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Atari to raise prices of home computers

Associated Press

SAN FRANCISCO — Atari Inc. said Wednesday it plans to raise dealer prices of its home computers and video-game consoles, effective Jan. 1.

The dealer prices of Atari's 600XL home computer will climb to \$180 from \$140, while the 800XL will rise to \$280 from \$240, Atari said. The 800XL now carries a suggested list retail price of about \$299.

Dealer prices of Atari's 2600 Video Computer System will rise to \$99 from \$95, while its 5200 SuperSystem will climb to \$150 from \$146, it said.

Atari, a unit of Warner Communications Inc., also said it is sold out of its 600XL and 800XL home computers through the end of the year, and will accept no more orders for those products for 1983.

"We are convinced that this (pricing) action is appropriate, given the high quality of Atari home computers and video-game consoles as well as the strong demand in the marketplace," James J. Morgan, chairman and chief executive of Atari, said in a statement.

"Recent events in the home-computer industry point to the sheer folly of spiraling downward prices on home-computer products that are of superior quality," Morgan added.

Atari has been one of the main casualties of that "folly," having lost \$536.3 million through the first nine months of 1983.

Many of the home-computer makers engaged in severe price-cutting wars this year, which lowered the price of some computer consoles to less than \$100. The lower prices spurred demand but also cut into profit margins. And some companies found the demand did not increase enough to offset the reduced margins — thereby resulting in losses.

In addition to Atari's loss, Texas Instruments Inc., maker of the 99-4A home computer, lost \$223 million in the first nine months of 1983 and announced Oct. 28 it was pulling out of the market to avoid further losses.