Nintendo defends Eastern empire

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

In what would be a first for entertainment software, Poland, Hungary, the Czech Republic and Russia, exclusive Nintendo distributor Stadbaier Marketing has said that it wants to roll out the machine 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 & page 8), 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 Eastern European territories this month, Nintendo 64 could (if Euro availability stays on schedule) be introduced just six months or so behind them.

"We 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.

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

It also handles Hungary, while acting as the feeder into Nintendo distributors in Russia (AOCT Berlin), Poland, (American Computers & Games) and the Czech Republic (MPM).

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

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

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 is vice-president of the Interactive entertainment unit within the company's Telemedia division.

He will work alongside Wolfram von Eckrich, who picked up the reins at MicroProse Germany following the recent untimely death of Ron Cronoulas, the former general manager and Geschäftsführer.

"We are very pleased to welcome Dietrich to the team," said MicroProse's head of European operations, Rob Hovsunian.

"He has many years experience in leading teams of considerable size and composition to our products, and we look forward to him leading us on to even greater success in the German market.

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. 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 Ritzy 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 Spanish territory.

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.

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

New Software Centre, already well established in both Spain and the Benelux countries through both Warner Interactive and GT Interactive has now been appointed as Warner Interactive's distribution partner for its 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 understanding of building each individual market.

Meanwhile, PIR 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 PIR manager Peter Dukker.

"We look forward to a mutually beneficial relationship for the two companies."

Warner Interactive's head of international sales, Kristin Barnes, has also added: "Warner Interactive now has two new strong partners in both Spain and Benelux and we are delighted to increase our profile in Europe. Both distributors have the staff and will be able to handle our leaders within their respective countries and we are delighted to 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 1996).

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," said 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 market."

The deal in Denmark sees subsidiaries in the UK, France, Germany and Spain.

"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 accounts."

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 in the last year.

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

Funsoft doubles up on promotion

FRANCE — Funsoft has put together two nest marketing campaigns to back looming releases from two of its key titles.

To back the release of interactive Magic’s Capitalism with the company’s chief executive Melvyn Bragg, the game will be reviewed in the magazine, with the company also providing the two with a further two months of free advertising.

As a result, the free magazine of the country will be offered as part of the package.

Meanwhile for SCi’s Kingdom O’ Magic, which has slipped in Europe, Funsoft has teamed up with the France Miniature, to give away 1,000 tickets to the theme park for an in-park competition.

Funsoft was formed just a year ago, and is run by former MicroProse and Activision man Thomas Ormandy.

Mindscapes move for Uta Nemitz

GERMANY — Mindscapes has named a new marketing manager, with Uta Nemitz joining the firm from Leisuresoft GmbH, last month, having worked in the same position at Leisuresoft for the past five years. She replaces Mark from Alison Simon.

"I really hope to do the marketing for a publisher with such a strong range of products, that is full of creativity and excitement for me in the future," said Nemitz.

Proanchise

The next edition of CTW Europe will appear on Monday June 3rd. For the immediate future of information on +442 4264489.
NET ZENZ 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...

The check list runs like this: mobile phone, home fax, desktop computer, portable computer, modem, ring-back, Web site. If Internet numbers are to be believed (more than 30 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, that's where real differentiation comes, for each time you go on-line, real substance in the form of good Web content is too difficult to find.

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 even 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 very nature. With immense popularity among marketers. Through 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.

It's a difficult one — before the Web is different: digital, free-flowing, but access-dependent on the speed of modern transmission and telephone links, marketers need to set clear objectives about what they want to achieve. Often it's better not to try to 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 they've created the 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 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 in total control of the content, as well as the look and feel.

Addressed to kill

Perhaps the most important point is that once they have created a Web site that's the end of the story. It is 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.

Once again, the answer is to be as consistent and thorough in the marketing of your Web site as you would be in other areas. 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 more the customer responds. 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 modern speeds too. If the majority of customers in your market or territory are 14.4 modem users, make that your standard.

Decide how often, and how much, your Web site changes. 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.

In the end, all over, 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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CTW EUROPE / THE WEB SITE RUSH
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...

The fact that both super consoles are being launched simultaneously in Eastern Europe is an attractive coincidence rather than as the result of any long-term strategy on the part of the two producers.

Although the Saturn was launched in Europe nearly twelve months ago, Sega has been forced to wait for its flagship console to gain sufficient safety approvals in all 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 products are available for retail sales in retail outlets.

Sony, on the other hand, waited until its Western European infrastructure was up and running efficiently before establishing a distribution network in the more mature Eastern European market. With the red tape out of the way, although prices are a little higher at the point of sale, everything is now ready for both of the next generation consoles to be sold across these key Eastern European markets.

Both Sega and Sony have the highest penetration rates for Russia and the other C.I.S. territories, based on pre-launch business which has been achieved in the territory in the past from 8-bit and 16-bit products, and the market has always suffered from very low average incomes, an unemployment rate of 25% which makes income a high level of piracy, the huge population of the territory means that it 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 been liberalised and the country’s inflation rate has slowed down considerably.

Hungary for success?

Visegrád Group members are 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 German territories of Slovenia and Croatia, while Sony will distribute 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 territories, 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 hired a number of exclusive distributors in the key Eastern European territories but in 1993 and 1994 Sega appointed the Japanese trading company, Nippon Sanso, as its exclusive distributor for all of Eastern Europe, which in turn appointed exclusive distributors and retailers in each territory by region. The resulting situation, whereby Sega ended up with too many small or medium-sized distributors, damaged Sega’s potential in some territories, as distributors were not prepared to invest heavily in marketing Sega’s products, believing that they would have to share the benefits with the other exclusive partners.

This changed situation ended in mid-1995, when Ninja 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 ever since.

As a result, Sega now has a network of efficient and experienced distribution partners in each territorial market, which the company plans to maximise sales of the Saturn.

Sony, on the other hand, has decided to by-pass existing console 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, where the company is paying twice the average monthly salary for most Eastern European territories.

It is not clear how Sega will fare in this market, a situation where Sony is likely to gain the greatest advantage.

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, deutschmarks 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 also has a super brand rating alongside BMW, Mercedes, Levi’s and Coca-Cola in terms of awareness and prestige.

In markets where consoles are not the main 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 ISDs, Atari Jaguar, Phillips CD-i consoles and Commodore’s C-128s 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 release of Sega’s Dreamcast, 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, Studiobau Marketing, Nickelodeon’s distributor for most of Eastern Europe, plans to launch the N64 simultaneously with the Saturn, providing that sufficient stocks are available.

The relatively hefty price tags on super console hardware could be the limiting factor 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 £200 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 list.

For this reason, both Nintendo and Sega believe that, for the short term at least, 16-bit and even 8-bit consoles will continue to take the lead in the game 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 E54.

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 believe that the super consoles are likely to account for only 25-30 per cent of the total console market by the end of 1997, with 16-bit machines continuing to be the most important console format for another two years, with the 32-bit machines falling dramatically during that period.

Rich pickings

Although the majority of Eastern Europeans have very little disposable income, there is a significant segment 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 new 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 launches in these territories. 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 in Western Europe, particularly Italy or the Netherlands by next year.

The trend will significantly increase in the next two years, with the countries experiencing economic growth (clearly Italy or the Netherlands by next year)

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.
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