

# ***Research on Marketing Strategy of the Game Company—— Take Nintendo as an Example***

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**Abstract:** With the development of network technology, games have become a relaxing form of entertainment for people. There are a lot of games that people love, and successful marketing is a big part of that. This paper will review the previous research results adopting Nintendo game company as an example to analyze and study the marketing strategy of game companies, and provide some reference suggestions. This paper will start from three basic points: 3C's (Customer, Competitor and Company), STP (Segmenting, Targeting and Positioning) and 4P's (Product, Price, Place and Promotion) to explain Nintendo's marketing strategy. This paper analyzes Nintendo's marketing strategy and the accurate positioning of products and customers. It is sound and successful.

**Keywords:** Switch, Nintendo, Marketing strategy

## **1. Introduction**

With the advent of the Internet era, all kinds of games are favored by young people. Games have become the most popular way for young people to make friends and relax. Among them, Nintendo game Company stands out from many games and has become one of the giants of the video game industry. Nintendo is a Japanese video game software and hardware development company that was founded in 1889. It developed a lot of game consoles. One of Nintendo's most famous and best-selling products is the Switch. It is a detachable portable console that can play a wide variety of games on a single console and can also meet the needs of one person and multiple people to play, which satisfies almost every game player's needs. Nintendo's success is inseparable from its successful marketing strategy. Therefore, this paper will take Nintendo as an example to conduct a case study and analyze successful marketing strategies. The research method is to summarize previous research literature and data results and put forward more accurate and in-depth reference suggestions. The research significance of this paper is to summarize and classify other scholars' studies on Nintendo and put forward helpful views. It also helps future generations better understand Nintendo's marketing strategy and provides reference marketing strategies for other game companies. It is expected that the game industry will continue to grow in the future. In the following, this paper will make an analysis based on the basic framework of marketing: 3C's (Customer, Competitor and Company), STP (Segmenting, Targeting and Positioning) and 4P's (Product, Price, Place Promotion).

## 2. Analysis Based on 3C Theory

### 2.1. Customer

Nintendo's game consoles have targeted their customers very well. As we all know, the customer base of the video game market is always made up of young men. Many games default to men being the main consumers. They often design games with male preferences in mind. Honor of Kings, for example, initially used revealing heroines to appeal to male players. However, the Nintendo Switch isn't just for men. It can also bring in other players that have previously been overlooked by the market: women, families, children and even middle-aged and elderly people. "The most important values provided by Nintendo products include the unique control system, entertainment, relaxation, abreaction, connection and cohesion of family and friends[1]." There are a lot of different games available on the Nintendo Switch for female gamers, many of which are popular with female consumers, such as animal Mori's nurturance games. In addition, the Switch has introduced a fitness feature, which is loved by many women who don't have time to go to the fitness club or gym. They can work out and shape themselves at home. For families, the Switch isn't just a single console game. It can be projected onto a TV and played with family and friends. The Switch allows up to four people to play together. This strengthens the bond between children and parents, as well as friends. Also, there are some games on the Switch that people can play online. This means that people can interact with each other in a game regardless of geography, breaking down the social geography barrier. This makes the game more social and attracts more users. For middle-aged and even older gamers, the Switch has plenty of classic mini-games that evoke childhood memories, like Mario. In short, Nintendo includes customers of all genders and ages. Its customer base is very broad and diverse.

### 2.2. Competitor

There is a Chinese saying that says if you know your enemy and know yourself, you will win every battle. Nintendo's success depends on proper analysis of its competitors. The two biggest competitors to the Nintendo Switch are Sony's Playstation and Microsoft's Xbox. The three products are very similar in that they are all of the same type of gamepad. While they all have their pros and cons, the Switch stands out.

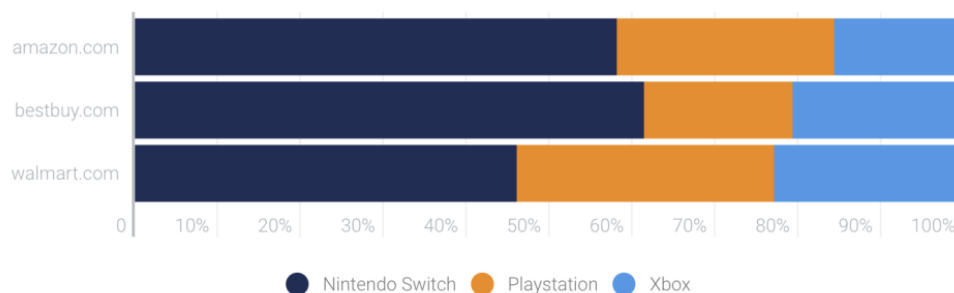


Figure 1: Keyword Search Traffic for the Three Large Shopping Sites[2]

This graph shows keyword search traffic for the three largest existing sales channels: Amazon, BestBuy and Walmart. "Taking all the search traffic for the three competing consoles together and seeing how it is shared among the top retailers confirms the Nintendo Switch as the leading product of the past year, taking a 58% share of console traffic on amazon.com, 46% on walmart.com, and 61% on bestbuy.com." [2] The key factor that sets the Switch apart from the competition is portability, and in other ways the Switch can't compete with the Playstation and Xbox. The Xbox is the most powerful

of the three, with a better processor, storage and backward compatibility than the other two. Second only to the Xbox, the PS features Sony's exclusive line and its original DualSense controller. However, while the Switch may not be as good as the other two in terms of features, the average gamer won't notice the difference. The Switch's biggest advantage is that it can be used both as a console for the home and as a handheld device. It's convenient and small enough to carry around [3]. People can play Switch anywhere and at anytime. Thus, Nintendo has a clear advantage over the other two competitors, which makes it more popular with consumers.

### 2.3. Company

Last but not least, this section will use SWOT(strengths, weaknesses, opportunities, threats) to analyze Nintendo.

#### Strengths:

Diversity of games: Switch's game genre is very comprehensive, including almost all types of games, such as adventure, role playing, puzzle solving, sports competitions, and more. A Switch game can satisfy everyone's genre needs. And Nintendo has a lot of franchises for popular games. "From Mario to Zelda to Pokémon, Nintendo has produced some of the most beloved games and characters in the history of gaming. Since this IP is owned by Nintendo, the company will continue to have exclusive rights to sell games and media surrounding these high-demand franchises [4]." The variety of game IPs has helped Nintendo increase customer loyalty and cultivate a broader customer base. This is Nintendo's big advantage.

Rich in experience: Nintendo has a history of more than 130 years since it was founded in 1889. It first made playing cards, then game consoles. Nintendo is changing with The Times and getting better in the game industry. It's a competitive advantage, because Nintendo's history gives it abundant experience.

#### Weaknesses:

Over reliance on the Switch: When people think of Nintendo, the first thing that comes to mind is the Switch. In fact, Nintendo is overly reliant on the Switch. "85% of Nintendo's annual revenue comes from the Switch, amounting to \$9.9 billion. If Switch drops from the top suddenly, the company will struggle financially before getting another top game to rely on[5]."

The quality of Product: As I mentioned previously, Nintendo's components and console functions are worse than Xbox and PS. Some of the products have poor quality, and they are overhyped and overpriced, such as the Wii U.

Opportunity: As technology evolves, Nintendo is not limited to consoles. It can add new technologies that work with consoles, such as VR goggles. Nintendo is able to adopt new technology and develop new products in response to market demand.

Threats: The biggest threat to Nintendo comes from competition and new technology. Nintendo has always had strong rivalries with companies like Sony and the Xbox. In addition, many new technologies such as VR and mobile games are likely to replace Nintendo[4]. Thus, Nintendo cannot rest on its laurels, and it has to adapt to the changing market.

### 3. STP

For segmenting, Nintendo has broken down customer needs. For example, some customers are looking for powerful hardware features, some are looking for a wide variety of games, and some are looking for cheap prices. For targeting, Nintendo's goal is to satisfy all customers at once. Its client targets include not only the main client base of young men, but also women, children, middle-aged and families. The Switch, for example, is an all-in-one console that can meet any customer's needs, regardless of the type of game, single player and multiplayer. For positioning, Nintendo is positioned

from a customer perspective. It brings everyone together for social or recreational activities. Its console is portable and can be played at home, on the plane or anywhere. Nintendo can engage any type of person, from children to middle-aged people.

#### 4. Analysis Based on 4P Theory

##### 4.1. Product

Since its inception, Nintendo has sold a wide variety of game consoles. The table 1 is a list of Nintendo products released since its inception through 2015. Its products, such as the Wii U in 2011, have changed as the market has evolved. The Wii U used what was then the most advanced technology: the PowerPC processor with advanced 90 nm SOI CMOS. The Wii U can connect to the Internet even when turned off. The hottest product of 2015 was the 3DS. However, 3DS sales dropped 39.2% from 2018 to 2019 due to the release of the Switch, while Switch sales grew 23.5% year over year [1]. It shows that Nintendo's consoles are new products that slowly replace old ones. New products will be based on market changes in the original old products on the basis of new concepts and technologies. Never one to stand still, Nintendo has kept coming up with consoles that cater to consumers' needs as the times have changed.

Table 1: Historical overview of the company's product portfolio[1]

Season	Product
1974 - 1978	Magnavox Odyssey video game console
1979 - 1982	Game & Watch
1983 - 1989	Family Computer („Famicom“)
1989 - 1995	Super Famicom
1996 - 200	Nintendo 64
2001 - 2003	Game Boy Advance, GameCube
2004 - 2011	Nintendo DS, Nintendo Wii
2011 - 2015	Nintendo 3DS a Nintendo Wii U

##### 4.2. Price

When it comes to price, However, Nintendo has a huge advantage. Nintendo wins outright. Nintendo's Wii, for example, costs \$130, compared with \$300 for the Xbox 360 and \$250 for the PS3. Nintendo's pricing strategy is clever. Its consoles are generally cheaper than competing products, such as the Switch, which costs \$299.99. As a result, Nintendo's pricing can better stimulate consumers' purchase intention when they compare products from different brands. However, that's just the price of the console, and there is the price of the game software. The price of Nintendo's game software is higher than that of other products'. However, most of game players are not sensitive to the price of the game software. On the other hand, even if players are aware of this, they can buy at the right price according to their spending level. Nintendo's pricing strategy is to lure consumers with cheap consoles, and once they buy one, they are bound to pay for expensive software.

##### 4.3. Place

Nintendo has an extensive distribution network around the world. It is roughly divided into physical distribution and online distribution. Nintendo's products are distributed by wholesalers to retailers.

Nintendo products are available both offline and online at places like Amazon, Walmart, and Best Buy. Nintendo's marketing channels are already well established and its products are available in many places.

#### 4.4. Promotion

Nintendo's sales policy is an advertising and special press releases. Firstly, Nintendo's advertisements are very memorable and creative, which can directly reflect the functions and advantages of the product [6]. For example, one of the switch ADs was that a girl could play Switch in a car, at home, on a plane, on the road, etc. This is a direct expression of the Nintendo Switch's portability. In addition, at its launch events, Nintendo invites people to try new products and gives away free gifts. "For example, when the company launched the Nintendo 3DS there were a series of special launch days, and even some midnight launch events. Fans of the Nintendo product get the chance to have a go on the new Nintendo system, early purchasers get a free carrying case, and there are always free giveaways such as T-shirts and beanies [7]." Therefore, such gifts will stimulate consumers' desire to buy, and increase exposure in consumers' eyes. The launch was a huge success, with over 85% of the UK audience watching the event.

#### 5. Conclusion

To conclude, Nintendo's marketing strategy is sound and successful. First, it has an accurate perception of its product. It knows how to play to its strengths and avoid its weaknesses. The Switch's hardware, for example, isn't as good as the competition's, but it makes up for that convenience. Second, Nintendo has targeted its customers very well. The Switch has managed to meet the needs of all customer groups, regardless of the type of game or number of players. Third, its price makes it affordable for most people and cheaper than other competing products. This has caught the buying psychology of people. Fourth, its promotion strategy can make people remember and be impressed. Overall, Nintendo's success is inevitable, because it has a good marketing strategy. However, there are still some deficiencies to be improved. Most of the data in this paper come from the Internet and other scholars, and there is no in-depth research on the content. Future research can focus on marketing promotion.

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