



Lessons From History - Samsung

Samsung is a multinational company which was founded in 1938. It was originally a small trading company and was founded by Lee Byung Chul. When he started, he had only 40 employees and his primary business was production and distribution of grocery items within Daegu city. By 1947 the company had great profits in the past years, so they set up their office in Seoul and then they started sugar refinery which also was a profitable business and after that success in 1954 Lee built the largest woolen mill in Korea.

Lee was a very ambitious person, and he believed in industrialization and aimed to make Samsung the industry leader. In the 1960s Samsung entered the electronics industry and shortly after that Samsung produced its first black and white TV. In 1974 as the business expanded Samsung bought a Korean semiconductor business, and later it dedicated most of its resources to this business as they knew it was the emerging technology. It built its first manufacturing facility and also bought HangukJeonjaTongsin in 1980. They produced telephones, fax machines, and switchboards and through this business, they got great success, and they created their own production facility.

Samsung started to pour money into research to create better technology for electronics field. They built manufacturing plants in New York, London, and Texas, etc. Lee Kun-Hee took over the company after the death of his father.

In 1992 Samsung became the second biggest company producing memory chips after Intel. On the other hand, they were also spending vast sums on research and development, but this paid off because in





1995 by their research they were able to create the first ever LCD displays which revolutionized television industry and was a huge success. Samsung made millions of dollars in profit, and it was a milestone for Samsung. In 1999 Samsung developed the first wireless internet phone, and by this, they entered in mobile phone industry. Samsung mainly focused on electronics, created world's slimmest TV in 2002, released first 46 inch LCD TV in 2003 and released the first mobile with a 10-megapixel camera in 2006. In 2008 Samsung became #1 in the US mobile market and continued to create newer TVs with LED's and some simple mobiles.

In 2009 Samsung adopted the Google Android system and made their first Android device named Galaxy. Android at that time was under developed and had limited apps, and it could not beat the newly released iPhone because the iPhone had a very efficient operating system and Android at that time was not able to compete with Apple's iOS. Because of this it was not a success at that time.

In 2010 Samsung introduced the Galaxy S line which had the bigger screen of 4 inches as compared to iPhone and other Android phones available in the market at that time. A Large screen was its main selling point. Samsung had phones ranging from 2.8 inches to 5 inches. At that point, nobody had an idea what right screen size was, so Samsung made all sizes to test which one would people prefer.

To their credit Samsung didn't hesitate to make mobiles with so much size variety, even though it was a high-cost experiment which usually most companies don't do, but Samsung made those mobiles to analyze what people would prefer. Samsung next year made Galaxy II which also had a big display and also 4G connectivity which iPhone lacked. Here the battle of Samsung vs. Apple begin. Apple went with single design mobile while Samsung tried everything and was improving fast.



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The Samsung Galaxy note was a phablet that they released with a whopping 5.3 inch screen. It was highly criticized by the critics for being too large and initial reception was so bad that US carriers thought of not selling Galaxy Note II next year but the phone outside the US received very good reception. In Asia, it got very popular and by that Samsung proved that phablets also have a market.

Later Samsung introduced Galaxy S III which Samsung thought to be a bit of big phone for the specific market so for that market Samsung made smaller version Galaxy S III mini. DJ LEE says that they watch the need of market and respond to that immediately. Samsung gave variety to the customers to choose the device according to their requirement while Apple just sticks to its single model approach. When in March 2013 Galaxy S4 launched it was a massive hit, and now it was official mobile war between Samsung and Apple. Till 2014 Samsung sold more than 100 million mobiles from Galaxy S series but in 2015 when Galaxy S5 launched it was a failure. Other companies like Xiaomi and one plus emerged that provided same specs mobile with great features at about half the cost of Samsung and Apple.

Samsung had to think of a new strategy to overcome this situation as S5 flopped. Samsung ditched its plastic body and replaced it with metal body and glass. It also introduced the new version of its flagship with a curved screen which appealed to some people. This year was better for Samsung, and the same went with Galaxy S7 when its sales also increased from the S6, but Samsung was still is not able to get that response that S4 got from the market.

With the launch of S7 Samsung also introduced Note 7. Note 7 had a battery issue that caused it to explode in their customers pockets. Samsung already sold 2.5 million units of Note 7, and the news of Note 7 exploding came after the reports of Note 7 exploding Samsung recalled all its devices and released safer Note 7 for its customers, and 90 % of



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people again got their Note 7 replaced rather than getting a refund. But again those which were replaced ones started to explode too, and Samsung recalled all mobiles again which caused Samsung shares to fall.

Note 7 was a huge blow for Samsung. It was estimated that Samsung would have sold 19 million Note 7s which could have generated \$17 billion while recall of Note 7 cost about \$1 billion and also that investors took their shares worth \$14.3 billion. Analysts say that this recall will have an impact of \$211 billion for Samsung.

So, What Does Samsung Teach Us About Business?

- Samsung targeted all types of people and created devices for each market. They did not focus on one class like Apple did and was able to gain popularity in less time because of this.
- They launched products available in all price ranges and with various specifications. Samsung had a variety of devices for people to choose from. Samsung has made devices which were cheap as well as high-end devices which were expensive.
- Samsung made devices with a variety of sizes for the people who preferred different sizes. If you want best specifications with smaller screen size or want bigger size with same specifications, then that is available. All the users need to do is go to the market to purchase their desired product.
- Samsung thinks of 3 years ahead and makes strategies according to that. This is the cause of their success. They do not try to cash in on present opportunities only but focus on the future by analyzing what their customers would go for in the next few years and then make their products accordingly.
- Samsung values its customers and thinks about them more than any other company. Samsung values their views, and it facilitated the customers to maximum when Note 7 started exploding. They offered them replacements and



when they failed the company sent them all proper packages to resend the Note 7 back. Customers were offered a refund or any other product for the money they paid.

- Samsung did proper research on why Note 7 exploded and then made the details public. This increased the confidence of customers on Samsung. Transparency is very important in business and should be maintained at all costs.
- Samsung didn't let Note 7 disaster ruin it and they came back strongly by making strategies to overcome these situations in future by making different levels of the safety check. This is what is required for the progress of business. Never get disheartened by failures and assure that they teach a lesson for future.

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