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Christian Bydlinski, B.A.

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Chapter 1: Introduction

1.1 Research context

One could say that few industries are as innovation-driven as the video game industry. According to Jeff Readman and Andrew Grantham's article "Shopping for Buyers of Product Development Expertise: How Video Games Developers Stay Ahead" (Readman and Grantham 2006, 260), the industry's four characterizing features are "new technological developments", "entry, rise and exit of entrants", "introduction and specialisation of activities in the value chain" and "the ebb and flow of power relations between three critical players in the industry" (Readman and Grantham 2006, 260), with the players being platform owners, designers, and publishers (Readman and Grantham 2006, 260). Furthermore, video games constituted one of the fastest-growing media industries, consistently reaching 10 – 15% annual growth in the 25 years before 2010 (Zackariasson and Wilson 2010, 140), surpassing the growth of the film industry (Abbasi et al., 2019).

The following paragraph will introduce some key terms related to video game sales. An article by Shankar and Bayus about network effects and competition refers to a console's "top 10 software titles" as "killer games" (Shankar and Bayus 2003, 380), with the more general term "killer application" also existing and being used across various industries. While an average game is usually scored 70 out of 100 by reviewers, only 3 percent of games reach a score of 90 or higher (Cennamo et al. 2018, 13), a status that is called "superstar" by Binken and Stremersch (Binken and Stremersch 2009, 92). They consistently use the term superstar throughout their article, while pointing out that "killer application" refers more to games that allow a system to dominate another while the distinction "superstar" is purely based on the quality of a game (Binken and Stremersch 2009, 89). Superstars also sell more on average, namely making 48 million USD as opposed to 8.6 million USD for other titles (Cennamo et al. 2018, 13). During the sixth generation of video game consoles, the top ten best-selling titles for Sony's, Microsoft's, and Nintendo's consoles made up 13, 16, and 20 percent of total game sales for the respective systems (Lee 2013, 2967). While the budget for a "blockbuster" – or "AAA" game, a term used to denote big-budget video games – in the 1990s often ranged between 1.5 and 3 million USD, budgets in 2014 could already reach 140 million USD (Kotaku 2014). While this rising cost can partly be attributed



to constant technological improvements such as better graphics that make video games more complex to develop, promotion also plays a big role, as illustrated by Electronic Arts' Chief Creative Officer Rich Hilleman stating in 2009 that his company "typically spends two or three times as much on marketing and advertising as it does on developing a game" (Takahashi 2009). In the more recent generations, video game consoles have become convergent products, having more features than solely video games. Gill specifically lists Sony's PlayStation Portable having video and internet functionality (Gill 2008, 2).

Despite this, marketing research on the video game industry is still less prioritized as on movies, television, or music (Marchand and Hennig-Turau 2013, 142). Japan played a leading role in the video game industry since the very beginning, and two of today's biggest video game publishers – Nintendo Co., Ltd. and Sony Interactive Entertainment – originated there (Sony Computer Entertainment 2019, Nintendo 2019). These two – together with Microsoft – manufacture their own consoles and were also among the world's seven biggest video game publishers in 2012 (Thomes 2015, 48). Surely, there exist publishing firms that rival the size of the three aforementioned companies, like Electronic Arts (EA). However, only these big three companies manufacture consoles. Thus, the video game industry can be described as an oligopolistic market (Marchand and Hennig-Turau 2013, 146). Due to rapid improvements in console quality, console manufacturers introduce successors to their consoles approximately every five years (Srinivasan and Venkatraman 2010, 662), which are known as "generations" of video games (Srinivasan and Venkatraman 2010, 662). In most countries of the world, all of them made a name for themselves, however, Japan is a special case with Microsoft's line of Xbox consoles lagging far behind their competitors (Statista 2020). As Microsoft entered the console market significantly later than Nintendo and Sony, previous gamers would have had to switch if they bought an Xbox console. This could indicate that Japanese video game consumers are less willing to switch their company affiliation, as well as shortcomings in Microsoft's marketing in this region. In general, Western video game ads tend to be quite confrontational, with the marketing for Sony's PlayStation 3 for example being perceived as "arrogant" (Romero 2019). Meanwhile, this might not be the case in the Japanese market.

The three companies this paper will focus on often compete fiercely for new customers, with their fans often identifying with the companies, a situation popularly known as "console war" (Romero 2019). This shows how the gaming community tends to be quite divided, depending on who is loyal to whom. This thesis will deal with gamers' motivations to choose another



video game company and their respective console over the company they were previously loyal to. The empirical part will specifically compare Japanese and Western (European) gamers and attempt to identify differences in their willingness to change their preferred company and the factors that influence this decision. The following section of this paper will further explore the three main companies and the most important details about them.

One could argue that focusing on people who have switched their company of choice, a great part of gamers is automatically excluded. Namely, this would be people who just started being interested in the video game company or consumer too young to have previously owned consoles. However, this limitation does not make this paper's topic irrelevant, since it is quite small. A 2015 study by Nielsen found out that nine out of ten owners of the eighth generation consoles PlayStation 4, Xbox One and Wii U had previously owned a seventh-generation console (Pike 2015). This paper's research question will be "What are the motivations for gamers to switch their platform of choice?". While many aspects of this quite broad topic will be explored, special attention will be placed on proving or disproving the hypotheses outlined in the following section.

1.2 The Three Main Video Game Companies

1.2.1 Nintendo

Nintendo is both the oldest among the companies this paper will focus on and the only one that was created without video games in mind. Founded in 1889 in Kyoto, Japan, Nintendo started off making traditional Japanese playing cards known as Hanafuda (Nintendo 2020a). Through the following century, they experimented with various business ideas while not quite having the family-friendly image yet that they are known for today. These eventually took a turn towards toys and later video games (Green 2016, 7). Gunpei Yokoi, a Nintendo employee who was already quite influential in the days as a toy company, brought forth the concept of the Game Boy (Crigger 2007), which went on to become one of the most important video game innovations of the 1980s, thereby setting the stage for handheld gaming (NBC News 2014). Nintendo launched another massive success in 2006 with their Wii console that popularized motion controls, selling over 100 million units over the course of its lifespan (Nintendo 2020b). While its successor, the Wii U, was not nearly as successful and is considered a financial blunder having only sold 13.56 million units, Nintendo's current console Nintendo Switch has had quite a positive turnout so far and sold 68.3 million units since its launch in 2017 (Nintendo 2020b). Since 2006, Nintendo tried to place great emphasis to appeal to customer groups that do not fit the image of

a stereotypical “gamer” (Rusetski 2012, 197). This includes women, people who use motion controls for exercising, and senior citizens, making the Wii in particular a popular source of entertainment in retirement homes (Conaway 2009).

1.2.2 Sony

Sony Corporation, the owner of Sony Interactive Entertainment (SIE), is one of the biggest electronics companies in Japan and the world and has existed since 1946 (Sony 2020a). SIE, the wholly-owned subsidiary of Sony Corporation that this paper will further deal with, actually exists as two separate legal entities, namely SIE Inc. and SIE LLC., respectively based in Tokyo and California. Sony entered the video game market in 1994 (Sony 2004b), releasing the original PlayStation first in Japan, with a Western release following in 1995 (Sony 2004a). The PlayStation went on to become the fifth most successful console in the history of video games, selling over 102 million units (Sirani 2020). Its successor, the PlayStation 2, was an even bigger success and had an exceptionally long lifespan, with games still being released at the time of the next console generation. While the PlayStation 3 had a slightly rough start, partly due to its marketing, it sold about 88 million units over the course of its lifespan (Sirani 2020). Nowadays, Sony is even more successful with the PlayStation 4’s 113.8 million sold units (Sirani 2020). However, the PlayStation 2 is still the most successful console in gaming history with roughly 1.59 million hardware unit sales and 1.5 billion software sales (Sirani 2020). Additionally, Sony has the benefit of owning the Blu-Ray disc format and was the first video game company to introduce it in their consoles. Nowadays, Microsoft also uses Blu-Ray technology in their Xbox consoles, but they still have to license it from Sony (King 2013). The PlayStation line tries to appeal more to so-called “hardcore” gamers. The long-lasting slogan “For the players” is indicative of it, which was recently changed to “It’s time to play” for the release of Sony’s new PlayStation 5 console, keeping the core message (Gera 2020). It is also worth noting that the brand PlayStation has the word “play” in its name and therefore makes it clear that playing games is the main purpose of the system, despite its multimedia features.

1.2.3 Microsoft

Microsoft is on the one hand probably the most well-known company discussed here, but on the other hand perhaps not necessarily associated with its video-gaming branch at first, but rather with the Windows line of computer operating systems. Microsoft is one of the so-called “Big Five” technology companies which are among the most valuable companies in the world

(FXSSI 2020). However, Microsoft entered the video game market comparatively late. The original Xbox was released in the US in 2001, while the rest of the world followed in 2002, competing against Sony's PlayStation 2 (PS2) and Nintendo's GameCube (GC). Like the PS2, it pioneered DVD usage among consoles, albeit through a separately-sold DVD player extension, unlike its competitor. Further criticisms involved its controller, which was seen as overly bulky and jokingly nicknamed "The Duke" by fans (Bakalar 2011). Later, a slimmer version called "Controller S" was released, at first specifically as the standard controller for the Japanese market due to the smaller hands of regional customers, but later worldwide, as dissatisfaction with the original model grew (Parker 2002). While Takeuchi and Porter mention that successful adaptations to existing products are often relatively minor (Takeuchi and Porter 1986, cited in Knight 1995, 122), this controller adaption did not exactly lead to a successful start for Microsoft in Japan. However, the first Xbox was remarkable for popularizing online gaming on consoles through its "Xbox Live" service. Its success was closely linked to the game "Halo: Combat Evolved", which can be considered the Xbox' "killer app" and best-selling game, with 8.5 million software units sold (Sun 2014). Microsoft released a follow-up to the original Xbox in 2005 called the Xbox 360. The Xbox 360 continued to use Microsoft's popular Xbox Live system and additionally introduced a peripheral known as Kinect in 2010. Kinect is a motion sensor attached to the console that tracks the players' movements and "transmits them directly to the game, thereby transforming the user's body into a controller" (Arruda and Pompeu 2018, 54). However, early models of the Xbox 360 included a glaring hardware flaw commonly known as the "red ring of death", which will be further explored. Especially from the Xbox 360 on, Microsoft tried to portray the Xbox systems as more of a multi-purpose multimedia system than a pure gaming console. This reached its peak with the first presentation of the Xbox One in which the words "TV" and "sports" were frequently repeated by the hosts, making it somewhat infamous in gamer culture (Schwartz 2013) and spawning several memes (YouTube 2013). Microsoft's newest console comes in two variations, a standard model known as the Xbox Series X and a digital-only version lacking a disc drive called Xbox Series S (Byford 2020).

Table 1: Company overview

Company	Image	Current Console	Industry Experience	In Japan
Nintendo	Family-friendly	Switch	Long	Popular
Sony	"Hardcore gamer"	PS5	Medium	Popular
Microsoft	Multimedia	Xbox Series X/S	Shortest	Not popular

Chapter 2: Literature Review

2.1 Japanese cultural factors

It should come as no surprise that marketing in different countries varies according to cultural differences. According to Hall, for example, Japan is regarded as a high-context culture, which means the context of a message is as important as the message itself, if not even more so, as opposed to the more low-context Western countries which prefer direct messages (Hall 1976, 113). Furthermore, the country is generally considered to be a more collectivistic culture (Hofstede 1991, 96). Japan is also home to two of the world's seven largest advertising agencies (Craig 2015, 459) which, incidentally, are also the only two out of these seven that do not generate most of their revenues outside of their home country (Craig 2015, 459). However, advertising and marketing in general can be quite different from the West. While numerous studies compare the Japanese situation with the US, the same cannot be said about Europe. Therefore, a research gap can be identified. Koji Akiyama analyzed advertisements from Japan and the US to identify common characteristics to compare them in his article "A Study of Japanese TV Commercials from Socio-cultural Perspectives: Special Attributes of Nonverbal Features and Their Effects" (Akiyama 1993, 88). In it, he describes, among other things, that Japanese advertisements most commonly use a less direct "soft-sell" approach, as opposed to the more aggressive "hard-sell" approach popular in many other parts of the world (Akiyama 1993, 91). Themes of happiness and appearances by popular celebrities are common, while prices are rarely mentioned (Akiyama 1993, 91). In general, advertising and entertainment are closely linked in Japan, with ads being fully integrated into show business and society (Praet 2001, 4). Too confrontational ads would clash with traditional Japanese ethics, which are closely linked to harmony and modesty (Akiyama 1993, 91).

The Japanese concept of societal harmony is known as "wa" and also affects business relations (Knight 1995, 112). While Gary A. Knight mentions this circumstance in the context of the mattress industry in his article about marketing blunders in Japan, it could very well be applied to the video game industry as well. In the example cited by Knight, wa is mentioned as a factor that might have influenced Simmons Mattress' unfortunate entry into the Japanese market in the 1960s (Knight 1995, 112). The bed industry in Japan is described as having only consisted of around 12 competing domestic companies which already had ties to retailers and distributors, making it difficult for foreign companies to enter (Knight 1995, 112). In fact, the article



states that to Japanese people, switching suppliers in a way that disregards *wa* can “incur great dishonor and embarrassment” (Knight 1995, 112). In a way, the situation of the video game industry nowadays can be described as similar to this bed and mattress industry in the 1960, albeit even more concentrated as there are only three significant companies as opposed to the dozen in the mattress case. Here, a disturbance of *wa* could occur in more than one aspect. First, the retailer and distributor situation could be affected. This could also explain Microsoft’s Xbox’ inability to really catch on in Japan, with them being both a late entrant to the video game industry and a foreign company. Knight mentions how Japanese hotels still preferred the source of their beds to be from a Japanese company on the grounds of *wa* (Ricks 1983; Sales Management 1967, cited in Knight 1995, 112). On the other hand, the concept of *wa* could also influence the relationships of end consumers. While gamer culture is often generally characterized by building communities and developing an attachment to a particular company, this could intensify in Japan due to *wa*. Therefore, Japanese gamers could be even more reluctant to switch consoles than Western gamers due to them perceiving it as disturbing societal harmony. However, hard-sell tactics not being as widespread in Japan as elsewhere does not necessarily mean that they would be ineffective and unpopular there, as the few hard-sell ads that were launched in Japan did elicit a favorable response from the public (Ono 1997 cited in Ólafsson 2014, 10).

2.2 Customer experience management and customer relationship management

Since this study concerns customer loyalty to a brand or company and the relationship between a company and their customer base, it will take the approach of the marketing techniques known as customer experience management (CXM) and customer relationship management (CRM). The quality of customer experience can likely “determine the perceived value of a service” and can lead to repurchase (Kim and Choi 2013, 323). The related term relationship marketing is defined as “marketing activities that attract, develop, maintain, and enhance customer relationships” (Chiu et al. 2005, 1681) and aims to change short-time transactional customers into “long-lasting, intimate customer relationships” (Chiu et al. 2005, 1681). The first starting point will be the 2020 article “Recipes for achieving customer loyalty: A qualitative comparative analysis of the dimensions of customer experience” (Pekovic and Rolland 2020, 1) by Pekovic and Rolland. At a first glance, this might not seem to have much in common with this thesis’ topic, as it deals with the customers of French do-it-yourself (DIY) stores (Pekovic and Rolland 2020, 1). However, the approach taken could prove relevant. A questionnaire was applied online to a sample representative of the French population (Pekovic and Rolland 2020, 5). Its aim was to focus

on synergies between CXM dimensions (Pekovic and Rolland 2020, 1) and identify configurations of the “fuzzy-set qualitative comparative analysis” (fsQCA) model (Pekovic and Rolland 2020, 1) used in the article, for achieving customer loyalty (Pekovic and Rolland 2020, 1). While the two industries – video games and DIY – obviously cannot be equated, this thesis aims towards a similar outcome. For example, the questionnaire employed in Pekovic’s and Rolland’s research makes use of emotional items like “I get a nice feeling.” or “It was cool.”, cognitive ones like “This store has a good selection of Merchandise.” and “I enjoy the advertising of this store.” as well as social ones such as “Employees are warm.”, each to be answered with an 11-point Likert scale (Pekovic and Rolland 2020, 6). These are then corroborated with the items relating to customer loyalty, with them being “I will continue to use this shop’s services”, “Next time when I will need this type of service I will go to this shop”, and “I will use services of this shop in coming years.” (Pekovic and Rolland 2020, 6).

2.3 Customer loyalty

Indeed, “customer loyalty can result from various dimensions” (Pekovic and Rolland 2020, 1), which probably are not the same in the DIY and video game industry. Pekovic and Rolland quote a source stating that a customer who buys an experience as opposed to a product pays to “purchase a series of memorable events” that “engage him in a personal way” (Pine and Gilmore 1999, 2). Therefore, companies aim to provide experiences that are “inherently personal” to customers (Pine and Gilmore 1999, 12) involving the consumers’ “cognitive, affective, emotional, social and physical responses” (Pekovic and Rolland 2020, 1). Still, Pekovic and Rolland state that not all dimensions of customer experience, or CX, are beneficial. It is not one singular dimension of them that improves performance, but rather complex interplay between all of them (Pekovic and Rolland 2020, 2). As this might not be the same for every firm, companies must first investigate which dimensions are most important and which ones supplement them, both from rational and emotional perspectives (Grønholdt et al. 2015, 3). Therefore, companies do not necessarily have to invest in all dimensions equally, rather strengthening the ones that contribute the most to customer loyalty, ideally three (Pekovic and Rolland 2020, 7). The study’s findings show that cognitive and social dimensions generally play the most important role, followed by emotional and technological dimensions (Pekovic and Rolland 2020, 7). They also mention that apart from exceptions, “there is little large-scale empirical evidence that analyses customer experience at the level of the customer” (Pekovic and Rolland 2020, 2). This is especially true for video games. It is mentioned how “experiences depend on various factors that firms may not be able to control

or manage, such as customers' personal characteristics and preferences" (Pekovic and Rolland 2020, 3). The article uses a CX model by Voorhees et al. (Voorhees et al. 2017, cited by Pekovic and Rolland 2020, 3), employing cognitive, emotional, sensory, social and behavioral dimensions as categories, including both controllable and uncontrollable factors. This can involve things like brand personality (Schmitt et al. 2009, 52), emotions, and rational and cognitive considerations like price, assortment, or quality (Pekovic and Rolland 2020, 4). The article takes a behavioral approach, with special attention paid to cases where customers co-produce, with them providing "creative ideas for new products and services" (Chen et al. 2011, 1333). This co-creation with a brand stimulates engagement with it (Nysveen and Pedersen 2014, 807).

A similar questionnaire for the video game industry would have to be designed differently, not least because video game companies usually do not sell their products directly to customers in brick-and-mortar stores. However, there do exist online shops for buying digital download-only versions of games otherwise sold on physical media that are run by the video game companies themselves, such as Sony's PlayStation Store (Sony 2020b), Nintendo's eShop (Nintendo 2020c), and the Microsoft Store (Microsoft 2020). While the usual way of buying video games used to be in physical form, digital distribution sales have finally overtaken physical sales, a development that can at least in part be attributed to the COVID-19 pandemic (Good 2020). Many game sales are still made through physical retail stores as intermediaries, but since this thesis deals with the video game companies themselves and not the resellers, it will not be concerned with customer interaction with employees at such physical stores. Still, the existence of download-only online stores makes most console manufacturers' approach a multichannel strategy.

Such a strategy can lead to customer connection and empowerment (Chou et al. 2016, 2226), and the digital channel might even get more important in the future, as Sony and Microsoft have recently released digital-only versions of their newest consoles (Byford 2020). Sony even tried this before in 2009 with their digital-only PlayStation Portable Go, albeit to lacking success in a time where the sale of digital games was a lot less attractive (Yin-Poole 2012). Chou et al. have explored "consumer multichannel shopping behavior" and try to understand "within-channel switching and cross-channel free-riding behavior" (Chou et al. 2016, 2226), and while this was aimed more generally at retailers and their online presences, it has some relevance to this thesis. Their findings show that although perceived risk related to a customer's current company or attractiveness of a competitor might cause switching, "customers may not switch if com-

pany factors moor them to the current service provider” (Chou et al. 2016, 2231). While “providing a specific service” (Chou et al. 2016, 2231) is given as an example of a mooring factor, the switching cost of having to buy a new console when switching company in the video game industry could very well be a lot more influential.

Emotional and cognitive items such as the ones used in Pekovic’s and Rolland’s study could easily be adapted into forms useful for an application within a video game industry context. The ones about “nice feelings” and “coolness” are just as valid for the video game as for the DIY industry, and the one about a store having good merchandise could just be replaced with something along the lines of “My platform has the best selection of games/software”. However, the social items would have to be rebuilt from the ground up, as there is probably no relevant direct interaction with company employees apart from the occasional tech support call or interaction through social media. Social factors influencing loyalty in the video game industry could be more related to a feeling of community among users of the same platform.

2.4 Switchers and stayers

The question of a company’s relationships is also explored in “Relationship marketing and consumer switching behavior” by Chiu et al., in which they differentiate between financial, social, and structural bonds (Chiu et al. 2005, 1681) and classify customers into “stayers, dissatisfied switchers, and satisfied switchers” (Chiu et al. 2005, 1681). In the paper, customers’ preferences are categorized into utilitarian and hedonic values (Chiu et al. 2005, 1681). While this study is concerned with the retail banking industry and 613 Taiwanese bank customers (Chiu et al. 2005, 1681) were surveyed, a similar model could be applied to the video game industry. In the study by Chiu et al., stayers are customers who have not switched companies, dissatisfied switchers switched because of their dissatisfaction with the bank, and satisfied switchers did so for other reasons, with the article specifically mentioning customers moving and banks closing down as examples (Chiu et al. 2005, 1685). While the first two described customer groups could directly be applied to the video game industry, the case of the satisfied switchers is more complicated. Since banks and video games are two entirely different categories, it should come as no surprise that different motivations for switching apply to them. While a bank can be considered an essential service and one would probably not switch from their trusted bank to another without a good reason, video games are designed for enjoyment and use in one’s leisure time. Therefore, motivations for switching company in the video game industry might have a greater variety of reasons. Switching might not occur through outright dissatisfaction, but maybe from a feeling of

“wanting to try something new” or because of exclusive titles on competing consoles one is interested in. Furthermore, while a consumer in the video game industry might also switch from owning one company’s platform to owning multiple manufacturers’ consoles, switching from one to multiple banks was not considered in the paper. Chiu et al. write that relational bonds correlate to consumers’ value perceptions, enhancing or undermining their loyalty (Chiu et al. 2005, 1682). These value perceptions, however, might differ across customer groups, with different segments applying either hedonic or utilitarian value to their evaluation of a firm’s marketing activities (Chiu et al. 2005, 1682). Relational bonds composed of economic or emotion-related marketing activities can influence the respective value perceptions (Chiu et al. 2005, 1682). According to Chiu et al., utilitarian value (Chiu et al. 2005, 1682) includes savings, convenience, and product quality (Chandon et al. 2000, 67) and is mostly functional and cognitive (Chiu et al. 2005, 1682), while hedonic value includes entertainment and exploration (Chandon et al. 2000, 67) and is more subjective and personal (Babin et al. 1994 cited in Chiu et al. 2005, 1682). Financial bonds can take the form of enhancing customer loyalty through pricing incentives (Berry 1995) and rewarding loyal customers with special price offers (Chiu et al. 2005, 1683). Social bonds, however, depend on customers identifying themselves with companies (Smith, 1998 cited in Chiu et al. 2005, 1683) and them “staying in touch with clients, learning about their needs, and maintaining a positive relationship with them” (Berry 1995; Williams et al. 1998 cited in Chiu et al. 2005, 1683). This can be seen as “an important psychosocial benefit on the consumer side” (Beatty et al. 1996; Gwinner et al. 1998; Reynolds and Beatty 1999; Williams et al. 1998 cited in Chiu et al. 2005, 1683) and lead to “mutual understanding” (Chiu et al. 2005, 1683). Structural bonds offer “target customers value-adding benefits that are difficult or expensive for businesses to provide and that are not readily available elsewhere” (Berry 1995, 240). They raise the customer’s switching cost (Chiu et al. 2005, 1683) and can include integrated services through business partners (Chiu et al. 2005, 1683). This is especially relevant to the video game industry, as the console platform system, which leads to high switching costs should one change their company of choice, and the development of exclusive titles for these platforms both fall under this category. Compared to the example used by Chiu et al., this is quite a direct financial cost, while in the banking industry switching could entail more bureaucratic and time-consuming processes.

Loyalty is defined by Oliver as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future” (Oliver 1999, 34). To sustain this in the long run, customers must benefit from their exchanges with the company (Gwinner et al. 1998, 101).

Chiu et al. propose “that both hedonic and utilitarian values predict customer behavior” (Chiu et al. 2005, 1684). Edwards and McGuire state that belief, judgments, and thoughts influence the cognition-based component of attitude, while emotions, feelings, and drives are included in the affect-based component (Edwards 1990; McGuire 1969 cited in Chiu et al. 2005, 1684). The study by Chiu et al. included 379 stayers, 85 dissatisfied switchers, and 149 satisfied switchers (Chiu et al. 2005, 1684). Its results suggest “that both financial and structural bonds positively affect customer utilitarian value, whereas the social bond positively influences hedonic value. Both utilitarian and hedonic values positively affect customer loyalty” (Chiu et al. 2005, 1686).

The three categories of stayers, dissatisfied switchers, and satisfied switchers can have different levels of customer expectations (Chiu et al. 2005, 1687), which may lead to different levels of service evaluations (Chiu et al. 2005, 1687). For example, while stayers obtain value from all three relational bonds (Chiu et al. 2005, 1687), satisfied switchers only do so from social and structural bonds, and dissatisfied switchers can only be influenced through structural bonds (Chiu et al. 2005, 1687). The latter apparently also tend to “exhibit a higher level of purchase involvement than do the other two groups” (Ganesh et al. 2000, 67). Therefore, they can also have higher standards and demand superior marketing (Chiu et al. 2005, 1687). Meanwhile, loyal customers can act as “enthusiastic advocates for firms” (Harris and Goode 2004, 149). Chiu et al. themselves list exclusively using the banking industry as a limitation of their study (Chiu et al. 2005, 1687). Furthermore, they suggest further research being done on the effects of the financial, social, and structural bonds and how they interact with each other (Chiu et al. 2005, 1688).

2.5 Single- and multihoming

While game developers, or content providers as they are referred by Cennamo et al., increasingly multihome (Cennamo et al. 2018, 1), consumers still mostly own one platform (Cennamo et al. 2018, 1). Multihoming can offer additional revenues for developers, but also differences in the quality performance (Cennamo et al. 2018, 1). This is owing to interdependence of multiple factors, such as platform architecture, technological complexity, and the specific programming language (Cennamo et al. 2018, 2). According to Cennamo et al., “complexity is determined by the number of interdependent and specialized processors” (Cennamo et al. 2018, 14), with the the PS3 being more complex than the Xbox 360 or Wii (Cennamo et al. 2018, 15).

The main tradeoff in multihoming is that games might have lower quality on platforms they are subsequently ported to after their original release as opposed to releasing simultaneously, as well as perform worse on technologically more complex platforms (Cennamo et al. 2018,

2). Porting in this case means creating a version of a video game originally released on one console that is compatible with another console. Here, the question is not necessarily which platform architecture is better, but “which one developers will spend the time and effort to optimize for” (Reimer 2007). While the paper by Cennamo et al. focuses on the US game industry, it is still relevant to this thesis. Critically acclaimed Japanese video game development studio Platinum Games, for example, called the PS3 port of their game Bayonetta, that was originally planned as an Xbox 360 exclusive, their “biggest failure” (Matulef 2012). The video game industry in any region is a platform-based and therefore two-sided network with third parties developing software for platforms which is played by end users (McIntyre and Srinivasan 2016, 141). This explains that when consumers single- and complementors multihome (Armstrong 2006, 669), the platform owner will charge developers high prices for releasing the software on their platform and accessing their exclusive userbase (Armstrong 2006, 669). However, their study deals with the seventh generation of video games, between the years 2005 and 2010 (Cennamo et al. 2018, 12). The situation today might look slightly different.

Various studies argue that multihoming either reduces differentiation between platforms (Landsman and Stremersch 2011, 51) or that prohibiting exclusive titles could strengthen the leading position of incumbent platforms (Lee 2013, 99). While many sources claim that multihoming can “level out” competition among platforms and mitigate asymmetric market outcomes (Bresnahan et al. 2015; Corts and Lederman 2009), this would imply games’ and their ports’ performances to be equally well across platforms (Cennamo et al. 2018, 5).

The findings by Cennamo et al. show that delayed releases perform worse in general, as do games released on complex platforms. However, while games released with delay on a complex platform perform worse than games released without delay on a complex platform, they perform better than delayed games on a simple platform (Cennamo et al. 2018, 19). Consistent with this, “games receive lower quality scores on complex platform architectures” (Cennamo et al. 2018, 24).

While complex platforms require higher co-specialization by third-party developers (Cennamo et al. 2018, 24), they do offer opportunities once a developer team has specialized on them. For example, in the seventh generation, the PS3 had most of the exclusive games in its top 10 (Cennamo et al. 2018, 25), while also having the least exclusive titles by third-party developers in total when compared to its competitors with 18 (Cennamo et al. 2018, 25), with the Xbox 360 having 69 and the Wii having 189 (Cennamo et al. 2018, 25). While third-party developers can

either multi-home or specialize on one specific platform, it is necessary for console manufacturers to attract and obtain complements timely (Cennamo 2016). Some platform owners also develop their own complements themselves, however, this has both advantages and disadvantages (Gawer and Henderson 2007, 3).

2.6 Types of fans

Another relevant study this thesis can build upon is “For every ‘game over’ there is a ‘play again’: Analysis of user preferences regarding 7th- and 8th-generation video games consoles” by Emílio José Montero Arruda Filho and Igor de Jesus Lobato Pompeu Gammarano. The aim of that study is to identify factors that influence consumption choices relating to the 7th and 8th generation of video game consoles (Arruda and Pompeu 2018, 46). These factors should then help retail businesses to gain competitive advantage (Arruda and Pompeu 2018, 46).

Among the factors were “love for the brand, technological convergence, social positioning, perceived risk, and attraction to the design” (Arruda and Pompeu 2018, 46). The study used semi-structured interviews for data collection and focused on Brazil (Arruda and Pompeu 2018, 46). These contained questions related to the players' preferences with respect to their video game consoles, questions regarding devotion, risk perception, design preference, social positioning, and technological convergence, as well as the user's profile (Arruda and Pompeu 2018, 48). Requests seeking for interviewees were posted to eleven Brazilian Facebook pages that focus on video games, to reach a quantity as large as possible (Arruda and Pompeu 2018, 48).

These interviews were later classified into the five categories mentioned before as factors. The responses included preferring a PS3 for its Blu-Ray functionality for watching movies, or using the Xbox 360's Kinect functionality to exercise in a fun way (Arruda and Pompeu 2018, 46). The article also mentions that literature about the consumption behavior of users of entertainment technology is still relatively rare (Arruda and Pompeu 2018, 47). Groups whose members have deep interactions with the brand are sometimes known as tribes (Ahuvia, 2005; Kunchambo, Lee, and Brace-Govan, 2017; Mohammadian and Karimpour, 2014, cited in Arruda and Pompeu 2018, 47). They tend to “defend the image and reputation of the idolized companies at all costs” (Albert et al., 2013; Batra et al., 2012; Pimentel and Reynolds, 2004) and can have an “exaggerated sense of trust and loyalty in the preferred brand” (Mohammadian & Karimpour, 2014, cited in Arruda and Pompeu 2018, 47). These brand devotees seek to pass on their ideas (Arruda and Pompeu 2018, 47) and according to Mohammadian and Karimpour, “only those who

love the brand can be fully aware of all the details linked to the worshipped company” (Mohamadian & Karimpour, 2014 cited in Arruda and Pompeu 2018, 47). While the article uses the word “Sonysta” to refer to an obsessive PlayStation fan in a specifically Brazilian context (Arruda and Pompeu 2018, 50), obsessive fans of certain pop culture phenomena like comics and television series – or, in this paper’s context, video games – are commonly known by the terms “fanboys” or “fangirls”, although they can differ in connotation from one another (Barnett 2011, 287). As this specific type of fan tends to be quite opinionated (Barnett 2011, 287), their online discussions can get just as heated as the console wars of the 1990s.

While some of those fans are motivated by self-identification brand’s values, others want to “possess the products in order to stand out socially” (Belk 1988 cited by Arruda and Pompeu 2018, 47). This is done with high-value consoles with integrated aspects (Katz & Sugiyama 2006 cited in Arruda and Pompeu 2018, 47) or by using avatars when playing online (Chayko 2014 cited in Arruda and Pompeu 2018, 47). After evaluating the interviews, Arruda and Pompeu outline nine categories in which the respondents fall. The first one is called “brand lovers”, whose purchase behavior is mostly characterized by self-identification (Albert et al., 2013 cited in Arruda and Pompeu 2018, 50) and who see themselves and fans of other companies as competing “teams” (Arruda and Pompeu 2018, 50).

People who fall in the “Best ‘I’” category want to “be better than the next person” (Arruda and Pompeu 2018, 50) and see achievements like their online PlayStation trophies or their avatar as “a form of status” (Arruda and Pompeu 2018, 51), while the “Swiss army knife” category is focused on multi-function capabilities (Lee et al. 2013, 128) like social networking or multimedia functions (Arruda and Pompeu 2018, 51). “Bug risk” contained interviewees mostly concerned with safety, who were for example still wary of the Xbox brand due to the “red ring of death”, even though it had been fixed in subsequent models, or feared that the PS Move motion controller could lead to accidents (Arruda and Pompeu 2018, 52). Other important criteria were design, with the PS4 being cited as filling the role of interior mobiliary like a VCR (Arruda and Pompeu 2018, 52), or virtual relationships (Arruda and Pompeu 2018, 53), in which the circumstance which console is owned by more people in one’s social circle could be a decisive factor for choosing one console over another (Kozinets 2008 cited in Arruda and Pompeu 2018, 53). Technological simplicity was another big factor, with Sony keeping the design of their Dual-Shock controller almost the same across generations, and consistent button layouts being cited as positive factors (Arruda and Pompeu 2018, 53). Users trying to rationalize their choice were

categorized as “justifying purchase”, with reasons like PS3 being useful for movie lovers, or the possibilities of making new friends or even business opportunities through online gaming (Arruda and Pompeu 2018, 54). Finally, users attracted by innovation are considered “latest users”, who are convinced by one console due to continuations of game franchises they are fans of or new technology like the Kinect and can act as sources of information for later adopters of the products (Arruda and Pompeu 2018, 54).

Although the article mentions how previous video game generations “were defined primarily by the titles and plots of the games” (Arruda and Pompeu 2018, 48), the study itself does not go further into the topic of games themselves apart from briefly mentioning the continuation of video game franchises (Arruda and Pompeu 2018, 54) and does not mention exclusive titles. While there is no doubt that especially recent generations of video game consoles define themselves through more aspects than merely games, games are still a central part of consoles and are often thought of as a driving factor for purchase decisions for a majority of consumers. While Binken and Stremersch cannot confirm that exclusive games have a higher influence on console sales than non-exclusive ones in their study on superstar software, they do acknowledge that they are “eliminating an opportunity for competing systems to increase their hardware unit sales” (Binken and Stremersch 2009, 101). The ratio of exclusive games among a console’s total library has also decreased over the generations. While in the third generation of video games almost 88 per cent of titles released for a platform were exclusives, the number went down to 61 per cent in the sixth generation (Corts and Lederman 2009 ,7). The number of exclusive titles has diminished even more in the meantime, as in the eighth generation of video games the Wii U, PlayStation 4, and Xbox one had only 40, 17, and 9 exclusive titles in 2016, respectively (Ellis 2016).

2.7 Network effects

“Indirect Network Effects and Platform Dominance in the Video Game Industry: A Network Perspective” (Srinivasan and Venkatraman 2010, 663) by Arati Srinivasan and N. Venkatraman, on the other hand, lists games themselves as a key factor. Special attention is paid to different game genres, a wide variety of which can prove essential to cater to different markets (Srinivasan and Venkatraman 2010, 663). Although there are no official standardized genre names in the video game industry, there are generally accepted ones, which Srinivasan and Venkatraman list as following: “Action, Adventure, Beat ’em Up, Board, Card, Education, Fighting,



Flying, Party, Platform, Puzzle, Racing, Role-playing, Rhythm, Shooting, Simulation, Sports, Miscellaneous” (Srinivasan and Venkatraman 2010, 672). Hybrids between these genres can also appear, with “Action-Adventure” in particular being widespread and known for quality games (IGN 2020). This study can be compared to “An empirical validation of consumer video game engagement: A playful-consumption experience approach” by Abbasi et al., in which 465 Malaysian teenagers were surveyed about their video gaming habits (Abbasi et al. 2017, 43). The three genres most popular with the participants were Action, Adventure, and Strategy, with 64.2, 60.8, and 57.1 per cent of them playing them respectively (Abbasi et al. 2017, 47). It is worth noting that the third most popular genre here, Strategy, was not even present in the equivalent list by Srinivasan and Venkatraman (Srinivasan and Venkatraman 2010, 672).

Abbasi et al. aim to investigate consumer experiences from using a product, taking up the notion of experience as presented by Hirschman and Holbrook (Hirschman and Holbrook 1982, 92) in the context of marketing, who challenged the perspective that consumption mainly depends on rational purchase decisions (Abbasi et al. 2017, 44). In the case of video games, “to play a game is to experience the game” (Salem and Zimmerman 2004, 314) and involves a variety of hedonic elements like imagination and emotional responses (Abbasi et al. 2017, 44). As video games create two-way communications between consumer and product, they generate different levels of consumer engagement states, with them being cognitive, affective and behavioral (Abbasi et al. 2017, 4). According to Abbasi et al., experience comes first in this situation and influences further engagement (Abbasi et al. 2017, 52).

While these findings cannot simply be adapted to the topic of this thesis as the research context and geographic area of the study are entirely different, they suggest that a wide range of different genres might be beneficial to widening a company’s appeal. Some groups of customers might even only buy the respective systems if they have the “right” kinds of games. Broadly speaking, a system in the case of the video game industry can be described as the combination of software and hardware (Srinivasan and Venkatraman 2010, 661), or in other words game titles and a game console (Srinivasan and Venkatraman 2010, 662). Generally, network effects, which arise when the consumer utility of using a product or service increases with the number of users (Shankar and Bayus 2003, 375) seem to be quite important in the marketing of video game consoles, with console manufacturers and game developers being the actors and games being the ties (Srinivasan and Venkatraman 2010, 663). The video game industry is characterized by strong

indirect network effects (Clements and Ohashi 2005, 515), with the value of a console being closely dependent on supported software (Clements and Ohashi 2005, 515).

On the one hand, a console manufacturer should have strong ties with game developers, or complementors, to have a larger selection of games available (Srinivasan and Venkatraman 2010, 664). In December 2006, looking at the then-current consoles, “57% of PS2s’ games were developed by the ten largest game developers, while only about 20% of GC’s games” (Srinivasan and Venkatraman 2010, 664). This could imply that good connections with big developers were essential in the success of the PS2, which went on to become the dominant system in its generation (Brachmann 2014). In comparison, the failure of Nintendo’s Wii U in the 8th generation of video games could partly be attributed to a lack of support by said large developers (Gilbert 2017). As attracting “the most dominant developers may also mean that some of the most popular games are built for their platform” (Srinivasan and Venkatraman 2010, 666), the Wii U simply missed out on a number of sought-after games.

On the other hand, apart from game developers, a customer network can be an important strategic asset, as described by Venkatesh Shankar and Barry L. Bayus in their 2003 article “Network effects and competition: An empirical analysis on the home video game industry” (Shankar and Bayus 2003, 375). In this study, they examine the historical rivalry between Nintendo and Sega, specifically the competition between their respective 16-Bit consoles, the Super Nintendo Entertainment System, and the Sega Mega Drive, known in America as the Sega Genesis. The findings of their study show that a company with a smaller user network of their products (Nintendo) can still have higher network strength than a competitor with a larger network (Sega), which is what happened when Nintendo overtook Sega in sales (Shankar and Bayus 2003, 375). The article describes the situation in the video game industry as “competing firms with incompatible product technologies” (Shankar and Bayus 2003, 376) and their customer networks as “creating an isolating mechanism” (Shankar and Bayus 2003, 376). This is a central part of how the video game industry operates, as the consoles themselves are usually priced at or even below production cost (Spraul 2005, 152). The companies then make their actual profit by the sale of games, both developed in-house – so-called first party titles – and externally developed third-party releases (Srikant 2019). For the latter, the console manufacturing companies receive a share of the revenue from the sale of games for their platforms in the form of a licensing fee (Srikant 2019). Shankar and Bayus further describe strong customer networks as sharing a common underlying bond along an important dimension, like personal interests (Shankar and Bayus

2003, 376), demographic characteristics, or fanatical product loyalty (Shankar and Bayus 2003, 376). This is definitely the case in gamer cultures, as some consumers strongly identify themselves with their brand of choice, as was the case with the “Sonysta” in the article by Arruda and Pompeu.

Strong customer networks can have both direct effects, meaning that a strong customer base affects demand for products, as well as indirect ones, when the customer base interacts with one or more variables of the marketing mix (Shankar and Bayus 2003, 377). Large user bases can also spread information about new products by word of mouth or the borrowing and swapping of games (Monopolies and Mergers Commission 1995 cited in Shankar and Bayus 2003, 377). Looking at the example of Nintendo versus Sega in the 16-Bit era, most of the competition involved varying hardware prices and advertising (Shankar and Bayus 2003, 377). The results of the study state that both companies’ customer networks had a direct effect on their own hardware demand (Shankar and Bayus 2003, 381) and interactive effects through their own hardware price and advertising (Shankar and Bayus 2003, 381), although the interactive effects were stronger in the case of Nintendo (Shankar and Bayus 2003, 381). Through these asymmetric network strength values, Nintendo was able to pass Sega (Shankar and Bayus 2003, 382). It is therefore not only the size of the customer network that matters, but also the strength (Shankar and Bayus 2003, 382). As for future research suggested by Shankar and Bayus, they listed “Do firms with high network strength through advertising follow the more aggressive advertising and pricing strategy used by Nintendo?” and “Do firms with strong network effects enter later than their competitors and still emerge as an important market player?” as examples (Shankar and Bayus 2003, 382). This thesis is relevant to both of them, as it seeks to explore the correlation between aggressive marketing and platform switching, and also deals with a late entrant to the video game industry in the form of Microsoft.

The findings of Shankar and Bayus stand contrary to the study “Internet of things (IoT) platform competition: Consumer switching versus provider multihoming” (Basaure et al. 2020, 1) by Arturo Basaure, Alexandr Vesselkov, and Juuso Töyli. While they do not specifically examine video games, but rather the Internet of Things, both of these systems can be considered platform-based, with platforms being market intermediaries between consumers and service providers (Basaure et al. 2020, 2). The study claims that “when switching costs diminish at all sides of the platforms, consumers and service providers will favour the platform with a higher number of users” (Basaure et al. 2020, 2).

The main managerial implication of Srinivasan's and Venkatraman's aforementioned article is that "each platform provider needs to differentiate its platform by attracting high-status developers and by providing third-party developers with toolkits that encourage them to develop exclusive titles" (Srinivasan and Venkatraman 2010, 661). The two kinds of network effects that they describe are "direct or consumer network effects, where value to the customer accrues directly from increased network size" (Srinivasan and Venkatraman 2010, 662) and "indirect or complementary network effects, where value accrues due to the availability of more complements for a platform" (Srinivasan and Venkatraman 2010, 662). Still, they also mention how only a small percentage become hits, thereby bringing an argument of quality over quantity into the discussion about what drives platform sales (Srinivasan and Venkatraman 2010, 663). Generally, their findings imply that "the importance of having a large library of software titles to achieve platform dominance" (Srinivasan and Venkatraman 2010, 671) and that a higher degree of overlap of game titles across platforms had a negative impact on market share (Srinivasan and Venkatraman 2010, 671). Thus, exclusive games seem to be a key factor in the performance of a company's platform. Furthermore, they describe what they call "preferential attachment", meaning that console manufacturers who manage to attract the highest status game developers to release software for their consoles were more successful in securing their own dominance (Srinivasan and Venkatraman 2010, 671). However, this effect apparently decreases with the age of a platform (Srinivasan and Venkatraman 2010, 671). Therefore, they suggest that older platforms could aim for a larger network of complementors (Srinivasan and Venkatraman 2010, 672) instead of the exclusives-focused preferential attachment approach that would be recommendable for new platforms. Srinivasan and Venkatraman quote the then-head of Microsoft Japan's Xbox division, Hirohisa Ohura, to illustrate that console manufacturers should seek cooperation with big-name game developers, as he said after the launch of the original Xbox console that its success will be linked to the support that "the best game development companies have given Xbox in a short time" (Microsoft 2002 cited in Srinivasan and Venkatraman 2010, 671). Still, this might not be the best example to use in this context, as the original Xbox has been a failure in the Japanese market, just as the subsequent releases under the brand. This was despite support from popular and even Japanese developers like industry veteran Tomonobu Itagaki, whose *Ninja Gaiden* series was exclusive to Xbox systems and who even stated himself that "there's a whole load of societal factors involved" in the Xbox brand's unpopularity in Japan (Ashcraft 2008). The study by Srinivasan and Venkatraman, however, did not take game developers' pricing strategies

or the differences in quality of different platforms' games into account (Srinivasan and Venkatraman 2010, 672).

The article "In-house publishing and competition in the video game industry" by Tim Paul Thomes explores the question of profit if video game companies release their products for multiple platforms ("multi-homing") while gamers only own one platform ("single-homing") (Thomes 2015, 46). This touches upon the topic this thesis will discuss, but from a purely economics-based point of view. In fact, a research gap can be identified in dealing with the motivations of the consumers to multi-home or change the platform they single-home on. This shows again that despite the industry's growth, not much attention has been paid to the entertainment software industry by marketing journal literature, as Prugsamatz et al. have already mentioned in their 2010 article "Modelling consumer entertainment software choice: An exploratory examination of key attributes, and differences by gamer segment" (Prugsamatz et al. 2010, 382). This seems to still be the case, despite the industry still growing. The article by Basaure et al. also overlaps quite a bit with Thomes' study, with them stating that "multihoming can potentially decrease market concentration and thus soften the unwanted effect of decreased switching costs in a scenario with high network effects" (Basaure et al. 2020, 11).

Thus, this paper intends to find out which factors are important in the process of binding a group of gamers to a company or win over fans of competitors, both factors that they already appreciate right now and the ones they would like to see additionally. This dynamic is especially relevant to the big three video game companies this paper will be focusing on, as they typically make their money not by selling consoles but individual games, a so-called razorblade model. As they are typically priced at or below cost, consoles need loyal customers that buy games for their consoles over an ideally long period of time. The concept of reciprocity is particularly important here, since consumers give their trust to a particular company and in turn expect extra content like exclusive games or seemingly trivial things like backwards compatibility or a rumble feature. Backwards compatibility refers to the ability of playing games from a previous generation of consoles on current-generation hardware, a feature that is usually not seen as essential by the video game companies, but nonetheless important to 83% of gamers, as a study by Ipsos has shown (Ipsos 2006). The same study also describes how 58% of respondents were disappointed by the lack of a rumble feature in Sony's PlayStation 3 console's controller – haptic vibration feedback related to what is happening on-screen – even though 74% were not even aware of the lack of it

(Ipsos 2006). This shows how the gaming companies are not always up to date on what the gaming community takes value in and how to communicate the matter at hand. Some companies tried to create extrinsic rewards to raise motivation for playing their games with their own frameworks, like the achievement system introduced by Microsoft with their Xbox Live platform (Hamari and Eranti 2011, 1). However, their effects on intrinsic motivations have also been the subject of debate (Hamari and Eranti 2001, 2).

Innovations in the video game industry, ranging from technological improvements like motion controls and virtual reality to changes of the companies' business model, like introducing downloadable content and microtransactions, could – despite having potential to connect with new customers – can turn older fans away from their current company. Nintendo's Wii console for example, the marketing of which tried to connect to a broader audience instead of focusing on so-called hardcore gamers (O'Gorman, 2008, 100), might have just achieved the correct balance of introducing new concepts while still staying true to the brand's identity. New technology might also just be seen as technological gimmicks, depending on the context.

Chapter 3: Hypotheses

3.1 Hypothesis 1

"European gamers are more likely to switch their platform of choice than Japanese gamers.":

The purpose of this hypothesis is to explore the relationship of cultural differences with the dynamics of the video game industry in the respective countries in greater detail. The hypothesis is mainly based on the source by Knight and his explanation of the Japanese concept of "wa" in relation to harmony in business, especially when newly entering foreign companies like Microsoft with its Xbox brand definitely are. Therefore, it could also shed some light on Microsoft's failures to firmly establish the Xbox brand in Japan. The null hypothesis H_0 to this hypothesis is "European gamers are not more likely to switch their platform of choice than Japanese gamers."

3.2 Hypothesis 2

"There is a positive correlation between marketing perceived as aggressive and platform switching.":

This hypothesis seeks to further understand the causes of the issue described in the previous section. Still, the two hypotheses are not mutually exclusive. Should the first hypothesis be proven, the second one could give more insight into why this is the case. However, it will bring forth information regardless and might highlight other essential factors in getting customers to

switch platforms even if it is disproved. It is founded on the insights from Akiyama's article about television ads and refers to the characteristic of Japan that non-confrontational "soft-sell" ads are more widespread. Here, the H0 would be "There is no identifiably positive correlation between marketing perceived as aggressive and platform switching."

3.3 Hypothesis 3a

"Japanese gamers value gameplay more than European gamers.":

Like hypothesis 1, this hypothesis also mainly tries to address Microsoft's strained record with the Japanese market. While Sony's PlayStation brand has cultivated an image of "hard-core gamer" culture and Nintendo's consoles often aim for a broader appeal beyond traditional gamer demographics, they both make it clear that their products are first and foremost about games. Microsoft, however, tends to portray their Xbox line of consoles more as all-purpose multimedia centers, driving the concept of convergent products to an extreme. This is also shown in the choice of names, as the PlayStation brand has "play" in its name and Nintendo consoles' names often included "game", like the Game Boy and the GameCube, while the Xbox name does not contain such references at all. This is especially relevant in Sony's case, as they have not been present in the video game industry from its beginning, unlike Nintendo. As they have been successful, the Japanese audience might have been attracted by their focus on games and gameplay. This hypothesis will explore Japanese tastes in relation to this and examine whether this could be an influence on Microsoft's inability to make a name for themselves on the Japanese video game market. To this hypothesis, the H0 is "Japanese gamers do not value gameplay more than European gamers."

3.4 Hypothesis 3b

"European gamers value additional console features more than Japanese gamers.":

Should hypothesis 3a be approved, this would seem like a logical consequence. Contrary to the situation in Japan, the Xbox brand has been quite successful in Europe and most of the Western world so far, a circumstance that could support this hypothesis. Microsoft's portrayal of Xbox consoles as multimedia entertainment centers could have played a central part in this. The corresponding H0 would be "European gamers do not value additional console features more than Japanese gamers."

By addressing these objectives, the paper will be useful for informing the concerned companies about what they could do better, aside from the techniques they are already using to retain and gain customers. The author will give recommendations and possible prognoses for the

future evolutions of the video game industry, like how companies can improve their current situation.

The paper was to be completed within the academic year 2020/21. For the theoretical part, resources are mainly taken from books and journal articles as mentioned before. As for the empirical part, data from the online survey described in the previous section is analyzed. The study is cross-sectional, as it aims to analyze one moment in time, and also to allow the paper to be finished in the appropriate timeframe. This paper will not take PC games into account, as this would be too broad of a scope. Furthermore, as this study compares two regional markets, it does not take America into account, rather being confined to Europe and Japan.

This thesis consists of a theoretical and an empirical part. The former is based on an extensive literature review in chapter 2, in which books and articles, both from scholarly journals, books, and appropriate websites that touch upon the topic discussed were consulted.

Chapter 4: Research Approach

For empirical research, an online questionnaire will be employed. The purpose of the questionnaire is to identify motivations for staying with one company or switching to another, and how individual factors are weighted. This includes the subjective importance of ads, brand image, new product features and the like by individual gamers. The survey will be provided to both European and Japanese gamers in order to compare Japanese and European audiences and identify possible differences between their attitudes as well as their relation to cultural differences. The author will try to answer the research question with the available data, as well as look for connections between topics to identify potential interrelations.

4.1 Reaching target groups

As for the European target audience, the questionnaire will be posted to discussion website Reddit, specifically its survey-related subforum “/r/samplesize” (Reddit 2020a). Such a subforum is called a “subreddit” internally on the site and usually deals with a specific topic. In 2018, over 10,000 had been created, each with their own moderators and rules (Sowles et al. 2018, 138). Furthermore, it will be posted to relevant Facebook groups, similar to the strategy used by Arruda and Pompeu in their study, as well as community-oriented dedicated forum websites. An example would be the German Nintendo fan website “Nintendofans.de” (Nintendofans.de 2020).

As for the targeted group of Japanese gamers, the situation is slightly different. As bulletin-board-styled forum websites never achieved the popularity and spread as in the Western

world, getting a hold of them could prove more of a challenge. Additionally, the author will seek out Facebook groups relevant to the Japanese gaming community.

4.2 Question types

The questionnaire itself will mostly work with Likert scales, but also include some yes/no questions and drop-down menu-based questions when the switching behavior is examined. Here, the respondents will answer a question with a structure of “I have switched from X to Y consoles”, with X and Y being selectable among the possible answers “Sony”, “Nintendo”, “Microsoft”, “Multiple”, and “Other”. While “Multiple” denotes switching from single-homing to multi-homing, “Other” encompasses everything from switching from console to PC gaming to lesser-known or vintage consoles, or vice versa. Apart from the switching behavior, their relationship to their company of choice will be examined. Here, attention will be paid to cognitive, social, emotional, and technological factors, building upon sources used in this thesis. Here, questions about what the respondents like about the “relationship” with their community will be asked, with items like “feeling part of a community” or “getting the latest cutting-edge technology” that will be answered through Likert scales to show the level of agreement with each point. Finally, the questionnaire will end with some questions relating to what they generally find important about video game consoles, regardless of the company of origin. Here, various factors like exclusive games and multimedia functionality will be listed and respondents will express their priority. To ensure optimal comprehension by both targeted groups, the questionnaire will be presented bilingually in English and Japanese. The results will be analyzed with a Chi-squared test Welch’s t-test for independent samples, each with an α value of 0.05 to test possible correlations and prove or disprove the hypotheses.

Chapter 5: Designing the questionnaire

The online questionnaire for this paper’s empirical part was implemented with the survey creation tool “SoSci Survey”. In its final version, the questionnaire is composed of 13 pages, consisting of 15 questions in total. These questions will be further described in this section.

The survey starts off with three quite self-explanatory questions about demographic data on the first page. These include gender, age, and nationality. While the first two are not essential to proving or disproving the hypotheses brought forth in this thesis, they could still be interesting factors used to identify further trends. The nationality question, however, is central to this paper and consists of a drop-down menu listing Japan and European countries. Here, the concept of



Europe is taken in its broadest definition, including Russia, Turkey, and the Caucasus. This is justified by the former two scoring similarly to European countries in Hofstede's cultural dimensions (Hofstede 1991), while the latter largely falls under the cultural influence of the two countries. In total, "Europe" is defined in this paper as the 27 members of the European union, as well as (in alphabetical order:) Albania, Andorra, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Iceland, Kosovo, Liechtenstein, Moldova, Monaco, Montenegro, Norway, Russia, San Marino, Serbia, Switzerland, Turkey, Ukraine, and the United Kingdom. Furthermore, the question provides an "Other" option for people from neither Europe nor Japan. While these people are not the focus of this thesis, their opinions shall not be discarded either and can still be analyzed to explore trends similar to the gender and age questions earlier. However, as they are not the main interest in the study, the decision was taken to not list every single country in the world, but rather group the non-European countries that are not Japan in said "Other" option.

On the second page, a filter question about whether the respondent does play video games is asked. Since this probably the most important factor to determine whether answers to the questionnaire are relevant to this study, the survey will automatically end for every person who selects the "No" option. They are then redirected to a message stating "Thank you for your engagement, but this survey is directed at people who play video games." or a respective Japanese translation, depending on which language was picked in the beginning.

Following this, the respondents are asked about the company whose console they currently use. The options are the big three console manufacturers Sony, Microsoft, and Nintendo, as well as "Multiple" meaning using multiple consoles and once again an "Other" option which is meant to encompass everything from PC to retro game consoles whose manufacturers no longer produce consoles to more obscure small-scale produced consoles. Similar to the "Other" option on the first page, sub-divisions to options outside the three main publishers were not implemented, as they are simply out of scope of this paper's main questions. However, the existence of the "Other" option in this question is more important to the results than in the previous question with an "Other" option, since it could very much be the case that one switches from a console to a PC, which can be analyzed later. A hypothetical example would be discovering that gamers owning one console could be more likely to switch to "Other" than to one of their competitors. This is followed by a question asking whether the respondent has ever switched consoles. Should they give a positive answer, they are presented with another selection, this time about

the console they were previously using, with the same possible answers as the one about the current console.

These basic questions about fundamental information are followed by two ranking questions where the answer items are arranged according to the respondents' preferences. The first one takes a more general approach, being "What do you value most about video games?". The answers to be ranked are "Gameplay", "Graphics", "Technical innovations or gimmicks", "The community surrounding gamer culture", "Multimedia functionality", "Downloadable content" and "Storytelling". These particular options were carefully chosen, so that more cognitive, fact-based answers relating to technology are represented alongside emotional or social factors like community or preferring a certain style of storytelling. The second question in this style is "What do you value most about your video game company of choice?". Here, things are specifically related to the one company whose console the respondent currently uses or uses most if they use multiple ones. Accordingly, the answers to be ranked are all meant to be contrasted or compared with what the competitors have to offer. They are as follows: "Large library of games", "Exclusive games", "Good review scores", "Country of origin", "Best game optimization", "Console design", "My favorite game genres", "Guaranteed high quality", "Price", and "Backwards compatibility". These preferences are based on factors mentioned by literature analyzed in chapter 2.

The rest of the questions are almost entirely made up of Likert scales. Here, a variety of statements like "I feel a personal relationship with my company of choice." or "I perceive video game ads to be aggressive." are presented to the respondent, who can then express their preferences through a series of four-point Likert scales, with the extremes being labelled "strongly disagree" and "strongly agree". The decision was made in favor of four-point scales, as a five-point scale's center option might seem like an "easy way out" for respondents not strongly convinced, while six-point scales might go into too much detail for these questions and overwhelm certain respondents. The statements are organized in three pages with the topics being relationship, costs, and ads. Furthermore, switchers are asked why they switched and can express their agreement to the statements "I wanted to try something new." and "I was disappointed by my previous console.". Stayers, however, are asked whether they plan on switching platforms in the future. Should they respond with a yes, they are prompted to answer equivalent statements as the switchers in the question just described. Those respondents that plan to switch in the future



can be seen as “dissatisfied stayers”, building upon the categories formulated by Chiu et al. by adding one more. The survey itself was online between March 14 and April 12, 2021.

Please select your nationality.
Europe / Japan/ Other
Do you play video games?
Yes/No
Please select your gender.
Female/Male/Other
Which company’s console do you currently use?
Sony/Nintendo/Microsoft /Other/ Multiple
Have you ever switched from one console manufacturer to another?
"Switching" is defined in this paper by buying a different manufacturer's console and then only buying software for this console.
Yes/No
Which company's console did you previously use?
Sony/Nintendo/Microsoft /Other/ Multiple
What do you value most about video games?
Please rank your answers. (1 is the most important, 7 is the least important)
Gameplay/ Graphics/ Technical innovations or gimmicks/ The community surrounding gamer culture/ Multimedia functionality/ Downloadable content/ Storytelling
What do you value most about your video game company of choice?
Large library of games/ Exclusive games/ Good review scores/ Country of origin/

Best game optimization/ Console design/ My favorite game genres/ Guaranteed high quality/ Price/ Backwards compatibility
Likert scale questions:
I feel a personal relationship with my company of choice.
My company of choice has the best technological standards in their consoles.
My friends mostly own the same console as I.
My console of choice has the best games.
I perceive video game ads to be aggressive.
I prefer ads to be entertaining rather than confrontational.
I prefer ads to be based on hard facts.
Ads are too focused on numbers.
Ads are too focused on portraying the console as the best.
Why did you switch consoles?
I wanted to try something new.
I was disappointed by my previous console.
Why do you want to switch consoles?
I want to try something new.
I am disappointed with my current console.
Question about costs
Switching costs are too high.
Do you want to switch console manufacturer in the future?
Yes/No
Please enter your age.
Text displayed in case of dropout:
Thank you for your engagement, but this survey is directed at people who play video games.

Table 2: List of questions



In order to get the most variety of answers and target the broadest selection of European and Japanese gamers, the survey was posted in various online and messenger groups from corresponding countries. While it was originally planned to target Japan through the Japanese Yahoo! Answers website known as Chiebukuro, this idea had to be discarded. Chiebukuro's terms of service proved difficult in a twofold way: First of all, the website only permits simple questions that have a definite answer to be asked. Specifically, a rule prohibits "Posts that are not posts of questions and answers, or posts that do not make sense even if they are" (Yahoo 2021). Secondly, "solicitation" is also prohibited, with the example used being "requesting responses to other Yahoo! Answers" (Yahoo 2021). Since the request to answer the questionnaire should technically fall under both of the above categories, it was decided against using this platform. Furthermore, rule 5 states that "Disclosure of personally identifiable information (name, address, phone number, email address, etc.) is prohibited, whether it is yours or someone else's.". This makes the posting of the survey impossible, even if it were not for the other two problematic rules. Since the questionnaire was created using the SoSci survey tool, which requires the inclusion of contact details, the researcher's academic email address is inseparable from the survey and it would therefore not comply with the rule. Still, missing out on Yahoo! Answers Japan should not be too big of a problem, since the questions visible in the gaming section's front page are moving quite fast, with a new thread being created almost every minute at active times. This might not have been an ideal location to publish the survey to be seen by as many people as possible over the course of its time available anyway.

Considering this, the researcher took to Facebook, Twitter, and messaging apps and other video games-related websites to spread the survey to the relevant population. For reaching the Japanese target group, the survey was posted in the following Facebook groups, with the square brackets giving an approximate translation of the group names: ゲームについて熱く語る会 [A group to talk about games] (Facebook 2021b), ゲームをこよなく愛する人たち(ゲーム愛) [People who love games (game love)] (Facebook 2021c), アニメ、マンガ、ゲーム、オタク、腐女子、何でも語り合おうぜ！世界中版！の会 [Let's talk about anime, manga, games, otaku, fujoshi, anything! Worldwide version! Group] (Facebook 2021a). Furthermore, the researcher used his own personal contacts made during his time studying in Japan to gather more respondents, asking them to spread the survey to other acquaintances that play video games.

Apart from Facebook groups, the survey was shared on Twitter in a Japanese tweet using an account specifically created for the distribution of this survey. Since Twitter does not have a



group feature like Facebook, an obvious issue with spreading the questionnaire on Twitter is whether it will reach the actual target population. Thus, relevant hashtags were used, such as #大学院生 (graduate student), #ゲーム (games), #アンケート (survey), as well as the company names of the big three console manufacturers in their Japanese spellings.

As for the European target group of the survey, special attention was paid to reaching respondents from a variety of countries. Therefore, various Facebook, WhatsApp, and Discord groups were selected. Discord is an instant messaging platform similar to Skype and at least originally targeted towards gamers. Chat groups on Discord are known as “servers”, which can further have sub-divisions in the form of “channels”, which can be either text- or voice-based (Discord 2021). Discord servers where the survey was shared include the official servers for Japanese studies at the University of Vienna and Computer Science at TU Wien, which also provides a dedicated gaming channel. To reach more Japanese gamers, the researcher also reached out to a server called “English-Japanese Language Exchange” and its own gaming channel.

As for WhatsApp groups, the group for the University of Vienna’s Master’s program in International Business Administration was used as well as the group for the Business Consulting Society, a student association at the same university of which the author is a member. Furthermore, the survey was shared in relevant groups related to the Autonomous University of Barcelona, belonging to the student societies “Gamers UAB”, which is concerned with video games in general, and the “Ramen Club”, which deals with Japanese culture specifically.

Other European respondents were reached out to through the aforementioned Nintendo fans.de website, as well as more Facebook groups from different countries. These include the German “Die Retro Spieler” [Retro Gamers] (Facebook 2021d) and French “Passion Jeux Video” [Video Game Passion] (Facebook 2021e). However, generally it can be said that scouting for Japanese respondents mostly took place in Facebook, while Europeans were more targeted through group chats in messenger applications.

Chapter 6: Analyzing the results

Looking at the actual results of the survey, respondents from 23 of the listed countries in total answered it. Furthermore, 16 answers had the “other” option selected when it came to nationality. The total number of complete answers was 223, out of which 202 are relevant to the study, since 21 people responded that they do not play video games. The countries with the highest numbers of respondents are – in descending order – Austria with 57 answers, Spain with

43, Japan with 28, and Germany with 19. The rest of the results is split between other countries, with numbers ranging from one to five answers. They are outlined in the table (diagram) below.

Country	Number of answers	Country	Number of answers
Austria	57	Netherlands	1
Azerbaijan	1	Poland	1
Bulgaria	1	Portugal	5
Czech Republic	2	Russia	3
Denmark	1	Serbia	1
France	1	Slovakia	4
Germany	19	Spain	43
Hungary	3	Sweden	2
Ireland	1	Switzerland	2
Italy	1	Turkey	1
Japan	28	United Kingdom	5
Kosovo	1	Other	16

Table 3: Countries

The respondents also spanned a large variety of different age groups. The youngest person to answer the questionnaire was aged 14 while the oldest was 68. Due to these strongly differing values on both ends of the spectrum, it was decided to compare ages using median rather than mean values. The median age of all respondents with relevant answers is 25, while it is 29.5 for the Japanese part of this group and 24 for Europeans. This age discrepancy might also have an effect on the findings of this study.

Furthermore, among the 28 usable answers by Japanese people, 20 are men and 8 are women. As for the 157 European respondents, 117 are men, 37 are women, 3 chose the "Other", and one person omitted answering the question. Overall, out of 202 relevant answers including the respondents from countries outside of Europe or Japan, 46 are female, 202 male, 3 selected "Other" and one omitted. Thus, the share of male responses is similar in all regions at around three quarters of the total number. It is slightly lower in Japan, where 71.4% of answers came from men, while the number is 74.5% for Europe and 75.2% overall for relevant answers.

Next, a look will be taken at the ranking of items in the questions related to what the respondents value most and if these differ between regions. Here, position 1 is the most favorable and 7 the least. To compare the answers, the mean of the responses is calculated, and a ranking order is established. Overall, “Gameplay” achieves the first rank by a large margin, followed in descending order by “Storytelling”, “Graphics”, “Technical innovations or gimmicks”, “The community surrounding gamer culture”, “Multimedia functionality”, and finally “Downloadable content”.

Region	Overall	Europe	Japan
Gameplay	1.54	1.52	1.86
Graphics	3.55	3.65	3.14
Technical innovations or gimmicks	3.76	3.84	3.25
The community surrounding gamer culture	5.29	5.25	6.00
Multimedia functionality	5.33	5.29	5.25
Downloadable content	5.99	6.01	5.64
Storytelling	2.53	2.45	2.86

Table 4: Ranking of values

Looking at Europe and Japan separately, they are not too different from the overall ranking. While there are some minor differences in the European case, like the difference between the numbers for “Graphics” and “Technical innovations or gimmicks” being smaller, the ranking order is still unchanged from the global ranking. In Japan, however, the order is slightly different. “The community surrounding gamer culture” is delegated to the last rank here, with “Downloadable content” on sixth place and “Multimedia functionality” on the fifth. This is already an unexpected result, as hypothesis 3b assumed the opposite; additional console features like multimedia capabilities being valued more by European than Japanese gamers.

Moving on, the second ranking question – relating to the respondents’ company of choice – will be analyzed in a similar manner.

Region	Overall	Europe	Japan
Large library of games	4.02	4.11	3.61
Exclusive games	5.01	5.11	4.89
Good review scores	5.43	5.42	5.50
Country of origin	8.80	8.96	7.61
Best game optimization	4.94	4.93	4.86
Console design	7.08	7.16	7.00
My favorite game genres	3.23	3.21	2.86
Guaranteed high quality	4.03	4.00	4.57
Price	5.77	5.70	6.14
Backwards compatibility	6.69	6.39	7.96

Table 5: Criteria for companies of choice

Here, the overall ranking is led by the item “My favorite game genres”, followed by “Large library of games”, “Guaranteed high quality”, “Best game optimization”, “Exclusive games”, “Good review scores”, “Price”, “Backwards compatibility”, “Console design”, and on the last place “Country of origin”.

Once again, the European answers are quite similar to the global ranking, however, “Guaranteed high quality” takes the second place here, before “Large library of games”. Otherwise, the ranks are distributed the same. As for Japan, things are once more slightly different. While the upper ranks from 1 through 7 are identical to the overall ranking, the three last ranks are not. “Console design” is one rank higher at 8, with “Country of origin”, the item that was at the end of the ranking in other regions, reached ninth place, with “Backwards compatibility” making the end of the list.

Overall, the 202 respondents to the survey who provided relevant answers consist of 76 switchers and 126 stayers. This corresponds to a share of 37.6% for switchers and 62.4% for stayers. In Europe alone, the numbers are quite similar, with switchers slightly lower at 34.8% and 65.2% stayers. Perhaps surprisingly, Japan actually had a bigger share of switchers at 42.9%, while only 57.1% of Japanese respondents were stayers. Once again, this goes contrary to an assumption in one of this paper's hypotheses, namely hypothesis 1, which expected Japanese gamers to switch their platforms less frequently than Europeans.

However, looking at the choice of manufacturers reveals some interesting additional information. Globally, 84 out of 202 respondents stated that they use consoles by multiple manufacturers. The most popular single company was Nintendo, with 53 people selecting them in their answer. This is followed by Sony, mentioned in 28 answers, and Microsoft with 21. The "Other" option was overall selected by 16 people.

Out of all Japanese respondents, only one claimed to currently use a Microsoft console, and this one had not even switched before. So, perhaps, the issue of Microsoft's failure to establish their Xbox line of consoles in Japan has less to do with platform switching, after all, and more specifically with Microsoft as a company. In Japan, the most used console manufacturer among the respondents is Nintendo, with 12 people listing it as the company whose console they currently use. The second most popular answer was actually "Multiple", with 9 respondents choosing it. Surprisingly, only three people chose Sony despite it being a Japanese company, although that could also mean that many Sony users simply additionally own another console and thus selected "Multiple". Furthermore, two respondents answered with "Other". In Europe, "Multiple" was in fact the answer chosen most often, with 68 out of 158 European respondents selecting it. Nintendo came in second with 38 people choosing it, followed by Sony at 22 answers and Microsoft at 16. 14 respondents selected the "Other" option.

Out of the 76 overall switchers, Sony consoles were the most popular choice to switch to, with 14 respondents choosing them. Nintendo came second with 13 answers, followed by 9 people switching to Microsoft. Only three people selected "Other", with "multiple" once again being the most popular option at 37. Looking at the regions, Europe had 12 answers for Sony, 10 choosing Nintendo, 9 people switching to Microsoft, two to "Other", and 31 to "Multiple". Meanwhile, 2 Japanese people chose Sony, followed by 3 choosing Nintendo, one for "Other", and 6 for "Multiple". No Japanese claimed to have switched to a Microsoft console.

Overall, the most switched-from consoles are the ones manufactured by Sony, with 28 respondents listing them as their previous but not currently used console. Out of these, 20 were European and 8 Japanese. 12 people switched from Nintendo consoles, including 8 Europeans and 2 Japanese. 10 of the 12 people who switched from Microsoft consoles were European, as were both respondents who had previously used “Other” platforms. No Japanese people switched from either of these options. Finally, 22 people previously used multiple consoles, 15 of which were European and 4 Japanese.

Up next, the Likert-scale-based questions are to be analyzed. Here, special attention has to be paid to the numbers involved, as the number 4 corresponds to the highest level of agreement to the statement presented (“Strongly agree”), while 1 refers to the lowest (“Strongly disagree”). This stands in contrast to the ranking questions previously discussed, where a smaller number indicated a higher rank. Also, unlike the ranking questions, the results of the Likert scale questions are not an actual ranking per se, as giving the maximum points to one statement does not impact one’s ability to allocate scores just as high to the other items. This is not possible in the ranking questions, where only one item can have the highest rank and thus the best score, one the lowest and the other ones in between. Still, for better understanding, the Likert scales’ results will be presented in the style of a ranking, pointing out the statement most agreed with.

In the overall ranking of the first batch of questions using Likert scales, “My console of choice has the best games.” is the statement most agreed with. Next in line is “My friends mostly own the same console as I.”, closely followed by “My company of choice has the best technological standards in their consoles.”, and, with a slightly larger gap in between, “I feel a personal relationship with my company of choice.”.

Table 6: Relationship values

Region	Overall	Europe	Japan
I feel a personal relationship with my company of choice.	2.10	2.08	2.36
My company of choice has the best technological standards in their consoles.	2.82	2.72	3.25
My friends mostly own the same console as I.	2.92	2.89	2.82
My console of choice has the best games.	3.04	3.06	2.96

Here, Europe's ranking directly corresponds to the global ranking, with only minor differences in the specific numbers, and consistency in the ranking order. Japanese respondents, however, agreed the most with the statement about technological standards, delegating the statement about having the best games that was favored in the European and overall responses to the second place. Friends as a factor were ranked third, with feeling a personal relationship with the company on the fourth and last place, like in the other rankings.

Region	Overall	Europe	Japan
I perceive video game ads to be aggressive.	2.18	2.22	1.79
I prefer ads to be entertaining rather than confrontational.	3.30	3.27	3.46
I prefer ads to be based on hard facts.	2.98	2.84	3.68
Ads are too focused on numbers.	2.49	2.46	2.61
Ads are too focused on portraying the console as the best.	2.85	2.82	3.00

Table 7: Thoughts about ads

Looking at the overall answers, the statement most agreed with was "I prefer ads to be entertaining rather than confrontational." followed by "I prefer ads to be based on hard facts.". Moving on, "Ads are too focused on portraying the console as the best." is the third most agreed-with statement, before "I perceive video game ads to be aggressive.".

The European respondents' ranking puts the agreement to the listed statement in the same order as the overall one. For Japan, the first and second ranks are switched compared to the global and European responses. This is once again surprising, considering the source by Akiyama discussed in the theory part of this paper. While his paper talks about the soft-sell approach and how widespread it is in Japan (Akiyama 1993, 91), the responses to this survey paint a different picture. Not only is the statement about preferring hard facts the top preference among Japanese people, it is also the item of which the score is closest to the maximum points of 4 in the entire series of questions.

Examining the thoughts on switching costs, overall average responses as well as the specific ones for Europe and Japan were all below but close to a score of 3 points out of 4. Namely, the results are 2.89 for all answers, 2.91 for Japan, and 2.85 for Europe, leaning towards agreement. This Likert scale question was the only one to include an "I don't know" option, as it was

considered that respondents who have not switched console themselves might not have looked much into the topic of switching costs.

Finally, a look will be taken at the question of satisfied versus dissatisfied switchers, as well as the reasons for switching. Of the items exclusively presented to switchers, the statement “I wanted to try something new.” garnered the most agreement, especially among Japanese people. The average level of agreement for Japan is 3.67, very close to the maximum number of 4, compared to 2.91 for Europe and 2.95 in the overall results. Not so many people, however, agreed with the sentence “I was disappointed by my previous console.”. Respondents in all three ranking groups expressed agreement below the average of 2.5, with 2.01 for the global average, 2.05 for Europe, and just 1.33 for Japan.

Looking at the 126 stayers out of the 202 analyzed answers, the vast majority of them are satisfied stayers. Only 12, or 9.5% of stayers, indicated that they wanted to switch their console of choice in the future. Out of the two statements exclusively presented to them, “I want to try something new.” enjoyed a great deal of agreement, with the average score being 3.00 globally, 3.17 in Europe, and slightly lower at 2.75 in Japan. Once more, the sentence relating to disappointment did not attract such agreement, scoring even lower than the past tense version of this statement directed at switchers, with 1.58 overall, 1.75 for European, and 1.25 for Japanese respondents. Thus, the dynamic between wanting to try a new thing and disappointment were similar between people who actually already made decisions based on these factors, and people who are planning to in the future.

Chapter 7: Testing the hypotheses

7.1 Testing hypothesis 1

First doubt to the validity of the hypothesis “European gamers are more likely to switch their platform of choice than Japanese gamers.” arose in realizing that the answers from Japan actually had a larger share of switchers than the European ones while looking at the results of the question on switching in the previous section. To formally reject or approve the hypothesis, however, a chi-squared test was to be made. Employing the free data analysis software R, complete with the integrated development environment RStudio, the values that Japanese and European respondents provided to the question labelled “I101” in the data set, which is “Have you ever switched from one console manufacturer to another?” are compared to the country

value. To do so, the data set was separated into “gamer_simple” in R, with all numbers for European countries being simplified into one value using Microsoft Excel. The results are as follows:

Region	Switchers	Stayers
Europe	55 34.81%	103 65.19%
Japan	12 42.86%	16 57.14%

Table 8: Cross table for hypothesis 1

```
> chisq.test(gamer_simple$I108, gamer_simple$I101, correct = FALSE)
```

Pearson's Chi-squared test

data: gamer_simple\$I108 and gamer_simple\$I101
X-squared = 0.66831, df = 1, p-value = 0.4136

The p-value lies above the α value of 0.05 that was aimed for. Therefore, hypothesis 1 is to be rejected and H0, “European gamers are not more likely to switch their platform of choice than Japanese gamers.”, will be kept.

7.2 Testing hypothesis 2

To test this hypothesis, “There is a positive correlation between marketing perceived as aggressive and platform switching.”, the data set was first split into two, one for switchers and one for stayers, simply known as “switchers” and “stayers” within the R system. Then, their values for the question labelled “I113_01”, “I perceive video game ads to be aggressive.” were compared using the t test. In other words, the hypothesis states that the mean of the switchers should be higher than for the stayers.

This requires comparison with the table of t value distributions. After checking for the correct number of degrees of freedom, one can see that the t value lies below the critical value. Furthermore, the p value of 0.4377 lies far above the α value of 0.05.

	P						
one-tail	0.1	0.05	0.025	0.01	0.005	0.001	0.0005
two-tails	0.2	0.1	0.05	0.02	0.01	0.002	0.001
DF							
1	3.078	6.314	12.706	31.821	63.656	318.289	636.578
2	1.886	2.92	4.303	6.965	9.925	22.328	31.6
3	1.638	2.353	3.182	4.541	5.841	10.214	12.924
4	1.533	2.132	2.776	3.747	4.604	7.173	8.61
5	1.476	2.015	2.571	3.365	4.032	5.894	6.869
6	1.44	1.943	2.447	3.143	3.707	5.208	5.959
7	1.415	1.895	2.365	2.998	3.499	4.785	5.408
8	1.397	1.86	2.306	2.896	3.355	4.501	5.041
9	1.383	1.833	2.262	2.821	3.25	4.297	4.781
10	1.372	1.812	2.228	2.764	3.169	4.144	4.587
11	1.363	1.796	2.201	2.718	3.106	4.025	4.437
12	1.356	1.782	2.179	2.681	3.055	3.93	4.318
13	1.35	1.771	2.16	2.65	3.012	3.852	4.221
14	1.345	1.761	2.145	2.624	2.977	3.787	4.14
15	1.341	1.753	2.131	2.602	2.947	3.733	4.073
16	1.337	1.746	2.12	2.583	2.921	3.686	4.015
17	1.333	1.74	2.11	2.567	2.898	3.646	3.965
18	1.33	1.734	2.101	2.552	2.878	3.61	3.922
19	1.328	1.729	2.093	2.539	2.861	3.579	3.883
20	1.325	1.725	2.086	2.528	2.845	3.552	3.85
21	1.323	1.721	2.08	2.518	2.831	3.527	3.819
22	1.321	1.717	2.074	2.508	2.819	3.505	3.792
23	1.319	1.714	2.069	2.5	2.807	3.485	3.768
24	1.318	1.711	2.064	2.492	2.797	3.467	3.745
25	1.316	1.708	2.06	2.485	2.787	3.45	3.725
26	1.315	1.706	2.056	2.479	2.779	3.435	3.707
27	1.314	1.703	2.052	2.473	2.771	3.421	3.689
28	1.313	1.701	2.048	2.467	2.763	3.408	3.674
29	1.311	1.699	2.045	2.462	2.756	3.396	3.66
30	1.31	1.697	2.042	2.457	2.75	3.385	3.646
60	1.296	1.671	2	2.39	2.66	3.232	3.46
120	1.289	1.658	1.98	2.358	2.617	3.16	3.373
1000	1.282	1.646	1.962	2.33	2.581	3.098	3.3
Inf	1.282	1.645	1.96	2.326	2.576	3.091	3.291

Image 1: t-Distribution Table (Statology 2020)

```
> t.test(stayers$I113_01, switchers$I113_01, alternative = "less")
```

Welch Two Sample t-test

```
data: stayers$I113_01 and switchers$I113_01
t = -1.222, df = 140.85, p-value = 0.1119
alternative hypothesis: true difference in means is less than 0
95 percent confidence interval:
 -Inf 0.06330569
sample estimates:
mean of x mean of y
 2.111111  2.289474
```

Looking at the results and comparing them to the appropriate critical value on the table corresponding to the degrees of freedom, this hypothesis also has to be rejected. The t value is actually closer to the critical target value this time, but the p value is still too high to account for. Therefore, H0 "There is no positive correlation between marketing perceived as aggressive and platform switching." will be kept.

7.3 Testing hypothesis 3a

For the hypothesis “Japanese gamers value gameplay more than European gamers.”, the data subsets `jp_data` and `eu_data` are used again, as in the test for the first hypothesis. This time, the ranking item “I105_01”, corresponding the score for the answer “Gameplay” is compared.

As opposed to the previous hypothesis where the question used a Likert scale and a greater number corresponded to more agreement, this and the following hypothesis are founded on ranking questions. Therefore, the mean for the Japanese sample should be smaller than the European one if they value gameplay more, and `alternative = "less"` is used accordingly.

```
> t.test(jp_data$I105_01, eu_data$I105_01, alternative = "less")

welch Two Sample t-test

data:  jp_data$I105_01 and eu_data$I105_01
t = 1.4943, df = 36.059, p-value = 0.9281
alternative hypothesis: true difference in means is less than 0
95 percent confidence interval:
 -Inf 0.7201933
sample estimates:
mean of x mean of y
 1.857143  1.518987
```

Once again, the hypothesis is rejected due to a t value too low and a p value too high. The H_0 “Japanese gamers do not value gameplay more than European gamers.” is kept.

7.4 Testing hypothesis 3b

The results to the ranking of the answers to the ranking question about values already appeared to be contrary to hypothesis 3b, as Japanese respondents actually ranked “Multimedia functionality” higher than their European counterparts. Now, to test the hypothesis “European gamers value additional console features more than Japanese gamers.”, a t test is made comparing these values, saved in the data set as “I105_05”. Since the hypothesis is tested for a smaller value or higher ranking for the European answers and the Japanese data is the first argument, `alternative = "greater"` is used.

```
> t.test(jp_data$I105_05, eu_data$I105_05, alternative = "greater")

welch Two Sample t-test

data:  jp_data$I105_05 and eu_data$I105_05
t = -0.16186, df = 41.378, p-value = 0.5639
alternative hypothesis: true difference in means is greater than 0
95 percent confidence interval:
 -0.4687805      Inf
sample estimates:
mean of x mean of y
 5.250000  5.291139
```

The results show that this final hypothesis must also be rejected, with an insufficiently high t value and a p value beyond α . Therefore, the H_0 is also kept in this case.

Chapter 9: Conclusion

One obvious limitation of this study is the discrepancy in sample size between the Japanese and European answers. To counteract the possibility of the different numbers of responses influencing the outcome of the t tests, the researcher made t tests using the responses from Japan and ones from individual European countries in two different scenarios, namely Germany and Spain. These were chosen as their number of people responding was the closest to the Japanese number, with Spain counting 43, Japan 28, and Germany 19 respondents. However, even with these “secondary” t test not relevant to the objectives of this paper and used more as a tool of quality control, the hypotheses could not be confirmed.

Even though all of the proposed hypotheses were rejected, this does not mean that the research displayed in this paper is irrelevant. The data brought forth by the individual answers to the questions, also the ones not considered in the testing of the hypotheses, provides important information, especially when looked at in conjunction with the literature sources analyzed in chapter 2. Coming back to the article “A Study of Japanese TV Commercials from Socio-cultural Perspectives: Special Attributes of Nonverbal Features and Their Effects” by Koji Akiyama, for example, it is mentioned how the soft-sell approach is the one most commonly used in Japanese advertising (Akiyama 1993, 91). However, Japanese respondents to this thesis’ survey stated that they prefer ads to be based on hard facts. This could pave the way for a whole new study about how advertising in Japan is perceived by Japanese people, what they like or dislike about it, and how they would actually respond to ads if they were more confrontational and facts-based as they tend to be in Western countries. Overall, the most popular values concerning games in general were “Gameplay”, “Storytelling”, and “Graphics”. As for the aspects of the company of choice, the top three were “My favorite game genres”, “Large library of games” and “Guaranteed high quality”. Therefore, video game companies can be recommended to strengthen their image in these regards.

Furthermore, the insights that Japanese gamers switch their consoles just as much, if not more often, than Europeans, as well as them ranking multimedia functionality higher than Europeans, could imply more interesting points for further research, especially on the situation of

Microsoft's Xbox brand in Japan. Furthermore, apart from Microsoft consoles in Japan, the numbers of consoles switched to were not dissimilar from each other. The question of preferring to switch to a PC as opposed to a competing company's console can also be discarded, as only three people in total switched to "Other".

Xbox' position on the Japanese market was one of the main reasonings behind the creation of this paper's hypotheses, as a reluctance to switch and disregard for multimedia features could both be reasons not to buy an Xbox console, as they entered the market late and pride themselves on exactly these features. This, combined with the fact that the item "Country of origin" in the ranking question about factors one likes about their company of choice was ranked only slightly higher by Japanese than European respondents, raises more questions about what exactly not just Microsoft, but the Xbox brand in particular did wrong in Japan. Microsoft's Windows operating system, for example, is not exactly unpopular in Japan, yet Xbox still fails to get a hold of the market. Further consideration of this, however, falls beyond the scope of this master's thesis.



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Appendix

Questionnaire in Japanese

国籍を選択してください。
Europe / 日本/ Other
テレビゲームをしますか？
はい/いいえ
性別を選択してください。
女/男/その他
現在、どの会社のゲーム機を使用していますか？
ソニー/任天堂/マイクロソフト/その他/ 複数
あるゲーム機の会社から別の会社に切り替えたことはありますか？
はい/いいえ
以前はどのゲーム機を使用しましたか？
ソニー/任天堂/マイクロソフト/その他/ 複数
ゲームのどこに一番重点を置いていますか？



答えをランクしてください。(1は最も重要、7は重要でない)

ゲームプレイ/

グラフィック/

技術革新またはギミック（巧妙な仕掛け）/

ゲーマー文化のコミュニティ/

マルチメディア機能/

ダウンロードコンテンツ/

ストーリー性

選んだゲーム会社の一番好きな側面は何ですか？

答えをランクしてください。(1は最も重要、10は重要でない)

この論文では、会社のゲーム機で大抵のゲームソフトを購入するで選んだゲーム会社と定める。

多いゲームがあります/

独占的なゲーム/

良いゲームレビュー得点/

生産国/

最上のゲーム最適化/

ゲーム機のデザイン/

私の好きなゲームのジャンル/

高品質を保証/

価格/

後方互換性



Likert scale questions:
選んだゲーム会社と、個人的な関係を感じます。
私の選んだゲーム会社が最上の技術の水準を持ちます。
ほとんど友達とは私と同じゲーム機を所有しています。
私の選んだゲーム機が最上のゲームを持ちます。
ゲームの広告は攻撃的だと思います。
攻撃的な広告よりむしろ面白い広告を好みます。
事実に基づく広告を好みます。
広告はあまりにも数に集中している。
広告は、ゲーム機を最高のものとして描写することに集中している。
どうしてゲーム機を切り替えりましたか？
新しいことを試したかったです。
私の以前のゲーム機に落胆した。
どうしてゲーム機を切り替えたいか？
新しいことを試したい。
私の現在のゲーム機に落胆します。
Question about costs
切り替えコストが高すぎる。
将来において、ゲーム機の会社を切り替えたいか？
はい/いいえ
年齢を入力してください。
Text displayed in case of dropout:
どうもありがとうございました。このアンケートはゲームをする人に向けられる。

R Code

```
library(xlsx)
alldata <- read_excel("D:\\Dokumente\\Uni\\Master\\Masterarbeit\\data_platforms21.xlsx")
read.csv(alldata)
library(readxl)
readxl::read_excel(alldata)
library(dplyr)
gamer_data<-alldata%>%filter(I104!=2)
gamer_jp_eu<-gamer_data%>%filter(I108!=51)
jp_data<-gamer_jp_eu%>%filter(I108==24)
eu_data<-gamer_jp_eu%>%filter(I108!=24)
##H1
simplifiedata <- read_excel("D:\\Dokumente\\Uni\\Master\\Masterarbeit\\data_platforms21_simple.xlsx")
gamer_simple<-simplifiedata%>%filter(I104!=2)
kreuztabelle<-xtabs(~gamer_simple$I108 + gamer_simple$I101)
chisq.test(gamer_simple$I108, gamer_simple$I101, correct = FALSE)
##H2
t.test(stayers$I113_01, switchers$I113_01, alternative = "less")
##H3a
t.test(jp_data$I105_01, eu_data$I105_01, alternative = "less")
##H3b
t.test(jp_data$I105_05, eu_data$I105_05, alternative = "greater")
##Quality control
es_data<-gamer_jp_eu%>%filter(I108!=44)
de_data<-gamer_jp_eu%>%filter(I108!=18)
t.test(jp_data$I105_01, de_data$I105_01, alternative = "less")
t.test(jp_data$I105_01, es_data$I105_01, alternative = "less")
t.test(jp_data$I105_05, de_data$I105_05, alternative = "greater")
t.test(jp_data$I105_05, es_data$I105_05, alternative = "greater")
```

Abstract

This Marketing master's thesis deals with consumers' preferences regarding the video game industry and its three major players Microsoft, Nintendo, and Sony, as well as differences in these preferences across cultures. Namely, Europe, represented through various countries, and Japan are compared. The thesis aims to explore the most important factors in switching one's platform, meaning to buy and use a console of another company instead of the previously owned one. To achieve this, it builds upon theories from customer relationship management (CRM) and customer experience management (CXM), as well as cultural frameworks developed by the likes of Hofstede and Hall. As for the empirical part, a bilingual questionnaire in English and Japanese was developed to connect with European and Japanese target populations. The resulting findings are then used to test hypotheses founded on theory from the first part of the paper.



Abstract in German

Diese Marketing-Masterarbeit beschäftigt sich mit den Vorlieben von Konsumenten bezüglich der Videospielindustrie und ihrer drei Hauptakteure Microsoft, Nintendo und Sony sowie den Unterschieden in diesen Faktoren in verschiedenen Kulturen. Europa und Japan werden hier im Speziellen verglichen. Die Arbeit zielt darauf ab, die wichtigsten Faktoren beim Plattformwechsel zu erforschen. Plattformwechsel bezeichnet eine Konsole einer anderen Firma zu kaufen und diese anstatt einer bereits besessenen zu benutzen. Um dies zu erreichen, wird auf Theorien aus Customer-Relationship-Management (CRM) und Customer-Experience-Management (CXM) aufgebaut, sowie auf kulturelle Frameworks von Autoren wie Hofstede und Hall. Für den empirischen Teil wurde eine bilinguale englisch-japanische Online-Umfrage erstellt, um mit den europäischen und japanischen Zielpopulationen Kontakt aufzunehmen. Die daraus folgenden Erkenntnisse werden dann verwendet um Hypothesen, die sich auf die Theorie aus dem ersten Teil der Arbeit beziehen, zu testen.