

Title Value chain dynamics in the Taiwan orchid industry
Author S. Wei, C.-C. Shih, N.-H. Chen and S.-J. Tung
Citation ISHS Acta Horticulturae 878:437-442. 2010.
Keyword competitive advantage; supply chain; value distribution

Abstract

Taiwan is a small island about the size of Holland but is well known for its orchid production industry, particularly *Phalaenopsis*. While Taiwan has some subtropical climatic advantages in growing orchids, the availability of advanced modern cultural techniques under greenhouse conditions has made the advantage substitutable to a large extent. In fact, without such climatic advantage, Holland has emerged rapidly as one seeming market leader in the orchid culture industry. This study offers a critical review of the Taiwan orchid industry infrastructure, the sources of competitive advantage and long-term sustainability of the industry. Through in-depth interviews with various stakeholders in the industry, this study argues that the thrust of past success in the orchid production industry could be attributed to the characteristics of its supply chains, called value chains in this study, where value appropriation is the focus. The industry is characterized by heterogeneity of value chains with a large number of micro-, small- and medium-sized firms which enter and exit the market relatively easily. This is made possible by cultural practices courses held frequently by government extension officers. These firms compete and yet complement with each other, frequently providing new release of varieties and lower to medium high range products in the world market. To date, the dynamics of the orchid supply chains has provided firms with competitive advantages which have appropriated rather continuous flow of short-term profits. Finally, in discussing industry sustainability, some prescriptive suggestions were made to orchid culture supply chains in relation to changing public attitudes toward environmental conservation and quality warranty for end users.