

# Current situation samsungs position marketing essay



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Samsungs Position in 2003, was strong as compared to its current situation. Its stock was one of the most widely held amongst the companies emerging in the market as more than half of its shares were outside of Korea, its home country. In 2003, Business week ranked Samsung 25th most valuable brand from 34th position in 2002 and with a fast growing brand value compared to its competitor Sony.

In the electronics Industry both Samsung and Sony are leading names and as the electronic industry requires heavy emphasis on research and development, transitions on market and to optimize supply chains. New innovations in technology runs the consumer electronic industry. Samsung uses its traditional in-house R&D instead of outsourcing it from Business partners as outsourcing transfer capital investment has lower risk to other companies but has high cost, however the risk involved is lower.

Samsung operates on the virtual integration model which has leveraged all the aspects of the manufacturing process from raw- materials to fully assembled products. Keeping the cost down from what it would be if being outsourced, Samsung reduced costs further by off-shoring efforts. As in off-shoring a firm uses its own assets and locates Business units in places such that it has lower costs of production, for this purpose Samsung has placed its plants in China and India.

Out of the two core marketing groups of Samsung, one in Korea and the other one for rest of the world, Samsung consolidated to use a single ensure worldwide brand consistency in 2001. A percentage of the current sales of

2003 were set aside for marketing, reallocations were also made to market research to identify if marketing funds could be used to achieve high returns.

## **SWOT:**

### **Strengths:**

Has a wide range of products such as mobile phones, camera, home appliance and other devices.

Enjoys advantage over a few electronic items by introducing advanced features in LCD, refrigerator, Air Conditioner etc.

Holds significant market share in many product Categories.

Does R&D to keep innovating its products and to be ahead from its competitors and to be first in the market with new range of products.

### **Weakness:**

Caused product CANNIBALIZATION due to launch of series of smart phones.

Lack of product software for which it has to depend on other companies.

Competitors like SONY and APPLE who have their own products as well as software.

Other Areas of business like Chemicals, Machinery & Heavy Industry, financial Services unknown to the Public.

### **Opportunities:**

Continue sponsoring major events like Olympics in order to spread brand equity and to increase sales and cut competition.

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Develop its own unique software in order to keep up with competitors and to make itself independent from other software oriented companies.

Should increase its spending on advertising and market its products more.

### **Threats:**

Recent tie up of Google and Motorola where Google has decided to sell its software only to Motorola, without its own software it's very difficult for Samsung to survive in future competition.

Increasing competition from APPLE and SONY.

Amount of money spent in R&D for product innovation and creation on new and unique products is huge, which other companies save by reverse engineering Samsung's products.

### **Strategic Brand Management**

Brand Building in order to increase promotional costs and decrease revenues by sacrificing certain product lines and with the digital revolution going on a new opportunity window is there to dominate consumer electronics market.

Doing so without proper precautions can cause the company some irreparable damage. The need for advertisement and promotion is a must for the company in order to increase the awareness among consumers. Though advertisement and promotion of Samsung depends on the activities done by it in the particular region. Activities carried out by the company can have both positive and negative impacts such as promotional materials intended and developed for one country's market can limit its ability to develop promotional campaigns made specifically for another market. Samsung's

competitive advantage led to unique breeding environment for innovation, R&D and the production of new technology should be preserved therefore, all new products should be kept in a safe location e. g. in the Korean Headquarters.

### **Recommendations:**

Moving away from the supplier mentality Samsung should de-emphasize the importance of new products, though innovation of products has brought Samsung great wealth, Samsung can still survive in the market by cutting costs spent in R&D of new technology and let the market forces be the driving force in the development of new technology.

Training of internal staff in making use of effective marketing as it is related to other areas of Business, especially development. First-hand knowledge of the development process should benefit the marketing team as they should know what a delay in research can mean to the project.

Development of a career path in marketing and a formal structure for Samsung employees would demonstrate to the company a commitment to marketing, which would serve as a recruiter and developer to grow new marketing talent.

Marketing professionals if retained within a structured environment would help Samsung further to continue build consistency with its brand identity.

Use of interactive marketing such as making of online ad campaigns on frequently visited websites like Youtube, where the viewer should be able to interact with the help of annotation feature. Where multiple options should

be given and if any of the options is chosen then each option should open a new video.

Should move its product from price-driven stores to more focused retailers.

### **Implementation:**

To make the selling of developed products easier the resources should be shifted from R&D to marketing which would increase the return of R&D spending. Samsung should know that branding is as important as the high quality of the products that Samsung supplies. Partnership with a Chinese firm can help reduce the labour costs related to production of legacy products without compromising on the valuable intellectual property.

Samsung besides being in partnership with the Chinese, cannot forget that the Chinese can still prove as competitors which can harm their business. Therefore the company should keep a strong focus on maintaining its technological leadership by pursuing cutting-edge R&D, especially towards future substitutes for DRAMS. One more way to reduce the chances of development of competition, though more risky and should be applied with care is to surpass new market entrants by lowering margins on low-end DRAMs. The profit will not be more but Samsung's name and the build quality of their products will push the competitors towards more or less operational losses, at the same time it'll ensure that Samsung will still be able to earn on the other products from its wide range of portfolio.