



Extract of the original promotion video of Betamax  
1974

# **Sony**

# **Betamax**

**The Real Story**

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# Report Agenda

- Creation of new market
- Making Betamax a standard
- Betamax evolves
- The format war begins ...

# Creation of a new market

- Before 1974
  - Sony's **U-Matic** is **de facto standard** for professional video recording
  - But U-Matic devices too large and too expensive
  - Home video recording inexistent!



Betamax to create  
**Home Video Recording Market**

# Making Betamax a standard

- Late 1974
  - Sony cannot move alone ...
  - ... tries to convince former U-Matic partners ...
  - ... but Matsushita, JVC and RCA reject.



minimum 2 hours playing time required!

# Betamax evolves

- Up to September 1976
  - 1975: Betamax launches the market
  - No OEM nor licensing
  - Sony is developing 2h-Betamax
- ❑ Behind the scenes: JVC works on own format

**Video Home System - VHS**



**The format war begins ...**

# VHS launch

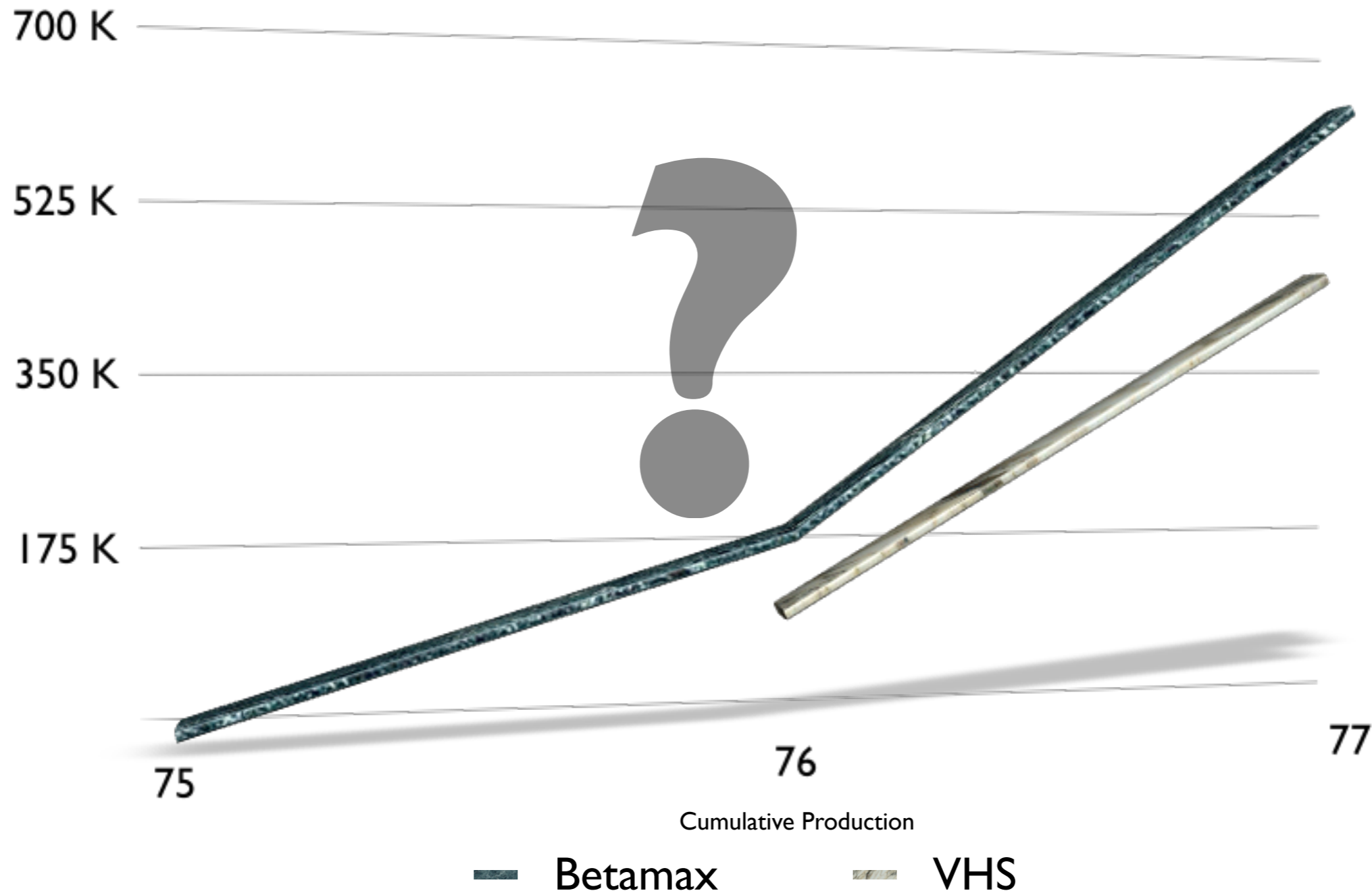
- **September 1976**
  - 2h-VHS launch
  - But 2h-Betamax is coming shortly



**Is Sony ready for the battle?**



# Has Sony done enough?



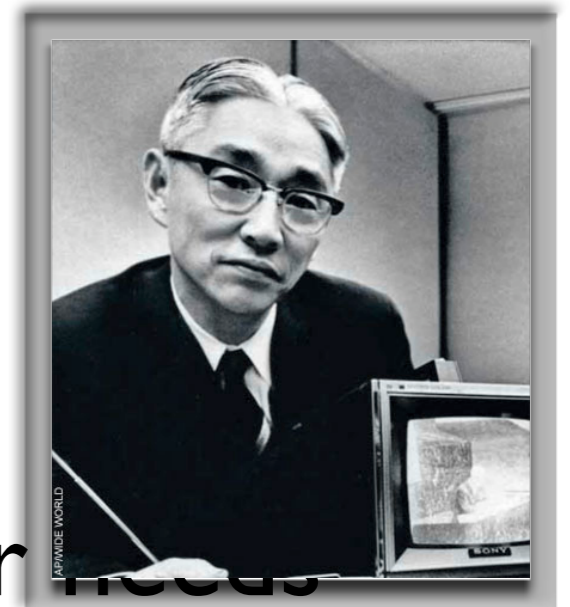
Values from "Strategic Maneuvering and Mass-Market Dynamics: The Triumph of VHS over Beta", M.A. Cusumano, Y. Mylonadis, R. S. Rosenbloom; Table I

# Analysis Agenda

- Q1: How did Sony prepare to make Betamax a standard?
- Q2: Sony's advantages from being first-to market and how did they lose them?
- Comparison: JVC scored with ...

# Preparations for Betamax

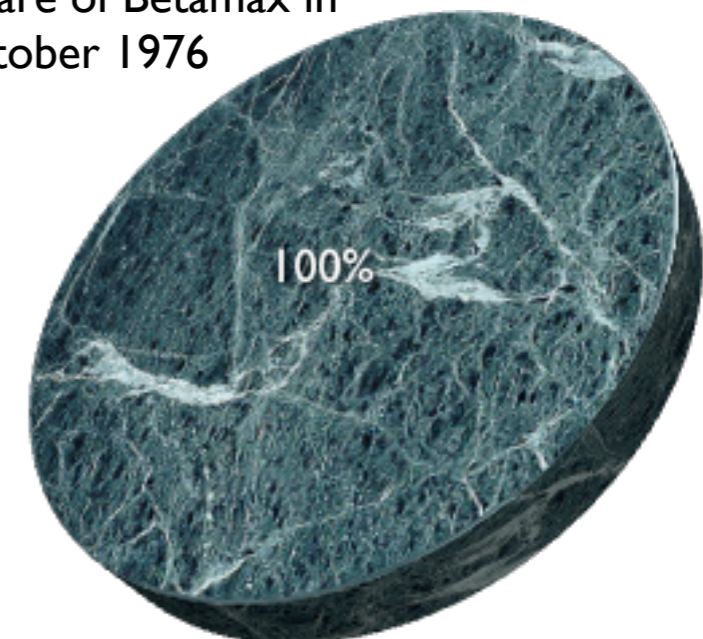
- **High quality technical research** leads to high quality and revolutionary product
  - ☐ Overconfidence in the successor of U-Matic by researchers and management
- **Set manufacturing in place**
  - ☐ They have no flexibility to change Betamax I
- ~~**Market research to know customer needs**~~
  - ☐ *“We don’t believe in market research for a new product unknown to the public...so we never do any. We are the experts!”* by Akio Morita



# Missed Advantages

- **100% market share**, but Betamax 2 (March 77) was incompatible with Betamax 1 !!!
- **No competitors**, but failed to flood the market
  - no licensing for Betamax 1
  - no OEM contracts
  - not enough manufacturing capabilities
  - **too few alliances**

Market share of Betamax in  
October 1976



# Alliances

in 1983

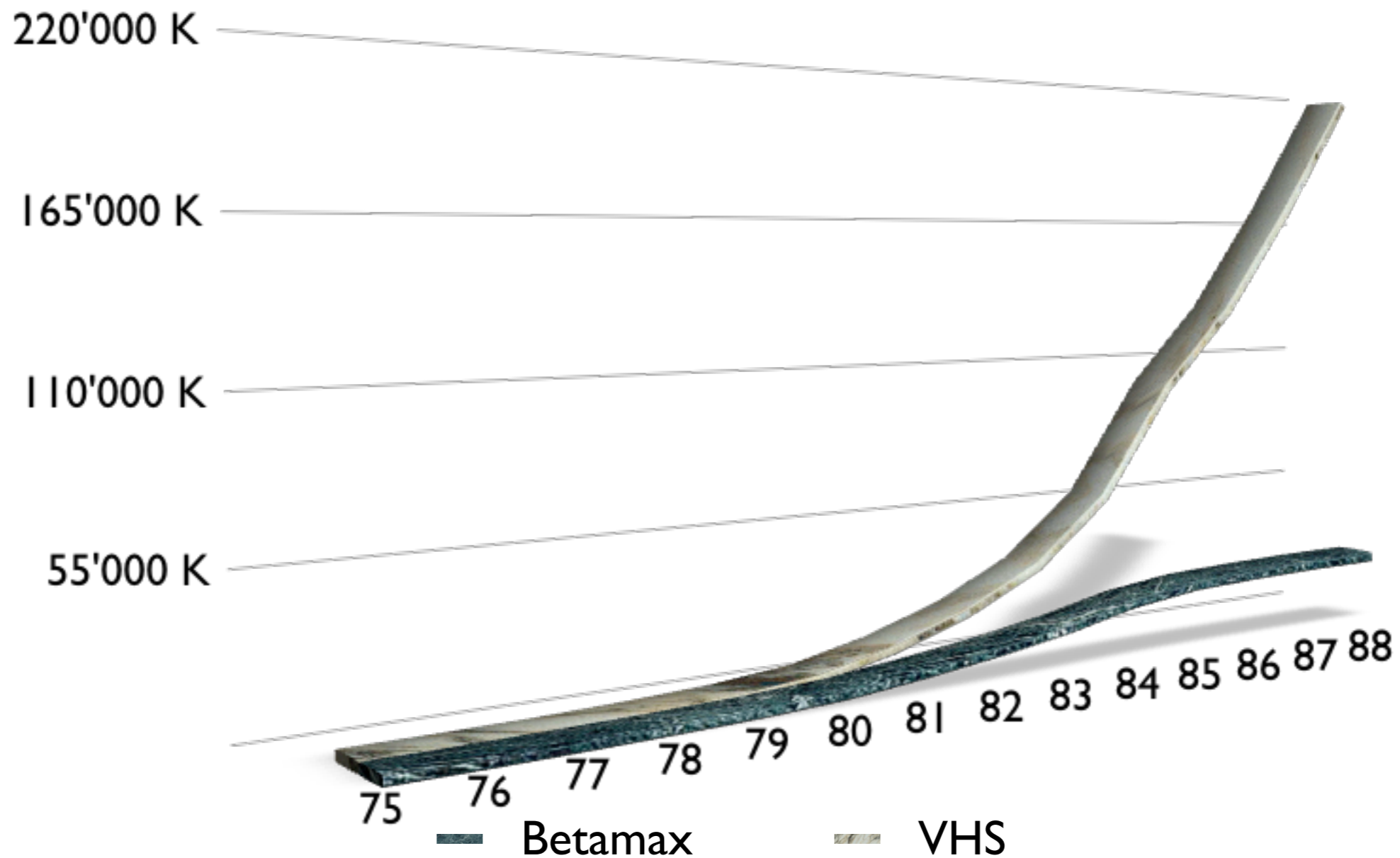
NEC Sanyo  
Toshiba  
**Sony**  
overall 12  
Aiwa Pioneer

Teac General Electrics Clarion  
Magnavox Akai  
Nikon  
Sharp Matsushita  
RCA Brother  
Granada  
**JVC**  
overall 40  
Hitachi Richo  
Olympus Mitsubishi  
Thomson Canon  
Blaupunkt Fisher Telefunken

# JVC scored with ...

- **Matsushita**
  - took decision to produce 3-4h tapes for RCA
- **Flexibility to change the VHS format**
  - Encouraged partners to participate in project
- **Licensing and OEM**
  - They could build a lot of alliances
- **Complementary assets (1980 and later)**
  - Video rental market

# Cumulative Production



Values from "Strategic Maneuvering and Mass-Market Dynamics: The Triumph of VHS over Beta", M.A. Cusumano, Y. Mylonadis, R. S. Rosenbloom; Table I

# Q & A

Questions?

... thanks for your attention!