

Dell Computers and Wal-Mart Say I Do

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In May, 2007, Dell Computers, the once market leader in computer sales (overtaken by Hewlett-Packard in this role), and Wal-Mart, the world's leading retailer, joined hands, deciding to distribute Dell computers through Wal-Mart stores in the U.S. and Canada. As of June, 2007, Dell will no longer rely solely on selling direct to consumers.

Hewlett-Packard sells computers in stores, online, and via telephone. Wal-Mart already sells computers made by Acer, Hewlett-Packard, and eMachines, the latter being a subsidiary of Gateway that offers "value-priced" machines.

Questions:

1. Given the situation just described, evaluate this new channel arrangement using the appropriate marketing theories and concepts. Be specific.
2. Evaluate the decision by both companies to form such a channel of distribution. Include in your evaluations, reference to and the relevance of appropriate marketing theories and concepts.
 - (a) What are the advantages and disadvantages to both companies?
 - (b) What are the advantages and disadvantages to consumers?
 - (c) What are the implications for competing computer manufacturers and competing retailers?

References

Saltzman, Marc. (2007, May 28). Dell does retail. *Sync*. Retrieved May 28, 2007, from http://www.sync-blog.com/sync/2007/05/dell_does_retail.html

Svensson, Peter. (2007, May 24). Dell to sell computers through Wal-Mart. *The Toronto Star*. Retrieved May 28, 2007, from <http://www.thestar.com/article/217430> [also see <http://www.thestar.com/printArticle/217430>]