

Course work on dell

[Business](#), [Marketing](#)



City

1. How did Dell lose its ranking as the leading global PC computer maker?

Dell was the market leader in the computer manufacturing segment for almost 5 years before 2005, when its position started to deteriorate, leading to the loss of market share first to the main competitor Hewlett-Packard, and then to Acer. In order to understand what has become the reason for this change, it is important to identify the major success factors of Dell. Firstly, it was the concept of build-to-order, flexible supply chain and low inventory levels. Dell's manufacturing sites were located both in the United States, and in the countries close to the major markets, to ensure lower shipping costs and fast delivery. However, with the spread of portable PCs, success criteria in the market changed. Private sales in the lower product segments have been gaining importance, while Dell customers were traditionally corporate. Moreover, people preferred buying laptops from retailers, rather than ordering online, in order to experience the product before making a purchase. Additionally, cost pressure from the competitors, outdated supply chain and increasingly inefficient US plants eroded Dell's margins and market share even further.

2. What strategies might Dell employ to restore its competitive advantage in the PC market?

In order to restore competitive advantage Dell should adjust to the current trends in the market. Pursuing private customers in the laptop segment and employing intermediaries for product distribution have been important steps for the company. However, to ensure competitiveness, Dell should find its

niche and create an offering, which would be different from the one of the competitors, e. g. individually designed luxury products. Moreover, they may approach corporate customers and institutions with laptop offerings, taking advantage of their economies of scale. Own retail stores might serve as an alternative selling channel and will help to restore and direct their brand image. Operations should be fully outsourced abroad, in order to concentrate on more aggressive marketing, decrease manufacturing cost and increase margins.