

Chinese Light Bulb Manufacturer Coming to US

20-30 Cents Increase per Bulb Versus China Can be Managed, TCP CEO Says; from Private Label to Branded Products; GE Lighting went Offshore

SCDigest Editorial Staff

In a move that in some ways may be illustrative of a potential trend, TCP Inc., a manufacturer of a variety of advanced light bulbs that currently manufactures exclusively in China, is now planning to build bulbs in the US and develop a branded product line.

TCP is currently the largest producer of compact fluorescent light bulbs (CFLs) in the US, until now exclusively as a supplier for other brands such as GE, Osram Sylvania and Philips (though it has branded product in China already). It makes other advanced light bulbs as well, such as LEDs.

The products were also exclusively made in China, but the company now says it is planning a factory near Cleveland.

The move in a sense is a double shot at industry leader GE Lighting. Not only does it appear TCP will soon compete at the retail level with GE, its current customer, but GE also recently closed most of its existing lighting manufacturing capacity in the region near its own Cleveland headquarters. The company shut down a number of traditional incandescent lighting factories in the northern Ohio area, saying demand for those products was falling versus more energy efficient bulbs. However, it nixed the idea of revamping those factories to make CFLs, saying the upgrade costs were too expensive, and that all its CFLs would be manufactured in China.

Now, TCP has announced plans for a new CFL factory near Cleveland that will employ 50-60 to start. Likely, Cleveland was picked to tap into a labor pull with lighting experience from GE.

The move was made possible by the increased level

Not only does it appear TCP will soon compete at the retail level with GE, its current customer, but GE also recently closed most of its existing lighting manufacturing capacity in the region near its own Cleveland headquarters.

of automation TCP uses to produce the bulbs, drastically reducing labor costs as percent of the total. Three years ago, TCP made all of its bulbs in China by hand. Today, 60% are made by machines. The automation has led the company to reduce its workforce there to just 8,000, down from 15,000 in 2007.



**TCP Lighting Factory
Coming to Cleveland**

Company CEO Ellis Yan says it will likely cost 20-30 cents more per CFL bulb to produce them in Cleveland versus China, but that the cost can be managed given that the retail price of such bulbs is generally more than \$3.00 and that TCP will be closer to eventual US customers.