

The future is flat-screen

Is Samsung poised to pull alongside Sony in the race to become the leading electronics brand, asks Ashley Norris

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guardian.co.uk, Saturday 29 May 2004 01.53 BST

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For more than two decades now, Sony has dominated the consumer electronics market. The company is widely regarded as the market leader in design, innovation and the quality of its products.

However, in the past few years its position on that pedestal has begun to look unstable. It has largely ceded the high-end personal audio market to Apple, while other companies have outmanoeuvred Sony in the DVD industry. Most worryingly, it failed to anticipate the dramatic shift from standard CRT (cathode-ray tube) television to Plasma and LCD (liquid crystal display) flat screens, allowing rivals to grab a huge lead in these markets.

So it is no surprise that barely a month seems to go by without a PR or an analyst proclaiming that one of the consumer electronics companies is set to become the new Sony. This month it was Samsung's turn. At a glitzy product showcase in London's East End, the company took the wraps off a range of products it hopes will maintain its position as a leading brand. "By 2006/2007, we'll be up here with Sony," said Mark Neave, Samsung's consumer electronics manager, who may or may not have been entirely serious.

Judging by the breadth of the product range, which includes everything from the world's smallest MP3 player to an 80in (203cm) plasma screen, the largest on sale in the UK, Samsung has certainly made some huge strides in the past two years.

The company's early investment in flat screen technology is reaping rewards and if, as it predicts, people move from CRT to flat screen sets faster than analysts had expected, it is in a superb position to capitalise. However, for it truly to rival Sony, Samsung would

have to shed its image of a company that was built on budget goods.

It is not only trying to be innovative in the digital arena. "It has done an excellent job of using mobile phones to reshape perceptions of who it is," says Anne Thompson, of the branding agency Onesixtyfourth.

In the space of four years, Samsung has gone from nowhere to become the third biggest mobile phone brand in the UK, producing neat clamshell handsets that have helped it to take a chunk out of Nokia's and Sony Ericsson's market shares. The company now hopes that customers impressed by the handsets will buy their TVs, DVD players and PC peripherals. This is a ploy that has been copied by the company's arch rival in Korea, LG.

Samsung's other tactic has been to stand back from the format wars and try to offer consumers the best of everything. For example, Samsung is the only company to give consumers a choice of smart phones that use all three operating systems (Symbian, Palm and Microsoft). It is also one of only a handful of manufacturers to offer products compatible with Secure Digital storage cards and its Memory Stick competitor.

Such flexibility has enabled Samsung to offer some distinctive products. At its showcase, it debuted the first range of DVD players with HDMI (high definition multimedia interface) connectors. When connected to plasma and LCD screens, the latter offer even higher quality audio and video than do existing RGB Scart sockets as they work completely in the digital domain and do not require any digital-to-analogue conversion.

Samsung has taken a chance on newer technologies, introducing digital radio receivers into home cinemas and digital terrestrial decoders into flat screen TVs. Some of its TVs now boast WiseLink card slots compatible with almost all the leading cards on the market, enabling viewers to display easily images shot on digital cameras on their living room sets.

"We accept that not every home is a Sony home or Panasonic home," says Mr Neave. "They have a mixture of products from different brands. What we are offering is the chance for consumers to link all the products together. This is an attitude reflected in our key message for 2005: 'digital unison'."

It is refreshing to hear someone champion open standards and interoperability in consumer electronics rather than hearing companies bang on about the delights of their proprietary technology. It certainly has an appeal to more sophisticated consumers. But will it give Samsung an edge over its Japanese rivals?

"Sony appeals to a wider audience than does Samsung. Sony cuts across generations," argues Ms Thompson.

"For many people in their 20s, Sony is still aspirational [because of its reputation and premium price] but not relevant for them," he says. "With its sleek product designs and the young, attractive people in its advertisements, Samsung has captured younger audiences. But has it captured Sony's traditional base? Not yet."

Mark Iremonger of the brand agency unit9 also believes that it may all come down to image. "If you look at Samsung online, it presents itself as a producer of high technology products. By contrast, Sony presents itself as a lifestyle-enhancer; it invites you to 'see, hear, play, shop', while Samsung invites you to learn about its latest technology. Samsung has got to move its brand personality from a product and technology focus to an aspirational and lifestyle one, if it is to have any hope of stealing Sony's crown."

The next couple of years could be very interesting for the Koreans.