Why Apple, Not Sony?

The Smart Moves

By killing Sony's music download service 'Sony Connect', Jobs not only proved his technical expertise in digital music but also the mastery of designing one of the most successful business models for the Internet age. Whether Jobs delivered a decisive blow to Sony by knocking it completely off from the much awaited 'digital convergence' remains to be seen.

With brisk sales of iPod, soon to hit three hundred million worldwide, making it the best-selling digital audio player series in history, and equally impressive sales of iPhone, Apple is riding high. This kind of cute 'must-have' electronic gadgets used to be Sony's game - the Japanese inventor of Walkman and Minidisc was synonymous with electronic gadgets that were cute, portable, and of high quality. While one man, former CEO of Sony, Akio Morita, carried the company he co-founded to world prominence in electronics, now, another man, the CEO and co-Founder of Apple, Steve Jobs, had come from a different direction to challenge the king of electronics.

Though a direct comparison of late Morita with Steve Jobs may not be proper, an examination of how Apple reemerged from the brink of extinction with the second-coming of its former CEO, to dominate the music player industry once dominated by Sony could have enormous significance from a strategy perspective.

iPod, iTunes and Walkman

To set the stage, a good place to start is year 2004. Following his return in 1997, Jobs had already launched iPod in the year 2001 and two years later, in 2003, opened iTunes Store with 200,000 songs that could be downloaded via the Internet at flat price of 99-cents (US) a song. From day one iTunes Store became a hit; during the first five days of opening, it sold more than one million songs. By end of year 2003, more than 25 million songs sold, Time Magazine named iTunes Store the 'Coolest Invention of 2003'.