

# [The changing business environment of samsung marketing essay](https://assignbuster.com/the-changing-business-environment-of-samsung-marketing-essay/)

This is summary for “ Changing Business Environment of Samsung over last Five Year” which will give an idea about why it is important for any Trading or Manufacturing organization to understand the business environment (Macro & Micro) i. e. to sustain and grow over long term with the help of developing different strategies.

This report briefly shows the history of Samsung which identify its nature & diversity of business over last few years. This report include usage of ( SWOT, PESTEL, BOSTON BOX MATRIX Analysis etc) to evaluate and understand the changing environment of Samsung justifying benefits of using such Analysis tools.

In evidence couple of graphs has been presented to show companies performance in global market. It shows the sales figure/Financial statement for the past FIVE years which helps in understanding how company is performing in different regions/countries. This report comprises of conclusions based on findings and also in general recommendations for the topic.

## Introduction:

Samsung has grown to one of largest electronics company since 1938. Since 1970’s and early 1980’s Samsung expanded globally with diversified intention into core technical business. Samsung leads the electronic industry with its high performance and with high growth rate along with stability.

2009

Global Market Share of 13 Percentage of different products available in market. Examples -: Mobile Phones, Monitors, Semiconductor.

1970

First Black & White (Model P-3202) production started Samsung-Sanyo Electronics.

1969

SAMSUNG-Sanyo Electronics established (renamed SAMSUNG Electro-Mechanics in March 1975 and merged with SAMSUNG Electronics in March 1977)

1951

SAMSUNG Moolsan established (now SAMSUNG Corporation)

1938

SAMSUNG was founded in, Korea (Taegu)

Company: Samsung

Global Market share is terms of sales is as follows:

TV Market Share is 21. 9%

Laser Printer Share is 13. 7%

Mobile Phone Share is 16. 7%

DRAM Share is 30. 1%

TFT-LCD Panel Share is 25. 7%

In the above graphical presentation we can see the performance of Samsung in various sectors of Electronics and Telecommunication. If we compare this performance to other companies Samsung emerges as world leader in at least 3 sectors which are TV, DRAM & TFT-LCD. This clearly shows us the dominance of Samsung in market and this is mainly due to its transparent policies, positive approach and honest efforts in being a global leader. This performance data is taken from Samsung’s sustainability report for 2009 from Samsung official website.

Unit KRW trillion

Sales

2006

2007

2008

2009

2010

Korea

19. 3

21. 1

23. 6

24. 2

N. A

America

18. 0

19. 6

25. 4

26. 0

N. A

Europe

22. 0

27. 0

34. 2

34. 0

N. A

Asia

14. 8

15. 7

19. 2

23. 2

N. A

China

11. 8

15. 1

18. 9

20. 0

N. A

The above data shows the sales performance for the past 3 years in regions across the globe. We can clearly see that Samsung as a company is growing locally and globally Korea being its local market. This consistent growth of the company is mainly due to its marketing strategies which are paying off well. More details on Samsung’s operations, marketing, product line etc can be found on :

http://www. samsung. com/uk/aboutsamsung/citizenship/oursustainabilityreports. html

http://www. ameinfo. com/178504. html

The business environment keeps on changing and is unpredictable. So, it is very necessary to understand and react to this changing business so as to survive and grow in the market. Proper knowledge of business environment will make the entrepreneurs and businesses able enough to plan and implement strategies that are needed to identify the scope of improvement, create and exploit opportunities that come on the way, retain stability, gain competitive advantage and prepare appropriately for the upcoming challenges. The way the environment is analyzed and accordingly the strategies implemented, will define the track of the business. Here With the example of samsung.

The data collected will be analysed using SWOT. SWOT stands for strengths, weaknesses, opportunities and threats. SWOT analysis, is a strategic business planning tool used to determine the Strengths, Weaknesses, Opportunities, and Threats that exists in business. It includes identifying the business objectives as well as the internal and external factors which are likely to favour the business. It may be classified into:

Internal factors – strengths and weaknesses that are within (internal) organization.

External factors – opportunities and threats of external environment.

The internal factors can be classified into strengths and weaknesses depending upon their effect on organization and business objectives. The factors may include all of the 4Ps; as well as personnel, finance, manufacturing capabilities, and so on. The external factors may include macro-economic factors like – ‘ technological , legal, and socio-cultural changes, as well as changes in the marketplace or competitive position.’

According to B Kyle SWOT can be identified as internal and external in relation to environment.

Strengths: It usually tells about the positives of the company. How well we are doing in our area of interest. What is our position in front of competitor?

Weaknesses: Weakness refers to area of struggle of our company. Why are consumers not happy about particular product? Why are we not meeting sales target for a particular product.

Opportunities: It is directly related to external environment. It could be the areas where your competitor is not good at. We should try to utilize strengths in areas of our weaknesses. Are there any emerging trends or possibility to capture market by introducing new product?

Threats: It could be financial or development problem. Competitor’s strength is major threat. Are competitor’s becoming strong.

## Description.

Strategic business tools:

SWOT analysis for Samsung

## Strengths

Strong hold in Consumer Electronics

Low margin strategy increases sales

Highly skilled labour availability locally & globally

Good focus on customer service and good marketing strategy

Strong management and loyal employees

## Weaknesses

Lack of performance in Laser printer sales

Less cost effective in PC consumable products.

Lack of brand recognition in mobile phone sector.

Poor pricing strategy

Lack of usage of infrastructure in some part of world e. g. China

## Opportunities

Can unseat major stake holders in TV and DRAM sectors

Increase product range in consumer electronics

Can sustain future market using the idea of consumer taste research

Rapid growth in competitive markets across the globe

Increase in portfolio due to acquisitions of other firms

## Threats

Faces high competition from Sony and Nokia in mobile phone sector.

Daily entrants of new technology companies

Impact on sales due to recession

Lack of innovation in mobile industry threatens its position further down.

Intense competition from existing companies in PC sector.

The above information which helps in doing the SWOT analysis and other graphical presentation helps to answer our objective questions mostly. Although it might not provide direct answer but clarifies strategies and benefits of organisation doing global and domestic business. It clearly reveals the benefits of proper marketing in terms of sales numbers.

## PESTEL Analysis :

PESTEL analysis is one of the most important tool of business strategic management which helps in identifying the surroundings within which the company operates. It gives a clear idea about the threats, risks and opportunities that occur in the market. It helps in understanding the needs of market, it’s fluctuations, whether the market is progressing upwards or downwards (i. e. growth – decline ratios) and thus makes the businesses able to develop strategies accordingly.

PESTEL is used as decision making tools in macro-environment. PESTEL is Classified into :-

Political factors

Economic factors

Social factors

Technological factors

Environmental factors

Legal factors

Political factors :- It’s all about intervenes of the government on the economy of the country. Political factors include areas like

Tax policy

Labour law

Environmental law

Trade restriction

Tariffs

Political stability

Services and goods provide by the government ( merit goods ) and services which is not provided by the government ( demerit goods )

Goodwill among foreign nations

Economic factors :- It includes

Interest rates

Economic growth

Rate of inflation (Inflation rate)

Rate of Exchange (Exchange rate)

For example :-

Cost of capital is directly affected by interest rate

Exporting goods and supply of goods is affected by exchange rate

Inflation raises cost.

Social factors :- Demand of products and company operations are affected by social factors like

Culture of the society

Natality rate

Growth rate

Age distribution

Technological factors – It includes

Research and development activity.

Automation

Better technology for the production of goods

Technological have direct impact on costs, quality which leads to innovation.

Environmental factors – It includes-

Weather

Climate change

Locality (Place)

Ecofriendly products (to overcome with problem of global warming)

e. g – Effect of temperature on farming and tourism.

6. Legal Factors – It include –

Consumer law

Employment law

Health and safety law

Discrimination law

e. g –

Minimum wages system in U. K is legal factor that affect business.

Minimum age for employment is fixed by the government.

Pestle analysis For Samsung

Boston Box matrix

revive

## Conclusions & Recommendations

We have analysed and gathered data from Samsung Company in relation to our topic global versus domestic marketing a critical analysis. The conclusions drawn using company data alone cannot summarize our findings. However there are similarities in few points. If we look at the organisation section we can see how Samsung has come a long way to be recognised as a global brand. It shows that achieving such position in global market is very hard. Not only achieving but it becomes increasingly important to sustain that growth due to fierce competition. It shows how companies have to adjust or change their policies from time to time keeping in mind rising and falling economy. In general it alerts companies of being more innovative cautious of environmental changes. It also emphasis on limitations one has to face as the behaviour and taste of consumer changes geographically.

Recommendations

Companies should develop marketing strategies keeping in mind its strengths, weaknesses and availability of resources to be globally successful.

Companies should try to develop product which global consumer can identify easily from competitors one.

Identify a sector where we can see growth and sustain competition.

Companies should appoint special taskforce or focused group people to identify the drawbacks of non performing sector and find solutions to that.

To be successful organisations should concentrate mainly on quality and pricing structure.

Be in constant touch with customer by means of advertising, press releases and make them aware about product specifications and changes if there are any.

Try to use both forms of communication verbal and non verbal.

Summary

From this report on global marketing versus domestic marketing we understand that main objective of any company doing global marketing is to find opportunities. It mainly expands company’s reach to global customers. This mainly depends on how the company analyses its strengths and opportunities, optimum usage of resources and approach towards business. Here in this report we saw how Samsung as a global company has wide range of products and constantly keeps on adding them to sustain market place. SWOT analysis helped us to understand about positives and negatives of the company. Important outcome of the report about marketing can be converted in one slogan “ think globally and act locally”.