

Samsung Product Portfolio: Analysis based on SWOT, PESTLE,

and STP factors

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The South Korean electronics company, Samsung Electronics is among the largest 'white goods' company. The company operates using a global expansion strategy and is a renowned multinational in various international markets. However, its aggressive strategy exposes it to several challenges, which as this paper will show, are aptly described through an analysis of the SWOT, PESTLE, and STP factors. For instance, Samsung has to contend with politically challenging factors in countries, such as North Korea, where the dictatorial regime deploys a heavy hand in economic operations. Nevertheless, the corporation majorly relies on the strong performance of its smartphones, Audio/Video, personal computing, and digital cameras products to realize its dominant position in the global white goods marketplace.

PESTLE Analysis

Political

Political factors have a significant effect on the operations of a company because they influence the stability of the country or region in question, which in turn, affects the viability of a company's operational strategies. The phenomenon is crucial to Samsung's financial performance because in addition to the company having its headquarters in the neighboring South Korea, the region provides a substantial market for Samsung products, such as its Galaxy line smart phones (IDC Research, 2015). However, the company is notable for installing strategies that take into account potential political instabilities in regions like Africa and Latin America, which it contends can mitigate the political factors of its target markets (Management Study Guide, 2015).

Economic

Economic factors, such as the economic indicators of its target markets, have are crucial to Samsung's financial performance because as a majorly white goods company—it derives its sales revenues from the ability of its potential customers to afford disposable incomes. Samsung mitigates the challenges that the macroeconomic factors cause by pursuing an aggressive expansion strategy in emerging economies, which defy the global economic indicators because of their increasing middle class incomes.

Socio-Cultural

Albeit a consumer goods corporation with a global footprint, Samsung operates using the principles it borrows from its roots as a South Korean family-owned company. This feature informs its strategy of conforming to the operational environment of its target markets. For instance, Samsung adapts the smart phones it sells in African markets to incorporate local socio-cultural demands (Management Study Guide, 2015).

Technological

Samsung managed to realize and defend its status by continually offering technologically advanced products. Samsung's obsessions with generating products that feature groundbreaking technological advancements have famously brought it into legal battles with Apple—its closest rival in the white goods sector (Anthony, 2014). Nevertheless, the company manages to alleviate the effects of a revolutionary innovation strategy by strengthening the basic marketing principles, such as segmentation, positioning, and targeting of its products.

Legal

Samsung has faced legal troubles based on allegations that its Galaxy smart phones had infringed on the patents that Apple registered for its iPad and iPhone offerings (Management

Study Guide, 2015). However, despite the challenges, the company continues to realize a strong financial performance based on its ability to implement strategies that endear it to its market based on cost and product quality (Anthony, 2014).

Environmental

Social activism has instilled a sense of responsibility in consumers who scrutinize products to determine whether they conform to the best practice environmentally conscious guidelines (Management Study Guide, 2015). For Samsung, this means, it has to embrace the principles of offering products that are energy efficient and do not contain parts which may be overly toxic when it comes to their disposal.

SWOT Analysis

Strengths

Samsung has unprecedented manufacturing and marketing capabilities, which have made it the largest white goods multinational globally. By 2014, for instance, the company had realized a 21% market share of the global smart phones market sector (IDC Research, 2015).

Weaknesses

Samsung faces its greatest weakness based on its use of the Android platform for its smart phones. The approach exposes the company to competition by emerging Chinese manufacturers who have managed to create products that are as good as Samsung's—but at a fraction of the cost (Anthony, 2014). The development threatens to reduce Samsung's dominance in the sector that it realizes the greatest success.

Opportunities

Samsung's greatest opportunity lies in its prior strategy of focusing a substantial effort in its marketing activities in the emerging economies (Anthony, 2014). Thus, as its nearest

competitor, Apple, continues to offer products targeted at the developed markets, Samsung will enjoy growth as the middle class in the developing economies continues to expand.

Threats

Samsung has failed to create a brand perception in the North American and European markets of reliability and quality. Therefore, Apple will likely continue to erode Samsung's market share in those regions. On the other hand, while Samsung foresees the emerging economies as its greatest opportunity—Chinese companies, such as Xiaomi and Huawei are rapidly creating considerable brand popularity in those regions.

STP Analysis

Segmentation

Samsung has managed to segment its target markets based on demographic and lifestyle variables. For instance, it offers LED televisions that cater for the budget-minded and those for the premium market segment. In addition, Samsung has recently introduced the Galaxy J smart phones to the emerging markets for the youth or budget conscious buyers (Samsung Tomorrow, 2015). Overall, this strategy has failed to consider the fact that in its developing markets, a majority of its consumers are rural-based and have limited access to reliable electricity supplies. Thus, as the company continues to segment the markets in its emerging economies as a viable opportunity, it should rethink its policies to generate an all encompassing brand loyalty.

Targeting

While Samsung continues to focus a considerable marketing effort in the emerging economies, it faces the challenge of a high risk and lack of product specialization, which informs its need for adaptive market targeting. Traditionally, Samsung has enjoyed success in its product offerings by targeting the middle class, professional customers. However, to create a reliable

preference for its products in the poorly defined markets of developing economies, the company should focus on multi segments targeting to create loyalty up to the point that the targeted individuals have established a preference for Samsung products (Samsung Tomorrow, 2015).

Positioning

Marketing positioning principles contend that a company should create loyalty based on the combination of price, promotional strategies, and value chain factors. In this respect, Samsung faces a challenge from peer companies, such as Sony, which has managed to offer premium pricing for their products and still enjoy a loyal customer base. Nevertheless, through its Galaxy smart phones, Samsung has managed to position itself as a company offering quality products that are comparable to Apple products, but at a considerably affordable pricing.

Conclusion

Samsung has realized a global loyalty for its white goods product offerings. However, its global footprint exposes it to a myriad of PESTLE factors, which have the potential of eroding its market leadership. Despite the challenges, Samsung has an established and efficient marketing and manufacturing machine, which continues to enable it to exploit the opportunities it comes across, especially in the emerging economies. Where the company lags behind its peers, however, is in its segmenting, positioning and marketing targeting efforts—where companies such as Apple and Sony have created considerable brand loyalties that Samsung may have a hard time surpassing.

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