

LG: First major smartphone brand to pull out from market

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Dhaka: South Korean LG Electronics Inc announced on April 5 to gradually shut down its loss-making mobile division. This will make the company the first major smartphone brand to completely pull out from the market.

It is the smallest of the company's five divisions, responsible for about 7 percent of revenue, and is expected to be gradually put to an end by July 31.

The company's move to withdraw will leave its 10 percent share in North America, where it is the no 3 brand, to be occupied by smartphone titans Apple Inc and Samsung Electronics.

In addition to North America, it does have a sizeable presence in Latin America, where it ranks as the no 5 brands. In South America, Samsung and Chinese companies such as Oppo, Vivo, and [Xiaomi](#) are expected to benefit in the low to mid-end segment, according to analysts.

The division has recorded about six years of losses totaling some USD 4.5 billion, and withdrawing from this extremely competitive sector would allow [LG](#) to focus on growth areas such as electric vehicle components, connected devices, and smart homes, the company said in a statement.

In better times, LG was early to market with a number of cell phone innovations including ultra-wide-angle cameras, and was the world's third-largest smartphone manufacturer once in 2013, behind Samsung and Apple.

Later, its flagship models suffered from both software and hardware mishaps which combined with slower software updates saw the brand steadily slip in favor. Experts have also criticized the company for its lack of expertise in marketing compared to Chinese rivals.

Currently, its global share stands at only 2 percent. It shipped 23 million phones last year which compares with 256 million for Samsung, according to reports.

In South Korea, the division's employees will be moved to other LG Electronics businesses and affiliates while elsewhere decisions on employment will be made at the local level. LG will provide service support and software updates for customers of existing mobile products for a period of time which will vary by region, the company added.