

The swot analysis report marketing essay



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SWOT analysis is an indispensable source of company data and information. The purpose of conducting this report is to examine the external environment threats and opportunity and the company internal environment (weaknesses and strengths).

Aim

The aim of this report is to identify the opportunities and threats that Sony corporation is facing in the market and How they could take advantage of there strength to overcome their weakness and be king in emerging markets.

Objective

Identify opportunities, threats, weakness and strength.

Explain reason for choosing each element of opportunities and threats related to PES and competitors

Explain reason for choosing each element of strength and weaknesses related to internal resources and capability

Analyse how strength might be used to take advantage of opportunities and counter threats.

INVESTIGATION METHODOLOGY

Research Process

Collect data

Interpret and analyse data

Present in a report format

The group and individual research

This report is an individual research based on the group works findings.

Findings such as PES analysis and competitors activities have been used to analyse external environment of Sony Company.

Information source

Key research publication such as 360 Datamonitor and keynote (very reliable)

Online newspaper, daily news and NY Times (very reliable)

Website articles: Sony official websites (reliable) and other (less reliable)

And group research information (reliable)

Plus my general knowledge of the gaming industry (not the most reliable)

FINDINGS 1: COMPAGNY OUTLINE

Company details

Sony Corporation is one of the biggest electronics company. They develop, design, manufacture and sale electronics around the globe. Masaru Ibuka and Akio Morita funded Sony in 1946; the company name at that time was Tokyo Tsushin Kogyo (Tokyo Telecommunications Engineering Company). 1955, Sony lunched it first branded Enovation product, a radio transistor. Since that Sony kept introducing revolutionary electronic; first Trinitron Colour Television in 1968, Walkman in 1982 followed by the first CD player and recently Blue Ray discs.

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Key financial details

Source Sony annual reports : <http://www.sony.net/SonyInfo/IR/> Sony has been experiencing constant profit decline since 2008. Compared to revenue ¥8, 871. 4 billions in 2008, the group has recorded ¥7, 181. 3 billion during fiscal year ending March, 2011: representing nearly a 1. 5 trillion of loss during those 4 years. And Sony is also expecting 520 billion extras loss for next fiscal year [1]. The group is now planning to shut down some manufacturing bases and cut 10, 000 jobs worldwide [2].

FINDINGS 2: SWOT ANALYSIS

SWOT ANALYSIS: INTRODUCTION

SWOT analysis is a business tools that allow companies to match their internal environment (strengths and weaknesses) to the influence of external environment (opportunities and threats). Companies such as Sony Corporation use SWOT analysis results to get a better understanding of the strategic choices that they are facing.

External

Opportunities

Threats

Partnership with FIFA World Cup

Focus on emerging countries

Natural disasters at the headquarter base

Illegal intrusions to PlayStation network and lose of customer details

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Internal

Strengths

Weaknesses

Focus on company brand

Diversified geographical clients base

Financial Decline

High cost manufacturing base

External environment

Opportunities: Partnership with FIFA

Image from <http://www.ea.com/uk/football> Sony has made a number of strategic partnership and acquisition in the recent period. One of those alliances that benefit the gaming industry is with FIFA world cup. The group obtained the highest level of FIFA sponsorship for 8 years and gained the exclusivity to advertise their brand on any product related to FIFA e. g. TV, stadium, video games etc. The exclusivity on FIFA product mean that Sony is also touching their competitors' customer in the gaming industry. In fact the video game FIFA is one of bestseller [8] game for last couple of years and it is sold for other console platform such as Xbox and Nintendo [7].

Opportunities: Focus on emerging BRIC countries

From <http://www.techshout.com/laptops/2011/12> Brazil, Russia, India and China are the world's fastest growing economies with a huge demand of electronic and entertainments. This offer the business a large growth

opportunities into this emerging markets. In India, Sony has a huge presence in the movie and music industry and the group electronic sales are growing faster than the country's electronic market. So the group has a hug privilege over it competitors. Sony can replicate this model into other emerging countries.

Having their business expanded to developing countries can help Sony to gain incomes from products that are in their maturities in the traditional markets. Those products aren't widely available to the market and the product life cycle is not maturing the same way as it is doing in the developed countries. So the PlayStation 3 that is matured and facing competition and substitutes in the traditional market can still be a star in BRIC countries.

Threats: Natural disasters

In 2011, Japan has witnessed several natural disasters in form of earthquake, tsunami and radiation leak. Those disasters have damaged 8 of Sony's manufacturing sites and one research and development lab. Those disasters didn't only impacted on there manufacturing capabilities but also on their logistics: supply distribution and procurement of row material such as electronic components were affected. In the gaming activity of the group, the scheduled louche of Sony Vita for Christmas was delayed du to manufacturing decline and several games such as MotorStorm and Yakuza were also delayed.

Threats: Illegal intrusion

In April 2011 the PlayStation network was hit by hackers who gained unauthorised access to 77 millions user accounts and stole their personal information such as name, address, email, date of birth. This has raised serious question about the security system of the group and could have damaged their credibility amount their gamer customers.

Internal environment

Strength: Focus on company brand

Sony use what is called umbrella branding by placing the company name alongside of the product name e. g. Sony Bravia, Sony Vaio, Sony PlayStation. By doing so Sony use their biggest intangible resources: The company reputation gained trough historical innovation and success (radio, Walkman, robot etc) to advertise the product. This allows the product to announce its identities and draw strength from corporate brand.

Strength: diversified geographical clients

Sony has a wide geographical coverage. Their product and services are available world wild. Their television program, Sony Picture Television operates in 140 countries and one of their most famous product, Sony PlayStation is sold in 40 countries worldwide. Having a diversified geographical presence offer the group secure resources such as mixed income, worldwide reputation, mixed human knowledge and culture.

Weakness: financial decline

Sony's financial decline will have negative impacts on the group performance and capability because there will be a decline on finance,

workforce, skills, investment for R&D and core competence. Sony's products may also lose performance due to less investment on research and development.

High cost manufacturing base

Most of Sony's manufacturing facilities are based in Japan away from its major's customer's location. This mean that sonny supplier chain and distribution can be sensible to threats such as foreign exchange rate, taxes raise etc. This has a negative impact on resources because the cost of distribution can be affected by many external treats.

How these strengths might enable the group to take advantage of opportunities and counter threats?

Opportunities

Strength to conquer BRIC countries

Sony has it brand name as it biggest intangible assets, they have been know for their innovatively and quality products for a decade. That reputation has certainly reached their target: economically developing countries. The company's strong brand identities will certainly boost market entrance and customer acceptance.

Diversified geographical reach of the group mean that they are cable of dealing with diversified languages, cultures and personal believes barriers.

FIFA partnership: full off opportunities

" The FIFA games cover all key sectors of Sony's business - electronics, games, movies and music." Howard Stringer, CEO of Sony Corp. Sony is working to take full advantage of this opportunity. As FIFA organize footballs

tournament around the world, the wide geographical coverage of the group allow them to easily implement technology and advertisement to wherever FIFA's event are organized e. g. South Africa. Also Sony will enjoy a reinforcement of their brand identity with such presence at the world most watched event: the world cup.

Threats

The illegal intrusion on the PlayStation network, followed by loss of customer's personal information has been the biggest fiasco and has cost the group 14 billions during last year. Such a bad advertisement will have negative impact on their strength (brand reputation). The credibility and customer confidence will be badly hurt by the loss of 77 million customers data.

Sony's Diversified geographical client base could be considered as strength in one point and weakness on another. In fact, during the earthquake and flood, Japan infrastructure and economy was badly hit. Not having their customer focused in Japan helped the group to minimize loss but on another point they have experienced difficulties to supply customers outside Japan.