

# Sony hopes online service will build brand loyalty

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Sony Corp. Chief Executive Howard Stringer, center, Executive Deputy President Hiroshi Yoshioka, left, and Executive Vice President Kazuo Hirai smile as they show the company's latest products, digital still camera DSC-TX1, e-book "Reader," and a new remote controller for PlayStation 3, respectively, during a press conference in Tokyo Thursday, Nov. 19, 2009. Sony's new online service connecting the whole range of its gadgets to downloadable content like movies and games should help build brand loyalty, Hirai said Friday. (AP Photo/Shizuo Kambayashi)

(AP) -- Sony's new online service connecting the whole range of its gadgets to downloadable content like movies and games should help build brand loyalty, a top executive said Friday.

Executive Vice President Kazuo Hirai said the service, set for launch next year, highlights an advantage that Sony has over rivals like Samsung

Electronics Co. and other manufacturers that don't produce their own content. Sony's business empire spans gaming, electronics, movies and music.

"That's the kind of combination that I think is not seen anywhere else," Hirai said in an interview at Tokyo headquarters. "That I think is where our core competence lies, and that's a differentiator for Sony."

The online service will include games, movie downloads and other interactive entertainment, which will be accessible on Sony products, such as Bravia TVs, Cyber-shot digital cameras and Reader electronic books.

But Kazuharu Miura, analyst with Daiwa Securities SMBC in Tokyo, said it was unclear whether online services will boost gadget sales.

"I understand what Sony is trying to do, and that's the best way to showcase its strengths," he said. "But whether that will really get people to buy a Sony camera or a Vaio computer all depends on what Sony does with the online service."

Hirai said Sony already offers streaming video, comic delivery and a news service, but could expand into any of the gamut of services available for personal computers, such as fitness and financial services.

Sony is targeting annual sales of 300 billion yen (\$3.4 billion) from its networked services businesses and 350 million network-connected products by the fiscal year ending March 2013.

Sony's service for [PlayStation 3 video game](#) machines, which began three years ago, has attracted 33 million users. The new service will be expanded to other Sony products.

In outlining a turnaround strategy Thursday, Chief Executive Howard Stringer flagged network services as a major area where Sony hopes to grow, as well as 3-D TVs, new displays, electronic books and batteries for cars.

Sony is expecting its second straight annual loss for the fiscal year through March 2010 - hurt by sliding prices, the global slowdown and the absence of blockbusters products like Apple Inc.'s iPod or Nintendo Co.'s Wii.

It has fallen behind in liquid-crystal display TVs to Samsung of South Korea and Japanese rival Sharp Corp. Sony is hoping to be profitable in that business by the fiscal year ending March 2011.

Hirai, who oversees games and network services, acknowledged Sony's units didn't communicate well in the past to coordinate their strengths.

That has changed under Stringer, he said. Stringer appointed a new management team earlier this year, including Hirai.

Hirai said the planned service was a chance to one-up rivals at a time when products are becoming commodities, with prices being the big way to compete.

"We want to increase the value, or the brand loyalty of our Sony products. There is no question about it," he said.

[Sony](#) has a long way to go before a full recovery.

The maker of the Walkman portable player expects a 95 billion yen (\$1 billion) loss for the fiscal year through March 2010 - marginally better than the 98.9 billion yen loss the previous [fiscal year](#), its first annual loss in 14 years.

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