Sony’s Smart Watch 4



Matthew Slusarski

Tyler Waterstradt

Tyler Kramer

Jessica Kim

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Dr. Chiharu Ishida

1. **Executive Summary**

Sony has many products in the electronics portion of their company and one of those products they produce are their smart watches. Last year in 2014, Sony came out with their last generation smart watch named the Sony SmartWatch 3 SWR50. We want Sony to come out with the next generation smart watch next year in the year 2016 with new features and benefits that will help Sony gain additional market shares of the market watch industry. Some of the new features and benefits that will be executed in this new generation smart watch for Sony is a longer battery life, a new and advanced pulse reader, a band that will be much more comfortable to wear on your wrist, and a improved operating system that be behind the new Sony smart watch. By making a new smart watch with new features and benefits, customer satisfaction will improve and we expect our sales to increase with the product release. Our product is out on the market with many features and benefits that can cost on an average of $150. With respects to our competitors, we see that our price is very optimal and affordable with regards to our consumers.

By promoting this product on many different mediums, we can then see a positive spike in satisfaction and a spike in talking amongst the consumers about our new product we plan to put in production. Some of the mediums we play to promote our product through are billboards, TV (commercials), in-store display, magazines, Internet ads that play throughout your smart phone, tablet, and now your smart watches. With the use of our promotional activities through these different mediums, we as a company can expect through our target market to capture the attention, interest, desire, and action of the consumers.

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**III. Situation Analysis**

**A.** **Internal Environment**

**Review of marketing goals, objectives, and strategies**

At Sony, our mission is to be a company that inspires and fulfills your curiosity. Our unlimited passion for technology, content and services, and relentless pursuit of innovation, drives us to deliver groundbreaking new excitement and entertainment in ways that only Sony can. Creating unique new cultures and experiences. Everything we do, is to move you emotionally (Sony.com, 2015).

Sony has three key strategies for its business operations and are stated as the following, (1) business management that emphasizes profitability, without necessarily pursuing volume, (2) business management that grants each business unit greater autonomy and mandates a focus on shareholder value, and (3) clearly defined positioning of each business within a broader business portfolio perspective (sony.net, 2015). With a clear emphasis on profitability, Sony is positioning devices, game and network service, pictures, and music as the segments that will drive its profit growth over the next three years (sony.net, 2015).

With its third key value, this will be related to its product and how Sony will position and define that product in the coming years. Sony has quite the plethora of electronics that are available toward the general market. As Sony said in their mission, relentless innovation is one of the major key factors to help their products stay afloat.

One strategy that Sony is trying to incorporate into their plan is to revitalize their electronics business. Sony said, the key reasons were insufficient understanding of the competitive landscape and insufficient responses to the changes in that landscape (sony.net, 2015). They then added that their strategy did not work well in the past and the utilization of their new strategies will help them grow and increase profits. With their last strategy aiming to utilizing and resolving issues to increased scale with their products, they now are applying their new method to decrease excess production and look into issues more in-depth. With the new implementation, the products are something they are relying heavily on. By reducing the amount of products they produce, Sony is putting their effort into innovation and thus will hold true to their overall mission.

**Review of current market performance**

Sony revealed a new business strategy that is ambitiously targeting an operating profit of at least $4.3 billion in the company's 2017 fiscal year (ending March 31st 2018) (businessinsider.com, 2015). Sony has been registering losses in the past 6 of 7 years. Sony is trying to distinguish a new plan to help stabilize their company and register a goal of a 10% return on equity as its main indicator to measure its profit target. The Japanese electronics firm believes the key to swelling its profit and ROE base is to focus on a narrower band of products (businessinsider.com, 2015). Since competition is at its highest, Sony is trying to narrow down their electronics where there is intense competition where it puts Sony at a disadvantage.

Where Sony has lacked in its strategy and implementation is their smartphone product. Sony has had extreme competition to try and compete in the market with Apple and Samsung. Apple and Samsung have the main market share in the smartphone industry and seeing that Sony is far behind these two in innovation, it will be hard for Sony to try and regain that share with Xperia (Sony’s smartphone).

 

Seeing that Android is at the top of the list when it comes to the operating systems market share, Samsung is also included in that list of Android as well as Sony. While previous reports suggested that Sony was going to get out of the smartphone industry, it became evident that the CEO of Sony was going to try to continue Sony’s mobile business.

“While Samsung, Apple, Lenovo, Huawei and LG are getting most of the headlines as the top 5 players in the smartphone wars by market share in early 2015, Sony's CEO says his company will definitely stick around to battle its rivals in the mobile space in the future.” (eweek.com, 2015). While both its market share, profitability, and brand awareness are declining, the CEO of Sony says, “Smartphones are completely connected to other devices, also connected to people's lives—deeply” as said in Arabian Business (eweek.com, 2015). Could this be because of flawed strategies and poor implementation? While Samsung and Apple are taking home the top honors, Sony is lacking behind with little hopes to rebound back into the top 5 players. With decreasing some of its Xperia models and focusing on just a few of them, this strategy could give them some profit back in their smartphone category and thus, increase market share and profits.

Sony announced total revenue of 75.5 billion U.S. dollars in 2014, the highest the figure has been since 2008 (statista.com, 2014). Here are some of the statistics that each segment is generating to complete the Sony sales by each segment. Each segment below shows how much 

Statista 2015

of the market share Sony holds in its respective market. An example would be that the music segment holds about 6.34% of the market sales for Sony.

As their profit grows, it shows that the new CEO of Sony is on the right path to help get Sony back on track. As the company’s profit was declining, it was apparent that Sony had the wrong idea behind strategy and implementation. Like I have previously stated, the new strategies that the CEO is implementing is helping to revitalize the company. By producing these new strategies to the company, Sony is now seeing a positive revenue stream.

**Review of current and anticipated resources**

Sony has multiple different physical facilities throughout the world that provide different

functions for their company. Some of the main manufacturing facilities are located in Asia. Sony has many different offices, plants, and warehouses located throughout the world. Some of these locations include Japan, where Sony is headquartered, as well as outside of Japan such as the U.S.A, China, Malaysia, and Singapore as well as more locations. These location facilities carry out processes to create batteries, mobile phones, TV’s, Blu-ray Disc players, cameras, and much more.

Sony has a number of Japanese and foreign patents relating to its products. Certain licenses are important to Sony’s business, such as those for optical disc-related and Digital TV products (sec.gov, 2012). Also, at Sony the human resources need to be top level. Employee expertise and skills are a must at this company. To keep their mission true to be constantly innovative, Sony needs top level employees to bring in their expertise and knowledge to help with their products and services.

Although all of the different kinds of resources that are shown are important, there are some that are more important than others when it comes to a company like Sony. In our opinion intellectual resources such as expertise, discoveries, creativity, and innovation are vital in a company like Sony, which needs to thrive with these characteristics. Constant innovation (like it says in its mission), creativity to help keep a competitive advantage over other companies in their segment, and expertise and discoveries are some of the more important aspects to look at. With that being said, human resources, such as employee expertise and skills and leadership are another vital resource to be had. Behind the innovation and creativity are the employees to help make these services and products thrive in a constant evolving market.

The resources such as financial, intellectual, legal, human, organizational, informational, relational, and reputational are all very important to the success of a given company. Some of the legal patents that Sony has applications for are for smartphones, flat panel displays, and also a vehicle locator. Sony’s corporate research and development activities include a great focus on sustainability in electronic products (IPWatchdog.com, 2014). For the smartphone industry, Sony filed for a patent an earpiece device with enhanced characteristics for blocking out noise (IPWatchdog.com, 2014). This technology is intended to support high signal-to-noise ratios in external microphones used in conjunction with smartphones for verbal communication (IPWatchdog.com, 2014). Also, some of the important partnership/alliance that Sony has with another company includes Spotify. Earlier this year, Sony and Spotify has introduced a partnership of a PlayStation Music model. Called PlayStation Music, the service will let users import their Spotify settings into their PlayStations (versions 3 and 4), adding music to their gaming experience (Hugh McIntyre, 2015). Sony did have a music offering but with the partnership of a company that has had positive contributions in the streaming music industry, Sony made the right move in partnering with them. The partnership is a good idea for both companies, as it allows PlayStation users to find new value in their consoles, and it opens up plenty of new potential customers to the idea of Spotify (Hugh McIntyre, 2015). Sony and Xbox One is a major rivalry between the productions of high performing game consoles. An article talked about these two consoles and talked about how Sony’s PS4 is killing the Xbox One on third-party game partnership deals. When it comes to partnership deals with third-party publishers this generation, Sony has consistently executed in a highly effective and efficient manner than Microsoft hasn't been able to compete with (Jonathan Leack, 2015). Sony is crushing Microsoft when it comes to offering consoles with design of certain games and also bundling a game and controller with that product. This is great for Sony in their relationship with companies against its competitors. When it comes to reputation, Sony wants everyone to know their name (positively) and I think Sony has done a great job in doing that. Sony is ranked 58th out of some of the top global brands in the world in 2015, which is great for Sony (Ranking – 2015). Each resource plays a vital role in the success of an organization as one bounces off the other to create a positive effect.

**Review of current and anticipated cultural and structural issues**

 In order for Sony to continue to grow in a uniquely Sony way, we believe that nurturing the characteristically inquisitive minds of Sony's employees by giving them opportunities to take on new challenges is paramount to the company's success (sony.net, 2015). With the new President coming on board, he is creating a new outlook for the company. With Sony losing money in recent years, Kazuo Hirai term as President has reduced loss and thus seeing earnings in the next quarters. On the website “glassdoor”, the overall employee satisfaction rating is at a 3.6 out of 5 for the Sony corporation overall. Some of the positives and negatives that employees talked about was the interviewing process. Most people thought the interviewing process was a positive experience, yet out of a possible 5 points, the employees thought that the interviewing process was 2.8 out of 5 in terms of interviewing difficulty. With operations set up all around the world it seems as if most of the people who work at Sony are generally overall pleased and satisfied with their job and the company.

Overall, their customer orientation is key to staying in the mix of being one of the top key players in their respective market. While making comments about strengthening their employees to become better satisfied, Mr. Hirai (President) has indicated that the importance of their customers are vital to succeed. Sony’s mission is to move you (customer) emotionally, with that being said, customers are a main priority in their success.

With the company’s new President and strategies, it appears evident that they are set on both long-term and short-term goals. With how much is changing at Sony, it will take time for their new strategies to set in and start seeing changes. Yet, with goals in mind for both long and short-term, it looks as if Sony is making positive strides to becoming what they were years ago.

**B. The External Environment**

**Competition**

In the smartwatch product market there is a wide variety of competitors. Apple, Pebble, and Samsung are all major competitors that are currently in this market according to an article by Ashleigh Allsopp called “Smartwatch round-up: 26 Apple Watch rivals compared.” (Allsopp 2015) In this article Allsopp discusses some of the threats from competition in this product market.

According to the article, one of the top competitors is Samsung. Samsung has multiple lines of smartwatches in the market. The most impressive smartwatch includes features like a heart-rate scanner, the watch is both dust and waterproof, sleek design, and many other features. (Allsopp 2015) This sounds like Samsung has a very competitive product in the market and will continue to be one of the competitive threats in this market.

Now let’s take a look at Samsung’s strengths and weaknesses as a company. According to a SWOT analysis by Samsung, some of the company’s strengths include strong market position and brand value, the company is constantly working on research and development, and lastly the company has many different regions in which the company works in. (Samsung Electronics 2015) In this market it seems that all of the competitors have a very strong brand presence. Most of the companies that are in this product market are top brands amongst the technological industry. One of the weaknesses, according to the same SWOT analysis, is the dependence on Android. (Samsung Electronics 2015) Android is Samsung’s main producer so the company relies heavily on this product line. Although this is true the Android Brand remains competitive in the market.

Another major competitor in the smartwatch market is Apple. Apple’s launch of their new smartwatch was a major topic of discussing, mainly due to the watches price. The Apple Stainless Steel Sport Band starts at a bolstering $699 according to Apple’s Website. (Apple 2015) With this price the Apple comes with an Ambient light sensor, speaker and microphone, Wi-Fi and Bluetooth capabilities, the watch is water resistant, includes a heart rate sensor, accelerometer, and gyroscope, and most importantly comes with the Apple logo. (Apple 2015)

 The brand name is one of the biggest strengths that Apple products have according to a SWOT Analysis done by Apple. (Apple Inc. 2015) Other strengths include high average prices on the products, significant growth rates, and many other strengths. One weakness included in the SWOT analysis is a high dependence on the iPhone product line. (Apple Inc. 2015) Apple is known for their iPhone and this is one of the products that has made the company what it is today. Apple has consistently been able to promote this product line through their promotions and extremely loyal “brand freaks,” or consumers who only want Apple products.

Pebble is another company that has become a competitive seller of smart watches. This is a company that does not have the advantage of Samsung and Apple with the strong brand name. Although this is true Pebble has had some success in the smart watch market. These smart watches seem to be competitive because they start at $99.99 according the Pebble website. (Pebble 2015) This affordable price seems to be one of the major strengths for this company. Although there is not a SWOT analysis available for this company it seems like the cheap price for a quality product is definitely what this company is targeting. Again, the major weakness for this company is the fact that they do not have a strong brand name compared to Apple and Samsung.

Looking at the competitors in the market it is fair to say that the Sony smartwatch will have some tough competition. The product will need to include many different features while still being a comfortable, quality product. The major strength that Sony brings into this product market is the Sony Brand. Many people are aware of the Sony brand so the smartwatch will have this advantage over the Pebble watch. Along with this advantage Sony doesn’t rely solely on one product line like Apple and Samsung. Due to this reason Sony has a fighting chance in this smartwatch market.

**Economic Growth and Stability**

When researching a market opportunity another major factor that plays into the market is the economic growth and stability. To understand the current economic position that the United States is in we need to look at the unemployment rate, consumer confidence index, and the GDP growth. All of these are major factors when analyzing the economic state of the United States.

The first factor is the unemployment rate. According to the Bureau of Labor in the Labor Force Statistics it is stated that the current unemployment rate is at 5.1%. This is down from 5.7% at the beginning of the year. (Bureau of Labor 2015) What does this mean for Sony smartwatch? This is a positive because more people are in the labor force. With more people in the labor force that means more people have disposable incomes. Having an income will have more people shopping for products that make their life easier. Sony smartwatch is the product that will make these consumer’s lives easier.

The next factor that goes into the economic status is the consumer confidence index. This number takes a look at consumer’s confidence in the current market. According to the Trading Economics analyses of the consumer confidence index the current done by Michigan State University the number came in at 87.2. (Trading Economics 2015) This number is the lowest number in eleven months according to the same analysis. Sony should take a little caution with this number. Since the number is down this means consumers have lost a bit of confidence in the economy. With this being said, Sony is a strong brand in the market so they will be able to survive any fluctuations in the market. Sony should continue to innovate and create products like the smartwatch to remain competitive.

The last factor that goes into the economic analysis of the United States is the GDP growth. We should look at the real GDP growth to get a better understanding of how the market is actually performing. Nominal GDP will give us a number without taking into account inflation. According to data provided by the World Bank on Google’s Public Data Explorer it is shown in the Gross Domestic Product chart that the current real GDP is at 16.77 trillion in 2013. (World Bank 2015) This number is on the rise from previous periods. This is a positive for Sony because it shows that trading is continuing to rise in the United States. This creates an overall healthy economic environment so people will be willing to purchase new products like this smartwatch.

Overall it appears that the economic state of the United States is ready for the launching of the Sony smartwatch. From a solid real GDP and unemployment rate we can see that there is opportunity to grow in this strong economy. There are fluctuations in the economy’s strength but that goes for all economies. The Sony Brand should launch this product confidently in the very successful economy of the United States.

Beyond the United States there is a great potential for wearable devices. According to an article called “Wearables set for explosive growth, study shows,” by Don Reisinger it is stated that “wearable shipments will generate a 78.4 percent compound annual growth rate.” (2014) In this article it talks about a study that was conducted to analyze the market of wearable devices. The same article states that there are three distinct segments in this wearable market. These include complex accessories, smart accessories, and smart wearables. It is stated that the leading segment will be complex accessories like Nike Fuel band and others like it. (Reisinger 2014)

From this we can conclude that we will need to recreate our smart watch to add some of these features but keep the smart wearable as our main segment.

 There is a major opportunity to grow the smart wearables in the United States market, as well as many other countries. From this opportunity we see that Sony can take advantage of this opportunity due to the resources that we have. Compared to other companies like Pebble and others in this market, Sony has many resources available at our disposal. For this reason, we need to take advantage of this ever-growing market and use it as a way to recreate the Sony brand into a main competitor in the technology market.

**Political Trends and Legal Issues**

One of the major legal and political issues revolving around most technology these days is the privacy issue. Privacy is becoming a major topic of debate with the internet and in other areas where people use smart devices. This could be a potential issue for the Sony smartwatch because the company needs to keep in mind that the company needs to protect people’s information that is on the smartwatch. This could range from contact information to bank account information. All of this will have to be protected through the software provided in this product. If there is an issue with this, then there could be a problem with people trusting the Sony smartwatch and more importantly trusting any product sold by Sony.

According to Spiros Simitis in the academic journal called “Privacy- An Endless Debate?” the issue of privacy is discussed. The point is made that privacy may be an endless debate due to constant changes in technology and other factors that go into privacy. (Simitis 2010) The journal also mentions that privacy law can influence compliance costs. Coherence in privacy law results in lower compliance costs. (Simitis 2010) Privacy will continue to be an issue in technological developments including the smartwatch market.

Privacy also feeds into the intellectual property and data detection issues. According to Ben Rossi in his article “Wearable Technology: Will Legal Issues Spoil the Party?” he states that smart watches have raised concerns with high-profile data privacy concerns, including identity theft, profiling, discrimination and stalking. (2015) In these categories governments are concerned that people will be able to access, and take, this information with ease. According to the same article people in the United Kingdom and other areas in the EU that there will need to be clear and concise terms and conditions with these smart watches. (Rossi 2015) With this being said, Rossi says that people are willing to give up this big data information to be more connected with the internet.

There is also a big data factor that plays into these smart watches according to the same article. It is said that this data will need to be clearly outlined for what companies and use and what they cannot use. These guidelines will be one of the main legal concerns and smart devices continue to become more popular in the market. As there are guidelines for internet privacy as well as telephone soliciting guidelines, the next guidelines to be written will be the wearable technology legal restrains.

**Technological Advancement**

In this smartwatch product market there is a number of technological advances in which the market is constantly changing. Mentioned earlier, these smartwatches have a wide range of applications and capabilities that consumers expect in these products. This includes features like a heart rate monitors, social media capabilities, easy usability and many other factors. All of these features are difficult to put into a small piece of technology like a watch, but consumers expect and demand these capabilities.

Another factor that Sony needs to take into account when launching this smartwatch is the way that people will purchase these smart watches. The majority of these watches will be sold online rather than in a brick-and-mortar store. This is another major change in the market today. Many consumers are turning to using websites like Amazon, EBay, or other online purchasing platforms to purchase products. It would still benefit Sony to have a brick-and-mortar store to increase awareness of the product and engage with consumers. Having these brick-and-mortar stores is more about keeping a relationship with the consumers compared to the older way these stores worked where the main goal was to produce sales. Now, these stores provide customer service, show off the newest products, and just create a comfortable environment for the consumer. People still purchase these products at these stores, but it seems the majority of consumers have turned to purchasing their product online.

Social media is another major factor that plays into technological advancements and just this product in general. People will be looking to use this smartwatch for their social media needs. According to a report on Social Networking Use by the PewResearchCenter 76% of online adults use social networking sites. (PewResearchCenter 2015) This is an astonishing number. Over two-thirds of people use social media, so this smartwatch must have social media capabilities along with easy usability when using these applications. According to the same report 72% of these users use Facebook. (PewResearchCenter 2015) This is a relevant detail because the watch can focus on how Facebook works with the watch and provide extra features to ensure satisfaction for consumers when using this application

The technological advancements have a huge impact in this product category. With social media and constant improvements in technology the Sony smartwatch will have to be a device compiled of the newest technology possible. The watch will also need to incorporate the social media factor that many consumers continuously demand. If the Sony watch can capture both of these aspects, the watch will be able to compete with other smartwatch products.

**Sociocultural Trends**

Society has been changing drastically over the lifetime of the Sony Brand. Fortunately for the tech company, society has become more and more reliant on smart devices. This has created great opportunity for the Sony company. Consumers want products that are easy to use and easy to access the internet with. That is one of the major reasons this product will benefit many consumers. With providing this product we are addressing this need of in-hand technology.

With these technological advancements and dependence on the internet, distribution and the supply chain has changed for many products. For products like this, most of the products are bought online and then shipped directly to the consumer’s doorstep. This provides Sony with the opportunity to provide premium packaging to give the consumer a positive feeling when opening their new Sony smartwatch. This creates an entirely different experience for consumers rather than purchasing the product at a brick-and-mortar store. The consumer typically is eagerly waiting a product after they purchase it online. The consumer knows exactly when the product will arrive at the doorstep which creates a need to package these products in a way to enhance the buying experience. With this opportunity Sony can create on overall great buyer’s experience that will minimize buyer’s remorse if done properly.

 Where and how the products are made has recently become an ethical and social responsibility trend. Sony should be aware of this when creating and distributing these products to consumers. If Sony wants to make the product cheap like the Pebble the company may need to outsource the work to countries with different working conditions that are frowned upon. The business positive to this is the company will benefit on the bottom line but the consumers may look at the company in a negative light. The company could instead use this trend to their advantage by producing these watches in a way that sheds positive light on the company. Then Sony can promote this tactic to increase the brand image to consumers. This trend has a major impact on how Sony should position their product and the messages that the company uses when marketing this product.

 Sony should take all of these sociocultural trends into account when launching this product. With taking into account the social responsibility trend of how products are made, the increasing use of smart devices, and the new distribution and supply chain of products Sony’s smartwatch will have a better opportunity to compete in this smartwatch market.

C. **The Customer Environment**

**Who are the firm's current and potential customers?**

In the study of any company’s internal environment, it is important to start by looking at the firm’s current and potential consumer. For Sony, in the past, demographics typically only included tech savvy males but as Sony has grown in size and stature so have they recently started to appeal to a more all-inclusive market. Other important measurements of a consumer market include geographic and psychographic information, as well as intended product usage.

In the market of smartwear technology, over half of these kinds of firms are located here in America or in China. There are, however, 16+ other countries including Taiwan and Japan who have been devoted to developing similar sectors. Hopefully these places have more people with interests and similarities that closer relate to technology. People who are technologically savvy or “tech nerds” and would like to have the leading market products would be Sony’s first group to target as well as those who are into maintaining a healthy lifestyle with assistance from their new smartwear technology. Another group’s psychographics could include those who already typically wear watches but are now intrigued by the new features that a watch can have. Some of the uses for watches like this could be for fitness and activity tracking, personal leisure and everyday use, personal medical use with the assistance of apps, and for the mobile to smartwear connectivity.

**Identify the important individuals/groups in the purchase process for the firm's products:**

When it comes down to the actual purchasing of these smartwatches, it can possibly get interesting. You might not be the one necessarily wearing it but perhaps purchasing for a gift for a friend. Therefore, those going through the actual act of purchase are most likely individuals who are looking to purchase smartwear technology for either themselves or for someone they are close to that they know would use it.

Product users would generally be in their 20’s or older as they would have to be able to use the intricacies of the smart watch. Actual users could include health and fitness junkies who are looking for quality sensor feedback as well as personal medical users who wish to use the smart watches for the sensors related to medical basics as heart rate, blood-oxygen saturation, blood sugar levels, etc.

But who would then be the person to influence this decision? Well, not always a “who,” but a “what,” because there are always going to be review sites out there. They take the newest and latest technology that companies are offering and test them out themselves, then review and demonstrate the product to the public in video form either on YouTube or on their own websites. These players will be a huge part of the influence on who buys what smartwear technology. Having information on what is good and bad coming from someone who appears to have some background knowledge in the area makes it very easy to agree or respond similarly and want to buy a watch . So even though, typically, the financial responsibility will fall on the one who is purchasing the smart watch, in the future, maybe, if younger adults choose to buy smartwear they may put off the bill onto their parents or whoever is buying the product *for* them.

 **What do customers do with the firm's products?**

 In terms of what customers are actually doing with the product, it is important to note that customers are constantly looking for what’s on the edge. Two of the basic benefits included in smartwear technology are Bluetooth Low Energy (BLE), which is used in conjunction with basic Bluetooth features to help the smartwear connect more easily to the user’s smartphone mobile device and standalone GPS that can also allow users to leave their mobile devices behind and still have an idea of where they are with map features accessible from the smart watch. A problem or challenge that customer face daily that it solves…notifications. Imagine not having to pull out your phone whenever it buzzed or beeped or flashed or rang! You would be able to swipe up a text notification you can respond to later and know that you have a call from someone you need to answer instead of calling back. In this way, smart watches are more connected to the desires of today’s tethered society.

Most purchasers of this smartwear technology buy the product and the product alone as opposed to with complementary products. In fact, the wearable technology is more suited to be a complementary product itself. The technology connects to the mobile device that is required to help the smartwear function optimally for total use including the parts of the smart watch that can aid in fitness tracking. In fitness, smart watches are being used to monitor basics like heart rate or as a pedometer when going out for a run. This data should then be able to be synced with one’s smartphone for later use or review.

To finish off what customers may do with a smart watch, think about the aftermath. Years and years down the line, maybe, when the watch is obsolete or damaged, it will be disposed of and it’s necessary to look at its disposal similarly to the way you would discard an old phone. Since these items typically have inaccessible battery parts and other hardware, it would be best for there to be a place to collect old or worn out technology to be handled and disposed of properly. That would be the ethical way to handle the “old” waste.

**Where do customers purchase the firm's products?**

Ultimately, there are two places that people would primarily chose to pick up something such as a smart watch from: store-based retailers and online. First, store-based retailers because companies like Apple and Samsung and many others are coming out with similar products and it would be easy to assume that they would have a handful of options available in their stores. This would be the best the foundation, a store-based retailer, as the crowd they attract are looking for specialized technology and this will be beneficial to have a store front to try on or look at the selection. Secondly, smart watches could also be found online because e-commerce has become such a tool for shopping at home. Now, multiple brands and products can be found online and so there can be a research phase incorporated into the buyer’s behavioral pattern. The customer will be thinking more about which smart watch to buy and then may proceed to easily find one on the Internet to have shipped to their front door.

**When do customers purchase the firm's products?**

Buyer’s purchasing behavior does not heavily rely on many factors besides promotion. Customer’s come in regularly and there are few increases and decreases among demand. Among holidays and at the beginning of the spring when the ground is nice for running and being active there is an increase in the amount of products sold. Also, when a promotional event is able to be run on the product. Something such as, letting the market know that for a limited time only there will be price cuts on all Sony smart watches, or that you can get a rebate back by providing proof of purchase is much more likely to draw out the purchasing crowd. This must be effectively communicated and without error or this could turn off customers to actually buying.

**Why (and how) do customers select the firm's products?**

In the end, many smart watches are of equal caliber based on available features. Here’s what makes differentiates features: the different watch faces the watch can simulate, the basic features it does have, connectivity specifically to certain phones, and types of settings that can change and customize. The thing about Sony is that they have such an established brand and *this* would be one reason that some customers choose to purchase a Sony smart watch as opposed to another’s brands. They have strength in awareness from music to TV to cinema to audio equipment. With so many different brand lines, customers already know the value they will receive from their products before they even buy them. This as well should help put off some of the stress that customers may deal with when deciding which watch to buy. Why buy this company’s smartwear?

**Why do potential customers not purchase the firm's products?**

Ultimately, to sell a product like this you have to reach out the markets that buy watches and the market that buys fun and new technology. The problem here is that there are far “nicer” watches out there made by Armani, Rolex, even Swatches that better serve customers’ desire for something aesthetically pleasing versus an expensive and clunky metal box on a strap. Customers have thrown down a substantial amount of money for such timepieces that look the way they do, grab attention, and can make a social statement. With this clunky wrist gadget, you can’t answer phone calls, you can’t do anything without being connected to your smart phone anyway, so essentially you can’t you can’t do anything *stellar* with it and that’s part of making the sale of smart watches, functionality.

In this case of functionality, pretty much anything you want to do with a smart watch would just be easier to do on your phone in the first place. One reason that people also choose other product is because if you break down a smart watch, many of them have fitness tracking features, which you can buy in the form of a Fit Bit or any other stand-alone fitness band and not only would it be more precise but probably cheaper. The benefit of having separate products, a fitness band and a watch, is that you can take off one and replace it with the other when you are done working out, much less hassle. These reasons are just a few of why non-customers chose other competing products instead.

 Another factor causing consumers to go elsewhere instead of buying a smart watch or other smart wear is that pricing is huge. For example, the Pebble smart watch is roughly $150 which is one of the lower priced models but in general, paying this much for a piece of technology that is more than a watch but significantly less than a smartphone just isn’t worth it. In this way it is obvious that the price tag is unsuitable for current non-customers and does not help entice them to want to own a smart watch. To improve this manufacturers and retailers and anybody who has contact with the distribution and selling of this product really need to work on promotion. With a lack of hype, buzz, or any overall positive media (or media exposure in general), it’s key that customers are aware of the benefits a product like a Sony Smart watch or any other smart technology could bring to them.

Maybe this way, customers will start paying more attention to this new trend. As more smart watches begin to come out and their functionality starts to improve, this could bring out a larger crowd of supporters for the industry.

**IV. SWOT Analysis**

**A. Strength**

**Uniqueness and Differentiating.**

Sony's smartwatch was first released in 2012. Although Sony has currently released up to Smartwatch3, the smartwatch industry is still fairly new in mobile market. The combination of watch and technology itself is very unique and interesting which could attract many customers. (Rettner, 2015) It can be a new remote control for a customer's Android phone that is wearable at any time. Sony's newest version of its Smartwatch3 has adopted the theme, runner's mind, on the product. Wearable devices are different than smartphones or tablets. Therefore, the purpose of smartwatch is to be simple, handy, and comfortable to wear. It is a light weight and active wearable device that can be used during running and runners can listen to music without having to worry about taking the phone with them. (Colon, 2014) The quality and features that supports the theme created the product more attractive.

Creating a unique product will satisfy a customer's need through a specific product (Martin, 2014.) The uniqueness of the smartwatch proves to be its strength as it aids Sony's weak mobile market by adding a new attractive line in the mobile market (Sony Corporation SWOT Analysis, 2015.)

**Upgraded features**

Their newest Smartwatch added new features that boosted the performance from their previous version. Smartwatch 3 contains 420mAH which is its biggest capacity yet. The Smartwatch 3 lasts over 48 hours. The built in GPS also has been improved for better fitness tracking and logging. Smartwatch 3 also started using Android wear. This allows Smartwatch to use hundreds of Androids apps to optimize with the Smartwatch. Battery life is important for all mobile devices. It is still a prominent feature for all mobile manufacturers to work on. Customers will favor Smartwatches with better battery capacity because they no longer need to charge the battery as frequently as they used to. (Rettner, 2015)

Upgrading and adding features thus enables Sony to create customer value. By providing additional features and benefits that may not be available from competitors, customer will not be easily persuaded to switch to competitors or substitute products. The advancing features can revitalize its product and will strengthen its mobile market.

**Diversified product offering**

Sony has been diversifying its strategy with their product. Sony has nine segments and each segment offers a wide range of products. (Sony Corporation SWOT Analysis, 2015) Therefore, Sony connecting the Smartwatch with a wide range of entertainment products can provide advanced services to Sony's current customers. Mobile phones and tablets are the only devices that can currently be connected with Smartwatch.(Kim, 2014) If Sony connects their home entertainment and sound segment such as TV's and audio devices, or gaming products such as play station, it can assist Sony in increasing the demand of its Smartwatches. If users can connect the Smartwatch to a playstation, they can receive notifications when other users are online and track their gaming achievements. This creates a reason for playstation users to purchase a smartwatch.

Sony's diversified strategy would enable them to capitalize on growth in terms of its customer size and trend. Expanding its customer base will tap Sony into the growing global smartwatch market which would increase its revenues long term. (Martin, 2014)

**B. Weakness**

**Limited capabilities**

Capabilities of the new market are quite limited due to the lack of experience. Smartwatch 3 can only operate with USB and Bluetooth technology in order to operate some of its features. This means it needs to stay relatively close to the Smartphone it is connected to. The Sony's smartwatch is $250 which is in mid-range, and although this might be reasonable and affordable for its features, buyers are highly aware of technology and will critically compare the value of Smartwatches and what it offers. (Rettner, 2015) For example, Apple's smartwatch offers wireless charging features while Sony's smartwatch needs to be charged through a wire. Therefore, customers may demand lower prices due to lesser features.

Such limited capabilities will not satisfy a customer. This means a reduction in demand and willingness to pay, which can deprive the revenue.

**Bug reports and work inefficient**

Although the Smartwatch 3 has been improved amazingly since the first version, many bugs were reported. One of the main problems customers found was the battery drain. One user has reported that "A 15 minute walk generally took about 5 percentage points off." (Sony Smartwatch 3 Review, 2014) Battery was a feature that made Smartwatch 3 more desirable. However, the built in GPS is one of the culprits of draining the battery and bugs this like makes product unlikely to appeal to the future customer.

Bugs and inefficiency not only decrease the product's image and customer satisfaction, but also dilutes the brand image and brand loyalty they have created.

**C. Opportunities**

**Constant development of new services and technology**

The numbers of smartwatch app developers are growing exponentially. The number of developers is still relatively small compared to Smartphone app developers, but there are 20,000 smartwatch app developers in the world currently. Hundreds of scientific institutions are experimenting with Smartwatch technologies. The constant improvements in technology will mean having to keep up with the constant innovation and find solution for tomorrow's Smartwatch industry.(Overview of the Smartwatch Industry) Therefore, constant development of new services and technology will assist in broadening the customer base and use to enhance Sony's overall market image.

**Rapid growth in wearable device**

The wearable device market recorded the eighth consecutive quarter and maintaining its upward trajectory. The Fitbit and Xiaomi, fitness tracker watch, are two leader for the market helping to propel the market. International Data Corporation (IDC) estimated that 72.1 million wearable devices will be shipped by 2015 and Jitesh Ubrani, senior research analyst assume that smart wearable will take the lead in 2016 (Llamas, 2015.) Apple launched smartwatch in early 2015. Therefore, the total demand of wearable technology has grown exponentially. Apple also indicated changes in their upcoming smartwatch. This will open more opportunities to Sony, all vendors, app developers, and accessory makers. Smartwear industry is evolving and key technology market expected to dominate in future.

**D. Threats**

**Intense competition**

Sony's Smartwatch competes with the two giant and top companies: Samsung and Apple. These two companies are currently holding the lead in the smartwatch market and other mobile device categories such as Smartphones and tablets. To compete with top companies, expertise in technology will be highly required. Therefore, group needs to increase in investment to stay competitive with competitors. The Sony smartwatch can only connect to an Android phone, which does not dominate the current mobile market. Therefore, the popularity of a favored brand of Smartphone could affect the sales of Sony's smartwatch.

 The intense competition could increase Sony's investment spending which can impact Sony's profit margin. The company needs to build a better and stronger business in order to compete with Samsung and Apple.

**Substitute product**

Many companies are focusing on R&D (research and development) activities to extend existing product or to introduce new products. Focusing on R&D could improve the smartwatch or totally jeopardize the smartwatch market by introducing a substitute product. There are many wearable devices such as smart glasses or smart trackers. A watch is an accessory that can be highly affected by the customer's change in taste. As fashion trends change, smartwatches can become outdated in the future.

With a substitute product Sony can face a threat of loss in sales due to customers switching to other products. Firms can prevent this by starting to identify consumers who are likely to move to a substitute product. Sony should also create value and brand loyalty by focusing on customer service, product quality, and innovations. (Martin, 2014)

**E. The SWOT Matrix**

|  |  |
| --- | --- |
| Strengths:• Uniqueness and Differentiating• Upgraded features• Diversified product offering | Opportunities:• Constant development of new services and technology• Rapid growth in wearable device |
| Weaknesses:• Limited capabilities• Bug reports and work inefficient  | Threats:• Intense competition• Substitute product  |

**F. Developing Competitive Advantages**

**.**

Although, the overall size of the smartwatch industry has been growing, Sony's smart watches have become stagnant. Sony was ahead of its competitors in releasing a smartwatch with a first-mover advantage, but Apple and Samsung are currently taking the lead in the industry. Sony's first smartwatch was released as an accessory for smartphones and yet failed to gain traction with the Smartwatch. Although Sony has failed to maintain the lead position, there are several ways for Sony to stay competitive in this intense industry and increase awareness of Sony's smartwatch product. One of Sony's opportunities lies in the fact that smartwatch software and application developers are growing exponentially and largely investing in scientific institutions for smartwatch technologies. With Sony's diversified product line, Sony can create a huge competitive advantage by connecting and bundling the smartwatch to Sony's everyday activity items such as television, laptop, smartphone, etc.

One of the threats for Sony is intensive competition. Samsung and Apple are now leading the smartwatch market. They are not only leading the sales in smartwatches, but all smartphone and tablet markets that are closely related to it. Although Sony has a relatively small market share compared to the two companies, this can be seen as an opportunity for Sony. Since apple introduced its new smartwatch, the iWatch, the size of the market has grown significantly. Apple not only opened a new device line for their company, but also has helped all other smartwatch companies to position itself in a bigger industry and has expanded the size of the customer base.

**G.** **Developing a Strategic Focus**

The market strategic focus plan we will use is turnaround, reducing our weaknesses so that we can fully utilize our opportunities. Sony Company is well known to have quite a variation of skills with products that span many different markets. Because of this, constant development of new services and technology is an opportunity that we believe Sony can capitalize on. Also, with wearable technology becoming more and more accessible and mainstream, Sony believes that there is a large market opening up that Sony can apply its skills to in order to reach out and grab some of that new market share. These opportunities, though, are being hindered by some of Sony’s weaknesses which include limited capabilities and bug reports, also, slight work inefficiency. The bug reports can be overcome to make sure our processes and resulting products run well. By fixing these bugs, in turn, work efficiency should go up due to running and working with a cleaner system. To deal with our limited capabilities, we are looking into where best to direct ourselves and then implementing whatever is necessary to complete those goals. In this way, troubleshooting our weaknesses will help us to turnaround and work better at meeting our opportunities.

**V. Marketing Goals and Objectives**

Our overall objective in marketing for Sony is to stay competitive with industry leaders in the smartwatch category. By designing, producing, and implementing a new and improved smartwatch, we feel that we can become a major competitor in the technology world. Smartwatches have been a hot-topic of discussion in the technology world so we feel that by creating a product that is enjoyable and durable for users, Sony will be one of the leaders of the tech industry.

To remain competitive in the industry we need to upgrade our current smartwatch to compete with industry leaders like Pebble and Apple. To do this, we plan on upgrading applications and features to enhance the user experience. This is one of our objectives for the upcoming generation of smartwatches. We plan on increasing the amount of features the current smartwatch has by introducing three new and innovative applications and features.

By upgrading the current features of the smartwatch in the market, we want to create a smartwatch that is similar, if not better, than the upcoming Pebble and Apple smartwatches. As a team we are using the second-mover advantage because we have had the chance to see what the competitors smartwatches have in their features. From this, we have also seen the consumer’s reactions to these smartwatches and what consumers would like to see. As our team researched some of the reviews of the Pebble and Apple smartwatch, we saw where we could improve our product. One review on Amazon’s site from a consumer states, “battery life is horrible, always worried the battery is going to die.” (Ezland 2015) This points out one of the features we will enhance on our next generation smartwatch

Through looking deeper into the reviews there are also trends on some of the other Apple smartwatch features as well. According to the username J.F. Alvarado, a verified purchaser, he complains that the pulse reader doesn’t even work very well and this is one of the reasons this consumer bought it. (2015) Our group felt that this is another aspect that Sony smartwatch could address and improve on in order to improve customer satisfaction. We will mirror pulse readers that are used strictly as pulse readers, and then incorporate that technology into our smartwatch. This will result in a higher quality, and overall a higher customer satisfaction.

The last problem that we saw a trend with while reviewing online reviews from Amazon’s website was the problem with the comfort of the bands. According to Erica Jacabson, another verified purchaser, he writes the Pebble smartwatch will “regularly pinch the skin on my wrist and will likely mold if I try wearing it while working out.” (2015) This can be a major problem because if the product is not comfortable, then no one will ever wear or use the product. We felt that this was a big enough issue to do research and development on and create a band that is not only comfortable for the consumer, but also able to be used when working out.

These three issues cover the first objective for our Sony goals of the new smartwatch. By improving the comfort of the band, increasing the battery life, and giving consumers a pulse reader that actually works we can provide our customer base with a better product. By providing a quality product we can then create a better overall brand name for Sony products. We plan on doing this before the next generation of smartwatches, which will most likely be at the closing of next summer. This was around when Apple launched their new smartwatch and it was successful. This will also give us enough time to research, develop, and distribute this new generation of smartwatches.

 Our next objective will be to improve our overall satisfaction by 2 points out of a 10 point scale. We will test this by first taking a survey for the current smartwatch that we have. Then we will survey consumers on the next generation smartwatch with the features previously mentioned, and also troubleshooting the system to increase system speed and bugs. We found through our research that the speed and bugs in the system of our product were problems with our past generation of the Sony smartwatch. We are confident that with these system updates, as well as the feature updates, we will improve our customer satisfaction.

Specifically, we plan on creating a better operating system for this unit. We will create a fast, user-friendly software that we will test for bugs and inefficiencies. By troubleshooting this software we believe we can find any bugs and issues before we place the product into the market. As we mentioned, our last product had bugs and inefficiencies in the software after we put it out into the marketplace. In result, we lost consumer confidence in the product and our brand. To avoid this in the launch of the next generation, we will test again and again to make sure the operating system and all of our features are functional.

Again, our timeline for these improvements will rollout in the next generation of smartwatches. This will be around the end of the summer of 2016. From improving the operating system we want to increase our overall customer satisfaction by two points in our survey system with a scale of ten. We feel that this second objective will be accomplished by the launch of the next generation of smartwatches.

To sum up our objectives, we want to overall remain competitive with the top competitors like Apple and Pebble. In order to do this we have created the objectives to improve the features of our product. By doing this it will create a better product for our customer base. The second objective is to improve our customer satisfaction. Through the upgraded features, and also improving the software system, we will have a better product following the summer of 2016. By improving this product, we will ultimately create a better customer satisfaction of our products which will result in a better brand name.

**VI. Marketing Strategies**

**A. Primary Target Market and Marketing Mix**

Sony’s primary target market is the 35-45 year old age group, including both males and females who consider themselves active either by running, going to the gym, or doing some kind of labor intensive exercise. They may seek to stay in shape for health reasons or for personal reasons but overall are dedicated to a healthy and active lifestyle.

Geographically, Sony is not limited to where these watches will be sold. There are companies setting up shop to make similar technology all over the world which leads us to believe that geographically, hypothetically, our market could be international.

Typically those who are purchasing our smart watches are also technologically savvy or “tech geeks,” if you will. They are interested by what’s new and cutting edge about technology and cannot wait to have it themselves. Another group’s psychographics could include those who already typically wear watches but are now intrigued by the new features that a watch can have.

Some of the basic needs that our smart watch must encompass is a GPS or Global Positioning System that uses satellite triangulation to pinpoint a user’s exact geographical point on a map. Having this feature allows for navigational tools to be given through the smart watch. Another basic need is for the watch straps to be comfortable and not cause pain or discomfort upon wearing. The watch itself should be user friendly with a large color display and a system built for easily maneuvering around the features and the overall functionality of the watch. Users also want the watch to have great applications to use along with easy connectivity to the user’s mobile phone device through wireless communication, here we would use Bluetooth Low Energy (BLE) technology.

As with any large purchase, there is a great deal of research that is to be taken into account in order to reduce purchase anxiety. Lots and lots of information must be looked over and read into from multiple credible sources for a solid decision to be made by the purchaser. We believe our future users are most likely to have heard about our product, done research online, and then will go to a physical store to pick out and purchase their smart wear tech.

As restated, consumption of the product will occur mostly at the physical store locations or wherever Sony products are sold. Smart wear technology are the kinds of products you would want to buy at a store because they are such a large purchase and the user is most likely to have decided which one they want and they are going to want it sooner rather than later. Later on, though, when the watch dies or stops working, most people will try to just throw the gadget away. We are aware that the best way to dispose of the watches is by collecting them and disposing of them to a waste management facility where the watches and parts may be handled and disposed of properly and ethically instead of just in the trash.

**B. Product**

The Sony smart watch has many different features and benefits that make this certain smart watch a propitious item to buy. By offering all the features this smart watch currently has and then offering the new features for the next generation, this smart watch is a game changer in the smart watch industry. The first major feature and benefit for this smart watch is that it is compatible with Android. We used a graph early on in the paper in the internal environment section that talked about how many people in the world uses different operating systems for their phones. This year in the second quarter, it is documented that 82.8% of smartphone users have Android as their current operating systems. It is worthy to also mention that in 2nd place behind Android is that of iOS, with a 13.9% of the market share for smartphone users. This is a major benefit for Sony and the smart watch because we have many more people behind the Android system and thus could be a possibility for larger sales in this category. With this ability to be compatible with Android, our smart watch can connect to your phone and be able to receive messages, email, and also have applications like Facebook and Twitter on your watch. We will give more details about those features further on in this section, but for now let’s talk about the watch itself.

The watch itself has a 1.6” display or about 41 millimeters with a new 350 x 350 pixels to fill up the watch. The weight of the unit is 46 grams. Like we said before, this smart watch is compatible with Android but the Android has to be updated to a 4.3 or later version to be able to be compatible with your phone. This version of a 4.3 or later for Android will let your watch sync up with your Android powered smartphone. Another major benefit this smart watch has is that it is water protected. We have seen many times your phone has been wet and it not working well after that, but with a water protectant on our watch, it is a major benefit to keep your watch protected. Moving over to our battery usage, we felt that last year’s model didn’t perform as well as we had liked it to so we are upping our battery to a higher performing one so that the battery can last longer for our users. This is one of the new features we are adding to our smart watch to improve the watch overall. With this watch you will be able to touch the screen to control the watch to switch in-between applications and also navigate through the watch. The watch also has microphone installed into it for certain activations. Also, our Sony watch has Wi-Fi connected into the watch so there is no need to connect to any other devices. The device also has a Bluetooth connected inside our watch for pairings to devices. Our last model had 5 different band colors that are sold separately. We will continue to offer 5 different colors but our bands from the last model were not up to standards with our customers. Our new bands will not be uncomfortable and be able to be used while working out.

Onto some of the other key features that make our Sony smart watch one to buy in the coming year. With a microphone installed into our watch, individuals can call for voice commands to be able to search for various things that your smart watch then analyzes and provides. The voice command alone is a part in being a competitor to other smart watches in the industry. By having a strong voice command search that understands what you are saying 100% of the time, it makes purchasers happy and not stressed when the correct information pops up on the screen. There are various applications that you can download onto your smart watch like Facebook and Twitter and also weather apps. Instead of having to dig in your pants or your purse, your smart watch can give you a notification at a glance to give you an update on a notification from your Facebook or Twitter app. It is a lot easier to look at your wrist than to pull out your phone sometimes, so offering notifications that allows you to look at your messages or emails quickly is a major positive in our evolution of our smart watch. Just like your phone has notifications to remind you of certain events to attend our meetings going on the next day, our watch will be able to remind our consumers as well. Commuting and GPS has become an integral part of getting around nowadays and what better way of having a commuting app on your watch to help get you around. Our consumers will be able to use the Google Maps app to help find your way around the area to your destination. These features are utilizing the place utility in the fact that they are available when the customers want them. If the customer wants to be able to look at a message, then that customer can do so right then and there without having to wait for an additional amount of time. The features are available 24/7 and that is what makes our product utilize the time utility to its advantage.

Another key feature we have for our product that can compete with any other smart watch is our ability to track fitness. Fitness apps and the ability to store your credentials in your phone has become a huge mechanism in the advancement of phones. The same thing has come true for smart watches. Consumers want a smart watch that can track your fitness, like the distance you run and the time you ran that. The use of our GPS in our product allows consumers to be able to record just that. Something we would like to improve into our smart watches is the use of a pulse reader. This feature will track your heart rate and will be a excellent addition into the fitness world of our watch. By utilizing all these features and benefits and also adding some other benefits, we need a great operating system behind the watch to help run our smart watch smoothly. By adding an operating system that will help all the applications run smoothly, this will then improve customer satisfaction and thus, not create extra problems for consumers. To be able to have a great operating system, we will test our system time and time again to be able to gain full trust to then be able to sell our product. Once our product is out to buy in the next year we will run updates to our software updates to make sure everything's running smoothly and no bugs are in our system.

By adding these new features and improving customer satisfaction with our features and operating system, we will be able to maintain competitiveness with other companies such as Pebble and Apple. With the new features, it will involve the form utility to come to life that set us apart from competitors. Also, with the ability to download applications onto your watch and the ability to acquire them makes the possession utility useful. Of course, with the use of our product and the ability to “upgrade” our product, the psychological utility portion comes into play for our consumers. We want our consumers to feel powered and privileged to be able to use our product and have a sense of a positive experience. We want our consumers excited to use our product and be able to show it off because of how much our consumers enjoy it. We also want our competitors consumers to expect the best from our product. Not even from our smart watch we have out now, but the watch we will prevail next year, we want the other smart watch consumers who do not buy our product have a reaction like “wow that is an awesome looking watch.” We want Apple’s smart watch users to come over to our product and try our product out. From our perspective, if we can get the competitors consumers to come and buy our product, that is a positive for us at Sony. By utilizing the comparison level for alternatives we can expect customer loyalty. We at Sony are not looking for customer satisfaction, but customer loyalty to keep coming back and buying our product.

When it comes to our product and the packaging, this is the first chance for the consumer to see our product in real life. The packaging is an important piece to the first experience the consumer has about our product. We want our packaging to be simple when looking at it. The packaging will be a white box with our brand name “SONY” at the top of it, and just under it will be the smart watch name, “SmartWatch 4.” Under that name will be a picture of the watch at an angle to see both the face of the watch and the band. This is simple, yet provides everything the consumer needs to get that first initial positive reaction.

C. **Promotion**

To get our product out in the open and create a positive effect for our consumers, we need to create something that captures the attention, interest, desire, and action of the consumer. By knowing our target market, we can capture the attention of the consumers and promote our product to attract the attention of these potential customers. By integrating our features and benefits into our promotional strategy, the interest into buying our product increases dramatically. With the utilization of our new features and benefits, this sparks the desire in our consumers to satisfy their needs. By utilizing the three aspects above, this then will hopefully help the customer take action to buy our product.

 We would like to use advertisements such as Television commercials, magazine placements for our product, as well as Internet ads too. Something else that goes along with Internet ads will be the use of our product on our website. With our new product rolling out next year, the chance to be able to feature our product on our website will be a positive for consumers who want to look at all the features and specs and benefits one can get by purchasing our product. Another form of promotion we would like to utilize is the use of billboards. With newspapers, magazines, and radio struggling to gain positive attention from consumers, we decided to just go with the move to put some ads in select magazines. We do not want to just do away with these struggling advertisement outlets, but we also do not want to spend a great deal of money to put advertisements into an outlet that will not do us much justice in getting the word out. Another type of promotion that would be beneficial for our company and our product are in-store displays of our product. This will have an opportunity for consumers to come into our stores and try out the device themselves and get a tangible aspect of the product.

 We want our advertisements to show off our product and also show off the features and especially the new additional features we have incorporated into the new smart watch that sets it apart from the previous models. One promotion we will be showing off is a commercial that describes all these new features as well as some benefits that are still going to be incorporated from the previous model. This commercial will be aired before the launch of our new model next year, by about three to four weeks in advance of the unveiling. This type of early advertising will hopefully cause people to start talking about our product in anticipation of the product arrival. The use of television presents two extraordinary opportunities to advertisers. First, the diversity of communication possibilities allows for outstanding creative expression of a brand’s value (Advertising & IBP, 2015). Dramatic color, sweeping action, and spectacular sound effects can cast a brand in an exciting and unique light, especially in an era of widescreen and high-definition TV (Advertising & IBP, 2015). Second, once this expressive presentation of a brand is prepared, it can be disseminated to millions of consumers through multiple channels – broadcast, cable, satellite, and interactive means – often at a fraction of a penny per contact despite a relatively higher upfront investment (Advertising & IBP, 2015). With commercials, we are able to make it how we want it and add different colors or add a visual piece that viewers can grasp and hold onto. We can also say we want in it in a short amount of time. This type of advertising can be seen by millions of people and also can be seen multiple times. This helps our product get the word out and hopefully get people talking about our smart watch in a positive way. With TV, we are doing a better job at selecting our audience in that we can choose which networks show our commercials. With people loving to watch TV, we are not very susceptible to watch commercials. People think commercials are intrusive and thus causing poor audience attention when these commercials come on. Television is not going away, so the amount of positives outweighs the negatives and offers us a great platform to show off our product.

 Another form of promotion we will be looking into will be through the use of magazines. Although magazines have been struggling in the past years through the use of changing media outlets we would still like to be able to promote our product through this medium. There are still plenty of magazines out there that people still read like *Car and Driver, People, Sports Illustrated* and others. We would like to put our product in magazines like Popular Science, *GQ*, and *Fashion* magazine. This outlet helps narrow down to our target market so we don’t waste money advertising. Some advantages of using magazine’s as a source of promotion is the audience selectivity like I mentioned before. The key advantage of magazines relative to other media is their ability to target a highly selective audience (Advertising & IBP, 2015). With this audience selectivity offers the incentive of audience interest. People buy these magazines because they are attracted to the content that is put out in these magazines. Like television, although there is not a voice we can listen to, magazines can use color, size, and interests to convey the reader’s attention. Those are some the positives, yet some of the negatives are worth noting in going forward with this type of promotion. Negatives include limited reach and frequency and also clutter. Since magazines offer audience selectivity so narrowly, the less reach it offers to the consumers overall. Also the cost of putting ads in magazines is more expensive than most newspaper space and many times the cost per contact in the broadcast media (Advertising & IBP, 2015). Again, the positives outweigh the negatives here and we think that offering some type of promotion in this medium will pay off for our product.

 With the advancement of the Web and smartphones and tablet, and now smart watches, there is new evolution of ways to promote your product. We are seeing a common trend of being able to see products when we scroll through our Facebook feeds or even having to watch an advertisement before we watch a YouTube video. Also, on our smartphones and tablets when we are playing games, advertisements will appear out of nowhere. Although these certain things might seem annoying to us like commercials on TV, they still have a useful in that consumers remember these things. The Web, tablets, smartphones, and now smart watches aren’t going anywhere anytime soon and are only going to get more prevalent in the future, so advertising our product through these mediums is constructive to get out product out in the open.

 Another form of promotion we would like to use in the use of billboards. We still see billboards almost everyday in our life whether we are going through town or traveling down the road on the interstate. We usually always glance over to see what is on these billboards and possibly talk about it with other people in the car. With our billboard we want to have a big picture of the watch itself and also the new features with some benefits that come along with the new version of our smart watch. Just like through TV, the Web, and magazine, we want our advertising campaign to have basically the same type of look.

 Another form of promotion that we thought about doing is setting up a type of event at a Sony PlayStation event. There are many people behind the PlayStation scene and many people travel to go to these events that host live competitions, etc. We thought it would be a good idea to bring our smart watches to these events that consumers play a huge part in and enjoy the company Sony overall. There are numerous amounts of people that attend these events that are loyal to PlayStation and Sony, so bringing our smart watch to this event is a no brainer for us. We also thought of having a store that shows all different types of our products including our smart watches so consumers can have a tangible feel to our product. This store will be interactive and have employees on hand to answer any questions a consumer might have about Sony products and our new Sony smart watch.

 We think that these different mediums of advertising will help in the overall contribution of spreading a positive approach of our new unveiling of the Sony smart watch. With the use of these mediums and offering the same type of format throughout these mediums, we think that it will be easier for consumers to remember our product and also take away the most important aspects about our product. We plan to budget our advertising around $600 million throughout the world (or $150 million in the United States) to offer the optimal amount of coverage before and after the unveiling of our smart watch.

**VII. Marketing Implementation**

**A. Structural Issues**

One of the Sony's problems is their organizational structure. Sony is large and decentralized company with divisions and groups that are usually independent. Sony's structure is effective for innovations because each group can have individual experiments and pursue its own ideas with only few organization approvals. Innovation is important for Sony but this might be a reason why Sony is losing its leading position and become a follower in many areas. Sony's organization structure failure can be found in flat-screen television, tablet, and portable digital music players divisions. Sony's efforts in portable music player were ineffective because "two different divisions developed and marketed them in parallel (Greve, 2012)" Sony also had four for tablet development which lead them to get lost in the process (Greve, 2012.)

Sony's will use the consensus approach to implementing the market so organization comes together as a team from the start to the end. Managers from different divisions will work as a team to brainstorm and develop the marketing strategy. Although it may take more time, If Sony go through the collective decision making process, it will help Sony from being uncertain and unstable in smartwatch market. Sony's all managers at any levels will communicate openly about the strategy and product development.

The customer satisfaction can be increased by providing that Sony is an overall practices good ethics and provide great customer services. The training employee is an integral part of the strategy because it helps company to grow profit. Sony's smartwatch will be sold in stores; therefore, employee training is priority in sales. Employees need to learn how to do their jobs, operate equipment, software, and system within the department. Employees training should be conducted every time when software updates or introduce new features. Therefore, employees are fully trained to sell the product. The motivation is also important part that influences employee's performances. It will help employees to achieve individual and organizational goal.

**B. Tactical Marketing Activities and Sequence**

*Product Activities*

In order to execute our objectives, we plan to roll out a wide-variety of marketing activities to promote the upgraded Sony smart watch. These include product activities and IMC activities across multiple platforms of promotion. Through these promotions we are trying to promote the upgraded watch along with the Sony brand.

Our first tactical marketing activity will be creating a better product for our consumers. To do this we will address the issues with our current smart watch that were previously mentioned. This includes improving battery life, creating a functional pulse reader, improving the band for our consumers, and lastly upgrading our software for the smart watch. By improving these areas, we hope that it will gain an excellent reputation with consumers and the market will look at Sony as a competitive brand.

For the first product activity of improving the battery life, we are going to create a smart watch that exceeds the current market of smart watches. The battery life will be increased by about 15% on our watch which should position the Sony smart watch over other brands. Through reading reviews, it was clear that this was a major factor when people made their purchasing decision on smart watches. By increasing this battery life, it will increase our customer satisfaction and achieve our objective of creating a higher customer satisfaction.

The next product activity that we will activate will be creating a pulse reader that is great quality for our consumers. There are many pulse readers out there that we can imitate and recreate to fit with our smart watch. Using the second-mover advantage we can look into an efficient way to produce these pulse readers and then put them in our smart watches. This category for the product seemed to be another factor when looking at people who frequently work out. Since this addresses people in our target market, we felt it was the perfect feature to improve.

Moving on to improving the band on the product, we felt that this was necessary in improving customer satisfaction. No one wants to wear an uncomfortable watch, no matter how slick or convenient it may be. Creating a comfortable band for our consumers to use will result in people wearing them more often, and ultimately make the overall experience better for these consumers. From this improved customer satisfaction, we will address our overall objectives and improve the Sony brand.

The last product activity that we plan to include in this implementation is to improve our software of the product. This includes compatibility and addressing any bugs that may cause a worse usability experience. Improving the compatibility will allow these watches to work with virtually any type of smartphone that is in the market. This allows us to expand our total market, so we can have a better chance at creating a product that consumers will enjoy. By addressing any bugs, this will increase the overall customer experience. Nothing is more frustrating than having bugs or software issues with a product that the consumer purchases fresh off of the shelf. From finding these bugs before we roll out this product, we will be able to increase the overall satisfaction.

By improving these carefully selected features, we can improve our customer satisfaction. We believe that these features are important to our target market and by addressing them we can gain customer loyalty and positive word-of-mouth from these consumers. By creating both of these for the Sony brand we can remake the Sony brand as one of the leading competitors in the market.

*Pricing Activities*

 To promote this product in the pricing activities section we plan on having multiple tactics in the area to remain competitive. These tactics include bundles and competitive pricing to keep up with our competition. Through our pricing we seek to increase the value perceived by consumers which results in a better perceived brand name.

Our first tactic of providing bundles creates an opportunity for us to put multiple Sony products into the hands of consumers. Having multiple products by one consumer creates more word-of-mouth around the brand rather than the product. From creating this word-of-mouth there is a higher chance that it will be positive. The positive word-of-mouth will create more Sony customers which will create a better brand name.

The bundle packages will include other Sony products like headphones, tablets, and any other product that makes sense to package together. The products included in the bundles will have to be varied depending on the market and the prices Sony can put these packages together. The details of the bundles will be detailed during the launching of the product, but at this point we know it will be a possibility in the pricing activities of this new product.

The other factor in pricing, competitive pricing, will keep our product at an affordable price while providing a high value for our consumers. Looking at other reviews for the Apple Smartwatch it was clear that many consumers thought this was and is an overpriced item. With the new and improved Sony smartwatch we will provide the same value in our product with a much lower cost. Providing a low cost product with the great features that we plan to provide, we will gain customer satisfaction and people we begin to trust the Sony brand again.

Specifically, this price will fall between $100-$175 range. This will be further determined when we learn more about the specifics of the cost of each unit. Through research and development, we will be able to create an exact price once we figure out how much each upgrade will cost overall. The pricing of this product will remain low for the customer, even if we earn a small profit margin on this product. We will keep it low because the goal for this product is to regain the trust of consumers in the market for the Sony brand.

The pricing activities for this product will keep the Sony brand top of mind when it comes to new technology products in the market. By bundling and providing cheap prices with a valuable product we will continue to work on remaining competitive in the market.

*Distribution Activities*

Luckily, Sony has a strong distribution channel already. Due to the fact that Sony has been in the market for a long time, distribution will be one of the few worries with the launching of the new Sony smartwatch. Sony products can be found in stores across the world and in many different store chains including Walmart, Best Buy, and many others

*IMC Activities*

As it was previously mentioned, we plan on using a variety of promotion to get the word out about this new product. These promotions will include television, internet ads, magazine ads, events, and even store displays. The main goal is to keep a single communication across all of these platforms. The message will revolve around something similar to “Sony is Back.” This messaging will communicate to consumers that Sony is back in the market and we plan to remain competitive.

The first factor of the IMC activities will be television ads. We will promote the new brand of the smart watch and show the upgraded features. In these commercials we will promote the brand and mention the product as our first step in the upgraded Sony brand. In our presentation we will provide an example of what one of these commercials may look like.

The next IMC activity that we plan on using in the launch of this product is internet ads. This includes promoted Facebook posts, promoted Tweets, Google Ads, and banner ads. This imagery and message will remain consistent with the commercial messaging and imagery. Our goal will be to have all of the promotions to look similar so consumers will be able to tell that they are all for the same campaign and brand. By using this tactic, we will be able to reach consumers when they are watching television and when they are using their smart devices. Both of these activities are behaviors that our target market will include.

Magazine ads will be another promotion tool that we will use in the launching of the product. We will seek out magazines that reach our target market when using these ads. For these ads we will purchase ads that are in both the physical and digital editions of these magazines. By purchasing both, we will be able to reach any consumer who is using a tablet or smartphone to read their magazines. We will seek ads in fashion magazines, business magazines, and other magazines that fall into the smart watch target audience.

Store displays will be a small factor in promotion but it will contribute a lot to the overall perception of the Sony brand. We will create display areas similar to Apple’s displays in stores. These are large sections of the technology department of stores that are strictly for Apple products. These areas feature a large logo sign with a slick looking display. They can be found in many different technology stores. With our Sony smartwatch, we plan on doing something similar in all of these stores. We will have the new smart watch be the main attraction, with other supplemental products to show off the entire Sony brand. This promotion in stores will show consumers that Sony is serious about rebuilding the brand name. The symbol of this rebuilding will be the smart watch that our group has redeveloped through this project.

The event aspect will be the largest promotion tool that ties all of the other IMC activities into one. To promote this event, we will use all IMC activities mentioned above along with local promotions through radio, billboards, and newspapers. At these events we will promote the smartwatch and create buzz around the newly developed product. Not only will there be events specifically for the smartwatch, but we will also promote the product at PlayStation events as well. At these events we will offer free smartwatches and other great prizes so we can draw a large crowd. From these promotions our overall goal will be to get word-of-mouth and consumer awareness of the new launching of our product.

The timing of these promotions will be important. Since we plan to launch the product at the end of the summer of 2016, we will begin promoting about a month before the launch. If we promote the product a month before we will build some suspense on the product and people will be well aware of the launch. The promotion will run for a three-month span to create the best opportunity to get the word out there about the new smartwatch as well as the newly built Sony brand. In conclusion, these promotions will work together to create a strong product expectation. Then when consumers purchase the product, we will be able to back these high expectations with a low priced, valuable product.

**VIII. Evaluation and Control**

We talked about our goals and objectives for our marketing strategy for our smart watch. With the introduction to our new features and applications to increase customer satisfaction, we can then look and assess our performance before and after our execution of our marketing plan.

 Some of the main aspects we hope to improve after the launch of our new product, we hope to see our dollar sales, sales volume compared to last model, and market share of the smart watch industry. Another aspect to look at is maybe the most important that will help the other aspects is customer satisfaction which will then help with customer retention to further smart watches through the coming years. If customer satisfaction can improve with our product then we can expect to see our sales volume and dollar sales to increase largely in part of our new product that satisfies customers. Smart watches is a new entity in this world that has a lot of hype and could thus be a major beneficiary that consumers to use in the future. With the early outlook on smart watches, we have a few models out in the open already but with technology coming and going, it is important to be able to innovate our smart watch each year or every couple of years. The last model of Sony’s smart watch came out last year, so a new “upgraded” version of the watch will be unveiled next year with expectations that it well perform well.

 We have introduced a smart watch that has upgraded features from the last model that we predict will perform significantly. All of our upgrades are due to the fact of poor customer reviews from the last model, so with that said, we are offering an upgraded model that customers thought were the negatives of our product. Some of the things we upgraded in our new watch are first, a new battery that can be used longer than the last model. We also improved the band of the watch because consumers thought that our band was uncomfortable to wear. We can have an awesome “watch” portion with a display but if it is not comfortable to wear then there is no point of even wearing it in the first place. We want our customers to feel like nothing is on their wrist and it to be very comfortable on their wrist. Another objective we changed is the pulse reader in our product. It didn’t work like it should have in the last model, so with a revamped pulse reader in the new model, customers shouldn’t have many, if any complaints in our new smart watch. This day in age is very conscious of fitness and with our pulse reader reading accurately, it helps us in that area of fitness to having the best watch with fitness aspects. Also, we have seen customers complain about software. With the introduction of a new operating system and upgrades throughout the year, we hope to be able to stop any bugs from entering our unit and causing any malfunction in our product.

 With the use of different areas of promotion for our product we plan on our promotion to increase brand awareness and recognition of our smart watch industry here at Sony. With the different mediums we are putting our advertisements on, we expect to see consumers view our product a numerous amount of time before our product is unveiled and also after our product is out in the market. We have come up with different ways to promote our product like using TVs (commercials), advertisements on the Web, tablets, smartphones, and now with smart watches. We also are going to promote our product through the use of billboards and creating a store to offer a tangible aspect for our customers. And lastly, we are going to offer our product at events, such as the PlayStation network event where they hold competition, etc.

 With the use of promotion and also unveiling new benefits and features to our new Sony smart watch, we expect our performance to outweigh what we have experienced in the past. We think that we have learned from our mistakes and have seen what makes customers happy. It is an ongoing trial that will extend from now, to after we deliver our product, and to the next generation of smart watches to constantly evolve and constantly understand what our customer want.

**IX. Financial projections**

According to international data corporation, 33.1 million smartwatches will be sold by 2015, and the expected growth of the smartwatch market is 26% each year (Llamas, 2015.) Therefore, we expect 41.7 million (33.1 million x.26= 41.7 million) prospected buyers for Smartwatches. The average number of smartwatches consumed per person is one smartwatch, and average price of smartwatches are about $150. Therefore, market potential for smartwatch 4 is estimated to $6,255,900,000 (41.7 million x 1 x $150= $6,255,900,000).

(M = B x Q x P

**X.** **Appendices**

Appendix A: Smartphone OS Market Share Graph



Appendix B: Share of Sales graph



Appendix C: The SWOT Matrix

|  |  |
| --- | --- |
| Strengths:• Uniqueness and Differentiating• Upgraded features• Diversified product offering | Opportunities:• Constant development of new services and technology• Rapid growth in wearable device |
| Weaknesses:• Limited capabilities• Bug reports and work inefficient  | Threats:• Intense competition• Substitute product  |

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