

# Acer in china

Business



Running Head: ACER IN CHINA Acer in China in APA Style by If Acer did not choose China, where should they go And why

Should Acer opt not to pursue its investment in the Chinese market, India is another candidate for expansion because of its improving economy boosted by the boom in business process outsourcing. It should be noted that India is also a huge market with a population base slightly smaller than China. The economic development in India is facilitated by both manufacturing and service sectors. Thus, Acer should make the fast move in conquering this market. This conclusion is based on the premise that the Indian market represents huge revenue and profit opportunity which remains largely untapped. Even though Acer is also bound to deal with numerous risks and uncertainties in its decision, this paper still believes that the business organization has already built strong presence in the smaller cities which can help it in succeeding in conquering India in contrast with the highly problematic Chinese market.

The move to conquer India is warranted by the high demand in technological gadgets including personal computers which will support the growth in business process outsourcing. Acer should also need to make a quick decision in entering this market postponement will make it very late for it to establish a strong presence once larger and more efficient industry players abroad settle and gain strong foothold in the market. This is very possible noting the aggressiveness of top companies like Dell and IBM. Acer can gain a competitive advantage against this player recognizing its cost leadership strategy which is expected to appeal to the still highly price sensitive Indian market.

Another reason why the Indian market should be pursued is the fact that the <https://assignbuster.com/acer-in-china/>

large market remains unsaturated. India is now a hub for business process outsourcing because of its lower paid yet highly skilled workforce. With the newfound demand for products like personal computers in order to facilitate growth, Acer is poised to become one of the top PC distributors in the country with its commitment in selling lower priced products. The relatively unsaturated market further highlights the huge opportunity as competition is still relatively low because of the minimal number of PC makers and distributors. It should also be noted that dealing in the Indian market will exempt Acer from the political, cost management, and labor problems that it will have to face in the Chinese market.

What risks must Acer face and how are they going to manage them

The move to the Chinese market is complicated by the risks and uncertainties that Acer must face in order to succeed. This consideration ranges from political, cost management, and labor related issues which can possibly hamper the company from its goal of establishing presence in the market. However, amidst all of these risks, this paper strongly believes that Acer can surpass all these challenges as seen from its experiences in the Mexican and Philippine markets. It should be noted that every business decision has its own uncertainties and it often doesn't matter how huge these are but how keen the business organization is in finding and implementing possible solutions.

One of the primary concerns of Acer is the political relations between Taiwan and China which discourages large amount of investments. This paper proposes that Acer respond to this by forming a joint venture with a Chinese business organization which will help it undertake manufacturing and distribution of its products. It should be noted that this will allow it to

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manufacture and distribute products in China yet minimizes the investment needed for the Chinese operation as well as eliminate it from the scrutiny of the Taiwanese government. Furthermore, the company can also make use of the resources and knowledge of the Chinese partner in the market which will enable it to solve many underlying problems.

The company will also need to consider the problem of cost minimization by improving logistics. Being incapable of directly shipping from Taiwan to China, it should be arranged that materials will be sourced from the nearby plant in the Philippines to enable it to cut down on costs. Since Acer has manufacturing plant in Subic Bay which is closer to China than Hong Kong, it should try to make source inputs from this plant to support its fast food strategy.

Labor problems can be remedied by the fact that the company will be pursuing a partnership. This move will lessen the possibility of making Taiwanese managers move to China. The partner can send its manager to Taiwan for training before actual manufacturing in China starts. This can also lessen the amount of time that a Taiwanese manager is required to stay in China. The company should also look at offering higher payments for overtime in order to encourage Chinese workers to put in more time in peak seasons. Recognizing the plight of Chinese, monetary reward will be a motivation.