Euromonitor International

Beyond the Product: How Servitization is Shaping the Future of Consumer Appliances

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EXECUTIVE SUMMARY

Why read this report?

An immense opportunity for product focused companies struggling with narrowing margins

The opportunities to enhance a company's competitive moat are numerous through servitization

WHAT IS SERVITIZATION AND WHY IS IT IMPORTANT?

Servitization is the key to enhancing customer relationships and standing out in the market

The market opportunity for servitization is immense

What is servitization?

Numerous companies in other industries have benefited from implementing servitization

Case study: How Rolls-Royce aligned its vendor-customer incentive structure

IMPORTANCE OF SERVITIZATION IN APPLIANCES

Apple Inc has shown how services can help keep profit margins high

IMPORTANCE OF SERVITIZATION IN APPLIANCES: SERVITIZATION VALUE PROPOSITIONS

It will enable companies to enhance customer experiences and diversify revenue streams

IMPORTANCE OF SERVITIZATION IN APPLIANCES: ENHANCE CUSTOMER EXPERIENCE THROUGH SERVICES

Services enhances a customer's experience, increasing brand loyalty

IMPORTANCE OF SERVITIZATION IN APPLIANCES: REVENUE DIVERSIFICATION & PREMIUMIZATION OPPORTUNITY

This shift will enable companies to upsell their services and predict future revenues

IMPORTANCE OF SERVITIZATION IN APPLIANCES: IMPROVED PRODUCT LIFECYCLE MANAGEMENT & R&D EFFICIENCY

Improved l ifecycle management aids appliance firms with climate regulations

IMPORTANCE OF SERVITIZATION IN APPLIANCES: STRENGTHENED BRAND LOYALTY & COMPETITIVE MOAT

A strong competitive moat will be needed as replacement cycles continue to shrink

IMPORTANCE OF SERVITIZATION IN APPLIANCES: MARKET EXPANSION & CAPTURING ADJACENT MARKETS

Servitization enables brands to broaden their appeal to a wider consumer segment

IMPORTANCE OF SERVITIZATION IN APPLIANCES: OBSTACLES TO SUCCESS

The biggest obstacle to success is a consumer's perception of appliance services

Subscription fatigue will likely be another significant obstacle

SERVITIZATION IN APPLIANCES CASE STUDIES

Companies have introduced numerous service models, with varying levels of success

SERVITIZATION IN APPLIANCES CASE STUDIES: LG

LG, unveiled its plan to transform into a service oriented "smart life solution" company

LG's take on servitization with ThinQ UP 2.0 has already seen a significant uptake in Korea

LG provides subscription services in Korea that offers access to a host of O2O services

SERVITIZATION IN APPLIANCES CASE STUDIES: HAIER

The "Three-Winged Bird" brand was developed to exemplify Haier vision of the smart home

SERVITIZATION IN APPLIANCES CASE STUDIES: ELECTROLUX

Levande , Electrolux Group's subscription program aims to reduce e-waste

SERVITIZATION IN APPLIANCES CASE STUDIES: PANASONIC

Panasonic's foodable helps create value and overcoming a "Why Panasonic" question

SERVITIZATION IN APPLIANCES CASE STUDIES: SAMSUNG

A smart kitchen platform that offers personalized recipes and meal planning

CONCLUSION

Transitioning from one-off sales to recurring revenues can help maximize shareholder value
Opportunities for growth through servitization are numerous
Evolution of servitization in the appliances industry
Questions we are asking

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