

October 20, 2006

PR For Games Keynote: Le Merle On Reputation Building

At the 2006 PR For Games Conference, Gameplay Holdings and Keiretsu Forum SF President Matthew C. Le Merle's keynote, "Company Valuation & Media Coverage," addressed PR's responsibility for creating a solid reputation for a games studio, particularly for studios that may one day be for sale.

"There are a lot of development studios," said Le Merle. "Many are formed each year, and they are actually quite easy to form."

"Most of these new studios aspire to be more than work-for-hire studios. But the truth is that most of them do not succeed. Most of them end up in a little bit of a rut. I think it's great to do high quality work for hire for great partners, but for some people running studios, that's not what they want to do. They get stuck in this rut, and to get out of it, they sell."

"This is the way I think about it: the first thing that's going on is that there's some sort of net presence value (royalty streams attached to the library of product the studio has been working on historically. That's a mather. And the second is that there's some value of the studio itself."

Valuing the studio itself can be tricky, though Le Merle revealed the research has shown that a company's value about \$300,000-400,000 dollars per employee.

"And then there also seems to be a premium for other things: the reputation the studio has for great gameplay reputation they have for being a reliable developer," he said.

"The management's challenge is to build a studio which delivers great gameplay reliably. The media's challenge is the studio's *reputation* for delivering great gameplay reliability."

Le Merle argued that although most marketing money is spent on advertising, it is actually PR that builds reputation. "Advertising is not good at establishing reputations, only maintaining them. Reputation is built by direct experience and third party validation."

"PR can help drive this, not ads."

POSTED: 08.36AM PST, 10/20/06 - 1