

Swot analysis of dell technologies: is the declining laptop market a major threat...

[Business](#)



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Learn about the strengths, weaknesses, opportunities, and threats in this SWOT analysis of Dell Technologies.

Founded in 1984, Dell Technologies quickly became a household name. At one point, nearly everyone had a Dell computer. But now? The brand is scarce among the competition. You'll find out why as you keep reading through this analysis.

Recommended read: PEST analysis of Dell.

Strengths: A staple in everyone's home

A large portfolio.

Dell Technologies is one of the most well-known brands in the world. The company manufactures and sells a wide portfolio of computer products, leading it's overall brand value to be worth billions of dollars. Dell Technologies has spent more on new acquisitions and mergers. On top of new products, these changes introduce new patent and industries for the brand. However, the popularity of their products began with Dell computers.

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Unique customization options.

In the early 2000s, most families introducing a PC computer into their household had a Dell. You ordered online and were encouraged to customize it before ordering. Surprisingly, the level of customization Dell offered wasn't an option by other brands.

Direct sales model.

Dell products are sold directly to enterprises and consumers. You won't find a Dell in retail stores like Best Buy. From a business perspective, it's a smart move. Most other brands use retail as the middleman. In doing so, they lose a percentage of profit to that middleman. Dell Technologies avoided the whole middle management and keeps adds to their profit margins.

Strong customer foundation.

It also allows Dell to build a strong foundation between customers and institutions. People love Dell's customer service. They are known for being responsive, quick, and compromising. And you'd be speaking to a representative in the country. It makes it easier to iron out any kinks with the product, before and after buying.

Weaknesses: Who thinks about Dell?

Commodity products.

Although Dell Technologies now has many products under their belt, the majority fall within the computer industry. This wouldn't be such a problem if it wasn't for the low-profit margin on hardware products. Or if computers and

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laptops weren't a commodity product. Hundreds of brands offer similar products, on top of software and hardware support. Dell Technologies is formidable in this industry, but it doesn't change how competition has grown in this industry.

Off-shore customer support.

Remember how Dell's customer service falls into the strength category?

Well, it isn't always like that.

During that time, Dell decided to outsource their customer support. It wasn't a smart move. Customers immediately felt the shift in service quality, and they weren't happy. Although Dell Technologies has realized the mistake (and are using funds to solve it) the response from consumers is lackluster. They crave the quality they once had. Maybe it'll get there again, but customers aren't holding their breath.

Low spending on research and development.

Dell Technologies doesn't spend much on the research and development of new products. Perhaps, given their position in the industry, they feel it's unnecessary. But that can't be, given they missed their chance to expand into the smartphone and tablet industries. Competing in this space is now difficult, considering how many other companies are either at the top or vying for space in the market.

Poor brand visibility.

Remember how selling directly to customers was a strength? It's also a weakness for Dell.

A direct sales model improves profits, that's true. Unfortunately, it makes brand awareness difficult. If you walk down the aisle of any big-box retailer, you'll see several different brands of computers on the shelves. But no Dells. So, unless the customer already has Dell on their brain, they'll likely buy a competitor brand. Just because it was there, in the store, ready to purchase.

Lack of individualism.

Dell Technologies was once praised for their cost-effective products. Now, with the competition and market booming, the company can't offer those same low prices. Since this isn't a selling point for them, what is? Too many of Dell's products are similar to the competition, with little or no variation. It makes it harder to sell their products.

Opportunities: Branching away from hardware sales.

More than hardware.

Dell Technologies has branched into software-related services for their customers. This includes security, cloud, and infrastructure. For enterprises, companies can take advantage of servers, networks, and digital storage offered by Dell. Dell should concentrate on expanding these in-demand areas of software and hardware services.

More diversity.

To diversify out of computers, Dell needs to work on their portfolio of products and patents. The only way to accomplish this is by learning what customers want and where the industry is going. That means Dell Technologies needs to invest more in research and development. It may also shed light on how they can expand into the tablet and smartphone market too.

Threats: A declining laptop market.

Booming smartphone and tablet industry.

The tablet and smartphone industry is expanding. People use both for work, to watch videos, and keep in touch. They're also easy to transport. For those reasonings, we've seen these industries expand over the last few years. And in some cases, people are using these two devices instead of laptops. Dell Technologies isn't in this market. Since more people are leaning towards these smart devices, Dell is likely to see a shift in profits

Rising material costs.

Not to mention the majority of Dell profits come from hardware purchases. The problem? Hardware prices. The cost of raw materials is rising. This makes it more expensive for Dell to obtain and manufacture, cutting further into their profits.

Saturation in the industry.

The (saturated) laptop market is slowing down. The devices themselves are barely changing. Aside from the continual advancements of graphics cards

and processors, all laptops and computers do the same thing. Competing in this market is difficult, even for a seasoned veteran like Dell Technologies.

Because they're not the only veteran anymore. There's Apple, Lenovo, Acer, HP, and IBM. All big name brands — with budgets to match their stature. And most spend more on research and development, to learn what consumer are buying and where the market is going. Unlike Dell Technologies.

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