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Nintendo Will Win Game Wars by Thinking 'Different,' Not 'Better'

Wii Is Not Just a New Product, It's a New Category
By Al Ries

"Simply Better" is the title of the marketing book that won the 2005 Berry-AMA Book Prize.



The Wii is less powerful but more popular than PlayStation. Why? Because it created and currently owns a new product category.

"Customers rarely buy a product or service because it offers something unique," say authors Patrick Barwise and Sean Meehan. Consumers want products that are "simply better" in terms of quality, reliability and value.

Different products

Not true. Too many companies focus on trying to make better products when the real advantage is making different products. The video-game dogfight between Sony, Microsoft and Nintendo illustrates this point.

Both Sony's PlayStation 3 and Microsoft's Xbox 360 are the result of a better-product approach. Compared to previous iterations, the new PlayStation and Xbox machines are faster and more powerful.

Nintendo did it differently. The Wii is perhaps one-tenth as powerful as its two rivals, yet its motion-sensitive wireless controller allows you to produce action on the screen by tilting and waving your hand. You don't just sit on the couch and move your thumbs.

Wii winning the battle

Wii has been winning the battle in the marketplace. In November and December of last year, Nintendo sold 1.1 million Wii consoles, while Sony sold only 687,000 PS3s. Wii has also been winning the battle in the media:

"Nintendo's Wii, radiating fun, is eclipsing Sony," wrote the *The New York Times*.

"We found the more modest Wii to be the more exciting, fun and satisfying of the two new game machines," said Walter S. Mossberg in The *Wall Street Journal*.

My prediction: Nintendo's Wii will wind up outselling Xbox 360 and PlayStation 3 combined.

Game Boy example

It wouldn't be the first time Nintendo won big with a "different" strategy. In 1989, the company introduced Game Boy, the first portable video-game player. Since then, Game Boy has sold more than 70 million units.

Two years ago, Sony struck back with the PlayStation Portable, a portable machine with a "better" approach. With the bigger, more powerful PSP, consumers could also play movies and music.

But instead of introducing a bigger, more powerful Game Boy, Nintendo introduced the DS, a dual-screen portable player. One screen is a regular LCD, and the other screen is touch-sensitive, allowing for a new breed of games. So far, Nintendo DS has sold 26.8 million units vs. 22.9 million for Sony's PSP. No surprise.

Marketing is a battle of categories. The brand is only a marker for the category itself. If you want an energy drink, you reach for a Red Bull. If you want soy milk, you buy Silk. Rental DVDs by mail? Netflix.

Creating a category

Creating a category and then branding that category in such a way that your brand is perceived as the innovator and leader is the essence of marketing today.

To create a category, however, you have to think differently, not better. Pepsi-Cola tastes better than Coca-Cola, but it's not different and therefore can never become a market leader.

There are some categories where the better product does win. These are categories with few or no brands. Notice, for example, how consumers will take their time to pick and choose the better apple in the produce section.

The number of these categories keeps declining because these are the best categories in which to launch brands. In the supermarket produce section, a company called Fresh Express introduced the first brand of packaged salad, a typical think-different approach.

Naturally, Dole and a number of other produce players jumped into the market. Who became the market leader? Fresh Express, with a 40% share. Two years ago, Fresh Express was bought by Chiquita Brands for \$855 million, a nice stack of greens.

Think different and get rich.