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## A Study on Market Segmentation of Samsung Electronics Ltd. with Special References to Mobile Phones

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**Abstract:** Market Segmentation refers to dividing a broad target market into subsets of consumers businesses, or countries that have, or are perceived to have, common needs, interests, and priorities, and then designing and implementing the marketing strategies to target them. Samsung is among the top players when it comes to the mobile phones. It offers a wide range of products for all sections of the society. Its focus is on the middle class section of the society has given them a stronger footing in the Indian market which is also a reason for its high sales. According to the researcher after seeing the result it was founded that Samsung is highly focused on the middle section of the society and the consumer itself want the mobile phones should be at cheaper rates which suits to their pocket. In this research the researcher has collected the data from the students and the research is based on the opinion of the students.

**Key Words:** Marketing strategy, Market segmentation, Target Marketing, Samsung and middle class section.

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### I. INTRODUCTION

Market segmentation is a marketing strategy which involves dividing a broad target market into subsets of consumers, businesses, or countries that have, or are perceived to have, common needs, interests, and priorities, and then designing and implementing strategies to target them. In today's scenario wide range of mobile phones are available in the market. Despite increasing competition, Samsung has managed to maintain its position as the number one Smartphone manufacture in India, according to counterpoint research. The brand Samsung trends to be the best selling company when it comes to the mobile phones. They offer a wide range of products for all section of the society. Their focus on the middle class section has given them a stronger footing in the Indian market which is also a reason for their high sales. The methodology adopted is empirical and doctrinal. The problem is analyzed in the light of social issues; the method of research is inverse deductive with an exploratory or formulate design. The data is collected on the basis of practice research by the way of questionnaire.

The objective of market segmentation are to reduce the risk in deciding where, when, how and to whom a product service or brand will be marketed. You can use market segmentation to increase the efficiency and effectiveness of your marketing initiatives by identifying strategic marketing goals and breaking down mass markets into groups of consumers that have clearly expressed common needs. This type of strategic approach lets you leverage your marketing efforts to achieve improved performance while reducing promotional costs aimed at people who are not interested in your products.

The research aims at analyzing the segmentation of markets for Samsung mobiles phone and also analyzing the proper market segmentation for the same.

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The scope of this research is undertaken with a view to analyze the volume of sales of Samsung mobile phones in context of Indian market.

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According to Philip Kotler “market segmentation is the subdividing of market into homogeneous sub-set of customers, where any subset may conceivably be selected as market target to be reached with distinct marketing mix. Market segmentation is the first step in defining and selecting a target market to pursue. Basically, market segment action is the process of splitting an overall market into two or more groups of consumers. Each group (or market segment) should be similar in terms of certain characteristics or product needs. Market segmentation is the identification of portions of the market that are different from one another. Segmentation allows the firm to better satisfy the needs of its potential customers. Market segmentation is a marketing term referring to the aggregating of prospective buyers into groups, or segments that have common needs and respond similarly to a marketing action. Market segmentation enables companies to target different categories of consumers who perceive the full value of certain products and services differently from one another. Market segmentation is the process of dividing an entire market up into different customer segments. Targeting or target marketing then entails deciding which potential customer segments the company will focus on. Marketing segmentation always comes before targeting, which helps a company be more selective about who they are marketing their products to. Marketing segmentation and targeting are equally important for ensuring the overall success of a company.

Samsung electronics commenced its operations in India in December 1995 and is today a leading provider of consumer electronics, IT and telecom products in the Indian market. Samsung India is the regional headquarters for Samsung’s southwest Asia operations, which provides employment to over 45,000 employees with around 11,500 employees being involved in R&D.

Samsung began operations in India through its manufacturing complex located at Noida (UP), which today houses facilities for color televisions (including 3D, LED and LCD televisions), mobile phones, refrigerators, washing machines and split air conditioners categories. Samsung commenced operations of its second state-of-the-art manufacturing complex at Sriperumbudur, Tamil Nadu in November 2007. Today, the Sriperumbudur facility manufactures color televisions, fully automatic front loading washing machines, refrigerators and split air conditioners. Samsung India has three R&D centres in India—two in NCR and one in Bangalore. While the Noida R&D centre’s develops software solutions for high-end televisions such as plasma TVs, LCD TVs and digital media products, the other centre is engaged in R&D solutions for product hardware. The Bangalore R&D centre works on major projects for Samsung electronics in the area of telecom, wireless terminals and infrastructure, networking, SoC (system on chip) digital printing and other multimedia/digital media as well as application software.

Samsung India is the market leader in product categories like mobile phones, smart phones, panel TVs, side by side refrigerators, frost free refrigerators, microwaves and inverter A/Cs.

Samsung India has won several awards and recognitions for both its corporate initiatives as well as its product innovations in audio visual, home appliance, IT and telecom product categories.

Apart from development of innovative technology, Samsung places great importance on acting as a responsible corporate citizen in the communities where it operates. Its CSR programs respond to the social and environmental needs and seek to give back to communities that support the company. In 2009, Samsung launched the company’s corporate social responsibility initiative ‘Samsung Hope Project’ with projects in the areas of education, culture, sports, social welfare and community development. Each programme, under the Hope Project, uniquely addresses the needs of individual communities while emphasizing on innovations for development of the community including education, technology, engineering and IT technical training.

The company’s CSR initiatives such as Samsung Smart Class and Samsung Technical Schools have been recognized by several reputed organizations, and the company has won accolades from these projects aimed at giving back to the society.

Samsung electronics (mobile division) operates in one of the most competitive markets of the world. According to the US Federal Communication Commission 67 new smartphone devices are introduced every year. Samsung traditionally had a conservative image that focused on low-price products for the lower end of the market. With low prices it was able to compete in the lower-market whereas in the upper market it had lesser penetration. To penetrate the upper-market Samsung had to give up their lower-market position and focus on innovation and perceiving a higher brand value. The following is the step analysis of Samsung mobiles.

One of the fundamental principles of marketing is the segmentation of the market. Segmentation means the splitting of the market into groups of end users who are:

1. Maximum similarity within each group
2. Maximum difference between groups.

Based on recent marketing definitions, behavioral and psychographic segmentation are the definitions that best represent Samsung’s current segmentation strategy.

### ***Types of market segmentation***

#### **Geographic**

It has Samsung Guru segment for rural areas as well as Galaxy segment for urban areas. Samsung is one of the largest manufacturers of mobile phones and it has something for everyone.

### **Demographic**

Samsung has mobile phones for youth, age of 16-29, for businessmen etc. For middleclass youth it has Samsung guru which is for govt. Lower class workers also. Guru has many variants; it is coming in 3g also. It is a good option if you want to get a cheap 3g handset. Samsung galaxy is a good option for youth as it has many attractive features as wi-fi, 4g. Galaxy is also for businessmen. Samsung has partnered with it industry leaders to bring you the most relevant enterprise solutions and the most comprehensive mobile implementation of exchange active sync. Decidedly adept in security concerns and the answer to your every business need, the galaxy s ii is ready for serious enterprise usage.

### **Psychographic**

Samsung mobile is available for those customers too who have their choice based on their lifestyle. Samsung came with some so fancy mobile phones especially for girls and cheaper touch screen stylish phones so that everyone can enjoy touch screen the rate of normal mobiles. Samsung has its range of mobile phones start from 1200to 50,000+.

### **Targeting**

After segmenting the market based on the different groups and classes, the targets need to be chosen. Samsung mobiles have the following target customers:

- Trendy young people.
- Professionals.
- Large businesses.
- The common cellular phone users.
- Organizations such as: services to public safety, the government, and both utility and manufacturing enterprises.
- Institutional sales for colleges.
- Target is not only number driven but also about acquiring and retaining customers.

### **Positioning**

Positioning is about the customer perception about the brand as being different from the other brands on specific dimension including product attributes.

The strategies adopted by Samsung to position itself in the mobile phone market are as follows:

- it focuses more on the real margin which comes from mid-to-high-end segments
- Samsung concept store
- market making & category creation in small towns
- Wider care network
- access to Samsung care line
- Pioneering in the 3g segment of mobile phones.
- Branded itself as a synonym for quality.
- Created a unique brand image for itself as a high end value driven brand.

Market segmentation consists of identifying a sufficient number of common buyers. It enables subdivision of the total aggregate demand for a product into economically viable segments. Segments fall between the two extremes of total homogeneity and total heterogeneity. Segments benefit the marketer in several ways which may be discussed under four heads:

1. Proper choice of target market
2. Tapping a particular market
3. Efficient and economic marketing efforts; and
4. Benefits to the customers.

1. **Proper choice of target market:** the market for any product is made up of several segments. A market is the aggregate of consumers of a given product. Consumers are not a homogeneous lot. They differ a lot in their characters and buying behavior. Thus, many differing segments exist in a market. Market segmentation helps the marketer divide the heterogeneous market. It is possible to distinguish one customer group from another.

2. **Tapping a particular market:** segmentation enables the marketer to understand the needs of the customers and serve them well. Prediction of the likely response from each segment is possible. With homogeneous responses from each segment, marketer finds it easy to develop appropriate marketing programmers. By tailoring the marketing programmers to individual market segments, marketers perform their tasks effectively.

3. **Efficient and economic marketing efforts:** segmentation makes marketing efforts both efficient and economic. Marketers segment the market and try to fulfill the needs of that segment. It helps in designing the kinds of promotional devices that are effective from the view point of customers.

Marketing efforts are focused on the well-defined needs of the segment. Thus, marketing efforts undertaken by the marketer become more productive. They help the marketer to evaluate the results of his marketing programmers. Best time to introduce new products, advertising etc., could be easily determined.

**4. Benefits to the customer:** segmentation benefits not only the marketer but the customer as well. It distinguishes one customer group from another within a given market. It helps the marketer concentrate on the fulfillment of the well-defined needs of the specific segment. Now-a-days, segmentation has attained a high degree of sophistication.

Some advantages of market segmentation becomes an expensive proposition. A marketer experiences considerable difficulties, as he has to develop different marketing mixes for different segments. Moreover, mass production is much cheaper than making a variety of products.

Even major players like bata have erred in market segmentation. In the early 1990s, bata introduced a few brands with high price tags in the high end segment of the Indian footwear market. This segment was not a sizable one for bata. This segment accounted for a mere 5 — 10 percent of the Indian footwear market. The sales trend could not facilitate mass production. Having incurred a loss in the high end segment, bata had returned to the mass segment.

Promotional expenses, costs of keeping adequate inventory of each variety of goods etc., also go up, eroding profitability. Since the marketer has to implement varying marketing programmers suiting to the different segments, administrative expenses increase.

**Benefits of market segmentation**

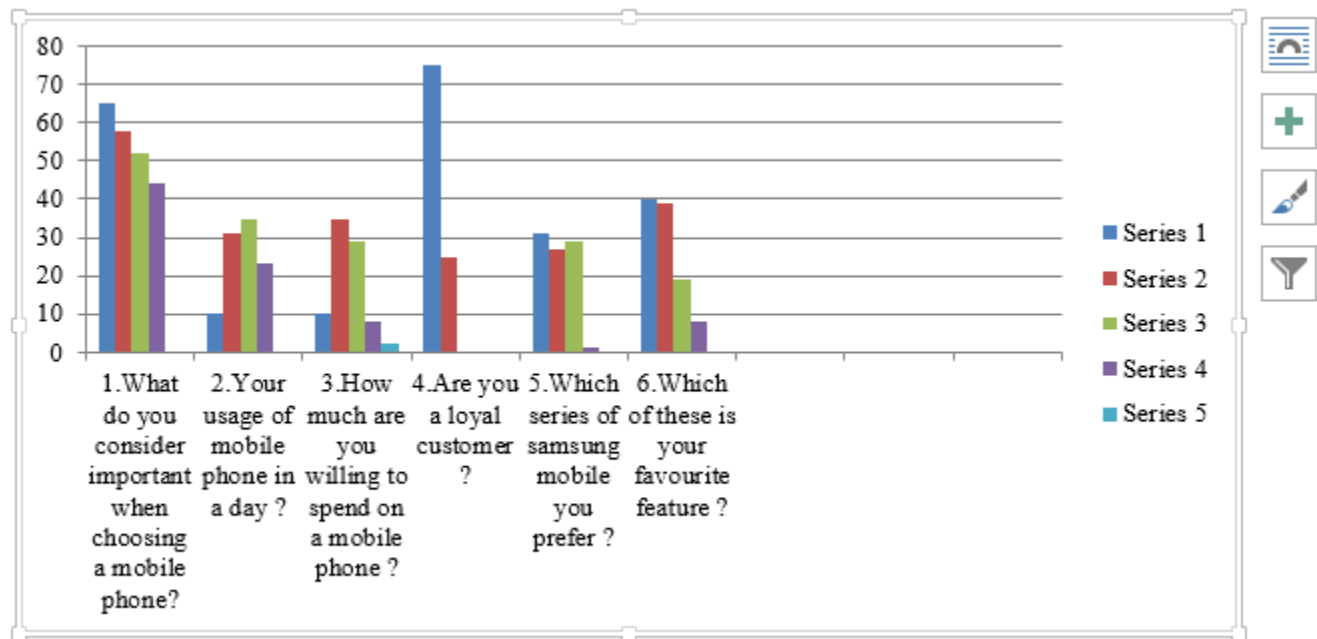
- Samsung determinants market opportunities
- Samsung adjusts in marketing appeals
- Samsung develops marketing programmers
- Samsung designs its own product
- Samsung does efficient use of resources
- Samsung gives better service to customers

1	Do you consider when choosing a mobile phone?	Total	Percentage
A	Functionally	31	65%
B	Look and feel	28	58%
C	Connectivity	25	52%
D	Pricing	21	44%
2	Your usage of mobile phone in a day?		
A	1 hour	5	10%
B	3-4 hour	15	31%
C	5-8 hour	17	35%
D	More than that	11	23%
3	How much are you willing to spend on a Mobile phone?		
A	Less than 10k	5	10%
B	10k-20k	17	35%
C	20k-30k	14	29%
D	30k-40k	4	8%
E	More than 40k	8	2%
4	Are you a loyal customer?		
A	Yes	36	75%

B	No	12	25%
5	Which series of Samsung mobile you prefer?		
A	S-series	15	31%
B	Note-series	13	27%
C	J-series	14	29%
D	A-series	6	1%
6	Which of these is yours favorites derives ?		
A	Camera	19	40.00%
B	Internet browsing	16	39.00%
C	Gaming	9	18.70%
D	Text messaging	4	8.30%

**Result:**

The table shows the percentage of no. Of student preferring to choose Samsung mobile phone on the basis of various characteristics mentioned above.



This graph outlined the statistical data refers the table no.1.

1. According to question [no.1] what do you consider important when choosing a mobile phone? The first option given was [a] functionally: according to student choice the highest percentage goes to option [a] 65% which shows the student choosing Samsung mobile phone there first choice is the mobile should be functionally strong and according to second option [b] look and feel, the student perspective was 58% which is the second highest preference of the students and according to third option [c] connectivity 52% of student want the connectivity should be high and finally last option [d] pricing 44% of the students feel the pricing is not the issue at all.

2. According to second question “usage of mobile phone in a day”? The first option was [a] “1hour” 10% of the students use their phone for 1 hour and 31% of student use their mobiles for 3-4 hour and 35% of the student use their mobiles for 5-8 hour and last but not least more than that 23% of student use more than that.

3. According to third question “how much are you willing to spend on a mobile phone”? 10% of the students are willing to pay less than 10k and 35% are willing to pay between 10k-20k and 29% of student are willing to pay between 20k-30k and the 8% of student willing between 30k-40k and the last 2% of the student are willing to pay more than that which shows Samsung is highly based on middle class family.

4. According to fourth question “are you a loyal customer”? 75% people say yes we are a loyal customers of Samsung mobile phones and 25% of people says they are not a loyal customers.

5. According to question number five “which series of Samsung mobile phones you prefer”? First option “s-series” 31% of student prefer s-series and 27% of student prefer note series and 29% of student prefer j-series and 1% of student prefer a-series.

6. According to last question no.6 “which of these is yours favorite feature”? First option was camera 40% of the student preference was camera and 39% preference was internet browsing and 18.70% prefer gaming and 8.30% prefer text messaging. The focus of the study was mainly upon the opinion of the students. The research study is limited to Samsung mobile phone users only.

The researcher was mainly focused upon the needs and affordability for the Samsung phones in the middle class section of the society. From the research it was analyzed that the consumer’s demands for higher quality of the Samsung phones at an affordable range between 10k-30k .the consumers desire to obtain the best quality within an affordable range for their usage. Thus the research proves that Samsung phones have a wide range as well as it serves all the section of the market equally.

Samsung is the most preferred brand among the middle class section of the society. They have already a grip upon the lower section of the society. They should change their focus from the middle class to upper class in order to increase its sales to the maximum.

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