

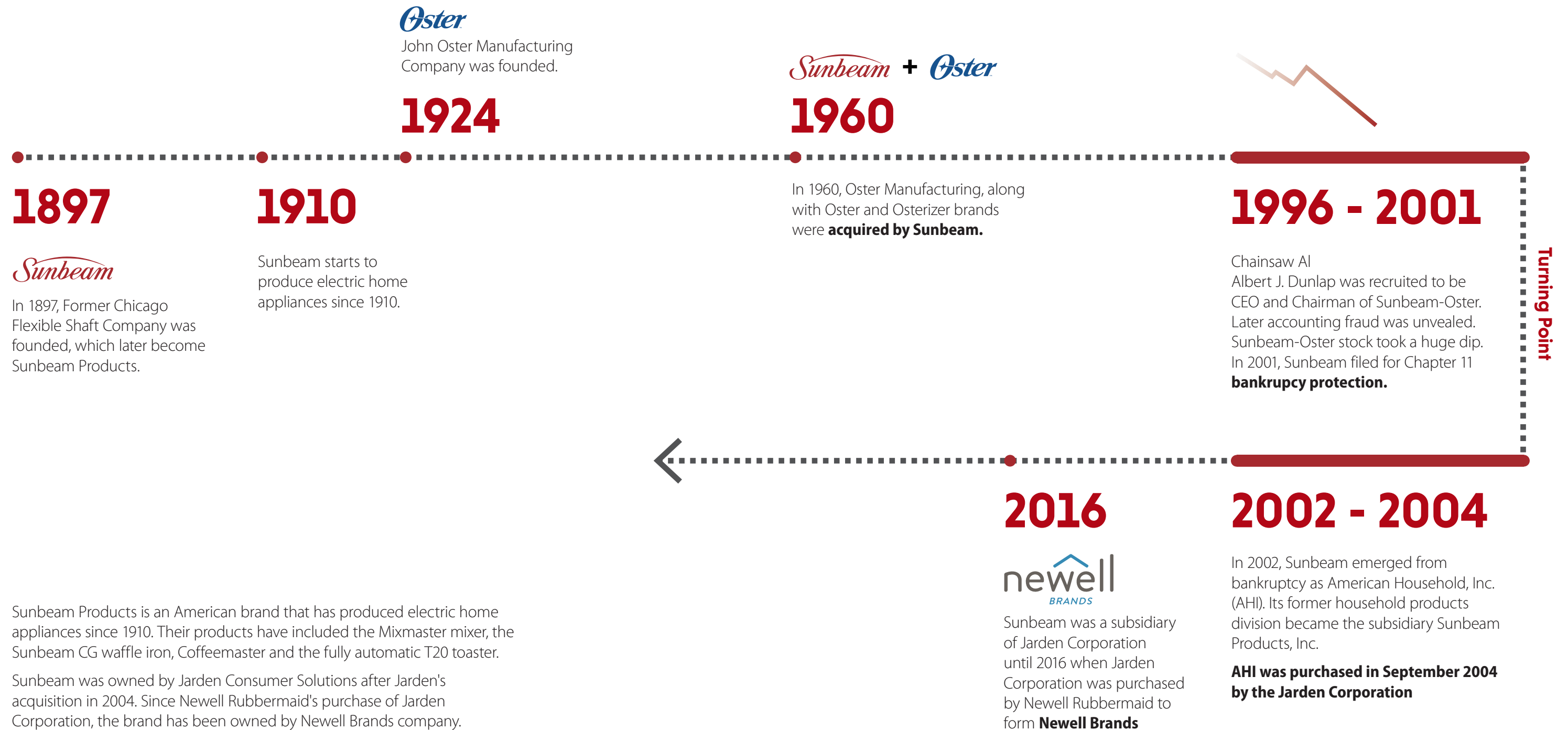


Sunbeam Breadmaker

Sunbeam

IDN-536-01.16F: Introduction to Portfolio Planning
Ran Kuang

Sunbeam - A Brief History



Resources Map

Partnership



Newell Brands - Parent Company of Sunbeam

Newell Brands is an American worldwide marketer of consumer and commercial products with a portfolio of well-known brands.



Sunbeam Australia

Sunbeam Australia has also **licensed its designs** to other companies including Sunbeam Products Inc

TEAMS DESIGN



Design Teams

Sunbeam works with outside consultancies such as **TEAMS Design, Altitude, Beyond Design, Rorke Design** and many others.

Resources

Contigo | Travel Mugs, Water Bottles & Kids

Famous for its **sealing technology** used in water bottles

Rubbermaid | Home Organization Products & Solutions

Famous for its **sealing technology** used in food containers

Calphalon Cookware | Cookware, Cutlery, Bakeware, Kitchenware & More

Famous for its **Hard-Anodized Aluminum and other materials** used in cookwares. High-end.

Crock-Pot | The Original Slow Cooker

Strength in its **trademarked slow-cook crock pot products.**

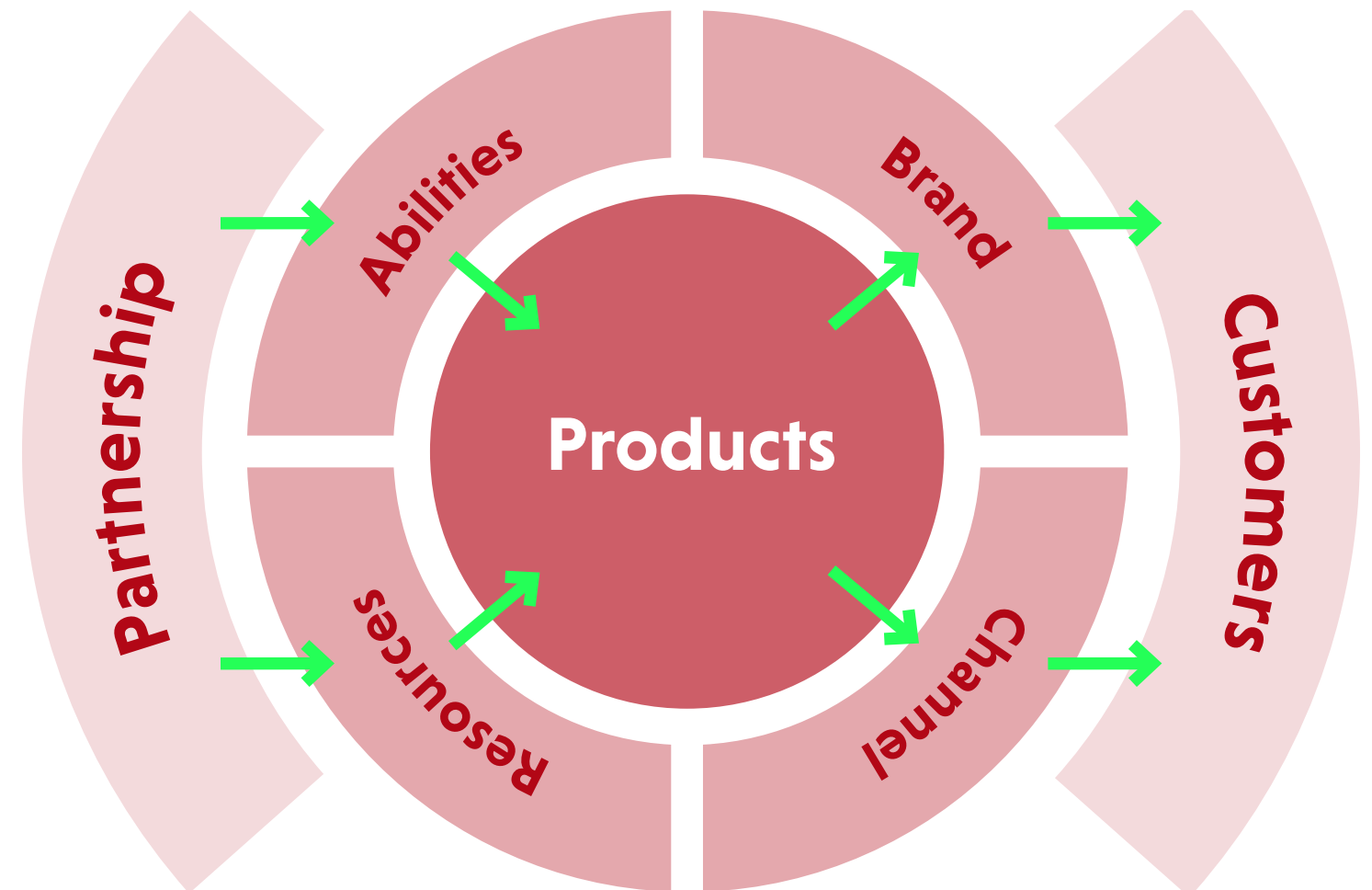
Foodsaver | The #1 Vacuum Sealer

Famous for its **vacuum sealing technology** used in food savers.

Abilities

Brands from parent company might be able to provide technology support for **materials and sealing.**

Brand



Operational Model Evaluation

Product Leadership 8.5/10 or 2/10

" This heating pad is the best I've used, among a number of brands and models intended for home use and of this approximate size. "

" I have had about 10 irons during my years of sewing professional sewing and this one is the best iron I have purchased, hands down!!! "

Some of Sunbeam products are doing great, especially in the heating pad product line (for pain relief and for bedding). Irons and breadmaker also have a great market share.

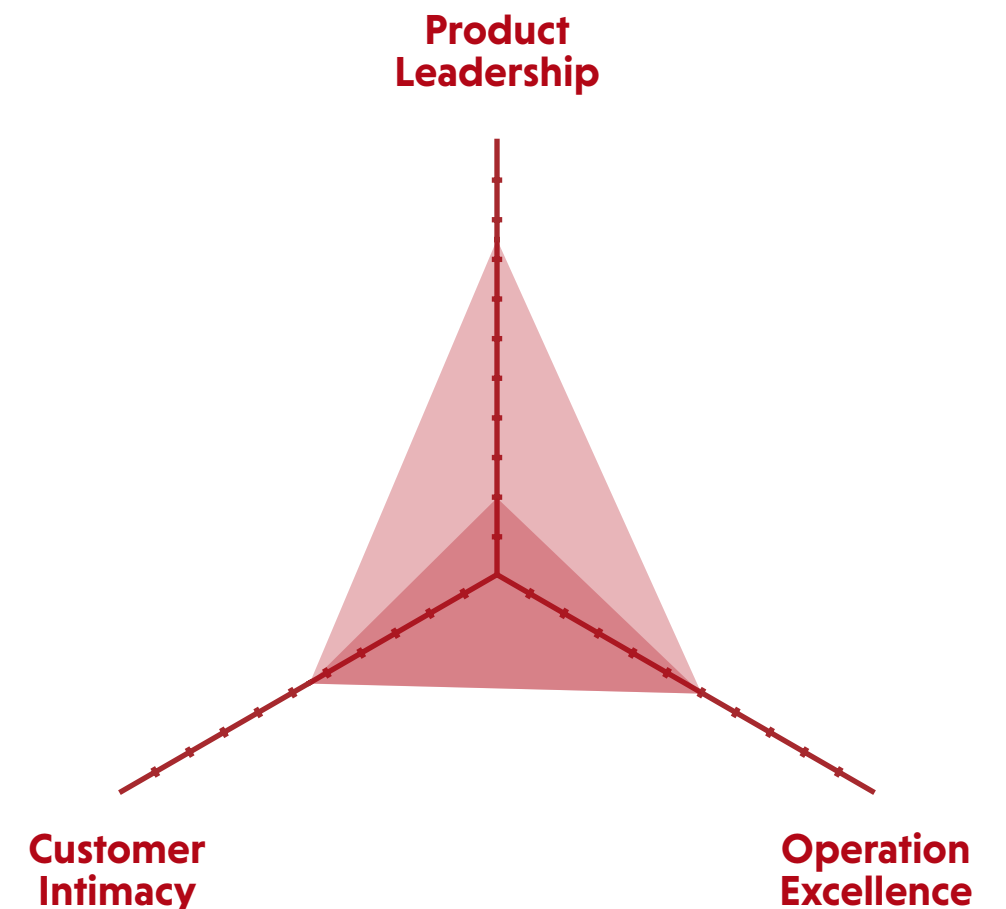
However, other products in the company is not receiving good reviews and have little product sales.

Customer Intimacy 5.5/10

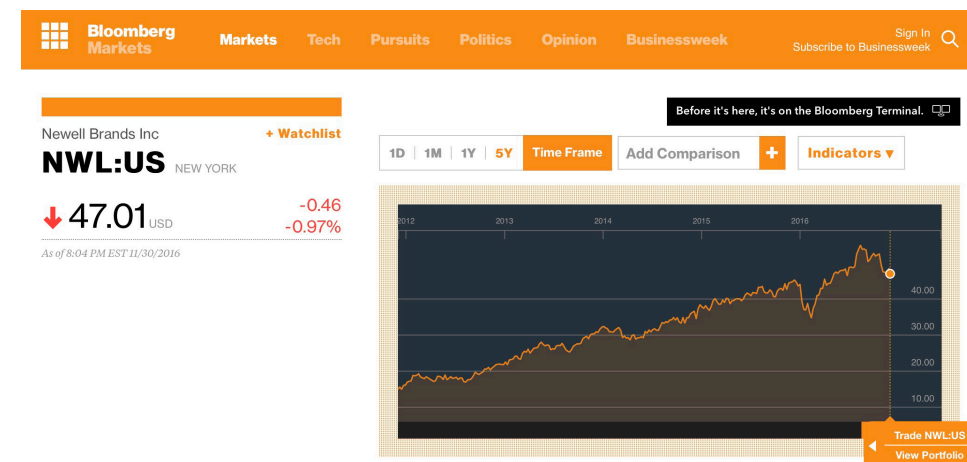


Sunbeam products have some variation in products, and color variation, but not much.

The quantity of their products are heating pad (at least 10 major ones + 10 heated bedding) -> 8 irons -> 6 mixers -> 1 bread maker



Operational Excellence 6/10



Former CEO of Sunbeam Inc., Albert J. Dunlap was found faking company financial report. After the fraud was discovered, Sunbeam's stock took a dive and in 2001, it filed bankruptcy.

Then Sunbeam was taken over by Jarden Corporation, which was later acquired by Newell Rubbermaid. Newell Brands was formed after that.

Although there was no revenue information for Sunbeam, the revenue information of Newell Brands is doing great and the stock market has a positive reaction towards it. So it can be assumed that Sunbeam is doing great under the operation of Newell Brands.

Overall

- (Some) Great products
- Average customer intimacy (Ordinary)
- Average company operation (Getting better)

Customer Segmentation - Breadmaker

Who Would Use A Breadmaker?

- People who MAKE BREAD

With so many bread choices from grocery stores, getting one isn't a difficult thing. Therefore, the ones who uses a breadmaker\ bread machine would be the ones who are **1)not satisfied with factory made even store fresh baked bread** and who would want to **2)make bread themselves**. **3)The ones who enjoy cooking** and **4)who love homemade food** will probably use a bread machine to make bread themselves

- People who want to make bread EASIER

Among those who actually makes bread, there are people who prefer to make bread with hand entirely and the ones who would use a bread machine. A bread machine is used to help them **1)save time**, **2)with their physical limitations** (strength needed when making the dough) and **3) discover new recipes**.



- People who want to MAKE DOUGH-RELATED DISH

Nowadays, some bread machines have the function of making ferment dough for pizza and cake. Some can even make jam. This could also be a reason for people to purchase a bread machine.



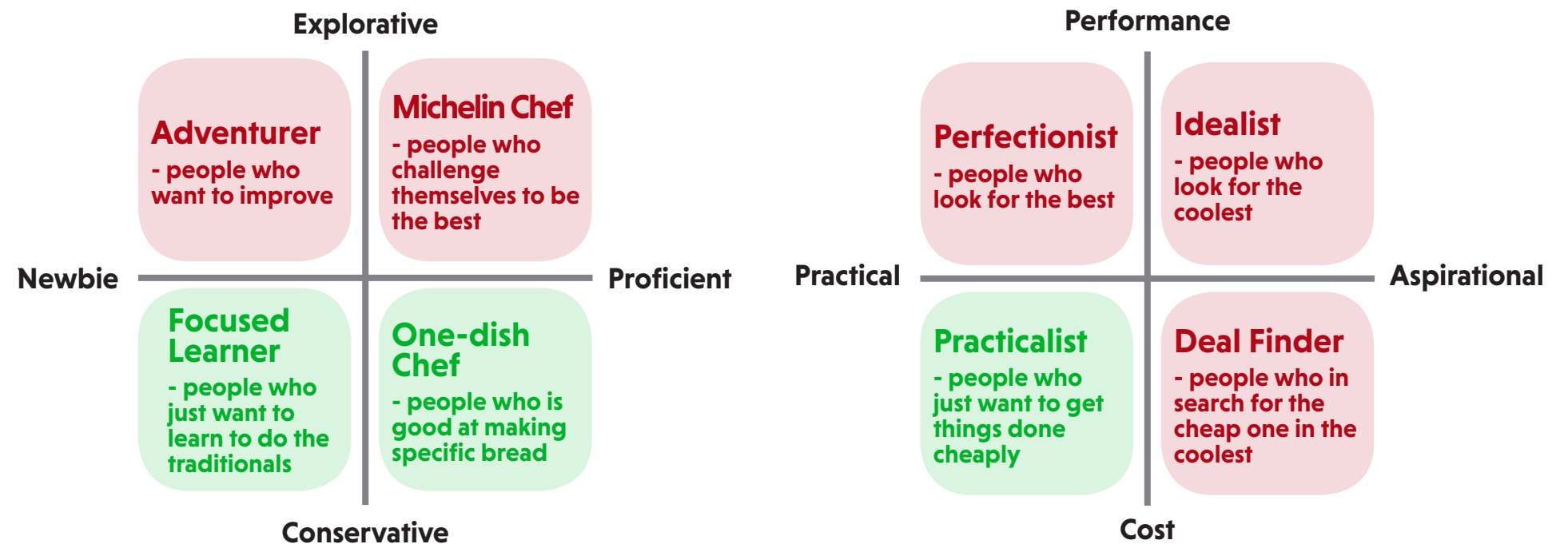
What Are the Characteristics of These People?

- Enjoy the process or get the job done
- Care about price or not
- Explorative or conservative
- Have proficiency in cooking or not

Where Does the Current Customer Segment of Sunbeam Breadmaker Lie in the Matrix?

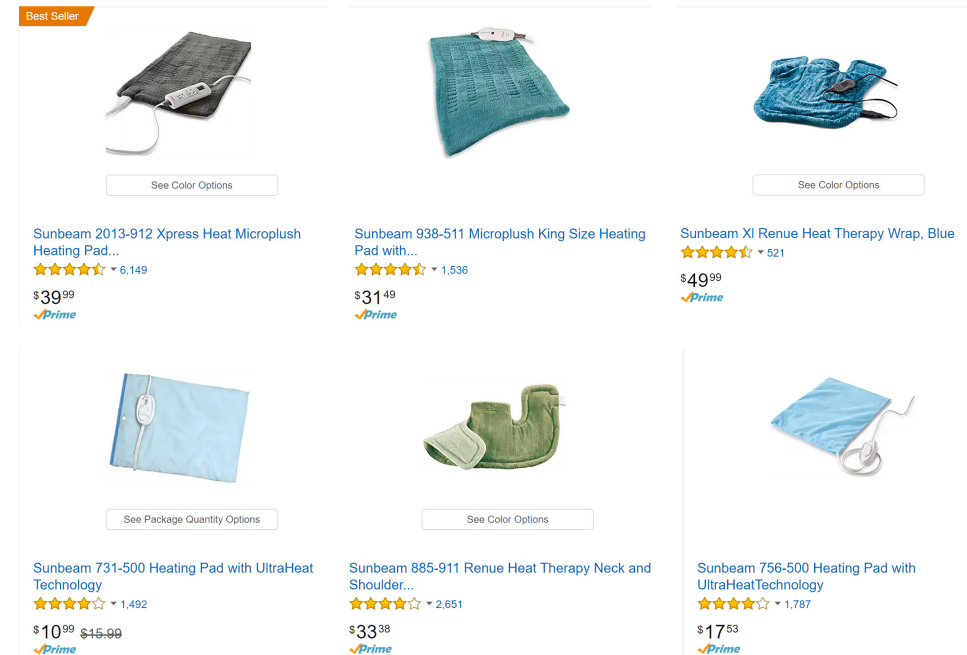
" All in all, we thought that this machine is the perfect option for those looking for **an inexpensive machine**. It does what all the other expensive models do (bake tasty bread!), but don't expect it to make a perfectly browned loaf like the expensive models, not rumble as it bakes the 2-pound loaf, or not breakdown after 3 years. **If you want a more reliable machine, maybe it's worth paying more for another model**. For the price, we were happy with our Sunbeam 5891 purchase. "

Review from Breadmachinepros.com



Customer Segmentation - Other Sunbeam Products

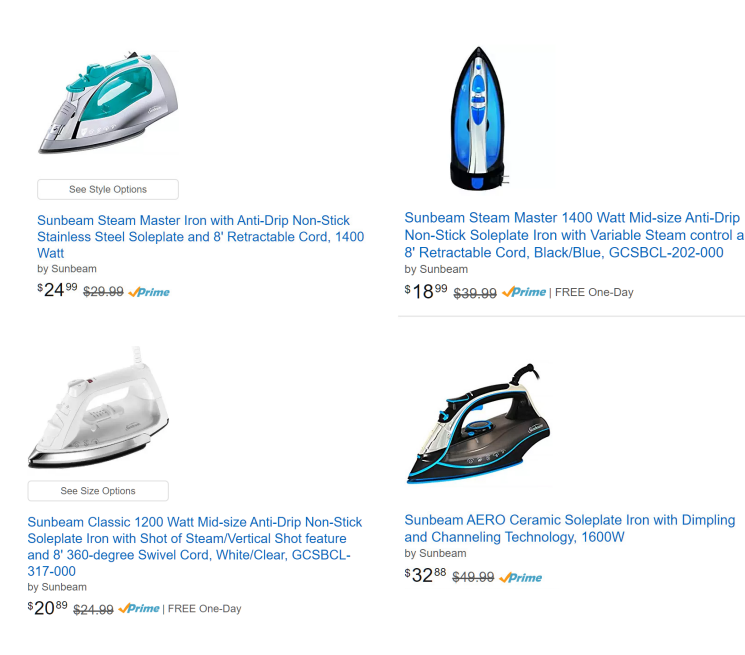
Heating Pad - Health Average Price Range \$30 - \$50



Aimed at pain relief, Sunbeam's best selling product heating pad is priced from \$10 to \$50. There's **no other competition in heating pad category since the top 15 on Amazon.com are all Sunbeam product.**

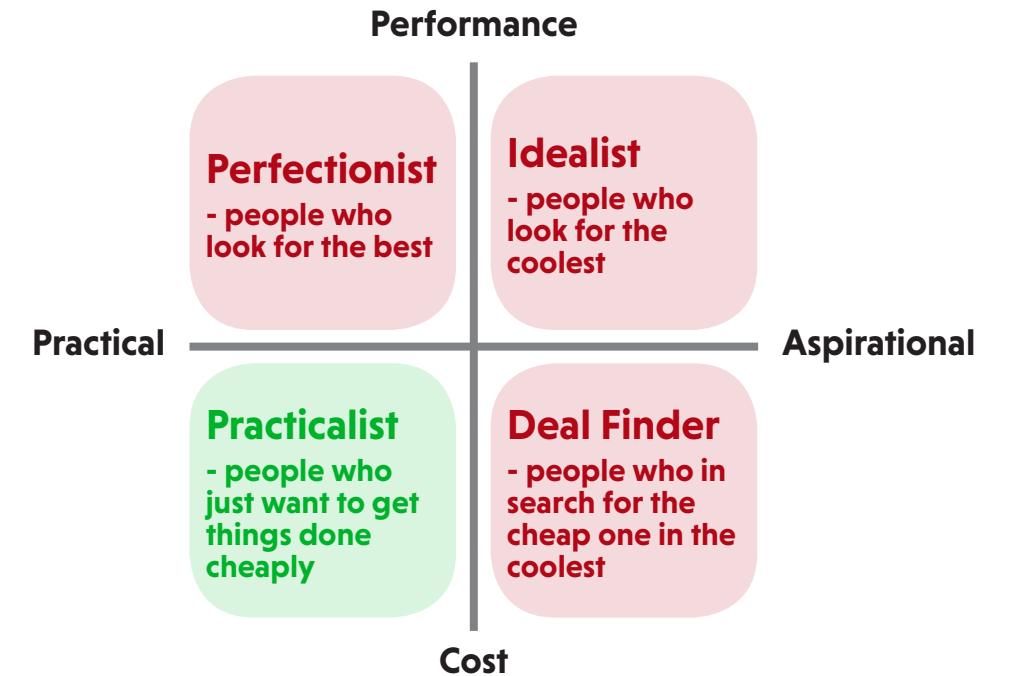
The product itself does not have a cool and fancy look. There's not much high-end technology in this product category. And the price is fairly low. Therefore, this product is more **aimed at the common market than a high-end one.**

Iron - Household Average Price Range \$20 - \$35



Same situation for Sunbeam's 2nd best selling product - irons. They are of **low price and ordinary tech.** But the price difference between a high priced iron and the ordinary priced iron is \$20 - 30, which is not much difference.

Current Sunbeam Customer Segment



Sunbeam products are aimed at people with normal income. These people are kind of **cost sensitive.**

At the same time, products provided by Sunbeam are **not the ones with the most cutting edge technology.** They are using common technology where other companies all have. But the strength of Sunbeam seems to be that it is able to **utilize their operation and resources to create the best sellers within certain price.**

This low-price, low-tech strategy works well in the products where technology doesn't make much of a difference. However, when the product requires high technology to provide a great experience, Sunbeam loses the battle there.

Breadmaker Market Lifecycle

Growth Period - Approaching Mature

Currently there are around 300 different bread machines in market. (According to Amazon data). Yet there are not much specification difference between them. It is a standard for all bread makers to be able to make a 1.5 - 2 lb loaf, 13 hours time delay and

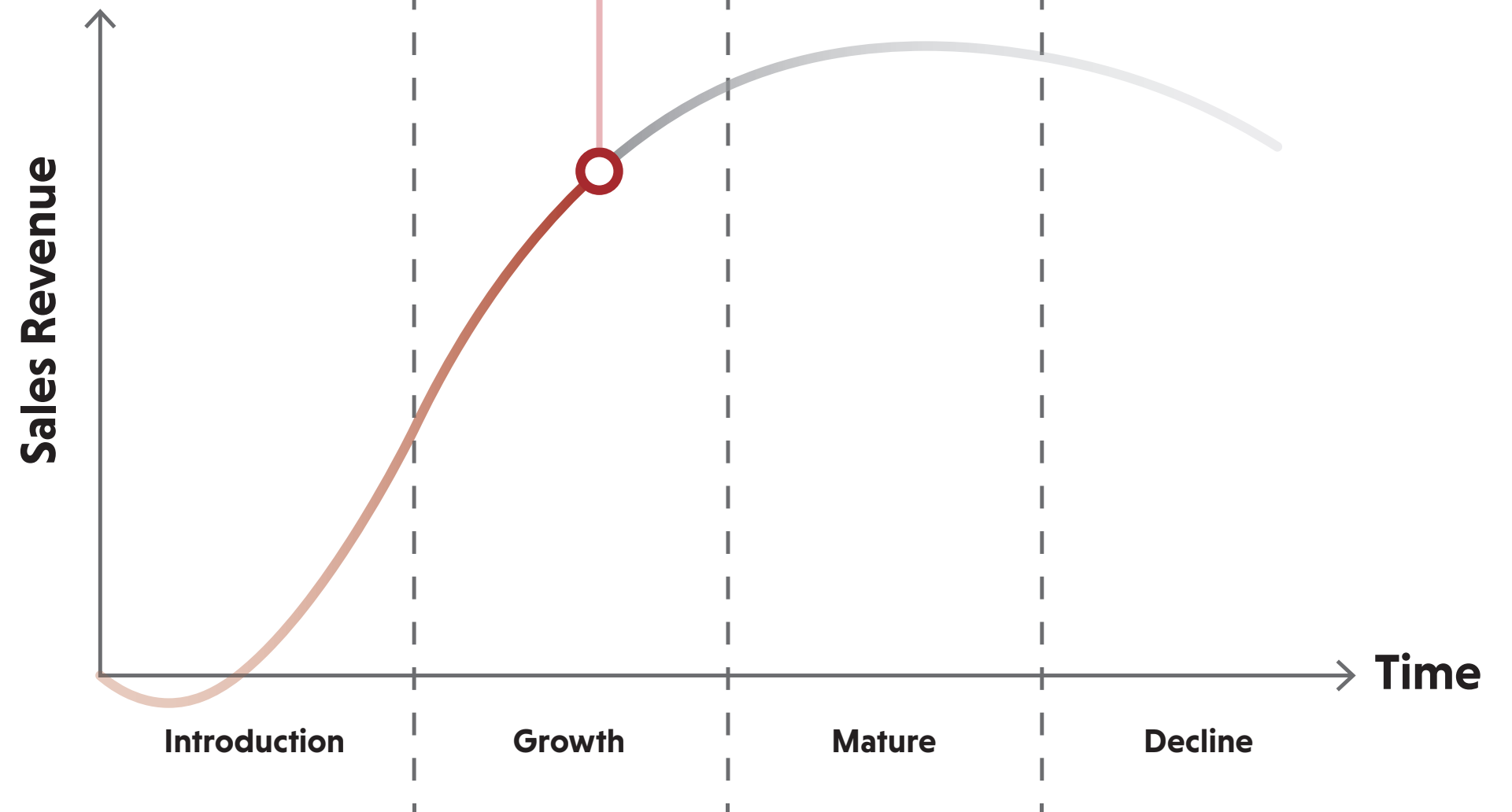
at least 10 different kinds of recipes. **It is when a product is approaching its mature period that all products within the group becomes similar.**

However, **the opportunity here is that people are becoming more concerned of what they eat** in the

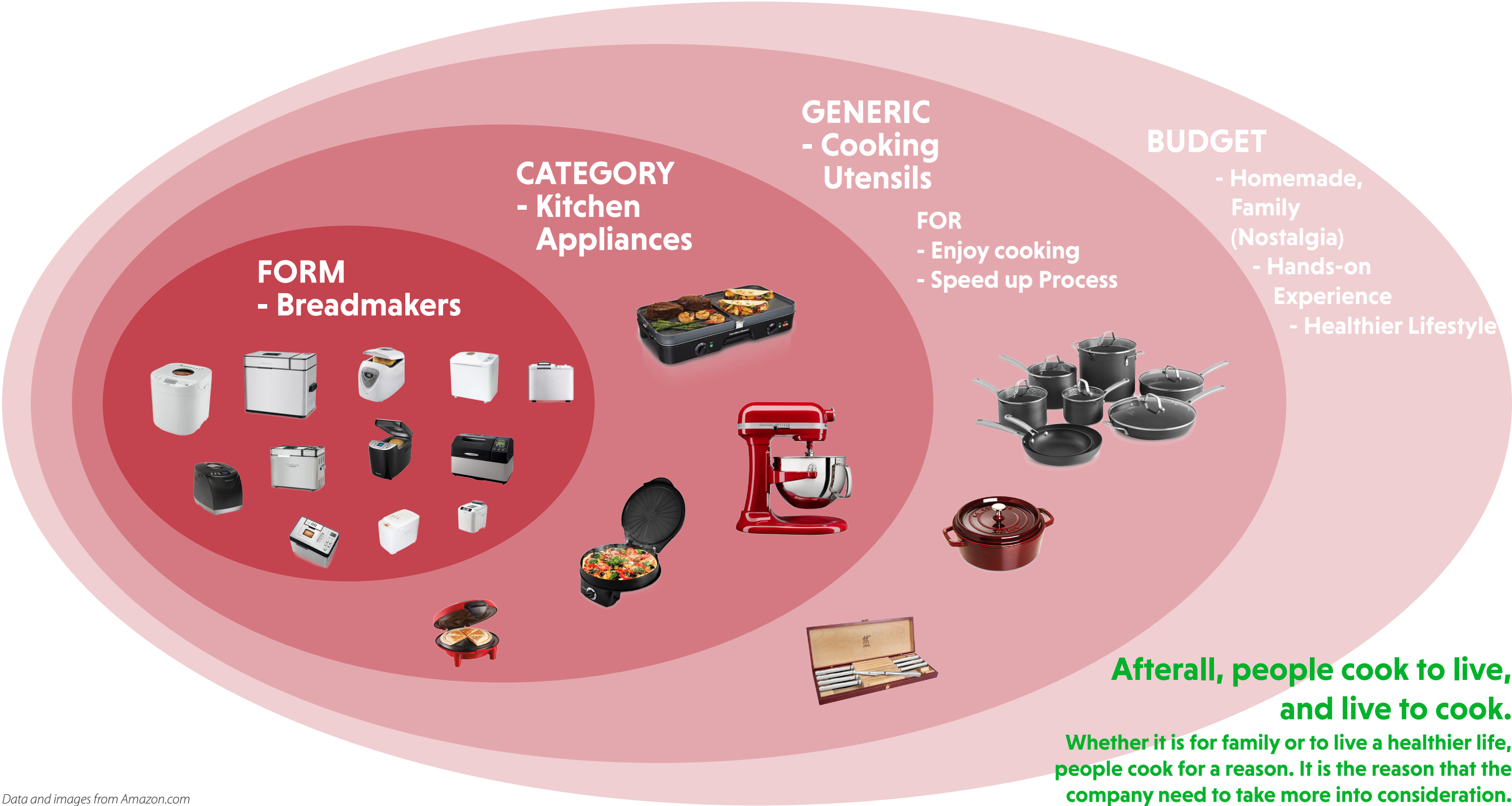
United States. **Healthy eating** is the new fashion. The trend here is that **more and more people are returning to kitchen to cook. There will be new needs due to behavior change of customers.**

Product Models in Market: 295

Data from Amazon.com



Competition Landscape



Data and images from Amazon.com

Competition in Breadmaker



Green Number is the product ranking on Amazon.com

Data and images from Amazon.com

Tier 1 - Low-price Beginner

4 out of 14 products fall into this tier. Sunbeam + Oster products are also in this tier. They are **low price, with getting-by functions** and the sales data are good.





Tier 2 - Medium-price Pro

6 out of 14 products fall into this tier. They have some professional functions and their prices are higher. This is the **largest market** according to sales data despite the fact that the average price is higher. At the same time, it has the fiercest competition.

Tier 3 - The Professional

4 out of 14 products fall into this tier. They are the professional ones with price that is extremely higher than others. It also requires far better technology than other tiers. This tier is dominated by Japanese brands like Zojirushi. **Despite the fact that they are expensive, they are selling pretty good. The assumption is that the ones who actually makes bread are the professionals who wants to make extraordinary bread and other dough-related food.**

Personas and Market

Personas Product Price	Young Vegetarian, 22, single <ul style="list-style-type: none"> - Love organic, homemade and healthy food - Help him learn - Healthy recipes 	Food Savvy, 32, has a girlfriend <ul style="list-style-type: none"> - with good skills and want to get better - Party lover, enjoy cooking for his girlfriend and friends - Cooking is a hobby, more control, quality, ways to get better 	Housewife, 50, mother of two <ul style="list-style-type: none"> - Experienced - Family-centered: prepare food for family, connect family members - Cooking is part of the duty - Time saving, do the job; do good job
\$150 and UP			
\$100 - \$150	<div style="background-color: #e0ffe0; border-radius: 15px; padding: 10px; text-align: center;"> Long Term Opportunity </div>		
\$50 - \$100			
BELOW \$50			<div style="background-color: #e0ffe0; border-radius: 15px; padding: 10px; text-align: center;"> Short Term Opportunity </div>

Direct competition between Sunbeam and Oster when they are the same company

Sunbeam + Oster products are targeted at the same customer group and their price is similar. **They are competing with each other with the customers they share.**

Opportunity: Use similar product or slightly higher-tech product to gain customers.

Short term: Expand to the same price slot but accommodate more customers

Long term: Use higher technology to build a higher value product. And apply the lower version of the technology to create new generation of low-price product.

Problems Facing Sunbeam

Problems for Sunbeam Breadmaker

- Product too old

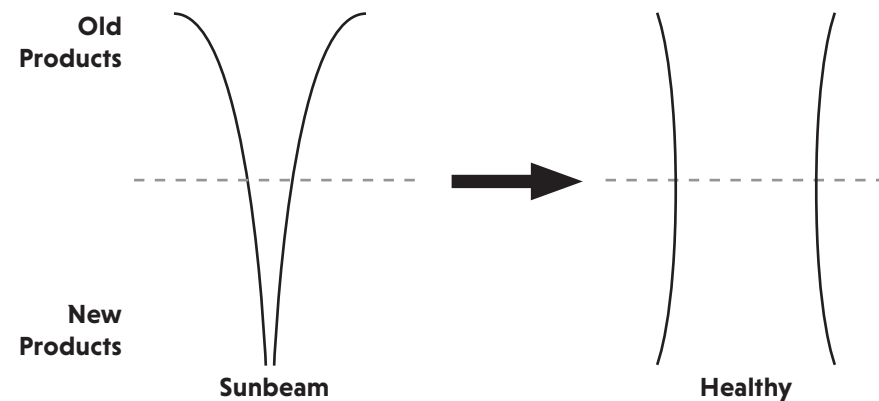
Sunbeam breadmaker was first available in 2001. After more than a decade, the product Sunbeam is offering is still the same one from 15 years ago while offerings from other companies are much newer. On the one hand, it's a good thing that the product is still making a profit. On the other hand, **a way too old model is not good for competition and gain new customers.**

Product Information	
Package Quantity	1
Product Dimensions	15 x 10 x 13 inches
Item Weight	18.8 pounds
Shipping Weight	18.3 pounds (New shipping rates and policies)
Department	ELECTRONICS-OTHER > HOME & HEALTH ACCESSORIES
Manufacturer	Sunbeam
ASIN	B00007REBU
Item model number	5881
Customer Reviews	4.2 out of 5 stars 635 customer reviews
Best Sellers Rank	#2,670 in Home & Kitchen (See Top 100 in Home & Kitchen) #1 in Ironers & Steamers > Small Appliances > Bread Machines
Date first available at Amazon.com	October 2, 2001

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- Too little product

Sunbeam have one and only one product in breadmaker category. Although it's a bestseller in its price range, **it is not going to help Sunbeam expand for a longer time period.**



Data and images from Amazon.com

Problems for Sunbeam Company

- Too many product category

Sunbeam Products have a lot of different products. The problem is there are **too many different categories that it seems to lack focus.** The consequence for this structure is that the company spend a lot of money trying to manage current product lines. Among these product lines, some of them are making profit but a lot of them are badly designed and are losing money. **The bad products create a bad brand identity for this company, which is disastrous for company's long term development.**

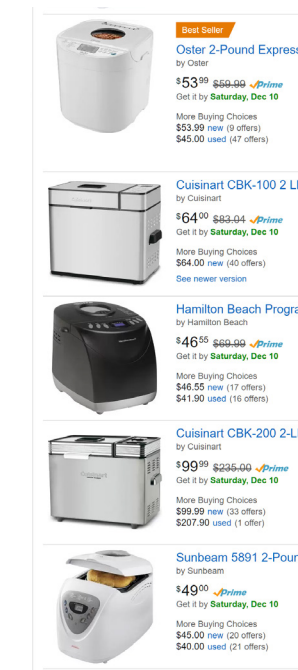


Problems for Sunbeam + Oster

- Direct competition

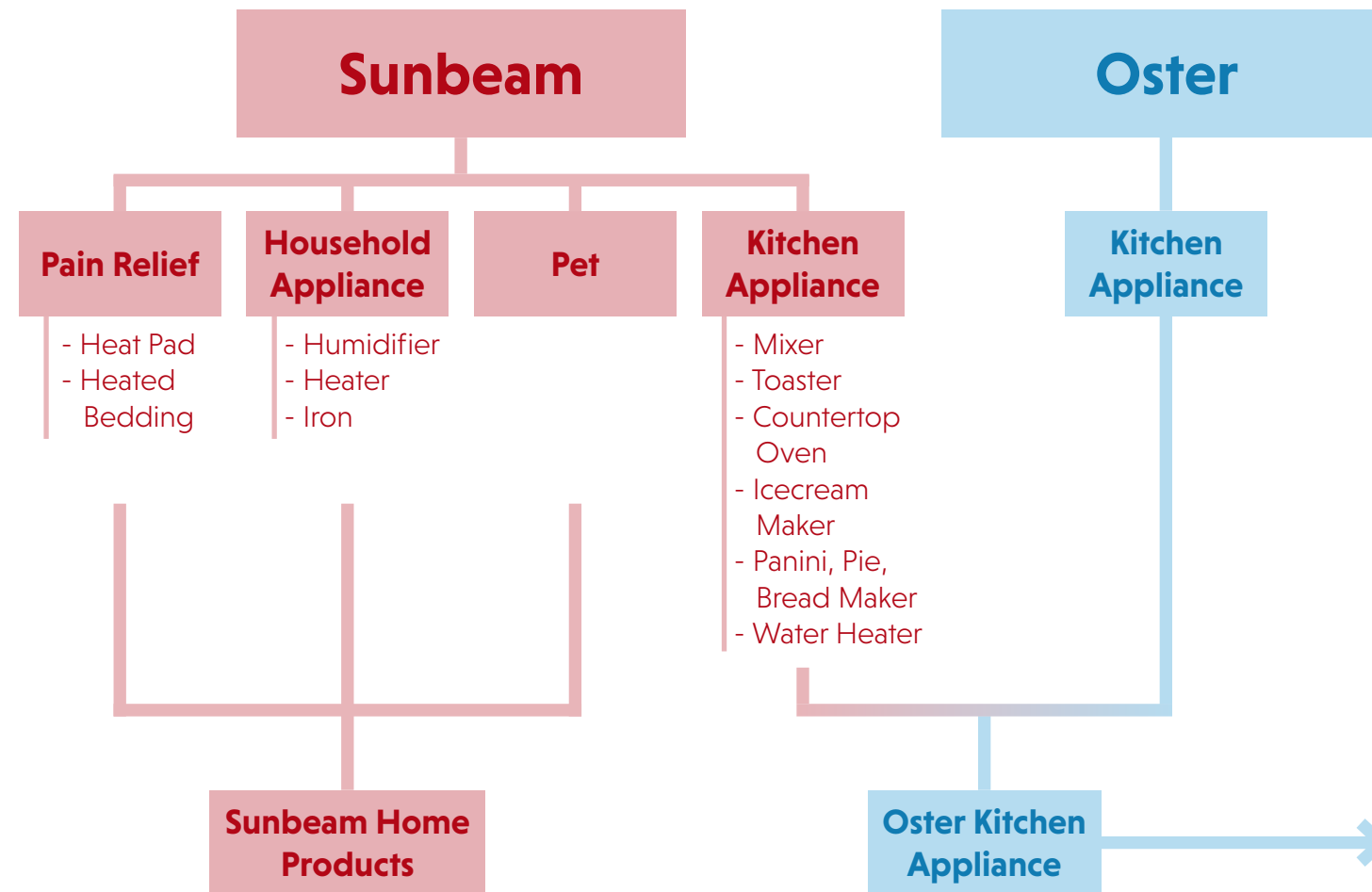
Sunbeam acquired Oster in 1960 and they formed a new company called Sunbeam + Oster. However, after all these years, these two brands are **targeting at same customer segments** and are **directly competing against each other.** The battle consumes money and is not helpful for further development of both brands.

There are signs that Sunbeam + Oster group is focusing more on the Oster brand as Oster brand has a more unified and complete product portfolio than the chaotic one that Sunbeam brand has.



Strategy for Sunbeam + Oster

Current

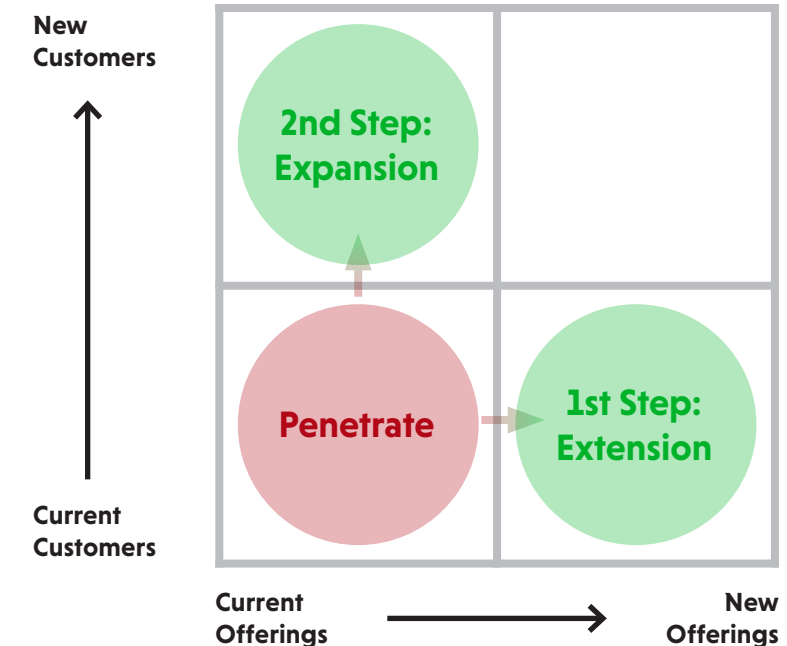
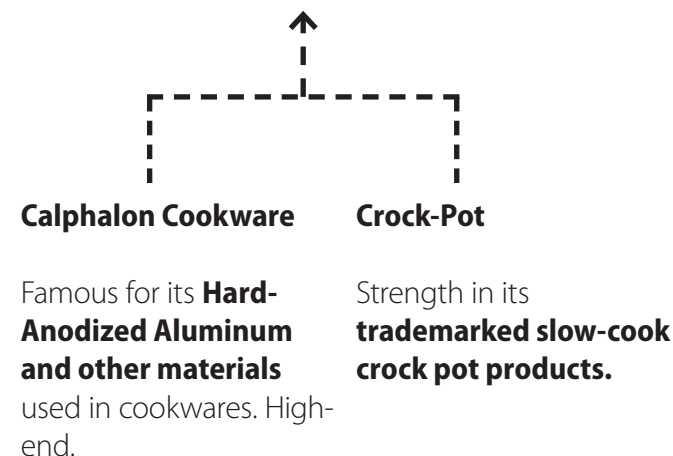
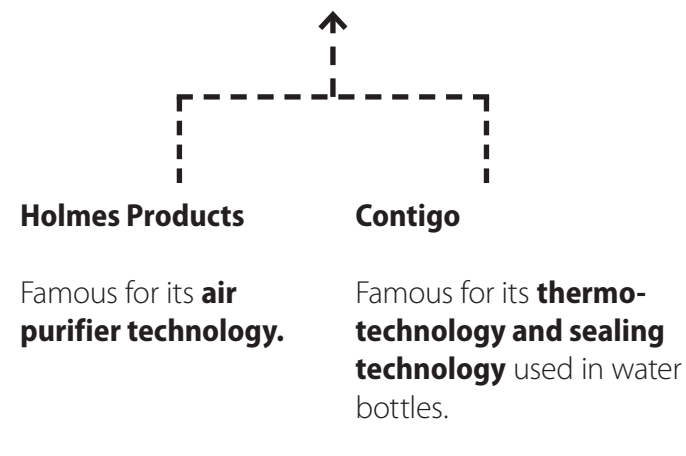


Future

Simplify portfolio, keep the necessary and eliminate the not so good product lines.

Separate kitchen appliance and combine it with Oster to form **Oster Kitchen Appliance**. The rest within Sunbeam form **Sunbeam Home Products**.

Resources from parent company



Breadmaker Strategy

- First step, consider **bringing in new products for current users** with the same price and technology strategy.
- Second, **invest in new technology and new product**. Produce higher-end products to gain new customers and new market segment.
- Last but not the least, **build a service system** besides the products, e.g. more recipe recommendation + ingredient packet service, to attract new customers into this fantastic bread making hobby.

Disclaimer: Further evaluation requires more information and analysis.