

Asymmetric Information in the Coffee Industry: A Big Gap between South and North

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Abstract

This study analyzed the big gap in the coffee industry between the north China and south China with the exertion of the asymmetric information theory. This analysis contains four stages: firstly, this paper found a common misunderstanding on the competitive pressure that people usually believe the competitive pressure in the south is far more dramatic than in the Northern part, but the truth is opposite to our usual understanding. Then, Port's five forces model can be used to explain why the phenomena appear. In particular, the explanation contains quality of service, culture cognition, and consumption power. Moreover, this study applies the Lemon market theory and Gem's market theory to show how asymmetric information affects competitive pressure. Suggestions to reduce the gap between two counterparts are filling the market signal and screening.

Keywords: The Intensity of Market, Port's Five Forces, Asymmetric Information, Bullwhip Effect, Coffee, North and South China.