

Zamperla: Matching Wits With the Chinese

With sales of € 54.5 million, an export quota of 98 percent and 350 employees worldwide,

Antonio Zamperla Spa in Altavilla Vicentina is among the world leaders in building

merry-go-rounds and amusement park rides. ● **Company chief Alberto Zamperla**

explains the Zamperla success story. ●

by **Antonio Barbangelo**

In 2005, Alberto Zamperla became the first Italian ever inducted into the International Association of Amusement Parks and Attractions Hall of Fame (IAAPA). The honor placed him in elite company. Over the decades, the IAAPA has inducted the likes of Walt Disney, George Ferris (the 19th-century inventor of the ride named after him), and Walter Knott (founder of California's Knott's Berry Farm, the world's first real theme park).

Antonio Zamperla Spa is among the top international manufacturers of amusement park rides and attractions. The company's 2008 turnover was €54.5 million, up 37.6 percent from the €39.6 million of 2007. The company's export quotas are 98 percent of revenue and it has some 350 employees worldwide.

Zamperla's administrative headquarters and its only Italian factory are located in Altavilla Vicentina, near the Veneto region town of Palladio. It also has production outlets in the Philippines, Belarus and China, as well as a steel structure subsidiary in Slovakia and sales offices in Dubai, South Korea, Russia, Brazil, Australia, Malaysia, and Indonesia. A third company, U.S.-based Zamperla Inc. took home the "Lombard Elite" prize at the 2009 China Awards 2009, for best medium-sized business operating in China.

The company chief is Alberto Zamperla, whose father belonged to Italy's famed Alpine Brigade and who saw himself as an explorer in the world of rides. "My father founded the company in 1963 on his own," says Zam-

perla. "It all started with the idea of taking rides popular among kids and making them more 'adult,' which led to the invention of bumper, mini-scooters, go-karts, 'judge-you-strength' punching bags – all kinds of rides and entertainments that have since become classics." Antonio Zamperla became a limited company (s.r.l.) in 1979 and a stock company (SpA) 1988.

The family tradition of entertainment began in the mid-19th century when Angelo, the youngest of five brothers, left the family baking business (cakes) for the love a woman, Anna Bastico, an avid horseback rider. Together, they went into the circus business. This led generations of Zamperla to become involved in the circus, theater and entertainment industries. Alberto Zamperla, Antonio's grandfather, traveled to Paris in the early 1900s to purchase a film projector from the Pathé Frères, then the first company to produce films, documentaries cinema equipment. He came back and toured Italy with the machine.

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No. It's a family business.

Who are your customers?

Every kind. They include carnivals that buy a single attraction and mega-groups such as Disney, MCA Universal Studios, Warner Bros., Six Flags, Paramount, and so on. There also private equity firms and governments. In the late 1980s we produced seven of the 12 attractions for Eurodisney. In some countries, such as China, India or Egypt, we work with large real estate companies that build up entire developments, often with a golf course,

hotels and shopping centers. As an added value they also create theme parks, which are very visible and also an excellent sales tool because everyone uses them.

You're among the world's leading producers of rides. How extensive is that?

We're the only company in the world that offers a full range of amusement park products, including small rides and massive roller coasters. We just completed a theme park in Pyongyang, capital of North Korea. There are 27 rides, all of them ours, for children and family.

What other features characterize your company?

We control the whole production process, from artistic development to electronic to hydraulics. What this means is that our customers get one partner that takes responsibility for everything. We use sophisticated computer systems and have a state-of-the-art engineering department. We Italians are a gifted people. We can create functional solutions technical and safety terms, while at the same time attending to aesthetics, making things beautiful. Another key point is that we're directly present all over the world. That differentiates from all our competitors. A Japanese rival might, say, be better than us at producing roller coasters and even export a lot, but that competitor isn't directly present in Saudi Arabia or in Africa. We're everywhere.

So Italy is a global leader when it comes to rides?

What was your first work experience?

In 1972, I joined my father in managing of the company. I was chief of sales. I worked on the commercial side, mostly the European market. In 1994, after his death, I took over the presidency, but I kept the sales director role.

When did you first begin selling overseas?

In the early 1970s, we sold small rides to France and Germany.

Do you remember your first overseas visit?

My father loved the United States. He saw it as the nation of the future. In the mid-70s we decided to start a U.S. subsidiary and my father asked, almost kidding around, for a "volunteer." There weren't that many options so I went. Work-wise it was a vital experience. The American market taught me a lot, especially when it comes to the importance of communication and corporate image. Today Zamperla Inc., which is based in New Jersey, follows all North American sales and after-sales, which is also an essential part of our business.

How exactly did you break into the American market?

Step-by-step. At first, I had a hard time selling anything because potential customers wanted my references. But if they didn't buy anything I obviously didn't have any local reference. Then I met a Canadian businessman who worked in the same sector. He organized an event in the U.S. that was similar to Munich's Oktoberfest (5 million visitors in 2 weeks). I convinced him to buy a kid's merry-go-round. The deal was that I'd get half the processed for the

ride and he could keep it. The merry-go-round was a hit. Suddenly I had documentation on the exact number of people who had been on the ride and that it was a sold attraction. That let me break into the wider market. I started an advertising campaign with testimonials from American users, which was very useful in helping people to get to know us.

You had no other bases in the United States?

No, nothing. In 1976, we took the first step, which was to open an office in Montreal. That was the year of the Montreal Olympic Games. Canada seemed to hold out the promise a widespread development. But a few months after the Olympics, the provincial elections went to the Quebec Party, mostly francophone [editor's note: The party backed the independence of Quebec]. French was becoming the official language there, which left us as a



Antonio Zamperla: Rides for the world.

kind of island in what was otherwise a sea of English-speakers. Our real market, we knew, was in the United States. Initially we thought of producing in Canada to then sell our goods in the United States, but production costs were too high. After three years in Canada, we relocated to New Jersey, where we opened Zamperla Inc.

Where do the rides sold in the U.S.?

The products come from factories in Italy, China and the Philippines.

Has U.S. demand increased?

We're hurting at the moment because of the unfavorable euro-dollar exchange, which penalizes European importers. U.S. demand is down more than it is elsewhere. I'm gritting my teeth and waiting. Despite the current crisis we have two important contracts with Disney. Meanwhile, direct sales to the parks are also down.

Can you explain further?

Something else happened in the U.S. that's worth noting. Private equity firms bought a number of amusement parks. That changed our middleman. But it also changed the way customer priorities were viewed. Some of the managers of these parks don't really know their consumers. The only thing that really matters to them is the perceived value of the investment. But all the mathematical calculations in the world won't tell you if one roller coaster will go over better with the public than another. Fund managers just want to make a profit and then resell their holdings after a few years.

Let's move on to the Asian market.

How did you get involved there?

We went to Beijing during an exhibition event in 1986. We make some contacts with a Chinese factory that manufactured amusement park and started working with. There was lots of enthusiasm, and we thought about putting together a joint venture. After some months I took the first steps to get that started, meeting with a lawyer named Claudio De Bedin, nicknamed the "the egg," the idea being that he looked like a Westerner but had lots of "yellow" inside, which meant he knew the Chinese market. His grandfather had moved to Shanghai in the late 19th century. De Bedin said the local company wanted us in just to be able to draw from the technology we

had. That was it. Thankfully, he warned us in time. The project never took off. In those days you had to really force the Chinese into joint ventures, but in the end it really wasn't worth the effort. The truth is that it's still hard to create Asian joint ventures even in these days and times.

What happened after that?

During the 1990s, the so-called Asian "Tigers" began their rapid growth phase. We analyzed in detail all the countries we thought we might be able to do business with, where we could open a factory. We came up with South Korea, Thailand and the Philippines. Culture was a fundamental part of the search. In the Philippines, for example, you had Spanish domination and then half-a-century of U.S. administration. They speak English. The gap between their culture and Europe's was considerably less than in other nations of the region. So, in 1996 we created a production unit in the Philippines that would work to satisfy the Asian market. Today, Zamperla Asia Pacific Inc. today has some 100 employees and produces small and medium-sized rides.

And China?

Later on, after our first China experience, the country liberalized. You could finally open wholly foreign-owned companies. In 2004 we opened a representative office in Shanghai. Two years later we created Zamperla Amusement Rides Co. Ltd., which is based in Sozhou, east of Shanghai. We manufacture rides there.

THE ITALY-CHINA FOUNDATION: A PARTNERSHIP

Beginning with this issue, east begins partnership with the Italy-China Foundation (www.italychina.org). The Foundation, which has offices in Milan, Beijing and Rome, seeks to promote economic, political, and cultural ties between Italy and China. The Research Center for the Enterprise Foundation of (CESIFO) monitors, collects and processes data on the Italian presence in China as well as Chinese investment in Italy. The case studies will be made available to the scientific and industrial community of both nations. Information about successful Italian and Chinese efforts will be featured during the "Forum on Italian Success Stories in China," which is entering its fourth year. ●

Why opened a production site in China?

To satisfy their growing internal market and to keep abreast of the competition. We're also seeing Chinese manufacturers begin to copy our rides and underselling them. The only way to try confronting this phenomenon is to be present on their own home turf to force them to raise the quality of their products. The qualitative difference between our products and those manufactured by Chinese was evident from the start, though aesthetically all they did was mirror us.

Is it easy to copy things in your sector?

The attractions may seem easy to but they're not, above all because they're beholden to the laws of hard-wiring. The drive trains are forced to repeat the same motions again and again. If you don't work through this carefully and attentively, the mechanics will break down.

Overall, how is business going in China?

We're pleased by the development of the Chinese market. Admittedly, the bureaucratic side can be a little complicated.

Are the heads of your foreign offices Italians?

Yes. For reasons of communication and to get a better sense of local realities. If you put an Italian in that kind of position he or she is going to tell you what's going on in a language you can fully understand. For us it's essential to understand the differences, even the small ones, in the values and the habits of life in a foreign market. For example, in Italy we tend to create effects with lots of colored light, particularly for their nighttime effect. In Asia, you can paint the rides in pastel colors, but at night the children's' areas are closed, so you really don't need all those light. You have to adapt to the spirit of the country where you're choosing to operate. You have to understand how people live there.

It seems that you've learned a wealth of valuable lessons.

Indeed we have. Years ago in the United States learned I learned another important lesson. A local client showed me a letter written by a German competitor who warned the U.S. operators to beware of "the poor quality of Italian products." Naturally we won out over our German

friend. The lesson? Manufacturers in all sectors tend to say that Chinese products are inferior. Here's my response: Sooner or later the Chinese will also be providing quality products. Anyone who thinks they can ward off Chinese competition by challenging the quality of the products is making a long-term error. In the end, the companies whose products you demean might put you out of business. You always need to keep a keen eye on the competition.

What about Eastern Europe, now 20 years after the fall of the Wall?

Well, before the fall of the Berlin Wall, Mikhail Gorbachev was in charge in the former Soviet Union and notions about organized entertainment were changing. They'd become sensitive to ensuring the idea of amusement parks was better treated. Our company had three separate deals to work on projects in Soviet Russia, but after the system collapsed so did the contracts. These days our work in Russia is very interesting. We've had an office in Moscow since 1995, and now we've been put in charge of restructuring the rides in Gorky Park.

Where do manufacture products for the Russian market?

In Belarus. Since 2006 we've had a small office there that oversees planning and quality control. We farm out the other work to third parties. Furthermore, there are no customs duties to pay in the shipping of good between Belarus and Russia, which helps me be more competitive in the Russian market.

Turning back Italy, what's happening in your home country?

Until several years ago Italy had a fair number of amusement parks. Then came a cultural shift. Operators lost interest in small but important local events, the kind that had greasy poles and family rides. That said, in regions where the tradition of organized fairs is still strong, the smaller traditions remain successful.

Are theme parks still a possibility Italy?

It's certainly not an easy proposition. Anyone who wants to build an amusement park immediately meets "green" opposition. At the same time, one was opened in Puglia and there are plans for another in Valmontone, which is near Rome. So, there are still things going on. ●