

## **Philips in Asia—Country Backgrounders**

Philips was one of the first global companies to enter the Asia Pacific Market more than 75 years ago. Following is a closer look at a few key Philips markets:

### **Spotlight on China**

- While Philips has been selling products in China since the 1920s, the company has been operating in-country for only the past 18 years; Philips is one of China's largest foreign companies.
- China now accounts for 50 percent of Philips' employees in Asia Pacific, and Philips is one of the top 10 global companies in China.
- There are over 180 cities with one million consumers in China.
- China is already a big center of export for Philips and currently manufactures 70 percent of the company's audio products.
- China makes up 20 percent of total global production for Philips; Philips has 27 percent annual growth in China for exports compared with an industry average of 24 percent.
- After the United States, China today is Philips second largest market in terms of sales.
- Philips products made in China are destined for both the global market and the Chinese market: the balance 60 percent for export, 40 percent for domestic market.
- The company is also well positioned to address the domestic market. Philips is following a partnership strategy, collaborating with many of the top local brands within China. Philips has almost 30 companies in China, which account for one fifth of Philips total global production.
- According to the Gartner Group, the Chinese semiconductor market has grown by 14.4 percent since last year. To that end, Philips has boosted its commitment to China's semiconductor development by breaking ground on its new IC assembly and test plant in Suzhou, Philips largest investment in China to date.
- As China grows, the number of consumers more interested in brand and product quality instead of price is expected to increase. Philips estimates that number today be around 125 million people – equivalent to the entire population of Japan.
- As its economy continues to mature, China will contribute significantly over the next few years to Philips top-line revenue and is positioned to become a major supply center for Philips businesses globally.

### **Spotlight on India**

- Philips has been a significant contributor in India over the past 72 years.
- The company has extremely high brand recognition both in urban and rural India and holds the number one or two spot in almost all of its product categories, including a 49 percent marketshare in audio products and a 33 percent marketshare in DVD.
- Philips is also executing the largest healthcare project within Philips Medical Systems worldwide with the largest installed base in cardiac ultrasound and monitoring.
- While Philips manufactures in India most of the products it sells domestically, the Philips Software Center is a major exporter of intellectual property—

contributing to 15 percent of the total software development within Philips, mainly focused on consumer, semiconductor, and medical applications.

### **Spotlight on South Korea**

- South Korea is currently considered one of the hottest technology markets in Asia Pacific, and Korean products are much sought-after throughout the region.
- Philips has been in South Korea since 1976 and currently holds the number one spot in domestic appliances such as shavers, irons and coffee makers. Philips is also an important market player in Medical Systems and Semiconductors.
- According to a survey by Yeonsei University and Joongang Ilbo (a major daily newspaper), Philips is one of the most respected and admired foreign companies in Korea. Philips was cited in the survey as the leader with government officials because of its management transparency and social responsibility and is considered the best foreign company for its quality of product performance.
- While Philips is surrounded by strong local competition, the company has remained aggressive and enjoys strong domestic market share

### **Spotlight on Australia**

- Philips opened in Australia in 1926 in Sydney to sell electric lamps and radios; today, Australia is the number three country in consumer electronics sales for Philips in Asia Pacific.
- Philips has also light Sydney's Harbor Bridge and the famed Opera House during special events.
- Philips holds the number one market position in Medical Systems (diagnostic imaging and monitoring equipment) and Lighting in Australia.
- Philips sponsors the "State of Origin Rugby League" series annually as well as the Starlight Children's Foundation, donating home entertainment equipment to sick children.
- Philips in Australia is today primarily a sales & marketing organization (with no local manufacturing facilities). One of the region's biggest challenges is the product delivery cycle, which is typically six to eight weeks. Philips is putting a major focus on increasing speed to market in Australia.
- Philips has extensive after sales services in Australia with support centers throughout the country that can respond to 97 percent of calls within 20 seconds.

### **Spotlight on Taiwan**

- Philips Taiwan set up its first plant in the Kaohsiung Export Processing Zone in 1966 to produce computer memory boards. During the past three decades, Philips Taiwan has been growing with Taiwan economy, from labor intensive, to capital/technology intensive, and now to knowledge/intelligence intensive.
- Taiwan is already a major global trading player (14th largest), with a strong focus on IT & Semiconductors. Taiwan is migrating to newer, more innovative technologies and product applications and from production to product development. It is important that Taiwan finds its role in the Greater China

(economic) equation; if managed correctly, the mutual strengths for Taiwan and China can become very powerful, with each finding its role in the economic balance.

- Philips is a leading player in the Taiwan foreign business community, with the number one position in Lighting and top positions in Components, Semiconductors, Monitors, Consumer Electronics and Domestic Appliances.
- Philips Taiwan has put great efforts to be the model of environmental protection in Taiwan, the records of achievement in environmental awards including the "Environmental Protection Award," "Waste Reduction Award" and "Pollution Prevention Award."
- Philips Taiwan is one of the most admired foreign-invested company in Taiwan and has achieved significant records, e.g. Business awards for outstanding import-export achievement and awards for "Outstanding Labor Relations" and "Excellent Working Safety Assessments." The honors awarded recently are the "Taipei Municipal Affairs Contribution Award (2002)," and "Outstanding Corporate Image Award (2002). "

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