

Sony playstation and xbox essay sample



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My investigation is based on Sony Playstation and Xbox. My investigation is about competitive advantage, the aim of the investigation is to see which techniques are used by Sony Playstation to gain competitive advantage over Xbox 360.

After the world war two, Masaru Ibuka and Akio Morita opened a radio shop in Tokyo. They later founded a company called Tokyo Tsushin Kogyo K. K (T. T. K). They later started to sell anything they were electrical. The two young men thought they could change this small business of theirs into a large world wide company and they thought the only way they could do this is by selling to the U. K and other developed countries. T. T. K changed their name to Sony once building their first factory, Sony was the first Japanese factory to open in the U. K. Sony in the last few decades have been very successful and have involved themselves in different businesses all over the world and have also involved themselves in different markets

In my investigation I will show which of the four factors (cost leadership, relationship, innovation and brand image) Sony use to gain competitive advantage over Xbox. I will also try to explain how Sony Playstation uses these four factors to gain competitive advantage.

After I have gathered all the information I will analyse the information and then in the final paragraph I will construct a conclusion.

What is competitive advantage?

Competitive advantage is the qualities that make one company superior to the other. Competitive advantage helps one company attract more customers than its competition.

There are four ways in which a company can do this:

Cost leadership - trying to be the lowest-cost producer in that particular industry to supply to the market. An example of this could include Morrisons selling their own products cheaper than Tesco and Asda's products. These types of products can include fruits and vegetables or tinned products.

Brand image - How a company's product is seen by the consumer, if the brand image is strong then the consumer will buy that product again. E. g. Nike can gain competitive advantage using this method over the competition, because they have a very strong brand image it helps them to gain competitive advantage over Adidas and Puma.

Relationship - A strong relationship with the consumer in business is always a positive point this is because the closer you are to your customers the more the customer will feel welcomed. A strong relationship should also be tried to be built with your suppliers and other business. This is because a stronger relationship with your supplier may be able to reduce the price of raw materials. A good relationship with other business may be able to attract more customers.

Innovation - Being the first to come out with a new idea. There are two types of innovation. Process and product innovation, product innovation is creating something new and process innovation is producing something in a different

way. Innovation is normally used with hi-tech products a good example of this is Microsoft as they bring out new software.

Most business use a combination of these, as all four to gain competitive advantage may not apply to all the businesses. It's important to remember that these four factors are only useful if it applies to the customer. There is no point using innovation if the consumers are not satisfied with the new design of the product.

Innovation

Innovation is using new ideas to gain competitive advantage, the use of bringing out new ideas. Both the companies I have chosen like to use innovation. Playstation used innovation by bringing out the PSP and the PS3, to gain competitive advantage over Xbox. This type of innovation is called Product innovation, being the first to develop something new.

Xbox also tried to use product innovation to gain competitive advantage over Playstation; they did this by bringing out the Xbox 360 before the PS3. Both the game consoles are similar, but the Xbox 360 came out first and made large sums of money before the Playstation could release there PS3. Being the first with a new idea is a very strong way to gain competitive advantage.

How innovative is the new Playstation 3?

The Playstation has distinct features that the Xbox doesn't have. The Ps3 has a 40 and 80 gigabyte harddrive. This memory is much larger than the memory capacity on Xbox. The PS3 can only be played on the HD televisions. This is because it gives the gamer the best experience possible and this is a unique

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feature and is also not available on Xbox. This would give the customer something to think about as more games can be saved on the PS3 and as technology is growing more memory is needed because games can be downloaded straight from stores online (PLAYSTATION(r)Store).

Playstation have gained competitive advantage over Xbox through process innovation. Process innovation is changing how a product is made. So Playstation used process innovation by making their new Playstation with blu-ray disks. This will help them to gain competitive advantage because a gamer of Xbox would not have experienced this, as no other consoles in the market have a built in blu-ray disk.

Relationship

Playstation have tried to get closer to their consumers by using new ideas like PLAYSTATION(r)Store, this feature on the latest Playstation console allows PS3 owners to surf the internet for free. The PLAYSTATION(r)Store also has games which you can buy off the store and save onto the built in harddrive. This is a much fast and efficient way of selling games for the PS3 as they are delivered to the consumer. Consumers would look at this in a positive way because on other consoles like the Xbox you cannot get the luxury of surfing the internet for free and also being allowed to buy games. Therefore a customer would buy a PS3 over an Xbox.

Strong relationships have to all so be made between suppliers and even employees. If all these groups have a good image of your company then it easier to gain competitive advantage over competitors.

Businesses have their own relationships. SCEE makes lots of games for Playstation and games made by SCEE can only be played on the PS3. Examples of games are Warhawk(tm), Folklore(tm) and The Eye of Judgment(tm). If someone was a Halo fan then they would buy the Xbox but if you were a Grand Turismo fan then you would buy the Playstation. This shows that when choosing a product, it's not just the product itself that persuades you to buy it but it is the other product that you get with it or use on it.

Relationship with other businesses helps Sony to increase sales because games themselves influence consumers to buy particular console. Consumers would not buy the Sony PS3 no matter how good it is, if the games to go with it are not equally as good. There is no point having a really good console if the games played on the console are not good. This is why it is crucially important for Sony to have strong relationships with game publishers e. g. Polyphony Digital(tm).

The Blu-ray disk is not owned by Playstation but is a different company all together. Blu-ray disk and Playstation working together, this is a good example of relationships between businesses. By themselves both businesses are not as good as when joined together this is because blu ray disks can only be used on a console that takes blu ray disks i. e. PS3.

Cost leadership

The price of the product is irrelevant to my chosen business because the pricing strategy used by Playstation is creaming/ skimming. This is because Playstation only bring out hi-tech items which sometimes may be new to the
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market, so they have nothing to compete with so the price set is entirely up to Sony Playstation. The price for the new PS3 is 299 pounds. This could be compared to the price of the Xbox 360 which had also started around the 299 mark but the price is now falling since the lack of sales.

Reputation/ brand

The reputation and brand image allows some companies to gain competitive advantage. To build reputation it takes a long time, reputation cannot be just built in a matter of days or months, but takes many years. It is important that Playstation does not have a bad brand image or reputation this is because consumers would not buy Playstation consoles if they are known to be selling faulty goods. Playstation has a very good brand image this is because most of the Playstation in the past e. g. PS2, PS One have been very successful and has gained Playstation respect and reputation. Playstation can use there excellent brand image in different ways.

Even if Playstation 3 isn't the best product in the market, some customers will still choose the PS3 over the Xbox because they may have bought previous Playstation products and may have been satisfied with it therefore they may buy another Playstation product instead of buying the Xbox. This is an example of customer/ brand loyalty.

Conclusion

Sony has been successful with the launch of the new PS3 and has gained competitive advantage over Xbox in different ways. Sony has used a combination of all four ways of gaining competitive advantage, using

innovation and its reputation as the main two factors to drive its new product forward. Playstation are always trying to produce new products and try to differentiate their products from competitors by using innovation.