

# Sony Betamax

## -Case study-

Group 2

Hammer Patrick, Stampfli Oliver, Sutter Marcel,  
Thalman Thomas, Verardi Donato

---

### I. Analysis

#### **Summary of the case report:**

In 1975 Sony introduced the Betamax videocassette. It was not only the successor of U-matic, it was also the first product for a novel market, the home video recording market. In JVS with its VHS format, Sony encountered an incongruous adversary. One day in late 1975, RCA proposed to Sony to built a videocassette which would last longer than the actual 1 hour. Sony refused when JVS accepted ...

#### **The relevant cases we preselected are :**

1. Ford Taurus (*Customer needs*)
2. Sony PS2 (*Disruptive technology*)
3. VLSI (*Attacker's advantage*)

#### **Primary subject : Ford Taurus (*Customer needs*)**

Sony created a new need with Betamax: people could record their TV-programs at home. And later on, JVS managed to revive this need by enlarge the capacity of its VHS format. In comparison, Ford achieved the same with Taurus: a car which performed best in quality, performance, etc. and therefore increased the costumer needs of a car.

#### **1. Discussion questions :**

1. What factors made VHS more successful than Betamax?
2. How did the introduction of Betamax influence the market?
3. Which market strategy did Sony adopt and how did the alliances on each side affect VHS's raise (upon Betamax crash)?

#### **2. Quick answers :**

1. Sony didn't want to accept the tradeoff between duration and image quality.
2. It created the home video recording market.
3. Sony was arrogant and as a leader it didn't want to change. VHS instead had more partners and we saw that later the market followed the technology with the most firms involved (most popular).

## **II. Case Report**

### **1. Introduction**

*Sony's attitude by Akio Morita : « We don't believe in market research for a new product unknown to the public... so we never do any. We are the experts. »*

### **2. History of Sony (before 1974)**

1. Company history
2. General marketing strategy
3. Introduction of Betamax, the creation of a new market

### **3. History of JVC**

1. Company history
2. General marketing strategy
3. Introduction of VHS, second mover

### **4. Betamax vs VHS**

1. The format war begins: entry of VHS into the market
2. Technology comparison
3. Market vision (*Matsushita, RCA and the race for alliances*)

### **5. Dilemma**

*Sony focuses on quality whereas VHS scores with long-play.*