

# Sony case study essay sample

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1. What, if anything, should Sony do to turn around the sales of the PS3? 2. What has been Sony's strategic approach with regard to new product development? 3. What are the key success factors in the video gaming industry today? Are these the same as in the past? 4. What was Sony's marketing program for the launch of the PS3? What is the competitive advantage of the PS3? What are the weaknesses of the PS3? 5. Compare the marketing program of the Nintendo Wii to the PS3. How are they different?

To turn around the sales of PS3, Sony should upgrade and go more details of interesting games, spotty support for PS2 games and uninspiring online capabilities to capture the interest of the consumers. In the market, Xbox 360 has been for more than a year and the price is \$200 less than PS3. Thus, as the production needs to create more advance games and interesting features to win Xbox 360, the management should consider about pricing in the market. If the product has the same quality with high price in the competitive market, the consumers would not give consideration to purchase. So, even the price of the product is a little bit more expensive and quality is in higher level, it is worth to purchase and the sale will surely be increased. Sony has been experienced for developing the new products in the market in the history.

The company has been developing new products along the way since back in 1975. First of all, videotape was produced in higher definition but the customers preferred the portable recording than higher definition. Later, Sony abandoned the format and began manufacturing VHS players. In 1980's, Sony Walkman portable music player dominated the portable music market and it has been the celebrated brand of the organization. When

digital technology took place in the market, Sony walked with the CDs player with its own format rather than over formats. iPod introduced by Apple in 2001 and supported at least seven different audio formats. To counter the trend toward lower fidelity digital music, Sony launched its Super Audio Compact Disc (SACD), an audio format that greatly improved the sound fidelity of recorded music. In 2005, Sony's copy protection schemes resulted in one of the most notorious scandals to hit the music industry. Even though Sony settled charges, the scandal became a lightning rod for the growing movement against proprietary and protected media and caused irreparable harm to Sony's reputation within the music industry.

All the above events present the product innovation history of Sony and their approach to the market regard to the new product development. The organization seems like to create the products that they prefer to do first. Fortunately, if the consumers love the products, they do not have to worry about the sale and revenue. In the case of famous Sony Walkman and Trinitron, the company would for sure enjoy their great work since the consumers are in love with the products which takes the market share in the business field. But in the case of only supporting one format instead of supporting other formats as well and only preferring to produce higher definition rather than longer recording that consumers want, Sony seem to listen the feedback for the consumers and repair their creation for more sale and revenue. If the consumers do not feel comfortable to use the products, the sale and revenue of the company will not surely go up as well. Their strategy to approach the development of new product might not be concerning with the preference of the consumers sometimes. Sony seems to

favor the newer and greater technologies that the company would like to produce.

When their creation and the preference of consumer do not match, they take responsibility for what they have done and recreate for the market again. For the video gaming, the successful factors are basically 3D graphics, better software and capability. In the past and present, these factors are still important keys, but nowadays, users are demanding more advanced graphic, advanced processor to enhance 3D full motion videos, advanced development tools and higher margin. Besides all those factors, the interest of users, the story line of the game, trend such as resident evil movie, harry potter movie and so on, levels of game, degree of easiness/hardness and development of new ideas are needed to be a successful game. Another important key is having a library of quality game titles to offer consumers. When Sony made the launch of PS3, the company spent \$ 150 million for advertising campaign to attract the potential customers. The campaign surely supported to reach the information about the launch of PS3 to all the consumers. The gamers would get interested in the purchase of PS3 because of all those advertisements. Besides, Sony provided free food with live performance by famous artists as well.

Not only provided free food but also giving high definition television valued at more than \$ 4, 000 to the first 125 people for purchasing PS3 attract not only the hard core gamers but also other people. Promoting the processing power double is one of the advantages of PS3 which was developed by learning the mistakes of Microsoft and adapting its console more to the

needs of customers. The developers made PS3 bring so much more in terms of raw processing power and so much more in terms of storage capacity with Blue ray drive. Even though PS3 system has the advantages concerning with technology, it got some weakness for the manufacturing. The demand console could not be produced on time and the manufacturing got delay, therefore Sony mitigates the shortage by freighting consoles directly from Japan. Another weakness is the price of console is expensive in the market and also got a lot of expectation from the users since Sony has been the market leader for this industry. The development cost of PS3 is higher than that of Nintendo Wii which has two screens and a touch pen that allows gamers to interact with the console in unique ways.

For PS3, the target market is 18 to 35 years old but for Nintendo Wii, the target is 5 to 22 years old. The pricing of Nintendo Wii is lower in the market than PS3 as well, so the price would make a gap for capturing the interest of the consumers. Their marketing program is very simple which is giving out free games such as famous Wii sports. Another program offered to consumers is Nintendo WiFi connection. By having internet connection, the users are able to play games against friends and others online. Since PS3 spent millions of dollars for promoting as mentioned above, they have different ways of promoting and marketing programs. According to the unit sold chart, Nintendo is running the first place for selling units by using the platform, Wii and Sony PS3 is taking the number fourth for its units sold.