as brand ambassadors, and will carry out product advocacy within their market segments; thus, creating awareness and pushing sales a notch higher. The promotional tools to be used will include personal selling, sponsorship programs, and customer relations management, while the communication tools will involve mobile marketing, product sampling advertisement in the social networking sites, national TV channels, and print media.



Personal Selling

The company should employ a team of dynamic youth to reach out to their peers and conduct one-on-one sales for their products. This is effective for the company, because popular trends are usually passed on from one teenager to another. Using people that they can identify with to sell the products to them ensures that the teenage market segment is totally taken.

Customer Relations Management

In a consumer-oriented business strategy, customer relations play a very big role. The company should cultivate a good customer care team that will be charged with all customer interactions. This can be done “in-house” or by outsourcing to a PR firm that has specialized in customer relations management (Athreye & Kapur, 2009). Retaining customers is a way of ensuring that the business is both sustainable and profitable. Through customer relations, the company will be able to find out from the customers about any new product requirements, new trends that need to be explored, and what the customers think about the new product. This is far cheaper than conducting a market research without a basic idea of what to expect.

Mobile Marketing

Use of bulk short text messages as a means of advertising is both practical and efficient, as texting is a trend amongst the young generation, which happens to be the company’s target market. The company can design a message that has a link to their website, so that their products can be easily accessed on the go. With the current trend of forwarding cool texts among friends, the message can reach a large number of people; thus, creating a network of information. In addition, the company can also use



MMS to send short game presentations to the consumers in form of a slide, a video, or an audio message.

Another option that is viable for the company under mobile marketing is the use of its gaming provisions. Mobile gaming is currently trending in the three main varieties: real-time interactive 3D games, massive games that involve multiple players at any given time, and social networking games. There are also the casual games that are much simpler. The company can display promotional messages within these games or even sponsor entire gaming sessions in order to promote customer interaction, while creating customer loyalty (Bartlett & Ghoshal, 2000).

Product Sampling

By allowing customers to sample the products before purchasing, the company will attract more attention, as consumers like associating with products that are of a good quality. Once the quality is assured, switching from their usual brand is much easier, and in doing this, the customer will have joined the company's already growing customer base. Product sampling in this case can be applied for the downloaded products, where one can be allowed to download the easy part of a game for free and a fee will be charged for the advanced stages. In this way, the company will be creating a demand by giving the customers a taste of their products and gaining their interest (Kapferer, 2008)

Social Networking Sites

The social media is a good forum for interaction. Almost all teenagers are a part of these networking sites, and posting advertisements here ensures that majority of them get the information. The company can also start relevant discussions in these sites in order to stir up the participants and



get their opinion regarding the company's products and services. Through this, the company can always be on "the know", when it comes to the new demands and changes in the external business environment.

Preferably, the company should open its own networking site, where the consumers can interact with each other, as well as with the technical staff, so as to express their satisfaction or disappointment in the company's products, or even seek relevant maintenance and update information on their favorite games. This will enable the company to know what problems their clients are encountering and provide them with an opportunity to formulate solutions that will in turn please the customers.

Print Media

This should mostly focus on magazines and newspapers that are popular among the target population. For example, school journals and teen magazines would be ideal to pass the message to the target market. Applying the above mentioned strategies and tactics will ultimately result in the creation of the widespread customer awareness, a stable or steadily increasing demand for the company's products and services, and products that are well-differentiated; thus, fostering brand identity and customer loyalty. This can be done through cooperation between the strategic sales, marketing team, and the company's leadership, since it requires a lot of new company policies and financial support.

Budgets

This marketing plan will involve a lot of investment with regard to creating



market awareness and acquiring strategic location stores. The company will need to invest in advertisement and promotional strategies, such as personal selling and product promotions. For this, it will require to engage the services of the sales agents and website developers. It will also require paying for advertising space on billboards, and social networking sites, as well as the mobile advertisement. For product sampling and customer relations management, the company can use its already existing resources, so as to avoid the extra expenses. The customer relations team can be the one already operating in its other locations given that the company's operations in China will be largely cyber based.

Controls

The effectiveness of the promotional tools can be evaluated and controlled through giving targets to each tool. The personal sellers, for example, can be required to sell ten games per day. The campaign can be evaluated by the use of integration tools, such as the software, which will allow the company to monitor customer behavior; thus, determining the effectiveness of the campaign. Therefore, the company will have to invest in their customer relations department, where the customers will continue to be monitored with respect to their buying and upgrading trends and their game preferences. Furthermore, the company's recorded sales per location will enable the management to determine the effectiveness of this marketing plan. The online shoppers can be monitored by the number of product deliveries confirmed on a monthly basis. The use of the Internet with regard to the online shopping and social networking provisions will ensure that the company keeps track of its customers and interacts with



them in real time. This serves to make evaluation easy.

Conclusion

As an international marketing strategy, the company will need to invest a little more in marketing itself in China. This, however, will be worth it regarding the projected sales that can be expected from such a large market that has demand, but desperately lacks supply. The company must harness, and, if possible, mainstream its supply chain docket in respect to this market. There is a likelihood that the company may fail to satisfy that demand that may arise from the Chinese market. A well-planned and sustainable supply chain would ensure that the company markets its products to the potential consumers at the required time.

