PORTFOLIO PLANNING

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Project description

I carried out a thorough secondary research around the toaster industry, analyzed Cuisinart’s product portfolio, and defined innovative opportunities for their houseware offerings.
Company background

• **1971. Foundation**
  Cuisinart is founded by home cook enthusiast Carl Sontheimer and his wife Shirley.

• **1973. First product**
  First Cuisinart Food Processor is presented at National Housewares Exposition in Chicago.

  Product improvements + Books + Grinder 15 years with just 3 products in their portfolio

• **1988. Acquisition**
  Cuisinart is acquired for $17 million by Conair Corporation, a holding company with +10 brands.

• **1990–1995. Early expansion**
  Product Portfolio early expansion: 5 new products introduced into the portfolio, including blenders, coffee-makers, and electric toasters.

• **1996–2016. Definitive expansion**
  In just 20 years, Cuisinart has expanded its product portfolio exponentially to reach several hundred products, including Bakeware, Cookware, Cutlery, Electrics, and Tools & Gadgets, as well as cooking books, and mobile apps aimed.

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**Value discipline**

Cuisinart is a product leader. Every year, it either extends its product portfolio or takes its existing products to the next level. Since its foundation, the company’s products have been praised by experts, and won several international awards on several of its categories.

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**Hard to go digital**

Cuisinart has made two major attempts to bring some ‘Customer Intimacy’ and digitize its offerings. Cuisinart Kitchen Sync is a 1-star app that provides curated recipes, while Cuisinart Family & Health is a website that offers solutions for parents with babies, but lacks branding style and IA.
Electric Toaster market analysis

+100 year-old market, millenial tradition
Even though human beings have been toasting bread since the time of the Romans, the first electric toaster was invented in 1893, and commercialized for home use by GE in 1909\(^2\) Automatic pop-up (1926) and pre-sliced bread (1930) accounted for toaster sales soar in 1930’s, but they still remained expensive for the general public. In 1960’s, toasters became affordable and reached mass market, thanks to some innovations on material and distribution channels. Although toasters have long-life cycles, and the market has reached maturity in 1960’s, today world’s toaster sales still increase year after year at a steady rate of 3.5\%.\(^3\)

Cuisinart in the Mature Era
Cuisinart introduces its first electric toaster in 1995 into a mature but still growing market, with many competitors such as Black & Decker, KitchenAid, and Hamilton Beach. Cuisinart quickly gained acceptance leveraging on its brand recognition, and continued to extend the product line and introduced some innovations (ViewPro™ and Touch to Toast™).

Electric Toasters’ opportunity
Echoing an evolving consumer lifestyle trend, portability is shaping breakfast food usage growth, with foods such as breakfast bars, breakfast sandwiches, supplements and energy bars driving usage uptake in 2006-2015 period.\(^4\) Given that toasters have not changed much in more than 100 years, producers should think how to differentiate in this mature market.
Electric Toaster consumers

**Consider Millennial parents**
As of 2015, they account for 42% of all households with children and, even though they comprise a larger share of lower-income households, they are willing to spend extra for perceived transparency, authenticity, and brands that represent them and their lifestyles.5

**Toasters are popular already**
Toasters (68% of households) and slow cookers (55%) are the most commonly owned small electrical appliances in the United States.6 In fact, 42% of adults in the US use toasters regularly.5

**Space and time always matter**
The majority of U.S. adults describe the size of their kitchen as “medium” (35%) or “small to medium” (25%).5 Given that toasters are mostly used for breakfast purposes, its worth noting that 68% of adults in the US spend less than 20 minutes on that meal.5

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**Performers**
They expect the product will not only do the job efficiently (quickly) but also effectively (toast evenly and some additional features).

**Luxury seekers**
A toaster is not a commodity for Luxury seekers, as they expect it to be part of their kitchen high-end decoration.

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**Job doers**
These consumers expect the toaster to get the job done in no time at an affordable price. Not requiring an even toast, they expect the product to last for years.

**Budget stylers**
Trying to express themselves or finding their identity, Budget stylers look for products with intention but with not much money.
### Electric Toasters within Cuisinart’s portfolio

When searching for Cuisinart products at any online retailer (including their website), it seems there is no integration among them besides the standard metal design. Cuisinart offers 15 similar toasters that range across the entire price and customer segment spectrum. In fact, 6 of them have their own line extensions (Toaster, Plastic, Stainless, Metal Classic, Countdown, and Touch to Toast™).

Distinguishing features include:
- Material (Plastic, Stainless Steel or Metal)
- Number of slices (two or four)
- Control dials (digital or analog)
- ViewPro™ tech
- Touch to Toast™ tech

#### Pricing

<table>
<thead>
<tr>
<th>Price Range</th>
<th>Job Doers</th>
<th>Budget stylers</th>
<th>Performers</th>
<th>Luxury seekers</th>
</tr>
</thead>
<tbody>
<tr>
<td>$80-$99</td>
<td><img src="#" alt="Toaster" /></td>
<td><img src="#" alt="Metal Classic" /></td>
<td><img src="#" alt="Countdown" /></td>
<td><img src="#" alt="Touch to Toast™" /></td>
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<td>$60-$79</td>
<td><img src="#" alt="Plastic" /></td>
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<td>$40-$59</td>
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<tr>
<td>$20-$39</td>
<td><img src="#" alt="Plastic" /></td>
<td><img src="#" alt="Stainless" /></td>
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</tbody>
</table>
Electric Toaster competition analysis

COMPANY-WIDE

Breville
An upscale Australian company, Breville toasters are sold for $80 and more at specialty and department stores. A motorized “lift & look” control button as well as defrost, and a one-touch “a bit more” button for crisping are among their best features.

BLACK & DECKER
Among the leaders in market share, its products are available nationally at a wide range of retailers. Electronic models include features such as frozen pastry one-touch function button and LCD indicator lighting.

KitchenAid
Well known for its mixers and large appliances, KitchenAid makes toasters found in retail and department stores. Recently, they started to add some Retro look to their Classic models and price them above $400.

Ranging from $20 to $100, Oster and Hamilton Beach toasters include basic but practical features such as auto-shutoff and cool-touch. They can be found in every retail and department store.
Electric Toaster competition analysis

Direct and indirect competitors

In a mature market, where product life cycles are long, Cuisinart faces fierce competition both from itself and a good amount of qualified, well-positioned companies. Current trends —consumers looking for painless breakfast options on the go⁵—, low differentiation among toasters, and new small kitchen appliances coming almost every year, pose a big challenge for companies not only to keep their toaster’s market share but also to get new customers and stay top of mind.

Product to compare
2-slice Metal Classic
Price
$49.95
## Strategic Options

### Extend

<table>
<thead>
<tr>
<th>Existing Market</th>
<th>New Market</th>
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</thead>
<tbody>
<tr>
<td><strong>PENETRATE</strong></td>
<td><strong>EXPAND</strong></td>
</tr>
<tr>
<td><strong>c. Nart-up:</strong> increase presence in young office environments and start-ups, to eventually get the young adults’ market throughout marketing campaigns, discounts, deals, etc.</td>
<td><strong>b. MyCuisinart:</strong> as Dell did with computers, Cuisinart could let customers design the toaster they want, and have individual parts they can purchase to change its style.</td>
</tr>
<tr>
<td><strong>d. Way home:</strong> open stores where customers can either make their own breakfast using Cuisinart products or request a homemade breakfast while on the go.</td>
<td></td>
</tr>
<tr>
<td><strong>e. CuiRecycle:</strong> provide some ways for consumers to dispose their toasters and replace them for new ones.</td>
<td></td>
</tr>
<tr>
<td><strong>e. CuisiFresh:</strong> sponsored mobile app where food producers can notify consumers about freshly made products.</td>
<td></td>
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### Diversify

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<th>Existing Products</th>
<th>New Products</th>
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Recommendations

<table>
<thead>
<tr>
<th></th>
<th>Strategic importance</th>
<th>Competitive advantage</th>
<th>Market attractiveness</th>
<th>Leverage core capabilities</th>
<th>Technical feasibility</th>
<th>Financial reward</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>a. Nart-up</td>
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<td>7</td>
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<td>9</td>
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<tr>
<td>b. MyCuisinart</td>
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<td>9</td>
<td>4</td>
<td>7</td>
<td>4</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>c. Way home</td>
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<td>9</td>
<td>9</td>
<td>4</td>
<td>7</td>
<td>7</td>
<td>44</td>
</tr>
<tr>
<td>d. CuiRecycle</td>
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<td>9</td>
<td>7</td>
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<td>9</td>
<td>9</td>
<td>42</td>
</tr>
<tr>
<td>e. CuisiFresh</td>
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<td>4</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>30</td>
</tr>
</tbody>
</table>

**Recommendation #1: ‘Nart-up’**
Currently, Cuisinart products—as all of its direct competitors—“are where people would expect to find them—in upscale department and specialty stores throughout North America”. Young adults may not spend too much time in those channels, but rather be influenced by what they see and hear in their surroundings. Searching an identity, they are willing to pay more for what they value, and Cuisinart could be present in those places where they meet, work and spend leisure time. Start-ups, co-working spaces, and small/medium offices could be a profitable channel for the company to continue accomplishing its mission.

**Recommendation #2: ‘Way home’**
Given the increased need and desire for nutritive snacks and breakfasts to go\(^5\), Cuisinart could show its products by providing homemade options. Cozy stores could bring a home-feel environment for consumers to either cook their own food or order upon arrival. Eventually, Cuisinart could have memberships for consumers to use their products and access their places to prepare food and meet new people.

**Recommendation #3: ‘CuiRecycle’**
Cuisinart could attempt to reduce toasters’ product cycles by providing a service where customers can recycle their current toasters and buy new ones with some benefits. Even the recycled ones could be purchased by consumers who are moving to a new house for a short period of time.
Sources

Cited sources

General information websites I used for the project
https://www.brevilleusa.com/cooking/toasters.html?limit=all
http://www.oster.com/toasters-and-ovens/toasters/?srule=PriceHighToLow&sz=35
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