The History of Nintendo

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The History of Nintendo Part 1 - From Playing Cards to Electronic Toys

By D.S. Cohen, About.com Guide

The Nintendo Corporation’s domination of the gaming industry didn’t start with their first video game console. As a matter of fact they had already established themselves as a quality game company almost 70 years before the first video game was invented. Not only did Nintendo bring back the popularity of video games after the industry crash of 1983, but they first established themselves in the 19th century when they brought back the popularity of card games to Japan.

When Japan cut off its relations with the Western World in 1633 there was a ban put on all foreign playing cards as they encouraged illegal gambling. Playing cards were extremely popular at the time (mainly because of the gambling) so it wasn’t long before the Japanese started creating their own home grown card games. The first of these were designed for a game called Unsun Karuta, but eventually the game started also being used for a form of gambling, so the government put a ban on them as well. A volleying of new card games, followed by a subsequent government bans went back and forth over the next century.

Finally in the 19th century a new card game, Hanafuda, was invented which used images instead of numbers, making it difficult for gambling. The government relaxed its laws on playing cards allowing the Hanafuda cards to be sold. Unfortunately the constant banning of card games and the lack of use for gambling took its toll and the new card game received a lackluster response, until a young entrepreneur, Fusajiro Yamauchi, came on the scene.

In 1889 a 29 year old Fusajiro Yamauchi opened the doors to his company Nintendo Koppai, which manufactured Hanafuda cards made up of paintings on cards from the bark of a mulberry tree. Fusajiro sold the cards at two Nintendo Koppai stores and the quality of the art and design broke Hanafuda into enormous popularity and establish Nintendo as the top game company in Japan.

The same year Fusajiro started Nintendo Koppai, the Japanese government put into effect the first general election for the House of Representatives of Japan and instituted the Constitution
of the Empire of Japan, called the Meiji Constitution. These government changes lead to the revision of numerous laws which included relaxing the ban on countless types of playing cards. As Nintendo was the most popular card company they were able to expand faster than any of the competition.

Over the next 40 years, under Fusajiro Yamauchi tutelage, Nintendo Koppai remained the top card company in Japan as they continued adding the most popular games as well as inventing several of their own. At the age of 70, Fusajiro retired and his adopted son-in-law Sekiryo Kaneda (who changed his name to Sekiryo Yamauchi) took over the business in 1929.

After continuing to run the company as the largest Japanese card manufacturer, Sekiryo sought to expand the company and established a joint venture which renamed the company Yamauchi Nintendo & Company in 1933, and formed a card game distributor called Marufuku Company, Ltd. These two companies continued to grow the business into a corporate giant. After running the company for 20 years, Sekiryo suffered a stroke in 1949 forcing him to retire. Sekiryo called for his grandson Hiroshi Yamauchi, who was in law school at the time, and asked him to take over the family business.

Becoming the new president of Yamauchi Nintendo & Company was a tumultuous time for Hiroshi, who had to drop-out of school at the age of 21 to take over the family business. His lack of experience caused resentment among the Nintendo employees, followed by a factory strike. Hiroshi shocked everyone by firing all of the employees who crossed him and established new policies that required all potential products and ventures to first be cleared by him alone. He changed the name of the company to Nintendo Karuta and then again to Nintendo Company Ltd. Amazingly Hiroshi first several ventures were a dead on success, which included...

- Reintroduction of western playing cards, which hadn't been sold in Japan since they were banned in 1633.
- The first game card licensing deal in Japan with the Disney Company. A monumental success, the Disney characters were featured on decks of cards designed for party and family games.
- Took the company public on the Japanese stock market.

Eventually Hiroshi decided to expand the company into non-game related markets which included a taxi service, hotels, and even the food industry, all of which failed. This combined with a crash in the game card market caused a nosedive for Nintendo profits. Without a major reinvention of the company Nintendo risked bankruptcy.

On a visit to the dying Nintendo card game manufacturing assembly line, Hiroshi noticed a low-level maintenance engineer named Gunpei Yokoi playing with an extending arm he had designed and built. Hiroshi was amazed by the extending arm and quickly ordered it into mass production calling it the Urutora Hando aka Ultra Hand. The Ultra Hand was an instant success and the decision was made to transition Nintendo into a toy manufacturer. Yokoi was moved from maintenance into the head of Games and Setup which oversaw product development. Yokoi and Hiroshi’s partnership would reignite Nintendo into once again becoming an industry giant,
which would turn Hiroshi into the richest man in Japan, but end tragically for Yokoi.

**The History of Nintendo Part 2 - Goodbye Playing Cards - Hello Video Games**

While the Japanese toy market was already dominated by well established companies such as Tomy Co. and Bandi, Gunpei Yokoi, engineering degree steered Nintendo into the emerging world of electronic toys. These electronic toys, all conceived by Yokoi, were extremely popular and allowed Nintendo to carve out their own niche in the toy market. Soon Nintendo formed a joint venture with the Sony Corporation to develop electronic games, the first of which was called the Nintendo Beam Gun Game, a home version of the popular arcade light gun games.

In 1972 the US military test project, the Brown Box project became available to the American public as the first home video game console called the Magnavox Odyssey. Seeing potential for the next steps in electronic games, Nintendo made their first foray into the world of video games in 1975 by acquiring the Odyssey's distribution rights for Japan. This new and exciting market was growing in popularity and with the moderate success of the Odyssey Nintendo started developing their own games and consoles with the Color TV Game systems.

The Color TV Game line of home consoles started in 1977 with the Color TV Game 6, a dedicated console containing six pre-programmed Pong-like games. Developed with a small limited run, the system showed signed of promise and in 1978 Nintendo followed it up with the Color TV Game 15, another dedicated console, this one with a more comfortable design and nine additional games (all variations of Pong). This same year Nintendo released their first video game designed for Arcades called Computer Othello. Although a success, Computer Othello was never released outside of Japan.

Also in 1977, a newly graduated art student Shigeru Miyamoto, through his father's friendship with Nintendo's President Hiroshi Yamauchi, was hired as a staff-artist for Nintendo's planning department. Miyamoto would soon be mentored by Gunpei Yokoi and eventually become one of the most important players in the video game biz, creating Nintendo's most popular properties and being coveted as "The Father of Modern Video Games".

By the 80s business was growing at an alarming rate for Nintendo both domestically and internationally. The Color TV Games system was a steady seller as was their coin-op arcade catalog. Business grew to the point where they began opening offices in their second biggest market, the United States, calling it Nintendo of America (NOA).

One of Nintendo's more popular coin-op arcade games in Japan titled Radar Scope, showed quite a bit of promise in the United States based on pre-tests, so an enormous number of units were manufactured for Nintendo of America. When the game fully released it was an enormous flop, forcing an overstock of unwanted units and a potentially disastrous loss in inventory costs.

Desperate to prove his talents for game design, Miyamoto was given the assignment to develop a game using the Radar Scope engine and tech that could easily be converted from the overstock units with little additional cost. With an extremely small budget Miyamoto created Donkey Kong. The units were quickly switched over to Kong and it became an instant historic success. This spun Miyamoto into Nintendo's top game producer and the dominant force in the
coin-op arcade market.

As his protégé Miyamoto shot Nintendo into success at the arcades, Gunpei Yokoi was busily reinventing the home video game market. After spotting a business man messing around with a calculator to entertain himself on a commuter train, Yoko was inspired to use that same calculator technology to invent a line of handheld video game which became known as the Nintendo Game & Watch.

These handheld LCD games featured the same display technology as calculators, only with the graphics forming characters and objects instead of numbers. With pre-printed stationary foregrounds and backgrounds, the limited-animated graphics could be moved by the player via controller buttons on opposite sides of the screen. The movement button design would eventually evolve into the Emmy Award winning D Pad. As they grew in popularity, the Game & Watch designs expand into dual screens, similar to today’s Nintendo DS.

The Game & Watch was a hit and soon numerous toy companies were releasing their own LCD handheld games. Even in the Soviet Union clones of the Game & Watch titles popped up, mainly because Nintendo wasn’t allowed to sell their products within the USSR’s borders. Ironically Nintendo’s most popular handheld game Tetris, would be created by the Soviet computer engineer Alexey Pajitnov.

After seeing the success and potential of a console system with interchangeable cartridges, Nintendo developed their first multi-cartridge gaming system in 1983, the 8-bit Famicom (translates to Family computer), which delivered near-arcade quality games with far more power and memory than any previous console on the market. At first the system released in Japan with failing results, but quickly caught on when Miyamoto produced a game taking his popular Mario Bros. into to a new style of multi-level adventure: Super Mario Bros. The game was such a huge success that Nintendo quickly bundled it with the Famicom system, which drove sales of the console as consumers bought it just to play the game. This also started Nintendo’s long history of packaging their most popular games along with their latest game consoles.

Nintendo was seeing a boom in the video game market in Japan, but the US game market was in disastrous shape. As Atari had no way to prevent unlicensed titles from being designed for their system, the Atari 2600, the US market was literally flooded with poor quality games, which caused the entire industry to suffer from a poor reputation. At first Nintendo approached Atari to distribute the Famicom in the US, but bad blood had formed during their competitive years so Nintendo turned to Sears who had originally helped the Atari 2600 establish itself in the market. With a video game sales slumping and a stockpile of unsellable 2600 units, Sears also passed. By the end of 1983, the US video game market crashed causing most of the major players to go out of business.

Convinced that their system could still make a splash in the US market, Nintendo made preparations to release the Famicom into the US themselves, taking special care to learn from Atari’s failures. As US consumers were turned off by the connotation of a video game system, thinking of the low-quality titles previously released, Nintendo renamed the Famicom as the Nintendo Entertainment System (NES), and redesigned it to look more like an entertainment center component. To prevent other companies from releasing unauthorized and low quality games, Nintendo developed the NES lockout chip that prevented unlicensed games from
working on the system. They also devised the "Nintendo Seal of Quality" to indicate authorized and officially licensed games as a mark of quality.

In 1985, Nintendo first test marketed the NES in New York, then expanded to the Los Angeles, Chicago and San Francisco. These initial launches were a success and Nintendo expanded the release nationally across all of the United States. This move immediately reignited the video game market in the United States and instantly established Nintendo as the biggest brand name in the business.

The History of Nintendo Part 3 - Dominating the Video Game Industry

Throughout the 80s, Nintendo continued its hold on the video game market by not only releasing quality self-published games, including a continual stream of innovative titles created by Shigeru Miyamoto, but also requiring third-party made titles to go through a strict approval process before allowing a release on the NES. This showed the public Nintendo's commitment to quality over quantity. As their reputation and brand recognition grew Nintendo became so integrated in the minds of the public that they eventually released their own self-published magazine in 1988, 

In 1989 Nintendo released their first, and most important, portable handheld gaming system. Created by Gunpei Yokoi, the Game Boy took the market by storm. With the Game Boy video games stopped being seen as just for kids as adults started to use the systems to entertain themselves on busses, trains and subways during long commutes to work. Large amounts of the handhelds success was due to Nintendo packaging it with the addictive puzzle game Tetris, plus maintain a balance of titles for both casual and hardcore gamers, even creating styles of games unique to the sytostem. The Game Boy remains the longest running line of video game systems, and their latest model, the Game Boy Advance SP, still plays all the original Game Boy classic titles.

Part of Nintendo's consistent success in beating out the competition was due to some questionable deals allowing for price-fixing, third-party exclusives and retail favoritism. Several lawsuits started flying from consumers (price fixing) and SEGA (their biggest competition) who accused Nintendo of forcing their console, the SEGA Master System, off store shelves via crooked deals with retailers. The courts found Nintendo guilty and required amends to redistribute a large amount back to the consumers and break exclusive deals with third parties and retailers, but Nintendo ended up turning the loss into another victory. They distributed the price-fixing settlement in the form of thousands of $5 rebate checks, so to exercise the settlement consumers had to buy more Nintendo products.

By 1990, the console competition started to rise into a full-blown war. With the growing popularity of affordable PC home computers, the introduction of 16-bit consoles, the SEGA Genesis and the TurboGrafx-16. Nintendo was able to keep the competition at bay with the release of Miyamoto's Super Mario Bros. 3, the best selling NES title in the systems history, selling over 18 million copies and driving additional sales of the NES 8-bit console.

Knowing this was only a temporarily solution, Nintendo had already started designing their own 16-bit system, and in the same year released the Super Famicom in Japan. The new system was a monster success selling out 300,000 units in just a few hours. A year later the Super Famicom
was released in the United States as the Super Nintendo (SNES), but its debut was long after the competition had already established themselves in the market. Eventually the SNES would finally overtake the industry again, with SEGA Genesis landing in the #2 slot.

By the mid-90s game consoles were starting to integrate PC technology into console development for a new generation of superior game systems, especially the hot new CD-ROM discs. These discs could hold more information in small discs, resulting in superior graphics, deeper gameplay and broader experience. Soon the competition began releasing disc based consoles with 64-bit technology. Although Nintendo researched the possibilities of releasing their own disc-based system, they opted out and choose to stick with game cartridges with the release of the Nintendo 64 (N64) in 1996. Although the N64 cartridges were far more costly than CD-ROM discs, the loading times were dramatically reduced as the cartage was capable of delivering the information almost instantly. Discs required the system to move the lasered reader around the disk to locate and slowly load the game information. The N64 was also the first home console in Nintendo's line to feature an analog (or thumb) stick on its controller.

The N64's release was a bit of an odd one, while it sold extremely well in North America, with 500,000 units in its first four month, but it was the first Nintendo console to get a cold reception in Japan. Although the N64 exceeded SEGA's disc based console, the Sega Saturn, a pre-video game partner with Nintendo, Sony, had released their own video game system, the Sony PlayStation (aka PSOne). With lower manufacturing costs, lower price tag and a larger library of games, the PSOne outsold the N64 by less than 10 million units, making the PSOne the winner by a nose. For the first time in the company's history Nintendo's console system dropped to #2.

The same year the N64's released in Japan, Nintendo suffered another loss with the Virtual Boy. To try and leverage the Virtual Reality craze, creator Gunpei Yokoi intended the Virtual Boy to be the first gaming system to deliver a true 3-D experience via shutter goggles and a moving mirror system. From its launch the Virtual Boy was plagued with problems. Nintendo forced Yokoi to rush release the system, causing many corner to be cut. While it was marketed as a portable virtual reality experience, it was far from either and causes many players to get headaches. The failure of the Virtual Boy drove a wedge between Yokoi and Nintendo's President Hiroshi Yamauchi, as both blamed the other for the system tanking.

Yokoi stayed with Nintendo through 1996 to see the launch of the Game Boy Pocket, a smaller version of Yokoi's Game Boy system. Once the Game Boy Pocket was completed, the man considered the Thomas Edison of the video games, severed his 30 year relationship with Nintendo.

In 1996, the slumping sales of the Game Boy were reignited by an innovative new approach to gameplay. Nintendo game designer Satoshi Tajiri created a new line of games called Pocket Monsters (aka Pokémon). An instant hit Pokémon boosted sales and became a major franchise unto itself, spawning video games, card games, toys, television series and feature films.

A year after he left Nintendo, Gunpei Yokoi started his own company called Koto Laboratory and began work on a new handheld video game system, the WonderSwan. That same year Yokoi was fatally injured when a car sideswiped him while he was standing roadside examining a
fender bender. A tragic loss to the world of video games.

Reignited with the success of Game Boy due to Pokémon, but threatened by competitive handheld systems on the market, Nintendo released the **Game Boy Color (GBC)** in 1998. Although many consider the GBC as nothing more than a colorized version of the Game Boy it was actually an extremely innovative and groundbreaking system. Not only did it allow for superior games in color, but it was the first handheld system to be backwards compatible, use wireless connectivity via infrared sensors, and the first to use motion controlled cartridges which would eventually inspire the Nintendo's Next-Gen console, the **Nintendo Wii**.

After Nintendo's ups and downs on both the console and handheld front, 2001 served as a major year for the company, as they released two new systems which upgraded all of their existing traditions. On March 21st, 2001 the **Game Boy Advance** premiered in Japan, and on September 14th, 2001, their first disc console, the **Nintendo GameCube** made its debut.

Released only two years after the GBC, Nintendo the Game Boy Advance brought the quality of the SNES console into a handheld. The final system to produce all 2D games in a classic style is also backwards compatible with all the classic games from the original Game Boy. The GBA also hosts more ports of classic Nintendo games than any other system. Game ports range from the Nintendo Game & Watch and NES titles, to SNES and coin-op arcade games. The GBA has outlasted any other game system and is still available today.

During a time when Microsoft was launching the **Xbox** and Sony releasing their second generation of PlayStation, the **PlayStation 2**, both of which touted as an all inclusive entertainment system designed to play games, DVDs and CDs, Nintendo decided to take the opposite approach and release the GameCube as the only "current gen" gaming console designed specifically for video games, and sold it at a lower cost than the competition. Unfortunately this approach didn’t catch on and the GameCube dropped Nintendo to the number three spot in the console wars, with the PlayStation 2 as #1 and Microsoft's Xbox coming in #2.

Instead of admitting defeat Nintendo went back to the drawing board and started developing plans for a new and unique "Next Generation" of home gaming console. In 2001 the **Nintendo Revolution** was conceived with a new way of interacting with a video games, full motion control.

In May 32st, 2002, after 53 years running Nintendo and steering it to the forefront of the gaming industry, Hiroshi Yamauchi retired from his position as President, and became chairman of the Nintendo board of directors. His successor, **Satoru Iwata**, head of Nintendo’s Corporate Planning Division, was named as his successor and became the first Nintendo Present outside of the Yamauchi family.

Under the new presidency, Nintendo started looking for more out-of-the-box approaches to the market, not just by increasing the quality of the games, but how the games are played. First they released the **Nintendo DS** in 2004, the world's first home gaming system with a touch sensitive screen, and the first Nintendo handheld to not use the Game Boy moniker since the Nintendo Game & Watch. The Nintendo released the DS in direct competition with Sony's handheld the **Sony PSP** and the **Nokia N-Gage**. The new approach to gameplay was a hit and drove the DS to the #1 selling handheld, even breaking the Game Boy Advance's sales record in
a fraction of the time.

After 5 years of planning the Nintendo Revolution is renamed the Nintendo Wii and releases in North America on November 19th, 2006, making the Wii the first Nintendo console to ship in the United States before Japan. The Wii features numerous innovations from its unique motion controls, backwards compatibility with GameCube discs, and the Wii Virtual Console that includes numerous interactive features including Wii Shop Channel's Virtual Console where gamers can purchase and download classic NES, SNES and N64 titles as well as games from their previous competitors such as the SEGA Master System and Genesis, The TurboGrafx-16 and TurboGrafx-CD, and the Neo Geo and Neo Geo CD. In Europe many Commodore 64 titles are also available, plus in Japan games from the classic MSX computer system. All of these features combined in a single system selling at a lower cost than any other Next-Gen console on the market.

Maintaining their stance that the gameplay is more important over super HD graphics quality, the Wii sold out in just a few hours at its launch and nearly two years later it is still difficult to track down with demand increasing faster than Nintendo can manufacture them. The success of the Nintendo DS and the Wii has shot Nintendo back to the top of the console market and predicting them as the winners of the console wars.

With its 117 year lineage Nintendo has seen the entirety of video game history and the only console manufacturer to consistently release a system for every generation of gaming console. They continue to remain on top, now with new ways to deliver classic games to a mass audience.

**Fusajiro Yamauchi - Founder of Nintendo**

Who would have thought one of the most important figures in the world of gaming would have passed away 12 years before the first video game was even invented?

- **Name:** Fusajiro Yamauchi
- **Birth:** 1859
- **Death:** 1940
- **Mark In Gaming History:** Founder of Nintendo

By the end of the 19th century the citizens of Japan had just about had it with card games. Since 1633 the Japanese government had put a ban on all foreign playing cards and games to try and deter illegal gambling, and continued to do so with just about every other card game for the next 250 years. Finally a game was developed in Japan that the government would accept, Hanafuda, a card game using illustrations instead of numbers for the gameplay.

With the constant banning of card games having taken their toll on the public, Hanafuda released to lackluster results. When it looked as though the game would be all but forgotten a young entrepreneur, Fusajiro Yamauchi, came up with a new approach to increase the games popularity. Instead of just making general illustrations for use with the game, he would develop unique hand crafted artwork that would drive the sales of the cards. In 1889 he opened the
doors to his first Hanafuda card shop, Nintendo Koppai, a name that would change simply to Nintendo as the company grew and evolved.

The Nintendo hand-painted Hanafuda cards were a hit and not only spun the newly formed company into success, but grew the card game in popularity as well. With their Hanafuda cards now in demand Nintendo quickly became the top game company in Japan, and over the next 40 years Fusajiro's small store expanded into a major corporation adding an expansive library of original card games developed specifically for Nintendo.

In 1929, at the age of 70, Fusajiro finally retired, leaving his company in the charge of his adopted son-in-law Sekiryo Kaneda (who changed his name to Sekiryo Yamauchi).

For the next 11 years Fusajiro remained out of the gaming business until his passing in 1940. Fusajiro would never know that the company he founded would expand to break new ground for a different kind of game four decades later with the Nintendo Entertainment System.

Today Nintendo is one of the dominating forces to the worldwide video game market. Their latest home console the Nintendo Wii was the first home video game system to sell over 10 million consoles in a single year.

Although he would never see or know of video games, without Fusajiro Yamauchi revolutionizing the gaming market in Japan, Nintendo would never have had the opportunity to do it again 120 years later.