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Yaochen Wei

The Evolution of Nintendo Company

Introduction

Mario, Pokémon, and The Legend of Zelda; these are some of the most popular and successful video game franchises in the world, and they also happen to have been developed by the same company: Nintendo. Nintendo's growth from humble beginnings to a global consumer electronics and video game giant is nothing short of remarkable. According to Nintendo UK (1), since it released the Nintendo Entertainment System in 1983, the company has sold over 4.6 billion electronic games and about three-quarter of a billion – 725 million – consoles worldwide. Some of its most commercially successful hardware units comprise Nintendo Switch and the Nintendo 3DS line of systems, part of which includes Nintendo DSi, Super NES, Wii, New Nintendo 3DS, Nintendo 2DS, Nintendo DSi XL, New Nintendo 3DS XL, Nintendo 64, Nintendo 3DS, Nintendo DS, Wii U, Nintendo 3DS XL, Nintendo GameCube, Game Boy, and Game Boy Advance. Nintendo has also developed global gaming icons such as Zelda, Metroid, Mario, Pokémon, and Donkey Kong (Nintendo UK 1).

Thesis Statement

Through consistent innovation, investment in quality, research, and diversification, Nintendo managed to evolve from a playing card manufacturer to a world-leading video game company.

History of Nintendo Company

Green (34) states that Fusajiro Yamauchi inaugurated the company in 1889 as an enterprise dedicated to handcrafting hanafuda playing cards. Almost a century later, in 1963, it had already explored a variety of small yet exclusive segments, including love hotels and taxi services. In the same decade, it discarded all other businesses to pursue toys, thus embarking on a journey that would make it a global household name. In the 1970s, the firm morphed into a video game enterprise, eventually staking its claim as an international powerhouse in the production, development, and publishing of video games, consoles, and associated merchandise. Along the way, it also became one of Japan's most valuable firms (Green 37).

Nintendo's Evolutionary Path

As has already been mentioned, Nintendo initially made playing cards up until the 1970s, when it ventured into the video game realm. Owing to the fact that it owes its success to video games, it is logical to chart its chronological development, according to the advancements of this particular product segment. According to Harris (41), the

company's first commercial breakthrough came with the 1980 launch of Game & Watch, a handheld video game. Between 1980 and 2017 when it released the Nintendo Switch, the company developed multiple notable games and consoles such as the Wii, Game Boy, Super NES, Donkey Kong Country, and Tetris; these releases not only saw it emerge as a major industry player but also paved the way for its massive popularity and profitability.

In 1980, Nintendo introduced Game & Watch and Donkey Kong. In 1983, the company started developing Family Computer, otherwise known as Famicom; this console was equipped with a tailored CPU and PPU (Nintendo UK 1). In 1984 the *VS. System* appeared on the scene; the company also launched Famicom, which was subsequently renamed to the Nintendo Entertainment System, or NES. NES was accompanied by games like Punch-Out!, Excitebike, Metroid, Super Mario Bros., and The Legend of Zelda. In 1986, Nintendo started incorporating the Disk Writer into its consoles to facilitate copying and rewriting of applications. Two years later, the company released the Hands Free Controller to complement the NES. In 1989, Game Boy was launched. Besides being portable, it was also the first handheld console whose game cartridges could be interchanged; the game Tetris was developed to go along with the device (Nintendo UK 1).

In 1992, the Super NES was introduced in Europe; in 1993 Nintendo launched the Super FX Chip and the game Star Wing. The Nintendo Gateway was also released to allow passengers to play games on commercial flights (Nintendo UK 1). 1996 saw the launch of Nintendo 64 and its compatible games; in 2001, Game Boy Advance and Nintendo GameCube were introduced. In 2004, the company announced the release of the Nintendo DS, followed by Wii in 2006, Nintendo 3DS in 2011, Wii U in 2012, and Nintendo 2DS in 2013. Throughout this time, the company developed hundreds of games and applications and made changes to buttress its consoles. In 2017, the firm launched its latest consoles, the Nintendo Switch and the New Nintendo 2DS XL (Nintendo 1).

Rationale behind Nintendo's Success

Sutherland (57) argues that for decades, Nintendo has consistently demonstrated that it is not afraid to try new approaches in order to satisfy consumers. Commitment to quality and diversification while achieving simplicity has also allowed the company to cultivate a lasting and intimate relationship with its customer base; this has enabled it to amass a community of loyal and dedicated followers and, consequently, consistently higher revenues.

Games

Nintendo's financial core and the reason for its continued success is, undoubtedly, game development. According to Kapoor and Pinto (36), games normally make bigger financial contributions, per unit, compared to consoles; it is

apparent that Nintendo identified this as its competitive pillar from the beginning, which is why it has made and continues to make considerable investments in order to produce the most groundbreaking games in the world. The company typically publishes its game franchises in-house, thus minimizing licensing and distribution expenses and ensuring that its games are only compatible with its own hardware units; this has accelerated console acquisition among consumers (Kapoor and Pinto 35). The quality of Nintendo's games is virtually unparalleled; for instance, Mario, Donkey Kong, and The Legend of Zelda are the three highest-rated video games in history. Kapoor and Pinto (35) stress that although sales of Nintendo 64 were only a third of those posted by Sony's PlayStation, its lucrative game, which is just one title in the Mario franchise, sold more than the PlayStation's biggest seller.

Commercialization of Nostalgia

Luckerson (1) contends that due to its almost 130-year-old heritage, Nintendo invokes strong nostalgic feelings among its consumers, particularly the group of users who experienced its first product offerings. Fundamentally, the company has successfully turned this hangover into a commercial avenue by launching multiple franchises in a methodic manner and linking most new releases to previous classics. This way, Nintendo reinvents games and gaming while emphasizing its preeminence and combining old and new aspects, so much so that even those consumers whose heads have been turned by rival products are lured by the prospect of buying newer launches just to relive the nostalgia they felt when they first switched on the original NES or played Mario.

According to Green (19) states that nostalgia is a central element of the Nintendo brand because it propagates fandom as well as an innate compulsion to recreate the past. The firm expended time, effort, and resources to attract and retain generations of ardent fans, then used this foundation to position itself in a way that allowed it to exploit customer nostalgia. Examples of this approach are evident in numerous dimensions, such as the creation of the Virtual Console electronic game storefront, and the application of remediation and imitation – pastiche – in intergenerational franchises. Apart from this, Nintendo regularly prioritizes its heritage by positioning it front and center; it also develops niche arenas to shape consumer perception and continue to mold its corporate culture as it sees fit (Harris 26).

Diversification

The company has embraced diversification since its earliest days, as evidenced by its willingness to pursue different commercial interests in addition to its primary business segment. For example, it has already been intimated that in its early years, it tried its hand at cab services and hospitality; however, it also manufactured toys before it decided

to concentrate on video games. When it was struggling with the dismal sales of the Wii U, it attempted to expand its enterprise across many channels, such as mobile games and health application that is yet to materialize (Luckerson 1).

Despite launching the wildly popular Nintendo Switch, it appears that the company will not relent on the diversification of its business model. In this regard, it released the SNES Classic as the quintessential gift for the holiday season and to appease consumers who are not interested in new Zelda or Mario installments; surprisingly, the console outsold Xbox One and PS4 within the first few months of its launch (Luckerson 1). Nintendo has also hinted that it intends to finance an animated film about Super Mario and an eponymous theme park, demonstrating that the company could be discovering more and effective strategies to augment its brand beyond the confines of conventional console releases (Luckerson 1).

Innovation and Evolution

According to Stevenson Company (1), Nintendo has remained faithful to innovation and experience instead of hardcore gaming. The company is an industry leader when it comes to innovation; for instance, the first NES mainstreamed video game devices and the N64 was way ahead of its time. Nintendo's innovative culture is so powerful that even those products that may be viewed as catastrophic failures were still trailblazers in their own right; some of these include Virtual Boy and Wii U. According to Entrepreneur Media (1), with the 1989 release of Game Boy, Nintendo was also the first company to commercialize handheld video game devices; Game Boy outsold all other rival products by mixing better design and superior quality with deeply adored games. The Wii was the first console with motion-detecting ability developed by a leading video game firm; this feature was instrumental in convincing older persons to start playing video games.

Mass Appeal

Nintendo's games are loved by children as well as adults. The Mario character is loved by people of all ages because he is down-to-earth and relatable to the masses, primarily because of his simple nature (Entrepreneur Media 1). These traits make him applicable to various video game contexts and backgrounds; the company understands this, and that is why it has made him the face of different franchises and merchandise and extensively mined his widespread appeal. Nintendo's games boast longevity, flexibility, and are multigenerational (Entrepreneur Media 1).

Quality

According to Entrepreneur Media (1), in the early 1980s, the video game industry was reeling from adverse shortcomings such as video games with atrociously poor quality that were priced cheaply in a desperate attempt to motivate sales; the market had more or less crashed. In 1985, Nintendo rolled out the NES and differentiated with its now-famous Seal of Quality that presently cuts across consoles, video games, and accessories. The seal assured consumers that all merchandise had been appraised and certified by the company itself and, therefore, fulfilled its lofty standards; the result was stronger consumer confidence and trust not just in Nintendo's products but also the industry as a whole (Entrepreneur Media 1). The company was not obsessed with quantity like other businesses; rather, it emphasized quality by developing excellent games and consoles. For this reason, experts reckon that Nintendo rejuvenated the American video game sector.

Why people love Nintendo

Two factors are generally considered to underpin Nintendo's popularity: the first is its longevity and the second is its game portfolio. In the former instance, it is worth noting that Nintendo is perhaps the oldest video game company in the world, which means millions of people grew up playing its games and using its consoles. Its initial fame has been diffused across generations, creating a domino effect that has established a respected legacy in mainstream culture. In the latter case, it is widely acknowledged that while its consoles might be outmatched by those produced by rival companies such as Sony and Microsoft, Nintendo's games are adored by consumers and perceived as classics. The factors that have enabled Nintendo's success are also the same ones that have made it popular among consumers.

According to Kapoor and Pinto (34), in the 1990s a research conducted by Duke University revealed that children in the United States related more with Mario than Mickey Mouse; this is proof of Nintendo's capacity to influence popular culture. Sutherland (49) postulates that Nintendo's key strengths include its valuable and famous franchises, innovation, especially in relation to gameplay, its globally pervasive video game brand, the tendency to reach out to demographics that are generally overlooked by other companies, such as the elderly, casual gamers, and women, and affordable pricing – Nintendo's games and devices are the cheapest in the industry.

According to Green (78), one of the company's competitive advantages is that it forged a connection with consumers much earlier than other firms. Additionally, since younger customers account for a large proportion of its customer base, Nintendo can hedge a fan base from an early age. Its child-friendly games are valued by parents and it can leverage the association between its systems, devices, and successful games, whose familiar characters

command a huge following worldwide. Kain (1) argues that Nintendo is one of countable companies that develop near-perfect, precise, and quality games on a consistent basis and is a pacesetter in innovation. Its dual-screen gameplay was a first in terms of gaming experience, and while its games are frequently criticized for being redundant, such assertions are mistaken because the reality is that they are evolutionary and, even if they were recycled, they still trump the obvious monotony of games such as *Call of Duty* (Kain 1).

Conclusion

Industry dynamics, including competition, technology, and consumer preferences will inevitably change, but it is safe to surmise that so long as its core components – led by its gaming franchises – continue surpassing expectations, Nintendo will remain a force in the global gaming domain. Nintendo's history and survivability is also a lesson to other entrepreneurs as it shows that legacies can be built by pursuing the right structures and policies.

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