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Strategic implications of brand advocacy on consumer purchase decisions in the video game market

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Abstract

The digital revolution has led to a change in consumer purchasing behaviour, highlighting the importance of the advocate phase, not only for brand reputation, but also for other consumers, who are in the early phases of consider-evaluate. This study explores the extant literature and applies it to the video games market, aiming to investigate, through future research and a survey, how does brand advocacy influence consumers purchase decisions and reduce risk perception, increasing brand trust and reputation in the gaming market.

Key words: advocacy, trust, reputation, video games

Introduction and objectives

The Internet has revolutionized the way consumers interact with brands (Edelman D. C., 2010). With the emergence of social media, consumers are able to exchange a multitude of information with great speed and influenced by other consumers with their opinions. (Kim L., Chandler J. D., 2018). The customer's defense is defined as the positive attitude of consumers towards a brand and its products or services and their willingness to recommend them, through the various channels, after buying and buying them (Urban G. L., 2005). This study achieved the objective of analyzing existing literature and applying it to the video game market, investigating, through a future questionnaire, the relationship between brand promotion and consumer behavior. The question arises as to the extent to which the defense of the brand influences the purchasing decisions of consumers and reduces the perceived risk, increasing trust in the brand and improving its reputation in the video game market.

The video game industry

In 2018 the video game market recorded a global turnover of \$ 138.5 billion and revenues of \$ 148.8 billion in 2019 (+ 7.2% compared to 2018) and \$ 189 billion by 2022 are estimated, with the great dominance of the mobile markets and consoles, which represent 80% of the revenue. China maintains the largest market record, with estimated takings of \$ 36.540 billion, followed by the United States (\$ 35.510 billion), Japan (\$ 18.683 billion), France (seventh place with \$ 3.875 billion), Spain (ninth with \$ 2,583 billion) and Italy (in tenth place with \$ 2,547 billion). New technologies have allowed the development of new ways of using video games and the emergence of new market trends: first of all cloud gaming and streaming, followed by social gaming (Newzoo, 2019). Video games are sophisticated products, in that they combine advanced software technology with quality and interactive content (Tschang T., 2007). Their peculiar characteristics make them probably the products with the most intense experience among all entertainment products (first of all the high emotional involvement and the content-based experience); they can be associated with films, but differ in some aspects: interactivity and flexibility are reflected in the consumer experience, which has a longer duration and a different ending every time, it requires more and

more skills in order to complete the video game, which are represented by learning slopes of variable slope (Alpert F., 2007 and Tschang T., 2005).

The video game industry consists of two components: the perfectly competitive software (games) market with many competing companies; and the hardware market (physical support, such as consoles, PCs, online platforms, mobile phones), a typical oligopoly with three major competing companies: Nintendo, Sony and Microsoft (Tan S., Mingzhi L., 2008). The main console manufacturers do not generate profits from the sale of the hardware, but from the licenses paid by the software developers; consequently the battle revolves around obtaining the largest consumer base in the three main markets: Asia, the United States and Europe. A large consumer base ensures software sales, which encourages developers to create new games for a specific platform, in accordance with previous literature, which has identified software prices and availability as the two key drivers of console sales (Coughlan PJ, 2001): 90% of revenue in the sector is generated by 10% of the main stocks (Egenfeldt-Nielsen et. Al, 2009).

The evolution of consumer purchasing behavior

The new implications of the digital economy are reflected in consumer purchasing behavior. For years, the funnel metaphor has been used, assuming that consumers began the buying process, having in mind a large number of potential brands, and narrowed them down to a single final choice. After the purchase, their relationship with the brand generally focused on the use of the product or service itself. But the funnel metaphor does not capture the changing nature of consumer engagement (Edelman, 2010).

New research shows that consumers, instead of systematically restricting their choices, add and subtract potential brands from a base group taken into consideration during the more extensive evaluation phase, in a much more iterative path, consisting of four phases and defined as "consumer decision journey": consider, evaluate, purchase, advocate (Court D. et al, 2009). In the first phase, the consumer considers an initial set of brands, based on brand perception, exposure to recent touchpoints and searches for information online and offline (consider); subsequently evaluates opinions and interactions with users in the selection of products to buy (evaluate) and proceeds with the purchase after having definitively selected what they want (purchase), in an integrated and synergistic perspective. If the customer experience is positive, it generates a word of mouth that feeds the brand reputation (advocate). (Pellicelli A.C., 2008). In this post-sale phase, the consumer interacts with the product and the interaction that will be established with the brand and the possibility that the consumer becomes a spokesperson for the brand, recommending and recommending it, will depend on this interaction (Court D. et al, 2009). An evolutionary model of the customer decision journey suggests how companies that optimize the customer's decision-making process can compress or, in some cases, eliminate the phases of consideration and evaluation, directing the consumer directly to the loyalty phase (exhibit). The path itself becomes the main source of competitive advantage. (Edelman D.C., Singer M., 2015).

By acting on the advocate phase, the link between the consumer and the brand becomes stronger and stronger, and the consumer, satisfied and in tune with the brand, will skip the first stages of the customer journey, reducing them to a purchase-advocate, i.e. a circle will be activated virtuous in which there will be repeated purchases without the need to consider-evaluate, and this is the ultimate goal to which brands aspire. It can be seen that customer advocacy has a strategic value and brand advocates are a great resource for marketing: they are consumers who by selecting a single brand, among all those taken into consideration, are willing to pay the maximum of their expenditure and in an informal way, that is, without any form of compensation, they tell others how positive their relationship with the brand is and when value and benefit derive from it. It is not simply linked to sales, but to the emotional and emotional relationship that is established between

the brand and its consumers (Lowenstein, 2011). In the video game market, in relation to the extension of the advocate phase, reference is made to the figure of the fanboy: he is a player who will defend his choice (in terms of brands, consoles, software) blindly during online chats or discussions, without looking at alternatives and taking criticism into consideration (Mathews CC, Wearn N., 2016).

Virtual communities and network effects

Access to a multitude of information about companies and their products, through different sources (search engines, comparison sites, online reviews), allows you to find more easily what consumers are looking for and at the best price (Urban GL, 2005). The growing consumer power, especially online, is supported by the growth of virtual consumer thematic communities (Lawer C., Knox S., 2006). The emergence of virtual communities, which act as a meeting point between people or organizations that have common interests, has facilitated contact between users, promoting an exchange of information regarding the characteristics of the products, conditions, reviews, and responding to social communication needs, amplifying and accelerating word of mouth (Pellicelli AC, 2008).

One of the main characteristics of video game companies, highlighted in the literature, is the fact that they tend to delegate a significant part of their skills to different communities (Schulz C., Wagner S., 2008 and Haefliger S., et al., 2010). These can be divided into two main categories: the first is that of creators and developers, the second is that of users, classified as testers, players or developers; both have a fundamental importance in the development of video games, which, as a cultural product, are a mix of technology and interactive storytelling, where the relationship with users is a key factor of success (Cohendet P., Simon L., 2007 and Burger-Helmchen T., Cohendet P., 2011).

In particular in user communities, it is possible to create corporate value by improving customer loyalty: thanks to interpersonal interaction, there is a greater probability that other users participate (especially in online games), in fact the more users participate, the more customer experiences are shared and therefore more users will be attracted ("dynamic loop") (Hagel J., Armstrong A., 1997 and Hsu C.-L., Lu H.-P., 2004). It can be seen that the factor of social influence has a profound impact on user behavior: it is distinguished in social norms and critical mass. In particular, the perceived critical mass is a direct effect of network externalities and in turn influences the adoption of a specific technology (Hsu C.-L., Lu H.-P., 2004). In the video game market, the effects of the network, both indirect and direct, assume fundamental importance. With reference to the former, several academic studies point out that this market is two-sided, in which the sales of game platforms (hardware) are linked to the sales of games (software): a hardware manufacturer, such as Sony profits from both the sale of consoles to consumers (market 1) and the sale of licenses to game producers (market 2); a platform with many consumers is more attractive to producers and vice versa (Marchand A., Henning-Thurau T., 2013). The direct effects of the network emerge especially with reference to online video games, where the benefit that an individual derives from using a game depends not only on the characteristics of the game itself, but also on the number of users who have subscribed and therefore can play. These network externalities acquire value when the size of the installed platform can positively influence the rating of the individual user and therefore create a large community of players (Liu Y. et al., 2015).

Brand advocacy and perceived risk in the video game market

In a complex scenario, where the multichannel retail model evolves into the omnichannel retail model, consumer trust in the brand is no longer an added value, but a necessary requirement (Rigby D., 2011). It is widely recognized that satisfied consumers are less price sensitive, less influenced

by competitors and longer loyal to the brand than dissatisfied customers, and actively participate in brand advocacy (Dimitriadis Z. S., 2006). Advocacy can occur mainly in two ways: socially, through the recommendation of the brand to others and the defense of the brand itself when it is attacked, and physically, through the purchase and use of merchandising products with the logo clearly visible, the collection of memorabilia, clothing, up to tattoos (Katz DR, 1994).

The digital and social media revolution has strengthened the importance of customer engagement behavior, as consumers can become both active co-producers of value and destroyers of value for businesses (Leeftang Peter S.H. et al, 2014). Often users take part in the product development process, right through communities: the players defined as hardcore (Prugsamatz S. et al. 2010), as they invest a lot of time and effort in a specific game so they are experienced players, they are often invited to review and comment, including through suggestions for changes, current and future games (Zackariasson P., Wilson T., 2014). In the digital age, brand advocates (which are the daily customers considered by others to be more reliable, unlike influencers who already have a consolidated online presence), use various tools such as posts and comments on social media, discussions and exchange of opinions both on social media and in virtual communities, word of mouth through reviews and recommendations on websites.

The strategy behind customer advocacy is simple: by assisting consumers in finding and identifying the optimal solution in a given market, it will be easier for a company to gain long-term trust, purchases and loyalty (Urban GL, 2004). When consumers are satisfied with a purchase and generate a positive advocacy they influence the consider-evaluate phases of other consumers, providing pre-purchase information and opinions, reducing their research costs and strengthening the brand's power: in many product categories, the most powerful impulse that pushes you to buy is someone else's advocacy (Edelman DC, 2010). Furthermore, it has been shown that the various sources of information - in particular the brand, word of mouth, personalized information - act as a guide, reduce the perceived risk and facilitate consumer choice (Krinshnamurthy S., 2001).

It is also widely demonstrated how potential consumers turn to others to acquire knowledge and information about a brand or a product / service, in order to make informed choices in order to reduce the perceived risk (Lawer C., Knox S., 2006).

This study aims to carry out an empirical investigation regarding the effects of brand advocacy on consumer purchasing decisions in the video game market, investigating how it reduces the perceived risk, increasing trust in the brand and improving its reputation. In support of these hypotheses, a questionnaire will be administered in the future and it will be possible to reach the appropriate conclusions.

The concept of risk perceived by consumers is defined in terms of perception of the uncertainty and negative consequences associated with the purchase of a product or service (Ha H. Y., 2002). The risk perceived by consumers related to the purchasing process can also be alleviated by the trust placed in the brand which goes beyond expectations regarding the characteristics or performance of the product and also includes emotional evaluations: brand integrity, honesty, benevolence, including expectations that the brand will act in the interest of consumers (Becerra EP, Korgaonkar PK, 2011). It influences consumer attitudes and brand behavior, including purchases, loyalty, value perception, brand commitment and brand referrals (Chaudhuri A., Holbrook M., 2001).

One component of the risk that has acquired more and more value, as a result of the digital revolution and the birth of social media, is the reputation of the brand: instantaneous global communications between users make it more difficult for companies to control the way they are perceived on the market. Brand reputation is defined as a collective representation of a brand's past actions and results, which describes its ability to provide valuable outcomes to multiple stakeholders, therefore it offers a much more representative indication of a brand's performance (Harris F., De Chernatony L., 2001).

An examination of the main peculiarities of videogames may reveal any connections in the future regarding the influence of brand advocacy on purchasing decisions.

Video games have many features in common with other forms of entertainment, such as movies and music, so a consumer can only express his opinion after playing; this experiential nature implies substantial risks for potential consumers and influences the decision-making process (Marchand A., Henning-Thurau T. 2013).

So it is necessary to investigate how positive brand advocacy, through recommendations from those who have experienced it personally, can influence purchasing decisions favorably. Since the games are characterized by a great variety in terms of content across multiple dimensions, the players evaluate not only the high quality of them, but also other drivers such as the graphics, the storyline, the response time, the degree of difficulty (Engelstatter B., Ward MR, 2016). It is possible to investigate the extent to which these issues can be discussed online by reducing the perceived risk and influencing purchases. Finally, the game often involves the bandwagon effect (users prefer to play and discuss the game at the same time), which with the digital economy is emphasized on social media (Engelstatter B., Ward MR, 2016 and Marchand A., Henning- Thurau T., 2013).

Methodology

This study refers to the four areas of social media identified on the basis of the characteristics of the channel: social community, social publishing, social entertainment, social commerce; that are well suited to the video game industry. In particular, the social community and social publishing will be considered. By social community we mean social media channels that have their foundations in social relations and in common interests among consumers; some examples include social networking sites, message boards, forums, wikis. The members of the video game virtual communities are technology experts, social media enthusiasts, active participants in online discussions in order to share information related to the products and their experiences, to collaborate and develop relationships with other users (Tuten TL, Solomon MR , 2015).

For social publishing, reference is made to channels that allow you to create and publish content and disseminate information with great speed: consumers are thus able to acquire product information through blogs, expert reviews, forums (Tuten TL, Solomon MR, 2015 and Prahalad CK, Ramaswamy V., 2000). They can also create and share their own reviews and opinions in the hope of influencing others (Chatterjee P., 2011). Consumers influence the decisions of other consumers and the value they derive from gambling through these recommendations; in particular in the digital economy, electronic word of mouth (eWOM) emerges, which allows the rapid and wide dissemination of information, allowing consumers, who are not familiar with the products, to be virtually introduced to them before purchasing and experimenting with them (Tuten TL , Solomon MR, 2015 and Marchand A., Henning-Thurau T. 2013).

The study will be deepened by administering a questionnaire and integrated with appropriate final considerations that support the initial hypothesis regarding the relationship between brand advocacy and consumer purchasing decisions, or how it influences the consumer decision journey and reduces risk perceived, increasing trust in the brand and improving its reputation in the video game market. These considerations may be useful to management in the development of future marketing strategies inserted within the new context of the digital economy, in which the paradigm of consumer behavior in purchasing a product or service is reduced to the purchase and advocate, in a virtuous circle that feeds itself.

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