

Promotion by KOL and Acquaintances in Differentiated Products:

By the Case of Nintendo Switch

Xitian Kang^{1,a,*}

¹*School of Foreign Languages, Zhejiang Sci-Tech University, Hangzhou, Zhejiang Province, 310000, China*

a. k13905010257@163.com

**corresponding author*

Abstract: Nintendo, founded in 1889, is a Japanese company mainly engaged in the development of electronic game hardware and software and is the pioneer of the modern electronic game industry. Nintendo Corporation is headquartered in Kyoto City, Japan. Nintendo has sold more than 2 billion copies of its software worldwide, created some of the most famous characters in the history of gaming, such as Mario, and created some of the most classic games in the history of gaming, such as The Legend of Zelda. According to Pu Yamauchi, the head of the game department, it is known that Nintendo strives to be a paradise for game artists. Nintendo believes that people who develop great games should be artists, not technicians, and therefore should be given enough freedom. That's why the Switch is so innovative today. This paper mainly focuses on the analysis of Nintendo's customer characteristics and product characteristics and puts forward corresponding marketing strategies and cures.

Keywords: Nintendo, differentiated products, innovation, marketing

1. Introduction

Looking back at the global economic development situation in the past 30 years, the economic development model and the speed of scientific and technological progress of various countries have brought impact changes to national life. The improvement of consumers' living standards is an important factor affecting consumer behavior, which makes people change from solving basic life needs to satisfying spiritual abundance, and at the same time, the abundance of market commodities also provides consumers with more choices. According to the data on residents' income and consumption expenditure in the first half of 2023 released by the National Bureau of Statistics, in the first half of this year, the per capita disposable income of residents in the country was 19,672 yuan, an increase of 6.5% over the same period last year, and a real increase of 5.8% after deducting price factors [1]. The per capita consumption expenditure was 12,739 yuan, an increase of 8.4% over the same period of last year, or a real increase of 7.6% after deducting price factors. It can be seen that people's consumption desire has increased at a faster rate. In terms of consumption expenditure, food, tobacco and alcohol accounted for 30.7%, an increase of 6.0%; Residential accounted for 23.2%, an

increase of 5.1%; Transportation communications accounted for 12.8%, an increase of 9.2%; Health care accounted for 9.6%, up 17.1%; Education, culture and entertainment accounted for 9.5%, up 16.2%; Clothing accounted for 6.0%, up 5.4%; Household goods and services accounted for 5.7%, an increase of 7.8%; Other goods and services accounted for 2.7%, up 14.5%. According to the data, in addition to the necessities of life such as food, clothing, housing and transportation, people's consumption in education, culture and entertainment ranks fifth, and the growth rate is second. Games, as an important part of entertainment in education, culture and entertainment, provide spiritual satisfaction enrich people's way of life, and have an influence that cannot be underestimated.

Nintendo is a Japanese company mainly engaged in the development of electronic game hardware and software, one of the three giants of the electronic game industry, and the founder of the modern electronic game industry. Nintendo's basic policy is to create unique entertainment, and its corporate social responsibility is to bring smiles to all people who come into contact with Nintendo. Nintendo Switch is a game console released by Nintendo on January 13, 2017, which adopts the integrated design concept of home console and handheld console. In July 2022, according to VGChartz's statistics, the total global sales of Nintendo Switch reached 110 million, which is about to break the record of SONY PlayStation 4 [2]. And on current trends, Nintendo Switch sales could even surpass SONY's all-time high for the PlayStation 2. On July 5, 2023, Japanese game information magazine Famitsu data showed that in June, Nintendo Nintendo Switch domestic sales in Japan increased by 68% year-on-year to 380,000 units, setting a record high. Why can Switch stand out among so many competitors and become the most influential game console? This is due to two main factors: Nintendo's customer characteristics and product characteristics.

2. Literature Review

2.1. Customer Characteristics

As early as 2006, Nintendo began to take a home console marketing approach with a will [3]. At that time, Nintendo borrowed a page from Tupperware's viral marketing strategy: In Los Angeles, the company brought in tech-savvy and social housewives and asked them to invite stay-at-home moms who found their lives boring to experience the console's charm. Nintendo called the first word-of-mouth makers "super moms." These supermoms each invited 35 of their housewife friends to play well. The same model was then replicated in various parts of the United States. "The starting point is: If we can give people the opportunity to live with will's remote control in their hands, they will never be able to live without it again." The vice president of Nintendo of America once explained the idea of word-of-mouth marketing to will. "Word of mouth is a very powerful driver in the console market, and you have to keep people talking about their product [4]. Nintendo were looking for people who were not very interested in video games or even subconsciously opposed to games, but they were the most influential people. From this point of view, Nintendo continues this idea, taking word of mouth as an important tipping point, knowing who is the decision to purchase home appliances, and establishing a stable customer base, user loyalty and abundant cash.

2.2. Product Features

In the current era of electronic products and game software, Nintendo has formed its own advantage with "differentiated products".[5] In terms of appearance, compared with the heavy and cumbersome traditional game consoles, the Nintendo Switch is light and portable and can be easily put into a backpack to carry games to different places. In terms of performance, it can provide a broader perspective and a more real and clear picture performance. In terms of gameplay, users can connect the console to a computer, or they can disassemble the console and play handheld games. In addition,

single-player, multiplayer or online games can be played. Based on these excellent performances, switch consoles, and gamepads, including game cartridges, are relatively high.

While the switch works well with its own "difference," "differentiated products" also have their marketing difficulties. Limited distribution channels: Game consoles are not distributed as downloadable demos like mobile apps, which are purchased by individuals, borrowed from them, and tried in physical stores. And the high price will reduce the buyer's desire and impulse. Different cartridges have different gaming experiences and durability, and it can be difficult to decide whether or not to buy a new game. At the same time, the game is more difficult to get started, and it is more difficult for people who are not good at the game. Unknown audience preferences: It is difficult to predict whether a game that has not yet been released will have a good market; Difficulty in value delivery: Switch is a closed-source system with weak social functions. Therefore, this article will focus on ways to solve the difficulties of marketing differentiated products.

3. Methodology

3.1. Acquaintance Theory

According to the results of a survey group of 300 local video game consumers in Guangzhou, 53.25% of the respondents said they were willing to accept the recommendation of relatives and friends to understand, indicating that the proportion of consumers willing to understand this switch under the recommendation of relatives and friends is still high [6]. Although the user group of Switch has gradually grown and matured, the difference in customers has also increased after the increase in population capacity, resulting in more internal contradictions. The acquaintance society theory refers to the gathering of a group of people in a society to form an acquaintance society. In the acquaintance society, the social system is composed of the acquaintance society, which can take many forms, such as family, work unit, association and so on. The acquaintance society plays an important role in society, providing a framework to promote consensus among people on certain issues. For example, offline social activities can be carried out to encourage users to invite friends who are interested in electronic products to have practical experiences. At the same time, it can enhance the communication between users, reduce contradictions, enhance group harmony, and stimulate the social function of the game console.

3.2. KOL Marketing

KOL marketing is to connect products and audiences through influential figures in a specific field, gain potential customers, and play the advantages of social media in terms of coverage and influence [7]. In the new environment, the Internet provides a feasible path for the brand promotion of enterprises. Nintendo can invest a certain marketing budget in relevant media platforms, shoot a series of game experiences with a large number of scenes through short video modes such as game trial play, and switch various game scenes at will to enhance users' understanding and understanding of Switch or a certain game so that the audience can experience the huge advantages of combining product and scene, and stimulate users' desire to buy. Build an important bridge between brands and consumers to promote brand promotion.

3.3. Network Community

In Maslow's hierarchy of needs, the bottom layer is physiological needs and safety needs, then the third layer is social needs (including friendship, love and other emotions), and the upper layer is respect needs and self-realization needs. The existence of community not only satisfies people's third-level social needs but also satisfies the needs of respect and self-realization through community [8].

Nintendo builds good communities that make people feel a sense of belonging and involvement. In this community, it is necessary to continuously provide the dry goods knowledge needed by the group of friends, have a certain ability to consult and answer questions, help the group of friends to solve practical problems, and promote effective collaboration between community members.

3.4. Network Ethnography

Ethnography takes a group as a research object, observes its unique culture, values and behavior patterns, and then recognizes the relevant cultural forms of the group. Network ethnography is based on traditional ethnography methods, focusing on the qualitative analysis of the content and form of members' online interaction, while using the Internet platform and interactive tools to collect data [9]. Nintendo Switch can use network ethnography to explore the user's preferences and characteristics and accurately position the product direction.

3.5. Convenient After-Sales Maintenance Points

For game consoles, convenient offline maintenance points have a certain effect on stimulating consumer purchase motivation, which is very likely to prompt consumers to make purchase decisions, and is more conducive to solving existing customer objections. At the same time, thoughtful after-sales service can attract potential consumers who are paying attention to the product and facilitate transactions.

3.6. Expansion of Game Characters Into Other Fields

Nintendo's "Super Mario" movie has been widely acclaimed after its release in the United States, and has brought huge profits to the movie company that produced it. At the same time, peripheral merchandise related to Nintendo's game characters, such as Mario hats and clothes, dolls designed in the image of Pokémon, and stationery, became very popular, appealing not only to children but also to many adults [9]. To this day, products derived from the images of the main characters in Nintendo games continue to emerge. Nintendo has benefited greatly from these products. In addition to royalties from the characters, these derivatives are more important for the intangible promotion of Nintendo's games.

3.7. Adding Step-by-Step Unlocked Purchases by Chapter and Level

Since Nintendo's games are priced using a pricing strategy that complements the price of the console, they are generally sold at a higher price. This may lead to a situation where some players want to experience a certain game but are hesitant to make a purchase due to the high price of the game. To address this situation, it is possible to add a gradual unlocking of purchases by chapter or level in addition to the buyout system, where players are free to choose to buy out or buy separately. This way, players can experience more of the game, and step-by-step purchases won't be as hesitant as buying it all at once.

3.8. Increase the Ban on Cracked Game Consoles and Develop New Encryption Technology

The biggest enemy of console games is cracked and pirated games. With the emergence of piracy, many players choose to play cracked games, and the number of people who support genuine games will become less, and for game developers, the games developed by investing countless efforts are not sufficiently rewarded, and the developers' enthusiasm will become less and less and there is no money to continue the development. At present, the cracking phenomenon of Nintendo Switch game consoles is still very serious, and there are even some unscrupulous merchants selling the cracked

game consoles at a price increase [10]. This is undoubtedly a huge blow to Nintendo, because games are where Nintendo really makes its profit. Nintendo's remediation of cracked consoles is not strong enough, and only users who use cracked consoles for networking have been banned, for which cracked hardware can be added to consoles that do not need to be networked to detect cracking: a reporting system can also be implemented, encouraging players to report on those who sell cracked consoles, make cracked console systems, or help with publicity, and rewarding those who report successfully. But at the root, developing a new set of encryption technology is the best way to solve the problem of cracked game consoles running rampant.

4. Conclusion

This paper takes a look at the increasingly popular gaming industry and analyzes how to increase product sales and solve the current challenges Nintendo is facing through theories of familiarity, KOL marketing, online communities, cyber ethnography, and the establishment of convenient after-sales service locations, to name a few. Although this paper explores the many ways in which Nintendo can overcome marketing difficulties, there are of course limitations. For example, the organization of community activities is difficult: the Switch is a one-person console, most players are independent, and some players play multiplayer games, but usually with fixed companions, and do not have a high desire to participate in collective offline activities. Therefore, it is possible to attract players by being able to try out new games in person at events. At the same time, there is a certain resistance to online marketing: with the development of the Internet and the expansion of the Netflix effect, the promotion offer of "Netflix" on social media is getting higher and higher, and it is not possible to carry out sustained promotion for the console, which will also be a cost. Therefore, Nintendo can promote the behavior of ordinary players to promote themselves on social media. Not only would this save a fortune, it may increase the authenticity of the promotion brought to the masses. With the development of emerging technologies, in the future, research could focus on the help that science and technology, such as artificial intelligence, can bring to Nintendo's development. In an environment where information flows more and more quickly, it is important for Nintendo to capitalize on the popular avenues of publicity today to solidify its market position and resonate with more consumers.

References

- [1] NBS: National disposable income per capita 19,672 yuan in the first half of 2023. *China News* [N].2023-07-17
- [2] Xu Xinyi,Wu Kezhong. Nintendo's growth code: old IP revitalized. *China Business News*[N].2023-08-14
- [3] Wei Ran. Sales continue to grow, Nintendo performs strongly. *International Publishing Weekly*[N].2022-08-08
- [4] Zhou Zhengyuan. Analysis of Nintendo's Corporate Environment and Strategy in Japan. *Modern Enterprise*[J].2021-06-30
- [5] Chen Yuan. Research on Word-of-Mouth Marketing Based on 5T Theory--Taking Nintendo Brand as an Example. *Communication Power Research*[J].2020-07-15
- [6] Wang Houpin. Nintendo's "Making Happiness" to the End. *Modern Workgroup*[J].2022-03-10
- [7] Sun Xingzhi. Nintendo: the unrepeatabe gaming experience is the reason why players are willing to pay for it. *First Financial Daily* [N].2021-07-30
- [8] A review of Nintendo switch's marketing strategy. Li Xinyue. *Business Manager*,2020
- [9] Yuan Xiao. A study of culture and communication defined in Nintendo video games. *News knowledge* [J].2020-07-15
- [10] Integrated marketing communication of Nintendo switch game console. Zhang Jucai, Qi Tian. *Enterprise Research*, 2018