

## Denver-Based Web Bets On Laser Configuration

BY PETER JONES

**DENVER** After eight months of operating the first all-laser hardware and software store in the U.S., LaserLand opened two new stores in the metropolitan Denver area on Aug. 4. With its first three stores located in Denver, the firm plans to open a fourth in Providence, R.I., in early October.

When the first LaserLand opened in December, the company had planned to have 100 franchises open by December 1988 (Billboard, Dec. 27, 1986). According to LaserLand chairman and president John O'Brien, that projection has been changed to 60. "As is probably more typical in business," says O'Brien, "things don't necessarily happen as fast as you'd like them to."

According to O'Brien, of the 60 proposed stores, 50 will be franchise operations; 10 will be corporate-run units. The original 2,200-square-foot Denver store will remain a company-owned prototype outlet for purposes of testing and "fine-tuning" the LaserLand concept. Additionally, LaserLand has recently opened its international franchise training center and corporate offices in Denver.

The two new stores, both of which mirror the original's architecture and size, are franchised. One opened as a corporate store, but it was sold the next day. According to O'Brien, three stores can afford the advertising to bring in the number of customers that LaserLand needs to achieve its profit model for the Denver area.

Nationally, the company plans to have five to 10 stores open by Christmas. In 10 years, the firm plans to have 2,000 stores worldwide.

O'Brien says he is not disappoint-

ed that LaserLand has not met its original goals. "To open three stores in eight months is not a bad performance," he says. "I think we're on the right path." LaserLand representatives are currently touring 12 major U.S. cities to test the water for potential franchises. "The response has been excellent," says O'Brien.

Nonetheless, the newness of laser technology has created strategic problems for the chain. "When you combine the fact that we're

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bringing forth a new franchise organization with a revolutionary new technology, you've got two major hurdles to overcome," says O'Brien.

LaserLand is attempting to leap those hurdles with several unique marketing campaigns. In Denver newspaper advertisements, the firm is offering trade-ins on hardware and records. "[That campaign has] brought forth the point that laser is the wave of the future," says O'Brien. "We wanted to burn [the old equipment] and create some excitement, but we're going to give it to charities."

LaserLand is also promoting its new computerized on-line special-order system. The firm will deliver any title that the store does not have in stock, by UPS, at 10% off the regular price. Each store has a

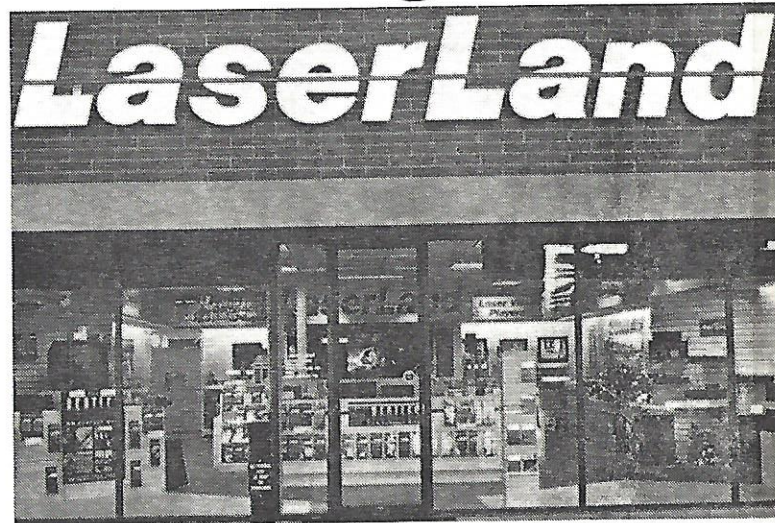
consistent stock of 6,000 titles.

LaserLand, whose sales are divided equally between hardware and software, is convinced that in the coming decade laser technology will render all traditional home entertainment equipment obsolete. "Once someone owns a compact disk player," says O'Brien, "they will never buy a record again. It's that simple."

According to O'Brien, the more the customer understands about laser technology, the more he wants to expand on his home systems. "LaserLand is here to sell things and introduce new products," he says. One product the company has introduced and promoted heavily is the "universal player," the CD player that will also play 5-inch CD videos, 8-inch videos, and 12-inch feature-movie videos.

"You don't want to buy audio-only," says O'Brien, explaining a typical LaserLand sales pitch. "I see audio-only disks being eliminated or being stuck in the dash of a car only." O'Brien says that laser technology may soon replace the theater as the initial venue for first-run movies.

Says O'Brien, "I predict that within the next 15 months, first-run movies will be released [in laser format] at a retail price of under \$10." Furthermore, according to O'Brien, within the next five years, major movie studios will cease licensing films on 1/2-inch tape. "I don't need Paramount Studios or Capitol Rec-



Compact disk and laserdisk specialty chain LaserLand has scaled down growth projections since bowing its first store in December. The Denver-based franchiser now says it will have 60 stores in place by the end of next year.

ords," he says. "Sylvester [Stallone], here's the check!"

Although CDs are responsible for most of the current excitement over laser technology, O'Brien sees laser video as the next major wave in home entertainment. "A classic comment was made in one of our stores," he said. "A girl in her mid-20s was talking to one of her friends. She didn't say, 'Have you heard this song?' She said, 'Have you seen this video?' Music is secondary."

The firm makes a point of selling

hardware and software together. "That black box is nothing but a necessary evil," explains O'Brien. "What they're really buying is the software." For that reason, LaserLand begins its sales approach with an emphasis on the customer's interest in a particular artist or music style. After demonstrating that music on laser equipment, the salesman will then introduce the customer to the hardware. Depending on the current promotion, the company offers at least one free CD with every purchase of a player.