

# Sony:

## Possibilities and Recommendations for Future Global Marketing Options

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## Introduction - Overview and Environmental Audit

Sony's legacy is very hard for newer companies to match. Their historical influence for one is extremely deep rooted as they are to be credited for the Japan's tape recorder<sup>1</sup> as well as being one of the first to license Bell Lab's ground breaking invention, the transistor, for non-military applications. As a result, Sony made the transistor radio commercially successful.<sup>2</sup> By 1955, less than ten years since the company was founded in Japan, they were already exporting prolifically to Canada, Australia, the Netherlands and Germany amongst others. Two years later Sony released the smallest transistor radio in commercial production and it became an instant worldwide success.<sup>3</sup>

To quote Sony Europe directly<sup>4</sup>, the corporation's vision is to "To create exciting new digital entertainment experiences for consumers by bringing together cutting-edge products with latest generation content and services." Both their vision and mission statement are clearly consumer-centric yet whether they stuck to their mission in the past is questionable as will be discussed within this essay.

## Background

The company boomed in the sixties and transformed to have extensive global reach. The brand name itself, Sony, was chosen for its simple pronunciation in any language<sup>2</sup>. Although the industry the entered at the time was predominantly telecommunications and audio systems, they quickly expanded into very diverse fields. Sony was a trend setter and first mover in many areas. Very few other Japanese companies would spell their name in roman letters, let alone pick such an ambiguous name.<sup>3</sup> Sony have set many industry standards over the years, very few of which were in conjunction with other companies in the same industries.

At this point in time, Sony has the following daughter companies:

- Sony Corporation (aka Sony Electronics)
- Sony Pictures Entertainment
- Sony Computer Entertainment
- Sony Music Entertainment
- Sony Mobile Communications (formerly Sony Ericsson)
- Sony Financial

Clearly a multinational corporation as large as Sony, active in this amount of industry branches is bound to have problems, many of which are in global marketing.

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<sup>1</sup> <http://web.archive.org/web/20061128064313/http://www.sony.net/Fun/SH/1-1/h2.html>

<sup>2</sup> <http://www.sony.net/SonyInfo/CorporateInfo/History/sonyhistory-b.html>

<sup>3</sup> <http://www.sony.net/SonyInfo/CorporateInfo/History/history.html>

<sup>4</sup> <http://www.sony-europe.com/article/id/1178278971157>

## Competition

Aside from Sony's creation of cutting edge technologies and advances in research, there have been many issues with their commercial products that their competitors did not have. In all branches, their competitors are serious companies that have forged a comparatively strong household name for themselves. These include companies such as Panasonic, LG, Philips, Samsung along with a myriad of other fierce global players. These companies are only a direct threat to the parent company while other, more specialized companies, threaten their daughter companies such as *Microsoft* and *Nintendo* versus Sony Computer Entertainment and *The Walt Disney Studios*, *DreamWorks Studios* and *Fox Filmed Entertainment* versus Sony Pictures Entertainment. Not only do these competitors have a large market share, they are quickly outgrowing Sony.

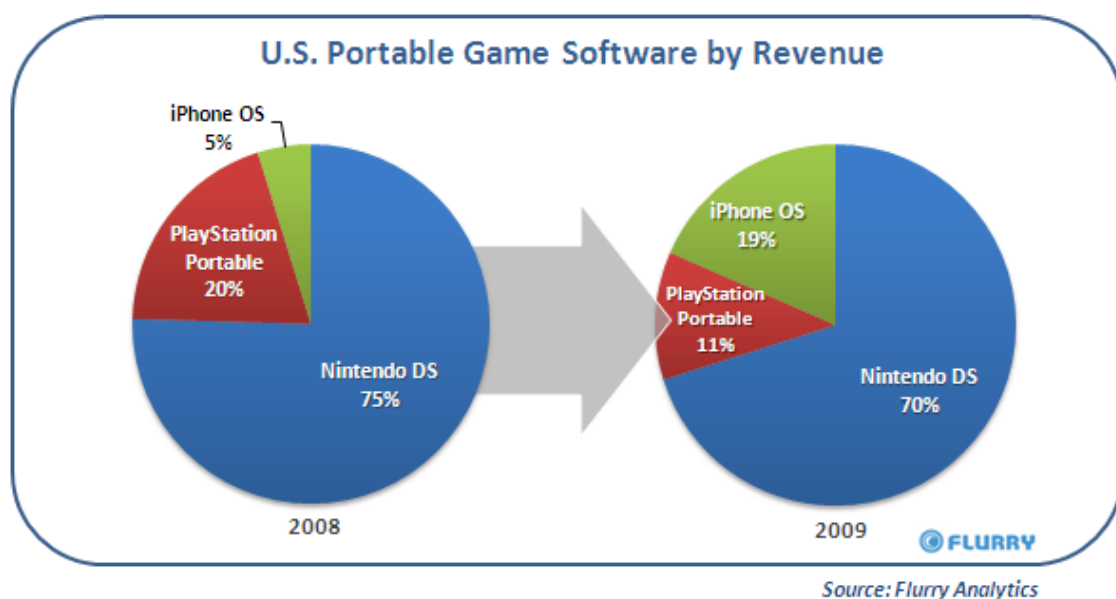


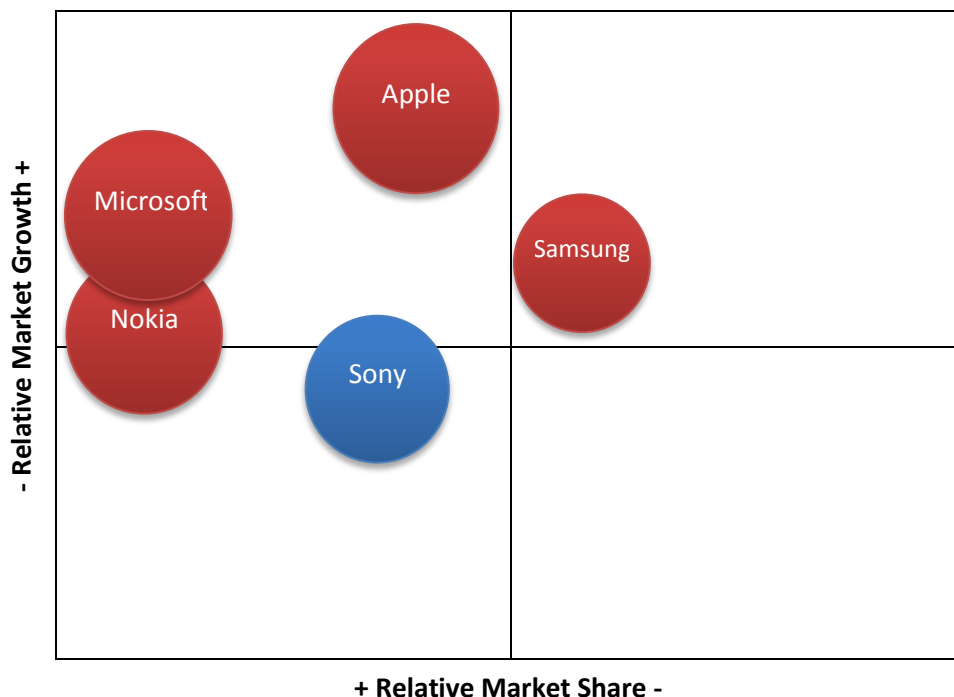
Fig. 1 – Sony PSP losing to Nintendo DS

## The Global Market

To analyse where Sony stands within the global market, a BCG matrix can be used. A BCG matrix is a form of chart created by Bruce Henderson for the Boston Consulting Group in 1968 as an analytical tool<sup>5</sup>. The Y axis is represents market growth plotted against relative market share on the X axis. Units in four quadrants adjacent to the origin are described as:

1. *“Cash Cows”* (bottom left) – Units used to generate cash or “milked” with little investment in a slow-growing market where greater investment would be a waste.
2. *“Dogs”* (bottom right) – Useless fiscally as they are similar to cash cows without the cash. These units make just about enough money to maintain the business in this slow-growing industry yet their only benefit is providing jobs and should be sold off.
3. *“Question Marks”* – The polar opposite to cash cows, these “problem children” grow rapidly and require heavy investment but due to their low market share, do not generate much cash. These require careful analysis as they are quick to transition to dogs or stars.
4. *“Stars”* – Units with a high market share in a fast-growing industry are quite justifiably labelled stars but require effort and greater investment to remain market leaders or they could transition into cash cows or dogs.

Based on their average performance this year, the following BCG matrix can be estimated for these companies:



<sup>5</sup> [http://www.bcg.com/about\\_bcg/history/history\\_1968.aspx](http://www.bcg.com/about_bcg/history/history_1968.aspx)

Analysis by BCG matrix can also be applied to individual products. As such, one can generally tell where a product stands based on how far into its life cycle it is.

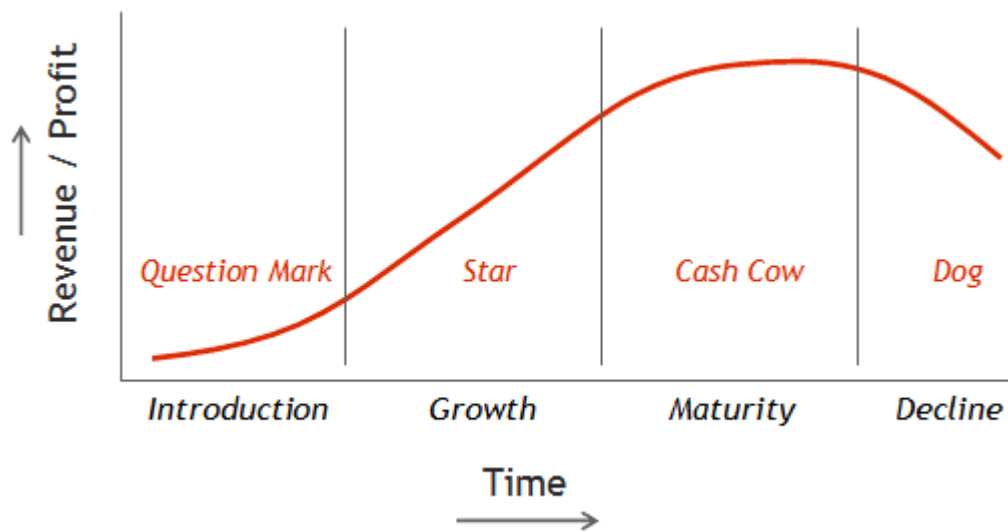


Fig. 2 – BCG positions throughout the product life cycle<sup>6</sup>

<sup>6</sup> Mr. Dashboard Business Metrics; [http://www.mrdashboard.com/BCG\\_Matrix.html](http://www.mrdashboard.com/BCG_Matrix.html)

## The International Export Dimension

The Global financial Crisis, recent developments such as fall in export, lower domestic demand and growing levels of struggling businesses have caused the Japanese government to fear a recession which is more worse than expected. The Japanese Economy, which is the world's second largest economy, fell back by 1.8% which is four times bigger than expectations and raises the fears of entering the longest recession Japan has ever seen in its history. The Japanese economy which is majorly dependent on exporting products has been suffering contraction during this global crisis until the end of 2011 where it reached a high record which was not even seen since the World War II.

Curbing the production by major manufacturing firm as a result of the reduction of the demand was the main cause of the contraction of the economy. Reacting to the recession, Sony Cooperation announced it lay off 80,000 employees and make rigid budget cuts. Sony Cooperation also declared their intentions to cut down the investment in electronics by 30%, the production by 10% and the number of employees which are currently 160 thousand employees worldwide by 5%. In the past years, Sony Cooperation has been suffering an annual loss of \$1.1 billion due to the decline of sales and the Yen Currency rate. Sony Cooperation Stock prices fell by 8% resulting in a \$22 billion loss in stock market share. Toshiba Cooperation, Sony's major competitor, fell by 8%.

It is believed that the company's current situation has distracted the company's brass from focusing on developing ground-breaking products, which are scarce at the moment. Sony ranks second globally in flat-screen liquid-crystal displays, behind Samsung Electronics. The major difference between Sony and its competitors is in earnings. Unlike Sony, Samsung and Apple reported strong profits for the last quarter of the year. Samsung's operating profits have risen to 5% and revenues were up nearly 12% while Apple's profits jumped 20% on a 12% rise in revenues. Sony is expected to act like other competitors like Apple or Cisco as they consistently earn more profit by designing their own products and leaving manufacturing to others. They have also made advance progresses into portable music players and home entertainment systems.

On the other hand, Sony, like many Japanese tech manufacturers, still makes many of its own products in their own factories, a process known as vertical integration, which tends to lead to higher overall costs because it needs extra layers of management to coordinate all the activities. Sony is a well-known and a successful company is still using strategic marketing techniques which keep the company alive in the industry. However, Sony is expected not to be complacent and strive more in order to find out things about competitors that aren't known. Hence, they can plan some strategies to be able to conquer their competitors. Sony is normally considered as a high quality innovator in the market but they have recently passed this perception to companies like Apple. Therefore, Sony should strive to be back on top as quality innovators of the market.

## Case Study Data and Analysis

### SWOT and PESTEL Analysis

In order to further understand a business, a SWOT can be a particularly useful tool. SWOT (Strengths, Weaknesses, Opportunities and Threats) describe both internal and external issues; strengths and weaknesses are both internal while opportunities and threats are external. The following is a SWOT analysis of Sony as a whole with.

<p><i>Strengths</i></p> <ul style="list-style-type: none"> <li>• Sony has a deep reaching history and strong reputation connoting good products.</li> <li>• Sony has expanded into many industries and can support itself by many pillars in the style of Virgin.</li> <li>• Sony already has a strong international presence and an excellent employer brand.</li> <li>• Sony has strong R&amp;D and considered a creative and innovative pioneer in the industry.</li> <li>• Sony manufactures its products worldwide.</li> </ul>	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> <li>• Sony has been losing to competitors increasingly.</li> <li>• The company is doing worse in numbers.</li> <li>• Management of the company has been heavily criticised.</li> <li>• Several internal shortcomings have affected sales dramatically.</li> <li>• Sony is stubborn when it comes to adopting external conventions and insists on using their own formats causing incompatibilities.</li> <li>• High pricing in contrast to competitors and pay little attention to them.</li> </ul>
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> <li>• The company has employed more engineers recently.</li> <li>• Sony is known to produce unique products and many expect that from them in the future.</li> <li>• Sony has invested more in advertising and has the potential to attract new customers.</li> <li>• Sony may decide to further expand overseas.</li> <li>• Sony has not stagnated like some of its competitors and is still growing under the circumstances.</li> </ul>	<p><i>Threats</i></p> <ul style="list-style-type: none"> <li>• Sony has increasingly strong competitors.</li> <li>• Many of forged products sold with their brand have damaged their reputation.</li> <li>• Sony has lost reputation in recent attacks to PSN servers causing part of their services to be incapacitated for an extended amount of time.</li> <li>• Most of Sony's products have an exceedingly short PLC.</li> </ul>



## Analysis of Sony using Michael Porter

A competitive advantage is what makes a company unique and differentiate it from its competitors. A competitive advantage can be price, inputs costs, unique features in the product, Quality or brand name and product perceptions. Japan changed its consumer perception of cheap brands by competing with quality products as Sony. Sony competes globally by providing by supplying products that are innovative to the global market. For example, Sony spent a lot of money to develop its Trinitron line of color television.

Porter's five forces model was developed to analyze the industry. There are five main elements in the model; rivalry among competitive firms, potential entry or new competitors, potential development of substitute products, bargaining power of suppliers and bargaining power of consumers.

First, Sony has rivalry between firms as Cannon and Samsung for market share. There is a huge rivalry in the market as competitors like Hitachi, NEC, Samsung and Cannon are interested in the same market as that of Sony. Another example, Sony was the inventor in the recent trend of electronic book readers. It introduced the first in 2006. However, now, the Amazon.com reader, produced in 2007, has advanced over that of Sony. This is because Sony failed to be faster to advance its reader to be wireless like that of Amazon.com. In the electronics market, technology is advancing. New trends and devices are being developed regularly as a result there is a huge rivalry. To explain further, Sony and Nintendo compete for the Microsoft in game console industry. Although Sony is the market leader, Nintendo is a main competitor of Sony, providing prices that are much less than that of Sony pricing. The PlayStation of Nintendo is about two hundred dollars less than that of Sony, creating a huge rivalry between the two.

Second, Sony's market potential and new competitors should be analyzed based on many factors. Firstly, the cost of entry is very high. The technology and money needed to enter into the electronics industry is very high. For example, the New York Times revealed that the market campaign "Never Stop Playing" about fifty million dollars. The patent rights and license agreements that Sony has is worth more than three hundred and thirty four million dollar. Secondly, differentiation in terms of the product is also a variable. Sony is an innovator in the games industry. It has a competitive advantage in terms of the availability of Blu-ray movies. Sony has plans to do an approaching technology to enable the consumer to interact with movies while watching them. Thirdly, strict government regulations against piracy and copying software and electronics are needed. There is a trend nowadays to enforce more laws against that of copying products to promote innovation and protect producers.

Furthermore the threat of substitutes is the ability of consumers to substitute Sony's products with that of other products. To illustrate, one has to realize that Sony competes in four main markets. Firstly electronics, which represents sixty five percent of the total revenues, include Televisions, digital and video cameras. The second market is games which

Sony represents the second in the revenue between other companies and the market leader with about fifty three shares. Third is Sony Pictures digital entertainment. This includes digital creation, entertainment, home theatres and others. At last is the Sony Music Entertainment, which is a Japanese recording business. The competitors in each of these segments are companies like Samsung in electronics, Nintendo in games, Apple in entertainment and Panasonic in Music.

Additionally, the buyer power is high. This force is large because there are competitors. Most features in electronic devices are common. The buyer is easily able to access products and other information by online shopping. Fifth, supplier power of bargaining is low as Sony has the ability to provide long term contracts making the company ability to switch suppliers easy

The sixth factor affecting Sony might be its employees. Employees are considered one of their competitive advantages. Sony employees should be creative and good at team work. Sony states that their "employees are their biggest assets". Employees at Sony are empowered. They have health, financial and retirement benefits.

Porter's diamond model explains how come some industries within nation or nations are more suitable to compete globally while others do not. First Sony Japan has factor conditions that are advantageous. First, Japan has highly educated and skilled workforce. Japan has a huge amount of graduates in the engineering industry than other nations. Moreover, Japanese industries have a reputation for being high in quality and innovation. Second demand conditions can encourage firms to improve its products. Japan has a very demanding consumer market. It is the largest consumer of electronics industry in the World. Furthermore, its buyers are very knowledgeable and sophisticated as a result Japanese electronics industry has to introduce the latest and innovative products. Third related and supporting industries can help Sony become more competitive. Sony has a fierce and strong competition in japan. There are huge number of firms competing in the market including Pentax, Canon, Roland, Epson, Sharp, Yamaha and many more. Fourth are the firm strategy, structure and rivalry. In Japan there are a lot of factors that contributed to their success in the electronics industry like team work and flexible timings. Moreover japan has no age retirement limit. A new influence should be taken into consideration is government. Japanese government tends to support its exporters which might be an influence on its global competitiveness.

Porter's value chain model offers sequences and variety of activities that seem to be common between wide ranges of firms. Sony value chain's activities goal is to offer their consumers value that is more than the cost of the activity to result in profit. The primary value chain activities include the in-bound logistics. The inbound logistics deals with raw materials. Sony uses firms as Flextronics and Solectron to make some of its components. The company took further steps to decrease its production costs for example it shifts its production to countries that have low costs like china which has cheap labor. The inbound logistics is certainly one of Sony's strength. Second are operations, process where inputs are

transformed to output. Sony's business produces its products in Asia, United States and Europe. About fifty percent of its production in the year 2002 were produced in Japan. China alone has ten percent of its total production. The United States and Europe, on the other hand, has about twenty five percent of its production. Sony's electronic and games industry has been growing more in size than its music and entertainment one. This is partly due to piracy. Cooperation between its entertainment and music units is a topic that concerns Sony. Third is out-bound logistics, which includes the distribution of Sony's finished goods. Sony is connected to nearly every country.

Sony electronics has promoted consumer awareness related to Sony retailers and distributors. Sony made a Retailer Network logo online to be used only by Sony's retail distribution. Sony made this to fight grey market goods. The program was made to let consumers identify trustworthy dealers to get the best possible experience.

Moreover, in 2002 InfoWorld Magazine found out that consumers believe that "Sony's products are among the best in the world and its staff is well trained to handle various situations" Out-bound logistics seem as one of the strengths of Sony.

Fourth is the marketing and sales. Sony has a brand image related with innovation and high quality products. They have created successful sub brands under the brand Sony including Walkman and WEGA. Sony has a very strong marketing and sales strategy. Fifth are the services. Sony supports its consumers after the products are purchased. Sony has many activities to enhance the consumer experience and satisfaction. These activities include Sony service centers and call-in stations. There are also warranty and installation provided by Sony.

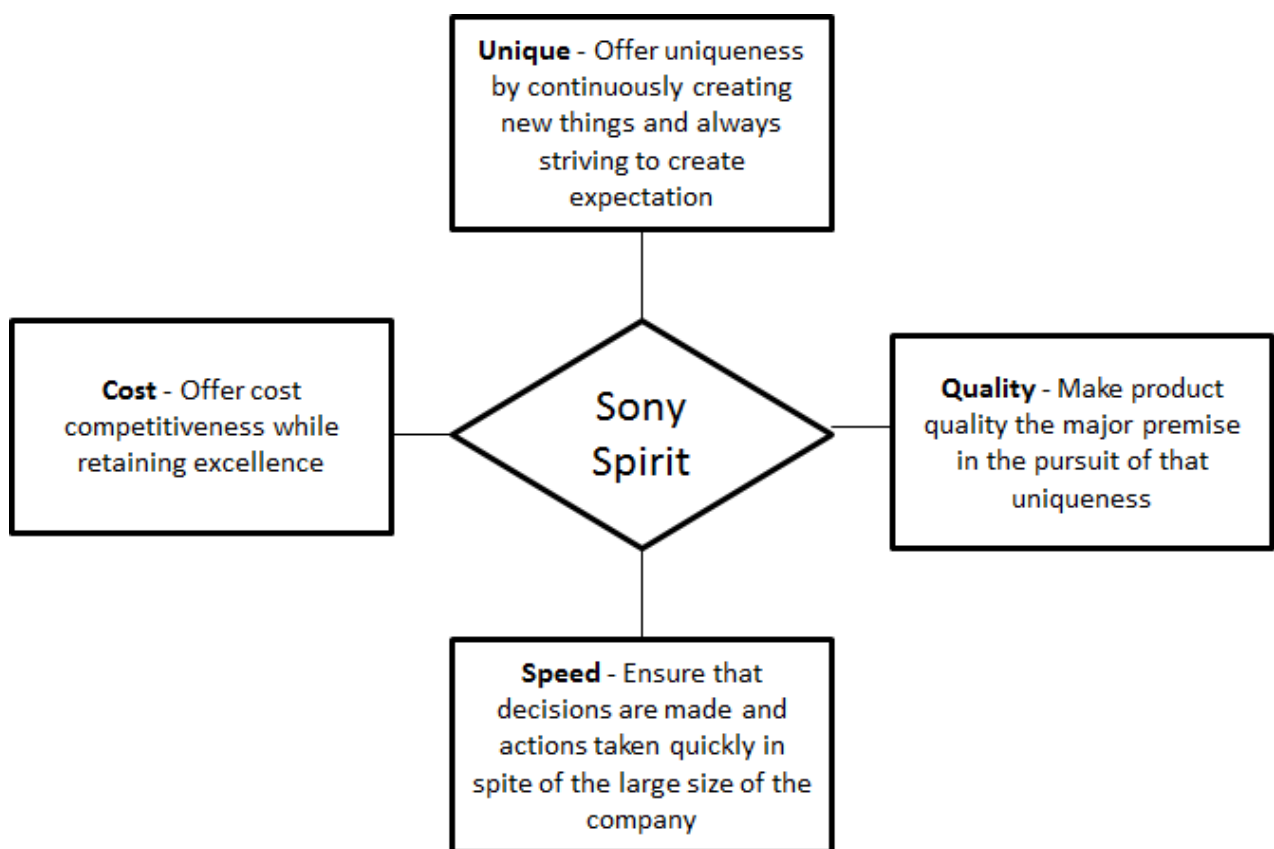
All these primary activities of Sony are supported by secondary activities as the infrastructure and finance of the firm, human resources management, technology development and procurement. Sony has a huge fund for investment. It has the resources to function and make value activities. Moreover, it has a good motivation system for its human resources that include health finance and retirement plans. Sony provides training for both its employees and business partners. It knows how to create quality inputs with low prices.

Core competence is the main activities of Sony that allows it to achieve its competitive advantage. First of all one of the main things is its innovation and high quality products. Sony also uses a miniaturization strategy. This allows Sony to become more consumer-oriented.

## In-depth Analysis of Internal Problems

Although Sony is one of the best companies making revenues, it also has lots of problems that affect it negatively. Sony, being the giant that it is, has many competitors with their sights set on it. In order to stay ahead of the fierce competition and keep customers satisfied, Sony needs to sort these problems out.

The Sony Corporation, remarkably, does not have a definite mission statement. For a long time, founders of Sony served the company as so-called “living mission statements.” Sony adheres to what is known as the “Sony Spirit” which is made up of the four words: Unique, Quality, Speed, and Cost.



This “Sony Spirit” values innovation, efficiency, and most prominently Quality. These values are well mirrored by the general perception that Sony is a producer of high quality and unique products.

Naturally, with a large company like Sony there are many large problems that come up. Some major problems that Sony is facing now include: profit shrinkage, a decline in demand for its Blu-ray video format, loss of customers to competitors like Apple.

In 2008, Sony was noted to cut its cost due to some troubled global economic situations. They were forced to cut 5% of its full time workers. Another problem is of course the increased number of its competitive rivals. Years ago, Sony can manage to set a premium charge on some of its products but nowadays it is not the case anymore because of the strong pull of Samsung products and others with the costumers.

Lately, both the Japanese and American economies have been in a decline. This combined with a stronger Japanese yen right now has led to a 72% decline in profits in the last quarter for Sony. Sales for some of Sony's products slumped much faster than expected and worried investors have sold their shares leading to a 16-year low in its stock price. In the meanwhile, the yen has been getting stronger because investors have been buying it as a safe haven in the financial crisis and to pay back global borrowing of yen. This hurts an exporter like Sony because it raises the price of its goods overseas and reduces the yen value of profits earned abroad.

Another problem facing Sony has been with its Blu-ray video format. The high definition technology may well be in a decline and cannot not survive much longer. Prices for Blu-ray players have been cut dramatically. So far, this season is an attempt by retailers to boost holiday sales. Recently, it was said that "Blu-ray is in a death spiral" by a blogger for tech website ZDNet (Kirby).

Recently, Sony has not been keeping up with strong competitors like Apple. While Sony does make similar products to Apple, they were not been able to deliver the same kind of cool, good looking devices such as the iPod and iPhone. The president and CEO of Sony Corporation, Sir Howard Stringer, lately hired Tim Schaaf, who worked right under Steve Jobs at Apple, to help Sony develop products more like Apple's. So far they have not been able to match Apples products though.

Yet another problem staring Sony in the face is the poor reception of its PlayStation 3 (PS3) gaming console. Although the PS3 has been doing better in recent months, it has been struggling to regain dominance of the video game market for Sony since its release. There are many reasons why this took place. Some of the reasons include: the high cost of the PS3, the lack of quality game titles for the system, and bad reviews from critics in the gaming industry.

The Nintendo Wii and the Xbox 360 had way better game sales than the PS3 which has contributed a lot in their massive console sales. As a result, in order for the PS3 to overcome its competitors it must get more quality game titles.

Huge plants were established in Japan and in Europe. For the senior management, one recommendation I can give is to set up a plants or factories on a lower cost areas such as Asian countries. With the growing or flourishing economy in India and China, Sony should create more opportunities for a quick grow in its new markets.

Since Sony found massive success of manufacturing Sony must continue its big stride on its TV business even though they now ranked second after Samsung.

Another recommendation is for Sony to come up of its own hardware and software. Incompatibility is sometimes the cause of the problem between its products and the software to be installed on it.

Finally, for the company to retain its reputation and to ensure the future of its brand, Sony must construct an extensive plan to gain more market share by making the customer satisfied. The management should articulate very loud and ever the values inherent in the Sony brand.

## The SOE G.I.R.L. Scholarship Program

Earlier this year, Sony Online Entertainment announced the fifth annual G.I.R.L (“Gamers in Real Life”) scholarship program, an art competition that celebrates women’s advanced education and industry experience within gaming<sup>7</sup>. One winner is awarded 10,000 dollars that can be applied towards tuition or other educational expenses. Furthermore they are given the opportunity to participate in a paid internship of up to ten weeks at SOE’s headquarters in San Diego.

The competition endeavours to be an “active catalyst for inspiring women’s involvement in the videogame industry” among other things and Laura Naviaux, Senior Vice President of Global Sales and Marketing for Sony Online Entertainment, who fortunately seems very fond of getting interviewed, claims “The goal of G.I.R.L. has always been of opportunity, education and recruitment to get more women into the gaming industry” then continuing to praise the student submissions.

This program is brilliant marketing-wise; it is relevant to themes of feminism and equality movements prevalent in the area it is deployed (California) which clearly indicated that Sony has become more than simply a *Japanese* company. It has permeated prolifically worldwide. In addition to that, there is also very strong vertical integration within Sony, as the program deals not only with marketing, but with human resourcing, as it attracts young talent extremely effectively and improves the employee brand just as much as, if not more than, the company brand.

Although it targets a limited audience, the program has another issue. It is extremely obscure. It could be that this is to limit applications, however this is very unlikely. If Sony wants this program to become a success that it can add to the list of its successes, they need to be able to communicate opportunities such as these, which are beneficial for the participants as much as they are beneficial to Sony, much more effectively.

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<sup>7</sup> <http://www.soe.com/girl/>

## Deduced Recommendations and Advice

In times of economic decline and recession, Sony is put under a greater strain to perform well yet many of the issues can be dealt with regardless of the economic climate. There are potential temporal changes that could hinder progress such as the company's weight on R&D; a strength today could easily become a weakness tomorrow. Especially in recent times, it can be a wise strategic decision to move resources from areas such as R&D and reallocate them to ones that concentrate on short term profits as opposed to long term ones.

Sony has also been said to pay too little attention to their competitors. The solution in this case is clear; Sony needs to analyse their competitors better first and foremost and then continue to implement their actions based on what those of their competitors. All other companies except Sony notice trends. For instance, when the Apple iPad came out, Samsung responded by releasing the Samsung Galaxy Tab series and so did smaller brand names. Sony Mobile on the other hand (formerly Sony Ericsson) did nothing. Similarly, when the Nintendo Wii was released, the Microsoft Xbox retaliated with the Kinect for Xbox 360. Did some release any similar extension for their PlayStation 3? No. Did they lose in market share significantly since the release? Yes. Market research and competitor analysis should not be taken lightly as a trivial matter to companies on the scale of Sony. They fail in the most important P, product, out of the four Ps of the marketing mix; product, price, promotion and place. Without a good product, everything else has little foundation to build on making the product a lacking operational strategy to achieve their goals.

Meanwhile Sony's stubbornness in adopting new conventions and integrating them is really damaging the company. An example is the Blu-ray Disc format they created together with Panasonic. It had initially anchored as the market leader predominantly over its direct competing standard, Toshiba's HD DVD. After a two year "format war" and Sony integrating the solely the Blu-ray format in all its products, Blu-ray had won and was backed by most major motion picture studios and Toshiba announced that it would stop supporting HD DVD in early 2008 although it was considered superior by many. To this day, some major motion picture studios such as Universal, Paramount and DreamWorks still have not adopted Blu-ray<sup>8</sup> causing a lot of commotion<sup>9</sup>. Sony could have benefited greatly had they made their devices compatible with other formats and embraced this variety as did so many other brands. This is not uncommon and has happened before when Sony fought JVC's VHS with their Betamax system and lost only to adopt it later in defeat. Sony needs to realise that adopting standards that are not their own will not damage the company as much as forcing their own standards does, standards that are sometimes even incompatible with their own products.

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<sup>8</sup> <http://www.washingtonpost.com/wp-dyn/content/article/2007/08/20/AR2007082000687.html>

<sup>9</sup> <http://www.guardian.co.uk/technology/gamesblog/2007/aug/22/paramountdrops>



On a similar note, in early 2011 Sony Computer Entertainment filed a suit against a George Hotz for publishing a method to modify the PS3 to make it run different operating systems. Not only is this terrible publicity as they evoke the image of large corporation versus average Joe upon themselves, the lawsuit enraged hackers and people on the internet in general and Sony was subjected to serious attacks on the Play Station Network in retaliation to the Hotz case. Their securities were breached, compromising credit card numbers, passwords and security questions as well as a shutdown of their service for 26 days. Governments threatened the continuation of Sony's assets such as Australia calling for a ban on PSN until Sony's servers are once again secure<sup>10</sup> while, ironically enough, Japan placed a ban on the service completely<sup>11</sup> (The P in PESTEL).

Later that year, the Canadian Sony Ericsson website and the Greek Sony Music Entertainment website had been compromised and jeopardising the personal information of over 10,000 people<sup>12</sup>. Security consultant Phil Lieberman quite rightly stated that "Telling them to bring it on is not the best strategy."<sup>13</sup> What Sony did was contradictory to their vision and they need to realise that they are not superior to the consumers. Not only should they invest more in the consumers, especially in the security of their personal information, but they shouldn't enrage them to begin with. Other competing products such as Microsoft Xbox Kinect actively encourage users to modify their products and come up with creative ways to use them.

Furthermore on one of the most detrimental events to the company was the 2000 document titled "NGO Strategy", disclosing the ways in which the company plans to counter activist that were trying to pass a bill that would make them responsible for cleaning toxic waste produced by their products<sup>14</sup>, was leaked to the press. At the very least, if Sony does not plan to find more cheap and efficient ways of dealing with toxic waste, they should not allow such information to be leaked, damaging their reputation even further.

When it comes to the safety of the consumer, Sony tops the lax information security with actual physical safety hazards. The most predominant case is the lawsuit against Sony for dysfunctional batteries that would literally explode and catch on fire causing Sony to have to recall 4.1 million laptop batteries in the largest computer-related recall in history. Japan's Ministry of Economy, Trade and Industry said that Sony had to investigate the safety of the batteries or face a fine under Japan's consumer safety laws.<sup>15</sup> After growing consumer concerns, Sony announced a global battery exchange program<sup>16</sup>. The companies affected by

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<sup>10</sup> <http://spong.com/article/24371/Calls-to-Close-Down-PSN-in-Australia>

<sup>11</sup> <http://www.foxbusiness.com/industries/2011/05/15/japan-restart-sony-online-games-services-approved/>

<sup>12</sup> <http://abcnewsradioonline.com/business-news/sony-reports-new-cyber-attacks-on-multiple-websites.html>

<sup>13</sup> <http://www.dailytech.com/article.aspx?newsid=21725>

<sup>14</sup> <http://motherjones.com/environment/2000/09/sonys-pr-war-activists>

<sup>15</sup> <http://www.cbc.ca/news/technology/story/2006/08/24/tech-battery.html>

<sup>16</sup> <http://www.sony.net/SonyInfo/News/Press/200609/06-090E/index.html>

this included Acer, Apple, Dell, Fujitsu, IBM, Lenovo, Hewlett-Packard and Toshiba while Fujitsu, Toshiba, and Hitachi were considering seeking compensation<sup>17</sup>.

The last thing Sony needs is a bad reputation when it comes to safety and as such it is essential that they invest even more in both the fields of both physical and digital security. The secret is prevention instead of wasting a lot of money subsequently on damage control. Sony may have adapted well to foreign markets out of experience and they may be one of the best when it comes to technology (the T in PESTEL) but for the reasons mentioned, they really do lack in everything else (Political, Economic, Social, Environmental and Legal factors).

## Conclusion and Extrapolation

A company that has been around as long, and has become as large, as Sony will certainly never simply cease to exist. Sony's chairman and former CEO, Howard Stringer, predicted that the company's driving factors for the future will be built around a "four screen" strategy. The screens in question refer to mobile phones, tablets, PCs, and TVs and so far Stringer has been correct. Under the circumstances Sony is doing quite well indeed and if they consider the advice in this essay they can only grow more.

*End.*

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<sup>17</sup> <http://www.suntimes.com/business/98594,101606battery.article>

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