

Sony Exits PC and TV Manufacturing Business

By John Vanderhoef

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Sony recently [announced](#) a massive restructuring that involves selling off its Vaio PC business, splintering off its TV division, and cutting 5,000 jobs. This announcement comes on the heels of historic declines in the [personal computer](#) and [television](#) markets vis-a-vis rising sales of tablets and smart phones, not to mention the persistent anticipation of “[the next big thing](#)” for the multi-platform, socially-networked living room (consider, for example, the lingering rumors about an [Apple iTV](#)).

Sony’s consumer electronics, including its TV and PC offerings, have faced increased global competition and low margins in the last decade, with the company’s TV division failing to turn a profit since March 2004. More broadly, the US television market and the global personal computer market both saw declines of 10 percent in 2013. In contrast, mobile phone and tablet sales in 2014 are [expected](#) to rise 5 percent and 54 percent, respectively.

Accordingly, Sony will [focus](#) on its more successful consumer electronics offerings, including smartphones, tablets, and

gaming consoles. The games division is doing quite well, in fact, having [sold](#) 4.2 million PS4 game consoles in less than two months on the market. (Microsoft also experienced equally strong Xbox One sales). This decision follows similar reshufflings at other [conglomerates](#).

These trends point to broader shifts in global media consumption. First, there is a budding preference for portable devices by consumers in developing countries. This is especially significant since the transition from basic phones to smartphones [promises](#) to fundamentally change the way a large percentage of the world's population engages with information and media. Second, in countries with more developed media infrastructures, the [connected viewing](#) landscape continues to expand, opening up new ways to create, circulate, and consume media content in the digital era.

Market data suggests people are losing [interest](#) in high-end TV upgrades and clunky computer hardware in [favor](#) of gaming consoles and other connected devices that facilitate more seamless, on-demand access to news and information, entertainment content, and social networks. Meanwhile, media and electronics companies, including Sony, are taking [note](#), as they clamor to stay connected with consumers who now own many screens, of which the television is only one.