

Success of Nintendo Switch in 3C Marketing Model

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Abstract: The Nintendo Switch is a type of game console that was designed by Nintendo and offered for sale in March, 2017. Since the Nintendo Switch was on sale, it was fascinated by plenty of customers and game fans to buy it because of its unique property of its combination of home game consoles and handheld game consoles, and it became the best-selling gaming console in 10 months in North American history. Most of the success of Switch will be attributed to its subversive design. However, the uniqueness of a new product is only the start of success for a company. The marketing strategy, which was based on the 3C marketing model and implemented by Nintendo, is the key to the success of the Nintendo Switch. This research uses a comparative analysis approach and statistics analysis, studying and comparing the data of sales, groups of customers, and company's cost from Nintendo and its competitors, to arrive at the conclusion that, due to the special design for customers, efficient production for the company, and targeted strategy for competitors, the Nintendo Switch has become one of the most popular game consoles in the world.

Keywords: Nintendo, Nintendo switch, 3C model, strategy, uniqueness

1. Introduction

Nintendo is one of the largest multinational electronics and video game companies in the world, which was founded in 1889 and is headquartered in Kyoto, Japan. Since the company was established, Nintendo has designed a large number of popular consoles and game series, including "Super Mario Bros." and "Legend of Zelda," and helped them become well known around the world. In March 2017, Nintendo released the Switch, which is a console-handheld system. In handheld mode, the Switch consists of an 8x4-inch screen and two detachable, wireless controllers that hook onto the left and right side of the screen; in home console mode, the Switch will slide into a rectangular dock that connects it to a TV or external screen [1]. Two wireless controllers and a dock make the Switch have different play styles and make it easy to play anywhere. The subversive design of the Switch attracts plenty of customers and game fans to buy it. Since the Switch went on sale, Nintendo has sold 4.8 million consoles in 10 months in North America and more than 874,000 Switch consoles around the world [2]. However, the unique hybrid system could not be the only factor contributing to the success of the Nintendo Switch. With further research, Nintendo has different producing and marketing strategies aimed at their own company's production, different groups of customers, and main competitors indeed. The existing research mainly discusses the marketing strategy of Nintendo based on 4p theory or focuses on the specific strategies for particular products. However, there is no research studying the whole Nintendo company strategy. So this article will analyze Nintendo and the Switch in the 3C

marketing model to get what marketing strategy was implemented by Nintendo to improve the efficiency of the company, solve the problems of customers and defeat the main competitors.

2. Nintendo's Strategies Based on 3C Marketing Model

2.1. The Company

When a company decides to design a product, the uniqueness of the product should be the principal factor for the company to consider. That is how the product they design could be distinguished by customers with other same-type products in the market. Therefore, the disruptive design of the Switch helped Nintendo to occupy the market. The first appearance of a hybrid system, which consists of home and handheld consoles, became the most attractive property for customers.

Furthermore, with the development of the game entertainment market and brand effect in recent years, Nintendo has gained great profits from its game software and consoles. From Figure 1, which is about the financial statement of Nintendo in the first quarter, till the end of March, 2019, the net profits of Nintendo were 1945 hundred million Japanese yuan, and at the end of March, 2020, this value reached 2586 hundred million Japanese yuan, rising by 33.3% from the previous year [3]. Such a great increase in net profits in recent years was surprisingly consistent with the surge in sales of the Switch, which could show that the Switch helped Nintendo occupy the gaming market and irradiated the company's gaming industrial chain. And more about Figure 1, the cost of sales of Nintendo in the first quarter of 2019 was 6993 million Japanese yuan, taking 58.3% of total business revenue, and that of Nintendo in the first quarter of 2020 reached 6668 million Japanese yuan, decreasing 4.6% from the previous year and taking 50.9% of total business revenue.

The decrease in the cost of sales could show that with the maturity of sales techniques of the Switch, Nintendo could save costs on hardware of game consoles and put effort into software development since more and more people had the Switch as time went by. Moreover, compared to the business revenue of Nintendo, the costs of sales of Nintendo were extremely low, especially in 2020. This phenomenon is related to Nintendo's mode of operation. In fact, in order to maximize competition and profits, Nintendo would not produce the final product in their own factory instead of designating their cooperative factories to produce the completed products [4]. In this way, Nintendo only needed to provide the core techniques and sample products to the factories in order to save on the cost of device investment [4].

Also, Nintendo did not stipulate the retirement age of staff to improve the relationship with them, making staff have deep emotions towards the company [4]. In this case, Nintendo's employees were efficient, lowering the company's labor costs. So, in the company's view, the uniqueness of the product and the method of saving labor and investment are key factors to the success of Nintendo Switch.

2.2. The Customers

Another important factor leading to the success of the Nintendo Switch is that the Switch considered the needs of different groups of customers and had a large range of targets.

First and foremost, the Nintendo Switch had a diverse gender, age, and playstyle demographic. The design of the Switch helped Nintendo reach more customers and occupy a larger part of the market. According to Figure 2 about respondents' favorite gaming platforms, home consoles were chosen by 26% of respondents, portable consoles were chosen by 6% of respondents, and hybrids were chosen by 4% of respondents. As a new handheld-home hybrid system, the Switch surely satisfied the needs of these three groups of customers, thereby amplifying their targets and market. Also, such a system was preferred by female players. From Figure 3, for computers, males' preference was obviously higher than females' preference. However, for home game consoles and hybrids, female preference was only slightly lower than males' and female players were even more preferred for portable game

consoles than males. This shows that the Nintendo Switch certainly considered the gaming experience and playing styles of female players. Furthermore, as time passed, Nintendo released a plethora of games of various types to cater to different audiences: vivid game styles drew females and children, action games drew male players, and classic, exclusive games gave adults a reason to buy them. With such large demographics, the Nintendo Switch succeeded in attracting more targets and serving more customers.

Second, the Nintendo Switch had some peculiarities that drove people to buy it. The properties of less immersive gaming experience and short game time satisfied working adults who wanted to play video games to relieve stress from their daily lives but did not have enough time; the 349.99 \$selling price was highly cost-effective for adults and affordable for student game fans [6]; and Nintendo's large number of cooperative games and portable property even improved relationships between couples and friends and social contacts between strangled people. Therefore, the Nintendo Switch was not only a gaming console for customers but also had a little or large meaning and function in their daily lives, driving them to buy it.

Finally, Nintendo Switch noticed the different segments of the same target. For example, unlike the adults who would like to play video games to relax themselves, some of them from the preceding generation had played Nintendo's games since they were children and wanted to recall their childhood by playing the new device from Nintendo. In this case, although Nintendo introduced new techniques and hardware on the Switch, it still conserved the traditional game mode to satisfy this segment of customers [2]. Thereby, Nintendo Switch not only considered to satisfy targets as many as possible, but also considering the individuals from these groups to help them get experience more than that of game console itself.

2.3. The Competitors

The final factor in the success of Nintendo is that Nintendo fully understands its advantages and disadvantages compared to its competitors. With the development of the gaming console market in recent years, the competition between each entertainment company is becoming more and more drastic, especially between the "Big Three": PlayStation of Sony, X-Box of Microsoft and Nintendo's game consoles. For the Nintendo Switch, the main competitors are PlayStation 4 from Sony and Xbox One from Microsoft, especially PlayStation 4. According to Figure 4, about favorite gaming platforms among respondents, PlayStation 4 was chosen by most of the respondents, way ahead of other game consoles. In fact, the PlayStation 4 tries to provide a perfect home game console for game fans. Sony designed a new professional controller called "DualShock 4," which includes a touch pad and a sharing button to make players have a richer gaming experience and share screenshots of games with others online [7].

For hardware, the PlayStation 4 uses a semi-custom Accelerated Processing Unit (APU) which combines a central processing unit and a graphic processing unit, providing game fans with a more fluid playing experience and better picture quality [8]. Furthermore, the most competitive aspect of the PlayStation 4 is its exclusive games like "God of War" and "Horizon," which provide players with a completely immersive gaming experience. Such high-quality 3A games can only be operated by the hardware of the PlayStation. Overall, the PlayStation 4 has better hardware to operate its games than the Nintendo Switch and thus provides a high-quality gaming experience to players.

Known for the disadvantages of its competitors, the Nintendo Switch has a long-term marketing strategy to improve its competitiveness. In order to beat these competitors, Nintendo will adjust the price of the Switch at different stages of its product life cycle. At the beginning of the Switch, Nintendo will set a relatively high selling price. After the Switch gets mature, Nintendo will lower its price to enhance competitiveness. Finally, at the end of the Switch's lifespan, Nintendo will raise the price of the Switch, selling it as a nostalgic product [2]. Such a pricing strategy is consistent with the

price of Nintendo Switch's competitors and its own product life cycle and is founded on the great brand image of Nintendo.

3. Conclusion

In conclusion, after analyzing the Nintendo Switch in the 3C marketing model, the success of the Switch could be summarized from 3 aspects: from the company aspect, the subversive design of the product and efficient mode of operation make the Switch occupy the market with low cost; from the aspect of customers, the functions of the Switch satisfy large ranges of customers and even implement detailed segmentation, considering the gaming experience of each individual; and from the competitor aspect, Nintendo clearly learns about the disadvantages of the Switch and makes a proper pricing adjustment strategy aiming at its competitors based on its brand image. However, besides what kind of strategy Nintendo makes, the nature of these strategies is Nintendo's humanized service. Whether from their special designs for customers or the policies for company management, Nintendo always tries its best to serve everyone related to it. In this case, humanization is the secret of the success of the Nintendo Switch. It is also the reason why Nintendo has been enduring and popular among people for such a long time. In the future, as awareness of disadvantages in hardware and game quality increases, Nintendo might mainly focus on game development, designing high quality game scenes, providing an immersive experience for customers, and acquiring comparable hardware to operate those games. Since Nintendo has been at the top of handheld consoles, the company could put more effort into the development of home consoles.

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