

BRAND ANALYSIS OF LG ELECTRONICS: A CASE STUDY

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Abstract: *LG Electronics is a Korean based global brand in the field of consumer electronics, home appliances and mobile communications. The critical analysis in identifying the steps taken by the LG Electronics in the light of the existing literature review helps us to correlate these steps with the enhanced brand image, brand value and brand positioning. Information is collected from various reports i.e., LG Annual reports; International Magazines from the world of Business and Technology; research literatures and other reputable sources. Innovation & design and constant obsolescence of ICT and IT Products (i.e., mobiles in particular), LG have to stick on R&D, design strategies and innovation and creativity for competing in the global market.*

Keywords: *LG Electronics, brand image, brand value, brand positioning.*

Introduction

LG Electronics is a Korean based global brand in the field of consumer electronics, home appliances and mobile communications. It has more than 84,000 people as employees. There are 81 subsidiaries all over the world operating in 112 operations. LG is present globally and working hard to be the Leader in IT Industry. Currently it is at No. 3 following the brands of Samsung and Nokia which are No.2 and No.1 brands respectively in the same field. There are considerable amount of literature available on branding and marketing i.e., Schmitt (1999) related the pleasurable consumer experiences to the Branding and marketing while Keller (1993) asserted that association of brand in the memory of consumers reflect their perception about a particular brand. Aaker (1996) referred these associations to those aspects which create a link between the memory of the consumer and the brand itself. Marketing Mix is very important and in each of its elements, brand image should be identified and recognised especially while devising the promotional strategies (Kotler, 1991). Now-a-days, the social aspect has become a part of the promotional programs and marketing campaigns (Drumwright, 1996).

Arnott (1992) defined the positioning as process which has certain characteristics such as proactive, deliberate and repetitive. This process defines, evaluates, modifies and monitors the consumer perceptions. Blankson (2004) explored by adding that certain relevant activities are involved in the application of positioning which starts with the definition of perceptual space (with all dimensions) reflecting the consumer's perceptions. The next step is within that space the objects locations are evaluated. Actual characteristics of the object are modified and through a marketing communications strategy the target audience are perceived. Kotler (2000) explains positioning as it regards to the creation of image of company offering in the minds of target market distinctly designing the firm's offering. Reminding the distinct values of brand in the consumer's mind is called positioning (Ries and Trout, 1982; Marsden, 2002). Court

et al. (1999) mentioned the problems faced by CEOs while creating additional values to their products and services in terms of faster innovation, more demanding customers, growing competition and product commoditisation.

Sponsorship has been practiced as a way of communicating strong brand messages for the corporations and provides them the opportunity to differentiate their brands from others (Roy and Cornwell, 1999; Meenaghan and Shipley, 1999). Alexander (2009) highlighted the different ways used in the creation of brand image. These messages can be conveyed at the brand level (Meenaghan and Shipley, 1999) and at the corporate level (Marshall and Cooke, 1992). Motion et al. (2003) explained that how the repositioning of brand can be supported by enhancement, increased awareness and reputation. Alexander (2009) mentioned the importance and power of sponsorship in communicating the Organisational and corporate identity, creation of brand promise, stakeholder management perception and effect on firm's reputation.

Benezra (1996) highlights the importance of Corporate Social responsibility and the concerns of the Consumers regarding corporate social responsibility. Cause-related Marketing (CRM) programs have also been included as a part of the promotional activities by many companies now-a-days, and they have realised its importance in context with the strategic social alliances (Hou, 2008). Bevan et al. (2004) has elaborated the wide range of benefits which are associated with Corporate Social Responsibility (CSR). Jones et al.(2007) have mentioned these benefits as long-term sustainability for employees and companies, good relations with government and communities, reduced operating costs, increased staff commitment and involvement, improved financial performance and profitability, better risk and crisis management, enhanced capacity to innovate, greater awareness of their needs and development of closer links with customers and enhanced reputation and brand value. Coors et al. (2005) described CSR above corporate advertising in terms of awareness

about the new product offerings and other features for which the consumers are attracted to pay. Nigel (2003) stressed upon the importance of CSR in providing long term sustainable brand value. Knox (2004) explained the role of the chief of an organisation being the brand manager of that organisation that he/she is required to define the marketing strategy of the that organisation in such a way that the whole organisation is depicted as a brand while attracting and ensuring its customers. While devising the marketing strategies for the organisations, superior values should never be ignored and taken as the most basic challenge (Deshpande et al.,1993; Jaworski and Kohli,1993; Day, 1994; Slater and Narver, 2000).

Communicating quality to the customers and consumers, improving quality and desiring to combine the suitable quality impression with the brand are important considerations in terms of brand management and product marketing (Snoj, 2004). Doyle et al. (2001) empathised upon the need to integrate the other resources of the organisation with the Brand to attain superior business processes. This would help organisations in creating shareholder value and creating and delivering the differential advantage of the firm. Urde (2003) elaborated the association of firm's value with its brand and explained the importance of the link which is established by the added values between the internal and external processes. The identity of the corporate brands and their image is greatly affected by the interpretation about the brands (Christiansen and Askegaard, 2001).

Discussions

In the light of above literature review, after detailed critical analysis between the steps taken/strategies followed by LG and the Theory of Branding related to Brand Value, Image and Positioning, findings are given below:

LG brand is identified by LG logo which is visually expressing it to be Delightfully Smart with a slogan of "Life's Good".



The main pillars on which the entire corporation is founded on are the Energy, Global, Technology, Tomorrow and Humanity. The letters L & G which are surrounded by a circle represents the emphasis on Humanity. The symbol mark portrays the unbreakable relation of LG with Customers with their maximum satisfaction. Red colour reflects the friendliness and strong commitment of LG brand towards delivering the best to their customers. LG logo reflects the sophistication, Reputation of the Corporation and quality. It is not possible to make any changes in the logo as it is the visual identity for this brand.

LG logo has two parts namely 3D Logo and Corporate Logo. 3D Logo is updated and revised exhibits the equity of the LG Corporate Logo and in order to make it aligned with new LG positioning. The Objective was to improvise the visual affect of the symbol representing LG in order to communicate LG attributes effectively. Corporate logo is used in the office templates including memos and faxes, all kinds of stationery (envelops, letterheads, Visiting cards), corporate signs and awards etc. while 3D logo is used for websites, promotional literature (Brouchers, leaflets, shopping bags), all kinds of packaging and advertising(TV, Online, Print and others). These logos not only represented and uniquely identified the Corporate Identity for LG but also remembered by the customers. Brand messages are created and communicated which resulted in brand awareness.

LG is present throughout the world and the objective of the LG Brand to make it a Market leader is achievable only through its innovative technologies, cutting-edge designs and unique products. LG has a vision of "becoming a true global digital leader" and the secret of success lies in innovation for products and services for the better customer satisfaction. If we look at both of its long term and mid-term visionary planning strategies, by 2010 it aims at attaining the position of one of the top three electronics, telecommunication and information firms of the world following the two growth strategies "fast innovation" and "fast growth."

LG Electronics has received awards and widely acknowledged by various associations and organisations and this has been communicated by the LG to their users which has played an important role in the perception of its brand value from the consumer's point of view. These awards include "European Imaging and Sound Association (EISA) Awards" in four areas, "iF Design Awards" in 7 Areas, "CES Innovations Awards" in fourteen Areas and "reddot Design Awards" in seven different Areas.

CEO of LG global Yong Nam said "while LG leapfrogged Motorola and Sony Ericsson in 2008 to take the third position globally behind Nokia and Samsung in terms of global handset shipments." "The respect LG is getting these days is largely due to CEO Kim" (BusinessWeek, 2005). After Kim, Yong Nam has taken charge of LG as vice chairman/CEO of LG Electronics with effect from Jan. 1, 2007. His leadership and visionary management is positioning LG in attaining not only high profits for the Corporation but also transforming LG into a very strong brand. The appointment of Soon Kwon as the President/CEO of LG Electronics Business Solutions Company with effect from January 1, 2010. He is expected to lead the company LG into the Business to Business (B2B) market utilizing the reputation of LGs proven consumer experience.

LG Electronics has made a strong association with ICC to reach the customers all around the globe through one of the very popular game of the world i.e. Cricket. Cricket is seen all over the world and there are mil-

lions of the cricket fans. LG has encashed this opportunity for the global reach by extending partnership with ICC up till 2015.

LG Electronics has got the opportunity of being the global partner of ICC i.e. International Cricket Council up till 2015. LG Electronics aims at benefiting from this very opportunity to be with the potential customers for LG sharing memorable moments with a very light mood.



Source: Image taken from LG Annual report which is available on LG website

LG Electronics has sponsored so many Sporting events in order to make an effective brand call for increased brand awareness which will result in the higher brand value for LG. This has given LG a platform to strengthen friendships, ownerships, commitments and making the existing customers to be more loyal towards the brand. The Mega sporting events sponsored by LG in different regions as well as throughout the world include LGs partnership with F1™, "LG Action Sports Championships" and "LG Snowboard FIS World Cup" (THE POST.IE, 2008 ; ACNNewswire, 2010; Snowrev, 2009).

Other sporting events sponsored by LG include LG Hockey Game, Greek National Football Team, Fulham Football Club, Olympic Lyon Football Club, LG Amsterdam Tournament, Monarcas Morelia Club, Hungarian National Football Team, Sao Paulo Football Club, Middle East & Africa LG Cup, Russian National Football Team, Iraqi National Football Team and Asia & Pacific Cricket World Cup. LG Electronics has moved forward with

a great achievement in January 2009 being the Global Partner for Formula 1™ and especially A Technology Partner of Formula 1™. From LGs point view this is a great time for the global reach for consumers establishing a very good technology driven relationship with consumer and consumer electronics. As a result of this deal LG has got the exclusive marketing rights for the years starting from January 2009. "Formula One represents the absolute peak of technological innovation and style, which is also our vision for the LG Electronics brand"(THE POST.IE, 2008).

There are millions of the sporting fans who watch the TV. LG and Formula One™ are the big brands and popular throughout the globe and their joint collaboration deal is a good means for LG to use Formula One™ platform in order to communicate its brand message to the global audience. Formula One™ is the motor racing Competition and in Year 2008, it was seen by more than 600 million TV viewers in 188 different territories of the world. "Wooing women: LG Electronics to sponsor events that connect with female consumers" (BRANDREPUBLIC, 2009). LG has done a good thing for sponsoring the female sporting events as well. Because of the sophistication, LG products have a great female potential customers and positioning the true LG image into their minds is as vital as it is for male category. "LG Electronics, the sponsor of London 2008 New Years Eve fireworks display, are bringing some of the worlds biggest icons to the capital to greet the New Year in style".(PRNewswire, 2008). Andrew Warner who is Marketing director, LG Electronics UK and Ireland envisions this sponsorship a good fit with the LG Brands claim of "Lifes Good".

LG Electronics has announced John Abraham, Genelia D'souza and Abhay Deol as its brand ambassadors. "As brand ambassadors, John Abraham, Genelia DSouza and Abhay Deol will play a key role creating connect for the brand with the consumers"(dailyconnect, 2010).

"LG Goes Hollywood, Y&R campaign casts stars like Justin Timberlake, Heidi Klum and Hayden Panettiere, new high-profile push aims to

inject some star power into the brand" (ADWEEK, 2009).

Ramachandran (director marketing, LG Electronics India) said that "We wanted to rejig the brand positioning in sync with the global trend, so we thought of having a personality, which would value future directions of the LG brand." (The Financial Express, 2008)

The LG brand is made of four elements namely values, Innovation, PEOPLE, and PASSION. Positioning Statement given by LG in this regard is focusing on the objective of strengthening the customer's life and life-style with pride of ownership, , amazing feeligs, extraordinary performance.

"LG is the brand that is Delightfully Smart"

In order to manufacture the products with style and the most highly valued technology, LG Electronics has heavily invested in Research & Development (R&D) following the Total Quality Management (TQM) approach in all areas including Production, inspection, Quality Assurance and Design centres etc. As claimed by LG "Our R&D is driven by the dreams of our customers", Designing and R&D is the core area which is directly related to the emotions, feelings and expectations of the customers.

By bringing innovation and creativity to all business processes including manufacturing, sales, marketing, advertising, branding and brand related strategies, LG has transformed this digital world into the added value for the consumers lives.

LG has involved its Designers in decision making by empowering them for bringing innovative ideas and best designers efforts are acknowledged by awarding them with the titles like "Super Designer" etc. thus promoting the activity of designing and innovation. Design efforts/ contributions of LG has been appreciated by the world renowned design

organizations and honoured LG with the awards in designing category including iF Design Award, Korea Good Design Awards, reddot Design Award, the IDEA Award and Good Design Award Japan. LG is achieving the innovation and creativity milestones through 38 research labs around the globe empowering it through smart technology thus making its products more intuitive, user friendly and up to the demands and customization. LG has introduced a new global brand identity: "Stylish design and smart technology, in products that fit our consumers lives." "LG has bonded the Corporate Social Responsibility (CSR) with LGs brand building strategy" (LG annual report, 2008). LG is also working on building its credibility, reputation, goodwill through this platform by contributing towards the society which may in turn will be helpful in attracting potential clients and investors.

LG believes and reiterates that "giving back to the community can bring people together across cultures and continents." "In this way LG has a trust building strategy of building a strong trust bond with people and consumers" (LG, 2008). LG has joined hands with stakeholders both globally and locally which include employees, shareholders, customers, local communities, organizations (NGOs), non-governmental and non-profit organizations (NPOs). LG has sponsored, helped, and participated voluntarily in all programs focusing on social welfare, educational and cultural purposes. It has also supported the poverty relief efforts. Lghas done all these efforts throughout the world. LG Electronics sponsored and jointly participated in activities including Environmental Sustainability Programs, sponsoring the global environmental conference in collaboration with United Nations Environment Programme (UNEP), Global Famine Alleviation by providing meals and medical services for World Food Programme (WFP) in Kenya and Ethiopia and Volunteer & Community Activities.

Being the global brand, LG Electronics is concerned about the environment and has set trends through "voluntary green house gas emission

reduction programs and developing environmentally-friendly products” following and endorsing/implementing “Energy, Environment, Safety & Health (EESH)” management activities in order to take environmental protection steps. These steps include Environmental Vision, CO2 & Energy, Green Products through LGs eco-design strategy, Supply Chain Environmental Management, Take-back & Recycling and Management of Hazardous Substances. For strong brand associations, brand relationships and Brand Communities, LG Electronics has built relationships in marketing and technology fields with many global companies such as Google, Dolby, Intel, Adobe, Vodafone, Yahoo and others as it gives LG the opportunity to communicate its brand awareness through synergy and joint communication platform through these partnerships and associations.

Conclusions

LG has effectively adopted the policies to transform LG Corporation into the Leading Brand by the TQM (Total Quality Management) in all areas starting from manufacturing, HR, Marketing, Advertising, Brand Building, Innovation, Creativity, Corporate Social Responsibility, R&D, Design etc. This consistent effort by a series of CEOs working for LG is really a main cause for building such a strong brand image. Sponsorships have played a vital role for this besides the contributing for the social welfare. Innovation and creativity is achieved through R&D and Design which always contributed to the sophistication communicated as brand positioning. Formula 1™ and ICC have provided the platform for massive global reach which was influential in creating Brand Recall, Brand Awareness and Brand Image.

However LG should also not ignore mega events like London Olympics 2012, Where one of the main competitor of LG, Samsung is the Partner for that. Football is one of the popular game of Europe in particular and Rest of the world in general and can provide better platform. LG

should think beyond sponsoring a single team or club. It should go for sponsoring whole events like it sponsored the ICC & Cricket. Innovation and Design and constant obsolescence of ICT and IT Products and mobiles in particular, LG should be stick to its adopted R&D and Design Strategies and always bring innovation and creativity.

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