

GTW Europe



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Nintendo defends Eastern empire

Nintendo 64, when it duly arrives, could be launched into Eastern Europe at the same time as the leading video Western games territories.

In what would be a first for emerging games markets such as Poland, Hungary, the Czech Republic and Russia, exclusive Nintendo distributor Stadlbauer Marketing has said that it wants to roll the machine out as soon as possible in order to limit any advantage gained by rival 'next generation' systems.

Even though both Sony and Sega intend to make a real effort in the Eastern territories (CTW Europe April & see page ii), the launch of Saturn and PlayStation is still at least six to nine months behind activity in most Western markets.

Indeed, with Saturn and PlayStation both only hitting the key Eastern European territories this month, Nintendo 64 could (if Euro availability stays on schedule) be introduced just six months or so behind them.

Stadlbauer will have wiped out a lot of the considerable lead that PlayStation and Saturn have enjoyed in key Western markets such as the UK, France and Germany.

Nintendo 64, with a promised price equivalent of under £250, would be arriving on a par with the other two systems, which are being launched across the Eastern territories at prices equivalent to those elsewhere in Europe.

Stadlbauer Marketing is Nintendo's exclusive distributor in Austria and Switzerland and has scored tremendous success with the brand over the years.



Nintendo wants to fight Sega and Sony in Eastern Europe as early as possible

It also handles Hungary, whilst acting as the feeder into Nintendo distributors in Russia (AOZT-Bendy), Poland, (American Computers & Games) and the Czech Republic (MPM).

The Game Boy was relaunched in Eastern Europe last year at a new low price equivalent to around £45, scoring record sales.

Prose names

new manager **GERMANY** — Dr. Dietrich

Meutsch has just been appointed as general manager of MicroProse in Germany.

Meutsch joins the firm from BMG where he was director of the interactive entertainment unit within the company's Telemedia division.

For the immediate future he will work alongside Wolfram von Eichborn, who picked up the reins at MicroProse Germany following the recent untimely death of Ron Cronquist — the former general manager and joint Geschaeftsfuehrer.

"We are very please to welcome Dietrich to the team," said MicroProse's head of human resources Rob Groves.

"He has many years experience in leading teams of a similar size and composition to ours and we look forward to him leading us on to even greater success in the German market.'

Duo join new-look Warner

Warner Interactive has signed up new partners in Spain and the Benelux countries.

New Software Centre, which already represents both Virgin Interactive Entertainment and GT Interactive has now been appointed to distribute Warner products exclusively in the Spanish territory.

"We believe that in the future there will only be a handful of major players and with the addition of Warner, we are very happy to now be dealing with three of them," offered New Software Centre's Laila Svendsen.

"We are delighted to sign an exclusive distribution agreement with Warner Interactive as we know the company recognises the differences in the various European marketplaces and has an interest in building each indi-

Meanwhile, PMR International has been signed by Warner to handle its products in Benelux. The company has been established for three years and has recently opened an office in Germany. It currently handles PC CD-ROM, PlayStation, Saturn, 3DO, SNES and Mega Drive formats.

"We are very happy to work with an international company of Warner Interactive's reputation and are confident that together we will be able to take advantage of the tremendous opportunities the Benelux region offers, especially within the CD-ROM market," commented PMR director Peter Dekker. "We look forward to a mutually beneficial relationship for the two companies."

Warner Interactive's head of international sales Kirstin Barrett added: "Warner Interactive now has two new strong partners in both Spain and Benelux to increase our profile in Europe. Both distributors are major market leaders within their respective countries and we are delighted to

Funsoft doubles up on promotion

FRANCE — Funsoft has put together two neat marketing campaigns to back looming releases from its affiliate labels.

To back the release of Interactive Magic's Capitalism next month, the company has signed a cross-promotion deal with one of the top economic magazines in France, L'Expansion.

The game will be reviewed in the magazine, with L'Expansion also providing the company with two months of free advertising. In addition, free subscriptions to the journal will be offered as part of an in-pack competition.

Meanwhile for SCI's Kingdom O' Magic, which has slipped in France until September, Funsoft has teamed up with the France Miniature, to give away 1,000 tickets to the theme park as part of an in-pack competition.

Funsoft France was set up a year ago, and is run by former MicroProse and Activision man Thomas Ormand.

Mindscape move for Uta Nemitz

GERMANY — Mindscape has recruited a new marketing manager, with Uta Nemitz joining the firm from Leisuresoft GmbH.

Nemitz joined Mindscape last month, having worked in the same position at Leisuresoft for the past five years. She takes over from Alison Simon.

"I'm really happy to do the marketing for a publisher with such a strong range of products - that means a lot of creativity and excitement for me in the future," said Nemitz.



The next edition of CTW Europe will appear on Monday June 3rd. Please fax editorial information to Stuart Dinsey on +1462 442489.

Blockbuster ramps up

Video and games rental giant Blockbuster is planning to roll out over 1,000 new stores across Europe by the end of the century.

If completed as planned, the chain's store count would more than double over the next three and a half years.

Blockbuster currently boasts 760 stores in Europe and wants to be somewhere near the 2,000 store mark by the year 2000. While part of this expansion is expected to come from new store openings, Blockbuster has confirmed that it is currently in discussions with a

number of European companies about acquisitions similar to its purchase of the UK's Ritz video and games rental chain in 1992.

Blockbuster has had a presence in Europe since 1989 when it opened stores in the UK and Spain. It now has 690 outlets in the UK and 21 in Spain, and has recently moved into Germany and

The firm has reported that it hopes to open at least 200 stores in larger European markets such as Spain, Italy and Germany, whilst also looking to have a presence in most other Western European territories



Blockbuster wants up to 2,000 stores in Europe

Euro giant puts gan firms on shopping list

A mysterious European entertainment firm says it is looking to buy its way into the games and multimedia business.

The company, which wishes to remain anonymous at the moment, apparently has divisions in every country in Europe as well as outposts throughout the rest of

A major distributor of traditional entertainment software products, such as video and audio, the firm is now looking to move into the interactive sector by taking total or part equity in existing players. To smooth its drive into the market, the company has employed the help of Dutch distributor and publisher Media Discount Group, which will be liaising with the interested firms.

"The company we're representing is certainly already a major distributor of other products," Media Discount Group's commercial director Jaques Pijman told CTW

"They have seen the CD-ROM business multiply over the last couple of years and are interested in becoming part of the market."

Anyone interested in talking to Media Discount Group should contact Jaques Pijman on +31 024 3730400.

have them on board.' **EA grows Nordic presence**

Electronic Arts is about to increase its activity in Northern Europe — with ambitious plans for new offices in Denmark and Finland.

The move comes just under a year since the US software giant first moved into the Scandinavian territory with the opening of EA Nordic in Stockholm (CTW Europe - June 1995).

The Denmark office is due to open at the end of the month. It will be headed up by Claus Due, who joins the firm from Panasonic. It will operate alongside the existing offices in Sweden and Norway, boosting EA's Scandinavian division to 12 employees.

The Finland office, meanwhile, is pencilled in for July.

"Following the success of the offices in Sweden and Norway, we wanted to do the same in Denmark and Finland," EA Nordic boss Stefan Lampinen told CTW Europe. "We want to work more closely with the trade and to block the high number of US grey imports that are coming into the market. Also, the

PC market is growing very rapidly here, so there is a need to open the new offices and have people working directly in the markets."

new subsidiaries in Denmark and Finland will further build on EA's reputation in Scandinavia, where the firm has already seen much success particularly with its sports titles. Since the establishment of EA Nordic, the company has also increased its direct sales operation and will be looking to operate a similar system in both Denmark and Finland, selling direct to key accounts as well as using its existing distributors in the territories to handle smaller independents.

Following the opening of subsidiaries in the UK, France, Germany and Spain, Electronic Arts was one of the first major software firms to plan an assault on the Scandinavian market and has apparently reaped the rewards of its efforts over the past year.

CTW Europe understands that both Virgin and Sierra are also carefully considering the setting up of dedicated subsidiaries in the

NETIZENS CANED

Excited by the prospect of promotion without the merest hint of an international boundary, companies all over Europe — from corporate giant to specialist distributor or retailer — are currently rushing through the development of a dedicated Web site. But is enough thought going into the process? GRACE FODOR thinks not...

he check list runs like this: mobile phone, home fax, desktop computer, portable computer, modem and now ... Web site. If Internet numbers are to be believed (more than 20 million users at the last count) then much of it's down to the appeal of the World Wide Web. In fact, the Web has so gripped people's imagination that hundreds of new sites are opening across Europe every day. Having a Web site, it seems, is a must whether your firm is based in Coventry or Croatia.

Getting onto the Net is becoming less fraught by the day. Solutions now come in one big handy box and the choice of browsers, the search engines that let you find your way around the labyrinth of the Internet and the World Wide Web, are plentiful. But in this race to use and to be used, because that's what you're paying for each time you go on-line, real substance in the form of good Web content is too often missing.

Sure, there are some innovative Web sites out there with great content and excellent interface design. They look professional and they use the unique opportunities afforded by the Web to the full, such as audio clips or graphics. But why don't more people try to match or better these high standards in order

to exploit the Web's potential as a powerful marketing tool?

The answer I believe stems from the Web's rapid and immense popularity among marketers. Through word-of-mouth, press reports, conferences, seminars and suchlike, marketers have rushed to create a Web Site for fear of being left behind by the competition. The problem is that in doing so, some of them have forgotten just what it is they want to achieve or to maintain the site regularly.

Easy does it

Because the Web is different: digital, free-flowing, (but access-dependent on the speed of modem transmission and telephone lines), marketers need to set clear objectives about what they want to achieve. Often it's better not to try do everything, but to focus on communicating some aspect of the company's products or services.

Judging by many of the Web sites out there, many companies feel obliged to translate the information that they may have in print into digital content. Why not use the unique properties of the Web to communicate some aspects in a more intelligent and effective form?

For example, with all the talk of companies releasing their annual

reports on the Web, marketers could choose to run the Chairman's address on their page, taking advantage of audio clips and then supporting the 'speech' through well-chosen images and text. Bearing in mind how long it can take to download data, this kind of approach can save access time and create a more memorable Web site.

Having a Web site, it seems, is a must whether your firm is based in Coventry or Croatia... but many companies think that once they have created their site that's the end of the story. It isn't by a long way.

Perhaps the most important advice is to treat the Web page as a valuable extension to a company's overall marketing activities. That may sound obvious, but there are many sites that don't match up to the image created through a company's other marketing collateral. There's nothing more flawed than a Web site that doesn't project the same brand values as say a company's corporate brochure, or the highly finished production of an

exhibition stand. It means that the creation of the Web site should fall into the hands of the marketer, not the company's technical team.

Today, there are several software programs that marketers can use to design and create their own Web sites, that's if they don't want to run to the expense of bringing in a team of specialist designers. SoftQuad's *HotMetal Pro* is one of the more advanced, offering users a set of powerful features to publish a professional Web page.

The package provides all the tools to write HTML (Hypertext Mark-up Language), the nuts and bolts of the Web. HTML is, in effect, a series of text tags that enable people to 'mark up' their text in headings, paragraphs and lists which are then translated by the browser into text, images and sound. Products like this require no understanding of HTML and let marketers put a page together with relative ease, putting them in total control of the content, as well as the look and feel.

Addressed to kill

Many companies think that once they have created their Web site that's the end of the story. It isn't by a long way. With so many sites around, your customers will

need to be very lucky to find your page unless you help them out.

Again, the answer is to be as consistent and thorough in the marketing of your Web site as you would be in other area. Provide information for specialist Net magazines or *The Sunday Times*, update your clients through direct mail or just ensure that you add your Web address to your correspondence so people know you're out there.

The most successful Web sites gain customer feedback, encouraging a dialogue between the company and its customers. This can take many forms — from product registration through to service comments. In most cases, the more concise the questions, the higher the customer response.

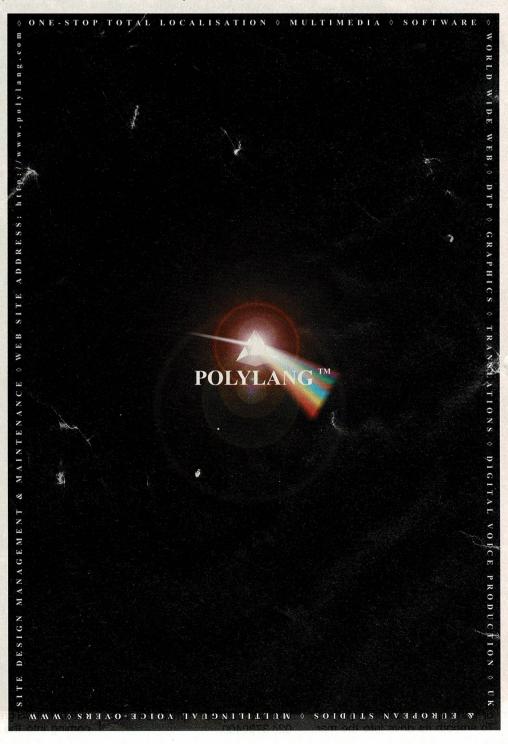
Web sites respond differently to various browsers, so check out the way your page looks when it's accessed through all the major choices. Sometimes it's beneficial to assess the performance with different modem speeds too. If the majority of customers in your market or territory are 14.4 modem users, make that your standard.

Finally, keep your Web site fresh. Once you've made the investment in time and money to create your page, and have hopefully won the interest of some regular visitors, you owe it to them and to yourself to make the content lively and topical.

After all, over time, your page should become one of your customers' first points of call for information on your company, brands or product lines. The Web is alive, so keep it that way.

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THE EASTERN FRONT

The war of the 32-bit super consoles has raged throughout Western Europe since last September but this month will see the emergence of a new battleground, with the official launch of both the Sega Saturn and Sony PlayStation into Eastern Europe. NICK PENDRELL reports...

he fact that both super consoles are being launched simultaneously in Eastern Europe comes as a coincidence rather than as the result of any long term strategy on behalf of the two producers.

Although the Saturn was launched in Western Europe nearly twelve months ago, Sega has been forced to wait for its flagship console to pass lengthy safety approval processes in each of the territories, as each of them have their own approval regulations that need to be passed before products can be sold locally. In each of the key Eastern European territories, the approval process is now in its final stages and Sega is confident that product will start to ship before the month is out.

Sony, on the other hand, waited until its Western European infrastructures were up and running efficiently before establishing a distribution network in the more marginal territories further east. With the red tape out of the way, and distribution channels in place, everything is now ready for both of the next generation consoles to be launched in the key Eastern European markets.

Both Sega and Sony have the highest expectations for Russia and the other C.I.S. territories, based upon the level of business which has been achieved in the territory in the past from 8-bit and 16-bit machines. Although the market has always suffered from very low average incomes, an unstable economy and an incredibly high level of piracy, the huge population of the territory means that there is a huge target to aim at.

After Russia comes Poland. With a population of 40 million, this market holds a great deal of potential, especially now that the economy has begun to grow and the country's inflation rate has slowed down considerably.

Hungary for success?

Vying for third place are V Hungary and the Czech Republic. Hungary, which was initially believed to be the Eastern European economy that offered the greatest potential of all, has slowed down recently as a result of a heavy foreign debt burden. The Czech Republic, on the other hand, has benefited from a strengthening economy and is

now at a similar level to that of Hungary. However, the relatively small populations of the two countries, at 10 million each, means that the room for major sales in these two countries is substantially less than that of Russia and Poland.

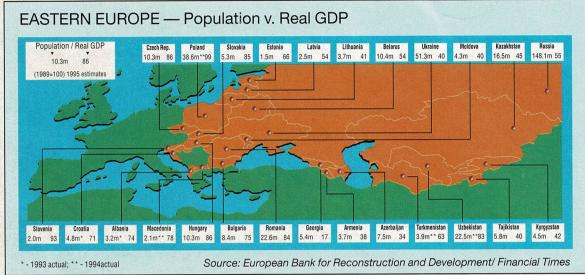
The remaining countries represent very marginal business. Sega has distribution in the former Yugoslavian territories of Slovenia and Croatia, while Sony will have distribution in Bulgaria and the Baltic States via Sony Finland in May, with Romania and Slovakia due to come on line later in the year.

Within the Eastern European markets, Sega and Sony will be using very different distribution channels. Between 1993 and 1995, distribution of Sega products in Eastern Europe was in a difficult position.

Sega Europe had appointed exclusive distributors in the key Eastern European territories but in late 1993 Sega Japan appointed the Japanese trading company, Nissho Iwai, as exclusive distributor for all of Eastern Europe, which in turn appointed exclusive sub-distributors on a territory by territory basis. The resulting situation, whereby Sega ended up with two or more 'exclusive' distributors, damaged Sega's potential in many territories, as distributors were not prepared to invest heavily in marketing Sega's products knowing that they would have to share the benefits with the other 'exclusive' partners.

This confused situation ended in mid-1995, when Nissho Iwai's two year contract with Sega Japan expired and was not renewed. As a result, responsibility for Eastern Europe was handed back to Sega Europe, which has been rebuilding its distribution network over the past six months. As a result, Sega now has a network of efficient and experienced distribution partners in each territory, which the company hopes will maximise sales of the Saturn.

Sony, on the other hand, has decided to by-pass existing distributors entirely, opting instead to use the existing Sony subsidiaries in each of the territories. These subsidiaries will be selling the PlayStation alongside the company's best selling range of brown goods, such as



TVs, VCRs and hi-fi systems.

This strategy has already been employed by Sony in Greece, which is a market which faces challenges similar to those in Eastern Europe. The PlayStation was introduced there in December and was distributed primarily through Sony's network of authorised dealers. This distribution policy gave the console wider distribution than rivals have been able to achieve in the territory, a situation which Sony is looking to duplicate in Eastern Europe.

Sony super brand

Although Sega and Nintendo are household names across Western Europe, this is certainly not the case in the East where the millions of pounds, francs or deutsch marks which need to be splashed out on marketing in order to create a brand have not been spent. Sony, however, is not only a household name in Eastern Europe, but is also a 'super brand' ranking alongside BMW, Mercedes, Levi's and Coca-Cola in terms of awareness and prestige.

In markets where consoles are not yet mass market products, this brand awareness should be a huge advantage for Sony.

Throughout the summer and early autumn, Sega and Sony will have the 32-bit market to themselves. Limited quantities of 3DOs, Atari Jaguars, Phillips CD-i machines and Commodore CD 32s are being dumped in the market at bargain bin prices, but are making little impact.

By the end of the year, assuming launch in the UK and Germany goes ahead as planned, the Eastern European markets will have seen the re-emergence of Nintendo, thanks to the N64 super console.

Although there has been a 6-9 month delay between the Western and Eastern European roll-out of both the Saturn and PlayStation respectively, Stadlbauer Marketing, Nintendo's distributor for most of Eastern Europe, plans to launch the N64 simultaneously with the rest of Europe providing that sufficient stocks are

The relatively hefty price tags on super console hardware could be the major barrier to them becoming mass market products. Both Sega and Sony will be introducing their consoles at similar prices to those in Western Europe, the equivalent of £250 for the Saturn and £300 for the PlayStation, give or take a little for

differing rates of import duties and retail taxes.

Considering the fact that these prices are roughly twice the average monthly salary for most Eastern Europeans, it is easy to see why a super console is not at the top of most people's shopping

For this reason, both Nintendo and Sega believe that, for the short term at least, 16-bit and even 8-bit machines will continue to take the lion's share of the console business, as prices continue to fall on the aging formats. Nintendo's Game Boy, for example, achieved record sales in Eastern Europe last year as a result of a relaunch at a new price point equivalent to £45.

Due to the fact that 16-bit machines will be selling at one third of the price of the 32-bit consoles. both Sega and Nintendo are of the opinion that the super consoles are likely to account for only 25-30 per cent of the total console market by the end of 1996, with 16-bit machines continuing to be the most important console format for another two years, unless prices for the 32-bit machines fall dramatically during that period.

Rich pickings

Although the majority of Eastern Europeans have very little disposable income, there is a significant proportion of the population which has been quick to reap the rewards of capitalism and are able to enjoy a standard of living as high as their most affluent Western European neighbours. It is this 'nouveau riche' element of Eastern European society that the distributors of the super consoles will need to attract if they are to have a chance of selling significant numbers.

However, here the consoles face great competition from PC CD-ROM which is, by far, the format which dominates the games market across the various territories, with an installed base of multimedia PCs which dwarfs that of any console.

However, although both PC CD-ROM and super console owners are targeting the same section of Eastern European society, they are ultimately aiming at different segments of the market. The typical PC CD-ROM buyer differs slightly from his Western European counterpart in that he is likely to be older, in his thirties maybe, and holding a responsible management position. In addition, he will also have a good understanding of English as, with the exception of Poland, the majority of games on sale in Eastern Europe are English language.

Therefore, super console distributors' primary market will probably be the teenage children of wealthy parents who are not computer literate and/or are not proficient in English. It is for these consumers that the super consoles' range of shoot-em-ups, beat-em-ups and racing games are most appealing, as they require little in the way of foreign language skills to operate.

There is also a secondary market of Amiga and low-end PC owners who cannot afford the substantial cost of upgrading their hardware to the point where they

It is the 'nouveau riche' element of Eastern European society that the distributors of the super consoles will need to attract if they are to have a chance of selling significant numbers.

are capable of playing the latest generation of 'techno greedy' PC CD-ROM games.

But is this market wide enough for super consoles to be truly viable for the firms charged with marketing and distributing them?

Having experienced an uphill struggle when introducing 16-bit systems into this market, both Sega and Nintendo are realistic in believing that the potential of the 32-bit systems in Eastern Europe is currently low, although they believe that volumes will start to become significant during the next two years, providing that the countries' economies continue to grow.

Sony, although not having had consoles to market in the past, also has realistically low expectations. With the region's vast population, however, the company believes that the region has the potential of selling similar numbers to those being achieved in a territory like Italy or the Netherlands by next

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Sony: Sony Russia Nintendo: AOZT-Bendy

Poland Sega:

Sonv: Nintendo:

Bobmark Sony Poland American Computers & Games

Czech Republic

Datart Sega: Sony Czech Sony: Nintendo: MPM

Hungary

Sega: Alstep **EBM**

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Slovenia Sega:

Active Magic

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Sega:



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