



## A Study on the Strategies Adopted By Lg Electronics of South Korea that Led to Its Success as a Market Leader in Consumer Electronics Sector.

\* G.V.NARAYAN

Management Professional  
\* corresponding author

### ABSTRACT

*This article gives insight on the growth of LG group of South Korea as the Market leader in the Consumer Electronics Sector in India within in a short span of a decade. An effort is made to reveal the strengths and strategies of the group that has plummeted it into the position of market leader.*

**KEYWORDS :** Consumer electronics, Market leader, Strategies , LG Group, South Korean MNC in India

### INTRODUCTION

Indian Consumer durables market used to be dominated by few domestic players like Godrej, Voltas, Allwyn, and Kelvinator. But post liberalization many foreign companies have entered into Indian market dethroning the Indian players and dominating Indian market. The major categories in the market are TV, REFRIGRATOR, AIR CONDITIONERS AND WASHING MACHINE .

Before the liberalization of the Indian economy, a few companies like Kelvinator, Godrej, Allwyn, and Voltas were the major players in the consumer durables market, accounting for no less than 90% of the market. Then, after the liberalization, foreign players like LG, Sony, Samsung, Whirlpool, Daewoo, and Aiwa came into the picture.

TODAY Consumer durables sector is characterized by the emergence of MNCs, exchange offers, discounts, and intense competition. The market share of MNCs in consumer durables sector is 65%. MNC's major target is the growing middle class of India. MNCs offer superior technology to the

LG, SAMSUNG the two Korean companies have been maintaining the lead in the industries with LG being leader in almost all the categories. The key factors attributing to the success of LG in India are **Global LG philosophy and policies, and contributing strategies followed by LG India.**

**Global Vision** – Global Top 3 Electronic company

**Growth Strategy** – “Fast innovation, Fast growth

**Core Competancy** -Product leadership, Market leadership, People leadership”

**Corporate culture** -No excuse, “we” not “I”, Fun workplace

**Catchy Brand Image** – The symbol of LG represents LG's efforts to keep close relationship with customers around the world and has an universal appeal cutting across culture, nationality, race and regions.

**Catchy innovative slogans** - “Life's Good” represents LG's determination to provide delightfully smart products that will make your life good.

**Effective Human relationship management** -LG Electronics chooses to promote harmony and build constructively on a labor-management relationship rather than an employee-employer relationship. This illustrates that management and workers are not in a vertical relationship, but in a horizontal one.

**Strategic alliance** - LG Electronics has made technical advances and identified business opportunities through various associative relationships with some of the world's leading companies.

**Product Leadership** - LG has been focusing on six development areas to become the product leader.

New Machine, Reliability, Conventional Installation, Environment Friendly Product, Low Noise & Vibration, Energy Saving

**Quality Innovation** - The policy of quality assurance is to provide customers with utmost satisfaction by supplying zero defects.

**“Jeong-DO” Management** - is LG's unique application to ethics. LG will succeed through fair management practices and constantly developing business skill.

**Management Principle** - Creating value for customer

### Major Key Success Factors For Indian Operations

**Innovative marketing** - LG was the first brand to enter cricket in a big way, by sponsoring the 1999 World Cup and followed it up in 2003 as well.

*Local and efficient manufacturing to reduce cost*

**Product localization** - Product localization is a key strategy used by LG. It came out with Hindi and regional language menus on its TV.

**Regional distribution model** - This has resulted in quicker rotation of stocks and better penetration into the B, C and D class markets.

**Leveraging India's IT advantage** - LG Electronics has awarded a contract to develop IT solutions to LG Soft India (LGSi). The project involves development and support for ERP, SCM, CRM and IT-enabled services for LG

**Exclusive Brand show rooms** - At present, LG has a total of 83 LG stores across the country, of which 45 are shoppes and 38 are exclusive stores. 60 more premium shoppes are planned this year. Brand shoppes will be placed in the premium segment and the target audience will comprise buyers interested in premium and high end products.

LG always insisted the 50% display share of LG product in a non exclusive outlet /show room because LG believes that “JO DIKHTA HAI WO BIKTA HAI” ( Whatever is seen only gets sold ). This policy has helped in influencing the buying pattern of the customers.

Strategies adopted by the organization

LG follows 10 commandments which are as follows.

1. Foster working environment-5S Environment
2. Fast execution is key to success
3. Transparent fast and open communication
4. Update market -knowledge –Demographics
5. Win –Win relationship with the trade partners
6. Customer is the king
7. Even Billing –Road to reach supplier A
8. Be in touch with the market (70% Market, 30% Office).
9. Plan and Execute annual marketing Calendar-Time to market
10. Display share of 50% -to get 50% consumer share

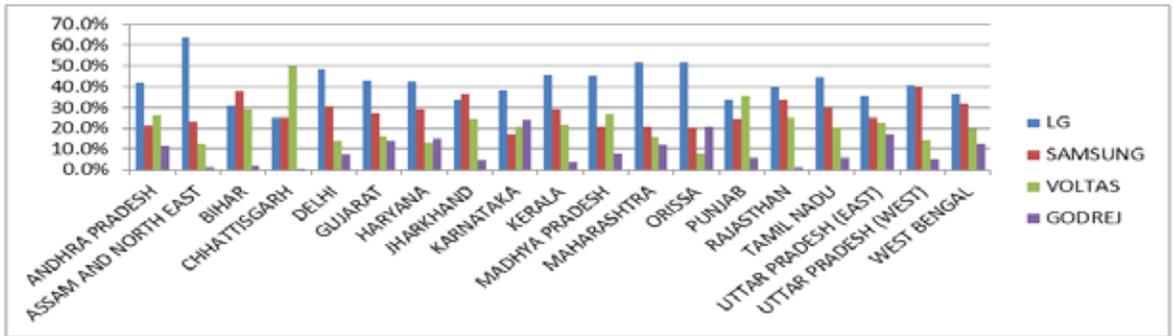
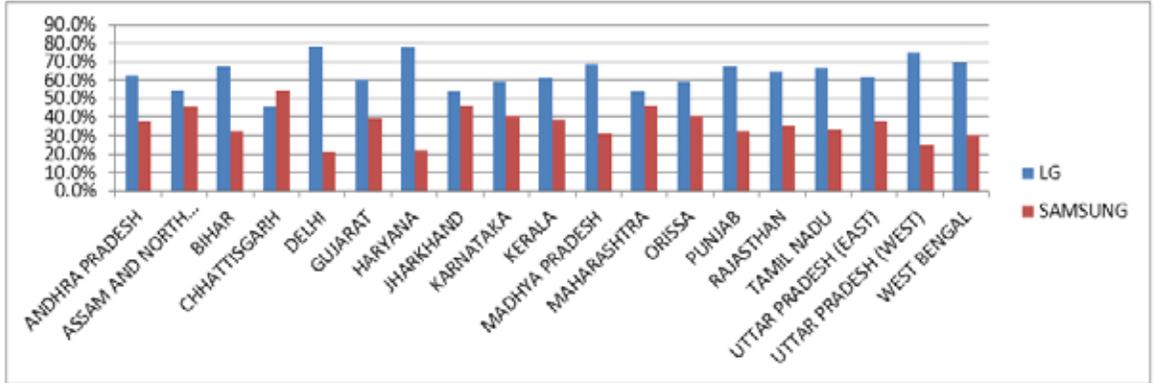
### Distribution and Marketing

- The company has number of dealers and warehouses.
- They have LG exclusive shop. For the marketing of the products a number of activities are followed

- Exhibitions are conducted from time to time.
- Society and college activities are conducted.
- Hoarding, Posters, banners are used so as to grab the attention of the costumers.
- Day to day advertisement in leading newspaper.
- Discount at festival time.
- For dealer relationship they arrange dealer meetings at several time in the year
- LG divides dealers in gold silver etc. category to know the performance of the dealers.
- They have their sales persons at various sub dealer stores and at mordent trade stores for particularly for the promotion of the LG product.
- LG also uses the radio FM for the promotion activities.
- LG Position of Refrigerators in various States
- LG Position of AC in various States

**LG Position of Ref in various States**

• Consumer Durables Industry Survey



**References**

- www.lgindia.com
- www.google.com
- www.wikipedia.com
- www.ibef.com
- Business world
- Business today
- PR Wire India