

One point where the
productivity will
decrease

[Business](#), [Industries](#)



One of the most important industries in Turkey is white goods sector because Turkey has become the world's 2nd largest white goods manufacturer and the largest white goods manufacturer in Europe. The first production was carried out in 1955 based on the assembly industry. The Turkish white goods sector is nowadays developed technology, innovative structure, which provides income, export revenue and employment to Turkey is among the locomotive sectors of the economy. According to ?? Bank report about Turkey white goods market, in 2015 compared to the previous year, the production of white goods in Turkey increased by %8.7 and it was 24.

6 million products. 75% of the products that produced in the sector is exported to about 150 countries. In 2015, totally 24.563.133 white goods were produced.

Approximately 15,000 dealers and 3,500 authorized service companies operate in the sector and there are 500 subsidiaries / suppliers in the sector. There are many manufacturer firms in white goods industry and they differentiate designs of similar products when producing. Therefore, this industry is in monopolistic competition. Monopolistic competition implies that there are no barriers to entry seemingly, however there might exist unseen barriers created by market leaders having huge power over the industry which is brought by owning very high percentages of market share. Therefore, they use these barriers to keep weaker firms out of the market. Although there are many producers of white goods in Turkey, the market is dominated by a few company. Koç, BSH and Zorlu Groups hold market.

Koç Group's subsidiaries are Arçelik, Beko, Grundig, Flavel, Altus. BSH Groups' are Bosch, Siemens, Profilo, Gaggenau and Zorlu Groups' are Vestel, Vestfrost, Regal, Finlux, Seg, Nexon, Sharp. In addition, with over %50 share Arçelik owns the leadership of the market of white goods followed by Bosch and Siemens who have approximately 24-25% and Vestel with about 15-16%. Clearly, Arçelik 7.

470 sold million products, BSH Group sold 5. 489. 041 products and Zorlu Group sold 3. 037 million products in Turkey in 2016. In any kinds of market, short-run diminishing returns cause marginal costs to rise. Diminishing returns happen in the short run when production factor is fixed (e.

g. capital). It is inevitable that there will be a point where the productivity will decrease. If the variable factor (e. g. labor) of production keeps on being increased, marginal cost rises. Since it is a main necessity in life and people don't have a choice whether or not buying them, white goods industry buyers are almost anyone who owns a house which means that there are many buyers engaging in the white goods industry. White goods market continues with very similar substitutes.

The companies like Arçelik, Bosh, Siemens, Vestel, LG, Samsung have an effective way to differentiate their products. Therefore, these companies have invested heavily in R department. Also, Arçelik was awarded as ' R&D leadership' and LG was awarded as ' Most innovative' and Vestel was winner of ' Red Dot Awards 2016'. The companies that in white goods market aim to maximize their profit in the short run and long run.

Also, Vestel, Arçelik, Bosh, Siemens increased their profit compared to previous years but Arçelik is a better example for this subject because Arçelik's profit increased by %35 in 2016. The next is strategic variables, which companies follow which strategy to compete with other firms and increase their market shares. In the industry there are many variations except for quantity and price. Some firms use charging higher prices, value-added pricing but also adding features and differentiating products in order to compete and stay with market. For example, we look at the new models washing machine in the market. Arçelik preferred classical washing machine and its price is 4. 350, 00 TL.

Samsung produced smart door washing machine. The door can be opened while the machine is running such laundry can be added and its price is 4. 800, 00 TL. Also, Bosch produced home connect washing machine and its price is 5. 550, 00 TL.

It can be connected from far away. LG produced a versatile product that is 17 kg washing 10 kg drying machine + 3, 5 kg washing and its price is 7. 350, 00 TL (Appendix1).

This shows the large range of difference in prices in the industry. Arçelik, Bosch, Vestel, LG and other white goods brands also use many promotional efforts such as advertising or discount to gain market share. Although most designs are similar in this industry, companies differentiate their products mostly through quality and added features as it can be seen. Finally, how firms react their rival's actions, like all industry, in the white goods industry there is monitoring how competitors are going.

As most popular strategies are differentiation and value-added. Therefore, firms control each other to follow and produce new designs and qualities. A close substitute can be found for almost

all models supplied by any one of the firms in the industry.

This means that by nature the

industry is rapidly changing, which is regular in any technology market, and firms are also rapidly reacting.

to those changes and to each other's actions. In conclusion, for the white goods market, as firms have many competitors, but each sells a bit different product, and firms follow each other so, the market has a monopolistic competition. There are a few big firms like Arçelik, Bosch, Siemens, Beko, Vestel, Samsung and LG in the white goods market in Turkey. Some brands are domestic sellers and some of imports.