

Lg india core competencies marketing essay



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Indian telecommunication industry is considered one of the biggest markets worldwide. LG Electronics entered the Indian telecom market in 1997 as a subsidiary named LG Electronics Pvt. Ltd. The entering strategy was just to create a company presence in India (Tolputt, 1999). LG faced many difficulties in developing a market share in mobile sector but later somehow managed to achieve 4. 6% while the leading company Nokia was ranking at 64%. Quickly thereafter, LG was able to attain a position of 14. 4% in urban market due to adoption of CDMA technology. In the year 2007-2008 only it generated revenue of above \$30 billion which went up to about \$54 billion in 2012.

“ Great company, great people” is the philosophy of LG. This philosophy indicates the LG’s vision to provision and adopt innovative technology. Technology has the power to alter consumer’s expectations. LG has achieved remarkable success due to its core competencies, availability and

exploitation of resources. Promotion of LG mobile phone is mostly celebrity endorsed or cricket sponsored to increase public visibility of the brand. Other forms of advertising are also adopted to boost the sales and electronic media has proved to be the most effective of all for LG in the recent years (Gulati and Jain, 2010).

LG India Core Competencies

Network Capabilities

Previously Indian market was crowded with GSM enabled phones and LG came up with CDMA technology focused on urban population's requirements of fast mobile data availability. This was a positive move and resulted in developing the brand name for LG in India. Moreover, LG smartphones began to attain public attention embedded with HSDPA compatibility and 3G data interface thus video calling was introduced to the people. LG Electronics has also registered itself as a patent to operate in latest LTE technology standard and working hard to boost its hardware / software capabilities (Levi and Jeyaseeli, 2011).

Innovative Product Development

So far LG has launched more than 50 mobile handset models in a couple of years most of these fall in the smartphone category. LG Optimus series has become among the most popular mobile series in India due to feature rich Android platform and latest hardware specifications. This series is easily catering several entry level smartphones for design conscious consumers. Android OS has become the largest smartphone platform recently and it has more than 20% market share in Indian telecom market last year. Pricing policy of LG has always focused low to mid range customers while features

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offered are always great as offered in pro devices of other companies. In order to satisfy the growing economies, LG has always paid attention to keep its handsets affordable for masses (Mukherjee, 2011).

All the LG registered phone models are prepared in Korea and these handsets are customized according to Indian standards prior to their launch in the subcontinent. The batteries provided with these handsets are made of high quality material that is durable and efficient to withstand extensive operating conditions. All the batteries meet the minimum 10 hours talk time limit and on standby can hold charge for at least a whole month. LG phones offer young consumers a great fun and entertainment platform with fully supported multimedia capabilities. LG handsets are very stylish and sleek either these are QWERTY phones or touch sensitive phones. For music lovers, KS360 delivers the beats while KM710 is an elegant phone for fashion loving people featuring crispy LCD display. LG shine series is also very popular with metallic body and perfect finish (Verma, 2007).

Multi-Sourcing

Company has adopted a multi-sourcing strategy based on human resource for developing chipsets thus adding efficiency to the overall product development process. So, production staff works side by side with chipset producers for accessing the technical capabilities of phones based on these chipsets (Venkatesh and Chaudhuri, 2004). Marketing and branding teams also work alongside during designing of the handsets and launching model based ideal promotion strategies. After that the quality checking team for vigorous testing of the phone's hardware efficiency, durability and reliability.

Software compatibility issues are also addressed by the quality check team before approving any device (Chong, 2003).

Distribution Network

LG has developed an extensive distribution chain targeting retail outlets in an organized way to build the brand value. Distribution network of LG has spread nationwide and once a product is launched, it becomes available countrywide in the entire major and tier 2/3 cities simultaneously. Thus distribution network is among the sole competencies of LG Electronics and is a useful tool that plays its role in generating revenues. There are about 80,000 retail outlets in India operating at present and above 70% outlets of the country feature and sell LG mobile phones. LG Electronics offers its Indian distributors much higher percentage for a better display and promotion of their mobiles to lure their customers (Levi and Jeyaseeli, 2011).

Strategic Alliances

Over the years, LG is known to develop by making collaborations and acquisitions in the Electronics market. Every company has its strengths and weaknesses so realizing this fact LG has partnered strategically with other organizations to meet the customer expectations and delivering premium quality mobile phones. Some of the companies that are working alongside with LG and providing technical assistance in different fields are; Skype, Sun, Intel, Qualcomm, Yahoo, Google, Adobe and Dolby etc. These companies provide their registered software/hardware solutions for certain features of LG marked mobile handsets (Levi and Jeyaseeli, 2011).

Research and Development

In order to achieve the status of world's leading phone manufacturer, LG has invested heavily in the research and development. The company believes that without research and development of technology success can not be achieved in telecom industry due to ever changing standards and innovations. LG Electronics has achieved expertise in all modern cellular technology ranging from GSM, CDMA and WCDMA. Moreover the company is preparing itself to introduce LTE technology is upcoming range of cell phones. LTE is the fastest data standard in mobile technology that can transfer data at ultra speeds that exceed ten times as compared to regular ADSL connections. There is a recent report published by the Taurus Investment that recognizes LG as the registered 3rd largest patient in LTE segment (Levi and Jeyaseeli, 2011).