

# Kitchen appliances brand portfolio analysis



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\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Bosch Brand Portfolio \(523\)](#) \n \t

2. [Smeg Brand Portfolio \(485\)](#) \n \t

3. [Smeg Recommendations](#) \n \t

4. [Conclusion](#) \n \t

5. [Website References:](#) \n

\n[/[toc](#)]\n \n

The market for kitchen appliances can be divided into four major product categories: Refrigeration appliances: Fridges, freezers and fridge freezers  
Cooking appliances: Cookers, microwaves, ovens, cooker hoods, food processors and toasters

Washing appliances: Washing machines, clothes dryers and washer dryers  
Dishwashers

The highest selling product category is that of cooking appliances which accounts for app. 40% of the market value.

Globally the kitchen appliances market touched the figure of 114 billion dollars (over 2% growth) in the year 2007. It is expected to go up by further 11. 5% by 2012 with an estimated market value of over 127 billion dollars.

Volume wise the market crossed 540 million units in the year 2007. This number is indicated to reach 630 million by 2012 (17% growth).

Asia pacific is the largest market for kitchen appliances, accounting for app. 35% of the global market share, with Europe a close second with 33% contribution.

The report aims to study the brand portfolio of two kitchen appliances suppliers in the Australian market, namely Bosch and Smeg. It draws comparison between the two brands and suggests improvements in the less strong brand amongst the two.

## **Bosch Brand Portfolio (523)**

BSH (Bosch and Siemens Hausgerate) is a German group operating worldwide which came into being in the year 1967 with a joint venture set up between Robert Bosch GmbH (Stuttgart) and Siemens AG (Munich). Today, it has operations in forty countries made with over seventy companies in more employing more than 40, 000 people.

Bosch's technical product ranges include home appliances, automobile parts and industrial electronic systems.

It is amongst the global leaders in the home appliance market it is one of the leading brands globally and the market leader in Europe.

The extensive product portfolio of Bosch for its appliances range includes kitchen machines, food processors, hand blenders, hand mixers, blenders, juicers, choppers, mincer, contact grill, citrus press, espresso machines, coffee makers, toasters, kettles, tea makers, breakfast sets etc.

The company was founded by Mr. Robert Bosch and still operates by his following guiding principle:

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“ It has always been an unbearable thought to me that someone could inspect one of my products and find it inferior in some way. For that reason I have consistently tried to produce products which can withstand the closest scrutiny – products which prove themselves to be superior in every respect.”

– Robert Bosch

After all these years, the company very much stands by its founder’s words.

The company has always stood by the pillars of quality and reliability. That mantra has been carried forward to its kitchen appliances range as well. It has always offered the top quality products to the customer which at par, if not better, with the best in the market.

The brand has always shown its commitment towards ensuring uncompromising performance from its products coupled with excellent design built from every single appliance it produces. The design element is given its due importance; at the same time the primary focus of product design is user friendliness rather than beautiful outlook.

In the extremely competitive appliances industry innovation is a defining factor in the success of a brand. Bosch has always been perceived as one of the pioneers of the industry. It has been the first to introduce a number of innovative products in the market which have gone on to become the way of life in the future. This goes a long way in raising the brand value as the consumers know it as a company constantly working hard to make their life easier.

Another important consideration of the Bosch brand is the responsibility that it shows for the environment. They like to call it Environology®. The company offers some of the most energy efficient home appliances in the planet. The technologies behind its products are focused on merging the improvement the environment along with improvement of the products. Efforts are constantly made for the development of newer ways for reduction of energy and water usage while maintaining product performance and efficiency. This in turn helps conserve the environment as well as bringing down the running costs.

To summarize, Bosch is an extremely strong brand in the kitchen appliances segment due to its strong perception as a responsible, reliable and quality brand that delivers the latest in innovative technology while caring for the environment.

### **Smeg Brand Portfolio (485)**

Smeg is an Italian brand; in fact, it is the country's largest privately owned domestic kitchen appliances manufacturer. It was founded by the Vittoria Bertazzoni in the 1948. The company is still based near the town of Guastalla, in the Reggio Emilia region of Italy. It remains as a family run business with Mr. Roberto Bertazzoni at the top of the pyramid. The letters of the word Smeg stand for Smalterie Metallurgiche Emiliane Guastalla.

Smeg's trademark is " Tecnologia che arreda" which translates as " Technology with Style" which is used as the header for their mission statement across the World. The brand is available in over 30 countries. In

Australia, the Smeg brand is one of the prominent players in appliances industry.

Smeg's product range is diverse and comprehensive. It offers a large variety of options for the customers to choose from in each of the category it operates in.

Following is a look at the product portfolio of Smeg:

Ovens and Cooktops: Classic Canali style & ' Linear' collection

Upright Cookers: Freestanding cooker

Rangehoods: More than 50 models

Dishwashers: Over 16 designs

Refrigeration: Iconic retro fridges along with new ranges

Sinks: Varied models

The product that put the Smeg brand on the map is undoubtedly their 1950s style ' retro' refrigerators (the FAB range) with curved corners and non-traditional colors and patterns

Smeg has always stayed true to its Italian roots. It has had a tradition of employing acclaimed architects and designers such as Guido Canali, Renzo Piano and Marc Newson designing their collections.

The company believes in the philosophy that there is no reason that a kitchen appliance has to lack style. It has been made innovation in kitchen

appliance technology, by employing unique design concepts into their line of refrigerators, free standing cookers and washing machines etc. for over half a century.

The founders of the brand aimed at creating appliances that would not only function adequately, but also bring in style and design to the kitchen. His endeavor was to create art out of mundane objects. He proved his point by turning the refrigerator, a common household kitchen appliance into an icon all over the world.

This brand positioning of Smeg has given it a unique place in the customer mind set. The brand is well distinguished from all its competitors, but that doesn't necessarily mean that it's a successful brand (rather as successful as it can be).

The customer is excited by the uniqueness that the brand offers but somehow is not able to carry that uniqueness forward in terms of actual purchase of the product. The reason is that he looks for functionality and durability more than the design in a kitchen appliance.

The brand needs to address is issue of making itself the product of choice by making the necessary changes in its offering and positioning by which it can capitalise of the stand out positioning it has earned for itself.

## **Smeg Recommendations**

The kitchen appliances market is by day becoming more interdependent and competitive and consumers, on the other hand, are becoming more

selective. As a result, most brands face the challenge of creating its special place while sticking to the basic requirements of the consumers.

Smeg, thanks to its one a kind designer products, has been able to make it stand out from the crowd. Everybody knows the brand; the challenge remains to make sure they buy the brand as well.

It has to be understood that the kitchen appliances market is a relatively low-involvement market. A purchase decision is made within a few days or even hours before the purchase. An appliance is more or less considered to be functional rather than emotional element of the household.

A potential customer looks for two key ingredients in the kitchen appliances: comfort and reliability, design follows later. No matter how fancy a product looks it first needs to get the job done. This is where the well performing brands like Bosch have done very well.

Smeg has to appreciate these primary requirements of the consumers and make sure it delivers on these fronts as well.

The brand needs to strengthen its product quality. The current quality levels are decent but they are not at par with the market leaders. The design patterns have to be integrated with ease of comfort that they bring.

The company has earned the tag of an innovator, which is a big plus, but to take the brand to the next level, the innovations have to be extended from design to the actual product as well. A good new product from Smeg will be much easily accepted in the market as it is already perceived as a company offering fresh ideas.



These product improvements and innovations are important but the most important element is the brand image that needs to be corrected. The products are already reasonable in quality so the changes don't need to be extreme, but the company has never highlighted its product quality, which it must do to succeed more.

The marketing mix has to bring back the focus on the company's mantra of 'technology with design', as over a period of time the brand has lost the emphasis on technology and become a design centric brand. When it happens Smeg will strongly compete with market leaders like Bosch.

## **Conclusion**

The kitchen appliances market has steadily grown over the past few years and is expected to follow the years in coming times with Asia Pacific and Europe being the key markets.

The buying decision in this market doesn't demand high levels of involvement for the customers and their order of priority is functionality, comfort and design.

The market is full of options for the buyers. To distinguish itself a company must offer innovative products from time to time and maintain high levels of quality. Unique offerings like design innovations create better brand recall.

Bosch is a strong player in the kitchen appliances market with its key strengths being its quality and reliability. It is positioned as a premium quality brand that is an innovator with a comprehensive range.

Smeg, on the other hand, is a brand that has made a name for itself due to its unique designer products. The brand is not as successful as its potential as it has only focused its design capabilities and overlooked the quality and innovation parts.

Smeg can become a highly successful brand if it adds product quality to design in its brand positioning by making it a good product that looks good instead of a product that looks good.

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