

Samsung electronics assignment



**ASSIGN
BUSTER**

Samsung electronics is a world renowned company for its innovative electronics products. Samsung was founded first by Mr. Lee Bung-chill in 1938 was first a trading company, slowly the company diversified into different areas examples like retail, securities, textiles, insurance and food processing. Samsung only managed to enter the electronic market in the late 1980s followed by the death of Mr.

Lee, Samsung split into 4 different major companies Samsung, CO, Hansol and Shinil. Samsung did not really make an impact with their electronic products until the late 1980s where mobile phones and semi-conductors is their main source of income, till present Samsung electronics have become one of the leading brands in household appliances, computer components and smart phones in the market. **Strength** - Invested 6-7% of total revenue annually and for the year 2011 they pumped in approximately 10.3 trillion won (around 1.1 billion Singapore dollar) technology development hence they are well known for their advanced technology - Focuses on innovation to attract more customers so to capture more market share - strongly believes in the importance of their human resources, who play a significant part in every aspect of a company that will lead them to success **Weakness** - Was not proactive when it comes to introducing new products but just waiting for an opportunity to counter their opponents new product - customers are complaining about their product is not user friendly, being so they might lose out to certain categories of consumers.

Opportunities - Venture into not just mobile phones but also home appliances that will help the company to widen their market shares and profit margin at the same time strengthen their brand name in the electronic industry -

Great opportunity for the company to produce more user friendly electronic products to attract more consumers into switching to their brand from competitors share | Threats | -The company is still very new to mobile phone market, as compared to their well-established rival like Apple, Nokia, Blackberry and etc, it makes them hard to stand firm in the mobile industry and definitely will be a struggle to stay at the top of the market.

There are currently substantial amount of existing competitors in the market and with such advancement of technology, there might still be more competitor arises to snatch the existing shares of the market | Q. 1

Demographic trends for Samsung electronics focused on age group of 25-39 as it is an analysis based in Singapore majority of the consumers are Chinese and common religion beliefs is Buddhism. Consumers occupations mostly are association professionals and technicians on an average earning of \$1500-2000 Singapore dollars, staying in HAD 4 to 5 room flats. From the statistics shown from the demographic trends, clearly Samsung targeted group is working class that are around the age to start their own families which probably make a big boost on their sales for housing appliances.

For example, there is a cheap version of tablet galaxy note 7 for students which are relatively more affordable than 10.1 versions which are meant for professional usage. That were ready-made by their rivals but they did not just followed blindly into the market, instead they did set a certain of minimum requirement for them to invest into a new market. For example, like the economic size of the country and the pending power of their consumers where middle income tier always their target. Furthermore, Samsung always make smart moves like even when they are penetrating

into an existing market, it will always still be in an initial stage of the product life which will not affect their sales in overall. Q. Political issues were Samsung electronics main problem when they venture their business into South-East Asia and Africa unlike China and India, both the country has a conducting political environment which allows the company to venture into the market smooth and free of worries. Furthermore, on legal issue was always a robber for Samsung electronics after their launch on smart phones in the United States in 2012. According to Levin (2013), Apple sued them for copying design features from phone to its Galaxy series of Android phones which causes Samsung in total of \$1.05 billion to compensate Apple and yet get a ban on sales of their product because of the copyright issues. Q. 4 From the source provided by Reuters. Mom (2007), most of South Korea companies adopt a very bad habit of bribing, Samsung also uses bribe to buy their way through local authorities to get their problem solved, where they were using it so often in their home country but some countries example like Singapore its government is very transparent and strictly do not take bribery in consideration because it is a severe criminal offense there. They too have effectively brought their traditional culture practices into countries that they have businesses in. Q. 5 The strongest point for the company falls on technology, the company itself pumped in gigantic amount of SAG\$11.3 billion funds into their Research and Development department to produce cutting edge technology to make them be the leader in the electronics market.

They are always making ground breaking new technology in the global market and also the pioneer for new innovative products which the company

is very proud of their ever new design and definitely their features. Q. 1 In this high technology society, intensity in the electronic market is highly competitive as not only just Samsung itself have ground breaking technology but also their competitors that will come out with ever new innovative features or designs to shown potential threats to the company. Currently there are a handful of rival in the racket competing with Samsung, like Apple a very strong competitors in the smart phones sector where on the home appliances would be LAG, another South Korea based company which is a giant in home appliances worldwide. Q. It would be really hard for new entrants to be a threat for Samsung electronics however they cannot totally rule out the possibility of having new rivalry in the near future. Even produce an effective products, they will still be a lot of rich companies out there to make use of this technology demands in the society to expand their businesses by coming in to grab hold of a percentages of the market. Threats from existing competitors must never be ignored, because they will never know when their rival would come out with something that is even better designed and more innovative features that will corner off their current trending products in the market. Q. 3 Samsung do not have fear over for threat of substitutes, because they have a wide range of products for smart phones, laptops, tablets and etc.

For example smart phones, ranging from a couple hundred of dollar galaxy series smart phones with moderate features to new high-end products like galaxy note 2 consists of high benefiting camera and screen resolution, faster processors and RAM, which cost over a thousand dollar for just a smart phone, where some consumers would find it ridiculously inappropriate to

waste such amount of money on such high end and expensive phone.

Samsung did not just make an impact on the high end products but also did swipe a huge portion off their competitors of the lower end products. Q. 4 Suppliers play an important role for all company in the world, but definitely in able to work with Samsung, there are some terms and substances that the supplier many must acquired as they need to supply enormous sum of supplies to them.

Samsung believes in this important endeavourer, we will conduct all dealings with our suppliers with honesty and integrity for mutual growth and prosperity. We will also understand and comply with law, regulation, and codes governing the conduct of our business (Samsung. Com). Sourcing for better quality or equal quality at the cheaper price should be the utmost factor for the company as their order is in a huge sum, even if a price different of 10 to 20 cents per unit would bring in larger revenue for them. Q. Customer plays the most crucial part for a company, this rule applies to Samsung too as the spending power of consumers directly affect the sales of the company.

If the company product is not up their expectation, there will always be an alternative product which is almost similar to the one Samsung is producing. Let's take a tablet computer for instant, Samsung hold 2 models in hand the Galaxy Tab and Galaxy Note 10. 1 and if they did not give constant updates and sufficient functions/features in the tablet, there will be high chances that consumers will switch to alternatives like Apple Pad. Q. 1 Firstly, Samsung reputation is strengthening day by days, based on their 2011 annual sales

report, their memory chip, DRAM and Anna Flash came out top in the market holding a record of 35. 7%, 42. 2% and 39. 4% respectively.

Secondly, they can be considered one of the best trades in electronics line because of their innovative technology whether if it is in home appliances, gadgets or computers, for example they won two best innovation awards at international SEC program with the following product, 85-inch JIHAD TV and Smart TV Camera, reported on 2013 (nightdresses. Com). ACH of their staff to their fullest potential was always one of their values they strongly believe in. Samsung currently hold approximately 222, 000 staffs worldwide operating thorough 58 countries within 14 listed companies. Financial Statement for the year 2011 shows a overall growth from 2010, this means the company is well strengthen in their economic from the statistics shows that there is an increase of sales by approximately 9, 000 billion won over the year of 2011 and the company assets is currently worth at a record high of 1 55, 631 billion won, above statistics provided by Samsung. Com (2011). Q. Currently Samsung is focusing their firepower on the smart phones and Tablet PC war against Apple Inc, which probably will make the company marketing team get distracted away from marketing their other products. Unlike Apple Inc, Samsung hold a wide range of products which sometimes is a downside for the company because some consumers are very brand conscious, they does not like to use everything of a same brand instead they only uses the best product in different sector and that will cause a drop in sales for the company as Samsung will be classified as a top company for electronic gadgets. Where on the other hand, Apple hold fewer products but

most of their product are top in the market like ' phones, ' pads, ' pods and Mac computers.

Several, Samsung is doing very well globally, either in external analysis general environment to competitive environment or internal resource types and future prospect framework of the company. Annual report shows that their assets n revenues in good health and with motto and values of Samsung, to produce more innovative products to assist consumers to an easy and better future, will probably stays on the top in the industry for a very long time. Samsung electronics is not the only main business Samsung is operating clearly they are using conglomerate diversification strategy, even before the death of founder Lee Bung-Chill, they have already diversified their company into different sector doing retails, securities, food processing, textiles and insurances.

Samsung has transformed drastically over the last 7 decade, into a multi international company and expanded from their initial 5 business into more than 20 businesses covering from manufacturing products, engineering, medical development, building ships and entertainment to crafting aerospace parts and many other more. However, it might not be as pretty as it seems to be to diversify their business into numerous of subsidiaries, even by spreading the risk across every industry probably sound like a backup plan for the company if they failed to generate sufficient income in a few businesses and still have other subsidiaries to cover their losses.

Furthermore, by using conglomerate diversification that seems to be lacking of a firm's core competencies and at times this might even be a downfall for

the company because executives may be lacking of knowledge in the particular industry. Without doubt, Samsung electronics is most suitable to use a cost leadership strategy which involves heavy manufacturing and distribution of products to a wide market of audience at a not just reach out for the niche market but everyone.