

GE, home appliance pioneer, gives up on consumers

September 8 2014, by Jonathan Fahey

General Electric, a household name for more than a century in part for making households easier to run, is leaving the home.

The [company](#) is selling the division that invented the toaster in 1905 and now sells refrigerators, stoves and laundry machines. GE has increasingly focused on building industrial machines such as aircraft engines, locomotives, gas-fired turbines and [medical imaging equipment](#)—much bigger and more complex than washers, and more profitable.

"They are no longer going to be a consumer company," says Andrew Inkpen, a professor at the Thunderbird School of Global Management who has written extensively about GE.

GE, based in Fairfield, Connecticut, Monday announced the sale of its appliance division to the Swedish appliance maker Electrolux for \$3.3 billion. Electrolux will still sell appliances under the GE brand in attempt to leverage the company's long history.

GE has sold devices to people for its entire 122-year history, starting with the light bulb, which was invented by company founder Thomas Edison. The lighting division will stay, but it's just a tiny part of GE. Now GE will sell its products almost exclusively to other companies.

The company is hoping to return to favor among investors with higher, more consistent and more predictable profits.

GE is the only remaining member of the Dow Jones Industrial Average, first calculated in 1896, and as recently as 2004 it was the biggest corporation in the world by market value. But GE has frustrated shareholders by underperforming both the Dow and broader stock indexes for much of the last decade.

The company has been able to survive by shuffling its portfolio to shed unprofitable divisions or jump into a new, growing sector. And it has never shied away from abandoning historic businesses, like the plastics unit it started in 1912 and sold in 2007.

The latest version of GE will make mostly big, complex equipment, some of which it has been making for more than a century, like power generators, and some that is new to GE, like oil and gas drilling equipment.

In July the company spun off its consumer credit card business into a new company, Synchrony Financial. In recent years it has sold NBC Universal and its insurance operations and it is gradually shrinking its sprawling financial company, called GE Capital.

In June GE agreed to buy the energy and power generation operations of the French engineering company Alstom for \$17 billion. And over the last several years it has been acquiring companies to help it become a bigger player in oil and gas drilling equipment.

Christopher Glynn, an analyst at Oppenheimer & Co., says the company now has the potential to show the strong results it was once famous for, though it still may take some time.

"It's still GE, it's still huge," says Glynn, an analyst at Oppenheimer & Co. "But this is a viable reset."

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Citation: GE, home appliance pioneer, gives up on consumers (2014, September 8) retrieved 27 April 2024 from <https://phys.org/news/2014-09-ge-home-appliance-consumers.html>

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