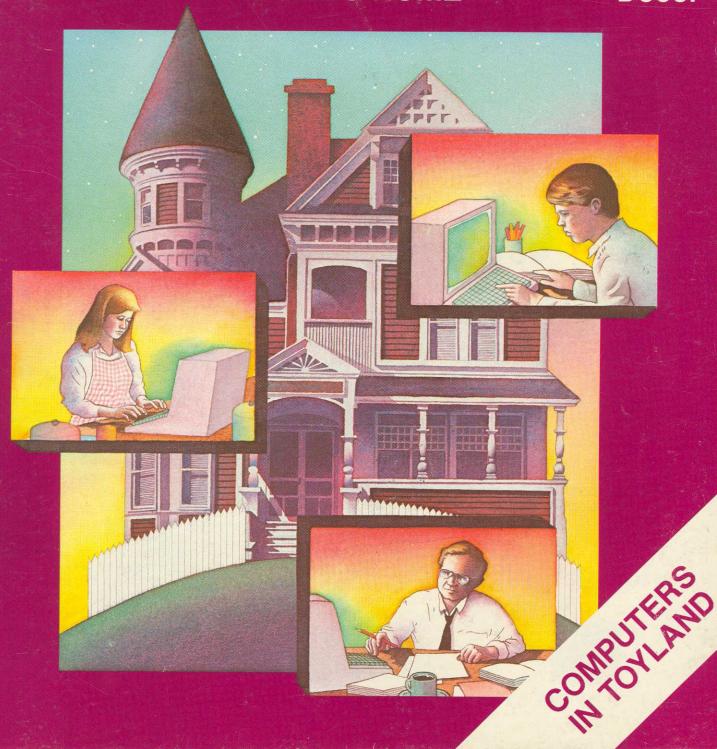
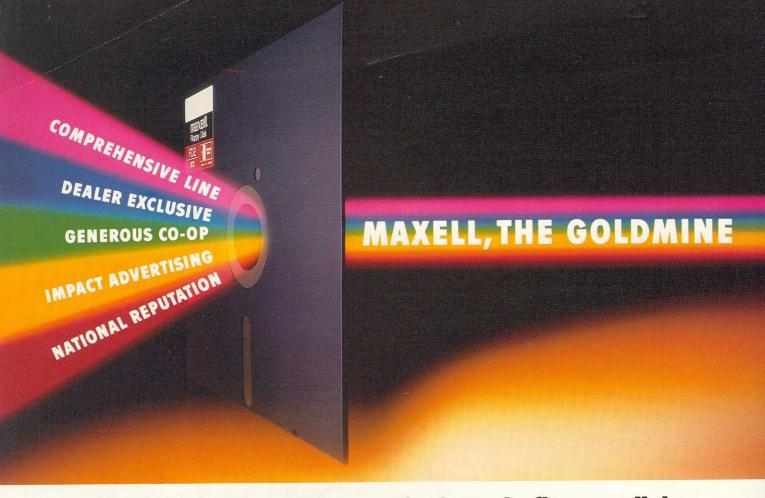
# SOFTMARE TWO DOLLARS THE RUARY 1983 SOFTMARE TWO DOLLARS THE RUARY 1983 SOFTMARE TWO DOLLARS THE RU

Software Rental

PERSONAL PRODUCTIVITY COMES HOME

Data Decor





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WRITER

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DOS 3.3. Atari 400/800 version requires 48K and BASIC cartridge for Tutorial. Both versions require only one disk drive.

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#### C N T E 0 N

#### COMPUTERS

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Computers in **Toyland** 

Software and hardware sales are rapidly becoming toy stores' mainstay. What computer products will come to roost in such stores?

#### **EDUCATION**

That Amazing **Turtle Graphic** 

LOGO has come to pervade the marketplace. What is it?

Who's Behind Educational Programs

"Booming" is the term to describe the educational software market. Who are the people making this market's products?

#### ARCADES

The History of A Game

Advanced Dungeons and Dragons is rapidly making its way up the charts. This adventure-fantasy game's story is fascinating.

**Arcades** Today

The arcade phenomenon throughout America is changing. Its story is filled with trends, projections and emerging new markets.

Arcades to the Home

Are arcade games making a successful transition to the home?



SOFTECH

Computers and Games: Hazardous?

What effect does the Surgeon General's anti-video game statements have on the industry?

#### MARKETING

The Music Software Connection

Recording labels are cashing in on the new technology by using its top-selling recording artists as themes for video games. Here is a close scrutiny of one such software deal and how it went down.

Rentals: Help or Hurt Sales?

To rent or not to rent? That certainly is the auestion.

Advertising Adventure

An analysis of how manufacturers advertise their wares. Some spend king's ransoms. Is it worth it?

**ACCESSORIES** 

**Data Decor Doing Well** 

Surveying products and sales trends on storage devices, reveals some needs. What kinds of storage devices are being developed?

SOFTRENDS

SALES REPORT

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MERCHANDISER'S 92 **NOTEBOOK** 

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104 **BEST SELLERS** 

Cover Art George Abe

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## **Publisher's Note**

It was interesting to note at this year's Winter Consumer Electronics Show-really the world's largest video game arcade for the last two or three shows—the emergence of a new genre of software: personal productivity.

Such stalwart game manufacturers as Odyssey and Mattel were displaying databases such as Dow Jones, The Source, and Compuserve on their new computer or videogame upgrade products; major educational software publishers such as Milliken, Milton Bradley, and Scholastic were showing their latest products; and software programs designed to provide home financial management, personal improvement and education, and various other productivity applications could be seen on a variety of computers at the show.

Games, to be sure, were still in abundance; and games are plenty glamorous. But even if productivity software might lack some of the sizzle of gaming, it will be the steak that makes home computing seem real—and justifiable to millions of families.

This was a fact underscored by the two industry panels of computer hardware and software: that games are still a primary means of learning about computers, and using them, but that productivity software, or enrichment software, whatever you want to call it—is the long-term answer to the question of "what do I do with a computer?" We hope we've provided some of the answers to that question in our cover story this month. We think some of the upcoming areas of applications software designed for the home will provide heretofore unheard-of benefits for computer users and tremendous business for retailers. It might sound like that old television series "The Jetsons," but it's real. And its a real category at retail for 1983 and beyond.

Jan Ste

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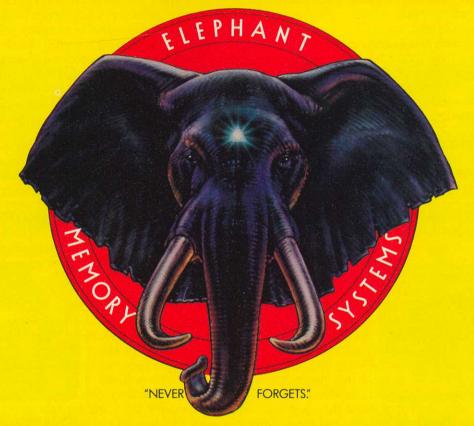
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**BPA Membership Applied For June 1982** 



## MORE THAN JUST ANOTHER PRETTY FACE.

Says who? Says ANSI.

Specifically, subcommittee X3B8 of the American National Standards Institute (ANSI) says so. The fact is all Elephant™ floppies meet or exceed the specs required to meet or exceed all their standards.

But just who is "subcommittee X3B8" to issue such pronouncements?

They're a group of people representing a large, well-balanced cross section of disciplines—from academia, government agencies, and the computer industry. People from places like IBM, Hewlett-Packard, 3M, Lawrence Livermore Labs, The U.S. Department of Defense, Honeywell and The Association of Computer Programmers and Analysts. In short, it's a bunch of high-caliber nitpickers whose mission, it seems, in order to make better disks for consumers, is also to

make life miserable for everyone in the disk-making business.

How? By gathering together periodically (often, one suspects, under the full moon) to concoct more and more rules to increase the quality of flexible disks. Their most recent rule book runs over 20 single-spaced pages—listing, and insisting upon—hundreds upon hundreds of standards a disk must meet in order to be blessed by ANSI. (And thereby be taken seriously by people who take disks seriously.)

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## SOFTRENDS

SOFTWARE FORECAST. Educational software that combines fun, entertainment and learning looks like a hot category for 1983. That prognosis emerged strongly at the recent Las Vegas Consumer Electronics Show Software Seminar. Panelists included: Bill Grubb, Imagic; Richard Hoag, Mattel Electronics; Keith Schaefer, Atari, Inc.; David Wagman, Softsel Computer Products, Inc.; and retailers Ray Daly, The Program Store, and Bill Hoffman, The Software Store. Other trends to watch: retailers of software will be looking for more service, support, backup and advice from their distributors and distributors are moving more in that direction; the software industry will rely more heavily perhaps on promotion and marketing but will still invest strongly in programming research and development; software will become more "user modifiable" to stave off short term boredom and guarantee longterm satisfaction; speech chips will become more important; \$200 million will be spent on advertising and promotion in the video game and home computer area in 1983; the smaller retailer can compete effectively with the giants provided he's spied his focus; piracy will be a problem for disk-based software; and some pressure will be brought to bear on software pricing and margins. Footnote: Imagic predicts 110 million cartridge-based units of software to be sold worldwide in 1983.

**CONSUMER ELECTRONICS FORECAST:** The bulk of the growth in the consumer electronics industry in 1982 was found in the "glamour" products of computers, games and telephones. So said William E. Boss, of RCA Consumer Electronics, and vice president of the Consumer Electronics Group of the Electronic Industries Association. Speaking at the Winter CES, Boss told his audience that the video game player market, after shooting up from 4.2 million units sold in 1981 to 6.7 million in 1982, will assume a slower rate of growth to about 7.2 million units sold in 1983. Video game software, which doubled from 30 million to 60 million units sold in 1982, will also show a slower growth rate, to about 70 million units sold. Computers, on the other hand will show a growth of nearly 100 percent, selling about \$2 billion in hardware, and nearly \$1 billion in software, during 1983. And while entertainment software will comprise the major portion of the home software market initially, both education and productivity titles were expected to comprise the next largest segments of home software between 1983 and 1987.

HIT 'EM WHERE THEY AIN'T: If the Computer Hardware industry panel at this year's Winter CES is accurate, then no single theme or marketing trend will dominate in the world of computers and peripheral devices aimed at the home. Panelists included Mike Tomzcyk of Commodore Business Machines, Al Kahn of Coleco, Jack Whalen of Epson America, and Mick Aquilar of Panasonic. Retailers were Adam Levine of Mace Electronics, and Warren Winger, president of CompuShop, Inc., a computer specialty store. While the panelists presented divergent views on what types of products will be moving into the home in 1983—and who will sell them—all were in agreement that computers, both as entertainment-based machines and as serious productivity tools, have a place in the home of the future. And it's also likely that more than just the computer specialty store will be selling computers—consumer electronics stores, department stores, and mass marketers were also singled out as key distribution elements in the under \$500 computer category.

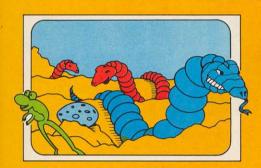
**SOFTWARE FOR RENT:** Arline Cherniak, president of The Software Library, Montclair, N.J., has announced the grand opening of a rental outlet for personal and home computer software. Through the library customers can rent business, personal productivity, recreational and entertainment software for more than a week. "Buying blind without hands-on trial is one problem," Cherniak says. "In this infant industry, software purchasers are plagued with a number of problems."

**COSMI CONNECTION:** Before CES, Cosmi, a new video computer software market was tri-compatible. Now their product can be used on six home computers—The Atari 400 and 800, as well as the new Atari 1200XL, the Commodore VIC-20, and the Texas Instruments 99/4A and new TI 99-2. The Rolling Hills Estates, CA-based firm makes both cassettes and discs. Depending on the machine, the user simply moves to his compatible format. According to George Johnson, president, this technique reduces the number of SKU's for the retailer, cuts his investment by one-third and allows him to hit three times the size of market. The firm added three new games at the recent CES—The E Factor, Meltdown and Caverns Of Khafka—which bring their line to seven. Pricing goes between \$9.95 to \$19.95. Johnson coins the games "tri-compatible" as they go with three major manufacturers—TI, Commodore and Atari.

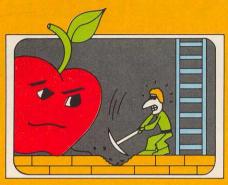
**CALLING ALL PROGRAMMERS:** Androbot, Inc., the Nolan Bushnell-founded Sunnyvale, CA., firm, is looking for hobbyists, educators and professional software developers for its new line of personal robots for the home. The first two, *B.O.B.* (Brains On Board) and *TOPO* were unveiled at the recent Consumer Electronics Show in Las Vegas. Industry grapevine also has holographic arcade and home computer/video games on the Bushnell back-burner, as well as a new home computer.

1983 BOOM YEAR: Coleco Industries, Hartford, Conn., reports that it expects 1983's first quarter sales to be three times as great as 1982's. 1982's first quarter sales crossed \$500 million. In 1981 the total was \$178 million. Arnold C. Greenberg, president and chief operating executive officer, reports that the company shipped nearly 550,000 ColecoVision units.

8 Software Merchandising February 1983



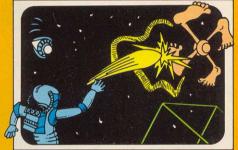
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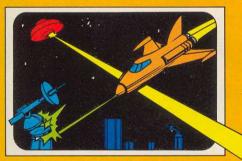
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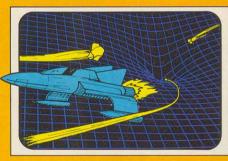




**ASTROBLITZ** 



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Spinnaker introduces the first educational software that's compatible with Apples', Ataris', IBMs', kids, parents, and retailers.



The reason retailers haven't been selling a lot of educational software is simply because it's not compatible with people.

Most educational software is not compatible with kids. Because it's boring and repetitious. And because kids don't use it, it isn't compatible with parents. After all, who wants to spend good money for software that never gets used?

So you, the retailer, get stuck with shelves full of software that's compatible with a variety of machines, but not with people. Or profits.

Spinnaker's changing all that.

With a growing line of educational software that's compatible with kids, because they're a lot of fun. And parents, because they're really educational.

Our software is also compatible with you, the retailer, because they'll sell. Time and time again.

#### How we make learning fun.

All Spinnaker products meet two strict requirements.

First, they all have true educational value. That is, they all help to develop a child's learning skills.

Secondly, all of them are fun. Lots of fun. In fact, our games are so much fun, kids forget they're learning.

Right now, we're offering six titles that are available for immediate delivery: Story Machine,™ FaceMaker,™ Rhymes and Riddles,™ two Snooper Troops™ detective games and Delta Drawing™—a program that's very similar to LOGO's turtle graphics, but costs a lot less. And a new game, KinderComp,™

will be available in January.

#### Spinnaker will put wind in your sales.

With Spinnaker, you're not just getting a new vendor. You're getting a whole new market: Educational software that's compatible with fun.

And of all software products, educational software (especially the fun stuff) will realize the most substantial growth in coming months. Why?

Because parents, who put up the money for the games, are tired of seeing young Jack and Jill spend hour after hour destroying alien monsters. Without getting anything out of it.

As a Spinnaker retailer, you'll be ready to take full advantage of the "Mothers against Monsters" movement. And you'll reap all the benefits.

We've launched a major advertising campaign aimed at parents, with four color spreads in consumer magazines. This will help bring customers into your store asking for Spinnaker products by name.

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So call your distributor and find out more about Spinnaker products. To talk to us directly, call us at (617) 868-4700 or write

to: Spinnaker Software, 215 First Street, Cambridge, MA 02142. We'll show how we made educational software profitable, simply by making it compatible with people of all ages.



SPHYNAKER

## SOFTRENDS

**STAMPED APPROVED:** Quick Brown Fox Software, New York, N.Y., received the "Commodore seal of approval" for its word processing package for the VIC-20 and 64. Soon to be in the offing from Quick Brown Fox is a typing game, a nation-wide rep network, a mail-merge program with the help of Double E Electronics, Omaha, Neb., and 80-column capability for the Commodore 64 with Cardco, Inc., Wichita, Kan.

**OVER ONE MILLION SOLD:** Commodore Business Machines Inc., Wayne, Penn., has sold more than one million units of the VIC 20. It is the first personal computer to do so, a company spokesman says.

**EXPANSION** +: Softsel Computer Products, Inc., Inglewood, Calif. has introduced a new dealer co-op program and has contracted with Pickwick Rack Services. The co-op program will earn retail outlets an advertising allowance of 3 percent of the total dollar volume on selected products bought through Softsel. Believed to be the world's largest distributor of personal computer software, Bob Leff, company president, explains that after a dealer advertises the selected products, the company will reimburse 100 percent of his advertising media costs up to the amount he has accrued in the co-op fund. Additionally, Leff has found that as the software market expands into new areas of mass merchandising and general retail outlets, the needs of such customers require rack services. "The service will especially appeal to mass merchandisers and general retailers," Leff predicts. Softsel now markets more than 2,500 products to more than 3,000 retail outlets worldwide.

**THE 12K EDGE.** Look for CBS Software to debut VCS game cartridges in March which will, in essence, triple the capacity of the ROM. At the recent CES, the firm was demonstrating at least one of the new titles, *Wings*, in preproduction format. The new chip, say company spokespersons, with its increased memory, will greatly enhance graphics and action. And only add \$5 to the suggested retail price.

MOVIE CONNECTIONS: Look for the movie studios to bring out a horde of interactive laser videodiscs of varying types which could be ideal items for the computer software specialist. Paramount Home Video, for example, is releasing the *Entertainment Disk* in the first quarter. And look for Optical Programming Associates—the joint venture among MCA, North American Philips and Pioneer—to come out with *Mazemania*, a interactive laserdisk which employs "branching" depending on user response, and *The History Disk*, which is a quiz game utilizing newsreel footage. Also look for MCA Video Games to make a large push in the home video game and computer software market. Already, MCA is working with Sega to employ interactive laserdiscs inside arcade games for real quantum leaps in three-dimensionality and realism. Also look for a new Sega arcade game that employs one or more NFL Films laser optical videodisc which will give users real football footage as part of the play action. New York-based Vidmax is already offering an interactive *Clue*-like detective program called *The Mystery Disc*.



**PRICE POINTING DOWN:** Starpath Corporation has reduced its Supercharger<sup>®</sup> price by some \$25. The suggested retail price is now \$44.95 for the device which brings enhancement to the Atari and Sears video-computer systems.

ACCESSORY ONSLAUGHT: Accompanying the expansion of the video-computer hardware industry, will be a surge in sales on accessories, says Gordon D. Goranson, president of WICO Corp. Sales could soar to some \$16 billion by 1985, he continues. At a recent press conference, Goranson told reporters that a recent media report predicts the \$4.4 billion home video game and personal computer industry can expect to double its sales on computer units priced at less than \$1,000 in 1983. And that the number of retail outlets is expected to grow "substantially" throughout the 1980s. "Sales of hardware alone are expected to top \$5.3 billion by 1985," he adds. "Hardware sales are only the tip of the iceberg." Nearly each dollar spent on original equipment means another dollar spent by consumers for software and accessories, he says a recent study reveals.

**X-CITABLE SUBJECT:** Custer's Revenge, a recent adult home video game for the VCS system, has been taken off the market by its new distributor, GameSource, Inc., Canoga Park, CA. Both Indian and women's rights groups have protested it vehemently since the game play features a naked Custer scoring points by raping an Indian woman tied to a stake. The firm defended the game by maintaining it was okay since the woman wasn't beaten first. GameSource will continue, however, to distribute two other controversial games, Bachelor Party, and Beat 'Em And Eat 'Em. At the recent computer software/video game seminar at CES, three manufacturers, Atari, Imagic and Mattel Intellivision loudly denounced pornographic, racist and sexist games. A trend, though, to an underground X-rated software market, could be in the offing. And a erotica genre of computer software is already fast developing.

**COMPUTER SEQUEL:** Intellivision II, Mattel Electronics, Hawthorne, Calif., brings a home video entertainment system to retail outlets at a competitive price. The new unit, expected to retail for less than \$200, sports a new, high-tech look and comes with detachable hand controllers and longer cables, better storage space for cords, and on/off indicator light, and joystick controllers which plug into the master component.

12. Software Merchandising February 1983

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Order this <u>free</u> display containing the games that'll walk right off your floor! Each Roklan Promotional Pack includes 24 games for Atari 400 and 800 home computers— eight each of Wizard of Wor, Gorf, and Deluxe Invaders. These are the hot names backed with promotional megabucks throughout 1983. And you can cash in on this heavy spending with top products and a beautiful display!

Just buy the Roklan Promotional Pack containing 24 games plus the poster, the counter card, and the program catalogs, all in four color—and get the high-impact display free!

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Contact your distributor now! Order the display with the Roklan Software games that'll score big sales and ring up hot profits!

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We're serious about our games!

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## **SOFTRENDS**

**A FAIRY TALE COMES TRUE:** Activision reports in its company brochure that the kind of growth the company has experienced in 1982 is being called a "Cinderella story" by industry observers. Revenues rose 960 percent to \$65.9 million and net income of \$12.9 million was 1,600 percent above that of fiscal year 1981. The company was founded in October 1979. Now, it dominates nearly 20 percent of the video game market. Activision employs more than 131 people, it ships products to 32 countries and manufactures about 16 different titles.

**ON YOUR MARK:** A creative consumer with a flair for the imaginative could net \$10,000 with the winning entry in the U.S. Games, Santa Clara, Calif. "Name-This Game Sweepstakes." U.S. Games is looking for a name for a deep-sea video game. The most creative name selection will be decided by a panel of judges. No purchase required.

Also this northern California company has announced an exclusive licensing agreement allowing the company to make 8K expanded memory games utilizing the Pink Panther and Inspector Clouseau characters.

**TRANSLATING INTO ATARI 2600 LINGO:** Producing game cartridges for the Atari 2600 game console is no longer restricted to a select few—it is available to anybody with an Apple 11 computer. Frobco of Santa Cruz, Calif., a division of Tri-comp Polytechnical Corp., has introduced a card that allows users to develop Atari games once it is inserted into any slot of the Apple Computer. The Frob-26, once connected to the Atari allows the game console to play the game stored in RAM as though it were playing a ROM-based game cartridge.

**ENTERING THE FRAY:** Broderbund Software, San Rafael, Calif., has started to make cartridge games for the Atari 400/800. Top-selling *Choplifter* and *Serpentine*, Broderbund announces, are on cartridges for 16K, joystick controlled.

1982 GAMESTAR OF THE YEAR: Ken Uston and Dave Ahl played games for some nine straight hours last December 22, 1982. Uston, formerly the world's foremost blackjack player and recently author of *Million Dollar Blackjack*, turned to video games after being banned from Las Vegas casinos. During the game play Ahl, founder and editor-in-chief of *Creative Computing* and *Sync* magazines, won two out of three in the computer games, hence tieing the score. But Uston came back in the home video contest two out of three. Finally, Ahl edged ahead in the self-contained games bringing the final score to Ahl 7, Uston 5. There is always next year, Uston.

**HYPERSPEED MOVEMENT:** Human Engineered Software has announced several new products. In less than a year, the company has grown from two monitors to a broad range of computer peripheral and software products. It has most recently announced a sound-enhancing peripheral for the Commodore 64, Soundbox, a VIC 20 expansion board, several new software titles for both the VIC and the 64, a modem for both Commodore computers, a joystick, and 10 new software titles for the Timex/Sinclair. HES began shipping product last September.

Also TG Products, Plano, Texas, has grown from a "garage business" to 45 employees and exists in nearly 6,000 square feet of office space. Ted Gillam, founder of the company, came up with the idea of manufacturing the first joystick for personal computers in 1979 while trying to master computer games on his son's personal computer. The company was formed in 1980 and has a product line that includes game paddles, track balls as well as joysticks.

**MICKEY MOUSE GOES HIGH-TECH:** Walt Disney Telecommunications and Non-Theatrical Company, Burbank, Calif. has announced that they will be making computer software. At a recent demonstration of their wares, Mickey Mouse teaches youngsters how to spell via a computer.

**GAINING MOMENTUM:** Thirty major retailers across the country have selected SKU as their software supplier during December. The total number is now at 1,200. In fact, it has grown from 800 to 1,200 in less than four weeks.

**SOFTWARE TIMEX/SINCLAIR STYLE:** Several independent software publishers have developed new titles for the Timex/Sinclair computer. The companies are: Timeworks, Inc., Deerfield, Ill.; Softsync, Inc., New York, N.Y.; and Mindware Inc., Nadick, Mass.

**MARKET BID:** Responding to the explosive growth of the personal computer market, General Mills' Parker Brothers, Beverly, Mass., has announced it will enter the market for personal computer software in 1983. They expect this market to double to a whopping \$500 million next year, a company spokesman reveals.

**ANOTHER GIANT STEP FORWARD:** Roklan Corp., Arlington Heights, Ill., has released for shipment *Autogrammer*, an automatic program generation tool for people who have a need to write custom micro-based programs, but do not know programming languages. Also the company has announced, in addition to several new game titles, a joint agreement with Scott, Foresman and Company to develop some 30 educationally oriented programs for home computer users. And Rocklan has expanded its line further. It will be making small-business application software, and has already released *Client Writeup* and *Professional Billing/Accounts Receivable* for the TRS-80.

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## SOFTRENDS

**SPEAKING EDUCATIONALLY:** A catalog of all the new computer-based learning materials and aids prepared exclusively for Encyclopaedia Britannica, Chicago, Ill., has been published by Encyclopaedia Britannica Educational Corp. The 28-page catalog announced 13 programs in each of five major disciplines—math, science, computer literacy, language arts and special education.

**EDUCATIONAL FRONTIER:** Atari Kid's Library brings educational entertainment to young children. A special controller using easily understood keypad overlays has been designed to aid the young child's motor skills and recognition abilities. Atari has joined in cooperative efforts with the Children's Computer Workshop, United Features Syndicate, Inc.—to use the Peanuts game—Walt Disney Productions and Henson Associates, Inc.—the Muppets—to create video-computer games.

**GAMING ZiMAG STYLE:** Magnetic Tape International, MTI, is entering the electronic video games business with the release of 12 games in cassette, cartridge and floppy disk configurations. The MTI products will be advertised under the ZiMag brand. The games will be compatible with the Atari 400/800 and the Commodore VIC 20. Games issued in cartridge format are compatible with the Atari 2600, Commodore Vic 20 and Sears Tele-Games.

**CLEANING UP THE ACT:** Discwasher, Columbia, Mo., has developed a pair of cleaners designed for computer cassette drive systems. The products join the firm's new Disk Drive Cleaner and the Discwasher Disckeeper line of computer care products.

**POINT-OF-SALE TOOL SHINES:** CompuVision, Santa Clara, Calif., has created an interactive computerized software demonstration system for mass merchandisers and home-personal computer stores. Its new model maker boasts of it being even more user friendly than the original CompuVision unit. A user does not need to know how to use a keyboard to use this machine. It is completely turnkey, requiring no disk drive or additional computer system. Additionally, the company has relocated to Santa Clara, formerly it was based in San Jose. It now has doubled its office size, says president Mark J.

**BOOK PUBLISHERS ENTER PROGRAM FRAY:** John Wiley & Sons, Inc., based in New York City, announces the Wiley Professional Software, a new venture in microcomputer software, videodiscs and databases. The company plans to launch a new line of educational software for the sciences and form a new database publishing program. Concurrently, the company celebrates its 175th anniversary as an independent publisher.

**VOICE COMMAND:** Milton Bradley Company, Springfield, Mass., and Texas Instruments have announced the development of human voice recognition by a popular home computer. Voice recognition, plus voice synthesis, will be made available for the TI 99/4Å through a plug-in peripheral item developed by MB.

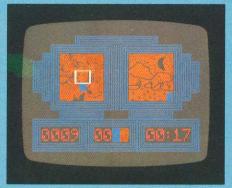
**INTELLIGENT HOUSES:** Futurist Roy Mason predicts that home electronics are evolving beyond gadgets to become essential "bionic parts" of the "intelligent house of tomorrow." Tomorrow's abodes will be like a second skin to us, he explains. The home computer will become a "house brain" that will monitor energy, security and lights, and it will assist in preparing and serving meals. In the meantime, he continues, biofeedback sensors will anticipate our needs and will alert us to important news events and information. Interestingly, the house of the future might end up being like the home of the past. Families may once again gather around an "electronic hearth" to watch videotex news and satellite-delivered movies, gossip with friends and play the latest computer games.

VIC 20 SOFTWARE: United Microware Industries, Inc., Pomona, Calif., has not only announced new game titles for the Commodore computer, but it has developed some eight new home-management and business packages for the machine. Also making software for Commodore computers is Timeworks, Inc., Deerfield, Ill.

**EXPANDABLE MEMORY FOR ATARI 400s:** With RamCram® Plus 48K, Atari 400 owners can get 49,062 bytes of random access memory. Owners can now upgrade their computers to equal the computing power of its larger more expensive brother, the Atari 800. Axlon, Inc., based in Sunnyvale, Calif., reports that it is easy to install and it's compatible with ROM cartridges. It requires no soldering, simply plug-in with the use of a screwdriver. In less than 10 minutes memory is expanded.

**A COURT DECISION HANDED DOWN:** The U.S. District Court entered a permanent injunction prohibiting Sirius Systems Technology, Inc. of Scotts Valley, Calif. from using the name "Sirius." The decision made last October gave Sirius Software, Inc. of Sacramento exclusive rights to the name. The decisive factor was the fact that the software company testified it would introduce a new microcomputer with real time digitizing capabilities at Comdex in November. Hence, the two companies would become direct competitors in the marketplace and could not have a similar name.

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Make your own pictures, save them as files, then call them up to create a puzzle to confound yourself or friends. Many features built in to help solve the puzzles. A permanent record is kept of "best times" to solve a puzzle.

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JOYSTICK REQUIRED

• ALL COLOR GRAPHICS

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Their queen has developed a deadly ray which she projects from her antenna.

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- . 16K CASS
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## SOFTRENDS

COOKING UP A SIRIUS 1983: Sirius Software, Inc., based in Sacramento, has changed its packaging and advertising campaign, so watch out for a new image. Its \$49.95 Joyport is available. It allows users the capability of Atari-type joysticks with compatible games and lets Apple paddles and joysticks be connected at the same time. Bandits and Sneakers are available for the Atari 800 (48K). Type Attack has been released for the Apple II or Apple II Plus. The Blade of Blackpoole is the company's newest hi-res adventure game—with no disk flipping. And coming soon for the Apple are Flip-out, a strategy game, and Repton, where players try to prevent "Quarriors" from completing a base on a planet. Cartridges for the Atari 400 and 800 and for the Commodore VIC 20 will be coming from this company during the next year. Fox Video's Fast Eddie, Fantastic Voyage and Turmoil are just some of the company's latest conversions. Additionally Sirius needs programmers who know Assembly language for 6502, Z80, 68000, 8086/8088 and/or 6809 processors, or who can program for the Intellivision. The company will pay a \$500 finder's fee. They also pay a \$500 incentive fee to authors who come with new product ideas.

**ERIN'S LEARNING CENTERS TO INVADE:** Great Neck, N.Y.'s Erin Computer Learning Center which first offered practical computer training to buyers of Zenith Data Systems' computers, now plans to open centers in major department stores. The centers use a "people to people" tutorial method and hands-on experience to teach computer literacy. Classes range from three to six students.

**VIDEO TAPE LIBRARY:** Stoneware Inc. of San Rafael, Calif. has developed a video tape training library "How to Use Your Apple II in 10 Easy Video Lessons," published by Kenne Publishing. These how-to tapes are designed to be used with a VCR placed alongside the personal computer. The user moves through the 10 lessons on tape at one's own pace.

**SOFTWARE PEOPLE ON THE MOVE:** *Mindy Storch* has been appointed to the new post of product development manager for DATASOFT, Inc. She was recently with the West Coast-based Alpha Therapeutic Corp.

**ALL THAT GLITTERS ISN'T GOLD:** But in the case of 10-year-old Tony Scardigno, it glittered and it was gold. He won a pound of gold worth about \$6,000 for winning Odyssey's "Pick Axe Pete Pick-Off" contest held at the 1982's World's Fair in Knoxville, Tenn. Scardigno shot the high score of 938 points, 13 points ahead of the second place holder, George Floid, 15, of Robersville, Tenn. Taking third place was 14-year-old Bryan Schumacher of Trenton, Ohio with 747 points.

PERSONAL PRODUCTIVITY WARE: Texas Instruments of Lubbock, Texas has announced 45 new educational, personal enrichment and entertainment programs. Thirty of these packages are in TI's Solid State Software command module format. Also for the 99/4Å computer, TI has added new features to its LOGO language for children. Called "updated TI-LOGO II, a discovery-oriented approach to learning," gives users twice the memory space of TI-LOGO, plus magnified sprites or image producing capacity for graphics reproduction, reports Bill Turner, assistant vice president and marketing manager for the consumer products group. Other educational-related products from TI include interactive learning tools from publishing company Scott Foresman, based in Illinois.

**AND MORE GAMES:** Cosmi Inc., of Rolling Hills Estates, Calif. announces four new arcade-quality, machine-language games for the Atari 400 and 800 home computers. The games, with full color and sound are: Spider Invasion, Galactic Avenger, The Crypts of Plumbous and Aztec Challenge.

**TAKING A LEADING EDGE:** Thanks to Leading Edge Products, Inc. of Canton, Mass., children from two Boston area homes for the emotionally disturbed took their first airplane ride on October 16. In an ongoing commitment to the Jimmy Fund, the company had been donating 1 cent from every sale of its Elephant Memory Systems to the fund. An additional cent per diskette was given to the fund to pay for the airlift. The result of the company's pennies; the children boarded a noon flight to Cape Cod and enjoyed a sightseeing tour.

**PIRATING THOSE PIRATES:** On a seemingly sunny, smog-free November day in Southern California, Federal marshals and attorneys for Atari, Inc. in an unmarked van cruised through the area scooping up more than 40 allegedly counterfeit video arcade machines and accessories. It was described as part of a nationwide crackdown against video pirates. The Southern California raid was reportedly larger than raids in New York City, Northern California and Las Vegas, an Atari spokesman reports.

FRIENDLIER SKIES: Software is now available for beginning and experienced pilots via Ken Winograd's Air Navigation Trainer, affectionately called ANT. Space-Time Associates of Manchester, N.H. have made available a program that actually simulates air navigation. It works on the Apple computer. Student pilots using this program, at all times, can view the ground track that results from action in the cockpit. Experienced pilots can practice holding patterns on a VOR or NDB fix while viewing the effects of the wind on the ground track.

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### SALES REPORT

Time magazine's choice for "machine of the year," computers, was not only timely, but appropriate. Several computer products retailers throughout the United States are calling Christmas 1982—the computer season. Those interviewed by SM for this month's Sales Report say that most of their customers were shockingly more knowledgeable about computer products and looking for machines that do more than play games.

Additionally, some observe that sales on computer products were sluggish during the first week of December. But, by the time 10-more-shopping-days-until-Christmas rolled around, sales skyrocketed. Computers seem to be the top-selling items with game machines and game software running close behind.



During the holiday season Steven Passman, manager of computer products for *Video ETC.*, *Deerfield*, *III.*, observes that more customers inquired about computer software this year than last year. Software packages for the Apple and Atari 400 and 800 were the most asked about items, there, he reports.

Choplifter, Pac-Man and Canyon Climber ended up being the best-sellers among the nearly 500 different software packages sold there. Also, Intellivision, ColecoVision and Odyssey games are sold.

"I think people were looking for more sophisticated uses," he concludes. "And there are more computer owners this year than last. Thus we have a greater volume of people looking for additional software packages."

Nearly 50 percent of the store's sales comes from the computer area, he reports. In years past, it seems, computer-related merchandise was difficult to get a hold of when the store ran out of such items during the holidays. This year it was much easier.

"This industry has really grown. We have grown from one store to four," he observes. "But Christmas doesn't end all this software buying. We are doing a lot of postholiday selling."

Laurence Leavy, owner of *Leavy Electronics, LTD.*, *Marshalltown, Iowa*, reports that this Christmas the top-selling items were such educational software packages as *Math Wiz* and *Flash* and *Spell*, and the Commodore and Texas Instruments computers.

"We point out to customers there is a lot more to computers than just playing games." He admits, though that they are competing against "game machines."

Of the 50 different titles sold there about 25 are game titles. He adds that he sold several games as well.

Generally, it was a conservative buying season, he finds. "They (customers) shopped around a lot before making a buying decision." This might explain why sales at this store started to soar during the last nine shopping days before Christmas.



## SOUTH

Also ending the Christmas season depleted of hardware and having to sell display units, was the sales force at *Ray's Computer Center, Clearwater, Fla.* Jerry Lettre, manager, finds that not only had Christmas shoppers purchased the machines, but business people with industry loans bought also. "I guess they had to spend the money before the fiscal year came to an end," he explains.

The best-sellers there were *PFS* and *Choplifter*, he reports.

Sales at this store started to climb and eventually hit a height about the middle of December, he observes. "It is still a considered purchase."

Computer literacy seems to be on the rise, he says. Customers generally are more informed about computers. It takes about two trips to his store by a majority of prospective customers before a sale closes, he says. (A year ago, *Computer Merchandising* told retailers to expect three-to-four visits by prospects before a sale closes.)

At *Turtles*, *Atlanta*, *Ga.*, nearly 25 percent of all its sales come from video-game hardware and software sales. The store's mainstay continues to be records. "This is only a rough estimate," says Mark Mayo, assistant manager of the store. "Such sales have supplemented the slight drop in record sales."

Overall, he says, sales were good and more than expected. "I see a real expansion of game units into computers," he predicts for 1983. "Also, I think, software prices will drop."

Although this *Turtles* ran out of its hardware inventory—ColecoVision, Atari and Intellivision—it did not run out of cartridges. The best-sellers were *Pitfall* and *Pac-Man*, for the Atari 5200.

Located on the east coast of Florida and the seller of Commodore, Texas instruments and Atari computers is *Video Shack, Vero Beach.* Keith McLeod, one of the store's owners, reports *Centipede, Galazian* and *Pac-Man* as the best-sellers.

This year is the first year the store has sold computer products. It sells some 50 software titles. So far such items have been a success there and McLeod plans to get even deeper into computer field.

"The key is to watch the market and anticipate what

will happen," he suggests.

When the store ran out of Atari computers, the sales force tried to get customers to switch brands. "We ended up working on the philosophy, selling whatever we had in stock," he explains. "We ran out of quite a bit of software. Our problem, I guess, was under-anticipating our sales."



Tom Fisch, manager of *Record Town, Stuyvesant Plaza, Albany, N.Y.*, finds that while *Pitfall* was the top seller, sales on software were not as good as expected. He reports sales as "fair."

And although he sold out of several titles, he is planning to get out of the software business. "We will concentrate on only selling records," he explains. "It was not a profitable investment for the amount of money. With records we know what kind of turnover to expect."

George Simmons, owner of *Video Connection, Rock-ville, Mass.*, finds sales on hardware and software successful enough this year that next year he plans to delve even deeper into such products. "I think manufacturers will come out with new attachments to upgrade their machines. Some have announced keyboards."

Sales this year were similar to last years. This year, however, instead of running out of Atari hardware products, they sold out of Coleco units. "New orders came in slowly. We do have a backlog," he reports.

The store carries some 100 different software packages. *Pitfall* was the top seller there during Christmas.

Generally, he observes that customers were more interested in buying computer applications than just having a game machine. "People have been leaning more toward computers for some time now," he adds.

New York's Crazy Eddies on 57th Street reports sales at a 100 percent increase over last year. The top selling machines there were the Commodore Vic 20 and Atari's computers. "We came close to running out of inventory," explains Mike Blecha, manager of computers for the store. "But we ordered way in advance to be prepared. Last year, we ran out of practically everything."

Prior to Christmas customers there were not that interested in software. They mostly wanted computers, he describes. "Clients seemed more intelligent about computers and were looking for more than just games."

Now he is finding that the weeks after Christmas have turned into the "software season." Customers who received computers for Christmas are coming back to buy software.

Additionally, we believe that customers are coming back to look for software because of the store's policy of educating each customer about the store's products.

"We make sure they know exactly what they are getting and what they can do with it," Blecha says.

Last year the computer section was one counter long. Now it has expanded to nearly the back quarter of the store. Crazy Eddies sells some 200 different titles. "We sell about two or three pieces of software on each initial sale," he explains. "We start customers off with a game and an introduction to programming package."

Unlike several others, Blecha says he did not see sales soar during the last week before Christmas. He describes sales as being at a relatively heavy rate throughout the month. "All along we saw a tremendous flow of traffic," he observes.



Although the citizenry of *Denver* awakened to more than two feet of snow and, in some areas, snowdrifts reaching more than 10 feet on December 24, Christmas sales at *DLM Music*, *Inc.* ended up being better than expected. According to Mel Nimon, vice president and general manager, *Donkey Kong* for the Atari and *Mousetrap* were the best-sellers.

This company is a wholesaler for DLM and Big Apple, Tapes and Records. It sells about 25 different cartridges as well as the ColecoVision. This year the store sold out of its 120 Turbo units and Nimon couldn't get more in to stock

"Of course being snowbound from December 24 to December 30 didn't help much," he admits. "We sold out of every piece of Coleco hardware."

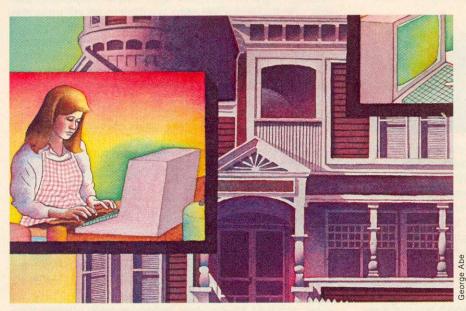
Next year, he plans to stock games similar to how he deals with the record portion of his business; "stock heavily on the hits and forget about the dogs."

At *Team Electronics in Salem, Ore.*, meanwhile, Phil Sperl, owner, reports that *PFS, Choplifter* and a flight-command simulator program were the top-selling items there during Christmas. He carries about 200 different software packages for the Apple Computer. Sperl was the first Apple dealer in the Pacific Northwest, he adds.

This Christmas sales turned out to be opposite to what he originally expected. Since during the year he had sold several Apple computers, he naturally thought he would see a snowballing effect in which customers would return to his store to buy more software. "As it turned out, hardware sales soared," he comments. "I anticipated stronger software sales because of the increase of people owning such machines."

He also observes that customers crowded the store ready to buy products during the last week before Christmas. "We sold hardware right down to our display units," he adds.

## **Personal Productivity Comes Home**



By Phil Missimore

What do you do after the game is over?

That's the question that millions of home computer users will ask themselves over the next several years, as the novelty of electronic gaming begins to wear off for the neophyte computer users of America.

Granted, games become the primary point of entry for typical consumers into the world of computing-it's the most fun aspect of computer usage, and also the easiest (when was the last time you had to spend hours poring over a game's documentation before the game itself would work?). Yet, industry analysts, retailers, manufacturers and distributors agree that a new genre of software for the home-loosely labeled "productivity software" - will be the category of product to make home computing viable and productive for the typical consumer. Games may wow 'em, but productivity software will win them over.

But just what is productivity software? Here's just a small sample of potential applications—some current, some still on the drawing boards: —Software that will plan your meals for you, based on your foods inventory in the home.

—Software that will teach you and your family a foreign language.

—Software that will—if you let it—get you over that dreaded monthly passage called managing the family budget.

—Software that will guide you in job-related projects, teaching new skills and refining old ones.

—Software that will control your home's basic operation, from turning on your lights, to monitoring your energy consumption and even providing an automatic link with police, fire and rescue services.

—Software that will provide a "health profile" for you and your family members, and give you advice on exercise, diet and stress.

—Software that will make the old "how-to" books seem tame by comparison—not only providing step bystep instruction for a task, but also providing graphic depictions of all the steps involved, all user-selected.

—And even software that may help your social and business etiquette.

#### Across the board productivity

In sum, productivity software covers a lot of ground. It involves not only the above-mentioned applications categories, but also such business standards as electronic spreadsheets, word processing software for the home, individual income tax preparation, and manageable database managers.

But who will buy this type of software? What are the applications categories most likely to gain consumer acceptance in the short term? And just how fast will productivitytype software appear on the market?

One perspective on the productivity market comes from Don Kingsborough, president of SKU, a software distributor based in Berkeley, Calif. As Kingsborough sees it, the productivity market is divided into several different categories.

"On the one hand, you've got productivity tools that are business-related," he says. "That encompasses programs like VisiCalc, where the computer user can take that program home with him and work with it in his spare time, to develop his skills with the program and apply it to work. Also, the database offerings of companies such as Dow Jones and CompuServe fall into this category—it's information that can help that user garner more income."

Then, he adds, there is a subset of management tools that are designed strictly for home management. "People often find themselves successful in business," Kingsborough explains, "yet they come home and their personal financial management is in disarray. We'll see productivity tools that go beyond just balancing checkbooks, to a more interactive posture—software that will forecast for you, tell you what you should be doing with your investments, and so forth. It's decision-making software."

Moving beyond that, Kingsborough explains, will be what he terms "personal improvement" soft-

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- HES MODEM I—a direct connect modem for connecting your Vic 20 or Commodore 64 to the outside world through your phone.
- . SOUND BOX-a sound enhancement device that adds a new dimension to your arcade play by letting you hook your system to an amplifier or headphones.

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Protector



### COMPUTERS

ware. In this category would fall software designed for health maintenance, monitoring blood pressure, cholesterol and diet, for example, as well as various home-related tasks such as cooking and security. And the possibilities are limitless, he adds. "I've seen early versions of software that will literally paint your face on the screen," he says, "and allow you to experiment with the way you look. The software will give you hints on your appearance, how a change in hairstyle might affect you. We will also see software that gives dressing and wardrobe hints-how to be successful in business by how you dress, that type of thing.'

Another perspective on the issue is provided by Hank Scheinberg, vice

know we've done it properly. After all, most adults have grown up with the image of the white-coated scientist operating a computer. We have to overcome that if we expect to make people want to use the software."

#### **Database management**

One area of application that Scheinberg feels will be very important for productivity software will be database management—not the massive database managers found in large mainframe computers, or even the more technical database managers used on microcomputers in business, but database managers which can be easily understood and used by home computerists, with only a modicum of study. The suc-

"People often find themselves successful in business, yet they come home and their personal financial management is in disarray. We'll see productivity tools that go beyond just balancing checkbooks, to a more interactive posture — software that will forecast for you, telling you what you should be doing with your investments, and so forth. It's decision-making software."

president of Continental Software in Los Angeles, Calif. Continental's The Home Accountant program has been a consistent best seller in its first versions for the Apple and IBM Personal Computer. Now however, Scheinberg says the firm is moving the program onto machines targeted toward the home user, such as the Commodore and Atari computers, as well as the Osborne and TRS-80 models. "That's a different type of user for us," he says. "People purchasing those machines are making that first big step into computing."

And, Scheinberg adds, simplicity will be a major factor in the acceptance of productivity software. "I'm a non-technical person myself," Scheinberg admits, "so I'm like the lowest common denominator. When I solo on a program we've developed, I

cess of the Personal Filing System series, published by Software Publishing Corporation of Mountain View, Calif., is one example of a database management system designed for single-user use, be it in the home or the business. Once the user tells the computer how he wants the screen to look, it's simply a matter of putting in the information and getting it back—everything from mailing lists to baseball card holdings.

And, says Schienberg, the database concept in the home is infinitely flexible. "I sat down once, and came up with 50 different uses for a database manager in the home. Our First Class Mail mailing list is a program that can be used as a database, for example. For example, you could keep records of guests who are invited to your parties, if you

entertain a lot. You could keep a record of what was served, who the other guests were, and mix and match to always keep your parties different."

And speaking of parties, cooking, and drinking, there are already products on the market that will help you in that regard. Micro Cookbook and Micro Bartender by Virtual Combinatics of Rockport, Mass., for example, will tell the user just what he or she can make, given the ingredients available in the home. Once a refrigerator's inventory is loaded into the computer, the program will generate alternative recipes that can be made with what's in the icebox. The program will also provide recipes on demand for anyone who simply wants to see what's needed to make a particular dish. And the Micro Bartender is the libation equivalent of the food program—the user can likely mix any drink, no matter how obscure, simply by referring to the program.

Brian Skiba, co-author of the program, feels that the cooking software concepts fills a niche in the productivity market. "We've been pleasantly surprised by the growth in sales we've seen," he says. "Particularly with the holiday season, we've seen a lot of sales going out as gifts from male computer owners to their wives." Will a program such as Micro Cookbook kindle female interest in computing, which to date has been predominantly male-oriented? "It certainly can't hurt," Skiba says. "We've tried to make the program as easy to use as possible. Both my background, and that of the co-author of the program, have been in the larger computer world, where the software has to be both powerful and easy to use. That's what we wanted to bring over to our programs."

#### Software nourishment

And, Skiba adds, the variety of software for home foods preparation will likely rival that of the cookbook proliferation seen at any bookstore. "We'll have salad and appetizer programs out very soon," he explains, "which will interface to the main program. That way you can plan out an entire meal very quickly and easily." If Micro Cookbook continues to suc-

ceed, even Skiba admits that, "Betty Crocker can't be far behind. But we'll still find our niche out there, and we're first out of the box."

What are some of the other major applications categories of home productivity software? Given the fact that April 15 looms ever closer, tax preparation seems a logical choice for software publishers. And indeed, home-oriented tax preparation software is beginning to appear. Earlier tax preparation packages, such as Tax Preparer by Howard Software of La Jolla, Calif., are now sitting sideby-side on the shelves with such programs as E-Z Tax, by the firm of the same name. The new generation of tax preparation software, however, is designed primarily for the home user, with 1040 forms and the most typical deduction calculations being the heart of the program. And the pricing of the packages is in accordance with the target market—under \$70 in the case of E-Z Tax, as well as a new program from Continental Software, The Tax Advantage. Says Continental's Scheinberg, "it's an easily-operated program that doesn't terrify anyone. It takes the user step-by-step through the 1040 form and the most typical individual income deductions. And we'll sell it for \$59.95."

Pricing in general has become an issue in productivity software. As the prices of the machines themselves continue to drop, it seems unlikely that users will pay upwards of \$300 for a program that will run on a \$200 machine. Thus, in addition to the emergence of low-priced tax preparation software, price consciousness has even hit the world of word processing. The recent announcement of Bruce and James, a Sunnyvale, Calif. software publisher, that a \$79 word processor was available, is an indication of the trend in that applications field.

"I don't think most low-end retailers will be willing to sell software that costs over \$100," says one West Coast computer retailer. "It's tough to justify the price when the software is as costly or even more expensive than the machine itself."

However, cost become less of an issue if the software can provide a measurable gain in productivity to

the user—which is what the world of productivity software is all about. One program that seems to have gained sales acceptance based on its ability to deliver is Mastertype, by Lightning Software of Palo Alto, Calif., Bruce Sweig, president of Lightning, says that the product's unique format—a tutorial on typing skills encased in a video game—is what makes the program viable. "We'll see a lot of programs like this, where games can be used to successfully teach skills."

He adds that the idea for the program itself came about by happenstance. "I was working the keyboard one day, and realized how vital typing skills were to the usage of a computer. If you can't type, you can't use

will blur even more in the future, as games become more broad-based and complex. Thus, it may be hard for retailers to classify certain programs-are they primarily educational in nature, or are they games? But in any case, educational software within the home, while its own category, is also a subset of the productivity software genre. The fact that such major hardware vendors as Atari have stressed the availability of foreign language software via their advertising programs is another indication of the importance placed on children's learning growth and productivity in the computer experience.

But games are not confined to children—and one new game, Millionaire by Blue Chip Software of Tarzana,

The whole concept of productivity software creates a new set of pressures and demands on the retail distribution channel. Retailers still adjusting to the plethora of computer and video games will have an entirely different world of software to consider as they begin to branch out into productivity titles.

the computer. I was always a video game fan, so I decided to combine the two—to see if you could teach skills such as that in a game environment. And it's worked. Children learn typing because they love to play the game, and as long as they can shoot down the aliens, they're learning to type." And just how young can you be to learn this? "We've had reports of four-year-olds learning to type with the program, but the more typical age is seven and above."

#### **New vistas**

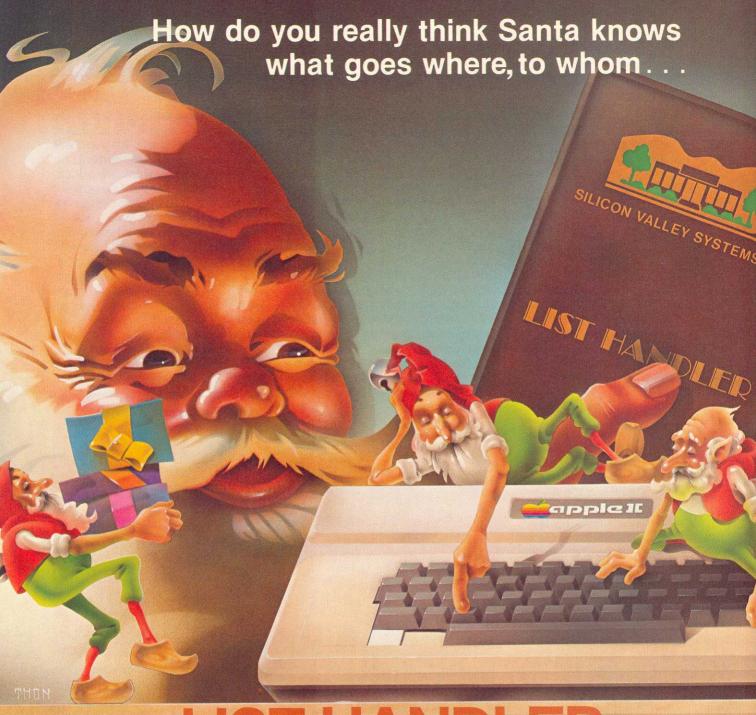
The entire concept of software hybridization opens new vistas for productivity software in general. Companies such as Spinnaker Software and the Learning Co. have released educational programs that have game connotations. It seems likely that the lines between educational software and gaming software

Calif., offers adults the opportunity to play the stock market—and learn about the investment process as a result. Real-world figures can be used to create a realistic investment scenario, and fortunes can be won or lost via the game. Again, is it a game, or is it a learning tool for those who may wish to invest in the market at some date? The key point is, the program has the versatility to be sold either way.

And the whole concept of productivity software creates a new set of pressures and demands on the retail distributor channel. Retailers still adjusting to the plethora of computer and video games will have an entirely different world of software to consider as they begin to branch out into productivity titles.

#### Requires selling skills

In particular, the productivity pro-



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### COMPUTERS

grams are not likely to immediately sell themselves. Unlike games, which can be put on a rolling floor demo and run indefinitely, a tax preparation package or a home database manager will likely require a demonstration and sufficient product knowledge to explain to the uninitiated how the program works. It thus becomes incumbent upon the retailer to know the products, and the role of the software publisher, distributor, or independent sales representative to help in that capacity.

Says SKU's Kingsborough, "we try to take a very simple marketing stance for our retailers—we want them to become more sophisticated in the sale of computer software, taking a long-term rather than a shortswers for the most common questions, the easier it is to sell."

And just how fast will productivity software sell? Continental's Scheinberg feels that the productivity market will take off very fast—an assessment shared by most of the individuals interviewed. "By next Christmas," he says, "you'll see a tremendous growth in the number of applications programs that are available for the home."

Adds SKU's Kingsborough, "It's a progressive phenomenon. But still, at the end user level, the best form of advertising is word of mouth. When your neighbor buys a computer, and raves about it, and shows you how he uses it, that's the endorsement that gets you interested in buying."

New developments in artificial intelligence and speech synthesis techniques will eventually lead to software that can be voice-activated—and will respond vocally to the user as well. It's entirely possible to purchase software in the future that will remind you of how overweight you are—or perhaps boost one's own ego by complimenting you on your choice of wine with dinner.

term posture. The traditional distributor role of stocking merchandise and shipping it out won't do anymore. Our concern is to just keep writing purchase orders all day."

Thus, for Kingsborough, the key is for distributors and publishers to add value to the software by transporting their knowledge down to the retail level. "We have our software experts in house," he says, "and their sole job is to keep on top of what's going on in entertainment, educational, and business software."

Adds one East Coast software specialty store, "what we need is a comprehensive support program. Not just point of sale and set-up, but also demonstration guides. The more effectively we can demonstrate a productivity package, and have an-

#### Critical mass coming

"And," he adds, "we haven't reached critical mass yet. As more and more machines are bought, then the word will get spread. We really will see the concept of a computer in every home in the future. And the effect is synergistic as well. The more time people spend with a computer, the more software they will buy."

As far as pricing of productivity software is concerned, Continental's Scheinberg sees a continued downward pressure. "The historical pricing for microcomputer software was based on selling a few thousand copies of a program," he explains. "That still holds true for a full-fledged business accounting program, where you might only sell 10,000 a year at most. But when you have a machine base

that's in the millions, you can afford to price the software accordingly. I still feel that in the not-too-distant future you'll have computer software on the check-out counters at the grocery stores, along with the razor blades and magazines."

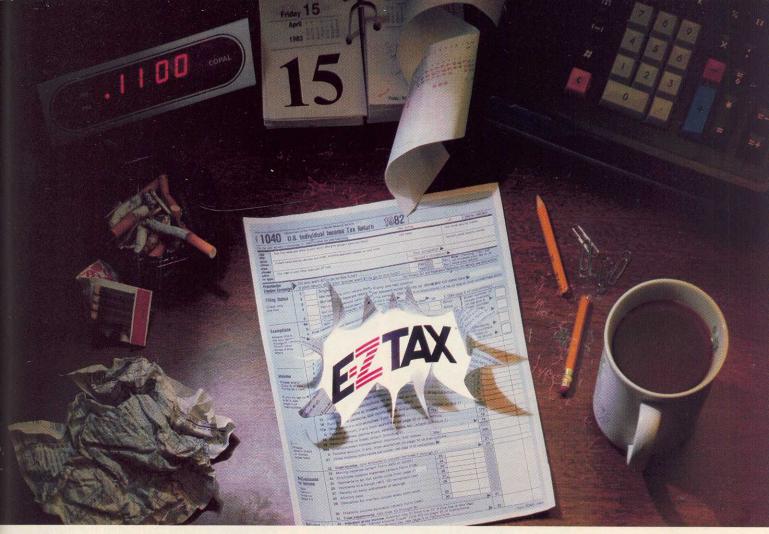
And what about design trends? As computers for the home continue to grow in power and shrink in price, the future seems wide open. New developments in artificial intelligence and speech synthesis techniques will eventually lead to software that can be voice-actuated—and will respond vocally to the user was well. It's entirely possible to purchase software in the future that will sarcastically remind you of how overweight you are—or perhaps boost one's ego by complimenting you on your choice of wine with dinner.

In terms of applications, the sky does indeed seem to be the limit. As Kingsborough of SKU adds, "just take security as one example. It's a topic that everyone has talked about at some point in time as one that makes a great deal of sense for a computer. We will have software that will allow you to control your house, from lighting to opening doors. We'll have a whole new genre of consulting software—from guides on dressing to social behavior. And we'll also see productivity software used as the means by which people learn to really use the computer to its best effect."

However, all of this emphasis on productivity should not be made at the expense of recreational software, Kingsborough adds. "There will always be a game market as well," he says. "The two will coexist very nicely together."

But in terms of growth—and in terms of a new product category that retailers will have to contend with over 1983—productivity software seems to be the new category of interest for marketing in the coming year. Adds Continental's Scheinberg, "we'll see the same kinds of software distribution channels—such as specialty software stores, bookstores, and the like—move from having just recreational software to adding productivity software as well. It's a natural."

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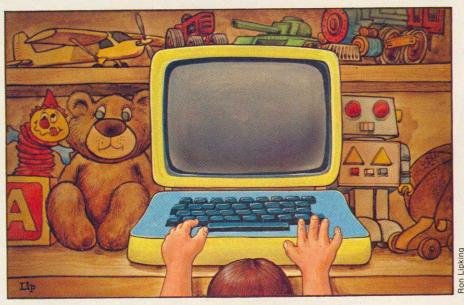
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## Computers in Toyland



By Faye Zuckerman

nyone over the age of 18 may find stepping through the front door of a toy store parallels the experience "Alice" had when she jumped through the looking glass. Instead of a fuddy-duddy of a rabbit leading adults around a strange, new environment, a pubescent high school student takes them through a world very much different than the one they remember frequenting years ago.

To most adults, today's toyland is a world of alien gadgets. It seems as strange as a giant-sized room with a door too small for a life-size Alice to fit through.

But, for many, once inside toyland it is not that easy to find a pill, similar to the one Alice took to put her new environment back into perspective. In fact, toyland often becomes disorienting, confusing and alienating. Sometimes a search for the front door is futile as the beeps, explosions and shrill sounds emanating from its counters often attracts the attention of the over 18 crowd. Cautiously, most adults find themselves slipping in behind the three-people deep crowds that usually accumulate around the counters making up the

electronic toy centers in toyland.

Alas, the changes in toyland come as much of a shock to consumers as it does to toy store owners and their work forces. State-of-the-art electronics changes so rapidly that toy merchandisers find themselves stuck in a card game playing rules seemingly invented by a 'mad hatter.'

Often times it feels as if a rabbit is flitting around toyland exclaiming "I'm late, I'm late for a very important date," and there really is "no time to say 'Hello, Good-bye."

A new game of electronics wizardry is coming to toy stores. Computers, specifically manufactured for youngsters, are rapidly becoming the newest bells and whistles there. In 1983 these machines are expected to pervade toy stores.

Already existing video-game hardware manufacturers have announced new products which will turn their video-game systems into even more intelligent hardware—computers. Mattel has already unveiled its new keyboard—the Aquarius—for the Intellivision. Coleco indicates a similar product for its ColecoVision is coming soon.

Additionally, toy manufacturers report that they too will soon reveal their computer systems for youngsters. And with already established computer manufacturers bringing their hardware to toy stores, these stores' product buyers will need to critically examine the marketplace and develop some computer "savvy" in order to make informed buying decisions.

One industry observer suggests that retailers (1) find out what their clientele are looking for in a computer. (2) Determine which systems offer programs—software packages—to fill those needs. (3) And then consider carrying that system or systems with comparable software.

Unlike video-game systems where only about five different manufacturers' systems dominated the market, nearly 20—some report more than 50—computer manufacturers are eyeing toyland. Such computer systems—Texas Instruments, Atari, Mattel and Commodore—are already on display at some local toy stores.

The question being asked by most retailers now is, "How, do you know which computer system to stock?"

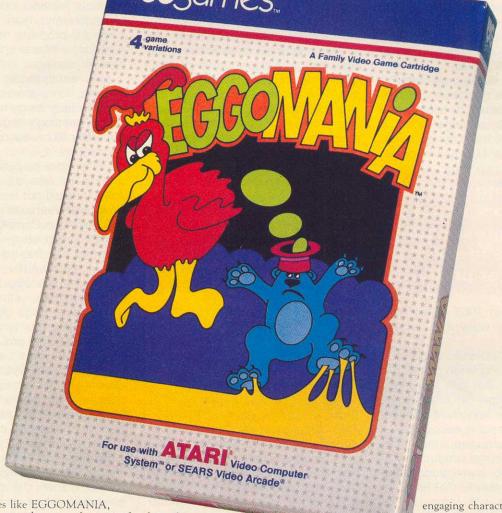
#### Computers Take Off

"When a consumer makes a bad buying decision, he or she is out some \$300. When retailers do it, they are out hundreds of thousands of dollars," several industry spokespeople say. One spokesman concludes that one possible solution might be just selling software and peripheral, items. "Toy stores may find they only want to sell software."

There is room for most retail outlets to get into software or hardware sales. With increased public demand for computer knowledge, plummeting hardware and software prices, and smaller, more compact machines entering the marketplace, sales on such items will most likely continue to grow.

In 1982, the personal computer industry sales figures for the United

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## COMPUTERS

States totaled \$4.2 billion, reports Egil Juliussen, chairman of Future Computing, Inc., Richardson, Texas. This figure is a doubling of last year's sales which added up to \$2.1 billion. Worldwide, he adds, sales are at \$6 billion total for 1982.

By 1986, a majority of offices, even more homes and several school districts will be connected to or using computer technology. Most young people will be expected to have had exposure to the technology prior to entering the work force.

But another industry, now a multimillion dollar one, is coming up the pike and is expected to bring sales totaling more than computer industry sales. This next industry is called software. Its total U.S. sales figures sibility of selling applications for home-office purposes," he adds.

In the first nine months of 1982, nearly 17 percent of Toys 'R' Us' sales was in the electronics department, the spokesman reports. How much of these sales went to computer hardware and software? The spokesman says, cannot be determined. But in 1981, 9 percent of the company's sales came from the electronics area.

Now, Toys 'R' Us boasts of being a store that caters to a group of customers ranging from 'prenatal to senility,' the spokesman explains.

In the meantime, toy stores are only finding a shred of evidence that a blurring of the purely entertainmentrecreational-related hardware and products. Both companies have found little controversy surrounding their products. Unlike the criticism of video games which has left these products less than unscathed.

Because of Texas Instruments' and Mattel's emphasis on educational value, it is believed that parents openly accept the computers. These products are also easier to use and to understand than regular microcomputer products now on the marketplace, a Mattel spokesman mentions in passing.

Slow acceptance of computers into the home stems from the fact that the technology has its own language seemingly understood only by the under 18 crowd, one industry observer says.

"When the calculator first came out, there was all this fear that Johnny would not learn how to add. Now, most everyone uses a calculator," says Jon Campbell, spokesperson for the consumer group of Texas Instruments based in Lubbock, Texas. "What we found with the calculator is that very bright children and youngsters with math learning problems came to depend on what was then the new technology."

Few parents groups or school boards, today can be found holding lengthy debates on the merits of calculators in the classroom. In fact, most schools require students come to class equipped with a calculator and most recently owning a computer has become a prerequisite.

By the late 1970s, Texas Instruments found that resistance to calculators, then the state-of-the-art electronics—had dissipated. Campbell believes that the uproar about calculators may have paved the way for computers and might explain why computers have received wider acceptance among educators.

"Texas Instruments doesn't make products that are considered toys," Campbell says. "We make electronically based products or electronic learning aids for children." These learning aids include the Speak and Spell® and the newly introduced Magic Wand® Speaking Reader.

Also Ti's 99/4A Home Computer comes with several new educa-

A growing concern among parents and educators about plummeting math and reading test scores may be contributing to a rise in sales of educational-related computer products.

for 1982 were at \$965 million and worldwide they were \$1.2 billion, Juliussen says.

The most pervasive use of computers today is playing video games basically because that use is virtually the only one people can relate to, he says. Two other important applications for computers is educational—for teaching youngsters school subjects—and personal productivity—word processing, home budgetting, financial spread sheets, mail lists, etc.

"The problem with computers today is that people accept the technology, but they do not know which computer to buy and what the computer can do for them," he says. "I think most people are ready to buy the technology, they just need help making the correct buying decision."

Although Toys 'R' Us, a major toy specialty chain, professes not to be a computer store, it is one of the first toylands to sell such products. Plans to delve even deeper into high technology products have been made, a spokesman for the chain—store operation reports. "And I do not want to preclude the company from the pos-

educational-personal productivity computers is occurring. Via 1982's onslaught of software packages coming onto the market, however, retailers are seeing a broad range of applications being offered.

"We still sell two different types of products to two distinct markets. One market being customers looking for entertainment electronic games and the other is those looking for educational-related wares," the spokesman says.

Generally, electronics in toyland tend to come in two genres—educational products and merchandise for fun and games. But it is believed, a wealth of software packages at affordable prices soon to enter the marketplace will most likely change the type of electronic products customers will be asking about at toy stores.

#### Educational

But for now, Texas Instruments and Mattel Toys (not to be confused with Mattel Electronics. Both are part of Mattel, Inc., Hawthorne, Calif.), manufacture educational electronic

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tionally based and personal productivity software packages. This company's rapidly growing software library offers more than 230 programs to 99/4A owners.

As a result, sales on the computer went extremely well, Campbell describes. Although he could not reveal specific sales figures, he did say such strong computer sales possibly shows that families are looking for more than just game machines. "There seems to be more of a push toward developing computer literacy beyond playing games.'

A growing concern among parents and educators about plummeting math and reading test scores may be contributing to a rise in sales of educational-related computer products, reports Bob Paltiel, director of marketing/educational products, for Mat-

Mattel Toys manufacturers The Children's Discovery System, a computerized learning aid designed for ages 6 to 11. It is a portable unit with a multi-function keyboard, 2K memory, musical sounds and a viewing screen. The company also manufacturers the Teach and Learn Computer, a talking electronic system for youngsters age 3 to 8. The TLC, as it is called, comes with 12 learning modules that contain readiness skills for preschoolers as well as some modules for early learners.

Since Mattel started shipping the TLC in October 1981 sales have been healthy, in fact, Paltiel reports sales as better than good. "One thing that has made it such a success is the voice. We developed a voice that is very friendly and human sounding. It is not synthetic sounding.'

Retailers say they are pleased with these educational products. They have sold a number of the units. And in economic times of belt-tightening budgets such sales are welcomed.

Generally, these educational electronic aids appeal to new parents who are looking for products for their children, Dave McCormick, manager of Playhouse Toys in Dallas, finds. "These toys are made with youngsters in mind. But by the time they reach 10 or 11 they don't want to play with educational toys or games. They want to have fun.'

McCormick reports that most of his customers are looking for products that can expand to newer applications. They want machines that virtually grow with the child, he adds.

Both TI and Mattel have introduced this year new modules and/or expansion products to increase their machines applications. They hope to appeal to a broader age range.

#### Recreational Electronics

"But really, what 8th grader wants to play with a Speak And Spell type of a toy," comments Tom Nestor, manager of FAO Schwarz electronic game department. He believes that it is the responsibility of parents to see that their children have games with educational value. But after the age of 12, most youngsters play a crucial role in buying decisions. Often times they are looking for fun and entertainment.

'Kids buy toys that look like fun. Few even know what the toys are like. All they know is that the product looks good and they want it," Nestor says. "That is what goes into their buying decision-most of the time."

On the Saturday morning following Thanksgiving Day, Christmas shoppers crowded into FAO Schwarz, a toy store on New York's fashionable Fifth Avenue. With its Christmas decorations already intact and the sales floor stuffed to the brim with products, shoppers stood around counters waiting for service.

Customers swarmed around the Vectrex, a stand-alone, arcade machine, watching junior high schoolers play the machine. Additionally, the counter displaying hand-held games was inundated with groups of parents and children requesting to see computer watches, pocket-size electronic games and table-top, arcadelike units.

This toy store, once only a seller of exotic toys for upscale society types, in recent years has gone through an image change. Now it tries to appeal to all types. "We do carry high quality and special products, but we want to be a store for everyone," says Walter S. Reid, sales manager for the store. "Nearly 80 percent of our products

## Guide for Buying

or anyone deciding to become a seller of software and hardware, be prewarned—product proliferation pervades. The marketplace is literally inundated. A listing of all the manufacturers and their hardware lines and software titles would most likely end up thicker than New York City's "Yellow Pages."

Here is a listing of some buying strategies buyers can use when evaluating or making purchasing decisions

—Skim through industry trade and consumer publications not only to find out who is making what for which machines, but for software and hardware reviews

-Test out the product. Also have youngsters of the age range the product is geared for evaluate the product. Often children give critical, honest feedback about products.

-While youngsters evaluate products observe them. Try to determine if the product keeps their attention. Do they appear bored soon after using the product? Do they appear frustrated? Ask them if they would buy it? Our would they ask their parents to purchase the product for them? What do they like about the product? How would they improve the product?

—Study your market to determine the products that suit your potential customers. Don't expect clients to grow into a toy. Look for items that will grow with

-Consider price closely. Can your market justify the cost of the products? Don't underestimate a customer's willingness to spend money on quality items. Although a product might be heavily discounted or offered at cheap rates in quantity, "you get what you pay for."

-Find out what your competition is doing and keep them in mind when choosing product.

-Finally, computer hardware and software have several accessory and peripheral items on the market, which customers will want to purchase as well.

cost less than \$15."

The electronic games and toy department of the store is just more than two glass counters in a far corner on the first floor of the store's three floors. Only recently did the electronics section expand to a second counter, providing some additional space. Since the electronics products have entered the store, it brings in more dollars than the entire games departments combined, Nestor says.

The top-selling items there during Christmas were the video game *E.T.* and the Vectrex, a simulation of a coin-op, arcade machine made by General Consumer Electronics, Corp., GCE, based in Santa Monica and a division of Milton-Bradley of

plateaued. Hence, it was time to bring out additional state-of-the-art electronics.

"We realized customers wanted to simulate coin-op action in their own homes," says Hope Neiman, director of marketing for GCE. "We saw a niche in the video-game market.

"The coin-op industry is a \$7 billion industry," she adds.

An advantage to these machines is the fact that they do not hook up to the television set. They are also somewhat portable and offer graphics superior to those on a television.

But duplicating arcade action in the home does come with its limitations. The price of memory is high these days. So to keep product costs down, manufacturers are limited by eventually succumb, and buy the product, Nieman adds.

Although the new technology brings high volume sales and frequent inventory turns, several toy retailers prefer only to sell a few electronic toys and games. Mickey Coulton, manager of Dreams and Things in Kansas, plans to have a sparse selection of electronic toys in 1983. He admits, however, "My toy store is a little different than most. We try to sell unique kinds of toys."

Selling electronic toys and games has become less than a novelty these days, several retailers find. In 1981, for example, about 1 percent of Coulton sales was computer watches and electronic hand-held games. But in 1978 sales of such products were only some 10 percent there.

"Customers no longer have an interest in hand-helds and watches. They can buy cartridges at similar prices and are willing to make the initial investment on a game machine," Coulton explains. "Children get bored with the watches and hand-helds in a couple of weeks. Usually the items get pushed aside."

Agreeing with Coulton is Twyla Johnson, manager of Playworld in Joplin, Mo. "Sales on hand-helds and watches were at their height about four years ago." Then 10 percent of her store's sales were those items.

Now, the Intellivision and Atari video-game products do quick inventory turns there. Only 8 to 10 year olds show interest in the hand-helds or the watches, she observes.

Johnson has noticed that generally older children, 11 to 17 year olds and some adults, purchase video-game machines. But most recently she has heard such customers asking about computers.

"Customers are beginning to inquire about more than just games," she says. A renewed interest in the educational value of products and computers seems to be happening there also.

Also, Nestor of FAO Schwarz is finding the same thing. He nearly went into shock one day when a 7-year-old, whose nose barely came to the top of the counter, stood on his tip toes to ask Nestor about "un-

"Children will always play with clay and wooden puzzles. Though I must admit that I have seen 3 year olds who enjoy playing with the Teach And Learn Computer."

Springfield, Mass.

In 1983, Nestor reports, the toy store will begin to sell computers—most likely the Atari 400 and 800. "It is too late to pick up computers for this year," he says.

#### State-of-the-Art Toys

It seems that while educational electronic toys and aids basically stay the same in design, the state-of-the-art, electronic-fun toys and games change as fast as woman's fashions. Each year a new genre comes into being and causes sales on last year's top seller to drop.

Currently being test marketed is one such new genre—the self-contained, arcade-like, stand-alone machines, equipped with its own television-like screens. The Vectrex machine and Adventure Vision by Entex Industries, Inc., Compton, Calif., are examples of such new items.

Both companies also make computer watches, hand-held games and/or electronic table-top items, which were the state-of-the-art craze in the late 1970s and early 1980s. Now sales on those items have

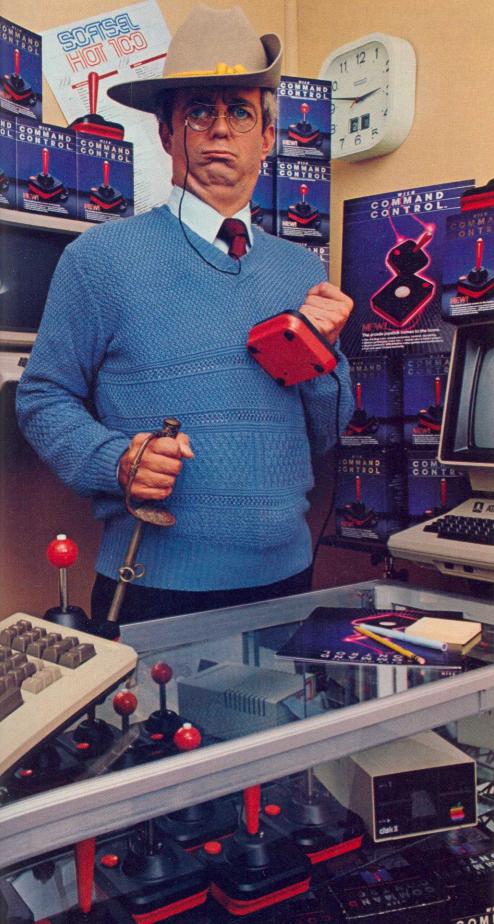
the amount of memory they can use.

"The size of the chip determines the price of the product," reports Bob Cowell, director of engineering for Entex. "As you jump from 2K memory to 4K memory or 4K to 8K and so on, the price of the final product nearly doubles each time. To make the game cost effective, you must try to get as much packed into the chip as possible."

By Christmas 1982, the Vectrex machine, of which an estimated 100,000 were manufactured, was selling well in eight test markets, San Francisco, New York, Boston, San Diego, Houston, Chicago, Los Angeles and Philadelphia. GCE's Neiman says that one reason why sales have been good is, "It seems like it is getting so expensive to do anything outside of the home. Electronics have become sophisticated enough that the home is now a major entertainment center."

The primary target for the Vectrex is 10 to 17 year olds. Its secondary target is adults. They mainly have control over the purse strings. And with enough nagging, parents will

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## COMPUTERS

screened images." Additionally, he has had 10 year olds inquiring about RAM and ROM.

#### **Preschool Toys**

As the technology seeps deeper into the public domain, it seems appropriate to say such gadgetry appeals to the 8-to-adult crowd. Will a glut of electronic toys be developed for preschoolers?

Kay Kuzma, associate professor of Health Sciences at Loma Linda University in California: "Children will always play with clay and wooden puzzles. Though I must admit I have seen 3 year olds who enjoy playing with the Teach and Learn Computer.'

Some toy experts believe, because of the fine motor skills involved in using joysticks and keyboards, it is less likely that electronics will replace, pounding boards, blocks, rattles, dolls, etc.

"Will video games come to replace infant play toys? I don't think so,"

says Frank Mannis, professor of Psychology at the University of Southern California in Los Angeles. "But I must say that little research has been done on the effects of video games on children.'

Conclusions from the little research available reveals that whenever an adult in a pleasant or unpleasant manner tells a child to play with a specified object, it detracts from the child's natural affinity for the object. The child will no longer want to play with the toy. But under different conditions, that same object may become the child's favorite toy. Sounds like 'reverse psychology.'

"The technology is changing the way we (society) do certain things. Children have an interest in computers and the opportunity to learn how to use them," he says. "By the year 2000 almost every job will be using the new technology."

Fisher-Price Toys, with nearly 60 percent of its products geared toward preschoolers, makes two products—a talking doll and a space-ship toy-based on chip technology, says Larry Davis, a marketing group manger at Fisher-Price. He argues that traditional kinds of toys and play that youngsters have naturally been drawn to throughout the ages will always be popular.

The Quaker Oats Company, which Fisher-Price Toys is a division of, mentions in its annual report, "Despite relatively flat sales in fiscal 1982, Fisher-Price Toys Division has 9 percent operating income increase for the year." This increase the report says is due to the increase of the number of women of child-bearing age and children 5 years of age.

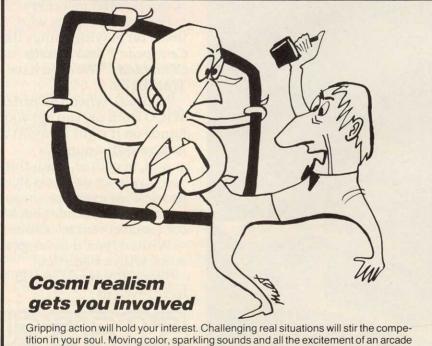
Similarly, Michael Katz, vice president of corporate communications for Coleco Industries in Hartford, Conn., believes, "I don't think video games have replaced toys for preschoolers, but I think it has cut into that market, somewhat."

He adds, "A household has only so much money to spend on entertainment. Action games which little boys typically play-trucks, road racing, soldiers, models, etc.-have been replaced by video games."

Also, Tomy, Corp., based in Carson, Calif., makes electronic toys and games. Sid Bass, vice president of Tomy, reports that it has sold nearly 500,000 Pac-Man stand alones. "Customers like to buy stand alones because of their portability. You can take them on a long trip, or to a sporting event. Sometimes they are nice mind diverters.'

But Tomy sees sales on the handhelds and video games possibly hitting a plateau. They foresee computers for children coming down the pike. The company already has a computer product on the test-market circuit in Japan. Tomy plans to introduce such a product in the United States, as soon as the second quarter of 1983. Other such machines should be entering toyland this year as well.

Perhaps computers in toyland is not nearly as preposterous as a rabbit rushing around in an attempt to arrive at a party on time. In the end, Alice certainly did not think the rabbit was an old fuddy-duddy.



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# RE: Why you should stock PDI Challengers

Hello

I'm John Victor, president of Program Design, Inc., and I'd like to tell you six reasons why it's good business for you to stock PDI Challenger software for your Apple® and Atari® Computer customers.

Yes, I'm well aware that a lot of companies make software for these computers. And you're well aware of that too. Because there are so many suppliers, choosing which programs to stock can be as tricky as playing PAC-MAN® with your eyes closed.

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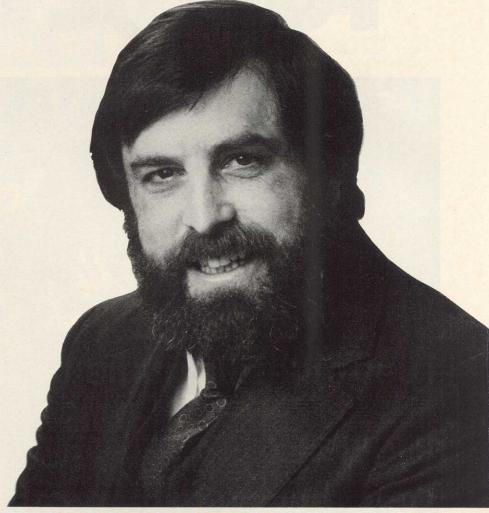
Space limitations don't permit me to give you details on our exceptional graphics, the captivating narratives, ad schedules and promotions, new products on the way, and more. But

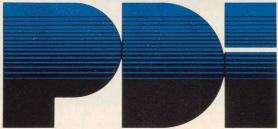
I hope I've given you enough food for thought, so you'll strongly consider putting the PDI Challengers centerstage in your software presentation.

Your distributor has more information but, if he doesn't, contact me. I'd like to hear from you.
Sincerely, John Victor

John Victor, President Program Design, Inc.

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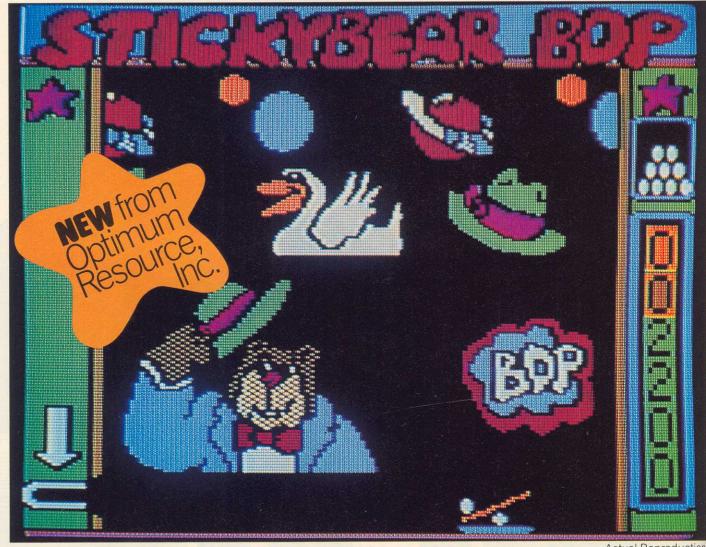




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By Richard Hefter and Jack Rice.

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That Amazing Turtle Graphic



By Marcia R. Golden

y the end of 1983, most major personal computer manufacturers will offer a special computer language designed to help children learn-called LOGO. Through and with the computer, students create a computer-based learning environment where the student becomes the teacher.

Following a process of trial and error, exploration and discovery, the student teaches the computer a variety of tasks by issuing a series of simple commands through words or numbers. By giving the computer appropriate step-by-step instructions, the students learn to logically organize their thoughts, in what educators hope will be a more natural manner than traditional "rote and drill" methods.

#### **Texas Instruments**

Texas Instruments (TI) was the first personal computer manufacturer to involve itself in LOGO software development. According to Jim Dugen, educational marketing specialist, TI's involvement goes back six or seven years—about the same time the company was planning to introduce its first computer, the TI 99/4A.

As a group of Massachussetts Institute of Technology alumni, TI was familiar with the work of Dr. Seymour Papert, professor of education and mathematics in the Institute's Division of Study and Research in Education. Papert had been working on LOGO in mainframe computers. So TI entered with MIT into a joint venture. And later, he adds, "Because most universities don't understand how businesses work, and because you don't sue your alma mater-pretty soon everyone had a form of LOGO."

TI's LOGO is available on diskette and cartridge. All else that is necessary is a computer, personal expansion system and memory expansion card for 32k. The difference between TI's software and other LOGO on the market is as follows: According to Dugan, LOGO designed by Terrapin, Inc. or for Apple computers are more math oriented. "Because we wanted young kids to be able to do a lot of graphics and with the 'Turtle' and 'SPRITE,' kids on our system can develop a lot of graphic things.'

TI's LOGO carries a suggested list of \$129.95, but Dugan has seen it selling for \$90. In the software kit, the consumer receives a notebook with a LOGO manual, ROM cartridge, disk and a cassette with some LOGO samples for young children to explore. Also included is a curriculum quide for teachers.

In June 1982, the company introduced LOGO II, which will be available in February or March 1983. It differs from the original LOGO in that it has an ability to play music and children will be able to make more interesting graphic productions with SPRITE.

Apple and Tandy

Apple's LOGO is a variation of the system MIT designed in conjunction with Tl. Originated by a company called Computer Systems, it differs from TI's LOGO because it lacks TI's graphics chip. According to Joanne Koltnow, product manager of educational software, the differences between various LOGO programs can be likened to distinctions between versions of BASIC-each has differences peculiar to the computer for which it was designed. "Our engineering and education people decided that this version (available in disk) was the one our company should stand behind. This is the one we tested and chose, and we're happy with our manuals.'

Tandy's Corporation's LOGO package for the TRS-80 color computer is available in two forms: on diskette and in a program pack for the 16K color computer. Unlike most LOGO programs, which operate in two modes: Edit (write) or Run (execute); Tandy's LOGO also features a "doodle" mode, which permits the child to manipulate the "turtle" by depressing a single key. In addition, Tandy includes a plastic keyboard that fits over the computer's standard console, so that children, who can't read, can still participate—particularly in the "doodle" mode.

Tandy's package consists of stan-



# EDUCATION

dard LOGO commands, plus the "doodle" mode. Users can activate the Hatch Command and create multiple turtles on the screen, each running a separate process.

#### Commodore and Atari

Commodore and Atari have yet to introduce LOGO programs, but both insist that product bearing their labels is not far from dealer shelves.

Commodore's LOGO is still in its final testing stages. Developed by a

company called Terrapin, it will be very similar to the LOGO distrituted by Apple. For use in the Commodore 64, it will also incorporate SPRITE Graphics, enabling users to create fairly substantial, multi-colored objects. Plus, the 64 also has a music synthesizer, and the LOGO program will incorporate that as well.

Atari plans to have a version of LOGO out early in the first quarter, which, according to John Cavalier, president of Atari's Home Computer Division, will not differ substantially from other LOGO programs already being marketed. It will also, he added, be only one part of many new "personal enrichment" programs aimed at the ever burgeoning children's market and beyond.

Promotions, advertising and trade press coverage aside, is there a place for LOGO in the classroom?

At this point, there are not enough computers, computer-literate teachers or software programming installed to really give an accurate response. According to Barbara Dubitsky, education coordinator of the Center for Children and Technology at Bank Street College in New York City, it is important to note that while LOGO could be a valuable addition to a classroom situation, it is not the beall-end-all educational cure-all, she thinks the industry would have the public believe.

Bank Street, which also runs a school for children, has been studying LOGO for about two years. Using Apple and Texas Instruments computers, the college not only develops and tests programs for using LOGO in the classroom, but conducts a 15week, three-credit course (approximately 30 hours total) on LOGO and the philosophy of using computers in the classroom; as well as a more generalized five-course program on computers.

"We got involved in computer research," Dubitsky laughs, "because we wanted a chance to get a close look at computers before they had the chance to look at us. In other areas, such as television, no one ever looked at TV and its effect on children until it was too late to do anything.

Bank Street is using computers in the classroom for research purposes. We're looking at whether children collaborate around computers and how they teach each other about computers. What we've found so far is that kids do talk with each other about computers in meaningful ways and have also become more taskoriented.

Marcia Golden is a New York-based free-lance journalist specializing in marketing and electronics.

# Questions asked

hat's the most commonly asked question manufacturers are asked about LOGO?

When will it be in stock?

Because LOGO sells so fast, said Jim Dugan, Texas instruments' educational marketing specialist, most of the questions we receive are related to availability. It's also been his experience at the consumer level that parents ask the least amount of questions and educators ask the most.

'Most parents,' he commented, "ask very few questions. They just feel they need to get involved with their children's education. So when they see the program, they just grab it and run. However with teachers, we have to go through various learning theories, like Piaget, in our marketing of LOGO to the educators. So for us, it is a question of working with schools and going into their traditional teaching styles and showing them how LOGO and the computer complement what they are trying to accomplish.

Still, should someone walk up to one of your sales force and ask one of your people a question or two, the following guide should help you give them an appropriate response:

#### What is LOGO?

Logo is a computer language designed to help children learn. By placing the student in the position of "teacher" and the computer in the position of 'student," a person learns how to program as well as "learns to learn," by teaching the computer to perform various functions.

#### How does it work?

Students interact with the computer through LOGO using easily understood words and numbers. Through these commands, the student gets the computer to draw figures on a display screen, experiment with proportions and even gets the computer to create movement and enact little senarios. According to an article appearing in MIT's November 1981 Reports on Research, written by Robert Byers, the system "allows students to explore a succession of increasingly complex operations from sketching through art to mathematics to writing and problem-solving.

Students, by being required to give the computer appropriate step-by-step instructions, learn to organize their thoughts in a logical format."

Will it run on my computer?

Texas Instruments, Apple, Tandy, and soon Commodore and Atari, all have some variation of LOGO or are planning one soon. Judging by the number of new computer entries into the personal computer market and the strong interest in home/educational programming expressed by many software companies, It is likely that more variations of LOGO, designed to fit other computers are, or will be, on the market.

-M.G.

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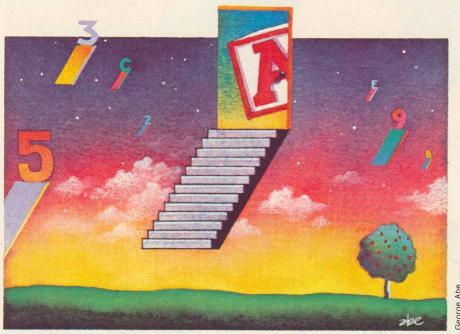
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# Who's Behind Education Programs



By David Keenan

ooming" is the term to describe the educational software market. Companies around the country are attempting to cash in on this boom market by producing top quality software for both home and school use while in a mad rush to get products out to retailers. Software manufacturers are predicting huge increases in sales for 1983 and gearing up for a big year.

Where do these top quality educational programs come from? Who is making them? What are the qualifications of the programmers who are putting together educational software? Here is what's happening behind the scenes at some of America's educational software manufacturers.

The Learning Company

The Learning Company, Portola Valley, Calif., is a relative newcomer to the market. Founded in 1982 by Ann Piestrup, a Ph.D. in educational psychology, its products won three "learning computer software awards." It is recognized as one of the leading innovators in the field of educational software.

What kind of people does the company hire as programmers? Frona Kahn, director of field testing and evaluation programs says: "The company has programmers who are not just coders, but are exceptionally creative individuals as well. Programmers must have strong educational backgrounds and be able to work well in a group because the products are the end result of team work on the part of editors, authors and programmers.

Nearly all the programmers currently working for the company hail from strong educational backgrounds. For example Leslie Grimm, author of two of the company's products, taught in both elementary and preschools before hooking up with The Learning Company. One exception to the rule here is Warren Robinett. But he was a research assistant at the University of California, Berkeley, and he did work as a teaching assistant in mathematics at the Western Geophysical Company. Now Robinett is responsible for software engineering at The Learning Com-

In addition to strong educational

backgrounds, programmers must have created a marketable item before the company will consider them for employment. And the Learning Company can afford to be particular about who they hire. Kahn reports that she receives 20 telephone calls a week from educators inquiring about employment. A stack of nearly 200 resumes from potential programmers is perched atop her desk.

Prospective programmers receive a thorough interview process before the company will consider them for employment. Some of questions asked: (1) What are some new ideas that you have been thinking about in terms of educational software? (2) What are some things you would like to do that you never have done before? (3) As a self-starter, what kinds of things have you done to improve your skills? (4) What new issues come to mind when you think of the

These are important questions for programmers to have proper responses to because, according to Kahn, programmers are given a lot of freedom and time to create products. Rather than being directed by the company to produce an assigned item, programmers are encouraged to suggest new product ideas. Kahn comments, "Here, programmers are considered artists.'

There are basically two ways, it seems, educational software developers hire programmers. Some companies use an "in-house method" in which programmers are hired on at salary. Generally, these programmers become part of a team of authors, educators, designers, etc. Ideas are brainstormed and then developed into marketable products to be eventually sold at the retail level.

The other method several software companies use is the "out-of-house method" where free-lancers are commissioned to write software. Independent programmers author the software and then the manufacturer

# **Who's Making Education Soft?**

Company	Programs	Systems	Subjects	Age Range	Price Range
Accent Software, Inc. Palo Alto, Calif.	3	Apple	graphics, debugger	10 to 12	\$49.95 to \$150
Addison-Wesley Publishing Reading, Mass.	23	Apple, TRS-80	administrative, elementary, high school, college	child to adult	\$160 to \$245
Advanced Operating Systems ndianapolis, Ind.	9	Apple, TRS-80	electronics, statistics engineering, gen ed.	10 to adult	\$24 to \$200
Apple Computer, Inc. Supertino, Calif.	16	Apple	preschool	3 to 5	undecided
Atari, Inc. Sunnyvale, Calif.	21	Atari	elementary, engineering, language, economics, typing	8 to adult	undecided
ATARI* Program Exchange	55	Atari	history, math, preschool, music, economics, English	preschool to adult	\$15.95 to \$49.95
Broderbund San Rafael, Calif.	20	Apple, Atari	math, gen ed, graphic	10 to adult	\$24 to \$34
Commodore, Inc. Vayne, Penn.	430	Commodore	all types	child to adult	free to \$500
Compumax, Inc. Menlo Park, Calif.	5	Apple, Atari	curriculum organizers, sales, accounting	child to adult	\$29.95 to \$195
Creative Curriculum Inc. Juntington Beach, Calif.	32	Apple, IBM, Comm Atari	, reading	9 to adult	\$49.95 to \$99.95
Oon't Ask os Angeles, Calif.	3	Apple, Atari	vocabulary, history, sports trivia	8 to adult	\$19.95 to \$24.95
Dynacomp Inc. Tochester, N.Y.	.10	Apple, Atari, PET, TRS-80	math, science, mind bogglers, preschool	preschool to 13	\$12.95 to \$19.95
du-Ware Services, Inc. goura, Calif.	29	Apple, Atari	language skills, spelling, reading, math	preschool to adult	\$20 to \$50
ncyclopedia Britanica hicago, III.	12	Apple and TRS-80	chemistry, math, English skills, understanding computers, biology	preschool to adult	\$70-\$400
soterica Ltd. Varren, Ohio	3	TI, Astrocade	memory, geography, spelling	preschool to adult	\$19.95 to \$22.95
larcourt Brace Jovanovich, Inc. an Diego, CA		Apple	SAT preparation	15 to 18	\$69.96
lartley Courseware Inc. Dimondale, Mich	46	Apple	lang, arts, math, social studies	5 to 10	\$29.95 to \$120.00
layden Software Co. owell, Mass.	3	Apple, Atari, TRS-80	typing, programming	13 to adult	\$29.95 to \$49.95
nsoft, Incorporated Fortland, Oregon	4	Apple, IBM	graphics programming, music, language	10 to adult	\$29.95 to \$75.00
nstant Software leterborough, N.H.	20	Apple, TRS-80	math, business, electronics, typing	6 to 18	\$15 to \$24
nstitute for Computers in ewish Life Chicago, III	32	Apple and Atari	Judaism, Bible	7 to 70	\$15 to \$50
nternational Software farketing, Ltd. yracuse, N.Y.	3	Apple, Atari, IBM	math, graphing, reading	50 to adult	\$19.95 to \$99.95
& S Computerware unnyvale, Calif.	1	Apple, Atari	all subject	5 to adult	\$49.95
he Learning Company ortola Valley, Calif	7	Apple, Atari	preschool, logical thinking, reasoning, problem solving	4 to 13	\$45 to \$75
ink Systems anta Monica, Calif.	6	Apple	Pascal	adult	\$54.95 to \$149.94
letacomet Software lartford, Conn.	2	Apple	math, programming rubiks cube	50 to 18	\$34.95
licro Lab ighland Park, III.	4	Apple	English, civics, art, curriculum planner	7 to 18	\$30 to \$150
lilliken Publishing, Co.	16	Atari, Apple	math, English	5 to 15	\$30 to \$33
lilton-Bradley Co. pringfield, Mass.	12	Apple	lang., math	11 to 13	\$49.95

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# Who's Making Education Soft?

Company	Programs	Systems	Subjects	Age Range	Price Range
<b>Mindware</b> Nortick, Mass.	4	Timex, Sinclair	wordgames	8 to adult	\$15.95
Muse Software Baltimore, Md.	6	Apple, Atari	math, decision making, art, graphics	5 to adult	\$24.95 to \$175.00
NEC Home Electronics Elk Grove Village, III.	6	NEC	BASIC	10 to adult	\$70
Optimized Systems Software, Inc. Cupertino, Calif.	. 1	Apple, Atari	speed reading	all readers	\$59.95
Prentice-Hall Inc. Englewood Cliffs, N.J.	17	IBM, Atari, Apple X81	math, art history, animation, english	child to adult	\$24.95 to \$70.00
Program Design, Inc. Greenwich, Conn.	25	Atari, Apple	math, lang, preschool, SAT, English	preschool to adult	\$16.96 to \$139.98
Tandy Corp. Fort Worth, Texas	50 plus	TRS-80	lang arts, math, business, science, history, cis	preschool to adult	\$39.95 to \$260.00
Reader's Digest Services Pleasantville, N.Y.	5	Apple, TRS-8	math, vocabulary	6 to 14	\$35.96 to \$174.95
Reston Publishing Co. Reston, Va.	2	Apple, Atari	math, art	preschool to adult	\$24.95 to \$39.95
Scholastic, Inc. (WizWare) New York, N.Y.	6	Atari, Apple	miniprograming languages, disk base periodical	6 to adult	\$30 to \$40
Silicon Valley Systems Belmont, Calif.	3	Apple, Atari	electronic flashcard, preschool, speed reading	3 to adult	\$24.95 to \$40
Sirius Software Inc. Sacramento, Calif.	1	Apple	typing	all	\$39.95
Software Technology for Computers Belmont, Mass.	1	Apple	lang., reading development	all	\$175
Space-Time Associates Manchester, N.H.	1	Apple	air navigational trainer	adult	\$40.00
Spinnaker Software Cambridge, Mass.	7	Atari, Apple, IBM	English skills, mapping, deductive reasoning	4 to adult	\$29.95 to \$59.95
Sterling Swift Publishing Austin, Texas	19	Apple, Atari, IBM, TI, Comm., TRS-80	BASIC, math, voice authoring programming	7 to adult	\$10 to \$500
Strategic Simulations Inc. Mountain View, Calif.	4	Apple	history, business	12 to adult	\$39.95 to \$59.95
Sublogic Communications Corp. Champaign, III.	6	Apple	spelling word lists	preschool to adult	\$34.95
Synergistic Software Renton, Wash.	4	Apple	astronomy, biology, lang.	6 to adult	\$30 to \$45
Teach Yourself By Computer Software, Geneseo, N.Y.	20	TRS-80, Apple	biology, curriculum planners, diverse subject files	8 to 18	\$13.95 to \$78.95
Terrapin Inc. Cambridge, Mass.	1	Apple, Comm., Franklin	LOGO	5 to adult	\$149.95
Texas Instruments Dallas, Texas	150	Texas Instruments	complete third to twelfth grade curriculum	preschool to adult	\$14.95 to \$59.95
Timex Computer Corp. Waterbury, Conn.	5	Timex/Sinclair	math, statistics, flight simulator, geography	13 to adult	\$9.95 to \$15.95
University Software Stanford University, Calif.	5	Apple, Atari	general learning skills	7 to 18	\$29.95
Versa Computing, Inc. Newbury Park, Calif.	7	Apple, Atari	social studies, English, astronomy, history, geography	preschool to adult	\$39.95
Wavemakers Schaumburg, III.	3	Astrocade	guitar, music, character analysis	10 to adult	\$10.95 to \$19.95
Windcrest Software Inc. Waynesboro, Penn.	5	Apple, IBM, Atari, Sinclair, Comm., TI, TRS-80	auto mechanics, geography, logical reasoning, analogies	13 to adult	\$11.95 to \$24.95
Xerox Education Publications  Middletown, Conn.	4	Apple, Franklin	preschool, problem solving	3 to adult	\$40

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provides merchandising and advertising support for the product.

The Learning Company uses the in-house method. The company believes that this approach works best for a variety of reasons: "We find that the creative juices really flow when people work together in a group."

A team of programmers, authors, designers and educators form a group that brainstorms new ideas. "We'll ask ourselves questions and probe new ideas to make sure we are really filling a need. We try to find out, what do kids really need? Is there really a mrket for a new idea?" Kahn explains.

She adds: "After we develop a prototype of an idea, we continue with the analysis process. Are we using the right media? Do students accomplish the objectives? Could they accomplish it better with pencil and paper?"

The Learning Company finds that by using a team approach, projects are completed in a consistent and thorough manner. Otherwise, it seems projects are piecemealed together.

#### An in-house company

Another company that uses inhouse programmers is Milliken Publishing, St. Louis, MO. Milliken has been in the educational publishing business for 22 years and making educational software for five years. They are currently the leading publisher of educational software for schools, says Bodie Marx, vice president of communications.

The ability to work with others is important at Milliken. Creativity is an important part of the programmer's skills because as Marx puts it, "we value the fact that our programmers have a good deal of input into creativity and design of the program." Growth potential is valued because, "as we get better in our ideas about what a good educational package is, we want they're talent and potential to allow them to grow with us," Marx says.

Notably lacking in this ideal programmer profile is a strong educational background. Marx explains programmers do not need a strong educational background because the rest of the production team ... authors, editors, etc., have such skills.

Milliken believes there are two types of educational markets; the home market and the school market. Marx points out that what children enjoy or tolerate working with at school is not what they enjoy working with at home. Therefore home educational programs require a slightly different approach in design and programming.

"What we have attempted to do in conjunction with our authors is to develop software that is educational above all, and games secondarily."

## Out of house companies

Spinnaker Software, Cambridge,

mers and designers have daily communication. The programmers should have an understanding of where the designer's head is at," he says. "Frankly, I don't think you can do that long distance.

"I don't think an author can do a story board and ship it off to the hills of Colorado, have a programmer program it, and still come up with a good product," Swift says. So, although Swift operates on the free-lance principle, programmers still must work in a team with others to ensure a good product.

What does Swift like to find out about prospective programmers? "I ask them about their general ideas about programming. What they find successful, etc. We also try to talk

"After we develop a prototype of an idea, we continue with the analysis process. Are we using the right media? Do students accomplish the objectives? Could they accomplish it better with paper and pencil?"

Mass., and Sterling Swift Publishing, Austin, Texas, use free-lance programmers, and these companies provide the packaging, merchandising and distribution support on an inhouse basis.

Sterling Swift, president of the company, says he receives software packages in all different shapes and sizes—from completed packages to just a glimmer of an idea. He takes the programmers' materials, in what ever shape they're in, and works with the free-lancer to develop a completed product, which eventually will be brought to market.

"I think you get better production out of a person if you work on a per job basis," he explains. "I operate under the idea that a company is better off using free-lancers. I think our society works better using this concept."

Swift adds: "When you work with someone new, all kinds of new ideas come up. Whereas when you have an in-house situation people tend to get set in their ways and each project begins to look similar."

"It is very important that program-

through and look at some of the things they have done. And I have them actually demonstrate what their skills are," Swift says.

William Bowman, President of Spinnaker has certain criteria that he looks for in potential programmers. He says he looks first for solid educational credentials. "Either they have taught or a degree in education or a mixture of both," he says.

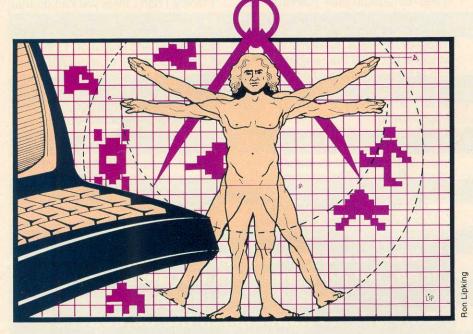
"Beyond educational credentials, what we really look for is a sense of fun. We like our programmers to have an idea of what children like in terms of fun and recreation and can somehow translate it into educational software," Bowman explains.

But fun aside, edicational credentials are important. Several companies report that a number of different best selling products have been created by programmers with strong educational backgrounds.

David Keenan studies and writes about computer science at the University of California, Santa Cruz.

THE HISTORY OF A GAME

# **Advanced Dungeons & Dragons**



By Faye Zuckerman

aybe it was the atypical Southern California thunder storm. But, I couldn't sleep. Tonight we were a three-man expedition. Tomorrow, we didn't know. We would re-enter the winding caverns in search of tools and arrows we need to cross the mountains, hack through the forest and get across the river. Our destination was Cloudy Mountain. Our mission, which we accepted, was to retrieve the Crown of Kings being guarded by winged dragons and other monstrous beings.

Although during today's entry into the caverns we picked up several quivers of arrows, it still didn't feel safe. I won't feel comfortable until the entire ordeal is over.

I decided to mull over in my mind, how I came to get involved with Advanced Dungeons & Dragons and who is behind this adventure.

When Advanced D & D by Mattel Electronics, Hawthorne, Calif., hit number '7' on the charts, it was my editor who called for an investigation of the game. Such an inquiry would require only a couple of telephone calls, I thought. I started with Mattel.

Dick Baumbush, director of mar-

keting for the Intellivision, provided direct, to-the-point answers. "The development cycle for Mattel is lengthy and it can take on a combination of paths," he explains. "With D & D, we began discussions with TSR Hobbies, Inc., in Lake Geneva, Wis. (the originators and manufacturers of *Dungeons & Dragons*). We were aware of the game's popularity."

Mattel was already making a tabletop and hand-held version of the game. So the Intellivision group knew exactly who to contact.

Talks between TSR and Mattel went smoothly, Baumbush reveals, although he avoided discussing specifics. "We had many meetings with them. But we worked with them before and knew them already." By the fourth quarter of 1981 both companies came to a licensing agreement under the name Advanced Dungeons & Dragons.

During the nearly 12 months it took to bring the game to market, Mattel worked virtually independently of TSR, occasionally updating the Wisconsin-based company on their progress. "They certainly had the right to know what we were doing

and have a say in a product that would have their name on it," Baumbush adds.

In June 1982, Mattel brought a completed version of *Advanced D & D* to an east-coast game convention. There, members of TSR's computer programming department were allowed to scrutinize the game.

According to Bruce Nesmith, manager of computer games for TSR Hobbies, Mattel's version was a job well done. "They have even bigger problems with the amount of memory than we have on the Apple. But considering their space constraints, they did wonderful things."

Baumbush remembers how surprised TSR programmers were when they heard how much was crammed into the cartridge. "They were used to doing more sophisticated games. They were quite pleased with the finished product."

Nesmith explains a programmer's space contraints as: "It is like trying to write a book when you only have 20 pages. No matter how hard you try, you will always end up with a short story."

Last October Advanced D & D for the Intellivision was nationally distributed. And last summer TSR began shipping a D & D-like computer game for the Apple II Computer, called Dungeon1®

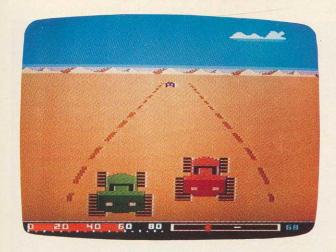
But my investigation didn't end with finding out some distribution dates and an interview with a Mattel Electronics official. I knew there was more to *D & D*'s story. . . .

By the time I hooked up with Deiter Sturm, the spokesman for TSR, I had done some background reading on the company. I had discovered, it took some \$1,000 to start up the company, then called Tactical Studies Rules. E. Gary Gygax, now president of TSR Hobbies, had resigned from his job as an insurance underwriter to work on the manufacturing of the first D&D games. The first products were packaged by the Gygax children. Not

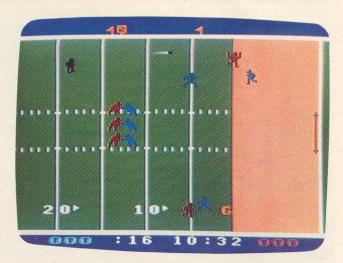
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WE BRING SPORTS ALIVE.

# ARCADES

until one year later had the first 1,000 games been sold.

Currently, nearly 3 million play the game. The company has grown from two employees in 1975 to more than 150. Its *Dragon* magazine, a role-play-

ing aid published monthly, has a circulation of 70,000. Hollywood has even revealed an interest in making a D & D movie.

In 1981 total sales were \$14 million. In 1982 the company estimates sales at nearly \$21 million.

"So what is it about this role-playing, fantasy game, which has such a following?" I asked Sturm. "It's not like a typical board game and it is nothing like playing cards."

# The Birth of a Program

ungeon! A D & D computer programming epic begins in Lake Geneva, Wis. and ends on Apple II computers. This epic involves little role playing and even less fantasy. It is a true story of two software authors—Bruce Nesmith and Keith Enge—and the privately held company they work for, TSR Hobbies. Inc.

The epic starts in June 1981, six months after TSR has formed it computer game department. Nesmith is the first programmer hired there. Like anyone else joining a fast-growing, fast-paced corporation, he experiences growing pains and work overload. Naturally, his projects are experimental. Hence, they are put on hold, only to be re-established again with hair-raising deadlines and seemingly unrealistic expectations.

He was overworked and overburdened. Did he care? No! The demands meant a new challenge and a chance to grow right along with the company.

In fact, he admits finishing one last-minute, re-established project with about 12 hours to spare.

"On any product, you spend 10 percent of your time doing 90 percent of the final product, and 90 percent of your time doing the last 10 percent," explains Nesmith, now the manager of computer games.

In November 1981, TSR's executives accepted Nesmith's proposal to turn *Dungeon!* a board game, into a computer game. He got the idea of doing this game from members of the marketing department who felt *Dungeon*'s level of complexity would fit as a computer game.

So, with an accepted proposal in hand, he set out to write the software. The first thing, he says, he did was organize his thoughts, decide on the displays he wanted and list how the information would be arranged.

"I decided I wanted good graphics—like in the board game," he says.

The actual programming of *Dungeon!* began sometime in December 1981, he comments. Usually half way through doing a computer program it becomes apparent that something has been forgotten. In the end, it means going back to "square one" to find the "missing links."

Fortunately, for Nesmith, though he forgot lines, he found he could add lines to the program and quickly solve the problem. He didn't have to go back to the beginning to find forgotten lines. Also, in his favor then—no deadline lurked in the background.

"The company was then starting to diversify," he says. "Computer games were not a priority. In fact, they were an experiment. Time was not of the essence."

By February 1982, with programming at full speed, Nesmith's main concerns involved sticking closely to the decisions and polices set in November and trying to duplicate the board game's rules onto the computer. One slight set back occurred when Nesmith thought that when characters retreat from a room, they have only one way to go, back. Programming retreating into the computer meant having to store in the computer's memory where the character was, and making sure the computer knew this, and the appropriate place to retreat to.

As it turns out in the board game, characters can retreat in any direction. Hence, that portion of the programming had to be purged.

Similarly, the opposite with "spells." He had to go back and program in different rules.

In April 1982, a monkey wrench was thrown into the works. Nesmith received a promotion and had little time to devote to the *Dungeon* project. Keith Enge was brought in to help out. Yet, there was much work to be done not only on that program, but both Enge and Nesmith had other more pressing responsibilities.

By May 1982, the entire project was scrapped. It looked as if *Dungeon!* would remain in a computer's memory forever and never get brought to the public domain in the form of a floppy.

But, when TSR executives realized that an annual game convention, which the company sponsors, GEN CON®, was rapidly approaching and virtually no new products had been developed, they comandeered Enge and Nesmith to complete a prototype of *Dungeon!* for the convention.

The deadline was set—June 1982. For the first time the computer gaming department was "under the gun of dead-line pressure."

By June the prototype was completed and on display at the show. "It was filled with bugs. In fact, while people were demonstrating the game, we kept seeing even more bugs," Nesmith says.

Generally, 14 year olds frequented the booth, he observes. The cover page to the game was a dragon breathing fire and winking. It could be seen from far away and that might explain why the game drew such a crowd.

After the June convention, the deadline crunch was on again. This time company executives wanted the game completed for an August show in Kenosha, Wis.

While Enge and Nesmith worked on the programming, the product's packaging and rule booklets were being developed and printed. By August, the product was completed with some 12 hours to spare, Nesmith describes.

"Looking back on the marketing of *Dungeon!* Nesmith believes that the graphics turned out to be a success. Artists were hired to do them. They did a nice job," he says. "Keith and I worked well together. He knows a lot about machine language and showed me some techniques on saving space and how to make a proficient program."

—*F.Ζ.* 

Sturm, seemingly not surprised by my abruptness, answered the questions via a pay phone from an East-coast airport. (He was on a press junket and awaiting final call on a flight to Cincinnati.) "Role playing goes something like this; take a table full of people. One person is the referee—the story teller or the dungeon master. The other players pick characters. One may want to be a wizard, another may want to be an elf.

"Once all the characters are chosen, they begin an imaginary adventure. The dungeon master, who is neutral, provides the characters with direction as they go on a mysterious fantasy adventure."

Why has this game won acclaim? "In these days of a lot of people are doing things for us—they play our sports for us, we watch them sing and dance—here is a game that provides an opportunity for us to become involved."

This is why TSR Hobbies' computer game, co-authored by Nesmith and Keith Enge, closely duplicates its board game counterpart *Dungeon* by nearly 98 percent, Nesmith explains.

Dungeon was introduced and marketed immediately following the company's 15th annual game convention, GEN CON® in Kenosha, Wis. last August. The game's grahics, Nesmith believes are the game's strong points. The company hired an artist to come in and work on the art work.

This *D & D* computer game involves more role playing and has captured the essence of the board game much more closely than the Mattel version, Sturm says. "But I think Mattel has done a fabulous job. The cartridge has great elements of challenge and action. It is like a chase-type game. The Mattel game certainly has a different flavor than the typical outerspace, shoot-themup games."

Sturm concludes, "our game is a cooperative game. You don't try to do battle with a machine or with any of the other players."

After I got off the telephone with Sturm, I felt the pieces of the puzzle were beginning to come together. I still had some more questions, but I didn't know who to call to get the needed answers.

I arrived at work later than usual the next day. As I walked into my office, the telephone was ringing off the hook. I threw off my coat, dropped my briefcase and ran around the desk to answer the phone.

It was the director of marketing for Mattel Toys, Sharon Hartley She had heard I was doing a story on D & D and had some information for me. She was on a promotional jaunt through the United States and was calling from a hotel room in some far away city.

Hartley became involved with *Dungeons and Dragons* in 1980. She reveals that Mattel had noticed the role-playing game was becoming a popular American pastime. "We started to pursue the idea of doing

vince children that D & D offered all the excitement found in the board game," Hartley says. "Yet, the board game, the video game and the tabletop-hand-held versions have enough variance among them that consumers can buy all three kinds and are really playing three totally different games."

The table-top, hand-held version, in its day, sold big. But now sales on such items are considered soft. Hartley admits, that sales have dropped some. "It's mainly because of the economy," she adds.

"But, hand-helds and table tops on 'name' items—like D& D, Donkey Kong, etc.—I think will always have a market," she believes. "It was a good business decision to go with that li-

"It is like trying to write a book when you only have 20 pages. No matter how hard you try, you will always end up with a short story."

an electronic game. They (TSR Hobbies) were receptive to the idea."

In 1980, Mattel made a licensing agreement with TSR to make a tabletop and hand-held version of *D & D*. By summer 1981, Mattel had completed both versions of the game. Distribution started sometime during September.

"When Mattel brings a product to the marketplace, it starts it out in two or three key markets, begins its advertising early and then soon after rolls out the product for national distribution," Hartley describes. "With Dungeons and Dragons, we started it out in Chicago, Los Angeles and New York. The advertising hit a teenage-child market."

Since the game already had received some publicity, via TSR Hobbies, public awareness already had been developed. Mattel needed to tell consumers that the electronic version also included the role-playing, fantasy and strategy features that had brought overwhelming success to the board game.

Mattel ran a series of Saturday morning advertisements suggesting that the game contained such attributes. "The campaign was to concense. We will continue with it in 1983."

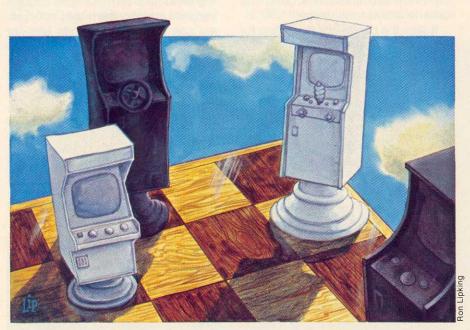
I knew my investigation was nearly complete when I hung up the telephone. Hartley's information had made the pieces to the puzzle fit together. It was simply a case of two companies entering into a business agreement in which both companies received fruitful ends. Mattel had the right to use the D & D trademark and TSR had a profitable licensing agreement.

"It was a lucrative license," Andrew Levison, director of licensing for TSR Hobbies, admits. Throughout it all, both companies have maintained friendly relations.

My mission would not be over until I experienced Advanced D & D. That is how I ended up in this hut awaiting the final confrontation with a winged dragon. I opened my eyes to see the sun streaming through a window pane. The rest of my expedition had also awaken, although I'm not sure if I even slept at all.

It was my turn to enter the caverns and search for the tools we needed to get to Cloudy Mountain. I headed toward the 'blue' mountains hoping to find a boat to cross the river.

# **Arcades Business Today**



By Ed Harrison

In 1981, when a dot gobbling electronic creature named *Pac-Man* sent the coin-operated video-game industry spiraling toward unprecedented growth, game manufacturers, distributors and arcade operations were believing that the industry would continue to reap record profits for some time to come.

Encouraged by the public's insatiable fascination for these electronic quarter eaters, manufacturers began releasing new games into the market at rapid speeds. Distributors eagerly bought more games sensing the demand at the burgeoning arcade level. And a lot of enterprising businessmen, eager to get in on the video game bandwagon after 1981's bonanza year, opened arcades at every available location.

It was a combination of these developments that led to the first warning signs in mid 1982 that all would not bode well with the coinoperated game industry by year end.

Simply stated, overproduction by manufacturers, which sold 21 percent more equipment in 1982 along with oversaturation of games at the arcade level, brought on by a 33 percent increase in the arcade segment of the industry, combined to squeeze the profitability out of the video game business at the operator level.

According to a survey by *Play Meter* magazine, a coin-operated entertainment trade publication, video games averaged a weekly gross of \$140 in 1982. By the following year, that figure dropped 22 percent to \$109 per machine. The survey reported that operators had to average \$117 per week for a 10.5 month period to break even on their video game investment. operators, in 1982 were reporting collections of \$109 per week for 7.2 weeks.

This doesn't necessarily mean that America has lost its appetite for video games. Quite the contrary. Sales of coin-operated video games hit record highs in 1982. According to the *Play Meter* survey the number of video games on location increased form 780,000 in 1981 to 1.3 million in 1982. The survey further shows that video games accounted for more than \$7.7 billion of the industry's total \$8.9 billion gross collections in 1982.

A Gallup Youth Survey, conducted in late 1981, found that 93 percent of

teen-agers correlating to 22 million, play or have played electronic games with the average teen spending \$2 per day on video games.

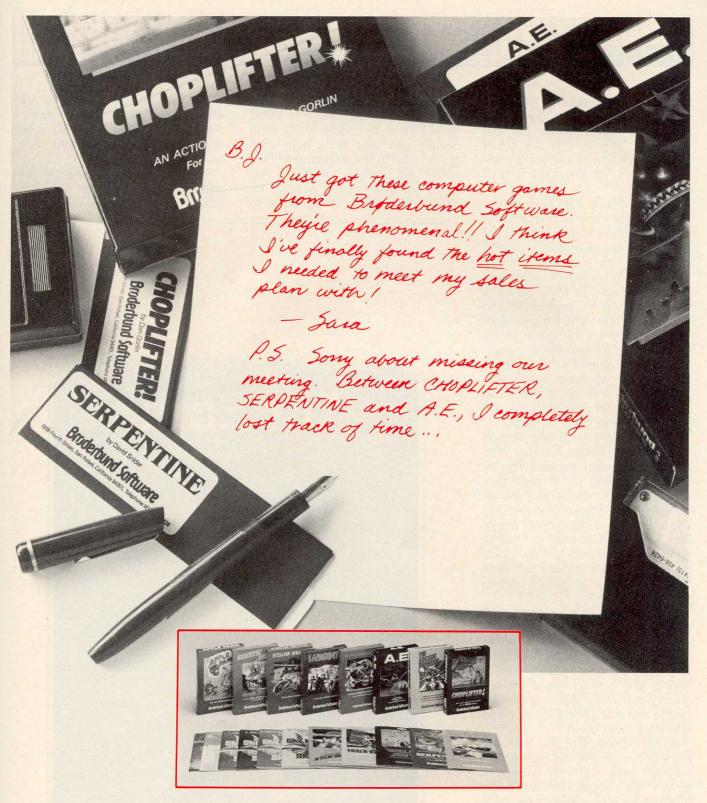
So if manufacturers are selling more games and the public continues to feed the games quarters, why is the video game industry at a crossroad? The problem is that there is simply a proliferation of games and an overabundance of locations competing for the public's attention and loose change. Compounding the problem further is an equally abundant supply of "mediocre" games that distributors can't sell and operators can't make a profit on.

Arcade operators are now using works like "cautious" and "selective" when describing their buying patterns. Distributors talk of "inventory gluts" when describing their filled warehouses of unwanted games. Both distributors and operators agree that the market is saturated with too many games that will never see profitability. And all segments of the industry are deeming 1983 a "shakeout" year that will more than likely see the disappearance of many businesses from the industry.

If projections hold true, arcade operators should see marginal increases in revenues as some of the momentum lost during the latter part of 1982 is regained. They are optimistic that the industry will stabilize once the "fly-by-night" operators who got into the business to make a quick buck are weeded out.

"I expect the market to hold where it is this year," proclaims Ron Judy, vice president of marketing at Nintendo of American Inc., Seattle, Wash. and the manufacturers of Donkey Kong, Donkey Kong Jr. and other popular arcade games. "The mom and pop operators may disappear but they will be substituted with larger arcards. I expect a 5–10 percent real growth."

States Jerry Marcus, president of Bally Midwest in Chicago, one of the



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# ARCADES

largest game distributors: "Manufacturers without top-notch games are gong to be in deep trouble. Distributors are going to buy the super games. I guess we'll lose some manufacturers, distributors and operators."

Marcus forsees 1983 to be a year for growth for many businesses and crucial for others. "I see mergers, acquisitions and a lot of people coming in and out of the business."

Says Bill Curley, vice president and general manager of Phillip Moss & Co., a Des Moines, Iowa distributor: "We're in a replacement market right now but I don't think video games has become a dead issue by any means. We've reached the saturation point in the Midwest where the games being sold just aren't in big numbers like last year. Salesmen are going to have to sell a lot harder.

"If the game is good, the demand will be there," continues Curley. "The mediocre and poor games will go by the wayside and by all right they should. Being a replacement market will eliminate the small manufacturer. The stronger and more patient manufacturer will be putting out better games that will last longer. Good quality and dependability will eliminate the number of games coming out."

Glen Kalhar, sales manager at Dunis Distributing Corp. in Portland is less optimistic. "From our end, the business is leveling off and we don't forsee any immediate pickup. A lot of people who jumped into it late are getting out. There will be a lot less people and less companies as game operators close down."

Kalhar believes that only the operators with solid financial backing will weather these difficult economic times. "The main problem with being a distributor is wondering how many of our accounts will still be around and how much paper we'll have to eat," he says.

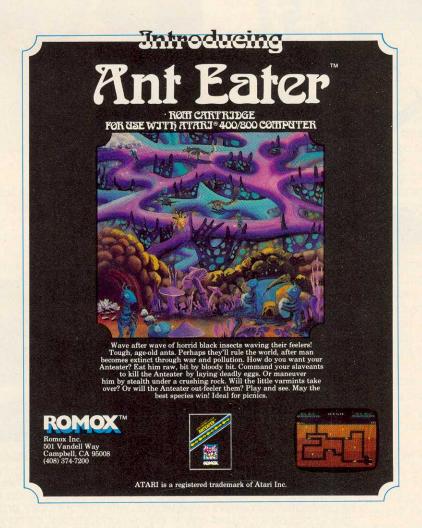
Adds Nintendo's Ron Judy: "Product lines are so short lived that whether an industry grows by 50 percent or declines by 50 percent you really can't make a prediction. In the next 10 years, with the technology that is coming, I'm certain we can produce enough games to capture

the market's imagination."

Judy further believes that video games have lost some of its initial novelty and have since been integrated into the entire spectrum of entertainment. "When the games first came out they were a novelty," he says. "Now we're going back to

where they will capture a reasonable share of the entertainment dollar. I think we can continue to keep a significant share of the market's entertainment dollar and time.

"The market is now saturated with games in locations that offer only games. That worked well until the



novelty of the games wore off which is why revenues are down. Locations that offer other forms of entertainment as well won't see their total numbers fall," says Judy.

Walter Day, operator of Twin Galaxies in Ottuma, lowa and the Twin Galaxies International Scoreboard, the

video game industry's official record keeper says: "It's harder having a business like this when it seems like everyone is opening a location or room. It's making it harder for a location to make money. In my region there have been four or five openings, with each one thinking they will States Phil lati, owner of Phil's Family Amusement Center in Lakewood Calif.: "In 1981 I was able to afford to make mistakes. Last year I couldn't. With a bad machine (nonmoneymaker) you get burned. The boom days are over. Now it's simply a 'good' business. A lot of people spread themselves too much on games and now can't afford to buy the new ones.

"Trade-ins aren't worth anything anymore. The city licensing fees are killing the used machine business," bemoans lati. "And you won't see a large proliferation of arcades because of restrictive city ordinances. We're starting to see people bail out. Licenses are going to be detrimental."

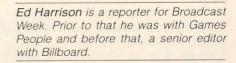
lati adds that several people got into the business based solely on greed and with no conception of how to successfully run an arcade. "With kids involved you need community acceptance."

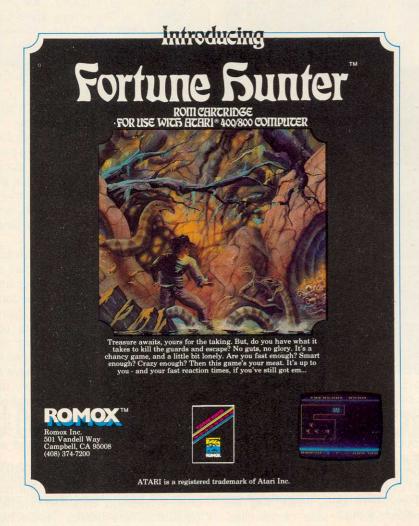
"Our revenues started dropping last April and May," reports Jim Jordan, president of American Game & Music Service Co. in Smyrna, GA. "The revenues at which we're runnign at now I can expect for another year or two. There's just a saturation of equipment in the market.

"The players are burned out. The introduction of home games hasn't helped either. Buyers are going to become a lot more selective and there are others who will drop out of the market."

Steve Lipscond, president of American Amusement in Columbia, S.C. echoes Jordan's sentiments stating: "A lot of people are going to go bust. There are too many people in it which has saturated the market. Of all the people in the business, I would say that 50 percent won't be here next year. The high volume places are the only ones making money and most new operators aren't high volume," Lipscond says.

"There's more money going into video games now than ever before but you have to divide it more.





# **Arcades to The Home**



By Phillip Missimore

t's likely that just about every entrepreneur in America has had the dream within the last year of opening his or her own arcade parlor. Shopping malls throughout the nation can be seem drawing in hordes of preteen and teenage video gamers, all willing to spend money (and the better part of an afternoon) in their local arcade.

The jingle of cash, mixed in with the sound of the games themselves, is indeed a powerful lure. And what seems to accompany this rush of arcade fever is the translation of successful arcade games into both videogame and computer formats.

But just how strong is that tie between the arcade and the home? Will there be a Yellow Brick Road connecting the two, making a sure-fire arcade winner into a similar hit at home? Or will the two game-playing locations drift apart, each providing a different environment and different games?

For Terry Kemple of The Program Store in Washington DC, a computer software specialty retailer, the link is positive—and strong. "The bigger the game is within the arcades, the better it will sell for us in the store," he explains.

Kemple adds that computer games in his store, at least, follow a fairly predictable pattern. "We see the peak sales demand for a product 30 days before it's released, and about 60 days after it hits the market," he says. "The initial build-up, the publicity, and the expectations surrounding a new title make the period just before it's actually introduced the best selling time," Kemple adds.

Then, he continues, after the initial rush for the product dies down, the product eventually reaches a sales plateau where it often stays for an extended period of time. While the drop-off between peak sales volume and long-term sales levels may be significant, Kemple says, certain titles will sell well for several months.

Kemple says that the arcade-home link will remain viable for some time to come. "The arcades are the place where the games are tested," he says. That's where people try them out."

For Blaine Mogil, manager of the

Softwaire Store in West Los Angeles, CA, the link between arcade and home also exists. However, Mogil feels that certain kinds of computer games will exhibit different sales patterns, compared to their more volatile arcade cousins. For Mogil, the computer adventure games—such as Wizardry by Sir-Tech and Time Zone by On-Line Systems—are somewhat analogous to the turtle and the hare. "We see a sudden surge of sales for an arcade-styled game," he says, "and then it will die. But adventure games go on and on."

Thus, for Mogil, the idea of a software continuum makes sense. "It could very well be that the arcades, and arcade-styled games, make people feel more comfortable about using a computer," he says. "It's like breaking the ice. Once you use them, you can build up confidence, and very often get the desire to try other, more complex games."

Of course, the difference in arcade and computer game formats has already been discussed in articles and gaming lore. Simply put, the arcade game has all the advantages going for it—the hardware can be optimized to take advantage of the software developed for the game. The arcade machine doesn't have to support other games—so every detail can be optimized for the game's overall effectiveness. Thus, the graphics are sharper; the game can be enhanced with more sound effects, and so forth.

The computer game, on the other hand, must be adapted to the machine in question. Whatever graphics capabilities are implicit in the machine's hardware, or whatever sound capabilities the machine possesses, are definite limitations on the game designer who wishes to take that optimized arcade game and fit it into a personal computer.

The one advantage that computers do have, however, is memory. The

58 Software Merchandising



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availability of home computers with 48K of RAM (Random Access Memory) or more makes them candidates for more expansive, complex games than the arcade machine or the home video game unit. In fact, the latter's memory limitation (2K or 3K in most cases) is one reason why some arcade games (such as Pac-Man, for example), just don't translate as well into the home marketplace. The memory limits the machine's ability to handle all of the graphics, sound and action of the arcade originaland the result is something less than the version the public was accustomed to from their arcade experiences.

However, for certain kinds of games—particularly the text adventures mentioned above—the computer is ideal. It allows for multiple scenarios, allows the user to create and refine characters as the game progresses, and generally gives the computer gamer much greater flexibility. Also, the computer's added

memory, in conjunction with additional memory capacity reserved for graphics, will hopefully allow game designers in the future to more effectively translate an arcade winner to the computer marketplace.

But the question still remains unanswered: will the link between the arcades and the home continue, or will it be severed as the computer market grows in importance? As seen above, the computer is not always suited to literal transpositions of arcade games, but *is* ideal for the kinds of games that will likely never see the light of day in fast-paced arcades.

The Softwaire Store's Mogil feels the link will still exist in the future, but not in the sense of a direct cross-over between the two media. "We'll always see the strong arcade titles move into the home," he explains. "But we'll also see a separate computer software market continue to grow."

And, he adds, the computer mar-

ketplace also offers creative game designers a much wider palette of computer colors to choose from in either designing a new game or implementing an arcade title. He points to *Frogger* as one example. "The computer game will have versions for the Apple, IBM, and Atari computers. That's a pretty broad machine base."

The Program Store's Kemple feels that the computer offers some significant performance advantages over either the arcades or the home video game machine. "The real-time response of the computer is much better than the video game machine," he explains. "The faster the play, the more excitement the game generates.

"For example, there's a game out called *Hazard Run*, which is a take-off on all the car chases you see on *The Dukes of Hazzard*. You have to dodge obstacles, jump the car over things, and so forth. The excitement of the game is heightened by the fact that the computer gives you fast action."

The Softwaire Store's Mogil sees another advantage to computer games that arcades don't always possess. "In the arcades, the idea of play is fast turnaround—so it's more of an idea of 'winning' the game rather than 'completing' the game. When you look at a computer game like Choplifter by Broderbund, for example, the player actually has a mission to accomplish—and if the player rescues the hostages, he wins the game. You couldn't have that kind of action in an arcade game—the play cycle would have to be much faster. In a sense, the computer games can be both more complex and more satisfying, because you can have a means of 'ending' the game in a very positive manner."

Still, the consensus seems to be that the arcade and home gaming worlds are not all that far apart. "The two really go hand in hand," Mogil says. Adds Kemple, "there's been a natural progression from the arcades to the home video game machine, and now to the computer. That's the way the business has gone. Anything that's done well in the arcades is almost certain to find its way into the home."

# **Fade To The Home**

Here is a sampling of some of the coin-op games that have made their way to the home from the arcade.

Donkey Kong and Zaxxon, two newly discovered talents have a popularity destined not to fade. So Coleco Industries based in Hartford, Conn. certainly found making the home version paid.

Frogger which strayed in Parker Brothers' direction, now comes to the home with a version certainly com-



fortably played in the shade.

Of course, Atari's scrolling, high action *Defender®* and its pioneering *Pac-Man®* are available in versions for the home. They were one of the first made.

Few are afraid to play Missile Command™. Asteroids™ and Centipede by Atari in the privacy of their own home. Once back at the arcade, coin-op savvy must again be obeyed.

The arcade game in which players attempt to thwart a raid also made its way from the arcade. This game, *Wizard of Wor* by CBS Video Games, certainly will not fade.

These are some arcade games that have entered the retail fray. More, they say are on the way.

Milton Bradley recently acquired GCE, the company which makes the pioneering self-contained, home video game system called Vectrex. They hope to have brought a new genre into play.

The Vectrex is to become the latest craze, they pray. Some retailers even say its a welcomed new mainstay.

What is next to enter to the fray?

—Faye Zuckerman

One additional element that impacts the successful translation of an arcade game into the home computer marketplace is the machine the game runs on. Mike Darnell, manager of the Software Concepts store in Dallas, Texas, reports that the differing graphics capabilities of various computer systems do impact the eventual "look" of the arcade game when it's up and running.

As an example, Darnell points to Frogger. "We are a software specialty store, but we do have all the machines in our store to demonstrate the software. When we put up Frogger on an Atari 800, for example, and then run it side by side with an Apple II version of the game, there's a real difference. People aren't as pleased wth the Apple version."

However, Darnell adds, turnabout can be far play. "Choplifter is our biggest seller right now," he explains. "It's a phenomenal seller. In this case, the Apple version is superior to the Atari version, as far as the graphics appeal is concerned."

In general, Darnell sees a tie between the application and the machine. "People who really are interested only in gaming on a computer are looking at the Atari, while people with multiple uses in mind seem to ask more for Apple software."

Darnell also feels very strongly that a solid arcade game is likely to win acceptance in the home version as well. "Any time a new arcade title is released, it's a big seller," he says. He adds that his store's sales curve experience with new recreational programs runs along the same lines as most other retailers—fast sales initially, with a gradual slackening off to a plateau that may run for several months or more.

But, he adds, the concept of games, and the realism and graphic appeals available to the consumer, is still a growth field. He points to the IBM Personal Computer—hardly an inexpensive machine—as an ideal candidate for games which will carry much greater levels of sophistication and graphic realism than currently seen in the home. "When you look at an arcade machine," Darnell explains, "you have to remember that it

will have two or three different processors in it, at least one of which will be controlling the graphics alone. When you have a 16-bit computer like the IBM unit, you begin to approach the arcades in terms of processing power and control over the graphic display. The ability to handle multiple colors higher resolution in the graphics, and the ability handle high-speed graphics are all part of this capability. Flight Simulator by Microsoft, for example, is the kind of a game program we'll see more of the future, games which can take advantage of the power of the machines."

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# **Computers And Games: Hazardous?**



By Martin Polon

he death over the Thanksgiving weekend of a Laguna Hills, Calif. youth has added to the growing criticism of electronic games and computer gaming. The 16-year-old boy, disturbed, according to some reports, by gaming, left a shopping mall arcade after distributing personal possessons to friends. Using a hand gun, the boy committed suicide near the arcade. This tragedy comes on the heels of intense criticism of electronic gaming by the Surgeon General of the United States, C. Everett Koop, a pediatric surgeon from Philadelphia. There is no way to gauge the involvement of Koop or several other recent arcade-related deaths with the stock tumbles taken by all the major forces in the video game market before Christmas. Atari (via Warner Communications), Coleco, Mattel and Tandy all suffered dramatic reversals on Wall St.

Koop's statement heralded a pinball-like harrassment of the video game business. Speaking before a group of psychiatrists and mental health professionals in Pittsburgh, Koop said: "There are educational video games, but the kind the kids like and the kind they are addicted to are Martians coming in that have to be killed ... the enemy is coming here ... you have to zap them. Everything is eliminate, kill, destroy. Let's get up and do it fast. They are into it body and soul. Their body language is tremendous and everything is zap the enemy. There's nothing constructive in the games."

Koop, assuming the role of Surgeon General in January, 1982, went on at the Pittsburgh meeting about how more and more people are beginning to understand the adverse mental and physical effects of video games on pre-teen and teen-age children. As to the source of these complaints, Koop stated, "There are very few reports about these. Most of these have not appeared in the (medical) literature, but they have appeared at pediatric meetings."

The comments of the Surgeon General were obviously well-intentioned. Less clear is the accuracy of such statements or the understanding of the total picture that video games are a component of. It is interesting to note, in an era of transition from blue collar manufacturing to

white collar services in computing and telecommunications, that video games have drawn Americans of all ages to computers. Computers have been a source of fear and anger for 20 years. It is only since the advent of the video game that people have been challenged by and accepted the personal computer for home and business. 1983 could well be the year when more computers than video games will be sold. If the price for a transition to an inevitable future using computer has been video gaming, then the video game has had good as well as bad connotations.

The video game will serve as a software hook, making educational programs interesting and stimulating competition in the schools. Computer Assisted Instruction (CAI) has validated the use of structured games as part of the whole scheme of electronic teaching. IBM demonstrates just how effective such teaching is in a television commercial. The games have made computers seem friendly to children; this may account for the fact that in achieving computer literacy, children learn more quickly and with less fear than adults. Much of this is difficult to prove as empirical absolutes but it is equally hard to prove many of the assertions against video games.

This is not to say that the case for video games is 100 percent in any direction. They are a step on the path in the use of computers. As to how bad the effect may be, one has to assume, as with the recent George Gerbner study on the socio-cultural impacts of television, that the raising of levels of consciousness will be accompanied by positive as well as negative effects.

As far as the impact of video game violence, there are as many schools of thought on games as there are on television. Koop cites television in attempting to suggest harmful effects. He compares video games to Evel Knievel stunts shown on televi-

George Abe

# The Pros Of Software

hat can the industry do to overcome the negative perception of games by the general public and business community?

Exactly who created them? Is it strictly an arcade phenomenon or have the negatives followed games and computers into the home environment?

States Keith Schaefer, senior vice president for marketing and sales of Atari's home computer division: "I think the negatives did start in the arcades and they don't or should not translate into the home environment.

Beyond games, he feels, spending time in front of the television set with fun-oriented, educational software is in many ways healthier than passively watching the tube. Moreover, once kids, and adults alike, he further believes, discover the utility of personal productivity and education, as well as programming, home computer software carries no negatives.

The creativity aspect is very important for our lifestyle and the continuation of our lifestyle

Additionally, the games teach people all about computers. The computer will play an increasingly more important role in our lifestyle, whether we work or we play. We provide that avenue for them.

Particularly, there are some very interesting things that you can do with both games and computers in the areas of the handicapped. The Veterans Administration hospital out in the Palo Alto, CA, area, near where we are located, has used video games and entertainment software to help rehabilitate people who are handicapped. They teach hand and eye co-ordination. I think there are a lot of positives associated with software. Maybe, as an industry, we have to toot our own horns a little more about that aspect.

According to Bill Grubb, president of Imagic: "I think games in the home allow parents to exercise so much more parental control. Personally, I don't believe kids should play video games for four or five hours a day but maybe a half an hour or an hour. That's certainly on a par with watching the reruns of MASH or Laverne & Shirley.'

'Basically,'' feels Richard Hoag, worldwide sales vice president for Mattel Electronics, "if you talk perception, indeed, it's been in the arcade hall. We, the manufacturers, have changed that perception I believe. And have created more involvement in the home. A family atmosphere has been created in the home since this is something they can do together.

If it were not for the video games, the learning curve acceptance and familiarity for home computers would not be as great as it is now.

I don't know how to address that. I don't know that there is a negative about video games per se. The negatives have been associated with the video game arcade hall."

Says a retailer, Ray Daly, of the Program Store computer specialty store operation in the Washington, D.C. area: "It's been our experience that there are certain computer games that lend themselves to participation by various members of the family. The adventure games for example. We have quite a few customers, for example, that play them together as a family. This is a very positive aspect of some of the games that are coming out.

As a matter of fact, if we look at it realistically, most people who buy games are adults, not kids. They buy them with the intent of acquiring something the family can do together. That's a real positive aspect of home computers.'

A recent issue of Video magazine suggested that video games are being "put to work in the medical therapy and military training fields and that innovative researchers are finding valuable new uses for electronic games.

It's even been suggested that a video game test of some sort might be a requirement for getting a job in the future.

On the medical side, some video games are seen as medical therapy for such conditions as stress

The Army and Navy have even begun to use video and computer games to test and evaluate the performance levels of certain key personnel such as fighter pilots.

A number of medical centers and hospitals around the country, even outside the Veterans Administration Medical Center in Palo Alto, have been experimenting with video and computer games with respect to rehabilitating patients who may be suffering varying degrees of brain damage.

According to Dave Arganbright, vice president and general manager of Odyssey, "That's why nearly one-third of our cartridges are either education or strategy games." The company believes strongly in educational aspects of both home video and computer games.

-J.M.

sion. The issue there was the hundreds of youngsters injured who copied motorcyclist stunts. To assess the real dangers of video games, one has to establish that there is a sense of reality and that the decision to copy scenarios from video games exists.

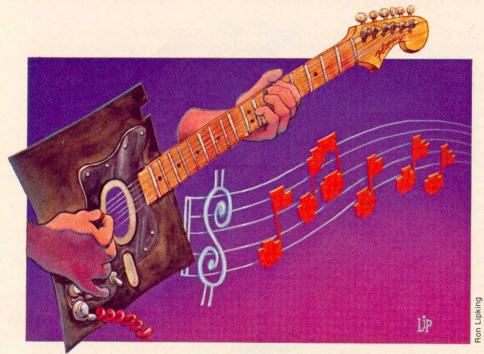
It would be easy to suggest that there has not been any increases in the number of frogs or chickens killed crossing roads or ponds or that chas-

ing gorillas has not increased and that nobody has disappeared into space chasing aliens. There is some evidence of psychological disturbance and that prompted the Surgeon General to take a stand. But in Japan, where violent television, motion pictures and a multitude of games has existed for some 20 years, there exists no evidence of a trend towards personal or group violence or any indication of aberrant

behavior. On the contrary, the Japanese have become good at dealing with high technology stresses

The bottom line is unclear; but it is unclear both pro and con. While much more evidence will be needed to assess real impact, it seems unlikely that the ills will outweigh the good or that video games as we know them today will be in their present format long enough to allow such an assessment. Stay tuned.

# **The Music Software Connection**



By Jim McCullaugh

f you can't beat them, join them! That's not the most astute marketing observation in the world, but it may have relevance here.

After all, the music industry has been grousing for the last two years that arcades and home video games have been ruining their business, stealing entertainment dollars away. Why not license music artists' images to video game companies?

The smart music industry record label executives and managers know that video game cartridges are only the tip of the iceberg. Downstream, those games turn into floppy disks or other forms of software for computers. Multiply that out over a substantial personal computer hardware universe, factor in the global market, and the royalty/dollar equation begins making sense to even the most extreme corporate dullards in the music industry.

Of course, in the other camp are the true "artistes," those that would never even consider having a music artist appear (or "trashed") in video or computer software format. That contingent may go the way of dinosaur vinyl, the way things still look in the depressed record industry.

**Enter Data Age** 

Along comes Data Age, a new "young turk" video game/computer software firm in Campbell, Calif. It surprises the industry with the announcement of the "first rock 'n' roll" video game called Journey Escape. Not surprisingly, some of Data Age's key executives are former music industry executives. Robert E. Rice. vice president of marketing. Herbert Hershfield, vice president of sales. Both were formerly with GRT Music. They know a lot about music and they know about entertainment software marketing and merchandising.

For the uninititated retailer, Journey is one of the biggest pop/rock music acts in the record industry. San Francisco-based and consisting of members Steve Perry, Neal Schon, Ross Valory, Steve Smith and Jonathan Cain, they have impressive "stats."

Consider: Six consecutive Platinum albums; over 15 million total albums sold; over two million concert tee-shirts sold; and a 1983 tour itinerary schedule that includes 50 cities and 110 concerts. Even in the Reaganomics/music industry cavity of 1983, most of these concerts should be SRO (standing room only.)

The game, itself, is thematic and clever. Its name is derived from the group's last LP entitled "Escape." which sold in excess of 5 million units. During the game, the player goes "on tour" with the band. Obstacles in the way are fan-crazed autograph hounds, obnoxious papparazzi and shifty promoters. The group depends entirely on the player to get them to the safety of the 'scarab' rescue vehicle before time and money run out. Each unavoided obstacle creates a costly time delay.

Released in early January via Atari VCS format—and later to appear as a Bally arcade version and on Apple and Atari computer format software in the latter portion of 1983, the first. second, and possibly third and fourth quarter marketing and cross-promotional possibilities are mind-boggling. Planned are major trade and consumer magazine print ads, teenage radio air spots, newspaper advertising allowances, billboards, spot television and even tie-ins with MTV: Music Television, the Warner-Amex Satellite Entertainment Co. 24-hour rock stereo cable television channel.

#### Historical background

First: the story on how the game came into being.

"Basically speaking," observes Rice, "when it comes to selling any product, one finds out what the customer wants. Most companies just do a demographic where you determine the income, age bracket, etc. We also do a psychographic, what's going on in the heads of the kids. Basically we talked to a lot of kids in focus group studies. We asked them 'what is it in life that you want?' From that we determined what product we make, in this case video games. We decided how best to make a product for them and the best way to give it to them.

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# MARKETING

"Now understanding the demographics and psychographics of the video game buyer, it became evident that the thing that they are most involved in in their life are two things, rock 'n' roll and video games. Now, kids playing games always project themselves to be the person or the thing that are moving on the game. Think about how real it is for a kid to project him or herself to be the commander of a spaceship? Or any of the things that they are projecting themselves to be? It's not very real. What is it in life that they really want to be? For the most part, it's to be a rock 'n' roll star.

"So, sometime in June, 1982, I came up with the concept of a natural marriage of rock 'n' roll and video

to have Data Age market our product. We would love to star on that particular piece of product.' In fact, they even had some drawings about how the game would go. We got with Herbie in late September and literally came to an agreement within our first four hour meeting. We shook hands on it and put the attorneys together. We put the deal together and didn't get in the way of progress.

"We then worked with Herbie on an almost 24-hour, around-the-clock basis to develop the game and did that in an astronomically short period of time. We came up with one hell of a good game, not just in my opinion, but in the opinion of the professional trade people. It features third generation, almost arcade-type graphics.

and tv. We will be doing a lot of heavy in-store promotion.

"We're going to have contests running prior to the actual concert and the contest will involve kids. The winners will receive such prizes as a free LP, a free video game, a Journey tee shirt and autographed photographs. We may be doing some in-store things where the Journey members will sign Journey LPs and Journey video games. The old-fashioned autograph party.

'We'll give away backstage passes to meet the group ... give away free tickets to see the concerts. You can't 'get' tickets. They are like gold. All that sizzle kind of stuff."

What about a record retailer offering \$1 off on the Journey LP or the video game if a customer buys both?

'Of course," Rice points out, "that's a natural situation for any record retailer who would want to do that. It's an obvious tie-in that would really work well. The record dealer needs something to get traffic into the stores.

"Think about how real it is for a kid to project him or herself to be the commander of a space ship? What is it in life that they really want to be? For the most part, a rock 'n' roll star."

games, which would take place as the world's first rock 'n' roll video game. Then I made a selection of about 10 or 12 rock groups that I felt would attract most of the audience. One group that was consistently on the top was Journey. Very successful and they do have a space age image on their album jackets that says they are into new technology. More than that, they happen to personally be into video games.

"We decided in June that we were going to do the world's first rock 'n' roll video game. We developed the game which, in essence, was almost true to life ... meaning getting from the stage to the escape vehicle so the group could go onto the next concert. And as in real life, you do have to plough your way through groupies, photographers and other real life obstacles. We talked with Herbie Herbert of Nightmare, the group's manager, and we discovered, to our amazement, he was right on track with us.

### Absolutely right

"He said, 'You are right. We'd love

Great game play. And we have two Journey hit singles in computer sound on the game itself. Not entire singles but excerpts."

Doesn't that suggest ASCAP or BMI royalty implications?

"We don't play the entire songs, but excerpts. But even if we did, we would pay them their 2 cents per unit royalty. There's no big deal there.

"We think, putting it all together, and with the marketing plans we have in mind, it's the most substantial marketing program to date in the software industry. Beginning in January 1983, we rolled out \$4.5-million of advertising. All the typical stuff, radio, tv . . . so on and so forth.

"And we'll do a very good job marketing our product. But where the real key comes in is when the group goes on tour, beginning March 15, 1983. The new album is coming out in mid-February. They go on tour, 100 concerts, two concerts per city, standing room only.

"We'll go aggressively into each market. Take L.A. as an example. We'll inundate that particular market with promotions. We'll be on radio

#### Opening more record doors

"Overall, here's what it offers. Here's a distributor, sitting in Chicago, or wherever. He's been knocking on the doors of the record retailers to get into games for awhile. Now, all of a sudden, the Journey/ Escape LP comes along and the dealer orders 50 or 100 copies of the new album. Now, it's ludicrous for a customer to walk into a record store and say 'hey, give me the new Journev LP' without the record retailer adding 'by the way (through point-ofpurchase or whatever) here's the new Journey video game.'

It's the same target audience, the same loyal fan who's going to buy that game also. So the distributor should be knocking on that record retail door and be saying 'I know you have been thinking about getting into the video game business. Now you got to get into it with Journey Escape. There's no way you ought to be in the video game business with one cart. Tell you what . . . let's start you out with E.T., Pitfall, Journey/Escape and maybe one or two other carts. So the customer walks in and buys the Journey LP and video game. Then the clerk can say 'by the way, we have these other 'hit' titles. Give him a Top Five or 10.

"I've been asked if that's going to hurt the record business. You have got to be kidding! I'm giving the record retailer new business. New dollars from the identical customer. And I'm opening up distribution for the rest of the video game business."

Will this be the first in a whole series of rock video/computer games from Data Age?

"Honestly, it's a wait and see attitude, but by the same token it isn't. I don't see how this thing won't be a success. It's so obvious. To nurture the appetite and not feed it would be ridiculous. Yes, I think we'll be coming out with a top-notch line of rock 'n' roll video games.

"Here we are, driving over to see Herbie Herbert and Nightmare and I have my crew of people with me in the car and we're thinking about what we are going to say and do. And we're all pumped up to make one hell of a pitch to this guy. So we talk for 20 minutes, trying to convince him that he should do it and why Data Age was the right company to do it with. For the next three and a half hours we listened to him! He wanted to go with Data Age. I've

never seen anything like that happen before. He was so sold on it. All we had to do was shut up. And at the end of it we say 'is it a deal?' and he says 'yes.' We shake hands and go straight ahead.''

One would assume that the first rock 'n' roll video game would come up from one of the giant software firms with video software divisions. Examples: Atari with their Warner Bros./Elektra/Atlantic Records corporate family connection. Or Thorn/EMI with its Capitol Records tie-in. Or even CBS? After all, Journey records for the CBS label and CBS has a newly formed video game and com-

# Computer Rock Fantasies . . . What If

Shot" compatible.

ditor's Note: When Data Age broke the ice recently with the first rock 'n' roll video/computer game, the staff at Software Merchandising became interested and intrigued. Like some of the executives at the video game companies, a sprinkling of the writers at Eastman Publishing are former rock 'n' rollers themselves. One afternoon, we took a break from our IBM Selectric III's, Apple II's, Atari 800's and Commodore VIC's (not to mention our VCS, Matell Intellivision and Bally/Astrocade gaming machines) and dreamed up a few rock 'n' roll video cart and/or computer games we wouldn't mind seeing. Here's a sampling of our suggestions:

BORN TO RUN/Bruce Springsteen. Don't let the name of his last CBS LP, "Nebraska," fool you. And forget Asbury Park, N.J. The 'boss' is now living up in the Hollywood Hills and drives back and forth in a 1957, black Ford Galaxie. The player is Springsteen and his task in this combination maze/ chase adventure is to get back and forth from a local recording studio safe and sound. You have to navigate hairpin turns coming down and up canyon roads. Alice, however, queen of L.A.'s groupie scene, has discovered both the identity of the studio and Bruce's residence. The player has one ally here. Clarence Clemmon's golden tenor saxophones. The more of those you collect at the studio, the more groupies you can fight off. But beware "Evil Arnie" though. He's the a&r guy at a competitive label trying. to steal Bruce away from CBS. Only the hidden guitar of "Miami" Steve Van Zandt can save you! Only one slight hitch, however. This game doesn't last nearly as long as the three to four hours Bruce plays in his real-life concerts! "Thunder Road" compatible.

MISTAKEN IDENTITY/Kim Carnes. It is a case of 'mistaken identity' as Carnes leads players on a three-dimensional, underwater adventure to find those "Bette Davis Eyes." Players beware, though. Just when you think you've uncovered the mystery to those eyes, they turn into tone-deaf jesters and make horrible sounds. If you dodge those out-of-tune, undersea characters, you find those eyes. But be careful, it's always a case of 'mistaken identity' in this

game. "Don't Fall In Love With A Dreamer" compatible. GET NERVOUS/Pat Benatar. Don't 'get nervous' but Pat Benatar has accidentally been placed in a mental institution. You must help her escape! To get out, however, Benatar must find the exit. As she runs through the confusing hallways of some upstate-New York, oversized institution, she must avoid doctors, nurses and less than understanding orderlies, who would be more than happy to get her into the shock treatment room. Anxiety plus describes this game. Benatar's weapons are a number of Stelazine and Haldol pills she has collected. Shooting the pills at the hostile staff slows them down for awhile. One additional ally. A fragilely-thin attendant named Mick Jaggar. Discovering him provides "emotional rescue." After all, Benatar is dueting on the upcoming Rolling Stones computer game called Tattoo You, Vol. 2. "Hit Me With Your Best

ARMED FORCES/Elvis & Costello & the Attractions. The game's armed forces' are the group. They must protect High School USA's student body from a massive food fight in the cafeteria and flying debris from a hydrogen

bomb blast. Senior Service has gone bonkers. It started in 'Chemistry Class' when the class president made a bomb and unwittingly set it off; and when the head of senior service slipped on a banana peel and threw it at the class nerd. 'Accidents Will Happen.' But now, it's an all-out brawl and Elvis and colleagues must bring it to an end. Their job is to knock out the flying debris and food. 'What's so funny 'bout peace, love and understanding' is the moral of this

game, says Costello. "Get Happy" compatible.

STEP BY STEP/Eddie Rabbitt. Eddie will take you 'step by step' through a country/western fantasy. Rabbitt has to either get out of town by sunrise or duel it out with the town sheriff to get his friends Willie Nelson and Waylon Jennings out of jail. The player(s) controls Rabbitt's 'step by step' movements down Main St. to the jail and into the jailhouse while shooting sheriff deputies. The final shoot out is at sunrise with the sheriff. Joystick vs. Joystick. "I Love A Rainy Night" compatible.

-FZ -JM

# Short Day's Journey Into Video

n many respects, the mega-Platinum pop/rock band Journey may have been the best candidate to debut on video game format. According to Herbie Herbert, the group's San Francisco, Calif. manager, the band owns a number of stand-up, vintage arcade games. Moreover, they take them on the road with them and even ask promoters in certain cities to have several in the dressing rooms both prior to and after the concert experiences. Herbert, one of the music industry's most acknowledged, forward-looking managers believes the Journey/Escape game will be a boom to the record industry.

'Of course," says Herbert, "I was just talking to a major record retailer, the other day, and they were telling me that video games were 12% of their overall volume.

'I think the Journey game will increase the penetration of video games into record retailers.

'Journey," he continues, "has been such a profitable item for record retailers for so many years but I think the real penetration that has yet to be pioneered is into the major distributors. After the initial press, one major rackjobber called me, who went Platinum on "Escape" by himself. He sees this Journey game and says 'I'm not in the video game business but maybe it's time I got into the video game business. If this game is as good to me as your records." "Hey, that's very important." The new Journey LP will be in stores at the beginning of the year.

What does the record industry think about the hoopla surrounding the Journey/Escape game?

Says Steve Traiman, executive director of the Recording Industry Assn. of America (RIAA), "Of course, they are not exactly the first. Don't forget the KISS and Elton John pinball machines, but yes this is a new approach technologywise. I think, given the fact that concept albums are still being produced, there is no reason why not if appropriate, that there shouldn't be a video game or computer game. But I think there has to be a solid link between the album and the video game. You can't just put a group's name on a video game and have it tied to an album. It has to be intelligently done and well-coordinated.

'Any thing that helps cross-merchandise audio and video is positive. We've seen some of it and hopefully we'll see more of it. It began to happen with the album soundtracks and the hit movies. Particularly with 'Grease' and 'Saturday Night Fever.' There have been a number of Gold and Platinum certifications in the past several years that have reached those levels because of the cross promotional tie-ins. And you are going to see the videocassette and videodisk counterparts. I think we are moving towards an audio/video recording industry which is actually merchandising both the audio and video media.

'The obvious thing that's happening with the advent of the Compact Disk, now apparently reinforced by the recent Sony/CBS agreement that will launch the Compact Disk here early in 1983, is that consumers will soon have the opportunity to get a super fidelity digital audio disk for the audio track, and for a relatively few more dollars, the video dimension on videodisk or pre-recorded videocassette. And assuming it's convertible to game format, 'bring the video game home.' With more and more traditional record retailers opening home entertainment centers to sell both audio and video, mostly software, but some hardware as well, the opportunity to cross-merchandise these things will also grow. You already have two of the major distributors, MCA and WEA, both distributing audio disks and tapes, videodisks, videocassettes and video games to the same place. Consumers have traditionally selected, in all the recent polls that have been taken over the last five years, that they are most likely to purchase their software(s) in a record store or the record section of a department store. Normally, those record merchandisers have done the best job in marketing software rather than the traditional hardware outlets.

The recent Sony video 45s are the most recent examples. They are going to actually sell the video clip that was originally intended to be the promotional clip to sell the album. There may or may not be a video version of that album but the content is basically conceived to sell more LPs and cassettes.

"Take the new Jim Henson movie. "The Dark Crystal." I understand the music is excellent so there should be an excellent soundtrack. And simultaneously there is the release of a "Dark Crystal" computer game for the Apple II. The cross marketing possibilities are mind-boggling

But again, let me re-emphasize. A name alone won't sell the video game or the computer game. It has to be there. Like a record, it's got to be in the grooves. Chrysalis found that out on its last Blondie LP.

Given a solid link between the album and the game, it works. Some of the Alan Parsons concept albums lend themselves to video game or computer software entertainment translation."

Is the RIAA any closer to certifying video games?

Realistically," answers Traiman, "there's no real way to certify game cartridges. You eat what you buy. There are no returns. The numbers are ridiculous. Shipping a million is nothing. The cost and economics are unbelievable. And now there are so many new titles and so few hits that people are going to spend \$30-\$40 for, I can see why the industry is having a problem. At least with an album, if the first single doesn't make it, you can come out with a second or third single. But if that game doesn't make it the first time out of the box, forget it. You can write it off.

Combine that with interactive cable such as the "Games Channel" where you can test it at home, those retailers who are renting games, and those smart software stores that have devices which can enable you to sample the game in-store, buyers are going to be much more selective when it comes to buying video games. The industry is being fueled obviously by the number of new machines. But that is not healthy growth. Just as in VCRs. The geometric increase in the number of VCR households is what fueled the pre-recorded videocassette sales. All of a sudden, sales are leveling off and the per unit purchase of video cassettes just were never there. What is it? Two per owner? The bottom fell out. Then there was the rental situation. I see the same thing with video games. This is what's really impacting sales and profits. Sure, they are selling like wildfire, relatively speaking, but there's a lot more to choose from. Home computer software to be utilized in the household and other types of computer software are going to cut into the cart business as well."



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puter software arm.

Says Herbert: "Yeah, that would have meant 15 attorneys meeting from both sides."

Will it be available in multi-format software?

"Absolutely," answers Rice, "It will be compatible with the gaming and computer machines as they grow. I don't mean to overblow what we've done but I think what we have created here is a true classic of its genre. It's like Chuck Berry's "Sweet Little Sixteen" and all that early-on music. I think we have the opportunity to make it a classic.

"Normally, on video games and records you have a sales curve that's maybe 60 days long. We're going to pump this out in January and Febru-

sort exists in the video game or computer software business.

But . . . "One of the goals of this company is to create the exposure medium for this business. In essence, develop what the radio station is to the record business. We have several goals. One has already been achieved with the first rock 'n' roll video game. I won't say anymore than that. We may do it. We've got some thought along those lines.

"We have been approached by many of those interactive cable people and some of them, like the Games Channel in L.A., seem like they are pretty close to being a radio station for video games.

"Let's face it, it's a very in and out thing, just like the record business. That was a lucky break. We ended up getting together with Journey sometime in September. They were interested and the amazing, story-book thing that happened was we prepared for the meeting for several days, discussing our presentation and exactly how we were going to present it.

Because we are a start up company, why should they choose us as opposed to Atari and some of the other big outfits.? "Our presentations were all polished up, we went up there and spoke for about 20 minutes and Herbie Herbert also had a presentation for us because he was excited about the prospect. He spoke for three hours.

"He not only talked for three hours but he had a story board ready. It was a very short concept, a one picture kind of thing, and Jim Welch, who is the management company's creative director had a game concept along one of the lines we were thinking about back in June. So that's how the promoter came into the game and some of the other characters that we have in our game, thanks to Jim Welch. We were coming up one side of the mountain, they were coming up the other side of the mountain and we both met at the top. There was nothing to discuss in a way. We left the meeting and they told us later that they jumped for joy. We had that same euphoria as we left the meeting.'

On the development side, Dettling adds that Data Age had a game under development that incorporated some of the play action the Nightmare people, particularly Jim Welch had in mind. The game in its final version, Dettling points out, was the result of the synergy among Herbert, Welch, Rich and Dettling.

Even the business side of the deal was handled smoothly, remembers Dettling. "Obviously," he says, "Journey gets a royalty on the game but we threw out some numbers that were acceptable. Bob Rich and Herbie Herbert got up and shook hands and agreed that each of us would have legal people talk but we would make it smooth and simple. The gentleman's agreement on the business end was handled in that meeting."

"I've been asked if this is going to hurt the record business. You've got to be kidding? I'm giving the record retailer new business. New dollars from the identical customer. And I'm opening up distribution for the rest of the video game business."

ary and March and then comes the tour. Then we'll market it all during the tour. To borrow a record industry expression, we intend to really 'work' this product for quite a while.'

The company is looking at six games in 1983 for its release pattern.

"But we all want them to be of the magnitude of this release," states Rice. "This is a 'hits' industry too. That's not a new statement. But we want to take a piece of product but give it more than a great title. All that does is call attention to it. You've got to have a great game and you've got to work the hell out of it."

Or to bend another music industry expression. It's got to be in the 'grooves' of the microchips.

"We want to release product that not only lends itself to this broadbased national marketing but market by market," observes Rice.

One obstacle that Rice acknowledges, unlike the record industry, where you have radio as an exposure medium for records, nothing of that

What's in vogue or hot today is cold and stiff tomorrow. That lends itself, though, to the identical marketing dynamics. Then you have the identical target audience with the identical psychographs."

Remembers J. Ray Dettling, vice president of program development: "In June 1982, Bob had the idea of someone combining rock 'n' roll and video games since they have the same target audience. We had no idea exactly how to do that until we brainstormed a little bit and we came up with several ideas about applying a rock 'n' roll theme to a video game. One of the ideas was the approach we took with Journey. Basically getting a group through groupies, roadies and promoters and that kind of thing. At that time we didn't know who we were going to team up with, so we hired a consultant to look into some of the top groups. Who would we really want to tie in with? It turned out that Journey was it and, they were also near us in San Francisco.

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# Rentals: Helping Or Hurting Sales?



By Wolf Schneider

o rent or not to rent? Response from manufacturers, retailers, and distributors reveals that the splits in opinion regarding rental of video games and computer software are as fractured as the marketplace itself as we rush into 1983. The concerns are varied, and at many companies, the verdict-or official policy—is not yet in.

The biggest concern? Is it legal? Will it enhance profits? Who else is doing it? Is the merchandising of video games and computer software more like the record/cassette industry, where rentals hurt, or does it more closely resemble the movie videocassette field where rental is bread-and-butter? The jury is out on this issue, as we examine the evidence.

The manufacturers are not of a like mind on this subject. While at first though it might seem that they'd be dead opposed to end users accessing their programs for a mere dollar or two when the retail price is at least 30 to 40 times that amount, the official policy sometimes becomes a matter of pride, or ego. After all, how does it reflect upon the company's program-

ming efforts if after a 24-hour period the consumer either masters the game (or program), or is so disillusioned with it that they return it, never to desire it again? Who amongst us would admit to a little one-day tryout being a major threat? Not Datasoft, Inc., nor Activision, Inc., nor Atari, nor Mattel Electronics, nor 20th Century Fox Video Games, nor Data Age.

Not to say that these major manufacturers all wholeheartedly endorse the practice either.

Feels strongly

"We feel strongly," says Activision's product publicity manager Jan Martin-Risk, "that unlike the movie rental business, video games are not something you would be satisfied seeing just once and then returning. Video games are not just a fad; people enjoy playing them over and over again, and bettering themselves at them.

"With the rental system, they'd spend a lot of money on rental fees trying to improve themselves. At Activision we're not opposed to rental, but we feel that people will get frustrated renting and will want to

purchase the games. Although we do not encourage rental, we do see it as a feasible vehicle for end users to try out the games before buying them. We predict that the rental trend will increase in 1983, perhaps dropping off in the latter part of the year."

#### Pluses and minuses

Al Pepper, vice president of marketing for 20th Century Fox Video Games Saratoga, Calif., expresses a similar, but somewhat more negative line of reasoning. "There are some real positives to rental," he comments, "if the consumers get a chance to play the games and find out that they're fun, they may buy them. As a manufacturer, I feel that the more people exposed to a good game, the more that will buy that game. On the negative side, though, this whole market has been formed on the basis of consumer purchasing and the profits are just not as high in rentals. It's like the record business, the money is in buying and keeping.

"I think a certain percent of the market isn't going to buy until they experience a product, but I don't think rental is going to really catch on. Imagine renting a Monopoly game for the weekend? It just doesn't make sense on a widespread basis, the way movie rentals do. I think there's a real financial disincentive to it."

At Mattel Electronics, the official statement, expressed by public relations manager Charlene Margaritas, who straddles the issue quite evenly:

#### There's a difference

"We believe that video-game rentals differ from movie rentals. With movies, you see it once and you're satisfied. Well, one use of a video game may not fulfill the needs of the users. It takes a long time to become proficient at M-Network or Intellivision games. However, rental is a way to expose consumers to a taste of the game before purchasing it. So, we're

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neither for or against it at this point."

At Atari, Sunnyvale, Calif., the sentiment is the same. According to spokesperson Michelle McDevit, "We don't mind rental of video games because we feel confident that after consumers rent them, they'll want to buy them."

Representing an even more positive point of view is Bob Rice, vice president of marketing—Data Age, Inc., Campbell, Calif., who boldly states: "I think it shows aggressiveness on the part of the retailer to capitalize on and expose video games to consumers through rental programs. Generally speaking, it's an excellent way of merchandising video games, and I endorse it.

"In my personal experience, when

problem. Scott Llewellyn, director of marketing and sales, says, "We've never really been confronted with it. It's tough to say. It may be a violation of the licensing agreement. For one thing, there's a problem with royalties to writers, similar to problems that arise with the rental of records. Nobody we're dealing with is doing it, so we haven't developed any policies yet."

Llewellyn predicts that the rental of computer software will become less of an issue in 1983 as more competitors enter the marketplace, causing severe price erosion. "Instead of investing \$50 to \$100," he suggests, "you're going to be looking at \$29 or possibly less for a good computer game."

"It's not our business to tell the retailer what to do. From our perspective, our focus and expectation is on the traditional method of selling software."

you stop by to play a video game at the stores, you feel intimidated by the lines of people. I think being able to take the game home and play it for the weekend is an excellent idea. If a person can become proficient at the game in just three days then the game is not that good. In that time period it should only entice the player.

"Our signature line on our games is 'Up To Now You've Had It Easy.' Data Age games are hard. For \$31.95 the end user shouldn't become bored with it over a weekend. It would be a rip-off. The game should offer enough challenge that the person who rents it will be encouraged to buy it and master it."

Rice furthermore is not reluctant to comment on the thorny issue of legality: "Rental of video games is not in violation of licensing agreements like computer software may be, because the video games are in integrated circuits, not floppy disks, and they can't be duplicated."

#### At the retail level

Computer software manufacturer Datasoft Inc. Chatsworth, Calif., is somewhat more hesitant to issue an official policy on the sticky legality Datasoft is also experimenting with a brand new merchandising method whereby end users can play games through a cable channel and the company gets paid a royalty everytime someone plays a game.

Bruce Cummings, director of corporate marketing at Softsel Computer Products Inc., Inglewood, Calif., is reticent to take a position on the rental issue. He says, "It's not our business to tell the retailer what to do." Admitting, "From our perspective, our focus and expectation is on the traditional method of selling software."

On the retail level, the controversy is brewing hot and heavy. Computer software dealer Bob Meyer, owner of two Soft Byte stores in Los Angeles, wouldn't even consider rental.

"We whouldn't even want to get involved it," he says. "It might violate our licensing agreements. It would, in fact, be multiple sales. Those companies who are violating their agreements are in lawsuits, and the manufacturers are winning."

Located in Los Angeles' Century City shopping mall, record-tapevideo game-videodisk—and computer software dealer, Nickelodeon, does an estimated 3 percent of its business in videocassette movie rentals.

Asked if they've got any plans to rent video games or computer software, video merchandise manager Chaz Austin replies, "Only in our nightmares."

#### Steering clear of rentals?

"It's just not a clean way to do business. Other stores are using it as a leader to bring in traffic. They nickel-and-dime it and the customers end up with inferior products. Second-hand clothing, OK, but second-hand electronics, I don't like it. Our efforts will be in the direction of forcing the studios to lower their prices."

Joel Gilgoff, owner of four G.A.M.E.S. stores, in Southern California, says that although he rents arcade games, he would not consider renting home video games or computer software. His reasons? The copying problem, the paperwork hassle and minimal profits.

On the nation's other coast, Ray Daly's Program Store, with branches in Washington, D.C., Baltimore, and Columbus, Ohio, is also staying clear of software rental, as is the Licorice Pizza record and video game chain, with 32 stores throughout Southern California. General merchandise and video buyer manager Mike Brown feels that, "Video games are mostly a hit business and we'll always sell the hits in our stores."

On the other hand, some retailers, while not jumping on the rental bandwagon just yet, are considering the idea. Cheryl Stern, executive vice president of the Game Keeper, with 14 locations in California, Arizona, Utah, and Nevada, and one of the pioneers in the adult game market, sells video games and hardware as well as computer software and hardware. She is thinking about test marketing the rental of video games and computer software in some of her stores this year.

She hopes for increased revenues and decreased needs for massive store inventories.

Jim Chamberlin, president of COG Enterprises, doing business as Programs Unlimited (the Southern California franchise of the New York operation), has also weighed the advantages of renting computer software, but has concluded that a rental/purchase program for computer hardware is more profitable.

Jim Lahn, president of a video franchising company—Video Crossroads—with 20 stores in Nevada and California, tried renting video games through a game club in 1981. Two years later, he's decided against it, finding the rack-jobbing of the top 25 cartridges more lucrative.

#### A rental success

You wonder, is anyone making money on software rental, then? Most definitely, yes. Take Ron Berger's National Video with a whopping 230 franchise outlets throughout the United States and Canada where video games have been renting for two years now. In Berger's opinion, "Rental encourages sales tremendously. The number of cartridges have proliferated and the typical consumer can't keep up with it. The consumer has no way to tell what the games are about, especially since so many games today are not modeled after arcade games. I find that consumers are reluctant to buy games without trying them out.

"It's difficult to understand how some suppliers can say their sales can be hurt from rentals. That's like a car dealer saying sales are hurt by test drives. If it's a good game, how can they worry about its being hurt by a tryout? And I think the one-night games would die by consumer word-of-mouth anyhow."

Paperwork logistics are no problem at National Video. Berger explains that steady customers who rent either video movies or games receive personalized plastic credit cards. "You can rent a game in just 60 seconds if you've been here before. You just show your VIP card, and that's it, no need even for a deposit." What about rip-offs? "Some of our stores even rent to minors," replies Berger, "and we find them very reliable. Less than 1 percent of the games are not returned."

In fact, software rental has proven so successful at National Video, that this past Fall they began renting video hardware as well, at an aver-



CIRCLE #130 ON READER SERVICE CARD

age price of \$9.95 per night—as opposed to the \$2 per night for the software. Berger finds that rental of the Atari 400 and 800, Intellivision, ColecoVision machines follows buying trends, as does the software.

Is there any negative aspect to video game rental? "Well, the biggest threat we're hearing," he answers, "is that the manufacturers may start suing the dealers who rent. To which I reply that we will defend our right to rent video games vigorously."

In Washington, D.C., Frank Barnako implemented a rental policy on video games in his five branches of the Video Place this past Fall. He found that sales went up as soon as customers had a chance to test the games for a night. There's a minimal \$3 charge. The theft problem is eliminated by a full-cost deposit. With rental systems already set up for movies, renting the video games is easy.

The Wherehouse, with 133 locations in Washington, Colorado, Nevada, California, and Arizona, rents video games in its Big Ben stores. There's a \$1 charge for 24-hours with a full-cost deposit, and according to Central L.A. district manager Violet

Brown, "Rental has a positive effect on both sales and store traffic.

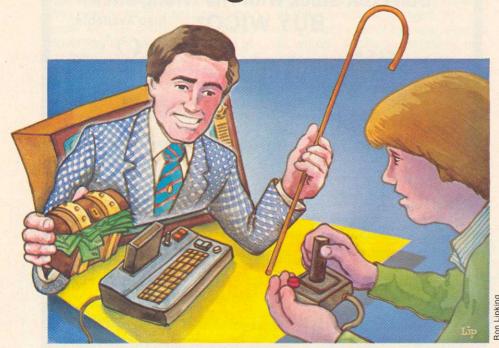
"Any title that comes in, we rent. Our agreement is pretty simple, pretty fast, and doesn't require much paperwork. We find that people can't tell what a game is about just from the packaging. We don't rent our computer software—the prices are so low. Of course we've been renting video movies for four years now."

With video game rentals proving popular in some locations and computer software rentals much more difficult to uncover, it remains to be seen whether the practice will indeed take off in 1983 and if the possible outlawing of it by manufacturers will ever come to pass. For the time being, software rental is yet another merchandising alternative for the industrious retailer.

According to Dr. Egil Juliussen, Future Computing, Richardson, TX, "Rental of software is one of the biggest 'ifs' there is right now. It's a major can of worms."

Wolf Schneider is an L.A.-based freelance journalist specializing in the entertainment business.

## **Advertising Adventures**



Video games and computer software have replaced designer jeans and overnight mail services as the darlings of the networks. Turn on any channel during prime time, and odds are you'll see monsters, aliens or perky kids plugging the latest game offerings.

But network spending is only part of advertising picture for games and software. Print—in comic books, young male-oriented magazines, parent-oriented magazines and newsweeklies—adds up, too. There are radio spots, and the co-op picture for retailers is quite rosy.

These manufacturers want sell-through, and they're going to all lengths to get it. Industry estimates put advertising expenditures for video games hardware and software at around \$200 million for 1982. For a \$2 billion industry, that's not chicken feed. And wait till you see what they've got planned for 1983!

Contests, prizes and junkets abound. Activision sent consumers to the lost jungle kingdom of Enarc to find \$5,000 in hidden gold (and to promote the game Pitfall). Imagic sent four Atlantis contest finalists to

Bemuda to battle it out for a \$10,000 prize. Odyssey's Pick Axe Pete Pick-Off ended with five finalists flown to the 1982 World's Fair in Knoxville, Tenn. And Intellivision's Video Challenge, which ended last December, flew 18 parent-child teams to Los Angeles to compete for \$16,000.

### **Adverting bonanzas**

The fact is, the games software business is lucrative for all concerned: the designers, marketers and sellers. To protect their investment in research, design, licensing fees, packaging and the like, the manufacturers turn to advertising. After all, only hot product makes the big bucks, and only awareness makes product hot. Factor in the short shelf life of most games, you come up with a strong need to get the word out.

Those words do not come cheap. while most manufacturers decline to reveal specific expenditures, those who do mention budgets as high as \$4 million to \$4.5 million to promote a single game title. Parker Brothers did it for *The Empire Strikes Back* and *Frogger*, and Data Age is spending that much on *Journey/Escape*.

Parker Brothers will spend \$30 million in the course of 1983 to promote 16 game cartridges—and even more for its new computer software. "Because the market is so large, all kinds of marketing resources are being used," says Pete Evans of Parker Brothers' ad agency, Humphrey Browning MacDougall. "We have very directed efforts aimed at teenage boys. We have a significant use of print in that regard."

Parker Brothers is using DC and Marvel Comics ("We're in every issue every month") and supports individual titles rather than the full line.

Still, Evans adds, "Of the \$30 million, 90 percent is for television. That's the most effective medium due to its dominance in communicating to the target audience. We advertise during prime time and on sports shows because this is a young, maledominated market. But our *Strawberry Shortcake* game comes out soon, so we'll be aiming for a different audience.

"We also have a substantial co-op budget," Evans points out.

U.S. Games ran a spot TV ad campaign in 25 markets during the last quarter of 1982, promoting the "satisfaction guaranteed" slogan and the line of games. In print, buff books and male teenage magazines are targeted: Scholastic and Boy's Life.

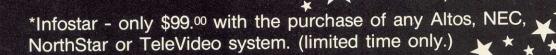
"We'll have the same mix thorughout 1983," says Ron Evans, marketing manager for the firm. "We'll probably also go to newsweeklies to communicte about our new games to parents." He calls the games, *Eggomania*, *Gopher*, *Squeeze Box* and *Flyswatter*, "family fun" and "whimsical" and points out that these aspects will be promoted.

In the co-op area, Evans says U.S. Games has revamped its program "to further assist the dealer. Accrual is 10 percent of purchases. Dealer advertising is awfully important; after all, we must let the customers know where these games are available."



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### MARKETING

For Activision, which reportedly spent \$20 million on advertising in 1982, "TV continues to be the dominant marketing method for us," according to vice president marketing Frank Manero. "We're also increasing our co-op efforts. After that comes print."

Activision advertises not only on the networks, but on cable television—ESPN and MTV: Music Television, to be exact. "Television is the most efficient medium, but there's been a real glut of late with all the different titles. We need a more economical and efficient way to market on television."

Manero points out, "All software companies now have accellerated the number of new releases. There's

must recognize dealers' problems and help to create pull. That means co-op. The new plan we introduced at CES reflects a lot of that.

"In many ways, video games are no different from years ago when Procter & Gamble and others helped grocery stores plan their floor traffic. Dealers today need help weaving their way through the maze of titles. You can't rely on licenses as crutches, because they no longer guarantee an instant seller. They no longer even guarantee shelf space. It's amazing what word of mouth can do to a game."

Coleco uses broad-reach media to advertise both its hardware and software. "Our message is directed at a broad audience, but the prime target Coleco's radio advertising has consisted of on-air promotions during which ColecoVision machines were given away as prizes. In 1983, various joint promotions with major companies are also planned, most of which will use Coleco products as door prizes in contests.

### Other advertising plans

For Atari, too, hardware and software are advertised together, although the company is moving away from an emphasis on its VCS and focusing more on the newest cartridges. It's estimated the videogames division spent \$20 million on advertising in the fourth quarter of 1982 alone, and that's not unlikely considering that Atari boasts three inhouse graphics departments, inhouse advertising and three outside agencies: Young & Rubicam, Doyle Dane Bernbach and Wells Rich Greene

The majority of Atari's video-game and computer advertising, for those of you who haven't turned on a TV lately, is network, followed by cable. Besides Warner-Amex-run MTV, the Movie Channel and Nickelodeon. spots have also appeared elsewhere on the cable dial. Network radio is used all year long, and Atari advertises daily in newspapers around the country. In print, Atari ran more than 90 pages in the fourth quarter of 1982 alone. Finally, there is a two-minute commercial produced for theatrical showing, in movie theaters and during in-flight movies.

In the co-op area, Atari makes money available to dealers for television, radio, outdoor advertising and Yellow Pages, as well as consumer fliers and other promotional materials. There are dealer ad spots which can be run in-store.

Imagic's five-month ad campaign during the last half of 1983 ran \$10 million and included television, print and co-op. Magazines advertised in include Scholastic, Electronic Games and Video Games. For television, specific games promoted included Demon Attack, Star Voyager and Atlantis. At press time, plans for 1983 had not been finalized, but a \$3 rebate on Trick Shot runs until March 1.

Thorn EMI's computer software di-

"In many ways video games are not different from years ago when Proctor & Gamble and others helped grocery stores plan their floor traffic. Dealers today need help."

no way we can continue to support each title individually as we have. We will be increasing our advertising budgets, but if there are three or four times the number of releases as in the past, it will be impossible to support each title." Activision has two new 30-second spots promoting new individual titles.

"Probably all major companies will encourage more innovative use of co-op. The key thing today is that the retailer is faced with an array of new releases. They're now chasing hits rather than buying a particular title simply because it's licensed. They're watching the pipeline because there's no guarantee any more which titles will sell.

"Last June, we were just supplying demand. Now we have to stimulate consumer interest."

#### **Shorter Shelf Lifes**

Manero also points out that, with the increased number of games, shelf life per game shortens. "Life cycles will be considerably compressed, which will cause even more pressure on dealers. Companies is eight to 16 year olds," says Michael Katz, vice president of corporate communications. "We do network and spot advertising, and print to reach the fathers of kids in that age group. We've found it's usually the father who makes the buying decisions in this area."

Katz says television will continue to be a main emphasis in 1983, both for the hardware and cartridges. "We'll have to evaluate how much print we'll use," he says.

But co-op ad plans will not change. Coleco's retail accounts are eligible to apply a percentage of their sales toward in-store promotion and advertising. "It's important that their advertising tie in with ours," Katz says.

In the last three months of 1982, Coleco spent between \$15 and \$20 million advertising its hardware and software. "Those figures will be even higher in 1983," Katz says. "We always mention that our cartridges are available also for Atari and Mattel. There's a pretty good awareness of the system, but we'll be advertising the fact that you can buy add-on modules and cartridges."



COARSEGOLD, California happy faces, the set of chompers, and carrying placards at the United slogans, kids across the today to slogans, states rook to the streets today to States took to the streets today to protest tedious and outdated com-

No injuries were reported, and puter maze games.

damage was limited to games based "The turnout doesn't amaze ound stationary walls, he said.

News of the demands struck to he heart of the computer software from me, said R. Kaid, chairman of on stale mazes. "M.A.D. - Mazes Are Dumb." "Kids are tired of moving in and around stationary walls, he said.

the heart of the computer software industry, and Sierra On-Line, Inc. responded with the NEW

"The entire screen moves - the Jawbreaker.

creator of the innovative game for

"No maze creates as much excitement as our Jawbreaker, he said, and added, brighter, the figures bigger, the action factor.

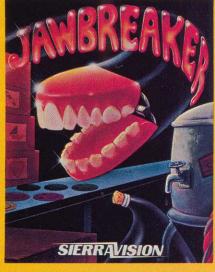
While maze makers waited for someone to buy their games, kids and other M.A.D. members were tion faster." buying their NEW Jawbreaker for

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vision, headed by Nick Santrizos, also had not finished evaluating ad plans for 1983 at press time. "In 1982," Santrizos says, "we focused attention on introducing the line to the trade especially strongly, as well as consumer advertising. Home computer software is a formative market. and we wanted to emphasize our leadership commitment to this area."

During a single week in fall 1982. Thorn EMI had what Santrizos calls "Thorn EMI Week" on NBC, during which time the company advertised on "Hill Street Blues," "The Tonight Show" and other NBC shows. A coop version of the commercial is available for dealers and distributors.

"Co-op is very important, because dealers and distributors have gotten set up to employ it effectively," Santrizos says. And a toll-free 800 number in the company's trade advertising has received enormous response, he says.

"For 1983, I suspect we'll use pretty much the same mix as in the past. I doubt we'll get into contests and things of that sort. This is such a new area we want to focus directly on the inherent value."

Telesys had not formalized its television and print expenditures for 1983 at press time, although Katrine Barth, with Telesys' ad agency Frank Barth Inc., pointed out that, of the two, TV is more important to the overall advertising philosophy.

Still, Barth remarked, "A lot of money is spent on advertising that doesn't necessarily help the retailer. They need to sell at the right price, with promotions and support."

One recent promotion involved Boston radio station WCOZ and a chain of submarine sandwich shops. The promotion, for the game Fast Food, asked consumers to go to a local dealer, play the game and, if they reach a certain number of points, to get a coupon for free "fast food" at D'Angelos, the food chain.

Epyx, the three-year-old computer software company "without a lot of dollars to play with," is dedicated to print advertising, according to vice president marketing John Brazier.

"Our games are role-playing and use logic and reason rather than coordination."

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8" SSDD IBM Compatible (128 B/S, 26 Sectors)	F131	2.49
8" DSDD Soft Sector (Unformatted)	F14A	3.19
8" DSDD Soft Sector (256 B/S, 26 Sectors)	F144	3.19
8" DSDD Soft Sector (512 B/S, 15 Sectors)	F145	3.19
8" DSDD Soft Sector (1024 B/S, 8 Sectors)	F147	3.19
51/4" SSSD Soft Sector w/Hub Ring	M11A	1.59
51/4" Same as above, but bulk pack w/o envelope	M11AB	1.39
51/4" SSSD 10 Hard Sector w/Hub Ring	M41 A	1.59
51/4" SSSD 16 Hard Sector w/Hub Ring	M51A	1.59
51/4" SSDD Lanier No-problem compatible	M51F	2.99
51/4" SSDD Soft Sector w/Hub Ring	M13A	1.89
51/4" Same as above, but bulk pack w/o envelope	M13AB	1.69
51/4" SSDD Soft Sector Flippy Disk (use both sides)	M18A	2.79
51/4" SSDD 10 Hard Sector w/Hub Ring	M43A	1.89
51/4" SSDD 16 Hard Sector w/Hub Ring	M53A	1.89
51/4" DSDD Soft Sector w/Hub Ring	M14A	2.79
51/4" DSDD 10 Hard Sector w/Hub Ring	M44A	2.79
51/4" DSDD 16 Hard Sector w/Hub Ring	M54A	2.79
51/4" SSQD Soft Sector w/Hub Ring (96 TPI)	M15A	2.69
51/4" DSQD Soft Sector w/Hub Ring (96 TPI)	M16A	3.79

SSSD = Single Sided Single Density; SSDD = Single Sided Double Density; DSDD = Double Sided Double Density; SSQD = Single Sided Quad Density; DSQD = Double Sided Quad Density; TPI = Tracks per inch.

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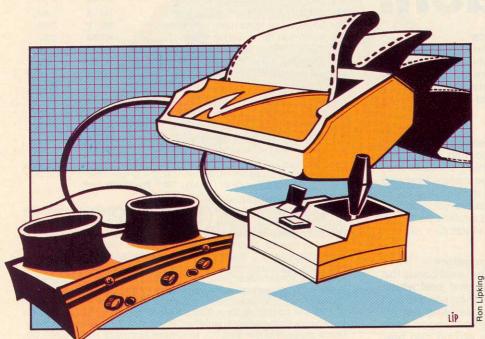
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## **Data Decor Doing Well**



By Cindy L. Morgan

here's nothing worse to a customer than tripping over Space Invaders, or crunching costly Pac Man underfoot; or turning a borrowed floppy-disc into a peanut-butter and jelly sandwich.

Hence, the 'age of data decor' has arrived.

With an overwhelming tidal wave of available computer software, dealers are finding that 'stacking up' colorful, clever displays of storage accessory products alongside the cash register and/or next to the hardware moves mountains of this inventory. Not to say they stock up extra profits as well.

And since much of the wherewithal to buy this costly media comes from adult pockets—whether it is intended to house more "frivolous" video games or more "serious" financial packages—there's been more pressure on manufacturers to offer storage products with a certain "cachet." In other words, these units must look better than plastic shoeboxes.

The incentive is there for the manufacturers to meet this demand. Storage products and other related accessories are admittedly point-ofpurchase, impulse items-rather than premeditated "buys." Therefore, recently more attention has been paid to creating useful and attractive goods that feature upbeat designs such that buyers would not be embarrassed to display them in their homes and offices.

Perhaps learning a few tips from their forebears in the audio cassette storage business, video and computer media accessory manufacturers are creating products that seem to be more stylish in "neatness" factors—space has been designed into the product to accommodate instruction booklets or accessory products to give the piece added flexibility.

#### Who's the competition?

What types of dealers are pushing data storage products at retail? Business supply stores, for one, who offer immediate entry into the financially lucrative corporate community. They've established steady ongoing accounts, where often a single phone call to a purchasing manager can push a large dollar order right out the door.

"Despite this great potential," notes a spokesman for a large midwestern OEM maker of storage products, "We find that a number of stationery and business supply outlets are still missing the boat. There's an incredible variety of storage binders and boxes designed especially for the business client. Particularly useful are types of storage boxes with special locks, or the types designed like library books that make organization in a heavy-user environment a cinch."

Explains this producer and others such as Norwesco, VuCase II™ maker, and Total Video Supply which offers a "Game Safe;" locks are there for one simple reason—but not the reason that you might think of

Norwesco spokesman Bruce Lichorowic explains, "It's not that we are protecting the material inside from theft-someone can just pick the lock or take the whole container. But it does cut down on accidental disc erasure in situations where one employee might accidentally pick up another's floppy disc and program over it."

Several computer dealers, who say it seems like computer accessory products are springing up from nowhere, find that accessory items largely supplement the service orientation of their retail environment.

"It's not that we make a great deal on the product, but we do regard it as a convenience that we offer our hardware and software customers, concludes a floor sales manager. "Our customers expect us to be familiar with this type of convenience product."

Generally, computer specialists find that although accessory products might be less glamorized than that of their video-game cousins, they do offer a variety of product indexing features and other points important to computer users.

Some computer dealers view these products in a less than serious





Let's take this point by point.

- Every 5¼ inch disk user needs some kind of storage system.
- Norwesco has been specializing in plastics for over 43 years and making media storage containers since 1968.
- The best, most versatile system will naturally capture the most business.
- The VuCase II is hangable, carryable, lockable\* and stackable. And because it's made of Lexan®, it's virtually unbreakable
- 5. The VuCase II stores and indexes up to 50 minidisks.
- The VuCase II has a unique hinged lid that's easily removable so it won't take up desk space.
- 7. And it's competitively priced for fast turnover.

That's our case. The conclusion?

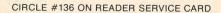
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### ACCESSORIES

light.

For example, a store manager from Micro Computer Systems in Tampa, Fla., calls its storage devices "give-aways." But this store finds that demand for its 8-inch capacity product is backordered, despite the store's admitted lack of emphasis on the category.

At Computer Techniques in Virginia, two sizes of storage compartments are carried, with a suggested retail price range of \$10 to \$40. At Computer Source in Pittsfield, Mass., which also uses the product as a service support item, products are shown with diskettes and considered "high quality," offering indexing feature tabs and filing capability.

Interestingly, most of the salespeo-

ness should the lost material have to be replaced due to less-than-considerate storage or handling."

Adds the Norwesco representative: "The average disc storage unit can hold a quantity of discs that represent thousands of dollars worth of material—so clearly if promoted as an add-on at the time of purchase, these products are worth the extra dollars to the consumer."

### Similar demographics shared

So, who else is moving into the storage unit game? Practically anyone that has a store front, in any business even closely allied to audio, video or computers, sells some form of storage product from "breakable" plastic to more sophisticated woods

age products stacked by registers or which are included in displays with hardware or software.

### Dealer decor

"These packages often come in bright colors and clever packaging—they are their own point-of-purchase display in one self-contained package. They dress up other items as well. They can't help but catch the customer's eye," observes a floor manager for the Record Bar in Durham, N.C.

Not all data decor products restrict the user to a formidable box shape: vinyl-covered storage binders are available. In addition to being simple and neat, the color keying feature lets users classify material by color so that, at a glance, they can thumb through to the color assigned to specific categories of displayed data. This is a particularly good selling tip for dealers handling business customers.

But there's nothing wrong with "boxes" either. "As a family home entertainment center, and not just a product restricted to children, we find that customers are easily convinced to trade up to stackable, durable data storage pieces," said the makers of the all-wood entertainment center by Innovative Concepts. The Rack Factory in San Antonio, Texas, also makes real wood cartridge storage products in a variety of configurations.

Other products offer efficient designs, such as Hartzell's which stores the whole game with its cartridges, while others just store cartridge pieces. Entertainment Accessories, in Mineola, New York, offers a storage unit called the Atari Designer unit which features a smoke-colored dust cover, hard plastic base with black-and-walnut laminate trim, and room to hold several sets of controls, the game switch box, AC power supply and 13 cartridges.

### How's Business?

The video-game accessory market is in transition, says Tom Easterling of Total Video Supply. "Now that it has become a volume business, we find that it has turned into an area that increasingly attracts mass mer-

Generally, computer specialists find that although accessory products might be less glamourized than that of their video game cousins, they do offer a variety of product indexing features and other points important to computer users.

ple polled by SM couldn't recall specific brand names of the data-storage items, though they were strong on recalling specific design features. Some note their stores were using "house" branded products as display pieces. All agree that the products were moving reasonably well, particularly recently as gifts for computer owners.

One important difference between the type of storage boxes carried by computer dealers—versus retailers in record stores, mass merchandising or game-related outlets—lies in the differences in the actual product itself.

According to one observer at Innovative Concepts, a manufacturer of well-styled storage products in both the game and computer areas, "Floppy discs need special care. Fingerprints and smudges, folding, tearing and other calamities can destroy a valuable investment that took lots of expensive man hours to produce. Where a company is concerned, it could cost an operation lots of busi-

or high-tech plastics.

Record stores, including chains surveyed like the 25-store Music Plus operation in Southern California, share customer demographics similar to that of video game purchasers. Since several customers are already accustomed to buying record accessories from retail outlets, they have become natural sources for game storage-accessory devices, it is believed. Some record stores do not carry computer storage products because there isn't enough volume demand, although some managers report that products that house game cartridges are selling.

"We just stack them up in front of the store," says a Music Plus manager. "We don't promote them, we don't advertise them because they don't produce high enough revenues to warrant that. As impulse items, priced around \$10 or \$15, customers just scoop them up on the way out."

Promotion on such products: Once in a shop to purchase other items, consumers are quickly drawn to stor-

chants."

Best of all, partly due to the "picture-says-a-thousand-words" pointof-view, storage products do not need a sales person to pitch them as long as they are displayed obviously-right out in front of the customer's nose, filled to the brim with related product. The most successful price range for game storage cases seems to be less than \$15.

Additionally, as consumers appear interested in buying quantities of software like they do records and tapes, storage products are becoming more "staples" in inventory.

"It isn't unusual anymore to sell five or more cartridges at a time. Hence it shouldn't be tough to convince your customer that he might want to protect his valuable investment with a storage case of some type," says a record store merchant.

Much as the "tape industry" gave away storage cases with purchase, suppliers of floppy discs like Memorex and Maxell are said to be working on similar giveaways for floppy disc devices along the same lines as their audio clientele's promotions.

### Doing "Okay"

How do sales of storage pieces rate on a scale of one-to-ten? Summarized a Music Plus retailer. "I rate them a 'five'—they are easy to dance to." Computer and video retailers agree on a number of points associated with the product:

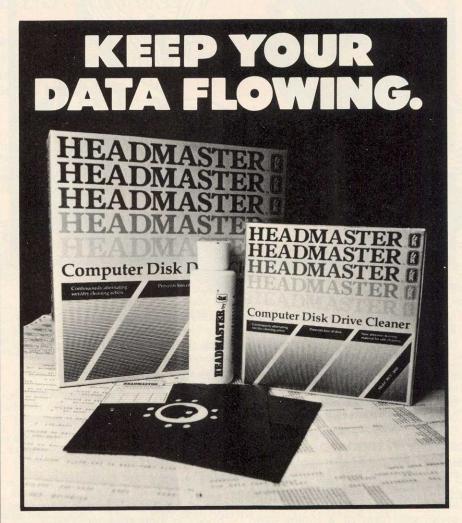
- · They are great add ons.
- · They are traffic stimulators. They keep customers coming in the store between step-up purchases.
- They protect an investment.
- Advertising a single piece doesn't pay off, but include them in ads for other products so that consumers know where to go when they need to buy that type of product.

Dealers say they can't find one line that satisfies all their needs at this time, so they admit to "cherry-picking" across a number of manufacturer lines. Manufacturers, however, are worried about the influx of lowball importers dumping 'cheap' product into retailers hands. Some admit that they can't exactly predict the future of storage accessories, partly due to the poor economy and partly due to the variety of formats currently on the market, but note an attrition in the manufacturers' ranks. "The industry appears to be bouncing back to those names which have

been around. Late-comers are dropping by the way side," noted one manufacturing executive.

Clearly data decor is here.

Cindy L. Morgan is a New York-based free-lance journalist specializing in consumer electronics.



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## Life After Logo



By David Keenan

ny novice skier will tell you, there is nothing quite like finally skiing down that colossally steep slope with some semblance of style and grace, and without ending up at the bottom in a cartwheeling heap. At last you can look down your nose at the rest of those beginners because you can SKI! They are still learning to stand up

This feeling of superiority is short lived, however, when out of the trees comes a gaggle of 9 and 10 year olds skiing at nearly 50 mph with all the style and form of a junior Jean Claude Killys. They schuss pass you virtually leaving you to eat their roostertails.

Something akin to this feeling occurs when most adults have their first contact with personal computers and video games. Their sense of accomplishment at being able to turn on the machines is shattered when their son or daughter sits down and begins hacking out original programs and

Children and computers. There is no denying that both will be growing old together in the future. Youngsters

today are being raised with hands-on computer knowledge. They will be able to use and feel comfortable with computers in their own homes.

Naturally one would assume that with this giant market of 7 to 12 year olds to tap, bookstores and publishers would be falling over themselves in a scramble to provide books geared to today's computer whizkids and future ones. But, it seems, some are, some are not.

Here is what several bookstores had to say about children's computer books. Is there life after LOGO?

### Waldenbooks

According to Jeff Miles, assistant manager of Cupertino, Calif., branch of Waldenbooks, this bookstore chain stocks only a few computer books for 7 to 2 year olds. "The books we carry are mostly technical books and are not aimed at children," he says.

It has a few beginner's books, but mostly what the children themselves are looking for are books that deal with how to win at computer and video games. We carry a good number of these books, he adds.

But who is it that is actually coming into the store looking for these kinds of books? Is it the youngsters themselves or their parents?

Miles explains: "Mostly it's the kids themselves coming in with parents dragging behind. The children know exactly what they want and force their parents over to the displays. Youngsters seem to know more about the books than their parents," Miles says.

As a result of a number of requests for computer books, Walden has started what is calls "Compucenter." Compucenter is a catalog of all computer-related books. Customers can look up their book requests, check them off and ask a Walden salesperson to order the books. Usually delivery takes a few days, Miles reports.

Compucenter has helped cut down on having a large inventory of books. But, on the other hand, it inhibits impulse buying and those customers "who must have the book today." Such customers will go from store to store until they find the prod-

#### **B. Dalton Booksellers**

If you are looking for an ideal situation in which to maximize profits from computer-related books for both adults and children, the Cupertino branch of B. Dalton booksellers is one such example.

Located down the street from Apple Computers headquarters, Four Phase's and a main office for Hewlett-Packard, this store when it opened nearly 2 years ago carried nearly 16 square feet of computerrelated books. Since then it has quadrupled to 64 square feet. Additionally, the store holds computer fairs twice a year and works with local elementary schools in setting up seminars and similar computer fairs at the schools.

Renee Howe, manager of the



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### BOOKS

store: "Computer books are defintely our best sellers."

And children's books?

"Our best seller so far is *Basic Fun* (Avon \$2.25). We keep running out of them, selling maybe more than 20 copies each week."

Also, she finds, parents come in and they go through the computer section, looking for books for their youngsters. "Quite a few parents come in specifically asking for that book or others like it."

But, "The demand for children's books has gone up in the past two yeas, while the supply and range of topics covered has not," says Josalyn Moran, children's book buyer for the Minneapolis based B. Daltons. She is seeing a gap between what

are released."

For B. Daltons the computer book market is here to stay, she adds.

It seems, that childrens' computer books are big sellers in parts of the country that are suburban in nature and where school age children are getting hands-on computer experience in schools. Also high sales depend on the type of bookstore doing the selling.

At the Beverly Hills branch of Crown Books, for example, there is virtually none. Only a few computer books are found there and children's computer books typically are not stocked there.

Such books for children are a specialty item, which does not fit into Crown's mass marketing, high volstore says that there is a gap between what people want and what they stock. "We would like to get more (because) we get requests for them all the time."

Since this demand has only recently occurred, the chain's main office has not yet responded, a spokesman for the store alleges.

Michael Grant, book buyer for Books Inc., says "he is aware that people are buying all kinds of computer books." In addition he says, "the company would be more than happy to carry a line of computer books for children if any were offered."

Hence there is life after LOGO. The demand for children's computer books certainly is there, if only in certain markets. What are the book publishers doing to ensure a supply of children's books gets to retail outlets?

Mark Chesire, editorial director of the children's book division for Holt, Rinehart and Winston in New York explains: "I am actively looking for authors who can do computer books for children. We published one book in the spring called It's Basic: The ABCs of Computer Programming by Shelley Lipson. We have sold quite a few of them and plan to do a reprinting of the book. Children's computer books seem to be something the public wants. The positive response to It's Basic reveals a demand for such books."

In addition to being a software manufacturer, Datamost, Inc., Chatsworth, Calif., publishes easy-to-read computer books for children. A spokesman for the company states that there is certainly a gap between what is available on the market and consumer demand. Supply is not keeping up with demand, he explains.

Datamost expects a huge increase in sales and is making efforts to supply books to bookstores, software stores and consumer electronics stores.

If Holt, Rinehart and Winston is characteristic of the book publishing industry, more computer books for youngsters should be forthcoming in the near future.

Currently, two types of children's

Naturally one would assume that with this giant market of 7 to 12 year olds to tap, bookstores and publishers would be falling over themselves in a scramble to provide books geared to today's computer whiz kids.

customers want and what is available. Because of this, the market is an extremely minuscule one.

"We are pleased with the Avon book (Basic Fun) because we have something to sell. Sales on this book are going well. We think a few of the publishers are going to come out in the spring with a great deal more (books)," she adds.

B. Dalton Booksellers believes that the computer book market for both adults and children is one that is growing and expanding.

Moran says, growth in adult-book sales has been phenomenal. "The adult book division projects big increases and is very bullish on computer books."

While the child market's growth has been less than similar to the adults', a market for juvenile books does exist. "We are going after it and expect to bring out more products soon," she says. "We have been in contact wih several publishers of children's books. We have several books on line to distribute as soon as they

ume approach.

At the San Francisco branch of Brentanos, a spokesperson says that the store does not carry any computer books for children at all. There is also little demand for such items.

The major reason that Brentano's has not gotten into either the adult or the children's computer book market is not from lack of a desire to do so, but more out of economic reason. A spokesperson for the firm states, Brentano's is in such a state of transition right now that the buyers' hands are tied in terms of what they can purchase to stock the stores with.

The major reason for this state of affairs: Brentano's declared Chapter XI.

#### Hunter's Books-Books Inc.

But, the Books Inc. in San Francisco reports it is experiencing a damand for such books.

Unfortunately, the store has very little to offer in the way of children's computer books.

Patrick Marks at the San Franciso

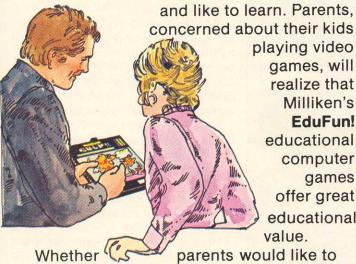
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computer books are available for retailers to sell in their stores. One type is the books that enable junior to become a wiz at Pac-Man, Space Invaders or any of the more popular video and computer games. These are the "How-to-beat-the-odds" type books. Generally such books come in paperback and contain tips and strategies for achieving high scores.

The major problem with these books is that today's best selling game often becomes tomorrow's turkey, as more attractive and newer games come on the market. In other words, when the game stops selling, the book on how to win at that game

stops selling also.

Another type is books that teach the reader how to program or learn about computers-educational books. These books show youngsters how to work on the computer. Books that teach the reader about computers are also available.

Is his area one in which computer books are in demand? Are there consumers who are looking for children's computer books? And finally, are there any books available to stock his shelfs with? These are just a few of the questions the retailer must ask himself.

Here is a list of some books for children:

Basic Fun (Avon \$2.25) by Susan Drake Lipscomb and Margaret Ann Zuanch. Appears to be the current best seller in this market.

It's Basic: The ABCs of Computer Programming (Holt, \$8.95) by Shelley Lipson. Another fast mover.

Every Kid's First Book of Robots and Computers (Compute Books \$4.95) Not as popular as Basic Fun but still moves off the shelves.

Computers For Kids (Creative Comuting Press \$4.95) Different editions are available for the Atari, Apple, TRS-80 and Vic-20 microcomputers. Kids & the Apple (Datamost \$19.95) For the child that owns an Apple.

Kids & the Atari (Datamost \$19.95) Same as above except for the Atari. Kids & the Vic (Datamost \$19.95) Likewise.

David Keenan writes and studies about computers at the University of Santa Cruz, Calif.

### MERCHANDISER'S NOTEBOOK

### Soft Byte

tepping through the perfectly white, all-glass french doors into Soft Byte is like entering a 20th Century fairyland. Instead of gingerbread and candy, this little wooden shop in affluent Tarzana, Calif. offers computer software. All the same, there's a magical atmosphere here. It could be due to the pretty blue and white color scheme and the custom-built wall shelves on which the programs are displayed, much the way fine china is shown in china cabinets. Or maybe it's the sales staff-all well under the age of 25, but dressed for business and exhibiting a very professional demeanor; this kingdom is run by kids, and they take the responsibility very seriously. Or perhaps it's because everything is so small, but capable of doing so much . . . It just doesn't seem completely real here.

It is, though.

Founded in the Spring of 1982 by company president Bob Meyer, Soft Byte is a complete computer software store. The product mix divides up into 80 percent software programs, 15 percent peripherals, and 5 percent books and magazines. Although popular games like Broderbund's Choplifter, available at an average price of \$30 each, far outsell the business programs in terms of quantity, it's the business programs that generate the higher dollar volume. Selling for approximately \$200 apiece, the serious money is in the home management and small business packages, he believes.

Meyer has had his strongest sales success to date with Micropro's word-processing Wordstar, Software Publishing's P.F.S. (Personal Filing System), and Continental's Home Accountant. In total, he carries 300 to 400 different titles, and stocks them three-to-four deep. He finds that the average life of a business program is

about six months.

Although Soft Byte does no custom or outside consultation work, they do try to extend full support to their customers; they are happy to amend, adapt, help, and teach. Meyer explains, "The demonstrations



That little shop on L.A.'s Ventura Blvd. is a new breed computer software emporium.



Business and recreational software marry well at Soft Byte.

are very important. Our philosophy revolves around service. We give the customers what they want, for a fair price. We'll send someone away if we don't have what's right for them. We try to sell them something for less money, rather than oversell them. We have a high reputation for being accurate and helpful. People even call us from other stores with questions."

A full complement of technical books and magazines containing informative and instructive computer lore is available to further extend the customer's knowledge base. Then there are the many accessories: expansion boards, interfaces, modems, joysticks, disk storage mediums, and disks, for added versatility. Because Meyer feels so strongly that customer support is essential, he has decided against operation of a mail order division.

It's been almost a year since Soft Byte opened its doors on Ventura Boulevard. A second shop, in West Hollywood, was launched later in 1982. Meyer estimates an approximate cost of \$100,000 to put a computer software store in business, and says that the product appeals to oneto-two percent of the population now.

It sounds like a tough proposition. It is, Meyer says, and he stresses that in order to cash in, you've got to make all the right decisions.

One very significant consideration is location. Meyer suggests that since computer software is a luxury item, it's advisable to situate yourself in a market area where the average income is more than \$35,000. Proximity to technical industries or education centers where aerospace. science, and engineering are popular, is also key; Meyer has found that the scientifically-aware are more eager to spend for computer software than the somewhat idle very rich. And although teen-agers are often fasci-

### MERCHANDISER'S NOTEBOOK

nated by the merchandise, it is more likely the young adult male who plunks down the cash.

Meyer cautions that you need a healthy traffic flow (making busy Ventura Boulevard ideal), and he feels that having other software and hardware stores nearby is a definite asset. Rather than worrying about the competition, he is secure that he draws off the other shops.

Advertising and promotional plans must also hit the spot. With a sheepish grin, Meyer admits, "We're number two and we try harder." He uses the Los Angeles *Times* Saturday sports section almost exclusively for his print ads, citing it as an already set precedent for computer advertising. Soft Byte ads appear in some user group newsletters; additionally Meyer publishes his own Soft Byte monthly newsletter. Six-to-seven pages long, it features articles on applications, new products, and a customer input section.

The biggest industry pitfall, however, is one that cannot be sidestepped, says Meyer.

"Pirating is rampant. Pirates have the programs even before we get them from the manufacturers. The copywrite protections just don't last-people break into the copy protection programs. Thousands of people get these programs without paying for them. They're transferred through telephone modems, friends, direct connections, electronic bulletin boards ... I personally know of one person who has an inventory of 300 or so programs and hasn't paid for one, other than the cost of the disks. He transfers them over a modem to his friends. Piracy is probably in the million-dollar range by now."

Meyer also objects to some of the manufacturers' business practices: "They seem to be obsessed with prerelease advertising. Three-to-four months prior to the release of the article, they run full-page ads. They hurt themselves because the excitement culminates two months before the release. When it's finally released, no one is interested anymore and the retailers are disgusted.

"This industry," continues Meyer, is run by engineers, by computernics, and by programmers. It's a very



Owner/president Steve Meyer eyeballs Atari display and inventory.



Interior of Soft Byte has a clean, high-tech and open look.

unorganized, unbusiness-like industry, going through growing pains. It's very frustrating for businessmen like myself who got into it because of the need for more professionalism.

Professional or not, the new business year is one that twenty-five year-old Meyer sees being shaped primarily by the national economy. "As a retailer," he predicts, "I see a trend towards small business machines, in the \$5,000 range. There will be definite growth if the economy either stays flat or picks up. If the economy gets worse, we might be in for a rough year. Some software-only

stores may be eliminated, and I expect a rapid growth in franchise operations where they have a common base to draw upon and everything is organized for them. There will be a huge demand for qualified sales personnel. If someone is competent and experienced, then I think they'll be able to pretty much write their own ticket in 1983. This is a young industry, and as time goes on, it will become even more youth oriented."

By Wolf Schneider, a freelance journalist who specializes in the entertainment industry.

# **Explore the Frontiers of Intelligence**

#### THE MIND OF MAN

Chess, Checkers, and Odin (as played by U.S. Othello Association rules) are classic games of the intellect. They evolved over the centuries as a way to understand complex situations and achieve mastery in action.

Now, by interacting with the intelligence embodied in these programs, you can participate in the exciting challenge of the **Mind of Man**.

### FOR ALL GENERATIONS— A NEW GENERATION OF INTERACTIVE INTELLIGENCE

Chess, Checkers, and Odin are unique—in playing strength and in what they let you do. You can try out any idea—and even get ideas from the programs themselves. Plus, it is easy and fun to play the games and use their many features:

 Different levels of play, from beginner to expert ◆ Advice on best move ◆ Take back and replay moves ◆ Auto and manual modes ◆ Instant replay of games ◆ "Change" feature adds or subtracts pieces ◆ Sophisticated opening libraries ◆ Clear graphics ◆ Instructions include chapter on skillful play.

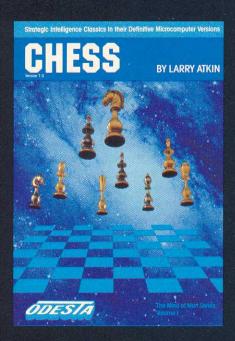
#### THE PEOPLE BEHIND THE PROGRAMS

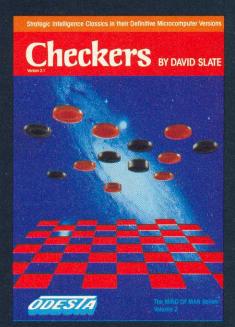
#### LARRY ATKIN AND DAVID SLATE

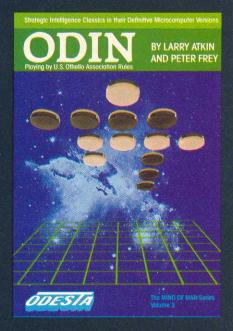
Authors of the Northwestern University 4.7 Computer Chess program; Winners of the World Computer Chess Tournament, 1977-1980; Winners of 8 North American Computer Chess Championships between 1970 and 1979; Two of the world's authorities on machine intelligence.

#### PETER FREY

Professor at Northwestern University, teaching courses in Psychology and Computer Science. Editor of and contributor to the definitive text on computer chess: **Chess Skill in Man and Machine**. One of the U.S. Othello Association's top-ranked players.







### CHALLENGES THE PROFICIENT; INSTRUCTS THE BEGINNER.

A new microcomputer standard for what many consider to be the ultimate game of the intellect. In addition to its superior playing strength, **Chess** from Odesta introduces a new generation of interactive intelligence—with 27 cursor-controlled features, including:

Advice and prediction of best moves • Save games to disk • Graphic illustration of attacks and defenses • Variations of blind-fold chess • 17 levels of play, including postal and mate-finder modes • Enactment of over 30 classic human and computer chess games • Plus—an opening library of over 7000 moves.

For those who want the best.

### YOU'VE NEVER KNOWN CHECKERS LIKE THIS!

Learn the complexities of this surprisingly sophisticated strategy game by interacting with **Checkers'** 24 user features:

• Play against 16 levels of difficulty • Watch Checkers play against itself—one level against another • Switch to "Give-away" mode, where the object is to make your opponent take your pieces • Watch the Checkers movie—an instant replay of a whole game • For those interested in the inner-workings of "programs that think", adjust 58 program parameters, so that you can experiment with the way Checkers itself thinks, and how it plays.

An ideal introduction to artificial intelligence.

### WHY ARE 20 MILLION PEOPLE PLAYING THIS GAME?

A classic board game, where the object is to entrap your opponent's pieces—but only at the right time. The rules of play are simple and the game fast. At your disposal are the full range of features found in all of Odesta's **Mind of Man** series. You will need them, along with your keenest insight and deepest perception, to master the secret of **Odin** (playing by U.S. Othello Association rules). Join the growing number of strategists exploring the subtleties of a game that may change the way you think.



930 Pitner Evanston, IL 60202 (U.S.A.) Chess: \$69.95 Checkers: \$49.95 Odin: \$49.95 See your local software dealer, or order (Mastercard or Visa): 800-323-5423 (in Illinois, call 312-328-7101)

For Apple II, Apple II Plus 48K disk systems, and Atari 48K disk systems. Odin is also available for TRS-80 Model 1 & 3 32K disk systems.

### MERCHANDISER'S NOTEBOOK

### The Computer Store

When it opened for business back in the pioneer days of 1975, the Computer Store in Santa Monica was known primarily as a gathering place for area enthusiasts who met to trade information, swap newly devised skills and explore the limitless parameters of the then-infant computer hardware field.

Like the industry itself, the emphasis now has shifted to the neophyte personal and business user. "The real market lies with the businessmen who are not computer enthusiasts," explains Brian Donner, who purchased the store in 1981. "These are people with a problem and they are looking for a solution."

His comments suggest a pragmatism that has come to dominate the field. It is also responsible for the ongoing success of The Computer Store, which has prospered in the face of growing competition and the advent of severe discounting. Billing itself as the world's first computer store, the shop has turned a profit every year since its opening. Donner says the recession is having an adverse impact, but he doesn't expect the generally optimistic sales history to alter in 1983.

In part this is because Donner's shop is becoming increasingly geared toward meeting the demands of the small business user. Although an estimated 70 percent of 1982 sales involved the personal user or computer enthusiast, Donner anticipates some 60 percent of 1983 sales will involve the business community.

He is embarking on a full redesigning of the store's interior that will cost approximately \$60,000 and be completed by the end of the first quarter of 1983. Currently the store features sofware in front, a bank of desks and offices to the side and hardware displayed toward the rear. Donner plans to upgrade the entire facility, emphasizing a more intimate and professional appearance. There will be a clean, open look with low modular dividers adding privacy and intimacy to the setting.

"We'll be more of a showroom for



The Computer Store in affluent Santa Monica, Calif., lays claim to being one of the earliest and more innovative of the new breed of hardware/software dealer.

business," Donner explains. "We'll be a real showpiece for our suppliers like Apple so they can even shoot film in here."

But the physical upgrade is only secondary to what Donner considers the major offering of The Computer Store: service. The shop has aggressively competed with discounters in the personal computer field by offering a sales package that includes training, consultation and a full year of ongoing telephone support for computer users.

"This business is becoming meaner," Donner contends. "There are people selling software and hardware and they are not backing the product with any support. They're selling just a box and saying, 'Here it is, take it.' Yet people are naive and looking to save money, especially in today's economy.

"We're not positioned as a knownothing discounter. We've been under some price pressure, but we're very successful in pointing out to people that they should really be interested in maximizing the value. We have to be more effective in convincing prospective customers that that is not just rhetoric. People are looking to be convinced that that's true.

"We've had to become more clear in our minds about the services we're providing, and more efficient in communicating what that service is."

The philosophy is explained clearly in a slick three-fold brochure that is handed out as part of a sales kit to prospective customers. The brochure is entitled, *How To Tell the Difference Between A Computer Store and The Computer Store*.

"The easiest way to tell The Computer Store from a computer store is to look at our expertise," the document explains. "We call it The Smarts. The Smarts is a blend of expert knowledge of the small computer field and small business applications so unusual in a computer store that we've trademarked it . . .

"We see ourselves as educators as much as salesmen. We help you analyze your needs. To help you gain the expertise necessary to make an informed decision on the system that's best for you. So you're never oversold. Or undersold. Or missold."

In fact, Donner takes the commitment toward education so seriously that the sales force of 9 (there are 14 full-time employees) has extensive teaching experience on the college level. Some are even psychologists.

The Computer Store's personal approach also emphasizes flexibility. Customers are told that since their needs are being analyzed before they purchase a system, they will find it easier to expand or to add new

applications in the future. Donner says the approach pays off; many of The Computer Store's customers are repeat clientele seeking to upgrade. The shop also will provide, through its service department, consultation, training and service to customers who have purchased hardware elsewhere, including area discounters. Prices can range up to \$60 an hour.

The experience helps convince customers grappling with unfamiliar computer hardware and software "that they might have saved money in the long run by buying from us in the first place." The service operation has successfully introduced potential clients to the store "and many will come back and upgrade the system they have through us."

The tremendous emphasis Donner places on service will, he believes, aid in the development of strong business clients. "The potential for us continues to be with the business community. They realize the need for support, and that's important for us."

Donner also attempts to remove some of the complexity out of the computer question by stocking only limited hardware and shunning systems that complete closely with each other. Video games and cheap, discount systems like the new Timex computer also are spurned. The discounted systems have too low a profit margin and are essentially "loss leaders to build traffic." Many of those devices also have "the potential for excellent arcade and video games" but are ultimately too limited in scope.

"We market to the sophisticated user," says Donner. "Those machines don't fit into our marketing thrust."

What does fit snugly into the philosophy, however, is the Apple computer line. The Apple II has been the most successful system the store carries since it is versatile, useful to both the enthusiast and the businessman, and has a full line of supporting software. In actual dollar volume, about half of the store's personal computer sales was Apple II hardware and software.

In business computer hardware, Donner estimates that about onethird of sales are Apple II systems, one-third are Vector-4 systems and the remainder "going to Altos because it offers a multi-task computer having a number of terminals. It's strong with vertical markets."

An additional business hardware line may be added "but you don't want to confuse the customer by having things that are going after the same market. You want systems with various degrees of power and performance that don't compete (with each other.)"

The Apple II system with a monitor, one disc drive, some software and service retails for about \$2,000 at The Computer Store. Apple 3 and Vector 4 systems—with hardware, software, training and printer—sell for about \$10,000. The Altos multiterminal system is offered in the \$15,000 range.

The store also offers leasing and financing arrangements with outside financial agencies acting as lenders. About 80 percent of the systems are sold to customers outright, Donner estimates.

The average customer is described as a "white businessman around 30 years old." Since the store, located at 820 Broadway at the juncture of Broadway and Lincoln Blvd. in Santa Monica, is situated in an area with heavy pedestrian traffic, the customer range is diverse. "You see a lot of housewives with young kids looking at the Apple II. They may have gotten some computer training in school and the parents are looking at a home system to continue their work at home."

There also is a full line of personal and business software. Donner tries to stock three software packages for each generic business category. "We look at the software and select absolutely the very best that are there—two or three packages that are the same generically but slightly different in style. We try not to simply have software packages proliferate just to have them proliferate."

The software packages average about \$100 each and comprise about 40 percent of total software sales. The percentage is likely to grow as hardware sales become more business oriented. In fact, the software "solutions" to the business community's productivity "problems" likely

will become more significant to The Computer Store during 1983. Businessmen investing in a computer system will look to the software packages, more than the computer hardware, to improve their overall business operations, Donner believes.

The shop also stocks a full array of popular video games that range from \$29.95 to \$49.95. The popularity of the games tends to be short-lived—about two or three months—but the profit margin is better and the discounting less intense than with some of the more popular commercial hardware. Virtually all popular games have a version compatible with the Apple II system that is primarily marketed to home users.

Donner does not stock software for hardware systems other than those he sells because "the margins aren't there to carry the other software."

The third major area of software is educational in nature. "We sell a lot of it as does everybody else. It's an easy sell." About 20 percent of software sales fall into this category, and Donner believes sales would be much stronger if additional software products were available. The basic mathematics and spelling programs are geared mainly toward pre- and elementary schoolers. High school, college and post college adults would likely purchase educational software if it was available, Donner believes. "It could be one of the primary software products. The vendors haven't done a good job on this end of the market."

Donner sees 1983 as the year The Computer Store, a 4,000 sq. ft. facility that generated sales of about \$2 million in 1982, consolidates its software and hardware lines and prepares to ride the crest of the next emerging trend: "The 16-bit microcomputer entering the real world and moving beyond the computer enthusiast. Our first priority is to bring the appearance of the store up to the level of the staffing and the service we provide."

By Al Senia, an L.A. based journalist specializing in business, marketing and merchandising topics.

### ERCHANDISER'S NOTEBOOK

### VIDEON

natural outgrowth of adjoining Laurel Canyon, Hollywood, and Burbank, Studio City, Calif., is home to the CBS studio lot as well as dozens of production companies and hundreds of writers, producers, cameramen, and entertainment business staffers. It's where movieland goes to lay low, and at Videon, they plan to supply everyone's recreational software needs. Coming later ... recreational computer software.

Dealing with a very sophisticated clientele, store manager Rochelle Seidman decided that positioning in the marketplace and product selection would be most crucial to her operation's success. Owned by Show Industries—parent company to the proliferous, local Music Plus record chain-Videon, a soon-to-be complete software specialty store, opened its doors in August, 1982. While Seidman is hesitant to divulge a bottom line on gross profits, she is eager to point out that the shop has had steadily increasing business each consecutive week and each consecutive month so far. She credits the positive trend primarily to a very loyal and expanding adult customer base.

Videon stocks approximately 1,500 different video titles: sporting events, exercise programs, musical concerts, and movies-from classics to popular releases and everything in between—with 4,000 to 5,000 pieces of inventory in-house. Available on videocassette (Beta or VHS) or videodisk (CED or laser), the movies are priced competitively with selection stressed rather than price point. Rental of videocassettes at \$10 for two nights forms the basis for 10 to 20% of the profits, but is not encouraged. Rather, wall-to-wall glass display cases and prominentlyshowcased home storage cabinets help to further a "home library" orientation. Blank video cassettes and cleaning products are also available. This past December, a major transition was made with the addition of video games to the product mix.

In Seidman's words, "We felt the



VIDEON, yet another new breed entertainment software store in L.A.'s San Fernando Valley, started with videocassettes and videodisks. Now . . . video games. Coming . . . computer software.

customers should have access to presents for children as well as adults in one location. We're going to keep the games permanently because we feel that they go hand-in-hand with the movies. As software specialists, we have decided that the games belong here. They're doing very wellthey've started out at about a 10% contribution to the overall business. Pitfall is the number one seller right now, with E.T. and Frogger also very popular. Although we're only carrying the top 35-to-50 titles right now, we expect to expand."

If the immediate sales contribution of the video games has been relatively limited, the activity and interest surrounding them has been disproportionately large. With 1,200 square feet, one corner of the shop is devoted to the games-top sellers by Atari, ActiVision, Imagic, M. Network, Coleco, Vectrex, Intellivision, and Parker Brothers. The only hardware available in the entire store is the Vectrex video unit. "It's a specialty item," offers Seidman. "It can be plugged in anywhere, you don't need a television. It's a finer video game computer ... it can do more than the others." It also draws in enthusiastic kids who not only play while their parents pay, but also on occasion linger on indefinitely."

Teenage obsession with a product is nothing new to Seidman, who spent five-and-a-half years managing Music Plus record stores. Indeed, the Plus even experimented with the rental and sale of videocassettes. "We found it to be too much of burden," summarizes Seidman, "on the employees as well as on the customers. With video products, it takes a longer time to help the customer and you just can't devote that time to someone in a record store atmosphere where everything's moving so fast. In the record business sales are pretty consistent . . . you can guess from week-to-week and day-to-day how much business you'll do, give or take a hundred dollars. In the video business, there are no patterns."

Still, there are similarities between the entertainment mediums, particularly between the video games and records, both charted by their sales strengths. "The games," Seidman comments, "have a definite new-release type life span: I would say 30 to 90 days, depending on the item. I think that their pricing is somewhat higher than most children can afford. They can muster up \$10 for a record, but with the games at \$20 to \$30 each, it's harder."

So the parents are usually the ones to pay, and Seidman estimates a typi-

cal game sale at \$50 to \$75, for two games. Relying on a large percentage of repeat customers, advertising is limited to print only. Videon ads can be found in the Friday edition of the L.A. Times Calendar (entertainment) section—where Seidman hopes to entice weekend shoppers; Group W's local cable/pay TV Galaxy magazine; and as a complementary tag to all Music Plus print ads. Why advertise in a cable TV magazine-seemingly your competition for home movie presentations? The Seidman psychology is that consumers may enjoy the film so much that they will want to purchase it for their own library. Or they may be hyped for it by the cable channel's promotional efforts, but miss it due to inconvenient scheduling ... leaving them hungry for the product. Plus, Seidman says that research indicates that most pay TV movie aficionados own their own VCRs. For those hard core movie fans, Videon publishes a monthly newsletter and a weekly flier. and hosts a rental-discount club.

Correct and complete stock selection, adequate advertising, and a good location in a heavily-trafficked, affluent, and entertainment-oriented area are three of Seidman's four core considerations. The final aspect? Customer service. Videon is open seven days a week, from 10 in the morning until 10 or 11 at night. The merchandise is laid out in an open horseshoe arrangement with titles stacked in custom glass cases so that packaging is optimally visible. The sales staffers all work full time; Seidman believes that she just can't get the kind of commitment that she requires from part-timers. More than a background in video, when hiring she searches for good personalities, people who she feels will be able to relate to customers in a professional and patient fashion.

If she has any problems in this new realm, Seidman admits that they may be due to her youthful appearance coupled with her sex. Twenty-five years old, she explains, "It's not hard for me to be a woman and be the boss, but sometimes it's been hard for some of the male employees. More than the fact that I'm a woman, the fact that I look young causes

problems. Interestingly enough, I've had people agree to take the job knowing full well that I was the one who interviewed them and chose to hire them, that I was the one running the store, and then had occurrences come up afterward when they came in and told me how tough it was to

take direction from a female."

Still, with sales on the upswing it's not much for Seidman to lose sleep over ... she's running a tight ship and it's right on course.

Wolf Schneider is an L.A.-based, freelance entertainment journalist.

When It Comes To Buying Software Be Sure You're

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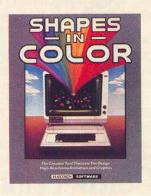
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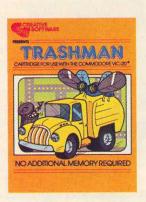
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### PRODUCTS



SHAPES IN COLORS: Hayden Software. Create your own animated shapes and figures . . . paint a landscape . . . design an alphabet. Explore the limits of your imagination with this precision shape plotting tool. Command the power of Hi-Res graphics to produce animations, games, graphic presentations and more. That's how Hayden describes this software. Apple II with Applesoft, 48K.

CIRCLE #188 ON READER SERVICE CARD

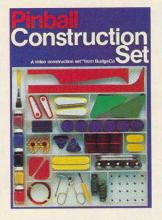


TRASHMAN: Creative Software. The player is the spearhead of the city's antilitter campaign. As a role model to your political advisors and in an attempt to get more votes, you decide to drive the town's garbage truck. It certainly is a grassroots campaign. You patrol the city streets, picking up litter and emptying trash cans. Your attempts to clean up the town, however, are thwarted by the enormous flies that threaten your truck wherever it goes. For the Commodore VIC-20.



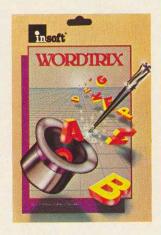
COSMIC CREEPS: Telesys. The pressure is on . . . Civilization is doomed unless the player can save the Cosmic Kids. The kids are on a planet whose orbit is rapidly decaying. To save them, one must fight off Space Skeeters and Cosmic Creeps who are constantly on the offensive. Get your Orbinaut onto safe land and rescue the kids. Their fate is in your hands. For the Atari VCS.

> CIRCLE #190 ON READER SERVICE CARD



CONSTRUCTION SET: BudgeCo. This pinball construction kit by Bill Budge contains all the pieces and tools one needs to make hirez video-pinball games. Extremely user friendly, no programming or typing is necessary. Players just take parts from the set and put them on the game boardpress a button and play action starts. Users can use the video tool to make borders, obstacles, paint, and add game logic and scoring rules of one's choosing. For the Apple II or Apple II Plus, 48K, and one or two button joystick.

CIRCLE #191 ON READER SERVICE CARD



WORDTRIX: Insoft (R). In this world of fast-paced everything, comes a fastpaced word game in which the computer's dictionary is the player's competitor. Wordtrix requires the player finds words in a 4-by-4 grid of random letters. Hurry though, the computer plays against you with its entourage of thousands of words. Six skill levels. For the IBM Personal Computer (64K).

CIRCLE #192 ON READER SERVICE CARD



KID GRID: Tronix Publishing, Inc. In this chase game, players race around a grid connecting dots. But keep on the look out for a mysterious bounding question mark and don't slow down at corners because "Squashface, Thuggy, Muggy and Moose" are in hot pursuit. Your only weapon is the button on the joystick. Press it and the bullies get zapped. For the Atari 400/800.

CIRCLE #193 ON READER SERVICE CARD

CIRCLE #189 ON

READER SERVICE CARD



ASTRON IV: Syncro, Inc. In this adventure game players are space warriors and must battle robots and deadly Orbitron to destroy the dangerous pirate asteroid. In full color, you can chose Orbitron throughout the universe. On 16K cassette/24K disk and load tested. Cassettes come with programs recorded on both sides with music track.

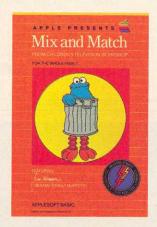
For the Atari 400/800.

CIRCLE #194 ON READER SERVICE CARD



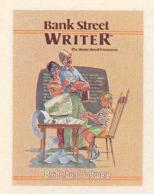
SWAMP CHOMP: Program Design, Inc. It's feeding time in Muckedoo and guess who must get to the feeding station? Sounds easy. Not really. The player's trek to the station involves fighting off alligators, lowflying objects and unknown creatures infesting the swamp. The player's only salvation is to eat a ghost and then you can chomp on the swamp ghoulies. Swamp monsters come on the Atari Home Computers with 24K disk/24K cassette and requires a joystick.

CIRCLE #195 ON READER SERVICE CARD



MIX AND MATCH: Apple Computer. These educational games for preschoolers have been developed by Sesame Street, the Electric Company and 3-2-1 Contact. The programs were designed with the child as a user in mind. They provide interaction with the computer in a friendly easy-to-use manner. For the Apple Computer.

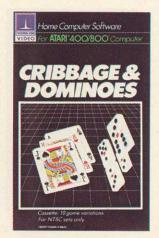
> CIRCLE #196 ON READER SERVICE CARD



#### BANK STREET WRITER: Broderbund Software.

The company calls this "the first truly home-oriented word processing system." Features include: automatic word wrap; add, move, insert and erase blocks of text: universal search and replace; automatic centering and indent; disk storage and retrieve functions with password protection; document chaining which allows documents of unlimited length; and more. For Apple with 48K.

> CIRCLE #197 ON READER SERVICE CARD



CRIBBAGE & DOMINOS: Thorn EMI Video. It's a game of skill. It has 10 game variations and needs one player. For experienced players you will need to try out new tactics. Later you might have to admit defeat. For a beginner, the computer might have mercy. But as you learn some tricks you may well have the computer at your mercy. For Atari 400 and 800.

CIRCLE #198 ON READER SERVICE CARD

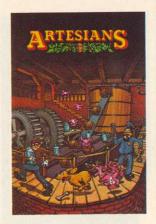


SPY'S DEMISE: Penguin Software. All of a sudden you're sipping a double vodka with a twist. The napkin below your drink says the "Bangkok Hilton." There

is no Sam at the piano and John Lecarre, Agatha Christie and Sam Spade are not in the bar. All alone, you realize you are about to encounter several strangers who will change your purpose there. You overhear two employees discussing an encoded message. "They are KGB agents!" The message is the key and you must figure out what it means. For the Apple.

CIRCLE #199 ON READER SERVICE CARD

### **V PRODUCTS**



ARTESIANS: Rena-Soft. In this hi-rez adventure, the player enters a four-story building to obtain waterfilled jugs from the fourth floor and then must climb back down. In this mad-cap attempt to reach the fourth floor the player must avoid obstacles, elude a watchman and his dog and artesians. For Apple II or Apple II Plus computer with 48K

compatible with 16 sector

drive formats.



**DELTA DRAWING: Spin**naker Software Corp. For ages 4 to 14, youngsters

learn computer programming concepts while creating colorful pictures in this educationally-enriched program. As a child creates pictures, the computer keeps track of every keystroke and records it as a program in the text mode. By touching a single key, the child can see the program that was written. As children progress, they can write their own programs in the text mode to see their picture. For the Apple II plus, 48K Disk Drive.

CIRCLE #200 ON READER SERVICE CARD

CIRCLE #140 ON READER SERVICE CARD

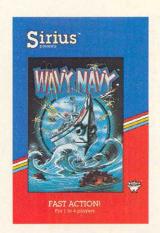




MICROBE: THE ANA-

#### Synergistic Software.

This one is for the aspiring physician in you. It's a computer program directed at a number of diverse users with differing goals. It acts as both game and educator. Game-wise you execute a complex mission within the human body. Can you accomplish your mission in time and save the critically injured patient while fending off attacking bacteria, parasites, dodging clots and tumours? As an educator it teaches users everything they ever wanted to know TOMICAL ADVENTURE: about the human body.



WAVY NAVY: Sirius Software, Inc. With the sky filled with enemy bombers and Kamikaze fighters, the player quickly knows the score. Blast those guys out of the sky. You may think "Why me?" The P.T. boat is being tossed about by 30foot waves and as you rush to the gun, you notice helicopters as the enemy's backup. Your heart starts pounding as the gun starts pumping. You jerk the joystick to the starboard while keeping your hand on the fire button. Sometimes its hard to believe Wavy Navy is only a game for the Apple II and Apple II Plus (48K and one Apple Disk

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CIRCLE #142 ON READER SERVICE CARD



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DRAGONFIRE: Imagic. Dragons rule the day. The player, the young Prince, hopes to defeat them. But first he must reclaim the King's treasures. He attempts to cross castle bridges. Hatchling dragons try to prevent him. They hurl deadly fireballs at the agile Prince. He leaps, ducks and sprints to avoid them. When the Prince gets across the bridge, he finds a wondrous storeroom and its ferocious guardian as well. VCS compatible.



CAPTAIN COSMO: Nexa Corporation. Captain Cosmo with his Somanizer Ray is here to zap out Munchies and repel Spacey Stacey. He is a hero of the universe in this arcade-style game. Cosmo is controlled by a joystick. He can fly and walk, as he is maneuvered around the landscape zapping those munchies-'yellow guys''—turning them into "green guys" which he carries to the Zoo. Each game begins with four men. For the Atari 400 and 800, with 32K Joystick.

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#### ITA

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#### NARM

April 10-13, 1983-Miami National Association of Recording Merchandisers P.O. 1970 Cherry Hill, N.J. 08034 (609) 424-7404

#### CES

June 5-8, 1983—Chicago Consumer Electronics Shows

### APRIL ISSUE SOFTWARE **MERCHANDISING**



SOFTWARE CLASSICS

SOFTWARE DISTRIBUTION. The broadening retailer mix for marketplace dominance—specialist, video store, record merchant, mass merchandiser; bookstore, direct marketer, etc. How will it sort itself out?

PERILS OF COUNTERFEITING AND PIRACY. What are the industry problems and how are they being solved? Will the same demons plague the software industry as the record and home video industries?

**COMPUTER LITERACY.** Who's teaching computer literacy to consumers? Manufacturers? Distributors? Retailers? Should the software retailer add classes for kids as well as mom and pop?

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PLUS: Bonus distribution at NARM Convention.

ADVERTISING CLOSING DATE, MARCH 1.



### COMPUTER GAMES

- 1. FROGGER—Sierra On-Line. The loveable frog of arcade fame comes to computers. Player must maneuver the frog over a variety of obstacles—including a busy highway. The frog does get his reward, however—if you can help him catch flies. For Atari 400/800 with 48K.
- **2.** CHOPLIFTER—Broderbund. Player is the pilot of a helicopter that must rescue four groups of hostages in a foreign land. Tanks, jet fighters, and air mines all attempt to stop the rescue mission—which gets harder every time the player goes back to rescue another load of hostages. Hi-resolution and simulated 3-D graphics are used. For Atari 400/800 with 48K, and Apple II or Apple II or Apple II Plus with 48K. Joystick required.
- **3.** CENTIPEDE—Atari. Another arcade hit moves to the home computer arena. The object is still to shoot the centipede's sections as it winds down the screen, with arcade-styled graphics and action. For Atari 400/800 computers.
- **4.** CASTLE WOLFENSTEIN—Muse. You're a soldier during World War II, and have been brought back for interrogation. You're secretly handed a loaded pistol by a dying cellmate, and must then capture hidden war plans in the castle—without being shot or recaptured. For Apple II Plus with 48K.
- **5.** WIZARDRY—Sir Tech. You can choose from 5 races and 8 professions to create up to 6 characters, each with their own strengths and weaknesses. These characters explore a dungeon, fighting groups of monsters, casting spells, finding treasure and magic items, and amazing clues to solve the puzzle presented in

each scenario. For Apple II or II Plus, 48K, with disk drive. DOS 3.3 or PASCAL 740-002 Disk.

- **6. SHAMUS—Synapse.** You're the detective on the case—but watch out! As you move from room to room, you might get shot at. A fast action, arcadestyled game in the genre of *Berzerk*. For Atari 400/800.
- **7. DEADLINE—Infocom.** There's a murder—and you're the detective on the case. But there's a 12-hour time limit to solve the crime, and the clues are contained in the game's packaging and manual. A real who-done-it for computer users. For Apple, Atari, IBM, CP/M, and NEC computer systems.
- **8.** TEMPLE OF APSHAI—Automated Simulations. One of the first role-playing adventure games, it involves a four-level dungeon. Player wanders through, building character strength in an attempt to gather all 20 treasures. A local innkeeper sells you weapons, armor, and healing salves. For Apple II or Apple II Plus with 48K, or IBM Personal Computer.
- **9.** CANYON CLIMBER—Datasoft. You've got to climb out of the Grand Canyon on your burro—but watch out for the rocks and swooping birds. The object is to reach the rim of the canyon intact. For Atari 400/800.
- **10. ZORK I—Infocom.** One of the first computer adventure games, Zork puts the player in a mythical adventure scenario. More than 80 locations are included. But watch out—the troll will eat whatever you throw at it.

Best-selling software programs across the country based on retail sales volume as surveyed by Software Merchandising.

104 Software Merchandising February 1983

# The Home Software Market: It's a Whole Different Game.

Until very recently, home-oriented software (video game and home computer programs for recreation, education, and personal productivity) was sold in essentially one place: computer stores. Right next to all the word processors, accounting packages, and other business software.

But now that situation is changing – FAST.

With millions of video game machines and personal computers in homes around the nation – and thousands more every day – retailers of every stripe are scrambling to stake a claim in the home software bonanza.

More than anything else, they need reliable information about this brand-new multi-bil-lion-dollar industry.

## **Why Software Merchandising?**

Recently, a clear trend has emerged in the marketing of microcomputer software. With home computer installations overtaking the early lead of small business system sales, traditional computer dealers are forced to choose between supporting one market or the other. The following comparison chart illustrates the drastically different demands of the two categories.

regional Automotive program such camendal and appropriate and all and all all appropriate and all all appropriate and all all all all all all all all all al	Business Software Retailer	Home Software Retailer
Number of hardware lines supported	1-3	6-10
Number of software titles carried	8-10+	25-150
Average time spent on a sale	3-20+ hrs.	1 min2 hrs.
Typical profit margin on software	50%	25%
Types of software carried	Accounting, data base Management, word processing, communications	Games, educational, communications home management, personal productivity
Average retail price paid	\$300	\$30

With such fundamentally different marketing profiles, no one publication can effectively serve both markets. Computer Merchandising will continue its award-winning coverage of the hardware and business software fields. But for home software, you need Software Merchandising!

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### BEST SELLERS



### VIDEO GAMES

- 1. PITFALL—Activision. Subtitled "Pitfall Harry's Jungle Adventure," this David Crane-authored game could have also been subtitled "Legs." It's staying power at retail has been explosive since introduction. It's a true adventure game as the player directs Harry in a search for secret riches. Along the way, he's hassled by scorpions, crocodiles, etc. If they invent the Grammy equivalent for games this year, Crane is the early contender. Holding strong at number one. VCS compatible.
- **2. DONKEY KONG—Coleco.** Still at number two this month but that's hardly a knock. It, too, continues to remain a powerful seller as Mario continues to try and save his girlfriend from the clutches of D.K. Moving through three levels of adventure, Mario keeps dodging those fireballs and barrells. Colecovision, VCS and Mattel Intellivision compatible.
- **3.** FROGGER-Parker Brothers. Backed by one of the cleverist television commercials, this game also is leap-frogging over the counter in huge numbers. Player must maneuver a frog over several lanes of highway. If trucks or cars don't squash it, it then must then cross over a river inhabited by crocodiles hungry for 'mountain chicken.' VCS compatible.
- **4. ZAXXON—Coleco.** This popular arcade-to-video game cartridge with its exciting 3-D space battle takes a giant step this month, moving from number eight to four. The game puts the player in control of a futuristic spaceship which zooms over an alien asteroid. Colecovision compatible.
- **5.** E.T./THE EXTRA TERRESTIAL—Atari. E.T. drops back one notch this month, although sales remain strong. It's the film-to-video-game transition as that charming little space creature must find the three pieces of his interstellar telephone, call his ship and "go home." VCS compatible.

- **6.** RAIDERS OF THE LOST ARK—Atari. Holding again at the number six position, this, too, is a film-to-video-game treatment of a hit, a game trend that will certainly continue in the coming months. The player is Indiana Jones and, as in the movie, he must discover the Ark Of The Lost Covenant. VCS compatible.
- **7.** ADVANCED DUNGEONS & DRAGONS—Mattel Intellivision. Still holding on to the number seven position this month, the object is to lead a three man expedition through winding mountain caverns in search of tools and arrows. Deadly monsters lie in wait and your ultimate goal is to find the crown of kings and eliminate the deadliest terror of all, the Winged Dragons. Mattel Intellivision compatible.
- **8.** TURBO—Colecovision. A strong new entry this month, it's for use with Coleco's Expansion Module #2. The module is a real-like steering wheel which is also connected to a foot accelerator. Like its popular Sega arcade game parent, the player presses down on the pedal and races through city, country and mountain roads. You don't need a driver's license but it's not for the weak at heart either. Colecovision compatible.
- **9.** MOUSETRAP—Coleco. Another new entry this month, this high resolution game is a cat 'n mouse maze thriller where the player is the "brains" behind a speedy mouse, racing along a fairly tricky maze, eating cheese bits. But no resting for this mouse, as a posse of hungry cats are on the prowl. Eating bones, though, turns the mouse into a dog. Then, cats, watch out!
- **10. PAC-MAN—Atari.** He just won't fade away. At retail he continues to gobble up sales points and is one of the strongest catalog titles in the business. VCS compatible.

Best-selling software programs across the country based on retail sales volume as surveyed by Software Merchandising.

106 Software Merchandising February 1983

BECAUSE OF THE CURRENT ECONOMY AND THE UNSETTLED CONDITION OF OUR INDUSTRY, IT IS IMPORTANT THAT YOU ATTEND THE ITA SEMINAR TO EXPLORE NEW AREAS OF IN-TEREST AND OPPORTUNITY.

> WORKSHOPS INCLUDE ... HOME VIDEO AND AUDIO SYSTEMS ... VIDEO FOR BUSINESS, INDUSTRY AND EDUCATION, AND THREE NEW AREAS OF IN-TEREST ... VIDEO GAMES ... PERSONAL COMPUTERS ... COMPUTER SOFTWARE



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## AUDIO/VIDEO UPDATE-1983

**MARCH 6-9, 1983** THE DIPLOMAT HOTEL, HOLLYWOOD, FLORIDA

### **INNOVATIVE IDEAS and METHODS to meet** THE CHALLENGE IN TODAY'S MARKETPLACE!

#### PROGRAM

SPEAKERS AND PANELISTS ARE KNOWL-EDGEABLE EXPERTS AND KEY EXECUTIVES OF ITA MEMBER COMPANIES IN THE AREAS OF HARDWARE AND SOFTWARE, NEW TECHNOLOGIES AND OPPORTUNITIES, AND MARKETING STRATEGIES.

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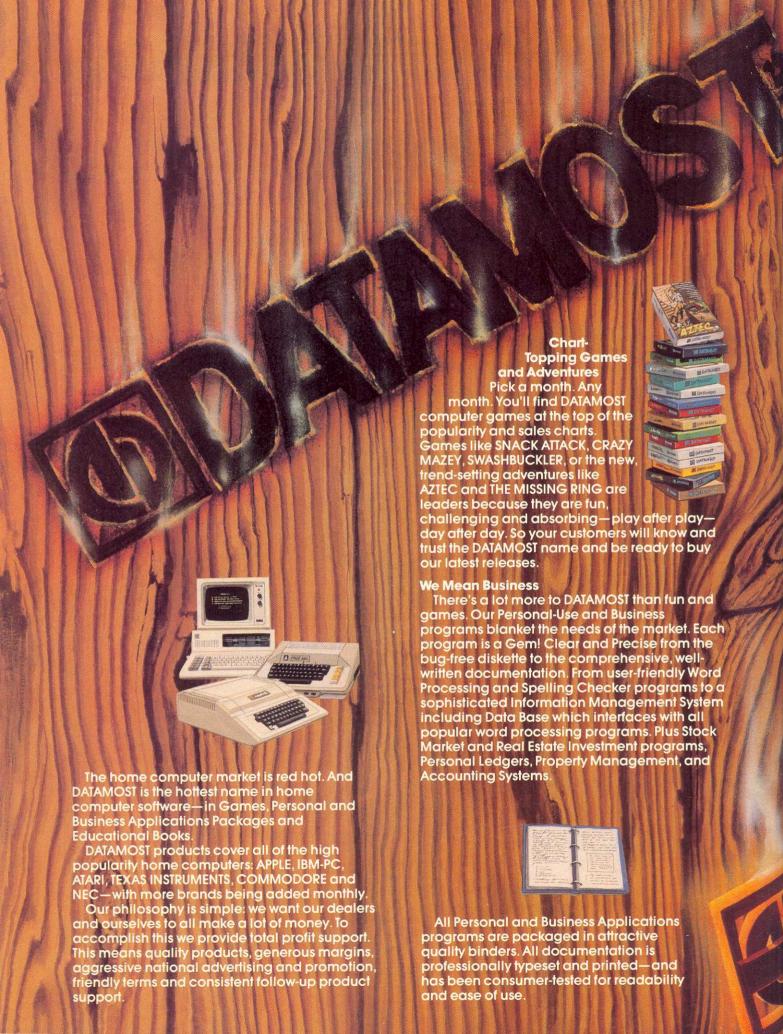
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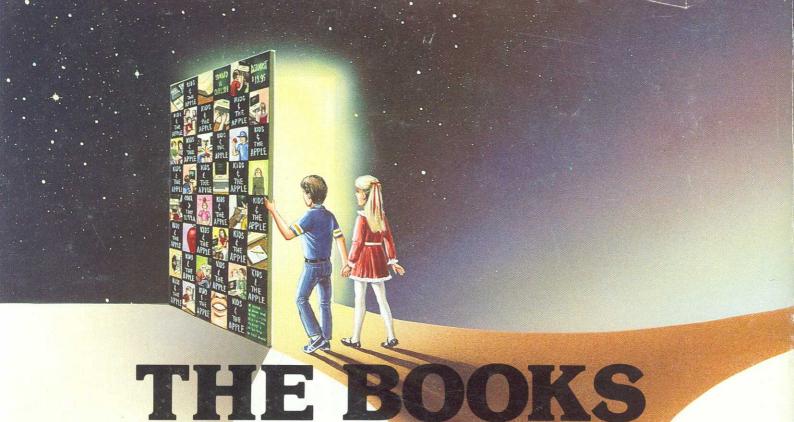
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