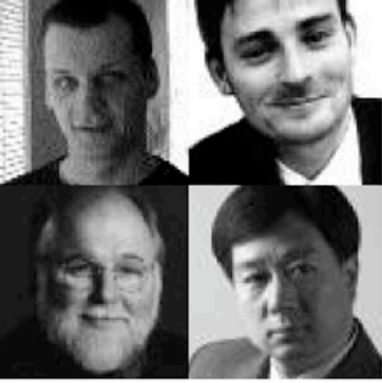


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INNOVATION

GLOBAL DESIGN & CULTURAL IDENTITY





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GLOBAL LOCALIZATION

Samsung Electronics wanted to transform its image from primarily being an OEM component supplier to an innovative, first-class brand and product leader across global markets. With this end in mind, Chairman Kun Hee Lee of Samsung Group in Seoul, Korea, announced 1996 as the "Year of Design Revolution." He pledged to initiate major design-related programs as part of a companywide effort for global brand-building and market growth. To support this initiative, the Samsung Electronics business unit designated \$126 million to develop a comprehensive global design program by the end of the decade.





Since then, Samsung has established a multidisciplinary and comprehensive global design program with about 300 staff in Seoul, Tokyo, London, Los Angeles and San Francisco. Resources include industrial design, graphic design, interaction design, human factors, lifestyle research, creative business planning, visual brand strategy, materials exploration, color theory and CAD support.

As a result of this global effort, the company has received major design awards in the United States, Europe and Asia. Of particular note is the unprecedented recognition Samsung Electronics received from the IDSA/*BusinessWeek* IDEA competition. Starting with only a single IDEA award in 1996, the internal Samsung design team gathered 16 awards by 2001, tying Samsung Electronics with Apple Computer for the most awards won by a corporation over five years.

Local Customization

Samsung's transformation from a design follower to a global design leader is indicative of the company's drive to present itself and its products as being innovative, approachable, of high quality and an excellent value. Among the many factors required to achieve this goal is building trust through in-depth understanding of local consumer needs across global markets.

Consumers around the world are no longer willing to simply settle for one-size-fits-all products with standardized designs. People are demanding a wide range of sizes, shapes, colors, materials and features. Mass

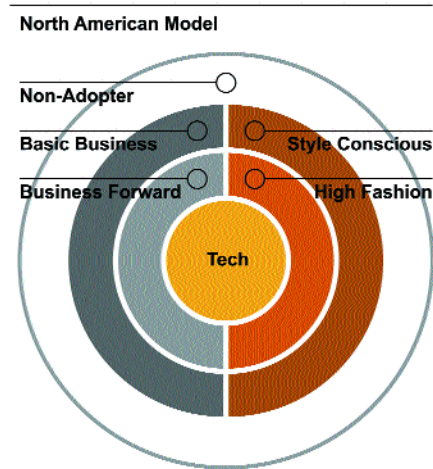
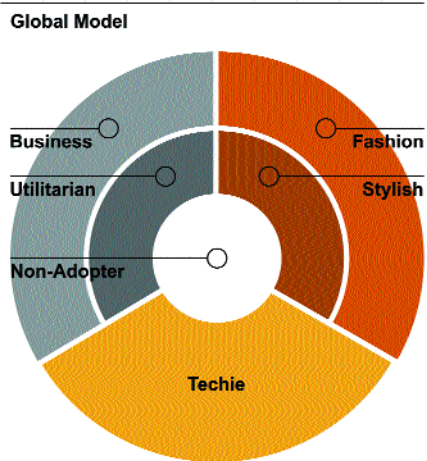
production is giving way to mass customization. Furthermore, global markets are no longer stable and controllable via the old "central control" method. **In the world of mass customization, companies that effectively balance core shared values with local empowerment to best satisfy individual wants and needs achieve greater levels of trust, brand equity, profits and shareholder value.**

Mobile Products

Over the past several years, Samsung Electronics has built a very successful wireless communications business across worldwide markets. Many of these developed markets are now reaching maturity, however, and different segments are demanding that specific needs be satisfied with more localized solutions.

Mobile phones are not commodity goods. This sets them apart from other consumer electronics products. Eliot Park, manager of the Wireless Design Group in Seoul explains, "The mobile phone is in the category of products that embody a consumer personality attachment. People are increasingly purchasing phones they feel are a reflection of their own lifestyle."

A personalized marketplace requires that manufacturers differentiate their products in ways other than price, which opens up great opportunities for design. While there will still be offerings of mass-oriented mobile phones to satisfy more generalized requirements, the ability to produce local customized models targeted for specific market lifestyle segments is key to developing trust and building market share.



Lifestyle-based Segmentation

To address the mass-customization issue, Samsung Electronics is segmenting markets according to consumer lifestyle, rather than a technological hierarchy. Lifestyle segments are then specifically proportioned to reflect local market conditions, trends and perceptions as exemplified by the different lifestyle approaches of North America, Europe and Asia. Since Europe and Asia are ahead of North America in mobile cell technology and homogenous wireless standards, for example, different premises underlie their basic lifestyle segments. In Europe and Asia, “techie” is a distinctly defined lifestyle, but in North America, it is not viewed as a distinct lifestyle segment. Rather, “technology” is seen as the influential driver of innovation across different levels of both business and fashion segments.

While the North American, European and Asian product design solutions must meet the expectations of their local marketplace segments, they also must embody shared values to project a harmonious brand image for Samsung Electronics across global regions.

At the heart of Samsung Electronics “global localization” design approach are two fundamental shared tenets. First, there is a “balance of reason and feeling,” a phrase established in 1996 as the key strategic principle to guide Samsung’s design transformation. The principle is based on the historical Asian dualistic philosophy of yin-yang, a balancing of contrasting forces in life,

as well as its importance as a factor in archetypal design excellence. A balance of reason and feeling is to be embodied in every Samsung Electronics product to the proportional degree appropriate for its context.

The “balance of reason and feeling” is a shared value that is universal enough to be used for global design direction and overall harmonious theme, while being flexible enough to allow each local design center to meet specific marketplace needs and accommodate the cultural context. Products for the North American market, for example, may embody the contrasting attributes of durable and dynamic, while European designers might incorporate the opposing traits of minimal and emotional, and Asian designers integrate high-tech with cuteness. While each solution is unique, none of the three approaches conflict with the shared global principle.

The second key factor to global localization at Samsung is the incorporation of a “visual strategy” tool, which serves as a definable, repeatable, measurable framework for expressing appropriate local market segment identity within an overall Samsung Electronics global brand identity zone. Each basic product category, such as mobile communications or home entertainment, has a unique position within the shared zone. For example, certain personal mobile products will express more feeling; a home entertainment product will generally express more reason.

Above, left: To address the mass-customization issue, Samsung Electronics is taking the approach to segment mobile communications markets according to consumer lifestyle, rather than segmentation based on a technological hierarchy.

Above, right: Mobile communications segmentation is adjusted for specific local market conditions, trends and perceptions. In North America, “Techie” is not viewed as a distinct lifestyle segment, rather “Technology” is seen as the influential driver of innovation across the different levels of both Business and Fashion segments.”

Right: “Balance of reason and feeling” is the key strategic design principle to be embodied in every Samsung Electronics product to a proportional degree appropriate for its context. This principle is based on the historical Asian dualistic philosophy of “yin-yang”—a balancing of contrasting forces in life—as well as its being a proven factor in archetypal design excellence.



Global Collaboration

Samsung Electronics' approach to develop lifestyle-driven design solutions across global markets would not be possible without close collaboration between the company's multicultural resources. One such example is a recent project involving the identity direction for wireless mobile phones in the North American and European markets.

In order to explore differences in cultural perceptions for each market segment, teams of European, North American and Korean designers conducted extensive local lifestyle research and held interdisciplinary workshops. Results were then compared to identify similarities and uniqueness.

This multicultural collaboration greatly helped to better understand cross-cultural traits as well as globally shared design values. As a result, local design functions in San Francisco, Los Angeles, London and Seoul achieved consensus regarding levels of local differentiation in the mobile phone business while achieving a harmonious Samsung brand identity. "Working together as a multicultural group is a more effective way to acquire a comprehensive understanding of specific lifestyle needs, commonalities and differences," says Jeff Higashi, studio manager of the Wireless Communications Group's Los Angeles Design Lab.

The global localization process is being widely praised across Samsung Electronics as a model of successful multicultural collaboration with local empowerment. The elements of shared values, cross-cultural communications and open-minded attitudes are seen as keys to success.

English philosopher and mathematician Alfred North Whitehead once wrote, "The art of progress is to preserve order amid change, and to preserve change amid order." The companies that understand and respect consumer desires and cultural differences, and that know how to use empowerment and leverage paradox (not avoid it), will be best able to adhere to this adage. These are the companies that will emerge as leaders in the new global/local economy. Samsung Electronics intends to be among them. ●

Balance of Reason and Feeling

