

Effects of technology change on sony corp

Technology



Introduction

Sony Corporation is one of the world's top electronic company, based in Tokyo Japan. Sony came in to existence in 1946 and since then well known for its quality products. The main products of the company are

Audio: Home audio, portable audio, etc.

Video: Video cameras, digital still cameras, and DVD-Video players/recorders, and Digital-broadcasting receiving systems

Televisions: LCD televisions

Information and communications: PC, printer system, broadcast and professional use audio/video/monitors and other professional-use equipment

Semiconductors: LCD, CCD and other semiconductors

Electronic components: Optical pickups, batteries, audio/video/data recording media, and data recording systems

The changes undergone by businesses in different industry have been largely driven by technological change and globalization, and partly by changes in the regulatory environment. Consolidation in the industry continues, but it takes different forms as the dominant industries corporations have redirected their consolidation policy, shifting from diversification and horizontal integration to targeted expansion into the new technologies. Thus, companies in the media sectors are quickly embracing the new technologies through acquisitions or alliances/partnerships with new media start-ups. the following chart shows the company organizational data of Sony corporation.

Sony is world's one of the major electronic company which obviously involve a lot of technological change management. Technological change presents many opportunities as well threats that must be taken into account while planning strategies. Technological innovation can dramatically influence the organization's products services markets, suppliers, distributors, competitor, customers, manufacturing processes, marketing practices, and a competitive position. Sony being an electronic company has a major challenge of technological up gradation at all time to maintain the market position. Technological improvement can open up new markets which result in propagation of new and improved products. It also changes the relative cost position in an industry and provides existing products absorption. Hence technological changes involve both opportunity and threats with it.

Sony Corp have been calling on a great criticism to boost up its profitability as the company has facing extreme pressure from other companies offering lower cost and gained an edge in the key market segments as flat panel TVs. Sony is the pioneer that first introduced the portable music to the industry but now embarrassingly Apple Computer Inc took the technology edge over it by introducing iPod player and iTunes online store. Sony is only now coming out with competing portable players. Sony Corp now desperately needs a pace of innovation by changing itself to the changing trends to maintain its competitive position in the market. First it has to see deeply inside the characteristics of technological change and that are it is changing at a greater sale, it's getting cheaper becoming easily available and touching lives in more and more areas. These can also be seen as the challenges

related to technological change in the businesses. Technological change has its effects such as

A product life cycle is reduced.

New things will make old products skills knowledge obsolete necessitating continuous change.

Competition has become from unexpected quarters.

Customer demand has been changed they are always after new and improved products.

Threats of technological change:

There are certain threats associated with the technological change that can be

Technological change might need to change the structure of the company, if the company is attuned to the changes or are unwilling to change it can become obsolete.

The characteristics of the international consumer are changing. These changes can influence industries by changing the types and quantity of products and services desired.

Rapid change in demand and increasing number of competitors is another threat for the company.

Opportunities associated with technology change:

“ Perception is one’s reality”. Customer perception about the company that the company is good or has improved, product and service evolves the opportunity for its success.

New Knowledge is a significant source of entrepreneurial opportunity. For <https://assignbuster.com/effects-of-technology-change-on-sony-corp/>

example, developing a wide array of innovative products that keep the customer associated with the company products.

Implementation of theories of change

Schumpeter (1936) argued that economic development emerged when ' new combinations New combinations might be new product, new method, new market, new supply source or industry re-organisation. Sony focus is towards continuous improvement of product development introducing new improved manufacturing methods finding new supplier sources to earn more over less spending.

Michael Porter (1979) has provided a model to better understand the industry context in which the firm operates to develop the edge over the rival firms. According to him industrial firm is influenced by five forces that determine the competitive intensity and therefore attractiveness of a market towards it. These are as follows

Threats of entry

Industry competitors

Bargaining power of supplier

Bargaining power of buyer

Threats of substitute.

Now we will study the Sony Corp strategy around Porters five force model.

Industry competitors

The intensity of competitors is the major determinant of the competitiveness of the industry. According to Porter, company should determine the extent to

which the company's value will be taken away by the head-to-head competition. When the competition among the firms is low the company is a sound company. To take the edge over the competitors the company can take several competitive moves.

Temporary change in price for the time according to the demand and buyers ability.

Improving product differentiation through innovation in manufacturing process or product itself.

By effective use of distribution channel.

Exploiting relations with suppliers.

Technology advancement can reduce the level of competition. Companies that successfully introduce new technology, can easily charge higher prices and achieve higher profits, until competitors copy them or introduce substitute. Technological advancement can protect the company from competition.

Threats of entry

Potential and existing competitors can influence the profitability of the company. The threats of new rivals are based on the market entry barriers. Profitable business attract new firm which can result in new entrants and ultimately reduce the profitability. Therefore barriers should be placed for entry. Our strategy will be reduced pricing, brand equity and differentiation of product.

Threat of substitute products

The substitute product refers to the similar product introduced by other rivals. The threat of substitute product exists when the demand of the product is affected by the price change of substitute product. The company should observe the buyer propensity to substitute, number of substitute products available in the market and the quality and standard of substitute product to plan accordingly for the need of change.

Bargaining power of buyer

The determinants, through which buyer power can be judged, are the size and the concentration of customers. Other factors are the extent to which the buyers are informed and the concentration or differentiation of the competitors. So the company will focus to educate the consumer with necessary information.

Effects of technological change on Sony Corp

Innovation and advancements in technology open new pathways and provide new competitive advantages that are more powerful than existing ones. The latest trend in technological advancement is towards computers, lasers, robotics, satellite networks, fiber optics, biometrics, cloning, and other related areas that have paved the way for significant operational improvements.

Moving forward, the company continues to make effective use of its brand, intellectual property and other assets, and to create and increase the value of technology development. Intense competition and new market trends are the current threat for SONY. There are new businesses entering in the

industry so, company has to maintain its position and market share by proving new inventions to the industry at lower price.

Technological shift is crucial for success for all businesses in the today's competitive environment. Advances in computing and telecommunications have widespread implications changing the way we live and work in. above all globalization process has increased both the spread and the speed of change and the competitive pressures. There are five important factors for a successful technological shift.

Levels of knowledge and expertise/ absorptive capacity

Active R&D to develop sufficient tacit knowledge

Investment in R&D to gain high value results.

An open trading environment.

Human capital investment.

Technological improvements are need at all time if the technological change is not fast enough competitors will take the edge and you loss the potential profits. Company gain the profit when it will manage to introduce product before anyone else opportunity can come up in the various stages of the process as researchers and technicians continue to work for the monumental breakthrough.

Improved research and development:

The base for technological shift is to improve the research and development department of the company to the greater extent. There are certain strategically steps the company has taken to improve the research and development for the company's products.

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The firm has decentralised their R&D to benefit from different areas of excellence from the world.

Developed the environment of knowledge sharing from different research institutes in the world.

Built strong relations with leading economies of the world and receive implied knowledge transfers.

Arranged many R&D related events to search for the new ideas to flourish the company product.

Objective of Sony R&D:

New ways of entertainment are emerging where people can easily share their personal content with others over the network or automatically organize their content according to their personal profile. Sony R&D aims to create new value based on the linked concepts of “ inspiration” and “ shared experience” and to thus strengthen products and applications. Mission for Sony R&D is “ Technology for Inspiration and Shared Experience.” As we are moving into the era of connectivity and networking the need of technological shift is very important. The need is for inventing new applications that generate new kinds of inspiration and shared experiences.

Steps taken by Sony Corp to incorporate technological change to gain competitive edge:

Sony Corp is one of the largest movie, music and consumer electronics companies in the world but now they have planned closing down its Connect Music Store in Europe and the U. S. by keeping in view the technological change in these sectors.

Instead Sony has planned to add Microsoft’s Windows Media technology to

its new music players and allowing consumers to download copy-protected content from numerous Windows Media-compatible music stores on the Internet.

The two new Sony players have video storage and playback capabilities and are the first in the digital players from the company not tied down to Sony's ATRAC (Adaptive Transform Acoustic Coding) audio format.

Sony has improved Walkman products which offer great resolution, a bright screen, high-quality sound and a long battery life. The idea behind that is to provide the customers the choice to use multiple music sources.

Sony Corporation today announced the commercialization of the world's first demodulator LSI for high-definition television use conforming to the "DVB-T2"*2 (Digital Video Broadcasting – Terrestrial 2) terrestrial digital broadcast standard adopted in the UK

Conclusion and recommendations

According to my research and analysis of the Sony Corp company strategy of continuous research and development is in the right direction. Company idea of invention and innovation and keep on improving things is what makes the company more powerful in terms of profit gains. It is a social process and increasingly dependent upon organised teams. Therefore company focus on developing efficient teams with new and innovative ideas. In the current market demand knowledge sharing is very important to bring about constant innovation to gain competitive advantage. The new source of competitive advantage rests on this ability to share knowledge and to innovate. Sony management of knowledge sharing between subsidiaries, between organisations and their customers and along and across networks is

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absolute. In my view the effect made by the company for technological transfer between the developed and developing worlds will prove to be profitable in the terms of economic gains and as well reputation of the company increase. In short Introducing new products with increased functionality and quality always get attention of the customer and it also helps in revenue generation. Despite of all the effects made by the company to focus on technology improvement and invention and innovation of new and improved products, company also needs to pay attention towards its competitors low price products which might attract the consumer. Companies coming from new markets are introducing new similar products at lower prices so educating customer about the product should also be the part of strategic planning of the company.

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