

The Analysis on The Marketing Strategy of Sony's Earphone Products to Chinese Consumers

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Abstract: This article studied Sony's market strategy for its earphones in the Chinese market for the past five years. During the past five years, many technology companies had encountered great challenges due to the occurrence of COVID-19. It is very important to study this problem for the change of marketing strategy. To explore this problem, this paper obtained the final answer through the Marketing Mix Theory and used SWOT analysis method. Marketing Mix Theory can well demonstrate the success of Sony earphone products in the Chinese market in recent five years. After completing the above research, this article found that the key to the success of Sony's earphone products lie in their strong product power. In addition, Sony is good at making use of the influence of key opinion leaders and celebrities, to make consumers have a desire to buy. The findings of these conclusions helped relevant enterprises to change their marketing strategies and better sell their products.

1. Introduction

1.1 Background

In the past two years, the global market has been affected by the epidemic, and many industries are changing. Based on this situation, this paper will take Sony's headset product marketing strategy as the main research object. And then, studying its development in China in recent five years, and explore whether its marketing strategy is successful.

During the epidemic, Sony Group stated that Sony's primary task is to ensure the safety of employees, their families, customers, and other stakeholders, and prevent the further spread of the epidemic. Sony is doing its best to meet the needs of society and customers and minimize the impact of the epidemic on its business. To achieve these goals, Sony is trying to collect information and take necessary actions quickly. At the same time, in the early stage of the epidemic, Sony closed some offices, mainly Sony's European and American branches, and employees in their regions are now working from home. In addition, in Sony's offices in Japan and other regions, employees must work from home, and only a few employees who maintain basic operations are on duty. And Sony has four factories in China. From the Spring Festival holiday on January 24, 2020, to February 9, 2020, the above factories have suspended their operations by the instructions of the local government. Since February 10, four factories have successively resumed work and production. Supply chain difficulties are being overcome, and production capacity is gradually returning to the level before the outbreak. Due to restrictions on cross-border personnel mobility and other factors, it is difficult for Sony to send Kaiyang.Han. Author is with Xianda College of Economics & Humanities of Shanghai International Studies University, Shanghai, SHH 200000 CHA (e-mail:1305748123@qq.com).

Engineers to manufacturing centers such as China and Southeast Asian countries to guide new product release or manufacturing. As one of Sony's competitors, Apple's iPhone sales in China fell significantly in 2020, and its shipments in February decreased by 60% compared with the same period last year [1]. On March 18, 2020, Apple's official website updated the notice that it would close all retail stores outside Greater China indefinitely. Although it has resumed business, its sales have also been greatly affected. Apple has 511 retail stores around the world. Apple expects all retail stores in

the United States to close until early May. And because the supply chain receives COVID-19's influence, it can't keep up with production capacity [1]. Production in other regions will stagnate and the whole supply chain will also be affected. Therefore, in this case, every technology company has been seriously affected by covid-19. Sony's competitors have encountered many troublesome problems in the early stage of the epidemic.

However, Sony Group has constantly adjusted the company's marketing strategy. Now, it has gradually stepped out of the impact of the epidemic, achieved revenue growth, and developed steadily in all aspects of the business.

From the Figure 1, it shows that the sales revenue of electronic products and solutions business increased by 9% year-on-year to 581.9 billion yen, mainly due to the improvement of mobile phone sales and the positive impact of the exchange rate. As the product portfolio optimization of TV, digital camera and audio-visual products offset the decrease in sales of TV and audio-visual products, the operating profit rose by 19.3 billion yen to 72.7 billion yen year-on-year [2].

1.2 Research Gap

According to the vice president of Sony China, in the epidemic era, from electronic hardware, entertainment content to the service platform, Sony has gradually built a value chain of creating, experiencing, and transmitting moving. Today, with the full outbreak of social entertainment, Sony will go deep into the interested community of Sony's fans in every link of this value chain and offer Sony's unique value to Sony's consumers. Sony Group released the financial report for the fiscal year 2020, which showed that Sony's net profit in the fiscal year 2020 reached 971.9 billion yen, breaking through trillion yen for the first time [3]. In terms of product technology, entertainment content, and platform services, Sony will adhere to 3R technology and create value for creators and users by launching relevant cutting-edge scientific and technological electronic products such as TV, headset, and camera. Carry out a series of strategic investments worldwide and expand cooperation on entertainment platforms. Including the US \$400 million for China station B, US \$1.175 billion for us animation company Crunchyroll, and US \$450 million for game development and distribution platform company Epic Games, etc [3].

Therefore, after experiencing difficulties in the early stage of the epidemic, Sony gradually adjusted its market strategy, the company developed stably and made good progress in.

Q2 FY2021 Results by Segment

		Q2 FY20	Q2 FY21	Change	FX Impact
(Bln Yen)					
Game & Network Services (G&NS)	Sales	506.6	645.4	+138.8	+20.7
	Operating income	105.4	82.7	-22.7	+3.4
Music	Sales	230.9	271.6	+40.7	+6.3
	Operating income	54.3	50.6	-3.7	
Pictures	Sales	186.6	260.7	+74.2	+9.1
	Operating income	32.8	31.6	-1.2	
Electronics Products & Solutions (EP&S)	Sales	533.4	581.9	+48.5	+20.0
	Operating income	53.4	72.7	+19.3	+7.6
Imaging & Sensing Solutions (I&SS)	Sales	307.1	278.3	-28.8	+8.7
	Operating income	50.8	49.7	-1.0	-0.3
Financial Services	Revenue	371.1	368.4	-2.7	
	Operating income	37.0	43.1	+6.0	
All Other	Sales	22.9	24.5	+1.6	
	Operating income	1.5	8.6	+7.1	
Corporate and elimination	Sales	-53.5	-61.4	-8.0	
	Operating income	-19.9	-20.5	-0.6	
Consolidated total	Sales	2,105.1	2,369.4	+264.2	
	Operating income	315.2	318.5	+3.2	

Figure 1 Q2 FY2021 Results of Sony [2]

Audio and video. Earphone products are also the leader in the market. After analyzing the relevant literature, the research object of this paper is the marketing strategy of Sony's earphone products,

hoping to find the reasons for its consumption growth by analyzing the marketing strategy of its products in the market. Therefore, the research problem is how Sony can grow its earphone products in China within five years, the research significance of this paper is to help relevant science and technology enterprises.

1.3 Structure of Paper

The growth of the Sony earphone business is inseparable from its advertising in the market and KOL's public opinion guidance. At the same time, its product power is also very strong and has its core technology, so these may be the reasons why the Sony earphone is favored by consumers in the Chinese market. This paper will analyze Sony's marketing strategy in China in the past five years, use the 4Ps principle, analyze its SWOT, and finally draw relevant conclusions.

2. Literature Review

2.1 Key Opinion Leader (KOL)

KOL is the key opinion leader, which refers to people who express their views in a certain field and have a certain influence [4]. In fact, in our daily life, KOL can not only be a leader in the field, but also various online celebrities, beauty bloggers, anchors, and even star-artists. As long as it can have an impact on a large number of people in one aspect, this kind of person can be KOL. Therefore, KOL marketing is widely used in promotion marketing.

KOL can affect a large number of people, including star artists or online popular anchors, and often has a large number of followers. The number of fans is the basis for them to bring goods. For example, star endorsement products can often drive many people to buy this product. For example, Li Jiaqi, a popular anchor in China, has a strong ability to sell goods and once sold out 14000 Lipsticks in one minute. It can be seen that KOL has great power [5]. At the same time, the celebrity effect has had a far-reaching impact in all aspects of life, such as celebrity endorsement advertising can stimulate consumption, celebrity participation in charity activities can drive social care for the weak, and so on. In short, the celebrity effect is equivalent to a brand effect, which can drive the crowd. The Celebrity effect is not directly involved in business behavior, but it helps those who borrow celebrities to strengthen their image. "Celebrity" is passively imitated or borrowed.

2.2 Marketing Mix Theory

1) Definition

Marketing mix refers to the best combination and application of controllable factors according to the needs of the target market and comprehensively considering the tasks, objectives, resources, and external environment of the enterprise, to meet the needs of the target market and realize the tasks and objectives of the enterprise [6].

The marketing mix is an important part of enterprise marketing strategy, which refers to the integration of controllable basic marketing measures into an overall activity. The main purpose of marketing is to meet the needs of consumers. This concept was first adopted by Harvard University Professor Neil Bowden in 1950. It is the basis of formulating an enterprise marketing strategy [7]. Doing a good job of marketing combination can ensure that enterprises can meet the needs of consumers as a whole. In addition, it is also a powerful means for enterprises to deal with competitors and the basis for rational allocation of enterprise marketing budget expenses.

2) Development

In the early 1950s, according to the marketing concept of demand center theory, Professor McCarthy classified the controllable factors for enterprises to carry out marketing activities into four categories, namely product, price, sales channel, and promotion [8]. Therefore, he put forward the 4P combination of marketing. In the 1980s, with the proposal of the concept of big marketing, people proposed that political power and public relations should also be used as controllable factors for enterprises to carry out marketing activities, to create a good international marketing environment for enterprises. Therefore, the 6p combination of marketing was formed [8].

3) Effectiveness

This paper mainly analyzes the market strategy of Sony headphones in China through the 4P. 4P is a marketing term. Professor Jerome McCarthy, an American Marketing scholar, put forward the four marketing combination strategies of "product, price, channel, and promotion" in the 1960s, that is, 4P [9].

The first letter of product, price, place, and promotion is abbreviated as 4Ps. Product is to consider developing appropriate products for the target market and selecting product line, brand, and packaging [9]. Price is to consider setting an appropriate price [9]. Place means to arrange transportation and storage through appropriate channels to send products to the target market [9]. Promotion means to consider how to inform the target market of appropriate products at appropriate prices at appropriate locations, including sales promotion, advertising, training salesmen, etc. [9].

The outer circle of the figure shows the external environment of the enterprise, which includes various uncontrollable factors, including economic environment, social and cultural environment, political and legal environment, etc [10]. McCarthy pointed out that the elements of the 4Ps combination will be affected and restricted by this external environment [10].

Product decision-making based on relationship marketing changes from mass production based on the production line to customized products, that is, customize products or change the added value of products to meet customers' needs [11]. Under the concept of relationship marketing, the meaning of product quality no longer only stays on the rigid standard but has higher requirements, that is, paying attention to the personalized needs of customers and customizing products and services for customers. The product strategy should embody "interactive marketing" and allow customers to participate in the product R & D and design process. At the same time, in the process of product R & D, customers can express their wishes, improve, upgrade and replace the scheme together with enterprises, constantly enrich customer value, and form the transfer cost of customers changing sellers, to establish a long-term interdependence between customers and enterprises.

The enterprise pricing under the traditional marketing concept usually adopts the cost pricing method [11]. That is, based on the total production cost of the product plus a certain target profit of the enterprise, as the final price of the product, the increase of enterprise profit is at the cost of the reduction of customer interests, while relationship marketing pursues a win-win situation between the enterprise and customers. The focus of both sides has shifted from value distribution to value creation. Enterprises should first know the cost that customers are willing to accept to meet their own needs and provide flexible product design and production schemes for users to choose from. On this basis, they design and produce products. The price of products depends on the value of products to users. The ultimate goal of customers is not to obtain the lowest price, but to obtain the maximum value. This requires enterprises to guide customers and establish a partnership with them, and encourage customers to pursue long-term interests and overall interests, rather than simply the lowest price of transactions.

Marketing channels are usually composed of many companies seeking their interests [11]. Because these interests are competitive with each other, channel members are often unable to cooperate, or even their respective goals are opposite. The resulting channel conflict often leads to the decline of channel efficiency. Relationship marketing provides an idea for dealing with the relationship between channel members. In recent years, terms such as distribution partnership, channel partner, distributor partner, and strategic alliance appear more and more frequently in marketing channel literature. These terms refer to the continuous and mutual support relationship between manufacturers and channel members. In the relationship marketing model, the relationship between manufacturers and dealers is not a single transaction relationship, nor is it an antagonistic relationship, but a partnership. Through cooperation, the two sides changed the original win-lose strategy, that is, one party always wants to try to reduce its costs and ignore the other party's costs, but turned to a win-win strategy to improve the benefits for both sides.

Under the relationship marketing paradigm, great changes have taken place in promotion decision-making [11]. The promotion target changes from market share to customer share. Under the relationship marketing paradigm, the promotion goal of enterprises changes from market share maximization to customer share maximization. In the view of relationship marketing, the transaction

is not the most important. The important thing is to support the continuous customer relationship of each transaction behavior and provide customers with high-quality and value products and services through this relationship, to improve customer satisfaction and obtain a higher customer share. The promotion object has changed from mass to personalized level. Relationship marketing emphasizes the realization of “one-to-one” marketing, which changes from the traditional comprehensive coverage-oriented promotion mode to the focus promotion mode. According to the lifetime value of customers, customers are clearly divided into core customers, sub-optimal customers, general customers, and marginal customers, and customers are managed hierarchically and differentiated customer relationship marketing is implemented. For important customers, the number and time of communication must be appropriately increased through unique channels and methods to improve the effectiveness of communication.

3. Method

3.1 Research Design

Qualitative analysis is an analysis method that infers the nature and development trend of things according to the subjective judgment and analysis ability of forecasters [12]. This method can give full play to the experience and judgment of managers, but the accuracy of prediction results is poor. It generally invites experts who are familiar with the economic business and market situation of the enterprise when the enterprise lacks complete and accurate historical data; Make analyses and judgments according to their experience, put forward preliminary opinions, and then revise and supplement the above preliminary opinions by holding investigation meetings and symposiums, which will be used as the final basis for prediction analysis.

3.2 Sony

Sony, a world-renowned large-scale comprehensive multinational enterprise group, was born in May 1946, in Tokyo, Japan. In 1955, the company officially changed its name to SONY and prospered by successfully entering the U.S. and overseas markets. Sony now has six segments which are entertainment, music, pictures, electronic products, semiconductor, and financial services. Entertainment and electronic products segments are the main sauces of the company's total revenue. Since Sony entered the Chinese market, its products have been favored by Chinese consumers. Especially in the field of headphones, Sony's headphones have always been the leader in China's headphone market. As a major headphone producer in the world, China has formed a relatively complete headphone industry chain. In recent years, with the gradual enrichment of social entertainment life and the gradual popularization of various intelligent terminals, China has gradually developed into one of the main headphone consumer markets, and the scale of the headphone market has expanded significantly. Under the influence of factors such as the progress of earphone technology and the improvement of product segmentation, the demand of China's earphone market will be gradually released, and its competitive position in the global earphone industry will be gradually improved. Therefore, in this context, the Chinese market has become an existence that can not be ignored, and Sony must make better marketing strategies to continue to attract Chinese consumers

3.3 SWOT Analysis

1) Strength

Sony earphone products have great advantages in product strategy. The key is that Sony has exclusive patented technology. This enables its products to show its leading technology in front of the audience in the marketing of key opinion leaders. Through key opinion leaders, Sony can show its buying points to consumers through video, graphics, and other means, so that consumers can well understand the advantages of Sony earphone products through the network platform. At the same time, using the marketing method of key opinion leaders can shorten the distance between Sony earphone products and consumers. Because key opinion leaders often have their loyal fans, these fans are vulnerable to the influence of key opinion leaders. Therefore, Sony earphone products use excellent

product technology and the marketing strategy of key opinion leaders, It can improve the purchase rate of consumers.

2) Weakness

However, Sony earphone products still have their weaknesses. Often when key opinion leaders publicize Sony earphone products, they will avoid discussing too much about the price of Sony earphone products, because the price of Sony earphone products is very high. For ordinary consumers, the too-high price will weaken their desire to buy such products. At the same time, take Sony wireless headphones as an example. The listing price of Sony's third-generation wireless headphones is 1699 yuan, and the price fell to 600 yuan a year later, which is extremely unfriendly to consumers. Too low a value preservation rate will often become an obstacle to consumers' consumption. The non-value preservation characteristics of Sony earphone products are a very difficult problem for key opinion leaders. They are unable to publicize the price of Sony earphone products to the audience, resulting in a low input-output ratio. After watching videos or reading graphic evaluations, consumers' desire to buy will be reduced, and the publicity effect may not be as high as originally expected.

3) Opportunity

For Sony, the Chinese market is one of the very important markets. However, the competition in the Chinese market is becoming more and more fierce. To achieve further development in China, Sony still has many opportunities to change the current situation. At present, Sony mostly invites celebrities or key opinion leaders to promote its earphone products. However, compared with its main competitors, such as apple, Xiaomi, and Samsung, Sony lacks offline material publicity, especially there are too few offline flagship stores. Enhancing this part of the market strategy can enable more consumers to watch or experience Sony' s latest earphone products. At the same time, in terms of product packaging, Sony can also cater to the preferences of Chinese consumers, close to Chinese cultural customs, and launch Chinese exclusive products in Chinese unique festivals to attract consumers to buy and increase consumers' favor. Therefore, to further develop and expand in the Chinese market and increase market share, Sony must understand Chinese consumer preferences and respect Chinese consumers.

4) Threaten

In recent years, China's technology companies have developed rapidly. For example, the mobile phone companies led by Huawei and Xiaomi are no longer satisfied with only developing mobile phone products, but to build the whole technology ecological chain, and they have a great price advantage compared with Sony. In the field of earphones, Chinese technology enterprises have developed their own exclusive wireless earphone products, which is a great threat to Sony earphones, because Chinese consumers often choose earphones with the same mobile phone brand, and the price of these wireless earphones will be lower than that of Sony earphone products, Sony earphones are easy to encroach on the market share in China. On the other hand, to better develop, the Chinese government began to vigorously support Chinese brands. Policies, taxes, and other parts will often be more conducive to Chinese enterprises. Sony will only encounter more and more challenges in the Chinese market.

4. Result and Discussion

In general, Sony earphones are very popular with consumers in the Chinese market. The first point is that the Sony earphone has its exclusive patented technology. Sony's self-developed earphone chip has greatly improved the competitiveness of Sony earphone products. Sony's wireless earphone is ahead of its peers in sound quality and noise reduction technology, which will make Chinese consumers pay more attention to Sony earphone. The second point is that the overall strength of Sony Group makes Sony headphones have a great advantage in marketing strategy. During the marketing of Sony earphones, Sony has enough human and financial resources to conduct market research to listen to consumers' preferences. At the same time, it can invite key opinion leaders with strong strength and a large number of fans to promote products, and can also invite idol stars to endorse products. These efforts have greatly helped the development of Sony earphones in the Chinese market.

But for Sony headphones, there are still some disadvantages. The first is the increasingly fierce competition in the Chinese market. Both domestic and foreign technology companies are developing their headphone business. For consumers, they have more opportunities to buy headphones products suitable for them. Especially now that the demand for wireless headphones has increased greatly, most consumers will choose headphone brands with the same brand as their mobile phones, this will make them more convenient to use. The second point is that the Sony earphone is positioned as a medium and high-end product and is at a disadvantage in product pricing. For most Chinese consumers, price factors often affect their purchase behavior to a great extent. Although Sony's earphone is excellent in product quality, their price is high and the value preservation rate of the product is low, These factors will also affect the development of Sony earphone products in the Chinese market.

5. Conclusion

This paper studies the marketing strategy of Sony headphones in the Chinese market in recent five years and explores what research strategy Sony headphones use to succeed in the Chinese market. In addition, this article uses the 4P theory to conduct a SWOT analysis on the marketing strategy of Sony headphones. It is concluded that one of the reasons for the success of Sony headphones in the Chinese market is that Sony is good at using bloggers and key opinion leaders in the field of science and technology to carry out publicity activities for its products. When consumers see these evaluation videos, their consumption desire will expand. At the same time, In addition, Sony invited stars to endorse its products, making use of the celebrity effect to maximize the influence of headset products. At the same time, this paper also found that the success of Sony headphones in the Chinese market is inseparable from the strong product strength of Sony headphones. Consumers are satisfied with both the product quality and after-sales guarantee of Sony headphones. Therefore, if a product wants to succeed, it must first have reliable quality as the basis, coupled with appropriate marketing strategies to promote the product, to be favored by consumers, and occupy a seat in the market.

Acknowledgements

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