

3.1. Direct-to-customer Interaction



Dealing Directly with Customers

Description

Bypassing of traditional sales and distribution channels to reach consumers directly

Cases in Point



The Dell logo, consisting of the word "DELL" in a blue, sans-serif font with a small blue checkmark to the right of the "L".

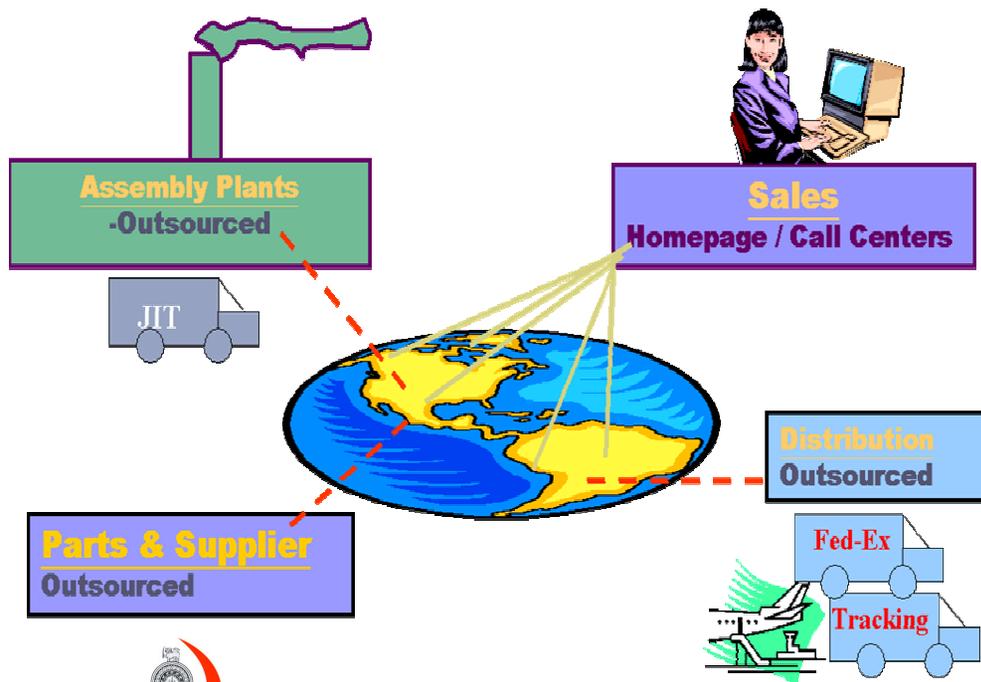
The Mattel logo, which is a red circular shape with a scalloped edge and the word "MATTEL" written in white, bold, sans-serif capital letters across the center.

Validity of the Traditional Business Models in today's Context

	Traditional Business Models	New Business Models
Production	Mass	Personalised (DELL)
Distribution	Middleman	Direct (DELL)
Communication	Chained / Closed	Networked / Open
Finance	Slow / Difficult	Faster / Easier (24/7)
Markets	Local / Geographical	Global / No boundaries
Assets	Tangible / Physical	Intangible / Virtual

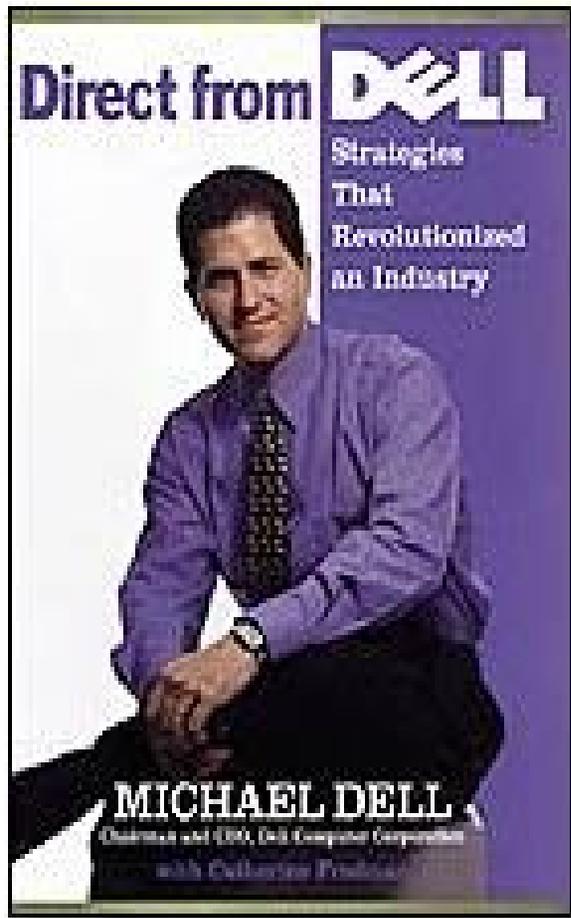
Example: DELL Computers

- Built on a vision of customer **responsive order fulfillment**.
- Payment is **received** at the **time** of the **order**.
- Uses a **direct Sales** approach with no middleman.
- Organization practices a **proactive** not reactive **approach**



- Dell finds and **hire** the **right professionals**.
- Retained all **efficient processes & operations** and **outsourced** the **rest** to suppliers and distributors.

Origins and Founder



- **Michael Dell, born in February 1965, is the chairman and chief executive officer of Dell, the company he founded in 1984 with \$1,000 and an unprecedented idea - to sell computer systems directly to customers.**
- **Mr. Dell became the youngest CEO of a company ever to earn a ranking on the Fortune 500 and is now the longest-tenured CEO in the computer industry.**
- **Mr. Dell has been honored many times for his visionary leadership, including in 2003 being named one of the top-ten most powerful people in business by Fortune magazine, the fourth most respected world leader by the Financial Times and the best CEO in the IT hardware industry by Institutional Investor magazine.**
- **In 2001, he was named chief executive of the year by Chief Executive magazine.**

Dell Web Site

- Gives customers the ability to custom order & price various sizes & configurations of PCs online
- Receives money before product is shipped
- All customer service is done via the web helping to cut costs
- Customers can track shipments

