

Blue ocean strategy

Business



Blue Ocean Strategy The Wii was launched into a gaming market dominated by two major players, Sony's PlayStation 3 and Microsoft's Xbox 360. With two big incumbents, Wii would have found it difficult to penetrate their market directly, thus it adopted a new strategy called "competing against non-consumption" (Scott, 2008). By doing this the Wii effectively positioned its product where the competitive forces were weakest (Porter, 2008). Scott (2008) elaborates that whereas Sony and Microsoft were concentrated on differentiating their products in terms of providing cutting-edge game play to demanding customers, Wii focused on reaching new customers segments.

Six paths framework To break out of red oceans, the blue ocean strategy postulates that companies must break out of the accepted boundaries that define how they compete. These systematic boundaries are identified by the six paths framework as: industry, strategic groups, buyer groups, scope of product or service offerings, functional-emotional orientation of an industry, and time ("Blue Ocean Strategy," 2011). The first path that we see Wii utilized to create a blue ocean was the buyer groups. Microsoft's Xbox 360 and Sony PS3 rely on users as their primary focus. For this reason their strategies are geared towards increasing their users-experience through constant innovation and deployment of new technologies such as HD, graphics and so on. On the contrary, Wii opted to target purchasers and influencers e. g. parents and physicians through development of products that everyone in the family can appreciate. This has increased the likelihood of say, parents, purchasing Wii games instead of PS3 or Xbox 360 for their children. The second path that the Wii utilized to create a blue ocean for itself is the product scope. While the two major gaming competitors stuck to the belief that gaming was a preserve for a certain age group, the Wii

expanded its market by developing products that could cut across all age groups from pre-teens to senior citizens. The Wii Healthy category of games comprises of products that grandparents and grandchildren could easily play with together. Under both paths, the Wii has stuck to the fundamental Blue Ocean Strategy maxim of aiming not to out-perform the competition in the existing industry, but to create new market space or a blue ocean (“ Blue Ocean Strategy,” 2011). Wii’s products also satisfy the BOS’s value innovation concept of simultaneous pursuit of differentiation and low cost. Wii’s gaming console and games are revolutionary yet more affordable in comparison to its rivals. The strategy canvas below demonstrates the BOS pursued by the Nintendo Wii. In conclusion, one may be tempted to ask: is there is a bluer ocean than the Wii’s in the gaming industry? Inasmuch as the Wii has carved out a new market space for itself, it is performing poorly in two very important fronts of modern consumerism: developer community support and user experience. Apple’s iPhone and iPad have largely gained huge market share because developers are able to develop multiple apps and avail them to a ready market. Most developers seem to prefer developing apps and games for Wii’s competitors partly because their devices offer superior user experience. A different competitor could exploit these weaknesses in the Wii to create a bluer ocean than the Wii’s. The challenge though would be how to increase user experience in gaming while maintaining low cost. References Blue Ocean Strategy. (2011, July 21). Blue ocean strategy. Retrieved July 21, 2011, from http://www.blueoceanstrategy.com/abo/what_is_bos.html Porter, M. E. (2008). The Five competitive forces that shape strategy. Harvard Business Review Online, R0801E, 1-18. Scott, A. (2008, April 30). Nintendo Wii’s Growing Market of “ <https://assignbuster.com/blue-ocean-strategy-essay-samples/>

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