

Case study: kodak funtime

Business



Eventful Film Situation Analysis: Current product offerings of Kodak: Product Segment Focus of the product Competition Aztar Super Premium

Professionals and serious amateurs Full Real @ 10% higher price Gold Plus Premium Brand Flagship product Cofactor Industry: Market is stagnant with annual unit growth rate of 2%.

Kodak has overall 70% market share in films sold in US. Consumer Behavior: 50% customers are Kodak loyal, 40% are samplers relying heavily on Kodak and 10% are price sensitive. Kodak does not have any offering in economy segment which is generally price sensitive.

Competently: Conical, Fuji have launched low price products. Competition is slowly eating Kodak's market share -6% in 5 years. Kodak's New Strategy: Kodak has decided to reposition its product line. It is planning to replace its super premium offering Aztar Royal target it to a wider consumer base. No change in the flagship product – Gold Plus. Plan to launch an economy band Funnymen, priced 20% lower than Royal Gold and offered only during off-peak periods in limited quantity. New product positioning: Royal Gold Professionals, Serious Amateurs as well as regular consumers for “Special occasion”

Premium Flagship product, for regular consumers Funnymen Economy for price sensitive customers.

Consumer Perspective: By offering Royal Gold as a “Special occasion” film for regular consumers, Kodak can expect some increase in sales of super premium rolls. However, the primary concern is loss of market share to cheaper brands for price sensitive consumers. Funnymen offers price

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advantage to regular consumers during off-peak season. This can have following impacts: Price sensitive consumers (10%) may buy Funnymen over other brands in economy segment.

Scotched is still the cheapest brand in Economy segment.

The samplers (40%), who otherwise heavily rely on Kodak Gold Plus may also shift to buying Funnymen. Thus there is risk of diluting sales of Gold Plus.

Funnymen is offered only in value packs of 2 and 3 rolls. An average household consumes 15 rolls a year. Even though Funnymen is offered only in limited time periods per year, households can buy value packs of Funnymen and use them throughout the year. Again, this can result in cannibalistic of Gold Plus sales.

From a regular consumer's point of view, the 2 new products Royal Gold and Funnymen dilute the value reposition of Gold Plus.

Industry Perspective: Competitors are already playing the price game. If Kodak reduces prices, it will possibly trigger a price war in the industry. Although Kodak and competitors can sustain this price war, it is not good for the industry in the long run. Conclusion: Funnymen and Royal Gold dilute the value proposition of Gold plus. Funnymen can result in cannibalistic of Gold Plus sales.

This strategy will result in bad competition for the industry. Funnymen needs to present a unique value proposition to consumers over Gold Plus without intruding in its area.