Research on Services Marketing Strategy of Nintendo Game Console under the Impact of Mobile Internet

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Abstract: This article takes Nintendo, the leader of the game console industry, as the research object to explore the market expansion of Nintendo under the impact of mobile Internet. According to the results of the analysis and research, combined with the market characteristics of Nintendo and the operating status of Nintendo, the marketing recommendations based on service marketing are product strategy, pricing strategy, service distribution strategy, service promotion strategy, service personnel strategy, and physical environment strategy And service process strategy, so as to provide a theoretical and practical reference for Nintendo Game Company on how to develop a service marketing strategy.

Keywords: Mobile Internet, Nintendo game console, Service marketing

1. Introduction

Due to the implementation of relevant policies by the government in 2014, the gaming machine industry was completely liberalized, and it has gained new life. Microsoft, Sony, Nintendo, and others have been vigorously developing the gaming console industry in China. Nintendo alone sold millions of switches in China in 2022. However, despite the continuous growth in sales, its market share has shown no fluctuation or even a downward trend. This is not only due to the suppression of its competitors, but also mainly because the development of mobile internet has provided more attractive features for consumers such as phones and tablets. At the same time, the hardware and software level of mobile phone products has developed rapidly, and mobile game functions have become a trend to replace handheld game consoles. In such a market environment, formulating a reasonable Services marketing strategy has become an important means of development or competition, and a strategy to overcome homogeneous competition.

This paper takes Nintendo, the leading player in the game industry, as the main research object. On the one hand, it wants to explore the effectiveness of Services marketing in the game industry, and on the other hand, it expects scholars to treat the game industry with an objective attitude. At the same time, how should Nintendo adopt the appropriate Services marketing strategy in the face of the impact of mobile Internet to give the entire game industry impacted by mobile Internet an appropriate plan that can continue to maintain market share or even expand market share.

2. Overview of Services marketing

Services marketing is a process of maximizing the satisfaction and even the sense of pleasure of consumers' consumption needs and desires through specific services. In this process, enterprises will use some economic methods and means to effectively deliver their core services to consumers. This series of processes constitute a comprehensive system of Services marketing.[1]

In the 1980s, in the framework of the original 4Ps theory, the famous American researchers Booms and Bittner added process, physical environment and people to it, forming the 7Ps combination theory of Services marketing that we are now familiar with. In today's increasingly homogenized world, 7Ps can embody the inherent characteristics of things, so that companies can achieve customer satisfaction services and earn profits for the enterprise.

The 7Ps theory is mainly distinguished from the 4Ps theory in three aspects: process, tangible environment, and people. At the macro level, 4Ps often focus on initial products, while 7Ps focuses on services, which is the difference between the two. Secondly, 4Ps marketing is committed to providing overall services, first producing products and determining prices for these products based on market value. After that, the enterprise distributes and promotes the products through Marketing channel to

deliver them to consumers. The entire process of product production and delivery lacks consideration for service aspects. Compared to 4Ps, 7Ps shift their focus to focusing on the details of the marketing process, which is more accurate and detailed.

3. Analysis of the current situation of Services marketing of Nintendo

3.1. Introduction to Nintendo Company

Nintendo is a global company in Japan that focuses on the development of gaming consoles and software. It was the first company to produce gaming consoles on a large scale and is currently at the forefront of the gaming industry. In early 2017, Nintendo developed a new game console Switch, and NS chief designer Takahashi stated that the Switch adheres to the philosophy of previous Nintendo game consoles, "only making pure game consoles. Although the predecessor of Switch, Wii, has the highest sales in the world, its unique operating experience is not applicable in some games. However, Switch's unique HD vibration can accurately reflect the game's body feel, allowing players to enjoy the feeling of being in the game.

The release of Switch will make up for the shortcomings of some game consoles in the past. Firstly, it will highly unify the game graphics and content of the console and handheld. For Nintendo Gaming Machine Company, it means that in the future, it can focus on developing a production line that balances both, while also saving energy on developing different machines, which can provide a foundation for Nintendo Company to innovate games. Secondly, a comprehensive improvement in the operating feel of portable devices. Switch allows players to understand the optimal operating form of the game console through the Joy Con controller. Although Joy Con may not be the most high-end, its innovation is currently the best. At the same time, Switch has made improvements to the online environment that players prefer the most. Switch has transformed the online development of the past into the ability to collaborate offline. You can always start offline with friends by carrying the switch with you, and this experience effect surpasses online by a large margin.

3.2. Current situation of Nintendo's Services marketing

Due to a series of policies on the gaming industry in China, Nintendo did not have many deployments in China before 2014. With the lifting of the ban on gaming consoles in 2014, Nintendo has also shifted its focus to the vast gaming market in China.

In order to generate sufficient interest among Chinese players in traditional characters in Nintendo games, Nintendo has moved many of its popular game software characters to mobile phones. At the same time, this will enable Nintendo to better face the impact of mobile devices such as phones, allowing players to gradually transition to professional game consoles and handheld devices. Nintendo is a global gaming company and due to previous game bans, Chinese games are rare among many Nintendo games. In order to meet the needs of Chinese players, Nintendo has significantly increased its cultural pace, allowing many of its classic games to be reproduced in Chinese.

Nintendo chose Tencent, which is highly well-known and has strong marketing and promotion capabilities in China, to collaborate and release domestically produced switches in 2019. Due to the strict review of games by relevant policies in China, and Tencent having accumulated considerable experience in the approval and operation of console games in China, this will inevitably bring convenience to the Nintendo Switch market. With the cooperation with Tencent, Nintendo's offline stores will gradually be established in major cities for the convenience of players. At the same time, in order to quickly occupy the domestic market with domestic switches, Nintendo chose Pinduoduo, a new e-commerce company with good momentum, and gave many subsidies on Pinduoduo, so that domestic players can enjoy high-quality products at a price lower than the market price. Although Nintendo gaming consoles continue to increase in sales in China, the piracy trend in China has to some extent harmed the interests of Nintendo gaming consoles.

4. Analysis of Nintendo's Marketing Environment

In the process of company operation, the marketing environment often brings some unfavorable factors to the company, which can affect the normal marketing of the company. If we attach importance to the marketing environment, we can identify some drawbacks in advance, which can provide a safe

guarantee for the company. At the same time, analyzing the marketing environment can make it easier for enterprises to seize environmental opportunities, enabling more excellent marketing resources to achieve business operations and achieve the company's marketing goals.

4.1. Macro-environmental analysis

The macro environment analysis, also known as PEST analysis, is to accurately analyze the external macro environment faced by Ren Tiantang Company, so as to conduct reasonable research and evaluation on the political, economic, social and technical aspects of the company. The political environment refers to the laws and politics that are closely related to the development process of enterprises. The economic environment refers to the situation where the process of socio-economic development may have an impact on the current or future of a company. Social environment refers to the analysis of various factors such as income and culture of social personnel to adjust corporate marketing. The technological environment refers to new technologies, products, etc. that have a decisive impact on the development of a company.

(1) Policy environment analysis

In 2000, China implemented a ban on gaming consoles, which prevented many gaming console companies such as Nintendo from selling various products in China. Chinese players could only obtain gaming consoles through smuggling, piracy, and other means. However, in early 2014, the General Office of the State Council announced the "Decision of the State Council on Temporary Adjustment of Administrative Approval or Access Special Management Measures in China's Pilot Free Trade Zone". The emergence of this measure means that the 14 year long ban on Chinese gaming consoles has been lifted, and the gaming industry is gradually recognized by the state. This measure not only cracked down on China's long-standing piracy behavior, but also mobilized the investment and development enthusiasm of game console manufacturers such as Nintendo, Sony, and Microsoft.

(2) Economic Environment Analysis

Due to the impact of the novel coronavirus epidemic, the economic environment around the world has become very pessimistic, but it has little impact on the game console market. Even due to the epidemic, people are being quarantined at home, further stimulating people's desire to purchase entertainment products such as gaming consoles, resulting in a shortage of gaming consoles in certain fields. For example, Nintendo's game called Fitness Ring Adventure combines sports with gaming. Although similar ideas have been proposed and implemented for a long time, Nintendo has achieved its pinnacle. This game has a release price of over 500 yuan, reaching over 800 yuan before the outbreak of the epidemic. When the epidemic fully broke out, people were unable to get effective exercise at home. This game has even increased from the initial price of over 500 yuan to 1800 yuan, which is almost comparable to a game console. This game is also jokingly known as the best financial product of 2019. With the impact of the epidemic, although the economy may become sluggish, people are also increasingly aware of their demand for entertainment.

(3) Analysis of Social and Cultural Environment

The change in people's traditional beliefs is a key factor in the rapid expansion of the gaming console industry. The change in traditional concepts is first and foremost because the excellent prospects of the gaming industry are enough to attract social attention. In 2022, the annual revenue of the gaming industry will reach over 400 billion, and society has shifted its attitude towards the gaming industry from previous resistance.

Secondly, as the living conditions of the people continue to improve, the majority of the people have already met their basic material needs and begun to pursue higher needs. The promotion of game consoles in daily life has enriched the spiritual world of the people, and many game consoles can meet the needs of families. Although mobile devices such as smartphones are becoming increasingly popular, game consoles suitable for all ages not only meet personal needs but also enhance family relationships.

(4) Technical Environment Analysis

With the rapid development of the game console industry and the impact brought by the mobile internet, in such a fierce market environment, the speed of game console technology updates has significantly increased, and comfort and smoothness are increasingly improving. At the same time, the development of mobile internet has led to the reform of marketing methods and methods in the gaming machine market, making the marketing of the gaming machine industry more modern and improving the marketing capabilities of gaming machine enterprises.

4.2. SWOT analysis

SWOT analysis is committed to internal measures within the company, which is to identify the strengths, weaknesses, and core competitiveness of the company by analyzing its own situation. SWOT analysis generally focuses on the internal strength of a company and its comparison with homogeneous companies. Its analysis of opportunities and threats focuses on changes in the external environment and potential impacts on the enterprise. When conducting analysis, it is necessary to gather various influencing factors within the company and then use external forces to evaluate each factor. Conduct a SWOT analysis of Nintendo Company, hoping to help Nintendo Switch select and determine a development direction that can leverage external development opportunities and leverage internal advantages of the enterprise.

(1) Internal advantages: Firstly, Switch surpasses other competitors in terms of expanding the gaming experience. Nintendo's game players are not only passionate about the latest Switch, which is a mixed blessing for this handheld device. With its innovative approach of dual use of handheld and console technology and touchable screens, Switch not only ensures the excellent gaming experience before, but also expands more new spaces and endows the game with more personality.

Secondly, the sales of Switch games far exceed that of similar games. The games in Sony PSP, the biggest competitor, have not yet reached the top 100 on the game sales chart, with only a few sporadic games such as the Ares series and Wolf achieving significant sales. Compared to Sony Nintendo, there are many games on the list. The beloved game 'Zelda' is even bought by many players just to play it, and this game is only a prominent player in many Nintendo games.

(2) Internal Disadvantages: Firstly, in terms of hardware design, Nintendo focuses on game software development, so its hardware is weaker than other competitors, including Sony's PSP. Sony has always been known for its hardware in the electronic game product industry, and its PSP game console also has this advantage. PSP includes Sony's traditional features such as good performance, high resolution, and compliance with fashion, especially outstanding 3D functionality.

Secondly, the function of a switch is relatively single. In addition to its main gaming features, other features that are not yet complete and can be implemented by its competitors Sony PSP and mobile phones include: watching movies, listening to music, watching pictures, watching videos, saving files to the device, and so on.

(3) External opportunities: Firstly, in terms of market expectations, gaming consoles will continue to maintain their current growth rate in the future. German professional companies predict that game console users will expand from 23 million in 2013 to over 40 million in 2019, and their market revenue will also increase from 13 billion in 2013 to 40 billion yuan in 2019. The market prospects are broad. As the overall demand increases, the divisible cake in front of Nintendo Switch will inevitably become larger and larger.

Secondly, in terms of user base, players are increasingly recognizing handheld entertainment devices, especially among professional players in the gaming market who are increasingly interested in portable gaming consoles. And players' demand for gaming will bring more market share to the company. The expansion of the overall user base will also give Nintendo Switch greater room for development.

(4) External threats: Firstly, due to the good market expectations of gaming consoles, powerful companies such as Microsoft and Apple also have plans to enter the market. The addition of these new competitors is bound to covet Nintendo's existing market share. Competition within the same industry will become increasingly intense.

Secondly, due to the widespread promotion of mobile internet, the hardware and software level of mobile phone products has rapidly improved. There is a trend for mobile game functions to become a substitute for handheld game consoles. The acceleration of new entrants' encroachment on this field has forced Nintendo Switch to complain more about product innovation. The integration speed of entertainment and communication devices will have a huge impact on handheld game console products.

Furthermore, as the development costs of handheld game software continue to rise, the sales volume of individual products is on a downward trend, resulting in increasing software development risks. A game software that has invested a huge amount of manpower and resources, if not accepted by the market, will have a huge impact on game software developers. This will inevitably affect the firmness of the strategic alliance between hardware and software manufacturers.

5. Problems in Services marketing of Nintendo game consoles

I contacted merchants and entered the player communication group by purchasing Nintendo Switch on Taobao. After a period of communication with merchants, I gained a deeper understanding of Nintendo's marketing situation in China. And in the communication with players, we learned about their situation and collected what players value when choosing game consoles, as well as some problems that players feel exist compared to other game consoles. The following will provide a detailed explanation of the problems and their main causes.[2]

5.1. Product functionality is single and lacks competitiveness

Through investigation, it was found that although Nintendo Switch has the upper hand in gaming experience and software, this is both its advantage and disadvantage. Nintendo has mainly focused on game development without endowing Switch with other functions, and in this era of mobile connectivity, the software and hardware level of mobile phones and tablets has developed rapidly. The gaming functions have become increasingly powerful, and there are even specialized mobile phones for playing games, such as Black Shark phones. Game consoles can only play games, while mobile phones and tablets not only communicate and learn, but also have the ability to play games. This will inevitably lead to a portion of the game console market being occupied by high-end phones. A single product feature will inevitably lead to a lack of competitiveness, as in the case of Nintendo Wii. Although sales initially increased rapidly due to a good gaming experience, after a period of time, consumers were not satisfied with spending thousands of yuan to play games and gradually attracted by other features included in mobile devices such as watching movies and listening to music.

5.2. Lack of good physical experience and after-sales service

Through communication with the seller, it was learned that due to a 14 year ban on gaming consoles in China before 2014, and Nintendo being a company specializing in gaming consoles, although its gaming consoles are sold through various channels in China, it has not established a physical experience store in China. This leads to even parents intending to buy game consoles for their children but giving up due to the inability to experience them firsthand, and the lack of physical experience stores also means that many online shopping customers can only ship their products to Hong Kong in the near future if they want after-sales service. This cost and uncertainty seriously affect their domestic sales. At the same time, Nintendo's biggest competitor in China, Sony, has experience stores in various large and medium-sized cities and can provide convenient after-sales services, which is one of the reasons why Sony's product sales in China surpass Nintendo's.

5.3. Product sales are high but cannot bring significant benefits

From Nintendo's external financial statements, it was found that the sales and profits of gaming consoles in China did not form a normal proportion. Due to the lack of a good culture in China, players often choose the phenomenon of game software piracy in the market. Switches that have been cracked by players often offer rich games for free. Although some of these games may not fit well with switches, the number of these games has already reached a level that regular games on switches cannot match. This will inevitably affect the sales of Nintendo's gaming software and prevent Nintendo from making appropriate profits in China. Often, game consoles are driven by some of these games to drive sales, while Nintendo primarily relies on developing games to generate profits. For example, Zelda, the best-selling Nintendo game, is generally priced at three to four hundred yuan online, but in pirated Switch games, you can play such a classic game for only one tenth of the original price. Such piracy has a significant impact on the sales of Nintendo games.

5.4. Low service management level and low employee motivation

Due to the stable development of economy, the competition in the industry is gradually manifested as service competition, and the standard of customer satisfaction is directly related to the level of Services marketing.

The two most important departments in Nintendo are the sales department and after-sales service department. Due to different sales regions, the cultural level of employees varies. Some employees recruited from other companies usually have a low personal cultural level and do not have much work experience, so the general management level is not very high. The training of employee service skills is

generally only internal training. At the same time, due to the lack of good incentive guidelines in the company, it will inevitably affect employees' enthusiasm for work and also affect their level of service to customers.

6. Nintendo game console Services marketing strategy

6.1. Actively Expanding Product Functions

Transfer some of the energy to broaden product functionality and strive to make it possess some of the characteristics of mobile connectivity. The main reason why the gaming console market is gradually being dominated by mobile devices such as smartphones and tablets is that in the context of the mobile internet, mobile devices are endowed with more functions, and mobile gaming functions have been greatly improved. Therefore, in order to maintain market share, gaming console companies should also expand their gaming console capabilities. Nintendo should enable Switch users to connect to family and friends by adding their social functions to the Switch, and improving other Switch features so that they can listen to music, watch movies, and more like devices such as phones and tablets. Change people's objective impression that gaming consoles can only play games, in order to attract more consumers.

At the same time, Nintendo Switch product design should keep up with the trend, consider what type of game console customers need from the perspective of customers, and then improve the game console to meet the trend and meet customer needs; Try to integrate customer needs, trends, and the latest technologies into gaming consoles, in order to gain more customer recognition and occupy a broader market.[3]

6.2. Establishing a Brand Experience Store

Often when a new product is launched, regardless of the type of advertisement, there are always blind spots that it cannot promote. This blind spot is that advertising promotion does not allow customers to truly experience the advantages and disadvantages of the product. But brand experience stores can make customers fully feel the quality of the product, which can increase publicity efforts. Before the release of each Nintendo Switch game console and during the game console product cycle, if players and potential customers can experience the feel, touch, and other aspects of the new game console through a large number of brand experience stores, it can provide a more comprehensive promotion for other aspects of Nintendo. After experiencing the game console, players can feel a considerable sense of security and will not worry about issues such as inaccurate promotion of the game console. As more and more players experience the product before purchasing, the after-sales service of Nintendo game consoles will also be recognized by players. One of the differences between game consoles and mobile devices such as phones and tablets is their unique continuity. Customers rarely buy a single game console and often need to match the game cassette that the customer wants to play with the game console. Therefore, compared to mobile devices such as smartphones and tablets, game console companies are more critical in cultivating customer loyalty. With the continuous promotion of brand experience stores, it can greatly meet the needs of players, which will also increase their loyalty. At the same time, if the brand experience store can extend its functions and provide after-sales service consultation, it will be of great significance for Nintendo Switch brand improvement and sales promotion.

6.3. Game software Pricing

Overall, Chinese game players have not yet formed a good culture of using legitimate software, and this situation cannot be improved overnight. It requires players and game manufacturers to work together and understand each other. When both parties understand and work together, Nintendo Switch can gain more market share and also have the opportunity to develop ordinary players into loyal players. With the increasing recognition of Nintendo Switch and its numerous game software among the Chinese player community and the advantages it has gained in competition with similar companies, with such stable development and layout, Nintendo Switch and its game software can gain significant promotion and good reputation in China. The price of the Chinese version of Nintendo Switch game software should be set as much as possible within the range that can be recognized by ordinary Chinese players. On the principle of not losing money, small profits and quick sales should be given to players first, quickly gaining recognition from Chinese players, and then slowly trying to cultivate a good atmosphere for players. However, the low price of game software is only targeted at specific Chinese

versions in China, so it will not have a fundamental impact on Nintendo's strategy and layout in other countries.

6.4. Service personnel strategy

(1) Establish training system related to Services marketing

A considerable number of Nintendo employees have no marketing experience, and their knowledge about marketing, especially Services marketing, is almost unknown. Therefore, Nintendo should start at the grass-roots level, improve the training of relevant marketing knowledge, and encourage marketing personnel to learn marketing experience from other game companies. When employees have the corresponding marketing knowledge, Through practice, it is easy to find the company's omissions in Services marketing, and the company's decision-makers can propose precise solutions to the company's omissions. Only by unifying the mindset of the company can we provide better services to customers.[4]

(2) Employee Incentive Strategy

Being understood by employees and having a high sense of responsibility is the most important factor in gaining customer loyalty. Nintendo needs to strengthen internal marketing, focus on employee abilities, and improve incentive guidelines to strive for employees to maintain a enthusiastic service attitude.

Firstly, increasing the importance of employees' emotions and psychology, advocating for a positive and orderly work attitude, so that employees can feel the company's importance and value within an effective performance system. Secondly, enterprises should also develop and improve performance systems, through promotions, salary rewards, and other means, to enable employees to obtain a corresponding sense of achievement and increase their level of service to customers. Finally, enterprises should establish a good internal Harmonized System. Nintendo Gaming Machine Company needs to establish a unique department to effectively coordinate internal personnel relationships, conflicts between service personnel and players, and establish interactive channels to ensure accurate and timely information communication between both parties. This can greatly resolve problems and resolve conflicts.

7. Conclusion

In the past, every step of Nintendo's rise was inseparable from its accurate strategic positioning and bold innovative spirit. Facing the competition from Microsoft and Sony in the Chinese domestic market, as well as the influence of external factors such as smartphones and tablets, Nintendo should not be trapped in a century old mindset and actively change its development path. In early December 2019, Nintendo chose to collaborate with Tencent to develop the Chinese NS, which was a big step for Nintendo to enter the Chinese market. Utilizing Tencent's huge promotional channels in China can quickly increase Nintendo's visibility and quickly popularize physical stores in second and third tier cities nationwide. This allows players with varying opinions to have the experience they deserve, while also attempting to use the corresponding technologies provided by the mobile internet to achieve player segmentation. Looking back at the progress of Nintendo, this is definitely because Nintendo values not only profits but also the gaming experience of its players. Every year, it updates numerous high-quality games to meet their needs. Following this development trend, Nintendo will definitely have a place in the Chinese gaming industry.

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