

PRACTICE CASE OBJECTIVE:

Study aspects covered in the classroom regarding the competitive advantage of firms.

WORK TO BE DONE:

Read, **on an individual basis**, the attached report on the company 'Naranjas del Carmen', and then answer the discussion questions that follow.

If you are not skilled in the analysis of cases, you may find it worthwhile reading 'How to Conduct a Case Analysis' (a file you can find in the same folder as this document).

After working individually, share your findings with your work team and make a joint report with a maximum length of two pages (**no cover page is needed, just the title of the case and the team member names**), written using Calibri 11 with 1.5 interlining and justified text.

Upload your report as a pdf file on Moodle, before the due date. The report is not to be presented in class.

Originality and professionalism will be highly valued.

THE COMPETITIVE STRATEGY OF NARANJAS DEL CARMEN

Naranjas del Carmen was founded in 2010 by the brothers Gabriel, Gonzalo, Fernando, and Patricia Úrculo, a third generation of a farming family. It is a company dedicated to the online marketing of citrus fruit and has about 25 hectares of farmland near Bétera (20 km from Valencia city).

The company organizes its distribution in such a way that the fruit is picked from the trees every day depending on existing orders and delivery is guaranteed within 24 hours in Spain, 48 hours in France, and 72 hours in the rest of the 14 European countries in which it operates. This means that it only takes between one and three days from when the orange is picked until it is delivered to the consumer (depending on the destination).

In addition, the oranges are high quality and are not treated in any way during their direct marketing to the customer. The company uses neither herbicides nor pesticides and applies cultivation techniques based on the optimal use of natural resources. Therefore, the company does not aim to achieve large production volumes, but only sufficient to provide the highest possible quality of its product. The price at which it is offered is a little higher than what can be found in the Spanish market, amounting to about €25 for a box of 10 kilos, including shipping costs. However, in several European countries, oranges are usually sold individually at around €1, and so the price is quite competitive.

One of the major operational problems that the company had was the seasonality of its original product: oranges (from December to April) and mandarins (from October to December). So, in recent years the company has expanded its product portfolio significantly with other products such as lemons, grapefruit, honey, jams, olive oil, and vegetables.

In the middle of the last decade, it found a new formula to increase and strengthen their business. This was crowdfarming (fusion between crowdfunding and farming) as a way of responding to demand by involving the customer in the entire fruit production process. That is, each tree planted is sponsored by a person, family, or company, who name the orange tree and receive the production of the tree they own. The estimated average life of an orange tree is about 25 years.

The system works as follows: the owners pay €80 the first year and €60 from the second year onwards and receive a total of 80 kilos of oranges each year. There is also the option of adopting half a crop, with an initial cost of €40 and €35 thereafter and receiving 40 kilos per year. For the first five years, during which time the orange tree is not productive, the company delivers oranges from its own orange trees. Customers decide when they want to receive the oranges, so the firm picks on demand and nothing is stored. In addition, there is the option for consumers to pick their own oranges, thus saving on shipping costs.

A few years ago, the company extended this formula to the adoption of olive trees and beehives. The plantations can be visited, both by the owners of the trees and by tourists in general. With all these initiatives, Gonzalo Úrculo affirms that 'we are not just selling oranges online; we are selling an experience and forming part of our history'.

Question: Identify the company's type of competitive strategy, its sources, and the advantages and disadvantages.