Bachelor of International Marketing

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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.
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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 $360,000 \times 2\% = 7200$ 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 $4,310.90$ (Dell Australia 2017) = 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 2017).

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.

5.0 Executive Summary
Based on the analyses, we have identified three key issues and prioritised these emerging issues with justification. The three following issues are:

1. Technologies advances
The first issue identified is Dell’s technological advances. Dell’s massive investments in R&D have resulted in impressive innovations. However, despite the technological advances, Dell haven’t been able to capture large market share in the convertible notebook market. The competitive market is constantly changing as new and improved models hit the market. Therefore, Dell needs to further leverage their technical advancements such as a comprehensive encryption system, authentication and leading-edge malware prevention to position the Latitude convertible notebook better in the highly competitive environment.

2. Awareness
The second issue identified is awareness around Dell’s convertible notebooks in the business market. Our research shows that Dell’s convertible notebooks scores rather low on awareness amongst firms, in comparison to competitors. Whereas competitors spend large sums on marketing and promotional activities, Dell is currently spending less than 3% on marketing communication. This could explain why Dell is falling behind the competition in the convertible notebook market. To address this problem, Dell could advertise their technical advances in marketing programs to increase sales of the Latitude convertible notebook.

3. Change in customer preferences
The third and final issue identified is changes in customers’ preferences. As customer preferences change from traditional computers to convertible devices, the overall market for convertible notebooks has increased remarkably. Research indicates more Australians are interested in paying for top quality electronic devices, which is an opportunity Dell can utilize
to increase sales of the Latitude convertible notebook. However, one hinder for Dell to sell notebooks to these new market segments, is the lack of awareness around the company’s convertible notebooks. Another hinder is Dell’s weak indirect distribution channel.

6.0 Marketing Objectives

1. Technological advances

Issue: Increase market share in the convertible notebook market.

Objectives: To achieve a market share of 15% (equivalent to sales of $4,655,772) amongst small and medium-sized businesses by the end of 2018.

Strategy:
Dell haven’t been able to capture a large market share (The Economic Times 2017) in the convertible notebook market even though the company’s convertible devices has advanced technological features. As most firms are concerned about protection and security around their business, Dell’s Latitude can offer customers a comprehensive encryption system, authentication and leading-edge malware prevention in a single solution (Dell Australia 2017). By exhibiting the Latitude at the CeBIT Australia, a Business Technology Conference that attract thousands of technology professionals (CeBIT 2017), Dell can show potential customers from government, enterprises and small and medium-sized enterprises the technological advances and the added value the Latitude can give their business. The conference in 2018 will be a great opportunity for Dell to increase awareness around the Latitude 2-in-1 convertible notebook. A measurement of sales $4,655,722 will determent if Dell has been able to achieve a market share (The Economic Times 2017) of 15% by the end of year 2018. The sales number is estimated as 1080 companies purchase one unit each.

2. Awareness

Issue: Create awareness around Dell’s convertible notebooks to generate more sales of the Latitude.

Objectives: To achieve 20% awareness in small and medium-sized businesses for Dell’s convertible notebook through extensive marketing programs within 12 months.
**Strategy:**
Our research shows many firms know of the brand Dell, yet many are not aware that the company sells convertible notebooks. To increase awareness around the company’s 2-in-1 devices, Dell needs to spend more than its current spending’s on marketing communication, which is a less than 3%. By doing so, the company will be able to position themselves better against competition in the convertible notebook market. Through extensive marketing programs, Dell can create awareness for their convertible notebooks and attract new customers from different segments as there is a change in customer preferences from traditional computers to convertible notebooks. This could lead to more sales of the Latitude. To measure the effect of the marketing programs a survey will be conducted amongst small and medium-sized businesses by the end of 12 months.

**3. Changes in customer preferences**

**Issue:** Capture a larger share of the new market segments as customers’ preferences change despite lack of awareness and weak indirect distribution channel.

**Objectives:** To achieve sales of 81,000 units (equivalent of $349,182,900) in the small and medium-sized businesses market segment by the end of year 2018.

**Strategy:**
Whereas the traditional PC market are experiencing a downward trend, the convertible notebook devices are taking the market by storm. (Kovacs 2016) As customer preferences change, the overall market is increasing greatly, allowing computer companies to capture a larger share of customers. Research shows that consumers are not only moving away from traditional computers to convertible notebooks, but that consumers are also moving away from sub-premium and low cost tablets to more top quality devices (Telsyte 2017). As more and more Australians are moving towards top quality devices, Dell can utilize this opportunity by deliver a unique and high quality product in the Latitude 2-in-1 convertible notebook to increase sales of 81,000 units. An assumption is that companies are likely to buy between 50-100 convertible notebooks to mobile workers that use more than 50% of their time out of office. Some companies may purchase more, while others may purchase less. Therefore, the median number is used to estimate the number of units sold to 81,000. However, Dell needs to bypass the hinders of lack of awareness and a weak indirect distribution channel to achieve the sales target. In order to created more awareness, the company could develop extensive
marketing programs to target new customers. To build a better indirect distribution channel, Dell should form better relationships with wholesalers and retailers, and utilize direct partnership with new potential businesses. By continually monitoring the sales performance, Dell can assure that the company stays on track to achieve the objective.

**7.0 Target Market**

From the analysis, we identified the two segments “people on the go” and “future leaders”. “People on the go” have changed name to small and medium-sized businesses as we initially wanted to target these businesses, where employees are working in hectic environment and the Latitude would provide added value in the workplace.

Based on research gathered, the best market to target would be the segment “small and medium-sized businesses” where employees are frequently attending different meetings – often outside their office, and working in a rather hectic environment. The Latitude 2-in-1 convertible notebook will allow them to work how they want, where they want without compromising performance (Dell Australia 2017).

From the market analysis, we identified around 2 million actively trading small and medium-sized businesses in the Australian market. (Australian Bureau of Statistics 2017) However, not all market sectors are attractive and profitable for Dell to target, therefore, it is necessary to differentiate the various industries by their ability to gain revenue. Based on market research, sectors with expected growth of convertible notebooks in the computer market are: ‘Rental, Hiring and Real Estate Service’, ‘Administrative and Support Service’, ‘Public Administration and Safety’ and ‘Education and Training’. There are around 360,000 small and medium-sized businesses within these industries that Dell could target, e.g. appendix A. However, as we have previously estimated Dell’s Latitude series penetration rate to be a low 2%, the potential market volume is estimated to 7200 business transaction.

In the ‘Rental, Hiring, and Real Estate Service’ division, employees mainly engage in renting, hiring and otherwise allowing the use of tangible and intangible assets. This includes renting and hiring of motor vehicles and other transport equipment, tangible assets such as real estate and equipment and intangible assets such as patents and trademarks. (Australian Bureau of Statistics 2014). The division also includes real estate services such as valuing, purchasing,
selling, managing or renting real estate for others. (Australian Bureau of Statistics 2014). Rental, Hiring, and Real Estate Service is a rather small industry that employees around 217,000 (Australian Government Department of Employment 2016). As Real Estate Sales Agents are the largest occupation in this industry with one in three workers (Australian Government Department of Employment 2016), Dell should target these professionals with the Latitude convertible notebook, which will function as a mobile office that will keep them productive throughout the workday as they run to different meetings outside the office and meeting client’s onsite at properties.

Employees in the ‘Administrative and Support Service’ division perform routine support activities for the day-to-day operations of businesses or organizations. (Australian Bureau of Statistics 2014). The industry is relative small, and makes up for 4% of the Australian workforce. (Australian Government Department of Employment 2016) Most occupations relate to support services; therefore, Dell should target employees within the administrative section of the division which is approximately 46,000. (Australian Government Department of Employment 2016). The Latitude could be used in the office and provide assistant in the day-to-day operations of businesses.

In the ‘Public Administration and Safety’ division, employees participate in Central, State or Local Government legislative, executive and judicial activities (Australian Bureau of Statistics 2014). The division accounts for around 6% of Australia’s workforce, though most occupations are related to enforce public order and regulations (Australian Government Department of Employment 2016). Employees in public administration are often on the go as they have a hectic work environment with different meetings in several Government buildings. The Latitude will help them achieve the ultimate mobility without compromising performance and keep data safe and secure. (Dell Australia 2017)

Employees in the ‘Education and Training’ division are mainly involved in the provision and support of education and training. (Australian Bureau of Statistics 2014). The ‘Education and Training’ sector is a large employed industry, with approximately 940,000 works in preschools, schools, technical colleges, training centres, and universities. (Australian Government Department of Employment 2016) Dell could target employees at higher education levels such as universities as many professors often work out of office. The
Latitude 2-in-1 convertible notebook is a lightweight device that would keep them flexible and productive throughout the day, as well as keep the data protected.

**8.0 Positioning**

Positioning is important because it represents the conceptual place companies wants to own in the target consumer’s mind. (EquiBrand Consulting 2017) Therefore, a positioning statement has been made to target small and medium-sized businesses. ‘To small and medium-sized businesses, the Latitude is the only 2-in-1 convertible notebook device that allows you to work how you want, where you want without compromising performance because of the world’s most secure data protection, a unique Client Command Suite that helps streamline system deployment, configuring, monitoring and updating in complex IT environments, and outstanding reliability one can trust.’

The positioning statement focuses on how the Latitude 2-in-1 convertible notebook gives added value to small and medium-sized businesses. On the website, Dell promotes the Latitude 2-in-1 convertible notebook as secure, manageable and reliable. The Latitude 2-in-1 convertible notebook is designed to keep the consumer productive – on the road or at the office (Dell Australia 2017). By emphasising on security, manageable and reliability, Dell are focusing on the quality the product brings businesses.

**Security**: With Dell Data Protection Encryption firms can protect their data with a non-disruptive endpoint encryption solutions that quickly and easily deploy encryption across the entire organization, enforce policies and audit encryption state (Dell Australia 2017)

**Manageable**: The company has the world most manageable business devices, with the Dell Client Command Suite, organizations can streamline system deployment, configuring, monitoring and updating in complex IT environments. Dell can help maximize firm’s IT resources with tools that allows faster and more efficient management capabilities than its competitors. (Dell Australia 2017)

**Reliability**: The Latitude 2-in-1 convertible notebooks are outstanding reliability you can trust as it has been tested under extreme conditions. The premium Corning® Gorilla® Glass touch display offers an optimal viewing experience with better touch sensitivity, brightness
and durability (Dell Australia 2017). Dell also offers businesses ProSupport 24x7 to minimize downtown.

9.0 Key Strategies

Three strategies have been developed to answer the different marketing objectives.

**Strategy 1 – Technological advances:** Exhibiting at the CeBIT Conference to create exposure of the Latitude 2-in-1 convertible notebook.

CeBIT Australia is a Business Technology Conference that attract thousands of technology professionals from Government, enterprises, small and medium-sized enterprises (CeBIT 2017). By exhibiting the Latitude 2-in-1 convertible notebook at the conference and participating at different events such as networking, Dell can create unique exposure of the product and the brand. Networking is a long-term investment, and forming relationships with different professionals can ensure future sales, but only if done right. CeBIT attracts CIOs and the Head of IT from different companies, which Dell should try to connect with as these are ones that makes purchasing decisions regarding IT systems. By putting emphasis on the technology and what Dell can offer different firms in forms of added value, it is likely that more firms will be interested in purchasing the Latitude 2-in-1 convertible notebook.

**Strategy 2 – Awareness:** Launching different marketing strategies to create more awareness for the Latitude 2-in-1 convertible notebook.

By launching an extensive marketing program, Dell should be able to create more awareness around the Latitude 2-in-1 convertible notebook. The company is a well-known brand in the computer market, however, when it comes to the convertible notebook market, the brand seems to disappear. The company is currently spending less than competitors on marketing and advertisement, which might explain why Dell is falling behind in the competitive environment. Dell should create different marketing strategies such as a referral program, search engine marketing, social media marketing and inbound marketing. By doing this, the company may even attract new customers from different segments as there is a shift in the competitive market from the more traditional computers to convertible devices.
Strategy 3 – Changes in customer preferences: Create sales by building awareness and a better indirect distribution channel.

The convertible notebook devices are taking the market by storm (Kovacs 2016), as more and more customers are moving away from traditional computers. As Dell creates more and more awareness around the Latitude 2-in-1 convertible notebook, the company needs to improve their indirect distribution channel. As Dell increases advertisement around the Latitude 2-in-1 convertible notebook, more customers will be aware that Dell offers a convertible notebook product that could help employees in hectic business environments with their work performance. It will also be important for Dell to have a proper retail distribution channel, as the customer base grows. Without a proper retail distribution channel, the company will have problems serving the growing customer needs. Dell should also build better direct partnerships with companies that wish a relationship with a vendor.

10.0 Key Recommendations

Based on the findings in this paper, three recommendations have been developed for Dell in order to increase their market situation. First, they should exhibit the Latitude 2-in-1 convertible notebook at the conference, build different marketing strategies to create more awareness and thirdly build a better indirect distribution channel. In the following section I will elaborate on the three recommendations.

Strategy 1: Exhibiting at the CeBIT Conference to create exposure of the Latitude 2-in-1 convertible notebook.

Recommendation: By exhibiting the Latitude 2-in-1 convertible notebook at the CeBIT Australia, Dell has an opportunity to create great exposure amongst professionals from Government, enterprises and especially the target segment small and medium-sized enterprises. The conference will help Dell interact with important key figures in an organization such as the CIOs and the Head of IT department, which the company should try and form close relationship with as these may secure future sales. The conference hosts a networking event, where Dell should participate to intermingle in hopes to create relationships and partnerships with new customers.
Networking events are important as it encourages face-to-face interactions and relationship building. The events are typically well-attended, as it gives companies the chance to establish or strengthen relationships with partners and customers. (Woschnick 2016) Dell should host a networking event with interesting potential customer and partners they have meet at the CeBIT Conference. This will help Dell build important relationships with customers and could also increase the number of referrals. The event will be an opportunity for Dell to show the Latitude 2-in-1 convertible notebook and elaborate on how the device can give customers the added value their business needs. Dell could also allow customers to take the device for a 90-days try and buy trial. A free trial will influence customers to invest time in the Latitude 2-in-1 convertible notebook, and more customers are likely to stay with it after the trial ends as they see how the Latitude adds value to their business.

Strategy 2: Launching different marketing strategies to create more awareness for the Latitude 2-in-1 convertible notebook.

Recommendation: By launching different marketing strategies, Dell could create more awareness about the Latitude 2-in-1 convertible notebook, and therefore generate more sales. The different marketing strategies Dell could launch is a referral program, search engine marketing, social media marketing and inbound marketing.

A referral program is the most trustworthy form of advertising (Nielsen 2013). By implementing customer referral programs, Dell can offer the credibility of existing customers to grow the customer base even further. Because referral programs are very effective as they leverage the recommendation of happy customers and recognizes customers’ brand loyalty (Woschnick 2016), Dell should implement a customer referral program that rewards referral sources with a gift as they help the company grow.

Another marketing strategy Dell should implement to increase awareness around the Latitude 2-in-1 convertible notebook is the use of a search engine. A search engine would help Dell grow the website traffic through paid online advertising. One of the most popular search engine marketing methods is pay-per-click links. (Woschnick 2016) Dell can buy a link that appears as an ad in search engine results when keywords related to the Latitude are searched. This could help bump up the number of visitors to the website and potentially lead to more sales. Dell should implement a search engine to the Latitude 2-in-1 convertible notebook as
search engines are rather effective because of the extent in online tools and reach, and it is easily adaptable to multiple markets. Search engines are also a cost-effective way for the Dell to generate high visibility. (Woschnick 2016)

Dell should have an increased focus on social media marketing. In the business market, social media marketing focuses on providing users with content they find valuable and want to share across their social networks, resulting in increased visibility and traffic (Woschnick 2016).

The last marketing strategy Dell should implement is inbound marketing. Inbound marketing combines many other strategies to attract, convert, close and delight customers (Woschnick 2016), (HubSpot 2017). Inbound marketing focuses on attracting customers through meaningful content and pulling them towards the company website. (HubSpot 2017) Dell’s target market, small and medium-sized businesses, are more likely to respond to these messages if they appear at the right time and place, as it invites in rather than annoy them with interruptive traditional advertising. Dell can easily integrate inbound marketing in their customer relationships management (CRM) system.

**Strategy 3:** Create sales by building awareness and a better indirect distribution channel.

**Recommendation:**
As convertible notebook devices are taking the market by storm due to downwards trends in the computer market (Kovacs 2016), Dell should focus on creating more awareness around the Latitude 2-in-1 convertible notebook to try and capture a larger share of consumers. By creating more extensive marketing strategies as suggested in the previous recommendation, Dell will make small and medium-sized businesses more aware of the product they offer and the benefits the Latitude 2-in-1 convertible notebook has and will give the company. However, Dell does not have the same experience as its competitors when it comes to indirect distribution channels. Therefore, it will be important for Dell to improve their current retail distribution channel. By doing so, the company will be able to provide the product to the increasing customer base. Dell could improve their current retailer distribution channel by strengthening the relationship and work more closely with the retailer.

Furthermore, not all companies prefer to purchase through indirect distribution channels. Several firms from our research stated that they would preferred to have a direct partnership
with the company it buys from. Therefore, it is important that Dell are willing to build these relationship with the businesses that want one.

I hope Dell will find these recommendations useful.
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12.0 Appendix

12.1 Appendix A

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

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

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

![Australian businesses by industry division graph]

**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