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For Sony, the PS3 is about more than gaming

For a company with almost \$64 billion in annual sales, Sony has an awful lot at stake with the launch of its latest game console, the PlayStation 3.

No doubt, there will be lines of hard-core gamers waiting outside retailers across the country late Thursday night, and all expectations are that every PS3 available will be sold before Christmas. That certainly would be good news for Sony, a company that could use a dose of holiday cheer.

"The PS3 is hugely important for the company right now."

--Richard Shim,

senior analyst with IDC

Simply put, the PS3 is about more than just gaming for Sony: It's about selling high-definition DVDs and televisions. It's about making investments in cutting-edge technologies pay off. Most of all, it's about improving a once-admired brand that's been badly tarnished over the past year by the recall of hundreds of thousands of laptop batteries, the controversial installation of so-called rootkit software on music CDs, and a government investigation into the company's static random-access memory (SRAM) business.

"They've been kind of beaten down by all the different things going on," said Adrienne Downey, a senior analyst with Semico. "They've really been hoping that the PS3 would be a turning point for the company. If they can get a successful launch of the PS3, they can begin to rebuild mindshare among consumers who were beginning to think that the Sony brand is not what it used to be."

For more than a decade, Sony has dominated the game console business. Between its original PlayStation, which launched in 1994, and its PlayStation 2, which arrived in 2000, Sony has sold well more than 200 million consoles and overtaken the previous leader, Nintendo.

ps3

"The PS3 is hugely important for the company right now," said Richard Shim, a senior analyst with IDC. "They're reeling from a series of events (and the PlayStation) has really been the go-to product for them for the last few years."



Holding on to the game console market won't be a cakewalk. Sony has to contend with Microsoft--whose own next-generation console, the Xbox 360, has been on the market for a year and which has already sold more than 6 million units--as well as with Nintendo, which is launching the much-hyped and well-regarded Wii early Sunday morning.

The PS3 is seen in many circles as a technological marvel with stunning graphics, a motion-sensitive controller, a Blu-Ray player and impressive networking capabilities. But the console has also been beset by its own set of blunders--release delays, problems with its blue diode lasers, compatibility issues with older games, and expected supply shortages that could last until spring.

ps3

And some worry that its price--\$599 for a top-end model--is too high to appeal to a wide audience, even as Sony has had to subsidize the machine's \$800 manufacturing price tag. Like Microsoft, Sony is willing to lose money on the console with the hope of making it up on games sales.

There's little doubt that the PS3 will sell like gangbusters in the early going. But the question remains as to how it will sell in the long haul. Some believe it is well-positioned to ultimately win the console war with Microsoft and Nintendo due to intense brand loyalty from video game players and due to new technology.

But if it doesn't live up to expectations, the PS3 could put a real hurt on several other elements of Sony's overall strategy.

Posted by [chopperkun](#) at [20:13](#)

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