

Nintendo takes on Sony with upgraded handheld game console

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Nintendo is to launch a version of its popular DS handheld game console in Japan next month.

The DSi will have a built-in camera and a music player. It will have a bigger screen than the current DS Lite but is fully compatible with the existing machine.

Nintendo's move is aimed at pegging back the recent success of Sony, its rival, in the lucrative computer games industry.

Nintendo has had huge success with its handheld DS, as well as its Wii console, but Sony has recently enjoyed strong sales in Japan with its rival PlayStation Portable handheld gaming device, on the back of its popular Monster Hunter game.

"From the summer of last year, Japanese DS sales started to slow down," said Satoru Iwata, president of Nintendo. The new model is aimed at reinvigorating domestic sales and will not be available to US and European consumers ahead of the end-of-year sales in the run-up to Christmas.

While there is a danger that some customers in the US and Europe may defer a purchase until they can get the new model, Nintendo has bundled the existing DS with software in those markets, amounting to a de facto price cut.

Reaction to the DSi yesterday was lukewarm, however. "This should mean that Nintendo can sustain DS sales of 30m for the next year or two, but in our view it doesn't drive DS consumption to massive new annual levels," said David Gibson, an analyst at Macquarie Securities in Tokyo.

Comments on popular gaming blogs were less generous. "Yawn. I know the DS is huge, but this really doesn't seem to add anything to it," said one poster on Kotaku. "Whether I buy it will depend on the downloadable contents," said SiZ on Engadget Japan.

The DS was launched four years ago, and with about one sold for every five people in Japan, it has almost reached saturation.

Nintendo's strategy is to target casual gamers and it points out that 54 per cent of Japanese DS users are female.

The inclusion of a camera and music player brings handheld consoles into competition with mobile phones for the first time, but the DSi is carefully designed to avoid direct rivalry. Its camera only has a 3 megapixel resolution - far less than the latest mobile phones - and it will lack the storage capacity of a music device such as Apple's iPod.

The DSi is instead designed for fun. Applications Nintendo showed included sticking a moustache on your photo, distorting the pitch of music, and software that tells you whether two people in a photo are related.

Fonte: Financial Times, London, October 3 2008, Companies & Markets, p. 22.