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What are the differences between OEM/ODM versus OBM in terms of production, design, marketing, distribution and customer service?

Both the terms of ODM and OEM are related to the manufacturing industry. ODM stands for Original Design Manufacturer, and OEM refers to Original Equipment manufacturer. It is quite confusing to see the difference between the two, as they are very similar. OEM refers to a company or a firm that is responsible for designing and building a product in accordance with its own specifications, and then selling the product to another company or firm, which is responsible for its distribution. The one company produces products on behalf of another company, after which the purchasing company markets the product under its own brand name. An advantage of OEM is that purchasers can acquire products without setting up a factory. The disadvantage is that customer can easily purchase illegal copies of software, which is not advisable (Difference Between, 2016).

An ODM company or firm, on the other hand, is responsible for designing and building a product as per another company's specifications. The advantage of ODM is that the company does not have to spend time designing the product, this allows the company to spend more time on its core operations as well as benefiting from the skills and experience of the manufacturer. The disadvantages are that the customer will not be receiving a unique product, which means there may be competing products on the market exactly the same.

OBM is normally a company that sells an entire product made by a second company or unclothing a component from second company sources as its own branded product. Selling the product of the second company under its own brand just adds a virtual extrinsic value to the product. OBM offers a variety of advantages compared to private label, generic, or store brand items, including product availability: brand name items are normally easy to find and perceived quality: brand name items are often seen as having higher quality than comparable private label items. The disadvantage is the items are cost because brand name items often cost more than private label, generic or store brand items (Intrepid, 2016).

OEM and ODM versus OBM in overseas market for Galanz China is consumers were not familiar with Galanz as a brand of microwave ovens and strategic partnership with multinational companies such as K-mart and Walmart were confined to OEM deals. Moreover, Liang junior began to offer Galant-Branded microwave ovens to superstores and technical support from Fillony to help Galanz

set up R&D centres overseas to showcase Galanz branded microwave ovens in the country. Lastly, its ratio of Galanz OBM and OEM microwave ovens rose from 1:9 to 3:7 from 1997 to 2003 (BenefitOf,2016).

Reference:

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