

Kraft

Business



Kraft Foods Kraft Foods is one of the largest food companies in North America's food industry since it operates an admirable beverage and food businesses in the region. In addition, the company is deemed to be one of the biggest consumer packaged food company across the globe; based on the previous years' combined revenues. The firm produces and markets food products and beverage products which comprises of convenient meals, coffee and other refreshment beverages, grocery and cheese products. The company's products range from breakfasts, lunch to dinner meals; at home and other food-selling locations (Kraft Foods Inc., 1).

Kraft Foods Inc. has a reputable financial history as depicted from the previous year's revenues. For instance, in the year 2013 ending, the company registered net revenue of \$4595 million and in 2012 ending it reported net revenue of \$4492 million (Kraft Foods Inc., 1).

The firm's key profitability drivers include the diverse category of products, a superior brand assortment, significant coverage in the Northern America, a wide-spread reputation for the most quality products in the food industry and a strong foundation in innovation and use of the latest technology in its operations, a deep knowledge about consumer's interests, a long-lasting relationship with its major retailers and suppliers and an experienced team of managers who are solely driven by the firm's core goals or rather aims in achieving the best (Kraft Foods Inc., 1).

Porter's 5 factors of Strategy Assessment of Food and Beverages Industry

1. Threat of new entrants

The threat of new firms getting into this industry is relatively low because of the spread knowledge about the reputation of the main competing companies in the industry.

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In addition, the industry has technical obstacles such as the patents and other related entry requirements that are difficult to meet.

Finally, the largest firms in this industry have the highest market shares which makes it hard for smaller companies to enter into this industry.

2. Threat of substitute products or services

The substitute products in this industry are hot drinks such as tea, all the beverages and beverages that have caffeine, Cola. Thus, all the firms in this industry are good producers of the above mentioned products.

3. Bargaining power of customers

The bargaining power of customers is relatively low. This is a threat through the social networks.

In the food and beverage industry, single customers tend to buy relatively low quantities. Thus, the highest numbers of these customers are based in Europe and United States of America Markets.

Moreover, customers or rather buyers are attracted to this industry due to its market transparency and access to relevant information about the products and their prices.

Finally, the industry allows backward integration whereby the customers have an opportunity to grind the coffee beans.

4. Bargaining power of suppliers

The bargaining power of suppliers is medium in this industry but there are long-term contracts that guarantee a fair treatment to all the parties involved.

This is due to the high number of nations which are chief coffee exporters, alternative products as a result of different types of coffee beans and insufficient money supply due to the impossible forward integration for

suppliers. Thus, the farmers can combine forces but the wealthier will always influence the market.

5. Competitive rivalry

This industry or rather market has an oligopoly structure whereby there are a few globe competitors such as Nestle, Kraft Foods and Sara Lee. In addition, the industry has a relatively smaller regional roasters and intense competition from the final products of these firms. This is due to product differentiation that results to a number of flavors in coffee beverages.

Work Cited

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