

Market trends and changes in dell computer essay



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Market Trends and Changes in Dell Computers Kim Jones University of Phoenix ECO/365 Dr. Dominic F. Minadeo september 10, 2009 Market Trends and Changes in Dell Computer This paper will describe market trends that Dell Computer may face in the near future. Possible changes will be identified within the following areas; market structure, technology, government regulation, production, cost structure, price elasticity of demand, competitors, supply and demand.

This paper will also touch on the impact that new companies may have on Dell. As plans are made for Dell, a monopolistic competition seems to remain the most ractical marketing structure for them. Even with adding new products to their PC trend, Dell is still competing against other companies with similar products such as laptops, desktops, game systems and many other electronics allowing for the market structure to remain constant. Dell is starting to have a new take on technology as they work on future designs and thoughts.

While traveling overseas, Michael Dell stated that he and his staff are exploring smaller-screen devices. " Speculation is, Dell is planning a smart-phone that would compete with Research in Motion's (RIMM) BlackBerry, Apple's (AAPL) Phone, and the various devices running software from Microsoft (MSFT), Nokia (NOK), or the Google (GOOG)-backed Open Handset Alliance" (Kharif, Olga, 2009). Another possibility that Dell is considering, if the smart-phone does not succeed, would be a mobile internet device, or MID.

This device is larger than a smart-phone but lighter than the smallest notebook computer known as the netbooks. According to recent surveys of consumers, most would be in agreement to replace the smart-phone idea with the MID. In addition, after research was conducted on other cell-phone makers, struggle is found to be going on in the smart-phone market regarding whether or not the smart-phone is even a successful possibility. Going green is a technology that has been going on for some time and will remain one of Michael Dell's strongest passions.

Dell is looking at introducing several new greener services in the near future that will help to assess complexity and simplify IT environments as it will keep Dell in compliance with the government environmental regulations. The first will be the "greenprint" which will help organizations identify inefficient process and develop ways of fixing them. "Dell is simplifying its client and data center infrastructure, and is also offering services that let organizations assess complexity in their IT environments" (McLaughlin, Kevin, 2007).

Dell is also planning to sell PowerEdge servers with Solaris installed direct to customers. This device will be 23 percent more energy efficient than similar offerings from competitors. According to Dell, another service called Image Direct will let customers develop one's buy. Dell is hoping that these new services will not only create stronger customers relations but also will stay strong in helping to save the environment. Another future technology that Dell is introducing is the XFR E6400 Latitude.

This laptop is geared toward military and construction uses, meets military specifications and can withstand being drenched with a fire hose. According

to Dell spokesperson Patrick Burns, this laptop can endure the harshest of environments such as first responders, field service technicians and those who require systems that meet 13 military specifications including drop tests, sea fog, temperature extremes, thermal shock, explosive environments and many more. This new technology will be funded through a government stimulus package while targeting the military as they are now fighting wars. The XFR E6400 Latitude can be used by the military to assist in the live updates of satellite maps, enabling satellite-based telecommunications and troops using the laptop to chart incoming missile and artillery fire" (Miguel, Renay San, 2009). Dell is looking into new market trends such as price slashing to keep on top of the market. According to CBC News, Dell computer's second-quarter profit was hacked 23 percent as the personal-computer industry's slump dragged on this summer. Revenue in the PC category came down nine percent to \$2.9 billion although the shipments of consumer PCs increased 17 percent over last year.

To preserve market share, the PC makers have been slashing prices. This is yet another example of Dell's price elasticity of demand. Even though the revenue dropped, Dell was still willing to be elastic with their prices in order to keep clients motivated and interested in Dell products. In 2006, the Wall Street Journal attacked Dell Computers because of a bad quarter. There was a decline of 51 percent in earnings from the prior year and a 60 percent decline in stock prices from the year 2000. The Journal was making accusations that Dell was falling behind other competitors worldwide.

Michael Dell has an upbeat not so negative response, " Ten years ago, this was a \$5 billion business; now it's a \$56-to- \$57 billion business. We still hold <https://assignbuster.com/market-trends-and-changes-in-dell-computer-essay/>

the number-one market share in the small computer system industry' ( , 2007). Dell is growing more rapid internationally such as 37 percent in China, 82 percent in India, 87 percent in Brazil and 78 percent in Mexico. Even in Japan, where there was little hope for success, Dell is the number one leading desktop market and number two overall in the Japanese market and building into the future.

Dell also had many of their top executives snatched out from under them by a competitor just for Dell to come out with 60 percent of the profits of the industry and the competitor 40 percent. The company remains and continues to grow more profitable than the next three competitors combined and is also the largest provider of hardware maintenance services for computers in the United States. The competitor has tried to replicate Dell's idea of the supply chain without achieving near the improvements that Dell has in their system.

Not to say that the competitors have not achieved some level of improvement but if one was to look at the basic metrics, like return on capital or inventory management, they have not approached anywhere near the level that Dell does with its supply chain. To the competitor, the supply chain is about innovation and profits, but to Dell the chain is A few comparisons of customer preference through surveys showed that Dell was referred above all other computer providers. In notebooks two competitors combined carried a preference of 12 percent, while Dell was preferred by 60 percent.

Within large institutions and corporations, Dell was preferred by 56 percent in desktops and 53 percent in notebooks. The other two competitors combined carried only a 36 percent preference. These numbers are showing a strong preference towards Dell and a strong likelihood of repurchase in the future compared to the competitors. Since 2007, Dell has started opening up a new customer feedback website in order to better supply customers with what they are demanding; hence supply and demand. Dell is discovering that customers want pre-installed Open Office and pre-installed Linux green, energy efficient computers. Customers are also demanding that Dell supply the One Laptop Per Child (OLPC) program in North America to help literacy programs and under-privileged kids by offering \$100 laptops with subsidies and easy payment options like \$9 a month for a year or \$1 a month for 100 months" (Arrowsmith, Robert, 2007). As a need is demanded worldwide, Dell is looking for near future ways of producing more "green" computers and simultaneously supplying children all over the world with affordable classroom computers.

The one negative impact that new companies entering the market could have on Dell would be that of printers. Dell has depended on the sales of Lexmark, Hewlett-Packard, Epson and Canon printers even though they do not benefit from the ink refill business. With new comers entering the market, Dell may have to create a printer design of their own to be able to stay on top of the market. Otherwise, Dell does not seem to be easily intimidated by new competition as they remain on top of excellent customer satisfaction and relationships.