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Wii Encore Case Study

* 1. With each generation came newer technological advancements which allowed for different companies to launch a more successful gaming console. One company would be the leader one generation but due to innovative technology another company would overtake them. Another reason could be how a company already the market leader may not have much motivation to continue to adapt and improve to stay the leader. Other companies will attempt to create new products in order to become the market leader. Sony was an exception because they attracted an older generation. They believed that you could continue to play video games after the age of 16 which allowed for them to obtain a larger and more sustainable target market.
  2. When Nintendo Launched the Wii, it was not prepared for the immediate success. It couldn’t meet the demand and had for a year and had only 15 games that cold be played. After the successful release of the Wii Microsoft and Sony quickly released equivalent products that captured Wii’s customers. In addition, the creation of mobile games also stole the “casual gamers” from Nintendo. In order to combat the competition, Nintendo should have released new features to Wii rather than wait for it to be overtaken by Sony and Microsoft. One way to do this would be to rerelease the Wii with newer features or to create games that held a different aspect. In order to combat the power of substitutes Nintendo could have also improved the technology of their DS’s, these mobile games could be more appealing than phone games and still provide the mobile aspect. In addition, Nintendo could have created multiplayer games that allow users to play on their console online with their friends while they are at their home.
  3. Microsoft and Sony showed negative margins. They can absorb this because they are larger and more diversified firms that can absorb theses costs. The reason they are in the market for gaming consoles is to create network effects. Once network effects are established their current products can begin to show profitability and be able to synchronize with the Sony television or Microsoft Computer. Microsoft does this in order to stay powerful with PC gaming and development. They feared they could lose control over computers, which gives them motivation to become relevant in the console gaming area.