

Analysis of the marketing strategy of sony playstation marketing essay



**ASSIGN
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This assignment is concerned with critical analysis of the marketing strategy of Sony PlayStation Portable in United States of America. It covers in details about,

Sonys marketing mix.

The business environment in which it exists.

The competition it faces in the global market.

Strategies of company.

It will also include the recommendations to improve the effectiveness of the strategy in the competitive market and future trends.

Introduction:

Sony Corporation is a multinational corporation. It has its headquarters in Tokyo, Japan. Sony Corporation is the parent company of Sony Group. It carries out its business through various operating segments. One of them is Sony Computer Entertainment.

Sony Computer Entertainment, in 2004, released a handheld video game console PlayStation Portable. PlayStation Portable is also known as PSP. For the first time in a handheld game console, an optical disc format known as Universal Media Disc (UMD) was used.

Sony Computer Entertainment also develops games and other software for PlayStation Portable.

PSP allows the consumers to play not only PlayStation Portable games but it also has connectivity features, used to play PlayStation1, PlayStation2 and PlayStation3 games. PSP also has the feature to play movies in optical disc format. This enables the users to watch the movies on it.

And to add to it, PSP also has Wi-Fi connectivity, by which the users can play against others over the World Wide Web.

PSP had a great success throughout the entire world as a handheld game console.

Marketing Mix is the combination of all the elements used in marketing and sale of a product. It is a model for implementing marketing strategies.

Marketing Mix has gained a lot of importance in modern marketing.

Product Line:

Sony PlayStation Portable is an entertainment machine, designed for home and on-the-go entertainment. It is usually used to play high definition digital video games, but it can also play movies on Universal Media Discs.

It has built-in Wi-Fi that lets the users to go online browse the web and join multiplayer games.

It also has external speakers with stereo sound. The buttons have vibration sensations that triggers on every action, thus giving users enhanced gaming experience.

It has a huge library of games.

PlayStation Portable has a good range of third party game developers, thus giving an advantage over the competition.

Price:

The PlayStation Portable costs around 140. And the new system will include:

PlayStation Portable console.

AC adaptor with power cord.

Audio-Video cable.

2GB Memory Card.

A Free Game CD.

Head Phones.

The pack includes everything, so there is no need for the users to buy the accessories at an extra cost except for the game CDs (depending on the choice of the user, one gaming CD would cost around 15 to 30).

The price of the product varies across different regions. But the margin of variation is very less.

The price of the other gaming consoles in the market is nearly the same.

Promotion:

Promotional programs for PlayStation Portable includes,

Advertisements on television: to persuade the consumers to purchase PSP, by displaying the features and graphics enriched user interface.

In-store displays: to let the consumers know about the product more in detail.

Hands-on testing by consumers in stores and game stations: to make them experience the actual working of the product.

Advertisements in magazines and newspapers: to promote the product on a wider scale.

Sony has used internet for a global and fast promotion of PSP. They have used the websites like MySpace, YouTube, Facebook, Orkut for its promotion. They even have their official website, that has information about the console and the available games in market for it.

Place:

The Sony PlayStation Portable is being distributed through Sony Shops, Electronic Shops and other retail shops.

It is also being distributed through online shops.

Sony has made the PlayStation Portable available in almost all countries, and has a huge range of its distribution.

The major competitors of Sony PlayStation Portable are mainly, Nintendo DSi and Game Boy Advance SP.

Nintendo DSi has been the closest to match with the features offered by PlayStation Portable. But the sales of PSP are much higher than Nintendo DSi. The design and feel of PSP is a lot better than Nintendo DSi that merely looks like a simple box.

Game Boy Advance SP is way behind. It does not support video processing. It does not have games for mature users. It has survived in this market only because its price is much less than PSP and DSi, and it provides as a sufficient gaming console for young users.

The other gaming consoles in the market are SEGA and GENESIS. But it has already lost its grip over the market, as they were unable to cope with the increasing needs of the consumers.

Gaming consoles in US.

SALES:

Sony: 56. 4%

Microsoft: 24. 9 %

Nintendo: 18. 7 %

Total sales of the handheld gaming consoles world-wide:

Sony PlayStation Portable has sold around 62 million units word wide.

Whereas, compared to that Nintendo Dsi has managed to sell around 20 million units and Game Boy Advance SP has sold 42 million units.

PlayStation Portable has a very broad global market. The product is being sold in Europe, America, Asia, Middle- East, Indian Subcontinent and Africa.

From the moment it was launched in Japan, it has been leading the market.

It sold around 62 million units as of September 2010 worldwide. Around 18 million units were sold in United States of America itself, in Japan around 16 million. In United Kingdom and in Europe it sold 4 million and 13 million units respectively.

These figures show the popularity of the product worldwide. PlayStation Portable has a huge share in the gaming console market throughout the world as compared to Nintendo DSi and Game Boy Advance SP. Although the gaming console market is competitive, PlayStation Portable has emerged successful in all aspects.

Micro-environment:

It is the group close to the organisation or product that can have a direct impact on its ability to serve the product. This includes customers, suppliers, competitors, employees, media and shareholders.

It can be regarded as the internal factors having a direct effect on the product.

Sony computer entertainment has a very highly trained financial group, research group, management and development group.

Sony has a good relationship with its suppliers. This has given Sony an advantage over its competitors. Otherwise increase in price of raw materials or its shortage can have an adverse effect on its sales volume.

Sony has a very good consumer and international market. And it is also focusing on the Reseller Market.

Sony faces a hard competition from its competitors.

Sony provides customer value and satisfaction more than its competitors. And its competitors are not able to match the value for money provided by Sony.

Macro-environment:

It is the set of uncontrollable factors affecting an organisation or product externally.

Demographic environment consists of factors like age, gender, occupation, location. Sony PSP mostly concentrates on this factor and keeps consistent check on it.

Economic Environment: consists of the factors affecting the purchasing capabilities of consumer and its patterns. Sony computer entertainment offered a very reasonable price for PSP. It also kept a check on the price offered for similar products by its competitors. And they succeeded in keeping close to it.

Natural environment: Sony PSP is least affected by it. It uses only synthetic materials for its production.

Technological environment: this is the most vital. Till now Sony has survived as a leader by adapting to the changing technology. It made an extra upgrade on Sony PSPi's processor after its launch to cope the changing technology.

Strength:

Strong brand name of Sony and PlayStation.

PSP is the leader in the field.

Unique, versatile and revolutionary form of console that defines a new era for entertainment.

It is low priced.

Hand held device for on-the-go entertainment.

Manufactured easily and is well established.

Continuous research for innovating new technology in the field.

Good graphics and audio output.

Weaknesses:

The market competition has a few competitors that offer their product at a slightly lower price.

It lacks long term dependency.

Opportunities:

Price of the product could be lowered to attract more consumers and increase sales.

Improvement in socio-economic aspect of consumer can be favourable for sales.

Including more technological features could promote more sales.

Threats:

The product can be duplicated by competitors.

Advancement made by competitors in technology can prove as a threat.

The market for gaming consoles is declining slowly.

Limited sale i.e. 1/2 a consumer would buy just one unit.

PEST Analysis for Sony Corporation:

Political Factors: They are very versatile. The policies and regulations that affect Sony can be changed by the government at any time. The government can increase or change restrictions on trading, minimum wages, tax, VAT, etc.

Economic Factors: Due to the worst recession faced in this decade, the economic growth has shrunk. This has brought about the changes in the

interest and exchange rates. This led Sony to reconsider the price of its product.

Social Factors: A lot of reputation based on good quality product and services has been gained by the company and it is predicted to burgeon.

Technological Factors: Sony has many new and established competitors that might affect them. So, Sony must ensure that they stay ahead of technology. Efficient productivity of Sony depends on adapting to ever changing technology. New research and development is proposed for that.

Market Segmentation is a process that uses statistics to understand customer's needs and their decision making capabilities. It is a technique in marketing that targets a group of people with similar behaviour, characteristics and needs. Segmentation is the process of dividing larger market into smaller pieces based on one or more meaningful, shared characteristics.

Sony uses segmentation approach as their general strategy to reach targeted customers.

Sony PSP targets 18 to 34 year old segment of gamers. Generally, they have targeted males in this category. On average boys spend 70 per cent more time on gaming than girls.

It has also included hard core gamers, consumers that require new technologies and functionalities. And, the consumers that need an entertainment system for viewing pictures, movies and listen to music.

Sony is a popular brand and has high reputation of its products. Sony concentrates on strong customer loyalty status. It has implemented the backward compatibility to enable customers to play and sync Sony PSP with its other gaming consoles thus trying to win over its former consumers.

Targeting, it is the step in which, marketers evaluate each segment and decide the groups where they would invest resources to try to turn them into customers.

Sony PSP have targeted males between teenage and middle age who like gaming, browse internet on the go and watch media files.

It has included a huge sector in its targeting strategy and created a huge potential for its product.

It has not just limited the game console only to kids and teenagers. It uses a focused strategy of targeting.

Positioning: it means developing a market strategy aimed at influencing how a particular market segment perceives a good or service.

They have positioned the Sony PSP as the all in one entertainment device. It has something to offer for everyone.

Perceptual Mapping:

Quality And Durability High

Sony PSP

Price of product.

High Low

Low

Product Life Cycle:

Time

Sony Computer Entertainment needs to build a large installed base to maintain dominance in the gaming consoles industry. Sony should undertake a powerful marketing strategy for PSP. It should encourage consumers to appreciate PSP as a gaming console and a powerful entertainment hub. Sony should maximize the value of PSP.