

Lg institutional sales

Business



In a bid to expand the market and boost sales, LG Electronics Ltd. identified institutional sales as a focus area in the calendar year 1999. It plans to triple the target turnover to Rs. 150 crores from institutional sales. LG has made its institutional sales strategy by identifying and proactively targeting five different segments to push the LG range: brand promotions; the welfare segment (factory workers and office staff); government sector; direct users (hospitals, hotels); and the canteen stores departments (CSD) of the armed forces. A distinct strategy has been tailored for each of the five segments.

In brand promotions for example, the perceived value of the products given as gifts is important, whereas for the welfare segment aspirational value, convenience and easy financing are prime factors. Meanwhile, hotels represent a price sensitive segment requiring specially customized products.

Welfare: In this segment, LG is targeting a consumer base - the aspirational consumer, mostly factory staff - that most companies ignore, but which has considerable clout in terms of generating volumes. This segment is being targeted on the convenience and easyfinanceplatform. LG has just tied up with Birla Global Finance Ltd. part of the Aditya Birla Group, for the purpose. Under the tie-up, LG will unit-wise cover all the Birla companies. This amounts to over two lakh employees. This is a lucrative segment, claims LG, because of the high hit-rate; out of a potential base of 1, 000 factory workers, there is an assured sale of at least 10 to 20 percent.

Hotel Segment: In this segment, LG is targeting the five-star and middle-level hotels (50 - 110 rooms) by offering customized products. For example, LG offers a special 'hotel-mode TV' model with an auto volume leveler, which ensures that other guests are not disturbed.

Another attraction for hotels is the cricket game TV model that would also prove to be popular and an interactive option with Internet, video/audio or room service menu facilities. LG claims to have sent out mailers to 1, 200 hotels - and bagged at least 100 orders, besides the 'Palace on Wheels' luxury train, for providing TV sets in its 52 cabins. Now, LG is reading a range of interactive televisions for this segment, offering remote-controlled features like: the hotel menu, local facilities, billing-room service, video on demand, internet, multilingual options.

Canteens and the Government Sector: " We are perhaps the only company offering our entire range of products in CSD canteens," feels the product manager, of LG. In the government sector, which operates through tenders, significant orders so far included an order for 200 TVs for Himachal Tourism bungalows in the State and over 2, 000 TVs for primary schools in rural areas in Maharashtra. The company has a five-member Institutional Sales Division, with each devoted exclusively to one segment.

It has 50 institutional sales dealers and a ring of sales representatives when interact with the dealers and conduct demonstrations when needed. Its infrastructure consists of 20 mobile vans with glass windows to display the product range. These vans cover at least 500 km every month in both rural and urban markets.