

The chinese firework industry

[Business](#), [Industries](#)



Introduction:

Liuyang is a city known as “ the home of fireworks and firecrackers” in Hunan province of China. Fireworks and Firecrackers have become the pillar industry of Liuyang, where 50 percent of total jobs are related to fireworks and one third of the total workforce lives in fireworks. Out of total 6458 fireworks manufacturers, 2702 are in Liuyang and 2144 in the surroundings of Liuyang. 89 % of total chines production of fireworks and firecrackers comes from Liuyang.

China produces 60% of the whole global production. Fireworks and firecrackers are part of Chinese traditions and culture. Chinese display firecrackers and fireworks to celebrate new-year, see off the year, weddings, death. They also use fireworks to scare the evil forces. Pyrotechnics is the formal name for fireworks. Trend has shifted from firecrackers to fireworks. In 2009, only 20 % of the total sales were generated from firecrackers. Fireworks related skills have improved also. First fireworks could hardly go 20 meters into the sky, but now it can go even 400 meters into the sky. Firework industry is low-tech and highly labor intensive.

Only few processes could have been automated and many key processes are still done with hand. Work place safety is high concern because a tinny spark caused by the drag of chair or dropping of a tool can result into an explosion. Employees are shifting to safer jobs. Skilled employees are insufficient in numbers. Number of engineers is also limited. Industry has to face environmental concerns too. By 2009, 75% of the fireworks imports to Canada were from China. Fireworks industry was banned in one third of Chinese cities but by 2009, all cities removed restrictions. By 2009, fireworks

exports reached \$675 million. In 2009, Liuyang Fireworks Company was listed on Toronto Stock Exchange. Fireworks industry is facing immense competition.

Liling in Hunan province is a community fireworks manufacturer, which is causing price competition. Pingxiang and Wanzai in Jiangxi province are competing with Liuyang in price and quality. Dogguan in Guangdong province, take advantage of its closeness to Hong Kong and sophisticated management and marketing skills. Dogguan has snatched share from Liuyang. DEEP LIST Analysis

Demographics:

Out of 400, 000 employees, only small portion is skilled workers. Number of engineers is also small. Skilled worker earns RMB 1200 to RMB 1800 every month. Un-skilled worker earns RMB 500 to RMB 700 every month. Economic

By 2009, fireworks exports had reached \$ 675. Due to economic development, income and standard of living of people is rising. Eventually, people desire for pricier and fancier fireworks over cheap and simple fireworks. This is creating profit opportunities for businesses. Ecological

Fireworks are hazardous to environment. Due to environmental concerns, once fireworks were banned in one third of the Chinese cities. But these concerns are still in place. Mass media also high lightspollutionrelated concerns. Political and legal

Restrictions on foreign direct investment have been eased. Government's initiative of encouraging private business ventures is a threat to existing companies. Industry once nationalized but latter was privatized. Fireworks

industry remained banned in one third of Chinese cities from 1998 to 2009. Economy was reformed toward market economy. Government agency of Fireworks Industry Department adopted offensive strategy which comprised of 3 steps: 1. Opened local offices in cities of 29 provinces

2. Regulated prices that Liuyang could quote and sell in export sales 3. Government to government relationship in order to secure contracts for large public firework displays in each province Till 1998, Chinese fireworks were banned in Canada.

Informational

Fireworks related accidents are reported and emphasized on mass media before and after and traditional spring festival. Some articles condemn firecrackers and fireworks. Social

Chinese use fireworks to celebrate new-year, see off year, wedding and deaths. Fireworks and firecrackers are also used to scare evil forces. But trend is changing now. Many people now like to get married in western style, in church or a scenic view in outdoor meadows. They prefer quiet and happy way of getting married over the traditional noisy way. Red balloons have been identified as a substitute to firecrackers and fireworks in some marriages in Beijing. People now prefer laser beams over fireworks on great openings. Technology

Fireworks industry is low-tech and highly labor intensive industry. Although, some processes have been automated but still, many key processes are performed with hand. Key trends shaping up in the environment

Below mentioned are the key trends shaping up in the environment.

Competition

The number of players is increasing due to the low initial investment and government initiative to encourage private business ventures. Increasing competition is causing reduction in prices eventually reduced profits.

Social Changes

People are shifting from the traditional ways of Chinese culture. People now like to get married in western way, in church or scenic place in green meadows. They also prefer now calm and peaceful environment to the traditional noisy ways. On great openings, instead of using fireworks now laser beams are being used. “ Make believe firecrackers” are the electric tube lights that are now substituting the fireworks.

Economic Changes:
Foreign direct investment is increasing now. Export \$ volume is increasing too. Economy has been reformed towards market economy. Environmental and safety concerns:

Employees are now concerned about their safety at workplace. They are shifting to safer jobs. Safety regulations by government are also getting strict now. Ecological concerns of fireworks are also increasing. Fireworks are condemned because of the pollution and accidents caused by them. Political and Legal Changes:

Political and legal framework has changed as well. In past, industry was owned by government but now it has been privatized. Even government is encouraging new entrants.