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Samsung Electronics

Galaxy Tab

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### Executive Summary

The rapid developments intechnologysector accelerate the growth of the tablet industry and put pressure on the intensity of competition. Samsung Electronic entranced into this booming industry by Samsung Galaxy Tab and it allow them to take root in second space of the tablet market. The fast market adoption and the increasing customer demand lead to the industry is expected to continuous expanding in the next few year. However, as the prior analysis identified that the tablet industry is moderately attractive and market share stays uneven that it dominated by Apple’s iPad. Rivals should seek to gain their competitive advantages and make use of them in order to being survivor or success in the fierce battles. The main concern identified in the research were: the protection of intellectual property.

? By a thorough application of Kanter’s, Samsung is strongly believed to have achieved Continuous Improvement and Relationships, yet, a lower efficient in Time compression and not really effective Core Competencies. This can be exhibited through their product line get frequent upgraded and the strategic alliance program to attract allies from many fields. Regarding to the tablet sector, this new acquired knowledge will boost the Samsung future tablet.

Moreover, analysis using Day & Wensley’s model identified that Samsung could achieve competitive advantages within the tablet sector through their superior skill in innovation and information technology. In addition, their superior resource in global strategy and strategic alliances also contribute to gain the advantages. These allow Samsung to provide the differentiated product, superior customer value and cost reduction. However, Samsung’s disadvantages of key industry success factors: relative weak brand preference compared to the market leader and inferior battery life. Samsung would benefit in building additional superior skills and resources that it could generate the sustainable and further competitive advantages. Read also about S amsung competitive advantage

Three challenges are identified as being the most significant and pressing, that Samsung should address to maintain and improve upon its competitive advantage in the future: their relative weak brand preference as compared to the market leader; the inferior battery life of Samsung Galaxy Tab; and defeat Apple to be the market leader specifically in the tablet Industry. In order to strengthen its brand preference, it is recommended that Samsung place more emphasis on educating consumers of the Android’s ease of use and hardware superiority. In addition, marketing campaigns and personalized customer services should be done to increase consumer awareness and brandloyalty. In order to manage the inferior battery life of the Galaxy Tab, it is recommended that Samsung should invest heavily in research and design to further improve the mobile device battery technology. Moreover, seeking to patent its battery technology should the company have a breakthrough in increasing the battery lifep of mobile devices. Finally, by increasing the number of operations and dealerships around the world, starting with major cities such as London, Singapore, Sydney, Johannesburg and Beijing, Samsung can increase its brand awareness and improve its global before and after-sales service.

### 1. 0 Industry Overview 1. 1 Industry Summary

The companies in the tablet industry that they design and manufacture these computing devices with portability, competitive price points and excellent functionality, are rapidly developing by the growing customer market. Tablet industry is currently challenging the traditional electronic products’ market and they are expanding by the increasing market demands.

Analysis of industry through Porter’s five forces model (Appendix 1) demonstrated that it is moderately attractive to the potential entrants. Not only because of the market leaders occupied the significant proportion of the market share but also the increasing competition in the tablet industry required the players to adopt the differentiation strategy to gain its competitive advantages and reduce the costs (Appendix 2). Thus, the research and development is particularly essential for the companies to be survived and to compete in the tablet industry.

### 1. 1. 1 Industry Size and Growth

According to the technology research firm IDC (2012), the market growth rate of worldwide tablet shipment at the second quarter in 2012 increased to 60%. The market leader in the tablet industry, Apple still maintained its significant prevailing position by occupying over half of the market share (Tom, 2012). The other major players include Samsung, Sony, HP, Dell and Blackberry also contributed to the rivalry. However, the second large player, Samsung only accounted fro less than 10% of the tablet market sales. In addition, recent research indicated that the worldwide shipment is expected to grow over 60% in the next few years (IDC, 2012) due to the
increasing consumer demand and the tablet development.

### 1. 2 Company Analysis

According to Porter’s three generic strategies, Samsung Galaxy Tab running Android system targeted the broad market and seeks to take sustainable competitive advantages by differentiation in the table computer battle.

Compared with the market leader in the tablet industry, the Galaxy Tab not only has the basic functions as iPad but also employing several newly-created features to responded the customers’ needs and wants, based on the market research, such as Samsung Reader Hug for e-book (BBC, 2010). Apparently, the smaller touchscreen and lightweight design are the strengths of Galaxy Tab to compete with iPad (Bour, 2012). The S-Pen and Quad-core processor were genuinely impressive features of the Galaxy Note 10. 1 and significantly differentiate from the other tablet. The innovative features aimed at targeting the market in theeducation, design and business sectors. In addition, Samsung Electronics also has high reputations, positive customer satisfaction for quality and technological superiority to create differentiation (Samsung Electronics, 2011b).

In the fierce competitionenvironment, the Samsung Galaxy Tab also set out to be a low cost producer to increase the probability and Return of investment. (Samsung Electronics, 2010). Although the wage in developing countries increased the labor cost, the location of production transferred abroad to lower the costs in capital resources and human still attractive to manufacturers (Business Spectator, 2012). It is noteworthy that Samsung has opted for the latter with its lower price Galaxy Tab 2 7. 0 while re-christening it as a special student edition (International Business Times, 2012). The new product demonstrated Samsung attempt to focus on the single market segment in the meanwhile.

Although the porter generic strategies stated that the firm must be single-mined, the combination of those three strategies could be more effective in practices and the “ stuck-in-the-middle” is not inevitable.

### 1. 3 Areas of Concern

### 1. 3. 1 Global battles over patents in the tablet industry

The worldwide patent war between the two largest technology companies, Apple Inc. and Samsung Electronic raised the awareness of intellectual property protection (The Wall Street Journal, 2012). Samsung ordered to pay Apple $1. 05 billion in lawsuit over smartphone technology and its new product was delayed release to the market. The “ patent infringement” could influence retail sales, customer relationship and brand identity of the company (The New York Times, 2012). Under these circumstances, the companies need to compete in the marketplace with its innovation products and they take the steps necessary to protect their innovations and intellectual property rights (International Business Times, 2012). The increasing concerns about the intellectual property impacts the strategies decision in the company and challenge the development of the overall industry.

### 2. 0 Applying Kanter’s “ New Wisdom” Theory

### 2. 1. Core competencies

A core competency is a distinctive skill that an organization does better than its competitors (Bradmore, 2005). To be indentified the distinctive of skill, some factors are need to be considered, such as the relevance of skill to all of the organization’s product markets, contribution to the perceived value of product and its difficult to be imitative by competitors.

As a market challenger, Samsung Electronics has adopted a frontal attack strategy on Apple. This is evident as Samsung launched it new Galaxy Note tablet with new features such as stylus-type pen and split screen function hoping they will stand the new device apart from rival Apple’s iPad (The Sydney Morning Herald, 2012a). However, this distinctive skills cannot consider as core competences as Samsung only change its strategy to be better than Apple, which does not mean that Samsung can better than its competitors. Also, the stylus-pen and split screen function can be easy copy by competitors as it does not maximize the market share of core products.

### 2. 2. Time compression

Time compression is the ability that an organization does things quicker than its competitors (Bradmore, 2005). It could be the ability to launch new products into the market quicker than competitors, the capability to make deliveries quicker and ability to respond market trends more quickly than competitors.

Compared with the market leader in the tablet industry, the Galaxy Tab not only has the basic functions as iPad but also employing several newly-created features to responded the customers’ needs and wants. As been analyzed from previous report, Apple is the market leader while Samsung is only in market challenger position. The Samsung Galaxy Tap 2 10. 1 has been released on 22 August (Smith, 2012) but Apple was slower than Samsung one month in introducing IPhone 5 into the market, which was on 21 September 2012 (Hill, 2012). In addition, Samsung created an Eco-design evaluation system in 2004 to evaluate and improve the environmental quality of our products and that is even ahead of Apple (Samsung, 2012). There are three categories which include resource efficiency, environmental hazardousness, and energy efficiency. By the ability of launching new product and response to market trend faster than the market leader – Apple, Samsung can then be considered with time compression ability

### 2. 3 Continuous Improvement

The process of continual upgrading to advance and develop the company’s products, services or procedure to deliver higher value and better quality of their offering to their customer is defined as Continuous Improvement in Kanter’s New Wisdom.

### Green Products

Sustainability is quite an issue for any ethical manufacturers globally, and in order to take their responsibilities towards the environment, SAMSUNG has started to endow a “ Green” characteristic into its products (Digital Document Solution, 2012). Samsung has proudly presented its Eco-design evaluation system in 2004 to examine and improve the environmental-awareness feature of its products through three aspects: Manufacturing, Recycling and Green Partnership (Samsung, 2012). Galaxy Tablet is no exception to their Green policy. In fact, besides Apple’s IPad, it is one of the rare eco-friendly tablets featuring Corning’s Gorilla Glass which is an alkali-aluminosilicate not only providing up to four times anti-breakage but also lessen carbon emission during their manufacturing (Shimkus J, 2011).

### Hardware and Software Upgrading

iPhone 5 was released just a few weeks ago causing a ruckus for Australian is so excited for the latest stylish smartphone (News, 2012). Yet, SAMSUNG has beaten their competitors. A better display screen has been applied to Galaxy S III even though the users might not recognize the differences. According an industry expert, the screen is thinner (Apple IPhone 5 is 1. 5 mm thick while SAMSUNG Galaxy S III os 1. 1mm) and display better colour gamut with a capacity of 100% of NTSC colour demonstration while Apple can do best at 72% (Cherrayil N. K., 2012). Apple has been very famous for the wonderful display capacity, but now SAMSUNG has indeed, got a step ahead. The question is when SAMSUNG will apply this new display screen technology to its tablet series.

Apart from hardware upgrading, for the inside part, SAMSUNG CEO, Mr Kwon has announced a call to encourage the software development. He acknowledged the competitive edge of SAMSUNG advanced technology, therefore, so as to protect its selling point, a total improvement of both hardware and software must be raised (Lee J., 2012)

### 2. 4 Relationships

A cooperating Business-to-Business program called Samsung Enterprise Alliance Program has been up and running for a while. This program encourages firms to get involved with Samsung to create a strategic alliance so as to generate differentiated benefits to leverage its partner and Samsung themselves (Samsung Enterprise Mobility, 2012). Successfully stories can be described as follow with a case where Samsung partner up with Microsoft and many other partnerships with others technological support services.

### SAMSUNG and Microsoft

Firstly to prepare for the Smartphone War, Microsoft and Samsung has agree upon sharing their resources, specifically their patent portfolio to confront Apple andGooglefor market shre in smartphones and tablets market. The deal is that Samsung will pay royalties for any smart-interfere device unit produced for their operating system (Endo W, 2011). Moreover, Samsung’s future products will feature the Windows 8 of Microsoft as for slate PCs: the Series 5 and Series 7 (Patrizio A., 2012). This Slate PCs can be transformed easily with an attached keyboard. These may bring Bill Gate’s dream to create a powerful tablet to fruition. With this alliance, Samsung will focus on making the hardware bit while Microsoft will do best with their software to get compatible to the piece (Eaton K., 2011).

### Other Alliances Programs

Besides, the company has also joined forces with Kaspersky Lab – a prestigious anti-virus software developer. The benefit of having Kaspersky is that Samsung devices such as smartphones and tablet will be protected by a world leading antivirus technology with Kaspersky Mobile Security and Kaspersky Tablet Security. Even though there is not many infamous cases about smart-devices yet, but there are no guarantees that hackers would not hijack such devices. This is like a step ahead for better privacy and security of the consumers (Kaspersky Lab, 2012).

In addition, Powermat and Qualcomm alliance is trying to include a wireless charge technology to Samsung products. This technology is pretty new and not very popular, indeed. Therefore, cooperating with Samsung, particularly in their latest release – the Galaxy S III will somehow raise the awareness of this technology in consumers’ mind (Ingraham N., 2012 and Corner S., 2012)

### 2. 5 Assessment based on Kanter’s New Wisdom Analysis

By applying Kanter’s New Wisdom Theory, it can be seen that Samsung strongest points are Continuous Improvement and Relationships. Its Time Compression aspect is doing well but not well enough to become Samsung competitive advantage. On other hand, Core Competency is yet to be exploited by the firm. Specifically, its advanced technology is continuously applied to their products without fail, yet such technology is usually announced on the market by their competitors (Apple iPhone 4S/ iPhone 5 Vs Samsung Galaxy S III). Additionally, unlike the other players on the field, Samsung especially concentrate on making strategic alliances with others company to benefit both sides while for instance, Apple is somehow quite conservative. Another point is that, Samsung’s strategy to attack the market leader and other players always pushes itself to do better than its competitor but not as creative and innovative for the fact that there has not been any trend lead by Samsung as in a case of Slate PCs resembles the Transformer Pad Line of ASUS.

### 3. 0 Applying Day & Wensley’s Theory

### 3. 1 Key Success Factors of the Tablet Industry

Day & Wensley assert for a firm to be competitive within an industry, it must possess the Key Success Factors of the industry (Bradmore, 2005). The following Key Success Factors (KSF) have been identified through careful analysis of tablet industry.

Key Success Factor
Issues Identified
Explanation
Ability to provide superior marketing, sales and services

### Customer Services

In this industry the success of a manufacturer depends as much on its capacity to completely satisfy its customers as on the performance of its products (Bradmore, 2005). Marketing, sales and services functions are taking the lead in shaping organizations’ overall strategy for serving the tablet consumers, but the IT function is integrally involved (TATA, 2012). According to Tata consultancy’s surveys (2012), the greatest success in winning the tablet consumers rated cross functional collaboration much higher as a key success factor than the companies with the least success to date. Advancement of technology

### Innovation & Continuous Improvement

To be competitive in this industry, a strong commitment to continuous improvement is vital. Firms committing themselves to extensive research and development will achieve innovation and the capacity to differentiate themselves from competitors through patents and proprietary products (Bradmore, 2005). Therefore, tablet manufacturers must have continued investment in research and development in order to remain competitive in the market place. Ability to build networks to improve ability to compete effectively

### Strategic Alliances & Relationships

As the tablet industry is still in its infancy it is imperative to have well built strategic alliances and relationships. An increased number of alliances and networks across all aspects of tablet research and development, production and distribution lead to cost efficiencies and greater business opportunities (CNNmoney, 2011). To remain competitive, or merely survive, in this industry these strategic alliances are essential.

Effective Cost Control

Cost flexibility

Research and development costs in this industry are high (Ifpsm, 2012). It is essential for manufacturers to reduce their fixed costs and limit operational risks to survive in this industry, and one of the ways is by outsourcing (Bradmore, 2005). According to an IHS report, the vast majority of tablets, including iPad and Kindle fire, are made by contract or outsourced manufacturers in Asia, such as Hon Hai and Quanta in Taiwan (iSuppli, 2012). Outsourced manufacturers in 2011 were responsible for 87. 5 percent of tablet production, compared to 12. 5 percent that were made in-house (iSuppli, 2012).

### 3. 2 Assessment of Samsung’s Sources of Advantage

### Superior Skills

Superior skills are defined as the distinctive capacities of personnel within the firms include engineering skills, technical skills and so on. These superior skills may be distinguished from and competition and it allow the company to response more quickly to any change in the market (Bradmore, 2005).

Apparently, Samsung’s superior skills are their innovations. The innovations in product design, manufacturing and marketing lead the firm access to their competitive advantages. Those advantages are facilitated and supported through the specialized employees in different fields, especially in research and development. In addition, the innovate specialists in procurement, HR management and marketing also have excellent skills to support the success of company. Samsung was regarded as the world’s biggest information-technology firm with its annual revenue in 2011 (The Economist, 2011). The company’s technologyleadershipposition is evidenced by its high –performance mobile technology and further supported by its mass of registered technological patents (Samsung Electronics, 2011b). The superior skills of designers, specialists and technicians generated greater performance and reliability of the products, those technological advancements in order the firm to add value to customers and also achieve their superior position in competition.

Superior Resources
According to Bradmore (2005) superior resources are tangible elements for advantage that the company can exercise its capacities more readily than competitors.

In order to better response to their steadily growing tablet demands, assess to wider distribution coverage and achieve larger salesforce, Samsung are expanding their global authorized dealerships program and purchased larger scales of manufacturing facilities in several countries (Authorized Samsung Internet Dealers, 2012). The strong information technology systems of Samsung to deal with customer services management, distribution and marketing are also considered as their superior resources. Further, the increased investment and relationship from the Samsung’s strategic alliances led to the firm gain competitive advantages in their research and development (Samsung Enterprise Alliance Program, 2011), further supporting their superior skills of innovation.

### 3. 3 Assessment of Samsung’s Positional Advantage

Samsung has established a prominent position in the tablet computer market because of its superior skill and resource allowed to design and manufacture the high-performance Android-powered Samsung Galaxy Tab. Customers can distinguish superior benefits by the innovative features, product quality, more convenient location and outstanding customer services of Samsung’s Galaxy Tab. The sources of advantages enabled the firm to deliver superior customer values by occupying a differentiated position in the market, where customers will pay a premium price for its tablet instead of its competitors (Bradmore, 2005). It’s worthy to note that Samsung also operating at lower relative cost for advantages as a result of the analysis of their Michacel Poter’s value chain (see Appendix 3). The value chain indicated that Samsung’s activities have great influences on customer values and also account for a large proportion of cost reduction. The positional advantages will led to in turn to superior performances outcome, customer satisfaction and increase profitability ultimately.

### 3. 4 Match between Industry

### Key Success Factors and Samsung’s Sources of Advantage

The following table illustrates how Tesla Motors have successfully achieved two of the four key success factors of the electric automotive industry.

### Key Success Factor

Issues Identified
Samsung’s Sources of Advantage
Ability to provide superior marketing, sales and services
Customer Services
Through the alliances of Samsung’s Galaxy Tab and Toyota’s Camry vehicles, Toyota Korea was able to collect data on the vehicle’s fuel efficiency and the customer’s driving style through the OBD2 car diagnostics system. With this information, the company has provided excellent, fast maintenance services, achieving improved customer satisfaction (Samsung, 2012).

Samsung continuously expands its global authorised dealership program, allowing advantages on availability, efficient and timely delivery of products and spare parts, and Samsung’s after-sales service – a critical aspect of the tablet industry (Cryto, 2012) Advancement of technology

Innovation & Continuous Improvement
Currently the world’s biggest information technology firm
Invest much of their revenue back into ongoing R&D
Own a suite of technological patents
Have strategic alliances investing in Samsung’s research
KIA – in developing a new technology “ Samsung Drive Experience” for KIA K9 vehicles (Samsung, 2012). Toyota – to develop “ Smart driving” technology for its new fleet of Camry vehicles (Samsung, 2012). Ability to build networks to improve ability to compete effectively

### Strategic Alliances & Relationships

Relationships with several education institutions in France, North America and Korea to develop new technology “ Samsung Smart School” to enhance learning (Samsung, 2012). Contracts with HEG electronics to manufacture galaxy tab. (HEG, 2012) Wins government approval to invest 7 billion to build its first chip factory in China (BBCNews, 2012). Samsung, IBM and Globalfoundries are members of the Common Platform. The alliance offers enhanced flexibility, portability, capacity and resources in the marketplace, while accelerating the rate of technological innovation. Furthermore, includes benefits of outsourcing services ranging from design through packaging.

### Effective Cost Control

Cost flexibility
As illustrated through their relationships, Sasmsung has managed to maintain relationships to allow them to increase investments in innovation (Bradmore, 2005). However, without manage to outsource much of its manufacturing process to lower their total costs, coupled with their enormous R&D expenses made them unable to achieve economies of scale.

### 3. 5 Performance Outcome

Customer Satisfaction
Samsung’s customer satisfaction management by implementing scientific system solutions which include: creative training, systematic research and various employee satisfaction programs. In addition, Samsung conduct annual survey to listen the voices of their current customers and also potential customers in order to develop and provide better products (Samsung SDI, 2012). Recent customer survey indicated that these interactive relationship allowed the firm receive positive consumer feedback from their customers (Samsung Customer Delight Service, 2012). The outcome of the survey is used to support the further decisions to improve their product or services and therefore building customer loyalty.

Market Share
According to the IDC (2012) Samsung Galaxy landed the second place firmly in the tablet industry with approximately 10% market share. It is expected to steadily increase with the release of new model Galaxy Note 2.

Profitability
In 2011, Samsung achieved sales revenue of $165 trillion KRW with an operating income of $16 trillion KRW, an increase of 6. 7% in sales over 2010. Samsung Electronics recorded a rise in share price of 11% at the end of 2011 and the estimated brand value reached to USD 23. 4 billion, a 20% increase over 2010 (Samsung Electronics, 2011a).

### 3. 6 Re-Investment

As a result of committing to improve the product design and manufacturing, customer services, research and development and so on, Samsung gain their competitive advantages through continues investment strategy. The re-investment of Samsung in facilities totaled $20. 9 trillion KRW in 2011 and is expected to increase to $24. 2 trillion KRW in 2012 (Samsung Electronics, 2011a).

### 3. 7 Assessment based on Day & Wensley Analysis

Day & Wensley’s assessment suggests that Samsung holds a competitive advantage within the tablet industry, owing to a superior skill in innovation and a superior resource of strategic alliances. These sources of advantage afford Samsung a positional advantage in providing superior customer value. This unrivalled value predominantly increases customer satisfaction towards the brand. However, as Samsung fell short against two of the industry’s key success factors, they would benefit in building additional superior skills and resources, namely skills in cost flexibility, should they wish to achieve economies of scale and a sustainable competitive advantage.

### 4. 0 Challenges

Analysis of Kanter’s ‘ New Wisdom’ and Day & Wensley’s assessment of competitive advantage, the following three challenges are considered as the most significant and that Samsung should address to improve its competitive advantage:

Inferior battery life of Samsung Galaxy Tab as compared to market leader

One of the critical elements of a mobile computer device is how long it can last on a single charge. Samsung lists the Galaxy Tab as capable of up to seven hours of video playback. However, the company's key competitor, Apple, listed the iPad as being capable of up to ten hours of video playback in one charge. In order not to lose its competitive edge against Apple, the onus is on Samsung to make rapid developments in its battery technology.

Relative weak brand preference compared to market leader

As identifies in Day ; Wensley’s assessment, Samsung has high reputation of their technology advancement and innovation. However, they occupied only one in six of Apple’s market share due to the weak brand preference (IDC, 2012). Samsung’s main concerns are their capacities to build their brand and consumer preference to achieve competitive advantages by increasing consumer awareness of their product superiority and differentiation and enhancing their customer services.

Defeat Apple to be the market leader in specifically in Tablet Industry

For the New Wisdom application, due to its widespread network brought byGlobalization; its International Strategy and Strategic ; Alliances Network by forming alliances with foreign firms, Samsung has been given a great deal to access to technology and local knowledge in order to improve and reinforce its Continuous Improvement and Relationship. Also, its long-term objectives of dominating the world market were given a boost through taking such customer preferences and research by its alliance to improve its lack of Time Compression and Core Competence. Currently, Samsung situation is just a market challenger (Appendix 2), yet, in a future, with such advantages, it may achieve the market leader rank.

### 5. 0 Recommendations

Recommendations
Inferior battery life of Samsung Galaxy Tab as compared to market leader Innovation ; Continuous Improvements
The battery life of the Samsung Galaxy Tab is inferior to that of the iPad. It is recommended that Samsung should invest heavily in research and design to further improve the mobile device battery technology. Samsung should also seek to patent its battery technology should the company have a breakthrough in increasing the battery lifep of mobile devices.

Although Samsung has a vast array of mobile device products ranging from mobile phones to tablets, research done by Business Insider (2012) indicate that consumers are often skeptical of Samsung's devices due to its short battery life. Hence, it is recommended that Samsung continue to cultivate its commitment to innovation by investing heavily on research and design to further develop its portable device lithium ion battery technology. This will also benefit Samsung's positioning in the smartphone market too. We also recommend that Samsung patent its research and design findings so as to prevent other players from replicating its technological know-how. By patenting its productions and innovations, Samsung can protect itself against potential attackers as the patents will act as barriers to entry.

Relative weak brand preference compared to market leader

Brand building,
Innovation,
Customer services, Information technology
Samsung Electronics ranked 17th on the Interbrand Best 100 Global Brands 2011, with an estimated brand value of USD 23. 4 billion (Samsung Electronics, 2011a). However, Samsung has relative low brand preference in tablet industry referred to its worldwide tablet shipment (IDC, 2012). Recently, the global tablet patent war between Apple and Samsung not only impacted retail sale but also brand image, consumer reaction and behavior will be influenced ultimately (The Wall Street Journal, 2012).

As discussed in Day ; Wensley, branding is a key success in the tablet industry, the other factors e. g. innovation, information technology and customer services are supporting the company to build their brand. Product innovation and customer relationship management should be improved by the developing information technology to build brand loyalty and enhance brand image. Therefore, it is recommended that Samsung place more emphasis on the information consumers of the Android’s ease of use and hardware superiority when compared to Apple’s iPad. Consumer would be willing to pay premium price for the product due to its high product quality and differentiation. Samsung should continuous improve their product and take actions to protect their intelligences property. In addition, the marketing campaigns and personalized customer services should target to increase the consumer awareness and brand loyalty by identifying the differentiated brandpersonalityand brand superiority.

Defeat Apple to be the market leader in specifically in Tablet Industry and generally in Electronic Devices Industry. Globalization ; International strategy, Strategic Alliances ; Networks and Outsourcing Samsung has more than 285 overseas operations in 67 countries which divided into Global headquarters, regional headquarters, production network and sales network
(Samsung, 2012). Its international strategy includes cautiously expanding outside its home market and equipping overseas units with the skills and resources to be self-sufficient.

This strategy may give Samsung the opportunity to access to new suppliers, customers and allow Samsung to learn and take advance from new cultures and new ideas. However, it may also be challenges for Samsung to adapt its product features to variousculture, politics or economic systems. Besides, differences in employment contracts may be a threat to human resource system.

Experiencing with working through 67 countries, Samsung might subsequently need to consider where to sell its product outside the domestic market and where should Samsung seek both global efficiency and local responsiveness.

Using globalization strategy means that Samsung will need to hire flexible co-ordinations who can understand business environment and ethical management for specific areas.

Once, Samsung is success in its globalization strategy the company may get chances to increase its market size, greater returns on capital investment and economies of scale. Thesegoalscan help Samsung to challenge market leader head on (GatHPU, 2010). Additionally, regarding to the Price War, the competitive advantage through outsourcing may give benefits to customers.
Appendices

Appendix 1: Porter’s five Forces: Tablet Industry

Forces
Variables
High/Low
Threat of New Entrants
Product Differentiation
While it seems there is relatively similar between manufacturers’ products, the existent brand loyalty of the current company like Apple and Samsung,
forces the new entrants to create obvious innovation and design (IDC, 2012). The new competitors are likely to participate in the tablet sector required high capital investment, new capacity in production and product development on order to gain profitability and market share.

Capital Requirement
Tablet industry is a part of the electronics industrial sector, the barriers of entry into the market is extremely difficult, since a large initial investment and expertise are required (Samsung Electronics, 2011a).

Government Policy
According to the patent war between the big companies generated the issues in tablet industry, the government increased the protection on the intelligence property that it required the new entrants develop more differentiation (The Wall Street Journal, 2012). Low

Forces
Variables
High/Low
Bargaining Power of Buyers
Availability of Substitutes Product
There are many substitute products on the selection sets of buyers (Bour, 2012). For end buyer, not only the products in tablet category but also the traditional electronic devices, such as smartphone and computers, which offered similar values are considered as the alternative choose to them (The Economics Times, 2010).

Price Sensitivity
Due to the tablet industry is in its infancy, customers considered to purchase the tablet products still in risks. Furthermore, the availability of substitutes product led to the customers increased their price sensitivity to the product (The Economics Times, 2012). Customers will not purchase the product if they have insufficient information about it.

High

Forces
Variables
High/Low
Bargaining Power of Suppliers
Concentration of suppliers
There is few suppliers provided operating system (OS) suppliers in the tablet industry, such Apple’ iOS, Google’s Android and HP’s webOS 3. 0. Except the tablet running its own company’s operating system, some of the firms would face pressures from their suppliers, such as Google and Samsung (Sydney Moring Herald, 2012).

Differentiation of inputs
There are significant differences among the operating system, which is the key component in the tablet. Customer would evaluate the tablet product heavily based on the integrated OS. The OS suppliers have greater power towards the tablet manufacturers (Sydney Morning Herald, 2012c).

Threats of backward integration
Currently, many tablet manufactures are seeking to back integrate to design their own OS instead of using the OS supplied by other company. However, the significant market share of the dominate OS supplier, Apple and Google, indicated that the customer adoption would not easy to change (Sydney Morning Herald, 2012c). The highly investment and risks of switching created barriers to development to those companies.

High

Forces
Variables
High/Low
Availability of Substitute Products
Relative price preference of substitute
There are many substitute products in the tablet market as the buyers are unable to perceive significant superior among the brands in their
consideration sets. Apple, the marker leader reduced the price of iPad to response the increasing sales of tablet from Samsung and Amazon, when they realized their price and performance is no obvious difference form their competitors (Business Week, 2012). Read also which helps enable an oligopoly to form within a market?

Switching Costs
However, the OS is quite different among some tablet. The switching cost associated with tablet PC is relative low in terms of times and efforts required to switch the product. The OS is the key consideration in evaluating the switching cost of the tablet (Sydney Morning Herald, 2012c). The switching costs do not exist if the new tablet running the same OS as the previous one. The threat of switching by the current customers and the opportunities to being as a substitute product to the future customers are both increasing. High

Forces
Variables
High/Low
The Intensity of Rivalry
Industry Growth Rate
Recent research demonstrated that the industry in flourish in the next few year sand the worldwide shipment is expected to grow over 60 % (IDC, 2012). The competition among the competitors would be more intense, while the developing industry and the growing mobility market (Deloitte, 2012).

Exit Barriers
As a technological sector, the tablet manufacturers face high exit barriers. The intensity of rivalry is likely to be increased due to the huge capital investment and high investment in development (Samsung Electronics, 2011b). It required the manufacturers continue invest in research and design innovative model.

Brand Identity
There is no doubt that the strong brand identity increased the intensity of the competition. Apple, Samsung and Amazon (Miriam, 2012) were regarded as
the big three tablet manufacturers occupied over 80% market share in the industry (IDC, 2012). The battles and the strategies in spreading the market penetration among the three tablet companies influence the level of intensity of entire market competition.

High

Appendix 2: Market Positioning Classification

Market Leader
Market Leader is the firm with the largest market share in the industry (Kotler, et al, 2007).

ISuppli’s (2012) market research reflects that Apple is the market leader with market shares of 69. 6% in the global tablet market. Following is Samsung with a market share of 9. 2% (BGR Media, 2012a).

As the market leader, Apple has exhibit strategies to expand the total market to gain more market share. This is evident as Apple shipped a combined total of 17 million new Retina display-equipped iPads and iPad 2 tablets combined, an increase of 44. 1% from 11. 8 million in the first quarter and enough to capture 69. 6% of the global tablet market (BGR Media, 2012a).

Market Challenger
Market Challenger is a runner-up in an industry that is fight hard to increase market share (Kotler, et al, 2007).

As a market challenger, Samsung Electronics has adopted a frontal attack strategy on Apple. This is evident as Samsung launched it new Galaxy Note tablet with new features such as stylus-type pen and split screen function hoping they will stand the new device apart from rival Apple’s iPad (The Sydney Morning Herald, 2012a) Market follower

A market follower holds a smaller market share than market leaders or challengers and avoids direct confrontation (Bradmore, 2005).

As Sony has fewer resources to compete directly with the market leader and challengers, the company has attempted to adapt the standards set by the major players in the tablet industry.

This is evident as Sony began mass producing its first Sony tablet S shortly after Apple and Samsung introduced their tablets into the marketplace (Sony Electronics, 2012). Market Nicher
A ‘ nicher’ is a smaller firm that targets smaller or specialized segments that are not of interest to the larger market players (Bradmore, 2005).

HP slate 500 does not seek to achieve high volume of sales. This is evident as the tablet was not aimed toward those individuals who are looking for a tablet designed for entertainment purposes (TechMediaNetwork, 2012).

The device is designed to suits the needs for business professionals and business type industries.

Appendix 3: Samsung’s Value Chain

Inbound
Logistics

The logistics of the product’s inputs are responsible for the nominated companies owned by Samsung Group (Samsung Electronics, 2010)

Operations

Investment in in facilities totaled KRW 20. 9 trillion in 2011 and expected to increase to $ 24. 2 trillion KRW in 2102 (Samsung Electronics, 2011a)

Operational cost is reduced by enabling real-time checking of transportation information and grasp of transportation status of a third party logistic company (Samsung Enterprise Alliance Program, 2011). Outbound Logistics

The efficient inventory management systems and tight supply and distribution chain maintained the product accessibility and thereby increasing the customer satisfaction (Samsung Electronics, 2011b).

Marketing ; Sales

The judicious and consistent marketing campaign enhanced the brand values of estimated USD 23. 4 billion (Samsung Electronics, 2011a).

Sales and Marketing come under a different management structure, which is based on geographic area, rather than product, working with outsourced logistics vendors in each market (Samsung Electronics, 2011b).

Samsung also reorganized its overseas marketing bases in line with changes in the market, including a combined Britain/Continental Europe regional subsidiary, and a combined China/Taiwan regional subsidiary, while at the same time aggregating the marketing investment through the combination (Samsung Electronic, 2011b)

Services

The Samsung’s website provides both investor and customer certain information and allowed consumers leave feedback and require support (Samsung Electronic, 2010).

The numerous of customers services centers around the world to enhance consumers perceived values (Samsung Electronic, 2010.

Firm’s infrastructure
Samsung Electronics Co. Ltd. headquartered in Suwon, South Korea (Samsung Electronic, 2011b). Samsung Electronics established in 1969 and it has 206 offices and facilities in 68 countries globally, and it is recognized as one of the world’s top 20 brands (Samsung Electronic 2011b) The company consists of nine independently operated business units: Visual Display, Mobile Communications, Telecommunication Systems, Digital Appliances, IT Solutions,
Digital Imaging, Memory, System LSI, and LCD (Samsung Electronic, 2011a). In 2011, Samsung achieved the sales revenue of $165 billion KRW. However, with the operating income dropped to KRW 16 trillion (Business Weekly, 2012). The Common Platform Partnership with IBM provides provided global, risk-diversified sourcing and advanced manufacturing capacity to fully meet its customer's production needs (Samsung SDI, 2012). Samsung Enterprise Alliance Program (S. E. A. P.) delivers sales, marketing and solution development support to ISV and SI partners (Samsung Enterprise Alliance Program, 2011) Samsung agreed the joint venture with Sony in LCD panels production (SBS, 2011) Samsung and Microsoft are alliance in smartphone market that they agreed to share each other's patent portfolio to take on both Apple and Google for a market share for smartphones and tablets (William, 2011).

Human Resource Management
Samsung Electronics currently employs over 190, 500 employees in Korea, Asia, Europe and America (Samsung Electronics, 2011b). The turnover rate decreased to 11. 3% in 2011 from 21% in 2012 (Samsung SDI, 2012). From the moment of being and to the moment of retiring, employees are given a lot of trainings and education for self-development. Samsung SDI tries to ensure work and life balance for better quality of life (Samsung SDI, 2012).

Technology Development
Increasing investment on research and development aimed at enhancing the software capabilities in user interface and user experience (Samsung SDI, 2012). The highly invested Research and Development network ps six Samsung centers in Korea and 18 more in nine other countries, including the United States, the United Kingdom, Russia, Israel, India, Japan and China, as well as other research centers and universities (Samsung Electronic, 2011a). The Samsung Advanced Institute of Technology (SAIT), Samsung's technology competitiveness in core business areas, identifies growth engines for the future, and oversees the securing and management of technology (Samsung Electronics, 2011b). Procurement

Samsung Electronics is looking for potential world-class partners with
innovative and distinctive technologies? for collaboration and creating new business opportunities (Samsung Electronics, 2011a).

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