Understanding how 21st era enterprises achieved competitive advantage

Art & Culture

Compare and contrast the key strategies used in the last 10 years by media and communications firms to gain a competitive edge or market dominance

21st century is the era in which competition, even though being endangered by the declining number of independent companies within specific market niches, is still a powerful driving force. And this competition’s outcomes depend on an ever increasing number of factors. With the development of innovative technologies and the growth of consumer’s general knowledge, creating of new marketing and promotional strategies is more important than it ever was. This essay will discuss the key concepts and trends of contemporary media marketing and analyze them within the framework of two focused media communication companies. These are the Sony Corporation and the 20th Century Fox studio.

Sony is a Japanese multinational conglomerate corporation. It is one of the key manufacturers of electronics within both consumer and professional markets.

The company’s initial attempts to enter the field of innovations were a rice (over)cooker and an electric blanket that would set itself on fire. It is then fair to say that their first great innovation, one that would later bring them into the brave new world of international recognition, was the tape recorder built by them in 1950. Couple of years later the company got itself involved in Japanese-American relationships which kickstarted their successful multinational career.

20th Century Fox as we know it was founded in 1935 by merging of two massive powerful companies of the time – Twentieth Century Pictures and the Fox Film Corporation. It is an American filmmaking studio that is currently working under the chairmanship of the 21st Century Fox, a company owned by Rupert Murdoch and founded in 2013 by separation of former News Corporation into two industries being mass media for 21CF and publishing for the NC. It is one of the “ Big Six” major American film studios (Solomon, 2002) and is also a member of MPAA (Motion Picture Association of America).

Both focus companies have adopted a vertical integration structure. That means, according to Investopedia, that they tend to buy/acquire other companies, whose production sits before or after them in the supply chain process (Tarver, 2017). This strategy is used by Sony and 20th Century Fox corporations for reducing their production costs and capturing profits from upstream and downstream sources.

Production costs reduction is a very important motive for the companies to think of new and/or adopt existing marketing trends. Sony, for example (and we will discuss that later on) had been reluctant to give up on their high-price strategy for a long time, which led them to a period of stagnation in the early 2000s, which later left the company outmaneuvered by new and growing organizations in China, Taiwan and Korea, countries that financially boomed at the beginning of the 21st century.

The company, which started its diversification process as early as thirty years ago by acquiring CBS Records and Columbia Pictures (Balio, 2013), and by deepening it down with the establishment of their own bank in 2001, is now simply too big and too diverse, and that, by far, is one of their biggest challenges leading to sales and revenues loss.

However, living in the era of Web 2. 0, we are lucky enough to be given the desirable opportunity to reduce production costs almost unintentionally. As Murray (2005) points out in her work, 21st century media branding has come to a point of getting away from the “ constraints” of any specific media format, giving any successfully operating brand with established consumer loyalty a chance to be transmitted across a spectre of different formats, creating a line of interrelated products. That way, a company like Sony can get their revenues by developing a PlayStation game (PlayStation is one of Sony’s many other brands) under the Spider-man franchise; and 20th Century, therefore, can manufacture action figures embodying the characters of the Avatar (2009) movie.

Overall then, the content that corporations create is being ‘ rubbed’ onto multiple, cross-promoting formats, united by one original product and owned by one conglomerate, creating different level profit streams from, basically, fixed production costs. This marketing strategy is widely used nowadays, justifiably being one of the least cost intensive and most flexible among the trends marketers follow in 2010s.

As it was stated before, one of the most outstanding characteristics of Sony’s marketing strategies is their attempt – even trenched upon stubbornness – to keep the premium pricing strategy as strong as possible. This strategy then corresponds with the ‘ premium image’ of Sony, which potentially should not only attract first-class customers, but destroy the market niche competitors. It is, however, hard to claim this strategy to be victorious or losing, as long as its outcomes fluctuate unevenly.

This fluctuation leads us to another challenge faced by both Sony and 20th Century Fox nowadays. With media communication shifting from being uni- to bidirectional (Hess, 2014) – from print to online, from monologue to dialogue – the customer now is empowered and highly unpredictable.

In order to elaborate this topic we should introduce another aspect of marketing influence into our analysis. This aspect is, predictably, visual/virtual media and all the platforms within.

As the time goes by, and media powerhouse moves from the real world to online reality, where the receiver's response is visible and inevitable, companies are almost obligated to replace their focus point from product to customer.

According to Marketing Week (Rogers, 2016), " Social media is overtaking television, promotions and email campaigns as the medium of choice for product launch marketing". Research agency Five by Five has found out that " Seventy-four per cent of brand marketers prioritise social media, ahead of sales promotions (55%), email (53%), press (39%), PR coverage (39%) and television advertising (36%)".

There are two key marketing techniques used to achieve the objective: first of all, there is a need of customer relationship management (CRM) –

retention and fortification of relationships with the existing customers; and customer base management – essentially, recruitment of the new ones.

Both Sony and 20th Century Fox have had implemented these practices into their work.

Sony, with its advertisement practices being generally focused on products and highlighting of their outstanding features and quality (promotion being informative rather than persuasive), and social media users' concentration span shortening incrementally, has come to a very satisfying way of interacting with their customers. It has used such platforms as Facebook, Pinterest, Google Plus, and Twitter for both customer engagement and brand promoting (Pratap, 2017). Facebook and Twitter are great for customer service and live interaction, Pinterest – for promoting the products themselves and etcetera. And as long as the target customer segment for Sony is energetic and enthusiastic millennials, social media is inevitably a play into their hands.

Facebook pages, for instance, are now more and more often utilized as content headquarters. Sony uses the platform extensively, not only targeting potential customers, but, most importantly, engaging the existing ones. The company has a number of different Facebook pages, each devoted to a different product, and is getting more and more followers everyday. In addition to promotion and education, the company utilises platform's services to provide customer support, be it a " Can We Help?" section (Facebook, 2017) with tips and manuals, or a live online chat with a service representative. Looking at the followers' figures, it would not be wrong to say that Sony now enjoys a rather high level of customer loyalty.

The third ' P' in the 20th Century Fox's marketing mix (Herrick, 2003) is also heavily concentrated on online media.

Snapchat as an advertising platform is a colorful example to give, as long as both stated companies have been involved in their " game" in the past two or three years. And if Sony, who's bought Snapchat's " sponsored" Discover channel, using it to share multimedia content for their new films (Wagner, 2015), and who's also been the first brand to use Snapchat's new 360-degree ad format (Roderick, 2016), has had a very satisfying and profitable experience, 20th Century Fox has met a wave of contradictory reactions towards their attempt to attract new customers.

For instance, In May 2016, prior to the premiere of their hit product ' X-Men', 20th Century Fox bought out a day line-up of Snapchat lenses ' with different lenses based on nine of the movie's characters' (Johnson, 2016), which was met with a high level of customers' critique for " coming on too strong" and, basically, being overly persuasive. Brand loyalty, so hard-won throughout the decades of business, was, therefore, compromised, and neither their marketing strategists, nor Ernst & Young LLP (Fox's financial auditor) could predict that (MBASkool, 2017).

The latter example, however, is rather an exception than a rule. Apart from a limited number of ' misses', 20CF knows how to play the marketing game. A graphic exemplum of the corporation's mastership would be the ' Deadpool' movie (Deadpool, 2016) and all the products connected to it. The Movie itself was released in February 2016 and was a follow up to a Titanic-sized promoting campaign. Branded Emojis and GIFs were developed and gone viral. Ryan Reynolds, who played the main character in the movie, had to turn his twitter account into Fox's main promotional tool, been posting (almost exclusively) Deadpool-related tweets for months (Whalen, 2016). Not everything can slip the regulators' attention, especially not a movie which prime " appeal" is its play on violence, sex and dark humour, that is why it was banned by Chinese censorship; this, however, did not stop the movie whose budget was only $58 million to push the gross worldwide revenues up to more that $783 million (Box Office Mojo, 2017). 20th Century Fox also took advantage of the fact that the product's release date was in close proximity to Super Bowl and not only bought during-the-game commercial time, but also ran a number of live promotions with live actors interacting with the target audience. The Deadpool example can also be thought of as an application of cultural branding methodology that we will look at later.

Analysing the examples like this is crucial to understanding the corporations' formula of success. With them both being a multi brand international conglomerate, it is fairly logical to assume that each element of 21CF (and before – News Corporation) and Sony's information and entertainment holdings is cross-promoting the other elements within the structure.

21st Century Fox's and Sony's subsidiaries are nothing but finest depictions of contemporary media market trends.

Corporation’s favourite strategy is to have a wide variety of their products in close proximity to one another, leaving no space for outside-the-family products. For instance, if there is a multi-screen cinema showing Fox films, there is inevitably going to be an on-site convenience store selling corporation’s owned papers, books published by one of their sub-companies, CDs with music produced by their labels and much more. This creates something we can refer to as brand loyalty (Jacoby and Chestnut, 1978) – positive feelings towards a brand, resulting in customer’s purchasing of the same product repeatedly, without taking time to analyse other potential sellers. It seems important to notice, however, that with this strategy being commonly used by the corps., their consumers are practically left with no choice but to become “ loyal”. This artificial loyalty can only be understood as a consequence of conglomerate’s neverending expanding. Why fight for it if you can buy it?

With globalization growing faster everyday and neo-liberal ideology striving to survive, it is very possible that 20FC will double its size and influence within years. It is also possible, however, that the same system could as well work against the company. It is a matter of time before 20th Century Fox or Sony become a target for some other, even bigger conglomerate’s attempt to industry absorption. In a world where market penetration is one of the main marketing strategy trends (Spencer, 2013) anything could happen.

The last thing left to mention is a phenomenon of cultural branding, a rather young, but nevertheless interesting marketing method. Summarizing different researches and analyses, cultural branding definition narrows down to a system where a company, in order to achieve desirable goal, bases their market communication on “ cultural themes reflecting current societal desires and anxieties” (Fanning, 2011). A number of great examples can be found to demonstrate the trend’s growing popularity. One of the most graphic examples would be the focus companies’ establishment of Environmentalism-based organizations.

21th Century Fox (our focus company’s owner) was the first among the two corporations to understand the value of engagement in the Earth’s well-being and established their “ 21st Century Fox Sustainability” programme in 2006 (21st Century Fox Social Impact, 2017). The corporation claims to have a number of ongoing projects towards minimizing their environmental impacts, developing online resources with tips on energy saving, and engage with their their 1. 8 billion subscribers across 50 local languages to take action and become “ environmental stewards in their own lives and communities”.

Four years after 21CF Sony established their Road to Zero environmental plan, claiming to strive for a zero environmental footprint (Sony, 2017). For instance, the corporation is planning to reduce the annual energy consumption of their products by 30% by 2020. Apart from that, they have already been working towards a better life by having a Sony Take Back recycling programme and developing bio-batteries hoping to abolish the conventional lithium ones.

With Environmentalism, green-centered lifestyle and other similar concepts being highly valuable among the coevals, the above mentioned marketing trend stands a good chance of becoming the most widely used in the near future.

It would require a much more profound research and an expanded word count to outline at least a half of the trends and strategies used by media and communication firms nowadays. The key ones listed in the essay, however, give to understand that, in a nutshell, contemporary media marketing is firmly dependant on the empowered customer, ownership and technology.

Taking into account all the foregoing facts, it would be fair to say that both analysed companies have had a good grasp on current marketing tendencies, and have met more successes than failures.