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## Nintendo and the Blue Ocean Strategy: Designing the Four Actions Matrix

*Nintendo y la estrategia del océano azul: diseño de la matriz de cuatro acciones*

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### ABSTRACT

The purpose of this article is to analyze the strategies adopted by Nintendo within the framework of the four-action matrix of the BOS (i.e., eliminate, reduce, increase, and create). Documentary research was implemented by scrutinizing the scientific bases of information accessible in electronic media (e.g., Web of Science and Scopus). For each of the four actions of the matrix, the following factors were identified: 1. eliminate the expensive face-to-face conferences; 2. reduce the graphic power of the video game console, the budgets, and the deadlines in the development of video games; 3. increase: the brand extension; and 4. create: nostalgic feeling. This study offers valuable lessons and insights for organizational strategists to consider when designing strategies that leverage distinctive characteristics to create competitive advantages that satisfy both established objectives and customer desires and expectations. Furthermore, the work can serve as a reference framework for subsequent empirical research.

Keywords: blue ocean strategy, Nintendo, video game industry, competitiveness.

JEL code: M10



### RESUMEN

El presente artículo tiene como objetivo analizar las estrategias adoptadas por Nintendo en el marco de la matriz de cuatro acciones de la EOA (i.e. eliminar, reducir, incrementar, y crear). Se implementó una investigación documental a partir del escrutinio de las bases científicas de información accesibles en los medios electrónicos (e.g., Web of Science y Scopus). Para cada una de las cuatro acciones de la matriz, se identificaron los siguientes factores: 1. eliminar: las costosas conferencias presenciales; 2. reducir: la potencia grafica de la videoconsola, los presupuestos, y los plazos en el desarrollo de videojuegos; 3. incrementar: la extensión de marca; y 4. crear: el sentimiento nostálgico. Este estudio brinda lecciones y enseñanzas a considerar por los estrategias organizacionales al momento de diseñar las estrategias que potencialicen las características distintivas en ventajas competitivas que satisfagan, tanto los objetivos establecidos, como los deseos y expectativas de los clientes. Asimismo, el trabajo efectuado puede ser utilizado de encuadre referencial en subsecuentes investigaciones empíricas.

Palabras claves: estrategia océano azul, Nintendo, industria de los videojuegos, competitividad.

## INTRODUCTION

Nintendo is a Japanese company with over 130 years of history, founded in 1889. In its early years, the company focused on producing the traditional *Hanafuda* playing cards, which are deeply representative of Japanese culture (Fils-Aimé, 2022; Nintendo, 2024c). 'Nintendo' has a special meaning; it translates to 'leave luck to heaven' (Inoue, 2010). With the growing popularity of video games in the 1970s and the geographic expansion of arcades, the company decided to actively enter the home video game industry with the release of the *Color TV-Game*, its first home console aimed at satisfying the emerging market for digital home entertainment (Harris, 2014).

According to Ryan (2011), a turning point in Nintendo's corporate history was manufacturing its first major commercial success in arcade machines: *Donkey Kong*. Initially, this game was intended to feature *Popeye the Sailor*; however, after failing to secure the license for the character, Nintendo decided to create its original cast of characters. Among them was the one that would become not only the symbol and mascot of Nintendo but also of the video game industry itself: *Super Mario*.

Much of Nintendo's presence and influence in the electronic entertainment sector can be understood as the natural result of the strong emotional connection between Nintendo and its fans. This loyalty, cultivated over the years, is one of Nintendo's main competitive advantages and is the outcome of maintaining the quality of its most popular and commercially successful franchises (e.g., *Super Mario Bros*, *The Legend of Zelda*, *Animal Crossing*, *Pokémon*, etc.), while also capitalizing on the nostalgic element of those who grew up with a Nintendo console. Given Nintendo's unique managerial style in navigating the industry and its status as a leading figure within it (e.g., The Nintendo DS handheld video game console revolutionized the entertainment experience with its innovative dual screen.), the company becomes a natural candidate for analyzing strategic decisions through the lens of Blue Ocean Strategy (BOS).

BOS is the set of measures and actions taken by organizational leaders aimed at achieving the established objectives by creating or identifying new areas of opportunity that have been overlooked by competitors (i.e., blue ocean) while simultaneously distancing themselves as much as possible from highly competitive and overexploited markets that present very similar ways of doing things (i.e., red ocean) (Kim & Mauborgne, 2015; Kim & Mauborgne, 2017).

Cutting the ties and navigating toward a blue ocean requires a multidisciplinary commitment, with innovation serving as the cornerstone for creating value to retain current customers and attract new consumers, thereby expanding the brand's base of fans and followers (Chirinos, 2022; Čirjevskis, 2017). Hence, it is essential that the BOS implemented is both ingenious and novel to meet the expectations of the organization's stakeholders, both internal and external.

In this context, this academic work aims to evaluate the strategies adopted by Nintendo, considering the guidelines proposed in the BOS. Thus, strategists and decision-makers will have a reference framework to visualize more effectively and understand the industry in which their organization operates, enabling them to direct various organizational resources more efficiently toward managing competitive advantages through the formulation and implementation of superior strategies. The work begins with a literature review and a detailed account of the documentary research. Subsequently, the results and their discussion are presented using the BOS's four-action matrix. Finally, the most relevant conclusions are summarized.

### LITERATURE REVIEW

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#### *Blue Ocean Strategy*

A traditional approach to viewing business strategies is through the metaphor of the "battlefield," the territory where the law of the strongest prevails (Lindič et al., 2012). Each market competitor interacts with others, aiming to eliminate them efficiently. (Cooke et al., 2019).

The level of corporate financial success achieved in financial statements is proportional to the failure reported by competitors (i.e., a zero-sum game) (Kim & Mauborgne, 2017; Susilowati et al., 2017). Immersed in a constant, relentless struggle until only one remains standing, cautious management always prioritizes resource optimization to gain competitive advantages by directing efforts toward devising economically viable strategies that keep them one step ahead of their rivals' plans" (Dvorak & Razova, 2018; Shi & Zailani, 2025). Scenarios characterized by intense competition or high business mortality rates are referred to as "red oceans (Kim & Mauborgne, 2015; Lauer, 2019; Vieira & Ferreira, 2018).

On the other hand, the concept of a "blue ocean" emerges, which, as its name suggests, is the opposite of the red ocean (Mohamud et al., 2024). By breaking the dogmas the industry considers unchangeable or too difficult to alter, the organization seeks to create blue oceans free of competition by offering its customers unparalleled products and services through internal innovation processes (Church, 2024).

The initial challenge in implementing a BOS lies in the courage to move away from what the industry considers "conventional" behaviors without falling into the temptation of making too many intuitive or hasty decisions that disregard the warnings of professional diagnostics (e.g., budgets, financial statements, trend analysis, internal and external audits, and others.) (Abdullah et al., 2024).

Distribution centers are an example. In response to the workforce shortage, they have used a BOS to hire and integrate people with disabilities instead of simply further mechanizing the internal processes involved in operational and administrative activities or increasing hourly wages to retain the current workforce and simultaneously attract new labor to the organization (Ellinger et al., 2020; Hoang et al., 2022; Leavy, 2018).

Madsen and Slåtten (2019) analyzed the BOS through four core characteristics that administrative terminology must meet to be assimilated: 1. Attractive and understandable labeling: The alluring allegory of a blue ocean full of opportunities and a red ocean teeming with belligerent sharks makes it easier to understand the complex interaction of all competitors within the same business market; 2. Performance improvement: Intrinsically, adopters of the new terminology expect this incorporation to boost performance tracking indicators by fostering communication and the exchange of ideas; 3. Interpretive space: There is enough room for managers to conclude, and 4. Universality: It is assimilable and applicable in any organization, environment, culture, country, economic sector, and others.

As indicated by Christodoulou and Langley (2019), organizational strategists can identify areas for improvement in the existing business model that governs a particular industry by thinking outside the box. It marks the beginning of a transformative process that allows the company to move toward a blue ocean, distinguishing itself from the competition by adopting a new way of doing things.

The goal is to reach a point where competition becomes increasingly irrelevant. Cirque du Soleil is a classic example of the BOS. This circus company made a radical decision to eliminate animal acts, supported by a cost-benefit analysis: breeding and caring for the animals was costly and of little interest to the audience. The appeal of seeing exotic beasts lost its purpose as more zoos were established around the world.

"Applying the Blue Ocean Strategy to make competition irrelevant is easier said than done" (Wee, 2017: 38). No one can guarantee a strategy's success. Therefore, by moving so far away from the conventional, organizations will, to some extent, make a leap of faith into unknown or underexplored territory (Mukira et al., 2024). Initially, markets and shareholders will experience great uncertainty, and industry experts will strongly criticize the direction taken (Alghamdi & Agag, 2024). Even the most loyal customers may be skeptical of the new

direction. The goal is not simply to attract new recurring consumers, but without losing the current loyal customer base (Porter, 2015; Rais, 2025).

A prime example is Bud Light's disastrous advertising campaign, which, attempting to appeal to a new demographic sector, caused its most loyal followers to feel deeply betrayed by the brand and react highly defiantly (Otis, 2023). As expected, competing breweries seized upon this misstep.

It is naive to think that simply copying the best practices of direct and indirect competitors will be enough to prevail over them (i.e., benchmarking) (Caldwell & Anderson, 2017). Differentiation *marketing* is essential to stand out in an oversaturated environment with demanding customers. However, strategic success also requires a meticulous and ongoing assessment of one's strengths and weaknesses and those of rivals (Christodoulou & Langley, 2019). To illustrate, it is worth recalling what happened with the video rental chain *Blockbuster* and how its hallmark, "physical rental," became obsolete in a short period in the Internet age (Raynor, 2016).

88 This led to its dramatic exit from the movie rental market in favor of *Redbox* and *Netflix* because it failed to recognize in time that its business model, which had made it so successful, was inevitably doomed in the long term. As the years went by, managing an inventory of classic films alongside the latest Hollywood blockbusters became increasingly impractical.

Regardless of its widespread acceptance and rapid dissemination, the BOS is not exempt from significant criticism, which helps strengthen it theoretically and empirically when addressed by the academic community. Among the harshest critiques of the approach proposed by BOS is its similarity, to a greater or lesser extent, with other established management terms found in previous literature: disruptive innovation, *value innovation*, differentiation, market niche, and others (Agnihotri, 2016). For some authors, BOS is merely a rebranding of existing concepts in the business lexicon, recycling old ideas and presenting them in a new package to the public (Benders & van Veen, 2001). What matters is ensuring that the new labeling is perceived as modern and innovative to accelerate its adoption and replace the old terminology in managerial conversations (i.e., the metaphor of old wine in new bottles) (Ortenblad, 2007).

### *Nintendo and the Blue Ocean Strategy*

Before creating a blue ocean, Nintendo had to navigate a red ocean. Being involved in the video game industry, its first competitor to consider was SEGA, which openly declared a commercial war on Nintendo with its slogan in North America: "*Genesis does what Nintendo does not*" (Harris, 2014). A clever wordplay that told consumers that the Genesis console was superior to what Nintendo had to offer. This marked the beginning of the first major

console war, where gamers had to decide which option was best for enjoying their video games, as purchasing both products was unaffordable for most.

The battle between Nintendo and SEGA ended abruptly with the entry of a new competitor into the market: PlayStation (Fils-Aimé, 2022). Ironically, the PlayStation brand was born when Nintendo betrayed a partnership with Sony to jointly create a CD-ROM peripheral for its *Super Nintendo Entertainment System* (SNES).

After this breakup, Sony continued the project independently and developed its device based on the peripheral. Nintendo had essentially opened the door for Sony to enter the video game industry. The sudden arrival of this strong competitor triggered the decline and eventual exit of SEGA as one of the major developers of home gaming consoles worldwide (Harris, 2014). The situation worsened for Nintendo when, shortly thereafter, Microsoft entered the digital entertainment stage with the Xbox, further fragmenting consumer preferences.

Nintendo's former president, Satoru Iwata, was the turning point in its decision to navigate toward a blue ocean. When Iwata took over the company, he realized that direct competition made no sense because, unlike PlayStation and Xbox, Nintendo did not have a multinational corporation backing it with financial resources or rescue it in unexpected and undesirable situations (Nintendo, 2024c).

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For example, one of the most significant corporate acquisitions in history occurred when Microsoft supported its Xbox division by purchasing Bethesda for \$75 billion, gaining access to one of the most lucrative franchises in the video game industry: *Call of Duty* (Gallagher, 2023; Mochizuki, 2019; Needleman, 2024; Tilley, 2020). Nintendo could not afford such a luxury and would have to find its path to survive or face the same fate as SEGA.

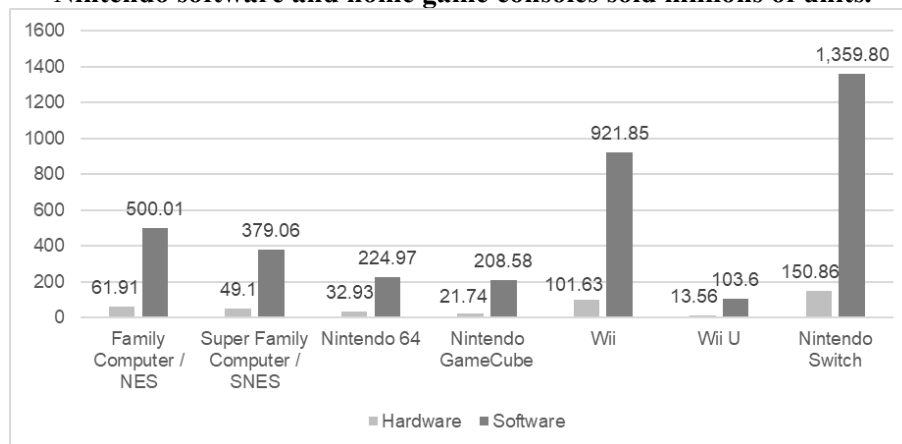
Nintendo's situation was at a critical point. With each new generation, their consoles sold fewer units in the market and failed to meet shareholder expectations. As seen in Graph 1, the company's fortunes changed with the release of the Wii, which followed the BOS approach. However, between this success and the Nintendo Switch, the aberration known as the Wii U was a commercial failure and a significant setback for implementing the BOS doctrine.

Some factors that help explain the downfall of the Wii U include: 1. a lack of clarity about whether it was a new video game console or just a peripheral for the Wii, 2. marketing was overly focused on the family market, neglecting the teen and young adult demographic, and 3. exclusive games based on Nintendo's most popular franchises took too long to debut on the console (e.g., *Super Smash Bros. for Wii U* was released in late 2014, two years after the Wii U's launch). Nevertheless, the distinctive feature of the Wii U, its gameplay and interface

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options, particularly the touchscreen "Gamepad" controller, was crucial in perfecting its successor and returning to the top of the market. The Wii U could be considered a prototype for the Nintendo Switch.

**Graph 1**  
**Nintendo software and home game consoles sold millions of units.**



Source: Own elaboration (Nintendo, 2024a).

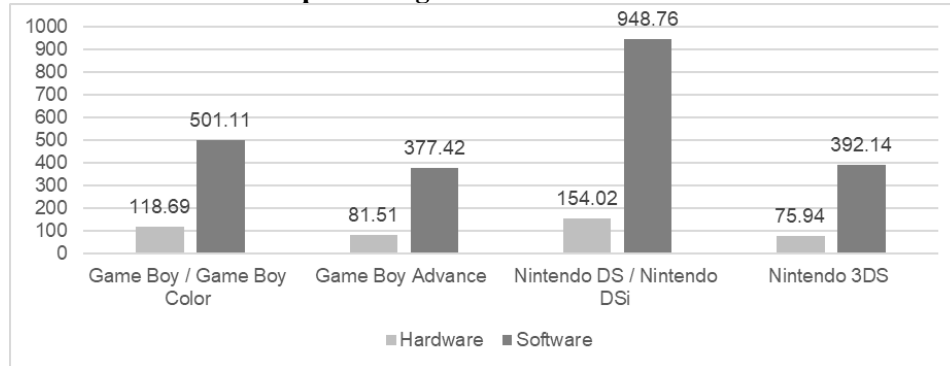
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In addition to the previous factors, one of Nintendo's most significant strengths is its dominance in portable consoles (see Graph 2). Its first foray into the portable video game market was with the *Game & Watch* line, each device offering a simple game to pass the time. Nintendo's steadfast commitment to portability began in 1989 with the debut of the Game Boy, which set an industry precedent for several reasons: 1. it allowed for game swapping via small cartridges, 2. *software* designed for short gaming sessions (e.g., Tetris), 3. outstanding battery life from the four AA batteries required, and 4. an affordable retail price.

Nintendo's dominance remained unchallenged until the discontinuation of the Nintendo 3DS in 2020. Even when Sony launched the PlayStation Portable (PSP) in 2004 and the PlayStation Vita (PS Vita) in 2011, they failed to dethrone Nintendo in the portable market. Once again, while powerful processors characterized the competitors' consoles, the game catalog sold the consoles, not the other way around. The company combined the home and portable sectors to consolidate the Nintendo Switch by designing it as a hybrid console, meaning it could be enjoyed from the comfort of a television or portable (Mochizuki, 2018). With this versatility, Nintendo managed to distance itself from its rivals, who remained trapped in a red ocean.



**Graph 2**  
**Nintendo software and portable game consoles have sold in millions of units.**



Source: Own elaboration (Nintendo, 2024a).

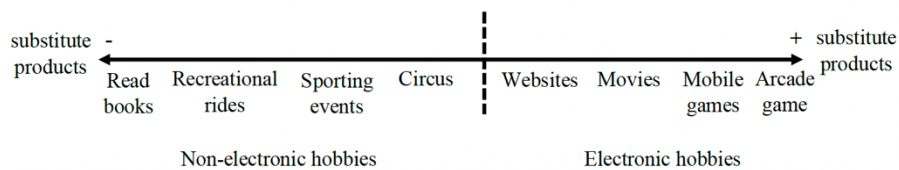
An intrinsic characteristic of the video game industry—and a real headache for strategists—is the high abundance and massive proliferation of substitute products (Fils-Aimé, 2022), whether they are electronic pastimes or not, classified in the literature as close and distant substitutes, respectively (see Figure 1).

Decision-makers must contend with any form of entertainment available to consumers that may distract them from the goods and services offered by the organization (Argyres et al., 2025). Therefore, it is essential to develop strategies with a creative and innovative approach to minimize the negative impact on the three main areas of organizational performance: financial, market, and operational.

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Since it is impossible to cover all the hobbies one might wish to, the real competition ultimately lies in the fact that all those involved in the leisure sector, direct and indirect competitors, do their best with the resources available to capture a share of consumers' limited free time.

**Figure 1**  
**Substitute products of the video game industry**



Source: Own elaboration (David & David, 2017; Porter, 2015; Raynor, 2016; Subramanian et al., 2011).

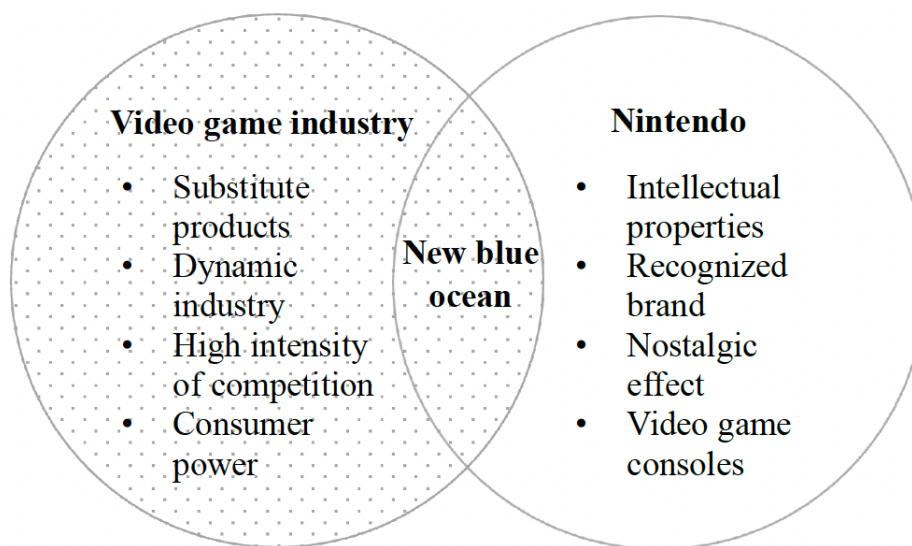
However, substitute products have the particularity of restricting the sudden entry of more competitors into the industry. Theoretically, a greater number, variety, and accessibility of

these alternatives would create a higher barrier to entry, reducing the threat of new competitors (David & David, 2017).

Additionally, customer tastes and preferences are highly volatile over time, which presents an additional challenge for management (Mirghaderi et al., 2023). It is unwise to assume that any strategy will overcome the substantial barriers to entry into the video game market (Li et al., 2025).

Consequently, in a globalized world where everything is virtually a click away, strategies must be highly dynamic to quickly adapt to a changing reality (Porter, 2015; Yunus & Sijabat, 2021). Therefore, reconciling industrial peculiarities with business strengths is essential for creating a new blue ocean that allows for abandoning red oceans (see Figure 2).

**Figure 2**  
**Incubation of a new blue ocean**



Source: Own elaboration (Fils-Aimé, 2022; Pilatti et al., 2024; Subramanian et al., 2011)

## METHOD

Based on a review of scientific information available through electronic media, this study utilized the documentary research method to evaluate Nintendo's strategies, considering the guidelines outlined in the BOS. Understanding the distinctive characteristics that make each industry or economic sector unique and special is crucial for any executive.

Knowing the tangible and intangible rules that govern competition will help management make more successful strategic decisions and, logically, minimize mistakes caused by an incomplete understanding of the general and specific environment. By framing the work

within the corporate case of Nintendo, it is possible to offer lessons and insights for strategists to consider when designing strategies that will define the roadmap for their respective organizations.

As observed in the theoretical framework, one of the strengths of the BOS is its multifaceted nature in effectively addressing various complex scenarios. This feature is capitalized on in the development of numerous research works: management of professional football teams (e.g., Pilatti et al., 2024), creation of educational programs in schools and universities (e.g., Erikson & Williams, 2022), management in nonprofit public administration organizations (e.g., Magued, 2023), theory of administrative fashion (e.g., Madsen & Slåtten, 2019), recruitment and inclusion of employees with disabilities (e.g., Ellinger et al., 2020), health centers (e.g., Mourtzikou et al., 2019), to mention just a few examples. Therefore, it is imperative to leverage academic publications and other secondary sources of information primarily available on the internet through a selection process that allows for choosing the most significant studies in achieving the stated objective and, in this way, contributing to the expansion of scientific literature on BOS.

Using the method proposed by Bernal (2022), a theoretical examination was conducted through five basic stages: 1. Review, a preliminary exploration of scientific information sources; 2. Detection, locating information sources aligned with the research topic; 3. Consultation, in-depth reading of the selected manuscripts; 4. Collection, extraction of the most relevant evidence for subsequent inquiry; and finally, 5. Integration involves combining the collected data for analysis and subsequent conclusions.

**Table 1**  
**Main sources of information**

Information	Main sources
Nintendo corporate history	Fils-Aimé (2022); Harris (2014), Inoue (2010), Nintendo (2024a), Nintendo (2024b), Nintendo (2024c), Rodríguez (2020), Ryan (2011), Subramanian et al. (2011)
BOS	Chirinos (2022), Kim & Mauborgne (2015); Kim & Mauborgne (2017); Mirghaderi et al. (2023); Pilatti et al. (2024); Yunus (2021)
Competitive advantages	David & David (2017), Ortenblad (2007), Muhammad et al. (2017), Porter (1996), Porter, (1998), Porter (2015)

Source: Own elaboration.

The literature review began with a preparatory check of the available academic documents to verify the existence of sufficient material to fulfill the proposed objective and continue with the present research. Therefore, sources such as *Web of Science*, *ScienceDirect*, EBSCO, CONRICyT, financial reports, interviews with Nintendo's creative staff, Google Scholar, *Clarivate Analytics*, Elsevier (*Scopus*), and journal articles were utilized. Next, detection was approached in two steps: first, by using key terms to facilitate the search (i.e., Nintendo, BOS,

managerial strategies, and competitive advantages); second, by checking the references listed in the identified works. As a result of this detection, Table 1 summarizes the primary sources of information located during the documentary research.

Continuing with the consultation stage of the selected writings and reports, which were deemed the most representative and aligned with the research topic, a thorough review was carried out of the following elements: abstracts, general and specific objectives, methodology, figures and tables, results, conclusions, and bibliographic references. Then, during the evidence collection phase, extracts related to the strategies implemented by Nintendo and the BOS were separated and grouped into electronic information sheets.

Finally, the gathered notes were integrated by creating a word cloud, a force field analysis, and constructing the four actions matrix of the BOS. With the conclusions derived from the cited organizational tools, the aim is to help managers make continuous strategic decisions to create a more resilient organization and overcome the challenges of the video game industry.

## RESULTS AND DISCUSSION

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A word frequency analysis was conducted to detect the most used key terms in the reviewed literature. The twelve most frequently used words in the studies were used to create a word cloud, shown in Figure 3. As can be seen, the words "innovation" and "creativity" prominently stand out in the center of the cloud. Additionally, "brand value," "philosophy," "family-friendly," "strategy," "entertainment," "advertising," "management," "special," "organizational performance," and "organizational culture" are frequently used terms in the articles and works examined (Figure 3).

**Figure 3**

**Word cloud of the most used words in the secondary information sources consulted.**

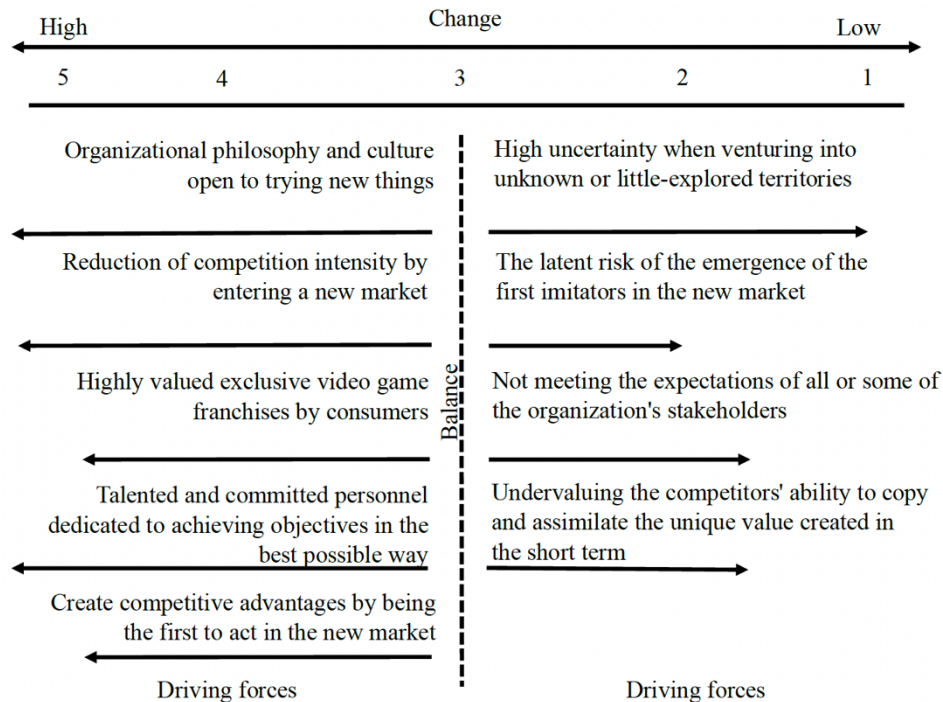


Source: Own elaboration.

A highly valuable competitive advantage is the ability to create innovative ideas to expand the user base. Having talented personnel who constantly refresh the organization's intellectual capital is essential to remain relevant in the face of a consumer base that craves entertainment. As previously mentioned, one factor that explains Nintendo's industrial relevance is its portfolio of patents and trademarks, which fuel the electronic entertainment ecosystem. Expanding different and unique offerings will help enhance the brand value by promoting its commercial development potential, especially by directing administrative efforts toward meeting the demands of a family-oriented or teenage audience.

In addition to the usual financial indicators and statements used in business diagnostics, careful executives consider qualitative aspects of assessing the effectiveness of fully implemented strategies, avoiding making a premature judgment. Despite the administrative challenge of accurately quantifying intangible elements, a successful organization should not overlook this vital strategic asset in strengthening its competitive advantages. For example, decision-makers must monitor the progress of fulfilling the organizational vision and mission with analytical tools that complement accounting metrics (e.g., external and internal factor evaluation matrices).

**Figure 4**  
**Force field analysis**



Source: Own elaboration (Fils-Aimé, 2022; Nintendo, 2024b; Nintendo, 2024c).

By identifying and listing the main arguments from Nintendo's strategic environment, a force-field analysis was developed between the positive aspects that encourage breaking away from the *status quo* and promoting actions that lead to substantial organizational changes and the negative aspects that restrict such actions. Thus, it can be observed that the driving forces outweigh the opposing forces, tipping the balance in favor of managing a BOS (See Figure 4).

Among the driving forces, the organizational philosophy and culture stand out, being open to trying new things to safeguard the creative engine responsible for developing fresh ideas that will revolutionize the digital entertainment industry (e.g., inventing original intellectual property or establishing new gameplay mechanics in a video game). In other words, resistance to change at various hierarchical levels is minimized by maintaining a favorable attitude towards the unknown, while conversely, the assimilation of the proposed transformation that alters the norm is strengthened, thus facilitating the implementation of the BOS.

Based on the literature review, the Four Actions Framework was developed to achieve the study's objective (See Table 2). As its title suggests, the matrix consists of four actions: 1. Eliminate, removing anything superfluous; 2. Reduce, adjusting monetary and non-monetary resource requirements to strictly necessary levels; 3. Raise, reinforcing activities that create value for users; and 4. Create innovative ways to achieve organizational excellence through cutting-edge internal processes, disruptive advertising campaigns, novel products and services, and others. All these actions aim to make the organization more efficient and effective by aligning each managerial effort toward a unified strategic direction. The goal is to identify the areas of opportunity that Nintendo must monitor closely to continue creating unique experiences that keep it as a leader in digital entertainment within an ever-evolving industry like video games. The actions listed in the matrix are detailed below:

**Table 2**  
**Nintendo's Four Actions Matrix**

<b>Eliminate</b>	<b>Increase</b>
<b>Eliminate everything superfluous that does not generate value for users</b>	Reinforce activities that generate value for users
<b>The expensive in-person conferences</b>	Brand extension
<b>Reduce</b>	<b>Create</b>
<b>Adjust the monetary and non-monetary resource requirements to strictly necessary levels</b>	Innovate ways to achieve organizational excellence
<b>Graphics power of the gaming console</b>	Nostalgic feeling
<b>Budgets and deadlines in video game development</b>	

Source: Own elaboration (Kim & Mauborgne, 2015; Kim & Mauborgne, 2017).

### *Actions to eliminate*

One of the main ways members and collaborators in the video game industry showcased their news to different markets was through their annual participation in the *Electronic Entertainment Expo* (E3). E3 was a trade show that brought together developers, manufacturers, distributors, and the specialized press in one place and then opened its doors to the public.

Typically, it involved a simple live conference. However, these evolved year by year into grand spectacles to exclusively announce with fanfare: a new IP (e.g., Animal Crossing at E3 2002), the highly anticipated return of a popular franchise (e.g., Metroid at E3 2009), the release of the most awaited titles (e.g., *The Legend of Zelda: Twilight Princess* at E3 2004), the unveiling of new consoles (e.g., Nintendo Wii at E3 2005), peripherals (e.g., Wii Fit at E3 2007), collaboration agreements (e.g., the deal with Ubisoft at E3 2012), and others. However, despite Nintendo having a physical space in the E3 auditorium to showcase its products and address questions from journalists and consumers, according to Nintendo (2024b), in 2013, the company decided not to hold a traditional conference and instead chose to broadcast its news through Nintendo Direct.

Nintendo Direct is a mostly pre-recorded digital event that began airing in 2011, primarily on the YouTube platform. These events quickly became an essential and reliable communication tool for the company for three main reasons: 1. Cost-efficiency: The costs of producing a video filmed in a studio are much lower than those of hosting a live event; 2. Greater control: Since it is a recorded broadcast to be released later on the internet, the company has more control over the script, timing, and pacing of the presentation, helping to prevent it from becoming tedious and avoiding potential issues with a live audience (e.g., technical difficulties); and 3. Anticipation: Announcing the date of the next broadcast generates conversation and debate about potential surprises among media outlets, *influencers*, *YouTubers*, and the broader gaming community, who help share the news through their social networks.

Nintendo Direct proved to be a wise decision by Nintendo to connect with a society immersed in smartphones. Another point in its favor is the imitation of this model by direct competitors, PlayStation and Xbox, who created their digital events (i.e., *State of Play* and *Xbox Game Showcase*, respectively). The last E3 event took place in 2019, and it has since been permanently canceled due to the global pandemic in 2020 and its failure to adapt to *streaming* technology.

### *Actions to Reduce*

One of the major promotional arguments companies use to encourage the purchase of a new gaming console with each generational leap is the significant increase in the graphical power

of electronic devices. This rise in technical specifications allowed designers to create visually more attractive video games with more ambitious content, free from past technological limitations.

However, *hardware* optimization raises manufacturing costs as it invariably requires higher-quality components. Nintendo took a 180° turn in its strategic approach by abandoning the race for graphic supremacy with the launch of the Wii in 2006, radically distancing itself from the market quadrant occupied by Sony (i.e., PlayStation 3) and Microsoft (i.e., Xbox 360), which were the offerings of its closest competitors (see Table 3).

When adding personal computers (PCs) to the equation, which by nature can have their components upgraded at any time (e.g., *motherboard*, hard drive, cooling systems, etc.), the battle to have the ultimate gaming console was a dead-end in the long run. By reducing graphical power, Nintendo strengthened its position as an industry leader in the video game sector. It increased its business competitiveness by selling consoles at a price higher than its unit cost.

Table 3  
Computing capacity of game consoles in teraflops

Marca	Videoconsola (teraflops)*				
Nintendo	Nintendo 64	Game Cube	Wii	Wii U	Switch
	(.0002)	(.0094)	(.012)	(.352)	(1.024)
PlayStation	PlayStation	PlayStation 2	PlayStation 3	PlayStation 4	PlayStation 5
	(.0001)	(.0062)	(.3)	(1.84)	(10.28)
Xbox		Xbox	Xbox 360	Xbox ONE	Xbox Series X
		(.02)	(.24)	(1.23)	(12)

\* The first model offered by each company was taken as a reference  
Source: Own elaboration (Grandío, 2020)

As the visual spectacle intensified with each generation of gaming consoles, it was logically expected that the time and costs required to create *software* capable of fully utilizing the technical capabilities of these electronic systems would increase exponentially. The desire to reach the graphical ceiling would eventually lead to significantly delayed release deadlines. Similarly, it would propel the budgets involved in video game development to new heights. Programming a 2D game is not the same as programming a 3D one. The problem with graphical power is that it constantly requires constant input.

Nintendo prioritizing creativity over hyperrealism in its games and focusing on the cost-benefit ratio in the manufacturing of its consoles gained three additional advantages in parallel: 1. Flexibility in setting deadlines: Development times become more flexible by reducing the visual requirements, which makes it possible always to have a surprise to announce by alleviating the waiting periods between game releases; 2. Risk reduction: Fewer units need to be sold to break even, and once the investment is recouped, the project becomes profitable by generating the anticipated profits; and 3. Perpetuity of exclusives: It allows the



continued use of the exclusive games model (i.e., video games that can only be enjoyed on a single console brand), as major productions are forced to offer temporary exclusives to cover the high costs incurred. According to Xbox (2024), *Indiana Jones and the Great Circle* will be available first on Xbox and PC and later released on PlayStation 5.

#### *Actions to Increase*

Nintendo's corporate image through brand extension marketing strategy is one factor that can be increased. As a pioneering company in the video game industry, Nintendo is in a privileged position to introduce new products and services that help maintain and reignite the interest of its established fan base while simultaneously attracting additional users.

The challenge lies in increasing the market share percentage without losing the customers we have already acquired. In addition to countless toys, clothing lines, TV cartoons, and various promotional merchandise, some of the most notable actions to expand corporate presence include the cinematic release of *Super Mario Bros. The Movie*, musical concerts of its iconic franchises, the Amiibo collectible figures, themed amusement parks at *Universal Studios*, and the opening in October 2024 of the Nintendo Museum commemorate the company's history (Nintendo, 2024b). This will lead to a virtuous cycle; having more high-quality products and services will increase the brand's commercial value, and this recognition will facilitate the release of more products and services.

#### *Actions to Create*

Over the years, Nintendo has been a part of the childhoods of thousands of people, forging a nostalgic connection with its player base. The children of yesterday are now parents who wish to relive their childhood and share pleasant moments with their children. Being a central part of the memories of a time when life seemed simpler is a feeling that is hard for competitors to replicate, making consumers more than mere brand followers. Therefore, the nostalgic factor should be created to solidify itself as a competitive advantage, enhancing the sense of belonging among customers and turning them into unofficial ambassadors of the organization.

According to Flores and Álvarez (2019), nostalgia must meet four characteristics to be a successful element: 1. Endearing games – having a catalog of relevant intellectual properties that have stood the test of time (e.g., soundtracks, characters, artistic style, advertising, and others); 2. Reminiscence of the past – nurturing honest and sincere connections between the player and the company (e.g., receiving a Nintendo console as a Christmas gift); 3. Reviving emotions – cultivating the desire to continue enjoying the electronic pastime from childhood or youth (e.g., developing intergenerational games that appeal to players of all ages); and 4. Sharing stories – facilitating the sharing of personal and emotional stories among users (e.g.,

the Wii U console featured the *Miiverse* social network, allowing players to create original drawings and exchange *feedback* with others worldwide).

Involving a full range of emotions and feelings from consumers, nostalgia cannot simply be bought in a department store to instantly create a special affection toward the brand and its products. Like a fine wine, it requires an aging process to develop its full potential. This maturation involves years of careful tracking and analysis of demographic and socioeconomic data that comprise the customer profile (e.g., age, family structure, occupation). All of this will be reflected in a loyalty index that meets the parameters required by senior management and, at the same time, acts as a deterrent barrier to potential competitors.

### CONCLUSIONS

100 Nintendo's atypical case is a good opportunity to analyze the decisive factors that must be monitored from the perspective of BOS. As observed throughout this work, the video game industry is highly competitive because countless substitute products try to capture consumers' attention. In a world where internet access is readily available, the intensity of competition to capture a share of consumers' time is fierce. Spending money to acquire a video game is unnecessary, as there are hundreds of free mobile applications to pass the time. Standing out and remaining relevant is imperative, as imitators can appear unexpectedly. Building a name in this industry is becoming increasingly complex.

In this whirlwind scenario, the approach presented by the BOS stands out as it seeks to move away from senseless commercial wars by offering a proposal that deviates from the conventional. However, being unique is not enough to succeed independently; success largely depends on how strategies are executed and followed through. Risk is inevitable, but Nintendo tries to minimize it by developing more flexible games. It is achieved when gameplay aspects precede graphic requirements in its exclusive franchises, thus creating timeless video games that transcend generations of players and enhance their competitive advantages.

Based on the development of the four-action matrix, the following future lines of research are proposed: 1. Identify the key elements of a digital conference to attract and retain virtual viewers throughout the entire broadcast and, once the conference concludes, induce it to be widely mentioned (e.g., word of mouth or through social media). 2. Qualitatively examine the technical specifications of video game consoles through customer perceptions. 3. Analyze the adverse effects of brand wear caused by systematic oversaturation for users and the alternatives that decision-makers should consider to avoid flooding the market with excess

products and services. 4. Empirically compare the business model of exclusive intellectual properties across various entertainment sub-sectors (e.g., film, music, literature).

Few companies genuinely manage to win their fans' hearts as Nintendo does. With a few exceptions of minor games that can be downloaded on other electronic devices (e.g., smartphones), Nintendo's video games can only be enjoyed on Nintendo consoles, which strengthens the close relationship between the company and its followers.

However, the Japanese company's most recent financial results show a significant decline in hardware sales (i.e., 4.72 million, down 31%) and software sales (i.e., 70.28 million, down 27.6%). This is a predictable scenario, as the Nintendo Switch has been competing in the market for over eight years, and it is normal to expect a drop in sales when a product is in the final stretch of its commercial life cycle.

Therefore, it is essential to highlight that, while preparing this study, the successor to the Nintendo Switch was officially announced, which will be named the Nintendo Switch 2. Thus, everything suggests that Nintendo will maintain a continuity-focused approach to the strategy established with the original Nintendo Switch, as evidenced by the confirmation of backward compatibility between the two consoles. Hence, the challenge of creating a blue ocean continues today more than ever, given the relentless dynamism of the video game industry and the expectations surrounding how consumers will receive this successor.

Regarding the delimitations of the work conducted, it is essential to note that the results, derived from documentary research, were subject to the available literature in the databases consulted at the time. Another limitation pertains to the case study of Nintendo; the generalization of the findings may be restricted to organizations that share similar traits with the company. In addition, the video game industry is experiencing a rapid evolution of ideas and technology. It justifies the proliferation of more studies focused on the BOS and the continued strengthening of this management topic.

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