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A NEW ARRIVAL

As the Gametrac console gears up for its debut appearance, Daniel Todaro, MD of Gekko Partners, discusses the challenges facing the machine in a saturated hardware market and investigates a few multiple retailers to see how they're coping with the various format options...

Latest research from the Informa Media Group revealed Sony's PlayStation 3 will beat its rivals hands down. The Japanese electronics giant is expected to sell more than 30 million of the new generation games consoles in Europe by 2010. It is predicted Microsoft's Xbox will be beaten into second place with 10 million sales while Nintendo's GameCube will be left trailing third place with 5 million.

Maybe not that much of a surprise, considering PlayStation 2's current lead in the market, but if Sony wins the race, followed by Microsoft and then Nintendo, where will this leave new entrant to the market, Gametrac?

Built on Microsoft's Windows CE.NET platform, Tiger Telematic's Gametrac was revealed in Europe at this year's CeBIT and is being billed as a wireless multi-entertainment device, featuring a games console, MP3 music player, Bluetooth, video player, multimedia messaging and an in-built camera - a lot to take in for consumers as well as retailers.

According to ChartTrack figures, Sony's PlayStation 2 has about 50 per cent of the

market at present. But when the product is so generic and the competition in price is so strong, the deciding factor for a consumer to buy a console can often be based on who sold them the product and how they were sold it in the first place. Over the past year the retail landscape for the gaming industry has changed considerably with GAME growing and Gamestation opening its 100th store. The pressure was on for retailers and the impact of this led to console prices dropping by about 20 per cent in the fourth quarter compared with the previous year.

In addition, different types of consumers began to get more interested in gaming, and it's no longer seen as just a 'boy's toy'. In fact, games consoles have become part of the mainstream leisure market and retailers need to take advantage of this, building on, and meeting, consumer demand.

Send in the experts

Gekko Partners, a field marketing agency, recently conducted a mystery shopping exercise to ascertain the ease in

purchasing a gaming console as a gift from a selection of the three brands currently on the market - Xbox, PlayStation 2 and GameCube. To provide a good breadth of coverage across the UK, five major multiple retailers were selected in five towns/cities, all well known for stocking gaming consoles: GAME, Currys, Dixons, Comet and Woolworths.

The retailers were judged on their ability to provide good customer service and detailed expertise on the games consoles themselves. Overall, as you might expect, GAME received the best rating for shopping experience in terms of customer service and product knowledge.

The final results revealed PlayStation 2 was the highest recommended console of all three, largely based on the quality of games available. Although shoppers looked for recommendations, personal recommendations were actually rare; this can present a problem to shoppers, particularly if they are not an experienced gamer themselves and do not have a console in mind. Hence it's vital for staff to have a good working knowledge not only of the consoles and how they work

but also of the various peripherals available.

Although PS2 came out on top, some of the retailers were more biased towards it than others - namely Dixons and Comet. These two also joined Currys in making no recommendations at all for the GameCube. As you might expect, product knowledge was best at GAME and Dixons, however Comet, Woolworths and Currys were less impressive.

Try before you buy

A key part of the shopping experience for a junior gamer is to have the opportunity to demo the product, yet our mystery shoppers were rarely offered demos. This might present a problem for Gametrac as it is a product completely new to the market and in-store demos can often spur gamers to make the final purchase decision. Out of all the stores mystery-shopped, Dixons fared best with staff offering demos for the XBox at 40 per cent of stores - albeit not particularly a high number.

Retailers are often restricted in offering demos and point of sale displays. Apart from the cost this is mainly due to lack of space and this is understandable at somewhere like Woolworths where games consoles are not the only product sold. However with a retailer like GAME, who is deemed the expert retailer in the industry, we were let down by the disappointing number of demo units available. Out of the 25 stores visited, only three had a demo unit on display.

In general, the research highlighted that the larger retailers often don't have the skills and experience required to sell games consoles to consumers, and especially recommend a product when asked. This has a significant effect on the ROI a brand can achieve through product sales and poses a huge challenge for the

industry.

One mystery shopper commented: "With the exception of GAME, stores have such a wide variety of products to sell they don't get adequate training on specific products. Unless they [staff] have personally used the product, [they] cannot give clear advice".

The newbie

Bearing this in mind, it's going to be a tough job for Gametrac to launch itself into what is already deemed a saturated marketplace. As opposed to talking about Gametrac, the industry is rife with news about PS3 and PSX - Sony's entertainment system which combines a PS2 with a DVD recorder, satellite and analogue TV tuners, photo album and music playback features.

It's a relatively easier process for Sony and Microsoft to launch new products into the market than it will be for Gametrac because they have already established their 'brand'. This means Gametrac's launch strategy needs to create immediate impact and recognition, as stand-out from the crowd is crucial. Gametrac's initial marketing drive has focused on targeting the youth market and sponsoring events held at clubs like Brixton Academy. This is great but they will not be able to rely on sponsoring events to drive revenue in the long term. Not only will Gametrac be fighting against next generation consoles, but it also has to meet consumer expectations which are much higher than when Sony first launched PlayStation.

In addition, buying a new games console is not just a question of upgrading the console and all the games. Sony changed the rules when it made its PlayStation 2 backwardly compatible with the original PlayStation, meaning old games worked on the new console. This ensures a loyal customer base as consumers know their

investment has not been wasted and has enabled further trust in the brand.

Another important issue for Gametrac to consider is its position within retail outlets. How will retailers take to selling the product? While, of course, instore marketing will be essential, POS and demo unit installation and investment in training retail staff will be vital to ensure they are educated and can provide consumers with the expertise and guidance they need to buy the product.

Gametrac realises the tough challenges it faces launching into this market and it has to be prepared to put up a fight against the other players. But in an industry worth £2 billion in the UK alone, and with this figure only set to grow, there's a lot at stake to work hard for.

Gametrac need to:

- Differentiate itself in the market - achieving this means having clear messages about what the product is and sticking to these messages.
- Invest in the retail channel.
- Raise brand awareness and development.
- Educate sales staff in retail outlets.
- Deliver training on how the console works.
- Identify the type of customer to whom the product is best suited.
- Decide on product placement and position.
- Understand how each channel works and how it can get the best out of customers.
- Decide on where the product will sit within a retail outlet that is more general, such as Woolworths.
- Execute ongoing activity within the channel - this maintains and increases brand awareness, keeping the Gametrac console in the front of the mind for both retailers and consumers.



The Gametrac - console, digicam, MP3 player... the list goes on



Gekko Partners - field marketing specialists