

Wii, PS3 and Xbox: The Game Has Only Just Begun

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With the European launch of PlayStation 3 just a few weeks away, sales figures for the new Sony console in Japan and the US are below those of Xbox and Wii, the new system from Nintendo. The latter, whose clever remote control has turned out to be a major hit among the less diehard players, saw excellent results in January.

Nintendo's strategy, which is based on opening new markets for videogames and attracting users who do not fit into the traditional videogamer profile, is paying off. The Nintendo DS console had already broadened the scope thanks to mental-conditioning games aimed at older folks. The differentiating factor for Wii, and its major competitive advantage, is its ability to simulate real exercise, requiring the user to move as if actually performing the activity. Many users have fun jumping as if they had to return a tennis serve, or shaking their arms in the air as they imagine themselves in a swimming competition. In fact, some prefer this kind of experience to sitting on the sofa facing the TV and playing games with high-end graphics.

Now it is necessary to have developers that are willing to manufacture this type of game, whose availability is a determining factor for the success of the platform. Nintendo, which is coming off a bad experience in that respect, does not want to repeat its mistakes and is instead trying to reach deals with third-party producers such as Electronic Arts, one of the leading videogame makers. The company has already created successful games for the Wii and is now looking to become the console's second largest videogame manufacturer, behind Nintendo itself.

Wii's other major ally is its more affordable price tag of €250, undercutting that of the premium version of Xbox 360, which costs €400, and the €600 that PS3 will go for in Europe. Analysts say that only the Wii devices are profitable. That is due to their having fewer technological features than those of Microsoft and Sony, both of which play high definition video. In addition, Microsoft announced at the recent CES show in Las Vegas that its console would be able to play Internet-based television content by year's end.

Sony's strategy of competing by offering more features to its regular consumers has forced the company to push back the launch of PS3 to spring. Nintendo's gameplan, which consists of offering a product

Highlights

1 According to Merrill Lynch, by 2011 one third of Japanese households and almost 30% of US households will own a Wii. Since its release, the Nintendo console has quickly sold out, both in US stores and in Europe and Japan. Nevertheless, they can be found on auction sites, though at a 35% markup from their recommended retail price.

2 NPD Group Research estimates that in January sales figures in the US were 244,000 units for the new Sony console and 294,000 for Xbox. During the same period, Nintendo sold 436,000 Wii consoles. In Japan, Enterbrain says that of the 600,000 game consoles sold during the month of January, 68% of these were Nintendo, compared to a 25% share for PlayStation 3 and 7% for X360.

3 The launch of PlayStation 3 in Europe is expected for March 23. However, the sales numbers for the new Sony console in the US and Japan—where it was released on November 11 of last year—are generating fears that it may also receive a lukewarm reception in Europe. The Wii went on sale in December 2006, while the Xbox was available for the 2005 Christmas season.

with less sophisticated features and a lower price so as to reach new segments of the market, has catapulted the company past its rivals. Nevertheless, it is still too soon to know which console will ultimately win the game, which has just gotten underway.