

Essay on sony corporation

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Sony Corporation aims to create new value based on the linked concepts of "inspiration" and "shared experience" and to thus strengthen products and applications. However, after analyzing the relevant market of Consumer Discretionary, Sony financials, Sony's future risk, Sony's future growth and their competition, buying stock at this time during an economic recession could be very risky. This paper is intended to help guide individuals through their crucial decision making process of purchasing and selling stock.

The Consumer Discretionary Sector of the market, which Sony Corporation is a part of its consumer goods sector, includes those industries that tend to be the most sensitive to economic cycles. The manufacturing segment includes automotive, household durable goods, textiles & apparel and leisure equipment. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services. Currently the Consumer Discretionary sector makes up 9.98 percent of the total market.

Illustrated below is a visual of the year S&P 500 index vs. the Consumer Discretionary sector: (Fidelity Investments) As shown, the Consumer Discretionary sector is positively correlated with the S&P 500. Year to date through November 20, the sector index, which represented 9.98 percent of the S&P 500 Index, was up 33.2 percent compared with a 20.8 percent rise for the S&P 500. The economy however is in a recession and even though the sector is positively correlated with the S&P 500 now the longer the recession last this sector will begin to show negative effect. Why?

Well the Consumer Discretionary sector focuses on goods which are not needed for the survival of humans. Therefore, as the recession continues and more jobs are lost the amount of money individuals choose to spend on unnecessary goods will decrease. The money that individuals do have will be spent on the necessities of everyday life which will hurt the Consumer Discretionary sector. Illustrated below is a visual of the industries average price change within the Consumer Discretionary sector: (Fidelity Investments) As shown, the one day of each industry has suffered a loss. Read also PlayStation 4 SWOT Analysis

After analyzing the one week, one month, three month and year to date it is obvious there is a gradual increase of losses for the last year. This shows how the industry as a whole has been slowly losing money. The Consumer Discretionary sector is highly sensitive and should benefit from a gradual economic recovery although the lingering uncertainty regarding the slope of the recovery leaves the success of the Consumer Discretionary sector unknown. The Sony Corporation: develops, designs, manufactures, and sells electronic equipment, instruments, and devices to consumers and industrial markets in Japan, the United States, and Europe.

Sony was founded in 1946 by Masaru Ibuka and Akio Morita. The two each had a unique blend of product innovation and marketing savvy, therefore, formed a company that would eventually grow into a more than \$60 billion global organization. Sony has five operating segments: electronics, games, entertainment (motion pictures and music), financial services and other. These make Sony one of the most comprehensive entertainment companies

in the world. In 1950, post-war in Japan, Ibuka and Morita created Sony's first hardware device, a tape player/recorder called the G-TYPE recorder.

Materials were in such high demand that the first tapes were made of paper with hand painted magnetic material applied by Sony's first engineers. In January 1958 the name Sony Corporation was adopted and has been used ever since. Sony has launched many items over the years which have changed individual's everyday life. In 1979 Sony launched to first stereo cassette player known as the " Walkman" to the market. Soon after in 1982 the first CD player was launched and in 1985 the eight millimeter camcorder hit the market.

The success of all these electronic items positively affected Sony Corporation's stock price. Some other products that Sony has produced over the years consist of: LCD televisions, projection televisions, CRT-based televisions, personal computers, printer system, broadcast and professional use audio/video/monitors and other professional-use equipment, batteries, audio/video/data recording media, and data recording systems. Inserted below is a visual of Sony Corporation's stock price movement from 1983 thru 2009: (Yahoo! Finance)

As illustrated, Sony's stock price has grown greatly since 1983; on April 6, 1983 Sony's stock price was sold for \$4. 28. Sony hit its peak on February 29, 2000 when its stock sold that day for \$150. Shortly after on May 25, 2000 Sony Corporation's had a 2: 1 Stock split. The anticipation of the stock spilt increased the value of Sony Corporations stock greatly however, after the stock split the stock price gradually decreased. Also as shown, Sony's

stock has constantly dropped since its 2000 peak. February 23, 2009 marked Sony's stock price's all time low since its peak in 2000, closing out at \$15.

72.