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International distribution policy comparative analysis between samsung and apple

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Abstract

Most businesses are expanding on international markets in the context of increasingly difficult and fierce business environment. Businesses will have to build and develop an international marketing strategy to be effective to compete and stand out among millions of other businesses from every country. In addition to many factors that can bring success to international marketing strategy, the distribution policy is an important key to help businesses stand firm in the market. The following report helps readers better understand the purpose, importance, requirements, functions, influencing factors and distribution methods of distribution policy in international marketing. At the same time, the research compared this strategy of Samsung and Apple, the two competitors and also two of the world's leading technology corporations to see the different elements of each. The brand leads to the success of the distribution policy in international marketing to make their products known and present everywhere, every corner of the world.

Keywords: International distribution, distribution policies, samsung, apple

1. Introduction

International marketing is an activity towards satisfaction what customers need and want through market exchange but the market is beyond the borders of a country (Vu Tri Dung and Tran Minh Dao, 2011) ^[16]. International distribution strategy plays an important role in international marketing strategy. For international marketing experts, establishing reliable and sustainable distribution systems is a difficult but crucial job (Nguyen Trung Van *et al.*, 2013). This is the selection of policies and international distribution strategies that experts face to ensure compliance with market characteristics, customers, business environment and geographical conditions of the market where businesses are focused (Nguyen Trung Van *et al.*, 2013). When it comes to the success of international distribution policy in high-tech industry, Apple and Samsung cannot be ignored. According to Forbes, Apple is one of the world's most valuable brands, one of the factors that contribute to brand value is Apple has a tightly controlled and effective distribution channel (Pham Hoang Vu *et al.* 2017; Dimitri Simonin, 2014) ^[7, 1]. In addition to Apple, Samsung is also one of the largest electronic companies in the world and operates in about 58 countries with the strong point of being able to adapt to different environments and diversified distribution channels, different business, contract forms and customers (Huynh Thanh Tu *et al.*, 2011) ^[3]. Unlike Apple, which is of the choice of positioning in the high segment (Investment Bridge, 2013) ^[4], Samsung has chosen to focus on customers in the lower segment, which is considered a strategic orientation that caused many opponents to worry (Paul Chao, Saeed Samiee, Leslie Sai, Chung Yip, 2003) ^[6]. With the international distribution policy of the two brands Apple and Samsung are different in many respects but have certain successes compared to the goals that each business has set for themselves and their success can be a dream for many businesses to learn and follow.

2. Theoretical framework

Distribution policy is an integral part of the marketing strategy mix and business economic policies. Distribution policy plays a very important role in marketing activities. A rational distribution policy will make the business process safe, enhance business connectivity, reduce competition and make the process of goods circulation faster and more efficient. Distribution policies depend heavily on product policies and pricing policies. Distribution policy is a positive and effective tool in the formation and development, adjustment and

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management of commodity markets, enlivens and enriches the domestic market in relation to regional and international market (Raymond Allan G. Vergara, 2012) ^[9].

Chiến lược phân phối quốc tế bao gồm các chiến lược sau: phân phối độc quyền, phân phối chọn lọc và phân phối rộng rãi. Chiến lược phân phối độc quyền là tại mỗi khu vực thị trường chỉ chọn duy nhất 1 trung gian duy nhất độc quyền bán hàng và trung gian không được phép bán hàng của đối thủ cạnh tranh. Chiến lược phân phối chọn lọc là tại 1 khu vực thị trường doanh nghiệp chỉ nên chọn vài trung gian phù hợp để tiến hành phân phối hàng hóa và dịch vụ. Chiến lược phân phối rộng rãi là sử dụng nhiều trung gian và kênh phân phối khác nhau được áp dụng đối với hàng tiêu dùng thiết yếu, giá thấp, tần số mua cao. Vì phân phối là một trong những khâu quan trọng nhất của doanh nghiệp, nó vừa thực hiện chức năng tiêu thụ mà còn giúp doanh nghiệp điều chỉnh những chính sách phù hợp, theo Trần Thị Ngọc Trang và Trần Văn Thi (2008) ^[13] do đó doanh nghiệp phải lựa chọn chiến lược phân phối sao cho phù hợp với sự biến động trong thị trường và mục tiêu mà doanh nghiệp đặt ra trong từng thời kỳ. Ngoài các yếu tố ảnh hưởng đến việc lựa chọn kênh phân phối như yếu tố luật pháp, tình hình kinh tế xã hội, đặc điểm địa lý, chủng loại sản phẩm, yếu tố toàn cầu (Tony Danova, 2013) ^[11] thì bảng so sánh các chiến lược phân phối sau đây giúp doanh nghiệp có cái nhìn toàn diện hơn về các chiến lược để có thể chọn được chiến lược phân

phối hiệu quả:

The international distribution strategy includes the following strategies: exclusive distribution, select distribution and wide distribution. The exclusive distribution strategy is that in each market area, only a single intermediary with exclusive sales and intermediaries is not allowed to sell competitors' goods. Selective distribution strategy is when enterprise selects only a few suitable intermediaries to conduct distribution of goods and services. The widespread distribution strategy is to use different intermediaries and distribution channels that are applicable to essential consumer goods, low prices, and high purchase frequencies. Because distribution is one of the most important aspects of a business, it has just served the consumption function but also helps businesses adjust appropriate policies. According to Tran Thi Ngoc Trang and Tran Van Thi (2008) ^[13] enterprises must choose a distribution strategy in accordance with the fluctuations in the market and the objectives set by enterprises in each period. In addition to the factors affecting the selection of distribution channels such as legal factors, socio-economic situation, geographical characteristics, product categories, global factors (Tony Danova, 2013) ^[11], the distribution strategy comparison table helps businesses have a more comprehensive view of strategies to choose an effective distribution strategy.

Table 1: Comparison table of distribution strategies

| | Exclusive distribution strategy | Selective distribution strategy | Wide distribution strategy |
|--|--|--|--|
| Number of intermediaries | An intermediary in each market area. | Limited number of intermediaries. (The number of intermediaries is less than the number of people willing to sell) | The number of intermediaries is not limited. |
| Number of outlets | Use a location in the area to sell or install products. | Use limited consumption locations in pre-determined areas. | The more points of sale in the area the better because customers need convenient points of sale. |
| Manufacturer requirements for intermediaries | Mediators need knowledge and dynamism. The intermediary does not sell competitors' products. | The manufacturer will eliminate distribution centers with poor financial status or too few orders. | The manufacturer will lose control of the arrangement, display, accompanying service and product prices. |
| Advantages | Enhance product impression and have higher interest. | There is not much cost to cover the whole consumption location. | Create an opportunity to increase market share and increase revenue for businesses. |
| Application | High-tech products (cars, steel...), luxury goods (diamonds...) | High-value goods (electrical appliances, fashion,...) | Consumer goods (cigarettes, candy, construction materials, soft drinks...) |

Source: Author's synthesis (To Ngoc Ha *et al.*, 2010)

Distribution channel is a collection of organizations and individuals who depend on each other to take part in bringing products to consumers (Tran Thi Ngoc Trang and Tran Van Thi, 2008) ^[13]. A short distribution channel is a channel that distributes directly from the business to the user of the product or uses an intermediate buyer but there are not too many intermediaries intermingling between the customer and the business. Usually the short channel is defined, in the absence of or only one intermediary involved in the distribution channel of the enterprise with the convenience of reducing intermediate costs, when consumers can directly claim the product with the manufacturer but could encounter manufacturer monopoly, exclusive distribution channel and price increase. Long distribution channel is a participatory distribution channel of many types of intermediaries (Trevzsaaga, 2016) ^[15]. Goods of enterprises have gradually become ownership for a series of large wholesalers to smaller wholesalers and through retailers to consumers. With the advantage of bringing goods to consumers in a convenient, recognizable and

potential way of brand development, there are also risks such as the rising cost of intermediary team and the quality of products is difficult to be guaranteed. Apple sells their products through Telcos, Apple Stores Apple websites and their retail distribution channels. Samsung sells their products wherever they want as long as retailers are willing to buy their products. Therefore, Samsung can sell directly or indirectly to consumers (Trevzsaaga, 2016) ^[15]. Samsung Electronics Groups products and services are available in almost every country and are distributed by agents and partners directly and indirectly to provide as much support in their product lines. Therefore, given the opportunity, although Samsung Electronics is located in one location, customers benefit from having a company's partner in their exact position (Tony Danova, 2013) ^[11].

3. Research Methodology

Most research work will be done through the study of articles related to the topic. Many articles are selected from research carried out by different universities, published in

famous academic journals such as International Marketing Review, American International Journal of Contemporary Research, and a number of Internet pages. The paper will be based on secondary sources of information collected to obtain data for analysis. In terms of analysis, the information collected and screened will be applied to the simultaneous comparison of strengths and weaknesses as well as the ability to enforce policies of Samsung and Apple. Finally, the results of the analysis will be compared with the real effectiveness of such distribution policies executed by Samsung and Apple. Thereby the conclusions about the policies of the two firms can be drawn.

4. Research Results

4.1 Gaps comparative analysis

Samsung's weaknesses include the lack of innovation in its products. Samsung Electronics can penetrate existing markets and study their competitors' weaknesses and improve their products to provide customers with the best products and services. Although it may be an advantage for Samsung Electronics it can also create disadvantages. Samsung Electronics has been seen as the company copying its competitors. This does not mean that Samsung Electronics is not an independent creator. Samsung's strategy includes providing consumers with high-end products at a reasonable price, targeting all audiences from low-end to high-end.

Apple Inc is not in a mass market but in a tough market. Its products are interesting for the high end of society. So, the flaw of Apple Inc consists in the lack of diversity in its products, because it offers only on the iPhone product line. Today it is considered an advantage. However, the market can grow and be to be saturated, and its strategy in the segment is not very strong so that it could be vulnerable in the market.

4.2 Expanding international business (case of Chinese market)

Samsung Electronics has always focused primarily on the domestic market and nearby areas. Samsung Electronics first entered the Chinese market in 1993, at that time there was no difference between Samsung's strategy and competitors' strategies in the market. Samsung Electronics has adjusted its strategy to the Chinese market in a specific way, which has created many advantages for its competitors. China is Samsung's most important international business destination.

Although Apple's iPhone has become very popular in China, most Chinese people find these products very expensive. For example, when released, iPhone5S costed about 864 USD, higher than the average Chinese salary earned in Beijing per month. Later, Apple released a cheaper, iPhone5C to allow fans to afford Apple Inc products. However there is a risk, because the iPhone 5C is only about 17% cheaper compared to iPhone5S. Apple Inc. products are beyond the price range of most Chinese populations. As a result, potential customers were not satisfied. Many people believe that this is the solution, but the fact is that Apple Inc cannot compete with Chinese low price products. Apple Inc.'s iPhone is a subject to tariffs that make its price higher and therefore cannot match prices offered by domestic manufacturers such as Xiaomi, selling smartphones for as low as \$ 100. Even if Apple Inc can reduce its price, consumers will always go to buy the cheapest type.

4.3 Samsung and Apple's market segment

The Samsung electronics market for its products is divided using segmentation variables including geographical, demographic, behavioral and psychological characteristics. The geographical segmentation of the Samsung market is aimed at focusing. Samsung Electronics divides the Asian market into different regions, it also targets different Asian countries in different ways by penetrating deeply into the market. In Samsung's demographic segment, age is not an important factor, however, Samsung's main consumers are adults. Samsung products do not target a certain gender. Samsung's products are geared towards society in general and do not define their products to the high or low segment of society, it allows anyone to buy their products at the right price for buyers with high or low purchasing power. Samsung Electronics has also segmented its market related to consumers' lifestyle and personality. This detail in Samsung's behavioral segment can create benefits for Samsung Electronics users, which are targeted differently based on the benefits they desire to get from Samsung products.

Apple Inc's market segment has a different form than Samsung Electronics. Regarding the geographical segment, the Apple sector is primarily in the United States and in an international market, mainly in urban areas. The demographic segment of Apple Inc includes age groups primarily between 20-45 years of age. Whether customers are single or married, Apple products target consumers with high purchasing power. At the same time, it is also aimed at the career of customers, namely professional executives. In the behavior segment, Apple aims to loyal people, who are loyal customers and who will not only continue to buy Apple products but will actually buy everything and anything Apple aims to produce. In the psychological segment, Apple Inc targets its segment divided into specific social classes, the middle and upper classes of society, which also determines that Apple consumers have a senior living style (Vu Tri Dung and Tran Minh Dao, 2011; The Economist, 2009) ^[16, 10].

5. Research results Discussion

Apple has a global strategy so it is included in the global standardization strategy within its business framework. The only change that Apple applies to its products to apply internationally is its energy source. Design and production of Apple Inc is controlled and managed by a single source. This strategy has given Apple many advantages because it allows Apple to join different countries without changing anything in the organization that manages or organizes their operations globally. Thus, it has lower cost. Apple does not need to adapt to a national culture or lifestyle because it itself provides similar things to its customers.

On the other hand, Samsung Electronics adjusts its products and services to the needs of each country. As seen in its segmentation analysis, Samsung Electronics enters the market and researches customer needs and purchasing power to producing products available to all social classes in each country's society. Therefore, we can conclude that Samsung Electronics adopts a translation strategy (translation of global strategy into local strategy). Because it provides its brand at the international level, level of global strategy, but it also includes a focus and adaptation to the local response.

6. Conclusion and recommendation

The distribution policy is a process that provides products or services to consumers or the end users through intermediary distribution schemes and international distribution policies that play a more important role in helping to bring products to many countries around the world. Both Apple and Samsung have had certain successes in implementing the international distribution policy, namely: expanding the international business market where there are target markets and having customers that they aim. The market segment of Apple and Samsung has many differences. Samsung segmented the market based on many factors such as geographical characteristics, demographics, behavior and psychology, Samsung has many product lines to help consumers with high or low purchasing power can buy something to suit them. For Apple, the target customer is aimed at consumers with high purchasing power. This is also a disadvantage of Apple compared to competitors when the number of customers in the high segment is always overwhelmed by the number of customers in the lower segment. Thereby, it also partly shows the role of the manager in this strategy because if the manager does not have good and wide vision, then he will not make a full use of the company's resources and will use inappropriate strategies, especially in large-scale companies like Apple and Samsung.

In order to help the international distribution policy become more effective, both Apple and Samsung have a common Chinese rival with cheaper products being dominant in the international market. However, although companies have different target customers, products from China are taking up a significant part of the market, requiring Apple and Samsung not only to improve products but also to have international distribution policies so that products are delivered to consumers at the lowest possible price. For Samsung, because products with too many segments in close proximity are considered as advantages but they lead to mutual revenue competition, Samsung needs to focus on developing on the basis of segments with product lines that were successful (Galaxy series); implementing the strategy of focusing on development in densely populated markets such as China and India, in niche market segments based on customers' tastes and incomes; implement market development strategy into new markets such as Myanmar; implement market penetration strategy to attract rival customers by creating products with similar features but with price differences based on own strengths.

For Apple, because of targeting customers who love technology, it needs to expand the market with many customer objects by expanding the way that features fit many jobs on devices that can help the company attract more users. Apple faces a number of trade policy issues, national protection barriers. So Apple should partner with the businesses of the country where Apple wants to target to be able to penetrate. From the opportunities that Apple has, the company needs to enhance brand marketing and promote the ability to expand its distribution system. Apple needs to understand market demand carefully to get the right supply.

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