

Going global gracefully

David Morgan considers whether globalisation is a benefit or a problem for lighting in the UK, once a major force in R&D, manufacturing and exports



Morgan: charting the future of lighting in the UK

Why has the UK's lighting industry declined so dramatically in international markets in a single generation? Was it an early victim of globalisation or was it a lack of interest from the Government coupled with a lack of investment from the major players?

It is hard to imagine that only 20 or 30 years ago the UK was a centre for the world lighting industry. We were seen as leaders in light source development, product marketing and manufacturing, lighting education, luminaire design and exports.

Home-grown

While the UK lighting market has grown and developed, too few of the cutting-edge advances in lighting technology or product designs have been home-grown. It is not surprising that we have fallen behind – UK corporate research and development budgets are less than half the average for advanced countries.

There are far more lighting companies in the UK now than there were 30 years ago, but many are subsidiaries of overseas companies or sales organisations marketing imported products. Increased awareness of lighting and the sophistication of both products and schemes demands that there are many skilled people to support the growing market – but it seems the control of product origination, branding and marketing has slipped away.

Could it have played out differently had different decisions been made?

If government policies had been more supportive and nurturing of UK manufacturing, or the management of UK lighting companies had shown more imagination and verve, perhaps there would be more UK-based companies with a growing international profile.

There is a danger that the recent rise of China as a source of lighting products could be the last straw for UK manufacturers. A more positive view is that China could be an opportunity for us to rebuild international sales.

The technical lighting market is far more open to global products than ever before. In



the past, lamps and control gear were defined by local electrical supply and safety standards, but now we can use the same lamps and control components for most of the world. The same luminaires and lighting systems can be sold in all markets if the function, design and price are right.

The rapid dissemination of

cost of development, tooling and production in Asia with the scientific, technical and design resources of the West, some companies have introduced more new products more rapidly and efficiently than was possible with only domestic production.

Using their brand and financial muscle to consolidate their marketing and sales positions in each target market, western companies are able to compete more effectively around the world – and to reinvest in new products and marketing.

US companies are increasingly moving development and production of entire product groups to China, leaving marketing, design, sales and head office functions in the US.

Not only are they taking advantage of lower production costs in China, but they are also targeting the Chinese market for high quality, high performance branded lighting products for high end applications.

Smaller lighting companies in Europe and North America are also taking advantage of

lower manufacturing costs in China. Cheaper labour cuts the costs of tooling, assembly and finishing operations, so western companies can exploit their marketing and sales skills to create new products more rapidly and frequently.

It could be argued that 2004 highlighted various supply-side bottlenecks of a centrally planned Chinese economy – including well-publicised shortages of electricity, steel and plastic – and subsequent price rises. China still seems to be a great OEM supply opportunity rather than a threat.

But how about the future? Will increasing design, engi-

neering and marketing skills help Chinese-owned companies compete with their current customers? Up to this point there seems little evidence of this happening with luminaires. Although they are

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strong in labour-intensive production, most Chinese suppliers have little brand awareness or established marketing networks in western markets.

In the US some Taiwanese-owned luminaire companies

have successfully combined their factories in China with their own import, distribution and branded marketing operations in the US. They could signal the way for mainland Chinese companies to enter the global market under their own brands, but I believe this will be a slow process.

UK lighting companies have the same access to global resources as their overseas competitors. By harnessing the inventive and creative resources available in the UK, British companies can still win the global lighting market for a wide variety of lighting products. ●

● David Morgan runs David Morgan Associates, an international design consultancy in London that specialises in luminaire design.

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