

# Galanz's operation

Business



Rank the importance of Galena's operation objectives of cost, quality, flexibility, livery, service and innovation. How has the importance changed over years? At the early stage of development of Galvan, the most important objective is cost, because it did not have any competitive edge in production technology but only an abundant supply of cheap labor and land. After Galvan became the leader in the microwave ovens market, its rivals refused to supply the most important component magnetron to it. So it had to developed its own design. At that moment, the most important of objective was innovation.

Then by 2003, Galvan began to export its MEMO even to overseas without brand recognition.

3 What is role of technology has played in the success of Galvan? The microwave oven market in the asses was in its infancy in China, where competition and demand size were small. Only a few foreign brands such asToshiba, LEG and Whirlpool were in the market and they had no clear intention to expand and dominate because they had not yet sensed the market potential, due in part to their lack of familiarity with the rapidly evolving Chinese market environment.

Besides, the high price of their microwave ovens was unaffordable to most Chinese consumers. On the technology side, it was less risky to invest in the technology associated with microwave ovens because this technology had been mature and stable since Americans first invented the microwave oven in the asses. Though Japan, a new player in microwave ovens, later advanced the production of the magnetron tube and power supply in the

subsequent decade, resulting in a tremendous cost reduction, the overall technology of microwave ovens did not differ much from that of its original design.

Despite the technical ease of producing microwave ovens, starting a coercive oven production business in China was not without obstacles due to the lack of associated technology and technical expertise at home. While many Chinese entrepreneurs at the time saw the market opportunity in microwave oven production in China, only Liana Senior had the determination to work to overcome the business challenges. Liana Senior understood that Galvan had to import equipment and technology from overseas.

Thus, in the early asses, he purchased the microwave oven production Adulterant Tort u [JULY) Trot lessons, teen ten world leader In coercive oven production equipment and technology. He also searched for engineering professionals throughout the country to set up the factory. At last, he found a group of engineers from Shanghai No.

8 Radio Factory who were knowledgeable of microwave oven technologies to help him. These engineers were still working with Galvan after 25 years, serving in senior positions in the technical supervision of microwave oven production.

In 1992, Galvan produced its first microwave oven, the factory opened and the company officially changed its name to Gudgeon Galvan Enterprises Group Co. Ltd. In 1993, the first batch of 10, 000 microwave ovens was produced.

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In 1995, Galvan sold 250, 000 microwave ovens in China, representing 25. 1 per cent of the domestic microwave oven market, and overcame Shell Electric (later acquired by Whirlpool) as the leading domestic microwave oven manufacturer. Exhibit 3 lists the course of development of Galena's microwave oven business.

After mastering magnetron technology, Galvan carried on product innovations by focusing on developing new features and new technologies. As a result, it changed its cavity-matching design; improved its power supply pacifications; added new cooking functions such as steaming, grilling, boiling and stewing; improved existing product structures such as express cooking and intelligent LCD menu touched; and redesigned the product appearance with titanium-film mirrors and edgeless flat organic glass.

The new technological invention of light wave ovens in 2001 also lifted Galvan into the high-end product market. The technical capability of Galvan, established through both investment in R&D and through learning and importing the most advanced technologies from overseas ratters, allowed the company to reduce costs and provide differentiated features in its products.

Meanwhile, the company started providing more DOOM service to its large MEMO clients as well as receiving more orders for products with the Galvan brand from small and mid-size enterprises in developing countries.

Difference between MEMO and DOOM The biggest difference between MEMO and DOOM doesn't only lie in their names. MEMO products are specially produced for brand manufacturers and they could only use this specific

brand without any abuse of other names of middle manufacturers. While DOOM products is in a different situation.

It depends on whether brand enterprises have exclusively own the copyright of these products, if not, middle manufactures are entitled to manufacture themselves with a precondition of using no design recognition of concerned enterprises. For Galvan, export through MEMO is the mode of entry. To Galvan, MEMO is a fast track to international market, & an effective way of building its competitive edge. Through MEMO, it is able to acquire new equipment at low cost, and upgrade its manufacturing capability.