

# **Company Profile: Samsung**

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## **INTRODUCTION**

In order to sustain in the market for long time and acquire the large market portion, organisation has to adopt specific tactics of working and strategies. With help of effective competitive strategy, firm can easily compete with rival and develop competitive advantage. The current report is based upon the strategic position and internal analysis of the Samsung company. It is largest mobile phone company which have 21.4% market share in the second quarter of 2016. With help of new structure of organisation corporation refocused upon the three business sectors such as Device solution, IT & Mobile communication and consumer Electronic. Samsung internal condition, strategic position, competencies, capabilities of business has been clearly outlined in this report with help of various models and theories such as VRIO model, Porter Five force analysis etc.

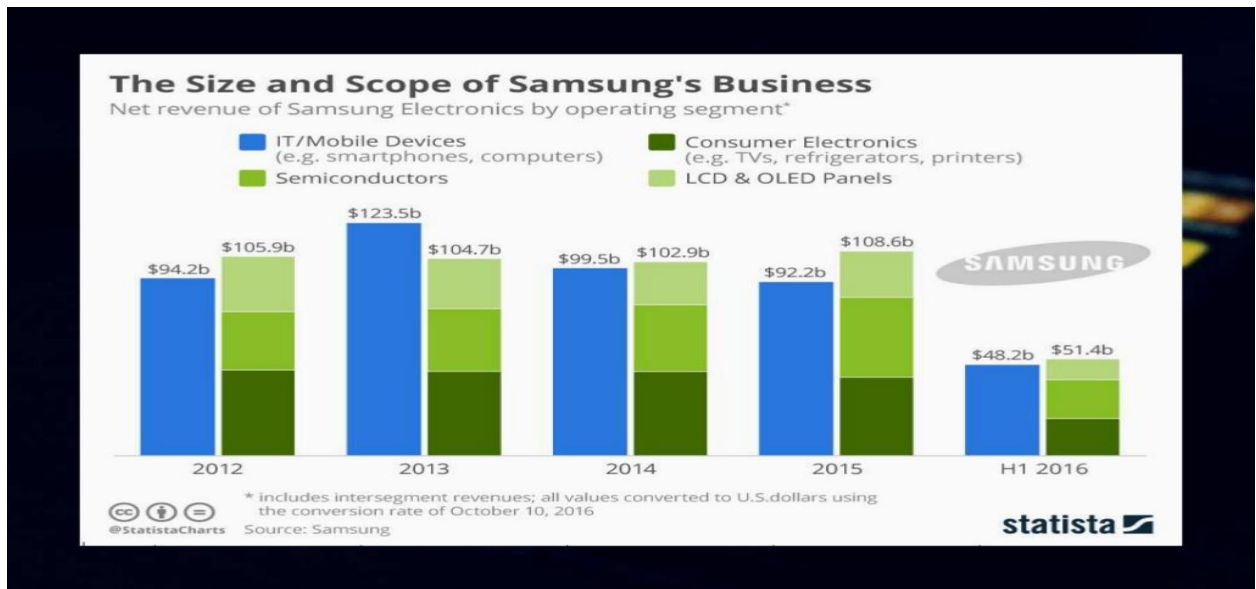
## **ELEMENT ONE**

### Profile of Samsung Company

Samsung Electronics Co Ltd is one of the famous manufacturing and selling of electronics and computer organisation. It is founded on 13 January 1969 and it's headquartered in Suwon, South Korea. Samsung entered the electronic industry in the late 1960s and the construction and shipbuilding in Mid-1970s. It provides high quality of home appliances, telecommunication equipment, semiconductors solid state drives, DRAM chips, automotive chemical, Apparel etc. It also offers services like construction, entertainment, financial service, device solution, information technology and mobile communication (Cho, Kim and Kim, 2015). Samsung Company comprises various affiliated businesses most of them united under the Samsung Brand and is the largest South Korean. Samsung company have mission is to provide the high quality of innovative technology and electronic devices and services. The mission statement of Samsung is related to its vision that is "Inspired the World, Create the future"

Samsung Company has great organisation culture in terms of innovative driver that assist in shaping the productive community within firm. It has designed strong culture for become an innovative corporation and world leader. Samsung Electronic launched an exhaustive program in 2012 in order to reform the organisation (Chen and Ann, 2016). For reform the organisation, corporation refined management structure in each business area to optimise capabilities throughout the whole organisation. With help of new structure of organisation corporation refocused upon the three business sectors such as Device solution, IT & Mobile communication

and consumer Electronic. Samsung electronics has committed to global community to improving and developing the highly advanced innovative services and products in order to everyday lives of people (Lasserre, 2017). Samsung firm recognise its responsibility as a creative leader and dedicate its hardwork, efforts ad resources to offering new values to the buyers and industry. It has set the growth targets that desired to achieve by 2020 and it seeks to reach annual sales of USD 400 billion.



## ELEMENT TWO

### Analysis of the Firm's Competitive position

As compare to other competitors in the electronic industry, there is no doubt that Samsung is the leader where Smartphone are concerned (Dolata, 2017). Samsung is the king of the Smartphone world as there are Samsung Note series, the Samsung Galaxy series and Galaxy Edge series. There are various competitors of the Samsung Company such as HTC, Sony, Xiaomi, Apple, Vivo, Microsoft, Intel, LG electronics, Lenevo group limited, Texas Instruments Inc. etc.

Company	2016	As a % of revenues	2017	As a % of revenues
Samsung Electronics	13.079	7.3	14.857	7

Company	2016	As a % of revenues	2017	As a % of revenues
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
LG Electronics	2.183	4.5	2.110	3.9

Analysis of resource and competencies of the Samsung company

In order to analyse the competency of Samsung, Porter Five force model has applied-

Elements	Information
Threat of New Entrants	<ul style="list-style-type: none"> <li>• Low</li> <li>• Customer loyalty</li> <li>• Use of advanced technology</li> <li>• High capital requirement</li> </ul>
Threat of substitutes products	<ul style="list-style-type: none"> <li>• Moderate</li> <li>• Numerous substitutes</li> <li>• High competition</li> <li>• Technological innovation</li> </ul>
Bargaining power of suppliers	<ul style="list-style-type: none"> <li>• Very low</li> <li>• Small size</li> <li>• High for Google</li> <li>• Can switch supplier</li> </ul>
Bargaining power of the customers	<ul style="list-style-type: none"> <li>• Quality of products</li> <li>• Brand image</li> <li>• Low switching cost</li> <li>• Increased information</li> </ul>

Level of competitors	<ul style="list-style-type: none"> <li>• Intense competition</li> <li>• Deep market penetration</li> <li>• Technology innovation for growth</li> </ul>
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In order to analyse the resources and internal capacity of Samsung, VRIO model has applied-

**Value-** Samsung is one of the largest mobile phone company which have 21.4% market share in the second quarter of 2016. It has excellent research and research capabilities through which it continuously provide quality featured and innovative product and services (Park, and et.al., 2015). Organisation has equipped itself with multiple resources and abilities that have enabled the organisation to enter and exploit various areas of consumer electronics.

**Rarity-** Samsung is created unique, high featured and advanced product that are extremely competitive in the competitive business environment. No other organisation has rare resources and skills as Samsung Company have itself. Thus, it can be said that the resources, skills, and competency of the Samsung is very unique, rare and valuable as compare to other rivals in the industry. Samsung has launched batter advisory group, 8 point battery safety system and also launched Galaxy S series.

## VRIO

Resource	Is it valuable ?	Is it Rare?	Is it difficult to imitate?	Is it difficult to organize?	Competitive Consequences	Performance Implications
Technological Expertise	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Above Average Returns
Brand value	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Above Average Returns

**Imitability-** Samsung provides the high quality of featured services and product which cannot imitate by any one. Samsung has 2<sup>nd</sup> to IBM in annual US patents filed over the past 6 or 7 years. It develops several patents and it has competitive advantage to design the same patent temporary.

**Organisation-** Samsung Corporation has adopted effective organisation culture, strategies, policies and structure through which it has become world largest electronic organisation on the basis of profitability. In the 2012, it had sales of up to \$179 billion and a sale has been increased since 1987 (Kim and Kim, 2015). Samsung has increased sales figures that allowed corporation to reach its full potential.

### Key elements of Samsung Competitive strategy

Following are various competitive strategies of Samsung-

- **Excellent market readership-**A market reader is that which closely observe the market and introduce new features in the existing product and services and replicating new product in fast manner. Samsung Company has effectively read the market and replicated the design and features of the smartphones as compare to its other rivals.
- **Innovation and new product development-** This is another significant competitive strategy of Samsung Company as it has an extensive product range that includes hundreds of products in the three main product divisions such as Device solution, Consumer electronics, and IT and mobile communication (Hadjikhani, Lee and Park, 2016).

- **A strong commitment to research and development-** Samsung has effectively meet the actual demand and requirement of customers in the market by conduct continuous market research. It always looks upon the needs of customer ahead of the competitors. Its engineers tries to develop innovative product helps to meet the demand of customers in the competitive business environment. Samsung invests over 80% of its revenue in the activity of research and development.
- **Combining Japanese and American strategies-** American organisation are more considered and serve selective on a small range products and Japanese corporation usually like to offer multiple products (Lin, Chen and Chu, 2015). Samsung adopted these two countries companies strategy in its business and implement vertical integration and horizontal diversification.
- **Strong Patent portfolio-** In the 2006 in the USA Samsung is the second biggest patent holder and it has approximate 37 researches and development across the world.

### **ELEMENT THREE**

#### Conclusion

On the basis of the above discussion about Samsung company it has been concluded that Samsung is the king of the Smartphone world as there are Samsung Note series, the Samsung Galaxy series and Galaxy Edge series. It has set the growth targets that desired to achieve by 2020 and it seeks to reach annual sales of USD 400 billion. Samsung is one largest mobile phone company which have 21.4% market share in the second quarter of 2016. Samsung is created unique, high featured and advanced product that are extremely competitive in the competitive business environment. In the 2012, it had sales of up to \$179 billion and a sale has been increased since 1987.

#### Recommendation

For maintain the sustainable position in the competitive business environment and improve its effectiveness of business, Corporation should focus upon the various recommendation-

- Samsung should rethink about pricing structure and find a new killer feature for differentiate its product and services as compare to its rivals in the industry.
- Samsung should focus upon the creative promotional and advertisement strategy because numbers of competitors is higher in the market.



- As technology is continuously increasing and various kinds of innovation comes in the mobile phones and other gadgets. Samsung should adopt tactics and practices to retain its existing competitive advantages (Olsen and et.al., 2016).
- Samsung should focus upon its human resource and organise training program for improve their potential, talent, skill and ability.

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