

Barco projection systems case

Business



Barco Projection Systems: Worldwide Niche Marketing Q1) How would you describe the product line strategy of Barco vis-a-vis Sony? A product line strategy is a strategy to develop an upgraded product to enable the firm to control the largest possible market share. Barcos Product line strategy in the 1980s and early 1990s was one that concentrated on segmenting markets by scan rate and developing various products aimed at various industrial markets. Its first product was a video projector for showing movies on airplanes but this developed into more complicated computer compatible projectors and then to graphic projectors which can handle CAD/CAM input. Their final development being into the digitally controlled projector market. Sony's product strategy is less aggressive than Barcos in that they only want to be 50% an industrial supplier and 50% a consumer supplier. Its main concentration was in Video projectors and its strategy was to undercut Barco in price but this came with less superior quality also. Sony is not specialized in the projector market to the same extent that Barco is and so their Product line strategy is less intense than Barco and they are happy to not dominate the higher end market but to be suppliers to Barco instead. This was all until a surprise launch of a hugely superior product in August 1989 that overtook Barcos BG400 in quality and undercut it in price. Sony's strategy had suddenly changed to one where they wanted to expand from being a mass producer of low-end products.

Q2) Did Barco make a mistake somewhere? Yes, their major mistake was to assume that Sony would continue to respect their 'vision' of the market place. They fell into a false sense of security assuming it would not overtake them in the market as they were suppliers to them also. Barco should have

anticipated and prepared for a new Sony product that would outdo their BG400, especially when there was rumours' circulating. They made the mistake of thinking that Sony would just develop a product equal to the BG400, although they were already aware of Sony's development of a new 8" tube that was of superior quality. It was obvious that this 8" tube was being developed for a reason and Barco failed to anticipate the implications of this development in a new product. Q3) Should Barco alter its current pricing strategy? I don't think that Barco should alter its pricing strategy because like the case says they would not be able to win a price war with Sony.

Instead they should continue to market themselves as a high-end product as well as developing their projectors further to compete on a technological level. Barco could engage in a new advertising campaign to re-instil their image as an upmarket product and they could also improve customer service and after sales service to gain competitive advantage. Whatever Barco decided to do in response to Sony's 1270 they should not engage in a price war as this would ultimately lead to failure. Q4) Where should Barco focus its product development efforts? I think that with only a 40% chance of the BG800 making the Infocomm deadline that Barco should not pursue the risky venture of putting all other development projects on hold to just concentrate on this product. This is further true as they do not know when Sony's 1270 will reach the market, what the price will actually be and what the customer reaction will be.

Instead I think that Barco should continue with its current product development efforts and tackle the threat from Sony by difference means

such as later developing a competitive product, concentrating on customer perception, advertising and customer service.