

MIHOYO's Global Strategy: Branding, Marketing, And Cultural Export in The Gaming Industry

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Abstract. MIHOYO is one of the leading players in the Chinese gaming industry, and its innovative ACG game Genshin Impact has won widespread acclaim worldwide. This article discusses MIHOYO through branding and positioning, digital marketing, and global expansion strategies. Genshin Impact, with its groundbreaking technology (such as advanced animation rendering) and excellent soundtrack created by the HOYO-MIX team, has taken the lead in the open world adventure genre in China, making it highly profitable in the ACG game market. MIHOYO's multi-channel digital marketing strategy is crucial, combining global and localized platforms (such as YouTube and Bilibili). User generated content (UGC), cross-industry partnerships, and advertising further solidify user engagement and market position. Successful partnerships and large-scale advertising campaigns with restaurant brands such as Pizza Hut demonstrate MIHOYO's excellent strategy of cultural export and marketing. In addition, MIHOYO's innovative revenue models - from in-game purchases to global concerts and festivals - have further expanded its position in the market. The localization strategy is key to its global success, tailoring content to the cultures and preferences of different regions while promoting Chinese gaming culture to international markets. Despite challenges such as high operating costs and market competition, MIHOYO continues to advance its games globally with quality content, technological innovation and a player-centric strategy. This case not only demonstrates MIHOYO's commercial success, but also provides a valuable precedent for the entire gaming industry.

Keywords: Gaming Industry, Branding, digital marketing, Cultural Export, global expansion strategies.

1. Introduction

In the process of rapid development of the multi-field game industry in China, MIHOYO quickly took the lead in the field of Animation game with its unique brand positioning and marketing strategy, and became one of the leading enterprises in China's game industry. Its classical game Genshin Impact, with its high-quality open-world design, art style, soundtrack and other qualities, has not only been a success in the Chinese market, but has also created a huge cultural influence around the world, such as Japan and South Korea. MIHOYO success lies in its innovation and development of the game content, including its innovative gamers accurate positioning strategy and the digital marketing strategy. In addition, MIHOYO also develops Chinese game culture abroad through multi-channel global promotion and cultural export. MIHOYO won the title of "Top 10 'Going-out' Outstanding Game Enterprises" at the 2021 China Game Industry Annual Conference, one of the most significant honors in the worldwide gaming industry. These official accolades resulted in favorable remarks regarding Genshin Impact's function as a "cultural exporter [1]. The success of these strategies helped MIHOYO gain a lot of market share in the fierce market competition, and also provided a model worth learning for the digital marketing of the game industry. This paper aims to explore MIHOYO in brand building, digital marketing and global expansion strategy, and analyzes the challenges and future development direction. By studying the successful experience of MIHOYO, it can provide important inspiration for other companies in the game industry to achieve innovation and breakthrough in the competition.

2. MIHOYO's Branding and Positioning

Firstly, MIHOYO's Branding and Positioning. It is well-known to us that, Genshin Impact is one of the most excellent products of MIHOYO. MIHOYO has position Genshin Impact as a free open-world RPG game or ACG game with high production value. Since its formal introduction in 2020, Genshin Impact alone has earned over \$3 billion on average globally, or \$1 billion every six months, according to the Sensor Tower research [2]. The game really made \$60 million in its first week following its September release, and by the end of its first month, that figure had increased to \$245 million [2].

Genshin Impact has famous for its art style, graphics and orchestral soundtrack. For example, there is an interesting article online. This is a paper published in ACM transactions on graphics, a top journal in computer graphics, called Learning the Inner Clothing Space for interactive production of costume animations. It illustrates that the generation of clothing is achieved through physical simulation, but it is difficult to generate beautiful clothes for an animated character without wearing molds. The technology proposed in this paper allows the computer to render the clothing on the body of the character semi-automatically according to the actions of the input character, greatly reducing the time for the production staff to adjust the key frame and the difference complement frame, thus improving the production efficiency. There is an unofficial account of MIHOYO, which produced 3 MMD animations in 2016, 2017 and 2019 respectively. These three animations are called next-generation animation renderings: it is obvious that the technological progress of these three videos can be seen, especially those produced in 2019. The silkiness of that fabric with the character's movements killed almost every MMG in Bilibili. However, the biggest application of this technology is actually another app called YouyouLuming: the virtual human desktop character with a million followers a day. In the aspect of orchestral soundtrack: HOYO-MIX was founded in 2011, after 12 years of hard work, has become one of the top music teams in China. In the era when other companies do not pay attention to the game soundtrack, MIHOYO has invested heavily in the game soundtrack, and the team has not only the head "Chen Zhiyi" who released the Genshin Impact digital OST album, *Le Vent et les Enfants des étoiles*. On January 26, 2022, her album *Jade Moon Upon a Sea of Clouds* won the Best video game Soundtrack Award at the 5th CMIC Music Award, but also the long-term cooperation of the symphony orchestra. Although the background music of the game is often not noticed by the players, but in the game that attaches great importance to the plot of the Genshin Impact, a good background music with sound painting can be a good expression of emotion and bring the player resonance. This is also one of the important reasons why the MIHOYO can bring so much to the players.

3. MIHOYO's Digital Marketing Channels and Advertising

Secondly, the MIHOYO's Digital Marketing Channels and Advertising is interesting. As the most traditional marketing method in the game, in-game purchases must be the most common of all methods. Similarly, compare to other Tencent and NetEase games, players can draw characters in Genshin Impact to get a better game experience. The token used in the card is called primogems and has an exchange rate of 1:10 to the Chinese yuan.

First, MIHOYO's social media operations play a central role in digital marketing. The company is active on several social media platforms worldwide, such as Bilibili, Douyin and XiaoHongShu, while combining localized platforms such as Weibo and Bilibili in the Chinese market to achieve a full range of content dissemination. They have built a direct and deep engagement with players through character promos, release update announcements, behind-the-scenes footage, and developer interviews. For example, the Genshin Impact character promo has repeatedly received millions of views on the YouTube platform, successfully attracting the attention of potential players and consolidating the loyalty of existing players. This strategy not only increased the brand's awareness, but also brought huge market traffic to MIHOYO.

Additionally, MIHOYO highly values the value of user-generated content (UGC) in digital marketing. The company encourages players to create content in a variety of ways, including fan art, video clips and walk-through sharing. Officially, top-notch UGC users are encouraged to collaborate with game companies to produce IP related to popular topics, which are, for instance, the HoYoFair New Year and MIHOYO's The HoYoFair Genshin Impact birthday [3]. This user-generated content not only expands the brand's awareness, but also forms a strong player base. For example, on Chinese video platforms such as Bilibili, player-produced walk-through and fun clips of the Genshin Impact have become a cultural phenomenon. This type of community-based content production model not only further strengthens the brand's position in the minds of players, but also provides a rich source of ideas for the long-term development of games.

At the same time, cross-border cooperation is also a highlight of MIHOYO's digital marketing. MIHOYO has successfully attracted a wider user base by linking brands in various fields such as catering, fashion and art. A joint campaign with Pizza Hut, for example, further brings the brand closer to its players through themed meals and limited merchandise. In addition, MIHOYO has collaborated with well-known singers (Aimer and Reol for example) to produce music, extending the culture of gaming to international markets. These cross-border collaborations not only enhance the appeal of the brand, but also inject fresh traffic into the game market through exposure in different areas.

MIHOYO's digital marketing also relies heavily on big data analytic and targeted advertising. By analyzing user behavior data, the company can segment target audiences in different regions to achieve locally-tailored advertising strategies. In Europe and the United States, MIHOYO tends to advertise through landmarks, such as projecting popular characters onto a naked 3D screen in a shopping mall or a big screen in New York's Times Square. For the Asian market, however, With the assistance of Bilibili, MIHOYO extended its marketing platform to Android in 2014 [4]. This allowed the company to promote and distribute its most recent game release without spending a lot of money on advertising because the Bilibili had a large following of fans of animation, comics, and ACG (animation, comics, and gaming) [5]. Therefore, MIHOYO focuses on using local social media and channels to spread the word. This helps MIHOYO make more efficient use of marketing budgets.

MIHOYO's success is largely due to its dedication to content quality and innovation. In game development, the company always adheres to a high standard of production, including character design, scene construction, or storyline. This high-quality content has a natural communication advantage on social media, which can quickly strike a chord with users and drive autonomous communication. For example, Genshin Impact's unique open world setting and rich story attracted a large number of users, became a hot topic on social media, for example, Genshin Impact has 1986 million and 906 million subscriptions on Bilibili and Douyin respectively. This promoted the rapid development of the brand.

Last but not the least, Genshin Impact will also launch Genshin Impact animation in the future, which will be produced by MIHOYO and well-known Japanese anime production company, Unfotable studio. They are renowned for their long-standing collaboration with Type-Moon, having created adaptations of their works, including "Fate/Zero," "Fate/stay night: Unlimited Blade Works," and "The Garden of Sinners." They have also collaborated with "Bandai Namco", creating cut-scenes and an opening animation for numerous of their games, mostly in the "Tales" and "God Eater" series. "Demon Slayer: Kimetsu no Yaiba" is among the studio's best-selling films.

Although MIHOYO's multi-channel digital marketing strategy has achieved remarkable results, it still faces some challenges. First of all, the high operating cost is a problem that cannot be ignored. In fact, Genshin Impact's annual operating budget is estimated at \$200 million. This includes the cost of ongoing development, content updates, server maintenance, marketing, and employee salaries. Furthermore, from content creation to advertising, every link requires a large amount of resource investment, which puts a high demand on the company's capital and team capacity. In addition, MIHOYO's potential competitor is KURO Game, which develops an open-world adventure game called Wuthering Wave. This could lead MIHOYO to invest more money in the Genshin Impact's

innovation, which would be a high operating cost. Or MIHOYO will increase in-game perks, but at the same time, this will lead to a decrease in the player's in-game purchases. Moreover, as more competitors join the digital marketing circuit, the homogenization of market content is increasing. So, the decision for MIHOYO is essential.

In general, MIHOYO has built strong brand influence and user engagement on a global scale through multi-channel digital marketing strategy. Whether it is engaging with players through social media or encouraging user-generated content, MIHOYO has always put players at the core and actively promoted the spread of gaming culture. In the future, the company needs to further optimize content creation and resource allocation, and improve the response speed of the market while maintaining innovation, in order to consolidate its leading position in the global game industry. MIHOYO's success not only provides lessons for its own development, but also provides a model for the digital marketing of the entire games industry.

4. MIHOYO's Marketing Strategies

The marketing strategies of MIHOYO has been a key factor of success. In recent years, MIHOYO has rapidly risen to become a leader in the Chinese game industry, and its unique revenue model and global expansion and localization strategy have played a decisive role. What is interesting is that not only in China, MIHOYO's special strategy has also achieved great success in the markets of different countries and regions, such as Japan and Korea.

MIHOYO's revenue model is based on diversified revenue streams and the development of well-targeted game products. First, the company makes money from in-game purchases, merchandising, and advertising revenue, and introducing new in-game characters to increase revenue streams. Genshin Impact, for example, not only generates revenue through in-game purchases, but also attracts a large number of players through cross-platform experiences and online and offline marketing. For the online marketing, they have a sizable following since they are very active on a range of social media networks and content sites that invest in advertising and promotion [5]. Furthermore, it enlisted gaming influencers to play the game, stream videos, and persuade their followers to try it on YouTube and Bilibili, which is a Chinese video content platform similar to YouTube [5]. For the offline market, MIHOYO will have offline pop-up stores that will sell merchandise, clothes and toys related to Genshin Impact, Honkai: star rail. In China, for example, Genshin Impact and KFC, Luckin and HEYTEA have all achieved considerable success. Specifically, a limited-edition drink from Genshin Impact's collaboration with HEYTEA sold 3 million cups in three days. In addition, in connection with KFC, you can obtain a redemption code by purchasing a specified package, so that players can get a special in-game item "Wind Glider" of Genshin Impact.

Additionally, MIHOYO pursues the extreme details in game production, striving for perfection in every detail from plot, character design to gameplay. Additionally, MIHOYO's extreme pursuit of game quality is highly appreciated by players and lays a solid foundation for the company's profits. In addition, MIHOYO is also innovating revenue models, such as launching offline Genshin Impact concerts: 2023 Genshin Impact Concert, The HOYO-Mix band performs music from Genshin Impact games around the world. Concert so far, every venue that opened sold out almost immediately, and as the first venue to open, tickets for the two performance days of the Singapore concert sold out within minutes. Ticket sales sites in Malaysia were also completely overwhelmed, making it impossible for people to even line up. Nor is the mania for tickets limited to Asia. Tickets went on sale later at both American venues. There were two concerts in New York where more than 4,000 people lined up within five minutes of opening. Another example is the annual Genshin Impact Festival (FES), which is also one of MIHOYO's innovative profit models. This offline activity moves daily in-game commissions into real life, and people can win many small prizes by completing commissions. Secondly, FES also invites voice actors who voice the game characters to come to the scene. This has really attracted a wider crowd to attend FES. The Genshin Impact FES also encouraged the selling of digital products. Limited-edition virtual goods including festival-themed

skins, character outfits, decorative objects, etc. are typically sold during the Lantern Rite period. Because these products are rare and unusual, gamers are more likely to want to purchase them, which brings in more money for game developers [6]. In fact, the first FES of Genshin Impact was after the epidemic, although a series of "first post-epidemic" exhibitions including Bilibili World and CJ were witnessed before this, and there were certain expectations for "Genshin Impact FES". But the heat of the scene was still a little bit beyond imagination. On the first day of the working day (August 10), there was a long queue in front of the Shanghai National Exhibition Center, young people dressed as Genshin Impact characters emerged in the subway station, and players played banners "warmly celebrate the victory of the first Genshin Impact FES". Others waved homemade Genshin Impact character flags. This translates game IP into more forms of entertainment products and maximizes the value of IP.

5. MIHOYO's Global Expansion and Localization Strategy

Furthermore, MIHOYO's global expansion strategy began in 2016, and Genshin Impact was a huge success with small internal testing and through game previews and in-machine demos, as well as extensive market research prior to the game's open beta. MIHOYO conducted a massive global hiring exercise, covering Japan, South Korea, the United States, Canada and other places, in order to strengthen the localization and promotion of the game. Especially in South Korea, MIHOYO applied to join the Korea Game Industry Association, which will provide it with industry norms and resources to further promote its globalization process.

MIHOYO has adopted a flexible working model in the global market, encouraging employees to freely choose where to work and committing to providing the necessary equipment, technical support and comprehensive benefits package to ensure an inclusive and secure working environment. In addition, MIHOYO also set up a global headquarters office in Singapore, which played a key step in MIHOYO's global development.

MIHOYO's localization strategy is one of the important factors in its success. Before the official operation of the game products, the company makes local production and adjustment according to the local culture, language and game preferences and other factors, so that the game can better cater to the preferences of local players. For example, Mondstadt, Liyue, Inazuma, Sumeru, Fontaine, Natlan, Snezhnaya in Genshin Impact correspond to the cultural characteristics of Switzerland, China, Japan, ancient Egypt, France, ancient Rome, and Russia, respectively, which to attract players from different regions.

MIHOYO has also been actively engaged in overseas tie-ups, such as partnerships with food and beverage brands such as Domino's Pizza, McDonald, and the establishment of a giant Paimon internet-famous site on the Thames in London, successfully attracting the attention of local players. These activities not only enhance brand awareness, but also promote cultural output, reflecting MIHOYO's comprehensive layout in overseas markets.

MIHOYO has achieved stable profitability by diversifying its revenue streams and developing refined game products. At the same time, the company has achieved remarkable success in different markets through its global strategic layout and localization strategy. In the future, MIHOYO will maintain the development trend of the game industry, constantly developing new game content, introducing innovative technologies and gameplay to meet the growing needs of players. MIHOYO is expected to occupy a more favorable position in the global market.

6. Conclusion

As one of the leaders in the Chinese game industry, MIHOYO owes its success to the development of high-quality content, unique brand positioning, multi-channel digital marketing strategy and global expansion. Driven by excellent products such as Genshin Impact, the company has not only achieved a bumper harvest in the domestic market, but also accumulated a large number of fans worldwide

through innovative marketing methods and cultural output. Despite the challenges in terms of operating costs and market competition, MIHOYO has demonstrated its extraordinary potential and influence in the game industry by continuously optimizing its game content, enhancing technological innovation, and deeply investigating the needs of players. In the future, MIHOYO needs to improve flexibility while maintaining content innovation, and be more rigorous in cost control to consolidate its upward trend across China and the world. MIHOYO's successful experience not only provides direction for its own development, but also sets a model for digital marketing and brand building for the entire game industry in China. This practice of promoting game culture on a global scale not only promotes the development of enterprises, but also makes an important contribution to the Chinese game industry to the world.

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