

Marketing plan for samsung vacuum cleaner



**ASSIGN
BUSTER**

Samsung Group has been recognized as one of the largest Asian companies in the world. With products that are always innovative and commitment to customers, Samsung is always able to satisfy customer needs. Thus, with this marketing plan, Samsung tried to continue to innovate with new products Vacuum cleaners with a way to add new features and functions in the vacuum cleaner that will satisfy customers.

The marketing plan starts with introduction, stating the aim of this business report, which is the promotion strategy for Samsung Vacuum Cleaner. A brief outline of the Samsung is discussed along with some theory definition and explanation. The content on this report will be;

Analysis of current situation has been done to avoid competitors over lap Samsung.

Understanding of current target market is to help analyse customer wants and needs to grab bigger market share.

SWOT analysis is the detail of internal and external which could be used to increase opportunity.

Three methods of promotion that Samsung use in order to reach their target market.

How corrective action is taken will be describe in the marketing plan, under marketing mix which contain 4P.

Measurement the success of the marketing plan, various step, standard, and limits will be determined to monitor the performance,

How this marketing plan will increase revenue shown in financial part.

There are four methods that Samsung do to control and evaluate products that will be released in the market.

ENVIRONMENTAL ANALYSIS

Samsung before was a small export business in Taegu, Korea, founded by Lee Byung Chull in 1938 (Samsung 2010). Today Samsung Company has grown up to become one of the world's leading electronic companies, basically manufacturing electronic devices, such as TVs, Refrigerators, Air Conditioners, Washers, Vacuum Cleaners and etc (Samsung 2010). By innovate and improve top quality of products and services, as followed their mission of making life better for consumers around the world, Samsung has grew their revenue and market share by achieving the No. 1 global market share for their 13 products, including semiconductors, TFT-LCDs, Monitors and CDMA mobile phones (Samsung 2010). Looking forward, to make historic advancement in research and development, as well as producing best-in class LCDs & LEDs, mobile phones, digital appliances, Vacuum Cleaners, and more (Samsung 2010).

2. 1 Target Market

First of all Target market is specific group of people on an organization to satisfy the needs of group members or focuses its marketing efforts (Pride et al. 2006, p. 124). Samsung are targeting at three different social class segments which are lower level, middle level, and upper level. Therefore, Samsung aims at differentiated marketing with different types of designed to satisfy the target market (Schieffer 2005, p. 72).

There are three categories of Samsung for target market. First is lower level. The setting of this vacuum cleaner are powerful, lightweight cleaning with flexible control the 360-degree connection swivels which make easier for consumer to maneuver for quick cleaning all around. This lightweight cleaner is best for tackling bare floors and carpets (Mother Earth News June / July 2006). It has powerful with double motor, multi-surface and cleaning capabilities with the switch of button, automatic cord rewind and comes with tools-on-board.

Secondly, is middle level in here the vacuum cleaner is more lightweight, ultra quiet, low-noise floor nozzle, so it will make protection for human's ear (Consumer Reports October 2005), which resulting an enjoy clean air and more frequently captures dust and airborne allergens (Consumer Reports March 2006).

And finally of course for higher level, it has all the features for lower and middle level vacuum cleaner, and it also has more advantages like micro seal fresh air technology. This improvement makes the consumer enjoy clean air and clean less frequently that captures over 99.97% of dust and airborne allergens and small particles (USA Today Magazine January 2007). The more specific of strategies and product will be discussed in more details in the consequent pages under marketing implementations.

2. 2 SWOT Analysis

To monitor the internal and external marketing environment and also to set a new and better marketing strategy, a SWOT analysis must be accomplished first and “ That the overall evaluation of a company's

Strengths, Weaknesses, Opportunities, and Threats is called SWOT analysis” (Kotler & Keller 2009, p. 89). Samsung Company must have a clear understanding of their SWOT analysis in order to develop their new products at the same time increase their profit on annual sales.

(Source: Business Teacher 2010)

Strengths

People

A company is its people. At Samsung, we’re dedicated to giving our people a wealth of opportunities to reach their full potential (Samsung 2010).

Loyal Customers

By having close customer relationship, the Samsung Company have the possibility to always produce and innovate their product to overcome the customer needs and wants.

Excellence Products and Services

Samsung Company is motivated by an unyielding passion for excellence-and has an unfaltering commitment to develop the best products and services on the market (Samsung 2010).

Best Marketing Experience

Nowadays In fast-paced global economy, change or revolution is constant as well as for innovation is critical to a company’s survival. As Samsung Company has done for 70 years, they set their sights on the future, anticipating market needs and demands so it can steer our company toward long-term success (Samsung 2010).

Integrity

Operating in an ethical way is the foundation of our business. Everything we do is guided by a moral compass that ensures fairness, respect for all stakeholders and complete transparency (Samsung 2010).

Co-prosperity

To become successful a business must also create prosperity and opportunity for others. Therefore Samsung Company is committed to presence a socially and environmentally responsible corporate citizen in every community where we operate around the globe (Samsung 2010).

Pricing

Samsung products are relatively competitive in the market, so it can compete within all type of customers.

Technology

With an excellent research and development capabilities, they spend a high percentage of revenue on R&D. It resulted in global leadership in the television segment, and in improving its position from the third to second player in mobile phones with their innovative products.

Weaknesses

Product Perception

The customer's perception of weak product attributes like Durability.

Price Perception

The customers' perception about the worthiness the price of product on each person that difficult to cover.

Standard Model

Not pro-active coming out with unique and leading model.

Huge Investment on R&D

2007 (Mill won)

2006 (Mill won)

Sales

98, 507, 817

85, 834, 604

Research expenses

2, 353, 844

2, 252, 848

Ordinary development expenses

3, 720, 115

3, 461, 914

Total R&D

6, 073, 959

5, 714, 762

R&D/Sales

6. 17 %

6. 66%

(Source: Samsung Annual Report 2007)

Opportunities

Electronic Market

By Increasing on electronic market, Samsung have the opportunity to take it down.

Increasing Demand

There is strong customer demand for innovative products & value-added features.

Increase % of Younger Population

High % of Younger population, which can be expand a new market now and in the future.

(Source: Population Reference Bureau 2009)

Threats

Increasing Competition

In the third quarter 2008, the market share of LCDs TV Samsung Gain 20. 2%, which has been decrease by 2. 8% compare to the previous year, therefore it shows the increment of the competition (Samsung annual report 2008).

Economic Slowdown

The economic slowdown makes demand for electronic product weakens.

MARKETING OBJECTIVES

The marketing objectives are listed for management approval based on the approach in improving the sales growth.

Launch of new vacuum cleaner

To launch a new vacuum cleaner that can help to maintain healthiness at home.

Marketing Strategies for Existing and New Products

To outline a series of marketing strategies aimed at improving the sales.

Increase Sales Volume

To increase sales volume of vacuum cleaner by three promotions method.

The first thing company must do to achieve the objective in above, is to know who is their target market. In the process of targeting their target market, the Samsung Company can use some of target strategies that involve market segmentation, market targeting strategy. Firstly, “ Market segmentation is an activity of research commons on issues such as characteristics market definition, the unit of analysis, type of consumer behavior to be explained, appropriateness of basis variables, and the relation of all of these considerations” (Kotler 2002, p. 279; Pride et al. 2006, p. 115).

Market targeting, otherwise, refers to the evaluations activity of identifying each market segment based on their attractiveness and to choose one or more segments to enter (Bradley 2002, p. 47). In the other hand market

<https://assignbuster.com/marketing-plan-for-samsung-vacuum-cleaner/>

positioning is a formulating to set competitive position of the product and creating for market detail to achieving a certain position in the target consumer's minds (Kotler & Armstrong 1999, p. 196). Lastly, pricing strategy deals with response of customer, setting profitable, and also think of competitors (Bradley 2002, p. 222).

The first strategy in target market selection process is market segmentation. A market segment consists of individuals, groups or organizations with some common characteristics who respond in a similar way to given set of marketing approach (Kotler 2002, p. 279; Pride et al. 2006, p. 115).

There are 4 general bases for segmenting consumer markets which are demographic, geographic, psychographic and behavioral variables (Kotler & Armstrong 1999, p. 202).

Samsung focuses in Demographic and Behavioral variables. Based on Kotler (2002, p. 279), they segment market consists of a group of customers who share a similar set of wants. Demographic segmentation defines market into groups according to demographic variables which include age, gender, income, occupation, education, family size, family life cycle, ethnicity, religion and social class (Pride et al. 2006, p. 115) where Samsung focuses on the gender, income, and social class. Under gender, Samsung uses by female especially maid and also housewife. For the income, Samsung is flexible because it offers from lowest price until the highest price so customers can make decisions easier.

On the other hand, behavioral segmentation refers to dividing buyers into the group based on consumer knowledge, behaviors, uses or responses to a <https://assignbuster.com/marketing-plan-for-samsung-vacuum-cleaner/>

product (Kotler 2002, p. 245). Samsung segments the market based on price sensitivity where the consumption of products and services for consumers depends upon consumption value which is best reflected upon quality of products and services (Pride et al. 2006, p. 115). However the most important is focus on quality of products.

Then for the three promotions method that Samsung will take on to increase their sales volume of new vacuum cleaner will be explain in the following pages.

MARKETING RECOMMENDATIONS

The target market for Samsung Vacuum Cleaner are the three different social class family segments which are lower, middle and upper level and also citizens who have home priority and aware for healthy lifestyle.

Therefore, Samsung has designed differentiated promotion strategies to satisfy their different target markets (Schieffer 2005, p. 72).

Promotion is communication to build awareness, message comprehension and interest to influence the people to make positive thinking and accept the product (Hollensen 2005, p. 258). And in here the company also must understand other important factors, such as centralizing on how to learn many different customers and focusing on a proper approach (Taylor & Stankovich 2007).

In the process of promotion strategy, Samsung can uses three main promotions method with the first one is advertising campaign. It is a description about any paid form of non-personal creative presentations of

ideas, goods, or services and it is transmitted to target audiences (Pride et al. 2006, p. 403).

Then, the second method is public relations. This is a method that uses communications efforts to make good relationship between the company and their consumer (Pride et al. 2006, p. 414). And finally, the last promotion method is sales promotion which refers to marketing communication activities in the direction of motivating the consumer purchase and develops the retailer effectiveness (Hollensen 2005, p. 266).

4. 1 Advertising campaign

Advertising campaign is the first promotion technique that can be chosen by Samsung Vacuum Cleaner to promote its products. Advertising is one of the most patent tools to create awareness of a company, product, service or idea by mass media (Kotler 1999). To develop the campaign, there are generally eight steps which can be used as a guideline and it is shown in diagram below.

(Source: Pride et al. 2006, p. 404)

1. Identify and analyse target audience
2. Define advertising objective
3. Create advertising platform
4. Determine advertising budget
5. Develop media plan
6. Create advertising message

7. Execute campaign

8. Evaluate advertising effectiveness

Figure (1) Promotion Strategy for Samsung Vacuum Cleaner

Identify and analyze target audience

From the diagram, it shows that the first step of Samsung Vacuum Cleaner's advertising campaign is identifying and analyzing the target audience (Pride et al. 2006). This includes the three different characteristics of social family classes in Singapore, which are lower level, middle level, and upper level.

Defining the Advertising Objectives

Then the steps continue by defining the objectives of Samsung's advertisement, which are increasing the sales, creating awareness and also expanding consumer's knowledge about the product.

Creating the Advertising Platform

The advertising platform of Samsung Vacuum Cleaner consists of important topics for customer in selecting the product provided (Pride et al. 2006).

Determining Advertising Appropriation

Samsung Vacuum Cleaner manages the advertising budget by applying up to bottom approach. This done by estimating the cost of performing the advertisement and setting the promotions budget according to the estimates (Pride et al. 2006, p. 406). The reason why Samsung choosing this method is because the brand is well known in the public, therefore the management has no doubt in allocating the budget.

Developing the Media Plan

After determining the budget, the marketer start developing media plan for the ad. In the case of Samsung Vacuum Cleaner, it will choose television, newspaper and magazine. The medium that enables marketer to reach the largest number of people at any one time is television; therefore Samsung will put its advertisement in weekday's morning and evening session which is the prime time in television, and Saturday and Sunday morning which is the family session (Falk 2003, p. 287). Then for magazine, Samsung will more concern in women's and technologies magazine. And for newspaper, Samsung will place its ad in weekly celebrity tabloid which focusing on housewife.

Creating the Advertising Message

The company must careful when entering this step, because in here, Samsung starts to convince the buyer that it has something valuable to offer (Bayan 2006). To achieve this, Samsung start the ad by a headline "Introducing a Vacuum Cleaner of the Future" and " Built For Efficiency!", these tag-lines not just capable to inform the buyer about a new vacuum cleaner in the market which gives many efficiency benefits to the customer, but it also help increasing future sales (Garfield 2005).

Some of Samsung benefits such as lightweight, ultra quiet vacuum cleaner, Samsung's filtration system and other uniqueness will be stated in the advertisement (Maynard 1995). Besides that, there also some pictures of Samsung's products together with a creative design look. This will give sounds that the promo gives a greater savings to the item (Brandweek 2007).

<https://assignbuster.com/marketing-plan-for-samsung-vacuum-cleaner/>

Executing the Campaign

After setting the entire ad, the marketer will start to coordinate and execute the effective campaign.

Evaluating Advertising Effectiveness

However, the management also remembers to evaluate the plan to keep an eye on what is happening on the market. The marketer does not want to get critics saying that the ad is not true, and not achieving “ what you really see is what you should get” statement (Janoff 2004).

This can be prevented by pre-test and post-test. The pre-test can identify errors that can result in breakdown of ad’s communication before the implementation. Then the post-test is evaluating the feedback which is the target audience’s attitudes towards the ad (Waller 1998, p. 72).

4. 2 Public Relations

The second methods that will be used for Samsung Vacuum Cleaner is public relations. Public relation is created to make, keep or shared understanding between the company and their customers (Kitchen 1993). Because creating and keeping the relationships with customers is one of the key to make the product become famous. Before a company releases a product, they have to know the customer’s needs and wants (Pride et al. 2006). They also have to know which component of public relations that is useful for their product.

There are reasons why Samsung vacuum cleaner selects this promotional strategy, which are to help the company to have good relationship with the public, then to keep positive image of this company and finally showing to the public about the company’s goals and objectives (Lamb et al. 2002). An

<https://assignbuster.com/marketing-plan-for-samsung-vacuum-cleaner/>

increase in awareness also can be the effect of the Samsung Vacuum Cleaner's public relations campaign (Jeff 2003).

According to Kotler and Keller, there are many kinds of public relation tools, which are identity media, public activities, press conference, speeches, events, and publications. For Samsung, the company has chosen two tools, which are press conference and identity media.

4. 3 Press Conference

The first thing to show the product in the public is press conference. In here, the Samsung Company will call the entire reporters from different mass Medias and give an explanation or describe generally about the efficiency about the product. Hence the reporter will write about it.

4. 4 Identity Media

The other public relation which is used In Samsung Company is identity media. In here, Samsung uses brochures to create awareness and incentive to buy the vacuum cleaner. In brochures, it will be written about description of the product in general like the specification of the product. Besides that, it also will be written information about healthy environment. The leaflets will be distribute in the crowded park, supermarket, mall, mini-market, road and others place in Malaysia which are possible for the customer to see and get it.

4. 5 Sales Promotion

The final method that Samsung Vacuum Cleaner uses to promote its product is Sales Promotion. This is the ways to urge the consumer to shop at a particular store or to try specific product (Pride et al. 2007). In Samsung

<https://assignbuster.com/marketing-plan-for-samsung-vacuum-cleaner/>

Company, they use coupons system, demonstrations, and consumer sweepstakes.

Coupons

In order to promote the Samsung vacuum cleaner, the company uses coupon as one of sales promotion method. There are some places that the coupon can be placed. For example:

Newspaper about celebrity's gossip.

Woman magazine, like Women Weekly and Glamour.

Samsung Vacuum Cleaner's coupon does not have a specific size for different media. The important thing is the coupon is readable. There is a coupon which is distributed by Samsung. The coupon is discount of the product. By entering the promotional code (via internet) or bringing the coupon to the nearest counter, the customer will get a discount or depend on how much money off that is written in the coupon.

Demonstrations

Another method of sales promotion that Samsung uses is demonstrations. The demonstration will be like some of presentations how to use the vacuum cleaner maximally and effectively to satisfy the user needs and wants.

The demonstration will be placed or performed in mall and housing Resident Park. This is because the places usually have many housewife or family that sightseeing in that place. This means that it will be performed where there are possibilities to attract more customers.

Consumer Sweepstakes

Consumer sweepstakes is the last method that Samsung Vacuum Cleaner uses to attract more consumers. The name of this lucky draw is “ Say ‘ YES’ to Samsung” sweepstake. In here, the customers who buy the new of Samsung Vacuum Cleaner will get a chance to enter the sweepstake.

The customers will write his or her identity in a form which is provided by every branch of the company. For customers who buy via internet, they also will get opportunity to give their details in the internet. Therefore the consumers can become a contestant of “ Say ‘ YES’ to Samsung” sweepstake.

The prize for runner up of this lucky draw is three winners will get each a brand new Samsung’s 42-inch LED 3D TV. And for the first winner, the customers will have a chance to go to 2 day 3 nights trip to Shanghai, China for two persons.

MARKETING IMPLEMENTATIONS

We decide to treat all the capitals of developing countries as the same market, as demographically they have many similarities among ladies. We are targeting to housewives to fulfill their needs with our innovated products.

5. 1 Product

We have proposed new reproduction of Samsung vacuum cleaner. In reproduction, we will add few extra functions and features in our new products. Apart from it, we will change the designs and colors according to the age groups of our main audience: housewives those who are between the ages of 23 to 60.

<https://assignbuster.com/marketing-plan-for-samsung-vacuum-cleaner/>

As for the additional, we will make it available to clean the everywhere of home with the gas pipe and steel pipe. For example, in the bathroom, you can see that there are few yellow dirty places on the floor that we cannot take out and refine. Here our product come to solution of the problem, the customers only have to turn on the button, the gas pipe will automatically emit the gas to remove the dust and refine the places easily without needing to use the human effort. After refining with gas pipe, there will be little water because of using gas. The customers do not need to worry to clean it out again, just simply change the steel pipe, and turn on the button again. It will be automatically clean. It can be said that the product is the combination of few household things.

In addition, we add the MP3 player in the product in order to give the happiness to our housewives while they are doing domestic chores. As we will add the music player, we will make the product to be in the silent mode while it is working. On the other hand, the size and weight will not be getting big and heavy because of the additional things. Theses all will be as same as the normal vacuum cleaner. Those are the differences between our vacuum cleaner and others.

5. 2 Price

We will price our range of products competitively as we want our target customers to know that we are there to give them an offering of our best products and services not necessarily expensive.

We are sure that the customers will guess that our new product will be expensive because of the additional features. The price is possible to go

higher than normal vacuum cleaner but we are trying our best to adjust the prices reasonable to our targeted customers as possible as we can.

5.3 Promotion and Advertising

It is necessary to expand our market places and customer services in developing countries. For being able to do so, we will distribute and display our products in shopping malls and in our showroom. Even our product is not difficult to use; we are planning to provide the staff especially for explaining about the product such the usage, effectiveness and weaknesses. Apart from it, we will also provide the season-promotion, special days-promotion to our customers by giving discount, give the present for our existing and new customers, and have the lucky draw occasionally.

We have drawn the plan to serve the delivery system which is if a retailer or customer wants to order our product through the internet or telephone or invoice, we are serving delivery system depending on the amount they order. For being able to control the current market and penetrate the new market across geographical area, our company focus on both online marketing and mass media in order to achieve in no time.

5.4 Place

As we have mentioned in the above, the position to display the products will be exactly in the zone of shopping mall, famous household market, and our own showroom. We will try our best to reach company's provided services to reach the target audience.

BUDGET

Budget is a plan that outlines an organization's financial and operational goals. Moreover, budget may be thought of as an action plan; planning a budget helps a business allocate resources, evaluate performance, and formulate plans (Ward 2010).

Based on Samsung Annual Report in 2007, Samsung spent a million of money to do research and development. However, the total of sales in 2007 was less than in 2006, it was only 6.17%. It is because the percentage of promotion that Samsung spent is very small compared with the other allocations budget.

However, to increase sales volume in 2010, especially for new product in this case new vacuum cleaner, we propose the estimation budget plan for 2010.

Financials

Here is the breakdown of the budget planning

Activity(Description)

Budget (in %)

Product research and development

8%

HR development (recruitment)

2%

Production staff training

4%

Sales staff training

4%

Administration

2%

Campaigning

25%

Advertising

25%

Sales and Promotion cost

15%

Market research

15%

Total Budget

100%

MARKET EVALUATION AND CONTROL

7. 1 Sales Research

We expect to raise the sales within 6 months after launching the product. In order to know the increase rate of sales, we will measure the amount of net profit we earn cross over the sales of shopping malls, showrooms and online.

7. 2 Market Research

We will find out the percentage of customers' satisfactory on our product through their feedback on market place. According to the result of it, we will do the improvements in customer services and raise the consumer rate.

7. 3 Product Research

For the product research, we will try to know the acceptance of our products and ranking of popularity in the market. According to the ranking and acceptance, we will manufacture the products for the next launching.

7. 4 Promotion Research

For the promotion research, we will find out the information from the customer feedback which promotion they like most and the sales become higher during which promotion. Then the company can know which promotion is preferred by customers most.

CONCLUSION

We will build up the customer reliability on our products in able to achieve the higher profit and expand the market place by keeping the good quality

products and convenience customer services. We will reach our goal by analyzing the customers' behaviors, market place, and having business performance.