Marketing Plan: Sony Playstation 3

Brian Moats

A marketing plan focusing on Sony’s Playstation 3.
Executive Summary

This marketing plan is looking at Sony’s Playstation 3 (PS3). This powerful piece of hardware is the cutting edge of gaming entertainment. The PS3 has been out for a little over a year, and in that time, it has proved to be a hardcore gamers dream. Sony got into the console gaming market in late 1994. The concept for the original Playstation (it was under a different name, SNES CD) was actually brought up in a joint partnership with Sony and Nintendo in the late 80’s; however, when the time came to announce their new hardware, Nintendo re-read over their earlier contract and found the agreement to no longer be satisfactory. As a result, Sony took all the research they had done and began work on the Sony Playstation.
# Table of Contents

Situation Analysis ........................................................................................................................................ 4  
  
Internal Environment ........................................................................................................................................ 4  
  * Key Executives ........................................................................................................................................... 4  
  * Board of Directors ......................................................................................................................................... 4  
  * Employees ..................................................................................................................................................... 4  

External Environment ..................................................................................................................................... 4  
  * Customers ..................................................................................................................................................... 4  
  * Competitors .................................................................................................................................................. 5  
  * Media ........................................................................................................................................................... 5  
  * Suppliers ....................................................................................................................................................... 5  
  * Distributors ................................................................................................................................................... 5  

SWOT ........................................................................................................................................................ 6  
  * Strengths ....................................................................................................................................................... 6  
  * Weakness ....................................................................................................................................................... 6  
  * Opportunity .................................................................................................................................................. 6  
  * Threats ........................................................................................................................................................ 6  

Marketing Objectives .................................................................................................................................... 7  

Marketing Strategies ..................................................................................................................................... 8  
  * Select Target Markets and Positioning .............................................................................................................. 8  
  * Product Strategies ......................................................................................................................................... 8  
  * Pricing Strategies .......................................................................................................................................... 9  
  * Promotional Strategies ................................................................................................................................... 9  
  * Supply Chain Strategies ................................................................................................................................. 10  

Implement and Control the Marketing Plan ............................................................................................... 11  
  * Action Plans ................................................................................................................................................. 11  
  * Responsibility ............................................................................................................................................. 11  
  * Measurement and Control ............................................................................................................................... 12
Situation Analysis

Internal Environment

Key Executives

- Ryoji Chubachi: President and Electronics CEO
- Howard Stringer: Chairman and CEO
- Katsumi Ihara: Executive Deputy President, Officer in charge of Consumer Product Group
- Yutaka Nakagawa: Executive Deputy President, Officer in charge of Semiconductor and Component Group
- Nobuyuki Oneda: Executive Deputy President and Chief Financial Officer
- Keiji Kimura: Executive Vice President, Officer in charge of Technology Strategies, Intellectual Property and Electronics Business Strategies
- Nicole Seligman: Executive Vice President and General Counsel

Board of Directors

- Howard Stringer
- Ryoji Chubachi
- Katsumi Ihara
- Yotaro Kobayashi
- Akishige Okada
- Sakie T. Fukushima
- Yoshikiko Miyauchi
- Yoshiaki Yamauchi
- Sir Peter Bonfield
- Fueo Sumita
- Fujio Cho
- Ryuji Yasuda

Employees

Sony has over 163,000 (according to CNN) employees in many fields ranging from gaming hardware and software, other entertainment hardware, music and movies, business people, and so many more.

External Environment

Customers

The main customers for Sony’s PS3 are the hardcore gaming community. These people are usually men from the ages of 15-30. However, with the Playstation 3’s support for Blu-ray technology, the secondary
customers would be those interested in the highest quality of movie entertainment; this group could be anyone of any age.

**Competitors**

Sony’s two big rivals in the gaming industry are Nintendo (who have been in the gaming business for over 20 years) and Microsoft (who have only been in the console gaming business for less than 10 years). With this heated competition, Sony is forced to give their customers the latest and greatest in gaming technology and experience.

**Media**

The media has had their eyes on Sony long before they began in the gaming industry. The media can help promote Sony’s games and hardware; however, it can also be the reason sales decrease. It all depends on what the media happens to be focused on that week. Either way, the media is one big reason why people know about the work Sony is doing in the gaming industry.

**Suppliers**

Sony relies heavily on its suppliers to get their raw materials and some pre-constructed parts so they can develop and produce their gaming hardware and software. Some of these suppliers include Nvidia (graphics cards), IBM (processor), and Terra Soft Solutions (operating system). Sony has had a long relationship with most of its suppliers and has understood the importance of those relationships.

**Distributors**

Sony does sell some of its own hardware and software from online. However, the largest amount of their sales come from distributors such as Wal-Mart, GameStop, Amazon, and more.
SWOT

Strengths
1. Always giving their customer the latest and greatest gaming hardware and software.
2. High-quality hardware outlasts most of its competitor’s hardware.
3. Attuned to what their hardcore gamers’ wants are.

Weakness
1. Their high-quality hardware = high prices (PS3 starting price was $600).
2. Their gaming software being on the new Blu-ray format causing PS3 software prices to be $60-70 each.

Opportunity
1. With Nintendo unable to meet demand for their Wii, the PS3’s lower price could convince people waiting for Wii’s to buy available PS3s instead.
2. If they are able to get a higher customer turnout, they may be able to lower their prices to other game standards on software to increase PS3 software sales.
3. With the recent movie format war being over between Blu-ray and HD-DVD, Sony could get more movie companies onboard with Blu-ray to increase the PS3’s attractiveness to movie buffs.

Threats
1. People who were interested in PS3s are quickly turning to the Xbox 360 to meet their budget gaming needs.
2. The economy is hurting the sales to gamers everywhere. Currently, Nintendo is feeling this in their handheld market, but this could quickly threaten the PS3’s sales.
Marketing Objectives

The first year of the PS3 has been a little less than expected. The high price of the hardware is partly to blame for this. To approach this issue, Sony has lowered the price of the hardware in recent months in hopes of increasing hardware and software sales. With demands for the Nintendo Wii not being met, this lowered price will hopefully steal away some of the market share from Nintendo. Also with the video format being over, Blu-ray sales should increase and more film companies should jump onboard with Sony’s Blu-ray format; this should in turn increase PS3 sales since its’ price is lower than many or comparable to stand-alone Blu-ray players. This will help expand the PS3’s customer reach.
**Marketing Strategies**

**Select Target Markets and Positioning**

Sony uses the newest and greatest technology to appeal to their customers. The people who are most interested in staying up-to-date with the newest technology are usually men of the ages 15-30. To reach that market, they make games that are attractive to men of those ages; these games tend to be the shooters and high action games such as Kill Zone and God of War. However, they do make games for younger children; these games have a more adventure based game play such as Jak and Daxter and Crash Bandicoot.

Beyond gaming, Sony also hopes to reach movie buffs with their high-definition movie playback thanks to Blu-ray technology. Blu-ray offers the latest advancement in movie entertainment experience. The detail of these movies is so good that you can literally see individual pores on people’s faces. As you might expect, this means detail on everything is very high and movie buffs love this.

**Product Strategies**

The PS3 offers the most advanced visuals and audio of any other game console and most computers. Hardcore gamers want their games to be more visually pleasing, and that is exactly what Sony has given them. They have changed very little about control setup except they have added some motion sensitivity (after they saw Nintendo unveil this feature in the Wii); this means that people who have played PS1 and/or PS2 won’t have to learn how to hold and use the controller all over again. Also, there are a lot of classic games available for download via the Playstation Network (for a price of course). Also, later models offered backwards compatibility with PS1 and PS2 games.

They have included Blu-ray playback as a feature on the PS3. This will tempt people on the market for a Blu-ray player to potentially buy the PS3 instead since its’ price is very close or cheaper than current Blu-ray players.
**Pricing Strategies**

Though it has proved to be less successful than hoped, Sony started the PS3 at a very high price of $600 and software at $60-70. Their hope was to get much of what they spent on the PS3 back in a quick time from those eager enough to adopt the new gaming system. However, the numbers were lower than expected. Sony then lowered the PS3 price hoping to increase sales. Sony seems to be using the Market Skimming Pricing hoping to get as much as possible from each market. Since Sony is one of the top name brands, this technique was very worth using.

**Promotional Strategies**

Beyond the great graphics and familiar game play, the main selling point of the PS3 is the Blu-ray playback. The fact that you can buy a gaming system and are able to watch movies on it too is a great thing. This was the same way with the PS2; thousands were sold worldwide just as a DVD player since it was backed by Sony’s nice warranty and was made with the wonderful Sony touch.

Sony also has the Playstation Network that offers downloadable games. This feature allows them to sell point cards containing point which can be used to download classic PS1 titles, custom games, and sometimes downloadable features such as extra songs for games like Guitar Hero. This same feature also allows players in two different countries to play a multi-player game against each other via Wi-Fi. The PS3 also offers many games that have link support for using the PSP (Playstation Portable) for extra features or as a substitute controller via wireless. Sony also supports backwards compatibility with PS1/PS2 games.
Supply Chain Strategies

• Sony buys parts from different suppliers to construct the PS3’s.
• Sony then constructs the PS3 units in Japan.
• After repeated testing, Sony begins selling the PS3 in Japan and in the US shortly after, and so on.
• From here, they are taken and sold at the different distributors.
Implement and Control the Marketing Plan

Action Plans

Taking full advantage of the shortage of Wii units, Sony is trying to make sure there are PS3 on shelves at all times. Also, they have lowered their prices since their release in hopes of getting people to buy PS3 instead for all of its features. Prior to the release of the PS3, Sony saw Nintendo’s innovative idea for motion sensitivity; after this, they went back to the drawing board and added some motion sensitivity support to their controller.

In an effort to increase sales vs. the Xbox 360, Sony is pushing the point that they have had third-party support for great games such as Metal Gear Solid series and the long line of Final Fantasy titles. The fact that PS3 Blu-ray disks hold nearly five times the amount of information as the other two system’s disk (both Nintendo and Microsoft stuck with normal double layer¹ DVD’s), this helps show how in-depth the PS3 games could potentially be.

Responsibility

Since Sony knows the importance of solving problems such as Alzheimer’s and cancer, Sony has built a feature into the PS3 (that can be disabled) that, when your PS3 is not in use and has a high speed connection, allows Stanford University to use your PS3’s hardware to help conduct research on their Folding@home project. This project has been around since 2000 and has been using people’s (who signed up) computers to help in this research. Since a lot of computers go unused and left on around the world, Stanford uses that technology to help in computational research on these and other diseases.

This feature will not only help fight diseases, but will give the PS3 owner a since of satisfaction knowing they are helping fight these diseases and are helping get one step closer to finding a cure. This information was provided by an article by Mike Nagle.

¹ Double layer DVD’s hold 8.5 GBs of information whereas Blu-ray holds almost 50 GBs.
Measurement and Control

Beyond just the sales figures telling Sony how well their PS3 hardware is selling, sales figures for their games, Wi-Fi connection activity levels, the number of downloaded games, and customer feedback let Sony know how well the PS3 hardware is really being received by the consumers. From this feedback, they make needed software fixes in the form of system update.
