

Nintendo profits plunge by 50% as sales of Wii fall

Gaming giant cuts its full-year forecasts
as sales of consoles and games decline.

By Nick Clark

Gamers' enthusiasm for keeping fit or playing tennis in their living rooms may be on the decline as sales of the Wii console plunged in the first half, slashing Nintendo's profits and prompting the group to cut its full-year forecasts.

Nintendo said it had continued its strategy of "putting smiles on many people's faces... regardless of age, gender or gaming experience" this year. Yet there would have been few smiles in its boardroom as the gaming giant reported that net income had fallen from ¥144.8bn (£950m) to ¥69.4bn. The falling profits were largely attributed to a fall in sales of the Wii console, as well as recent price cuts and the appreciation of the yen.

The company sold 5.7 million Wii consoles in the first six months of its financial year, down from 10.1 million a year earlier. Piers Harding-Rolls, a senior analyst at Screen Digest, said: "Nintendo had such a spectacular year in 2008, that the comparatives are really tough."

The Wii was a huge success as it expanded the computer game market beyond the "core" group of 18- to 35-year-old men with its innovative motion sensing game play, but there was talk the console had hit saturation point.

The Japanese group hopes a first cut in the console's price in September will drive sales, and has put its faith in the launch of three games: Wii Sports Resort, a new Wii Fit and an updated version of Super Mario Bros.

Yet, Nintendo rivals line up as Nintendo face a significant challenge from Microsoft's Xbox 360 and Sony's much-anticipated PlayStation 3.