

# Challenges faced by kodak company marketing essay



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George Eastman Kodak Company developed the first snapshot camera in 1888. In 1889, Eastman and his chemist perfected the transparent roll of film, made it possible for the development of Thomas Edisons motion picture camera. From 1880's Kodak invested heavily in film and when colour photography was introduced, it was one of the few companies that had the knowledge and processes to succeed. The company achieved \$1 billion in sales in 1962 (Gavetti et al., 2004). By 1976, Kodak captured the majority of the US film and camera market (90% and 85%, respectively). Kodak's photofinishing process quickly became the industry standard for quality (Gavetti et al., 2004).

Kodak had always got distinctive competency over its competitors because of the scope and operations of its business. This helped the Kodak towards the continues growth of their business for more then 90 years. But from the period 1980's-1990's Kodak encountered problems of market share, revenues, competitors and technological explosion which was rapidly threatening the survival of their business. Kodak began to realize that radical changes in the structure of the company and the technology of their products would be vital toward success of the Kodak brand.

Following are some factors that motivated Kodak to change its organisational structure for the survival of their business.

## **2. 1 Competition from other brands**

During the long history of the Kodak Company, Kodak has overcome many threats to the survival of their business. Highly successful business that turned Kodak into one of the most recognizable name brands in the world

was struggling for survival with the entrance of competitors in market. The Japanese company Fuji Corporation entered the market attained a high market share not only in Japan, but in the United States as well. Fuji and other Japanese companies were able to design paper used for printing film at much cheaper rates than Kodak could offer to their consumers. This became a large problem for Kodak because they were unable to get an edge on their competition and get a part of that market share. Also with the amount of competition rising in the market for photographic products, Kodak had to take a cut in their revenue and lower the prices of their products to remain competitive with rivals

## **2. 2 Technological advancement**

According to Christensen (1997), survival of many large organizations is seen to depend on how well they are able to negotiate the technological currents in their environments. Technological advancement is caused by improvement in communication and new designing capabilities with an organization. Kodak's status as an iconic brand was threatened by the technological shift away from its vastly successful business of traditional film and film processing. The photography industry was changing from a traditional industry to a much more technically advanced industry. This expansion in the field of technology for the photograph equipment industry opens the door for other industries (computer industry, software, printers, etc.) to step in and broaden their product line and offers huge potential for market growth.

## **2. 4 Decreasing market share**

An important factor that motivated Kodak Company was the decreasing market share due to the introduction of substitute products by other companies. In 1981 Kodak's sales hit \$10 billion, but then competitive pressures, especially from Fuji, slowed down future increases (Gavetti et al., 2004). There was an enormous increase in development and production of equipment to produce and record images. The introduction of portable video cameras gave consumers a way to produce their own images and capture video easily. It became apparent to Kodak (being a monopoly at first) still that they had fallen behind the competition on the idea of improving technology and that there was a fast increase in the switch from analog to digital.

## **2. 3, 1 Problem in expanding the product**

Kodak also ran into problems when they expanded its core photographic products business. Fierce competition from companies such as IBM, Apple and Sun affected the market share that Kodak had been fighting for. Kodak had little knowledge in the field and was up against a group of dedicated companies with many years of focus and research

### **3. 0 Mistakes done by Kodak in changing its architecture**

In 1980's, due to high pressure of competition from Fuji corporation and also lack of innovation in organisation, Kodak had to change its architecture for increase its share price market. During this change of architecture, Kodak had done some mistakes. These are

### **3. 1 Research and designs**

The 1980's started weakness among the Kodak Company which was also affecting the survival of their company. The mistake done by Kodak was the design of new and existing product (camera). Kodak invented a camera which used a disk with a negative smaller than the one within the pocket sized Instamatic camera. Even though it was smaller and easier for consumers to use, it was not able to compare to the sales of Kodak Instamatic camera. This lead to another problem and that is of the productivity (constantly rising costs of materials needed for their products).

### **3. 2 performance evaluation**

During the late 1980's into the early 1990's Kodak did a mistake by not giving managers equity stake in new ventures that they were entering. This was one reason for the failure of Kodak managing new ventures and acquisitions. They began to change the way that employees were paid. Instead of the employees being compensated by time, they would be paid on level of performance they have completed.

### **3. 3 Targeting professional markets**

In order to change its organizational structure for the improvement of market share Kodak product development was targeted on the high-priced products, which were used in professional markets. It reflects Kodak's lack of concentration on the consumer market and therefore a loss of money in this market.

4. 0 What it might have done differently?

Throughout the history of Kodak, they have had a lot of success with marketing and selling their products. There are things it might have done to continue their success in the market at that time.

The competitors of Kodak continue to design cameras with sleek looks and easy-to-use buttons and software. Many consumers see Kodak's cameras as being "cheaply" made. Some of the materials that they use in the design process could possibly be changed to have more appeal to the potential customers. They should have advertised more on television, and other types of media. Even though they have a very long history of promoting their products, they should have continued advertising their products to remain in consumers' minds when they go to purchase a product.

They should have spent more money on the research and development areas of the company. If they design products that appeal to the consumers that the competition has not yet thought of, that would have given them an edge that can make them extremely profitable. Kodak could also start selling their cameras in bundle packages.

They should have remained at the top in the area of digital photography.

They have overcome many obstacles and as long as they can compete with the constant competition from previous designers and with companies that are entering the same market daily, they would have survived.

5.0 How does this example relate to the concept of Economic Darwinism?

In one of the philosophies given by Charles Darwin, a very famous English naturalist was "survival of the fittest". Which is the most popular concept

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applied to natural evaluation is know by people. The strongest one is survived because they have effective qualities and characteristics which help them to best compete with in their competitors.

We can relate the business of Kodak with the concept of economic Darwinism in following ways explain few certain points below after the swot analysis of the company . explaining capabilities of companies in respect to the changing business environment.

## 6. 0 SWOT Analysis of Eastman Kodak

### **6. 1 Strength**

Kodak has more than 100 years of history in photographic film industry.

This history has brought about the benefit and also the strength of the Kodak brand name and Kodak's worldwide distribution network. Kodak has its own international distribution network. In the past, when Kodak's focus was on the camera and photo developing business, it made a strong distribution network, which helped to maintain the sales volume by distributing to retailers and it also helped to introduce the new products to customers. A strong customer base was also built, which includes a huge amount of target customers who changed from the traditional camera to the digital camera.

List of Strengths:

Many products lines

Broad market coverage

Manufacturing competence

Brand name reputation

Diversifying its product lines depth and width

## **6. 2 weakness**

A key weakness of Kodak was its ability to bring its technology to market.

The product development of Kodak was targeted on the high-priced products, which were used in professional markets. It reflects Kodak's lack of concentration on the consumer market and therefore a loss of money in this market. Promotion is another weakness, when Kodak launched a new product, there was lack of promotion.

List of weaknesses:

Poor marketing plan

Loss of corporate control

Growth without direction

## **6. 3 opportunities**

Due to Kodak's successful history and good reputation they have the ability to easily obtain government contracts. According to the Kodak official website there are six services departments: Consumer Imaging, Digital & Applied Imaging, Entertainment Imaging, Health Imaging, and Kodak Professional and Document Imaging. These departments give Kodak the opportunity to move into government and big business ventures. These



ventures could build an incredible professional image for Kodak and by word-of-mouth could create and promote products to other large businesses. This image can also be transferred down to the more traditional consumer.

List of Opportunities:

Expand core business

Exploit new market segments

Widen product range

Diversify into new growth business

## **6. 4 Threats**

The threats mainly come from competitors. There were 45 digital camera manufacturers producing more than 100 models priced below \$1000 in 1997. Kodak produces various types of products, but their competitors also produce these products. For example, in film production and digital cameras Fuji is the major competitor. In the photo-printer category, Hewlett-Packard is the main competitor. The digital imaging business is an intensive capital business. Investors need to invest a lot of money into research and development. . Unfortunately in the photo equipment industry it is difficult to differentiate from your competitors. When a company launches a new product with special features, other companies can easily and quickly imitate and/or copy this new product and its special features.

List of Threats:

Attacks on core business

Increase in domestic and foreign competition

Change in customer tastes

Risk in new product

Increase in industry rivalry

Slower market growth

## 5. 2 The economic Darwinism relationship with Kodak

The nature of business OF KODAK is closely related to the economic Darwinism, the more quickly, more efficient the company is in market the business is survived this is the major point of Darwinism. Explaining the relationship these are the following points.

### 5. 2 1 responsive to change

The strength per eco-Darwinism takes many forms. It's not the bigger size matter i. e. (number of store) nor the more revenue generated. It's not just one having better cash flow than the competitor. It's not just one has stronger management than the rest of in same market. Individually the not be deciding factor of survival and extinction but collectively they are major deciding factor whether one survives or not.

In lesser known Darwinism defines clearly that the " it's not the one who strongest can servive, or not the sharpest one, is the one who is most

responsive to change. In KODAK the fact they bring the change in organization structure but they are not as much responsive to their changes are.

### 5. 2, 2 Adaption is key

The major key factor in order to survive is the faster ability to adapt change. And also not only to just adapt, but adapt quicker than your competitor because this will leads the competitors to adapt faster than you and led you suffer the economic consequences. The basic challenges is for how quickly you strategically and well lead your business to adapt to current conditions and the new spending attitude of consumer , as you can know how alert your competitors are.

The matter with Kodak is when Fuji film enter in market the strategy of Kodak of doing business is not according as much quicker as compare to the fast change of market and by that Fuji got faster adaption of the market which than leads in capturing the market share form Kodak.

### 5 . 2. 3 Financial management

Always look up on the expenses but do not cut down on anything which than create a hamper the company ability in supporting of their customer. The proper communication should always there between your customers. Keep maintain the marketing and advertising finding. This is not maintained by Kodak.

The next on is cash flow, during strong spending periods , always make sure your inventory u get best use of your inventory investment worked , and <https://assignbuster.com/challenges-faced-by-kodak-company-marketing-essay/>

focusing on turnover. Manage your expenses with your cash flow to best of the abilities you have. Kodak losses concentration on these areas. Rather focusing on performance based focus should be on turnover.

### Consumer mentality understanding

Consumer's mentality is also main factor in economic Darwinism but it not the optional now. It's important, to increase relative value intention company should know how to position and what to sell. Focused should be on selling that product which can increase their lifestyle and make them more successful. kodak looking the consumer mentality but there technology lackness led them fall behind.

## Conclusion

In order for a company to be successful in any industry, it must adapt to its consumer tastes. The same applies in the photography industry, where companies like Kodak must be able to evolve with new consumer preferences. If a company does not offer the products and services that consumers demand then there is a high probability that consumers will shop elsewhere.

In the photography field it is important that the products and services be not only user friendly, but offers a variety of features and easily transferable data. Some important features include zoom range, video recording, time between taking pictures (on digital cameras), and memory card and the length of time needed to transfer pictures. Companies in this industry must ensure that its products appeal to long time photographers, and are easy to learn for those who are new to the field.

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In addition, price and customer awareness are important. Cameras must be affordable, as consumers are becoming more and more price conscious. Also, in an industry where the printing of photos is decreasing, it is imperative for consumers to be made aware of the quality and affordability of professional printing in order to maintain market share and profit. If consumers believe it is expensive to print photos, they will be inclined not to print and store pictures on a disk or print at home with a low quality printer.