



US: Wes Phillips

We get press releases constantly that announce new products, limn the virtues of existing ones, or trumpet the latest award won by landmark designs. What no one here at *Stereophile* Central can recall however, is ever reading a press release dissecting the reasons for *terminating* a respected product or marque. We reproduce the following letter from Parasound because it does, in fact, do just that, and also offers an instructive analysis of the market forces that led them to such a decision.

"To Members of the Press

From Richard Schram, Parasound

November 1, 1995

"Spica has a long and illustrious history as an innovative and value-conscious audiophile speaker manufacturer. It was the enormous talent behind Spica designs, acclaimed by a multitude of reviews, and the quality of Spica retailers that made Spica an appealing acquisition for Parasound in late 1993.

"However, by the time Parasound brought the new TC-60 to market in the summer of 1994, many conditions had changed, presenting unexpected and daunting obstacles.

"• We were anticipating sales from our Spica dealers, but we found many of them weakened and suffering slow traffic because of their refusal to embrace Home Theater. Many of the dealers on whom we were counting could not qualify for open credit lines, and many had already gone out of business.

"• The TC-60, despite its numerous wonderful reviews, has fought an uphill battle for the attention of retailers who consider it handicapped as a single SKU [Stock Keeping Unit] 'orphan.'

"• It was underpriced to capture the audiophile monitor/stand market. Our value pricing strategy backfired and we've been advised that many more audiophiles would have preferred a TC-60 in the \$1500 range as a 'pride of ownership' product.

"• Finally, it has not been accepted as

a Home Theater product owing to its appearance, essential for its performance, the necessity of using stands, and the dependence on a quality subwoofer for robust bass extension below 40Hz.

"It is now evident that to compete these days, any speaker brand must be a full line which includes a complete Home Theater package. However, to make a whole Spica package for Home Theater could not possibly be an overnight project. Spica's designs have always focused on the precise imaging achievable with stereo, and after 14 years of perfecting this craft, it would require a major turnaround of design philosophy to accept the inevitable compromises obliged by 'Home Theater.'

**"WE HAVE DECIDED
TO SUSPEND R&D
FOR NEW SPICA MODELS."**

"There is considerable doubt that a window of opportunity would remain open by the time Spica could bring out its own Home Theater speakers. In a market already over-served by an excess of speaker brands, it seems inescapable that even Spica's legendary natural sound and dedication to value would not be compelling enough reasons to assure its success. Simply stated, it would be a big investment with risk.

"Therefore, we have decided to suspend R&D for new models. Our Albuquerque factory will continue building TC-60s through at least spring 1996. A decision regarding future TC-60 production and reconsidering new models hinges upon whether we can reduce our inventory and stabilize sales over the next several months.

"In the event the factory does close, we will continue to honor Spica TC-60 warranties and provide parts and service for older Spica models, including the TC-50, for which we have a large stock of drivers which were specially manufactured for us. Every Spica TC-60 purchase is protected for many years to come.

"Certainly the Spica TC-60 is destined to pass into the Audio Hall of Fame as one of the finest designs ever produced and a beloved collector's item."

It always saddens us to see a respected design pass from the audio scene.