



STANFORD

GRADUATE SCHOOL OF BUSINESS

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DEALS @DELLOUT: HOW DELL CLEARS INVENTORY THROUGH TWITTER

*Social media has transformed the large corporation of the millennium into the Mom and Pop shop of the old days. The emergence of social media simply makes it more possible to connect directly with customers every day.*¹

—Manish Mehta, vice president, social media and community, Dell Inc.

@DELLOUTLET

Dell needed a way to sell an unpredictable stream of returned products directly to consumers. Even if customers did not open the box or boot up the PC that they received from Dell, Dell could not resell the merchandise as “new.” These unpredictable returns—there might be 4 desktops to sell one day and 45 the next—created bubbles of inventory that the company needed to move quickly in order to get it off their books. Dell was looking for ways to communicate “offer” messaging quickly and easily, requiring little or no budget. When it learned about Twitter, it seemed to fit their needs very well, offering the ability to message out offers to an opt-in audience (followers) within minutes. Accordingly, in June 2007, the company established the Twitter account, @DellOutlet.²

The company’s original objective was to help drive customer demand for returned but salable products; the team focused on revenue and units as its success metrics. However, they soon learned that customers were excited about the opportunity to engage with Dell via Twitter. In order to facilitate this interaction, Dell quickly adjusted the objective to include “improve the

¹ Manish Mehta, “Isn’t the Value of Social Media What Business Is All About?” *The Huffington Post*, December 8, 2009, http://www.huffingtonpost.com/manish-mehta/isnt-the-value-of-social_b_383320.html, (April 20, 2010).

² Ravdeep Chawla interview with Stefanie Nelson of Dell on April 16, 2010.

Sara Gavisier Leslie, Ravdeep Chawla, and Professor Jennifer Aaker prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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overall customer experience,” in an effort to develop Dell advocates.³ It opened over 100 Dell-branded Twitter accounts, including over 80 customer support channels on Twitter (e.g., @stefanieatdell, @lionelatdell, etc.).⁴

REACH

As of April 2010, @DellOutlet had over 1.5 million followers and was included on over 3,000 Twitter lists (groups that users create to aggregate users on Twitter). From March 18 to April 10, 2010, the offers posted on @DellOutlet averaged 1,650 clicks and 11 retweets per offer code advertised via @DellOutlet. (Some products, such as home laptops or desktops, received over 4,274 clicks and 15 retweets.)⁵

@DellOutlet ranked among the top 100 most followed Twitter accounts. The account experienced a more than 63-fold increase in the number of followers over one year, growing from 25,000 followers in April 2009 to over 1.57 million followers in April 2010.⁶

IMPACT

Since launching @DellOutlet, revenue from the account had grown to over \$3 million in the U.S. Globally, Dell had garnered over \$6.5 million from Twitter. This equated to approximately \$3,000 per tweet.⁷

Dell also tracked the number of issues identified found and/or resolved via Twitter as well as Twitter sentiment (number of positive versus negative posts regarding Dell Outlet). Using Twitter enabled Dell to improve the customer experience and turnaround time to resolve customer issues; it also enhanced brand loyalty and increased word-of-mouth advertising (via retweets).

FUTURE

Dell saw the value of humanizing the Dell brand through Twitter accounts and other social media channels. In April 2010, it was interacting with over 3.5 million people through not only Twitter but also Facebook, Direct2Dell and IdeaStorm.⁸ The company planned to pilot several new initiatives in 2010, including adding a “support” tab to its Facebook (Facebook.com/Dell). Dell hoped these efforts would enable the company to boost sales, increase customer engagement, and improve the overall customer experience.

³ Ibid.

⁴ “@DellOutlet: Raising Awareness, Increasing Sales, Measuring Results,” *Twitter 101*, http://business.twitter.com/twitter101/case_dell, (April 20, 2010).

⁵ Bit.ly statistics for @DellOutlet from March 18, 2010 to April 10, 2010.

⁶ Stefanie Nelson, “@DellOutlet Surpasses \$2 Million on Twitter,” *Direct2Dell*, June 11, 2009, <http://en.community.dell.com/dell-blogs/b/direct2dell/archive/2009/06/11/delloutlet-surpasses-2-million-on-twitter.aspx>, (April 20, 2010); DellOutlet, *Twitter.com*, <http://twitter.com/DellOutlet>, (April 20, 2010).

⁷ Lionel Menchaca, “Expanding Connections with Customers Through Social Media,” *Direct2Dell*, <http://en.community.dell.com/dell-blogs/b/direct2dell/archive/2009/12/08/expanding-connections-with-customers-through-social-media.aspx> (April 20, 2010); DellOutlet, *Twitter*, www.twitter.com/delloutlet, (April 20, 2010).

⁸ Menchaca, op. cit.