

Dell swot analysis and dell porter's five forces analysis



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The intensity of Dell's competitiveness and captivation can be effectively determined using Porter's five forces analysis. This analysis was developed by Michael E. Porter of Harvard University during 1979. Porter's five forces can be used to develop strategies to reach the objective and to sustain in the market.

Rivalry among competitors is high for Dell. Its major rivals are Apple Computer, Compaq, IBM, Gateway, Hewlett-Packard, Silicon Graphics and Micron Electronics. Price war always exists between the competitors. There is low differentiation and high concentration in the market. Due more competition the profitability is low. Dell tackles its rivals by lowering the prices of its products, improving quality, improved features for customization of its products by the users, wide range of varieties and offers, quicker manufacturing and shipment, extending service and increasing advertising.

- Potential threat of new entrants

The threat of new entrant is moderate for Dell. Dell has a powerful branding strategy, so brand name will be an enter barrier for new entrants. There is no legal or government barrier for this sector. The capital investment is low for new entrants and decreasing profitability indicated that Dell has potential treat for new entrant.

- Threat of substitutes

Dell has low threat of substitutes since there is always a demand for technology products in the society. The only threat for Dell is apple computers, however high cost and lack of software support prevent people

from switching to Apple's products. Dell provides products for lower cost at great quality which makes to sustain the treat for substitutes.

- Bargaining power of Consumers

The bargaining power of buyer is high for Dell. The consumers are highly price sensitive. Reliability and customer services become the most important factors for Dell. The products from Dell are always priced at a low cost. Quality and reliability of the products from Dell is always outstanding. Dell also provides a world class customer service.

- Bargaining power of the supplier

The bargaining power of supplier is high for Dell. As Dell follows Just-in time manufacturing it has large number for supplier for various products. Dell's two dominant suppliers Microsoft and Intel which are monopolised, these two supply major inputs for Dell's products. The Switching cost of supplier is also high for Dell.

SWOT Analysis of Dell

SWOT Analysis is a strategic method which highlights and used to evaluate the Strength, Weakness, Opportunities and Threats of a company. The SWOT analysis for Dell is evaluated below

Strengths: Dell has a strong branding and positioning strategy. Dell tries to constantly update its product and services with latest technology. Many of the Dell's strength evolved from its direct model. The low price, lean operation, direct marketing model, product Customization by user, product diversification, reliable support, excellent customer service and efficient utilization of e-commerce are major strengths of Dell.

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Weakness: Dell's weakness lies within its strategy, due to its Just-in time manufacturing it has to completely depend on its suppliers. Dell lacks in attracting the student community, so it loses the advantage of utilising the education market. Dell does not have any proprietary technology like Apple. The technology used by Dell is shared by its major competitors.

Opportunities: With well established e-commerce model Dell is able to reach any niche market in any part of the world and sell its products directly to the customer. Dell tends to diversify and extends its products constantly which create lot of opportunities. Dell also makes partnership with its suppliers which further enhance its inventory and product diversification.

Threats: The bargaining power of suppliers and buyers are so high for Dell. The major competitors give tough fight for Dell in the market. The technology advances in a quick pace which make the products obsolete is a quick span of time. Branding and low-cost strategy should be intensified to sustain.

Challenges faced by Dell's E-Marketing

The e-marketing of Dell faces a huge challenge. The E-Marketing has a major disadvantage when compared to traditional marketing, such as, the inability of the user to touch, see and try the product before they purchase. However Dell has some offers to the buyer like One year free service and videos which explains features of the products. E-Marketing strategy should be able to overcome this drawback.

The number of online shoppers is increasing day by day. Due to global reach and effective communication, e-commerce and e-marketing becoming more popular.

The first major challenge is to reach and attract the user to the Dell website through effective e-marketing, for this e-marketer need to attract online users to view what offer they have for the user. When the number people view the offer is more, there is possibility to increase sales. The advertisements must my creative and attractive to seek the attention of the user.

The next big challenge is to make the website user to buy the product, as just the user visits to the website is just the first step; it does not count to the profitability of the company. Dell has to make sure those products and offers are really convincing to the user. The user should be notified and updated regarding the offers, products and services constantly.

The online users usually have a short attention span so Dell e-marketing should not overload the user with lot of information about the product. The sales pitch should be short and attractive. Cluttered and too much information will make the customer to feel hard. Straight to the point approach is to be followed to tackle this challenge.

The technology and trend are evolving in a rapid pace, so Dell's e-marketers should be aware and keep up with latest technology and trend. Dell has a strong brand; to make the effective e-marketing more effective branding strategy should be adequately managed.

In E-Market Dell faces a strong competition from its major rivals, to sustain in the market Dell has to effectively advertise its low cost, offers, product differentiation and unique features. The content in advertisement should be creative and accurate. The e-marketing communication must also to be made more effective to reach the target customers.

Above all this the e-marketing system should be managed well, perfectly updated and with proper marketing promotions.