

## Sony to sell PlayStation in newly opened China market (Update)

May 26 2014

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Sony president Kazuo Hirai speaks to reporters at a round table meeting at the company's headquarters in Tokyo on May 26, 2014

Sony will bring its PlayStation consoles to China through two joint ventures, the Japanese gaming giant and its Chinese partner both said Monday, as they seek to tap a newly opened market.

China in January formally authorised the domestic sale of game consoles made in its first free trade zone (FTZ) in Shanghai, opening up a market with an estimated 500 million players to foreign companies including Sony, Microsoft and Nintendo.

The Japanese firm's newest games console—PlayStation 4—has seen record demand since its launch in late 2013 with sales topping seven million units globally last month.

The opening of the huge Chinese market could be a major boost for Sony's videogame business, its chief executive said Monday, as the firm looks to cast off years of losses.

"The Chinese market, just given the size of it, is obviously potentially a very large market for videogame products," Kazuo Hirai told reporters at Sony's headquarters in Tokyo.

"I think that we will be able to replicate the kind of success we have had with PS4 in other parts of the world in (China)."

Generating localised games would be key to success in the vast market, he added.

"Initially, we will start with non-Chinese games, that's fine because that's all we have," Hirai said.



An employee of an electronics chain promotes the release of Sony's PlayStation 4 video game console in Tokyo on February 22, 2014

"But (longer term) it's about getting involved in the local content creation market, which I think is very important for real success in the Chinese market."

Earlier Monday, Shanghai-listed tourism and culture firm Oriental Pearl said it would set up two joint ventures with Sony in the FTZ, one for hardware and one to handle software and services, according to a statement filed to the stock exchange.

Sony will take a 49 percent stake in one venture and a majority 70 percent in the other, the statement said, to make and market PlayStation consoles and related software in China.

Despite the news, Oriental Pearl stock closed down 0.54 percent on

Monday. Sony shares ended up 3.12 percent in Tokyo trading.

The ventures will help introduce "quality and healthy" gaming products to Chinese players, the Oriental Pearl statement said, one of the requirements of authorities for selling in China.

Some foreign industry officials fear that such regulatory approval—conceivably to censor game content which China deems too violent, obscene or politically sensitive—could be used as a potential trade barrier.

Competitor Microsoft said in late April that it will start offering its Xbox One game console in China from September through a joint venture in the FTZ.

The relaxation of the decade-long sales ban does not apply to console imports, though the devices are already widely available through unofficial sales channels after being smuggled into China.

China's game revenue jumped 38 percent year-on-year to 83.2 billion yuan in 2013, according to one industry estimate, although the market was dominated by online computer games.

Analysts say Chinese consumers are unlikely to want to pay high prices for foreign consoles and authorised software, especially if it is slow coming to the market.

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