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ESTABLISHING PLAN FOR AN ARCADE GAME CENTER IN JOENSUU,
FINLAND

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Title
ESTABLISHING PLAN FOR AN ARCADE GAME CENTER IN JOENSUU, FINLAND

Abstract

The aim of the project is to set up a business plan for an Arcade game center in Joensuu. The business plan includes market research, establishing the Arcade game center with marketing strategies, and sales forecast.

The market research aims to demonstrate the market situation to see how potential it is. In this stage, both primary data and secondary data were explored. Primary data was collected through a survey in quantitative method. It was conducted to discover the demand from Joensuu 's residents as well as their expectations towards an entertainment place in general, and towards an arcade game center in detail.

Establishing the Arcade game center includes the registration of the enterprise, first steps of approaching potential customers, and persuade them to become frequent customers.

The sales forecast demonstrates the expenses, revenues and net income of the first five years.

The outcomes of the project should give a clear image of the market, operating orientation and estimated financial situation in the near future. All of these insights are crucial for making decisions.

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Start-up, arcade game, market research, business plan, sales forecast.

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1 INTRODUCTION

1.1 Idea of the thesis

Joensuu, Finland is considered as a city of the youngsters, where entertainment centers are in high demand. Currently, the main entertainment places for youngsters are pubs, bars, bowling center, as well as indoor sports and outdoor sports centers. However, the author is not a bar person nor a sporty one, but rather into arcade games. She asks herself if there is anyone else in Joensuu share the same interest and how this demand could be turned into a profitable business idea. Therefore, the thesis was conducted to answer questions about the demand and business idea for the establishment of an Arcade Game Center in Joensuu.

1.2 Aims of the thesis

The thesis's objectives are to find out what the potential aspect of the business idea is, what the situation of the market is, how to turn this business into reality, and how the profit would look like approximately. To answer those questions, the project addressed the below matters:

- General insights about the market, including both external and internal forces,
- Business plan on how to establish and operate an Arcade Game Center,
- Cost and Sales forecast for the first five years.

1.3 Outline of the project

The project will start with the theoretical framework, which will address the analyzing tools used throughout the report. Follow the theoretical framework will the case be described in detailed, so that the readers could comprehend clearly the idea of the project. The next concern will be a desk research for secondary data regard to the situation of the market as well as its supports available for new entrepreneurs. Then, a survey will be conducted in Joensuu to find out about the demand of target customers, which will provide critical hints for the conduction of the business plan. Finally, Sales forecast will be discussed to see if the business is profitable or not and whether the income could surpass the huge costs.

2 THEORETICAL FRAMEWORK

2.1 Consumer needs

The motivation for customers to make decisions is influenced strongly by needs – “an internal state of tension caused by disequilibrium from an ideal or desired state”, stated Hoyer and MacInnis in the book *Consumer Behavior* 2008. Needs are also divided into five categories according to Psychologist Abraham Maslow, which are physiological, safety, social, egoistic and self-actualization. (Hoyer & MacInnis 2008, 50)

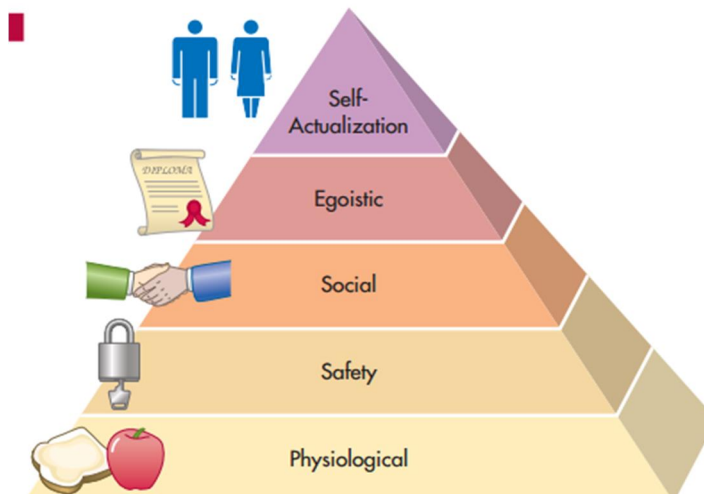


Figure 1. Maslow’s Hierarchy of Needs. (Hoyer & MacInnis 2008, 50)

Through the pyramid, Maslow argued the developments of human desire from deficiency needs to growth needs and self-actualizations. First level of the hierarchy is *Physiological*, which refers to the most basic requirements for sustainability of human such as eating,

drinking and sleeping; while the next level - *Safety* – refers to the enquiry the security and protection. The third level – *Social* – is more about emotional involvement like acceptance and affection, followed by the forth level – *Egoistic* – the wants of accomplishment and self-esteem. Finally, the top of the pyramid is *Self-Actualization*, which is about the need of experiencing new things and improving oneself. (Hoyer & MacInnis 2008, 50)

In this case, the Maslow’s Hierarchy of Needs will be utilized to answer the question: what does an Arcade game center bring to its customers? Or why customers consume arcade game center ‘s service? And what would persuade customers to come visit the Arcade game center frequently?

2.2 Mission and vision

Vision and mission are essential for any companies and organization, and are usually set up at an early stage of the business. Therefore, it is important to understand about them and their use.

Vision addresses the ideal destination for a company’s future in term of 4 to 5 years. Vision statement is commonly brief, but still broad and inspiring. By setting a vision statement for one’s company, members are reminded about the common purpose of the whole organization. They will also be inspired by a promising future and good outcome for today’s hard work. (Nagy & Fawcett 2015)

On the other hand, mission includes strategies to achieve the vision. While vision is unchanged throughout the stages of company development, mission tends to be more flexible depending on the economic situation, so that it is ensured to be appropriate for achieving the vision. It tends to point out the assignments for members and how to fulfill these assignments. (Nagy & Fawcett 2015)

2.3 Marketing planning process

The marketing plan for this thesis is based on the Marketing plan researched by Kotler, Wong, Saunders and Armstrong in 2005, presented in “Principles of Marketing”. According to those authors, a marketing plan consists of:

- Executive summary
- Marketing audit
- SWOT analysis
- Objectives and issues
- Marketing strategy
- Marketing mix
- Action programs
- Budgets
- Controls and Implementation

More specifically, the Executive summary demonstrates the purpose of the marketing plan. It answers the questions “what is the current situation like?”, “what opportunities and risks arrives from the environment?”, “what can we do to avoid/reduce risks and take the advantage of the opportunities?” and many more. (Kotler, Wong, Saunders & Armstrong 2005, 68)

Marketing audit examines the external environment of the market. Tools used for this section are PESTL analysis, Porter ‘s Five Forces analysis and SWOT analysis. Then, based on the results of Marketing Audit, the author would be able to point out the Objectives and Issues that influence the business. The recognition of influencers will help the author to build strategic plan, including the Marketing Mix analysis, in order to solve the problems and increase the opportunity for her business. (Kotler, Wong, Saunders & Armstrong 2005, 68)

After that, the Action program is conducted to indicate a specific plan of what, when and by whom the tasks should be done. This is followed by the Budget section, which tells the approximate costs, the sales forecast and many other calculated data. Finally, Control and Implementation lists the actions needed for keeping track of different stages of the business.

(Kotler, Wong, Saunders & Armstrong 2005, 68) The tools used across the marketing plan are listed below.

Section	Purpose
Executive summary	Presents a quick overview of the plan for quick management review.
Current marketing situation	The marketing audit that presents background data on the market, product, competition and distribution.
SWOT analysis	Identifies the company's main <i>strengths</i> and <i>weaknesses</i> and the main <i>opportunities</i> and <i>threats</i> facing the product.
Objectives and issues	Defines the company's objectives in the areas of sales, market share and profits, and the issues that will affect these objectives.
Marketing strategy	Presents the broad marketing approach that will be used to achieve the plan's objectives.
Action programmes	Specifies <i>what</i> will be done, <i>who</i> will do it, <i>when</i> it will be done and <i>what</i> it will cost.
Budgets	A projected profit-and-loss statement that forecasts the expected financial outcomes from the plan.
Controls	Indicates how the progress of the plan will be monitored.

Table 1. Contents of a marketing plan. (Kotler, Wong, Saunders & Armstrong 2005, 68)

2.3.1 PESTE analysis

In order to make strategic decision or to establish a business plan, it is the entrepreneurs' duty to discover about the economic environment of the target market, so that they have an overall image of the current situation of the market as well as the potential of their business. PESTEL analysis is the answer to such questions.

More specifically, PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal factors, all of which explores the external influences on the organization. Below is the description of PESTEL analysis:

Political factors discuss the extent to how the government affects the business. It includes the tax policy; labor law; Fiscal policy; trade tariffs, etc. Before entering one market, enterprises ought to notice whether the market's political situation is stable or not, as well as its policy so that they could modify their strategic plans to integrate with. (Professional Academy 2015)



Figure 2. PESTEL. (Professional Academy 2015)

Economic factors in fact are the combination of the microeconomics, which consists of supply – demand issues; and macroeconomics, which consists of inflation rate, taxation, interest rate, employment/unemployment, exchange rate and so on. Investigating the *Economic factors* helps enterprises understand how economic performance of the market impacts on their business in the long run. (Professional Academy 2015)

Social factors talk over the attitude of the target market's population towards several issues such as safety, risks, price, image etc. and statistics about the demographic, including age distribution, population growth, religions, education and many other matters. *Social factors*

mostly serve the understanding of the target customers' behavior. (Professional Academy 2015)

Technological factors refer to the innovation in technology that influences the business in communication, production and distribution. Enterprises not only should catch up with the development of technology to ensure their position in the market, but they should also try to be the trend creator in applying the technology into the business to enhance their operation and competitiveness. (Professional Academy 2015)

Environmental factors are, on the other hand, relates to natural surrounding environment. They are the raw materials, climate change, pollution, and most importantly, the target customers' demand and perception about ethic as well as sustainability in doing business. (Professional Academy 2015)

Last but not least, *Legal factors* covers the legislations and laws about labor, safety, rights and obligations of organizations and individuals. Understanding *Legal factors* of the target market helps lead the enterprises into the right orientation. The most affected areas are safety, competition and employment management. (Professional Academy 2015)

By using PESTL, the author will be able to demonstrate what the potential signals there are that come from the external environment.

2.3.2 SWOT analysis

When it comes to the stage of evaluating the current status of the enterprise within the market, SWOT analysis is the most regular tool to be chosen. According to Philip Kotler, SWOT analysis is defined as “a distillation of the findings of the internal and external audits which draws attention to the critical organizational strengths and weaknesses and the opportunities and threats facing the company” (Kotler, Wong, Saunders & Armstrong 2005, 69). SWOT itself stands for Strength, Weaknesses, Opportunities and Threats.

Among those four factors, “Strength” and “Weakness” both describe the internal status of the organization, while “Opportunity” and “Threat” belong to the external factors from the target market. However, those two angles are closely related, since it is necessary to define Opportunity and Threat in the context of Strength and Weakness, and vice versa. (Friend & Zehle 2004, 85)



Figure 3. SWOT.

Technology is one of many typical examples for such cases. In a fast technological developing market, with the help of technology, new entrants may find this as an Opportunity to enter easily, and existing players in the market may find this as an Opportunity to expand its business. However, if the new entrants are unable to adapt to the fast development of technology, it will not gain competitiveness over the existing players. Similarly, if the weakness of the existing companies is being low-tech, the rapid development of technology will become a Threat since they will be surpassed by its competitors and other fresh – but – innovative new entrants. (Friend & Zehle 2004, 85)

2.3.3 Porter's Five Forces

While PESTEL provides the large image of the macro-environment, which contains external influences and changes in the long term, Porter's Five Forces Analysis tends to explore the external impacts from the industry on the business. Those impacts are competitor rivalry, threat of new entrants, bargaining power of buyers, bargaining power of suppliers, and threat of substitute products/ services.

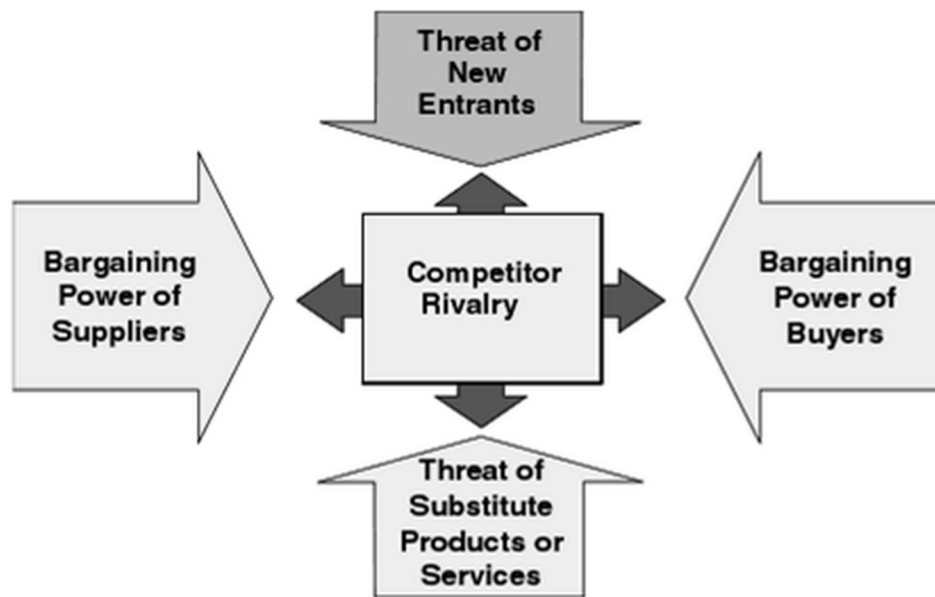


Figure 4. Porter's Five Forces. (Cheverton 2004, 80)

Firstly, *competitor rivalry* is mainly about price, quality and resources. In order to gain more competitiveness over the competitors, there are several strategies for enterprise to choose from, the two most common ones of which are changing prices and creating differentiation. (Cheverton 2004, 80)

Although price competition is frequently used by marketers in events like sales-off seasons to attract consumers, it has some negative impacts on the business. Specifically, regular price promotion is not a healthy way to run business and to be competitive in the long-term, because this strategy will push the customers into the trap of making buying decision based

on price instead of quality. They will search for good deals and end up in shopping in price promotional seasons only, as well as easily switch to other brands' products as long as they offer more attractive price. Price competition therefore creates continuously cutting on prices, erodes margins, erodes shareholder value, and lasts in an unsustainable competition. (McNeilley 2013)

Furthermore, if pricing is overused, the whole business strategy will be cost-oriented rather than customer-value oriented, which means that the enterprises eventually train their customers to pay attention to the prices instead of the real worth of the products/services. (Kotler, Wong, Saunders & Armstrong 2005, 665)

On the other hand, raising the competitive differentiation is a better approach, compared to changing prices. Differentiation is about enhancing the value of the products/services, production, and delivery in the way that distinguishes them as well as their products/services from their competitors'. It helps enterprises along with their products/services become more recognized, remembered, and chosen without entering price competition. (Kotler, Wong, Saunders & Armstrong 2005, 421)

Secondly, *power of buyers* also has a significant impact on the business. It mentions about the influence that consumers could generate over enterprises. The extreme point of *power of buyers* is monopsony. In contrary to monopoly, monopsony is the situation, in which there is only one buyer to purchase goods or service available from many suppliers. Thus, the buyers could take the advantage of the competition between suppliers in order to set the price. (Investopedia 2016)

Moreover, according to Peter Cheverton, *power of buyers* will be strong if the enterprises cannot create difference for their brand as well as products; products are low on demand of customers and it is inexpensive for customers to switch to other products. (Cheverton 2004, 81)

Thirdly, similar to power of buyers, *bargaining power of suppliers* gains an absolute powerful influence on the enterprises and the industry if the number of enterprises

significantly exceed the number of suppliers. However, *bargaining power of suppliers* will be weakened if there are many other competitive suppliers, whose products has similar function and quality. (QuickMBA 2010) Nevertheless, *bargaining power of suppliers* will be strengthened if they are the only suppliers in the market, or one of very few suppliers for the whole industry, or when the switching costs are enormously high for purchasers. (Cheverton 2004, 81)

Fourthly, *threat of substitutes* refers to products/services that are offered to customers as an alternative, which also fulfill customers' need but with different methods. An enterprise can also create their own substitute if they are capable of adding extra functions, enhance the quality, or innovate the technology of their existing offerings. In a market, where the technology continuously grows and the demand of customers constantly increases, enterprises easily encounter the *threat of substitutes* unless they keep renovating themselves. (Cheverton 2004, 81)

Fifthly and lastly, *threat of new entrants* tells the fact that the existing competitors are not the only threat in the market that an enterprise cope with. Start-ups and other organizations, who are interested in expanding, are also the potential threats. *threat of new entrants* rises when the market is attractive while other existing players do not perform well enough to gain absolute loyalty from their customers. (Cheverton 2004, 81)

Nonetheless, new entrants also face challenges under the name of "Entry Barriers". It comes from the Government policy, Patents and proprietary knowledge, regional specialties and organizational economies of scale. (Cheverton 2004, 81)

2.3.4 Marketing mix analysis

Marketing Mix is a general marketing tool that is utilized mainly to adjust the demand towards the products. Kotler, Wong, Saunders and Armstrong defined Marketing Mix as "the set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market." (Kotler, Wong, Saunders & Armstrong 2005, 34) All

Marketing tools are categorized into four main parts of Marketing mix, which are: product, promotion, price, and place.

First of all, *product* is the offering from the enterprises to fulfil the demand of their target customers in exchange to profits. Products contains both tangible products such as cars, clothing and jewelries; as well as intangible products such as hotels, traveling, healthcare, etc. (Kotler, Wong, Saunders & Armstrong 2005, 539)



Figure 5. Marketing Mix. (Kotler, Wong, Saunders & Armstrong 2005, 34)

Secondly, *promotion* refers to communicating with customers. The purpose of promotion is to approach customers, make the products recognized, create impact on the buying decision and build customer relationship (Kotler, Wong, Saunders & Armstrong 2005, 34). Promotion in Marketing mix is also known as the Promotion Mix and defined that it “consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objectives”. (Kotler, Wong, Saunders & Armstrong 2005, 719)

Thirdly, *price* represents the value of the products, and is the benefit that customers pay for the company in exchange for the products. Moreover, in contrary to fixed-price, which

categorized the same price for the same products when is sold to all buyers. Price sometimes plays the role of an attraction to a specific segment, and is set based on negotiation. Furthermore, as mentioned in Porter' Five Forces, price could be utilized as a competitive weapon and known as "price competition". (Kotler, Wong, Saunders & Armstrong 2005, 665)

Forth and last, *place* is the final stage to deliver the products or services to customers. It concerns distribution channels, supply chain and logistics management. Among the four Ps of marketing mix, place is the most flexible tool since it is the only tool that involved with external forces from suppliers and distributors. (Kotler, Wong, Saunders & Armstrong 2005, 857)

2.4 Methodology of market research

Market research is a popular term for any marketer for its importance in any decision making process. According to Hamersveld, Mario Van and de Bont, Cees, market research "includes social and opinion research", and is "the systematic gathering and interpretation of information about individuals or organizations using the statistical and analytical methods and techniques of the applied social sciences to gain insight or support decision making" (Hamersveld & Bont 2008, 37).

2.4.1 Method approach

Based on the methods of collecting and analyzing data, Market research is divided into two research methodologies, which are quantitative research and qualitative research.

Quantitative research was first applied in the late 19th century to serve organizations' demand of understanding their customers. In quantitative research methods, data is collected from a large sample of people with well-designed and structured questionnaires. On the other hand,

qualitative research focuses on the length and the complexity rather than the numbers. During the interview, researchers utilize unstructured questionnaire in order to explore more deeply into the significant issues, as well as to follow up new ideas that suddenly appear during the interview. (Hamersveld & Bont 2008, 39)

Both of those market research methods are considered essential for evaluations and making decisions. In the context of the case, both desk research and field research with quantitative method were applied in order to investigate the potential of establishing an arcade game center in Joensuu, such as the overview of economic situation in Joensuu, the demand from potential customers, competitors, legislation, and possible supports available in Joensuu.

2.4.2 Population of the survey

The aimed population of the survey were people living in Joensuu city. Although the aimed population is large, the expected amount of responses was approximately 100.

2.4.3 Data and information collection

The majority of information of the economic context was collected via books available on e-library of Karelia University of Applied Sciences as well as many other reliable official websites of Finland such as Statistics Finland. Concerning the demand and data that serve the marketing planning process, the data was collected directly from institution in Joensuu and Facebook page of Joensuu residents via the survey.

2.4.4 Questionnaire structure

According to Phillip Kotler, questionnaire is the most well-known and often used among different research instruments. It is defined as “set of questions presented to a respondent for his or her answers” (Kotler, Wong, Saunders & Armstrong 2005, 356). A questionnaire includes two types of questions, which are closed-end questions and opened-end questions. While closed-end questions contain possibilities for the responder to choose from, the

opened-end questions leave the responders free space to express their ideas without limitation. In the study case of this thesis, the author utilized both types of questions, but the majority of the questions were in closed-end style. The reason for this choice is that the purpose of this questionnaire is to answer the questions that concern strongly about the quantity of demand.

Specifically, the questionnaire contains 18 questions, 17 of which are closed-end questions and one is an opened-end question. It asks questions about the profile of target customers, entertaining situation in Joensuu according to target customers' perception, game playing habit of target customers, possible competitors and substitutes, target customers' favorite genres and ways of playing video games, as well as attitude/expectation of target customers about an ideal game center.

3 CASE DESCRIPTION

3.1 The core product of the business plan

For the fullest understanding of the business idea, it is crucial to comprehend about the products that the entrepreneur is planning. Hence, this section gives the specific demonstration about her product.

3.1.1 What is the product in this case?

In this case, the product that is offered by the Arcade game center is a service with accompanying minor goods. In detail, the service is delivered to customers with the help of Arcade game machines. The customers pay to get game coins to insert into game machines and play. There is absolutely no ownership of any tangible goods in this case.

Arcade games itself refers to short games that is operated via machines. The length of each game lasts from two to three minutes, and its difficulty level risen quickly. Those machines are usually located in shopping malls or entertainment centers. The area is significant large and should be allowed for loud noises coming from the machines.

There are commonly two types of arcade games. One of them is partly similar to video games such as racing, shooting or other screen touching games. However, this type of arcade games has other special features that makes them partly different from the typical video games, such as the vibration of the steering wheel of the car racing game machines. The other type is games that require physical involvement such as dancing, boxing, and throwing objects. Below are examples of those two types of arcade games.



Picture 1. Car racing arcade game, partly similar to typical video games. (Kitairu 2015)



Picture 2. Dancing arcade game machine requires physical involvement. (Kitairu 2015)

3.1.2 How can customers experience arcade games?

Arcade game machines often show the games and their structure on the screen before the coins are inserted. Therefore, customers could foresee the game to decide whether they like to play the game or not.

Unlike slot machines, customers do not purchase the game directly by their cash or credit cards, but by purchasing coins that are provided by the game center instead. Then, customers insert the coins into the machine that contains the game they would like to play. The amount of coins to insert in the machine are based on requirement of the machine and number of players.

3.1.3 What an arcade game center brings to its customers?

Firstly, an arcade game center helps its customer fulfill their Social needs by creating a meeting space where customers could gather with their friends and family to have fun together or make new friends. Moreover, the Egoistic needs are also achieved by providing customers the experience of winning games, not to mention there will be competitions hosted by the arcade game center, so that customers could participate in and not only try to compete to win but also to receive tangible rewards. Lastly, in case the customers are completely new to the arcade games and its atmosphere, the arcade game center sometimes brings the completion of Self-actualization needs to its customers, by providing a new experience to try, and a new definition to comprehend (about the arcade games, which are different from video games, but is mixed up by the majority).

3.2 Target customers

The business between Arcade game center and its customers is Business to consumers. The age groups of Joensuu residents will be categorized as pupils (13 to 18 years old), students (19 to 25 years old), young adults (26 to 35 years old), adults (from 26 to 65 years old) and the elders (more than 65 years old). These age groups will be brought into the survey for Joensuu residents to find out which potential age groups are.

Since the Arcade game center aimed to establish in Joensuu, its target customers are people living in Joensuu city. Those people could be originally come from Joensuu, or they are students coming from other cities around Finland as well as students from other countries.

3.3 Mission and Vision

The vision of the Arcade game center is to become a popular entertainment location for youngsters in Joensuu, and to become one of the most highly recommended entertainment place for tourists in Joensuu, Finland.

In order to achieve the vision, the mission of the Arcade game center is to firstly establish successfully, secondly approach as many visitors as possible and then persuade them to become frequent customers.

4 GENERAL MARKET INFORMATION OF JOENSUU, FINLAND

4.1 Political factors

Since independent in 1917, Republic of Finland has been a parliamentary democracy and is a member of the European Union. Finland has the president as the head of state, parliament as the representative for the power of its people, Prime Ministers along with other 12 Ministers responsible for governing the activities and plans of the government. In such a democratic country, Finnish residents, who are eighteen years old or more, have right to elect or to stand for an election.

Mentioning about corruption as one of the common issues in many countries, throughout three years, from 2012 to 2014, Finland has been ranked in top five countries over the world to have a clean corruption perception. This fact confirms the pureness in Finnish government system. (Transparency International, 2015)

RANK	COUNTRY	2014 SCORE	2013 SCORE	2012 SCORE
1	Denmark	92	91	90
2	New Zealand	91	91	90
3	Finland	89	89	90
4	Sweden	87	89	88
5	Norway	86	86	85

Table 2. Clean corruption perception Ranking. (Transparency International, 2015)

In addition, annual Fragile States Index indicates the score of the politic stability depends on numerous of risks. Finland is stated to be the country with the lowest score of most of risks, which makes it ranked the most stable and sustainable country among 178 others. (The Fund for Peace, 2015)

Fragile States Index 2014		Total	Demographic Pressures	Refugees and IDPs	Group Grievance	Human Flight	Uneven Development	Poverty and Economic Decline	Legitimacy of the State	Public Services	Human Rights	Security Apparatus	Factionalized Elites	External Intervention
175	Norway	23.0	2.3	2.2	3.7	1.9	1.7	2.0	0.5	1.7	1.6	2.8	1.1	1.5
176	Denmark	22.8	2.8	1.4	3.4	2.0	1.8	2.2	0.8	1.7	1.6	1.8	1.4	1.9
177	Sweden	21.4	2.8	2.6	1.0	1.8	1.8	2.0	0.8	1.8	1.3	2.4	1.8	1.3
178	Finland	18.7	1.8	1.5	1.3	2.2	1.3	3.5	0.8	1.4	1.2	1.3	1.1	1.3
AVERAGE		70.6	6.0	5.2	6.1	5.5	6.2	5.8	6.2	5.8	5.8	5.7	6.4	5.8

Table 3. Fragile States Index 2014. (The Fund for Peace, 2015)

4.2 Economic factors

Finland is an industrialized country that is well-known for its wood industry, technological and electronic industries. Finnish government budget had been surplus for its social security funds until 2009. After that, due to the impacts from global financial crisis in 2009 and European Union recession in 2012--2014, the budget started its deficit in 2009 and weakened the financial position, which led to the decrease in the social security funds. (Statistics Finland. 2015)

However, Finland remains as one of a very few members to be least affected and is quickly covering. The second quarter of 2015 has been flourished compared to the previous quarter, due to the growth of General government surplus by 0.9 billion euros, the growth of Gross domestic product by 0.2 percent, 0.6 percent decrease in inflation as well as the slight development in Transport and Tourism. (Statistics Finland. 2015)

On the other hand, private enterprises actively start-up and are encouraged to do so. The enterprise openings are spread over many fields of business, reached the total amount of 8,595 new establishments. Among those fields, number of enterprises establishing entertainment, art and recreation business is 394 in the first quarter of 2015. (Statistics Finland. 2015)



Figure 6. Finnish enterprise opening, first quarter of 2015 (Statistics Finland. 2015)

4.3 Social factors

Finland's population reached 5,471,753 persons at the end of 2014 with a balance ratio between male populations (2,691,863) and female population (2,779,890). The population has not been stopped increasing since 1980 with the unstable rate of speed. (Statistics Finland. 2015)

According to Official Statistics of Finland (OSF), the most significant portion of Finland's population earns 30 000 – 39 999 euros in 2013 which provide them a high living standard life in Finland. (Statistics Finland. 2015)

Another important issue of society is religion. Finland has always been recognized a country of respect towards the freedom of religion. Finnish law provide the freedom to choose or to refuse to become a member of a religious community as well as the protection for all types of religions inside Finland. (U.S. State Department, 2010)

Furthermore, 69.4 percent of Finnish population attain educational qualification from upper secondary schools, vocational schools and colleges, polytechnics or universities. In addition, Finnish education system ranked fifth in 2015 based on OECD's Pisa tests, Trends in International Mathematics and Science Study (Timss) and Progress in International Reading Literacy Study (Pirls). This fact indicates that the human resources in Finland is not about quantity but quality. (Statistics Finland. 2015)

4.4 Technological factors

Technology is highly developed in Finland. The internet is utilized by eighty-six percent of the population from 16 to 89 years old. Smartphones and tablets are also enormously popular in use, and the number of users increase rapidly. Technology is not only an entertainment tool, but also plays roles in many other utilities such as online shopping, online banking, online studying, online social network, and many more. With such a developed technology market, manufacturing products and delivering services to the end consumers is enhanced to the advanced level. (Statistics Finland. 2015)

4.5 Legal factors

One of the most momentous concerns of Finnish legislation is social protection. It includes Childcare funds, disability supports, student aid, pension, maternity grant, rehabilitation services, sickness allowance, and unemployment supports. (Statistics Finland. 2015)

Taxation should also be concerned seriously. Tax on earned income varies between different forms of enterprise. In this case, an Arcade game center as a limited company, the tax rate is 20 percent of the earned income. (Finnish Tax Administration, 2015)

4.6 Possible support for new enterprises in Joensuu and Finland

Starting up a new business is challenging, especially in the situation where the entrepreneur is fresh graduated or lack of practical working experience. A new entrepreneur does not only encounter difficulties related to experience, but also many other issues such as investments, connections as well as information.

On the other hand, Finland is well-known for being an ideal location for startups because of its encouragement towards startups. There are numerous of organizations that offers solutions for those new entrant's difficulties. Below is information about some typical organizations as such, and their specific offerings.

4.6.1 TE-service (Employment and Economic Development Office)

TE-service is a Finnish organization, which offers both finance and consultancy for people entering working life. TE-service has totally 120 offices throughout Finland. One of many offerings from TE-service is the support for start-ups.

New entrepreneurs, who are currently unemployed, can apply for a startup grant once they meet TE-service's requirements. Specifically, the grant includes the basic grant, which reaches maximally 32.80 Euros per day; and a supplementary grant, which will be considered case by case.

New entrepreneurs can also be provided free training course from TE-service or information of training courses from other educational institutions. The purpose of the training course is to help new entrepreneurs to enhance their capability of planning and operating their ideas into profitable business. (Ministry of Employment and the Economy, 2013)

4.6.2 Finnvera

Finnvera - the official Export Credit Agency (ECA) of Finland – is a financing company, who provides financial solutions. For startups, Finnvera provides loans for entrepreneurs to cover their financial needs. The loan size depends on the enterprise's content and its usage. Different types of Finnvera's loans are categorized as below:

- Entrepreneur loan: is provided for an individual entrepreneur in many business sectors, except farming, forestry or building developer's business. A sole entrepreneur applies for Entrepreneur loan in case he/she holds the share capital of a limited company and/or in the fund of invested unrestricted shareholder's equity. However, his/her portion of share capital and voting right should be minimum of 20 percent.
- Internationalization loan: is offered for small-medium sized Finnish enterprises (SMEs) who own subsidiary or an affiliated company that is operating abroad. The preferred business sectors for such loan are production, assembly, maintenance or service. Applicants for Internationalization loan are those who are devoting to their investments, development and growth. Internationalization loan requires applicants to have the size under 250 staff members, annual turnover of maximum 50 million euros, the annual

balance-sheet total of maximum 43 million euros, and 20 percent of voting rights in company.

- Finnvera loan: is also known as Investment and Working Capital Loan. Finnvera Loan is granted for newly established and existing SMEs in many business sector, excluding farming, forestry and building developer's business. Although Finnvera loan is officially provided for SMEs, large enterprises can also be applicants.
- Microloan: is provided for small size enterprises, whose total personnel is not exceeding 5 people. Business sectors granted is varied, except farming, forestry and building developer's business. Applicants use Microloan for projects that are related to starting up stage, or expansion and development.

(Finnvera, 2015)

4.6.3 Enterprise Finland (Yrityssuomi)

Enterprise Finland is originally created based on the wants of supporting people who are interested in starting up in Finland from several public business service organizations and the coordinating from Ministry of Employment and the Economy

One of many supports from Enterprise Finland is that it collects free of charge Personal guidance for startups from several organizations. The guidance covers various stages of establishing a business, from planning and evaluating the profitability from the business idea, to legislation issues such as permit and taxation. Moreover, Enterprise Finland also provides startups with advice regarding to funding application and loan application, as well as many other information related to training courses for new entrepreneurs. (Ministry of Employment and the Economy, 2015)

Enterprise Finland also emphasizes the guidance related to grants for startups, and their coordinator - Employment and Economic Development Office will be the one to make decision on whether the enterprise meet the requirements of its grant or not. (Ministry of Employment and the Economy, 2015)

4.6.4 Joensuu Science Park

Joensuu Science Park was established in 1990 with the vision of developing business life by providing innovative facilities for companies and universities, as well as business development services that serve the growth of enterprises.

The most highlight activity of Joensuu Science Park is related to starting up. It helps new entrepreneur evaluate their business ideas and guide the company through the first challenging years of the business. Joensuu Science Park also cooperates with University of Eastern Finland and Karelia University of Applied Sciences, which ensures the professionalism of its knowledge and experience.

Joensuu Science Park does not only provide advice, information and professional contacts to new entrepreneurs, but also valuable grants via the “Start Me Up” annual competition. (Joensuu Science Park, 2015)

5 SURVEY REGARDING DEMAND OF JOENSUU'S RESIDENTS

For further understanding about the demand and expectations of Joensuu residents towards the Arcade game center, the author conducted a survey to answer this question. Sections below describe the survey.

5.1 Research methodology

Due to the need of reaching as many people as possible, the survey was conducted by using a questionnaire form in both Finnish and English versions. The questionnaire was created online via Google Form, for its free of charge, unlimited of amount of responses and flexible in creating – editing – sharing – and analyzing. With the online questionnaire form, the author was able to send the links to institutions via email and share them widely on Facebook groups. The responses were collected, summarized and analyzed automatically on Google Form.

5.2 Target group profile and approach

The target of the survey were residents of Joensuu from at least 13 years old. The main target groups were teenagers (from 13 to 18 years old), students (from 19 to 25 years old) and young adults (from 26 to 35 years old) due to the characteristics of the service idea. The result from analyzing the responses would determine the potential age groups.

When the target groups were categorized in the survey, the author tried several channels to approach those people. First, the supportive resource could be immediately found at Karelia

University of Applied Sciences – the institution that the author is currently studying at. The questionnaire was first asked for permission to publish internally. After getting approval, the questionnaire was sent to all staffs, lecturers and students of Karelia University of Applied Sciences by email. The other cooperation came from University of Eastern Finland and Joensuu Normaalikoulu. Joensuu Normaalikoulu, at first, required basic ethical guidelines of the study to ask for permission of its pupils' parents. Those parents were also cooperative since the amount of responses in age group 13 – 18 years old increased rapidly after the questionnaire sent to Joensuu Normaalikoulu.

5.3 Questionnaire form

The questionnaire form contains eighteen questions, the first eight questions of which aim to specify respondents' profile. The next two questions explore personal preferences and habits of the respondents regarding to factors of video games; followed by other four questions digging deeper into video games – known as a substitute activity for Arcade games. Finally, the last four questions give answers the wonders about how familiar the respondents to the Arcade game and how they expect about it.

5.4 Result of the survey and its analysis

5.4.1 Respondents' profile description

The survey received totally 511 responses thanks to the cooperation of Karelia University of Applied Sciences, University of Eastern Finland, Joensuu Normaalikoulu and many other Facebook users who are living in Joensuu. Since the questionnaire form is generated on Google Form, respondents were able to fill in the form following strictly to its instruction, which means that the invalid responses are automatically got rid of.

Respondents were divided into five age groups. Out of 511 respondents, number of people from 19-25 years old (students) are 233 people - accounted for the greatest portion (45.6%), followed by 116 people from 26-35 years old (young adults) with 22.7%. The other age groups are more difficult to approach. They are people from 13-18 years old (pupils), who took 16.63% and were followed closely by the age group of 36-65 years old (adults), which is up to 14.68%. The 0.39 % left belonged to the age group of people more than 65 years old.

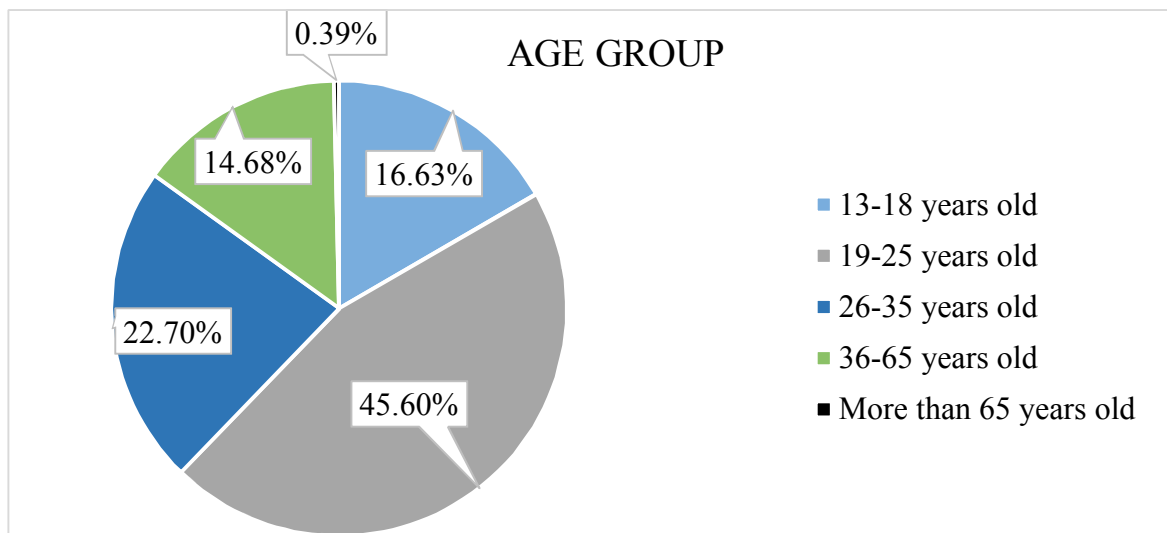


Figure 7. Age group the respondents.

Male and female respondents were on the same level of being responsive. In detail, there were 224 male respondents, which accounted for 43.84%; and 287 female respondents, which was equivalent to 56.16%. Moreover, as expected, the number of Finnish citizens was the majority of the total respondents (87.87%). Those people originally come from many cities around Finland, such as Joensuu, Helsinki, Lahti, Kitee, Mikkeli, and many more.

Respondents' occupations were also revealed clearly. Because of the channel of approach (via educational institutions and social network), the most significant portion - 398 people out of 511 responses - belonged to pupils, who are studying at primary school/ secondary

school, high school/ upper secondary school, and students who are studying at vocational schools, university of applied sciences and university. Among the total number of pupils and students, 57.93% are currently studying in University of Applied Sciences, while other 20.65% are studying in University, other 1.01% are studying in Vocational School, and 20.40% are studying in Primary School and Upper Secondary School. The number of respondents who are working accounted for 17.03% of the total responses.

To sum up, students studying in higher education and young adults took the majority of the total amount of respondents. This data shows not only the effectiveness of the approaching methods, but more importantly, it reveals the high willingness of these two groups to participate in the topic of establishing an entertainment center in general. Knowing respondents' profile is essential for later marketing plan as it gives hints to decide target segmentations, opening time, pricing and marketing strategy.

5.4.2 Habits and preference of respondents based on age group

After identifying the profile of respondents, the author then explored about their habits of playing video games and their preference when playing. Before listing her findings, the reason for choosing video games as an important section in the questionnaire should be explained, that video game is considered the most direct substitute and competitors to arcade games. Since arcade games are not exactly video games as demonstrated before, the arcade game machines, however, contain screens to display the graphics, videos or numbers, not to mention about the similarity in sounds, and both of those types are played inside.

Back to the main point, the bar chart below shows the answers and their percentage for questions related to habits of playing video games and their preference when playing. Firstly, mentioning about people's demand, the majority claimed that they strongly agreed or somewhat agreed about having more entertainment centers in Joensuu. In detail, 61.84% of total respondents agreed about having more entertainment centers in Joensuu for teenagers, 69.67% of total respondents agreed about having more entertainment centers in Joensuu for

students, and 69.28% of total respondents agreed about having more entertainment centers in Joensuu for young adults.

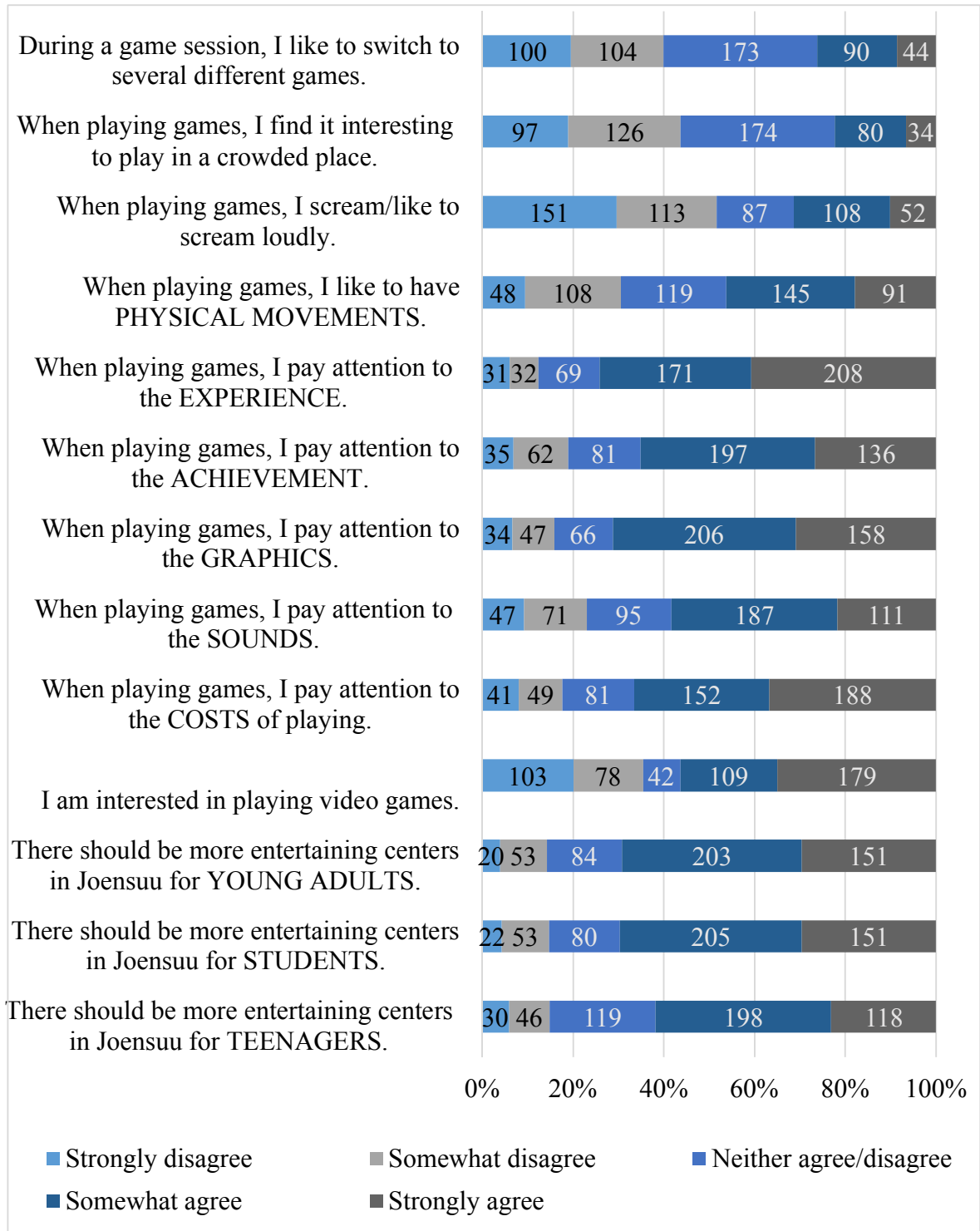


Figure 8. Habits and preference of respondents (1)

Thirdly, the next questions were raised about factors during a game session. According to the result, those factors are mainly paid attention to. In detail, more than 50% of respondents claim that they pay attention to the price of the game, sounds of the game, graphics, and achievement after playing, experience of playing, as well as physically moving while playing. However, they neither tend to make noise while playing (51.66% strongly disagree and somewhat disagree), nor playing in a crowded place (most of them chose “Neither agree/disagree”, at 34.05%), nor switch to several different games while playing (the majority also chose “Neither agree/disagree”, at 33.86%).

Age group	Population (People)	How many hours per week on average do you spend on video games?				
		Not at all	1 – 5 hours	6 – 10 hours	11 – 20 hours	More than 20 hours
13-18 years old	85	17.65%	50.59%	15.29%	7.06%	9.41%
19-25 years old	233	33.05%	34.76%	12.45%	10.30%	9.44%
26-35 years old	116	32.76%	31.03%	21.55%	9.48%	5.17%
36-65 years old	75	68.00%	24.00%	4.00%	4.00%	0.00%
More than 65 years old	2	50.00%	0.00%	0.00%	0.00%	50.00%
TOTAL	511					

Table 4. Habits and preference of respondents (2).

Lastly, the final question to explore their habit of playing video games is about hours per week on average they spend on playing. Among 511 respondents, for one week, 37 of them stated that they spend more than 20 hours on video games, other 44 people spend 11 to 20 hours, 70 people spend 6 to 10 hours, 178 people spend 1 to 5 hours, and the majority – 182 people – do not play video games at all.

In short, there is high demand for additional entertainment placement for teenagers, students and young adults. In spite of having different playing habits and playing preference, the majority, as known as the potential target customers, are interested in video games. In addition, while playing, they have tendency to pay attention to the price, sounds, graphics, achievement, experience and physical movements while playing video games. This result will determine the marketing plan for the Arcade game center.

5.4.3 Video games as the most direct competitor

It is necessary to have a look at data that demonstrates how much Joensuu residents are into video games and how seriously this fact will affect the Arcade game center competitiveness.

This section started with a question about how many game devices one owns. The chart below shows how the game devices ownership is among the respondents. Unsurprisingly, more than a half (54.79%) of the total respondents claimed that they have more than one game device, and 24.66% have one game device only. The age group that contained the greatest ratio number of people who own at least one game device was from 13-18 years old at 92.95% among their group. The following age group in the ratio was 26-35 years old at 82.76%. The third position belonged to group age of 19-25 years old at 75.97%, followed slightly by group age of 26-35 years old at the percentage of 70.67%.

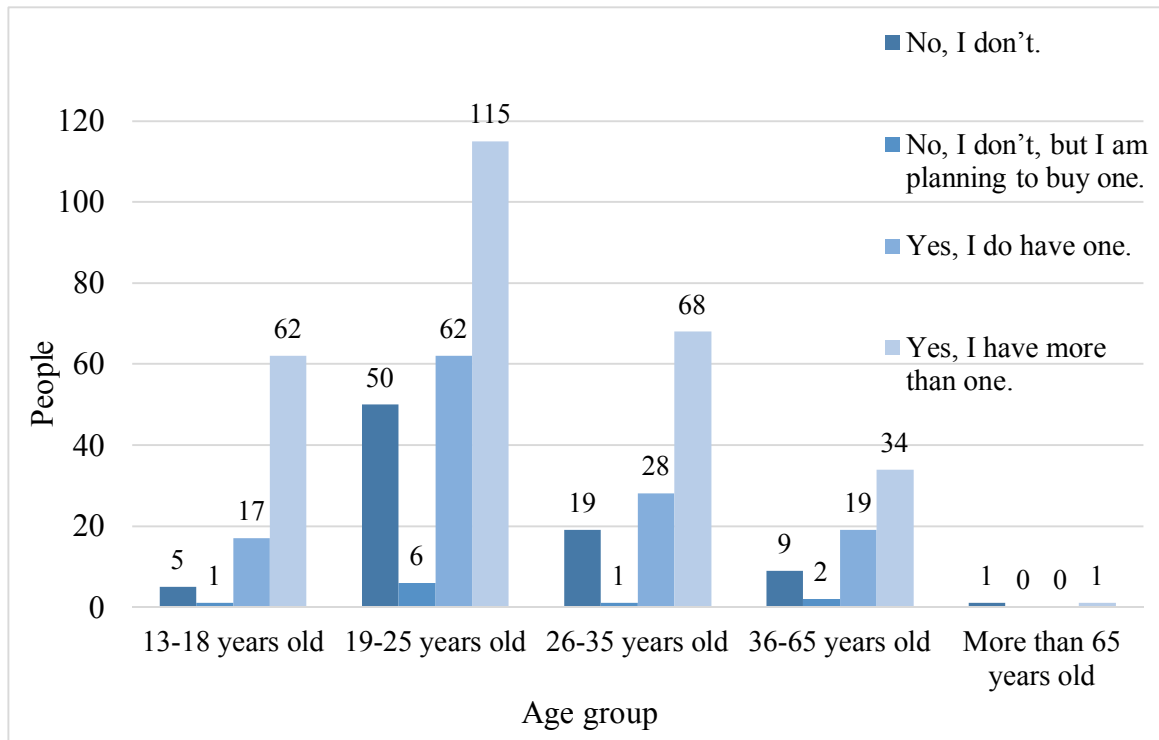


Figure 9. Game devices ownership

Not stopping at the number of game devices one owns, the survey even explore what type of game device that those age groups are into. As a result, Laptop/PC, Console (PS3, XBOX360, Wii...) and Mobile Phones are the top three of the game devices that the respondents have at home. The other common game devices are Tablet and Portable (DS game...). Types of games are also one noticeable factor to determine the types of game machines and the according marketing strategy. According to the finding, the Solo game was the choice of the majority, chosen by 431 respondents. The next position belonged to Team playing game, which is chosen by 307 respondents, and the least chosen was Combat game with 185 votes.

To conclude, video games are no doubt the most direct substitute and competitor for an arcade game center. In order to gain competitiveness, it requires not only fulfilling customers' demand, but also creating differences, offering what home video games could not, and serving in a more attractive way.

5.4.4 Previous experience of respondents with an arcade game center and their suggestions

First and foremost, almost three quarters of the total respondents claimed that they haven't ever been to an arcade game center, at 72.02%. In other words, a lot of Joensuu residents have heard or read about arcade games, but have not ever had chance to experience, or they simply have no hint about this entertainment at all. This fact leads to two scenarios. In an optimistic one, the Arcade game center that the author is generating idea about is entering a new market, where it would happen to be the first one. Its competitors are video games home devices and other entertainment centers only, instead of any other centers that serve exactly the same service. On the pessimistic side, target customers may not welcome an arcade game center because of its unfamiliarity.

Whether it is the optimistic or pessimistic scenario, the second questions of this section brought a clear view for this point. In detail, when asked how often one will visit the arcade game center if Joensuu has one, 35.03% of total respondents chose "seldom", 33.07% chose "sometimes", 9.02% chose "frequently", 3.13% chose "very often", and 19.57% chose "never".

Among the age groups, people who are more than 65 years old is clearly not a potential target group due to their absolute denying visiting an arcade game center. So did the age group 36-65 years old, whose 48% of its population chose to never visit. Meanwhile, other age groups are more promising. In detail, the age group of 13-18 years old had 7% only of its population would never visit the arcade game center, followed by the age group 26-35 years old with 15% of its population, and age group 19-25 years old with 17%. Below are pie charts demonstrate the choices of their groups.

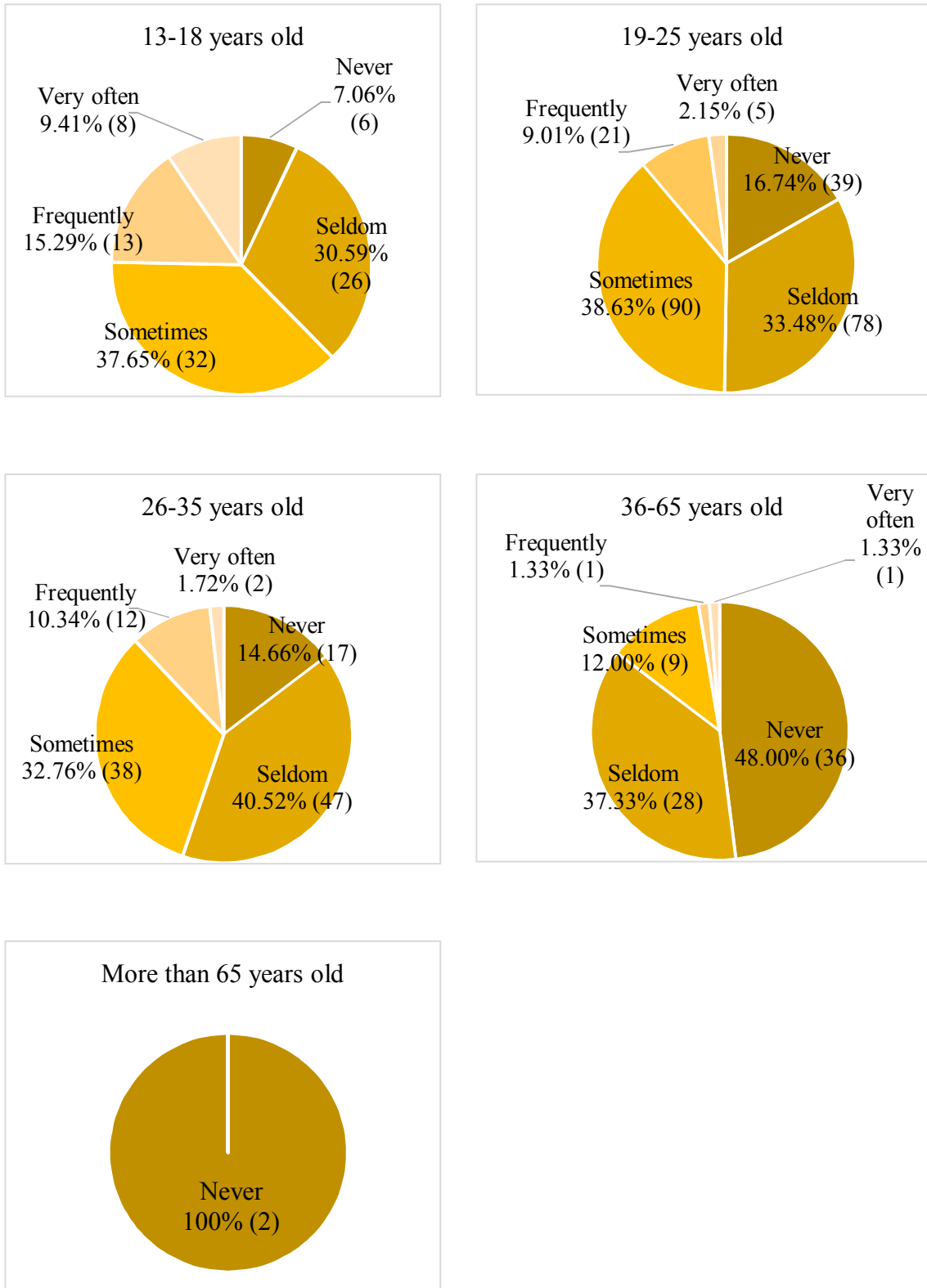


Figure 10. Visiting forecast of each age group

Whether they plan to spend time on arcade games or not, in the last two questions, they provided their suggestions for the services at the Arcade game center and its ideal location. Mentioning about the services, fast food, snack and drinks are the most three common suggestions. Other suggestions are souvenir, ice cream, meeting place, photo booth, karaoke machine, game store, board games, and many other services for them to enjoy in-group. The arcade game center is commonly suggested to be located in the center of Joensuu, such as inside IsoMyy building or anywhere near the Market Square. Other suggestions are the area near University campus to target students, rail way station for people waiting for their trains, or anywhere else, that can be reached by walking from Joensuu center.

To conclude, the most potential customers are pupils (13-18 years old), students (19-25 years old) and young adults (26-35 years old). The respondents expect the game center to be nearby the center where they can get there easily, and offer not only arcade games but other extra services such as food and drinks. People might not come and play alone, but rather come and play in groups. Hence, each person being attracted will lead to a visit of a bunch. Most importantly, although most of them did not have any experience with an arcade game center yet, the majority still plan to try it or even become regular customers.

6 ESTABLISHING PLAN FOR AN ARCADE GAME CENTER IN JOENSUU

6.1 Executive summary of the marketing plan

The conduction of this marketing plan is to serve the establishment of an Arcade Game Center, which is desired to be located in Joensuu city, Finland. In this marketing plan, numerous of factors are based on the result of the market research in the previous sections, then listed and discussed specifically, starting with defining the market segments.

6.2 Market Segmentation

As the results collected from the survey, Arcade game center 's most potential customers are from 13-35 years old, which are now divided into three major market segments as below:

6.2.1 Group 1: Pupils (13-18 years old)

This age group is expected to be the largest customer portion. The first reason for such expectation is that the pupils have plenty of free time on weekend, and they demand for activities to relax with their family and friends after a week of hard study. The second reason is that, teenagers are also interested in video games, as the majority of their population stated in the survey that they would visit the arcade game center frequently or very often. Third reason, they are not the ones who make game buying decision because other types of games devices such as XBOX and PS4 are pricey and teenagers are not financially independent to make buying decision for such costly products. According the statistics studied by Ipsos

MediaCT in 2012, 64 percent of Finnish children from the age of 10 to 15 never or rarely purchase games by themselves. (Ipsos MediaCT 2012, 25)

Arcade Game Center satisfies the demand from this age group and solve the financial shortage issues for them. With limited amount of money, teenagers are able to spend time playing video games with their family or friends without any financial difficulty.

6.2.2 Group 2: Students (19-25 years old)

Students are people who are currently studying in universities or universities of applied sciences. This age group is also extremely promising to be targeted. Compared to the Pupils group, Students group is much more mature and financially independent that they are able to make their own buying decisions. Therefore, they can afford long time at game centers whenever they want. Nevertheless, due to their higher education, their free time is much narrower and playing video games is not anymore their priority. Students start to perceived connection as an important factor to their future succeed, they tend to choose entertainment activities that involves more interactions such as going to bars, playing sports and joining clubs.

Arcade game centers thus have to concern more about other activities inside the center to attract Students group rather than just offering video games. Once the game center can offer both fun and interactive activities, Students group will definitely become an influential portion.

6.2.3 Group 3: Young Adults (26-35 years old)

Young adults are financially independent and time independent, which makes this age group become strong decision makers. While pupils group have to wait until weekend, and students care about connecting activities, young adults are free to visit the game center right after their working hours or during breaks, with the purpose of simply having fun. In addition, 52 percent of Finnish young parents play games with their children as a family oriented activity as well as to acknowledge about the games that their children are playing (Ipsos MediaCT

2012, 20). This fact shows the possibility of young adults being dragged to game center along with their children is enormous.

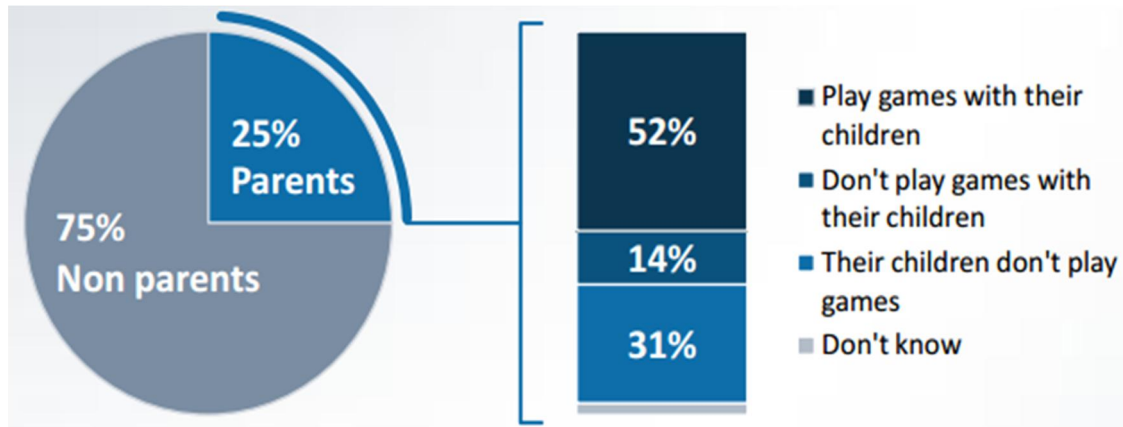


Figure 11. Parents playing games with their children. (Ipsos MediaCT 2012, 20)

6.3 Marketing audit

Marketing audit is conducted in order to give the picture of the current market where the startups plan to enter. The picture later will help the author to figure out the issues and risks that arise and thus accordingly generate strategies to solve the issues, reduce the risks and set the objectives. The analysis that are commonly used for marketing audit are Five Porter Forces and SWOT analysis.

6.3.1 Porter 's Five Forces analysis

Buyers' bargaining power and competitor rivalry is quite high because customers can freely choose how to play video games with many types of devices. Although those devices are at high price, the number of types of game devices are diversified and common in Finland, such as PS3, DS Game, Tablet and Laptop.

Suppliers in this case are companies that provide arcade game machines. Their power is weak because there are plenty of them around the world. The purchaser can easily conduct the price comparison between several suppliers.

Threat of new entrants is insignificant. Joensuu is a small city with limited population of 75041 in the beginning of 2015, which leads to the limited number of providers for each type of services. Therefore, once the Arcade game center is established, it is challenging for any other company to enter the market and offer the same service.

Threat of substitute products should be taken into careful consideration. Although currently there are no company in Joensuu that offers the same service as Arcade Game Center, Joensuu residents are satisfied and loyal to the substitution comes from distributors who provide game devices to play at home. There are also other entertainment centers such as bouldering gym, bowling, and billiard.

6.3.2 SWOT analysis of Arcade game center

The strengths of the Arcade game center come from the new wind it brings to Joensuu city. When using the service of Arcade game center, customers will gain fresh experience of playing games in a completely different way. Moreover, with the reasonable price for each game, customers will not feel too hesitated when making buying decision.

Weaknesses of Arcade game center arises at the investing stage. The location rental and machines purchase are the most two significant costs.

There are numerous of universities and schools located in Joensuu, which provide quite a great number of youngsters living in Joensuu area. Since youngsters are the main target customer for Arcade game center, this external factor turns into Opportunity for this business.

Finland is well-known for its technology development. Hence, innovations and designs that serves the demand of playing video games are also growing rapidly. As a result, customers

are not only given loads of options to fulfill their needs, but their expectation of innovations and new performance of the existing services also rises speedily. In such case, if Arcade game center does not concern about refreshing itself continuously, it will be threatened by its competitors and properly new entrants as well. Therefore, the high speed of technology development in this context is the threat for the author 's business idea.

6.4 Objectives and issues

The objectives of the marketing plan are listed in two categories:

6.4.1 Short-term plan

- Establish the Arcade game center in Joensuu
- Choose game machines
- Approach potential customers
- Be different from competitors and substitutes
- Advertisements and communication

6.4.2 Long-term plan

- Expand the business with larger space, more machines and services
- Persuade existing customers to be frequent customers
- Stabilize the net income

6.5 Business plan and marketing strategy

Business plan and its marketing strategies are presented by following the listing order of objectives.

6.5.1 Stages of establishing the Arcade game center in Joensuu

According to Finnish Enterprise Agency, after generating business idea and identify its target customers, the founder of the business idea has to walk through several steps to establish his/her own firm. Those steps include conducting business plan, financial calculation, form selection for the enterprise and then license registration.

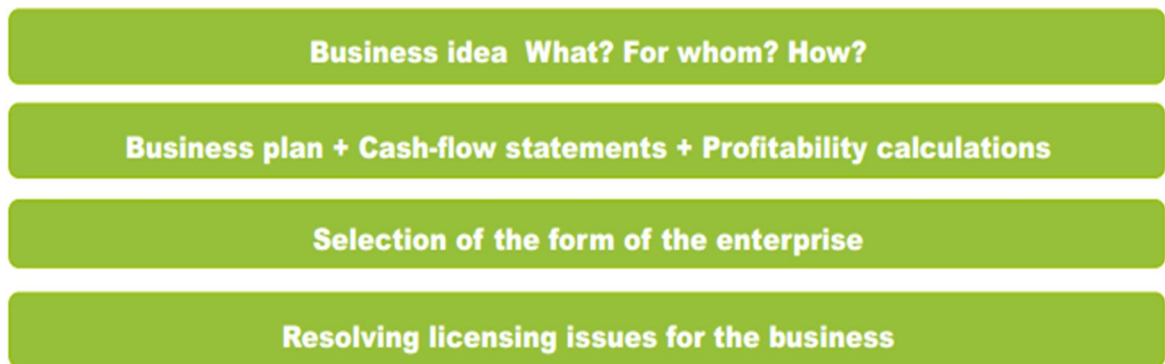


Figure 12. Stages of establishing an enterprise (Finnish Enterprise Agencies 2015, 9)



Mentioning about the nature of the business idea in this case, Arcade game center is not a completely new idea, but has been popular worldwide since the late 20th century. However, this type of entertainment center is not yet established in Joensuu city of Finland. Therefore, the idea is to take an existing business concept and implement it into a new market.

In addition, there are six common forms of enterprise. They are sole trader, general partnership, limited partnership, limited company, co-operative and branch of a foreign enterprise. In this case, the form of the enterprise could be Sole Trader or Limited Company. To compare, both Sold Trader and Limited Company are the simplest form for an individual startup. The author chose Limited Company over Sold Trader form, because it separates company's liability from the owner's personal assets. Meanwhile, Sole Trader means the business is established and run by one person or with his/her spouse, where all the



responsibility along with risks and loss belong solely to the person whose name was registered. (Finnish Enterprise Agencies 2015, 29)




6.5.2 Choose game machines



There are plenty types of game machines, each of which brings different experience to the players. Hence, the owner has to choose carefully which kind of games that attract his potential customers the most. Based on the result of the questionnaire, the author decided to conduct a list of potential game machines as below:

Name	Description	
Basketball	<p>The game is imitation of regular basketball. Player insert coins, wait for the balls to come out, and try to free throw the balls into the hoop as many times in sixty seconds. If the player scores more than 15 points, he/she will go to the next level, which the hoop would move sideways.</p>	
Drummer	<p>This machine is suitable for all ages. The number of coins depends on the number of players. Player insert coin(s), choose a song from the list and enter the game modes. There are totally three different game modes, which are solo mode, versus mode, and drum speed race. In the solo and versus game, the screen shows a standing cartoon character as many particular objects</p>	

	<p>moving towards the character. The player must beat the drum when the object hit the character. In the drum speed race, two players try to hit their drum as many as possible in the time limit. The winner is the one who scores the most.</p>
Shooting	<p>Shooting is more suitable for people from 16 years old and is also a popular choice of respondents in the survey. With this shooting game machine, player(s) could have different experience since it simulates real movements, from reloading the gun, pulling the trigger, to the vibration when shooting. Players could choose</p> <div data-bbox="500 856 846 1083" data-label="Image"> </div> <div data-bbox="1027 436 1451 1052" data-label="Image"> </div> <p>between solo mode and team mode. This game usually requires two coins for solo mode, and three or four coins for team mode.</p>
Hammer	<p>Hammer game is exactly like what it is called. Player inserts coins, choose between solo mode and team mode, and types of objects. Then, player use the hammer(s) to beat off the objects appear on the screen in a time limit. In order to advance to the next level, the player has to hit a required number of objects. This game is most suitable with children due to its friendly design and simple game play.</p> <div data-bbox="1027 1241 1425 1829" data-label="Image"> </div>

<p>Air hockey Pacman</p>	<p>Air hockey game is energetic and suitable for all ages. There should be at least two people standing at two opposite sides of the table. After inserting coins, the machine drops out one red puck. Players use a pusher to shoot the puck into opponent's goal to win one score. During the game, the machine will randomly drop out 20 other smaller colorful pucks all over the table. When the time limit reached, who scores the most is the winner.</p>	
<p>Water shooting</p>	<p>Water shooting machine allows players to enjoy playing water gun indoor and without getting wet. Player firstly insert coins, then select between solo mode and versus mode. The screen then will show plenty of objects that player need to shoot with the water guns. The machine is designed so that players could shoot the water onto the screen without splashing water.</p>	

<p>Dance floor</p>	<p>Dance floor is normally the most attractive game at any arcade game center. Player insert coins, choose the theme song, and then choose the game mode. Different songs have different speed of beats, in other words, different level of difficulty. There are several game modes, such as solo mode, versus mode, double mode. After all the setting, the player will step his/her feet on the arrows on the stage corresponding to the same arrows showed on the screen.</p>	
<p>Dart board</p>	<p>Dartboard is not a new game but it never gets old at parties. In order to play the game, players simply insert coin to the machine and then throw the dart. This game is suitable for all ages and for playing in group.</p>	
<p>Japanese photo booth</p>	<p>The most basic function of this photo booth is allowing users to take selfies. What makes the Purikura special is about its feature of editing the photos before printing. In detail, after taking selfies, users add texts and symbols available from the machine; draw freely by using sensor pens on the screen; as well as edit the effect for the photos.</p>	

		<p>This type of photo booth tends to attract many youngsters to save memories with friends. It would be a great idea for pupils and students who are about to graduate, or exchange students to come and take selfies with their classmates before being apart.</p>
<p>Popcorn machine</p>	<p>Popcorn machine also a coin magnet at every arcade game center. The popcorn inside is sweet popcorn – unlike the regular salty taste that Finnish people eat at cinemas. This is a tiny difference that the Arcade game center in Joensuu could offer, which means that if anyone wants to have sweet popcorn, they have to pass by the Arcade game center to get some. In order to get the popcorn, user inserts coins, and wait for the machine to automatically fill up a bowl for him/her.</p>	

<p>Car racing and Motor racing</p>	<p>Car racing and Motor racing are both popular choice of video game players. However, playing with arcade game machine would bring player a real experience of driving. Clutch and brake of game machines are completely similar to the actual cars and motors. Players could also choose between solo mode and versus mode. Since each machine is available for one person only, the owners of any arcade game center have to install at least two same game machines and connect them together, so that players could race against their friends.</p> <div data-bbox="483 436 1458 1018" data-label="Image"> <p>The image shows two arcade racing machines. On the left is a blue car racing machine with a steering wheel and a screen displaying a racing game. On the right is a yellow motorcycle racing machine with a seat and a screen displaying a motorcycle racing game. Both machines have a 'CAUTION' sign on the base.</p> </div>
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Table 5. Arcade game machines chosen

Above are list of game machines to install at the establishment of the Arcade game center. At the third and fourth year of the business, when the owner decides to install more game machines, she has to consider what should be installed next. The decision could be based on another small survey of existing customers as well as potential customers, not to mention that the game machine wholesalers would produce plenty of new attractive games.

6.5.3 Approach potential customers

After the registering the enterprise and setting up the Arcade game center, the owner has to approach her potential customers.

Social media is the first tool that should be taken into consideration. The reasons are listed below:

- Firstly, social media is free of charge. By utilizing social media for approach, as well as to advertise and communicate with customers, the expenses for marketing and advertising could be reduce effectively.
- Secondly, social media is rapid in spreading. However, it is a double-edged sword. While any promoting and announcement from Arcade game center could be reached easily by a large group of people, so does negative reviews. Therefore, the arcade game center should focus in customer service to avoid any negative feedback, as well as handle customers' complaint as quickly and professionally as possible.
- Lastly, social media is largely used by youngsters, who are the target customers of the Arcade game center. Hence, social media is the fastest and most effective way to approach these targets.

Another method to be introduced to target customers is by hosting entertainment events, with reduced price and/or free of charge of some services (for example: free drinks and snacks, first 5 coins will be free, etc.). "ESN Joensuu Goes Cosmic Bowling" is a typical illustration. ESN Joensuu group (Erasmus Student Network) in February 23, 2016 held an event in Cosmic Joensuu for its member to come and play for free. The event reached 361 students, and were confirmed to participate by around 105 students. This amount of visitors to a playground in one single evening is significant and desirable. Although the entrance and the game were free of charge, the drinks and snacks were not. Most notably, the Cosmic Joensuu

has been heard, visited and tested by huge amount of customers. Those customers might return, not to mention the positive feedback and photos of them having fun there would be spread widely on the internet.

Last but not least, game competitions can also draw attention when valuable prizes are involved. Thus, the owner might consider hosting game competitions at least twice or three times per year. Prizes should be attractive to the target customers, who mostly are youngsters, such as: vouchers, smartphones, cameras, headphones and so on. The owner can conduct a small survey to find out which kinds of prizes are the most desirable.

6.5.4 Be different from competitors and substitutes

Via the Porter's Five Forces analysis, the threat from the competitors and substitute products are the most noticeable issues to concern. In order to gain the competitiveness over those two threats, arcade game center has to define its differentiations and utilize it as a tool to compete. Furthermore, continuously reinvigorating itself is also essential to overcome the threat that comes from the high speed of technology development.

Discussing about video games – the most direct substitute of Arcade game center, it costs much to purchase the game devices, while with a few euros, customers could play games at Arcade game center. Furthermore, Arcade game center is more than video games, because there are many physical movements involved. It is somewhat like a combination for demand of video games and physical games.

Not only the features that makes Arcade game different, the way it operation should also be distinguished. The Arcade game center also plans to expand its business by adding more game machines and operate in a larger space in the third and fourth financial year of the business. Continuing enhancing services and adding new features to the offerings will help Arcade game center to attract new customers and impress existing customers.

6.5.6 Promotion and communication with customers

In order to communicate effectively with its customers, Arcade game center will open a website for its own and a Facebook page. On its page and website, there is general information about the Arcade game center (open time, contact, location, price, photos, lists of games, etc.), chatting features with quick response, public feedback session, and information about the promotions.

Feedback session, as mentioned before, is a two-edge sword. If the majority of the feedback is negative, it will hurt the reputation and reduce the income of the Arcade game. If the feedback is positive, it will be a “word of mouth” strategy. If such, the Arcade game center should emphasize the feedback for potential customers.

Distributing brochures is also an informative way to promote the center. However, this method costs much, so it will be utilized occasionally only.

Co-operating with travel agencies also works well. The agencies will include the Arcade game center into their list of suggested entertainment destinations for their tourist. Whether it should cost the Arcade game center an amount of monthly fee for travel agencies, or in any other ways of co-operation, it depends on the negotiation between them.

6.5.7 Expand the business

Expanding the business does not only promise the increase in income, but is also a method of renovating and enhancing the business. There are a few ways of expanding business, such as aiming a new market, add more branches, go globally, or simply introduce new products/services.

In this case, the Arcade game center plans to add drinks and snacks as an extra service right at the end of the first financial year. Then, at the third financial year, more games will be installed. In the fourth financial year, when almost all the cost is covered, more machines will be installed in a larger space in Joensuu. This means that not only different types of games are added, but also the location will be changed and extra service (drink and snacks) would have more space and enhanced.

6.5.8 Pricing

According to the result of the questionnaire conducted by the author, when asked whether or not the responders agrees with statement “When playing games, I pay attention to the COSTS of playing.” 36.8% of respondents claimed that they totally agreed, and other 29.7% somewhat agreed, all together takes the majority of the portion. Therefore, considering the pricing carefully is enormously essential.

Finally, the price per coin will be around 0.9 euros, which means that customers can play one game of some types with 0.9 euros and play one game of other types with 1.8 euros or 2.7 euros. This price is affordable for the target customers. With this price, if the customers stay inside the Arcade game center for 5 minutes, each of them would spend around 2.7 euros to 8.1 euros, depending on which game machines they choose to play.

6.5.9 Persuade existing customers to be frequent customers

In order to persuade customers to come more often, not only the service has to be delivered professionally, but also other techniques should also be applied.

The first method is to realize whom willing to pay money and spend much time on the Arcade game center, then offer them special offers. Each customer purchase coin to play

game will be asked if they want to have a customer card. The card will have their information (name and the date that the card is given), and blank boxes. Then, for each 20 euros they spend on coins, the staff will stamp on one blank box. When all of the boxes on the card are stamped, they will receive some presents such as a card of 7 days playing for free, or get a 20% discount for the next time they come. With such technique, customers would feel like involving in something that should be completed so that they receive something in return. This technique has been observed by the author multiple of times in her home country at cinemas, cosmetic shops, restaurants and many other entertainment centers.

Second method is frequent customers should be treated more special than other customers should, so that they comprehend that their interest for the service is highly appreciated by the company. Some ways to treat them differently are giving them a discount or a present on their birthday, and inviting them to parties or events hosted by the company. Such technique does not only serve the customers well, but also remind them about the Arcade game center in case they forget to come by.

6.5.10 Net income stabilization

The first four years are the most challenging period for any startup. The starting up costs takes time to be completely covered, and many other developing projects has to be conducted. However, after the first few steps, before the new competitors and new substitutes enter the market, the business has to make sure that their income is stable, before any further step forward.

As a result, the Arcade game center in the fifth financial year will stop installing new machines. It would have some small changes such as decoration, marketing campaigns, pricing and furniture, but enormous investment on something new is not preferable. At that stage, the costs will not rise up. The Arcade game center will then figure out its objectives for the next five years based on their observation of the market.

6.6 Implementation

When all the necessary strategies for establishing an Arcade game center are generated, a detailed program for action is conducted as the table below:

Timeline	Stages	Tasks	Personnel
May 2017	Registration	<ul style="list-style-type: none"> • Register enterprise • Inform tax information • Open bank account 	Founder
August 2017	Recruit staffs	<ul style="list-style-type: none"> • Administrator, • Technician staffs, • Marketer, • Receptionists 	Founder
August 2017	Location	<ul style="list-style-type: none"> • Search for location • Negotiate pricing • Water and electricity contract • Insurance 	Founder Administrator
August 2017	Location decoration	<ul style="list-style-type: none"> • Install game machines • Set up lights and sound proof • Purchase and install furniture • Decorate and paint 	Founder Administrator
September 2017	Advertising and Promotion activities	<ul style="list-style-type: none"> • Build website, Facebook page • Engage followers for website and Facebook page • Distribute brochures 	Founder Marketer
September 2017	Visual appeal	<ul style="list-style-type: none"> • Business logo, posters • Business card • Frequent customers' card 	Partner with an agency

September 2017	Testing	<ul style="list-style-type: none">• Test game machines• Test lighting and audio	Technician staffs
October 2017	Inauguration		All Staffs

Table 6. Implementation

7 SALES FORECAST

Based on the result of the survey, as well as many other factors found during the market research stage, the sales forecast is conducted as shown below.

First of all, the author built the expense section, including monthly expenses and one-time startup expenses. The tables below show specifically those two types of expenses. Startup expenses and monthly expenses.

7.1 Expenses

7.1.1 Startup expenses

One-time startup expenses are significantly high due to the costs of purchasing machines and delivery, followed by the deposit of space renting and consulting service needed for the start of the business. The game machines are purchased from different wholesalers in order to ensure the sufficient of types of machines/games, and simultaneously, minimizing the costs as much as possible. Setting the game place also costs significantly due to the requirements of soundproofed settings, impressive lights and decorations.

7.1.2 Monthly expenses

The most noticeable monthly expenses are wages for staffs and space renting. Employees needed are receptionists, technological staffs, a website developer and a fulltime

administrator. While wages for staffs has to be specified due to different positions and shifts, the space renting is easy to claim based on the research of Metropole renting price.

Electricity also costs significantly because the business is operated with game machines. Therefore, no matter how many customers enter the game place, the game machines are on for the whole day, not to mention about lights and other electric devices.

7.2 Sales forecast

After enumerating different types of expenses, the sales forecast for the first five years is conducted.

The first year of establishing the business is the most challenging period because of the huge financial investment into equipment and infrastructure. Target customers would be approached for the first time, which leads to a modest amount of customers' purchase. The ideal time to establish the business is during summer time, because at that time, Joensuu is filled with plenty of tourists, while students is enjoying their long summer break. Then, the summer ends. Most of tourists might leave Joensuu, but new students would come, who would like to spend time discovering the city they are going to study and live in. In the end of the first financial year, it is obvious to expect a negative net income despite the possibility of positive customers' attitude towards the new service in Joensuu.

However, second year might promise better income because there will be no start-up costs anymore. Joensuu residents will no longer be unfamiliar with the Arcade game center. Some regular customers would start to generate a weekly or monthly habit to come to play with friends and family.

With the stableness in the income of the second year, the Arcade game center is expected to install more game machines to refresh itself, so that the existing customers are not bored of

it, and the new customers may finally find their favorite game there. This renovation might also take place in the fourth financial year. Not only more machines will be installed, but also the location should be reconsidered. The new location should be also close to the city center, but larger for more machines and spaces. Both of those two renovations will raise the operational costs, as well as huge one-time investments, which leads to enormous total costs. Nevertheless, they simultaneously help increase the load of customers and its capacity of serving.

Finally, in the fifth year, the load of customers come to play might decrease slightly due to new entrances or new substitute products. Hence, to help keep the net income steady, there will not be any renovation any more to hold down the costs.

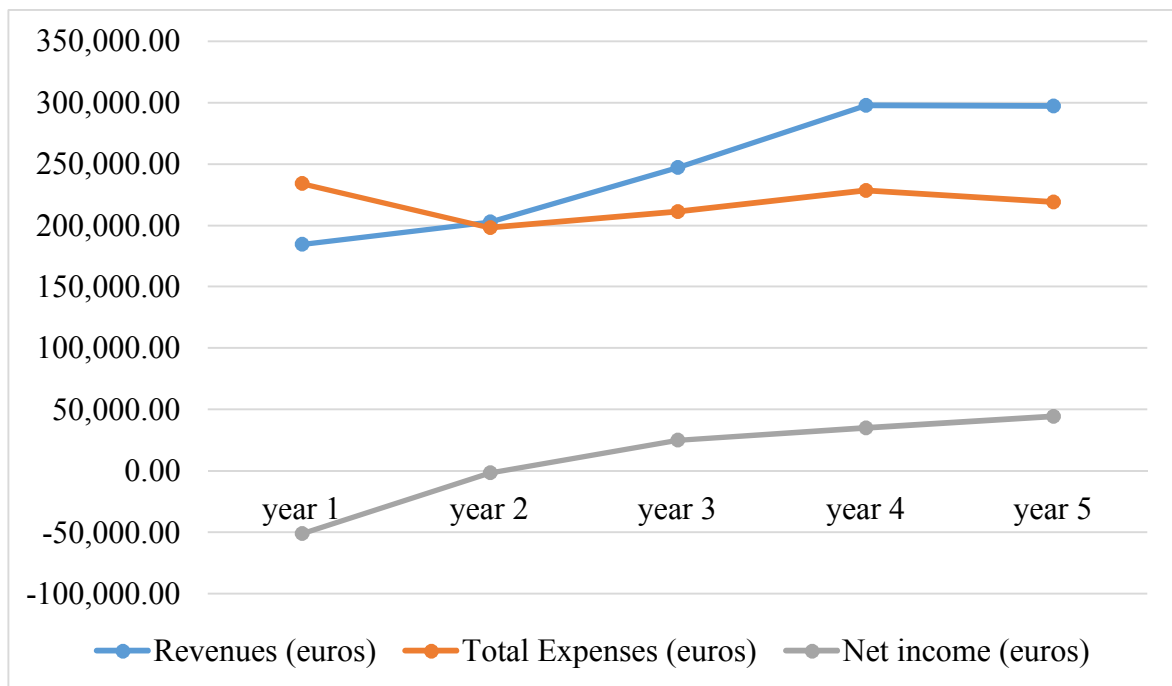


Figure 13. Sales forecast

The line chart above illustrates the trend in revenues, total expenses and net income throughout the first five years of the Arcade game center. The revenue is high but so is the total expenses. The net income 's starting point is around -50,000 euros, but it rises up

immediately in the second year, and scores around -1,300 euros at the end of the year. Breakeven point will happen during the beginning of the third year, then the income remains same steady speed of growth to end of the fourth year, up to 35,000 euros after tax, interest rate of 5% loan and paid back all the loan of 30,000 euros. Lastly, the fifth year 's income will be suddenly brighter, because there will be no more investment on game machines, which makes the trend become upward.

8 CONCLUSION

The objective of the thesis is to show all stages to prepare for establishing an Arcade game center in Joensuu, from exploring the demand and potential of the market, to the marketing strategies and sales forecast.

Through the desk research about general market information, it pointed out that the condition of the market is suitable for opening a new business with many available supports. The most noticeable local source is from Joensuu Science Park.

Furthermore, from the survey's result, the author recognized that there is a significant demand for an Arcade game center in Joensuu from the most prominent groups (13 to 35 years old). The most obvious competitors are home video games that are played on Laptop/PC, Console, Tablet and Portable devices. In order to gain the competitive advantage, the business plan was conducted focusing mainly on how to stand out from the existing players, and how to persuade visitors to become regular customers.

Finally, the sale forecast predicted that there would be likely a breakeven point at the beginning of the third year, and would take off from there on. From such calculation, the author concluded that there would be a possibility to establish an Arcade game center in Joensuu.

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Questionnaire form (English version)



Picture 3. Header picture of questionnaire form

**SURVEY FOR JOENSUU RESIDENTS REGARDING THEIR DEMAND FOR AN
ARCADE GAME CENTER**

It is the best feeling when you can play video games to relax after work. But imagine it is even better if you can immerse yourself into the atmosphere of an Arcade Game Center. Thus, by filling this questionnaire, you are contributing to my study about Joensuu residents' demand for such entertainment place for your city.

Ngo Thu Ngan

Student of Karelia University of Applied Sciences

*Required

1. How old are you? *

13-18 years old

19-25 years old

26-35 years old

36-65 years old

More than 65 years old

2. What is your gender? *

Male

Female

3. What is your nationality? *

Finnish

Other

4. If you are from Finland, which city are you originally from?

5. What is your occupation? *

Pupil / student

Employed

Unemployed

Retired

Other

6. If you are a pupil / student, at which school/university are you studying?

Primary School / Secondary School

High School / Upper Secondary School

Vocational School / College

University of Applied Sciences

University

7. If you are a student, what describes best the nature of your study?

Part-time study

Exchange student

Bachelor

Master

PhD

8. If you are employed, what is your position at your workplace?

Trainee

Staff

Supervisor

Manager

General Managers or Chief Executives

Board Member

9. What do you think about these statements below? *

(Strongly disagree/ Somewhat disagree/ Neither agree/ Disagree/ Somewhat agree/
Strongly agree)

There should be more entertainment centers in Joensuu for TEENAGERS.

There should be more entertainment centers in Joensuu for STUDENTS.

There should be more entertainment centers in Joensuu for YOUNG ADULTS.

I am interested in playing video games.

When playing games, I pay attention to the COSTS of playing.

When playing games, I pay attention to the SOUNDS.

When playing games, I pay attention to the GRAPHICS.

When playing games, I pay attention to the ACHIEVEMENT.

When playing games, I pay attention to the EXPERIENCE.

When playing games, I like to have PHYSICAL MOVEMENTS.

When playing games, I scream/like to scream loudly.

When playing games, I find it interesting to play in a crowded place.

During a game session, I like to switch to several different games.

10. How many hours per week on average do you spend on video games? *

Not at all

1 – 5 hours

6 – 10 hours

11 – 20 hours

More than 20 hours

11. Do you have game devices at home? *

No, I don't.

No, I don't, but I am planning to buy one.

Yes, I do have one.

Yes, I have more than one.

12. If yes, what are they?

Console (PS3, XBOX360, Wii...)

Portable (DS game...)

Mobile Phones

Tablet

Laptop/PC

Other

13. What genres of video games do you like playing? *

Shooting

Racing

Adventure

Sports

Puzzle

Fighting

Other

14. In what way do you like playing video games? *

Solo game

Combat game

Team playing game

15. Have you ever played video games in an Arcade Game Center? *

No, I haven't.

Yes, I have.

16. If there were an Arcade Game Center in Joensuu, how often would you come there? *

Never

Seldom

Sometimes

Frequently

Very Often

17. Besides from video games, what other services should be added to an Arcade Game Center? *

Fast-food & snack

Drinks

Souvenirs

18. Which area in Joensuu should an Arcade Game Center be located? *

The end.

Institution contacted for the survey

Name of Institution	Level	Telephone	Email	Approved
Karelia UAS	UAS			Approved
UEF	University	0294 45 1111	kirjaamo@uef.fi	Approved
Joensuun Normaalikoulu	Upper Level	050 442 4466	[jyrki.korkki@uef.fi]	Approved
Steiner koulu	Upper Level	050 579 1220	toimisto@jnssteiner.fi	Not available
Tuupovaaran koulu	Upper Level	050 345 7376	paivi.a.ronkainen@jns.fi	Not available
Uimaharjun koulu	Upper Level	050 387 3192	sisko.liimatta@jns.fi	Not available
Joensuun Lyseon Lukio	High school	050 434 0331	paivi.jalkanen@jns.fi	Not available
Joensuun Seudun Kansalaisopisto	Community College	013 337 5929	kansalaisopisto@jns.fi	Declined
Pohjois-Karjalan koulutuskuntayht ymä PKKY	Vocational training		ara.hayrabetian@pkky.fi	Not available
Joensuun Urheiluakatemia	Sport Academy	050 436 7839	kimmo.hypponen@jns.fi	Not available

Table 7. Institutions contacted for the survey

Start-up expenses

Features		Quantity	Euros
Rent Deposit			2500.00
Furniture & Fixtures	soundproofed equipment		500.00
	office furniture		300.00
	cashier register		320.00
	lights		300.00
Equipment	Game machines	8	18,200.00
	Coins	3000	273.00
	Delivery of equipment		2,275.00
Decorating, Painting and Remodeling			400.00
Installation of Fixtures & Equipment			100.00
License and Permits	Trade Register: Sole Trader		110.00
Advertising and Promotion			2,000.00
Cash			500.00
Business card			100.00
Business logo, posters...			500.00
Website development			4,000.00
Total One Time Start-Up Costs:			31,468.00

Table 8. Start-up expenses

Monthly expenses

Features		Quantity	Euros	Notes
Maintenance & Repairs			500.00	
Marketing & Promotion: Advertising			500.00	
Stationary, telephone...			50.00	
Payroll: Wages (Owner/ Manager)			1,400.00	
Payroll: Wages (Employees)	Staff	15		
	Total wage		13,180.00	
Bookkeeping			100.00	Outsource
Consultancy			500.00	
Rent per month			2,500.00	game place
Electricity			300.00	
Insurance	Fire insurance		54.60	0.3% of the replacement value of the fixed assets
Bank connection fees			70.00	
Total Monthly Expenses:			16,094.60	

Table 9. Monthly expenses

Sales forecast

Yearly growth	Revenues (euros)	Total Expenses (euros)	Net income (euros)
year 1	184,898.40	239,225.00	-54,326.60
year 2	202,646.40	211,440.00	-8,793.60
year 3	246,998.40	223,440.00	7,346.72
year 4	297,729.60	255,640.00	12,171.68
year 5	303,136.00	250,000.00	42,508.80

Table 10. Total Revenues, Total Expenses and Total Net Income

Period	Annual revenue percentage growth rate
year 1 - year 2	9.60 %
year 2 - year 3	21.89 %
year 3 - year 4	20.54 %
year 4 - year 5	1.82 %

Table 11. Annual growth rate.