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Dell Enterprise Potter's Five Model

Introduction

The Porters five model is a model that is used by managers within organization to analyze all the forces within the market that have an impact on the success of the company[Han13]. From an evaluation of the five forces in this model , managers are able to determine the level of attractiveness of the market. The contents of this paper seek to do the P orter's five model analysis for the Dell Company.

The Dell Company is a multinational computer company that is based in the United States[Ser05]. The company is privately owned and deals in the development, sales and repair of computers and computer related products. At one point in time the company was named as the largest technological company in the world.

Potters Five Analysis

Threat of new entrants

When looking at the threat of new entrants, companies ought to focus on matter such as capital to start and the regulations within the industry. When looking at the Dell Company and the far it has come, it can be seen that it took more than 50 years for the company to gain the recognition it had today. Dell as a company is not very worried about entrants into the new market because of the high startup capital that is needed to create a portfolio strong enough to compete with it. The strict regulations and the high competition in the industry make it difficult for new entrants to enter the market. This proves to be a positive for the Dell company success.

Buyer power

Buyer power is the ability of the customers to influence the pricing of an organization on its products[Han13]. The buyer power is said to be high if the client has many alternatives. From the success of the organization, it can be seen that the company has had many clients over the years hence the many sales. The other thing that sets Dell aside from the other companies is the fact that it makes affordable machines or machines that cater for the different clients' perspectives on pricing.

Supplier bargaining power

When it comes to the tech word, the supply for resources and raw materials for computer development are not so scarce. The china market has provided a good and uninterrupted supply of computer components to almost all countries in the world. For dell, some of the programs and software are developed by their own team hence cutting down on the cost for hiring developers. This has helped set the company on the road to success.

Substitute products

Alternatives for a product generated by an organization will always prove to be a competitive force against an organization. The dell company has been constantly competing with the HP Company over the market for home PC. The customization by Dell on most of their PC to meet client need have always helped the company to be on top of all the other alternatives in the market.

Competitor rivalry

The main competitor for Dell has been the HP Company, Lenovo, and Sony Toshiba among others. When looked at in terms of the market share, Dell had dominated over its competitor by taking close to 20% of the market followed by dell at only 15%[Ser05]. In the recent decade, HP took pace and has overrun Dell to the current state where Dell is 5 % less than HP in market share[Ser05]. For the high-performance computers, Alien ware a subsidiary of the Dell Company has helped so far compete well.

Works Cited

Han13: , (Hanlon),

Ser05: , (Serwer),