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UBISOFT

Brand Report

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Company Overview

Ubisoft, a developer and distributor of interactive entertainment, was founded by the Guillemot brothers in 1986. Headquartered in Montreal, Quebec, Ubisoft is a top contender and contributor in the modern gaming industry. Ubisoft's diverse portfolio and gaming franchises like Assassin's Creed, Just Dance and Far Cry enabled it to become one of the world's top independent publishers by 2011, ensuring a consistent annual revenue of a billion dollars.

The company has 10,000+ employees in six continents and has ventured into Blockchain, mobile gaming and the film and television industry. Notable creations include The Rabbids TV series and the Assassin's Creed movie.

Ubisoft seeks to innovate products and enrich players worldwide with new experiences and unforgettable games through divine inspiration and historical revisionism.

STRENGTHS

- STRONG BRAND RECOGNITION
- WIDE PORTFOLIO OF GAMES
- STRONG FINANCIAL POSITION WITH A REVENUE OF €2.2 BILLION IN 2020
- LARGE GLOBAL DISTRIBUTION NETWORK
- STRONG CUSTOMER BASE AND LOYAL FAN FOLLOWING
- EXPERIENCED AND SKILLED WORKFORCE

WEAKNESSES

- DEPENDENCE ON A FEW KEY GAME TITLES FOR A SIGNIFICANT PORTION OF THEIR REVENUE
- LIMITED SUCCESS IN ENTERING THE MOBILE GAMING MARKET
- OVERRELIANCE ON SEQUELS AND ESTABLISHED FRANCHISES
- CRITICISM FOR POOR DIVERSITY AND REPRESENTATION IN GAMES

OPPORTUNITIES

- GROWING GLOBAL GAMING MARKET
- INCREASING DEMAND FOR MOBILE GAMING
- GROWING POPULARITY OF ESPORTS
- EMERGING MARKETS SUCH AS CHINA AND INDIA
- INCREASING DEMAND FOR IMMERSIVE AND INTERACTIVE GAMING EXPERIENCES

THREATS

- INTENSE COMPETITION FROM OTHER GAME DEVELOPERS SUCH AS ELECTRONIC ARTS, ACTIVISION BLIZZARD, AND TAKE-TWO INTERACTIVE
- RAPID TECHNOLOGICAL CHANGES AND INNOVATION IN THE GAMING INDUSTRY
- PIRACY AND ILLEGAL DISTRIBUTION OF GAMES
- NEGATIVE IMPACT OF COVID-19 ON THE GAMING INDUSTRY

Targeting and Segmentation

Ubisoft caters to every gamer's needs regardless of age or gender. New and seasoned players find themselves immersed in diverse Ubisoft titles, ranging from action, simulation, and sports to strategic shooter games, on their PC, console, or mobile, covering most market segments.

Seasoned players are enthusiasts who are tech-savvy and passionate about modern technology. They consider gaming more of a lifestyle than a hobby, whereas casual gamers are hobbyists and often dabble in gaming to try the newest releases out of interest.

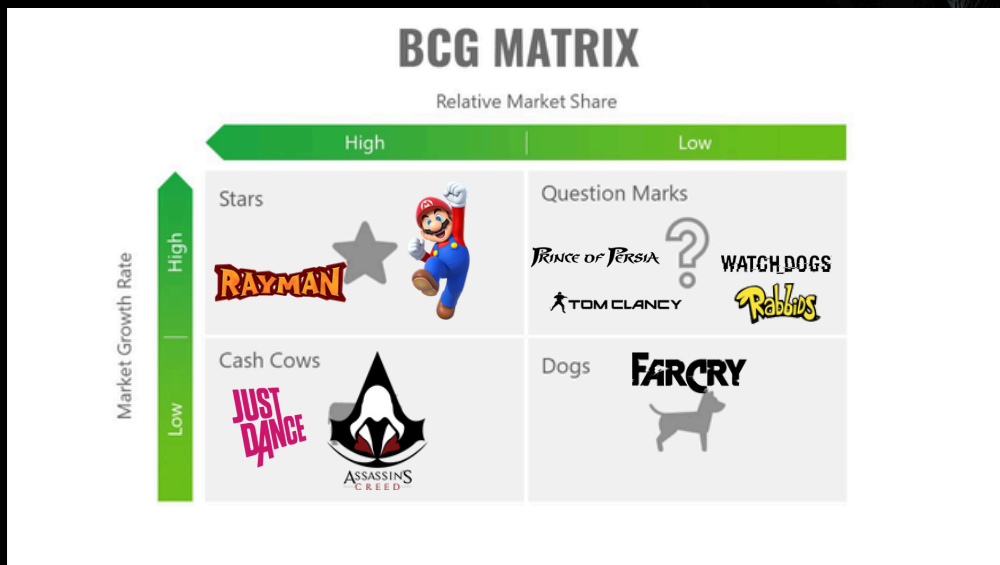
Primarily targeting casual gamers between 18 and 35 in North America, Europe, and Asia-Pacific, they try to resonate with various cultures through historical revisionism by releasing games that accurately depict locations that people aspire to travel to and a protagonist that players can resonate with.

The storytelling in games highlights human elements like character development, moral ambiguity and emotion, enabling the player to connect to their offerings and identify with their playable character on a deeper level.

Players also appreciate the company's transparency and constant focus on innovation by creating high-quality games and pushing boundaries in the gaming industry, enabling them to breed loyalty and improve their brand image.



Portfolio



Ubisoft's highest-selling products are Assassin's Creed, Just Dance, Tom Clancy's Rainbow 6, and Far Cry. Of these, Assassin's Creed and Just Dance have high market share in low-growth markets. Tom Clancy's Rainbow 6 has a low market share but exists within a high-growth market. Therefore, some of the branding opportunities include rebranding Assassin's Creed or Just Dance and launching new products within the First-Person Shooter category.

Number of Games	133
Number of Unique Titles	43
Number of Franchise game series	21

Category	Growth rate	Ubisoft's Top Products
Action Adventure	7.64%	For Honor, Rayman Game series (8 games), Far Cry series (9 games), Watch Dogs game series (3 games)
First Person Shooter	20.70%	Tom Clancy series (18 games)
Music Gaming	5.74%	Just Dance



The Brand Archetype Framework to Ubisoft

- **The Outlaw** - Ubisoft's portfolio includes a variety of Action/Adventure games which highlight antagonistic protagonists. Gamers enjoy characters who challenge authority and social norms. The visual graphics of games like Assassin's Creed, For Honor and The Settlers reflect antiheroes.
- **The Ruler** - Ubisoft's products include Open-World games, which allow users to build their own characters and attach symbols of power and authority to them. Gamers enjoy the vicarious illusion of power experienced through the characters' journeys.

Analyzing Ubisoft through the 4 E's of Brand Experience

- **Entertainment** - Ubisoft's portfolio highlights multi-player games which gamers engage in recreationally as a form of social activity.
- **Education** - Ubisoft's diverse games enable the application of strategy, resource allocation and team building. Thereby, customers perceive educational value from video games.
- **Escapism** - Ubisoft's games are escapist in nature, highlighting fantasy worlds, multidimensional characters with superpowers, and the character's journey experienced from the gamer's perspective.
- **Esthetics** - Esthetic value is highlighted in the high-quality graphic design, which is constantly being upgraded.

Therefore, engaging with Ubisoft's products provides an experience that is entertaining, educational, escapist and immersive.



Situational Analysis

In recent years, Ubisoft has cancelled and delayed numerous gaming titles due to internal turmoil, a declining stock price and backlash from their customer base due to low-quality games. With top-level executives being accused of sexual misconduct in 2020 and being exposed online during the #MeToo movement, Ubisoft faces internal operational and management turmoil.

A spike in expenses, inflation and supply chain constraints in North America and Europe due to the Ukraine war has rendered Ubisoft a potential takeover target by investors as its share price plummeted by 38% in 2022. A minority shareholder, Shenzhen-based Tencent secured a 49.9% economic stake and 5% voting rights in Ubisoft. This threatened Ubisoft's governance and creative choices; however, the company has assured no in management and operations.

In January 2023, CEO Yves Guillemot conveyed an expected 10% revenue decline and loss of 500 million euros in an email to employees. Further, the cancellation of seven games was announced. The email hinted towards attrition of employees, disinvestment of "non-core" assets and targeted restructuring — thereby sparking outrage. By being asked to work more with labour constraints without a compensation increase, employees resorted to a strike. They were seeking a 10% hike in salary to cope with the ongoing inflation and high cost of living, along with a four-day workweek.

Yves later backtracked and apologized to his employees, demonstrating a lack of self-awareness and accountability by top-level management.





Over 40% of gamers are aware of Ubisoft and its products, many of whom portray distrust towards Ubisoft's products. Customers claim that the firm is plagued by corporate greed and that their yearly releases of gaming titles lack innovation and are mere re-skins of their previous titles with slight improvements to their mechanics. Additionally, game-breaking bugs and micro-transactions have caused a loss in customer trust due to the release of unfinished, overpriced games. Ubisoft has been monetizing additional content and releasing unfinished products. Longtime customers seek a finished product without paying a premium for downloadable content, especially for story-driven offline games.



TOM CLANCY'S
GHOST RECON
BREAKPOINT

Strategy



With a male-dominated audience of 84.91%, technological advancement has caused a shift in demographics with the rise in cloud gaming, VR and mobile gaming, increasing female gamers and older players in the market.

Ubisoft should adapt its marketing and game development to cater to new audiences and build a solid and enduring brand relationship with gamers worldwide. This would result in higher profit margins and brand longevity.

Ubisoft's unique IPs and years of experience can help them better understand their consumers, allowing them to have better control over communicating their new positioning to consumers while adjusting to technological advancements.

By ensuring their games are well-designed, thoroughly tested and bug-free at launch, they can effectively regain their status as a consumer-centric brand while improving customer satisfaction. Investing in quality assurance while prioritizing user experience through integrating more intelligent AI and developing games with symbolic cultural and sub-cultural references that players can resonate with would improve their offerings' life cycle, leading to better customer retention.

In order to target new segments, Ubisoft can diversify its portfolio and collaborate with other game developers where consumers can purchase their favourite Ubisoft characters and weapons through third-party platforms, eliminating the need for Ubisoft to have microtransactions in their games and regain their consumer's trust.





Adopting ethical monetization models that do not compromise on gameplay or create pay-to-win situations would showcase Ubisoft's sensitivity towards consumer feedback.

Encouraging player-generated content by empowering their players to create and share their curated content would enhance engagement by fostering creativity. Showcasing these creations would create new platforms for fans to interact, provide feedback and feel involved in the brand's development.



Ubisoft can also partner with Netflix or Microsoft, enabling players to stream and access their games via cloud services such as Xbox Game Pass, allowing them to capitalize on the shift to mobile cloud gaming and improve brand awareness. They can also collaborate with popular gaming influencers and content creators to amplify their reach and credibility. Collaborations such as sponsored content, live streams and early access to games would allow creators to voice their opinions and experiences with their audience.



Finally, a change in management would benefit the employees and the firm. It would instil proper vision and ensure ethical practices are maintained in the firm's operations, leading to higher-quality products for the end user. Demonstrating a commitment towards CSR, sustainability efforts, and diversity inclusion in both their games and their company can help them embark on philanthropic ventures, improving their brand image.



Therefore, these strategies would help build a stronger relationship with their consumer base and regain their trust. Having acknowledged its mistakes from the past, Ubisoft is constantly trying to make amends and survive in a dynamic environment. With a declining stock price while on the cusp of technological advancement, it is imperative that Ubisoft's top-level executives are receptive towards their environment and consumers to ensure their brand's vitality and longevity.



Appendix

Ubisoft's Target Segment

Seasoned players - Players who exhibit a high level of competitiveness and maintain high ranks and high scores in games.

Casual gamers - Gamers who engage with video games as a form of hobby and try new games out of interest.

Innovation seekers - Customers whose purchase and consumption habits are driven by technological improvement and advancements within Ubisoft's games.

Fantasy enthusiasts - Gamers who are drawn to fantasy settings, and complex characters and overall play video games because they enjoy storylines.

Ubisoft's players were historically 18-35 years old, but this demographic is widening to include different age groups. While gamers are predominantly male, the introduction of new titles and complex female characters ensures a new segment that also targets female gamers.

Portfolio Analysis

Assassin's Creed, Just Dance, Tom Clancy's Rainbow 6 and Far Cry are the four products which generated the highest sales and revenue output.

Assassin's Creed and Far Cry are broadly categorized under the Action-Adventure genre, which projects an overall growth rate of 7.64%. Just Dance is categorized under the music games industry, which projects a growth rate of 5.4%. Finally, Tom Clancy's Rainbow 6 falls under the First-Person-Shooter game category, and the overall category projects a growth rate of 20.7%.

According to the portfolio analysis, Assassin's Creed and Just Dance are categorized as Cash Cow products, which have high market growth but belong to low-growth industries. Tom Clancy's Rainbow 6 belongs to the first-person shooter game category, which is a high-growth market. However, the product has a low market share and is therefore categorized as a question mark product.

Finally, Far Cry has a low market share in a low-growth market and is therefore categorized as a Question Mark product.

Key insights from this analysis highlight opportunities for Assassin's Creed and Just Dance, which have established brand capital within the market. Additionally, growth opportunities exist for Tom Clancy's Rainbow 6. Furthermore, Ubisoft could develop new products or relaunch old products to fit within the First-Person Shooter Category, which has high market demand and is projected to grow.

Appendix

Situation Analysis

Ubisoft is currently amid controversy, trying to figure out what its consumers want by wandering aimlessly to strengthen its position in an ever-changing volatile industry. Despite a 20-30% surge in revenue during the pandemic, the company faces macro-environment issues concerning the ongoing denouncement of COVID-19, resulting in a spike in expenses.

Shenzhen-based Tencent, a previous minority shareholder of Ubisoft, upped its stake in the company in 2022 to 11.3% by investing \$297 million, of which 100 million euros would be allocated as capital and 200 million euros in shares. Securing a 49.9% economic stake and 5% voting rights in Guillemont Brothers Limited, Ubisoft assures no change in leadership or governance over their decisions or creative choices to its employees, as Tencent will not have a seat on the board of directors.

In January 2023, CEO Yves Guillemot stated in an email to his employees that there was an expected 10% decline in revenue and a loss of 500 million euros. The email prompted employees to work harder and reduce expenses and used words like “organizational adjustments.”

The email caused an employee strike. Yves apologized to his employees; however, their reception was mixed, as Yves demonstrated poor management skills and a lack of accountability.

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