Marketing Strategies of Mobile Game Application Entrepreneurs

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Mobile game application entrepreneurs can offer many benefits to the U.S. economy; however, 80% of the entrepreneurs in this study stated that marketing their mobile applications was a major business challenge. Based on Schumpeter's theory of economic development and new value creation of technological innovation, the purpose of this phenomenological study was to explore the strategies that entrepreneurs have used to market their mobile game application development businesses successfully. Twenty mobile game application entrepreneurs from northern California, who successfully sustained their businesses for 3 or more years, completed semistructured interviews. Moustakas' modified van Kaam method was used and included coding and organizing data into 5 primary themes that emerged from the analysis. The findings suggest that social media and networks are essential for marketing success, and mobile games should be innovative to ensure competitive advantages.

Keywords: marketing, marketing strategies, mobile, mobile game, mobile application, mobile game application, entrepreneurs, entrepreneurship, technology, California

Introduction

The technology industry has been leading the U.S. economy in job creation, business development, and innovation for more than 20 years (Coleman & Robb, 2012). In the technology industry, mobile software applications are increasing in popularity and creating economic opportunities for application businesses (Anthes, 2011). Whether a new mobile application will develop into a successful product or service is always uncertain (Wang, Wuebker, Han, & Ensley, 2012). In this study, we sought to fill a gap in knowledge by providing mobile game application entrepreneurs, stakeholders, and researchers with more information on marketing mobile applications. The mobile game application entrepreneurs who participated in this study provided insight into the strategies they used to market their mobile applications successfully.

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**Problem Statement**

Software technology businesses make significant contributions to the U.S. economy (Coleman & Robb, 2012; Yong et al., 2012). In the past 5 years, mobile application development has prompted the largest group of software entrepreneurs ever to enter the technology industry (Bresnahan, Davis, & Yin, 2013). Two years ago, Apple Inc. (2013) reported more than 50 billion downloads in its App Store of an estimated 900,000 different types of mobile apps. Only the top 20 mobile applications account for approximately 80% of this demand (Bresnahan et al., 2013). The general business problem motivating this study was that some entrepreneurs who start mobile application development businesses often fail to market their mobile applications successfully. The specific business problem was that some entrepreneurs who own mobile game application development businesses lack strategies to market their mobile applications successfully.

**Purpose Statement**

Game applications are the most often used applications in the mobile application industry (Yin, Davis, & Muzyrya, 2014). Entrepreneurs have been investing in developing a brand for their games and engaging consumers to increase the longevity of their mobile game application business (Bergstrom, 2014). Developing mobile game application products and expanding the consumer base are vital to business owners when building a larger source of business revenue (Bergstrom, 2014). The purpose of this qualitative phenomenological study was to explore the strategies mobile game entrepreneurs use to market their mobile applications successfully. This research study contains data gathered from profitable mobile game application development entrepreneurs who work in northern California.

**Significance of Study**

The benefit of this research is that it may reduce the number of costly mistakes that some entrepreneurs make during the first few years of their mobile game application startups. The study may also provide information for mobile game application entrepreneurs on how they might sustain their businesses and remain profitable in the mobile technology industry. Findings may also provide useful insight about marketing to the mobile application business industry (Ayala & Garcia, 2010; El Harbi, Grolleau, & Bekir, 2011). Gaining a deeper understanding of the strategies used by successful mobile application entrepreneurs may benefit investors and policy makers during their business protocols and processes (Choudrie & Culkin, 2013). Researchers hope to reduce a gap in the entrepreneurship literature regarding how entrepreneurs of successful mobile applications make critical business decisions.

**Conceptual Framework**

Economic development theory served as our conceptual framework. This framework encompasses (a) the introduction of a new consumer product or service, (b) introduction of a new product that has not been tested by the technology industry, (c) opening of a new market that no one else has previously opened, (d) the procurement of a new source of supply, and (e) creating a new organization (Schumpeter 1942). Schumpeter’s (1934/1983) theorizing of economic development and technological innovation can serve as guidelines to understanding the strategies that entrepreneurs use to market their mobile applications. Galindo and Méndez-Picazo (2013) used Schumpeter’s concepts to analyze the relationship between innovation and economic growth and found that innovation plays a vital
role in economic growth. Similarly, Bahmani, Galindo, and Méndez (2012) found that entrepreneurship has a positive effect on economic growth. Models of economic development theory directly relate to the strategies entrepreneurs use to market their mobile applications.

**Definition of Terms**

The following keywords and terms appear throughout this research study. Our goal is to clarify definitions so that readers of this study understand the intended meaning of technical terms and jargon.

*Business failure*: The sale or closing of a business because of bankruptcy or dissolution, or because the business did not meet the entrepreneur’s anticipated expectations (Ucbasaran, Shepherd, Lockett, & Lyon, 2013).

*Business success*: A situation that occurs when a business owner produces a net profit for the previous 3 years that is equal to or greater than the average profit for a particular industry (Lussier & Halabi, 2010).

*Entrepreneur*: A person who starts, organizes, and manages a business for profit (U.S. Small Business Administration, 2013).

*Entrepreneurship*: The process of creating a new venture by dedicating the necessary time and effort, obtaining financial support, taking personal risks, and receiving financial and personal independence (Zahra & Wright, 2011).

*Mobile applications*: Software programs that run on mobile devices such as smartphones and tablets and connect to cellphone networks (Bresnahan et al., 2013; Serrano, Hernantes, & Gallardo, 2013).

*Mobile game applications*: Video games that consumers use to play on a smartphone, mobile phone, or handheld computer (Ting-Peng & Yi-Hsuan, 2011).

*Small business*: An independent business with 0–1,500 employees (0–500 in the manufacturing industry; U.S. Small Business Administration, 2012).

*Start-up*: A new business that is typically technology oriented and has high growth potential and unique struggles (U.S. Small Business Administration, 2013).

**Literature Review**

The review of professional and academic literature was essential to help shape the study and understand areas where empirical research would best contribute to the exploration of mobile application start-up challenges and successes. The literature review focused on the mobile application industry, mobile games, and marketing strategies. Finally, a comprehensive literature review and clearly defined problem clarified the research question to explore during the data collection phase.
Mobile Applications

Mobile device platforms can execute numerous applications (Yan, Zang, & Deng, 2012). In the technology industry, mobile software applications are increasing in popularity and creating economic opportunities for application businesses (Anthes, 2011). Mobile technology entrepreneurs have entered the market, producing a variety of these applications, more commonly known as apps (Bresnahan et al., 2013). The business challenges of mobile application entrepreneurs are specific to their market.

During the beginning of mobile application development, individual application entrepreneurs had few opportunities to take advantage of the application development market (Maceli, 2011). However, the mobile application development market in the 21st century is more accessible to persons who use the application marketplace (Maceli, 2011). The mobile software industry framework has improved, and it is now possible individuals without special training to take part in the software development process (Voas, Michael, & van Genuchten, 2012). This has also cause the market to expand and increased competition.

Because of the increase in customer usage of smartphones, more entrepreneurs have opportunities to create mobile application businesses (Maceli, 2011). Scholars estimated the download of approximately 185 billion apps by the end of 2014 (Xiao, Xiaodong, Wei, & Xingming, 2013). Some challenges facing mobile application entrepreneurs in marketing their mobile software include price, data traffic, and competition (Dhar & Varshney, 2011). Mobile application owners can increase the visibility of their apps by marketing in an innovative manner to increase customer flow (Müller, Kijl, & Martens, 2011). Increased competition makes marketing imperative to drive customers to a particular mobile application.

Online application stores for mobile application start-up entrepreneurs provide low costs for overhead, development, marketing, and distribution, and low market-entry barriers (Anthes, 2011). The market share rate of most application stores is 70% (developer) to 30% (app store), which is higher than the 50/50% rate for most mobile network distribution systems (Cortimiglia, Ghezzi, & Renga, 2011). In 2010, global mobile application store revenue exceeded $7.3 billion from consumers purchasing applications and revenue made from advertising on the applications themselves (Yang, 2013). Mobile applications stores provide many benefits that result in increased revenue for mobile application entrepreneurs.

The increasing number of application downloads may exert more pricing competition pressures for entrepreneurs (Erman, Inan, Nagarajan, & Uzunalioglu, 2011). Entrepreneurs are taking advantage of the new mobile application opportunities, and they can still develop their mobile application software at a low price (Erman et al., 2011). Mobile application business owners tend to underprice their applications, which may result in a profit loss (Hsee & Zhang, 2010). It is essential, therefore, that mobile application businesses set their prices higher for unique applications than they would for general applications (Hsee & Zhang, 2010). The pricing of each mobile application can influence whether or not a mobile application business is successful.

Mobile Games

Mobile games have become a high commodity in the United States. During the 1980s, consumers who were early adopters used first-generation (1G) mobile phone to make telephone calls (Hyung-Min, 2013), but these early adopters were unable to play games on their mobile phones. During the
1990s, customers were able to use mobile games and text with the launch of the next-generation (2G) mobile phones (Hyung-Min, 2013). Ting-Peng and Yi-Hsuan (2011) defined a mobile game as a video game that users play on a smartphone, mobile phone, or a handheld computer. Initially, the games available on 2G mobile phones were basic (e.g., Tetris). Nokia, a communications company, launched the first mobile game, referred to as the “Snake,” in late 1998 (Rajala, Rossi, Tuunainen, & Vihinen, 2007). The number and features of mobile games increased with the introduction of third-generation (3G) mobile phones in 2000 (Hyung-Min, 2013). Today, there is a vast variety of mobile games to choose from.

Marketing Strategies

Marketing is a vital step for mobile entrepreneurs to consider as they develop context identification (Benou, Vassilakis, & Vrechopoulos, 2012). Marketing research techniques tend to be essential for mobile business owners when analyzing consumer behavior to help determine ways to improve their mobile application efficiency (Munnukka & Jarvi, 2012). Mobile entrepreneurs seek marketing activities such as buying and promoting mobile marketing to advance their businesses (Rudaina, 2012). Mobile marketing offers new opportunities for entrepreneurs to connect and establish relationships with their target audiences (Mojica et al., 2014; Rudaina, 2012). In-app marketing allows the mobile application business to market the other application in their portfolio.

Dincer (2011) stated that mobile application marketing and advertising is a vital way to develop brand awareness, particularly for targeting different audiences. Technology, individual market characteristics, socioculture factors, and government regulations can increase the national mobile marketing value contributions (Seal, 2010). The flexibility and increase of consumer usage of mobile devices to market and advertise applications has inspired more technology developers to enter the mobile application industry.

Research Question

The primary research question for this study was the following: What are the marketing strategies that entrepreneurs use to market their mobile game applications successfully?

Methodology

A qualitative research method was appropriate for this research study because using this method facilitates the exploration of detailed expressions of the participants’ business experiences (Bernard, 2013). Bernard contended that interviewers use qualitative methods to solicit responses to open-ended questions and to capture detailed data. Moreover, because it is difficult to explore the essence of entrepreneurs’ marketing strategies using quantitative self-reports, we deemed a qualitative research method as the best choice for this research study.

Researchers chose a phenomenological design for this research study. Phenomenology is the study of human experiences that have affected the lives of individuals (Reiter, Stewart, & Bruce, 2011). Phenomenological researchers focus on capturing and reflecting the lived experiences of participants (Finlay, 2012; Moustakas, 1994; Reiter et al., 2011). The phenomenon we studied was the unknown strategies that entrepreneurs use to market their mobile game applications successfully.
Population and Sampling

The sample consisted of twenty mobile game application entrepreneurs located in northern California. A snowball sampling method, by which initial participants recommend someone else who has the key characteristics required by the research design, was vital to the research study (Trotter, 2012). The purposive sampling required a review of the participants identified by the snowball method to confirm their qualification for the study. Each participant met the following criteria: (a) entrepreneur of a mobile game application, (b) whose development business was located in northern California, (c) whose mobile development business had created a profit, (d) who was currently in business, and (e) who was 18 years old or older.

Data Collection

The interview protocol for this study contains a standard list of semistructured, open-ended qualitative research questions addressing each participant’s experience of marketing their mobile game applications. O’Donnell (2011) concluded semistructured interviews to be an effective method when gathering information from small-business owners. The interview process included a pilot prior to the actual interview to ensure that the interview questions were clear and appropriate (Bazeley, 2013). The interviews took place by using WebEx, an online program that enables the user to conduct video interviews.

Reliability and Validity

Reliability and validity are essential components for qualitative studies (Babbie, 2012). Reliability refers to the dependability of the data collection and validity refers to the accuracy of the study (Babbie, 2012). The interview questions used in the study were clear and concise to increase the assurance of the reliability of responses from the participants (Ishak & Baker, 2012; White & Drew, 2011). See Table 1 for a list of the interview protocol questions. Participants had the opportunity to review, correct, and comment on whether or not their interview summaries are accurate to increase the creditability and conformability of the study’s validity (Carlson, 2010; Harper & Cole, 2012). To confirm that the transcript data was accurate, we recorded and replayed the responses of the participants’ online interviews.

Table 1: Interview Protocol Questions

<table>
<thead>
<tr>
<th>Order</th>
<th>Questions</th>
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<tbody>
<tr>
<td>1</td>
<td>What are some marketing challenges that you experienced when launching your mobile application?</td>
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<tr>
<td>2</td>
<td>How do you market your mobile application business?</td>
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<tr>
<td>3</td>
<td>How have social networks influenced how you market your mobile game application startup?</td>
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<tr>
<td>4</td>
<td>How have financing opportunities, or the lack of financing opportunities, affected how you market your mobile game application business?</td>
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<tr>
<td>5</td>
<td>What marketing approaches have been the most successful for your mobile game application?</td>
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<td>6</td>
<td>How do you determine the success of your marketing strategy?</td>
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<tr>
<td>7</td>
<td>What else would you like to share about your mobile game application marketing strategies that may be helpful to other entrepreneurs?</td>
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The researcher used Moustakas’ (1994) transcendental approach to phenomenology to analyze the perspective of entrepreneurs’ marketing strategies. We analyzed the data with NVivo 10, a software program capable of detecting subtle similarities, themes, and patterns within the data from the participants to develop the research findings (Bergin, 2011). The process included reading the transcribed interviews before categorizing and noting discovered concepts. NVivo 10 then enabled us to assess the transcribed interviews to search for common themes embedded in the answers from the study participants. The examination and decoding of frequent or recurring ideas, phrases or expression of participants is vital to the data gathering process. The next steps include categorizing and grouping the datum with its corresponding research questions.

Results

The interpretation and explanation of the consistent themes provided an extensive amount of information addressing the research question. A summary of findings reflects the phenomena of the participants’ strategies for marketing their mobile application development businesses successfully. We kept entrepreneurs’ names confidential by assigning participants with codes (i.e., P1–P20). The data gathering process included transcribing and categorizing data into thematic codes. Seven factors influenced the marketing strategies that entrepreneurs used when they started their mobile game application development business. We divided the seven factors into four primary themes and three secondary themes. Primary themes were those that the majority of the participants observed, and secondary themes were those commented on by three to seven participants. The primary themes that emerged from the research results are (a) marketing challenges, (b) social networks, (c) financing opportunities, and (d) marketing strategies. The secondary themes are (a) word of mouth, (b) number of downloads as a measure of success, and (c) consumer awareness.

Entrepreneurs who introduce new mobile games that are unknown and untested may experience competitive marketing challenges. In this study, the participants provided their lived experiences and suggestions based on how they market their mobile game applications. This study found that the majority of mobile application entrepreneurs are using a marketing strategy that results in an increased number of application downloads. Entrepreneurs who are able to implement marketing strategies that increase consumer awareness are more successful at increasing the number of downloads. Procuring financing opportunities are imperative for increasing consumer awareness due to the cost of marketing. The majority of entrepreneurs found it vital to use some form of social media to market their mobile games and increase their consumer network.

Discussion

Theme 1: Marketing Challenges

Eighty percent of the entrepreneurs noted that mobile game marketing was a major business problem. Entrepreneurs shared that distinguishing their application from a crowd of over 1 million applications is a marketing challenge. Seventy-five percent of the entrepreneurs interviewed shared that they market their mobile game applications by advertising on Google, Facebook, and other social media advertising. In addition to creating a good game, it is essential that entrepreneurs have creative, innovative ideas and budgets. A major challenge for an entrepreneur is determining their target audience. Entrepreneurs should also know what demographic group they plan to focus on when marketing their mobile games.
Theme 2: Social Networks

Fifty percent of the entrepreneurs noted that social media and networks were their most beneficial approach during their mobile application marketing process. Several entrepreneurs said that they used these tools. Some entrepreneurs shared that Google, Facebook, and other social media were useful tools that they use to advertise and market their mobile games. Social media offers marketing opportunities for entrepreneurs to reach more consumers with less money.

Theme 3: Financing Opportunities

Seven entrepreneurs contended that entrepreneurs who have funds to spend on their business might have an increased chance of business survival. Financing is an important element of the planning and implementation of mobile game development. Entrepreneurs should remember that without financing, they might run a risk of the business failure due to the competitive marketing of other entrepreneurs. One way that they obtain funding is by getting other businesses to invest in their mobile game businesses. Entrepreneurs should plan and manage their finances wisely to increase their chance of business success.

Theme 4: Marketing Strategies

Sixty percent of the entrepreneurs determine the success of their business marketing strategies by the number of consumers who downloaded their mobile games. Fifty percent of the entrepreneurs noted that a combination of social media strategies and word of mouth is effective for mobile entrepreneurs to use in marketing. Entrepreneurs said that they used marketing strategies via Facebook, YouTube, Twitter, LinkedIn, and other websites to market their mobile game applications. Entrepreneurs used banner ads with Facebook and press releases so that their games will show up on popular websites.

Secondary Theme 1: Word of Mouth

Some mobile game entrepreneurs believe that the use of word of mouth is the most effective marketing tool for mobile game entrepreneurs. Fifty percent of the entrepreneurs indicated that mobile game application businesses should use both social media and word of mouth to advertise and increase their mobile game usage. Six entrepreneurs shared that word of mouth can increase the number of consumers, which could increase the mobile game entrepreneurs’ rate of success.

Secondary Theme 2: Number of Downloads as a Measure of Success

Entrepreneurs measure the success of their mobile game business by the number of consumer downloads and mobile game usage. The number of downloads and usage of mobile games help mobile game entrepreneurs determine business success. Mobile game entrepreneurs use analytics to determine the number of downloads after the implementation of their marketing strategy to determine success.

Secondary Theme 3: Consumer Awareness

Fifty percent of the entrepreneurs noted that consumer awareness is a vital challenge for mobile game entrepreneurs. The increased consumer interest may increase the number of mobile games purchased. The sharing of information from one consumer to another could increase the number of mobile games users and increase the possibility of business success.
Practical Application

The research findings from this study might provide valuable information mobile game application entrepreneurs who are seeking additional ways to market their mobile games. Entrepreneurs can use the findings to determine their marketing budget before developing their application. Mobile application entrepreneurs can use the results from the study to consider their options and determine how they can use current mobile game application trends to develop their mobile application marketing strategy.

Assumptions, Limitations, and Delimitations

A phenomenological researcher’s goal is to explore and capture the participants’ experiences from their point of view (Marshall & Rossman, 2011). The quality and usefulness of our research findings hinged on our participants being truthful. It was also essential that participants provided detailed descriptions of their work experiences.

Assumptions

Assumptions are thoughts that researchers accept as true prior to obtaining the actual evidence (Leedy & Ormrod, 2013). In carrying out this qualitative phenomenological study, we made two assumptions: Entrepreneurs of mobile game applications businesses share similar marketing experiences for business, and the entrepreneurs would respond honestly to the interview questions.

Limitations

Limitations are circumstances that may affect the research method and analysis that researchers are unable to control (Leedy & Ormrod, 2013). During interviews, participants may provide socially desirable responses instead of honest ones that they perceive as socially undesirable. Participants may affect the veracity of study findings if they are unable to remember the business strategies that they used and honestly explain their processes. We required participants to consent orally to the recorded interviews; our doing so may have caused some participants to withhold information for privacy reasons.

Delimitations

Delimitations denote the boundaries that researchers set for their studies (Leedy & Ormrod, 2013). Because we sought to explore the strategies that entrepreneurs use to market their mobile application development business, we selected participants who worked as mobile game application entrepreneurs. We further restricted our selection of participants to those who lived in northern California. Participation in the study was small due to the competitive nature of the mobile application industry.

Recommendations for Future Study

Additional research studies may be useful to future entrepreneurs, scholars, researchers, small businesses, startups, employment, and the economic growth of the United States. Future researchers could seek additional data from a variety of mobile application entrepreneurs to complete a comparison research study of their business marketing strategies. In addition, future researchers might generate new interview questions related to how entrepreneurs market their mobile applications successfully by including other areas of the United States.
A quantitative study may offer additional data in support of entrepreneur’s small business success by increasing the number of participants and increasing the chance of gathering additional data. Questions that are not open ended may reduce the limitation of the participants responding to the questions in a socially accepted way instead of their lived experiences. Future researchers could use a quantitative or mixed-method research study to confirm the findings from this qualitative research study. The use of quantitative surveys could element the need to record the participants and reduce the need to withhold information for privacy reasons. Future researchers could use a combination of the qualitative and quantitative research methods to reflect statistical data and survey information when noting the experiences of the participants.

**Conclusion**

The purpose of this qualitative phenomenological study was to explore the strategies mobile game entrepreneurs use to market their mobile applications successfully. As the U.S. economy continues to grow, the innovative proficiency and job creation power of technologically focused entrepreneurs may become increasing essential for continued economic growth. It may be essential for entrepreneurs to find opportunities within new technology markets to be successful in the mobile application markets (Johansson et al., 2012). The growth of the mobile application market brings opportunities for new entrepreneurs to become a part of the growing mobile application market that requires minimal capital to launch (Tiarawut, 2013). Evidence from this research suggests that mobile game application businesses created with marketing strategies using innovation, economic efficiency, social equity, and consumer accountability tend to be more resilient. Entrepreneurs of mobile game applications need to develop marketing strategies that consist of innovative social media and traditional marketing efforts to ensure consumers’ interest and business success.

**References**


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