

MARKETING FUNDAMENTALS ANALYSIS AND EVALUATION

ASSESSMENT 2

SAMSUNG

STUDENT NAME- MARIUS NEGOESCU

STUDENT NUMBER – 1917715

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LECTURER NAME- TUSHARA BALENDRAN

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INTRODUCTION

The process of getting potential customers or clients that are interested in the products and services of any particular entity is referred as '*Marketing*'. The marketing activities involve researching, promoting, selling & distributing the services across the target market. At a fundamental level, marketing is an activity of knowing the demands and expectations of consumers while forming and maintaining relationship with them. At its core, the process of marketing revolves around four aspects: product, place, price and promotion. In sum, the organizations see marketing as the spark of their life (Ardiansyah and Nilowardono, 2019).

This essay will provide a comprehensive review on the fundamentals of marketing at Samsung- a South Korean multinational conglomerate founded in 1938 by Lee Byung-Chul as a trading company with its headquarters in Samsung Town, Seoul, South Korea. Since its inception, the company has been selling different consumer electronics, automotive chemicals, apparel, electronic components, telecommunications equipment and home appliances as well. Many previous studies are evident that Samsung has adopted range of marketing strategies to transform it into a global brand such as a pivotal competitive strategy, transforming R&D into innovative tech, product development through cutting-edge technologies, building brand campaigns and many more. In this view, this essay will provide critical analysis & evaluation of marketing fundamentals.

PROCESSES AND STAGES OF MARKETING INCLUDING THE ROLE OF THE MARKETING MIX

Marketing is an activity, set of processes, and institutions for developing, conveying, delivering and exchanging the offerings having value for clients, partners, customers and society at large. In simple terms, marketing is the promotion of a company's products or services to a large customer base or to a specific target audience (Mohr, 2017).

MARKETING PROCESS

The strategic process of marketing is a premeditated set of steps and actions that help the organisations in determining and reaching their goals. Additionally, it is helpful in exploring the wants & needs of customers so as to develop products that can address those needs. The key components of marketing process will help Samsung in aligning its overall marketing & business goals (Mohr, 2017). Samsung must realize that in spite of executing haphazard ideas, formulating a solid plan weaving strategy into a seamless experience is more crucial. The below steps aid Samsung in developing products that could beat out competitors and delight consumers as well

STAGES IN THE MARKETING PROCESS



Figure 1: Marketing Process

Source: (Seturi and Urotadze, 2017)

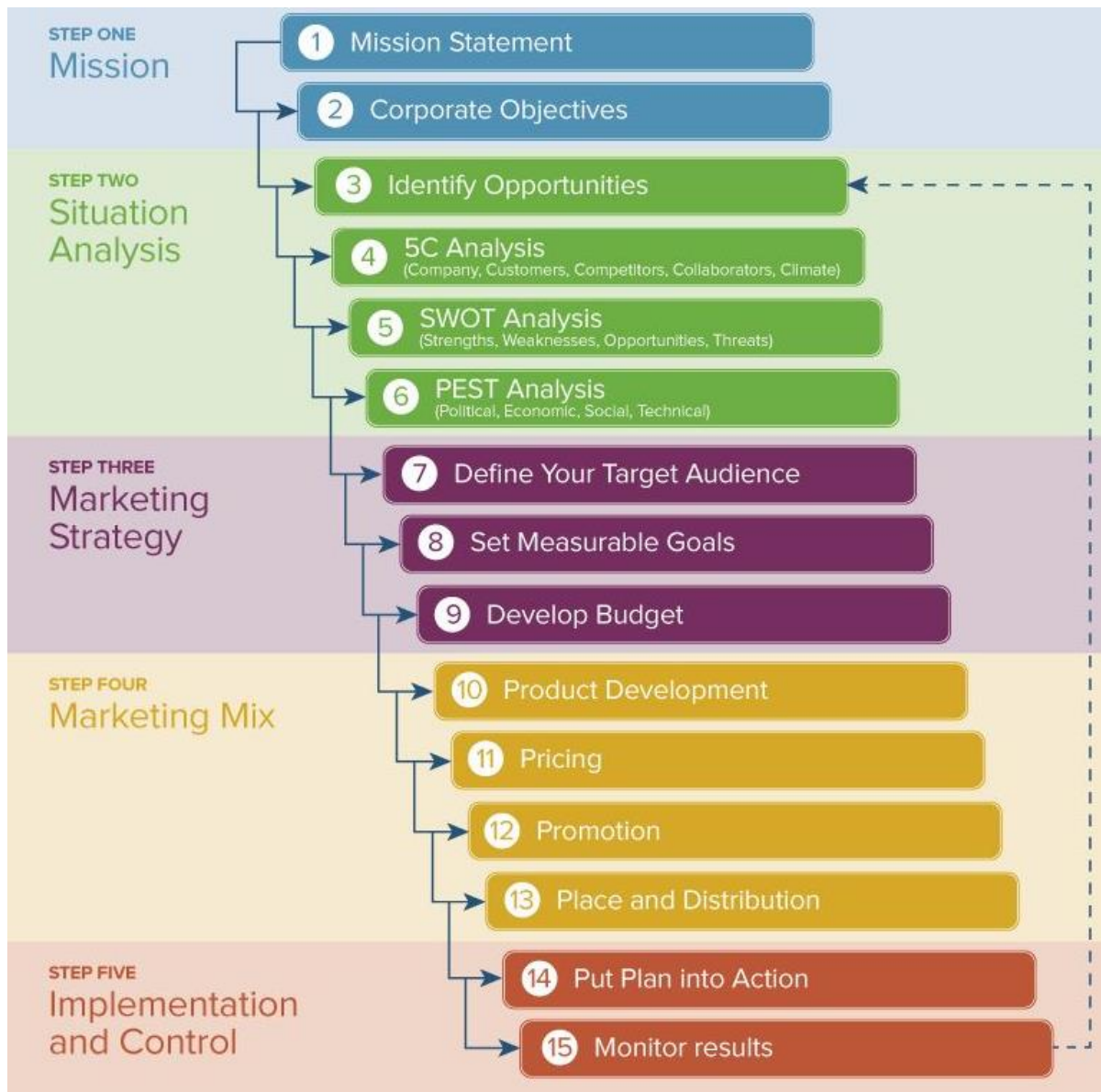


Figure 2: Marketing Planning Process

Source: (Seturi and Urotadze, 2017)

Mission statement: Mission simply indicates the reason a company is in business and how it is benefiting consumers. The mission can be aspirational or straightforward. The mission of Samsung is to devote the technology & Human resources to produce superior products, eventually contributing to a better global society (Abraham et al., 2019). This shows the focus of the company on the superiority and exhibits its confidence to change the overall society.

Situational analysis: This is directly associated with evaluating the internal & external factors affecting the market and business. This will light up the strengths & challenges that a company might face either with external competition or internal resources. SWOT Analysis is the best tool that can be applied here (Seturi and Urotadze, 2017). In the case of Samsung, it is observed that it is a global leader in Smartphone brands, however its overreliance on American markets, it needs to develop the potential to operate overseas.

Marketing Strategy: After identification of the opportunities and challenges, one needs to map out the strategies that should be pursued. Developing a marketing plan will help in this context, especially in deciding upon target customers and the ways to reach them, this may further include planning cost, resources and marketing efforts. Samsung decided to invest excessively in technical innovation to not just obtain competitive advantage but to lead the way in developing new technology (Cocco, 2017).

Marketing Mix: Developing marketing mix is the best way to analyze how to communicate the value of the products and services to the customers. This will give an idea on the best tactics that will help reaching prospects and get clear about the audience who will possibly buy products. It is found that Samsung will grow promptly if it will serve multiple products at once and thus act as the revenue drivers for the company. Also, pull strategy is far more useful in the long run, though expensive (Abraham et al., 2019).

Implementation and control: This are the stage where the plans put into action and to persuade customers and inform them about company's products and services. It mainly includes obtaining resources, organizing human resources, creating schedules and most importantly managing details for the ultimate goals. With consistent focus on technical innovation, Samsung has shifted resources into developing chipsets, large-area LCDs and smartphones. At present, there are more than 287,500 employees working for Samsung.

PESTLE ANALYSIS



Figure 3: PESTLE Analysis

Source: (Perera, 2017)

Political factors

Whenever there was political turmoil in the South Korea, Samsung had faced decrease in earning and increase in expenses. In some situation, volatility forced Samsung to remove its operations from overseas markets. The company has lost, however gained too from the manipulation of political instability. Samsung faced terrible consequences for supporting two rival political groups: it acted as a supporter of South Korea first female president and turned over billions during that year to the Uri Party. It was clear that the public wasn't pleased with its presence. Later, Jay Y. Lee- Samsung's successor was caught for fraud and bribery, this act disappointed countries and consumers: Germany even prevented sales of Samsung products, one was Galaxy tablet that had been prohibited from being offered, however nothing changed in western countries (Felicio, 2019).

Economic factors

This is the crucial aspect for the business as only the economies of the countries let Samsung develop as a pioneer by establishing firms in different markets and eventually extending global footprint. However, this was also a problem as economic downturn has eroded the buying power of consumers in multiple developed markets, forced Samsung to follow lucrative projects in developing markets. It was thus proven that the macro environment where the company operates is brimming with volatility & instability, leading the firm to adjust its tactics continuously (Felicio, 2019). As a response, Samsung started spreading into growing markets by forming an ambitious drive to cover missed revenue. Also, in this period of COVID-19 crisis, Samsung had adjusted its

strategies in favor to governments and communities with no-touch delivery, free-shipping and extended return.

Socio-cultural factors

Samsung is known to be the Chaebol of South Korea; it means that the company is a global family-owned business. Despite its global profile, it tends to work as a Korean corporation. Due to this, several aspects of multinational operations also adjusted in accordance with the local circumstances. It is thus clear that the company has had to operate locally in many developing markets while adapting the offerings to cope up with developing customer preferences in particular nations (Felicio, 2019). Samsung operates in an industry driven by preferences of consumer lifestyle, millennials most often buy Samsung products, yet socio-cultural factors differ in each-region. Therefore, Samsung need to remodel accordingly.

Technological factors

Technology is at the heart of Samsung, the company is following and building cutting-edge technology in every product it serves. Over the past years, the company has been upgrading its items periodically. In concern to the Galaxy Note 7 production project error, Samsung overlooked its exploding smartphones after launching in 2016 and found that the batteries got overheated quickly and were unreliable, leading them to even burst. This was a disaster, further stated that over 95% of consumer's request were returned in the US. It was anticipated recall of over 2 million smartphones that possibly cost 5.3 billion to Samsung.

Legal factors

It was stated that Samsung has copied the products of Apple, especially iPhone and iPad due to which it had to face significant fines, and this has pushed the business to take a stance on the expectations of market and acceptance of customer of its tactics. The company also tried wriggling out if these legal traps and so it fit into the emerging economies facing new lawsuits. However, the company lost most the lawsuits to Apple.

Environmental factors

With the inception of conscientious customers having the desire that Samsung fulfill environment and social concerns, it must be aware of the need to ensure that the products it serves also please the contemporary customer politically correct. In simple terms, the company need to ensure that it do not undermine the standards or salaries it offers to the employees, especially those who are involved in generating products. In a response, Samsung established e-waste take back programme- permitting consumers to return electronic products back, while its Environment Declaration scheme committed to reduce impact on the environment (Felicio, 2019).

ADVANTAGES OF THE PESTLE ANALYSIS

The application of Pestle analysis offers easy-to-use framework, involves cross-functional expertise, help organisations in reducing potential threats, encourages development of strategic thinking and enable firms in exploiting new opportunities.

DISADVANTAGES OF THE PESTLE ANALYSIS

Through Pestle framework, users can oversimplify the data to make marketing decisions and can restrict the access to quality external information due to the time and cost required to collate it. Also, the excessive amount of information can put the organisations into dilemma.

SWOT ANALYSIS

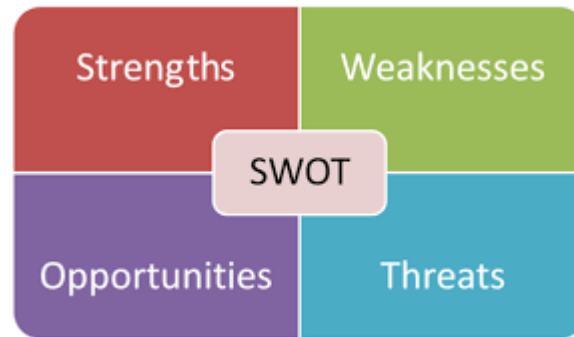


Figure 4: SWOT Analysis

Source: (Omer, 2019)

Strengths

Samsung has controlled the Smartphone market for years and successfully maintained top position globally with an acquired market share of 18.5%, leading from other brands such as Apple with 13.7% market share.

The base of Samsung has always been the innovative R&D, investing in research & development helped the company in managing series of product portfolio including smartphones, tablets, memory cards, camcorder and other such accessories. At present, it has 34 R&D centres across the world (Omer, 2019).

People often see Samsung as an Award-winning brand as it is known to be pioneer for innovation; it has won number of awards for best offerings such as gain CES (Consumer Electronics Show) for reliable product design for 17 consecutive years. With 36 CES awards and 400 other wards, the company has also secured 7 wins at International Design Excellence Awards (IDEA).

Weaknesses

Over past couple of years, Samsung sold over 70.8% smartphones merely in the USA; however, it has expanded the business operations while diversifying the resources in Asia as well. Yet, the company has overreliance over American markets, this over dependence is not worthy as the American economy is unpredictable & recession could also affect its revenues & can damage the operational resources.

Since 2017, Samsung has been experiencing a decline in the sales of smartphones in numerous markets, for e.g., the price sensitivity in China harms the Samsung sales and in India, the strategy of Samsung did not work well to generate substantial outcomes (Omer, 2019).

Consumers can only rely on company's products if they did not threaten their lives otherwise it would directly result in eroding their trust and confidence in the company. For e.g., Samsung Galaxy A20e has a faulty foldable phone, alongside other faulty products delivered by Samsung lead to lose the interest and trust of consumers in the company.

Opportunities

Samsung has plans to produce an air conditioning product in the market called "Triple Protection Proposition", the product fits in impeccable construction and cutting-edge technology and is geared towards a potential base of consumers that would possibly ensure maximum customer retention.

HR Management is the core area to invest for Samsung as through this, the company can make impressive transformational accomplishments and would give competitive leverage over the competitors. The company can hire skilled workforce with technical expertise. Also, the company needs to exploit the opportunity to move to 5G/6G and to supply 5G and 6G network equipment (Damanpour et al., 2018).

Samsung needs to extend its global footprint by spreading its operations and avoiding the mistake of being limited to a single marketplace, it invites undesired political polarization and hazards from economic perspective as well. There is a business vacuum exist in EU and Asian economies where Samsung can flourish and thus it needs to expand customer base via diversification & acquisition.

Threats

The involvement in patent infringement controversies have highly threatened the business of Samsung. Apple: a big competitor of Samsung filed a lawsuit against the company for this act which in turn suffered a heated court battle for 7 years until reaching a settlement. Samsung faced outcomes when a jury announced that it had copied Apple to cover which, it needed to pay \$1.049 billion. This act has damaged the sales & reputation of the company.

The intensity in the level of competition among the leading players that deals in selling smartphones, consumer electronics and among those from computing industries touched a record

high. Whether it is Apple, Micron or any other, the competitors are outmaneuvering each other due to which Samsung is working under pressure for both competition & finances (Damanpour et al., 2018).

As the world becoming digitally oriented and more globalized, the governments have started issuing guidelines due to which the legal & regulatory threats are increasing and threatening the companies across the world. Samsung is no exception to these strict regulations.

ADVANTAGES OF THE SWOT ANALYSIS

SWOT act as a source for strategic planning as it explores the company's strengths & weaknesses and help in building and reversing it. This further help firms in maximizing response to opportunities and overcoming threats. This would disclose core competencies and help in setting realistic and measurable objectives.

DISADVANTAGES OF THE SWOT ANALYSIS

The management of the organisations cannot control the price as it increases, government legislation come across, economic environment limits activities and import restrictions restrict organisations to maintain operations. Poor industrial relations & insufficient R&D facilities are some of the internal limitations of SWOT.

STP MODEL

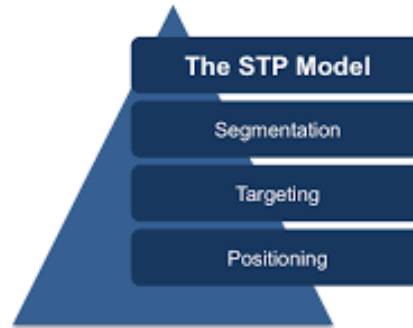


Figure 5: STP Model

Source: (Camilleri, 2018)

Segmentation

Segmentation is the fundamental principle of marketing that is purely associated with splitting the entire market into smaller groups/segments of end users. Based on the existing marketing scenario, psychographic and behavioral segmentation best represent the Samsung's current strategy (Camilleri, 2018).

Geographic: It has segments for rural as well as urban areas

Demographic: Middle age groups, teenagers, executive class (large business, professionals)

Psychographic: Targeting females for stylish and fancy mobile phones

Targeting

After segmenting markets based on distinct class, the particular targets have to be chosen here, these will represent the potential customers of Samsung. It has come to notice that Samsung is willing to serve its products among everyone: trendy young people, large corporations, professionals, common smartphone users, institutional sales for universities and to organization delivering services to public safety, manufacturing enterprises and to the government (Dixit, 2020).

Positioning

Positioning depends upon the customer perception regarding brands on being different from other brands over particular dimensions such as product attributes. Samsung is focusing more on real margin arises from medium to high end segments & positioning itself through Samsung concept show, wider care network, category creation in small towns, access to Samsung care line & pioneering in the 3G/4G segments (Dudovskiy, 2017).

MARKETING MIX



Figure 6: Marketing mix

Source: (Singh and De, 2017)

Product

Samsung has invested excessively in R&D to provide range of products in different categories, the diverse offerings are classified into five core categories: *Mobile devices* that includes smartphones such as Galaxy series, Wearables, Tablets and other accessories and cellphones, *Samsung home appliances* include Washing machines, Refrigerators, AC, Cooking appliances and Vacuum cleaners, *TV/AV* include Samsung Television and Audio/Video accessories, *Information Technology* include Monitor, Printer and Multifunction, *Memory* include Portable SSD, Flash drives and Memory cards (Singh and De, 2017).

Price

Samsung is a dominant player & a market leader in the consumer electronics market, it mainly adopts two pricing schemes: Skimming price policy: For e.g. The products that contain higher storage capacity will be higher in price as Samsung launches different variants of storage capacity. However, the company lowers the price, especially when competitors come up with identical features to not reduce the market share. Competitive pricing is another strategy which is often used by Samsung to prevent the flanking attacks from rivals (Kim et al., 2016).

Place

Samsung directly sells its products to the service dealers and the retailers. In this distribution strategy, service dealers are only responsible for the corporate sales. Retailers in IT industry usually include Samsung in their offerings, as it is a world-prominent brand. Also, it sometimes

serves products using a single distribution organization to further distribute products to other locations. The distribution is seemed to be a strengthening tool for Samsung (Dudovskiy, 2017).

Promotion

Promotion is a central pillar in marketing mix, Samsung uses both traditional and digital tools for promotion that means it promote products by publishing ads in newspaper as well as on online media and different social media platforms (Arora and Srivastav, 2019). Samsung has also called celebrities to endorse the brand and often sponsors major events to increase awareness among people. Offering heavy discounts is also a part of its promotional strategy.

CONCLUSION AND RECOMMENDATIONS

From the above analysis, it can be said that Samsung has implemented range of strategic marketing tactics to transform the company into global electronics powerhouse and will expectantly achieve its aim in the forthcoming years. However, the company need to realize that the relationship with the consumers directly affects their attitudes which in turn impact their purchase intention and thus it must maintain a strong association with consumers while choosing a right mix of marketing.

STAKEHOLDER ENGAGEMENT AND THEIR IMPACT ON THE MARKETING ACTIVITIES OF AN ORGANISATION

A ***Stakeholder*** is a party having direct or indirect interest in an enterprise, corporation or a project and in their important decision-making process, these individuals can be the internal persons or external parties as well including investors, employees, suppliers, customers, creditors, competitors and the community. These individuals have something to lose or gain as a result of the any programme, project or the planning process (Cardwell et al., 2017).

INTERNAL AND EXTERNAL STAKEHOLDER

Stakeholders are the people who have a stake in the business and the business-related situations. In organization terms, internal stakeholders are known to be the entities within the business (owners, employees, investors, board of directors and managers). Owners have interest in maximizing the profitability ratio, Employees' desires to stay employed and earn money and Investors have interest in investing huge money to get better returns in monetary terms).

External stakeholders are those entities that does not work within the business but can be highly affected by the organizational performance and thus care about it (government, customers, suppliers, creditors and the society at large). The government look after the taxes and regulations that it wants the business to pay and follow and most importantly report the financial conditions truthfully, Consumers are those potential clients that wants the business to serve high-quality products in affordable cost, Creditors wants the business to repay credits on time, Suppliers wants to supply products continually and the society expect business to positively contributes to the population and the local environment (Andriof, 2017).

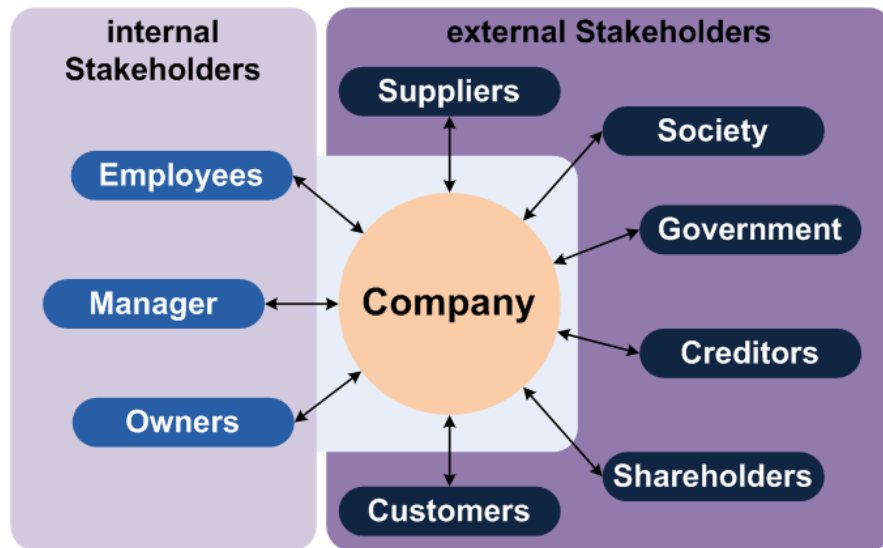


Figure 7: Internal and external stakeholders

Source: (Freudenreich et al., 2020)

Internal stakeholders at Samsung

Founder: Lee Byung-chul

CEO: Koh Dong Jin, Kim Ki Nam, and Kim Hyun Suk

Manager: Inyup Kang

Employees: 287,439 (Dec 2019)

External stakeholders at Samsung

Suppliers: AAC Technologies, Air Products and Chemicals and a huge supplier network in range of countries, from US, Korea, Japan to UK, HongKong and Vietnam

Customers: People belonging to middle age group are key target as they are more likely to follow latest technology trends

Government: South Korean government

Society: Worldwide

COMMUNICATION WITH STAKEHOLDERS AT SAMSUNG

At Samsung, the employers are consistently looking towards improving the communication with all of its stakeholders. With over 287,500 employees in more than 70 countries, Samsung is fully committed and devotes towards obeying the local regulations & laws along with applying a strict global Code of conduct in concern to all the employees. The company believes that the ethical management is the best tool to respond to the growing challenges & rapid changes in the global environment, also it is said to be a pathway in building relationship and trust with numerous stakeholders. (Rhee, 2020)

Samsung has developed an intense rapport with all its stakeholders in terms of pursuing each and every one with distinct strategies. The company has incorporated dynamic and effective knowledge management system to help assisting stakeholders in the right way and conducts meeting with its stakeholders on a regular basis to meet the significant decisions & challenges. For e.g., the company is currently operating a health research center and putting continuous efforts in increasing compliance of management (Jamali and Khan, 2018). As of now, Samsung is in direct communication with the customers & employees aiming at creating and serving better customer service and consistently carrying out online surveys to ask for satisfaction of the customers. Also, it has participated in government policies: innovative policy that help the firm in generating energy management system aiming at minimizing the energy consumption.

Through following a communication process (planning, prioritizing, executing and releasing) and by gathering feedback of concerns through survey, user activity, feedback boxes and usability tests, this would directly benefit the firm in eradicating the issues regarding features, quality and other product aspects (Kim et al., 2016).

IMPACT OF STAKEHOLDERS ON THE MARKETING ACTIVITIES OF SAMSUNG

Stakeholder relationships either contribute to the failure or success of marketing strategies. As Samsung consistently engaged in assessing the consumer perception through surveys and feedback forms, it can gather data on their demands and expectation and will further be able to plan marketing strategies accordingly (Jamali and Khan, 2018). The motivations that the consumers and other stakeholders attribute to Samsung which is running a cause marketing program can throw influence on the campaign's impact- it is stated by the Journal of Advertising Research (JAR).

CONCLUSION AND RECOMMENDATIONS

The management of Samsung is highly influenced & impacted by the perspectives of both internal as well as external stakeholders. The valuable stakeholders list at Samsung benefit the company in sorts of obtaining excellent knowledge and understanding of the needs and concerns of the customers, winning valuable engagement, making dynamic decisions and ultimately improving the overall organizational communication. The maximum benefits can be accessed through the innovative knowledge management system as this has turned out to be helpful in accessing information whenever it is required. Thus, the employers at Samsung would be recommended to incorporate and maintain KM systems at workplace for stakeholder engagement.

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