

Dells marketing case, dilemma

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



Which at that time seemed to be a very attractive, innovative and hence successful strategy. However while concentrating too much on its distinctive strategy of mass customization for too long, Dell gravely failed to adapt to the changing world of technology which opportunity was promptly grabbed by its current and emerging competitors like HP, Sony, Lenovo, Apple and others. They quickly managed to reap the benefits of the fast growing market for technological products like PC's and notebooks. Direct Sales Channel- Dell has proved to be extremely successful at coming up with a very efficient and smart supply chain, by making its customers able to place orders for their PC's online, through e-commerce. Dell used direct sales via the Internet, whereas traditional PC manufacturers previously assembled PC's to make them ready for purchase at retail stores. Thus, Dell enjoyed early-to-market advantage. This eliminated the need for retailers that would add unnecessary time and cost for Dell and Dell has enjoyed this competency for a prolonged period of time. Dell's cost efficiency: Dell was able to provide PC's at a low cost for quite a period of time, until paying a low price for a standard PC was no more attracting the potential customers who were rather lured by the more technologically advanced products offered by Dell's competitors like Hewlett-Packard. However continuing with its cost cutting strategy cost them their customers in later years when HP emerged as the market leader and attracted all the consumers and business clients to themselves. Moreover, Dell's extremely efficient supply chain management aided in keeping its costs low and hence being cost effective.

Dell's strong market position due to its strong brand value as one of the top 100 brands in the world (in the IT systems market), provided it with a

competitive advantage. Dell has a strong market presence in IT systems market. Despite losing market share to other players in the recent past, Dell continues to remain a strong player in the IT systems market. In the fast growing market for technological products Dell should have obviously gone for innovating their product lines. Dell should go for product development. It might work to launch faster and more attractive versions of PC's and laptops.

Most importantly its marketing strategy should be changed, in order to reap benefits from TTS distinctive competencies. Being innovative could have obviously paid off as a good distinctive competency, because then competitors Like HP and Apple would get as much opportunity to grab the market share. Moreover, Dell could go for making creative and to think out of the box so as to get rid of the monotonous feeling in them which would also enhance the productivity and would obviously spread a good word of mouth regarding Dell as a " ready to innovate and serve company', which would work as another great distinctive competency.

Question 2) Dell is currently engaged in a cost leadership strategy. If Dell decided to move more toward a differentiation strategy, what might be some sources of differentiation Dell could explore? Answer 2: Emphasizing on the cost leadership strategy for too long has caused Dell to lose its market share and not to mention has led it to earning lower profits. That's because the same strategy would not work forever.

Dell has not explored in serving their customers with variety in their offerings for PC's and notebooks, neither did it do much to upgrade its features and technology. Dell has not re-invested any of its profits into going for a

different marketing strategy other than cost leadership. A differentiation strategy incorporates the development of a product or service so that it can offer a customer perceived uniqueness in the marketplace that seems to be better than or different from the products of the competition.

Dell has to focus more on providing additional value for their customers if they want to differentiate their brand from the others in the market, to do so, they have to address their customers not yet raised demand for new technology say for example, delight their customers by offering new software and applications for their PC's. Dell can also go for sales promotion; that is they can provide short term offers where they would be providing free upgrades for software in their current customers' PC's and offer discounts on certain software just so as to attract their customers' lost interest.

Launching and promoting different complimentary products made by Dell can be a good idea to enhance the sales of Dell PC's. For instance if Dell came up with a product line for gaming computers, to attract a certain segment of its potential clients, and along with that if it issued games made by Dell one of which would be provided for free with the gaming PC's, it would be a great way of differentiating their brand as "innovative" in the mind of customer, especially since no other competitor at that time came up with gaming PC'S.

Question 3: According to Nations Product-Market expansion grid which strategy is applicable for Dell computer's offerings? Explain the strategy in your own words in the context of the case. Answer 3: Nations model is based upon four types of strategies which are; market penetration strategy, market

development strategy, reduce development strategy and diversification strategy. The diagram below illustrates the Nations Product-Market expansion grid. In my opinion, Dell should primarily go for product development strategy and then market development strategy.

By going for product development strategy, Dell would be issuing new, developed and modified versions of its products. By doing so, Dell can show it to the industry that they are all ready to launch innovative products and solutions for their clients both Business and consumer. Moreover given the strong and well established brand name Dell has, it would not be a problem to beat its For example by considering software as an product/service to offer, Dell can assemble a services portfolio that would include e-mail disaster recovery, spam/virus filtering and archiving via its Message acquisition.

Moreover Dell can come up new models of its PC, and notebook, more lighter ones, faster ones, PC's specially made for gaming, and PC's which are specially made lighter and smaller for office going executives and students. Just like Google developed a new browser Chrome for the existing Internet user. Going for a market penetration strategy would be bad session for Dell since it has proved to be a failure Just because it refused to be innovative about its products and was only focusing on a single strategy of " mass customization".

However, Dell can also go for a market development strategy if that is feasible giving the transportation and set up costs associated with setting up business and dealerships in developing countries like Pakistan and

Bangladesh, or it can focus on a different demography, like the elderly people; by creating easy to use and simple light laptops for them, which they can also afford with a little portion of their savings.