

Nintendo case study persuasive essay



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A successfully marketed product always delivers value to customers what its competitors can not. Wii, one of Nintendo's latest game consoles provides an excellent example of a marketing strategy that almost perfectly suits the product and makes it stand out among aggressive competitors. This marketing report takes the marketing strategy of Nintendo Wii from 2007 onwards as the object of analysis, investigates its background, makes sense of why it has worked, studies its advantages and drawbacks and attempts to find a way to improve it. Traditionally a game manufacturer, Nintendo has a long history making game consoles that target at the video game players and other hard-core gamers. Wii marked the company's ambition to conquer the market of non-traditional gamers and attempt to bring game experience into family daily life.

Wii's wireless control is unprecedented and has revolutionized game playing: Players can now have the physical experience and enjoy the digital visual effects at the same time. It makes game more accessible and approachable for most people especially those who are not used to traditional game consoles. Apart from its superior product, Wii also adopts a marketing strategy that embraces low pricing and simple distribution. All these factors combined boost up Wii's sales, making it the best-selling game console of its generation. Wii may seem untouchable in its area, but this superiority is achieved on the conditions that its two main competitors, Sony and Microsoft, have not decided to confront it in home game console domain. It is foreseeable that Wii will face challenges from outside-its competitors and other home entertainment industries-and inside-its own product life cycle.

Is there a way to avoid the short lifetimes that are common in game industries? If so, how? This report will attempt to find an answer to those questions. History of Nintendo and Description of WiiHistory of NintendoAs a game manufacturer with a history dated back to 1889, Nintendo is one of the most prolific companies in game industry. Its famous products include game consoles such as original Nintendo and the Nintendo GameCube. Until the beginning of 2000s, much of their focus was towards the traditional video game fan, the younger male demographic. (Nintendo, 2009)Introducing WiiThe introduction of the Wii, marked Nintendo's shift of target in the market.

Instead of hitting the traditional video game players, it was an attempt to revolutionize the home console market. Wii's major point of differentiation against its competition, and critical reason behind its success was the unique control scheme adopted. Opting-out of using the traditional controller, a remote control type device with motion sensing abilities was developed. This technology innovation has allowed them to create a unique platform with a lower barrier to entry for new players. The most notable use of this is with the pack-in software, Wii Sports, which includes 5 sporting mini-games including Wii-Tennis.

Rather than using digital buttons to trigger swings like a traditional tennis video game would do, players simply hold the Wii remote and physically swing it as they would with a tennis racquet. This is further simplified by removing manual character movement, with on-screen avatars running to the ball automatically. This is an example of the philosophy behind the Wii of removing complexity to make video games more approachable. The

competition From an industry perspective, the main competition faced by Nintendo in the home console market is with Microsoft with their Xbox 360, and long time competitors Sony and their Playstation 3. Nintendo's current marketing strategy for the Wii Target segment and marketing strategy Nintendo has taken a completely different marketing approach as compared to its major industry competitors.

Both Microsoft and Sony have adopted a technologically superior product focus, with a greater emphasis on high-definition audio/visuals, feature-rich functionality and cutting edge technology. Most importantly, these products continue to be focused towards the traditional video-gaming market. Wii was never intended to be the best-of-breed videogame console, and has attempted to reach this casual market, specifically females and older-generation players. “ Nintendo is trying to bring non core gamers back to gaming with the Wii. Wii won't equal video game but Wii aims at meaning fun.

Nintendo focuses on the consumer's feeling rather than its product.” (Fain 2007, cited by Osterwalder 2007). Nintendo aims at broadening its appeal beyond the regular young male gamer by targeting an entirely different customer segment: the lapsed gamer (Berkley, 2009). Value Proposition The key element around which Wii's value proposition is built is fun. Nintendo aims at delivering an affordable video game entertainment that simultaneously generates a greater value for the customer. “ More casual players aren't as likely to be attracted by hardware features, so it's all about delivering a fun, easy-to-use and addicting game experience” (Frazier, 2008, cited in Schoenberger, 2008).

The Marketing MixProductNintendo has taken a radically different perspective than Sony and Microsoft with the new console. The Wii is cheap, with no hard disk and DVD player, minimal connectivity and relatively low processor speed (Osterwalder, 2007). The main competitive advantage for Wii lies in its innovative motion-sensitive wireless controller, the Wii Remote. This unique technology recognizes basic tilts and motion and integrates the player's movements directly in the video game, thus delivering a matchless gaming experience.

With this feature Nintendo opens up the console world to a completely new public of inexperienced gamers (Ostelwalder, 2007). Moreover, the design of the controller has been further simplified making it less intimidating and at the same time engaging enough. To provide additional handiness to the Wii remote as well as to reduce the likelihood of accidents, silicon cases and a wrist strap have been added to the remotes. (Harris, 2008). Aesthetical design has also been incredibly important for Nintendo in order to appeal to the wider audience. It has been designed with a sleek white exterior, instead of the bright, toy-like colours, previously used in the GameCube.

As the device sits beside the TV, the design team have made it small: " Make it any larger and customers would hesitate to leave it there" (Gaudiosi, 2007). It is also complimented by software and hardware sharing a similar ethos to the Wii brand in appealing to the wider market. A recent example of this is Wii Fit. This introduced the Wii Balance Board, essentially a scale that includes multiple pressure sensors so players can not only weight themselves, but also apply pressure to certain points on the board and have this be recognized. The Balance Board is widely used in Wii games including

a variety of fitness activities across four categories, Yoga, Aerobics, Strength and Balance. PackagingThe Wii package simply includes the console, relevant cables and controls, and finally the Wii Sports disc.

Wii Sports turned out to be a key strategic move in getting people to buy the system. The package strategy has turned out to be so successful that the core components have not changed at all for the two years on the market. (Harris, 2008). The artistic design of the box is kept fairly simplistic. Strikingly clean, it features only the Wii console and Wii brand logo on a white background. The only other inclusion was the Wii Sports sticker, to showcase the games inclusion.

This was later modified to include “Wii Sports” in the printing of the box, displayed more prominently. By making it a major part of the package art, Nintendo solidifies the Wii sports disk as an integral component of the Wii package, increasing the overall value perception for the end consumer (Harris, 2008). PricingTo reach out to this non-traditional market, it was imperative that Nintendo did overprice. To keep costs reduced, many features expected from the generational jump such as a Blu-Ray, Dolby 5.

1 sound, high-definition game playback and a hard-drive were not adopted. Instead, Nintendo included older technologies, which were “good enough” to assure that there would be a price-advantage over its competitors and appeal to a broader customer base. Wii was launched at a very competitive price of \$250 USD, nearly twice as cheap as its rivals Playstation and Xbox (Harris, 2008). What is especially notable is that this selling cost was still

significantly below cost-price, allowing Nintendo to make a profit on all hardware sold.

It was estimated that the initial cost of manufacturing was \$160 USD (Shilov 2006) dropped to only \$88 USD (Harding 2009). This is very uncharacteristic of the industry where consoles are usually introduced as loss-leaders and any profit is made through the sale of software and peripherals. It can also occur towards the end of the lifecycle of a product when cost of manufacturing has reduced. Nintendo have adopted customer-based approach to set the price.

The competition is making a loss for each unit sold by offering more expensive technology. Nintendo have offered a greater value to the consumer, through their innovative controller, software and intellectual property library. This lower price has not only allowed for greater market-penetration to reach price-sensitive consumers immediately, but also have allowed them to receive very little competitive retaliation. The competitors have simply been unable to compete through price, as the cost-per product is already markedly higher than that of the Wii.

This is a strategic plan that has allowed for Nintendo to remain competitive for the life-span of this “ console-generation”. PromotionHands-on - samplingNintendo has embarked on a vast marketing campaign in order to familiarize the broad public with Wii. Wii has appeared in a South Park episode, on the front page of The Wall Street Journal and in the gift guide issue of People magazine (Jeremy, 2009). The Wii Ambassador Program including 3 ambassador categories: multigenerational families, hard-core

gamers and modern mothers, was aimed at providing everyday people with the opportunity to play the game for the first time and share their experience with others (Jeremy, 2006). Another initiative introduced is the Wii Mall Experience, which involved the setting up of interactive Wii kiosks in several shopping centers across the USA.

Other initiatives include Wii Urban Tour, gaming hours during fashion and music events as well as advertisements in lifestyle and sports magazines (Jeremy, 2006).