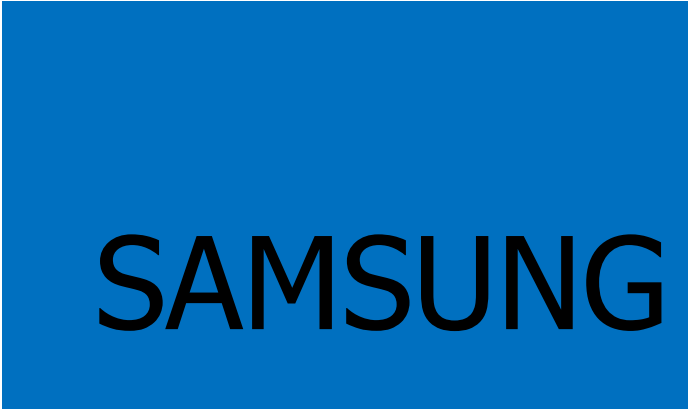


The Samsung logo, consisting of the word "SAMSUNG" in a bold, black, sans-serif font, is centered within a solid blue rectangular background.

SAMSUNG

**Marketing Fundamentals Analysis
and Evaluation - Assessment 1**

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Module LCBB4004Marketing Fundamentals

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1. Introduction

Marketing is often incorrectly equated with sales, advertising, or intrusive promotions. Everyone can often hear the opinion that this is a department of the company that generates only costs. However, this is a very general statement, very selective.

It is more than that. Nowadays, it is more and more often treated not as a 'part' of the organization, but a kind of philosophy and should be manifested in all activities, at all levels and in all departments of the organization.

Marketing is the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. (P. Kotler, 2008). Follow this way, we could say shortly "meet the needs, making a profit".

Based on the example of the Samsung company, I will try to characterize the role of marketing in the development of the company, comparing the purchasing power to the area of necessary improvement.

There is no doubt called Samsung one of the pioneers of technological development. This company produces almost all electronic parts, including cell phones, automatic robots in the operating room, also builds skyscrapers, nuclear power plants, and container ships.

The company founded during the Japanese occupation, in 1938 by Lee Byung-Chul, employing 300 000 people in 74 countries, valued in January 2020 at USD 94,5 billion U.S. dollars. (Statista, 2020)

Because the company produces various types of electronics, I will focus on my work on the smartphone market.

2. Marketing process of Samsung

Mission Statement

For 2020, Samsung promoted the following statement: “We will devote our human resources and technology to create superior products and services, thereby contributing to a better global society” (Samsung, 2020a).

Marketing process

Marketing is the process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return. (Kotler & Armstrong & Harris, 2020:6)

Figure 1. presents five-step model of marketing process, which I would like to briefly characterize below



Fig.1. Source: Marcin Klytta

Situational Analysis

In 2020 Samsung has been hit hard with the global Covid-19 pandemic and Western trade tensions (Jung-a, 2020). Though, despite lingering global tensions, the company has reported a 7.2% rise in profit due to an increased demand for the new range of Samsung

mobiles announced mid-2020. The increased demand in foldable phones and Galaxy Note flagship smartphones have helped the mobile division's profits rise by 25% in 2020 (Jung-a, 2020).

Strategy and Objectives

1. Expand the market share by creating premium products
2. Build and strengthen marketing strategies to maximize customer demand
3. Create unique products and services to customers that are not available anywhere else in the market

Implementation

For a strategy to be sustainable, it needs to be profitable, measurable, and controllable (Kotler & Armstrong, 2018: 62). Samsung focuses on creating a wide range of smartphones for different markets. Through online stores and high-street retail, the brand is global and creates individual phones for each country. Primarily, premium devices are aimed at Western markets, with more affordable devices for developing marketing (Samsung, 2020b). As a result, the brand has held the leading smartphone market share since 2012 (Statista, 2020).

3. Porter's Five Forces

Porter's five-forces framework can be used to analyse the market and help understand the competitive landscape (Baines, Fill, Rosengren & Antonetti, 2017: 96). An analysis of Samsung's competitive forces shows that the competition is high due to the maturity of the industry, and the pace of growth has slowed down. Bargaining power of buyers is high as there is a variety of options available. Brands like Apple, Huawei and Xiaomi offer similar features at different prices to Samsung's offerings. Bargaining power of suppliers is medium. Suppliers have invested heavily in Samsung's products and it is not possible for suppliers to run operations without easily supporting these smartphone brands.

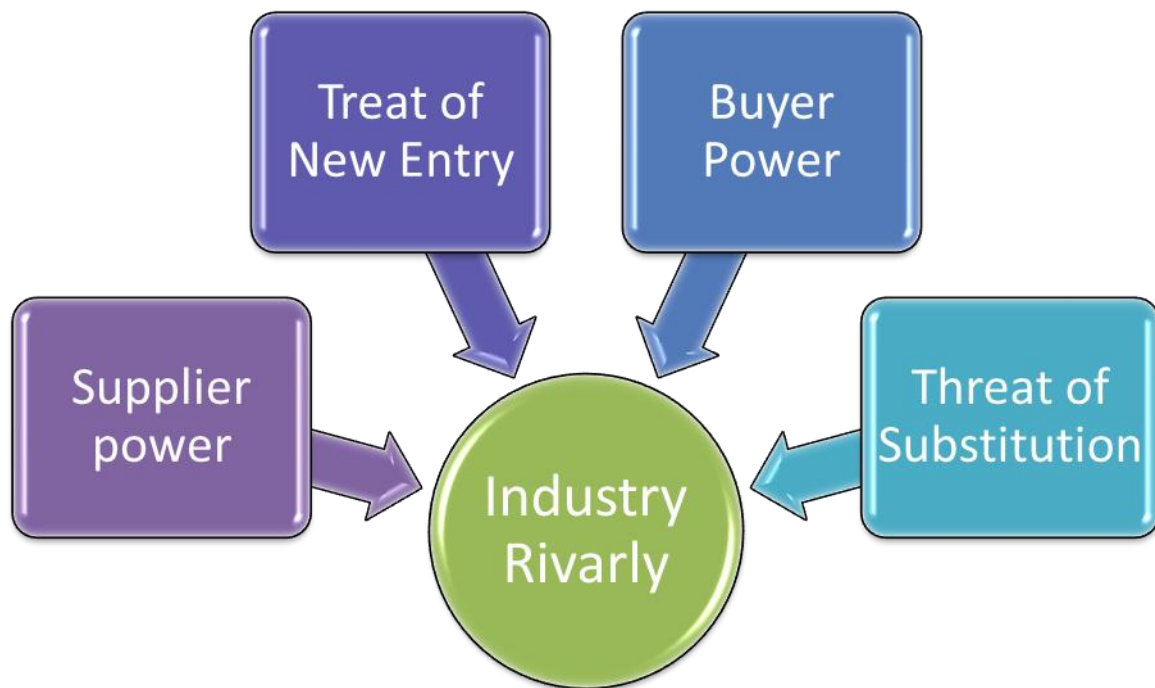


Fig.2. Source Marcin Klytta

Threat of new entrants is low. Companies like Samsung control many supply-chain elements like chipsets and screens. As a result, it is costly to enter the smartphone market with the need for investment in manufacturing and the distribution channel. Finally, threat of substitutes is high because smartphone technology is constantly evolving. Apple forms a major competitor to Samsung with their constant development in smartphone innovations (Mintel, 2020). Samsung are aiming for foldable devices to be the innovation in 2020, with the aim to eliminate any new substitutes (McGee, 2020).

Porter (1985) states that the five-forces model helps in gauging the competition for the organisation. By analysing the competition, an organisation can understand elements like price. If the organisation operates in an industry where competition is low, then they can have pricing-power which results in an increase of profits (Bruijl, 2018). This is an example of how the five-forces model is helpful in planning. An organisation can use the model to identify those industries who act as a new entrant or a threat of substitutes (Bruijl, 2018).

However, despite this, the model's weakness is that it only takes into account the five-forces and ignores other factors, such as the impact of globalisation, which may have bearing on the environment the organisation operates within (Grundy, 2006). Furthermore, no industry is a perfect fit for the model and as a result it cannot be applied to all industries (Grundy, 2006).

4. SWOT Analysis



SWOT analysis is a tool that is used to help an organization identify trends that relate to the business. It helps in matching the company's strengths to the identified opportunities, such as new ones markets and / or try to use our strengths to lessen the impact of our weaknesses (Gbadamosi, 2013:38).

SWOT analysis is useful as it allows for the creation of meaningful information that allows for an organisation to create a plan (Jobber & Ellis-Chadwick, 2019: 203).

Fig.3. Source: Marcin Klytta

Strengths

Samsung is an established brand and is one of the leading smartphone manufacturers in the world (Intel, 2020). This success has come from Samsung's diversified smartphone portfolio that allows them to market a variety of products to meet various price segments. This advantage comes from Samsung controlling many elements of the manufacturing and R&D. Samsung was one of the leading spenders on chipset development in 2020, with more than \$15bn invested over the past five years (Jung-a, 2020). As a result, Samsung controls around 20% of the smartphone segment, with a global presence in 74 countries (Samsung, 2020b).

Weaknesses

However, despite strong smartphone sales, Samsung have had to pull out of the Chinese market due to a trade war over IP infringements and a decline in chipset sales (Jung-a, 2020). Furthermore, despite a rise in financial profit, smartphone shipments are down 30% due to a decline in their lead market of the U.S. (McGee, 2020). Combine this with a rise in

low-cost competition in China, Samsung are losing the low-end smartphone market as their budget Galaxy-A device underperformed against the competition of Huawei and Xiaomi (Coco, 2018).

Opportunities

A rise in the demand for luxury smartphones and high-end devices in European markets offers Samsung the opportunity to lead with the launch of their premium foldable devices (Mintel, 2020). Furthermore, smartphone camera technology is becoming a key driver within the luxury phone market (Mintel, 2020). Samsung's 2019 acquisition of an Israeli company who specialises in camera technologies will help them compete with camera market leaders Apple (Adhikari, 2019).

Threats

Low-cost Chinese brands form the largest threat to Samsung. With the smartphone market reaching maturity, many customers have access to phones that offer similar basic features. As a result, it is becoming harder to differentiate smartphones in the market (Mintel, 2020). Combine this with sales being impact by Covid-19 and a global economic downturn, Samsung will have a difficulty challenge in presenting a case for luxury smartphones (McGraw, 2020).

5. Porter's Five-Forces and SWOT Analysis similarities

Both these models can be related to one another as they are both analytical techniques that businesses use to carry out strategic decision making (Kotler & Armstrong, 2018: 93). Both these models help define the position of the company within their competing market. Although, while both models attempt to highlight a company's strength and weaknesses relative to the opportunities and challenges. The key differences according to Bruijl (2018) is that the five-forces model is applied to study the competitive industrial environment, with focus to macro factors. SWOT on the other hand is more focused on internal conditions of the organisation to analyse the internal strengths of the organisation (Gurel, 2017).

6. Market segmentation, targeting and positioning

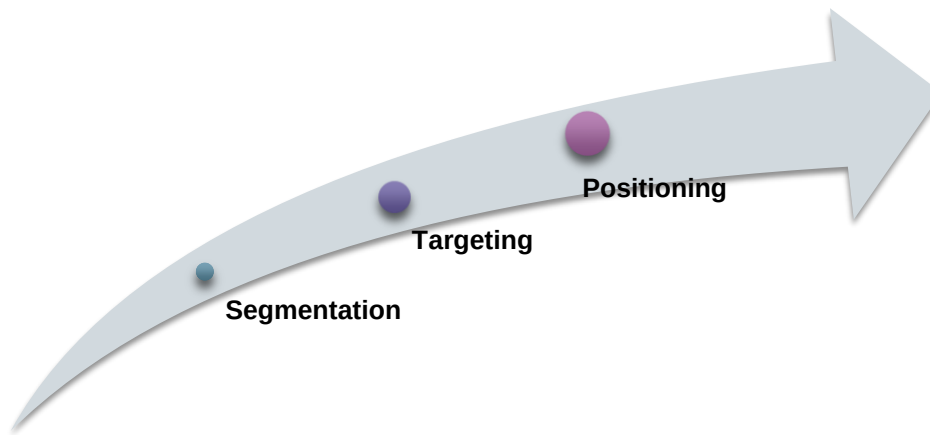


Fig.4. Source: Marcin Klytta

Since the product must be tailored to the needs of each client, the company, when designing its marketing strategy, should segment the market, dividing the market into smaller parts with buyers with different needs, characteristics, or behaviors. Then the attractiveness of each of these segments is assessed and several options are selected to enter the market.

Positioning refers to choosing the most appropriate marketing mix for your target customer segment. Ultimately, the offered product is to stand out from other competitors and easily become conscious of the consumer. (Kotler & Armstrong, 2018:214)

An example would be multi-segment positioning. Samsung supplies the same product with changed features. It could be the size of the screen or a type of wireless networks, such as the galaxy note 4G or 5G. Different patterns or shapes are matched to the user's gender. The age group also matters. For younger people, additional amenities in the form of developed mobile applications are introduced, and the design of the housing has also been changed.

There are concerns that Samsung may not meet the requirements of the rapidly developing market, and due to increasing competition from Chinese technologies, it is directing its strategic activities to the development of artificial intelligence. (Harris B., 2020)

Samsung is currently presenting two flagship devices, the Galaxy Note 20 and Galaxy Note 20 Ultra, which support both types of 5G along with stylus, performance, and camera improvements. This is the second time that the company has decided to divide the premiere

into several devices. In addition, Samsung met the demanding tastes of fans of its brand and presented its smartphones in a new graphic design and colors.

He has also found a market niche very well by offering broadband technologies in his products, one of which is the ability to share files with another device simply by pointing to it. As it further informs, the offered technology also makes it possible to act as an electronic key to rooms and buildings. (Alspach K.,2020)

7. Marketing Mix



The marketing mix is defined as a set of controllable marketing tools that a company uses to create a desired response in the targeted market. (Kotler & Armstrong, 2020).

Fig.5. Marketing Mix 4P

Product

Samsung offers a variety of smartphone products for different segments of the global market. Aimed at Western markets, Samsung offer premium phones to compete with the luxury brand Apple, within developing markets they compete on price with their budget range of phones. Samsung has also expanded their smartphone segment into supporting wearable devices and app services like S-Health to help further grow their market share (Samsung, 2020).

It would seem that the company will not surprise us with anything anymore. After all, it produces almost all electronic devices. However, it uses a creative form of strategy to expand its brand. By expanding its expert knowledge, it uses credibility and builds the brand's authority. The reputation gained thanks to modern telephones allows the company to explore, for example, the market of televisions and modern watches. (Kotler & Armstrong, 2018: 283)

High brand recognition is also due to connections with other entities within the same business group, sharing the same vision and values. It is very likely that customers will be attracted by the umbrella brand. (Haller, 2018)

Price

Samsung employs two general pricing strategies with their products. Firstly, price skimming where the goods are higher priced so that fewer sales are needed to break even (Londhe, 2014). This is used with their premium line, in which Samsung target early adopters who wish to have access to the latest technology and devices (Londhe, 2014). Within developing markets, Samsung use penetration pricing which sets the price low with the goals of attracting customers and gaining market share (Samsung, 2020). For Samsung this is to compete with the rising low-cost Chinese competition targeting these markets.

Place

Samsung uses a pull strategy in which the brand advertises directly to consumers to bring them into the brand (Londhe, 2014). Most Western smartphones are sold via contract packages, as a result, much of Samsung's growth is handled by distributors. While in developing markets, Samsung uses a push strategy to attract distributors via incentives and competitive pricing to take the product against the low-cost competition.

The development of e-commerce services also meant that the company began to diversify its distribution channels to bring its products closer to customers. In addition to sales outlets and service centers that offer after-sales service, the company also uses internet-based platforms that have a global reach and contribute to reducing costs. The company is committed to a variety of distribution channels. Part of the assortment is offered only offline, which was related to the dissatisfaction of retail distributors. Online companies have massively reduced their prices to attract consumers. So, Samsung had to take a step forward to keep existing partners and set up an online store with authorized resellers at prices set by the company. (Pasila P. K., 2020)

Promotion

Samsung uses multiple forms of promotion. Primarily through a pull strategy, the brand targets social media, television advertising and sponsorships to raise awareness about their products. Samsung's primary focus is to use promotion to differentiate the brand against the other luxury brands and maintain market share (Londhe, 2014).

8. Conclusion and Recommendations

Samsung are at a pinnacle time within the smartphone market. The impact of Covid-19 is already showing slower smartphone sales, along with demands for low-cost models. Their marketing is reflecting the push into higher-priced premium goods to attract early-adopters. For long-term sustainability, considering the smartphone market is reaching maturity, it is essential Samsung controls a foot in retailing to derive maximum product value.

It is the recommendation of this report for Samsung to push into retail markets through premium Samsung stores. Much like Apple stores in the West, by choosing an acquisition mode, Samsung can increase customer engagement and help sell a lifestyle choice. With Samsung's move into premium wearables and health apps, this growth into premium retail will help support selling this lifestyle trend.

Furthermore, by securing the Western luxury market, Samsung will be able to compete against the rising low-cost Chinese competition who are dominating the developing countries market.

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