

New product development argumentative



How was Samsung able to go from copycat brand to product leader?

Samsung was able to go from copycat brand to product leader by using a “new product development” strategy (Kotler and Armstrong, p. 261).

According to Kotler/Armstrong new product development is defined as the development of original products, product improvements, product modification, and new brand through the firm’s own product development. In 1993, the CEO and chairperson, Lee Kung Hee decided to revamp the company’s management because he was not content to remain the best of the knock-off brands.

Rather, he set high goals (to become the biggest consumer electronics company and to surpass Sony) and established a strategic plan to accomplish those goals. Samsung accomplished its goals in less than two decades. The first step that he took was idea generation. He hired a “fresh new crop” of young designers to produce new ideas that could get the company in the direction that he wanted it. Sleek, bold and beautiful products were the aim so that they could target high-end users to the company. Next idea screen (Kotler/Armstrong, p. 64) was also implemented in the development stage. Each product had to pass the “Wow” test otherwise; it would have to go back to the drawing board for further improvement (Kotler/Armstrong, p. 285). Samsung then went a step further by testing new product concepts. From Blu-Ray players that changed colors, Eco-fit monitors with transparent stands that gave the appearance of a floating monitor, to a small Pebble MP3 player that is so simple that even grandma can use it, demonstrates what sets them apart from other companies and why they are no longer a copycat brand.

With the use of market strategy development, Samsung removed its products from low-end distributors (Kotler/Armstrong, 286) like Wal-Mart and Kmart and built strong relationships with specialty retailers like Best Buy and Circuit City. This helped the company to target the high-end users and used position to make consumers believe that Samsung had stepped up their game from a low-end product to a “state of art” product. Is Samsung’s product development process customer centered? Team based? Systematic?

Samsung’s product development is customer-centered, team based and systematic. The company is customer based because it continues to focus on finding new ways to solving problems and creating a satisfying experience for customers. For example, the introduction of Samsung’s Luxia LED TV solved the problem of bulkiness, clearer specs, and weight that consumers were experiencing with other brands. Consumers were able to enjoy this product because it solved their problems and satisfied their needs.

The company is also team-based because every new product that was created by R&D was required to pass the “Wow” test in order to make sure that the company was making the best product. This allowed the company’s departments to work closely together in the development process. Samsung is also systematic; as mentioned in the case, the “new management” of top-to-bottom strategy for the entire company (Kotler/Armstrong, p. 285). This allows various departments to work together in order create the premier brand that they wanted to be.

It is definitely creating more customer satisfying experiences, and the test is also how Samsung reviews, evaluates and manages the new products. Based

on the PLC, what challenges does Samsung face in managing its high-tech products? Based on the product life cycle, there are several challenges that Samsung will face in managing its high-tech products. After 17 years of remarkable success, Samsung is now in the decline stage of their high-technology products. As mentioned by CEO, Lee, “ the world’s largest technology firm’s current main products may likely become obsolete within the next 10 years”.

In order to remain innovative, the brand created a \$23 billion investment plan to stay ahead of the game. If the new product that is launched satisfies the market and sales start to climb quickly, competitors may try to copycat the successful product and try to differentiate it from Samsung in order to compete with the already present product. This would then lead into the maturity stage, when the product’s sales start to decrease. This means that now there are a number of competitors that have copycatted the product and will sell the product at a much lower price.

This could make Samsung have to mark down the price, increase promotions and advertising for the product that could then lead to a drop in profit. This could then lead to the decline stage because now customers tastes have changed, other competitors have improved the product, etc. The consumer electronics industry is very dynamic, with new products emerging all the time and customer preferences evolving. Thus, Lee recognizes that nothing in this industry is likely to achieve a prolonged state of maturity.

Consequently, Samsung is challenged to be able to correctly identify when its growth products become mature, and when its mature products begin to

decline. Because Samsung is a high growth company, there is little growth in declining product lines. Therefore, Samsung is challenged to develop and introduce the products that will become the hits of the coming decades. Will Samsung likely achieve its goals in markets where it does not dominate, such as smartphones? Why or why not? I believe Samsung will definitely achieve its goals in markets where it does not dominate, such as smart phones.

As mentioned in this case study, more than 100 mobile operators around the world offer the Galaxy S, Samsung's latest high-tech smart phone. This is a testament that the brand will dominate the market, especially since the company's CEO has incorporated the "mabunljungje" strategy into all of its future products (Kotler/Armstrong, p. 286). As mentioned by the company's president, Tim Baxter the brand is putting the strategy to use by allowing their smart phone to interact with TV, giving consumers a screen that 25 times bigger than their phone's screen.

No one has come out with this idea and it shows that the brand is in going in the right direction in order to dominate the smart phone category. Also the slow implementation of the "app store" to compete with Apple and cable companies because based on the apps that consumers choose will help them to suggest what type of ads consumers will receive, just another way of creating an interactive future where phone and TV meet. Since Samsung is willing to use a large amount of money for the investment plan, I think it can also be a cutting-edge product leader even with the product it is not familiar with.