

THE EUROPEAN CHALLENGE IN VIDEOGAME SOFTWARE: THE “FRENCH TOUCH” AND THE “BRITSOFT PARADOX”

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In the year 2001, the French publisher, Titus Interactive, acquired a controlling share in the U.S.-based company Interplay. At the time of the acquisition, Interplay was one of the best-known PC games developers and publishers, with 1998 sales of over \$115 million, a solid game development base of five in-house studios, and about 50 titles in the pipeline for the year 1999/2000. Titus was about the same size as Interplay at the time of the acquisition and the fourth-largest publisher in France.

During the 1996 to 2001 industry cycle, a number of French publishers experienced rapid growth, both internal and through acquisitions, that permitted the French industry to take third place in global revenues after Japan and the United States. Pushed back to fourth place was the British industry, notwithstanding the facts that the British have a larger home market for videogames than the French and a much more extensive and successful developer base.

In a recently released report on “creative industries,” the UK Department of Media, Culture and Art has acknowledged the existence of what is now being called the “Britsoft paradox” [UKMedia01]. In an industry in which “everything comes down to games,” why didn’t the “Britsoft” advantage translate into the rapid growth that the French achieved? And how sustainable is the French competitive advantage in publishing? Our ongoing research on the European videogame industry will hope-

fully provide some robust answers to these questions as the next cycle of the industry unfolds. As a prelude, in this short article, we survey the competitive strategies of some of the major British and French players in the last cycle.

The European Challenge

The emergence of a number of strong European videogame publishers over the past few years represents a significant change in international competition in an industry that previously had been dominated by companies based in the United States and Japan. Indeed, in many accounts of the evolution of the videogame industry, one gets the impression that European capability in supplying the videogame market is nonexistent. For example, Steven L. Kent's *The First Quarter: A 25-Year History of Videogames* [Kent00] contains virtually no references to European individuals or companies—a somewhat ironic omission in view of the fact that the preface to the U.S. edition of the book is written by Peter Molyneux, a well-known videogame developer based in Britain.

The Competitive Landscape

As shown in Table 1.6.1, in 2001, of the top 15 independent (i.e., non-console producing) videogame publishers ranked by revenues, six were American, four were Japanese, four were French (Infogrames, Ubi Soft, Titus Interactive, Vivendi Universal Publishing), and one was British (Eidos) [Saigol00].

Table 1.6.1 Top 15 Independent Videogame Publishers of 2001 Information adapted from the Financial Report 2000/2001 of UbiSoft.

| # | Publisher | | Game Sales (\$m) | Game Sales in Group | Main Games |
|----|-----------------|--------|------------------|---------------------|--|
| 1 | Electronic Arts | USA | 1,760 | 100% | FIFA, Sims, Madden, NBA, NHL, Medal of Honor |
| 2 | Konami | Japan | 1,181 | 65% | Metal Gear Solid, Silent Hill, ISS |
| 3 | Infogrames | France | 889 | 100% | Driver, Looney Tunes, Alone in the Dark, V Rally |
| 4 | Square | Japan | 760 | 99% | Final Fantasy, The Bouncer, Parasite Eve |
| 5 | Activision | USA | 594 | 100% | Toy Story, Tony Hawk's Pro Skater, Spiderman, Quake |
| 6 | Capcom | Japan | 483 | 70% | Devil May Cry, Street Fighter, Resident Evil, Onimusha |
| 7 | VUP | France | 470 | N.A. | Warcraft, Diablo, Starcraft, Crash Bandicoot, Spiro |
| 8 | Take 2 | USA | 385 | 100% | Oni, Austin Power, GTA, Midnight Club, Spec Ops |
| 9 | THQ | USA | 374 | 100% | Simpsons, Evil Dead, WWF, Ring Rats, Red Faction, |
| 10 | Ubi Soft | France | 351 | 100% | Rayman, Tom Clancy's Rainbow Six, The Settlers |
| 11 | Eidos | UK | 285 | 100% | Tomb Raider, Commandos, Soul Reaver |

(Continues)

| # | Publisher | | Game Sales (\$m) | Game Sales in Group | Main Games |
|----|-------------------|--------|------------------|---------------------|--|
| 12 | Namco | Japan | 256 | 30% | Tekken, Ridge Racer, Soul Calibur, Pac Man |
| 13 | Acclaim | USA | 242 | 100% | South Park, Dave Mirra Bmx, NFL Quarterback Club |
| 14 | Midway | USA | 207 | N.A. | Ready to Rumble, SpyHunter, NFL Blitz, Gauntlet |
| 15 | Titus Interactive | France | 164 | 100% | Baldur's Gate, Giants, Icewind Dale, Top Gun |

Source: [UbiSoft01]

This competitive configuration is new: although most of the leading French publishers have been in business since the 1980s, British companies such as Ocean and Centre Gold dominated the European videogame industry at the beginning of the 1990s. In 1993, the French Minister of Culture, Jack Lang, cited videogames as an example of an industry in which French companies were in danger of being gobbled up by foreigners [DeGasquet93a]. As late as 1997, there were still no French companies among the top 15 independent publishers, with Infogrames ranking 16th, Ubi Soft 20th, and Titus Interactive 27th [Barnu98]. Neither Cryo nor Vivendi Universal Publishing (at that time Havas Interactive, which was only involved in edutainment) could be found among the top 30 publishers. In 1997, Eidos held 11th position as a result of its acquisition of a number of British companies, including its 1996 purchase of the largest listed British company, Centre Gold, which was in the process of developing *Tomb Raider*.

If French companies have now surpassed their European rivals as publishers, the British still remain leaders in videogame development. In 1999, at the peak of the last industry cycle, there were about 250 development studios in Britain compared to about 60 in France. British studios developed one in four games sold in Europe and one in eight sold in the United States [ELSPA99]. Within Europe, British developers accounted for 30% of the games sales on the French market [ELSPA99], while French developers could claim only 5% of the sales of the top 100 games in the UK [Screndigest00]. Of the "top 100 games of all time" for PCs compiled by *PC Gamer*, 53 were of U.S. origin and 32 came from Britain [Jenkins99].

Risk and Reward

As the financiers of game development and commercialization, publishers bear most of the risks in the industry, but also stand to reap the most profits. There are no solid data currently available to calculate the distribution of revenues between publishers and developers in the videogame industry [Sanghera01]. Simon Cook, a former industry participant, asserted that the products of the British game development

sector generated sales of \$6.5 billion in 1999, of which only \$500 million flowed back to the creative community in Britain [Barrie99].

When in 2000, even Eidos was having severe financial difficulties, the British Culture Minister, Janet Anderson, challenged the City to get involved in the British videogame industry by arguing that, with financial backing, the nation's strong capabilities could be translated into profits [M2Comm00]. This purported failure of British financial interests to invest in small but creative firms has long been bemoaned in British policy circles. And, as we shall see, in the last half of the 1990s at least, it would appear that bullish financial markets provided much more support for the growth of French videogame companies than they did for their British counterparts.

Leading French Companies

The following are a few of the leading French publishers in the videogame market.

Infogrames

Leading the French challenge has been Infogrames, a company whose origins in the early 1980s were, in retrospect, atypical of the European industry more generally. The founders of most early European firms were programming prodigies who were devoted to gaming, and who produced their first games in their bedrooms or family garages. In contrast, Bruno Bonnell and Christian Sapet created Infogrames as a business in 1983 with the idea of developing and commercializing games for the mass market, not for hardcore gamers [Doward99]. In 1993, Infogrames, still struggling to survive with its 100 employees, received financial backing from Pathé Interactive (a joint venture of Philips and Chargeurs) and a French venture capital company. Supported by its new partners, Infogrames floated an IPO in December 1993 that broke existing Second Marché records; offering just 10% of the company's shares, the Infogrames IPO was oversubscribed 530 times [DeGasquet93b].

Cryo Interactive

Philippe Ulrich was a self-made programmer who was part of a development team hired by Virgin to work on a game based on the *Dune* license. After many delays, in late 1991 the game became a major success. Using the proceeds from the *Dune* sales, Ulrich, in partnership with a former Virgin executive, Jean-Martial Lefranc, created Cryo in early 1992. Over the next three years, Cryo grew rapidly as a developer, and in 1995 the company decided to make the costly and risky transition to publishing, with Financière Lagache (part of LVMH) taking a 20% stake. Cryo published its first games in 1996, and in 1998 listed on the Nouveau Marché, with its offering being

oversubscribed 46 times. In 2000, the online gaming subsidiary that Cryo had created in 1997 also went public on the Nouveau Marché.

Ubi Soft

Founded by the five Guillemot brothers, Ubi Soft entered the videogame industry in 1986 as a French third-party distributor for games developed abroad. Through its control of distribution networks, Ubi Soft began publishing games developed by external studios, and in 1994 founded its own development studios. Thus, while the growth trajectory of most of its competitors was from development to publishing, Ubi Soft expanded in the opposite direction. Its 1994 blockbuster, *Rayman*, provided resources for Ubi Soft's further expansion, which included high levels of investment in R&D for development tools. In 1996, Ubi Soft was listed on the Second Marché, with its shares being oversubscribed 282 times, second only in demand for shares to the Infogrames IPO of 1993.

Titus Interactive

Titus Interactive was founded in 1985 by brothers Eric and Hervé Caen. The following year, Titus developed its first PC game, and in 1989 became one of the first European companies to embark on console game development, becoming a licensee for Sega (1989), Nintendo (1990), and Sony (1994). In 1996, Titus listed on the Marché Libre (the over-the-counter market), but in 1997 transferred its listing to the Nouveau Marché. The acquisition of Interplay and Virgin Interactive in 1999 transformed Titus into a full-scale publisher, with its release schedule of 50 games per year placing it third among the French videogame companies. The Caen brothers remain Titus's dominant shareholders and retain top management positions. Such is also the case at Infogrames (Bonnell and Sapet), Ubi Soft (the Guillemot brothers), and Cryo—at least until its bankruptcy in July 2002.

Leading British Companies

Eidos

Eidos was founded in 1990 as a video compression R&D company. In 1995, Eidos received a cash infusion from an outsider to the videogame industry, Charles Cornwall, a 30-year-old South African who left his job in the City to run Eidos. In 1995, Eidos acquired Domark, Europe's fifth largest developer/publisher, as well as two studios, Simis and Big Red, which developed games for Domark. With the Domark acquisition, Ian Livingstone, a veteran in British game development (including books and board games), joined Eidos, and served as the company's chairman for several

years. In 1996, Eidos acquired Center Gold, Britain's largest listed computer games company, along with its two development teams, Core Design and US Gold, and became the owner of *Tomb Raider*, at that time a title among others, still in development at Core Design. *Tomb Raider*, published in November 1996 on PlayStation and PC, was an immediate success and triggered a series of lucrative sequels that provided the financial foundation for Eidos' growth in the late 1990s.

Argonaut Software

In 1982, Jez San, then 16 years old, founded Argonaut as a software consultancy firm. During the last half of the 1980s and first half of the 1990s, Argonaut financed itself internally, with funds generated from successful games (e.g., *Croc*) or from Argonaut's very lucrative technology arm (a subsidiary that had in 1993 produced the powerful "SuperFX" chip for SNES Nintendo console's games). From 1996 to 2000, the company received around £8 million from external partners, two venture capital firms, New Media Investors and Apax Partners, and the Japanese videogame publisher Koei. In 2000, the company was floated on the London Stock Exchange, raising £20 million. San remains the CEO and principal shareholder of the company he founded two decades ago.

Rage Software

In 1991, 11 people from Liverpool formerly with the videogame company, Ocean, pooled their redundancy pay to develop a 3D soccer game called *Striker*. They formed Rage Software to market the game, and Paul Finnegan, an Ocean co-founder who had worked for other software companies for several years, came on board to manage Rage. *Striker* was a smash hit, selling 1 million copies in two years. In 1994, Rage was acquired by BCE (Bristol Coin Equipment), a quoted leisure company with interests in amusement arcades and snooker equipment listed on the Unlisted Stock Market (USM). As the focus of BCE's business shifted to computer games, the group took back its name "Rage Software" in 1996. Finnegan still remains the managing director of Rage.

SCi

In 1988 Jane Cavanagh, a former British Telecom employee, founded SCi as a developer and publisher. For six years, the company remained small, employing between 20 and 30 people and publishing a few titles for PCs in Europe. In the mid 1990s, SCi's management recognized that the increased cost of developing videogames and the intense competition to commercialize them meant that it could no longer remain a small publisher. With a profitable track record, SCi became the 200th company

listed on the Alternative Investment Market (AIM), the London Stock Exchange's market for smaller, growing companies.

The "French Touch?"

Although they had already grown substantially since their inception, the scale of activities of the top four French companies—Infogrames, Ubi Soft, Titus, and Cryo—took off once they went public. With their shares highly valued, these companies were able to grow through acquisitions. Such was especially the case of Infogrames, which acquired Ocean (UK) in 1996, Gremlin (UK), GT Interactive (US) and Accolade (US) in 1999, and Hasbro Interactive in 2000, along with many development studios (e.g., Paradigm, Beam, DID) and videogame distribution arms (e.g., Philips Media). The very high valuation of Infogrames' stock provided the company with an acquisition currency, using either shares directly to make the acquisitions, or cash that was raised on the stock market or through the issue of convertible bonds. From €54 million in sales and 194 employees in 1995, Infogrames grew more than tenfold to €674 million in sales and 2150 employees in 2000. Many financial analysts gave high marks to Infogrames' management for its expertise in negotiating, integrating, and restructuring acquisitions.

While Titus Interactive has not grown as much as Infogrames, it concluded a number of acquisitions in 1999 and 2000, including two large videogame companies, Virgin Interactive (Britain) and Interplay (USA), paying for both companies in shares, and a number of small developers abroad, including Digital Integration (Britain), Blue Sky (USA), and Black Cat (Britain). Largely through these acquisitions, Titus grew from 124 employees in 1999 to 691 in 2000.

Ubi Soft followed a different strategy, mainly relying on organic growth rather than acquisitions. The company devoted large portions of its resources to expand its development capacity through hiring, with its development staff increasing from 23 employees in 1994 to 268 in 1996 and about 1100 in 1999. Since 1999, however, its growth has been augmented by the acquisition of several development studios, including Sinister Games (USA), Red Storm (USA), and TLC (USA). In 2000, Ubi Soft's development staff reached 1300 people. Ubi Soft raised considerable amounts of funds from the stock market to finance its internal growth and has also used its stock as an acquisition currency to cover most of the value of its acquisitions.

Cryo also acquired a few small developers, publishers, and distributors—for example, Dreamcatcher (Canada) and Dark Horse Interactive (USA)—and used funds raised on the stock market to finance these acquisitions and its online spinoff, CryoNetworks.

The “Britsoft Paradox?”

In Britain, as in France or in the United States, it became obvious in the mid 1990s that the ability to raise funds on financial markets was essential to compete in a context of accelerating consolidation. In clear contrast with French publishers, however, the leading British publishers did not implement an aggressive external growth strategy. They performed few significant acquisitions and raised much less capital than the French publishers. As a result, in 2000, the revenues, profits, and head counts of the leading British companies were much smaller than those of their French counterparts (Table 1.6.2).

In the case of Eidos, the leading British publisher, the company did not perform significant acquisitions apart from the seminal ones through which it transformed itself into a videogame company in 1996. Subsequently, it implemented a strategy of “cherry-picking” industry talent by taking minority stakes in many small development companies; for example, Innerloop (Norway, 25%), Clockwork (Britain, 25%), Pure (Britain, 26%), Elixir Studios (UK, 5%), Pyro (Spain, 25%). Typically, these investments were connected to a publishing deal, sometimes on an exclusive basis. This arrangement gave small developers the benefit of Eidos’ financial support for game development while enabling them to remain independent. For Eidos, the arrangement helped to ensure that the development team would remain intact and motivated, outcomes that would not necessarily be forthcoming when the autonomy of the team was challenged in a full acquisition. At the same time, Eidos thought that minority investments would give them greater control over the studios than a regular advance on royalties; a notion that the company subsequently determined to be ill-founded. Since 1999, Eidos has not been involved in any acquisition activity, in part because the strategy of minority acquisitions has not lived up to expectations, and in part because Eidos has faced severe financial problems. Indeed, since 1999, Eidos has been more an acquisition target for other companies—particularly the French—than a potential acquirer itself [Paquette02].

Apart from Eidos’ minority stakes in developers, British publishers made only a few small acquisitions in the last cycle, usually of companies within the broad British development base. Argonaut acquired three development studios: LTStudios (Britain), Just Add Monsters (Britain), and Particle Systems (Britain). Gremlin took over three development studios as well: Dream Weavers (Britain), DMA (Britain), and Mainstream Interactive (Australia). SCi took minority stakes in two developers, Stainless Software (Britain, 25%) and Pivotal Games (Britain, 10%) and acquired one small publisher, Actualize (Britain). Finally, Rage, as part of its strategy to make the transition to publishing, has increased its development capacity by acquiring or taking minority stakes in about eight studios, among them Splinter (Britain), DID (Britain), Wayward Design (Britain), and Denki (Britain, 20%).

Table 1.6.2 Revenues, Net Profits, and Employees of Leading French and British Videogame Companies, in millions. Information adapted from Thomson Analytics database [Thomson].

| | Revenues (€m) | | | | | Net Profits (€m) | | | | | Employees | | | | |
|-------------------|---------------|--------|--------|--------|--------|------------------|--------|-------|-------|--------|-----------|------|------|------|------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 1996 | 1997 | 1998 | 1999 | 2000 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Infogrames | 57.02 | 100.38 | 223.76 | 306.13 | 521.59 | 3.12 | 5.95 | 12.79 | 20.28 | -24.60 | 485 | 503 | 583 | 1186 | 2150 |
| Ubi Soft | 37.43 | 52.33 | 96.48 | 132.58 | 186.50 | 1.32 | 2.40 | 4.43 | 6.26 | 10.94 | 393 | 573 | 933 | 1474 | 1652 |
| Cryo | 8.31 | 14.84 | 23.72 | 36.43 | 50.09 | -0.10 | -0.95 | 0.87 | 1.92 | 10.62 | - | 180 | 193 | 236 | 455 |
| Titus | 6.64 | 21.24 | 7.94 | 26.54 | 142.81 | 0.12 | 1.43 | -2.94 | 1.36 | -27.57 | - | - | - | 124 | 691 |
| Kalisto | n.a. | 7.13 | 8.24 | 16.48 | 2.86 | 0.50 | 1.20 | 0.29 | 1.70 | -28.10 | 46 | 136 | 176 | 240 | 270 |
| Eidos | 3.48 | 105.96 | 216.98 | 338.34 | 324.72 | -1.83 | 8.66 | 17.18 | 32.26 | 42.01 | - | - | - | 458 | 485 |
| Rage | 11.54 | 9.98 | 5.05 | 13.52 | 6.66 | -3.64 | -22.61 | 1.32 | 4.06 | -4.15 | - | 185 | 99 | 103 | 165 |
| SCi | 1.29 | 7.60 | .30 | 12.30 | 5.28 | -4.93 | 1.81 | 4.65 | 2.58 | -4.15 | - | 79 | - | 38 | 38 |
| Empire | - | 13.30 | 17.40 | 11.80 | 17.40 | - | 0.20 | 0.20 | 0.30 | -2.80 | - | 66 | 75 | 71 | 75 |
| Argonaut | - | 7.70 | 8.90 | 3.80 | 7.00 | - | -1.00 | -1.30 | -4.10 | -1.00 | - | - | - | 109 | 141 |
| Warthog | - | - | 0.50 | 1.50 | 4.00 | - | - | 0.00 | 0.50 | 0.30 | - | - | - | - | 170 |

As a result, while the French publishers were climbing the ranks of the world's top independent publishers, the British publishers saw only modest growth. After losing €5.4 million on sales of €4.6 million in 1998, SCi implemented a radical change in strategy towards "pure publishing," cutting its total employment to 38 by shedding its internal development capacity. Rage is still struggling to achieve its transition to publishing; in recent years it has vacillated between being an external development studio and an independent publisher. Argonaut is one of the world largest independent developers, but does not intend to switch to publishing.

The Role of National Stock Markets

In a given industry at a given time, many factors can limit the growth of any particular company relative to its competitors. Growth is always a risky process, and the management of some companies might purposefully avoid it. In the French videogame industry, for example, Delphine Software, a highly regarded development studio, has remained small with about 35 employees over the past decade, easily finding publishers and getting favorable terms for the two games it produces each year. Delphine's strategy can be contrasted with that of Kalisto, which increased employment from 46 in 1996 to 270 in 2000 before going bankrupt the following year. For companies that do pursue a growth strategy, success or failure will ultimately depend on the investment strategy and organizational structure of the particular company.

Nevertheless, the British-French comparison over the last cycles suggests that the national context can make a difference. It is clear that the British had a superior developer base, yet it was the French-based companies that grew. In both countries, the leading firms had long-established roots, at least given the young age of the industry in question. There is no compelling evidence that the French were better managers than the British. In the case of the videogame industry, what the French had that the British lacked was an ebullient stock market that bestowed far higher price-earnings ratios on the French listed companies than on the British [Schroders01], enabling the leading French companies to raise huge amounts of capital through share issues or convertible bond issues without too much dilution, as shown in Table 1.6.3. As a result, these companies could engage in a much more aggressive acquisition strategy than their British competitors, paying with the cash raised or directly in highly-valued shares.

Within Britain, this disadvantage is recognized, and is attributed to an aversion of "investors" to the videogame industry, or even to high-tech industry in general, especially when it is based on small-scale enterprise. For example, Peter Molyneux, a famous British developer and CEO of Lionhead, argued in *The Financial Times* that he "would love Britain to be at the forefront of the games sector. There is no doubt of

Table 1.6.3 Cash Raised Through Share Issues and Long-Term Debt Issues by Leading French and British Videogame Companies, in €millions. Information adapted from Thomson Analytics database [Thomson].

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-------------------|-------|-------|--------|-------|--------|--------|--------|------|
| Infogrames | 12.17 | 2.10 | 100.82 | 70.48 | 17.51 | 333.54 | 334.00 | 52.2 |
| Ubi Soft | n.a. | n.a. | 3.57 | 13.95 | 29.88 | 73.05 | 60.42 | 0.10 |
| Cryo | n.a. | n.a. | n.a. | n.a. | 24.43 | 19.00 | 40.21 | 0.00 |
| Titus | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 165.66 | 0.00 |
| Total | 12.17 | 2.10 | 104.39 | 84.43 | 102.25 | 425.59 | 600.29 | 52.3 |
| Eidos | 0.69 | n.a. | 6.53 | 58.62 | 49.05 | 1.25 | 6.61 | 1.28 |
| Rage | 0 | 16.27 | 2.8 | 0 | 0 | 0.02 | 21.59 | 0.10 |
| SCi | n.a. | n.a. | n.a. | 6.4 | 1.65 | 0 | 33.58 | 0.00 |
| Empire | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 9.76 | 6.05 |
| Total | 0.69 | 16.27 | 9.33 | 65.02 | 50.70 | 1.27 | 71.54 | 7.43 |

the impact of British designers. Our problem is shortage of investors” [Grande01]. One of the very few City analysts to follow the game industry, Nick Gibson from Durlacher, expressed similar views: “There is no doubt that British investors are more conservative than their continental and U.S. counterparts and it could be argued that this has much to do with their lack of understanding about how the games industry and games companies work” [Gibson00]. In the previously mentioned “creative industries” report, the British Department of Culture, Media and Arts stated: “British innovation in interactive leisure software development has not been matched by a British willingness to invest. The fact is, the London Stock Exchange is not prepared to back ‘Britsoft’ with the same vigor as do NASDAQ, the Nikkei, or the Bourse de Paris for their respective industries” [UKMedia01].

Conclusion

Within France, videogame stocks performed better during the last cycle than other French high-tech/IT stocks. For example, a mutual fund dedicated to videogame companies during that period (“Ifuel Equity Fund”) was the most profitable European media and telecom private equity investment fund in 2001 [Morningstar02]. Yet in 2001 and 2002, the subsequent decline of French videogame stocks and the financial difficulties of some of the leading French companies, including Infogrames, raise questions about the sustainability of the French challenge, including whether the French companies have access to the *committed* sources of finance needed to remain world-class publishers. Speculative finance is not committed finance. It might well be

that, for reasons that had little if anything to with the videogame industry, investors on the French financial markets were simply more speculative than their British counterparts. The experience of the French stock markets was in line with what is now seen as a worldwide bubble in technology stocks that coincided with the last videogame cycle. The British stock markets were not immune to this speculative fever, but they never became as “exuberant” as the French. There is much more research to be done on the European challenge in the videogame industry, and the rise of the French companies in the 1996 to 2001 cycle. However, our research thus far suggests that one should not reject the hypothesis that the substance—and sensitivity—of the “French touch” in videogames was a greater French propensity to stock-market speculation.

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