**Assignment – 3**

**Financial Analytics**

**Title : Analyzing competitive advantage in real companies**

**INTRODUCTION: Here , We take 2 companies**

**Company Name : SAMSUNG**

Shortly after its founding in 1969, Samsung electronics quickly became quickly became one of south korea ‘s leading manufacturers . Its early growth was attributes to the fact that the domestic consumer electronics Industry was just starting to take off and the company began exporting its products . During this time , samsung also acquired korea semiconductor , the first wafer processing company to be established in korea ,paving the way for Samsung to become a leader in semiconductor manufacturing .

Becoming a high-tech company

In the 1980s, Samsung established a new corporate identity focused on securing its own technology, strengthening its R&D, expanding its semiconductor business into the advanced VLSI field, and operating a telecommunications business through Korea Telecommunication Company. It also launched its first global production subsidiary in Portugal and increased its overseas sales subsidiaries to establish itself as a global company.

Competing in the global market and its focus on quality control

In 1988, Samsung Electronics established itself on the world stage following its merger with Samsung Semiconductor & Telecommunications. Led by the mantra "Quality First," the company produced competitive products for a demanding market and became a household name around the world as an official partner of the Olympic Games. It also established itself as a global leader in semiconductors based on the strength of its DRAM technology.

Leading the transition into the Digital Age, Samsung becomes one of the world’s top three electronics companies

In the late 1990s, Samsung Electronics successfully overcame the Asian Financial Crisis through rigorous restructuring, a commitment to innovation, and by actively responding to rapid changes brought about by the digital convergence era. Led by its quality-first approach, the company continued to strengthen the soft competitiveness of its designs and brand. It also continued to expand its portfolio of components and products, ultimately reaching No. 1 in the global NAND flash market in 2002 and the TV market in 2006. By 2007, with $100 billion in sales, Samsung had established itself as one of the world’s top three consumer electronics firms.

Becoming the world’s largest electronics company through a commitment to creativity, autonomy, and open innovation

In the aftermath of a global financial crisis, Samsung Electronics leaned into its culture of creativity and autonomy and an organizational structure that saw each business division managed independently to thrive during a tumultuous period. Samsung remained resilient and strengthened its owned competitiveness with software competency and patent management while unlocking new growth engines through open innovation such as creative M&As.

In 2010, it became the world’s largest electronics company in terms of sales, placing it at the center of the global electronics industry.

Embracing new challenges to sustaining our legacy

After posting record sales and operating profits the previous year, Samsung Electronics set its sights on a new challenge as it celebrated its 50th anniversary in 2019. Since then, Samsung has continually strived to become No. 1 in the system semiconductor industry while simultaneously driving growth in areas such as AI and 5G.

The company has continued to innovate to remain a world leader in memory semiconductors, TVs, and smartphones.

In 2019, Samsung also declared its new CSR vision: “Together for Tomorrow! Enabling People.” The strategy outlined the company’s commitments as a global corporate citizen, articulating how Samsung strives to fulfill its social responsibilities and the ethos the company will adopt for the next century and beyond

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| **COMPANY NAME** | **SAMSUNG** |
| **BRAND REPUTATION** | Samsung achieved $91.4 billion in brand value and is highly recognized for promoting a consistent customer experience strategy and leading future technologies such as 6G and AL .Samsung electronics today was recognized by interbrand , a global brand consultancy, as a “Global top 5” brand for the fourth year in a row |
| **PRODUCT DIFFERENTIATION** | Vertical, horizontal, and mixed are the main types of product differentiation. Each one has its advantages and challenges and ultimately, how customers evaluate products is unique to them. Determining how you want to differentiate your product or brand depends on your target audience and their typical buying behaviors  They like to innovate. Contrary to many companies who just try to sell what has already been proven, Samsung tries to innovate and come with different technologies to differenciate itself from the competition. Great hardware: Samsung creates some of the best products out there, and not just products, but parts too. |
| **TECHNOLOGICAL INNOVATION** | Enabling New Experiences and Possibilities: Samsung is focusing its efforts on enabling consumers with new experiences and possibilities through their innovative line-up of Galaxy products by continuously creating and providing new innovations and experiences not just in hardware innovations, but also in software and ...  Over the years, Samsung Research has been the cradle of technologies. Among the technologies it pioneered are: 4G LTE, 5G, Tizen, HEVC (High Efficiency Video Coding), LED Display technology, Etc . |
| **MARKET LEADERSHIP** | "Samsung maintained its leadership in the smartphone market with an 18 per cent market share, followed by Vivo at 16 per cent in calendar year 2023.  South Korean tech giant Samsung held onto its throne as the leader in India's smartphone market during the year 2023, capturing an 18% share, according to CyberMedia Research (CMR). However, in the fiercely competitive December quarter, Chinese brand Xiaomi snagged the top spot with a 19% share. |
| **DISTRIBUTION NETWORK** | Samsung Place & Distribution Strategy  It operates based on a three-part channel marketing strategy. Dealers in sales and service, modern retailing, and wholesalers. Samsung's sales and service dealers are in charge of critical accounts and corporate sales.  Samsung has a smart distribution strategy. The only customers that Samsung sells to are service dealers and retailers operated by the company. Be it online or offline, Samsung's focus is always on customers. |

**Analysing financial performance of**

**Consumer goods services company : SAMSUNG**

**REVENUE GROWTH**:

According to Samsung's latest financial reports the company's current revenue (TTM) is $196.77 B. In 2022 the company made a revenue of $233.13 B a decrease over the years 2021 revenue that were of $240.71 B. The revenue is the total amount of income that a company generates by the sale of goods or services.

**PROFIT MARGIN**

Performance Summary

Samsung Electronics Co Ltd DRC Pref's latest twelve months gross profit margin is 30.3%

Samsung Electronics Co Ltd DRC Pref's gross profit margin for fiscal years ending December 2019 to 2023 averaged 36.6%.

Samsung Electronics Co Ltd DRC Pref's operated at median gross profit margin of 37.1% from fiscal years ending December 2019 to 2023.

Looking back at the last 5 years, Samsung Electronics Co Ltd DRC Pref's gross profit margin peaked in December 2021 at 40.5%.

Samsung Electronics Co Ltd DRC Pref's gross profit margin hit its 5-year low in December 2023 of 30.3%.

Samsung Electronics Co Ltd DRC ***Pref's gross*** profit margin decreased in 2019 (36.1%, -21.0%), 2022 (37.1%, -8.3%), and 2023 (30.3%, -18.3%) and increased in 2020 (39.0%, +8.0%) and 2021 (40.5%, ***+3.8%).***

**INVESTMENT**

Samsung Electronics Co., Ltd. had a return of 1.31% year-to-date (YTD) and 13.72% in the last 12 months. Over the past 10 years, Samsung Electronics Co., Ltd. had an annualized return of 13.14%, outperforming the S&P 500 benchmark which had an annualized return of 10.61%.

**MARKET SHARE**

Samsung is the Number 1 Android brand in terms of shipments. It had the highest shipments in Q3, 2023 at about 58.8 million units.

Samsung's most popular products are smartphones, typically the Galaxy S series, which have consistently contributed to impressive Samsung sales statistic

**COMPANY NAME : McDONALD’S**

McDonald's Corporation is an American multinational fast food chain, founded in 1940 as a restaurant operated by Richard and Maurice McDonald, in San Bernardino, California, United States. They rechristened their business as a hamburger stand, and later turned the company into a franchise, with the Golden Arches logo being introduced in 1953 at a location in Phoenix, Arizona. In 1955, Ray Kroc, a businessman, joined the company as a franchise agent and in 1961 bought out the McDonald brothers. Previously headquartered in Oak Brook, Illinois, it moved to nearby Chicago in June 2018.McDonald's is also a real estate company through its ownership of around 70% of restaurant buildings and 45% of the underlying land (which it leases to its franchisees.

**PRODUCTS**

McDonald's predominantly sells hamburgers, various types of chicken, chicken sandwiches, French fries, soft drinks, shakes, breakfast items, and desserts. In most markets, McDonald's offers salads and vegetarian items, wraps and other localized fare. On a seasonal basis, McDonald's offers the McRib sandwich. Some speculate the seasonality of the McRib adds to its appeal.During March of each year, McDonald's offers a Shamrock Shake to honor Saint Patrick's Day.

In addition, the chain also sells some items within the United States on a regional basis; for example, the Hatch Green Chile Double Cheeseburger, which is topped with New Mexico green chile, is only available in the southwestern state of New Mexico.

**RESTAURANTS**

There are over 36,000 McDonald's restaurants globally. Over a third of these (14,146 restaurants) are in the United States alone—the second highest number is in Japan with 2,975 restaurants, followed by China with 2,700. These three countries make up a majority of global McDonald's stores.

**FINANCIAL PERFORMANCE**

McDonald's Corporation reported earnings results for the third quarter and nine months ended September 30, 2023. For the third quarter, the company reported revenue was USD 6,692.2 million compared to USD 5,872.1 million a year ago. Net income was USD 2,317.1 million compared to USD 1,981.6 million a year ago. Diluted earnings per share from continuing operations was USD 3.17 compared to USD 2.68 a year ago.For the nine months, revenue was USD 19,087.5 million compared to USD 17,256.1 million a year ago. Net income was USD 6,429.8 million compared to USD 4,274 million a year ago. Diluted earnings per share from continuing operations was USD 8.76 compared to USD 5.75 a year ago.

McDonald's has a total shareholder equity of $-4.7B and total debt of $39.4B, which brings its debt-to-equity ratio to -837.3%. Its total assets and total liabilities are $56.1B and $60.9B respectively. McDonald's's EBIT is $11.7B making its interest coverage ratio 10. It has cash and short-term investment of $4.6B.

**STRENGTHS OF THE McDONALD’S**

By offering new and innovative menu items, the company can respond to changing consumer trends and preferences, as well as stay ahead of its competitors. Generally, menu diversity is a key strength for McDonald's, and it has helped the company to maintain its position as a leading fast food chain for many decades.

attributed to its unwavering commitment to consistency, its ability to adapt to local tastes and cultures, and its dedication to innovation and adaptability.

**LONG TERM VIABILITY OF McDONALD’S**

It is perfectly plausible to define sustainability as the ability of a company to sustain its profits into the future. If this economic or financial view is taken, then McDonalds is a sustainable company as long as the world continues to eat McDonalds.

McDonald's is forecast to grow earnings and revenue by 6.8% and 5.7% per annum respectively while EPS is expected to grow by 8.5% per annum.

**CONCLUSION**

**SAMSUNG**

Conclusion. Through the SWOT analysis of Samsung, it is clear that the company is still a global leader in chip making and smartphone brands. It has always sustained sufficient revenue and profits as it progresses into the future.

Samsung is the main brand for mobile phones with its high-end specifications. The users are average consumers and companies. The main competitor is Apple; however Samsung gives the competitive attention through mobile features. Many customers are loyal to Samsung mobile phones and will continue to develop a relationship with the brand.Lastly, the customer decision to buy a Samsung mobile phone is based on the phones enticing features making it a powerful motivator.

**McDONALD’S**

McDonald's is one of the largest fast food companies in the world. They continue their path for success by keeping their consumers in mind regarding their product selection as well as their prices. They encourage their employees to do a good job, usually promotes from within, and offers several scholarships to encourage education. Though McDonald's is a centralized, "wait and see" company they find ways to use technological products that will increase their productivity, service, and sales, everywhere from using the Nintendo DS to train staff to using New POS touch screen registers. McDonald's will certainly be around for plenty more years to come.