

O:

- rethink strategy based on data and trend
- raise of customer needs through customization, Y, Z
- globalization (international Market)
- Economic downturn is T for everybody
- cut cost and insource in company
- Brand image is growing important
-

T:

- Price of patent are increasing
- increasing competition with international
- cost of debt increasing

Strategy & Marketing

DEVICES CASE (Exam simulation)

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you are focused on cost, now they want to go to differentiation.

So change the market, expand, reposition this current business model (money to invest to get patents)
invest to dedicated network

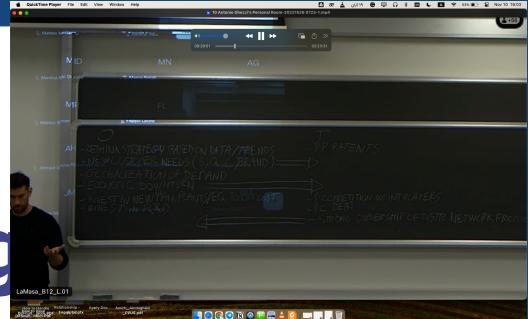
you start to take control of value chain with vertical integration (in this example we addressed downhill and uphill value)
but capital expenditure is high

they can update their business model with these new information:

Cutomers: today are italian with low cost => high cost, international, e-commerce
channel :

C R: enagamaent, b2b expenses, ... they sell to distributor (decrease margin but no risk, or selling through them)
VP=> high cost high sevice high personalization

now they are low capital intesitve, but in vertical integration they increase



we are missing perspective! External analysis is not about the Device!
(Average market player). it is not our opportunity! it is right in the market

what devices can do is Strategic alternative

sometime we may have something in both side! like globalization! in this case

the O is globalization of demand
and T is globalization of players

«DEVICES» CASE (1/2)

- The company DEVICES operates in the Italian market for consumer electronics, where it has always been aiming at obtaining high profits thanks to the efficient management of distributors and the optimization of production processes.
- The company's core business lies in offering a selected range of products based on technology patents acquired from external suppliers. DEVICES then assembles components bought by Far East suppliers and creates a “no frills” design and packaging; its products are often similar to those of competitors, although positioned on the low-end market.
- The products sold are characterized by simple functionalities and a clear focus on reliability and easiness of use; product commercialization is performed by means of a network of multi-brand resellers, not directly controlled by DEVICES.

«DEVICES» CASE (2/2)

- Although DEVICES had been enjoying earnings and profits for years, its performance dramatically dropped in the last two quarters. Worried by this negative result, DEVICES' Management team gathered unstructured information and data relevant to the company and its business area.
- The information collected showed that because of the economic downturn Italian firms are forced to bear high costs to acquire external sources of capital; however, DEVICES possesses high liquidity, which grants it a certain degree of financial flexibility.
- The acquisition cost for technology patents is constantly growing, and several competitors decided to internally invest in research & development in order to reduce their dependence from suppliers. Competitors' expenditures in Marketing and promotion are also quite high, while DEVICES saves a lot on Marketing (considered a not significant activity).
- The average customer is growingly showing to appreciate products characteristics like personalization, quality and brand image, and thanks to the globalization of markets is often shifting its preferences toward international suppliers of consumer electronics whose brand is strong. The average customer also shows to appreciate pre/post-sales services and assistance (and because of this, some competitors are developing proprietary distribution networks).

«DEVICES» CASE: QUESTIONS

1. On the basis of the information gathered by the Management team, how would you analyze DEVICES' current situation? Which strategic considerations would you draw? internal analysis & External an. => running SWOT you should leverage models and tell why you chose that
2. How would you map DEVICES' current Business Model?
3. How could DEVICES formulate (or reformulate) its Business Strategy consistently with the emerging trends?
4. How could DEVICES redesign its Business Model and align it with its reformulated Business Strategy?