PRODUCT POSITIONING AND COMPETITIVENESS ANALYSIS IN TURKISH WHITE GOODS INDUSTRY

by

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to Işıl, my beloved sister

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ABSTRACT

In today's highly competitive business environment, companies are more challenged than ever by the needs of new management techniques and new approaches in production that preserves the vitality and position of the enterprise in the market.

This research thesis performs a COMPETITIVENESS ANALYSIS for the producers in the white goods industry in Turkey, in the vision of strategic planning or management concept.

The following topics are emphasized in the study;

- Determining the strength of the sector against the threats of consumer behaviour change in the domestic market and imported goods from the foreign markets. Also investigating the approaches of the producers to these circumstances.
- Strength and weaknesses analysis of producers against different opportunity and threats utilizing Strategic Planning approach.

The findings of the study show that white goods sector is in a transformation to become more market and consumer oriented. The customer needs and wants are emphasized in their new product concepts. Local producers with their strong distribution and after sales services network seem to be ready for global competition which already started with imports in the local market. But for exports Turkish white goods industry is just at the beginning. Producers are still busy with fulfilling local demand.

This sector research will definitely help to define Turkish white goods market and very useful for producers. Moreover it will help the strategic planning and management applications and the quality concept in a larger scope to take place in the Turkish industry.

ÖZET

Günümüzün yoğun rekabet ortamında, işletmeler pazardaki konumlarını ve varlıklarını koruyabilmek için yeni yönetim tekniklerine ve üretimde yeni yaklaşımlara her zamankinden daha fazla ihtiyaç duymaktadırlar.

Bu tez Stratejik Planlama veya Yönetim anlayışını temel alarak, Türkiye beyaz eşya sektöründeki üreticiler için bir REKABET EDEBİLİRLİK ANALİZİ yapmayı hedeflemektedir.

Çalışmada aşağıdaki konular incelenmektedir;

- İthal ürünlerden ve iç pazarda tüketici davranışlarının değişmesinden kaynaklanan tehlikelere karşı sektörün gücünün belirlenmesi. Ayrıca üreticilerin söz konusu tehlikelere karşı olan yaklaşımlarının incelenmesi.
- Üreticilerin değişik firsat ve tehlikeler karşısındaki güçlü ve zayıf yönlerinin stratejik planlama yöntemi kullanılarak belirlenmesi.

Araştırmanın bulgularına göre, Beyaz Eşya sektörü pazara ve müşteriye odaklı bir yapıya doğru dönüşüm içindedir. Müşteri ihtiyaç ve beklentileri ürün geliştirilme aşamasında daha fazla rol oynamaktadır. Güçlü satış ve servis ağları sayesinde yerli üreticiler ithalat yoluyla iç piyasada yaşanan uluslararası rekabete hazır görünmektedirler. Fakat ihracat, üreticiler için çok yeni bir pazarlama biçimidir. Çok hızlı genişleyen iç piyasa üreticilere henüz yetmektedir.

Bu sektörel çalışma Türkiye beyaz eşya pazarının belirlenmesinde yardımcı olacaktır ve üreticilere yararlı sonuçlar sağlayacaktır. Ayrıca Türk sanayiinde kalite kavramının ve stratejik planlama, yönetim ilkelerinin daha geniş anlamlarıyla yer almasına bir ilk adım oluşturacaktır.

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SECTION 1. INTRODUCTION

Today's industry is facing more threats than ever. Because while the competition increases and gets more international, world-wide economic problems threatens the industry. Globalization, the much discussed issue of world economy today, is already influencing trade and industry everywhere in the world. Markets come closer and gain an international identity. Consumer needs and wants gain importance in the design and production process as well as in the market.

Competitiveness is the key word for vitality in such an environment. Managers are challenged by the needs of new management techniques to follow the trends in an ever changing environment. Competition forces the companies to be prepared for the coming threats and ready to take advantages of new opportunities. To be able to do this, management has to do more than making operating decisions. Strategic decisions are needed for reaching long term objectives. Strategic planning is the management technique for analyzing and planning systematically to achieve future goals and to be competitive in the market.

Turkish industry has also started to integrate to world trade in recent years. This trend will continue in an accelerating manner as there are serious intentions to participate E.C. This integration will cause many problems for the Turkish industry, but on the other hand it will open up new opportunities, too. Identifying coming threats and preparing the industries to overcome these problems as well as developing strengths to utilize new opportunities are the major issues in the strategy of Turkish industry. In other words competitiveness of the Turkish industry should be carefully analyzed and developed according to the results of the analysis.

In this research, white goods industry and market in Turkey are analyzed. Because in a competitive environment such as in white goods market, strategic planning efforts help a lot to the industry for constructing future strategies and choosing direction. The primary **objective of the study** is to determine competitiveness level of Turkish white goods industry according to strategic planning techniques by collecting data on certain variables that affect the competitive position of an industry most. Strength, weakness opportunity, threat analysis are performed for the competitiveness analysis.

White goods industry was chosen because of several reasons. The white goods market has grown rapidly in recent years. Average annual growth rate was around 20% on a unit basis for the last five years. The size and the volume share of white goods industry in total durable goods industry increased, too. Even in the Gulf War time white goods continue to grow. Today, it is one of the locomotive industries of Turkish economy.

As a result of increasing market size, new entrants appeared in the market soon, both local and foreign. This increased the competition. The foreign companies are now seriously interested in Turkish market and have intentions to produce or assemble in Turkey.

Increasing production and competition is to the benefit of consumers. In fact various brands introduced many products and models to attract consumers. This enriched the market. Today many brands and models are competing in the market in every product class.

Finally, the high population growth rate in Turkey and increasing GNP per capita trigger the demand for the home appliances. These factors lead to an increasing demand for the white goods for the next years. Thus the industry will continue its growth for the near future. But this also attracts many competitors, too. As a result white goods market represents an ideal free market vision and it is an ideal example to conduct a strategic planning analysis. The research gives many important useful tools for the Turkish white goods industry to distinguish its competitiveness level and this is important for a locomotive industry of Turkish economy.

The design of the study consists of seven parts. In this first introductory section objective of the research, the reasons behind the choice of the white goods industry and the scope and significance of the study are covered. The structure of the report is also explained here.

In section two strategic planning concept is discussed. Theoretical background of strategic planning, techniques for internal/external appraisal, and strength, weakness, opportunity, threat analysis are reviewed in the section two based on the literature survey.

In section three secondary data on the white goods industry are presented. The definitions and classifications of white goods industry and its products, growth and importance of the sector (this part also explains the reasons behind the choice of the sector), figures on production, local sales, export sales and imports are presented. Finally competition in the white goods market is discussed.

In section four research design and methodology forming the basis for the survey conducted among the firms in Turkish white goods sector are presented.

Section five and six covers the research findings based on the data collected through the survey. In section five the findings obtained from the structured questionnaire are discussed. There are six sub-sections of this part each evaluating the results of one variable. The variables were chosen to represent the competitive position of an industry. the selected variables are product, quality, after sales services, export opportunities, threats from import and market trends. These variables strongly determine the competitiveness level of the white goods industry in Turkey. But these are not the only factors that affect the competitiveness, of course. The researcher does not argue about the exhaustiveness of the variables. Each variable and the corresponding section in the questionnaire supplied information on several important factors related to that variable.

Similarly, in section six the findings based on the in-depth interviews are discussed. In-depth interviews were conducted with the people from manufacturers, importers, duty-free shops and retailers. These interviews are not based on a structured questionnaire, they are rather discussions with people on open-ended questions and important issues of white goods market. This section mainly focuses on distribution system and retailing.

Section seven covers the conclusion reached evaluating the findings and results of the study. In the light of research findings SWOT (strength, weakness / opportunity, threat) analysis are performed for the study. Moreover strategic implications (originating from the analysis of selected variables and research results) for white goods industry in Turkey for the near future are discussed. These can give useful clues for the future strategies of the industry and open new areas for further research.

In the appendices the questionnaire used as the data collection instrument, the list of interviewees and companies, white goods products' descriptions and ISO 9000 standard are presented.

SECTION 2. STRATEGIC PLANNING: THEORETICAL FRAMEWORK

Necessary theory for the study will be reviewed in this section. The subject will be discussed starting from larger scope and narrowing down to concepts which are more directly related to our market analysis.
Followings are the basic steps on the way to core of strategic planning.

PLANNING	Introduction part. The natural starting point for the research project and strategic planning concept.
STRATEGIC PLANNING	Introduction to strategic planning and management concept. Definitions, important characteristics, decisions and considerations behind strategic planning and management.
STRATEGIC PLANNING OR MANAGEMENT PROCESS	Explanation of step by step process of strategic management. The aim is the first introduction of internal and external appraisal which later will be the essential concepts of the study.
STRATEGIC MARKETING MANAGEMENT	The strong tie between strategic management and strategic marketing management will be discussed in this part.
ANALYSIS OF EXTERNAL AND INTERNAL ENVIRONMENT	The research will be an analysis of external and internal factors for WG market. This part is the theoretical discussion of these topics.
SWOT ANALYSIS	According to the findings in the research WG sector will be analyzed. Strong and weak sides will be determined. This final part will be the basis for industrial analysis.

2.1. PLANNING ITSELF

In today's highly competitive environment, managing the. companies has become a complicated task. Because as Kerin and Peterson (1980) discuss, it is not enough to make operating decisions related to short term implications but directing the business to the right way in the long run is also very important. In other words today, managers are more challenged than ever, by the needs of strategic plans and decisions which guide the organisation's financial, managerial, and technological resources to effect long-term linkages with its social, technological and competitive environment in a manner which preserves the vitality - indeed, the survival - of the enterprise.

Planning, described as "the most basic of all the managerial functions" by Koontz, O'Donnel, Weihrich (1986) is really a manager's most essential task. Planning logically precedes the execution of all other managerial functions although in practice all the functions mesh as a system of action, planning is unique in that it involves establishing the objectives necessary for all group effort.

According to Koontz, O'Donnel, Weihrich (1986) planning involves selecting from among alternative future courses of action as a whole and for every department or section within it. It requires selecting enterprise objectives and departmental goals and determining ways of achieving them. Planning bridges the gap from where we are to where we want to go.

Also as Stern (1966) reprints, Peter Drucker defines what planning is by first stating what it is not. It is not forecasting, Drucker (1959) explains, in fact long range planning is made necessary by the limitations of forecasting in that forecasting tries to find the most probable course of events, and the purpose of planning is to apply entrepreneurship in order to change these possibilities of future events to the advantage of the company. Of course some events are beyond the control of the firm, which must adjust its plans to these future expectations.

Drucker (1959) defines, planning is the continuous process of making present entrepreneurial decisions systematically and with the best possible knowledge of their futurity, organising systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through an organised, systematic feed-back.

Again Stern (1966) discusses Urwick's (1944) definition that is "planning is fundamentally an intellectual process and a mental disposition to do things in an orderly way, to think before acting and to act in the light of facts, rather than guesses." (pp. 33)

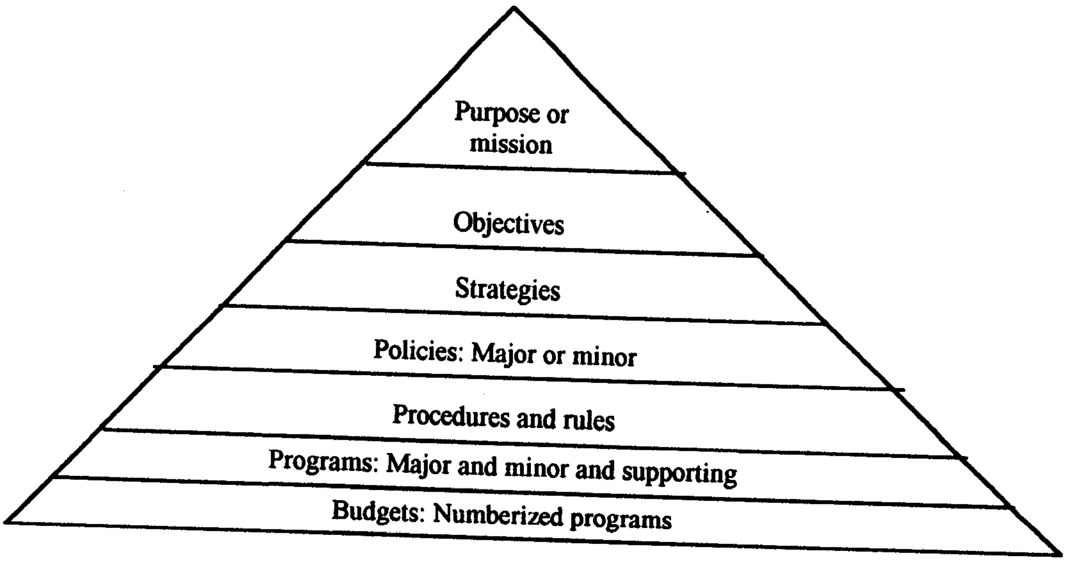
All of these definitions of planning have one element in common; the purpose of planning is to manipulate the present systematically in order to be prepared for the future.

2.2. STRATEGIC PLANNING DEFINED

Having reviewed the concept of planning, our line of study can be extended to a specific kind of planning, strategic planning.

Although all managers plan, the plans that are made at different levels of the organization differ in character and content. For example the work schedule of the first-line supervisor differs from the strategic plan developed by top managers. Indeed there is a hierarchy of plans in an enterprise.

FIG. 2.1. HIERARCHY OF PLANS



According to Koontz, O'Donnel, Weihrich (1986) the plans are classified as.

- Purposes or missions
- Objectives
- Strategies
- Policies
- Procedures
- Rules
- Programs
- Budgets

Strategies draw attention among the other planning types for several reasons. As Gerstner (1972) argues one of the most intriguing management phenomena of the late 1960s and 1970s has been the rapid spread of the strategic planning concept. This management technique have swept through corporate and governmental enterprises more rapidly than any other technique. Also Koontz (1976) supports the idea that the development and communication of strategy is the most important single activity of top managers. Koontz reports also from Ross and Kami that for any enterprise, without an appropriate strategy effectively implemented, failure is only a matter of time.

Eren (1979) reports that there are four major criteria differentiating strategies from other types of plans.

a) Time horizon
b) The structure of the data used.
c) The quantity of data
d) The level (hierarchy) of the organization

At this stage of the study, a look at the relation between strategy and strategic planning is necessary for a clear understanding of the issue.

Koontz (1976) discusses that for years, strategies were used by the military to mean grand plans made in view of what it was believed an adversary might or might not do. While the term strategy still usually has a competitive implication, it is increasingly used to denote a general program that indicates a direction to be taken and where emphasis is to be placed. Strategies do not attempt to outline exactly how the enterprise is to accomplish its major objectives, this is the task or a multitude of major and minor supporting programs or plans. Koontz further defines strategies as general programs of action with a commitment of emphasis and resources to achieve a basic mission and to give the organization a unified direction.

The purpose of strategies, then, is to determine and communicate, through a system of major objectives and policies, a picture of what kind of enterprise is envisioned.

On the other hand Hodge and Anthony (1988) define strategic planning as the process of adapting the organization to its environment to better accomplish organizational purposes and to sustain the organization's long term viability by enhancing the value of its products and services. Strategic decisions are those key decisions that tie the organization's mission and purpose to its environmental opportunities and constraints. These decisions are usually made at the very top of the organization.

According to Kotler (1991), "Strategic planning is the managerial process of developing and maintaining a viable fit between the organization's objectives and resources and its changing market opportunities. The aim of strategic planning is to shape and reshape the company's businesses and products so that they combine to produce satisfactory profits and growth."(pp. 33)

According to Kotler, three key ideas defined the strategic planning process;
a) Investment portfolio
b) Future profit potential

c) Strategy

The first called for managing a company's businesses as an investment portfolio. When a company no longer commands enough funds to finance all of its current businesses, it should decide upon the business entities to be built, maintained or terminated. In this situation, reducing the support proportionately to all businesses would not give the desired results because each business has a different profit potential. The company should reallocate its resources to its more promising businesses.

The second key idea is to determine the future profit potential of each business. Instead of naively extrapolating past business trends, the firm has to develop more analytical scenarios of future conditions in each market.

The third key idea underlying strategic planning is that of strategy. In order to achieve its long run objectives the company must develop a "Game plan" for each of its businesses. On the other hand different strategies are needed for different companies even in the same business. Each company must determine its own unique strategy in the light of its industry position and its objectives, opportunities and resources.

According to Thompson and Strickland (1986) many factors have to be considered in formulating strategy. In general, the task of strategy formation is one of achieving a match between the organizations internal skills, capabilities and resources on the one hand and all of the relevant external considerations on the other hand.

The six broad considerations stated by Thompson and Strickland can be summed up in three groups;

a) Internal capabilities and market opportunities.
b) External forces and competitive threats.
c) The organization's culture, core beliefs and business philosophy.

2.3. STRATEGIC MANAGEMENT

From the above discussion we identify that strategic planing is actually a process of adaptation of the organization for achieving determined strategies of the enterprise. Since this adaptation process is a managerial task we can also conclude, based on Smith, Arnold, Bizzel (1988), strategic management is the term used for the whole process of examining both present and future environments, formulating the organizations objectives, and making implementing and controlling decisions focused on achieving these objectives in the present and future environments.

In order to prevent confusion of terms strategic planning and strategic management terms will be used interchangeably in the rest of the text.

2.3.1. STRATEGIC MANAGEMENT PROCESS

Hodge and Anthony (1988) list the fundamental decisions in the process of strategic management.

In their view, strategic management involves making basic and fundamental decisions in the following areas:

a) Evaluating the external environment
b) Formulating organization purpose, philosophy, mission and key goals
c) Determining a particular set of long-term objectives and developing necessary strategies needed to achieve them.
d) Developing short-range objectives and allocating resources to achieve them.
e) Designing organizational structures and systems to achieve the goals.

Hodge and Anthony (1988) also explain the strategic management process in view of the essential steps in strategic planning. They refer to William P. Anthony's (1985) findings.

The basic posture of the organization toward its environment sets the framework or foundation for the development of specific strategies. The necessary strategic analysis is considered as an essential part of the overall strategic management and planning process.

a) External environmental analysis and forecasting
b) Customer, market analysis
c) Strategic planning premises
d) Internal organization assessment
e) Mission development
f) Strategies and Goals
g) Plan operationalization

a) External Environmental Analysis and Forecasting

Understanding the outside environment is critical for organizational functioning. The strategic management and planning process begins with this understanding. Two steps must be accomplished here

- Determine the present state of the environment, that is the status quo, and
- Forecast what is likely to happen.

In general the following aspect of the outside environment should be examined and forecasted.

Economy
Social and demographic trends
Political legal factors
Technology
Industry
Competitors

In all environmental areas being examined an attempt is made to describe what exists now in each area or sector, and what is likely to happen in the future.

Depending on the organization's planning horizon the period for which planning is being done-the organization's forecast may be from two to ten years with a five year limit being common. One major objective of the environmental analysis and forecast is to assess the opportunities and constraints (or threats) in the environment.

b) Customer/Market Analysis

The next step in the strategic planning process focuses on explicit analysis of both the customer and client groups served by the organization and the general nature of the market. Specifically, the organization tries to answer following questions:

(i) How is our present customer/client group changing? That is what will be their trend in the future.

(ii) What new customer/clients do we intend to have? That is how we aim to expand our market.

(iii) What forces are shaping the industries in which we operate? That is what is the level of growth profitability and competitiveness in the sector.

(iv) What is the nature of our competitive advantage in our competitive environment?

c) Strategic Planning Premises

Based on external analysis and customer and market analysis the firm makes further assumptions about the future trends to position itself in the coming era in the market.

d) Internal Organization Assessment

At this fourth stage, the organization attempts to examine its own internal operations in order to determine its strength and weaknesses. The idea here is to build a set of strategic actions that capitalize on strengths while simultaneously overcoming weaknesses.

e) Mission Development

The mission of the organization ties the organization specifically to its environment by serving as the underlying rationale for the organizations existence. It is the basic purpose of the organization and answers the question "What business are we in?" Thus it establishes the organizations identity.

f) Strategies and Goals

Then comes the heart of the strategic management and planning process, the point at which the organization establishes its game plan. Specifically, it addresses the question of what it will do to meet or beat its competition.

g) Plan Operationalization

The last step in the strategic planning and management process for the organization is to decide on the specific steps necessary to carry out the strategy in order to reach desired goals.

Our research primarily focus on internal and external environment analysis thus the first four steps of strategic management processes is of greater interest. These steps will be studied in more detail in the next sections.

2.3.2. STRATEGIC MARKETING MANAGEMENT

Just next to the strategic planning concept, there exists the strategic marketing management, they are the two main parts of the strategic management. And these two concepts are inseparable, as Kotler (1991) supports the idea that excellent companies know how to adapt and respond to a continuously changing market place, they practice the art of "Market- Oriented strategic planning".

On the other hand. Boyd and Larreche (1978) pointed out that corporate and marketing strategies have blended together due to the complementary perspectives of general managers and marketing executives.

In Kotler's (1991) words "Since the beginning of the seventies a stream of publications have appeared on the subject of marketing strategy. In parallel a number of new developments have occurred in corporate strategy, the more important ones of which are concerned with the portfolio concept and the related analytical approaches. Now marketing strategy and corporate strategy begin to meld because of common needs and interests."(pp. 76)

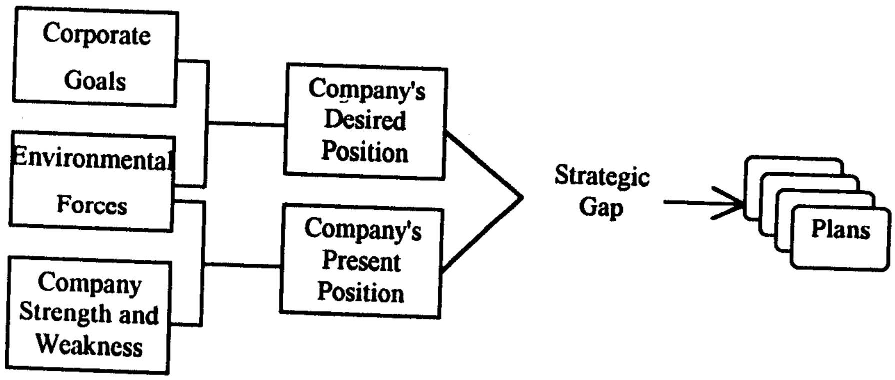
Also Kotler (1991) explains, since the marketing function is central to the strategic management concept, marketing executives are increasingly being called upon to expand their strategic management skills. Hence a perspective on strategic marketing management is called for.

The above discussion of strategic planning and strategic marketing planning leads us to the important factors or requisites of strategic planning. These are environmental analysis and internal organization assessment.

2.4 ANALYSIS OF INTERNAL AND EXTERNAL ENVIRONMENT

As Gerstner (1972) reports, many institutions have introduced a rigorous planning program aimed at defining or redefining the basic objectives, economics, competitive profile, and outlook of the company. These formal strategic planning processes show a distinct family resemblance. They usually begin with an assessment of environmental trends and an analysis of the company's strengths and weaknesses. A statement of corporate goals is then developed. From these three elements, a juxtaposition between the organization's present position and its desired position is derived, comparison of the two positions defines the well-known strategic, gap. Finally, plans are developed to close the gap and bring the two positions together.

FIG 2.2 THE BASIC STRATEGIC PLANNING CONCEPT
(GERSTNER (1972) PP. 5-16)



Similarly, Fulmer (1988) discusses internal and external factors as being the important determinants or strategic planning. According to Fulmer, strategic planing process starts with setting key objectives and then the appraisal stage comes. In this appraisal phase, present and potential threats and opportunities around the firm are determined by searching internal and external environment for significant trends; and also comparative advantages and disadvantages are determined by considering the amount and distribution of resources and strength or weakness.

Also Lorange (1977) identifies "auditing the company's strategic positions" as the essential step in implementing a strategic planning system. According to his evaluation; before implementing a strategic planning system, it will be necessary to develop a clear picture of the company's present strategic position. The situational setting of the firm will be a major factor in establishing planning needs. Only after establishing a relatively clear picture of the capabilities that the planning system should be able to provide will we be in a position to tailor make a system to meet these needs by building the desired capabilities into the conceptual planning scheme. It is thus an essential step to carry out a strategic audit of the firms situational setting as a prerequisite to a tailor-made approach for implementing a strategic planning system.

In order to form strategic plans of the enterprise both internal and external variables should be searched and evaluated. Now we will present detailed discussion on these two factors. Here we should note that the study in the following chapters is performing an appraisal of the white goods industry both for internal and external factors. Thus the focus is on the total industry rather than the individual companies. This means that industry strength and industry attractiveness should be understood when internal and external factors are mentioned. In every industry the important internal and external variables are different. For a successful strategic plan these variables must be carefully identified. In this research the variables that affects the competitive position of the industry most, were selected. Namely these variables are product, quality, after sales services as being the internal factors determining industry strength; and export opportunities, import threats, market trends as being the external factors determining industry opportunity.

2.4.1. INDUSTRY OPPORTUNITY AND INDUSTRY ATTRACTIVENESS

According to Thompson and Strickland's (1986) discussions, opportunity, the attractiveness of the industry environment, and competitive forces are always factors in formulating strategic plans. If opportunity exists in an industry, the focus turns to the retails of industry structure and competitive forces. The essential issue is thus "what kind of competitive strategy" and "how to position the enterprise" in the light of industry structure, competition, the strategies of rivals, and the enterprise's own situation.

In general terms, in order to utilize an attractive industry opportunity organizations try to plan their strategy to capture that opportunity. This strategy formulation needs assessment of the industry and rivals. This assessment of the industry and competitive environment entails many facets: analyzing it; predicting it; attempting to change it; deciding how best to adapt to it; or electing to get into or get out of some parts of it (in terms of specific customer groups, customer needs, technologies and products). It means looking at all relevant industry aspects; market trends, where an industry is headed, the economics of the industry, market size and competitive structure, competitive forces, competitors strategies, trends in technology, R&D potentials, government policies and regulations, buyer demographics and pistils, competition from substitute products, general economic trends and conditions, the factors that seem to underline competitive success.

Essentially anything and everything that can have a bearing on how to compete and how to position the enterprise in the market place.

2.4.2. ORGANIZATIONAL SKILLS COMPETENCIES AND RESOURCES

No matter how appealing or how abundant an enterprise's opportunities may be, a strategist is forced to validate each "opportunity" by inquiring into whether the organization has the necessary strength and resources to capture it, considering the opposing forces of competition and organizational circumstance. Opportunity, without the organizational resources and competence to capture it, is an illusion. An organization's strengths may allow it to capture some opportunities; likewise, its weaknesses may make the other opportunities excessively risky.

The point is that a firm's internal strengths and weaknesses (what it is good at doing and what it is not so good at doing) make it better suited to utilize some opportunities than others. A good strategy must be doable as well as tuned to attractive opportunity. Therefore, sound strategic analysis is always governed by objective appraisal of what a firm can do and what it shouldn't try to do. In thinking comprehensively about what strategy to select, one must take into account the problems of carrying it out. This means looking at strategy alternatives in light of the firm's past history, its experiences, internal culture, approach to doing things, and specific competencies.

There are many possible types of distinctive skills. For instance some organizations are strong in manufacturing a "quality product" others in creative approaches to marketing and still others in technological innovation, new product development, after sales services for customers, distribution network, efficiency, or clever advertising. An organizations distinctive competence goes beyond just what it does well, instead it is what it does especially well in comparison to competitors.

2.4.3. RELATIVE COMPETITIVE STRENGTH

Unlike business attractiveness, competitive strength can be influenced by the organization. Strategic choices on the divisional and corporate levels significantly effect this dimension. Thus relative competitive strength is an outcome of the interaction between external and internal factors. It is the strength to capture certain industry opportunities or it is the weakness against some threats. The following is a list of factors commonly used to measure competitive strength.

a) Market share: This is the most common measure of competitive strength the higher the market share the stronger the competitive strength.

b) Strategic expenditure level: Another indication of competitive strength might be the level of strategic expenditures, such as R&D expenditures, new product development expenditures and marketing expenditures.

c) Product quality: High product quality may significantly enhance competitive strength.

It should be noted again that these are not necessarily the only factors which may effect a given business's competitive strength. Furthermore, as was the case with business attractiveness, the relative importance of each factor may vary from business to business.

Similarly, the variables selected for the white goods industry may not be important for the other industries. Those variables are selected considering the industry structure and white goods market structure and the customer expectations. The products themselves are the most important factors in consumer buying decision. Therefore, the most important company strength is a result of its competitive products. For that reason product is selected as an internal factor. Similarly quality of the products effect the consumers choices thus quality is an effective determinant of company strength. Quality is thus an important internal factor. After sales services are also effect the position of the enterprise in white goods market since customers are very sensitive upon the services. This variable is selected due to this market trend. Export is the major opportunity for all the sectors of Turkish industry. White goods industry is no exception, so export is an important external factor. Imports are increasing in white goods industry. This will effect the Turkish producers and it must be analyzed as an external factor. Finally opportunities and threats in the local market are effective in the competitiveness of the industry.

Having reviewed the internal and external factors we may draw several conclusions.

a) Internal factors determine the competitive strength of the industry. Analyzing these factors supply information on strength and weakness of the business.

b) External factors determine the industry attractiveness. By analyzing these factors we can get information on opportunities and threats on the market.

c) It is critical that management analyze both the external environments and the firms internal capabilities and resources. The company's internal strengths and weaknesses can then be used for taking advantage of external opportunities and to minimize external problems.

The following section deals with the techniques of internal and external factor analysis.

2.5. BASIC STEPS FOR INDUSTRY AND COMPETITIVENESS ANALYSIS

The bread-and-butter tasks of strategy analysis are performed at the business-unit level. And while many factors always enter into diagnosing what sort of strategy makes the most sense for a particular business, two things emerge primarily as dominant analytical considerations: (1) How attractive an industry is in terms of its prospects for long term profitability and what factors make the industry more or less attractive. There are big differences in the relative attractiveness of industries. Some industries are full of opportunity and growth potential, while others are stagnant or in decline. Some industries are intensely competitive, with prospect for winning a meaningful competitive edge, other industries though quite competitive, may still have strategic windows that offer interesting competitive advantage possibilities. Industries differ so much in their attractiveness that even an industry leader may be unable to earn respectable profits when there are factors of work that make its industry's environment economically and competitively unattractive for the long term. (2) The determinants of relative competitive position within an industry. The game of competition in an industry is morally always played in a manner that causes some companies to be stronger and better positioned than others. Disparities in competitive strength and the uneven distribution of competitive advantage usually result in some companies being more profitable than others. Indeed firms in attractive industries can fail to earn even average profits because they lack a good competitive advantage, because they are unable to get themselves out of weak competitive positions.

The results of such an analysis are essential considerations in deciding what business to concentrate.

2.5.1. ANALYZING INDUSTRY STRUCTURE AND INDUSTRY ATTRACTIVENESS

The first thing to realize in conducting an industry analysis is that the purpose is not just to learn all one can about the industry. Rather the central concern is to investigate deeply into the factors underlying the industry's long-run attractiveness and to understand how the industry functions. Because industries are not equally attractive, it makes sense to begin the task of business strategy analysis with a measurement of industry attractiveness. The appraisal of industry attractiveness needs to be trained on four questions.

a) What are the strategically relevant aspects of the industry's structure?

b) In what direction is the industry headed and what forces are driving it in this direction.

c) What economic and business characteristics underlie the requirements for success in the industry- most particularly, what must a competitor know and do well to make money in this industry?

d) What are the strategic issues and problems facing the industry?

With good solid answers to these questions a strategist is in position to understand what factors are causing the industry to change, to make predictions about where an industry is headed and why, to judge what the industry's structure will be like in the future, to conclude whether the industry's attractiveness and profit prospects are bright or dim and why, and to develop an in-depth appreciation for what the key factors for competitive market success are now and are likely to be later.

2.5.2. STRATEGIC GROUP MAPPING AND INDUSTRY STRUCTURE

The first step in industry analysis is to examine industry structure. As a working definition, the word "industry" will be used to mean a group of firms whose products have so many of the same attributes and are so much alike that they are drawn into close competitive rivalry to serve much the same needs of some or all of the same types of buyers. The row data for profiling industry structure are fairly standard: The number of sellers and their relative sizes, who the market leaders are and the structure of the buying side of the market, what the channels of distribution are from manufacturer to final user, the prevalence of backward and forward integration within the industry, the ease of entry and exit, the size of the industry and its geographical boundaries (local, regional, national or global) and any other basic characteristics (specific to the industry in question) that shape the industry arena in which firms compete. To the extent possible, one needs a grip on the generic type of industry environment-that is whether the industry can be broadly characterized as fragmented (lots of relatively small competitors) or mature or in a young, emerging state or in a decline or characterized by global competition or dominated by rapidly moving technological progress. This information provides a general industry overview and lays the groundwork for a strategic exploration of industry structure.

There are numerous types of driving forces that are capable of producing evolutionary changes in an industry.

- Changes in the long-term industry growth rate
- Changes in who buys the product and how they use it
- Product innovation
- Process innovation
- Marketing innovation
- Entry and exit of major firms
- Changes in cost and efficiency
- Moving from a differentiated to accommodate product emphasis or vice versa
- Regulatory influences and government policy changes
- Reductions in uncertainty and business risk

2.5.3. ANALYZING A FIRM'S OWN SITUATION AND COMPETITIVE STRENGTH

The business-level strategist's task is to construct a strategy that has the best "goddess of fit" between the external industry-competitive environment and the firm's own internal situation. In analyzing firm's own situation the following points should be evaluated.

- How well the present strategy is working and how well it seems to match the anticipated industry and competitive environment.
- An appraisal of the firm's internal strengths and weaknesses, the external market opportunities it has, and the strategic threats it faces.
- An assessment of the firm's competitive position and competitive strength
- Any special strategic issues and problems unique to the firm and its business.

2.5.4. THE SWOT ANALYSIS

Swot is an acronym for a firm's internal strengths and weaknesses and its external opportunity and threats. A swot analysis consists of a compilation and appraisal of a firm's strengths, weaknesses, opportunities, and threats. When a swot analysis is conducted for strategy evolution purposes, the emphasis is not on listing any kind of strengths, weaknesses, opportunities and threats but rather on identifying those that are strategy related.

The SWOT Analysis - with Suggestions of What to Look for

i) Internal

Strengths

Administrative competence
Adequate financial resources
Good competitive skills
Well-thought-of by buyers
An acknowledged market leader
Strong customer support
Access to economics of scale
Insulated from strong competitive pressures
Advanced technology
High quality production
Competitive advantages
Product innovation abilities
Customer oriented product designs

Weaknesses

No clear strategic direction
Lack of managerial depth and talent
Missing any, key skills or competencies
Poor track record in implementing strategy
Internal operating problems
Open to competitive pressures
Falling behind in R&D
Too narrow a product line and market image
Competitive disadvantages
Below average marketing skills

ii) External

Opportunities

Serve additional customer groups
Enter new markets or segments
Expand product line to meet broader range of customer needs
Diversify into related products
Add complementary products
Vertical integration
Ability to move to better strategic group
Faster market service

Threats

Likely entry of new competitors
Rising sales of substitute products
Slower market growth
Adverse government policies
Growing competitive pressures
Growing bargaining power of customers or suppliers
Changing buyer needs and tastes
Adverse demographic changes

2.6. METHODS OF INTERNAL AND EXTERNAL FACTOR ANALYSIS

As noted earlier Hodge and Anthony (1988) list the first four steps of the strategic planning process as the external environment analysis and internal organization strength and weakness evaluation. Hodge and Anthony explain that the internal strategic assessment of the organization usually examines at least the following organizational factors.

People, Financial resources, Facilities and equipment, Location, Management, General operations, Product/service offering, Image/reputation

Many methods are used at this stage. Some organizations survey managers and employees to get opinions on the strengths and weaknesses in each of the above areas. These surveys may involve both paper-and-pencil questionnaires as well as face-to-face interviews. Consultants may be brought into assist, and in other cases strategic planners might engage in group discussions to reach a consensus on the strengths and weaknesses of the organization. In still other instances a market survey may be performed.

Sometimes this effort is called an operations analysis, internal audit, management audit. Regardless of what the process is called, the objective is the same-to determine the internal state of affairs of the organization in order to generate a set of data and information on which plans for the future can be built.

Kotler (1991) also sees external and internal environment analysis as the starting point for business strategic planning process. Kotler supplies extensive discussion on external environment analysis (opportunity and threat analysis).

In general, the company has to monitor key macro environment forces (demographic/economic, technological, political/legal and social/cultural) that affect its business, and it must monitor significant micro environment actors (customers, competitors, distribution channels, suppliers) that affect its ability to earn profits in this market place.

The business unit needs to categorize these environmental factors and set up a marketing intelligence system to track trends and important trends and important developments then, for each trend or development, the marketer should identify the implied opportunities and threats.

One of the major purposes of environmental scanning is to discern new opportunities. Kotler (1991) defines a company marketing opportunity as an attractive arena for company marketing action in which the company would enjoy a competitive advantage.

On the other hand some of the developments in the external environment represent threats. An environmental threat is a challenge posed by an unfavorable trend or development in the environment that would lead, in the absence of purposeful marketing action, to the erosion of the company's position.

It is one thing to discern attractive opportunities in the environment; it is another to have the necessary competencies to succeed in these opportunities. Each business needs to evaluate its strengths and weaknesses periodically.

Management or an outside consultant reviews the business's marketing, financial manufacturing and organizational competencies. Each factor is rated as to whether it is a major strength, minor strength, neutral factor, minor weakness or major weakness. By connecting the ratings vertically for a specific business, we can easily identify the business's major strengths and major weaknesses.

In the research SWOT analysis are performed. The selected variables are investigated by conducting industry executives and the internal and external factors are reviewed according to their responses to the questionnaires. The standard information about the white goods sector is collected from secondary sources (e.g. industry sources). The competitiveness analysis is performed after evaluations of these information synthesized with executives reviews.

SECTION 3. WHITE GOODS INDUSTRY: FACTS AND FIGURES

Turkish economy has experienced a continuous demand increase for consumer goods in recent years. The durable goods industry benefited a lot from this demand boom. Automobile and home appliance market was more active than ever in the last 5 years. The sales and productions were increased significantly. The new producers, importers entered the market and investments followed the trend.

Our area of research is on white goods industry and this sector also experienced the fast growth rates in recent years. This industry was chosen because it represents an ideal free market vision. Competition is increasing with new investors aiming production in Turkey and market entry of foreign companies whose interest in Turkish durable goods market is increasing. On the other hand consumption of white goods is in an upward tendency as life standards of Turkish people is getting higher. This expands the market for all companies in the industry. Increasing Global competition and promising market opportunities makes the white goods industry of interest. Under these circumstances white goods industry can be investigated using strategic planning techniques. Industry positioning could be very useful for the companies for shaping their future plans.

In this section, white goods industry is described and its products are classified. Terminology used in the research is also discussed here. Growth of this industry is analyzed based on the data of several organizations. Production increase of major products is represented graphically for a time frame of 10 years. Import and export tendencies are analyzed by compiling several sources of information. Local and foreign competition is investigated in this section, too.

3.1. WHITE GOODS INDUSTRY AND ITS PRODUCTS

Home or household appliances can be classified under durable goods industry. They are comfort offering equipment which are designed and marketed for the use in houses. They are not for commercial applications.

Furthermore, the industry (or marketers) tend to divide home appliances into two main categories.

a) White goods, and
b) Small electrical appliances.

Below, the standard products of each category in tabulated form is given (Table 3.1).

TABLE 3.1. PRODUCT CLASSIFICATION

WHITE GOODS	SMALL ELECTRICAL APPLIANCES
Fridges: Refrigerators, Freezers	Coffee makers
Washing machines: Automatic, Semi-Automatic Washing Machines	Food mixers and processors
Dishwashers	Fruit juice extractors
Vacuum cleaners	Hair dryers
Cookers: Ovens, Microwave ovens	Irons
Dryers: Spin dryers, Tumble dryers	Kettles
Water Heaters: Water Boilers, Bath Stoves	Razors
	Toasters, grills
	Space heaters

As can be observed from the table 3.1, small electrical appliances are the equipment developed generally for secondary housework. It is interesting to note that many of the products of this category have appeared just in recent years.

The term white goods, in general, denotes a group of products which are the major electrical equipment in a house, used for the basic house works. Such as refrigerator, washing machine, dishwasher, oven etc.

This research only focuses on the first category, the white goods. This product group of course has a huge production capacity as compared to former. Also it plays a significant role in the total durable goods industry because of its high sales figures, and revenues.

The items in the "white goods" product group may vary from country to country. Although the major products such as oven refrigerator, washing machine etc. are always included in the white goods group, there are some products which are classified under white goods in some countries and under small electrical appliances in still other countries. This distinction is obvious when the definitions of Europe and American industries are compared.

Throughout in this research, the definitions of Turkish White Goods Manufacturers' Association and their classifications of products have been used. Their classification is in accordance with that of European manufacturers. This is not surprising since Turkish white goods manufacturers follow technology and trends in Europe. On the other hand American manufacturers' classification reflects minor differences that of from Europe and Turkey.

There are 10 product lines in white goods product group:

Refrigerator
Freezer
Automatic Washing Machine
Semi Automatic Washing Machine
Dishwasher
Vacuum Cleaner
Oven
Microwave Oven
Dryer
Water Heater

On the other hand, some other cooking appliances in the market such as range and mini oven are considered to be small home appliances in European terminology. So in order to have a common list of both European and Turkish white goods industry, these product lines are excluded from the list.

Mini washing machines are not in the list for another reason. This old product line has been dropped from the production of all major manufacturers. There are only small manufacturers throughout Turkey producing mini wash machines.

If we compare the list with American industry classifications, it is notable that, microwave oven and vacuum cleaner are not classified under white goods but under small electrical appliances.

In short, the 10 product lines which are dealt in detail throughout the study reflect the classifications of both European and Turkish industry which is slightly different than the American classification.

In order to clarify the **terminology** which is used throughout the study and to be consistent, it is needed to add a section devoted for explanations of the terms which are used for white goods products.

White goods : This term is used to denote the overall industry or all of 10 product lines above listed.

Product group : This term is used to describe all or some of the 10 product lines. I.E. product group washers implies, automatic washing machine, semi automatic washing machine and dishwasher altogether.

Product line or product : Individual products such as refrigerator, dishwasher oven etc.

The term "product line" also implies the production line of producers of that specific product.

Although refrigerators and freezers have the same basic utilization, they are considered as separate product lines since the market is differentiating them as separate products. Similarly, automatic washing machine and semi automatic washing machine are used for the same basic need of clothes washing, but the technology of producing them is different so that they can not be produced on the same "production line".

Oven and microwave oven are considered as two different product lines for the same reason.

Finally, there are in fact two different product lines of water heater and water boiler. But considering the market tendency of combining these lines we referred these products as single product line. "water heater" and "water boiler" are classified as "Product Types".

Product Type : Different products in technology or in service under one product line i.e. no frost refrigerator is a product type of product line refrigerator. Auto washing machine with drying facility is a product type.

Item : Individual products under each product line or product type I.E. washing machines of different washing program facilities or capacities.

Models : Commercial word used to denote all the product items of one product line. It is actually the same as term "item"

Detailed descriptions of all the product lines can be found in appendix 3. These descriptions are compiled from Economist Intelligence Unit reports (1985). On purpose, the descriptions are detailed and include some of the lines that are not available in Turkish market because it is intended to serve also as a future reference.

3.2. GROWTH AND IMPORTANCE OF WHITE GOODS MARKET

As mentioned earlier in this section, white goods industry performed an amazing growth in recent years. The sector still enjoys a steady increase of demand.

This speedy growth trend was remarkable in the beginning of 90's, when durable goods became the locomotive of growth of whole manufacturing industry. According to Istanbul Chamber of Industry reports (1990, 1991, 1992); total manufacturing industry's growth rate in 1990 was % 10.21 (with respect to previous year) public manufacturing industry growth rate was % 5 and private sector was % 12.5, mainly due to the demand boom in durable goods. "...When we broke down the total manufacturing industry production growth to its sub industry groups we found out that the main sub group which lead to higher growth is durable goods industry. White goods, small electrical appliances electronic appliances and automobile industries performed very high production increases."

" Especially from 1990 to 1993, volume increase of manufacturing industry depends upon the increasing local demand on durable goods. The foreign demand, on the other hand, did not increase much." (I.C.I Istanbul Chamber of Industry report 1993 PP. 38-44) In consistency with I.C.I evaluations, TUSIAD, the Turkish Industrialists and Businessmen Association, reported that the industry group of machinery, equipment and transport vehicles which include white goods has grown much more than any other industry group. In 1990 the annual production growth rate for this group was % 33 (Including automobile industry) and again TUSIAD in his report measured the production share of this subgroup as % 18.7 in total manufacturing industry. The second biggest volume after chemical petroleum rubber and plastics group (%31). As a result of the above discussions of industrial organizations we can conclude that the total durable goods industry (including automobile industry) performed a significant growth in recent years. Although this growth slowed down in 1991 due to gulf war, this industry will continue to grow in the future benefiting from increasing demand. This trend has lead the durable goods industry to have increasing shares from the total productions of manufacturing industry. Production of durable goods reached a 19 % share in 1990 in total industry production. Also in some cases it became the major thrust for the high growth rates as in 1990.

This tendency of fast growth still continued in 1992 and 1993. As it will be identified better from the production and sales figures and growth charts later in this chapter, market is still in its fast growth stage. As mentioned earlier, the demand boom which was started in the beginning of 90s seem to be still effective today. This growing importance of durable goods will continue in the future, too. It was obvious from the qualitative evaluations of both I.C.I and TUSIAD that white goods took an important share in durable goods industry with growing production figures. While the next sections presents production and sales figures till the year 1992 and visual proof for the continuos growth of production of major white goods, recently issued data on 1993 figures are available at the end of this section.

The most complete figures on sales and production was obtained from White Goods Manufactures Association. But their figures do not include the figures of non-members in the industry. This does not effect the situation much for most of the production lines but only for vacuum cleaners since one important producer is not a member of the association.

In the table 3.2, the figures are presented for the last seven years for all of the ten product lines of our study. From the table 3.2, the total sales exceeded 3,300,000 units in 1992. The steady increase in the total production and sales is obvious from the figures. From 1987 to 1992 the local sales increased more than 56%.

TABLE 3.2. SALES AND PRODUCTION OF WHITE GOODS IN TURKEY (IN 000 UNITS)

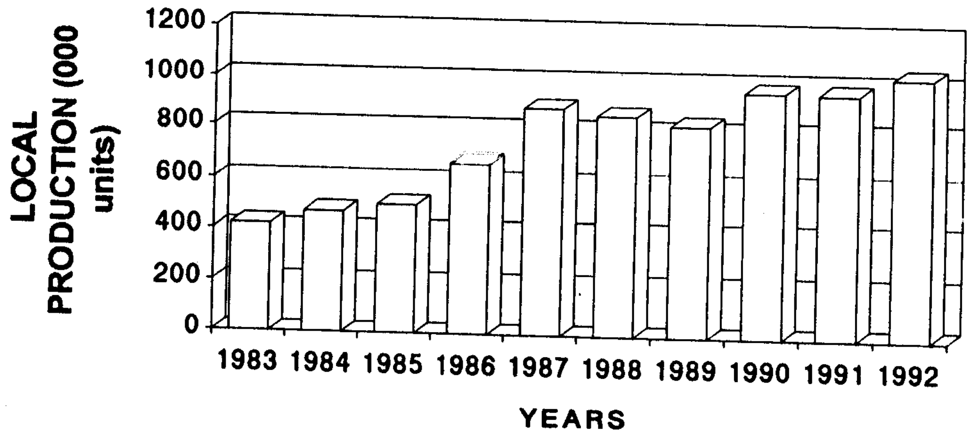
PRODUCT	1987		1988		1989		1990		1991		1992	
	PROD.	LOCAL SALES	PROD.	LOCAL SALES	PROD.	LOCAL SALES	PROD.	LOCAL SALES	PROD.	LOCAL SALES	PROD.	LOCAL SALES
REFRIGERATOR TOTAL	869	827	868	728	793	670	963	792	1024	849	1081	794
ONE-DOOR	NA		NA		580	546	624	537	599	524	595	412
TWO-DOOR	NA		NA		213	124	339	255	425	325	486	382
FREEZER	-	-	-	-	0.2	0.1	1.4	1.3	1.7	0.2	6.7	3
WASHING MACH. TOTAL	612	595	592	587	472	452	644	627	768	767	837	852
AUTO. WASHING MACH.	NA		NA		259	243	424	416	617	616	780	775
SEMI-AUTO. WASH. MAC.	NA		NA		213	209	220	211	151	151	57	77
DISHWASHER	19	21	33	26	39	34	63	85	143	172	207	211
VACUUM CLEANER	230	246	250	196	223	208	261	244	312	308	339	324
OVEN TOTAL	488	454	622	522	484	457	587	579	616	574	655	581
GAS	NA		NA		NA		NA		82	72	87	41
ELECTRICAL	NA		NA		NA		NA		531	500	563	535
BUILT-IN	NA		NA		NA		NA		3	2	5	5
MICROWAVE OVEN	-	-	-	-	-	-	-	-	56	56	43	47
DRYER	1	2	9	7	10	10	19	19	12	12	13	13
WATER HEATER TOTAL	NA		346	339	370	382	449	438	454	490	515	536
WATER BOILER			266	261	302	309	351	343	348	385	418	443
BATH STOVE			80	78	68	73	98	95	106	105	97	93

SOURCE: WHITE GOODS MANUFACTURERS ASSOCIATION REPORTS 1988 TO 1993 AND ONLY INCLUDES MEMBERS' FIGURES

NA: NOT AVAILABLE

The increase in the production volume of white goods products is astonishing. Especially the steady growth in major products such as refrigerators, washing machines, ovens, and dishwashers is a solid proof about the potentials of Turkish white goods market. In the figures below, the distinctive production increase is presented in visual graphics for four major product lines.

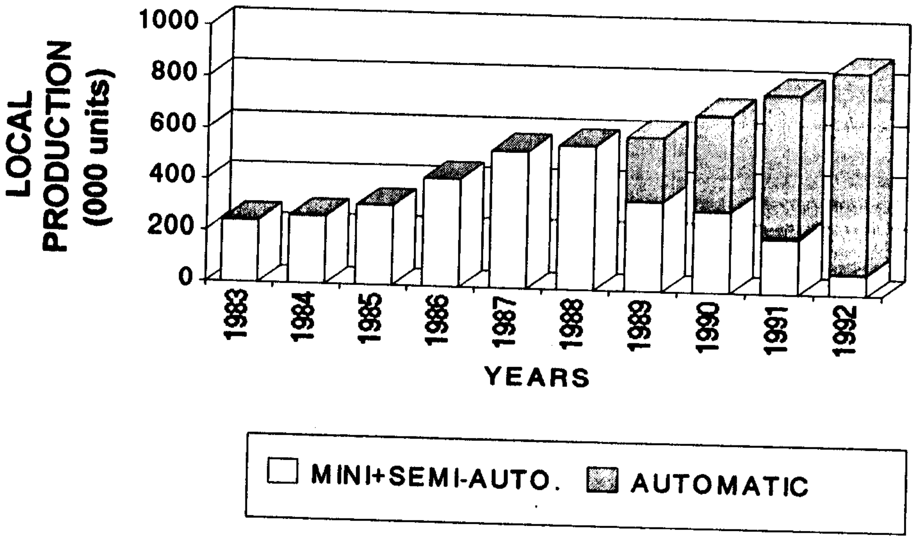
FIG. 3.1 GROWTH OF REFRIGERATOR PRODUCTION



Source: Compiled from Istanbul Chamber of Industry surveys.

As can be observed from the figure 3.1, refrigerator production in Turkey exceeded one million units in 1992 though the growth rate has slowed down in recent years due to saturation for this product. Between the years 1983 and 1987, average annual growth rate was as high as 21%. But as can be seen in figure 3.1, the average annual growth rate dropped to 3.3% from 1988 to 1992.

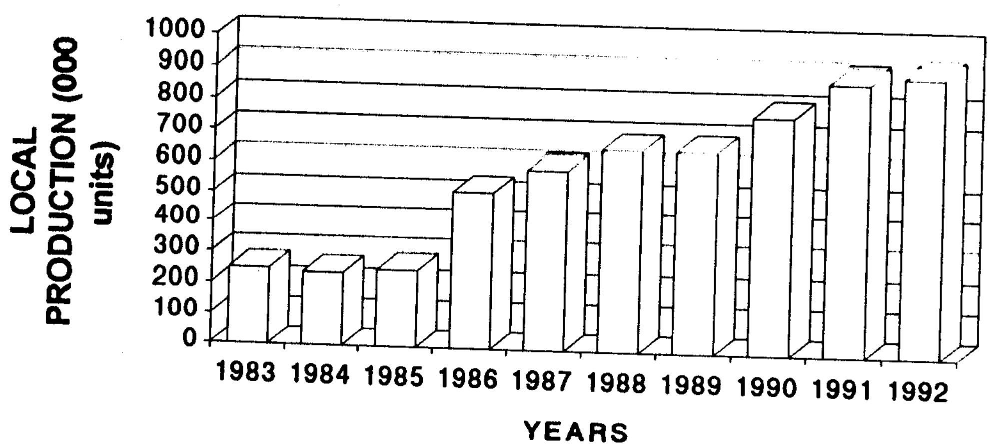
FIG. 3.2 GROWTH OF WASHING MACHINE PRODUCTION



Source: Compiled from Istanbul Chamber of Industry surveys.

The washing machine production is still in steady growth stage. One obvious tendency is that semi automatic washing machines are increasingly being replaced by automatic ones. Ten years average growth rate is nearly 16% and this shows the strong growth trend in washing machine demand.

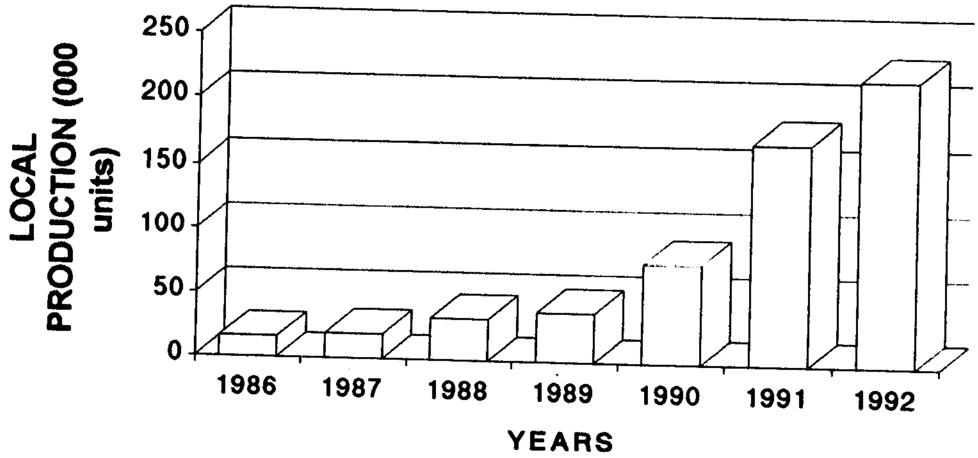
FIG. 3.3. GROWTH OF OVEN PRODUCTION



Source: Compiled from Istanbul Chamber of Industry surveys.

Oven production is also in steady growth. Local production reached to 900.000 units last year. The average yearly growth rate is 10% for the last seven years (from the year 1986).

FIG.3.4. GROWTH OF DISHWASHER PRODUCTION



Source: Compiled from Istanbul Chamber of Industry surveys.

Dishwasher is the fastest growing product line. From the beginning of its production history, this product line's production increased more than others with a average yearly growth rate of 60%. Without any doubt, dishwasher production will continue to increase in the near future due to the still low penetration rate of this product.

3.3. IMPORT AND EXPORT TRENDS

3.3.1. EXPORT

On the whole, the vast majority of local production is oriented towards the local market, although there are a few important exceptions of this rule. As one can observe in the table 3.3, 26% of total refrigerator sales, 10% of ovens are accounted for exports in 1992.

TABLE 3.3. WHITE GOODS SALES BY DOMESTIC PRODUCERS 1989-92
('000 UNITS)

Product	1989		1990		1991		1992	
	Domestic Sales	Export	Domestic Sales	Export	Domestic Sales	Export	Domestic Sales	Export
Refrigerators & Freezers	670	142	793	132	849	160	797	282
Washing Machines	572	2	734	3	848	4	897	5
of which automatic	243	0	416	0	616	3	775	4
Dishwashers	34	0	85	0	172	0	211	0
Tumble Dryers	10	0	19	0	12	0	13	0
Ovens	457	76	579	16	574	75	580	60
Microwaves					56	0	47	0
Vacuum Cleaners	208	0	244	16	308	12	324	2

SOURCE: WHITE GOODS MANUFACTURERS ASSOCIATION REPORTS 1990 TO 1993

It is clear that, refrigerator is the main export product for Turkish white goods manufacturers. Of course Arçelik plays an important role in achieving these export figures. In 1992 Arçelik exported more than 163.000 refrigerators, making up about 58% of total refrigerator and freezer exports of the members.

Oven exports have reached a significant figure, too. In 1991 75.320 ovens were exported, but the export sales slowed down in 1992 counting for only 60.217 units.

Although small in export quantity, automatic washing machine exports performed an exceptional growth in the last 4 years. Export sales of automatic washing machines were 649 units in 1989, and in 1992 it reached a figure of 3.842.

Considering the 10 major product lines, the exports have increased %39 between 1991 and 1992 reaching an annual quantity of 350.000. About 80% of white goods exports were composed of refrigerators and freezers and this major jump in total exports were also caused by refrigerator exports.

3.3.2. IMPORT

Large household appliances can be divided into two categories: official or "normal" imports and duty-free imports. The former group is composed of those items which are imported to the country through normal customs channels, and by paying associated customs charges and the domestic VAT sales tax. The latter consists of those imports that have legally entered the country through the official duty-free system Unfortunately, official import statistics processed and published by the Undersecretary of the Treasury and Foreign Trade (UTFT) only include those imports which have arrived through normal customs channels. While unimportant for the vast majority of Turkey's imports, these happen to be quite high for large household appliances.

In the next two sections, therefore, the official import statistics as well as some estimates on the size of the duty-free market will be investigated, with a view to determine the overall weight of imports in the large appliance market.

a) "Normal" or Official Imports

Over the last two years official imports of large household appliances have risen substantially in most cases. In unit terms, the highest growth was registered by microwave ovens (a leap of almost 458%), dryers (243%), freezers (112%), refrigerators (103%) and vacuum cleaners (69%). Dishwashers and automatic washing machines, which account for roughly half of all large appliance imports, rose substantially in 1991, but took a nose-dive in 1992. Much of the downturn of these two categories in 1992 can be accounted for by the rise in local assembling by several of the major players and importers. Still, as one can observe in the table 3.4, the overall volume of imports rose by a notable 18% in the last two years.

TABLE 3.4. IMPORTS OF LARGE HOUSEHOLD APPLIANCES 1990-92

	1990		1991		1992		92/90
	units	$ 000	units	$ 000	units	$ 000	% change in units
Ovens	933	181.3	2,733	1,013.5	1,077	199.5	15.4%
Microwave ovens	1,429	275.2	3,838	810.2	7,955	1,872.1	456.7%
Refrigerators	21,874	6,737.0	35,491	11,896.0	44,456	19,013.7	103.2%
Freezers	1,595	1,051.0	2,853	1,347.0	3,377	1,499.5	111.7%
Dryers	203	66.1	1,242	435.6	696	150.6	242.9%
Dishwashers	57,458	22,905.3	78,985	28,364.4	37,498	13,113.8	-34.7%
Auto. Washing machines	41,142	13,812.1	49,386	16,350.0	42,703	14,488.8	3.8%
Vacuum Cleaners	16,267	1,395.8	9,966	1,046.0	27,502	2,854.9	69.1%

Source: Undersecreteriat of Treasury and Foreign Trade (UTFT).

As a consequence of above average growth rates in certain categories, the composition of imports has changed somewhat since 1990. As illustrated in the figures 3.5 and 3.6, dishwashers accounted for less than a quarter of 1992 imports as compared to 40% in 1990. Likewise, refrigerators have gained considerable share, as have microwaves, which only accounted for 1 % in 1990.

FIG 3.5. BREAKDOWN OF IMPORTS 1990 ON A UNIT BASIS

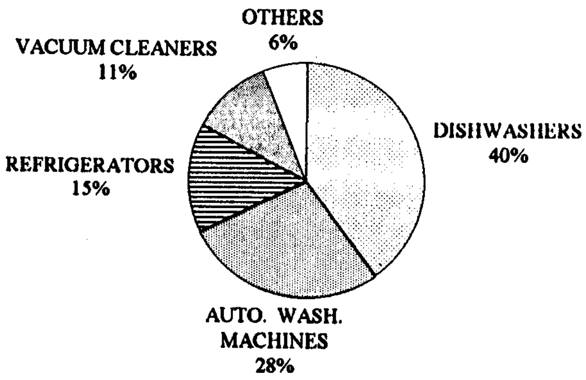
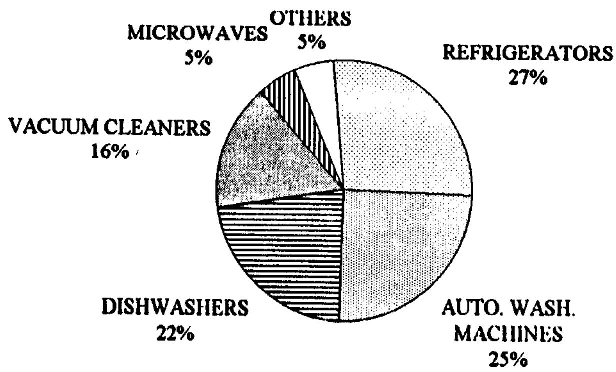
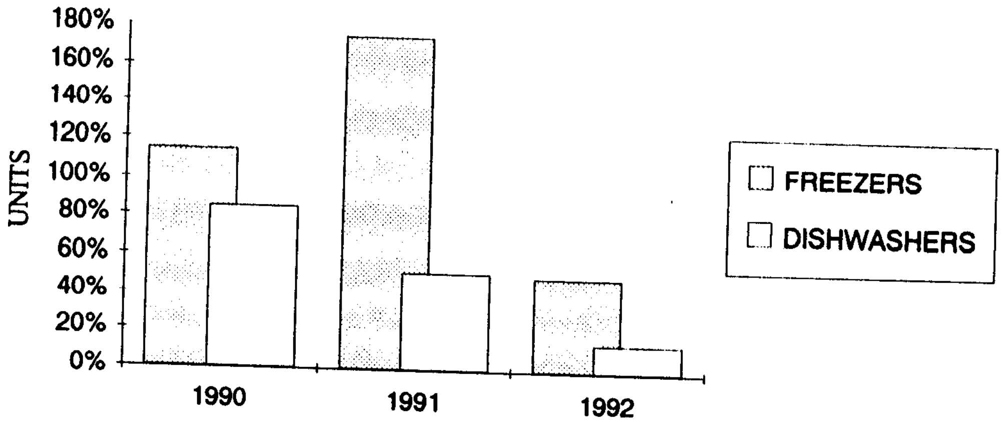


FIG 3.6. BREAKDOWN OF IMPORTS 1992 ON A UNIT BASIS



Despite the strong growth of imports, however, official imports still only represent less than 10% of local sales for most categories of large household appliances. The three exceptions to this rule are freezers, dishwashers and microwave ovens. Microwave oven production is new in Turkey, With the first 50.000 only produced in 1991. Freezers and dishwashers are the other two categories where local production has only recently began to pick up steam. But with major increases in local output in 1992, imports here too have lost their edge.

FIG 3.7. FREEZER AND DISHWASHER IMPORTS % SHARE OF LOCAL OUTPUT



The importance of official imports in some categories, particularly in vacuum cleaners, is somewhat overstated by the fact that Simtel's output figures are not included in domestic production statistics. In the vacuum cleaner category, where we know that Simtel accounted for 46% of domestic production (290.000 units) in 1992, the importance of official imports in this category, falls to half of the figure given below for 1992, or 4.3%. In other categories Simtel's market share is between 3-6%, and as such does not alter the overall breakdown presented in the table 3.5 below.

TABLE 3.5. OFFICIAL IMPORT TO DOMESTIC OUTPUT RATIOS

PRODUCT	1990	1991	1992
Ovens	0.2%	0.4%	0.2%
Refrigerators	2.3%	3.5%	4.1%
Dryers	1.1%	10.4%	5.2%
Auto. Washing. Machines	9.7%	8.0%	5.5%
Vacuum Cleaners	6.2%	4.7%	8.1%
Microwave Ovens	-	6.8%	18.7%
Dishwashers	90.5%	55.4%	18.1%
Freezers	118.1%	171.7%	50.7%
TOTAL	5.6%	6.2%	4.7%

Imports are quite concentrated, with the top three countries accounting for more than 90% of the total volume in most categories. Overall, Italy and West Germany are important suppliers, placing among the top three in most categories. Other countries of importance are Spain (for automatic washing machines and dishwashers), Denmark (for freezers) and South Korea (for refrigerators). Most of the imports from Spain are probably done by Bosch, according to Bosch's General Manager in Turkey.

b) Duty Free Imports

The lack of official statistics on the size of the duty-free market is particularly unfortunate considering its importance in the white goods sector. As a result of the interviews conducted with experts from the industry, however, it was possible to obtain a few estimates on the size of this market for certain categories. According to Bosch's former distributor/importer, the duty-free market for the specific white goods listed below stood at roughly 100,000 units in 1992 (Table 3.6). Grunberg, AEG's distributor, on the other hand, estimated a total market twice that size, or 200,000 units.

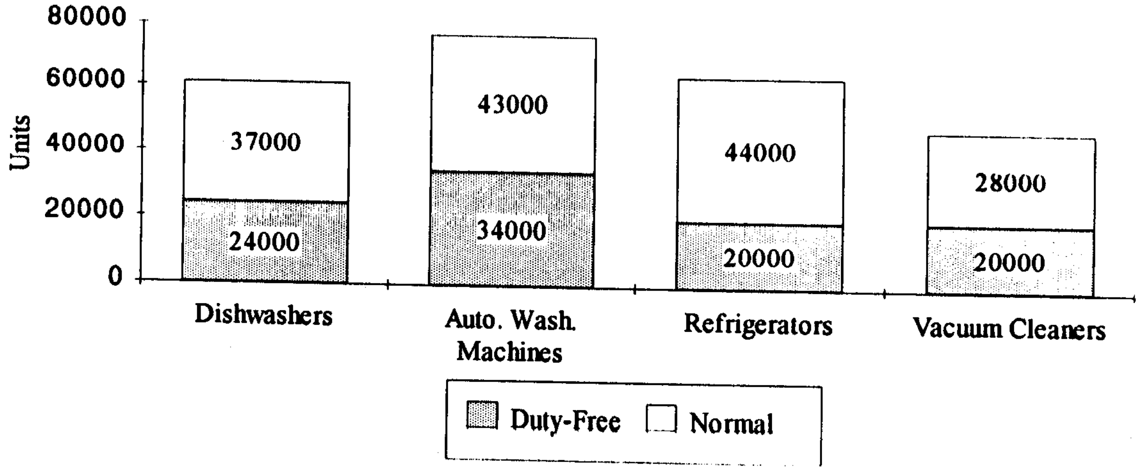
TABLE 3.6. ESTIMATED SIZE OF THE UNOFFICIAL DUTY-FREE MARKET 1992

	units
Dishwashers	22-25,000
Automatic Washing Machines	30-35,000
Refrigerators	20,000
Vacuum Cleaners	20,000
TOTAL	90-100,000

Source: Interviews with Grunberg and Dizel magnet executives

If we compare the figures obtained from interviews with those registered as official imports, we find that duty-free imports were equivalent to more than half of official dishwasher and automatic washing machine imports in 1992. On this basis, the total share of imports in these two categories rises from 18% and 5.5%, to 30% and 10% respectively. It is interesting to note that the share of washing machine imports in total production is still quite low, despite all the publicity given to this item. And given the trend towards greater local production of dishwashers, including full-fledged production and assembly, it is likely that the ratio of dishwasher imports falls over the next few years.

FIG 3.8. DUTY-FREE VS NORMAL IMPORTS 1992



3.4. COMPETITION IN WHITE GOODS MARKET

3.4.1. MAJOR LOCAL BRANDS IN THE MARKET

There are twelve major domestic white goods suppliers in Turkey. But five of them belong to the Koç group. These are Arçelik, Beko, Aygaz, Demirdöküm and Ardem. Moreover, Beko and Aygaz are not white goods manufacturers but they only sell Arçelik products under Beko and Aygaz brand names. Ardem is the manufacturer of ovens in Koç group and does not use company name as brand name. The products of Ardem are marketed under other Koç group brands.

Profilo, which is the manufacturing company, markets its products under Profilo and AEG brand names.

More information can be found about the local companies in Turkey in the "Sample" section of research methodology part and the product ranges of companies are investigated in detail during the analysis of research. Table 3.7. gives a summary view or the key local white goods brands found on the market and their product range

TABLE 3.7. MAJOR LOCAL BRANDS IN THE MARKET

Arçelik	Whole range- with more than 200 product types easily the leader in product diversity, owned by Koç Group
Peg Profilo	Whole range, owned mostly by Profilo Holding and its founder Jak Kamhi, and some 10% by AEG. Brand names: AEG and Profilo
Simtel	Washing machines, refrigerators, dishwasher but strongest in vacuum cleaners
Aygaz	Koç group also owns some 30% of this company which sells the whole range, produced by Arçelik, under the Aygaz brand name
Teba	Important producer of ovens and stoves, water heaters and air conditioners, recently entered dish washers and washing machines
Auer	Ovens and mini-ovens, claims more than 23% of this line
Demirdöküm	Another Koç group company, which mainly produces water heaters
Baymak	Water heaters
Ardem	Another Koç group company which mainly produces ovens and stoves
Vestel	A former Polly Peck company and previously only a brown goods producer, entered white goods
Pekel	Producer of white goods under Vestel brand name now entering with its own brand Philco

3.4.2. MAJOR FOREIGN BRANDS AND LOCAL REPRESENTATIVES

On the basis of interviews and secondary research, we identified the top seven major foreign brands of large household appliances and their local representatives. While the list is not exhaustive, it does give a fair reflection of the seriousness of these brands in their intent to penetrate the Turkish market, as these are the brands that were most often cited in interviews, secondary research and in advertisements.

All of the brands cited below, except for Bosch, have Turkish representatives, and most are dealing in the whole range of appliances. In addition, half of them have an arrangement whereby their Turkish partners gradually move towards assembling part, or most of the brand's product range.

TABLE 3.8. MAJOR FOREIGN BRANDS

Brand	Representative	Products	Activities
Bosch	Bosch	whole range	imports, promotion, after sales services
Candy	Termikel	whole range	import with plans to assemble
Conti	İleri Elektrik	mainly refrigerators	import with plans to assemble
Frigidaire	Frimak	whole range	imports all lines, assembles dishwashers
General Electric	GEPA	refrigerators, washing machines, dryers, dishwashers	promotion and after sales services only
Kelvinator	Acarsoy	whole range	imports, promotion, after sales services
White Westinghouse	Cihan Group/Unimeks	mainly refrigerators	first imported, now beginning assembly, plans on producing

All of the import brands are targeting the upper income groups in general, as these normally compose the largest group of foreign brand consumers. However, although General Electric and Westinghouse gear their import range to the top end of the market with deluxe refrigerator models, they are not making any particular effort to promote their sales to this population.

3.4.3. MARKET SHARES

Finding reliable data on supply shares, however, is impeded by the fact that the only reliable statistics on the subject are available from the White Goods Manufacturers' Association, which does not include Simtel and some of the recent small entrants.

Comparing the information provided by two separate sources, the White Goods Manufacturers' Association for 1991, and Arçelik's published figures for 1992, it is clear that Arçelik (including its production under other brand names) leads in just about every item except for vacuum cleaners. Here, it shares the market with Simtel, which claims a 40-45% share.

The second major player in the market is clearly Peg Profilo, with its Profilo and AEG brands, although some industry analysts claim it has lost some market share to industry newcomers, such as Vestel.

TABLE 3.9. MARKET SHARES OF LOCAL BRANDS

	Arçelik	Profilo	Vestel	Auer	Teba	Simtel
Refrigerator	54%	41%	4%			
Auto. Wash. Machine	67%	23%	10%			
Dishwasher	61%	10%	3%			
Oven	58%	21%		12%	5%	
Vacuum Cleaner	35%	5%				40%

Source: Compiled from data obtained from White Goods Manufacturers Association, Interviews, Arçelik press bulletin and reports in newspapers.

Bosch is clearly the leading importer of large appliances, although there are no reliable estimates on import shares. Mr. Klar, the current General Manager of Bosch in Turkey, claims their share is (much) higher than 70% of the duty-free market. According to their former distributor, Dizel Magnet, Bosch accounts for over 90% of the duty-free market. No figures were given for overall imports however.

Some figures were provided on Bosch's overall market share however, including domestic supply, Bosch supplies more than 7% of the Turkish market for dishwashers and automatic washing machines, but is insignificant in refrigerators.

On the basis of the above information, as well as official import statistics and the above estimate of the duty-free market, it is estimated that Bosch imports at least

- 18,900 dishwasher units, and
- 60,000 automatic washing machines per year into Turkey.

These amounts are equivalent to about 30% of all dishwasher imports and 80% of all automatic washing machine imports, including those brought through the duty-free shops. Since local producers themselves imported 15,267 dishwasher units in 1992, equivalent to 41 % of official and 24% of overall dishwasher imports (including those through the duty-free shops). This implies that all the other imported brands accounted for just under half of all dishwasher imports, as compared to 20% for automatic washing machines.

TABLE 3.10. IMPORT SHARES, 1992

	Dishwashers	Washing Machines
Bosch	30%	80%
Other Importers	46%	20%
Local Producers	24%	0%

Source: Compiled from the data obtained during interviews

3.5. TRENDS IN 1993

As it was noted in previous parts in this section, white goods industry continue to grow and it will seem to follow this trend for the near future. In 1993 production has been increased by 26% compared to the previous year. Local sales and export also increased at a rate of 20% from 1992 to 1993.

Table 3.11. tabulates the data of White Goods Manufacturers Association for specific product groups of 1993.

TABLE 3.11. THE MARKET FOR HOUSEHOLD APPLIANCES, 1993
(000 units)

PRODUCT	PRODUCTION	IMPORT	LOCAL SALES	EXPORT
Refrigerator	1,247	84	927	397
Freezer	91	-	37	51
Auto. Wash. Machine	914	7	914	5
Semi-Auto. Wash. Machine	54	-	59	-
Dryer	8	1	6	-
Dishwasher	325	4	322	-
Oven	605	-	597	40
Mini Oven/Range	677	-	338	338
Vacuum Cleaner	367	1	384	9
Water Heater	458	25	492	-

Source: White Goods Manufacturers Association report in January 1994

3.6 SUMMARY

In this section, the ten product lines which are investigated in the research were classified according to the several classifications of Turkish, European and American industry classifications. White goods industry and its products were defined in this section, too. The descriptions of the individual product lines can be found in appendix three.

Sales and production figures were supplied in tabulated form for all ten product lines selected. Moreover, the production growth trends of four major products were given in figures to visualize the tendencies better. According to the secondary research the annual growth rate for the white goods is as high as 20% on a unit basis. This rate can reach 60% for a product with low ownership such as dishwasher.

The white goods industry mainly produce and sell for the local market. This tendency is proved by the secondary data that the share of exports in total sales are very low. Two exceptions are refrigerator and oven.

Official and duty-free imports were discussed in this section. Although the imported products represent less than 10% of total sales, the unofficial duty-free imports are as nearly as high as official imports in the major product categories. Automatic washing machine and dishwasher are the mostly imported products through duty-free channel.

Finally, the major local and foreign brands in the market were given. The market shares calculated according to the compilation of data from several sources, were presented to give a picture about the fragmentation of the white goods market. Arçelik is clearly the market leader. Bosch on the other hand has the biggest market share among the importers. It should be noted that, while the domestic products market which represents more than 90% of the total market, is shared by three companies in most product categories, the imported goods market, less than 10% of the total, is facing a market share war between more than seven companies.

This active industry will be investigated in greater detail in the following sections to figure out the future potential of Turkish white goods market and industry. Opportunities and threats, as well as industry strengths and weaknesses will be evaluated based on the research findings.

SECTION 4. RESEARCH DESIGN AND METHODOLOGY

4.1. RESEARCH OBJECTIVE

Primary goal of this study is to determine competitiveness level of Turkish white goods industry by collecting data on certain variables that effects the competitive position of an industry most.

To decide on level of competitiveness, strong and weak sides of the industry and opportunities and threats in the future are explored. The white goods industry is investigated thoroughly to get information about the industry's internal structure and the market for white goods. The ways and means of the industry to utilize the opportunities in the market and how industry gets prepared for coming threats are explored.

Other objectives are utilizing strategic planning concepts for determining industry competitiveness level and to set up a format for analyzing industries for SWOT analysis.

4.2. RESEARCH DESIGN

The design of the study can be characterized as both descriptive and exploratory. The study is descriptive because it analyzes white goods industry and tries to determine competitive position in terms of strategic planning concepts and approach that have been developed before. But it is exploratory, too. It sets the variables to perform SWOT analysis for the industry and collects information based on these variables. It is the first SWOT analysis of white goods industry based on these variables.

4.3. POPULATION AND SAMPLE

The population for the study is comprised of white goods manufacturers and importers in Turkey.

The sampling design is non probability sample according to Churchill (1990). It involves personal judgement while selecting the population elements. The judgement is imposed by the researcher.

To select the sample elements from the population of manufacturers, several lists of industrial organizations are used. The most comprehensive list is supplied by I.C.C (Istanbul Chamber of Commerce) which includes more than 50 entries of white goods manufacturers. But the majority of the list is composed of small manufacturers of one or two product lines of white goods products. Especially many firms in the list are the producers of small electrical cookers which are not included in white goods category but in small electrical appliance category according to our classification. Therefore a more proper list is obtained from White Goods Manufacturers Association, an association which brings all the major producers in Turkey together.

The list includes 7 important producers of Turkish white goods industry. This list and the I.C.C. list are compared and nine producers are selected as sample.

Selecting the sample of importers are harder since importers are less organized and it is hard to find compilations of import companies. According to secondary research and a list obtained from a research company seven companies are selected. Snowball effect is also considered while selecting these seven companies.

Judgmental sampling method is used for selecting these sixteen companies from the population. Accordingly, an expert uses judgement to identify representative samples in judgmental sampling (Churchill 1990, Aaker and Day 1986). And in this study several criteria are used to justify the sample.

First of all, the market coverage of the sample is considered. The selected manufacturers produce more than 95% of the whole white goods production in Turkey. For importers, sample represent more than 90% of the total legal imports in Turkey. As can be seen from the figures selected sample is close to become nearly a census.

Secondly the depth of the product line of the companies is considered. The companies which produce several products rather than only one product are selected because they represent the industry better.

4.4. DATA COLLECTION METHOD AND QUESTIONNAIRE DESIGN

The data was obtained through a questionnaire. It was a structured, undisguised questionnaire. Questions were presented with exactly the same wording and in exactly the same order to all respondents.

There were also a qualitative research carried out with some of the executives of selected companies and some shop owners at Doğubank and dealers of some brands. In this qualitative research, in-depth interviewing techniques were utilized to have a better understanding of the industry. There was no structured questionnaire for qualitative research.

To collect data through structured questionnaire, executive interviewing technique was employed. The executives were interviewed in their offices personally by the researcher himself. Due to the extensive time consumption of this technique (identifying the right persons, getting rendezvous from them, visiting their place, and interviewing take a lot of time) The research was conducted in 2 months time, May-June 1993 since personal interviews were held. All the questions were understood properly by the interviewee and right answers were collected. Correctness of answers were checked by the researcher at place of interview.

The questionnaire consists of six parts, each collecting data on one variable. First part is on product variable and deals with product positioning, and new product development. This part was applied to both importers and producers.

Second part is about the quality. This variable measures the quality aspects of the manufacturers. This variable was only applied to producers.

Third part is on after sales services. This variable is included due to growing importance of the after sales services. This part was asked to importers and producers.

Fourth part of the questionnaire collects data on import threats. The variable is about the current imports and the possible developments in imports. This section is applied to producers.

In the fifth part, export opportunities were investigated. This section was only available to producers of course.

In the final part of the questionnaire, local market trends were asked to both importers and producers. This variable is about the opportunities and threats in domestic market.

It is important to mention that as competitiveness level is a very broad concept, it is impossible to talk about the exhaustiveness of variables. Although the questionnaire is aimed to be comprehensive with respect to the objectives, the researcher does not argue about an exhaustive list of variables.

4.5. DATA ANALYSIS TECHNIQUE

The SPSS/PC computer software was used for the analysis of the data collected. Frequency distributions, means, standard deviations and other statistics for research variables, information elements were obtained by Frequencies command. Due to inadequate size of the sample and independence of variables, cross tabulations were not compared.

4.6. LIMITATIONS OF THE STUDY

The most important limitation of the study is the in existence of cross tabulations. There would be useful comparisons between importers and producers at competitiveness level, if there was a bigger sample size. But as mentioned earlier the sample is nearly as close to the census; increasing the sample size would require inclusion of many small sized companies

And this will deteriorate the representation of the population since small-sized companies do not reflect the characteristics of the whole industry. So replication of the study with a much larger sample may give poorer results due to representation problems.

SECTION 5. FINDINGS: EVALUATIONS OF QUESTIONNAIRE

In the following parts, the findings of the survey are discussed. In this section, results of the structured questionnaire are presented. The statistical analysis of the questionnaire are supplied in tabulated form, along with evaluations and discussions of the findings. The results of in-depth interviews can be found in section six.

As mentioned in section two, six variables were utilized to collect data on overall competitiveness level of the industry. These variables namely are; product, quality, after sales service, export opportunities, threats from import and market trends. First three variables are related to internal factors and determine industry strength. The latter three are related to external factors and explain the opportunities and threats for the industry. These variables are questioned in separate sections of the questionnaire. The results are discussed in the following sections through 5.1 to 5.6.

5.1. PRODUCT

5.1.1. PRODUCT LINE AND LEVEL OF DIVERSITY

According to the secondary research findings which were presented in section three, there are nine producers manufacturing white good products and there are seven representatives of foreign white goods companies which import and market foreign white good products. In this part of the questionnaire, product line of the producers are investigated because a diverse product line is a sign of strong customer service and satisfaction. On the other hand diversification in product line is a strength of company's manufacturing capabilities. Besides the product line, new product development procedures of producers are also investigated in this section.

An interesting finding was the number of producers in Turkey. Because, among the nine manufacturing companies and seven representatives interviewed for the study, 12 companies claimed to produce some of the lines domestically. These are namely İleri Elektrik of Cankurtaran group producing Rowenta vacuum cleaners, Termikel producing its own washing machine and Evpar assembling some models of Frigidaire dish washers. This fact can be interpreted in two ways. First this is a sign of serious intentions of some importers to produce locally the products which they are currently importing. And secondly the importers are not the strangers from outside of the white goods sector but actually they are known companies operating in the sector for several years.

In fact during interviews nearly all of the importers (with one or two exceptions) mentioned about their plans to start mounting SKD parts (semi knocked-down kits: a term used for assembly production) or even starting to produce locally. Moreover the importers have a proven track record in the white goods or generally durable goods industry. Cihan has an experience in electronic appliance market, Termikel has long been a washing machine producer. İleri Elektrik has contact with Rowenta for local production.

Manufacturing companies were asked about their product lines to determine the diversity of the product lines in the Turkish white goods industry (Question 1.1). As mentioned in section three, ten products are included in white goods category. Maximum number of appliances produced by single company is seven. But we should note that the leader in the market, Koç Group, has three companies operating in the sector (Arçelik, Ardem, Demirdöküm) and these produce some parts of the whole appliance line, as a result the group produces eight categories out of ten. (Semi-automatic washing machine production was stopped this year and micro-wave ovens are imported). Including imports group markets the full-line under its major brand Arçelik.

We may regard the four producers as the full-line producer with their product range of five appliances or more.

Arçelik
AEG+Profilo
Simtel
Vestel

Of course SKD and CKD (completely knocked-down) assemblies are considered as local production.

5.1.2. PRODUCT MODELS

a) Domestic Models

In order to measure the depth of the producers market we should examine number of models and the number of companies producing the appliances in a variety of models.(Question 1.1.)

TABLE 5.1 NUMBER OF LOCAL MODELS IN THE MARKET

PRODUCT	NUMBER OF PRODUCERS (N)	NUMBER OF MODELS PER COMPANY				TOTAL NUMBER OF LOCAL MODELS IN THE MARKET
		PRODUCERS (n)	MINIMUM NUMBER OF MODELS	PRODUCERS (n)	MAXIMUM NUMBER OF MODELS	
OVEN	7	1	3	1	19	74
REFRIGERATOR	5	1	5	1	17	50
AUTO WASH MACHINE	6	1	2	2	6	27
VACUUM CLEANER	5	1	3	1	8	25
WATER HEATER	6	1	1	1	6	18
DISH WASHER	6	1	1	2	4	17
SEMI AUTO WASH MACHINE	2	1	1	1	6	7
FREEZER	3	2	1	1	3	5
MICROWAVE OVEN	1	--	--	1	2	2
DRYER	1	--	--	1	1	1

N: Total number of producers

n : number of producers producing min. or max. number of models

From the table 5.1, we can observe that severe competition exist in the oven and refrigerator market. Also high penetration rates in these products lead the companies to have variety of models.

Six companies producing dish washers, on the other hand, prove that many companies are trying to indent in a new and free market in Turkey. So again there is a severe competition in dishwasher market but low penetration rate (according to ICC survey results) provide free space for several companies operations. Low number of models per company show that the market is newly establishing and number of models are likely to be increased in the near future.

The products which are produced by a very few number of companies are freezer, semi-automatic washing machine, microwave oven, and dryer. While the second one will find its way to new foreign markets as automatic washing machines replace them, the other three are absolutely new products for Turkish market; and as the market grows production will increase for these products. According to companies, they are highly promising product types, too.

b) Imported Models

Except one representative, all interviewees replied the imported product range questions. (Question 1.2) This company although mentioned the product lines that are imported, could not specify the model numbers since it only plays an interface role between duty-free shops and the foreign company. They arrange orders according to duty free shops purchases. They have a wide selection range from foreign company's product range.

Import is an important tool for launching products into the market for Turkish white goods companies. 13 respondents out of 16 claimed that they are importing several number of product lines. There are seven companies regarded as importers but six companies out of nine producers are also importing products for several reasons explained in section 5.5.

The maximum no of product lines imported is eight of Bosch. Most of the local producers import one or two products to complete their range.

TABLE 5.2 NUMBER OF IMPORTED MODELS IN THE MARKET

		NUMBER OF MODELS PER COMPANY				
PRODUCT	NUMBER OF IMPORTERS (N)	IMPORTERS (n)	MINIMUM NUMBER OF MODELS	IMPORTERS (n)	MAXIMUM NUMBER OF MODELS	TOTAL NUMBER OF IMPORTED MODELS IN THE MARKET
REFRIGERATOR	9	3	2	1	17	54
AUTO WASH MACHINE	9	2	1	1	6	25
DISH WASHER	10	6	1	1	6	21
FREEZER	3	1	2	1	8	17
MICROWAVE OVEN	7	4	1	2	4	14
OVEN	3	1	1	1	10	13
VACUUM CLEANER	7	5	1	1	5	12
DRYER	5	1	1	1	3	10
WATER HEATER	1	-	-	1	2	2
SEMI AUTO WASH MACHINE	0	-	-	-	-	0

N: Total number of importers

n: Number of importers importing min. or max. number of models

As to be seen in table 5.2, 10 companies out of 16 are importing dishwashers. This is a proof of the strategy that the companies are trying to penetrate into a new and potential market. The new-comers of the sector first attack this part of the market since it has the biggest potential. Also producers that want to serve this market import some models for two reasons: First they want to introduce dishwashers saving on time and money for investments. Second they diversify their product line and offer some imported models to the market along with their own products.

Other 'rich' product lines are refrigerators and automatic washing machines imported by nine firms. There are 54 models of refrigerators imported in the market. Microwave ovens and vacuum cleaners are also imported by seven companies each.

In short all the major product lines are imported in Turkey and importers are competing with local producers both by their product lines and number of models.

c) General View of the Market

For an overview of the competition on models, a table consolidating imported and produced models for major product lines is developed (Table 5.3).Accordingly, the highest diversification of models per company is seen for oven (10 models) and refrigerator (nine models), and again total number of models are highest for refrigerator (104 models) and oven (87 models).

TABLE 5.3 TOTAL NUMBER OF MODELS IN THE MARKET (MAJOR PRODUCTS

PRODUCTS	NUMBER OF PRODUCERS	NUMBER OF IMPORTERS	TOTAL NUMBER OF MODELS IN THE MARKET	AVERAGE NUMBER OF MODELS PER COMPANY
OVEN	7	2	87	10
REFRIGERATOR	5	6	104	9
AUTOMATIC WASHING MACHINE	6	5	52	5
DISH WASHER	6	5	39	4

Note : The companies that both produce and import are listed as producers.

5.1.3. NEW PRODUCT DEVELOPMENT

a) Factors Affecting Decision Making

Manufacturers and importers were asked about factors affecting their new product launch decisions (Question 1.3). 14 responses were received out of 16 companies. Gepa and Bosch did not answer because they do not have any control on new product launching decisions. Gepa simply follows the orders of duty free shops and Bosch in Germany has its own market researches to decide on new product launches in Turkey.

The most effective driving forces for new product development and marketing are the new product development of competitors, and changes in consumer choices and trends. 14 and 13 of the respondents respectively counted these factors as decision-affecting factors at various importance levels. Product range stretching and the need for reaching new market segments are also considered as important factors for deciding on new products. (Table 5.4)

On the other hand change in consumer choices and trends is the most important factor affecting the new product decisions (mean = 1.46). This is a sign of positive trend in the sector that companies become more consumer oriented and they are putting more value on market needs.

TABLE 5.4 MAIN FACTORS EFFECTING NEW PRODUCT DEVELOPMENT DECISIONS

FACTOR EFFECTING DECISION MAKING	NUMBER OF RESPONDENTS (N)	MEAN IMPORTANCE LEVEL (1....6)*	STANDART DEVIATION
CHANGE IN CONSUMER CHOICES AND TRENDS	13	1.461	0.519
NEW PRODUCT DEVELOPMENT OF COMPETITORS	14	3.280	1.858
PRODUCT RANGE STRETCHING	12	3.421	1.311
NEED FOR REACHING NEW MARKET SEGMENTS	12	4.330	1.497

* 1=MOST IMPORTANT

b) Market Research for New Product Development

All of the 16 respondents said "yes" to the question 1.4.a. asking whether they arrange market surveys for new product design and marketing. Again, the important factors influencing new product decisions are the factors mostly researched. This is a logical outcome that sector needs information on competitors and market needs for designing and marketing new products. So they arrange researches mostly on these subjects (Question 1.4.b).

This is of course a healthy picture of the sector. Industry has set its priorities for its competitive position in the market. Its getting more and more consumer oriented while watching carefully the competition. Market researches are arranged to get information on sector's main areas of interest (Table 5.5).

TABLE 5.5 IMPORTANT AREAS OF MARKET RESEARCH AND THEIR PRIORITIES

AREAS OF RESEARCH	N	MEAN *	STANDART DEVIATION
LOCAL COMPETITORS	14	2.07	1.141
CONSUMER EXPECTATIONS, TRENDS	14	2.21	1.251
FOREIGN COMPETITORS (IMPORTS)	13	3.00	1.683

* 1: Most important

c) Methods of Research on Consumer Trends

A wide variety of methods are utilized to follow consumer trends (Question 1.4.c). But all of the companies use their sales organization and dealers as primary source of data, 87.5 % of them also put emphasis on evaluation of statistical data (Table 5.6).

TABLE 5.6 METHODS OF MARKET RESEARCH

METHOD OF INFORMATION COLLECTION ON CONSUMER TRENDS	N	PERCENT
EVALUATING INFO. FROM SALES ORGANIZATION AND DEALERS	16	100.0
EVALUATION OF STATISTICAL DATA	14	87.5
MARKET RESEARCH	13	81.3
EVALUATIONS OF MANAGERS	12	75.0
PERSONAL OBSERVATIONS EVALUATIONS	5	31.3
OTHER	3	18.8

d) New Product Development Procedure

This section of the study was only conducted with manufacturers since importing firms do not have any new product development facility.

Eight out of nine contacted companies responded for the open ended question on new product development procedure of the industry and the qualitative findings are evaluated by grouping the answers (Question 1.5). Generally, new product idea is first introduced by marketing and technical departments. While marketing departments reflect the needs of the market and their view of the market, technical departments introduce latest technological developments and technical features of foreign products. The final product idea is a combination of these two intentions.

Top level executives and their observations from abroad are also sources of new product ideas in some companies. In the few companies, company owned distribution companies are also a source of new product ideas.

Similarly the decision of new product developments mostly effected by technical and marketing departments. But this decision making process mostly performed at high managerial level.

Final decision and confirmation on new product are mostly done by top level executives i.e. general managers and assistant general managers. Again marketing and engineering departments have influence on the decision. The marketing organisations (including company owned distribution firms) have strong effect on both decisions on new product and design of it.

On the other hand dealers are not considered as an important part of the new product development process. Much of the respondents stated that they do not have well established channels to receive information from dealers. Much of the feed-back is supplied via distribution companies. This can be seen as a missing part of new product development process, since the information about end-user is not received from the retailer who is the direct seller to this user. But actually to overcome this missing part especially well-established big size companies monitor the end-user via research surveys.

As company size grows, there is a tendency to investigate and evaluate the market trends more systematically in their product design efforts. One company even stated that they have a separate organization for product planning consisting of people from marketing, sales, market research, product design and other related departments.

Six of the producers out of eight claimed that they have a separate product design department. This department is involved in product design process from beginning to end. But its influence on the decisions or strategic design choices varied a lot from company to company. The evaluations of companies about their product design departments are between "the most important strategic department...." and " after marketing organisation determines the needs wants and features of the appliance product design department handle engineering design."

No company offers products for market-test but four companies said that they give appliance to some close customers, or workers or accredited dealers for house testing.

5.1.4. SUMMARY

In this first section of the research, product line of the companies and product models in the market were explored. Moreover, companies explained their approaches to new product development process.

Findings prove that competition in refrigerator and oven markets lead companies to have variety of models. This increases both the number of models each company markets and the total number of models in the market.

On the other hand, promising product lines, in other words product lines with lower ownership rates, attract companies. Thus automatic washing machine and dishwasher are the two product lines that companies launching many models to the market. Also competition arising from new entrants in these markets forces the companies to have more diverse lines of automatic washing machine and dishwasher.

New product development procedures of companies were investigated in this section, too. According to companies comments, major motivation to develop a new product is the competitors' new product launches. On the other hand, the most important criteria to decide upon a new product development is the change in consumer choices and trends. Similarly producers conduct market research on competitors and consumer trends mostly to receive information to use in their new product decisions.

Finally, new product development procedures of companies were reviewed.

5.2. QUALITY

This section of the questionnaire was replied by six companies since only producers were asked about their quality procedures. Importers have no influence on the quality of the products they sell, therefore they are not included in this part of the questionnaire. Six out of nine manufacturers participated in this section.

Quality is a very important aspect in building up a competitive position. The reputation and position of the products are mostly determined by the quality level of them. Therefore quality level of the overall white goods industry is an important factor in competitiveness.

In the research, it is nearly impossible to measure the quality of individual products of each producer. Because necessary criteria standards and measures to explore the quality would be very different for different product lines. Measuring quality of a dishwasher and vacuum cleaner needs very different criteria, for example. Moreover, even in the completion of such measurements, they would not determine correctly neither quality level of the industry, nor competitive position quality wise. Because quality is a wider concept than the individual product qualities, today. Quality is a system assuring the complete customer satisfaction. And it includes design quality, product quality, production quality, service and sales quality. The quality of the products alone is only a part of this system. The core concept of this system is customer satisfaction. And in this system company as a whole determines the quality level.

In conclusion, in the research, the quality of the whole system of company is tried to be measured rather than product qualities. Quality assurance concept is the key factor in measuring company quality. The system in the companies is questioned to find out their level of quality in procedures, production and overall approach to quality.

Accumulation of the related information on individual companies provides the overall quality level of the industry and thus the competitive position.

For evaluation of the quality system ISO 9000 quality standard was used. But instead of inspecting the companies quality systems like auditors, ISO 9000 was used to lay down the general criteria for measuring or getting information about the quality assurance system. Thus ISO 9000 steps were asked interviewees to find out whether they are prepared for ISO 9000 and to which extent they conform to ISO 9000. Quality level of the companies were investigated. Below you will find the results of the evaluations of quality system of manufacturers.

5.2.1. QUALITY POLICY AND SYSTEM

In question 2.1. in the questionnaire, quality policy and system is explored. Companies were asked about their quality system.

All six companies participated in this section informed that they have a written quality policy determining general quality goals and strategies of the company which was prepared by top executives. This is of course a good result for the industry, considering that the quality policy is the first step in ISO 9000. Thus, it means that industry has started to conform to this standard. On the other hand top management plays a more important role for quality goals of the companies. This shows a trend of the executives to understand the importance of quality more.

Interviewees also commented upon the contents of quality policy. According to the replies, the basic item in the policy is customer satisfaction. Four companies out of six claimed that the first item in their quality policy format is about customer satisfaction.

Education and motivation of the workers for achieving desired quality level is mentioned in the second place. This shows that companies started to realise the importance of human factor in quality. The responsibilities of departments for preserving and operating quality system is in the third place in company quality policies. Quality auditing is another aspect in quality policy.

Having a quality manual which describes quality systems, procedures and functions is another step in ISO 9000 standard. Companies were asked through question 2.2. whether they have such kind of quality manuals. Five out of six firms claimed that they have such kind of manuals. And these manuals includes all items which ISO 9000 requires. Such as all procedures, specifications and standards.

5.2.2. QUALITY ORGANIZATION

Organisation for achieving the desired quality goals and operating quality system was also checked in the questionnaire. Establishing a quality organisation is a very important step in keeping and developing a quality level. All companies informed that they have a quality organization inside the company (Question 2.3).

Outline of this organisation is determined according to the companies comments: A typical quality organization begins with quality planning and assurance manager at the top who reports to assistant general manager technical or engineering. This person, sometimes called quality manager, is the top responsible for all the quality system, quality control efforts, quality audits, process controls for all of the products. Then there are quality assurance managers responsible for individual product groups and/or specific processes or for quality control and audit operations. Under these managers there are engineers or chiefs who work for incoming quality control, process control, product audit and laboratory tests.

The typical organization described above, is valid with small differences for all companies. Individual organisations of companies which were established according to companies own needs and goals, come to a standardization because of the requirements of ISO 9000. So standardization begins at the elementary level such as the quality organization itself. This is of course necessary for preserving the quality at the required level.

5.2.3. QUALITY AUDITING

All quality systems should be audited in regular intervals to figure out non conforming operations. One of the requirements of ISO 9000 standard is auditing internally the quality system.

In the research, all six companies stated that they audit the quality assurance system with internal auditing teams (Question 2.4).

According to companies, these audits are mostly handled by educated auditors of the company. These auditors are educated for ISO 9000 and auditing techniques and they get an auditor certificate. Another common way of auditing is using managers of related technical departments as auditors. As other certified auditors, these auditing managers have been educated about the ISO 9000 quality system and auditing. But only one firm informed that audit managers did not receive any formal education.

In these internal audits, the contents of quality handbook are checked. Specification and procedures are audited for their conformity to desired goals. Performance of tests and test results are also audited. Documents are reviewed for checking whether recording is done properly. Non conforming parts in the system is reported by these auditors and corrective action is performed by managers.

5.2.4. CUSTOMER ORIENTATION FOR QUALITY

Most important part of the customer satisfaction concept is quality. Customers do demand high quality. But the quality required by the consumer may be different from the quality defined by the producer. So sensitivity to customer expectations on the quality is very important for competitiveness in the market.

With question 2.5. of the questionnaire, sensitivity to customer needs and wants on quality is investigated. Companies were asked about their procedures to collect information on customer preferences and complaints and quality improvement programs as a result of consumer feedback on quality.

Getting information about the customer expectations is the starting point for customer oriented quality development. Companies explained their ways of collecting information (Question 2.5.a).

The primary method of information collecting is data flow from after sales services organisation. All the customer complaints are dealt by service outlets, and occurrences of faults are reported to service administration. These reports are accumulated and classified in the service organisations to figure out the common faults or quality problems. Then these problems are reported to quality departments. According to companies, quality organisations determine the important problems and the reasons of customer complaints to take corrective action.

Some companies indicated that they arranged market researches to receive information on customer expectations for quality and major customer complaints. They statistically analyse these surveys to classify the quality problems customers complained about.

After collecting data on customer expectations, companies usually arrange meetings to discuss the customer feed-back (Question 2.5.b). In these meetings problems are analysed and source of the faults are recognised; some faults are due to design problems and some are due to inadequate quality control. After recognizing the reasons of problems, corrective actions take place. Engineering departments solve the design problems and quality departments reorganize the quality procedures and quality inspection methods to prevent the quality problems.

The role and importance of quality organization in the new product development process were asked to companies in the question 2.6. According to companies comments, quality department works together with product development department from the beginning of the process of new product development. But the influence of quality department on the new design varies from company to company. In better organized companies (these are big sized companies) quality organizations, works on the prototype simultaneously with design engineers. Quality procedures and plans are also prepared. Service organizations also control the new design and comment upon the serviceability of the new product.

This interactive engineering between quality service and new product development departments is rather poor in some companies. Thus in these companies the new product is developed first by the design engineers and then the prototype is inspected by quality and service departments. Their comments are for corrective action rather than design purposes.

5.2.5. QUALITY MEASUREMENTS

Companies were asked about their methods of quality inspections and tests (Question 2.7), and respondents indicated that many of the tests and inspection methods listed in the questionnaire were used during their quality assurance efforts.

Below you will find the quality inspection methods employed by the Turkish white goods manufacturers.

TABLE 5.7 METHODS UTILIZED IN QUALITY CONTROL

METHOD OF INSPECTION	NO. OF COMPANIES UTILISING METHOD (N)
Incoming quality control and raw material quality inspection	6
Statistical process control in production	5
Function, performance and outlook controls of finished products	6
Physical and electrical tests for measuring reliability of parts and products	6
Product audits or evaluations	5
Other: Audits of supplier companies	1

As can be observed from the table 5.7 most of the companies utilize all of the methods listed above. More over one company informed that local suppliers are audited by the manufacturer.

5.2.6. TRAINING

Any quality system can develop and maintain its strength via training of its personnel. Thus training is the key factor for quality assurance and it has a vital role in total quality management.

All six companies stated that they arrange training activities for improving the skills of workers while answering question 2.8. These courses or seminars help to improve quality level of course. Table 5.8 summarizes the training activities of the companies.

TABLE 5.8 TRAINING ACTIVITIES

TRAINING ACTIVITY	NO. OF COMPANIES ARRANGING ACTIVITY (N)
Orientation	6
Training for new workers	5
On-the -job training	6
Advanced professional courses	5
Training for new products and processes	5
other	3

Among the other training courses, companies mentioned about courses on statistical techniques, and quality circles. The latter can be argued to be considered as a training. On the other hand some companies stated that they arranged seminars on ISO 9000 standard to inform workers about the goals and methods of the standard.

5.2.7. ISO 9000 STANDARD

ISO 9000 is a standard which qualifies the company. ISO 9000 is the registration of company's quality system that this system is adequate for maintaining customer satisfaction.

The companies in Turkish white goods industry seem to recognize the importance of this standard. Since two out of six companies informed that they were qualified for ISO 9000 and other four companies plan to conform and register to ISO 9000 (Question 2.9 and 2.10). This shows us a trend to follow the world quality systems and compete with foreign rivals on quality. The customer satisfaction will be increased due to the fact that companies approach systematically to quality improvement.

Manufacturers also commented upon the advantages of having ISO 9000 standard. The findings are presented below (Question 2.11):

ISO 9000, in the first place, makes a company more prestigious and strengthens its company image. Company gains trust and reliability both for its products and services, in local and foreign markets.

ISO 9000 qualification is a solid proof of the level of the organisation quality wise. Quality level can be easily proved to be satisfactory by having this standard.

On the other hand this standard is useful in export since it is an internationally well-known standard. It opens many doors of foreign markets because some buyers in Europe forces their suppliers to quality for ISO 9000.

Moreover ISO 9000 standardizes and organizes the quality assurance system so that faults and production mistakes decrease to minimum level. This reduces the customer complaints. As a final result it increases the competitive force of the companies.

5.2.8. QUALITY DEVELOPMENT

Building a quality system that assure the reliability and quality of the products is a first step in today's competitive industry environment. Maintaining this system and quality level thus preserving a continuity in quality which is the outcome of above mentioned two steps is the starting point for customer satisfaction. But like all systems quality systems need development to be able to follow the advances in the world. This ISO 9000 is not an end point in developing quality systems but on the contrary it sets the foundation or basement for developing more integrative quality systems that serve for customer satisfaction to the widest extent.

In the final question 2.12 of the quality section of the questionnaire, companies were requested to comment upon their development plans for quality systems. The mostly mentioned goal or plan is establishing total quality management system. As all the quality executives agreed that continuous development of quality systems is necessary in order to be competitive in the market, they believe that ISO 9000 standard or standardised quality assurance systems is a basic step for integrating all the elements of an organisation to produce customer satisfaction.

Companies indicated that their target for the near future is applying total quality management approach in their companies. From top executives to line workers responsibility for quality should be shared by everybody. And necessary education will be arranged to build up a company quality culture according to the comments of respondents.

One company explained, total quality approach will be taken as a life style by every worker in the firm.

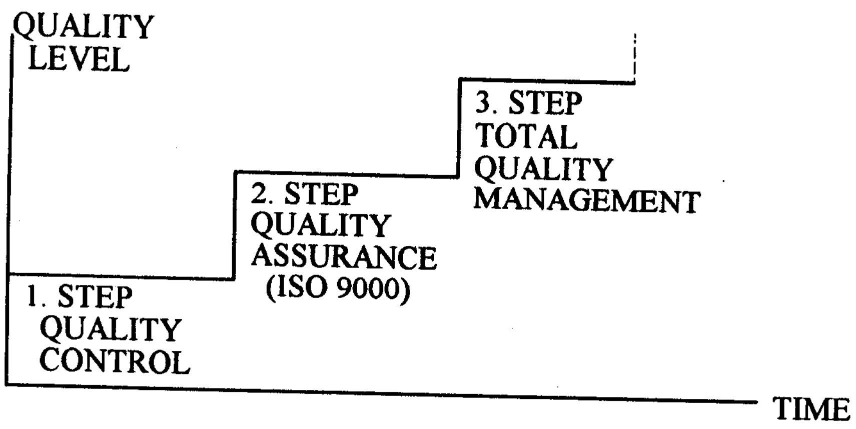
Moreover companies informed that, quality will not be considered only as a production related function in the future. Quality will be understood as an integrating factor for all the sections in a business such as company itself, suppliers, distribution organisation and after sales services. Total quality management is a co-ordination effort to reach highest quality level at all the organisation units that serve to the customer directly or indirectly. Thus the heart of the total quality management is unlimited customer satisfaction.

Besides the total quality, companies mentioned about their programs for following technological advances and education programs.

One company stated that they apply Japanese technique of continuous development (Kaizen) for quality system improvements. In this technique developments are performed in small incremental advances, not with radical changes.

According to the comments of quality executives we can form the quality ladder to visualise the quality developments better.

FIG 5.1. QUALITY LADDER



5.2.9. SUMMARY

In this section, an important element of the competitive position is explored. That is quality. Quality executives are interviewed for the ISO 9000 Quality Assurance System requirements. Industriy's overall quality level is tried to be measured using ISO 9000 standard.

Two out of six companies are found to be already qualified for ISO 9000. Moreover all other companies are getting prepared for this standard. In the near future all companies will at least apply for this standard. But some companies have still a long way to go in improving their quality system. All companies, however, agrees that this standard is a usefull tool for Turkish white goods industry to improve its quality level and raise it to the international level.

5.3. AFTER SALES SERVICE

After sales services are strong determinants of the competitive position of companies in white goods sector. Moreover quality of after sales services has a direct effect on sales. In order to determine the competitive level of the after sales service in white goods sector 14 companies were questioned about their services. Two companies Ardem and AEG did not contribute to this part. Ardem which is a Koç Group company did not reply this part of the questionnaire because their after sales services are handled by Arçelik; the same fact is valid for AEG. Profilo serves for AEG products, too. Hence double recording was eliminated for two firms' after sales service operations.

According to the comments of interviewees, the quality and strength of after sales services are key factors for vitality in the total appliance market. All of the interviewees pointed out that after sales services have a huge impact on buying decision. Also the reliability of a firm in the market is stated to be measured by the quality of its after sales services.

In this section, service shops of the companies, company strategies to handle these shops and service network organizations are explored. Secondly, quality of after sales services is investigated using multiple variables such as speed of after sales services and spare part supplies. Training of service personnel is also discussed in this part of the questionnaire.

5.3.1. SERVICE SHOPS

The service to the end-user is supplied by service shops so that the quality and competitive force of services are first of all determined by these service shops.

a) Service Shop Administration

According to the survey, nearly all of the 14 (seven producers, seven importers) companies serve their customers through privately owned service shops (Question 3.1). Only three companies indicated that they have also their own service shops, but these do not exceed 15 % of total number of service shops in their network. All the leading companies (Arçelik, Profilo, Vestel) work with private stations. This trend is still the same for importers.

There are certain advantages of private service shops: The main advantage for the producer is to reach wider areas by these private shops. Like dealership, private shops enable the companies to reach a wide number of customers. No company can cover such a wide are by its own network. By giving the right to service their products to private shops, companies organize a better and more productive servicing action; because centralization of servicing operations would lead to poorer results. But just at this point, the main disadvantage arises. The authorised private service shops are mainly concerned on the commercial side of servicing.

During interviews with after sales service departments of companies, the effective administration of private service shops was discussed in detail. Below the major findings are summarized:

After sales services are supplied by authorized private service shops, hence after sales service business is a commercial act for these shops to earn money. In other words; although the suppliers regard the after sales service as a tool for customer satisfaction and put the priority to the pervasive service organisation and the quality of service, the service shops put the priority to their revenues.

In view of this, too many service shop would create severe competition and hinder some of the business of the service shops in the vicinity. Thus the quality of their service would decrease because of their reduced turnover. (Since service shops might have smaller workshops, no car and employ less and inadequate personnel to service their customer in the district.) The possibility of low quality after sales services explains the tendency of big companies not to increase the number of service shops.

As a result, only increasing the number of service outlets may not generate the aimed increase in customer satisfaction due to the possibility of ineffective servicing of financially troubled service stations. This threat is higher in "crowded" areas such as Marmara district due to the fact that areas of each station are tightly determined.

Two key ideas here for a healthy solution are (1) clever distribution of shops and (2) establishment of effective and strong service shops.

When the decision is made to increase service outlets, the new ones should be opened in those areas where most customer complaints arise. Because complaint means that the needs in that area are not met by any shop in full. So opening new shops in that area would not effect other shops very much. Geographical distribution of existing shops should also be considered. Secondly effective servicing should be aimed. Service personnel should be well trained, technically adequate and shops must be financially strong to hire quality personnel, carry stocks, respond quickly to customers and mobilize themselves. Supporting the service shops will help to satisfy customers more.

b) After Sales Services Network

One of the key factors in after sales servicing thus in customer satisfaction is closeness to the consumer. To achieve this, a national coverage is needed with a service network formed by privately owned service shops. According to the survey, this network has been formed by many companies in the industry. In the questionnaire the geographical distribution of service shops was questioned. 12 companies out of 16 replied question 3.2.

TABLE 5.9 NUMBER OF SERVICE SHOPS IN TURKEY

REGION	N	MEAN RANK*	STANDART DEVIATION	MAX. NUMBER OF SHOP FOR ONE COMPANY	MIN. NUMBER OF SHOP FOR ONE COMPANY	TOTAL NUMBER OF SERVICE STATIONS OF 12 COMPANIES
MARMARA	12	3.500	1.168	150	20	797
EGE	12	2.580	0.900	85	10	437
IC ANADOLU	12	2.580	1.084	75	5	429
AKDENIZ	12	2.420	0.900	70	5	388
KARADENIZ	12	2.250	0.866	70	0	362
DOGU ANADOLU	12	1.917	0.669	50	0	250
G. DOGU ANADOLU	12	1.833	0.577	40	5	201
					TOPLAM:	2864

*NUMBER OF SERVICE SHOPS BETWEEN

1: 0--10
2: 11-- 30
3: 31-- 60
4: 61--90
5: MORE THAN 90

As can be observed from the table 5.9. (Question 3.2.a), vast majority of the service shops are located in Marmara region. A total of nearly 800 service shops of 12 companies operates in this region. This is followed by Ege and İç Anadolu regions. Other regions seem to have less service shops.

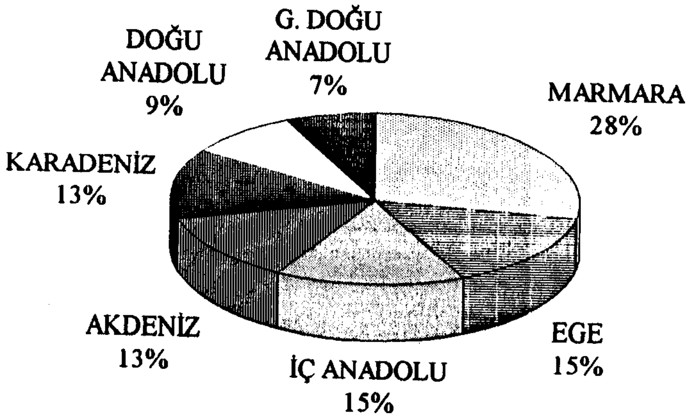
This distribution is a result of sales quantities of products. Although there is no regional distribution of sales figures, all the company managers indicated that important volume of sales are performed in Marmara region, while they are explaining the reason of many service shops in Marmara region

The number of white good units purchased and used in one region is the primary determinant of service shop establishment. Because the more units lead to more service requirements. This tendency also reflects the approaches of private service shops, they want to operate in the regions where there is bigger market. Thus in order to prevent customer complaints, companies should seriously monitor the distribution of service shops as explained in previous section. Of course the no of service shops in Doğu Anadolu and Marmara regions would not be equal, but less shops than a certain limit will result in a poor service thus consumer dissatisfaction.

This certain limit is actually a function of geographical, demographic conditions of that area as well as transportation utilities.

The research identified a total of 2864 service shops of 12 companies. Ardem and AEG informed that their after sales services are arranged by sister companies; Arçelik and Profilo respectively. Thus these companies' shops also accounted. Only one importer did not mention about its service shops. Another one indicated a total no of 150 shops but did not supply any information on regional breakdown. Considering these 2 companies we may conclude 3150 service shops operating in Turkish white good market. The regional breakdown (assuming non- answering companies' shops do not effect the breakdown much) is presented in figure 5.2.

FIGURE 5.2 REGIONAL BREAKDOWN OF SERVICE SHOPS



From the survey, it was found that import companies have less service shops than their local competitors (Question 3.2.b). This proves the general view of poorer after sales services for imported brands which was expressed in import threats section. Main reason of less number of service shops is that the importers are establishing their operation just in recent years. Their intention is to increase their service shops rapidly. These plans are subject of next section and presented in detail.

c) Service Network Enhancements

Companies were asked about their plans on their service network. 14 companies replied this question 3.3 (again two companies did not answer as explained above, to avoid duplication).

Ten companies told that they plan to enhance their service network. Other four respondents which are major producers in the industry claim that they do not plan any increase in their service shops at the moment. There may be minor increases as sales increases in the future.

Moreover, one major company claiming an enhancement of service network actually expresses a minor increase in Marmara region due to increasing sales in this region, and opening few shops in Güney Doğu Anadolu due to geographical conditions.

Thus, the major finding is that major producers have already established their networks and are quiet satisfied with the networks at the time being.

On the other hand, the importers are planning to increase the number of their service shops and are establishing their network. This enhancement will continue in 1994. Importers want to be prepared for the increasing competition.

5.3.2. AFTER SALES SERVICE ORGANIZATION OF COMPANIES

All 14 companies informed that they have a separate organization inside the company for after sales services (Question 3.4). Major duties of these organisations are:

- to keep spare parts on stock and distributing them to service shops.
- to supply spare parts
- to control and audit service shops.

General organization of the companies, as determined during the interviews is explained below (Question 3.4).

A separate department is established in the companies for after sales services. There are sub-departments for above mentioned duties. By this organization company tries to run after sales operations smoothly.

The relations between individual service shops are carried out by district service departments. These departments are responsible for the service shops in their area. They supply material and information to the shops and audit them. The after sales services to the customer are supplied by private service shops. The district departments of companies vary in number according to the size of the after sales services operations of the company. The typical number is around ten.

5.3.3. QUALITY OF AFTER SALES SERVICES

Apart from service shops and service organization, quality of the service is a strong determinant of competitiveness of companies. Consumers are concerned about effectiveness, reliability and speed of the services. For that reason the important factors of quality service are investigated in the research. Companies were requested to answer the questions on quality and judge their after sales services.

a) Speed of After Sales Services

Companies were asked about the duration that is needed to solve a problem arising from a product in question 3.5. Companies indicated fairly short times of problem solving.

TABLE 5.10 RESPONSE TIME FOR SERVICE SHOPS

RANK	TIME REQUIRED	N	%
1-	WITHIN THE SAME DAY	0	0
2-	IN 1-2 DAYS	9	64.3
3-	IN 3-5 DAYS TIME	5	35.7
4-	IN 1-2 WEEKS TIME	0	0
5-	IN 3-4 WEEKS TIME	0	0
6-	LONGER THAN 4 WEEK	0	0

Mean rank: 2.357 Std. Dev : 0.497

Majority of the firms (%64.3) claimed that they could fix the problem in 1-2 days from the call of customer another % 35.7 of the firms stated they could solve the problem in 3-5 days (Table 5.10). Thus companies are confident with their fast response capabilities. But the companies also mentioned about exceptions mainly arising from spare part supplies. The spare part supplying is the subject of next section.

b) Spare Part Supplies

Beside the quick response to the customer calls and ability to solve problems in short time, availability, quality and afford ability of spare parts are also important in overall level of after sales services of a company.

These factors are investigated and results are presented in the following sections.

(i) Spare Part Availability of Old Models and Imported Goods

Twelve companies (out of 14) claimed that they keep having a reasonable stock for spare parts of old models which are out of production now (Question 3.6.a.). Other two companies indicated that they are newly established and they do not have any old models out of production. Thus all companies are keeping an inventory of spare parts for old models. Also all 14 companies claim that they keep a stock for imported goods (Question 3.6.b.).

These replies are mainly a result of current laws of Ministry of Industry and Commerce. According to the laws, companies should keep a stock of spare parts for ten years for the old models out of production. Moreover, in order to get the permission for import of white goods, companies should guarantee that they also import spare parts for the goods and keep them in their inventory.

Under these circumstances, companies claim that they act in accordance with the laws. And according to in -depth interviews questioning these subjects, mostly they do. But still some open sides of the laws are interpreted (abused) by the companies themselves.

When the companies were interviewed upon their methods and ways to supply these spare parts through question 3.6.c., it was found out that they really keep their spare part stocks. But some companies can still improve their service in this field. Here are the findings.

For imported goods, companies sign spare part agreements. The foreign partner supply spare parts at an agreed ratio of units sold. There is usually no problem for these items.

For old models, some spare parts are still used in newer, current models, so there is no need to keep separate inventory for these parts.

For the components such as valves and electrical parts which are not used in the production of current models, companies keep their contacts with the producers of these spare parts. And they purchase these goods when needed.

But for plastic parts, the spare part producers do not keep the moulds of these old models, so some big companies keep these old moulds in their own stocks and when that plastic part is needed they lend the mould to a plastic producer to produce that part. But smaller companies can not keep many moulds. And they rather change the old model plastic spare parts with new ones. But these modifications are not possible for all models, and some delays may occur in supplying these spare parts.

For old models of imported goods. Companies import a certain amount of spare parts and they keep it in their inventories.

(ii) Control of Spare Part Prices

The prices of spare parts become an important factor when your product does not work and needs a part change for mending. In the research the prices of the parts were not evaluated since every company has its own cost structure and own policy of pricing both. Moreover in a fairly competitive environment companies have to adjust their prices according to market prices. So they do not have margin for high prices. Based on these circumstances we assume that the "original" prices are determined according to going-rate prices of market by companies. But the subject investigated in the survey was the control of "selling prices" of service shops (Question 3.7.a.).

Customers mostly prefer authorized service shops in case of the problems of products. Thus they are dependent on the service shop both for the quality of service and price of the spare parts. Service shops cover certain districts of cities and customers have to choose that service shop of he/she lives in that district. Thus customers have no chance to choose or prefer another service shop. This means that service shops have their customer in their hands. In this case customers need protection against abuse of this freedom of service shops.

The selling prices of parts in shops should be controlled. The methods of control are discussed with companies. As they have mentioned:

All 14 companies claim that they control the prices in their service shops. But their means and methods are varying.

The primary method utilised in price control is to issue price catalogues including prices of all spare parts. These catalogues are available to customers in service shops. Even some companies fix the price of workmanship. Through this method the main responsibility is passed to the customer, because he/she should require to see the catalogue when a spare part is to be purchased.

Another wide-accepted method is that service shops send a copy of the receipt of customer to the main company. Therefore prices are controlled in the company.

Still other methods used for control are; utilising computer networks between service shops and company and invoicing automatically with pre set prices, and checking shops with regular visits, and re-calling customers by phone after a service shop reports a service bill.

The above methods prove that most of the companies are seriously working on price control and they do not let the shops abuse the trust of customers.

(iii) Quality of Spare Parts in Service Shops

Inspection and quality control of spare parts are done in factories in quality assurance departments. This has been investigated in detail in section 5.2.

In this part of the survey the focus was on the spare parts in the service shops (Question 3.7.b.). The problem is that service shops can supply spare parts from many sources apart from the main company. The possible unofficial sources are small workshops imitating the original spare parts of big companies, small firms buying the scrap from white goods producers and the auxiliary industry which produces some parts to white goods producers. The last ones actually produces original spare parts but when their products are rejected by the companies due to quality problems, instead of scraping .they sell these parts to service shops.

In order to prevent service shops from buying from these sources, companies should monitor the spare parts in service shops.

Thirteen companies indicated that they have a control of the spare parts in service shops. On the other hand 1 importer informed that they do not have any control on spare parts. They simply do not monitor service shops. The methods utilized in spare part monitoring are varying. Based on the in-depth interviews, following results were drawn.

Large companies sign agreements with auxiliary industry firms prohibiting the sales of spare parts to other customers, firms or service shops. Another common way is to visit service shops regularly and controlling spare parts.

As mentioned above scrapped goods are an important source for service shops. Small firms buy scrapped white goods from companies and disassemble these and sell them to service shops. In order to prevent this trade companies also monitor the scrapping firms. Even one company stated that they damage the scrapped goods before they sell.

The methods and approach of white goods producers against unofficial spare parts are less effective than the methods used for price controls of spare parts. But still they are aware of the problems in the market and are trying to monitor service shops.

The importers are more lucky for spare part quality. Because imitation of imported parts is not common due to low no of sales (There is no big market for imported goods services). Moreover importers do not scrap defected goods but send them back.

As a conclusion, in the previous sections the findings of in- depth interviews on availability price and quality of spare parts in service shops were presented. According to the results, availability of spare parts for imported or old models is guaranteed by law. And companies obey these rules in general. Selling prices of spare parts are monitored strictly by companies. They have settled good check-points and information networks for controlling prices in shops.

On the other hand, according to our observations the control of spare part quality in shops is not very effective. The trade between service shops and scrap companies or spare part producers still continues. Although white goods industry try to control and interrupt this trade, there are still much things to improve.

5.3.4. TRAINING OF SERVICING PERSONNEL

An important determinant of after sales service quality is the qualified personnel. Training of servicing men is a key factor in after sales services. Fourteen companies were asked about their training activities during survey (Question 3.8.a.b.c.).

All companies stated that they train the service personnel by arranging courses and seminars. These courses are technical courses and lectured by the technicians and engineers of the company. Also most of the companies offer seminars on human relations and consumer treatment. The technical courses cover characteristics, technical features, trouble shooting and assembly of white goods.

Larger companies hold these courses three or four times a year which means they periodically repeat and improve (i.e. with problem statistics and mending operations) these courses. Some other companies arrange seminars once a year. And still another group arranges courses when a new service shop is opened or a new product is launched.

When a new product is launched, a course is held nearly by all companies. This course is designed to inform about the features of the new product.

Apart from these courses, a service shop can apply to after sales services department whenever he/she needs improvement on his/her skills or information. Necessary information will be supplied to this shop.

In conclusion, during research it was observed that industry takes the training of service personnel very seriously. They keep the service shops informed about new products, new trouble shooting techniques by arranging courses or seminars.

The producers are more organised and successful in training than importers due to their better capabilities.

5.3.5. EFFECT OF AFTER SALES SERVICES ON SALES

During the interviews managers of after sales services departments explained the importance of after sales services for sales and reputation of company. They indicated that in certain regions of Turkey, after sales services are more important than the product itself. Still some other respondents informed that after sales services have a strong effect on second time purchase decisions. The effect of following factors on purchase decisions were asked to interviewees in question 3.9. and responses are tabulated in table 5.11.

TABLE 5.11 EFFECT OF AFTER SALES SERVICE FACTORS ON PURCHASE DECISIONS

FACTORS OF AFTER SALES SERVICES	MEAN RANK(*)	STD. DEV.
RELIABILITY	1.214	0.426
QUALITY OF SERVICE	1.357	0.633
QUICK PROBLEM SOLVING	1.429	0.646
PERVASIVENESS	1.643	0.842
GUARANTEE DURATION AND CONDITIONS	1.786	0.699
INFORMATION SUPPLYING PERSONNEL	2.071	1.072
VARIOUS SPECIAL SERVICES	2.214	0.893

(*) 1: VERY EFFECTIVE
2: FAIRLY EFFECTIVE
3: LESS EFFECTIVE
4: NOT EFFECTIVE
5: ABSOLUTELY NOT EFFECTIVE

From the table 5.11 we can observe that generally all of the factors about services found to be effective on purchase decisions (with maximum mean rank of 2.21)Accordingly the most effective factors are mentioned to be reliability (mean 1.21) and quality of service (mean 1.36).

5.3.6. SUMMARY

After sales service facilities of the industry were investigated in the third part of the questionnaire. Companies are found to supply their customer service via private service shops. There are 3150 service shops operating in the networks of companies covering all geographical regions of Turkey where most of the shops are located in Marmara region.

Companies generally have a service organization inside the firm responsible for dealing with spare parts and controlling and auditing service shops. Service shops are handled by district departments, on the other hand.

According to the findings on spare part availability, control of spare parts quality and prices and speed of service, industry is evaluated for quality of after sales services.

Companies take necessary precautions for training of the servicing personnel and manufacturers are organized better than importers to supply training.

Finally, all interviewees noted that after sales services have a strong effect on buying decision. Especially re-purchasing decisions are made according to company'safter sales service performance.

5.4. EXPORT OPPORTUNITIES

Globalization of world trade has led markets to come closer. Export markets gained importance in the operations of companies. Turkish industry feels more the effects of globalization as the country takes its place in international trade arena. The durable goods industry is no exception to this trend. The possible negative effects of increasing foreign competition will be investigated in import threats section (Section 5.5).

On the other hand globalization of trade opens new export opportunities for Turkish white goods producers. This part of the survey was conducted with producers to find out their export opportunities. But one company did not take place in this part since it has no significant export in ten product lines of our interest. AEG has no export facility because their export is realised by Profilo company PRO-EKS. One firm resisted to reply this part of the questionnaire. Thus the export opportunities part of the questionnaire was replied by six of the nine producers.

Export sales, major export products and countries and future potential export markets are explored in this section. Moreover marketing activities to reach export markets are evaluated. To do this market research activities, fairs and distribution channels are investigated. Finally competitive features of Turkish white goods products are asked to the companies.

5.4.1. EXPORT SALES OF COMPANIES

In order to determine the approach of the companies to export, the share of export sales in total sales was questioned (Question 4.2.a).

TABLE 5.12
EXPORT SALES RATIO OF COMPANIES

COMPANIES CLAIMS ON EXPORT/ TOTAL SALES	NO. OF COMPANIES
LESS THAN 5%	1
BETWEEN 5%-15%	3
BETWEEN 16%-30%	0
BETWEEN 31%-45%	0
BETWEEN 46%-60%	1
MORE THAN 60%	1

From the table 5.12, its easy to figure out that companies export sales are rather at a very low level. The main reason for the low export ratios is that local market is very active in recent years and this growing local market is quite enough to fill the production capacities of manufacturers. Hence they are not willing to be involved in export marketing operations which are stated to be harder than local marketing. The general approach of Turkish producers is that they consider export activities as a guarantee against local market bottlenecks. On the other hand among the manufacturers there are two firms that are mainly producing for export markets.

But for the coming years all companies plan to increase the share of export sales. This tendency is based on the desire to participate in world marketing operations and compete in foreign markets. On the other hand, export incentives encourage companies to put weight on export operations. Company officials stated that major driving force for export is incentives of government (Question 4.2.b.).

The same optimistic view is observed for specific product lines, as well. Companies stated that the exports will increase for nearly all 10 product lines of white goods (with a logical exclusion of semi-automatic washing machine, water heater and microwave oven). Until the year 2000 people forecast an increasing trend of export (Question 4.3.).

5.4.2. EXPORT PRODUCTS AND COUNTRIES

According to exporters the main export product lines of Turkish white goods industry are refrigerator and oven (Question 4.1.). This is a solid proof of the approach of Turkish companies to export. As discussed above companies regard export as an opportunity to utilise when there is a bottleneck in local market. Refrigerator and oven as reviewed in section, 4.1 have long been in Turkish white goods market and are very hard product lines to compete because of high ownership rates, many number of companies and many number of models in the market. Thus companies turn towards the export markets for these product lines to overcome the problems in local sales. Extending this systematic thought, we can expect increasing export sales in the future for today's promising product lines (i.e. washing machine) as ownership rates and competition grow. The competing local market will motivate the producers for searching alternative markets.

One company which is exporting most of its products, stated that it also exports freezers and microwave ovens.

a) Current Export Countries

For current export countries many countries were mentioned about. It seems that every company has its own export area. Because a country which is the number one export market for one producer, means nothing to another producer. Despite this fact, we can still group some countries which are important for Turkish white goods industry. These are;

- E.C countries such as England, France, Germany, Italy and Belgium,
- North African countries such as Morocco, Algeria, Lebanon, Tunisia and Israel,
- And finally Mediterranean countries such as Spain, Portugal and Greece.

From the above list we can conclude that Turkish white goods industry concentrates on Turkey's close neighbourhood. Despite the mentioned countries such as south Africa and Russia this can be due to geographical situation since transportation to longer distances increases costs and thus decreases competitiveness.

b) Future Potentials

When the future potentials were asked to exporters (Question 4.4.), comments did not differentiate much from the existing situation. As at the time being, companies forecast that refrigerator and oven will be the locomotive product lines for export. Some companies indicated a limited potential for automatic washing machines.

Again the promising countries appeared to be in close neighbourhood of Turkey. Current export countries seem to promise more for the future. On the other hand two important promising exceptions are USA and newly established Turkic republics. As being a huge market USA attracts white goods industry. Considering historical, cultural and political ties between central Asia republics and Turkey these countries will be of greater interest in the future.

5.4.3. EXPORT MARKETING ACTIVITIES

In order to determine the level of export activities of companies, research was conducted on the following fields of export marketing; Market research, promotion and distribution.

a) Market Research

Although all six companies stated that they conduct market research in the countries of their interest, their methods seem to be inadequate for detailed market analysis (Question 4.6.a.).

The major method to collect data on export markets is visiting the country and contacting possible customers. The information obtained during these business trips is the main decision tool for export. Also partners, importers, customers in foreign countries are the sources of information on these markets.

Three companies stated that they conduct researches via foreign offices and affiliated companies in Europe and only one company assigns professional research companies for market research in export countries.

As it can be understood from the above discussion, the research efforts of the companies in foreign countries are much less effective than researches in local market. They prefer personal contacts and this shows us that exporters usually prefer sales researches instead of market researches i.e. exporters need to meet potential customers and try to identify their needs instead of trying to know the market. But of course these contacts supply information on market to some extent.

The questions on market research areas were answered by exporters, too (Question 4.6.b).

TABLE 5.13 MARKET RESEARCH AREAS OF EXPORTERS

AREA OF RESEARCH	N	MEAN PRIORITY (*)
PRODUCTS IN THE MARKET	6	1.33
COMPETITION	6	2.00
DISTRIBUTION CHANNELS	6	3.67
CUSTOMER NEEDS TRENDS	5	4.00
ECONOMIC DEVELOPMENTS	5	4.00
DEMOGRAPHIC DATA	5	5.00

(*) 1: Most important

Table 5.13. indicates that the exporters are primarily interested in competing products and competing companies in export market. Turkish producers want to have information on their foreign rivals. Observing from the table 5.13, distribution channels are also investigated prior to market entry. But other areas are not considered to be important.

b) Fairs

All six exporters informed that they participate in several international fairs (Question 4.7.a.b). The most popular international fair among Turkish white goods producers is Domotechnica-Cologne. This important meeting platform for European white goods industry also attracts Turkish producers. All companies stated that they participate in Domotechnica. Secondly Confortec fair in Paris is participated by Turkish producers. All major brands are presented in this fair. Apart from these two European fairs, companies prefer to participate in national fairs in their target export countries, such as in fairs in

Turkic republics in central Asia or in Balkans. This is of course a reflection of their export strategy.

The effect of fairs on export sales were evaluated by companies, as well (Question 4.7.c). In general, fairs are found to have very positive effect for export opportunities. On the other hand, exporters were divided into two groups according to their evaluations of the effects of fairs on setting up sales connections. First group claims that fairs have long term effects and benefits for export and it is very seldom to receive a big order when a company participate in a fair. But other group states that beside the long term benefits, there may be instantaneous big orders during the fairs. These companies claim that they enjoyed such orders in the previous fairs.

No matter the company receives an order or not, they fully agree that, fairs give them the opportunity of promoting their companies and products, building useful long term contacts with potential customers and having direct relationship with the importers. Companies know that export can only be possible by having direct contacts and by the existence of the firm physically in the target market.

Export methods such as written promotions and letter negotiations and sample deliveries do not have desirable effects on export sales. One additional benefit of trade fairs is that companies learn about new developments and trends in world white goods industry. This is especially true for Domotechnica and Confortec fairs since all major producers of the world participate in these fairs showing their latest technology products.

As a conclusion Turkish companies realised the effects and benefits of trade fairs and they are participating major white goods industry gatherings both to promote their products and see others' new products.

c) Distribution Channels

The distribution channels in export markets are varying from company to company. Moreover companies utilize different channels in different countries. Their selection of sales channels mostly depend upon the demand from the export market. i.e. if a white goods wholesaler orders, company sells its products via this wholesaler in that country, if an importer orders, company use this importer. On the other hand there are exceptions to this trend. Big companies (leaders) prefer certain distribution channels over others. In table 5.14. the channels are ranked according to their priorities for the companies contacted (Question 4.8.).

TABLE 5.14 DISTRIBUTION CHANNELS USED BY WHITE GOODS COMPANIES IN EXPORT MARKETS

CHANNEL IN EXPORT MARKET	N	MEAN RANK*	STANDART DEVIATION
IMPORTERS	4	1.50	1
MARKETING FIRMS/ AGENCIES	4	2.25	0.957
OWN MARKETING COMPANY	4	2.50	1.732
BIG WG STORES	4	2.75	0.957

(*) 1: Most used

Apart from the above channels, some companies indicated that they work with wholesalers, as well. It is observed from the table 5.14. that main distribution channel of Turkish exporters is importers. On the other hand it is interesting to note that four companies out of six claimed that they export via their own marketing company in foreign countries. Companies actually inform that their affiliated companies in foreign countries act as a marketing company for exports.

5.4.4. COMPETITIVE FEATURES OF TURKISH WHITE GOODS PRODUCTS

The important features of Turkish white goods effective in the preferences of foreign customers were ranked by exporters the findings are tabulated in table 5.29. (Question 4.5.a.).

TABLE 5.15 COMPETITIVE FEATURES OF TURKISH WG

COMPETITIVE FEATURES OF TURKISH WG PRODUCTS	NO OF COMPANIES	MEAN RANK*	STD. DEV.
SUITABLE PRICES	5	1.800	0.837
BETTER QUALITY	6	2.167	0..983
FUNCTIONALITY	4	3.250	1.708
MORE DEVELOPED TECHNOLOGY	4	3.500	1.915
AFTER SALES SERVICES	4	4.250	1.893
HAVING VARIOUS FUNCTIONS	3	4.667	1.155
STRONG BRAND NAME	2	6.500	0.707

(*) 1: Most competitive

Observing from the table 5.15 the main competitive advantage of Turkish products is the price. The other factors are far less important than price. This proves us that Turkish white goods products are still competing on a price basis in foreign markets. This of course is a weak point of export competitiveness and should be changed by exporters.

But luckily quality is the second factor that convinces the customer for selection of Turkish goods. On the third place functionality comes which means Turkish goods are more user friendly than their competitors.

The conflict here is that Turkish goods are competitive on a price reduction basis although they have an acceptable quality and are fairly functional according to producers. This conflict is explained by another finding from the table 5.15: Brand name has no effect on Turkish products sales. All of the companies stated that they could not build a brand name in foreign markets up to now. This is a big handicap in the markets where quality is synonymous with brand name. So unknown products have to compete with their prices even if their quality is good.

The main disadvantage of Turkish products is surprisingly price/quality ratio again in certain markets according to producers. This is true for price sensitive markets. Turkish products are expensive for these markets. Unknown brand name and inability to distinguish customer needs and wants also hinder competitiveness of Turkish white goods products (Question 4.5.b).

a) Important Factors in Competitiveness

Companies were asked to evaluate the effect of certain factors on competitiveness in export markets. The rankings were independent from companies' position in export markets. They evaluated market needs and not what they offer to the markets (Question 4.9.).

TABLE 5.16 FACTORS DETERMINING COMPETITIVENESS IN EXPORT MARKETS

FACTOR	N	MEAN IMPORTANCE *	STD. DEV.
AFTER SALES SERVICES	6	1.167	0.408
BETTER QUALITY	6	1.667	0.516
STRONG BRAND NAME	6	1.833	1.169
USING MORE DENELOPED TECHNOLOGY	6	2.000	0.632
HAVING VARIOUS AND BETTER FUNCTIONS	6	2.333	0.516
FUNCTIONALITY	6	2.833	1.472

(*) 1: Most important

From the above table 5.16, we can observe that three most important factors for the success in export markets are found to be after sales services, quality and brand name. These three factors should be well worked in order to be competitive in foreign countries. Strong position in these fields, can help exporters to run away from price-based competition.

b) Implications for Turkish White Goods Exporters

In the final part of export section of the questionnaire, companies were asked about the methods that can be used by Turkish exporters in order to be successful in foreign markets (Question 4.10.). According to the interviewees, a successful exporter should be a very patient one. The exporting company should aim long term relationships with serious customers and stay close to export markets via its agencies. Long term partnership will help the exporter to build a good reputation and gain trust in the market. Brand name can be introduced and promoted by long term close relations. Moreover as discussed in previous sections quality should be high as compared to rivals at a reasonable price. Quality/price ratio is the important determinant of the competitiveness of export products.

After sales services and spare part availability is important to convince foreign customers. In all markets, like in Turkey, consumers care about after sales services for home appliances. For export products consumers are more suspicious considering the distance from the producer.

5.4.5. SUMMARY

As can be seen from the figures in table 5.12, export sales are a very small percent in companies' total sales at the time being. But companies want to increase their export sales definetely. Major export countries are in the close regions of Turkey such as E.C countries or North African countries. These countries seem to promise in the future, too.

For the marketing activities, companies try to conduct market researches in foreign markets but these researches are not effective. The industry's primary way of marketing is participating in fairs in export markets. Companies utilize several distribution channels to sell their products and these channels are selected according to the buyer's requirements.

According to the interviewees, Turkish white goods are competing in export markets on a price reduction basis though their quality is acceptable. To over-come this handicap exporters should concentrate on building up brand names, strong after sales service and better quality.

5.5. THREATS FROM IMPORT

Threats from import section of the questionnaire applied to only producers. But producers, as explained in the first part, import many items for several reasons. So the threat here is the increasing number of foreign white goods companies starting to operate in Turkey and the possible negative effects of the custom agreement with E.C. in 1996. All the nine producers participated in this section of the questionnaire.

In this section, the effect of imported goods on sales of domestic producers is investigated. Competitive advantages of imported goods are evaluated by the manufacturers. The reasons of the manufacturers' imports are discussed with the companies. Finally, advantages and disadvantages of custom unification with E.C. are explored.

5.5.1. LEVEL OF IMPORT AND ITS IMPACT ON DOMESTIC SALES

In the research manufacturers were asked to evaluate the import tendency of white goods products and impact of imported goods on their own sales. According to survey results (Question 5.1.b), the products mostly imported are automatic washing machines, refrigerators, ovens and dish washers respectively.

The question 5.1.a about impact of imported goods in the market responded by the companies only for their own product ranges. Therefore number of responds (N) represents the number of companies that produce/import that specific product. This has led to inadequate response numbers but the effect of imported goods on a specific product can only be judged by a company actually marketing that product.

TABLE 5.17 IMPACT OF IMPORTS ON SALES

PRODUCTS	N	MEAN RANK*	STANDART DEVIATION
WATER HEATER	4	2.5	0.577
VACUUM CLEANER	3	2.7	1.155
DISH WASHER	5	3.0	0.707
MICROWAVE OVEN	3	3.0	1
REFRIGERATOR / FREEZER	5	3.2	0.447
OVEN	5	3.2	0.833
AUTO WASH MACHINE	5	3.4	0.548
SEMI AUTO WASH MACHINE	1	4.0	--

* 1=HIGHLY NEGATIVE EFFECT 3 = NO EFFECT
2= NEGATIVE EFFECT 4= POSITIVE EFFECT

From the table 5.17, according to the interviewees no negative effect is observed for sales due to increasing imports. On the contrary a positive effect is encountered for some of the product lines. The reason of the positive effect is explained by the companies that imported goods have enriched the market and consumer attracted to white goods purchasing by observing different models, foreign brands and sales promotions. As a result many potential consumers start to purchase white goods but many of the consumers choose domestic brands. As a result importers (or imported goods) could not utilise fully, the active market which they built-up.

The only product lines which are effected negatively are vacuum cleaners (mean 2.7) and water heaters (mean 2.5); but these evaluations seem to be between negative effect and no effect levels (Table 5.17). No company indicates that dryer sales are effected by imports.

5.5.2. COMPETITIVE ADVANTAGES AND DISADVANTAGES OF IMPORTED GOODS

a) Strengths

Nine producers were questioned to compare imported goods and domestic goods and evaluate advantages and disadvantages of imported goods (Question 5.4.a). All of the nine respondents replied this section. The results can be seen in tabulated form in table 5.18.

TABLE 5.18 ADVANTAGES OF IMPORTED GOODS

ADVANTAGEOUS FACTORS OF IMPORTED GOODS	PERCENT OF IMPORTANCE LEVEL RANKING (%)					MEAN RANK*
	1	2	3	4	5	
STRONG BRAND NAME	55.6	33.3	11.1	0	0	1.56
SUPERIOR QUALITY	44.4	33.3	22.2	0	0	1.78
HIGHER TECHNOLOGY	22.2	44.4	33.3	0	0	2.11
VARIETY OF FUNCTIONS	0	66.7	33.3	0	0	2.33
SUITABLE PRICES	22.2	22.2	11.1	33.3	11.1	2.89
STRONG DISTRIBUTION CHANNELS	11.1	0	0	33.3	55.6	4.22
CONTINOUS AFTER SALES SERVICE	11.1	0	0	0	88.9	4.56

* 1: At very important level
2: At important level
3: At less important level
4: At non important level
5: At completely non important level

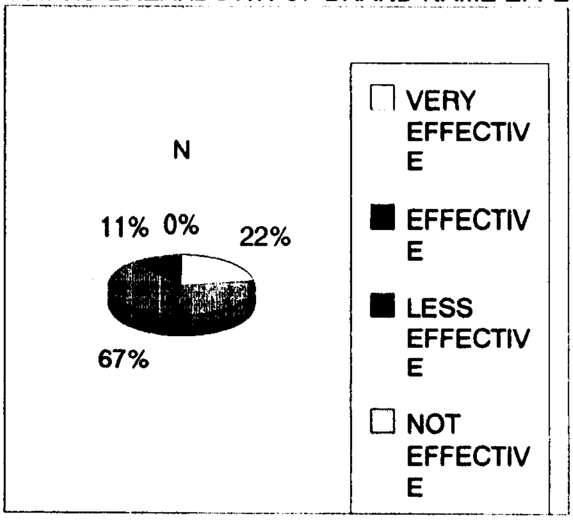
As can be observed from the table 5.18, the unique competencies of the imported goods are believed to be strong brand name (mean 1.56) and superior quality (mean 1.78).

This result was verified by another section in the questionnaire. Producers were asked about their opinion on the effects of world-famous brand names on Turkish consumers (Question 5.3). Results verified the above rating of importance (Table 5.19 and Figure 5.3).

TABLE 5.19 BRAND NAME EFFECT IN THE MARKET

LEVEL	N	%
VERY EFFECTIVE	2	22.2
EFFECTIVE	6	66.7
LESS EFFECTIVE	1	11.1
NOT EFFECTIVE	0	0

FIG 5.3 BREAKDOWN OF BRAND NAME EFFECT



This proves that the main strength of imports is their strong brand names. High level quality also helps to build a good reputation for imports.

Other superior features ranked as "at important level" from table 5.18, are higher technology and variety of functions (mean ranks of importance level 2.11 and 2.33 respectively). On the other hand after sales service and distribution channels are weak points of imported goods.

b) Weaknesses

As a logical extension to the above results, the most mentioned weakness of the imported goods is the quality of their after sales services (Question 5.4.b.). All nine producers criticise the level of after sales services of importers, and availability of spare parts.

According to producers, other major weaknesses are weak distribution of imported goods and the suspects upon the continuity of import. This is an outcome of the reality that importers, as compered to producers, have no significant investment for importation and they can easily change their field of operation, when a bottleneck occurs in white goods market. Few companies (only two of them) mention about high prices of imports but this can not be a generalised view because as there are high price, high end products in the market (such as G.E, White Westinghouse) there are also cheaper products available for purchase.

5.5.3. IMPORTS OF PRODUCERS

Another interesting subject that the survey investigated is the reasons for import activities of the manufacturers.

Nearly all of the producers import one or more lines. They regard their imports as a different phenomena than importers activities. Investigating the motivations behind this tendency gives clues to manufacturers strategy (Question 5.2.).

TABLE 5.20 REASONS OF IMPORTING FOR LOCAL PRODUCERS

REASON OF IMPORT	N	MEAN IMPORTANCE LEVEL(*)	STANDART DEVIATION
PRODUCT LINE STRETCHING (INTRODUCING NEW MODELS)	6	1.50	.548
PRODUCT RANGE STRETCHING	8	1.75	1.488
INTRODUCING NEW TECHNOLOGY WITHOUT MANUFACTURING	6	2.83	0.753
INTRODUCING NEW BRANDS	2	3.00	1.414
COMPETING WITH FOREIGN BRANDS DIRECTLY	4	3.75	1.5
TO HAVE BETTER PROFIT MARGIN	4	5.00	1.155

* 1: MOST IMPORTANT

In the table 5.20, the main motivation behind imports is observed as the will of companies to increase number of models: Product line stretching (adding new imported products to the existing product lines) is stated to be the most important reason of most companies for import (mean 1.5). Also importing products in order to add a new product line to their existing product range is the second important reason stated by producers (mean 1.75).

The least important reason of import mentioned is to increase profit margin. This is a sign that the custom barriers still high for imports allowing no margin for extra profit.

5.5.4. CUSTOM UNIFICATION WITH E.C.

Producers were surveyed about their opinions on possible positive and negative effects of custom tax unification with E.C. in 1996. They are asked whether they agree with the statements on positive and negative results of unification (Question 5.5.a. and b.).

a) Positive Effects :

TABLE 5.21 POSITIVE EFFECTS OF CUSTOM UNIFICATION

RESULTS	PERCENT OF RESPONSES					MEAN RANK*
	1	2	3	4	5	
INCREASING CONSCIOUSNESS OF CUSTOMER BY COMPARING DIFFERENT PRODUCTS	88.9	11.1	0	0	0	1.11
INCREASE OF EFFICIENCY IN THE SECTOR AS A RESULT OF INCREASING COMPETITION	77.8	22.2	0	0	0	1.22
MORE ALTERNATIVES FOR TURKISH CONSUMER	88.9	0	11.1	0	0	1.22
RICH MARKET AS A RESULT OF INCREASING NUMBER OF MODELS IN THE MARKET	66.7	22.2	0	11.1	0	1.56
QUALITY AT WORLD LEVEL AND COMPETITIVE STRENGTH AT INTERNATIONAL LEVEL FOR TURKISH WG INDUSTRY	55.6	22.2	22.2	0	0	1.67
JOINT VENTURES- FOREIGN CAPITAL INVESTMENTS	44.4	11.1	11.1	33.3	0	2.33
LOWER PRICES AS A RESULT OF COMPETITION	33.3	22.2	22.2	11.1	0	2.44

* 1:COMPLETELY AGREE
2:PARTLY AGREE
3:NO COMMENT
4:PARTLY DISAGREE
5:COMPLETELY DISAGREE

As to be seen in table 5.21. the wide-accepted outcome of the tax unification (or this can be interpreted as an expectation) is the increasing consciousness of customer (mean 1.11) Moreover increase of product alternatives at the customer favour and increase of efficiency in the industry are the main ideas supported by producers (means 1.22 each).

b) Negative Effects:

TABLE 5.22 NEGATIVE EFFECTS OF CUSTOM UNIFICATION

RESULTS	PERCENT OF RESPONSES					MEAN RANK*
	1	2	3	4	5	
FULL OF LOW QUALITY PRODUCTS IN THE MARKET	44.4	33.3	0	11.1	11.1	2.11
LOT OF IMPORTS AND UNBALANCE IN FOREIGN TRADE	33.3	33.3	11.1	11.1	11.1	2.33
DECREASE IN LOCAL PRODUCTION AS ARESULT OF COMPETITION	22.2	44.4	0	0	33.3	2.78
DECREASE OF CUSTOMER TRUST IN THE MARKET	33.3	0	44.4	0	22.2	2.78
UNEMPLOYMENT AS A RESULT OF SHRINKAGE IN THE SECTOR AND AUXILLIARY INDUSTRY	22.2	22.2	22.2	11.1	22.2	2.89
DETERMINATION OF PRICES BY IMPORT PRODUCTS	11.1	33.3	11.1	22.2	22.2	3.11

* 1:COMPLETELY AGREE 4:PARTLY DISAGREE
2:PARTLY AGREE 5:COMPLETELY DISAGREE
3:NO COMMENT

The most supported negative result is the danger of low quality products' entrance into the Turkish market with a mean 2.11 (Table 5.22.).

No other danger is widely accepted significantly as can be observed, positive results are more supported than negative results. This verifies that industry is positive about the tax unification in general. This is partly due to the fact that industry managers believe that tax unification and increasing foreign competition is to the benefit of end consumer. And they are also end consumers of products so they support the unification as consumers. But no verification exist for this outcome only qualitative opinions are supporting this idea.

5.5.5. SUMMARY

In this section of the research, threats due to the increasing imports in Turkish market were discussed. According to the interviewees, not all of the product lines are effected negatively by the entrance of foreign goods, some products even benefit from the market growth that imported goods caused. The major advantages of foreign products are superior quality and brand name. Brand name has a strong influence on the consumers in the white goods market. The most important disadvantages of imported goods, on the other hand, are availability of after sales services and their distribution system. The reasons of the imports of local producers are also discussed in this section: Local companies prefer to import for product line stretching and increasing the number of models in their product range.

Industry evaluated the possible outcomes of the custom unification with E.C. which is planned in 1996. Companies mostly agreed on positive effects presented in the questionnaire, but the negative effects were not supported by the industry very much. (Of course there are some exceptions: Entry of low quality low-priced products is noted by the companies as a major threat as a result of custom unification.) This proves that, in general, white goods industry is positive about the custom tax reductions.

5.6. MARKET TRENDS

Both manufacturers and importers were questioned about the market trends for white goods industry. All sixteen firms participated in this section. Forecasts upon white goods market size and market growth tendencies are investigated. For four major product lines the opportunities and threats for demand are explored. Brand effect in the market is discussed in this section, too.

5.6.1. MARKET GROWTH EXPECTATIONS

Companies were required to explain their opinion on near future of the white goods market. Interviewees were required to select one of the projections on the white goods market's future development (Question 6.1.).

TABLE 5.23 MARKET GROWTH TRENDS

MARKET DEVELOPMENT TENDENCY	N	SUPPORTING COMPANIES %
MARKET WILL GROW IN ACCELERATION	6	37.5
MARKET WILL GROW STEADY	6	37.5
MARKET WILL GROW FOR A PERIOD THAN WILL SHRINK DUE TO SATURATION	3	18.8
AFTER A SHRINKAGE MARKET WILL START GROVING	0	0
MARKET WILL SHRINK STEADILY	0	0
MARKET WILL SHRINK IN ACCELERATION	0	0
OTHER: MARKET WILL GROW IN VARYING SPEEDS	1	6.3
TOTAL:	16	100.0

It is easily to be recognised from the table 5.23 that vast majority is optimistic about the market's developments. It is notable that 75 % of the companies are expecting a continuous growth for the near future and half of this optimistic majority even forecasts a growth in accelerating manner.

Only one company viewed the market differently. According to this company the market will be in fluctuations for coming 5 years. But this interviewee is in a tendency of relating the growth to macro economic variables rather than demand.

Apart from evaluations of the overall market, interviewees were required to forecast the tendency of sales for individual product lines which they produce or import (Question 6.2.).

TABLE 5.24 SALES EXPECTATIONS FOR PRODUCTS IN THE FUTURE

PRODUCT LINE	SALES WILL						TOTAL NUMBER OF RESPONSES
	INCREASE		DECREASE		STAY SAME		
	N	%	N	%	N	%	
REFRIGERATOR	5	41.7	2	16.7	5	41.7	12
FREEZER	8	88.9	0	0	1	11.0	9
AUTO WASH MACHINE	12	100	0	0	0	0	12
SEMI AUTO WASH MACHINE	1	14.3	6	85.7	0	0	7
DISH WASHER	12	100	0	0	0	0	12
OVEN	5	41.7	0	0	7	58.3	12
MICROWAVE OVEN	12	100	0	0	0	0	12
VACUUM CLEANER	9	81.8	1	9.1	1	9.1	11
DRYER	6	60	2	20	2	20	10
WATER HEATER	8	88.9	0	0	1	11.1	9

The optimistic view still preserves as we note in table 5.24 high percentages on the column of supporters of increasing sales (with a reasonable exception of semi automatic washing machine). We can also detect the most promising products for the near future. These are microwave oven dishwasher and automatic washing machine. All of the respondents claim that these products' sales will increase. On the other hand refrigerator and oven are considered as "declining demand" products (Table 5.24).

The above results show a distinctive correlation with penetration rates of product lines. If we consider the survey of I.C.C. (1992), we can find that washing machine, dishwasher and microwave penetration rates are still low. Oven and refrigerator on the other hand have higher ownership rates.

5.6.2. REASONS OF GROWTH

Companies explained their reasoning for their optimistic view of the market growth (Question 6.1.).

The most agreed reasons of the fast growth are :

a) High population growth
b) Big size of the young population
c) Due to younger population high marriage and new home settlements
d) Low ownership rate for most of the product lines.

Low penetration rates and related market growth was proved in the previous section with the proof of I.C.C. (1992) survey. Also some companies regard the white goods market as newly establishing. New house settlements and furnishing due to high marriage rates because of young population points out a new demand effective in the market (i.e. most of the sales are done to first time buyers of these products).

Some other companies mentioned renewal demand supporting the continuous growth of sales due to two factors:

Change in consumption patterns and use of kitchen equipments creates a demand for some alternative products. This is important for the demand for no-frost refrigerators, deep freezer and microwave oven.

Yet another factor effecting renewal demand is the introduction of new technology products into the market. These new models trigger the consumers for changing their old models.

These demand factors are the subject of next section and analysed in detail for major product lines individually.

5.6.3. DEMAND PATTERN FOR MAJOR PRODUCT LINES

The producers and importers state the reasons of demand of four major product lines, namely refrigerator, automatic washing machine, dishwasher and oven.

The below discussion presents a thorough view for the market trends and opportunity and threats in the market (Question 6.3.).

a) Refrigerator

TABLE 5.25 DEMAND FACTORS FOR REFRIGERATOR

DEMAND FACTOR	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
RENEWAL DEMAND DUE TO NEW ADVANCED TECH. MODELS	8	1.25	0.707
NEW DEMAND(MARRIAGE, NEW HOME SETTLEMENT)	9	2.11	0.782
THE NEED ARISING FROM NEW CONSUMPTION HABBITS AND LIFE STYLES	7	2.86	0.900
MODE, FASHION	3	4.00	1
BRAND SHIFTING (DUE TO PROMOTIONS)	4	4.00	1.414

* 1: Most important

From the table 5.25, it is clear that most important factor in refrigerator demand is renewal (mean 1.25). The industry is trying to attract this renewal demand by introducing new advanced technology products, such as no-frost models, two-door models with freezer compartments. With a high penetration rate, refrigerator market is really a hard market to operate. The only way to overcome this bottleneck is to utilise this renewal demand in best way.

On the other hand high population growth still plays an important role in the new demand for this classical product (mean 2.11). Younger population in Turkey leading to vast number of marriages and new home settlements still creates a good market.

Fashion and brand switching with mean ranks of 4.0 for both are the least effective sources of demand for the oldest product line of Turkish white goods sector.

b) Automatic Washing Machine (A.W.M)

TABLE 5.26 DEMAND FACTORS FOR AUTOMATIC WASHING MACHINE

DEMAND FACTOR	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
NEW DEMAND(MARRIAGE, NEW HOME SETTLEMENT)	11	1.727	1.104
THE NEED ARISING FROM NEW CONSUMPTION HABITS AND LIFE STYLES	9	1.778	0.667
RENEWAL DEMAND DUE TO NEW ADVANCED TECH. MODELS	9	2.778	1.093
BRAND SHIFTING (DUE TO PROMOTIONS)	7	4.00	1.414
MODE, FASHION	6	4.00	0.632

* 1: MOST IMPORTANT

Observing from the table 5.26, two factors are effective for demand of A.W.M in the market. These are new demand (according to the respondents, this one is slightly more important than the second) and the demand arising from changing life styles and consumer habits (means 1.73 and 1.78 respectively). New demand is easy to figure out as we note the low ownership rate. On the other hand A.W.M sellers seemed to believe that drastic change of life styles and consumer habits in Turkey seriously effected the demand for this product.

Especially changing role of woman in Turkish society and vastly increasing number of working women have made a strong effect both on living standards and family life style. Today's urban women have no time to loose with boring house-works which traditionally thought to be woman's work. This brings into scene the basic duty or value of all white goods: comfort supplying. These changes in life styles will lead to a growth in all product lines and demand will increase very significantly on more comfort-promising products such as dishwashers as we will observe in detail in the next section.

Renewal demand is also considered as a source of A.W.M demand but far less important than the first two factors mentioned (mean 2.78).

c) Dishwasher

TABLE 5.27 DEMAND FACTORS FOR DISHWASHER

DEMAND FACTOR	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
THE NEED ARISING FROM NEW CONSUMPTION HABITS AND LIFE STYLES	8	1.750	1.035
NEW DEMAND(MARRIAGE, NEW HOME SETTLEMENT)	7	2.286	1.496
RENEWAL DEMAND DUE TO NEW ADVANCED TECH. MODEL	6	3.0	1.414
BRAND SHIFTING (DUE TO PROMOTIONS)	5	3.600	1.342
MODE, FASHION	6	3.667	1.033

* 1: Most important

Dishwasher is the only product where the demand for this product most affected by the changing life styles (mean 1.75). New demand coming from first time buyers is the second important factor with mean rank 2.11, but according to industry far less important than first (Table 5.27).

The penetration rate of dishwasher in Turkey is the lowest among all major lines. Most of the population has not any dishwasher. So the new demand would be thought to be the main driving force of sales. But dishwasher companies still believe that if there is a demand for dishwasher nowadays the main factor triggering this demand is the changing life styles. Because few years ago the dishwasher penetration was the same but the demand was much lower than today's. Then the main reason of demand is the need for the product that people started to feel as they are more conscious about comfort. As explained above need for comfort will open up new era for white goods market. Dishwasher will definitely be the most promising product for coming years.

d) Oven

TABLE 5.28 DEMAND FACTOR FOR OVEN

DEMAND FACTOR	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
NEW DEMAND(MARRIAGE,NEW HOME SETTLEMENT)	5	1.0	0
RENEWAL DEMAND DUE TO NEW ADVANCEDTECH. MODELS	5	2.2	0.447
THE NEED ARISING FROM NEW CONSUMPTION HABBITS AND LIFE STYLES	2	2.5	0.707
BRAND SHIFTING (DUE TO PROMOTIONS)	1	3.0	--
MODE, FASHION	0	-	-

* 1: MOST IMPORTANT

There are low number of oven (producing/importing) companies thus low number of responses which makes it difficult to analyze demand factors. But for all five of the respondents new demand is the number one driving force for the oven sales with a mean rank of 1.0 (Table 5.28.). The second demand factor is renewal demand due to new technology products (mean 2.2). This is understandable that oven is a fairly old product line and in most of the Turkish houses there are fairly old models of ovens so this potential can be well evaluated. Moreover there are more than 20 oven manufacturers only in Istanbul according to ISO records so the low quality local made ovens of these companies will be changed in time. These facts create a renewal demand for high-tech good-appearance models.

5.6.4. THREATS ON DEMAND

The major threats for the demand of four product lines were asked to the company managers. Both importers and producers answered this part of the questionnaire (Question 6.4.).

a) Refrigerator

TABLE 5.29 THREATS ON REFRIGERATOR DEMAND

THREAT FOR SALES	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
THE SATURATION RATE FOR THE PRODUCT	10	1.4	0.516
INCREASE OF COMPETITION	10	2.1	0.783
PRICE	5	2.4	0.894

* 1: MOST IMPORTANT

Three major threats were mentioned for the refrigerator sales (Table 5.29). The most important one is high ownership rate of refrigerator (mean 1.4). Nearly all of the households have refrigerator. Secondly increasing competition will effect the sales of each company (mean 2.1). Because of the competition, as explained in detail in section 5.1, most of the producers manufacture several models of refrigerator. The least important threat is the price of the refrigerator (mean 2.4).

On the other hand no company regarded the three items "product usage is hard and not practical", "replacement of the product by other products due to changing consumer habits" and "regarding product as luxurious or unneeded" as a threat for refrigerator demand.

b) Automatic Washing Machine (A.W.M)

TABLE 5.30 THREATS ON AUTOMATIC WASHING MACHINE DEMAND

THREAT FOR SALES	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
INCREASE OF COMPETITION	10	1.600	0.843
PRICE	5	1.800	1.304
REPLACEMENT OF THE PRODUCT BY OTHER PRODUCTS DUE TO CHANGING CONSUMER HABITS	2	2.500	0.707
THE SATURATION RATE FOR THE PRODUCT	7	2.571	1.134
REGARDING PRODUCT AS LUXORIOUS OR UNNEEDED	5	3.600	1.14
PRODUCT USAGE IS HARD AND NOT PRACTICAL	2	6.000	0

* 1: MOST IMPORTANT

The major threat in front of the A.W.M companies is the increasing competition (mean 1.6). Since this is a growing product line most companies enter the market in order to get a share. Thus many companies competing with each other in the market. While the situation is of the benefit to consumer, all of the companies see it as a major threat. Another important threat according to the industry is the price of A.W.M (mean 1.8) most probably this will lead to cheaper machines to appear in the market (Table 5.30).

But it is interesting to note that companies find A.W.M expensive but not the other products within the similar price range. A.W.M evaluated to be not worth of the price charged.

c) Dishwasher

TABLE 5.31 THREATS ON DISHWASHER DEMAND

THREAT ON SALES	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
PRICE	5	2.000	1.225
INCREASE OF COMPETITION	7	2.000	1.155
REGARDING PRODUCT AS LUXORIOUS OR UNNEEDED	4	2.250	0.957
REPLACEMENT OF THE PRODUCT BY OTHER PRODUCTS DUE TO CHANGING CONSUMER HABITS	2	3.500	0.707
THE SATURATION RATE FOR THE PRODUCT	3	4.333	2.082
PRODUCT USAGE IS HARD AND NOT PRACTICAL	2	5.500	0.707

* 1: MOST IMPORTANT

For dishwasher, as to be seen in table 5.31, the most important factor effecting the sales negatively is strong competition (mean 2.0). As in the case with A.W.M new open markets are filled by many companies. Thus the competition is threatening companies despite the big potentials in these lines.

Second major threat for dishwasher demand is price factor. It has the same mean rank with the former but less companies supported the idea. A notable threat according to managers is the rating of dishwasher as luxurious and unneeded home appliance (mean 2.25). This proves that companies are still careful about this product line despite the fact that life styles drastically changed (especially in cities). Probably they account for the conservative segment of the society.

d) Oven

TABLE 5.32 THREATS ON OVEN DEMAND

THREAT ON SALES	N	MEAN IMPORTANCE (*)	STANDART DEVIATION
PRICE	1	1	—
REPLACEMENT OF THE PRODUCT BY OTHER PRODUCTS DUE TO CHANGING CONSUMER HABITS	5	1.400	0.548
THE SATURATION RATE FOR THE PRODUCT	6	1.883	0.753
INCREASE OF COMPETITION	4	3.000	0
PRODUCT USAGE IS HARD AND NOT PRACTICAL	2	4.000	0
REGARDING PRODUCT AS LUXORIOUS OR UNNEEDED	1	4.000	—

* 1: Most important

Excluding the firm which put the price factor as number one threat on oven sales, the main threat (mean 1.4) is replacement of ovens with other products due to changing consumption habits (Table 5.32). One recognisable competitor is the dishwasher with oven top. This can be a solution also for small kitchens which have no room for additional appliances such as dishwasher On the other hand mini ovens or microwave ovens can convince some customers to do their pastry in these appliances.

But a marketing manager of a leader company in oven pointed out that the major threat is not arising from competitor products (actually he thinks these products are not competing the oven but only supporting it). But the main danger is the change in cooking habits and in taste preferences of the people. In fact the changing patterns in these subjects effect the people to buy competing products. Small kitchens or competing product have minor effect. So the oven companies should take care about cultural evolution of the society more than ever.

Secondly high ownership rate was evaluated as threat for oven sales (mean 1.88). This is in accordance with the reasoning in section 5.6.3.d.

5.6.5. BRAND CONSCIOUSNESS

Companies were requested to rate the effect of brand image on sales (Question 6.5.a.). 81.3% (13 out of 16) of the respondents rated the brand image as "very effective" and 18.7% (3 out of 16) as "effective" the mean is close to 1 (1.188) and proves that strong brand name is the key factor on sales.

The reason was explained as trust and familiarity. Since the white goods are expensive as compared to average disposable income, people do not want to risk their money when purchasing. So consumers are attracted to known and trustful brands.

Also as Schiffmann and Kanuk (1991) notes reference group influence is very high for these high involvement goods: people prefer the brands which their relatives, neighbours or friends have used or still use. Most of the purchase decisions depend upon recommendations of persons in the close environment of buyers. This leads to a brand monopoly in family or neighbourhood or friend group. Also consumers' concern on after sales services orient them to reliable brands which have good reputations in the market. They want to be sure that the brand will continue to exist in the market in the future. So setting up a reliable brand and preserving its image, is a milestone for strategic plans of the companies.

Respondents were asked to indicate their brand ranking considering the **brand preferences** of the market (Question 6.5.b.). According to the survey first three of local and foreign brands are listed in table 5.23.

TABLE 5.33 PREFERRED BRANDS

Local	Foreign
1. ARÇELIK	BOSCH
2. AEG/PROFILO	FRIGIDAIRE
3. BEKO	MIELE, KELVINATOR AND G.E.

Nearly all (13 out of 15) respondents mentioned Arçelik as number 1 brand in Turkey in local brands. AEG/Profilo (respondents tend to combine these two brands) was positioned at the second place. For the third place, Beko and Vestel were mentioned (Table 5.33).

For imported products Bosch is the leader. Most of the interviewees put this brand as the most preferred foreign brand. Frigidaire followed Bosch. But for the third place many brands were mentioned about (Table 5.33). Bosch's leadership is mostly due to Doğubank sales (Bosch is the most preferred brand in duty free market).

5.6.6. SUMMARY

Market growth expectations were investigated in this section. Vast majority of the companies interviewed were optimistic about the market. Respondents believe that white goods market will continue to grow steadily in the next five years. Major reasons of this tendency are: High population growth in Turkey, size of the younger population and high marriage rates and still low ownership rate in most of the product lines.

Demand factors for refrigerator, automatic washing machine, dishwasher and oven were investigated. For refrigerator, the most important reason of demand is renewal demand. This can be explained by the fact that ownership of refrigerators is the highest among the other white goods. For automatic washing machine and oven, the most important demand factor is new demand arising from new home settlements.

Coming threats were also asked to the interviews. For refrigerator demand, the major threat is the saturation rate of this product. On the other hand, increasing competition is the major factor threatening the sales of the companies. The major threat for oven demand is replacement of product by other products due to changing consumer habits.

Companies noted that brand name is very effective on sales in the white goods market. Interviewees mentioned Arçelik and Bosch as the most preferred local and foreign brands respectively.

SECTION 6. FINDINGS: RESULTS OF IN-DEPTH INTERVIEWS

Apart from structured questionnaire in-depth interviews were held with some of the white goods companies and several shops in Doğubank and some retailers. Besides the six variables which were investigated in the previous section, the distribution system of local and foreign goods are also important in competitiveness. Because the distribution system determines the way products reach the end-users. Duty-free system is also important in white goods market, therefore duty-free market is explored by in-depth interviews with duty-free shops. Moreover, these interviews with the several actors in the market help to understand the market better. The major findings of these interviews are presented below.

6.1. DISTRIBUTION CHANNELS

White goods distribution channels in Turkey are multi-level and somewhat complex, with intermediaries often overlapping in responsibilities and consumers buying from four different points in the distribution chain. The main intermediaries between suppliers and consumers include:

- importers
- distributors
- wholesalers
- official and unofficial duty-free shops, and
- retailers.

Before continuing discussion, a brief definition of how these terms are used is merited. In the report, the term **importers** refers to those intermediaries who are actually importing the products (or acting as a foreign brand's local representative). Most importers also act as distributors, defined as those intermediaries who have an organised sales and distribution system to retailers, who may do promotion, and may have an organised network of service outlets. **Distributors** usually have a long-term relationship and exclusive relationship with the supplier. In Turkey, most distributors of domestic appliances are owned by the suppliers themselves, such as Arçelik's Atılım, Peg Profilo's Grünberg (for AEG products) and Profilo Dağıtım (for Profilo products).

Wholesalers, in contrast to distributors, have neither exclusive nor long-term relationships with suppliers, although they might have an organised distribution network of retailers. Wholesalers generally buy in bulk on a one-off basis, although some may have yearly arrangements with suppliers. The important point is that they do not have an active role in formulating the suppliers' sales targets and strategy.

Retailers refer to final sales outlets, including those who have an exclusive relationship with one brand and those who do not. Retailers are often referred to as either "bayi" (agent) or "yetkili satıcı" (authorised salesman) although, as we will discuss below, neither imply a contract between the supplier and retailer in the full sense of the word. Thus, non-exclusive retailers usually act as authorised salesmen or agents for any number of household appliance companies. If they are only supplying themselves from wholesalers, on the other hand, the sales contract is between the wholesaler and the retailer.

According to the estimates, based on interviews, most local production (85-90%) is channelled directly through distributors to retailers. Only some 10-15% is channelled through wholesalers, of which the majority is then channelled on to retailers. Direct sales from wholesalers to consumers exist, but do not appear to account for more than some 10% of their sales. It is harder to pin down the share of the spot market, as this is a volatile market, but a reasonable guess is that this does not surpass some 5-6% of total domestic sales.

Imported goods, on the other hand, may be brought into the country through importers, local producers or the official duty-shops. The last group usually orders through a foreign trade company located abroad, rather than directly from the producer. According to our estimates, based on interviews, official import statistics and the figures given by the White Goods Manufacturer's Association, some 60-65% of household appliances are imported through normal customs channels, and some 35-30% through the duty-free shops. Between 10-15% of the goods imported through normal channels are brought in by the local producers themselves.

Most of the goods brought in by importers/distributors are channelled to retailers. Only some 10-15% of imported large appliances would appear to go through wholesalers. Similarly, almost all duty-free goods sold from these outlets go to the unofficial duty-free shops rather than to directly to the consumer. In the sections below, each of these channels for domestic and imported goods are discussed in more detail.

6.1.1. DOMESTICALLY-PRODUCED GOODS

There are four main channels by which large, domestically-produced household appliances reach the consumer. These are:

(a) producer-distributors-retailers-consumers

(b) producers-wholesalers-retailers-consumers

(c) producers-distributors-retailers-wholesalers-consumers

(d) producers-distributors-retailers-wholesalers(spot)-retailers-consumers.

(a) is the most important channel, for most local producers, particularly the large ones. All five of the largest white goods producers-Arçelik, Profilo, AEG, Simtel and Vestel (although a new entrant) have their own exclusive distribution companies. These distribution companies are generally in charge of setting up or maintaining the dealer network, administrating the distribution of products, the collection of payments, and promoting the product. After sales services are usually handled by the supplier directly.

Retailers are generally non-exclusive, meaning that they are able to sell different brands of the same product in one outlet. Of all the major players with large retailer networks, only Arçelik and AEG retailers are required to deal exclusively in the producer's brand.

TABLE 6.1. DISTRIBUTION SYSTEM OF DOMESTIC BRANDS

BRAND	DISTRIBUTION COMPANY	EXCLUSIVE RETAILERS	NUMBER	USE WHOLESALERS
Arçelik	Atılım	Yes	1500	No
AEG	Grünberg	Yes	1300	No
Profilo	Profilo Dağıtım	No	2000	No
Simtel	Simtel	No	6000	No
Teba	Tümaş	No	3000	No
Vestel	Vestel Pazarlama	No	na	na

Of the five large producers listed above, only two companies told that they regularly sell a small amount to wholesalers, (b) and they require that the wholesaler sell these in those areas not covered by their own retail network. The other four claim not to use wholesalers, as these interfere with the growth of their own retail network and tend to send different price signals to the consumer. In addition to their policy of not selling directly to wholesalers, it is learned that Arçelik and AEG also strictly monitor their retailers, in order to prevent them from selling through the spot market to wholesalers as well.

However according to most interviewees, smaller producers will generally use wholesalers in addition to their retailer network to distribute their products to those areas not covered by the retailers. One company claims to sell up to 15% of its products to wholesalers for example. Smaller household appliance producers may sell up to 100% of their products to wholesalers, preferring this arrangement to the costs involved in dealing with retailers.

Although wholesalers sell mainly to retailers, some 10% of their sales are made directly to consumers according to interviews. Most consumers do not choose to buy from wholesalers, however, due to the location of these shops, and the fact that all sales are made in cash. Many consumers do not even know how or where these operate, leading to rumours that these sales are not quite "above-board". This leads to the formation of channel (c) noted above, which, though relatively unimportant overall, should still be recognised.

Finally, goods may also be channelled twice through retailers, via the spot market (d). This is an unintentional channel, from the point of view of the producer, because the good moves from retailer to wholesaler and then back to the retail system but at a different price and to different retailers than originally intended.

The Turkish spot market for large household appliances has existed for almost a decade now, according to industry sources, but only started to gain importance over the last several years. The main driving forces behind the growth of this market have been high interest rates and the cash-flow problems of retailers. According to some industry analysts, the first case arises from the fact that the interest rate charged to retailers (5-6%) is one or two points lower than the going bank rate of 6.5-7.5%. Thus, some large retailer and wholesalers have found they can buy on credit, sell the product to other retailers at cash prices below those offered by the producer himself, and then reinvest the funds at the going interest rate and make a profit.

The second and probably more important source of products to the spot market, are the retailers' cash-flow problems. Many suppliers will ask the retailers to sign a yearly purchase agreement, to the amount of their choice, for which they must then sign promissory notes. According to interviews, retailers will often sign a quota for too many units, either because they overestimate their sales, or because they hope to gain status or a yearly bonus by signing a large agreement. When payments fall due and the retailer finds himself stuck with stock, his easiest recourse is to dump his products in the spot market. His losses in doing so may be as high as 45%, but it is still generally easier for him to sell off some of his stock at these losses, than to lose time and energy applying for a bank credit.

6.1.2. IMPORTED GOODS

The distribution channels of imported large household appliances may be divided between those that are perfectly legal -(a), (b) and (c) below- those that are not legal but are tolerated by government authorities (d), and those which are neither legal nor tolerated (e).

(a) foreign producer-importer-retailers-consumers

(b) foreign producer-importer-independent distributor-retailers-consumers

(c) foreign producer-importer-official duty-free shops-consumers

(d) foreign producer-importer-official duty-free shops-unofficial duty-free shops-consumers, and

(e) foreign producers-unofficial duty-free shops-consumers.

The first two of these channels, (a) and (b), correspond to imports brought into the country in line with normal customs procedures. In these cases, the importer must adhere to all the rules corresponding to importing, and pay all associated customs duties. In case (a), the importer has a retailer network of his own, through which he himself distributes the imported appliances. The most obvious examples of this distribution system is Bosch, although there other smaller examples in the Kelvinator-Acarsoy agreement, Candy-Termikel, Westinghouse-Unimeks and Frigidaire-Frimak.

Most large local producers who have imported large appliances at one time or another have also used this distribution channel. The most recent examples of this are Vestel, with Merloni/Philco products, Teba with Zanussi goods, and Cihan with White Westinghouse. However, the first two have imported the goods under their own name, with the immediate aim of assembling and then producing in Turkey. Simtel is also importing dishwashers from another Merloni company, under its own name brand, also with the aim of producing them locally here in the near future.

Channel (b) is used by those importers who either do not have a large enough retailer network or have none at all. Survey only located one importer (Acarsoy) who had used an independent distributor as well as their own retailer network during the last year. However, this distribution channel appears to be more commonly found with smaller household appliances rather than larger ones. Survey was only able to locate two well-organised large distributors in the Istanbul area- Birikim and Dizel Magnet.

In order to understand channels (c) and (d), it is necessary to have a clear picture of the way the duty-free shops operate in Turkey, and the reason for their establishment. In the first place, the duty-free shops recalled in the report, are not those found in international airports which serve international passengers, but rather are those which serve Turkish citizens returning from work abroad.

Under the current law governing duty-free imports, which was passed in 1987, Turkish citizens who are returning from work abroad, are allowed to bring in for their own use up to a certain amount of imported goods, including furniture, vehicles and household appliances. In order to do so, they must ask for permit rights to be stamped in their passport at immigration upon entering the country. If they have worked abroad for two or more years, they are allowed to bring in up to one article of each household appliance on a once off basis.

If the returning worker does not wish to transport the goods with him from another country, he may shop at the special duty-free shops located near the major international airports. The system is exactly the same, in that the worker applies for a permit, which then allows him to buy goods in these stores for up to a certain limit. Unlike the first option, however, the consumer is required to pay a straight 10% sales tax on these purchases, although he is not charged the associated VAT tax of 20% on his household appliance purchases.

This distribution system corresponds to channel (c), which is perhaps the least important of the three legal distribution networks according to most industry analysts as well as the interviewees. In actuality, most of the products sold in these official duty-free shops are purchased by unofficial import retailers, not final consumers.

In channel (d) the imported good is moved through the official duty-free shops to the "unofficial" ones through the permit system. A worker who has legally obtained his import or duty-free shopping permit sells the rights to his permit to a retailer. The retailer then accompanies the worker to the shop, chooses the items, and then pays the bill. The worker has to be on hand to sign documents and to show his passport and papers documenting his residence abroad. According to the many critics, the abuse of this permit system also includes fabricating, falsifying or even photocopying originals.

In addition to avoiding customs charges on these goods (although not the 10% straight sales tax), the retailers who buy goods from the duty-free shops via the permit system also avoid the 20% VAT tax. This allows them to retail their product at prices at least 20% lower than all other appliances, whether imported or locally-produced. Since no VAT tax has been paid on the good, sales by these retailers- are usually made without invoices. Thus distribution system (d) is illegal on two counts-misuse of permits, and domestic retail sales without the corresponding VAT tax and issuance of a receipt. For several reasons, however, the government has tolerated this distribution channel.

In channel (e), unofficial duty-free retailers are receiving their goods from suppliers abroad, rather than from the duty- free shops. There are two main suppliers here, professional permit dealers who are conducting the same transaction that the retailers do at the official duty-free shops in Turkey, or smugglers. The second supplier is probably far more important than the first, and is not openly tolerated by government officials. The survey could not obtain any estimates of the weight of this channel in overall imports.

One additional source of supply can be non-professional smugglers who bring in the goods legally on their permits, and then sell them to the retailers. An example of this last route, narrated to us by an individual involved in the transaction, was a business marriage between a foreign woman residing abroad and a Turkish resident in Turkey. After the marriage, the foreign spouse was allowed to bring into the country brand new household goods, free of customs charges, as part of her chaise. After selling these off with the help of her "husband", she returned to her country and the couple "divorced". The whole operation netted a profit of several thousand of dollars.

Finally, there is one last route for distributing imported goods that has not been included in the list above because it is essentially different. This channel consists of importing appliances through the normal customs channels but in a "knocked down" or "completely knocked down" state, reassembling them in a warehouse in Turkey, and then distributing them through the channels described above for locally-produced products. The reason for choosing this channel has been to reduce customs duties, which are substantially cheaper than those on assembled items according to interviews.

As one can observe in the table 6.2 below, the importers interviewed use the gamut of distribution channels described above, with the notable exception of channel (e).

Bosch stands alone in being the importer which makes the most varied use of distribution channels, with its combined use of a retailer network and the duty-free shops. According to Bosch's Sales Manager, 60% of Bosch's sales are channelled through the duty-free system and 40% through retailers.

Two other importers also make extensive use of retailers, Kelvinator and Frigidaire. Kelvinator's importer has set up its own small retailer network, largely based on the experience of the family as retailers themselves. Frigidaire's importer, Frimak, has also set up its own non-exclusive retailer network which, to Bosch's chagrin, largely consists of Bosch retailers. Neither the Kelvinator nor the Frigidaire importer appear to distribute through the duty- free system. Westinghouse also has a small retailer network, but appears to be continuing its duty-free imports as well (Table 6.2).

TABLE 6.2. DISTRIBUTION SYSTEM OF FOREIGN BRANDS

BRAND	RETAILERS	NUMBER	DUTY-FREE	WHOLESALERS
Bosch	Yes	400	Yes	No
Candy	Yes	3000	No	Yes
General Electric	No	-	Yes	No
Kelvinator	Yes	100	No	na
Frigidaire	Yes	na	No	na
White Westinghouse	Yes	138	Yes	na

General Electric's importers, on the other hand, mainly distribute through the duty-free shop network. According to the general manager of General Electric's local representative, the firm used to import the products themselves and then distribute them through a retailer network, but then stopped this practice in 1988, when the duty-free-permit system was established. Now they distribute 100% of its products through the duty-free shops, the local representative does not even officially import the products himself, but rather distributes the pro-forma invoices to the duty-free shops who then take care of the payment transactions directly with the foreign supplier. The current responsibilities of the GE representative then, are promoting the product and maintaining the after-sales service network.

6.1.3. THE RETAILER/DUTY-FREE TRADE-OFF

There is a trade-off for the importer who decides to use both the duty-free shops and retailers. The reason for the trade-off is that imported goods which are sold in normal retail outlets are more expensive than those sold in the unofficial duty-free shops due to the fact that:

1. they are subject to the 20% VAT tax charged on appliance sales

2. they have been charged the customs duty and Mass Housing Fund Levy on entry into the country.

According to the general manager of GE's representative, the difference in cost to the consumer caused by these two factors may be as high as 35%, and that, from the point of view of product quality, there is nothing to distinguish between the product sold by the retailer and that sold by the unofficial duty-free shop. As a product sold by the retailer and that sold by unofficial duty-free shop. As a result, most importers choose to work with either one network system or the other.

However in fact there are several factors which do tend to distinguish the two products, and which have been used by some importers-mainly Bosch to their advantage.

The first of these is payment conditions. Retailers usually offer credit terms to consumers, whereas the unofficial duty- free shops do not. Probably one of the most important determinants of consumers selecting one channel over another is their cash situation.

The second is that the validity of guarantees (or if a consumer receives one at all) associated with products purchased from the unofficial duty-free shops may be questioned by authorised after-sales services unless the importer explicitly has a policy to respect all guarantees no matter the point of sale of their products (such as Bosch and General Electric).

The third is that unofficial duty-free shops generally have a reputation of dishonest dealings-such as selling used or malfunctioning equipment or old models. Many of these rumours have been fed on by imported goods retailers trying to convince potential clients to avoid buying from their duty-free competitors.

The fourth is a marketing tactic which has been employed by Bosch, which consists in distributing slightly different models (with different serial numbers) through each system. Two retailers, one an official import retailer and one a duty-free outlet, told that the models being brought through the "other" network were not as good as those being brought through their own. The official import retailer claimed that models sold through duty-free shops are Bosch's old models, and that the ones they sell are the up-to-date ones. This retailer even claimed that Bosch is assembling their models in Turkey (which Bosch's Sales

Manager later denied).

The duty-free shop, on the other hand, claimed that the models they sell are the ones made in Germany (the "real" Bosch), while the ones sold by the retailers are produced in Greece (Bosch did confirm that they are officially importing from Bosch factories in Spain. Greece was not mentioned however).

6.2. RETAILERS AND SALES CAMPAIGNS

Retailers, the final part in the distribution chain has an important function in the distribution of white goods since it directly deals with end user. In the research, some non-exclusive retailers were contacted, and their role is determined in white goods marketing. The importance of sales campaigns was also discussed non-exclusive retailers, as mentioned earlier, act as authorised salesmen, or agents for any number of household appliance companies. The companies require bank securities or sometimes real estate guaranties against the credit payments of retailers. This is the major limitation for retailers to be the authorised agent for every brand they want. They have to be financially strong enough to finance all the guaranties companies requested. White goods companies sell on credit terms as much as the guaranty limits. On the other hand companies promote the retailers to buy on cash, by offering additional discounts (up to 5%).

Similarly companies promote the long term agreements. Usually the agreement is signed upon the delivery of products according to a delivery program requested by retailer but with a constant price. Both sides benefit from this agreement: companies guarantee a certain sales amount and retailers get a constant price without paying in cash. But as the competition in the market increases and many white goods companies enter the market, the quantity agreements or quotas lose its ability to attract retailers. Because retailers may benefit from price wars between the companies or they can receive better prices than companies offered for the yearly agreements due to the companies financial situations. Moreover retailers are more free to benefit from instantaneous discount campaigns of other companies if they do not sign any quantity agreement. In such a case, promotions offered to retailers are more attractive than quantity agreements. Some companies offer additional discounts as the retailer's sales exceed a certain amount, or touristic visits for successful retailers.

Credit payment duration for retailers usually vary between seven and nine months. But this duration tends to prolong in sales campaigns. As Ekonomist (1992) notes, in the past companies arranged one or two campaigns during a year and the products included in the campaigns were limited. But in recent years campaigns distributed along the whole year and all the items in the product range of a firm is included in the sales campaigns. There are companies arranging a new campaign every month.

Campaigns are the most important sales tool today. Much of the sales is done during campaigns. Consumers tend to wait for these campaigns to buy any white good product. This hinders the chance of selling the products when the company is not on sales campaign. It is not the total price that attracts the customer but the monthly down payments. Because consumer tend to plan its budget according to down payments. Companies compete against spot market with campaigns based on longer credit terms. Since spot market works on a strict cash payment.

On the other hand the media advertisements are effective in sales campaigns. Companies support the campaigns by advertisements and this informs the consumer more about the company and campaign. This lead to a greater consumer interest and sales.

6.3. SUMMARY

Results of the in-depth interviews were discussed in this section. The distribution system in the market, spot market, duty-free system and retailers were reviewed. Domestically-produced goods are distributed through multi-level channels by using intermediaries such as distributors, wholesalers and retailers. The most important channel is via distributors to retailers. All major white goods producers have their own distribution companies. On the other hand, some retailers (because of the financial problems or for extra profit) sell the products to the spot market. This is an unintentional channel of the producers.

Imported goods, similarly, are distributed through multi-level channels by using the similar intermediaries with domestic goods. But unofficial duty-free shops are important outlets of imported white goods in Turkey. The products which are imported without paying the custom taxes by using the worker permits are channelled to these shops.

Finally, the activities of the retailers are analyzed based on the interviews. It was found that the most important sales tool of the retailers is sales campaigns. Promotions and affordable down-payments attract consumers and most of the sales are done in the campaigns.

SECTION 7. COMPETITIVENESS ANALYSIS: CONCLUSIONS AND IMPLICATIONS

7.1. INDUSTRY PROFILE

As discussed in section three, white goods industry has experienced a continuous growth in recent years as part of with durable goods industry, in general. This is due to the increasing demand in the local market, which is a result of low ownership ratios of durable goods and high population growth rate in Turkey. Under these circumstances Turkish white goods market reflects the characteristics of an young, emerging market, like many other businesses in Turkey. The typical demand pattern of a developing country is effective in the growth of sales of many product lines of white goods industry.

Emerging white goods market offers potentials to many companies. In fact new companies have started to enter this active industry. But still, the market does not have a fragmented structure. The research identified nine producers and seven importers, total 16 important companies which hold more than 90-95% of the market. Although there are numerous local companies producing some of the more traditional products such as oven and water heater, these are rather small workshops and their market share at the national level is very low. These small companies operate at regional level and due to inadequate distribution channels and promotions, their products can not be distributed nation-wide.

Moreover, nine producers supply more than 90% of the total domestic demand. Which means imports can only represent 10% of the total market. This segment of imported goods in the market can be evaluated as fragmented since there are seven major "official" importers sharing a relatively small segment of the market. The interest of foreign companies is continuing in Turkish market so this number is likely to increase in the near future. (For example Electrolux, the important appliance manufacturer of Europe, entered the Turkish market after this research was completed.) The increasing number of importers may expand the share of imported goods in the market. But it is true that market will become more fragmented with new entrants.

Unofficial duty-free imports are important for the white goods industry, since these imports can be as high as official imports for major products. Unofficial duty-free shops form an important channel for the unofficial imports to reach the final consumer. The only way to decrease the size of this trade is lowering the custom taxes, or as it is planned, setting no custom barriers at all.

As the market gets bigger, more companies will be attracted by the white goods industry. Both foreign and local newcomers will try to penetrate into the market. It should also be noted that some foreign home appliance companies are planning to start production or assembling in Turkey. These are the signs of serious intentions of foreign companies in Turkish white goods market.

Moreover local companies are trying to arrange business marriages with the World's known brands to take the advantage of production capabilities of foreign partners and sometimes the strong brand name.

As a result, increasing competition will be the major driving force for the sector in coming years. Competition will affect the companies future strategies.

On the other hand, high initial investment costs for production inhibits the possibility of market entry of smaller firms. Thus, only big size can handle production facilities, leaving only chance of importing to small companies. Various imported goods will appear in the market as the custom taxes are lowered.

In the research, it was found that the vast majority of local production is oriented towards the local market. This is due to the active demand in the local market. Since local market is promising a lot for the firms, producers do not want to deal with hard-to-reach export markets. It is obvious that exporting needs more dedication than selling domestically. But emphasizing only on local market may cause problems especially in the times of economic recessions in the Turkish market. In fact, the economic crisis at the beginning of 1994 started to affect different sectors negatively. At the time being it is hard to forecast whether this crisis will affect white goods industry and have long term effects, but the sectors or companies that have good contacts in export markets will be in a more advantageous position in overcoming the crisis.

7.2. SWOT ANALYSIS

7.2.1. INTERNAL FACTORS: STRENGTHS AND WEAKNESSES

a) Product

Competitive position of an industry is determined by its products in the first place. The product line, level of diversity and variety of models are effective factors in the competitiveness. A diverse product line supplies better customer service and satisfaction. Or considering the manufacturers, diversification in product line is a sign of strength of the company's manufacturing capabilities. Similarly, importers which import various products have a stronger position in the market than the importers of limited product lines.

In the market full-line producers or importers have a distinctive advantage. Because many customers want to buy all their needs from a single source. In the research four producers out of nine are considered as full-line producers since they manufacture (or assemble) five appliances or more. These companies are the major companies in the market and three of them are in the top three position according to their market shares. Thus, to increase the market share companies should stretch their product range. But a diverse production capacity needs higher investments due to the high costs of initial investment requirements

Thus, for many firms, importing the products that are not in their current product range is the major method for product line diversification.

As mentioned earlier, competition is increasing in the market. This affects the products of course. More traditional products such as oven and refrigerator reflect the conditions of a competitive market. There are more than 80 models of oven and 100 models of refrigerator in the market. This is the result of severe competition in these products. Companies increase the number of models in their product range to strengthen their position against pressure of competing companies.

On the other hand, the ownership rates of products also affect the product diversification in the sector. High ownership rates (such as in refrigerator and oven) usually lead to more diverse product lines. Because companies launch many models to the market to differentiate their products for attracting the consumers. Moreover companies are trying to trigger the renewal demand by introducing new technology models.

Companies that want to overcome the market bottle-necks in the certain products, arising either from competition or high ownership rates, should introduce new models of new technology and having advanced features.

In the competitive markets, new product launches and the companies' ability of new product development are the important factors for the vitality in the sector. Market oriented new product development is the key for the success in the market. The research identified a trend in the industry of putting more value on consumer needs. Changing consumer choices and trends is the most important factor affecting the companies' new product decisions. Also, companies arrange market researches mostly on consumer trends to figure out the demanded features.

This shows that the customer gains importance in the design process. This is a positive trend in the industry, because customer or market oriented companies will be the leaders in the future markets.

On the other hand, new product ideas are generated by both marketing and technical departments. New product concepts of marketing departments reflect the local market demands and consumer trends. Ideas of technical departments, however, reflect the trends in the world and technological developments. This is important since introducing new high-tech products increase the competitiveness level of the industry. So, following the global trends, and not designing new products solely depending on local market demands, will have a positive effect on global competitiveness level in the long run.

Imported goods have an advantage in introducing new technology products. Also this is an advantage for local companies since they are more forced to design and produce higher technology products. When the designs get better and more modern, the industry will have a better chance in global markets. Thus global competition in local market, helps Turkish white goods industry to be prepared for competition in global market place.

For a better and competitive new product design, the marketing organization of companies should also consider global markets and trends in their product conceptualization, and account for foreign competitors' products. On the other hand, marketing and technical departments should communicate properly their experiences and visions in designing a new product, in such a way that there is a chance of creating a product that both reflects the new technological characteristics and consumer needs and trends.

b) Quality

Quality is a very important aspect in building up a competitive position. Quality level of the white goods industry is an important factor in competitiveness.

The developments in the manufacturing industries change the quality concept, too. Quality is understood, today, as quality assurance system rather than quality control. The core concept in today's quality system is customer satisfaction.

The Turkish white goods industry seemed to catch this trend. In the interviews, quality executives mentioned about their plans to improve their quality systems and their plans reflect the companies' serious intentions of building their quality assurance systems. This is of course a healthy picture of the industry that companies are preparing for modern quality systems. These efforts will soon help industry to improve its product and service quality.

ISO 9000 sets an important target for the industry although only two companies had been qualified until June 1993 (survey conducted in this month), all the manufacturers are willing to conform to this standard. Having the standard is advantageous in export markets, since it is an internationally well-known standard. Companies having ISO 9000 standard gain trust and reliability both for their products and services.

For improving the quality assurance system, a dedication to quality of both high level executives and workers is needed. Training is the key for creating such an environment. Companies should train their personnel about the quality system and communicate the need of dedication for improving the quality level.

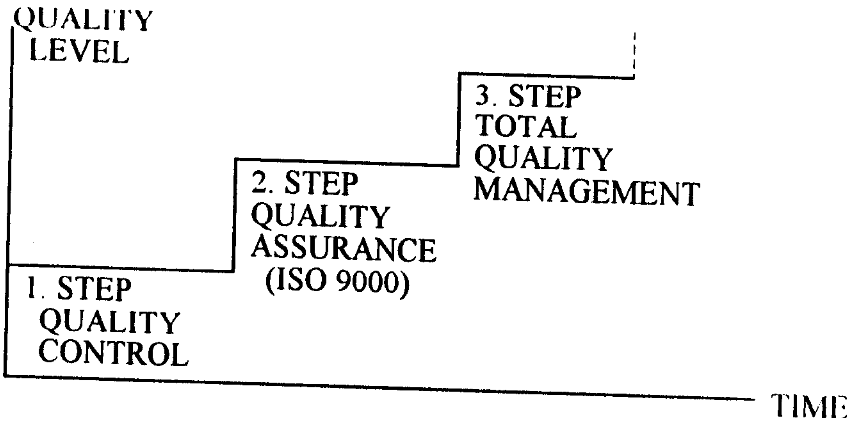
Another important aspect for quality is the customer orientation for quality. Quality is demanded by the customer. Thus customer's expectation for quality is important. Industry should monitor the customers' demand about the quality. In new product development processes, quality should be considered as an important aspect of new design.

The new step or aim for Turkish white goods industry is establishing total quality management system. Even this intention of the industry alone is a proof of the global thinking in the sector. Companies are more willing to apply new business techniques to be prepared for global competition. In the future, total quality management approach will affect the global competition and Turkish industry is following this trend.

Moreover companies informed that, quality will not be considered only as a production related function in the future. Quality will be understood as an integrating factor for all the sections in a business such as company itself, suppliers, distribution organisation and after sales services. Total quality management is a co-ordination effort to reach highest quality level at all the organisation units that serve to the customer directly or indirectly. Thus the heart of the total quality management is unlimited customer satisfaction.

The "Quality Ladder" from section 5.2.8. can be reprinted to visualize the quality developments better.

FIG. 7.1. THE QUALITY LADDER



c) After Sales Services

In the appliance market, the quality of after sales services has an important impact on buying decision. The general tendency in the market is to serve customers through private service shops. By these shops, companies can reach wider areas. Closeness to the customer is important in the market. To achieve this, a national coverage is established through a service network. In general, service network of producers is well established and the geographical distribution of service shops reflects the sales trends in the regions. But the importers have less no of service shops than producers. This is one of the weak points of imported goods in the market. On the other hand all of the importers plan to increase their number of service shops and establish their network. Importers are getting prepared for the increasing competition.

The pervasive network is the key for successful marketing. Because Turkish consumers are now very sensitive to after sales services. To be competitive in the local market, companies should build a well established service shop network.

Speed of after sales services and spare part supplies are the two major factors affecting the quality of after sales services. The response time to a problem that needs service personnel to visit the customer is mainly a function of organized service network. Pervasive and distributed service networks of producers allow them to respond in one or two days (or latest three or five days)from the customer call. This is a moderate result but better than the importers performance. Longer waiting times result in customer dissatisfaction, so companies should try to reduce the waiting time.

The second factor, spare part supplies is the major point for those who criticises the after sales services of importers. Because, it is believed in the market that imported models will cause some spare part problems when repair is needed. But in the research importers claimed that they keep their products' spare parts in stock. This is of course a result of current laws of ministry of industry and commerce. According to these rules, companies should keep spare parts for imported goods and for old models in their stock. Companies also stated that they keep spare part stocks for older models that are out of production.

Quality and price of spare parts are also important factors in customer satisfaction, so quality and price of the spare parts in the service shops are controlled by the white goods companies. Utilizing several methods like inspection visits in service shops, setting up computerized networks for service shops and issuing official catalogue prices, companies have a fairly good control over the spare part prices in service shops. But the control of quality of spare parts can still be developed. Because private service shops can supply the spare parts of appliances (especially the parts with low manufacturing cost and technology) from unofficial sources or manufacturers at a price much lower than "original" spare part prices. This trade is still active despite the efforts of the white goods industry to stop it.

A positive finding in the survey is that industry takes the training of service personnel very seriously. They keep the service shops informed about new products, new rouble shooting techniques by arranging courses or seminars.

All of the companies indicated the importance of the after sales services for sales and reputation of the companies. Second time purchasing decisions are mostly affected by the performance of after sales services. The reliability of the company is measured by the reliability of its after sales services in certain regions of Turkey. The customer satisfaction is a continuous process and does not end when the product is sold. But it grows by establishing a partnership with the purchaser. That will continue for years and develop with new purchases. To do this the most important tool is the strong and reliable after sales services. For that reason companies should establish strong after sales service organizations and besides reaching new customers they try to keep satisfied their old customers, too. This will be more important in the future for the vitality of the companies.

7.2.2. EXTERNAL FACTORS: OPPORTUNITIES AND THREATS

a) Export Opportunities

The recent developments in Turkish economy proved that the sectors which are only dependent on local demand are very sensitive to local market problems. Moreover, competitiveness in foreign markets is important as the local market becomes global. Turkish industry has to increase its export sales to overcome local market bottle-necks and to be prepared for global competition. White goods industry is no exception, of course.

As a general tendency, because of the fast growing local demand, white goods producers directed vast majority of their output to the local market. Export marketing was not considered seriously with a few exceptional companies. But companies seem to realize the importance of exporting and moreover, the latest economic problems have warned the companies about the possible dangers in local market.

Turkish white goods exporters mainly concentrate on Turkey's close neighbourhood. This is due to geographical situation since transportation to longer distances increases costs.

For the future, industry indicates that refrigerator and oven will be the locomotive products for export. The close neighbourhood of Turkey will be the major export opportunity for the industry in the near future, too. On the other hand Turkic republics can open new doors for Turkish white goods industry.

Turkish companies are found to be inadequate in their export marketing activities. The market research efforts are mostly based on personal contacts and the only promotional activity is to participate in trade fairs. These are not adequate for active marketing, although companies claimed that fairs give them good opportunity of promoting their products and companies.

Companies should re-organize their export marketing activities to be able to increase their competitiveness in foreign markets. Marketing efforts will be more important than ever in the future global market. Identifying customers and their needs and wants, reaching these customers, promoting the products and distributing the goods through right channels will be the vital tasks in global marketing.

International distribution system should be considered in this context. The distribution channels preferred by the company should reflect the marketing strategy and export targets of the company. But in their initial phase of export marketing, Turkish white goods companies do not make any selection of one distribution channel over another, they rather use a channel, since that channel is the only possibility for them in that export market.

On the other hand, main competitive advantage of Turkish products is the price. This proves that Turkish white goods products are still competing on a price basis in foreign markets. It is a weak point of export competitiveness and should be changed by exporters. Quality is the second factor in competitiveness of Turkish white goods but the unknown brand names of Turkish producers are far from convincing the customers about the quality in foreign markets where quality is synonymous with brand name.

According to the interviewees, the most important factors in competitiveness in export markets are after sales services, quality and brand name. These factors should be carefully worked by the exporters and they should strengthen their positions in these fields. Building up a reliable name by having long term close relations and establishing after sales service organization in foreign markets are the most important steps that should be taken by Turkish white goods exporters. Closeness to customers is also very important. To achieve this agencies should be established in important export markets.

b) Import Threats

According to producers comments, imported goods did not affect the local producers sales significantly. On the contrary, local companies benefited from the activation in the market which is a result of foreign firms entries. Customers get attracted by the entrance of new foreign brands and their campaigns in the market. But not all of the customers have chosen the foreign brands to purchase. Thus the foreign companies that actually enriched the market could not fully utilize this demand increase for their benefit.

On the other hand, foreign goods have definite advantages against their local competitors. First of all, most imported goods have internationally well-known brands which attract the customers. These famous brands express a reliability to the customer. Also their quality is believed to be superior than local products. This is partly due to their brand names. Moreover, imported goods introduce higher technology products to be more competitive in the market than the local companies. Local products seem to have difficulties to follow these technological developments.

But, there are weak points of foreign products, too. The most important weakness of importers is the quality of their after sales services. This is an important advantage of local producers since they have better after sales service organizations. In a market in which, after sales services are very important for the customers, strong after sales service organization is a definite competitive advantage. Moreover, the distribution chain of the importers is inadequate for marketing large quantities of appliances.

As mentioned earlier, local producers also import some models. The primary motivation is to add new models to their existing product range. Importing is a tool for manufacturers to follow technological trends in the world. For this reason, import should not be considered completely as a threat, it may give some positive opportunities for the local producers.

One of the important issues in the agenda of the Turkish industry is the custom tax unification with E.C. The unification will bring new opportunities as well as new threats for the different sectors of Turkish industry. White goods sector will also be affected. The industry executives generally evaluate the tax unification as to the benefit of the consumer, since consumers will have more alternatives. Moreover, white goods industry has to increase its efficiency and raise its competitive strength to cope with foreign competition.

The threats of local production decrease and increasing unemployment in the sector as a result of custom unification are not considered to be really effective by the executives. The industry seem to be prepared for tax unification and is willing to join E.C.

c) Market Trends

White goods industry developed rapidly in recent years. The company executives indicated that this growth trend will continue in near future. Although the economic crisis which occurred in the first quarter of 1994 affected the sales of white goods negatively, The upward trend in the sales will soon be back as soon as the economy balances itself.

The future potential of all the product lines are not the same, however. As there are promising products such as automatic washing machine, dishwasher and microwave oven, there are also "declining demand" products such as semi-automatic washing machine, oven and refrigerator. The future potentials of products are mostly determined by the ownership rates of those products.

The reasons of the fast growth of the white goods market are:

a) High population growth
b) Big size of the young population
c) Due to younger population high marriage and new home settlements
d) Low ownership rate for most of the product lines

Moreover, for growth of some of the products sales renewal demand is effective. Renewal demand is triggered by the changing consumption habits and new technology products. This renewal demand is especially effective in refrigerator and oven sales.

According to the demand analysis on major product lines. New demand (because of marriage, new home settlement) is very effective for all of the products. Since population growth is high in Turkey, the new demand will continue to be effective in the growth of sales. First time buyers will continue to be the major thrust for the growing market. For relatively new products such as dishwasher, changing consumption habits and life styles of Turkish consumers are effective in the demand.

High ownership rate (saturation rate) is the major threat for refrigerator demand. Increasing competition may also threaten the sales of companies.

As mentioned earlier, brand name has a very important effect on sales. The reason is that known brands seem more trustful to the consumers. Trust and familiarity are very important in white goods purchase decisions.

7.3. STRATEGIC IMPLICATIONS

According to the above discussions, strengths, weaknesses and opportunities, threats are summarized in below figure 7.2. The interaction between strengths and opportunities or between weaknesses and threats are discussed in the following sections.

FIG. 7.2 SUMMARY OF INTERNAL AND EXTERNAL FACTORS

INTERNAL	*EXTERNAL*
STRENGTH	***OPPORTUNITY***
Product: - Diversified product line of producers - Consumer orientation in new product development - Following Global trends in design	**Export:** - Local market crisis and demand decreases - In some export markets, Turkish white goods are competitive on price with an acceptable quality
Quality: - Increasing consciousness of the producers about quality - Willingness to conform to international quality standards	**Import:** - Imported goods bring the global competition in local market thus forces the producer to compete with strong brands. - Increasing efficiency as a result of possible custom unification with
After sales services: - Strong and organized network of after sales service shops of producers - Increasing efforts to supply exceptional after sales services to - Considering after sales services as an important tool of customer satisfaction	**Local market:** - High population growth and fast growth of sales - Young population and low ownership rates - Modernization of urban population open new opportunities for new products.
WEAKNESS	***THREAT***
Product: - Older technology products as compared to foreign goods - Imitating the foreign products in new product designs rather than creating original designs	**Export:** - Low export sales due to active local demand - Inadequate export marketing activities - Inability to reach Global distribution channels - Unknown brand names of Turkish producers
Quality: - Companies are at their initial phase in building their quality assurance systems. - Inadequate consumer orientation in quality assurance systems	**Import:** - Strong brand names of foreign goods - Superior quality and new technology of foreign goods - For producers, emphasizing too much on imports in product line extensions reduce the competitiveness in export markets.
After sales services: - Service to the customer is slow. - Less control on spare part quality and prices	**Local market:** - Increasing competition, as a result fragmentation in the market - Companies are very sensitive to local market bottle-necks since all the output go to local demand.

7.3.1. IMPLICATIONS FOR PRODUCERS

Though, local producers have become more consumer oriented and consumer needs and wants play an important role in new product development processes, producers still imitate technologically advanced foreign models. But in order to be competitive in export markets industry should develop its own designs and strengthen their brand names

Marketing research activities should be enhanced to detect domestic and export market needs.

The importance and meaning of quality assurance is understood at managerial level in white goods sector. But building up the quality assurance systems may take time. Industry should continue to develop its quality system. The import threats can only be eliminated by superior quality local products.

Strong after sales service organizations of local companies are major strength against imported goods. After sales services can still be accelerated for faster services to the customer. After sales service should also be taken seriously in export markets.

To overcome the local market problems, companies should increase their export sales Turkish white goods industry should consider global markets in all of their plans. Industry should get customer oriented while trying to reach export markets. In this context, imports will be very useful by forcing the local companies to compete with foreign rivals.

7.3.2. IMPLICATIONS FOR IMPORTERS

Custom taxes and fees are still barriers to imported goods in Turkey. But in the near future these taxes are expected to be lowered. This will strengthen the position of imported goods price wise in the market.

On the other hand, it should be noted that even in the existence of high custom taxes today, there are many importers in Turkish white goods market. Although the imported goods have a share as less as 10% in the market, this small portion of the market is shared by many importers. As a result the market of imported goods is a fragmented market. Thus it involves small shares of each importer. This situation can not continue forever, if we consider the last economic crisis in Turkish economy. Importers are effected most by the crisis. Thus it will not be wrong to expect that some importers will disappear in the future.

There are many things importers can do, however The most important disadvantages of importers are weakness of their after sales services and inefficiency of distribution channels. Importers should establish a strong network of both sales and services.

Free market consists of both imported goods and local goods. Absence of one will give harm to the other. Imports, moreover, bring the global competition into the home market and forces local producers to be more efficient.

7.4 IMPLICATIONS FOR FURTHER RESEARCH

This study is a first step to investigate and define competitiveness of white goods industry according to strategic management approach. Thus it is very open to further investigations.

Further detailed research can be studied on new product development processes and on quality. Since these will be the most important factors in competitiveness in the future. Companies may be examined thoroughly to figure out their quality systems and/or new product development procedures, which could only be summarized in this thesis.

A detailed study on total quality management can be conducted to find out possible gaps between quality expectations of customers and quality offered by the companies via their products and services.

On the other hand, the consumer side of the market may also be investigated. Consumer surveys may be conducted to figure out the real purchasing motivations of customers based on benchmarking analysis.

APPENDIX 1. QUESTIONNAIRE

Bölüm 1: Ürüne İlişkin Sorular

1. Üretim yelpazenizde aşağıdaki ürünlerden hangileri yer almaktadır? Ürettiğiniz model sayısını ürünün yanındaki boşluğa yazınız, üretmediğiniz ürünleri boş bırakınız.

___ Soğutucu ___ Dondurucu ___ Otomatik çamaşır makinası

___ Merdaneli çamaşır makinası ___ Bulaşık makinası ___ Fırın

___ Mikrodalga fırın ___ Elektrik süpürgesi ___ Kurutucu ___ Su ısıtıcısı

2. Aşağıdaki ürünlerden hangilerini ithal ediyorsunuz? İthal ettiğiniz model sayısını ürünün yanındaki boşluğa yazınız, ithal etmediğiniz ürünleri boş bırakınız.

___ Soğutucu ___ Dondurucu ___ Otomatik çamaşır makinası

___ Merdaneli çamaşır makinası ___ Bulaşık makinası ___ Fırın

___ Mikrodalga fırın ___ Elektrik süpürgesi ___ Kurutucu ___ Su ısıtıcısı

3. Yeni bir ürün geliştirme veya mevcut ürünlerin tasarımında önemli değişiklikler yapma kararı almada en etkili faktörler nelerdir? 1 den 6 ya önem sırasına göre belirtin. (1= en önemli)

___ Rakiplerin yeni ürünler geliştirmesi
___ Rakiplerin eski ürünlerini daha iyi pazarlaması (fiyat, dağıtım v.s.)
___ Müşterilerin ürün tercihlerinin/beklentilerinin değişmesi
___ Üretimde yeni tekniklerin ortaya çıkması
___ Tasarımda yeni tekniklerin ortaya çıkması
___ Firma fiyat politikası (eski ürüne zam yapmak yerine yeni ürünü pahalıya satmak)
___ Ürün çeşitliliği sağlamak
___ Yeni pazar dilimlerine ulaşma isteği
___ diğer (lütfen belirtiniz) ________________________________

4. Yeni ürünleri tasarlar ve geliştirirken;

a) Pazar araştırması yapıyor musunuz? ___Evet ___Hayır

b) Hangi alanlarda araştırma yapıyorsunuz? Önceliklerine göre sıralayın (1=en öncelikli)

___ Yerli rakıp üreticiler
___ Teknolojık gelişmeler
Politik/yasal gelişmeler
___ Yabancı rakipler
___ Bayi/acenta satışları
___ Müşteri beklentileri/eğilimleri
Ekonomik gelişmeler
___ diğer (lütfen belirtiniz) ________

c) Tüketici eğilimlerini izlemek için hangi yöntemleri kullanıyorsunuz?

___ Piyasa araştırması
___ Bayi ve satış örgütünden gelen bilgilerin değerlendirilmesi
___ İstatistiki verilerin izlenmesi, değerlendirilmesi
___ Yöneticilerin değerlendirmeleri
___ Kişisel gözlemler, değerlendirmeler
___ diğer (Lütfen belirtiniz)________________________________

5. Yeni ürün geliştirme kararının aşamalarını / yöntemini açıklar mısınız?

Fikir kimden geliyor

Hangi birimlerin onayı gerekiyor

Kararda hangi birimler etkili oluyor

Satış birimlerinin etkisi nasıl

Bayi/acenta etkisi nasıl

Ürün geliştirme biriminiz var mı? Etkinlik derecesi

Ön deneme satışı yapıyor musunuz? Nasıl

6. Gelecek yıllarda ürünlerinizin iç ve dış pazarda rekabet edebilmesi için sizce hangi özellikleri taşıması gerekir? Lütfen ürettiğiniz/ ithal ettiğiniz her ürün için tek tek değerlendirin.

a) soğutucu/dondurucu

b) çamaşır makinası

c)bulaşık makinası

d) fırın/ mikrodalga fırın

e) elektrik süpürgesi

f) kurutucu

g) su ısıtıcısı

Bölüm 2: Kaliteye İlişkin Sorular

1. Firmanızda genel kalite amaç ve politikalarının belirlendiği ve üst yönetim tarafından hazırlanmış yazılı bir şirket kalite politikası var mı?

Evet

___ Hayır

Neleri içermektedir lütfen kısaca belirtiniz.

2. Kalite sistem ve prosedürlerinin tarif edildiği, kaliteyi belirleyen önemli fonksiyonların yazılı olduğu ve tüm çalışanlarca bilinen bir kalite el kitabınız var mı?

___ Evet

___ Hayır

Bu el kitabı hangi konuları kapsamaktadır? Lütfen kısaca açıklayınız.

3. Kalite organizasyonunuz hangi birimlerden oluşmaktadır? Genel olarak organizasyonun yapısını açıklayınız.

4. Kalite güvence sisteminin ve kalite ile ilgili faaliyetlerin etkin bir şekilde sürdürülmesini sağlamak amacıyla firma içi denetim yapılıyor mu?

___ Evet

___ Hayır

Kimler bu denetimi yapıyorlar?

Başlıca hangi konular inceleniyor/denetleniyor?

5. Kalite sisteminizde müşterinin ürünlerinizden kalite konusundaki beklentileri nasıl değerlendiriliyor?

a) Müşterinin kalite konusundaki beklentileri hakkında nasıl bilgi topluyorsunuz?

b)Bu bilgiler ışığında kalite sisteminizi nasıl değiştiriyor/adapte ediyorsunuz?

6. Ürün geliştirme faaliyetlerinde kalite organizasyonunun rolü ve görevleri nelerdir? Lütfen en önemlilerini belirtiniz.

7. Aşağıdaki kalite muayene ve testlerinden hangilerini uyguluyorsunuz? Lütfen işaretleyiniz.

___ Üretimde kullanılacak parça, hammadde ve yarımamul muayeneleri
___ Üretim esnasında istatiksel proses kontrol (İPK) gibi yöntemlerle yapılan proses kontrolları
___ Bitmiş ürünlerin fonksiyon performans ve dış görünüş muayeneleri
___ Parça ve bitmiş ürünlerin güvenilirliklerini ölçmek için yapılan (fiziksel, elektriksel) testler
___ Üretimden ayrı ve bağımsız bir bölüm tarafindan yapılan ürün auditleri
___ diğer (lütfen belirtiniz)___________________________________

8. Personel için mesleki ve yaptıkları iş ile ilgili eğitim faaliyetleri düzenliyor musunuz?
___ Evet
___ Hayır

Verdiğiniz başlıca eğitimleri belirtiniz.
___ Oryantasyon eğitimi
___ İşe yeni başlayanlar için eğitim
___ İşbaşı eğitimleri
İleri düzeyde mesleki eğitimler
___ Yeni ürünler/proseslerle ilgili eğitimler
___ diğer (lütfen belirtiniz)___________________________________

9. Firmanız ISO 9000 kalite standardını aldı mı? ___ Evet ___ Hayır

10 . Almadıysa almak için hazırlıklar yapıyor mu? Evet Hayır

11. İhracatta bu standarda sahip olmanın avantajlarını açıklar mısınız?

12. Kalitenin geliştirilmesi için daha neler yapılabilir?

BÖLÜM 3: Satış Sonrası Hizmetlerine İlişkin Sorular

1. Yetkili servis istasyonlarınızın işletici yapısı nasıldır? Lütfen % dağılımını yazınız.

%____ Firma tarafından işletiliyor
%____ Yetki belgeli özel işletmeciler tarafından işletiliyor
%____ diğer (lütfen belirtin)________________________

2. Hangi bölgelerde yetkili servis istasyonlarınız var?
a) Bölgelere göre sayılarını lütfen belirtiniz.
b) YABANCI rakiplerin bölgelere göre servis ağını değerlendiriniz.

	Servis istasyonu sayısı	Yabancı rakiplerin servis istasyonu sayısı sizden fazla	aynı	az
Marmara	____	____	____	____
Ege	____	____	____	____
Akdeniz	____	____	____	____
İçanadolu	____	____	____	____
Karadeniz	____	____	____	____
Doğuanadolu	____	____	____	____
G. Doğuanadolu	____	____	____	____

3. Yetkili servis istasyonu sayısını arttırmayı planlıyor musunuz? ___Evet ___Hayır
Hangi bölgelerde?

Neden?

4. Firma içinde bir servis organizasyonunuz var mı? ___ Evet ___ Hayır

Ne gibi görevleri var?
__ Yedek parça stoğu bulundurur ve dağıtır
__ Yedek parça temin eder
__ Yetkili servis istasyonlarını kontrol eder
__ diğer (lütfen belirtiniz)________________
__ ________________
__ ________________

5. Müşteriden gelen satış sonrasına ilişkin hizmet talebi, servis istasyonu tarafından ortalama ne kadar sürede karşılanıp sorun giderilmekte?

__ Aynı gün içinde
1-2 gün içinde
__ 3-5 gün içinde
__ 1-2 hafta içinde
__ 3-4 hafta içinde
__ 4 haftadan uzun sürede

6. a) Eskiden üretilmiş/satılmış modeller için yedek parça stoğunuz var mı?
__ Evet __ Hayır

b) İthal ettiğiniz ürünler için yedek parça stoğunuz var mı?
__ Evet __ Hayır

c) Bunlar için yedek parçayı nasıl sağlıyorsunuz?

7. a) Servislerdeki yedek parça fiyatlarını kontrol ediyor musunuz?
__ Evet __ Hayır
Nasıl?

b) Servislerdeki yedek parça kalitesini kontrol ediyor musunuz?
__ Evet __ Hayır
Nasıl?

8. Satış sonrası hizmette çalışan elemanlara
a) firma tarafından eğitim veriliyor mu? __ Evet __ Hayır
Nasıl?

b) ne sıklıkta eğitim veriliyor?

c) yeni ürünlerinize ilişkin özel eğitim/tanıtım sağlanıyor mu? __ Evet __ Hayır
Nasıl?

9. Müşterinin bir firmanın sunduğu beyaz eşyayı tercihine ve satınalım kararına, satış sonrası hizmete ilişkin aşağıdaki faktörlerin etki derecesini değerlendiriniz.

	çok etkili	oldukça etkili	az etkili	pek etkili değil	hiç etkili değil
Yaygınlık	___	___	___	___	___
Garanti süresi ve koşulları	___	___	___	___	___
Firmaya özgün çeşitli hizmet	___	___	___	___	___
Hizmet kalitesi	___	___	___	___	___
Problemi gidermede çabukluk	___	___	___	___	___
Güvenilirlik	___	___	___	___	___
Elemanların bilgi vermesi	___	___	___	___	___
diğer__________________	___	___	___	___	___

Bölüm 4: İhracatta Fırsatlar

1. Son 5 yıldır en fazla ihracat yaptığınız ülkeler ve ürünler hangileridir?

	Ülke	İhraç edilen ürünler
1.derece:		
2.derece:		
3.derece:		
4.derece:		
5.derece:		

2. a) İhracatınızın toplam satışlarınızdaki payı nedir?

__ %5 ten az
__ %5-15 arası
__ %16-30 arası
__ %31-45 arası
__ %46-60 arası
__ %60 tan fazla

b) Gelecek yıllarda bu oranın nasıl değişeceğini düşünüyorsunuz?

__ Artacak
__ Azalacak
__ Aynı kalacak

Neden?

3. İhraç etmekte olduğunuz ürünleri ihracat hacmini düşünerek lütfen önem sırasıyla belirtiniz (1= ençok ihraç edilen). Bu ürünlerin 2000 yılına dek dışsatımındaki olası gelişimi/eğilimi belirtiniz.

Önem sırası		2000 yılına dek dışsatım artar	aynı kalır	azalır
___	Soğutucu	___	___	___
___	Dondurucu	___	___	___
___	Oto. Çamaşır mak.	___	___	___
___	Merd. Çamaşır mak.	___	___	___
___	Bulaşık makinası	___	___	___
___	Fırın	___	___	___
___	Mikrodalga fırın	___	___	___
___	Elektrik süpürgesi	___	___	___
___	Kurutucu	___	___	___
___	Su ısıtıcısı	___	___	___

4. İhracat için geleceği parlak ülkeler ve ürünler hangileridir?

Ülke	Ürün	Nedenleri

5. a) İhraç ettiğiniz başlıca ürünlerin dış piyasada tercih edilmesinde etkili olan faktörler nelerdir. Lütfen önem sırasına göre sıralayınız (1=en önemli).

___ Fiyatların uygunluğu
___ Benzerlerine göre kalitenin yüksekliği
___ Daha gelişmiş teknoloji ile üretilmeleri
___ Çok gelişmiş, çeşitli fonksiyonlarının olması
___ Daha kullanışlı olmaları
___ Güçlü marka imajı
___ Satış sonrası hizmet sunumu
___ diğer (lütfen belirtiniz)________________________________

b) Tercih edilmemelerine hangi dezavantajları yolaçmaktadır? Lütfen açıklayınız.

6. Dış pazara satışta piyasayı tanımaya yönelik
a) ön pazar araştırması yapmakta/yaptırmakta mısınız? __ Evet __ Hayır
Nasıl?

b) en çok hangi konularda araştırma yaptırıyorsunuz? Lütfen öncelik sırasına göre sıralayınız (1=en öncelikli).

___ Demografik veriler (nüfus, yaş, yoğunluk, dağılımlar vs.)
___ Pazardaki ürünler (fiyat, ürün özellikleri)
___ Rakiplerin durumu (pazar payları, firma sayısı, üretim/satış rakamları vs.)
___ Dağıtım ağı (kanalları, yapısı)
___ Tüketici beklentileri/eğilimleri
___ Ekonomik gelişmeler
___ diğer (lütfen belirtiniz)________________________________

7. a) Dışsatımda tanıtım için uluslararası fuarlara katılıyor musunuz?
__ Evet __ Hayır
b) Hangilerine katılıyorsunuz?

c) Fuarların ihracat bağlantısı kurulmasındaki rolünü değerlendiriniz.

8. Dış ülkelerde nasıl satış/tanıtım yapmayı tercih ediyorsunuz? Lütfen öncelik sırasına göre işaretleyiniz (1=en öncelikli).

___ Pazarlama acentaları/firmaları kanalıyla
___ Büyük beyaz eşya mağazaları vasıtasıyla
___ İthalatçılar eliyle
___ Kendi pazarlama firmanız kanalıyla
___ diğer (lütfen belirtiniz)___________________________

9. Dış pazarlarda bir ürünün şansının ve rekabet gücünün artmasında en çok hangi faktörler etkilidir?

	çok etkili	etkili	az etkili	pek etkili değil	hiç etkili değil
Satış sonrası hizmet sunumu					
benzerlerine göre kalite yüksekliği					
daha gelişmiş teknoloji ile üretilmeleri					
Çok gelişmiş fonksiyonlarının olması					
Daha kullanışlı olmaları					
Güçlü marka imajı					
diğer (lütfen belirtiniz)					

10. Sizce başarılı olmak için Türk üreticilerinin kullanabilecekleri en etkili dışsatım yöntemleri nelerdir?

Bölüm 5: İthalatta Tehlikeler

1. a) Piyasada rakip ithal ürünlerin artması satışlarınızı nasıl etkiledi? Lütfen aşağıdaki ürünlerin etkilenme derecesini işaretleyiniz.

b) ithalatın en yoğun olduğu ürünler hangileridir? Lütfen aşağıdaki ürünlerin yanındaki boşluğa en çok ithal edilen 5 ürünü sıralayınız (1=en çok ithal edilen).

ithalatın yoğunluğu		ARTAN İTHALAT SATIŞLARINIZI çok olumsuz etkiledi	olumsuz etkiledi	etkilemedi	etkiledi	olumlu
___	Soğutucu/dondurucu	___	___	___	___	
___	Oto. çamaşır mak.	___	___	___	___	
___	Merd. çamaşır mak.	___	___	___	___	
___	Bulaşık makinası	___	___	___	___	
___	Fırın	___	___	___	___	
___	Mikrodalga fırın	___	___	___	___	
___	Elektrik süpürgesi	___	___	___	___	
___	Kurutucu	___	___	___	___	
___	Su ısıtıcısı	___	___	___	___	

2. Eğer siz de bazı ürünleri ithal ediyorsanız bunun nedenleri nelerdir? Lütfen önem sırasına göre sıralayınız (1=en önemli).

___ Üretiminiz kapsamı dışındaki beyaz eşya ürünlerini de ürün yelpazenizde bulundurmak.
___ Sattığınız ürünlere farklı markalar eklemek
___ Ürettiğiniz ürünlerin değişik model/tiplerini pazara sunarak ürün çeşitliliği sağlamak.
___ Yabancı firmalar ile doğrudan rekabet etmek.
___ Teknolojik yenilikleri üretime başlamadan piyasaya sunmak.
___ Üretime oranla daha yüksek kar sağlamak.
___ diğer (lütfen belirtiniz)________________________________

3. Sizce dünyaca ünlü yabancı Türk tüketicisinin tercihlerini satınalma kararlarını nasıl etkiler? Lütfen 1 tanesini işaretleyiniz.

___ Çok etkiler
___ Etkiler
___ Az etkiler
Hiç etkilemez

4.a) İthal ürünler, yerli ürünlere göre hangi özelliklerinden dolayı iç pazarda üstünlüğe sahiptir?

	çok önemli düzeyde	önemli düzeyde	az önemli düzeyde	önemsiz düzeyde	tamamen önemsiz düzeyde
Uygun fiyatlar	___	___	___	___	___
Yüksek kalite	___	___	___	___	___
Sürekli satış sonrası hizmet	___	___	___	___	___
En yeni teknoloji kullanımı	___	___	___	___	___
Fonksiyon çeşitliliği	___	___	___	___	___
Güçlü marka imajı	___	___	___	___	___
Güçlü dağıtım ağı	___	___	___	___	___
diğer (lütfen belirtiniz)	___	___	___	___	___
______________	___	___	___	___	___

b) İthal ürünlerin zayıf özellikleri nelerdir? Lütfen açıklayınız.

5. 1996 yılında A.T. ile sağlanması düşünülen gümrük birliği ne tür gelişmeler yaratacaktır?
a) Olumlu gelişmeler:

1=tamamen katılıyorum
2=kısmen katılıyorum
3=çekimser
4=kısmen katılmıyorum
5=hiç katılmıyorum

	1	2	3	4	5
Rekabetin artması sonucu yerli firmaların daha verimli çalışır hale gelmesi	___	___	___	___	___
Pazarda ürün çeşitliliğinin artması ile pazarın zenginleşmesi	___	___	___	___	___
Rekabet sonucu fiyatların düşmesi	___	___	___	___	___
Türk beyaz eşya sektörünün dünya standart larında kaliteyi yakalayarak uluslararası rekabet gücüne ulaşması	___	___	___	___	___
Tüketicinin seçme şansının artması ile istedikleri ürüne ulaşabilmesi	___	___	___	___	___
Tüketicilerin rekabeti görerek, ürünleri karşılaştırarak biliçlenmesi	___	___	___	___	___
Joint venture lara gidilmesi ve yabancı sermayenin Türkiye'ye gelmesi	___	___	___	___	___
diğer (lütfen belirtiniz) ______________	___	___	___	___	___
______________	___	___	___	___	___

b) Olumsuz gelişmeler.

1=tamamen katılıyorum
2=kısmen katılıyorum
3=çekimser
4=kısmen katılmıyorum
5=hiç katılmıyorum

	1	2	3	4	5
Rekabetin artması sonucu yerli üretimin düşmesi	___	___	___	___	___
Sektörün ve yan sanayinin küçülmesi sonucu işsizliğin artması	___	___	___	___	___
Fiyatların ithal ürünler tarafından dikte edilmesi	___	___	___	___	___
Pazarın kalitesiz ithal ürünlerle dolması	___	___	___	___	___
Tüketicinin çok sayıda bilmediği marka ile karşılaşması sonucu pazara güvensizliğin artması	___	___	___	___	___
Aşırı ithalat sonucu döviz kaybı	___	___	___	___	___
diğer_______________________	___	___	___	___	___
____________________________	___	___	___	___	___

Bölüm 6: Pazar Eğilimleri

1. Önümüzdeki 5 yılda Türkiye' deki toplam beyaz eşya pazarının olası gelişimini aşağıdakilerden en iyi hangisi tanımlamaktadır?

___ Pazar her yıl artan hızlarla büyüyecek
___ Pazar sabit bir şekilde büyümesini sürdürecek
___ Pazar bir dönem daha büyüdükten sonra, doyuma ulaşarak küçülmeye başlayacak
___ Pazar bir dönem geriledikten sonra , büyümeye başlayacak
___ Pazar sabit bir şekilde küçülecek
___ Pazar her yıl artan hızlarla küçülecek
___ diğer (Lütfen belirtiniz)________________________________

Düşüncenizin nedenlerini açıklar mısınız?

2. Aşagıdaki ürünlerin satışlarının geleceğini nasıl görüyorsunuz? Lütfen yalnızca ürettiğiniz/ ithal ettiğiniz ürünler için işaretleyiniz

	soğutucu	donduruc u	otomatik çamaşır makinası	merdaneli çamaşır makinası	bulaşık makinas ı	fırın	mikro dalga fırın	elektrik süpürges i	kurutucu	su ısıtıcısı
Artacak										
Azalaca k										
Değişme yecek										

3. Lütfen 3. ve 4. soruları ürettiğiniz/ ithal ettiğiniz en önemli 3 ürün için cevaplayınız.
Pazardaki talebin nedenleri (kaynağı) aşağıdakilerden hangileridir? Lütfen önem sırasına göre numaralandırınız. (1=en önemli)

Talebin kaynağı	Ürün 1	Ürün 2	Ürün 3 ....
Yeni talep (Evlenme, yeni ev açma)			
Değişen tüketim alışkanlıkları nedeniyle ürüne duyulmaya başlanan ihtiyaç			
Pazardaki ürünün teknolojisinin geliştirilmesi ve fonksiyonlarının artırılması sonucu oluşan yenileme talebi			
Moda			
Marka değiştirme(Promosyondan etkilenerek)			
Diğer________________________			

4 Pazarda ürünlerin satılmasındaki (Bugün ve gelecekte) en önemli engeller hangileridir? Lütfen önem sırasına göre numaralandırınız(1= En önemli)

Talebin önündeki engeller	Ürün 1	Ürün 2	Ürün 3 ....
Pazardaki doymuşluk oranı			
Ürünün fiyatı			
Tüketici eğilimlerinin değişmesi sonucu ürünün başka ürünlerce yerinin alınması			
Rekabetin çok artması			
Ürünün çok lüks veya gereksiz olarak düşünülmesi			
Ürünün yeterince kolay kullanılır / pratik olmaması			
Diğer__________________________			

5.a) Beyaz eşya pazarında marka imajının satışlarda ne kadar etkili olduğunu düşünüyorsunuz?

___ Çok etkili
___ Etkili
___ Az etkili
___ Hiç etkili değil

Neden?

b) Hangi markalar öncelikle tercih edilmekte ?

	Yerli	Yabancı
1.		
2.		
3.		

6. Satış örgütünüz nasıl düzenlenmiştir? Açıklarmısınız.

Kaç bayiniz var?

Sadece sizin ürünlerinizi mi satıyorlar?

APPENDIX 2. LIST OF INTERVIEWEES

Face-to-Face Interviews

Company	Person	Position
Arçelik	Murat Lakay	Chief of market research and advert. dept
Arçelik	Mahir Başdoğan	Chief of export dept.
Arçelik	Cengiz Gözükara	Chief of after sales services dept.
Arçelik	Tuğrul Fadıllıoğlu	Manager of quality assurance dept.
Ardem	Ali Yalçın	Assistant General Manager for marketing
Ardem	Metin Çancı	Chief of export dept.
Auer	Ayhan Bey	Assistant General Manager for marketing
Auer	Abdullah Parıltı	Manager of after sales services dept.
Auer	Ahmet Bugay	Manager of export dept.
Auer	Bertan Orberk	Manager of quality dept.
Demirdöküm	Hüseyin Ünveren	Product Manager of water heaters
Demirdöküm	Serpil Taviloğlu	Manager of materials dept.
Grünberg	Neylan Süer	Product Manager
Profilo	Cihangir Demiriş	Marketing dept.
Pro-Eks	Emine Selbes	Assistant General Manager for exports
Pro-Ser	Nesrin Güner	Manager of after sales services dept.
Simtel Pazarlama	Hakan Kuntay	Product Manager of white goods
Simtel Servis A.Ş.	Nimet Fıstıkçı	After sales services dept.
Tümaş	Candan Beyazgül	Sales Manager
Vestel Pazarlama	Çiğdem Belgutay	Product Manager of white goods
Vestel Pazarlama	Ufuk Ar	Manager of export dept.
Vestel Servis	Erdal Kemikli	Manager of after sales services dept.
Acarsoy	Ebru Acarsoy	Assistant General Manager
Acarsoy	Tuğba Acarsoy	Assistant General Manager
Elektrosan	Yılmaz Arslantaş	Manager of after sales services dept.
GEPA	Mennan Kuzanlı	General Manager
İleri Elektrik	Engin Metiner	Marketing Manager
Robert Bosch	Ahmet Arınel	Product Manager
Termikel	Necdet Çetin	Accountant

Telephone Interviews and Other Contacts

Company	Person	Position
Ardem	Ali Çengel	Manager of quality assurance dept.
Cihan Pazarlama	Şevki Arsu	General Manager
Demirdöküm	Abdullah Keten	Manager of quality assurance dept.
Evpar	Hakan Uygur	District Sales Manager
Pekel	Quality Assurance Manager	
Profilo	Quality Assurance Manager	
Simbay	Merdan Şerefli	Manager of quality assurance dept.

APPENDIX 3. PRODUCT DESCRIPTIONS

This section is a glossary of product line descriptions. In order to supply adequate information and help reader to have through understanding, detailed product descriptions are presented for future reference. Some types of 10 product lines that are not produced in Turkey at the moment are also included in the list. The descriptions are compiled from the economist intelligence unit report on "The European electro-domestic appliance industry"

3.1. REFRIGERATORS

a) Refrigerators usually have a single cabinet with one large door. They have a fresh food storage compartment and at the top, with its own flap or door, a smaller frozen food storage compartment. Some refrigerators also have a chiller compartment (within the fresh food compartment, but blocked off from it by a flap or partition) designed to stay a few degrees warmer than the fresh food compartment. The chiller is for those fruits and vegetables that stay fresh longer when kept cool but spoil rather quickly in the cold of the main refrigerator compartment. Most refrigerators without a chiller, and some with, have a crisper - usually a box with a lid - at the bottom of the refrigerator.

The star of the frozen food compartment shows how long frozen food can be kept there without harmful deterioration:

One stars : up to 1 week (colder than -6 C)
Two stars : up to 1 month (colder than -12 C)
Three stars : up to 3 months (colder than -18 C)

b) Refrigerator/Freezers have a freezing compartment. This is sometimes inside the refrigerator cabinet, but usually refrigerator and freezer are in separate cabinets - side-by- side or one on top of the other - each with its own door. The freezer part can be used for freezing food as well as for storing already frozen food, and is rated for freezing capability and for storage of frozen food for up to three months at colder than -18 C. Freezing capability (four stars) is usually equivalent to freezing 5 kg of fresh food with a volume of 100 litres in 24 hours.

Refrigerator/freezers with two compressors (one each for he separate cooling systems of the refrigerator and freezer cabinets) have freezers which are usually much the same size as medium-sized upright freezers. Single-compressor refrigerator/freezers tend to have smaller freezers.

3.2. FREEZERS

a) Upright Freezers. Single door freezers look like refrigerators from the outside (some manufacturers make matching freezers and refrigerators). Some large upright freezers have two doors. Inside, an upright freezer has shelves or sliding baskets, or both for storing food. Generally, a medium- sized freezer will fit under standard- height work surfaces. As its contents are easier to get at and it takes up less floor, an upright freezer is probably more practical in a kitchen than a chest freezer.

b) Chest Freezers. The hinged lid prevents the chest freezer from being placed under work surfaces. They are generally cheaper than upright freezers, on the basis of the usable storage space available, and are more suitable for the storage of bulky food. Food stored at the bottom of the freezer can be awkward to reach.

Manufacturers tend to quote the capacity of their freezers as gross volume. The usable volume is always less than this because it does not include the space taken up by baskets and shelves. The freezing capacity is the weight of food that can be frozen in 24 hours from 25 C to -18 C. Freezers should store food at -18 C or lower whatever the room temperature.

3.3. WASHING MACHINES

Washing machines are of three sorts:

- automatic
- semi-automatic
- combined or twin-tub

of which automatic washing machines predominate in all European and Turkish markets.

a) Automatic Washing Machines. There are two types of automatics, top-loading and front-loading. Front-loading machines tend to be more popular because they can be fitted under a work surface. Top-loading machines are either drum or tub types: drum types work in a similar manner to front- loading machines but have the opening in the side of the drum, which can make loading and unloading awkward. Their main advantage is that they are narrower than front loading machines. The advantage of tub-type top-loading machines is that front loading machines. The advantage of tub-type top- loading machines is that they can use any kind of detergent, rather than low-foaming detergents which alone are suitable for use in other types of automatic washing machines.

The washing and drying cycles follow automatically in sequence once the machine has been programmed and started by the user. The basic cycles will consist of :

- washing in heated water
- rinsing
- emptying of used waters
- spin drying.

Automatic machines may also incorporate other functions such as soaking, prewash, variable washing programmes adapted to the nature of the items being laundered, and drying by warm air.

The spin drying cycle of automatic washing machines is less efficient than a separate spin drier, even at the fastest spin of 1.000 rpm or more. Fast spin automatics normally have a slow spin cycle which reduces the creasing effect on some fabrics.

Some automatic washing machines provide an integral washing and drying function, by combining washing, spin drying and tumble dry only about half the maximum wash load in one go, so some washing has to be removed between washing and drying cycles.

Most automatic washing machines have a maximum load of between 4-5 kg.

b) Semi-Automatic Washing Machines. The washing cycles and spin drying operations follow in sequence, without the need to handle the items being washed, but each operation must be started by the user.

c) Combined or Twin-Tub Washing Machines have separate compartments for washing and spin drying, but the compartments are combined in a single unit. The washing compartment is equipped with a heater and wash timer or selector to set the length of the wash. Water for the wash is churned up either by an agitator in the middle of the tub or by an impeller in the bottom or side of the tub.

The spinning compartment can be operated when the wash tub is in use, but usually the spinning compartment will not take as many clothes as the wash tub. The separate spin drier is usually more efficient than the spinning cycle of an automatic washing machine.

3.4. DISHWASHERS

A full-size dishwasher has a capacity of 12-14 place settings, equivalent to a day's washing for a family of four. Small dishwashers have a capacity of 3-6 place settings.

Small dishwashers fit on a table-top or work surface. Large dishwashers are usually floor-standing, but some makes can be built into a kitchen unit. Both small and large dishwashers can be plumbed in or run off the kitchen taps.

There are dishwashers with over 10 different washing programmes. The most common programmes are:

- rinse and hold which loosens the dirt while waiting for a full load
- normal which comprises a pre-rinse, wash at 60-65 centigrade, followed by rinse and drying
- gentle wash which is a low temperature wash for delicate china and glassware
- intensive wash for pots and pans, which provides a heated pre-wash with extra detergent prior to the normal wash cycle.

Dishwashers wash with hotter water than is used for washing up by hand, and dishwasher detergent is more aggressive than washing-up liquid.

Performance: Using a cold fill, the large dishwashers tend to take longer to wash - an hour and a quarter to an hour and three-quarters - compared with just over half an hour to just under an hour for a small dishwasher. Cleaning performance, however, is not related to the size of the dishwasher.

Features: Detergent dispensers, rinse aid level indicators, water softeners and salt level indicators are all fairly standard features in large dishwashers. Small dishwashers have fewer features. Large dishwashers tend to have more programmes - though this may not be a great advantage as users are unlikely to use more than three or four different programmes.

3.5. COOKERS (OVENS)

a) **Basic Electric Cookers** have one fairly small oven, three or four electric rings or plates, few automatic controls or indicator lights.

b) **Larger Electric Cookers** will usually have a larger main oven and possibly a second smaller oven which includes the grill. Most will have an auto timer, minute minder, clock and indicator lights for most parts. All should have catalytic linings- often removable. Cookers are programmable in that the start and end of the cooking time may be automatically switched on and off according to the nature of the food or dish being cooked.

c) **Range Type Cookers** are double width models with two ovens side-by-side. They are usually equipped with auto timer, minute minder, clock, indicator lights, catalytic linings and other features such as griddle or rotisserie.

d) **Two-fuel Cookers** usually combine an electric oven and either a gas hob or a shared hob - two gas burners and two electric hot plates.

e) **Split-level Cookers** comprise separate oven and hob units, built-in to a kitchen. The main advantage of separating oven and hobs is that they can be sited within the kitchen to meet the requirements of the user. built-in ovens are at a more convenient height. Built-in cookers give a kitchen a more compact appearance with more storage space. Most leading manufacturers of kitchen units make matching housings for ovens and hobs. Another advantage is the choice of energy sources- gas hobs can be combined with an electric oven, for example.

Separate hobs may have their own controls and bee independent of the oven unit, or the hob control may be incorporated with the controls of the separate oven.

3.6. MICROWAVE OVENS

Domestic microwave ovens can usually be plugged into a standard 13 amp. or 15 amp. socket. Electricity from the mains is converted by a magnetron into microwaves which are directed into the oven by a wave guide and stirrer. The stirrer at the top of the oven acts like a fan which turns slowly to distribute the microwaves throughout the cavity. Some ovens are fitted with turn-tables to improve the evenness of microwave distribution and so ensure evenness of cooking.

The inside of the oven is made of metal and as microwaves are not absorbed by metal they are 'bounced off' the oven walls. Microwaves are absorbed by water, and since most foods have some water in them food in the oven will absorb the microwaves. The microwaves penetrate the food to a depth of around 5 cm gradually losing energy. The water molecules absorb this energy and convert it into heat which then spreads inwards. Food may need to be left to stand or 'equalise' for a time during or at the end of the cooking process, to allow the centre of the food to reach the same temperature as the outside before the outside becomes over-cooked.

As there is no external heat and because cooking times are short, food does not brown well-one of the main drawbacks of microwave cookery. One way of browning food is to put it under the grill of a conventional gas or electric cooker. Some more expensive microwave ovens have heating elements within the oven itself which can brown food.

3.7. DRYERS

a) Spin Dryers extract water from washing by spinning: the faster the spin the more water is extracted. Separate spin dryers are generally more efficient than the spin cycle of automatic washing machines, and should extract water to the extent that the user cannot wring out more water from the items which have been spun dry. The maximum speed of the spin varies from 1,400 rpm to 2,800 rpm.

There are two types of spin dryers - pump and gravity. The pump type pump water out through a hose which hooks over the sink. The gravity type allows water to drain into a bucket or bowl.

Separate spin dryers are not required by users of twin-tub washing machines, and most automatic washing machines cope sufficiently well with spin drying to avoid the need for a separate spin drier.

b) Tumble Dryers tumble wet washing in a rotating drum in warm air until dry, then tumble the load without heat for a short time to cut down creasing. Tumble drying can reduce creasing which may have set in during spin drying, and may do away with the need for ironing altogether.

The most basic machines have a timer control, one or two heat settings, and a cool tumble at the end of the drying cycle. The user has to estimate how long the load is likely to take to dry: underestimating the drying time means resetting; drying for too long wastes electricity and may make clothes more difficult to iron. More sophisticated machines have a range of drying programmes. The length of drying time is determined by the manufacturer

The most advanced programmed machines have electronic sensors which take the guess-work out of drying. The user chooses the programme depending on the type of load, and the sensors check how wet the load is and when dry the heated tumbling stops and the cool tumble starts. Other features on some dryers are reverse tumbling and intermittent tumbling. On machines with reverse tumbling, the drum changes direction regularly during drying. With intermittent tumbling, the drum keeps on rotating for a few seconds at short intervals at the end of the cooling period, to help prevent rinsing.

3.8. VACUUM CLEANERS

There are three types of vacuum cleaners:

- upright
- cylinder
- wet/dry.

a) **Upright Models** are best suited to cleaning fitted carpets, as no hose is required for this task. For other tasks, an upright with its hose and attachments is less convenient to use than a cylinder model.

b) **Cylinder Models** are more versatile, and fitted with the appropriate attachments can effectively clean stairs, skirting boards, hard floor, upholstery, curtains and areas under raised furniture and beds.

attachments include:

- radiator brush
- upholstery nozzle for cleaning soft furniture and curtains
- dusting brush for cleaning shelves, walls, picture rails etc
- crevice tool for cleaning around skirting boards and nooks and crannies
- floor nozzle for bare floors
- floor nozzle for carpets.

Suction Power: How well a vacuum cleaner performs depends on its suction power and the design of the nozzle being used. Suction power ratings by themselves are relevant only when using the open hose end or a simple nozzle such as a crevice tool.

c) **Wet/Dry Vacuum Cleaners.** A motor drives a fan to pull air through a cartridge filter and out through an exhaust vent. This creates a partial vacuum in the bin which causes air, water, dust or dirt to be sucked through the nozzle, tubes and hose. Water and heavier dirt are deflected to the bottom of the bin; light dust is deposited on the filter. If the bin fills with water, a float valve is lifted until it shuts off the air exit.

Wet/dry models are not sensible alternatives to conventional vacuum cleaners. They clean well and cost no more but are less convenient- mainly because they are more bulky, heavier, less manoeuvrable and noisier.

APPENDIX 4. ISO 9000 QUALITY STANDARD

INTERNATIONAL STANDARD

ISO 9000

First edition 1987-03-15

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION
ORGANISATION INTERNATIONALE DE NORMALISATION
МЕЖДУНАРОДНАЯ ОРГАНИЗАЦИЯ ПО СТАНДАРТИЗАЦИИ

Quality management and quality assurance standards — Guidelines for selection and use

Normes pour la gestion de la qualité et l'assurance de la qualité — Lignes directrices pour la sélection et l'utilisation

Reference number
ISO 9000 : 1987 (E)

Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work.

Draft International Standards adopted by the technical committees are circulated to the member bodies for approval before their acceptance as International Standards by the ISO Council. They are approved in accordance with ISO procedures requiring at least 75 % approval by the member bodies voting.

International Standard ISO 9000 was prepared by Technical Committee ISO/TC 176, *Quality assurance*.

Users should note that all International Standards undergo revision from time to time and that any reference made herein to any other International Standard implies its latest edition, unless otherwise stated.

Printed in Switzerland

Contents

Quality management and quality assurance standards — Guidelines for selection and use

0 Introduction

A principal factor in the performance of an organization is the quality of its products or services. There is a world-wide trend towards more stringent customer expectations with regard to quality. Accompanying this trend has been a growing realization that continual improvements in quality are often necessary to achieve and sustain good economic performance.

Most organizations — industrial, commercial or governmental — produce a product or service intended to satisfy a user's needs or requirements. Such requirements are often incorporated in "specifications". However, technical specifications may not in themselves guarantee that a customer's requirements will be consistently met, if there happen to be any deficiencies in the specifications or in the organizational system to design and produce the product or service. Consequently, this has led to the development of quality system standards and guidelines that complement relevant product or service requirements given in the technical specifications. The series of International Standards (ISO 9000 to ISO 9004 inclusive) embodies a rationalization of the many and various national approaches in this sphere.

The quality system of an organization is influenced by the objectives of the organization, by the product or service and by the practices specific to the organization, and, therefore, the quality system varies from one organization to another.

A cross-reference list of quality system elements is given in the annex for information.

1 Scope and field of application

The purposes of this International Standard are

a) to clarify the distinctions and interrelationships among the principal quality concepts (see clause 4), and

b) to provide guidelines for the selection and use of a series of International Standards on quality systems that can be used for internal quality management purposes (ISO 9004) and for external quality assurance purposes (ISO 9001, ISO 9002 and ISO 9003) (see clauses 5 to 8 inclusive).

NOTE — It is not the purpose of this series of International Standards (ISO 9000 to ISO 9004 inclusive) to standardize quality systems implemented by organizations.

2 References

ISO 8402, *Quality — Vocabulary.*

ISO 9001, *Quality systems — Model for quality assurance in design/development, production, installation and servicing.* 1)

ISO 9002, *Quality systems — Model for quality assurance in production and installation.* 1)

ISO 9003, *Quality systems — Model for quality assurance in final inspection and test.* 1)

ISO 9004, *Quality management and quality system elements — Guidelines.* 1)

3 Definitions

For the purposes of this International Standard, the definitions given in ISO 8402 apply. Five key terms and definitions have been taken from ISO 8402 and included in this International Standard because of their importance in the proper use of this International Standard.

3.1 quality policy : The overall quality intentions and direction of an organization as regards quality, as formally expressed by top management.

NOTE — The quality policy forms one element of the corporate policy and is authorized by top management.

1) The cross-references in the annex to specific clauses and sub-clauses in this series of International Standards apply to the first editions published in 1987.

3.2 quality management : That aspect of the overall management function that determines and implements the quality policy.

NOTES

1 The attainment of desired quality requires the commitment and participation of all members of the organization whereas the responsibility for quality management belongs to top management.

2 Quality management includes strategic planning, allocation of resources and other systematic activities for quality, such as quality planning, operations and evaluations.

3.3 quality system : The organizational structure, responsibilities, procedures, processes and resources for implementing quality management.

NOTES

1 The quality system should only be as comprehensive as needed to meet the quality objectives.

2 For contractual, mandatory and assessment purposes, demonstration of the implementation of identified elements in the system may be required.

3.4 quality control : The operational techniques and activities that are used to fulfil requirements for quality.

NOTES

1 In order to avoid confusion, care should be taken to include a modifying term when referring to a sub-set of quality control, such as "manufacturing quality control", or when referring to a broader concept, such as "company-wide quality control".

2 Quality control involves operational techniques and activities aimed both at monitoring a process and at eliminating causes of unsatisfactory performance at relevant stages of the quality loop (quality spiral) in order to result in economic effectiveness.

3.5 quality assurance : All those planned and systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for quality.

NOTES

1 Unless given requirements fully reflect the needs of the user, quality assurance will not be complete.

2 For effectiveness, quality assurance usually requires a continuing evaluation of factors that affect the adequacy of the design or specification for intended applications as well as verifications and audits of production, installation and inspection operations. Providing confidence may involve producing evidence.

3 Within an organization, quality assurance serves as a management tool. In contractual situations, quality assurance also serves to provide confidence in the supplier.

4 Principal concepts

An organization should seek to accomplish the following three objectives with regard to quality:

a) The organization should achieve and sustain the quality of the product or service produced so as to meet continually the purchaser's stated or implied needs.

b) The organization should provide confidence to its own management that the intended quality is being achieved and sustained.

c) The organization should provide confidence to the purchaser that the intended quality is being, or will be, achieved in the delivered product or service provided. When contractually required, this provision of confidence may involve agreed demonstration requirements.

The relationship of the concepts the definitions of which are quoted in clause 3 is illustrated in the figure; this figure should not, however, be interpreted as a rigid model.

5 Characteristics of quality system situations

This series of International Standards on quality systems is intended to be used in two different situations: contractual and non-contractual.

In both these situations, the supplier's organization wants to install and maintain a quality system that will strengthen its own competitiveness and achieve the needed product quality in a cost-effective way.

In addition, in the contractual situation, the purchaser is interested in certain elements of the supplier's quality system which affect the supplier's ability to produce consistently the product or service to its requirements, and the associated risks. The purchaser therefore contractually requires that certain quality system elements be part of the supplier's quality system.

A single supplier will often be involved in situations of both types. The supplier may purchase some materials or components from standard inventory without contractual quality assurance requirements, and purchase others with contractual quality assurance requirements. The same supplier may sell some products in non-contractual situations and others in contractual situations.

6 Types of International Standards on quality systems

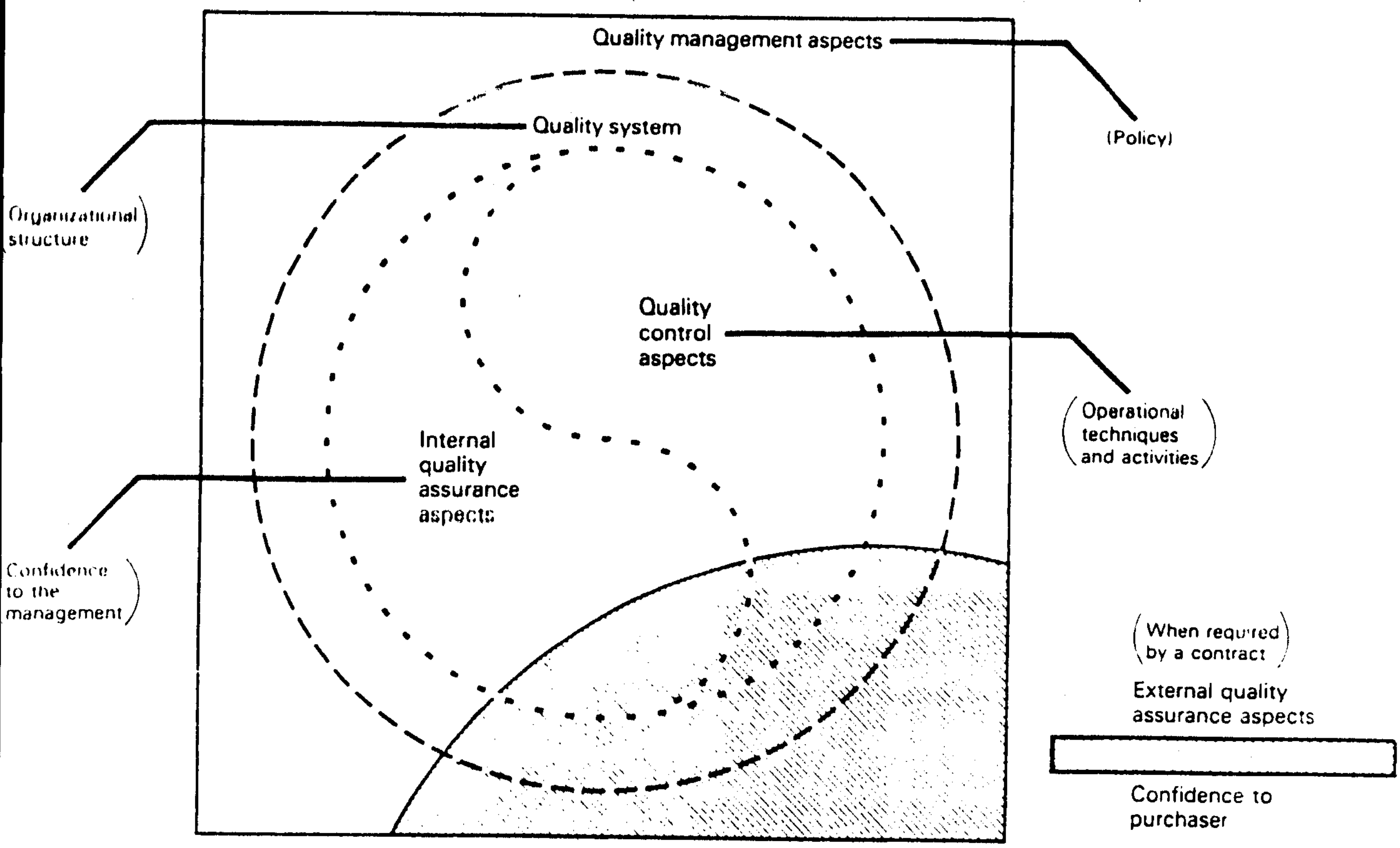
As indicated in clause 1, the following two types of standards, which embody the needs of the different situations classified in clause 5, are presented in this series of ISO International Standards on quality systems:

a) ISO 9004 (together with this International Standard) gives guidance to all organizations for quality management purposes.

b) ISO 9001, ISO 9002 and ISO 9003 are used for external quality assurance purposes in contractual situations.

7 Use of International Standards on quality systems for quality management purposes

After this International Standard has been consulted, reference should be made to ISO 9004 in order to develop and implement a quality system and to determine the extent to which each quality system element is applicable.



NOTES

1 The elements that comprise a quality system are listed in the annex.

2 Activities aimed at providing confidence to the management of an organization that the intended quality is being achieved are often called "internal quality assurance".

3 Activities aimed at providing confidence to the purchaser that the supplier's quality system will provide a product or service that will satisfy the purchaser's stated quality requirements are often called "external quality assurance".

Figure — Relationship of concepts

ISO 9004 provides guidance on the technical, administrative and human factors affecting the quality of products or services, at all stages of the quality loop from detection of need to customer satisfaction. Throughout ISO 9004, emphasis is placed on the satisfaction of the customer's need, the establishment of functional responsibilities and the importance of assessing (as far as possible) the potential risks and benefits. All these aspects should be considered in establishing and maintaining an effective quality system.

8 Use of International Standards on quality systems for contractual purposes

8.1 General

After this International Standard has been consulted, the purchaser and supplier should refer to ISO 9001, ISO 9002 and ISO 9003 to determine which of these International Standards is most relevant to the contract, and what specific adaptations, if any, have to be made.

The selection and application of a model for quality assurance appropriate to a given situation should provide benefits to both purchaser and supplier. Examining the risks, costs and benefits for both parties will determine the extent and nature of reciprocal information and the measures each party must take to provide adequate confidence that the intended quality will be achieved.

8.2 Selection of model for quality assurance

8.2.1 General

As indicated in the introduction to each of these three International Standards, certain quality system elements have been grouped into each of three distinct models based on the "functional or organizational capability" required of a supplier for the product or service:

a) ISO 9001: for use when conformance to specified requirements is to be assured by the supplier during several stages which may include design/development, production, installation and servicing.

b) ISO 9002: for use when conformance to specified requirements is to be assured by the supplier during production and installation.

c) ISO 9003: for use when conformance to specified requirements is to be assured by the supplier solely at final inspection and test.

8.2.2 Selection procedure

The model should be selected by systematic consideration of the factors described in 8.2.3 with due attention to the economic factor.

8.2.3 Selection factors

In addition to the functional criteria detailed in 8.2.1 a) to 8.2.1 c), the following six factors are considered to be fundamental for selecting the appropriate model for a product or service:

a) Design-process complexity.

This factor deals with difficulty of designing the product or service if such product or service has yet to be designed.

b) Design maturity.

This factor deals with the extent to which the total design is known and proven, either by performance testing or field experience.

c) Production-process complexity.

This factor deals with

1) the availability of proven production processes;

2) the need for development of new processes;

3) the number and variety of processes required;

4) the impact of the process(es) on the performance of the product or service.

d) Product or service characteristics.

This factor deals with the complexity of the product or service, the number of interrelated characteristics, and the criticality of each characteristic for performance.

e) Product or service safety.

This factor deals with the risk of the occurrence of failure and the consequences of such failure.

f) Economics.

This factor deals with the economic costs, to both supplier and purchaser, of the preceding factors weighed against costs due to nonconformities in the product or service.

8.3 Demonstration and documentation

The quality system elements should be documented and demonstrable in a manner consistent with the requirements of the selected model.

Demonstration of the quality system elements refers to

a) adequacy of the quality system (e.g. in design, production, installation and servicing);

b) capability to achieve product or service conformity with the specified requirements.

The nature and degree of demonstration may vary from one situation to another in accordance with such criteria as

a) the economics, uses and conditions of use of the product or service;

b) the complexity and innovation required to design the product or service;

c) the complexity and difficulty of producing the product or service;

d) the ability to judge product quality and fitness for use on the basis of final product test alone;

e) the safety requirements of the product or service;

f) the past performance of the supplier.

Documentation may include quality manuals, descriptions of quality-related procedures, quality system auditing reports and other quality records.

8.4 Pre-contract assessment

Assessments of a supplier's quality system are utilized prior to a contract to determine the supplier's ability to satisfy the requirements of ISO 9001, ISO 9002 or ISO 9003 and, when appropriate, supplementary requirements. In many cases, assessments are performed directly by the purchaser.

By agreement between purchaser and supplier, pre-contract assessment may be delegated to an organization independent of both contracting parties. The number or the extent of assessments can be minimized by using ISO 9001, ISO 9002 or ISO 9003 and by recognizing previous assessments carried out in accordance with these International Standards by the purchaser or by an agreed independent assessing organization

8.5 Contract preparation aspects

8.5.1 Tailoring

Experience has shown that with a small fixed number of International Standards available, one of the International Standards can be selected that will meet needs adequately for almost any situation. However, on occasions, certain quality system elements called for in the selected International Standard may be deleted and, on other occasions, elements may be added. If this should prove necessary, it should be agreed between the purchaser and the supplier, and should be specified in the contract.

8.5.2 Review of contractual quality system elements

Both parties should review the proposed contract to be sure that they understand the quality system requirements and that the requirements are mutually acceptable considering the economics and risks in their respective situations.

8.5.3 Supplementary quality assurance or quality system requirements

There may be a need to specify supplementary requirements in the contract, such as quality plans, quality programmes, quality audit plans, etc.

8.5.4 Technical requirements

The technical requirements of the product or service are defined in the technical specifications of the contract.

Annex

Cross-reference list of quality system elements

(This annex is given for information purposes and does not form an integral part of the standard.)

Clause (or sub-clause) No. in ISO 9004	Title	Corresponding clause (or sub-clause) Nos. in ISO 9001	ISO 9002	ISO 9003
4	Management responsibility	4.1 ●	4.1 ◐	4.1 ○
5	Quality system principles	4.2 ●	4.2 ●	4.2 ◐
5.4	Auditing the quality system (internal)	4.17 ●	4.16 ◐	-
6	Economics — Quality-related cost considerations	—	—	—
7	Quality in marketing (Contract review)	4.3 ●	4.3 ●	—
8	Quality in specification and design (Design control)	4.4 ●	—	—
9	Quality in procurement (Purchasing)	4.6 ●	4.5 ●	—
10	Quality in production (Process control)	4.9 ●	4.8 ●	—
11	Control of production	4.9 ●	4.8 ●	—
11.2	Material control and traceability (Product identification and traceability)	4.8 ●	4.7 ●	4.4 ◐
11.7	Control of verification status (Inspection and test status)	4.12 ●	4.11 ●	4.7 ◐
12	Product verification (Inspection and testing)	4.10 ●	4.9 ●	4.5 ◐
13	Control of measuring and test equipment (Inspection, measuring and test equipment)	4.11 ●	4.10 ●	4.6 ◐
14	Nonconformity (Control of nonconforming product)	4.13 ●	4.12 ●	4.8 ◐
15	Corrective action	4.14 ●	4.13 ●	—
16	Handling and post-production functions (Handling, storage packaging and delivery)	4.15 ●	4.14 ●	4.9 ◐
16.2	After sales servicing	4.19 ●	-	-
17	Quality documentation and records (Document control)	4.5 ●	4.4 ●	4.3 ◐
17.3	Quality records	4.16 ●	4.15 ●	4.10 ◐
18	Personnel (Training)	4.18 ●	4.17 ◐	4.11 ○
19	Product safety and liability	-	—	—
20	Use of statistical methods (Statistical techniques)	4.20 ●	4.18 ●	4.12 ◐
—	Purchaser supplied product	4.7 ●	4.6 ●	—

Key

● Full requirement
◐ Less stringent than ISO 9001
○ Less stringent than ISO 9002
— Element not present

NOTES

1 The clause (or sub-clause) titles quoted in the table above have been taken from ISO 9004; the titles given in parentheses have been taken from the corresponding clauses and sub-clauses in ISO 9001, ISO 9002 and ISO 9003.

2 Attention is drawn to the fact that the quality system element requirements in ISO 9001, ISO 9002 and ISO 9003 are in many cases, but not in every case, identical.

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