

# Nintendo's competition management case study

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## **Nintendo's Strategy**

Nintendo Co. Ltd is a Japanese business company dealing with technological machines such as the video game. In 2006, the company came up with the disruptive strategy that made it a game-changer in the video game industry. This strategy was different because it was using the disruptive technology. This technology involves focusing on improving the results of an existing product. It also involves introducing new and exciting features in the old products. Nintendo used this strategy stand out in the market. The company decided to focus on non-gamers with an intention of being different from the rest (Joshi, & Tsang, 2009, p. 278). They introduce the Wii machine with features that non-gamers would use. With the machine, it was possible to copy the real games such as tennis or boxing. This made the games acceptable to most people who were not using them before hence increasing their market above the other companies.

This strategy had significant impact on the competitive dynamics of the industry. The strategy was to focus on non-gamers and emphasize on the characters of the Wii machine. This placed Nintendo as a market leader in the industry. Sony and Microsoft had their sales and revenues drop significantly. Sony had been the leader in the industry with its Play Station 2, while Microsoft led with its Xbox 360. These companies, therefore, had to change their market strategies to deal with the competition.

The competitors failed to anticipate the dramatic change in terms of competition. Sony positioned itself as the market leader, and so it did not expect to lose to the competitors. The company expected that its Play

Station 3 would also be as successful as the previous Play Station 2. It continued to focus on its old strategies in developing its games without considering the other strategies its competitors were using. Microsoft, on the other hand, had developed its Xbox 360, which got into the market and overtook Sony's PS3 (Joshi, & Tsang, 2009, p. 279). It was at this time that Microsoft increased its variety of games, which gave it a competitive edge. This company, however, did not add other characters to its strategy. It believed it would remain a market leader for the future after outdoing Sony. This was not to be the case since Nintendo introduced its Wii machine. With the character of this machine in focusing on non-gamers, the machine sold like hot cake within the first one month. It was on high demand because of the word of mouth used in spreading its features. Nintendo anticipated high profits because it was able to combine the hardware and software in its strategy (Joshi, & Tsang, 2009, p. 286). The other companies did not anticipate this dramatic change with the view that future profits would offset initial losses.

Effective competitive response is vital for a company that aims at maintaining its competitive response. However, there are conditions that act as an obstacle in achieving this competitive response. Failure to use the current technology hinders a company from leading the others in the market. In this case, failure to use the disruptive technology is a barrier to effective competitive response. This technology enables companies to focus on the long-term strategic importance establishing new markets, and getting new customers for their future products.

There are strategic options available to the companies that can be beneficial in the future. Nintendo, having established as a market leader, could continue adding exciting features to its products. This will attract non-users of the products who increase the market share of the company. Microsoft has a wide market and a variety of resources. It can succeed in future if it outsources some of its services to outsiders in an effort to cut on costs. Sony has also been in the market for long and, therefore, it has an established market share. It can regain its competitive edge by introducing an in-house development strategy. This strategy will enable the company to develop its own games, which are better than those from third parties are.

## **References**

Joshi, H., & Tsang, S., (2009). Nintendo's Disruptive Strategy: Implications of the Video Game

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