

Samsung marketing analysis essay sample

[Business](#), [Company](#)



Samsung was formed in 1938 by Lee Byung-chull as a trading company based in Su-dong. The small company started as a grocery, trading goods produced in and around the city as well as its own noodles. The company grew and soon expanded to Seoul in 1947 but left once the Korean War broke out. After the war, Lee expanded it into textiles and built the largest woollen mill in Korea. And today Samsung Group is a South Korean based company that includes a number of subsidiaries. Samsung's primary focus is in the electronics, heavy industry, construction, and chemical engineering. Other major subsidiaries of Samsung include insurance, advertising, and entertainment industry businesses. Samsung is also one of the largest businesses in Korea, producing nearly one fifth of the country's total exports. Kovach(2013) Samsung entered the electronics industry in the 1960's and in 1980, Samsung entered the telecommunications hardware industry after 7 years in 1987. In the same year Lee Byung-Chull, died which left Samsung group with electronics, engineering, construction, and most high-tech products department after it was separated. Vision

Samsung companies vision is to i " Inspire the world, create the future". " This new vision reflects Samsung electronics commitments which is to inspiring its communities by adopting three key strategies which are New technology, innovative products and, creating a creative solution"(Oh-Hyun Kwon Vice Chairmanof Samsung Electronics) Mission

Samsung Company mission is to " To experience the joy of advancing and applying technology for the benefit of the public". For example they create a new product such as hand phones, laptops and so on which customers feel

satisfied with, by using the new technology that is applied by Samsung. Furthermore by using technology Samsung also makes customers life easier.

Values

Samsung Companies values are to maintain the highest ethical standards, development of skills, continuous improvement in all departments, to have good teamwork and a drive to achieve more. Objectives

Samsung Company has several objectives to achieve their goals. Firstly Samsung Company shows the loyalty and commitment to customer by creating new products which is beneficial. They keep investing in four aspects which are People, Systems, Facilities and Distribution Systems. They also maintain market leadership and increase our market share. Another objective is to build alliances with the leading manufacturers. Besides that, Samsung Company also wants grow their core business in and outside Malaysia. COMPANY PERFORMNCE

In 2009, despite the economic recession and fierce competition, Samsung Electronics achieved the greatest performance in its history. Whereby they achieved a record sales of KRW139 trillion and a operating income of KRW11. 6 trillion. Which is a increase of 15% for sales and 91% operating income compared to 2008. In 2010, Samsung Electronics set a record-setting performance of KRW 155 trillion in sales and KRW 17 trillion in operating income. At the same time, they also maintained a stable business structure with a 50. 3% liability. Moreover in the same year Samsung Recorded a KRW 949, 000 stock price at the end of 2010 this was a 19% increase over 2009 stock prices. During 2010 Samsung had continuous increases in sales,

operating profit and net income growth ratios. In 2011 Samsung Electronics sales reached US\$148.6 billion when, according to data compiled by FnGuide Inc. They also received sales revenue of KRW(Korean watt) 165 trillion with an operating income of KRW 16 trillion, which was an increase of 6.7% in sales compare to 2010. In the same year Samsung Electronics was also ranked 17th on the Interbrand Best 100 Global Brands.

PRODUCT PERFORMANCE AND CUSTOMER ACCEPTANCE

According to Andre Howl(2013) reviews regarding the design they think it's very smart and it's a look that more suited for attending business conferences, which is why the target market is for those above the age of 22 to 40. Size wise the Series 5 is good for the course. It's 315mm wide and 220mm deep, which are great dimensions for sliding into a briefcase or one of those stylish messenger bags.

At just under 18mm thick, it's not the slimmest ultrabook on the market, which is one negative thing about it and customers have other choices that are slimmer, but they say it's far from fat and it's not that heavy to carry around unlike other laptops, what the customers loved a both the series 5 ultra book is that it has a DVD drive unlike other Ultra books that doesn't have one, the key board is also easy to type and comfortable, " I was able to type for extended periods without feeling the aches and pains that tell of an awkward keyboard, said one of the customers", Said Howl (2013). We make a habit of listening to the voices of our customers, drilling down to analyze every minor detail. If we learn what customers want from our products, we can more quickly develop next-generation innovations that they hadn't even

thought possible. We want to guarantee that our customers remain satisfied, says Seungho Lee Manager, Affiliated Company Sales Branch, Korean Operations. **MARKETING ENVIRONMENTAL ANALYSIS**

The macro environment includes factors which are the external factors of the firm and cannot be controlled by the firm. Decision makers and the marketing managements adjust the firms marketing approach according to the change of the environment. The important factors that is going to be discussed are economics, socio-cultural and technological. Technology

As for technology, the industry is very competitive and keeps on changing because a product becomes old in less than a year because of so many new technology inventions and with so many new inventions it is hard for a company to keep up. Furthermore The IT industry continues to restrict due to the global economic recession, which is a huge threat to the IT industry.

Samsung electronics is tackling this problem by planning to make the largest business investment ever to strengthen the competitiveness of existing businesses they achieved this by investing KRW 13 trillion in facility expansion in the year 2012, Furthermore they invested 10.3(KRW)trillion in research and development. Samsung is also building a new research centre hosting various R&D, this new centre will serve as a nurturing station for the next generation technologies and Samsung electronics will be able to create and keep up with new technology. Social

These days the lifestyle of people are changing and as people become more dependant on technology the technology business is booming however people these days o not only look for the latest gadgets but they also look if

this gadget is environment friendly. Thus people have become more environment conscious and before purchasing a brand will they look at what the brand is doing for the environment or how its product is environment friendly. Samsung focuses on producing environment friendly products that are free from PVC and BFRs (currently only a few products). It also develops various recycling programs that are awarded for their success. Economic

As the global IT industry is facing a little bit of change the economic recession continues. Furthermore since a large initial investment is required, and competition is fierce it is difficult to get in to the market. In the current economic times entry in this sector will be almost impossible unless an innovative unique selling point is achieved. Currently the easiest entry into the electronics sector is through excellent design reliability, durability and cost effectiveness of electronics being the most obvious. Samsung electronics is doing just that by making reliable, durable and affordable products. Moreover with economic recession going on it has affected the IT industry a lot but Samsung was still able to maintain its sales because of making durable and affordable products by cutting production costs.

INTERNAL ENVIRONMENT

STRENGTHS

Excellence in engineering and producing hardware parts and consumer electronics. Samsung is the number 1 by market share in televisions and mobile phones sales and some of the hardware parts (processors, memory chips, etc.). This was largely achieved due to excellence in engineering and both efficient and effective production. Low production costs, The company

has set up its production facilities in low cost countries. This allows producing goods with low production cost and benefit Samsung as it can offer lower price and earn higher margins. Hold the largest share, Samsung Electronics have achieved large market share in many products they sell, especially in mobile phones, smartphones, semiconductors and television sets.

Large market share has its advantage, bargaining power, that Samsung can use to further reduce costs and demand for better contract conditions. Ability to market its the brand, Samsung is named as top rising brand by Interbrand and is the 9th most valuable brand with value nearly \$33 billion. It has risen by 40% from 2011 to 2012. This was mainly achieved due to company's ability to market the brand in sporting events and social contributions.

WEAKNESSES

Patent infringement, Samsung is infringing Apple's and some other firms' patents, thus, damaging its reputation and having to pay a huge amount of money in damages. Too low profit margin: Samsung Electronics is the largest technology business in the world in terms of revenues but it has a low gross profit and net profit margins. Although its smartphones business is quite profitable, Samsung's profit margin is low due to its semiconductors sales and aggressive price cuts. Samsung lacks its own OS and Software, Software and OS production has a high profit margin, can increase integration of company's products and brand loyalty. Without strong software and OS Samsung is at disadvantage over its competitors. It focuses on too many products; Samsung Electronics serves 4 different industries with many different products in them. Samsung is at disadvantage over its competitors

because it loses a focus when competing in too many industries and too many products.

THE 4 P'S MARKETING ANALYSIS

TARGET MARKET

Samsung Series 5 UltraTouch Ultrabook 13 inch, there is large base for the target market as the previous model series 5 did not incorporate a touch screen. The Samsung ultra book being light, slim and high quality the battery life is reasonable, keyboard provides comfortable typing and mouse experience and looks good at the same time, will attract many groups ranging from University Postgraduate students to the working class, basically the age group between 21 to 35 due to the fact that it is a reasonable price for a touch screen but it is not too affordable for college students. It is most suitable for the working groups because they are always on the go with their notebooks and the battery life is up to 6. 5 to 7 hours. BUYING BEHAVIOUR

OF TARGET MARKET

According to Kotlers 2003 model, buying behaviour of consumers are influenced strongly by social, cultural, personal and psychological factors keeping this in mind we look at the buying behaviours of our target market towards notebooks but first we will look at why would they need this product, which is called " need recognition", and is triggered by internal or external stimulus. So why would our target market purchase the Samsung Ultratouch Ultra book? Well first of all for study purposes and for work, ultra touch is slim and light to carry anywhere from going daily to offices to attending meetings and conferences, it has a 13 inch screen for comfortable

experience when working and making reports. After they have recognised the need they search for information and choose the best suited alternative. They will first look at the price, it should be affordable then they will consider other factors such as the memory the weight and the features.

PRODUCTS FEATURES AND BENEFITS

Samsung series 5 Touch Ultrabook 13' has its own features and benefits that attract customer to buy it, example it is touch screen, good battery life, and the laptop is ultimate design and also a fast solution. This laptop is well known by " Touch and Run" because it is touchscreen and light to carry. Furthermore, this laptop has huge capacity, which is about 500 GB to save our pictures, music and also movies. Moreover Samsung laptop series 5 Touch Ultra book is an ultimate design, it has clean sleek look and thin which is about (19. 9mm) it weights only 1. 69kg thus consumers will not feel it a burden to carry it since it is portable and light.

Moreover Samsung is a fast solution because only needs 2 seconds to wake from sleep and the web page runs faster compared to other laptop. The battery life can deliver up to 6. 7 hours and Samsung's battery life plus technology extends the battery life up to 500 cycles which means 3 years. The benefits of Samsung series Touch Ultrabook 13' are the functionality of touch screen which is able to swipe, pinch, and tap and scroll around your screen at the sharp and crisp imagery. Besides that, the fantastic features of ultrabook which is super light and easy to bring anywhere. Finally, the benefit of also having this laptop is because it is supreme data storage and most importantly its battery life is relatively high compare to other laptops.

Our Product

DISTRIBUTION STRATEGIES

The distribution department in Samsung is concerned with making sure there products from the factory is safely distributed to the wholesalers and retailers. Samsung distributes its electronic products like notebooks etc to their Samsung IT retailers and in a few countries to IT departmental stores. The production is carried out in China and transported hereto Malaysia to its Warehouse which is then transported all over Malaysia to retailers.

PROMOTIONAL STRATEGIES

Samsung has launched many advertising campaigns spending billions across 3 continents which are North America, Europe and Asia. Samsung has and will continue to use famous artist for advertisement

PRICING STRATEGIES

Pricing also plays a significant role in Samsungs success. When there are so many brands with the same product category differentiation is the key for a brand to be preferred by customers. Samsung believes in producing good products at a reasonable price for its customers that is why it focuses on cost cutting measures to keep its price low. It uses Sales oriented pricing and it goes with status qou pricing whereby it seeks to maintain existing prices or to meet the competitions pricing at times. *Our products price is Rm1600

COMPETITIVE ANALYSIS

Based on research, the competitors of Samsung Electronics Company is Apple Company. There are several reasons why people choose to stick with Samsung products even though Apple product is also well known. This is

because Samsung significantly has more battery power compared to Apple product. Furthermore, Samsung has lots more RAM memory which is about 1GB compare to apple product which is only has 0.5 GB. Moreover, Samsung has removable battery while Apple does not have removable battery and you cannot use a memory card for apple handphoned but instead you have to pay apple more to get more memory.

Based recent news, the sales for Samsung is pretty good compared to Apple because Samsung always comes up with a new product that satisfy customer as well. Furthermore Samsung creates products such as smart phone in different sizes which attracts customers as with a bigger screen you can watch videos and take pictures better, and on the other hand Apple which has only made one major change to the general size of the phone, increasing the display from 3.5 to 4 inches for last year's iPhone 5. The Apple business model

Apple and Samsung Electronics are selling fast using different strategies. Apple's is a classic virtual integration model, with a high proportion of the inputs for its products. Samsung is currently the most vertically integrated supplier in the electronics market, particularly focused on building price-performance competitiveness through internal development. Apple has been able to keep R&D and Cost of Revenue expenses relatively low, and their margins are kept high by focusing on a few sleekly designed premium-priced products. Demand for Apple products is due to their Advertising and promotion of sales strategy that has turned the company's retail outlets into one of the places to be. Apple has many competitors such as, Google and the

Android ecosystem, Microsoft and its Windows partners, and last but far from least, Samsung. Samsung has both the Windows and Android/Chrome camps.. The Samsung business model

Apples Company gets virtually all its revenue from cloud access devices, plus related peripherals and services. But Samsungs strategy is more cautious following the footsteps strategy pioneers, Sony and other Japanese producers, Kawashima (2013) Samsung also did a very detailed analysis of the gaps between their products and the products of Apple, you need this kind of detailed analysis to understand the problem and your competitors strengths and weaknesses compared to yours.

Samsung Companies strategy features a high level of vertical integration through a strong semiconductor and components business. The difference between Apple and Samsung is that instead of getting all its revenue from cloud access devices and related services, like Apple, where as Samsungs cloud access devices and related markets only account for half of Samsung's total revenue. Furthermore Samsung overpowered its Japanese competitors by spending in R&D, and marketing and promotion. The company is now using the same formula in its fight with Apple. As you can see the revenue levels for the two companies are comparable, in calendar 2012 Samsung spent: \$10. 0-billion on R&D to Apple's \$3. 6-billion

Advertising \$11. 3-billion Apple 10. 3 Billion

CONCLUSION AND RECOMENDATION

By utilising its global qualities and substantial market knowledge, Samsung has developed three distinct marketing strategies to launch three equally

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high-tech, but different, products. Through successful, diverse approaches to individual markets it has maintained its corporate philosophy - to devote its human resources and technology to the development of a global society through ever better products and services. We recommend Samsung electronics to create their own OS and software as it has a high profit margin and to also not focus on too many products at the same time as they cannot market each product effectively with so many of their products in the market.

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