

Investors hit sell button on Nintendo's new console

October 21 2016, by Hiroshi Hiyama



Nintendo's new console dubbed Switch follows Wii U, which never succeeded in gaining fans and was outdistanced by Sony's Playstation 4 in terms of sales

Investors hit the sell button on Nintendo shares Friday as gamers and analysts were left underwhelmed by a sneak peek at the videogame giant's long-awaited new console.

One company watcher called the Nintendo Switch "disappointing", while gamers were left wondering how much it would cost and whether it was

compatible with smartphones.

In a three-minute video posted on its YouTube channel Thursday, Nintendo unveiled the hybrid machine which can be played at home and on the go, thanks to a removable screen with the controllers attached.

The device is due to be released in March.

"It's a disappointing console," said Amir Anvarzadeh, Singapore-based head of Japanese equity sales at BGC Partners.

"It doesn't enhance the gaming experience when you have a smartphone in your pocket."

The Kyoto-based company's share price dropped nearly eight percent at one stage on Friday before ending the day at 25,185 yen, down 6.54 percent.

The console is seen as key to Nintendo's business, as it competes with Sony's hugely popular PlayStation 4.

Nintendo, whose Switch uses cartridges rather than discs, is looking for a hit product to offset disappointing sales of its Wii U console.

After years of pressure, Nintendo abandoned its consoles-only policy and entered into the smartphone game market earlier this year.

In March, the company released "Miitomo"—a free-to-play and interactive game that allows users to create "Mii" avatars—as it tries to compete in an industry that has increasingly gone online.

This summer it scored another hit with the Pokemon Go app, giving a boost to a Nintendo-created brand, although the game was developed by

a US firm and the financial impact on the Japanese company's bottom line will be limited.

No surprises

Nomura Securities analyst Junko Yamamura was more charitable than some, calling the Nintendo Switch "formidable".

But she added that it would not redefine gaming in the way that the original Wii console did after its launch a decade ago.

"The concept for the product is in line with our expectation that it will be a hybrid of a stationary console and a handheld device," Yamamura said.

"Nintendo has not come out with any surprises to redefine gaming... but we think the Nintendo Switch addresses some of the issues that came up with the Wii U and looks formidable."

Respected game industry watcher Hirokazu Hamamura described the Switch as a "high-end" console that would run multi-platform titles designed for personal computers, PlayStation and Xbox.

"Keen to know compatability with smartphones and price," he said on Twitter.

Gamers expressed both delight and caution as competition heats up with Sony pushing its high-powered PS4 and PSVR [virtual reality headset](#).

"I am glaaaad Nintendo Switch came out better then expected!!(>

Citation: Investors hit sell button on Nintendo's new console (2016, October 21) retrieved 23 May 2024 from <https://phys.org/news/2016-10-investors-button-nintendo-console.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.