**Samsung’s success is based on many strategies**

* Identify the different levels of strategy in the case described below.

In the 2000s, Samsung Electronics, based in Seoul, Korea, became the second-most profitable global technology company after Microsoft.

Samsung accomplished this when its pioneering CEO Lee Kun Hee decided to develop and build functional competences first in low-cost manufacturing, second in R&D, and then into the production of new products to compete globally. Samsung competes principally in the global consumer electronics industry. In the 1990s, its engineers studied how the Japanese companies Sony and Panasonic innovated new products. Then, its engineers copied Japanese technology and used their manufacturing skills to make low-priced versions of the products that they could sell at lower prices than the Japanese.

Samsung then decided to use its new competences to enter and compete in the mobile phone industry and develop a business-level strategy to make lower-cost phones than global giants Nokia and Motorola, and by 2011 it was the second biggest global competitor in this market. Samsung also entered the semiconductor industry in which it worked to make the lowest-cost memory chips; here too it used its functional skills to become the global cost leader by pursuing a low-cost strategy. The company also entered other digital-product markets such as cameras, printers, and storage devices, where it has rapidly gained market share because of its functional- and business level strategies.

Another Samsung’s goal has been to increase its profitability by creating value by transferring its competences in product development and manufacturing by entering new industries and producing new products. Its strategy was successful and profitable, but it was not playing in the same league as Sony, for example. Sony could charge premium prices for its leading electronics and continuously plow back profits into the R&D needed to make more advanced state-of-the art electronics.

CEO Hee decided to adopt new strategies that would allow his company to compete head-to-head with Japanese and European electronics companies and make it a global technology leader. Samsung’s goal was not to copy technology innovated by Sony, Matsushita, Phillips, and Nokia but for its engineers to develop the R&D skills necessary to rapidly innovate leading-edge technologies, such as LCD displays, to create products such as mobile computing devices more advanced than those of its competitors. Within a decade, Samsung became the leading supplier of advanced flash memory chips and LCD screens, premium-priced products that it sold to other global electronics makers, including Japanese flat-screen TV makers such as Sony! By 2010 Samsung had also become second in the market to Apple in terms of sales of smartphones and tablet computers, and it has become one of the most innovative electronics makers in the world.