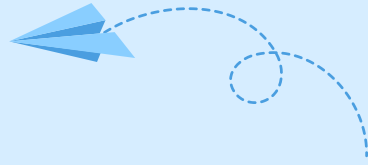




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# Apple vs. Samsung

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The main purpose of the paper is to study and analyze Apple and Samsung business companies. For the development of full understanding of the basis of such corporations it is essential to analyze their business strategies, domestic and global environment, industry and internal capabilities. Special attention is also focused on the companies' business leaders and their policies, organizational competencies and the internal leadership strategies. Current analysis perfectly demonstrates the high need of organizational changes to be implemented in both companies. The alternation to the existing strategies in business, functional and corporate issues will greatly support their development and therefore stimulate the increase of their business, financial and corporate stability.

The analysis of the Apple business strategies gives an ability to see how the company became such a great success and how it is still remains on top within the area. Apple concentrates its operation within a series of aspects of consumer electronics that include smartphones, personal computers, video and mobile communication devices, and other. It is present in the Computer Hardware and Software industries, Consumer Electronics and Digital Distribution. This makes it possible to adapt to the changing tendencies in the consumer preferences, but it also provides the potential risk of decrease of popularity of any of these production areas (Ireland, Hoskisson, & Hitt, 2009).

High technologies and unique innovations are the main strengths of the company. Apple Digital Hub Strategy that devotes to the constant development and innovations' provision, supported by the effective brand marketing, brought about the success of the majority of Apple

products. Moreover, one of the main advantages of the company is the establishment of Apple integral ecosystem.

Despite all the advantages of the Apple business strategy, there is one more company that takes the leading position in the market. Samsung is one of the biggest representatives of the electronics industry. It has departments in more than 50 countries in the world and the workforce over 66000 (Worstall, 2012). In the contemporary period information plays one of the key roles in any sphere, and especially in the marketing industry. This is one of the main strengths of the Samsung Corporation.

Another strong side is the strategic alliances that Samsung has undergone with. More than 29 alliances gave Samsung the ability to enter new markets. However, this does not give the company an ability to learn something new in the sphere of technological innovations. The main business strategy that can be seen in the organization is to flood the markets with a great number of products in a short period of time (Worstall, 2012).

The most suitable way of analyzing these companies is the implementation of the SWOT strategy (Jang, Hong, Bock, & Kim, 2002). With the provision of this analytical system it is possible to underline the main strengths, weaknesses, opportunities and threats for the Apple Company.

## STRENGTHS:

1. Marketing and advertising capabilities. Here it has to be underlined that the advertising budget of the company for the last year reached



1.1 billion dollars that is twice big when compared to the analogical sum of 2009. It is one of the largest advertising budgets for such a company that is, however, used in the most effective way.

2. Powerful and high-cost channel of distribution in the United States.
3. The implementation of vertical integration.
4. Brand awareness and reputation.

## WEAKNESSES:

1. Lack of product offerings in different price levels.
2. The weaknesses within the Chinese and Indian direction of the product distribution.
3. iPhone and iPad sales dependence.
4. The lack of innovation

## OPPORTUNITIES:

1. Purchasing valuable companies.
2. Earnings from the mobile payments.
3. Implementation of wearable gadgets.

## THREATS:

1. Competitive Struggle.
2. Strong United States dollar course.
3. Law proceedings over the patent infringements (O'Grady, 2009).



The analogical analysis has to be applied to the Samsung Company on order to objectively compare the main crucial points and advantages of the corporations

## STRENGTHS:

1. Successful integration of Hardware with a series of open source OS and Software.
2. Excellency in producing the elements of Hardware and in computer engineering, as well as superiority in consumer electronics.
3. Implementation of Innovations and excellent design.
4. Focusing on environment.
5. Low costs of the company's production.
6. The biggest set of mobile phone share set and the smartphone sale on the 2d position.
7. Effective brand marketing.

## WEAKNESSES:

1. Offence against patents.
2. Comparatively low level of profit.
3. The largest buyers as main competitors in the market.
4. The necessity to present own software and OS.
5. Focusing on too many products.

## OPPORTUNITIES:

1. Rapid growth of India's market of smartphones.

2. Development of the industry of mobile advertisements.
3. Enlargement of demands for high application processors of high quality.
4. Tablets market development.
5. Receiving patents through acquisition.

## THREATS:

1. Saturation of smartphone markets in the developed countries.
2. Rapid development of technological innovations.
3. Hardware production markets decline.
4. Flawed patents.
5. Presentation of the Apple iTV innovation.
6. Price warfare.

One of the main problems that both companies have to face is cultural differences. Both Apple and Samsung are international companies that have their departments in all parts of the world. Their client base includes representatives of all nations, ethnicities and religions. Therefore, culture shock is a problem that the companies' business leaders have to effectively solve. The main strategy that is used by Apple is the provision of the family of products that make sense together (Grant, 2010). The family-like production is followed by the family-like corporate culture and general policy of the company. Tim Cook has announced that Mac computers will be produced in the United States instead of China because of the issues with the working conditions there. Such changes are significant for the image of the company and its integration to the Chinese and Indian markets.

A great advantage of Samsung in the region is its longer presence in the Chinese market that resulted in the deeper integration to the local system and the needs of local consumers. However, the company has faced a series of problems when dealing with the specifications of the European and American markets. The differences were undergone with the help of hiring professionals from the European states and the extensive researches in order to understand the needs of people within the field of high technologies. This made Samsung one of the leaders in the area that is about to become the number one brand of home appliance by 2015 (Moran, Moran, Abramson, & Harris, 2014).

The business strategies of both companies are extremely strong and their effectiveness is supported by the sales rates and the growth of the client base. The strong side of Apple is stability and high quality. One of the effective solutions is changing the business, financial and corporate strategies once Tim Cook has become the leader. He focuses on people and this results in the healthier corporate environment, new opportunities for cooperation like their projects with HTC, and new markets, such as China and India (Worstall, 2012).

Samsung appears to be the market leader focusing on the variety of production areas. Low production costs made the company leader in the Asian and European markets and it takes second position in the U.S. Large market share has a series of advantages, and proper brand marketing has raised its rates for more than 40% from 2011 to 2012 (Moran, Moran, Abramson, & Harris, 2014).

However, for Apple it is essential to present products at lower prices to get to the new markets and new consumers (O'Grady, 2009). The same high

quality for democratic cost will open new horizons to the company and enlarge the average sales. It is also important to establish healthier and more comfortable corporate environment and strategy. For Samsung it is highly recommended to elaborate their own OS and software in order to gain independence and raise quality of their products and brand loyalty. As the competitors of the company are also the market leaders, this appears to be one of the main disadvantages.

Apple's vertical integration is one of the main strengths of the company that guarantees its stable development and therefore supports the brand and production. Therefore, the corporate strategy of the company is strong and extremely effective. Here, it is possible to mention that Samsung corporate culture is still on the second position and it is extremely important for them to support the vertical integration within the corporate environment for the company's development and brand stability.

The internal leadership strategies in both companies are constantly developing. Apple leader Tim Cook tries to compose a family-like corporate policy. It can be seen from the attitude to the regional problems with the working conditions in the production departments of the company, the hiring of new perspective professionals and employee's public praising. Samsung also demonstrates serious progress though hiring professionals from different regions of the world, offering the discounts to the employees and having the system of adequate recompenses.

As it can be seen, both companies have stable development of the financials, production and corporate environment, and they deeply



research the markets and the potential consumers in order to adapt to new cultural environment and provide people with the products that meet their requirements. However, both companies are in a great need of change, especially in the organizational sector. For Apple, it is essential to get to the new markets, improve their inside management through implementation of new policies and hiring new people. Samsung has to improve their positions through the elaboration of the own OS, which is logically followed by the quality growth. They also need to cope with the patent issues through the implementation of proper patent policy and elaboration of the personal software.

