



# MINITENDO

LEAD 720  
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# Nintendo

## Mission

**“We believe it is essential not only to provide products of the highest quality but to treat every customer with attention, consideration, and respect.”**

## Vision

**“Putting Smiles on the Faces of Everyone Nintendo Touches.”**

## Values

- **Products of the highest quality**
- **Improving communities**
- **Distinguished customer experience**



N I N T E N D O  
S W I T C H <sup>TM</sup>

# Product Images



# CUSTOMIZABLE LIVE CHAT



- To compete with other consoles (Xbox & Playstation), the Switch needs the live chat feature
- Live chat will enhance the multi-player experience
- Collaborating with Discord will allow Nintendo to save in R&D as they'll use Discord's tried and true software
- As an added bonus, the live chat will have customizable sounds and voice effects native to Nintendo's games

# REVENUE MODELS:

## 1. Free Asset

Discord chat feature included for free in the Switch console.

## 2. Increase Subscription

Increase online subscription by \$5 to include Discord chat feature.

## 3. Basic/Premium Subscription Options

Have a basic online subscription option including Discord chat for \$5 and a premium online subscription for an additional \$10 to include Discord Nitro.

# REVENUE SCENARIOS:

## 1. High Volume

Switch price remains the same (\$300) and even though raw materials increase, sales are able to cover the extra cost.

## 2. Stagnant Volume

Switch price increases (\$400) in years 2 & 3 to make up for the lack of sales, raw materials increase and marketing decreases.

## 3. Decrease Volume

Switch price remains the same even though there is a large decrease in sales and in marketing. Allowing the Switch to fade from view will ultimately pave the way for a new Nintendo console to take the spotlight.

# MOST PROFITABLE:

## Free Asset

3 year Gross Revenue:  
\$29,850

## CVP Analysis: Scenario 2

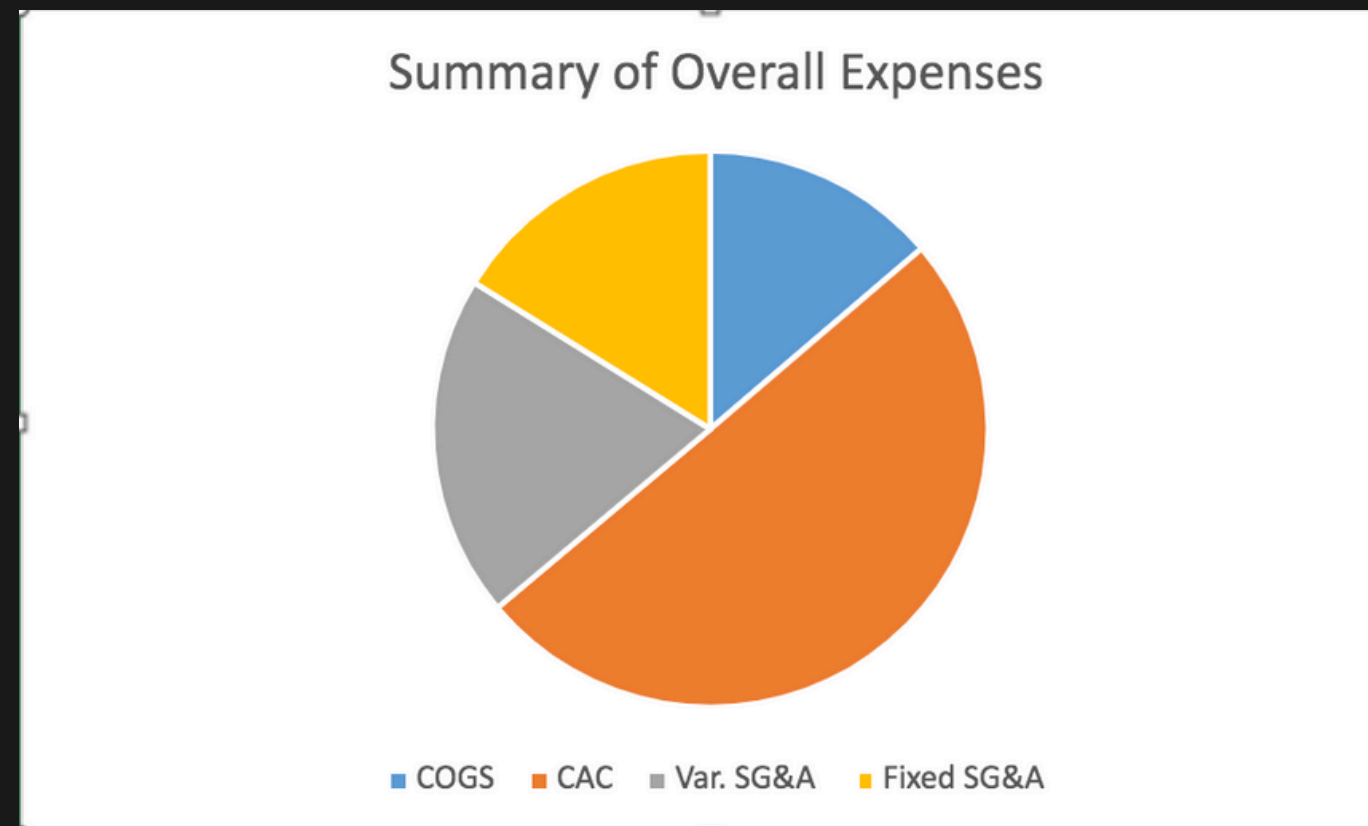
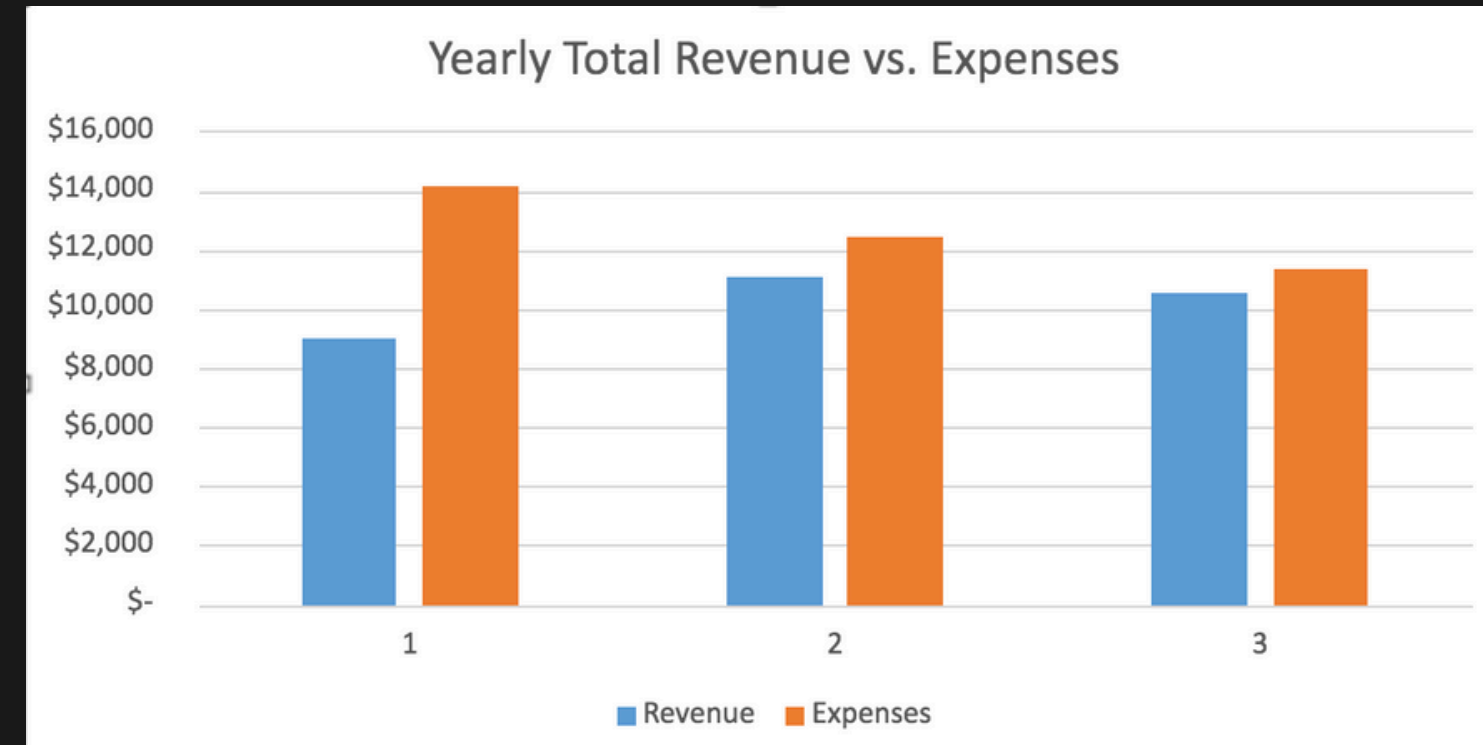
Year 1: \$8,490

Year 2: \$11,000

Year 3: \$10,360

# BUDGET SUMMARY

- Successful reduction of expenses to get closer to break-even/profitability
- Majority of expenses centered in customer acquisition/retention
- COGS likely to go up as raw material costs increase



# STRATEGY

## OBJECTIVES

## MEASURES

## TARGETS

## INITIATIVES

### FINANCIAL

Increased sales w/  
introduction of next-gen  
Switch w/ Discord  
feature

% of sales coming from  
new products (i.e. next-  
gen Switch), month-to-  
month sales growth

bypass break-even  
point to turn a net profit,  
extend lifetime of  
Switch 1-3yrs

use majority of  
advertising budget to  
target markets  
interested in next-gen  
Switch

### CUSTOMER

Engagement w/ Discord  
feature

# of users (registered &  
daily), messages per  
month

75% of customers using  
Discord feature  
regularly

placement of Discord  
feature at front of  
app/game list on Switch  
to encourage visits/use

### INTERNAL BUSINESS PROCESSES

Recruit & Retain  
Innovative Employees

monthly employee  
retention/interviews held, #  
of trainings offered,  
training/professional  
development budget

avoid employee layoffs  
due to lack of revenue

internal encouragement  
to use resources in  
employee benefits  
packages , inclusive  
hiring practices

### LEARNING & GROWTH

Find the best solution for  
the Nintendo & Discord  
partnership

R&D spending

aggressive R&D  
spending until Switch  
outpaces competitor  
consoles

increase spending by 5-  
10% YOY until goal  
reached

# SWOT Analysis

## Strengths:

- Customer loyalty
- Wide variety of games
- Multiple gaming consoles (3Ds, Switch, Oled & Lite)

## Weakness:

- Lack of "new" games and characters
- Reliance on Switch as revenue stream
- Not prepared for future challenges/obstacles

## Opportunities:

- Collaboration with Discord
- Multiplayer platform
- Development of new console

## Threats:

- Instability in supply & demand chain
- Competitors (Xbox, PS5)
- Societal changes (Covid-19 restrictions are being lifted = less time playing at home)

# FINAL FINDINGS

- Profitability possible
- Voice chat feature needed component of Switch
- Partnership w/ Discord not a significant hit to profit
- Risky to rely on Switch as continued main source of revenue
- Company will need more dramatic long-term pivot

# REFERENCES

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THANK  
YOU



# BUSINESS DESCRIPTION

In 1889 "Nintendo Koppai" was founded by Fusajiro Yamauchi to manufacture "Hanafuda", Japanese playing cards, in Kyoto, Japan. Since then Nintendo has evolved into one of the largest video game manufacturing companies, generating about 16 billion U.S dollars in net sales in 2021.

- <https://www.youtube.com/watch?v=SIPcT92E18w&t=351s>



# SUMMARY

Adjustment in marketing costs proved this scenario was actually profitable even with increases in raw material costs.

Nintendo could expand the lifespan and profitability of the Switch (currently in its 4th year of distribution) if they were to cut on expenses and incorporate the Discord feature on the next-gen Switch console.

Though Nintendo is currently working to expand their licensing fee revenue, this model proves the Switch remains their largest revenue source by far.

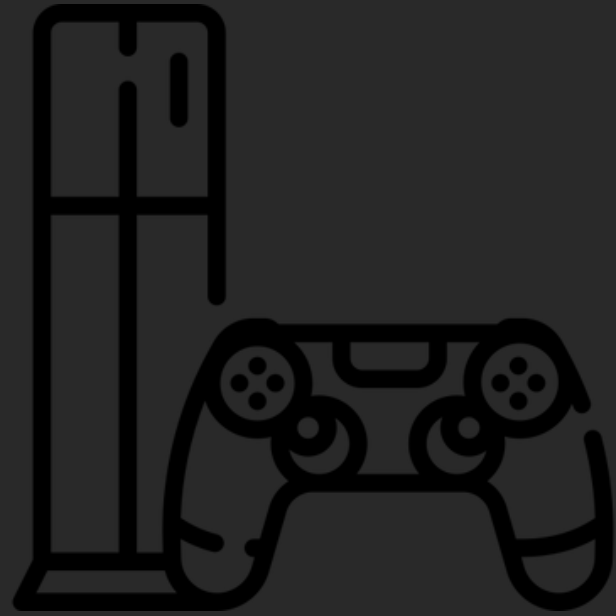
# CONCLUSION



**DISCORD**



# MAIN COMPETITORS



When it comes to gaming consoles, Nintendo Switch's biggest competitors are the Playstation 5 (Sony) and Xbox One (Microsoft).



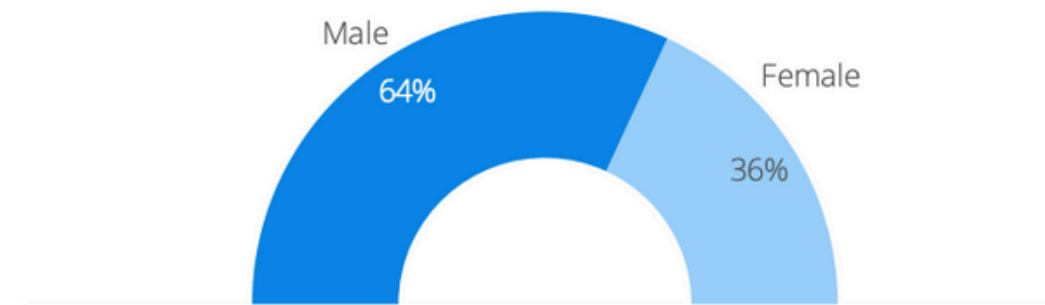
Although Discord is the 9th most-used chat service, with Facebook Messenger being its main competitor, Discord's main market is 18-29 year olds which coincides with the Switch's target market.

# DATA IN GRAPHICS

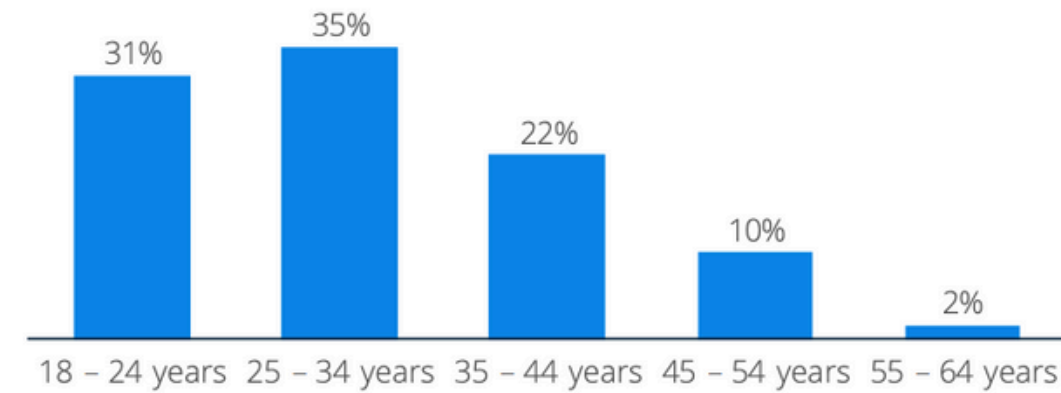
## Overview of Discord users in the United States

General demographics

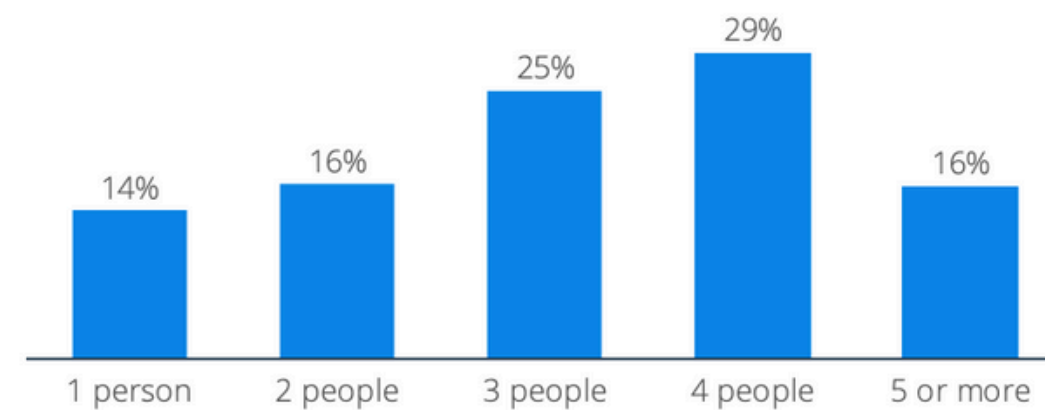
### Gender



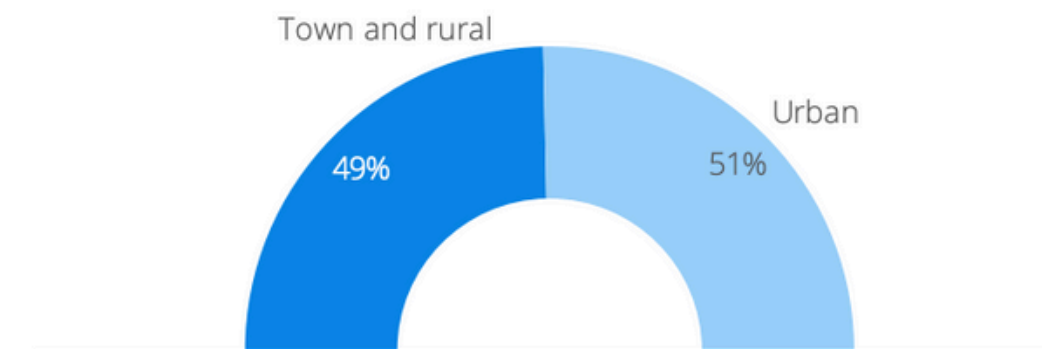
### Age



### Household size



### Community



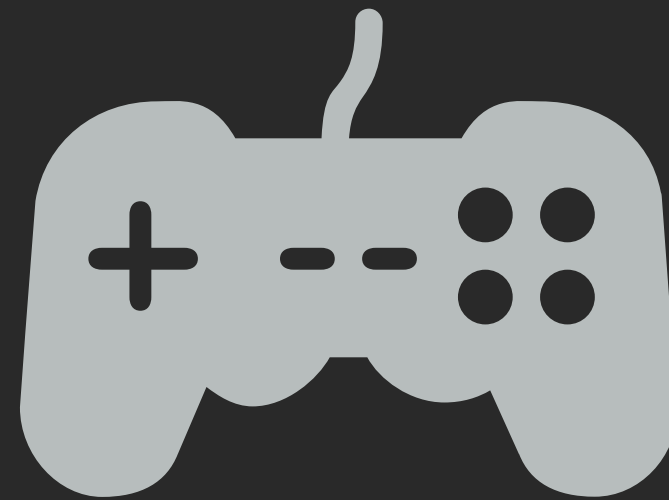
"What is your gender?"; Single Pick; "How old are you?"; Single Pick; "How many people - including yourself and all children - permanently live in your household?"; Single Pick; "In what type of community do you live?"; Single Pick; "Which messenger services do you use regularly?"; Multi Pick; Base: n=447, Discord users  
Source: [Statista Global Consumer Survey](#) as of November 2021

# TAM & SAM & TARGET MARKET SIZE



## TAM:

Gaming industry expected to surpass \$200 billion globally in 2023, mobile messaging app users worldwide expected to reach 3.5 billion by 2025



## SAM:

Mobile gaming in U.S. \$10 billion in 2019 (expected to grow to \$11.35 billion by 2025, video games total generated \$31.9 billion in the U.S., mobile messaging app users currently 60.4% in U.S.



## SOM:

Nintendo has already sold 63 million units worldwide, majority of gamers in the U.S. between 18-34 years old, 45% were female and largest share of Nintendo's revenue comes from the Americas (\$6.7 billion), 70% of Discord users listed video games as their top hobby

# CUSTOMER JOURNEY MAP



Thoughts &



Feelings:

"Early bird gets the worm"

"Gotta push through this"

"Time to chillax"

Actions:

Prepares mentally for the day with a quiet morning, quick breakfast and out the door.

Tries to keep himself motivated with knowing the job provides for his favorite hobby.

Unwinds at home & starts the night routine: eat, shower, puts on comfy pj's and turns on console to play and connect with friends.

Touchpoints:

Possibly checks on his game stats through an app.

Checks on his friends to see if they're still down to play. The console he chooses greatly depends on the games they want to play.

Uses the audio chat to catch up with friends and feels connected to them through multiplayer games.

# PERSONA: LIAM

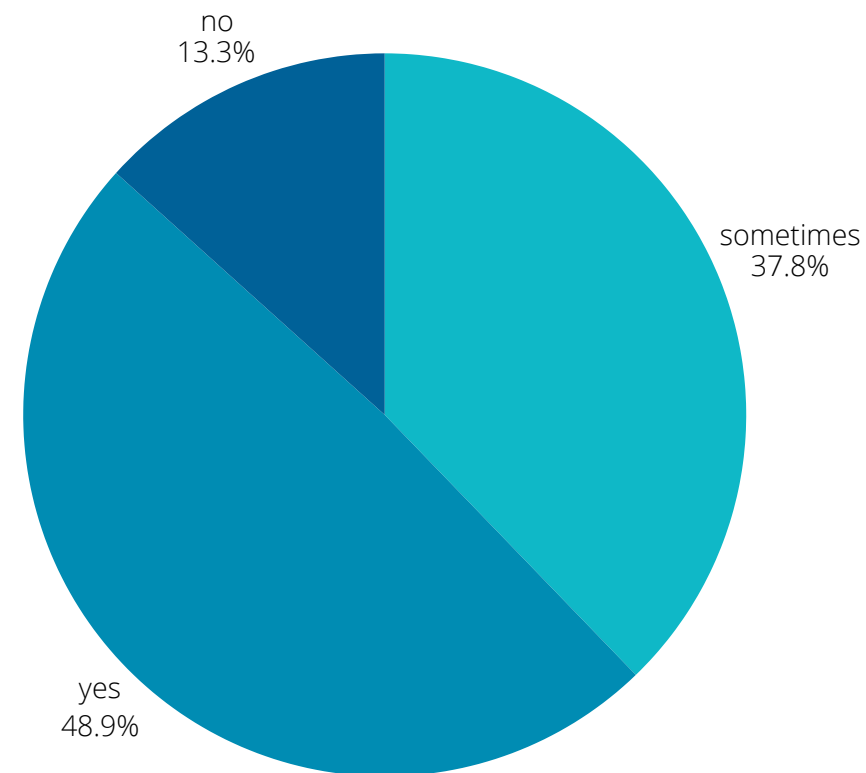


- 25 years old
- Raised in the US by hispanic parents
- Under \$3,000
- Works Full-time
- Lives with 2 roommates
- Owns multiple consoles: PC, PS4 & Switch
- Plays nearly everyday with his friends  
(except when he's too tired from work)
- Uses live chat every time he plays

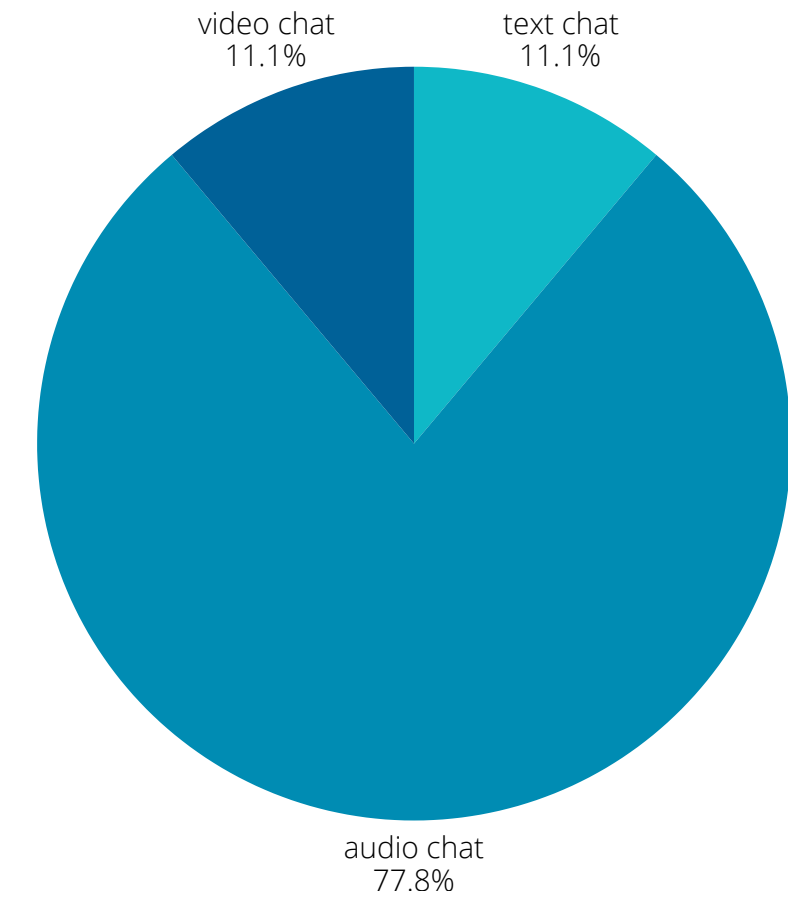


# RESULTS

13. When playing online with friends, is live chat an important feature for you?



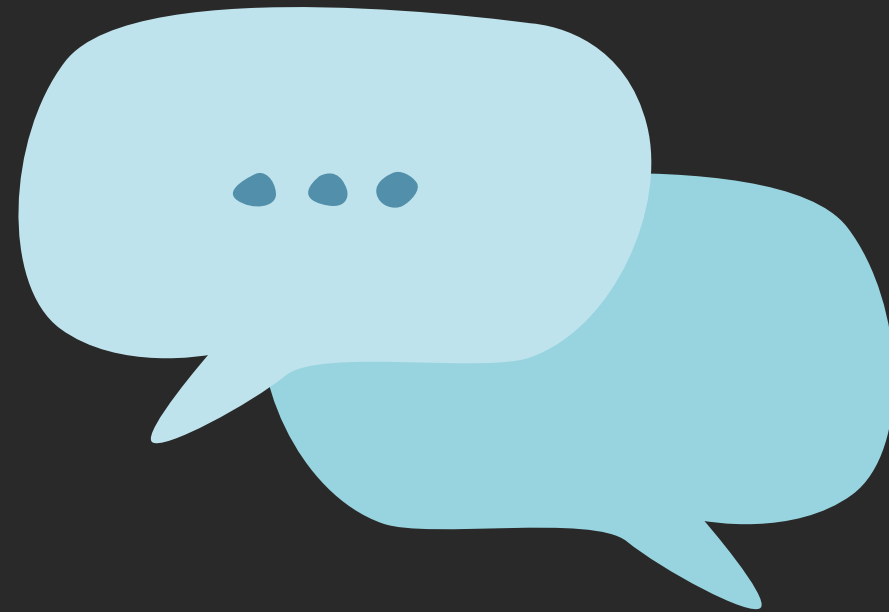
14. When playing online with friends, how do you prefer to live chat?



20. What other voice features would you enjoy?

- Nintendo related sound bites to joke with friends
- Voice change for different nintendo characters
- Censoring cuss words by using Yoshi's "mlem!" sound like he's eating them and turning them into eggs to throw later
- I want to sound like Vin Diesel
- Audio reaction like sparkles!

# DELIVERY METHODS



# ORGANIZATION OF QUESTIONS



Understanding Customers through demographics:

- Age Range
- Job/ Income
- Nationality/ Location

Understanding customer habits:

- Games they prefer
- Frequency
- Consoles they use



# ETHNOGRAPHIC METHODS



Survey will help us to learn about:

- Product's viability
- Possible Target Market
- Understand user needs

The results will allow us to address new concerns or problems and pivot if needed.

# Updated Business Model Canvas

## Key Partners

- Discord
- brand collaborators (i.e. Levi's, Southwest Airlines)
- gaming app providers
- web service platforms
- cellular providers

## Key Activities

production  
platform  
maintenance  
software  
development

## Key Resources

outside  
manufacturers  
employees  
(designers/  
engineers)

## Value

### Proposition

- Quality
- Good customer service
- portable entertainment
- Sleek, clever multi-purpose design
- connection w/ other gamers

## Customer

### Relationships

customer service  
assistance  
co-creation

### Channels

brand partnerships  
partner stores  
web/TV  
advertisement

## Customer

### Segments

- Millennials & Gen Z, young adults 18-34 years old
- gamers in The Americas/Europe/Japan/Other
- brand loyalists

## Cost Structure

R&D    Manufacturing    Global Distribution

## Revenue Streams

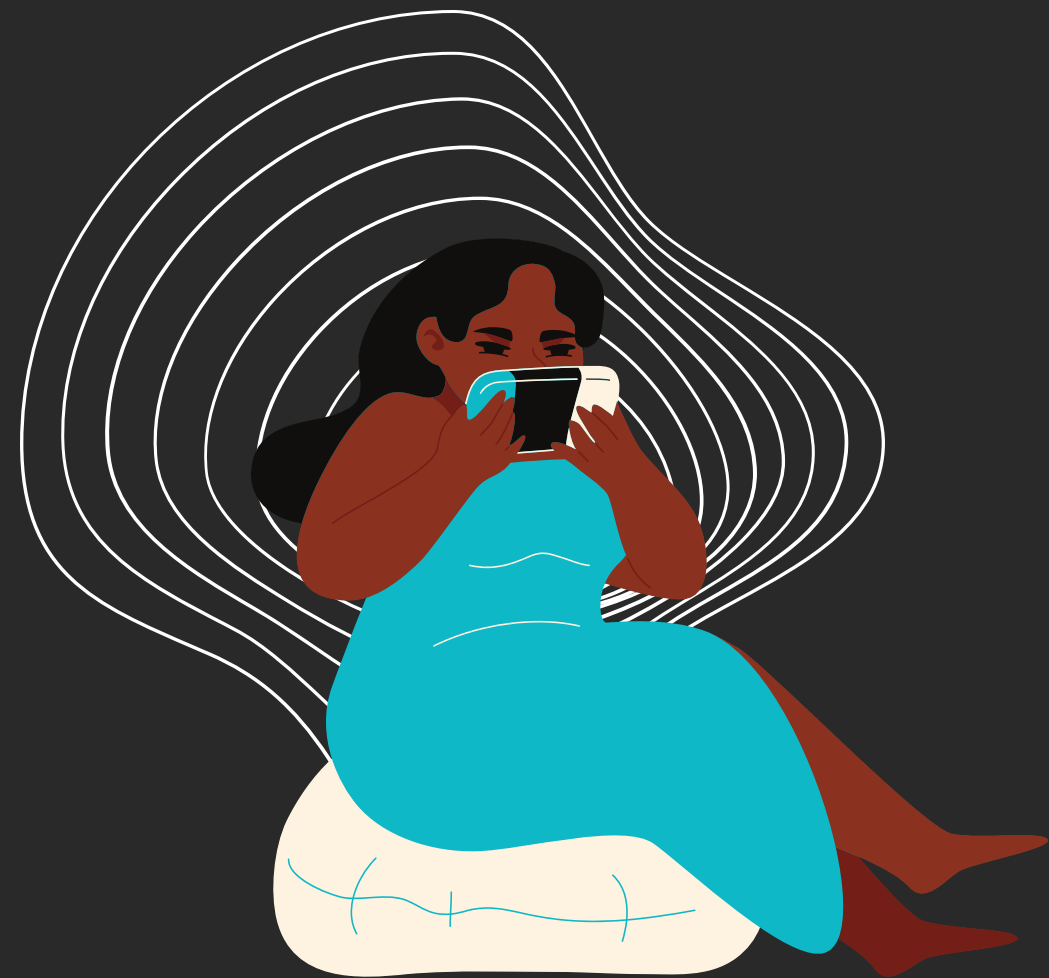
sales    subscription fees

1

5:30 PM 57%

Navigator's Page

Playing



\$19.99  
USD

Nintendo eShop

 **ONLINE**  
Nintendo Switch Online

 **DISCORD**

**12** Month  
Membership





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## Cost Structure

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## Revenue Streams

sales    subscription fees

# DESCRIPTION

This device was created for easy on-the-go play for brand loyal Gen Z & Millennials.

It's a hybrid console, meaning it works for portable single player games, as well as group play which can be done by detaching the controls and connecting the device to the TV via dock.

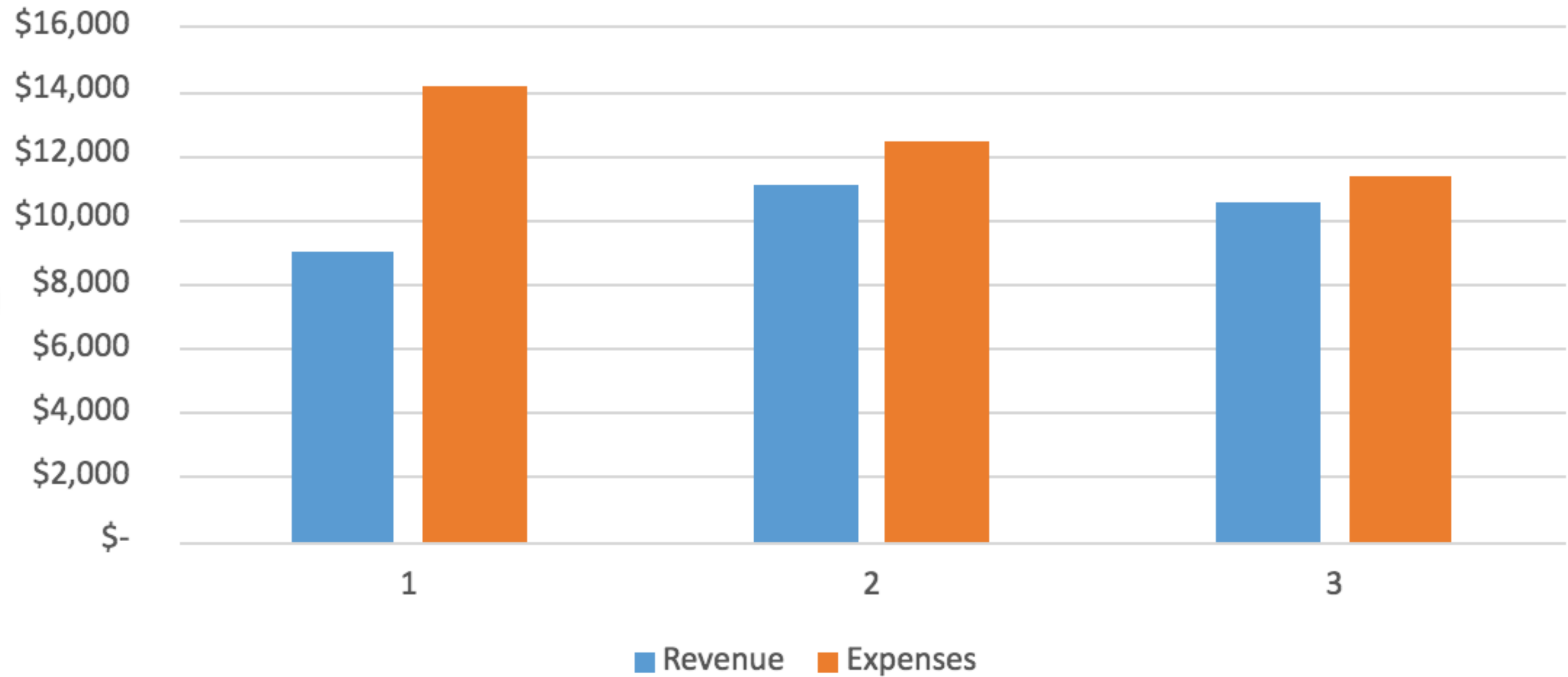
# HISTORY

The Switch was first released on March 3rd, 2017 for \$400 a unit.

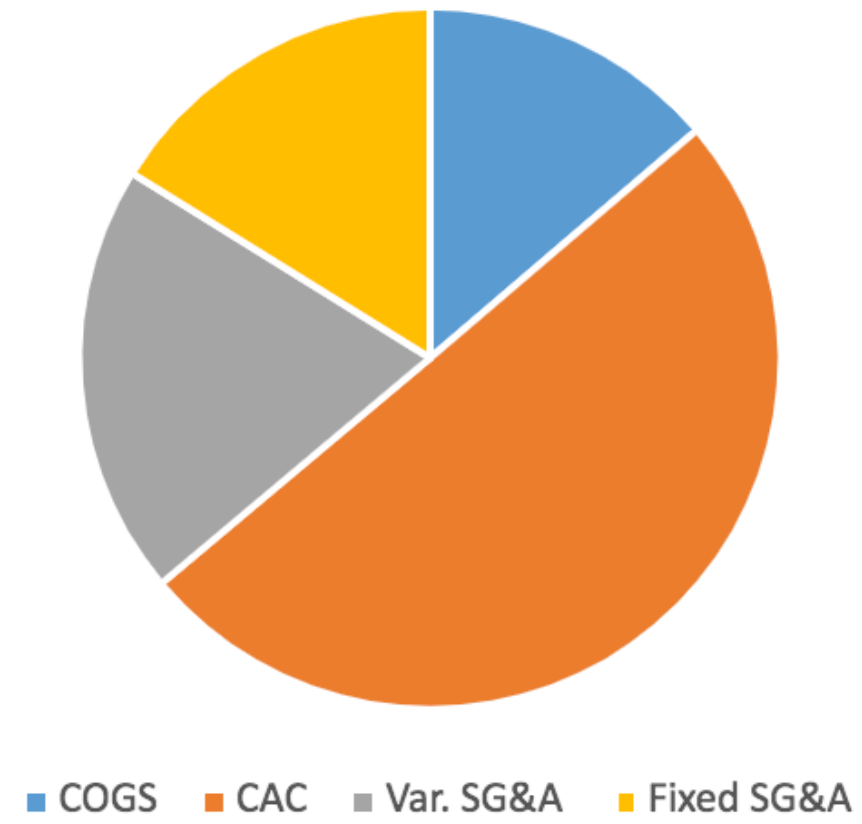
Two years later, in September 20, 2019 the Switch Lite was released at \$200 a unit and targeted for casual gamers.



## Yearly Total Revenue vs. Expenses



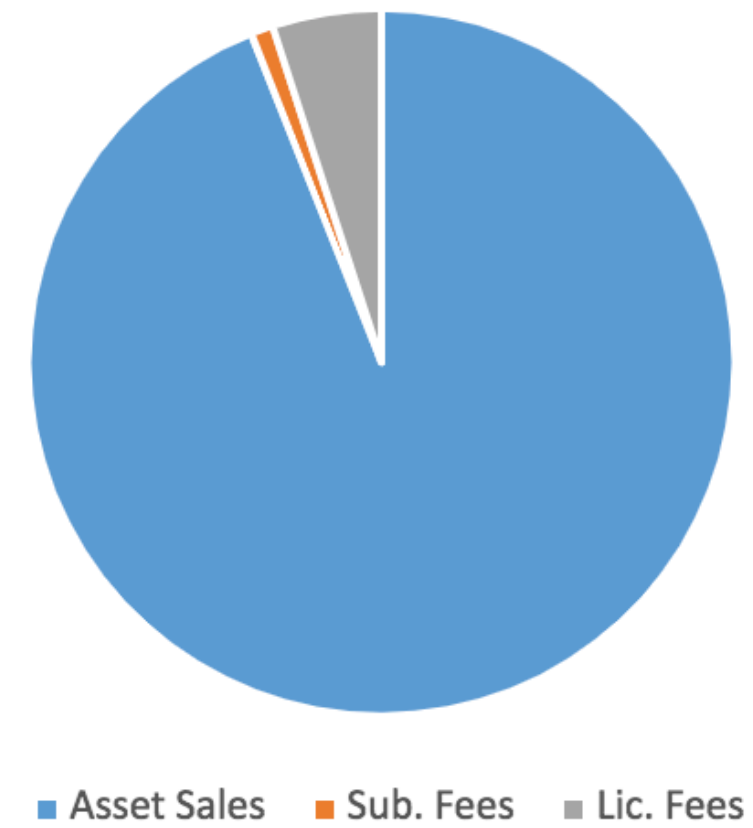
### Summary of Overall Expenses



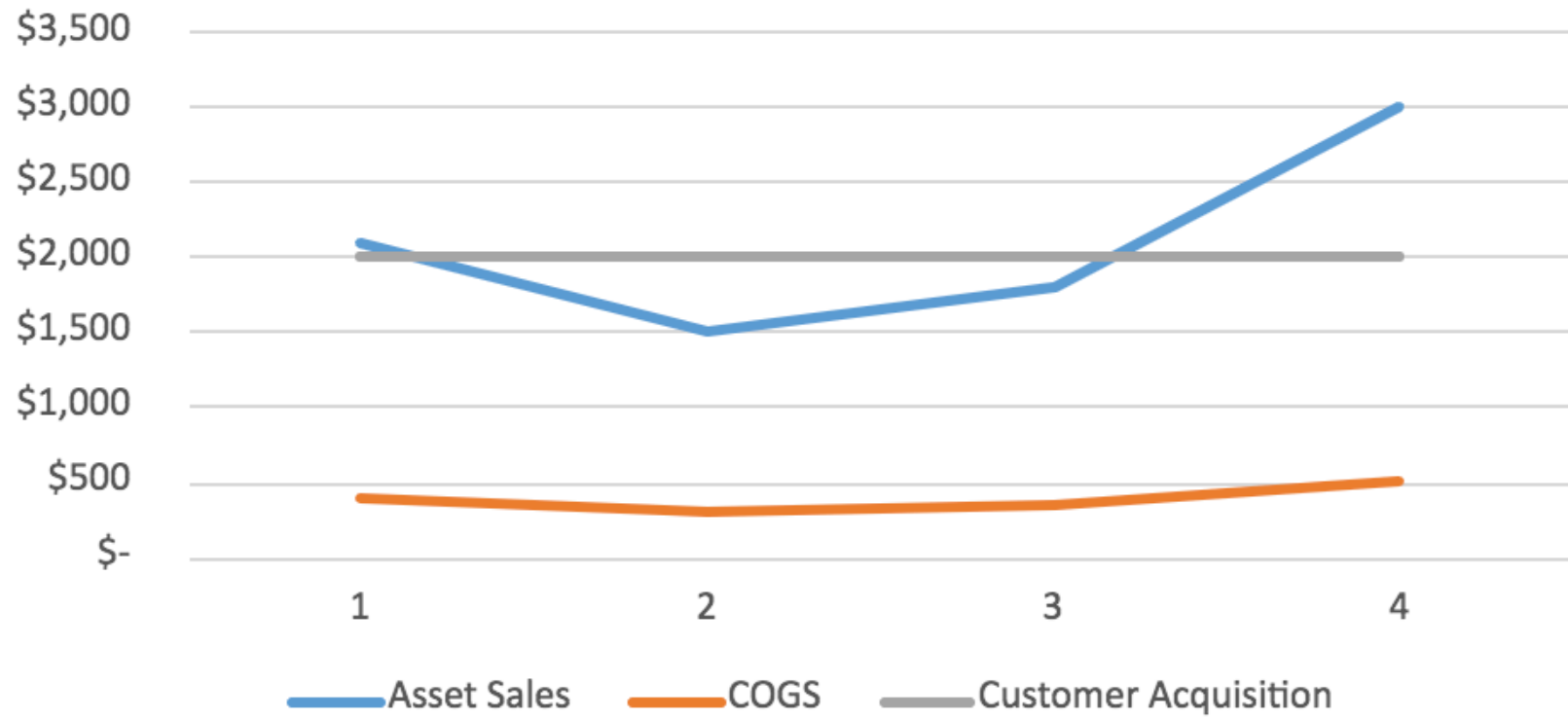
CAC - \$19,000

Asset Sales - \$28,769

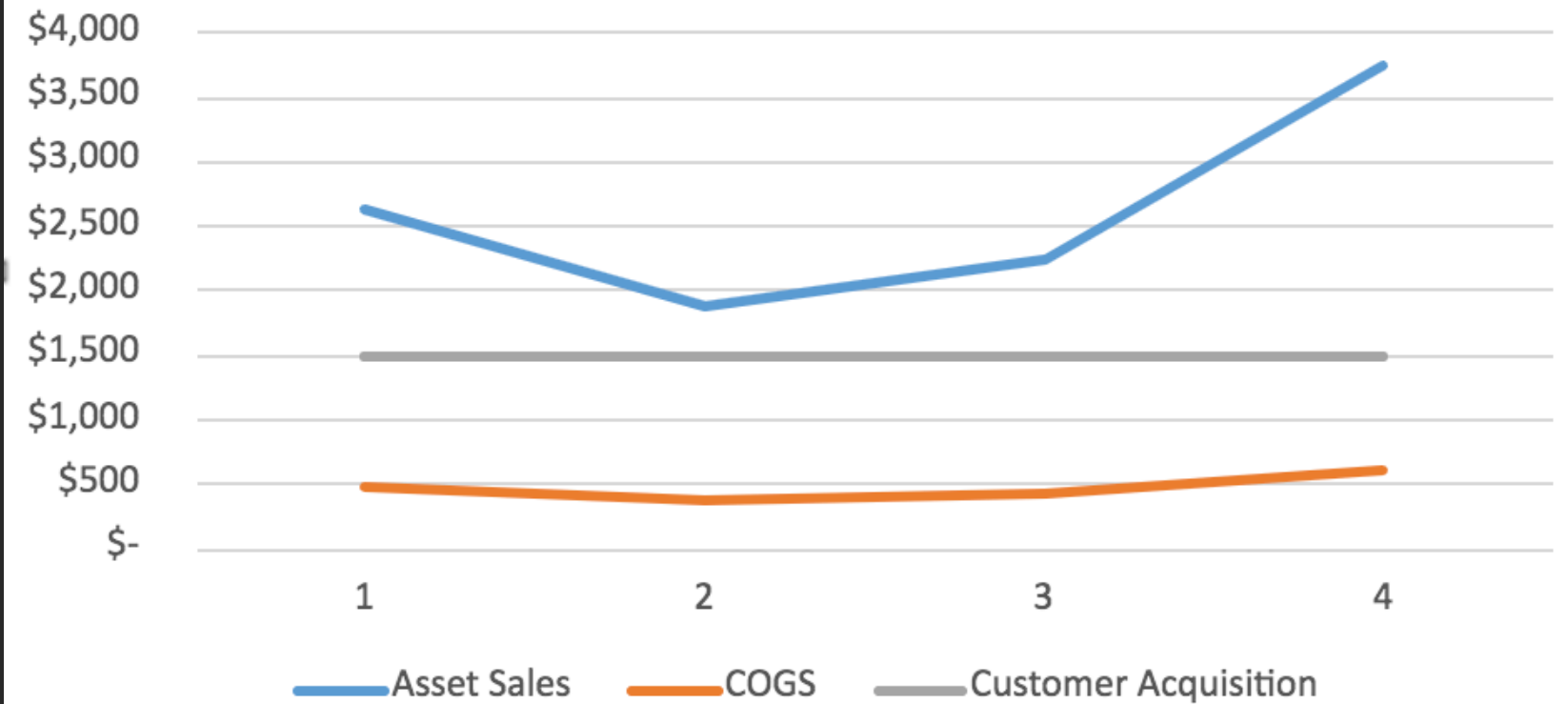
### Summary of Overall Revenue



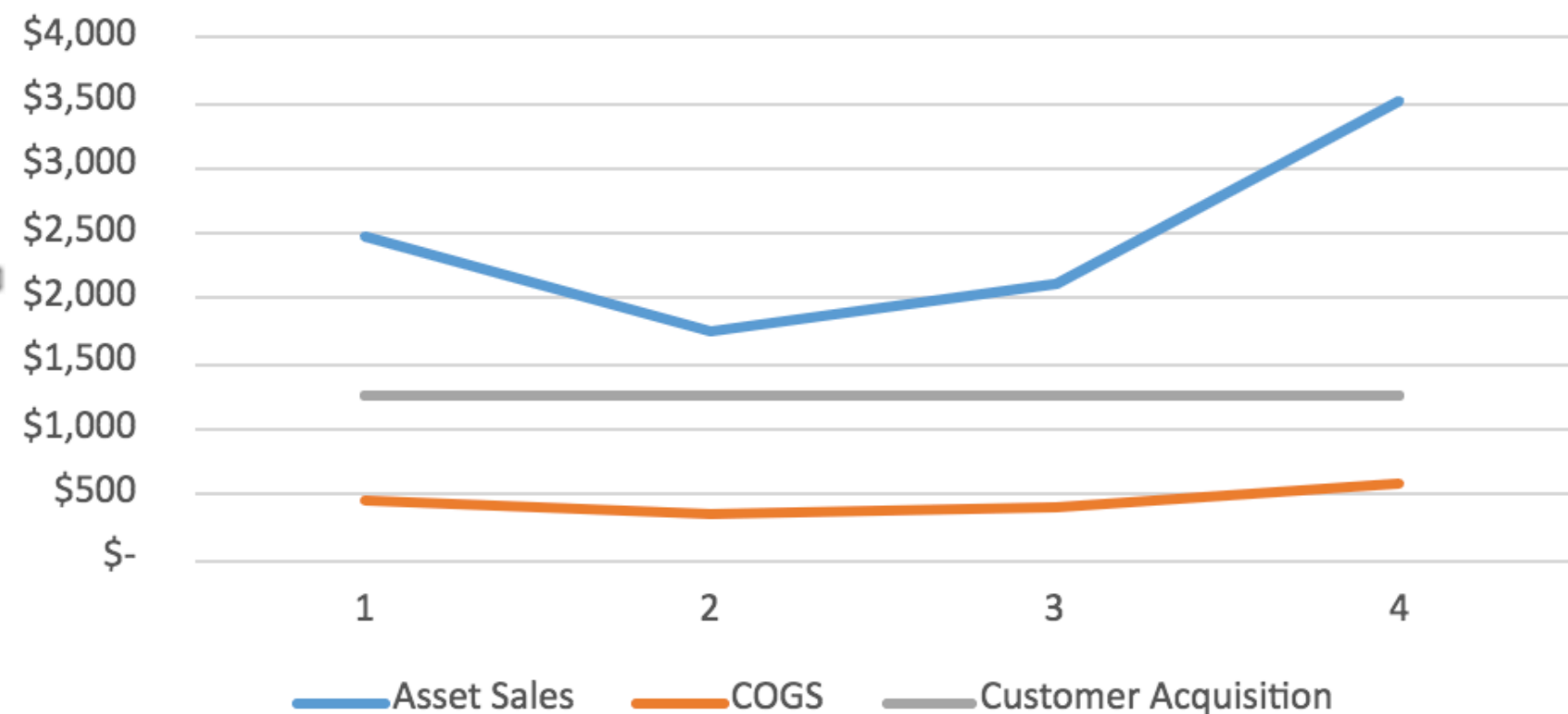
### Year 1 Quarterly Asset Sales vs. COGS/Customer Acquisition



### Year 2 Quarterly Asset Sales vs. COGS/Customer Acquisition



### Year 3 Quarterly Asset Sales vs. COGS/Customer Acquisition



# MISSION STATEMENT

"To put smiles on the faces of everyone we touch. We do so by creating new surprises for people across the world to enjoy together."