

**helix**  
*Professional Services*

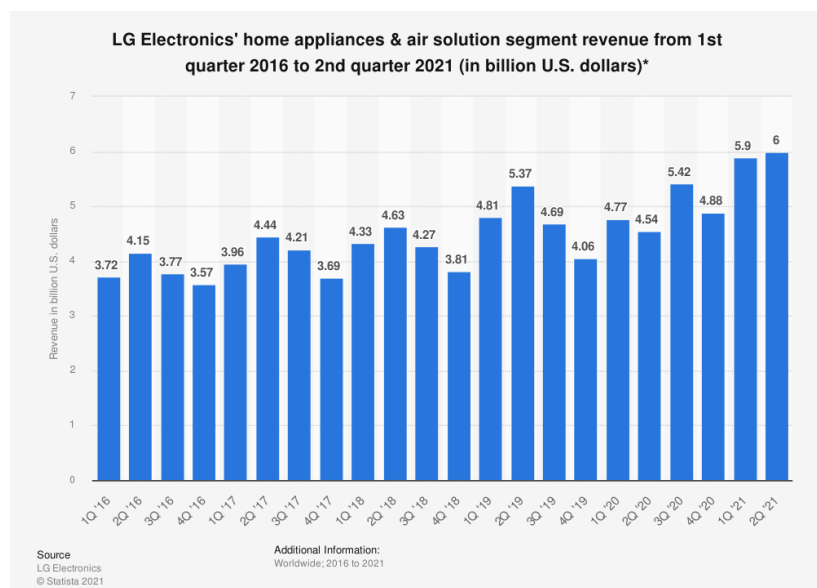


# Home Appliances Innovation Competition

*Round 2 Business Case*

You work for XYZ Appliances. Your boss has asked you to prepare a presentation on strategies to get more college students using XYZ Appliances on campus. Management feels that our strengths are our low cost and high durability appliances. They feel they are well suited to those on a budget such as young families buying their first appliances. Therefore, by having students become familiar with XYZ Appliances, the hope is to steal share in the starter home appliance market. Do you feel XYZ should go this way? What strategies can we use to get more XYZ Appliances in student hands.

Home appliances need to be understood as an business before continuing. Representing \$448bn in global sales every year, home appliances are a massive industry. Many home appliance divisions are not dissimilar from figure 1, which shows LG's revenue from home appliances & air solutions for the first and second quarters of 2016–2021 (*figure 1*).



*Figure 1 hint: This shows the same period from multiple years, including 2020. What does this mean about the industry?*

Home appliances are frequently in demand, resulting in steady and predictable revenues. But what do consumers like? In figure 2, we can see the results of a survey conducted by YouGov Ratings. Consumers were asked whether they knew a brand (defining fame %). Then, if they knew the brand, they were asked whether they had a positive or negative perception of the brand (defining popularity %). Based on consumer preference, KitchenAid and Whirlpool tie for first with Maytag, XYZ Appliances, Frigidaire, and Kenmore following close behind. To help your

analysis, we have added both the parent company that these brands belong to, and how much they make in revenue annually. XYZ Appliances represents a medium size independent competitor in an industry where many companies are either massive enough to take losses (Whirlpool) or losses are subsidized through diverse revenue streams in other profitable industries (Kenmore).

Appliance Provider	Parent Company	Annual Revenue	Fame	Popularity
KitchenAid	Whirlpool	\$131M	94%	71%
Whirlpool	Whirlpool	\$19,456M*	95%	71%
Maytag	Whirlpool	\$4,700M	91%	65%
XYZ Appliances	XYZ Appliances	\$98M	37%	87%
Frigidaire	Electrolux	\$11.2M	88%	62%
Kenmore	Sears	\$28.5M	89%	61%
Dyson	Dyson James Ltd.	\$7,300M	90%	59%
Bosch	Robert Bosch	\$1,440M	80%	51%
Westinghouse	ViacomCBS	\$2,147.5M**	80%	49%
Magic Chef	CNA International	\$9,366M***	76%	44%
Ninja	SharkNinja Operating	\$1,600M	71%	41%

\* Whirlpool revenue represents all product lines. Revenue of subsidiaries based on projections.

\*\* Westinghouse Electric’s revenues primarily come from their focus on nuclear energy.

\*\*\* Magic Chef was spun out from Whirlpool to CNA International in 2006

Figure 2: Industry overview

Appliances is a broad term – the 10 listed companies above are analyzed below on what products they serve and their specialties. One thing that a careful eye might notice is how specialty brands with a higher price tag and better quality are far more segmented while the more mass-market appliances are dominated by larger companies.

For our purposes of understanding how the appliances industry gets their products into student housing and hands, it is relevant to know which of these brands most commonly serves students and how. Historically, Whirlpool and Maytag have served nearly all student appliance needs. This was no easy feat for the appliance giants as they had to often negotiate both massive contracts with apartment buildings, fraternities, and universities and serve great deals to local landlords with rental property in the area. This has been a process they have worked on over years, establishing brand loyalty and trust in their product’s expected price and quality. As XYZ Appliances tries to disrupt the market, management has asked us to consider sales strategy in our report.

Appliance Provider	Product Lines	Durability	Performance	Environmental	Cost
<b>KitchenAid</b>	Mixers, blenders, refrigerators, dishwashers, ovens, microwaves, grills, etc.				Medium
<b>Whirlpool</b>	Full product lines for washers, dryers, and kitchen appliances. No outdoor appliances.				Low-Medium
<b>MAYTAG</b>	Full product lines for washers, dryers, and kitchen appliances. No outdoor appliances.				Low-Medium
<b>XYZ APPLIANCES</b>	Specialty kitchen appliances designed for college students and starter homes				Medium
<b>FRIGIDAIRE</b>	Full product lines for washers, dryers, kitchen appliances, and air purification.				Medium-High
<b>Kenmore</b>	High quality washers, dryers, kitchen appliances, and smart appliances				High
<b>dyson</b>	Vacuums, hair dryers, air purification, lighting, and commercial appliances				High
<b>BOSCH</b>	Washers, dryers, kitchen appliances, coffee machines, and mixers				Medium-High
<b>Westinghouse</b>	The widest variety of consumer electronics on this list				High
<b>Magic Chef</b>	Specialized brand in small kitchen appliances				Low-Medium
<b>NINJA</b>	Blenders, air fryers, ovens, and indoor grills				High

For this exercise, management wants teams to focus specifically on trying to gain market share with three XYZ products in particular: the Durable Dishwasher, the Unwavering Washer, and the Everlasting Oven. These products are compared against comparable Whirlpool and Maytag options as Whirlpool and Maytag have essentially cornered the university appliance market.

Product	Price	Expected Life	Rating
<b>Dishwashers</b>			
The Durable Dishwasher	\$999	9 Years	4.5 Stars
Whirlpool (WDP370PAHB)	\$764	6.5 Years	4.4 Stars
Maytag (MDB4949SKZ)	\$719	6 Years	4.6 Stars
<b>Washers</b>			
The Unwavering Washer	\$999	13 Years	4.6 Stars
Whirlpool (WFW560CHW)	\$854	11 Years	3.9 Stars
Maytag (MVW6230HW)	\$854	11 Years	4.4 Stars
<b>Cooktops</b>			
The Constant Cooktop	\$999	15 Years	4.5 Stars
Whirlpool (WCE55US0HS)	\$764	10 Years	4.3 Stars
Maytag (MEC8830HB)	\$999	13 Years	4.3 Stars

To help teams think of ideas, management has provided teams with three options to achieve our goals. These strategies are called bottom-up, top-down, or open response.

With a bottom-up response, XYZ Appliances would work to gain support from students directly. Management is convinced that if this route was taken, significant investments would have to be made into either product R&D or marketing to create buzz among students so great that appliance purchasers choose XYZ. A unique benefit of this strategy that management enjoys is how the strategy accomplishes the original intention of building XYZ's brand in the minds of young people.

With a top-down response, XYZ would try their best to build brand in the minds of appliance purchasers, counting on students remembering the brand through positive use experiences. Management suggests stressing and pressing the advantage of our high durability and affordable prices as a great mix for landlords of destructive college students.

Finally, management is open to hearing any other creative strategies that would increase XYZ's brand in the minds of young people.

### **Presentation Directions & Suggestions**

When preparing your response, please create a PowerPoint file with your team that describes your response to the key question: "How do we get more university students using XYZ products?" In this response, start with your teams' answer and recommendations. At this point it would be appropriate to give a sense of the kind of impact these recommendations could create. Then, craft around 10 slides (no minimum or limit, though please have content ready for a 20-minute presentation and 10 minutes of questions). These slides should tell the story of how your team came up with its solution and why you feel that this is the route XYZ should take to unseat Whirlpool and Maytag from the throne.