

# Marketing plan for dell inc

[Business](#), [Company](#)



1. Introduction Today computer industry has become one of the most attractive industries both in terms of growth and viability. It is also considered as one of those industries where it is so hard to survive for the companies in it. The prevalence of the likes of HP, Dell Inc. and IBM has resulted in the fierce competition in this industry. These abovementioned companies struggle to win more market share or to be the best player in the industry. These report analysis situation analysis, SWOT analysis of Dell Inc. long with the environmental factors which could be potential influence on its current and future business operations. . It also illustrates the company's future objectives and also marketing strategies set to achieve those objectives and to ensure that the company is one of the industry leaders. 2.

Background It was initially named as “ PCs Limited”, and then converted into the Dell Company which was named after the Michael Dell, who founded the company in 1984, when he was a student at the University of Texas at Austin.

That's Michael Dell who came up first with the idea or belief that selling personal computer systems directly to customers enables them to better understand customers' needs and helps them to offer the best solutions to meet those needs. It was in 1985 when M. Dell's company first manufactured their initial computer which was sold for US \$795. Dell's “ PCs Limited” company would assemble computer units based each individual's needs, orders or selections. That would give customers pretty much affordable price and more convenience than having to assemble those components on their own.

Despite the fact that it wasn't the first company to apply this method, it was almost the first to accomplish it. Even in its first year of trading, the company

managed to reach pretty much admirable sales, approximately amounted to \$73 million. In 1988, the company was given the name of the Dell, founder of the company. Following 2 years, they decided to phase out their direct selling method, and start using warehouse clubs or computer stores to sell their computers. Realizing that it didn't bring any success, they got back to their more effective direct-to-consumer model.

In 1996, the customers were offered another convenience, which is a website through which consumers could buy the company's products virtually. In 2002, the company expanded through entering the other markets such as television, audio players and printers. Since 2003, the company has been operating under the name of Dell Inc. (Michael Dell, 2012) 3. Current situation and business performance Since its emergence in 1984, the company has not just struggled to survive in competitive computer market but also been able to dominate the market to some extent.

Now it's not just a company with \$ 1000 capital as it used to be initially, but has turned into a huge multinational computertechnologycorporation which is currently producing top-quality lap-tops, netbooks, PCs, printers, scanners and other computer-related products. Dell Inc. has been growing remarkably in terms of both customerbase and acquisitions. Atpresent it employs approximately 105000 people around the world. The CAO of the company is Michael Dell, American businessman. Dell Company is famous mainly for its ability to apply direct-sales model and its " configure to order" approach.

Specifically, it can configure individual PCs based on customer specifications or order. (Michael Dell, 2012) 4. Marketing Environmental Analysis of Dell Marketingenvironmentrefers to the outside factors that can be influence on <https://assignbuster.com/marketing-plan-for-dell-inc/>

the company's ability to develop and maintain successful customer relationships with their target market. Those forces include competitors, demographics, economic, political/legal, sociocultural, technological and global ones.

4. 1Competitors Prevalence of tough competitors such as HP Company, IBM Corporation, and Apple Inc. have always struggled with Dell Inc. or capturing customers and securing more market share. (Michael Dell, 2012) Hewlett Packard Company leads in the industry based on its market share with 27.3%. The second place belongs to Dell Inc. with slightly lower percentage, 26.3%. The other competitors, IBM and Apple Inc. have 14.9% and 8.5% market shares respectively. (Lord, R., 2005) They all offer massive capabilities and are financially fit. This can affect the Dell's ability to operate its business successfully.

4. 2Demographics Dell Inc.'s products are currently sold in every corner of the world. That is why; the company has diversity of customers.

Its products are mainly tailored and offered to business professionals, doctors and others who might need multiple computers. The reason why the company put more emphasis on this segment is because 40% of its overall sales come from this segment. Dell Inc.'s products have mostly been purchased by women for the last decade. This trend is soaring. Those women are mainly the owners of small businesses or work in management positions.

4. 3 Economic Economic factors are also considered as a crucial part of marketing environment that could influence on the level businesses or industry operates. Market and Demand

Selling prices, economic situation, disposable household income, product advancements and availability of substitute products are considered as the

determinants of demand. Statistics say that the demand for computer industry has been declining in the last 5 years by 3.2% annually. (IBIS World 2010) However, this trend is estimated or predicted to shift into a positive side. According to the speculations, the global industry is forecasted to grow by 6.2% annually at average.

4.4 Political/ Legal Like any other industries, computer industry is also under the control of political and legal regulations.

Those radio frequency emissions regulatory, the anti-trust regulatory, the import-export regulatory agencies are in charge of regulating each single activity in computer industry.

4.5 Sociocultural Societal trends are continuously shifting in this computer industry. Consumers have switched to laptops from desktop computers which were in high demand few years ago. Yet, the Emergence of I-pods and other computer type systems are going to bring about another societal trend in the industry. Another changing trend is that most businesses are shifting to green marketing which involves producing more environmentally conscious products.

Computer industry has also not been exception to that change. To reinforce this statement, we can take Dell Inc. 's recycle model. The company offers recycling old computers thereby contribute to environmental welfare. Another example would be HP's new model of computers that would consume much lower energies than the rest of the typical computers.

4.6 Technological Admittedly, computer industry experienced considerable developments. Constant innovations and changes on products are being made by the companies in the computer industry. It is unquestionably crucial for Dell Inc. to keep up with technological shifts so as to survive in the competitive industry. Wildly usage of e-commerce generating great loads of

sales shows the importance of keeping track of technological innovations. 5. Target Audience In today's world, businesses are facing numerous challenges because of the harsh competition caused by the development of globalization. Thus, it has become very tough task for companies to survive or to be the best player in their industries. At present businesses are required to be competent in all spheres of their operations.

Targeting the right market segment has also become one of the key factors for any sort of business. Therefore most companies are putting a lot of stress on considering their target market. Dell Inc. is also one of those companies. Its target market incorporates 4 segments. 1) Home and home offices 2) Small and medium businesses 3) Large businesses 4) Governmental and educational institutions, namely:

- Home and home offices segment consists of individual customers who want to buy computers or other related peripherals for the use at home. These groups of customers are not price conscious.

They mostly focus on the word of mouth when considering specific products. Approximately 10% of the Dell's overall sales come from this segment.

- Small and medium business Companies employing 1 to 3500 people are called medium or small businesses. Dell Inc. is not keen on serving these customer groups. Hence, only 10% of its overall sales are grossed from this segment.
- Large businesses are companies employing more than 3500 people, are the main target customers Dell usually serves. Therefore, the company grabs almost 75% of its total sales from large businesses.

Obviously, the company has already established solid relationships with large companies.

- Dell Inc. doesn't put a lot of stress on serving

<https://assignbuster.com/marketing-plan-for-dell-inc/>

governmental and educational institutions. Hence, only 5% of its overall sales come from this customer group. (Fawcett, S. B. , Paine-Andrews, A. , Francisco, V. , Richter, K. P. , Lewis, R. K. , Williams, E. L. , Harris, K. J. , Winter-Green, K. , in collaboration with Bradley, B. and Copple, J. (2001) 6. Understanding the strengths and weaknesses of the business 6. 1 Strengths The Dell Inc. is one of the most popular and strongest companies in the world.

Its strengths over the competitors enable the company to maintain successful business operations. Some of those strengths will be stated below: -Dell Inc. is the largest PC maker throughout the world, which is why it has strong brand equity. In turn, the strong brand equity would serve the company as a good assistance to attract and capture new customers more easily. (Michael Dell, 2012) -One of the greatest strengths of the company is that it owns expertise on applying direct to consumer model which has unquestionably been the key for the company's current sustainable position in the computer industry. (Wolf, T. , 1990).

The company achieves cost reduction through not including middlemen or retailers during the process of getting the products to the customers. Through this approach, the company manages to better understand customer needs, wants and to deliver superior customer value. Moreover, it enables the company to win the trust and loyalty from customers and to maintain long-term relationships with them. Another strength of the Dell Inc. is that it achieves cost reduction through maintaining sound relationship with its suppliers. This lowered cost will make it easier for the company to capture more customers, thereby increase its market share. Fawcett, S. B. , Paine-

Andrews, A. , Francisco, V. , Richter, K. P. , Lewis, R. K. , Williams, E. L. , Harris, K. J. , Winter-Green, K. , in collaboration with Bradley, B. and Copple, J. , 2001) -Another great thing about the Dell Inc. is that it offers free repair and technical support. -It uses Internet as it applies direct model which gives customers convenience in terms of lower cost and saved time. This certainly does entail customer's add-value which is incredibly important in retaining customers. Finally, Dell Inc. has been able to establish sound relationships with large companies could be potential buyers of its products.

Statistics say that its 75% sales are geared form the large business organizations. 6. 2 Weaknesses As an each business has certain weak point, so does Dell Inc. One of them would be its dependency on its suppliers. Dell Inc. usuallybuys the components from large suppliers which constitute very few numbers all over the world. That makes it just impossible for Dell Inc. to switch its suppliers. (Berkowitz, W. R. , 1999). -Another weakness of the company would be the fact that it doesn't usually set links with retailers or middlemen as it mainly uses direct to consumer model. Another weak point of the Dell Inc. s that it doesn't usually put enough stress on serving college students as only 5% of its sales are grossed from this segment. The company needs to establish better relationships with educational institutions son as to increase its market share. (Michael Dell, 2012) The other weak point of the Dell Inc. is that it doesn't enable its customers to physically touch or see the product they want to purchase. (Fawcett, S. B. , Claassen, L. , Thurman, T. , Whitney, H. , and Cheng, H. , 2003) Customers can not just go to the retail store and come back home with a lap-top in a single trip.



They are going have to have to wait for some days before their computers are customized to their needs. (Berkowitz, W. R. , 1999). 6. 3 Opportunities Dell Inc. is becoming one of the dominant companies in the industry with higher level of opportunities than its competitors do. Diversification strategy initiated by Michael Dell, CAO of Dell Inc. , has improved the company's opportunities to make a growth in sales, to capture much more customers than it used to. The strategy was applied by adding different sorts of computer-related products into its range. Those would be printers, scanners and other products.

Furthermore, demand for PCs is continuously increasing. (Fawcett, S. B. , Claassen, L. , Thurman, T. , Whitney, H. , and Cheng, H. , 2003) This means that the company has pretty good chance of succeeding in the industry. It's worthwhile to mention that internet has been playing the most crucial role in the Dell Inc. 's current achievements in its business performance. Internet is crucial as it's become an interface between the company and customers. It enables customers to make orders to the company virtually without having to go to the retail stores, wasting their time, effort and money. (Berkowitz, W. R. , 1999). . 4 Threats Porter's five forces model illustrates possible threats for Dell Inc. According to Michael Dell, it has been very tough task for the computer companies to stay in a strong position for long. The development of wireless networks, the influence of internet has changed the competitive landscape of the industry. He says: " one of the biggest threats is the changing computing model. These forces might be influence on the company's ability to serve its customers and gear profits. They are the following forces: -Threat of new entrants -Threat of substitute products or

services -Threat of competitive rivalry Threats of new entrants The fact that computer industry has been yielding admirable returns is the key reason why new firms are attracted to it. The entrants tend to share the profits in the industry. This means that they are real threats for the companies within the industry. (Lord, R. , 2005) However extensive capital outlay required for entering into the computer industry prevents possible new entrants from even considering this industry. That's why Dell Inc. doesn't have to worry about the threats of new entrants. (Fawcett, S. B. , Claassen, L. , Thurman, T. , Whitney, H. , and Cheng, H. , 2003) •Threats of Substitution

Prevalence of many substitute products can pose very big threat to any company. Dell Inc. has also to think about coping with substitute products' possible effects on its business performance. Emergence of phones which can replace computers is currently one of the biggest threats for computer companies including Dell Inc. At present most people prefer to have iPhones or other sort of phones rather than carrying lap-tops. The fact that modern phones can perform virtually all computer functions makes customers want to have them even more. Specifically, at present most phones can be used for internet, e-mail, and social media.

This is more likely to cause uncertainty in the future of the likes of Dell Inc.

•Threats from Competitors Clearly competitors also pose big threats to the Dell Inc. HP, IBM Inc. are examples for those main competitors of the Dell Inc. They always fight to secure greater market share through cost reductions, economies of scale or strategic business partnership. This tough competition makes it even harder for the Dell Inc. to stay alive or to be the best player in the industry. (Lord, R. , 2005) The objectives: -To increase its market share

by 25% within 1 year -To turn the company into the best player To increase the consumers' awareness on the company's brand (Unterman, I. , & Davis, R. H. , 1994). As any sort of company has specific objectives, Dell Inc. has also certain objectives set forth so as to maintain and build sustainable and viable business operations. One of the most primary objectives of the company is to achieve more market share in the following year. It is planning to attain 25% more market share than its current state. Even though it is clear that the main objective of any company is to capture more market share, attaining this goal will come with challenges. (Unterman, I. , & Davis, R. H. , 1994).

The company has to offer much better quality products and services at relatively low cost than the competitors do. The company is also planning to be the best player in the computer industry. This objective is interrelated to the previous one. Specifically, gaining more market share than any other competitors enables the company to turn into the best player in the Industry. (Unterman, I. , & Davis, R. H. , 1994). Increasing the consumers' brand awareness is unquestionably the most crucial objective that must be achieved by any company, because without gaining high levels of brand awareness, the company cannot generate enough sales. Unterman, I. , & Davis, R. H. , 1994). In other words only higher level of brand awareness can entail greater market share which in turn can enable the company to be one of the leading players in the computer Industry. 7. Marketing strategy Any company regardless of its position in its industry should continually update its marketing strategies so as to maintain long-term successful business operations and to attain a competitive edge which is unquestionably crucial

in today's business world. Dell Inc. also has to employ marketing strategies in order to enhance its competitiveness and maintain its long-term leadership in the computer industry. (IBIS World, 2010). Usually, marketing strategies are of assistance for companies which want to achieve their organizational goals such as reaching more market share and higher customers' brand awareness. Dell Inc.'s marketing strategy also helps it to achieve its objectives such as being the low cost leader of computer products and also differentiating its offerings. (Michael Dell, 2012) Dell Inc. employs different types of marketing strategies which will be mentioned further.

Dell capitalizes on differentiation strategy. To be more specific, it differentiates its offerings to various market segments based on the needs and wants of those customer groups. For example, computers designed for large businesses may vary from those designed for home users or educational institutions. (Barry, B. W. , 1998) 8. Positioning strategy Dell Inc. has been able to position itself in the computer industry. Its position strategy is based on its competence to sell its products directly to customers rather than involving retailers or other intermediaries in this process.

This position strategy can help the company to achieve the following things:

- Building the most efficient bridge to the customers
- Becoming low-cost leader
- Develop build-to-order efficiencies

Relationship management strategy Dell capitalizes on information technologies when utilizing its relationship marketing strategy. It uses both customer relationship management (CRM) and partner relationship management (PRM). These strategies help the company to better understand customer needs and wants

and deliver offerings accordingly. It also helps the company to achieve cost reduction through maintaining good relationships with its suppliers.

This in turn allows the Dell Inc. to capture more customers more easily. (Wolf, T. , 1990). 9. Conclusion To sum up, at present, the world is witnessing remarkable development and growth in the computer industry. Companies are doing their best to offer the best quality products at reasonably lower costs. This has made it very difficult task for them to stay alive in their harsh industry. They have to establish the right strategies to attain their goals, to capitalize on their opportunities and to cope with the threats. The report summarized the Dell Inc. 's objectives and strategies which could help the company to attain its goals.