



Xbox launch in Korea

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Agenda

- History & Background Info
- Case Summary
- Gaming Console Market
- Competitive Landscape
- Company/ Industry/ Challenges
- Recommendations
- Implications & Takeaways

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History of Microsoft and THE XBOX

- Founded in 1975 by Paul Allen and Bill Gates
- Revenues of 25 billion and over 47,000 employees
- Products - Windows, office, IE, Bing, One Drive, Safety and Security, Cloud and online services, Microsoft and Nokia Devices and Xbox

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Case Summary

- Introduced in March 2000 by Bill Gates at Game Developers conference in San Jose
- Microsoft's first major gaming console having stiff competition from Sony, Nintendo and Sega
- Cash allocated - \$ 500 million for first 18 months
- Broad band gaming
- \$ 2 Billion over five years
- Product launched - 15th November 2001

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Gaming Console Market

- \$ 9.4 billion in United States; \$ 20 billion worldwide in 2001
- 20 % increase in H1 2001 and similar performance in H2 2001
- Industry expected to grow by 40% in US by 2006
 - Console manufacturers, software developers/ publishers and ancillary equipment providers

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Competitive Landscape

- August 2002, Sony was the industry leader in gaming console, were Microsoft and Nintendo were struggling
- Nintendo - **Gamecube** a gaming console excluding DVD capability and broadband gaming priced at \$ **149** compared to Playstation 2 and Xbox at \$ **199**
- Sony - **Playstation 2**. Sales revenue of \$ **58.5 billion** for fiscal year March 2001 has the largest software library positioning as family entertainment center
- Microsoft - **Xbox** a newcomer in gaming console arena capitalizing on the software expertise. POD - broadband gaming, movies, music and communication services

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Competitive Landscape

- Xbox Live - Online gaming console(fall 2002)
- Xbox Live - Gamers connect over Xbox live service managed by Microsoft
- Xbox Live starter kit (headset+microphone+one year subscription+ software utilizing broadband connection = \$ 50)

Korean Market

• Xbox launch - December 23, 2002

Problem areas

- PC gaming strong compared to console gaming
- Invest in educating and communicating console value proposition
- No Red carpet welcome (virgin market)
- \$ 320 billion industry with 60% broadband penetration among households
- PC Bangs (specialized gaming room)
 - over 20,000 Bangs (specialized gaming room)

Korean Market

- Xbox launch - December 23, 2002

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