
From: DW Kim
To: Andy Ha; ckchung
CC: DS Kim; DJ Won; H Kim; HS Kim; HK Yoo
BCC:
Sent Date: 1999-05-24 18:25:41.000
Received Date:
Subject: Re: Pricing: use SIA as a channel
Attachments:

I agree with Ha CJ's point. One of the advantage of being a big three is to have the controlling power over the price and we need to exercise this. No one is making a profit at this price and we could have maintained \$52 level if we had had some co-operation. HEI might be also considering the same strategy.

One of our concern is that it is against the anti-trust law to set up a certain cartel price and also by being an initiator, given the current over-supply situation, it is difficult to exercise a special deal. Andy suggested to encourage Samsung as the initiator. Why not, if they accept?

We need to have a communication channel open among the big three or four. Each management should share their concern about the pricing while not violating the law. I think SIA meeting can be an alternative for them to meet regularly because all four have FABs in the U.S and it doesn't seem to be awkward to the public either. Or we can create/utilize a certain committee in the SIA quoting technology investment or else as an excuse.

Rgds/DW

Andy Ha <th.ha@hei.co.kr> on 05/23/99 11:25:43 PM

Andy Ha <th.ha@hei.co.kr> on 05/23/99 11:25:43 PM

To: ckchung@hei.co.kr

cc: DS Kim <daskim@hei.co.kr>, DW Kim/HEA1, DJ Won <djwon@hei.co.kr>, IJ Kim <injae_kim@hei.co.kr>, HS Kim/HEA1, HK Yoo <hk.yoo@hei.co.kr>

Subject: Re: Pricing

My point is that we would better not the price leader, just follower.
Meantime, however, we would get together with Samsung and ask them to suggest
Micron to have a joint management meeting for price control in the future.

ck Chung wrote:



HSA 3097692

> What's your point here ?
 >
 > Andy Ha wrote:
 >>
 >> Just a notice to let you know the price erosion we see today again.
 >> Looks like every manufacturers blame one another with regard to the
 >> recent price erosion. \$50.00 request from Packard Bell seemed to have
 >> been triggering point to have Micron and Samsung to be aggressive down
 >> to the point which is unpredictable at present. The story is like that
 >> Packard Bell price is obviously transparent to NEC and then leak to
 >> Micron. Samsung obviously knows what exactly Micron is playing in the
 >> market place. So, in the end, nothing becomes confidential.
 >>
 >> Through the reliable source we heard today Samsung will change their
 >> pricing policy immediately to chase what we and Micron will be at,
 >> rather than staying very high. The gap they perhaps looking at is around
 >> 1 or 2-dollar higher than major vendors by leveraging with unique niche
 >> product support to balance off the difference.
 >>
 >> Samsung lowered down to \$52.00 from \$56.00 as of yesterday to Dell and
 >> Micron in turn lowered it to \$46.50 for your information as they like to
 >> have max quarter end sales this month. It appears that we see another
 >> severe price war until the end of this month if we like to match this
 >> price again. As of now, we have not heard anybody is willing to follow
 >> through this price as it is believed that Micron will keep lowering at
 >> least by the end of this month if anyone chase.
 >>
 >> In case we lower it down to that level for your consideration in
 >> decision making, how much volume could we get? The answer we have from
 >> local perspective is still 12 to 14% share would be max. From the recent
 >> lesson we learned that Dell Europe does not give any significant
 >> increase of pulls for one specific vendor no matter what the day-to-day
 >> prices are because they expect everyone will be in line with almost same
 >> during the course of the very week anyhow. In another words, no matter
 >> who may be leader in pricing Dell's policy is not to give them a big
 >> pie. Just make use of that price to let everyone to follow through by
 >> leaving some rooms to give equal share in the end as they set in the
 >> beginning.
 >>
 >> Anyhow, we need to follow through the pricing trend but how far and by
 >> when would be the question. Joint meeting with Samsung and Micron seems
 >> like essential to cease this like blood war.
 >>
 >> Regards,