

Samsung Set For Unprecedented Growth In Sri Lanka

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Having set up its Branch Office in Sri Lanka only a year ago, global electronics giant, Samsung Electronics has grown more than twofold over the past year. Samsung has managed to achieve this remarkable growth due to its rapid product portfolio expansion, channel expansion and brand building programmes undertaken in Sri Lanka during this period. The latest product to debut in Sri Lanka is the Samsung Smart TV, which allows consumers to browse the web, chat and integrate with social networks and download applications from the Samsung Apps Store while watching TV. In the wake of this latest launch, Jung Soo Shin, President and CEO for South West Asia, and K Shankar Narayan, Country Head, Samsung Electronics, Sri Lanka Office, spoke about Samsung's plans for Sri Lanka and its presence in the region.

By Haseena Razak | Photography Indika de Silva

What is the significance of the launch of Smart TV in Sri Lanka?

We are a global leader in televisions and we want to maintain this strong leadership by being the first to introduce products with the latest technology to consumers. Back in 2009, we were the first to launch LED TVs in the world – even in the USA. We launched and produced the LED television for the first time in India too. Last year it was 3D television and this year it is Smart television. We want to maintain a strong momentum in the market by launching products with leading technology. Innovation is the kernel of the Samsung philosophy and we want to deliver products with the best technology to consumers here in Sri Lanka and other parts of the world.

How do you expect Sri Lankans will receive the Smart TV?

Last year when we launched 3D televisions here, we received an excellent response. We were surprised and pleased by the response the Sri Lankan consumers have shown. We expect that the Smart TV will elicit a similar response because it is affordable technology.

Our Smart phones and Smart televisions are premium products. This will create a positive perception of the brand in this country. Although we began our formal

operations here in Sri Lanka in 2010, we are still relatively new. However, we are going to keep delivering this type of premium product in order to create the best brand perception.

How does Samsung's popularity among consumers in Sri Lanka stand at present?

We command a reasonable market share but overall, our position is still – in terms of revenue – relatively low. Therefore, we need more time to consolidate. That is the reason we decided to establish an office here.

However, the brand is already very well accepted in terms of visibility. We opened flagship stores last year and have already penetrated into the Northern, Eastern and North Central areas. Therefore, Sri Lankan consumers are well aware of the Samsung brand. They know it as the number one Korean brand, which is why people regard it with respect and that respect is growing.

How important does Samsung consider improvement and innovation of technology to be?

We are the only company, which invests almost seven to eight percent of our total sales on Research and Development (R&D) every year. Last year our total sales were just over USD 135 billion. Seven to eight percent of USD 135 billion amounts to a huge figure – approximately USD ten billion. A large initial investment such as this helps to create a resilient leading edge for all our product categories, as far as technology is concerned. Clear examples of this leadership are Samsung's 3D television, Smart TV and Smart phone.

What has been the basis for improving and innovating new technology?

Innovations and improvements are based mainly on consumer needs. Before we develop our products we conduct a reasonable amount of consumer research. Last year we established what we call the PI Team – the Product Innovation Team. We have already established a PI Team in India, and through its functions local R&D is able to understand the local consumers' needs much better. They are able to adapt to the local requirements faster. As a result, in India we introduced the dust resistant and solar powered phones.

What we are trying to do specifically in Sri Lanka is to produce phones with the

Sinhala keypad. Currently, it is in R&D stage and it should be out in the market within two to three months. Another example is that in India we have introduced Indian language prayers on the phones. For Sri Lanka too we are trying to produce phones with Buddhist recitations.

We Were Able To Easily Achieve A 150 Percent Growth Compared To Last Year. However, This Is Still The Starting Point And We Have More Ground To Cover... In The Next Three Years, We Plan To Grow 100 Percent Every Year.

How strong is Samsung in the mobile phone category in Sri Lanka and the rest of the world?

We were the first ones to introduce touch phones in Sri Lanka. Our Corby range is one of the most popular phones today. The other range is Champ, which is the more affordable touch phone. They are the most popular models we have in this country today. We are already a clear market leader in touch phones.

Worldwide, we are a strong number two in terms of revenue. This year, we will continue to focus on Smart phones. We are also very strong in the touch phone segment. We are number one in the world in terms of touch screen phones.

Can you tell me about the expansion that has taken place over the last year and Samsung's plans for future growth?

In 2009 our presence in Sri Lanka was almost nil. Therefore, when we introduced our lineup of premium products equipped with the best technology to the local market we were able to easily achieve a 150 percent growth compared to last year. However, this is still the starting point and we have more ground to cover. With this in mind, in the next three years at least, we plan to grow 100 percent every year.

How important a market is Sri Lanka compared to the rest of the region?

In terms of revenue, this year we are aiming at USD five billion collectively in the South West Asia region, which includes primarily all the SAARC countries. Sri Lanka contributes around one percent of that, which amounts to USD 50 million. However, it is still strategically important to represent ourselves in this country. That is why we have appointed our Vice President level representative, Hyun Ki Chang as Head of Branch Office. There is much expectation from this market and that is the reason

we have appointed him. We are putting a lot of focus on this market.

Can you describe the growth of Samsung in some of the other strong markets in the region?

In India we are planning a 40 percent growth compared to 2009. In 2009 and 2008 our growth rate was 50 percent in India. Among the SAARC countries, we are aiming at rapid growth in India, Sri Lanka and Nepal – Nepal is still politically unstable. We are also planning big expansions in Bangladesh.

What are Samsung's future plans for the region of South West Asia?

The Indian market is the most important and we are aiming at reaching a sales turnover of USD ten billion by 2013. We have already started investment in terms of production facilities, people and R&D centres. Two and a half years ago our R&D centres were 3,000 people strong. Today it is already 5,000. By the end of the year we expect it to be 6,000. Therefore, it has nearly doubled. We have also established local factories – the newest factory is in Chennai. In addition, we have expanded our current existing production facility in Noida, near Delhi.

Any concluding remarks?

We have achieved leadership positions in key markets like the United States and Europe and have established our position as a premium brand. We want the same to happen in Sri Lanka as well. We believe, without doubt, that this will be achieved very soon.



