

Newsweek, foresees LG Electronics as the Hottest Player for 2005

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Newsweek, in its Dec. 2004-Feb.2005 Special Edition, featured LG Electronics CEO Kim, Ssang Soo (S.S. Kim) as a leader in the Technology Section. Newsweek also noted to keep an eye on LG and its field commander in 2005.

The magazine indicated LGE as the world's fastest-growing mobile-phone market and intensively highlighted LGE's global business operations, management innovation cases, and S. S. Kim's management philosophy.

While traveling in the Middle East recently, LG Electronics CEO S.S. Kim decided to make a phone for Muslims. It rings five times a day on the prayer hours and has a compass that points towards Mecca. On a visit to India, Kim came up with a refrigerator with an extra-large crisper and small freezer for a nation of vegetarians. Both products were big hits in each respective market.

Newsweek, at the outset, dubbed CEO S. S. Kim as a "Mobile Man". The magazine likewise cited the reasons for LGE's remarkable growth over the last 2 or 3 years namely field command, state-of-the-art technological and design prowess, and global marketing strategy. The piece also highlighted CEO Kim's field philosophy and leadership.

In addition, LG is the largest producer of air conditioners, microwave ovens, liquid-crystal-display panels and DVD players. Its sales grew 35 percent in 2003 and are on track to rise 27 percent in 2004, to more than \$31 billion. It is also the world's most profitable appliance maker, with a

margin topping 8 percent.

Newsweek noted that in the U.S. market, LGE changed its marketing strategy from a focus on the low end of the market using the Zenith brands and now has its sights set on LG is a premium brand by spending more than \$100 million a year to market itself.

Also Newsweek noted that CEO S. S. Kim put LG at the front of the pack in the race to introduce 3G, Internet-ready mobile phones, signing a contract to supply 4 million 3G handsets to Hutchison Whampoa, and the first deal to supply 3G phones to Orange of France. In the U.S, where LG was long viewed as a cheap copycat, phone sales are now exploding thanks to contracts with Verizon and Sprint. By spending more than \$100million a year to market itself as a premium brand in the U.S, LG is becoming one, while leaving the low-end to its U.S. subsidiary, Zenith.

In the article, Criss Chun, analyst at Meritz Securities commented "Kim, a 35-year LG veteran who became CEO last year brought the HOPE that LG can be at the front as well." Analysts give much of the credit to Kim, who became CEO last year, after spending three decades at a rural refrigerator factory. His innovative developments such as quieter yet more powerful refrigerators are a big reason LG is breaking into the high end.

Previously, CEO S.S. Kim was featured in Business Week as one of Asia's 25 stars in 2003 as a result of heightening LGE's influence in the global appliance market. The TIME feature in June 2004 was the second such article to put LGE in the spotlight following a #1 placing in the June 21st issue of Business Week's Info Tech 100.

Newsweek, which was inaugurated in 1933, enjoys a circulation of 751,000 copies in 190 nations around the world, and a readership of 21

million people.

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