

Kodak- competitive advantage

Life



The photo industry is undergoing rapid changes in the recent years with technological advances that have redefined the industry dynamics drastically. The traditional camera lenses have given way to digital photography doing away with photo films that ruled the industry a few years back. Kodak has long been a reputed brand in the industry with customer loyalty and dominant market share. But this could well be changing with the changing consumer attitudes and numerous choices that have opened new vistas of sales and revenue in the industry.

An analysis of the company in the light of Porter's five forces reveals the following dynamics: Rivalry – The industry has seen the entry of large number of firms like Fuji, Hewlett Packard, Lexmark International, and General Electric. These technology-oriented companies have made a mark for themselves in the consumer market with latest technology assisted equipments and tools designed to appeal to the high-tech consumer base. Most of the developed countries have stopped sales of film-based cameras with the advent of digital cameras.

Threat of substitutes – The digital cameras has phased out film-based photography to a great extent. Consumers now have more choices in the market and Kodak films have become outdated in comparison. Buyer Power – The consumers of photo industry have also evolved over the years with most of them opting for better and advanced technological products. Consumer allegiance to the brand Kodak has also shifted over time with new entrants offering better deals at comparative prices.

Supplier Power – Kodak was the exclusive supplier of traditional photo services for many years to Walgreens drugstore chain. They lost out to Fuji

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who managed to wean the deal with lower costs mini-labs that were not only cost effective but also more efficient. Kodak met this challenge by introducing the DSP900 range to replace the mini-labs and could produce 900 prints per hour at half the price of previous models. It also set up self-service kiosks to enable the customers to print photos from their digital cameras.

Barriers to entry - With the technological advance in the photo industry many companies that have the edge have entered the market. Hewlett Packard and General Electric entered the photo industry with photo services technology like photo studio kiosks. This poses greater challenges to Kodak. The five forces analysis above reveals that Kodak needs to continuously upgrade its technological side to keep pace with the rapid changes in the industry.