Case Notes

# Chapter 1: Introduction To Managing Global Operations And Supply Chains

# Nintendo’s Wii and Wii U: Absence Makes the Heart Grow Fonder

## Case Summary

*This case describes how Nintendo’s bottleneck strategy backfired and caused Nintendo to lose its top spot in the gaming industry.*

Case Analysis *This case illustrates the importance of having an integrated view of operations from a larger supply chain framework. Nintendo failed to create and maintain a supply chain that ensured timely arrival of all materials that it needed to avoid bottleneck or delayed product deliveries. Their deliberate shortage strategy is not sustainable because Nintendo neglected to interface with internal areas, especially marketing, to better align its operations function with overall pricing and demand goals of the firm.*

## Sample Answers to Case Questions

1. Develop an argument either in favor of or against a deliberate shortage strategy, such as Nintendo has experienced in the past. What are the advantages and disadvantages of maintaining shortages?

The advantages of a deliberate shortage strategy include creating product awareness, maintaining customers’ fascination with the product, attracting customers’ attention, and generating enthusiasm for the product. Its disadvantages include loss of sales as customers switch to buying from competing firms, loss of profits and market shares, and supply chain problems with Nintendo’s manufacturing and delivery systems.

2. With increased sales of competing devices, can Nintendo maintain a bottleneck strategy? What might be required for them to maintain such a strategy?

Nintendo may be able to maintain the bottleneck strategy if it can sustain a leadership position with its innovative game consoles, adopt a pricing strategy that allows it to sell the consoles at a profitable price, pay close attention to the product life cycle to coordinate demand and supply with a sound supply chain strategy.