

Research on Development Strategies of Large Comprehensive Multinational Corporations: A Case Study of Sony

Xinzheng Liu^{1,a,*}

¹*SKEMA Business School, Service Admissions BBA, 60 rue Dostoïevski, CS30085, 06902 Sophia Antipolis, France*

a. louislaw020515@qq.com

**corresponding author*

Abstract: As a large comprehensive multinational corporation, Sony Group has faced numerous crises since the early 21st century. Once a giant in the electronics industry, it showed signs of decline in the millennium era. This paper analyzes Sony Group from four aspects—strengths, weaknesses, opportunities, and threats—using the SWOT analysis method. The research finds that Sony Group's strengths lie in its broad product market and significant growth opportunities in the internet age. However, it also faces weaknesses in its adaptability to technological changes and the demands of the times, as well as threats from a highly competitive environment. Based on these conclusions, this paper suggests that Sony Group should maintain relatively stable operations by leveraging its business advantages in the global market. It should strive to provide more advanced products to a wide range of consumers and industry users, utilize the rapidly growing internet technologies to transform more online entertainment experiences, and offer differentiated products and services in a competitive environment. This study provides a comprehensive analysis of large multinational corporations, with a novel case study that offers new reference samples for the application of the SWOT analysis method.

Keywords: Large comprehensive multinational corporations, Sony, Development strategy, SWOT analysis method.

1. Introduction

Sony Corporation is a globally renowned, large-scale multinational enterprise group from Japan, primarily engaged in the development of electronic products. Its business spans consumer electronics, video games, finance, entertainment, semiconductors, smartphones, cameras, camcorders, and audio equipment, with worldwide brand recognition.

However, since entering the 21st century, Sony has shown weaknesses in its electronics business. According to the 2005 "Brand Value Ranking" published by Interbrand, the value of "Sony" decreased from \$43.15 billion in 2004 to \$40.5 billion in 2005, a decline of 14%, causing it to fall from 10th to 18th place. Additionally, in the "2005 Global 2000 Companies Ranking" published by Forbes on February 28, 2005, Sony's ranking dropped from 2nd in 2004 to 23rd in 2005. In the "2013 Asia Brand 500 Ranking," Sony was placed 4th.

Despite the temporary decline in its consumer electronics business, Sony has not lost consumer favor due to its historically remarkable achievements. On August 31, 2005, Asian Integrated Media

commissioned international research agency Synovate to conduct the "2005 Asia's Top 1000 Brands" survey across multiple countries and regions in Asia, where Sony was named the top brand for the second consecutive year. According to a survey released by Harris Interactive on July 12, 2006, Sony was ranked as America's best-known brand for the 7th consecutive year and was considered the most iconic brand in Mainland China, Taiwan, and Hong Kong. In the "Fortune Global 500" list published by Fortune magazine in 2011, Sony ranked 73rd with a revenue of \$83,844.8 million. In 2010, Sony was ranked 69th. On September 21, 2015, in the "Asia's Top 500 Brands" list revealed in Hong Kong, Sony was ranked 2nd. On July 19, 2018, Sony was ranked 97th in the "Fortune Global 500" list.

This paper will utilize the SWOT analysis method to study Sony's development strategies and provide relevant suggestions to help Sony Group better respond to crises and develop itself, aiming to offer references for the future development of large comprehensive multinational enterprises represented by Sony.

2. Literature Review

The most relevant literature to this paper focuses on the development research of Sony. Ting Li [1] conducted an in-depth study on the development strategy of Sony Mobile Communications Inc. by analyzing the current state of the mobile internet industry chain and the status quo of Sony Mobile. Wenpeng Chang [2] attempted to comprehensively analyze Sony's recent innovative developments using the theory of comprehensive innovation development, examining technological, institutional, and managerial dimensions. He summarized the good experiences and existing problems in Sony's innovation development process and provided constructive suggestions for the development of Chinese technology-innovative enterprises. Zhujun Ling [3] investigated the impact of corporate culture on corporate core competitiveness by collecting data and conducting case studies. Ling analyzed the development and transformation history of Sony's corporate culture, identifying cultural factors that hinder core competitiveness and proposed four corresponding measures to help Sony develop a suitable corporate culture to enhance its overall core competitiveness. Jianping Zhang [4] applied theories of multinational corporations' foreign direct investment, combining data and actual situations, to study Sony's operations in China. Zhang analyzed various aspects such as business categories, management strategies, human resources under cultural differences, and technological innovation. Meng Huang [5] used the example of Sony Mobile to analyze the application of the AEFSSW model of social media marketing in the mobile phone industry, aiming to improve the efficiency of social media marketing.

Additionally, literature related to the study of large comprehensive multinational enterprises is also relevant. Toshihiko Haraguchi [6] explained the brand strategy and market marketing strategy of internationally renowned Japanese companies and the relationship between brand strategy and management strategy, using Sony and Honda as typical examples to analyze the development process of Japanese corporate brand strategies. Mengni Tang [7] used the important turning points in the economic development of China and Japan as the background and studied the cases of Sony and Huawei, pointing out that the development process of private enterprises is influenced by the macroeconomic development of the country and that the innovation capability of enterprises is crucial. Ziwei Zhan [8] analyzed the performance management practices of fully-owned overseas subsidiaries of Huawei and Sony, which have accumulated rich experience in long-term multinational overseas operations, to provide specific strategies for the performance management of other multinational overseas subsidiaries. Lifu Wang [9] reviewed and re-examined the concepts of brand communication and social responsibility, conducting an in-depth analysis of their intersection and interrelationship. Wang selected two representative companies from China and Japan, Sony and Haier, for comparative analysis. Qi Zhang [10] took the mobile phone industry in China, Japan, and Korea as examples, selecting Huawei, Sony, and Samsung as the main research subjects to study the impact of network

word-of-mouth differentiation on cross-cultural national brand communication, integrating theories of network word-of-mouth communication effect, national brand effect, and brand communication.

Based on the above literature, the potential contributions of this paper include: First, in terms of research topics, although there has been considerable research on Sony Group, there is almost no study that comprehensively analyzes its development strategy as a large multinational corporation in the era of significant internet growth. Therefore, the subject of this paper is novel and comprehensive. This study addresses the gaps in the existing literature by researching the development strategies of large comprehensive multinational corporations using Sony Group as a case study. Second, in terms of research methodology, this paper employs the SWOT analysis method to explore the strengths, weaknesses, opportunities, and threats of Sony Group as a large multinational corporation. Third, this paper provides targeted and personalized recommendations for the development of Sony Group, with relevant insights that can also benefit other large comprehensive multinational corporations as a reference.

3. SWOT Analysis

SWOT Analysis, also known as SWOT Matrix or TOWS Matrix, is a method used to evaluate a company's competitive position and to develop strategic planning. It involves assessing the internal strengths (Strengths) and weaknesses (Weaknesses) of the company, along with the external opportunities (Opportunities) and threats (Threats). This method, introduced by Albert Humphrey, typically requires a dedicated team for optimal implementation. Ideally, a SWOT analysis team should consist of an accountant, a salesperson, a senior manager, an engineer, and a project manager.

3.1. Strengths:Extensive Product Market

Sony boasts a vast product market. For instance, in 2023, Sony's mobile image sensor products held over 55% of the market share, maintaining its lead in the global mobile image sensor market for five consecutive years. This dominance in the market grants Sony a monopolistic position, offering a relatively stable development advantage.

3.2. Weaknesses:Inadequate Adaptability to Technological Changes and Era Requirements

Entering the early 21st century, Sony exhibited weaknesses in its electronics business. After the release of the PlayStation in 1994, Sony did not launch another groundbreaking product for a decade. Existing products also lost competitiveness or failed to meet the demands of the time. For example, Sony's Walkman, which revolutionized portable music, was eventually replaced by Apple's iPod because the Walkman did not support MP3 audio files. This highlights Sony's inadequate adaptability to technological changes and evolving market requirements. Moreover, Sony's conservative decision-making in the early 21st century led to its product development lagging behind, unable to integrate emerging superior technologies. Consequently, Sony's products lost their competitive edge, threatening its dominance in the electronics market.

3.3. Opportunities:Significant Growth of the Internet Era

The global internet has undergone several significant phases of development, with a continually evolving landscape. The initial phase dates back to the 1960s, followed by the commercialization and explosion phase from the early 1990s to the early 2000s. The third phase, the Web 2.0 era, spanned from the early 21st century to the early 2010s. Currently, we are in the fourth phase, the mobile internet era, which began in the 2010s, characterized by the widespread use of smartphones and

mobile applications. This ongoing growth of the internet era provides a broader market for Sony and its related industries.

3.4. Threats: Highly Competitive Environment

The competition in the electronics market is primarily driven by technological innovation. Emerging companies, led by Apple, continually introduce new products and improve product performance to meet consumers' demands for high-quality, high-performance products, thereby enhancing brand competitiveness and creating a positive brand image. Moreover, brand image is crucial for enhancing competitiveness in the electronics market, significantly influencing consumers' purchasing decisions. Consumers tend to prefer well-known and reputable brands. Companies like Apple, Huawei, and Samsung possess more advanced technologies, and their brand images align better with modern consumer preferences, giving them a stronger brand appeal than Sony. This unavoidable highly competitive environment presents a significant challenge for Sony in its pursuit of continued development in the electronics field.

4. Conclusions

This paper outlines and analyzes Sony Corporation's strengths, weaknesses, opportunities, and threats. Sony's strength lies in its extensive product market. However, it faces weaknesses due to inadequate adaptability to technological changes and era requirements. The company is presented with opportunities in the significant growth of the internet era but also encounters threats from a highly competitive environment. The study provides the following policy insights: 1. Maintaining Stable Operations: Sony should leverage its market position in electronics, gaming, music, and film industries to maintain stable operations globally. 2. Market Penetration and Customization: Sony should deepen its market presence in various countries, gaining a profound understanding of user needs. The company should develop products and offer customized solutions tailored to different national markets, providing advanced products to consumers and industry users. 3. Leveraging Internet Technologies: Sony can utilize rapidly growing internet technologies to transform more online entertainment experiences, laying the foundation for future entertainment experiences. This includes offering new entertainment experiences such as online services in gaming, collaborative projects with Manchester Football Club to create sports spaces, and live virtual performances in music spaces. 4. Differentiated Products and Services: Sony needs to offer differentiated products and services to meet diverse consumer needs and preferences in a highly competitive environment.

References

- [1] Li, T. (2013). *Research on the Development Strategy of Sony Mobile Communications (China) Co., Ltd* (Master's thesis, Beijing Jiaotong University).
- [2] Chang, W. P. (2016). *Research on Innovation and Development of Sony Corporation during the Transition Period* (Master's thesis, Jilin University).
- [3] Ling, Z. J. (2016). *Research on the Impact of Corporate Culture on Core Competitiveness* (Master's thesis, Tianjin University of Finance and Economics).
- [4] Zhang, J. P. (2008). *Research on the Operation and Management of Multinational Companies in China* (Master's thesis, Southwestern University of Finance and Economics).
- [5] Huang, M. (2016). *Research on Social Media Marketing Model AEFSSW in Mobile Phone Industry* (Master's thesis, University of International Business and Economics).
- [6] Haraguchi, T. (2009). *Japanese International Brand Strategy and Its Implications for Chinese Enterprises* (Master's thesis, East China Normal University).
- [7] Tang, M. N. (2019). *Correlation between Private Enterprise Development and Innovation* (Master's thesis, Tianjin Polytechnic University).
- [8] Zhan, Z. W. (2020). *Performance Management of Overseas Subsidiaries under Cross-Cultural Context* (Master's thesis, Zhongnan University of Economics and Law).

- [9] Wang, L. F. (2014). *Research on Corporate Brand Communication and Social Responsibility* (Master's thesis, Fujian Normal University).
- [10] Zhang, Q. (2020). *The Impact of Online Word-of-Mouth Alienation on Cross-Cultural National Brand Communication* (Master's thesis, South China University of Technology).