

Group A Assignment: Dyson

1. An effective mission statement guides a company in answering to what a business does, its purpose and goals, who its customers are and what they value. Market-oriented mission statements are framed in terms of satisfying basic customer needs with the hopes of withstanding the test of time, as opposed to identifying specific products or technologies that may become obsolete. For Dyson, we propose the mission statement of **“Dyson promotes user efficiency and problem-solving by ensuring a customer’s personal and global environment is conducive to productivity.”** Though Dyson originated as a company selling vacuum cleaners, they have expanded to include multiple product lines, including air treatment (fans, heaters, humidifiers), LED lighting and hand dryers. These product lines share the commonality of improving their users’ physical spaces — such as by cleaning, warming/cooling or illuminating. Meanwhile, Dyson is concerned with the global environment and seeks to eliminate carbon emissions and waste in product design and development.
2. Dyson’s goals and objectives, summarized in our market-oriented mission statement, can be further simplified to designing high-quality, innovative cleaning solutions that focus on being socially and environmentally responsible. The company’s history, development and marketing all center around creating better solutions to problems created by existing products - Dyson’s vacuum cleaners never lose suction, its hand dryers use less energy and its LED lighting never dims. All of these solutions are reached by researching and answering fundamentally flawed designs. Dyson’s team of designers and innovators work tirelessly to improve their own designs in search of a more efficient, more responsible product.

As a business concerned with growth and profits, as any company is, we can frame Dyson's overall objective as building profitable relationships with consumers and businesses that share Dyson's value of promoting a cleaner planet and solving problems of waste. To do so, Dyson must make significant investments in research and development as one objective, evidenced by their claim that a third of their employees are engineers and scientists¹. Investments in R&D may include not only attracting and hiring the brightest minds as employees, but also investing in physical facilities and technologies for product design and testing. Furthermore, Dyson is in the process of expanding its R&D facilities, a £250 million investment^{2,3}. In order to make such investments, however, Dyson needs to continue to profit by increasing sales or reducing costs. Currently, Dyson spends about £3 million per week (more than \$4.3 million) on research and development, for an aggregated annual R&D spend of more than £150 million (\$217.5 million)⁴. Compared to an annual profit of £367 million (more than \$500 million), this is a significant spend on R&D, showing just how important innovation is to the success and mission of the company. The desire to innovate is embedded in the founding and DNA of the company, which ultimately manifests in the objective of creating new products that benefit consumers.

Meanwhile, the marketing objectives of increasing sales may drive more specific goals. Dyson first entered the Chinese market for vacuum cleaners in 2012, where at the time floorcare had only a 12 percent household penetration, and profits from China propelled Dyson

¹ "Dyson Offices." Welcome to Dyson Press. Accessed February 22, 2016.
<http://www.dyson.com.au/community/press.aspx>.

² "Dyson to Create 3,000 Science and Engineering Jobs by 2020 - FT.com." Financial Times. Accessed February 22, 2016.
<http://www.ft.com/cms/s/0/e7bd27ec-838d-11e3-86c9-00144feab7de.html#axzz3zzlTBNUp>.

³ "Winds Of Change At Dyson." Co.Design. 2015. Accessed February 22, 2016.
<http://www.fastcodesign.com/3050256/innovation-by-design/winds-of-change-at-dyson/12>.

⁴ Hellier, David. "Rugs to Riches: Dyson Announces Record Profits of £367m." The Guardian. 2015. Accessed February 22, 2016.
<http://www.theguardian.com/technology/2015/sep/03/james-dyson-record-profits-bladeless-fans>.

to a record-breaking year of profits in 2014⁵. Moving forward, Dyson will likely strive to continue to increase household penetration in China and other global markets. This can be seen with Dyson's introduction of the 360 Eye into the Japanese market late last year. The robotic vacuum — coming soon to the US and European markets — is 16 years and nearly \$50 million in the making⁶.

Finally, Dyson prioritizes corporate social responsibility, which they define as both to the environment and to members of society, reflecting a belief in the triple bottom line of financial, social and environmental performance measures. Dyson clearly details an environmental policy that specifically addresses waste reduction and the goal of "doing more with less."⁷ Dyson continues to build more efficient motors and heating components, and Dyson emphasizes lightweight and durable designs that minimize raw materials used. Dyson packaging is also more than 85 percent recycled cardboard, and Dyson may in fact strive to one day reach 100 percent. To contribute to their objective of social good, Dyson's founder has also started the James Dyson Foundation to support science and youth education⁸.

3. A "business portfolio" is the collection of businesses and products offered by the company. Dyson offers several different types of products: vacuums, air treatment devices, lighting and hand dryers. The lighting division began as a company by Jake Dyson, James Dyson's son. The lighting company has recently been incorporated into the senior Dyson's

⁵ "Asia Powers Dyson to Record Profit - FT.com." Financial Times. Accessed February 22, 2016. <http://www.ft.com/cms/s/0/3fde18b0-525d-11e5-8642-453585f2cfcd.html#axzz3zzn7kQNm>.

⁶ Barry, Reviewed.com Keith. "Hands off with the Dyson 360 Eye Robot Vacuum." USA Today. 2014. Accessed February 22, 2016.

<http://www.usatoday.com/story/tech/2014/09/08/hands-off-with-the-dyson-360-eye-robot-vacuum/15303323/>

⁷ "Environmental Policy." Dyson Environmental Policy. Accessed February 22, 2016.

<https://www.dyson.com/medialibrary/Group/Documents/PDF/CorporateSocialResponsibility/CSRENVIOFI NALUSEmail.pdf>.

⁸ "James Dyson Foundation." James Dyson Foundation. Accessed February 22, 2016.

<http://www.dyson.com/community/james-dyson-foundation.aspx>.

corporation. Also under the Dyson umbrella is the company's charitable project, the James Dyson Foundation. The Boston Consulting Group's Growth-Share Matrix defines business and brands against two factors: market growth rate and relative market share. The U.S. marketing intelligence firm Transparency Market Research predicts a 4.9 percent compound annual growth rate for the global household vacuum cleaners market between 2012 and 2018, with the market valued at \$14.6 billion by the end of 2018.⁹ This likely constitutes a higher than average growth rate, but not higher enough for the category to be considered a high growth market. Meanwhile, within the global household vacuum cleaners market, canister vacuum cleaners made up 35 percent in 2012, worth \$4.21 billion.¹⁰ Depending on Dyson's relative market share, this indicates that its vacuums are either cash cows, products that have a high share of a market with a low growth rate, or dogs, products that have a low share of a market with a low growth rate. As a privately held company, Dyson does not release annual reports with the information necessary to determine market share. A recent Euromonitor International study shows that the air purification market experienced 2 percent growth in the United States during 2015, and though the category is predicted to continue to grow, it is still considered a market with low growth rate for purposes of the BCG Growth-Share Matrix.¹¹ Assuming that Dyson's range of fans, heaters, humidifiers and purifiers have high market share, these products are categorized as cash cows.

⁹ "Global Household Vacuum Cleaners Market to Be Heavily Influenced by Robust Demand in Asia Pacific." Global Household Vacuum Cleaners Market to Be Heavily Influenced by Robust Demand in Asia Pacific. Accessed February 22, 2016.

<http://www.transparencymarketresearch.com/article/household-vacuum-cleaners-market.htm>.

¹⁰ "Global Household Vacuum Cleaners Market to Be Heavily Influenced by Robust Demand in Asia Pacific." Global Household Vacuum Cleaners Market to Be Heavily Influenced by Robust Demand in Asia Pacific. Accessed February 22, 2016.

<http://www.transparencymarketresearch.com/article/household-vacuum-cleaners-market.htm>.

¹¹ "Air Treatment Products in the US." Air Treatment Products in the US. Accessed February 22, 2016. <http://www.euromonitor.com/air-treatment-products-in-the-us/report>.

The global LED lighting market had an approximate value of \$20 billion in 2014 and an estimated value of \$42.5 billion in 2020 - a compound annual growth rate of 13 percent.¹²

Because Dyson's lighting products are so expensive (task lights starting at \$649) and hard to purchase, we would guess its market share in the overall LED lighting market is low. This would make Dyson's lighting products a question mark — products in a high-growth market with low market share. Finally, a report projecting growth of the global electric hand dryer market for 2016-2020 predicts an estimated 12 percent compound annual growth rate for the market.¹³ Depending on Dyson's market share, its hand dryers would thus be either question marks or stars, products with high market share in a quickly growing market.

4. A company's marketing mix consists of the factors under its control: product, price, place and promotion. Though Dyson offers products across categories, they are united by how they innovatively clean and improve an individual's physical environment, a reflection of the company's mission. Dyson remains known to consumers for its vacuums, while its hand dryers are more likely purchased by businesses and its LED lights represent a niche specialty category. In regards to price, Dyson has traditionally offered premium products with a price to match. However, as part of a 2015 rebranding effort, which included the introduction of a new vacuum in Dyson's line of vacuum cleaners, Dyson cut prices and offered a product in the midrange market's price point for the first time.¹⁴ For example, Dyson's DC59 Animal, renamed

¹² "Global LED Lighting Market Poised to Surge from USD 20.0 Billion in 2014 to USD 42.5 Billion by 2020 – MarketResearchStore.Com." GlobeNewswire News Room. Accessed February 22, 2016. <https://globenewswire.com/news-release/2016/02/22/812705/0/en/Global-LED-Lighting-Market-Poised-to-Surge-from-USD-20-0-Billion-in-2014-to-USD-42-5-Billion-by-2020-MarketResearchStore-Com.html>.

¹³ "Global Electric Hand Dryer Market 2016-2020." - Research and Markets. December 2015. Accessed February 22, 2016. http://www.researchandmarkets.com/research/vrw7dq/global_electric.

¹⁴ "Dyson Cuts Prices and Shakes up Its Vacuum Lineup." CNET. February 12, 2015. Accessed February 22, 2016. <http://www.cnet.com/news/dyson-cuts-prices-and-shakes-up-its-vacuum-lineup/>.

to the Dyson v6 in 2015, was brought down from a \$500 price tag to \$300.¹⁵ This could be seen as a move to make Dyson, and more symbolically the innovation the brand represents, more accessible. The upper end of Dyson's vacuum cleaners can run as high as \$600 price-wise, reflecting additional attachments and product features. Its air treatment products range from \$300 to \$500. Hand dryers, though not marketed to consumers, seem to range in price from \$750 to \$1900. LED lighting products begin at \$650; because the overhead fixtures' prices are not advertised the upper limit for these prices is unknown.

For its vacuum cleaners Dyson has a national distribution in the U.S., including big-name retailers such as Walmart, Best Buy, Home Depot, Bed Bath and Beyond, Macy's and Sears.¹⁶

¹⁷ Purchases can also be made on Dyson's website, which advertises exclusive online deals and savings. Finally, an example of Dyson's promotional efforts is a series of 2012 public relations and advertising campaigns that targeted male, not female, consumers and positioned Dyson vacuums as tools for tech and mechanic lovers. Dyson heavily promoted its vacuums on Father's Day and emphasized the science and technology behind the products, again showcasing the company's commitment to and obsession with innovation.¹⁸ Dyson has numerous video spots online and on TV, as well as the expected display ads.^{19,20}

5. Dyson's advertising and corporate goals can be boiled down to creating innovative solutions to consumers' problems. For this reason, an argument can be made for Dyson being

¹⁵ "Dyson Cuts Prices and Shakes up Its Vacuum Lineup." CNET. February 12, 2015. Accessed February 22, 2016. <http://www.cnet.com/news/dyson-cuts-prices-and-shakes-up-its-vacuum-lineup/>.

¹⁶ "Dyson V6 Motorhead Handheld Vacuum - Bagless." Dyson V6 Motorhead Handheld Vacuum - Bagless. Accessed February 22, 2016. <https://goo.gl/GOfiY9>.

¹⁷ <https://www.dyson.com/store/store-locator.aspx>

¹⁸ "How Dyson Made Vacuuming Appealing to Men." PRNewser. September 7, 2012. Accessed February 22, 2016. <http://www.adweek.com/prnewser/how-dyson-made-vacuuming-appealing-to-men/45638>.

¹⁹ "Dyson US." YouTube. Accessed February 22, 2016. <https://www.youtube.com/user/DysonFilmsUS/videos>.

²⁰ "170 Dyson Ads - Moat Ad Search." 170 Dyson Ads - Moat Ad Search. Accessed February 22, 2016. <https://moat.com/search/results?q=dyson>.

either a consumer-centered company or a product-centered company. Because they want to solve consumer problems, they focus on the product and innovation. For Dyson, there is not really a way to separate the two — they are intertwined inextricably in James Dyson's drive for improving technology to solve problems.