

# Outlook on Business



## VIDEOT

Guy MacMillin

### Sony is beaten at Beta

By Guy MacMillin

TOKYO — "How did VHS clobber Beta and become the world's home-video standard?" I asked Kenji Tamiya, the head of Sony consumer sales.

"We can't win them all," he answered, managing a thin smile.

Tamiya and other officials here at Sony's corporate headquarters would rather talk about the 25 million Walkman audiotape players Sony has sold. Or about Sony's plans to build TV sets in Malaysia. Or about their 8mm camcorders. They'd rather talk about anything but what happened to the Betamax.

Little wonder. Sony introduced its first home videocassette recorder in 1975, and nobody at the time predicted the profound impact the thing would have.

As often happens when somebody does something potentially lucrative, Sony was quickly slapped with a lawsuit. Universal Studios and Walt Disney Productions complained the VCR would ruin the movie business. If people could tape stuff off the air for

free, they'd never leave their houses again. Home taping was a copyright violation, a menace to every God-fearing capitalist entertainer.

The U.S. Supreme Court ruled in Sony's favor, which was fortunate for the numskulls in Hollywood. Today, videotape sales make more money for movie studios than box-office receipts. Half the homes in America have VCRs. But they're not Betamaxes.

The VHS format, licensed by the Matsushita company, came along a year or so after Beta, with a longer-running cassette and slightly different technology. Although Beta outperformed VHS in quality and convenience, VHS ended up in more living rooms — largely through a Sony marketing blunder.

Sony kept its precious creation under tight control; only a handful of companies were licensed to sell it. But dozens of electronics companies were soon selling VHS machines in every drugstore and gas station in America: RCA, Magnavox, Quasar, Sylvania, Goldstar. By the mid 1980s, VHS had 80 percent of the market.

Beta isn't going to disappear, but Tamiya says the machines will be "high-end" products from now on, not run-of-the-mill consumer items. A new model — called extended-definition, or ED, Beta — will be in the stores this spring. The picture is said to be breathtaking. A high-speed professional version of the Beta format is becoming the standard for broadcast news. ABC, CBS and most of their affiliates are now using Beta.

Tamiya also says Beta is doing well in some countries. He mentions the Philippines.

Well, that's nice, but the Beta debacle in the United States, Europe and Japan is clearly painful for a proud company with a reputation for innovation and quality. As I was watching a demonstration of a new high-definition RV set, I asked a Sony technician what the source tape was. He said it was a conventional, reel-to-reel recording.

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Paul J. Rockel

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Most Canadians, I would estimate 95% of them, can say that is the way they think when it comes to their savings dollars. They must be invested where they are "guaranteed."

Now, ask yourself another question: "Do I know of, or have I ever read or heard about a person who has become wealthy, and/or a millionaire, by earning interest?" (other than shady characters who act as loan sharks, charging interest at exorbitant rates, such as 1% per week, etc.)

In my 25 years in the investment (mutual) fund business, I have yet to meet, hear of, or read about someone who has "made it" by placing their savings into CDIC insured deposits. I don't believe there is such a person.

The only people who do become millionaires are those who "invest" where they have ownership. It may be in apartment buildings or real estate, in shares of corporations (or developing their own business), or, as I do, in mutual funds, which in effect, are shared ownership in hundreds of the top industries of Canada, and the world.

What if you saved \$100 monthly by "lending" it to the bank so they would pay you interest, and you achieved an average of 7% on that deposit account. If you started at age 25, and continued right through to age 65, you would be worth \$264,000 at that time.

But, if you chose ownership investing, such as a good equity mutual fund

(most have 10-year averages exceeding 15% per year), your \$100 monthly would be worth over 3 million, if it averaged 15% annually, com-

pounded monthly as each investment was made.

Do you know of anyone who has become wealthy (a millionaire) by earning interest on their savings? If so, I'd appreciate hearing from you. There just might be one somewhere!

PAUL J. ROCKEL is author of the book "Why I Invest in Mutual Funds" and is President of Regal Capital Planners Ltd. If you have questions or comments, write him at: Regal Financial Centre, 153 Union St. E. Waterloo, Ontario, N2J 1C4

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"Would one of the new ED Beta cassettes give an equally good picture?" I asked.

"I suppose so," he said listlessly. "You don't seem very confident about it," I said.

"It's not that," he answered, looking at his shoes. "It's just that the

whole Beta-VHS business depresses me."

Shortly after I visited the Sony headquarters, the company announced plans to make and sell VHS machines later this year. It's sad. I bet that fellow is still examining his shoes.



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