

# *Nintendo's Development Status and Prospects in the Chinese Market*

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**Abstract:** The video game industry has been a rapidly developing industry in recent years and has great market influence. This article starts with an analysis of the problems and difficulties that Nintendo has encountered in the Chinese market environment with rapid economic and technological development, based on consumer feedback, media reports, the company's direction, and the company's economic changes during the COVID-19 period. According to the survey, the author will analyze the advantages and disadvantages of Nintendo in the Chinese market and the future development prospects, and finally come to the conclusion that Nintendo has great development potential in the Chinese market and consumers can also buy the company's products with confidence.

**Keywords:** Nintendo, Chinese market, switch, COVID-19, Nintendo vs competitors

## 1. Introduction

From Mario to The Legend of Zelda, some of the most popular video games, from the Nintendo Entertainment System to the Nintendo Switch video game console, are created and developed by the same company. That company is Nintendo. Since the company first launched Nintendo Entertainment System (NES), until the latest version of Nintendo Switch, especially since the Switch console was officially released in March 2017, it has sold 14 million units in less than a year, exceeding the Nintendo wiiu 5 of the last century [1]. The total annual sales volume was rated as the top ten digital products in the world by the United States. China has successfully attracted Nintendo's attention as a big game country. If Nintendo wants to increase its development in the Chinese market, will Nintendo have an advantage over its competitor Sony? Is Nintendo affected by COVID-19? The long-term development of Nintendo's Switch game console in China has always been controversial. Can it be resolved? These are the research directions of this paper. This article will judge whether China is a profitable market for Nintendo from the perspective of consumer satisfaction and affordability, as well as the economic development of Switch in China? This research hopes to give the public a specific understanding of Nintendo and let consumers have a professional reference when purchasing products instead of blindly following the trend.

## 2. Switch's Performance

As a popular product of Nintendo, the Switch's performance in recent years can be described as world-renowned, but no matter how good the product is, there are advantages and disadvantages. The

first advantage of Switch is that it is rich in resources. So far, Switch has uploaded 1,868 games within 2 years of its release, of which 1,702, 1,689, and 1,043 games have been launched in North America, Europe, and Japan, respectively, so people can enjoy a variety of games. Second, the Switch is easy to carry, and the weight of the game body does not exceed 297 grams. The third is that parents who are worried that their children are addicted to games can freely limit the game time through remote control, so that children will not be overly addicted to games. The fourth is the CP value of the Switch, which is cost-effective and has a lot of free games after purchase, and the game quality is also higher than other game consoles. Media Comments Nintendo is the purest and most dedicated gaming company in the world. Nintendo never thought that the Switch could realize the design of choosing one of the two consoles. This is something that neither manufacturers nor players have been able to do since the birth of game consoles, but they are constantly pursuing, but it is limited by functions, battery life, size, etc. For various reasons, the two consoles have taken different paths. On the NS, the two have achieved a high degree of integration.

For the Switch product itself, Nintendo also provided an explanation.

1. The game screen and the content of the main body and font are highly unified.

At least for Nintendo, there are no longer two lineups of consoles and mobile phones, and it is no longer necessary to develop games for the two devices separately. For game developers, they can get rid of the dual lines and concentrate on developing more interesting games, consoles and The identity of the phone can be changed and has nothing to do with the Switch, which is defined by Nintendo of the NS.

2. It comprehensively improves the operating feel of handheld devices.

In the past, limited by the size of mobile devices, the operating feel has been reduced. For phones or tablets, even peripherals such as Bluetooth handles have not completely solved the fine operation of mobile games. NS uses the Joycon separate handle design for everyone. Seeing how to solve the operation mode of mobile game equipment, Joycon may not be perfect, but at present it is the best, creative and achievable.

3. The online battle environment has been greatly expanded.

This has been used well on mobile phones before. This time, the company chose a high-quality battle method. As long as you carry NS equipment online through the microphone through the network, it is much more exciting than playing games with friends anytime, anywhere. Some people say that Nintendo is behind in the Internet era. This is a big misunderstanding. Nintendo has always emphasized the importance of "socialization", but what Nintendo is pursuing is the irresponsible social network expansion of the instant messaging software Weibo community across the Internet. But at the same time, game consoles also have disadvantages. Game consoles have a short lifespan, possibly only two or three years. The Switch has no external controllers, and the quality of the game consoles is not good. If customers want to have a good gaming experience, they must buy products from other companies. At the same time, the continuous force is low, and it can only be used continuously for three hours at most. At the same time, most of the game consoles are plastic, which is easy to break.

### **3. Chinese Market**

As a big game country, China is naturally favored by Nintendo. According to a 2019 survey by research agency MobData, Nintendo has huge development potential in the Chinese market [1].

#### **3.1. Opportunity**

The domestic host and mobile phone market is almost blank [2]. In the current game market, mobile games account for 60%, and the rest are computer online games, so Switch is a newly introduced

product. With the rapid development of China's game industry in recent years, the scale of players has continued to expand, and players' demand for game quality has also increased. In addition to computer games, mobile games are also increasingly accepted by consumers. In the Chinese mainland market, there are not only mobile games but also PC online games and PC singles. Including games (steam, etc.), various basic data of video games have grown substantially. Young people's fragmented time after getting off work and weekends is relatively complete, so the depth and viscosity of players' actions have also been greatly increased. The Chinese market has a great influence on non-gaming varieties, especially tabletop games, so online social games are also gradually going offline.

First of all, from a regional perspective, the main consumers of Switches are mainly in Guangdong, Shanghai, and Beijing, and they are mainly concentrated in the eastern economically developed areas such as Zhejiang and Jiangsu [3]. Consumers in these regions have three major characteristics: the first is a high understanding of overseas cultures; the second is a high per capita income; and the third is a high demand for entertainment.

Secondly, from the perspective of population, gender, income, occupation and age are the main factors. According to a survey of Switch users in some parts of China, males account for more than 60.56% of consumers, and the income of each consumer is mainly concentrated in the range of 0-10,000, accounting for 79.93% of all consumers. The other part is generally low level. Most of the occupations of consumers are staff and students, with different proportions of 42.96% and 51.06%, respectively, and the age of consumers is concentrated in the 20s and 30s [4].

Finally, from the aspect of action subdivision, the frequency of use and the place of use become the main elements. The frequency of use by consumers is 5-10 hours per week, accounting for 48.46%, and the use place is at home and concentrated on gatherings of family and friends. In the consumer post-use evaluation survey, Switch consumers, as mid-range players, are highly dependent on the Chinese market and have relatively high loyalty.

## **3.2. Comparing Nintendo to the Competitors**

### **3.2.1. Customer**

The target customers are different. The company is mainly for young people, consumers in popular cities, people who love games and advocate new fashion and international trends. The buying groups are mainly consumers between 25–34 years old; big cities; middle- and high-income consumers; and consumers who love game products. Nintendo's loyal customers are mostly Nintendo fanatics, and for the new generation, Nintendo's appeal is fading away, and they are the company's target. As living standards have improved, so has the demand for specialization in the functionality of game products.

### **3.2.2. Competitor**

Brands such as Sony and Microsoft are increasing their efforts to enter the international market. Although Nintendo is temporarily in a leading position, its brand strength, product functionality and fashion, game resources, and image popularity are better than those of other brands, but competing companies are also developing new products that exploit Nintendo's weaknesses. For example, Microsoft's products compared to Nintendo's products. Products can be launched in advance to seize the opportunity, but it is difficult to choose the launch time of Nintendo's new products, and Nintendo's new product development has also become more difficult.

The characteristics of the three major game consoles from Nintendo, Sony, and Microsoft are very obvious. Nintendo has the most experience, a strong lineup of games, and a large range of adaptations. While there are many advantages, there are also obvious disadvantages. The price and

quality of the game are poor, and the resolution is low, so it is not suitable for the middle and low price markets. Sony has a solid reputation in the market for playing new games. Microsoft's performance can always lead. Higher-quality science and a wealth of technology can perform better in the marketplace in the future.

All in all, the competitors in the high-end market are becoming more and more powerful, and the new entrants in the low-to-medium price market have also increased customer demand and changed. Nintendo's own inherent problems may affect the company's development prospects. The adoption of higher quality, higher technology, and measures to overcome shortcomings are important factors that enable Nintendo to compete in the high-end market and enter the low-end market in China [5].

## 4. The Crisis

Pressure from competitors and the sudden appearance of COVID-19 have led to dramatic changes in the development of Nintendo's products in the Chinese market.

### 4.1. SONY Brand

Sony Interactive Entertainment (SIE) released the PlayStation 5 as a launch home video game on November 12, 2020, as a follow-up model to the PlayStation 4(PS4), with a significant improvement in hardware over the previous PS4. High-quality, high-speed custom solid-state and custom processors are used. The PS5 is one of the ninth generation of consoles. It supports resistance detection by customizing the use of adaptive triggers by matching a joystick controller called DualSense. The new installation scheme only allows users to install only parts of the game in multiplayer mode, instead of launching the game, which allows customers to enjoy the services of multiplayer games. The birth of PS5 is similar to the Switch to a certain extent, and even more perfect on the device, with super performance and customized storage hard disk, fast game loading speed, high-definition picture output, and HDR picture quality enhancement. Therefore, the PS5 has a lot more sense of use than the Switch, which also leads to a large number of customers choose to come to Sony.

### 4.2. Status During Covid-19

Although the emergence of PS5 has caused the sales of Switch to decline, the emergence of COVID-19 has changed the sales of Switch. Due to the stay-at-home policy, the government has established social distancing policies with public health in mind. As a result, policies were put in place to limit people's daily activities, and many people stayed at home all day. A large number of consumers tend to "self-isolate" and must find indoor activities to keep their bodies healthy. Switch seized this opportunity. Because Switch can complete the role of exercising at home through games, more consumers may buy this product, which further indirectly led to the sudden product shortage of Switch, whose sales are still declining. For the Switch's marketing department, if they can complement it with more compelling ideas, i.e., compelling game storylines, it's a way to document how these customers are using the device for physical exercise at home rather than outdoors [5].

## 5. Discussion

At present, the development prospect of Switch in the Chinese market is still good. To surpass the competitor Sony, it needs to be improved on the device:

1. Set up a special product performance inspection group to test the product. With the goal of improving user satisfaction, the product should be continuously improved [6].

2. Set up a user consultation center to collect user experience feedback. A feedback column is set on the user's personal page to collect information about the user, and the collected information is fed back to the product development team, which adjusts and improves the product according to the user's feedback.

3. Actively cooperate with government policies. Due to the nature of China, all games must be licensed by the government to be released. If Switch wants to grow in the Chinese market, it is best to actively cooperate with the government's policies and regulations. Adjust products in compliance to maximize profits.

4. Develop your own characteristics and look for differentiated advantages. With strong competitors occupying the market, Nintendo developed its own characteristics. Finding breakthroughs in the market through differentiation is the best way to win [7].

In the face of COVID-19, Switch sales and word of mouth rose substantially during this period, but when COVID-19 ends, Switch sales will still return to a downward spiral [8]. So, it can be deduced that while marketing is not necessarily Nintendo's Achilles heel and remains an area in which the company is relatively strong, it will require targeted strategies to improve to secure its position in the future, especially as it increasingly The closer you get to the once-dominant home console system market, Sony has now lost its lead [9].

## 6. Conclusion

Overall, Nintendo has great development potential in the Chinese market. Faced with its own rival, Sony developed products Nintendo's Switch has been unable to hold an absolute advantage in the market. After all, regardless of whether the game content or product quality is better than the Switch, if Nintendo wants to expand its advantage in the Chinese market, it will need to innovate. To surpass its competitors in the Chinese market, it is inseparable from product upgrades and updates. As players spend more time at home, the amount of content that is the object of entertainment is expanding. Games are not a necessity of life, and in order to ensure that customers choose our games for a limited time, the company's products must be fun and attractive. Nintendo seems to still maintain its dominance in the console market. With the launch of the Nintendo Switch, the oldest company on the market has now reemerged and is in the spotlight. However, from a customer perspective, Nintendo's marketing campaign is still considered less effective than Sony's, even if the difference is small. This article is just an analysis of the Switch's development so far and a prediction for the future. Perhaps Nintendo will make more changes and innovations in the future so that the product can dominate the Chinese market.

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