Nintendo's Wii U launches in an ocean of gadgets. Will it sink or swim?

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NEW YORK (AP) -- In the six years since the last major video game system launched, Apple unveiled the iPhone and the iPad, "Angry Birds" invaded smartphones and Facebook reached a billion users. In the process, scores of video game consoles were left to languish in living rooms alongside dusty VCRs and disc players.

On Sunday, Nintendo Co. is launching the Wii U, a game machine designed to appeal both to the original Wii's casual audience and the hardcore gamers who skip work to be among the first to play the latest "Call of Duty" release. Just like the Wii U's predecessor, the Wii, which has sold nearly 100 million units worldwide since 2006, the new console's intended audience "truly is 5 to 95," says Reggie Fils-Aime, the president of Nintendo of America, the Japanese company's U.S. arm.

But the Wii U arrives in a new world. Video game console sales have been falling, largely because it's been so long since a new system has launched. Most people who wanted an Xbox 360, PlayStation 3 or a Wii already have one. Another reason: People in the broad 5-to-95 age range have shifted their attention to games on Facebook, tablet computers and mobile phones.

U.S. video game sales last month, including hardware, software and accessories, totaled $755.5 million, according to the research firm NPD Group. In October 2007, the figure stood at $1.1 billion.

The Wii U is likely to do well during the holiday shopping season, analysts believe -so well that shoppers may see shortages. But the surge could peter out in 2013. The Wii U is not expected to be the juggernaut that the Wii was in its heyday, according to research firm IHS iSuppli. The Wii outsold its competitors, the Xbox 360 and the PlayStation 3, in its first four years on sale, logging some 79 million units by the end of 2010. By comparison, IHS expects the Wii U to sell 56.7 million in its first four years.

In the age of a million gadgets and lean wallets, the storied game company faces a new challenge: convincing people that they need a new video game system rather than, say, a new iPad.

The Wii U, which starts at $300, isn't lacking in appeal. It allows for "asymmetrical game play," meaning two people playing the same game can have entirely different experiences depending on whether they use a new tablet-like controller called the GamePad or the traditional Wii remote. The GamePad can also be used to play games without using a TV set, as you would on a regular tablet. And it serves as a fancy remote controller to navigate a TV-watching feature called TVii, which will be available in December.

Nintendo, known for iconic game characters such as Mario, Donkey Kong and Zelda, is expected to sell the consoles quickly in the weeks leading up to the holidays. After all, it's been six long years and sons, daughters, brothers and sisters are demanding presents. GameStop Corp., the world's No. 1 video game retailer, said last week that advance orders sold out and it has nearly 500,000 people on its Wii U waitlist.

Even so, it's a "very, very crowded space in consumer electronics" this holiday season, notes Ben Bajarin, a principal analyst at Creative Strategies who covers gaming.

Apple's duo of iPads, the full-size model and a smaller version called the Mini, will be competing for shoppers' attention. Not to be outdone, Amazon.com Inc. has launched a trove of Kindle tablets and e-readers in time for the holidays. These range from the Paperwhite, a touch-screen e-reader, to the Kindle Fire HD, which features a color screen and can work with a cellular data plan. Then there are the new laptops and cheaper, thinner "ultrabooks" featuring Microsoft's new Windows 8 operating system -not to mention smartphones from Apple Inc., Samsung and other manufacturers.

"Nintendo has to be a cut above the noise here," Bajarin says.

The Wii U is the first major game console to launch in years, but in some ways Nintendo is merely catching up with the HD trend. Sony Corp. and Microsoft Corp. began selling their own powerful, high-definition consoles six and seven years ago, respectively. Both Sony and Microsoft are expected to unveil new game consoles in 2013.

Baird analyst Colin Sebastian thinks the question is not how well the Wii U will do during the holidays, but how it will fare three and six months later.

Gaming has changed significantly in the past six years, especially when it comes to the type of mass-audience experiences that serve as Nintendo's bread and butter. Zynga Inc., the online game company behind Facebook games such as "FarmVille" and "Texas HoldEm Poker," was founded in 2007. The first "Angry Birds" game, that addictive, quirky distraction that has players flinging cartoon birds at structures hiding smug green pigs launched in late 2009. The first iPad, of course, came out in 2010 -three years after the first iPhone.

Fils-Aime acknowledges that Nintendo competes in the broad entertainment landscape, "minute-by-minute," for consumers' time.

"That's true today and that was true 20 years ago," he says, adding that Nintendo's challenge is communicating to people "what is so fun and appealing about the new system."

Analysts expect Wii U sales to be brisk over the holidays. Nintendo's loyal -some would say, fanatical- fan base has been placing advance orders and will likely keep

the systems flying off store shelves well into next year. The classic Mario and Zelda games are a huge part of the appeal, since they can't be played on any gaming system but Nintendo's.

Research firm IHS iSuppli estimates that by the end of the year, people will have snapped up 3.5 million Wii U consoles worldwide, compared with 3.1 million Wii units in the same period through the end of 2006.

After the Wii went on sale, shortages persisted for months. Stores were met with long lines of shoppers trying to get their hands on a Wii as late as July 2007, more than seven months after the system's launch.

Though supply constraints are expected this time around, Fils-Aime says Nintendo will have more hardware available in the Americas than it had for the Wii's initial months on the market. The company says it will also replenish retailers more frequently than it did six years ago.

An initial sell-out doesn't mean the Wii U will be successful over the long term, IHS notes, citing its estimate that the Wii U won't match the Wii's sales over time.

Bajarin believes it's going to take "a little bit of time" for the Wii U's dual-screen gaming concept to sink in with people. If it proves popular, Nintendo could see even more competition at its hands.

"Technologically, it's not a leap of the imagination to see Apple, Google, Microsoft do something like this," he says.

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