

# [History of piano companies](https://assignbuster.com/history-of-piano-companies/)

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Henry was a master cabinet maker who built his first Plano In the kitchen of his Self home In Germany -By the time Henry established Stairway & sons he has built 182 pianos . The first Plano produced by the company , number 483 , was sold to a New Yorkfamilyfor $500. At Is now display In New York City Metropolitan Museum of Art. By 1860 Stairway & sons had built a manufacturing facility at 52nd Street and Fourth Avenue. Here 350 men produced 30 square pianos and five grand pianos per week . In 1864 the firm opened a showroom on 14th Street, In 1865 sales topped $1. 00, 000. From the beginning Stairway & sons faced intense competition from rivals such as Checkering & Sons and Mason & Hamlin in the United States competition , the firm sought to highlight not only the unique construction of the Stairway piano but Its superior sound . Musichistorians consider the competition at the 1867 Paris Exhibition the turning point In the Plano Industry because It was there that the 'American' system of cast- Iron frames , heavier strings, solid construction and more powerful tone took the competitive honors from European pianos .

The jury awarded Stairway the prestigious Grand Gold Medal of Honor ' for excellence in manufacturing and engineering . With this recognition , Stairway's domestic piano sales and exports grew vapidly. Requiring greater production capacity . Len 1870 the firm purchased careers of remote farmland in Queens with the idea of moving the factory from Manhattan . By 1873 the new factory was operating . Virtually its own town , Stairway Village had its own foundries factory , post office , parks and housing for employees . Len 1875 the firm opened a showroom In London . N 1885, to built an early global presence , the firm built a factory in Hamburg Germany . Piano manufactured there were marketed in Europe and exported to the rest of the world . Today these two factories remain the rim's only manufacturing centers Stairway had s steady growth until the world economy entered adepressionthe sass and the firms survival was at stake . To market pianos to people of more modest means , developed and introduced two new models -the Ft line-baby grand and a 40-in upright piano . At the outbreak of the second world war , production was stopped. In the sass new competition emerged from Asia.

Yamaha and Kiowa began exporting thousands of pianos to the United States . A Yamaha piano sold for about one-half the price of the equivalent size Stairway model . By the early sass the Japanese threat raised questions about the future of Stairway ; Sons and entire US piano industry . In 1972 the firm was acquired by CBS and merged into CBS Musical Instruments Devotions . CBS sold Stairway ; Sons and the rest of its musical instruments division in December 1985 to John and Robert Birmingham, two brothers from Boston who had made their fortune through a family-owned heating-oil business.

In 1991 Stairway ; Son introduced a new line the Boston openhandedness to compete in the midrange piano market. This line was designed by Stairway ; Sons and manufactured at Kiwi's factory in Japan. Stairway dealers had suggested that a logical step-up strategy to a Stairway piano was needed. The availability of many competent lowercases pianos made making a Stairway sale to a novice pianist harder to Justify. Kiowa is the second largest piano manufacturer in Japan after Yamaha. While the Boston piano is manufactured under contract by Kiowa, Stairway controls the material handling process and owns the designs.

Boston designs are not available under any other brand name and are distributed only by Stairway. On 25 May 1995 Stairway & Sons merged with the Seller Company, a manufacturer of brass wind, woodwind, percussion and stringed instruments, to form Sternest Musical Instruments Inc. The new company's strategy strives to capitalize on its strong brand names and leading market position. Today Although best known for handcrafting concert grand pianos that are played by the World's most esteemed musicians, 52 percent of Stairway's sales come from band and orchestral instruments.

Its Seller subsidiary is the number one US maker of band instruments, including Seller Paris saxophones, Bach trumpets and trombones, and Ludwig drums. Stairway sells three lines of pianos in three expense engages (the elite Stairway, the mid-priced Boston, and the new lower-priced Essex) trough ten companionway showrooms and some 200 independent dealers worldwide. Chairman Kyle Kirkland and CEO Dana Messing own 85 percent of Stairway's voting shares. Through a worldwide network of dealers, Stairway Musical musicians, as well as orchestras and educational institutions.

The company employs a workforce of over 2, 800. The company's net sales of $353 million for the year ended 31 December 2001 were comprised of $169 million in piano sales and 184 million in band and orchestral instruments sales. The total net income (profit) for Stairway Musical Instruments was $15. 2 million in 2001. Piano sales are influenced by general economic conditions, demographic trends and general interest in music and the arts. The operating results of this segment are primarily affected by Stairway ; Sons grand piano sales.

Given the total number of these pianos sold in any year (3, 319 in 2001), a slight change in units sold can have a material impact on the company's business and operating results. The operating results of the piano segment are also influenced by sales of Boston and Essex pianos. Which together represented approximately 50 per cent of total piano units sold and approximately 20 per cent of total piano revenue. The Boston and Essex piano lines are both manufactured in Asia, each by a single manufacturer.

The ability of these manufacturers to produce and ship products to Stairway could also materially impact on the company's business and operating results. The average ex-works unit price for a Stairway piano in 2001 was: $169 million/3, 319 units=$51 , OHO. Prices for the Boston and Essex were lower, whereas prices for the high-end Stairway pianos were higher (up to $110, 000). The Stairway reputation Though Stairway ; Sons never offered to reduce the price of its pianos, It sought endorsements from the social elite. To this and other groups the firm presented itself as offering a high-quality product worthy of a high price.

Today the Stairway pianos are the highest priced in the industry. Often the price is nearly double that of an equivalent Yamaha the firm's most competitive rival in the United states. Stairway & Sons has consistently emphasized its commitment to the cultural enrichment of the nation and the world. The firm's promotions argue, for example, hat the act of buying a piano is not the same as the act of buying a Stairway. Buying a Stairway is depicted as an indication of appreciation for high cultural taste and , hence, a sign of high achievement.

Today more than 95 per cent of all classical music concerts worldwide featuring a soloist are performed on a Stairway concert grand piano. This endorsement has remained stable for many decades. As we shall see, this high share in the piano marker. The high reputation of the brand has resulted in many potential. Stairway buyers not only being interested in music, but being greatly interested in class and status. Their interest in owning a Stairway would increase if the class and status associated with the Stairway name was emphasized. Systematically, the firm has broadened the message in its promotions.

The firm's advertising has emphasized, for example, that one does not " buy", but " invests" in a Stairway, and that a Stairway piano is always made Just a little bit better than necessary. Stairway advertising has been targeted to emphasis family values, the contributions to art and music of Stairway & Sons, Stairway's technical excellence, or a combination of these. The " timeless" excellence of Stairway has also been emphasized. International marketing of Stairway piano The piano market consists of two important segment-grinds and uprights. Grand pianos are larger and give a louder, more resonant sound.

The grinds are more expensive and the market for such piano is generally smaller than that for uprights, and fewer firms were involved in their manufacture. Historically grand pianos have accounted for the bulk of Stairway's production. Grand pianos are the premium end of the piano market in terms of quality and price, with the Stairway grinds dominating the high end of the market. Retail prices in 1996 ranged from $30, 000 to $1 11, 000 in the United States. Stairway pianos are primarily purchased by affluent individuals, highly knowledgeable about pianos with incomes over $120, 000 per year.

The typical customer is over 45 and has a serious interest in music. Stairway's core customer base consists of professional artists and amateur pianists as well as institutions such as concert hall, conservatories, colleges, universities and music schools. Customers purchase Stairway pianos either through one of the firm's five retail stores or through independently owned dealerships. The institutional segment of the world piano market, which includes music schools, conservatories and universities, represented less than 17 per cent of Stairway's sales. 0-85 per cent of the firm's piano sales are to individual. In other countries, sales to individuals are a smaller percentage of the total sales. Approximately 90 per cent of Stairway unit sales were made on a wholesale basis, with the remaining 10 per cent sold directly by Stairway at one of its eight company- owned retail locations(in big cities such as New York, London, Berlin and Hamburg). Unlike many of its competitors in the piano industry, Stairway does not provide extended financing arrangements to its dealers.

To facilitate the long-term financing required by some dealers Stairway has arranged financing through a third-party provider, which generally involves no guarantee by Stairway. Competition In the sass US piano manufacturers were first confronted with Japanese piano imports. The Japanese firms offered consistent-quality pianos at a much lower price than US manufacturers. By the end of the sass two Japanese firms, Yamaha and Kiowa, were selling 10000 units annually. Together they captured 5 per cent of US upright piano sales and 28 per sent of US grand piano sales.

The sass saw further significant change in the US piano market. Yamaha introduced the first all-digital synthesizer, which could effectively produce a range of high-quality sounds. Yamahas introduction of the synthesizer effectively undercut the low-end acoustic piano market. Yamaha uses innovative engineering and automated manufacturing to produce its pianos and markets its pianos worldwide. By the end of the sass Yamaha was the world's leading musical instrument maker. It commanded 30 per cent of the piano market.

As a consequent of the Asian competition several US firms have closed, and currently only two major US firms, Stairway ; Sons and Baldwin, continue to make pianos. Founded in 1862, Baldwin is best known for making grand and upright pianos under the Baldwin, Checkering and Worldlier names. It also makes Concern Master computerized player pianos and Baldwin Evansville digital keyboards. Baldwin has two manufacturing facilities in Arkansas. After selling off 11 of its retail stores and its retailfinancebusiness, the company filed for bankruptcy protection in May 2001. Today it is a member of the Gibson musical family.

In Europe Although German piano manufacturers make high-quality, high-priced pianos they have been severely tested by the low-priced Asian competitions. As a consequence of this competition the number of piano makers has fallen from several hundred to around 10. All surviving firms facedfinancial difficultiesin the sass. Wilhelm Schism's , Brainwashing, is not among the largest German piano manufacturers. It is a family-owed business run by the third and fourth generation. In 2001 Schism's had about$25 million in total sales. Schism's has a close relationship with Yamaha, which has marketed Schism's pianos in Japan.

While English firms were world piano manufacturers during Stairway's earlier years, today there is little piano making in England. The manufacturing that does occur involves subcontracting from non-British makers. The most prominent is Gamble & Co. , a firm that employs 100 people and makes pianos for Yamaha Pan) and Scheduler (Germany). Stairway market shares Though 95 per cent of worldwide concert solos are performed on a Stairway has This ranges from less than 1 per cent in china to 2223 per cent in Switzerland, In the United States Stairway's market share is about 10 per cent.