

Nintendo Wii

Marketing Plan for Marketing Management

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Executive Summary

This marketing plan is looking at Nintendo's Wii. This innovative hardware has really changed the way people, young and old, look at gaming. Considering the Wii has only been out a year and four months, this is an extraordinary feat. Nintendo has been keeping gaming alive since 1985 with the release of the original Nintendo (Famicom in Japan) and still keeps the true spirit of gaming alive today. For thoughts from the President of Nintendo, look at pages 4-5 of the 2006 Nintendo Annual Report.

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Situation Analysis

Internal Environment

Key Executive

The board of directors include the following people:

- Satoru Iwata: President and Representative director
- Reggie Fils-Aime: President, Chief Operating Officer, and Executive Vice President of Sales and Marketing of Nintendo of America Inc.
- Tatsumi Kimishima: Director, President of Nintendo of America Inc. and Director of Nintendo Inc.
- Elichi Suzuki; Managing Director and Director

Board of Directors

- Satoru Iwata
- Tatsumi Kimishima
- Masaharu Matsumoto
- Elichi Suzuki
- Yoshihiro Mori

Employees

Nintendo has a large number of employees ranging from hardware based people to software based people, programmers to business people, and the thinkers and the doers. The employees keep Nintendo alive and thriving.

External Environment

Customers

Without the support of customers ages 3-120, Nintendo Wii would be sitting on store shelves collecting dust and losing money for Nintendo.

Competitors

The two main rivals to the Nintendo Wii is Sony's Playstation 3 and Microsoft's Xbox 360.

Without this competition, Nintendo may not be to the point that it is now. It could rest on its laurels and not supply its customers with newest and greatest ideas.

Media

The media can at times be a business's enemy or a friend. Regardless which side it is on at any given time, the publicity the media gives helps position Nintendo and its products into the minds of consumers.

Suppliers

Nintendo doesn't make all of its own parts. It buys parts from companies such as Panasonic (batteries), IBM (processors), ATI (video cards), and so on. Nintendo keeps on good relations with these people to get best deals, faster deliveries, and because Nintendo needs them.

Distributors

Nintendo may sell some of its own products online, but the majority of it sells is through other retailers. Places like Walmart, Gamestop, Amazon, etc. are responsible for selling Nintendo's products like the Wii.

SWOT

Strengths

1. Innovative and simple game-play using a mixed of motion sensitivity and aiming device.
2. Opened the gaming doors to people ages 3-112.
3. Affordable (\$250)for people of a variety of economic classes.

Weakness

1. From 1996-2004, Nintendo had issues with 3rd party companies. 3rd party companies are responsible for release nearly 90% of the video games for a game system. During those years, Nintendo, for whatever reason, was limiting what games it would allow 3rd companies to release on their game systems. The only explainable reason for this limitation was to reduce game related violence. Since 2004, it has fixed many of those issues it had with most of the 3rd party companies. This has in turn effected the amount of 3rd party game support for the Wii.
2. Due to the failure of the Nintendo GameCube and Nintendo 64 during those 8 years, they chose to be more cautious when producing Nintendo Wii's. They couldn't foresee the success that the Nintendo Wii would have, and therefore produced too few Wii's compared to the current demand.
3. Nintendo always tries to keep video games affordable. Nintendo's Wii starting price was \$250, and Sony's Playstation 3 that released within the same month had a price of \$599. Even though Nintendo has sold more Wii units than Sony's Playstation 3, there is still some notable complaints from hardcore gamer consumers. The big difference between the two game systems is graphics. The Playstation 3 has graphics that look near real-life using a 256MB GDDR3* graphics card where the Wii has a 64MB GDDR3* graphics card. This desire to cut cost is a double-edged sword.

Opportunities

1. With Sony's high price tag and dropping sales with the Playstation 3, Nintendo has a good chance to sell more of its Wii units. That is exactly what they have done this year.

They have been tried their best to keep Wii on the shelves of stores this past Christmas to compete against the Playstation 3.

2. We have already seen the spread of video game fascination with all age groups this past year. If Nintendo can keep the fun factor of the Wii in its next game system, Nintendo can be sure that they will survive yet another decade.

Threats

1. With the economy being as unbalanced as it is, Nintendo could feel the ripple effect of the rising oil prices. If people can barely afford to drive anywhere, their game sales will drop. According a recent article in the Clarksburg Exponent, more than five million Wii units have been sold from November 2006 to November 2007 in the US alone; however, that doesn't mean that they will sell very many games if oil cost continues to rise, which basically defeats the purpose of selling the game system.
2. On top of that, they shipping prices may be higher, and considering they are selling the Wii's are being sold so cheap, they may end up going into the red.

Marketing Objectives

The first year of the Wii has been a success, but this coming year their plans are to continue to more gaming entertainment while trying to expand the uses of the Wii into our daily lives.

Upcoming titles such as “Wii Fit” and the Wii Balance Board hope to health to some degree fight obesity levels by getting gamers off their couch and up and moving around. With this being a goal, they hope to attract new customers and explore new opportunities never before possible with gaming companies.

Marketing Strategies

Select Target Markets and Positioning

Most generally video games are targeted to the younger market (5-22). However, the whole goal of the Nintendo Wii is to broaden that market to people of all ages.

While they offer games for a wide selection of people, they still develop games for specific markets. Games like the Legend of Zelda, Super Paper Mario, and Mario Galaxy are still focussed on the younger group.

Product Strategies

Since they are wanting to target a wide variety of age groups, they have redesigned the controller to make it easier and more natural to play the games. With its motion sensitivity, IR sensors (used to target things on the television screen), and a port to allow for a variety of controller add-ons to be used.

Already a number of addons have been created for the Nintendo Wii. The Wii ships with its own add-on called the Nunchuk; it has 2 extra buttons and a joystick used for many games. Games like Guitar Hero 3 allow you to actually plug in the Wiimote into the guitar (making it whiles and more responsive than the Xbox 360 and Playstation 2&3 models). A classic controller has been made to play the Virtual Console games; it can also be used for many Wii games as a substitute for the Wiimote. More add-ons are currently in development.

Pricing Strategies

While also trying to widen the age group, they are trying to break the economic barriers as well. Game systems such as the Xbox 360 and the Playstation 3 (neither offer actual games with their system unless purchased in bundle) are well over \$350 for their low-end model ranging up to

over \$500 for their high-end system (which does offer more features). The Nintendo Wii is humbly priced at \$250 (which comes with Wii Sports game), and there is only one model unlike the competition that has so many that people don't know what to get. The games are also \$10 less than the Xbox 360 and Playstation 3.

Promotional Strategies

Nintendo has included a free game with each Wii unit. The free game, Wii Sports, has been considered to be one of the best games so far. Other games systems do not offer free games with their game systems. For the other systems that included games, they increase the price by \$20-50.

In addition, they offer the Nintendo WiFi connection. This is a service that is you have high-speed internet that allows you to play certain online games against friends and others. Microsoft's Xbox Live that supplies a similar experience costs 7.99 per month or 49.99 per year (figures from Xbox.about.com). Nintendo's WiFi connection is free and offers many nice updates including other online fun activities (Mii¹ Channel², News Channel, Weather Channel, etc).

Supply Chain Strategies

- Nintendo buys parts for the Wii from a number of companies such as ATI (graphics), IBM (processor), Panasonic (batteries), and so on.
- Then the Wii's are constructing in their Japan factory.
- The Wii after testing, are shipped to local stores in Japan and shipped to America's Nintendo branch, Europe Nintendo branch, and their other destination by another group

¹ Mii's are characters on the Wii that you create to represent yourself, hence the name "Mii"=Me

² Channel is the name given to the Wii's program launchers (like executables on a computer)

(not sure exactly which group though since they likely vary between countries).

- Each branch then tests them in the local areas to confirm things have been localized correctly.
- Then they are shipped from the Nintendo branch again by another group to the distributors warehouses or straight to their stores such as Walmart, Game Stop (uses UPS), Target, etc.
- Then the distributors take the Wii's from their warehouse usually using their own delivery trucks.
- Then they are stocked on their shelves even if only for a few minutes.

Implement and Control the Marketing Plan

Action Plans

The only action plan that I can see Nintendo trying to set forth is to somehow catch up with the Wii hype. Beyond that, they continuously plan new, innovative ideas for the expansion of their Wii hardware. They recently bought the patent on a number of odd ideas like a teddy bear that you insert your Wiimote into or a bicycle that you attach your Wiimote to the peddle (more can be found at 1up.com). Whatever Nintendo's plan is for the upcoming months, you can bet it will innovative.

Responsibility

On top of continuously coming out with new, innovative game ideas (hardware and software), they also feel responsible for fighting against obesity. Obesity rates have increases since the release of video games, and therefore, Nintendo feels like they are responsible for finding healthy ways for people to play video games and not become obese.

Measurement and Control

Beyond just the sales figures telling Nintendo how well their Wii hardware is selling, sales figures for their games, WiFi connection activity levels, the number of downloaded Virtual Console games, and customer feedback let Nintendo know how well the Wii hardware is really being received by the consumers. From this feedback, they make needed software fixes in the form of Wii Updates³.

³ Small updates to fix certain software related issues with Wii games, the pre-installed software, or occasional updates for hardware.

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