

trend emphasis on preserving nature and the environment. Thus, changing social mentality to be climate conscious must be considered.

- ***Technological***

Technological factors play a significant role in the photographic products. Innovation is a central concern to the market for photographic equipment as sources of innovation enable manufacturers to gain or maintain market share and competitive advantages to remain a leader company in digital imaging. . The digital technology has become extremely competitive as expectation of consumers regarding innovation is relatively high and they are very price sensitive. Therefore, this market industry has been forced to look to innovations in order to comply with consumer expectations and climate-friendly policies and legislation from the UK and EU for the future to survive in competition. It is imperative to develop new technologies that will lead to advanced products and services or a company will risk falling behind competitors and being non-compliant with new regulations. Additionally, environmental friendly and recycled standards have been raised, which will require companies to improve on existing technology and rethink the way products are produced to meet new standards. Kodak has to predict future trends in technology adequately and produce innovative products to respond quickly to changing customer preferences. Therefore, Kodak must pay special attention to its R&D activities.

- ***Environmental***

Considering the theme of eco-friendly factors, society has taken up the call for the environment. The impact of raising global awareness regarding Climate Change in people of all ages has resulted to the social pressure on manufacturers to be more “green” in their production methods. In the digital industry, this means the shift to eco-friendly products that more recyclable which applies to the technology factors of the business environment as well. Socially aware consumers will influence Kodak UK by becoming increasingly eager to do their part to help the environment by purchasing recyclable products.

- **Legal**

There are numerous Legislations and acts that Kodak must comply with as operates in the UK. The prominent issues addressed by these are mostly employee equality and pay rights such as the National Minimum Wage Act of 1998, the Working Time Regulations of 1998 imposed by European Council , the Part-Time Workers Regulations of 2000, and the Maternity and Parental Leave Regulations of 2000 (Pollert, 2007).

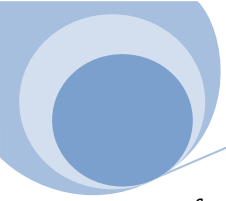
Eco-friendly and producing recyclable products are other important aspects of the policies and legislation introduced in the UK and EU. Kodak need to be aware of mandates and directives passed down whether they are mandatory or not. Technology is a factor in this as well, because all of the measures discussed by the EU contain some sort of innovative technology. The key for Kodak is to be able to mass-produce such technologies at a reasonable price for consumers, while maintaining a high standard for quality.

b. Porter's 5 Forces Network

Porter's five forces model helps to quantify the attractiveness of an industry or sector in terms of competitive forces and can be used to analyse the competitive strategy. Considering Kodak in the UK and its competitors as market players and buyers as end-customers, this framework would be implemented as following:

- ***Rivalry among Existing Competitors***

The worldwide market is extremely competitive, dominated by four large rivals which according to Datamonitor (2009) are Canon Inc with (41.3%) global market share, Fujifilm (24.6%), Kodak with (19.5%) and Konica Minolta. Thus, Kodak is the third largest supplier to global photographic products market share and since operates in a number of different markets, including photographic equipment, Film, electronic consumer goods, computing systems, and printing, it competes with general and specialised manufactures and retailers across the range of its products and services as well. Kodak faces strong competitive rivalry in the digital market in



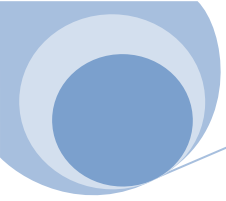
for UK society and aspects such as recycled products or the kind of packaging become increasingly decisive factors for UK consumers when purchasing goods. For instance, according to Datamonitor, policies from the EU and UK government regarding this issue passed a directive concerning the waste Electrical and Electronic Equipment directive, which became EU law in 2003. It established collection, recycling and recovery targets for all types of electrical goods and imposed the responsibility for the disposal of electrical and electronic equipment on manufactures. Together with the recycling end-of-life products, restriction of hazardous substances directive took affect for the EU members in 2006 regarding use of hazardous material. This type of directive would increase bargaining power of suppliers. Because if manufacturers are required to use recyclable materials in production, suppliers may be able to charge more based on the limited number of options manufactures have.

Supplier power for those who supply specialist products for manufactures expected to be higher than suppliers of general non-specialist commodities. Specialist products usually have few suppliers, which strengthen the power of supplier. Kodak depends on a range of raw materials that are usually easy to achieve. For the film processing industry, silver as well as specialist aluminium products for photographic plates are important components. Kodak gains its supply of these components from a diversity of companies on a contract basis or on demand. For the manufacture of photographic paper, it requires a source of paper-based materials from various suppliers.

- ***Bargaining Power of customers***

Bargaining power of buyers can change over time (Recklies, 2001). For instance, if GDP in the UK decrease, the demand for new products would apparently drop along with the drop in disposable income of buyers.

In addition to end- consumers, there are massive range of buyers for photographic equipments from the major producers including catalogue companies, online retailers, department stores, supermarkets, warehouse outlets, and high street vendors. Although there are specialist photographic retailers for niche photographic equipment, nevertheless there is generally limited differentiation between different sellers. This could be explained as the casual consumers with limited technical awareness, make the most volumes of sales, which regardless of being very price conscious tends to buy lower specification models on impulse.



c. SWOT analysis

Implementing SWOT analysis model for strategic planning and environmental analysis, Strengths, Weaknesses, Opportunities, and Threats involve to Kodak in the UK could be evaluated as following:

- **Strengths**

The key strength of Kodak is its Brand name, which is synonymous with photography and filming technology and remands its long time reputation for innovation. Kodak has been able to establish a well-known, trusted brand over long time even could won numerous awards and accolades from famous organisations Such as OSCAR..

The company acquires massive skills, expertise and worldwide manufacturing and distribution network, which have established diversified sourced of revenue. Cross-licensing agreements opens additional channel for profits. Strengths and capabilities sources for Kodak would be massive financial investment in photography products, experience on customer service and corporate marketing, having intellectual property right and ability of the marketing function in a variety of corporate environments. The most essential strength of Kodak and its competitive advantage is implementing innovative and update technology. Historically principle of Kodak strategy had been strong customer focus, low- cost mass production (economy of scale), high profile advertising, and international distribution

- **Weaknesses**

The main weakness of Kodak has been its sluggish financial performance over the recent years. Kodak has been incapable to respond sufficiently to the financial crises and fragile economy recovery in the UK resulted from economic downturn that resulted to its financial loss. According to Datamonitor, lack of product diversification is another weakness of Kodak, which is resulted from insufficient reaction to the rapid change of digital technology.