What does Exhibit 4 tell you about BPS’s strategy?

What was the total industry market size for the industrial projector market in 1988 (in number of units)? What is the share of the “Big 3” in this industry – both overall, and by market segment?

How did BPS’s product line evolve from 1982 onward? Why was Sony’s 1270 announcement so shocking given this evolution?

What are BPS’s options now with respect to product mix and pricing?

What do you think were Sony’s real intentions? Do you think the 1270 is a serious threat? Why or why not?
BARCO Product Development Phases

Phase I: 1982-87
- Increasing Scan Rate/Performance
- Video -> Data -> Graphics

Phase II:
Lower performance levels?

Phase III:
Digital Future
Differentiation Strategies

- **BARCO**
  - Niche market
  - Selective distribution (100 dealers in the US; 20% “box dealers”)
  - Built on reputation
  - High end product
  - Dominate graphics niche

- **SONY**
  - Mass market approach
  - Volume driven (scale and scope economies)
  - Intensive distribution (500 dealers in the US; many “box dealers”)
  - Built on reputation
  - Low end, mass market product
BARCO Decision Tree

BARCO Decisions

- Price
  - Which product?
  - When?
  - How?
  - Where?
  - Amount of change?

- Product
  - “Stay the course”
  - “Platform Up”
  - “To the Wall”
BPS Vision of the Market

Price

$24K
$12K
$10K

Performance

16 kHz
45 kHz
72 kHz

PREMIUM over Sony 1270
What actually happened?

- Barco adopted a “To the Wall” strategy
  - Objective of “stopping everything, and beating Sony and Infocomm”
    - Discontinue BD700 project; all out on BD800
  - Sept. 1989: BPS decides no price change until price of 1270 is known
  - Oct. 1989: Sony announces a price of $16K on the 1270
  - BPS estimates a 65% chance of making the January show...
What actually happened?

- Barco made it.....
  - BG 800 made it to Infocomm, priced at $19.95K for 92 kHz
  - BD 60 price cut from $12K to $10K

- But...
  - Sony grabs 54% share by 1990, compared to 29% for BPS
  - BPS says “need a program of product development as opposed to a series of incremental products”
What actually happened?

“At Infocomm, The Sony 1270 was able to blow every projector except the BG800 out of the water. Our projector’s capabilities completely surprised the industry, especially Sony.

Although Sony knew we had purchased the 8” tube in October, they did not believe we could produce a competitive machine in such a short time. In fact, they had banked their entire strategy on the assumption that we could not. There must have been hell to pay at Sony Components”.

-- Erik De De Jonge
JUST WHEN YOU THOUGHT ALL THE CARDS HAD BEEN PLAYED ...  

BARCO- INTRODUCES THE WINNING HAND!