**Assignment 3**

Read:

1. **Case 2. Chinese Digital Payments Industry**

China has essentially replaced cash with smartphone-based digital payments apps in the retail

ecosystem between 2014 and 2017. Richard Lim, Managing Director of venture capital firm GSR

ventures said: “From a tech standpoint, this is probably one of the single most important

innovations that has happened first in China, and at the moment it’s only in China.” In 2016,

China’s mobile payments hit USD 5.5 trillion, roughly 50 times the size of the USD 112 billion

market in the United States. The number of total global transactions per day via WeChat and

Alipay is expected to surpass Visa and MasterCard in 2018. As China’s online payments

infrastructure is centered around these private smartphone-based payments network, companies involved in trade with China will need to create separate structures to link them with the international payments system currently dominated by credit cards.

References

The New York Times (17 July 2017), In Urban China, Cash Is Rapidly Becoming Obsolete,

https://www.nytimes.com/2017/07/16/business/china-cash-smartphone-payments.html

1. **Case 3. Kodak**

Kodak’s leadership was responsible for making amateur photography more widespread. Before Kodak developed their commercial cameras, only professional photographers could manage the complicated processes involved in taking and producing photographs. Kodak’s history is vast, and many events and decisions led to its failings.

Leaders at Kodak built a very successful business through a few key processes and practices. Retaining some of these processes may be why the business failed. As you work through this program, you will need to think about these key processes and practices to determine which are essential to keep to ensure success in the transformed business and which practices or

processes may need to be replaced or changed to accommodate a new, transformed vision for the business.

Kodak’s key business practices, processes, and approaches include the following:

• The founder of Eastman Kodak, George Eastman, determined that the business’s competitive philosophy should be grounded in the delivery of high-quality products and services. He believed that continued focus on high quality would consistently serve to keep Kodak a market leader (Mendes 2018, 3).

• Kodak’s leadership used the focus on quality, and their place in the market as a product of choice, to build a strong brand identity and loyal consumer base.

• The quality of digital photography was initially considered to be inferior to analog processes. Kodak’s leadership decided to continue to develop and promote analog 􀃒lm and photography due to the perceived higher quality of the product (Mui 2012).

• The business relied on the value of complementary products and services. Cameras were sold at low cost, while film and printing were costlier. Selling the cameras at a lower price made them available to a larger market and increased the demand for film and printing (Mendes

2018, 6).

* Business resources were focused on improving 􀃒lm and printing, with signifcantly less focus

on the development of equipment (Mendes 2018, 6).

• Kodak’s advertising positioned women as family archivers, responsible for capturing key moments in the lives and development of their families. Important events were marketed as “Kodak moments,” and female consumers were encouraged to preserve these moments

through photography (University of Cambridge 2012).

• A separate division was created to deal with digital product transformation, while the business remained predominantly focused on opportunities to advance analog products and to maintain consumer interest in film and printing (Shih 2016).

• Some digital product production was outsourced, but the knowledge of and insights from these processes were kept separate from, and outside of, the business (Pangarkar 2012).

• Logical, systematic decision making that was guided by strict adherence to the business model was favored over a more flexible approach. Adaptation to the market was excused because it conflicted with the existing business model. Because the business model had worked in the past, the expectation was that it would continue to work – even in the changing landscape of the industry (Mendes 2016).

• Changes in high levels of leadership became the repeated process for dealing with the failures in the business. Restructuring of the organization and its priorities occurred frequently (Pangarkar 2012).

Conclusion

The market for digital photography has developed, expanded, and changed since Kodak filed for bankruptcy in 2012. As you work through the ongoing project and other assignments for this program, refer to this resource and consider how Kodak could be turned into a successful, transformed business in the current market by capitalizing on the strengths of the business while adapting to the needs of consumers.

References  
Mendes, George. 2018. “What Went Wrong at Eastman Kodak?” <https://www.scribd.com/document/49598200/What-went-wrong-at-Eastman-Kodak>

Mui, Chunka. 2012. “How Kodak Failed.” Forbes, January 18, 2012 <https://www.forbes.com/sites/chunkamui/2012/01/18/how-kodak-failed/#4ea3c4ea6f27>

Pangarkar, Nitin. 2012. “A Failure of Focus: Lessons from Kodak.” <http://thinkbusiness.nus.edu/article/kodak/>

Shih, Willy. 2016. “The Real Lessons from Kodak’s Decline.” MIT Sloan Management Review, May 20, 2016. <https://sloanreview.mit.edu/article/the-real-lessons-from-kodaks-decline/>

University of Cambridge. 2012. “The Rise and Fall of Kodak's Moment.” <http://www.cam.ac.uk/research/news/the-rise-and-fall-of-kodaks-moment>