Interactive Timeline Home page logo etc. Sources and Research

The Little Crash of

Sprites



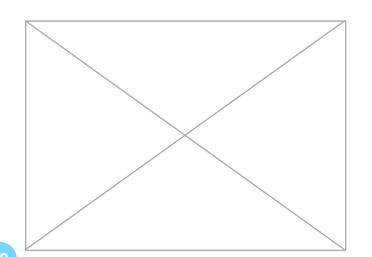
In 1977 the sixty or seventy companies that were manufacturing two-hundred or more home video game consoles ceased production, dropped out of the business, or went bankrupt. A year earlier the home console industry had made \$1.500 million in profits on sales of 3.5 million consoles, a ten-fold increase over 1975. **D** But in 1977, profits vanished. The primary culprit of the boom and the bust was a microchip, AY-3-8500 which had allowed manufacturers to cheaply manufacture Pong clones. Within two years of the chip's 1975 release the market was saturated with so many cheap clones that it collapsed.

A few companies lingered: Bally, Magnavox, Coleco. In Japan, Nintendo was just getting started building Pong consoles. In America, Atari had a implemented a plan for survival called "Stella." 💬

The Little Crash of of 1977 had forced Atari to go all-in on their programmable console. It also encouraged them to take steps to avoid falling victim to the next crash. First they sold the Atari console with a narrow profit margin in order to realize a greater margin on games. Second they allowed third party manufacturers to make cartridges for the system in an effort to avoid stagnation and increase differentiation. Third they made a serious effort to innovate and stay on top of emerging technologies.

That is, until Warner showed up.

Notes



"Although the crash of 1977 had less of an impact than the Great Crash of 1983, it provided a warning and demonstrated how unbridled enthusiasm within the industry would not necessarily be followed by consumers, who were becoming more careful and looking ahead to what technology was on the horizon, rather than adopting every new system and advance as it appeared. Continuing miniaturization and the rapidly dropping prices." – Mark P. Wolf

- Nolan Bushnell
- Jack Tramiel
- Scott Cohen on 1977
- New York Times Article
- ☐ Gaming in 1977
- Home Pong



Stella!



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"One of Atari's weaknesses was it was primarily self-financed... There were times when it was practically cheque-to-cheque and there would be a race out of the parking lot to make sure your pay cheque would be cashed."

- Steve Bristow

Bushnell, always the entrepreneur, knew Atari had to pivot and create an affordable cartridge-based home console of their own or perish in the approaching collapse. He understood that the novelty which was driving Pong sales was worn out. Up to this point home game systems could only play a number of built in games. Even the cartridges for the Odyssey wet just jump switches to change between built-in in games – a switch would have changed just as well. So Atari hired some very talented engineers and started work on Stella, later named the VCS, later named 2600.

But Atari had little money to manufacture the system, let alone even finish the engineering and design. Atari had to get capital fast, Pong was over. Worse, Fairchild Semiconductor had released a programmable home system called the Channel F. The \$170 Fairchild Channel F could play an unlimited number of games programmed on interchangeable cartridges. Atari was going to be left behind.

They had a two choices: go public or sell themselves. They chose the latter.

Atari looked around for buyers for several months before they were approached by Warner Communications, known for their feature films like Jaws and The Godfather and music publishing. CEO Steve Ross, like Bushnell, was always looking ahead trying to shift his company into new industries. Atari was an opportunity for Warner to pioneer a new entertainment industry with few competitors, apart from the pong machine manufacturers.

In October 1976 Warner bought Atari for \$28 million dollars making Nolan Bushnell an overnight millionaire and securing the funding Atari needed to manufacture and market the VCS and put one in the home of every kid in America.

"Nolan Bushnell can look you in the eye when he says he was twenty-nine years old when he started Atari with \$250 of his own money and in four years had sold the company for \$28 million, of which \$15 million went into his pocket." - Scott Cohen

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Your Dog Ears/Bookmarks:

Commodore Cinematronics The Arcade Atari Part 3

Nintendo

Previous Article:

Atari Story Part 1

Atari begins developing VCS and sells to Warner

1977 1978

title while reading.

1979

1980

1981

1982

1983

1984

1985

1986

- Minimal navigation bar. Might be hidden or change to chapter
- Interactive timeline / site map of events in time
- Timeline scrolls with user. Allows user to skim article.

browses side notes he can tag articles to read later.

- Animations function as setting, imagery, and attract attention.
- Clicking opens modal for this side note, corresponds margin notes
- Read next provides links to a cpuple of the most related articles.
- Bookmarks are set by user as he browses the side notes. When user
- Long quotes can also separate chapters.
- Pull quotes break up text and provide source material.
- Keeps track of previous article the user was reading so he can bounce back if he was moving sideways in the narrative.
- Side Notes change as user scrolls through article.
- First note is the excerpt with essential information and a little photo. Clicking on it opens side note modal for this note.
 - Other side notes can be video, footnote, articles, images, bios,
- connections to other articles, etc. Clicking opens side note modal.

Interactive Timeline Home page logo etc. Sources and Research



The Little Crash of 1

In 1977 the sixty or seventy companies that were manufacturing two-hundred or more home video game consoles ceased production, dropped out of the business, or went bankrupt. A year earlier the home console industry had made \$150 million in profits on sales of 3.5 million consoles, a ten-fold increase over 1975. **D** But in 1977, profits vanished. The primary culprit of the boom and the bust was a microchip, AY-3-8500 which had allowed manufacturers to cheaply manufacture Pong clones. Within two years of the chip's 1975 release the market was saturated with so many cheap clones that it collapsed.

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Sprites are like achievements and bookmarks. As the reader reads and clicks around he collects these nuggets that refer to things he has read. When the user clicks on them he gets a modal that provides info about that item. These would be the same modals as the side notes. So if a reader has read about Donkey Kong's legal battles, he collects that sprite. As he is reading about coleco's battle with Atari he can open the sprite tray and review the donkey kong modal that refers to the article in Nintendo's section.

Empty spaces encourage the reader to keep exploring.

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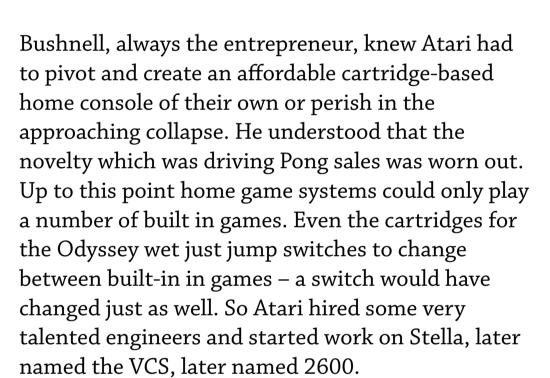
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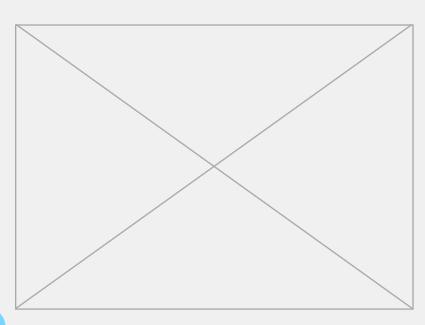
1984

1985

1986

- Bio, company, event, and article link modals appear from side and cover margin notes.
- Quote by or about the bio, event, or article. Short description of the person.
- Links to other places where this item appears.
- Links can be bookmarked by user for later reading instead of navigated to immediately.

Nolan Bushnell



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Nolan Bushnell founded Atari with Ted Dabney

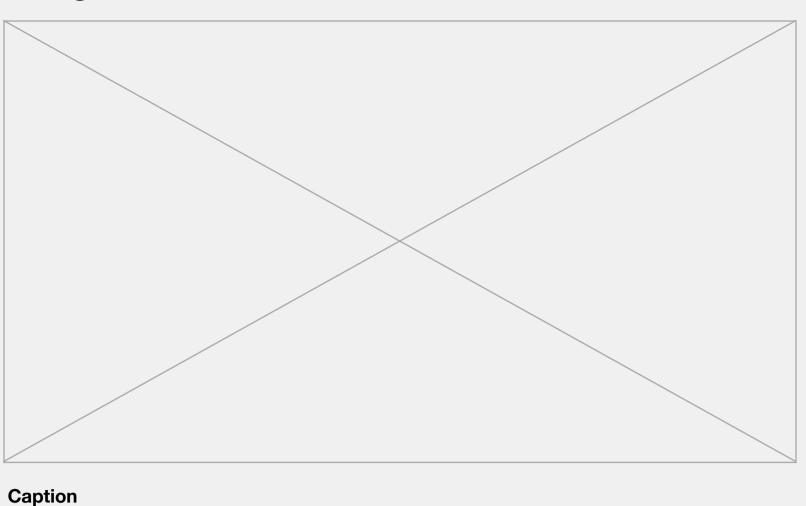
and Al Alcorn in 1972 for \$500. They began distributing Pong arcade cabinets that year, essentially creating the video game industry. Bushnell sold Atari to Warner in 1976 for \$28 million and left the company in less than two vears. Bushnell would later found Pizza Time Theater, now know as Chuck E. Cheese's, and several other business and technology endevours. He is considered a innovator and hero by many in Silicon Valley.



Link 2

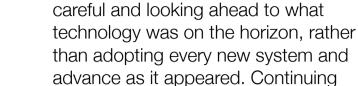
Sprites

Image of video title



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