

# Ge external anaysis



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## GE External Analysis: Appliances for Consumers

General Electric (GE) is a conglomerate company with many different product line divisions; all which help the company and their bottom line. In this external analysis the consumer appliance division GE will be the main focus. GE has been a continuous leader of the appliance industry since 1907; GE continues to introduce new products with advanced technology that enhance and improve their customers lifestyles. GE's mission for their consumer appliance industry is; " Answering real-life needs. Defining trends. Simplifying routines. And upgrading the look and feel of the living space." The company contributes their success in the consumer appliance industry to, " GE's forward thinking tradition that has been with the company for over 100 years has helped GE appliances sync perfectly with the modern lifestyle."

In examining GE's external environment, and focusing on the threats and opportunities the company faces, this analysis will use two frameworks Porters Five Force Model and PESTEL. The following paragraphs will use Porters Five Force model to break apart GE consumer appliance industry and help identify the threats that GE faces in regards to, the threat of new entrants, rivalry, substitutes, suppliers and finally buyers. The threat of entry: The overall threat of new entry for GE is low. The major reason that GE has an edge over new entrants is because the company has been in the appliance industry for over 100 years, they have a major learning curve advantage over competitors. With GE's amount of time in the industry comes lots of investment in R; D that is expensive, thus it helps give the company an edge that not many new competitors can compete with.

GE is a very strong brand that has earned their name, because customers can trust the products they buy from GE this has created brand loyalty for the company; this brand loyalty is hard for competitors to compete with. Threat of Rivalry: The overall threat of rivalry for GE is high. The competition in the appliance industry is very high because appliances are a commodity for most individuals. The appliances that GE and each of their competitors make are very similar to one another; with very few features that are different or make one product stand out over another. Thus it is hard for appliance companies to get their product to sell over another's. The government tries to limit the competition in the industry by placing rules and regulations over the appliance industry that companies must follow if they want to be able to sell their products in the open marketplace. Threat of Substitutes: The overall threat of substitutes for GE is very high. While not many individuals today would give up their washing machines or dryers to go to a laundry mat to do their laundry; or go to a restaurant for every meal to get away from needing a refrigerator, stove/oven, or dishwasher at home.

The threat of substitutes is not high in finding ways to replace the need for home appliances, but rather in the way that there are a lot of competitors who make the same products that will do the same thing; some maybe even better than GE. In the appliance industry GE's major rivals are Maytag, LG, Kenmore, Electrolux, Frigidaire, and Viking. Each one of these companies make the same types of products that GE makes. GE must make sure that they are staying ahead of the competition with their product features so that a consumer does not choose a competitor's product, over GE's because of a feature the competitor has that GE does not. Threat of Suppliers: The overall

threat of suppliers for GE is low. Although GE uses one of the largest manufacturers of appliances in the world, GE has worked with the company for years and has created a good relationship with them. GE shares with their suppliers and manufacturers information about their technology and knowledge in the industry so that they can help GE create their products. Because the suppliers and manufacture have gained their knowledge in the industry from GE this makes their power low because without GE they would not have the knowledge they possess. The power of buyers: The overall power that buyers have over GE is high. The buyers of consumer products today are very price sensitive, the internet helps make comparing GE's products verses a competitors products very easy; so that the customer can get the most out of their money. In the appliance industry there are high switching costs, in the ways of individuals becoming loyal to a brand, and the appliances in a home matching in style. Buyers have a great deal of influence over the types of new products that GE develops and manufactures; if GE does not pay attention to the changing needs of the consumer they will get lost in making products that the consumer wants nothing to do with. Thus it is important to make sure GE is making what the buyer wants, if not the buyer will go to another company to find the product they are looking for.

From the Porters Five Forces analysis that focuses on where GE currently stands as a company, we can see that overall attractiveness of the consumer appliance industry is low. Thus GE needs to not worry about new entrants in the industry, and focus their efforts on creating new and innovative products that the consumers want. In the following paragraphs a PESTAL analysis will

look at GE at the political, economic, social, technological, environmental, and legal factors of the company currently faces and may face in the future.

Political: GE's appliances can be found in the US as well as around in the world in numerous countries in Asia, Australia, North America, and South America.

With GE's products being sold in multiple countries the company is forced to comply with all of the rules and regulations of those countries. GE must be conscious of following the rules in the countries they serve so that they do not ruin any relationships that would prevent them from being able to sell their products there. It is important in the appliance industry that the company makes sure that their appliances comply with the codes of all the countries they are sold in. Economic: Because GE sells their appliances worldwide the company has to deal with the different exchange rates, interest rates, etc. in the countries they do business in. GE must be aware of the location they are trying to sell their appliances in and make sure that they price their products to be appealing to the consumers in those particular markets. GE needs to be focused on what appliances are making the company the most money and focus their efforts on making those appliances better and more efficient for the consumer to create stronger brand loyalty. Social: When looking at the social aspect of the appliance division GE must separate the social element out into cultural and demographic factors as discussed below. Cultural: In terms of cultural GE needs to be sensitive of the culture, norms, religious values of their buyers. This will help GE so that they can make a product that will fit the needs of their customer. When marketing their product it is important to take an

areas culture into consideration so that they can appeal to the market better and also so that they do not make their efforts offensive to the culture they are trying to market.

Demographic: In the demographic area GE needs to be aware of the different types of customers they are serving in each market. Understanding the different types of consumers they have will allow GE to make and sell products in certain areas that those customers will be interested in. GE has four different product lines, Monogram, Profile, Cafe, and Modern, to help them meet the needs of consumers in the way that works best for them.

Technological: Technology is advancing every day. GE needs to be sure that they are aware of the changes in technology of appliances so that they do not get left in the dark on a certain area and disqualify themselves from a certain appliance sector. GE should be focusing a great majority of their efforts on research and development and creating innovative new products that will put them a step ahead of the competition in the appliance industry.

Environmental: All of GE's appliances use electricity. With the world becoming more and more conscious about protecting the planet we live on it is important that GE take a "green" incentive when creating new appliances.

GE is currently has a competitive edge in this area and by being known for the "energy star" products. These products allow consumers to save energy while still having a product that does everything any other product could do.

GE has been in the Energy Star business for 20 years and they were one of the first companies to come up with this technology; GE must keep looking for ways to improve and make this technology better to stay ahead of the competition. Legal: Because the appliance industry deals with different

codes that the appliances must follow it is important that GE makes sure that they are aware of the codes in the areas they are serving. GE must make sure that the products they sell in the different appliance market meet the code requirements for each of the countries they sell their products in; to help avoid any problems with governments and customer complaints or lawsuits.

In conclusion it would appear that GE is setting in a pretty good position in the consumer appliance industry, however it is very important that GE does not get too comfortable. If GE wants to stay competitive and one of the top consumer appliance companies they must focus on creating new and innovative products that will keep them ahead of the competition. A quote on GE's appliance website sums up the companies appliances reputation very well, " GE appliances are not only great products, but are dependable and timeless." Works Cited

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## Appendix

Porters Five Forces Analysis:

Entrants: -Lots of R&D and investment -Customers and brand loyalty -  
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Competitors trying to copy 'Energy Star' technology -Advanced technology requirements -large industry with few competitors -High learning curve

Rivalry: -Commodity little differences -High amts of competition -Lots of different companies make the same thing -government limits competition

Substitutes: -Other brands (Maytag, LG, Kenmore, Electrolux, Frigidaire, Viking) limited -laundry mats -Hand washing techniques -Restaurants -lower quality/performance

Suppliers: -large manufacture has lots of power - materials scarce -Purchasing volume

Buyers: -Price sensitive -innovation - modern -high quality -fragmented -transparent -switching costs if want products to match -Special customizations - Large number of buyers