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SAMSUNG SMARTPHONE MARKETING STRATEGY

– Analysis of Samsung Smartphone marketing strategy decisions and the consumer perception to the implemented strategies.



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SAMSUNG SMARTPHONE MARKETING STRATEGIES

Abstract

This thesis research is going to analyze the marketing strategy Samsung has used for some of its smartphone devices in the Smartphone market. The thesis will look into products introduced within the last two years. This approach seems reasonable due to the rapid change of technology in high tech market and continuous introduction of new innovative products within a short period of time. The research will start by understanding the mission and goals of the company. Then it will continue in exploring the internal and external environment of the company. The paper will present the marketing mix of Samsung Smartphone's in their introduction stages, to have a deeper understanding on how Samsung has differentiate itself using the four components of the marketing mix to gain an advantage over its competitors. Further in the research we will see how Samsung recognizes every need in the market and how it offers products for different customer segment. The study will finalize by analyzing consumer perception on the marketing strategy used by Samsung on its smartphone products.

KEYWORDS: Apps, Smartphone, Phablet, Flagship, Android, iOS, OS, Ad

TABLE OF CONTENTS

1 INTRODUCTION.....	8
1.1 SCOPE	10
1.2 RESEARCH QUESTIONS	10
2 LITERATURE REVIEW	11
2.1 SAMSUNG MISSION AND VISION.....	11
<i>2.1.1 What are Samsung’s goals in the smartphone market, and how does it want to achieve them?.....</i>	11
2.2 INTERNAL ANALYSIS	14
<i>2.2.1 Overview of Samsung</i>	14
2.3 MARKETING MIX	14
<i>2.3.1 Product.....</i>	15
<i>2.3.2 Promotion</i>	15
<i>2.3.3 Price</i>	16
<i>2.3.4 Place.....</i>	16
2.4 STRATEGY ANALYSIS	17
<i>2.4.1 Porter's Generic Strategies</i>	17
2.4.1.1 Lower Cost	18
2.4.1.2 Differentiation	18
2.4.1.3 Broad Target	18
2.4.1.4 Narrow Target.....	19
<i>2.4.2 Smith’s Differentiation and Segmentation Strategies</i>	20
2.4.2.1 Segmentation strategy	20
2.4.2.2 Differentiation Strategy	21
3 METHODOLOGY	23

4	ANALYSIS OF SAMSUNG’S MARKETING STRATEGY	27
4.1	SWOT ANALYSIS.....	27
4.1.1	<i>Strength</i>	28
4.1.2	<i>Weaknesses</i>	29
4.1.3	<i>Opportunities</i>	30
4.1.4	<i>Threats</i>	31
4.2	INTRODUCTION STAGE MARKETING MIX OF SAMSUNGS SMARTPHONES.....	31
4.2.1	<i>Product (Samsung Galaxy S series) Life Cycle</i>	31
4.2.1.1	Product description.....	32
4.2.1.2	Packaging.....	32
4.2.2	<i>Promotion</i>	33
4.2.3	<i>Price</i>	35
4.2.4	<i>Place</i>	36
4.3	STRATEGY ANALYSIS FOR SMARTPHONES	36
4.4	FINDINGS AND DISCUSSIONS	37
4.4.1	<i>Marketing Mix Analysis (What are the consumer perceptions to Samsung marketing strategies?)</i>	39
4.4.1.1	Consumer perception to the product	39
4.5	WHAT ARE THE MARKETING STRATEGIES OF SAMSUNG GALAXY DEVICES THAT MAY HAVE CAUSED ITS GROWTH IN THE SMARTPHONE MARKET?	44
	CONCLUSION	46

Appendices

Appendix 1. Questionnaire.....	53
---------------------------------------	-----------

Table Of Figures

Figure 1. Samsung three key strengths & Core Networks. (Samsung, 2013)	12
Figure 2. Vision 2020 (Samsung, 2013).....	13
Figure 3. Samsung and Giorgio Armani print Ad (Touch Puppet, N.D.)	35
Figure 4. Porter's Generic Strategies.....	18
Figure 5. Smith's Differentiation and Segmentation Curves.....	20
Figure 6. Respondent Age range.....	37
Figure 7. Brand of Smartphones Owned By Respondents	38
Figure 8. Reasons for purchasing Smartphones	38
Figure 10. Characteristics of Samsung Smartphone that leads to consumer purchasing it.	40
Figure 11. Scale on respondent purchasing power due to price.....	41
Figure 12. Percentage on respondents' knowledge about Samsung Advertisement.....	43
Figure 13. Recommendation of Samsung advertisement	43

Tables

Table 1. SWOT Analysis	28
-------------------------------------	-----------

Abbreviation and Terms

Apps- These are program software for mobile phones. The programs are downloaded in Smartphone's which enables the user to customize their device according to their needs.

Smartphone- It's a mobile phone built on a mobile operating system, with advanced computing capabilities and connectivity than a feature phone.

Phablet- This is a huge smartphone that looks like a tablet. E.g. Samsung Galaxy Note.

Flagship- The most important one out of related group or system.

Android- Operating system based on the Linux kernel and mainly designed for touch screen smartphones and computer tablets.

iOS- Mobile operating system developed and distributed by Apple Inc.

OS- (Operating system) Collection of software that manages computer hardware resources and provides a general service for computer programs. E.g. Android

Ad- Advertising.

1 INTRODUCTION

Some years back, the mobile phone industry was led by Nokia and Motorola. They had been in this position for quite some time. But things drastically changed; the story of Samsung mobile in the mobile phone industry was one almost low profile company with distinct products and low cost product portfolio. In less than a decade, they managed to emerge the market leaders in the smartphone industry. So how did this happen?

In this industry, of fierce competition, the companies have been forced to come up with very creative technological innovation and winning marketing strategies. When iPhone was launched by Apple Inc. in 2007, they created the Smartphone market for the average consumers, before that the product was targeting only business users. From then Apples' iPhone and Android phones, which are offered by Samsung, HTC and Nokia have tried their best in competing in this ever changing high-tech market and so far have qualified to be the big players in the Smartphone industry. In a fast growing industry, time is everything and every company wants to possess most innovative technology and products before its competitors.

Samsung is currently the top Smartphone manufacturer in Europe. At the end of 2012 Samsung had 32.3% share of the market according to the figures from Comscore (n.d). Samsung overtook Nokia in April 2012 to claim the top spot, a position it had maintained for long. Apple came second with 20.5% market share, followed by Nokia at 16.3% market share (Samsung dominates European Smartphone market, 2013). Being the top selling Smartphone brand in Europe, Samsung has captured 45% share of the European Smartphone market according to data from Kantar World panel Comtech (n.d). As the worldwide Smartphone sales increased by 46.9% in 2012 and accounted for 39.6% of total mobile sales, according to Gartner research (n.d), Samsung and iPhone dominated the Smartphone market. Samsung mobile phone led with 98 million units in Q3, commanding 32.5% of the global Smartphone market (Apple and Samsung lead global Smartphone race, 2012) Samsung Galaxy

Smartphone's use Google's operating system Android. They introduced its first Windows phone in 2012. They offer great variety of products that target a wide range of customer segments in the market. Example is the, Galaxy Music, which are for music lovers. It includes features like easy access to music and surrounds sound. For the people who value innovative technology, they are offered Galaxy S3, which has also a mini version for those who find it too big. (Samsung, Mobile devices, 2013) The prices for these Smartphones vary greatly to meet different consumers' needs. Some time back, Samsung was struggling to catch up with big players like iPhone in the Smartphone market. And now it is the leading company in the market with the addition of being the largest technology company by revenue. With the introduction of Galaxy S4 Smartphone, they have brought a whole new package of Smartphone with impressive features. Samsung has always been under accusation of copying iPhone, which got them into trouble by losing a high-profile case to Apple Inc. for imitating Apples design. This was seen when a nine person Jury awarded Apple more than \$1B, when founded Samsung infringed Apples patent. The Jury found Samsung to have infringed the Apple Utility, that is Design patents but not for all products. Damages owed by Samsung was \$1.05 billion (Lowensohn, 2012). Luckily for them this legal and marketing warfare didn't slow its momentum nor dimmed its ambitions. Samsung is focusing in increasing its annual revenue to about \$400 billion in some few years from now, which will see them in same heights with the likes of Wal-Mart Inc., who are world's largest companies. Samsung still lags behind Apple even after its success in the perception of most innovative company. The company leaders are now working towards changing Samsung's culture and strategy to be classified as an innovative company and change its reputation of being a fast follower (O'Brien, 2013)

1.1 Scope

I chose to focus on the marketing strategy implemented by Samsung for its smartphone products, because the purpose of marketing is to act in a way that a company delivers products in the market that they correspond to demand. That it satisfy its customers' needs and wants with significant and sustainable competitive advantage and profit as noted with Samsung. Samsung's success may be affected by factors outside the scope of marketing strategy; these will be discussed briefly but are not included in the analysis of this thesis. This research will consider only the marketing strategy factors, affecting Samsung's performance in the European market and global market at large. This paper will discuss mainly the marketing decisions of the company in the smartphone market not considering much the mobile market, as the mobile products is sidelined due to changing customers' needs. The study will concentrate on the consumer perception regarding Samsung marketing strategy to structure the conclusion of the studies.

1.2 Research Questions

The purpose for this research is to explore the marketing strategy of Samsung, and the particular introduction decisions of the company when marketing its smartphone products. The goal of this analysis is to understand whether there is evidence to conclude that Samsung's performance in the smartphone market has been positively affected by the marketing strategy decisions and implementation. The research questions are:

What are Samsung's goals in the smartphone market, and how does it want to achieve them?

What are consumer perceptions to Samsung marketing strategies?

What are the marketing strategies of Samsung Galaxy devices that may have caused its growth in the smartphone market?

2 LITERATURE REVIEW

2.1 Samsung Mission and Vision

2.1.1 What are Samsung's goals in the smartphone market, and how does it want to achieve them?

In order to understand what Samsung wants to achieve in the smartphone market and how, I will examine the company's mission and vision statements. This process is essential in understanding the underlying drivers for Samsung's strategy decisions in the smartphone market. The mission statement is the starting point for the strategies and plans. (Drucker, 1973) He continues by saying the strategy formulation requires answer to question "What our business is and what it should be." And the answer should be found in the mission statement. (Drucker, 1973, 57)

A company needs to answer five questions to define its mission statement. (Drucker, 1973). A company must know what kind of business they have and who their customers are and what their customers' value, as well as what and how the business should be. By answering these questions, will determine the choice of strategy so that it leads to accomplish the goals set in the mission statement. In their book "Successful Marketing Strategies for High-tech firms" Viardot (2004) stated that, a mission statement is different kinds of statements of the dominant justification of an organization. The mission is defined by the skills, market segments and the added value. E.g. what is the business? Who are the customers? And what can the business do for the customer? These statements are usually completed with an articulation of the company's vision or strategic intent, which express the aspiration of the company for a significant period of time. They continue by urging that successful companies know their mission in continuously changing environment, this knowledge will add them the discipline and efficiency to focus their efforts on the primary task of correctly serving their customers (Viardot, 2004). Samsung mission and vision is studied

this part of thesis in order to understand how Samsung is planning to achieve its goal in the smartphone market, and know who are its customers and where it wants to be in the smartphone market.

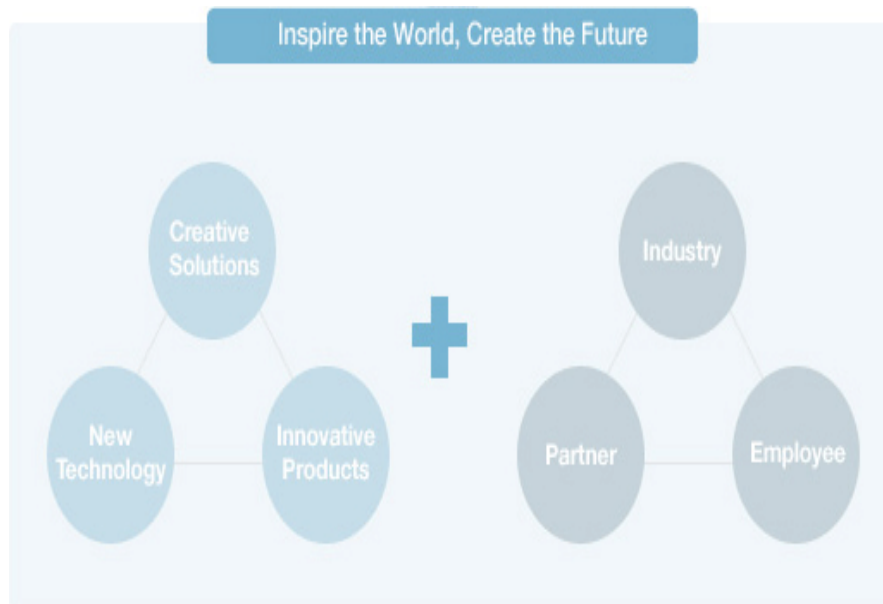


Figure 1. Samsung three key strengths & Core Networks. (Samsung, 2013)

“Inspire the world, create the future”, Is Samsung mission statement in its vision 2020. With this new vision, Samsung commitment is to inspire its communities by taking advantage of its key strength, creative solutions, innovative products and new technology, as they continue to promote its new values for Samsung core networks. This includes industry, partners and employees. Samsung hopes to contribute a better world and rich experience for all, using this efforts. Also as part of its vision, Samsung has a plan to reach \$400 billion in revenue and be classified as worlds’ top five brands by 2020. So far, in its management, Samsung have established 3 strategic approaches that include creativity, partnership and talent. Samsung dedication is to be a creative leader in new markets and wants to become a No.1 business going forward (Samsung, 2013).

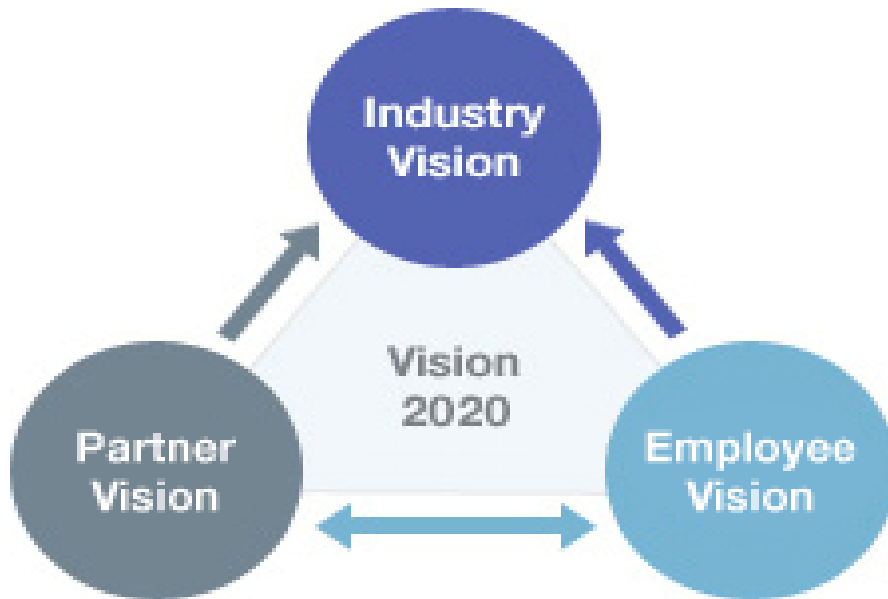


Figure 2. Vision 2020 (Samsung, 2013)

Samsung's mission seems focused in building its brand and becoming a creative leader in new markets. It looks like Samsung is set to change its reputation of being fast followers, a company that succeeds through watching others pioneer new technologies and markets and then rush in behind. This was seen when Samsung lost a high profile case to iPhone after being accused of the company's phones were iPhone's rip-offs that violated a number of patents.

In spite of its success, Samsung still lags behind Apple in terms of which is the most innovative company. In its mission to capture the title of being creative leader in the Smartphone market, Samsung leaders believe they must fundamentally transform the company's culture and strategies. By doing R&D, Samsung will be able to control its destiny. For them to get the kind of growth they have in their mission, they have to make the transition from being innovation follower to innovation leaders. (O'Brien, 2013)

2.2 Internal analysis

2.2.1 Overview of Samsung

Samsung was founded in 1938 by Lee-Byung-Chull and was originally called Samsung Sanhoe. It started as a small export business within Korea that produced food and sugar. It later joined electronic industry late 1960s. It went through a pioneer digital age from 2000-2010. This digital age was the time of revolutionary change. Samsung responded well to this need in technology with competitive products and constant innovation by releasing products like PDA phone, LCD TV, First Solar powered mobile phones and created world's thinnest TV at 6.5 mm. They currently specialize in digital appliances, media, phones, semiconductors etc. (Burge, 2012)

2.3 Marketing Mix

In order to find out which strategy Samsung used to achieve its leading position in the smartphone market, I will take a look at its marketing mix. The marketing mix will point out the strategic choices of the company. Marketing mix is referred to blend of product, pricing, promotion distribution strategies made to produce a mutual satisfying exchange with the target market (Hutchison, 2009). The marketing mix is a synonym of 4ps, which is made of the four relevant components of all product strategy. These are Product, Promotion, Price and Place. They hold the opportunity for the company to differentiate. (Borden, 1964). The four "P"s of product, price, promotion and place constitute the offer that an organization offers to the business. If this offers suits well the consumers' needs, it should lead to sales. In addition, if it's sufficiently managed, these sales should add profit to the business. (McDonald, 2013) suppliers need to understand the attributes and benefits the buyers' value so that they customize each "P" to their needs, and the mix of the elements that will be appealing to the buyers. (Young, 2011).

2.3.1 Product

These are the goods and services that a company offers to the target market. Product is the main thing that the marketing energy must focus. (Borden, 1964) Hutchison (2009) defined products as goods or services designed to satisfy the customer's need. He continued by stating that the product in marketing refers to all activities relating to the product development, keeping in mind that there is a market for the product, it has to be appealing; it differentiates from other products existing in the market, and it can be produced at an affordable competitive price.

Samsung's smartphones evolve beyond its limitation in slim phones to embody the perfect combination of comfort, simplicity and sophistication. All their unique customized smartphones come with outstanding features. Products vary greatly in Samsung's phone department. They have a number of Galaxy smartphones, Galaxy S4 being their fourth generation. Samsung galaxy Series are Android based. These series are recognized as follows:-

"S" (Super Smart/ Flagship) they are for flagship purposes such as their current fourth generation galaxy S4.

"R" (Royal / Refined/ Premium) these models combine power, performance and productivity.

"W"(Wonder/High Tier). This is for people who seek balance between style and performance.

"Y" (Young"). This is for the young audience who are sensitive to price.

2.3.2 Promotion

These are all types of communications a marketer may use to give information to different people about the product (Borden 1964). All the promotion activities are designed to communicate with the market and thus promotes the sale of the products. Promotion provides information that will assist customers in making a decision to purchase a product. This includes: advertising. Public relations,

personal selling and sales promotion. These are important tools that support positioning within the various market a company wishes to address (McDonald, 2013). It is also seen as informing, motivating the customers and reminding the consumers to purchase the product (Hutchison, 2009). Promotion is an essential tool for solving organizational problems like enhancing market position or persuading customers to behave in line with the economic interest of the business (McDonald, 2013).

Samsung uses different promotional tools across different media platforms to promote its smartphones. They use the television, print advertising, internet social media and outdoor media.

2.3.3 Price

This is the amount for what the product is to be paid. (Borden, 1964). Hutchison (2009) referred price as what customers will exchange for product. Among the four components, price is determined as an important variable since it is one of the key determinants of a product value. Price is thus one of the evaluative criteria used by consumers, as are the cost incurred in buying and owning or using the product (McDonald, 2013). He also noted that the price is very difficult aspect of the marketing mix to manage. McDonald (2013) urges that to maintain the integrity of prices; the company should implement a sound pricing strategy; this will support the company's overall marketing strategy and profitability. After manufacturing innovative and cost effective phones worldwide for a long time, Samsung has been able to learn what is required to stay on top of its industry. It has not allowed Apple Inc. to grow in markets like Asia and developing countries like India due to its price policy. This is the results of manufacturing wide range of products with different price range.

2.3.4 Place

Also known as distribution. This is to how the product finally reaches the consumer (Borden, 1964). The distribution channels. Providing of products at a place where is convenient for customers to access. This is how to deliver and

distribute the product to the customer (Hutchison, 2009) From a consumer point of view, the channel through which they purchase products provide the most direct relationship with the supplier (McDonald, 2013). So the development of a strategy for the channel is important for the relationship an organization has with its customer. Many distribution systems are made up of channel intermediaries such as wholesalers and retailers (Hutchison, 2009) According to McDonald (2013) a supplier must decide where to focus marketing efforts. That is, on a push approach, whereby attention is concentrated on the intermediary, to sell in more products, or on a pull approach where the supplier emphasizes the creation of demand so that intermediaries are encouraged to deal in that product. (McDonald, 2013).A marketer can use; intensive distribution, selective distribution, exclusive distribution and franchising to complement the other aspects of the marketing mix. Samsung uses variety of distribution channels. They distribute to various telecommunication companies like mobile phone retailers, Internet partners such as Amazon and other carriers. They also have Pop-up Samsung retail stores.

2.4 Strategy Analysis

The thesis is set to explore two strategies models in the strategy analysis that is found suitable for the introduction stage of a Smartphone. These are Smith's differentiation and segmentation strategies and Porter's Generic strategies. These two strategy models seem to suit well the strategic possibilities in the Smartphone market.

2.4.1 Porter's Generic Strategies

Porter's generic strategies are two by two matrices, which "juxtaposes low cost and uniqueness with industry wide and narrow target segments" (Shaw, 2012, 43)

		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope	Broad Target	1. Cost Leadership	2. Differentiation
	Narrow Target	3a. Cost Focus	3b. Differentiation Focus

Figure 3. Porter's Generic Strategies.

2.4.1.1 Lower Cost

This is focused in achieving the lowest cost possible within the industry. (Byron, 1991). Competition is achieved by driving down costs. Porter notes that all the firms including cost leaders have to manufacture products comparable to others in terms of product features and quality. In other terms there is lower limits to features and benefits that buyers are willing to accept.

2.4.1.2 Differentiation

The differentiation competitive advantage promotes a product that is perceived by the consumer to differ on a physical or non-physical product features. According to Dickson (1987) Differentiation in non-physical products features may be created by the use, experience, word of mouth and promotion strategy. Physical difference is created by the product features.

2.4.1.3 Broad Target

The broad target scope offers for the mass market. It is usually applied with low cost competitive advantage, for big companies offering standardized products. (Shaw, 2012) It can, however, be applied with differentiation, offering

differentiated products to the mass market. Companies, who choose broad target, usually use one marketing mix for their business. (Shaw, 2012)

2.4.1.4 Narrow Target

Porter's narrow target is also referred to as market segmentation or niche scope. This is suitable for small companies with small financial resources. (Shaw, 2012) It can also be used by big companies targeting multiple niche markets. It also involves dividing the market into small markets and targeting the companies with products suitable for that market segment.

2.4.1.4.1 Porter's generic Strategies Critique

Porter's matrix excludes cost as a differentiation strategy. This seems not realistic when low cost price for the buyer compares to the other products on the market could also be a differentiation strategy. (Shaw, 2012). For the business to gain competitive advantage every component of the marketing mix should be differentiated that includes the price.

At this point of my studies, I arrive at the conclusion that Samsung is using the differentiation strategy with its Smartphone products. This is differentiation, competitive advantage and broad target scope combined together. Differentiation occurs in the product and price part of the marketing mix of Samsung smartphones. Smartphones are differentiated from its rivals in the product part of the marketing mix with its physical and non-physical characteristics. The differentiation is seen both physical and non-physical. The phones designs, the possibilities of customization and different colors offered can be classified as physical. The innovative technology and features used in S4 can be classified as non-physical. It can be argued that Samsung is also using segmentation strategy by taking into account their earlier Smartphone products and current S4 devices, which are differentiated from each other in price and features. I will continue to Smith's differentiation and segmentation strategy to find whether I'll come up with the same conclusion.

2.4.2 Smith's Differentiation and Segmentation Strategies

Shaw (2012) noted that Porter's generic strategies can also be derived from Smith's differentiation and segmentation strategies. Unlike Porter's generic strategies, Smith recognizes price as a differentiation strategy. Product differentiation and market segmentation are all applicable in the framework of imperfect competition. (Smith, 1956) These strategies aim to shift or change the demand curve slope for the market offering individual supplier.

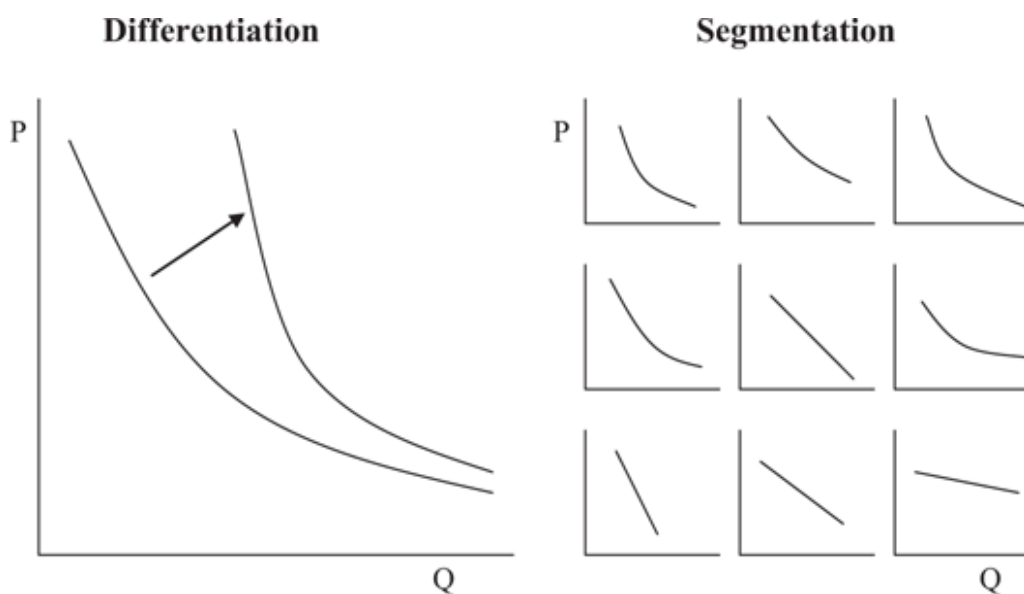


Figure 4. Smith's Differentiation and Segmentation Curves

2.4.2.1 Segmentation strategy

Segmentation in the above right Segmentation figure focuses around demand side of the market (Smith, 1956). Market segmentation determines target customer groups and their needs (Hamper, 2013). This concept is apparent, in an environment that is intensely competitive like the smartphone market; a company can succeed by creating products for a specific segment. The company can target a specific group than going for the whole market, by this it can achieve a higher rate of returns. This strategy recognizes demand

schedules when targeting the mass market or broad market. According to Smith (1956) market segmentation, views one heterogeneous market as couple of homogeneous market segments. It gives a better recognition of the customer's desire and higher satisfaction of the segment (Shaw, 2012). Using segmentation strategy, means recognition of small market segments and targeting the products suitable for that specific customer group.

2.4.2.2 Differentiation Strategy

In the above left differentiation figure, market differentiation aims to secure a share comprehensive and generalized market. Smith (1956) noted that differentiation strategy is recognized in securing a measure of control over demand for a product, through heavy advertising. The idea in this strategy is to position the brand in the market as different from its competition in the customers' perspectives. Hamper (2013) defined differentiation as making changes in the products characteristic that will attract new customers or increase usage among existing customers. He also noted that product differentiation is used to hold or capture more of a market that has already been defined and penetrated as seen in the smartphone market environment. Just as Porter's generic strategies, the differentiation can be physical and non-physical. Physical cannot be really based on the value as good image or logo but can be design, price and package.

Coherent to my previous analysis of Samsung using Porters matrix, I arrive at the same conclusion that Samsung is using the differentiation strategy with its S4 flagship. The differentiation is seen both physical and non-physical. The phones designs, the possibilities of customization and different colors offered can be classified as physical. The innovative technology and features used in S4 can be classified as non-physical. The range of software features does standout with the Galaxy S4 smartphone. Samsung has made use of its device sensors, including the new features like the usage of front and rear camera together gives them an advantage by differentiation over its competitors. It can be argued that Samsung also uses segmentation strategy by taking into account their earlier galaxy series and current S4 devices, which are

differentiated from each other in price and features. The company can be seen to be targeting two markets with these two models, higher to middle classes. The S4 is targeted for high class and business personality since it came in high price compared to galaxy version which are cheaper.

3 METHODOLOGY

The purpose for this study is to understand the consumer perception to the marketing strategies used by Samsung in the smartphone market. In order to achieve this, the study is positioned as both descriptive research and exploratory research. Descriptive research (Saunders, 2009) objectives is to portray an accurate profile of a situation (Robson, 2002) In this case, the study focuses on analyzing Samsung marketing strategy that might have caused its success in the smartphone market. Exploratory research was chosen as the instrument to collect primary data for this study. Exploratory research is usually used to provide a better understanding of a situation. Though it is not designed to come up with final answer or decisions. Through this research, this study is hoped to produce hypotheses about what are the marketing strategy decisions that may have caused the success of Samsung in the smartphone industry (Monroe, 2011). Survey strategy is used in this study to collect data. With the survey, it is possible to collect huge amount of data from a large population in a highly economical way (Saunders, 2009). This is was efficient for this research since it is focused in acquiring information from random smartphone users. This is obtained by use of internet questionnaires that will be administered via Facebook inbox and some through emails. The survey strategy is seen as authoritative by people in general and is both comparatively easy to explain and understand (Saunders, 2009). The survey strategy allows in collecting quantitative data that can be analyzed quantitatively using descriptive statistics (Saunders, 2009). The questionnaire will include all techniques of data collection in which persons are asked to respond to the same set of questions that are established in advance. This may include structured interviews, telephone questionnaires, and questions which are answered without an interviewer being present. Questionnaire provides an efficient way of acquiring data from a large sample prior quantitative analysis (Saunders, 2009). The choice of the questionnaire was influenced by the research questions and objectives and resources for this thesis. By using a questionnaire, I believed to obtain more primary data, these are the information acquired through my research that can be compared to the secondary data, and information collected

already by different authors and are referred during this thesis. Unstructured interviews are informal and are used in exploring in depth general areas of interest (Saunders, 2009). The interviewees had the chance to talk freely about Samsung products. It is the interviewee perception that guides the conducts of the interview when performing unstructured interview. Usage of the unstructured interview assisted in explaining and understand the consumer behavior through qualitative data collection. Since the study is based on the consumer perception on Samsung marketing strategies, I thought its best to interview the population of smartphone consumer. This will help to map up the marketing strategy decisions made by Samsung. The target population for this survey was in the 18 to 50 age group with at least college education, who are smartphone owners. The intended group was a small random sample with 50 respondents. The survey was based on formal, structured questionnaire that was emailed (Facebook inbox) to the target group in an internet form that could be filled and the data was collected back from respondents electronically. In order to reduce the limitations of the quantitative study and gain more insight, the survey was designed to utilize closed and open-ended questions together that were aimed at gathering qualitative data from the respondents. The qualitative data can be useful to develop concepts and about the purchase decision process. The survey was made up of parts aimed at gathering, product attributes influencing the smartphone purchase decision, perception of product promotion and other influencing factors that lead to customer purchasing decision. The survey had 17 questions in total and collected data from 20 respondents. This will assist in mapping the marketing strategy used by Samsung to reach out to its customers. The survey was structured to know consumer perception about Samsung smartphone marketing and thus obtaining their feedback and suggestions. An attempt was made to understand whether Samsung smartphone has managed to cater for its consumer demand. The sample size is very low and hence there maybe high probability of error. The survey was constructed to study different variables such as quality of the product, value of money, popularity of the brand, reviews from the smartphone users, etc. that influence the purchase choices, the perceived superiority of

different smartphone brands in terms of innovation in the market and the effectiveness of Samsung's promotion strategy. The first part of the survey collected demographic information such as age group and occupation (Q 1 and 2). The third and fourth question focused on what mobile phone brand the respondent owns and what factors led to the respondent buying decision. Collecting data on product attributes that influence the purchase of a smartphone formed the second part of the survey (Q5 and 6) Consumer opinion of the perceived product quality and technical specification of the product value for the money. The next part of the survey, gathers data about consumers perception on Samsung advertising strategy. This was done after studying product attributes that lead to consumer perception of quality. Question 4 and 6 of the survey ask the respondent the product qualities that lead to consumer buying decisions and which brand one prefers between Samsung and Apple's smartphone. The following questions ask the respondents about Samsung marketing campaigns. This section help in understanding the consumer perception on Samsung promotion strategy. The next section includes questions that collect data about why the respondent would purchase Samsung smartphone due to its price range, how they view the value of Samsung smartphone in the smartphone market. Qualitative data can be gathered from this questions that can help better understand consumer perception on Samsung pricing strategy and its effectiveness. The last question focuses on learning about the Samsung smartphone users' loyalty to the brand. The question is about further information the respondent had about Samsung smartphone that they thought were related to the survey. Copy of the original survey can be found in the Appendix part of this thesis.

The SWOT analysis is used to map the environment of Samsung. This method is studied to explore the strengths, weakness, opportunities and threats for Samsung. SWOT analysis will help understand whether Samsung has built its strategy using its strength, working towards improving its weaknesses as it utilizes its opportunities in the market and protects itself from the threats.

To understand which strategies are appropriate for the introduction stage of Galaxy Smartphone, product life cycle concept was studied. The study explore two strategies models in the strategy analysis that is found suitable for the introduction stage of a Smartphone. These are Smith's differentiation and segmentation strategies and Porter's Generic strategies.

4 ANALYSIS OF SAMSUNG'S MARKETING STRATEGY

4.1 SWOT Analysis

I find it relevant to use SWOT analysis to map the environment of Samsung. This method is the best in exploring the strengths, weakness, opportunities and threats for Samsung. SWOT analysis will help in understanding whether Samsung has built its strategy using its strength and protects itself from the threats in the market, and whether it has worked to offset its weaknesses.

SWOT analysis is a way to monitor company's internal and external environment, the overall evaluation of the strength, weaknesses, opportunities and threats, (Kotler and Keller 2009, 101) When a company consider its strengths, and build its strategy and utilizing them this will create a competitive advantage for them. Weaknesses and threats are the factors that can affect the company in a negative way. By being aware of these, Samsung can develop a strategy that will offset its weaknesses and protect them from threats. Opportunities are used for the company to develop and grow in the market.

Strength	Weaknesses
<ul style="list-style-type: none"> • Strong market position. • Expanded Business portfolio. • Strong Top-line growth. • Innovation in design. • Low production cost. 	<ul style="list-style-type: none"> • Patent infringement. • Too low profit margin. • Less distinction with other android smartphones. • Lack its own OS and Software.

Opportunities	Threats
<ul style="list-style-type: none"> • Wide range of phones. • Main manufacturers of application processors. • Growing mobile advertising industry. • Great portfolio patent. 	<ul style="list-style-type: none"> • Competition. • Availability of Substitute. • Rapid technology change. • Price wars.

Table 1.SWOT Analysis

4.1.1 Strength

Samsung is focused on producing devices that can be connected with most of the software android, OS. This gives them an edge over Apples' devices.

Galaxy S4 is the biggest strength for Samsung's Smartphone products. Its superior technology allows Galaxy S4 to better meet the customers' needs in a way the competitors cannot imitate.

Samsung is the current market leader in the Smartphone, category accounting 35.8 % of the entire market share. It has sold a lot of phones globally compared to its closest competitor, Apple Inc. The Galaxy S series are the main reason for gaining a large market share over a 4 years' time.

It can be argued that innovation can't be classified as one of Samsung's strength. But if we take a look at its S4 flagship, this product stands out currently in the market and listed as one of the best smartphones in the market (Eadicicco, 2013), with its many innovative features that most of its big rivals lack, like feature-rich camera, useful preloaded apps, gesture support, fast quad-core performance, removable battery and micro SD card. Although Apples new flagship, iPhone 5S are known for its high innovation, Samsung currently stands out with its S4 flagship in terms of innovation. This is seen in the quality

of the products. Comparing the two smartphones iPhone and Galaxy S4, in terms of design and build, S4 stands out with its large screen compared to iPhone which is small. S4 screen is big in resolution and pixel density than iPhone 5S that give it high display. The camera on S4 is up to date the best seen on any smartphone in the current market giving it an advantage over its competitors. This statement can be supported by the responses collected in the survey, where one of the users mentioned Samsung smartphone's cameras are great with good quality of pictures and fast. The software, on the other hand, always brings huge differences. Even though Apple has a strong App store, its iOS has different lack of customizability which is Androids major strong point. This can be backed up with the responses collected from the survey where the respondents listed the availability of the android application in Samsung smartphones as easy to use and are offered free of charge. Innovation does stands as Samsung strength under this terms. Samsung has production facilities in low cost countries, which allows them to produce their products in low production cost. This benefits them as they can offer a lower price and still earn higher margins.

4.1.2 Weaknesses

There are few differences between Samsung products and its competitors. Samsung offers many smartphones, including Galaxy S line. These smartphones have been criticized for being “evolutionary” as opposed to revolutionary and contain many features that are used by many companies.

Samsung has been caught in cases of infringing Apples and some other firm’s patent, thus destroying its reputation and made to pay handsomely for the damage.

The fact that Samsung is selling millions of mobile phones is a great achievement; however, the major issues are that Samsung is not making a good margin on those sales. The production of their products is highly fragmented as well, where they have made many different types of handsets accommodate different prices points. This might create mixed messages to

investors who may find that streamlined products offering would better in the long term.

Samsung will be disadvantaged over its rivals if they lack strong software and OS. Software and OS production have high profit margin, can increase integration of the company' products.

4.1.3 Opportunities

Samsung's wide range of smartphones can attract different markets. Due to its smartphone consistent quality, features and performance, many critics consider Samsung the leading Android manufacturer. Most carriers use these features to advertise for the phone and push sales.

Samsung is a leader in different forms of technology which can utilize the innovation of new smartphones, such as using high definition technology from their television and incorporate that into the screens.

One of Samsung innovation was the Galaxy Note. The first of Phablet (Phone/Tablet) One of its kind. It is currently the only hybrid in the market and is rated well even on its phone capability.

Samsung having a wide range of phones that can cater for a large market, and with the strategic tie ups with google will help them rule electronic market.

Growing mobile advertising industry. Samsung can develop advertising platform for its mobile devices and greatly benefit from this lucrative market.

The release of Galaxy S4 created new markets which allowed Samsung to improve their business and diversify their portfolio.

Being the only main manufacturers of applicators processors for smartphones and tablets, gives them a competitive advantage over their competitors. The increasing demands for smartphones require best quality application processors that can only be provided by Samsung.

Great portfolio patent is another Samsung's competitive advantage. They can only be found by engaging in expensive R&D or through acquisition of other firms.

4.1.4 Threats

Apple is seen as the biggest Samsung threat especially in the launch of its new device the budget iPhone 5C. The idea that a budget iPhone would allow Apple to sell in emerging markets such as India would cut market shares for Samsung.

Availability of substitute products affects Samsung Galaxy ability to raise prices; this might cause customers to switch to other products.

The significant problem by Samsung and other technology companies is the rapid change in technology. Companies are under high pressure to release new products faster and better than their competitors. This is always hard when a company wants to introduce something new, innovative and successful.

Having very low gross margin in most of their products, and already selling some of the products with significant price cuts, Samsung's, competitor can follow price cutting approach to and induce price wars.

4.2 Introduction Stage Marketing Mix Of Samsungs

Smartphones

Samsung is great in giving consumers what they need. This is seen by their strategy of offering smartphones to suit all their customer's requirements.

4.2.1 Product (Samsung Galaxy S series) Life Cycle

It's approximately five months since the launch of Samsung galaxy S4 and has already started its growth phase. It has become most well-known Samsung's smartphone series and publicized throughout its target, to market via successful aggressive advertisement used by Samsung. Their advertisements have been

seen almost everywhere in their target market. Samsung has exhausted almost all means of advertising from TVs, Newspapers, Printable media such as billboards and bus station walls. The knowledge of the product has already spread and most of the customers already aware of its use. It might start its decline period probably when the Next S series will be released provided there will be the same technological discoveries as there have been in the past 3 years. This can be compared to Galaxy S2 and its product life cycle.

4.2.1.1 Product description

The Galaxy S4 is the newest release in the Galaxy S series, and it's made to connect to 2G, 3G and 4G networks. Samsung is seemed to have put all their efforts into this product in order to realize their mission of becoming leading innovators in the smartphone market. They have added features like Dual Shot function on its camera, this feature, and many of it has set S4 unique selling point. The user can also work with its file system easily making it appealing to people who are interested in technology. All this features set them above.

4.2.1.2 Packaging

Samsung Galaxy S4 is packed in a box that looks like a wood surface. This appealing to business people of high social class as it has a high quality look than the standard plastic or cardboard cases. It is designed to make the user feel unique. The package can also be recycled and be used as a pencil holder. They have been tremendous change in design of S4 since the original version S1 was introduced. The thickness and weight have been greatly reduced. This is great as it can fit well in pockets. They have increased the width and its height that created a benefit of wide screen. The colors include the Black Mist and White frost which are designed to match the users' style, as they use the term in their marketing of S4 to appeal fashionable and young millennial.

The flagship S which is considered a direct competitor to iPhone. Its I9000 Galaxy S and S8500 Wave smartphones were the winners of the 2010 European EISA awards in smartphone and social media phone categories. The

I9000 galaxy S is known for superior-quality screen with a high connectivity, and the S8500 Wave is for the Bada operating system with unparalleled social networking and location based services. (All4cellular, n.d.) Most smartphone makers like iPhone tend to concentrate on one or at most two operating system, but Samsung continues to support different OS with its wide range of smartphone's in the market. Though the S4 adopts Google Android as its primary OS, it also supports other competing OS like Symbian, Microsoft Windows Phone, Linux-based LiMo and its own propriety Bada. Many smartphone users have a need for extra storage, and Samsung smartphone offers this in plenty compared to its competitors. HTC has 32GB and iPhone has 64GB as the biggest while Samsung offers this storage capacity plus an extra memory card slot. Samsung has differentiated itself in product part in terms of its storage options making it a better option for many smartphone users.

4.2.2 Promotion

In its promotion component of the marketing mix, Samsung used Olympic Game sponsorship. They used this as a platform to show new products and technology they are offering. Publicity is the most powerful way to introduce new products and technology to the market. They provided its wireless communication technology during the Sydney 2000 Olympic Games and was part of the mobile telecommunication equipment category in salt Lake 2002 Olympic Winter Games. Also, in its sponsorship "in the Golf game" contributed to its global branding. By sponsoring a great golfer like Seri Park, just as her career was going well in the USA, they thought it would increase its brand value and reputation. In addition to that, Samsung became the official sponsor of the Samsung Ladies Professional Golfer Association World Championship. Movies have also taken a major part in Samsung promotion strategies. Example, one, can come across Samsung products especially their smartphones in many Hollywood movies and series. Example is the "Matrix: Reloaded". Samsung was an active participant in developing the "Matrix Phone".

Samsung uses aggressive methods in the promotion of their flagship smartphone Galaxy S series. They have done this by offering unique points on their products that no other company has done, and having an excellent brand image that comes from high quality products. They advertise a lot, which has helped in their product image and market share. They have made use of the internet technology very generally. They have made various websites for their products along with contractual agreements with video channel and social networking sites for advertising purposes. It is estimated that Samsung marketing budget for the galaxy range of devices is one of the largest in the world out spending companies like Apple and Microsoft. They have spent huge amounts promoting the Galaxy devices focusing mainly on S3 and S4. (Spence E., How much will Samsung's Lower Marketing Spend Impact galaxy S4 sales during 2013? 2013) When S4 was launched it gave Samsung a high amount of media coverage unlike the free airtime that is usually reserved for iPhone. This happened live in New York's iconic radio City Music Hall. The hour-long spectacle was broadcasted in Times Square, and there was live stream of video at home. As well as about 462000 people tuned in to watch the official stream on Samsung YouTube page. Samsung has recently had much success with its commercial advertisement. One of the much talked about is the one that had the slogan "The next big thing is already here" referring to the Samsung Galaxy. These advertisements made fun of the "Apple fans" aspect. (Samsung Galaxy S3 Ad, 2012) It showed that it was ridiculous to wait so long in line for a smartphone based solely on its brand. The iPhone 4s was hyped so much by its fans, but it was nearly a disappointment when it seemed closely related as its predecessor, the iPhone 4. The international advertisement that they released earlier was the "tutting" video. (Unleash Your Fingers, 2012) Tutting can be defined as dance moves made with hands and arms to make geometric shapes that rhymes with the music. The slogan for the tutting video is "Unleash your fingers" Another one of Samsung advertisement is the elephant commercial where an elephant is seen playing with Galaxy Note (Elephant Plays Galaxy Note, 2013). Samsung has gone to the extent of pairing with designer Giorgio Armani for the Samsung S Captivate to promote its smartphone series. This ad

shows a woman holding a Samsung smartphone next to her mouth, with the slogan that says, "It speaks for you". Apart from TV and magazines, Samsung is using, internet through their websites which features all its Galaxy phones, it has a couple of Facebook pages. Its Twitter page is just a general Samsung mobile page. It has also played a major role through video sites such as YouTube.



IT SPEAKS FOR YOU.
Samsung Galaxy S with Android 2.2 operative system.
By
GIORGIO ARMANI

Figure 5. Samsung and Giorgio Armani print Ad (Touch Puppet, N.D.)

4.2.3 Price

Samsung's S4 are available as unlocked devices on some carrier websites like eBay for \$589.99, and at \$199.99 with a contract extension in mobile retailers. The pricing of Galaxy S4 is beyond most people disposable income. The price might not be a big factor to wealthy people that Samsung seems to target with this smartphone, but it still tops line, and it's selling at that price. The high price mostly adds to the idea of exclusivity of a product. If we take a look at the current launch of Apples flagship iPhone 5C, the company places this product

at a low price compared to its other devices in order to battle head on with Samsung's S4 in the smartphone market. The iPhone 5C is priced at \$549. However, there has been a decrease in price of Samsung Galaxy S4 after the announcement of the company's phablet Galaxy Note 3.

4.2.4 Place

Samsung mainly gets its products to the market through distributors. It sells its products mainly through mobile operators and widely usage of internet by selling them online and ship them direct to their customers.

4.3 Strategy Analysis for Smartphones

After understanding the marketing mix of products, I can continue fitting it into marketing strategy. This study will assist me in determining whether the choice of strategy used is correct and whether it's implemented in the right way. The product's introduction stage, a business, can choose between niche strategy and penetration strategy (Shaw, 2012). The penetration strategy should use aggressive marketing mix such a low price, low service and high promotional expenditure (Shaw, 2012). He further noted that the other option, which is the niche strategy, is good for small companies that use high price and a product for a niche market. A view in the smartphone industry at large, and putting into consideration that the price as a factor that most consumers consider in the business, I will choose two different approaches. I recommend that, in the introduction stage of a smartphone, a company can choose between niche strategies, with the marketing mix suited for particular market segment. This may include, low or high price, and can be used by big or small business. I also find it appropriate to use the differentiation strategy instead of penetration strategy, which is good for different business sizes and price levels. However, I recognized the need in the smartphone market; a company needs to use the differentiation strategy with aggressive marketing mix. This is because of the competition in the smartphone market and strong trend of coping within the smartphone industry.

As the strategy models available have been analyzed for the research, two models are noted that suits best with this analysis. I have selected Porters' Generic strategies and Smith's differentiation and segmentation strategies. According to my research, and by examining the market situation, of the smartphone industry, these two strategies, fit well my knowledge in strategic options, in the introduction stage of a smartphone in the market. I settled with these two models since they are similar and will provide stronger evidence the findings.

4.4 Findings and Discussions

The quantity of students dominates the research with a total of 11 students out of the 20 respondents. High number of respondents lay between the age of 26years and 40 years.

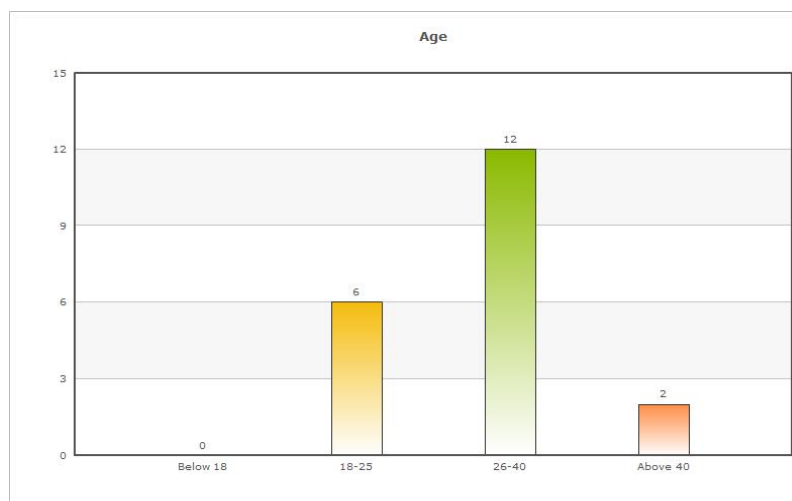


Figure 6. Respondent Age range

Mostly, they use Samsung smartphone with the percentage of 55%. Nokia comes second with 30% and then iPhone with 15%.

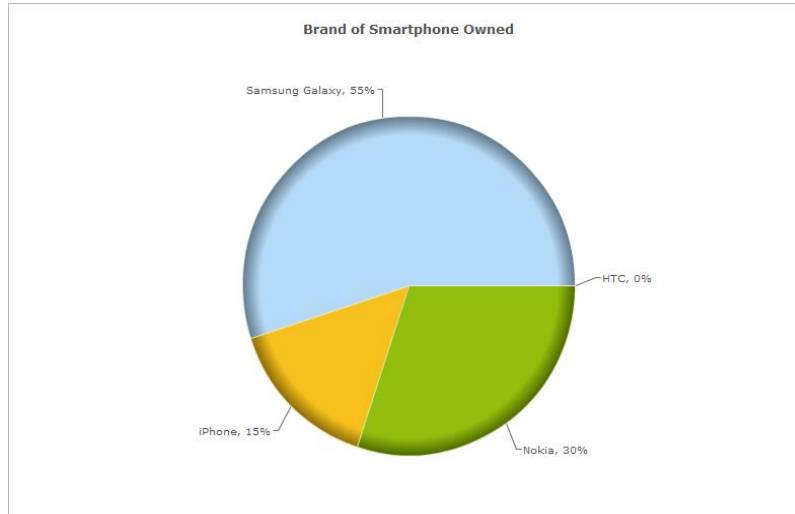


Figure 7. Brand of Smartphones Owned By Respondents

Their reasons for buying a smartphone resulted with applications being highest with 68%, then price followed with 26%, and advertisement came last with 5%. Even though the applications are the main reason for the respondents to buy a smartphone, according to this analysis it seems that most of them don't usually use all the applications offered. The result of the data collected showed 26% of the respondents use all the applications while 74% do not use the applications

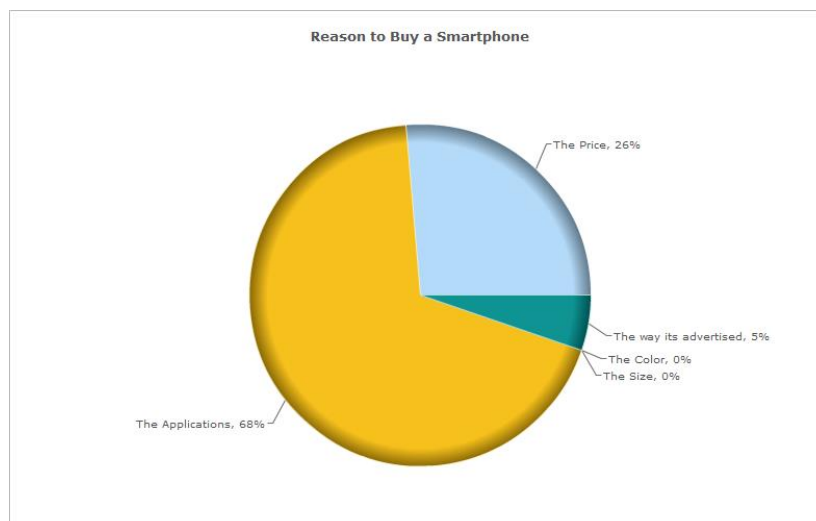


Figure 8. Reasons for purchasing Smartphones

4.4.1 Marketing Mix Analysis (What are the consumer perceptions to Samsung marketing strategies?)

4.4.1.1 Consumer perception to the product

Overall, the perception of the twenty respondents towards Samsung smartphone is good. Fifteen of the twenty respondents said they would buy Samsung smartphone over iPhone in the question on which smartphone, one prefers to buy between iPhone and Samsung. Below are some of the reasons the respondents gave.

“I would go for the Samsung smartphones because they are more attractive, for example, the galaxy. In addition, most of the applications on Samsung smartphones are free, and I don't need to register my card to download them, compared to apple whose applications are hard to access.”

“Samsung smartphones. They are easy to use, durable and uncomplicated”.

“I prefer Samsung since I'm used to them”

“I would still buy Samsung Smartphone because of its quality and the fact that the size is big enough especially when I am checking emails and writing them”

“Samsung, availability of applications”

“Samsung Smartphone because it has good applications, takes good pictures and quick”

“They are durable and innovative. The user interface is not my cup of tea though”.

“I believe Samsung has the best quality, and I would buy a Samsung Smartphone again and again. I trust the brand; it's strong and very durable”.

“Easy to use, android operating system gives free applications”.

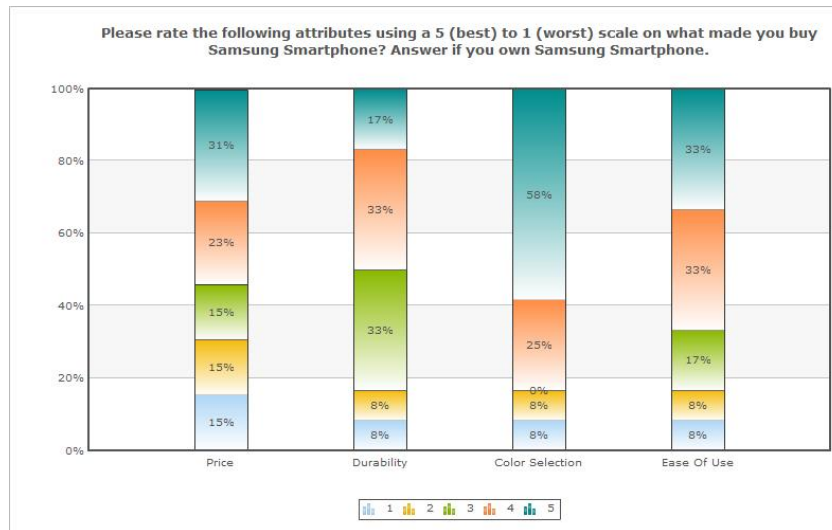


Figure 9. Characteristics of Samsung Smartphone that leads to consumer purchasing it.

It seems the introduction of Galaxy S series was the ultimate Samsung product to compete in the smartphone market with its biggest rival Apples iPhone. They capitalized on the flaws of their competitors, and made the model with a wider touch screen and the best quality resolution, faster processor and was the thinnest smartphone available in the market. It also allows the user to incorporate an external micro SD memory and also supports a lot of multimedia formats that its competitors could not. Just to mention a few of its outstanding characteristics that differentiate Samsung products from its competitors. The product component of the marketing mix is well differentiated as it offers very innovative technology and design that suits its consumer's needs as the data analysis has confirmed on the consumer perception about Samsung smartphone's products. According to this findings and viewing the smartphone market situation, this strategy choice seems to have helped in boosting Samsung's success in the market and was well implemented.

4.4.1.2 Consumer perception to the price

Overall, the perception of the respondents towards the price of Samsung smartphone compared to iPhone is good. The total average percentage showed

from the respondent response; classified the pricing of Samsung smartphone as good. Seems Samsung's smartphones are well known for their economical pricing. Some of the remarks on Samsung price from the respondents were;

"They are affordable"

"I would buy Samsung Smartphone because they have a bigger range of cheaper and more expensive products".

"Samsung Smartphone. They have a nice price and different features for everyone".

"Samsung Smartphones have different price range that are suitable for anyone".

"They are made for everyone".

The charts below shows the rate at which respondents view Samsung smartphone prices.

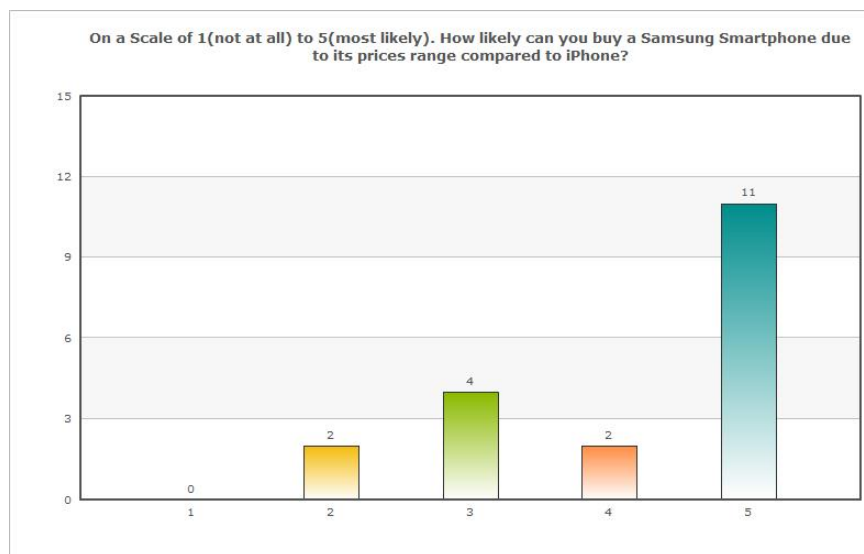


Figure 10. Scale on respondent purchasing power due to price.

This strategy of launching products with reasonable prices and innovative new phones at the same time has made Samsung the successful brand it is now. This is another great difference that seems to help Samsung achieve its leadership in terms of marketing, the lower pricing strategy. The consumer

perception on the price of Samsung smartphone is rated good. This strategy decision seems to have made Samsung successful in different market segment and is well implemented.

4.4.1.3 Consumer perception to the promotion

Overall, perception of the respondents towards the promotion of Samsung smartphone is high. It seems Samsung has taken promotion as the most important variable to build consumer brand awareness and to market their smartphone. According to the data analysis the percentage of the respondents who have come across any Samsung smartphone promotion is 95%. The following are answers the respondents gave after being asked where they had seen any of Samsung's advertisements: "Local TV, Internet, Billboards, In Store, magazines, Newspapers, while using social media (Facebook), and YouTube. 80% percent of the respondents said they could recommend others to buy Samsung smartphone after watching the advertisement. It's also noted that Five percent of the respondents admit buying smartphone's products because of the advertising. There is still coherence between the amount of people seeing the advertisement and those who suggest it. Maybe here is also some study on how often people accept that they buy products because of its advertising! If this is so, it shows how effective advertisement can be in promoting Samsung products.

Some of the respondents' opinions about Samsung's advertisements were:

"The newest add has nice background music, it says about ruling your own life. I guess it sends message that with their phones you can be ruler of your electronics, having apps that you want."

"The advertisement was easy to understand and connected with common people".

"The way it was made, connects with people from different areas".

"The clarity of the images, plus demonstrations on how to navigate phone".

“Very colorful and smartly presented.”

“Products itself, they had given lots of room for that”.

“Samsung adverts are always colorful and eye catchy also because I already have a Samsung note 2 I am always very interested in anything about it”.

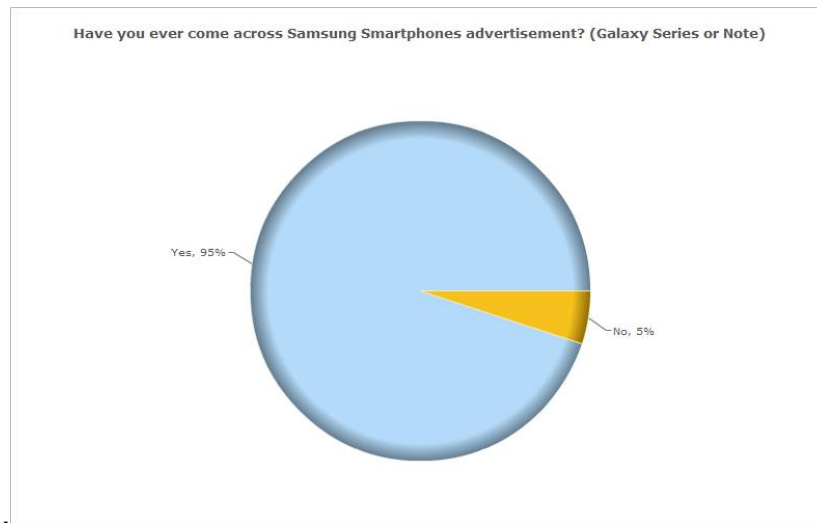


Figure 11. Percentage on respondents' knowledge about Samsung Advertisement.

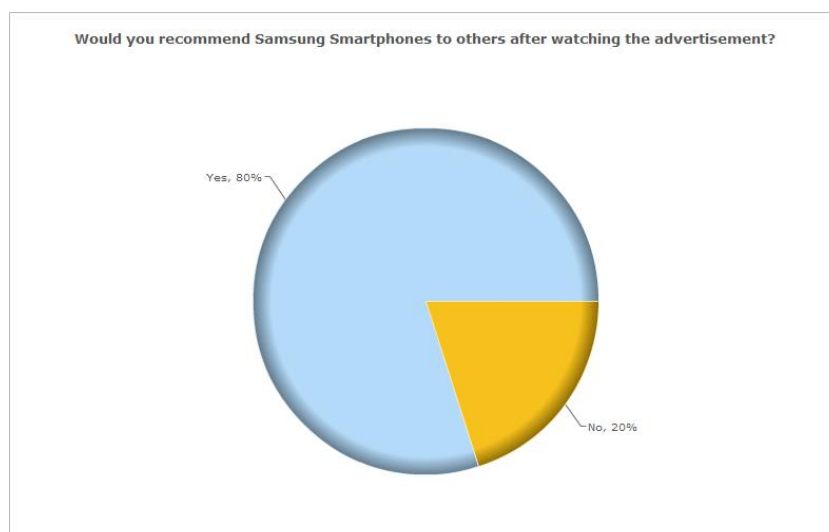


Figure 12. Recommendation of Samsung advertisement

It seems Samsung has managed to achieve its ultimate goal to make galaxy series a lifestyle. This means making the Galaxy products integrate into the life of its users. Samsung has done this by promoting their products in a way it shows how the Galaxy features can connect the users with their values by advertising how the smartphone already fits in the consumer's life and their core values. They have designed their advertising message to maintain their loyal consumers who appreciate their smartphone and powerful specifications. They have also managed to gain new consumers by focusing on the multi attribute approach which features the attributes about the Galaxy lines that fit its consumer's lifestyle.

4.5 What are the marketing strategies of Samsung Galaxy devices that may have caused its growth in the smartphone market?

The concept of the marketing mix plays an important role in the success of Samsung in the smartphone market. Out of the 4Ps, Price and Promotion mainly contributed to the success of Samsung.

Samsung used differentiation strategy on its price component of 4Ps. Pricing strategy has seemed to have played a major role in Samsung's success "in the smartphone market". While Apple seemed focused more in innovation, Samsung mixed the cost leadership with innovation as its competitive advantage. In the beginning of smartphones by Apple Inc. in 2007, Smartphone was a luxurious phone afforded by upper class segment in the market, but as time passed more people gained the desire to have smartphones. Nokia was busy to position itself in the upper segment, Samsung filled the gap perfectly with its Galaxy series. This made them penetrate the evolving market of smartphones. Other competitors could not deliver such cutting edge

smartphones with low price range to compete with Samsung galaxy series. Samsung is believed to provide products at reasonable prices to its consumers. Samsung is focused in cost-cutting measures to maintain its price low. This helps in combating the discount schemes of other brands. It might seem difficult to achieve this ambitious target keeping in mind the pricing strategy of Samsung, But, Samsung believes that it takes time to ensure the supremacy in the market share. Samsung managed to get its brand perception right in its consumers mind as a brand that offers best technology and gives its consumer value for their money, this resulted to its market share going up. Samsung is aggressive in launching its new smartphone devices with the latest technology at an economic cost globally. This is also evident with the data collected on consumer perception to Samsung pricing strategy. The price was rated good compared to its competitors. The review from the respondents shows how effective the pricing strategy has been in the success of Samsung smartphone in the smartphone market.

Samsung success can also be connected with its aggressive marketing and advertising of its products to develop the attitude, transmit information so that it gain response from the target market and create awareness. Its initial advertisement communicated presence of Samsung in the worldwide market and its dominance in those markets. They have also used celebrity endorsement to create its brand awareness. They even focused in the technological supremacy. In order to come up with promotional schemes that have boosted its sales further leading to Samsung success. The effectiveness of this aggressive promotion is felt in the data collection where many respondents claimed to have come across Samsung advertisements. The communication strategy used by Samsung is easily understood by many respondents.

CONCLUSION

For the conclusion of this research, Samsung is already seen as the current leader in the smartphone market. This was due to its innovative products such as its flagship Galaxy S4 and Note II, which was launched with a massive marketing spend of more than \$4 billion USD in 2012. This is four times Apple's budget. As it focuses on being an aspirational brand to its target market of young consumers, they are seeking for this generation Y, marketing using very high-profile partnerships with celebrities like Giorgio Armani and LeBron James. Samsung is actually having great response from this target market as noted earlier in the response of the data analysis, the highest number of respondents owning Samsung smartphones are between the ages of 26 years to 40 years who are known to be the generation Y. The Galaxy S4 is marketed as a "life companion; that includes features like navigating without touching the screen and the built in health monitoring. Samsung is literally evolving its brand, to not just innovate but by making it live up to its mission on enhancing lives of its consumers.

To finish up with the strategy analysis section, I have come to my conclusion that the marketing strategy choices Samsung makes affects its positive outcome in the smartphone market. As we have seen earlier in my research on Samsung's marketing mix, the company has chosen to use well the differentiation strategy targeting a broad market segment. The product as a component mix is differentiated well as it offers different innovative features and design quality compared to its competitors. This can be also seen on the research findings as respondents mention many times the availability of applications. This proves that Samsung customers feel that they are offered innovative solutions. The S4 device being their flagship smartphone possesses very innovative technology that cannot be found in their rivals' Apples iPhone 5. The price is quite high that differentiate it from the rest of other smartphone products and positioning it in the high end costly smartphone like iPhone. They also have a cheaper version to cater for middle class consumers. According to

the analysis and considering the marketing situation this strategy choice of Samsung indeed boost its positive performance in the smartphone market.

Samsung use of segmentation strategy by targeting different market segments is working well for them too. To back up this statement is how I analyzed their products in the marketing mix and found out how they realize every need in the market and offers products for different customer segments. They have positioned their products well, and they have let their customers know they are offering something for everyone. Samsung has mastered the idea of creating products that are suitable for their chosen market segments, and positioning itself clearly so that customers are aware they recognize their needs. We can see this by how they advertise their products effectively in the market, by clearly communicating how ordinary people can take advantage of the technology they are offering. Most smartphone companies do not communicate the benefits clearly and in a way an ordinary person can understand. Samsung communication strategy in its promotion component of marketing mix shows exactly who they are targeting and what they are offering to the targeted market.

Samsung's customers are enjoying the touchscreen experience with its smartphone's product lines. Fact that is also seen on the respondents' opinions as they stated their gratitude towards the size of screens and usability of the product. The slogan "Designed for Humans" seems to have been received well by the people. The products are quite well known for their economical pricing. This strategy of launching the product with reasonable price range and powerful new innovative product and aggressive promotional strategy is generating a lot buzz and success around Samsung Galaxy series.

So, is Samsung on its way to be a market leader in creativity?

According to the respondents opinions we can say that Samsung is moving to the right direction. Samsung gained points for the availability of applications and easy user interface. The Android OS is also seen as a positive, innovative advantage among the respondents in Samsung products. The S4, which is the current Samsung flagship, has really shown how Samsung is working towards

achieving their goal for being creative leaders in this high competitive market. S4 carries amazing features that stand out from its competitors. Galaxy S4 has more power and cutting edge features such as the face/eye tracking and gesture-based controls that Apple flagship iPhone 5 current lack. The resolution of the 0.31 inch-thin Galaxy S4 is higher than iPhone 5, and there is more screen real estate on the S4 display compared to the 4inch one in iPhone.

If we compare Samsung's S4 and Apples new iPhone 5c which both are plastic made, something rather surprising for Apple to make a plastic smartphone from its usual more sophisticated glass and aluminum phones we can find both smartphones comes in different colors though 5c has many brighter colors that definitely stand out compared to the darker toned hues that are available with Galaxy S4. Plastic isn't the most premium material used by smartphones nowadays, but between this two the 5C closed design evokes the sturdier construction while the S4 has seams and hollowness attached to it. At the end of the day, the two looks equally appealing to the eyes of the beholder. However, if it weren't for the bright color options with the 5C, it would have come nothing more than bland in this comparison. Taking a look at their pricing, iPhone 5C come cheaper than Galaxy S4 with around \$100 difference with a contract, it seems as if iPhone wants to beat Samsung in their own game of differentiation strategy using price component of its marketing mix by introducing a cheaper version of iPhone in the market. But in the end the galaxy S4 gives a superior overall performance compared to iPhone 5C in terms of performance and software features. S4 offers a wide range of features in its operating system such as "Smart Scroll" and the "Air View", just to mention a few of the features. These are amazing features that the iPhone 5C currently lack. With the Galaxy S4 outstanding performance, it seems Samsung is in its way to achieve its mission of becoming leaders in innovation.

Also, by opening up a new innovation center in Menlo Park, California, planned research and development lab in San Jose and one of its most daring undertaking, the creation of a massive new semiconductor campus with distinctive design, Samsung is seemed determined to compete with Apple in

becoming a creative leader in the smartphone market. This move in expanding its work in Silicon Valley, it's a sign of increase in its rivalry with Apple, since they are both competing more directly for the same employees, investments and innovation.

Samsung runs a marketing innovation Fund to foster a creative culture in the business that is designed to reward internal creativity in marketing ideas and executions. This program enables Samsung to put together information and ideas from Samsung subsidiaries that are aimed to change its brand knowledge. These products demonstrate how Samsung is looking holistically at industry best practices to inform its marketing execution. They also encourage new ideas on its enterprise, products and solutions as they listen to and award employees with creative and innovative thinking. To add on that they also have open innovation center and product innovation team that promotes innovation within the business. All these sums up the reasons that Samsung is surely on its way to be leaders in creativity.

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Appendix 1. Questionnaire

Survey on Effectiveness of Samsung's Smartphones adverts

Answers marked with a * are required.

1. Advertising Effectiveness of Samsung Smartphones

The Purpose for this survey is to find out how effective are Samsung advertisement in marketing their smartphone products. The findings will be used in my thesis research.

1. How old are you? *

- Below 18
- 18-25
- 26-40
- Above 40

2. Occupation? *

3. Which kind of phone / smartphone do you own? *

4. What drives you to buy a smartphone? *

- The Price
- The Applications
- The Size
- The Color
- The way its advertised

5. Do you usually use all the application offered in the Smartphones?

- Yes
- No

6. If you were to choose between Samsung Smartphones and Apples Smartphones, which one will you buy and why? *



7. Have you ever come across Samsung Smartphones advertisement? (Galaxy Series or Note) *

- Yes No

8. If your answer was yes, where did you see the advertisement? *

9. How many times have you seen any kind of Samsung smartphones advertisement? *

- Never
- 1
- 2
- 3
- 4
- 5+

10. What caught your attention most with the advertisement?

11. Was the advertisement fun to watch?

- Yes
- No
- Maybe

12. Were you able to understand their message through the advertisement?

- Yes
- No
- Maybe

13. Would you recommend Samsung Smartphones to others after watching the advertisement? *

- Yes
- No

14. Please rate the following attributes using a 5 (best) to 1 (worst) scale on what made you buy Samsung Smartphone? Answer if you own Samsung Smartphone.

	1	2	3	4	5
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Color Selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ease Of Use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. Compared to other Smartphones in the market, the value for Samsung Smartphones is? *

- Excellent
- Good
- Average
- Poor
- Very poor

16. On a Scale of 1(not at all) to 5(most likely). How likely can you buy a Samsung Smartphone due to its prices range compared to iPhone? *

- 1
- 2

- 3
- 4
- 5

17. Is there anything else you would like to say about Samsung Smartphones? *

