

LG Electronics (M) Sdn Bhd Recognized for

2021

Competitive Strategy Leadership

Malaysia Home Water Filter Industry

Excellence in Best Practices

LG PuriCare™
Water Purifier

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. LG Electronics (M) Sdn Bhd excels in many of the criteria in the Malaysia home water filter space.

AWARD CRITERIA	
Strategy Innovation	Customer Impact
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

Strategy Execution

The 2020 COVID-19 pandemic did not spare any industry, including the home water filter industry. Key industry participants in Malaysia had to develop strategies to cater to the growing need for more sophisticated and innovative water purifiers due to increased water-borne diseases and the overall awareness about drinking clean water that spiked when the pandemic struck.

LG Electronics (M) Sdn Bhd (LG) grasped this opportunity to launch its PuriCare™ Water Purifier line-up, developed considering three key criteria. Firstly, consumers increasingly search for slimmer products for their homes. The rising property prices and rapid rural-urban migration in Malaysia compel most Malaysians to resort to living in smaller spaces, such as apartments or flats. Left with little counter and storage space for appliances, consumers look for products that save space and eliminate clutter.

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– Azza Fazar, Best Practices Research Associate

Secondly, there is a growing need for disinfection. Water sources in Asia are not the cleanest, as there is a risk of *Escherichia coli* (*E. coli*) infection for individuals who consume unfiltered water in this region. Water filter manufacturers should cater to consumers’ growing demand for easy access to clean water by developing effective water filters. Lastly, water filter manufacturers need to be more innovative in their offerings. LG incorporated the latest technology into its PuriCare line

of water filters that allow users to link their smartphones to the water filters via an application. Consumers can now monitor their water quality and track their daily water consumption.

LG owes its success to its best practices. It follows the “3 Philosophies and 5 Principles for Win-Win Growth” that it established and ensures employees’ adherence to them. The company complies with fair trade principles to ensure a level playing field for its suppliers while fostering partnerships of mutual trust and cooperation. Another principle it practices is “Customer-Value Creation”, which embodies its commitment to enriching customers’ lives through innovative technology. It places customer safety as its topmost priority and continuously strives to improve its product quality management system, as well as eliminate any potential risks of breaching personal information, providing optimum customer protection.

Competitive Differentiation

“Before introducing any products in the Malaysian market, LG researches extensively to ensure that it delivers products that address consumers’ concerns. This guarantees effective localization of its water filters within the market as some issues and needs are location-specific.”

– Azza Fazar, Best Practices Research Associate

Frost & Sullivan recognizes LG for its uniquely competitive solutions in the Malaysian water filter market, offered through effective strategies that differentiate the products from the competition. The LG PuriCare™ 4-WARD tankless water purifier provides consumers with clean drinking water via direct water filtration without the need for a water tank. It is the first brand in Malaysia to introduce this revolutionary feature, the latest technology trend in South Korea to prevent microorganism growth.

Before introducing any products in the Malaysian market, LG researches extensively to ensure that it delivers products that address consumers’ concerns. This guarantees the effective localization of its water filters within the market as some issues and needs are location-specific. Frost & Sullivan commends LG for going beyond standard practices to make well-informed decisions crucial to its growth.

Stakeholder Integration

LG recognizes the utmost importance of its commitment to sustainability, not just for the environment but also for its stakeholders’ needs. The COVID-19 outbreak has added to the increasing demand for home appliances that realize the hygienic lifestyles consumers’ desire amid rising health concerns. In response to this growing demand, LG set three major strategies in stakeholders’ best interests. Firstly, the company expanded its portfolio to strengthen its home healthcare market expansion by developing a range of innovative water filters. Secondly, LG strives to develop new healthcare technology for its water purifiers, with dedicated expert teams conducting research and development (R&D) on water purification.

LG’s R&D teams collaborate with academic and research institutes to ensure access to best-in-class research methodologies and expertise. Additionally, LG commits to investing in advancing its healthcare technologies research to improve consumers’ life quality. Lastly, its healthcare appliances, such as water

filters, meet stakeholders' expectations of the brand. LG plans to continue contributing to sustainable growth by implementing three commitments and nine mid-to-long-term goals. The three key pillars are Promoting Intelligent Lifestyles, Achieving Zero-Carbon and Circular Economy, and Creating a Better Society. This crucial strategy contributed to its success in the Malaysian home water filter market.

Price/Performance Value

LG continually develops its healthcare and well-being technologies portfolio to produce advanced yet affordable water filters. Installment plans for its PuriCare air filters are available to all customers from as low as RM98. Compared to similar market offerings, LG's customer support stands out in terms of affordability, with discount promotions and free periodic services. To provide good-value-for-money water filters and services, besides advanced technology, each filter comes with a warranty period. Hence, for every purchase of its water filters, LG assures future product support and expertise at no extra cost, which is of tremendous value to the customer. LG's high-quality and relatively inexpensive products differentiate it from its top competitors in the water purifiers market. Frost & Sullivan opines that the offers in place can strengthen LG's position in the market.

Customer Purchase Experience

Based on its "Customer-Value Creation" principle, LG commits to enriching customers' lives through technology innovation. LG gives top priority to customer safety and consistently improves its product quality management system. Its continuous product safety research guarantees that customers purchase appliances that will not endanger them or their families. LG also enhances quality management by implementing an intricate certification and approval process for main product parts, such as water filter cartridges. Its products undergo quality and safety evaluations at each production stage. This system, comprising seven stages from product planning and development to sales, allows the products' shipment only after obtaining clearance at all stages. Additionally, the company proactively eliminates risks of personal information breaches with a highly secure data management system that handles contacts and service scheduling for customers. Frost & Sullivan believes these best practices assure LG customers of solutions that optimally address their unique needs and constraints.

Customer Service Experience

LG aims to deliver intelligent lifestyles by constantly expanding its green business and producing innovative products that offer consumers healthier, better, and more proactive lifestyles and a more convenient, accessible human-technology connection. It places high importance on customer service, as for after-sales support. The company has implemented several customer feedback mechanisms, such as by telephone with its customer service hotline and a line dedicated to inquiries regarding its PuriCare products. Besides the traditional route of submitting concerns and queries via email, customers who need assistance in self-maintaining their water filters can easily access product manuals from its website (lg.com) for all the necessary information. Registration of water purifiers is also possible on the website. A unique LG feedback mechanism allows customers to directly voice their concerns to the company's president or chairperson or the related division. This provides customers the confidence that someone of authority in the company will attend to their problems; hence, the best possible solution is available to them.

Conclusion

LG Electronics Malaysia is no stranger to developing impactful strategies in any market it penetrates. In making its home water filters the first choice for all Malaysians, its strategies place importance not only on customers but also on the products' safety and quality management. Customers get the assurance of uncompromised safety and technology with every LG water filter purchase. Amid the COVID-19 pandemic, LG's PuriCare line of water filters embodies the health and safety priority that producers and consumers place above anything else.

With its strong overall performance, LG Electronics (M) Sdn Bhd earns Frost & Sullivan's 2021 Competitive Strategy Leadership Award.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

