

# Customer relationship management in samsung electronics marketing essay



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Samsung Electronics Co. is Wholly Owned Subsidiary of Samsung Group (South Korea) . Samsung Group is South Korea's largest company and exporter and the 5th largest transnational corporation in the world. Samsung was Founded in 1936 and byung chull lee is the Founder of it and entered Indian Market in the year 1995 and Samsung Brand shop network complements the over 8500 retail points for Samsung products located across the length and breadth of the country. The Chairman of Samsung is Lee Kun Hee and headquarters is in Seoul in South Korea. Samsung Ltd., operates in more than 63 countries and the chief subsidiary of South Korea's giant Samsung Group and one of the largest electronics producers in Asia. Products built by Samsung Electronics include televisions and many other kinds of home appliances, telecommunications equipment, and computers and Employees more than 2, 54, 000 people. Samsung Sales goes upto US\$14. 94 billion, Revenue is \$158 billion (2006) and Net Profit of \$12. 9 billion.

### **Samsung means “ Three stars” in korean language.**

Samsung Electronics was created in 1969 as a division of the mammoth Korean chaebol Samsung Group. The unit was established as a means of getting Samsung into the burgeoning television and consumer electronics industry. The division's first product was a small and simple black-and-white television that it began selling in the early 1970s. From that product, Samsung Electronics gradually developed a diverse line of consumer electronics that it first sold domestically, and later began exporting. The company also began branching out into color televisions, and later into a variety of consumer electronics and appliances. By the 1980s Samsung was

manufacturing, shipping, and selling a wide range of appliances and electronic products throughout the world. From manufacturing, Samsung moved into various service businesses during the 1960s, including insurance, broadcasting, securities, and even a department store.

## **Samsung India**

Samsung India Electronics Private Limited (SIEL) is the Indian subsidiary of the Samsung Electronics Corporation (SEC) headquartered in Seoul.

Samsung entered India in December 1995 as a 51: 49 joint venture with Reasonable Computer Solutions Pvt Ltd (RCSPL), owned by Venugopal Dhoot of the Videocon group. In 1998, RCSPL diluted its stake in Samsung to 26% and in November 2002, the FIPB cleared Samsung's proposal to buy RCSPL's remaining (23%) stake. With Samsung buying the total stake of RCSPL, it became a wholly-owned subsidiary of its South Korean parent company. Initially, Samsung launched its operations in North India, and then slowly expanded its operations. By January 1998, the company had a presence all over the country. Samsung announced profits of Rs. 50 million on a turnover of Rs. 5. 40 billion for the calendar year 1998.

## **CONCEPTS:**

Samsung was established in 1938 by Byung-Chull Lee and started out trading in dried fish with China and making noodles for domestic consumption. The name Samsung means “ three star” and these stars resemble the characters that mean “ Let it be large, strong, and last forever.” The company grew and diversified, and in 1953 a number of subsidiaries began importing manufactured goods from the West and making domestic fabrics. Lee set up Cheil Sugar Company, then the country's only  
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sugar refinery. The success of this venture helped Lee set a course for future businesses. Over the next decade the group set up a string of other divisions to make domestic substitutes for goods and commodities traditionally imported by Korea. The most important of these was Samsung Electronics, established in 1969 to replicate imported electronics goods for the domestic market. The group formed partnership ventures with other, mainly Japanese, electronics companies, including Samsung-Sanyo Electronics and Samsung-NEC. Samsung began re-exporting televisions, and later VCRs and microwaves, into Western markets, initially as private label products for American department stores, and later branding them Samsung from the late 1970s. Samsung also moved into heavy industry in 1974 when it formed Samsung Petrochemical Co and Samsung Heavy Industries Company. In 1977 the group acquired Daesung Heavy Industry Company and renamed it Samsung Ship-Building Company. The group became a key player in the semiconductor industry during the 1980s. The group established Samsung Data Systems (now Samsung SDS) in 1985, the Samsung Economic Research Institute in 1986, and the Samsung Advanced Institute of Technology (SAIT) in 1987. By the end of 1980s the group had expanded into electronics, semiconductors, high polymer chemicals, genetic engineering, and the aerospace industry. During 1999, Dell computer and Apple both concluded five year deals to purchase several billion dollars' worth of LCD displays from Samsung. Samsung developed into one of Korea's leading industrial conglomerates which formed the engine for Korea's massive economic growth during the 1980s. The group financial services and insurance arm is just as big as its electronics division. Samsung Life Insurance is the world's 10th largest life insurer, and is number one in Korea. Operating income in <https://assignbuster.com/customer-relationship-management-in-samsung-electronics-marketing-essay/>

2001 was over \$17bn. Samsung card is one of the country's leading credit companies, with over 7 million customers and \$12bn in annual card gross volume. Corporation (Korea's largest trading business with interests in general trading, construction, retail, and clothing and revenues of over \$35bn in 2001.

## **SECTOR SYNOPSIS:**

The consumer durables sector can be segmented into consumer electronics, such as, VCD/DVD, home theatre, music players, color televisions (CTVs), etc. and white goods, such as, dish washers, air conditioners, water heaters, washing machines, refrigerators, etc. with a sales of 43, 096 million and sales growth of 43. 2%. Before the liberalization of the Indian economy, only a few companies like Kelvinator, Godrej, Allwyn, and Voltas were the major players in the consumer durables market, accounting for no less than 90% of the market. Then, after the liberalization, foreign players like LG, Sony, Samsung, Whirlpool, Daewoo, Aiwa came into the picture. Today, these players control the major share of the consumer durables market. Consumer durables market is expected to grow at 10-15% in 2007-2008. It is growing very fast because of rise in living standards, easy access to consumer finance, and wide range of choice, as many foreign players are entering in the market.

The top 10 players in consumer durables sector are:

Nokia India

LG Electronics India Ltd.

Philips India

Kenstar

Voltas

Whirlpool Appliances

Siemens

Sony India

Videocon Industries

Blue star

There has been strong competition between the major MNCs like Samsung, LG, and Sony.

LG Electronics India Ltd. has announced its extension plan in 2006. The company is going to invest \$250 million in India by 2011 and is planning to establish a manufacturing facility in Pune. TCL Corporation is also planning to establish a \$22 million manufacturing facility in India. The Indian companies like Videocon Industries and Onida are also planning to expand. Videocon has acquired Electrolux brand in India. Also, with the acquisition of Thomson Displays by Videocon in Poland, China, and Mexico, the company is marking its international presence. According to isuppli Corporation (Applied Market Intelligence), country's fiscal policy has encouraged Indian consumer electronic industry. The reduction on import duty in the year 2005-06 has benefited many companies, such as Samsung, LG, and Sony. These

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companies import their premium end products from manufacturing facilities that are located outside India.

Indian consumers are now replacing their existing appliances with frost-free refrigerators, split air conditioners, fully automatic washing machines, and color televisions (CTVs), which are boosting the sales in these categories. Some companies like Samsung Electronics Co. Ltd. and LG Electronics India Ltd. are now focusing on rural areas also.

## **SWOT ANALYSIS:**

### Strengths

1. Presence of established distribution networks in both urban and rural areas
2. Presence of well-known brands
3. In recent years, organized sector has increased its share in the market vis a vis the unorganized sector.

### Weaknesses

1. Demand is seasonal and is high during festive season
2. Demand is dependent on good monsoons
3. Poor government spending on infrastructure
4. Low purchasing power of consumer

## **Opportunities**

1. In India, the penetration level of white goods is lower as compared to other developing countries.
2. Unexploited rural market
3. Rapid urbanization
4. Increase in income levels, i. e. increase in purchasing power of consumers
5. Easy availability of finance

## **Threats**

1. Higher import duties on raw materials imposed in the Budget 2007-08
2. Cheap imports from Singapore, China and other Asian countries

## **Sector Financials In Rest**

31/03/2002

31/03/2003

31/03/2004

Sales

37, 331m

30, 100m

43, 096m

Sales Growth

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—

-19.4%

43.2%

Gross Profit Margin

10.7%

6.6%

4.3%

Profit After Tax (PAT)

1,019m

940m

-1,202m

PAT Growth

—

-4.3%

-209.5%

Market Capitalization

1,787m

2,392m

2, 359m

P/E Ratio

7. 0

7. 6

-7. 9

Return on Capital Employed (ROCE)

13. 9%

23. 1%

6. 9%

## **Growth in 2005-06**

Consumer Durables

Growth

Air Conditioner

20-25%

Refrigerator

5-10%

Microwave Ovens

25%

Washing Machines

5-10%

Color Televisions (CTVs)

15-20%

Black & White Televisions

-20%

VCDs

30%

Consumer Electronics (Overall)

9%

### **Major industry contributors:**

In India, Samsung has major contribution in Electronics market. It houses manufacturing facilities for home appliances( Refrigerators and Washing machines), televisions, MP3&audio/video, cameras&camcorders, mobile phones, information technology.

The Samsung India Products are broadly classified into five categories:

Samsung Mobile Phones-GSM, CDMA

Samsung Home Appliances-Washing Machines, Refrigerators, Microwave Oven, Air Conditioner

Samsung TV/ Audio and Video-TV, DVD Player, Camcorder, Audio Systems, Home Theatre, MP3 Player, Digital Still Camera

Information Technology Products-Monitors, Hard Disk Drive, CD/DVD ROM, CD/ DVD Writer, Laser Printers And Laser Based Multi-Function Products, Fax, Global Business Products: Semiconductor, Set-Top Box, CCTV, Compressor, LCD Panel, Telecommunications System, Storage, Fibre Optics.

## **COMPANY PROFILE:**

Samsung India Electronics Ltd

Consumer Goods – Durables

Industry Best

7th & 8th Floor, IFCI Tower, 61, Nehru Place

Pin : 110019 New delhi

011 - 41511234

[www.samsung.com/in](http://www.samsung.com/in)

HEAD OFFICE IN SOUTH KOREA

Samsung Electronics Co., Ltd. (Korea: SEC)

250, 2-ga, Taepyung-ro, Jung-gu

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Samsung Electronics produces a wide variety of electronics products, including: DVD players, mobile phones,

colour monitors (number 1 globally), televisions, digital cameras, computers, microwaves, refrigerators, air

conditioners and washing machines. It is the world's leading manufacturer of computer memory chips. It has

grown dramatically in recent years, supported by an aggressive marketing campaign

## **Key Peoples:**

Chairman: Kun-Hee Lee

Vice Chairman and CEO: Jong Yong Yun

President and Chief of Staff Hak Soo Le-Kun-Hee Lee is Chairman of the group's biggest business, Samsung Electronics.

Kun-Hee's son, Jae-Yong Lee, became vice-president of Samsung Electronics in 2000.

Electronics; Soo-Bin Lee is CEO and chairman of Samsung Life. Samsung Electronics' marketing department is based in the US and is headed by Eric Kim, EVP, Global Marketing. Michael Moon is SVP

INDIA

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K. S. Kim

(Samsung South West Asia President and CEO)

Mr S. H. Oh, President & CEO

Samsung South-West Asia Regional Headquarters

Mr. S S Lee (Managing Director Vice Chairman & CEO, Samsung Electronics)

Mr. Pradeep Tognatta

(director for sales and marketing,)

- 

Global Strategic Services; Matt Rayner is Vice-president.

## **Main Competitors**

LG Electronics India Ltd.

Nokia India

Philips India

videocon

Kenstar

Voltass

Whirlpool Appliances

Siemens

Blue star

## **PRODUCT OFFERING**

Home Appliances

Refrigerator

Washing Machines

Air Conditioners

Microwave Oven

Samsung Mobile Phones-

GSM,

CDMA

Samsung TV/ Audio and Video-

TV

DVD Player

Camcorder

Audio Systems

Home Theatre

MP3 Player

Digital Still Camera

Information Technology Products-

Monitors

Hard Disk Drive

CD/DVD ROM

CD/ DVD Writer

Laser Printers



## Company Outlets (Channels of distribution, structure)

The Samsung Brand shop network complements the over 8500 retail points for Samsung products located across the length and breadth of the country. The distribution channel of Samsung is 2nd Level that is Samsung produces the products than it sell its products to Distributors and after that the Distributors sells products to Retailers and Retailers sells it to Consmers.

MANUFACTURER

*f<sup>a</sup>*

DISTIBUTORS

*f<sup>a</sup>*

RETAILER

*f<sup>a</sup>*

CONSUMER

Company Strategies (Promotional , Pricing, Positioning etc.)

From being a virtually unknown entity in the Year 1995, brand Samsung today enjoys an awareness of over 95% and a positive opinion of around 80% in the country today.

‘ Speed, Smile, Sure’ is the motto for Samsung Service, as the Company seeks to satisfy more and more of its customers with prompt and accurate service. The company adheres to a turnaround time of 24 hours within the city where the Samsung Service Centre is located. A Service Helpline number 30308282 gives access to Samsung Service throughout the country.

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Samsung India organizes a Free Service Camp on an All India basis, every year, for proactively reaching out to customers and servicing their Samsung products. '10 second to lose a customer, 10 years to gain them back' forms the guiding principle for Samsung Service Team as it strives to satisfy the growing expectations of Indian

## **PRODUCT INNOVATION**

Samsung launches worlds slimmest mobile phones in India. Samsung announces the launch of the largest LCD TV in India... its 70" Full HD LCD TV. Samsung India Electronics launch the largest commercially available full high-definition LCD TV in the Indian market. Samsung India Electronics launch the World's First Quatro Cooling Refrigerator and World's First Stabiliser free refrigerator range.

SAMSUNG India Electronics Pvt Ltd launch of its 2008 range of biosleep air conditioners. The new air conditioner range comprising of 10 nos. of star rated Split AC models and 5 Window

## **PRESENT STATUS & FUTURE OF THE COMPANY.**

Mr S. H. Oh, President

Samsung India aims to be the ' Best Company' in India by the Year 2006. ' Best Company' in terms of both the internal workplace environment as well as the external context in which the Company operates. Samsung aims to grow in India by contributing to the Indian economy and making the lives of its consumers simpler, easier and richer through its superior quality products.

“ Our aim is to gain technological leadership in the Indian marketplace even as our goal is to earn the love .”

Samsung has been awarded as the Best Retailer of the year 2005 in the consumer Durables category by the India Retail Forum. James Damian, SVP, Best Buy and his team handed over the award to Mr. Ravinder Zutshi , Dy MD , Samsung India at the India Retail award function held in Mumbai on 16th September.

## **SAMSUNG GLOBALLY.**

SAMSUNG is ranked 39th among FORTUNE Global All-Stars, which lists the World's top 50 Most Admired Companies rankings compiled by the business magazine. It is the first time this has been achieved by a Korean company.

The 2005 Global All-Stars list was published on February 22, local time.

FORTUNE compiles the list by collecting the opinions of CEOs and executives of leading global companies as well as business analysts in various industries. Samsung revenue growth is about 37. 70%(20006) and generated revenue of 90892. 90 , so we can see that samsung is grwoing at a fastest rate and in coming future it have more definate chance of growth and development.

## **AREA OF OPERATIONS**

Sumsung's operations are broadly divided into the following key sub-functions:

Sales & Marketing

Manufacturing

Software Centre Operations

## **THE SALES & MARKETING FUNCTION**

Headquartered in New Delhi, Samsung India has a network of 19 branches and 16 Area Sales Offices (ASOs) located all over the country, and the number is expected to grow, as the organization continues to expand its horizons. The Sales & Marketing function at Samsung is primarily divided into two categories:

Sales & Marketing (IT)

Sales & Marketing (AV/HA)

Apart from sales to households through its robust distribution channel, SIEL also has a huge clientele in the Institutional Sales space. Therefore, there is a separate department devoted completely to this function. It is the VMB (Vertical Market Business) department that is responsible for making sales to institutions such as airports, hotels, banks, movie theatres, etc.

Corporate Marketing is aimed at strengthening Samsung as a brand among the dealers, distributors, and end customers. Hence, the activities covered under this function include formulating and announcing promotional schemes for both the trade partners as well as the end customers. Moreover, it also plays an instrumental role in ensuring brand visibility through corporate sponsorships, and planning, managing and organizing various events and product launches.

Another function of the sales & marketing function at SIEL is public relations, also known as corporate communications. Here, the scope of activities includes maintaining liaison with the media, organizing corporate social responsibility initiatives, website management, corporate literature, etc.

## **THE MANUFACTURING FUNCTION**

SIEL has its manufacturing facility at Noida, U. P. This is the state-of-the-art, high-tech facility for manufacturing Color Televisions, Color Monitors, and Washing Machines & Refrigerators. This manufacturing unit consists of sophisticated facilities with latest Auto Insertion Machines, Auto PCB Tester, High Efficiency Module Conveyor, and all modern machines geared up for High Speed, High Volume & Very High Quality Production. We firmly believe that continuous innovation is the key to making path-breaking improvements in our products & processes and achieve productivity goals beyond imagination. Samsung uses many tools for innovation such as “Reduced 7 Type of Wastage & SixSigma”. Our commitment to grow through continuous innovation has helped us improve our productivity by 200% in the last 5 years. Samsung India is also instrumental in carrying out Hardware Research & Development at its Noida R&D Centre. The focus of the R&D Centre is to customize both Consumer Electronics and Home Appliances’ products to better meet the needs of the Indian customer. From color televisions designed for higher sound output, to washing machines with special “Sari Wash Course”, DNIe vision series of Flat CTVs especially designed for the Indian market to Samsung mobiles with regional languages menus, the Samsung R&D Centre in India is helping the company to continuously innovate and introduce products customized for the Indian market.

## **THE SOFTWARE R&D CENTRE**

SIEL Software R&D Center was set up in September 2002 as a Software R & D Center in Noida, U. P. SIEL Software Center is involved in the business of developing embedded and desktop software for Samsung Electronics Corporation in a variety of areas related to Analog and Digital TV, Monitors and other Multimedia technologies.

SIEL Software Center has successfully completed more than two hundred projects in collaboration with Samsung Headquarters Visual Display and Digital Media divisions ( Korea). SIEL Software Center engineers continuously strive to improve the performance and introduce innovative features to make the end products more efficient and user friendly. We design and implement some of the critical components for products such as next generation CRT and Projection TVs, Plasma and LCD TVs, DLP TVs, Digital TV Set Top Boxes, DVD Players, MP3/Video players, PDAs, 2D/3D Graphics Engines, Camcorders, Multimedia applications etc., and believe in following optimized and stringent quality processes to build these world leading products. SIEL Software Center plans to be certified at SPICE Level 3 by 2005 and CMMI Level 4 by 2006. Samsung Electronics brings a very enriching entertainment experience to the consumers worldwide through its cutting edge technologies. We aim to revolutionize the way and break the barriers to ride on the frontiers of technology to provide superior quality products to Samsung's customers. Our Engineers continuously strive to improve the performance and introduce innovative features to make these products very user friendly. We follow optimized and stringent quality processes to build these world leading products. For SIEL Software Center to continue to remain

a strategic and key R&D Center of Samsung Electronics, it is important that every employee of SIEL Software Center contributes his/her fullest potential and capabilities. SIEL Software Center is always looking for dynamic individuals who are driven by ambition, youth.

## **SAMSUNG IN INDIA**

Home Appliances

Refrigerator

Washing Machines

Air Conditioners

Microwave Oven

Samsung Mobile Phones-

GSM,

CDMA

Samsung TV/ Audio and Video-

TV

DVD Player

Camcorder

Audio Systems

Home Theatre

MP3 Player

Digital Still Camera

Information Technology Products-

Monitors

Hard Disk Drive

CD/DVD ROM

CD/ DVD Writer

Laser Printers

## **SAMSUNG GLOBAL PRODUCTS**

### **Machinery and heavy industries**

Samsung Engineering

Samsung Heavy Industries

Samsung Techwin

Chemical industries

Samsung Total

Samsung Petrochemicals

Samsung Fine Chemicals



Samsung BP Chemicals

Samsung Cheil Industries

Financial services

Samsung Life

Samsung Fire

Samsung Card

Samsung Securities

Samsung Investment Trust Management

Samsung Venture Investment

Retail services

Samsung Plaza

Home Plus (Joint Venture between Tesco & Samsung)

Samsung Mall

Engineering & construction

Samsung Engineering

Samsung Engineering & Construction

Entertainment

Suwon Samsung Bluewings

Everland and Caribbean Bay

Samsung Lions

Hotel Shilla

Seoul Samsung Thunders

Others

Samsung Advanced Institute of Technology

Samsung Economic Research Institute

Cheil Communications

S1 Corp.

Renault Samsung Motors

Samsung Cheil Apparel

Samsung Medical Center

Samsung Manpower Association

Samsung Culture Association

Samsung Welfare Association

Samsung Media Association

Samsung Hoam Association

Sungkyunkwan University

Samsung Corporation