This paper is done as a part of the undergraduate program at BI Norwegian Business School. This does not entail that BI Norwegian Business School has cleared the methods applied, the results presented, or the conclusions drawn.
Assessment 2 - Part A

2-in-1 Convertible notebooks

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1.0 Internal Analysis

1.1 Business model canvas

Dell currently has a direct business model, where they sell directly to the customers. However, they are starting to adapt towards a more indirect and traditional distribution method. Therefore, Dell’s business model will consist of aspects from both a direct and indirect perspective.

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1.1.1 Customer segment

Dell is currently trying to target two different segments.

**Large corporations - private and public**

Dell is mainly trying to target large corporations, with emphasis on government and educational sectors. These sectors provide large portions of profit and are supported by dedicated sales representatives and account managers.

**Small and medium-sized businesses**

The second segment is small and medium-sized businesses. The Latitude 2-in-1 convertible notebooks will not only make the communication between home and work easier within the business, it will also make them more flexible.

1.1.2 Value Proposition

In order to establish a long-term relationship with both segments, a clear valuable proposition is important for Dell. They focus on a premium value proposition with personalized service. Their value proposition for the Latitude 2-in-1 convertible notebooks has three main aspects.
The most important aspect of their value proposition is service. Providing excellent service has been a long-term goal for the company, as they want to be one of the best in the world on service. To accomplish this, they focus on reaching directly out to their customers within a short time and provides different support methods.

The second aspect focuses on the lifetime value. Dell’s Latitude series of convertible notebooks is at the high end of the price scale, however, Dell’s durable service gives customers value over time.

Lastly, customizing products on the premises of the customer is an important aspect. The Built-to-order approach makes it possible to customize the production of software to the materials used. This also makes the production more efficient and valuable (Dell US 2017).

1.1.3 Channels
Dell’s main distribution channel is their website, and this is where they want to achieve most sales. This channel is especially important with a direct distribution method, as this is where the newest products are being introduced first.

Through their indirect method Dell sells to wholesalers, which disclaims some of the tasks within the organisation and give the wholesalers the opportunity to create a long-term relationship with resellers and corporations.

The wholesalers do not sell to the public market; this is the task of the resellers, who present the products in a store at the price point they want.

1.1.4 Customer relationship
Build to order approach
Dell is using a “Just-In-Time” approach to make the customer a part of the production process. This allows Dell to customize their convertible notebooks to customer’s requirements and needs, and produce though request. This can also decrease the inventory level, hence, the costs.

Service
Service is one of Dell’s most important contributions to create and maintain a consistent relationship with their customers. Through Dell’s customer service, they offer back-end service and
support. This can also help ease the tension consumers might feel when evaluating different products. (Dell Technologies 2017)

**Long-term value**
Dell creates long-term value by utilizing their customized solutions to make technology more efficient, accessible and easier to implement. If the customers feel assisted in their choices it can create an enhanced customer relationship.

1.1.5 **Revenue stream**

**Asset sales**
Dell produces a physical product where the owner has full ownership. Dells convertible notebooks have increased from 37 million to 51 million USD in sum of value. Sum per units has increased by 33.8% over the fiscal year of 2016. This indicates a total increase in sale of 23,369 units. (Dell Technologies 2017)

**Leasing services**
To generate revenue streams, Dell's financial services help organizations with “capital expenditures, operating expenditures and cash flow” (Dell Australia 2017). The service consists of four stages; operating lease, finance lease, loans and end of lease options (Dell Australia 2017).

**Pricing mechanism**
Dell provides different build to order options of the Latitude convertible notebooks, where customers can choose different attributes to their notebooks. However, Dell has a fixed price mechanism, where the price for the different options is already set.

1.1.6 **Key Resources**

**Physical resources**
These resources are often capital intensive, and Dell’s physical resources consist of manufacturing facilities and distribution networks. Dell has a huge focus on manufacturing in order to make high quality products and adapt them quickly to the market (Dell Australia 2017). Their distribution networks include the transportation systems and storage facilities. Due to their Just-In-Time production, they have a low amount of storage facilities.
**Intellectual Resources**

Dell has numerous intellectual resources, where customer database, software and proprietary knowledge is important. R&D and innovation are necessary resources that need continuous focus to fuel Dell’s proprietary knowledge. Another major resource is Dell’s technology, where they provide business class security and reliability. Through Dell’s own Dual core and Quad core technology they are able to deliver processing performance, which makes the Latitudes their most secure and reliable convertible notebooks (Dell Australia 2017).

**Human resources**

Their team members are an important element of their human resources because they want to create a professional working environment where they can grow. They offer different assistant programs for mentoring, networking and growth opportunities. (Dell Australia 2017)

**1.1.7 Key activities**

**Production activities**

Dell depends on their supply chain management. The main objective is to add value to the products and services, in order to fulfil a customer demand by the Latitude products. Manufacturing is mainly done overseas. To ensure high quality production Dell has focus on overlooking their manufacturing (Dell US. 2017). Distribution is done through direct and indirect channels. The advantage of using both channels is that Dell is able to produce devices both towards customers’ preferences and general market need.

**Problem solving activities**

Dell continuously focuses on problem solving to improve their supply chain. They are active in taking actions in the environment to help improve compliance and accountability to identify risks. Knowledge management is an important factor in order to be aware of the risks and issues related to suppliers. In addition, they have a major focus on training employees and making sure that suppliers are not failing to take appropriate actions. (Dell Australia 2017)

**Platform network activities**

Dell focuses on being committed and delivering effective solutions with support to their customers. They provide back-end support, support plus and support pro, and acknowledge customer requests within 24 hours. (Dell Australia 2017)
1.1.8 Key Partners

Intel
Dell and Intel have a technology alliance partnership, which enables Intel to offer Dell their processor technology to make Dell’s products and especially Latitudes powerful (Dell US 2017). By combining the power of Dell and Intel, they offer extraordinary protection and new solutions that can further maximize capacity and performance for customers (Dell US 2017), (Dell Australia 2017).

Microsoft
Dell also has a technology alliance partnership with Microsoft, which enables Dell to utilize Windows 8.1 Pro and license Windows 10 as their operating system on the 2-in-1 convertible notebooks (Microsoft News Center 2015). This is an advantage for Dell as Microsoft is a worldwide leader in software (Microsoft Australia 2015).

Other partners
Dell also has alliances with Nutanix, Oracle, Red Hat, SAP and VMware. Where they focus on storage, integrate data, interactive business processes and cloud-based services. (Dell US 2017)

1.1.9 Cost Structure
Dell is a Value-driven business, not a cost-driven. Although there are multiple costs incurred to make Dell’s business model work.

Fixed costs
These are not directly related to the production of the Latitude convertible notebook, as the fixed cost remain the same regardless of production volume. This includes salaries, rents and production facilities etc.

Variable costs
Dell has multiple variable costs, and these cost vary in proportion to the volume. The demand of 2-in-1 notebooks controls how much costs that needs to be allocated to the production.

Marketing and advertising costs
This is not their main focus area, however, there are some marketing costs that needs to be in place in order for them to reach out to firms with their Latitude 2-in-1 notebooks.
**Investment costs**

Dell Technologies has a high focus on innovation and R&D, where they allocate $4.5 billion annually to expand knowledge within the firm and improve software and computer performance (Dell Technologies 2017).

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**2.0 External Analysis**

**2.1 Market Analysis**

**What to expect from the convertible notebook market**

IDC released a press release in the beginning of March 2017 stating that the PC market in Australia is stabilizing. Nevertheless, the convertible form factor continued to drive growth with an increase of 41.8% from the previous year (IDC 2017). HP continues to hold the top position with a market share of 27.4%, with growth coming from the education and public sector. Apple holds the second position with a share of 16.9% with majority of its growth coming from national retail. Lenovo maintained its third position with a share of 16.1%. Dell ended up on the fourth position with a share of 14.5% (Appendix A) (IDC 2017).

Furthermore, Telsyte indicates that Australians are moving away from low cost tablets. According to their ‘Australian Digital Consumer Study 2017’, approximately 40% of Australians are willing to pay more for ‘top quality electronics’ as digital devices is becoming more central in consumer lifestyles (Telsyte 2017). Telsyte definition of tablets includes 2-in-1 devices (Mumbella 2016). Additionally, Telsyte forecasted that the Australian sales would grow from more than 500,000 in 2015 to approximately 1.5 million in 2017 (Kovacs 2016). For Dell’s Latitude’s a move towards top quality devices and an increase in 2-in-1 is a positive market trend.

**Estimating market size**

To estimate the total market potential for Dell’s latitude, it is important to determine the target customers. Therefore, based on our market analysis and interviews, we define our target customers as “business-people on the go”, “small to medium-sized businesses” and “large corporations”.

In June 2016 the number of actively trading businesses in the market sector was 2.1 million and approximately 2 million small and medium sized businesses were members of the ‘The Small and Medium Enterprise Association of Australia’ (Australian Bureau of Statistics 2017) (SMEA 2017). This indicates that this is a highly attractive segment in the Australian market. However, it is necessary to differentiate the various industries by their attractiveness and profitability to gain
revenue. Based on our market research sectors with expected growth of 2-in-1 notebooks are: ‘Rental, Hiring and Real Estate Service’, ‘Administrative and Support Service’, ‘Public Administration and Safety’ and ‘Education and Training’. These industries make up around 360,000 small and medium-sized businesses, e.g. (Appendix B).

It is difficult to estimate how many business people there are in Australia, however, this is an important segment since several full-time employees also runs a sole proprietorship on the side. Dell should continue to focus on large corporations, due to high revenue streams. Since no exact numbers are available it is hard to estimate how many large corporations there is within relevant industries. However, large businesses are defined as those with turnover levels of $250 million (Australian Taxation Office 2016).

**Penetration rate**

The 2-in-1 convertible notebooks will drive the future growth in the computer market. However, Dell is not the market leader and due to a saturated market consisting of many strong competitors, we have estimated Dell’s Latitude series penetration rate to be a low 2%.

**Market volume**

To get an estimate of the overall market potential, the number of target customers is multiplied by Dell’s penetration rate. Since they consist of 360,000 small and medium-sized business and the penetration rate is 2%, Dell’s potential market volume is estimated to be 360,000 x 2% = 7200 business transactions.

**Market value**

The markets monetary value is calculated by multiplying the market volume with the average value, e.g. price expectations. Dell’s estimated market value is;

\[
7200 \times $4,310.90 \text{ (Dell Australia)} = 31,038,480 \text{ AUD.}
\]

This estimate has excluded the extra costs of support services, since firms can choose between several back-end services and support from Dell’s IT Support Service (Dell Australia).

In the last quarter of 2016 Dell earned a total revenue of 95 million USD, which indicates that a lot of the existing revenue comes from large corporate companies (Dell Technologies 2017).

**2.2 Competitor Analysis**

The convertible notebook market can be characterized as being a saturated market with many big players and many differentiated models. However, Dell’s two main competitors in the B2B market
are Microsoft and HP (Dell Technologies 2017). Microsoft is recognized for creating the convertible notebook market and according to Dell’s estimates HP is recognized as being the second largest player in the market (Dell Technologies 2017).

2.2.1 Microsoft

Size
Microsoft Pty Ltd is based in North Ryde, New South Wales, with around 960 employees in Australia. The foreign-owned private company provides software, computer peripherals, software development tools and Internet access services to Australian consumers, enterprises and, education and government sectors. (IBIS World 2016)

Goals
Ever since Microsoft launched its Surface tablet in 2012, the company has wanted consumers and enterprises to switch from traditional notebooks to convertible notebooks. (CIO 2015)

Market share
In the last quarter of 2016, Microsoft’s market share was around 50.3% (Dell Technologies 2017).

Product quality
Microsoft Surface Pro offers the customers a light, flexible and powerful device without compromising quality. The Surface Pro comes with 1TB storage and a new PixelSense Display, which makes the pictures come to life through optimized contrast and colours. (Microsoft Australia 2017).

2.2.2 HP

Size
Hewlett-Packard Australia Pty Ltd is a wholly owned subsidiary of the US-based Hewlett Packard Enterprise Company. HP employees approximately 4,870 in Australia and New Zealand, and delivers computing, communication and management service as well as enterprise storage, servers and service of products. (IBIS World 2016)

Goals
HP’s goal is to be able ‘to create technology that makes life better for everyone’ (HP Australia 2017).
Market share
In the last quarter of 2016, HP has a market share of 16.8% (Dell Technologies 2017).

Product quality
To provide a rich audio that is optimised for use in any position HP has created dual speakers with state of the art technology through collaboration with BeatsAudio and Bang & Olufsen. Furthermore, HP has a USB-C port with thunderbolt technology that fast charge 50% of the device’s batteries in only 30 minutes. Additionally, HP has collaborated with Corning® Gorilla® Glass to provide protection against scratches (HP Official Store 2017), (Whigham 2017).

2.3 Customer Analysis
From the in-depth interviews, it is evident that in the B2B market, Lenovo is the first computer brand that comes to the customer’s mind followed by HP, Dell, Samsung and Microsoft. However, graphic and web design companies mainly associate with Mac, as this is their favourable device. According to the survey that was distributed, 48% of the people had experience with Microsoft’s convertible notebook, whereas only 24% had experience with Lenovo’s. Preferences in the B2B market is often based on previous experiences with a brand, therefore we can assumed that there is a relationship between the consumer market and business market.

Research process
The research process each company went through was highly dependent on the number of employees. The more employees a company had, the more extensive the research process was. The smaller companies consisting of 1-10 employees based their purchase on previous experience or had a quick research and decision process. This process consisted mostly of online research based on previous reviews and feedback. Medium sized companies had a more extensive research process. Decisions were based on market research from Gartner and meetings with several vendors to review the products and the different options available. Employees tested selected products, before the IT staff reviewed technical and non-technical requirements.

Buyer channel
Based on the conducted research it is evident that businesses buy their products through an indirect channel, mostly from retailers. Nevertheless, they would prefer to utilize direct vendor relationships when possible. This might indicate that it is easier for firms to go through an indirect channel, because they already know the retailers.
Brand awareness
From the conducted research, respondents consider brand awareness as the least important aspect when buying a convertible notebook, whereas quality, price and weight is the most important aspects. Brand awareness still plays a major role for Dell, and firms were only aware of competitor’s options. If Dell is not considered as an option for convertible notebooks they will lose potential profit. However, only 37.5% students knew Dell sold convertible computers. This might indicate that their branding has been directed towards young adults. Since, students are entering firms and becoming new future leaders, Dell can leverage their brand awareness into the companies. Furthermore, this implies that Dell need to increase their awareness to make them appear in the evoked set of customers. Consequently, firms would consider purchasing a convertible notebook from Dell in the future.

Potential future “customers”
None of the firms had adopted a 2-in-1 convertible notebook. However, the convertible notebooks were considered for those that spend more than 50% of their time out of the office, where they might add value. Dell should focus on the unique benefits they provide with their Latitude, to be the obvious choice for new customers when buying a 2-in-1 notebook.

Perceptions
The firms and respondents from the primary research had different perceptions of Dell. It was evident that Dell was a well-know brand and was associated with their direct business model and distribution channel. Some considered them a top quality brand, thus some associated them with a cheap brand. It can be assumed that respondents from the survey will bring this perception with them when entering the job market.

Price
In the small businesses, price was significant, yet not always the most relevant factor because it was rated low to medium on the importance scale. Having a budget was necessary, but if the computers could be tax deducted it was less important for the company. Most respondents and interview objectives had a unified opinion of spending $1,200-$2,000 on a 2-in-1 convertible notebook. For the medium to large business the price was very important because they already set budgets and they needed to ensure value for money while still meeting the requirements.

Attributes
Firms consider a solid keyboard as essential when spending long hours at the office. In addition, it is important to have a quality screen with good resolution for reading and uploading files. The
screen should have a docking option. Furthermore, the size of hard disk, durability, graphic card, weight, memory and battery time were important.

**Segments**

*People on the go*
Based on the primary research, Dell should focus on promoting their 2-in-1 convertible notebooks to the industries that are constantly on the move and in a hectic working environment. This could be people that work in small and medium sized businesses, for example within real estate and education.

*Future leaders*
Another segment to focus on is engineering, art and design students. According to the survey, many students are familiar with convertible notebooks, yet we can assume a lot of them lack knowledge about this device. This could be a great “tool” for students that they could introduce in future careers and later bring into firms.

The market analysis indicates that by focusing on these segments, the 2-in-1 convertible notebooks will have a greater chance at reaching markets that are more compatible. In addition, Dell should still maintain their successful focus on “large corporations and “small and medium sized businesses”.

**2.4 Macro-environmental Analysis**
A PESTEL analysis is conducted to further examine the macro environment, and discover potential opportunities and threats.

**Political factors**
*Climate change and energy policy*
A future threat for the 2-in-1 convertible notebook production is the Australian government’s climate change policies. There is expected a battle over the renewable energy and its impact on electricity bills in Australia (Curtis 2017).

*Political stability*
Australia has one of the highest rankings in the world for political stability. This indicates that doing business in Australia is easier, due to the low corruption and high level of government support (HABC 2013/2017).
Economic

*Increasing market growth*

Australians are starting to buy more expensive 2-in-1 convertible notebooks rather than cheaper tablets. The 2-in-1 convertible notebook market is one of the fastest growing markets and the revenue increased with 33% in the first quarter of 2015. (Gizmodo 2016), (Dell Technologies 2017)

*Manufacturing overseas*

Large portions of the 2-in-1 convertible notebooks are manufactured overseas, exports and imports of the convertible notebooks are accounted for at manufacturing level, which makes Dell exposed to international trade (Dell Australia 2017).

Social

*Change in trends*

The trend of using tablets and convertible notebooks has increased both in the consumer and business market. These two markets have replaced laptops with convertible notebooks and tablets, which could indicate a new social trend (Telsyte 2016).

*Convertible keyboards*

One in five tablet users have already tried using their tablet with a keyboard. This indicates that the users preferences and needs are changing, and there is possible market opportunities for Dell’s Latitude series (Gizmodo 2016).

Technological

*After sale service*

The ability of traditional retailers to provide after-sales support in their physical stores, and the option for customers to pick up online orders in-store are natural advantages for multi-channel operators (Dell Australia 2017).

*New technology*

The 2-in-1 convertible notebooks are equipped with the newest technology. The demand has been driven by their mobility, weight, size, wireless capabilities, touch pens and keyboards (Gizmodo 2016). Convertible notebooks are adapted to the changing technological environment by customization and innovation (Gizmodo 2014).
Environmental

Green production

With an increased focus on sustainability in the world, Dell need to efficiently focus on green production (Dell Australia). By creating smarter packaging designs, they can reduce overall package volume and waste. An environmental focus can be important for customers when evaluating products from different firms.

3.0 SWOT Analysis

3.1 Strengths

Service

Dell can leverage their strength of providing customer support and service to both attract new Latitude customers within the various segments, but also to maintain a long-term relationship with existing customers. Downtime is extremely costly for a firm, which is why Dell provides 24/7 access to technical engineers to help with both hardware and software challenges, repairs of accidental damage and replace hard drivers to ensure the data stays secure. (Dell Australia 2017)

Partnerships

Through strategic partnerships with top technology suppliers in the industry, Dell is able to cooperate instead of compete. Those partnerships allow Dell to highlight their opinions and leverage the power throughout the organization. Through their partnerships Dell have created a broad perspective on the computing landscape and a unique and diversified portfolio. This allows Dell to adapt their models to different businesses need. (Dell US 2017)

Innovation and R&D

Dell is utilizing their R&D and innovation to address customer business challenges (Dell 2017). Since Dell has a high focus on innovation and R&D, they are also able to leverage this strength to come up with new improved software performance, hardware performance, and “game changing” technology. A high focus on R&D is important because it enables Dell to stay and sustain a competitive position in the market.

3.2 Weaknesses

Indirect distribution method

Dell mainly sells their Latitude products through a direct channel. However, they recently started to sell through indirect as well, which is the preferred distribution channel amongst customers. Dell
has little experience with this method, and could face several problems towards selling their Latitude, compared to competitors.

**Limited marketing and advertising**

Dell has over the years put a lower priority towards advertising and is currently spending less than 3% on marketing communication (Dell Technologies 2017). Dell’s competitors have a strong focus on marketing and promotional activities, which enables them to capture larger shares in Dell’s potential market (Dell Technologies 2017).

### 3.3 Opportunities

**Changing customer preferences**

Dell can leverage the change in customer preferences to increase the sale of the Latitude. The market for convertible notebooks has increased, and is continuously growing. Furthermore, Australians are more interested in paying for top quality electronics, which is an advantage as Dell deliver unique and high quality products (Telsyte 2017), (Dell Technologies 2017).

**Technological advances**

Dell should utilize their technological advances to attract more businesses for their Latitudes, as well as to keep themselves competitive due to changes in the market. Protection and security is extremely important for businesses, which Dell can leverage because they provide the customers with a comprehensive encryption system, a leading authentication and a leading-edge malware prevention from a single source (Dell Australia 2017).

**Online Marketing**

The use of Internet and social media has increased, therefore online research is more important for customers when evaluating a product. Dell should take advantage of this opportunity and adapt to the changes and expand their use of social media and Internet. In order to do this, they could focus on several technology magazines where IT technicians and specialists give reviews of products.

### 3.4 Threats

**Increased competition**

Increased future competition opposes as a threat, since the PC market remains flat and the convertible notebook market continues to grow, this business sector will have an increased attractiveness. Hence, more competitors will try to leverage their technology towards this sector to capture a greater share of the market and increase their revenue.
Price competition
A major threat for Dell is price competition. With a saturated market and price sensitive consumers, competitors often start price wars. Since Dell’s Latitudes is priced on the high-end scale in the market this could affect their sales potential.

Brand awareness
Another threat is the lack of brand awareness towards Dell’s 2-in-1 convertible notebooks. None of the firms interviewed were aware that Dell sold 2-in-1 convertible notebooks, and though some students were aware, this could challenge the evoked set and make customers overlook Dell and their Latitude as a potential product to purchase.

4.0 Strategic Factors
After conducting a SWOT analysis, three key issues have been identified.

1. Technological advances
Technological advances are one of Dell’s key issues. Though, Dell has a strong focus on R&D and innovation, they are not capturing large enough shares in the potential market. They need to focus on their technology advancements to keep the Latitude convertible notebook attractive in a highly competitive environment.

2. Brand awareness
The second key issue is brand awareness, since Dell’s awareness in the business market is low. Based on the primary research, Dell had low awareness amongst firms and students in comparison to competitors. Dell has to focus on their technical advances in their marketing and advertising to strengthen their position in the market. This will hopefully increase awareness and lead to future growth in sales and revenue.

3. Changing customer preferences
The last key issue is the changes in customers’ need and preferences, which indicates more market opportunities. The market for convertible notebooks are increasing, and by focusing on R&D and innovation, Dell can utilize this opportunity and enable a rapid growth with their Latitude convertible notebooks.
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6.0 Appendix

6.1 Appendix A

Australia Top 5 PC Market Vendor Share (%) 4Q2016

- Apple 17%
- Lenovo 16%
- Dell 15%
- Acer 12%
- HP Inc 27%
- Others 13%

Source: IDC Asia/Pacific Quarterly PC Tracker, March 2017
6.2 Appendix B

**Note:** A - Agriculture, Forestry and Fishing; B - Mining; C - Manufacturing; D - Electricity, Gas, Water and Waste Services; E - Construction; F - Wholesale Trade; G - Retail Trade; H - Accommodation and Food Services; I - Transport, Postal and Warehousing; J - Information Media and Telecommunications; K - Financial and Insurance Services; L - Rental, Hiring and Real Estate Services; M - Professional, Scientific and Technical Services; N - Administrative and Support Services; O - Public Administration and Safety; P - Education and Training; Q - Health Care and Social Assistance; R - Arts and Recreation Services; S - Other Services
Assessment 2 - Part B

2-in-1 Convertible notebooks

24100 - Applied Project in Marketing - Capstone

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1.0 Executive Summary

A situation analysis of Dell’s 2-in-1 convertible notebook was completed in part A. From the analysis, there were three key issues identified and discussed. The issues are as following; technical advances, brand awareness and change in customer preferences.

The first issue concerning Dell’s technical advances is based on their excellent technology performance. Dell is amongst the company with top quality software and leading authentication. Through R&D and innovation they are able to create the best products, yet not able to capture shares in potential markets.

The second issue for Dell is brand awareness of the 2-in-1 convertible notebook. From situation analysis it was proven that firms and students had low awareness of the Latitude and in order to reach the target market it is essential to have good brand awareness.

The last key issue is regarding changing customer preferences. The new trends and technology lead to new customer preferences of 2-in-1 convertible notebooks, therefore it’s important for Dell to focus on R&D and innovation to keep up with the competitive market.

Furthermore, objectives, strategies and recommendations are implemented for Dell’s 2-in-1 convertible notebook.
2.0 Issues resulting from the Situation Analysis

Based on the situation analysis, we conducted a SWOT analysis and from this three key issues were identified.

The **first main** issue discussed was their technical advances. Although Dell has a strong focus on R&D and innovation and has the newest and most advanced technology, they still lack the share of their technology into further markets. Demands for 2-in-1 convertible notebooks are driven by the fact that they have the same functions as a laptop. Dell continuously expands their technology and also what they are known for. To be competitive in the 2-in-1 convertible notebook market, it's important for Dell to have a high focus on R&D and innovation.

**Secondly**, Dell has continued to struggle with their brand awareness of the 2-in-1 convertible notebook. A low market share indicates their low brand awareness, while competitors continue to grow within the 2-in-1 convertible notebook market. With raising the brand awareness, hopefully Dell will have an opportunity to grow in the right direction. Brand awareness is essential when selling a product like the 2-in-1 convertible notebook, because by maintaining a high level of brand awareness, Dell is more likely to increase sales (Investopedia n.d).

Lastly, the **final key** issue addressed the change in customer preferences. The market for the convertible notebooks has increased due to change in needs when it comes to technical devices. Due to a high focus on R&D and innovation, the 2-in-1 convertible notebook is equipped with new technology and their weight, mobility, touch pens and keyboards has driven the high growth of the Latitude in Australia (Gizmodo 2016). Therefore, it is important for Dell to keep up with these changes to expand their growth of the Latitude.
3.0 Marketing Objectives

From the situation analysis, three key issues were identified. The three key issues have led to three marketing objectives. The objectives are used to further identify how they will tackle these main issues for the company to further expand the markets of Dell’s 2-in-1 convertible notebook.

**Objective 1: Achieve 20% brand awareness of future leaders for Dells 2-in-1 convertible notebook within 12 months.**

This objective addresses issue two, concerning Dell’s lack of brand awareness of the 2-in-1 convertible notebook. Based on the situation analysis, one of Dell’s key issues is regarding the struggle to leverage brand awareness of the 2-in-1 convertible notebook market. Based on primary research most students had heard of Dell, therefore the chance of raising brand awareness for the Latitude is high. For Dell to achieve brand awareness of the 2-in-1 convertible notebook, different marketing and advertising activities will be done. To measure the activities, there will be conducted a survey before and after advertising to the target market to see if there is a growth or incline in recognition to the Latitude.

**Objective 2: Achieve sales of 2-in-1 convertible notebooks by future leaders with 15% in 12 months.**

This objective addresses issue one, two and three. In order for Dell to expand their markets, the most important is increase in sales of the 2-in-1 convertible notebook. Brand awareness has a huge impact on sales, because it identifies how familiar people are with the product, as well as customer preferences, which show what attributes and products the consumer wants. It is important that Dell is still putting weight their technical advances as a high quality product, which will be essential for increasing sales.

The situation analysis showed that Dell’s 2-in-1 convertible notebook overall penetration rate is low with 2%. This indicates that they should put a strong focus on sales activities to achieve potential sales to the target market. The estimated market size assumed market potential for the Latitude in the situation analysis, but since that is a different market, we can assume based on the
direct inbound and outbound sales of the Latitude from previous year how many units Dell has to sell. From 2016, Dell sold a total of 24,624 units and had a revenue of $29,000,000 USD (Dell Technologies 2017). According to these numbers, we can assume that Dell has to increase its sales by 3693 more units and $4,350,000 USD in order to increase sales by 15% in 12 months. To measure sales of the 2-in-1 convertible notebook for the target market, sales reports from the different distributors of inbound and outbound marketing around Australia will be collected to see if the implemented activities were successful.

**Objective 3: Increase focus on R&D and innovation to keep track of changes in customer preferences of future leaders in 2-in-1 convertible notebook market within 10 months.**

The third objective addresses issue one and three. The situation analysis indicates that the change in trends where people are continuing to replace laptops with tablets and 2-in-1 convertible notebooks. By increasing the focus on R&D and innovation, Dell can further expand and be the 2-in-1 convertible notebook that is preferred by customers by developing new products and functions and further expand their technical advances. The increased focus will also broaden Dell’s understanding of the target market and their needs, which is important for future innovations. To measure this, Dell can look at changes in the company to keep track of how the company is preceding compare to changes in the 2-in-1 convertible notebook market and conduct a survey for the target market.

**4.0 Target Market and Positioning**

In the situation analysis, two segments were suggested; “people on the go” and “future leaders.” For Dell’s 2-in-1 convertible notebook, the segments mentioned were considered and evaluated in terms of growth potential and their profit based on situation analysis (Hoffman et al. 2010, p.169). Furthermore, the segment that is chosen to target the 2-in-1 convertible notebook is “future leaders.”
Target Market
The target market that Dell’s 2-in-1 convertible notebook should focus on is undergraduate and postgraduate students. The main focus will be on students within engineering, architecture, design and art faculty. These are targeted mainly because the 2-in-1 convertible can be used as a “tool” for their studies and especially convenient for these students because the Latitude is flexible and has all the features of a tablet and laptop.

The segment focuses on the fact that students will soon have their own careers where they can bring the 2-in-1 convertible notebook as a “tool” into their future and current companies. The students might have internships on the side of their studies in a business where the 2-in-1 convertible notebook can be applied. In addition, Dell’s segment is currently focusing on large cooperation’s. These can be different universities for instance, which can be a benefit when targeting this segment because they might already have partnerships with universities, therefore it will be easier to grow into potential markets for the Latitude.

Positioning
For Dell to differentiate from the competitors like Microsoft, it is important to use a positioning strategy to reach their customers and target market. Based on the target market, we intend to position Dell’s 2-in-1 convertible notebook as a lifetime product. The students considered attributes like quality, price and weight as most important. Since Dell’s 2-in-1 convertible notebook is amongst the one with highest price category and highest quality, Dell needs to convince students that the 2-in-1 convertible notebook is a device where price is paid for the best quality and the only product they need to purchase in a long time, therefore it will be cheaper in the long run.

Based on the situation analysis, people associated Dell as a top quality brand while others as a cheap brand. Therefore, it is important to still keep the price to make the Latitude valued. Based on secondary research, 40% of Australians are moving away from cheap tablets and 2-in-1 convertible notebooks as they are willing to pay more for “top quality electronics” which is a
positive market trend (Telyste 2017). In the long run, this can be a competitive advantage for Dell if they position themselves right. Competitors with similar product for a cheaper price, will not have the same quality over time as Dells Latitude.

Brining the Latitude to the students first will be a great way of them experiencing the product and further bring it into the business market in the future. From the situation analysis, it was proven that 37.5% of student knew that Dell sold convertible computers. In addition, the 2-in-1 convertible notebook market is the fastest growing market with a revenue increase of 33% in 2015 (Gizmodo 2016), (Dell Technologies 2017). Therefore, it is important to position the 2-in-1 convertible notebook into this market. By doing this, they are resonating other markets for the future, whereas from primary research, many businesses said they would consider purchasing a 2-in-1 convertible notebook in the future.

5.0 Key Strategies
Strategies are mentioned on the basis of the issues and objectives to further implement recommendations for Dell’s 2-in-1 convertible notebook.

Option 1: Focus on promotion strategies towards target market.
Based on the situation analysis, online marketing is an area where Dell has opportunity to expand. In order to increase brand awareness and sales, it is important to focus on how they promote their products. The use of Internet and social media has increased and is a strong tool for promoting; therefore it is important for Dell to focus more on advertising through different channels. Since Dell is currently spending less than 3% on marketing and advertising, this should increase. In addition, based on primary research, Dell’s students are spending an average of 8 hours on their computer daily. This indicates that it will be more suitable for Dell to focus advertising for the 2-in-1 convertible notebook through online marketing.
Option 2: To create relationships and be visible for target market.
In order for the 2-in-1 convertible notebook to increase sales, raise brand awareness of Latitude and focus on R&D and innovation, Dell should be more visible in order to create relationships with target market. To spend more money on R&D and innovation they need to increase sales, therefore it will be significant to focus more on involving target market in marketing activities and to further increase brand awareness of the 2-in-1 convertible notebook. For the target market to feel included in the 2-in-1 convertible notebook segment, creating relationships would be essential to reach the target market.

Option 3: To maintain close relationships with retailers and employers.
A strong retail channel is essential to both increase sales and brand awareness of the Latitude. In order make the 2-in-1 convertible notebook more available for the customers, Dell should focus on their relationship with retailers. For service organisations like retail stores, it is important to focus on the employees in order to provide the best information for the customers. The retail stores must first sell the service job to the employee before they sell it to the customer, which can be both motivating and educate employees. (Hoffman et al. 2010, p.183)

Option 4: To keep pricing strategy at premium, but still attract target market.
To address the sales objective, Dell’s 2-in-1 convertible notebook should continue to be priced on the high-end scale in the market. Since Dell is positioned as a life time value product, reducing the price would give the wrong signal and its value could decrease. Primary research concluded that most students would spend from $1,200-$2,000 on a 2-in-1 convertible notebook. The price range is lower than Dell’s price range of Latitudes. Therefore, they have to focus on to a strategy to change and affect price without losing its brand image in order to reach the target market.
Option 5: Follow technology and customer development trends in the 2-in-1 convertible market.

Technology is constantly developing and customer trends are changing. New technology allows competitors to create and think fast to constant distribute new products into the 2-in-1 convertible notebook market. Dell already has a high focus on R&D and innovation and have strong technology software and creates “game changing” technology. Although, they still lack of reaching the customers, therefore Dell should focus more on following technology and customers trends and how they develop in order to sustain a competitive position in the market and to reach the target market.

6.0 Key Recommendations

For Dell’s 2-in-1 convertible notebook to expand and reach potential shares in further markets, several strategies are suggested. In order to implement these, key recommendations will explain all the tactics that will be used to carry out the strategies.

Social media advertising

Dell should promote advertising through social media programs like Facebook and Instagram. Monthly competitions on Facebook and Instagram should be conducted, where there is possible to win 2-in-1 convertible notebooks by commenting and sharing Dell’s competition. This will further attract friends and family and potential target market. In addition, Dell should have advertisements published on Facebook and Instagram feed 2-3 times a week, because primary research showed that students in average spend 8 hours per day on their computer, assuming that they will go onto Facebook or Instagram within that timeframe. To measure this, they can monitor the growth or decline of followers on social media platforms and also how popular the competitions are by counting the number of people entering the competitions.

Sales activities

To create relationships and be more visible for the target market, Dell should develop several sales activities for the 2-in-1 convertible notebook. The first one can be product demonstrations
at different Universities around Australia. This can be a promotion tour around for the 2-in-1 convertible notebook to reach the target market and especially students within engineering, architecture, art and design faculty. Dell can take part of orientation weeks, where they have a stand on campuses around the country where personal selling can be effective. This allows students to receive information, ask questions and experience the 2-in-1 convertible notebook. Product demonstration is one of the best tools to get students interested in the product and for students to learn and experience the Latitude. In addition, it conveys ownership of the product, if they are allowed to try and feel what it would be like to own a 2-in-1 convertible notebook. (Kokemuller n.d)

Furthermore, students can sign up for a competition at the stands by filling out a personal information form. Based on the form, Dell is able to reach the students by sending a monthly newsletter, where they are provided with the newest information from Dell. This will create a “welcoming” feeling for the students. For every email received, there is a potential promotional opportunity. It’s important to take advantage from the very beginning in order to create a relationship with the students (Hoffman et al. 2010). Another sales activity would be for Dell to sponsor scholar events at Universities, for example during orientation week, where they can provide free snacks which can attract more students to participate. To retain new customers and especially when going into a new target market.

**Internal marketing campaign**

To maintain close relationships with retailers and employees, Dell should focus on an internal marketing campaign. The campaign would specifically be for the employees and staff working in retail stores. Dell can have training sessions and conferences 1-2 times a year to teach new and old retailers about the 2-in-1 convertible notebook and the newest technology updates. This will lead to overall increased knowledge about the Latitude and make the retailers more prepared to sell the product. At the end of the month, Dell can promote the best store and they can win a prize to motivate employees and to create a closer relationship with Dell. Lastly, Dell should
continuously visit the stores to check up on the managers and staff to discuss problems or questions that could have aroused.

**Student discounts and sales**

Price is an important part of Dell’s Latitude to be a “top quality product,” and to further increase sales, Dell needs to keep its price at a premium while still attracting the target market. Therefore, a recommendation would be for Dell to implement “all year around” student discounts and limited sales during the year.

Through the webpage “Unidays,” Dell already has a 15% discount option, but this is only for a limited time of 1 month at particular times of the year, or at the beginning of the semester (Dell U.S). In order to reach the target market at any time of the year, they should provide full time students with a 10% discount by showing a student card. Implementing “all year around” student discount for the 2-in-1 convertible notebook is important for the target market to be included and feel considered. By meeting needs of the students that are more price sensitive, overall will feel more included in the target market. In addition, Dell could have a limited sale period during the year, where the 2-in-1 convertible notebook can be discounted up to 30%. The purchases during this period will attract more future customers, because they will be aware of the Latitude and customers will use word-of-mouth, which is effective and free advertising.

**Innovation cycle**

Dell should implement a rapid innovation cycle to follow technology and customer development. The innovation cycle will make Dell able to keep up with new technology and put the customer first. To implement this, Dell can address more employees to the research department of the company, where they should create specific goals for the process. This allows Dell to think faster and be more focused on how to innovate for the future and not the present in both what features and preferences that are going to be essential for Dell in the next year.
Dell needs to use the current technology advancement to further investigate and put the customer first, especially by focusing on students as the target market. In addition, the innovation cycle will also help address strengths, weaknesses, opportunities and threats in order to see what affects innovation (Heaton 2013). The innovation cycle will increase competitive advantage of the technical advances. In order to do this, they can also move and train staff to do other jobs like research.
7.0 References:


