



Research Article

STRATEGIC ANALYSIS OF SAMSUNG ELECTRONICS

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ABSTRACT

This paper focuses on the study of the strategic policies and their implications on the products of Samsung Electronics. This study covers a wide scope of the practical implications of the marketing and strategic policies of theoretical background. The basic aim of the study is to find out and assess the growth of the products provided by Samsung in the competitive world, the impact of various strategies of the company, the various policies adopted by Samsung and finally, providing opinion for the improvement of the market capture of the company.

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INTRODUCTION

Strategy is long term planning to achieve the goals. It is a roadmap of future actions. After market researching the global market, Samsung gets lots of feedback from its customer and employees. Samsung needs to improve its products promotional activities, customer service and online business since it is very important to satisfy its customers. Samsung strategic growth plan aims to fulfill the needs and wants of customers, expectations of employees and other stakeholders. According to its strategic plans, it requires focusing all its resources on increasing technological innovation and market share growth but the industry's infrastructure and labor skills at that moment were too unfavorable for Samsung to achieve these and become competitive in the world market. In order to attain this, Samsung reinvented itself by primarily keeping on tract with its customers' needs and wants.

Company Profile

Samsung is a South Korean multinational conglomerate headquartered in Samsung Town, Seoul. It comprises numerous affiliated businesses; most of them united under the Samsung brand, and is the largest South Korean chaebol (business conglomerate).

Samsung was founded by Lee Byung-chul in 1938 as a trading company. Over the next three decades, the group diversified into areas including food processing, textiles, insurance,

securities and retail. Samsung entered the electronics industry in the late 1960s and the construction and shipbuilding industries in the mid-1970s; these areas would drive its subsequent growth. Following Lee's death in 1987, Samsung was separated into four business groups – Samsung Group, Shinsegae Group, CJ Group and Hansol Group. Since 1990, Samsung has increasingly globalised its activities and electronics; in particular, its mobile phones and semiconductors have become its most important source of income. As of 2017, Samsung has the 6th highest global brand value.

Samsung Electronics Co., Ltd. is Korea-based Company principally engaged in the manufacture and distribution of electronic products. The Company operates its business through three segments. The Consumer Electronics (CE) Segment is mainly engaged in the manufacture of color televisions (CTVs), monitors, printers, air conditioners, refrigerators, laundry machines and others. The Information Technology & Mobile Communications (IM) Segment is mainly engaged in the manufacture of computers, handhold phones (HHPs), network systems, digital cameras and others. The Device Solutions (DS) Segment is mainly engaged in the manufacture of semiconductor and display parts, including dynamic random access memories (DRAMs), flashes, thin film transistor-liquid crystal displays (TFT-LCDs) and others. The Company distributes its products within domestic market and to overseas markets

SWOT Analysis

Swot analysis is the most important and first stage of planning. It is a feedback mechanism to make new strategies for any company. Strengths, Weaknesses, Opportunities and Threats

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are the four components of a swot analysis. Weaknesses and Strengths are correlated and examine the internal part of the business analysis whereas Opportunities and Threats deal with the external environment of business operation.

Weaknesses and strengths refer to aspect of marketing, finance, manufacturing or organizational structure. Swot analysis helps clarifies the objectives of the company Samsung electronics key strength is its diversity in product, good brand image. Samsung electronics is a part of the Samsung group. They are one of the leading consumer electronics brand in the world. The Headquarter of Samsung is in Seoul, South Korea and employs about 150,000 people. The company recorded revenues of KRW 121, 294,319 million or 75,981 million during the financial year (FY) ended December 2008, which is an increase of 23.1% than FY 2007. Unfortunately, the operating profit of the company presents a different picture even though its sales produce double digit growth rate. It is only KRW 6,031,863 million or 3778 million during FY2008, which is a decrease of 25.5% than FY 2007.

Strengths

Samsung's electronic strengths are:

1. A strong global brand. It is the leading consumer's electronics brand in the world. The Quality is good .They promise the same quality and range worldwide.
2. Its vision is leading the digital convergence resolutions. It means they want to be the leader of the electronic items worldwide in order to get the goodwill as well.
3. A strong concept. They are offering good design , good quality as well medium prices
4. Diversity product. Samsung's products has based on diversity. It means they manufacture same items in different way for the different kind of people for different countries.
5. Technology. Voice call is clear and reckoned by customers as having a good value for their money; and the design of Samsung's electronics technology is very high. We can order right quality at the right price.
6. Good reputation among customers.

Weaknesses

Weaknesses for Samsung are:

1. The global scale of Samsung's operation means it has serious implication on its management system. To control a business in just one location is easy but for a worldwide operation is complicated and problematic.
2. Base on the double digit decrease of its operating profit against the other year, it indicates that its operating cost had also gone up by more than 20%. Its operation had not been efficient enough to yield a good profit.
3. Samsung as a South Korean company is reckoned by most customer as only next to any Japanese firm since Japan is always considered as a high tech country in the world.

Opportunities

A business uses its strengths to take advantage of the opportunities that arise, opportunities for Samsung are:

1. Increases mobile and computer market
2. International expansion.
3. Arrival of new technologies
4. A strong customer demand and good design.

Threats

If any company is aware of possible external threats, It can be addressed by generating new ideas to counter it or can use a particular strength to defend against threats in the market . The threats on Samsung are as follows:

1. Changing social trends: It is trying to build on line help to guide customer to a more comfortable life. The online business and website promotion entails cost and any change introduces needs improving staff competencies by training.
2. Strong competition: Samsung faces strong competition from the other Korean company such as LG, KTF, SK aside from its foreign competitors like Sony Panasonic.
3. New regulations and increased trade barrier.

Samsung has worldwide market. Its marketing benefit and selling percentage has depends on PESTEL. Different country has different culture, different environment, different economic condition, political situation, social factors of market and different policy. In European country Samsung electronic market is highly increases in these day then the other developing countries such as south Asian countries, Middle East and African countries. Samsung extend sponsorship of Olympic Games until 2016.samsung also sponsorship with English biggest football club cheese. They have sponsor other sports and clubs also. They want to their image and brand value has been carrying out worldwide market like Olympic team.

STP of Samsung

Segmentation

Segmentation means that dividing the market into groups, which are Geographic, Demographic, Psychographic and Behavioral. Samsung has done its segmentation of the market based on the above categories.

According to our research Behavioral and Psychographic happens to be the current segmentation strategy of Samsung.

- Geographic: It sells their phones worldwide around 61 different countries by making slight changes according the countries need. It has divided the market into different regions of Asia such as northern, eastern and southern areas.
- Demographic Age: Samsung target Young People, Professional Businessmen and University students.
- Family Size: -Samsung products are available to every family size.
- Income: Samsung products are available to every income class with their own preferences. It has products for lower middle, Middle and upper middleclass. Samsung Galaxy range is very attractive to Youth because it has many features such as Great quality camera and multi task handling. It is also a good option for Businessmen.
- Psychographic: Samsung mobiles are available for every lifestyle personality whether it's sporty lifestyle

or professional style. It offers mobile phones in different colors to attract especially girl's attention. The price of mobile phones varies from different models. It has a range of 1200 up to 70,000.

Target market

The company has two segments and this is called multi-segments targeting:

- Samsung targets the upper and middle class professionals. These usually have busy schedules and hence need to communicate with their colleagues and families.
- The secondary market is the high school and college graduates who need devices which are multi functional and portable. The secondary target includes medium size corporations and they aim to help managers and employees have crucial data accesses on the go.

Positioning of Samsung

Samsung uses the following types of positioning:

Multi-segment positioning: Samsung targets more than one segment at the same time through offering several packages of products and services. For example, there are several variations of Samsung SMART Signage professional displays with different sizes, screen resolutions and functionalities and ultimately with different price tags. Thus, Samsung appeals to the needs and wants of consumers with varying financial capabilities.

- **Imitative positioning:** Samsung is known to imitative its main competitor Apple in product in design, functionalities, as well, as marketing strategy.
- **Anticipatory positioning:** Certain Samsung products such as mobile image sensors currently have low turnover. However, these products have been developed with the anticipation that the turnover will increase in the future.

Boston Consulting Group (BCG) Matrix

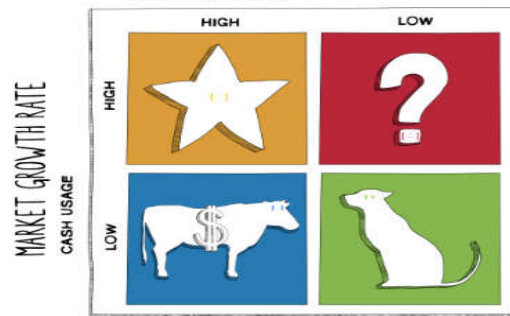
BCG analysis is mainly used for Multi Category / Multi Product companies. All categories and products together are said to be a Business portfolio. Thus, the various entities of your business portfolio may move forward by a different pace and with a different strategy. The BCG analysis actually helps in deciding which entities in the business portfolio are actually profitable, which duds are, which the business should concentrate on and which gives a competitive advantage over others.

Once it is known which businesses stand where in the business portfolio, it is also known which businesses need investments, which needs harvesting (making money), which needs divesting (reducing investment) and which needs to be completely taken out of the business portfolio.

At a holistic level, they get to make a decision on which product to continue and which product to be divested. Which product can give new returns with good investment, and which products are reaching the apex of market share.

THE GROWTH SHARE MATRIX

RELATIVE MARKET SHARE
CASH GENERATION



ESSENTIAL MARKETING MODELS HTTP://BIT.LY/SMARTMODELS

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BCG Matrix of Samsung

Stars

- Here the stars are represented by the televisions, smart phones and smart gears.
- These are the unit with a high market share in a fast growing industry.
- Stars represent the best profits and growth opportunities in the organization.
- Generates high revenues and also requires huge cash for sustaining the star position.
- Product is growth stage.

Question mark

- The question marks of the Samsung Electronics are laptops, cameras, semi-conductors and tablets.
- Question marks are the units with low market share in a fast growing industry.
- They require large amount of cash to grow their market share, like promotional expenses.
- These can be converted into stars and may also become dogs.

Cash cows

- The cash cows of Samsung Electronics are the LCD and LED panels.
- They are the business with low growth rate and high market share.
- Generating cash more than its requirements which can be used by other units.

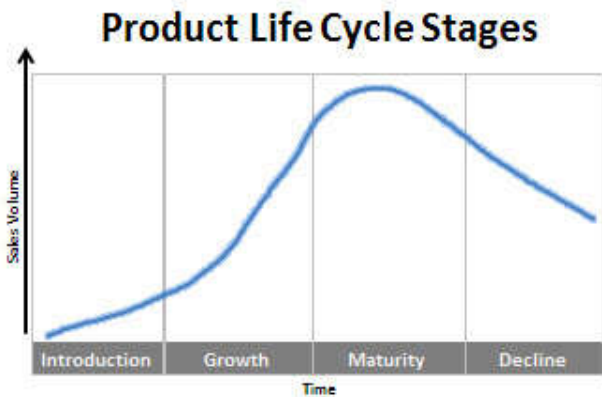
- Product in maturity stage.

Dogs

- The printers and the mp3 players represent the dogs segment of BCG Matrix.
- Dogs often have little future and are big cash drainers in the company.
- Generating cash just to break-even. It is a self-sustaining unit.
- They do not generate any profit for the overall business and hence, can be sold off and hired off.
- Products are in the decline stage, with no chance of revival.
- Product may be repositioned or killed.

PLC With Reference To BCG MATRIX

As consumers, we buy millions of products every year. And just like us, these products have a life cycle. Older, long-established products eventually become less popular, while in contrast, the demand for new, more modern goods usually increases quite rapidly after they are launched. Because most companies understand the different product life cycle stages, and that the products they sell all have a limited lifespan, the majority of them will invest heavily in new product development in order to make sure that their businesses continue to grow.



The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

- **Introduction Stage** – This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it's a competitive sector.
- **Growth Stage** – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.
- **Maturity Stage** – During the maturity stage, the product is established and the aim for the manufacturer is now

to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

- **Decline Stage** – Eventually, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

The product life cycle of Samsung can be studied from the BCG Matrix. As per the BCG Matrix, the following points can be drawn:

- The televisions, smart phones and smart gears represent the stars indicating a growth stage.
- The question marks of the Samsung Electronics are laptops, cameras, semi-conductors and tablets, being considered under the introduction stage.
- The cash cows of Samsung Electronics are the LCD and LED panels, indicating the stage of maturity.
- The printers and the mp3 players represent the dogs segment of BCG Matrix, being in the decline stage.

Expansion Strategy



Product/market expansion grid

Market penetration

- The market penetration strategy can be used by a company to find ways to better adapt to the current market and increase its sales and profits.
- In the market penetration strategy the company is increasing its marketing efforts in order to gain a bigger market share for the existing products on the current market.
- One of the best ways to increase product's market share is to attract customers from competitors and to find more potential customers for the existing products.
- Samsung adopted the market penetration strategy for cameras and laptops.

Product development

When a company launches a new product on the current market, it can use the following intensive growth strategies:

- The company can develop new features for the product.
- The company can develop innovative products to launch in the market.
- The company can develop different products quality levels.
- The company can improve the product's technology.
- A product's developing strategies require significant investments of time and money.

Market development

A company can use three approaches to develop the market when it is launching a current product on a new market.

- The company can try to expand its distribution channels.
- The company can start selling the current product in new locations.
- The company can identify the potential users of the current product in the new market.

Companies can find new markets for a current product by focusing on geographical criteria such as city, region, state, or country.

In finding new markets, companies can also focus on demographical criteria such as gender, age, social class and others. Samsung adopted the market development strategy by focusing on the African market.

Diversification

Diversification with new products launched on new markets can be achieved by:

- Concentric diversification strategy: developing new products for new market segments using the earlier technology.
- Conglomerate diversification strategy: Developing new products for new markets.
- Horizontal diversification strategy: developing new products for old customers, using new technology.
- Samsung started manufacturing printers by diversifying its business a bit from televisions, laptops and smart phones.

Suggestions

Korean conglomerate Samsung is global leader in electronic and telecommunication the company is retaining its presence in all the continent of the world as a product and service provider. In mobile phone industry it has grab the market with smart phones in this sector it is the close competitor of Apple. Supply chain management system of the company is one of the factors of the competitive advantage. The recommendation has been stated in this paper on the basis of its present strategy and the market performance.

Gain Competitive Advantage through Vendor Specification

The group has demonstrated its excellence in supply chain and made clear indication of developing competitive advantage out of this. It is the time to concentrate on vender specification on the basis of local economy.

Opt for Tax Sanctuary as Global Location

There are some area in globe those may offer advantage of tax sanctuary to the group, such as California, USA. The selection of geographic position must be done on the basis of past business relationship between the specified location and the group's country of origin.

New Gaming Monitor for France

French computer peripheral is not that conducive enough to explore. The demand for laptop is electric in nature. The demand for the product is highly responsive to the market price. Desk top sales have dropped considerably. Since 2014 monitor sales started to recover due to the demand from gamers Samsung need focus on this development and make penetration in this market segment.

Reduce Investment for India

As a member of emerging economy India is conspicuous for its population. Computer sales have dropped 6% in total volume in2015. National government is no longer taking initiative to distributing free laptop to the students. Drop of unit price couldn't contribute any improvement in market trend. In this market scenario company shouldn't pay much investment for Indian market.

Innovate Improve Tablet for Africa

Africa has exhibit an optimistic picture in terms of market growth. Tablet is in focus point of this development. Unit price for tablet is getting decline but the demand has been noticed in this segment but most of the market share has been taken by Apple by the quality of their product. Samsung need to improve their product and reduce their product to gets the market.

Development of Strategic Communication

The company is developer of telecommunication equipments are there under the service category advertisement construction entertainment, financial services, hospitality information and communications technology, medical and health care services, retail and ship building is failing. Brand presence does substantiate the credibility of the company to the grater mass, the importance of the brand communication become relevant here. The advertisement and the mass communication tool need to get use according to the corporate strategy to develop a mass response for the international standard product or service

Sustainability through Standardization

Since the inception throughout the development years company propagated its reliability as a brand to the customer. According to the holistic approach a brand is much more than product (Ambler and Styles, 1997). Product standardization can help the company to gain the sustainable reliability.

Facilitated Customer Loyalty

This company has enshrined its name as world's first maker of LCD screen display panel, and eventually become world's largest manufacturer of that. After attaining establishment as a global brand in world market the company has started to enjoy the associated attributes of that status. Global brands are associated with prestige (Han, 1990). This association makes the company closer to gain a comprehensive customer loyalty (Kapferer, 1997). In order to ensure this the company needs to opt for end customer generalization.

Loyalty through Emotional Bonding

Consistency of the success can offer a strong emotional bonding between the brand and its stake holders the company should make an attempt to get leverage from this.

Gain Synergy through R & D

As well as marketing development too. Gap identification is one of the cardinal finding in marketing research. If the evaluation of the value proposition has been done on the basis of the financial result contemporary research is saying that this result can be treated as financial hypothesis of the value proposition made by the company ((Kohli and Jaworski 1990). From this context company need to distinguished itself from its previous position of homogeneous product developer as the competitors to a solution provider of lean demand in the market.

Improve Exclusiveness

The exclusiveness of the value proposition will be the optimum product leadership strategy in this juncture. Consumer prefers to be with the latest technology rather than a brand. The strategic R&D of the company is helping it to become the initiator of certain advance technological trend the suggestion can be given in this regard that the company can quote a comparative price and lowering the initial offering. This model of pricing will help company to gain dominance over the market and keep it ahead from other competitors.

CONCLUSIONS

As a global brand 'Samsung' has traverse long way and establish itself in a prominent position. Being a global conglomerate the brand evolution is the representative if the future development. The brand itself is the market leader of the technology market and strong competitor of Apple in mobile phone market. The enriched status of the brand is waiting to get evolved in a higher level. The future strategy of the company should be equipped to address higher demand of quality customer and this can offer a conspicuous position and sustainability in the market.

Competitive market place determines the effectiveness of the four Ps of marketing in a relative value but not the absolute. Strategic decision regarding pricing demands instant reaction from competitor's side and that is the epitome of commutative reaction among the firms (Sudhir 2001). According to history of the firm there is an obvious trait that can get noticed it is as a brand 'Samsung' tend to introduce new product or improve representation, after considering this it seems price leadership will lead the company to the product leadership.

Emotional bonding can lead towards customer retention and sustainability of the patronage. From the perspective of offensive marketing it can be said that sales is the only means to improve market share, but some scholars has been identified that sales is the result of promotional activity and some other variables (Rust, and Zahorik 1993). Pricing belong to those and that can lead the firm such as 'Samsung' towards a sustainable relationship with the customers and that must be the future global strategy for the organization. In the case if 'Samsung' brand positioning can get described by 'Maslow Pyramid'. Abraham Maslow described the structure of human aspiration by a graphical depiction of a pyramid where the self actualized status is the highest of the human attainment (Wahba and Bridwell 1976). The subjective nature of the term can get articulated as the graphical representation of apex of attainment. To justify its stand in this regard the company needs to reinvent itself.

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