

The Success and Failure of “Legends of the Three Kingdoms” From the Perspective of Marketing

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Abstract. As people's entertainment methods are increasingly popular and rich, the board games industry is increasingly appreciated by customers. The “Legends of the Three Kingdoms”, which led the development of the industry, is now gradually declining, which is largely attributed to the mistake of the marketing strategy. This essay is based on the literature of the rules of operation of the board games and online games industry as well as the case analysis of “Legends of the Three Kingdoms”, using the 4P marketing theory to analyze the various periods of its development, and to clarify the effectiveness of these strategies and the impact on the competitiveness of brands. This essay finds that the success of the marketing strategy is mainly due to its focus on the needs of the player, and its failure is mainly due to the contradiction between the game concept and the game's reality. It can take measures to strengthen brand culture elements, focus on brand differentiation promotion, diversify marketing channels and continuously deepen copyright awareness to make marketing strategies sustainable development. The board games and online games industry should draw lessons from it, and the marketing strategy should be closely followed by the market trend and specific analysis in specific periods. Even if the company is in a good state of development, the importance of marketing strategy cannot be ignored.

Keywords: Case Analysis Method; “Legends of the Three Kingdoms”; Marketing Strategy; 4P Marketing Theory; Brand Competitiveness.

1. Introduction

“Legends of the Three Kingdoms” has been a popular game for Chinese players since its release, and its long-term success in introduction and growth stages has amazed many peers, achieving a 90% market share of the board game industry in two years, most experts at that time believed that it would continue to develop rapidly, reaching the degree of monopoly in the entire game industry. However, since 2015, after its founding company “YOKA GAMES” assets and team restructuring, its marketing strategies have changed enormously, although it remains the industry leader, its competitiveness in the entire game industry is much less than before, the reputation has also declined rapidly, even with the board game industry. At present, the industry has not made a specific analysis of the reasons for the success and failure of “Legends of the Three Kingdoms” and development suggestions from the perspective of marketing strategy. This essay will take research methods of literature reading and case analysis to conduct a specific study on its success and failure. The discussion of these issues is of great significance to the rise of board games industry, and to promote the sustainable development of online games.

2. Basic Introduction to “Legends of the Three Kingdoms”

“Legends of the Three Kingdoms” is one of the main games of “YOKA GAMES”. “YOKA GAMES” is the first professional company based on board game design and promotion in mainland China, as well as the pioneer of this form of entertainment. “Legends of the Three Kingdoms” is once a popular leisure game, and is even used in classrooms at the University of California at Berkeley in the United States, students in this class can learn about the history of China's three kingdoms period by playing the game in groups [1]. At the same time, it also has a thorough original research and development system, a high degree of innovative product development capabilities, sales channels throughout the country and a strong copyright awareness. In terms of corporate culture, it has the

mission of “creating and sharing happiness”, it also integrates industry resources and cultivate industry talents to promote the development of the board game industry with practical actions [2]. It is also committed to leading China's board game industry toward healthy development, which is also its entrepreneurial initiative [3]. However, the changes in marketing strategies also symbolizes its total violation of its initiatives, letting the company itself and the board games industry begin to decline.

3. Marketing Strategies for the Early Stage of “Legends of the Three Kingdoms” (before 2015)

3.1. Product

Product strategy refers to what kinds of products and services a company can provide to meet the needs of customers and is the basis of a marketing portfolio strategy. The product combination is divided into five levels: core product, underlying product, expected product, additive product and potential product [4]. In terms of product portfolio strategy, “Legends of the Three Kingdoms” chose to strengthen the width of the portfolio, that is, to make an effort on the core products and the basic products. Du Bin, CEO of “YOKA GAMES”, said that “Legends of the Three Kingdoms” captured the psychology of the players at that time, so the product was easy to understand and consistent with history, the game rules were only in a few words, greatly reduced the entry threshold of the game [5]. Additionally, in terms of brand strategy, it adopted the strategy of branding the company name, that is, all kinds of products in the company are using the same brand name, which is conducive to emphasizing its uniqueness, thus simplifying the process of launching new products, deepening the customer's impression on the brand. Furthermore, it positioned the product functionality as the “first choice” for young people’s entertainment. Based on this idea it began to produce products in limited quantities, minimizing production costs. In addition, it developed new modes and activities based on the number of players in the game, and launched corresponding products to keep old players active and attract new players. Finally, it realized the copyright problem in the early stage of operation, and although the piracy product inevitably spread for a while, it quickly noticed the phenomenon, combating the piracy product in time and clearing the obstacles of its marketing strategies. “Legends of the Three Kingdoms” was in the introduction and growth stage. The core of the product strategy was that the game was simple and easy to use, easy to attract a large number of customers, and the products and services have a certain exclusiveness, high standard and consistency.

3.2. Price

Price strategy refers to the company choosing a strategy that will attract customers and achieve marketing portfolio by assessing customer’s needs and cost analysis [4]. As a blue ocean market, “Legends of the Three Kingdoms” perceived that China's perception of board game is still staying in the stage of mahjong. Because of its high popularity, it can only take low price strategy to enter this market. It adopted penetration pricing or even free way to quickly occupy the board game market in the introduction and growth period. Although this method sacrificed its short-term profit margins, but its development speed was far beyond “YOKA GAMES” and customers' imagination, it only used two years to occupy more than 90% of the board game market share, with annual sales of more than ¥50 million [5]. The introduction of penetration pricing in the introduction and growth period is conducive to shortening the cycle of development and making it enter the maturity stage quickly.

3.3. Place

Place strategy refers to the choice of appropriate quantity and geographical distribution of products and services to meet the needs of customers in the target market [4]. For place channels, “Legends of the Three Kingdoms” adopted the “offline based, online as a supplement” model during the introduction period. In terms of offline side, it collaborated with game stores and placed its products

in bookstores that was popular with teenagers, and chose stores close to schools and residential areas, and strive to let customers buy its products faster. Under the trend of online games development, “Legends of the Three Kingdoms” had handed over the company's control stake to the “NASDAQ: GAME”, seeking to leverage the ability of this company to operate online games to rapidly spread its own product [1]. It provided identical initial game items for each player, which created a fair game environment. Players can experience the game directly through some platforms for free. Meanwhile, the cooperation between “Legends of the Three Kingdoms” and online shopping platforms such as Tao Bao made customers get its favorite products in a short time. These place strategies extended the purchase channels of it, increasing its chances of profitability.

3.4. Promotion

Promotion strategy refers to a company's activities to communicate product information to customers through various means such as personal marketing, advertising, public relations and marketing promotion, stimulating its purchasing desire and behaviour, in order to the purpose of expanding sales [4]. In the introduction and growth period, promotion strategies of “Legends of the Three Kingdoms” completely defeated the peers. It utilized the consumer's curiosity and used the prevailing “Baidu Tieba” as the main platform of promotion, perfectly avoiding the problem of a game with little information exchange between players during the introduction period [6]. At the same time, it started with the university, through the students to accumulate potential customers. As expected, these promotion strategies has made it very successful. And in the growth period, although the promotion strategies have achieved initial success, many players have already participated in the game, its publicity effort has not slowed down. It began to let the player to join the planning of the game items, and constantly increased the connection between players and the game itself, which not only increased the loyalty of old players, but also attracted more new players, making the development of “Legends of the Three Kingdoms” in this period still showed a rapid upward trend.

3.5. Effectiveness Analysis

Effectiveness analysis of marketing strategies is a key business activity that aims to assess and measure the success of a company's marketing promotion strategy. Through an in-depth understanding of the market environment, competitors and consumer behaviors, “Legends of the Three Kingdoms” developed appropriate marketing strategies such as penetration pricing and achieved an initial market share of 90%. At the same time, it based on the needs of players, guided the rapid development of the board game industry, sparked board game trend across China, and even derived a new industry “board game room”. The achievements of the early stage of “Legends of the Three Kingdoms” is enough to demonstrate that its marketing strategies were effective.

3.6. Impacts on Brand Competitiveness

The marketing strategy of “Legends of the Three Kingdoms” at this stage laid the foundation for its success, making it competitive in the board game industry in China. In terms of product and service design, the advantages of restoring the historical art level and the fun of the game are perfectly displayed in front of the players through reasonable marketing strategies, so that each player can experience the game in an immersive way. It accumulated the reputation of its product, expanded its market competitiveness as well.

4. Marketing Strategies for the Late Stage of “Legends of the Three Kingdoms” (after 2015)

However, in 2015, the founding company of “Legends of the Three Kingdoms” “YOKA GAMES” undertook a capital and team reconstruction, and its marketing strategy changed dramatically, and it was these changes that have frustrated “Legends of the Three Kingdoms” and even the board game industry.

4.1. Product

“Legends of the Three Kingdoms” has entered the maturity stage, and product strategies at this stage were not focused on enhancing the width of the product portfolio, but focusing on increasing the depth of the product portfolio and its development speed, this was because it had a strong customer base, and increasing a variety of game modes can indeed meet the needs of old players. But “Legends of the Three Kingdoms” was too urgent and its focus had shifted in the game content, which was directly reflected in the content was no longer closely related to the cultural theme of the three kingdoms, more and more virtual characters appeared, the majority of them were more powerful, the game rules and concepts were becoming more complicated and difficult to understand [7]. At the same time, online game platforms advocated the principle of “victory first” [7], winners can get much more rewards than losers, the “game” element was far higher than its own “culture” element. In terms of offline products, because of the excessive speed of updating and iteration of online game items, resulting in the production rhythm of offline products were very chaotic. Players who were keen on collecting cannot purchase the latest products, and unofficial purchase channels were emerging in an endless stream. Pirated products gradually began to fill the market, and it only retained the struggle against piracy but completely ignored the speed of products update. This led it not only to the loss of a large number of customers, but also to the lack of improvement in the quality of products and services, which is bound to be ineffective by using high sales to fill high-cost vacancies.

4.2. Price

After the penetration pricing policy achieved results, “Legends of the Three Kingdoms” began to use high prices to increase profit margins. This was also in line with the development of the board game industry, but it set the price of powerful game items too high, the average price of “Epic” quality items in the game were about ¥5,000. This pricing strategy had caused a large number of players to be dissatisfied, but “Legends of the Three Kingdoms” chose to turn a deaf ear, still adopted the high price strategy to retain the most core customers, which broke the original large customer base, and let itself gradually became a “only rich people can afford to play” game, contrary to the game's current “only smart people can play” concept.

4.3. Place

Compared to the offline market as the main model in the introduction and growth period, the mature stage of “Legends of the Three Kingdoms” almost abandoned the offline market, which was mainly reflected in the “board game room” of it was either slower than the update speed of the online game platform, or had disappeared. The offline store of its products were much less than before. Its focus was on online game platforms such as “Legends of the Three Kingdoms Online”. This was aimed at saving offline marketing costs, but it ignored the feelings of old players for offline products. The price strategy was intended to retain the most core old players, both contradictory to each other.

4.4. Promotion

In terms of promotional strategy, “Legends of the Three Kingdoms” followed the trend of teenagers, promoting it on platforms where young people gather, such as TikTok and Bilibili. It also held a large number of competitions to attract players. However, false advertising increased its chances of entering the degenerating stage. In recent years, the content shown by its advertisements had been seriously inconsistent with the actual content of the game, and the ads showed only a very small number of occasions that happen, and many new players are disappointed by the advertisement's attraction. At the same time, its concept “only smart people can play” was undermined by the reality of the game experience, which is that someone can win if they spend more money. In addition, it did not seize the opportunity to co-publish products with brands with more promotional power, such as Pepsi, nor did it invite stars loved by young people as spokespersons. The extensive promotional channels were not really used by them [8].

4.5. Effectiveness Analysis

The marketing strategies of “Legends of the Three Kingdoms” in mature stage were seriously contradictory and lacked a wide range of marketing means. The products and services on the disengagement of the game, advocacy of the concept and the game's actual inconsistency issues made their reputation much less than before, and even became the world's largest comprehensive digital game distribution platform “Steam” the “poor rating ranking” first [9]. It lost the trust of players worldwide, which showed the failure of its marketing strategies at this stage.

4.6. Impacts on Brand Competitiveness

The marketing strategies of “Legends of the Three Kingdoms” in mature stage have accelerated its decline, leaving their development stagnant. The homogenization of product and service design is accompanied by a lack of innovation and even goes against historical facts. A large number of virtual characters in “Legends of the Three Kingdoms” have become the main source of their profits, these characters are much more powerful than Guan Yu, Zhao Yun and other historical celebrities. These characters are basically designed in accordance with the previous mode, which lack sincerity, and players naturally do not buy. In terms of price, the collapse of the fairness in the game compels players to only buy high-priced game items to win, and an “Epic” quality item can sell for more than ¥10000, which further promotes the loss of players. In terms of place and promotion, the single place and promotion approach of “Legends of the Three Kingdoms” reduces the opportunity to bring more potential customers into the game. At this stage, it fails to face the challenges of emerging board games such as “Werewolf Killing” and “Script Killing”, which eventually leads to its competitiveness in the board game industry being far less than before, and their market share is greatly reduced as well.

5. Sustainable Development Measures for the Marketing Strategy of “Legends of the Three Kingdoms”

5.1. Strengthen the Cultural Element and Focus on the Fairness of Game

If board game products want to highlight their potential strength, the best way is to integrate with the cultural industry [6]. “Legends of the Three Kingdoms” originally did quite well at this point, but because of the adjustment of the late strategies and weakened the cultural element. Now it can strengthen the historical background introduction of the characters, portray each character deeply, and appropriately remake some of the historical high-profile characters, so that their power and reputation are consistent. In this way it can pass on the correct historical view to players and gradually integrate game content with historical education, and at the same time continue to play an important role in the social field [7]. In terms of game fairness, “Legends of the Three Kingdoms” needs to simplify the design of new characters in the future, and slowly adjust the game items that have damaged game fairness over time. If necessary, compensating players who have purchased these items, so as to minimize the negative impact. It can also optimize the game's moral reward and punishment system, punish malicious behavior that offend or abuse other players. It can use third-party tools to punish behaviors that disrupt game fairness, and reward players who report such behaviors with rare items in the game. Improvements of products and services are the most fundamental, cost-effective and effective measures in the short and long term.

5.2. Focus on Brand Differentiation Promotion and Strengthen Cooperation with Other Brands

Due to insufficient marketing efforts in recent years, the influence of “Legends of the Three Kingdoms” on brand differentiation has been far less than that in its introduction period. The purpose of the brand differentiation is to make the brand in the mind of customers to form a distinctive association of characteristics, thus avoiding brand confusion, and deepen the customer's brand

association with the brand [8]. At present, “Legends of the Three Kingdoms” is facing more and more online games themed “three kingdoms” on the market. It can revitalize the traditional “board game” model, letting it return to the board game rooms, which is conducive to its differences in board game industry and online game industry. At the same time, it needs to strengthen cooperation with other brands, such as the cooperation with the current online game leading brand “Genshin Impact”. The representative characters in the two games can be in each other's game, with the design style of the other game. This will bring a lot of freshness to players, and bring great consumption desire to the “Genshin Impact” and “Legends of the Three Kingdoms” fans.

5.3. Adopt Diversified Marketing Channels and Focus on the Customer Psychology of Players

The current marketing channels of “Legends of the Three Kingdoms” are still restricted to platforms such as TikTok and Bilibili, and its offline campaigns lack sufficient promotion, so it needs to adopt diversified marketing channels. Firstly, it can shift its marketing focus from TikTok to Weibo, Xiaohongshu and other platforms, because the current user group of TikTok is relatively old, and young customers no longer occupy the majority of TikTok users, while Weibo is now the most active platform for young people. The number of fans of it in Weibo is only 180,000, far lower than that of similar online games, which is great potential for development. Secondly, “Legends of the Three Kingdoms” can sign favorite stars of young people as brand spokesperson. Although it invited a famous singer Tengri as the brand ambassador, but this contract was short-lived, and Tengri is popular with middle-aged groups, so this endorsement marketing ultimately failed. Finally, it needs to pay attention to the customer psychology of players. The players of “Legends of the Three Kingdoms” can be roughly divided into the following four categories: achiever, explorer, socializer and people who vent their emotions [10]. For the first two types of players, it should set up more free benefits for the game, as long as the players ensure a certain level of game activity, they can acquire them. It should accept more suggestions from these players, and reopen the character design platform for these players to post, using their talents and imagination, so as to ensure their user engagement. For socializers, it can optimize the chat channels in the game, add free chat emojis, and set up a system that allows netizens to identify relationships (such as brothers, daughters, lovers, etc.) to keep them active. For people who vent their emotions, quicker match modes can be introduced, and only those characters with strong power can be used in this mode to achieve the purpose of venting emotions. It should be noted that the diversification of the marketing channels will inevitably generate more marketing costs, and in any case, the download channel of “Legends of the Three Kingdoms” cannot be charged, otherwise the above expanded marketing channels will not work [11].

5.4. Deepen Copyright Awareness and Prevent the Risk of “Piracy” Infringement

Since the problem of “piracy” has always existed, “Legends of the Three Kingdoms” needs to fundamentally tackle such behavior. Firstly, it should strengthen the protection of their own copyright, and extend the protection to every version of the game after the launch of the operation. At the same time, it is also possible to register the copyright of the game and apply to join the copyright protection list of key works, and strengthen the scope of game protection through relevant industry associations [12]. Secondly, in the face of copied products such as “The Hero Kill” and “XiYou Kill”, it should use legal means to make them withdraw from the market, rather than just clamping down on them and limiting traffic and other superficial warnings. Finally, “Legends of the Three Kingdoms” can build a complaint system inside the company, any employee's complaints about “piracy” can obtain performance improvement, so as to strengthen each employee's copyright awareness, so that infringers have nowhere to hide.

6. Conclusion

This essay found that the reason for the success of “Legends of the Three Kingdoms” in marketing is mainly reflected in its focus on the needs of players, the price of products and services is moderate

and consistent. The success of marketing strategy is the fundamental reason for its strong competitiveness in the introduction and growth stage. The reasons for its failure in marketing are mainly reflected in the contradiction between the game concept and the game reality, the high price of products and services, the poor fairness of the game environment, the insufficient place channels, and the single promotion means. The errors of marketing strategy are the root cause of its failure, because “Legends of the Three Kingdoms” essentially belongs to the board game industry and the online game industry, and the success of marketing strategy in these two industries is the key to the good reputation of the product. From a deeper level, “Legends of the Three Kingdoms” has long been out of the board game industry and into the online game industry, is the root cause of its gradual decline in competitiveness. The online game industry competitors are not only many but mostly powerful. Keeping the board game industry leader is the key elements of its sustainable development. In conclusion, the success and failure of the marketing strategy of “Legends of the Three Kingdoms” needs to be viewed dialectically in the specific period of the company's development, which is worth researching. The board game industry now still seems to have a good prospect of development. If it is willing to strengthen brand culture, brand differentiation promotion, diversification of marketing channels, strengthen copyright awareness and other aspects of improvement, the return to the peak period is also accessible. Other industries can also draw experience from the marketing strategy of “Legends of the Three Kingdoms”. Developing marketing strategies in line with the development of a specific period and keeping up with market trends and customers’ demands. In these ways the company can achieve sustainable development.

This essay merely analyzed the reasons for the success and failure of “Legends of the Three Kingdoms” from a marketing perspective, and put forward the corresponding feasible measures on this basis, and summarized the basic ideas of its sustainable development. However, the essay lacked a thorough analysis of other aspects such as external competition environment, operation and human resources, and did not fully reflect the dynamic changes in the board game industry and online game industry. Therefore, there is still a long way to go in the study of “Legends of the Three Kingdoms”. Future studies should systematically and targetedly explore the reasons for its success and failure from more perspectives, learn lessons, and put forward feasible suggestions to combine efficiency and cost. They should have a certain innovation and risk predictability as well, so that “Legends of the Three Kingdoms” and even the entire board game industry and online game industry can open up a new, unique and targeted development path.

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