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**SIDEBAR 3:           Company Profile: Nintendo**

*Dominic Arsenault*

The foundations of Nintendo (whose name can be roughly translated as “leave luck to heaven”) in the entertainment industry were established as early as 1889, starting as a manufacturer of Hanafuda playing cards. (Hanafuda is a gambling card game, something of a cross between traditional Japanese and Western games.) The company attempted to penetrate a handful of other markets during the 1960s including toys, a taxi service, and a “love hotel” before deciding to explore the avenue of electronic games, a choice that would prove most beneficial as today, Nintendo is one of the world’s most successful video game companies.

Nintendo’s first worldwide large-scale success came in 1981 in the form of the arcade game *Donkey Kong*, in which players had to rescue a princess from a stubborn gorilla. The colourful graphics, cartoony characters and efficient story all appealed to people, but more importantly, the game had varied gameplay. *Donkey Kong* was one of the first games to feature multiple levels, in which the player’s goal was alternately to jump over barrels or pans of cement, ride elevators, and remove rivets to make a structure collapse. In twelve months, the company sold 60,000 units, bringing revenues of US\$180 million [Kent, 2001: 215]. This, along with the release of *Mario Bros.* (in which players had to kick enemies using the platforms on the screen), firmly established Nintendo’s position in the video game industry. Being based in Japan, the arcade manufacturer avoided the crash of 1983 – in which home video games were proclaimed “dead” in the United States by the press<sup>1</sup> – and launched its Famicom console in Japan, where it was a huge hit. Nintendo then marketed the console for the U.S in 1985, and eventually the rest of the world, under the Nintendo Entertainment System (NES) name. Industry experts agree today that the NES did nothing short of single-handedly resurrecting home video game systems [Buchanan, 2005; Sewart, 2005].

Nintendo maintained its dominance on the home video game console market with the release of the Super NES in 1990-1991, but began losing ground when Sony released its PlayStation console in 1994-1995. Its position further eroded with the future generations of home consoles, with the Nintendo 64 and GameCube progressively losing market shares to their competitors from Sony and Microsoft. Nintendo’s Game Boy, on the other hand, seized the handheld video game console format when it launched in 1989, and its successive iterations (Game Boy Color/Pocket/Light/Advance/Micro) further tightened the company’s grip on the handheld market. As of 2004, the various Game Boys had sold for a combined total of 168 million units [Kent, 2004], earning Nintendo a 94% market share, according to Reuters.<sup>2</sup>

The success of Nintendo can be attributed to two key strategies. The first consists of developing franchises based on distinctive characters, the most popular having each spawned a lengthy series of games (as evidenced by the various *Mario*, *Zelda*, *Metroid* and *Donkey Kong* titles, among many others) as well as extensive merchandising gear such as plush dolls, hats, t-shirts, toys, and so on. The second is an emphasis on making games fun and playable for everyone. This has earned Nintendo a somewhat negative image among mature gamers, who may feel its games are aimed at children. (Sega, Nintendo's top competitor from 1985 to 1995, played that card by marketing its consoles to teenagers.) This choice of consumer demographics also led to important censorship issues in the past,<sup>3</sup> and is reflected by Nintendo's advertising for its 2006 console, the Wii.

As of 2006, Nintendo has offices in Australia, Austria, Belgium, Brazil, Canada, Denmark, France, Germany, Italy, Japan, Mexico, the Netherlands, Norway, Sweden, the United Kingdom & Ireland, and the United States. Its consolidated net sales in fiscal year 2005 were ¥515 billion (approximately US\$4.81 billion), with a gross margin of ¥217.4 billion (approximately US\$2.03 billion). The company is headquartered in Kyoto (Japan) and employs 2,977 people worldwide according to recruitment website WetFeet.com. Satoru Iwata succeeded Hiroshi Yamauchi as the fourth Nintendo president in 2002.

### Notes

[1] Refer to the cddccd section of this book for more details on this.

[2] The original article, published online @ <http://go.reuters.com/newsArticle.jhtml;jsessionid=QNWGXLXKNL3NSCRBAEKSFFA?type=internetNews&storyID=9391444>, is unavailable at the time of writing. Its contents can however be found on a number of other websites such as CIOL @ <http://www.ciol.com/content/news/2005/105051803.asp> (accessed May 4<sup>th</sup>, 2006).

[3] Refer to the *System Profile of the Nintendo Entertainment System* section of this book for more details on this.

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