

Nintendo – case study essay



1) Nintendo successfully recreated the home video game business following the Atari-era boom and bust. How did it do so? Offering the cheapest, faster version of the console to the market Rigorous control over supply and quality of video games (through licensing agreements where Nintendo had final cut)

2) How was Nintendo able to capture value from the home video game business? Use the Value Net as a starting point for your answer

Competitors) Security chip in place to avoid counterfeiting and lock out competitors 2) Nintendo Seal of Quality (history of games that were not popular) 3) Suppliers 1) Licenses to develop games for the system where Nintendo received royalties and were responsible for manufacturing and distribution 2) Minimum orders that were payable in advance 3) Received chips from semi-conductors at advantageous pricing 4) 2-year restriction to make video games for others Customers) Required that retailers place orders, take delivery, and pay in quick order 2) Kept supply short to build demand and enhance price (possibly) 3) Did not stock competing video game systems 4) Careful inventory management - withdrew games if once it waned

Complementors: 1) Using the popularity of Arcade games to market-test the release of cartridges 2) Computers: although not popular, demonstrated need to buy console (not as good) 3) Family Computer Communications Network System that could interact with other terminals or with a central computer a. Nomura Securities could offer services to monitor and trade stocks b. AT&T to support video-game chat lines, downloading of games, and real-time playing between users at different locations 4) Licensing of game characters to retail (TV shows, cereal packets, T-shirts, etc.) 5) Magazine: Nintendo

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Power gave tips on existing games, announced releases, etc. 6) Gameboy -
new console that was mobile