

Sony TV Business: (Not So) Great Expectations

Written by Marco Attard
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Forty years ago, Sony regarded the TV business as a golden child-- now the company sees it as a profits-sucking burden, complete with vastly reduced forecasts, a lack of profitability spanning 8 years and soaring production costs.



Yet more writing on a wall screaming out "the TV industry is in trouble!"

Sony slashes midterm sales targets by 50%-- projecting WW unit sales of 20M for the fiscal year ending March 31 2012 (from previous estimates of 40), together with a 4th consecutive annual loss of \$1.15 billion.

The reduction in sales volume will result in penalties worth \$640M Sony has to pay to Samsung, the company with whom Sony has a panel-making joint venture-- a venture Sony is negotiating to dissolve, according to sources speaking to the Financial Times.

Sony also plans a number of cost-cutting measures-- from LCD panel cost reductions to improving on model mix in developed markets and splitting the TV business organisational structure from 1 business into 3 entities.

This way, Sony hopes to return to making profit from TVs by 2014-- even if investors are described to be "unconvinced," hoping Sony would just retreat from making TVs instead. Meanwhile, TV makers Japan and elsewhere (including Grundig and Panasonic) continue facing stiff competition from South Korea and Taiwan.

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