The acer group

This case traces the history of Acer as it builds a multinational from its home base in Taiwan. It explores the difficulties faced by an Asian company in expanding internationally and how Acer has overcome these with innovative strategies. The inherent tension between achieving global scale economies and large responsiveness is also explored.

Positioning and product strategy:

Acer has positioned it-self as follow: first assembling for OEM, high quality but affordable products. They adopt progressive product diversification: focusing on value added segments and building on global brand. They centralized R&D and manufacturing on value-adding components in low cost countries (economies of scale, low cost structure), they had decentralized and highly independent management along with assembly process, together with local marketing and distribution operations (low inventory cost, just-in-time) and they adopted local politics of joint ventures and partnerships (good knowledge of local markets). They use the ownership strategy by participation of local shareholders: 21 in 21 and the client-server organization.

There was a brand recognition problem because of the reputation of Taiwan and products and the bad name of well-established company. In order to solve this problem Acer created an organization to promote Taiwanese products and firms, advertisements campaigns to first destroy the bad reputation and the make Acer brand known. Another problem was in the managers that had no experience at the international and that do not speak English and for establishing offices overseas. The solution was to send just one manager and hire locally and benefit from the local expertise, knowledge of the market, of the environment, of the legislation and they encourage local investments to boost motivation and save on equity. Competitors of Acer used economies of scale and war prices, Acer used Fast Food Business Model and joint ventures to compete more efficiently with costs savings on components and distribution network, the company decentralized everything, gave autonomy to the RBUs and SBUs. Recommendations:

IT technology improves rapidly and PC industry requires offering the customers the latest technology in the shortest times, that's why Acer factories relocated to be closer to the markets in order to save logistic costs, save time in production cycles and possible adaption of the products to the markets. The company must secured the shareholders because they are the key actors to finance Acer's projects, the company should establish Acer stores in strategic locations on each markets in order to master its brand image and increase its margins. China invests massively in Africa therefore Acer should benefit from this opportunity to settle new deals there.