

Nintendo chief rules out price cuts for Wii U

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Nintendo Co. President Satoru Iwata speaks during a news conference in Tokyo, Thursday, Jan. 31, 2013. Iwata said the Japanese video-game maker will get back into operating profitability next fiscal year at more than 100 billion yen (\$1 billion), and is ruling out price cuts for the new Wii U home console to boost sales. (AP Photo/Koji Sasahara)

Nintendo's president Thursday ruled out price cuts for its new Wii U home console as a way to boost sales, vowing to become profitable again in its core businesses as smartphones and tablets increasingly threaten

specialized game machines.

Satoru Iwata, speaking at a Tokyo hotel to investors and reporters a day after earnings were released, acknowledged the sales momentum for the [Wii U](#), as well as the 3DS hand-held [game machine](#), had run out of steam during the key year-end shopping season, especially in the U.S.

But he said no price cuts were in the works. Price cuts are common in the [gaming industry](#) to woo buyers, but the move can backfire by trimming revenue. The Wii U now sells for about \$300 in the U.S. and 25,000 yen in Japan.

"We are already offering it at a good price," he said.

Iwata said he expects [operating profit](#) of more than 100 billion yen in the 12 months ending March 2014, promising that as "a commitment."

But he acknowledged more work was needed to have consumers understand the Wii U, which went on sale globally late last year, as well as producing more [game software](#) to draw buyers.

All game machines have suffered in recent years from the advent of smartphones and other [mobile devices](#) that have become more sophisticated and offer games and other forms of entertainment.

Nintendo returned to [net profit](#) for the April-December period of 2012 from deep losses the [previous year](#), but that was due to a perk from a weaker yen, which helps [Japanese exporters](#) such as Nintendo.

Its operating result, which removes [currency fluctuations](#), was a loss of 5.86 billion yen (\$64 million), and Nintendo expects that to swell to a 20 billion yen (\$220 million) loss for the full business year ending March 2013 as sales of its [game consoles](#) fall short of expectations.

Iwata said Nintendo is preparing more game software, including those developed in-house, for the end of this year.

Kyoto-based Nintendo, which makes Super Mario and Pokemon games, lowered its full year sales forecast Wednesday to 670 billion yen (\$7.4 billion) from 810 billion yen (\$8.9 billion). It also said it was going to sell fewer Wii U consoles for the fiscal year through March than its previous projection. The Wii U has a touch-screen tablet controller called GamePad and a TV-watching feature called TVii.

The company forecasts it will sell 4 million Wii U consoles for the current fiscal year, ending March 31, down from its earlier estimate of 5.5 million units. The Wii U, which went on sale late last year, was the first major new game console to arrive in stores in years.

Nintendo, also behind the Donkey Kong and Zelda games, lowered its full year sales forecast for Wii U game software units to 16 million from 24 million.

Iwata said last year holiday sales quickly dissipated in the U.S. and some European nations, including Great Britain, the key market. He said the U.S. home console sales were the worst for Nintendo in nearly a decade.

He said Nintendo needs hit games to push console sales, and the company remains confident Wii U will prove more popular with time.

"The chicken-and-game problem has not been solved," he said of the need for both game software and machine hardware.

"I feel a deep sense of responsibility for not being able to produce results for our year-end business," said Iwata.

He declined to say what he would do if the company failed to attain the

promised operating profits.

Nintendo sank into a loss the previous fiscal year largely because of price cuts for its hand-held 3DS game machine, which shows three-dimensional imagery without special glasses. That machine is also struggling in most global markets.

Shigeru Miyamoto, Nintendo's famed game designer, said what was missing were games for the Wii U that made its appeal clear. The progress in smartphones has also posed a challenge for Nintendo, he said.

"People have to try it to see it is fun," Miyamoto said of Wii U.

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