



**ANALYSIS OF STRATEGIC MANAGEMENT— A CASE STUDY OF
NINTENDO**

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NINTENDO**

Thematic Certificate

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Abstract

Title: Analysis of Strategic Management— A Case Study of Nintendo

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This research studied the Japanese console game manufacturer, Nintendo, as an example to analyze the reasons Nintendo still dominates the console game market in the 21st century.

The study analyzed Nintendo's strategic management, financial status through data, and strategic management style adopted by Nintendo in the process of economic development. Nintendo has maintained its original market position in the most competitive time through its blue ocean strategy, and has established a firm foothold in the Internet era through a bilateral strategy using unique marketing strategies to expand its popularity and thereby expand the market. Through data analysis, it explained the shrinking status of the console game market, then, analyzed the deteriorating financial situation of Nintendo from 2014 to 2016, to illustrate the urgency and necessity of Nintendo's reform. User data analysis and the Boston matrix was used to analyze the attractiveness of the mobile game industry. It pointed out that the mobile game industry was one of the most attractive industries. On this basis, it analyzed and evaluated the macro environment and competitive situation of mobile games. After comprehensively analyzing the case of Nintendo, this article puts forward some suggestions on the strategic management of the enterprise. This article used SWOT analysis and five forces analysis models to analyze Nintendo's strategy and make recommendations for Nintendo's strategic management.

Keywords: Blue Ocean Strategy, Bilateral Platform Strategy, Marketing Strategy

摘 要

题目： 战略管理分析-以任天堂公司为例

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本文以日本主机游戏制造商任天堂为例，分析任天堂公司经历上百年的时间，在如今21世纪依旧是游戏市场的霸主地位的原因。

本文分析任天堂的战略管理，首先通过数据分析了任天堂的财务状况，然后分析了任天堂在经济发展过程中所采用的战略管理。任天堂通过蓝海战略在最具竞争力的时间维持了原来的市场，并通过双边战略在互联网时代站稳脚跟，同时利用独特的营销策略扩大其知名度，从而扩大市场。 本文使用了swot分析和五力分析模型，分析了任天堂公司的战略，并对任天堂的战略管理提出了建议。

关键词： 蓝海战略 双边平台战略 市场营销战略

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CHAPTER 1 INTRODUCTION

1.1 Selected Topic Background

In recent years, the world's game industry has developed rapidly, reaching a record US\$64.9 billion in 2013 alone, making it an emerging industry that promotes rapid economic growth. In addition, related services caused by the game industry, animation industry, e-sports and other industries are also showing an explosive and rapid development trend, making indelible contributions to economic growth and promoting the development of entertainment and culture. Nintendo is the most representative of them. Nintendo is one of the world's three largest game developers and a pioneer in the modern video game industry. With 2 billion U.S. dollars in game software sales in the global game market, it is also the best-selling in the world.

Nintendo is a home entertainment electronics and software company headquartered in Japan. In the field of home entertainment, Nintendo Co., Ltd. and its subsidiaries and associated companies are mainly engaged in the development, manufacturing and sales of entertainment products. Nintendo's main products are divided into home TV entertainment consoles (video game consoles), handheld multimedia interactive systems (handheld game consoles), electronic entertainment software, playing cards, toys and other products. It was founded in 1889 and initially produced playing cards and toys. It also tried to operate taxi and hotel businesses for a short time. In the 1970s and 1980s, Nintendo developed into a consumer electronics and electronic entertainment software company focused on home entertainment, and eventually became one of the most influential companies. It was also the third largest Japanese company with a market value of over US\$85 billion The most valuable company. Nowadays, Nintendo is positioning itself as a health entertainment company. However, since the 1980s, Nintendo has been mainly involved in the video game (electronic entertainment) industry. In this industry, Nintendo has been in a leading position, occupying almost 100% of the market share together with the merger of Sony and Microsoft. In general, Nintendo is a very successful company.

The video game industry is a fast-developing industry in recent years, and it has great market influence. Major companies have promoted changes in the market structure of the game market through fierce competition through cost control, technological innovation and other methods, guided by their own competitive Strategy.

1.2 Research Significance

The analysis of Nintendo's strategic management can bring some enlightenment to the related enterprises in the market competition. Nintendo's near-death experience in 2005, with its performance deteriorating badly, NGC(game consoles) has created the red sea market by squeezing sales from sony's PS2 and microsoft's XBOX hosts. During this period, Nintendo's

market share fell less than 15 percent from its peak of 95 percent, Nintendo's first loss since it went public, shares were panicking, and shares fell below 10,000 yen.

But in the next three years, Nintendo redesigned its strategic objectives, using the Blue Sea strategy to open up markets that it and even the industry had rarely involved before. And use its superb bilateral platform strategy and advertising marketing strategy to sell products, greatly successful. On June 26, 2008, Nintendo, with a market value of \$78.8 billion, had long since emerged from its predicament. As a century-old enterprise, how to maintain self and develop continuously in the fierce market competition is very worthy of study and reference.

1.3 Research Problems

This article analyzes Nintendo's strategic management, Nintendo through the blue sea strategy in the game market at the most competitive moment to get rid of the red sea situation, created the blue sea market, Then through the bilateral platform strategy analysis Nintendo's innovation and development in the Internet economy era, as well as Nintendo's marketing strategy in the sales process, finally put forward the following three questions;

1. Why does Nintendo adopt a blue ocean strategy?
2. What is the matching degree of Nintendo's ten-year platform strategy?
3. How does Nintendo increase its marketing share?

1.4 Objective Of The Study

This paper starts with an analysis of the problems encountered by Nintendo in the face of a new market environment with rapid economic and technological development, which is one of the major players in the video game market. The purpose of this paper is to analyze the shortcomings of the original competitive strategy that made Nintendo in trouble, compare the advantages of the new competitive strategy that re-established Nintendo's leadership position, and summarize the reasons for Nintendo's success.

1.5 Research Framework

(1) The first step is to analyze the current status and development trends of the console and mobile game industries, as well as the current operating dilemmas that Nintendo is facing, indicating that Nintendo currently needs to revitalize the company by changing its development strategy.

(2) After determining Nintendo's strategy of shifting from a single development strategy of console and handheld games to a diversified development strategy of console and mobile games at the same time, conduct a feasibility analysis of Nintendo's entry into the mobile game industry. Summarizing the above, we get that Nintendo can enter the mobile game industry. The conclusion of the game industry and some useful suggestions for Nintendo.

1.6 Hypotheses

Based on the strategic theory adopted by Nintendo in the management of this article, three hypotheses are put forward through analysis.

H1: The blue ocean strategy has a positive impact on Nintendo.

H2: The bilateral platform strategy has a positive impact on Nintendo's game market position.

H3: The unique marketing strategy has a positive impact on the formation of a monopoly market for the Nintendo brand.



CHAPTER 2 LLITERATURE REVIEW

2.1 Overview Of Domestic And Foreign Research

2.1.1 Foreign Strategic Management Theories

In 1976, HJgorAnsoffI first proposed this concept. He pointed out that strategic management refers to a scientific plan for survival and development of an enterprise in the face of a constantly changing and increasingly severe external environment.

There is no concept of strategic management in the early business management theories. With the development of market economy, business management theories have been continuously developed and updated. Therefore, strategic management theories have emerged. Because of the continuous changes in the corporate living environment, strategic management theories have emerged. .

The development of strategic management theory is divided into three stages, as follows:

(1) Early stage of strategic management

In the early stage of strategic management, although a systematic strategic management thought system was not formed, many very important strategic thoughts were produced, especially in the early 20th century Henri Fayal proposed the five functions of business management. This thought was adopted by MichaeLE. Ported.] The first point of view called strategic management o

Barnard's "Functions of managers" is the first important book on strategic management. Barnard believes that social organizations are a coordinated system. The focus of management is to improve organizational efficiency, and other management tasks need to be dedicated. In order to adapt the organization to the environment, this view is called the second view by Michael E. Porter. Later, Andrews discussed strategic management thinking from four aspects: market opportunities, company strength, personal values and aspirations, and social responsibility. He also believes that enterprises can form a comparative advantage through rational allocation of resources and improving the efficiency of resource allocation. Michae LE. Porter calls this the third view of strategic management thinking.

(2) Competitive strategy management stage

MichaeLE Porter believes that the key task of strategic management is to select high-profit industries and implement strategic positioning in this industry. Michae LE. Porter's strategic management thinking is the representative and mainstream thinking of strategic management thinking in the 1980s.

(3) Competition and cooperation are both at the strategic management stage

The focus of strategic management theories in the 1980s and 1990s was on how to help enterprises gain competitive advantages. However, by the end of the 20th century, traditional theories could not adapt to the rapid development of enterprises. Therefore, the concept of ultra-distant competition was proposed.

The research of foreign scholars on the differentiated competition of bilateral platform companies mostly focuses on changing product quality, bilateral user needs and transaction scale.

Hagiu (2004) mainly studied the influence of consumers' preference for product differentiation on the pricing strategy and social efficiency of the two-sided market. He pointed out: (1) If a bilateral platform company only charges a registration fee, then there is no vertical difference in product preference between product providers and consumers; (2) If the product provider is in a weak position in the bilateral market, then the bilateral platform company The main income of the company comes from the consumer side; (3) If consumers have a relatively high preference for product differentiation, then the bilateral platform companies get the main income from the product developer.

Armstrong and Wright (2007) focused on the relationship between product differentiation and bilateral markets, competitive bottlenecks, and exclusive transaction contracts. Research shows that the degree of product differentiation will affect the effectiveness of exclusive transaction contracts. If the buyer's demand for product differentiation is not high, then the exclusive transaction contract will encourage leading platform companies to occupy the entire market, and the buyer will buy products from this platform; if the buyer has a high demand for product differentiation, then the exclusive transaction The validity of the contract will be lower, and the profit of the platform company will also be lower.

Alexander Rasch and Tobias Wenzel (2013) analyzed the existence of software piracy in a study of software platform companies in the bilateral market, and believed that product differentiation can prompt a sharp reduction in pirated software, because the development of higher product standards by platform companies will affect development The quality and quantity of suppliers and the differentiation of high-quality products have a certain positive effect.

Alexander White (2013) studied the quality and benefits on both sides of the platform, taking the industry that provides search services as an example. He believes that if improving search quality is effective for all users, advertisers among users should be charged a high price; Search quality is only effective for the amount of user stock, so advertisers must be charged a low price and new users on the other side must be attracted to enter.

JustusHaucap et al. (2014) also mentioned in the case study of Google, Amazon, Facebook, and eBay that differentiation is to attract more consumers to enter, occupy more market share, and obtain more profits. .

JeanJ. Gabszewicz et al. (2014) used the Cournot model to analyze the relationship between platform scale and differentiated competition. They believed that if users on both sides are evenly distributed and different platform companies have different numbers of people, the transaction scale is small (small number of people). The platform profit is smaller than the platform profit of a large-scale transaction (a large number of people).

Yusuke Zwunnyo (2016) believes that high-quality platform companies due to high R&D costs will reduce the product diversity on one side of the platform and reduce their attractiveness to users on the other side, and their short-term profits will be lower than low. Quality platform.

2.1.2 Domestic Strategic Management Theory

Liu Youjin and others focused on the diversified development of Chinese enterprises; Hou Shengtian pointed out that it is necessary to enhance the flexibility of corporate strategic management and corporate soft power. The value of entrepreneurial strategy also points out the transformation of entrepreneurial strategy; Liu Dong studied the strategic management theory at the level of corporate resources; Zhang Pingdan linked industrial structure with competitive strategy and core competence; Liu Jisheng vigorously studied the issue of core competitiveness Yuan Zepei and Chen Kun study strategic management theories through the study of organizational competitiveness; Chen Jixiang studied the balance between the external and internal environments of enterprises, and through these studies conducted further research on strategic management theories; Guo Bin, Wei Jiang, etc. People think that there are three ways to identify the core competitiveness of enterprises:

1. Identify the core competence of the concept type;
2. The method of identifying the core competitiveness of the enterprise for evaluating technology, such as the computer identification method proposed by Chang Yonghua;
3. Analytic Hierarchy Process The identification of core competitiveness at the level, such as the analysis and evaluation of core competitiveness proposed by Du Gang and others. , Peng Jianxin proposed that the core competence is the embodiment of the core competitiveness of an enterprise; Zhang Wentao and others believe that the unique technical marketing technology and product capabilities developed by the enterprise are the embodiment of the core competitiveness of the enterprise; Cao Ruzhong and Wu Guihong believe that the core competitiveness of an enterprise is to let the enterprise Obtaining the ability to survive and develop lasting is composed of core products, technologies and capabilities.

Domestic scholars have mostly analyzed issues such as differentiated competition strategies, pricing, and sales of bilateral platform companies.

In the beginning, scholars mostly studied the differentiated strategies and behaviors of bilateral markets and platform companies. Cheng Guisun and Sun Wujun (2006) believe that the differentiated strategy of platform companies can attract more users, and can also turn multi-homed users into single-homed users and increase users' stickiness to the platform. Ji Hanlin et al. (2007) believe that among the two platform companies with different service quality, the platform with high service quality will continue to maintain high service quality.

Later, Shang Xiufen et al. (2009) proposed that the research on bilateral platforms needs to start from the following aspects: product differentiation competition, dynamic competition strategy, exclusive control behavior, government regulation behavior. Among them, product or service differentiation is a key factor that affects users' behavior (decisions on the number of attributions). Bilateral platform companies can provide products or services that users believe to have differentiated attributes, that is, implement differentiation strategies, which in turn affect platform pricing .

Ji Hanlin and Zhang Yongqing (2009) also proposed a platform competition strategy in response to the multi-homing situation of users: using platform differentiation to attract users to single ownership on their platform, increase user loyalty, and promote the development and development of bilateral platforms. Increase in profits. At the same time, Guo Xinru, Jiao Shengfeng, and Zhu Wenyan (2009) proposed that the bilateral market theory and product differentiation theory should be combined in response to the corporate competitive behavior of online media platforms, and differentiation strategies should be used to meet the needs of different consumers on the bilateral platform. The development trend of this type of enterprise.

Research by Gong Richao and Liu Ling (2011) pointed out that the differentiation strategy adopted by enterprises in the market has an important impact on the equilibrium of the game: On the one hand, if the market is less sensitive to quality, then the enterprise is suitable to use a higher degree of differentiation. ; If the market is generally sensitive to quality, the company can choose a moderate degree of differentiation; if the market is highly sensitive to quality, the higher the degree of differentiation, the more profit the company will make. On the other hand, when the market is more sensitive to prices, the higher the degree of differentiation the company adopts, the more advantageous it is.

Wanxing and Gao Juemin (2013) established a general model of vertical product differentiation in bilateral markets. They used this model to analyze vertically differentiated bilateral markets and came to the conclusion: First, monopoly platforms will adopt a tendency to coordinate the price structure on both sides of the market. One of the strategies; the second is that the bilateral platform has a strong positive feedback effect, making the strong stronger; the third is that the marginal profit of the bilateral platform is mainly affected by the downstream market price.

Later, Yuan Dongyang, Ma Ying, and Cheng Yimu (2014) took Xiaomi mobile phones as an example, and believed that the quality of products determines the utility that consumers can get, and platform companies should focus on consumer demand as the core and differentiate them when implementing differentiation strategies. The strategy is refined into all links of the production process, and it is best to integrate resources across industries. Lv Zhengying et al. (2016) aimed at the asymmetry of the bilateral user scale of platform companies. They believed that if the number of consumers is smaller than the number of sellers, bilateral platform companies tend to choose seller single ownership; if the number of consumers exceeds the number of sellers, bilateral platforms tend to choose seller multiple ownership.

Among the relevant studies on how the characteristics of bilateral platform companies affect product differentiation strategies, Wang Na and Chen Zhichao's research conclusions are the most representative. Wang Na (2011) believes that some characteristics of bilateral platform enterprises (such as: the single-homing or multi-homing characteristics of bilateral consumers, the switching cost of both sides of the platform, the difficulty of platform companies providing products and charging fees, the external network between bilateral users Sexuality, etc.) will affect the choice of enterprises to implement horizontal and vertical differentiation strategies. Chen Zhichao (201) summed up the views of the predecessors, weakened the analysis of pricing, and focused on the impact of different differentiation strategies on profits. He believed that the goal of bilateral platform companies' differentiated competition strategy is to maintain their own network effects and weaken others. The network effect of the platform, under the influence of the characteristics of bilateral platform enterprises, the key to the success of the strategy lies in attracting multi-homed users with liquidity and tendency to single home.

2.2 Classical Theory of Strategic Management

2.2.1 "Blue Ocean Strategy" Theory

The first to put forward the concept of blue ocean strategy was W Qianjin and René Mobourgne (3). They proposed the blue ocean strategy and the red ocean strategy in their book "Blue Ocean Strategy: Beyond the Industrial Competition and Create a New Market". They divide the company's strategy into "Red Ocean Strategy" and "Blue Ocean Strategy." The Red Ocean is characterized by fierce market competition and meager profits. The company must beat competitors to survive. The "blue ocean" refers to a situation that has not yet appeared or A market that has not yet been developed. In this emerging market, because there are few competitors, profits are very high, and there is a large room for profit growth. The corporate competitive strategy proposed and emphasized by Michael E. Porter in the 1980s is a typical Red Sea strategy. Different from the Red Sea Strategy, the implementation of the Blue Sea Strategy requires two main points: 1. Looking for potential demand in traditional industries and markets. 2. To produce low-cost products or services with its own unique characteristics, Qian Jin believes that, The Red Sea strategy has the following characteristics, which include: 1. Differentiation or low-cost strategy 2 Integration

of corporate behavior. The characteristics of the blue ocean strategy are different from the Red Sea strategy, and its main characteristics are: 1. Pursuit of differentiation and low-cost strategy 2 . Avoid conflicts with vested interests in the existing market, and then expand market space and create profits on this basis.

Huang Yu believes that as a new management method, blue ocean strategy provides a new idea for companies in the Red Sea, that is, to implement corporate strategy through creation rather than confrontation, due to technology, especially communications and transportation. The development of technology, without allowing companies to produce more products and services, and allowing companies' product and service information to be quickly spread throughout the world through media and communications, this globalization trend has two results. , 1. Intensified market competition and increased the competitive pressure of enterprises. 2. Due to the current aging trend in developed countries in Europe and the United States and the decline in the fertility rate of the younger generation, especially in Northern Europe and Eastern Europe, these regions even have a gradual decline in population. However, due to the mature and strong industrial foundation in Europe and America, new enterprises It is becoming more and more difficult to make breakthroughs in the existing industry competition. For these companies, it has become less reliable to maintain the conservative business and competitive strategies in the past and adopt new and more active competitive strategies. It is possible to achieve survival and long-term development.

Ran Ling and Wu Xiaoyan pointed out in "Blue Ocean Strategy: new development of strategic cost management): Blue Ocean Strategy shows that companies in major industries in the world are eager for a new type of breakthrough that can break through the industrial red sea and gain sustainable survival and development capabilities. Even new strategic ideas to realize the high growth of the enterprise. The biggest difference between the blue ocean strategy and the red ocean strategy is that its focus is on creation rather than destruction. The company uses the blue ocean strategy to attract consumers in the original industry to new markets and new products, thereby increasing the company's output and Market value. Therefore, the blue ocean strategy is a very remarkable concept, which breaks through the existing ideas of the red ocean strategy.

The blue ocean strategy has attracted the attention of enterprises to the value of innovation in a new form, and there are many valuable aspects in it. However, from the perspective of strategic management theory, Jiang Bo and Zheng Jianzhuang pointed out that excessive pursuit of the blue ocean instead of facing competition will lead to a continuous decline in the competitiveness of enterprises. Regardless of whether it is a blue ocean or a red ocean strategy, enterprise competition cannot be avoided, because only continuous competition can create a truly high-quality enterprise and enable the enterprise to achieve long-term survival and development. In his "Blue Ocean strategy questions", Wang Guangwei believes that the distinction between the red ocean and the blue ocean is too vague. The blue ocean and the red ocean may be relative to a single company, and the red ocean of one company may be the blue ocean of other companies, and vice versa. Of course. An

enterprise attempting to open up a blue ocean may just enter the red ocean of another enterprise, and there is no essential change. If the enterprise has to avoid competition, then the enterprise cannot avoid the outcome of failure. Teng Binsheng pointed out that the blue ocean is only temporary. An industry that is now considered a blue ocean is likely to cause a large amount of investment and the influx of new companies due to its high growth rate and large market space, and then become a red ocean. Anyone lacking sufficient technical barriers No industry can stop the industry from turning into a red sea. For an enterprise that is trying to create a blue ocean, whether to adopt this strategy is a very worthy question. How to avoid the knowledge diffusion of the current blue ocean industry leading to the influx of new enterprises to compete for living space is a question that needs to be considered according to local conditions. Problem, but in general, the blue ocean strategy is not suitable for every enterprise. Huang Tan believes that if the blue ocean strategy and the red ocean strategy can be combined, on the one hand, use the blue ocean strategy to create new markets and obtain high profits. Being surpassed by other companies with blue ocean strategy is the most ideal corporate strategy. However, Jiang Bo and Zheng Jianzhuang pointed out that only by maintaining continuous market competition can the vitality of the market and the industry be maintained. There is no blue ocean without competition, or that this blue ocean will soon become a red ocean. For any company preparing to manufacture a blue ocean, they must always be prepared to face and cope with competition. Be prepared to maintain your position even if the industry becomes a red sea.

2.2.2 Theory of "Bilateral Platform Strategy"

Platform companies can be companies with unilateral market attributes. For example, Dell Computer's official website direct sales model, in which manufacturers sell products directly to customers, is a unilateral market. Of course, in most cases, platform companies have the attributes of a two-sided market. For example, Taobao Mall corresponds to the bilateral needs of product manufacturers and consumers, and is a typical two-sided market.

Foreign scholars Rochet and Tirole (2003) believe that bilateral market theory is the basis for studying platform enterprise issues. Enterprises formulate reasonable transaction systems in bilateral markets, use "platforms" to attract buyers and sellers to interact, and concentrate both parties on their own platforms. To conduct transactions, such companies that provide "platform" products or services are called bilateral platform companies. Domestic scholars Liu Qi and Li Zhiming (2008) pointed out that the core of platform companies in bilateral markets is "platforms", and the profits of bilateral platform companies are obtained by achieving contact between two or more customers.

Scholars have different research directions on the classification of bilateral platform companies. According to different sources of income, Evans (2003) divides bilateral platform companies into two types: one is symmetrical platforms (companies charge fees from both sides of the platform at the same time), such as video game platforms, and the other is asymmetric platforms (companies only One side charges, and the other side is free and even subsidized), such as media and social networks. Haigu (2004) divides bilateral platform

companies into four types from the perspective of platform functions: one is intermediary platforms, such as stock exchanges, auction houses, dating websites, etc.; the other is audience manufacturing platforms, such as telephone yellow pages, portal websites, journals and newspapers. The third is a transaction-based market platform, such as the bank credit card market, etc.; the fourth is a shared input platform, such as servers, large-scale online games, and computer software. From the perspective of market function, Kaiser and Wright (2006) also divided bilateral platform companies into four types: one is matching market platforms, such as dating websites, job search websites, etc.; the other is media market platforms, such as periodicals and newspapers, etc.; It is a catalog service platform, such as a classified catalog; the fourth is a trading site platform, such as auction houses, e-commerce platforms, etc. Liu Qi and Li Mingzhi (2008) divided bilateral platform companies into four categories: one is intermediary platforms, such as shopping malls, academic journals, real estate agencies, e-commerce platforms, etc.; the other is media platforms, such as TV channels, portals, and e-commerce platforms. Magazines, newspapers, etc.; the third is payment tool platforms, such as bank credit cards, etc.; the fourth is software platforms, such as computer operating systems.

Judging from the previous literature, bilateral markets are the starting point for people to study bilateral platform companies.

The basic theory of the bilateral market has been formed, and scholars at home and abroad have defined the concept of the bilateral market.

Rochet and Tirole (2004) were the first researchers who tried to define the concept of bilateral markets. They established a general model to study the market with external network characteristics, and gave a preliminary definition of a two-sided market: there is a platform market, in the market there are two users, if the platform to two parties Under the condition that the total fees charged by users remain unchanged, the transaction volume of the platform changes with the relative proportion of fees charged to users of two parties. Such a market is a two-sided market.

We often need to analyze characteristics to determine whether the market has bilateral attributes. According to the review of the literature, we can find that the bilateral market has the following characteristics: 1. Cross-network externality: Cross-network externality means that the value of the products or services of one of the platform participants will increase with the number of participants on the other side. And increase. Cheng Guisun, Chen Hongmin, Sun Wujun (2006) give examples that consumers' demand for computer operating systems depends on the amount of software that can run on the operating system, while software developers' demand for this operating system depends on the operating system's requirements. How many consumers are using it. Armstrong and Wright (2007) also pointed out that bilateral markets have cross-network externalities when defining bilateral markets. 2. Bilateral interaction: The analysis of Hagiu (2004) believes that the structure of bilateral interaction is simply that the bilateral platform needs to interact and influence buyers and sellers separately. Cheng Guisun, Chen Hongmin, and Sun Wujun (2006) further researched

that the products or services of these companies in the market are mutually complementary and interdependent in facilitating transactions between buyers and sellers. 3. Non-neutral price distribution: The total transaction volume in the market depends on how the total usage costs are distributed among the sides of the market. Such distribution is non-neutral. Wang Na (2011) also added that the distribution of the proportion of fees charged to buyers and sellers must have an impact on the total transaction volume.

2.3 Significance Of Strategic Management To Enterprises

1. An enterprise is a whole composed of various parts. When the company has determined its main goals for the future, all parts of the company, from managers to ordinary employees, will know the future goals of the company, so that they can unite their strengths. Produce the effect of $1+1>2$. Various departments of the enterprise will also take the initiative to help other departments to achieve the overall strategic goals, and this kind of decision-making obviously helps the coordination of the entire enterprise and the cultivation of the overall awareness of the employees of the enterprise, that is, the cultivation of the spirit of enterprise.

2. When the company confirms its strategic goals for a certain period in the future, it will use and allocate resources more scientifically and purposefully, which can ensure the rationality and scientificity of the resource allocation of various departments of the company, and make the company's resource use The efficiency is greatly improved, so as to maximize the efficiency of the enterprise organization.

3. After the company has determined... the strategic goals for a certain period of time, the company will coordinate the strategic activities of its branches, suppliers, and major business departments in various regions, so that each area can be used to maximize the overall benefits. Work hard to make them more motivated to accomplish the established strategic goals.

4. Enterprise managers can quickly respond to changes in the company's target consumers, competitors, and the company's external environment based on the degree of achievement of each department's strategic objectives and the efficiency of resource allocation, so that the company can better adapt to the market To overcome the impact of changes in the corporate environment.

5. Enterprises need strategic management to carry out management innovation. Companies need to constantly use advanced technology, and companies need to continue to innovate. Therefore, they need to develop a good corporate strategy to help achieve strategic goals.

2.4 Theoretical application of Nintendo's "Blue Ocean Strategy" and "Bilateral Platform Strategy"

There are two core parts of the blue ocean strategy. The first is to explore the potential needs in the traditional market, and the second is to provide differentiated and low-cost products and services. Both of these are essentially value innovations. Enterprises without innovation can only repeat the production and production of existing products, which makes it difficult for them to exceed the existing production scale, let alone surpass other enterprises. With innovation, companies have the opportunity to achieve high-value creation on a low-cost basis. The core of the blue ocean strategy lies in value innovation.

As early as 2013, the impact of the Japanese mobile game industry on the console game market was a sign. In 2013, the market share of mobile games in the Japanese game market accounted for 50% of the entire Japanese game industry. In contrast, in 2013, Nintendo has been in deficit for three consecutive years, and its core products, 3DS and Wiiu, have not reached the expected goals. In the face of such a crisis, Nintendo's senior management still maintained an attitude of not paying enough attention to the rise of mobile networks and the rapid development of mobile games. Nintendo CEO Satoshi Iwata repeatedly criticized mobile games and the Internet in front of the media. The game destroys the player's gaming fun.

Faced with the new era characteristics brought by smartphones, namely the large-scale popularization of mobile data networks and cloud services, as well as the rise of smartphone games, Nintendo's managers failed to respond in a timely manner, which ultimately caused the company to be greatly affected. Loss. It was not until the end of 2015, with the death of Satoshi Iwata, that Nintendo announced the production plan for its first mobile game. At this time, the Japanese mobile game market has already entered a highly concentrated market state, and it is best to enter the mobile game industry. The timing has disappeared. Therefore, Nintendo has been passively lagging behind in the implementation of the blue ocean strategy, leading to errors in strategic management.

In the video game industry, consumers and software developers constitute two-sided users of the platform, which forms a typical two-sided market attribute, that is, a two-sided market structure involving software developer sellers, consumer buyers, and entertainment game operating platforms (such as Figure 5) o Consumers buy and experience interesting entertainment software through game operating platforms, and their own utility is significantly improved; software developers sell software through Nintendo, Sony, or Microsoft platforms to make profits; game operating platform providers sell to consumers Platform hardware and obtain royalties from software developers. In addition to selling video game console hardware for profit, the three major companies of Sony, Nintendo and Microsoft derive most of their income from royalties collected from software publishers and developers. The royalty system is the original creation of Ren Tiantang. Nintendo established this system in 1984. At that time, it was mainly because Atari's game consoles were filled with a large number of shoddy games, which led to Atari's bankruptcy. At that time, Atari

did not charge any game development fees. Companies can develop software for Atari game consoles. In order to avoid this situation, Ren Tiantang started to use the royalty system. The system refers to that when the host manufacturer develops a new host, it will stipulate the software quality audit, platform access standards and royalty ratio. Third-party software developers need to purchase the development platform when developing software. After the software development is completed, the host manufacturer needs to purchase the development platform. The quality audit is carried out before sales. For every piece of software sold in the market, the developer must pay the host manufacturer's royalties in accordance with the agreed royalty ratio.

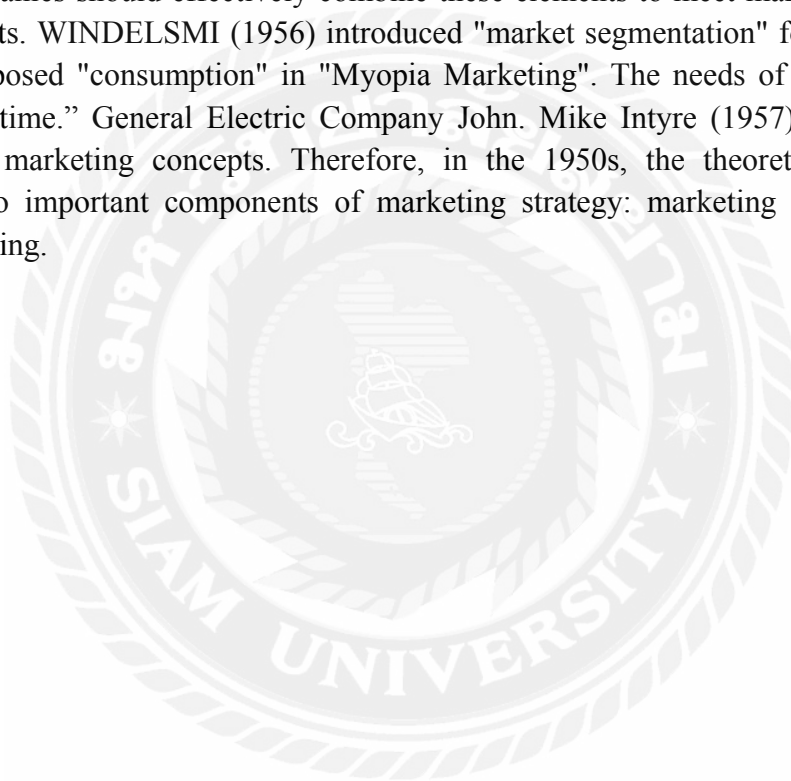
In addition, video game platforms also have significant externalities, that is, the number of users on one side increases as the number of users on the other side increases—in the actual operation of Nintendo, this two-sided market attribute is specifically expressed as: The demand depends on the amount of software that can run on the platform, and the demand for the game platform by software developers depends on how many consumers use the platform; the more software developers are connected to the product platform built by Nintendo, the platform the more consumers that may be attracted; the more consumers the platform attracts, relatively more software developers will be willing to conduct transactions through the platform. Because the software and hardware research and development of the platform not only requires huge investment, but also there are great risks. Entering this field also requires deep technical accumulation and brand influence. It is very difficult to attract software developers and consumers. So in addition to Nintendo In addition to the three giants, Sony and Microsoft, which have been deeply involved in the video game market, only Apple and Google have the courage to enter the market tentatively, but these two companies have not succeeded yet. Therefore, Nintendo, Sony, and Microsoft have divided up the vast majority of bilateral users in the market, almost forming an oligopoly-style bilateral market structure.

2.5 Nintendo'S Marketing Strategy Application

Philip Kotler pointed out in Chapter 16 Marketing Management Channels of "Marketing Management" that a distribution channel refers to the acquisition of a certain product or service from a producer (manufacturer) to a consumer (user)). All organizations or individuals that have ownership or help transfer ownership, including producers, merchant intermediaries, agency intermediaries, and consumers. Distribution channels are allocated by marketing channels. Marketing channels also include organizations and individuals in the distribution channels, as well as suppliers and auxiliary suppliers. But in many cases, including the research literature of some scholars, the terms marketing channel and distribution channel are often used indiscriminately. Distribution includes six processes: saving process management, negotiation process management, and products. Bert Rosen-Brom believes that these six processes cannot automatically occur in a coordinated mechanism at the same time, thereby bringing manufacturers and end users. Information flow and promotion flow may announce the arrival of the product a few days or even weeks before the product actually reaches the user; therefore, negotiations require some or all members of the distribution channel to redouble their efforts to achieve process

coordination. Therefore, distribution management can be regarded as the two aspects of the channel member selection criteria proposed by Francis Blasing and Stephen Petit in the co-authors of "Marketing". 14 Criteria: This is the analysis of all processes. Planning and controlling processes. Strategic aspects Including market expansion, resource base, management quality/capability, market coverage, cooperation intentions, loyalty and operational aspects, including understanding of the local market, sufficient space/equipment, inventory policy, customer benefits, product knowledge and courier payment conditions , Sales force capability and efficient customer service.

Neil Boden (1953) coined the term "marketing mix" in the inaugural speech of the American Marketing Association, which means that market demand is more or less affected by the so-called "marketing variables" or "marketing elements"." To seek a certain market response, companies should effectively combine these elements to meet market demand and maximize profits. WINDELSMI (1956) introduced "market segmentation" for the first time, and Levitt proposed "consumption" in "Myopia Marketing". The needs of consumers may change at any time." General Electric Company John. Mike Intyre (1957) expounded the philosophy of marketing concepts. Therefore, in the 1950s, the theoretical community focused on two important components of marketing strategy: marketing mix and Target market positioning.



CHAPTER 3 RESEARCH METHODOLOGY

3.1 Qualitative Research Method

This article focuses on the study of Nintendo's strategic management methods, combined with the definition of qualitative research methods, using literature survey methods, observation methods, speculation methods, behavioral research methods, conceptual analysis methods, and comparative research methods. Through the method of qualitative analysis, I further deepened my understanding of the research object, thus more scientifically revealed the law, clarified the relationship between the two, and predicted the development trend of things. Therefore, the use of qualitative analysis methods laid a solid research foundation for my personal research.

3.1.1 Literature Research Methods.

The purpose of literature research is not only to know what has been studied before, but also, I want to know what I can use from previous studies.

The key is to find it from previous studies find the variables or factors you want to use in this article. The author searches the domestic and foreign related research literature and the material, passes through the study, induction and comprehensive analysis of these research results, it is found that the paper needs to be used in the analysis framework to make new research on the basis of basic theory and application of knowledge and skills.

3.1.2 Case Study Method.

The main research method of this paper is case study. As an empirical study.

Case study is a kind of qualitative research, through the observation, refining, analysis and summary of the case, to find some valuable new variable, relationship, or mechanism. The reason people use case studies is because of it can help people understand complex phenomena in a comprehensive way. Because case studies focus more on phenomena past and present real-time description can deeply describe the essential characteristics and dynamic evolution mechanism of the phenomenon, so this paper uses the case study method.

3.2 Environmental Scanning Method

In this paper, the environmental scanning method is used to study the internal and external environmental factors of Nintendo by using the Five Forces Model and Tows Matrix.

3.2.1 Five Forces Model Method

Table 1 Porter's five-force model

Porter five forces analysis	Attraction to target markets
Competitiveness of existing competitors	High
bargaining power of upstream suppliers	High
Consumer bargaining power	High
The threat to competitors	Low
Threat of alternatives	High

Data source: The author organizes according to the literature

First, the threat of new entrants is low. The addition of new competitors will inevitably break the market balance, trigger the competitive reaction of existing competitors, and inevitably need to transfer new resources to competition, so that the income will be reduced or even lost, and may not be returned after a few years. Market entry barriers are high. The game industry is dominated by Nintendo, Microsoft and Sony, with big companies having more cost advantages in advertising, product development, sales networks and exports. More importantly, both brand personality and consumer loyalty provide an invisible barrier to potential entrants.

Secondly, the supplier that is the technology platform, has a high bargaining power. The level and speed of technological development in the industry dominate the development of the whole industry, because most of the investment in the game industry is different, especially in the era of rapidly changing technology, the production of new technology to replace backward technology is becoming more and more important. So, technology development costs will affect the bargaining power of the industry.

Third, The buyer's bargaining power is limited. Even if the end consumer of the game cares about the price, it is difficult to determine the price, because most brands are successful in making product differentiation by technology monopoly differentiation, which prevents buyers from comparing the difference between different brands. So, this does not have a very negative impact on the company's profit margin.

Fourth, The threat of alternatives is high. The existence of products and services that replace you in the market means that the price of your products and services will be limited.

Two enterprises in the same industry may produce competitive behavior between them because the products produced are substitutes, and this competition from substitutes will affect the competitive strategy of existing enterprises in the industry in various forms. In the game industry, the fashion trend of the game will easily replace the old products, so the continuous introduction of new products brings a great threat.

Fifth, The competitiveness of existing competitors is high. Competition can lead to investment in marketing, research and development, or a reduction in prices, which can also reduce profits. The game market is seen as challenging, competitive and slow to grow, with Nintendo seizing most of its market share and maintaining relative stability through technology monopoly differentiation.

By analyzing the characteristics of the competitive environment in the video game industry market, we can find that the threat of potential new players in the game market is uncertain, the pressure from upstream can not be relaxed, and the pressure from competitors, substitutes and downstream is relatively high.

3.2.2 Tows Matrix Method

Use swot analysis to analyze the advantages and disadvantages, opportunities and challenges from the internal and external environments, and conduct separate research.

Table 2 Tows matrix

Strengths	Weaknesses
1.International Brand Image	1.It is difficult to enter the market of young male
2.Excellent R & D team	2. players or older players, and male players focus on action games.
3.Compatible with previous Nintendo games	3.Battery consumption is too large and rocker damage rate is too high.
4.There are well-known games as the main product, and good marketing methods and excellent leaders.	4.The game is suitable for limited age
5.Has a lot of fans.	5.Wii U sales are not as good as expected
6.With mature technology	6.No other special game stands out
Opportunities	Threats

1.Can drive the growth of related science and technology industry.	1.The replacement of smartphone games
2.Can stimulate more game industry creativity.	2.Competition from other game console manufacturers
3.Attracting potential non - young players.	3.Technical barriers are low, Japanese competitors have appeared similar products.
4.Can expand the market share extremely fast.	4.Game software piracy phenomenon.

Data source: The author organizes according to the literature

Through swot analysis of Nintendo's internal and external environment, the author believes that Nintendo's advantages outweigh its disadvantages, and opportunities outweigh challenges.

Nintendo has a history of hundreds of years in the video game industry. The market operation rules are all founded by Nintendo and continue to this day. This ensures that it can quickly gain the market and make profits after suffering heavy losses. A stable consumer group Long time accumulation has given Nintendo a large number of popular ace software, Mario, Zelda and other series of software are masterpieces that have attracted many fans. In this way, Nintendo has a stable consumer group demand, which has brought Nintendo a great competitive advantage.

In 2008, Nintendo united 54 game manufacturers in Japan against five NDS flash card importers and sellers, including R4, and filed a lawsuit with the Tokyo District Court for the sale and sale of illegal copy game software. The following year, the court also issued a ruling, announcing that the import and sale of related flash card products are prohibited, and all inventory must be forcibly destroyed. This caused Nintendo to suffer heavy losses.

With the faster and faster pace of life of contemporary people, people spend less and less time playing games at home. It has become the consensus of most people to use their leisure time for entertainment. In this entertainment mentality, loading On smart phones, mobile games that can be used for entertainment at any time have become the main means of entertainment for people to pass the fragmented time.

Today's Nintendo's technology is no longer the leader in its peers, but its games are still popular with more and more people, and they can still bring people the joy of childhood. Effectively reduce costs and provide a positive gaming experience, which is also the unique

secret for it to be proud of the gaming industry in the face of increasingly advanced technologies and configurations.



CHAPTER 4 DATA ANALYSIS

4.1 Analysis Of Nintendo's Internal Resources

4.1.1 Analysis Of Nintendo'S Tangible Resources

Tangible resources refer to the part of physical resources that can objectively measure the value of an enterprise through data. Aiming at Nintendo, this article analyzes the capital resources and human resources in terms of product differentiation.

(1) Capital resources. Nintendo used to be the third most valuable company in Japan with a market value of more than US\$85 billion. Its peak market value was about 8.4 trillion yen, ranking second in Japan. However, since 2010, Nintendo has been hit by strong competitors and its performance has experienced a sharp decline. It can be seen from Nintendo's income statement for the five fiscal years from March 2009 to March 2014 that after the fiscal year from March 2009 to March 2010, Nintendo's net sales, gross profit, Gross profit margin, operating profit, operating profit margin, ordinary profit, and ordinary profit margin all began to decline. Nintendo has encountered difficulties in maintaining or expanding its capital resources.

(2) Human resources. Talent is the most important corporate resource. Human resource is a special tangible resource that affects the company's ability and flexibility of strategic transformation. Nintendo has a large number of technical personnel, designers and R&D teams. As of the end of September 2018, Nintendo had a total of 5,869 employees worldwide, of which 2,271 are core employees. These core technicians and designers have rich product development experience and continuous innovation and trend-setting thinking. They are the world's top electronic entertainment software and hardware design team headed by Shigeru Miyamoto, who is known as the "father of modern video games." Advanced management experience. The R&D and design team has rich experience in product development, technological innovation, lean production, quality management and other links. It is particularly good at transforming itself flexibly and adapting to the changes of the times. At the same time, it constantly attaches importance to the spirit of originality. Based on "the true value of entertainment lies in its The belief of "uniqueness" strives to provide products and services that will surprise and delight people. This is the greatest value of Nintendo's human resources.

4.1.2 Analysis Of Nintendo's Intangible Resources

This article further discusses Nintendo's intangible resources from three aspects: corporate reputation, intellectual property resources, and technical resources for product differentiation.

(1) Corporate reputation. Nintendo ranked 15th in the 2017 Global Corporate Reputation Top 100 Ranking with 75.72 points

In contrast, the US Apple Inc. ranked 20th with 74.94 points. By 2018 global corporate reputation 100. In the strong leaderboard, Nintendo scored 74.5 points and moved up to the 13th place. The ranking is produced by the consulting company Reputation Institute based on the feedback results of approximately 200,000 respondents. It emphasizes the perception of global consumers of various international brands and the products, services, company management, leadership, and leadership of these companies. Execution, workplace, innovation and citizenship. According to the survey data, each company gets a score. The Reputation Institute believes that a company with a higher score is more likely to be purchased or recommended. The survey results of the Reputation Institute show that Nintendo has always adhered to healthy entertainment methods during its years of business operations, and has developed a large number of innovative electronic entertainment consoles and game software for all ages, which has won the favor of consumers for Nintendo. And the excellent corporate reputation reflects Nintendo's strong intangible resource base.

(2) Intellectual property resources. Intellectual property is referred to as "IP" by many people. Nintendo has been deeply involved in the electronic entertainment industry for many years and has a strong industry influence. A large number of top intellectual property resources and software resources are concentrated on Nintendo. Nintendo owns a large number of intellectual property rights and most of them are extremely valuable. Among them, "Mario" and "Pokemon" are the world's top gaming IP in the field of electronic entertainment. The authoritative domestic media "Game Console Practical Technology" magazine once counted the historical sales of electronic entertainment game software that is popular all over the world, and sold more than 300 models in more than 340 models.

Among 10,000 sets of software, Nintendo's platform accounts for almost one-third. In the top-selling game IP list, the top three are all intellectual property rights of Nintendo.

(3) Technical resources for product differentiation. Nintendo has invested hundreds of millions of dollars in research and development expenses to develop innovative products, and even the total cost of the 2017-2018 fiscal year was as high as 603 million US dollars. In terms of hardware, Nintendo continues to research new technologies, such as semiconductor memory, display technology (such as liquid crystal displays), and electronic components. It also reviews the applicability of various technologies, including touch screens and sensors, wireless communication and network interfaces for home entertainment. Applicability. In terms of software, Nintendo focuses on making full use of hardware functions to plan its products, design and development procedures, and vigorously promote the expansion of the system infrastructure supporting software and multi-departmental network services. The new product Switch integrates the software resources and hardware features of the home entertainment host Wii U and the handheld multimedia interactive system 3DS, opening up internal resources. Nintendo also used all available external resources to actively turn its attention away from the company, using technologies that help create new gameplay, such as Nvidia's system-on-chip, multiple body sensing sensors, HD vibration sensing motors, etc. Reflects its dynamic ability to integrate external resources and provide users of bilateral platforms with highly valued differentiated products and services.

4.2 Analysis Of Nintendo's Operating Capabilities

4.2.1 Analysis Of Marketing Capabilities

Nintendo's marketing capabilities are very strong, and its marketing methods mainly have two gods:

1. Peripheral marketing. Nintendo has also vigorously promoted the sales of game peripherals while selling games. Nintendo launched the Amiibo figure in October 2014 and sold 2.6 million units in 2014, and in 2016 Q2 reached it. The sales volume of 21 million pieces shows the power of Nintendo's peripheral marketing.

2. Database marketing. Nintendo's two major marketing tools are "Nintendo Power" and the counselor system. The former is a publication that introduces game news, and the latter is a telephone service that can provide customers with game skills. These two magic weapons provide many valuable customers and counselors to Nintendo. Market information helps Nintendo better grasp the core players and attract new players.

4.2.2 Analysis Of Management Ability

After the Atari shock, Nintendo learned the lessons of the Atari shock and established a royalty system. The royalty system refers to a series of rules formulated by the console manufacturer to the console game manufacturer. Game manufacturers need to purchase platforms to make games, and only games that have passed the review of the host manufacturer can be released. At the same time, the game manufacturer needs to pay the host manufacturer the royalties for making and publishing games. Through this system, not only has the industry access standards of the console game industry been improved, the cost of making unqualified games by console game manufacturers has been increased, and the quality of console games has also been improved. Through the royalty system, Nintendo can not only strictly control the quality of games, but also combine Nintendo with major game manufacturers, such as Namco and Capcom, to form a strategic alliance, which greatly strengthens the third party Management of game manufacturers. In terms of production management, Nintendo created a precedent for commissioned production in the game industry. An important reason for Nintendo's high profits is commissioned production. Although Nintendo has a pilot plant, there is no company that actually engages in production. Starting from the red and white machines, the hardware is commissioned by other factories, and the assembly is also handed over to domestic and foreign electrical manufacturers. Nintendo's own employees are only responsible for technology research and development. . In this way, Nintendo reduced costs and achieved higher revenue.

4.2.3 Analysis of Nintendo's Innovation Ability

The innovative capabilities of Nintendo's dynamic capabilities studied in this article include two aspects, one is product or service innovation; the other is organizational management model innovation.

(1) Product or service innovation.

Nintendo has always taken product innovation as its core competitive advantage. Nintendo's dual-screen multimedia entertainment system, NDS, launched in December 2004, is a handheld entertainment device in the world that integrates dual-screen, touch screen, voice recognition, and folding body functions. This product was rated as the best innovation in the consumer electronics industry that year. The product is nearly three years earlier than the touch screen smartphones of companies such as Apple and Google. Nintendo's home entertainment system Wii, which was launched in December 2007, was the first in the industry to use somatosensory handles for operation and control. Its breakthrough innovation has brought surprises and joy to children and the elderly, and has become a popular and suitable all Entertainment products for age groups. Nintendo's 3D multimedia dual-screen interactive system, which was launched in February 2011, was the most innovative product at the time. The addition of a naked-eye 3D display screen enabled consumers to experience the direct experience without 3D eyes. The feel of a 3D picture. Compared with competitors' products, Nintendo's products are very different and innovative.

(2) Innovation of organization and management model.

In terms of organizational management model, innovation ability is reflected in the reasonable arrangement of internal product R&D, production, marketing, and administrative, and comprehensive departments. At the same time, there should be better ways of communicating with the outside in terms of information and talents. In terms of production management, Nintendo is the pioneer of commissioned production in the electronic entertainment industry. Since the 1980s, Nintendo no longer has a department that actually engages in mass production of products. Most of the parts are produced by external partners, and the assembly is also handed over to other foundries. Nintendo's own staff is only responsible for product innovation, technology research and development, and brand marketing. Through this model, Nintendo has innovated the production management method and obtained more profits. At Nintendo, innovation is not only a special task of the technical department and product development department, but a task to be achieved by the entire enterprise value chain. Nintendo's Japanese headquarters divides organizational management processes into two categories, namely business processes and company processes. The functions of the business process include product research and development, platform development, technology research and development, business development, market planning, etc. The functions of the company process include administrative management, comprehensive services, financial management, and human resource management.

4.3 Development Process Of Nintendo's Product Differentiation

Nintendo's development is not all smooth sailing. On the contrary, it has experienced too many ups and downs in its development. From the original card to the current video game console, Nintendo has grown up in a cycle of continuous trial, failure, and trial. This article draws on the way that domestic scholar Zhou Xiang et al. (2018) divided the development process of companies trying to discover opportunities and cultivate new capabilities, and

divide the development process of Nintendo's product differentiation into three stages: product differentiation identification stage, product difference Development stage, product differentiation and expansion stage.

At the beginning of the product differentiation identification stage, Nintendo launched a three-dimensional dual-screen multimedia interactive system-Nintendo 3DS (listed on November 1, 2012 in Mainland China) in 2011 and launched a home video interactive entertainment system in 2012- WiiUo

Nintendo 3DS is a handheld electronic entertainment platform. "3DS" is "3 Dimensions Dual Screen". Nintendo officially calls it "three-dimensional multimedia dual screen interactive system". Its essence is a handheld game console. It is used to run electronic entertainment software mainly based on games. It has two upper and lower display screens. The upper screen can display three-dimensional effects without the use of 3D glasses or other accessories; the lower screen is equipped with a stylus and has a touch control function. The main competitor of the Nintendo 3DS product in the market is Sony's PSV (PlayStationVita), and Sony has named this type of product "handheld computer entertainment machine."

The WiiU is a home video interactive entertainment system developed by Nintendo, which is what we commonly call home TV game consoles. It looks like a microcomputer host and is mainly used to run game entertainment software displayed on the TV. It is the follow-up product of the Wii home video game console that Nintendo launched in 2006, and it is also the first entertainment platform system developed by Nintendo that supports high-definition images. The main controller of the system is the GamePad. The style of this gamepad is very similar to that of a tablet computer. It has an embedded touch screen and combines direction buttons, joysticks and action buttons. The touch screen can be used as a supplement to the TV screen in the living room (providing an alternate asymmetric gaming experience, or as a means of using local multiplayer games without using a split screen), or in supporting entertainment game software Used directly in. WiiU's main competing products are Sony's PlayStation 4 and Microsoft's Xbox One. Sony has always been a standard in the industry, and it named this category of products "computer entertainment machines."

Since 2010, Nintendo has gradually been under the impact of strong competitors in the field of mobile network smart phone platforms and electronic entertainment video games, and its performance has experienced a sharp decline. Nintendo 3DS was first released in Japan on February 26, 2011, and went on sale worldwide in March 2011. Then, less than 6 months later, on July 28, 2011, due to disappointing sales, Nintendo had to announce a substantial price cut, from 240 US dollars at the time of launch to 169 US dollars. Nintendo's 3DS hardware sold at a loss due to price cuts, resulting in a decline in total profit margins. On the other hand, WiiU's sales situation is even less optimistic. In January 2013, Nintendo sold 57,000 WiiUs in the United States. In contrast, Nintendo's previous Wii product of the same type sold 435,000 units in January 2007, two months after its launch. Initial sales figures in the United States and other regions were lower than expected, causing Nintendo to reduce its fiscal 2013 sales forecast by 17%, from 5.5 million units to 4 million. In the first quarter of

2013, Nintendo reported that it shipped 390,000 Wii U and 1.73 million software copies worldwide. From March to June 2013, the platform system sold about 160,000 units, a decrease of 51% from the previous month.

After a period of market research, Nintendo analyzed the information of software providers and consumers on both sides of the bilateral market and found that the development of market segments to meet the needs of both sides for differentiated products can enhance user loyalty and form a pair of products. User demand and supplier control enable bilateral markets to promote each other, reduce head-on conflicts with competitors, gain competitive advantages, and ultimately increase corporate profits. Subsequently, in order to make the products more unique and differentiated, Nintendo adjusted its competitive strategy and began to explore the development method of its product differentiation strategy. Nintendo's development department carried out several redesigns and adopted a vertical product differentiation strategy. Using 3DS as the standard, it first produced a model with a larger screen and body, named "3DS LL" (three-dimensional dual-screen multimedia). System large version), first released in Japan and Europe in July 2012. This longitudinally differentiated design makes the new product 3DSLL and the previous standard product 3DS have vertical differences in screen, appearance, and battery, distinguishing consumer groups and meeting the needs of some people for large display screens. On the other hand, Nintendo released an "entry-level" version of the dual-screen multimedia interactive system in the global market in October 2013, named "2DS", which changed the shape and style, removed the 3D display function, and lowered the screen. The cost of 3D display satisfies consumer groups who do not need 3D display and are price-sensitive. Almost at the same time, Nintendo took the vertical product differentiation strategy as the core strategic idea, and began to intensively design and develop new products-new 3DS.

Unfortunately, due to the adjustment of competitive strategy and the development of differentiated new products require a lot of money and time, Nintendo has not been able to differentiate and improve another product, Wii U. By January 2014, at the company's high-level meeting, Nintendo executives Satoru Iwata et al. (2014) said: "We are currently in a very difficult situation. Obviously, in the current situation where the company has to report operating losses, only execute Price reduction is not an option as a way to ease the situation." The department responsible for corporate strategy said at the company meeting: "The strategic transformation of product differentiation looks great, but in fact the process of developing new differentiated products is very Consuming manpower and financial resources, our R&D expenses for the quarter from January to March 2014 alone will increase by approximately 80% compared to the same period in the previous fiscal year."

In short, at this stage of identifying strategic opportunities for product differentiation, Nintendo tried to expand the market with its existing core competitiveness and products, and through the investment of personnel and funds, it actively adjusted its own competitive strategy and began to implement it. The product differentiation strategy seeks to meet the needs of consumers by providing a differentiated product experience.

4.4 Nintendo's Strategic Analysis

In the previous article, this article mainly analyzed the dilemma faced by Nintendo and the feasibility of its strategic transformation to the mobile game industry, and through a combination of qualitative analysis and quantitative analysis, came to the conclusion that Nintendo can transform into the mobile game industry. In this chapter, this article will review the problems that Nintendo has encountered from facing risks to finally making the transition to the mobile gaming industry, and analyze the reasons for the problems, and finally draw the enlightenment of other companies when facing these strategic problems. .

4.4.1 Nintendo'S Strategic Mistakes In Its Transformation

(1) Decision-making lags behind when facing problems

As early as 2013, the impact of the Japanese mobile game industry on the console game market was a sign. In 2013, the market share of mobile games in the Japanese game market accounted for 50% of the entire Japanese game industry. In contrast, in 2013, Nintendo has been in deficit for three consecutive years, and its core products, 3DS and Wiiu, have not reached the expected goals. In the face of such a crisis, Nintendo's senior management still maintained an attitude of not paying enough attention to the rise of mobile networks and the rapid development of mobile games. Nintendo CEO Satoshi Iwata repeatedly criticized mobile games and the Internet in front of the media. The game destroys the player's gaming fun.

Faced with the new era characteristics brought by smartphones, namely the large-scale popularization of mobile data networks and cloud services, as well as the rise of smartphone games, Nintendo's managers failed to respond in a timely manner, which ultimately caused the company to be greatly affected. Loss. It was not until the end of 2015, with the death of Satoshi Iwata, that Nintendo announced the production plan for its first mobile game. At this time, the Japanese mobile game market has already entered a highly concentrated market state, and it is best to enter the mobile game industry. The timing has disappeared.

(2) The personal characteristics of CEO have a negative impact on decision-making

CEO is the person with the most direct and practical decision-making power in the enterprise. On the one hand, they hold the core information of the enterprise and are full of responsibility and vision for the development of the enterprise. However, due to the limited rationality of CEO itself, its human weakness inevitably affects it. Decision-making has a negative impact. These human weaknesses include overconfidence, excessive fear of risks, or excessive pursuit of risks for the development of their own careers.

Nintendo CEO Satoshi Iwata had rich experience in console game development before becoming CEO. After becoming the fourth Nintendo CEO, he presided over the development of Wii, 3DS and other works, all of which have achieved great success. Therefore, based on

his game production background and the great success in game console development, this article believes that Iwata has personality weaknesses such as overconfidence and excessive fear of risk. Iwata has repeatedly publicly stated that Nintendo will never do mobile games. The main reasons include: 1. Iwata has a contempt for mobile games and believes that mobile games will not have a huge impact on Nintendo's operations. 2. Nintendo lacks experience in mobile game production and distribution. Iwata thinks that Nintendo, as a senior console game developer, will encounter risks when entering the mobile game industry. This risk will also damage Iwata's own reputation. Therefore, Iwata strongly opposes Nintendo. Enter the mobile game industry. Obviously, due to the weakness of Iwata Satoshi's own personality, his decision-making was wrong, making Nintendo into a very passive situation in 2014-2015.

In addition, Nintendo has always had the tradition that the CEO himself is a game producer, but as a multinational company with more than 5,000 employees, CEO's participation in product development will have a certain negative impact on the normal process of research and development, and even cause the failure of the product. The failure of WiiU was precisely because Iwata Satoshi did not know enough about market demand.

4.4.2 Causes Of Strategic Mistakes

Based on the above three strategic mistakes, this article believes that the main reasons for these mistakes are:

(1) Market research and response mechanisms are not perfect

With the continuous deepening of economic globalization and the continuous development of transportation and communication tools, especially the development of mobile networks, everyone can obtain real-time information from all regions and markets in the world. Information asymmetry is also constantly reduced. , Which puts forward new requirements on the market survey and feedback mechanism of enterprises. Obtaining and screening information in a timely manner, extracting the information that is of great significance to the operation of the company, and submitting it to the decision-making level for discussion and corresponding countermeasures are the basic tasks of the company's market research and research departments. The ability to obtain key data and information faster than other companies is a new task given to the market research department in the current information age. To do this requires the most popular concepts of big data and cloud computing, big data. There are two meanings: a database containing massive amounts of data and the ability to find valuable information extremely quickly. Cloud computing refers to the virtualization of hardware resources. Big data and cloud computing have achieved great results mainly from emerging companies such as Google and Alibaba.

As a gaming company with a long history, Nintendo still adopts relatively backward and slow investigation methods in market research. It does not pay enough attention to the faster and more convenient investigation methods brought by mobile networks. Therefore, the problem of lagging high-level response has occurred. .

(2) Outdated CEO selection standards and inefficient process design

The main task of the enterprise CEO is to promote the development of the enterprise. The main qualifications required include excellent industry vision and insight, knowledge of people and responsibility, knowing how to delegate power and broad-mindedness. The main task of a company's product manager is to turn the company's strategic vision into actual products and to conduct product life cycle management. The main qualifications required are sufficient professional knowledge, rich product design experience, and a certain personality charm. Product managers who are able to design excellent and best-selling products have the opportunity to be promoted to CEO, but product managers and CEO require different qualities and powers. Therefore, an excellent product manager is often not a good CEO.

Nintendo has always insisted that CEO is a game producer and has rich experience in game development. This tradition has resulted in the company's CEO being limited to the qualifications of product managers, industry vision and insight, as well as decentralization and broad-mindedness. There are deficiencies in this aspect, resulting in errors in the strategic direction of the company. At the same time, Nintendo has always participated in the process design of product design by CEO, which is extremely inefficient. CEO, which lacks understanding of product status and future key development directions, will interfere with product development. Design process and even lead to product failure.

(3) Lack of decision-making risk avoidance mechanism

Although the CEO has specialized management knowledge and experience and is responsible for the development of the company, because the CEO only has bounded rationality, differences in his beliefs and preferences when making decisions will cause systematic deviations in the results of the decision. Therefore, companies must Understand the weaknesses of the CEO's personality and take systematic prevention.

During the period when Satoshi Iwata fiercely opposed Nintendo's production of mobile games, only a few people such as Tatsuki Junjima raised objections to his decision. Other senior executives, including Nintendo's hardware and software department managers, supported Satoshi Iwata's decision, and the board of directors did not Corresponding measures can be taken to correct Iwata Satoshi's decision-making mistakes, which has caused Nintendo to be unable to respond to the impact of mobile games. Therefore, the author believes that the lack of decision-making risk aversion mechanism is one of the important reasons for Nintendo's strategic mistakes.

4.4.3 Implications For Enterprises

(1) Establish a more efficient market survey and feedback mechanism

Due to the rapid development of mobile networks and cloud technologies, companies can build a larger user database. By uploading user data, including user preferences and user reviews of products, to the cloud database, it can be achieved through big data and cloud computing. Faster and more efficient market demand investigation and analysis. At the same time, companies can flexibly use the functions of mobile networks to implement faster user

surveys through survey questionnaires and other methods on the mobile section of social networks.

In addition, companies should establish a market feedback department with complete functions, formal procedures, and efficient market feedback to provide rapid feedback on information closely related to business operations, and submit the feedback information to the decision-making level for discussion, so as to achieve rapid response and Timely feedback.

(2) Establish a CEO selection mechanism that keeps pace with the times

By updating market information in real time, refining the qualification requirements of the CEO, establish a corporate talent pool and an outstanding candidate CEO talent pool. Specifically, the process mechanism for selecting a CEO includes:

1. Establish a list of candidate CEOs. When the company faces the selection of a new CEO, the board of directors must first understand the important qualifications that the new CEO needs at present and in the future, and find out the important capabilities that can determine the success or failure of the company. These abilities are the key elements for the board of directors to select the CEO.

2. Maintain an open and compatible attitude. The board of directors must remain objective when selecting CEOs. It should not only select from internal employees, but also consult professional headhunting companies to find external CEOs with outstanding abilities and excellent qualifications. At the same time, the criteria for selecting CEOs should not be limited to candidates' experience and qualifications in large companies, but should be expanded to lower-level senior managers. In the information age, the role of rich experience is no longer so important, and it may even hinder the reform of enterprises.

3. After determining the candidate, the board of directors must clarify the degree of matching of each candidate with the key elements, and conduct a detailed investigation of each candidate's personal situation. The most suitable person should be selected instead of the best person. Finally, the board of directors should tolerate the shortcomings of the CEO. Every CEO may have defects in personality or personal skills, but once a wise board chooses the CEO, he will decisively tolerate his shortcomings.

(3) Establish a sound decision-making risk avoidance mechanism

Due to bounded rationality, CEOs are prone to overconfidence, excessive fear of risk, or excessive pursuit of personal characteristics in the decision-making process. These personal characteristics can cause decision-making deviations. Therefore, companies need to establish a complete decision-making risk avoidance mechanism to avoid and weaken decision-making mistakes. As the top-level structure of the enterprise's decision-making level, the board of directors should be the main body of implementation of the decision-making risk aversion mechanism. The specific implementation plan of the risk aversion mechanism is as follows:

The board of directors should combine the compensation incentive mechanism with long-term performance appraisal. You can't just focus on short-term performance evaluation

and ignore long-term evaluation. If the company only focuses on short-term performance evaluation, it will cause the CEO to choose riskier investment projects for short-term benefits. By combining the short-term and long-term, the CEO can consider the long-term career perspective and choose a more even risky investment project. Business plan.

2. The board of directors needs to have a detailed understanding of the company's operating status and product information. Many of the CEO's decision-making deviations occur in an unconscious manner. Therefore, a director who fully understands the company's current situation and product information needs to correct it.

3. In terms of board building itself, it is necessary to achieve complementarity between men and women, and use women's more cautious and careful characteristics to alleviate the impulsive and risk-seeking characteristics of male shareholders and CEOs, so that the board can be more efficient in correcting CEO decision-making mistakes.

4. Categorize and sort out the situations that may cause decision-making deviations. Many CEOs' decision-making deviations often occur unconsciously. It is almost impossible for a CEO to avoid being affected by intuition when making decisions. Therefore, the board of directors needs to The situation that caused the decision-making deviation is collated and compared with the actual situation faced by the CEO to avoid decision-making deviation. The usual method of collecting context is to pass four tests: similarity test (whether the CEO has experienced these situations in the past), feedback test (whether the CEO has made appropriate decisions in similar situations in the past), emotion test (whether the CEO has In the past, emotional out-of-control occurred in similar or related situations), independence test (whether the CEO influenced decision-making because of improper interests or personal relationships).

Chapter 5 DISCUSSION AND CONCLUSION

5.1 Conclusion

5.1.1 The Blue Ocean Strategy Has A Positive Impact On Nintendo.

The Nintendo Wii series is the product of the Blue Sea strategy, which pioneered body games River. In the first six months of WII's launch, Wii Sports sold 8.88 million units and first-time Wii sold more than 5 million units. This is unprecedented in the history of the video game industry.

In fiscal 2006 (as of March 31, 2007), Nintendo's profits surged 77 percent from the previous fiscal year to Y174.29 billion. In fiscal 2007, Wii sold 18.6 million units worldwide, with a cumulative sales volume of 24.4 million units. On September 25, 2007, Nintendo surpassed Canon in market capital and ranked second among Japanese listed companies. In the months that followed in 2007, Nintendo made several major breakthroughs: Wii's global sales surpassed those of Microsoft's one-year-old product x360, its market capitalization exceeded the Y10 trillion mark. In the months that followed in 2007, Nintendo made several major breakthroughs: Wii's global sales surpassed those of Microsoft's one-year-old product x360, its market capitalization exceeded the Y10 trillion mark, Wii's monthly production reached the highest level in Nintendo's history (1.8 million units), and Wii completed five years of NGC sales in a year.H1 is true.

5.1.2 The Bilateral Platform Strategy Has A Positive Impact On Nintendo'S Game

Market Position.

Nintendo's multimedia interactive system provides a hardware platform for entertainment software consumers and software developers to contact, and consumers pay for platform hardware and software to enjoy the benefits of these entertainment software; software developers who are eligible to develop software for the platform from Nintendo can profit from consumers buying software developed by the company; and Nintendo makes money in meeting both consumer and software developers' needs. In this context, a bilateral platform strategy has been developed. Nintendo has teamed up with Game Stop, the world's leading online gaming sales platform. Use Amazon to capture the commanding heights and mainstream channels of the integrated channels, and use Game Stop to dominate the industry. Through the Asian Horse son, Game Stop and other multi-home appliance business platform online sales. Through the bilateral platform to reach the market dominance. H2 is true.

5.1.3 The Unique Marketing Strategy Has A Positive Impact On The Formation Of A Monopoly Market For The Nintendo Brand.

Nintendo consoles can only use game software made by Nintendo, which is incompatible with other manufacturers' game software; game software used in Nintendo

consoles is only sold to retail stores through wholesale stores that specialize in Nintendo products, and immediately cut off access to software supplied to a retail store if it is found to be selling software cheaply. Nintendo's game software production management is also very strict, the production of software that can be used on the "Fancy Kang", must be approved by Nintendo contract, no such contract may not be made. And the finished software must be produced by Nintendo. As a result, once a retail store is cut off from Nintendo's software supply, it will never get Nintendo's game software again. This self-made sales management prevents retailers from cutting prices at will, allowing them to make high monopoly profits when introducing superior software. H3 is true.

This article takes Nintendo Co., Ltd. as a case, and analyzes the development and innovation of Nintendo in today's changing market environment through blue ocean strategy, platform strategy, and marketing strategy. Throughout the development of Nintendo all the way, from the launch of the FC game console in 1983, the Wii in 2006, and the SWITCH in 2017. Nintendo is able to create an immortal and dynamic company that has survived a century. First of all, it seized the best opportunity to open up the global market, which created an economic foundation for Nintendo's subsequent development. Secondly, it is timely to formulate the limitations of the industry, timely choose the transformation and find the appropriate direction for the transformation. In addition, it has seized the potential of the emerging industry of video games, allowing Nintendo to obtain an unshakable part of the video game industry.

5.2 Nintendo's Recommendations

The author believes that Nintendo will first continue to develop a new generation of consoles afterwards, maintain the leading edge of Sony and Microsoft in the handheld field, and through the strategy of opening up new markets, it can quickly achieve huge installed capacity. This is a bargaining method that can convince the first The three parties actively participated. When the interests of non-participants diminish and new markets become crowded, Nintendo will continue to develop new markets through third parties. By mastering both high-profit new markets and stable traditional markets at the same time, we can even enjoy substantial profits and maintain stable operations.

Secondly, Nintendo can get positive enlightenment from the huge profits of Apple's iPod/iPhone, and strive to break through the traditional concept that Nintendo's products are equivalent to low-end cheap products and modify its product market positioning. From the perspective of the ever-changing market competition environment, Nintendo's traditional business ideas of small profits and high sales have become increasingly unfavorable. Must redefine brand value. Nintendo must bear enough price space to ensure a reasonable source of profit.

Third, through the passage of time, Nintendo has exposed more and more serious drawbacks in the industrial ecological chain established by Nintendo. The third-party licensing system has led to more and more industry closures, fair competition market rules

tend to be powerless, and the market has increasingly become a stage for a few existing beneficiaries. Traditional commodity sales and circulation systems are becoming increasingly inefficient, and inventory backlogs and second-hand circulation problems cannot be reasonably resolved. Instead, the online sales model can effectively solve the past transportation and library problems that disrupted hardware and software manufacturers, and even provide the best solution to the problem of illegal software. Take Apple's application store as an example. As of January 19, 2009, the number of software products in the store was close to 1,200, with a gradual download of more than 5 billion, including more than 20 million software downloads. Only 6 months of software downloads are huge and its market size. Therefore, Nintendo can provide a store system for online software sales. Users can use virtual currency to purchase software with different prices. In the future, software distribution can adopt the dual-track system of traditional sales and online sales, and further adjust the investment ratio according to actual market demand.



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