

The Great Crash 1982-1984

1982

Coleco Releases Colecovision

Coleco releases the Colecovision, a cartridge-based game console buoyed not only by superior graphics and sounds, but also by support from a growing game company: Nintendo. Nintendo licenses Donkey Kong and Donkey Kong Junior to Coleco, which releases excellent translations for the Colecovision and ports reasonable versions to the Atari VCS and Intellivision.

Coleco also releases an adapter that lets VCS cartridges be played on the Colecovision. Realizing that Atari has firm support from Namco, creator of Pac-Man, Coleco involves itself heavily with Sega, Konami, and Universal (Mr. Do!).

Magnavox Does It Better

Magnavox releases a game called K.C. Munchkin for the Odyssey2. Atari deems K.C. Munchkin to be very similar to Pac-Man and sues. Atari wins the lawsuit, and Magnavox must remove K.C. Munchkin from the market.

Pac-Man Clone?

Atari releases its highly anticipated 2600 version of Pac-Man, which unfortunately doesn't resemble the arcade game at all. The public quickly becomes disenchanted with the company.

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The Colecovision

E.T. Goes Home

Atari releases E.T. for the VCS, a game Howard Scott Warshaw programmed in six weeks. Expecting a sellout, Atari reportedly manufactured more E.T. cartridges than there are 2600 consoles in use. As was the case with Pac-Man, the public is disappointed by the game. Massive numbers of both Pac-Man and E.T. games end up in a huge landfill in New Mexico, along with millions of other unsold and unwanted game cartridges. Original games such as Activision's Pitfall (by David Crane) sell well.

Atari Super System

Atari releases the 5200 game console to compete with the Colecovision, although it had originally been designed to compete with the Intellivision. Based on the graphics and audio chips found in Atari home computers, 5200 games are essentially aesthetically improved rereleases of VCS games (VCS was renamed 2600). The machine is incompatible with 2600 game cartridges until Atari belatedly introduces an adapter so 2600 games can be used on the 5200. A major strike against the system is its controller, which features a noncentering joystick.

Vectors Come Home

General Consumer Electronics (GCE) releases the Vectrex, the first and only home console based on vector-graphics technology. The Vectrex includes a built-in game (Minesweeper, an impressive Asteroids clone) and one four-button analog joystick controller.



The Atari 5200

Pac-Man Fever

Midway creates Ms. Pac-Man in-house. It becomes the biggest arcade game in American history with over 115,000 units sold in the United States, but Namco, which is not involved with Ms. Pac-Man, develops the improved, but radically different, Super Pac-Man for Japanese consumers. A number of Pac-Man "enhancement chips" arrive on the market to speed up the original Pac-Man and change its characters and mazes. The most popular enhancement, Pac-Man Plus, replaces the generic fruits and other bonus items in Pac-Man with popular American items such as Coke cans.



The Vectrex

Stock Drop

On December 7 (3:04pm Eastern Standard Time), Atari announces that VCS sales did not meet predictions. Warner Communications stock drops 32 percent in a single day.

1983

New Bushnell Company

Nolan Bushnell becomes eligible to enter the video-game industry again. He joins Videa and renames the company Sente Games, another Go reference (this time to "checkmate"). Sente forms a partnership with Midway games and releases arcade titles such as the simple but addictive hockey game Hat Trick. Unfortunately the partnership never creates a niche in the market.

Atari Top Secret

In March, Atari announces a new top-secret project code-named the Falcon Project. The Falcon Project turns out to be a new Atari division called Ataritell, which is Atari's attempt to enter the telecommunications market.

Animated Video Games

Cinematronics releases Rick Dyer's Dragon's Lair (animated by Don Bluth), the first arcade game to feature laser-disc technology.

New Commodore Computer

Commodore releases the Commodore 64, an inexpensive but powerful computer that outperforms any video-game console.

Nintendo Famicom

Nintendo releases the Family Computer (Famicom) in Japan. Intentionally designed to look like a toy, the Famicom is released with Nintendo arcade hits Donkey Kong, Donkey Kong Junior, and Popeye. Because of Atari's domination of the market, Nintendo doesn't plan to sell the Famicom outside of Japan. The company offers Atari the rights to distribute it everywhere outside of Japan. Atari is keen on the idea, and after meetings throughout April and May, the two companies assent to sign an agreement at the CES in June.

Coleco Computer

Coleco unveils its Adam computer at the June CES, with Donkey Kong displayed on it. Atari, which has computer rights to Donkey Kong, accuses Nintendo of breach of contract and threatens to halt the Famicom deal and sue. Nintendo threatens to sue Coleco because Coleco only has video-gaming rights to Donkey Kong, not computer rights. Coleco says it's all a big misunderstanding because although Adam is a computer, it's also a souped-up Colecovision.

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Atari Controversy

Controversy hits Atari when it is revealed that Ray Kassar sold \$250,000 worth of Warner stock on December 6, 1982, the day before Atari made an announcement that caused the stock to fall. Kassar resigns on July 7 and is replaced by James Morgan on September 6. The Famicom deal falls apart during the crisis.

The Crash!

With too many products on the shelves from a multitude of publishers, many third-party companies go out of business. The games from these companies are then discounted heavily. Companies that are still in business cannot compete against the cheap games, so they wind up losing money because of unsold inventory.

1984

Vectrex for the Masses

Milton Bradley begins distributing the Vectrex, after acquiring GCE. The company quickly lowers the price to make it competitive with the consoles. The price is eventually dropped to \$100, forcing Milton Bradley to lose money with each until sold. Milton Bradley finally cancels the Vectrex.

Coleco Goes Adam Crazy

Coleco uses all of its resources to manufacture Adams. This is at the expense of the Colecovision. Sixty percent of all Coleco Adams are returned defective.

Mattel Sells Intellivision

Mattel decides to shut down Mattel Electronics after heavy losses. The division is purchased by Terry Valeski, a Mattel vice president, who renames it Intellivision Inc.

Nintendo Eyes America

As the video-game industry begins to crumble, Nintendo announces it may release its Famicom in the United States.

Atari Vaporware

Atari introduces new products at the summer CES. Among them are the 7800, an advanced gaming console that will also play 2600 games, and the Mindlink, a hands-off controller that attaches to the head.

Warner Dumps Atari

Faced with rising losses, Warner Communications sells off Atari Incorporated's consumer division to Jack Tramiel, the man who had founded Commodore computers and had been forced out of that company earlier in the year. Warner Communications keeps the arcade division and renames it Atari Games. (The Ataritel division is shelved.) Tramiel renames his new company (which includes Atari's video game and computer divisions) Atari Corporation. Tramiel immediately announces that the new company has no intention to sell the video-game consoles and will be marketing a new line of 16-bit computers. The new products that were shown at CES are shelved indefinitely.