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## **FACULTY OF BUSINESS AND MANAGEMENT**

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ÚSTAV MANAGEMENTU

# **MARKETING PLAN FOR SELECTED E-COMMERCE PROJECT**

MARKETINGOVÝ PLÁN ZVOLENÉHO E-COMMERCE PROJEKTU

## **BACHELOR'S THESIS**

BAKALÁŘSKÁ PRÁCE

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## **Marketing Plan for selected E-commerce Project**

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Theoretical Foundations  
Current Situation Analysis  
Proposals and Contribution  
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## **Abstrakt**

Predmetom tejto bakalárskej práce je návrh marketingového plánu pre získanie prvých 10 000 používateľov mojej aplikácie Avatar. Práca obsahuje 3 časti. Prvou je teoretické východisko, v ktorom sú popísané dôležité pojmy potrebných k pochopeniu problematiky. Druhou časťou je analytická časť, ktorá popisuje súčasný stav projektu a jeho pozíciu na trhu pomocou analýz. Treťou časťou je návrhová časť ktorá obsahuje špecifický marketingový plán s účelom získania daného počtu užívateľov.

## **Abstract**

The subject of this bachelor's thesis is to design the most effective marketing plan to generate the first 10 000 users for my project Avatar. Thesis consists of 3 parts. The first part is concerned with explaining the theoretical background and important terms needed for proper understanding of the topic. Second part is an analytical part which describes the current situation of project Avatar and its place in the market. Third part is the recommendation part which proposes a specific marketing plan for generating a set amount of users.

## **Kľúčové slová**

hráč - sociálna sieť - získavanie používateľov - marketingový plán - digitálny marketing

## **Keywords**

gamer - social media - user acquisition - marketing plan - digital marketing

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### **Declaration/ Čestné prehlásenie**

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I hereby declare that this bachelor thesis was made solely by me. I have properly cited and acknowledged used theoretical knowledge and information. These references can be found in the list of references. I also declare that I did not breach copyright in the sense of Act. No. 121/200 coll. on Copyright Law and Rights Related to Copyright and on the Amendment of Certain Legislative Acts.

Brno, 13 April, 2021

V Brne dňa 13 Apríla, 2021

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## **Introduction**

It has not been that long since the introduction of the Internet to the world, yet in the last decade we have seen a huge adoption of it. It is fair to say that this was one of the most significant points of evolution in human history. It has completely reshaped the world and changed the business and communication forever. It gave birth to new business models which revolve around a product or service that is accessible to anyone in the world and thus, began an era of globalization.

This has led to creation of certain new business models. Those companies are called social medias and the most notable ones are Facebook, LinkedIn, Instagram, Twitter and many others. What is so fascinating about these companies is that they were able to do something that was thought not possible before. - bring a huge amount of people together on one platform, where they can share their daily moments, opinions, pictures... The reason why this was rather counterintuitive when it came down to the fact whether it will work or not is because it is pretty common knowledge that people in ancient used to live in tribes of maximum 150 people and since our brain has not developed much since then, people were skeptical whether it is possible to maintain connections with higher amount of people. But it seems that it worked, although it is debatable to which extent.

Alongside the development of new business models, there was one industry that was heavily impacted by creation or invention of the Internet. The industry I'm talking about is the gaming industry. Although there were already some games created before the big Internet boom, it cannot be compared with the rise of online gaming, which went from almost non-existent markets to one of the fastest growing and profitable industries.

My bachelor thesis will focus on explaining why I believe online gaming and social media are connected more than many people believe, and that the current solutions for gamers to socially interact on these platforms are not the most appropriate ones. Furthermore, I will explain why there is a gap in the market when it comes to social media specifically designed for gamers and how I am planning to capture the chance with building such a social media platform.

Needless to say, it is not so easy to create something like this, which seems to be one of the most competitive and hard markets to penetrate. The main reason why is that platforms like this are only valuable as long as there are a lot of people using it, and its value increases or decreases based on the amount of new users, which leads to a chicken and egg problem.

Therefore, the outcome of this work is to create a marketing plan which would help this project establish a core user base, which is the first necessary step needed to take in this long road.

## **Goals and Methodology**

This chapter will revolve around describing and setting the main goals of the thesis, as well as mentioning the partial goals and methodology.

### **Main goal**

The main purpose of this thesis is to generate a suitable marketing plan with the goal of generating first 10 000 users for the Avatar platform.

The reason why this is so important is because of the fact that one of the main obstacles newly established startups face is to generate early traction and establish a core user base while not having the highest quality product due to the lack of resources. This situation usually ends up being a chicken and egg problem, a loop that is hard to break since both sides depend on each other.

Therefore, coming up with a well thought and effective marketing plan to create an early traction and establish a core user base of 10 000 users can create enough momentum to break out of this loop, as well as help in improving and iterating the product itself while creating possibilities for outside investments.

### **Secondary Goals**

- Determining whether the hypothesis of need for social media platform for gamers is backed up by various analysis tools
- Analysing the gaming market
- Analysing feedback from users
- Evaluating the strengths and weaknesses of the project

### **Methodology**

This bachelor thesis is divided into three parts. The first part is the theoretical part which also explains the important terms for proper understanding of the topic. Second part is the analytical part which involves analysis to understand the gaming market as well as social media trends and lastly, research about the dream customer. Third part is dedicated to the specific marketing plan.

Sources used in this project are my own experiences both as marketer and gamer, as well as online sources of articles and statistics. Since I have been an active gamer since age of 7, I believe I possess a lot of extra knowledge and unique experience which cannot be so easily found online and is one of the key pillars behind creation of this project.



# **1. Theoretical Foundations**

Theoretical background is divided between several parts such as marketing, marketing mix, online marketing, gaming industry, social media and new product development. Proper understanding of these terms is necessary to achieving the goal of this thesis.

## **1.1 Marketing**

“ Marketing is managing profitable customer relationships. The two fold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction. “ [1]

## **1.2 Marketing Management**

“ Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. Thus we see marketing management as the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.” [2]

## **1.3 Marketing Research**

Marketing Research is one of the important functions that link the marketer with the consumers, customers and general public through information. This information is used to identify and define marketing opportunities and problems such as generation, refinement, evaluation of marketing actions, monitoring of marketing performance and improving the whole understanding of marketing and processes. [3]

## **1.4 Types of Marketing**

### **1.4.1 Influencer Marketing**

Influencer marketing focuses on leveraging individuals who have influence over potential buyers and orienting marketing activities around these individuals to drive a brand message to the larger market. In influencer marketing, rather than marketing

directly to a large group of consumers, a brand inspires or compensates influencers (which can include celebrities, content creators, customer advocates, and employees) to get the word out on their behalf. [3]

### **1.4.2 Relationship Marketing**

Relationship Marketing refers to strategies and tactics which revolve around segmenting consumers to build loyalty. More specifically, this type of marketing leverages database marketing, behavioral advertising and overall analytics to target specific consumers. The main goal is to create a loyalty program, which is meant for the more satisfied and almost fanatic customers. [3]

### **1.4.3 Viral Marketing**

Viral marketing is a marketing phenomenon that facilitates and encourages people to pass along a marketing message. The name “Viral” resembles the process of passing a virus or disease from one person to another, which creates an exponential and fast growth.

Viral marketing was much harder before social media came to exist, as all it takes now for a viral marketing campaign to happen, is that the first few people will press one button on their social media accounts and therefore, share the news with all of their friends, thus starting the avalanche cycle of virality. [3]

### **1.4.4 Green Marketing**

Green marketing refers to the development and marketing of products that are presumed to be environmentally safe. This also includes describing efforts to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns.

Green marketing is more and more popular nowadays, mainly due to the fact of the situation when it comes to global warming and other environmental issues that have brought the huge advances in technology over the last hundred years. Many of the biggest companies are starting to make their products and services as environmentally friendly as possible, as it is something that is very important to humanity. [3]

### **1.4.5 Keyword Marketing**

Keyword marketing is about placing a marketing message in front of users based on the specific keywords and phrases they are using to search. The main advantage of this method against other types of marketing, is the fact that it gives the marketers the ability to reach the right people with the right message at the right time - when they are showing the interest in the topic (by searching for the keywords).

There are two types of Keyword Marketing, the paid one which is called SEM and the organic, unpaid one called SEO. The difference is that in SEO marketing, the marketing message is shown in front of users searching for specific keywords organically as opposed to SEM where you have to pay to be shown. [3]

### **1.4.6. Guerilla Marketing**

Guerilla marketing describes an unconventional and creative marketing strategy intended to get maximum results from minimal resources.

Most people do not even realize that we encounter guerrilla marketing ads everyday, without us consciously knowing it. According to the book guerrilla marketing for dummies, some great examples for guerilla marketing:

“You wake up and, as you open your morning newspaper, you find a special insert shaped like a dog bone. What you thought might be an ad for pet food is actually a promo piece for new reality series appropriately titled Man’s Best Friend.”

“ During a lunch meeting at a local restaurant, you make a quick stop to the restroom. As you wash your hands, the ad on the wall actually talks to you, gushing about how good looking you are - and oh, you should try this new cologne, Attraction.” [4]

## **1.5 4 Ps of Marketing**

### **1.5.1 Product**

A product can be described as a bundle of attributes which involve features, functions, benefits and uses capable of exchange or use, that are usually a mix of tangible and intangible forms. The reason why products exist is because of satisfaction of an individual or organizational objectives and therefore a product can be an idea, a physical entity, or a service. In certain circumstances, products can also be a combination of these three variations. [3]

### **1.5.2 Price**

Price is the formal ratio that indicates how much quantity of money needs to be exchanged for acquisition of a given quantity of goods or services. In other words, it is the amount a customer must pay to acquire a product. [3]

### **1.5.3 Place or Distribution**

Distribution is the act of marketing and delivering products to consumers. It can also be used as a way to describe the extent of market coverage for a given product. In 4 Ps, distribution is represented by place or placement. [3]

### **1.5.4 Promotion**

Association of National Advertisers refers to promotion marketing as a set of tactics of which goal is to encourage potential customers to purchase, influence trial and quantity of purchase, and are very measurable in volume, share and profit. The best examples are sweepstakes, rebates and premiums. [3]

## **1.6 Digital Marketing**

Digital marketing includes all marketing efforts that require use of either electronic device or internet. Digital channels such as search engines, social media, email and websites are leveraged by brands and businesses to connect with their prospective customers. Since a lot of time is spent being online, either browsing the Internet or scrolling on social media, a lot of digital tactics have been developed by businesses to effectively communicate their message and capture users undivided attention. All in all, from website to businesses's online branding assets - digital advertising, email marketing, online brochures and beyond -- there's a variety of tactics falling under the umbrella of "digital marketing." [5]

## **1.7 Types of digital marketing**

### **1.7.1 Search Engine Optimization (SEO)**

This is a process of optimizing websites to rank as high as possible in the search engine results organically, which is unpaid version of digital marketing. Other marketing channels that could benefit from proper SEO strategy include blogs and info graphics. [5]

### **1.7.2 Social Media Marketing**

"Practise of social media channels optimization for highest brand exposure, is called social media marketing."

It denotes the creation of content assets, which promotion increases brand awareness and traffic. Social media that are most popular for social media marketing are usually the most popular ones at the time, which currently are Facebook, Twitter, LinkedIn among many others. [5]

### **1.7.3 Content Marketing**

Another free method of digital marketing is content marketing, which once again revolves around brands creativity. The main purpose of this type of marketing is creation of content assets which aim to provide readers with useful information either about a certain topic associated with the brand, or teach the reader more about the company itself. Both of these situations increase brand awareness, traffic growth, lead generation and last but not least, lead to generation of new purchases. [5]

### **1.7.4 Affiliate Marketing**

This is a type of performance-based advertising, where a commission is received for promoting someone else's products and services through your social media channels, blogs or websites. Although this is a win/win marketing for both the company and content creator (affiliate), it usually works only as a side income for affiliates, as it requires a complete purchase from the customers in order to generate a commission, and therefore is a source of income that is hard to relate to. On the other side, from the point of view of businesses, it is a risk free way to generate sales, but can be also ineffective and time consuming if the business is working with low performing affiliates. [5]

### **1.7.5 Native Advertising**

Native advertising refers to such kind of advertising that concentrates on advertisements that are content-led and featured on popular platforms alongside other non paid and organic content. BuzzFeed is a great example of a famous platform that allows marketers to place their ads next to the articles published on this platform. Additionally, sponsored posts in Facebook and Instagram feeds are considered to be part of native advertising as well. [5]

### **1.7.6 Pay-Per-Click (PPC)**

PPC advertising is such an advertisement in which traffic driven to the website is caused by paying a publisher everytime an ad is clicked. One of the most used PPC

platforms is Google Adwords, which allows marketers to be ranked in top slots on Google's search engine results page on a per click-payment basis. [5]

### **1.7.7 Email Marketing**

Email marketing is one of the best performing marketing strategies, as it can be personalized and segmented based on the customer or user behaviour. Companies use emailing as a way of communicating with their audiences, for free. Email is often used to promote content, discounts and events as well as remind potential customers about their cart, upcoming promotions or whereabouts of their order. [5]

## **1.8 Social Media**

The evolution of the internet brought rise to a new way of online communication – social media. These platforms are primarily focused on user generated content, which opens new opportunities for a diverse perspective of society. This user generated content proves to be attractive for various people, both from academic and marketing backgrounds. Therefore, this means that the power of social media can not be taken lightly. At the end of the day, hundreds of millions of people use it to communicate everyday. [6]

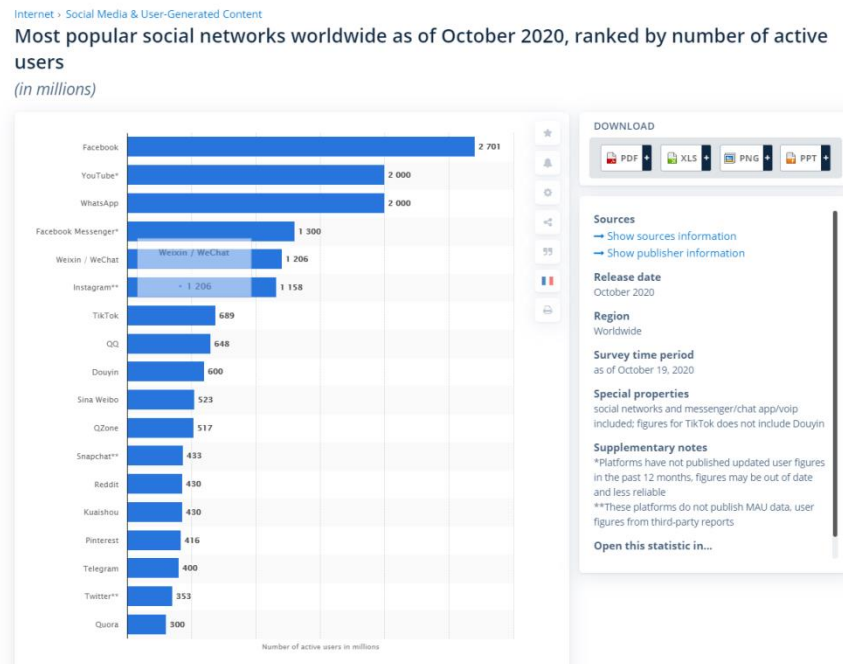
### **1.8.1 Purpose of Social Media**

The key aspect of social media is engagement. Today, there are an endless amount of resources accessible through these social media for everyone having an Internet. Twitter became one of the first news and social networking sites in which users post content and interact with each other through messages called tweets, as well as let users categorise their own content, through the use of hashatags, which are metadata tag. This allows people to find other people and content fast and conveniently.

“ Social Media has a very specific purpose for businesses. It is to raise brand awareness and increase sales by promoting their brand and story on these platforms. “ [7]

## 1.8.2 Most famous Social media

According to Statista data, Facebook was the first social network to surpass 1 billion registered accounts and currently have more than 2.7 billion monthly active users. The company also owns three of the biggest social media platforms, all with over 1 billion monthly active users each: WhatsApp, Facebook Messenger, and Instagram. [9]



Picture 1: Most popular social networks worldwide

(source: www.statista.com)

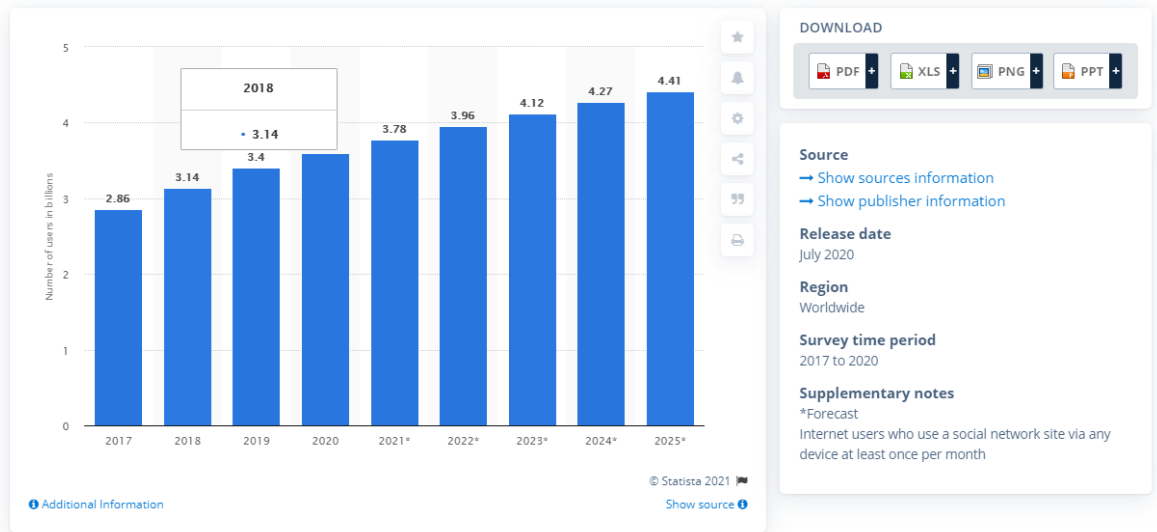
## 1.8.3 Amount of people using social media

“ Thanks to social media being available in multiple languages and being accessible to anyone who has access to the Internet, it enables people from all around the world to connect with friends or people across geographical, political, or economic borders. ”

According to Statista data, Social media usage is one of the most popular online activities. In 2020, over 3.6 billion people were using social media worldwide, a number projected to increase to almost 4.41 billion in 2025. [10]



## Number of social network users worldwide from 2017 to 2025 (in billions)



**Picture 2:** Number of social network users worldwide from 2017-2025

(source: www.statista.com)

### 1.8.4 Time Spent on social media

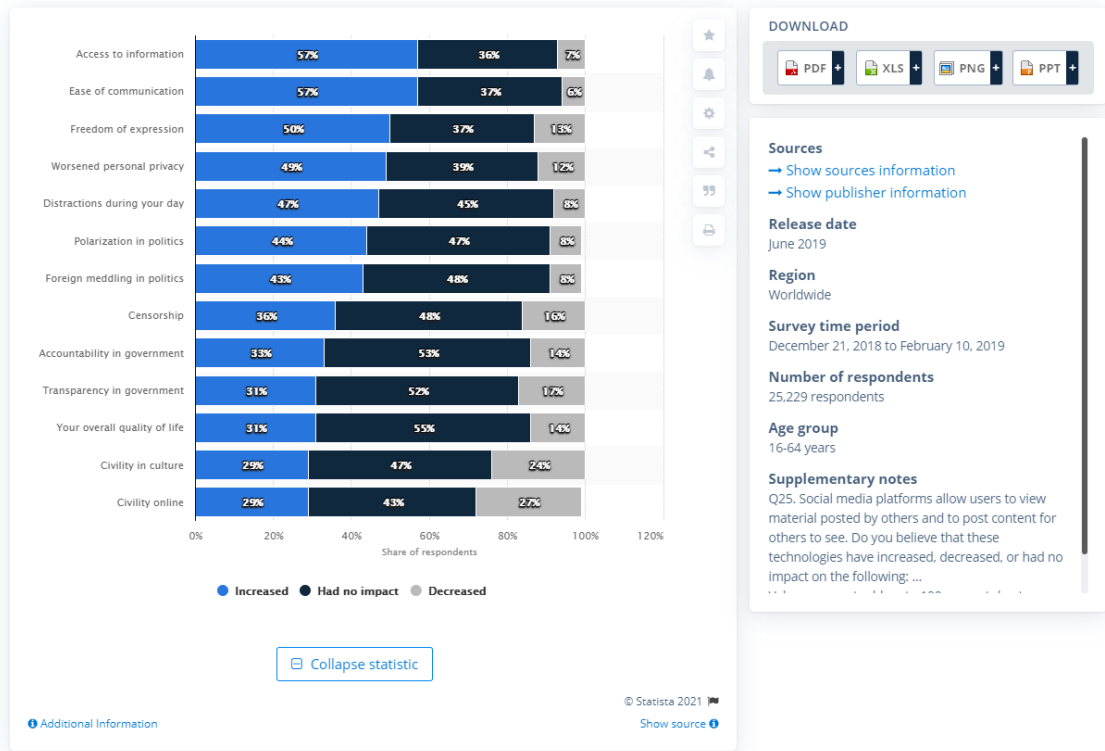
Based on Statista statistical data, In 2019, the average daily social media usage of internet users worldwide amounted to 144 minutes per day, up from 142 minutes in the previous year. Country with most time spent on social media was the Philippines, with an average of three hours and 53 minutes spent by each user each day. [11]

### 1.8.5 Global impact of social media

“ Social media has a wide-reaching and significant impact on not only online activities but also offline behavior and life in general. ”

According to a global online user survey in February 2019, a significant share of respondents stated that social media had increased their access to information, ease of communication, and freedom of expression. On the other hand, contacted respondents were also aware of the fact that social media has also its negative side – an unwanted impact on their personal privacy, increased a polarization in politics and heightened everyday distractions. [12]

## Share of internet users worldwide who believe that social media platforms have had an impact on selected aspects of daily life as of February 2019



**Picture 3:** Share of internet users worldwide who believe that social media platforms have had an impact on selected aspects of daily life

(source: www.statista.com)

## 1.9 Video Game Industry

“ The video game industry is the industry involved in the development marketing, and monetization of video games. It encompasses dozens of job disciplines and its component parts employ thousands of people worldwide. ” [13]

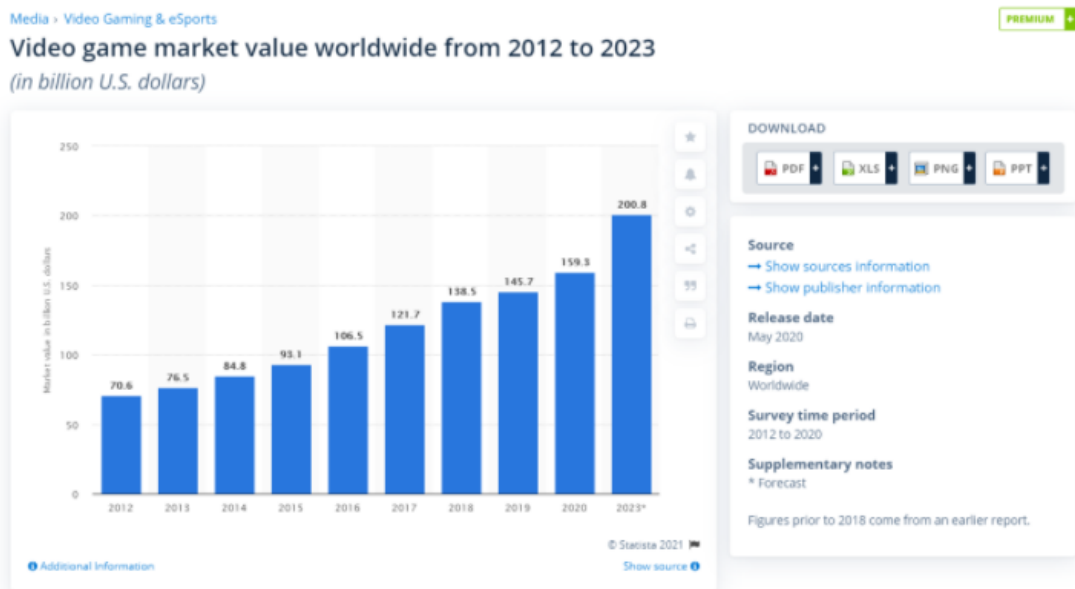
### 1.9.1 Video Game

“ A video game is a computer game designed mainly for entertainment purposes. A video game console is the electronic machine designed to play the games and a video display such as a computer monitor or television is the primary feedback device. The main input device is a controller. ” [13]

## 1.9.2 The increasing popularity of video games

Video games are a billion-dollar business. In 2020, the revenue from the worldwide PC gaming market was estimated at almost 37 billion U.S. dollars, while the mobile gaming market generated an estimated income of over 77 billion U.S. dollars.

Despite the high average daily time spent playing games among kids, the hobby can no longer be considered solely child's play. In fact, it was found that video gaming is gaining popularity among parents across the world as well, with a fairly even split in terms of the gender distribution of video gaming parents worldwide. [13]



**Picture 4:** Video games market value worldwide from 2012 to 2023

(source: www.statista.com)

### **1.9.3 Type of Gamers**

There are different types of gamers, based on how much time they spend playing video games, what type of games they play, whether they compete for money...

#### **1.9.3.1 The Casuals**

Casual gamers just want to relax and have fun. They don't take video games seriously, make gaming schedules in advance or develop obsessions. Sometimes they don't even finish the games. [14]

#### **2.9.3.2 The hardcores**

These types of gamers live and breathe video games, as they can spend a lot of time, tirelessly playing video games. That's why there are usually early adopters when it comes to new games and gaming technology. It is easy to get their attention, but it is much harder to keep them playing the same game for too long, as they are hard to please and expect high quality. [14]

#### **1.9.3.3 The professionals**

Main difference between hardcores and professionals is that professionals make money off playing video games. They usually compete in tournaments for the prize money, and are part of professional esports teams. Their approach when it comes to playing games is much different, similar to pro athletes, as they need to stop at the top of the game and practise their skills daily. [14]

#### **1.9.3.4 The 'Retros'**

“ Retros are usually oldschool gamers, who enjoy the magic of immortal classics. Most of are not interested in recent releases and are fixated on older games made in the 80s and 90s. “ [14]

## **1.10 Diffusion Innovation Theory**

“ Diffusion of Innovation (DOI) Theory developed by E.M. Rogers in 1962, is one of the oldest social science theories. It explains how, over time, an idea or product gains momentum and diffuses through a specific population or social system. The result is

adoption of a new idea, behaviour or product. It means that a person does something differently compared to what had previously been doing. ‘

There are five established adopter categories. [15]

### 1.10.1 Innovators

People who are the first to try out the innovation. They are willing to take risks and like trying out new things.

### 1.10.2 Early Adopters

Opinion leaders, who enjoy leadership roles and embrace change opportunities. They don't need much information to be convinced to change.

### 1.10.3 Early Majority

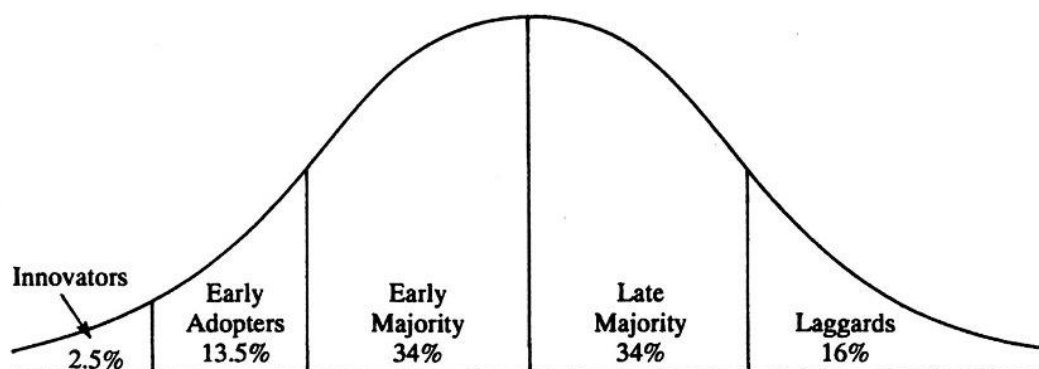
These people are not really leaders, but they do adopt new ideas before the average person. Although, before being willing to adopt any innovations, they need to see some evidence that it works.

### 1.10.4 Late Majority

These people are skeptical of change, and are only willing to adopt only tested and proven innovations.

### 1.10.5 Laggards

Very conservative, bound by traditions. Very skeptical of change and are hardest to bring on board.



Picture 5: Diffusion Innovation Theory

(source: sphweb.bumc.bu.edu/)

## **2. Current Situation Analysis**

This part of the thesis will include description of Avatar company, its targeted customers, competitors, analysis such as Pest, Marketing mix and Porter's, leading in the end to overall SWOT analysis, resulting in getting a clear image of Avatar position in the gaming market.

### **2.1 Company Description**

Avatar is a project established by three longtime friends from Nitra in 2021. The idea is a result of long term gaming experiences of the founders themselves mixed with understanding of the current trends and possible future innovations of the gaming industry.

Avatar's mission is to unite gamers around the globe under one roof, which effectively allows gamers to share their experience, freely express themselves without being judged by non gamers, find other gamers to play games, and most importantly, to create a great community around a hobby that is being loved by over 2 billion people worldwide.

## 2.2 Company Product

Avatar is an all-in-one platform for gamers. The product is distributed as a PC app, which users can install through the official website. The business model of Avatar is that of a social media, which means that a PC app is completely free to use, and has incorporated ads to generate revenue. Current product functions are:

- Automatic highlights recordings for user
- Discover gaming content
- Stay up to date with current gaming news in News Feed
- Follow other games and friends
- Show of plays in user's Profile

Future product functions that are being developed:

- Group Finder system which allows users to group up with other gamers
- IRL Event creation system for creating LAN party and gaming meetups
- Best Plays system which allows users to upload one highlight per week to be counted into best plays competition evaluated by Avatar community
- System which allows users to create or participate in already existing tournaments

Currently, the PC app is supporting only devices with Windows operating system.

## **2.3 Marketing Mix**

Now we are going to dive deep into the marketing mix of Avatar.

### **2.3.1 Product**

Avatar is a software, more specifically a PC app. Therefore, it can be used only on computers and with a specific operation system, Windows.

Current functions of Avatar are:

- Automatic highlights recordings for user
- Discover gaming content of popular Avatar users
- Gaming News Feed made of most popular posts from all other platforms
- Follow other games and friends
- Show of plays in user's profile

Competitive advantages from my point of view:

- Easy creation of gaming content
- Fast distribution of gaming content
- Simple discovery of new gaming content
- More convenient way of staying up to date with gaming content from all platforms
- Easy way to see friends highlights & progress

### **2.3.2 Price**

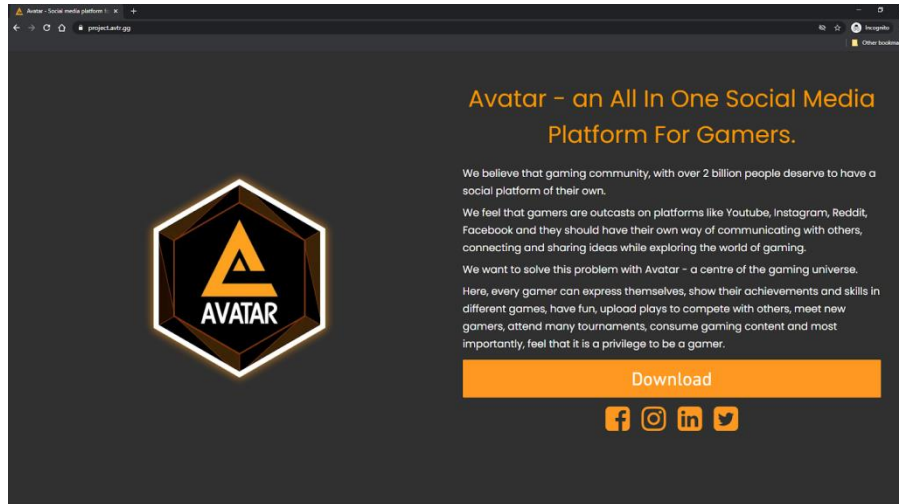
Avatar PC App is free of charge. Users will have the possibility to buy Avatar Premium which is a monthly subscription service that enables ad-free experience as well as access to various perks.

The main source of revenue is generated by integrated ad systems. Avatar will always be free of charge and future revenue will be generated by enterprise B2B deals with gaming companies.



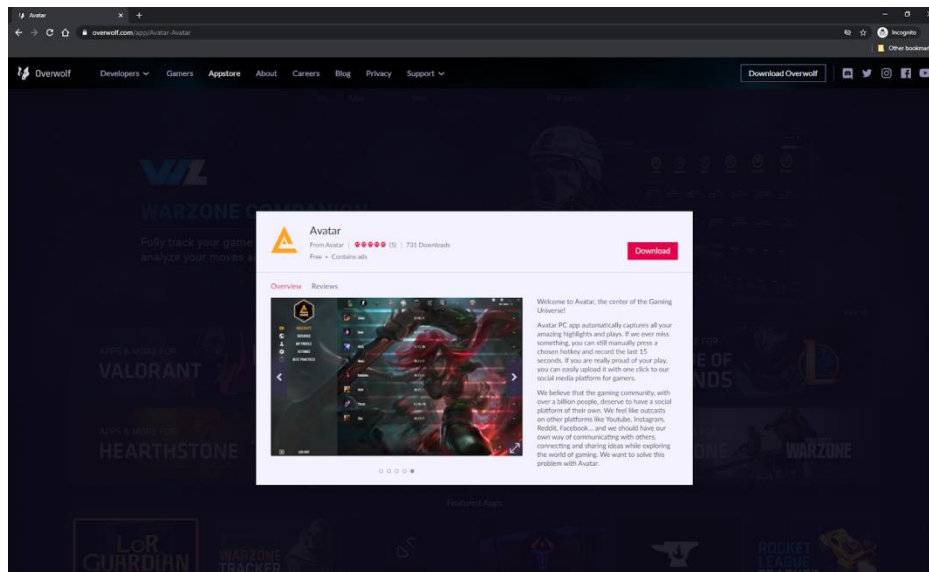
### 2.3.3 Place

Avatar can be downloaded through it's official site or through our partner platform called Overwolf, on which Avatar is built.



Picture 6: Avatar official website

(source: www.avtr.gg)



Picture 7: Overwolf Avatar download button

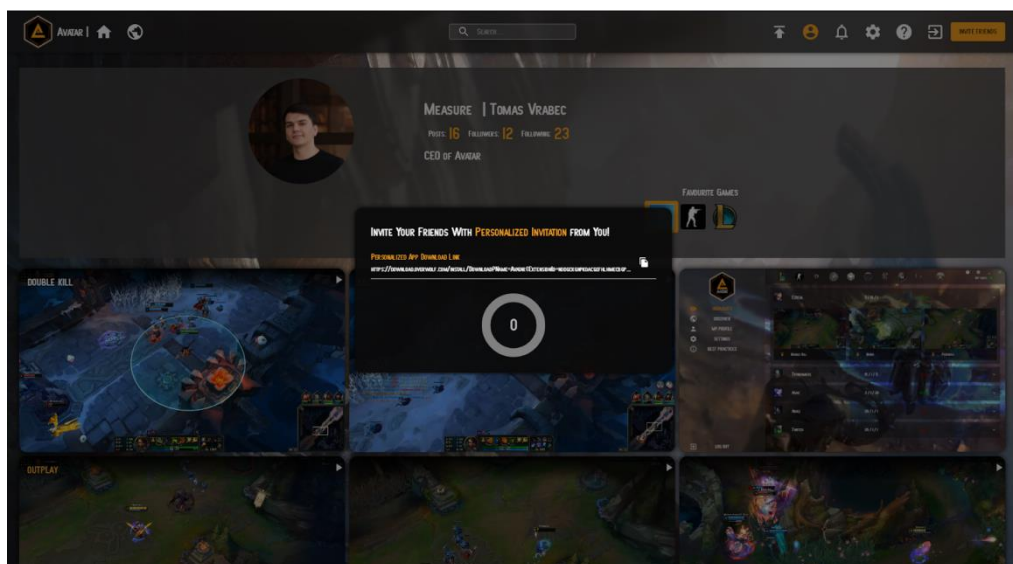
(source: www.avtr.gg)

### 2.3.4 Promotion

Currently, Avatar can be downloaded from two sites mentioned above. Furthermore, gamers can learn more about the company's mission and updates on other social media channels such as Facebook, Reddit, Instagram and Twitter and Discord.

There are no paid efforts at the time of writing this, as current goals are to get to the product market fit through manual customer generation.

One of the main ways generating new users, apart from organic advertising and word of mouth, is our invite friend system, which allows users to invite their friends to the platform with personalized invite messages with one click. We are also keeping track of how many users were invited by the user.



**Picture 8:** Personalized invite link for inviting friends

(source: avtr.gg)

## 2.4 Pest Analysis

To understand the overall environment of Avatar, I am going to use the PEST analysis, to analyze the political, economical, social and technological factors which affect competitiveness of companies or industries.

Pest Analysis of Avatar			
P	E	S	T
Data Regulations Privacy Policies Ownership of social media content	Worldwide market Growing Industry Free of Charge	Virality Belonging Toxicity Fake accounts	Access to Information Development of gaming industry Innovation

Picture 9: PEST analysis

(source: own work)

### 2.4.1 Political environment

With the scandal of cambridge analytica, data regulations and privacy policies are getting more and more strict, which is completely understandable. There is just so much data being gathered about people every second, and if used with wrong intention, it can lead to huge scandals. Since Avatar is a social media and people are the biggest part of this platform, anything related to data, privacy, and digital ownership needs to be taken seriously.

Therefore, new regulations and policies can pose a huge threat to the future of Avatar, if it can not meet the set requirements. This would affect the whole business plan, as the main source of income is and always will be targeted ads thanks to analysis of the huge amount of data generated by Avatar users.

### **2.4.2 Economic environment**

There is no doubt that the gaming industry is one of the fastest growing industries in the recent years. According to several studies, the gaming industry is reported to be bigger than the movies and music industry together, which marks a huge turning point of perception of this industry.

This is very good for Avatar, as the whole project is built on this industry. Besides that, another great economical advantage of Avatar is that it is a software, and therefore is not dependent on location. This means that anyone with an internet connection can access Avatar and become a user. With around 2,7 billion gamers worldwide, capturing only 10% of the overall audience, would mean a user base of 270 million users, positioning Avatar as one of the most popular social media platforms. More importantly, it is necessary to state that in 2020, there is still around 40% of the world population that does not have access to the Internet. Due to the technology advancements and 5g, it is very possible that this number will decrease dramatically in the next 10 years, and therefore could increase the overall number of gamers drastically.

### **2.4.3 Social environment**

If Avatar manages to establish a solid user base and manage proper growth in the upcoming years, many skilled or entertaining gamers can become famous, which could create the ‘ ‘ influencer ‘ ‘ trend in the gaming industry as well. This term is mainly being used to label popular people on social media like Instagram and Tiktok right now, but I do not see any reason why gamers could not become influencers as well and work with various brands and organisations.

Since gaming is an enormous passion for many, having the possibility to find other gamers on Avatar and be a part of a bigger community, can create a sense of belonging

for many people, as it might be hard for some to find friends who share the passion for gaming in real life.

On the other hand, the gaming world has become a very toxic place in recent years as well, and if this toxicity finds its place on Avatar, it can seriously damage the overall platform and destroy our work altogether. That is why this is something that needs to be taken into account and properly dealt with, as racism, cyber bullying, insults and other issues connected with toxicity have appeared on other already existing social media.

Lastly, fake accounts and scams are another issue that social media platforms are crippled with, and can pose a huge threat to the safety of existing users.

#### **2.4.4 Technological environment**

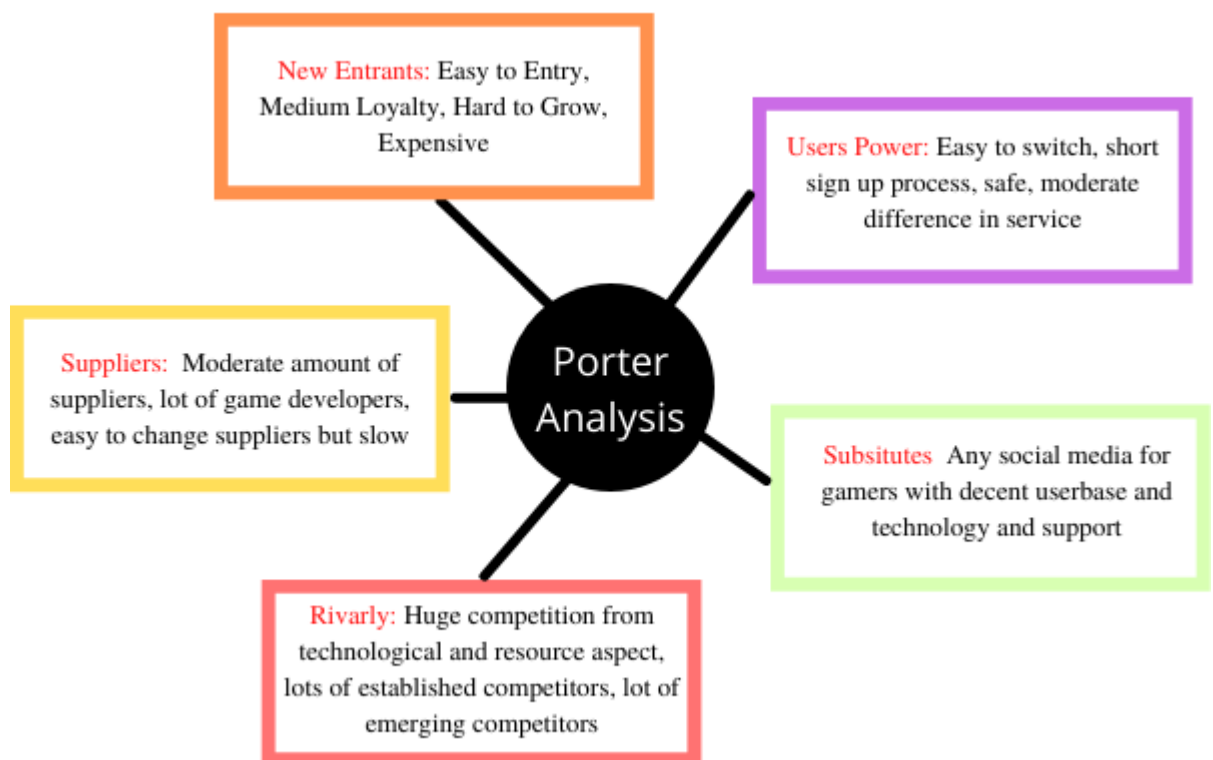
Since Avatar will be a platform with a worldwide user base, this can help people get much easier access to information in the gaming world. All the news, innovations, advancements in technology can be found here which will keep users informed.

Additionally, Avatar can create a huge momentum in the development of the gaming industry and potential innovations, as it will group together an enormous number of gamers.

## 2.5 Porter Analysis

To analyze the competitive strategy, I will be using Porter's five forces model. This model consists of:

- the competitiveness of the industry
- the ease of industry entry for new companies
- the bargaining power customers
- the bargaining power of suppliers
- the threat of substitute products or services



**Picture 10:** Porter Analysis

(source: own work)

### **2.5.1 Competitiveness**

The competition in the social media industry is huge, as there are already a few established big platforms, such as Facebook, Instagram, Reddit, Youtube, Twitter, Twitch and Tiktok, which are the current solutions for gamers. These companies not only have hundreds of millions active users, but also a lot of resources and power, as well as superior technology. Furthermore, there are a lot of emerging competitors as well.

### **2.5.2 Difficulty for new entrants**

Although the social media space is not that hard to enter, as you only need a proper server and some social features, it is extremely hard to compete and grow. Anyone can make his own social media, but almost no one can make it successful and appealing to people. It is also very expensive and revenue is almost non-existent in the early stages of the company, which leads to extreme capital requirements.

### **2.5.3 Bargaining power of users**

Users are the foundation of Avatar, and creation of fanatical user base is almost vital. The big issue of social media is the chicken and egg problem, which explains that the platform is more appealing the higher users it has. However, who would really use social media when there is no one on it? Trying to solve this problem leads us to the chicken and egg. What was first? How to get the first users?

Since getting the first users is so crucial, that's why individual and personalized connection with each of the first users is important to get the platform off the ground and get some stable users who can invite their friends and spread the word.

### **2.5.4 Bargaining power of suppliers**

The key suppliers are the server providers such as Firebase, Amazon AWS and Microsoft Azure. Each of these products have their own advantages, and they are fairly simple to access and use, which is great in case something goes wrong.

However, the switching from one platform to another is not that hard, but it is really slow and causes some unexpected issues.

### **2.5.5 Substitutes**

There are some alternatives to Avatar, which are using the same or similar technology, which evens the playing field and moves the focus on the execution and business strategy to become a leading player in this field.

Overall, it is expected that any potential social media platform for gamers with acceptable technology and some good features, with a solid userbase can become a huge threat or substitute to Avatar.

## **2.6 Social media used by gamers**

Platforms that are currently tailored towards gamers: Twitch, Medal.tv, Discord. There are also other platforms that are heavily used by gamers, even though they were not designed for them specifically.

Those platforms include Youtube, Facebook, Instagram, Reddit, Twitter.

From these facts, we can conclude that such a huge community is still using already existing platforms since there are other companies or solutions that would be trying to tailor their platform for them. Apart from Twitch, which is heavily focusing on the streaming aspect of gaming, and Discord, which is focusing on the communication aspect, there are really no big platforms.

On the other hand, there is a huge amount of gamers who are using Youtube. The nature of this platform is very appealing to gamers since it is about long video content form. Therefore, videos about gaming news, events or the gameplay itself really fit this platform. Also, Youtube is a go to platform for content creators, since it has a good monetization plan.



Facebook is being used by gamers mainly through Facebook groups, where gamers are discussing multiple topics and trying to find some gaming friends. However, after a personal experience, these groups are not very usable due to several reasons, such as people posting weird things, not taking rules seriously, and generally are just not interested in talking about gaming topics on Facebook.

Instagram is one of the most popular social media platforms in the world right now, and is really slowly but surely catching up with Facebook. People are using Instagram for various things, such as showing your life from a different perspective, showing your experiences, highlights. There can also be various topics found on Instagram, from gym exercises to food pictures, travelling destinations, kittens, woman selfies... basically everything. However, even in such a diversified environment, it seems that gaming content does not have its place, as it is a completely different, virtual world. Just imagine having a clip from a game next to a cute girl photo. Kinda easy choice, isn't it? Also, it is weird for many people to post clips from a game on their gaming profile.

Reddit is probably the most popular platform for gamers to express themselves and discuss topics. More specifically, there are gaming subreddits and subreddits for each game specifically. People come here to discuss various topics such as updates, theorycrafting, or some controversial topics. It fulfills this function very well, but apart from that, there is very little one can do on this platform.

Twitter is the Instagram for gamers, as many gamers use their Twitter profiles as updates of what's going on in their gaming lives. Though, the issues on these platforms are the same as with Instagram. It is excellent for quick text updates, but imagine seeing some gaming video and right below it a max character tweet from Donald Trump. It just doesn't go together well.

Although, all these platforms have some serious flaws to it when it comes to reasons why gamers should not or can't use them, they are still used by millions of gamers worldwide, mainly due to their fame and just utility for needs. Obviously gaming is not everything, and since gamers are people too, they started to use these platforms for gaming needs because they were already on them. Asking them to come and join a new platform is still a challenge because they are already used to using each platform for some specific things.

## 2.7 Competitors

Competitors			
Conceptual	Recording-based	Indirect	Content-based
Fuze GamingBuddy Player Twitch	Lowkey Medal Gazoom Outplayed	Twitter Instagram Facebook Discord	Reddit 9gag Youtube

**Picture 11:** Competitors Analysis

(source: own work)

Currently, Avatar has four types of competitors:

- Conceptual
- Recording-based
- Indirect
- Content-based

### 2.7.1 Conceptual

Conceptual competitors are the most important ones, as these competitors have a similar vision to ours - to create a social platform for gamers. Most popular platforms are Twitch, Player.me, GamingBuddy, Fuze.tv.

However, most of these are not developed and have a really small user base compared to Twitch.

On the other hand, Twitch is only about live-streaming, and does not care much about stuff that we actually want to provide gamers with. But for now, it is listed as conceptual as it does not fit any other category and is really popular.

### **2.7.2 Recording-based**

Recording based competitors are apps that allow users to manually/automatically record their gameplay, and the social aspect is just the byproduct of users posting their recorded plays in these apps.

These apps' primary focus is recording, with by-product being some gaming content. Avatar's primary focus is gaming content and social aspects, with by-product being an automatic recording system which helps with creating user generated content to fuel the overall gaming content on the platform.

### **2.7.3 Indirect (Existing solutions)**

These types of competitors can be also called existing solutions for gamers, as they do not have much to do with what we are trying to build and create, but they have a serious amount of gamers using them.

### **2.7.4 Content-based**

Content based competitors are platforms where gamers can find high quality and high volume of gaming content, with the Youtube being biggest for videos, 9gag being biggest for memes and Reddit being used mostly for news and discussions.

### **2.7.5 Most dangerous competitors**

The most dangerous competitors are Youtube, Twitch, Fuze and Medal. All of these competitors either possess a high quality content and functionality, or serious user base of gamers.

## 2.8 Own Research

I have conducted my own research regarding which platforms are being used by participants to consume gaming content. What I was trying to find out through this research was which platforms are popular and whether they are consistent among all of the gamers.

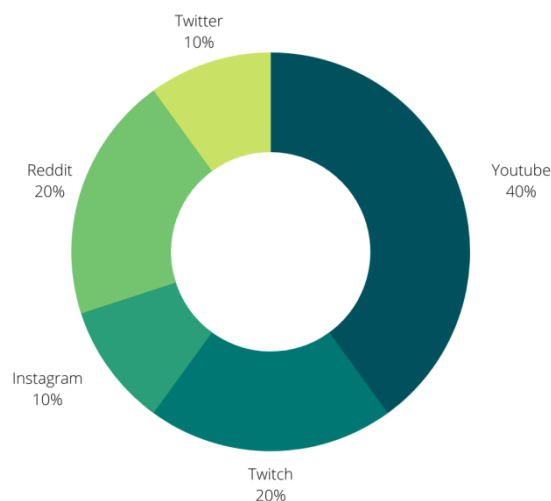
Furthermore, I wanted to know whether Avatar is unique and cool enough for them to consider trying it out.

The questionnaire consisted of these two questions:

1. What social media platforms do you use to consume/stay in touch with gaming content and news?
2. If there was a platform like Avatar, would it be something you would use? Why? Why not?

The sample size is 300 people. These questions were enough to get the needed information regarding the popular platforms and Avatar appeal.

Regarding the first questions, most popular answers included Youtube, Twitch, Reddit, Instagram and Twitter. More specifically, the popularity of each platform can be understood from the chart below.



**Graph 1:** Common answers regarding what existing platforms asked gamers use

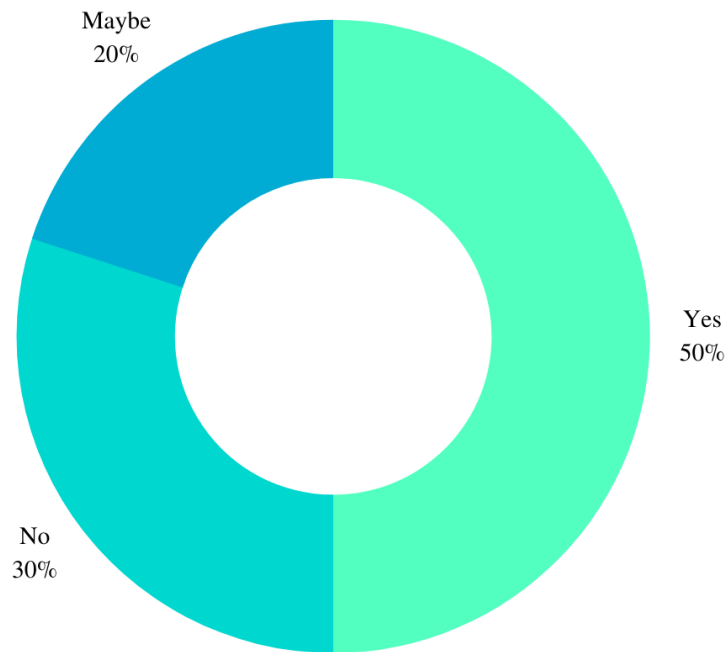
(Source: own work)

To be honest, these answers were not surprising at all, as it is well known that gaming content is one of the most popular types of content on Youtube. Twitch is the most popular live streaming platform for gamers. When it comes to Reddit, it is possible that there is a high amount of gamers who resort to gaming subreddits when wanting to discuss gaming stuff and communicate with others.

To my surprise, there are a lot of gamers using Twitter to stay up to date with the popular creators and gaming companies, which was not expected. When it comes to Instagram, the way gamers described using Instagram for consuming gaming content was that since they are already on the platform for other content, they might as well just follow other gaming accounts.

Overall, I think that what results tells us that the gaming content is scattered over many different platforms, which can be not very efficient to follow.

When it comes to the second question, which could be interpreted as a light pitch to the contacted gamers, the results were following.



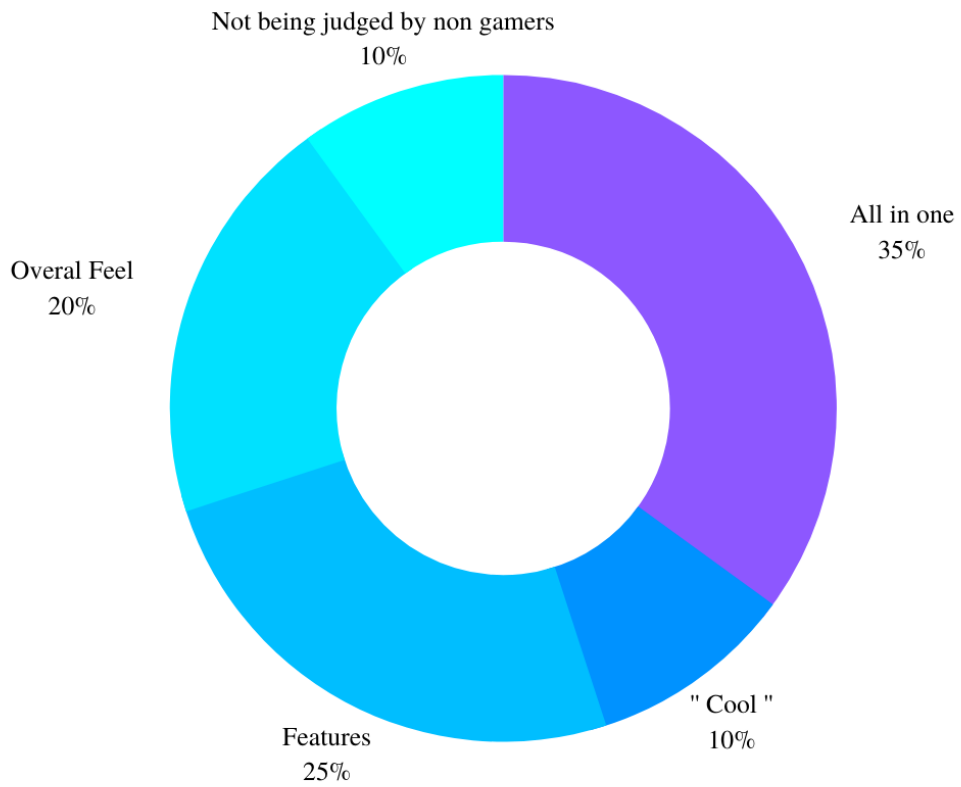
**Graph 2:** Answers of participants whether they would use Avatar

(Source: own work)

Fortunately, there were a lot of positive vibes and answers when asked about Avatar. There were also some skeptical people, and around 20% of ‘‘ maybe ‘‘ answers.

When asked ‘‘ Could you explain what exactly you like about Avatar? ‘‘, most answers revolved around the fact that users can post gaming content which is only seen by their gaming friends as well as the platform being ‘‘all-in-one‘‘ gaming solution.

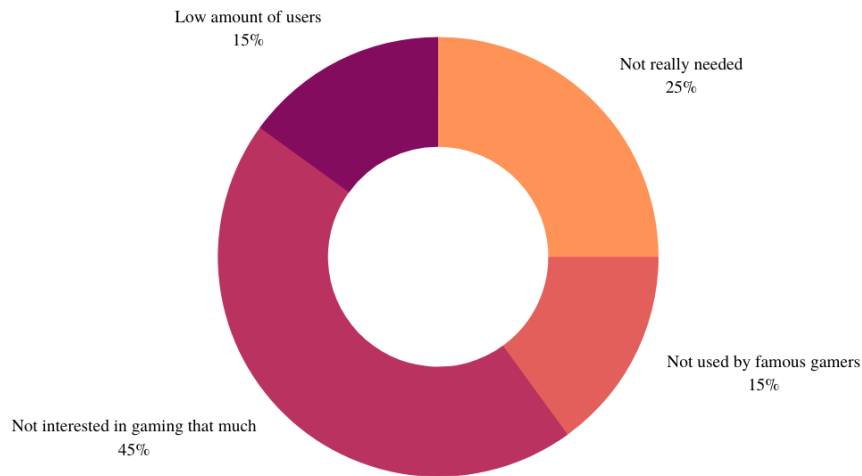
Furthermore, some people liked the new features offered by Avatar and felt the platform was ‘‘ cool ‘‘. Lastly, some people could not really pinpoint what exactly made them feel excited about the platform, but summed it up as ‘‘ Good overall feeling from the project ‘‘.



**Graph 3:** Answer of participants on what makes Avatar attractive to them

(Source: own work)

When it comes to the participants that declined the opportunity to use Avatar, these were the reasons why.



**Graph 4:** Answers why Avatar is not appealing to participants

(Source: own work)

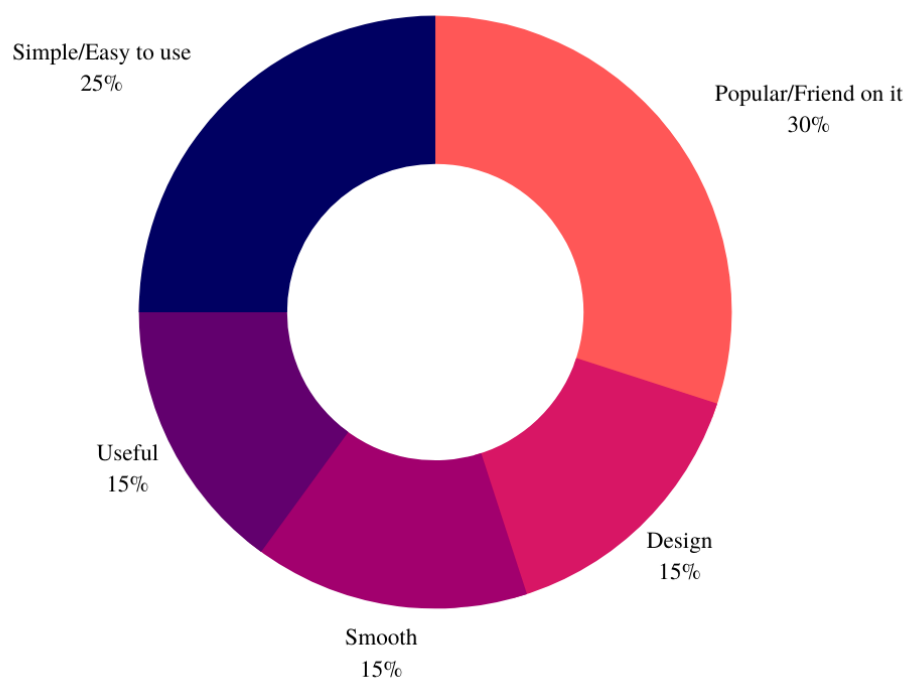
The biggest reason why Avatar was not appealing to the participants in this survey, was due to the fact that they were not interested in gaming that much. According to their words, following few accounts on various social media is enough of a gaming content for them, and they do not really seek anything above that in terms of volume of content.

Second reason is also connected with this opinion, as other participants said that they do not really need something like a social media revolving around gaming content, as already existing platforms provide enough content to satisfy their needs. The main difference between these two expressed opinion is, that in the first reason, participants were not interested in gaming content that much and therefore, the already established platforms were enough for them, whereas in the second reason, people like and consume gaming content a lot, but feel that the existing platforms are still enough for them.



Other remaining answers were concerned with low amount of users and the fact that the app is not used by famous gamers, which turns out to be not that bad for the project, as with the increasing user base and exposure, these people can be persuaded to eventually join Avatar.

Lastly, towards the end of the conversation, participants were asked what they believe are the most important aspects of the project for them.



**Graph 5:** Most important aspects of the project according to participants

(Source: own work)

As it could be seen in the previous question, popularity is a huge factor when it comes to the motivation behind using the Avatar platform. Furthermore, simplicity and very easy to use features are the second most important factor. Lastly, participants believe that proper design, smoothness of the application and usefulness are important too and could persuade them to use Avatar apps on a day to day basis.

### **2.8.1 Summary of my own research**

In my opinion, the conducted research can be labeled as a success as it helped me to understand who are Avatar competitors, in what they are better, what people think of Avatar and how likely they are to use it, as well as what are the key aspects of making Avatar more appealing to the users.

To sum up, the majority of participants were opened to trying out Avatar. The most liked aspects were the all-in-one functionality and ‘‘ cool features ‘’. On the other hand, the reasons why people were not interested in Avatar were low user base and low interest in gaming content overall. The key aspects according to participants that could lead to day to day use by gamers, were popularity, simplicity, smoothness and appealing design.

## 2.9 SWOT

**Table 1:** SWOT analysis

Strengths	Weaknesses
<p>Strong and diversified team</p> <p>Lifetime gaming experience</p> <p>Built on successful platform</p> <p>Free of charge</p>	<p>Low amount of capital</p> <p>Chicken and egg problem</p> <p>Technology</p> <p>Political Issues</p>
Opportunities	Threats
<p>Solving Toxicity</p> <p>Creating a strong community</p> <p>Gaming Industry Innovation</p> <p>Strong appeal regarding advertising for gaming companies</p> <p>Huge market</p> <p>Valuable for gaming influencers &amp; talented gamers to gain exposure</p> <p>Monetization</p>	<p>Toxic players</p> <p>Fake accounts</p> <p>Bugs</p> <p>Legal regulations regarding privacy</p> <p>Strong competition</p> <p>Spamming</p> <p>Low Differentiation</p>

## 2.10 Market Segmentation/Customers

Avatar is not meant to be used by every gamer. Currently, we have 2 categories of gamers.

In the first category, we are sorting games based on how they play games:

- PC Gamer
- Console Gamer
- Mobile Gamer
- VR/AR Gamers

Second category is based on how often gamers play games. These are

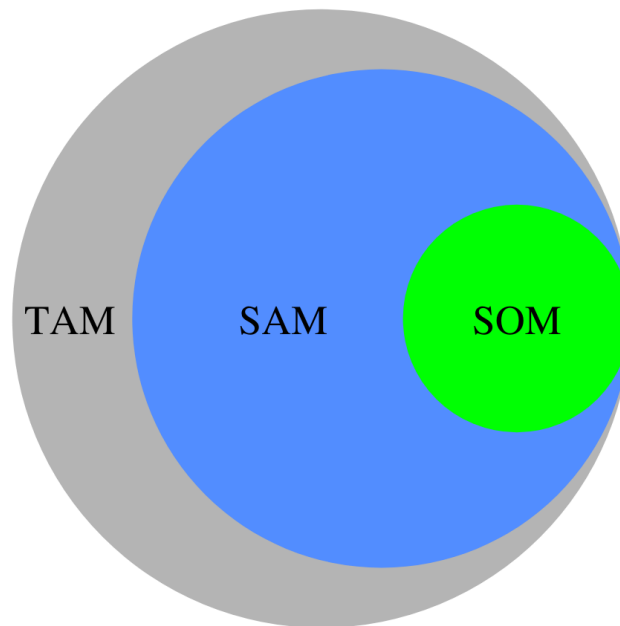
- Casuals
- Hardcores
- Professionals
- Retros

Based on these categorisations, Avatar is currently designed to be used by PC Gamers and Console gamers who are either Casuals, Hardcores or Professionals.

The reason why Avatar is only aimed at this specific market segment is because PC and Console gamers are much more passionate about gaming, and it is just much easier to create and distribute user generated content.

Furthermore, Hardcore and Professional are the main customer segments of Avatar, as these are the people who are heavily interested in gaming content, its creation and all the news regarding gaming. However, there is a certain amount of casual gamers who are not completely casual but not hardcores either, and we expect that some of these gamers will find Avatar useful and enjoyable.

Illustration below will help us understand the size of the customer segment Avatar is aiming to acquire.



**Picture 12:** Market segmentation

Source: own work

### **2.10.1 TAM (Total Available Market)**

At the end of 2020, there will be 2,7 billion gamers around the world. So the Total Available Market for Avatar are all gamers, which means 2,7 billion people. It is important to note that this number includes Mobile gamers, PC gamers and Console gamers altogether.

### **2.10.2 SAM (Service Available Market)**

Since Avatar focuses only on PC and Console gamers for now, the SAM size is the number of people who play at least console games or PC games. Therefore,  $SAM = TAM - \text{Mobile gamers}$ . However, it is impossible to pinpoint the exact number, as mobile gamers can also be PC gamers and console gamers.

At the end of 2020, there will be 2,5 billion people playing mobile, 1,3 billion playing PC and 0,8 billion playing console games. Therefore, the only way to find out the possible SAM size is through range, which would mean that SAM size is minimum 1,3 billion people, if every console gamer would be counted as PC gamer, and maximum 2,1 billion people if no console gamer would be counted as PC gamer.

### **2.10.3 SOM (Service obtainable Market)**

Based on the research, current market situation, competitors and all other factors, we expect that 20% of SAM could become Avatar users.

For the sake of calculation, lets count that SAM is 1,7 Billion people (exact middle of the range stated above). That would mean that the size of the service obtainable market would be around 340 million people.

## **2.11 Key Performance Indicators**

Most important KPI's for Avatar growth are currently:

- Daily Active Users (DAU)
- Weekly Active Users (WAU)
- Monthly Active Users (MAU)
- Total amount of accounts created
- Second Week retention

The goal of this thesis is to reach the milestone of 10 000 accounts created through creation of an appropriate marketing plan with the lowest cost and highest effectiveness. Avatar has currently around 650 registered users.

## 2.12 Summary

Based on the performed analysis, Avatar has shown some big strengths as well as some fatal weaknesses. I think that the deciding factor of Avatar success is the execution of the project goals and targets.

The most important results that came from the analysis is that although Avatar competition is strong and well established, there are not that many current competitors posing a real threat to the project, mainly thanks to its unique vision.

The total available market for Avatar is huge, which can be a double-edged sword, as this fact becomes a huge advantage once Avatar is well established. On the other hand, it is a disadvantage while the project does not have an established user base, as the platform is much less relevant with low amount of users.

Both Porter and Pest analysis have shown positive results for Avatar future and potential. However, new circumstances may happen at any time and can shake the theoretical foundation of the project. Although I think it is fair to say that this is something that is expected as the world is changing more and more rapidly with each day.

Another positive result came from my own research, which showed that most of the gamers that participated in my survey were excited about Avatar, and those that disliked the idea had logical arguments and reasons, which could easily change in the future.

To sum up, Avatar has a great potential, but the most important milestones in its journey are yet to come. The most significant target right now for the project is to acquire a core user base that loves the product. This will provide a great foundation on which the project can further built upon.

### **3. Proposals and Contribution**

In this part of my bachelor thesis, I am going to propose a marketing plan which takes into consideration the results of the analytical and theoretical parts. The goal of this marketing plan is to generate 10 000 new users for project Avatar.

#### **3.1 Time Horizon for achieving the target metric**

Based on the current circumstances and development of the gaming industry, the sooner project Avatar can achieve this target metric, the sooner it can start its viral trend among gamers. However, it takes time to acquire users. So the chosen timeframe for achieving the 10 000 total users is 5 months, starting from 15th of January 2021 with the deadline on 15th of June 2021.

Since Avatar already has 700 users, that means that 9300 new users generated within 5 months would be an accomplishment of the goal of this marketing plan.

Therefore, the target is to acquire 1860 new users per month or 62 new users per day until 15th of June 2021. Based on the experience of growth for the last few weeks, it is expected that the growth will be more exponential rather than gradual, as with every new member, there is possibility of viral growth.

#### **3.2 Marketing plan**

Marketing plan will consist of parts. The first part will involve actions and marketing methods which are unscalable. The second part will revolve around influencer marketing and third part will cover guerilla marketing strategy.

##### **3.2.1 Manual Outreach**

Manual outreach strategy is based on the theory that startups should do things that do not scale in the early stage to generate early traction. I will apply this strategy in my marketing plan with the use of existing social media channels.



I will try to find gaming groups, pages, accounts and basically anyone who is in these groups or following these pages and ask them to try out Avatar. Although this process is very “ineffective”, which I would even argue about, it is necessary and can help generate early momentum for growth.

Also, this action won't only positively impact the overall growth, but the technical development of Avatar as well, as it I will have a direct way of communication with users and really understand what people like and dislike. This can be a perfect source of information that can be used when we need to pivot or iterate.

### **3.2.1.1 Friends and family**

I will start with the most obvious source for first users, that is friends and family. I will contact my closest friends to create their own profile and use the platform. Since I have been a gamer for quite some time, I have had the chance to meet a lot of gamers and many of them are gaming up to this day. I will try to speak to the ones who were truly gamers and could appreciate the whole process of the platform and the design of the platform.

### **3.2.1.1 Facebook**

First social media I will use for manual outreach is Facebook, as this is the biggest social media platform up to date. It is very easy to find gaming groups here and get into them. Finding gaming pages is not an issue too, just one simple search.

Once I get into these groups, I will talk to the admins to get permission to post an article about Avatar, which could easily generate a moderate amount of users if the group is big enough. And there are some pretty big groups with tens of thousands users.

After that, I will contact each user in the group separately and tell them about Avatar. This way the users will not only see the public post in the group, but I will also establish a personal communication and relationship with each of them.

Lastly, I will use the same process with gaming pages, where I will contact admins of these pages and ask if I could post an article on their page about Avatar.

### **3.2.1.2 Instagram**

Instagram will be the second go to social platform, as it has a huge amount of daily active users and it is very easy to find gamers. The way I will do it is I will find famous gaming accounts and direct message everyone who is following this account, as well as liking or commenting recent posts.

### **3.2.1.3 Reddit**

I will then continue with Reddit, which is very popular within gaming communities for leading a discussion about recent news, gaming updates, memes and so on. The plan is simple. Firstly, find gaming subreddits and send a direct message to anyone who has replied to recent threads ( it is important to message to the recently active people, as based on experience, there is a high probability that people who commented on older threads might not have been active ever since).

Secondly, I create a thread about Avatar, briefly explaining what it is all about and try to persuade people who comment on it to try out the app itself.

### **3.2.1.4 Twitch**

What better place to find gamers than Twitch? Well, it is not a fairytale too, trying to contact gamers through direct message there, but I will give it a try. I will send a direct message to the users who are watching streams and actively commenting in the chat. This way I can find engaged users who are currently ‘ online ‘, so we can quickly and easily start conversation about the whole project and try to make them try out the app.

### **3.2.1.5 Discord**

Discord is the current home for gamers when it comes to messaging, groups and overall communication. I will join multiple servers where gamers hang out and I will share some information about Avatar there. It seems to be very promising, as people in these servers already love gaming, and it is all about contacting them and starting a conversation. Also, the same way as on Facebook on Instagram, I can see people who are commenting on the servers, so I can easily send them a direct message.

### **3.2.1.6 Summary**

To sum up, the strategy above is the best one I could come up with when it comes to the manual outreach. Based on my recent experience, it is all a numbers game. If I get a 10% positive reply rate, it is just about contacting 1000 people to get 100 people to try out Avatar.

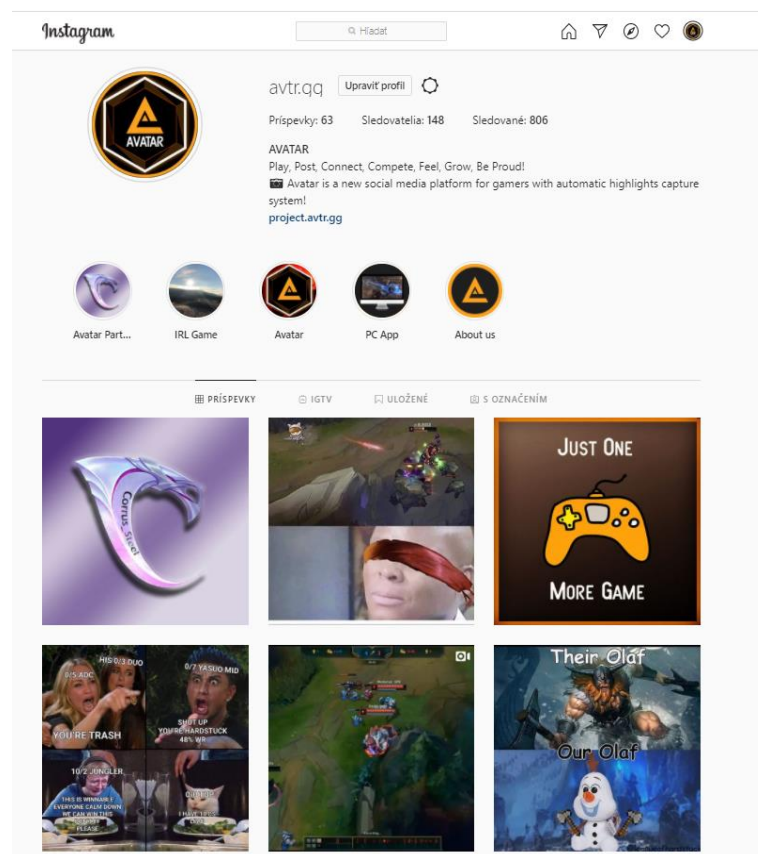
The advantage is that there are millions of potential gamers to contact, so I will most probably never run out of people to contact.

The disadvantage is that it is a slow grinding process and not very enjoyable, as I will face rejections and insults a lot.

### 3.2.2 Content Marketing

The reason why I included content marketing in the “ unscalable methods ” is because it can not be really automated. What I mean by a content marketing strategy in my marketing plan, is basically posting gaming content on Avatar social media.

I will find various gaming memes, videos, fails and news and repost them on Avatar social media channels to generate some engagement. Each of the accounts will have a link to app download in bio, so this way I can not only create some buzz and engagement, but also capitalize on created traffic and funnel them into the download link.



Picture 13: Avatar Instagram account

(source: instagram.com)



Picture 14: Avatar Twitter account

(source: twitter.com)

### 3.2.3 Influencer Marketing

The second part of my marketing plan will consist of Influencer marketing, which specifically means contacting twitch streamers, gaming influencers, people with big gaming accounts on Instagram, Twitter etc...

The two main types of compensation that will be offered to these influencers will be commission based revenue.

### **3.2.3.1 Revenue Share model**

We will be contacting all the mentioned people or 3rd parties, and we will offer them 50% affiliate commissions on every user who they refer to our platform. We will provide them with a unique tracking link, which will track the revenue generated from all of the people who downloaded Avatar through that link. After the end of each month, we will send 50% of the revenue generated from ads to these affiliate partners.

This is the most efficient, scalable, risk-free method that I have come up with, which completely eliminates the need for budget and completely avoids risking any capital. Since affiliates will be paid only after we make money through ads, we do not have any risk of overpaying affiliate partners. This method is also easily scalable, as it does not require us to have any capital or hardware to scale from 1 partner to 10 partners to 100 partners, as all that is needed is just give them a link and that's it.

All in all, it is a great deal for both sides. For Avatar, as is it is risk free and require us only to close individual deals with the potential affiliates, and for them, as they can make money passively promoting something that is completely free, brings value to the gamers, and also is trying to make the gaming world much more safe, competitive, healthy, and better overall.

### **3.2.3.2 Cost Per Install model**

The Cost Per Install model is similar to the Revenue share model described above, with the similarity being that it is also based on affiliate commission for invited people through a unique download link. The main difference is that these people will receive a one time set commission for each user that signed up for Avatar through their unique link.

The advantage of this method is that it is a better incentive for influencers to promote Avatar, as they will get a set amount of commission for every install. Also, it is easier for them to calculate the estimated revenue generated and decide accordingly.

The advantage for Avatar is that we can exactly calculate our cost per user acquisition and have to deal with payouts for each acquired user only once.

The disadvantage is that it requires an upfront capital and overall cost per acquired user can be high compared to other methods.

### **3.2.4 Guerilla Marketing**

Since paid ads, paid sponsorships and paid cooperations overall are not possible at the current stage of the project, I believe that combination of manual outreach with a skin giveaway guerilla marketing strategy can be the most efficient way to generate users and early momentum.

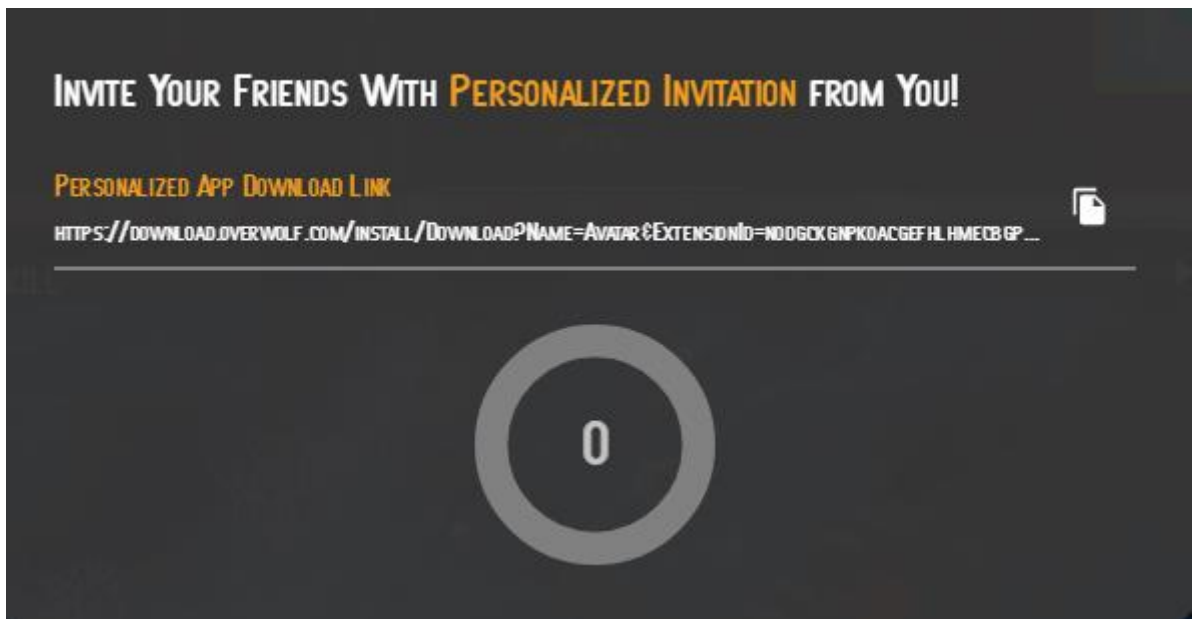
I believe that this project will have ongoing ads forever, as there are so many gamers in the world. Therefore, I don't see any reason why we should start with paid ads when it is so expensive and we will run out of money soon.

It is also well known that ads optimization takes some time and definitely a lot of money, so we would be "fighting a lost battle" from the start. I do not want to write off paid ads completely, there will be a place for them in the later stages of the project when there will be enough budget and clear set metrics like the profitable CPC (Cost Per Click), CPA (Cost per Acquisition), LV (Lifetime Value) among many others.

### **3.2.5 Skin giveaway**

Fortunately, I have come up with a great guerilla marketing strategy that revolves around skin giveaways. It is also extremely extremely cheap and effective compared to any other marketing strategy.

The whole point is that every user has a possibility to get his own unique Avatar invite link. We at Avatar can track how many users signed up through each user unique link and we can also display it to the user himself, as can be seen in the picture below.



**Picture 15:** Personalized invite friend link

(Source: avtr.gg)

What we want to do is for every 10 people that each user invites, give away one skin to him worth 975 RP ( Riot games in-game currency). This way, all three sides are happy. Why? Because:

- It is worth it for Avatar because we got 10 new users from 1 old user. (10x) This has also potential to become viral.
- User is happy because he got completely free skin and he also got his friends on the platform ( more friends = better experience)
- Invited users are happy, because they were invited to a great app, they can win skins as well and they helped their friend to get his own skin

All of the participants are happy as well, because there was no forced “ cold-advertising” through paid ads and bothering and interrupting of people while they scroll on other social media. People react to friend recommendations of products and services completely differently than to ads.



### 3.2.5.1 Cost Calculation

The reason why this is such a good marketing strategy, apart from all the mentioned advantages above, is that it is relatively cheap compared to other marketing strategies. One of the main reasons why it is cheap as well, is because I can “ exploit “ regional pricing for the Riot Points. Riot games offer regional pricing when it comes to the buying of Riot Points, and the cost of them differs dramatically across different regions in the world. See the chart below.

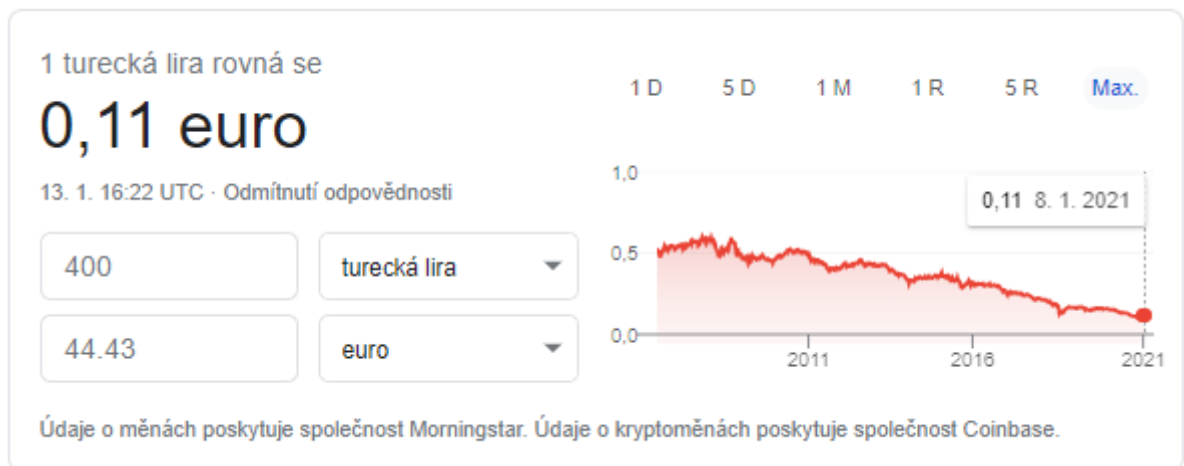
**Table 2:** Riot Points across various regions

Server (Country)	RP Purchase	Local Price	RP per EUR	>EU Price	EU-??->EU price	RP After Transfer	??->EU Value	EU->?? Value
EUW/EUNE	7,200	€50.00	144.00	€50.00	€50.00	7,200	100.00%	100.00%
LAS (Peru)	13,060	\$250	230.50	€56.66	€76.66	10,460	128.20%	94.76%
LAS (Peru)	26,120	\$500	230.50	€113.32	€133.32	23,520	144.14%	122.51%
LAS (Peru)	39,180	\$750	230.50	€169.98	€189.98	36,580	149.45%	133.71%
TR	12,800	₺400	307.18	€41.67	€61.67	10,200	169.99%	114.86%
TR	25,600	₺800	307.18	€83.34	€103.34	23,000	191.65%	154.56%
TR	38,400	₺1,200	307.18	€125.01	€145.01	35,800	198.87%	171.44%
BR	15,000	R\$272.5	374.67	€40.04	€60.04	12,400	215.09%	143.43%
BR	30,000	R\$545.0	374.67	€80.07	€100.07	27,400	237.63%	190.14%
BR	45,000	R\$817.5	374.67	€120.11	€140.11	42,400	245.15%	210.16%

Based on the information in the chart, we can see that in Brazil, we would get 354,45 RP for just 1 €, compared to Europe, where we can get only 144 Riot points per 1€. That means we get around 2,6x more Riot points per 1€ spent.

Unfortunately, buying in Brazil is not possible as they require CPF (Portuguese for "Natural Persons Register"). However, Turkey, which is the second cheapest region, does not have any limitations.

On the Turkey server, we can get 288,09 RP for 1€ spent, which is 1,95x more than in Europe (1 turkish lira = 0,11 €)



**Picture 16: Turkish Lira to Euro**

(Source: own work)

### 3.2.5.2 CPA

Let me now present you with calculations of Cost Per Acquisition of one user.

**Table 3:** Cost per acquisition of one user through skin giveaway strategy

1 € = 288,09 RP	RP	Euro
Cost per skin	975	3,38
CPA 10 users		3,38
CPA 1 user		0,34

All in all, cost per one acquired user through this strategy is only 0,34€, which is several times lower than CPA benchmarks for paid ads for this vertical.

### 3.3 Financial Analysis

The main advantage of proposed strategies is that they are very lean and budget friendly. Actually, apart from the mentioned skin giveaway guerilla marketing strategy, all strategies are free and require no capital.

This allows for experimentation, and fast pace when iterating. Also, there is no risk of losing any money, as the invested amount is extremely low for a startup-like business.

This minimum amount of risk completely changes the psychology when making decisions, as many times, entrepreneurs do not want to get rid of their existing strategies because they have invested just too much money into it, e.g. working with influencers, marketing agencies, using paid ads and much more.

Furthermore, early stage startups just simply don't know whether the solution they came up with is a real solution to a real problem, and whether the other people view it the same way. That is why spending any capital before proper validation is close to suicide. Most of the famous startups were able to find product-market fit only after a series of iterations and multiple changes to their product.

### **3.3.1 Budget and Financing**

The amount of money that will be used for implementation of strategies mentioned in this bachelor thesis is 2000 €.

These funds will be provided by the founders of the Avatar project.

### **3.4 Risks**

As it is with any business plans and strategies in general, there is always some risk associated with the fact that proposed strategies won't work due to various problems.

#### **3.4.1 Low reply rate**

The first risk is associated with the low reply rate in the manual outreach strategy. Since there is a lot of misuse of DM's on existing social media, people will be sceptical when I will be first messaging them about Avatar.

Even though I have used a low reply rate in my calculations, it is still possible that the real reply rate will be much lower, thus increasing the amount of contacted people needed to hit the goal metrics.

#### **3.4.2 Shadow Bans**

Sending a lot of messages can result in shadow bans. Shadow bans are lighter bans from the owners of social media platforms, and are mostly used to avoid spammers and scammers from sending DMs to too many people. If I am going to message a lot of people daily, it is possible that I might hit one of the thresholds and activate the algorithm to ban me.

#### **3.4.3 Low engagement on social media posts**

Secondly, it is common that many brands and companies have low engagement on their social media posts. Although I am planning to post much more engaging content than traditional businesses do, having a low engagement can have a really bad impact on the overall generation of leads and traffic, coming from these posts.

### **3.4.4 Low Interest from Influencers**

Since part of my marketing strategies revolve around cooperating with Influencers either through a revenue sharing model or cost per install model, proactive cooperation from their side is vital. If I am not able to find influencers who agree with the set terms and will actively promote our platform, then this strategy might not work out at all.

### **3.4.5 Low Interest from users to invite their friends**

Lastly, one of my main strategies is about core users inviting their friends to the platform. The main incentive is a reward in the form of a free skin. However, the main weakness of this strategy is that getting a free skin might not be appealing to some of the users, and therefore they won't have any reason why to invite their friends.

## **3.5 Risk Minimization**

Although the mentioned risks might look scary, there are various ways to deal with them.

Since all of the strategies include experimenting, trying out various approaches, split testing and changing until I find something that works is the best way to go about this.

When it comes to the low possible reply rate, the fact is that there is certainly at least one specific way how the direct message looks and gets a good response rate. My goal is just to find out exactly what it looks like. Should I write longer messages or shorter ones? Explain more or less? Go straight to the point or talk more about why we are doing what we are doing? I can't know until I try.

That is why I will try to go for quantity over quality, and let the gathered data speak for itself.

This same principle applies for all other mentioned risks. The reason why I can apply this approach is that I am not risking any capital, so the experiments are actually risk-free.

As for the main guerilla marketing strategy, that is about core users inviting their friends, the best way to minimize the risk of people not inviting their friends is to create such a good app that they just do not have any reason why not to invite their friends to use a good product, and let the free skin reward be a cherry on top of it.

### **3.6 Alternatives of marketing plan**

Even if the proposed marketing plan won't work out and we won't be able to hit the set key metrics, it certainly won't be a failure due to several reasons.

#### **3.6.1 Paid Ads**

In my opinion, starting from scratch with paid ads is madness. The reason why is that anyone who is trying paid ads, without having product-market fit and data just can not succeed.

Paid ads need specific demographics, audience interests, creative testing, copywriting and a lot of time, patience and most importantly, money, for optimization.

That does mean we do not plan to use paid ads in the future. We do, but only after we gather the necessary data about our target customer, so we can use the paid ads as a tool to leverage all of this data, feedback and product-market fit to scale our user base.

#### **3.6.2 Pixels**

Another important part of paid ads are pixels, which are the core of the paid ads, the algorithm that powers everything.

We already have various pixels installed on our website, such as Snapchat pixel, Reddit pixel, Facebook pixel and Google analytics, so that once we switch to paid ads, we already have data that is fed to the algorithm and we can kickstart our paid ads strategy with retargeting users and visitors, using lookalike audiences and other tools that is data-dependant.

### **3.6.3 Other**

When it comes to the other marketing strategies, such as leveraging industry influencers, various corporations with gaming brands and others, we already have qualitative feedback from our users through direct outreach and conversations that can multiply the possible returns from these strategies.

## **Conclusion**

My bachelor thesis objective was to prepare a suitable and efficient marketing plan for developing a core user base for my startup Avatar. Partial goals included analyzing competitors, analyzing Avatar market environment, performing interviews with gamers and evaluating the gathered data, and evaluating the strengths and weaknesses of the whole project.

Analysis such as Pest showed that the political environment of Avatar needs to be taken into consideration during future progress and decisions, as there are new privacy policies and overall data regulation rules and laws created every day.. However, after assessing the economic and social environment, there seems to be a huge potential for Avatar.

Analysis of overall competition, together with Porter analysis showed that although there is a serious and well established competition in form of traditional social media companies, they are too general, and can be punished by new companies who target a specific audience segment, both in their advertising and their platform functions.

I have also conducted my survey which had two primary goals, to find out what existing solutions gamers use to consume gaming content, and whether a platform like Avatar is be something they would use. The results of this survey were quite what was expected, as most of the gamers use only Twitch and Youtube for watching gaming content, as other platforms are not really meant for that. They had also positive feedback towards using Avatar, although a few key points were mentioned that potential users were concerned with.

These findings were confirmed by Swot analysis, which showed that this project has some good strengths and huge weaknesses, but most importantly, comes with a lot of opportunities.

Recommendation part takes into consideration all of the mentioned facts, and provides a specific marketing plan that involves both paid and free marketing methods. The free marketing methods include direct manual outreach to potential users through direct



messages and posting on social media which aim is to funnel most of the traffic to Avatar website, where they can download the application.

Paid marketing methods consist of two parts, the influencers marketing, which outlines two specific strategies, such as revenue share model or cost per install model. Second part is a guerilla marketing strategy that revolves around gifting users a skin after they invite a specific amount of users to the platform.

These strategies should lead to fulfilling the set goal of creating a core user base for Avatar, which is meant to be around the 10 000 users mark. Although there might be some easier and faster methods that were not mentioned in this bachelor thesis, it was because it does matter how these users are acquired. The easiest way would be to throw money at existing social media platforms or to pay to influencers, which would lead to obtaining the first few thousands users, but in the long run would not solve anything, as the future of this project can be only built on a solid foundation, user engagement and proper feedback to iterate.

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