



Unlocking miHoYo's Triumph: Game Crafting and Marketing Mastery

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Abstract. This article endeavors to conduct a comprehensive analysis of the game development and marketing strategies employed by the Chinese game company miHoYo Limited while delving into the factors contributing to its notable success. The research commences by providing an overview of the current landscape within the Chinese gaming market, setting the stage for a detailed exploration of miHoYo's strategic maneuvers. A succinct introduction to miHoYo lays the foundation for a deeper dive into its strategic approach. The subsequent sections dissect miHoYo's strategic imperatives, which include aligning with emerging trends and consumer demands in the realm of entertainment consumption, recognizing the imperative of cultural export, and demonstrating adaptability in a rapidly evolving industry. The central focus of this article revolves around an intricate analysis of miHoYo's game development and marketing strategies. By scrutinizing successful case studies within miHoYo's portfolio, this research aspires to furnish valuable insights, references, and inspiration for fellow game companies. Furthermore, it seeks to galvanize and facilitate the growth of China's burgeoning domestic gaming industry, thereby contributing to the broader discourse surrounding the global gaming landscape.

Keywords: Game innovation; communication strategy; cultural export.

1 Introduction

In recent years, the gaming industry has shown significant progress due to the increasing level of education and economic development, leading to new demands for spiritual and entertainment products. According to the "China Game Industry Report for January-June 2023" released by the China Audio-Video and Digital Publishing Association Game Committee, the domestic gaming market's actual sales revenue in the first half of 2023 was 144.263 billion yuan, with a month-on-month growth of 22.2%. This shows a significant improvement in the industry, breaking the downward trend during the epidemic period. China's gaming user base also reached a historical high, with 668 million users recorded during the same period, an increase of 0.35% year-on-year[1]. The call for games to be recognized as the "ninth art" is gradually gaining momentum on the domestic internet. However, consumers are dissatisfied with the

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poor quality of game design, low cultural content, and rigid operating models in the domestic gaming industry, causing users to seek a new form of domestic games. In this context, Shanghai MiHoYo Network Technology Co., Ltd. has emerged as an industry leader, having frequently gone viral and achieving high profits. In 2022, MiHoYo's net profit for the year was 16.14 billion yuan, with a net profit margin of 58.9%[2]. In April 2023, MiHoYo launched a new turn-based game "Honkai: Star Rail," which surpassed other game revenue data in May and became the champion of the global popular mobile game revenue growth ranking on Sensor Tower. In July, the game's global revenue exceeded 500 million dollars[3]. MiHoYo's success is not a matter of luck, as previous domestic and foreign research has mainly focused on exploring MiHoYo's overseas and cultural output strategies, and the analysis of the company's communication strategy and integrated marketing activities was slightly insufficient. In this article, the author aims to provide an analysis of how miHoYo was able to successfully open up new gaming genre in China and abroad, gaining both fame and fortune, despite facing rapidly changing economic environments and user needs. The study explores the game construction and dissemination strategies employed by miHoYo, which have enabled the company to become one of the top three game companies in China within just 10 years of its founding. The research findings presented in this article have practical significance, as analyzing miHoYo's success can help to overcome the current impasse and limitations of game development in China. Additionally, it can aid other game companies in improving and optimizing their game production strategies, ultimately revitalizing China's domestic gaming industry.

2 Company Profile

In 2011, Liu Wei and other founders participated in an entrepreneurship competition and won 1 million yuan in "angel" investment, which led to the establishment of Shanghai MiHoYo Network Technology Co., Ltd. Subsequently, in 2014, the shooting game Honkai Impact 2 was launched, and it generated an annual revenue exceeding 100 million yuan. The company invested the majority of its revenue into producing follow-up products. In 2016, Honkai Impact 3 was launched, earning an annual revenue of over 1.1 billion yuan. The year 2020 marked the official launch of Genshin Impact, which had undergone 3 and a half years of development. In 2021, Genshin Impact won the Best Mobile Game Award at TGA (The Game Awards). As of January 2023, Genshin Impact's total revenue has reached 4.1 billion US dollars. MiHoYo's slogan "technology saves the world" has been upheld by the development of more than 400 patents, its focus on operating long-term original boutique games, and its dedication to the dissemination of Chinese stories and culture[4].

3 Company Strategy Starting Point

3.1 New Demands and Requirements for Entertainment Consumption

In recent years, the number and scale of internet users have been increasing year by year. The pandemic era has further accelerated this trend, as games offer a natural advantage over live entertainment forms like movies, photography, and music. Consequently, the number of users who choose games to satisfy their psychological needs has been increasing consistently. Since the turn of the millennium, China's second-dimensional culture entered a rapid development stage, influenced by Japanese anime[5]. However, due to policy and distribution channel restrictions, there was an inverted supply and demand relationship in the second-dimensional industry[5]. MihoYo identified an opportunity to cater to the new demand of second-dimensional enthusiasts by developing second-dimensional related game products. Moreover, Li Fan Yu suggests that the young urban working population is becoming increasingly isolated, preferring to spend time and boredom through the internet rather than socializing after work[6]. This new mode of interaction has given rise to new requirements for game developers, such as the need for "de-socializing" games. MihoYo has responded to this demand by disrupting the typical characteristics of Chinese games, which were strong in socialization and player competition, and creating a game environment of "selectable socialization".

3.2 The Necessity and Adaptability of Exporting Chinese Pop Culture

In the era of globalization, the importance of exporting Chinese pop culture has become increasingly prominent. Recently, both domestic and foreign brands have frequently made mistakes in their designs and advertising related to Chinese culture. For instance, a photograph by Chen Man at the Dior "Dior and Art" exhibition in November 2021 seriously distorted Asian images, which angered many Chinese netizens. The Three Squirrels, a famous snack brand, also highlighted stereotypical Chinese impressions such as "narrow eyes, thick lips, kung fu" in their product promotion posters. While the cultural influence of Korean dramas and Japanese anime has spread worldwide, Chinese culture still lacks positive, accurate, and interesting dissemination overseas. To improve cultural soft power and export Chinese pop culture, miHoYo has highly integrated Chinese traditional culture and excellent culture in game design, becoming the company's unique advantage. Currently, most Chinese traditional culture exports rely on documentaries and news for dissemination, lacking entertainment value[7]. Conventional media is difficult to make overseas audiences appreciate the beauty of Chinese culture. However, games actively attract players and have the potential to transform culture into entertainment[7]. By incorporating Chinese elements in scene, character, and element designs, games have the potential to change user attitudes and perceptions[8]. To sum up, games could provide new possibilities and ways for cross-cultural communication.

4 Game Building Strategy

4.1 Going Concern

Sustainable operation is the fundamental method of miHoYo's game development. The company's first game, "Honkai Impact 1," was a buyout game. However, after its release, free pirated versions appeared on the internet, which severely damaged miHoYo's normal operation. In response, miHoYo realized that long-term sustainable operation was the direction suitable for the current Chinese market. miHoYo's second game, "Honkai Impact 2," has been in operation since January 26, 2014, and has last updated to version 10.3 on August 9, 2023[9]. With the current average lifespan of games in the domestic market being 2-3 years, there are numerous advantages to adhering to long-term operation. First, it enhances users' trust in the company's operational capabilities, which helps with user retention and payment amounts over the long term. Second, it helps with company product IP (intellectual property) development. For example, the "Honkai" series has accumulated 11 years of work, including "Honkai Impact 1-3" and "Honkai: Star Rail". These games have unbroken worlds, characters, and plot lines that achieved the purpose of innovation diffusion by completing the five stages of awareness, persuasion, decision, application, and confirmation[10].

Table 1. IP revenue

IP Name	Establishment Time	Total Revenue
Pokémon	1996	\$76.4 billion
Mickey Mouse and Friends	1928	\$52.2 billion
Star Wars	1977	\$51.8 billion
Winnie the Pooh	1924	\$48.4 billion
Disney Princesses	1937	\$54.1 billion
Anpanman	1973	\$38.4 billion
Harry Potter	1996	\$34.6 billion
Barbie	1959	\$32.6 billion

Table 1 shows the revenue and establishment time of the most valuable IPs worldwide, as selected by the author. It is evident that long-term operation accumulation and information flooding are the keys to building audiences' deep impressions of IP. Third, miHoYo adheres to a 40-day update cycle, providing a constant stream of new events and gameplay. At the same time, the company uses gacha mechanisms as the core gameplay, releasing a variety of characters to stimulate players' continuous consumption. IP-based operations, gacha mechanisms, and version activities have all greatly increased the number of active users and online time, supporting the company's long-term development. In conclusion, miHoYo's emphasis on sustainable operation has proven to be a successful strategy. The company's long-term approach has enhanced user trust, facilitated IP development, and increased online longevity. Additionally, miHoYo's use of gacha mechanisms and frequent updates have stimulated user engagement and continuous consumption. By combining long-term operation,

IP-based operations, and gameplay innovation, miHoYo has established itself as a leading player in the gaming industry.

4.2 Technological Innovation and Cultural Innovation are Equally Important

4.2.1 Technology-Driven.

MiHoYo's success is attributed to its combination of digital technology and original cultural IP, which have enabled the intelligent and high-end production of cultural products, as praised by the Shanghai Enterprise News [11]. From 2017 to 2023, MiHoYo applied for a total of 471 patents, with invention patents accounting for 99.15% and design patents accounting for 0.85% [12]. The majority of these inventions revolve around game optimization and deep development, including game design and generation, data processing, animation rendering, and terminal processing [12]. Since the launch of "Genshin Impact," MiHoYo has pioneered the simultaneous operation of a single product on multiple platforms, becoming a unique competitive advantage in the global market. This breakthrough has broken through the restrictions of different system operations and platforms, and supports multi-terminal data exchange. In 2022, MiHoYo developed the "Cloud Genshin Impact" version, which enables players to enjoy a high-quality gaming experience without the need to download the game package through cloud technology and network. The maintenance of multiple platforms and the development of new technologies enable a large number of players with insufficient device performance to experience the deep gaming experience that only deep gaming players could have had in the past. MiHoYo insists on the vision of "Geeks Saving the World" and invests in forward-looking technologies and industries, including fusion devices, brain-computer interfaces research, and large-scale modeling technology. Technological innovation is a driving force in the game industry, which is evident in MiHoYo's patent applications and the development of new platforms.

4.2.2 Cultural Drive.

However, cultural innovation is equally important, which is why MiHoYo integrates Chinese traditional culture and excellent culture into game design, creating a unique advantage that combines technological innovation with cultural innovation. The cultural output of miHoYo is driven by innovation in multiple elements such as game scenes, mechanics, characters, and music. Scene innovation. Wang Zhan proposed the concept and technology of the metaverse, which helps to innovate game scenes [13]. By combining real scenes in virtualized games, players' immersion and realism are enhanced. For example, in "Honkai: Star Rail", miHoYo constructed the "Louvre Fairy Boat" world in the story, which is based on Chinese stories and culture. The word "Louvre" is taken from the 5A scenic spot "Luo Fu Shan" in Guangdong Province. Legend has it that this is also a place where immortals reside in Taoist culture. In the map design, the architectural style draws on traditional Chinese architectural art-Hui-style architecture. MiHoYo chose the Hui-style architecture with pure

tones, more blank space, and strong extensibility as the basis, combining it with "MiHoYo-style aesthetics" for secondary creation. For example, horse head walls, stone carvings, and window lattices are stylized and exaggerated on the basis of conforming to the form. MiHoYo's method of integrating real elements and virtual styles restructures the scenes that combine virtual and reality, providing users with rich value and emotional experiences [13]. Artistic mechanism innovation. Designers created the concept of "relics" for character development in "Genshin Impact". "Relics" are equipment that can increase the attack power of game characters. Most games often use template designs for such game props, such as armor that increases defense, and magic stones that increase magic. MiHoYo designed ability-enhancing equipment in the form of cultural relics and packaged them with stories. For example, the "Lai Xin Yu Xiang Relic" in the game is inspired by the intangible cultural heritage "Qing Porcelain". Therefore, "relics" are designed in the form of classic porcelain such as teacups and jade pendants. At the same time, the company also invited inheritors of intangible cultural heritage to make physical records for the intangible cultural heritage series program for promotion. The brilliant and open flowers, tied to the thin branches of tea trees, jade pendants as tokens of worship, and tea cups that constantly pour out clear springs allow people to see the traces left by the past from the game. Character innovation. In previous research, Yun Jin, a Peking Opera actor in "Genshin Impact", became a research model for the successful export of Chinese traditional culture overseas. Feng Min and Tong Wei pointed out that Yun Jin's appearance and character design both have the characteristics of ancient and modern fusion, Chinese and Western fusion, reducing the sense of strangeness and rejection that is easy to occur in cultural export, and is more easily accepted by players at home and abroad [7]. Zhang Zhuoran believes that the action design that combines martial arts and classical dance makes Yun Jin bring players a deep memory point, and also reflects the artistic creation tendency that conforms to contemporary spirit [14]. At the same time, the opera singing played by Yun Jin in the game's plot invites top Peking Opera actors to sing. She changed the slow rhythm and regular singing style of Peking Opera, and integrated popular singing methods into the art of opera, bringing a cultural feast with popular significance. In addition, Erdur used a corpus-assisted method to examine the character development in "Genshin Impact" on a more macro level, avoiding violent tendencies. The female characters' development avoids vulgar sexualization and showcases diversity in the game[15].In short, the sublation of traditional Chinese culture and the tolerance and innovation of new culture are the soul of Yunjin and the goal of MiHOyo.

4.3 Layout Based on China, Facing the World

MiHoYo attempts to tell global stories in the Chinese language. In "Genshin Impact," players will play as a traveler from beyond the world, traveling to seven countries, meeting companions, and searching for relatives. The seven countries in the game are all based on real countries. For example, Mondstadt corresponds to the Netherlands, Liyue corresponds to China, Inazuma corresponds to Japan, and Sumeru is a reference to Southeast Asian and Middle Eastern countries. In "Honkai Star Rail," players will

travel as passengers on the Star Rail and embark on adventures between planets. Different planets are also based on different countries and cultures, currently including Russia, China, and Japan. According to miHoYo's public interviews, hoyomix (miHoYo's music team) also creates game music based on various cultural and traditional instruments from different countries. For example, the rainforest area themed around "fine rain" uses instruments such as bansuri flute, sitar, tabla drums, etc. to create a vibrant environment full of life. The desert area themed around "flying sand" and Middle Eastern culture uses instruments such as the ney, duduk, saz, which are rich in history and epic. In game and daily promotion, miHoYo has text translations and voice acting available in Chinese, English, Japanese, and Korean. The voice acting for each country will also change the character's vocal image based on the subtle differences in each country's preferences. English voice acting tends to have slightly older-sounding character voices than the voice acting for China, Japan, and Korea. This is due to the preference for more mature character images in the European and American gaming markets, as well as the fact that the average vocal range tends to be lower in the West. In contrast, in the mature voice actor system in Japan, there is a clear differentiation in character vocal images and a wide range of vocal ranges. In July of this year, "Honkai Star Rail" international service launched the "Star Core Hunter" milk tea collaboration globally, radiating to 13 countries and regions including Russia, South Korea, Vietnam, and Spain, and recording promotional videos in corresponding languages, demonstrating its ambition to expand globally.

5 Communication Strategy

5.1 Digital Marketing

Mihoyo has implemented a consistent marketing strategy that prioritizes brand exposure in order to promote their products. The company has established official accounts on various mainstream new media platforms in China, which are dedicated to updating information on different aspects of their games. For instance, the "Genshin Impact" official account on Weibo has amassed 10.51 million followers by updating the game's daily dynamics and providing previews of new gameplay via monthly "developer symposiums". Moreover, the company's official account on Weibo also runs "Paimon's Work Diary" to inform players about offline game activities such as anime conventions, concerts, and game peripherals. As early as the early days of the company, Miha Tour united Bilibili website (referred to as b station) to establish a deep cooperative relationship. Miha You set up a separate channel service for users of b Station, while b Station provides services such as open screen advertising and precise user advertising for the games of Miha You [16]. This precision user targeting has enabled the company to gain a significant number of fans when launching new games. In addition, Mihoyo has achieved a good level of success on overseas platforms. The "Genshin Impact" YouTube account has 6.92 million subscribers, while the Instagram account has 3.58 million followers. Prior to its overseas launch, Mihoyo announced that "Genshin Impact" would be released simultaneously on the Switch and PS4 platforms. The company also invited top overseas game media and critics to experience

the game in advance, including Sony Interactive Entertainment's president, Shuhei Yoshida, who expressed on Instagram that "Genshin Impact" is the most anticipated game of 2020. The endorsement of top KOLs has attracted a significant number of new overseas players to join the game.

5.2 Advertising

Before the game is launched or updated, miHoYo often chooses to invest a significant amount of capital in offline advertising. During the game's pre-production phase, miHoYo announces train-themed exhibitions in more than 10 cities worldwide, places electronic screen advertisements on landmark buildings in Shibuya, Times Square, Akihabara, and other locations, and engages in domestic and Chinese high-speed rail partnerships to increase the game's exposure significantly. This all-encompassing advertising marketing strategy expedites player engagement and captures their attention.

5.3 Public Relations

miHoYo places particular emphasis on shaping the company's brand image, striving to create a game company with both strength and warmth. In 2022, miHoYo excelled in combining gaming events with public welfare activities to expand public welfare and company influence. For instance, in the character PV of Diche in "Genshin Impact," there is a scene where donations are made to children. This drove 90,000 netizens to donate around 2.4 million yuan to the "Hope Project" within five days. There are also public welfare activities such as helping desert farmers plant jujubes and calling for attention to bird protection. Additionally, when the company faces an emergency, it quickly engages in public relations and appeases player emotions. In September 2023, the announcement that "Genshin Impact" would hold offline concerts in several regions sparked a heated discussion among players. Due to the special treatment of Shanghai's offline concert, which gave away peripheral products worth more than 200 yuan, players who had already purchased tickets for offline concerts in other regions felt dissatisfied, resulting in significant negative public opinion on the internet. miHoYo officials responded promptly on multiple platforms, according high importance to the incident, clearly explaining the reasons for differential treatment, and proposing two compensation options. This effectively prevented the situation from deteriorating in a short period.

5.4 Encourage Second Creations

Currently, miHoYo's various game versions are updated every approximately 42 days. Players may inevitably lose interest in the game when no new content is being produced. Therefore, miHoYo strongly encourages players to engage in creative production. On video platforms such as Douyin and Bilibili, miHoYo continues to promote creator incentive plans, using game props and monetary rewards to encourage players to live stream game content. On social platforms such as Weibo and Xiaohongshu,

miHoYo holds second creation contests to inspire players to create game content in various forms such as pictures, novels, and videos. miHoYo has also developed a virtual community brand for games, Mi Community, which diverts players to private domains. Compared to public platforms, players in Mi Community have stronger stickiness and higher activity. This increases the possibility of value co-creation, which is not only beneficial to the company's brand awareness and value enhancement but also enhances consumer loyalty[17]. At the same time, this will improve players' game experience and create a sense of belonging and trust, in order to gain a sense of recognition and spiritual satisfaction[17].

6 Conclusion

MiHoYo has taken advantage of the blank space in the two-dimensional game market and produced high-quality original games that cater to the new requirements and demands of both local and international players using their technological and cultural capabilities. To construct their games, MiHoYo implements a sustainable and differentiated strategy that caters to multiple countries. The company is committed to innovating game scenes, mechanisms, characters, music, and other elements. This means that they combine virtual games with real-life elements to enhance players' immersion and provide them with a more realistic experience. By reconstructing scenes that combine both virtual and real-life elements, the company is able to offer users rich emotional experiences. Additionally, MiHoYo places a great emphasis on cultural output and uses games as a platform to spread Chinese traditional culture and excellent culture across the globe. When looking at the promotion and dissemination strategies of Genshin Impact both domestically and overseas, the focus was on "viral" online multi-platform dissemination and offline advertising and linkage activities. High-frequency official publicity and personalized creations made by players were also key to Genshin Impact's dissemination strategy. By studying the successful cases of MiHoYo, other game companies can learn from and be inspired to promote the development of China's domestic game industry. One way to achieve this could be to implement similar strategies that focus on online and offline advertising, personalized creations, and a strong emphasis on cultural output. By doing so, they can improve their chances of success in both the local and international markets while also promoting Chinese culture and traditions to the world.

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