INTERNATIONAL BRAND MARKETING STRATEGY OF TAIWANESE HI-TECH ENTERPRISES: A COMPARISON OF ACER AND TREND MICRO

Jason Tsai

Abstrakt:
Tento příspěvek porovnává dvě tchajwanské hi-tech společnosti – Acer a Trend Micro. Tyto společnosti si v důsledku rozdílný manažerských přístupů a charakteristik svých produktů zvolily rozdílné mezinárodní marketingové strategie. V příspěvku jsou porovnávány jednotlivé hardwarové a softwarové produkty prodávané zmiňovanými společnostmi, tak aby bylo zřejmé, jaký typ mezinárodního rozvoje značky a marketingové strategie je používán. Výsledky tohoto výzkumu mohou být použity pro rozhodovací procesy různých společností, když tyto společnosti zvažují marketingové strategie a rozvoj značky.

Klíčová slova:
mezinárodní marketingové strategie značky, hi-tech společnosti, Acer, Trend Micro

Summary:
This paper compares two Taiwanese high-tech enterprises, Acer and Trend Micro, which chooses different international brand marketing strategies due to diverse managing types and product characteristics. The hardware products and business software sold by Acer and Trend Micro are discussed to reveal their international brand development and marketing strategy. The research findings can be provided for different enterprises for decision-making when they consider their internationalization and brand strategy.

Keywords:
international brand marketing, hi-tech enterprise, Acer, Trend Micro

I. INTRODUCTION

There is manufacturing competitiveness of Taiwanese hi-tech industry during its developing stages of OEM, ODM, and OBM. However, the leading advantages are challenged by mainland China companies so that Taiwanese hi-tech enterprises have to consider whether to stay in OEM field or to develop their own brand marketing strategies. Some enterprises choose to specialize in OEM such as Hong Hai Precision Industry Co. Ltd. (Foxconn) and Taiwan Semiconductor Manufacturing Company Limited (TSMC). On the other hand, Acer and Trend Micro decide to develop their own brand strategies. No matter what developing strategies are decided, the same goal of these enterprises is to enhance their competitiveness under the increasing pressure of the changing world environment.

Under the increasing competitive pressure while internationalization and globalization, Taiwanese hi-tech industry could not enjoy excess profits if they concentrate their effort only in capacity because of the homogeneity of their products. Therefore, these enterprises have to develop and manage their own brand. The brand strategy can bring value-added niche for

these enterprises. They can transfer their manufacturing capacity to other countries or manufacturing companies which have comparative advantages. Taiwanese enterprises can accumulate their assets of brand, brand management, marketing activities and knowledge from released OEM activities and resources.

The paper analyzes two Taiwanese hi-tech enterprises, Acer and Trend Micro, which are different in managing types, product characteristics and international brand marketing strategies. The hardware products and business software sold by the two enterprises are discussed to reveal their international brand development and marketing strategy. The paper provides some investigation of managing types, international brand developing strategy, and international marketing mix. The research findings can be provided for different enterprises for decision-making when they consider their internationalization and brand strategy.

2. DISCUSSIONS OF THE DIFFERENCES BETWEEN ACER AND TREND MICRO
2.1 Difference of Internationalized Models

For its internationalized model, Acer started to opted for expanding its market in some areas that drew less interest from some famous international enterprises, such as South Africa, Malaysia, Mid East, India and Russia, followed subsequently by its expansion in Europe by virtue of the successful multiple distribution model which was later duplicated to China and US markets. When expanding its business in China, Acer brought up the point that expansive hinterland shall be the company's support and backup to develop its international brand. In the context of lacking the expansive local market to develop the future international markets for Taiwanese enterprises in their mother land, Taiwanese enterprises shall consider China markets as the first step to march toward internationalization. Differentiated from Acer's internationalized model, Trend Micro successfully established the marketing channels in 30-more countries including Japan, South Korea, Europe, Mid East, and Central and South America upon the Pc-cillin went on the market, among which its has the largest market share in Japan.

The attributes of products would contribute to the preceding different internationalized models. As Acer concentrates its business on the sale of notebook and household computer hardware, each process of channel, physical distribution, and upstream and downstream supply chain management is critical. Notwithstanding Acer does not need to manufacture, assemble, or stock up, shops are indispensable for its distributors to carry out the inventory and product exhibit. If Acer opts for large markets including US market in the very inception of its internationalized stage, it would not be an easy step for the company to compete the local resources with other large enterprises. In the face of insufficient business resources, secondary market will be the top choice or the center of emphasis shall focus on the exploration into niche market prior to expanding its business to large markets upon the company has developed into one with an adequate business scale.

Trend Micro concentrates its business on the sale of anti-virus software. Trend Micro has successfully drawn clients from numerous enterprises in Europe and US markets while it doesn't need to rely on intricate distribution network system to draw personal consumption clients. Trend Micro's consumption and enterprise clients in Japan and Taiwan markets takes on one half respectively that it needs more distribution networks and client service organizations in Asian markets to serve personal consumers. With Trend Micro's products featuring disk software, large spaces are not in need for the product exhibition, thus making the company to be free from competition with its peers for distribution resources and exhibition spaces. Along with the fact of its pioneering role in anti-virus software industry, in particular its famous product PC-cillin, Trend Micro doesn't exactly need the intricate channel network constructed by the distributors to gain its fame, thus making software enjoy the advantages in internationalization in comparison to that of hardware industry.

2.2 Different Operation Models

As Acer Inc. is concentrating its business on marketing and service instead of product manufacture, its sale method adopts the pattern of partnership with distributors to carry out the OEM, assemblage and distribution, and integrated management of distribution through the order information system. For its pattern of partnership with its OEM factories, Acer is responsible for product R&D prior to the manufacturing and assemblage by OEM factories. Trend Micro's production and marketing are carried out in parallel. As anti-virus software is intangible asset, the most important part in the production process for Trend Micro's products is the innovation, R&D, and correcting of anti-virus. Product manufacture and marketing are equally important for the company's values.

There are three stages for industrial value chain of hi-tech hardware industry, i.e. product R&D, followed by product manufacture and product marketing. When discovering the meager gross profit in manufacturing stage, Acer started to initiate its upstream R&D, downstream marketing and services of high value added. As there is no need for hi-tech software industry to involve in OEM manufacturing, hi-tech industrial value chain has two stages, product R&D and marketing services. As press and package are in the process of the physical manufacture, it doesn't need much hardware equipment. In a word, it shows no remarked effects for hardware manufacture in information software industrial value chain. That's why Trend Micro must have a good command of the whole software value chain to work as the foundation to draw up marketing strategy and marketing activity with the excellent product technology.

2.3 Difference of Brand Positioning

Acer is committed to fulfilling its mission of "Breaking the barrier between people and technology" and the core value of its products is easy operation, reliability, and concerns, while Trend Micro has defined itself as the leading company in professional anti-virus software business. The in-depth observation further helps us have a clear picture that Trend Micro enjoys conspicuous brand positioning due to product focus as the company asserts itself a leading and professional company and thus develops one slogan, "A world safe for exchanging and digital information when there's a virus outbreak, business must continue." Acer adopts soft resort for its hardware products positioning as it stresses that all designs are concern-oriented, including "easy dependable," as it shows concerns to clients' mood to use the hardware. In comparison to Acer's peers, the brand positioning for Apple's innovation, Dell's direct sale and customization, Intel's leading positioning, and Sony's thin-and-light design appear more conspicuous than that of Acer. Acer shall express its soft resort of concerns and easy dependable concretely to help customers build their brand identity: Acer produces the world's best "easy dependable" laptop which has the least probability of crash and establishes the most reliable repair and maintenance services. On fact can not be overlooked is that the appearance for an excellent product will absolutely boost its sale and brand positioning. Acer's successful sale of Ferrari series products in Europe can prove this point. In response to the European specification, Acer's earlier design of computer appearance laid less value on the presentation of thin-and-light design or fashion that made consumers in Taiwan would seldom opt for Acer's laptop products as their first choice as they thought the product presented a sense of bulkiness and unattractive appearance despite its easy operation and the satisfactory customer services. This further proves the aspect of convenience for the brand positioning of hi-tech software more than that of hardware as software only needs to present its intangible value in the brand, while the brand positioning of hardware must rely on the tangible and intangible values formed in consumers' cognition.

2.4 Difference of Marketing Strategy

Acer's marketing strategy lays stress on channel and service, while its multi-distribution model and customer services have help the company achieve No. 1 notebook sale in Europe. Acer's to-door repair service in Taiwan market has already built its public praise. For Trend Micro's marketing strategy, "product" was the center of emphasis for its business, but the emphasis has turned into "service" since 2003. Trend Micro's 24-hour and all-year round services practiced in the virus lab established in Manila of Philippines serves as the greatest source for its service value.

To sum up the preceding account, despite the fact that both Acer and Trend Micro stress their marketing strategy of service, the former one focuses on the distribution channel of sale services, while the latter's service strategy lays stress on offering clients the solutions to eliminate virus and product support service. If Acer can successful duplicate its successful experience of to-door repair service in Taiwan and have it applied in Europe, US and China, or promote the to-door or to-company repair service to notebook by the local distributors, it can make the most complete link for Acer's repair and sale, clients and product services.

3. CONCLUSIONS

In face of the heating competition from internationalization and globalization, the incessant capacity expansion practiced by the hi-tech industries in Taiwan may result in excessive production capacity and low gross profit rate, thus prompting Taiwanese enterprises to deliberate over the development of brand creation and its operation. By virtue of a release of production resources to assign the manufacturing to manufacturers and countries which enjoy higher profit, Taiwanese enterprises can invest resources into high value added brand building, marketing activity, service, R&D, and innovation. This essay takes Acer and Trend Micro as the research subjects as each has different product attributes (one engaging in hi-tech hardware, and another, the hi-tech software) that helps contribute different operation models, internationalized strategies, and marketing strategies which can be available for manufacturers of different natures for further reference..

3.1 Marketing Implications of Acer's Experiences

For its operation model, Acer has undergone the stages of brand creation, brand and OEM carried out in parallel, and segregation of brand from OEM. Acer concentrates its current business on marketing services. Acer's organizational structure has also undergone several stages from client server to structure of five sub-groups after incessant merger, and finally the five sub-groups were further classified into five independent institutions during the stage when OEM was segregated from brand. Acer's current niche of marketing services is characterized with the global logistic management strategies of its multi-distribution model and order information system.

Despite its successful practice of the preceding operation models in Europe markets, Acer has faced challenges in its expansion in China market as most of the leading foreign manufacturers except for DELL still practice traditional channel strategies, along with the fact that local manufacturers enjoy the advantages of strong channel and low-pricing sale, thus making Acer being unable to practice low-price strategy. Nevertheless, in the context that Chinese consumers' brand recognition of its products is inferior to the international image presented by those famous Japanese and American manufacturers, Acer can practice the high-price strategy. Acer's principal issue in China market is to clarify the brand positioning and further practice different product planning and pricing strategy targeted on top-level market and low-priced market, and then practice strong marketing and public relations activities to intensify consumers' brand recognition and identity toward the corporate brands.

3.1.1 Strategy of product innovation and brand upgrade

Targeted on the top household consumers and high-level business executives, Acer designs household computer and notebook with comprehensive functions, characterization of status, taste and sense of fashion. For its Aspire household computer introduced in 2002, it is characterized with the "all-in-one" functions including computer, TV, stereo, and digital recorder, thus turning its product function as the household appliance. Despite its unique all-in-one design, Aspire falls short of Acer's expectation in its sale in China market, thus indicating that the design and function of new product still fail to grasp the key tips in consumer market. This phenomenon also highlights that the direction for product innovation shall be linked up to customer needs and market survey closely, i.e. developing a customer- and marketing-oriented innovation. To solve such problem, enterprises can conduct long-term and in-depth observation into high-income families in first- and second-level cities and high-level business executives as well as carry out the large-scale market survey, and work with local marketing personnel and professional R&D personnel to design "China flagship version" of Acer household computer and notebook targeted on such client groups according to marketing and market information. Another feasible strategy comes at an adoption of a model similar to Lexus, the elite up-scale brand from Toyota Motor of Japan. Targeted on such top markets, Acer can develop another brand of products on which no brand name of "Acer" appears, in the hopes of freeing itself from the past image of "International brand, local price." Furthermore, Acer shall also intensify its actual strength of "international brand, international price" to compete with those large enterprises from Japan and US.

3.1.2. Targeted on Third- and Fourth-Level Cities and Rural Areas

In this respect, the pattern of hypermarket offering products in preferential price can be feasible, i.e. scoring success by function and price instead of fine and dandy package. Further partnership with other manufacturers of related industries is also feasible by adopting the strategies of on-sale promotion of "free installation of free wideband with a purchase of computer" or "free game software or other applied software or extension of term of warranty with a purchase of computer," leading customers who will take price as a priority consideration for purchase to a feeling of value for money.

3.1.3 Intensive and Effective Appearance to Increase Consumers' Recognition

In this respect, Acer can extend its strategy of sport marketing by sponsoring 2008 Beijing Olympic Games. Deliberative planning in advance will be imperative too help Acer stand out above the other sponsors of its kind. In sponsoring 2008 Beijing Olympic Games, Acer shall prepare itself in advance to launch advertising and marketing activities.

3.1.4 Strategy to Tap Prospect Clients

Targeted on all college students including graduate students working on master and doctoral studies in China, the strategic focus suggests to holding technology essay award subjects covering hi-tech, management and marketing by awarding high reward and offering opportunity for publication of essay collection and royalty, thus helping elevate Acer's appearance in Chinese student consumers. With the award of hi-tech scholarship, Acer can offer the annual full scholarship to hundreds of Chinese students to encourage them working on their master or doctoral studies abroad, while these students will enjoy the employment priority upon their return to China. The preceding strategies not only can help elevate Acer's appearance in student consumers and their strong sense of recognition toward the brand, but also shape the company's corporate image in China by virtue of talent training methods, thus benefiting to the improvement of Acer's public relationships in China market.

3.2 Marketing Implications of Trend Micro

For its operation model, production and marketing advance at the same time. By 2003, Trend Micro centered on product R&D and innovation. Starting in 2003, Trend Micro concentrates its business on client services and satisfaction to clients' needs. Not differentiated from general international enterprises in the initial stage, Trend Micro expanded its business in international market through distribution and agency businesses prior to establishing its branches. Upon a major regulation of organizational structure, Trend Micro has turned out to be one trans-national network-based organization. For Trend Micro's organizational structure, there is short of a concept of headquarter as each functional unit is distributed to each area in the world depending on area advantages prior to be carried out the resource integration in the same platform. For Trend Micro's marketing niche in international market, its instant safe response system, in addition to the excellent product technology, will detect virus at once, offer solutions and notify clients, and offer the clients the virus elimination and product support services any time. Making good use of its partnership strategy with some famous international corporations, Trend Micro has been committed to expanding its market share rate and high degree of brand visibility. The most famous one came in the end of 2004 when Trend Micro initiated its partnership with Microsoft to offer MSN users the virus scan service.

Trend Micro attributes its successful experiences in Japan to the leading product development and excellent marketing strategy. Trend Micro's marketing strategy in Europe and US markets targets on enterprises. For its operation in North America individual consumption market, the misestimate of situations in initial stage resulted in a delay of time in market expansion, thus making McAfee VirusScan and Symantec take on most of the market share of anti-virus software in personal consumer market in North America. In long-term context, competitors' advantages of consumption end may pose threat to Trend Micro's existing small and medium enterprise clients, thus prompting Trend Micro to strengthen the marketing and operation toward individual consumers in Europe and US. This essay raises suggestion that Trend Micro shall center on service marketing and adopt the modes practiced in the virus lab of Manila to construct instant, 24-hour, and all-year round services to consumers in North America. As such individual consumer service-oriented organization requires mass English-spoken manpower and software professionals, this essay further raises suggestion for area selection that an establishment of one English-Spoken client service center in India will be feasible.

In its earlier launching of marketing in China market, Trend Micro did not focus on the sale business of its products but laid stress on the recruitment of local talents. In the very inception of its business, Trend Micro adopted general agency system by putting all of its activities under an outsourcing pattern. Considering the maturity of market, Trend Market started expanded its business to China market after 2000, with its current clients to be local enterprises.

Problems faced by Trend Micro in China include the protective policies by the authority concerned, the local concept of intellectual rights, weaker concept of aggravating issue of tort, threat from local low-pricing sale strategy, threat from foreign technology, and loss arising out of channels' bad debts. In addition to the local brand suppliers' low-pricing strategy dominating over the personal consumption market, local brand suppliers enjoy the advantages of the local channel and business and political relationships that would make them being able to obtain the market share from Trend Micro's corporate clients.

Feasible strategies Trend Micro can adopt in China market are:

3.2.1 Draw Attention from Personal Users with Low-Price Policy

In the light frequent of price-cutting competition in China, the local manufacturers always disassemble the software and have the partial functions sold to clients. To avoid such phenomenon, Trend Micro can duplicate its successful marketing experiences in Japan to get old version software on sale in half price while consumers can update their software online, thus offering the personal users the most complete and professional anti-virus product in the lowest price.

3.2.2 Solidify Enterprise Clients

In the respect of strengthening relationship marketing and service marketing, set up Chinese-spoken clients service center in China. Moreover, in response to the trend of internet service, it is imperative to develop the marketing channel, in particular the methods to collect the service charges. To prevent the bad debts, the partnership with wideband provider is feasible to make a consolidated calculation of the anti-virus charges and internet bill. To avoid excessive reliance on local distributors in China, Trend Micro shall develop the business model not in need of channel distribution. In this model, consumers can conduct the online purchase and download the product or receive the software disk from the mail sent by Trend Micro upon paying the charges instead of by virtue of the distribution channel, thus signifying that Trend Micro must carry out all marketing activities at its own and have the first line contact with consumers to lead them to generate a strong brand identity of the product and prompt them to make online purchase. It is feasible that Trend Micro can focus its marketing resources on TV, internet, and printed media, and carry out the intensive merchandising activities through a series of marketing designs. To extend its business in campuses to seeking out the prospect hard-core clients, it is also feasible that Trend Micro can practice the long-term policy of holding computer program competition, awarding overseas-study scholarship, and offering employment contracts.