

THESIS

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**ANALYSING THE MICRO AND MACRO
ENVIRONMENT OF SAMSUNG ELECTRONICS
IN VIETNAM**

DIPLOMA THESIS

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1 INTRODUCTION

This section contains three subsections:

1.1. Statement of the problem: Describing the problem to be studied (The relevance and importance of the topic)

1.2. Background of the study: Rationale for choosing Samsung Electronics Company

1.3. Research objectives: The objectives of the study and analysis, The questions the thesis aims to answer.

1.4. Structure of the thesis

1.1 STATEMENT OF THE PROBLEM

In the current dynamic business world, it is crucial for organizations to thoroughly analyze both the micro and macro surroundings. According to (Business Insider, n.d.), in today's globalized and technologically advanced world, organizations need to have a detailed awareness of both their immediate surroundings and the larger economic and social factors in order to successfully traverse the intricacies of the modern marketplace. The microenvironment, which includes elements such as consumer behavior, competition strategies, and supplier dynamics, has a significant impact on a company's operational decisions and strategic direction. On the other hand, according to (Economist, 2022), the macroenvironment refers to the larger context in which firms function, encompassing economic patterns, regulatory structures, and geopolitical changes. Failure to analyze these external factors exposes firms to unforeseen hazards and missed opportunities. According to (Forbes, 2022), companies that do not thoroughly analyze their micro and macro environments are at risk of being caught off guard by emerging trends, disruptive technology, or regulatory changes. According to (Harvard corporate Review, 2021), being able to predict and adjust to changes in the corporate environment is crucial for long-term success.

There are many studies emphasizing the role of business environment analysis for companies: In order to achieve long-term success, managers must consider the industry they operate in. This will improve their chances of staying ahead of the changes that occur in the corporate environment. (G. Jogaratnam, R. Law , 2006); (J. Costa, R. Teare , 2000); (G. Hamel, 1994).

This form of intelligence within the organization entails examining the internal and external environment to ascertain its impact on organizational activities. Therefore, it is essential for organizations to conduct thorough evaluations of both the micro and macro environments in order to proactively discover opportunities, manage risks, and design strategies that are in line with current market dynamics.

1.2 BACKGROUND OF THE STUDY

The decision to select Samsung Electronics Company as the focus of investigation for both micro and macro settings is based on its significant role in the worldwide technology industry. Due to Samsung's exceptional market dominance, innovative capabilities, and wide range of products, it is an excellent choice for analyzing the complexities of both internal and external business settings. Samsung has positioned itself as a prominent player in various industries, including cellphones, home appliances, semiconductors, and displays. The company's wide range of products and services has made major contributions to technological progress and market developments. According to (Forbes, 2022), Samsung's strong presence in several sectors and its significant contribution to technological advancements make it an interesting topic for investigation. Moreover, Samsung's extensive presence and activities in many parts of the world make it susceptible to a diverse range of micro and macroenvironmental influences, including changes in customer preferences, competitive landscape, regulations, and economic conditions. By carefully examining Samsung's micro and macro settings, one can obtain significant insights not just into the company's strategies and performance, but also into wider industry trends and market dynamics.

With a population exceeding 95 million and a burgeoning middle class, Vietnam has a substantial need for consumer electronics products. Recognizing this opportunity, Samsung Electronics has made significant investments in manufacturing facilities in Vietnam to satisfy local demand and serve export markets. Samsung, after 15 years of outstanding achievements in Vietnam, is now aiming to contribute to the country's economic growth, satisfy the ambitions of the Vietnamese people, and establish a strong and lasting presence for the Samsung brand in the area (Duc, 2023). Choosing Samsung Electronics Company as the subject of investigation for micro and macro settings offers a chance to acquire a thorough understanding and strategic insights into one of the most significant participants in the technology industry, with a specific emphasis on the Vietnamese market.

1.3 RESEARCH OBJECTIVES

The research objectives of the diploma thesis, "Analysis of Micro and Macro Environments of Samsung Electronics Company in Vietnam," are diverse and focused on gaining a comprehensive understanding of the factors that impact Samsung's operations and strategic choices in the Vietnamese market.

- The primary objective of the thesis is to perform a comprehensive examination of Samsung's microenvironment in Vietnam. This analysis will specifically concentrate on elements such as customer preferences, the competitive landscape, supplier connections, and distribution channels. This entails analyzing the distinct requirements and behaviors of Vietnamese consumers, comprehending the tactics and market positioning of competitors in the local market, and appraising Samsung's associations with suppliers and distributors in Vietnam.
- The thesis aims to examine the macroenvironmental elements that affect Samsung's activities in Vietnam, including economic conditions, regulatory frameworks, socio-cultural trends, technological advancements, and environmental considerations. This include analyzing Vietnam's economic growth potential, government regulations impacting the technology sector, cultural factors influencing consumer behavior, technological infrastructure, and sustainability endeavors.
- Thirdly, the research aims to determine the strategic implications and provide recommendations for Samsung Electronics Company in Vietnam, based on the findings of the analysis of both the micro and macroenvironment. This involves suggesting tactics to exploit possibilities, reduce risks, improve competitiveness, and attain sustainable growth in the Vietnamese market. The research aims seek to offer important insights into the operational and strategic problems and possibilities encountered by Samsung Electronics Company in Vietnam. This will contribute to both academic knowledge and practical decision-making in the technology industry.

The thesis seeks to conduct a thorough examination of the micro and macro settings of Samsung Electronics Company in Vietnam, encompassing multiple elements indicated in the literature review and methodology sections. The thesis tries to address the following specific questions in each section:

Literature Review:

What are the key concepts and theories related to microenvironment analysis?

What are the main frameworks and models used for macroenvironment analysis?

What theoretical frameworks and models are relevant for analyzing the micro and macro environments of Samsung Electronics Company?

Methodology:

What research approach will be employed for the analysis?

What data collection methods will be used?

If applicable, what sampling technique will be used to select participants or data sources?

What data analysis techniques will be utilized, such as SWOT analysis or PESTLE analysis?

Analysis of the macro environment of Samsung Electronics:

How do political and legal factors, including government policies and regulations, protection of intellectual property rights, and employment legislation, impact Samsung Electronics' operations in Vietnam?

What are the economic factors such as GDP growth, consumer spending, foreign direct investment, and currency fluctuations affecting Samsung Electronics in Vietnam?

How do social factors like cultural preferences, demographic trends, brand perception, and health and wellness trends influence Samsung Electronics' strategies in the Vietnamese market?

What technological factors, including research and development, manufacturing technologies, digital transformation, and innovative product development, shape Samsung Electronics' competitive position in Vietnam?

How do environmental factors such as climate change, resource management, environmental regulations, and corporate social responsibility initiatives affect Samsung Electronics' business operations in Vietnam?

What impacts do industry environmental changes, such as the introduction of new products by competitors, the emergence of new distribution channels like e-commerce platforms, and shifts in customer values, have on Samsung Electronics' market position in Vietnam?

Analysis of the micro environment of Samsung Electronics:

How do Samsung Electronics' competitors influence its market share and competitiveness in Vietnam?

What are the dynamics of Samsung Electronics' supplier network, relationship management, and supply chain sustainability in Vietnam?

How does Samsung Electronics segment its customer base and manage relationships with different customer segments in Vietnam?

What are the dynamics of Samsung Electronics' relationships with intermediaries such as distributors, retailers, wholesalers, and logistics partners in Vietnam?

Analysis SWOT of Samsung Electronics:

What are the strengths and weaknesses of Samsung Electronics in the Vietnamese market, considering factors such as brand image, market positioning, innovation capabilities, product catalog, market leadership, and distribution network?

How do external opportunities, such as the Vietnamese market advantages in terms of geographical location, demographic profile, political stability, and trade agreements, as well as internal advantages stemming from the Samsung brand, contribute to Samsung Electronics' growth prospects in Vietnam?

What are the threats faced by Samsung Electronics in Vietnam, including competition from Chinese manufacturers and other competitors?

1.4 STRUCTURE OF THE THESIS

The thesis is structured into key chapters focusing on Samsung Electronics in Vietnam.

Chapter 2 a Literature Review on micro and macro environmental analysis in strategic management, defining terms and discussing theoretical frameworks.

Chapter 3 details the Methodology, including data collection methods and analysis techniques.

Chapter 4 analyzes the Macro Environment, examining political, economic, social, technological, and environmental factors, along with industry dynamics.

Chapter 5 scrutinizes the Micro Environment, evaluating competitors, suppliers, customers, and intermediaries.

Chapter 6 conducts a SWOT analysis within the Vietnamese market context, identifying strengths, weaknesses, opportunities, and threats for Samsung Electronics.

Chapter 7 presents conclusions, recommendations for Samsung, study limitations, and suggestions for future research.

2 LITERATURE REVIEW

This section provide a comprehensive overview of relevant academic research, theoretical frameworks, and empirical studies related to micro and macro environmental analysis in strategic management. From this, it follows that the objectives of the section are:

2.1 Overview, discuss definitions of terms, define micro and macro environmental analysis in the context of strategic management.

2.2 Emphasize the role of micro-macro environmental analysis in strategic management.

2.3 Theoretical frameworks and models used for micro and macro environment analysis

2.1 ENVIRONMENTAL ANALYSIS IN THE CONTEXT OF STRATEGIC MANAGEMENT

Strategic management

Strategic management is a multifaceted process that encompasses leadership, creativity, passion, and analysis. It involves constructing an organization that is capable of both generating and adapting to change. Strategic management entails effectively overseeing current operations while also instigating transformation to ensure the firm's ongoing success in a global and unpredictable environment. The primary objective of strategic management is to guarantee that the company generates a surplus of economic profit that may be distributed among its stakeholders or utilized for innovation to develop further value.

Strategic management involves the creation of organizations that are capable of consistently producing value in a volatile world for an extended duration. Tackling such a task necessitates a comprehensive approach that encompasses analyzing both the external and internal factors, formulating a strategic plan, executing that plan, and evaluating the projected future performance to determine its acceptability. We emphasize this specific meaning of strategy in order to differentiate it from the other ways in which the term "strategy" is commonly employed in business contexts.

The company operates in a dynamic external environment, and managers must comprehend these fluctuations. Managers must possess the ability to recognize potential candidates. Simultaneously, managers must possess a comprehensive understanding of the internal resources and capabilities of the organization. It is futile to create a strategy that cannot

be implemented because of insufficient or nonexistent resources. The strategy will be formulated by considering the firm's resources and capabilities, as well as the changes happening in the external environment. It is important to acknowledge that resources and capabilities are subject to change throughout time (FitzRoy, Hulbert, & Ghobadian, 2012).

Macroenvironment analysis (External Analysis)

Macroenvironmental study is a crucial component of methodical strategic planning. Despite the scattered nature of the literature on macroenvironmental analysis, there are valuable principles that can help in comprehending this intricate and significant component of strategic planning.

Contemporary perspectives on business long-range planning emphasize the necessity and significance of environmental knowledge. This information is generated beyond the firm's formal jurisdiction. Historically, there has been a lack of regular collection, analysis, and distribution of externally generated information compared to internally generated information.

Many journals and research articles in the new millennium confirm the important role of macro-environmental research in business strategy. For example, in their study, (Babatunde and Adebisi , 2012) discuss the intricate external environment and its influence on a business. Enterprises operating in industries characterized by higher levels of uncertainty tend to augment the extent of their environmental scanning activities. Gathering data on several factors of the external environment enables the harmonization of an enterprise's business strategy with its surroundings (Karami, 2008).

An analysis of the macro-environment is crucial in systematic strategic planning, as changes in the macro-environment will have a substantial impact on an organization's success and potentially its existence. (Ginter and Duncan, 1990).

Microenvironment analysis (Internal Analysis)

Microenvironment analysis is an essential aspect of business strategy that aims to comprehend the elements and forces that immediately influence a company's operations, competitiveness, and performance in its immediate vicinity. The microenvironment focuses on the specific effects that are closest to the organization and directly impact its daily operations, in contrast to the broader macroenvironment which includes external elements such as economic, social, political, and technological pressures. The microenvironment encompasses the immediate surroundings of a firm that have a direct impact on its operations and its capacity to provide to

its clients. The stakeholders involved in this often encompass customers, suppliers, competitors, distributors, shareholders, and regulatory organizations.

In the current context, which is marked by a volatile political climate and rapid fluctuations in the external environment, it is crucial for employees to acquire and showcase their skills and expertise in order to effectively address these challenges and maintain their company's competitiveness. Conversely, it is necessary to consistently and efficiently enhance the components of the internal environment (Harper & Row, 1981).

The actions carried out by the staff of an organization have a direct influence on the components of the internal environment (Mertensson, 2000).

2.2 EMPHASIZE THE ROLE OF MICRO-MACRO ENVIRONMENTAL ANALYSIS IN STRATEGIC MANAGEMENT.

According to (R.L, 2004), strategic management refers to the process of making decisions and taking actions to establish and execute a strategy that enables a company to maintain a strong competitive position in the external environment and accomplish its stated objectives. In (V.V, 2007), VV Glukhov wrote there are four distinct categories of strategic management activities: resource allocation, adaptation to the external environment, internal coordination, and strategic foresight.

According to (Philip S. Thomas, 1974), environmental analysis is an essential element of every planning system. Similar to other areas of management theory, the current inclination is to address this aspect as consciously and explicitly as feasible, resulting in some organization of the examination of the operational surroundings, despite the inevitably challenging obstacles.

(Philip S. Thomas, 1974), (William R. King, 1974), (Cleland, 1973), (Kotler, 1966) has suggested that environmental information is essential for contemporary corporate planning. Some individuals have discussed systems that allow for the regular analysis of environmental data in order to determine its impact on company strategy.

Enterprises can enhance their competitive position and navigate risks by conducting environmental scans (S.S. Bhardwaj, 2014). (K.S. Albright, 2004) states that modern businesses are confronted with exceptional difficulties in order to stay afloat. To comprehend the environment in which a business operates, it can employ environmental scanning. An enterprise lacks the ability to exert influence over the external environment and cannot directly monitor

or control the variables within it. However, by engaging in environmental scanning, the enterprise can promptly and effectively respond to challenges as they arise.

The authors (Barnard, 1938), (McNichols, 1977), (Hambrick, 1980) defined "strategy in organization" in almost the same way: the effectiveness of an organization relies on its strategy, which involves considering external factors and aligning objectives with the environment. Internally, it requires maintaining a balanced communication among members and a commitment to contribute towards actions and achieving common goals.

2.3 THEORETICAL FRAMEWORKS AND MODELS USED FOR MICRO AND MACRO ENVIRONMENT ANALYSIS

2.3.1 MACROENVIRONMENT ANALYSIS (EXTERNAL ANALYSIS)

External analysis is a method used by organizations to impartially evaluate the potential impact of industry and global developments on their current operations. Companies engage in this practice to ensure their ability to effectively respond to changes and maintain their success within a given industry.

When examining the external surroundings that a company or business unit encounters, we identify two levels: the remote environment and industry environment.

- The remote environment refers to the wide-ranging socio-technical and economic context in which a company operates and competes. Given the extensive nature of these changes, it is anticipated that they would have an impact on multiple industries.
- The industry environment refers to the various changes that directly impact rivals and subsequently influence the competitive strategy of a business unit. These changes include the introduction of new products by competitors, the appearance of new distribution channels, and the development of new customer values.

The remote environment

The distant environment encompasses various factors that can profoundly influence the functioning of a corporation, its rivals, and its clientele.

An effective acronym for comprehensively analyzing these factors is the PESTLE model (FitzRoy, Hulbert, & Ghobadian, 2012), named such because it encompasses the Political, Economic, Socio-cultural, Technological, Legal, and Environmental dimensions of the whole corporate environment.

a, Political environment

The political environmental factors encompass elements such as the stability or instability of the political climate, the repercussions of political decisions, alterations in government constitutions, shifts in political and national policies, actions taken by the government, the durability of the government, the level of support provided by the government to the industry and the organization, and the influence of governmental policies such as monetary policy, fiscal policy, supply-side policy, exchange rate policy, and foreign trade policy on business activities. The political landscape has a crucial role in the success and market penetration of a firm, particularly for foreign companies. Political assistance is generally vital in such cases. A nation has the authority to limit foreign business operations within its political borders, and this should be a matter of significant importance. Possible strategies for addressing potential problems in the political sphere include political lobbying, intergovernmental agreements and contracts, and securing the backing of a reputable local group with the support of the local government. The political ramifications are significant when evaluating a firm that generates substantial revenue for the country.

The political environment plays a crucial role in determining the nation risk and political and operational risk, particularly for foreign companies. Nevertheless, as previously said, there are tactics and measures that can be implemented to mitigate such adverse consequences.

b, Economic environment

Economic variables are crucial for the success of a business and can be considered the most significant. Some key economic factors include demographic factors related to age, the distribution of age groups, income levels, the disposable income of the country, poverty rates, employment and unemployment rates, tax rates, gender distribution, inflation rates, exchange rates, population growth, literacy rates, educational levels, customer attitudes, perceptions, and purchasing behavior. When the economic elements are advantageous, the likelihood of existence is guaranteed, however in negative economic conditions, the industry becomes unappealing for new investments, expansion, and survival.

Customers are of utmost importance to a business. The primary goal of the organization is to generate profit, which is driven by customer purchases. In order to guarantee consumer purchases are influenced by favorable economic conditions, it is important to identify their sentiments. Tax rates have a significant role in this context by impacting the earnings that can be obtained by shareholders or owners. As a result of the alterations in tax rates and structure,

the company's profitability and pricing have been impacted. Exchange rates are crucial for companies that are either international or engaged in import or export operations. Hence, it is evident that economic considerations exert a pivotal influence on the external business environment and must be taken into account.

c, Socio-cultural environment

One must take into account the traditions, cultural characteristics, conventions, myths, religious values, and religious beliefs in this context. It is important to take into account the ethical ideals, beliefs, and attitudes towards the firm and the sector in the operating market. For instance, activities such as prostitution, funeral parlor services, and narcotics may be deemed lawful, ethical, and promoted in one business setting, while being prohibited in another. Adapting to the cultural values of a nation is crucial for achieving greater performance, increased productivity, and the attainment of growth objectives, since the business environment is closely intertwined with these cultural and traditional values. Furthermore, the purchasing patterns and consumer behavior are influenced by sociocultural contextual elements that have great importance. In order to guarantee consumer satisfaction within the sector, it is essential that the creation of the product or service mix takes into account these environmental aspects.

Additional socio-economic factors that need analysis include changes in lifestyle, such as the growing refinement of consumer preferences, elevated levels of education, improved information accessibility, and increased use and familiarity with technology. The ultimate outcome is larger disparities in wealth within countries, which in turn lead to many social consequences, including the enduring unemployment of persons who are unable to adapt to the contemporary knowledge-driven society. The majority of economies or individuals exhibit significant resistance to changes in socio-cultural environmental elements that must be acknowledged when introducing products and services.

d, Technological environment

This is very important for a business that is centered on technology.

Nevertheless, technology has become an essential component of any modern organization, with the majority of activities conducted online and reliant on technology. Hence, the significance of the technological environment is crucial. When considering these factors, it is important to take into account technological upgrades, technical infrastructure, technical proficiency, the productivity of technology, updates, hardware, and software. Internet use is on

the rise, particularly in rural areas where technology has become essential for consumers. Additionally, technology serves as a valuable asset for organizations. Furthermore, technology may be used in the organizational process to enhance the efficacy of decision-making. By using a Management Information System, the efficiency of the results produced may be improved, allowing the organization to make more informed and efficient choices. Technology has become an essential component in the operation of marketing, with internet methods replacing old offline marketing strategies. Social media and digital methods, including SMS marketing, email marketing, SEO, and GPS marketing, have become essential components of the integrated marketing communications mix.

e, Legal environment

Legal considerations include the examination of laws, regulations, rules, principles, guidelines, and Acts. The legal considerations differ significantly across different industries. For instance, when evaluating a hotel chain, the applicable rules might include those pertaining to Consumer Affairs, Food Regulations, and Service Quality. These rules and regulations may exert significant influence on corporate activity and should be thoroughly examined. Complying with legal repercussions might provide a competitive advantage to a business compared to others, since stakeholders see the corporation as being legally obligated. This will further guarantee that the organization is guided by ethical principles, therefore promoting the notion of Ethical Business.

Based on our analysis of probable future patterns, we anticipate that governments will continue to implement policies that foster competition in product marketplaces. However, it is probable that companies will encounter increasingly rigorous regulations in the future regarding issues like as health and safety, the environment, and the rights of different minority groups. Moreover, globalization is increasingly having substantial consequences for the legal framework.

f, Ecological environment

The significance of ecological considerations in business is paramount given the increasing demands of global warming, adverse environmental consequences, and sustainability issues. When considering the ecological or natural environment, it is important to take into account factors such as the industry's average carbon footprint, concerns about environmental pollution, waste disposal methods, emissions and freeway exits, energy

efficiency in business processes, eco-friendliness, and the impact of the environment on business activities.

Ecological issues are particularly crucial for industrial businesses that engage in chemical processes. Implementing energy-efficient and environmentally friendly production processes is a key factor in gaining a competitive edge and may help decrease expenses related to the cessation of operations, penalties, and charges.

The industry environment

Although the remote environment will significantly influence the firm's strategy, our subsequent research delves further into examining the attributes of the sector in which a corporation operates and the resultant impact on strategy. Given that multinational corporations are prone to operating in several sectors, this level of examination is more suited for the business unit level. Corporate-level personnel are responsible for doing this research when considering mergers and acquisitions, or when establishing performance benchmarks for a company division.

(ME Porter , 1980) developed a model especially tailored for private sector organizations with the objective of maximizing profits. The Five Forces framework is a method used to analyze how the competitive forces impacting an industry relate to the average earnings of its rivals. The primary factors that have been identified are as follows:

- The potential threats from current or new competitors.
- The obstacles that prevent new entrants from entering the industry.
- The ability of suppliers to negotiate favorable terms.
- The capacity of buyers to negotiate favorable terms.
- The possible threat or availability of alternative goods or services.

The selected Five Forces are common external variables that establish the competitive landscape in several industries. The enduring nature of the model as a tool for analyzing the competitive landscape is largely due to its simplicity in implementation. Strategic managers may use the model as a tool to enhance their comprehension of the competitive environment in which their organization operates. To begin, we provide a clear explanation for each of the Five Forces.

The potential for new competitors entering the business

The amount of danger posed by possible new rivals for existing businesses in the sector is determined by the ease or difficulty of entry into the market. Entrance barriers are certain conditions that discourage or prevent entrance into a certain market. These factors include economies of scale, substantial initial investment expenses, availability of distribution channels, legislative and regulatory actions, cost benefits of established companies, and the significant levels of distinctiveness and brand loyalty experienced by current companies.

Substitute product threat

Substitute items that serve the same purpose and are manufactured in other sectors might pose a significant threat to existing companies within an industry. The proximity of the substitute to reproducing the function affects the magnitude of the danger presented. Substitutes limit enterprises' capacity to increase prices since this would result in the loss of consumers who choose for more affordable alternatives. This leads to a decrease in the attractiveness of the sector. The media sector is marked by a significant risk of alternative options. News may be obtained via several media channels such as newspapers, television, radio, and the internet, each of which offers a suitable alternative for consumers.

Buyers' ability to negotiate and influence the terms and conditions of a transaction

Buyers often want for either lower pricing or greater quality at consistent rates. Both of these factors exert downward pressure on pricing, causing them to fall below the level that firms find desirable, so impacting industry profitability. Suppliers will endeavor to escalate prices. Their level of success in this endeavor is contingent upon the degree of influence that customers possess inside the market. Within this particular framework, purchasers are presumed to include both individual consumers of commercial goods as well as companies that engage in purchasing items from other businesses. Buyer power is strong when the buyer purchases a large quantity from the supplier, when there are alternative options available, when the product makes up a significant portion of the buyer's overall expenses (which motivates buyers to look for lower prices), and when buyers have the ability to create their own supply, like supermarkets producing their own branded products.

Supplier's bargaining power

The factors that enhance the ability of suppliers to negotiate advantageous terms are, unsurprisingly, the opposite of those that enhance the ability of buyers to negotiate

advantageous terms. The power of suppliers is high in situations where there is limited competition among them for the target customers, their product is easily distinguishable from competitors, customer loyalty is maintained, the costs of switching to another supplier are high for customers, the supplier can expand their business to compete with the customer, or the customer has little significance or influence.

Rivalry intensity

Fierce competition among industry players drives prices down and leads to reduced profitability. Intense competition arises when there is a large number of competitors, sluggish market expansion, elevated fixed costs, substantial exit costs (making leaving the industry unappealing due to the high initial investment), and when products are similar, allowing customers to easily switch between suppliers.

2.3.2 MICROENVIRONMENT ANALYSIS (INTERNAL ANALYSIS)

When analyzing the firm's internal environment, assessors need to assess the firm's collection of resources and the combinations of diverse resources and competencies that managers have developed. Resources are the origin of talents, some of which contribute to the formation of a company's fundamental skills or its competitive advantages. Decision makers aim to analyze the internal environment in order to comprehend how to effectively use the firm's distinct combination of resources and competencies. We elucidate the concept of value and explicate how companies use their resources, talents, and core competencies to generate it.

Generating or producing value

Firms generate value for clients by using their core skills or competitive advantages to meet or beyond the rigorous requirements of global competitiveness (Chakravarthy, 2002). According to Clayton Christensen, effective strategists must have a profound comprehension of the mechanisms of competition and growth, as well as the reasons that support each advantage. Only in this manner will they possess the ability to perceive when previous benefits are on the verge of vanishing and how fresh benefits might be established in their place (C. M. Christensen, 2001). Organizations may get a competitive advantage by focusing on their core competencies when developing strategies. This means they should prioritize their unique strengths and capabilities. However, it is important for organizations to also be informed about the changes happening in the external world.

The task of doing internal analysis

Managers encounter unpredictability when it comes to emerging exclusive technology, swiftly evolving economic and political patterns, alterations in social principles, and changes in client preferences. Environmental uncertainty amplifies the intricacy and scope of matters to investigate while analyzing the internal environment (C. M. Fiol & E. J. O'Connor, 2003). Biases toward strategies for dealing with uncertainty impact judgments on the resources and competencies that will serve as the basis for the firm's competitive advantage. Intraorganizational conflict arises when judgments are made over which key competencies to develop and how to develop them.

When faced with these three scenarios, the ability to make sound judgments is necessary. Judgment refers to the capacity to make effective judgments in situations when there is no clear or proper model or rule to follow, or when the available evidence is incorrect or incomplete.

Resources

The materials provided include a wide range of human, societal, and organizational phenomena. Generally, the possession of resources alone does not result in a competitive advantage.

Resources in a business are often distinguished into two main types: tangible resources and intangible resources. Tangible resources refer to the physical assets of a corporation that are observable and measurable. These assets include cash, factories, equipment, human resources, and offices. Intangible resources refer to assets that cannot be physically touched or measured. These assets include the knowledge and expertise possessed by personnel inside the organization, the connections and partnerships with merchants and other stakeholders, as well as the reputation and perception of the firm and its goods or services. For instance, buyers perceive that a firm provides items of superior worth compared to its rivals. Businesses must acquire both tangible and intangible resources in order to effectively carry out strategic planning and execution. (S. G. Winter, 2005).

Abilities

Capabilities arise when resources are intentionally combined to do a certain activity or set of activities. These jobs include a wide variety of operations, including human resource selection, product marketing, and research and development. Capabilities, which are crucial for gaining a competitive edge, are often established by creating, maintaining, and sharing information and expertise within a company's workforce. Client-specific competencies are

often acquired via frequent encounters with clients and the subsequent understanding of their requirements. Consequently, capacities often undergo evolution and advancement as time progresses.

Capabilities are often cultivated across distinct functional domains or within a subset of a functional domain. Researchers of (M. A. Hitt & R. D. Ireland, 1986), (Hrebiniak, 1980) demonstrates a correlation between the skills acquired in certain functional areas and the financial success of a company, both at the overall corporate level and within individual business units. This suggests the need of developing these skills at both levels.

Core competencies

Core competencies are the specific qualities and skills that provide a company a significant edge over its competitors. Core competencies are unique strengths that set a firm apart from its competitors and represent its distinct identity. Core competencies develop gradually via the organizational process of acquiring and mastering various resources and skills.

Core competencies are the distinctive capabilities of a business that enable it to take action and outperform rivals. These skills are considered the most valuable assets of the company, since they allow the firm to offer unique value to its products or services over an extended period of time.

Companies that possess the tangible resource of financial capital have a significant quantity of liquid assets, which enables them to acquire facilities or employ trained personnel necessary for producing items that provide value to customers. Nevertheless, companies without financial resources have a vulnerability in that they may be unable of acquiring or developing new competencies. In order to achieve success, companies must identify external environmental possibilities that may be leveraged using their skills, while also steering clear of competition in areas where they are not strong. (C. Bowman, 2001)

A crucial inquiry is, "What is the precise number of core competencies that a firm must possess in order to maintain a lasting competitive advantage?". (C. Ames, 1995) advises its clients to choose three or four capabilities that might serve as the foundation for their strategic initiatives. Companies should implement strategies that align with their fundamental strengths and capabilities.

SWOT analysis

Inside the framework of microenvironment analysis, SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is especially used to evaluate the internal and external elements that directly influence a firm inside its immediate business environment (Alan Sarsby, 2016). SWOT analysis is used in the examination of the microenvironment in the following manner:

Strengths: These are inherent qualities and assets inside the organization that provide it a competitive edge in its immediate business environment. These criteria may include elements like a robust brand reputation, cutting-edge product offers, streamlined distribution methods, a skilled personnel, or exceptional customer service.

Weaknesses refer to restrictions or inadequacies inside a corporation that might potentially impede its performance or competitiveness within its immediate surroundings. Possible weaknesses may include elements such as insufficient financial resources, obsolete technology, ineffective procedures, limited brand awareness, or unfavorable reputation.

Opportunities refer to aspects in the company's microenvironment that have the potential to lead to development, expansion, or improvement. Potential opportunities may develop as a result of fluctuations in market patterns, the emergence of new technology, regulatory modifications, changes in customer preferences, or holes in the competitive market that the firm may take advantage of.

Threats refer to elements outside of the company's control that might potentially jeopardize its success or capacity to continue operating. Potential threats may include elements like as fierce rivalry, economic recessions, shifts in customer preferences, technology disruptions, regulatory limitations, or complications with suppliers or vendors.

By doing a SWOT analysis on the microenvironment, firms may acquire a thorough comprehension of their internal capabilities and limitations, as well as the external prospects and risks they encounter inside their immediate company surroundings. This analysis allows firms to formulate strategies that use their advantages, tackle their disadvantages, take advantage of favorable circumstances, and minimize risks in order to accomplish their strategic goals and sustain competitiveness.

3 METHODOLOGY

The methodology employed for this thesis is based solely on available documents, utilizing secondary data sources such as books, newspapers, scholarly articles, and industry reports. Given the nature of the research topic and the accessibility of information pertaining to Samsung Electronics Company in Vietnam, a document analysis approach is deemed appropriate. The Section is divided into three subsections:

3.1 Research approach

3.2 Data Collection Methods

3.3 Data Analysis Techniques

3.1 RESEARCH APPROACH

The research methodology employed for this thesis, which focuses on analyzing the micro and macro settings of Samsung Electronics Company in Vietnam, mostly relies on document analysis. The research approach of document analysis is selected for this study since it exclusively relies on existing documents for data collecting and analysis.

Document analysis is a widely used technique in social science research that involves studying pre-existing documents to extract relevant information and gain insights (Bowen, 2009), supported by scholars such as (Yin, 2014), who advocate for the use of document analysis as a valid and reliable research method for conducting case studies and environmental analyses. It provides a methodical and thorough approach to examine different sources, including government reports, industrial studies, financial statements, news items, and scholarly publications, in order to obtain a comprehensive grasp of the research issue. By employing document analysis as the research methodology, this study guarantees a comprehensive investigation of pertinent resources that are easily accessible and readily obtainable. This methodology facilitates the incorporation of many viewpoints and information sources, providing a thorough examination of the micro and macro factors that affect Samsung Electronics Company in Vietnam. Furthermore, the examination of documents is in line with the aim of this thesis, which is to thoroughly examine and assess the external factors that impact Samsung's activities in Vietnam. This research seeks to analyze and interpret documents in order to discover significant patterns, obstacles, prospects, and regulatory structures that influence Samsung's business environment in the Vietnamese market.

The utilization of document analysis as the research methodology emphasizes the significance of empirical evidence and unbiased analysis in guiding strategic decision-making inside businesses. This study aims to enhance the current body of knowledge on international business management and strategic planning, specifically in the context of multinational businesses operating in emerging markets such as Vietnam, by utilizing pre-existing papers.

3.2 DATA COLLECTION METHODS

The study's methodology focuses on gathering and analyzing data that is relevant to comprehending both the micro and macro settings of Samsung Electronics Company in Vietnam. Due to the characteristics of the research subject and the limited resources, this study solely depends on document analysis. Document analysis is a research process that entails a methodical examination, interpretation, and combination of pre-existing documents to obtain pertinent information (Bowen, 2009).

The primary data collection methods will include systematic review and analysis of online articles, industry reports, academic journals, and official publications related to Samsung Electronics Company and the Vietnamese market. The review process will involve keyword searches using academic databases such as Google Scholar, PubMed, and Scopus, as well as online repositories of industry reports and market research databases.

Government reports and policies issued by the Vietnamese government offer valuable information on the overall economic situation, regulatory structures, and industry-specific standards that impact Samsung Electronics Company. The aforementioned publications provide significant insights into taxation, trade rules, labor legislation, and other pertinent variables that impact business operations.

Scholarly publications, industry reports, and market analysis conducted by respected organizations provide a thorough and detailed understanding of the electronics sector in Vietnam. The documents contain information regarding market trends, customer behavior, competitor analysis, and technological breakthroughs that are significant to Samsung Electronics Company's operations.

The financial statements and annual reports of Samsung Electronics Company provide vital insights into the company's performance, market share, revenue patterns, and investment initiatives in the Vietnamese market. Examining these documents facilitates a more profound comprehension of Samsung's stance in the domestic electronics sector.

News articles and press releases, including those from newspapers, online news sources, and other media outlets, offer up-to-date information and analysis on a wide range of events, advancements, and controversies related to Samsung Electronics Company in Vietnam. The mentioned sources provide insights into the company's public relations endeavors, corporate social responsibility undertakings, and reactions to emergent matters.

Academic publications and case studies that concentrate on business management, international marketing, and strategic management provide theoretical frameworks, empirical research, and practical insights that are pertinent for understanding the activities of Samsung Electronics Company in Vietnam. These academic sources enhance comprehension of the company's strategic choices, competitive strengths, and market position.

This study seeks to conduct a thorough analysis of the documents in order to offer a comprehensive evaluation of the micro and macro settings that influence Samsung Electronics Company's business strategy and operations in Vietnam.

3.3 DATA ANALYSIS TECHNIQUES

The data analysis methodologies utilized in this thesis, which concentrate on examining the micro and macro settings of Samsung Electronics Company in Vietnam, are exclusively based on document analysis. Since the entire research is based exclusively on existing documents, a range of techniques in document analysis are employed to extract, interpret, and combine pertinent information.

Content analysis is a method used to carefully analyze the information contained in various types of documents, including government reports, industrial studies, financial statements, news items, and scientific publications (Krippendorff, K, 2018). By conducting content analysis, we can identify and categorize significant themes, patterns, and trends within the documents. This process helps us gain insights into the elements that are influencing Samsung's business environment in Vietnam.

Thematic coding is a methodical process of categorizing data to uncover reoccurring themes or topics in documents (Saldaña, J, 2015). This study utilizes thematic coding to identify prevalent themes, concerns, and viewpoints pertaining to Samsung Electronics Company's activities in Vietnam. This method enhances the arrangement and analysis of qualitative data, allowing for a more profound comprehension of the micro and macro environmental elements in action.

Comparative analysis is a method used to examine and evaluate information by comparing and contrasting it across various documents, sources, or time periods (Ragin, C. C, 2014). This study utilizes comparative analysis to investigate the evolution of regulatory regulations, market trends, and competitive dynamics over time, and their impact on Samsung Electronics Company in Vietnam. This methodology facilitates the detection of alterations, trends, and inconsistencies within the data, hence enhancing a thorough examination of the company's external surroundings.

The data acquired for this thesis mostly comprises qualitative information from documents. However, certain parts of the data can still be subjected to quantitative analytic tools. Quantitative coding of qualitative data can be employed to assign numerical values to qualitative categories, enabling statistical analysis and comparison (Miles et al., 2014). This approach improves the thoroughness and complexity of the data analysis process, offering further understanding of the small-scale and large-scale factors influencing Samsung Electronics Company in Vietnam.

This thesis intends to provide a thorough and detailed understanding of the external factors that impact Samsung's business operations in the Vietnamese market by utilizing data analysis methodologies within the context of document analysis.

4 ANALYSIS OF THE ECONOMIC SITUATION OF SAMSUNG ELECTRONICS IN VIETNAM

In this section, students will perform the following actions:

- 4.1 Analysis of the macro environment of Samsung Electronics.
- 4.2 Analysis of the micro environment of Samsung Electronics.
- 4.3 Analysis SWOT of Samsung Electronics in Vietnam

4.1 ANALYSIS OF THE MACRO ENVIRONMENT OF SAMSUNG ELECTRONICS

This section delves into an in-depth analysis of the macro environment surrounding Samsung Electronics within the context of Vietnam, focusing on available documents as primary sources. Employing the PESTLE analysis framework, it comprehensively assesses the remote environment factors influencing Samsung Electronics' operations. Drawing upon scholarly articles, books, and reputable newspapers, the analysis examines political, economic, social, technological, legal, and environmental aspects shaping Samsung's business landscape. Furthermore, it scrutinizes the industry environment, delving into the introduction of new products by competitors, the appearance of new distribution channels, and the development of new customer values. By integrating insights from various sources, this section offers a nuanced understanding of the external forces impacting Samsung Electronics' strategic decisions and operational performance in the Vietnamese market.

4.1.1 THE REMOTE ENVIRONMENT FACTORS

a, Political and legal factors

In South Korea:

The Korean government's policies in foreign trade, and education... all create conditions for domestic companies to develop. Especially backbone industries such as heavy industry, and electronics. In particular, Korea's industrial strategy has become more technology-focused, and greater emphasis has been placed on the promotion of R&D and innovation.. The Korean government in addition to directly financing R&D conditioning of the state sector, also devotes significant fiscal coffers to support R&D for the business sector. This has created conditions for domestic enterprises, including Samsung, to have further useful ideas and hops forward in

technology. In terms of business R&D expenditure, 60 of the global top 2 500 enterprises are Korean, including Samsung Electronics and other chaebols. Over the past decade, R&D expenditures in East Asia in general and Korea in particular have increased more than in any other region of the world. According to data collected by Yonhap News Agency, South Korea placed second in research and development (R&D) spending as a portion of its gross domestic product (GDP) among major developed countries in 2020.

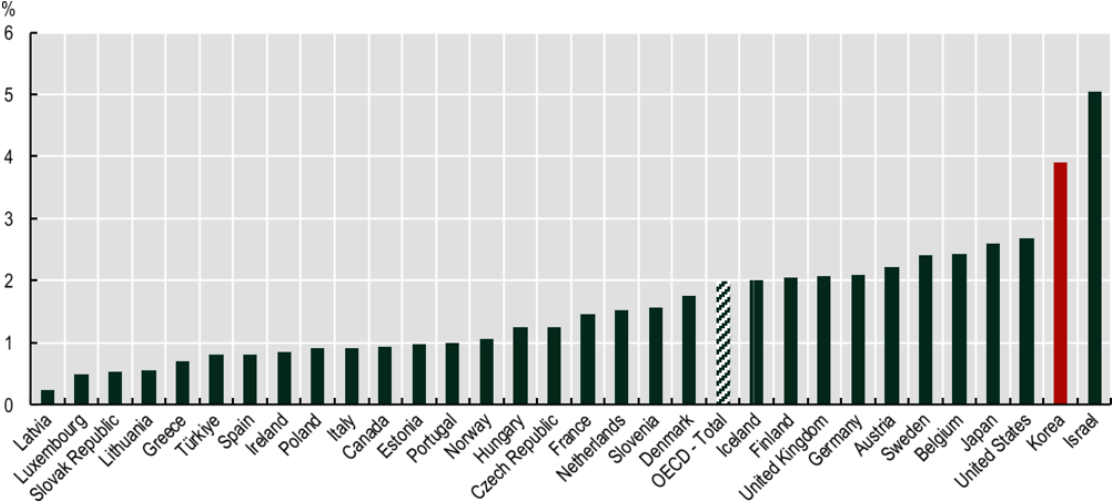


Figure 1. Business enterprise expenditures on R&D as a percentage of GDP, OECD countries, 2021 (Source: [OECD, 2023](#))

Patent Suits appear to be more common in the global smartphone and tablet requests as Samsung along with other manufacturers have been involved in a nonstop war regarding smartphone patent violation. For instance, Apple and Samsung have filed lawsuits against each other regarding this issue since 2011. The patent war between the two ended in May 2018 when a US jury ordered Samsung to pay \$539 million to Apple (Theverge, 2018). A similar case happened between Huawei and Samsung which ended with Samsung being obligated to pay Huawei around \$11.6 million as ordered by a Chinese court (Staff, 2017). Other than patent blessing and region grounded norms and conditions for products, there are hardly any regulations in the global smartphone and tablet requests.

In Vietnam:

Samsung Electronics' operations in Vietnam are greatly influenced by the political and legal environment of the country. Comprehending the complexities of governmental policies, laws, and the legal framework is essential for the company to effectively traverse hurdles and capitalize on opportunities in the Vietnamese market.

Public policies and regulations established by the government:

Vietnam has been actively implementing economic reforms to attract foreign investment and foster economic growth. The government has enacted a range of policies and efforts to bolster industries such as manufacturing and technology, which are in line with Samsung Electronics' commercial objectives. As an example, The Vietnamese government provides a wide range of commercial advantages to encourage investment and consistently enhances these incentives through reforms and upgrades to preserve its attractiveness to foreign investors (Vietnam-briefing, n.d.).

In addition, Samsung Electronics has profited from Vietnam's involvement in regional trade pacts such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA). These agreements promote more efficient trade ties, lower tariffs, and enhanced market entry for Samsung's products (Nguyen Duc, 2021).

the Government has also agreed to allow Samsung Electronics Vietnam to enjoy the highest investment incentives as a high-tech enterprise, with incentives such as the application of an annual corporate income tax rate of 10% during the project implementation period; exemption from corporate income tax for 4 years from the date of taxable income and reduce 50% of payable tax in the next 9 years (Doing Business in Vietnam, n.d.).

Protection of intellectual property rights:

Effective safeguarding of intellectual property rights (IPR) is of utmost importance for technology-driven corporations such as Samsung Electronics. The corporation allocates significant resources to research and development (R&D) in order to create and advance new technologies, and strong intellectual property rights (IPR) laws are crucial for protecting its ideas from unauthorized use.

On 22 August 2019, the Prime Minister introduced the Intellectual Property Strategy at a national level. This marked a significant advancement in the field of intellectual property, emphasizing its role in promoting innovation, enhancing national competitiveness, and contributing to the economic, cultural, and social development of the country (MOST, 2020). Nevertheless, there are still obstacles to overcome, such as difficulties in enforcing regulations and the prevalence of counterfeit goods. Samsung Electronics should maintain a watchful

attitude in safeguarding its intellectual property and cooperate with Vietnamese authorities to properly deal with infringements of intellectual property rights.

Employment legislation and rules:

Samsung Electronics runs manufacturing plants in Vietnam, employing a substantial number of workers. Adhering to labor laws and regulations is crucial to guarantee the ethical and equitable treatment of employees. The Vietnamese labor laws regulate multiple issues like working hours, remuneration, workplace safety, and employee entitlements.

Providing training on the protection of women, local culture, and local business environment targeting 22 suppliers advancing into Vietnam where the rate of female employees is notably high (Samsung Electronics, 2023)

According to the proposal, SEV wants to apply the calculation of the proportion of employees (5%) working in the R&D field based on the calculation of the number of non-productive workers 3 shifts/day (one working day 8 hours; working week 5 days). The organization is required to comply with labor rules and actively foster a secure and conducive work environment for its employees. Adhering to labor standards not only improves Samsung's company reputation but also promotes employee satisfaction and productivity (Duong, 2021).

Analysis of Political Stability and Risk Factors:

Political stability is crucial for the uninterrupted operation of businesses and the assurance of confidence in investments. Vietnam has consistently upheld a reasonably stable political atmosphere, distinguished by a single-party socialist republic. Nevertheless, Samsung Electronics' activities can be exposed to hazards due to geopolitical tensions, legislative changes, and unforeseen events.

In order to effectively reduce political risks, the corporation must perform thorough risk assessments and develop contingency plans. To effectively manage political obstacles and provide a positive working climate, Samsung can engage in communication with government officials, industry associations, and other stakeholders (Electronics, 2023).

Ultimately, the political and legal landscape has a substantial impact on Samsung Electronics' economic activities and strategic choices in Vietnam. The company's operational landscape is influenced by government policies, the protection of intellectual property rights, labor legislation, and political stability. To efficiently navigate political and legal concerns and

take advantage of opportunities in the Vietnamese market, Samsung Electronics stays updated on regulatory developments and cultivates positive relationships with governmental agencies.

b, Economic factors

GDP Growth and Stability:

Vietnam has witnessed remarkable economic growth and stability in recent years, making it an attractive destination for foreign investment, including Samsung Electronics. The country's Gross Domestic Product (GDP) has consistently expanded, driven by factors such as industrialization, urbanization, and a burgeoning middle class. According to the World Bank, Vietnam's GDP growth rate averaged around 6-7% annually over the past decade (Worldbank, 2022). This sustained economic growth provides a conducive environment for Samsung Electronics to expand its market presence and invest in manufacturing facilities and R&D centers in Vietnam. GDP per capita increased 3.6 times between 2002 and 2022, reaching over USD 2,700 in 2019, with over 45 million people fleeing poverty. The poverty rate fell dramatically from 14% to 3,8% in 2020.

Vietnam's economy was oppressively impacted by the COVID-19 infection due to its deep profitable integration, but it also demonstrated remarkable adaptability. In 2020, GDP growth is anticipated to be 2.9 percent. Although Vietnam is one of the many countries in the globe to have positive profitable growth, the epidemic has had long-term goods on homes, with roughly 45 percent of those surveyed reporting lower income.

Without the epidemic's impact, Vietnam's frugality would not have suffered the same negative consequences, and it could have grown briskly. During the rearmost outbreak, Samsung likewise had a lot of problems. The contagion originally impacted the force chain, but this was fleetly remedied. Second, the COVID-19 epidemic has lowered phone demand.

Consumer Spending and Disposable Income:

The rising disposable income and purchasing power of Vietnamese consumers have fueled demand for consumer electronics, including smartphones, televisions, and home appliances. As per a report by RUBIK TOP, Vietnam's middle class is growing rapidly, with a significant portion of the population transitioning from lower-income to middle-income status (Top, 2023). This demographic shift translates into increased demand for premium electronic products and services offered by Samsung Electronics.

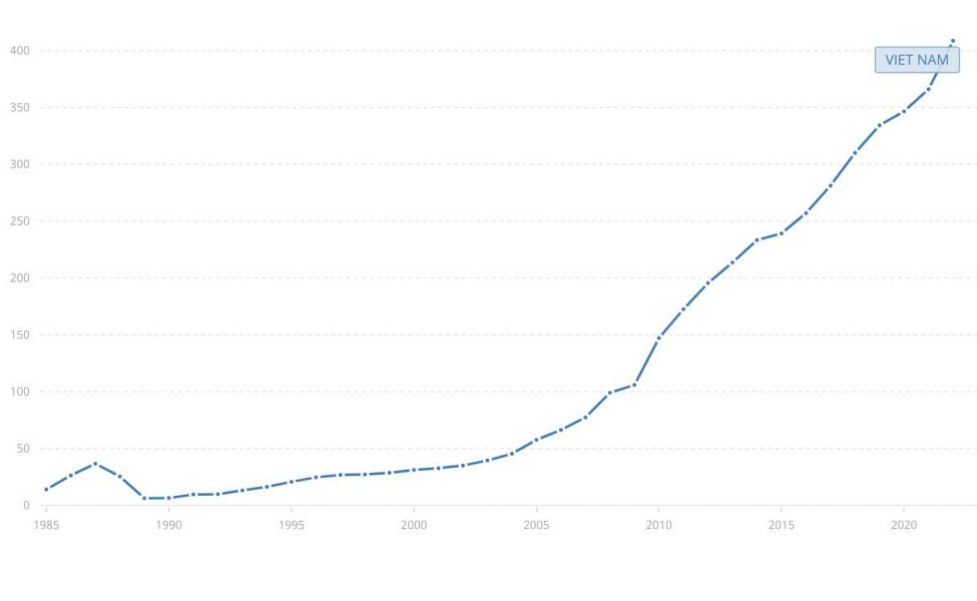


Figure 2. GDP (current US\$) of Vietnam (Source: worldbank, 2022)

Foreign Direct Investment (FDI):

Vietnam is a long-standing agricultural country, so the strength of Vietnam's economy is focused on agriculture, and later some light industries. Therefore, the electronics industry was not given enough attention in previous years. When the government opened the market, Vietnam's electronics market quickly fell into the hands of foreign businesses including Samsung. Samsung has taken advantage of tax incentives during Vietnam's opening period, investing heavily in Vietnam and absorbing the market. Due to Vietnam's poor level of science and technology, mainly inclined to use technology rather than produce technology, the government is currently having policies to encourage enterprises to invest more in R&D. Vietnam belongs to the low-cost manufacturing segment, but the skills of Vietnamese engineers are not inferior to other countries, so Vietnam is an ideal destination for multinational companies looking to expand their R&D networks globally. Facing that trend, in 2018, starting with an investment of 670 million USD for the SEV factory, Samsung is currently the largest foreign investor in Vietnam with a total investment capital that has increased nearly 26 times to over 17.3 billion USD (Vietnamplus, 2018).

Currency Fluctuations and Export Opportunities:

Currency fluctuations, particularly the exchange rate between the Vietnamese dong (VND) and major international currencies, can impact Samsung Electronics' export-oriented business model. A weaker VND relative to currencies such as the US dollar can enhance the competitiveness of Vietnamese exports, including Samsung's electronic products, in

international markets. Conversely, currency appreciation may pose challenges in terms of pricing and profitability for Samsung Electronics' exports from Vietnam.

c, Social factors

Cultural Preferences: Vietnam boasts a rich cultural heritage shaped by centuries of history, traditions, and values. Samsung Electronics must navigate this cultural landscape to resonate with Vietnamese consumers effectively. Research indicates that Vietnamese consumers prioritize product quality, reliability, and functionality (Thanh Ngoc Dan Nguyen, 2022). Additionally, factors such as family-oriented values and community ties influence purchasing decisions. Samsung Electronics can leverage cultural insights to develop products and marketing campaigns that resonate with Vietnamese consumers' cultural identity and values.

Demographic Trends: Vietnam's demographic profile, characterized by a youthful population and rapid urbanization, significantly influences consumer behaviors and market trends. With a median age of around 30 years, young Vietnamese consumers are early adopters of technology and actively seek innovative products (The World Bank, 2021). Samsung Electronics can capitalize on this demographic dividend by introducing cutting-edge technologies and targeting younger demographics through digital marketing channels.

Brand Perception and Trust: Building and maintaining trust in the brand is essential for Samsung Electronics' success in the Vietnamese market. Consumers associate the Samsung brand with innovation, reliability, and quality, stemming from the company's longstanding presence and reputation worldwide. However, maintaining consumer trust requires consistent product quality, after-sales service, and transparent communication. Any lapses in product quality or customer service could erode brand trust and impact Samsung's market share in Vietnam.

Health and Wellness Trends: Increasing awareness of health and wellness among Vietnamese consumers influences purchasing decisions, particularly in the consumer electronics sector. Products offering health-tracking features, such as smartwatches and fitness bands, are gaining popularity among health-conscious consumers. Samsung Electronics can capitalize on this trend by incorporating health-focused features into its product offerings and promoting them as lifestyle enhancers.

d, Technological factors:

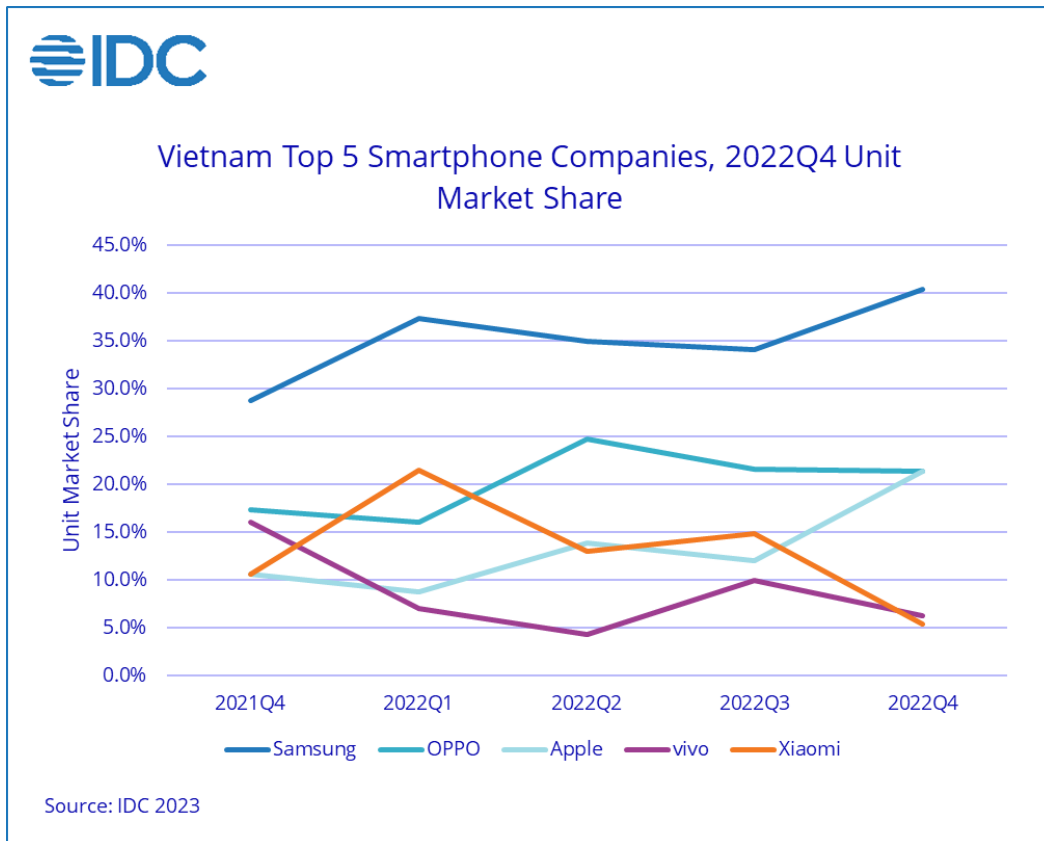


Figure 3. Vietnam's Top 5 smartphone companies (Source: IDC, 2023)

Research and Development (R&D): Samsung Electronics allocates significant resources to R&D activities aimed at developing cutting-edge technologies and innovative products. According to a report by FDi, the top 10 list was dominated by Samsung, a South Korean electronics conglomerate, which had a 10% growth in its research and development (R&D) expenditure, reaching \$19.3 billion in 2022. (Alex Irwin-Hunt , 2023). This strategic focus on innovation enables Samsung to introduce new features and functionalities in its electronic devices, thereby maintaining its competitive edge in the Vietnamese market.

Currently, Prime Minister Nguyen Xuan Phuc reports that 58% of Samsung's worldwide smartphone sales are generated from its manufacturing plants in Vietnam (Hanoitimes, 2019).

Manufacturing Technologies: The adoption of advanced manufacturing technologies is essential for enhancing production efficiency and product quality. Samsung Electronics leverages automation, robotics, and AI-driven processes in its manufacturing facilities to streamline operations and minimize errors. By embracing technological automation, Samsung can optimize its manufacturing processes and meet the growing demand for its products in Vietnam.

Digital Transformation: In today's digital age, companies must embrace digital transformation to remain competitive. Samsung Electronics employs digital technologies such as big data analytics, IoT (Internet of Things), and cloud computing to enhance operational efficiency and customer experience. By analyzing consumer data and market trends, Samsung can tailor its product offerings and marketing strategies to meet the evolving needs of Vietnamese consumers.

Innovative Product Development: Innovation is at the core of Samsung Electronics' business strategy. The company continuously introduces innovative products and services to cater to changing consumer preferences and market dynamics. . Samsung's ability to anticipate technological trends and pioneer new product categories enables it to maintain its market leadership position in Vietnam.

e, Environment factors

Climate Change and Natural Disasters: Vietnam is susceptible to various environmental challenges, including climate change impacts and natural disasters such as typhoons, floods, and droughts. These phenomena pose risks to Samsung Electronics' manufacturing facilities, supply chain, and overall business continuity.

According to a report by the World Bank, Vietnam is one of the countries most affected by climate change, with rising temperatures, changing rainfall patterns, and increased frequency of extreme weather events (World Bank, 2021). Samsung Electronics must assess and mitigate these risks through strategic location planning, infrastructure resilience measures, and disaster response protocols.

Resource Management and Environmental Regulations: Sustainable resource management and compliance with environmental regulations are integral aspects of Samsung Electronics' operations in Vietnam. The company must adhere to stringent environmental standards governing waste management, emissions reduction, and energy efficiency. The Vietnamese Government has implemented numerous legal policies and regulations to promote the widespread adoption of renewable energy (Nga, 2022). Samsung Electronics is subject to scrutiny regarding its environmental practices, prompting investments in green technologies, waste reduction initiatives, and renewable energy adoption.

Corporate Social Responsibility (CSR) and Green Initiatives: As part of its CSR efforts, Samsung Electronics in Vietnam actively engages in environmental stewardship and

community development initiatives. The company emphasizes sustainability across its value chain, from product design and manufacturing to recycling and disposal. By promoting environmental awareness and implementing green initiatives, Samsung Electronics demonstrates its commitment to responsible business practices in Vietnam.

4.1.2 THE INDUSTRY ENVIRONMENT

a, Introduction of New Products by Competitors

Apple: In 2023, Apple launched its highly anticipated iPhone 14 series, featuring advanced camera technology, enhanced processing capabilities, and innovative design elements (Apple, 2022). The iPhone 14 series aimed to appeal to tech-savvy consumers seeking cutting-edge features and premium quality. Additionally, Apple introduced the latest iterations of its MacBook and iPad lineup, incorporating improvements in performance, battery life, and user experience (Apple, 2023).

Xiaomi has increased its range of products in Vietnam by launching the Redmi Note 11 series, which consists of affordable smartphones that boast remarkable specifications and features (Vir, 2022). The Redmi Note 11 series is designed for cost-conscious users who are looking for dependable devices with competitive performance. In addition, Xiaomi expanded its product range by introducing smart home products and wearable gadgets, in order to meet the changing demands of consumers.

Huawei: Despite challenges related to global supply chain disruptions, Huawei introduced the Mate 50 series in Vietnam, featuring advanced AI-powered cameras, high-resolution displays, and efficient processing performance (Gizmochina, 2022). The Mate 50 series showcased Huawei's commitment to innovation and craftsmanship, targeting discerning consumers seeking premium smartphones with cutting-edge technology. Additionally, Huawei continued to invest in its ecosystem of smart devices, including wearables, laptops, and smart home solutions, to provide a seamless digital experience for users.

In comparison to Samsung's products, the new offerings from competitors in 2023 posed significant challenges and opportunities within the Vietnamese market. While Samsung continued to maintain a strong presence with its flagship Galaxy S and Note series smartphones, as well as a diverse range of consumer electronics, the introduction of innovative products by competitors intensified competition and raised the bar for technological advancements and design innovation. Samsung faced pressure to differentiate its products and enhance their

competitive edge through continuous innovation, marketing strategies, and customer-centric approaches. The company's ability to adapt to changing consumer preferences, technological trends, and regulatory dynamics would be critical in maintaining its market leadership and sustaining growth in Vietnam's dynamic electronics industry.

b, The appearance of new distribution channels

In the dynamic landscape of the electronics industry in Vietnam, the appearance of new distribution channels has significantly influenced the market dynamics and consumer behavior. The proliferation of e-commerce platforms and the increasing popularity of online retailing have reshaped the traditional distribution models, presenting both opportunities and challenges for Samsung Electronics Company.

E-commerce Platforms: The rise of e-commerce platforms such as Lazada, Shopee, and Tiki has transformed the retail landscape in Vietnam (Vietnam Briefing, 2023). These platforms offer consumers a convenient and accessible way to purchase electronic goods, including Samsung products, from the comfort of their homes. The emergence of e-commerce has expanded Samsung's reach to a wider audience beyond traditional brick-and-mortar stores, facilitating greater market penetration and sales growth.

Online Retailing: In addition to dedicated e-commerce platforms, Samsung Electronics Company has also established its own online retail channels, allowing customers to directly purchase products from the official Samsung website or mobile app. This direct-to-consumer approach enables Samsung to control the brand experience, optimize pricing strategies, and gather valuable consumer data for targeted marketing initiatives.

#	Company	Total Score
1	Shopee	107.50
2	Lazada	36.10
3	Tiktok Shop	13.56
4	Tiki.vn	13.23
5	Sendo	6.51

Figure 4. The appearance of new distribution channels (Soure: Reputa, E-Commerce Industry Rankings in 2022)

Omni-channel Retailing: With the convergence of online and offline retail channels, Samsung has embraced an omni-channel retailing strategy to provide customers with seamless shopping experiences across multiple touchpoints. By integrating physical stores, e-commerce platforms, and mobile applications, Samsung aims to enhance customer engagement, drive sales, and build brand loyalty in the competitive Vietnamese market.

c, The Development of New Customer Values

Product Innovation and Differentiation: Samsung Electronics has prioritized product innovation and differentiation as key strategies to create new customer values. Through the introduction of cutting-edge technologies, innovative features, and sleek designs, Samsung aims to capture the attention of Vietnamese consumers and offer products that align with their lifestyles and aspirations. Documented evidence such as product launches, press releases, and industry analyses illustrate Samsung's commitment to delivering value-added solutions that resonate with Vietnamese consumers' needs and preferences (My, 2023).

Enhanced Customer Experience: Samsung Electronics places a strong emphasis on enhancing the overall customer experience to foster brand loyalty and satisfaction. Through investments in retail infrastructure, customer service centers, and digital platforms, Samsung aims to provide seamless and personalized experiences across the entire customer journey. Documented evidence of customer feedback, satisfaction surveys, and service quality assessments demonstrates Samsung's commitment to delivering superior customer value through responsive support and engagement initiatives. In Vietnam, Samsung was the sole brand that consumers ranked as their top choice for customer experience (Campaign Asia, 2023).

In response to these industry dynamics, Samsung Electronics Company must continuously monitor and adapt to changes in the Vietnamese market. Strategic initiatives such as product innovation, channel diversification, and customer-centric marketing are imperative for sustaining Samsung's competitive position and fostering long-term growth amidst evolving industry trends.

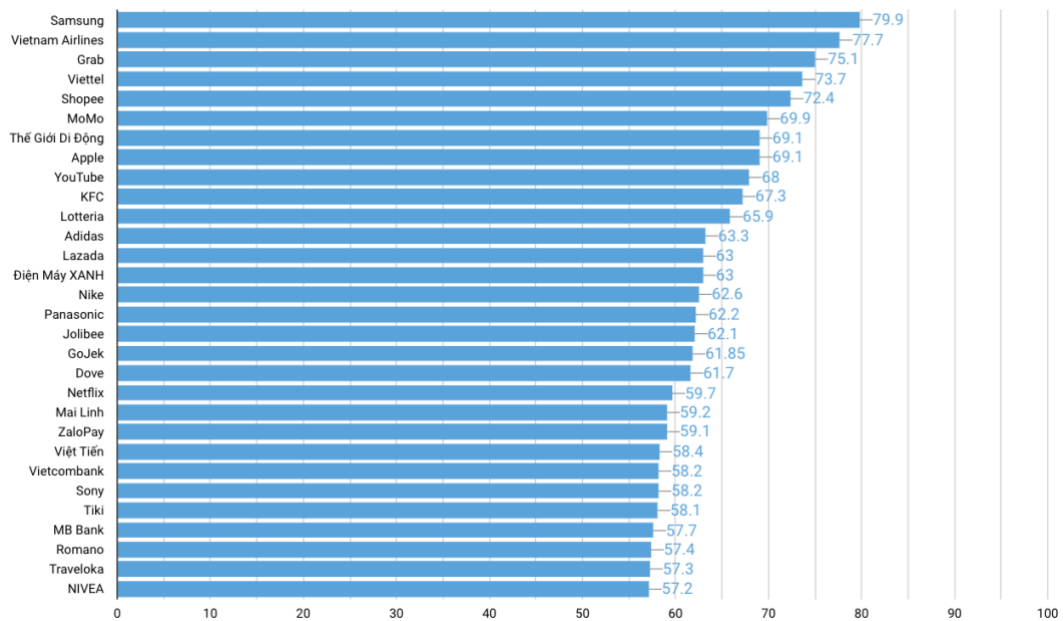


Figure 5. The development of new customer values (Source: Campaign)

4.2 ANALYSIS OF THE MICRO ENVIRONMENT OF SAMSUNG ELECTRONICS

The external analysis has examined Samsung’s macroenvironment until now. It's essential to perform an internal analysis of Samsung in order to identify Samsung’s coffers and capabilities and to determine Samsung’s implicit strengths and mistakes. The micro-environment of Samsung Electronics in Vietnam comprises factors that directly impact the company's operations, strategies, and relationships with stakeholders within its immediate industry environment. This analysis is based on available documents including scholarly articles, industry reports, and news sources.

4.2.1 COMPETITORS

Samsung Electronics faces intense competition in the Vietnamese consumer electronics market. These competitors offer similar product lines and constantly strive to innovate and capture market share. Samsung's competitor is Apple, which continuously launches advanced product lines that keep up with consumer trends. This reduces the number of potential Samsung customers. In addition, low-cost Chinese electronics companies such as Oppo, Vivo, Huawei, and Xiaomi are also a big challenge to Samsung.

Apple (USA):

Samsung's competitor – Apple Inc. is an American multinational company specializing in consumer electronics, software, and online services. Apple is the world's largest information technology company by revenue (\$274 billion in 2020), and since January 2021 has become the most valuable company in the world.

According to Statista statistics, the Vietnamese Smartphone market is expected to reach a value of 10.8 billion USD by 2023. Apple has recognized this potential and is actively expanding the market in Vietnam. Apple's business strategy in Vietnam can be summarized as follows:

In addition, Apple's strategy for iPhone products - the main product line accounts for a large proportion of the business's revenue. Apple has specific business strategies for development, specifically including:

These business strategies have helped Apple achieve certain successes in the Vietnamese market. iPhone sales in Vietnam have grown continuously in recent years. According to IDC statistics, the iPhone's market share in Vietnam has increased from 10% in 2020 to 15% in 2022.

Xiaomi (China):

Xiaomi became the 2nd largest phone manufacturer in Vietnam. With 22% market share, Xiaomi has risen to No. 2 in the Vietnamese market for the first time, surpassing other phone companies after a period of many fluctuations in the mobile industry.

In the context of the technology market being affected by the complicated developments of the pandemic, this achievement has affirmed the phone company's commitment to ensuring the number of products to serve market demand through its efforts. Ensuring supply chain management, constantly improving and proactively enhancing the company's production.

With 67% growth over the same period last year, the brand has succeeded in maintaining sustainable positive indicators.

This brand also strongly deploys cooperation activities, strengthening new retail channels with important strategic partners such as Digiworld, Synnex FPT, Lazada and Shopee... helping the company become a smartphone manufacturer. The second largest supermarket in Vietnam with both online and direct sales points, creating maximum convenience for consumers when looking to buy the company's products.

With a core culture of always innovating and the ability to quickly adapt to changes in the market and user needs, this phone brand has been able to steadily develop and continue to achieve success in the industry. last time.

In the second quarter of 2022, Xiaomi will continue to bring new products to the market as part of its strategy of Raising Smart Living Standards for every home, as well as providing a comprehensive range of its smart products to market users. Vietnam.

Vivo (China):

Vivo phones are the 3rd most sold in Vietnam. The amount of phones sold to Vivo distributors reached 12% of the "wholesale" smartphone market share in Vietnam in the second quarter of 2020, according to a report from Canalys.

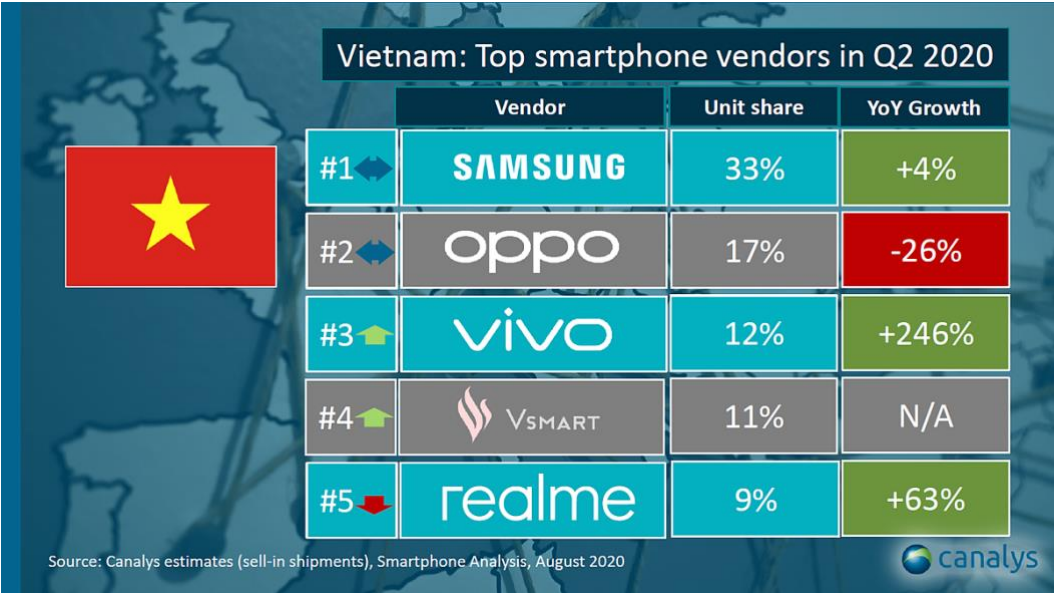


Figure 6. Top Smartphone vendors in Vietnam 2020 (Source: hanoitimes, 2020)

Statistics also show that Vivo is also the company with the highest sales growth in the second quarter, with an increase of 246% over the same period in 2019. This is the first time this company has reached the top 3 in terms of phone market share. in" in Vietnam, behind Samsung, Oppo and above VinSmart. "Sell-in" represents the number of smartphones transferred from the company to the distributor, different from "sell-out" - the number of smartphones from the distributor to consumers. "Sell-in" and "sell-out" sales are often different. However, according to experts, these two indicators also have a certain relationship, because in the current smartphone retail industry, stores must sell goods before restocking to avoid inventory. Systematic analysis of values.

4.2.2 SUPPLIER

Supplier Network and Diversity: Samsung Electronics maintains a vast network of suppliers globally to support its manufacturing operations. In Vietnam, the company collaborates with both local and international suppliers to ensure a diverse and resilient supply chain. This strategy helps mitigate risks associated with supply disruptions, geopolitical tensions, or changes in trade policies.

Samsung has played a crucial role in Vietnam's progress, contributing more over US\$65 billion in exports from the Southeast Asian country in 2021 (Mark Barnes, 2023). Here is the location of their factories and the reasons for their choice of location. By partnering with a diverse pool of suppliers in Vietnam, Samsung can optimize its procurement processes and leverage competitive advantages.

Supplier Relationship Management: Effective supplier relationship management (SRM) is crucial for Samsung Electronics to foster collaboration, innovation, and cost efficiencies within its supply chain. The company emphasizes building long-term partnerships with strategic suppliers, ensuring mutual trust and value creation. By nurturing strong relationships with its suppliers in Vietnam, Samsung can achieve greater supply chain resilience and operational excellence.

Supply Chain Sustainability: As sustainability concerns gain prominence in the electronics industry, Samsung Electronics is under pressure to ensure ethical sourcing practices and environmental responsibility throughout its supply chain. The company has implemented initiatives to promote transparency, fair labor practices, and environmental stewardship among its suppliers in Vietnam. Samsung's commitment to sustainability aligns with global trends and societal expectations, driving positive impacts across its supplier ecosystem.

Province	Region	Factories
Bac Giang	North	2
Bac Ninh	North	11
Dong Nai	South	1
Hanoi	North	2
Ho Chi Minh City	South	2
Hoa Binh	North	2
Hung Yen Province	North	1
Ninh Binh	North	1
Phu Tho	North	1
Thai Nguyen	North	2
Vinh Phuc	North	3

Figure 7. Samsung suppliers in Vietnam by province, region (Source: Samsung Supplier List 2022)

4.2.3 CUSTOMER SEGMENT

Foreign businesses have consistently dominated the smartphone industry in Vietnam in recent years, with their major focus being on low-priced and mid-range handsets. Samsung holds the highest market share, accounting for over 35%. Oppo secures the second position with around 20% market share, while Apple ranks third with approximately 10% market share. However, the positions of brands vary based on each market category. The smartphone market in Vietnam can be classified into three divisions based on pricing. The high-end smartphone market sector refers to smartphones priced at 10 million or more. The mid-range smartphone market segment includes smartphones priced between 5 and 10 million. The low-priced smartphone market segment consists of smartphones cost under 5 million.

Apple differentiates itself from other firms by eschewing traditional advertising methods and instead prioritizing user experience as a means to elicit feedback and opinions about their goods. Product placement, particularly when celebrities are involved, generates excitement and this excitement is generated by favorable responses from test consumers. If there are positive reactions, it is certain that there will also be bad reactions. However, these

negative reactions have minimal impact on the product, yet they still manage to capture attention. Apple consistently organizes large-scale events to unveil each new product they release. There is no text provided. The commercial content produced by Samsung consistently captivates people, evoking excitement and piquing their interest. Desire to purchase the product. In contrast to Apple, Samsung employs a diverse range of advertising strategies, including television commercials, product placements in movies and music, transportation advertising, and hosting grand events for product launches.

In contrast to Apple, which mostly targets one or two price classes, Samsung has chosen to expand its product range from affordable to premium. This facilitates Samsung's ability to access a diverse group of users, making it ideal for many industries and meeting the needs of customers' smartphone usage, ultimately leading to a substantial boost in sales. Samsung excels in the mid-range market but encounters challenges in the high-end market when competing against the iPhone. By including all categories, Samsung is able to establish a more enduring and effective development plan in the Vietnamese market.

In addition to Samsung, Chinese smartphone manufacturers like Huawei, Xiaomi, OPPO, and Vivo are also enhancing their variety of products in the mid-range and popular categories. This is because they have recognized that the purchasing capacity in the high-end market segment has reached its limit. Huawei is now trailing behind Samsung in terms of worldwide smartphone market share.

Samsung retained its leading position in the market, selling a total of 1.1 million smartphones, representing a 5.4% decrease compared to the same time. The company's market share declined to 34% in the third quarter of 2022, as opposed to 46.2% in the third quarter of 2021.

Nevertheless, the company's Z Fold4 and Z Flip4 folding smartphone series have experienced a threefold increase in comparison to previous figures. The corporation prioritizes market expansion through the establishment of specialized Samsung product outlets in numerous regions and towns.

Oppo ranks second, with a market share of 21.6%.

Xiaomi experienced a growth of 16% compared to the previous quarter and a growth of 64.1% compared to the same period, resulting in a market share of 14.9%.

Meanwhile, Vivo, which is currently placed 5th, experienced a growth rate of 9.9%, a significant increase over the 4.3% growth rate observed in the previous quarter. The sales had a quarter-on-quarter growth of 137.1% and a 44% increase compared to the corresponding period.

One of the reasons for Samsung's loss of market share in October was its emphasis on high-value products, according to a spokesman from cellphoneS, a prominent smartphone store in Vietnam.

The Galaxy Note 10 and Note 10+ models, which are considered to be of superior quality, accounted for 45 percent of the retailer's Samsung sales in October.

Samsung maintained its position as the leader in the Vietnam market in October, with a market share of 38.44 percent. It was followed by OPPO and Xiaomi, Chinese brands, with market shares of 25.2 percent and 10.2 percent respectively.

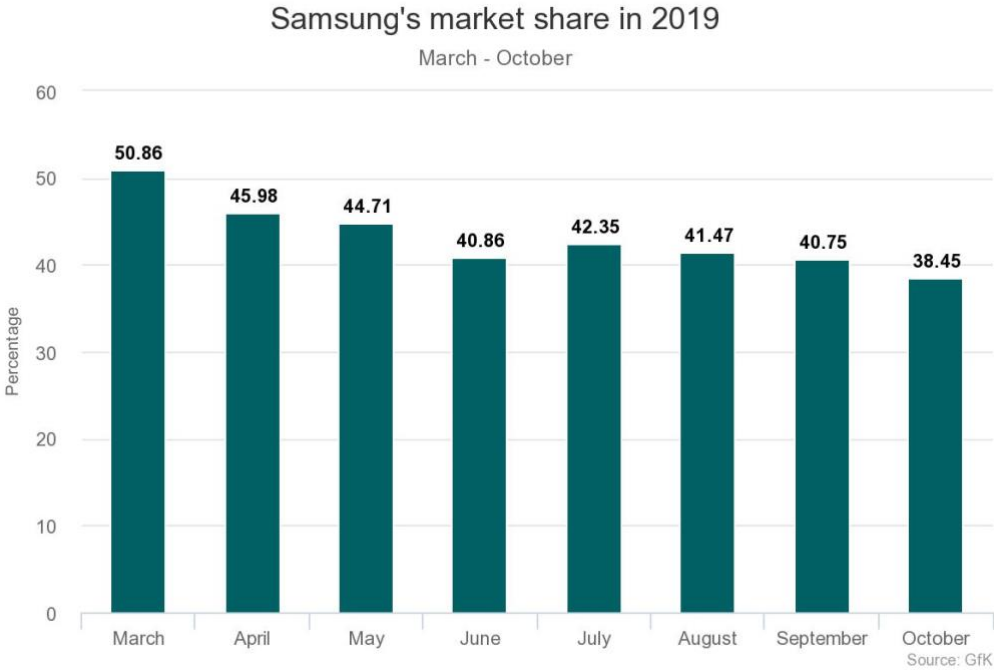


Figure 8. Samsung market share in Vietnam 2019 (Source: cellphoneS, 2019)

Samsung maintained its dominant position in terms of market share during the first quarter of 2019, thanks to significant deals. These deals accounted for approximately 43 percent of the overall transactions in the first 10 months. According to the GfK survey, Samsung's market share reached its highest point in March, surpassing 50 percent. This was twice as high as the market share of the Chinese company OPPO, which came in second place.

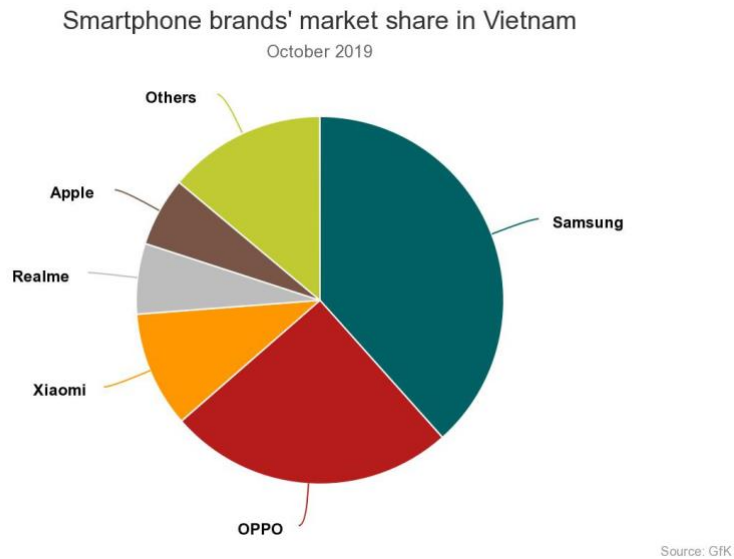


Figure 9. Smartphone brand's market share in Vietnam 2019 (Source: cellphones, 2019)

4.2.4 INTERMEDIARIES

Distributor Relationships: Samsung Electronics relies on a network of distributors to reach retailers and consumers across Vietnam. These distributors act as intermediaries between Samsung and retailers, facilitating the distribution of Samsung products to various markets. The effectiveness of distributor relationships directly influences Samsung's market reach, product availability, and sales performance

Retailer Dynamics: Retailers, including electronics stores, supermarkets, and online platforms, serve as intermediaries through which Samsung products are sold to end consumers. Understanding the dynamics of retailer relationships is essential for Samsung to optimize product placement, pricing strategies, and promotional activities. Moreover, maintaining strong partnerships with retailers enhances Samsung's brand visibility and customer satisfaction.

Wholesaler Operations: Wholesalers play a vital role in the supply chain by purchasing Samsung products in bulk from distributors and selling them to retailers. The efficiency of wholesaler operations impacts inventory management, product availability, and pricing structures within the distribution network. Samsung's collaboration with wholesalers influences its competitive positioning and market penetration in Vietnam.

Logistics and Transportation: Intermediaries involved in logistics and transportation ensure the timely delivery of Samsung products from manufacturing facilities to distribution centers and retail outlets. Efficient logistics operations contribute to cost savings, inventory management, and customer satisfaction. Samsung has incorporated advanced technologies,

including artificial intelligence and machine learning, into its logistics operations to enhance the efficiency and effectiveness of its supply chain. By leveraging these technologies, Samsung has been able to enhance its operational efficiency and minimize expenses related to its supply chain activities.

4.3 ANALYSIS SWOT OF SAMSUNG ELECTRONICS IN VIETNAM

SWOT analysis is a strategic planning tool used to identify the Strengths, Weaknesses, Opportunities, and Threats facing a company in a particular market or industry. In conducting a SWOT analysis of Samsung Electronics Company in Vietnam, available documents such as industry reports, financial statements, news articles, and scholarly publications serve as the primary sources of information.

4.3.1 STRENGTHS

Samsung's brand image

It is an important advantage that helps the business grow globally today. Thanks to correctly determining the production focus strategy in the consumer electronics industry, the image of a Samsung brand with quality and modern technology has been deeply imprinted in the minds of consumers.

According to data obtained in 2016, for the first time in history, Samsung's brand value exceeded the 50 billion USD mark (increasing more than 3 times over the past 10 years). According to the growth momentum until 2019, this brand value reached 53.1 billion USD (an increase of 11% compared to 2018). By 2020, this number will be 209.5 billion USD and puts Samsung in the Top 8 Most Valuable Brands in the world in the technology sector in Forbes report.

In addition to focusing on improving quality, product design, and applying modern technology, Samsung also focuses on implementing responsible business (CSR) to maintain an environmentally friendly brand image. society. That's why Samsung is always steadfast and receives the love of many users despite the appearance of new phone brands.

Rank	Brand	Brand Value	1-Yr Value Change	Brand Revenue	Industry
1	Apple	\$241.2 B	17%	\$260.2 B	Technology
2	Google	\$207.5 B	24%	\$145.6 B	Technology
3	Microsoft	\$162.9 B	30%	\$125.8 B	Technology
4	Amazon	\$135.4 B	40%	\$260.5 B	Technology
5	Facebook	\$70.3 B	-21%	\$49.7 B	Technology
6	Coca-Cola	\$64.4 B	9%	\$25.2 B	Beverages
7	Disney	\$61.3 B	18%	\$38.7 B	Leisure
8	Samsung	\$50.4 B	-5%	\$209.5 B	Technology
9	Louis Vuitton	\$47.2 B	20%	\$15 B	Luxury
10	McDonald's	\$46.1 B	5%	\$100.2 B	Restaurants

Figure 10. Samsung brand value in 2020 on Forbes (Source: Forbes)

In addition to focusing on improving quality, product design, and applying modern technology, Samsung also focuses on implementing responsible business (CSR) to maintain an environmentally friendly brand image. society. That's why Samsung is always steadfast and receives the love of many users despite the appearance of new phone brands.

Maintain long-term gold position in the market

Samsung is known as a business specializing in consumer electronics. This brand has also achieved a leading position in the global market for television equipment from 2006 until now.

In the smartphone market, as of the first quarter of 2022, Samsung still holds the top 1 position with 23.4% market share with 73.6 million smartphones shipped. While the closest competitor is Apple, which shipped 56 million devices (reaching 18% market share). And Xiaomi ranked third with 12.7% market share.

As a business with more than 80 years of experience operating in the market, Samsung is constantly innovating and improving products to bring consumers the most convenient experiences. Thanks to that, the business was honored to receive many prestigious awards and gained the trust and love of a large number of its loyal customers.

Company	1Q22 Shipment Volumes	1Q22 Market Share	1Q21 Shipment Volumes	1Q21 Market Share	Year-Over-Year Change
1. Samsung	73.6	23.4%	74.5	21.6%	-1.2%
2. Apple	56.5	18.0%	55.3	16.0%	2.2%
3. Xiaomi	39.9	12.7%	48.6	14.1%	-17.8%
4. OPPO	27.4	8.7%	37.5	10.9%	-26.8%
5. vivo	25.3	8.1%	35.0	10.1%	-27.7%
Others	91.4	29.1%	93.9	27.2%	-2.7%
Total	314.1	100.0%	344.7	100.0%	-8.9%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, April 28, 2022

Figure 11. Top 5 Companies, Worldwide Smartphone Shipments, Market Share, and Year-Over-Year Growth, Q1 2022 (Source: [canalys, 2022](#))

For 14 consecutive years, Samsung has been the brand that has received the CES - Consumer Electronics Show award thanks to its outstanding achievements in electronic product design. By 2018, Samsung continued to receive 36 more CES awards and brought the total number of awards to 400 over the course of 14 years.

Businesses are constantly innovating

In today's fiercely competitive consumer electronics field, businesses are required to constantly update trends, innovate and be creative. Only then can businesses produce technology products that suit consumer needs and tastes.

With Samsung, this business has long chosen creativity as a criterion for survival in all areas of its business. For that reason, to this day, Samsung has brought consumers a series of quality and modern products in both form and features. In 2019 alone, Samsung spent more than 16.8 billion USD on product research and development (R&D) (Cheshnotes, 2020). Continuous creativity and innovation have long been part of Samsung's culture.

Market leader in TVs and LCD screens

In addition to leading the above smartphone market share, Samsung continues to maintain its leading position in the industry with products that meet consumer needs. Although in recent years, the business market share has decreased somewhat (from 20% to 17% in 2019), Samsung still maintains the leading position in the industry and is the largest LCD screen manufacturer in the world.

Large product catalog

This is considered a great advantage of Samsung. The product portfolio of this business, in addition to the core products of smartphones and tablets, also expands to include other products such as semiconductor TVs, NAND Flash memory, LCD screens, and 5G devices. Thanks to portfolio diversification, the company has helped expand its business scale.

Leading brand in the Asian market

Samsung is not only a domestic brand loved by domestic consumers but also a brand trusted by many countries in the Asian region. The most prominent of these is the world's most populous market, India.

To achieve current achievements, Samsung always strives to implement sales and customer care policies to bring the best experience to users. Thanks to that, the annual consumption of the business is always stable and makes Samsung the leading giant in the industry.

Wide distribution network

Currently, consumers can easily buy Samsung products at phone stores, brand centers, genuine stores, or order online... across provinces and cities. Such a widespread distribution network partly speaks to the spread and growth of the world's leading electronics brand - Samsung.

4.3.2 WEAKNESSES

Through Samsung's SWOT matrix, Some difficulties of Samsung when investing in the Vietnamese market:

First, Samsung has difficulty facing competition from other competitors.

Because the Vietnamese market is strongly open, there are many other large companies such as Apple, LG, etc. also penetrating deeply into the market... The fierce competition from those giants caused Samsung's sales growth rate to show signs of slowing down during the 2014 - 2015 period. Although there were many new innovations in design and the advantage of having built many factories in Vietnam, facing competition in both the mid and high-end segments makes Samsung's business situation more and more difficult, requiring steady development steps.

Second, Vietnam's investment legal system still has many contradictions, overlaps, constant changes, and administrative procedures are not streamlined. That requires Samsung to continuously update legal information.

Third, domestic electronics businesses have not contributed much to the electronics supply chain.

During the period 2014 - 2019, Samsung said that the number of Vietnamese businesses selected as level 1 suppliers for this Group increased from 4 to 42, but it can be easily seen in the list of suppliers. The biggest components for Samsung Vietnam are absent from Vietnamese businesses.... With limited technological levels, domestic businesses are currently finding it difficult to enter key components of the supply chain. Instead, they are assigned to simpler tasks such as packaging production, printing, providing shockproof foam, simple plastic parts, screws, or providing meals, waste treatment, and safety. security, hygiene... enjoy the lowest added value, cannot absorb high technology, and have no power to spread to the economy. Thus, Samsung's investment in Vietnam also faces major obstacles due to the lack of spare parts suppliers.

Business operations of enterprises are each large, bringing thousands to knockouts of thousands of billions in profit each time. The most prominent of these are Samsung Electro-Mechanics and Samsung SDI Vietnam, which are two accessories of Samsung, which earned 41,000 billion VND and 32,600 billion VND, independently.

Samsung Electro-Mechanics produces semiconductor circuits, chips, and camera modules. while Samsung SDI Vietnam has a speciality in phone batteries. numerous names outside Samsung also show business results with emotional figures MCNEX Vina produced a camera module with 22,200 billion VND profit last time; Power Logics Vina produced battery protection circuit boards with over VND 19,800 billion; CammSys Vietnam handed a camera module with a profit of 13,250 billion; Goertek Vina produces headphones and mic with further than 12,800 billion VND; Intops Vietnam specializing in phone cases recorded 11,900 billion VND; SI Flex produces flexible published circuit(FPCB) with profit of 9,300 billion VND, AAC Technologies Vietnam speaker module, microphone is nearly 9,000 billion VND.

Most of these are businesses operating efficiently, earning several hundred billion dong per time. Some units also regularly share in the list of utmost paying commercial income duty in Vietnam.

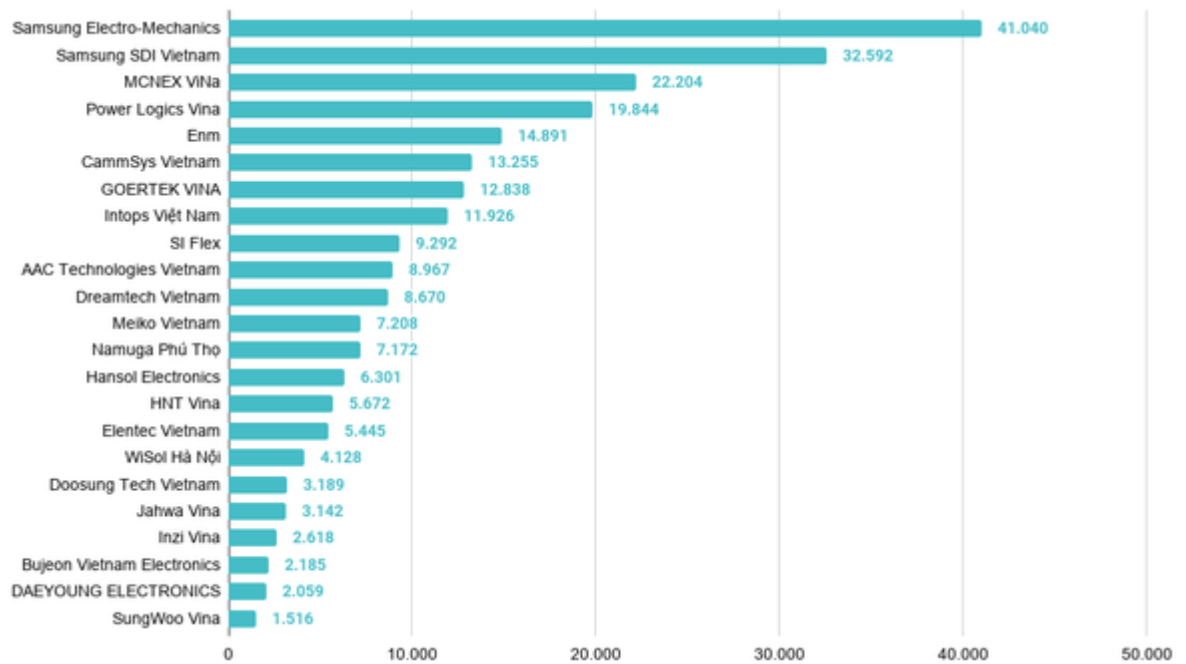


Figure 12. Revenue of main suppliers for Samsung in Vietnam (billion VND) Revenue of main suppliers for Samsung in Vietnam (billion VND) (Source: nhipsongkinhte)

Fourth, the issue of labor safety.

Fourth, is the issue of labor safety. Labor safety is one of the issues that has emerged in recent years at FDI enterprises, especially at electronics factories. The Report "Evaluation Initial Impacts on environmental safety and Occupational Health in some electronics manufacturing and Assembly Factories in Vietnam" by the Center for Integration and Development mentions diseases that workers are susceptible to. Firstly, occupational deafness is caused by organic solvents. In fact, in workplaces exposed to toxic chemicals, although the amount is much below the allowable standard, subjects with occupational deafness are still detected. Second, the party noted that among the solvents, there are types that cause cancer such as benzene and benzene analogues. The electronics assembly production line itself will lead to many consequences that workers have not yet seen. First, it is the main electronic radiation emitted from the machine system cabinet. Then there are coagulation chemicals, semiconductor components, and components manufacturing materials. Perhaps for these reasons, despite being paid a high salary and social benefits, many workers working at the Samsung Electronics Vietnam factory will move to another job after working for 2-3 years. 3 years due to poor health or fear of long-term effects on the body.

4.3.3 OPPORTUNITIES

The reason Vietnam has become an attractive destination for many foreign investors is due to the advantages of low labor costs, an increasingly improved investment environment, political stability, and a fast-growing economy. High growth rate and located in an ideal geographical location in the center of ASEAN.

a, Advantages from the Vietnamese market:

First, Vietnam has a favorable geographical location.

Vietnam, which has a border with China, is one of the most favorable countries to access a market of billions of people with great purchasing power. Besides, the location in the center of the Asia-Pacific region also helps Vietnam become the most convenient place to export goods to all countries from Northeast Asia to Southeast Asia, especially when Vietnam Nam is located right on the busiest maritime trade route on the planet.

Second, Vietnam has a young population pyramid, which is both a cheap and abundant labor source and a potential market.

With a large working-age population, Vietnam is an attractive destination for labor-intensive projects when labor costs are relatively cheap and skilled, while labor constraints and environmental pollution are high. The school is not too strict. According to the assessment of Patrick Dixon, one of the world's leading contemporary management experts, the issue of labor advantage in Vietnam today is considered a young and dynamic society. Therefore, Vietnam has a potential information technology and electronics market, a young population with a relatively high level of personal spending, and is one of the fastest-growing information technology centers in the region. , plus a fast-growing economy, Vietnam has great potential to become a large consumer market in Southeast Asia.

Third, Vietnam has a stable political system.

Political stability helps investors feel secure in developing the production and investment activities of their businesses. Along with that, the Government has proposed many preferential and open policies to encourage investors in Vietnam. The abolition of protectionist policies on electronic goods to integrate with the regional and world economy has attracted a series of large investment projects. This is a good opportunity for the component manufacturing industry to develop.

Fourth, Trade Agreements are signed.

Vietnam joined the WTO and signed the Korea-ASEAN Free Trade Agreement effective in June 2007, greatly contributing to making Vietnam an important market for Korean investors, including Samsung Corporation. The successful signing of major trade agreements such as VKFTA, TPP, CPTPP, VN-EAEU FTA... helps the consumer market expand further. This is one of the main reasons why many large foreign corporations, including Samsung, spend a huge amount of capital to choose to invest and continue to expand their scale into the Vietnamese market.

b, Advantages from the Samsung brand itself:

Take advantage of your brand:

With a starting point as a brand that had not yet made a deep impression and had no rankings, Samsung has risen to the position of a global brand. They venture into designing high-tech products, penetrating new markets with more advanced product lines such as computers and mobile phones. Extreme investment in technology has given Samsung a leading position. All of Samsung's activities now target the brand and they also invest in their global image more strongly.

Thanks to its focus on marketing strategy including product development, distribution channel selection, and domestic and foreign policies, Samsung has successfully built a development-oriented brand for this high-tech industry.

From research and innovation in the field of high technology, Samsung has created a new image for itself - a digital technology ambassador. This brand has brought Samsung many advantages when developing into international markets, including the Vietnamese market.

Entering Vietnam, Samsung has identified the consumption habits of Vietnamese people who like to use good quality products at prices consistent with their quality, "you get what you pay for" in the Vietnamese electronics market. Japanese products are dominant. Samsung realized it needed to be different to gain a foothold. Since then, Samsung has chosen the strategy of "creating a brand that puts product quality first", bringing consumers new products of good quality, suitable for the market, and understanding that there is no need to bring old products into the market. market, thereby building trust in the hearts of consumers.

Increase market share thanks to differentiation:

Samsung wants to create diversity and continuous change in the design of its products. Each of their smartphone lines has different designs, some are masculine, some are tough, some are soft, and some are flexible. A typical example of increasing market share thanks to differentiation is that in 2010, Samsung also surprised Vietnamese consumers with laptop models that were considered "applying many advanced technologies" and it is "jewelry digital". Three months later, continuing to launch 3 new laptop models aimed at dynamic youth, Samsung is affirming its commitment to bringing optimal choices to users.



Figure 13. Samsung's laptop models in 2010 (Source: techpowerup, 2010)

With a huge fortune in IT products, Samsung laptops have quickly occupied a certain position among a "forest" of other famous laptop products. Launched in the Vietnamese market at the end of January 2010, summarizing the first quarter of 2010, Samsung reached 2.4% of the domestic laptop market share. Another notable point is that Samsung is one of the rare laptop brands that achieve growth in the context of declining sales in this market. Promoting its inherent strength in design, Samsung laptops introduce a compact, beautiful design, especially suitable for customers who like to express their personality. Not only eye-catching, Samsung laptops also apply the latest operating technologies of laptops in the world, helping to increase working efficiency and create a comfortable feeling when handling work, completely proactive for users.

Associate Samsung with social development:

In Vietnam, Samsung is also known for many long-term and consistent community activities such as the Samsung Digit Hope program (2003 - 2006) (Vnexpress, 2006) encouraging technology solutions to shorten the gap between people with disabilities and society, The Heart to Heart program runs until 2011 (Benhviennhitrunquong, 2010), Walking with poor and studious children,...

Create low-cost advantages:

Take advantage of government incentives for factories producing high-tech products:

One of the important factors in the success of this model is the preferential and supportive policies of the host country's Government. In the above-mentioned technology complexes, Samsung Electronics has enjoyed incentives and support from the central government as well as local authorities, the most important of which are corporate income tax and tax incentives. import and export as well as support for administrative procedures and infrastructure. In return, these technology complexes bring a lot of value and have a positive impact on the investment-receiving localities such as creating a huge number of stable and high-quality jobs and transferring technology. and industrial working skills, contributing greatly to export turnover and the State budget through other taxes such as contractor tax, and personal income tax...

Using domestic raw materials at low cost:

During the production process, the Company always tries to use raw materials, components, accessories, and supplies produced by domestic suppliers to increase the localization rate of products and enhance the value content produced in Vietnam in the product. By the end of 2017, the number of businesses that were Samsung's level 1 vendors was 29, increasing the localization rate to 57% (Vietnam Private Sector, 2018).

4.3.4 THREATS

a, Threat from Chinese equipment manufacturers:

Market research company Omdia has just revealed that Samsung Electronics is increasingly relying on Chinese factories to produce LCD screens for TVs.

Samsung is now more dependent on Chinese suppliers for its growing demand for LCD TV panels, and market watchers predict this trend will continue into 2023. But while some suppliers from China continue to gain market share, other suppliers are losing market share.

According to data by Omdia (via The Elec), factories in China were responsible for supplying 52% of Samsung Electronics' LCD TV panels in 2022 (Sammobile, 2023). This year, market watchers estimate that figure will jump to 60%.

Market watchers say that the main driving factor behind the changing influence of different LCD panel suppliers from China is related to Samsung itself. Or more specifically, Samsung Display.

The Korean tech giant's display segment left the LCD market last year. Samsung Display has sold its LCD factory in China and LCD-related patents to none other than CSOT, which may explain why the latter has an edge over its competitors.

b, Threats comes from competitors

Another notable name is *Xiaomi*. Often dubbed the "Apple of China", Xiaomi rose to become a global force by devaluing the configuration inside the shell that is often copied from Apple-branded smartphones. Xiaomi has the heaviest impact on Samsung in the Chinese market: in 2018, Xiaomi surpassed Samsung in market share and still holds the number 1 position.

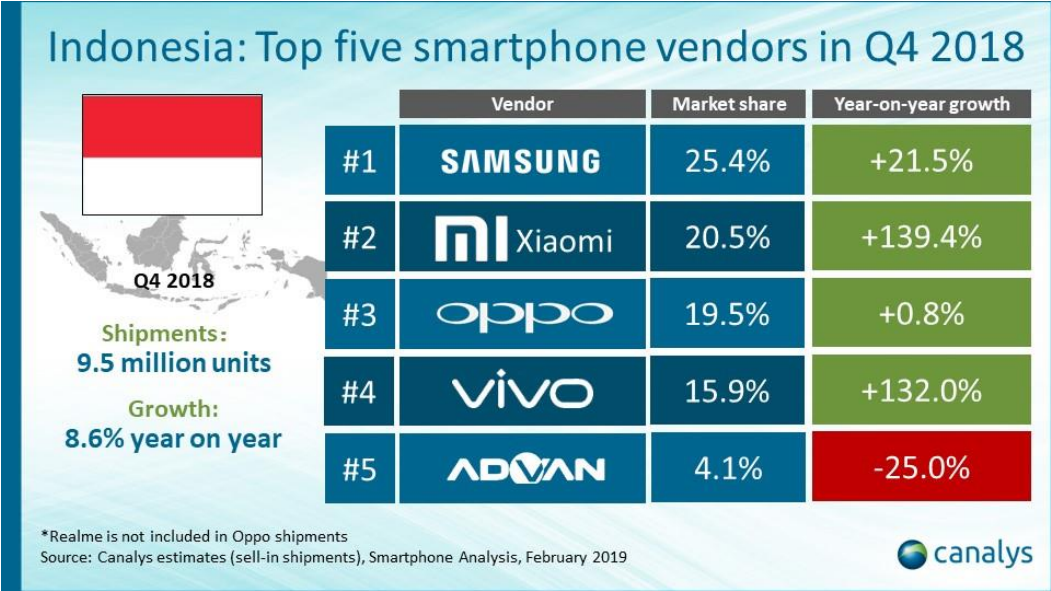


Figure 14. Top 5 smartphone vendors in Q4, 2018 (Source: canalis, 2019)

However, Xiaomi's success in India can be considered the reason why it is difficult for this company to threaten Xiaomi. Unlike India, users in most other countries do not place much value on configuration, which can be considered Xiaomi's only competitive edge. Since

entering the world's top 5 in 2015, Xiaomi has often been "flat" at number 4 or number 5, unable to even threaten Apple, let alone Samsung.

Xiaomi's position shows that the strategy of configuration devaluation seems to have been exploited to the maximum. In recent years, Xiaomi has continuously tried to "break" the low-cost brand, gradually raising the price of its flagship products as well as launching more high-end products. However, it will be very difficult for Xiaomi to change this image, because when mentioning the name Xiaomi, many people immediately think of the concepts of "configuration" and "copy".

5 CONCLUSION AND RECOMENDATION

In this section, we provide a comprehensive conclusion and offer recommendations based on the analysis of the microenvironment of Samsung Electronics Company in Vietnam. Through a meticulous examination of available documents, we have synthesized key findings, elucidated significant contributions to knowledge, acknowledged limitations inherent in the study, and put forth actionable recommendations for Samsung Electronics Company. Additionally, we propose avenues for future research to further enrich our understanding of the intricate dynamics shaping Samsung's operations within the Vietnamese market.

5.1 CONCLUSION

a, Summary of Key Findings

In the macro environment analysis of Samsung Electronics in Vietnam, it is evident that the company's operations are significantly influenced by political, economic, social, technological, and environmental factors. Political stability, government policies, and legal frameworks play crucial roles, alongside economic indicators such as GDP growth and currency fluctuations. Moreover, cultural preferences, demographic trends, and technological advancements shape consumer behavior and market dynamics. Environmental concerns and corporate social responsibility initiatives also pose both challenges and opportunities for Samsung. Meanwhile, in the industry environment, the introduction of new products by competitors, shifts in distribution channels, and evolving customer values reshape the competitive landscape, highlighting the need for continuous adaptation and innovation. However, it also faces challenges such as intense competition, regulatory uncertainties, and issues related to labor safety.

b, Contribution Highlights:

Holistic Macro-Environmental Analysis: This study offers insights into political, economic, social, technological, and environmental factors impacting Samsung Electronics in Vietnam, aiding strategic decision-making.

Industry Trends and Challenges: Identified emerging industry trends and challenges like new product introductions by competitors, evolving distribution channels, and shifting customer values to help Samsung adapt strategies for sustainable growth.

Micro-Environmental Dynamics Insight: Examined competitors, suppliers, customers, and intermediaries to reveal the micro-environmental dynamics, aiding Samsung in optimizing interactions, enhancing supply chain resilience, and improving customer satisfaction.

Strategic SWOT Analysis: Conducted a SWOT analysis to assess Samsung's strengths, weaknesses, opportunities, and threats in the Vietnamese market, guiding strategic planning for competitive advantage.

Overall, this thesis enhances understanding of Samsung Electronics' operations in Vietnam, providing actionable insights for practitioners, policymakers, and scholars in business management and international business, while also laying a foundation for future research in emerging markets.

c, Limitations of the Study

While this thesis endeavors to provide a comprehensive analysis of the micro and macro environments impacting Samsung Electronics Company in Vietnam, there are inherent limitations that should be acknowledged:

The limitations of this study stem from several factors. Firstly, the reliance solely on available documents for data collection constrains the depth of analysis due to the absence of primary data gathering methods like surveys or interviews. Additionally, the findings may not be readily generalizable beyond the context of Samsung Electronics in Vietnam, cautioning against direct application to other industries or regions. Time constraints pose another challenge, as the analysis represents a snapshot of a dynamic business environment that may have evolved since data collection, potentially affecting the validity of conclusions. Despite efforts to explore both macro and micro environments surrounding Samsung Electronics, limitations such as time, resources, and information access may have hindered a comprehensive examination. Furthermore, the subjectivity inherent in data interpretation and conclusion formulation underscores the need for critical evaluation by readers. Lastly, while this study lays a foundation for understanding the factors influencing Samsung Electronics in Vietnam, it points towards future research opportunities to delve deeper into identified areas or emerging trends shaping the company's prospects in the region. Acknowledging these limitations is essential for interpreting the findings of this thesis accurately and for guiding future research efforts aimed at gaining a more nuanced understanding of the challenges and opportunities facing Samsung Electronics Company in Vietnam.

5.2 RECOMENDATION

a, Recommendations for Samsung Electronics Company

Based on the analysis of both macro and micro environments, several recommendations can be made to enhance Samsung Electronics Company's position in Vietnam:

Government Relations and Legal Compliance: Given the dynamic nature of Vietnam's legal framework, it is essential for Samsung to establish robust government relations and legal compliance mechanisms. This involves actively engaging with policymakers to navigate regulatory changes effectively and ensuring strict adherence to intellectual property rights and employment legislation.

Investment in R&D and Innovation: To stay ahead of competitors and address technological advancements, Samsung should continue investing in research and development (R&D). By fostering a culture of innovation, the company can continuously introduce new and technologically advanced products to meet evolving consumer preferences.

Supply Chain Sustainability: Samsung should prioritize building a sustainable and diverse supplier network while strengthening supplier relationship management. This involves promoting ethical sourcing practices, ensuring transparency, and implementing measures to enhance supply chain sustainability.

Customer-centric Approach: In response to shifting customer values and preferences, Samsung should focus on enhancing customer experience and product differentiation. By leveraging insights from demographic trends and cultural preferences, the company can tailor its products and services to meet the diverse needs of Vietnamese consumers effectively.

Expansion of Distribution Channels: With the emergence of new distribution channels such as e-commerce platforms and omni-channel retailing, Samsung should explore opportunities to expand its presence across various retail formats. This involves forging strategic partnerships with key intermediaries and leveraging digital technologies to improve accessibility and reach.

Corporate Social Responsibility (CSR) Initiatives: Given the increasing emphasis on environmental sustainability and corporate citizenship, Samsung should reinforce its commitment to CSR initiatives and green practices. By aligning its business objectives with

societal and environmental goals, the company can enhance its brand reputation and foster goodwill among stakeholders.

Risk Management Strategies: To mitigate threats arising from competition and geopolitical uncertainties, Samsung should develop robust risk management strategies. This includes closely monitoring market dynamics, diversifying its product portfolio, and proactively addressing emerging challenges.

Talent Development and Safety: Recognizing the importance of human capital, Samsung should prioritize talent development initiatives and ensure stringent adherence to labor safety standards. By investing in employee training and well-being programs, the company can foster a culture of safety and productivity within its workforce.

By implementing these recommendations, Samsung Electronics Company can strengthen its foothold in the Vietnamese market and capitalize on emerging opportunities while effectively managing risks and challenges.

b, Suggestions for future research:

Exploring Regulatory Changes: As the regulatory environment in Vietnam continues to evolve, further research could delve into the impact of potential changes in policies and regulations related to intellectual property rights, employment legislation, and environmental regulations on Samsung Electronics and other multinational corporations operating in the country. Analyzing how Samsung adapts its strategies in response to such changes would provide valuable insights for both academia and industry practitioners.

Assessing Technological Advancements: With rapid advancements in technology, particularly in areas such as digital transformation and innovative product development, future research could focus on understanding how Samsung Electronics leverages emerging technologies to maintain its competitive edge in the Vietnamese market. Investigating the company's investment in research and development (R&D) initiatives and the integration of new manufacturing technologies could shed light on its future trajectory in the region.

Evaluating Supply Chain Sustainability: Given the growing emphasis on sustainability and corporate social responsibility (CSR), there is an opportunity to explore Samsung's efforts towards achieving supply chain sustainability in Vietnam. Future research could investigate the effectiveness of its supplier relationship management practices, supply chain transparency

initiatives, and efforts to promote environmental stewardship throughout its operations in the country.

Examining Changing Consumer Preferences: As consumer preferences continue to evolve, particularly in the context of cultural shifts and demographic trends, future research could focus on understanding how Samsung Electronics adapts its marketing strategies and product offerings to cater to the diverse needs of Vietnamese consumers. Exploring consumer perceptions of the Samsung brand, preferences for specific product features, and attitudes towards technology adoption would provide valuable insights for strategic decision-making.

Analyzing Competitive Dynamics: With increasing competition in the electronics industry, future research could investigate the competitive landscape in Vietnam, including the strategies adopted by Samsung's competitors and their implications for market dynamics. Examining factors such as pricing strategies, product differentiation efforts, and distribution channel innovations would offer valuable insights into the evolving competitive environment and potential areas for Samsung to strengthen its market position.

Exploring International Trade Agreements: Given the importance of trade agreements in shaping business environments, further research could explore the implications of existing and potential future trade agreements on Samsung Electronics' operations in Vietnam. Analyzing the impact of trade agreements on market access, tariff regulations, and supply chain logistics could provide valuable insights into the company's strategic decision-making processes and its ability to capitalize on international trade opportunities.

By addressing these areas of future research, scholars can deepen their understanding of the complexities surrounding Samsung Electronics' operations in Vietnam and contribute to the development of strategic frameworks for multinational corporations navigating dynamic macro and micro environmental factors.

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ABSTRACT OF THESIS

Thesis title: **Analysing the micro and macro environment of Samsung Electronics in Vietnam.**

Author name: **Trinh Huyen Anh – HF060J**

Course, level of education: Bachelor's Thesis in Business Administration and Management

Host Department/ Institute: Institute of Economics / Department of Business Administration

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This thesis explores the strategic management perspective by analyzing the micro and macro environments of Samsung Electronics Company in Vietnam. The study is grounded in available documents, employing a rigorous methodology for data collection and analysis.

The topic includes the following 5 main chapters:

Chapter 1: Introduces the topic's relevance, problem statement, and research objectives, alongside the rationale for selecting Samsung Electronics Company.

Chapter 2: Reviews micro and macro environmental analysis in strategic management, followed by the methodology detailing research approach and data collection methods.

Chapter 3: Discusses the methodology focused on document analysis, including research approach, data collection, and analysis techniques.

Chapter 4: Analyzes macro and micro environmental factors impacting Samsung Electronics in Vietnam.

Chapter 5: Concludes by summarizing findings, acknowledging limitations, and providing recommendations for Samsung Electronics' strategic growth.

Keywords: Samsung Electronics, Vietnam, Microenvironment, Macroenvironment, Strategic Management, SWOT Analysis, Market Analysis, Industry Dynamics.

STUDENT DECLARATION

Signed below, **Trinh Huyen Anh**, student of the Szent István Campus of the Hungarian University of Agriculture and Life Science, at the BSc/MSc Course of **Business Administration and Management** declare that the present Thesis is my own work and I have used the cited and quoted literature in accordance with the relevant legal and ethical rules. I understand that the one-page-summary of my thesis will be uploaded on the website of the Campus/Institute/Course and my Thesis will be available at the Host Department/Institute and in the repository of the University in accordance with the relevant legal and ethical rules.

Confidential data are presented in the thesis: yes no*

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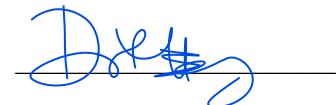
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Confidential data are presented in the thesis: yes no *

Approval of thesis for oral defense on Final Examination: approved not approved *

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DECLARATION

On authenticity and public assess of final thesis

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Title of the document: Analysing the micro and macro enviroment of Samsung Electronics in Vietnam.

Year of publication: 2024

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