

Whirlpool corporation – case study essay sample

[Business](#), [Company](#)



I Situation Analysis

Industry

Whirlpool Corporation is a worldwide manufacturer and marketer of home appliances. It manufactures and markets mainly appliances and appliance-related products, primarily for home use. The Company has manufacturing plants in 13 countries, and is also an owner of eleven brand names.

Whirlpool sends its products to distributors and retailers in more than 170 countries. Its principal products are laundry appliances, refrigerators and freezers, cooking appliances, dishwashers, and other small household appliances. Approximately 10% of its unit sales volume is purchased from other manufacturers for resale by the company. Whirlpool also produces hermetic compressors and plastic components, primarily for the home appliance and electronics industries. Market in the US is mature, and corporation is trying to expand and gain larger market share in regions such as Europe, Latin America, and Asia. Here are the short summaries for the industry of those regions:

European Industry:

In the early 1980s, there were approximately 350 producers of household appliances in Europe. With consolidation in the industry, by the late 1980s the number had shrunk to about one hundred. By early 1995, it was estimated that five of the companies, including Electrolux (with a 25% market share), Philips Bauknecht, and Bosch-Siemens, controlled over 70% of the market.

Latin American Industry:

The economic stability in Latin America in the 1990s made the region an attractive growth proposition. The appliance makers hoped that the days of hyperinflation and economic mismanagement were over, and they were pleased to see that governments were reducing tariffs.

Asian Industry:

Asia, the world's second-largest home appliance market, was also the fastest growing market of the 1980s. By the mid-1990s, it was growing at a rate of between 8% and 12% annually, a rate that was expected to continue well past the year 2000.

Competitors

In Europe its main competitors are Electrolux, Philips Bauknecht, and Bosch-Siemens. Overall, its global competitors include Maytag and also General Electric. Some of Whirlpool's American competitors are moving more production to Mexico. General Electric has moved production of some low-end models to its joint venture partner in Mexico; Maytag is shifting some refrigerator production from a factory in Illinois, which will close, to a new one in Mexico; and Electrolux will close its refrigerator plant in Greenville, near Grand Rapids, to move production to Mexico. This is why expansion is closely looked at as an option for expanding.

MKT Trends

The appliance industry is a very dynamic environment. It is not very easy to enter the market because there are already many huge companies, which are playing main role in this type of the business. In order to be successful, Whirlpool has to be customer oriented, which means that, it has to be innovative and has to produce as high quality products as possible all the time.

II Opportunities and Challenges

History

Whirlpool was founded in 1911 as The Upton Machine Co. in St Joseph, Michigan, to produce an electric motor-driven wringer washer. The company merged with The Nineteen Hundred Washer Company in 1929 and began to sell their first automatic washing machine through Sears, Roebuck & Co. in 1947. The Whirlpool brand was introduced in 1948 and steadily built a strong retail relationship with Sears. Through a series of acquisitions and mergers, the company emerged as a leading force in the U. S. appliance industry with annual revenue reaching \$2 billion in 1978. Whirlpool's headquarters was in Benton Harbor, Michigan. As of 1998, Whirlpool Corporation claimed to be the world's leading manufacturer of major home appliances. The company manufactured in thirteen countries and marketed its products under eleven major brand names (including Kenmore, Sears, KitchenAid, Roper, Inglis, and Speed Queen) to over 140 countries.

Target MKT - 4 P's

Product: Whirlpool offers a wide variety of consumer related products. Its principal products are laundry appliances, refrigerators and freezers, cooking appliances, dishwashers, and other small household appliances.

Price: In general, Whirlpool's prices are a bit more expensive than prices of their competitors. This is due to the fact that the quality of their products is overall higher than that of their competitors. Over the years Whirlpool gained trust of its costumers, therefore the Whirlpool's costumers are always coming back to buy more and more. Also for those customers with lower income, Whirlpool has some brands that are more concentrated on them.

Place: They sell their products all around the globe but their main target is Western world (where there is money), such as Western Europe, The United States, and Canada. But, they also have great market share in Australia and China.

Promotion: Whirlpool has very developed marketing department. It gained much of the experiences over the years. They concentrate their advertisement on the TV commercials, magazine articles, newspapers, and in more recent years on banners on websites. This type of marketing has been proven as very successful over the last few decades.

III Whirlpool's MKT Strategy

Strategy

Whirlpool's strategy is to build strong consumer demand and unmatched loyalty for their brands by giving consumers what they need and what they

want. By focusing on five key drivers — products, communication, relationships, purchase experience and services, they tend to satisfy consumers, achieve greater profitability for their trade partners and continue with growth of their business. Innovation is a key strategy of Whirlpool Corporation, and an essential part of the company's long-term growth. Innovation is a business approach that Whirlpool's brands are using to create and introduce truly unique, value-added solutions to customers around the world

Mission

Whirlpool's slogan goes: " Every Home, Everywhere... with Pride, Passion and Performance!" Also, their intention is to create the world's best home appliances, which make life easier and more enjoyable for all people.

Objectives

Whirlpool's objective is basically said through their mission statement:" Whirlpool product in every home, everywhere". Whirlpool became very confident corporation with high and tremendous objectives. So far Whirlpool is selling its products worldwide, in more than 100 countries. Corporation isn't far away from reaching their long-term objectives.

IV Conclusion

At Whirlpool Corporation, they take pride in the quality of appliances they market and manufacture. Whirlpool is committed to building products that consumers around the world can depend on to meet their daily needs. Its

commitment to quality begins in the concept stages and continues throughout the lifetime of the appliance. Moreover, Whirlpool has very good strategy ideas, clear objectives, and everything carefully organized. Therefore it tends to reach any goals they desire. It is successful company, but they have proved that they can grow even more. The good idea would be to expand to Europe and Asia, because of the market size and its market potential.

Whirlpool Corporation Executive Summary

Whirlpool Case Facts

The Whirlpool Corporation is one of four top appliance manufacturers in the world. Whirlpool has annual sales of between \$4 and \$6 billion dollars. It supplies Sears with Kenmore washers and dryers, which accounts for thirty-seven percent (37%) of Whirlpool's sales. Since growth of the United State's appliance market had been evening out, Whirlpool looked to expand operations and sales in Europe. At that time, Europe's market for appliances was twenty-five percent (25%) larger than that of the United States and was growing by four percent (4%) a year. In 1989, Whirlpool acquired a majority interest (53%) in Philips, an appliance manufacturer in the Netherlands. In the late 1980's, the company also acquired the Kitchen Aide Company.

Whirlpool has a highly automated factory in Clyde, Ohio, which is the largest of its nature. It is approximately 1. 5 million square feet and employs 3, 500 people. Whirlpool's information technology (IT) consists of domestic processing for manufacturing, sales, and engineering located in Benton Harbor, Michigan. Parts information technology for the manufactured

appliances is located in an Indiana facility. International IT locations have their own data centers. These data centers support local manufacturing, materials, and inventory and are locally managed. Whirlpool also established an eight-node T1 network in a mesh topology to support these systems.

Problems and Opportunities

Whirlpool wanted to maintain current growth rates, so it was necessary to consider expanding to markets outside the United States. Whirlpool also looked to increase the quality of its products, improve supplier relationships, decrease costs, and to increase sales. The company hoped to increase supplier relations through acquiring component suppliers and encouraging these companies to lower costs and improve quality. The company also wanted to develop products for customers with special needs such as the blind, elderly, disabled, etc. using computer-assisted development applications. Whirlpool also wanted to integrate ITs' capabilities into operations such as research and development, the study and forecasting of sales, and the evaluation of its products. The corporation also had the problem of integrating the newly acquired Philips Corporation into its own business IT architecture. Whirlpool faced problems with the European culture, telecommunications inconsistency, and different manufacturing standards abroad. Whirlpool envisioned a global information system to establish competitive advantage to enable better sales predictions and improve supplier relations.

Alternatives

Whirlpool has a couple of alternatives. The first being developing and implementing a global IS systems. The company could foster European relations by having a team from all countries involved in working on a global solution. Consultants might aid the development of the system by incorporating current national and international telecommunication standards, business practices, and other issues of global magnitude. Once a global system is in place, any acquired companies would be integrated into the existing global network. This network would ideally be centered in the current US location with connections to each country allowing real-time access and local input.

Another alternative would be for Whirlpool to let each country continue to operate its' own data centers. This allows for competition in each IS shop, and the data would be different among each unique location. Combining data from different shops would pose a definite challenge to the company. However, Whirlpool would not have to spend money to upgrade current systems. The company might have to spend money to upgrade telecommunication lines to make them compatible with US telecommunication standards.

Recommendation

Whirlpool should develop and implement a global IT system. Whirlpool should use IT staff from Europe as well as outside consultants to provide input into the specifics of the system. A global system would enable Whirlpool to serve customers in the United States and abroad better through improved sales forecasts and faster supply service for appliance Components

(better supply and demand forecasts for each country). The first alternative would be the best alternative for Whirlpool.

Actual Implementation

Whirlpool is still looking for a global solution. According to Dave Whitman, Whirlpool Chairman and CEO, it hopes to some day. In 1999, Whirlpool had problems with an implementation of software from SAP and E-Commerce. The company started the system even though there were problems with it. Eventually, the problems were worked out with SAP, and the company continued to use it. Whirlpool also implemented web technology for customer research and ordering capabilities for retailers. Eventually, the company would like to add the capability for repair facilities to submit invoices for work completed to receive payment. One-half of sales from retailers were generated from the Internet in 2000. Whirlpool acquired manufacturing facilities in Mexico and in Poland in 2002. Local Whirlpool companies are still fulfilling market niches in their own regions. The company also hopes to incorporate IT strategy into its overall business strategy in the future.