

For Advanced Students

# Spice-up

## Business Case Study



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이 책은 하이잉글리쉬에서 제작하였으며 저작권법에 의해 한국 내에서 보호를 받는 저작물입니다. 저작권자나 하이잉글리쉬의 승인없이 본문의 일부 또는 전부를 무단으로 복제하거나 다른 매체에 기록할 수 없습니다.



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UNIT

01

## Coca-Cola's Recall of Dasani in the UK

In the early 2000's, The Coca-Cola Company launched its bottled water brand Dasani. It sold well in both North and South America, but when Dasani was brought to the UK market in 2004, it ended in complete disaster.

It started out as a PR catastrophe from the very beginning. Early advertisements turned off consumers with unfortunate mix-ups between American and British English about an embarrassing sexual innuendo. Then, the story quickly broke in the media that Dasani was actually just plain old purified tap water. Coca-Cola had been advertising their Dasani plant as using a highly sophisticated purification process based on NASA spacecraft technology, but this was quickly proven to be just plain old reverse osmosis, a simple technique used in domestic water purification units worldwide.

To top it off, only a month after Dasani's UK launch, the entire product line was pulled off store shelves due to the discovery of bromate - a dangerous carcinogen - in the water. Coca-Cola handled the Dasani recall very quickly and professionally, but was unable to repair the damage done. Coca-Cola has not sold Dasani in the UK, or anywhere else in Europe, since that then.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Do you prefer drinking bottled water or tap water? Is water purification always necessary where you live? What are the advantages and disadvantages of buying bottled water?
2. What do you think Coca-Cola could have done to recover its brand image after the Dasani PR disaster? Do you think it would be possible to sell Dasani in the UK again?
3. Coca-Cola got in hot water when a carcinogenic substance was found in its product. Can you think of any other examples of when a company was found to be selling dangerous products? How did that company respond? Was there anything else the company could have done to save its public image?

## Google's Standoff with China

Media censorship is rampant in China, especially when it comes to foreign influence. And in our modern age, the greatest influence in the world is the World Wide Web. In Google's early years, their famous search engine was available in China, but most of the content was inaccessible due to heavy government censorship. In 2005, Google China was launched, which brought these missing services to nearly 50 million Chinese Internet users. The price Google had to pay: self-censorship of their search results. The company came under fire from the international community for agreeing to such terms, even though rivals Yahoo and Microsoft censor their own search engines in China.

Fast forward five years. Google's relationship with the Chinese government had been a rocky one from the start. When a very serious hack on Google's US computer systems just before Christmas in 2009 was found to have originated in China – with strong implications that the Chinese government itself was the instigator of the attack – Sergey Brin, co-founder of Google, took it personally. Google immediately ceased self-censorship in China, threatening to pull out of China completely if necessary, even if it meant forgoing the entire 340 million potential Chinese customers now online.

A link to the censorship-free Google Hong Kong was put on the front page of Google China, and the company began a standoff with the Chinese government that has never really ended. To this day, although Google China is still available, it is heavily censored by the government and many services are often unavailable, and there remains a permanent homepage link to Hong Kong's freer version of the website.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Google offers a lot of different services nowadays, but so does Naver. Which set of services do you prefer. Why?
2. What kinds of things are affected by censorship in your country? How has censorship affected your life? Do you think it is generally a positive or negative thing?
3. If Google had a stronger relationship with the Chinese government, do you think they would be more successful there? What other ways could they have responded to the cyber attack?

UNIT

03

## Dow Chemical: Application Outsourcing

The Dow Chemical Company is ranked as one of the top three chemical companies in the world. They manufacture chemicals, plastics and agricultural products in over 160 countries around the world and a wide range of markets, including health and medicine, personal and home care, building and construction, food and transportation. In 2012, Dow's sales totaled approximately \$57 billion.

Despite being a strong market leader, in the mid-90's Dow was faced with significant problems keeping up with modern trends. Skill gaps among their employee base, rising IT costs and decreasing user satisfaction all posed a challenge to Dow's efficiency. To address these needs, Dow teamed up with Accenture, the world's largest consulting firm. The alliance would prove to be a very innovative arrangement, in which Accenture would provide centralized project development, implementation and application support services, while also sharing in risks, rewards and management. The project has been highly successful, and Accenture now handles more than 1,400 Dow applications, with more than 2,000 projects completed to date.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Have you ever heard of the Dow Chemical Company? What chemical companies do you know from your own country? How are they successful?
2. Do you know of any other companies that outsource IT? Why do you think they do this?
3. How do you think Accenture helped Dow? What sort of projects do you think they might have handled?

UNIT

04

## AT&T's Failed Acquisition of T-Mobile USA

In the current digital age, staying connected while on the go is almost a necessity of life. As such, the mobile network operator you choose to use is even more important than the brand of phone you own. Every country has their big names in the cellular world: KT and SK in Korea, for example, and Vodafone and Orange in England. In the United States, the leading cell phone carriers are Verizon, AT&T, Sprint and T-Mobile.

In March 2011, AT&T announced plans to acquire T-Mobile USA from German company Deutsche Telekom for US\$39 billion. The move would have secured AT&T a near-duopoly with Verizon Wireless, with almost three-quarters of the US market between them, and would have made AT&T the largest mobile phone company in the country. However, the US government filed a lawsuit against AT&T to block the deal, stating fears that the merger would stifle innovation, raise prices, and reduce American jobs. After 9 months of fighting, AT&T threw in the towel and withdrew their merger bid. The cancellation of the merger cost AT&T over US\$3 billion, which was paid to Deutsche Telekom as compensation.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Compare and contrast two mobile network operators in your country. What services does one offer that the other doesn't? Which do you prefer, and why?
2. Why was the merger so strongly opposed? Do you think the American government was justified in their stance against the merger?
3. What do you think would have been the result if the merger had gone through? Do you think it would have been good or bad for US consumers?

UNIT

05

## Enterprise Rent-A-Car's Marketing Strategy

When a company makes its marketing strategies, it has to differentiate its products and services from its competitors', creating a unique selling point. It also has to decide the scope of its business - whether it will only operate in a single market or in a range of different markets. And, if it enters different markets, it needs to find the best way to enter them.

Enterprise Rent-A-Car is a good example of successful marketing strategy combining differentiation and expansion. It was founded by an entrepreneur named Jack Taylor in 1957 in Missouri, USA. It started with seven cars to rent to customers. Since then, it has become the largest car rental company in North America with 5,400 home city locations and 419 airport locations.

Though it is a world-class enterprise, it has maintained its initial approach; a privately-owned business involving three generations of the Taylor family in its management. It is also run like a small business. The local managers of its branches make decisions based on the needs of each location. It allows the managers to respond to the external environment quickly with custom products and services. WeCar, a membership car-sharing program that offers customers eco-friendly cars with an affordable hourly rate, is operated only in the UK and the USA. Flex-E-Rent, a long term vehicle rental solution without the burden of corporate vehicle ownership, is operated in the UK only.

Enterprise Rent-A-Car has expanded its operations beyond its car rental business. In 1962, it established Car Sales, a used car sale business. In 1977, it purchased Keefe Coffee Company. It was to compensate for the loss from its used car sales which were going down at that time. Its expansion is still going on through mergers and acquisitions based on strict profitability analysis.

## Questions for Discussion

Read the following discussion questions and give your opinions.

1. Enterprise Rent-A-Car's branches are decentralized, granting freedom to local managers to make decisions. However, there are also many conglomerates that pursue uniformity in their management system to ensure that each of their branches offer high-quality products and services. What do you think are the advantages and disadvantages to each system?
2. For any corporation, exploring new business areas entails both opportunities and risks. What kind of risks could there be? What should companies consider when entering a new area?
3. Enterprise Rent-A-Car's WeCar program draws customers not only for its cheaper rate but also for its eco-friendliness by offering hybrid vehicles. Do you think it has a potential to draw Korean customers? Are you in favor of such services personally?

UNIT

06

## The Driving Force of Tesco

With almost 3,000 stores all across the UK, TESCO, as the UK's leading retailer, employs more people than any other company in the nation. Along with its offline stores, it has a successful online store as well as banking, insurance, and telecommunication services. For all of its businesses, TESCO's number one policy is to ensure diversity - that is to have a balance of different people in its workforce. One of its slogans is 'Everyone is welcome at TESCO'. Here, everyone means both customers and employees.

What does TESCO do to ensure diversity? It actually has rules to ensure fair treatment for equal opportunities. It is against the rules to make unfair choices against people on the grounds of age, race, disability, gender, or sexual orientation. It also has a number of networks to engage with diverse groups. Some of the networks are:

- Out at TESCO which represents people with different sexual orientations
- Women in Business which supports women's issues and provides career sponsorship for women
- TESCO Asian Network which helps to raise the profile of careers for Asian employees
- ABC Network which promotes the employment of African, Black British and Caribbean people

It also has strong links with organizations for disabled people such as Whizz-Kids.

TESCO's diversity strategy brings many benefits to the business. It recruits from the widest pools of talent, so there's a greater chance to find the best person for each position. The workforce reflects the same diversity as the customers. The results are a better understanding of the customers' needs and novel ideas for customer satisfaction arising from different cultural backgrounds. The diverse age groups in the workforce also help to bring a broad range of knowledge, experience and social skills. All of these contribute to effective work processes and improved productivity.

## Questions for Discussion

Read the following discussion questions and give your opinions.

1. While diversity in the workplace presents many advantages such as more flexibility toward changing markets and a positive brand image, it may also involve some disadvantages. For example, communication problems are more likely to arise between diverse groups. What other problems might diversity cause?
2. More and more countries are enacting equal opportunity laws to ensure that minority groups are not discriminated against in employment opportunities or in their workplaces. However, some people argue that such government interference is infringing on employers' rights to hire the people they want. What is your opinion about this?
3. Aging workforces are a global trend now. What kinds of changes do they bring to the work culture of Korea? Do you think there are areas where the elderly can perform better than the young? What are they?

UNIT

07

## Philips' Successful Brand Repositioning

As a international company, Philips always did its market and product research globally. The research was performed on both a qualitative and quantitative scale.

On the qualitative scale, Philips surveyed relatively small focus groups, such as hospital surgeons who use its scanning equipment. Such qualitative research enabled Philips to obtain detailed information, like what types of products consumers want to be developed.

On the quantitative scale, Philips conducted surveys on more general, bigger samples of consumers and performed statistical analysis of the results. By doing so, it achieved a better understanding of its current status in the market and identified new routes for improvement.

The findings of its global research could be summed up as follows: The professionals using the Philips' equipment valued the reliability of Philip's products and their constant development of new products. At the same time, however, the professionals didn't feel that Philips had as a clear sense of direction in product development as some of its competitors. Also, Philips' core target group, who are rich, well-educated decision makers aged 35 to 55, generally disliked complexities caused by technology.

Using the information, Philips decided the goal of its brand repositioning. It was to promise consumers a solution for a more comfortable and more straightforward relationship with technology. The slogan for Philips' new brand positioning was 'sense and simplicity' based on the following principles:

- Products are designed around you.
- Products are easy to experience.
- Products are advanced.

With these in mind, Philips has been continuously developing new products that are simple to use. Also, to communicate its new position to customers, Philips is performing advertising campaigns that effectively convey the concept of simplicity.

In the advertisements, Philips uses a different language from what other technology companies use - fresher, cleaner, more human. The advertisements are reaching a wide range of audiences globally and are helping to define Philips as a consumer focused organization that continuously provides easier, simpler solutions for everyday necessities.

## Questions for Discussion

Read the following discussion questions and give your opinions.

1. While Phillips is a global company and can spend time and money on both qualitative and quantitative research, the reality is that other small scale companies don't have that much amount of time or money to spare on market research. If your company were in such a situation, which kind of research would you choose to spend your time and money on? What is your reason?
2. These days, more and more technology companies are opting to make their advertisements abstract and story-oriented rather than talking about technologies and specific information about their products. While such approach could accentuate the humanistic image of their brands, it could also make customers fail to have a clear understanding of the company's products. Can you think of such a case? What do you think the problems of the advertisement were?
3. In many cases, complexity is one of the main reasons consumers turn their backs on new technological gadgets. What were some of the gadgets that made you frustrated? What kind of complexities did they present?



## The Successful Lean Production System at Portakabin

Portakabin is a global building company that specializes in modular buildings. It is a part of the Shepherd Group, one of the top companies in the European building industry. Portakabin has an excellent reputation for its high quality buildings and fast and efficient production. The key to these features is lean production - a method of production which aims to minimize waste in the use of resources. Portakabin uses a just-in-time production system which aims to keep holding stocks at a minimum level. Normally, companies maintain certain amount of stocks 'just in case'. However, Portakabin only holds the stocks needed for orders in process. It orders and builds new component supplies only when there is a demand. By doing so, it can enjoy the following benefits:

- A reduction in the cost for the storage price
- The efficient use of working capital rather than cash tied up in stored stocks
- The risk of current stocks becoming unusable by changing regulations or customer requirements is avoided
- The risk of rework due to defects in stock is avoided

The effort to reduce unnecessary waste also applies to its manufacturing system. It uses standard width of modular units to minimize cutting. It reuses materials and constantly researches ways to change materials for more efficiency. There are waste management teams that supervise every employee. The lean production of Portakabin provides a win/win/win situation for the company itself, customers and society. The company can enjoy financial benefits by reducing production costs and wasted time. The close-to-zero failure rate reduces the lead time, which is the time between a customer placing an order and the end product reaching the customer. Its environmental friendliness due to recycling efforts and reduced construction time provide environmental benefits to society.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Is your company adopting a lean production system? If yes, what kinds of methods are being used? If not, would you be willing to adopt the system? Why?
2. Just-in-time production is a typical example of a lean production method. While it reduces business costs considerably, it also entails risks as there is no spare stock. What do you think is needed to safely manage this production method?
3. Portakabin is not only renowned for its efficient production system but also its environmental friendliness. Do you know of any eco-friendly corporations in your country? If so, briefly describe them.

## Microsoft vs. Google: Turf Wars

The evolution of the IT market through the 90's and into the 2000's saw Microsoft rise up to become the king of operation systems, while Google claimed the crown as the king of search engines. These titles were almost absolute; no one could stand in their way. But in 2009, announcements were made by both companies that would challenge these assumptions: Google would be releasing their own operating system, Chrome OS, and Microsoft would be releasing their own search engine, Bing. The companies were going after one another on their home turfs.

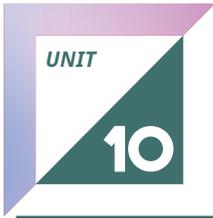
In 2010, Microsoft teamed up with Yahoo to tackle the search engine struggle head-on. Bing would now power all Yahoo searches, and in return, Yahoo would cut Microsoft a portion of their advertising revenue. But Yahoo has since become disappointed with Microsoft's unsatisfactory performance, and by 2013, it was looking to back out of the deal and pursue negotiations with Google.

Meanwhile, Google's "Chromebook" laptop computers finally debuted in 2011 to mixed reception. Google Chrome-powered computers were cheap, but could only run web-apps, with traditional desktop software being strictly off limits. However, the Chromebooks did feature a full suite of integrated software that challenged Microsoft's Office package. For this reason, Chromebooks became popular in classrooms, but are not yet powerful enough for business solutions. Microsoft and Google still hold their respective crowns. Both Bing and Chrome OS are still relatively young and, as of yet, none are able to stand up to these two big contenders. But in our vibrant modern technological market, who can predict who will come out on top in the end?

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Have you ever used a web browser other than Internet Explorer? What browser did you use? Compare the experience with using Internet Explorer in terms of surfing the Web. Which do you prefer and why?
2. Would you purchase a laptop computer that could only run Web applications? Why or why not? What could you use such a computer for?
3. Why do you think Microsoft and Yahoo were unsuccessful in their partnership? Why couldn't they stand up to Google's dominance in the search engine market?



## Nordstrom's IT Success Story

Nordstrom, one of the most successful department store chains in the US, has made its name on Wall Street for being technologically savvy. The company fell into a slump in the late 1990's, and responded in 2002 with a complete technological overhaul that hasn't really ended since. For over a decade since the introduction of IT technologies into their business, Nordstrom has been continually assessing and reassessing how they could best use cutting-edge technology to deliver better results.

It started with warehouse management and financial analysis. Those projects were an immediate success, moving products quicker and improving cost savings. Then, in 2003, Nordstrom rolled out a perpetual inventory system that gave the retailer a level of stock visibility and unprecedented control. The company continued in this vein in the following years, using IT advances to manage human resources, stock replenishment, and a management dashboard that aggregates information into a single data warehouse. Finally, in 2010, the company coded a hot new feature into its online store. Inventory from all of Nordstrom's 115 regular stores is now included with that of their web warehouse, which allows customers to bridge the gap between online and in-store shopping in a natural way.

Nordstrom is a great example of a non-tech company who improved their bottom line by keeping up with the times. It is clear that this is the way to go, and other companies would be wise to follow Nordstrom's example.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Do you prefer shopping online or in a physical store? Compare and contrast the online shopping experience with that of visiting a store in person. What do you predict shopping will be like in the future?
2. Why is inventory management so important? What inventory management difficulties do you think clothing stores have in comparison with other types of businesses?
3. Can you come up with the names of physical store retailers that offer you a great online shopping experience? How is their website different from others? Why do you think it is important for physical retailers to go online?

## Nivea: Marketing Skincare Products to Men

During the last decade, we have seen a large jump in the number of men who use skincare products on a regular basis. It was not so long ago that men simply weren't a primary customer base for companies in the skin and beauty care industry. As such, when male skincare products started taking off in the late 1990's, innovative marketing strategies were required. One of the companies that most effectively stepped up to the plate was Nivea with their Nivea For Men product line.

Sales were sluggish at first when Nivea first started developing a full range of male skincare products in the early 90's. Aftershaves were selling well, but other products were slow to catch on. In the UK market in 1998, for example, Nivea For Men was worth only £68 million. Sales started slowly climbing until, by 2008, the UK male skincare market was worth over £117 million.

That year, Nivea decided to relaunch its entire Nivea For Men lineup, in part to develop the UK market further. The marketing plan included a heavy push towards sports sponsorship and television and cinema advertising. Multiple promotions were also incorporated, such as Facebook ads directed at girlfriends and wives during the Christmas season as well as the regular distribution of free samples to encourage men to try the products on their own. Award-winning catch phrases such as "Tough Men Choose Sensitive" and humorous online videos about grooming facts helped shift public perception toward the products. Today constant re-positioning in global markets helps the company not only to stay on top of its game, but to remain a leader in the men's skincare industry.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Think of two popular advertisements in the media today. Compare and contrast the two advertisements. Which one do you think is more effective in selling its product? Why?
2. Nivea relaunched their men's skincare line just when it was finally becoming popular. What did they do to increase sales? Why has it been so difficult getting men to use skincare products?
3. What kind of advertising do you think would be most effective for selling men's grooming products? What kind of advertising would be unsuccessful?

UNIT

12

## Toyota: Rebuilding a Tarnished Image

Since its founding in 1933, Japanese carmaker Toyota has become famous for producing high-quality automobiles at affordable prices. By 2008, Toyota was the world's biggest carmaker, selling 8.97 million vehicles in that fiscal year alone. But in late 2009, a tragedy befell the company. Serious mechanical problems started cropping up in their vehicles, forcing recalls of massive proportions. As of 2010, a total of 37 people had died in various car crashes allegedly related to accelerator defects. More than 9 million cars and trucks worldwide were recalled from 2009 to 2010, costing Toyota over US\$2 billion. The company's woes were not over though – in 2011, a catastrophic earthquake and tsunami in Japan severely disrupted production and exports. Then they were forced to recall another 7.43 million vehicles in 2012, and another recall in excess of 1 million vehicles in 2013.

To protect their reputation and rebuild their brand, Toyota relied on a mixture of heavy advertising and social media communications. Overall, they have been very successful. Their advertising focused on Toyota's technological innovations. On the social media front, Toyota's U.S. division CEO, Jim Lentz, answered questions personally on Digg during the peak of the recall. The company also created social media outlets for customers to share stories about their Toyota vehicles, effectively giving the car manufacturer 13,180 free advertisements in two months. Although consumer perception of Toyota is nowhere near as favorable as it used to be prior to 2009, the company's reputation is on the way back up, and there is every indication that it will come back, provided they are not beset with any more problems.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. There are many more car brands sold in Korea today than there were in the past. Choose two car brands that you know well, and compare them. Which car company is perceived as having the superior image? Why do you think this is the case?
2. How important is social media (e.g. Facebook, Twitter) when advertising? What are some ways that social media can be helpful? Harmful? Which do you think is the more effective venue for advertising, social media or traditional media?
3. If you were going to create an advertisement campaign aimed at rebuilding Toyota's tarnished image, what sorts of things would you focus on?

## McDonald's Entry into India

When McDonald's set up operations in India in 1996, they knew business would be tough. More than 30% of the country's population was vegetarian. Also, 80% of the people were Hindi and 13% Muslim – who don't eat beef and pork for religious reasons, respectively. That's right. McDonald's in India did not sell hamburgers at all. Instead, they had to come up with new menu items, such as the McAloo Tikki potato burger, to go along with the standard chicken nuggets and French fries. They also had to ensure extraneous animal products remained out of the production process, opting for an eggless mayonnaise dressing on their Maharaja Mac (a chicken burger) and cooking their fries only in vegetable oil.

The preparations for their Indian expansion began six years earlier, in 1990. The company spent \$81.9 million during that year setting up a local supply chain with Indian farmers and markets. (5) Their investment did not pay off quickly because McDonald's didn't start making a profit in India for more than 12 years, only breaking even in 2008. Despite their long uphill battle, McDonald's in India has been touted as a tremendous success. In 2012, McDonald's announced plans to open a chain of all-vegetarian restaurants located near Indian holy sites by mid-2013.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. Have you ever visited a McDonald's restaurant? Compare the restaurant with another quick-service restaurant or fast-food chain you have visited. What do you think McDonald's should do to improve its service? Should it change its strategy?
2. Imagine that you are a branch manager of a McDonald's in India. How would you manage your business? What business strategy would you use?
3. Let's say you're planning to open your own restaurant in China. What kind of restaurant would you open? What kind of menu would you develop?

UNIT

14

## The Adidas–Reebok Merger: Joining Forces for Success

Throughout the past few decades, the sportswear industry has given us a handful of very successful, easily identifiable names. Nike, Adidas, Reebok and Puma are the four biggest, in order of popularity, and their rankings have not slid or changed much for many years. That is why it came as a big surprise when Adidas announced its purchase of Reebok in 2005 for a cool sum of \$3.78 billion.

It proved to be a very successful union. Their main competitor, Nike, was a strong company known for both quality and style that offers a wide variety of footwear. In contrast, Adidas was well known as a company that sells high-quality products focused mostly on sports, whereas Reebok was always more about style, expression and lifestyle. Reebok was also much more popular than Adidas in the American market. The merger made it possible to combine the best features of both companies to create a single, much stronger parent company that could bring much stiffer competition to Nike on its home turf, while keeping Puma locked solidly in fourth place.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. What features do you consider when you look for athletic shoes?
2. What challenges do international sportswear brands face?
3. If you were the CEO of a shoe company, how would you advertise the shoes that your company developed?

## Behind Apple's Name Change

At the Macworld Expo in 2007, Steve Jobs made three important announcements. The first announcement was a bombshell: the arrival of the first iPhone. This was the year the smartphone became a worldwide sensation, and it turned out to be a game-changer for both the computer and cell phone industries. The second announcement was the arrival of Apple TV, a video-streaming device which marked Apple's foray into the living room, a place once ruled by Sony and Microsoft. The third announcement was that Apple would be changing its name from "Apple Computer" to "Apple Inc."

The name change emphasized a change of focus. Once being a company that solely sold computers and software, Apple started offering a wider variety of consumer electronics aimed at a much broader consumer base. The Apple computer used to be a workhorse used primarily in the publishing industry, but by 2007 Apple products were being used by people of all ages, from all walks of life. It truly was a different company from what it once was, so the change of the name was inevitable.

"The Mac, iPod, Apple TV and iPhone. Only one of those is a computer," said Jobs. "So we're changing the name."

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. What features do you usually consider when you purchase a smartphone? What features do you think make a phone attractive to consumers?
2. Have you ever used any Apple products? If so, what features did you like? If not, what made you not want to try them?
3. If you were a smartphone developer or engineer, what kinds of features would you like to include in your phone?

UNIT

16

## Sony Corporation: A Fall from Glory

Sony Corporation, founded in 1946, had become renowned as a company that created a wide range of quality products. It became especially popular in the 1980's when it released the Walkman and Discman, a portable cassette player and CD player, respectively. In fact, Sony was the company responsible for making CDs a standard format (as well as 3.5 inch floppy discs – remember those?). In the 80's and early 90's, Sony was king in the world of consumer electronics.

But, by the late 90's, Sony's reign was coming to an end. MP3 files and LCD screens became new technological trends, and Sony was slow to respond. By the early 2000's, Sony was struggling to keep up with Apple's iPod and iTunes Music Store, and Samsung became the market leader in flat-screen television production. Sony's failure to capitalize on technological development continued into the late 2000's, with its e-reader solution being far outperformed by Amazon's Kindle, and the launch of Sony's PlayStation 3 gaming console being delayed by a year, which gave Microsoft's competing Xbox a huge advantage.

In 2009, Sony reported an annual loss of ¥98.4 billion. The company stayed in the red for four more years, scrambling to recover after the 2011 tsunami that rocked Japan. It was only in 2013 that Sony finally announced that they were back in the black with a net profit of ¥43 billion. Whether Sony can fully come back and reclaim the glory it once enjoyed remains to be seen.

### Questions for Discussion

Read the following discussion questions and give your opinions.

1. What are the advantages and disadvantages to listening to MP3s?
2. If you were the CEO of an electronics company, what kinds of products would you like to manufacture?
3. What do you think is most important to be successful in the electronics industry?



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