C A S E 5

Frigidaire Company: Launching the Front-Loading Washing Machine

The Frigidaire Company, Laundry Products Division, in Webster City, Iowa, was a high-volume manufacturer of washing machines and dryers. In October of 1996, after several years of intense development, Frigidaire introduced a new front-loading (horizontal axis) washing machine in the United States. This new machine was designed and developed to offer U.S. consumers an alternative laundry product that was superior to conventional, top-loading (vertical axis) washing machines in terms of energy consumption, water conservation, and washing performance. Although an eager and receptive market for the front-loading washer did not exist, Frigidaire intended to use the new product to expand its position in the marketplace and to establish itself as the industry leader in energy-saving, environmentally sound laundry products.

Despite a $20 million investment, exhaustive development efforts, and detailed marketing plans, however, Bill Topper, Vice President and General Manager of the Laundry Products Division, was concerned. Initial sales were sluggish; results for the first three months of sales were 30 to 40 percent below projected levels. Although this early dismal performance was not a cause for panic, it triggered some serious concerns for the Frigidaire management staff. As Bill Topper reviewed data for the first three months' performance, he pondered several questions that he would need to review with the key players in his management team—Chris Kenner, Market Manager; John Jergens, Market Planner; and Dave Modtland, Manager of Washer Engineering and Project Leader. Could Frigidaire create, and grow, a market for horizontal axis washing machines in the United States? How could Frigidaire best encourage product adoption?

THE FRIGIDAIRE COMPANY

The Frigidaire Company, owned by AB Electrolux of Sweden, was the fourth largest producer of household appliances in the United States, behind Whirlpool, General Electric, and Maytag (see Exhibit 1 for a summary of the U.S.

By Kay M. Palan and Timothy T. Dannels, Iowa State University. This case, originally presented at the North American Case Research Association's annual meeting in 1997, is based on field research and was written solely as a basis for class discussion rather than to illustrate either effective or ineffective marketing management.

appliance market). Frigidaire had ten operating sites within the United States, with its corporate headquarters located in Dublin, Ohio. They manufactured all major appliances—washers and dryers, refrigerators and freezers, ranges, dishwashers, and air conditioners—under the popular brand names of Frigidaire, White-Westinghouse, Gibson, Kelvinator, and Tappan. In addition, Frigidaire manufactured appliances for the General Electric Company (under the GE label) and for Sears (under the Kenmore label).

Laundry Products Division

The Laundry Products Division, located in Webster City, Iowa, produced washers, dryers, laundry centers (stacked, full-size washer-dryer combinations), and now, the front-loading washing machine. Transmission assemblies for washing machines were made at a smaller plant nearby in Jefferson, Iowa. The facility in Webster City had gradually been expanded and had the capacity to produce 6,500 units a day (over 1.5 million units per year).

THE FRONT-LOADING WASHING MACHINE

Background

The United States laundry market was dominated by the top-loading (vertical axis) washing machine—it was estimated that over 95 percent of the washing machines in the United States were of this type ("Industry Statistics," *Appliance Magazine*, September 1996). Top-loading machines were developed in the late 1940s and had been the primary method of washing clothes ever since. In contrast, the horizontal axis, front-loading washer had experienced very little success with U.S. consumers. In 1945, Westinghouse started to market a front-loading machine. These machines were often referred to as "tumble action" washers because they simply tumbled clothes clean (versus cleaning with the "agitation motion" caused by the presence of an agitator in top-loaders). However, the early front-loading machines were plagued with many problems. Aside from the many mechanical problems that were reported (front-loaders were much more technologically complex than top-loaders), consumers perceived that front-loaders did not clean very well and even tangled clothes. Furthermore, front-loaders were more costly to purchase and service. Not surprisingly, in light of all these problems, the front-load market failed to materialize, and top-loading machines evolved as the dominant laundry product in the United States.

In Europe, however, high energy costs had driven the market toward front-loading technology because front-loading washers required less water and less energy to operate. In addition, Europeans believed that front-loading machines cleaned better and were gentler on clothes, relative to top-loading washers. The European market was dominated by front-loading machines.

Aware of the success of the front-loading washing machines in Europe, Sears and Magic Chef attempted, in 1981, to market front-loading washing machines in the United States by carrying foreign-made units. However, their attempts failed to produce significant results. Westinghouse, despite the disappointment associated with the original introduction of front-loading washers in the United States, continued to carry a front-loading machine, only to cease manufacturing in 1994 due to recurring service issues and customer complaints.

Despite these setbacks and problems, Bill Topper believed that the demand for front-loading machines in the United States would increase over the next several years. Initially, the management team believed that governmental influence would lead to a new market for this style of washing machine. It had been rumored for several years that the U.S. Department of Energy (DOE) was preparing to unleash new, rigid efficiency standards that would apply to household appliances. These regulations would lead to the design and introduction of new energy-efficient machines by all appliance makers and would create consumer demand for energy-efficient appliances. Furthermore, the team believed that the growth in environmental awareness and energy/water conservation in the United States would support the presence of an energy-efficient washing machine. After all, similar machines had been used in Europe for years for reasons of energy conservation, and it was felt that this trend would eventually drift into U.S. markets. Topper hoped that they could stimulate this market by being the first domestic appliance manufacturer to successfully produce and sell a reliable, high-quality front-loading washing machine. If the front-loading washer functioned as intended, it would cost less to operate (use less water and energy), it would be gentler on clothes, and, most importantly, it would clean better. Likewise, it would provide Frigidaire with much needed product differentiation in an industry where differentiation and competitive advantage were very difficult to attain.

With these considerations in mind, a $20 million project to design, develop, and produce a new and better front-loading washing machine was begun by Frigidaire in 1989. The project experienced a setback in 1994, however, when the government announced that the much anticipated DOE changes would be delayed indefinitely. Industry speculations included the possibility that the delayed DOE regulations might eventually set energy-efficiency standards that could easily be met by either revolutionary vertical-axis designs or the more conventional top-loading machines currently available. Consequently, many appliance manufacturers had chosen to discontinue development of front-loading machines. Frigidaire, however, continued with the project because the management team believed that the benefits of differentiation, combined with increasing environmental awareness, would ultimately lead to a demand for the front-loading washer.

With the delay of the DOE regulations, the market manager, Chris Kenner, could no longer be assured that a ready-made market would exist for the front-loading washer. Instead, Kenner and his team were forced to focus on the difficulties and unknowns associated with market creation:

- Exactly who would buy a front-loader?
- How much would consumers pay for a front-loader?
- How could loyal consumers of top-loading washers be converted to the use of front-loaders? Could consumers be converted?
- What were the direct competitors doing with respect to the development and introduction of front-loaders?

The Product

Dave Modtland, Manager of Washer Engineering and Project Leader for the front-loader, was tasked with overseeing the design of this revolutionary washing machine. The front-loading washing machine represented the first major technological innovation in several years in the industry. The horizontal axis washer used tumble action—top-loading washers utilized an agitator that actually forced clothes to beat against each other—while the front-loader lifted and tumbled clothes in and out of the water without rough agitation. The new washer had more capacity than previous front-loaders and used approximately 20 fewer gallons of water per load than conventional top-loaders, or about 8,000 gallons a year. Likewise, the front-loader saved on energy costs. Using national averages, water and energy savings were calculated to be at least $86 per year. Additional savings would be gained from reduced drying time due to the higher spin speeds achieved in front loaders. The front-loader also offered many features—automatic dispensing (detergent, bleach, and fabric softener), an extra rinse option (i.e., for infant clothing), automatic water fill (fills to needed level and eliminates waste), and dryer clothes due to its high rpm motor. Moreover, the front-loading washer offered versatility in installation—it could be installed under a counter, stacked with a dryer, or used in a free-standing position. The washer had a unique look, and the glass door allowed the viewing of machine operation. A matching clothes dryer complemented the new washer very well.

There were, however, some disadvantages associated with the front-loading washer. The washer was very heavy and more difficult to install (due to extra internal packing needed to protect critical components during shipment). Also, the front-loading washer was more costly to service than conventional top-loaders.

COMPETITION

The laundry market represented a very competitive and demanding environment. Frigidaire currently competed with four other major appliance manufacturers in the United States—Whirlpool, General Electric, Maytag, and Amana—all of whom managed several different brand names (see Exhibit 2). At the present time, Frigidaire's market share for the home laundry market was about 7.9 percent, down from 9.2 percent in 1995. However, the Frigidaire brand name itself represented only about 2 percent of the washer market (see Exhibit 3). The Laundry Division's market planner, John Jergens, believed the front-loader represented a tremendous opportunity for Frigidaire to expand its position in the marketplace.

Despite delayed DOE regulations, both Maytag and Amana had announced plans to introduce their own versions of horizontal-axis machines in 1997; Frigidaire managers had noted, though, that news releases on Maytag's new washer indicated that it might not be front-loading. In addition, Whirlpool was in the process of developing a new generation washing machine, which was rumored to be neither traditional vertical nor horizontal axis, and GE had recently released a new, redesigned vertical-axis machine. Because of the new products being developed by competitors, Jergens felt that early presence in the marketplace would be vital to the success of the front-loader.

CUSTOMER ANALYSIS

Bill Topper and his management team knew that a key to market creation was to understand the needs and wants of potential consumers with respect to washing machines. Several pieces of information were available to the management team, including survey and focus group data and personal feedback from consumers who had tried early prototypes of the front-loader

Survey Data

Results of a 1991 consumer/environmental profile suggested to Chris Kenner, marketing manager, that a potential market existed for the front-loader. Over half of surveyed households (53 percent) purchased energy-efficient appliances, while 28 percent used water conservation devices in their homes; 46 percent of households reported considering environmental impact when purchasing products. Consumers in several geographic regions in the United States were rated above average for considering environmental issues when purchasing appliances; cities included Denver, Minneapolis-St. Paul, Houston, Washington, D.C., Salt Lake City, Seattle, San Francisco, Dallas-Fort Worth, and Hartford.

Kenner also reviewed information related to current Frigidaire users. The majority of Frigidaire brand purchasers were families (79.3 percent), followed by single females (14.5 percent) and single males (6.1 percent). Brand sales were highest in the East North Central (26.8 percent) and South Atlantic (22.0 percent) regions; New England posted the fewest brand sales (1.2 percent). Sales in the other regions of the United States varied from 4.9 to 12.2 percent. Sales of washing machines were subject to fluctuations. For example, sales tended to be lowest in January and April. However, Kenner did not find evidence of seasonal sales. Of more concern to Kenner was Frigidaire's low ranking in brand acceptability relative to major competitors (see Exhibit 4).

Focus Groups

Chris Kenner also reviewed a 1993 Market Research Focus Study, which exposed consumers to the front-loading washer. Several concerns about the washer had been identified in the study:

1. Water leakage through the front door.
2. Small load capacities.
3. Cleaning performance without an agitator.
4. Insufficient water savings and energy conservation to merit purchase.
5. Difficult loading and unloading of the washer.
6. Brand loyalty to current (i.e., familiar and proven) washing technologies.

Another study, conducted by Kenner's market research department, had shown that pricing of the front-loader was a potential problem. Consumer interest in the washer did not increase significantly until the price was reduced to $599 or less. Many consumers reported that a lower price and/or a manufacturer's rebate would offer the best incentive for purchase. Even with an incentive, 35 percent of those consumers surveyed indicated that they would not buy the washer.

Consumer Feedback

In 1995, Bill Topper had implemented a controlled sales program in Iowa, Wisconsin, and California. The purpose of the program was to obtain consumer feedback on the new washer prior to national introduction. Several hundred units were sold to target consumers; they were given large rebates and were asked to work with the design and marketing teams to identify the strengths and weaknesses of the product. Engineers and other manufacturing personnel stayed in close contact with these consumers—reading surveys, answering telephone calls, and visiting actual homes to discuss performance and problems. Problems were identified and corrected, and more importantly, Frigidaire found that many of the customers reported high levels of satisfaction with the close personal contact and attention they received from manufacturing personnel.

Market Segmentation

Using historical data obtained on previous buyers of front-loading machines (White-Westinghouse), Kenner and his marketing group identified six target segments of potential customers. Although the information was dated, the profiles were used to estimate demand potential and sales forecasts for the new washers. The six segments, representing only 16.7 percent of U.S. households, had generated nearly half of the demand for the previous White-Westinghouse front-loading machines. Frigidaire's marketing department calculated that the same segments would produce a potential demand of 134,000 units per year for the new front-loading machine (the estimate included a conversion factor that assumed a 14-year life for each horizontal washer). The segmentation data is summarized in Exhibit 5.

MARKETING PLAN FOR HORIZONTAL-AXIS, FRONT-LOADING WASHER

Bill Topper and his management team concluded that in order for the front-loading machine to be successful, they would have to implement a marketing plan that would (1) overcome consumers' negative perceptions about the Frigidaire brand name and about the front-loading technology; (2) take advantage of the environmental and energy concerns of consumers; and (3) provide close personal contact and attention to customers.

Product Introduction

The front-loader washer would initially be marketed under the Frigidaire Gallery brand name, a new professional series line recently launched by Frigidaire. This tactic allowed the new washer to take advantage of the market synergies created by the recent large-scale Gallery introduction. Introduction focused on one model, available in either white or almond. This approach streamlined production, inventory levels, and distribution.

The management team believed that it was imperative to convey the potential benefits of the front-loader to consumers, dealers, and within the company itself. Failure to do so would hamper the successful introduction of the washer. Consequently, Kenner and his marketing department developed a summary of benefits to guide product introduction.

Consumer Benefits	Dealer Benefits	Frigidaire Benefits
Better washing performance	High profit potential	Increased market share
Gentler on clothes	Improved product offering	Increased profitability
Saves energy, saves water	Improved visibility/traffic	Improved product offering
Flexible installation	New laundry room options	First-mover advantages

Although the initial product introduction involved only one model, the engineering department, under the direction of Dave Modtland, continued to develop additional features and product offerings. Negotiations were underway with GE and Whirlpool to possibly manufacture front-loading washers for these major appliance companies. Commercial versions and coin-operated machines were also under development. Finally, a line of horizontal machines, with varying features and price points, was planned for future introduction. Eventual plans called for an ultra-high-end model and a low-end model that could compete with traditional, top-loader price points.

Pricing

Topper wanted to price the new washing machine competitively—not so high that consumers would not even consider the washer, but also not so low that profit objectives could not be attained. Consequently, a suggested retail price range for the new horizontal-axis machine was established at $749–$849, with a target retail selling price of $799. Built into the price was a very appealing profit margin for dealers (30 percent) relative to dealer margins for top-loading washing machines (10 percent). Frigidaire's profit margin was set at about 26 percent. Frigidaire's profit margin accounted for all variable and fixed costs allocated to the front-loading washer. The price also allowed for a 12 percent ROI to be obtained.

Even at this price, however, the management team knew that the front-loader faced a tough challenge. There were (and would continue to be) many conventional washing machines on the market that cost much less than the front-loading washer; most top-of-the-line washers sold for less than the front-loader would sell for. In fact, only about .8 percent of the available washing machines on the market were priced above $700. Thus, at the targeted retail selling price of $799, consumers had the very attractive option of purchasing a conventional top-loading machine *and* a dryer or just a front-loading washer.

Merchandising

The front-loader washing machine would be marketed through existing distribution channels, catalogues, and the Internet (www.frigidaire.com). In addition, a dedicated sales manager was assigned to the new washer to help push it through the new distribution channels. High priority would also be given to the dealers. According to Chris Kenner,

> *A critical step in growing this market is to educate and convince dealers of the benefits of front-load technology.*

Consequently, several steps were implemented to educate dealers about the new washer and to assist dealers in sales of the washer.

First, the manufacturing facility in Webster City hosted an open house and training for dealers and district managers as a kick-off for the front-loading washing machine introduction. Dealers and district managers also received free sales and training kits to help stimulate sales. Those who could not attend the training at the Webster City facility received a free formal introduction presentation at their own facilities. Dealers and retailers also received a free floor plan to assist in the visual display of the new washer. Retailers were equipped with a variety of sales aids to enhance in-store sales efforts; for example, a sliding rule showing energy and water savings was made available to retailers.

An "Inside Line Consumer Direct" program was established for fully-trained, certified retailers. These retailers had access to an upscale consumer database to capitalize on target markets.

Financial incentives were initiated. Dealers would earn a higher profit margin for the front-loader than for conventional washers. Discounted pricing would be implemented throughout the first year of sales, creating an even larger profit margin. District managers would receive premium commissions for their sales efforts and results. Both retail sales personnel and district managers were enrolled in the "Earn a Free Washer" sales contest program—free front-loading washers would be awarded based on number of units sold.

Consumer-oriented strategies aimed at assisting dealers and district managers were also implemented. Free financing for 6 months (no pay, no interest) was made available to consumers; moreover, because installing a front-loading washer was more difficult and costly than that required for conventional machines, an installation allowance would be provided to purchasers. The front-loading washer carried a full, 2-year warranty, the longest available in the industry, and consumers were promised a 30-day money back guarantee if they were not fully satisfied with the cleaning performance—"The Cleaner/Gentler Promise." Consumer promotions included free "low-suds" detergent samples of Wisk (Frigidaire and Lever Brothers were partners in developing and marketing this low-sudsing detergent), and those customers who purchased both a new front-loading washer and a matching dryer received a free Braun steam iron.

There was a contest for consumers, too. A "Watch & Win" program enabled interested customers to watch an "infomercial" videotape about the front-loading washer and then answer some questions about the washer on a contest entry form. Completing the entry form provided a chance for the consumer to win free Frigidaire Gallery appliances. But the contest actually had a broader aim, which was to educate consumers about the benefits of the new washing machine.

Marketing Communications

The management team believed that the benefits of the front-loader were best conveyed to potential customers through personal communications. Although mass media reached a large number of consumers quickly, explaining the front-loading machine necessitated a complex message. Plus, Frigidaire's experience with the controlled sales program had revealed that personal contact with consumers was crucial to creating satisfied customers. Consequently, mass media advertising was limited to a brief television advertisement, to be aired in national markets in early 1997. The primary thrust of the communications plan rested in the ability of retailers and dealers to communicate and educate consumers on the benefits of the front-loader at the point of sale. Besides training all salespeople, floor displays and literature were designed to enhance and complement sales efforts. All communications emphasized a performance-driven product that resulted in superior cleaning, delicate handling, better efficiency, and flexible installation.

To promote post-purchase satisfaction, a "Use and Care" video was issued with every purchased front-loading washing machine to educate the buyer and to prevent service calls related to the installation and/or use of the product. The "Watch & Win" contest provided an incentive to purchasers to watch the video if they had not done so pre-purchase. Also, a "1-800" customer line was established to address customer complaints, concerns, or comments.

An "after-sales call" program would be established, though not until 1998. This would be a continuation of the earlier experiment that allowed customers to talk directly to the manufacturing personnel who had actually built their washing machine. The management team believed that this interaction would result not only in satisfied customers but would also pinpoint product problems and areas for product improvement.

EARLY SALES PERFORMANCE AND CONCERNS

The front-loading washer was released to the public on October 1, 1996. The initial project release date had been May 1995; however, due to several late design changes and some unanticipated component failures, the introduction was delayed. The development of the washer had taken considerably longer to complete than any other machine Frigidaire had ever produced. The primary reason for the delay was that the front-loader represented a much more complex design than the top-loading machine, and it was mandatory that this machine be "perfect"—it could not have the problems that so many of the early front-loading machines had. Despite these setbacks, the front-loader was a design success—it met initial design specifications and, more importantly, met the high quality and reliability standards established during the infant stages of the development process.

Unfortunately, initial sales volumes for the horizontal-axis machine were sluggish. Based on the target market analysis, previous sales, industry projections, brand positioning factors, and future DOE regulations, Bill Topper and his team had developed a sales volume forecast for the front-loading washer for 1996 through 1999. The forecast incorporated Frigidaire's plans to sell the washer not only under its own brand name but also under Sear's Kenmore label and other private label agreements being negotiated; international sales were also projected. However, because the forecast was based on several market variables that were not yet truly understood, Topper believed sales tracking would be critical to the determination of market reaction. Details of the forecast are located in Exhibit 6.

Sales for October, November, and December of 1996, the first three months that the front-loading machine was on the market, were up to 30 percent below projected levels (see Exhibit 7). In fact, sales projections for the first year had been decreased from 98,000 units to 60,000 units because Frigidaire had been unable to finalize negotiations with Sears to manufacture the horizontal-axis washer under the Kenmore name.

The reasons for this unanticipated dismal performance were unclear. Some managers believed the retail price was to blame for slow sales; as a result of the delayed introduction (delayed from May 1995 to October 1996), the target retail price had been increased from \$799 to \$999. The delay, everyone agreed, had been necessary to correct quality and reliability problems. However, costs increased, driving the retail price higher. In addition, it was speculated that Maytag's competing front-loading washer, due out in 1997, would be priced in the range of \$1,200–\$1,300. Because of Maytag's high association with quality, Frigidaire managers worried that their washer priced at \$799 would be perceived as inferior relative to Maytag's. Consequently, the price was increased to \$999 in order to still be competitive with Maytag's product and, at the same time, to be close enough to Maytag's price so that consumers would perceive Frigidaire as a quality washing machine. Managers reasoned that if a price adjustment was necessary, it would be easier to decrease the price than to increase it. However, other factors may also have been responsible for the lackluster sales. For example, managers questioned the decision to limit mass media advertising, especially in light of the fact that Maytag was known to use television and print media to mass advertise their products effectively. It was also possible that demand for the front-loading washer had been overestimated.

In response to the initial sales volumes, the management team began to review its marketing strategies and objectives. The dominant question on their mind was "How do we develop a market that has failed to take off for over 50 years?" Bill Topper knew they had to do something quickly to create a market for the front-loading washer if Frigidaire wanted to establish itself as the dominant player and industry leader in this new sector of the laundry market.

EXHIBIT 1 1996 Major Appliance Market Share in the United States*

Company	Percent of Market Share
Whirlpool	35.9
General Electric	30.4
Maytag	14.8
Frigidaire (Electrolux)	11.0
Amana (Raytheon)	6.4
Others	1.5
Total	100.0

* Major appliances include dishwashers, ranges, washers/dryers, and refrigerators.

Source: Appliance Magazine, September 1997.

EXHIBIT 2 Major Appliance Industry Brands by Company – 1996

Frigidaire	Maytag	Whirlpool	General Electric	Amana
Frigidaire	Maytag	Whirlpool	General Electric	Amana
Frigidaire Gallery	JennAire	KitchenAid	GE Profile	Speed Queen
White-Westinghouse	Admiral	Roper	Hotpoint	
Gibson	Magic Chef	Estate	RCA	
Tappan	Norge	Kenmore (Sears)		
Kelvinator				
O'Keefe & Merrett				
Kenmore (Sears)				
GE (General Electric)				

Source: Frigidaire Product Planning Department, Webster City, Iowa.

EXHIBIT 3 1996 Washing Machine Market Share in the United States

Brand Name	**Percent of Market Share**
Kenmore	29.0
Whirlpool	21.6
Maytag	14.7
GE	13.1
Amana	4.9
Roper	2.4
Frigidaire	2.3
Admiral	1.9
Others	10.1
Total	100.0

Source: Industrial Marketing Research, Inc.

EXHIBIT 4 1996 Brand Acceptability Among U.S. Households

Brand Name	**Acceptability**
Maytag	97%
General Electric	95%
Whirlpool	93%
Frigidaire	92%
Amana	87%

Source: Frigidaire Market Research Department, Webster City, Iowa.

EXHIBIT 5 Potential Market Segments for Front-Loading Washing Machines

Segment	Age Group	Ethnic Background	Affluence	Psychographics	Ecological Orientation	Motivation to Buy	Expected Demand
Urban Gold Coast							
Elite urban singles and couples	25–34 35–54	White, Asian	High	Egocentric, amicable, conforming, self-assured Not style-conscious, impulsive, or cautious	Below Average	Space Savings	0.51%
Gray Power							
Affluent retirees in sunbelt cities	65+	White	Middle	Cautious, egocentric, broad-minded, reserved, brand-loyal Not experimenters, ad believers, or conformists	Low	Energy Savings	2.09%
A. *Money & Brains*							
Sophisticated townhouse couples	55–64 65+	White, Asian	High	Amicable, broad-minded, efficient, intelligent, creative Not reserved, impulsive, or economy-minded	Above Average	Space Savings Performance Environment	3.08%
B. *Young Literari*							
Upscale urban singles and couples	25–34 35–54	White, Asian	Middle				
C. *Bohemian Mix*							
Bohemian singles and couples	Under 24 25–34	Ethnic Diversity	Middle				

Source: Claritas, PRIZM Profiles, 1994.

EXHIBIT 5 (Continued)

Segment	Age Group	Ethnic Background	Affluence	Psychographics	Ecological Orientation	Motivation to Buy	Expected Demand
A. *Kids & Cul-de-Sacs*							
Upscale suburban families	35–54	White, Asian	High	Amicable, intelligent, efficient reserved, style-conscious, cautious	Above Average	Performance Fashion	4.76%
B. *Winner's Circle*							
Executive suburban families	35–54 55–64	White, Asian	High	Not conformists, brand loyal, impulsive, or economy-minded			
A. *Executive Suites*							
Upscale white-collar couples	25–34 55–64	White, Asian	High	Amicable, efficient, brand loyal, intelligent, cautious, creative, style-conscious	Below Average	Performance Fashion	4.75%
B. *Pools & Patios*							
Established empty nesters	55–64 65+	White, Asian	High	Not experimenters, conformists, ad-believers, economy-minded, or impulsive			
C. *Second City Elite*							
Upscale executive families	35–54 55–64	White	High				
Blue Blood Estates							
Elite super-rich families	35–54	White, Asian	High	Amicable, cautious, intelligent, refined, efficient, self-assured, frank, brand loyal Not experimenters, impulsive, ad-believers, or economy-minded.	Above Average	Performance Fashion	0.78%

Source: Claritas, PRIZM Profiles, 1994.

EXHIBIT 6 Sales Volume Forecast—Horizontal-Axis Washer (000's of Units)

Brand	1996	1997	1998	1999
Frigidaire	60	70	100	120
Kenmore	20	30	30	30
Private Label	10	10	10	10
International	8	12	20	30
Total	98	122	160	190

Source: Frigidaire Marketing Department, Webster City, Iowa.

EXHIBIT 7 Horizontal Axis, Front-Loading Washing Machine Sales

October 1, 1996 – December 27, 1996

Month	Monthly Production Budget	Monthly Sales Forecast	Monthly Sales	Sold/Forecast (%)
October	5,750	4,503	4,876	108.28
November	4,750	3,456	2,433	70.40
December	4,500	2,483	1,894	76.28
Total	15,000	10,442	9,203	88.13

Notes:

1. Production budget = (units produced/day) x (# of available work days per month)
   Current production schedule is to build 250 units/day (equivalent to 60,000 units/year)
2. Monthly sales forecast is the original forecast.

Source: Frigidaire Marketing Department, Webster City, Iowa.