

# To what extent do you think dell company is marketing oriented? assignment

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Dell Computers Company: story of the company, and its quick success. Dell Industry: Dell market environment, revenues sales, competitors. How buyer behavior is influencing Dell: Is customer opinion listen by Dell? Market segmentation of Dell: Does Dell divide their customers according to their needs? Market Mix of Dell: the four P, pro Dell Computer Company Dell Computer is one of the world's leading electronics makers. It was established in 1984 by Michael Dell. Mr.

Dell began his own business at age 18, when he was a freshman at the University of Texas. Operating out of the campus, Michael Dell would buy surplus of computers from retailers, add feature them customers request or need and sell them by phone, mail or door to door (Verespej, 1998). Because of the great return which he received out of this small business, Michael Dell founded and registers Dell Computer Corporation 1984 ([http://www.1000ventures.com/business\\_guide/cs\\_im\\_dell.html](http://www.1000ventures.com/business_guide/cs_im_dell.html)).

Dell Corporation has redefined competition in the computer industry by more closely integrating the activities of suppliers, manufacturers and consumers (Verespej, 1998). Dell has cut out the middle man on sales of PC and electronics by going direct to individual customers, small business, corporations and organizations. The buyers can personalize according to their needs and requirements and can place an order via phone, fax or internet. At the time when Dell Computer was established in 1984, it was turning over 80, 000 USD in sales a month.

In its first eight years, Dell grew its sales and revenue by about 80 per cent a year, and from 1993 to 1999, it grew them by 55 per cent a year (Dell,

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1999). From 1989 to 1999, sales went from 159 million USD to 18 billion USD (Kennedy, 1999). In the same year revenue reached 6.1 billion USD and net income of 607 million USD (Korzenowski, 1999), with Internet sales alone generating 14 million USD a day in orders (Littlewood, 1999). Dell plan is to control 20-25 percent of the global PC market share (Brown, 1999).

Dell Computer is growing more than twice as fast as any of its competitors (Serwer, 1998). Fortune 500 ranks Dell number seven in return on stockholders' equity, ahead of world leading brands like Coca-Cola, Intel and Microsoft (Serwer, 1998) While other computer companies struggled due to economic problems in Asia in 1998, Dell Computer had sales increases of 35 percent in Japan and the Asia Pacific and 73 percent in Europe, the Middle East and Africa. Overall revenue and net income increases 54 and 62 percent for these markets in the first half of fiscal 1999 (Verespej, 1998).

In 1998, only 32 percent of Dell's sales were outside of America. In recognition of expansion opportunities, it opened a plant in China in 1998 and one in Brazil in 1999, to complement existing plants in Austin, Ireland and Malaysia (Verespej, 1998). The split adjusted stock value of Dell stocks increased over 35,000 percent, from 1,000 USD at the time of its initial public offering in 1984 to 373,588 USD on 2 November 1998 (Verespej, 1998). Dell Computer has not been successful all the way.

Dell grew 126 percent in 1992, yet by the following year it was into its seventh consecutive quarter of negative cash flow, and it had to abandon its new line of portable computers due to poor production planning (Bird, 1997).

The company wrote off 40 million USD in 1993 as a result. It also made

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another error by venturing into retailing, which at the time was thought to be a substantial growth market. The Dell brand was not well positioned in the retail market. On the shelves, the Dell PCs sat between Compaq's, which were better known and better regarded, and Packard Bell's, which were cheaper (Bird, 1997).

It also found that its direct sales to consumers cause problems for its relationship with retailers, which needed to sell the PCs at a higher price to make a margin. The company was forced to write off another 94 million USD. Dell's corporate computer business has slowed in recent years, forcing the company to increase its efforts to attract personal computer users. In the fall of 2007, Dell announced partnerships with major computer retailers, including Wall-Mart, Best Buy and Officeworks.

These partnership ended Dell's historical reliance on the direct-to-consumer channel and allowed the company to access the mass merchandise distribution channel, which is an enormous potential business opportunity for the company. Dell continued it's direct to customer marketing initiatives but also sought to promote its new partnerships in television and print advertising, often in conjunction with its retail partners. In doing so, Dell has begun to compete more heavily on price, as retailers such Wal-Mart are known as low-price shopping destinations for all types of goods. Recently, Dell's marketing efforts have been less focused on product features and customizability and more focused on low price as the defining feature of Dell consumers. Dell Computer competes in the global computer market.

Originally a direct supplier of customized PCs, Dell now competes directly

against the world's leading computer manufacturers. Organizations and individuals today function in a rapidly changing, highly competitive, information-rich and increasingly globalised environment.

There is a distinct need for them to be able to deal with the complexities and demands of this environment. Computer assists organizations and individuals to become more efficient and productive. They do this by providing them with the capacity for: => information gathering, store and retrieval => information analysis and interpretation => reporting and presentation => communication and interfacing => entertainment, including games, shopping, music Compaq is the market leader in the US PC desktop market, although there have been media reports indicating that Dell has closed the gap.

More reliable figures though show that, in 1999, Dell's market share was 23 per cent, up from 21 per cent the previous year, while Compaq's market share dropped from 27 per cent to 25 per cent over the same period (Littlewood, 1999). Because of the high sales Dell Computer ranked fourth worldwide behind Compaq, IBM, Apple and NEC. The other major contenders in the desktop PC market are IBM, Hewlett Packard, Toshiba and Apple. IBM's share is down to 17 per cent, and Hewlett Packard's is 16, Toshiba's 10 per cent, and Apple's 9 per cent (Littlewood, 1997).

Despite Dell's competitors trying to copy much of what it does, it has managed to stay ahead of the pack, although how much longer it can maintain its structural advantages is not precisely known. Unlike some of its competitors, Dell is highly reliant on partnerships for component

manufacturing, and field service and support. The stakeholders in the computer industry market consist of: =; computer manufacturers =; component and parts suppliers =; software developers =; distributors and wholesalers =; retailers (hardware and software) =; business and personal and customers ; after-sales and service companies =; telecommunications companies and electricity suppliers The interrelationships between these stakeholders determine the structure of the industry. Hardware manufacturers such as Dell, IBM, Apple, make computers that facilitate the use of software- Microsoft and Macintosh- by customers for business and end-user consumer needs. The industry comprises strong interrelationships and increasingly alliances are formed, yet the different elements of the value chain encourage competition in other segments as this provides market benefits for them.

The PC market is a mature market. It is a business in which competitors cut prices literally every week, where the product is obsolete within months of being manufactured and customers choose between what appear to them to be similar systems built by numerous rivals largely based on price (Serwer, 1998). In this market, product reliability, customer service and customer support can help differentiate the product, but beyond advertising and brand recognition, the only value chain segment that the assembler can control is logistics or time (Curry and Kenney, 1999).

High-speed logistics, particularly on the distribution side, provide another strategic option for assemblers to improve their competitive position. How buyer behavior is influencing Dell Customer innovation Customer innovation

process is divided in three processes: listen, solve and impact {draw: frame}  
{draw: frame} Dell gather requirements directly through tens of thousands of customer interactions daily, organized events, social media venues, and customer panels.

Partnerships with a wide variety of key industry software, hardware and component suppliers give them a uniquely broad perspective on the computing landscape. {draw: frame} Many innovations begin in-house, led by a global team of top engineers, product designers and technical experts. Others begin as a team effort with Dell's strategic partners. The mission is to deliver innovative and cost-effective solutions that meet today's real-life customer challenges and work seamlessly in existing environments and with other products. draw: frame} Dell is uniquely positioned to impact industry trends. We maintain strong internal development capabilities. We partner, rather than compete, with top industry technology suppliers and original development manufacturers. We steer enabling industry standards and technologies through industry groups and strategic partners. In this way, Dell spurs innovation and delivers value to customers. <http://content.dell.com/uk/en/corp/d/corp-comm/cto-customer-driven-innovation.aspx> Online forums help and Search services

Not only large customers, small enterprises, a large number of persons were also attracting home office in Dell brands around. From the autumn of 1998, Dell established executives and customers online forum “ had breakfast with Dell” extended to small business users, the topic of this live chat server market trend not only includes such large topics, but also for general users

the opportunity to make a wide variety of issues, then adopted Dell online knowledge base in artificial intelligence software to help automatically answered.

Dell also provides comprehensive search services. A user-friendly search service can find their desired product and technical support. The scope is very wide search, the search is on the hardware, but also software for the search; both assembled whole sets of search; There are various parts of the search, and so on. Market segmentation ). Dell has segmented its market into two segments and employs different marketing strategies to meet their needs. These two segments comprise the: Transactional market-consumers and small business

Relationship market- corporations, government, educational organizations In the transactional market, it pays little attention to first-time buyers and ignores the low-margin, sub-USD 1000 market, instead concentrating on the higher profit experienced computer users seeking more advanced replacement PCs. Dell estimates that 30-40 per cent of second-time private buyer buy direct (Bird, 1997). This is because they are more likely to know what they want and are prepared to order by phone, fax or Internet.

This has stopped Dell's sales from being dragged down by first-timers, who generally shop on price and require a high level of sales time effort, and after-sales support. Dell computer markets to this segment largely through specialist and mass media advertising. Dell is one of the biggest advertisers in trade journals, IT books and computer publications, where it consistently takes out back-cover placements. It also advertises extensively in leading

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metropolitan print and their prices, 1800 number and the web address.

There are broadcast and also online advertising.

Like its competitors, Dell makes its real money from the relationship market. This segment does not order 100, 1, 000 or 10, 000 computers and networking equipment and services from Dell on the basis of an advertisement on the back page of a computer magazine. This segment is more interested in features, performance and support than just price. Dell, therefore, employs brand image advertising with a focus on servers, services and support and invests heavily in a sales force that uses relationship tools to win over this market.

Winning big customers take platoons of sales people, numerous technical briefings and the influence of its top executives to help close the deals (Gillmor, 1998). This is a tough market for Dell, as there is a lingering perception of Dell as a mail-order company and therefore does not have the full service offering of competitors. While Dell has a high conversion rate when in the running for the supply of computer equipment in this segment, it has a low consideration rate- 22 per cent as compared with Compaq's 44 per cent. This resulted in Dell initiating a reported 100 million USD branding campaign in 1998.

Dell's relationship group services this segment. Each account in this group is serviced by a sales team. Account managers call on high-level technology executive, while inside representative take order from the customer's purchasing agents. These sales people, although separated by miles, are linked by the same quotas and work closely together. All these sales people

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are part of the same aggressive compensation plan. Once a sales team reaches its quarterly quota, the incentive earnings triple (Marchetti, 1997)

\*Marketing Mix (the 4-P)\* of

DELL Marketing decisions generally fall into the following four controllable categories: Product, Price, Place and Promotion. {draw: frame} Product: Dell's unique approach to manufacturing separates the different processes so that Dell is not reliant on singular production or supplier's chain for equipment production. Though there is no segregation of the different products and services but nevertheless in separating the components enable it to target the customers base on the regions in which the products are manufactured.

By assigning each regionalized production center particular component for production not only has diversified the risk of concentration of labor and production costs but also depending on particular infrastructure. Price: Dell's product pricing reflect the affordability of the local consumers. For example basing plants in Xiamen, China Dell has been able to provide products and services at the local prices without incurring additional costs to price. Price reasonability and the availability of support, after sales services and parts have alleviated Dell's position from others.

Place: Dell has been able to affect the location strategy aspect of its marketing campaign. As Dell's products are always available at the nearest dealer customers develop trust for the ' local Dell' thereby achieving the objective of gaining their trust in Dell products and services, and formatting a large and diversified consumer base. Promotion: Dell in the past have not

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concentrated on extensive marketing campaigns but this I revolutionized in 1999 when Dell changed its tactics by engaging in extensive marketing campaigns. The “ Be Direct” attitude has changed the way consumer view Dell as the local producers. SWOT Analysis