

2. Based on your answer in question 1, explain the positioning of 759 Store.

3. Do electricity users in Kowloon and New Territories have great bargaining power relative to (CLP)

4. If the HKSAR government opened the electricity market, would it be an attractive market for newcomers? Explain.

759 Store (p.137)

- 1 The competitive advantages of 759 Store over the two supermarkets include:

 - As the store directly imports goods from Japan, Korea, and Taiwan instead of purchasing through suppliers in Hong Kong, the purchasing cost is reduced.
 - As most 759 Stores are small, the rent cost is lower.
 - Due to lower costs, 759 Store can sell goods at more competitive prices.
- 2 The positioning of 759 Store is selling quality and imported foods and household items at competitive prices.
- 3 No. Electricity users in Kowloon and the New Territories have little bargaining power relative to CLP because CLP is one of the two monopolies that provide electricity in Hong Kong. In general, the electricity company can adjust the tariff without seeking approval from the public.

- 4 No. To enter the market, newcomers need to invest a very large amount of resources into building facilities. Also, it is difficult for newcomers to compete with the two existing electricity companies which are strong and well-established.