

Nintendo entertainment systems

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Nintendo Entertainment Systems is a Japanese company that was introduced in 1985. With its first handheld gaming device, the Nintendo Game Boy, the Nintendo Company brought new life to an otherwise decaying gaming entertainment industry. The Game Boy was a revolutionary item, the first generation of portable entertainment. Nintendo has always upheld its initial position in the gaming industry by utilizing unique gaming console design and interface.

However, the gaming industry represents a highly competitive field globally, with companies such as Sony releasing their hand held PSP gaming console to counter the success of older Nintendo products. In 2001, Nintendo was actually in a weakening position, with its GameCube console facing intense competition from the Xbox. However, in 2006, Nintendo made an epic come back. The latest addition to their console line is the Nintendo Wii.

Wireless motion sensitive remote controllers, Wi-Fi capability, a touch sensitive Wii-fitness board; all this and a bundle of other features have made the Nintendo Wii the best selling latest generation console system in the world (Nintendo - Corporate Information). The gaming industry has been characterized by two different types of value chain organization. Compared to Sony and Microsoft, Nintendo's value chain has shown much more integration. Participants within Nintendo's value chain are: game publishers, game developers, hardware manufacturers and finally retail outlets.

Most of Nintendo's game software development is handled in-house, and the company issues a strictly limited number of licenses to game publishers. By keeping direct control over sales through licensing fees, Nintendo has been able to historically limit the market power of independent publishers and

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thus ensuring Nintendo games are not designed to be compatible with competing consoles (Dietl & Royer, 2003). This product-system specific process means that consoles are designed with exclusively compatible games, which creates value and increases the perceived quality of the game due to exclusivity.

Thus, Nintendo controls their whole value chain by implementing a system based on strict licensing policy. This is significantly different from the value chains of Sony, which follow a more open and disintegrated system structure (Dietl & Royer, 2003). However, ultimately Nintendo's value chain organization is much more efficient than those of its competitors. Most software development is handled in house, and value creation activities are only outsourced under conditions where Nintendo does not have to sacrifice control over coordination of value chain activities.

However one disadvantage here is that a rigidly controlled, integrated value chain system is not conducive to innovation. Since Sony and Microsoft have more disintegrated value chains, there arises increased intra-system competition, where Sony can produce games for Microsoft and vice versa. This allows for greater research opportunities, boosting development. Nintendo's core value has always rested on the company's ability to innovate great design. To counter existing competition, the company has employed the Blue Ocean Differentiation Strategy to great success.

Their design philosophy has rested on simplicity while delivering the most entertaining, interactive experience possible (Olhava, 2006). Currently the gaming industry comprises of seventh generation consoles – Microsoft Xbox 360, Sony Playstation 3, and the Nintendo Wii (Turnbull, 2008). This

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generation of consoles goes beyond merely gaming to provide a holistic computing format, offering increased options for connectivity, web-browsing etc. Of these consoles, the Wii is currently the highest selling gaming device.

Thus in terms of value addition, additional features are a key focus. Internet connectivity and Wi-Fi is essential as gaming takes on the world wide web - global gaming events, competitions and communities all come together via the net. Motion sensitive hand held gaming devices take interactive games to a new level, opening an avenue for Wii Fitness - a new exercise platform that syncs with the console wirelessly. Works Cited Dietl, H. M. , & Royer, S. (2003, August 28). Intra-system competition and innovation in the international videogame industry .

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