

# Pest analysis of samsung

Business



A PEST analysis about Samsung provides insight into the companies influence, success, and power among four primary macro-environmental factors. All companies are susceptible to these factors (political, economic, social, and technological). By the end you'll have a grasp of what a PEST analysis is, but if not, the answer is a click away.

In this analysis, you'll learn how close to political scandal Samsung has been, as well as the effects on their expenses, how consumers feel about them, and various aspects of technology created and used by the company. If you enjoy this PEST analysis, we've got plenty more for you too.

### **Political factors: An heir rife in political scandal**

Samsung is an electronics company and needs to abide by new and pre-existing governmental regulations. And what about political stability?

Without it, profits drop and expenses can surge. In some cases, instability will lead to companies pulling their products from international markets. The consequences can be devastating for a firm's financial growth. Yet interestingly, Samsung has suffered and benefited from the exploitation of political instability.

Samsung cozied up to two different political parties in South Korea, and suffered a blowback after associating too closely with the first female President of South Korea.

In 2002, Samsung supplied billions of Korean won (KRW) to the Uri Party during that year's presidential campaign. But that's not all; Samsung also sent billions to the opposing party, the Grand National Party. Obviously, the

South Korean public wasn't happy with Samsung's involvement. In fact, the company's brand image weakened because of this blatant manipulation.

It all came to a head when Samsung's heir, Jay Y. Lee, was given a 5-year jail sentence for bribery and embezzlement (although he will now walk free).

This sentence is directly related to former female Korean President, Park Geun-hye's political scandal. Considering South Korean citizens are embarrassed by their former President, it's not a good look for Samsung to be so interwoven in her scandals.

And yet, this has only stopped Samsung from making electronic sales in some parts of the world, like Germany. Germany blocked the Galaxy tablet from being sold in stores, but little has changed in western countries.

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### **Economic factors: The leader of the smartphone industry comes with its own sets of problems**

The strength of the Korean won is a large factor for Samsung's success. In 2014, the company blamed the declining Korean currency for the 25 percent profit decline. But that's not the only thing to blame; the slow developing smartphone market was put on the chopping block. Followed closely by time — it takes years to develop the new version of Samsung products, resulting in stagnant sales. Not everyone swaps out a functioning, pre-existing phone just because a newer version has appeared.

Let's not forget how saturated the smartphone market is. Big brands like Apple and Google are direct competitors. Samsung remains the leader in the

phone manufacturing sector, but this is a double-edged sword: remaining the supreme lord gives the company an added benefit in this thin industry, but it also means Samsung relies heavily on phone sales to keep the lights on.

Paving the way of innovation is the only way for Samsung to remain on top.

There's buying power too (or lack thereof); if people in the global market lack employment or have a low minimum wage, they can't afford Samsung products. Because these products are luxuries — from televisions to phones to tablets, none of these items are a necessity.

Any type of global crisis will lead to a crisis for the company. Despite this, the company continues to devise new products like the Samsung Galaxy 10 phone. And the firm pushes products into new global markets when possible.

### **Social factors: The pressure to be innovative despite customer complaints**

Samsung operates as a South Korean family-owned company. The products are exported to countries all over the world. And Samsung must adapt and tailor its products to these local markets. This means, to provide the best options, the company must truly understand a range of audiences.

And yet Samsung is still lacking. For instance, while Google phones got the latest Android firmware update immediately, it took Samsung Galaxy phones more than six months. By this point, the update is already six months closer to redundancy and Samsung users haven't even gotten to experience it.

And in the western world, most people don't like some of the pre-built programs. This includes Bixby, the voice assistant built into Galaxy phones. A

side button is set to access Bixby easily, yet most Western users despite it. Finally, with the introduction of the newest Samsung Galaxy phone, the button can be re-mapped to something other than Bixby.

Rather than creating something new and desired, it seems Samsung needed a Siri or Google Voice assistant of their own to remain competitive.

Sometimes, innovation isn't necessary. Not when everyone is making "innovative" changes people don't want. Like the removal of the headphone jack, something Apple has adopted into its newest iPhone and iPads. Other companies show signs of following the trend, but not Samsung. Samsung is keeping the headphone jack on Galaxy phones — something the vocal majority is praising the company for.

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### **Technological factors: The need to create more and more**

Technology is Samsung's biggest strength. Everything they offer — phones, televisions, tablets — are all facets of technology. The company consistently creates upgrades to existing product every couple of years.

Then there's the risk of manufacturing errors. Samsung experienced this first hand with their exploding phones. The batteries inside the Samsung Galaxy Note 7 were faulty and easily overheated, causing them to explode. This problem was a disaster; Samsung says more than 95 percent of the fights in the United States were returned.

The only voice Samsung had was to recall, promise to do better, and learn from their mistakes while creating new products. The controversy remains, <https://assignbuster.com/pest-analysis-of-samsung/>

although many audiences still buy Samsung phones today. Many look forward to the newest product, the Samsung Galaxy 10.

### **Conclusion of Samsung PEST analysis**

Samsung is a company riddled in political controversy, yet still remains the leading phone manufacturer worldwide. Five years ago the company struggled and watched profits dip by 25 percent but has since recovered.

This may be because the company is quick to adapt to local markets.

Western consumers are thrilled by Samsung phone performance and quality, as well as the company's decision to keep the beloved headphone jack.

By now, you should have a better understanding of the successes and obstacles of Samsung in this PEST analysis.

Want to do your own PEST analysis? Here's the best resource you'll find on creating your own from scratch with zero knowledge on the subject!

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