

# Samsung case study



1. Identify and discuss the core marketing concepts that Samsung has adopted to shift its competitive edge. ? Need, Wants, and Demands Samsung always try to develop products that fit their customers' lifestyle by studying their tastes. Samsung focus finding out what's likely to sell before consumers even know they want it. ? Target Market, Positioning, and Segmentation Samsung focus on design, as they want to be the Mercedes of home electronics. Samsung concentrate less on cost saving and more on coming up with unique products. ? Offering and Brands Electronics, Good Design, Unique, Affordable Price Value and Satisfaction Samsung is very committed to research as they listen to the feedback on their new products/models. They also try to make sure consumers get maximum value for an affordable price. ? Marketing Channel - ? Supply Chain - ? Competition In the analog age, Samsung devoted most of its energy trying to catch up with Japanese leaders, but the arrival of digital put everybody on the same starting line. However, the rivals, whether newcomer or veteran, aren't standing still. ? Marketing Environment - 2. Discuss the role of consumer research in guiding Samsung's initiatives in designing new products.

It's very critical. ? At the very beginning phase, studying the customers' taste (how they actually use products) guide Samsung to develop products that fit their customers. It helps them to focus on finding out what's likely to sell before consumers even know they want it. Samsung also send the designers abroad to spend few months at fashion houses, cosmetics specialists, or design consultancies to stay current with the latest trends. ? Through the usability laboratory, many designers sit in on focus groups and watch closely as potential customers provide feedback on their new models.

The complaints they get is very important as it will be used for improvements when it came time to upgrade the products. ? In the past two years, the VIP center’s primary aim has shifted to “ creating new value for customers” which means find that perfect balance of cost, innovation, and technology that makes a product great. By figuring out what consumers want in a product, it helps Samsung to designing product in the manner where the consumers get maximum value for an affordable price. 3. Why has the Samsung brand increase in value more quickly than other consumer electronics brands?

Samsung concentrate less on cost saving and more on coming up with unique products. Samsung believe good design is the most important way to differentiate themselves from their competitors. However, we believe these five strategies is the key of Samsung’s increasing brand: Focus on design ? Moved its local design center from sleepy Suwon to capital Seoul to attract younger and better designers; ? Hired US design firm IDEO to help develop a computer monitor – and made other collaboration with IDEO and other consultancies; ? Set up the Innovative Design Lab of Samsung; In the past four years, Samsung has doubled its design staff; ? Since 2000, its design budget has been increasing 20% to 30% annually Adoption to changes (external) ? Sending designers abroad to spend few months at fashion houses, cosmetics specialists, or design consultancies to stay current with what’s happening in other industries; ? Open design center in other countries to keep an eye on new trends Flexible and eager to change (internal) ? The designers have broken through the barriers of Korea’s traditional Confucian hierarchies; Giving designer more power to influence not just how products

look but also what gets built – and even made the post of Chief Design Officer Good internal communication ? Even though it is hard at the beginning, but the engineers and the designers can work together for the sake of making the best products for the consumers Maintaining the quality ? Working to improve the way people use and control gadgets – through usability laboratory where each foreign lab has a researcher on site; ? Try to make sure consumers get maximum value for an affordable price through its Value Innovation Program (VIP) . Can Samsung realistically expect to compete with Sony? YES. Let's look at all the achievements Samsung got: ? This year, Samsung won five citations in the Industrial Design Excellence Award (IDEA) – making it the first Asian company to win more prizes than any European or American rival. Since 2000, it has won 19 IDEA awards. ? Since 2000, Samsung has earned a total of 100 citations at top design contests in the US, Europe, and Asia. ? Brokerage Hyundai Securities expects Samsung to earn \$10. 3 billion on sales of \$52. 8 billion this year, up from profits of \$5. billion and \$39. 8 billion in revenues last year. ? It has sold more than 10 million SGHE700s – the first clamshell phone with a hidden antenna – racking up some \$1. 2 billion in profits since its debut 14 months ago. ? It's the first Asian company outside of Japan to use design to vault to the first tier of global companies. Meanwhile, let's look at what happened to Sony: ? Sony has been losing some of its edge in design – according to Makoto Kogure, head of the Japanese giant's TV division. ? In January, Samsung was No. 3 with just 12. 1% of LCD TV market share.

In the last week of May, Samsung inched ahead of Sony to become the No. 1 LCD TV brand in US, garnering market share (in term of value) of 26. 4%

compared with Sony's 24.6% - according to Researcher NPD Group. All those achievements show that Samsung is in the right track to be Asia's leading brand in electronics. And by look at the current situation between Samsung and Sony, it's very realistic to expect Samsung to compete with - or even beat Sony.

5. Make recommendations for how Samsung can further improve its marketing strategy. ? Innovation

Samsung should try to make more breakthrough product that no other company has never produce just like Sony with its "Walk Man". It can learn from 3M, the company that has produce many innovative products through its 15 Percent and 30 Percent rule. ? Deliver total solutions Samsung has experience with MP3 players that rolled out its first players two years before Apple did, but beaten by Apple which gives ultimate player - the iPod plus iTunes software and website. Samsung should learn from Apple on how to deliver total solutions, which will serve the customer better and make the customer feel exclusive. Focus on what it's best Too broad is difficult to be No. 1. Samsung should do some product selection and concentration, so that it can make the best product. Jack Welch in GE did Restructuring and Downsizing can be a good example on how to do it. ? Put an identity/signature in their design Again, Samsung should learn from Apple. It is good to make innovative and unique products, but adding identity/signature will be great. With an identity/signature, people will easily recognize Samsung's product only by seeing it, which will effect to the increase in its brand value. ? Positioning

If Samsung wants to be positioned (in consumers' mind) as "the best in design" then it has to do big advertisement about it and maintaining to be

so. ? From the Product concept, to the Marketing concept Samsung has to be careful when it's too in focus in making superior products and improving them over time, and instead Samsung has to always refer to the customers' needs and wants. ? Ethical issue Look at the ethical issues that the other companies have, learn on the causes and effects, and implement the solution to prevent them. The ethical issues can be in term of environmental issue, business issue or human issue (consumer or employee).