

AN ENVIRONMENTAL MARKETING ANALYSIS ON SAMSUNG ELECTRONICS



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Introduction

Samsung electronics has a vibrant culture that lays a significant role in how it operates. It takes a lot to fully understand the unique history and cultural significances that have enabled Samsung to dominate the consumer electronics and mobile industries (Skiles and Shafer, 2018). Samsung Electronics was a part of the Samsung Group, the largest chaebol (family-controlled conglomerate) in South Korea (Abhishek and Garg, 2018). It was founded in 1969 and rapidly became a major manufacturer in the Korean market. Their early years saw a burst of growth came from the burgeoning home electronics business and the company began exporting its products for the first time.

Between 1980-1989, Samsung electronics core technology businesses diversified and expanded globally. In 1987, the founding chairman, Byung-Chull Lee passed and his son, Kun Hee-Lee took over. During this period, Samsung electronics challenged itself to restructure old businesses and enter new ones with the aim of becoming the world's top 5 electronics companies. In the mid-1990s, they transformed their businesses through a dedication to create world-class products, providing total customer satisfaction and being a good corporate citizen. Despite the 1997 financial crisis, Samsung electronics was one of the few companies that continued growing as a result of its leadership in digital and network technologies and its steady concentration on electronics, finances, and related services (Samsung, 2005). Samsung Electronics focuses on consumer requirements and production, as well as the ability to identify the emerging opportunities; this led the brand to be an industry leader in technology, as well as it being one of the top 10 global brands (Abhishek and Garg, 2018).

This report aims to do an environmental analysis on Samsung electronics, highlighting their model of operation, strategies employed, strengths and weaknesses amongst other parameters. It can be said that Samsung electronics is a premium brand spread out across many countries, with many strengths and opportunities like their huge investment in innovative research and development and weaknesses such as creating too many models and their inability to create their own operating system. The report also recommends an approach on how they may be able to compete in china alongside other established rivals.

BUSINESS DESCRIPTION (2/2)



*Samsung business divisions
(Strategic management insight, 2019).*

Samsung electronics guiding philosophy

Samsung Electronics are passionate about devoting their human resources and technology to create premium products and services which they believe contributes to a better global society. This commitment is guided by their set of values: Management Philosophy, Core Values, and Business Principles. To this end, they have translated their five management principles into detailed action plan guidelines to establish the Samsung Electronics Global Code of Conduct that guides their workforce.

Philosophy	We will devote our human resources and technology to create superior products and services, thereby contributing to a better global society.				
Core Values	PEOPLE  We value our people with a strong belief in "A company is its people" philosophy and providing opportunities to perform their full potential.	EXCELLENCE  We give our best efforts with endless passion and a challenge spirit to become world best in every ways.	CHANGE  We rapidly take the initiative in executing change and innovation with risk awareness : we cannot survive if we do not constantly strive to innovate.	INTEGRITY  We act in a right and ethical way in all manners, ensuring fairness with honor and grace.	CO-PROSPERITY  We take full responsibilities as a good corporate citizen in pursuit of mutual prosperity with our community, nation and human society.
Business Principles	1. We comply with laws and ethical standards. 2. We maintain a clean organizational culture with high integrity. 3. We respect customers, shareholders and employees. 4. We care for the environment, health and safety of all. 5. We are a socially responsible corporate citizen.				

*Samsung Electronics philosophy, values and business principles
(Samsung, 2019)*

In order to critically analyse and understand Samsung's culture, we'd be using a set of analysis approach to explain Samsung's overall idea. A few analysis approaches considered are:

- PESTLE analysis
- Porter 5 forces model
- SWOT analysis

PESTLE analysis

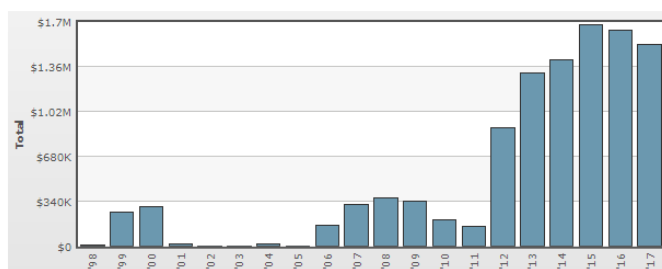
A common approach for evaluating the external business environment is the use of PESTLE analysis. The acronym stands for Political, Economic, Social, Technological, Legal and Environmental (Gupta, 2013). This concept is a tool that is used by organizations to track the environment they operate within or are planning to establish operations. The analysis gives a bird's eye view of the entire business environment from various angles that are needed to be assessed and tracked whilst contemplating certain business ideas (Pestle Analysis, 2018).

Political and legal factors

According to Dudovskiy (2017), diverse political factors such as political stability, home market lobbying and pressure groups, government attitude towards the industry and company, risk of military invasion of the company amongst many others have either a direct or indirect way of affecting revenue and long-term growth of Samsung electronics. The BBC (2016) stated that south Korean prosecutors raided some Samsung Electronics offices and this was resulting from a probe into a political scandal around the then president, Park Geun-hye. She was accused of ordering government members to facilitate a merger of two affiliates of the Samsung group, while at the same moment, Samsung was also alleged to have given a certain Choi Soon-sil £30m in bribes. The then acting head of Samsung was also entangled in the bribery scandal as the prosecutors called for his arrest even though the judges did not honour their request. The allegations levelled against him besides the £30m were embezzlement and lying under oath. It was also discovered that the said bribe was to buy the government approval for the above-mentioned merger (Burgess, 2017).

"The public mood of disaffection with the country's political and corporate elites (and with Park personally) has become so deep and widespread that the prosecutors are under very obvious pressure to investigate thoroughly. Political influence has previously been used to constrain investigations, and while it is not unprecedented for senior company executives to be investigated and imprisoned ('and then sometimes subsequently pardoned by past Presidents'), the involvement on Samsung in 'Park Gate' is different (Nilsson-Wright, cited in Burgess, 2017).

At the end of the investigations, Lee Jae-Yong was sentenced to five years in prison and president Park was impeached and later arrested and this happened due to her friendship with Choi Soon-sil who also went to jail and faced trial. Several financial analysts believed that the incident was strong enough to harm Korea's interests such as the creation of a creative economy. It is said that there were plans to provide more funding opportunities as well as infrastructure to help emerging businesses. The situation created questions in the minds of prospective investors as to if Korea will change its course of driving the economy (Burgess, 2017). To this end, it can be deduced that this factor is unfavourable to the brand because of the negative publicity as well as impeachment of the then President. As it stands, prosecutors in South Korea are requesting a nine-year jail term for the brand's de-facto chief, Lee Jae-Yong in connection to the happenings above.

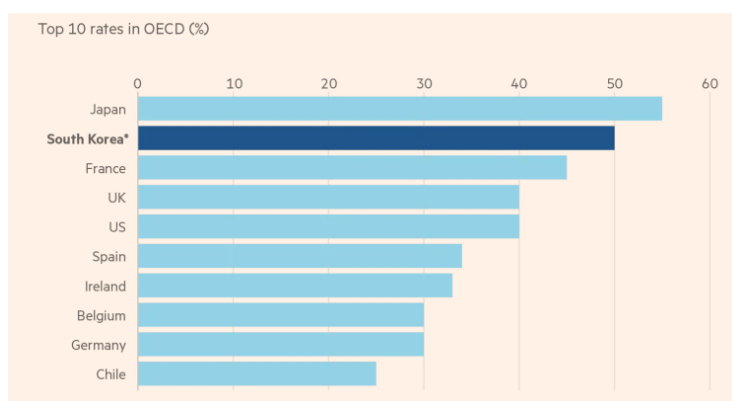


Annual lobbying by Samsung Group (Dudovskiy, 2017)

Economic factors

One of the indices of an economy is taxation, and depending on nation, different tax legislation will apply. When the chief of Samsung, Lee Ku-hee passed away, he left behind stock assets worth about \$15 billion. In the United Kingdom and South Korea, inheritance tax is prevalent. In the UK, inheritance tax is pegged at 40% (UK Government, 2017), while South Korea is 50%. However, there is another 20% premium included in the

appraisal value of the deceased's estate, and this will be based on a four-month average of the closing market price of the company's shares before and after death (Lee and Jin, 2020). This further means that in South Korea alone, the company is estimated to pay about 10 trillion won which is approximately £6.9b as inheritance tax on stock assets alone (Yonhap, 2020). Reports have shown that the operating profit of the company increased to about 49% for the three months ending September 2020 and this was due to the increased demand in some of their products. The extra income will help the family left behind sort out their taxes, as this can be spread across five years. Another option to offset the debts will be to sell some of their non core assets, but the resultant effect of that will reduce the family ownership of the group (Wong, 2020). This factor is unfavourable for the brand due to the heavy amount of inheritance tax alone to be paid. If this is not managed properly, they may be forced to sell off some of their assets to fulfil their tax obligations.



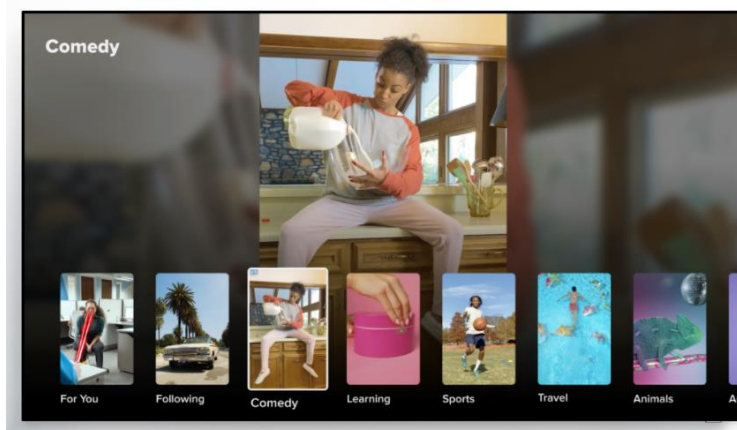
*Countries and their inheritance tax percentages
(Dudovskiy, 2017)*

Social factors

Samsung electronics, in December 2020 entered into a partnership with the social app, TikTok. This means that the application will be exclusively available on Samsung smart televisions in Europe, whilst launching first to UK customers. Unlike the mobile edition of Tiktok, the version available on smart TVs has been categorized into 12 sections which appeal to a more family-oriented viewing. There is also a #LearnOnTikTok section which can enable viewers learn recent fitness tips, fun facts, cooking hacks that TikTok has to offer (Samsung Newsroom, 2020)

“The past year has dramatically changed the way we live, work and play. More of us are spending more time at home, watching TV with loved ones and enjoying content that entertains and educates through our smartphones. This has led us to think about how we can bring the creativity and joy of TikTok to even more people across the UK. Our new TikTok app will do just that, giving the millions of Samsung TV owners access to our trending recipe hacks, comedy skits, challenges and more – straight into living rooms across the country.” Rich Waterworth, GM, TikTok UK

This factor can be said to be favourable to the brand as Tiktok users have a wider screen to enjoy their content as well as learn new tricks and trade.



*Samsung Smart TV with Tiktok installed within.
(Samsung newsroom, 2020)*

Technological factors

Fanton (2006) states that technology has brought about changes in everyone's lives; this had led to a quicker way to access information as well as communicate faster to a broad audience. Samsung Electronics pioneered various innovative technologies in 2020, one of which is the introduction of the 5G technology, something the company had been pioneering for over a decade, become a reality. Besides that, in 2019, Samsung electronics also launched the world's first commercial 5G smartphone and tablet device. Constant research and development from the organization is leading them to create more innovative technology in 2021, as they believe that smartphones are a rapidly becoming an extension of ourselves. As such, new applications like teleworking, virtual celebrations, online dance challenges are new additions owners of select Samsung

electronics will have the privilege of experiencing (Samsung newsroom, 2020). This factor can be said to be favourable to Samsung as they have prided themselves in pioneering cutting-edge technology.



*Samsung 5G UK launch
(Samsung newsroom 2019)*

Environmental factors

Samsung electronics is environment conscious. They have laid foundations for eco-management as one of their guiding philosophies. In 1992, Samsung created their environment declaration which ensures that the organization is responsible to its environment. They also ensure that their customers have eco-friendly solutions. They believe that the fight against environmental issues is a necessity and must be done to keep the environment habitable (Samsung newsroom, 2019).

During the United Nations General Assembly in 2015, world leaders promised to change the world by year 2030 and this led to the birth of the sustainable development goals (SDGs). These 17 new goals, which are modifications of the millennium development goals will pull efforts together to tackle climate change, eradicate hunger and poverty, fight inequalities alongside other set goals (UN, 2016). To ensure that everyone is a part of this project, Samsung electronics entered into a partnership with the United Nations Development Programme and created an application called the Samsung Global Goals app. This is to ensure that the everyone has a part to play in making the world a better place. This application gives adequate details about the 17 SDGs and how an individual can play their part and support causes of interest (Samsung newsroom, 2020).

The Global Goals app also has a coronavirus solidarity response fund. Samsung electronics are using their advanced technology and other resources to solve urgent

needs of individuals whose lives are on the line because of their efforts to defeat the coronavirus. As such, the application enables persons to make donations straight to the World Health Organization's response fund (Samsung newsroom, 2020)

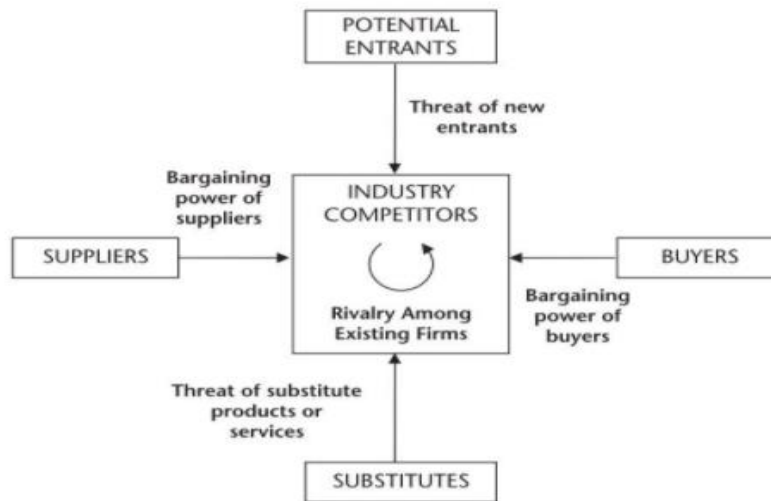


*Samsung Global Goals App.
(Samsung UK, 2018)*

This factor can be said to be favourable as Samsung have positioned themselves to be environmentally conscious and are using their products to educate people about the need to care for the environment.

Porter's 5 forces model

Huggins (2011) explains the porters five forces model as a framework that tries to show the processes involved when a potential customer is seeking information for his choice brands and the adverse implications it may have on sales-promotion strategies and market performance. The model consists of five major forces: potential entrants, buyers, substitutes, suppliers and industry competitors. The below framework will be applied to Samsung electronics.



Porter's five forces framework (Huggins, 2011).

Threat of new entrants

In 2020, Samsung electronics clinched the fifth position in the best global brands list announced by Interbrand, which is a global brand consulting company. Even with the challenges COVID-19 posed on the business scene, Samsung electronics still had a 2% increase in their brand value. The move of Samsung electronics up the ranks of the Interbrand list of the world's 100 most valuable brands was as a result of the constant introduction of innovative and affordable products on a global scale (Samsung, 2020). Other similar corporations like Apple and HTC also benefit from the economies of scale significantly regarding a cost advantage. This, unfortunately is unavailable for new market entrants. Accessing and operating within the mobile phones and consumer electronics industry is capital intensive – this is something that new entrants may be difficult to raise. Access to distribution channels, distribution centres, consumer technology selling outlets can also be a hinderance for new entrants (Dudovskiy, 2017). Based on the above, it can be concluded that the threat of new entrants to Samsung electronics is low.

Bargaining power of buyers

According to Brostroff et al (2014), the smartphone industry has a lot of competition. Therefore, buyers have significant access to market information which can be a bargaining power for them. the different hardware and software components used to create the electronics can also be used as bargaining power by the consumers. The

competition between service providers and the similarity of functions amongst products also enhance the bargaining power of the consumers. Dudovskiy (2017) further states that Samsung consumers can move to other brands with no extra cost for them due to the buyer's price sensitivity as well as functionality of the product. Furthermore, some service providers try to retain their customers by keeping them on service contracts that last between one to five years, occasionally providing upgrades intermittently during the contract duration. Consumers therefore look for contracts that resonate more with them, even if it means switching between providers (Brostoff et al, 2014). To this, Dudovskiy (2017) argues that Samsung electronics has a possibility of reducing the bargaining power of consumers if they can create their own eco-system as well as strengthening the connection between their products and services within the eco-system. Based on the above, it can be deduced that the bargaining power of buyers is high.

Threat of substitute products or services

Every category of product created by Samsung has equivalent substitutes as consumers can decide to switch to other products with no extra cost for various reasons (Brostoff et al, 2014). Electronic gadgets that have the same operating system with Samsung can pose as threats. Besides smartphone devices that run on Android, Apple's iPhone, windows phones and Blackberries which have distinct operating systems can also be direct substitutes due to their varied operations and functionalities. These substitutes are also sought after and this leads to a highly competitive market for the products (Dudovskiy, 2017). To this end, it can be concluded that the threat of substitute products or services is high.

Bargaining power of suppliers

Samsung has a supply chain that cuts across over 2,100 suppliers globally (Samsung, 2019). However, businesses that supply parts and materials do not have strong bargaining power because of the order volume as well as its ability to bargain (Dudovskiy, 2017). Brostoff et al, 2014) further argue that Samsung also manufactures some of its components as well as supplies its own raw materials and this makes them have some sort of edge. Therefore, it can be argued that the bargaining power of suppliers for Samsung is medium because whilst they have delved into the production of some of the

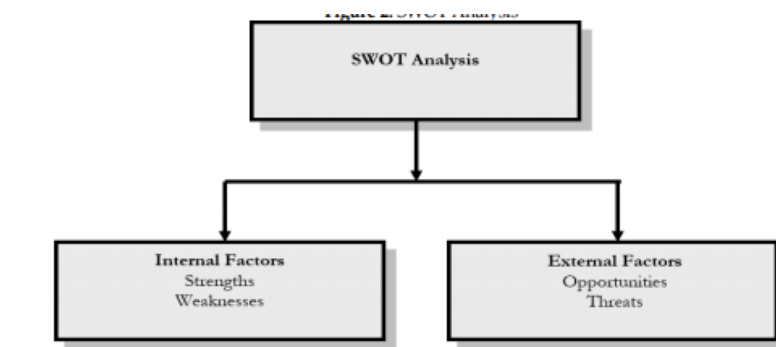
parts and components needed, there are still certain areas where they need the help from the external supply chain.

Industry competition

There is intense competition within the electronics industry due to the variety of competing brands, their sizes and financial prowess. All these brands like LG, Apple, Huawei, Sony, amongst others all compete for the market share with their diverse features and characteristics. Dudovski (2017) also states that market saturation categories within the electronics industry increases rivalry amongst brands. Technology also plays a big role as consumers are attracted to devices that they believe have the best functionality, hence further increasing the competition. This begins a vicious cycle as competitors copy off from each other in order to attract as many potential consumers. It is also worthy of note that Samsung and its rivals have their ears to the ground monitoring recent technological innovation to see how it can also be adapted to their products (Brutroff et al, 2014). Therefore, it can be said that industry competition is high.

SWOT analysis

This is a tool that is used for planning and strategic management in companies, and it can be used to create an organizational and competitive strategy effectively. The SWOT is an acronym for strengths, weaknesses, opportunities and threats. (Gurel and Tat, 2017).



SWOT analysis diagram (Gurel and Tat, 2017).

Strengths

- **Premium research and development (R&D) expenditure**

To excel within the technology sector, innovation is necessary. It is also said that the more an organization invests in research and development, the more innovations it's able to come up with. Samsung has 34 research and development centres world over. They invested about approximately US\$14 billion solely on R&D in 2017 which was said to be the second largest amount spent in the world behind Amazon.com. This investment has enabled them develop the largest patent portfolio amongst their rivals (Strategic management insight, 2019)

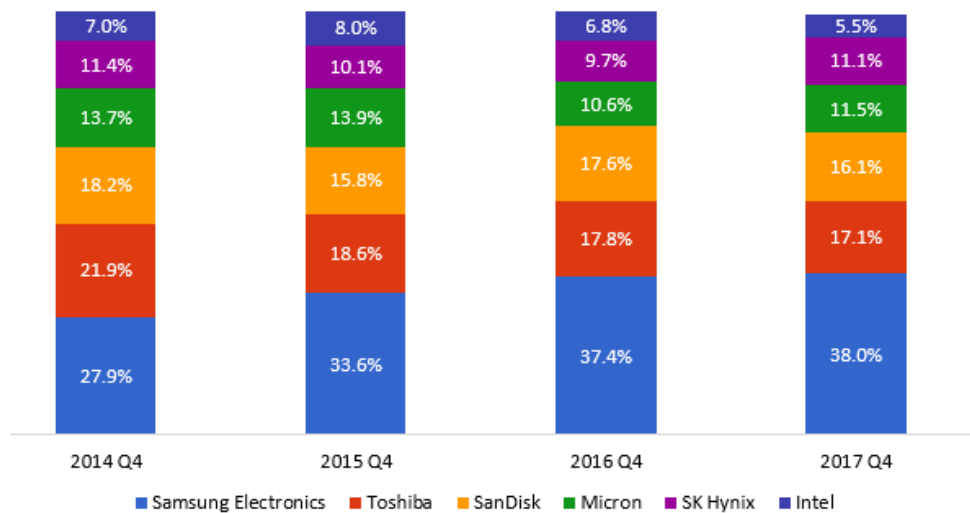
Company	2016	As a % of revenues	2017	As a % of revenues
Samsung Electronics	13.079	7.3	14.857	7
Apple	10.045	4.7	11.581	5.1
Microsoft	11.989	14.1	13.037	14.5
Intel	12.128	21.9	13.098	20.7
Amazon.com	12.540	11.7	22.620	12.7
LG Electronics	2.183	4.5	2.110	3.9

R&D spending by Samsung and its largest competitors (in US\$ billions and percentages) (Strategic management insight, 2019).

- **Industry leadership**

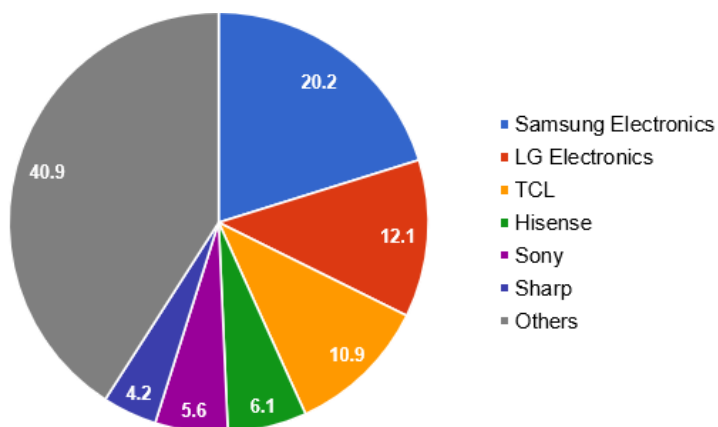
Research has shown that Samsung is the second largest technology company by revenue in the world. It is dominating many product markets including:

- NAND flash memory: Samsung is the manufacturer of over one-third of all NAND flash memory chips



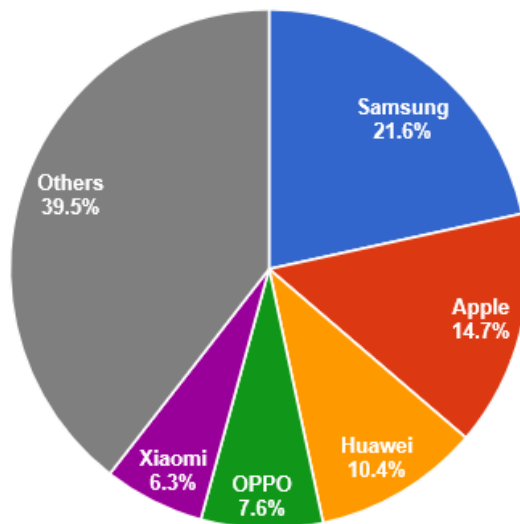
Global market share held by NAND Flash memory manufacturers worldwide (Strategic management insight, 2019).

- LCD TVs – in 2017, Samsung manufactured one in five televisions.



Global market share held by LCD TV manufacturers in 2017 (Strategic management insight, 2019).

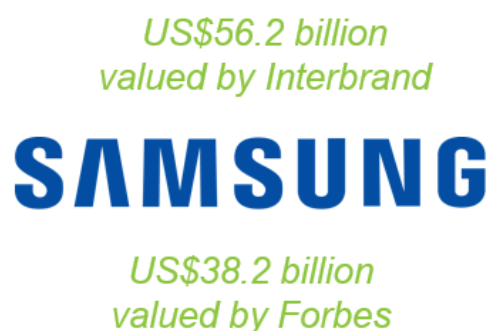
- Smartphones: Samsung has been declared the biggest vendor of smartphones globally. They shipped 317.3 million units of smartphones alone in 2017.



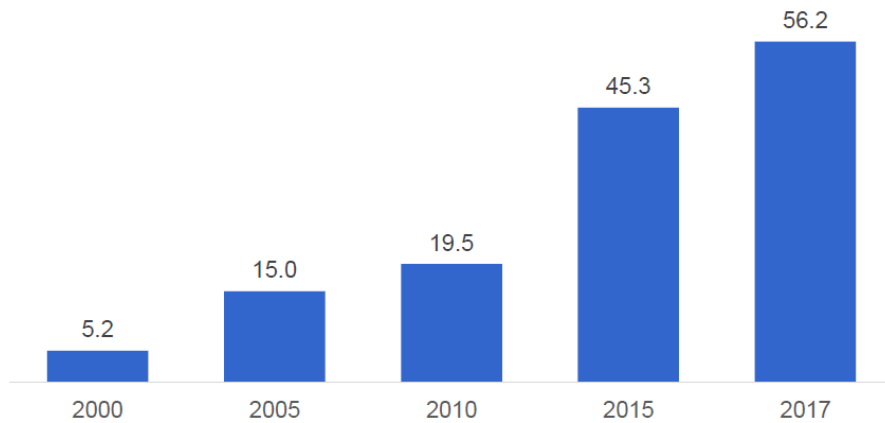
*Worldwide smartphone vendor market share in 2017.
(Strategic management insight, 2019).*

- **Brand recognition**

The brand called Samsung is one of the most recognizable and valuable globally, and this is because of its success in the TV and smartphone industries. Forbes has listed Samsung as the 10th most valuable brand in the world. It is said that their brand value is quite similar to their brand recognition and reputation. They are operational in about 74 countries and they enjoy excellent brand awareness amongst global organizations (Strategic management institute, 2019)



*Samsung valuation by Forbes and Interbrand
(Strategic management insight, 2019).*



*Samsung brand value in US Billions
(Strategic management insight, 2019).*

Weaknesses

- **Too many smartphone models**

In 2014, Samsung had a decline of 32% in their operating profits. The fall was attributed to increased competition as well as high cost of developing a diverse number of smartphones released yearly. However, they combated this by reducing the number of smartphone models created by 30% in 2015. Whilst this strategy aided the reduction of their operating profit decline, they still produce a large number of smartphone variants with the reason of capturing their whole market share. In 2017, Samsung electronics released 21 new mobile phone models. This therefore can lead to some drawbacks like: lower economies of scale, complexity of the supply chain, increased costs of designing new models amongst others.



*2017 analysis of new smartphone models released by Samsung and other competitors
(Strategic management insight, 2019).*

- **Dependence on Google's Android OS**

Samsung makes use of Google's Android OS for its smartphones and tablets. The fact that they do not own their own operating system makes the brand vulnerable, making it a bit more difficult to stand out from competitors and their offerings (*Strategic management insight, 2019*).

- **Family leadership**

Samsung has been under the leadership of the family since its inception in the 1970s. Whilst this model of leadership seems to work for them, they run at a risk of stagnation due to a lack of fresh ideas and insights. However, Jay Lee, the current chairman of the organisation is considering bringing an end to the dynastic succession (Parker, 2020).

Opportunities

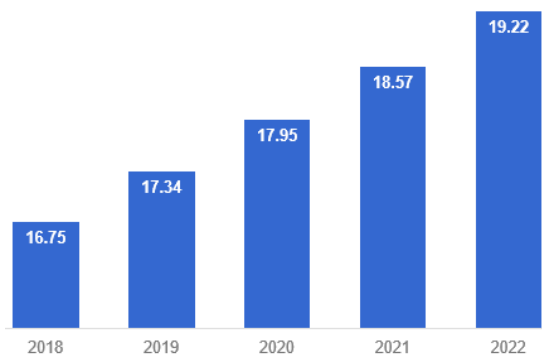
- **Internet of Things market**

Gartner defines the Internet of Things as the network of physical objects that contain embedded technology to communicate and sense or interact with their internal states or the external environment. This means that devices like smartphones, cars, computers, dishwashers, amongst other things that have Wi-Fi or Bluetooth connectivity are referred to as IoT. It is said that year, 20 billion devices are connected to the internet. Here, Samsung electronics is at a vantage position to harness the growth happening within the IoT market. With a range of electronic devices produced by the company, all these products can be integrated into one ecosystem and controlled through an internet connection (*Strategic management institute, 2019*).

- **Entry into the wireless chipset market**

At present, one of the quickest rising semiconductor market globally is the wireless chipsets. However, Samsung also is a key manufacturer of semiconductors with vast experience. This means they have the correct infrastructure to manufacture more chipsets as well as acquire patents and skills needed to create the technology. If Samsung

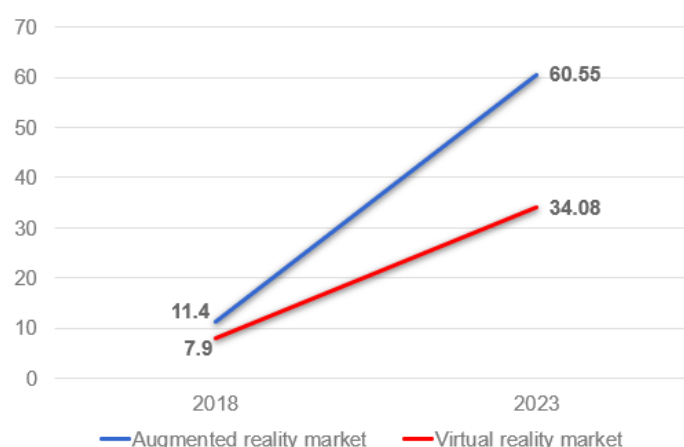
were to venture into this and are able to capture 10% of the market, then this can lead to a business worth US\$2b revenue by 2022 (Strategic management institute, 2019).



*Wireless chipset market size
(Strategic management insight, 2019).*

- **Boom in augmented and virtual reality markets**

The augmented reality market was valued at US\$ 11.4b, whilst the virtual reality market had a value of over US\$7b. these markets are still nouvelle and there are predictions of a growth boom in coming years. Research on this subject matter estimates that these markets can be worth up to US\$100m by 2023. This means that Samsung can partake in these projections by investing due to its projected profitability as this is an opportunity that can be harnessed (Strategic management institute, 2019).

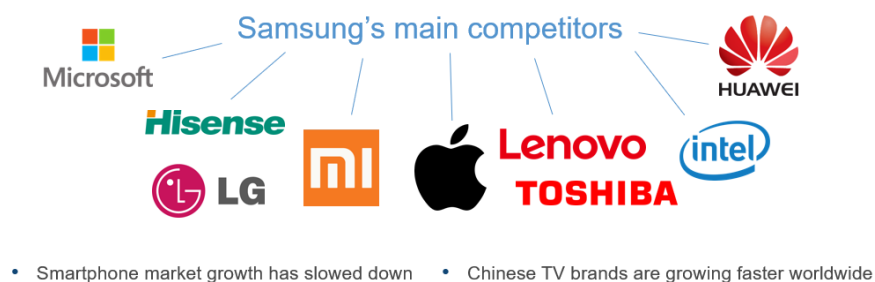


*Augment and virtual reality market size (in US\$ billions)
(Strategic management insight, 2019).*

Threats

- **Competition**

There is usually heavy competition when new rivals enter a market or when market growth reduces. It is said that the growth within the smartphone industry has declined and may experience further decline in the future. Between 2010 and 2011, there was a recorded growth of 75.6% and by 2016 it had dropped to 2.3%. The recorded growth is credited to come from developing countries, where Samsung's premium devices are in competition with other lower priced models. However, in developed economies, the smartphone market is heavily saturated and this has led to other rival organizations competition for a share of the market. New entrants can also be seen as a threat. Chinese smartphone brands like Huawei, Xiaomi were quite insignificant mobile phone vendors for a while, but as at 2017, they hold approximately 23% of the market share. The TV market is not left out as brands like Hisense, Skyworth are gaining grounds. It is also said that these new entrants have low prices which attracts more first-time buyers.



Samsung and competition
(Strategic management insight, 2019).

- **Patent infringement**

Within the technology industry, there is a tendency for competition due to patents. Patents, especially software and design patents are often unclear and this leads to breaches. However, the penalties if found guilty are quite dire and those who are found guilty have to pay royalties and damages should they lose their case (Strategic management institute, 2019). Samsung electronics has been caught up in one of such

infringement lawsuits as Apple sued the company for a patent infringement. This battle went on for seven years until the court ruled in favour of Apple. In the end, Samsung had to pay Apple US\$1.049b in damages. This caused a damage on the company's reputation as well as a decline in sales (Parker, 2020). There is to say that Samsung will in the nearest future fall victim to another patent breach. If this happens, damages will have to be paid and this will also create negative publicity for the brand.

Advantages of the Porter's 5 forces model

The Porter's 5 forces situational analysis helps companies understand the different factors that can influence their profitability; the model can also guide important decision making on whether or not to venture into a new industry, create more compelling competitive strategies, or even increase more capacity within a certain industry (CGMA, 2013). Another advantage according to Omaisie et al, (2019) is that the model can help companies locate opportunities within their external environment so as to take advantage of them. It also helps the organization envisage eternal threats so as to absorb them and position themselves advantageously.

Disadvantages of the Porter's 5 forces model

Beattie (2019) opines that one of the weaknesses of the model is its composition. Due to its fixed state, it only provides a snapshot of wider industry at some point in the past and this at be good when creating short-term strategies. Furthermore, the window of application has been narrowed considerably because of emergent external factors like globalization and technological advances. Omaisie et al (2019) also states that the model does not consider non-market forces.

Segmentation

Segmentation can be explained to be the grouping of prospective consumers with common needs into groups or segments, as well as those who respond similarly to a marketing action. Segmentation allows an organization to target various categories of

customers that perceive the full value of different products or services differently from each other (Tarver and Khartit, 2020).

- **Geographic**

Samsung has the guru segment for rural locations and the galaxy segment for urban locations. Due to the fact that they are one of the biggest manufacturers of mobile devices, they have a device for everyone (Abhishek, 2017).

- **Demographic**

Samsung has mobile devices for every demographic: the young people, lower class, middle class citizens, businessmen amongst other sections. It can be said that the segmentation is between the 22-55 age group. However, due to the varied products they offer, there is something for every person (HOC, 2018).

- **Psychographic**

Samsung mobile devices are available for people who have their choice based on their lifestyle. They have created fancy mobile phones especially for girls and cheaper touch screen stylish phones so that everyone can enjoy touch screen the rate of normal mobile devices (Abhishek, 2017).

Targeting

Samsung electronics have the following target customers:

- Trendy young people.
- Professionals.
- Large businesses.
- Organizations such as: services to public safety, the government, and both utility and manufacturing enterprises.
- Institutional sales for colleges

Positioning

According to Dudovskiy (2017), Samsung electronics makes use of the below positioning strategies:

- Anticipatory positioning: a number of Samsung products like their mobile image sensors has a low turnover. So, they have been created with the hope that there will be future turnover.
- Imitative positioning: Samsung imitates some of their rival's product design, marketing strategy, functionalities, etc.
- Multi-segment positioning: Samsung electronics focuses on different segments simultaneously by offering different product and services packages.

Marketing Mix strategies

A marketing mix is inclusive of the numerous areas of focus as part of a comprehensive marketing plan. It is also often referred to a common classification that began as the four Ps: product, price, placement, and promotion (Kenton, 2020). The below are the marketing mix Samsung electronics makes use of:

Product

Samsung is a reputable brand as they are known for their premium services, and consumers have placed their trust in the brand. Their diverse product portfolio is one of their strengths. Their product categories are as follows:

- Mobile phones
- Televisions
- Laptops, printers and accessories
- Household appliances (washing machine, air conditioners, refrigerators)
- Cameras
- Tablets, etc (Bin Sattar, 2018)

The Samsung brand practices the corporate umbrella as all their products are labelled with the brand logo, before mentioning the model or type of product it is.



*A display of different Samsung products
(Samsung Newsroom, 2012)*

Price

Samsung's different range of products have different prices. This also means that different products have different pricing strategies. However, they make use of two particular pricing techniques:

- Price skimming
- Product line pricing

Price skimming

Some of Samsung's products, like smartphones upon release have high price tags, as well as other products with recent technological innovations. However, once a rival produces a product with similar features or it's a few months after release, they tend to drop their prices and it is believed that this helps to increase their market share (Dudovskiy, 2017). Most times, Samsung does price skimming with their smartphones (Bin Sattar, 2018).

Product line pricing

Samsung electronics makes use of line pricing as a means to differentiate their products into various cost categories. This is to create several quality pedestals in the minds of the consumers (Bin Sattar, 2018). For example, the Samsung S20+ is priced at £849 while the S20 FE costs about £599.

DEVICE

Galaxy S20 FE
From £19.42/mo. or
£699.00

New

Galaxy S20 Ultra
From £28.31/mo. or
£1,019.15

Galaxy S20
From £21.23/mo. or
£764.15

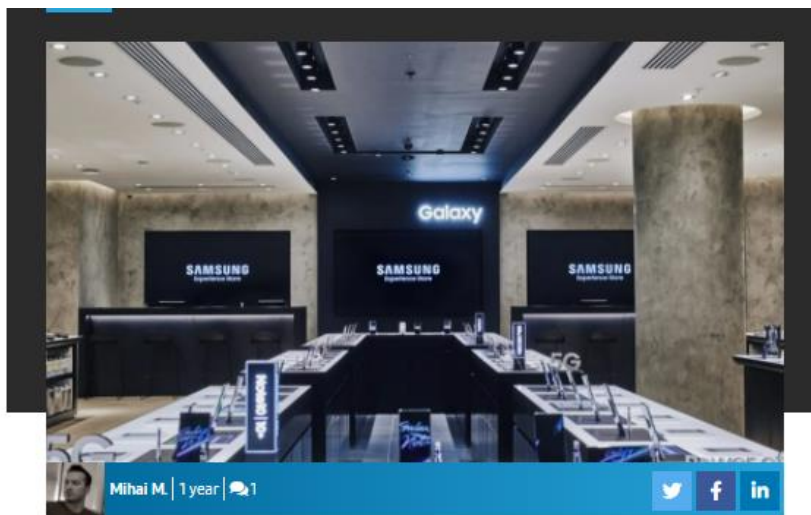
Galaxy S20+
From £23.59/mo. or
£849.15

*Samsung product line pricing
(Samsung, 2020)*

Place

Samsung has about 52 global sales bases (Dudovskiy. 2017). They also make use of these different channels:

- Sales and service dealers: These dealers here are usually associated with corporate organizations that are interested in purchasing their products. This is an indirect channel of distribution
- Samsung experience outlets: These stores owned by Samsung usually have their products on display as well as customer service representatives to guide potential consumers on making the right purchase choice. This is a direct channel of distribution.



Last updated: November 27th, 2019 at 19:09 UTC+01:00

**Samsung opens the largest Experience Store in the UK,
offers discounts**

*Samsung experience store, Stratford, UK
(Sammobile, 2019)*

- Distributors. Samsung has distributors positioned across regions, countries and continents. This is an indirect channel of distribution.

Distributor Albany Equipment Ltd 385 Hagley Road, West West Quinton, Birmingham, West Midlands (B32 2AL) LEARN MORE >	Distributor Aljacks DES Ltd Unit 21 Craggs Industrial Park Morven Street, Creswell, Worksop, Nottinghamshire (S80 4AJ) LEARN MORE >	Distributor Andy Catering Equipment Ltd 376-380 High Road, Leyton, London (E10 6QE) LEARN MORE >
Distributor B.C. Services (Devon) Ltd 8 Mill Lane Alfington, Ottery St. Mary, Devon (EX11 1PF) LEARN MORE >	Distributor Blue U Ltd Innovation Centre, Howbery Park, Wallingford, Oxfordshire (OX10 8BA) LEARN MORE >	Distributor Bluecrest (UK) Ltd T/As J & S Company, 61-69 Beulah Road, Thornton Heath, Surrey (CR7 8JG) LEARN MORE >
Distributor Caterfix 13 Coach House Mews, Avenue Road, Shanklin, Isle of Wight (PO37 7BG) LEARN MORE >	Distributor Catering Equipment Solutions Capel Hendre, Ammanford, Dyfed (SA18 3RH) LEARN MORE >	Distributor CCP Products Wey Corner Walnut Tree Close, Guildford, Surrey (GU1 4TT) LEARN MORE >

A cross-section of Samsung distributors in the UK (Samsung, 2021)

- Online purchase: All Samsung products can also be purchased on their website. This is an indirect channel of distribution

The Farewell 2020 Sale Mobile TV & AV Home Appliances IT

Claim a Galaxy Watch Active²
When you buy a Galaxy S20 FE 5G

Save up to £2000
on selected 2020 QLED TVs⁴

Save up to £50
on selected smartwatches¹⁰

Claim a Harman Kardon speaker
When you buy a selected A Series phone⁸

Save up to £600
on selected appliances¹¹

Samsung UK website sales (Samsung, 2021)

Promotion

The marketing communication mix of Samsung electronics is vast. They make use of print, broadcast, events and experiences, public relations, sales promotions amongst many others. One of the main marketing mix strategies employed by Samsung electronics is print and broadcast media advertising. It is also said that they do not advertise all their products, only specific ones (Dudovskiy, 2017).

Advertising

Samsung electronics places advertisements of some of their products in various newspapers so that it can reach the various demographics represented by each newspaper. One advantage according to Bruce (2015) is leveraged credibility. This means that publications in print media offer their readers reliable information and high-quality content. It is also said that brands that advertise in respected print publications get the same positive feelings associated with the publication.



Samsung S8 advertisement on local newspaper (Newsworks, 2017)

Broadcast media

An advantage of using broadcast media for advertising is that the message is conveyed with sight, sound and motion. This can further prove that the product or service is credible (Gaile, 2018).

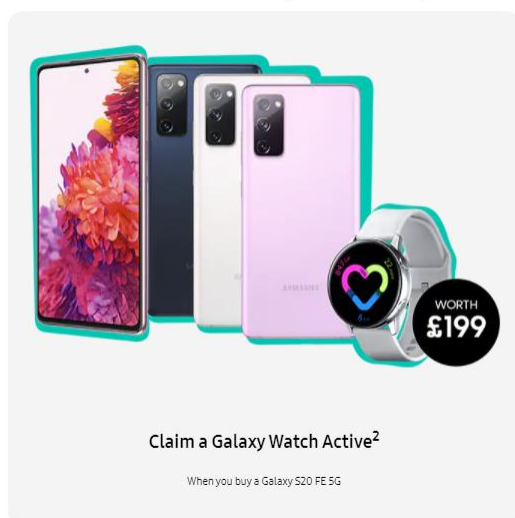


*Samsung Apollo 11 moon landing TV campaign
(Wheatley, 2019)*

Sales promotion

Samsung makes use of a varied range of sales promotional techniques. Some are:

- **Samsung Rewards Program.** This is a points-based system that gives certain points for products purchased. Accumulation of these points can lead to certain rewards ranging from discount off products to gift cards.
- **Freebies:** Once in a while, Samsung does offers on some of their products, where they attach a free gift with another product purchased (Dudovskiy, 2017).



*Samsung S20 FE Sales promotion
(Samsung, 2020)*

Events

Samsung electronics hosts and sponsors different events and experiences. This in turn promotes some specific products as well as the overall brand image (Dudovskiy, 2017). For example, they sponsored the SpaceSelfie campaign which saw celebrity Cara Delevingne take a selfie 65,000 feet above the earth. This selfie was viewed publicly for the first time at a celebrity event inside the recently launched Samsung KX experience space. The initiative behind was this was the world-famous selfie taken in 2014 by Ellen DeGeneres during the Oscars. This was taken on a Samsung Galaxy Note3. Some years later Samsung decided to take it a step further with the SpaceSelfie, captured on a Galaxy S10. Now, SpaceSelfie avails consumers the opportunity to join Cara by uploading a picture on the Samsung mission control website (Samsung, 2019).



Samsung SpaceSelfie event with Cara Delevingne (Samsung, 2019).

Public relations

Samsung maintains good public relations through a variety of channels: annual reports, speeches, press releases, seminars amongst other techniques. To this effect, they also launched a PR agency called PR agency review to bring together some of their phones, tablets and TVs. Samsung is also involved in CSR initiatives which can be seen as their contribution to the environment (Dudovskiy, 2017). One of their initiatives, not a School is an alternate educational programme which has been created for the 18-25 demographic within the UK. The programme which is free seeks to inspire the next

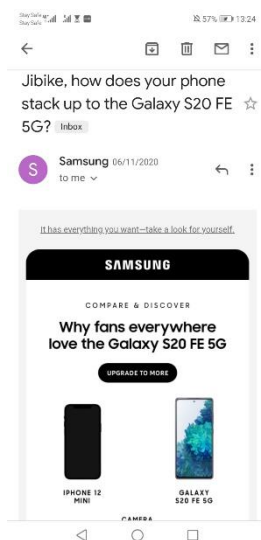
generation of innovators and empower them with sound future-proof skills by exploring social issues important to them with inspirational experts (Samsung CRS, 2019).



*Samsung Not a School CSR programme UK
(Samsung CSR, 2019)*

Direct marketing

Samsung uses direct marketing to reach out to their registered customers, informing them of the latest offers and products available at a certain time.



*Samsung email direct marketing
(Samsung email from author, 2020)*

Conclusion

This report set out to do an environmental analysis on Samsung electronics which saw some positive and negative attributes within the brand. Some of their strengths include their presence in over 70 countries, as well as their continuous quest to be pioneers of innovative technology globally. Despite different legal battles faced over the years, the brand is still waxing stronger by the minute, as the negative publicity wanes off over time, because of their brand value and penchant for innovative technological advances. The recommendation therefore will be for the brand to focus on market development. This strategy focuses on entering a new market using existing products. They can conduct extensive market research into countries they do not have a presence in and start by penetrating the markets with moderately priced products. If this is successfully done, they will be able to control a percentage of the country's market share.

In late 2019, they ended mobile phone production in China due to the intense local competition in the country. Whilst it was said that high end phones in the country are bought from direct rivals like Apple and Huawei, the low-priced smartphones are bought from domestic brands. Samsung electronics, with this information can conduct a SWOT analysis on the lesser domestic brands and create rival devices, capitalising on their weaknesses and threats. If they are able to do this successfully, they will be able to grow their market share in China which will be a milestone for the company, as China is one of the fastest growing economies of the world.

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