

# Swot analysis for sony ericsson



**ASSIGN  
BUSTER**

Swot Analysis for Sony Ericsson BY SNTghtHawks  
SWOT Analysis for Sony Ericsson  
Strengths: Increased market shares  
Reduced losses: Sony Ericsson has been successful in reducing its company losses in the past year.

The company cut its total losses by more than half in the second half of 2002. Sony Ericsson should look to continue to cut costs in order to narrow company losses even further. The success of the joint venture will be viewed by its ability to break even and generate profits.

Brand name: Having a strong brand name means that it will be more likely that Sony Ericsson will sell more handsets, as consumers normally choose to buy branded products with which they are familiar rather than those that are unfamiliar.

Sony Ericsson should look to leverage both the Sony and Ericsson brand names, as they are both respected brand names in the fields of electronics and telecommunications. The joining of these two brand names will again help the company to increase awareness of its products resulting in increased sales of handsets.

New products: Sony Ericsson has released a line of new products that it is forecasted will help the company to increase its share of the market, as well as generate extra sales and profits.  
Weaknesses: Loss making: The Sony Ericsson joint venture is currently loss making. Sony Ericsson must try to generate profits as soon as possible or the venture may be deemed unsuccessful. Company losses may still be tolerated over the next couple of years, as the Sony Ericsson venture has only been trading for a relatively short period of time.

However, sustained losses over a period of time may lead to either Sony or Ericsson deciding to ease their funding of the Joint venture. Marketing Costs: The launch of the company's line of new cellular handsets will mean that marketing costs will increase for the months when the products are launched and for the initial period of the products' life cycle. High marketing costs are a necessity in this situation in order to create awareness and stimulate demand for Sony Ericsson's handsets in a marketplace that is saturated with competitive offerings.

High marketing costs will make it more difficult for Sony Ericsson to narrow losses, reakeven and generate profits.

Opportunities: Social Media: Sony Ericsson is boosting its social media activity in a bid to increase its share of the smart phone market, which is under pressure from brands like Apple and Google. Expanding Market The predicted transition to 3G wireless communication services provides Sony Ericsson with an opportunity to capture market share and generate revenues and profits. Sony Ericsson must cater for the increase in demand in this area by producing a number of handsets that will utilize this 3G technology.

The company is making an effort to penetrate this sector of the market and has had some success in doing so. However, Sony Ericsson still trails industry rivals such as Motorola, NEC and Panasonic within the 3G sector of the market. Phone Design and Accessories: Sony Ericsson must monitor the latest trends in customer preferences for the design of handsets and the accessories provided for use in conjunction with handsets.

For example, camera phones are expected to increase in popularity over the coming years.

The increase in popularity of camera phones presents Sony Ericsson with an opportunity to increase its revenues and generate profits, as camera phones have a much higher average selling price than normal voice phones. Popular Handset Technology Threats: Strong Competition: Sony Ericsson faces strong competition in the marketplace from a number of industry rivals. The company's competitors include Nokia, Samsung, Panasonic, LG Electronics, Motorola, Siemens and NEC. Sony Ericsson will also encounter increasing competition from up and coming Chinese cellular handset manufacturers such as TCL, Bird, Eastcomm and Legend.

All of these companies will combine to take away sales and market share from Sony Ericsson. Pricing Pressure: The increasing competition in the cellular handset market will inevitably lead to pricing pressure. Pricing pressure will lead to a squeezing of Sony Ericsson's margins. This will mean that the company will have to seek to cut its costs if it is forced to reduce the price of its products. Failure to do so could mean that the company will continue to make losses or only generate modest profits, when the potential is there for the company to achieve much more.