

GE Lullaby: India¹

GE wasn't having the luck it expected in India.

The company saw an opportunity in the country, along with several other emerging markets, after the 2008 financial crisis.² So it overhauled its Indian operations and doubled down on reaching the country's large underserved population. With the nation seeing steady increases in overall economy—GDP grew by 8.5% over the 2010-2011 fiscal year—the strategy should have been paying off.

But GE's efforts in India to market and sell its usual range of healthcare systems—sleek, high-technology, expensive devices with lots of features, and complex digital displays—were failing.

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² Bahree, M. "GE Remodels Businesses in India," *Wall Street Journal*, April 26, 2011.

GE sells the Lullaby in more than 70 countries.³ Newer versions, introduced in 2013, were offered at prices that were further reduced to beat local competitors in India and other developing countries.

Figure 1. The GE Lullaby Warmer Prime



Source: GE India

Healthcare in India

Healthcare, including the natal-care sector, is a large and growing market in India.

India's healthcare market is growing rapidly, driven by a rising middle class and increasing awareness of health care. The market is expected to reach \$100 billion by 2015, up from \$50 billion in 2000. The market is also becoming more competitive, with many new entrants.

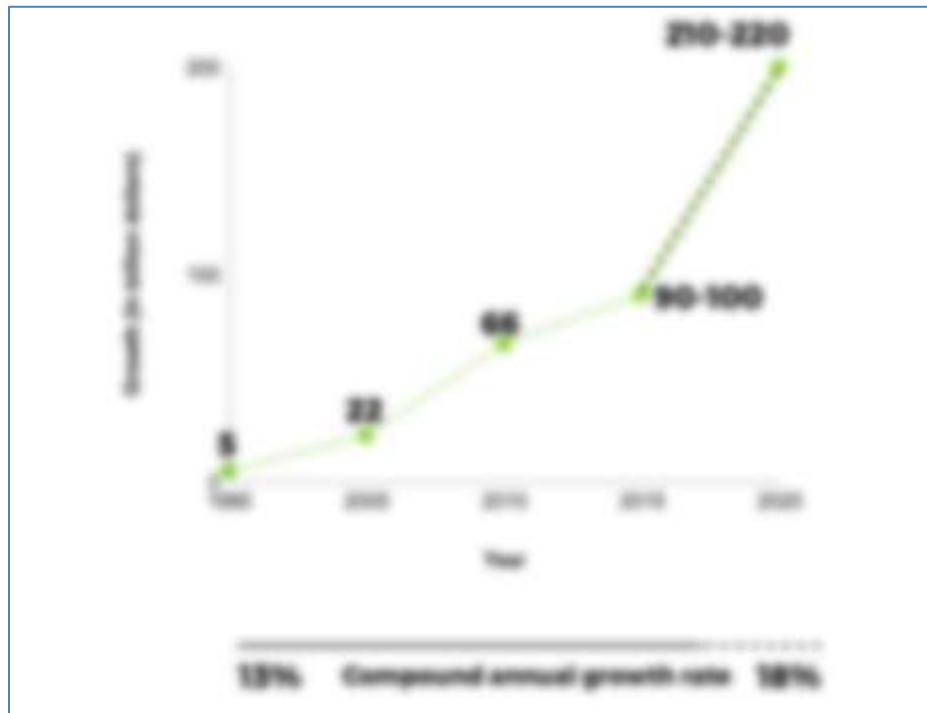
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³ Kumar Sharma, E. "GE launches new low-cost infant warmers," *Business Today*, December 13, 2000.

which are far more commonly used (about 80% of Indian hospitals employ them) than incubators, stood to improve the quality of newborn care throughout the country's underserved areas. ⁴

Figure 2. India's Healthcare Sector Compound Annual Growth Rate



Source: Hindustan Times

GE and the Market

The Lullaby Warmer Prime was introduced to the Indian market in May 2009 at \$3,000. To push the price down from the \$12,000 product marketed in the United States, GE

To push the price down from the \$12,000 product marketed in the United States, GE introduced an Lullaby warmer, affordable, reliable, and equipped with features similar to monitoring a baby's sleep cycles, weight, etc.

From 2005 to 2010, GE sales in India grew from \$100 million to \$1.5 billion, a 15% CAGR. In a 2010 interview, GE India CEO Shantanu Dutta said that the Lullaby warmer was a key product in this growth, and that GE India was focused on price significantly. In production with in the country, nearly 1.5 million babies are in warmer.

⁴ Bahree, "GE Remodels."

GE had the capacity to make only 5,000 warmers per year in 2013, Banerjee noted. Almost 40 other companies manufacture similar products that are available in India.^{5,6}

Going Forward

The success of the Lullaby Warmer Prime in India was undeniable, and based largely on matching product features to customer needs. Along with a resuscitator, MRI scanner and several other products, the warmer represented a watershed moment for GE's performance in the country.

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TABLE 1. Summary Table

Year	Product	Value
2013	GE Lullaby Warmer Prime	100,000
2014	GE Lullaby Warmer Prime	150,000
2015	GE Lullaby Warmer Prime	200,000
2016	GE Lullaby Warmer Prime	250,000
2017	GE Lullaby Warmer Prime	300,000
2018	GE Lullaby Warmer Prime	350,000
2019	GE Lullaby Warmer Prime	400,000
2020	GE Lullaby Warmer Prime	450,000
2021	GE Lullaby Warmer Prime	500,000
2022	GE Lullaby Warmer Prime	550,000
2023	GE Lullaby Warmer Prime	600,000
2024	GE Lullaby Warmer Prime	650,000
2025	GE Lullaby Warmer Prime	700,000
2026	GE Lullaby Warmer Prime	750,000
2027	GE Lullaby Warmer Prime	800,000
2028	GE Lullaby Warmer Prime	850,000
2029	GE Lullaby Warmer Prime	900,000
2030	GE Lullaby Warmer Prime	950,000

⁵ Kumar Sharma, "GE launches."
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