



Analysis of Samsung's Strategy in Dealing With Global Market Competition in International Business

Edy Yulianto Putra¹, Inda Meyllya Putri², Michael Iken Bonar Anju Sibagariang³, Nabila Arinov Mey⁴, Pradino Kusumo⁵, Rince Monica Hutagalung⁶, Rizky Adi Mahendra⁷

^{1,2,3,4,5,6,7}Departement of Management, Faculty of Business and Management, Universitas Internasional Batam, Batam, Postcode, 29426, Indonesia

ARTICLE INFORMATION

Received : May 31, 2023
Revised : August 30, 2023
Available online : September 1, 2023

KEYWORDS

International Business, Business Strategy

CORRESPONDENCE

Phone : +6281372100365
E-Mail : yulianto@uib.ac.id

ABSTRACT

This study aims to analyze Samsung's strategy in facing global market competition in international business. The research method applied in this study is the Secondary Data Analysis (ADS) method, which is in the form of using and analyzing existing data without having to conduct surveys and interviews. The results of this study are the marketing, global and international strategies implemented by the Samsung company.

INTRODUCTION

Business is an activity that involves goods and services needed by many people to achieve a profit. International business is a business activity whose activities cross national borders so that it requires many parties for the business to be successful (Ariana, 2018). International Business is needed by every company in all countries so that their products are more well-known and in demand in various countries.

Before entering the international market, companies must start from their home country. This is because the company can first understand the wishes of the people in the country of origin before entering the international world. And the company can develop various strategies so that the company's products can compete with its competitors. Globalization makes the international business system develop very rapidly.

The global economy every time goes through changes. Especially during and after the Covid-19 pandemic and the war between Russia and Ukraine caused the global economy to slow down (Pengantar et al., 2022).

Samsung is one of the most successful companies in the world. This company comes from the country of ginseng (South Korea). Samsung was founded in 1938, its founder is Lee Byung Chull. The founder of Samsung always goes to Japan to learn about its management methods and systems. Samsung is not always profitable, during the economic crisis Samsung almost went bankrupt. Samsung produces various kinds of electronic products, but over time, their cellphone products are the best-selling today and can even lead the special market for cellphones and smartphones (Nur, 2018).

Samsung was successful in entering international business because it has various very precise strategies to compete with its competitors. Before becoming the most successful company in the world, Samsung was almost bankrupt due to the economic crisis that hit South Korea and the world. But Samsung was able to reverse the situation, to become the most successful company today (Devina Vania, Go meliana, Andreas, 2018).

The way or strategy when Samsung almost went bankrupt so that it can get up and be successful today is to carry out a turnaround strategy, namely by cutting employees, product innovation, moving their markets to countries with bustling and stable economies such as China and America, and improving the quality of their product. This can be considered successful enough to save Samsung's condition (Nur, 2018).

Samsung used to be famous for chips and computer hardware. But now Samsung also makes other products such as cellphones, Air Conditioners (AC), laptops, refrigerators, and many others (Adnan, F. *Samsung Smartthings and Harman Team up to Advance the Internet of Things*, 2023). For now, Samsung is leading the smartphone market, because they are good at seeing what people want today (Ekonomi & Malang, 2019).

Now Samsung smartphones are quite popular all over the world, they compete with other smartphones like Xiami, Oppo, Vivo, Apple, etc. Samsung has always been famous for its smartphone sophistication and innovation (Wicaksono et al., 2019).

The purpose of this article is to find out Samsung's strategy in doing international business, find out Samsung's strategy to lead the market in its international business, how Samsung can overcome culture both within the company and in its international business.

LITERATURE REVIEW

International Trade

International trade can be interpreted as trade between countries involving export and import activities. International trade also encourages multinational corporations, advances in transportation, technology, etc (Nuri Aslami, 2022). International trade besides being profitable for companies also benefits the country, because it

can rotate the existing economy in a country (Fontanelli et al., 2023).

Before the Covid pandemic until now the dynamics of international trade has changed, both fundamental changes and overall changes. During the Covid pandemic, international trade experienced a significant increase in the medical sector (Luo et al., 2023).

International trade is needed in the international business system because it is related. From international trade a company can become famous and can help companies in their product supply chain system (Fernández, 2023).

Export and Import

Due to limited raw materials in a country, companies are required to carry out export and import activities. Export is the activity of removing goods from an area in accordance with applicable laws and regulations. Import is entering goods from other countries. This Export and Import makes a country benefit due to costs (taxes) in carrying out export and import activities (Nuri Aslami, 2022).

At this time, export and import activities were slightly disrupted due to the war between Russia and Ukraine. This is very influential with goods, so that there is an increase in goods imported from other countries (Massini et al., 2022).

The problems that often occur in a country related to export and import activities are the lack of competent human resources in administering a permit, the difficulty of the bureaucracy within a country, and the lack of presence of the state in the role of export and import activities (Lia, 2022).

Samsung itself works with other countries to facilitate their export and import activities. From these export and import activities, investment and economic activities can grow, due to the fairly fast velocity of money (Yi et al., 2022).

Application of Culture System Culture

Culture is a habit that develops and is shared by a group of people which is passed down from generation to generation. This culture exists within the company and all countries. Samsung always adapts to the culture of all countries in order to create products that are marketable in that country. The culture within the Samsung company used to be pretty bad, but things have changed over time as Samsung has improved the culture.

Marketing Strategy

marketing is an activity made by companies to market the products they have produced according to the desired target. In this case companies must have good marketing techniques so that the products they produce can compete with competitors and companies get profits from the sales of their products (Jansen et al., 2022).

One of the tricks of marketing is to do promotions and discounts. This must be done by the company so as not to lose money. The marketing strategy can be known as the 4P, namely price, product, promotion and place. This strategy is used in all companies in the world (Mamentu, 2018).

Samsung has the expertise to perform product differentiation (producing product types in close time). Samsung makes their products crowded in the market with various specifications, prices and models. Second, Samsung's strategy is that they can find out consumer needs quickly. And the third is that Samsung conducts proper market analysis and establishes factories in various countries so that their products are affordable for consumers (Ekonomi & Malang, 2019).

International Strategy

International Strategy is the company's strategy to sell goods/services to international markets. To develop an international strategy a company must analyze population, culture, language, gross domestic product (GDP), infrastructure, taxation, political stability, etc. There are several examples of national strategies such as multidomestic strategies, global strategies, transnational strategies, and domestic strategies. Companies must use one or more of the above strategies to conduct international business systems (Dharmawan, 2019).

The forms of international strategy are as follows:

1. Multidomestic Strategy

The meaning of this strategy is a business strategy that is present in foreign markets by adjusting its products according to market needs. Examples of companies using this strategy are KFC, Samsung, etc. This strategy has the disadvantage of facing more uncertainty because this strategy is in accordance with each country, it cannot take much advantage.

2. Transnational Strategy

This strategy is a combination of multidomestic strategy and global strategy. The meaning of this strategy is a strategy that maintains the control center of the country of origin but builds and markets its products outside the country of origin. Examples of companies with this strategy are Samsung, Apple, etc. This strategy usually builds factories in foreign countries, this has been studied by companies by considering all aspects such as economic conditions, politics, infrastructure, employee salaries, raw material conditions in the countries where they will invest to build their factories.

3. Global Strategy

This strategy is centralized and controlled from the head office in order to maximize profits within the company. Examples of companies using this strategy are Burger King and McDonalds, etc.

4. Domestic Replication Strategy

This strategy is made for certain advantages and duplicates it in foreign markets entered in order to compete with competitors and get large profits.

How to enter the International Market, namely:

1. Create a website
2. Exporting products and services
3. Establishing a company in an international location
4. Enter into foreign license agreements

The advantages of the license are:

- a. It's easy to enter in a market
- b. Affordable fees
- c. Immune to take over
- d. Can overcome high transportation costs

Disadvantages of the license are:

- a. The danger in creating competition
- b. To attract licensees, companies must have attractive characteristics
- c. The licensor has no control over the production and installation of the licensee

Everything we do has its advantages and disadvantages, we must be observant to see the opportunities that exist (Dr. Ir. Raden Achmad Harianto, B.Sc., 2020)

5. Enter into agreements and cooperation with foreign companies and countries
6. Export and Import

The steps above must be carried out by companies so that their products are well-known and sell well in the market and can compete with competitors in the market (Nataliningsih; Suseno, 2018).

The benefits of carrying out an international strategy are:

1. Increase sales and profits
2. Lower product costs
3. Offset sales decline and increase in the market
4. Reduce manufacturing costs

METHOD

The research method used in this scientific work is the Secondary Data Analysis method. The Secondary Data Analysis Method is an analytical method that is carried out on existing data without the need to carry out activities such as interviews, surveys, observations, and other separate data collection techniques.

In carrying out secondary data analysis there are two approaches that can be taken, namely the first, it can be started by formulating the problem and then proceed in combining related (related) secondary data. The second approach is that you can start by gathering secondary data first, then analyzing it to examine what perspectives (variables) are contained in the data. Furthermore, collecting as much secondary data as possible and analyzing the perspectives contained in certain data.

RESULTS AND DISCUSSION

Marketing Strategy

a. Segmentation

Every company has a different marketing strategy. The marketing strategy is used for marketing that will be carried out. Samsung's electronics market for its products can be seen from geographical segmentation, demographic, behavioral and psychological characteristics. In terms of geography, Samsung has succeeded in becoming the king of smartphone companies in Southeast Asia. Samsung has succeeded in gaining the trust of its consumers because the products it produces are in accordance with market needs and Samsung is also able to create

a variety of technological products (Dr.Musnaini, S.E., M.M;Dr.Yohanes Totok Suyoto, S.S., M.SI;Dr. Wiwik Handayani, S.E., M.Si.;Dr. Muhammad Jihadi , S.E., 2021). Samsung divides the Asian market into various regions, also targeting Asian countries in different ways to penetrate deep into the market. In terms of the demographic segment, Samsung produces their products by generalizing every consumer need regardless of age because after all, Samsung's main consumers are adults. Samsung also does not manufacture products specifically targeted at certain genders. Samsung also does not create products based on the classification of their consumers so that Samsung's products are intended for the general public. Samsung also creates its products by looking at the lifestyle and personality aspects of consumers to get more consumers. Samsung innovates their products as technology develops and consumer demand evolves (Tien, 2019).

b. Targeting and Positioning

Every company has different target consumers. Samsung itself creates their products to be purchased by the middle to upper class. And Samsung is pursuing purchases for teens to adults for now (Bajaj, 2018).

Global Strategy

Samsung Electronics is developing a global strategy. First of all, Samsung selects a location to create an economic process. Before entering the global market, Samsung will conduct research on each country it will target starting from market conditions, high and low labor wages, and market demand. China and Vietnam are examples of countries that are used as suppliers of low-cost labor for the Asian market. In 2013, Samsung started construction of the world's largest mobile phone factory in Thai Nguyen, Vietnam. For the European market Samsung manufactures its electronic products in Poland where there is a good compromise between cost and adequate know-how labor. Samsung develops the economy by producing and distributing products that meet consumer needs. Before distributing the product, Samsung first carried out strong brand recognition in order to be able to penetrate the market. This is what makes Samsung known to consumers around the world. Regarding the economic process, Samsung has the possibility to distribute its

products in every market they enter without any modifications (Furr et al., 2022). For example, chips and memory are standard for all of its corporate clients. However, the final product must have minimal local differentiation to match the conditions and capabilities of consumer demand. Differences in consumer tastes and preferences are critical if a company is to reach customers. As a hardware supplier, Samsung cooperates with global companies that sell standardized electronic products. One of the main challenges in carrying out economic processes on a global scale is meeting the needs of local customers which require minor modifications and prices that match the capabilities of the local consumers of the country. When the market has special needs, Samsung adapts its products quickly (Simonin, 2019).

International Strategy

Every company must think about how the company can develop and dominate the market completely with the aim of increasing the company's profitability. The development of a company can be seen from the range of markets that the company is able to enter. For example in the country, a company is able to supply every demand in various regions, and in foreign countries, a company is able to market its products and get consumers from outside the country. Expanding the market by targeting consumers from abroad is one of the actions of a company in expanding the market. Companies that are confident in the performance of their companies and the products they create can compete, of course, want to take action to market their products to international markets (Ruiz et al., 2020).

A company can penetrate a foreign market by setting up a subsidiary in another country and trying to manufacture and sell its products. It aims to become the ruler of the market because of its broad consumer reach and ease of meeting the needs of every request. Like Samsung, this company is constantly expanding their target consumers by establishing subsidiaries in other countries. Despite being a giant smartphone company, in fact Samsung does not only sell smartphones as their flagship product, Samsung also produces a number of high-tech products that are quite capable of competing in the international market (Simonin, 2019).

Benefits of Doing International Strategy

Using an international strategy to market products certainly has a number of benefits, especially when the products being marketed are able to compete with the superior products of other companies. Samsung can be said to be quite successful in marketing its products. Samsung has many consumers from various parts of the world because its products are in great demand and are quite varied. This is certainly an achievement for this company because it gets benefits that can make this company grow.

The benefits being felt by Samsung is an increase in sales and profits. This shows consumer satisfaction and trust in Samsung because it is able to meet consumer demand. Samsung has succeeded in winning the hearts of its consumers so that the products created by Samsung can be sold quickly in the market after the distribution process is carried out. An example of another benefit is being able to easily supply raw materials for product assembly. By establishing subsidiaries in other countries, Samsung is expected not to experience difficulties in supplying raw materials for its production process. Samsung can work with companies that supply raw materials or source from countries closest to their subsidiaries. Another benefit is reduced manufacturing costs. By taking steps to establish subsidiaries in other countries, Samsung can easily meet all the company's needs in the production process. Samsung can open jobs in its destination countries to save more time and costs in producing its products, so that Samsung does not need to supply new products from the central company (Jansen et al., 2022).

CONCLUSION

Samsung, as one of the most successful companies in the world, cannot be separated from the strategy it employs in carrying out its international business. The strategies carried out by Samsung in carrying out its international business are marketing strategies, global strategies, and international strategies. In carrying out its marketing strategy, Samsung carries out geographic segmentation which divides the Asian market into different regions, also targets countries in Asia in different ways to penetrate deep into the market. Samsung also creates its products by looking at aspects of consumer lifestyle and personality to get more consumers and innovate their products as technology develops and consumer demand develops.

The global strategy carried out by Samsung is to first conduct research on each country it will target starting from its market conditions, the high and low levels of labor wages, and market demand. After that Samsung did strong brand recognition in order to be able to penetrate the market. After that, Samsung will distribute its products in every market they enter without any modifications.

In carrying out its international strategy, Samsung is expanding their target consumers by establishing subsidiaries in other countries. As a large smartphone company, in fact Samsung does not only sell smartphones as their superior product, Samsung also produces a number of high-tech products that are quite capable of competing in the international market. Samsung's products are distributed with a market positioning strategy so that a little product differentiation is needed and a slight difference in price is required so that these products are able to penetrate and meet the needs of consumers in various countries.

REFERENCES

- Adnan, F. *Samsung Smartthings and Harman Team up to Advance the Internet of Things*. (2023). <https://www.sammobile.com/>
- Ariana, R. (2018). *Pengantar Bisnis*.
- Bajaj, A. (2018). A Study on Market Segmentation of Samsung Electronics Ltd. with Special References to Mobile Phones. *International Journal of Advance Research*, 3(5), 1–6. www.ijariit.com
- Devina Vania, Go meliana, Andreas, C. (2018). *Strategi Bisnis Internasional (PT Samsung Electronics)*. 1–18. https://www.academia.edu/13435361/STRATEGI_BISNIS_INTERNASIONAL_PT_Samsung_Electronics
- Dharmawan, J. (2019). *Strategi Internasional. March*, 1–29.
- Dr. Ir. Raden Achmad Harianto, B.Sc., M. M. (2020). *Suatu Kajian Tentang Transaksi Perdagangan Internasional dan Investasi Asing* (Vol. 21, Issue 1). EUREKA MEDIA AKSARA, SEPTEMBER 2021 ANGGOTA IKAPI JAWA TENGAH NO. 225/JTE/2021. <http://journal.um-surabaya.ac.id/index.php/JKM/article/view/203>
- Dr.Musnaini, S.E., M.M;Dr.Yohanes Totok Suyoto, S.S., M.SI;Dr. Wiwik Handayani, S.E., M.Si.;Dr. Muhammad Jihadi , S.E., M. S. (2021). *Manajemen Pemasaran* (1st ed.). CV Insan Cendekia Mandiri. https://books.google.co.id/books?hl=id&lr=&id=5T0rEAAAQBAJ&oi=fnd&pg=PA58&dq=apa+saja+manfaat+strategi+yang+didapatkan+setelah+sebuah+perusahaan+memasarkan+produknya+di+pasar+global&ots=Ai7Bq7ti0W&sig=dLsvyqwHgZLKtchYAA_fDjoO-8&redir_esc=y#v=onepage&q&f=
- Ekonomi, F., & Malang, U. N. (2019). *Strategi Bisnis Internasional Perusahaan Samsung Moch Afrizal Rayhansyah Abstrak Pendahuluan Metode Penelitian Pembahasan*.
- Fernández, I. A. (2023). Innovation and international business: A systematic literature review. *Heliyon*, 9(1), e12956. <https://doi.org/10.1016/j.heliyon.2023.e12956>
- Fontanelli, L., Guerini, M., & Napoletano, M. (2023). *International trade and technological competition in markets with dynamic increasing returns*. 149, 104619. <https://doi.org/10.1016/J.JEDC.2023.104619>
- Furr, N., Ozcan, P., & Eisenhardt, K. M. (2022). What is digital transformation? Core tensions facing established companies on the global stage. *Global Strategy Journal*, 12(4), 595–618. <https://doi.org/10.1002/gsj.1442>
- Jansen, F. Y., Worang, F. G., & Arie, F. V. (2022). *Keputusan Pembelian Konsumen Smartphone Samsung Pada Mahasiswa Fakultas Ekonomi Dan Bisnis Unsrat 2019-2020 the Effect of Brand Equity , Brand Image , and Product Quality on Consumer Purchase Decisions on Samsung Smartphone Products on Students of the Fac*. 10(1), 279–288.
- Lia, S. (2022). Analisis Pengawasan kegiatan Ekspor dan Impor. *γ787*, 3(8.5.2017), 2003–2005. <https://www.who.int/news-room/factsheets/detail/autism-spectrum-disorders>
- Luo, W., He, L., Yang, Z., Zhang, S., Wang, Y., Liu, D., Hu, S., He, L., Xia, J., Chen, M., & Asia, E. (2023). *Spatio-temporal heterogeneity in the international trade resilience during*. 154(March). <https://doi.org/10.1016/j.apgeog.2023.102923>
- Mamentu, S. V. (2018). *Analisis Strategi Bauran Pemasaran Berdasarkan Posisi Siklus Hidup Produk Smartphone Samsung di Kota Manado*. 7(1), 15–23.
- Massini, S., Piscitello, L., & Shevtsova, Y. (2022). The complementarity effect of exporting, importing and R&D on the productivity of Ukrainian MNEs. *International Business*

- Review*, 32(3), 102055.
<https://doi.org/10.1016/j.ibusrev.2022.102055>
5
- Nataliningsih; Suseno, G. P. K. (2018). *Manajemen Strategi Bisnis*. 90500121109, 8.
- Nur, A. (2018). Sejarah Samsung. *Journal of Chemical Information and Modeling*, 53(9), 1689–1699.
- Nuri Aslami, N. S. A. (2022). Analisis Kebijakan Perdagangan Internasional. *Journal Economy and Currency Study (JECS)*, 4(1), 14–23.
<https://doi.org/10.51178/jecs.v4i1.358>
- Pengantar, K., Ekonomi, P., Tahun, T. I. I., & Pengantar, K. (2022). *INDONESIA DAN DUNIA*. 6(2).
- Ruiz, E. H., Restrepo, C. A. P., Lopez, C. A., Jegathesan, K. A., Kee, D. M. H., Ganasan, K. A., Jegathesan, K. A., & Rao, P. A. N. (2020). Samsung: Customer Loyalty Strategy in Malaysia and Colombia. *International Journal of Accounting & Finance in Asia Pasific*, 3(2), 57–67.
<https://doi.org/10.32535/ijafap.v3i2.835>
- Simonin, D. (2019). International Strategy: The Strategy of Samsung Group. *International Strategy: The Strategy of Samsung Group, May 2019*, 1–14.
- Tien, N. H. (2019). International distribution policy comparative analysis between samsung and apple Change management View project International distribution policy comparative analysis between samsung and apple. *International Journal of Research in Marketing Management and Sales*, 1(2), 1–4.
<https://www.researchgate.net/publication/338719419>
- Wicaksono, A. R. A., Lauren, E., & Suwandi, J. (2019). *Pada Segmen Generasi Z Analysis of Smartphone User Perception Map on Segment Generation Z*. 29–36.
- Yi, K., Li, Y., Chen, J., Yu, M., & Li, X. (2022). Appeal of word of mouth: Influences of public opinions and sentiment on ports in corporate choice of import and export trade in the post-COVID-19 era. *Ocean and Coastal Management*, 225(June).
<https://doi.org/10.1016/j.ocecoaman.2022.106239>