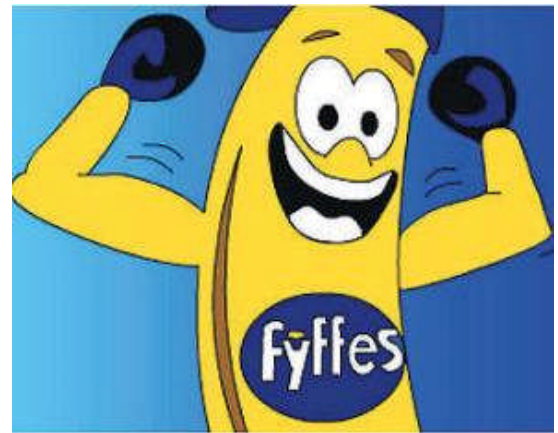


Fruits of success



Fyffes is Europe's biggest fruit company and is now one of the world's big players in the **global banana market**. The company has recently revealed that its **profits** increased 103% to €63.5 million.

Company chairman, Neil McCann, said the company had produced a significantly improved performance and revealed that it was looking at **acquisitions** for future **expansion**.

Bananas account for 50% of the business of Fyffes, but the company also trades in other fruit. Three specific things happened which had helped Fyffes' profits considerably: (1) Banana prices in the market recovered as **demand** rose; (2) The company took steps in 2000 to reduce their **cost base** by approximately €20m; (3) Its **investment** in taking over the South Africa company Capespan had been successful.

"The combination of those three things led to a substantial improvement in performance," Mr Igo said. However, the launch of *The World of Fruit* - Fyffes online fruit trading company - was not a success and resulted in a loss to the firm of millions of euro.

MG Rover goes into reverse

The MG Rover car **company** was losing so much money that BMW, the owner, sold the whole **business**, including factories, equipment, **brand names**, and stocks of unused cars for just €15. The new owners, a group of British businessmen, believed that they could succeed in rescuing Rover where BMW had failed, even if the ridiculously low purchase price also included taking on huge **debts** owed to banks.



Four years later and, against all expectations, the Rover car company was still in business - just. Losses were dramatically reduced from about €1200 million a year at the time of the takeover to losses of "only" about €135 million.

The company was selling about 150,000 cars a year, but this was far short of the magic figure of 180,000 cars, which would allow it to **break even**. Any cars sold over that figure would have generated **profits** for the company.

To survive, MG Rover had to change its **marketing mix** to attract a whole new type of younger, more upwardly mobile buyer. In the past, the company had relied on reworking a tired model range and clever exploitation of the more sporting MG badge, pinning it onto up-dated versions of its existing range. It even produced an impressive all-new limited-edition car, the MG X-Power SV, to rival Porsche and Maserati. However, for the business to survive, Rover tried to produce a new mid-range car with **mass-market** appeal.

Rovers problems in the car market were caused by the fact that the company simply did not have the **financial resources** to solve its own problems. As a result, it tried to seek **joint ventures** and **strategic alliances** with other car companies. A series of failed ventures with other car companies did not produce anything and the MG Rover car company finally went bankrupt. To help pay off its debts, the remaining assets were sold to a Chinese company, the Nanjing Automobile Group.

1. Identify the growth strategies that Fyffes could use.
2. Identify the growth strategies that a car company like Rover could use.
3. If you were looking for a business to acquire, would you prefer to takeover Fyffes or MG Rover cars? Give reasons for your answer.