Electrolux

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Abstract

The success of a business firm solely depends on how much it is able to fairly compete with other firms and capture the continuously growing market. Most of the commercial enterprises today face closure due to their inability to meet customer’s needs in terms of pricing, quality, timely delivery and even the aesthetic qualities that the clients may prefer. The today’s global market structure only favors firms that have gone out of their way to ensure that their products retain their legacy and are unbeatable by any other new firms, by adopting proper pricing strategies and ensuring that thorough marketing of the products are done. With the advent of modern technology, firms have even got it more convenient to make publicize their products to the whole world. Consequently, the firms have widened their markets, and supply products to almost all the countries in the world. However, the changes in the economic structure, the rise of new and more competitive firms and the large variations in regional incomes have greatly changed the dominance of some firms. The article explains how Electrolux can survive in the currently competitive global market for appliances.

Keywords: competition, pricing, global market, economies of scale, quality.

Electrolux

Discuss whether AB Electrolux can compete with local Chinese consumer manufacturers

Electrolux Company is a global manufacturer and distributor of appliances with headquarters located in Sweden and the possibility to place orders online (Electrolux, Electrolux Annual Report, 2016). The company has different arrangement for delivery of their goods. The most efficient one is the delivery after only a part of the payment is made, while other customers prefer delivery after the full payment. Electrolux also allows for the credit payment terms where a customer fully pays for the goods, for instance, a month after delivery. The company considers the purchase of orders as an agreement to pay, hence, the clients must not have to pay the cash before the goods are delivered to them. Most of the Chinese firms do not advocate for deferred modes of payment, even when the customers send a purchase order for the goods. The firms have adopted policies that do not favor all the possible financial circumstances of the clients, and this has made it difficult for them to fairly compete with Electrolux.

Electrolux is a globally known company for the production and distribution of very high quality appliances. The company has made good customer contacts, and due to the presence of a number of its outlets and agents, the company has gained a competitive advantage over other firms. Electrolux does not depend on one sales station. It has contracted other retailers to sell its products on its behalf, and this has built consumer confidence on the availability of Electrolux’s machinery and other appliances. Clients get it easier and more convenient to pick products at the outlets of Electrolux, than to purchase them from local Chinese manufacturers.

Clients know Electrolux as a company that has been dealing with the sales of commercial appliances in the global market for a decade now. The company has a wide market base and its products are highly trusted by the clients (Albrow, 2010). Moreover, Electrolux provides its customers with quality policies that are fully elaborated, for security purposes. The local Chinese manufacturers are not that known in the international market since most of them started their operations less than decade back. The Chinese manufactures have not done sufficient marketing to ensure that their products are internationally known. Electrolux also provides goods at fairly competitive prices, which are relatively lower than those of the local Chinese firms.

Discuss the three leading perspectives on strategy, and how this strategy tripod influences Electrolux

Electrolux employs three main strategies for commercial sustainability, which are proper marketing, provision of quality products at low prices and the establishment of several outlets and agents worldwide (Electrolux, Electrolux Annual Report, 2016). Electrolux does continuous and proper marketing for its products by the use of social media, and this has led to the international fame of the company. Moreover, the company has benefited from trade fairs and the involvement in international activities such as the Olympics, and this has helped Electrolux to have an international image. Moreover, through Electrolux’s policy for the provision of quality goods and services, the company has ensured that every product delivered to the international market is of the demanded quality. The company’s quality assurance department ensures that every product delivered to the market is an attracting factor. Electrolux has also established its outlets and agents in Asia, Africa and India, to ensure that the products are distributed worldwide, and at the convenience of the customer.

Identify Porter’s four generic strategies. Discuss which of these would work best for Electrolux

The four strategies are leadership in cost, product differentiation, focus on cost and differentiation. Leadership in cost ensures that the firm is the leading provider of quality goods at the cheapest cost, and this ensures that it succeeds in the highly competitive market. Product differentiation is also important for a firm, since this is the only way to break the monotony on the side of the client. The company may decide to provide a product of the same functionality, but of different designs to fit the aesthetic needs of the customer (United Nations, 2017). Electrolux may also focus on differentiation to identify the product that may best fit the needs of a customer. The best strategy for Electrolux to use is to focus on its leadership in cost, since a majority of the customers do not mind about product differentiation, but the final price that determines whether they purchase or not.

What is the corporate culture of Electrolux? Discuss two distinct attributes of culture within the organization

Electrolux have a well-formed management style that incorporates the site managers, procurement officers, quality assurance and control department, production department and the human resource department (Electrolux, Electrolux, 2016). The company believes that for all its activities to take place efficiently, all the functional organs must work together. Electrolux uses modern technology in the manufacture of its products to ensure that every good that comes out of the production line is of high quality and fits the customer requirements. The technology are tailored to ensure that all the production activities are inclined to the company’s mission of producing high quality products at the lowest cost possible.

Conclusion

The performance of Electrolux can be attributed to commercial factors such as proper pricing, aggressive marketing, proper communication and the use of marketing strategies that maintain the image of the company in the international trade arena. Despite the stiff competition for the supply of electronic appliances, Electrolux still manages to make good sales due to the optimal managerial structure that is able to work together for a common objective. Electrolux may therefore remain the world’s renowned supplier, if its trade relationship with the world is maintained.

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