You will find instructions and the exam question at the end page of this file.

Case text
Dyson's strawberries

Adapted from: Gappre, J., 2024. ames Dyson is right to fight for British strawberries. *Financial Times*, December 12, [online]. Available at: https://www.ft.com/content/21293859-14b0-4d00-9f6c-b0001d2d98f4 - Allmanhall, n.d., Overview of the UK strawberry industry. *Allmanhall*. Available at: https://allmanhall.co.uk/blog/overview-of-the-strawberry-industry-in-the-uk.

In a 26-acre glasshouse in Lincolnshire, a robot is slowly wheeling down a long line of strawberry plants, picking ripe red fruit to be dispatched to supermarkets. This is the latest project of James Dyson, one of the UK's wealthiest entrepreneurs, and now its biggest commercial farmer.

Dyson's effort to produce superior fruit and put his British strawberries on sale at Christmas is characteristically ambitious. The inventor who revolutionised the vacuum cleaner business wants to do the same in horticulture, using technology to make premium produce branded with his name.

It is hard enough to make a Dyson electric fan stand out in the global market, but a strawberry faces another level of difficulty. Fruits are mostly sold by weight or under supermarket brands in the UK, with the growers appearing on packaging in small print at best. If they look good and taste sweet, that is enough for most shoppers.

Dyson has backed British farmers' protests against changes to inheritance tax, which could make his agricultural estate liable for £120mn in death duties. He insists that reducing tax liability was not his motivation for buying 36,000 acres of farmland, nor for moving his corporate headquarters to Singapore in 2019.

But whatever his approach to tax, Dyson has brought some much-needed new thinking to how UK farms operate, investing £140mn in improving and upgrading his own since 2013. He grows strawberries year-round in a glasshouse heated and lighted by generators running on biogas from other crops.

His Lincolnshire farm is quite a laboratory. Its trial of strawberry-picking robots made by Dogtooth, a Cambridgeshire start-up, is among several experiments in producing fruit more

efficiently. The plants ripen in a blend of natural and artificial light, with diseases and pests tackled by robotic devices.

This investment will only pay off if consumers accept that it is worth paying more for a punnet of Dyson strawberries than for the imported berries from Spain or Morocco that typically fill supermarkets in winter. They need to taste good and have their British provenance recognised and valued.

Dyson is making some progress with branding. His strawberries were at first sold by J Sainsbury and Marks and Spencer under their own premium labels but the Dyson name is becoming more prominent. The latest M&S packaging features a Union Flag and the Dyson Farming brand.

Shoppers are used to the luxury of global supply, particularly out of season. British farms last year produced less than 20 per cent of the fruit bought in the UK by value, with more than £4bn being imported. Domestic berry production has been growing but UK growers face stiff competition.

Global companies have also made inroads into the UK. Berry Gardens, a large UK soft fruit sales company, has been owned since 2022 by Driscoll's of California, the world's biggest berry grower and marketer. Agroberries, a Chilean company, acquired full control of the UK-based Berry World group in September.

Driscoll's is practised at branding, having sold its growers' berries through US supermarkets in its own packaging since the 1990s. It launched its brand in the UK in September and Asda and Morrisons have started to stock its punnets: Dyson is not alone in wanting shoppers to seek out his name.

Perhaps Dyson should be intimidated by the scale of the challenge. His Lincolnshire farm grows 1,200 tonnes of strawberries a year but that figure is tiny compared with the 150,000 tonnes of berries produced by Agroberries in 30 countries, let alone Driscoll's mighty network.

Nor, strictly speaking, are these strawberries his. Driscoll's breeds and patents its own varieties, but Dyson produces a UK variety called Malling Centenary. This was bred at the East

Malling research centre in Kent, whose strawberry portfolio was taken over last year by Bayer of Germany. Yes, Dyson berries are grown in a unique fashion, but they are not fruits of his invention.

But it would be out of character for Dyson to give up on horticulture. He has taken on the world before with his own technology and he has a strong brand and plenty of capital, as well as a fighting spirit. If the UK's largest farmer cannot make his British strawberries fetch a premium, it bodes ill for others.

He ought to scale up further and to start breeding strawberries that he can truly call his own. He must also convince not only supermarkets but British consumers that soft fruit really comes from Lincolnshire at Christmas. But who said farming in the UK was easy?

Overview of the UK's strawberry industry

Soft fruit production in the UK has long been dominated by strawberries, blackcurrants and raspberries, which account for a large proportion of cropping area. The remainder include blueberries and blackberries both of which continue to gain in popularity. Of the land used for growing soft fruit, a significant amount is home to polytunnels. This method increases the probability of a good crop and extends the UK growing season from 4-6 weeks to a much wider time frame of early spring to autumn. The remainder is grown under glass – like Dyson's production – or uncovered.

Over the past 25 years the soft fruit production has grown by 600% in the UK. In 1996 the UK consumption stood at 67,000 tonnes of strawberries. By 2015, strawberry consumption had risen to 168,000 tonnes (up 150%). Reflecting this exponential increase, the production of soft fruit in the UK has developed significantly, now valued at over £1.5billion.

Labour costs typically account for 50% of the cost of production for growers. The majority of labour for both the growing and harvesting of these crops in the UK is employed on a seasonal basis, with the greatest need from May to September, when many workers typically work for a 20-25 week season during this period.

Only a tiny fraction of this seasonal labour has historically been provided by British nationals, with the majority of workers coming from the European Union. This is because, in the past, agricultural wages were higher in the UK than in Europe, and in particular Eastern Europe.

However, with the impact of Brexit on the freedom of movement, coupled with the travel restrictions caused by Covid, those who have formed most of the strawberry pickers in recent years have understandably turned their backs on British farms. Consequently, huge pressure has been placed on fruit farmers as they struggle to harvest their produce and meet the growing demand for soft fruit.

Growers' costs are increasing through inflation, transportation, utility price-hikes and other aspects of the food supply chain (see our blog here regarding these factors). However, until recently the product value of strawberries, and the price, has remained relatively static for around 15 years. Producers are being forced to look at other ways to boost productivity and therefore to lower their labour requirements per tonne of production.

One of the most important advances in productivity is the continuing conversion of strawberry production from soil to substrate grown crops, such as peat, which provide a consistent and soil-borne disease-free environment and have a lower labour requirement.

However, in response to historic consumer pressure and government policy about peat usage, the horticulture industry has invested heavily in finding ways to grow crops more sustainably in peat substitutes such as coir, bark, green compost and wood fibre.

One innovation to keep an eye on is that of vertical growing. The environmental benefits of this are being analysed and the feasibility studies conducted. If challenges regarding yield can be addressed, this could be an exciting new chapter for strawberry growing – the way up rather simply than the way forward!

Robotic harvesting of strawberries is now in development as growers attempt to minimise the effects of labour shortages. Recent advances in visual sensor technology, machine learning and autonomous propulsion have brought the goals within reach.

Innovations in strawberry varieties

Until recently, the most popular strawberry in the UK was a Dutch variety called Elsanta. Resistant to disease and giving high, consistent yields, the breed was popular with growers. However, a belief amongst many consumers that Elsanta was rather bland led to growers and retailers looking for a suitable alternative.

It takes about seven years to go from a promising seedling to a commercial variety. Research projects on pest control tend to take between three and four years. Growers cannot expect overnight success with innovation. They can, however, expect that the industry as a whole continues to face up to its challenges to ensure a consistent supply of delicious, disease-free and sustainably-grown strawberries to British consumers. What the future holds with regards to the feasibility, sustainability and yield of innovations such as vertical strawberry growing remains to be seen.

General Instructions:

- Exam submission: **via moodlerooms site of the Strategic Planning course, in the corresponding space of the "Final Exam" section**

- **No plagiarism**. You can use any material at your disposal to prepare your answers. **Do not copy materials contents on your exam file**. Exploit what you read, process it and always use your own words!!!

- This is an **individual** examination. I expect different evaluations and proposals from each student. **Please work individually**.

- You are **not required nor expected to use any further data/information apart from the one proposed in this case**. Using extra data will not make your grade better. Support your analysis and evaluations with the information provided in this specific text.

- If you really need to access further information, **do not forget to cite all sources used**.

Instructions on how to answer your exam:

Write your answers **in a WORD file**, save it writing **your full name on the file title,** and submit it where indicated above.

Please **do not submit pdf files** or any other non-word format, only word format!

The maximum length of your work is of **1.000 words**. Any text (except for tables and figures) exceeding this length will be ignored in marking.

You can **add tables and figures as appendices**. They will be considered in marking.

You are highly encouraged to go to the point, be precise, **justify, and explain** each step, each argument of your answer.

You can use bullet points and tables and figures whenever you wish, they may help you be more concise and synthetic.

You can find the exam question on the following page.

Exam question: Evaluate the strategic appropriateness of Dyson's decision to diversify into growing and selling strawberries in the UK (grading weight: 7 points out of 10). Accordingly, suggest for **competitive improvement** in the form of **1 strategic map** including at least 1 strategic decision of each level (corporate, business and functional). Justify your suggestion. (Grading weight: 3 points out of 10).

Recommendation: support your answer with your work on Dyson's business model, relationship with stakeholders, macro-environment and industry threats and opportunities, and strength of their resources and capabilities.