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Still doing what “Nintendon’t”:
The saga of the SEGA Master System in Brazil

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Brazil is a large and established video game market. In 2015, it was the 5th largest gaming population globally (DiChristopher, 2014), and Brazilians game an average of 1:17 per day (on par with the United States; Clement, 2021). These numbers are encouraging for game developers, who see Brazil as a lucrative gaming market (“The Brazilian Gamer,” 2017). Home console sales in the country have been rising since 2015 (Nogueira, 2020), mostly dominated by Nintendo, Sony, and Microsoft (Vailshery, 2021). However, unique to Brazil is the lasting success of SEGA, a company that despite not producing a new model console since 1998, sold as many as 150,000 consoles yearly in Brazil up until 2012 (Lutti Lippe & Azevedo, 2016). We argue that SEGA’s continued relevancy in Brazil is a combination of their early arrival in the market with the Master System in the late 1980s, fueled by a production scheme that circumvented Brazil’s heavy import taxes by contracting with a domestic toy manufacturer Tectoy—a little known firm that is responsible for the longest-running home console in production: the Brazilian-localized Master System.

The 1980s saw the rebirth of the home gaming industry with the release of the Nintendo Entertainment System (NES). To compete with the NES, SEGA released the Master System in 1985 (Rigues, 2012). Despite having better technical specifications than the NES (it could display more colors and had a faster central processing unit; Adams, 2019), it suffered in the major gaming markets of Japan and North America due to Nintendo’s exclusive contracts with game producing studios, which restricted the game titles available (Smith, 2015)—for example, Nintendo controlled more than 90% of the market in North America (Kent, 2011).



Figure 1. The SEGA Master System, as released in Brazil in 1989 (left) and the Phantom System NES clone (manufactured by Gradiente; right).

As such, SEGA turned to unexplored markets to become profitable—such as Europe and South America. Despite Brazil’s large population (estimated of 146 million in 1989; World Bank, n. d.), there was no Nintendo presence in Brazil until 1993 (Nogueira, 2020)—their interest in the country dampened due to the country’s unique import tax laws (2020). To encourage the growth of the Brazilian tech industry and the purchase of local products, a steep tax (sometimes over 100% the price of the product; Mello, 2013) was assessed by the Brazilian government to imported technological goods. SEGA, being shut out from the major video game markets of North America and Japan by Nintendo (Kent, 2011), was looking for new opportunities to sell its Master System (Buchanan, 2016). As such, despite this high import tax, SEGA officially released the console in Brazil, becoming the first of the major home console manufacturer to enter the Brazilian gaming market (Suzuki, 2009). When Nintendo finally arrived in Brazil in 1993, it found a market already dominated by SEGA (Sponsel, 2015), and it has always had a tumultuous relationship with Brazilian gamers. In 2013, Nintendo announced it would no longer license consoles to Brazil—although it did return two years later (Nogueira, 2020).

When it first arrived in Brazil in 1989, due to the import tax, the Master System retailed for around 3,600 reais (in current rates; Simon, 2017), or around \$630 today. This was a steep

price tag, considering the Master System was available for around \$200 in 1987 in the U.S. (around \$490 in today's dollars; Dornbush, 2016). To avoid the tax, SEGA established a partnership with Brazilian toymaker Tectoy (Miyazawa, 2017), who would produce all components for the Master System in Brazilian territory. Tectoy was a nascent company (founded in 1987), but had previously released the SEGA *Zillion* light gun, an accessory for the Master System (their first-ever product; Sponsel, 2015). After success selling the Master System accessories, SEGA awarded Tectoy the production rights to manufacture consoles in Brazil (Smith, 2015).

Tectoy engaged an aggressive marketing strategy for the Master System. According to Stefano Arnhold, Tectoy's CEO, their idea was to make the console and SEGA feel like an exclusive club in Brazil. Master System owners had access to special events and arcade competitions and a hotline that players could call 24/7 to receive game tips and help fixing their consoles (Sponsel, 2015). Tectoy sponsored a television show giving tips for Master System games ("Master Dicas" or Master Tips) on the most popular Brazilian network, Globo, during their daily "cartoon hour" ("Parabens!...", 2019). Nintendo tried to emulate the SEGA-Tectoy partnership with another Brazilian firm (Gradiente), but that system—like many others—was a "clone" of the NES console rather than an authentic reproduction, further damaging NES' overall market presence as it was not branded as a Nintendo product (see Figure 1). As a result, when Nintendo officially entered the Brazilian market in 1993, Brazilian gamers preferred not only SEGA's Master System, but also clone NES consoles over the official NES ("A historia do Phantom System...", 2020).

Tectoy further maximized its partnership with SEGA by directly engaging with and infusing Brazilian culture into several SEGA IPs and games, as well as improving the Master

System hardware. It began by providing fully translated versions of games, from Japanese or English to Brazilian Portuguese (“Phantasy Star I—Classico RPG...,” 2019). Next, Tectoy developers adapted existing SEGA games to incorporate Brazilian characters and stories (e.g. *Wonder Boy in Monster Land* [1987] became *Mônica no Castelo do Dragão*, based on a popular comic in Brazil at the time called *Turma da Mônica* [“Top 5—Jogos exclusivos...,” 2019]; see Figure 2), and even developed their own Brazilian-exclusive titles (e.g., *Férias Frustradas do Pica-Pau Amarelo* [Oliveira, n.d.]). SEGA hardware has also gone through several (licensed) modifications by Tectoy in Brazil. The company has released new versions of the Master System, from an all-pink version marketed at young girls (Sponsel, 2015) to the latest version released in 2011, the Evolution (see Figure 3), which comes with 132 pre-installed games and retails for about 280 reais (\$50; Lojas Americanas, n.d.), a fraction of Nintendo’s and Sony’s consoles. These adaptations by Tectoy make the Master System the longest active console still in production (Fick, 2014).

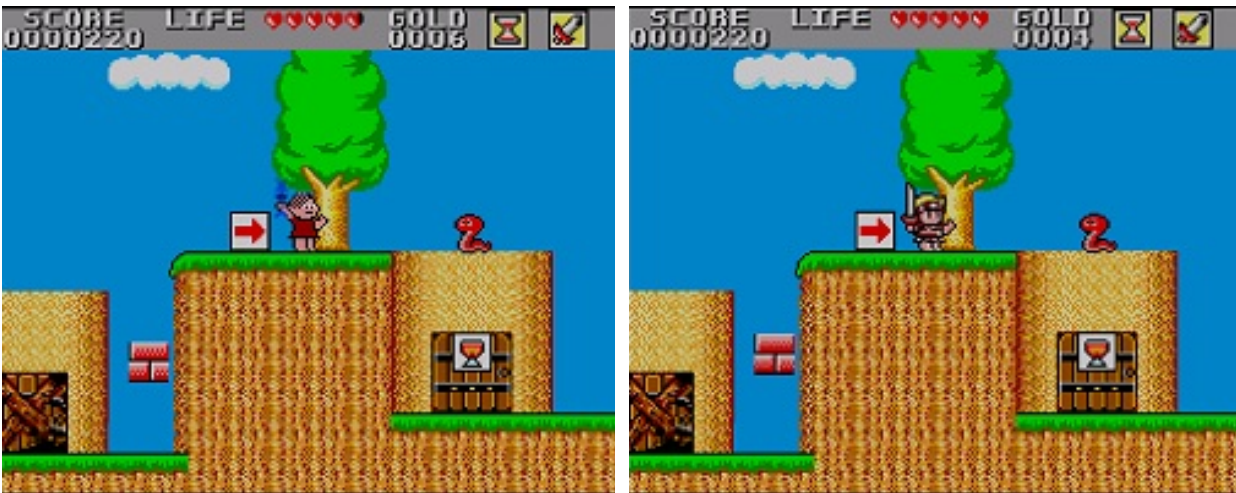


Figure 2. Side-by-side comparison of *Turma da Mônica no Castelo do Dragão*, the Brazilian-exclusive adaptation of 1987’s *Wonder Boy*—based on the popular Brazilian comic, *Turma da Mônica*, one of the first video games produced with Brazilian characters (left)—and of the original *Wonder Boy* (right).



Figure 3. Brazil-exclusive SEGA Master System Evolution, manufactured by Tectoy.

Brazilians are avid gamers (Clement, 2021), and while they also hunger for the newest consoles (Albuquerque, 2021), the permanence of the Master System demonstrates a gaming culture in which the new and (what is considered) retro coexist. Although Master Systems are snubbed from even getting the nostalgia treatment like the SEGA Genesis Mini or the NES Classic (Webster, 2019), Brazilian gaming culture ensures that new Master Systems are not only still produced in Brazil (Fick, 2014), but also actively compete for sales with Sony, Nintendo, and Microsoft, despite being originally released over 30 years ago.

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