Nintendo case study

Avinash TyagiNintendoCase Study Company: Nintendo CO.

, LTD. Industry: Video Games Website: http://www. nintendo. com/ Company History Founded in 1889 by Fusajiro Yamauchi, Nintendo began as a manufacturer of Japanese Hanafuda (flower cards) in Kyoto Japan, by 1902, they expanded to manufacture western playing cards as well and in 1951, under the control of Hiroshi Yamauchi, the grandson of Fusajiro, they changed their name to Nintendo Playing Card Co. and a year later opened their HQ in Kyoto. In 1962 they were listed on the Osaka and Kyoto Stock Exchanges, and a year later renamed themselves as Nintendo Co.

Ltd. , their current name.

By the mid 70's, they were expanding into arcades and electronic gaming and by 1977 they released their first home video game machines, the TV Game 15 and 6 in Japan. In 1980 they opened their American subsidiary, Nintendo of America and released their first portable, the Game ; Watch. 1981 saw the premier of Donkey Kong which featured two of Nintendo most famous characters, Jumpman, who would later be renamed Mario, and the titular character Donkey Kong. 1983 saw the Japanese release of the iconic Famicom console and Nintendo being listed on the Tokyo Stock exchange.

Two years later, the Famicom would be released in the United States as the Nintendo Entertainment System or NES(Nintendo, " Annual Report", 2009, P. 14-15), the NES succeeded in reviving the American Console market which had crashed in 1983 (G4, " Game Makers: NES", n. d.). In 1989 Nintendo released the Game boy, the first handheld with interchangeable game paks (cartridges), and a year later released the Super Famicom in Japan, the

system arrived in America a year later as the Super Nintendo Entertainment System or SNES.

In 1996 the Nintendo 64 was released worldwide and Game Boy color in 1998. In 2001 the Game Boy Advance was launched and the Gamecube a year later. In 2002 Hiroshi Yamauchi stepped down as Nintendo President, and was replaced by the current president of the company Satoru Iwata. In 2004, the Nintendo DS, their current handheld gaming device, was launched, with a dual screen, touch control setup, and two years later released the Nintendo Wii, their current home console with its remote motion controller (Nintendo, " Annual Report", 2009, P. 14-15).

Company Mission and Philosophy The Mission statement of Nintendo, as stated by President Satoru Iwata in the 2009 Nintendo Corporate Social Responsibility Report, is to put smiles on the faces of everyone they touch(Nintendo, " CSR Report 2009", 2009, P.

3-4). To quote Iwata: Nintendo's Mission statement has greatly influenced its product design over the last 6 years, as first with the DS and then with the Wii, Nintendo has designed their flagship products to appeal to a wide variety of consumers and expand the gaming population (Satoru Iwata, " Message from the President", n. .). Current Company Status Current CEO: Satoru Iwata Current Nintendo of America:: Reggie Fils-Aime Financial data in millions of yen Net Income: 228, 635 Sales: 1, 434, 365 Total assets: 1, 760, 986 Company Strengths As a company, Nintendo currently enjoys a series of strengths, first, its the Market leader in both home consoles and handheld gaming devices; second, the company has strong internal software development teams; third, the company has an extremely strong financial

position; fourth is the company's name brand recognition and reputation for quality.

According to independent sales tracking firm VGChartz, Nintendo currently has market leadership in both the handheld and home console markets, having sold over 70 Million Wii home consoles and 130 million DS handheld devices.

By comparison its competitors Sony and MS have sold fewer than 40 million of their respective home consoles (the PS3 and Xbox 360) and Sony's handheld device, the PSP has sold less than 60 Million units (VGChartz. com, May 8, 2010). This is actually a esult of the distinctive competence of the company, as it is the result of Nintendo's ability to discover new markets, Nintendo utilized " Disruption" and " Blue Ocean Strategies"(Reggie-Fils Aime, 2005) to move from third place to first place this gen (San Francisco Chronicle, October 2007). Using these strategies, Nintendo blended the concepts of differentiation, innovation and cost leadership, as Nintendo's systems not only sell for less than the competition, while still remaining profitable (GamesIndustry. iz, November 2006), their method of control is unique, the Wii is controlled by a motion sensitive remote controller, and the DS utilizes a touchscreen, features that are not found on its competitors systems. Nintendo's second strength and another distinctive competence, is its internal software development teams, while all three console makers have internal development teams, Nintendo's teams are dominant; according to VGChartz, 35 of the top 50 highest selling video games of all time, were made by Nintendo, of those, 9 are Wii games and 8 are DS games.

Of its competitors, only five Sony games are on the list, none from the PS3 or PSP, and only 2 games fromMicrosoft, and only one on the Xbox 360. So far the Wii has sold over 475 Million units of software and the DS over 548 Million, by comparison, the PS3 has sold a little over 236 Million, the Xbox 360 346 Million, and the PSP 158 Million (VGChartz. com, May 8, 2010). Nintendo's third strength is its extremely strong financial position; Nintendo's net income for FY ending March 31st, 2010, was 228. 6 Billion yen (2.

5 billion dollars), down somewhat from last year's Net Income of 279 Billion Yen.

However, its net assets rose to over 1. 3 Trillion Yen (14. 2 Billion Dollars) and its cash position rose to 931 Billion Yen (10. 18 Billion Dollars) (Nintendo, " Consolidated Financial Statements", May 6, 2010).

Nintendo's fourth strength, is the value of its brand and its reputation for quality hardware. According to BrandZ, Nintendo is the 32 most valuable brand in the world, worth 17. 8 Billion dollars, and in the gaming market, its Wii brand is number one at 9. 98 Billion Dollars, and the Nintendo DS is second at 7. Billion, in fact the DS and Wii are each individually worth more than the Xbox 360, PS3 and PSP brands combined (Millward Brown, " BrandZ Top 100 Most Valuable Global Brands 2010", 2010, P. 16 & 86-89), As for product quality, a study by SquareTrade, shows that Wii Consoles are 4 times more reliable than the PS3 and 9 times more reliable than the 360, in the first two years of ownership 2.

7% of all Wii consoles suffered failures, compared to 10% or more failures for each of its competitors (SquareTrade, Austin Sands & Vince Tseng , " Game Console Failure Rates", Aug. 8, 2009). Company Weaknesses While Nintendo has a great deal of strengths, it also has a weakness, this is that it lacks the resources and capabilities of other companies in the market. While being a company focused just on video games is a strength, allowing them to focus their resources in developing strong internal software teams, and product quality, it has also kept them small, As of FY 2008, Nintendo had 4, 130 employees (Nintendo, " CSR Report 2009", 2009, P. 1-32), far smaller than its competitors; in addition, Nintendo does not have the ability to manufacture its own products, and instead uses a " fabless production model" (Nintendo, " CSR Report 2009", 2009, P.

24). While all of this means they have very strong core competencies and focus, it also results in fewer resources and a reliance on partners. Its competitors have more resources and markets upon which to draw finances and technology, such as Microsoft and its Windows and Office software, or Sony with its Televisions and Blu-ray players.

Now an easy solution some would argue is for Nintendo to use its financial position to expand, however, that might create more problems, as when a company expands either through hiring or acquisitions and mergers, there is a danger to its corporate culture and its company focus and philosophy, as of FY 2008, Nintendo had an employee turnover rate of a little over 2 percent, and its average employee has been with the company for 12. years (Nintendo, " CSR Report 2009", 2009, P.

31-32), so those who are part of the company understand its culture and philosophy, there is no guarantee, that those who were newly hired or acquired into the company, would share that philosophy.

The best solution to this weakness is what Nintendo has been doing, while Nintendo cannot acquire the resources of its competitors, it can continue to develop its own competencies, while maintaining strong partnerships with firms that are skilled at doing things Nintendo cannot, in addition, to avoid the concerns of problems at a single supplier or manufacturer, it should maintain multiple partners wherever possible, like multiple manufacturing firms or facilities, therefore if one supplier or manufacturer experiences problems, it doesn't bring production of Nintendo's products to a halt. Company Opportunities

While Nintendo's strength's and weaknesses illustrate its internal environment, like all other companies, Nintendo also operates in an external environment, in which there are opportunities for growth and profitability, as well as threats to further growth, profitability and even continued existence. It is in following the same strategy that made the Wii and DS so successful, that Nintendo has its opportunities for future growth; in its further expansion among non-gamers; and the release of new hardware and software products such as the upcoming Nintendo 3DS (Nintendo, " Launch of New Portable Game Machine", March 23, 2010).

As discussed in company strengths, Nintendo since the release of the DS, has been following the dual strategies of " Blue Ocean" and " Disruption Theory" (Reggie Fils-Aime, 2005); these strategies are similar in that they use innovations to create new demand and reach consumers who are

currently not in the market, or who represent the lower tiers of the current market. Often times these products are simpler and less expensive than those products currently in the market (Reggie Fils-Aime, 2005).

This strategy has been highly successful with Nintendo's Wii and DS systems, In the US for example, since 2007, active users of video game systems has risen from 45% to 62%, and of that 62%, 43% are Wii and DS users, at the same time, the number of non-users and those who have stopped gaming, has fallen from over 50% in 2007 to less than 40% in 2010, in addition active users of other systems has actually declined, from 29% in 2007 to only 18% in 2010 (Satoru Iwata, " Financial Results Briefing: For Fiscal Year ending March 2010", May 7, 2010. . , indicating that it is Nintendo that has been driving the expansion of the market. However, as extensive as the gains Nintendo has made in bringing non-gamers, there still remains a large portion of those in the US and worldwide as well, that are not active users of any gaming system. There remains a large opportunity for Nintendo to expand to these consumers by delivering to them products that will entice them into gaming.

Within the general environment, it is a mix of dimensions that give Nintendo this opportunity, first is the sociocultural dimension, gaming for a long time has been seen in a very poor light, Shigeru Miyamoto, creator Of Nintendo's Mario, has referred to the stereotype of the gamer as being a figure in a dark room by themselves in front of the television (Stephen Totilo, MTV News, " Nintendo's Design Guru, Shigeru Miyamoto, Says Wii Can Destroy Gamer Stereotype", May 26, 2006).

As a result, this negative cultural stigma has slowed the acceptance of gaming as a form of family entertainment.

In addition from the Economic Dimension, the current recession, as well as higher prices on its competitors products, has given Nintendo an advantage, its lower priced machine, with its more family oriented games have made it more attractive to families looking for a cheap form of entertainment in this difficult period. Finally, there is the Technological Dimension, although Nintendo's machines lack the technological power of their competitors, they have an advantage in the area of interface, the Wii and DS with a motion controller shaped like a remote and a touchscreen respectively, are more user-friendly than the competing systems.

This has made it very easy for even those who have never played games before to be able to pickup the controllers and start playing. In fact, the success of the Nintendo interface on the Wii has led to Sony and MS attempting to release their own motion controllers later this year (Tom Ivan, EDGE, " PlayStation Move September Launch Rumored", May 14, 2010). However, The author of " Disruption Theory", Clayton Christensen, warns that such copycat attempts will likely be unsuccessful (Clayton Christensen, " Seeing What's Next", 2004, P.

9-49). While hardware is important, its important to remember that consumers buy systems for the games, and here as well Nintendo has succeeded in using its user-friendly innovations to reach non-consumers, games like Wii fit, Wii Sports and Wii play, are designed around simple, easy to pickup and play group gaming, and all have been huge successes, each selling over 10 million, and in fact the highest selling game ever is Wii sports

at 62. 51 Million units sold as of May 8th, 2010, outpacing the number two game Super Mario Bros. y over 20 Million (VGChartz. com, May 8, 2010).

The convergence of these forces across many different dimensions, as well as Nintendo's strategic foresight, has resulted in great growth over the past few years, as well as leaving the door open for more growth in coming years. However, in order to take advantage of that further room for growth, to reach more non-gamers, Nintendo will need new products to replace its Wii and DS systems, both of which are seeing declining sales and revenue (Nintendo, " Consolidated

Financial Statements", May 6, 2010). While Nintendo has no plans to release a new console, instead deciding to announce the Vitality sensor add-on at last years E3 press event, as well as a new Wii game, Wii Party and a Black Wii bundle to lift sales (Satoru Iwata, " Financial Results Briefing: For Fiscal Year ending March 2010", May 7, 2010.); it has announced the successor to the DS, the 3DS, a hand held system with 3D output capability, without the need for glasses (Nintendo, " Launch of New Portable Game Machine", March 23, 2010).

With this, Nintendo is taking advantage of the Technological dimension of the general environment, currently, most endeavors into 3D gaming have been on large screens, with the use of those goofy glasses, by implementing it on a hand held, and without the need for glasses, Nintendo is attacking the 3D implementation on the large screens, by making them appear obsolete with the requirement of glasses, as well as making it more accessible, no

need for thousand dollar televisions when its available on a hand held for much less.

Basically Nintendo has already made it easier to pick up gaming with its controls, now it is intending to make advanced graphics and effects simpler and easier to use, at the same time, make its competitors look obsolete.

On the Wii, it is also using the Technological Dimension in the Vitality sensor, this add-on was announced at the Nintendo E3 Press Expo in 2009 and will allow the software to measure a person's heart rate, as well as other vital statistics, allowing the software to adapt to a person's physical state, imagine a game adapting to your mood, calming you down, or cheering you up.

In this way, Nintendo is making the experiences on competitors machines appear dated by comparison, by bringing experiences not found elsewhere, and that are appealing and easy to use, even to those who are not active gamers. Company Threats Even though Nintendo has been making the right moves the last few years, and has seen monumental success, it still has to deal with threats, external dangers to its future growth and success.

While there are many potential risks, most of them are small scale, such as having to deal with a new regulation when entering a new market, instead of covering every small risk, this SWOT analysis will focus on the largest threats (in no particular order), those that present the greatest threat to Nintendo's future growth nd profitability, these major threats include Economic effects, such as the collapse of financial markets and recession, or fluctuations in the foreign exchange rate; Competitive pressures such as new entrants due to

technological innovations, or new entrants increasing price competition; Consumer preferences and shifts in current consumer trends, that can result in changes to current buying behavior as well as the acceptance of new products in the market.

Along the economic dimension, we have the current economic climate, while showing signs of improvement, still has a long ways to go before it fully recovers, as the current unemployment rate, as well as the bailout in Greece can attest, these current problems, can depress consumer spending, and long term economic problems such as long term unemployment can alter consumer behavior for years, as a result, while Nintendo's products are lower priced than its competitors, it is still an entertainment device, a luxury product, something consumers can easily choose to hold off on should conditions remain poor for a long period of time.

In addition, there are the effect of fluctuations in the exchange rate that can cause harm to Nintendo's profitability. Since 80% of Nintendo's products are sold outside of Japan, its transactions occur with currencies other than the Yen; in addition Nintendo holds a large amount of assets in foreign currencies without exchange contracts, as a result, the Yen's appreciation against the dollar, for example, would negatively impact Nintendo's profitability (Nintendo, " Annual Report", 2009, P. 9-20), so the stability of currencies such as the dollar is important to Nintendo's profitability. While the next threat, competitive pressures is primarily defined in the task environment aspect of the external environment, it has features in the technological and international dimensions of the general environment, the reason is, increased competitive pressures are likely to come from new

entrants with technological innovations or from large enterprises, that are able to put increased price competition pressure on Nintendo (Nintendo, " Annual Report", 2009, P. 9-20), damaging Nintendo's ability to remain profitable, as well as its ability to compete in the market. New entrants into the market can help to shift consumer behavior if their products are somehow able to co-opt Nintendo's strategy of expanding the market and bringing in non-gamers, this of course could leave Nintendo in the same position that Nintendo has left its current competitors Sony and Microsoft in this generation.

In addition, further large enterprises, can increase price competition in the market (Nintendo, " Annual Report", 2009, P. 19-20), by offering products at prices that are competitive to Nintendo's. The concern with these increased competitive pressures, is that with increased competition, remaining profitable while still maintaining necessary R; D and Marketing investments would become difficult, preventing Nintendo from expanding its market share as well as sustaining profitability (Nintendo, " Annual Report", 2009, P. 19-20).

While the economic factors and competitive pressures are dangerous threats, it is shifts in consumer preferences that can be the most devastating to a company, its one thing to have to deal with more competitors or a fluctuating currency, those can damage a company, but as long as your products are popular with customers, your company will endure, however, if customers fail to accept your products, or move away from the market in general, then things are far more dire. No company can survive without someone buying their goods and services.

While customers are a task environment dimension, in the general environment, this has many different dimensions, there is the technological, as new technologies and innovations could affect consumer preferences, and Nintendo would need to maintain enough technological capability to remain competitive with changing needs and preferences, failure to do so, or delays in doing so could damage marketshare and growth, however technological development is expensive, and complex, which could be detrimental to profitability (Nintendo, " Annual Report", 2009, P. 9-20). In the international dimension as well as the sociocultural dimension, there is the issue of consumer differences across countries and cultures, some groups may not view video games, and Nintendo games in particular as worth their money, this of course would require Nintendo to perhaps design products particularly for those markets, which would be expensive and perhaps an inefficient use of resources or to accept lower growth in those markets, which could harm future marketshare growth.

Nintendo also operates almost entirely in the video game market, if consumer preferences move towards a different for of entertainment, then the entire market would shrink, the before mentioned technological innovations, can also shift preferences, not just away from Nintendo products, but also video games as entertainment in general (Nintendo, " Annual Report", 2009, P. 19-20).

In addition, while

Nintendo's products are the most popular in the video game market at the moment, as shown by the large sales lead that Nintendo has over its competition, there is always the potential that the products currently under

development, such as the 3DS hand held system, could fail to gain acceptance in the market, this could result in not only the loss of marketshare, but also the loss of an enormous amount of money in terms of R; D, marketing, production and inventory, as those failed products are aborted and new product lines started to replace them (Nintendo, " Annual Report", 2009, P. 19-20). Porter's Five Forces

Looking at Nintendo's competition within the Porter's five forces model we see that first the issue of new entrants is a small to medium threat to Nintendo, the reason is they've faced many a new entrant before in the past, Sega, Sony, Microsoft, Appleand many more companies have entered the market to challenge Nintendo in both the handheld and home console market, and while these entrants have on occasion dealt marketshare losses to Nintendo, they have yet to be a danger to Nintendo's long term health, when Sony entered the market in the N64 era, it snatched marketshare dominance from Nintendo in the home console market, and Microsoft entrance a generation later sent it into third place, however throughout that period, Nintendo remained healthily profitable, and were able to re-craft their strategy around disruption and blue ocean and regain marketshare dominance this generation with the Wii home console.

In the handheld market, even with entrants from PSP and the iPhone, they have maintained extremely strong hardware and software sales, with the DS handheld as noted earlier passing 130 million units sold.

In addition, while there is the potential for other rivals in the space, because most of the technology needed to build a games console is already easily available in the PC market, there is still the barrier between Nintendo and all

of its competitors in terms of software, Nintendo software is the best in the business, as noted earlier it dominates software sales both in the industry as a whole and on its own systems, so while other entrants can put out consoles, their ability to compete with Nintendo is limited by their software quality as compared to Nintendo. In addition, while there is some power from the bargaining power of buyers,

Nintendo products are often cheaper than the competition, often by hundreds of dollars, but there is also the issue of differentiation, if one wants to play a Mario game for example, one of the most popular gaming icons, that is only possible on a Nintendo system as they own the rights the character and related properties, so Nintendo's strong stable of in house software lessens the power of the buyer, which is why Nintendo hardware and software tends to retain its original retail price longer than the competition. In terms of the bargaining power of suppliers, there doesn't seem to be much danger to Nintendo, there are a lot of companies that produce the parts used in the consoles, and a bigger issue seems to be the ability of suppliers to meet the demand for the finished products.

As noted multiple times, the threat of substitute products is limited, diue to the high differentiation within the market, especially with Nintendo software and hardware while one can buy an alternative game system, the fact is that Nintendo software can only be found on Nintendo systems, limits the ability of such alternative products to eat into Nintendo's success. The rivalry within the industry is quite high, but Nintendo has managed to differentiate itself from its competitors.

Unlike Sony, Microsoft and Apple, Nintendo is a software company as much as a hardware company, which is why their own in house software has maintained dominance, even with other rivals attempting to emulate Nintendo innovations, they still fail to match the success of Nintendo on the strength of their software. Company Strategy

As noted by Reggie Fils-Aime, Nintendo of America's President, Nintendo has been following the strategies of " Blue Ocean" and " Disruption" (Reggie Fils-Aime, 2005), these dual strategies are similar to the business-level strategies of Porter's differentiation and overall cost leadership strategies, as well as Miles and Snow's prospector typology strategy (Ricky Griffin, " Management", 9th Ed. , 2008, P. 207-209) . The prospector typology, is about innovation and growth orientation and seeking new markets; differentiation strategy is about is about distinguishing oneself from competitors through the quality of goods and services, offering something different than the competition; while overall cost leadership is about reducing costs below that of competing firms to gain competitive advantage.

As discussed before, " Blue Ocean strategy" seeks to create new markets and new demand, while " Disruption strategy" seeks to find consumers who are currently either not in the current market or who are at the lower tiers of the market.

Using these strategies, Nintendo has released products that are differentiated from that of their competitors due to technological innovations, both in terms of software and hardware; and yet these products are cheaper to produce and build than that of their competitors. In addition, as discussed earlier, this strategy has been a resounding success, as

Nintendo's products have generated massive growth for the company by bringing non-consumers into the market.

Nintendo's strategy is based on the current state of the industry and Nintendo's own position, so its not entirely repeatable, as noted by Clayton Christensen in " Seeing What's Next", the disruption strategy employed by Nintendo requires an industry in which there are nonconumsers and overshot consumers, who aren't being properly catered to by the current offerings in the market, this requires an industry that has passed in the mature phase of the life cycle, in the early stages of an industry, the offerings in the industry have yet to overshoot consumer needs, and therefore additions like more features and power are welcome, but once features, power and other offerings exceed consumer needs, and people either are overshot or entirely drop out of the market, then there is opportunity for disruption. Now the reason that Sony and Microsoft and Apple among others will find it difficult to be disruptors in the industry is their lack of in house software talent, Nintendo is able to craft their own system and offerings around consumer needs, and largely carry their own system, even without third party support, and still earn profits, but their competitors are reliant on third party offerings, and make profits based on third part licensing fees, so they can't design their own systems around consumer needs, they have to cater to third party needs.

Sega may have been able to do it, but they were forced to close their hardware business in the last generation due to financial issues and are now entirely a software maker. For Nintendo's competitors they need the upmarket consumers known as hardcore gamers who buy expensive

systems and lots of games to make a profit, consumers that third party developers cater to, and the lower end overshot ad non-consumers are not profitable enough for them.

Nintendo on the other hand makes a profit on its game systems, as noted earlier, and therefore can cater to the lower end consumers and earn high sales and profits. Current Issues, Recommended Course of Action and Opinions

As to how Nintendo can neutralize the current threats, well in truth, Nintendo has pretty much been taking the best route available to neutralize these threats already. Its advantage is in the fact that it is a software and Hardware company, as noted above, its software is the best selling in the industry, this is very different from its competitors, who are hardware makers first and really lack the in house software capabilities that Nintendo has. Its not an easy thing for its competitors to copy, they can add in motion controls, as shown in Kinect and Move, but they are unable to duplicate the software success Nintendo has achieved with its offerings like Wii Sports and Wii Fit.

In order to compete in that regard, Sony and MS would have to spend years and probably a great deal of resources developing their own in house software developers to the point where they could compete with Nintendo, but even after more than two decades, no company has succeeded. In addition the Disruption and Blue ocean strategy that Nintendo has employed has brought in non-consumers and expanded the market, and they have succeeded in remaining on top of consumer preferences; even in technological innovation, while their products are not as powerful as that of

their competitors, they have succeeded in using various technological advancements, like motion controllers, touchscreens, and now 3D displays and vitality sensors, to help make gaming simpler and easier for larger groups to get involved in.

While Sony and MS have tried to copy what Nintendo has offered, they haven; t seen the same success, part of it has to do with their lack of in house talent, but the other part has to do with strategy, Nintendo directly targeted nonconsumers and low market consumers, these are considered less profitable for firms, as compared to the more hardcore gamers, and unlike Nintendo, who as noted earlier makes a profit on its systems, Sony and MS are loathe to target those consumers, and Apple while it can target those consumers, its app games for the iPhone and iPad lack the quality and the long term playability of Nintendo's software offerings. As their strategy has been so successful so far, there is little reason for them to change, in fact, it would probably be detrimental for them to abandon this strategy.

As for the threats outside of their control, shifts away from the gaming market, economic woes and currency fluctuations, there is little they can do to address, those, as economic factors such as currency fluctuations and recessions are outside their control, however, as they have continued to turn large profits even in these hard economic times, they don't seem to have much reason to worry. As for shifts away from the market, while it might be tempting for Nintendo to try and create an all in one device like Apple has with the iPhone and iPad, or like Sony and the PSP, there are reasons why Nintendo should not follow, first off, is the lack of internal resources, as discussed earlier, Nintendo isn't a large company like those two, and the

necessary expansion to gain those resources would not only be extremely expensive and time consuming; but it may also damage the corporate culture and philosophy that has made Nintendo so successful.

In addition, gaming on those systems are an afterthought, since the devices have so many other features, and as a result, the quality of those games, is lower that on the DS, where gaming is the main feature.

As a result, trying to make a convergence device may harm the overall quality of Nintendo products and therefore is not recommended. Personal Opinions and Conclusion The importance of this case shows the strength of differentiation and disruption, as we have seen, it is in Nintendo's ability to create highly successful in house software development and gaming icons and use those assets to create gaming hardware that allows it to cater to a wide audience of consumers, including those not catered to by its competitors, all while still making a profit, that has given them such a dominant position in the Industry.

Overall much of what was in this case, I knew already, I have already read a lot, on Nintendo and its business strategies, in fact on a personal note, Nintendo's business strategy and the reading I've done on it was what convinced me to pursue a degree in business, so I didn't really lean anything doing this Case, it was more just a rehash of what I had already known. However, it was an enjoyable case study, as it covered a topic I was already familiar with and personally enjoyed. Reference List Iwata, Satoru. Message From the President.

Retrieved on May 8, 2010, Retrieved from: http://www. nintendo. co. jp/ir/en/message/index. html Millward Brown.

BrandZ Top 100 Most Valuable Global Brands 2010.

[PDF] Retrieved on May 8, 2010 Retrieved from: http://www. millwardbrown. com/Sites/mbOptimor/Ideas/BrandZTop100/BrandZTop100. aspx SquareTrade. Game Console Failure Rates: Wii 9 times more reliable than Xbox 360, 4 times more than PS3. [PDF] Retrieved on May 8, 2010, Retrieved from: http://www.

squaretrade. com/htm/pdf/SquareTrade_Xbox360_PS3_Wii_Reliability_0809. pdf Fils-Aime, Reggie. Reggie Fils-Aime – True State of Gaming. [Video file] Retrieved on May 8, 2010, Retrieved from: http://www.

Youtube. com/watch? v= 5foJ-cwj4Mk G4. Game Makers: NES. [Video File] Retrieved on May 8, 2010, Retrieved from: http://www. youtube.

com/watch? = uCai4W1IAmQ; http://www. youtube. com/watch? v= G-l5b2vbeDA&feature= related; http://www. youtube. com/watch? v= er43lTLubiY&feature= related.

Nintendo. Consolidated Financial Statements. FY Ending March 31st 2010. May 6th, 2010. [PDF] Retrieved on May 8, 2010, Retrieved from: http://www. nintendo.

co. jp/ir/pdf/2010/100506e. pdf Nintendo. Annual Report 2009. [PDF] Retrieved on May 8, 2010, Retrieved from: http://www.

nintendo. co. jp/ir/pdf/2009/annual0903e. pdf Nintendo. CSR Report 2009.

[PDF] Retrieved on May 8, 2010, Retrieved from: http://www. nintendo. co. jp/corporate/en/csr/index. html San Francisco Chronicle.

On The Record: Reggie Fils-Aime.

October 28, 2007. Retrieved on May 8, 2010, Retrieved from: http://www. sfgate. com/cgi-bin/article.

cgi? f=/c/a/2007/10/28/BUM4SSC18. DTL Nintendo. Launch of New Portable Game Machine. March 23, 2010. [PDF] Retrieved on May 8, 2010, Retrieved from: http://www. nintendo.

co. jp/ir/pdf/2010/100323e. pdf Totilo, Stephen. MTV News. Nintendo's Design Guru, Shigeru Miyamoto, Says Wii Can Destroy Gamer Stereotype. May 26, 2006.

Retrieved on May 8, 2010, Retrieved from: http://www. mtv. com/news/articles/1532607/20060526/story. jhtml? headlines= true Ivan, Tom. EDGE.

PlayStation Move September Launch Rumored, May 14, 2010, Retrieved May 15, 2010, Retrieved from: