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## Xbox: the Ultimate Strategic Management and Marketing Survival Tools

The paper provides a review of theoretical and practical elements of strategic and marketing aspects for international companies in business. For this purpose, essence and characteristics of main ultimate strategic management and marketing survival tools in international business were analyzed. Features and peculiarities of ultimate strategic management and marketing survival tools in international business including SWOT-analysis and PESTLE-analysis were suggested. Recommendations of strategic and marketing aspects of international companies' activities in business were provided.

**Keywords:** marketing, strategy, strategic management, international business, survival tools, business promotion, SWOT-analysis, PESTLE-analysis.

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### Introduction

Today, the competitiveness of international companies depends on many factors, including marketing and strategic analysis. The methods of marketing and strategic analysis allow fast-growing companies to monitor risks and changes in the unstable external environment and adapt to them, maximizing the positive results of their activities. Markets such as PESTLE analysis, SWOT matrix construction, SPACE analysis and BCG matrix construction, as well as ROI indicator monitoring allow companies to timely identify trends in consumer preferences and values, monitor tendencies and trends in the external environment and directly influence their competitiveness, invariably increasing it.

Thus, the **purpose** of this article is to determine the main popular methods of strategic analysis and marketing

and to apply them to visually confirm their effectiveness in the activities of specific international companies.

### Literature Review

A considerable amount of literature has been published on theory of founding, organization and management of strategic and marketing tools for international companies in business, their competitiveness etc. Studies on main aspects of strategic and marketing tools for international companies were suggested by such Ukrainian and foreign authors as Kotler P., Keller K.L., Crowther D., Aras G., Kaplan R.S., Norton D.P., Thompson A.Jr., Strickland A.J., Nemtsov V.D., Dovgan L.E., Shershnyova Z.E. and others. However, despite the presence of a significant scientific and practical base, scientists still continue exploring this field.

## Results

The gaming industry has become one of the most profitable businesses to rise within our modern era and construct such an elaborate strategic management system. For instance, according to Statista.com, the global gaming audience or "gamers" have spent approximately more than 54 billion U.S dollars on video games and additional content in the year 2020.

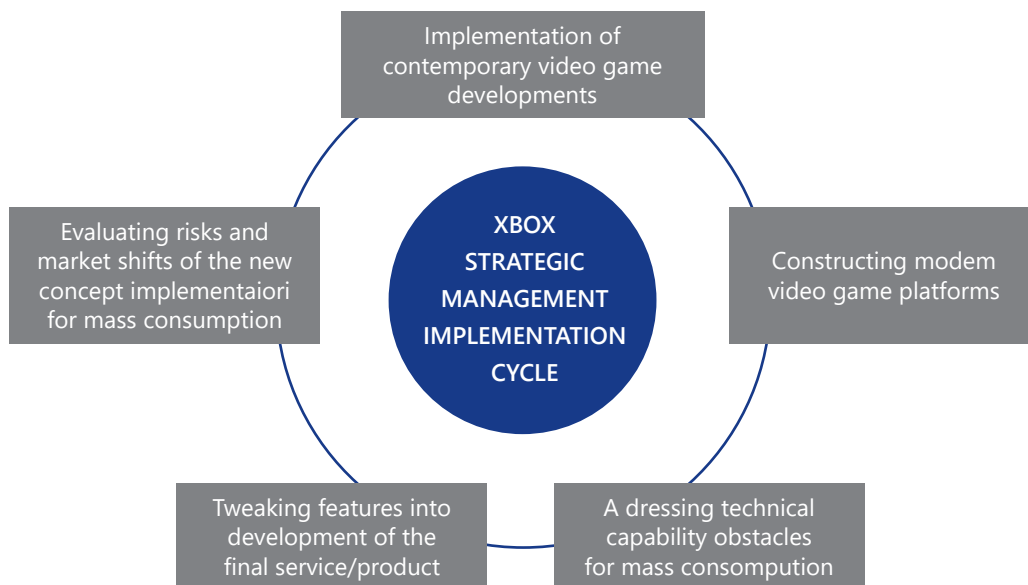
This single data alone proves the variable that the gaming industry shouldn't be taken naturally, but rather to embrace it as a force which shouldn't be reckoned with. Yet, the majority of society believe stereotypes that those companies operate in the basement producing small projects for limited quantity of people, yet Xbox which is one of the leading gaming industries decided to use strategic management tools such as Pestle, SWOT, and Porter's Five forces analysis to become the dominant force in producing hardware and software in the video game industry (Fig. 1).

The first questions which will arise with major part of society is "who and what exactly is Xbox corporation?". Well, Xbox is a video game brand which was created by Microsoft which provides services and products such as video game consoles, applications (videogames), streaming services, online Xbox service, and development of games by "Xbox Game Studios". Before we start with the various types of analysis that Xbox company has used to become a prominent player on the market, we first have to identify what is strategic management and how it can be implemented into any business such as the video game industry.

Originally, strategic management is most commonly defined as an Art & Science of formulating, implementing, and evaluating various cross functional decisions that enable an organization to achieve its objectives. This definition alone already proves that the gaming industry can qualify to implement strategic management into defining certain variables and factors which have to be achieved in the simple three values. However, Xbox is a global enterprise which means that they function differently compared to other relative business globally, yet strategic management also addresses a specific definition for enterprises. For example, strategic management in enterprises are commonly defined as a multi-stage behavioral process which is aimed at developing and implementing decisions and measures of the enterprise, considering changes that arise in its external environment. We can clearly portray the picture that strategic management is suitable for any type of business format no matter the scenario and can even address enterprises which are unique compared to other industries.

The first type of analysis that Xbox corporation uses to project growth and their major downfalls which could hinder them is Pestle which consists of factors such as political, economic, social, technological, legal, and environmental factors. For political factors Xbox decided to take an approach where they benefit from policies such as the US-China trade which gives an upper-hand because as a video game brand it allows the company to be favored and bend even certain political party's/candidates' ideologies/views.

For economic factors Xbox is known as a luxury item brand which doesn't form a part of the basic needs for



■ Fig. 1. Xbox strategic management implementation cycle.

Source: made by author using [2, 3, 6]

Table 1. Xbox PESTLE analysis.

Source: made by author using [2, 3, 6]

| THE STATE OF FACTOR                                                                                                                                                                                                            | TRENDS (FUTURE TENDENCIES)                                                                                                                                                                                                                                               | INFLUENCE |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Political (Political trade policies)</b>                                                                                                                                                                                    |                                                                                                                                                                                                                                                                          |           |
| The factor is a positive factor as it can increase the level of trade and economic welfare for nations who are within the agreement.                                                                                           | Development of nations economic relations, product diversity, exponential increase in GDP, political stability.                                                                                                                                                          | +3        |
| <b>Economical (Price to Class differentiation)</b>                                                                                                                                                                             |                                                                                                                                                                                                                                                                          |           |
| This factor in general has a mediocre negative impact as it segregates economically certain social classes which results in decreased Sales & Revenue for the Xbox industry.                                                   | Segregation of classes results in most cases in minimal sales and loss of brand awareness as the product availability is limited only to certain social economical classes.                                                                                              | -2        |
| <b>Social (Age, Demographics)</b>                                                                                                                                                                                              |                                                                                                                                                                                                                                                                          |           |
| The factor is one of the most hindering factors as it can produce unwanted obstacles for most video game industries.                                                                                                           | The limitation in age demographics creates a segregation as one part of society doesn't want certain categories of games available for the general public, whereas the other part of the "gamer" community will be enraged because of segregation for video game titles. | -3        |
| <b>Technological (Development of competitive hardware technologies)</b>                                                                                                                                                        |                                                                                                                                                                                                                                                                          |           |
| The development of competitive hardware technologies can be considered as Xbox industries major variable as it can become a major game changer between gaining a competitive advantage or become major downfall for the brand. | The future tendencies in this segment usually includes: diversity of features, revolutionary technologies, brand awareness, and community bonding.                                                                                                                       | +3        |
| <b>Legislative (Copyright law)</b>                                                                                                                                                                                             |                                                                                                                                                                                                                                                                          |           |
| The factor in general would be considered as a negative drawback for Xbox, however not a major hurdle which could limit the whole progress of the conglomerate.                                                                | Through copyright laws businesses are forced to abide the laws which culminates in technological breakthrough as companies are forced to think outside of the box without plagiarizing other companies works.                                                            | -1        |
| <b>Environmental (Sustainability)</b>                                                                                                                                                                                          |                                                                                                                                                                                                                                                                          |           |
| This variable for Xbox is mainly a positive factor as it can produce various results without harming the brand.                                                                                                                | Sustainability factor develops certain movements within the eco-friendly communities which stimulates awareness about global environmental catastrophes prevalent within our modern society.                                                                             | +2        |

most of suburban middle-class houses meaning that it's not available for all incomes. That's why the brand decided within the recent years to focus on customizing the hardware and focusing on political aspects of pestle with China to make their products cheaper and more sensibly affordable to the general public.

In social factors Xbox still to this day is impacted by the youth at an exponential rate that's why it's crucial for them

to maintain this status quota and attempt to expand other horizons with various demographics. For instance, more than 51% of women are involved in video games and people over the age of 35 are also a major contributor that's why following the stereotypes that video games are only for young males will limit the growth of Xbox corporation.

Yet, for technological aspects that's where Xbox shimmers brightly because Microsoft decided to invest expo-

nentially major funds into perfecting the products for future sales. The issue is that for technological factor "PlayStation" has been a major competitor that's why staying stagnant is unreasonable for Xbox which means that new features and services have to be launched to attract various consumers into the Xbox family.

Legal factors which Xbox had to face as a video game business is staying updated and in touch with various international patents, copyrights, and even legal restrictions. The issue with modern games today is that it's easy to plagiarize games which have similar mechanics or gameplay which could result in lawsuits from other companies who own the rights of the original game. Not to mention, age restrictions are also a major issue for most gaming companies as not abiding those rules could result in nations to prohibit the brand and hinder the sales of that specific nation.

Lastly, for environmental factors Xbox decided to just focus on sustainable future such as limiting emissions by more than 75% and even address reducing resource consumption by 20% by the year of 2030. The solutions that the corporation has been implementing to solve those statistic is "Xbox Cloud Gaming" which allows any hardware to play any types of video games without having the necessity to purchase top of the line equipment by saving the environment and even addressing a market niche which is commonly gamers with limited resources. According to Table 1, we can in detail observe the major aspects of PESTLE analysis and how those factors drastically impacts each other within the Xbox company.

To summarize PESTLE-analysis, it must be noted the implications for the company (results of these factors influence) and possible actions of the company

*For political factors.* If political trade relations will be implemented into the nation's economy than the growth and progress of the country will boom instantaneously as companies won't be limited to certain resources allowing to maximize the most of the trade policies benefiting the general society with factors such as cost efficiency, labor availability, and product diversity appearing within the domestic markets. The actions which Xbox could take from this political factor is by using its full potential and diversifying its general commerce outside of United States of America into foreign markets improving the overall development and even production of Xbox consoles/gaming services. For instance, the free trade China policy allows Xbox to drastically expand its business frontiers and produce the general goods at a lower cost rate meaning that the availability of the hardware for the general public will become more cost efficient than ever before.

*For economic factors.* In most instances the result of price to class differentiation is negative reputation or lack of brand awareness for the company as people can't purchase the product meaning that there is a limited quantity of personas purchasing the product. In addition, the lack of sales can also spiral in drastic decrease and possibly additional expenses to maintain the brand infrastructure.

The ideal scenario towards resolving this factor is by finding alternative methodologies towards decreasing the cost of the main product to establish affordability the general consumer which will develop for Xbox a community awareness within the video game industry. By making it cheaper through suppliers, labor, and even raw materials consumers will do the marketing for Xbox as the product will be available in every household for every "gamer" to consume.

*For social factors.* The age demographics results in negative impact for companies as it requires additional costs and resources to produce video game which are appropriate to age categories meaning that targeting all demographics with a single video game title can become a major struggle towards addressing the demand. Not to mention, with video games which break unethical social boundaries can become a major social issue as it can consequently result in negative press for the Xbox conglomerate. The only recommendation which can be provided for Xbox industry is to develop the competitive hardware and focus solely and forcing the competitors to take radical movements which could hinder their performance. Correspondingly, Xbox company should focus also on being on their toes and ahead of the game in technological movements as being behind in the hardware development could become a major downfall for the brand.

*For technological factors.* Development of competitive technologies in hardware can affect the business positively as it can become the major component which differentiates between the competitors. If this factor will become the major priority for Xbox company, then this will allow them to maintain their aggressive position within the video game industry as they have the competitive advantage and resources such as hardware to force competitors to take other positions such as defensive or conservative. The only recommendation which can be provided for Xbox industry is to develop the competitive hardware and focus solely and forcing the competitors to take radical movements which could hinder their performance. Correspondingly, Xbox company should focus also on being on their toes and ahead of the game in technological movements as being behind in the hardware development could become a major downfall for the brand.

*For legislative factors.* The factor is considered as a double-sided coin because on one hand it limits most brands towards producing works, however it also protects the brands from other companies plagiarizing their works which could impact the sales of the company. Identically, even though copyrights laws can become an obstacle, it's also an opportunity for brands to produce new ideas without having to steal or copy others creations which cultivates industrial competition within the video game industry. Xbox company should just concentrate on abiding the copyright laws and finding methodologies towards adapting this policy with minimal collateral damage.

*For environmental factors.* Overall, the results of this factor can upbring positive changes to various seg-

ments such as economical, legislative, and even social variables without major sacrifices. For instance, by addressing environment Xbox will be capable of increasing its sales as their products can become more ecologically friendly for people who are social aware about the environment and at the same time establish social awareness through marketing as an environmentally friendly brand who are aware about their ecological footprint. The possible actions which Xbox company can take is by focusing on sustainability on how to improve their products for the environment and at the same time develop a subtle marketing campaign which motives people to acquire products without being enforced unwillingly. For instance, by implementing stealth marketing with the combination of sustainability Xbox will be capable of captivating other consumers rather than only targeted clientele.

After discussing about PESTLE, it is necessary to focus on Xbox SWOT analysis which consists of: strengths, weaknesses, opportunities, and threats. The thoughts which come to manager's mind is what SWOT analysis could a video game corporation address if they don't have any major restrictions, however Xbox did face issues which have to be resolved that's why they focused on SWOT analysis. For instance, for strengths that Xbox emphasized on greatly was the brilliant games, deep resource pockets, high-resolution games, controller design superiority, and even competitive pricing compared to "PlayStation" and even "Nintendo". For weaknesses, Xbox without any mercy knew that they had to address issues which included high pricing of video games, minimal upgrades, "PlayStation sales" and taking over dominant Japanese video game company "Nintendo" which took over most of major markets because of the all-time classics they maintain. However, Xbox also decided to address their opportunities they have compared to any other gaming brand which is their online game, exclusive games, subscription, and constant sales, yet the threats they have to take into consideration the mature markets, constant competition as other competitors also implement same strengths, and console sales. We can already envision that even though the SWOT analysis isn't a major strategic management statistic which gives detailed information it's still highly valued and used constantly to address certain factors which could be sometimes in plain sight, that's why Xbox isn't taking any risky chances by addressing them instantaneously. For instance, if we take a look at Table 2, we can distinctly picture the influence of the SWOT analysis and its capabilities such as identifying the synchronicity between various variables, the influence of factors within Xbox company, and even segments of SWOT analysis which impacts the Xbox within the video game industry.

The last statistic which isn't very common in the management sphere, yet is highly valued for its information value is Porters five forcers analysis. For instance, Xbox Threats of new entrant's addresses aspect such as economies of scale, the product differentiation within the industry, capital requirements, government policies, and even access to

distribution network were all variables that Xbox decided to focus on when attempting to maintain the multi-million business. The way they used this data was by taking advantage of the economies by forcing out most of the competitors from the industry and focus mainly on constant innovation to differentiate products from any new entrants which results in maintaining powerful brand recognition.

By implementing this strategy this gives consumers an opportunity to identify the games easily without any hassle. Any common factor in Porters analysis is the bargaining power which mainly focuses on suppliers which Xbox took the most advantage of. For example, the brand decided to purchase raw materials from multiple suppliers at a low price which gives them unlimited possibilities towards constant growth of supply over another brand video game brand.

However, bargaining power of buyers is not exception where Xbox also looked into in depth focusing mainly on the quality, income, product differentiation, and significant threats. Yet, the one statistic that Xbox still struggles to maintain even today is the threat of substitute products/services as they focus greatly on providing greater quality in products and differentiation, as yet there are many alternatives such as consoles and PC gaming which drastically hindered Xbox sales globally making this a valuable informative asset to Xbox. Lastly, even rivalry among existing firms which contains the number of competitors and fixed pricing was another statistic which Xbox grasped firmly without allowing any movement. For instance, with the data provided they decided to focus on differentiating actions between competitors, grow their power within the industry, and even conducting R&D to understand the supply-demand curve within the industry to minimize over-production.

## Conclusion

Overall, we can see that Xbox industry in itself isn't just a simple mini-entrepreneur brand which produces entertainment, but rather a whole enterprise conglomerate which as any other video game company focuses on strategic management tools such as Pestle, SWOT, And Porters Five analysis. Xbox as an industry was capable of proving that stereotypes about gaming shouldn't limit the potential of any company by redefining the gaming industry forever through constant implementations of new products/services which drastically changed lives of various market segments globally. The major reason why PESTLE and SWOT analysis are crucial within strategic management is because those are tools which allow to analyze data in depth from various perspectives for a certain business model no matter the circumstances. For instance, by implementing the SWOT-matrix analysis we could clearly identify what type of factors have exceptional synchronicity or which type of variables hindered the performance between each other.

**Table 2.** Xbox SWOT matrix.  
**Source:** made by author using [2, 3]

| EXTERNAL ENVIRONMENT                                                                                            | OPPORTUNITIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | THREATS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| INTERNAL ENVIRONMENT                                                                                            | Low inflation rate.<br>New consumers from various online channels.<br>Environmental policies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Age maturity market.<br>Minimal upgradability.<br>Limitation of counterfeit and low-quality products.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| STRENGTHS                                                                                                       | SO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ST                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Unique video game titles/<br>Exclusives<br>Deep resources/Capital<br>Reliable suppliers                         | <ol style="list-style-type: none"> <li>1. Focus on strengthening the capital during the low inflation rates within domestic market.</li> <li>2. Analyze the overall consumer behavior and their preferences or the behavioristic segment of demographics.</li> <li>3. Take advantage of the deep resources and initial capital to advantage when addressing environmental policies.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <ol style="list-style-type: none"> <li>1. Concentrate on attempting to make content which is appropriate for age maturity and inclusive to major part of society.</li> <li>2. Expand various video game titles throughout various segments of the video game community to force out the competition.</li> <li>3. Expand the market to limit the movement of counterfeit market with sales, titles, and developments of in-game-features.</li> </ol>                                                                                                                                                          |
| WEAKNESS                                                                                                        | WO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | WT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Steep pricing for video game titles<br>Limited upgradability<br>Minimal Investment into Research & Development. | <ol style="list-style-type: none"> <li>1. Invest more resources into Invest more resources into R&amp;D while the inflation rates within the domestic markets are low as it will allow further movement and potential higher ROI (return on investment). R&amp;D while the inflation rates within the domestic markets are low as it will allow further movement and potential higher ROI (return on investment).</li> <li>2. Address the overall investments into hardware which has potential minimal upgradability as it will promote purchasing of official first party accessories during crisis or the flourishing of low inflation rates.</li> <li>3. Adapt towards the environmental policy changes with minimal investment research &amp; development as it can cause a major potential breakthrough within the video game industry.</li> </ol> | <ol style="list-style-type: none"> <li>1. Overcome the weakness by minimizing the steep pricing category and attracting various age demographics without breaking the bank or budget.</li> <li>2. Reduce the threat of rigid competition through the development of limited upgradability or offer unique options for consumers to decide upon their purchases of the hardware proposed by Xbox corporation.</li> <li>3. Converge on maximizing the potential of research and development to dominant the market and force out the general competition within the video game industry production.</li> </ol> |

So, whenever you envision a video game industry, remember that it's not only a small-time business, but rather a conglomerate corporation which uses all strategic resources and tools to forge a future for gaming and shift people's hearts through video games.

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#### **Хбох: найкращі інструменти стратегічного управління та маркетингу**

У роботі подано огляд теоретичних і практичних елементів стратегічних і маркетингових аспектів для міжнародних компаній у бізнесі. З цією метою проаналізовано сутність та характеристики основних інструментів стратегічного менеджменту та маркетингу в міжнародному бізнесі на прикладі конкретної компанії. Запропоновано характеристики та особливості інструментів стратегічного менеджменту та маркетингового аналізу в міжнародному бізнесі, включаючи SWOT-аналіз та PESTLE-аналіз. Надано рекомендації щодо стратегічних та маркетингових аспектів діяльності міжнародних компаній.

**Ключові слова:** маркетинг, стратегія, стратегічний менеджмент, міжнародний бізнес, інструменти виживання, просування бізнесу, SWOT-аналіз, PESTLE-аналіз.