

Nintendo adds almost \$1.4bn in value — thanks to cardboard

A three-minute video focused primarily on some cardboard, string and rubber bands added almost \$1.4bn to the stock market capitalisation of Nintendo on Thursday, as the Japanese console maker championed arts and crafts as the next frontier in gaming.

The unveiling of Nintendo Labo, which combines elaborate DIY cardboard models with game controllers, a base unit and specialised software, is to be released for the company's [record-breaking](#) Switch console in April.

The move fits with a well-known Nintendo habit of unorthodoxy that has not always paid off. On this occasion, however, pre-orders for the cardboard-themed games jumped to the top of Amazon rankings, and led Japanese social media as Thursday's most discussed topic.

Shares in [Nintendo](#) climbed 2.4 per cent to close at a seven-week high.

Analysts said the move represented an attempt by the Kyoto-based company to broaden the market of the Switch, a hybrid handheld and home-based device that has become the fastest-selling console [in the US](#).

The console has appealed most strongly to hardcore, adult gamers. But the focus on children in the marketing video suggests Nintendo is now tilting at the five- to 15-year-old market, which currently forms just 10 per cent of the user base. The original promotion for the Switch, which went on sale in March last year, broke with decades of Nintendo tradition by not featuring any children.

Serkan Toto, an independent gaming industry consultant, described the move as a critical “repositioning” of the Switch as a family-targeted device. “You have to remember that, at its core, Nintendo is a toymaker,” he said.

The Labo models, which will take between 15 minutes and two hours to assemble, transform the handheld Switch console into a range of working toys, from remote-control insects and a piano to a fishing rod or motorbike. The video also showed a full-body cardboard suit that would convert a child's arm and leg movements into the on-screen rampaging of a giant robot.

Labo will be sold in two separate \$70 packages: one of general interest, which will include the tools; the other robot-themed. Each package will also contain a variety of flat-pack cardboard models and the gaming chips that accompany them.

Some observers have pointed out that the Labo idea echoes an episode in the mid-1970s, when Nintendo broke away from its core business of trading cards to foist a series of 39 intricately designed origami models on Japanese children.

“This is exactly the kind of crazy idea that Nintendo are known for which we believe will help expand the company’s audience,” David Gibson, an analyst at Macquarie, wrote in a note. He predicted that Labo would initially sell between 1m and 2m units — a figure equating to about ¥5bn to ¥10bn (\$45m to \$90m) in operating profits.

But Mr Gibson cited the “durability of toys, given they are made of cardboard” as a concern.