

Research on Marketing and Innovation Strategies in China's Gacha Game Industry--Taking MiHoYo Company as an Example

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Abstract. With the rapid development of technology and the popularization of the Internet in China, the mobile gaming industry has become a popular segment of the Internet sector in China. As a part of the mobile game industry, gacha games have been developing rapidly in recent years. As one of the world's leading developers of gacha games, MiHoYo, with its unique marketing strategy and innovation ability, has made remarkable achievements in the highly competitive game market. This report analyzes the success path of MiHoYo from the dimensions of marketing and innovation. The results show that MiHoYo's differentiated marketing strategy has effectively attracted target user groups. This success is due to refined positioning and innovative promotional methods. MiHoYo's emotional resonance marketing has also strengthened user stickiness and brand loyalty. It achieves this by fostering emotional connections with users. Regarding innovation, MiHoYo has diversified its revenue sources through a new business model. Continuous product iteration and optimization have improved the user experience and consolidated MiHoYo's market position.

Keywords: Gacha game, mobile game, MiHoYo.

1. Introduction

In recent years, with the popularization of mobile Internet and smartphones, the mobile gaming industry has been booming globally, especially in China, where the rise of the ACG (anime, comic and games) culture has driven the rapid rise of gacha games. As an important part of ACG culture, Chinese gacha games integrate Japanese anime characters and traditional Chinese cultural elements, also has delicate graphic performance, rich storylines and unique interactive experiences, therefore it attract a large number of young user. In this background, more and more game companies are investing in the development and operation of gacha games.

As one of the leading companies in China's secondary mobile game industry, MiHoYo's success is not only due to the high quality of its game products, but also to its unique marketing strategy and innovation. MiHoYo's masterpieces, the Honkai Impact series and Genshin impact, have achieved extremely high visibility and market impact globally, fully reflecting its comprehensive strength in product development, user operation and brand building. Therefore, studying MiHoYo's marketing and innovation strategies in China's gacha games market can not only provide useful reference for enterprises in the same industry, but also provide theoretical support for the development direction of China's gacha games industry. This report analyze the successful case of MiHoYo and discuss its marketing and innovation strategies in the field of gacha games, as well as the inspiration it brings to China's gacha game market.

2. Development status of China's Gacha Game Industry

2.1. Market with Huge Potential

According to the data of 2023 China Game Industry Report, the actual sales revenue of China's gacha games market was 31.707 billion yuan, an increase of 31.01% year-on-year, which is very obvious, thanks to the higher willingness and stronger ability of user groups to pay. The actual sales revenue of China's mobile game market was 226.86 billion yuan, and the proportion of gacha games

was 13.98%, indicating that there is still much room for improvement in the gacha mobile game market [1].

2.2. The Matthew Effect is Obvious

The actual sales revenue of MiHoYo's two games, Genshin impact and Honkai Impact: Star rail, ranked first and second in gacha games in 2023, at 8.813 billion yuan and 5.443 billion yuan [2], which together amounted to 14.256 billion yuan and accounted for 44.96% of the actual sales revenue of gacha games in 2023. The gacha game market is dominated by industry-leading companies. This creates a very competitive environment. For a new company to succeed, it must focus on product innovation. It should also adopt a differentiated marketing strategy.

3. MiHoYo's Marketing Strategies

3.1. Differentiated Marketing Strategy

A differentiated marketing strategy is a marketing approach that attracts consumers by offering unique products or services that are different from competitors. The core is to highlight the unique value of the brand. This report will introduce MiHoYo's three differentiated marketing strategies, namely, IP-centered multi-product line operation, close-to-market corporate culture and creative team, and collaboration.

3.1.1. IP-centered multi-product line operation

MiHoYo's products around Honkai Impact and Genshin impact cover a wide range of genres, including mobile games, comics, anime, light novels and anime peripherals. Its IP derivative works complement and influence the main story and worldview. At the same time, a large number of the original works fan can provide a user base for new products. The large user base and many loyal core fans accumulated by the Honkai IP have already provided strong support for the success of the Company's other products in the future [3].

3.1.2. Close-to-market corporate culture and creative team

MiHoYo's corporate culture is ACG culture, as MiHoYo's motto says: techno-otaku save the world, and most of the employees are both creators of ACG culture and consumers of this culture. The company attaches great importance to the staff's identification with the ACG culture for the following reasons: firstly, the staff is more willing to put more enthusiasm and energy into the culture they love, so they can do greater creativity in their work; furthermore, the love of ACG culture helps the staff to understand the user's needs more deeply, and to create works that meet the expectations of the ACG users more closely. Meanwhile, the company's team is young, full of vigor and creativity, and can better accept new things. The three founders are also passionate about ACG culture, have strong professional ability and vision, and are personally involved in the work related to the game projects [3].

3.1.3. Collaboration

MiHoYo often collaborate with other brands or IPs, and this collaboration attracts both their own players and users from other brands. For instance, Genshin impact collaborate with KFC, Pizza Hut and Hey tea. The topic related to the activities made trending topics on Weibo, Bilibili and Tik Tok, also the popularity and sales of the offline activities reflect the enthusiasm of the players. Beside these food and drink suppliers, MiHoYo also collaborate with Sony and Nintendo in order to make Genshin impact available on PS4/5 and Switch platform [4]. The collaboration with other brands has brought MiHoYo a lot of benefits, first of all, it expands the user group, attracts the attention of many groups who originally did not pay attention to gacha games, and makes them become MiHoYo's players. Secondly, it enhances players' loyalty and sense of participation. Take the collaboration between Genshin impact and KFC as an example, players can not only eat food with the packaging of Genshin characters in the store, but also get limited virtual items in the game, and this kind of interactive

experience increases players' loyalty and stickiness to the game. Lastly, it enhances the brand image. In the collaboration, the offline store becomes a popular place for players to visit, providing a more immersive experience for MiHoYo's players. Through the collaboration, MiHoYo not only enhanced the connection between the game and the players, but also further improved the brand image.

4. MiHoYo's Innovation Strategy

4.1. Product Innovation

4.1.1. Original + Content to create IPs

MiHoYo insists on polishing exquisite, fascinating plot stories and vivid, dynamic characters to attract players. For example, The Divine Damsel of Devastation in Genshin impact is a song composed in Peking Opera singing style, sung by Yang Yang, a national-level actress of Shanghai Peking Opera Theater. As of September 17, 2024, the Divine Damsel of Devastation has 35.49 million views on Bilibili and 10.94 million views on YouTube, indicating that the Divine Damsel of Devastation which is adapted from a traditional Chinese operatic song, is very popular among young people all over the world.

4.1.2. Novel combat system

MiHoYo is good at designing a wide variety of combat systems. Honkai impact 3 and Zenless zone zero use the real-time combat mechanism, while Genshin impact introduces elemental reactions, where players can trigger special effects through different elemental combination, for example hydro and pyro can trigger an vaporize effect, hydro and electro can trigger an electro-charged effect, also hydro and cyro can trigger a frozen effect. These elemental reactions can increase the gameplay of the game and diversify the design of the characters.

4.1.3. Seamless cross-platform experience

Genshin impact, Honkai impact: Stat rail and Zenless zone zero all support seamless interoperability across multiple platforms (PC, mobile, PS4/PS5), eliminating the loss of progress when switching between devices and allowing players to continue their gameplay wherever and whenever they like on their favorite device. Whether on a console, PC or mobile, players will be able to smoothly connect their gaming experience, effectively eliminating the tearing feeling between platforms. In addition, cross-platform interoperability not only enhances the flexibility of the game, but also strengthens the player's adhesion. Players can use fragmented time to play the game on mobile, and when they need a more immersive experience, they can switch to PC or console. This seamless interoperability fulfills the modern gamer's need for freedom and flexibility, further enhances the user experience of the game, and significantly increases the player's long-term commitment to the game. The cross-platform design also expands the game's potential user base, as players are no longer limited in their choice of platforms, which provides a stronger competitive advantage for the game's promotion in the global market.

4.2. Business Model Innovation

4.2.1. Improvements to the character banner of traditional gacha games

Before Genshin impact, the character banner was usually 200 draws or 300 draws for a guaranteed 5-star character (max rarity), but Genshin impact changed the mechanism of the character banner to the 90th draw for a guaranteed 5-star character. The Limited Character Banner also has a mechanic called 50/50, where if players do not get the limited character as the first 5-star, the next 5-star they get is guaranteed to be the limited 5-star character. Although the total character draw resources remain the same or even more, this draw mechanism allows players to believe that they will use fewer draws to draw the limited characters of the current period, and at the same time, if the first 90 draws don't produce the character they want, players will be more willing to pay money to get the character out of the draw.

4.2.2. Independent operation

MiHoYo favors an independent operation model that covers all three aspects of game development, publishing and distribution. This strategy not only helps MiHoYo maintain creative integrity and high quality standards in the product development process, but also avoids the uncertainty brought by external cooperation. At the same time, MiHoYo attracts users and enhances fan stickiness by virtue of its strong IP advantage, which partially solves the drawbacks of high marketing investment that accompanies independent operation. While traditional game operations often rely on large amounts of marketing and advertising investment to attract users, MiHoYo is able to achieve more efficient natural spread and word-of-mouth marketing among its user base through its all-segment independent operation model. This not only reduces the reliance on traditional advertising, but also allows MiHoYo to more flexibly adjust its marketing strategy, accurately invest resources, and maximize user loyalty and brand interaction.

5. MiHoYo's Marketing and Innovation Implications for China's Gacha Game Industry

5.1. Focus on Differentiated Markets

Gacha game manufacturers need to start in the three aspects of target customers, sales price, and service. First of all, in the target customer differentiation, because the gacha game industry has entered the stock market, so enterprises need to clarify their target customers and target customer needs. In terms of sales price differentiation, after defining their own market positioning, manufacturers should consider the target customer's feelings about the price as well as their own strength and product life cycle to adjust the pricing. Finally, in terms of service differentiation, gacha game manufacturers need to do in the game to provide players with good service as well as improve the player's game experience [5].

5.2. Emotional Resonance of Game Products and Players

Gacha game manufacturers need to provide players with the best gaming experience through value innovation, and at the same time create the greatest revenue for the enterprise, to achieve a win-win situation and resonance between the enterprise and players [5]. Gacha game manufacturers need to clarify the needs of players, to achieve player-centered, so that the game products fully meet the needs of players, so that their voluntary consumption. Gacha game manufacturers should also let players from the game to get the embodiment of personality and psychological satisfaction, so that the game is recognized by players, establish a good brand image, improve player participation and user stickiness.

5.3. Emphasize Innovation in Game Products and Business Models

The key to innovation in China's gacha game industry lies in focusing on the creation of original content to enhance players' immersion and satisfaction by building in-depth characterization, rich gameplay and seamless cross-platform experience. In addition, the industry should optimize the user experience on the traditional card draw mechanism, and enhance the user's sense of acquisition and loyalty through more transparent card pool design and operational innovation. Ultimately, through the whole process of independent operation mode, reduce the dependence on external channels and maintain the cultural integrity of the brand and the deep emotional connection of users.

6. Conclusion

MiHoYo has successfully stood out in the competitive market with its unique innovation and refined marketing strategy in the gacha game field. Through differentiated brand positioning and emotionally resonant marketing tactics, MiHoYo has not only strengthened user stickiness, but also

enhanced its brand image. In terms of innovation, MiHoYo has built a strong IP ecosystem and a more efficient operation mode through business model innovation and continuous optimization of product content, setting a benchmark for the gaming industry. The analysis in this paper shows that MiHoYo's successful experience provides valuable references for other players, especially in how to leverage strong IP, build brand loyalty and optimize the operation model.

Nowadays, gacha game has gradually entered the public's vision from a niche category, and its consumer market has huge potential. However, gacha game has entered the stock market, and the success of MiHoYo has submitted a perfect answer sheet to other manufacturers. In this context, the innovation and marketing strategy of MiHoYo is considered and analyzed in the hope that it can serve as a reference and inspiration for other manufacturers.

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