

# The Research of Taiwanese TFT-LCD Industry' s Competitive Strategies in Facing of The Financial Turmoil

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## Abstract

With the economic crisis sweeping across the whole world, all Taiwanese industries are confronting challenges from crunch even the semiconductor industry, the leading industry of Taiwan for many years. Thus far, the steadily-grown TFT-LCD industry keeping admirable output values has demonstrated the “Thin-Film Transistor-Liquid Crystal Display (TFT-LCD)” as the major industry on Taiwan' s market. Due to applications of TFT-LCD panels extended to various fields such as mobile phone, GPS, and medical treatment in addition to LCD TVs in place of traditional CRT TVs thoroughly, the industrial competitiveness and future development is prosperous. Against this reason, the issue with respect to competitive strategies and competitive advantages is further investigated in this study.

Expected to become references and be favorable to relevant industries at Taiwan, the best competitive strategy for Taiwan' s TFT-LCD industry is induced with the analyses in this study for 4 leading Taiwanese manufacturers of TFT-LCD industry, AUO, CHIMEI, Chunghwa Picture Tubes, and INNOLUX, compared to comprehensive analyses existing in current literatures. Because of the major competitive advantages in management capability for flexible manufacture and good channels for marketing demonstrated in this study, Taiwanese TFT-LCD manufacturers have optimized relevant value activities and strength competitive advantages by actively constructing vertical strategic alliances for vertical connections to suppliers and channels. Against this background, the manufacturers grasping the enterprise' s core competitiveness and comprehending the cyclic trend of the TFT-LCD industry for initiation of the enterprise' s competitive strategies should further seek opportunities for merges of enterprises and vertical integrations of upstream, midstream and

downstream manufacturers, and recommend the government supplying stable environment instrumental to investment and manufacturers' R&D capability as the basis of sustaining constant competitive advantages of the TFT-LCD industry.

Confronting strong competition from Japan and Korea, the optoelectronic industry attracting the overwhelming majority of investments at Taiwan should change the passive attitude of relying on foreign technical transfer in the past to active technical R&D, for instance, the strategic alliance model by cooperating foreign leading manufacturers to maintain out superiority. According to Porter' s theory, a country' s competitive advantage depending on the industrial cluster, the industrial cluster will provide complement to enterprises, generating spillover effects in technologies. According to the research' s findings, only constant research, development and innovation and industrial cluster effects to construct excellent environment for industrial development and to attract more competent people and resources as abundant tangible and invisible capitals accumulated are the best way of sustaining perpetual competitiveness for the TFT-LCD industry in Taiwan.

Keyword : TFT-LCD industry, Competitive strategy, Competitive advantage