

Assignment 2 – MM

Environmental marketing analysis of Samsung



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Student name: Alina Dinca

Student ID: 2028809

Lecturer: Tushara Balendran

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Introduction

In my report I've conducted an Environmental marketing analysis of Samsung Electronic where I've related the favourable or unfavourable factors of PESTLE analysis, which force from Porters 5 Forces model is either high, medium, or low, the main strengths, weaknesses, opportunities and threats, segmentation, targeting and positioning and the marketing mix strategy of Samsung.

Samsung Pestle analysis

Samsung's PEST analysis provides insights into the company's influence, success and strengths in four key macro environmental factors. All businesses are sensitive to these factors (political, economic, social and technical).

Samsung has suspended its mission to squeeze through dangerous global consumer market mines. In a slumping and highly competitive technology market environment, interests have never been higher. Samsung plans to expand its global presence but needs to find a way to compete with Apple and Google.

Political factors

Samsung trades in markets where the political environment is favourable for its operations. In South Korea due to the country's conflict with North Korea the company has faced major political disorder. Samsung faces political pressure in many countries as Africa and Latin America, but this is not yet a major concern.

Economic factors

In many developed markets global economic crisis caused by the pandemic has seriously damaged consumer purchasing power. Samsung has made an insistent push into developing markets hoping to make up for lost activity in the developed world. The company has adapted quite well to reduce disposable income of consumers by growing into emerging and developing markets.

Socio-Cultural

As a Korean conglomerate or a family-owned multinational Samsung it still operates from its principal Korean company. Being a global company, Samsung had to act locally, that means in many emerging markets it had to adopt a Global approach. Samsung operates in a niche market intensely manipulated by the lifestyle preferences of consumers.

Technological

There are few companies on the planet that can be compared to Samsung. As an application of technology, this puts the company at an advantage when it comes to driving innovation and gaining sustainable business advantage. As a result, the company has also been accused of cutting corners with its reproduction of Apple's product design, which has carried legal and regulatory examination as well as legal trouble for the company.

Legal

As mentioned in the previous section, Samsung has faced heavy penalties for its intentional tampering of Apple's iPads and iPhones, leaving the company hit when it gets public approval and consumers for its strategies. It remains to be seen how the company will pull itself out of the regulatory maze in developed markets due to various lawsuits.

Environmental

Samsung must recognize the need to manufacture its products to satisfy ethical luxury consumers, says Samsung's vice president of corporate social responsibility. In terms of wages and working conditions, he has to ensure that his actions have no effect on the final product he is creating.

Porters 5 Forces

An analysis of a company's competitive environment is based on Porter's Five Forces. In order to be profitable, companies must consider their competitors, potential new competitors, suppliers, customers, and substitute products.



Competitive Rivalry

The level of rivalry is very high particularly among the biggest and most successful companies within the current industry. The force is high among influential companies like Apple and Samsung. Due to the similar form and function of their products, this competition is especially fierce. Several lawsuits have been filed between the two companies because of their rivalry, which we shall discuss in a future report. Competing amongst these companies, as well as other industries, involves keeping track of competitor strategies and promoting Samsung Electronics' brand loyalty.

Threat of New Entrants

As one of the biggest electronic companies in the world, Samsung Electronics competes with other companies both on price as well as on innovation and uniqueness. It is challenging for companies that are new to the industry to learn about the customers and to create a strong brand, as existing companies are well-known. While such high-end companies as Apple and Samsung are seen as industry leaders, new businesses must make do with being viewed as inferior and counterfeit. In fact, Samsung Electronics itself has shown that companies are capable of becoming world leaders and then becoming world leaders again. New entrants are treated as a medium risk.

As a new company entering the market, it is difficult to gain traction because of many obstacles, such as the requirement to build a loyal customer base and to achieve rapid brand recognition. Any new business in the industry should be tracked by Samsung Electronics and Samsung Electronics should be aware of the strategies of any new business.

Buyers Power

Mobile device users have a wide range of choices because there are so many competitors in this industry. Consumers pay attention to both innovation and price. As long as one business offers better options and lower costs, consumers are likely to switch to another. Having a high bargaining power is a benefit for consumers when everyone in the industry is appealing to the same group of consumers.

Having to deal with several different products in one industry limits consumers' bargaining power. In most cases, a consumer will not purchase multiple electronic items at once, so each purchase is dependent on what is available at the time. As a result of their loyalty to a brand, consumers are able to accept higher prices and less services than they would otherwise expect. Consumers' needs and the different options that are available to them are Samsung Electronics' prerogatives depending on their competitiveness. A competitive approach, along with learning how to adapt to a changing market, makes the company more profitable.

Supplier Power

In the mobile industry, where there are a wide variety of suppliers of components, it is easy for companies to switch suppliers if the cost of the product is too high. As a result, Samsung Electronics does not have to negotiate with its suppliers, which reduces their bargaining power. In addition, Samsung Electronics produces display panels, memory chips, and processors, unlike the majority of

smartphone makers. Samsung Electronics is offered the opportunity to become the provider of its largest competitor, a once uncommon scenario.

Threat of Substitution

Smartphones have been very popular as a device, offering voice and face calling, variety of applications for games, music and social media. Tablets, laptops, PDAs, and non-smart phones ('dumb phones') are products Samsung has developed that can compete with the current market position. But these are limited products in their ability to act as a substitute. Apple and Samsung are both involved in patent disputes due to the patent-catered nature of the industry. It will be difficult for any other companies to develop substitute products if Apple or Samsung Electronics are found to have violated patent law.

SWOT Analysis

By analysing a company's SWOT (strengths, weaknesses, opportunities, and threats), they can determine which strategy will help them achieve their best performance. Analysis of SWOT includes factors from the internal and external environment, as well as the potential in the present and future.

STRENGTHS

- Market position Smartphone sales have been dominated by Samsung for many years. Gartner reports that Samsung had in the first quarter of 2020 an 18.5% worldwide market share, while Apple had market share at 13.7%.
- Development and Research is one of the company's key strengths as Samsung have research and development centers worldwide and they've developed a wide range of products.
- As a pioneer in the field of mobile, Samsung is an award-winning brand for innovation is backed with credibility. Samsung has won many awards for its offerings over the last 14 years.
- Innovations that are environmentally friendly - Samsung's environmentally friendly innovations have enhanced the company's brand reputation. This achievement led to the firm receiving the ENERGY STAR Partner of the Year Excellence Award for many years to follow.
- Strong market position in Asia - Samsung has announced plans to increase its sales in India and China.

WEAKNESSES

- Samsung's smartphone sales are heavily dependent on the American market. In order to avoid a collapse of the US economy, the company has expanded into Asia and Europe. The company must be involved in Asian and European markets to ensure sustainability.
- Downturn in Samsung's smartphone sales - Samsung's smartphone sales have declined since 2017. India has become one of the company's key focus areas. Despite this, the company's strategy failed to generate substantial results.
- Defective products - There has been a charge against Samsung regarding faulty products that were released to the market.
- The company depends on low-end handsets sales for its revenue. Recent events have had the most impact on this market segment than those affecting high-end handsets. A decline in Samsung's performance is a contributing factor to the company's decline in Q1 2019 and Q1 2020, according to Samsung. In terms of size, the Korean economy is number one in the world.

OPPORTUNITIES

- Diversification and Acquisitions – Samsung needs to diversify and acquire other businesses. The South Korea-based tech giant is facing uncertainty surrounding Asia's and Europe's economies.
- Introduce Advanced Products -In a dynamic industry Samsung needs to develop amazing products and in this way they can set new trends.
- 5G – Samsung is on the top of list for potential 5G providers in the UK. The company is already in active commercial discussions with operators in the EU to supply 5G and 6G network equipment. Samsung is based in Seoul, South Korea. It is a subsidiary of Samsung Electronics.
- Exploring Artificial Intelligence (AI) Technology - Samsung opened new AI centers in the UK, Canada, and Russia. The company acquired Kngine, a US-based AI search engine startup. Samsung also plans to introduce a Bixby speaker for various electronic applications. It could support the company's advancements in the field of Neuro analytics.

THREATS

- Its business is threatened due to a controversy involving Samsung. Samsung has been sued by Apple for patent infringement. Samsung suffered the consequence of the law suit after the court decided in favour of Apple and the company paid \$ 1.049 million in damages .
- Foreign Currency Fluctuations- Samsung operates in 73 countries / regions and faces the risk of currency fluctuations. Companies can participate in currency hedging by signing currency forward contracts. There is no guarantee that such hedging activities will limit the impact of exchange rate fluctuations on the operating performance of the company.
- Legal and Regulatory Threats - The legal and regulatory threats facing Samsung are on the rise around the world, as they do for many businesses. Failure to comply could result in a complete shutdown in the respective market which may be fatal for Samsung.
- Economic uncertainty- Unpredictability in Economic - If uncertainty persists in the economic sector Samsung can experience further drops in sales as the company already recorded. Many customers are facing financial struggles because lockdown caused by pandemic, and they have forced to seek recycled or refurbished phones.
- Rise of Replica - From all counterfeit smartphones over 34% of all are Samsung copies according to statistic made on AnTuTu website. The record for most counterfeit phone model is hold by Samsung Galaxy S9+.
- Imminent Court Cases - Samsung leaders and successors can be sent back to prison. Stock manipulation and new allegations of audit policy violations have plagued management in the coming months. Leadership disruptions can affect performance. Samsung is one of the most valuable companies in the world with a market value of \$ 1 billion.

Samsung Segmentation, Targeting and Positioning

In order to target targeted markets with strategies that adhere to their needs, interests, and priorities, different groups of consumers, companies, or countries are segmented into subgroups and strategies are devised. It is possible to use it in the mobile market of the current scenario.

Segmentation is the process of reducing the risks associated with marketing a product, its services, and brands online, when, where, and how. Market segmentation can be used to classify strategic marketing objectives, categorize into groups of consumers the mass market that articulate common requirements, and increase the efficiency and effectiveness of marketing efforts. Through this type of strategy, you can enhance your marketing efforts and reduce the cost of promoting your products to people who aren't interested in them.

According to Philip Kotler, "Market segmentation is the segmentation of a market into a homogeneous subset of customers". An initial step to selecting and identifying a target market is to segment the market. Term used to describe the process in which a market is split into two or more

segments based on the type of consumer they represent. Each group (or market sector) must have specific attributes or similar product requirements. Market segmentation is to identify different parts of the market. Through fragmentation, businesses can better meet the needs of their potential customers.

Types of market segmentation

Geographic

Samsung sells mobile phones in 61 countries around the world, with minor changes as needed by the country. It divided the market into other parts of Asia, such as the northern, eastern and southern regions.

Demographic

Segmented by :

- Age – Students, young professionals, and businessmen are Samsung's target audience.
- Size of the Family – Any size family can use Samsung products.
- Income – Every income class can purchase a Samsung product to suit their needs. Products are available for lower middle income, middle income and upper income brackets. Due to features such as great camera quality and multi-tasking capability, Samsung Galaxy range is attractive to youth. It is an excellent choice for businessmen as well.

Psychographic

Customers who have a choice of Samsung mobile can choose based on their lifestyle, too. In order to allow everyone to enjoy touch screens at normal rates, Samsung brought out some very fancy cell phones especially for girls as well as some cheaper touch screen stylish phones.

Targeting

Having segmented the market into groups and classes, it's time to determine the target audience. Samsung's target customers for its mobile devices include the following:

- Today's youth.
- Professionals.
- Small, medium or large corporations.
- Mobile phone users in general.
- Companies such as: emergency services, government agencies, energy companies, and manufacturing firms.
- Selling to colleges and universities.
- Customer acquisition and retention are important parts of targeting.

Samsung targets wide range of customers for the normal day-to-day use of the mobile ranging from a professional user of the mobile. Age ranges from 16's and above it. Late 20's has the most ability to purchase and admire the product and they have the most spending power compared with the other segment of customers.

Positioning

The positioning of the brand is based on customers' perceptions about its differentiating features, such as its product attributes, from the competition.

There are several types of positioning used by Samsung:

- Multi-segment positioning - Several packages of products and services are offered by Samsung for the purpose of targeting more than one market segment simultaneously. In the SMART Signage professional displays category, there are several variations available, including sizes, screen resolutions, functionality, and price. Therefore, Samsung caters to the needs and wants of customers of varying financial abilities.
- Imitative positioning - Samsung mimics Apple's designs, functionalities, and marketing strategy in order to compete with it.
- Anticipatory positioning - In the current market, certain Samsung products have a low turnover, such as mobile image sensors. In spite of this, these products were developed with the anticipating of a higher turnover in the future.

A careful selection of the right positioning can change the game for any company. Positioning can be very effective in terms of creating in the minds of customers a brand image. Organizing strategy for positioning can only be decided by each company. Different types of companies, industries, products, etc. will benefit from different marketing strategies.

Samsung is one of the companies in this industry that has the most influence and popularity. Innovation and new products are always in demand in this industry. Innovation and new products are always in demand in this industry and Samsung successfully manage to remain competitive despite constant changes in customer demands. The company adopts a typical positioning strategy for a company in the technology industry. As a result, Samsung positions itself according to its competitors. A point of parity is established through the constant introduction of new technology. A new feature, an upgraded option, and other novelties allow Samsung to stay current and maintain its market leadership.

Samsung Marketing Mix

Product: Samsung has more than 50 production sites in different locations as well as more than 30 R&D centres and around 6 design centres. Samsung's product portfolio includes consumer electronics such as mobile phones, tablets, laptops, home appliances, and more. The company also has divisions for products related to computing and mobile communications. All the company's products are recognized for their quality and durability.

Price: In relation to pricing, Samsung uses three types of pricing strategies for its products. Strategies vary by family, market trends and more. The three pricing strategies Samsung uses are competitive prices, program prices and product line prices.

- Competitive price: Samsung products have a very wide range. The company operates in other departments but does not occupy the same position in all departments. For example, cameras produced by Samsung are not in the same position as those produced by Canon. Similarly, Samsung appliances do not outperform Millet's appliances. As a result, Samsung uses competitive prices for products in these categories to maintain market share.
- Planned Price: Samsung sets high prices for these items, primarily every time it introduces new technologies and concepts related to smartphones. Over time, as competitors adopt the same features and technologies in their products and start using them, Samsung is going to lower prices to gain market share.

- **Product Line Pricing:** When calculating product costs, Samsung actively prizes the product line. The company does this to create different levels of quality in the customer's mind. There are different lines of products for people with different income levels and interests. This way, by costing your products, customers will easily distinguish your company's products and distinguish affordable from expensive products.

Location: Samsung products are distributed worldwide. The company uses many different sales channels to supply its products to a wide variety of customers. Samsung is actively involved in sales and service transactions directly related to the company's sales. In addition, Samsung dealers sell the product to you. The company has distributors nationally, regionally and regionally. Different distributors may obtain different distribution rights. resellers can obtain official display rights for all Samsung products or individual product categories. Depending on the scope of activities, experience and size of the agent, this may vary. Additionally, Samsung sells its products in large and small retail stores. These retail giants include Reliance Digital, Chroma and more. In addition to all these sales channels, Samsung also uses e-commerce and online sales channels. Customers can purchase Samsung products from the company's official website. When it comes to e-commerce, Amazon is a prime example of indirect channel of distribution.

Promotion: Samsung uses a variety of promotional channels to update and attract customers. The company uses traditional and unique advertising channels. The company's advertisements shown on various TV channels and other platforms are always new, interesting, and engaging. Their advertising is known to be informative and entertaining. At the same time, Samsung is actively using its social media platform to create advertising and, through paid digital promotion, to reach customers, increase product awareness and expand its base. customer department.

The company also uses the media platform to disclose and notify people about Samsung new products and updates. The tech giant is also involved in various initiatives and has a lot of sponsorship for promotional reasons. The company also uses events for advertising purposes. Another interesting way to promote is the plans and discounts that companies and their business partners offer to their customers.

Conclusion and Recommendation

After a detailed study of Samsung's macro environmental factors, it becomes clear that Samsung is the world's largest smartphone sales brand. Spotify has reached a non-exclusive agreement with the mobile device manufacturer to integrate music streaming services on Samsung mobile devices. Some people don't like predesigned shows in the western world, which really surprised us. Samsung must adapt and modify its products according to the local market. In addition, it also has the Bixby voice assistant. Furthermore, diversification is an opportunity to develop business in terms of entering a new industry or business, although there is a risk that using this opportunity could damage the company's semiconductor and consumer electronics businesses. Similarly, a strategic partnership with an online service company is an opportunity to enhance competitive advantage. Compared to Samsung, they cannot even consider other products. After this announcement, they began to study this explosive problem and successfully controlled it. To be honest, Samsung is still relatively behind in this field. For Samsung, it is Samsung's greatest strength. This external strategic factor refers to possible exclusive agreements between Samsung and other companies. This type of innovation also carries the risk of manufacturing errors. To offer users the best products and services, it is necessary to identify the needs of customers.

From Samsung's SWOT analysis we can see that Samsung is still the global leader in low budget manufacturing and smartphone brands. A sufficient profit has always been maintained and a profit for the future has always been maintained.

The company must reduce its dependence on US markets and explore new opportunities outside of those already discovered. As Asian continent is growing at a remarkable rate, Samsung's must focus mainly on this market as has a big potential. Samsung needs to incorporate a new demographic of consumers and to grow and expand internationally.

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