

"Strategic Marketing Responses of Multinationals in Kenya: A Case Study of Eastman Kodak Company"

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Declaration

This is my original work and has never been presented for any degree award in any other university.

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Approval.

This research paper has been submitted with my approval as university supervisor

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Dedication

This is dedicated to Mr. Palmer Murithi Thambu, Chief Executive Officer, Millionaires Express Ltd.

He has been a source of inspiration as he tirelessly takes his most valuable time to mould me through the ranks of leadership.

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Abstract

Photographic industry has over the years been known to be one of the lucrative ventures especially in the local market. This has been facilitated by the fact that it requires heavy capital investment and a skillful art which has been a great hindrance of new industrial entrants, therefore making it a reserve of the few who went on to dictate the prices.

The industry has been dominated by Multinationals who supply almost all the consumables as well and the technology involved in processing. Spanning over five decades now, the local market has been dominated by four major competitors namely Eastman Kodak, Fuji, Agfa and Konica in that order. The famous Polaroid wrapped up its market share as competition and technological challenges took to new heights in the 1980s.

However, over the recent past, stiff competition has been experienced in the industry forcing more competitors to close shop including Konica and Agfa. This has forced Eastman Kodak to device not only survival strategies in but also long-term and growth oriented strategies to retain and gain more market share.

Therefore this study focuses on those factors that have influenced those strategies.

CHAPTER 1. Introduction

1.1 Background

Sparc (2002) describes strategic marketing responses as the main marketing strategies for meeting the needs that have been identified, along with the intended outcome of success for the venture in the market. This is as a result of situational assessment of the market through research and analysis.

World over, the marketing of goods and services is affected by the popular 4 Ps proposed and popularized by McCarthy (1960) often referred to as the marketing mix. These include; product, price, promotion and place.

According to Kotler (1998), the product aspects of marketing deal with the specifications of the actual good or service, and how it relates to the end-user's needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantee and support.

Over time, more companies are oriented to a consumer based approach where they understand the needs of the consumer and the design the product according to those needs. On the other hand, pricing which happens to be an integral point of product value pronounces the process of setting a price for a product, including discounts. The price need not be monetary - it can simply be what is exchanged for the product or service, e.g. time, or attention. Equally important is promotion which comprises of advertising, sales promotion, publicity, and personal selling, and refers to the various methods of promoting the product, brand, or company while place stands for the location of product or service delivery in a nut shell availability of products and services often addressed by the distribution channel. According to Aker (1996) the mix forms a crucial foundation to positioning of the brand in the market.

However, in the recent past many more Ps have emerged which also pose a great potential to the influence of marketing strategies. These include: people, processes and packaging. Barlon,

K. (2006) notes that even though the 4ps are highly influential, they do not capture satisfactorily the main influences of marketing strategies especially in the service sector. People are perceived to play a great role in this regard. This includes any person coming into contact with customers. Whether as part of a supporting service to a product or involved in a total service, people are particularly important because, in the customer's eyes, they are generally inseparable from the total service. As a result of this, they must be appropriately trained, well vetted and the right type of person. Fellow customers are also sometimes referred to under 'people', as they too can affect the customer's service experience, (e.g., at a sporting event). On the other hand, a service cannot be experienced before it is delivered, which makes it intangible. This, therefore, means that potential customers could perceive the chance for success, it is often vital to offer potential customers the chance to see what a service would be like. This is done by providing physical evidence, such as case studies, testimonials or demonstrations and this entails process. To add to the list of Ps is packaging which is often the first contact that exists between a customer and the product. Packaging is also sometimes viewed as a subfield of placement if the primary intent of the packaging is to protect the product during shipping.

As the list of the Ps gets longer, its interesting to note the evolvement of "Philosophy" as the potential 8th P of marketing. Products (or services) should reflect the underlying philosophy or ethos of the product or service. It should also be clear what the philosophy behind the introduction of the particular product is, as well. Ian (1998) explains this concept as it relates to marketing for charities. It also applies to other products and services.

However, the original 4Ps concept was developed to help organizations to manage the four most important aspect of marketing. With the evolution brought about by the internet and web 2.0, organizations need to adapt a new perspective on these elements that is encompassing and strategic, not narrow and tactical. Idris (2001) came up with the concept of "New 4Ps" model

to supplement the traditional marketing 4Ps. They are Personalization, Participation, Peer-to-Peer and Predictive Modeling. Today, these are the directions that are cutting edge marketing is advancing.

Beyond the Ps of marketing, other fundamental factors that have come to the fore include organizational resources which give the organization a competitive edge in the industry, Relationships created as well as the business models adapted.

1.2 Overview of Photo processing Industry in Kenya

Njogu (2007) records the entrant to the photographic market in the country as early as the 20s when Multinationals; Kodak, Fuji, Agfa and Konica established the first Photo processing Studios in Kenya. The first photo processing machines mainly processed black and white photographs from a roll of film. As the Industry continued to grow world wide, the local Arena was not left behind. Ann (2006) details that in the 60s the multinationals continued to invest in more modern equipments that were easier to use and processed colour photos. As the market grew, the Multinationals launched franchises to do retail work as the Multinational concentrated on distribution and development. Since the Mid 80s the industry continued to grow and in the 90s the rapid growth was facilitated by the introduction of second hand photo processing equipments. To date we have over 200 retail outlets country wide branded either Kodak, Fuji Konica or Agfa that have equipments that process photos from a roll of film and are largely known as Traditional processing photo studios.

Although digital photo began in 1985 asserts Ann (2006), Kenya started experiencing and using the new photo processing technology in 2000 when Kodak through its retail outlets launched the Kodak Picture Maker Solutions. Although the picture maker processed digital photos the cost of output was too high and also consumers did not own digital cameras. In 2003 there was a rapid ownership of digital cameras and customers started asking for cheaper digital photo processing solutions. Some customers resulted in buying Laser printers and

using inkjet papers, which didn't give clear photos. Due to increased demand, Kodak launched the first digital photo processing equipment through one of its franchise Galaxy Kodak Express in November 2003. To date there are 25 digital enabled photo processing studios countrywide of which 6 are located outside Nairobi. With the increased demand of digital processing, Studios have adopted different strategies to cope with the changes in the business environment in order to survive.

Major escalation of the environmental turbulence means a change from a familiar world of marketing and production to unfamiliar world of new technologies, new competitors, new consumer attitudes, new dimension of social control and above all unprecedented questions of the firm's role in the society. In order to survive in this very dynamic environment, organizations need strategies to focus on their customers and to deal with the emerging environmental challenges. This has seen a formidable change of the photography industry from once lucrative traditional processing to the digital revolution experienced today.

Nevertheless, the enormous changes in the photographic industry have come with unique contributions to the society including; info imaging, display technologies, introduction of technology for producing thin, flexible, lightweight displays, wireless imaging, invention of the famous traditional processing, introduction of the first Capture medium for x-rays as well as sale of printing and publishing material.

However, as new capabilities arise, the biggest decision for Kodak and other imaging companies will be choosing the opportunities to pursue

1.3 History of Eastman Kodak.

Eastman Kodak is a renowned American based global company that has gone through several strides to become the leading company in photography in the world. Born as a partnership between George Eastman and Henry A. Strong in 1881 further to the patent of Plate coating

machine the previous year, Eastman Kodak went through many changes both in names and operations to what is known today as “Eastman Kodak Company”

Known as the Eastman Dry Plate Company at the inception in 1881, the focus was to simplify photography, which saw introduction of film rolls in 1883 and launch of Kodak Camera later in 1888. The 1883 development as well as change of shareholder base to 14 led to change of name to Eastman Dry Plate and Film Company. The company was later to be named as Eastman Kodak Company since 1892, when Eastman Kodak Company of New York was organized. In 1901, the present firm -- Eastman Kodak Company of New Jersey -- was formed under the laws of that state.

Eastman built his business on four basic principles of, Mass production at low cost, International distribution, Extensive advertising and a focus on the customers.

These were guided by three policies; foster growth and development through continuing research, treat employees in a fair, self-respecting way and reinvest profits to build and extend the business

Kodak's history has therefore been one of progress in developing these basic principles and policies all the way to be a leader in photography even in the digital revolution that we are experiencing today.

Having had a lot of experience in the international market, Eastman Kodak company took strides to open up houses (subsidiaries) in African i.e. Nigeria, Kenya, Egypt and South Africa. These acted as hubs of distribution to the entire continental market with each subsidiary managing a cluster comprising of a region (different countries).

Njogu (2007) establishes that Eastman Kodak Company set up a house (subsidiary) in the local market (Kenya) in 1974 to manage the products throughout the East African region with only two branches in Nairobi and later on opening one in Mombasa. However, most of these subsidiaries in African have been closed to adopt a more efficient model of appointment of distributors to supply Kodak products throughout the regions. This led to the sale of most of the subsidiaries operations to distributors.

1.4 Research Problem

A number of studies have been done in Kenya on the responses to challenges in various industries. Njau (2000) carried out a study on strategic responses used by East Africa Breweries Ltd and concluded that a change in the competitive position would require the company to decide on strategies to adopt. In the oil industry, Chepkwony (2001), made an inquiry into the strategic responses of petroleum firms in Kenya to challenges of increased competition in the industry. Isaboke (2001) also did an investigation of the strategic responses by major oil companies in Kenya to the threat of the new entrants into the oil Industry. Kandie (2001) was concerned with the strategic responses Telkom Kenya Ltd is using to cope with the competitive environment. Gathogo (2001) set out to identify the strategies that the commercial banks have applied to respond to changes in the environment.

Although extensive research has been done on how some industries have responded to the challenges in the environment, no documented research has been done on the strategic marketing responses of Eastman Kodak in the Kenyan market except a research done by Ann (2006) on the responses of traditional studios to challenges posed by digital photography in Nairobi that tended to enlighten on the digital revolution effects and responses in the local market.

This research therefore seeks to identify and analyze the strategic marketing responses of Eastman Kodak Company to the Kenyan market in a view to enlighten on the marketing responses used by international organizations in Kenya.

1.5 Research Questions

- a) What products entail the photographic industry?
- b) What are the major services offered by Eastman Kodak?
- c) How has the competition in the industry changed over time?
- d) Who are the major players in the industry?
- e) Who are the main customers of Eastman Kodak products?
- f) What are the expected problems of selling across national boundaries?
- g) Which are the major strengths and weaknesses of Eastman Kodak Company?
- h) What is the current company's structure like and how has it changed over time?
- i) What are the expected changes in the market in the near future?

1.6 Research Objective

- a) To understanding the strategic marketing responses adapted by Eastman Kodak in Kenya.
- b) To evaluate the environmental changes affecting the photographic industry.
- c) To enlighten on the strategic marketing responses adopted by international organizations in the local market.

1.7 Significance of the study

Since its establishment back in 1881, Eastman Kodak has been a success story both in growth and profitability. Established as a partnership then, it concentrated in selling its products in the American market and by extension to the European markets. This has since changed further to

decades of innovation, growth in distribution and change of leadership to one of the leading renowned global company with establishments in almost all corners of the world and with their products all over the world.

However, with the current globalization revolution, Eastman Kodak Company has consistently faced high competition especially from the other players in the Industry and besides its high innovation; competition as well as the pressure to cut down on costs are biting hard. With this in mind, There is need to reevaluate some of the marketing strategies given the current environment and strategize on the way forward in order to stay abreast of the competition in the global market.

At the same time, this study will be of great interest to those individuals in the photographic industry or wishing to invest in the industry by giving them important information on the performance as well as the trends of the industry, the marketing fraternity on national marketing trends and influences, the international firms on enlightenment of the possible challenges in the local market, economic planners to be able to analyze the expected potential of the industry over time and to the academicians, the study will be important as addition knowledge and can form a basis of future research.

1.7 Scope of Study

This study is limited to the photographic industry and more so on the operations of Eastman Kodak Company with a special focus on strategic marketing responses adopted by Eastman Kodak Company in the Kenyan market.

CHAPTER 2. Literature Review.

2.1 Introduction – Marketing Strategies and Environmental challenges

The American Marketing Association defines marketing as "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives."

A marketing strategy is a process that can allow an organization to concentrate its (always limited) resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage asserts Aker (1996). A marketing strategy; which also serves as a foundation of marketing plan is most effective when it is an integral component of corporate strategy, defining how the organization will engage customers, prospects and competitors in the market arena for success. It is partially derived from broader corporate strategies, corporate missions, and corporate goals. They should flow from the firm's mission statement. They are also influenced by a range of micro-environmental factors.

Kotler (1998) asserts that a good marketing strategy should integrate an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. Many companies cascade a strategy throughout an organization, by creating strategy tactics that then become strategy goals for the next level or group. Each group is expected to take that strategy goal and develop a set of tactics to achieve that goal. This is why it is important to make each strategy goal measurable.

Chetley, Andrew (1986) labels marketing strategies as dynamic and interactive. They are partially planned and partially unplanned. Marketers use an assortment of strategies to guide how, when, and where product information is presented to consumers. Their goal is to persuade consumers to buy a particular brand or product.

Ian (1998) notes that successful marketing strategies create a desire for a product. A marketer, therefore, needs to understand consumer likes and dislikes. In addition, marketers must know

what information will convince consumers to buy their product, and whom consumers perceive as a credible source of information. Some marketing strategies use fictional characters, celebrities, or experts (such as doctors) to sell products, while other strategies use specific statements or "health claims" that state the benefits of using a particular product or eating a particular food.

2.2 Key elements of a successful marketing strategy

One of the key elements of a successful marketing strategy is a thorough understanding of who ones customers are and what "needs" they are looking to satisfy says Ian (1998).

Customer groups or segments can be identified and each targeted with marketing activity that specifically addresses their particular needs.

Barney (1991) spells out that in order to meet customer needs and remain competitive, it is important to identify and respond to any changes in customer needs and attitudes in a certain industry and in the broader economic climate. It is therefore vital that one assesses his/her business environment when developing his/her marketing strategy.

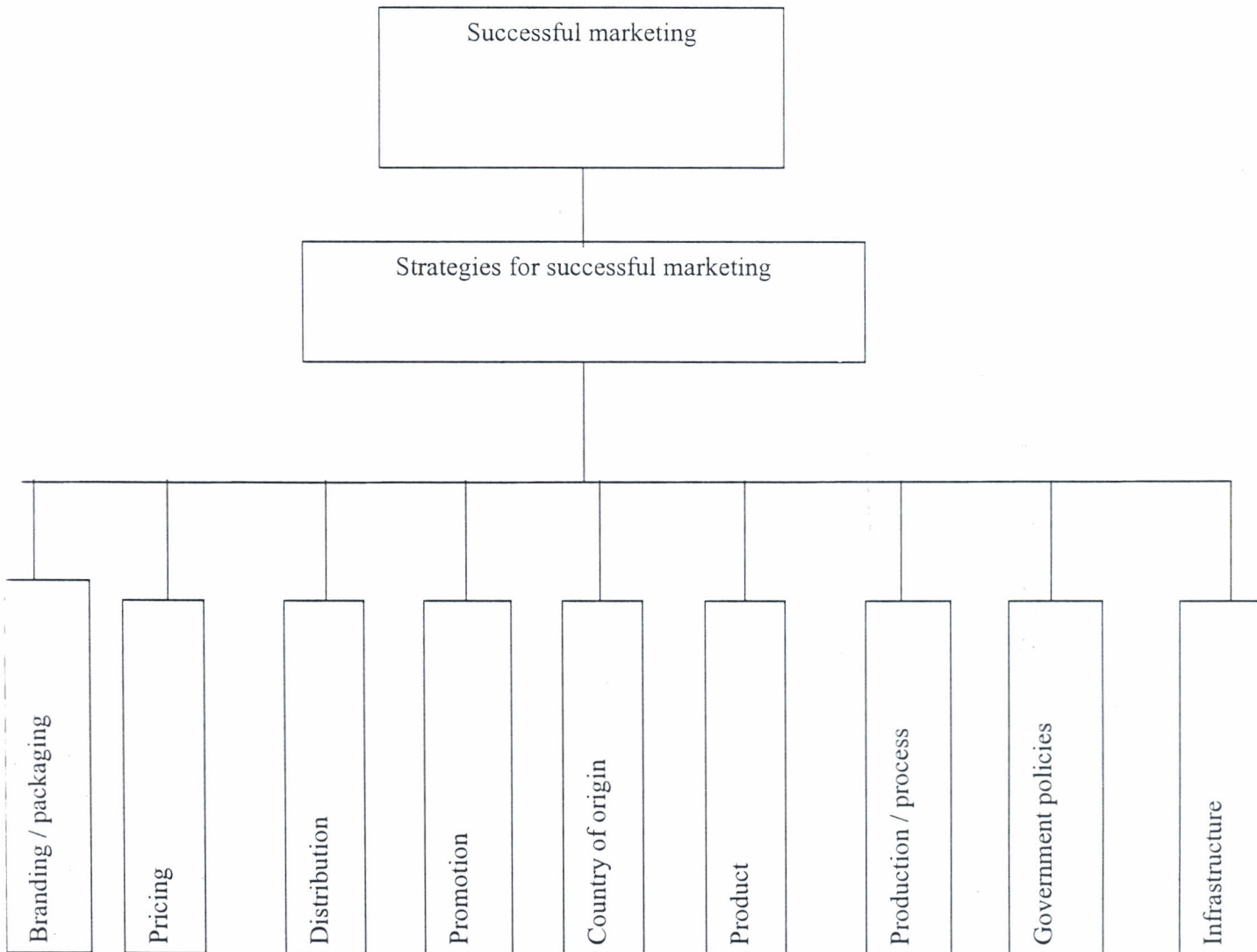
One can then create a marketing strategy that makes the most of his/her strengths and matches them to the needs of the customers they want to target. For example, if a particular group of customers is looking for quality first and foremost, then any marketing activity aimed at them should draw attention to the high quality service one can provide.

It is important to think through the consequences of ones marketing strategy to make sure it's realistic. For example, there is no point in basing a strategy on rapid growth if one won't be able to produce enough goods. The best strategy will definitely reflect on ones own strengths and weaknesses.

A key element often overlooked is that of monitoring and evaluating how effective your strategy has been says Culliton (1948). This control element not only helps one to see how the strategy is performing in practice, it can also help inform ones future marketing strategy.

2.3 Conceptual Framework

For successful marketing strategies, the following key factors are of great consideration.



Branding involves positioning of a product in consumers mind. It builds on the consumer perception about a brand and is a key strategy to keep a competitive edge in the market. This can be achieved through various ways including: packaging, distribution network, pricing, advertising, country of origin, quality and colours.

On the other hand pricing gives the value equivalent of a product in monetary terms. This measure helps distinguish a product from the competition. High priced product is often perceived as a high quality product while a low priced product is often associated with low quality. It's worthy noting that the price of a product highly influences its branding.

Above this the components of the product are of great influence E.g. the chemical or technological composition of the product. Materials used as well as environmental and health hazards considerations help to sell the product by providing the important feature to the consumers adds Chetley, Andrew (1986).

However, these features can only be communicated to the consumers through promotion which deals with how the product is communicated to the consumers in the market. As such, it goes a long way to build on the brand equity. E.g. Through advertisements, sponsorships, samples etc.

According to Barlon (2006) distribution defines a strategy that helps to relay the product to the ultimate consumers. An exclusive distribution is often used for segmented market while an extensive distribution is often a prerequisite of a mass market product.

Over time though, other major influences have evolved including: people;

The major influence under this factor is the culture of specific community which affects not only the consumption of the product but also the perception of the product in the community. Country of origin; Some countries are well known to put a lot of effort in their products eg the European product while others are perceived to be less concerned with the quality hence product association with different countries of origin is a sure way to influence consumer

perception. More importantly, government policies which mainly consist the rules and regulations established by the government either to safeguard the interests of the industry, consumers or revenues pose a big challenge to marketing strategies especially to the otherwise considered environmentally or socially unfriendly products eg drugs details Yabs (2007). This in essence affects the marketing strategies adopted as they have to in one way or the other adhere to certain rules and regulations especially in advertisements and pricing. Remotely discussed however is the process element notes Borden, N. H. (1964); The production systems are of great influence to the marketing strategies as they direct on when the products will be available in the market besides dictating the quality of those products. On the other hand Infrastructure greatly influences the location of the manufacturing plant as well as the communication network to different markets which is of great consideration especially in the establishment of strategies of successful marketing. Lastly is the packaging issue which comprises the presentation design, colors and shape of the product.

2.4 Other considerations

2.4.1 Strengths and Weaknesses

Barney (1991) explains that one's strategy must take account of how one's business' strengths and weaknesses will affect his/her marketing.

For an effective strategy, one must begin his/her marketing strategy document with an honest and rigorous SWOT analysis, looking at his/her strengths, weaknesses, opportunities and threats asserts Foss, N. J. (1997) .

Having done his/her analysis, one can then measure the potential effects each element may have on his/her marketing strategy eg if new regulations will increase the cost of competing in a market where someone is already weak, one might want to look for other opportunities. On the other hand, if someone has a good reputation and his/her key competitor is struggling, the regulations might present the opportunity to push aggressively for new customers.

2.4.2 Considerations in developing a strategy

Guiltinan et al, McGraw Hill/Irwin (1996) observes that when developing a marketing strategy one is often required to answer the following questions; What changes are taking place in our business environment? Are these opportunities or threats? What are our strengths and weaknesses? What do I want to achieve? Are the objectives clear and realistic? What are customers looking for? What are their needs? Which customers are the most profitable? How will I target the right potential customers? Are there groups that I can target effectively? What's the best way of communicating with them? Could I improve my customer service? Which is the most cost effective way of gaining a competitive advantage over rivals, keeping customers, boosting sales and building a good reputation? Could changing my products or services increase sales and profitability? How will I price my product or service? What else

are my customers interested in? Quality? Reliability? Efficiency? Value for money? What is the best way of distributing and selling my products? How can I best promote my products? On this, options might include advertising, direct marketing, exhibiting at trade fairs, PR or marketing on the web adds Ian Bruce (1998). How can I tell if my marketing is effective? A small-scale trial can be a good way of testing a marketing strategy without committing to excessive costs.

Before looking at new markets, one must think about how he/she can get the most out of his/her existing customer base - it's usually more economical and quicker than finding new customers asserts Gagnon S (Feb 1999) .

One must consider whether he/she can sell more to his/her existing customers or look at ways of improving the retention of key customers by focusing on the market by analyzing the different needs of different groups of customers, focusing on a market niche where one can be the best as well as aiming to put most of his/her efforts into the 20 per cent of customers who provide 80 per cent of profits.

Besides, one has to keep a follow up mechanism follow-up. One must put up marketing strategy into effect with a marketing plan that sets out actions, dates, costs, resources and effective selling programmes as well as measure the effectiveness of what one does. Be prepared to change things that aren't working and avoid the pitfalls of making assumptions about what customers want, ignoring the competition, trying to compete on price alone, relying on too few customers, trying to grow too quickly, becoming complacent about what one offers and failing to innovate.

Although marketing of products is pivotal to all organization, responsible product marketing has been recommended to curb the extremes since consumers rely on product advertisements and product labels for features education. The American Association of Advertising Agencies

standards of practice (1990) states that responsible product marketing strategies should: avoid vague, false, misleading, or exaggerated statements, avoid incomplete or distorted interpretations of claims made by professional or scientific authorities and avoid unfair product comparisons. Advertisers must also consider the long-term consequences or potential for harm stemming from their claims. While these recommendations are important in developed countries, they become even more critical in international marketing campaigns. Taylor (1998) warns that it is also important for consumers to recognize their role in evaluating health claims and product comparisons. While advertisers are aware of the need for truth in advertising, sometimes their desire to sell products over-shadows an accurate disclosure of product attributes. Advertisers should bear in mind that inaccurate or vague attributes claims have the potential to cause economic hardship, illness, and even death. Lastly, marketing strategies used in developing nations should be subjected to the highest standards of truth in advertising.

2.5 Environmental factors that affect marketing strategies.

Lars Permer (2002) enlightens that the marketing environment involves factors that, for the most part, are beyond the control of the company and thus, the company must adapt to these factors. It is important to appreciate how the environment changes affect the marketing strategies so that a firm can adapt its strategies appropriately. Some of the factors include: the activities of the competitors which often "creep" in and threaten to take away markets from firm. For example, according to Barney (1991), Japanese auto manufacturers became a serious threat to American carmakers in the late 1970s and early 1980s due to their affordability as a result of their cost effectiveness and customer needs focus. On the other hand the performance of the economy greatly affects the marketing strategies as a result of some firms being particularly extremely vulnerable to changes in the economy. Consumers tend to put off buying a new car or building new homes in bad times. In contrast, in good

times, firms serving those needs may have difficulty keeping up with demand. However, all over the world businesses are very vulnerable to changes in the political situation. For example, because consumer groups lobbied legislative organs, more stringent rules were made on the terms of car leases. The tobacco industries as well as alcoholic beverages industry are currently the target of much negative attention from government and public interest groups. Besides, firms are very vulnerable to changing laws and changing interpretations by the courts. Firms are significantly limited in what they can do by various laws—some laws, for example, require that disclosures be made to consumers on the effective interest rates they pay on products bought on installment. A particularly interesting group of laws relate to antitrust. These laws basically exist to promote fair competition among firms.

Similarly, changes in technology may significantly influence the demand for a product. For example, the advent of the fax machine was bad news for Federal Express. With other factors like Social Cultural factors; increased need to store memorable moments, increased vacations, authenticity, and lifestyle has resulted to increased need for photos, which has continually increased the market share.

Products come in several forms: consumer products which can be categorized as convenience goods, for which consumers are willing to invest very limited shopping efforts. Thus, it is essential to have these products readily available and have the brand name well known. Shopping goods, in contrast are goods on which the consumer is willing to invest a great deal of time and effort. For example, consumers will spend a great deal of time looking for a new car or a medical procedure. Specialty goods are those that are of interest only to a narrow segment of the population e.g., drilling machines. Industrial goods can also be broken down into subgroups, depending on their uses. On the other hand, product life cycle serves as a key element as briefly explained by Kotler (1998). Since the product is not well known and is usually expensive at the introduction stage (e.g., microwave ovens were in the late 1970s),

sales are usually limited. Eventually, however, many products reach a growth phase and sales increase dramatically. More firms enter with their models of the product. Frequently, however, the product will reach a maturity stage, where little growth will be seen. For example, in the United States, almost every household has at least one color TV set. Some products may also reach a decline stage, usually because the product category is being replaced by something better. For example, typewriters experienced declining sales as more consumers switched to computers or other word processing equipment. The product life cycle is tied to the phenomenon of diffusion of innovation. When a new product comes out, it is likely to first be adopted by consumers who are more innovative than others—they are willing to pay a premium price for the new product and take a risk on unproven technology. It is important to be on the good side of innovators since many other later adopters will tend to rely on the innovators who are thought to be more knowledgeable about new products for advice. Therefore different strategies would be prudent at different stages. Lastly, Infrastructure plays a pivotal role by defining the ease of the movement of products from one location to another and therefore affects distribution, which goes further to describe the market share a fact that affects the strategies to be used in reaching various markets.

2.6 Reactions of External environment analysis

The analysis of the external environment has become a key task within the process of creating a marketing strategy. An understanding of the nature of the environment is important, as is a familiarity with the tools and frameworks of analysis. The ability to understand the impact of the external environment upon an organization will not guarantee marketing success, but to ignore the external environment is highly likely to make failure a distinct possibility.

According to Pearce and Robinson (1997) due to the rapid change in the environment, the crucial responsibility for managers will be ensuring their firm's capacity for survival. This

will be done by anticipating and adapting to environmental changes in ways that provide new opportunities for growth and profitability

Boseman (1989) argues that although the basic philosophy of serving the customers needs by producing goods and services efficiently is still dominant concern of management in the organizations, today's rapid, turbulent and often unpredictable environmental changes have caused the focus of managers to shift. Managers now try to anticipate the future and prepare for it by formulating and implementing effective marketing strategies. According to George A. Steiner, "A company may overcome inefficient internal resource use if its basic strategy is brilliant, but it is not likely to overcome inefficient internal wrong strategies even with excellent production and distribution performance". The ideal situation, of course is for an organization to design brilliant marketing strategies and implement them effectively and efficiently. Strategy aims at identifying factors in the environment, which influence the capability of an organization to position itself to such advantage through initiation of rewarding marketing strategies.

CHAPTER 3. Methodology

3.1 Research Design.

This study focuses on case study to seek answers on the strategic marketing responses of Eastman Kodak in Kenya. This will enable the researcher to get adequate information from the organization under study.

3.2 Population of Interest.

The target population entails the Eastman Kodak East African cluster representative offices based in Nairobi and the local representative distributors offices based in Nairobi and Mombasa. This forms a representative study group to understand the strategic marketing responses of Eastman Kodak company.

3.3 Data collection method

The study mainly relies on primary data which is to be collected through use of open ended questionnaire (Refer to the attached questionnaire).

The research tool is to be administered through a face to face interview with the marketing managers and business development managers of Eastman Kodak company in the local market as well as the sales and marketing team of representative offices in Nairobi and Mombasa.

3.4 Data analysis

To achieve the objective of the study, the study is to employ descriptive statistics. The collected information is to be analyzed and then interpreted to show the strategic marketing responses of Eastman Kodak Company in the local market.

CHAPTER 4: Data Analysis and Findings.

4.1 Introduction

The objective of this study was to understand the strategic marketing responses adopted by Eastman Kodak Company in Kenya. The study was also designed to evaluate environmental changes affecting the photographic industry in Kenya with specific reference to Eastman Kodak Company. The questionnaire was divided into two sections. The first section was carried general questions on company and personal data. The second and last section had questions relating to consumer and product information. The questionnaire had both closed and open ended questions. It had been administered by the researcher as a guide for the interview with the feedback being noted by the researcher. The filled questionnaires were then analysed using descriptive statistics and content analysis.

The research questionnaire guide was filled with the help of the marketing managers and business development managers of Eastman Kodak Company in Kenya as well as the sales and marketing team of the representative offices in the Kenyan market. The marketing, business development managers as well as the marketing team of representative offices in Kenya had worked in the company for an average period of 11 years. This therefore makes the marketing team an important respondent to the questionnaire as they are in a better position to be conversant with the activities of the firm and specifically with the strategic marketing responses employed by the firm since they has been working for the firm for a relatively long time. The analysis of time period the marketing team had worked in the company is depicted in table 1 below.

Table 1: Analysis of duration the marketing managers had worked in the form

Position	Duration worked
Marketing manager	6
Business development manager	8
Sales and marketing manager of representative office	6
Key accounts manager of the representative office	15
Regional manager of Mombasa representative office	20
Average duration worked	11

The marketing and business development managers have not only worked in Nairobi but also in other parts of Africa such as Uganda, Tanzania, Ethiopia, Eritrea, Congo, Nigeria and South Africa. They therefore have a global knowledge to the operations of the business as they are widely travelled and must have mastered a global feel of the strategic marketing strategies employed by the Eastman Kodak company.

From the question on what size the firm serves, Eastman Kodak Company serves a wider market not only in Africa but also the rest of the world. The marketing manager reiterated that the company serves a continental market. This is of great importance to the company. When one market fails the firm, it can always bank on the other markets elsewhere to make up for the lost market. On the question of how many employees in the firm were supervised, the majority of the respondents had less than ten employees supervised. Out of these, majority of them were university graduates while less than 20% were certificate or diploma graduates. None of the supervised employees fall under the secondary level or below secondary level. This is presented in table 2 below.

Table 2: Analysis of employees supervised by percentage per branch

Education level	Average number of employees supervised	Percentage (%) of employees
University	8	80
Certificate or diploma	2	20
Secondary school level	0	0
Total	5	100

From the responses, it was observed that the marketing team is involved in all decision making levels from strategic level, functional level to operational level of decision making. The fact that the marketing team is involved in all decision making levels is important as it shows that the company considers the marketing function to be very central in the management of the business. From the organisation structure of the company, it could also be observed that the marketing department is ranked high. This makes the marketing team very pivotal in coming up with marketing strategies and executing them so as to catapult the firm into prosperity in terms of improving the bottom-line and having a strategic marketing advantage.

4.2 Consumer and Product Information

Eastman Kodak Company's majority customers are institutions and lab owners. This places the organisation in a very strong position in regard to the client base. The company depends less on the walk-ins and professional clients. This can be depicted in table 3 below.

Table 3: Analysis of monthly customers by percentage

Type of customer	Number of customers	Percentage in volumes (%)
Institutions	29	28.6
Walk-ins	320	18.6
Lab owners	210	41.6
Professionals	125	11.2
Total	1,120	100

From the empirical data it was also observed that most of the revenue the company collects in a month comes from both institutional clients and lab owners with the lab owners scoring a high of approximately 40% and lab owners registering 30%. The analysis of the contribution of each class of customer to sales in terms of percentages is presented in table 4 below.

Table 4: Analysis of customer contribution to sales in terms of percentage

Type of customer	Percentage of sales (%)
Institutions	42
Lab owners	30
Professionals	16
Walk-ins	12
Total	100

The company offers a wide range of products to its clients. These include photo processing, photo processing equipment, photo processing inputs and photographic accessories. There are no other products that the company offers apart from the ones listed. The contribution to sales in terms of percentages of each product is presented in table 5 below:

Table 5: Analysis of product contribution as a percentage of sales

Product	Percentage contribution (% of sales)
Photo processing	60
Photo processing inputs	25
Photo processing equipment	10
Photographic accessories	5
Total	100

From the analysis in the table above, photo processing contributes a lot in terms of percentage of sales and is therefore their major product.

Asked to rate the enlightenment of their customers to the products that they offer, the company claims that most of its clients are very enlightened about the products of the company. This is consistent given the fact that most clients are institutions and lab owners who have the highest level of understanding and therefore are more enlightened about the products they purchase. The analysis of the perception of clients by marketing team in various positions of the company is given in table 6 below.

Table 6: Analysis of the level of enlightenment

Level of enlightenment	Weight
Very enlightened	4
Average	1
Less enlightened	0.5
Not enlightened at all	0

Asked on what goals the company considered most important in the local market on a scale of 1 to 4, growth was given the highest score at 4 followed by being a market leadership which was given a score of 3. survival followed with a score of 2 and profitability was ranked least with 1 score. The analysis of goals in the local market the company considers most important is presented in table 7 below.

Table 7: Analysis of goals in local photographic market in order of importance

Goal (in local market)	Score (Weight)
Survival	2
Market leadership	3
Growth	4
Profitability	1

The fact that growth was ranked as the first goal by giving it the highest weight is understandable on the grounds that regardless of the immediate intense competition in the photographic industry, most of the competition is edging out of the market. Most of the firms in the photographic industry are therefore looking at ways to cash and exit the market. However, the growth in this industry is also considered to be marginal with optimism of rapid improvement due to exit of the other major players.

Eastman Kodak Company also considers their pricing and quality of services to be competitive in the market. Kodak enables a consumer experience through a broad array of affordable products and services and motivates them to memorialise their lives through their products and retail services. The company also enables its partners and retailer to grow revenue and profit by driving foot traffic with the best selection of imaging products and

services with value worth investment, trusting Kodak to deliver the best solution independent of technology.

4.3 Challenges and Marketing Response Strategies

One of the challenges the company is facing is the declining sales of the film processing worldwide by over 50% annually. This is due to the digital transformation worldwide. This has forced even the bigger industry players such as AGFA and Konica to exit the market. This exit has also posed another challenge. AGFA dumped products in the African market at cheap prices as they exited the market. Konica is also expected to employ the same strategy as they exit.

Konica is aiming to become more powerful corporate group by swiftly meeting market changes and pursuing selection and concentration. They will be concentrating their business resources on non-consumer businesses, such as the core business technologies field, the strategic optics and display devices field, and the growth expected from medical imaging and sensing fields, increase competitiveness, and endeavour to further expand corporate value. Other products from Lucky and Mitsubishi companies are also available in the local market at very low prices. Given that most Kenyans live below the poverty line, anything cheap sells thus posing a major challenge to genuine high quality products from Kodak Company.

These challenges have elicited strategic marketing responses from the Eastman Kodak Company. Kodak has adopted a 'last man standing' strategy. The company believes that film is still viable and profitable business especially in Africa; Kenyan market included. This is because film is still affordable to purchase, shoot and process. The traditional 35mm camera ownership is still relatively high in the local market (76% of households). In lieu of these factors, the company believes that since it is the main player in the 35mm film camera and

given the fact that many people do not still own cameras, it can capitalise on the opportunity to improve its position in the market. The 'last man standing' strategy is therefore a marketing response strategy that takes the advantage of the fact that other firms have left a client base that has not yet been fully exploited. It is therefore the responsibility of the Eastman Kodak to take advantage of this market and exploit it.

Eastman Kodak Company has also adopted a long term strategy of building strong Kodak branded retail network. This is in response to the aggressive pricing, competition and worldwide paper decline of 8% and the 20 % growth in Africa. This strategy will be backed up by quality service and products supported by consumer marketing activities to drive more foot in store. The more clients troop into the store, the more the company will improve its profitability.

However, it still remains to be seen what would be the impact of the distributor model recently adopted by Eastman Kodak Company not only in Kenya but the rest of Africa. Whilst this model has been tested by most multinationals seeking to penetrate the Kenyan market and done well, it's the first attempt for Eastman Kodak Company. Therefore given its unique category of both fast moving consumer goods eg films, low end cameras etc as well as the long term goods e.g. processing machines etc alongside the distributor loyalty and support considerations presents not only a big challenge but also a basis of a key determinant of the future success of Eastman Kodak Company in the local market. .

CHAPTER 5: Conclusions and Recommendations

5.1 Conclusion

The study focused on the strategic marketing responses of multinationals in Kenya. It specifically focused on the strategic marketing responses employed by Eastman Kodak Company. From the responses, the company is optimistic that all is going well for them in the photographic industry. Given that the company serves local as well as continental markets, it has to put up winning marketing strategies to survive in this intensely competitive industry.

The marketing and business development managers have worked in different parts of the world and therefore have diverse knowledge of the global as well as local markets. Another important issue is that the marketing function is considered to be very important to the firm as it is placed high on the organisation structure. The marketing and business development managers also feature in all decision making levels of the company which confirms the notion that they are regarded very highly in decision making levels.

Eastman Kodak Company is capitalising on the fact that other major industry players such as Konica and AGFA are exiting a market they think has a future potential in terms of revenue accumulation given the fact that the 35mm camera market which propels film processing is major influence of the overly regarded as economical market due to the low per capital income of the consumers. With the exit of major players such as AGFA and Konica, the company has adopted the 'last man standing' strategy to further their dominance in this film sector.

Most of the customers of Eastman Kodak Company are institutional clients and lab owners who constitute about 72% of customer base with a 77% revenue contribution. The rest of the clients are professionals and walk-ins customers. The company also perceives their clients to

have to be very enlightened about their products. The major products they offer being photo processing, photo processing equipment, photo processing inputs and photographic accessories. Photo processing contributes the highest in terms of revenue at 60% followed by photo processing inputs at 25%.

Growth was considered the most important goal of the organisation in the local market with an average weight of four. This coincides with the studies that postulate that in a potential market, the most important goal of an organisation is growth. This was followed by market leadership, survival and lastly profitability. Competition in this industry is currently considered as very intense. However, whilst the growth is marginal an optimistic rapid growth in the near future, further to the reduced competition as a result of exit of Konica and Agfa is inevitable. The company also considers their services and pricing competitive.

Despite the aggressive pricing, competition and worldwide paper decline in Africa by about 8%, the company has adopted a long term strategy of building Kodak branded retail networks backed by quality services and products and supported by consumer marketing activities to drive more customers into their stores. This is in belief of the fact that the African market is growing by 20% annually. The branding is bound to increase the company's brand equity.

5.2 Recommendations for further research

The study proposes that more research be done on the whole industry to survey the strategic marketing responses employed by multinationals in Kenya. It may not be possible to generalise the findings of a case study hence the reason to propose a survey of the whole industry. The study also proposes that more research be done to determine the effectiveness of the last man strategy used by Eastman Kodak Company as a strategic response strategy.

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APPENDIX 1: COVER LETTER

TO: The.....
.....
.....

Date.....

REF: LETTER OF REQUEST TO CARRY RESEACH IN YOUR ORGANISATION

I am a MBA student with the School of Business, University of Nairobi. Pursuant to the fulfillment of the award of Master in Business Administration degree, am carrying out a research on “ *The strategic Marketing responses of Multinationals in Kenya; a case study of Eastman Kodak*” and the answer to the following question “ *what are the strategic marketing responses of Eastman Kodak in Kenya?*”

Further to your esteemed corporation being chosen for this study, I request you to complete / assist the interviewer to complete the attached questionnaire. The information and data provided is needed for the academic purpose only and will be treated confidentially.

Thank you for participating.

Yours truly,

Sign

Wallace Muchiri Mutwiri

Sign

Supervisor

APPENDIX 2: QUESTIONNAIRE

Section One: General personal Data

1. What is your position in the organization? -----
2. For how long have you worked for the organization?-----years
3. Which Have you worked for the organization in? Tick where appropriate.
Nairobi ()
Other parts of the country ()
East Africa ()
Out of East Africa () specify.....
4. What is the size of the market under you? Tick where appropriate.
Nairobi ()
Provincial ()
National ()
East Africa ()
Continental ()
5. How Many employees supervised?
None ()
Less than five ()
Between ten and twenty ()
Twenty and above ()
6. How many employees supervised fall under each of the following education levels?
 - a) Secondary School level and below-----
 - b) Certificate or Diploma-----
 - c) University-----
7. What decisions are you involved in?
 - a) Strategic ()
 - b) Middle level ()
 - c) Operational ()

Section Two. Consumer and product information

1. Who are the majority of your customers? Tick one.
 - a) Walk- In ()
 - b) Institutions ()
 - c) Lab owners ()
 - d) Professionals ()

2. What Services do you offer? Tick where appropriate.
 - a) Photo Processing Equipments ()
 - b) Photo processing ()
 - c) Photo processing inputs ()
 - d) Photographic accessories ()
 - e) All the above ()
 - f) Any other? Please specify.....

3. What is the contribution percentage in terms of sales of each of the above services offered by your organization?
 - a) Photo Processing Equipments.....
 - b) Photo processing
 - c) Photo processing inputs.....
 - d) Photographic accessories.....
 - e) Others.....

4. How would you rate the enlightenment of your customers on your products?
Tick one.
 - a)Very enlightened ()
 - b) Average ()
 - c) Less enlightened ()
 - d) Not enlightened at all ()

6. Rank the following goals in order of importance to your organization on a scale of one to four (1 – 4)

- a) Survival-----
- b) Growth-----
- c) Profitability-----
- d) Market Leadership-----

7. What's your view on photographic industry in terms of competition? Tick one.

- a) Very Intense ()
- b) Fairly Intense ()
- c) Negligible ()

8. What's your view on market growth potential in the photographic industry in Kenya?

- a) High ()
- b) Marginal ()
- c) Little or none at all ()

9. Do you consider your services and pricing competitive against the competition?

- () Yes () No

Explain briefly-----

10. What are some of the market challenges faced?

11. What strategies do you use to respond to these challenges?

Thank you for filling the questionnaire.