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NINTENDO: CAN THE SWITCH TURN ON GAMERS?*

Nintendo Switch still dominates the gaming world in 2022, years after its launch. As of February 2022, Nintendo's gaming console Nintendo Switch had exceeded 103.54 million units sold, and software sales for the console had reached 766.41 million units.^{1, 2} It is a massive milestone for Switch, as just within the five years of its launch, it has outsold the GameCube, Wii, Wii U, Nintendo 64, SNES, NES and 3DS. Earlier, Nintendo's Wii was one of the most popular consoles, though Wii is no longer in production.³

The Nintendo Switch is a gaming console that comes with a pair of new and innovative controllers called Joy-Con Controllers, a hybrid of an attachable game pad and a controller that can be used separately for multiplayer game play. When it was introduced in 2017, Nintendo's management was highly optimistic about the Switch, and Nintendo believed that it could sell about 10 million units of Switch consoles within a year after the launch.³ A pair of Joy-Cons was included in the \$299.99 price tag of the Switch console. Initially, the Joy-Con came in two color options for customers to choose from, one grey and red/blue and the other grey and black. Now, one can mix and match different colors for the console with the Joy-Con, according to their liking. A more innovative feature in the new gaming console is that it can be transformed into a 6.2-inch high-definition on-the-go gaming screen if a user decides to move away from the TV. It is produced in three modes: TV, tabletop, and handheld, increasing gaming flexibility. Owing to multiple customizable options, updates, and presets, it is accessible for disabled users as well.

After Switch, there hasn't been a significant launch, but Nintendo released two other versions of Switch, Switch Lite and Switch OLED with small upgrades. The OLED model was unveiled in 2021, making various amendments to the original Switch, such as a bigger OLED screen, improved battery life, and a kickstand. Nintendo of America President Doug Bowser said, "The Nintendo Switch OLED Model is a great option for players who want to enjoy the new vibrant screen in handheld and tabletop mode; with the addition of this new model to the Nintendo Switch family of systems, people now have a supplementary choice of gaming system that best fits their gaming experience—whether it's the Nintendo Switch (OLED

Model), Nintendo Switch, or Nintendo Switch Lite.”⁴

The Switch console also marked the release of Nintendo Switch’s very first epic game called “The Legend of Zelda: Breath of the Wild,” which could be played both on Switch and Wii U consoles for a price of \$59.99. Nintendo of America’s COO and president, Reggie Fils-Aime, said, “Nintendo Switch makes it easy for anyone to enjoy their games in the living room and then quickly take them on the go.”⁵ The new gaming console design meant that console-gaming was not only limited to one stationary TV anymore and could be experienced anywhere anytime.

The launch of Nintendo’s Switch caught the attention of consumers and mostly received a positive response, but apparently the news did not impress the investors, leaving the company’s stock tumbling. This may have reflected concerns regarding the battery life of the portable console, its price, and third-party support. Nevertheless, a flood of customer orders led to stock shortages in stores like GameStop and Toys R Us, among others. Addressing the stock shortage, Reggie Fils-Aime said, “Our focus is making sure that the consumer who wants to buy a Nintendo Switch can buy a Nintendo Switch.”⁶ The initial plan had been to ship 2 million consoles. Nintendo decided to double the production to deal with the shortage and meet the strong demand. The stocks had surged by mid-2018, a year after Nintendo Switch’s launch. According to *The Wall Street Journal*, to meet demand for one year out (ending April 2018), the company’s management decided to manufacture 16 million Switch consoles—double the yearly quantity of 8 million units, Nintendo’s traditional production target.⁷ In Q3 fiscal year 2022, there was an increase in revenue of 10 percent, primarily due to sales of software. Hardware sales went down, but what benefited Nintendo was that Switch OLED generated 37 percent of total revenue as it was priced at \$349, higher than Switch.⁸

One of the key topics of discussion in the popular press was whether or not the Switch console defined the “next generation” of gaming. This echoed similar press concerns after the launch of Nintendo’s previous console, the Wii U. Prior to the launch of the Switch, its predecessor the Nintendo Wii U console had been on the market for only a short while, with the addition of innovative controls and new game titles. Then there had been uncertainty among industry experts, such as Gabrielle Shrager of Ubisoft and Mikael Haveri of Frozenbyte, as to whether or not the improved power and new controller interface justified that system’s being considered a “new” generation.⁹ But there has been a great response from gamers to Switch’s handheld transforming console, resulting in Switch being the best-selling for years since its launch.¹⁰