

MARKET SNAPSHOT

	U.S.	EUROPE	ASIA	
DJIA	18,135.53	15.75	0.09%	
S&P 500	2,122.56	-0.29	-0.01%	
NASDAQ	5,154.28	0.31	0.01%	

Nintendo to Enter China's Video-Game Market With a New Console

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Sept. 25 (Bloomberg) -- Nintendo Co., Japan's second-largest maker of video-game consoles, will enter China in October with a new video-game player specifically designed for a country where the illegal copying of software has kept game makers such as Sony Corp. and Microsoft Corp. at arm's length.

Nintendo will sell the console, called the "iQue player" for 498 yuan (\$60), President Satoru Iwata said in an interview. To prevent copying, Nintendo will tie up with local retailers and distribute titles through the Internet. Users will download software onto a 64-megabyte flash-memory card at a local store, paying 48 yuan for each title.

"We have targeted people in developed countries such as Japan, the US and Europe with sophisticated machines," Iwata said in the interview at Nintendo's headquarters in the ancient capital of Kyoto. "To reach a wide range of people in China, especially those inland who are not as rich as those in coastal areas, we thought we needed to deliver a cheaper console."

Nintendo will be the first to sell a video-game console in China, where rampant software piracy has made other hardware makers wary. Sony is preparing to start selling its PlayStation 2 console by the end of the winter while Microsoft is yet to announce when it will begin China sales of its Xbox machine.

By Nintendo's reckoning, the video-game market doesn't officially exist in China since all video-game consoles and software currently sold in the country are illegal, Iwata said.

Software

For the new console, Nintendo will sell Chinese-language versions of software originally designed for the company's older-generation game players such as Nintendo64, an older-generation game player that was succeeded by Nintendo's GameCube player.

Nintendo will initially introduce about 10 titles for the Chinese player, including one featuring Mario the plumber of "Super Mario" fame.

Nintendo will next month start selling the console in Shanghai, Guanzhou and Chengdu before expanding distribution.

Nintendo's China push follows a decision by the company in December last year to team with Wei Yen, a former vice president at Silicon Graphics Inc., in a joint venture called iQue Ltd., based in the Cayman Islands. The joint venture set up an operational company in Suzhou. IQue, which is Nintendo's software manufacturing arm in China, is capitalized at \$30 million, with half coming from Nintendo and half from Yen.

The co-founder of Nintendo's joint venture in China and former chairman of graphics chipmaker ArtX Inc., Yen worked with the Japanese game designer to develop the Nintendo64 and GameCube.

Yen is best-suited to run Nintendo's business in China because of his Chinese-American background and understanding of Nintendo, Iwata said.