

Nintendo case



Rachna Jalan English 25 July 2006 Nintendo Case The Nintendo Case has been prudently analyzed in the following manner: i) Financial Analysis: It includes Stock Value Analysis, Net Income and Revenue Analysis, Net Profit Margin Analysis, Earning per Share Analysis. In this case, the Sales units and number of new titles have also been analyzed. ii) Analysis of Industry History: It includes entry of video game companies in different generations with their respective products and operating potentials and evolution of the gaming industry. iii) Consumer Behavior Analysis: It depicts variations in accessibility, age and preferences.

Theoretical Concepts, Frameworks and Tools

i) Theory of Economics: An Oligopoly structure is reflected with few sellers capturing large share of the market. Barrier to entry is observed due to the requirement of a large user base. ii) Demand and Supply Analysis: The lower the price, the higher is the demand. The achievement of profit maximization point prevails in the suppliers' minds. iii) Economies of Scale: Difficult to reap advantages from economies of scale due to low selling price of consoles and sophisticated technology. iv) Core Competencies: Modernized console and controller design, marketing and attractive game designs lifted up Nintendo.

Diagnosis of Environment Strategy Structure

Nintendo is a participant of oligopoly market and along with few strong competitors like Sony and Microsoft it occupies around 96% of the market. Its three focal competencies: excellent marketing skills, modernized consoles and dynamic game designs, provide it with perennial demand by its consumers thereby, placing it much ahead of its competitors in the market. Nintendo's expertise in attractive consoles, controller designs, handhelds and games are its tools which are precious to the consumer and can neither

be imitated nor substituted. On July 7, 2006, Nintendo opened a South Korean subsidiary in Seoul (“ Nintendo”, 2006).

Kinds of Performance Measure

Nintendo’s performance has been appropriately measured by depicting the Net Income and Revenue, the Stock Value, the Net Profit Margin and the Earning per Share. The behavior of the consumer and the industry, the market structure, the extent of competition along with the core competencies like innovativeness, marketing and attractive game designs provide ample scope for evaluating Nintendo’s performance.

Recommendations

Financial difficulties need to be overcome. Market to a lifetime consumer should be the target. For Mario game, aim should be to capture consumers of 28 years of age by redesigning it. The Nintendo Revolution is ideal at the moment. Price of the new console should be \$ 200 which is much lower than others. This low cost will reap benefits of market domination thereby increasing large user base and increased profits. Educational games targeting younger consumers via Leapfrog and women oriented games aiming the female sector of the consumers should be planned. Nintendo’s principle area of dominance i. e. console designs should be well maintained to keep its image intact. In Nintendo DS things should be added to attract 8-14 age groups. Text messages, free online games and personalized widgets are required. A Retro Nintendo can be offered consisting of majority of the popular games reminding the consumers of its original games.

Learning Points

We can therefore conclude that a firm can still reposition itself at the top of the market by making efforts to distinguish itself from its competitors.

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Nintendo can do this by lowering the cost of consoles, preparing larger user base and increasing sales. Our products should encompass all the diverse age groups keeping in mind their assorted preferences. Thus, we learn to cope up with the failures and bring ourselves back to the pinnacle by strengthening our positives.

Works Cited

" Nintendo". Wikipedia. 2006. < <http://en.wikipedia.org/wiki/Nintendo>>.