

Strategies for success of sony ericsson marketing essay



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Sony Ericsson was found in 2001 as a joint venture of Sony Corporation and Telefonaktiebolaget LM Ericsson to provide mobile phones and accessories. It is a public company which is operating in mobile telecommunications industry. In 2008, Sony Ericsson was the third-largest mobile phone manufacturing company in the world, volume and sales were 97 million units and €11.2 billion. Sony Ericsson has about 9000 employees and operations in over 80 countries.

Sony Ericsson is an innovative company and has developed very fast in period 2002-2008. Sony Ericsson's mobile phone is considered as the best entertaining one in the world. Moreover, I was really impressed by the Walkman-branded W series music phones and Cyber-shot-branded K series camera phones.

Sony Ericsson was established in 2001 as a joint venture of Sony Corporation and Telefonaktiebolaget LM Ericsson and operating in mobile telecommunication industry. The industry is at the start of maturity stage and Sony Ericsson is facing a lot of difficulty because of economic recession as well. To survive and develop in this situation, company needs to understand and improve the key factors of success such as company must be more innovative, take advantage of technology and so on. Moreover, Sony Ericsson is also facing the high pressure and competition of existing firms, stakeholders and substitute products and services.

To handle with the current situation, company must take advantage of internal strengths and minimize its weaknesses. Company's strengths include the technological advantage, diversity, variety of suppliers and good

control of costs and expenses. Likewise, company should try to minimize the weaknesses of late start, cultural differences, distribution channels and smart phone segment. Moreover, company may take advantage of opportunities such as the technology's development, potential markets, globalization and qualified man-power while avoid the threat of virus, recession, impacts of phone's signal and high competition among the industry.

Sony Ericsson must apply both short term and long term strategies. Firstly, it is important to minimize the recession's influence by reducing costs, expenses and workforce. Secondly, company may expand the business to the new markets which are developing countries. Lastly, in long term company should pay more attention on the impact of phone to health and environment. To implement these strategies, it is important to improve or change the structure, system and policy. The suitable structure must be more flexible, fast responding to market's changes. Sony Ericsson also has to improve the information system and expand the product take-back system. Finally, company must make changes on hiring policy and restrict the policy to ensure the compliance of suppliers in respecting human rights.

(310 words)

Industry life cycle

Time

mobile telecommunications industry

Mobile telecommunications industry

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Industry output

Introduction Growth Maturity Decline

The diagram above shows that the mobile telecommunication industry now is at the beginning of maturity period. In this period, the industry does not grow as much as last 5 or 6 years. The industry is dominated by few large companies such as Nokia, Samsung, Sony Ericsson, T-mobile, LG and Vodaphone. The high competition only takes place between these large companies. Developing countries are potential markets with high demand. In addition, the variety of mobile phone's functions is provided beside the original function. For example, with a mobile phone, users can access to internet, play game, listen to music, take picture, watch movie.

Moreover, nowadays the customers become more sophisticated, quality demand is higher and price is a crucial issue. That forces the supplier to be more innovative, lower-cost product as well as differentiate their product and improve customer services. However, the rapid development of technology still brings about the development of mobile telecommunications industry. Technology become the lever of industry and determines the quality and the cost of production. So I believe that in near future, mobile telecommunications industry still can get more achievement to contribute to the economy's development.

There are some strategies may be applied to use strengths to take advantage of opportunities. The company may focus on and improve the function of the phone. That can help to attract more customers who are interested in the usefulness and functions of mobile phone. In addition, <https://assignbuster.com/strategies-for-success-of-sony-ericsson-marketing-essay/>

expanding to new market- developing countries- is also can be a good strategy. Developing countries are potential markets where can provide a plenty number of customers. Sony Ericsson quite can be successful at new market if company can use strengths properly. Lastly, it is important to improve hiring policy. Under recession, company requires to reduce costs of workforce. Qualified man-power is surplus so company may reduce ineffective employees and recruit better one.

WO strategies

To take advantage of opportunities by overcoming weaknesses, Sony Ericsson may open more distribution channels at the countries where entry barriers are low. Together with opening new distribution channels, it's necessary to train employees to improve quality and effectiveness of these distributors. In addition, it's very important to Sony Ericsson to overcome the weaknesses of smart phone segment. To do so, research and develop suitable technologies are the best methods. Finally, the company may expand the business to new markets to increase its influences and brand. Expanding to developing countries is a good choice.

ST strategies

Sony Ericsson is facing a lot of threats, it's very important for company to use its strengths properly to handle with these threats. Sony Ericsson is developing Green heart strategy to reduce the impact of mobile phone to health and environment. It includes element such as bio-plastic housings, recycled plastic keypads, and environmentally-conscious packaging.

Likewise, to reduce the impact of recession, the company must apply lower costs strategies. Sony Ericsson is trying to reduce the operating expenses <https://assignbuster.com/strategies-for-success-of-sony-ericsson-marketing-essay/>

and workforce as much as possible to minimize the loss. Lastly, product take-back and recycling should be applied. Sony Ericsson does the product take-back and recycling through collection points around the world.

WT strategies

There are some strategies that Sony Ericsson may use to minimize weakness and avoid threat. Under recession, minimize the costs is very important.

Company may reduce the retails or offices where are working ineffectively.

Cutting off the unnecessary costs is also an effective way to minimize loss.

At the same time, company should increase the advertisement to introduce the company to public. It's important to improve the company brand through advertisements, promotions, impressed design and especially quality improvement.

Assessment of company's performance:

Efficiency:

Sony Ericsson is operating efficiently as a manufacturer and applying their strategies. In 2008, volume and sales were 97 million units and €11.2 billion respectively. In 2009, under strong recession's influences, volume and sales were decreased but the company tried to minimize the reduction. The first quarter of 2009, units shipped and net sales were 14.5 million units and €1,736 million, decreased about 35% if compare to same period in 2008. The data shown is more positive if compare to forecast of analyst about company's situation in 2009. Facing all difficulties, in 2009 Sony Ericsson still remains the top position in mobile phones manufacturing industry.

Effectiveness:

Sony Ericsson is implementing the necessary strategies effectively. The company has extensive operating expenses cost reduction programs of €880 million and cost of sales reduction programs in place with the ambition to restore profitability. As of March 31, 2009, Sony Ericsson retained a strong net cash position of €1.1 billion. Sony Ericsson is applying positive strategies to bringing company back to profitability as fast as possible. At the same time, long term strategy to reduce impacts of phones to health and environment has been started. In general, Sony Ericsson is delivering its strategies to implementation effectively.

Return on investment:

Sony Ericsson is a good choice for investment. In first quarter of 2008, Sony Ericsson made a dividend payment of €470 million to parent company. However, in 2009, there are some decreases in term of return on investment resulted from the negative impacts of recession. Market share in the first quarter decreased and is now estimated to be around 6%, down two percentage points sequentially.

Review of strategic options available to company:

There are some strategic options available to the success of Sony Ericsson. In short term, it is important for Sony Ericsson to apply costs saving program. The company must reduce costs, operating expenses and workforce to minimize loss under recession. Moreover, it is necessary to decline the ineffective retails. The ineffective retails not only increase costs and expenses but also affect the brand of company. At the same time,

developing countries are potential markets of mobile telecommunications industry. It is a great opportunity for Sony Ericsson to expand to new market through setting up distribution channels there. In order to gain competitive advantage, Sony Ericsson must develop technologies to improve products' functions, especially smart phone segment. Smart phone segment still exist some weaknesses, it is important to recognize and improve them.

On the other hand, Sony Ericsson must concentrate on long term strategies. Firstly, Green heart strategy is an available option to reduce the impact of mobile phone to health and environment. It includes element such as bio-plastic housings, recycled plastic keypads, and environmentally-conscious packaging. Furthermore, product take-back and recycling should be applied. Sony Ericsson introduces legislations to address this matter and participate in the process to implement these legislations. This helps to minimize the impacts of products to environment. Finally, Sony Ericsson should concentrate on building brand. They can do that through advertisements, expanding business or setting more distribution channels.

Recommend for future direction:

For future direction, Sony Ericsson may apply some strategies. To handle with recession, it is important for Sony Ericsson to apply costs saving program. This strategy focus on reducing costs, expenses and workforce to minimize loss. After recession, company should continue expanding to new markets- developing countries. Sony Ericsson should focus on quality and quantity issue, increase number of distribution channels as well as functions of products, especially smart phone segment. For long term strategies,

Green heart strategy and product take-back are important. These strategies are useful to reduce the impact of mobile phone to health and environment.

Implementation of new strategies

Structure

The current economy is very unbalanced and emergent. That leads to the fluctuation and uncertainty of the mobile telecommunications industry. In this situation, Sony Ericsson must make some adjustments about the organization structure. The structure needs to be more flexible, fast responding to the change of market. The suitable structure should be a horizontal structure, which is flexible, easy to change and improve. So that it is easier for company to form the team or small groups to handle with the market's issues. The new structure is more flexible but still remains effectiveness for the organization. In this structure, each department need to be more independent in working, decision making and implementing the strategies.

System

To apply these strategies, Sony Ericsson may improve and update the information system. Company should develop the software-based system to obtain full material declarations for all components and parts in its products, including all chemical substances in the components. In addition, company should improve the product take-back system to increase its efficiency through more collection point. All phones received at collection points will be recycled in an environmentally acceptable way.

Policy

To implement the new strategies in current situation, it is important for Sony Ericsson to improve the hiring policy. The recession forces the company to reduce workforce so the hiring policy needs to be changed. Company should reduce the number of employees while gain level of recruitment to hire better employees who can implement the new strategies and have abilities to respond fast to the change of economy. Moreover, to implement these strategies, Sony Ericsson must apply the policy with supplier to ensure that they comply to the laws and regulations to respect human rights and reduce negative impact with environment.

(3341 words)

Usefulness of strategic management models:

Industry life cycle model:

Industry life cycle model is a useful tool for analyzing the effects of an industry's evolution on competitive forces. It comprises four stages: introduction, growth, maturity and decline. Industry life cycle model helps us to understand past and current situation of the industry as well as the characteristics of industry in current period. Therefore, company may have suitable strategies to survive and compete with other competitors. An understanding of industry life cycle model also helps competing companies to survive during period of transition.

Industry matrix:

Industry matrix analyzes the key success factors which can affect significantly the overall competitive positions of all companies within any

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particular industry. They are determined by the economic and the technological characteristics of the industry. The matrix gives a weight for each factor based on how important that factor is for success and specifies how well various competitors in the industry are responding to each factor. By understanding of industry matrix, companies can know which the most important factors are, how well the companies do and which factors need improvement.

Porter's five forces analysis:

Porter's five forces analysis derives six forces that affect the competition within any industry; they are threat of new entrants, rivalry among existing firms, threat of substitute products or services, bargaining power of buyers, bargaining power of supplier and lastly relative power of other stakeholders. By rating each competitive force as high, medium or low in strength, the companies may understand the pressure of those factors within the industry. Companies may know where the pressure is high so that pay more attention.

SWOT analysis:

SWOT analysis is used to evaluate the strengths and weaknesses of the company and the opportunities and threats that company is facing. The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. SWOT helps the company to aware of current situation (internal and external) therefore can prepare properly strategies. Result from SWOT, company can develop TOWS matrix to generate the suitable strategies.

Strategic factor analysis summary matrix:

The strategic factor analysis summary matrix summarizes an organization's strategic factors by combining external factors and internal factors. The highest weighted external factors and internal factors should appear in this matrix. It is useful to identify a niche where an organization can use its core competencies to take advantage of a particular market opportunity.

Moreover, this matrix helps the company to identify the duration of these factors. Therefore, the company can have suitable strategies on the right time.

TOWS matrix:

The TOWS matrix illustrates how the external opportunities and threats facing a particular corporation can be matched with that company's strengths and weaknesses to result in 4 sets of possible strategic alternatives. It is very useful for generating a series of alternatives that the decision makers of a company or business unit might not otherwise have considered. It can be used for the corporation as a whole or it can be used for a specific business unit within a corporation.

(488 words)