Marketing Strategy of Samsung

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Abstract

This research paper provides an analysis of Samsung Korea’s largest chaebol group’s effective marketing strategy with which they have been able to dominate the global market. It covers aspects from the origins of Samsung to its present state and plans for the future as well as its marketing strategy such as its campaigns and how it utilizes the 4 Ps of marketing mix. It also mentions its growth in revenue and market in FY2020 and FY2021 due to these effective marketing strategies. The research mainly uses secondary data acquired from journals and websites. This research considers the global market. It also mentions what are the other products Samsung manufactures.

Keywords – Samsung, Smartphone, Marketing, Market, Korea

Introduction

Samsung has become one of the biggest names in technology in recent years, originally starting as a grocery chain in South Korea in 1938 to designing the world’s first-ever foldable phone for a global market. Venturing into the electronic market in 1969, (“Samsung | History & Facts”, 2022) their first products were black-and-white televisions. During the 1970s the company began to export home electronics products overseas. At that time Samsung was already a major manufacturer in Korea, and it had acquired a 50 percent stake in Korea Semiconductor.

The 2000s witnessed the birth of Samsung’s Galaxy smartphone series, which quickly became the company’s most-praised products and among the world's best-selling smartphones. Samsung also supplied the microprocessors for Apple’s earliest iPhone models and was one of the largest microprocessor manufacturers in the world in the late 20th and early 21st centuries. Since 2006 the company has been the top-selling global manufacturer of televisions. Beginning in 2010, the Galaxy series expanded to tablet computers with the introduction of the Galaxy Tab and in 2013 to smartwatches with the introduction of the Galaxy Gear. Samsung introduced a foldable smartphone, the Galaxy Fold, in 2019 (Bondarenko, 2022).
India’s overall mobile handset market grew 7 percent (on-year) in 2021 and Samsung captured the top position in the handset market with a 17 percent share, a new report said on Monday. In the feature phone segment, the shipments reached 86 million units to show flat growth in 2021, according to Counterpoint Research. It led the feature phone market, taking a 24 percent share, followed by Lava, Samsung, and Jio.

In 2020 they also invested 4825 crores in India ("Samsung to invest Rs 4,825 cr in India; to move display production unit from China", 2020) South Korean smartphone giant Samsung will invest Rs 4,825 crore in India. A UP government spokesperson said that the company will relocate its mobile and IT display production unit from China to Uttar Pradesh. He added that this is the first high-technique project of the multinational major that is being set up in India. The spokesperson said the country will become the third in the world to have such a unit. The unit in Noida is expected to generate direct employment for 510 people apart from indirect employment. The company already has a mobile manufacturing unit in Noida. It was inaugurated by Prime Minister Narendra Modi in 2018. In South Korea, Vietnam, and China, Samsung makes 70 percent of its total display products used in television sets, mobiles, watches, and tablets.

Samsung also has a huge impact on the Korean economy. The fate of one of Asia’s largest economies is closely tied to Samsung—its 2019 revenue was equivalent to some 13% of South Korea’s GDP. Amid a rise in remote work and schooling, its crown jewel, Samsung Electronics, one of the world’s biggest producers of chips and smartphones, was essential.

Samsung is the biggest chaebol group in South Korea – a large family-run conglomerate owned and managed by an individual or their family members. Chaebol groups typically have numerous affiliates, operate in multiple and diverse business sectors, and usually maintain a monopoly position in the relevant market. South Korea’s economy is dominated by a few chaebols, such as Samsung, SK, LG, and Hyundai Motor Company, whose influence on the market increased significantly, especially during the COVID-19 pandemic.

**Review Of Literature**

This article makes a concise statement of what a global marketing involves, including sections on organizational context, market segmentation and positioning, product standardization and global branding, pricing and distribution with special attention to gray trade, and global promotional strategy, including global advertising. The strategic implications of global versus multi-domestic markets are explored and competitive strengths and weaknesses against local competitors are discussed (Johansson, 2010).
The authors are witnessing the increasing extent of corporate social responsibility (CSR) performance as strategic behavior specifically in emerging markets. This paper aims to investigate how multinational companies (MNCs) manage CSR activities in emerging markets to aid their core business activities. In line with this question, the paper aims to develop a theoretical view for a deeper understanding of the strategy in CSR practices aiding internationalization (Hadjikhani, Lee & Park, 2016).

Samsung Electronics developed a global strategy. On the one hand, it can be described as a high rate of global integration and cost efficiencies and quite a low responsiveness and differentiation (Raisch, 2014). These attributes are accompanied by benefits and challenges (Simonin, 2014).

Extensive research has shown that country-of-origin (COO) information significantly affects product evaluations and buying behavior. Yet recently, a competing perspective has emerged suggesting that COO effects have been inflated in prior research and even that the COO concept has become irrelevant. The purpose of this paper is to reconcile these two competing perspectives by examining the effects of individual brand origin perceptions (Magnusson, Westjohn & Zdravkovic, 2011).

The purpose of this study is to examine the impact of Samsung’s innovative strategy on organizational success. Today, the smartphone market has been fast evolving and it becomes a necessity to mankind. Samsung, one of the giant players which dominate the global smartphone market, has carried out innovative strategies, such as releasing smartphones with new features that cater to the needs of customers and achieving higher sales compared to its competitors in the smartphone market. This study emphasizes the innovative strategies that lead to Samsung's success. Besides, this study also looks at Samsung's opportunity and creativity to gain smartphone innovative leadership based on the 5G emerging technology. The finding of this study indicates that innovative strategy is positively related to the success of the organization. (Binti Mohd Haizar, Kee, Chong & Chong, 2020)

**Need For Study**

Samsung has developed into one of the most well-known companies throughout the years employing a range of various marketing techniques, however, few of these techniques are not very well-known. For this reason, it's crucial to conduct a study on this subject to learn the methods this internationally known corporation employed to become one of the largest
Research Methodology

This research is Descriptive Research that uses secondary data. Secondary data is data that is already available. Secondary data is found in journals, websites, books, reports, and government portals. Some notable sources for the data in this research are the International Journal of Business and Management, the International Marketing Review, and the Asia Pacific Journal of Management and Education. This data has been published within the last 10-11 years. The main target location for this study is the main global market with a strong focus on India and South Korea for how Samsung makes an impact on them.

Analysis and Discussion

What is Samsung’s Marketing Strategy?

Understanding that cutting-edge technology does not always guarantee market success, Samsung also focused on product development and design. Their goal was to create products that deliver benefits that at least some segment of consumers will consider to be worth the price. Since many product benefits may be subjective – attractive styling, say, or a cool image, or maybe the quality of the camera – new product development at Samsung usually involves a team of designers who collaborate closely with the firm’s engineers, manufacturing teams, and marketers (Tringali, 2021).

Samsung also regularly teams up with celebrities as brand ambassadors to promote its products to appeal to the audience more. Through this relationship, celebrities were able to promote their phones and other businesses across a variety of social media platforms. Collaborations with A-list celebrities can guarantee a rise in brand exposure due to their large fan base (Shastri, n.d.).

Samsung also regularly has digital marketing campaigns on its various social media platforms. Being a community-oriented brand that impacts audiences worldwide, Samsung introduces various marketing campaigns. The promising Samsung marketing strategy focuses on leveraging the power of exceptional marketing campaigns to promote its products and appeal to the audience.

Examples of social media campaigns run by Samsung: #YouMake Campaigns: It brings up a global marketing platform for consumers to take the lead with device customization. It brings a better way of personalization via customized control enabled by SmartThings IoT solutions. The #YouMake campaign offers continuous services and virtual benefits, encouraging customer participation by utilizing the best metaverse platforms.

How Samsung Uses 4 P’s of Marketing Mix

**Product** - ("Extensive Marketing Mix of Samsung - All 4Ps Explained | IIDE", 2022) Being a leading electronic brand, Samsung has to keep up with the dynamic industrial changes to meet customer satisfaction. Ever-changing innovations, newer features, and improved performance can help give tough competition to its competitors. Samsung generates revenue by selling smartphones, home appliances, sound devices, etc, excelling in all areas of product diversification. Their products can be classified into:

- **Mobile devices** - Smartphones like Samsung Galaxy series, Tablets, Wearables, Phones Accessories
- **Samsung Home Appliances** - Refrigerators, Cooking Appliances, Washing Machines, Air conditioners, Vacuum cleaners
- **TV/AV** - Samsung Television, Accessories, Audio, and Video Accessories
- **Information Technology** - Printer and Multifunction, Monitor
- **Memory/Storage** - SSD, Portable SSD, Memory cards, USB Flash drives

**Price** - Samsung uses two pricing schemes which are explained as follows. A pricing strategy based on competition is a part of Samsung’s marketing strategy. Samsung has not succeeded in becoming the leader in other product categories. Samsung is a trustworthy brand even in the ‘home appliances’ segment. To prevent flanking attacks from its competitors in the market Samsung needs to use competitive pricing. Also, Samsung is not a first mover in these product categories and thus it has to defend its position in the market. All these help in understanding the pricing strategy in the Samsung marketing mix. Samsung also uses a skimming price policy. For instance, when Samsung launches new products with different variants of storage capacity, it prices the product higher. But when other competitors launch a smartphone with identical features, Samsung lowers the price and easily prevents the reduction of its market share due to the launch of the competitor. The annual revenue of the company is more than $200 billion (Team, 2021)

**Place** - (Bhasin, 2019) Samsung is present through various channels in the market. It works on the channel marketing concept wherein there are three segments. Sales and service dealers, Modern retail, and Distributors. The sales and service dealers handle key accounts for Samsung and are involved in corporate sales. These dealers may also open exclusive Samsung showrooms.

**Promotion** - (Shah, Rahman & David, 2021) Promotion is one of the main aspects of Samsung’s marketing since its advertising budget is massive. For instance, it spent around $1.98 billion on advertising alone in the USA in 2019. Interestingly, it was slightly less than the ad spending in the previous year (Statista, 2021). Samsung also sponsored the World Cyber Games in 2019 as well as other events.
How have these strategies impacted Samsung’s growth

(Bharath, 2021)

As you can see due to these effective marketing strategies, Samsung has seen an increase in revenue almost every single quarter, including even during the pandemic

(Walia, 2022)

Samsung has also maintained a consistent market share and even increased in market share in Q3 2020 and Q1 2021 which is usually when new products are launched. It also decreases in market share in Q4 2020 and Q2 2021
Conclusion

This study has shown how Samsung uses its effective marketing techniques to grasp the customer to buy its products, by creating engagement through its various campaigns and other techniques whether it be phones and tablets or semiconductor chips Samsung rules them all and they do not plan on stopping anytime time soon

Scope for Further Research

This research takes the entire global market into account; however, further research can be done by taking a smaller sample size to further understand how Samsung segregates and targets its customer.

Samsung’s Future Plans

‘Together for Tomorrow’ is a new vision that Samsung announced in 2022 for building a sustainable future. With this initiative, the company is planning on building technology that leaves no footprint or less impact on the environment. Also, higher attention would be paid to the disposal of products after use. The company is also aiming to reduce carbon emissions from its plants (“Samsung - Founder | Investments | Subsidiaries | Growth”, 2022).

References


