Prepared by:
Jeyran Babajanova, Sean Hurley,
Shu Fang (Jenny), Tianyi Zhao (Angela)
Introduction

- Founded ➔ January 5, 1947
- Headquarters Address ➔ LG Twin Towers, 20 Yoido-dong, Youngdungpogu, Seoul, South Korea
- Our Businesses ➔ Electronics, Chemicals, Telecommunications and Service
(Number of Companies: 53)

**Electronics**
- LG Electronics
- LG Display
- LG Innotek
- Hiplaza
- Hi Logistics
- System Air-Con Engineering
- Siltron
- Lusem

**Chemicals**
- LG Chem
- SEETEC
- Coca-Cola Beverage Company
- LG Hausys
- LG TOSTEM BM
- HAUSYS ENG
- LG Life Sciences
- LG MMA

**Telecommunication & Services**
- LG TeleCom
- CS Leader
- A-IN
- LG Dacom
- LG Powercom
- DACOM Crossing
- CS ONE Partner
- LG CNS
- LG N-Sys

A total of 8 companies
A total of 35 companies
A total of 10 companies
1947 - 1995

1947
- Chairman In Hwoi Koo founds LG by establishing Lak Hui Chemical Industrial Corp. (now LG Chem)

1953
- Lak Hui Industry established (now LG International Corp.)

1958
- Goldstar Co. established (now LG Electronics)

1967
- Honam Oil Refinery Co. established (now GS Caltex of GS Group)

1970
- Cha Kyung Koo takes office as Chairman

1974
- Lak Hui changes its name to Lucky Co., Ltd

1974
- Bon Moo Koo takes office as Chairman
- New Corporate Identity (CI) established (Lucky Goldstar LG)
1958-1995

Goldstar produced first electronics in Korea.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td>First radio</td>
</tr>
<tr>
<td>1960</td>
<td>First electronic fan</td>
</tr>
<tr>
<td>1961</td>
<td>First telephone</td>
</tr>
<tr>
<td>1965</td>
<td>First refrigerator</td>
</tr>
<tr>
<td>1966</td>
<td>First black and white TV</td>
</tr>
<tr>
<td>1968</td>
<td>First air room conditioner</td>
</tr>
<tr>
<td>1969</td>
<td>First elevator, escalator, washing machine</td>
</tr>
<tr>
<td>1973</td>
<td>First cassette recorder</td>
</tr>
<tr>
<td>1974</td>
<td>First PMC single station equipment</td>
</tr>
<tr>
<td>1979</td>
<td>First videotape recorder</td>
</tr>
<tr>
<td>1981</td>
<td>First electronic VTR</td>
</tr>
<tr>
<td>1982</td>
<td>First color video camera</td>
</tr>
<tr>
<td>1983</td>
<td>First compact disc player in Korea</td>
</tr>
<tr>
<td>1984</td>
<td>First multiplex television with sound and color in Korea</td>
</tr>
<tr>
<td>1985</td>
<td>First laser machines in Korea, single unit video 8 mm VTR in Korea</td>
</tr>
</tbody>
</table>
1962
- Goldstar introduces private loans for the first time in Korea

1975
- Goldstar establishes the Central Research and Development Institute

1976
- Goldstar Precision Industry (currently LG Innotek Co., Ltd.) established

1977
- Goldstar develops color television

1978
- Goldstar achieves exports to the amount of 100 million USD

1989
- Goldstar Industrial Systems develops the fourth direct drive ultra precision robot in the world

1995
- LG Electronics Inc. acquires Zenith, the largest electronics company in the United States
Chairman Bon Moo Koo created and enforced "Jeong-Do" Management* and "No. 1 LG" as the company's core management goals.

LG Electronics Inc. establishes the LG–IBM PC company

LG Electronics Inc. develops the thinnest plasma display panel in the world

LG Electronics becomes the world's first to develop organic EL for IMT–2000

LG Electronics develops the world's first land–based digital multimedia broadcasting phone

LG Electronics unveils 3G mobile phones for Hutchison

For eight years in a row, LG Electronics is number one in the world for sales of optical storage devices

LG Electronics opens the LG Digital Reading Room in the National Library of Russia

LG Electronics develops the world's fastest 3D game phone

LG Electronics wins the 2006 Hong Kong Design Award for its Chocolate phone

LG Electronics unveils the world's thinnest ceiling–bound system air conditioner

LG Electronics unveils the world's slimmest (33–cm) flat–panel TV

LG Electronics is ranked first in the global CDMA market for two consecutive years
Revenues: $12.1 billion (FY 2008) that increased 10.3% compared with FY 2007

Collaboration with Microsoft Corporation, Android software under Google Inc., Wal-Mart, EBay, Toyota

Threat
Case of LG 830 Spyder cell phone
Future:
Ultimate goal is becoming a "No. 1 LG."

- "Jeong-Do" Management and LG's management principles
- Increase the value for the shareholders and investors
- Improve reliability, flexibility and responsibility
- Increase the speed of responding to the consumers’ feedbacks
- Human recourses (Attract & Foster)
Competitor Analysis
Nokia is one of the leaders in manufacturing mobile devices with services, voice, data capabilities and some other equipments of network in the local and global market.

It developed lots kinds of software that enable its customers to experience and enjoy music, navigation, video, television, imaging, games, business mobility and more other mobile devices.
Global Market

Nokia is a large known company which dominates mostly mobile phone market in the world. It is no doubt that Nokia has become the world's largest mobile phone maker.

Mobile Device Vendor Market Share, 2Q 2008

Local Market

But in the United States, Nokia's market share has been steadily declined.

North American Smartphone Market Share, Q3 2007

Nokia has to develop more CDMA mobile phones. Because the U.S. wireless operators have a strong control on the market, while the wireless technology in the United States has also been less advanced than Europe.
Motorola was founded in 1928.

It is the leader in the world’s chip manufacturing and electronic communications.

Because of lacking of compelling new phones, the market share of Motorola’s mobile phones continue to depress.

Samsung replaced the location of Motorola becoming the second-largest mobile phone marker. Now Motorola can only rank at third.

Main customers of Motorola

- Samsung slips into No.1 mobile phone slot in US Leaves Motorola sadly Second
Just as LG, Samsung Group is also a South Korean company which offering various industries including electronics and mobile phones.

Simple + Inclusive = Wow!
In order to manage the major local and global market, Samsung still follows a simply business philosophy, treating the talent and technology as the basement, to create the highest quality products and services in order to contribute to the development of human society.
In 1973, Martin Cooper invented the first mobile phone in the world. The 1G phone looks boxy and can only be served as movable but hardly portable. Many people call this cell phone as "bricks and mortar" or "KINGBOX".

Future mobile phones will be emphasis on security and data communication. On the one hand it will strengthen the protection of personal privacy, on the other hand the data services will enhanced by more researches and development.
A large-scale of 3G networks is sweeping the whole global mobile phone market.

At the same time, the global market of mobile phones is facing its biggest threat. Some common tools of International phony such as Skype, ICQ and MSN are more and more convenient and popular.

The future of Internet telephony will become a mainstream form of network communication which is under the trend of scientific and technological progress and perfection instead of mobile phones.
LG Mobile: Global

General Outline

Advantages

Troubles

Milestones
1958: Goldstar Established (LGE)

1962: LGE expands business to the U.S. with radio’s.

1997: Supplied United state’s Ameri-tech with mobiles phones.
Global Network

- **115 companies**: 84 subsidiaries, 34 liaison offices
  (250 companies total)
- **Workforce**: 84,000

- **36 R&D and Design Centers**: 30 R&D, 6 design
- **Workforce**: 17,000

- 63% of workforce employed overseas.
  (101,000 of 160,000 total)
Global Subsidiaries/Companies:

Europe: 22
China: 16
Middle East & Africa: 11
Asia: 10
CIS: 7
South America & Central America: 10
United States: 7 (Currently number 2 in U.S. market behind Motorola)
Japan: 1
LG Mobile (Global Share)

2008 Q2 % Market Share

- **Nokia**, 41%
- **Samsung**, 15.4%
- **Motorola**, 9.5%
- **LG**, 9.3%
- **Sony Ericsson**, 8.2%
- **Others**, 16.6%
## Continuous Growth

<table>
<thead>
<tr>
<th></th>
<th>2Q08 Millions of Units</th>
<th>2Q08 Market Share</th>
<th>2Q09 Millions of Units</th>
<th>2Q09 Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nokia</td>
<td>122</td>
<td>41.00%</td>
<td>103.2</td>
<td>37.80%</td>
</tr>
<tr>
<td>Samsung</td>
<td>45.7</td>
<td>15.40%</td>
<td>52.3</td>
<td>19.20%</td>
</tr>
<tr>
<td>LG</td>
<td>27.7</td>
<td>9.30%</td>
<td>29.8</td>
<td>10.90%</td>
</tr>
<tr>
<td>Motorola</td>
<td>28.1</td>
<td>9.50%</td>
<td>14.8</td>
<td>5.40%</td>
</tr>
<tr>
<td>Sony Ericsson</td>
<td>24.4</td>
<td>8.20%</td>
<td>13.8</td>
<td>5.10%</td>
</tr>
<tr>
<td>Others</td>
<td>49.4</td>
<td>16.60%</td>
<td>59.1</td>
<td>21.60%</td>
</tr>
<tr>
<td>Total</td>
<td>297.3</td>
<td>100.00%</td>
<td>273</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

2Q09 Global Handset Shipments and Market Share Estimates  
Source: Strategy Analytics
Struggles

- Fluctuations in KRW: (Competitive exports)
  2005: $1(USD)= 1,103 won
  2006: $1(USD)= 955 won
  2007: $1(USD)= 929 won
  2008: $1(USD)= 1,103 won
  2009: $1(USD)= 1,183 won

- NAFTA 1994/WTO 1995

- Late Start (counter: R&D, Design, Localization)

- High-End/Quality (counter: LG Chocolate consignment, PBL)
Strategic Alliances

- PRADA – Luxurious PRADA phone
- Microsoft – Windows Mobile 6.0/Smartphones
- Mark Levinson (Audio Systems) – Music Phones (Chocolate)
- Google – Pre-installments in phones.
- Schneider – Mobile phone camera lenses.
Global Branding
LGE sports sponsorships/partnerships

Formula 1

- Multi-year partnership 1/09.
- Official consumer electronics, mobile phones and tech.
- Viewed by 588 million.
International Cricket Council (ICC)

- Following of 2–3 Billion: U.K., Australia, India, South Africa and other British Commonwealth countries.
Football Club Sponsors:

- Sao Paulo
- Fulham
- Liverpool
- Olympic Lyon
- Hungary National Team
- Iraq National Team
- Greece National Team
- Russia National Team
- LG Amsterdam Tournament
- LG World Cup
Most Popular Sports in the world: (approx. 6.71 billion people)

1. Soccer – 3.5 billion
2. Cricket – 2–3 billion
3. Field Hockey – 2 billion
4. Tennis – 1 billion
5. Volleyball – 900 million
6. Table Tennis – 800 million
7. Formula 1 – 588 million
8. Baseball – 500 million
9. Golf – 400 million
10. Gridiron Football – 400 million
World’s Firsts/LGE Milestones

1995 • Acquired U.S. based Zenith

1997 • CDMA (3G) Handsets produced

1998 • 60” plasma T.V.

2000 • Launched the world’s first Internet refrigerator

2001 • World’s first internet washing machine

2003 • Number 1 global producer of CDMA phones

2004 • Advertised world’s first 71” plasma T.V.
2005
- 4th largest mobile phone supplier globally

2008
- 18 million Chocolate phones sold.
- LG Mobile selected as the supplier for the “World Phone”

2009
- World’s first 3G watch phone with full touch screen.
- LG Dare phone wins CES “Best of Innovations” award
- LG Secret phone wins “red dot design” award
- LG KS 360 phone wins “iF Design’ award.
Featured Products
SWOT: Strengths

- **Brand Name**
  - top 10 brand in electronics 2008

- **Marketing in UK**
  - LG hired Alcone Marketing
  - 10% of market share for mobile phones

- **Design**
  - LG Prada: top 10 Fashion designs in Europe
  - Bluetooth Handsets: drive and talk

- **Consumers’ satisfaction**
  - J.D. Powder and Associates’ study
**Strength: Brand Name**

TRUSTWORTHY

We consistently deliver what we promise through all our customer contact points such as products, services or salespersons.

PRACTICAL

We provide tangible benefits that make our customers’ everyday life much more convenient. We offer practical technology that is useful.

CONSIDERATE

We provide customers products and services by giving attention to even the smallest details that customers have overlooked.

FRIENDLY

Like a friend, we understand our customers’ every need, delivering a sense of security and palpable comfort.
Most Popular Consumer Electronics Brands in UK

Most popular consumer electronics brands as searched for by UK internet users w/e 14/03/09
SWOT: Weaknesses

- Supply management
- Fashion phone designs
Opportunities

- Contracts with football clubs
  - Liverpool
  - Fulham

- Global Recession

Levels of exposure to the global recession snow

America, England, China, Australia
Threats

- Competitors
  - Nokia Corporation
  - Motorola, Inc
  - Samsung Group

- Global Recession
Recommendations

- Short–term:
  - Improve supply management
  - Satisfy lower market
  - Bluetooth Handsets: drive and talk

- Long term:
  - Increasing fashion designers field
  - American Football in USA
  - Increase market share in Asia
  - Buying small companies or stocks
Conclusion