

Nintendo sees dwindling impact from pandemic megahit game

August 5 2021, by Yuri Kageyama



In this Jan. 23, 2020, file photo, Nintendo characters, including Mario, right, are seen on a glass of its official store in Tokyo. Nintendo's April-June profit declined 13% from the same period the previous year, when the hit game "Animal Crossing: New Horizons" had dramatically boosted sales. Credit: AP Photo/Jae C. Hong, File

Nintendo's April-June profit declined 13% from the same period the previous year, when the hit game "Animal Crossing: New Horizons" dramatically boosted sales.

Nintendo Co.'s profit for the fiscal first quarter totaled 92.7 billion yen (\$843 million), down from 106 billion yen, the Japanese maker of "Super Mario" and "Pokemon" games said Thursday.

Quarterly sales fell 10% to 322.6 billion yen (\$2.9 billion).

Sales of the Switch consoles dropped nearly 22% during the quarter to 4.45 million units, mainly because of the sales decline of the smaller Switch Lite, dedicated to handheld playing. The regular Switch works for both traditional at-home and portable play.

"Animal Crossing," released in March last year, didn't sell as well this year as it did in the April-June quarter the previous year, when 10 million units were snatched up.

"Animal Crossing" sales totaled 1.26 million in April-June, for cumulative sales of 33.9 million.

More than 89 million of the Switch machines have been sold so far around the world, according to Nintendo.

Kyoto-based Nintendo has been a primary example of a Japanese company that received a boost from people turning to at-home entertainment during the coronavirus pandemic.

But analysts don't expect such fortunes to last as normal activities resume with vaccine rollouts. That change is expected to hurt Nintendo, which tends to attract casual [game](#) users, more than rivals such as Sony and Microsoft, which have products that draw so-called core gamers.

A closure to pandemic times may also coincide with a peak in the [life cycle](#), or duration of consumer appeal, of the Switch.

Questions also remain about Nintendo's ability to profit from the growing mobile game sector, as well as from next-generation consoles that may evolve with new technology such as [virtual reality](#).

A big plus for Nintendo is its wealth in [intellectual property](#), which means lucrative merchandizing and theme parks.

Nintendo kept its forecasts unchanged for the full fiscal year through March 2022 at 340 billion yen (\$3.1 billion) in profit on 1.6 trillion yen (\$14.5 billion) in sales.

That marks a 29% [profit](#) drop and a 9% sales decline from the previous year.

The Switch platform continues to drive sales, according to Nintendo, with 2.07 million units of the "New Pokemon Snap" software sold during the April-June period.

Games in the works for the fiscal year include "The Legend of Zelda: Skyward Sword HD" and "Mario Party Superstars," as well as Pokemon games.

Nintendo said it's also adding a Switch model with "a vibrant OLED display" to attract buyers.

It said digital downloads of games decreased nearly 25% on year for the quarter, while its mobile business was little changed.

"In regard to business risk, the extended impact of both COVID-19 and the global semiconductor shortage creates a state of continued

uncertainty, with the possibility of future impact on production and shipping," Nintendo said.

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