TRANSFORM
BEYOND
THE PRODUCT

Samsung Innovation Strategy
Fall 2021

How to read this?

Samsung's market position is challenged now and expected to be challenged in the near future as indicated by the changes in the market, consumer preferences, and product trends.

In this document, we assess the major changes together with the opportunities and risks that might affect Samsung's market leadership. We define a tailored direction for Samsung and provide a set of strategies, referred to as Product+.

We provide a detailed analysis and recommendations for each strategy. Product+ strategies are ways to help Samsung access new markets. They start with TTT Sparks which are example products that tap into new areas of growth.

Executive Summary

BACKGROUND

이 보고서는 점차 가속화되는 시장 변화를 살펴보고,
이에 대응하는 전략을 제안하기 위해 작성되었다.

삼성의 시장 리더십을 위협하는 주요 변화 요인

■ **시장 트렌드 변화**
　많은 제품들이 일차원적인 기능보다는,
　그것을 통해 얻을 수 있는 "경험의 가치" 강조
■ **소비자 선호도 진화**
　오늘날의 소비자는 단순한 제품의 기능을 넘어서,
　"브랜드가 전달하는 궁극적인 가치"에 따라 구매 결정
■ **가상 환경 확장**
　"현실과 가상 세계의 연결"을 통한 경험 확장은
　이미 제품의 필수 요소로 자리매김

→ 삼성은 이 위기를 기회의 발판으로 삼아,
　발상을 전환하는 새로운 전략을 구축하여 재도약 해야 한다.

PRODUCT+

Product+는 급격히 변화하는 시장 환경에 발빠르게
대응하기 위한 새로운 제품 전략이다.

■ **Distinctive Hardware:** 완전히 새로운 범주의
　제품 창출을 통해 고객에게 전에 없던 경험을 제공한다.
　MS Surface - 최초로 터치스크린을 노트북에 탑재한 새로운
　컨셉의 제품
　TTT 과제 - 플렉서블 암을 자유자재로 움직여
　어떤 공간이든 제약없이 진공 청소가 가능한 로봇

■ **Everyday Conveniences:** 일상의 귀찮은 반복작업을
　편리하게 처리하도록 돕는다.
　Samsung Pay - 삼성 모바일 사용자들이 지갑을 소지해야
　하는 불편 해소
　TTT 과제 - 한번의 터치로 여러 종류의 식재료를 적정한
　수준으로 데워주는 가전

- **Lifetime Touchpoints:** 일회성 구매로 단절되지 않고, 개인화된 가치제공으로 고객과의 유대를 구축한다.
  Mi Brand - 삶의 전반을 연결하는 다양한 IoT 제품 라인업 제공
  TTT 과제 - 원거리에 있는 가족과도 같은 장소에 있는 듯한 연결성을 제공하는 영상 솔루션

- **Integral Creativity:** 누구나 쉽게 높은 수준의 컨텐츠를 생성할 수 있는 솔루션을 제공한다.
  TikTok - 사용자 선호도 기반 One-Tap 영상 제작 및 공유 SNS
  TTT 과제 - 별도의 수동 편집 없이 사용자 활동 기반 하이라이트 영상 추출이 가능한 카메라 솔루션

- **Built for Business:** 소비자 제품의 경험을 확장한 기업용 솔루션을 제공하여, 기업의 니즈를 만족시킨다.
  Google Workspace - 개인용에서 기업용으로 확장 후, Office 360을 넘어 59%의 시장점유율을 달성
  TTT 과제 - 가정 청소로봇에서 확장, 건물 및 공공 장소를 자율적으로 청소 / 소독하는 로봇

BRAND

많은 소비자들이 제품의 사용 경험을 통해 해당 제품의 브랜드 스토리를 느끼며 본인이 지향하는 삶의 가치를 추구하고 있다.
Product+ 전략을 통해 삼성 제품만의 고유성, 편리함, 즐거움, 창의성, 효율성을 제공하여, 브랜드 이미지를 제고하고 삼성이 추구하는 가치를 소비자에게 전달할 수 있어야 한다.

CLOSING

우리는 실패를 두려워하지 않고 끊임없이 도전해야 한다.
결코 쉬운 일은 아니지만, 이는 삼성의 비즈니스를 위한 새로운 가능성을 열어줄 것이다.
다양한 영역으로 우리의 아이디어를 확장하고 가치를 창출하여, 고객에게 새로운 경험을 제공할 뿐만 아니라 그들의 일상 속에 녹아들 수 있도록 노력해야 한다.

Contents

Changes

It is time to react

Market, Consumers, Products

In order to lay out a new product thinking, we must understand the existing market dynamics, consumer preferences, and product trends.

i. **New Consumer Technologies Market**
Consumer technologies market has shifted from device-centric to experience-first.
The risk of commoditization is the biggest threat for device manufacturers.

ii. **Changing Consumer Preferences**
Customers today prefer brands that offer aggregated brand value.
Existing market leaders are facing the risk of becoming uncool.

iii. **Expanding Virtual Products**
Physical products and services have virtual endpoints.
Failure to reach users with virtual touchpoints will narrow product value.

New Consumer Technologies Market

Samsung's status as a hardware leader is under threat due to the diminishing value of incremental technical innovations.

- The traditional device-centric market has transitioned into an experience and service-driven sector. Software and services have overtaken hardware as the key differentiators in the overall experience.

- Incremental innovations do not create enough excitement for customer groups. Thus, industry leaders are striving to transform and gain new competencies beyond improving hardware specs.

- Hardware companies with compelling service offerings are able to slow commoditization trends and flourish.

Signals

Apple's Fitness+ Studio is becoming an important part of the device experience tightly integrating with Apple Watch.

Amazon built an automation and connectivity ecosystem through Echo. Their platform ownership strategy lowered their dependency on hardware sales.
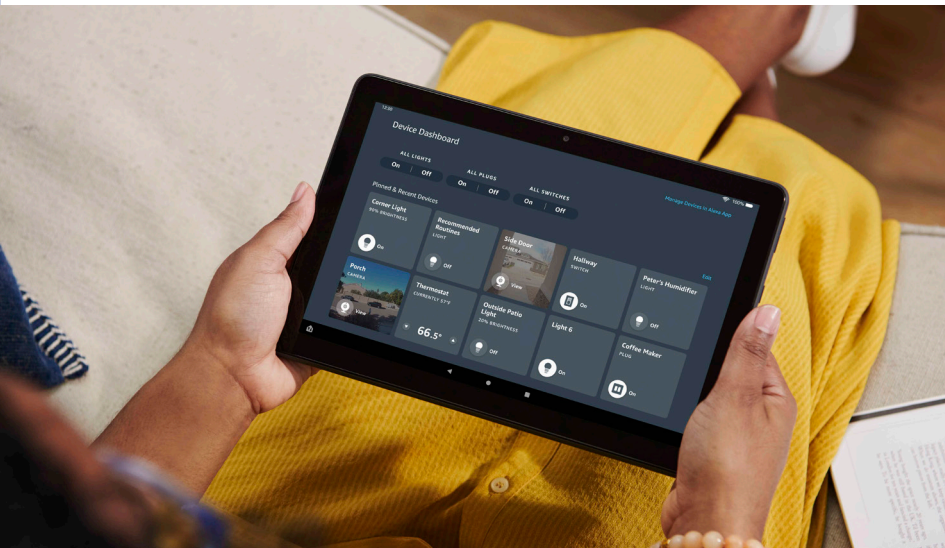
Changing Consumer Preferences

Samsung is losing its premium brand image, failing to establish brand loyalty, and becoming uncool by missing changing consumer preferences.

- Younger generations choose brands that speak to their identities, preferences, and values. Brands that stand for a mission become desirable for Gen Z.

- Perceived brand value is an aggregation of ethical, design, and technology components. Consumer electronics brands that position their products and services to deliver such value will succeed.

- To succeed, brands must align their products and services with consumers' emerging needs and preferences.

Signals

90% of Gen Z consider only up to three brands while choosing a smartphone. They believe their choice tells a story about their personality.

Number of cross-category collaborations increased to capitalize on brands that have already established their brand value with Gen Z: Levi's & Google, Benefit Cosmetics & PBteen, Tinder & Ford.

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Expanding Virtual Products

Samsung needs to create the mechanisms to build software solutions that drive virtual value creation due to slow action outside of traditional areas of expertise.

- Digital transformation is not a substitute of the physical world, but becomes a natural extension of physical products and services that is increasingly important to consumers and profitable for businesses.

- Virtual experiences have grown beyond entertainment use cases, playing an active role in our daily routines, and are thus gaining more attention from consumers and businesses.

- Consumers expect physical products and services to extend to virtual offerings that add value to the product experience.

Signals

52% of grocery stores in the US offer home delivery and store pickup of online orders to broaden a traditionally physical service through virtual customer touchpoints.

Luxury brands are creating virtual assets to be used in social media or gaming platforms - buy $12 Gucci shoes to wear on Roblox.
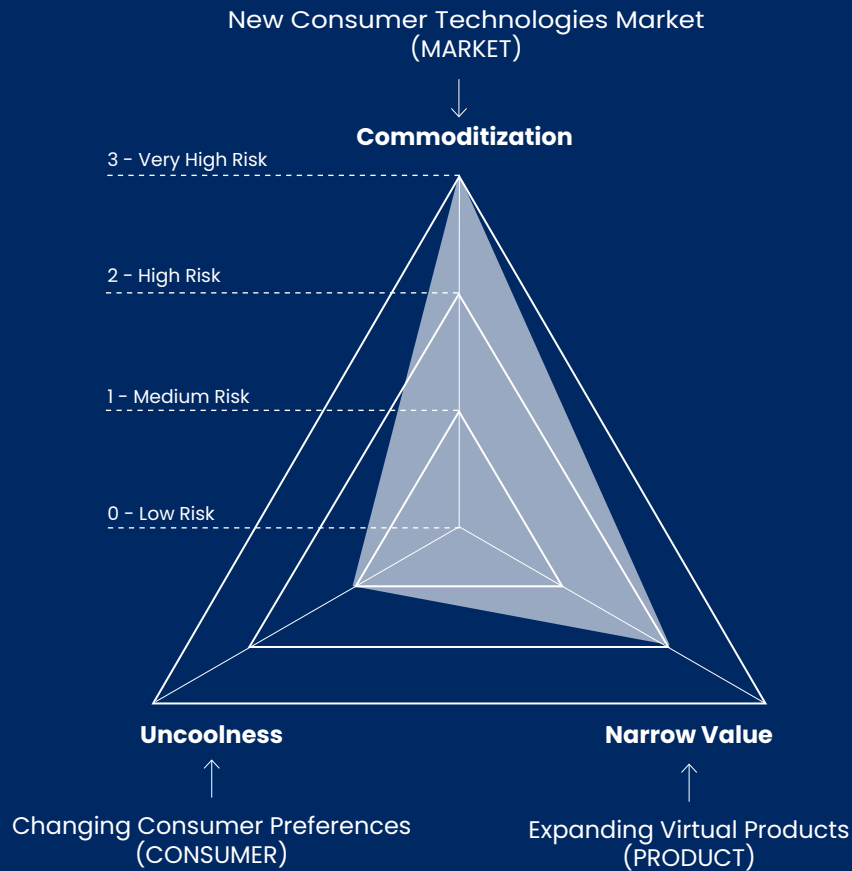
The Risk Triangle

Delaying necessary strategic changes will expose the company to risks. The severity of these risks dictates the urgency of response. An analysis of risk areas and severities helps guide the answers to two critical questions:

Why does it matter now?
What are the consequences of inaction?

The Risk Triangle is an intuitive model to display the intensity of various risk factors within a specific strategic area that will be introduced.

- Labels show the risk factors: commoditization, uncoolness, narrow value.
- Peak length shows the risk level of each factor: low, medium, high, very high.

New Consumer Technologies Market
(MARKET)
↓
Commoditization

3 - Very High Risk

2 - High Risk

1 - Medium Risk

0 - Low Risk

Uncoolness
↑
Changing Consumer Preferences
(CONSUMER)

Narrow Value
↑
Expanding Virtual Products
(PRODUCT)

Commoditization includes increased price competition, new incumbents, and diminishing value of technical improvements.

Uncoolness summarizes the risks that are caused by losing favor among younger generations.

Narrow Value captures the risks of offering products with limited differentiation and consumer reach.

Direction

Lead the market once again

New guide for market leadership

Today, Samsung's market leadership cannot solely rely on integration or manufacturing superiority. Changes in the market, consumer preferences, and product trends bring risks and opportunities for all corporations.

So far, Samsung has lagged behind in turning these changes into growth opportunities. Major reasons for delayed responses are:

- Insistence on spec-focused product strategies
- Fixed GBM-dependent market entry points
- Rooted hesitation to develop software
- Marketing devices over experiences

As a result, Samsung is facing the risks of commoditization, perception of uncoolness, and failure to provide sufficient value to consumers. Thus, a new guide for strong market leadership is desperately needed.

Time to transition once again

Product Development

1980s → 1990s

Vulnerabilities
- Knock-off supplier image
- Limitation of domestic market

Reactions
- Rebranding
- Build vertical integration skills
- Start global expansion

Quality-first Approach

1990s → 2000s

Vulnerabilities
- Lack of core tech ownership
- Severe global market competition

Reactions
- Invest in core technology R&D
- Top-down reform of operation

Global Expansion

2000s → 2010s

Vulnerabilities
- Stuck in a fast follower position
- Commoditization of devices

Reactions
- Build premium products and brand
- Team up with platform players

Market Leadership

2010s → 2020s

Vulnerabilities
- Stagnation in CE market
- Loss of premium brand status
- Lack of user lock-in

Change & Grow
Apply Product+ strategies to access new opportunities

Adjust & Survive
Adapt to market changes, survive at a smaller scale

Resist & Sink
Focus on existing areas of expertise, lose market share

Product+

Strategies to access new markets

Product+:
A new product approach

Market leadership is only possible by adopting new approaches and accessing new markets. Samsung's device-centric product philosophy is not providing enough differentiation.

Product+ is the new product approach.

- Product+ is a set of strategies to steer the company in a new direction and to unlock new markets.
- Product+ strategies are derived by iterating on new product offerings, new customer groups, new business models, and new experience design.
- Product+ strategies react to major risk factors that are threatening market leadership.

The Path to Product+

Product+ aims to reinvent Samsung. We defined multiple distinct Product+ strategies to mitigate major risks and bring access to new markets. Here are the five distinct paths we think are beneficial for Samsung's future:

01 Distinctive Hardware
02 Everyday Conveniences
03 Lifetime Touchpoints
04 Integral Creativity
05 Built for Business

Due to the current pace of change, new markets may emerge in the future. As opportunities arise, new Product+ strategies can be developed in order to access new markets.

Product+

01
Distinctive Hardware

Explore new form factors and diversify the product strategy

02
Everyday Conveniences

Transform mundane electronics to deliver ongoing value

03
Lifetime Touchpoints

Create new touchpoints beyond replacement cycles

04
Integral Creativity

Equip consumers with the tools that serve their aspirations

05
Built for Business

Serve businesses with existing and upcoming product lines

"Conventional wisdom won't provide continual growth."

Jason Jennings
Author of *The Reinventors*

01 Product+
Distinctive Hardware

Explore new form factors and diversify the product strategy to overcome the saturation of existing consumer hardware.

Why does it matter now?

- Traditional product strategy is no longer attractive.

- No product can speak to all - consumers want unique new products that speak to their identities and values.

Urgency of response to mitigate risks

Commoditization
Very High Risk

Uncoolness
Medium Risk

Narrow Value
High Risk
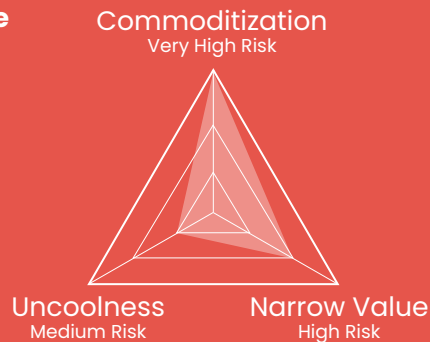
Emerging consumer electronics store b8ta is growing fast at a global scale
Image - b8ta store

Gadget crowdfunding shows the global excitement over new hardware and form factors
Image - Vaonis Vespera lightweight telescope

Analysis

Form factor innovation is the primary way to stand out

Most of the revenue in consumer electronics is coming from replacement cycles. Competing with incremental upgrades is not enough to secure customers. This will force brands to be more ambitious with hardware and go beyond existing forms with new product lines.

CAGR 3.4%

2018-2023

CAGR 19.7%

2018-2023
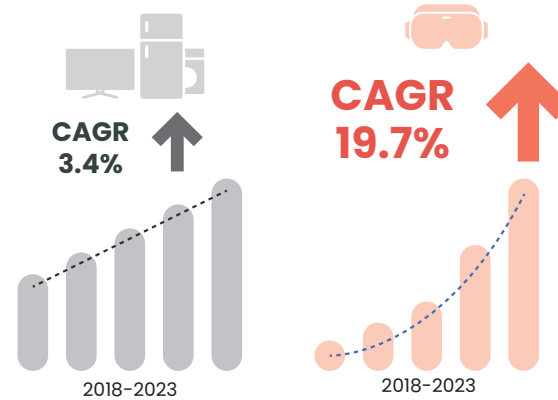
Higher growth rates in emerging fields

CAGR for the global VR market is 19.7% whereas the expected CAGR for the consumer electronics and home appliances market is only 3.4%.

Users discover new needs in new areas through new hardware

Consumers are looking for something that can solve their unmet needs and help them explore new areas. Distinctive hardware should have a meaningful impact on consumer's life. Innovation should take place at both form factor and component levels to diversify the current portfolio with new technologies and stimulate new experiences that were previously missed.

KICKSTARTER
Project backers

	2014	2017	2021
Total	6.56	13.3	19.91
Repeat	1.96	4.27	6.72
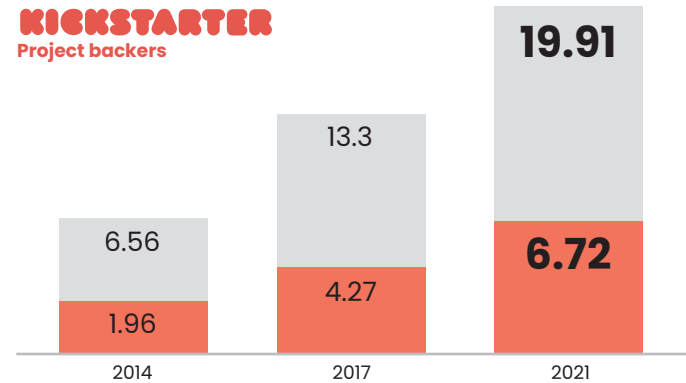
Number of total and repeat Kickstarter project backers
As of July 2021, 20 million people had backed a Kickstarter campaign. Over 6 million people are repeat backers.

1. Kickstarter, "Number of total and repeat Kickstarter project backers as of July 2021", July 2021

Recommendations

Build new segments before adding features

- Rethink the hardware development process to encourage creation, not iteration.
- Challenge current form factors to deliver revolutionary products.

Find the missing experience

- Elevate the multi-device experience and create new touchpoints with new form factors.
- Define new areas in people's lives where new products can create value.

Trigger new journey with new hardware

- Extend product versatility through new product areas.
- Deliver new experiences and satisfy the unmet needs in users' lives.

Leading Examples

DJI
Drones

DJI established leadership in the drone market by making new hardware available to the consumer market and creating new ways to capture daily life.

Microsoft
Surface

Microsoft Surface was a new form factor integrating both laptop and tablet with touch capabilities, during an era of stagnant laptop sales in the early 2010s.

Consequences of Inaction

Samsung could be trapped in a highly competitive price war in the existing hardware market.

Those who Failed

Nokia focused on technical improvements in the dominant design, while lacking a diversified product line to sustain customers and mitigate development risks.

Sparks

Cover more of people's lives in the unique Samsung hardware experience created by new product form factors.

THE UNIVERSAL ROBOT CLEANER

Prototype 2022

Robot vacuum with a flexible actuator for all surfaces.

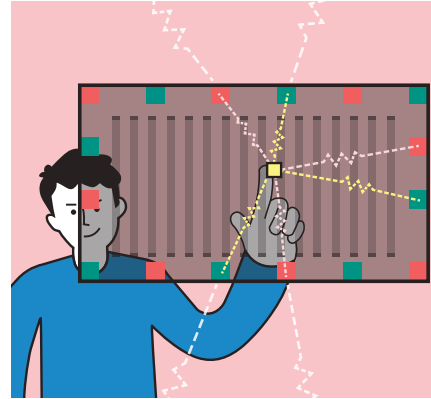- Build smarter and useful robots that perform better than traditional appliances.
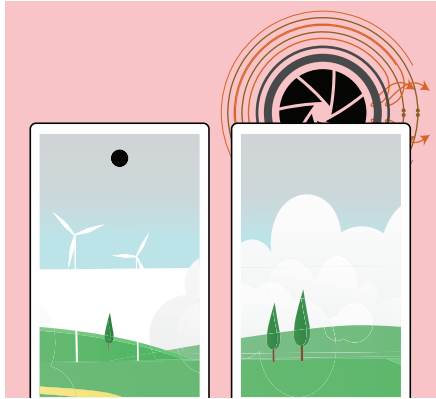
THE INVISIBLE PHONE CAMERA

ETA 2022

Under display camera with image reconstruction algorithm.
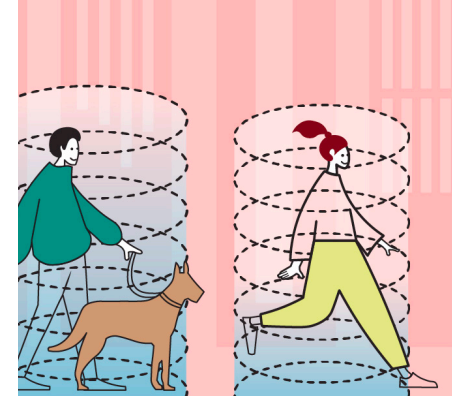
- Allow flexible camera placement and unobstructed design.

SCALABLE TOUCH SOLUTION

Prototyped 2020

Touch screen solution with striped patterning.

- Make a large-scale touch screen with better accuracy at a better cost.

PROTECTION "IN THE AIR"

R&D Phase

Portable air curtain preventing infectious diseases and bad air.

- Provide effortless preventative care for everyday health.

"Market disruptors make the purchase and use of the product simple, convenient, and foolproof."

Clayton Christensen
Author of _The Innovators Dilemma_

Everyday Conveniences

Enable mundane electronics to deliver ongoing value, shape new habits, and facilitate new behaviors.
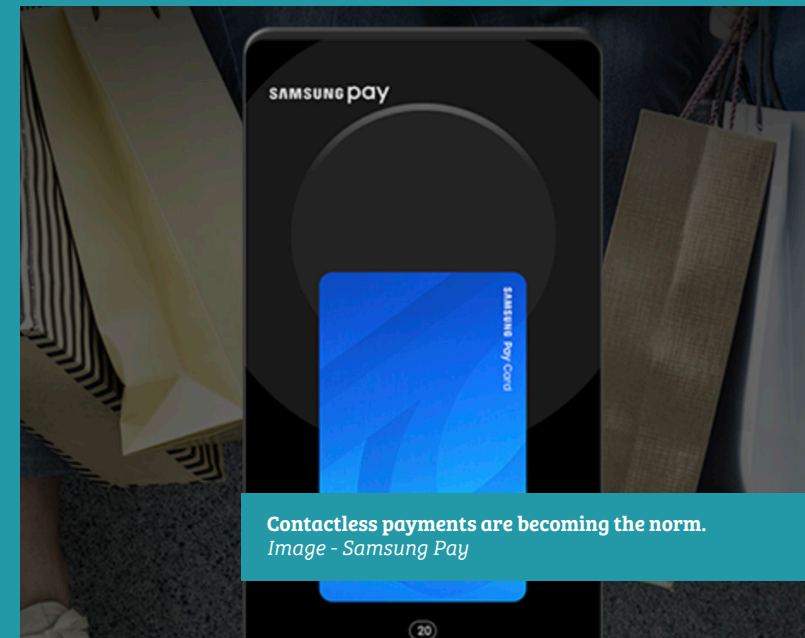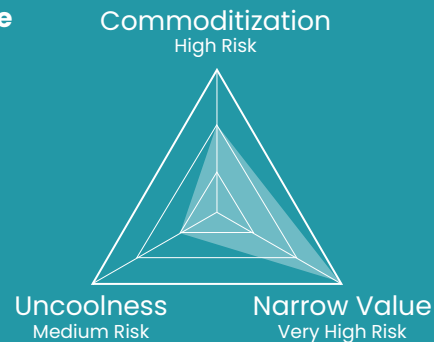
Why does it matter now?

- On-demand, one-click solutions are making consumers value convenience.

- Convenience does not simply equate to easiness - it means the true peace of mind offering both tangible and intangible values.
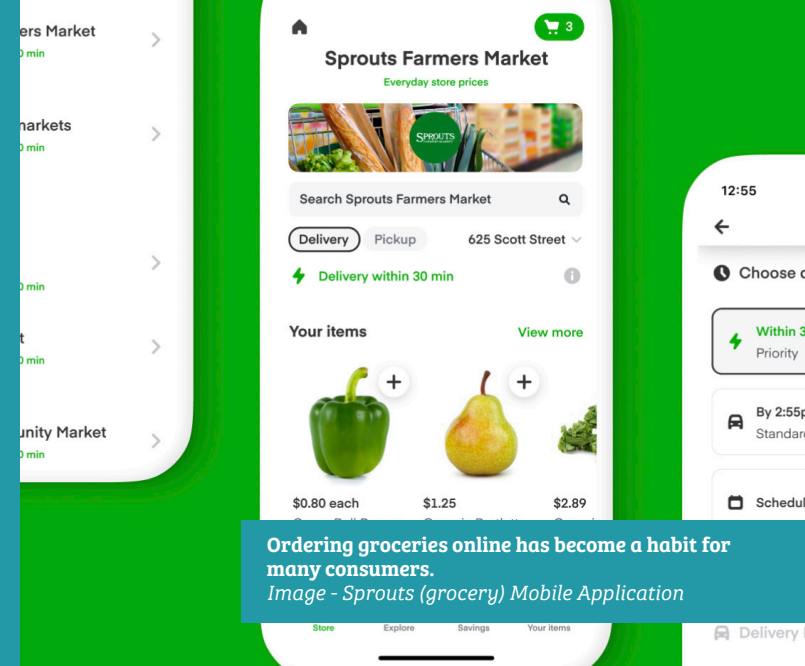
Ordering groceries online has become a habit for many consumers.
Image - Sprouts (grocery) Mobile Application

Contactless payments are becoming the norm.
*Image - Samsung Pay*

Urgency of response to mitigate risks

Commoditization
High Risk

Uncoolness
Medium Risk

Narrow Value
Very High Risk

Analysis

Users expect convenience as a default

Proliferation of convenience-focused services such as on-demand everything and doorstep delivery triggers a new expectation in consumers' lives: convenience as a default. This poses a fruitful opportunity for consumer electronics companies to offer high level of practicalities in consumers' day-to-day habits.
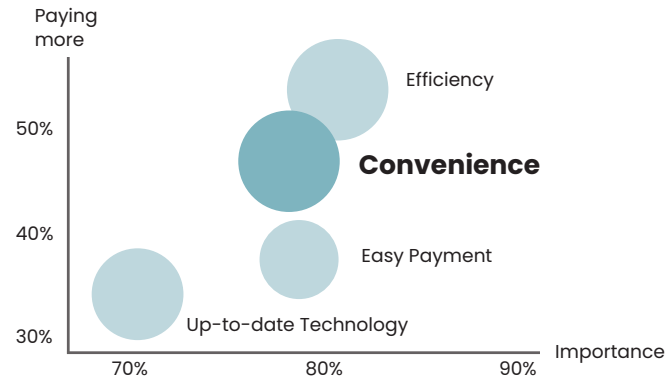

What do people value most in their customer experience?
Customers are willing to pay more for the experience qualities that matter most to them: 43% of consumers would pay more for greater convenience.

1. PwC, "Experience is everything. Get it right", 2018

Fewer buttons and more functionality enabling true peace of mind

Users are looking for new ways of interacting with products and services that solve existing problems. Despite the limited use cases that existing home automation technology offer, consumers are willing to buy them. Products are expected to take over certain tasks and offer users simple interactions. Fewer buttons but more functionality is the core of everyday convenience.

I have one or more

26%

44%

I want to have in the future

30%

No Interest
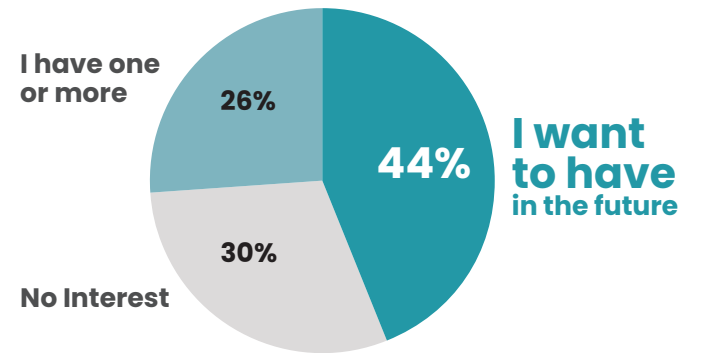
Ownership of home automation devices
44% of all customers in the US say that they will probably buy more home automation devices for their household appliances.

Recommendations

Make addictive products

- Make convenience the core of product offerings.

- Build products that give valuable efficiencies, create peace of mind and reward habitual use.

Automate where beneficial

- Erase unnecessary tasks from consumers' day-to-day through automation.

- Break the boring and repetitive workflows and enable new valuable experiences.

Innovate as an opinion leader

- Develop new products and services that position Samsung as a leader in forward-looking innovation.

- Attract communities of enthusiasts and work together to refine the product offerings.

Leading Examples

Venmo
Payment

Venmo introduced a mobile payment service that enabled users to transfer funds to each other using a mobile app. It successfully replaced the cumbersome money transfer process for casual transactions between friends. Today, Venmo is also used by businesses for convenient money transaction.

Apple
Carplay

Carplay is a smartphone integration system developed by Apple that allows users to mirror their phones to the vehicle head unit. Carplay replaced the tedious steps of connecting the phone via Bluetooth or audio cable. Today, consumers consider Carplay as a must-have in their vehicle renting or buying decisions.

Consequences of Inaction

Samsung could miss the full value of consumers and be further pulled away from customers' preferred brands list.

Those who failed
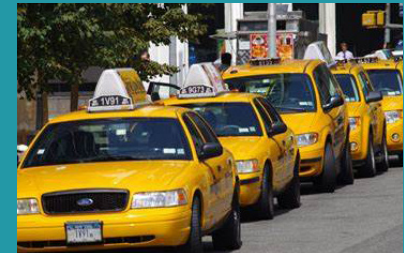
The taxi industry failed to react to the entry of ride-hailing services that offered greater convenience and a simpler experience.

Sparks

Bring new ways of supporting everyday tasks with advanced core technologies and eliminate unnecessary workflows.
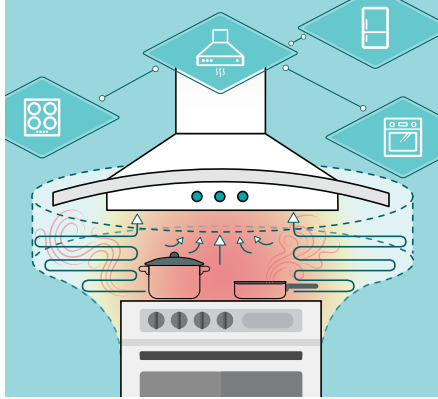
SINGLE-BUTTON APPLIANCE

Product Ready

Heat different food on the same plate to their desired temperature levels with a single tap.

- Enjoy cooking with a machine that understands food and various cooking method.

HUB FOR CONVENIENT COOKING
Product Ready

Air curtain hood with a projector to display stove top status.

- Bring full stove-top automation and peace of mind while cooking.

IMMERSIVE INTERFACE FOR CONFERENCING
Prototype ETA 2022

Full-size telepresence solution to bring users together.

- Untap the broader virtual experiences in telehealth, family reunion, e-learning.

KITCHEN GUIDE AT FINGER TIP
Product Ready

Access to kitchen-critical information and guidance.

- Make kitchen workflow smoother with all-you-can-find support.

"Get closer than ever to your customers. So close, in fact, that you tell them what they need well before they realize it themselves."

Steve Jobs
CEO and co-founder of Apple Inc.
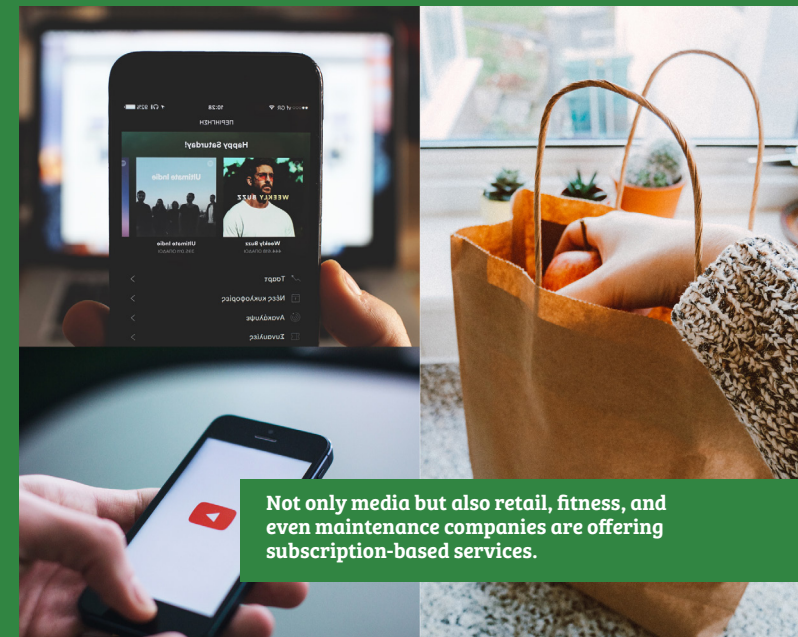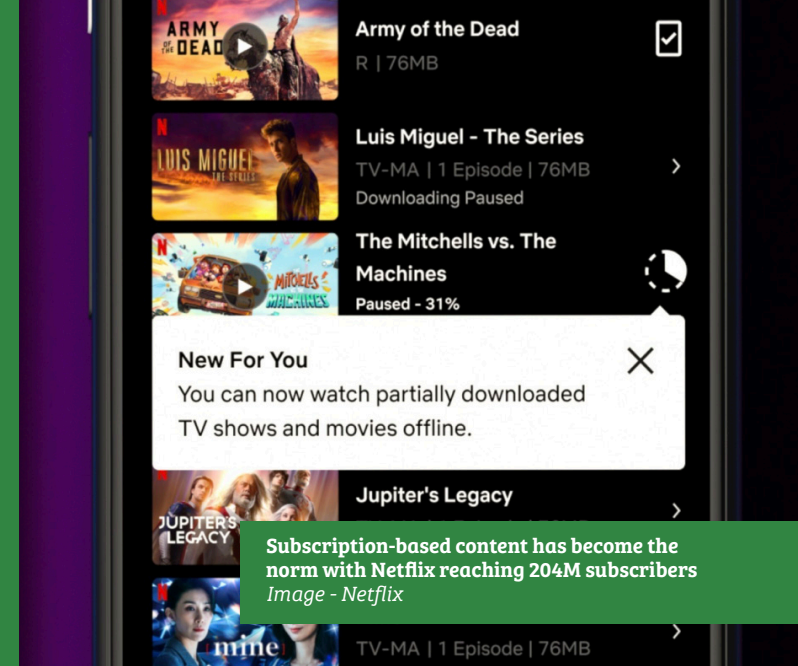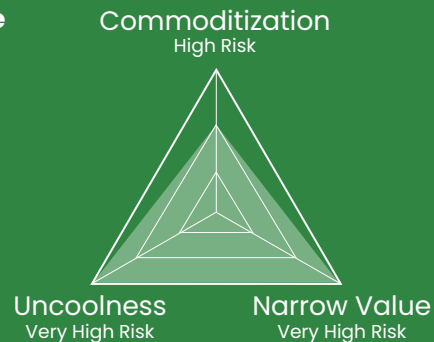
03 Product+

Lifetime Touchpoints

Create new touchpoints beyond the traditional product cycles via interactive platforms and services.

Why does it matter now?

- A purchase is not the end of an exchange, but the start of a relationship.

- Virtual experience is just as important as physical experience.

- Bad experiences with software, services, or community can significantly impact purchase decisions and brand loyalty.

Urgency of response to mitigate risks

Commoditization
High Risk

Uncoolness
Very High Risk

Narrow Value
Very High Risk

Subscription-based content has become the norm with Netflix reaching 204M subscribers
Image - Netflix

Not only media but also retail, fitness, and even maintenance companies are offering subscription-based services.

Analysis

Companies abandon single-task use cases to build ongoing engagement with users

Acquiring and retaining consumers sustainably requires products to address customer needs at a lifestyle level. The best products and services build long-term and evolving relationships with customers. In most cases, it requires a model where consumers can explore and engage while companies learn and evolve their offerings.

● All Countries
● US

32%

17%

**One
bad experience**

49%

59%

**Several
bad experiences**
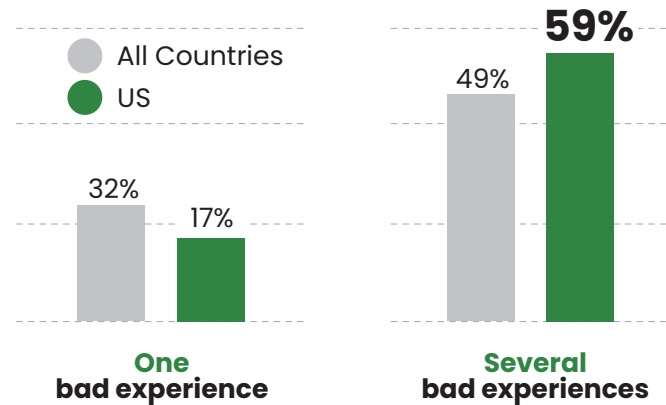
When do consumers stop interacting with a brand they love?
In the US, 59% of consumers will walk away from a brand they love after several bad experiences, 17% of them after just one bad experience.

1. PwC, "Experience is everything. Get it right", 2018

Ongoing customer relationships drive value

Creating ongoing touchpoints requires relationship and ecosystem building by leveraging non-hardware expertise. Habit-forming software components, easy to access content, and subscription-based business models are key to make users commit to the longer-term product experience.
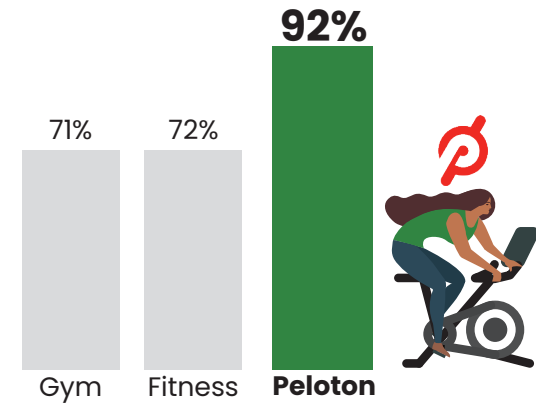
Retention rates of various fitness solutions
Today, Peloton has 1.67 million connected fitness subscribers, with an annual retention rate of 92%.

1. Peloton, "First Quarter FY 2021 Highlights", March 2021
2. Fitness Business Association, "Why Your Retention Rate is the Key to Understanding Fitness Business Success", 2019

Recommendations

Build for ongoing engagement

- Develop digital platforms that establish an ongoing relationship with customers.

- Offer exclusivity through content, services, or features that have a standalone value and create additional touchpoints.

Form unique communities

- Create unique communities that allow users to explore and personalize experiences powered by Samsung hardware.

- Target niche but scalable areas as starting points to build sustainable communities.

Decouple software from hardware

- Roll out software and services that are independent of specialized hardware to build competency and consumer trust.

- Stay better connected with users and reinvent ways to diversify the revenue model.

Leading Examples

Xiaomi
Mi Brand

The Mi smartphone business provides a solid customer base with a low margin of profit. Users can access exclusive content and purchase hardware and consumer goods from the Mi Store on their Xiaomi devices. In 2017, Xiaomi launched their lifestyle brand, Youpin to further complements the ecosystem.

Peloton
Workout

Peloton offers a suite of solutions to help its users stay active and healthy. This exercise equipment company, expanded to new areas to provide fitness content and streamlined workouts to complement their hardware. Peloton manages to build an ongoing relationship with its user base through these additional offerings.

Consequences of Inaction

Samsung could fail at customer relationship building and become dependent on third-party platforms and services.

Those who failed

Even though Motorola brought various cell phone lines to market, they failed to see that customers wanted innovation in software and a more connected ecosystem beyond hardware.

Sparks

Help consumers work, play, and relax within a unified experience throughout their lifestyle with fun, interactive, and personalizable offerings that evolve with the users.
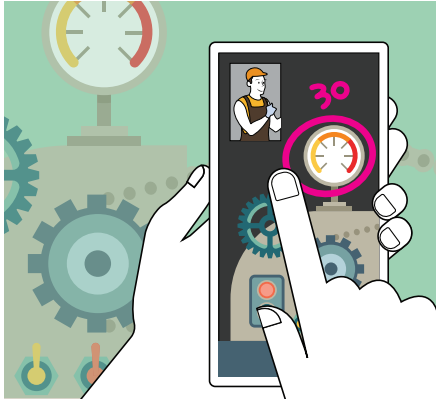
ALWAYS-ON SYSTEM FOR CONNECTING FAMILIES
Product Ready

Video solution on TV that seamlessly and continuously connects places and people.

■ Bring more opportunities and immersive experiences for families to reunite remotely.
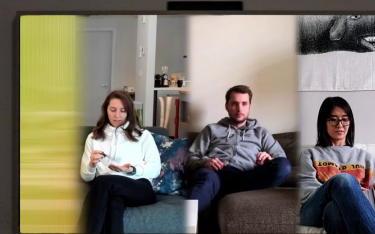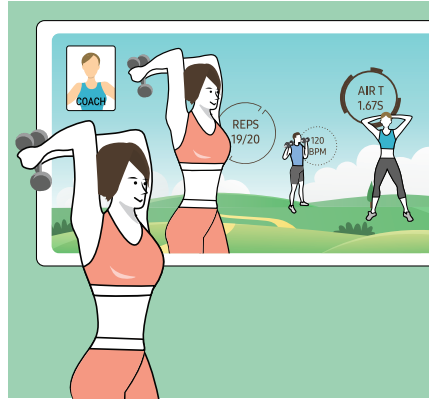
REMOTE PROBLEM SOLVING PLATFORM
Product Ready

Video communication and collaboration tool for formal and informal learning.

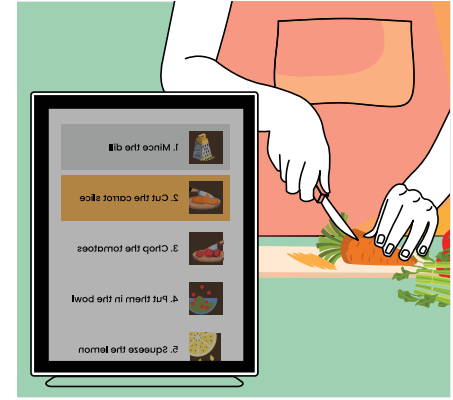■ Open up easier and more accessible ways to solve daily chores remotely.

THE ADDICTIVE FITNESS WORLD
R&D Phase

Fitness application with gamification and social network components.

■ Create the self-evolving, user-generated, community-driven service offerings.

THE GO-TO PLACE FOR HOME CHEFS
Product Ready

Assistant for simplified recipe instructions that reconstructs recipe videos using AI.

■ Build a strong customer relationship around the most important routine at home.

"You are what you share."

Charles Leadbeater
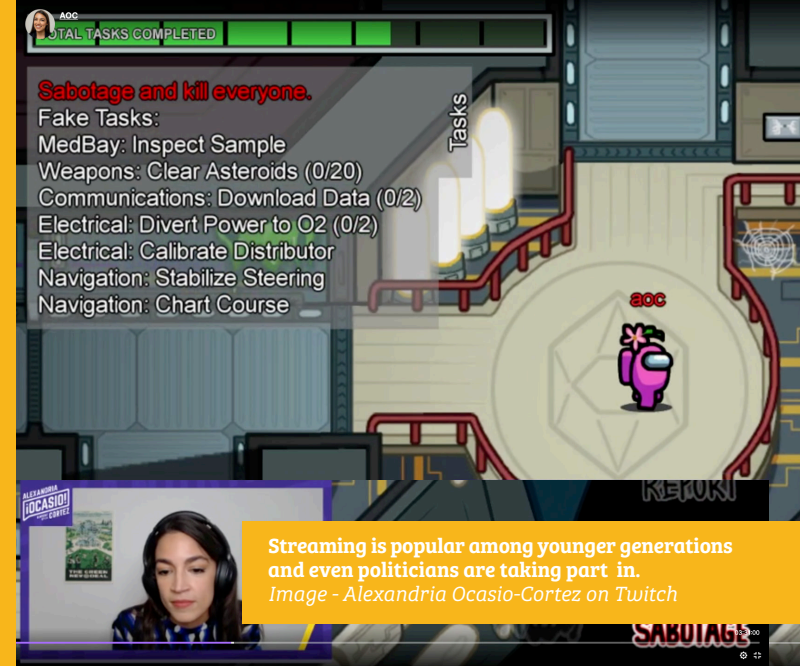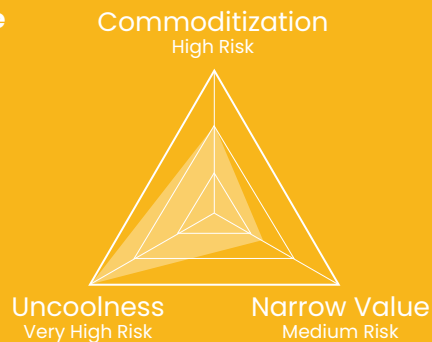Author of *We Think: The Power Of Mass Creativity*

Integral Creativity

Serve consumers with creative tools that become the differentiating points and bring joy to users' everyday lives.

Why does it matter now?

- Social network services have made creation process fun and addictive for users.

- Digital tools have become the new channel for businesses to reach customers.

- More and more pro-level content is being created on smartphones rather than professional software.

Urgency of response to mitigate risks

Commoditization
High Risk

Uncoolness
Very High Risk

Narrow Value
Medium Risk

Streaming is popular among younger generations and even politicians are taking part in.
Image - Alexandria Ocasio-Cortez on Twitch

**Social media influencer is outranking teacher and veterinarian in the dream jobs list for kids showing the strong interest in creative fields.**

Analysis

Only powerful yet easy-to-use solutions can address user's needs

Advanced hardware and cloud technologies equipped users with powerful tools for content creation. Users enjoy capturing every moment of their lives. However, the disparity between the amount of content created versus the content utilized is high because the content creation process takes time as users try to add more components to their compositions. Solutions that equip average consumers with powerful and simple tools and offload the cumbersome parts of the process will be successful.

3 h 55 min (2020)

2 h 24 min (2014)

2014   2020
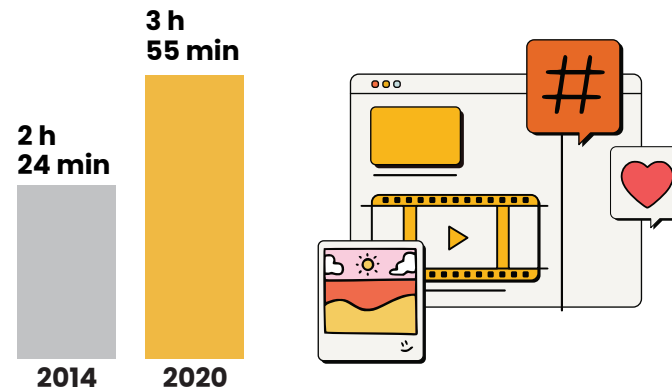
Time spent writing a blog post

Bloggers are spending 63% more time on each post than they did in 2014; including images, statistics, video, and audio in their posts.

 1. Orbit Media Studios, "New Blogging Statistics: Blogging still works, especially for the 10% of bloggers who do things very differently…", September 2020

The new creator class emerges from all generations

In addition to the Pro/Premium segment, the new creator middle class is using text, audio, and video to express themselves. Younger generations do not only find pleasure in being novice creators but also want the tools to make the leap to pro-level quality content. As YouTuber is on the rise as a dream job for younger generations, creative tools will continue to become more important.

age 20-30

40%

age 30-40

age 40+
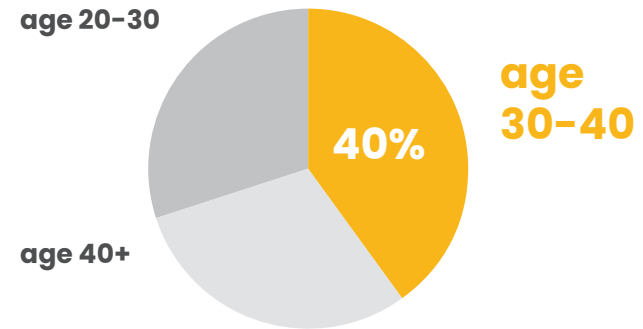
Content creator employees age breakdown
40% of content creator employees fall within the 30-40 year old age bracket showing that Gen Z is not the only demographic group in the field.

1. Influencer Style , "Creator Earnings: Benchmark Report", May 2021

Recommendations

Build inspirational tools for creators

- Enhance video quality and achieve cinematic footages regardless of light, scene, and time.

- Enable automated video and audio editing through sophisticated but easy-to-use features.

Help make every shot count

- Provide ways to easily capture the moment as audio, video, and image, so that users never miss a scene.

- Allow easy access to high-quality digital assets and editing tools to make artsy, cool, and sharable media.

Bring authenticity without sacrifices

- Enhance content authenticity and liveness with highly personalizable tools.

- Leverage filters, effects, enhancements and other virtual assets to satisfy creative minds and make the creation process enjoyable.

Leading Examples

Patreon
Funding

Patreon is the go-to platform for creators to receive funds directly from their audiences and create a sustainable community. It released new tools to help artists grow including a CRM dashboard and the ability to share exclusive content with patrons.

TikTok
Video Editing

TikTok provides easy video editing on mobile devices with various pre and post-processing options. TikTok lowers the entry barriers to video editing and sharing. User-generated filters, unique effects, and easy access to royalty-free popular music allow one-tap video editing and keep the community growing.

Consequences of Inaction

Samsung could become an unattractive brand for young generations due to the lack of content and community ownership.

Those who failed

Kodak used to be the leading brand for creators. However, due to lack of innovation and self-cannibalization, they failed when facing disruptions from camera digitalization and smartphones.

Sparks

Enabling zero-friction content creation and consumption offerings that can understand and support how creators see, capture, and interact with the world.
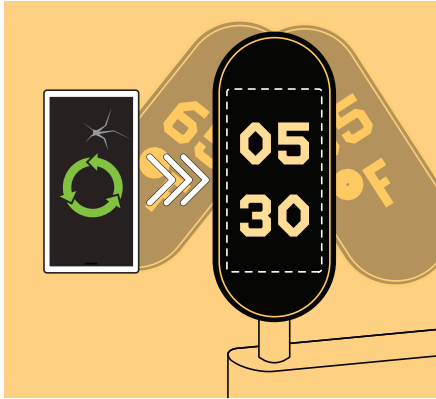
CAMERA CRAFTED TO CREATORS' EYES
Product Ready

Camera that understands users preference and delivers pro-level photography before editing starts

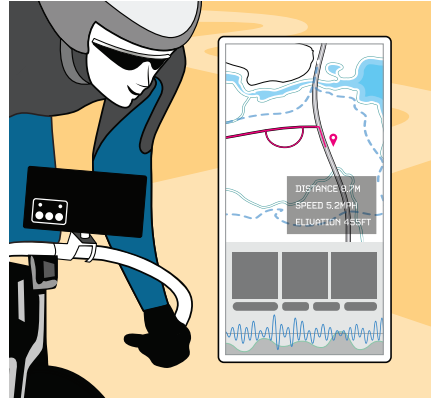■ Make every picture tailored to creators' style and preference.

EVERYDAY GADGETS CREATED BY YOU
Prototype ETA 2022

Creative upcycling that repurposes old devices to timeless design pieces.

- Help customers become everyday creators in life while supporting sustainable living.

CAMERA FOR OUT-DOOR ADVENTURES
Product Ready

Advanced camera that can track and flag activities without requiring the user's attention.

- Never miss out important moments while enjoying outdoor sports.

VIDEOS THAT CAPTURE WHAT YOU CARE ABOUT
Product Ready

Active video framing that automatically tracks users to copy their point of view.

- Minimize glitches during recording and always focus on the right scene.

"Small businesses are growing and they are looking to technology to supply their core competitive advantage."

Nina Achadijan
Partner at Index Ventures

05 Product+
Built for Business

Serve businesses with existing and upcoming product lines by prioritizing the utility value of products.

Why does it matter now?

- SMB use cases are taking place everywhere as the number of small businesses grows.

- Businesses are turning to consumer solutions due to the cost and complexity of B2B solutions.

- Businesses are operating in more dynamic ways, and are looking for models that support that dynamism.

Urgency of response to mitigate risks

Commoditization
High Risk

Uncoolness
Medium Risk

Narrow Value
Very High Risk
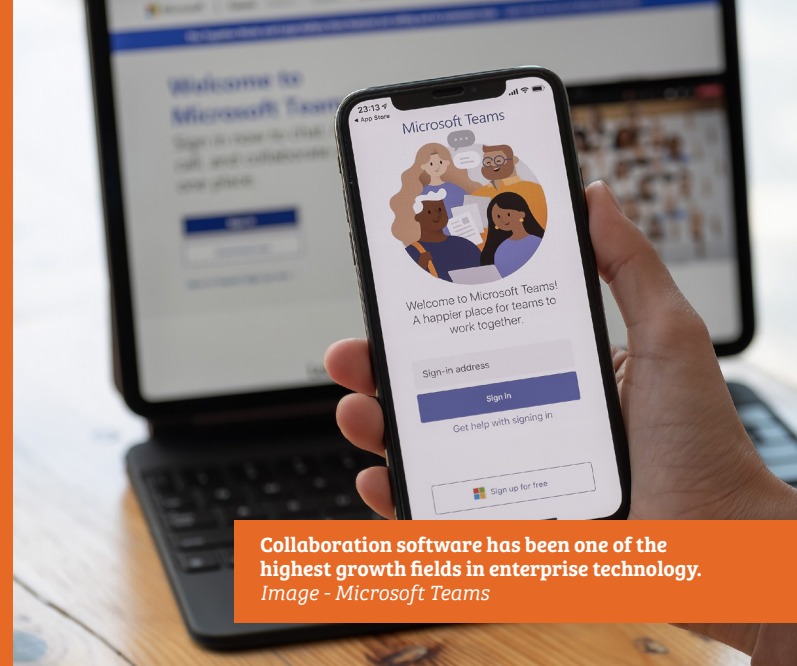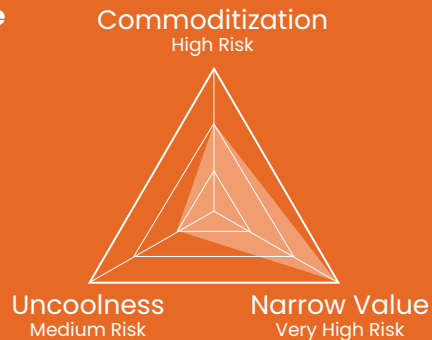
Collaboration software has been one of the highest growth fields in enterprise technology.
Image - Microsoft Teams

Digital payments reach widespread adoption among the small and medium-sized businesses.
Image - Square payment system

Analysis

Opportunities lie in the transformation of SMBs

Enterprises large and small are going through major transformations to leverage new technologies. Many companies are experience challenges in adopting new technologies due to the cost, efficiency, training, and infrastructure related concerns. Addressing the unmet needs of businesses can open up sustainable market expansion for consumer technology companies.

1. Irrelevant, 40%

2. Ineffective, 38%

3. Not Secure, 34%

4. Unfamiliar, 30%

5. Time Consuming, 29%

Perceived barriers in using digital tools for SMBs

40% of the SMBs in the US believe that lack of relevance is one of the top three barriers in adopting digital tools.

1. Deloitte, "Small business technology trends", 2018

Businesses focus on utility and return on investment

Large enterprises and SMBs are utility focused. Some of the challenges in their adoption of new technologies are the high cost, lack of flexibility, and low usage. Products and services that truly deliver utility value for enterprises will be the ultimate winners of this technology transformation.

1. Budget, 53%
2. Low Usage, 49%
3. Customization, 48%
4. Scalability, 44%
5. Implementation, 44%

Top challenges for SMBs in adopting new technologies
49% of SMBs say that enough usage to justify the expense is one of the challenges in the adoption of new technologies.

Recommendations

Revisit consumer product lines

- Find business opportunities in adjacent areas of existing consumer and business solutions.

- Explore B2B areas where existing consumer products can be leveraged to out-compete stand-alone products.

Build new for businesses

- Develop solutions with the goal of meeting needs that are unique to business use cases.

- Equip businesses with the tools that give them a head start in the new infrastructure.

Fill the gaps in B2B workflows

- Deliver products that are cost effective and quick to implement for all levels of tech competency.

- Design for ease of use and convenience that make the solution critical for business operation.

Leading Examples

Google
Workspace

Workplace (formerly known as GSuite) originally targeted consumer market and later expanded to businesses. Workplace provides email domains, storage, and resource management tools for businesses with ~59% market share, surpassing Office 360.

Stripe
Financial Services

Stripe, founded in 2009, focused on one thing: reducing the financial workload on SMBs and startups. Stripe's software automates the financial intermediation for online sellers and allows companies to integrate payment processing easily to their services.

Consequences of Inaction

Samsung could face a higher risk of consumer business modal volatility and high development pressure.

Those who failed
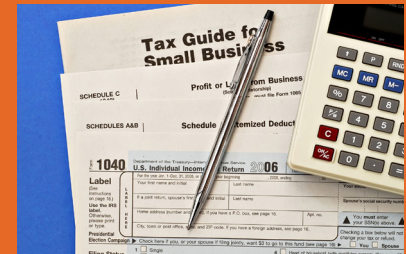
Traditional tax filing services are disappearing due to the arrival of solution such as TurboTax.

Sparks

Support businesses with new products tailored to their growing needs and help them operate more efficiently.
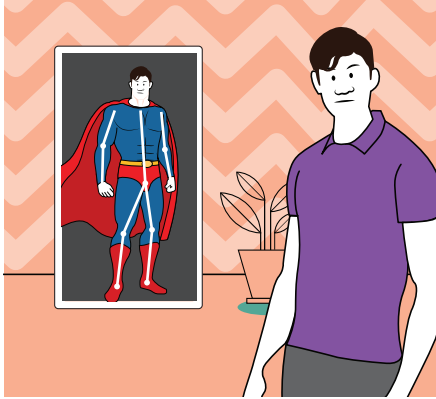
THE NEW MOP BOT FOR PUBLIC SPACES
Product Ready

Cleaning and mopping robot that can disinfect non-traditional, high-touch surfaces for public spaces.

- Create cleaner and safer high-traffic public spaces in partnership with businesses.
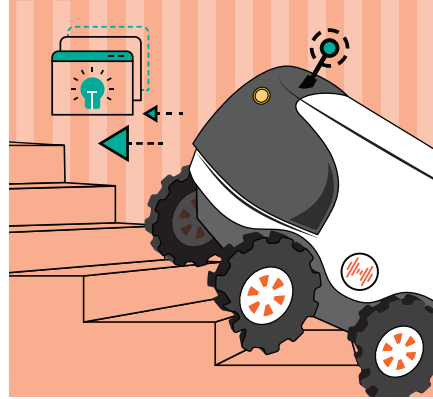
3D FITTING ROOM FOR RETAIL
R&D Phase

Personalized 3D garment visualization for e-commerce.

- Create meaningful virtual touchpoints for traditional retail.

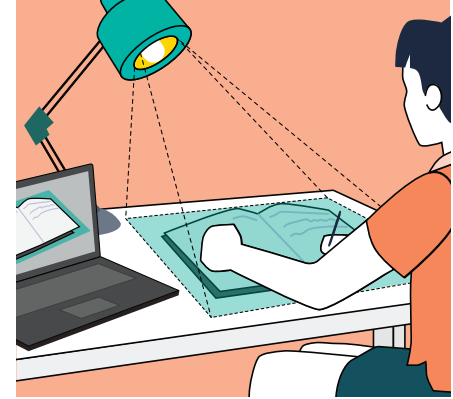## ROBOT DELIVERY AS A SERVICE
Product Ready

Last-mile delivery robot platform for versatile terrains.

- Support businesses to better reach their customers with automated services.

COLLABORATION OPTIMIZED FOR WORK
Prototyped 2021

Collaboration tool that connects physical with digital workflows.

- Enable zero-glitch remote collaboration with real-time note and sketch sharing.

Our Sparks lead to Product+

Each TTT Spark is an ideal entry point for Samsung to access new markets. The following examples show how our Sparks uniquely combine different Product+ strategies.
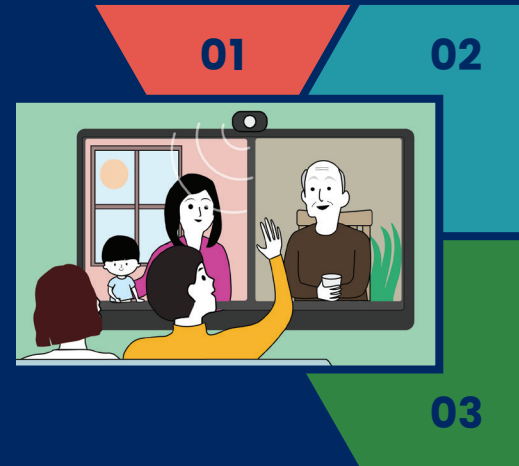
ALWAYS-ON SYSTEM FOR CONNECTING FAMILIES

01 Distinctive Hardware
02 Everyday Conveniences
03 Lifetime Touchpoints
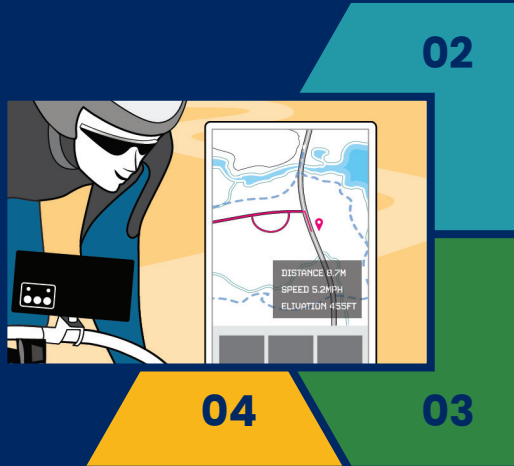
CAMERA FOR OUTDOOR ADVENTURES

02 Everyday Conveniences
03 Lifetime Touchpoints
04 Integral Creativity

HUB FOR CONVENIENT COOKING

01 Distinctive Hardware
02 Everyday Conveniences
05 Built for Business

Brand

Investing in the brand pays off

Brand value elevates product value

Without strong branding, great products are overlooked by consumers. Strong brand value allows for greater premium and higher margins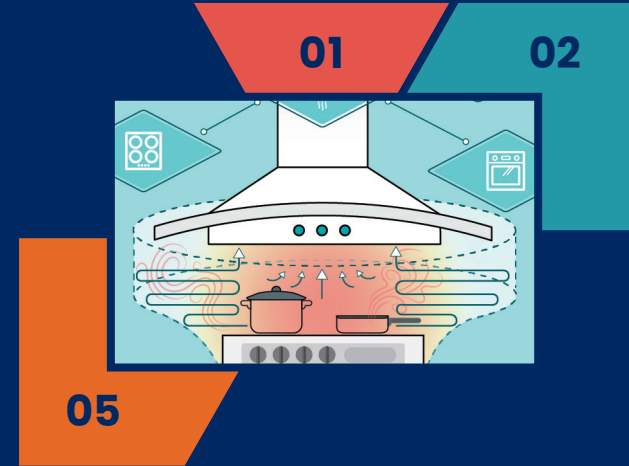 on any given product. Conversely, changes in the product strategy must be communicated through the brand to achieve sustainable success.

Despite the rise of technology-driven brands, Samsung lacks a convincing brand statement that can differentiate it from emerging alternatives. Lack of a well-constructed brand architecture and brand dilution caused by various product lines are weakening Samsung's brand image. The risk of commoditization, uncoolness, and narrow value can only be fully mitigated by building a strong brand that can:

- Communicate a corporate position towards market, products, and services
- Be strong enough to establish an ongoing relationship with customers
- Sell the next generation of products even without explicit spec-focused marketing

Brands that speak to customers

Amazon
for Convenience

Convenient and reliable service in accessing goods, resources, and customer support.

Apple
for Premium

Premium devices and services delivered with uncompromised privacy.

Tesla
for Innovation

Unconventional cars equipped with next generation technologies.

Samsung
for _____

Samsung must tell a new story

Consumers increasingly expect to find their self-image as a part of the brand story. They value brands that tell a cohesive story at all levels from product packaging to the retail experience. Today, consumers value brands that speak to their identities, preferences and values. Samsung must tell a new story to share the values it carries.

Samsung must update its brand image and communicate its values which are enabled through Product+ strategies: offer distinction, convenience, joy, creativity, and efficiency.

Closing

We must continuously build

Onwards and Upwards

TTT's mission is to identify and study new opportunities for Samsung. This year, we analyzed the opportunities, identified near-term goals, and drew a long-term vision.

Product+ is an ambitious framework that provides the steps to be taken to remain a leader in the consumer electronics industry. Samsung must innovate and lead the market not by repeating the two-decade-old strategy but by setting outrageous goals in the direction of Product+. Samsung can remain a leader only by changing what it builds, how it builds, and who it serves.

Sanity Check ☑

Look beyond here and now

Think about what comes after the device. Develop a game plan for a new market with new buyers, suppliers, and competitors.

Revisit business models and target new customers

Provide solutions to customers that broaden market reach. Try new business models and explore new audiences.

Sell unique experiences, not objects

Focus on value-adding experiences: convenience, delightfulness, privacy, or prestige.

Takeaway:
Think Beyond Devices

We must continuously build. Not because it is easy, but because doing so unlocks new possibilities for our business.

By focusing on value creation when expanding to adjacent areas, we will not only be able to form new consumer habits but become an important part of their everyday lives.

Playground

Gamified takeaways

Test your market knowledge

It is not easy to keep up with all the transitions taking place in an everchanging market, but some of the changes are critical to know. Here are three games to help us understand how the market has transformed.

How to play?

Step 1: Find the game on the first page

Game theme

Question on major market trends

Instruction and background information

Game starts here

Answers on the back
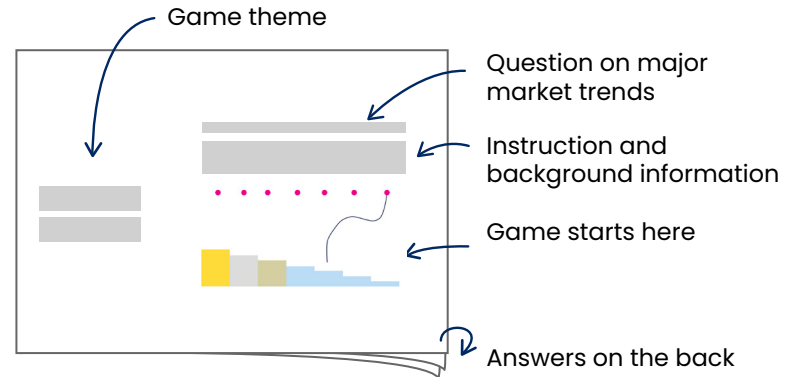
Step 2: Flip to next page to see the answer

Answer

Additional supporting information on market data

TTT's takeaways
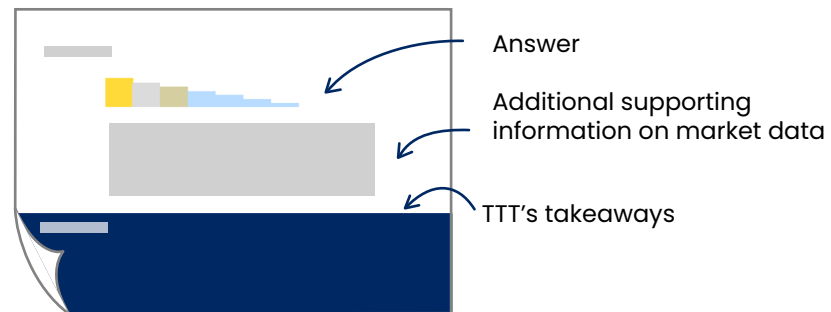
Playground 1

Business Dynamics

Do you know how fast the tech giants have grown in the past five years?

Try matching the company names below with revenue growth rate (%) from 2016 to 2020 - can you tell who is the fastest among all?

Samsung   Apple   Google   Amazon   Huawei   Facebook   Microsoft

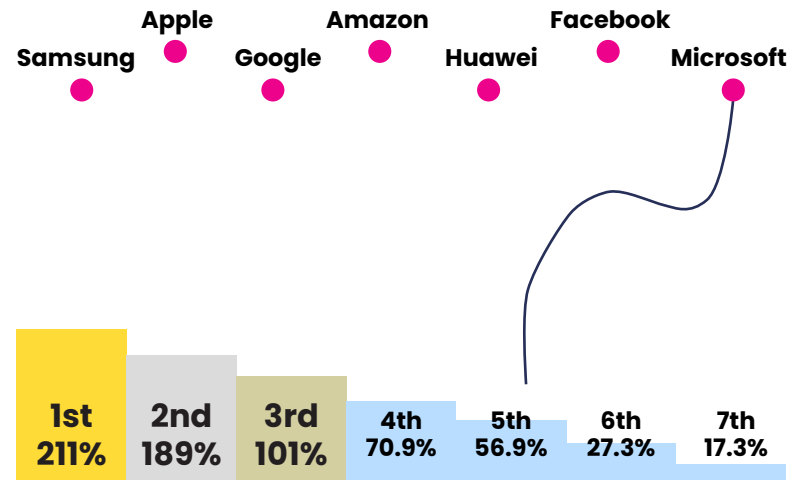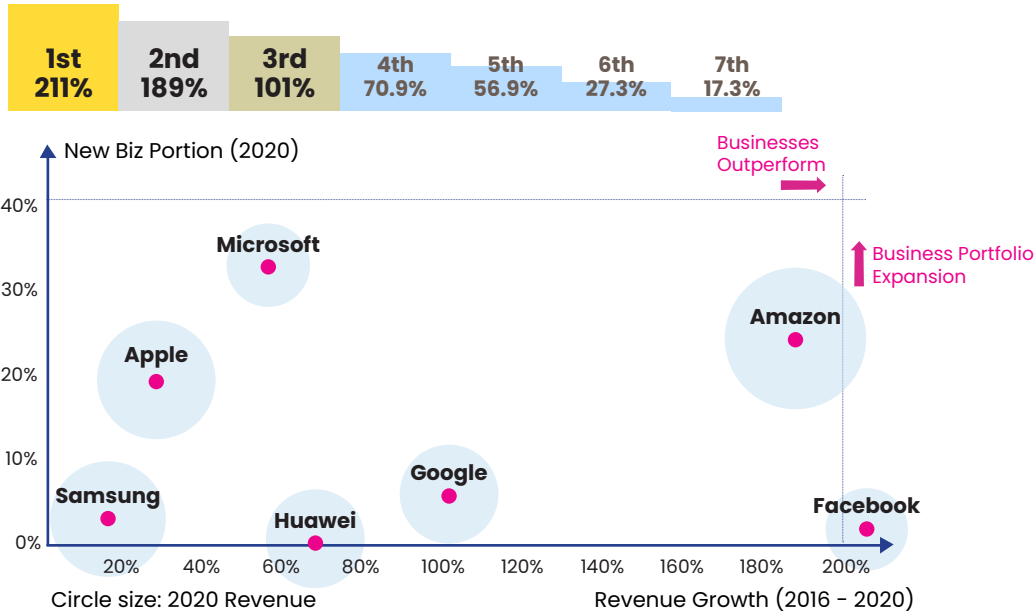| 1st 211% | 2nd 189% | 3rd 101% | 4th 70.9% | 5th 56.9% | 6th 27.3% | 7th 17.3% |

Answer:

Facebook	Amazon	Google	Huawei	Microsoft	Apple	Samsung
1st **211%**	**2nd** **189%**	**3rd** **101%**	**4th** 70.9%	**5th** 56.9%	**6th** 27.3%	**7th** 17.3%

New Biz Portion (2020)

Businesses Outperform →

Business Portfolio Expansion ↑

- Microsoft
- Apple
- Samsung
- Huawei
- Google
- Amazon
- Facebook

Circle size: 2020 Revenue

Revenue Growth (2016 - 2020)

Takeaways

- Successful companies are growing fast in their core business (Facebook), expanding into new areas (Microsoft) or doing both at the same time (Amazon).

- Samsung is not growing fast nor expanding into the new areas as much as other advanced big tech companies like Amazon, Apple, Microsoft, and Google.

- The new business opportunities of the top growing companies are typically services that can better connect the company's existing offerings.

90

Playground 2

Brand Intimacy

Can you guess what are the top 3 brands for each generation?

Consumers with various demographic backgrounds completed surveys to evaluate brand intimacy across different factors in 15 industries. Fill in the top intimate brands among the 3 different generations. (Hint: choose from PlayStation, Amazon, Apple, Netflix, Samsung, YouTube.)

	Gen Z/Millennial Age 18 – 34	Gen X Age 35 – 54	Baby Boomer Age 55 – 64
#1	Entertainment	Technology	Retail
#2	Retail	Retail	**Toyota** Automotive
#3	**Target** Retail	Media	Technology

Do you know which generation has chosen Samsung as their top 10 brand?

Answer:

	Gen Z/Millennials Age 18 - 34			Gen X Age 35 - 54			Baby Boomer Age 55 - 64	
#1	PlayStation	Entertainment	#1	Apple	Technology	#1	Amazon	Retail
#2	Amazon	Retail	#2	Amazon	Retail	#2	Toyota	Automotive
#3	Target	Retail	#3	Netflix	Media	#3	Apple	Technology
#4	Disney	Media	#4	Jeep	Automotive	#4	Costco	Retail
#5	Ford	Automotive	#5	Disney	Media	#5	Macy's	Retail
#6	Jeep	Automotive	#6	Ford	Automotive	#6	Hershey's	CPG
#7	Apple	Technology	#7	Samsung	Technology	#7	Hewlett Packard	Technology
#8	YouTube	Media	#8	Xbox	Entertainment	#8	Pillsbury	CPG
#9	Xbox	Entertainment	#9	Walmart	Retail	#9	Kellogg's	CPG
#10	Nintendo	Entertainment	#10	Nike	Apparel	#10	Pepsi	CPG

Takeaways

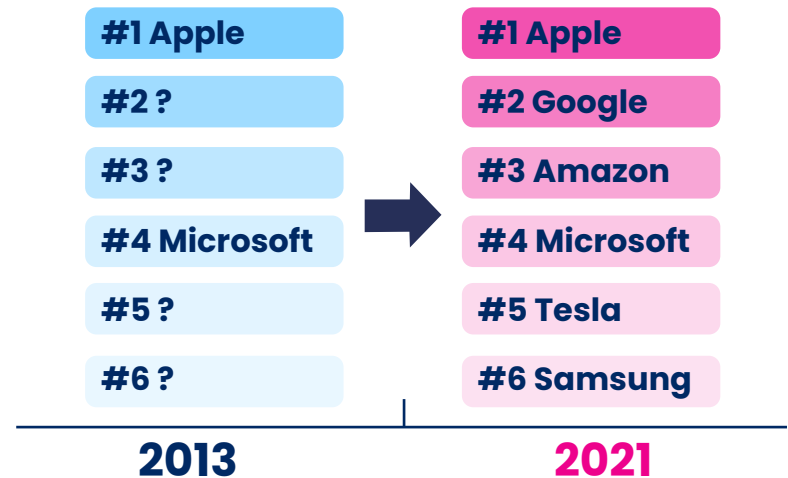■ Amazon and Apple are the only brands that ranked within the top 10 across all generations. Samsung is ranked only among Gen X.

■ Intimate brands outperform top S&P 500 and Fortune companies. Gen Z and Millennials are bonding with brands that offer fun experiences like gaming and access to multi-media content.

■ While Samsung is within the Top 10 for Gen X, we still need to make an effort to attract Gen Z and Millennials.

Playground 3

Innovative Companies
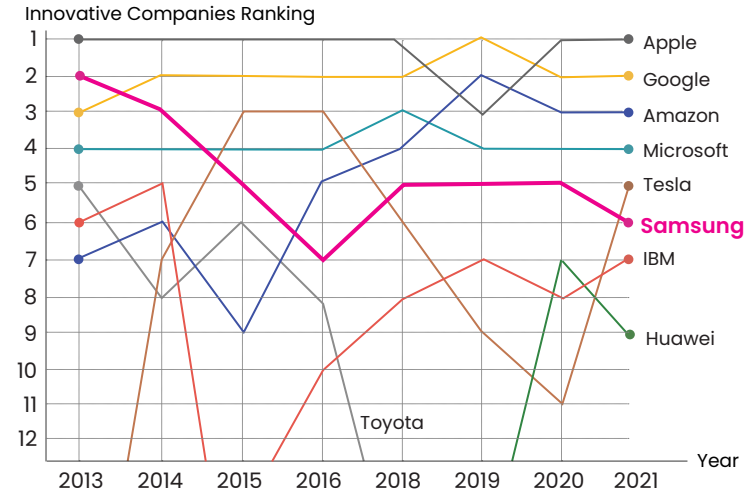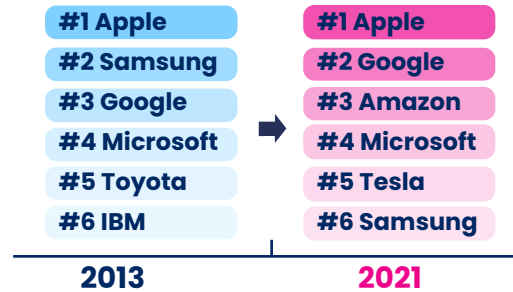
Do you know how Samsung's innovation thought leadership has changed in the past eight years?

In 2021, Samsung ranked top 6 on BCG's most innovative company list - can you guess how Samsung was ranked in 2013?

2013	2021
#1 Apple	#1 Apple
#2 ?	#2 Google
#3 ?	#3 Amazon
#4 Microsoft	#4 Microsoft
#5 ?	#5 Tesla
#6 ?	#6 Samsung

Answer:

2013	2021
#1 Apple	#1 Apple
#2 Samsung	#2 Google
#3 Google	#3 Amazon
#4 Microsoft	#4 Microsoft
#5 Toyota	#5 Tesla
#6 IBM	#6 Samsung

Innovative Companies Ranking

Takeaways

■ Apple, Google, Amazon, and Microsoft rate high due to their strong platform offerings. Tesla has been skyrocketing recently as they are disrupting the traditional automotive market.

■ Since peaking in 2014, Samsung's position has been on a slow downward trend.

■ To be a sustainable and an innovative company, Samsung needs to invent ways to build exclusivity beyond premium hardware.

94   BCG's innovative company ranking is based on four dimensions: Global Mindshare, Industry Peer View, Industry Disruption: Diversity Index (HHI), Value Creation

Did you get the answers right?

Don't be surprised if you didn't get all of them.

These games are meant to challenge our current assumptions. In rethinking business dynamics, we do not want to take for granted any previous progress but we want to ensure that we seize every opportunity possible.

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