

Nintendo case, the battle of the supremacy is gone

Web-Enable Business

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Coursework 2 – Nintendo

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Abstract

This report studies recent Nintendo's company situation, past success and future expectations. Basically, the report based its information in how Nintendo is changing with the new tendency in the video game industry through studying different e-commerce and e-business marketing aspects. Nintendo is adapting now to a new market: mobile applications where the Japanese company can acquire an excellent position on it, and this report explain how to achieve this target. Also, the new marketing strategy of the company is illustrated. Conclusions and recommendations are given for future research and market analysis.

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Introduction

Nintendo has been the worldwide pioneer in the creation of interactive entertainment. Although the company was founded in 1889 to manufacture playing cards (Hanahuda) in Japan, after selling cards and toys for more than 80 years, Nintendo started to develop games for other platforms in the 1970's, but is not until 1985 when they released Nintendo Entertainment System (NES). This console popularized Nintendo as one of the leaders in the world market place. Since then, Nintendo has sold more than 4.3 billion of video games and more than 680 million of consoles in the entire world, NintendoDS, Wii U or Game Cube are just some of the hardware units that have been enjoyed by millions of users through generations. "Super Mario Bros", "Zelda", "Pokémon" and "Donkey Kong" are well-known characters among gamers (Nintendo, 2014). Nintendo has known what to offer to their loyal players, but is Nintendo making a mistake following the motto "We create trend, not following them" Does the company think how the virtual entertain industry is changing in the last years? What are the objectives and new targets Nintendo should follow now?

This report studies how Nintendo beat its competitors in the previous console generation but have failure in the last generation. Besides, it analyzes and explain what should be done next to get more market share and be more competitive in the online and mobile application business.

Identification and analysis of factors affecting the organization's exploitation of web-based technologies.

1.1 Industry structures and characteristics.

In an industry where the competition is extremely high between the big three: Sony, Microsoft and Nintendo, Sony has 70% of market share (Saurabh Singh, 2011) and users' interest is always increasing (TheESA, 2013).

Nintendo faced a tremendous threat from new entrants like Microsoft and Sony, due to the fact that these competitors are technologically superior and successfully displaced Nintendo to the third place within the game industry in terms of number of patents (Subramanian, Chai, & Mu, 2011). Nowadays, interest in PS4 will increase for the next few months, and it seems like Microsoft and Nintendo are waiting to see what is going to happen with the market and consumer tendency (Figure 1).

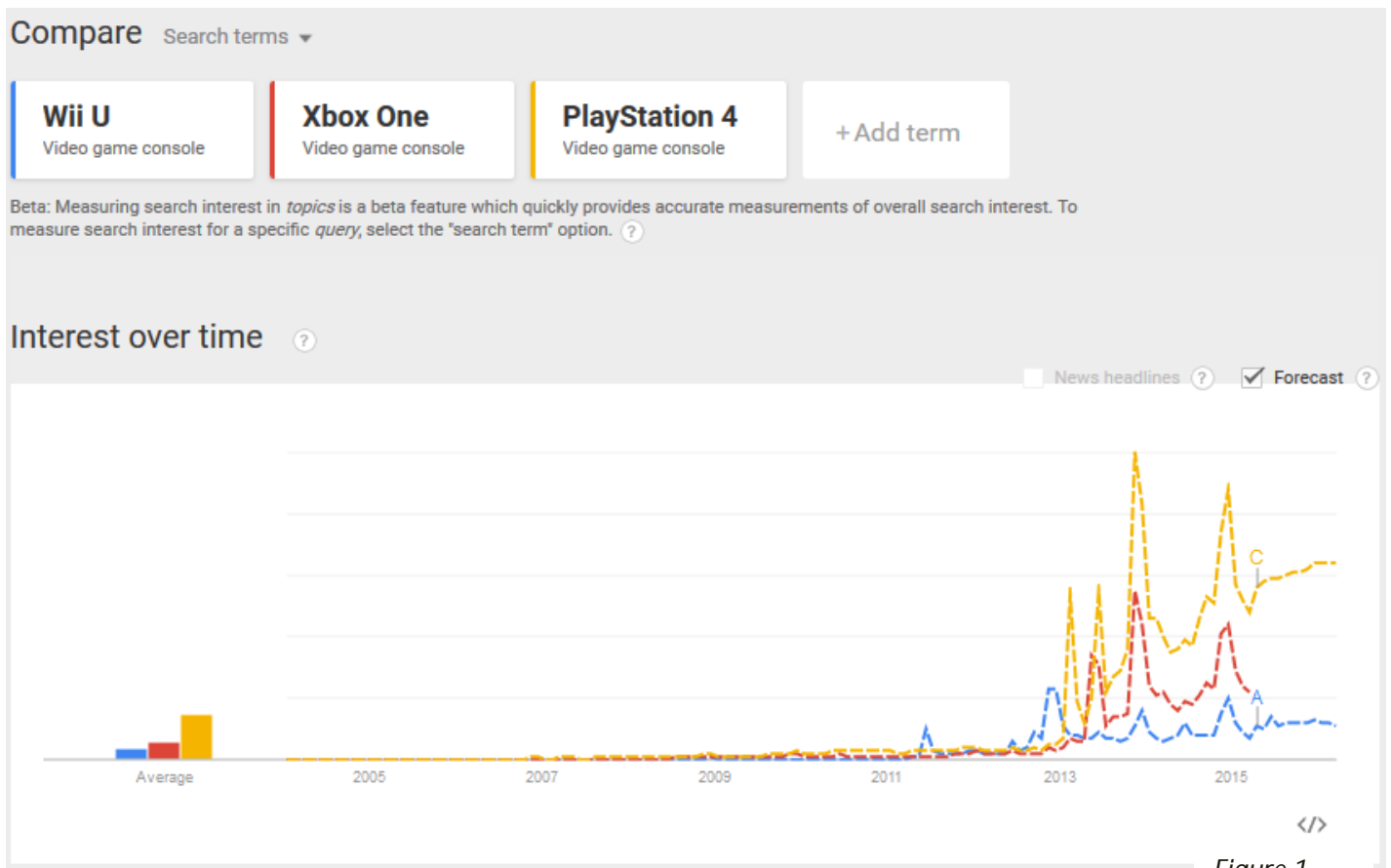


Figure 1

In contrast, Xbox One and Wii U are competing for the rest of the market. However, Nintendo achieved 48% of the market with Wii console in the previous generation. However, in this new era is making a lot of mistakes.

Nowadays, consumers and developers live in the 8th generation of consoles. According to Statista.com, the value of global entertainment and media market would increase to 2.3 trillions of dollars in 2018 (Figure 2), more particularly in the recent console games world, which is expected to suffer a drop in revenue (Figure 3).

Value of the global entertainment and media market from 2014 to 2018 (in trillion U.S. dollars)

This timeline presents the forecast value of the global entertainment and media market from 2014 to 2018. In 2016, the market is expected to reach a worth of just over two trillion U.S. dollars.

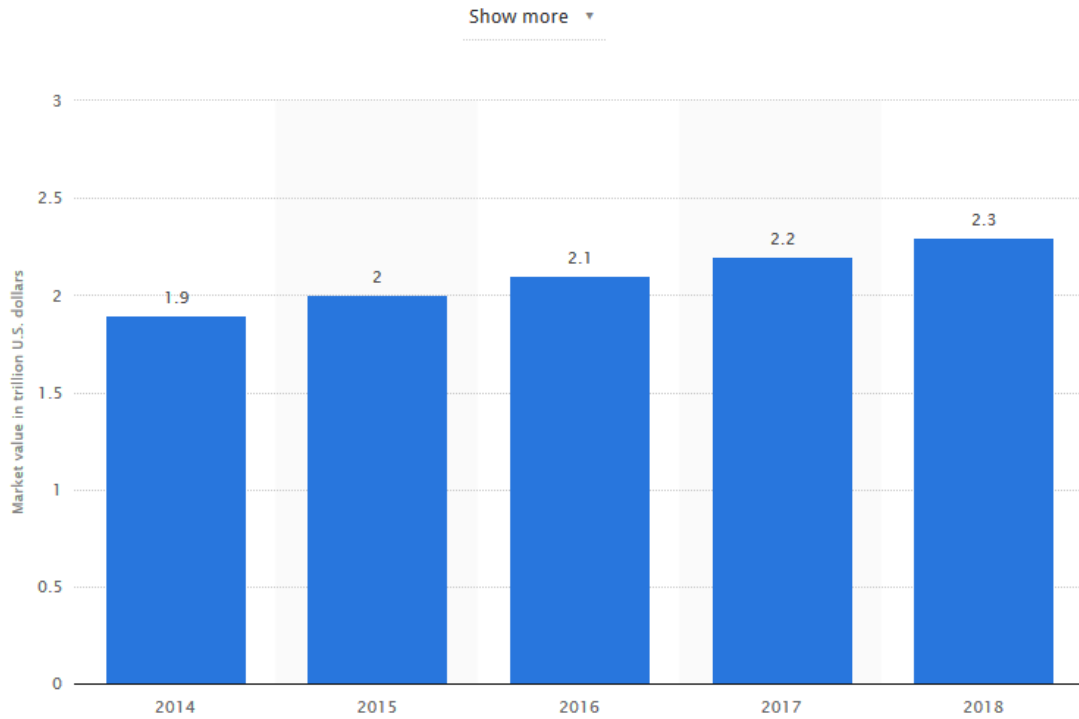


Figure 2

Global PC and console games revenue in 2014 and 2019 (in billion U.S. dollars)

This graph shows a forecast of global PC and console games revenue in 2014 and 2019. Juniper Research projected the revenue would decrease from 46.5 billion U.S. dollars in 2014 to 41 billion U.S. dollars in 2019.

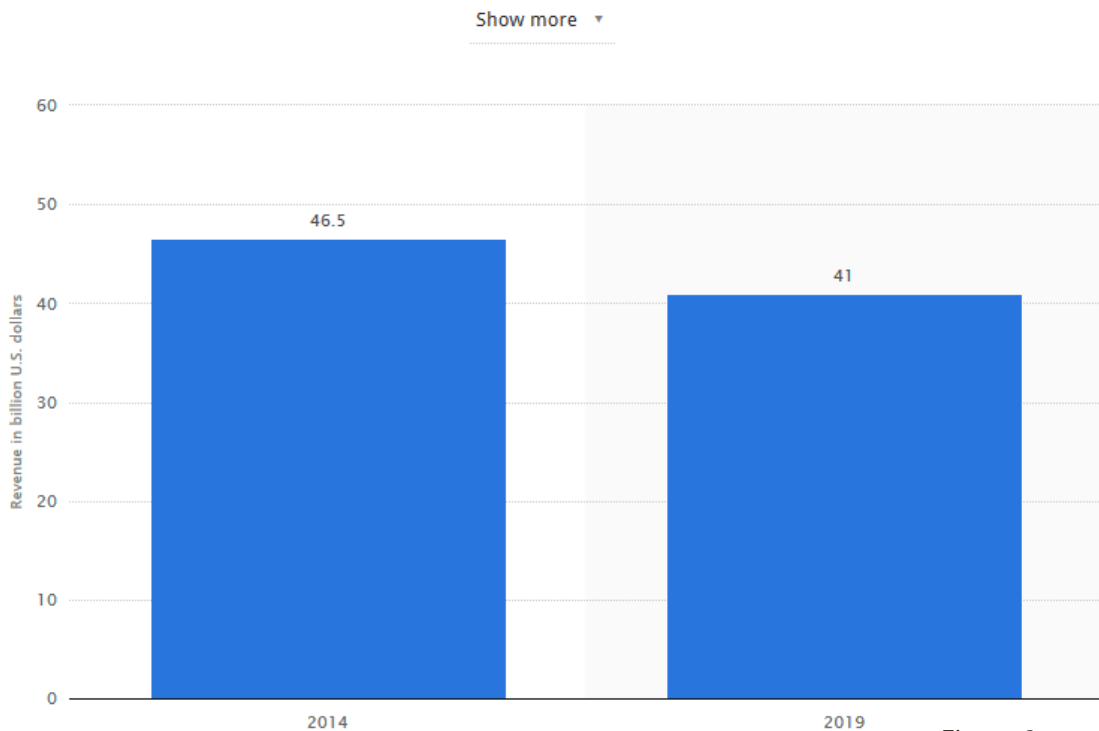


Figure 3

What is the reason of this fall? Casual gamers are increasing and they are looking for more video games for their smartphones and tablets. Are the big three doing a proper business strategy to reach higher market share and become more competitive? As the statistics show, many casual gamers are moving from console to simple games in their smartphones, whose demand do not stop increasing month after month (Muñoz, 2015). This is the new era for the big three, moving from high-quality games from console platform to entertainment games for smartphones, and here Nintendo could have more power than anyone.

It should be noted that average age of video games consumer is 37 years-old according to the Entertainment Software Association (TheESA) (Gotsis, 2013), most of them middle-class men. Main markets are US, Japan and Europe, but China is increasing its interest too. The live cycle of game console is usually around 5 years for generation (Figure 4).

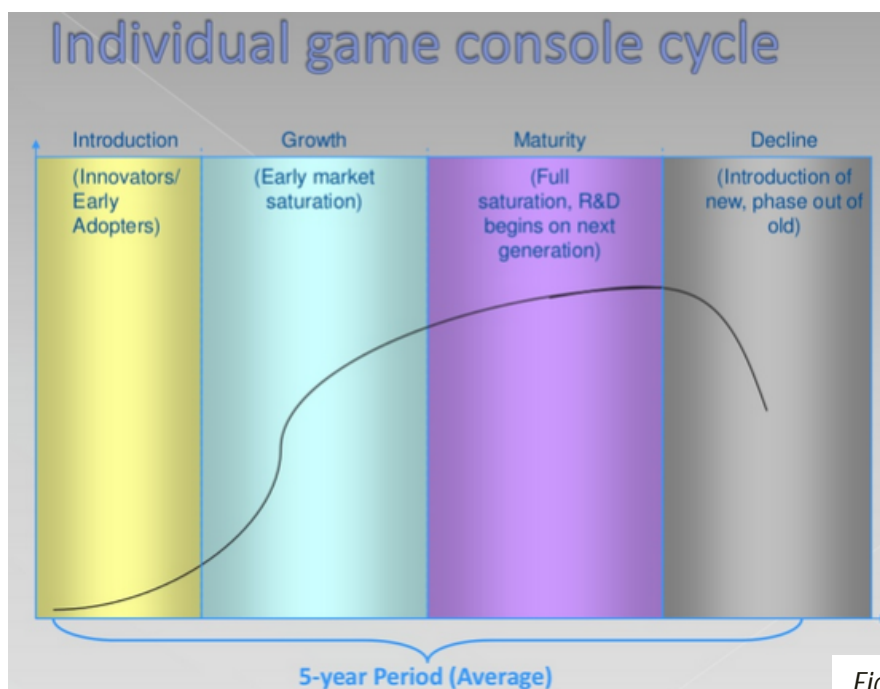


Figure 4

Cooperative competencies also enhance the firms to better adapt themselves to changing environment (Murovec & Prodan, 2009). Third-party agreements are the key to this competitive market.

1.2 Video games supply chain: Nintendo case

Nintendo has many distributors which ship their products to retail stores. Nintendo now successfully covers shipping to actual stores and wholesalers after having some problems in the previous generation console with the distribution of Wii and Nintendo3DS (Kinsley, 2012). In this generation, with Wii U due to the fact that manufacturing started after summer time 2012 in Japan, provoking a stock-out situation in Christmas festivity when the console's demand was the highest in the whole year (Stuart, 2012). However, Nintendo has strong tools to sell both online and offline. It has exactly 25 different certified retails from Amazon.com and Gamestop.com to Toys "R" Us and Wal-Mart. These retailers have helped Nintendo to ship their products to physical stores and online shop to sell and hold its products across the world (Appendix 1).

If we study some of the aspects that affect the Supply Chain, retailers use a *method of pulling* with Nintendo. This means that each retailer demand products they want to sell and Nintendo delivers them to these retailers. When a new product is launched, Nintendo follows a *push strategy*, so the company ship the new product to that retailers interested in purchasing. Thus Nintendo pursues a double option when selling its products: that is, they can be found primarily in the mentioned retail stores, or be purchased online in the Nintendo e-shop and retailers website. In terms of pricing, the industry usually has offered high prices for each generation due to the heavy costs of Research and Development, testing and production of each console. Every new console is priced differently depending on its features and cost of production. For instance, in the Wii U case, Nintendo has agreed with IBM, AMD and Renesas the features for this console and, after knowing labour cost, the final price has been £214.99 (£100 cheaper than competitors). The *Blade Business Model* is used in the industry and is considered the best option by Nintendo's competitor. This model entails selling the hardware as a loss, while the software and accessories are the profit generator. It is here where Nintendo is gets more followers with their first-party games and amiibo (Appendix 2). However, as it is explained in this report, Nintendo must improve

their relationships with third-party developers to compete in the market with Sony and Microsoft.

It is also associated to the *Freebie marketing strategy*, because the company sells its product below cost, hoping that the product will penetrate consumers and become popular, therefore accumulating enough sales to be profitable. Nintendo uses this strategy due to the fact that their titles have been very popular into the gamers' community for more than 30 years. Also, *backwards compatibility* has been necessary in the industry. Consumers have long wanted to be able to play older games from the same company, and with the latest-to-date technology and hardware, many consoles now have the ability to play previous system software. Looking at the Wii U, it is built in with backwards compatibility in every system and it provides a download service that enables customers to purchase software from any platform of Nintendo as early as 1985. However, Nintendo has tried to compete again with Sony and Microsoft, but Wii U does not have the same high features (capacity, processor, etc) than PS4 and Xbox One. Moreover, due to the fact that the new remote control has not so many great functionalities like the innovative Wii control, Nintendo has lost an important share of the market. Wii beat PS3 and Xbox 360, however, Wii U is not as popular as PS4 (Sergany, 2011).

The supply chain for Nintendo has improved in the online distribution, not just the Nintendo Website offers better choices, loyalty options and so on. When you are connected to eShop with one of your Nintendo software, the possibilities to buy and receive new software and accessories are very interesting from customer point of view. This allows reducing the old supply chain, from product manufacturing to shelf by the customers to only two steps. As the expert reviewers from IGN show, the new consoles of Nintendo give users the chance to download and purchase products. IGN reviewer criticized when the console was launched its interface, considering it was slow and difficult to understand. However, Nintendo has changed during 2 years and experts from this industry have approved it, making the purchasing experience simple and easier with the new interface (O'Brien, 2014). Also, Nintendo must be careful with the peaks in demand periods such as Christmas.

In a few words, when a customer buys a product, the supply chain may vary according to kind of product (software or hardware) and retail distributor (Appendix 1).

1.3 Micro and macro environment including assessment of competitive opportunities and threats

The report focuses on what the needs and desires of the gamers are. But what are the micro and macroenvironmental factors Nintendo needs to study and create alternatively to change the consumer behaviour using web-based technologies? What should Nintendo invest in to overcome losses from last years?

Although, Wii U has weak technical features in comparison to PS4 and Xbox One, Nintendo preferred, due to this fact, in the previous console generation (PS3, Xbox 360 and Wii) to change their strategy and focus on other users' segments: casual, family, kids and fit gamers. With Wii U Nintendo is trying to gain the battle again, but for that, it needs to focus more in their weaknesses and opportunities. Figure 5 shows Nintendo incomes in the last years, which suggests/confirms the company must overcome this dreadful situation.

Nintendo's net income from 2008 to 2014 (in 1,000 U.S. dollars)

This statistic shows the net income made by video game company Nintendo between 2008 and 2014. In 2012, the company actually experienced a net loss of around 0.5 billion U.S. dollars.

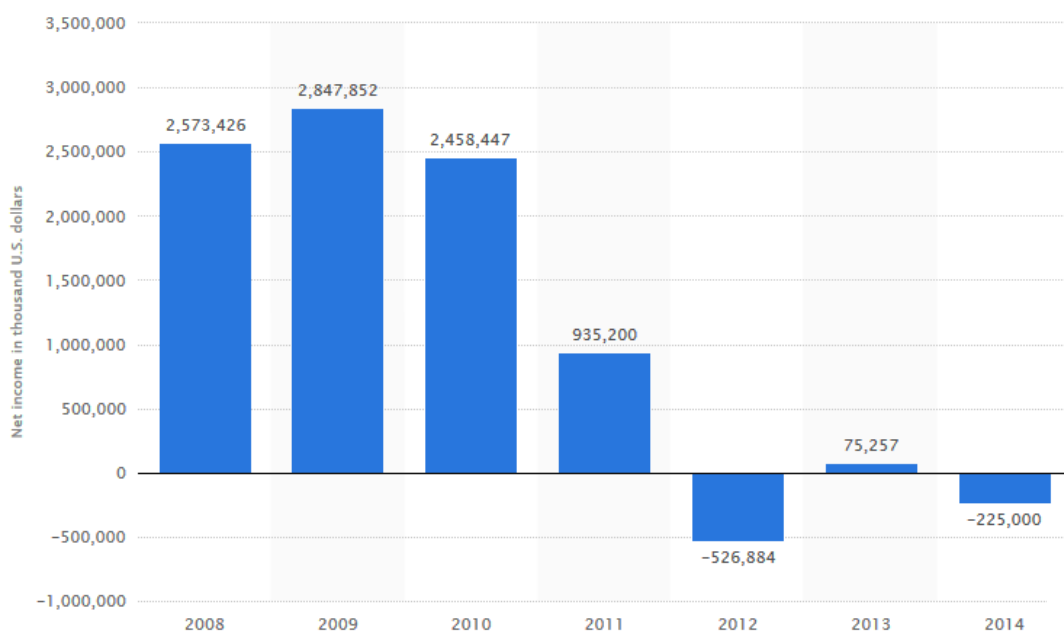


Figure 5

This report also focuses on the main weakness and threats, as well as strengths and opportunities for Nintendo (Appendix 3).

1.3.1 Weaknesses and threats:

- Relationship with third-party developers' (Microenvironment): according to many authors and gamers, the main problem for Nintendo is that they have a really poor network of partners and relationships with other developers. Although, Nintendo always wanted in every console generation to get contracts with developers who work exclusively for them, the new console generation is changing and the poor level of hardware features is changing this issue too (IGN, 2014). Wii U is losing many new games that are releasing for PS4 and Xbox One (Tassi, 2014), which is causing a lot big losses for Nintendo. The main issue for developers is that Nintendo has created a console with many limitations for the technology new generations of consoles have. Ubisoft, Activision and EA are some of the third-party developers which decided not to develop games for Wii U. According to Dan Adelman, the problem is that Nintendo needs to invest and take responsibility of the risk for third parties who try to embrace the features of Nintendo Platforms and help communicate to developers (Lamoreux, 2015), thus Nintendo first-party games are the main motive why Nintendo users buy its hardware. However, Nintendo has reoriented its relationship with third-party developers in the last two months (Financial Times, 2015).

- Development of mobile applications (Macroenvironment): in the last three years, it is said by many gamers and journalist business expert that Nintendo needs to move towards the development of mobile phone applications, but as the big N is really conservative in this issue, Nintendo had 5 reasons not to change its business model (Buffa, 2012):

1. It will drive the company fans confused, because they do not understand why now their Nintendo platform share devices with Apple or Android.

2. It is a sign of weakness. Although Nintendo's president, Satoru Iwata (Nintendo's president) knows that smartphones are the future for the company, managers are not willing to cooperate with Apple or Facebook.
3. It would mean the end of the handheld hardware domination in the market. If Nintendo makes video games for smartphones it would be the end for Nintendo 3DS.
4. The competition in the applications market would be huge, and Nintendo would? fight against indie developers.
5. Nintendo would make less profit because games would be purchased at a range of £5 to £10, compared to the current price for a N3DS game of £30-£35.

However, latest news suggests a big movement coming from Nintendo. Nintendo has achieved an agreement with DeNA, a mobile game company. Both will be working together to develop and operate new game apps for smartphones devices (Financial Times, 2015). This new information has had a big impact on the value of the Nintendo's share in the stock market, increasing in 137% in just 3 days (Figure 6) (See Appendix 4 for last month evolution).

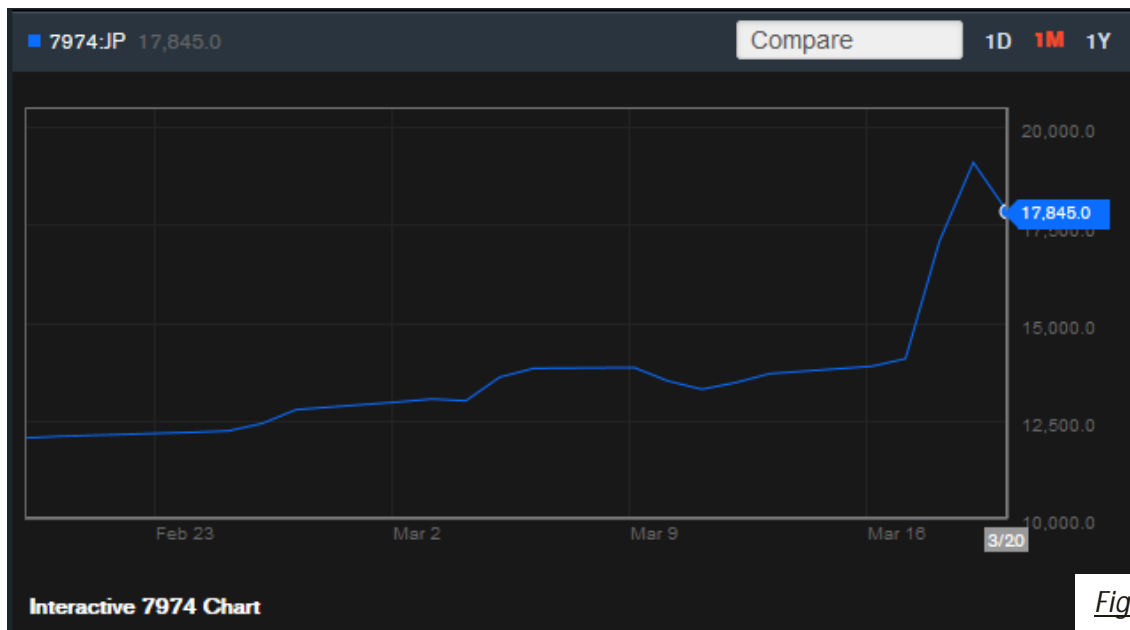


Figure 6

As we see, Nintendo is changing its philosophy in regards with getting agreement with third-party companies.

1.3.2 Strengths and opportunities:

- Redefining Nintendo products to support Health (Microenvironment):

In the last few years, some researchers have discovered that advances in smartphones and video games and a wise use of social networks can help people to be fit, lose weight and practice physical activity daily without quitting exercise (Bambang, 2014) and (Gotsis, 2013). Nintendo, since Wii sport was released, has invested wisely in health. The Wii remote control has been considered a tool to help people to lose weight and keep on doing sport regularly. Furthermore, it has been proved that Wii Fit helps to release pain in people with chronic back disorders, but still the game needs some improvements for these specific group of patients (Plow, 2011). Nintendo has stated that, in the coming years, they will continue investing in health industry. Satoru detailed a long-term plan for the next ten years, which will focus on improving people's quality of life (QOL) (Appendix 5). Thus, if Nintendo keeps on investing in this industry, it would be possible to offer new physical activities and sports too, such as yoga, tai chi, table-tennis or pilates, which might help to spread the market through applications and offer new products to download from Nintendo eShop for its hardware platforms. As a result of this, Nintendo changed its Business Model last year, leaving behind their conservative point of view in favour to a more liberal business plan, looking for agreement with other companies.

1.4 The business model in operation:

In this section, the Business Model Canvas of Nintendo is explained, as well as all the key elements required for a successful action in the video game market according to Nintendo strategy. The report just makes reference to some aspects of the model which are more relevant to sales: customer segment, value proposition and revenue stream.

As we see, Nintendo has a different audience than Sony and Microsoft. They focus on entertainment for the family and friends, apart from a high support to

the Fit gamers, so the customer segmentation is an interesting area to study. The customer relationship is the most important aspect for Nintendo once buyers acquire their products. Price is the main candy Nintendo offers, always with lower prices than Microsoft and Sony. The Japanese company has gained a better position in the market with this strategy. Moreover, the characters of their exclusive video games (Zelda, Link, Mario, Luigi, Metroid, etc.) have allowed Nintendo to keep loyal customers and fans with every new generation of consoles, which is the case for Mario Kart 8 (Carly, 2014).

Finally, in regards to revenue streams, Nintendo has constantly released many new accessories and features which have increased their revenues, from the different colour remote in every console to Amiibo. The latter is the new creation for Wii U and Nintendo 3DS (Appendix 2). Users buy small figures of Nintendo characters, that you can buy for £10 each, which contains software downloaded in your hardware. This allows you to play with Link, Browser, Luigi, etc. in games such as “Mario Kart 8”, “Super Smash Bros” or “Mario Party”. The customers can buy them in Nintendo’s e-shop or from hardware platforms, although Nintendo retailers also offer them with different packs and sales.

See Appendix 6 for a whole Business Model Canvas of Nintendo.

Analysis of the current contribution to the web technologies to the organization

- Value configurations in operation, and the place of the web in supporting value adding processes

2.1 The online marketplace map for Nintendo.

1- Customer segments (relevant aspects):

- Personas: Family, kids, Nintendo’s fans and fit gamers are the four main different types of customers Nintendo has. However, these users cannot easily find information about the topics they want to search/explore in the website. Nintendo.com is mainly oriented to “Nintendo’s fans”. Nevertheless, other customers such as kids or fit gamers find difficult to get the products they

want on the online store. Thus, the Japanese corporation should target the online experience to their other key audiences (Nintendo, 2014). In spite of it, Nintendo has improved this issue since they launched Wii U, because with the platform Miiverse that works as a social network for customers they can study more deeply their different types of customers or users, as well as their preferences and behaviour, which allows Nintendo to decide which package could be sold efficiently or what sales to promote or would be easy to increase (Perlovich, 2013).

- Demographic and geographic segmentation: EU, USA and Japan have been during long time the main market where to sell. China is becoming an important place to invest, however, the restriction laws and many legal issues that Nintendo has to overcome to sell their console could result in a real problem in terms of investment (Thier, 2014).

In any case, if Nintendo wants to adapt to this new attractive market, they should create a specific hardware for China to avoid high prices and offer more affordable products to for Chinese customers. Mobile application games could be an interesting area where to invest and gain market.

2- Search Intermediaries:

- Vertical Search Engines: Google, Yahoo, Bing, etc. link you to the main Nintendo retailers.

3- Intermediaries and media sites

- Horizontal Search Engines: On the one hand, Nintendo uses, in his website, a horizontal search engine which facilitate customer purchases according to the popularity of the games (best-selling), top downloads and new releases (Nintendo, 2014). However, this is not enough for many users, because they do not receive information about the kind of games they love or related gender games that they may be interested in buying. On the other hand, Nintendo has been clever doing strategic deals with big retailers such as Wal-Mart, Amazon, Gamestop, Game among others, which due to their big data

bases, where they store important information from customers and great customer journeys through the web, can offer better choices for gamers. Even more, it is possible to get better prices and promotion than in Nintendo website. For instance, when you search Amazon, the website will detect which your preferences are and Wii U games, accessories or N3DS games you may be interested in will appear depending on your navigation.

- **Social Networks:** Nintendo, as their competitors have done, has created its own social network for users of its consoles, called “Miiverse”. This tool is really useful for gamers to follow news, rumours, and tricks for games or just chat with other players around the world. Moreover, as the new technologies are changing, Nintendo offers a free application for Android and iOS that allows you to be connected with Miiverse (Appendix 2) at any time. Although it could have been launched a long time ago due to the fact that Microsoft and Sony developed one when their hardware was launched to the market (Google, 2015).

About global Social Networks (Facebook, Twitter, Google + and Pinterest)

- Facebook has many Nintendo followers and Nintendo has made really easy to acquire products for users who are hooked to Facebook. A link to Nintendo e-shop is offered in every new comment (Facebook, 2015).

Also, news from the company and games are frequently updated, and for the main releases, web pages are created by Nintendo to help users to solve tricks on every game (Nintendo, Facebook, 2015).

- Twitter also offers many news and interesting information from events and new games for users. Its functionality is similar to Facebook, but it is easier to follow the information in this social network due to the fact that the news are shorter and simple. Moreover, there are thousands of followers in every section: #Nintendo, #WiiU, #3DS, #NES, #Pokemon etc. (Nintendo, Twitter, 2015),

- Google +: It is indeed the best social network, and Nintendo has understood how to get the most out of it. Apart from giving the same information as in Twitter and Facebook, Nintendo updates this social

network daily, even with soundtracks from videogames and direct links to YouTube. The most attractive one is the section “Comment Time”, where users raise questions that are answered by corporative workers (Nintendo, Google +, 2015).

- Pinterest: As surfers know, this social network has a highly visual approach. In spite that Nintendo is not posting any information or pictures on it, users upload millions of pictures related with the company, characters, consoles designs, etc. from towels or posters to wardrobes or blankets. It is an interesting tool for Nintendo to get more sales and followers without the company needing to carry out any action.

In general, Nintendo is doing a good job with social networks. However, Nintendo’s desire is to make its users spend more time in Miiverse than the rest of the applications. A great first step has been created with the application for smartphones. However, Sony and Microsoft offer better choices in this concern due to the fact that they are also in the mobile phone market. Maybe, Nintendo should consider to deal with other mobile companies such as Samsung, Huawei or LG, which could help the Japanese company to expand its functionalities and adapt them to the new technologies, instead of avoiding agreements with third companies. Finally, because of Mario and friends are long live popular in the video game industry, Nintendo must find the formula to have more presence than its competitors in social networks with these famous characters (Appendix 7).

2.2 The strengths and weaknesses of the current customer-facing website or App, compared to that of one direct competitor.

Website:

- Strengths:
 1. Purchases: Nintendo website has easier way to generate purchases than Sony, as it has e-shop. Apart from the service/option to purchase from your console and download your games, Nintendo offers best packages according to customers preferences like: Nintendo Wii U Mario Kart 8 Mega Bundle for £299.99 with recommendations (Appendix

8). However, Sony just links you to the retailers which establish the offers and packages, although PS4 users can visit play store online and in their console.

2. Games: Nintendo's main objective is not to sell a marvellous computer with the best graphics and features in the market. The mission of the company is entertainment. In every section of their website, there is always a character of Nintendo: Mario, Link, Metroid, Donkey Kong appear in every link, making the customer journey a world of fantasy and funny playing. Colourful sites make visitors connect directly with Nintendo's world and its first party games.

3. Nintendo Club: since NES was launched, Nintendo Club has worked for all gamers. Users just need to register a product online to become part of the club. Nintendo tries to get exclusive gamers, and that is why have created this system. Every time customers register online their Nintendo hardware, carry out a survey about the service they have received or download a software into the system, so they are getting stars which can be used to acquire more Nintendo products such as soundtrack CDs, DVDs and old and new games (Appendix 8). Moreover, even if you are not a member of the club, Nintendo invites customer to register to receive newsletter with the latest news from the company (Nintendo club, 2015).

- Weaknesses:

1. Interface: PS4 website interface is more attractive in visual terms than Nintendo's site, maybe due to the fact that images are more oriented to the console design rather than to the games. However, both web-sites are easy to understand and navigate.

2. Retailers: Sony directly offer links to retailers which sell its products, Nintendo does not. Nintendo ships you consoles from their distribution centre, although customers can also buy products from Nintendo retailers' websites (Appendix 8). Moreover, Sony works with more retailers than Nintendo, probably due to its success.

3. Information and releases: Sony has created a fantastic website for their gamers, with reviews of games, PS4 support, latest news, play station community, online service tools, frequency questions and so on.

Apparently, PS4 community has more facilities and choices than Nintendo Miiverse users.

4. Reviews: Nintendo does not take care of the importance of users' reviews nowadays. As its retailers do in their websites, the Japanese company should make a review system where the buyers could share their opinions about the service received, so other people interested in buying the same product can receive feedback instead of Nintendo keeping this information for them as a business strategy tool for the company.

In general, Nintendo and Sony have websites where navigation is simple and very intuitive. From a selling point of view, Nintendo is stronger than Sony, mainly because of Nintendo Club and all the opportunities users can get from it, and package offers on the site. In spite of it, Satoru Iwata's company must invest more money to link its website with their application for mobile phone due to the fact that desktop purchases are decreasing and mobile shopping is skyrocketing quickly (Bosomworth, 2015).

Applications:

Focusing on the commercial area Miiverse offers compared to Play Store, obviously, Sony has more experience than Nintendo in selling through applications. Play Store has an important role in the online purchasing for PS4 gamers. Moreover, its connection with other Sony products such as mobile phones, TV or tablets, offers a huge competitive advantage. However, Nintendo is aware of this new tendency in the consumer behaviour. In spite of launching Miiverse App after the first Play Store app, the first approach to online purchasing process is really positive for Mario's company. In fact, social interaction and customer purchases through the application could let Nintendo know how their users behave and what their preferences are (Appendix 9).

In regards to game applications, according to Bosomworth and Chaffey, researching about a product in a smartphone starts on search engines in a 48%. However, branded applications for searching specific items are becoming more frequent, up to 26% of searches start in this point (Bosomworth,

2015). Mobile media applications are more popular than mobile sites due to the fact that mobile users spend almost 90% of their time using applications on their mobiles, and around 43% of this whole period is spent on games (Figure 7). In reference to this data, Nintendo must get into the mobile game world. In respect to this new tendency of consumers' behaviour, Nintendo has made a deal with DeNa (developer company) to start making games for smartphones (Financial Times, 2015). Furthermore, latest news suggest that both companies expect to collect more than £17 millions with their first releases. DeNa's target is to create games that millions of users want to download in their smartphones, and Nintendo has the key for this (AppReview4u, 2015).

WW iOS & Android Smart Device Time Spent per App Category

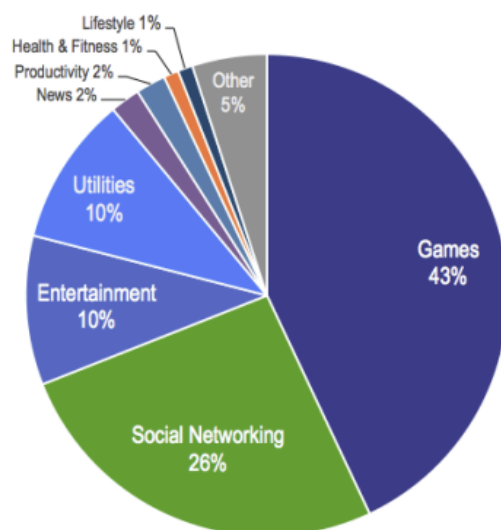


Figure 7



Source: Flurry Analytics, November 2012

In brief, Nintendo has started to approach to the Mobile Apps market with the DeNa's agreement. The big N needs to follow this path because it could allow them to overcome the losses from last three years and expand Nintendo's world to smartphones.

Conclusion, critical evaluation and recommendations

Nintendo Corporation is now facing a big change in their strategies, after trying to refuse the actual market course. The company has realized that mobile market application games can be their best opportunity to recover from previous years of losses. In this report, it has been shown that in an environment that is always changing, adaptation to customers' behaviour and trends is the key to keep on making profit over the years. Moreover, outsourcing and agreements with other companies should be the approach to become a big competitor in market oligopoly (console market). However, mobile device applications started to be a very competitive market since smartphones came to our lives. Nintendo can be a great competitor in this market with their new strategy, using also their brand name and characters as a main tool to beat other competitors.

Health industry investments can be an important competitive tool. Developing hardware and software that can help improve chronic diseases would be a huge step forward, as that new segment would increase sales.

In reference to traditional hardware and software platforms, Nintendo has to support more their third-party and indie developers to make their games for Wii U, so they will need help to get the maximum from this hardware. Avoiding agreements with these suppliers could lead to continuous losses in Wii U sales because gamers do not have enough games to play with. Times of exclusivity have come to an end for Nintendo.

Recommendations:

- 1 Expand its presence in the video game application for smartphones with strategic alliances with top brands.
- 2 Keep on investing in Health Services.
- 3 Develop more products (software) for target segments apart from Nintendo fans such as:
 - Education: school (IT in class), teachers, students, parents.
 - Senior audience: health brain and bones.
 - Woman: shopping, social networks.
 - Family: Disney world, hub entertainment.

- 4 Alliance with mobile platform (Apple, Android or Windows) to develop games exclusively for Nintendo to guarantee market share.

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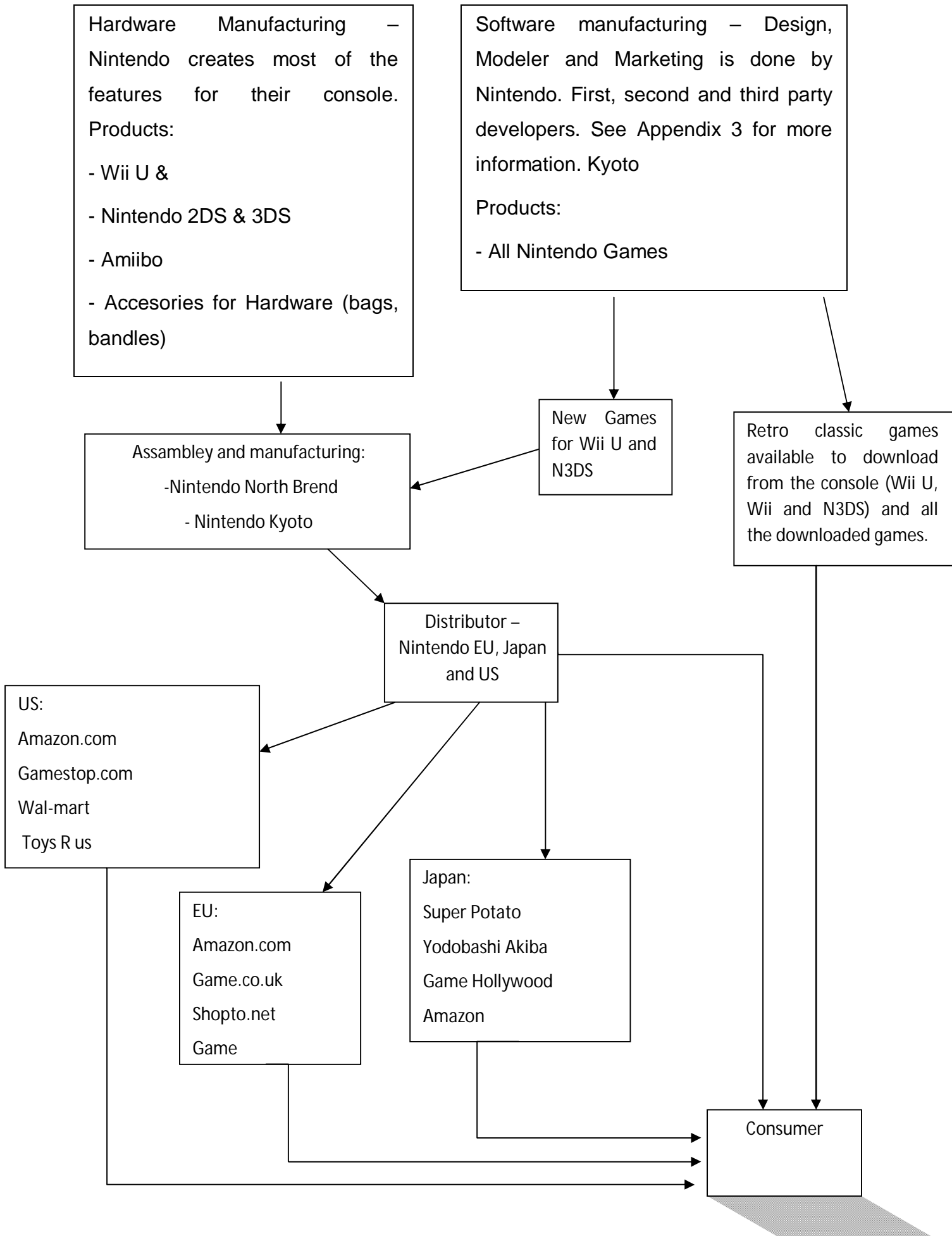
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Appendix 1 – Supply Chain Management



Appendix 2 – Amiibo and Miiverse



Figure 8

Amiibo is the new Nintendo marketing strategy launched in 2014. Basically, it consist in adding new characters to your console and video games buying small figures where there is a software installed, which is compatible with Nintendo remote controls. It has been a very important success for games like Mario Kart 8 and Super Smash Bros.



Figure 9

Miiverse is the Social network for Nintendo gamers, Wii U and Nintendo 3DS. This universe allows users to communicate themselves, create groups, communities, appointments for online gaming, and even become popular through their posts in the community. Now, the new application for mobile phones allows gamers to keep in touch on the go.

Appendix 3 – Micro, Macro environment and SWOT

Microenvironment Factors	
Factors	Analysis
Suppliers	<p>Hardware:</p> <p>These companies supply the various parts and components and provide the technology (chips, processor, etc.) required to manufacture Nintendo's consoles: AMD, IBM and Renesas with Nintendo D&R ((Wikipedia, 2015)</p> <p>Software:</p> <p>First-party developers: Own developers (Hammer, 2014)</p> <p>Second-party developers: Independent studios or partially-owned subsidiaries, they make games exclusively to one console.</p> <p>Third-party developers: independent studios that develop games for any and all consoles.</p>
Distributors and intermediaries	<p>Online distributors: Nintendo Wii U, Nintendo website, retailers' websites (Amazon), Nintendo e-shop.</p> <p>Offline distributors: Physical retailers, department stores, electronic stores, gaming stores, hypermarkets.</p>
Customers	<p>The market is spreading to new customers; diversification is wider:</p> <p>Employees, students, female sector, parents, seniors, therapists, doctors, etc.</p>

Table 1

Competitors	<p>Microsoft, Sony and Nintendo are the competitors in the console market. Sony is the leader with 70% of market share.</p> <p>Nintendo becomes competitor with other companies such as Facebook and Apple gaming apps for casual gamers.</p>
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Macroenvironment Factors - SLEPT	
Factors	Analysis
Social	Population demographics, incomes, lifestyle changes, social mobility, attributes to work, consumerism, level of education, health.
Legal and Ethical	Trademarks, copyrights, licensing, online ownership, health and safety, revenue recognition and demands of intellectual property.
Economic	U.S., Japan and E.U. are the territories with the highest interest in the industry. Interest in China is also increasing. GDP in video games is increasing year after year. People's incomes has an important impact on consumer's behaviour.
Political	Taxation policies, import and export regulations and social welfare policies.
Technological	<p>It is vital in the industry. Technology has improved visual and memory capacity for gaming consoles and features of every hardware have improved the experience in gaming.</p> <p>Online gaming has changed the market and the interaction among users.</p> <p>Disruptive innovation in the form of smartphones and tablets has altered consumer lifestyle.</p>

Table 2

<h1>SWOT</h1>	<h3><u>OPPORTUNITIES</u></h3> <ul style="list-style-type: none"> Increased market demand for education and medical devices due to lifestyle change (concern for fitness & health) Online purchasing/e-marketing 	<h3><u>THREATS</u></h3> <ul style="list-style-type: none"> Increase of Smartphone and tablet games Increase in online gaming Competitors also targeting casual gamers
<h3><u>STRENGTHS</u></h3> <ul style="list-style-type: none"> Innovative mindset In-house talent Strong brand name Expertise in video games development 	<ul style="list-style-type: none"> Refining their products to take advantage of lifestyle change(ex. medical and education products) Align new console launch with new blockbuster game launch 	<ul style="list-style-type: none"> Use in-house talent and strong brand name to develop online and mobile device applications
<h3><u>WEAKNESSES</u></h3> <ul style="list-style-type: none"> Technological disadvantage (power of console) Lack of new blockbusters Third party relationships 	<ul style="list-style-type: none"> Build third party relationships to develop exclusive games for the Nintendo experience Enhance the console's ability to purchase games online Create strong online gaming community 	<ul style="list-style-type: none"> Utilise open innovation to keep technological advantage and develop new innovations Improve relationships with third parties

Figure 10

Appendix 4 – Stock Market value evolution of Nintendo from 16/03/2015 to 27/04/2015



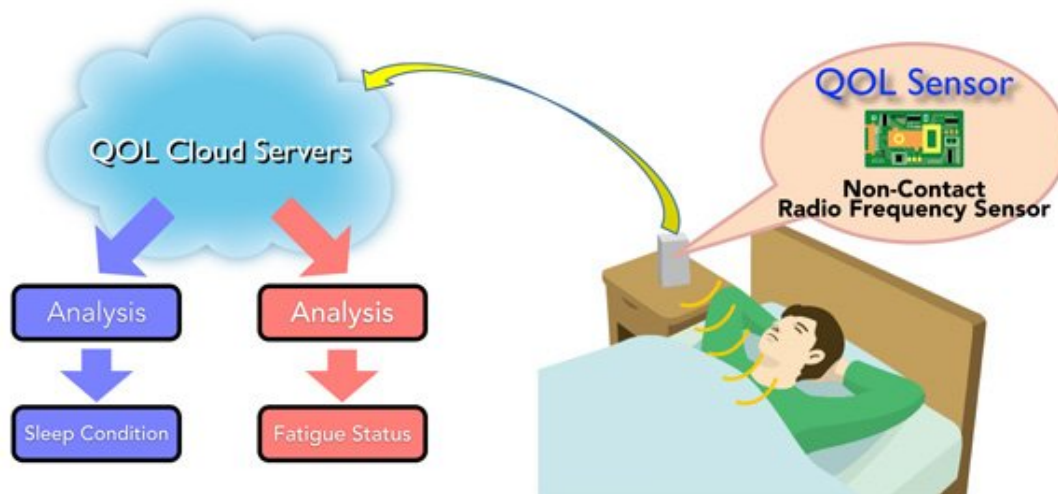
DeNA and Nintendo sign an agreement to develop video games for smartphones.

Figures 11.a and 11.b



Appendix 5 – People’s Quality Life program

Visualizing Sleep and Fatigue By Five “Non” Sensing Automatic Measurements



Nintendo

Figure 12

The first creation, will be a bedside sleep monitor called the QOL Sensor with the support of ResMed (company that creates products to treat sleeping disorders?) which will send data of your body, breathing and heartbeat, while the patient is sleeping, to QOL Cloud Server, which will show their results in terms of sleeping and fatigue (Acuna, 2014).

Appendix 6 – Business Model Canvas

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<p>Third-party developers</p> <p>Indie developers</p> <p>DeNa</p> <p>Influencer Games bloggers</p> <p>Gamers' communities</p> <p>Games' Magazines</p> <p>Newspapers</p> <p>E3 conferences</p> <p>Mobile world conferences</p> <p>Retailers (Amazon, Toys "R" us, Wal</p> <p>Arcade shops</p>	<p>The Funniest Games</p> <p>Enjoy more than 30 years of Nintendo games</p> <p>Create unique family and friends experience</p> <p>Cheap prices</p>	<p>Family console</p> <p>Access to console user</p> <p>Cheap game development cost</p> <p>Funny game experience</p> <p>Traditional stories (Mario rescue Princess, Link rescues Princess)</p> <p>Gain fans and followers</p> <p>Educational porpuese</p> <p>Wide merchandasing</p>	<p>Personal assistant</p> <p>Loyalty chances</p> <p>Nintendo Communities</p>	<p>Nintendo fans</p> <p>Family gamers</p> <p>Casual gamers</p> <p>Fit gamers</p> <p>Kids audience</p> <p>Game network</p> <p>Health</p>
	<p>Key Resources</p> <p>From Highest to lowest important</p> <p>Intellectual – Copyright of every game, age of game</p> <p>Human – Creative industry, keep on making excellent games</p> <p>Financial – relationship that makes to grow stock value</p> <p>Physical – Just the hardware (Wii U and N3DS)</p>		<p>Channels</p> <p>Club Nintendo web-site</p> <p>Nintendo eShop</p> <p>Social Networks (Facebook, Twitter, Google+)</p> <p>Miiverse</p> <p>Nintendo community</p> <p>Retailers</p>	
<p>Cost Structure</p> <p>Fixed costs: Salary of hardware developers and designers, distribution of hardware.</p> <p>Variable costs: third-party developers, advertising campains, networking, video game conferences</p>		<p>Revenue Streams</p> <p>Video Games in hardware platforms (Wii U, N3DS)</p> <p>Amiibo</p> <p>Merchandising</p> <p>Club Nintendo subcription</p>		

The new aspects Nintendo has introduced in its Business Model Canvas are highlighted in yellow.

Appendix 7 – Online Marketplace Map

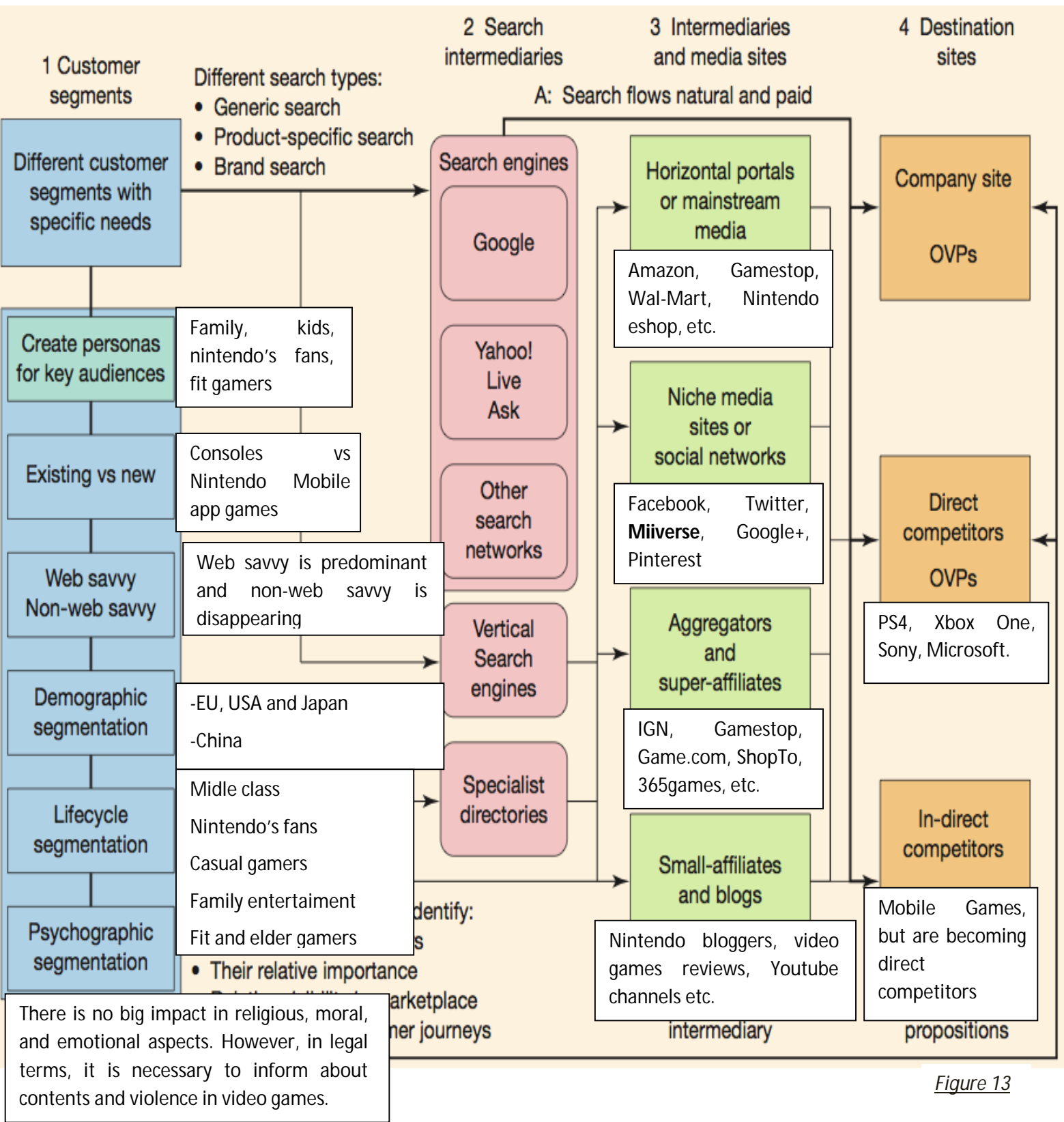


Figure 13

Appendix 8 – Figures to explain online purchasing on the website.



Wii U Mario Kart 8 Mega Bundle

£299.99

Figure 14 – Offer consulted and recommendations for this game.

Continue Shopping

View Basket

Nintendo Recommends



Luigi Green Wheel for Wii U -
EXCLUSIVE

Was ~~£11.99~~

Save: 15%

Now £10.19

Buy Now



Wii Remote Plus Luigi

£39.99

Buy Now



Wii Remote Plus
Yoshi

£39.99

Figure 15

- How can I participate in a survey?
- How can I get Stars for games that I downloaded on my Nintendo systems?
- How many Stars do I get for the products that I register?

Figure 15 and 16 – These two figures show the process to register a Nintendo product, how many stars you gain with each product and what other software or accessories you can get with a specific number of stars.

To find out which products are eligible for registration, please take a look at the two... shows you all the systems that can currently be registered while the other lists all the... Software will be registerable from the indicated release date until the expiration date... Nintendo card in the packaging.

Please note that because software registration cards have an expiration date, this list evolves over time. Additionally, it might be possible that a title no longer listed here can still be registered.

Systems you can register in Club Nintendo




System	Stars
 GAME BOY ADVANCE™	400
 GAME BOY ADVANCE SP™	400
 GAME BOY micro™	300

Figure 15


Wii U ★ 5600



NES™ Remix 2

[Details >](#)


Wii U ★ 1300



PIKMIN Short Movies HD

[Details >](#)


Wii U ★ 2100



Pilotwings

[Details >](#)


Wii U ★ 5600



Pullbox World


[Details >](#)

NINTENDO 3DS ★ 1300




Super Mario Bros. Deluxe

NINTENDO 3DS ★ 1300




Super Mario Bros.: The Lost Levels

NINTENDO 3DS ★ 1100



Super Mario Land

NINTENDO 3DS ★ 1300



The Mysterious Murasame Castle

Figure 16

PS4 OVERVIEW FEATURES PS4 SUPPORT GAMES ACCESSORIES ENTERTAINMENT PLAYSTATION®PLUS BUY PS4

Choose a retailer below

Ready to play?
Where to buy

GAME

amazon.co.uk

Argos

GAME Amazon Argos

VISIT GAME VISIT AMAZON VISIT ARGOS

www.game.co.uk/ps4/

Figure 17 – It shows different where retailers you can make your purchases.

Nintendo Wii U
by [Nintendo](#)
Platform: Nintendo Wii U | Rated: [Unknown](#)
★★★★☆ (106 customer reviews)

Price: **£189.99** & **FREE Delivery** in the UK. [Details](#)

Edition: **The Legend of Zelda**

Basic Pack Mario & Luigi Mario Kart 8 Super Smash Bros. **The Legend of Zelda**

In stock.
Dispatched from and sold by **Amazon**. Gift-wrap available.

Want it tomorrow, 17 Apr.? Order it within **6 hrs 26 mins** and choose **One-Day Deliver**

- Wii U Premium 32GB Console & Gamepad
- The Legend of Zelda: Wind Waker HD

14 new from £189.99 **3 used** from £170.99

Trade In this Item for up to £101.11
Trade in Nintendo Wii U 32GB The Legend of Zelda: Wind Waker HD Premium or your PC for an Amazon.co.uk gift card of up to **£101.11**, which you can then use to purchase other items on Amazon. Values may vary ([terms apply](#)). Find more [products eligible for trade-in and](#)

Figure 18 – Amazon purchase



Wii U™

- Don the Tunic and save Zelda from the Evil Ganon.
- Replay the GameCube classic in glorious HD at 1080p.
- Explore a vast ocean with hidden treasure and other mysterious.
- Play on the TV or on the Wii U Gamepad if others want to use the TV.
- Connect to other Wind Waker players using the Tingle Bottle and the Miiverse

Figure 19

Game.com

Purchase

New £249.99

Add to Basket with Free Delivery

Sold and Fulfilled by GAME.co.uk

[Check Stock In Store](#)

PLEASE NOTE:

Prices in GAME Stores may differ.

Add to WishList

SEE ALL OUR
CONSOLE BUNDLES ▶

PERSONALISE YOUR CONSOLE AT
GAME Custom Made

Appendix 9 - Comparative analysis between Nintendo and Play Station applications for mobile devices.

Miiverse VS Play Station App:

These two applications are new in the market.

Miiverse application:

- Strengths:
 1. It was launched 22nd March 2015, so it has been in the market just for a few weeks; in spite of it, users rank this application with 4/5 in Play Store of Android.
 2. Nintendo wanted to connect their community on the go and they have succeeded with this application.
 3. In reference with social networks, this app is covering all the options for chatting, comments, groups, post, picture games and so on. Notification or private messages, “Yeah!” instead of “Like”. Thus, Nintendo has created its “own Facebook” for their users.
 4. Apart from the online community, purchasing and Nintendo newsletters are possible with Nintendo Club.

- Weaknesses:
 1. Nintendo has put on the market this application very late for many users, as Microsoft and Sony have released theirs two years ago.
 2. Navigation is slow in many phones.
 3. Text does not adapt to the screen size. Nintendo did not develop an application for mobile screens.
 4. Many initial bugs.

Play Station application:

- Strengths:
 1. It is ranked with 4.2 in Play Store and it has been updated 7th April 2015.
 2. Second screen navigation: this revolutionary new option created by Sony brings users maps, dialog windows, guides and extra options to their smartphones.
 3. Attractive purchasing option with direct link to Play store, where it is possible to buy games, movies and music from Sony.
 4. Excellent messaging tool.
- Weaknesses:
 1. It has better functionalities from Sony mobile phones; meanwhile other phone users can not maximize their options.

Interface is not as simple as Miiverse (Wilson, 2015)