

Markets Served GRI 2.7

2. Organizational Profile / Markets Served GRI 2.7

Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). In some cases this seems like too much information and not quite on current strategy. See the alternate document from me

The PC industry continues to provide Logitech with significant opportunity. In our mature markets, such as the United States, Canada, Western and Nordic Europe, Japan, Australia Logitech is a world leader in products that connect people to the digital experiences they care about. Spanning multiple computing, communication and entertainment platforms, Logitech's combined hardware and software enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control.

Sales Model

Eighty-six percent of Logitech's business is through retail sales in more than one hundred countries. Most of Logitech's retail sales are of consumer products, although a considerable amount of these retail products are purchased for, and used, in businesses. The remaining fourteen percent of Logitech's business is divided up between our OEM business, which includes sales of PC peripherals to computer manufacturers and our LifeSize video conferencing business.

We report our retail revenue by three sales regions: Americas, EMEA and Asia. Each of these regions is headed by a general manager, with China managed independently by its own general manager. Our OEM business and our LifeSize business are reported separately.

Three Key Target Markets

Logitech is focused on three distinct target markets: consumers in developed markets, consumers in emerging markets and business customers. For each of these markets, Logitech has a product strategy:

Consumers in Developed Markets

For consumers in developed markets, Logitech's goal is to maintain market share leadership where we have historically been very strong: in products for the PC, such as mice, keyboards, webcams, gaming controllers and PC speakers. These product categories represent a significant percentage of Logitech's business, now and well into the future. Although PC sales in developed consumer markets have slowed down, the installed base is large and many of these categories are still growing. To grow sales and market share in these categories, Logitech continues to invest in innovation based on consumer insights. We believe it is important for each of these PC product categories to have strong products at the entry level, in the midrange and at the high end, and we aim to fill in gaps in the product lineup where they exist. Primarily for the high end of some of our PC product categories, we also have shifted our PC category design focus from a PC first/Mac compatible emphasis to a Mac first/PC compatible emphasis, and this will begin to be seen in the market place beginning in 2012.

Logitech is investing in a newer opportunity for growth: products for tablets. We have brought multiple new products to market for people who use their tablet to create content. Our range of keyboards and keyboard cases for tablets has begun to make a significant contribution to our keyboard sales.

Logitech continues to drive innovation in our line of Harmony remote controls for the living room. Harmony remotes enjoy overwhelming market leadership in their category in the U.S. and Australia and are the market leader in many EMEA countries.

For mobile platforms, as well as for the digital home, Logitech is pursuing a growing opportunity in digital music. Through our Logitech Ultimate Ears (UE) brand, we offer earphones and wireless speakers for people who live for music. We also offer music docks for the home. Digital music products, both in the form of wearable listening devices as well as listening devices around the home are a big part of Logitech's product direction.

Consumers in Emerging Markets

In emerging markets, the PC platform continues to grow and Logitech aims to extend our market leadership in PC peripherals into emerging markets. To do this, we are designing entry-level, midrange and high-end PC peripherals specifically for these consumers by product development teams for these emerging markets. This approach is delivering significant growth for Logitech in China. We are following our focused approach in China with similar approaches in other emerging markets, such as India, Brazil and Russia. Also in select emerging markets, Logitech is introducing accessories for tablets and smartphones, with an emphasis on digital music as the primary use case.

Business Customers

Logitech's PC peripherals have long found themselves in business and enterprise environments even though we have not specifically marketed to business customers or engaged in distribution channels focused on business. That changed in 2011 with the creation of Logitech for Business. This group, beginning with the U.S. and EMEA, is focused on marketing and distribution of Logitech products for business and enterprise customers. The group offers select PC mice and keyboards, wireless presenters and speakers for general business productivity and conference cams and sets of webcams and headsets specifically for Unified Communications and optimized for the leading UC software and services platforms.

Because Logitech believes that video communication will be an increasingly important business application, we purchased LifeSize Communications in 2009. LifeSize is among the top three leaders in video conferencing, with a mission to enable anyone in a business or enterprise to be a full participant in a meeting, whether they are in the board room, sitting in a remote office, working from home or traveling. Using disruptive, IT-friendly HD technology and product innovations, LifeSize is highly competitive its market category and is expected to be an important growth opportunity for Logitech.

Geographic Footprint

Logitech's sales and marketing teams are divided into three regions; the Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific. Logitech enjoys very strong retail and distribution partnerships throughout the world. Our greatest market strength has been in mature markets, such as North America and Western Europe. However, we are also focusing on growth in emerging markets, such as China, India, Brazil and Russia. We have recently increased our presence in China significantly and we are following a similar path with these other emerging markets.

Logitech's product development includes teams around the globe, with R&D centers of excellence in the United States (California, Washington and Texas), Ireland, Switzerland, India, China and Taiwan.

Logitech's center of manufacturing is in Suzhou, China, with supplemental manufacturing in other parts of China, including contract manufacturing.