

Eastman kodak products



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External analysis of Eastman Kodak

Introduction

Kodak is the market leader in providing photographic products and services to consumers and commercial customers around the globe for memories, entertainment and information. The company brings inventive and modern products to the market that allows people to take, make and share pictures and experience the magic of photography (History of Kodak, 2008). As the world leader, Eastman Kodak is always looking for talented people. Kodak has continued to expand the ways and images touch people's daily lives. Kodak is a top supplier of innovative solutions for digital, conventional and blended print production environment (History of Kodak, 2008).

Eastman Kodak Company is an American multinational public company which produces imaging and photographic materials and equipment. It is known for its extensive variety of pictorial film products. Eastman Kodak is actually concentrating on two major markets; the first is digital photography and the second is digital printing (About Kodak's Graphic Communications Group, 2008). In Rochester and Jamestown New York, Kodak was founded by George Eastman and businessman Henry Strong. George Eastman as president purchased the stock of American Aristotype Company. In the year 1982, the Eastman Kodak Company was founded. The company is incorporated in New Jersey but has its offices in Rochester, New York. The slogan, You press the button; we do the rest, was given by the founder of the company, George Eastman (About Kodak's Graphic Communications Group, 2008).

External analysis of Eastman Kodak

- Porter's five forces Model

According to Michael porter, an authority on competitive strategy contends that a corporation is most concerned with the intensity of competition within its industry. The level of this intensity is determined by basic competitive forces like potential entrants, suppliers, buyers and substitutes available. Using this model a high force can be regarded as a threat because it is likely to reduce profits and a low force can be viewed as an opportunity because it may allow company to earn profit. Analysis of Kodak on the basis of Porter's Five Force model:

- *Threats of new entrants :*

In recent years, the growing demand of digital cameras has been attracting many new comers, domestically as well as internationally. The threats of new entrant are always an issue when dealing with new technology. Often, new technology is developed by an individual looking for a better way to do something. These companies are expected to drastically alter the Kodak Company's structure with their technology, scale of operations and brand power. With Xerox, Hewlett-Packard, Lexmark, Sony, Cannon and other major companies has already established in the market, it will be easy for new companies to enter the market and make a substantial impact.

- *Bargaining power of customers:*

In the camera industry, the bargaining power of customer is relatively limited. Eastman Kodak is entering the consumer printer market which is full of competitors who produce products that allow the consumer to have

significant buying power. From the sale of replacement cartridges, most producers rely on their profit margins. The buyers have a lot of power, with the companies producing quality printers at extremely reasonable values and often providing significant discounts. Eastman Kodak is responsive to this and they are launching their product into the consumer printer market. They are also making a play in the commercial printing market where the bargaining power of the buyer is not immense.

- *Bargaining power of suppliers :*

The bargaining power of suppliers to Eastman Kodak is more significant than its rivals who expand and manufacture their own parts. Eastman Kodak should develop its printers, by using off the projection parts, as to get its printers on the market quicker. Rather than trying to plan everything from scratch, the Kodak Eastman should work with technology partners like SigmaTel, Inc. a chip-design specialist (Hamm, Lee & Ante, 2007).

This approach will allow the Kodak to develop faster and lower the expansion costs. The confidence for producing the parts of the printers gives the suppliers greater buying power (Hamm, Lee & Ante, 2007). As compared to the traditional manufacturing, in the market that expanding and producing own parts may be risky in the long run risky and could pay off for Kodak.

- *Threat of substitutes :*

Eastman Kodak cannot overlook the manufacturing and launching of their new consumer inkjet printers. Where on the other side, the competitors of company like H-P, Sony, Cannon and Lexmark are relying not on the turnover margin from the printer and handy cameras but they are emphasizing on the

profit margin on replacing the cartridges. Eastman Kodak is marketing a quality printer, affordable cartridges, and quality paper combination to produce the highest quality prints (Hamm, Lee & Ante, 2007).

The concern of the Kodak should be same as HP, Lexmark, and Epson. The emphasis of the major producers of consumer printers should be that the generic replacement cartridges and ink refill market is very strong whereas the cartridges may not produce the same quality as the name brand. The quality differentiation is not adequate to force customers from brand name to general (Hamm, Lee & Ante, 2007).

- *Rivalry among competitors :*

Rivalry among competitors could be the most significant in the Eastman Kodak. Change is rapid and fuming, with the new technology. The bundling of printers with the computers, discounts, and rebates makes this market extremely competitive (Symonds, 2006). Antonio Perez CEO of Eastman Kodak says that he has no individual rivalry with HP, but the fact is that during his 25 successful years at HP, he organized the explosive growth of HPs printer business. HP Company invests nearly \$1 billion a year on research and development of printer (Hamm, Lee & Ante, 2007). Industry forecaster anticipates HP to sit back and observe till Kodak's new equipments get grip.

It is important to look at the political, economic, social, and technological components of the macro-environment, while examining the macro environment. In relation to political issues, Kodak is on par with its competitors (Symonds, 2006). To all the key competitors in the digital

printing industry, social and employment legislation, tax policy, the directive and de-regulation trends and trade and tariff controls, and environmental and consumer-protection legislation applies equally (Ramaswamy & Namakumari, 2005).

Economic factors that must be considered by the Kodak are rate of inflation, tax rates, capital markets and the stage of the business cycle. Eastman Kodak is a well recognized company, with the declining importance on film and an enlarged importance on digital printing; the company is behind the influence curve of their well-known competitors (Symonds, 2006). The other economical issues that Kodak must keep in mind are disposable income, GDP trends, purchasing power and wages/ price control (Ramaswamy & Namakumari, 2005).

Another economic issue is cost of labor. Kodak has moved much of its labor to Mexico, this can cause decline in the sale as the company concentrates on moving labor outside of the U. S (Hamm, Lee & Ante, 2007). The political environment exercises great impact on industry and business. The political factors that Kodak must keep in view are antitrust regulations, environmental protection laws, tax laws, political stability, foreign trade regulations and stability of government. The social considerations in the macro environment of Eastman Kodak are population profiles, public opinion, and cultural changes (Ramaswamy & Namakumari, 2005).

The social factors which should be kept in view are lifestyle changes, rate of family formation, growth rate of population, age distribution of population. Another significant factors related to social consideration is opinion of public.

In the case of Kodak, there are significant issues such as accusations of irresponsible environmental practices due to excessive pollution in the Rochester, NY area (Hamm, Lee & Ante, 2007).

The technological environment will play a key role in the future of Kodak. The company should emphasize on the new development in technology transfer from lab to marketplace. The company should emphasis on the internet availability, telecommunication infrastructure. Kodak should mainly concentrate on the research and development areas (Hunger & Wheelen, 2001). For this, it is important that the research is well led and established with detailed visions and goals. Kodak should enlarge and produce the large number of parts as opposed to other competitors, to be developed and manufactured internally.

Conclusion

Thus, it can be concluded that the Kodak has the opportunity to be a leading player in the market of digital printing. The Company should carry on with their existing vision to produce printers and cameras that generate the highest quality of prints and construct the printer reasonably priced so as the average consumer afford it to buy (Hunger& Wheelen, 2001).

With this, the company should persist to expand the latest equipment for the profitable printing market and should try to merge flexibility, speed and quality with each other. To gain the market share, the most essential thing that the company should do is repetitively appraise their actions and procedure to make sure that they are right way. All the most it is important for the members of company to follow the lead of CEO, Antonio Perez. It is

necessary that the strategies are timely formulated and implemented and processed forward with research, development, and implementation of new products (Hunger & Wheelen, 2001).

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