

SAMSUNG INDIA ELECTRONICS LIMITED



Background

Samsung Electronics Co. Ltd. is a global leader in semiconductors, telecommunication, digital media and convergence technologies.; with 2003 global sales of US\$ 36.4 billion and net income of US\$ 5.0 billion. Employing over 88,000 people across 89 offices in 46 countries, the company consists of six main business units: Corporate Technology Operations, Digital Appliance Business, Digital Media Business, LCD Business, Semiconductor Business and Telecommunication Network Business. Recognised as one of the fastest growing global brands, Samsung Electronics is the world's largest producer of colour monitors, color TVs, memory chips and TFT-LCDs. Samsung India Electronics Ltd. (SIEL) is a subsidiary of Samsung Electronics Company Ltd (SECL) of South Korea. SIEL started its operations in 1995 and provides high technology consumer electronics, IT, Home appliance and Telecom products. It has over 1400 employees and a turnover of over US\$ 824 million.

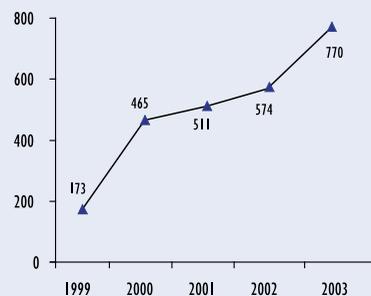
Sales of SIEL have been growing at a CAGR of almost 50 per cent over the past four years.

SIEL is the market leader in high end digital television (Plasma, LCD and DLP). In the highly competitive Colour Television market in India, Samsung has a market share of 15.5 per cent. Samsung holds the No. 2 position in the Flat Television category, Frost Free refrigerators as well as in the Microwave oven segment.

Samsung is the leader in the IT essentials segment with 63 per cent Market share in TFT LCD monitors, 51 per cent in CRT Monitors, 43 per cent in Multifunction Printers and 47 per cent in Hard Disc segment.

In the telecom space, Samsung is the market leader in colour screen phones with 36 per cent market share. It is also the second largest selling mobile phone brand across all categories in India.

Sales (US\$ Million)



A prominent brand in the Indian consumer market

Samsung India is recognised as a leading brand of high tech Consumer Electronics and Home Appliance Products in the country.

Samsung faced the following hurdles in India when it entered the market in 1995:

- Low recognition of Samsung Brand among Indian Consumers
- Tough competition from local and MNC brands

- Value and price sensitive Indian consumers.
- High import duty

Factors for Success

Innovative promotion and advertising initiatives

To establish trust and confidence among Indian consumers, Samsung did active promotion and advertising by taking the following initiatives.

- Samsung India associated itself with the ruling passion of the Indian mass consciousness: Cricket. Samsung launched the Team Samsung campaign with the stars of the Indian cricket team, which caught the imagination of an entire nation. In 2004, Samsung also brought to India what was possibly the biggest cricketing spectacle of this decade, the historic India vs. Pakistan cricket series - 'The Samsung Cup'.
- Not confining itself to cricket, Samsung sponsors the Indian contingent to the Olympics and the Asian Games. It also ran training programmes for deserving Indian athletes under the Olympic Ratna banner. Samsung has also helped bring to India, for the first time, the Olympic torch relay. Samsung

also brings every year to India - the World Cyber Games, which is regarded as the Olympics of the Cyber world



- Samsung also launched a series of innovative below-the-line activities. In mobile phones, Samsung tied up with noted painter Satish Gujral for his paintings to be available as downloads on Samsung mobile phones. Product placement, was done in movies and popular television serials like 'Jassi' where Samsung products were set in lifestyle environments. For Microwaves, Samsung ran a Kitchen-on-Wheels programme where mobile kitchens with microwave ovens went to various localities demonstrating the advantages of microwave cooking.
- Branded its products as superior technology and environment friendly ones. The Samsung refrigerators and ACs incorporate a revolutionary new technology called Silver Nano Health System that ensures freshness and bacteria free environment. It launched the "Bio" range of products. In microwave ovens, features like the



bio-ceramic coating and 3D shower waves keep in mind the health conscious public of today.

- Launched a special marketing campaign for Flat TVs including a focused advertising campaign 'Duniya Hai Gol, TV Flat' and attractive exchange offers. As a result, flat-screen TVs make up over 50 per cent of Samsung's TV sales compared to an industry average of 17 per cent.

Launching the best in design and technology in India

To differentiate its products from the competition, Samsung followed a deliberate strategy of bringing in the world's best design and technologies to India from its parent. It launched its products in India around the same time as the global launch of products.

- Samsung pioneered the introduction of several world first features in its mobile phones like the first Dual Screen Phone, the first 65K TFT / LCD Colour Phone, the first Phones with Polyphonic Ringtones, the first phones with rotating lens

camera and the first gender concept phones.

- In IT products, Samsung introduced the thinnest and lightest Note PCs in the world, the world's smallest MP3 players and India's first 17" TFT-LCD TV-Monitor that comes with the unique 'wise-link' Samsung technology where various digital gadgets can be connected directly to the Display. It also launched the world's smallest Digital multi-function device that scans, prints and copies at the same time.
- Samsung was the first to introduce the following in India at the same time as the global launch: DLP televisions. Fuzzy logic based washing machines, Silver Nano Refrigerators, flat screen TVs and microwave ovens.
- Samsung has won over 150 awards in India for its technology and design based products.



Customised products for Indian Consumers

Samsung understands the local cultural sensibilities to customise its products according to the Indian market.

- Samsung phones support five Indian languages - Hindi, Marathi, Bangla, Punjabi and Tamil. The phones supports phone menu, fonts and SMS in these five languages. Samsung is the first company in the world to introduce a Bangla menu.
- It has set up a “usability lab” at the Indian Institute of Technology in New Delhi to customise Samsung products to meet the specific needs of Indian consumers. This industry-institute partnership is helping Samsung to study and analyse consumer response in aspects of product design, including aesthetics, ergonomics and interface.
- Through its research done on consumer preferences in India, Samsung has concluded that Indian consumers want more sound-oriented products. Thus, the Samsung televisions of India have a higher sound capacity than their foreign counterparts.

- For the semi-automatic segment of Samsung washing machines, Samsung has introduced for the first time in India a feature called Super Dry. It is present in three of Samsung’s semi automatic models and dries the clothes better than the rest.
- Samsung washing machines have an additional menu that takes care of the local Indian wardrobes. They also have a ‘memory re-start’ that takes care of the frequent power failures in India.



Manufacturing Plant and Localisation

Samsung India set up manufacturing facilities for colour TVs in 1997; for microwave ovens in 1999; for washing machines in 2001 and for Air-conditioners in 2002 at Noida in the state of Uttar Pradesh.



The Samsung India Digital Media facility (CTV and Colour Monitors) is the most productive of all Samsung digital media factories globally. It received ISO 9002, within eleven months of commencing production. With the latest manufacturing equipment like Auto Insertion Machines, Automatic Module Conveyor, High temperature Testing, Reliability test, precision measurements of Colour television (CTVs), the Samsung CTV facility is fully geared for high speed, high volume and very high quality production.

ELCINA, the apex body in India of Electronics manufacturers, has given a special award to Samsung for "significant contribution to the development and growth of India's Electronics Hardware and IT industry."

Leveraging the India Advantage

Research and Development Potential

Samsung has set up two R&D centres in India, at Bangalore and Noida. Both the R&D centres are involved in cutting edge research and development.

- The Noida centre is involved in the business of developing embedded software for Samsung Electronics Corporation in a variety of areas related



to Digital TV and other Multimedia technologies. The centre has successfully completed more than a hundred projects in collaboration with Samsung Headquarters Visual Display and Digital Media divisions. Its engineers continuously strive to improve performance and introduce innovative features to make the end products more efficient and user friendly. It designs and implements some of the critical software components for products such as next generation CRT and Projection TVs, Plasma and LCD TVs, DLP TVs, Digital TV Set Top Boxes, DVD Players, MP3 players, PDAs, 2D/3D Graphics Engines, Video editing and playback, Multimedia applications etc.

- The Bangalore operation is involved in the business of developing software for Samsung Electronics Corporation technology solutions in a variety of different areas. It is known for the expertise that it possesses in certain key technology domains. Its contributions have been in very key knowledge based areas of new and evolving technologies like 3G, UMTS, CDMA2000, Multimedia, Home Networking, Digital Media, System LSI, Network Protocols, Wireless terminals to mention some. The centre boasts of a highly talented and motivated work force who have been constantly enriching their knowledge and skills

Managerial Talent and Locational Advantage

Samsung India has been made the Regional Headquarters for Samsung operations in South West Asia to manage and provide services to Sri Lanka, Nepal and Bangladesh.

Samsung has selected India as one of the top six

strategic markets in the world along with the US, China, Russia, Germany and Thailand. Samsung is aiming at growing business in the SAARC markets.

Corporate Social Responsibility

Samsung has also made its mark as a company with a conscience and an organisation with social responsibilities. In 2004, Samsung won the Golden Peacock Special Commendation for Corporate Social Responsibility. This award was given by the Institute of Directors and the World Council for Corporate Governance.

Samsung runs the Digital Hope programme, supporting organisations that promote the use of technology to improve the lives of youth, empower them and help bridge the 'digital divide'. Organisations supported by this programme include Development Alternatives and the National Centre for Promotion of Employment of Disabled People (NCPEDP).

Future Plans

- Samsung plans to create an aspirational digital lifestyle for the average Indian consumer with the introduction of innovative digital products, that represent the absolute high end of technology and design.
- The company also plans to revolutionise retail in the country by launching a massive retail roll-out of its exclusive outlets - Digital World, Digital Homes and Digital Plaza. The company believes that with an increasing footprint of Samsung Digital Worlds and Samsung Digital Homes, Indian consumers today can experience the finest in technology in a world class environment.
- The company also plans to set up 600 technology retail counters to bring technology closer to the consumers, allowing them to touch, feel and experience the same
- Samsung is also investing in setting up the Samsung Marketing Academy to train sales personnel to engage in lifestyle selling. The emphasis is clearly on providing customers a richer and more informed buying experience.

