

Analysis

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As already mentioned, the gaming console industry has become very fierce in terms of competition. Sony and Microsoft have spared no expense in promoting their respective products. Initially the Sony PlayStation and Microsoft's X-Box weren't as big a threat to Nintendo's gaming empire, but with their upgrades in the form of PlayStation 3 and X-Box 360, it's a whole new ballgame. Nintendo's initial response to these competitors was the creation of the Nintendo Wii. It would be assumed that Nintendo would face a world of adversity given that it was the last entrant in the market, with giants like Sony and Microsoft having already consolidated their footing in the industry. But this was far from the truth. As of August 2007, Nintendo became the best selling console in the world, with Microsoft's Xbox 360 and Sony's PlayStation 3 trailing. The Wii's performance is impressive considering that Microsoft launched 12 months ahead of both the Wii and PS3. When we take a look at the overall industry, there are a lot of game consoles worldwide but only these three were the major competitors dominating the market. The others were small timers and operated on niches. There were only 6 leading video game consoles which were appealing enough to generate large-volume sales of new units namely Microsoft's Xbox 360, Sony PlayStation 3 and hand-held PSP, and Nintendo's Wii, Game Boy Advance, and DS/DS Lite. Wii and Nintendo DS sales together are greater in 2008 than the combined sales of the Xbox 360 and all three of Sony's gaming consoles. Focusing on the Sony PlayStation 3, it has its pros and cons. For one thing, it had built upon the previous console versions, and compatibility of the gaming software of the previous versions on PS3 largely promoted the launch of the new console. Another positive aspect of the PS3 was the availability of free online products. This is where Sony had already

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established a dominant presence and they capitalized on the opportunity. Other features included the jump on to advanced technological stages which other competitors were also engaging in, such as integration of next generation DVD players. Perhaps the greatest edge which Sony had was it had a global presence which its major rivals did not have, and this aided greatly in the global launch of the PS3. However, the problem evident in the PS3, like other rivals, was the price aspect of the console. The Nintendo Wii beat its competition due to the price advantage it offered to the end user. Other flaws in the approach of Sony were that they constantly shifted their strategies and didn't stick to one action plan. This, coupled with the delays in production, triggered irreparable losses in sales from which Sony seemingly hasn't recovered. Microsoft's Xbox 360 had similar advantages and disadvantages like Sony's PS3. For starters, they priced themselves lower than their most significant competitor in terms of technology, Sony. They had also built upon previous consoles developed for the market, and with their intellectual prowess in software development, they took the industry by storm with their latest gaming software. However, the issue arose that their most primal competitor was Nintendo, due to the equally large customer base, and this spelled trouble for Xbox 360. Nintendo Wii was still the lowest priced console in the market and even Microsoft's might couldn't compete with their Japanese counterpart. However having said that, Microsoft's presence on a global scale with the Xbox 360 is very negligible due to a lack of penetration in the eastern markets. This could present a hefty revenue channel if they play their cards right. Europe would be a bit of a stretch though, considering the anti-trust issues which the two regions have had in the past. One thing which is a major drawback for both these two companies

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is that their solution to every problem is throwing more money at it. If a product bombs, they immediately go back to the drawing board and develop something new. They don't pause and take a look at the reason why the product is flailing in the first place. This is where Nintendo has been so good. They have set a path for themselves, and stuck to it. They don't change their products every now and then. Obviously the modifications are a requirement of the era, but more or less, they focus on the competition in a subtle manner. This is how they've been able to maintain their top spot as the industry leader in gaming consoles and software generation. Having said that, it still doesn't mean that Nintendo is perfect. There is a lot of room for improvement with the Nintendo Wii. They must introduce a larger variety of gaming software which can somewhat compete with Microsoft or Sony. Furthermore, they need to address their Joystick Liability issues. It only takes a strategized effort from either Microsoft or Sony to knock Nintendo off the pedestal, therefore they shouldn't get complacent and make sure they adapt according to the dynamic market they operate within. Reference

Anonymous. "Swot Analysis In Gaming Console Industry". N. D. Web. March 31 2011. <http://www.oppapers.com/essays/Swot-Analysis-Gaming-Console-Industry/169402>