

Birds eye case study

[Business](#)



With Birds Eye using all their resources and capabilities it allowed them to control and manage their entire supply chain. -Also, since Birds Eye product was known as a premium due to the fact of the overhead it cost to freeze the product at its highest quality usually within hours to maintain high quality.

This allowed Birds Eye to maintain total control of the quality of their product. With Birds Eye becoming a vertically integrated producer it allowed new entrants in this market extremely difficult due to the needs of high capital investments. 2. Why did specialized intermediaries emerge?

In the late 1960s and early 1970s there were several changes and breakthroughs in the industry that led to specialized intermediaries emerge. One of the specialized intermediaries was the maturity of the industry that led to technological breakthroughs.

The technological breakthroughs allowed new entrants to enter the market with a decrease amount of capital. Also catering companies grew from 16% to 30% in 1973 and Birds Eye did not try and capture any part of that niche market. With Birds Eye not tending to the catering market by providing large packaging sizes at a lower cost it led to specialized

intermediaries to capture that niche market. 2 (B). Could Birds Eye have prevented this from occurring? Birds Eye can't prevent the industry from maturing or the technological breakthroughs, but they could have invested their money in more innovation in machinery and capturing the catering market.

Birds Eye did not allow themselves to grow with the growing frozen food market. Birds Eye should have used their brand name to reinvest their money to innovate, license, and grow with the growing market. 3 Does vertically integrated producer have a competitive advantage in the early SASS'S?

I think that vertically producers did have a competitive advantage at first but over time the structure led to disadvantages. Increased overhead cost was a huge disadvantage to vertical integrated as well as changeover costs. Specialized producers had lower overhead and mainly produced a single product that led to little to no changeover cost.

Also with being a vertical integrated producer it makes it difficult to exit the market when the market matures due to the high capital investment throughout the business chain. 4. What should Birds Eye have done in 1979? In 1979 Birds Eye should have sold their procurement and distribution chain.

By doing that it would have decreased their overhead and remain competitive with their completion. Also Birds Eye should have taken advantage of selling to private labels to help regain the market share.

Lastly Birds Eye should have reduced their product lines and focus on their most profitable product lines to promote and market their higher margin products to stay competitive. SOOT Analysis 1 . Strength Quality- Since Birds Eye was a vertically integrated company it allowed them to produce and manage their product throughout the supply chain and ensure that their product was high quality. Brand name- Birds Eye was a pioneer in the frozen food industry. Customers knew that Birds Eye product was a high quality
<https://assignbuster.com/birds-eye-case-study/>

product that they trusted. Through the sass's and sass's Birds Eye captured 60% of I-J frozen food sales.

2. Weakness -Vertical Integration- Birds Eye Vertical Integration business model was strength in the beginning but over time it led to high capital and overhead. Once the market matured it allowed competitors to enter the market with less capital and focus on a target market. 3. Opportunities - Catering Segment- I used catering as a missed opportunity that could have led to refits in a growing market.

With Birds Eye unwilling to adapt to the niche market and produce larger packing sizes at a lower cost, they missed out on a segment that grew from 16% to 30%. 4. Threats Technological Breakthroughs/ Maturity Stage- With every market their comes a time Nerd the market matures. When the market matures it leads to innovation and technological advances, with those advances it allowed barriers of low entry and decrease amount of capital. Private Labels- In 1970 the private label market Jumped from 6% to 21% by the end of 1978.

Even with the low margin on private labels it would have allowed Birds Eye to recapture the market share.

Summary Overall, Birds Eye strength was vertical integration and without adapting to the market their once strength turned into a weakness. Birds Eye enjoyed some advantages and opportunities from the vertical integration strategy but without adapting and staying ahead of the market it led for completion to enter the market and capture market share. Birds Eye is a

great example of a company that was satisfied with their market position and stopped becoming the pioneer of the frozen food industry.