

Marketing analysis report on steinway and sons



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Memo #3: Steinway & Sons

Steinway & Sons' founder wanted to “ build the best piano possible and sell it with the lowest price consistent with quality”. In doing so, they are now seen as the leader in the manufacturing of high quality Grand pianos. The company was able to prosper quickly, due to their technical superiority and their solid knowledge of their target market, value proposition, and competitive advantage.

Target Market: Steinway & Sons' target market consisted of two different segments of consumers, private and institutional. The Grand pianos were targeted to wealthy, affluent individuals in the United States, specifically to those with an income over \$100, 000 and aged 45 and older who were interested in music and looking for something to showcase their wealth. The pianos were also targeted towards musicians, who wanted the best quality instruments. The second segment was institutions, like musical performance halls, hotels, and universities who also wanted the best of the best when it came to musical instruments.

Value Proposition: Steinway & Sons understands the importance of high quality, superior sounding Grand pianos that individuals and professional musicians alike could consistently count on for providing superior service. All Steinways are assembled by craft methods with little use of assembly-line technique with only the finest materials used and each one has its own unique features and sound. The award winning pianos are seen as being the best in the world and serve as a status symbol representing a high prestige among anyone that owns one.

Competitors: Although Steinway & Sons face increasing competition from Japanese piano manufacturers like Yamaha and Kawai, as well as U. S competitor, Baldwin, they have remained superior in the production of Grand pianos due to the durability of their product, their innovative cross-stringing technique, the high quality materials used, along with the extremely skilled labor who were employed throughout the production process. Unlike their competitors who utilized more automation processes when mass producing their pianos, Steinways were assembled by hand, making each piano unique and building only a limited number of handmade pianos. This allowed them to be able to command higher prices than their competition as well as maintaining the reputation of being the best in the world.

Recommendations for Steinway & Sons:

Product: Steinway's main product was the Grand piano which is handcrafted and typically takes around two years to produce. Due to the intricate and long process of producing the Grand pianos, the company was able to produce on average, only 3000 pianos in a given year. Steinway increased their product line to include Boston pianos, Limited Editions, and the Crown Jewel Collection. The Boston pianos were designed by Steinway & Sons but manufactured in Japan by Kawai. These pianos sold for about half of a Steinway Grand piano. The Limited Edition Collection was a specially-designed piano, marking the 140th anniversary. It was so successful that they decided to introduce a Limited Edition piano every two years. The Crown Jewel Collection were traditional Steinways that were finished in exotic woods like African pommele or East Indian rosewood and were sold at a premium price of 20-30% more than the traditional Steinways.

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Steinway is a strong and exclusive brand with a brand identity that majorly focuses on concert Grand pianos. They should continue production of these pianos and continue targeting musicians and musical institutions and universities, while also focusing on differentiating themselves from their competitors.

If Steinway wants to keep producing Boston pianos, they should establish it as a different brand, differentiating it from the Steinway brand name. This needs to be clear to the customer that they are two different brands since it doesn't make sense from a branding standpoint for Steinway to design Boston pianos. They should target the emerging Asian market with this piano, while improving the distribution network in these markets through dealers and then by opening their own stores. The Limited Edition pianos were highly successful and they should continue to produce those every two years as well as the Crown Jewel Collection.

Steinway should also take advantage of the used piano market that is growing fast by offering trade-ins of used pianos on the purchase of new ones. They can then re-sell used pianos as well as new ones to increase their revenues.

Price: Steinway's Grand pianos are at the premium end of the piano market in terms of quality and price. Retail prices in 1996 ranged from \$30, 000 to \$111, 000 in the United States. Many factors contributed to this high price. Steinway pianos were assembled by handcraft methods with limited use of assembly-line techniques which caused the Grand piano to take around two years to manufacture. The piano consists of over 12, 000 individual parts and

the company had higher costs associated with high quality of raw materials used in the production.

Steinway has never reduced their prices, and in keeping with their high quality product, they are able to command the highest prices in the industry, nearly double that of their competitor, Yamaha. In order for Steinway to be seen as a prestigious brand, they can never lower their prices or offer discounts. This would be seen as discounting the brand and would be bad for their brand image.

In order to reach other individuals who may not be able to afford the high price of the Steinways, they should offer some kind of assistance or loans to aspiring musicians. Also, Steinway could target the middle class groups by providing low-interest financing options or payment plans so other customers who may not be able to afford the pianos, could pay it off over time.

Place: Steinway's products are sold to professional and amateur musicians, as well as orchestras and educational institutions, through its worldwide network of dealers. The majority of the company's Grand pianos were sold in the United States, through Steinways' sales offices and a large network of independent dealers. Customers purchase Steinway pianos either through one of the company's retail stores in cities like New York or London, or through independently owned dealerships.

There is a huge, growing Asian market that Steinway has yet to target. Their competition, Yamaha and Kawai have already taken over this market. It's important for Steinway to enter this market with their Boston pianos to compete with Yamaha and Kawai, and then slowly introduce their high-end

Steinway Grand pianos to this market. The Asian market is rife with individuals with high disposable income, who would be interested in owning a piano that comes with status and affluence from the United States. They should also look into expanding internationally, like the Middle East, specifically Dubai or Saudi Arabia which also has many individuals with high disposable income.

In addition to expanding internationally, Steinway should think about establishing a better online and digital presence and experiment with selling their pianos online. This would open them up to a younger demographic who use the Internet more regularly to purchase products, especially higher-end products.

Promotion: In the early years, Steinway promoted their brand by building a large factory in New York where two main Railroad cars passed by making thousands of people aware of the Steinway name. They also opened Steinway Hall, which served as New York City's main concert hall. Steinway promoted its pianos with famous musicians using its "Concert and Artist Program" to attract top artists from around the world. In any given year, over 90% of all classical music concerts featured a piano soloist performing on a Steinway Grand piano.

Steinway's marketing messages must be consistent with what the brand stands for: affluence and prestige. Steinway's advertising has highlighted that one does not "buy", but "invests" in a Steinway, and that a Steinway piano is always made just a little bit better than necessary. Their advertising emphasizes family values, the contributions to art and music of Steinway &

Sons, and their technical excellence. The timeless excellence of Steinway has always been emphasized and it's important for Steinway to keep up these marketing messages.

Steinway's brand name is so widely known and popular, that they do not need to do more brand promotion since people are already so familiar with it and what it stands for. Steinway should continue to use musicians who are loyal to the Steinway brand in helping promote their pianos. These musicians could help to promote to musical institutions or other aspiring musicians in the industry.

In addition to relying on famous musicians for promotions, Steinway should look into developing business partnerships with hotels and other entertainment venues to display only Steinway pianos at their facilities. They should also venture into product placement with movies and TV shows, portraying the Steinways in films and on popular television shows. Non-musician celebrity endorsements could help them tap into consumers who are not familiar with the pianos, but want the prestige of owning something that other celebrities have.

Steinway should also consider using other forms of promotion, like digital and online marketing to get the word out about their pianos. They should leverage social media and YouTube campaigns to target to a younger demographic who may not be ready to purchase one of their pianos yet, but will likely in the future.

In conclusion, Steinway & Sons should focus on the following recommendations. They should consider producing the Boston pianos under <https://assignbuster.com/marketing-analysis-report-on-steinway-sons/>

a different brand name separate from the Steinway name and start targeting the Asian market. They should continue to produce the Limited Edition and Crown Jewel Editions since they proved successful. Secondly, they should continue to command a high premium price over their competitors, but look into offering financing or payment plans for the middle class demographic, opening up their target market and the potential for more revenue. Thirdly, Steinway should expand internationally into the Asian and Middle Eastern markets to take advantage of an untapped growing market. Lastly, the company should experiment with different promotional avenues like product placement, social media, and celebrity endorsements.

Reference

- Gourville, J & Lassiter, J. (1999). Steinway & Sons: Buying A Legend, (pp. 1-23).