

# Case analysis logitech essay sample

[Business](#), [Management](#)



Logitech is known as a global provider of peripheral devices for computers, tablets and phones. Logitech manufactures mice, keyboards, microphones, game controllers, and web cams. The company also makes speakers for the home and the computer, headphones, wireless audio devices, and audio devices for mobile phones. It was founded in Appleton, Switzerland in 1981 as a software development and hardware architecture company. The company was founded by two Stanford graduates. Logitech immediately took off with a new hardware opportunity, which was the mouse. In the early 1990s, the computer mouse business had a very strong competition. Logitech believed that they needed to do more to have more business, and be able to compete with the others in the market. In the 1990s, and early 2000s, they introduced keyboard for computer, a digital still camera, headphones/microphones, a joystick gaming peripheral, and a web camera with flexible arm. Logitech continued with computer mice also, as they had improved them. Logitech has been very successful and profitable throughout the years. The last three years, though, the company has begun to completely turn around. Over the past three years, the profit of Logitech has declined from \$839, 110 in 2011 down to \$710, 157 in 2013.

The selling expenses have rose from \$536, 622 in 2011 to \$545, 422 in 2013. Of course, this has resulted in a huge drop in Logitech's net income. Logitech in 2013, reported a loss of \$225, 567 for the net income. In 2011, the net income totaled \$131, 173. Logitech had a nonrecurring expense in 2013 for \$260, 392, but even after removing that expense, that still only leaves a net income total of \$34, 825. This shows that Logitech needs something that will help them get the net income back up to where it needs

to be. If not, an unpromising future lies ahead for Logitech. Recently Logitech has stepped out of what they have focused on in their product line, and started making a few new products and have just released them in the past year. Logitech has launched a new video conference camera, which includes a 1080p HD video camera, quality audio, and the ability to connect to a laptop or any other place for a video conference. They have also begun making keyboards and covers for tablets. Some of the keyboards can connect to three devices, and you can switch between them using a small dial.

The idea of a wireless Mouse is also something Logitech is working on. They have made an M320 that uses a USB dongle. The dongle fits into a port on your device, where as long as the mouse can connect with that, the mouse is useable. Logitech faces many issues that could potentially become detrimental to their business. A main issue to point out would be that their niche in the market is quickly evaporating because the need for a lot of their products is much lower than it used to be. Currently, almost all computers come with mice, keyboards, etc. When Microsoft and Apple sell their computers, they are usually bundled with all of these accessories. People don't need to go out and buy a Logitech mouse or keyboard unless they just absolutely need one. This is pushing them out of the market almost completely. Another issue similar to the first is that their technology is able to be copied and used with other products. Like stated before, competitors in computer sales have learned how to make mice and keyboards with the same or even better technology than Logitech.

Phones now have cameras that are extremely high quality, so in turn, the need for Logitech cameras decreases. Logitech uses a differentiation business strategy to push their products. Their product line is fairly small and they try to improve on existing competitor products. However, it has been very difficult in past years as their competitors are also making great technological strides and they are able to bundle their products with computers making it difficult for Logitech to keep a substantial share in the market. Logitech has the core competency of global operations. The company may be based out of Switzerland, but has locations in other countries. This makes it where they are able to reach out to everyone, and not just a small selected area. They have a location in China, Taiwan, Ireland, Netherlands, and also in California. Each of these locations have their own responsibilities, this may include distribution, design, research, and marketing. Logitech has direct and indirect sales channels with other companies. The products of the company are distributed in 100 countries.

Another core competency would be the key peripherals in general that Logitech designs and sells. They keep it simple what they do design, but make their product stand out among others. Each product that they do design has its own use, whether it be in an office, or in your home. Hardware engineering is another type of core competency, this is how they make the product more enhance and usable for the consumer. Hardware engineering helps improve the user experience. The design of Logitech products, is normally what sells the product. The business level strategy of diversification does fit into the core competency. If Logitech had no diversification, they would not be able to stay into business with just a couple of products. When

considering the external environment, it's easy to see that the biggest concern and threat is Logitech's competitors' ability to rapidly advance technologically. Companies like Microsoft and Apple have more capital, therefore better research and development teams, and are able to push companies like Logitech out of a lot of product markets. This doesn't look like it will change in the foreseeable future either.

Logitech must make adjustments if they want to stay afloat in the industry. The only logical adjustment for Logitech would be to branch out into other markets where there is less competition or focus on creating new innovative products that cannot be copied easily. The core competency does fit into these adjustments to a certain extent. They have and are continuing to extend their market into other countries, where ones will be able to buy Logitech. They also in the past two to three years have stepped back and put into consideration some new ideas, and products that will not be able to be copied by a competitor. Logitech has been an innovative company from day 1 of their creation. They have continually identified products that have been successful in the market by 2 primary strategies; strategic integration of consumer expectations and content strategy. Logitech identified what the consumer needed prior to them identifying the need and identified the necessary content to satisfy the consumer.

This core strategy that Logitech built is success off of needs to be revitalized. Logitech should focus on understanding what the consumer expectations is tomorrow, not today. By doing this they can be ahead of the curve and develop a product the consumer desires. The 2nd strategy Logitech should

continue to focus on is vertical integration. Logitech identified an issue with their manufacturing processes during the early 90's when they worked to integrate some of their manufacturing facilities. Once key point they missed was this was the perfect opportunity to start the process of vertical integration. By acquiring companies and suppliers Logitech could increase their vertical integration and reduce their supply chain and associated cost. The vertical integration strategy falls direction in line with the 3rd strategic improvement. Logitech could reduce overhead and associated cost throughout their supply chain by increasing their Operational and Corporate relatedness. This strategy direction correlates with vertical integration. Logitech could align their operation processes through vertical integration to have a positive impact to their bottom line. While doing this, aligning their corporate management strategy, will continue to drive the positive impact.

#### Works Cited

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