# 3. EXTERNAL ANALYSIS

(a) Define the industry

The electronics industry, especially consumer electronics emerged in the 20th century and has now become a global industry worth billions of dollars.

Consumer electronics is that which is intended for everyday use, most often in entertainment, communications and office productivity. Radio broadcasting in the early 20th century brought the first major consumer product, the broadcast receiver. Later products include personal computers, telephones, MP3 players, audio equipment, televisions, calculators, GPS automotive electronics, digital cameras and players and recorders using video media such as DVDs, VCRs or camcorders. Increasingly these products have become based on digital technologies and have largely merged with the computer industry in what is increasingly referred to as the consumerization of information technology.

The CEA (Consumer Electronics Association) estimated the value of 2007 consumer electronics sales at $150 billion USD.

The industry now employs large numbers of electronics engineers and electronics technicians to design, develop, test, manufacture, install, and repair electrical and electronic equipment such as communication equipment, medical monitoring devices, navigational equipment, and computers.

One overriding characteristic of consumer electronic products is the trend of ever-falling prices. This is driven by gains in manufacturing efficiency and automation, lower labor costs as manufacturing has moved to lower-wage countries, and improvements in semiconductor design. Semiconductor components benefit from Moore's Law, an observed principle which states that, for a given price, semiconductor functionality doubles every two years.

While consumer electronics continues in its trend of convergence, combining elements of many products, consumers face different decisions when purchasing. There is an ever increasing need to keep product information updated and comparable, for the consumer to make an informed choice. Style, price, specification, and performance are all relevant. There is a gradual shift towards e-commerce web-storefronts.

Many products include Internet connectivity using technologies such as Wi-Fi, Bluetooth or Ethernet. Products not traditionally associated with computer use (such as TVs or Hi-Fi equipment) now provide options to connect to the Internet or to a computer using a home network to provide access to digital content. The desire for high-definition content and 3D technology changed the TV industry, it pushes technologies, services and content combine closely than ever.

Sony Corporation, commonly referred to as Sony, is a Japanese multinational conglomerate corporation headquartered in Kōnan Minato, Tokyo, Japan. Its diversified business is primarily focused on the electronics, game, entertainment and financial services sectors. The company is one of the leading manufacturers of electronic products for the consumer and professional markets. Sony is ranked 87th on the 2012 list of Fortune Global 500.

Sony Corporation is the electronics business unit and the parent company of the Sony Group, which is engaged in business through its four operating segments – Electronics (including video games, network services and medical business), Motion pictures, Music and Financial Services. These make Sony one of the most comprehensive entertainment companies in the world. Sony's principal business operations include Sony Corporation (Sony Electronics in the U.S.), Sony Pictures Entertainment, Sony Computer Entertainment, Sony Music Entertainment, Sony Mobile Communications (formerly Sony Ericsson), and Sony Financial. Sony is among the Worldwide Top 20 Semiconductor Sales Leaders and third-largest television manufacturer in the world, after Samsung Electronics and LG Electronics.

**Key Success Factors**

**(f) Macro-environment changes (PEST)**

**Political**

The global political environment has been stable since WWII, especially after the cold war. Every country is trying hard to buildup economically.

Japan considered being one of closest allies and partners of the United States. As a Japanese company, Sony is able to acquire cutting edge technology and cooperation to develop new technology with companies in the United States.

In 1995 Japan became a member of WTO, allowing Sony to setup its business in almost every corner of the world. Japan is also a member of several other trade agreements.

In order to avoid violations of local policies and laws Sony has created its own supply chain standard.

In some countries the government do not have effective measures against copyright infringement, causing movie and music companies to lose billions of dollars a year (including Sony).

**Economics**

Made in Japan was an icon that represented the strong economy of Japan, but after a series of financial crisis’s and the rise of BRICs, Sony has to reconsider the business strategy. It forces Sony to shut down low tech factories in Japan and shift to low labor cost countries.

As a global corporation, Sony is particularly sensitive to changes in currency exchange rates. Monitoring and analyzing foreign exchange rates may help reduce the loss of operating income. Assessing and predicting stock markets also can help Sony make correct decisions.

**Social**

After people met their basic needs, entertainment demands will appear. Sony is trying to build a quality of life as peoples need. Electronic products eliminate boundaries of culture and region. Everyone enjoy their conveniences and features. Music and movie fulfil entertainment require of people.

**Technological**

Technology is changing fast in the digital age; none of companies can stay on top for long. With transparency of information, people can easily find the difference between products. Technology becomes a selling point and none of the technology companies want to fall behind. Competition between electronics companies has never been so fierce, only the best one could survive in the marketplace.

Sony have an abundance of accumulated technology and patents. Sony assimilates new technology by acquiring 3rd party company, R&D, and cooperation with other companies. In many fields, Sony has the most advanced technology. This not only makes a profit for Sony, it also will improve the image of the brand.

http://en.wikipedia.org/wiki/Electronics\_industry