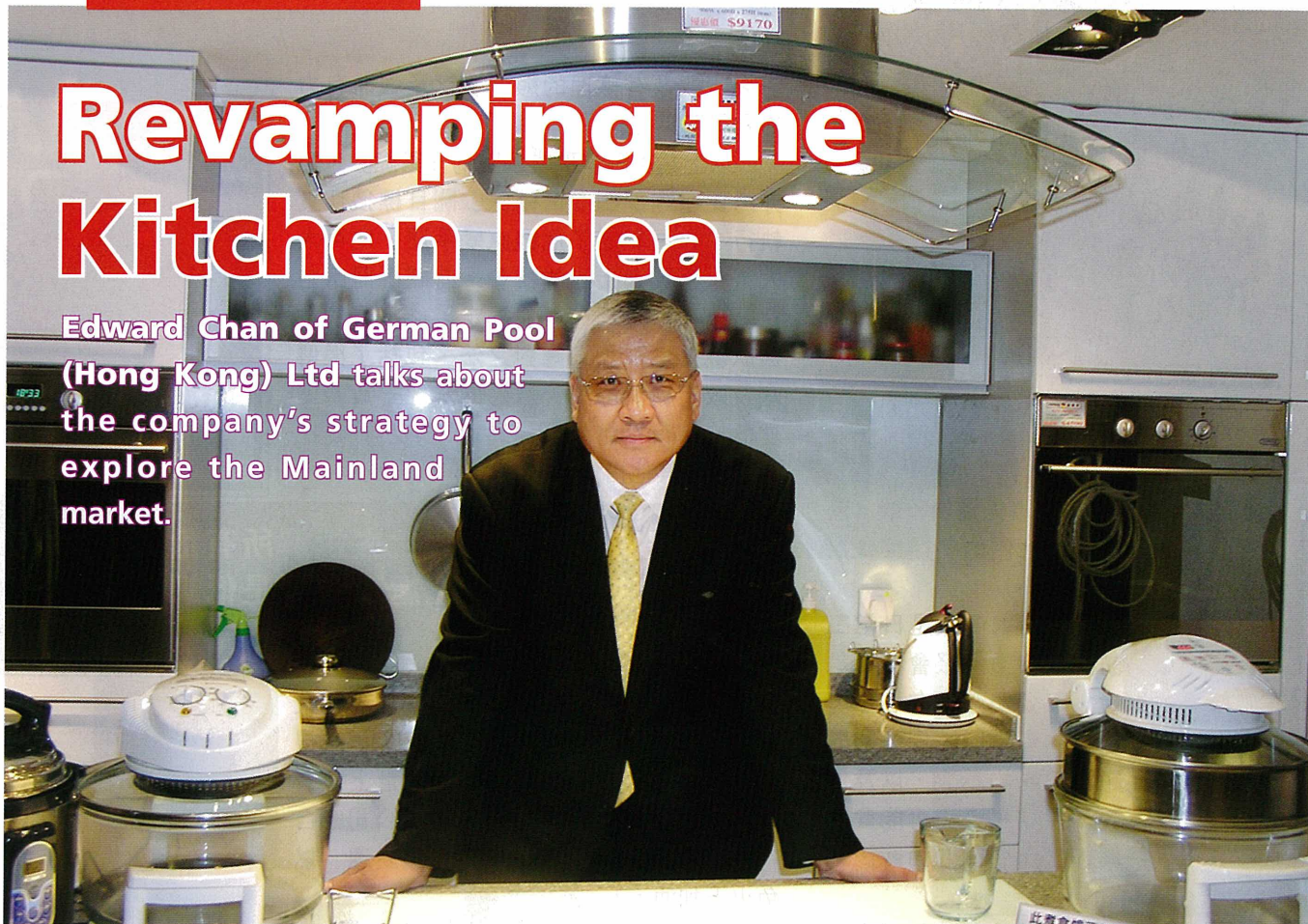


Revamping the Kitchen Idea

Edward Chan of German Pool (Hong Kong) Ltd talks about the company's strategy to explore the Mainland market.



If you have ever considered German Pool as a German brand, you are not alone. While you may be surprised to learn that it is a Hong Kong brand, you will not be disappointed by the quality it delivers as it is on a par with what you expect from a good German brand.

Quality plus Variety

“We have not thought of the misconception it would bring,” says **Edward Chan, managing director of German Pool (Hong Kong) Ltd.** “When the company was first established, our target was to pool together the best things around the world. At that time, Germany was the world’s most reputable manufacturing base. The name ‘German Pool’ signifies our endeavour to achieve the best quality and standard.”

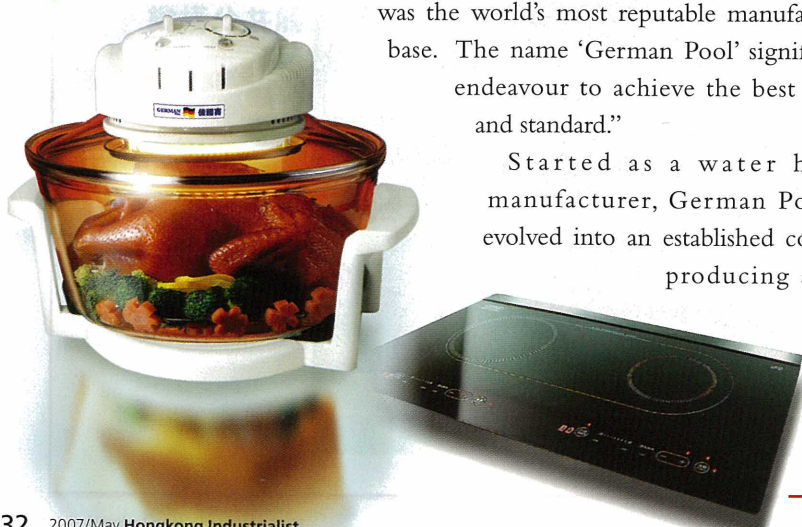
Started as a water heater manufacturer, German Pool has evolved into an established company producing a wide

range of home appliances from range hoods to induction cookers, as well as kitchen cabinets. “We were serious about developing a brand that sells a large variety of home appliances at the start given their indispensable roles in modern life,” says Mr Chan.

The company’s decision to sell kitchen cabinets, a new branch of business different from home appliances, is well-founded. “Nowadays, people want a clean, tidy and good-looking kitchen, which makes kitchen cabinets a must at home. And we see the potential of kitchen cabinets in driving the sale of home appliances. Consumers usually look for home appliances that can match the style and setting of the kitchen cabinets,” Mr Chan explains.

The Franchising Plan

So this becomes the business direction of German Pool, and the company has adopted this strategy in Hong Kong by setting up showrooms in some key places to promote its kitchen cabinets and home appliances. Mr Chan says the company plans to extend this idea to the Mainland by opening franchise outlets that sell German Pool’s kitchen cabinets and home appliances in southern China in the second half of this year.





“We see franchising as the best approach to expand our business in the Mainland. Many companies which sell products through Mainland department stores have experienced cashflow pressure due to high charges and unfriendly payment terms,” Mr Chan remarks. “Franchise outlets would not only solve this problem but also help us reach some remote areas in the Mainland.”

Repair service must be available where the points-of-sale are located, according to Mr Chan, even if the quantity of products sold out is very small. “Users may misuse or mishandle the products, which necessitate repairs. If there is no such nearby support, the brand’s reputation suffers. Under our plan, the franchise outlets will serve both as points-of-sale as well as the authorised repair and support centres.”

Mr Chan details the company’s ambitious franchising plan: “We would like to nurture those interested in and committed to this business. Instead of sharing their sales profit, we profit by supplying them with German Pool’s products, but will carefully manage the margin to ensure that the franchisees can survive and flourish. We will also give them necessary training on product knowledge, sales techniques and service skills so that they are well equipped to uphold our brand name.”

German Pool targets to open 200 franchise outlets in southern and northern China in three years, and hopes the number will go up to 1,000 in five years with the area of coverage extended further.

When asked if the large number of

franchise outlets can be properly managed, Mr Chan asserts that their activities will be monitored by a special team to make sure that franchisees comply with the terms of the franchise agreement. “Coupled with the use of information technology, we are able to manage them as if they are in Hong Kong,” he says.

Developing the Mainland market is high on the company’s agenda, and it has already embarked on a plan to build its production headquarters in the Shunde Science & Technology Industrial Park. By integrating the production lines, productivity can be enhanced and resources better managed. The production headquarters will also serve as the training centre and showroom as well.

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Embracing the Best

Despite the scale of the production headquarters, the company will still commission other OEM factories for production. “No single company is good at everything. At German Pool, we only do what we do best. For the rest of the products, our job is to source the best manufacturers,” Mr Chan explains.

With such a wide range of products to manage, Mr Chan emphasises the importance of staff empowerment. “Never employ the man you suspect, nor suspect the man you employ,” he says. However, he points out that this has to be accompanied by a sound management system. “Most modern enterprises succeed because they have established a good system, which is something to be learned by local enterprises.”

Besides building a good management system, manufacturers also need to keep an open mind and be receptive to new things, Mr Chan says. “Many years ago, most

The new production headquarters at Shunde. 德國寶將在順德建設生產總部。



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manufacturers believed they had their own secret to success and were reluctant to exchange with others. Now, they understand that they will be no better than the inexperienced if they do not change this attitude. In recent years, more and more manufacturers are joining factory visits and experience sharing sessions organised by various chambers of commerce.”

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Technical knowledge and management experience can be shared, but designs must be protected. German Pool puts great emphasis on product design and development to distinguish themselves from competitors, thereby reinforcing its brand and increasing its profit margin. The company invests about seven per cent of their revenue into design and R&D, and has won many product designs awards.

Despite the achievements German Pool has made in product design and innovation, Mr Chan still feels that it is very difficult to illustrate what makes a good design. “The

management should be neutral and take a balanced view when overseeing product development. Product design is important, yet a product’s practicality and marketability should be given equal weight.”

Making Best Use of the Media

While the company tries to bring in various styles for product designs, it firmly adheres to the brand’s position – offering quality products to the general public at an affordable price. “Our target users are ladies who like to cook and have a say in the set up of the kitchen, the CEO in the kitchen,” Mr Chan says.

This explains why the company has been the title sponsor of Cable TV’s popular cooking show – *Maria’s Kitchen* – for more than three years. And the advertisement has proved very successful in promoting the brand among its target customers. “The programme does great help in bringing up sales and recognition. The home appliances and kitchen cabinets used in the programme are all from German Pool. Many visitors to exhibitions tell us they know German Pool as our products are used in Maria’s Kitchen,” Mr Chan says.

Indeed, the success of this promotion strategy did not come by chance. The company had made careful analysis before arriving at the decision. “We chose Cable TV instead of other free TV channels because we would like to

approach customers with consumption power, and the nature of the programme is sure to attract those who cook. Being a title sponsor ensures our resources are effectively used as not only can we place our logo together with the programme title, we are allowed the time slot immediately after each session to promote our products, which is something normal advertisements cannot do. Thus, we are pretty sure that the audience will see our advertisement before switching to other channels when the commercial break starts," Mr Chan explains.

This strategy has successfully built a psychological link between German Pool and

cooking, reinforcing the brand. Mr Chan says that it helps shorten the time required for people to accept new products launched under the brand. "It is therefore very important to

It is therefore very important to protect the brand. With this in mind, you will be serious about things like product quality, management and public relations.

protect the brand. With this in mind, you will be serious about things like product quality, management and public relations. Indeed, protecting the brand is the means of promoting the brand."

Having established a well-known brand, German Pool is marching towards the huge Mainland market, and it is not too worried about the intense competition there. "We believe the franchising plan will work. Compared with the international brands, we have the advantage of lower operation cost and we understand the Mainland market better," Mr Chan concludes.



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