

Bauhinia: milk and specialty food industry

[Business](#), [Industries](#)



It cohere mainly with specialized equipment, which is used for production of milk and milk product. B) Rivalry among existing firms Oligopoly-three dominant firms: Nestle, Kowloon dairy, Therapist dairy Stages of the industry life cycle: Maturity Stage the dairy product has been standardized: liquid and powdered milk yogurt cheese dairy desserts widely available on the market: Supermarket Convenience store Distribution is well established: storage the dairy product below 4 degrees Celsius refrigeration equipment , distributing to various selling point by truck Price war:

Milk and milk products cannot be stored for a long time; a great emphasis is put on their freshness. It is necessary to sell these products soon, and therefore businesses pursue to promote sales also with the help of temporary reduction of prices. Exit barriers are high Exit barriers in the dairy industry are mostly based on the specialized equipment, which cannot be used for anything else. Relatively high capital demands strengthen exit barriers too. This fact forces businesses to stay in the industry at all costs and to continue in competition fight.

Banning: Milk and Specialty Food Industry By Tinting-Ho No switching cost: Product differentiation is low and different according to the type of product in the industry. In specific products there appears loyalty of consumers to brand name for example in yoghurt's or some kinds of cheeses. Let is promoted by missive advertising campaigns. But only big firms can afford these campaigns. Len other kinds of products, consumers follow mainly the price, for example in butter or milk .) Threat of substitute products It is possible for consumers to replace conventional milk products with vegetable alternatives, such as Soya milk, almond milk, rice milk, oat milk, coconut <https://assignbuster.com/bauhinia-milk-and-specialty-food-industry/>

milk. The vegetable alternatives are often available as powdered milk drinks. Cow's milk can be also replaced by goat milk, sheep milk or buffalo milk. Butter can be substituted either by other animal fats or by vegetable edible fats and oils. E) Bargaining power of suppliers The dairy processors are dependent on one major raw material - milk.

There are no basic substitute inputs for the dairy processors. It means that the dairy industry must face bargaining position of dairy farms. Banning has also entered the specialty food industry. The key differences in the competitive forces between dairy and food industry: Concerning capital requirements, the dairy industry does require relatively large amounts of capital, compared to specialty food industry, because of strict regulations for hygienic milk processing and packaging.

Compare to dairy industry, the market in specialty food industry is more fragmented and there are many rivals with no dominant firm, in contrast, there are only three dominate company in dairy industry. C) Bargaining power of buyers Bargaining power of buyers is relatively low in specialty food industry compare to dairy industry, as the switching costs of specialty food is very high as the specialty DOD is scarcity and difficult to find substitute.

Threat of substitute products is low in specialty food industry, but in dairy industry is very high. Comparative attractiveness in Hong Kong For food industry: Today Hong Kong consumers put more emphasis on health, and gourmet. The frozen Australia and South Africa, contain high nutrition value that can attract middle class consumer. For dairy industry: Lack of confident in foreign brand: New Zealand "Fomenter" raw milk contamination by

Colostomies botulism. Local people eager to development in the local
historical brand: Vita soy and Apollo