ECON 7950 - Nintendo Case

Assignment: Answer all questions thoroughly. Limit your writeup to two single-spaced pages.

1. How did Nintendo expand the size of the surplus created by the video game industry?

2. How did it capture so much of the surplus? Discuss Nintendo’s approach to all parties affecting it (customers, suppliers, rivals and participants whose value-creating efforts complemented the efforts made by Nintendo).

3. Why did Nintendo limit the number of game-title licensees and the number of titles a licensee could put out?

4. Which game theoretic example(s) from class lectures do you believe best summarize(s) Nintendo’s strategy, and why?