

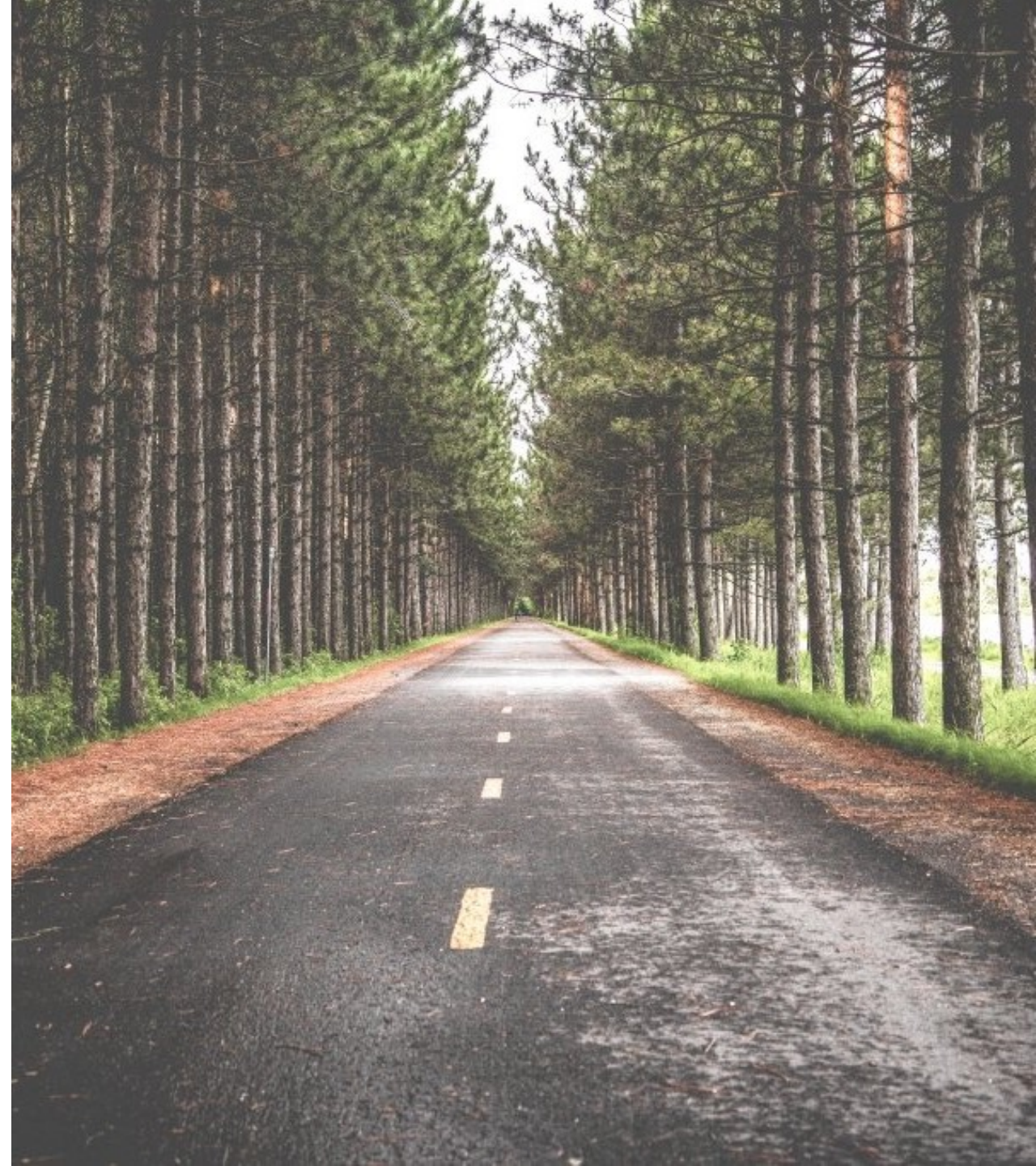
SMF2.0

The Samsung Way of Marketing in the “Digital Everything” Era

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Introduction



Background

The digital age brings about rapid internal and external changes, heightening the need for the “Samsung Way of Marketing” that reflects such changes.

| | |
|----------|--|
| Customer | Customers are leading the market due to changes in the population share, behaviors, and values of the MZ generation. |
| Market | Digitalization of customer experience is accelerating and demand in the online market is increasing continuously. |
| Company | We advanced our transition to the “Digital Everything” system to promptly respond to customer-driven market changes. |

**Heightened need for the “Samsung Way of Marketing” –
the way our sales & marketing personnel work under the “Digital Everything” system**

External Context – Customer

The behaviors and values of our core customers, "Generation MZ", are causing a shift from a manufacturer-led market to a customer-led market. Aligning our marketing paradigm with Generation MZ is vital for securing a future growth engine.

Our core customers

Millennials

(Born b/w 1980-1999)

- Digital natives (proficient in digital/computer literacy)
- Sharers (express, post, share opinions)
- Idealistic

Gen Z

(Born b/w 2000-2010)

- True mobile device natives (smartphone = life)
- Creators (content creators)
- Pragmatic

Their behavior & values

Benefits upon purchase



Post-purchase experiences
(share/connectivity/customer care)

Functional value of the
product



Interest in social responsibility and values
(racial/gender equality, environmental protection)

Passive acceptance of
messages



Active generation and dissemination of
messages (fan-made communities, direct participation
in product review videos)

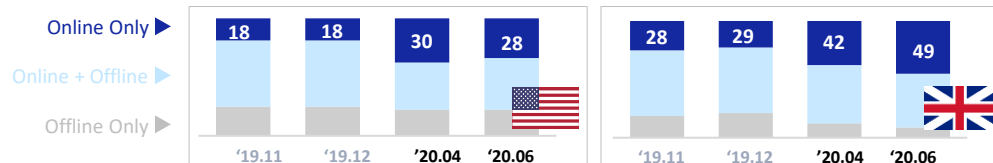
External Context – Market

Continuous growth of demand in the online market requires the transition to a digital direct-to-consumer (DTC) business that best suits our future consumers and upcoming changes in the future business environment.

Online Channel Trend*

- **Online-only experiences**, more HHPs compared to TVs
US HHP 45% (TV 32%), UK HHP 61% (TV 44%)
- **Accelerated digitalization** of touchpoint experiences in home appliances as well

More customers are experiencing refrigerators only through online contact points (online channels + digital media) versus pre-COVID-19.

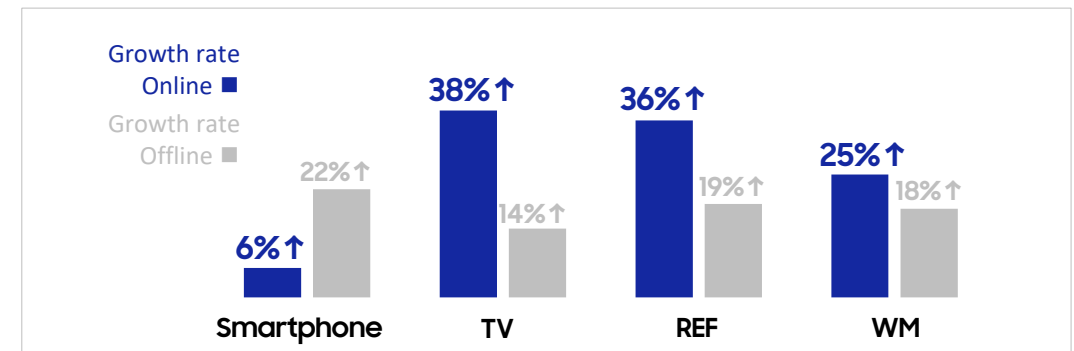


* Source : 2020 1H CX NPS Report

Online Market Trend**

- **The online market grew in the first half of 2020 by 14% from last year**

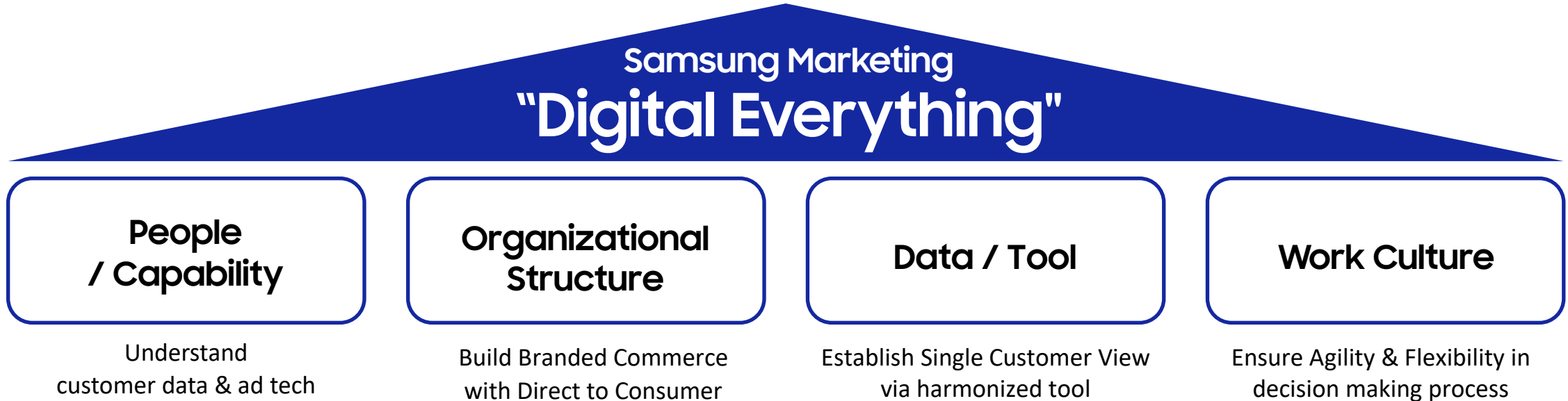
The offline market dropped by 20% during the same period



** Source : Online Business Strategy Meeting (July 2020)

Internal Context – “Digital Everything”

To respond promptly to new types of future consumers and business environments, we plan to implement the transition to the "Digital Everything" system.



* Source : Samsung brand Marketing in Tribe-driven Digital Everything Era, 2020

SMF 2.0 – Definition

We established SMF 2.0 which can be defined as the "Samsung Way of Marketing" that helps us undergo changes in how our sales & marketing personnel work under the "Digital Everything" system.

SMF2.0

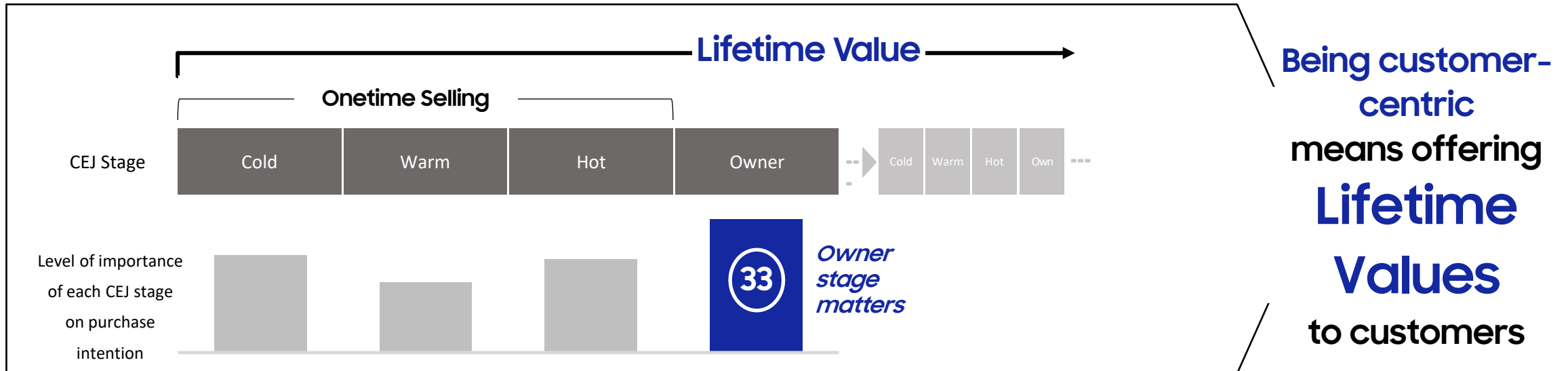
Samsung Marketing Framework 2.0

Representing the "Samsung Way of Marketing" in the digital age, SMF is the corporate marketing framework that enables all sales & marketing personnel to identify and accomplish objectives from a customer-centric perspective and ultimately drive business results.

Customer-centric in Samsung

Being “customer-centric” in SMF 2.0 means becoming not only the seller of a product but also the provider of a value that lasts throughout the customer’s lifetime.

Pursuing Lifetime Value



* Source : Samsung Customer Experience Journey, UK Smartphone (2019), Samsung brand Marketing in Tribe-driven Digital Everything Era, 2020

Customer-centric in Samsung

We wish to become a brand that is genuine, interactive, and one that forms the core of our customers' journeys throughout their lifetimes.

Our Purpose

We exist to create
human-driven innovations
that **defy barriers** to progress.

Next 50 Years

We will become an **authentic,**
interactive brand that stands at
the center of **Customer**
Experiences

* Source : Brand Strategy for Digital Marketing

SMF2.0 – Principles

To conduct marketing that consumers find genuine and feel they can relate to, SMF2.0 lays down the following core principles and the way we work.

| 4 Key principles | Way of doing |
|-------------------|---|
| Digital First | <ul style="list-style-type: none">▪ A Digital Approach befitting the changes in the digital age<ul style="list-style-type: none">- Reinforce our digital competitiveness based on data by prioritizing the digital environment |
| Results-driven | <ul style="list-style-type: none">▪ An Agile Approach to development and execution of marketing campaigns<ul style="list-style-type: none">- Enable real-time setting and measurement of quantitative goals, optimizing performance by the repetition of prompt improvements/modifications |
| Customer-oriented | <ul style="list-style-type: none">▪ A Holistic Approach to customers<ul style="list-style-type: none">- Analyze customers from a 360° view, identify their behaviors and potential needs for all CEJ stages, and build/strengthen customer relationships |
| One Language | <ul style="list-style-type: none">▪ A Collaborative Approach in sales & marketing activities<ul style="list-style-type: none">- Improve work efficiency through effective communication, which is achieved by using the common language amongst all sales and marketing teams |

SMF2.0 – Structure

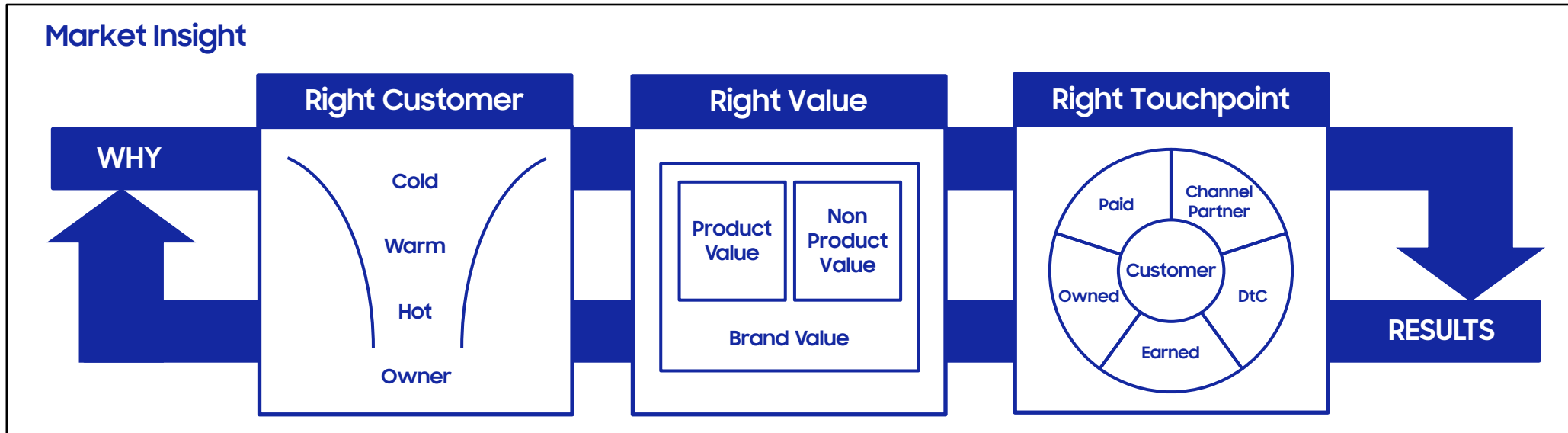
SMF2.0 consists of 4 elements, each of which addresses the core principles of Digital Everything and the way of doing.

| Why + 3R | Key Questions |
|------------------------|---|
| The “WHY” | Why have you set the OBJECTIVES from the customer perspective? What is the implication of the RESULT ? |
| The “Right Customer” | Who is your TARGET CUSTOMER in CEJ and what do they want? |
| The “Right Value” | What is the DIFFERENTIATED and PERSONALIZED value to your customer? |
| The “Right Touchpoint” | How will you ensure ALWAYS-ON experience to your customer? |

SMF2.0 – Structure

The 4 elements form a cycle of objectives and results so that marketing efforts can directly contribute to the achievement of business results.

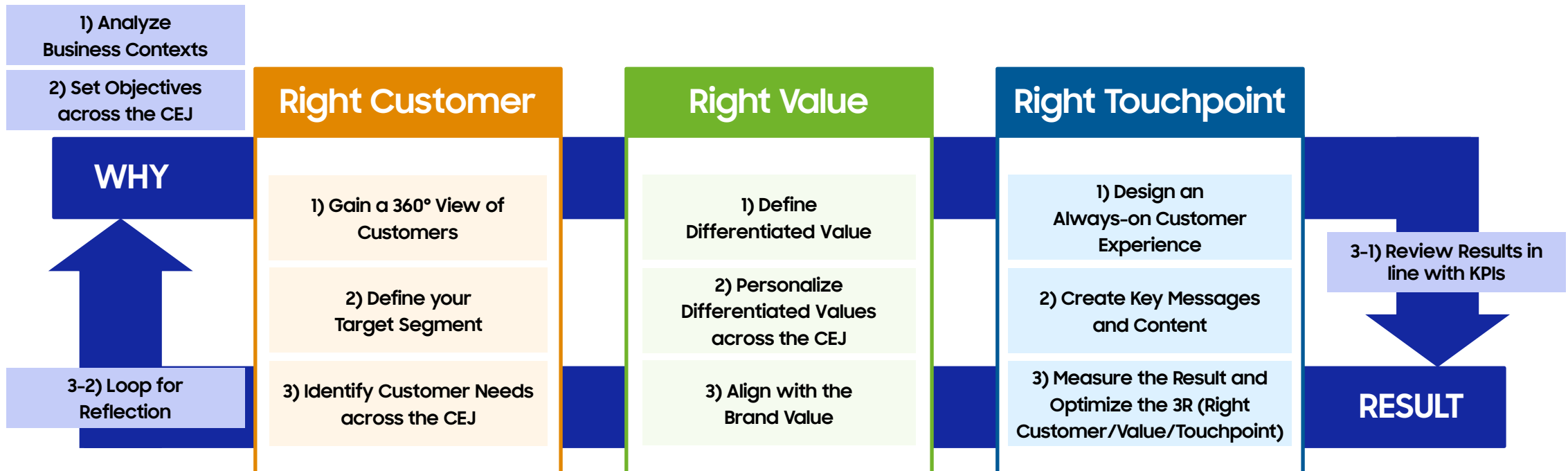
SAMSUNG MARKETING FRAMEWORK 2.0*



※The traditional marketing framework, SMF 1.0, is a marketing methodology that focuses on one-time selling and emphasizes the WHO, WHAT, and HOW from the manufacturer's point of view a marketing.

SMF2.0 – Checklist

The SMF2.0 Checklist helps us set objectives, develop plans, and execute marketing campaigns.



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