

# COLECO

## Has a Vision - Better Games for All

*Best known for hand-held games and swimming pools, this toy manufacturer has suddenly set its sight on Atari and Mattel. But, is the industry big enough for the three of them?*

By Steve Bloom

Let's start with a quiz. The name Coleco is an acronym for:

- a) Colorado Leisure Corporation
- b) Collegiate Ecology Group
- c) Colonial Electronics Company
- d) none of the above

If you picked "d" you're right. (I bet it was a hunch.) Clue: The company is located in the New England city that has a National Hockey League team named the Whalers. Too hard? Try this one: The state is bordered by Massachusetts, Rhode Island and New York. Connecticut! There you go.

The *le* is easy. It's the first two letters of what shoes are made of. Put the three components together and you have Connecticut Leather Company. Huh?

Strange as it may seem, Coleco—the company that has just introduced what promises to be the most ambitious, innovative TV-games system the industry has seen since Mattel's Intellivision—has its roots in leather. Fifty years ago, a Russian immigrant named Maurice Greenberg opened shop on Market Street in Hartford; he sold shoe repairing supplies. Today, according to his younger son, Arnold, who is the company's president and co-Chief

Executive Officer (he shares the position with his older brother Leonard), Coleco is "a diversified, seasonally balanced manufacturer of recreation, information and entertainment products for the entire family—primarily for use at home."

Last year, the company had net sales of \$178 million. With orders already in excess of 2.5 million units for its portable arcade series (which includes Pac-Man and Galaxian), Coleco is sure to push over the \$200 million mark in 1982. But any predictions beyond that would be unwise. ColecoVision is why.

\* \* \*

ColecoVision is being marketed as a "third-generation" programmable video game system. Assuming Atari's Video Computer System (VCS) and N.A.P.'s Odyssey<sup>2</sup> were the first and Intellivision the second (Astrocade's unit falls somewhere in between), Coleco's assessment appears sound. For \$200 (\$50 more than the VCS and Odyssey, \$50 less than Intellivision), the package will include hardware capable of transmitting arcade-style graphics; a remarkably accurate version of the year's top coin-op game, Donkey

Kong; two controllers equipped with joysticks, speed rollers and keyboards; and the chance to expand upon the system simply by plugging any of a number of modules that Coleco will provide into the front of the unit. The first of these accessories—Conversion Module #1—allows you to play Atari cartridges on ColecoVision as well.

As far as software is concerned, Coleco plans to offer plenty of it. The company has already made license deals with a host of coin-op firms (Sega/Gremlin, Nintendo, Universal and Exidy) for a variety of games, such as Turbo, Zaxxon, Spectar, Mouse Trap and Lady Bug, and will continue to be active in this area. Home-grown cartridges like Head-to-Head Baseball and Football, Skiing, Horse Racing, Challenger Chess, Tunnels & Trolls and even one based on the Smurf characters will also be available.

Coleco doesn't stop there. In addition to producing these games for its own system, the company has announced its intention to release a line of so-called "third-party software." In other words, both Intellivision and VCS owners will have the chance to choose from a number of the arcade



**HAWKING IN THE BOARDROOM:** Coleco's president Arnold Greenberg with ColecoVision and Donkey Kong. Greenberg's father, the company's founder, watches over his shoulder. (Inset) An assortment of Coleco's 50s wares, including the inimitable Howdy Doody Bee-Nee kit.



conversions mentioned above. This is a shrewd move. Consider that consumers might prefer to wait a while before investing in another system—but what's to prevent them from buying one or two compatible cartridges?

With all of this in mind, I drove up to Hartford recently. Hartford is about equidistant between New York and Boston, nestled in the modest foothills of what becomes the Appalachians farther north. It is the home of Coleco's executive offices, which are bursting at the seams with employees. The company is growing quickly and will be moving to a larger headquarters in October. Meanwhile, I am barely able to scout a parking spot in the company's overcrowded lot.

Arnold Greenberg is waiting for me. He is one half of the brother tandem that has steered Coleco's passage from relative obscurity to a diversified cor-

poration and a member of the New York and American Stock Exchanges. A lawyer by trade, Greenberg joined Coleco in 1966 after having not worked for the company since he and his brother ran a delivery route before World War II. Leonard, on the other hand, stuck it out. In fact, it was he who was responsible for Connecticut Leather's move into hobbycraft in the '40s and swimming pools in the '50s.

Leonard is the engineer, Arnold the lawyer—a combination that could make any business go . . . and any mother proud. And what about Dad?

"A man of his generation," says Arnold. We are sitting in a conference room that is decorated with a variety of plaques, photographs and laminated magazine articles. A portrait of Maurice Greenberg, who died two years ago, hangs

over the TV set across the room. "He was born in Russia, had a limited education in the formal sense, but was determined to succeed. A rugged individualist. These are important qualities, particularly if you founded a business in the depths of the Depression."

By the end of World War II, Leonard had talked his father into risking a new venture: leathercrafts. At first, Coleco only sold spools of leather lacing for stitching purposes. But, in 1954, the company's Official Chief & Princess Moccasin kit was awarded at the New York Toy Fair, and this set off a rash of similar items: Mickey Mouse and Davey Crockett Moccasin kits, Chief & Princess Handbags and, best of all, the Official Howdy Doody *Bee-Nee* kit (my emphasis).

Then, in 1957, Coleco discovered plastic. Arnold explains: "Toward the end of the '50s, Leonard developed the use of plastic to manufacture small wading pools. Many people first know Coleco by the little plastic pools they



buy for their toddlers. More people probably know us for above-ground pools, which we went very big into in the '60s. By the late '60s, we decided we should do something for the fall of the year, too."

In 1968, Coleco acquired Eagle Toys of Canada, which was re-christened Coleco Canada. A tabletop design called rod-hockey—probably the most realistic sports board game ever designed—was their game. "A marvelous game," Greenberg waxes enthusiastic. "Rod-hockey taught hand-eye coordination before there was a video tube around."

It was rod-hockey that introduced Coleco to the world of sports games—or, as Greenberg says, "Took us into the arcades." Starting in the early '70s, Coleco began using arcades as their "primary research laboratory. We'd go there and look at the trends. Then we'd go back and develop low-cost home versions (such as Air Hockey and pinball). One day we saw something elec-

tronic that was twitching named Pong. We said, 'That's a clever idea—if we could do that for the home and sell it for about \$50 retail, we would have a bonanza.' The next year (1976), we brought out an updated version of Atari's home Pong for \$49.95."

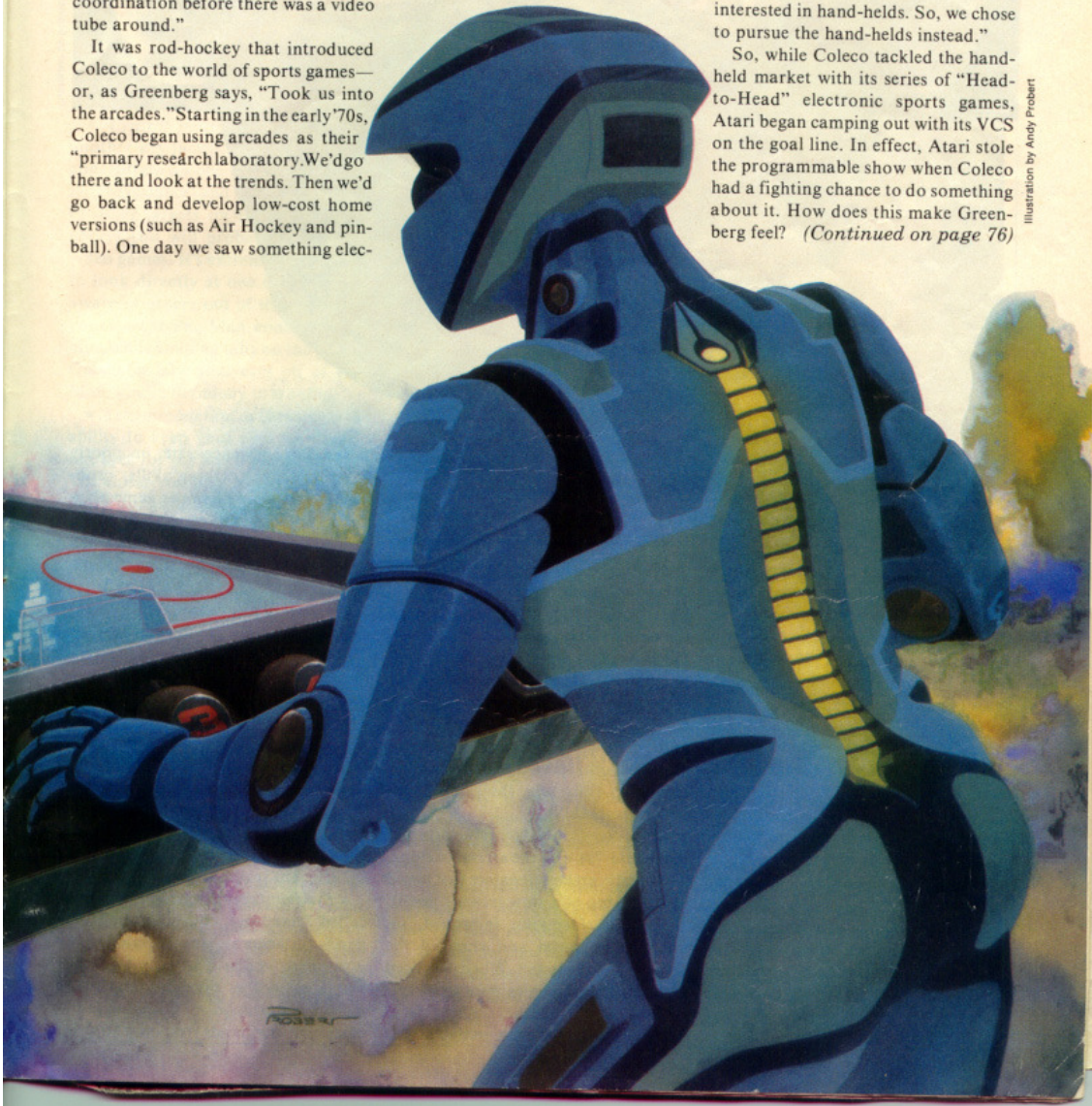
Coleco's Pong, or Telstar as it was branded, was worth a bonanza, indeed. But, like most fads, the thrill was brief and illusory. When the dust cleared in 1978—by this time, Coleco had added several upgraded Telstars, including a programmable "arcade"—the com-

pany found itself in the red some \$27 million. Greenberg doesn't even flinch when he concedes: "We had quite a significant loss in '78 incurred in connection with the liquidation of excess dedicated video inventory."

Adds Greenberg: "It was the hand-helds and *not* programmable video that quickly spelled the death knell for dedicated video. There was not great interest in programmables to begin with. Fairchild (Camera & Instrument) and RCA gave up the ghost. The whole world at that time was more interested in hand-helds. So, we chose to pursue the hand-helds instead."

So, while Coleco tackled the hand-held market with its series of "Head-to-Head" electronic sports games, Atari began camping out with its VCS on the goal line. In effect, Atari stole the programmable show when Coleco had a fighting chance to do something about it. How does this make Greenberg feel? (Continued on page 76)

Illustration by Andy Probert



bine live-action with computer-generated images and other special effects techniques, including lasers. Current plans call for four different styles of computer animation to earmark four separate sequences in the film. However, unlike *Tron*, the heart of *Spaceblasters* will be its characters.

Says co-producer Adam Fields: "It's the story of four typical American teenagers, who are video game fanatics despite the wishes and desires of their families. Through a certain circumstance of events, they are called upon to save the world. It's every kid's fantasy."

Among the first to join the *Spaceblasters* crew was "science advisor" and Tempest devotee Timothy Ferris. An astronomer, author (*Galaxies* and *Red Limit*) and former science editor at *Rolling Stone*, Ferris has been giving a lot of thought to the film's sets and designs.

"To make an advanced set that, in a sense, really does work—or that *thinks* it works—is an approach I'm very interested in," he says. "I'd like to get more integrity into the design. For

instance, when people try to make spaceships, the reason they most often fail is that the spaceship doesn't actually work. I know that sounds like a silly thing to say—you're not going to build an actual spaceship—but if you design a set from ground up, meaning you sit down with an engineer and justify everything you've done in terms of how that set would work, then it ought to look like something. I want to build sets that *think* they work."

With *Tron* already in the theatres and *Spaceblasters* on the horizon (look for it this Christmas), what are our video game film pioneers forecasting for the future? Kroyer expects a "whole raft" of game-type movies to appear if *Tron* takes off. "I think that just for commercial purposes, Hollywood will jump on the bandwagon."

"Movies and video games are going to get closer and more interrelated. I definitely think so," says Lisberger. "The different technologies used to design video game graphics and to make some of the computer visuals in *Tron* are merging together."

Notes Adam Fields: "I think film

people have finally realized that video games are more than just a fad, it's an industry that's here to stay. Rather than competing with it, they're beginning to capitalize on it. It's a perfect, ideal marriage."

A wedding between movies and video games, created in sparkling, computer-generated visuals. Seventy-millimeter and in Technicolor. But, if all of this is so perfect, then why is Steven Lisberger unhappy? Apparently, the director has detected a flaw in his \$19 million celluloid package.

"I think the biggest problem with *Tron* as far as video game people are concerned—and I wish I could do something about this—is that the audience has no control over the film. I wish that every seat in the movie theatre had a joystick next to it so people could literally take part in the film."

Walt Disney Productions has already announced *Tron II*. Perhaps Lisberger will soon get his wish. ▲

## Coleco

(Continued from page 55)

"Atari suffered horrendous losses in video as a number of us did," he says tactfully. "Atari found it necessary to be acquired by Warner (Communications) in order for it to survive. Warner showed great confidence in Atari and pumped in money, but it wasn't until 1980 that Warner was convinced it did the right thing."

That same year Intellivision was unveiled, and many have since agreed that Mattel did the right thing. Now, two years hence, during the midst of a fantastic video games boom, comes ColecoVision. Will it, *too*, be the right thing?

"I believe ColecoVision is going to have an extraordinarily positive impact in the marketplace," responds Greenberg, as only the president of a company touting his own product could. "The graphics are not merely superior to Atari's, but significantly superior to Mattel's. But, the critical element about ColecoVision is its modular expandability—the ability to accept state of the art as it comes along.

"Both Atari and Mattel, in my opinion, have gotten themselves into a difficult market position. Atari has to take the difficult to sustain point of view that games are one thing and

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computers are another; that's because the VCS is not expandable and Atari can't make a computer out of it. Mattel is substantially in the same place. Its attempt to develop Intellivision into a computer has resulted in a very high-priced keyboard, which I believe will be abandoned—if it already hasn't been—by the end of the year.

"What we have done by waiting a few years to introduce our product is creatively take advantage of state-of-the-art changes in technology. This is important because there is a great deal more mass-market interest in the personal computer now than most people had anticipated."

What Greenberg is getting around to is Coleco's resolve to market a keyboard (Module #3) some time next year. "We're talking about the next level of sophistication in terms of games," he goes on. "It's very, very important, we think, to approach the personal computer market from the standpoint of a toy and game company, rather than a heavy technology company. The housewife, the husband and teenagers at home are primarily not interested in RAM and ROM."

Though this last appraisal is debatable, one thing is certain: The consumers will soon enough be crying out for more sophisticated software. What does Coleco have in mind?

"I strongly believe," Greenberg says, "the industry will only be as big and healthy as there is creative and abundant software. We may not be selling the Donkey Kong cartridge in great volume two or three years down the road . . . it may be some other arcade game, a film title, or an amusing educational program. Or it could even be some kind of a more interactive device."

In the meantime, Coleco is continuing to bargain for the rights to the hottest coin-op properties. However, diving into an area where Atari previously enjoyed carte blanche can be precarious—as Coleco quickly found out. When the company formally announced the ColecoVision venture last January at the winter Consumer Electronics Show, it claimed one of its licensors was the Florida games firm, Centuri. But, several months later, Atari publicized its agreement with Centuri. Coleco, apparently, had been had.



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