

# Samsung vs htc strategic analysis essay



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It was the decision of Jungho Lee to invest in its engineers and designers that have contributed to the company's success in the past; actually it allowed the company to overcome the 1997 Asian Financial Crises. So, the company should continue investing on its employee expertise; continuing to offer a wide range of training opportunities to help all employees to become experts in their respective fields Samsung have a selective distribution making serious outlet decisions and have product/brand exclusivity, and so satisfies its channel partners and to make market more attractive.

They have the best relationship with the biggest retailers such as Media Market, Best Buy, but also have its own stores. Samsung needs to continue to invest in patents, even if patents would not be effective forever; it is currently still a good way to prevent limitation from the competitors. Eventually, Samsung takes advantage of learning economies since it will enable the company to continue “value for money” positioning strategy by reducing the production costs.

Factors such as employees learning to be more efficient doing their job, have less wastes and effects on products, and fast production processes contribute to Samsung having economies of learning. ETC Inimitable Innovation (Product and Process) Strong Partnerships Outstanding Multimedia Experiences Competitive Parity After having analyzed the situation of ETC by using the BRIO analysis, the two first sustainable competitive advantages differ from the ones identified in the case of Samsung, and the third one has some similarities.

These are: strong partnerships, their focus on outstanding multimedia experiences and their capacity of adaptability to the market demand. The strong partnerships that ETC has achieved during its lifetime have differentiated the brand from its competitors.

It started to become known in the industry because of an importance alliance with Google in 2008 to launch the first Android-based smartened available in the US.

Furthermore, the company accomplished an attractive relationship with Backbone to launch phones that featured a dedicated Backbone button that allowed consumers to upload photos, share music and contribute content to their Backbone feeds with just a press of the button. To continue holding this competitive advantage in a sustainable way ETC has to focus on maintaining good relationships with trendy and up-to- date known brands that support the lack of image that the Taiwanese company is still going through even though the network they have been able to build is considered of great value.

The second sustainable competitive advantage that ETC holds relies on creating outstanding multimedia experiences.

The brand has been able to offer the best screen resolution there is on the market, plus the functionality of taking photos while recording video and including in the same device exceptional sound quality supported y another alliance with the recognized Californian brand “ Beats”. This bundle of multimedia advantages definitely stands out and becomes a strategy that

implies value for customers, it is rare in the market and very difficult to imitate by competitors.

It is fundamental for ETC to keep differentiating the brand with this sustainable competitive advantage by focusing on the latest multimedia additions that besides being useful stand out for being stylish and attractive for young and active customers. The alliance network efforts of ETC is once again essential to team up with the most popular multimedia brand to gain recognition and reputation while differentiating the product from other smartness.

Finally, ETC success has been partially due to their oppositional stance to the phone, demonstrated by their slogan: ‘ Quietly Brilliant’.

Responding to the criticism that Apple’s marketing and exclusivity give an impression of arrogance, ETC has made every effort to radiate humility and adaptability. They are also supported by their authenticity, by not copying design elements from Apple like their fierce competitor Samsung did, they are less vulnerable against patent infringements. Conclusively, their input consists of an extensive variety of devices, in order to satisfy a wide diversity of consumers.

This ETC strategy is aligned with the brand’s concept of adapting to market changes due to the strong relationships with vendors that enable it to address changing customer needs effectively.

Even Samsung and ETC have the same sustainable competitive advantages; they have several different sustainable competitive advantages. Samsung

has a strong brand reputation that ETC does not have. ETC has outstanding multimedia experience and strong partnership as their sustainable competitive advantages. Future Scenarios

When reflecting about the uncertainties that will shape the future and which ones have most impact for ETC and Samsung we can think about the increase in energy demand and the need to swift to renewable sources, the increase disparity and inequality in countries' income distribution, the economic growth of emergent markets and the economic crises of the western and industrialized countries.

One important uncertainty is also the relationship between the biggest competitor in this industry, Apple, the current patents war which is, in the current status, beneficial for ETC and has a negative impact in Samsung future.

We can also consider the raise of online security and virus protection concerns because of the increase of sensible data sharing and the big threat of hacking and piracy. And finally the dependency on technology and mobile devices and the increase demand for more features and performance.

Considering all these uncertainties we believe that the ones that are most critical for their future are the economic environment around the world and the unavoidable energy crisis.

The economic environment has a direct relation with innovation and development, in a world crisis; consumers have less purchasing power, which effects both companies' income decreasing their capacity of investment in and thereby slowing down growth and improvement. In

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contrast, if the world experiences an economic boom, with customers having more income available, these companies are much more likely to invest in innovation and technological advances directly related to expansion and development. Clearly this uncertainty affects Samsung and ETC in a major way.

The upcoming energy crisis is also a massive event that will not only affect technology enterprises but will impact all industries. The crisis plays out for early two decades, gradually being resolved by a switch to renewable energy and unconventional technologies. The transition is by no means a smooth one, however.

It requires nothing less than a deep and continuous research project on a global scale to overcome its effects. The uncertainty of the intensity and extent of this crisis is a major concern for Samsung and ETC that will have to come up with alternative sources to survive.

These two independent uncertainties create 4 different relevant scenarios that reflect the future of both companies in 10 years time. Below we have a graph that describes each scenario. After analyzing all those scenarios we believe the most likely scenario is “one device lifestyle”, because we consider that although unavoidable, the energy crisis will not reach in the next 10 years the critical state that would strongly impact Samsung and ITCH’S industry.

Regarding the economic crisis we believe that, since these are cyclical events, in 10 years we would swift to a time of economic prosperity that

would impact strongly the industrialized western part of the world, like Europe and North America, but will also influence the rest Of the world.

So, We defined for each company a strategic tat (the responses that will put in place to face its challenges) in response to.

Further in our chosen scenario we expect impacts and resulting options thereof from the following recent developments (see appendix for references): Emerging economies: China and Brazil will become top 5 country markets for smartened shipments. By the end of 201 5, the majority of South Africans are expected to own a smartened. The power of Android: Globally, Android SO already quintuples Apple’s ISO with 75%. In China the Android SO dominates with a 90% market share. Here, web access via mobile devices already surpassed stationary PC’s.

5% of the global supply of rare-earth metals needed for high-tech is controlled by Chinese manufacturers.

A booming economy will create prosperity and increase the growth of the global middle class. Mobile devices will continue in merging with other electronic devices like pocket projectors. This increasing functionality will also further blur the border between business and personal life and fuel new competition. The 6th Confederate is expected to bring enormous progression in green tech, biotechnology and in health sectors.

Apple’s 10 year licensing agreement benefits ETC and adversely affects Samsung. This move creates new competitiveness within the Android market and will fuel further fierce patent wars between Apple and Samsung.

Short product life cycles demand constant high re-investment costs which is highly challenging when competing with cheap white box phone vendors.

Samsung Strategy ETC Strategy Channels or countries: Samsung should maintain their strong position in Asia but focus their expansion in western countries like Europe and USA, since they have a strong position and brand reputation in these markets.

They can take advantage of their unique resources to improve their position in this market, since innovation and technology development will be critical to satisfy the consumer's needs.

Channels or countries: It will be hard for ETC to compete with Samsung and others in the industrialized Western countries due to the critical lost in market shares. This forces them to search for alternative markets in emergent countries like China, where they can take advantage of the existing popularity of the Android SO. However, they should also keep their presence in industrialized countries with innovative new devices.

Products/services: They should focus on developing new products that suit the needs of the epistyle of consumers, where mobile devices are going to be the center, with more and more features/functions in just one device.

They must be completely linked with social networks and the sharing Of information; also they must have increasingly higher performance and battery life.

They should also invest in new areas of the market like healthcare to support and improve live conditions of disabled and elderly people. Samsung will continue on taking advantage of their adaptability and constantly be close

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on Apple's heels. They can also invest in more secure systems and push the privacy of insensitive data, since this will be a growing concern. Regarding developing countries, Samsung should focus on simple, lower cost mobile phones, with fewer features.

Products/services: ETC should focus in creating products suited for the needs of emerging countries, specifically easy to use platforms, since these countries are still in an early stage of technology use compared to Europe and LISA. Products need to be positioned with lower price than the ones in western countries according to still relatively low bargaining power. Also ETC needs to have advanced tablets on the market which will also be of high interest on a reporter BIB level. They could create advantages in their production processes by becoming more independent from the Chinese rare earth monopoly.

By keeping material costs comparably low, ETC could also increase their profit margins. In terms of the upcoming energy crisis ETC could start embracing green technology to create first mover advantages and create energy saving smartness powered by renewable energy sources.

Segments of consumers: In this scenario, most middle and high income consumers will be willing to buy Samsung products. Samsung should invest heavily in marketing managing to increase brand preference and also brand loyalty, keep an effort on improving customers perception of brand value.

Their challenge for the upcoming years lies in sustaining their current standing. Price premiums need to be well justified, which puts additional pressure on them to provide consistent superior quality.

As soon as the total perceived quality does not meet the customer's expectations Samsung risks a loss of loyalty. Samsung capabilities as a “fast follower” are essential in quickly responding to changing market needs. However to become market leader and first mover ahead of Apple, Samsung would need to generate new innovative blue ocean strategies which are hard to imitate.

Segments of consumers: We propose the improvement of their brand image and brand recognition in the countries where they are already established. Also, ETC should develop a better and more careful approach to markets regarding segmentation. New customer segments like the “Bottom of Pyramid” or business people offer new profitable targets.

ETC should improve the communication of their own designs, developments in multimedia features (Beats by Deer was a good start) in order to achieve greater competitive advantages then sustain them alluding a strong presence in markets.

Itch's Resources need to be scarce, immobile and difficult to replicate. This implies constant patenting of their developments and property protection.

Appendix 1. 1 – BRIO analyses of Samsung competitive advantages The product innovation (design) of Samsung smartness/mobile phones is only a temporary competitive advantage because even if it is valuable, rarely and well exploited by the company, it is not difficult for the competitors to imitate it.

It is a competitive advantage only during more or less 6 months and then it becomes obsolete, even if the company tries to patent everything.

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Process innovation is one of Samsung sustainable competitive advantage. With the use of leading edge technology the company was able to be constantly innovating in terms of processes, which is a massive strength for the company. This is a capability that cannot be easily imitated, and which Samsung really knows how to exploit it Samsung has a value-for-money positioning strategy which is a competitive parity. By offering value-for-money products, Samsung meet the customers' needs exceptionally well since it is able to offer high quality product with relatively reasonable price.

However it s not rare because there are companies with such trade-offs between price and quality. So basically there is no differentiation between Samsung the most of its competitors in terms of value-for-money. Samsung reputation is also considered a sustainable competitive advantage since it means the company was able to meet the costumer's needs , it is something that the company is really proud of since it is known has a trustworthy brand and it is something very difficult to possess. Also, being an intangible asset, it is very hard to imitate and therefore inimitable.

And, the last point that makes it sustainable is the fact that it is a valuable asset that Samsung really knows how to exploit it. Samsung has fully utilized its ability to adapt in a fast changing market can be considered as its sustainable competitive advantage.

It is very valuable to the company especially in a fast cycle smartened market. It is rare and Inimitable as not every company has the ability to foresee and be able to change with the ever-changing environment. Human Capital is the last competitive advantage that Samsung possesses.

Although it is valuable due to its expertise employees and training programs, it is not rare cause other companies for example, also have good selection and training programs in their own way.

And so, only becoming a competitive parity. 1. 2 – BRIO analyses of Itch's competitive advantages The product innovation (design) of ETC is just a temporary competitive advantage because even being considered as a pioneer brand; the technological advances make imitation and replication simple in the smartened industry.

Strong Partnerships is the first Itch's sustainable competitive advantage. From the beginning, ETC was characterized for partnering with strong and popular brands (Google, Backbone, Dropped, etc. That have created an important network that is hard to imitate from competitors and becomes a major strength for the Taiwanese company.

The value-for-money positioning represents a competitive parity for ETC.

Even though it is well known for offering high quality products for relatively low prices comparing to the industry, it is not a rare strategy since most of the semaphore's brands (Samsung for example) are taking the same path proposing lower prices for even more advanced devices. Outstanding multimedia experiences is the second sustainable competitive that ETC holds. It has become one of the brand's trademarks to stand out for focusing on the best multimedia components in their devices.

Sound quality, camera functionality and unmatched display quality are some of the characteristics that make this multimedia bundle rare and hard to

imitate for competitors. Adaptability also becomes one of ETC sustainable competitive advantages, due to the wide product line that the brand has to offer, it has been able to adapt to consumer's needs with success.

ETC has great ability to collect consumer's expectations through its strong supported vendor network to aka the lead in the industry when adding new features and adapting them for every device to satisfy different targets of consumers.

By developing original designs, they do not have to worry about patent conflicts with one of the strongest player in the industry: Apple. Other competitors are directly affected by conflicts with the American brand causing a decrease of resources and efforts. ETC is also characterized by its human capital. Having efficient organizational structure, effective style of organizational learning, superior corporate culture and creative HER process illustrate the company configuration.