Samsung SWOT Analysis:

|  |  |  |
| --- | --- | --- |
| Internal Strengths | Samsung | Best Statements |
|  | 1. Marketing Needs- Primary Focus | Samsung is always in the market with new products constantly. Samsung mobile phones are very popular especially Galaxy, Galaxy S, Galaxy Note and Galaxy S III. At Samsung customer reviews, the Galaxy Note -128 out of 135 (95%) customers recommend this product. |
|  | 2. Innovation and Design | Samsung is a global leader in screen technology, TVs, batteries, and chip design (Shaughnessy, 2013). Samsung continues to find competitors’ weaknesses and new patentable areas. Their system approach helps maintain current growth.  |
|  | 3. Low Production Costs | Production facilities are in low economic countries that can manufacture the product at low cost. Samsung can price its products competitively and earn higher margins. Profit for 2012- $23.845 trillion.  |
|  | 4. Operating Systems | Samsung is primarily focused on producing devices that can be integrated into most software and OS, this gives Samsung products an edge over its rival Apple devices.  |
|  | 5. Environment Focus | Samsung manufactures Eco-Friendly product that are not only energy-efficient, but also help to reduce carbon footprint on the environment. Its new LED technology significantly reduces energy use while generate less waste (Environmental Initiatives, 2013).  |
| Internal Weaknesses |  |  |
|  | 1. Lack of Value-Added Services | Samsung does not add any additional service for buying its product. Whereas Apple provides iTunes to compliment iPod which is a great source for recurring revenue.  |
|  | 2. Decreased Operating Profit | High revenue but has a low grow profit and net profit margins which indicates that the operating costs increased and its operations have not been efficient to yield good return. i.e. Semiconductors sales |
|  | 3. Pressures from China | China is slowly penetrating into Samsung’s market by providing cheap imitation of Samsung products; it is taking away Samsung’s profit. The no-name phones will sell for as little as $80. The Chinese will buy about 30% of all mobile phones shipped in 2013, or 240 million units of a total approaching 840 million worldwide shipments (24/7wallst, 2013). |
|  | 4. Lack of Operating Systems | Without its own OS, Samsung loses out to competitors, product integration, loyalty and a higher profit margin.  |
|  | 5. Plethora of Products | Samsung competes in 4 different industries which makes it difficult to focus on a line of business with too many products can lose focus.  |
| External Opportunities |  |  |
|  | 1. Increase Demand for Electronics | Electronics is increasing in markets especially Asia/Pacific region. Samsung can utilize this opportunity to expand its sales especially smartphone.  |
|  | 2. Growing Mobile Industry | Samsung can focus on mobile market and it can build a different brand or class for mobiles.  |
|  | 3. Increased Demand for Application Processors | Increase demand for Samsung’s processors can become un-compromisable component.  |
|  | 4. Patents vs Imitators | Samsung has a large portfolio of patents which can strengthen the company. New ways of increasing patents through acquisitions or increased research & development efforts.  |
|  | 5. Growth of Tablet Market | Samsung can tap into this market by introducing new models of tablets. Introduce a tablet for kids or improve its current Galaxy line. Growth in tablets is expected to be in the double digits.  |
| External Threats |  |  |
|  | 1. Rapid Technology Changes | Technology is changing competitive landscape swiftly. Failure to keep up to the pressure can lead to fall out.  |
|  | 2. Saturated Smartphone Market in developed Countries | Phone sells in developing countries has become stagnant due to economic times.  |
|  | 3. Price Wars | Price cuts by competitors can erode profit margin of Samsung especially when China is selling its no-name cell phones for $80. Samsung is already selling some of products at significant price cuts.  |
|  | 4. iTV by Apple | Apple’s iTV launch could take away Samsung’s market share for TVs.  |
|  | 5. Reduced Margins on Hardware | Samsung is a leading producer of semiconductors where margins are very less. Failure to improve this segment can erode Samsung’s net profit.  |