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Brand strategies and firm performance: A comparison of Taiwanese information and electronics firms with traditional OEMs

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Abstract: Taiwan's information and electronics industry is a major player in global markets. Its traditional original equipment manufacturer (OEM) capability is one of its key competitive advantages. While previous studies have shown that brand building has a positive impact on performance, the government has recently encouraged the industry to conduct independent research and development and promote proprietary brands in the face of global competition and pressure for industrial upgrading. This study aimed to compare the performance of Taiwanese information and electronics firms that invest in brands with traditional OEMs, using counterfactual decomposition regression analysis to decompose firm performance into "return effects" and "covariate effects". The results showed that firms investing in brand strategies outperformed traditional OEMs, with the performance gap between firms widening as the degree of brand strategy increased. Furthermore, the difference in performance was mainly due to the "covariate effect", with companies with brand strategies being more willing to invest in resources such as research and development, technology acquisition and marketing in order to create a virtual circle of brand building and improve company performance. On the other hand, investing only in brand image building without developing a brand strategy has a diminishing effect on performance improvement as total output increases. In summary, this study found that investing in brand strategies is essential for Taiwanese information and electronics firms to outperform traditional OEMs. The government can use the results of this study to assess the need to promote brand strategy as a means of improving industrial performance during the process of industrial upgrading. In this way, the industry can maintain its competitive advantage and continue to play an influential role in global markets.

Keywords: *Information and electronics, original equipment manufacturer, proprietary brands, competition*