

A PARADIGM OF GLOBAL BRAND MANAGEMENT: COMPETENCE-BASED VIEW

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Abstract: Developing self-owned brand (OBM) to be part of global competition is the better way of transformation for Taiwan companies mostly based on OEM/ODM models. However, it requires enough capabilities to support OBM model. From the experience of some Taiwan companies successfully developing self-owned brand, their core Competence-building recipe is the so-called two-way operation, i.e. adopting OEM/ODM and OBM models concurrently. Although two-way operation can benefit companies in Competence building through learning process, it also causes organizational and resource conflicts and then hinders companies from reaching the goal of pure OBM model. From Competence-based view, this study analyzes the 32-year brand-globalization history of ACER (1976~2008). Focusing on the interaction process between ACER business model changes and Competence building, accumulation, neutralization and release, some observations and insights can be concluded from ACER history. This study follows the process research method, codes the longitudinal data, and analyzes interaction and relationships between business models (OEM/ODM & OBM) and Competence development according five brand-developing stages, which are brand testing, brand building, brand establishing, brand expansion, brand upgrading stages. Finally, a framework of Competence development in the process of ACER brand-globalization is proposed.

Keywords: Brand Globalization, OEM/ODM/OBM, Competence-based View

INTRODUCTION

Taiwan's economic system relies on export. In order to grow up and expand, International OEM (Original Equipment Manufacturing) for a long time is regarded as the main business model. But, since 1990, whole competitive environment and enterprise's condition changed greatly. Manufacturers began to change direction from simple OEM to self-researching and developing and designing innovative products, namely becoming ODM (Original Design Manufacturing) with design capacity. Some manufacturers begin to consider and develop their own brand too, grasp the possibility of market demand, in order to get rid of the destiny of the low or even micro profit.

General speaking, the brand development for most enterprises in Taiwan started with touching the overseas market with OEM & ODM. As foreign countries business soars gradually, they received acknowledgement from the large factories of international brand gradually. The development of profit-making fund input OBM of OEM, ODM, put into the international market and become international enterprises with the own brand gradually. However, Taiwan takes the place of it in the worker's industrial structure, the scope of the enterprise takes small and medium-sized enterprises as the core, if enterprises want to develop the own brand in the world, except put into the ample resources, it needs to consume suitable time to set up a brand. How to really accumulate the essential competence foundation in OEM/ODM and OBM run side by side ingeniously, it is really a challenging and difficult problem.

Following the process research method, this research takes ACER for the case, which had gone through a lot of challenges and successful experience in the global brand building. With its abundant enterprise development biography and outside materials, build the longitudinal case materials which construct brand development of ACER, switching over by way of managing differently in its and development, match the globalization milestone of different brands by the representative timing, it is great brand globalization course of ACER that divide can observe competence building, accumulating, conflicting, releasing. In order to sum up that manufacturers pursue brand at the time of globalization, an interactive and dynamic model between business model and competence is proposed.

THEORETICAL BACKGROUND

COMPETENCE-BASED VIEW

As to the thing that the source and keeping of enterprise's competition, since the resource basic theory is developed, have

already distinguished the difference between resource and competence clearly, and think that it is still more an important tactic key element that enterprises can't imitate to possess the combining competence to represent with enterprise's procedure activity (Wernerfel, 1984; Barney, 1986; Rumelt, 1984; Mahoney and Pandian, 1992). Prahalad and Hamel (1990) consider the key competence (core competence) is the function that enterprise's organization deals in study, combine the tactic competence that various kinds of competence and resource produce. The formulation of key competence is to study through the accumulation organizing, it needs to fully communicate, participate in input among every public institution, especially producing the competence that can cooperate in not having or combining the technology of different fields differently between the skills, and offer specific utility and value to customers. From the basic view of competence, manufacturer source, competition of advantage with is it is it emphasize through dynamic view company should develop an extant one is it satisfy environment change to come in exclusive competence to come to keep (Teece et al., 1997).

BUSINESS MODEL AND COMPETENCE REQUIREMENTS

No matter the manufacturer chooses the agent, for worker's making, own brand making or pure brand trader, according to division among specialized departments of the whole system of the industry chain, the choice of business model of moving about in value on behalf of the manufacturer or vertical category (vertical scope). Make for worker while being so-called, including OEM (Original Equipment Manufactures) and ODM (Original Design Manufactures). OEM refers to produce manufacturer to assemble competence to have to refer to, offer product specification, make technical specification Cheng, quality norm of the products in buyer, even appoint to offer the division of labor type attitude of the products that the buyer appoints under the situations of some or all spare parts; ODM refers to a producer under not needing buyers to offer the products and relevant norms of technology, offer the products to develop and produce the competence of assembling at the same time, production accords with the products of buyer's necessary function. Own brand OBM (Own Branding & Manufacturing) deals in and refers to products manufacturers through the products brand that is set up by oneself and on sale throughout the thorough fare, popularize and sell the products produced by it on the market.

COMPETENCE-BUILDING PROCESS

Observing from the experience of growing up of manufacturer that follows OEM, after enterprises accumulates experience for manufacturing products, they develop own brand to possess competence logic tactics thinking very much to make the transition and then to engaged in first. Manufacturer's competence source foundation of the own brand competition of Taiwan, including inter-organization (OEM or ODM period) experience result and the sharing of information, and organize the inside (OBM period) the organization on foundation of market study (market-based organizational learning). Developing OBM to transfer from OEM/ODM they want, the manufacturers must carry on enterprises and organize the transformation with the corporate culture first, let operation way of enterprise transfer from "products as centre (product-centric)" to "promise as the center," and from "technology as the centre (customer-centric)" to "customer as the center.". Small and medium-sized enterprises and take the place of the choice among worker's manufacturing operations in the own brand, having the evolving course.

In the multiple market and competition space of the products type, ODM manufacturer take ODM business as the axis, use OEM and own brand to develop the tactics of growing up properly. In other words, ODM tactics of growing up continuously forever, must fully grasp the individual character of the multiple business, receive the new technology, new product information with the high-order OEM business, and can improve the products competence of the manufacturer continuously, at the same time with the popularization of the own brand, expand the market and contain the surface, set up the market popularity of the manufacturer on "the knowledge of the products," in order to expand ODM/OEM business source, finally, the consistency logic of setting up inside and operating, can form the chance of the permanent competitive advantage.

ACER CASE

ACER established in 1976 under the name Multitech, focusing on trade and product design. MicroProfessor-I debuts as ACER's first branded product. In 1981 to 1984, the company established its manufacturing operations in Taiwan's Hsinchu Science-based Industrial Park. Multitech formally became known as ACER since 1987, marking the start of ACER's efforts toward creating a strong brand name. After twenty years evolved, ACER grew extensively and expanded both strategically as well as geographically. The business of own branding and of OEM manufacturing were similar equal in 2000. 2001 was the key-year for ACER. It adopted a new corporate identity to symbolize ACER's commitment to enhancing people's lives through technology. The manufacturing section enhanced a new company Winstrom. On the other hand, in 1998 BenQ Guru was created in ACER group for 3C (Computing, Communications and Consumer Electronics) expansion. The "BenQ" brand birthed under an Official company name BenQ Corporation since 2001.

ACER is the most historical branded operation company in Taiwan ICT industry. It has invested in industrial design things more than twenty years. Those are definitely experiences in learning. Mr. Pong emphasized that ACER was pioneer in the early years. He knew ACER owned its design team when he graduated from university. He heard the founder of ACER Mr. Stan Shih

had decided to establish that to enhance its important role. Pong joined the team to create product identify which others companies had involved. As he became the director of Industrial Design Division, ACER has approached different designs as experiments.

Function of design has valued in higher position internal ACER group. Design competence takes leverage with other activities. "That came from history." Pong said that Stan Shih's attention was not a key point but business operation. Own branding mode is leading by design. Design could stand out a company's performance in branding. Whatever in tacit or explicit, could be presented by design alike speaking out in some kind of language. He emphasized that everything would follow once design was decided. That's the reason design has its important role in ACER.

Maturing design competence supports branding development. It's kind of competence which could take adventure in market. Total decision making is held. Design strategies conducts value chain in operation system. Pong described that a matured design has considered every detail in all process, including assemble parts supporting, manufacturing module setting or in transportation, and market responds. What big difference with ACER and others companies is decision making in design. ACER has controlled by itself and taken responsibility. That is a completed design. The layout has past to ODM manufacturing. ACER is designer and manufactures out sourcing.

Over many years operating two ways in of OBM model and ODM model, ACER decided to divide in branding business and manufacturing. The company announced that ACER was going to concentrate in own-branded operation. That is a nature strategy in approaching intensive competitiveness in economic recognition. That definitely was a new model in ICT industry. Pong said that's meaning of a focus. Firms can't catch excellent performance in both own-branding and manufacturing nowadays. It's a main trend. Branding means responsibility charging in marketing service. That's huge investment in resource, expenditure and brain. It's impossible to be shared in manufacturing operation which is needed to invest approximately.

ANALYSIS AND FINDINGS

BUSINESS MODEL AND COMPETENCE EVOLUTION

From the comprehensive ACER evolution course at five brand developing stages, originally discover the ACER is technological competence, designed capacity possessing the foundation first and launch the developing road of brands after the competence to organize, and under lacking and managing the huge fund of the need of brands at the beginning, it grasps the key spare part and professional knowledge through trade agent, and by designing and taking the place of the experience that the worker accumulates product development first, accumulate the capital at the same time, then just enter larger capital-needed manufacturing field, develop a generation of engineering to make and build the brand at the same time, for absorbed in brands to develop with all strengths finally, will make and cut, so that key competence can be focused on. This research puts the relationship contrast of ACER business model and competence development during the course of development differently as Table 1. Sum up the following propositions:

Proposition 1: The evolution of business model changes with foundation of competence at the brand developing stage.

Proposition 1-1: Brand development needs the competence and fund. In the early stage, trade agent or design of experience can help in fetching and strengthening technological knowledge, which take the place of worker follow-up development brand feasible business model of going ahead of the rest stages.

Proposition 1-2: OEM is helpful to inflow of funds and technology, design competence learning in the development of brand. But design resource overlap and conflict weaken the tension at the same time. The own brand is made on the basis of competition that competence focuses on with own brand development, the simplified business model seems favorable in the competition of the global brand.

A research confirms the relationship about different business models and competence condition before at the same time too from Table 1, after entering the business model of making the brand with the ACER, the manufacture which supports the manufacture can have competence and vertical combining or many angle management competence of relevant horizontal categories need setting up, so that the follow-up market expands; And the competence of thorough fare related to brand development is established on the market in the brand, will set up at the same time after there are certain foundations, this is to make indispensable competence terms while running side by side with the brand way. But such all-round competence combines the conflict producing competence when the ACER should cross over growing up further, reflect it in organizing and coordinating and combining the conflicts of competence and technological competence, from the competence development course of the ACER, finding competence projects too much, too big economy of competence foundation. Sum up and originally research and propose the proposition 2:

Proposition 2: Competence has positive effects with scale economy and scope economy. But the mode scope and scale, with organizational expansion it can appear negative effects resulted from scope conflict. Competence can go through the managerial issues such as conflict and reduction too.

Table 1: ACER business model and competence evolution

	Competence Evolution				
			Scope Competence	Expansion	Reduction
			Channel Competence	Expansion	Promotion
		Manufacturing Competence	Expand / Adjustment	Expand / Conflict / Adjustment	Stop
	Communication Competence	Expansion	Expansion	Expansion	Expansion
Organizational Competence	Expansion	Expansion	Expansion	Conflict / Adjustment	Reduction
Technological Competence	Expansion	Expansion	Expansion	Expand / Conflict	
Design Competence	Expansion	Expansion	Expansion	Expansion	Promotion
Branding Stage	Testing	Building	Establishing	Expansion	Upgrading
Business Model	ODD	ODM , OBM	OEM , ODM , OBM		OB
	Trade Agent				

CONCLUSION

Pursuing the own brand by raising enterprise's added value, it is one of industry options for manufacturing-based industry in Taiwan to desire most ardently and gets rid of the globalization competition of the market during low or micro profit trend. That the brand is managed make great differences to manage a competence to manufacturing, requiring enterprise's jumps of energy on the basis of competence. Relying on long-time accumulation, it is a result that is evolving constantly. The competence of single enterprises represented from the case course materials of this research is evolved, until one long management of vision attempt , set up long-term goal need competence association that possess already very in a planned way really.

Competence development course from this case, this research finds that the leading person of the American-European industry can give up and make and develop brands directly at the beginning too (such as DELL, NIKE), but big factory remain and give up and make a lot of brands progressively after fully mastering and making experience, technological experience, absorbed thorough fare correlated with the brand, linking up competence. In other words, the competence to take the burden in the face of the market risk is to need to rely on making the camp revenue and expenditure led to flow to help to bear, as to grasp degree improve, products in order to through can be while defining status of product designed capacity market demand, giving up the important choice that must be that the manufacturer want to face of the manufacture. This will incline strength to develop the management topic that the own brand manufacturer should face actively.

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