

# Case study on dell computer corporation



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Based in the Texas in the USA, worlds Dell Incorporation is one of the biggest seller or computer and laptops. It is a multinational information and technology corporation which employed around 76500 people across the world as of 2009.

To talk about Dell or origin of the Incorporation, the concept of the company was developed and founded by Michael Dell in 1984 as in the name of PCs limited. While he was studying in university of Texas he was 20 yrs old and he founded the company with the capital of \$ 1000. At the period of 2009 the company had the asset valued or worth \$ 26, 500 billion.

Dell Inc. was started with a small concept or sell directly to the end consumer by Michael Dell. He was mainly focused to avoid the intermedia ries and cut the cost of product and sell it directly to the end user in comparatively cheap rate. Dell's company PC Ltd. Was able to sell IBM clones for 40percent less than the competition ( . 1) This strategy gave a way to run the company in instant growth. Once Dell tried to sell its products indirectly through computer warehouse clubs and superstores in 1990 but met with little success and the company refocused on its more successful direct to consumer sales model. Dell started to sell computer by Internet Web site from 1996.

Dell started to grow up as in the period between1980 to 1990 to become the largest sellers of computers and servers. In 2009, Dell took the 3 rd position in computer sales industry as the 1 st position took by Hewett Packard and 2 nd position took by Acer incorporation. Since the history of computer sales to current position Dell incorporation is not limited with single product. It sells

verities of products like servers, Data storage Devices i. e., USB storage devices, Televisions, notebooks, scanners, etc. It also sells varieties of electronic products manufactured by others.

In the mean time or 2006, it was listed in the 25 largest th company ranked by Fortune Magazine in the Fortune 500 list, 8th on its annual “ Top 20” list of the most-admired companies in the United States. In 2007 Dell ranked 34th and 8th respectively on the equivalent lists for the year. (A) 2006 publication identified as one of 38 Dell high-performance 500 companies in the S&P .

### **Mission and strategies of Dell**

Dell’s mission is “ to the most successful computer company in the world at delivering the best customer experience in markets we serve. In doing so, Dell will meet customer expectations of highest quality, leading technology, competitive pricing, individual and company accountability, best in class service and support, flexible customization capability, superior corporate citizenship, financial stability. “(Dell)

Dell’s own corporate website defines its global strategy as “ our global strategy is to be the premier provider of products and services including those that customer requires to build their information technology and Internet infrastructures.”

### **Marketing strategies adopted by Dell**

How dell reached in current position of fame is due to their own marketing strategies which they have adopted. Some marketing strategies which I found followed by Dell are as follows:

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## **1. Directly Sales Model**

The strategy which helped Dell to run in the current position was direct sales approach. The reason behind to use this model is to avoid the intermedia ries and sell the product directly to the final user in cheap rate. Direct sales model is a example of market penetration strategy. Direct sales means that dell must reach out to potential customer, either through its own sales force or through advertising and other marketing efforts.

## **2. Market Segmentation**

Dell has divided its customers into two parts. One is is another corporate customers and home user customers. It has differentiated the product and services according to its customers. This segmentation is very necessary as business based customers generally need mainframes and different types of equipment opposed to the ordinary user at home who could just need the bare minimum to do his/her computing.

## **3. Direct Customers Relationships**

Dell has mainly focused on its customers relationships. It provides equal priority to each customer. Through the direct sales model it can find out the need and desire of customer what they want. Vendors who sells their product through resellers often don't know who their final customer are, so they must rely on secondary market research to identify their own customer trends earlier so it can respond with the desired products before its competitors. It has established a 24 \* 7network mechanism to listen and to provide services to its customers.

## **Strategic marketing problems or Dell**

Dell has huge varieties of products and components made by different suppliers and different countries. So sometimes it faces unexpected problems caused by different component which is used for the products. It is a minor case which happened in 2004. Dell had to recall 4.4 million laptop adaptors because of a fear that they could overheat, causing fires or electric shocks.

The main weak point of Dell's marketing is that it doesn't manufacture product. It depends upon other manufacturer and it buys Assemblies supplier and product from the product as per customer's choice and desires. So dependability may hamper the competitive market of Dell. Dell buys its component from selected high-tech component manufacturer. So sometime manufacturer or supplier who stop manufacturing supplies for Dell, Dell has to bear huge loss on its overall sales.

In this case study I have find a problem that is observable in this regard is that it would require to re-analysis of the present marketing campaign whereby the campaign addresses the customer at large. By contraction the scope of the existing marketing strategy Dell would be capable to attain niche marketing objectives.

an additional difficulty with niche marketing in a pervasive organization like Dell is that it tends to overturn some of the procedure of production or rather alter it. For example suppliers would have to be unique who can do mass customization at shorter production time frame as well as maintaining

quality standard. Dell for that reason has to focus on quality control as it steadily integrates this novel marketing strategy.

There is also the concern of global positioning. Dell's customer base is not a classic American or Canadian but a broad range of customers from Asia, Latin America, and Europe as well all with different requirements and wants. The dissimilarity in corporate customs as well as specialized attitudes towards IT merchandise and services generate a complicated need/requirement profile that would be challenging for Dell. As more and more customers in developing countries like France, India, China and Brazil grow to appreciate computerized environment, they also have complex requirements. This way Dell would have a complex time to incorporate an invasive marketing strategy. Instead, it should keep up differential but integrative marketing strategy so that the corporation has a position in each of the marketplace in which it produces products.

## **Marketing Opportunities for Dell**

When Michael Dell was replaced by the post of chief executive officer by Kevin Rollins in 2004 the company had got a new blood, new management, vision and strategy. That could lead the organization into a new even more profitable period.

Marketing opportunities for dell could be a new market at overseas with a new product. Dell can grab the market by researching on changing perception of customer towards technological product.

Dell is chasing the diversification strategy by developing a lot of new products to its range. It also provides multiple facilities to its customer such

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as three in one, two in one for example getting computer peripherals when buying a Dell PC. It also produces non-computing goods such as iPod, and other electronic brands. Therefore the non-computing goods or Dell compete against others. Pursuing a diversification strategy Dell can find out new markets and customers in order to sell its mass products.

## **Strategic marketing alternatives**

1. Price Strategy
2. Product Strategy
3. promotion strategy
4. Positioning and Target Market Strategy
5. Market segmentation Strategy
6. Growth Strategies
7. Innovation strategies
8. Market expansion strategies

## **Suitable marketing Strategy and implementation plan for Dell**

Product:

Dell's approach to advance manufacturing separates the changed procedures so that Dell is not dependent on particular production or supplier's chain for component production. However there is no separation of the different products and services but on the other hand in separating the

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components enabled it to target the consumers based on the state in which the components are manufactured. By assigning every regionalized production centre particular component for production not only have diversify the risk of concentration of labour and manufacture costs but also depending on particular infrastructure.

#### Price:

For the above reason Dell's product pricing shows the affordability of the local costumers. For illustration basing plants in Xining, China Dell has been capable to supply product and services at the local prices without incurring added costs to price. Price reasonability and the accessibility of support, after sales service and parts have alleviated Dell's position from others.

#### Place:

For this reason, Dell has been capable to shape the location strategy aspect of its marketing movement. As Dell's products are available all the time at the nearest dealers. Consumers develop belief for the local Dell thereby obtaining the aim of gaining their belief in Dell products and services, and forming a great and diversified consumer base.

#### Promotion :

Dell in the history have not concentrated on extensive marketing campaigns but this revolutionaries in 1999 when Dell changed its tactics by engaging in extensive marketing campaigns. The “ Be Directly” attitude has changed the way consumer view Dell as the local producers. They also tend to have exclusive trust in exploiting the company as evidence from the customer



from UK who complaint against Dell's promotional campaign, that the company does not follow its promise. However, apart from the ad hoc mishap in its marketing campaign Dell has been successful in its promotions. Yet, it is time again to revise this campaign as many of its rivals are beginning to follow the same trend (“ Dell Launches New Consumer Advertising Campaign” 1999).

Positioning and Target Market: What Dell needs to achieve now is to focus on positioning of its products. Earlier, Dell's consumers can be anyone and anywhere. The advantage of not categorizing customer is that it allows Dell to anticipate different kinds of consumers yet not targeting specific group of customers. In the recent years however, as Dell has grown, the customer base changed from individual professionals to corporate type. Therefore, the new positioning strategy should follow the new target market and produce accordingly. The target market feature must be changed accordingly so as to tailor products to these corporate needs

## **Recommendation and conclusion**

A simple formula “ eliminate the intermedia ries and sell for less” made Dell a reputed fastest growth company. In a short span of time, how much reputation company has gained is the best part I found in this case study. Dell was founded in 1984 with a small concept or sell others product but in the current period Dell has earned customers loyalty. It has won the consumers faith. How it became possible, the reason is absolutely its marketing strategies and trends. Today Dell Inc. is ranked Number two and one of the fastest growing PC Company worldwide. Dell Marketing situation is in a very favourable one in my perception. Customer buy Dell fire because

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of the qualitative brand and the reputation that Dell has gained over the years along with the fact that the brands are marketed pretty well too. Marketing however, is not Dell's top priority. As discussed in the case and the article, Dell is more concerned with delivering good computers to the customers at the cheapest cost

In comparison to its mission statement and current condition I found that Dell Inc. and the team of its management focused on rapid change, globalization, technology, innovation diversity and e-business. The unique part is that its Web site which they launched for dell. com to their corporate and public sector customers.

My views In respect of market penetration and market segmentation is the best part of Dell's marketing strategy. Dell has done a good job in identifying their economy and hence penetrating those aspects of markets leaving less room for ambiguity. The e-business which they have adopted is a very cost efficient method of selling their product. I recommend dell that what they are doing, keep continuing but customers desires and needs are dynamic. Use to take customers feedback and do improvement.

In the current global competitive market the main challenge for Dell is competition. Top competitors for the Dell Inc. are Gateway, Hewlett Packard, and IBM. They are also manufacturing the same kind of product and following the same kind of marketing strategies. If Dell does not keep attention about these competitors it should bear huge losses in the future sales and profit. So what I recommend to Dell is that what they have won is customer's faith and keeps it up. Watch the global market and competitor.

Find out the customer's changing perception about product; try to provide better quality and services with low cost than competitors.