Case Study: Sony Corporation

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COM 404: Electronic Media Management

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April 14, 2013

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Sony Corporation was founded in Japan in 1946 (Sony Corporation, 2013) and has been known primarily for their television and electronics technology. Today, Sony Corporation is the parent company of the Sony Group and focuses on more than just technology. Through numerous acquisitions, Sony is now a leading provider of technology, talent and content throughout the world and ranks as #87 on the list of Fortune 500 companies (CNN/Fortune, 2013). As of 2012, Sony had over 168,000 thousand employees and revenues of over $86B in 2011 (Forbes, 2012).

Sony breaks out their business units in the following categories: electronics, game, movie, music and financial. Electronics take the form of televisions, computers, cameras and gaming systems for Sony. Their game category is comprised of numerous video game platforms, video game titles and online content. Their movie category consists of releases through Sony Pictures, which was formerly known as Columbia pictures. Sony music is made up of many different labels, including Columbia, Epic and Sony, as well as numerous artists. In addition, Sony/ATV publishing owns the rights to the music of Michael Jackson, The Beatles, Jimi Hendrix and many other artists (Sony, 2008). Surprisingly, Sony produces a large amount of revenue via its insurance and banking arm and is forecasting to bring in $11.7B in profits in 2013 (Bloomberg, 2011).

Throughout its core business units, Sony has banked on the transition to digital to maximize its properties and technologies. They have also embraced cross promotion of their content. It should be noted, that Sony, along with Pioneer, developed the Blu-ray disc and reader technology that provides users with high definition audio and video (Barros, 2009). This technology is a cornerstone of Sony’s digital strategy and was included as the standard when they released the PlayStation 3 (PS3) console in 2006 (Barros, 2009). In addition to being able to play high definition movies, music and games on one console, the PS3 also comes standard with wireless network connectivity that allows users to connect to the Internet, download and store additional digital assets such as upgraded game content, pictures, videos and audio playlists. The PS3 provides Sony with a central hub to connect its customers to its content via the Sony Entertainment Network (SEN). The SEN is one-stop shopping for all things Sony that competes with Apple’s iTunes.

From personal experience, the decision to add Blu-ray and wireless connectivity has been beneficial to Sony and been a major source of disappointment to Microsoft’s Xbox console. The Xbox standardized on the now defunct, HD-DVD platform and forced their customers to buy an upgrade to play those movie and music titles that were produced in that format. If Xbox customers wanted to add wireless network connectivity, they were required to buy an additional piece of hardware, on top of the price for the console. Both consoles cost about the same amount, but this is a case where Microsoft looked make revenue on hardware, where Sony decided to provide these technologies and get their customers closer to their content offerings out of the box.

To maximize the cross promotion of their own properties outside of the PS3, Sony combines them all across their websites and social media platforms. A good example of this is the Sony Pictures website, [www.sonypictures.com](http://www.sonypictures.com). The heading includes direct links to their movies, television, games & apps, as well as, special spotlight items. When a user clicks on the movie section, they are provided with additional options to see new features, what is currently in theaters, what has been release in digital & disc formats and along with an option to go back to the Sony Rewards program. This program provides incentives for Sony’s customers to continue to purchase Sony technology and content. Sony Pictures features hit films like 2012’s *Amazing Spider-Man* and *Zero Dark Thirty*.

Looking at the other tabs located on the Sony Pictures site, the television tab provides similar options that the movie tab does. Specifically, the link provides options for featured shows, along with what is available via digital & disc formats. Moving onto the games & apps section, they provide games that can be played online at no cost, along with titles that can be purchased via other platform providers such as Apple’s iTunes. Sony’s digital strategy is apparent across the rest of their family of sites as well, with all roads leading back to the SEN.

Sony truly has a global footprint. Sony’s electronics can be found on every nation in the world and their reach with their movie properties can be seen in weekly box office rankings. To expand their musical market share in 2008, Sony announced an agreement with Asian countries to allow customers access to digital content to include “mobile products such as master ring tones, ring back tones and full track downloads, and online products such as audio and video downloads, as well as subscription and streaming services” (Sony, 2008). Sony Television also has expanded the reach of its television properties to other areas of globe outside the United States, Europe and Japan. Currently, Sony Television provides content via cable and digital downloads to Latin America, Africa, the Middle East and Russia (Sony, 2013).

As was discussed earlier, Sony makes their revenues from not only electronics, but from the content they produce in the forms of movies, television, music and games. They have done a tremendous job in cross-platform promotion of their properties and continue to look into other business areas to maximize their revenue. Recently, Sony has ventured into the mobile arena with the release of their Xperia line of phones and tablets. This provides Sony another opportunity to provide their content to another market segment that they were not already integrated with. These technologies will compete against Apple’s iPad and iPhone and Samsung’s Galaxy line of tablets and phones.

In today’s digital world, content is King. And you cannot provide quality content without the talent to produce it. This is what makes locating, hiring and retaining talent, both internal to Sony’s corporate structure and for their various media producing properties, doubly important. Sony is at a critical time within their corporate structure. They have had numerous restructurings over the last few years. The latest restructuring has their former CEO and current Chairman, Howard Stringer, leaving the company in June (Alabaster, 2013).

Sony received a dose of good and bad news this week. The good news for Sony was that the head of Sony Entertainment, Michael Lynton, decided to continue on with the company (Dealine Team, 2013). In this role, he will continue to be Chief Executive Officer of Sony Entertainment, Inc. and Chairman and Chief Executive Officer of Sony Pictures Entertainment (Dealine Team, 2013). However, on the content side of Sony’s Entertainment portfolio, they recently lost the rights to Hip-Hop Mogul, Jay-Z’s Roc Nation record label to rival Universal Music (Edgecliffe-Johnson, 2013).

Sony will need to stabilize its corporate structure as the winds of the digital world continue to shift. As a brand, Sony has maintained a loyalty with consumers for over 50 years. However, as they move forward and manage their ever growing media empire, they will need to attract new customers, while ensuring that their loyal customers stay on board. Sony maintains a large catalog of both classic and new media that has served them well. They will need to continue their investments in new technology, cross promotion and obtaining & retaining talent in every sector of the organization to maximize their media assets.

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