



MARKETING ACTION PLAN

Presented by

Courtney Brody
Darlene (Danli) Zeng
Eileen (Guanchu) Wang
Clark (Hongjia) Wang
Xiaoxiao Liu

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1. Executive Summary

With the introduction of the iPhone 6 and 6+ this past September, Samsung's "large screen" smartphone identity has become challenged. In the U.S. market, the Samsung Galaxy is now faced with pressure from Apple, who has been dominating the domestic smartphone markets for years. Based on a comprehensive analysis involving the Samsung galaxy, its major competitors, the smartphone industry, as well as the macro environment, this marketing plan strives to increase brand awareness, consumer retention rate, market share and sales revenue through a specific set of objectives, strategies and tactics.

To achieve the objectives, the three major strategies to be implemented are:

- Price Change → Lower Galaxy S5 and Note 4 by \$100.00
- Repositioning → Featuring Galaxy as the ultimate, cutting edge Android phone, which is both affordable and entertaining
- Product Line Management → To cut off mid to low range smartphones, leaving three major lines – Galaxy S, Galaxy Note and Galaxy Edge

To support the strategies above, the following action will be conducted:

- Mass Customization and retargeting
- Launching the *Back to Essence* campaign
- Communication
- Distribution

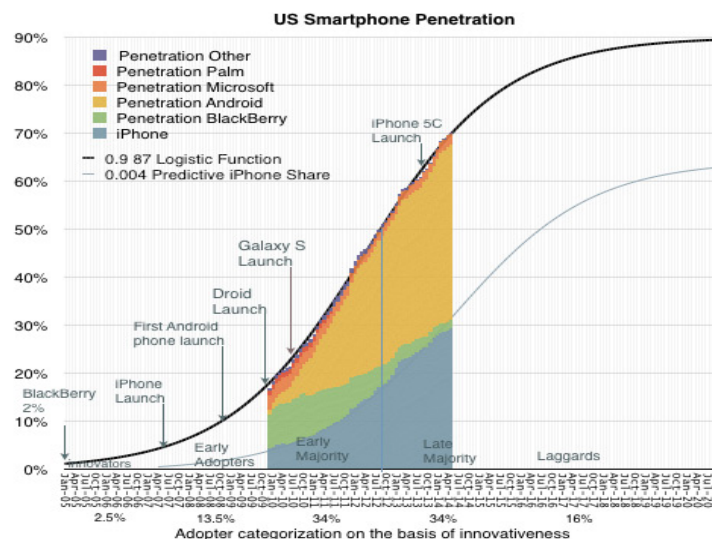
If implemented successfully, by 2015, we anticipate Samsung smartphones will generate \$24.6 million in sales, out of \$46.2 billion in total smartphone sales in the U.S., while taking up 30% market share.

2. Situation Analysis

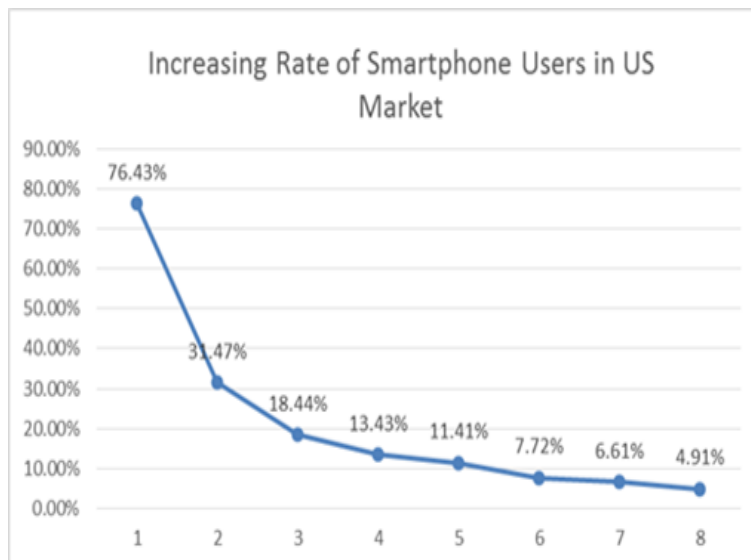
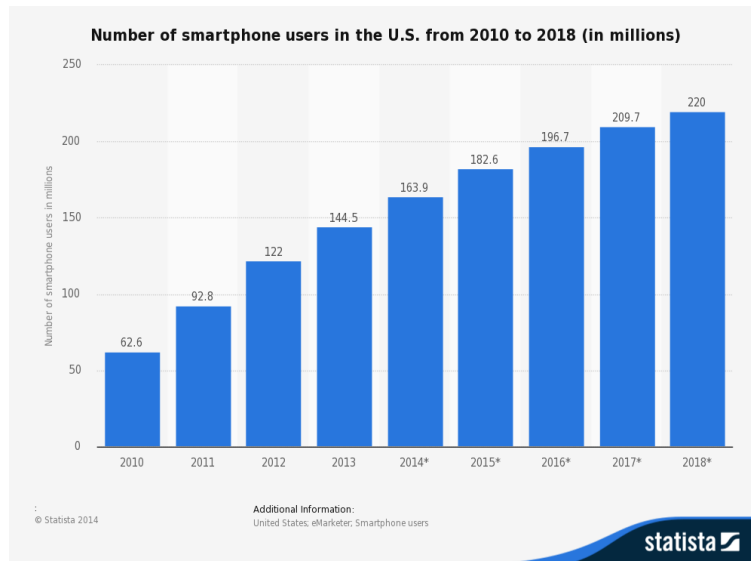
2.1 The U.S. Smartphone Market Analysis

2.1.1 Market Size & Potential

Since the first multi-touch mobile phone, the iPhone, was introduced in 2007 the smartphone market has experienced great development. From the chart below we can see that it took only three years for U.S mass market to adopt the product. Besides iOS, the open-source platform, Android, was founded in 2008, which allowed more companies to participate in the competition of smartphones and thus accelerate the innovation in this field. According to research done in 2014 by Asymco, the U.S. smartphone market has gone through the stages of early adopters as well as the early majority, and is penetrating deeper in the stage of late majority. The penetration rate has been around 70%, indicating that although the market is mature, nearly 30% of the market is undeveloped. It is also noted that Android has penetrated faster than iOS and is taking a larger market share. An important reason for this is that an increasing number of companies are entering the market, which means even in the market of Android, Samsung is facing more competition.

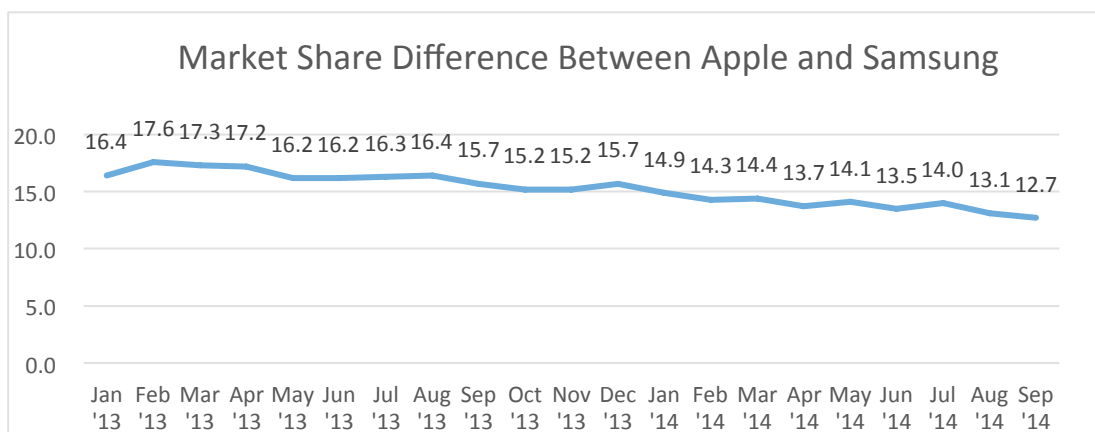
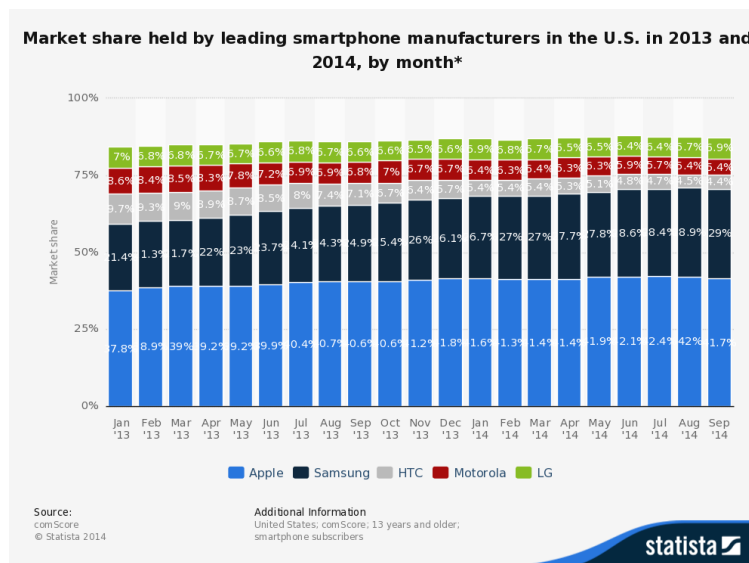


From data generated by Statista, we can see a lessening rate of increasing smartphone users among all mobile users. It shows that although the market is growing but fewer new customers are entering. The future consumption growth will be replacement oriented.



2.1.2 Market Structure

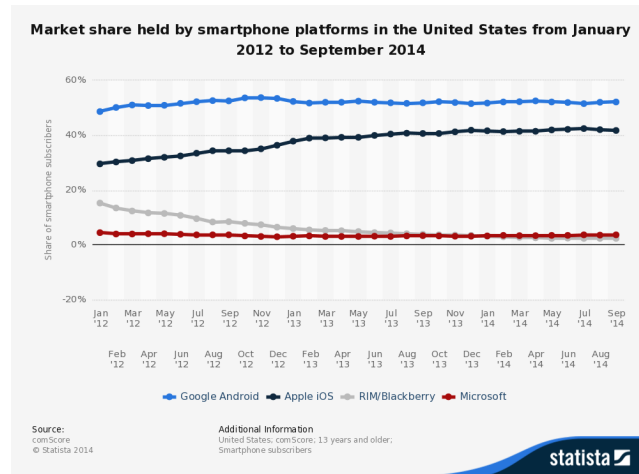
In recent years, Apple, with Samsung acting as the challenger, has dominated the U.S. smartphone market. Apple takes up 42% market share according to Statista. Although Samsung's market share is 12.7% smaller than that of Apple, it is decreasing at a constant rate. Besides Apple and Samsung, other top U.S. smartphone manufacturers are Motorola, LG and HTC. They are not competing directly with Apple and Samsung in the high-end smartphone market, however, constitute competition with lower prices and high qualities. Although not among the top five manufacturers, ZTE has been experiencing a fast growth since 2013, with low-priced, prepaid smartphones, which may make it a fresh competitor to the top five companies in the following three years.



However, Globally, Samsung has a 10% larger market share than Apple, which may attribute to its success in the Asia Pacific market, with Huawei and LG ranking as the third and fourth. It should be noted that low-price smartphone manufacturer, Xiaomi has had a substantial increase since 2013, which is similar to the success of ZTE in the U.S. market. The phenomenon indicates that competition from low-end smartphones is getting stronger both globally and domestically.



From the perspective of a platform, Google's open-sourced Android is the leader in the smartphone market, while Apple's exclusive iOS comes in second. Samsung, LG, HTC and most of the main manufacturers use Android as operating systems. However, the difference between the two systems has decreased since 2013. Compared with the decreasing difference between Apple and Samsung users, the decreasing difference between Android and iOS users indicates that the total market share of Android smartphones without Samsung is shrinking. Samsung is gaining more power in the U.S. Android market. The other two main competitors are Microsoft's operating system and Blackberry's R.I.M. Blackberry experienced a big decline in 2013, while Microsoft may become a powerful competitor due to its acquisition of Nokia that was completed in April 2014.



2.1.3 Recent Changes

Samsung postponed the launch of the Note 4 to October 17th due to the intense competition from the iPhone 6 and 6+. Apple's first wide-screen smartphone, the iPhone 6 and 6+ has generated large amounts of success and popularity. According to Apple's press information, just after three days of the release, the unit sales of the newly released smartphones have been over ten million dollars (not including China), which is a record-breaking number. Among all the sales, the iPhone 6 accounted for 68 % of all iPhone sales, while the iPhone 6+ took between 23% and 24%. It can be inferred that iPhone 6 and 6+ will be a substantial threat to Samsung's high-end smartphones. Apple has already taken some market share from Samsung by the number of global smartphone market share seen below.

Global Smartphone Shipments (Millions of Units)	Q3 2013	Q3 2014	Growth % YoY
Samsung	88.0	78.5	-10.8%
Apple	33.8	39.2	16.0%

Top Smartphone OEMs
3 Month Avg. Ending Sep. 2014 vs. 3 Month Avg. Ending Jun. 2014
Total U.S. Smartphone Subscribers Age 13+
Source: comScore MobiLens

Smartphone OEM	Share (%) Jun-14	Share (%) Sep-14	Point Change
Total Smartphone Subscribers	100.0%	100.0%	0.0
Apple	42.1%	41.7%	-0.4
Samsung	28.6%	29.0%	0.4
LG	6.4%	6.9%	0.5
Motorola	5.9%	5.4%	-0.5
HTC	4.8%	4.4%	-0.4

Samsung launched the Note 4 on October 17th. Korean customers have been able to preorder the item from Samsung since September 19th, however, in the U.S., the Note 4's preorder date started on October 14th. Unfortunately, the sales were not as strong as expected. The Note 4's unit sales, within two weeks of the launch, were 500,000 fewer than Note 3's 5 million sold. Samsung is not only facing intense competition from the high-end market, but from the low-end U.S. market as well. Since last year, ZTE has begun building its brand awareness, with the aim of becoming the third player within three years in the U.S. market. LG has also declared changes in strategy to simplify the smartphone's functionality and to develop exclusive features. We can infer that from its global mobile net profit loss of over 74% that Samsung's mobile manufacturing and sales are struggling and facing challenges.

In November, Samsung declared to change its strategies for their smartphones. The changes include lessening the number of models from 25 to 30 in 2015. Samsung has decided to focus on several key models due to the decreasing profits. Therefore, instead of taking more conservative measures, Samsung continued to launch two more high-end products in November. On November 12th, medical-use wearable device, Simband was released. Samsung has claimed that it was an "open reference platform" for developers. On November 14th Samsung released the first curved smartphone, the Note Edge. By forcing the existing products into maturity, Samsung will be able to recognize its loyal customers and test potential functionalities of smartphone.

2.2 Competitive Analysis

2.2.1 Product Comparison

Product Lines	SAMSUNG					APPLE			
	Galaxy S5	Galaxy Note4	Prepaid & Other	Former S & Note	Galaxy Note Edge	Iphone 6	Iphone 6+	Iphone 5S	Iphone 5+
Picture									
Price (\$)	649.99	825.99	249.99-564.99	nearly 20% off from original price	945.99	649	749	14% off original price	18% off original price
Target Market	Premium smartphone market	Phablet market	Lowend & go phone	Outdated premium	Niche market of tech geeks	Premium smartphone market	Phablet	Outdated premium	Outdated affordable premium
Features	More Camera functions; Ultra power saving mode; Dust & water resistant; Heart rate sensor; Finger scanner; Connect to Gear to be a fitness tracker;	Premium display; Advanced camera; Advanced S Pen; Smart select function; Fast charging; Multitasking;	Cheap price; Guaranteed quality from the brand;	More Camera functions; Samsung hub; S translator; Home sync with other Samsung devices; Smart pause; Convenient air gesture; S health; Adapt display & sound.	Convenient curved edge screen; Always on screen; Personalized design and info stream; Advanced camera; Advanced S Pen; Multitasking; Fast charging	Thin body; Retina HD Display; Powerful chip; Great camera; Fast LTE speed; TouchID; ApplePay; Best iOS ever.	Thin body; Retina HD Display; Powerful chip; Great camera; Fast LTE speed; TouchID; ApplePay; Best iOS ever; Accessibility Shortcut.	Retina display; Powerful chip; Great camera; Fast LTE speed; TouchID; iOS system.	Retina display; Powerful chip; Great camera; Fast LTE speed; Colorful body; iOS system; Cheap price.
Value Proposition	Technology that adapts to your life	Best display for entertainment & creation	Great value from the leading brand	Great value to get previous masterpieces from Samsung	Revolutionarily designed Note for extended pleasure	Bigger & better iPhone	Apple's first phablet	Great value to get previous masterpieces from Apple	Great value to get previous masterpieces from Apple

Product lines:

Samsung has more lines than Apple.

Target markets:

- Samsung: from high to low end, targeting diverse markets. For Galaxy S and Note, it's upper middle class professionals and creative young generation.
- Apple: generally focusing on high-end market, upper middle class people.

Features:

- Samsung: bright colorful screen, big screen, S pen, convenient functions.
- Apple: brand, design, big screens (since iPhone 6).

Value proposition/benefits:

- Samsung: providing convenience through innovation for consumers.
- Apple: providing simplicity through technology and design.

Product eco-system:

Having an effective product ecosystem is important in the smartphone industry. Apple, Google and Amazon all rely on their integrated cycling systems. Samsung has not completed a process to integrate all of its functions; based on its technological advantages in communication networks and electronic appliances, Samsung can develop a complete and closely relevant smart home ecosystem that will be compatible with its smartphones.

2.2.2 Distribution

Samsung:

- Online: [www. Samsung.com](http://www.Samsung.com)
- Retailers: Wal-Mart, Best Buy, Target, Radio Shack, etc.
- Carriers: AT&T, Verizon, Sprint, T-Mobile, U.S. Cellular, Virgin Mobile, Metro PCS, Boost Mobile

Apple:

- Online: www.Apple.com
- Retailers: Wal-Mart, Best Buy, Target, Radio Shack, etc.
- Carriers: AT&T, Verizon, Sprint, T-Mobile

A potential area for the distribution improvement is within the experience stores. The Apple stores give consumers the feeling that as soon as they enter or start working with an employee, they are truly getting the Apple genius experience. Unlike Apples experience store,

Samsung's has a more simplistic concept. While it does display all of its products available, it does not leave people with a clear brand image the way that Apple does.

As for the other channels, we can see that Samsung is widely distributed which is necessary. However, when managing many channels at the same time, it is important to be cautious when maintaining a relationship with resellers. It is important for Samsung to be able to avoid channel conflict and improve the price supervision and quality control.

2.2.3 Promotion

Through the two reports below we can discern that Apple has spent more money on advertising than Samsung, although Samsung advertises more products.



Report Type: Media Mix
Report Completed: 11/29/2014 10:03:46 PM EDT
Reported Time Period: 1/1/2013-12/31/2013

PRODUCT	TOTAL DOLS (000)	* TOTAL US DOLS (000)
Apple iPhone 4 : Wireless Phones	0.0	0.0
Apple iPhone 4s : Wireless Phones	0.1	
Apple iPhone 5 : Wireless Phones	221,551.5	221,174.7
Apple iPhone 5c : Wireless Phones	77,720.4	77,669.1
Apple iPhone 5s : Wireless Phones	50,892.3	50,873.7
GRAND TOTAL	350,164.2	349,717.4



Report Type: Media Mix
Report Completed: 11/29/2014 10:13:30 PM EDT
Reported Time Period: 1/1/2013-12/31/2013

PRODUCT	TOTAL DOLS (000)	* TOTAL US DOLS (000)
Samsung Galaxy : Wireless Phones	1,455.0	1,269.8
Samsung Galaxy Centura : Wireless Phones	0.4	0.3
Samsung Galaxy Mega : Wireless Phones	19.7	18.2
Samsung Galaxy Note : Wireless Phones	334.4	25.8
Samsung Galaxy Note 3 : Wireless Phones	16,625.1	16,621.9
Samsung Galaxy Note II & Samsung Galaxy S III : Combo	37,124.0	36,948.0
Samsung Galaxy Note II : Wireless Phones	33,219.8	33,168.1
Samsung Galaxy S : Wireless Phones	19.8	19.7
Samsung Galaxy S II : Wireless Phones	0.3	0.1
Samsung Galaxy S III : Wireless Phones	9,365.8	8,459.0
Samsung Galaxy S III Mini : Wireless Phones	397.8	387.9
Samsung Galaxy S4 : Wireless Phones	196,325.7	194,201.4
GRAND TOTAL	294,887.8	291,120.2

- Samsung adopts all five elements of promotion: advertising, public relations, sales promotions, direct marketing and personal selling.
- Besides from utilizing advertising public relations, Apple also uses their own retail stores as a major promotion and distribution channel.

2.2.4 Price

Samsung:

- Galaxy S5: \$849.99
- Note 4: \$749.99

Apple:

- **iPhone 6:** \$649.99-\$849.99
- **iPhone 6+:** \$749.99-\$949.99

If we only compare the premium smartphones, Samsung has relatively higher prices than Apple.

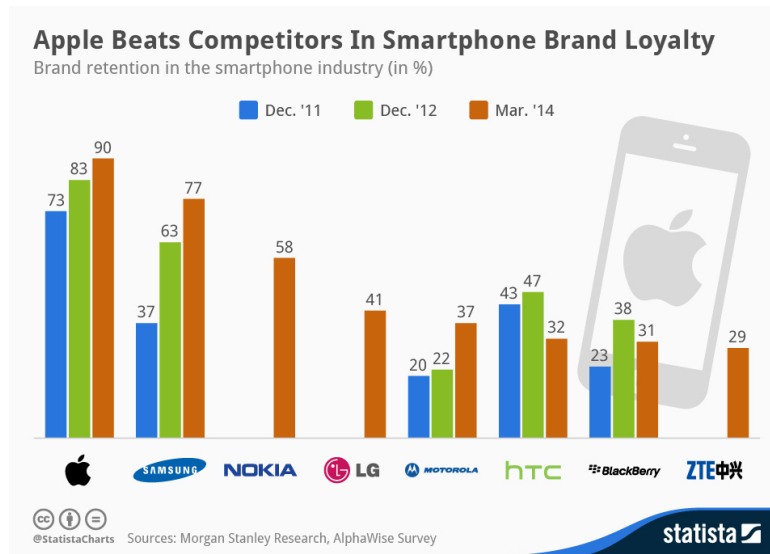
2.3 Consumer Insights

2.3.1 Brand Awareness

Based on a report in 2014 Q2 from TrendForce, the unaided brand awareness of Samsung is 83% compared with Apple's 80% unaided awareness. However, top of mind brand awareness of Samsung is only 25% versus 49% top of mind brand awareness of Apple. These statistics may

indicate Samsung gained consumers' recognition yet has a less recognizable brand reputation than Apple.

2.3.2 Brand Loyalty



A study from Consumer Intelligence Research Partners (CIRP) shows that apple has efficiently gotten Samsung Android users to convert to iOS with about 20% of its customers coming from Android versus only 7% of Samsung customers coming from previously using iOS. According to Morgan Stanley AlphaWise survey, in March 2014, Samsung's brand retention rate in smartphone industry was 77% and in an increasing tendency. However, Apple holds a 90% retention rate.

2.3.3 Brand Perception

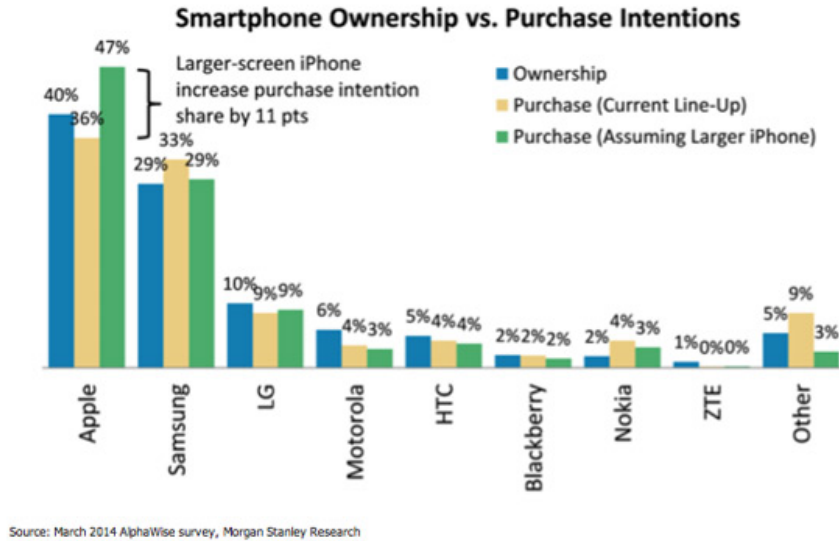


The wordle of Samsung and Apple show us which words are most frequently related to the two brands by consumers.

From the perspective of consumers, Samsung is about the removal of complexity from people's lives, incredibly consumer driven product design. On the other hand, Apple stands for a beautiful design, great performance and an abundant choice of apps.

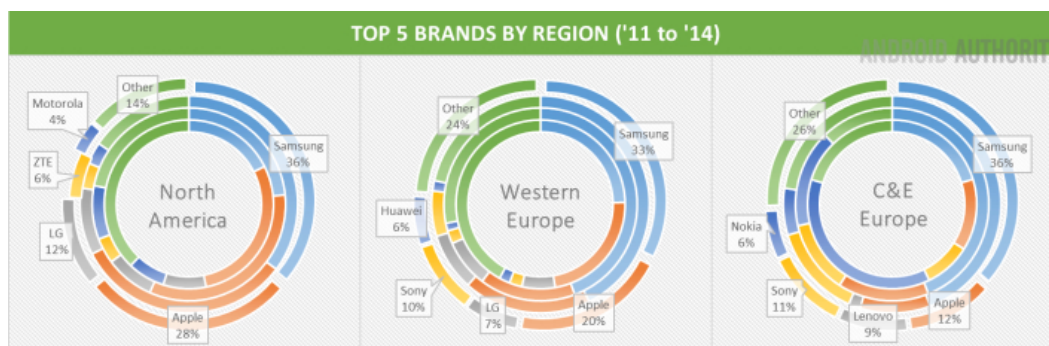
2.3.4 Why Consumers choose iPhone 6 over Samsung?

According to March 2014 Alpha Wise survey, Morgan Stanley Research, the larger-screen iPhone increases purchase intention share by 11%. This has provided us with one main reason for the iPhone 6's huge success, the screen. After its launch, Samsung lost its advantage as being the leading brand in the big screen smartphone market. In order to prevent further losses, Samsung must find other factors to differentiate itself from Apple.



2.4 Trends for Competition

Samsung and Apple have been dominating the U.S. smartphone industry for the last four years. Although Samsung has outperformed Apple in terms of global and North American market share, Apple has taken up the larger part of the U.S. market share for quite a while, as seen in the chart below.



2.5 Marketplace Changes

2.5.1 Competitive

- While Samsung and Apple are the major competitors, more and more smartphone producers are joining the competition.
- Besides Apple, most smartphone manufacture's operating margins are declining, including Samsung.

2.5.2 Demographic

- Younger consumers have more of a preference for smartphones than older consumers.
- Consumers with higher incomes are more likely to utilize smartphones.
- Consumers living in urban cities embrace smartphones more than people living in suburban or rural areas.

Smartphone owners in 2014

Among adults, the % who have a cell phone

	Have a smartphone phone
All adults	58%
Sex	
a Men	61
b Women	57
Race/ethnicity*	
a White	53
b African-American	59
c Hispanic	61 ^a
Age group	
a 18-29	83 ^{bcd}
b 30-49	74 ^{cd}
c 50-64	49 ^d
d 65+	19
Education level	
a High school grad or less	44
b Some college	67 ^a
c College+	71 ^a
Household income	
a Less than \$30,000/yr	47
b \$30,000-\$49,999	53
c \$50,000-\$74,999	61 ^a
d \$75,000+	81 ^{abc}
Community type	
a Urban	64 ^c
b Suburban	60 ^c
c Rural	43

Source, Pew Research Center Internet Project Survey, January 9-12, 2014. N=1,006 adults.

2.5.3 Technological

- In terms of operating systems, Android dominates the smartphone market.
- iOS is increasing in market share.

Top Smartphone Platforms 3 Month Avg. Ending May 2014 vs. 3 Month Avg. Ending Feb. 2014 Total U.S. Smartphone Subscribers Age 13+ Source: comScore MobiLens			
	Share (%) of Smartphone Subscribers		
	Feb-14	May-14	Point Change
Total Smartphone Subscribers	100.0%	100.0%	N/A
Android	52.1%	52.1%	0.0
Apple	41.3%	41.9%	0.6
Microsoft	3.4%	3.4%	0.0
BlackBerry	2.9%	2.3%	-0.6
Symbian	0.2%	0.1%	-0.1

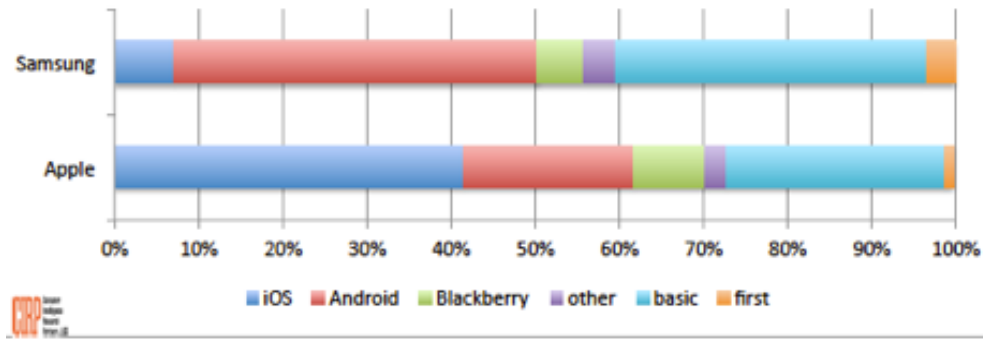
- The demand for faster and more data motivates the development of LTE and 4G networks, this requires smartphone producers to provide technological supports.

2.6 Key Issues Facing Samsung

Recently, Apple has penetrated the big screen mobile phone market with its iPhone 6 and 6+.

The release of Apple's new products has become a threat to Samsung in terms of its competitive advantage. Apple has built a product ecosystem in which all products work together efficiently through compatible software and services, leading to high switching costs for consumers of Apple products.

Based on the chart below we see that 42% of iPhone purchasers have previously owned an iPhone, while 43% of Samsung purchasers have previously owned an Android phone. Apple has efficiently gotten Android users to convert to iOS with about 20% of its customers coming from Android versus only 7% of Samsung customers coming from previously using iOS.



Brand loyalty is very important to any manufacturer, however, it is extremely important in the smartphone market due to the rapid replacement cycles. Apple has a higher retention rate at 42%, versus Samsung at 38%. Apple does a superior job of converting Samsung users, at 19%, versus Samsung only converting Apple users at 7%.

2.7 S.W.O.T Analysis

	Strength	Weakness
Internal	<ul style="list-style-type: none"> • Samsung is the leading company in global smartphone market and has the second largest market share in U.S. market • Giant global company with several market leading products, which can be a good complementary for the production of mobiles, (LTE technologies, conductors and consumer electronics) • Good management, sufficient financial support and a complete efficient supply chain • Insight into the future of the technology industry and also the world leading abilities of innovating in technologies • Samsung has the best experience in using Stylus Pen on Sketchbook, the first curved screen for smartphones and the advanced rear-facing cameras 	<ul style="list-style-type: none"> • Losing the advantage of being the leader in wide-screens • High marketing costs and decreasing prices of high-end products lead to over 70% profit losses in 2014 Q3 • Too many product lines with unorganized functions • Low efficiency of communicating the values of products to target customers • Higher prices for an Android phone • Low top of mind brand awareness • Lack consumer loyalties and lower retention rate compared with Apple • Its own retailing store is not distinctive enough and the resellers are not helpful for Galaxy's high-end brand image

	<ul style="list-style-type: none"> • Samsung Galaxy possess the most cutting-edge technologies of smartphones • Good relationship with suppliers and partners with teaching and alliance programs • Investments to B2B will generate great profits in future • Abundant products covering different classes of people • Widely distributed retailers 	
	Opportunities	Threats
External	<ul style="list-style-type: none"> • In U.S., Android has the largest market share and Samsung is the biggest player in the field with decreasing difference with Apple before the release of iPhone 6 and 6+ • The global smartphone market has increased by 25% in 2014 Q3 • The emergence of smart home can be a good chance for Samsung to integrate its world leading consumer electronics with smartphones • Wearable devices are developing fast and Samsung is the first mover in the field 	<ul style="list-style-type: none"> • Lessening rate of increasing smartphone users in U.S. • Industry Competition is fiercer which leads to decreasing prices of high-end smartphones and sales of new products • More and more carriers have stopped providing subsidies to customers

3. Marketing Strategy

3.1 Marketing Objectives

1. Build Samsung smartphone brand awareness from 25% top of mind to 50% top of mind and 83% unaided to 90% unaided.
2. Increase Samsung smartphone consumer retention rate from 77% to 87%.
3. Increase market share from 29% to 30% by 2015

3.2 Financial Objective

Increase revenue sales by 7% in the year 2015 (and so on), by increasing the market share from 29% to 30%.

3.3 Marketing Strategy Components

3.3.1 Price Change

According the United States Census Bureau, the median income for households in the U.S. during 2012 was \$51, 371. This includes income of the household head and all others 15 years and older in the household. In 2013 it was confirmed that smartphone penetration has not only passed half of all mobile users, but has gone over and above 50% of all adult Americans. With smartphones having become nearly essential to young adults, according to Forbes, in the 18-34 demographic, penetration is 80%, with the limiting factor being money. For those earning \$75,000 and more, 90% have smartphone's already. If Samsung were to lower the price of the Galaxy S5 from \$849.99 to \$649.99-\$749.99 and the Note 4 from \$749.99 to \$549.99-\$649.99, not only would the price better match the quality, but it would make the smartphone more affordable to the average household in the U.S, thus increasing the sales revenue for Samsung.

3.3.2 Reposition

Compared with the Apple iPhone, the Samsung Galaxy has a 24% lower top of mind brand awareness. This shows that target customers do not comfortably accept the Galaxy's position as a proficient and entertaining tool. The lack of loyalty and brand awareness, which can drive people's valid purchases, can be an important reason for its great losses of profits in the third quarter of 2014. Our aim is for the Samsung Galaxy to build its brand image based on a widely

accepted acknowledgement that Samsung is the most cutting-edge Android smartphone, which is affordable. From our previous analysis, we concluded that Samsung is gaining more and more power in US smartphone market and Android is the most widely used platform in US. The competition between Samsung and Apple is largely based on the competition between Android and iOS. The platform of iOS can provide customers with the best user experience with uniform interface and functions. While Android's most distinctive feature is different designing for different target market (Usually company customize a certain model of phone and sell them to the whole target market), we should make full use of the important difference with iPhone to gain more market share. Based on the consideration, we decide to apply mass customization to provide every individual customer with the chance to design their own phone which is hard to achieve for iPhone. What's more, because the newest innovation of Samsung lies in its curved screen, multi windows and Stylus Pen, the Galaxy will be viewed as an efficient, multifunctional tool and as a personalized private platform owned by you and designed by you.

The Samsung Galaxy is the ultimate, cutting-edge Android phone, which is affordable and a considerate partner who creates concentration and joy. It is time for you to decide.

3.3.3 Product Line Management

From the product comparison chart shown above, we see that Samsung has a much more complicated product line than Apple. Besides premium smartphones such as the Galaxy S note Note, it also manufactures low-end go phones and "concept" smartphones like the Note Edge. This product strategy directly leads to huge costs for the company. In circumstances such as these, where Samsung's market share has severely shrunk from 2013 to 2014, we suggest it is better to cut off mid to low range smartphones like the Galaxy Alpha, Active, Mini, and those go

phones which are losing market share to Chinese manufacturers like ZTE. After the trimming process, we expect there will be just 3 lines left. The Galaxy S, Galaxy Note, and Edge, which belongs to the Note line right now, but will most likely evolve on its own in the future.

In the next 5 years, Galaxy S and Note will still be the most supported lines from a marketing perspective. But Samsung will need to increase R&D costs on the new line, Edge. Given a certain level of effective marketing resources it will become highly focused on reaching early adopters. Since the curvy screen technology Samsung's unique, impossible-to-imitate advantage, it is probably the core element of the next generation's smartphones. The Galaxy S and Note will most likely become cash cows and the Edge will rise to be the next star product. Samsung must be prepared for these next steps and establish the Edge brand step by step.

3.3.4 Distribution

Being the large corporation that it is, Samsung pays close attention to the channel marketing concept. However, because it distributes its products through a large amount of channels, dozens of unexpected side effects emerged. To begin, managing many channels requires using a substantial amount of resources. Secondly, compared with Apple, Samsung has no major distribution channels where they devote the bulk of their resources. The Apple Store is the most important channel for Apple to distribute their products and increase its bottom line. In order to increase Samsung's cost efficiency, our strategy is to build or choose a channel to focus and put maximum energy and resources into it. The following is a chart from Passport's market information database.

Table 7 Distribution of Consumer Electronics by Format: % Volume 2008-2013

% retail volume	2008	2009	2010	2011	2012	2013
Store-Based Retailing	84.6	83.7	82.4	80.4	78.0	76.3
- Grocery Retailers	11.8	11.9	11.2	10.6	9.7	9.1
-- Discounters	0.2	0.1	0.1	0.1	0.1	0.1
-- Hypermarkets	11.4	11.6	10.9	10.3	9.5	9.0
-- Supermarkets	0.2	0.2	0.2	0.1	0.1	0.1
-- Other CE Grocery Retailers	-	-	-	-	-	-
- Non-Grocery Retailers	72.8	71.8	71.2	69.8	68.4	67.2
-- Electronics and Appliance Specialist Retailers	56.0	55.6	55.5	55.4	55.6	55.6
-- Mixed Retailers	12.5	12.2	11.9	11.3	10.2	9.5
-- Other CE Non-Grocery Retailers	4.3	4.0	3.7	3.1	2.6	2.2
Non-Store Retailing	15.4	16.3	17.6	19.6	22.0	23.7
- Direct Selling	-	-	-	-	-	-
- Homeshopping	0.6	0.5	0.4	0.3	0.2	0.1
- Internet Retailing	14.7	15.8	17.3	19.3	21.8	23.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

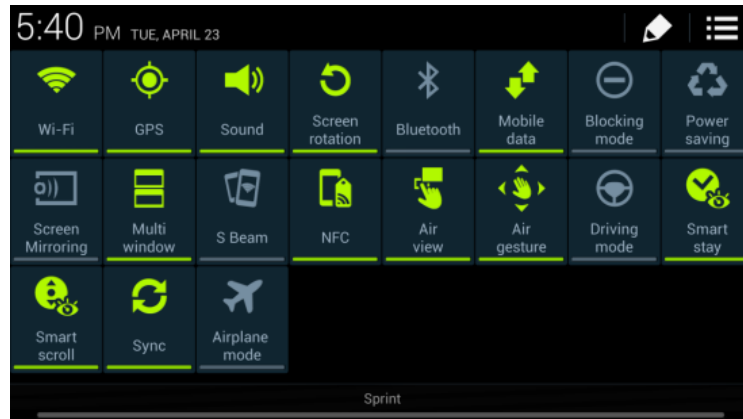
Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

According to this report, we can discern that the retail volume from Internet Retailing is in an increasing trend. Therefore, we have chosen Internet retailing as the main distribution channels for Samsung.

4. Action Plans

4.1 Mass Customization and Retargeting

Previously, the Samsung Galaxy has focused on upper-middle class professionals and students. However, the overabundance of the Galaxy's functions has caused a loss of focus in terms of the target consumers.



If functions were to be categorized, with different prices for each, consumers would have the option to choose the functions that are suitable for them with having the ability to consider price. Examples of categories may range from: basic Android functions, health functions, designing functions (including S-Pen and Sketchbook, premium cameras), business functions, entertainment functions and so on. Based on the categories, we can segment our customers by lifestyle. Combined with Samsung's main functions, we can get the target market of mainly 4 groups of people: people with a simple life style, young people who live for fun, designers or people with a hobby of designing, professional and business people. For the first group of people, they only want basic functions but they also need curved screen to reduce the distractions of the phone, their phone maybe of the lowest price. For the people who live for fun, the entertaining functions and colorful appearance of a phone is more important. Since such a group people have a higher frequency of changing phones, they do not need high-quality hardware but they do need the premium camera. For designers, S-pen and sketch are the most important functions while for professional and business people, all of Samsung's previous cutting-edge functions such as KNOX, S-pen and also premium hard ware are desirable. Based on the target customers, we will have several basic models with similar appearances, constituting a wide screen, basic functions, curved screen or flat screen and Samsung's advanced security technology. Based on that, each

individual customer is able to choose the features they need for their own phone. Through mass customization, our target customers can be expanded to anyone within the price range who wants to join the Android network. Also, we think that Galaxy's previous various product lines and different functions of their phones provide Samsung with the biggest advantage to do mass customization over any other mobile manufacturers including Apple.

4.2 Campaign: Back to Essence

The aim of the campaign is to introduce the functions of the products, communicate brand images to customers and publicize the offering. The slogan of the campaign is "Back to Essence", implying the simplification and organization of all chaotic functions. We want to convey to our customers that with our new offering of mass customization and cutting-edge functions, our customers are able to go back to the essence of life. When customers choose functions by themselves, the essence of life lies in recognizing and realizing their real needs. With all notifications on the curved edges, the essence of life lies in concentration and efficiency. From the perspective of Samsung, it is back to the essence of communicating with customers. To introduce the new product and the *Back to Essence* campaign, there will be a keynote presentation and several advertisements based on the implication of the campaign mentioned above. The communication steps in order to endorse the product and campaign are further discussed below.

4.3 Communication Plan

In order to promote Samsung's new and improved offering, there will be a set communication plan, which will be promoting the *Back to Essence* campaign.

Advertising – Television, Newspaper & SEO

Through the use of media, information regarding Samsung's repositioning and campaign will be brought to the public. Newspapers such as the Wall Street Journal and the New York Times will be utilized, as well as advertising on major national channels such as NBC and ABC.

Through the use of search engine optimization and search engine marketing, Samsung will be able to better target its consumers.

Media Pitch – Bloggers, National Newspaper & Mobile Magazines

Word of mouth is an important factor when it comes to gaining customer loyalty, therefore, along with advertising, Samsung will use its public relations team to pitch media on its major events, op-ed opportunities on national newspapers where the company can talk about the corporation culture, leadership or products. What's more, Samsung will pitch popular technology bloggers, sending them samples of the products and invite them to our "Ultimate Comparison" events, in which we will compare some of Samsung smartphones' features with other Android phones to stand out its advantages. For instance, by comparing the loading speed of videos on Samsung smartphones and other smartphones, reviewers will understand how powerful Samsung smartphones' CPU can be. The time of "Ultimate Comparison" events will vary to support the "Back to Essence" Campaign.

Celebrity Ambassador – Emma Stone

In the U.S., many well known celebrities have a great deal of star power, thus having ability to influence trends and in return, buying decisions. We want to choose American Actress Emma

Stone as celebrity ambassador, considering her popularity and reputation for good taste. We believe using Emma Stone as Samsung's newest smartphone ambassador in the U.S., the Galaxy and Note will be given both a personality and a voice. She will not only appear in our advertisements, but also show up in major events.

Leverage CEO – Bring him to talk show

Technology is a cult. What customers want from a company is not only the product, but also the culture. With the election of the new CEO in North America, Gregory Lee, who has work experience with Johnson & Johnson, Kellogg's and P&G, is a face consumers will get familiar with. Bringing Gregory Lee to popular talk shows will allow consumers to identify with him and "get to know" Samsung on a more personal level.

Social Media – "The Coolest Group Selfie"

One of the distinguishing features of the Galaxy Note 4 is the ability to include more people in "selfie". Through a contest titled "The Coolest Group Selfie", Note 4 users are invited to post their group selfies on Samsung's Facebook page and in the end having users vote for the "coolest group selfie." The winner will get a unique Samsung galaxy, which is designed based on choice of the winner. Another social media contest will be based on encouraging consumers to showcase their personally designed Samsung smartphone, giving the audience a chance to get creative. Towards the end of the contests, entries will be narrowed down, with the ultimate winner being the one with the most votes. The winner will become a limited time, limited edition model of the Samsung Note or Galaxy.

4.4 Distribution Plan: Online Store

The most salient properties of online retailing is it's high cost efficiency and ROI compared with retail stores and conventional distribution channels. Since we decided to avoid competing directly with Apple in the U.S., we are not going to emulate Apple by enhance or increase Samsung retail stores and its distribution in any other retail stores.

Samsung will take full advantage of its own online store, the Samsung official website. By redesigning, reorganizing and improving the online store, Samsung will be able to maximize consumers' exploring and purchasing experiences. Live online assistance to help consumers solve their problems and resolve their confusions instantly will be implemented to make the purchase process more efficient. Smartphone accessories will also be available for purchase through online stores and sell combinations with a discount price to promote Samsung products. By acknowledging that more and more people tend to buy contract phones with carriers, we plan to cooperate with major carriers such as AT&T, Verizon, T-Mobile and Sprint to help consumers access their services through websites, allowing them to choose different plans and phones and even finish the payment through the Samsung online store. A Samsung online store membership will also be implemented into the system which will allow consumers to accumulate certain points while purchasing products through the online store. Consumers will be able to use these points to redeem products or discounts. Samsung will also begin promoting a Samsung Online Store gift card and distribute them in stores like CVS, Duane Read, 7-Eleven in order to stimulate consumption.

5. Financial Projection

5.1 Sales Forecasts for the next 4 years

In Billion \$	2014	2015	2016	2017	2018
Anticipated Total Sales in U.S. Smartphone Market (Billion\$)	77,851	80,523	83,380	86,431	89,678
Anticipated Samsung Smartphone Market Share	29%	30%	31%	32%	33%
Anticipated Samsung Smartphone Sales (Million\$)	22,577	24,157	25,848	27,658	29,594

5.2 Profit and Loss Statements

Consolidated Financial Statement of Samsung Telecommunication America (STA)

(In millions of

US Dollars)

Year	Assets	Liabilities	Sales	Net Income (Loss)
2012	\$4,493	\$4,051	\$13,729	\$96
2013	\$4,247	\$3,664	\$19,182	\$134.2
2014 (Predicted)			\$22,577	\$158
2015 (Predicted)			\$24,157	\$169

5.3 Marketing Budget

Marketing Budget						
In Millions(\$)	2015 Q1	2015 Q2	2015 Q3	2015 Q4	Total	Contents
Sales	5231.79	6273.34	5771.68	7127.19	24404	
Galaxy S Series	2495	2978.67	2046.33	2500	10020	
Galaxy Note	897.34	994.67	950	1166.99	4009	
Galaxy Note Edge	859.8	1300	1275	1440.2	4875	
New Model	979.65	1000	1500.35	2020	5500	
Modifying Websites	0.01				0.01	Adding information and channels for the purchase of the new model
Promotion Cost						
Online Advertising	0.2(SEO/SEM) 0.2 (Bloggers)	0.1(SEO/SEM) 0.1(Bloggers)	0.1 (SEO/SEM) 0.1(Bloggers)	0.1(SEO/SEM) 0.05(Bloggers)	0.95	SEO/SEM Promotion of the existing products start from January and publicity of mass customization starts from January using both SEM/SEO and Bloggers.
Public Relationship	4				4	Inviting Celebrity Ambassador
TV Advertising	3.11	6.5	4.12	3.89	17.62	
Media	0.4 (WSJ)	0.8(WSJ/NYT) 0.1(Mobile Magazines)	0.4(NYT) 0.1(Mobile Magazines)	0.1 (Mobile Magazines)	1.9	Advertising on WSJ, NYT and Wired Magazine
Social Media		0.0003 ("Selfie")	0.0005 (Design Contest)	0.0005 (Design Contest)	0.0013	Two contests based on Facebook and the winners will get precious iPhones finally. In the second quarter, the "Selfie" contest will be hosted and in the third and fourth quarter, the designing contest will be hosted.

6. Implementations & Controls

6.1 Implementations and Timelines

	Q1			Q2			Q3			Q4		
2015	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Launch Campaign	X											
Introduce Celebrity Ambassador	X											
Media Relations	X	X	X		X		X		X		X	
CEO Appears on Talk Shows			X		X		X		X			
Social Media Contests				X			X			X		

6.2 Monitoring

Samsung will set goals so that the results of their new marketing plan can appropriately be measured. Results will be monitored each quarter against set projections made prior to the launch. If the results are not as successful as assumed to be, action will need to be taken in order to further tailor the action plan and tactics. Measurements can be made through:

- Sales→ Revenue through sales
- Social media→how many Facebook likes and contest submissions
- Distribution→sales in units per retail distributor
- Media→messaging strategy will be compared before campaign and then progressively
- Digital→the number of visitors to the Samsung website as well as how many online orders have been made

7. Appendix

Statista:

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Morgan Stanley Research, AlphaWise Survey.

www.wordle.com

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