

# Case study: acer

Business



This treated acknowledges that It Is to easier to defeat a group of small companies than defeating one large one. In the light of the Acre case study, divide and conquer strategy could be interpreted to mean having distinct approaches for the local, regional and global market. In this sense, what is being divided is the market and competition.

What Acre plans to conquer is the local, regional and global market by increasing her market share. This would be done at the expense of competitors such as Leno, who could possibly be conquered by being locked out of each segment of the market through Acre's superior offering.

Acre's management realized early enough that the company's position in the American market was weak. As a matter of fact, the company's market share had significantly dropped. According to Keenan and Green (201 1), “Between 1995 and 1 997, Acre's U. S.

Market share dropped from 15 to 5 percent”(p. 36). In an attempt to conquer the PC world, in 2007, Acre acquired Gateway, which Is a U. S. -based company.

This acquisition provided the much needed opportunity for growth and global expansion. It Is worth noting that Initially Acre had a brand recognition problem springing from consumer's perception and concerns on laity and reliability.

By focusing on the Chinese market, Acre had recognized the importance of securing the local market before pursuing the global and regional markets (Keenan and Green, 2011). In addition, Acre was to benefit from economies

of scale, cheap labor, and the availability of highly trained engineers and professionals in China. Acer's spirit of Innovation saw the company introduce small size laptop computers known as notebook. These affordable laptops enabled Acer to attain considerable growth as a result of the competitive advantage as competitors lagged behind in introducing notebooks in the market.

A closer look at both Acer and Leno's strategies brings out some similarities. The two companies relied on acquisitions to penetrate the U. S. Market and to expand globally. While Acer acquired the U. S.

-based Gateway, Leno purchased Vim's personal computer division. Both companies capitalized on building brand awareness. Acer focus towards this end was to produce treadle consumer Tryingly products . Leno on ten toner nana was focusing on building brand recognition through partner programs such as the Olympic Partner Program. The need for brand recognition was equally felt in both impasses.

Each company was focusing in brand recognition, but using slightly different approaches.

Explain how the “ global markets-local markets” paradox figures into Stan Shih's strategy for China. Stan Shih understands that Acer's growth would be achieved through a strategy that focuses on local, regional, and global markets. Operating in local market gives a company the stability to launch marketing efforts. Keenan and Green (2011) state that, “ Shih believes that it is necessary for all companies to be stable and secure in the local market

before pursuing regional, then global arrests”(p. 7). It is this kind of thinking that led Shih to focus on China as Acre’s local market.

Acre’s focus on China as local market is informed by the availability of cheap labor and economies of scale. China is a big market that could fuel Acre’s global expansion. The Chinese culture is no different to that of Taiwan and as such, it would be easy to build a solid market base in China. It is this local market Shih hopes the company would expand to the rest of the world. There is however the need for government and general public to support activities for locally made brands.

It is interesting how Shih perceives global markets and local markets in relation to Acre’s growth.

According to Shih, Acre is well-positioned to compete with local PC makers because it is “ more global. ” At the same time, he argues that Acre would be in a better position to compete with global companies in China since Acre is “ more ‘ local’ than they are” (p. 37). Shih envisages an Acre that enjoys competitive advantages at both local and global markets owing to the acquired strengths such as technology, global exposure, and international know how (Keenan and Green, 2011).

Determine what strategies Acre can apply to become the world’s largest PC Company, behindDelland Hewlett-Packard.

To become the world’s third largest PC Company, Acre needs to apply several strategies. Some of the strategies discussed here have already been tried out at Acre with astonishing results. A strategy that has worked before

for Acer in driving growth is acquisition. By acquiring the U. S. -based Gateway, Acer did not only achieve expansion, but also entered the lucrative U.

S. Market. Acquisitions are necessary for rapid growth and new market penetration.

In order to achieve growth and market share objectives, Acer has to focus on building brands in the business-to-consumer market. As pointed out by Shih, “ Business-to-consumer brands have more value” (p. 36).

It is this value that could catapult Acer to become world’s third largest PC Company. Acer’s growth could be achieved through introduction of new products. The notebook product gave Acer the growth impetus needed to face off competition. It is possible for Acer to churn out new products taking into consideration the company’s heavy investment in R&D. The Meany’s underlying culture of innovation is ideal for developing new products.

Another strategy that could grow Acer into a leading PC company is refocusing on distribution and marketing. Keenan and Green (2011) opine that, “ Shih focused Acer’s distribution and marketing on the vast, fast-growing China market” (p. 36). Mainland China is a Log market. Acer could use as a springboard for global expansion and market share growth. By focusing on the emerging markets such as Russia, South Africa, India, and Brazil; and by maintaining low prices as a selling point, Acer would grow exponentially to become the third largest PC Company in the world. Brand recognition is vital for Acer’s growth.

This could be achieved by building local market. Acre Group CEO J. T. Wang states, “ We can take our brand global by building a strong home market” (p. 37).

Acre’s brand recognition could be strengthened by designing quality products, establishing a quality and high-end image. The application of these strategies would help Acre become the world’s third largest PC Company, behind Dell and Hewlett-Packard. Even before the current economic crisis deepened, growth in the U. S. PC market had begun to slow down. Despite strong competition from Dell and Hewlett-Packard, Acre’s U.

S. Market share increased from 1% in 2004 to 3. Percent by the end of 2006. Analyze Acre’s prospects for gaining further share in the United States. Acre survived the current economic crisis and competition from Dell and Hewlett-Packard.

This is proof that the company is on a sound footing. The strategies discussed in elsewhere in this paper are geared towards global expansion and achieving market share objectives. Acre has bright prospects to gain further share in the United States. At the outset, Acre has invested heavily on Research and Development that puts it at par with competition. It is through R; D that new products are developed.

Acre was a pioneer in the notebook market.

The notebook was instrumental in strengthening Acre’s position as the competition had not developed their version of notebook. Acre has the technology, global exposure and international know how to gain further

share of the U. S. Market. In 2008, Acer proved that it was a force to reckon with in the PC industry when it out-performed HP in sales in the European market.

In the words of David Meyer, a technology Journalist, HP has been toppled from the top spot in Europe, Middle East and Africa PC-selling league by Acer, partly as a result of Acer's success in the booming notebook market" (Meyer, 2008).