Analysis Of TESSCO Technologies

Posted on October 24, 2019

Introduction

TESSCO Technologies is a company that engages in the supply of electronic materials. The company deals with the installation of wireless gadgets that improve the operations of the business. For a long time, the company has been in the industry, and many people now know about it. The industry is currently full of competitors, and every business that joins the industry must always try to come up with ways of ensuring that they can handle the competition in the industry. The company has also come up with different strategies that enable it to survive in the industry. The paper will provide an analysis of the real situation in the company. After the analysis, the paper will come up with recommendations on how the company can either maintain a good status or improve to become a better performer in the industry.

The Corporate Strategy Used By The Company

The company is among those that have diversified the products that they sell to their customers. To be able to compete well in the industry, the company has come up with different market niches that they serve. The company has ensured that different sectors can get their services. The strategy is one that is used to ensure the company can serve a larger market compared to the other companies in the market. Product diversification is one of the ways that many companies always use when they want to increase the market. The company knows that it can attract more clients when it has a variety of products. The company has ensured that all the products related to the use of wireless internet are always available. This implies that a client will be sure to get all the products they wish to buy when they visit this company. Among the products that the company sells, there are filters and antennae products. The company has realized that most of its competitors do not engage in the supply of other products. It is what they have used to be able to beat the other companies without any problems. In this industry, the company is known by many people as a result of the availability of a variety of products that clients can buy. The clients are always sure to get the electronic products they need from the same company. This is a strategy that the company uses to retain every client who comes to the company to make any purchase.

Apart from the products the company sells, it also boasts of a team of experts that offers related services. The company has realized that most of the companies in the industry do not always look at the installation costs that the clients have to incur for them to start using the devices. The company promises the clients to get free installation of the products they buy from the company. They are also taught the steps they should take so that they can make use of the products well. This is one of the strategies that big companies always use to avoid competition from small companies that cannot provide their clients with such services. Providing the electronic products that clients need and providing the services associated with their use makes the clients have a lot of trust in the company. Another way that the company has positioned itself in the industry is by looking at the market it serves. The company has always ensured that it can serve the retailers, wholesalers, as well clients who buy the products for personal use. The market is not concentrated in one sector. The company has a record of serving people from different sectors. When looking at the type of strategy used by the company in the corporate world, one can note that diversification is the trick that works for the company. The company has diversified both its products and the market that it has. It has ensured that it can reach different sectors of the economy. It is a strategy to win more clients and also increase the number of sales they make over a given period.

The company has an intention of joining the international market. The company has ensured that they also make sales to people from all over the world. Since the company has been growing over the years that it has been in the industry, it has tried to come up with new ways of making supplies to other countries. As a result, the company has come up with value-added products and services that are meant for other countries. The company is already known in the international market, and many people keep asking for the products they sell. When a comparison is done between TESSCO Technologies and the other companies in this sector, one will note that the company has more clients in the international market compared to other companies. The company is known to always ship products to other countries as a result of the quality of products. Clients have good reviews of the company; they are always saying that the company can supply them with the quality of materials they need at any time they need them. The number of people from the international market has been increasing over the years, and this has created a competitive advantage for the company. The entry strategy for the company is advertisements on the international platform. The company knows that once people know about the products, it will be easy for the company to keep expanding the size of the market.

Resources, Competencies And Capabilities Of The Firm

The firm is known for one that supplies quality products. This is a competitive aspect that the company uses to compete with other firms. The company is also known to have a large capital base compared to the other firms in the market. Other companies are not able to reach the market that it reaches because they have the capital to use in carrying out market research and analysis. The company also carries out intense marketing of the products to win more clients every day.

The company provides value to the clients by using the chain tool. Starting from the leadership to the skilled workers, the company is made up of people who are committed to ensuring that they provide the best products and services to their clients. The company is always coming up with new strategies to reach out to a new market and also improve the quality of products it offers to the clients.

Part 2

Strategy Assessment

Competitive Strategies Used By The Company

The strategy used by the company to compete with the others in the industry includes some combinations that make it the best performer in the sector. The first way that the company has been using to win more and more clients to the business is through cost leadership. In the company, clients will get great value products at relatively lower prices compared to what the competing firms always offer their clients. It is the reason why many clients always find the company products to be the best. The competing firms are small, and this implies that they want to maximize the amount of money they make from the sales. By increasing the price of their products slightly above the one charged by TESSCO Technologies, the companies lose more clients. The clients feel that they should just be getting the products from the companies that can be trusted to provide them with the best market in the price. Comparing the prices charged by different companies in the market, one will note that the company is known to charge fair prices.

Another way that the company has been using is differentiation both in the market and regarding the products to supplies. Most of the companies are not able to reach the international markets because they do not have the capital to market their products abroad. As a result of the large capital base in TESSCO Technologies, the company can supply different types of products that fit the same market. It is the reason why many clients feel that it is the best place to buy the products. The clients are always sure to access all the products they need at one point. Since the company has a lot of capital, it enjoys economies of scale when it buys resources in bulk. This translates to lower prices that make it hard for the other companies to have a similar market share. The company can keep on adding more capital to win more discounts on business, so it continues to compete based on economies of scale.

Challenge Facing TESSCO Technologies

The main challenge facing the company currently is the ever-changing technology. The company cannot settle on any technology to use in offering services to their clients. There is always research in the field of technology, and each day, people come up with new ways of doing things. The company has to invest a lot in researching new technology to use in the industry. Failure to invest in research leads to using old methods, and this, in turn, reduces the profits they get from their operations. Getting the best quality methods to use in the technology sector requires a lot of money, and this negatively affects the business. The business is not always able to maximize the profits it makes because it has to carry out research every now and then. The research projects that the company is always involved in are quite expensive, and this is a big challenge that the company needs to solve.

Analysis done by Benjamin Graham proves that the fast-changing nature of the industry has contributed to the failure of many businesses within the industry (Benjamin, 2017). Some businesses are not able to cope with the dynamic nature of the industry, and as a result, they end up failing. This is also a big challenge to this company. The company can never settle on a given technology to be used for a certain period. In fact, most of the procedures used in this industry do not even last for three years. The main obstacle for the next three will remain the challenge of not being able to stick to one way of doing things for quite a long.

Opportunity For TESSCO Technologies.

The company has various opportunities. Some are short-term, while others are long-term. The main opportunity that still exists for the company in the next three years is the availability of the international market. The company can still take advantage of the international market before other companies can also come in. The company can pump in more money in the marketing done in the international markets so that it can make more sales. With estimated sales of $544 million in 2017, the company has great potential to grow the amount (NASDAQ. 2018). The other companies in this industry will take time before they can get into the international market. The next three years will be the best time to make money from this market since most companies have recognized it.

As an innovative company, the idea of moving to the international market will also create interaction with other great companies. The company should stop competing with local firms and start competing with the large ones. This is a challenge of some sort, but the main aspect is that it will provide an opportunity for the company to come up with better strategies for competition. Maybe the company is not interested in coming up with better ways of competing with the other firms because it is confident of getting a larger market share. Competitions on a global scale will make the company realize new markets and also improve products so that it can compete on the international platform.

Recommendations

Since the company is performing well in the company, it will have to maintain some of the strategies it is using while also improving on some of them. The following are the main things that the company needs to do so that it can attract more clients and supply more quality products.

1. The company should invest more in research. The technology sector is one of the most dynamic ones. The ability of a company to sell the products it has can change within a very short duration. This can happen in case another company comes up with new of doing things. The company should always engage in research so that it acts as the pacesetter in the industry. In case the company does not

engage in any research, there is are high chance that another company will overtake it very soon. Remaining at the top and having the biggest market share makes other companies research new ways to beat the giant in the industry. If the company engages in continuous research, then it can be sure to produce the best results for a long.

2. Invest more in the international market. The company should also take advantage of the fact that the smaller companies have not realized that there are international clients. The international market will provide the best market for the company. It should, therefore, work on improving the performance it has in the market.

3. Continue to diversify products. The company should also look at some of the products that it can supply alongside the main ones that it has. This is the only way that the company can be sure to continue attracting more clients.

References

Benjamin G. (2017). TESSCO Technologies situation analysis. *Business Journal*. Pg 56-78

https://marketpublishers.com/report/technologies_electronics/hardware_equipment/tessco_technologies_inc_swot_analysis_bac.html

Motley F. (2016). Analysis of TESSCO Technologies. *Business daily.* Pg 45

Tim P. (2017). Pricing and data analysis at TESSCO Technologies. *Business today*. Pg 67

NASDAQ.com (2018). TESSCO Technologies analysis. *NASDAQ.*