

Technology beyond your expectations
Technology beyond your imagination
Technology beyond the ordinary



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LG Electronics (LG) uses many technical marketing communication strategies to display its brand on the United States version of its website, <http://us.lge.com>. A few pages of the site specifically address key information about the brand that Parker and LePla mention in their book, *Integrated Branding*, such as the mission and the values of the company. Other categories of branding, including name, logo, and tagline as Harner and Zimmerman discuss in *Technical Marketing Communication*, also stand out on the LG website.

Based in South Korea, LG has offered a steady flow of technical products to the Korean market since 1958, when its name was Goldstar. Goldstar, which changed to LG Electronics in 1995, introduced Korea's first radio, television, refrigerator, telephone, and air conditioner. Since leading the industry in Korea, LG has gone on to contribute quality products to much of the digital world.

What Makes LG Stand Out in the Field of Digital Technology?

Seven characteristics that Harner and Zimmerman explain in their book define how a technical company's brand should stand out in its field.¹ The LG website does a good job responding to the qualities, not only by meeting them, but by exceeding most of the standards.

Technology Leadership

LG is certainly a leader in its field of technology. Its products include tv/audio/video, computer products, home appliances, mobile phones, and security devices. Engineers at LG are continually breaking the boundaries of traditional electronic technology with new ideas for a convenient and more efficient world.

In 2005, LG plans to invest more than \$2.2 billion in the research and development of new concepts and products.

In a September 2005 corporate press release, LG announced a "new product category for the home entertainment industry – digital media recording." Although most people would agree that they did not know they needed such a product, LG is one step ahead in inventing for the future.

In less than fifty years, LG has matured from a small private company to one that is a "\$38-billion global force in consumer electronics, information technology and communications products." Every company strives to be number one in its field, and LG has surely used its worldwide market presence to move closer to that goal.

David Park, head of overseas sales and marketing at LG, said that "by focusing on developing and maintaining technological leadership and catering to the needs of the customers to enhance the life-styles, we [at LG] believe we can separate ourselves from the competition and firmly establish the LG name in the customers' minds as an attractive, must-have brand." The executives of LG know how important market control is, and thus are striving to set their company apart from the rest.

Customer Focus

Along with being one of the world's leaders in electronic technology, LG strives to continually interact with its customers. Not only does the logo represent the face of the customer, but LG prides itself in developing technology to "enrich and empower people." This is not just a company concerned with profit margins and breakthrough technology, although it does that too; LG has realized the importance of building a loyal group of consumers who supply the profit and desire the technology.



Because many of the products that LG has created, such as an internet-enabled refrigerator and a combined microwave/toaster, are firsts in their categories, LG has to work hard to figure out if potential customer will desire them. When dreams on behalf of customers are not successful, LG has five research centers located in major cities around the world where it studies and tests new products.

¹ Sandra W. Harner and Tom G. Zimmerman, *Technical Marketing Communication* (New York: Longman Publishers, 2002), 78.



Value

The value of LG products comes from the amount of technology in the products and not by the cost of that technology. These products are not cheap by any means, but top of the line and cutting-edge features come at a price. Vice Chairman and CEO S.S. Kim declared that LG invests “master craftsmanship in every product” it designs and develops. In this case, value comes from the customers who use these products.

Quality

The LG motto is “Great People, Great Company.” There is a strong commitment to quality displayed in this motto. It implies that LG only hires people who will be able to maintain, if not strengthen, the overall high quality of the corporation.

Quality is also in the 3-year replacement warranty plans for LG displays and the 1-year replacement warranty for LG hard drives. The company is committed to keeping its customers happy, even in the unlikely event that something would go wrong.

Service

The LG service website (<http://us.lgservice.com>) offers daily updates and Frequently Asked Questions to anyone who would need help with an LG product. The help section is easy to find, as it is one of the four main headings on the LG homepage – Support. Users who click on that heading have three options: the general service website, a mobile phone repair service, and contact information.

“Our Style Is...Making Your Life Happier.”

On the general service website, four quick links point users to self service, owner’s manuals, device driver, and new registration. This demonstrates that LG has probably done some research with its service support team and figured out what most people come to the support website to do. These links are not necessarily self-explanatory, but customers who knew what they needed would be able to find it quickly. For those who are unsure, there are the top 10 frequently asked questions, more main headings at the top of the screen, a site map, and, when all else fails, a toll-free phone number.

One of the many helpful features on the service website is a search engine where prospective customers can purchase LG products or get their current LG products serviced. However, customers may be disappointed to learn that they could not purchase a LG mobile phone within 100 miles of Philadelphia, PA or Cedarville, OH.

Availability

LG certainly does not have a problem with making its supply of products available to the demand of the market. At this time, the market is relatively small because people are not used to the different electronics that LG is developing. The company assumes that everyone will eventually realize their need for digital technology and see that LG is the best company to meet that need.

“Fast innovation also means...new product development and unveilings that are faster by 30%, and technology development and establishment of corporate value three years ahead of competitors.”

Harner and Zimmerman explain that some companies deliberately try to be second in their market so they know the demand for a product before spending money to build the supply.² In this case, LG is not striving for second place; it is actively creating new products, like an internet-capable refrigerator and a 71-inch Plasma HD television monitor.

To initiate fast growth and expand the market size and earnings quickly, LG has established research centers in five major cities around the world (New York, Tokyo, Milan, Beijing, and Seoul). These research centers enable LG to respond to the changing trends in digital technology and plan its supply likewise.

² Ibid.

Longevity

It is no surprise that the LG company is fairly confident it will survive in the future. The world is progressively moving towards digital technology and home network systems, and LG is trying to stay one step ahead of everyone else in that market.

Profits at LG have been consistently rising, especially between 1997 and 2003. As the following table from the LG website explains, 1997 brought in profits of around 115 billion won, which was 1.2 percent of the total sales. In 2003, however, LG earned over 800 billion won in profit, moving up 3 more percentage points of the total sales.

FINANCIAL HIGHLIGHTS (IN BILLION WON)

		1997	1998	1999	2000	2001	2002	2003
Sales		9,239.7	9,852.8	10,546.1	14,835.7	16,601.0	18,602.9	20,176.9
	Domestic	3,503.2	2,569.8	2,704.0	4,881.2	6,084.1	6,654.9	4,793.7
	Export	5,736.5	7,283.0	7,842.1	9,954.5	10,516.9	11,948.0	15,383.2
Ordinary Profit		115.9	167.1	2,587.9	728.5	573.7	675.2	836.8

The Research and Development (R&D) department at LG keeps a close eye on winning and key businesses around the world. In 2003, LG spent 75 percent of the R&D budget on investing in those companies, which shows how it is committed to staying on top. By 2010, LG hopes to invest 30 trillion won in the electronics division of the company.

LG is determined to be in the top 3 electronics, information, and telecommunication firms in the world by 2010.

In addition, over half of the 64,000 employees at LG are located in overseas branches (away from the South Korean headquarters). In the extreme case of an emergency at one of the locations, the other offices would be able to pick up the slack.

What Is a Brand?

In order to understand how LG uses its brand as a marketing communication strategy, it is important to know the definition of a brand. Parker and LePla, as quoted by Harner and Zimmerman, define brand as how people feel about an organization based on its actions and communications, or the promise a company keeps.³ This means that the customer defines the label that a company has based on that company's "track record." Customers will support a company that they can trust before one that they do not know anything about or did not have a previous good experience with.

What are the Specific Characteristics of the LG Brand?

In Harner and Zimmerman's book, *Technical Marketing Communication*, five specific characteristics of a brand stand out as important for developing a technical company.⁴ The LG website does a fine job of cultivating those features and pointing out reasons for its use of them.

Brand Name

LG Electronics, or LG, is the brand name. It is short enough to remember easily, and distinct enough to stand out from competitors like Sony, Dell, Kenmore or Motorola. Not many companies use abbreviations or single letters, so LG is one of a kind in that way.



LG Electronics

Logo and Look

LG has a very effective logo basically because of how simple it is, and yet how complex it is at the same time. Graphic designers probably had to spend a long time playing with the letters and their company values to figure out such a great logo that is modern and minimalistic.

³ Ibid., 69.

⁴ Ibid., 79-82.

Simply, the logo is an L and a G in a circle. That circle and the letters inside of it join with a single dot to make the image look like a face. According to the website, this logo type is called “formative unification.” The logo does not have to be translated for different languages, which is especially good with LG being based in South Korea, because viewers do not even have to know that there are letters in it at all.

The LG logo is also simple enough to reproduce on multiple types of surfaces, such as paper for letterheads, and plastic or metal for cell phones, televisions, computers, and refrigerators. There are only a few shapes and lines to draw and no complex shading or details necessary.

On the complex level, this logo symbolizes “the world, future, youth, humanity, and technology” that LG reaches. In the television commercials for this company, people (customers) are the main focus and their face at the end turns into the face in the logo. LG is always focused on its customers, and this logo is the constant reminder.

“[The logo] represents LG’s efforts to maintain close relationships with our customers worldwide.”

The color of the logo is also important to the company. The red “represents friendliness...[a] strong impression of LG’s commitment to the best.” This red is also throughout the website, particularly in the tabs across the top and in one of the flowers from the Flash scene. It stands out well against the white space on the website. The company offers gold, black, and gray as alternates for the color of the logo, but red is preferred.

Tagline

The most obvious tagline for LG is “Life’s Good,” even though this could possibly just be what LG abbreviates. It is more likely that it is an abbreviation, although it is short enough to be a quick tagline because it appears very close to the logo. As an abbreviation, however, “Life’s Good” does not necessarily correlate with the digital technology that LG develops. Does it mean that the products are making life good, or the life of the company is good? Or something else?



There are multiple longer taglines for LG, primarily from the television commercials, that depend on the advertised product. “Digitally Yours” and “A Better Life with Digital” go with the air conditioner, washing machine, and television ads, while “Expression Completed” and “Possibility Another Word for LG” go with the cell phone ads. They still have the same logo, but the tagline changes. None of these taglines are repeated on the website; instead, a longer series of phrases cycles through the Flash scenes.

Sensory Elements

The only sensory element present on the LG website is the moving Flash sequences on every page. Each main screen has a different scene, but they all stay in the same location on the page and use the same colors and format.

The lack of background music on the website is a good strategy for the LG brand. It is good because this silence is not distracting, and a large amount of users may not like websites with music anyway. Most technology companies do not need catchy music to lure potential customers to their website like children’s or food websites might need.

It is interesting to note, though, that the television commercials for LG do not play the typical “techno” music that is often heard with technology products. The music is not one particular style, but many, such as classical, rock or techno, depending on the customer represented in the ad. LG is determined to let its customers know that it is aware of the differences in people and wants to include everyone.

Distinctive Designs or Services

This is one area where LG does not stand out on the first glance. LG products look like any other product in the market. In fact, LG even buys some of its products from other companies and resells them with an LG label (i.e., iris recognition technology from Iridian Technologies, Inc.). Some of the appliances stand out because they offer new features, but at least one other company in the world probably has products with the same features. If not, someone will surely take the idea and expand upon it in the future.

The secret of the LG distinctive design is instead found in the internal digital technology. However, potential customers do not know this unless they research multiple companies and products and compare them closely. To a

certain extent, these types of distinctions are not as important as external ones. Consumers need to be able to quickly distinguish between companies and products, but this market makes that hard to do.

How does the LG Website Develop its Brand?

Most of the ways that LG develops its brand are not explicit on the website, but rather are implied. Parker and LePla explain each of these developmental techniques thoroughly in their book, *Integrated Branding*.

Brand Principle

The brand principle focuses on the strengths of a company and what the audience values. It should guide all corporate decisions in actions and communication.⁵ LG does not specifically mention its brand principle on its website, but rather chooses to focus more on the missions and values it has.



Mission

The mission of a company is what identifies it in the marketplace.⁶ The LG website mentions three specific missions that it has as a company:

1. Become a true global digital leader.
2. Make worldwide customers happy.
3. Design innovative digital products and services.

These missions repeat in every area of the LG business. They are somewhat vague, and any other company could easily have the same missions, but they are important goals for the employees to remember. Customers should also be aware of these mission statements so they know they are buying from a good company.

Values

The values of a company influence how the team works together in the corporate culture. It is the standard of behavior that everyone must follow.⁷ LG is strongly in favor of a “family-friendly environment” and believes that everyone must agree with this ideal so they can serve together in unity. This strong teamwork leads employees to feel “pride and a sense of achievement” when their company is successful.

“We make work fun.”

Along with this value, LG also strives to respect the creativity and freedom of its personnel; that is how new technology is developed and designed. If the company decided to do away with this value, or did not endorse it so strongly, LG would probably not be as successful in creating many “firsts” in the world of digital technology. As Harner and Zimmerman said, “it takes a creative approach to reach this media-saturated audience.”⁸

Positioning Statement

The positioning statement defines the company’s direction and how it is distinctly better for a customer than a competitor.⁹ LG combines imagination with innovative technology to create products that people could only dream of. LG dreams on behalf of its customers and supplies them with the concepts of the future.

Brand Story

The brand story is what the company says to others, including its behavior, and gives context to the mission.¹⁰ Since forming in 1958, LG (formally Goldstar) has led the way in developing technology, particularly in South Korea. From radios, televisions, refrigerators, telephones, and air conditioners, LG has evolved through the years into creating the first commercialized home networking system in the global market in 2002. The old products are continually becoming new again through improvements and special features, and the new products are leading the way into the future. Add to this making customers happy, and LG is demonstrating to the world how it is fulfilling its mission.

⁵ F. Joseph LePla and Lynn M. Parker, *Integrated Branding* (Westport, Conn.: Quorum, 1999), 303.

⁶ Ibid.

⁷ Ibid.

⁸ Sandra W. Harner and Tom G. Zimmerman, *Technical Marketing Communication* (New York: Longman Publishers, 2002), 89.

⁹ Ford Kanzler, “The Positioning Statement: Why To Have One Before You Start Communicating,” *MarketingProfs.com*, April 28, 2002, <http://www.marketingprofs.com/Tutorials/kanzler1.asp> (accessed October 23, 2005).

¹⁰ F. Joseph LePla and Lynn M. Parker, *Integrated Branding* (Westport, Conn.: Quorum, 1999), 303.