Background

With revenues of US$ 17 billion in 2003, the Electrolux Group, based out of Sweden sells products across 150 countries around the world. It has over 77,000 employees worldwide. It has two business areas, Consumer Durables and Professional Products, both of which include products for indoor and outdoor use.

- Consumer Durables comprise mainly white goods, i.e. refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens, as well as floor-care products and garden equipment.
- Professional Products also include products for both indoor and outdoor use. Indoor Products comprise food-service equipment for hotels, restaurants and institutions, as well as laundry equipment for apartments, laundrettes, hotels and other professional users.

With revenues of over US$ 47 million Electrolux India is a subsidiary of the Electrolux Group. It has products in Air care, Fabric care (Washing machines), Nutrition (Microwave oven) and Food Care (Refrigerator) segments. Electrolux India today has about 1500 employees, spread across its three plants and eighteen branch offices. Electrolux currently has three state-of-the-art manufacturing facilities in India located at Shahjahanpur (Rajasthan) and Warora (Maharashtra) producing refrigerators and Butibori (Maharashtra) producing washing machines.

Electrolux has a 11 per cent market share in fridges and a 3 per cent share in washing machines.

Factors for Success

Improving the Supply Chain

To boost sales and strengthen its market position, Electrolux India has improved its supply chain management. Electrolux has implemented Information Technology tools to enable the monitoring of inventories and there are frequent periodical reviews of status of the supply chain and logistics network.

Electrolux has implemented Cognos business intelligence (BI) for its sales and supply chain transactional databases in 2000. The sales, marketing and supply chain departments can pivot online information on sales and inventories. One can drill down to different levels of products based on technology, colour, capacity and segment customers based on channel, geography.

This information has helped Electrolux in better inventory management to the branch level, reducing overall inventory of finished goods in the system and building up a robust channel for serving customers.

Marketing Initiatives

Electrolux India’s numerous marketing initiatives include:
In order to rationalise the portfolio of brands, Electrolux has adopted a single brand strategy. The company has decided to consolidate the entire white goods portfolio under one umbrella brand, Electrolux. This move has helped the company reap advantages of economies of scale through lower spends on media & brand building in the long run, and move towards more profitable, sustainable, focused growth.

To reposition and re-brand itself, Electrolux increased its advertisement spending to 5-6 per cent (of sales) in 2003 from 4-5 per cent (of sales) in 2002, and also introduced new TV commercials.

Adopted a marketing strategy of targeting women consumers by setting up dealer showrooms exclusively owned, managed and operated by woman managers.

Launched Health Nourish Challenge, an initiative that introduces innovation in the home appliances segment. It has allocated US$ 0.1 million for this initiative. The focus of this initiative is to provide quality products through life-nourishing appliances and create value by enhancing product features.

Launching innovative products
Electrolux has an innovative product portfolio, which caters to the needs of a wide consumer base.

• Introduced a washing machine that can communicate with its users in two languages called the “Washy Talky”.
• Introduced world’s first hands-free refrigerator called “Oxyaquaswing” which has a foot pedal opening door refrigerator.
• Launched frost-free refrigerators equipped with plasma technology, which are equipped with Plasma Health Guard that can kill bacteria 400 times more effectively and eliminates odour 10 times more than the conventional deodouriser.
• Launched maxixwave microwave ovens which has the ‘360 degree Maxixwave’ technology, which cooks food evenly with 100 per cent uniform cooking.

Localised products for wider consumer base
To counter the electricity problem in rural India, Electrolux launched new range of refrigerators called ‘Bijee’ which offers a 12-hour power back-up through a built-in battery. It is targeted at rural households with a monthly income of US$ 60-160. It offers up to 12 hours power back-up and has an in-built power pack that can operate on an external connected battery during power cuts.

Electrolux is also promoting its ‘Tamanna’ refrigerators, which come with in-built FM radios and message recorders, among homemakers.

Leveraging the India Advantage

Research and Development
Electrolux has set up a Research and Development Centre with an investment of US$ 8.6 million. It is the headquarters for its South Asian Association for Regional Cooperation (SAARC) operations, excluding Sri Lanka. This centre will be the regional hub to develop new technologies and products.

IT services
Electrolux has outsourced its Information Technology services to Patni Computers in India.

Future Plans

• Electrolux is planning to invest US$ 8 million in a research and development (R&D) centre by 2007.
• Electrolux is also planning to move a part of its call-centre activities from North America to India. It is in the process of sourcing components worth US$ 30 million from Indian manufacturers. It plans to increase this value to US$ 300 million by 2007.