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BREAKING THROUGH THE NOISE

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Today's smartphone companies operate in a crowded and competitive environment. What can brands do to stand out?

Apple has dominated the smartphone market ever since it released the iPhone, perhaps the most successful smartphone to date. However, it has begun facing serious competition from Samsung, which has just released the Galaxy S4, a popular phone that has a slightly larger screen. In an incredibly cluttered smartphone market, Samsung's ability to break through the noise and take back market share is a remarkable example of successful marketing.

DIFFERENTIATION

According to Nick Foley, president of marketing firm Landor Associates, Samsung's success springs from its ability to differentiate itself from its competitors, chiefly, Apple. "Samsung is now perceived as a challenger brand, which is what Apple used to be. Apple has gone from being cool to being a little more expected and traditional. Samsung has positioned itself as a newer brand, a young gun," Foley told Perspectives@SMU.

Paradoxically, being too popular can sometimes hurt a brand. According to Foley, when a brand or a product becomes too common, it can begin to lose relevancy and cachet. "The brand's target audience can move on," he says. Samsung has leveraged the widespread adoption of the iPhone to its advantage, by conveying the message that the iPhone is no longer new and unique. The Galaxy, on the other hand, is presented as the trendy phone du jour.

Another difference between the brands is that Apple has focused on developing an emotional connection with users, while Samsung takes a slightly different approach by letting branding take a back seat to cost and technology. Early on, Apple invested a great deal in developing a loyal brand following. This has been an effective strategy for the company, because people are very passionate about Apple products.

Samsung sets itself apart by leading with the product, rather than brand. Foley says, "People are crazy over Apple and feel very passionate about the brand. But technology is a very rational business. It all comes down to speed, how light the product is and how quickly it works." Following from this logic, Samsung has marketed itself as a producer of functional tech gadgets at a lower price point.

PRICING STRATEGY

Foley says that a key factor in Samsung's success has been its pricing strategy. Samsung is willing to price products lower because the company correctly recognises that consumers will not pay a premium for their product out of brand loyalty. As a company that has not chosen to invest as heavily in building an emotional connection with users, Samsung uses price to win over new customers and steal market share.

Samsung is able to charge less for products because it does not invest as much in the research and development of new products but in making existing products better. "Samsung products are cheaper," says Foley. "They are cheaper because Samsung did not come up with the iPhone. Apple came up with that. Samsung figured out how it works and has created something similar, but with a bigger screen."

UNDERSTAND THE MARKET

Samsung has done its market research. Foley thinks that Samsung has closely studied the leading indicators relevant to consumers aged 16 to 25, which reveal that people no longer use their smartphone primarily to make calls. In response to consumer demand, Samsung has developed a phone with a bigger screen. "Samsung realised that people use their phones to check their emails, watch movies or surf the internet, so having extra visibility on a larger screen is desirable," says Foley.

According to Foley, when the iPhone was first released, Apple was ahead of the game. Back then, consumers wanted phones with a smaller screen base. However, Foley says that there has now been a convergence of data, with operating systems that are able to run across tablets, PCs and phones, so the trend is moving back in the direction of larger screen size. Samsung spotted the trend quickly and brought a product to market that would cater to this need.

Foley believes that companies need to be constantly willing to adapt to consumer trends. "Darwin was right," he says. "We evolve. You need to monitor how tastes and preferences are changing to ensure that you tailor brand experiences to these changes in consumer behaviour." Samsung's success is largely a result of paying close attention to the market and responding quickly to consumer demands.