**Econ 301-003 Assignment #1** (Hakan Berument)

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For your chosen firm from the list that is distributed in the class write 1-2 page essay that discusses

- Arçelik A. Ş.

a. What does it do?

Arçelik A. Ş. is a Turkish company that is controlled by Koç Holding. Generally it manufactures household appliances engaging in marketing and production of consumer durables, the components, electronics and related aftersale services. It owns 11 brands, including Arçelik, Beko, Dawlance, Grundig, Blomberg, Arctic, Defy and others. The production of Arçelik A. Ş. includes white goods, built-in appliances, heating and cooling systems, electronics and small appliances, such as washing machines, dishwashers, refrigerators, freezers, vacuum cleaners, aspirators, blenders and coffee makers.

b. What is the role of the firm in the sector (its dominance and its main competitors)?

According to its official site, Arçelik A. Ş. is an industry leader in Turkish market of white goods, built-in appliances and and air-conditioners with a market share exceeding 50%. It is the fastest growing brand in Turkish TV market with the 28% market share. In Europe’s market of white goods it is the number three company in terms of total sales. Its global brand Beko is the number two in total European market of white goods and leader in Europe’s market of solo white goods. The main competitors of Arçelik A. Ş. are Vestel, Indesit, LG Electronics, Electrolux AB, Haier, Panasonic, Hitachi Ltd and Bosch.

c. What are the main determinants (variables that you can gather) of its profitability?

According to the annual and quarterly financial reports given in Arçelik A. Ş.’s official site, the main determinants for its profitability that can be gathered are Net sales or Growth rate of sales, Number of employees (size), Asset turnover ratio and Age of a firm. Thus, these determinants can be independent variables for the dependent variable of Net Income (profit).

d. What are the basic risks (variables that you can gather) for its probability or market share? According to the official annual and quarterly financial reports, the main determinants for the market share of Arçelik A. Ş. that can be gathered are Advertising and promotion expenses, Number of brand names, Net sales or Growth rate of sales and Number of employees (size).