Bachelor of International Marketing

By Ingrid Rismyhr

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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

Dell Technologies

2-in-1 Convertible notebooks

24100 - Applied Project in Marketing - Capstone

Group 6: Vikings Down Under
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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).

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 x $4,310.90 (Dell Australia) = 31,038,480 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

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

DELL Technologies

2-in-1 Convertible notebooks
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1.0 Executive Summary

Based on the conducted situational analysis Dell’s three main issues has been identified.

1. Continuous focus on technological advances
First, Dell must have a constant focus on technological advancement and innovation to sustain their competitive advantage. In a rapidly evolving technological market consisting of strong competitors, attention must be allocated to continuously improve and enhance the convertible notebook to sustain attractive and gain new potential customers.

2. Low consumer awareness
Second, based on the primary research Dell’s brand awareness of the convertible notebook in the market is perceived as low. A strong focus on enhancing Dell’s brand and product awareness are necessary to strengthen their position in the convertible notebook market and access growth in sales and revenue.

3. Changes in customer preferences
Finally, there is a rapid and continuously growing change in customer preferences from notebooks to convertible notebooks, and the willingness to pay for top quality electronics. Dell must leverage these changes to access market opportunities for their high-quality convertible notebooks to further increase sales.

2.0 Marketing Objectives

For this project Dell should target students, which is why the objectives are specified towards this segment. More about the justification can be read under “Target Market” in the next section.

Objective 1 – Technological Advances
Objective
Achieve an 80% average on the customer satisfaction score for the convertible notebook amongst students in Australia by December 31st, 2018.
Strategy

Based on the conducted survey it was evident that students wanted convertible notebooks that were innovative, reliable, lightweight and of high quality. By focusing on enhancing the convertible notebooks features to ensure an 80% satisfaction rate amongst students, Dell would be able to respond to their first key issue regarding technological advancement. Dell could achieve this satisfaction rate through by having excellent customer service, focusing their R&D efforts towards providing the best and lightest materials available and promoting this to the students by advertisement. At the end of the year, the satisfaction rate should be measured by conducting a survey amongst 1000 students that used the convertible notebook.

Objective 2 – Consumer Awareness

Objective

Reach an awareness rate of 60% for the convertible notebook amongst students after 6 months and 90% after 12 months.

Strategy

From the primary research, it was evident that many (89.8%) students were aware of Dell as a brand, and some (37.5%) knew that they sold convertible notebooks. By creating awareness of the convertible notebook through a one-year marketing campaign, Dell would be able to respond to their second key issue regarding low customer awareness. Dell currently uses less than 3% of their budget on marketing activities and could, increase awareness of the convertible notebook by intensifying their marketing activities (Dell Technologies, 2017). To ensure that the marketing activities effectively reaches the target market and improves student’s awareness, Dell should conduct a survey at the beginning of the year, after 6 months and after 12 months. Additionally, Dell should monitor the website traffic number and social followers to get an indication of the campaign’s effectiveness of creating awareness amongst students.

Objective 3 – Change in customer preferences

Objective

Establish Dell as the number one in the industry amongst students for providing high-quality convertible notebooks by December 31st, 2018.
Strategy
Since students from the conducted survey considered quality as the most important aspect when purchasing a convertible notebook. Dell should respond to their third key issue regarding the trend of shifting from regular notebooks to high-quality convertible notebooks, by focusing on enhancing the spectacular quality of the convertible notebooks. Through marketing activities, Dell could communicate the benefits of owning a convertible notebook over a regular notebook and the high-quality Dell offer. At the end of the year, Dell should conduct a survey amongst 1000 students to measure whether they are perceived as the number one in the industry for providing high-quality convertible notebooks.

3.0 Target Market and Positioning

Target market
From the situational analysis two potential target markets were considered, “People On The Go” which consists of businesspeople that constantly are on the move and “Future Leaders” which consists of college students. The recommendation is for Dell to target the student segment “Future Leaders”.

Characteristics
The typical college student is ranging from 18-25 years old and either live with their parents, off campus or on campus. They are studying full-time, but often have a part-time job (Australian Bureau of Statistics, 2013). According to the survey, students have a lower income but are willing to spend a lot on high-quality laptops since these are considered a necessity. Students rely on their computer to access information for their studies, to communicate with friends and to keep themselves entertained. Students according to the survey spends around 8 hours online every day, and students typically buy a computer when heading back to college in the fall (Sunnyvale, 2014).

Justification
Students are an attractive segment because they are easy to identify and measure. They are accessible and a large segment which could contribute to a vast increase in profits and to support personalised strategies (Belch & Belch, 2012). In 2016, there
were 3,798,226 enrolled students across Australia (Australian Bureau of Statistics, 2017). The opportunity for growth is also substantial as only 18.37% of the students surveyed in the primary research used a convertible notebook. If Dell successfully can reach these students with a quality product they could create loyal customers that over the years could generate free word of mouth marketing worth millions. Even though full-time students might have limited funding’s today, they are willing to spend their money on high quality computers. In the future, their purchase when they get employed their purchase power would substantially increase. In the long run, Dell could therefore create huge brand loyalty effects.

**Positioning**

Based on the conducted survey Dell should position their Latitude series to students as the utmost innovative, highest quality, most reliable and functional 2-in-1 convertible notebook available at a premium price.

Dell should do this by providing the best materials and the highest quality possible in their Latitude, continuously maintaining and creating partnerships with the best companies in the industry, and have a premium price that enhances the perception of a high-quality product (Dell US, 2017). However, it is important that the price is competitive, and not unrealistically high. In the end, the price must be within a student’s budget. Even though students from the conducted survey thought price was important. Quality was more important, which indicates that students are willing to pay more for top quality convertible notebooks. By providing the best quality possible, Dell could differentiate themselves from their competitors.

This position should be communicated through extensive use of promotion and advertising techniques. Since Australians, in general, spends more than 10 hours every day on their digital devices and students from the primary research in the survey spent an average of 8 hours online, Dell should target the students through social media (Ernst & Young, 2016). Additionally, they can use students to create awareness amongst students, promoting the Latitude through a contest and through after sales service improve the convertible notebook by have a continuous focus on customer satisfaction.
4.0 Key Strategies

Dell has several strategies they could use to achieve the objectives and address the key issues.

**Strategy 1 – Create customer satisfaction amongst students for the convertible notebook**

Customer satisfaction is related to the first objective. It is important for Dell to create customer satisfaction because it is fundamental to build long-term customer loyalty. The more satisfied customers are the more positive is the extent of word of mouth, which ultimately leads to financial benefits for Dell (Ranaweera & Prabhu, 2003). Dell must attain knowledge of the important attributes of the convertible notebook to create and sustain customer satisfaction. Technology changes rapidly and Dell must continuously keep students satisfied to stay competitive. Customer satisfaction and information could be generated through an excessive focus on sales support, which could enable Dell to provide the best service and product possible.

**Strategy 2 – Use students as ambassadors for the convertible notebook**

Dell could use students as ambassadors to respond to their first objective by obtaining critical information on how to improve the convertible notebook and enhance customer satisfaction. Customer satisfaction is important for Dell as mentioned under strategy 1 to attract and sustain customers. Furthermore, Dell could respond to their second objective by using students to create awareness through observation and positive word of mouth amongst students. It is important for Dell to create awareness of the convertible notebook to increase their market share. This could be done by moving the product from inert set where the students are unaware of Dell selling convertible notebooks, to the evoked set where students are considering buying a Dell convertible notebook (Kanuk, Hansen & Schiffman, 2011).

**Strategy 3 – Create awareness and engagement with students**

Dell could respond to their second objective by creating awareness and engagement with students through promoting the brand and the convertible notebook. Engagement with students is important because it creates organic growth for Dell, it makes students attain a positive attitude towards Dell as a brand, and it enables Dell to learn
more about the target market (Gallup, n.d.). Customer engagement creates an emotional connection between the students, Dell and the convertible notebook. These emotions could make the consumer to purchase products more often, creates positive word of mouth and makes the consumers less price sensitive (Gallup, n.d.), (Sorenson & Adkins, 2014). Engagement with students is also beneficial because it improves communication, which is critical to learn more about the customer’s needs. Customer information is crucial and could be used to improve the convertible notebook and promotional strategies in the future. The primary purpose of this strategy would be to create extensive positive word of mouth advertising and obtaining customer information through a contest.

**Strategy 4 – Make the convertible notebook top of mind for providing high quality amongst students**

Dell could through this strategy respond to their second objective by creating awareness amongst student and their third key objective by focusing on promoting the quality of the convertible notebook. Since customer preferences are changing towards more high-quality technology, it is important for Dell to continuously provide and communicate the high quality and the value Dell’s convertible notebooks gives the students. The reflection of quality must go beyond the interior features like processors and weight of the convertible notebook, to also deliver the perception of high quality through the exterior factors like packaging and price point. A student’s perception of quality of the convertible notebook can be connected to their satisfaction level. The more of the student’s criteria the convertible notebook either meets or exceeds, the more satisfied will the customers be and the more perceived quality will the convertible notebook contain (Takeuchi & Quelch, 1983). Dell must communicate and deliver a total perception of the convertible notebooks as a top-quality product to conquer customers. The survey from the primary research showed that quality was the main important criteria when purchasing a convertible notebook (Kanuk, Hansen & Schiffman, 2011).
5.0 Key Recommendations

The key recommendations will in detail explain which tactics Dell should conduct to implement the recommended strategies successfully.

**Strategy 1 – Create customer satisfaction amongst students**
There are several tactics Dell could implement to create customer satisfaction among students.

**After Sales support**
Dell should have a long-term focus on providing excellent after sales support to constantly deliver exceptional value and create satisfied customers. Providing excellent customer service is important for Dell to keep the students satisfied and to build a customer relationship. After sales support should also be a method to enhance the customers experience. Customer loyalty and satisfaction is important, because it is more expensive for Dell to gain new customers than to maintain their current customer base. Loyal customers buy more products, are less price sensitive, and pay less attention to competitor’s commercials. Furthermore, existing customers are cheaper to assist because they are familiar with Dell’s convertible notebook and they generate more positive word of mouth (Kanuk, Hansen & Schiffman, 2011).

After sales support could also be beneficial for improving the products technological advancement because Dell could through complaints improve the product or visualize to students a better way to use the convertible notebook.

**Strategy 2 – Use students as ambassadors for the convertible notebook**
Develop students on campus as ambassadors for promoting Dell’s convertible notebook, would be an efficient method to create awareness amongst students and gain first-hand product information at a relatively low cost.

**Create ambassadors**
Dell could make influential students ambassadors by providing them with a free convertible notebook. This should happen at the beginning of the semester, and one semester would be sufficient for the students to gain excessive experience of the
convertible notebook for studies, leisure, and work. During and after this period, the ambassadors would have to report back to Dell with their opinion of the convertible notebook. The use of ambassadors would enable Dell to access critical information on how to improve the convertible notebook to keep the customers satisfied, and to build a perception as of the convertible notebook as an utmost reliable and high-quality product. Furthermore, it would create awareness of Dell’s convertible notebooks through observations and word of mouth.

Use ambassadors to make the Latitude observed
A powerful influence on consumer behaviour is the degree of observability because consumers are more willing to buy a product when they observe others use the product. Consumers also often want to directly learn about the benefits and disadvantages of the product. Ambassadors could therefore increase interest, awareness, and sales through student observations (Kanuk, Hansen & Schiffman, 2011), (Spenner & Freeman, 2012).

Use ambassadors to spread positive word of mouth
Word of mouth is an efficient technique because it spreads fast and the information comes from trustworthy sources like friends and family (Kanuk, Hansen & Schiffman, 2011). Dell could, therefore, infiltrate a group of students who are influential with other groups on campus (the ambassadors) to spread the word about the benefits of owning Dell’s convertible notebook. Since the word of mouth cannot fully be controlled, it is important to evaluate the ambassadors feedback and handle any customer complaints if they arise.

Strategy 3 – Create awareness and engagement with students
Dell could create awareness of the convertible notebook by having a contest where students through engagement can win a Dell convertible notebook.

Conducting and promoting a contest
Before the semester starts Dell could promote a contest where one lucky student can win a convertible notebook to create awareness amongst students. To be in the draw, students must follow Dell on their social media accounts, and they should for example post a creative picture or video of a situation where they wished they had a
convertible notebook. The most creative post should win the price. The contest would create awareness and engage the students. Furthermore, Dell could access more followers on their social media accounts, which means that more of Dell’s future promotional activities could reach out to students. The contest should be promoted on the various campuses in Australia and online through Dell’s social media accounts. Furthermore, Dell could cooperate with the schools to send out information through the students email.

Having a contest could create awareness and word of mouth but it would also enable Dell to gather information about the students. Customer information is critical, and could be advantageous to better promote the convertible notebook to students in the future.

**Strategy 4 – Make the convertible notebook top of mind for providing high quality amongst students**

There are several tactics Dell could implement to make Dell’s convertible notebook on students top of mind for providing the highest-quality product in the market.

**Promote the high quality of the convertible notebook through social media**

Dell could promote the high-quality of Dell’s convertible notebooks through social media. First, Dell would have to create social media accounts on Facebook and Instagram. The accounts should be created at the beginning of the year. The accounts should continuously, once a week, focus on posting fun, creative and informational pictures and videos to remind students of the excellent quality of the convertible notebooks and to keep Dell at the students top of mind. To maintain this focus, it would be wise to develop an editorial calendar to have a plan of what, when and where the content should be posted. Dell should additionally use young adults as promoters in their content to raise the familiarity between students and the convertible notebook. Dell should especially use Facebook since this is one of the most used channel amongst customers (Ernst & Young, 2016).
Create a better interface for their website

Another tactic to reach out to students could be to create a better interface on Dell’s website. The website should appeal to the college demographic and interact more with the students. Currently, Dell.com.au only have two main categories, “For Home” and “For Work”. Instead, they could add a category “For study”, to make it easier for students to access information about the high-quality aspects of the convertible notebook and where it could be purchased. Once the new interface is up and running, Dell should link their website to their social media accounts to make it easier for students to access the website.

Conduct a back to school campaign

At the beginning of the semester in March, a “back to school” campaign might also be conducted. Through their Facebook page, Dell could post a message welcoming all students back to school and promoting the contest recommended in strategy 3 where one lucky student could win a convertible notebook.

Focusing on packaging to reflect high quality

Furthermore, Dell could focus on packaging by having a design that reflects the high quality of the product. Consumers often judge the quality of a product based on cues they associate with the product. Even though the internal factors are important like size, colour and processors. Studies often show that many consumers base their perception of quality on external factors like packaging, price, commercials and peer pressure (Kanuk, Hansen & Schiffman, 2011). Dell should, therefore, repackaging their product, combined with a premium price and the promotional strategies to make the convertible notebook be perceived as the highest quality product in the market.

A short conclusion

To conclude, the recommendation is for Dell to implement these strategies through the suggested tactics to achieve the objectives and solve Dell’s key issues.
6.0 Reference List


