

Hypersonic:

The Meteoric Rise and Fall of Sega

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For young adults of a certain generation, two names immediately jump to mind when you mention the home video game console market: Nintendo and Sega. However, fast forward just a few years, to a slightly younger age group, and the names will be different. Sony's Playstation, launched in 1995 ("History of Video Games," Gamespot.com), managed to dislodge the two big names in consoles, at its peak holding over 50% of the market share (USA Today, 2/6/02). Nintendo's presence was still felt, with a 37% market share. However, Sega had become a marginal player, with the Dreamcast achieving 15% of the American market share at its peak (Sega.com), despite being technically far superior to its competition, the Playstation and N64. What happened to the company that brought the 16-bit revolution to consumers, the source of the first console RPG released in the United States, the mascot who at one point was more recognizable to children than Mickey Mouse (Sheff, 431)?

Like both Nintendo and Sony, Sega's roots are not originally in the home gaming market with which it is now inseparable from. The company that would come to be Sega was founded by David Rosen, an American who had moved to Japan after World War II. (PlanetDreamcast). In 1954, he formed Rosen Enterprises, an art exporter. The company's business grew to include the importation of instant photo booths and coin-op games from the United States, the root of the gaming enterprise that would grow to be Sega. At this time, Rosen's main competition in Japan was a company known as Nihon

Goraku Bussan, which provided vending machines to American servicemen stationed in Japan during the Korean War (SegaBase). Their business grew to include other coin-operated machines, such as pinball, jukeboxes, and eventually arcade games. However, the Japanese-produced games provided by Nihon Goraku Bussan couldn't compete with the more advanced games which Rosen was importing from America. The one advantage it had over Rosen Enterprises was the large local base of support and manufacturing capability. To overcome this deficiency, Rosen decided to merge with Nihon Goraku Bussan in 1965, staying on as president of the new firm, Sega Enterprises. The "Sega" name was an amalgam of "Service Games," the name that Nihon Goraku Bussan had marketed its products under in Japan.

With the creation of this new firm, Sega as we know it today began to take shape. In 1966, they released *Periscope*, a submarine simulation arcade game. It was wildly successful, and Sega released it in the United States a year later, the first arcade game to charge a quarter per play (Electric Playground). *Periscope's* success drew the attention of Gulf & Western, which bought out Sega in 1970, making it a wholly-owned subsidiary.



Rosen again stayed on as president. Under new management, Sega continued to produce quality arcade titles such as *Frogger* (1981) and *Zaxxon* (1982).

They also pioneered several technical innovations, including the *Space Fury*, the first color vector graphics game, and *Sub-Roc*, the first video game in 3D, which used principles similar

to that used in 3D glasses. In addition to its arcade offerings, Sega also started

