

Case study – pearl river piano company

Business



Investments from both Yamaha and Stairway & Sons have played a key role in the expansion of their production. In addition, PREP has bought the German piano brand Ridiculer and will be expanding in the European market.

Guanos, located at the north of the Pearl River delta, is an important trading center as well as a busy port and the capital city of the province of Guano .

The city has an area of over 16,000 square kilometers and a population of 6.7 million. Guanos is also one of the most important centers of foreign commerce in South China.

There are a lot of interesting legends concerning its past. One of the beautiful stories which gives the city its name Goat Town says that five gods riding on five goats brought the first grain to the city.

In 1959 PREP consisted of a shed on the side of the street to repair pianos. Later a shelter was built to process the wood. At that time the pianos were carried in a cart with men walking barefoot to the port. During the tumultuous Mao Leaning's cultural Revolution in the 1960s, few Chinese dared to buy a piano, which symbolized the West's decadent and bourgeois society.

Learning the piano was frowned upon at that time.

The factory didn't stop making pianos. However, they were lucky if they sold more than one hundred pianos a year. In the meantime China's one-child policy has created a culture where parents invest heavily in their children's education. Parents like to spend money to improve their children's education

and culture and this has paid off for PREP. Nearly 80% of their pianos are sold in China. Pianos have caught on in China.

Prig's domestic shipments climbed even throughout Sais's financial crisis.

During Ethel ass's companies such as Yamaha took advantage of low labor costs to enter the global and domestic market. They were quietly followed my South Korea. For years the musical instrument business was dominated by U. S. And European companies.

But this has been changing now for decades. In 1992 Tong Chi Change took control of the company. He had worked for only one company during his adult life, the state-owned PREP. When Tong took over pianos were fairly common in households in Europe and the U. S. For nearly two centuries, but in China they have been a luxury.

In 1995 PREP and Yamaha Pianos of Japan forged a \$10 million Joint venture. They set up a company called Yamaha-Pearl River. This company was set up to make certain " Eternal" models that are exported to Europe and the USA. Unlike China's typically backward state-owned companies, PREP is as'. N.

Y about brands and looks for new products to sell. Tong bought a mature German brand Roulette In 1 In Alton en NAS struck deal Walt stowaway & sons to produce their Essex line of pianos. Today, PREP consists of a factory spanning 2 million square feet-the world's suggest piano plant-cranks out 250 pianos every day.

White-smocked workers steer computer-driven kilns that bake oak planks en masses. Individual piano keys are hand-checked for precision and balance.

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Five pairs of ears listen to each piano's tuning, speeding another instrument out the door-and into America's living rooms. Just two years after Pearl River set up a U. S. Sales arm, its high- quality, low-priced pianos have snared 10% of the market, and the company vows to capture a 25% share by 2005. It already has won the hearts and minds of some U.

S. Consumers.