

Different marketing strategies used by lg electronics



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Being competitive and maintaining a good position in the market is the most common goal of organizations today. However, household consumer goods are very essential to our daily lives, whether it is washing machine, a refrigerator or a TV; these products are a primary need to most populations around the world. But since the customers are looking for short delivery times, long period warranties, innovation, diversification and customization of products with high quality and affordable prices. It is hard for companies to survive in such competitive markets and keep their customer loyalty.

LG Electronics was established in 1958 as Gold Star, the company started producing radios, TV's, refrigerators, air conditioners and washing machines, with its innovation and expertise it led the way into creating advanced technologies and spreading its products/services worldwide like mobiles phones and computers. In 2005, the company was ranked top 100 global brand and by 2006, LG recorded a brand growth of 14% till now has become the world largest plasma panel manufacturer. (LGE, 2011)

LG has a diversified and innovative line of products like:

Home entertainment as Plasma TV's, LCD TV's, LED TV's, Home Cinema systems, Blu Ray Disc Players, DVD Recorders, Notebook PC's, Desktop PC's, Computer Monitors and MP3 Players.

Home Appliances such as Washing Machines, Air Conditioners, Refrigerators, Microwave Ovens, Tumble Dyers, Vacuums Cleaners and security cameras all equipped with high end technologies.

IT Products and Mobiles Phones. (LGE, 2011)

This report will investigate the different marketing strategies used by LG Electronics, its performance in the market, market share, sales and profitability and will be focusing more on the marketing of a washing machine using contemporary marketing tools and techniques.

SWOT Analysis:

The SWOT analysis is a useful tool for companies to identify the internal and external factors that are favourable or unfavourable to achieve the company's objectives. We will analyse LGE's strengths, weakness, opportunities and threats in the market. (A. Humphrey, 2011)

Strengths:

LG is multinational company and has created brand image around the world

It is established in developed countries but also in developing countries

It is the world's largest plasma panel manufacturer

Has reliable products, easy to use and modern product design

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Wide range of products to serve all categories

Invests a lot in Research and Development to create the right product for the consumers and satisfy their needs

LG is growing quickly and gaining market share through innovation and customer satisfaction to retain its loyal customers

Diversifies manufacturing locations in the globe with manufacturing unit in tax incentive

Has the widest distribution channels in the industry, 47 branches with 10000 trade partners

LG was the first company to launch steam washing machines

Weaknesses:

Samsung company offers the same products and is a nation and international competitor

Difficulty in operating complex machines due to the lack of training in (Morocco)

Opportunities:

Fast growth of the home appliance market with the highest share

Focus on Research, Development and innovation to attract new potential buyers and retain existing customers

LG received a patent for washing machine in Rep of Korea this might also be viewed as a strength and a stronger brand image

Low Energy Consumption oriented, this might attract more customers

Threats:

Competitors are continuously improving their products through innovation and research; this might make LG lose some of its customers

Financial crisis around the world affects consumer's purchasing power.

LG is comparable with its close competitor Samsung in Korea and Worldwide

Price War with competitors

Cheap Chinese Products that might be an alternative in some countries

Differential advantages

Fast innovation as a competitive advantage:

" LG wants to make people's lives richer, easier and better. Our goal is to put a smile on all our consumers' faces. " Smart technology" enables consumers to do things more easily and experience things more pleurably. Consumers expect LG's products to contain the world's most advanced technology, and that our hardware and software have been perfected. In addition, they expect LG products to work in ways that are simple yet smart." (LGE Annual Report, 2010)

LG has set extremely high innovation goal, the company is aiming for a target of 30% more than what its competitors can do, this also means 30% more sales and increased market share. This makes LG up to 3 years ahead of competitors in terms of technology.

Core Capabilities:

Here LG goal is to offer technologies that suits people's needs, as it stated on its annual report " the core goal of our product development processes is to create technologies that enrich people's lives. It flows directly from LG's guiding principle of " creating harmony among people." Innovation flourishes best when it anticipates or answers a need that enriches people's lives. We create products that help people get more out of life, have more leisure time, and experience more pleasure. We do this by always understanding their needs and continually surpassing their expectations." (LGE Annual Report, 2010)

LG retains its customers by providing them with long term warranties (10 years) covering the core technologies such as its washing machines. Its innovative technology brings trust to its consumers by bringing the world's smartest largest capacity washing machines in the market. At the end of 2010, it launched an 11kg washing with " a new and innovative damping system and fixed outer tub." Beside the innovative technology, LG washing machines and the other product line of home appliances fits perfectly into consumer's lives, the company combines both product design and simplicity that appeal to the consumer's sophisticated taste. They also have a special series of washing machines with a line of photo-etched design with various

colours that attract most consumers and especially young housewives whom are attracted to this stylish design with the pleasure of touching the products sharp technology and features that makes everything ideal and easy to use. (LGE, 2011)

LG Electronics has achieved a big market share for washing machines and has shipped 10 million Washing Machines in 2008, Said Mr Young Ha Lee, President of LG Digital Appliance Company and announced its business strategies for achieving the top positions globally in this category with sales of 7 billion USD by 2012.

Roots of competitive advantages

Technical Resources:

LG relies on its Research and Development capabilities and product innovation in collaboration with worldwide engineers from companies like IBM. As it engaged the global business services company IBM in Korea to design a new "customer-driven-process" framework to outsource its product developing effort. This will result in a higher rate of success for new product development with reliable planning and monitoring and also a faster time to the market since the LGE Company is beneficiating from IBM's efficient product development process.

As LGE stated (LGE, 2011) "our future growth will be built on the combined strength of our product innovation and our understanding of the customer. With the help of IBM's process expertise, we are getting closer to realizing that vision" (S. Choi LGE, 2011)

Marketing Resources:

LGE relies on the loyalty and trust of its customers and this through efficient communication tools with the cooperation of many famous companies worldwide like Best buy. The company was the first brand to sponsor the 1999 World Cup of Cricket and also in 2003.

LGE Introduces its new products using contemporary communications tools like TV commercials, Radio, Internet and billboards in order to create more brand awareness in many countries. The company has 10000 traders worldwide and more than 47 branches, and this play

Human Resources:

LGE offers diverse educational programmes to its employee's through learning centers worldwide, it focuses on favourable working environments that let its employees demonstrate their capabilities at full. It also focuses on individual's creativity to create value respecting diversity of skills. It rewards its employees based on performance, create equal opportunities built on trust among people without considering gender, race, age, religion or nationality, and thus creates motivation and commitment.