A Project Report

"An Analytical study of Fujifilm with Reference to Diversification"

Submitted to

G.S. College of Commerce & Economics

Nagpur

In partial fulfilment for the award of the degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

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Academic Year 2021 – 22

G.S. College Of Commerce & Economics, Nagpur

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CERTIFICATE

This is to certify that **"Janhavi Srinivasrao Veeramachaneni "**has submitted the project report titled **"(An Analytical study of Fujifilm with Reference to Diversification)'',** towards partial fulfilment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that she has ingeniously completed her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

DR. Afsar Sheikh
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Place: NAGPUR
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G.S. College Of Commerce & Economics, Nagpur

Academic Year 2021 –22

DECLARATION

I here-by declare that the project with title **"An Analytical study of Fujifilm with Reference to Diversification''** has been completed by me in partial fulfilment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Janhavi veeramachaneni

Place: NAGPUR

Date:

G.S. College Of Commerce & Economics , Nagpur

Academic Year 2021 – 22

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Janhavi veeramachaneni

Place: NAGPUR
Date:

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INTRODUCTION

INTRODUCTION TO DIVERSIFICATION

DEFINITION:

Diversification can be understood as the corporate strategy that a company implements to increase the market share and sales volume by introducing new products in new markets or industry, which is distinct from its core business.

Diversification refers to the expansion of business by entering into a completely new segment or investing in a business which is external to the scope of the company's existing product line. Businesses use this strategy for managing risk by potential threats during the economic slowdown.

TYPES OF DIVERSIFICATION

1. Vertically Integrated Diversification:

The form of diversification in which the firm intends to enter in the business which is associated with the firm's present business. In this way, the firm stays in the same business and moves ahead or reverse in the chain and introduces new product so as to enter the new business for the firm.

- Forward Integration:

It is a kind of vertically integrated diversification, wherein the firm decides to move ahead in the value chain that is directly related to the firm's existing business, so as to ease the distribution process.

- Backward Integration:

- In this type of integration, the firm opts to move backwards in the value chain so as to create an effective supply of the goods by expanding the business and entering the business of suppliers.

2. Horizontally Integrated Diversification:

In horizontal diversification, the firm acquires one or more than one business that are engaged in the similar business and at the equivalent level of production-marketing chain to enter into complementary goods, or taking over competitor's products.

- Related Diversification:

When the new business has some sort of connection with the existing business then it is known as related diversification. It includes the exchange of business assets by exploiting marketing skills, manufacturing skills — economies of scale, brand name, research and development, etc. Example: A cloth manufacturing firm enters into the distribution of clothes.

- Unrelated Diversification:

When the new business has no relation to the value chain activities of the company. It includes investing in new product portfolios, concentrate on multiple products, minimization of risk by operating in various product markets, implementation of new technologies. **Example**: An FMCG company enters into the textile industry.

3. Concentric Diversification:

It is similar to related diversification, wherein the new business entered into by the firm is associated with the existing business by way of process, technology or market. The newly entered product is a spin-off from the already existing facilities. Hence, there are advantages of synergy with the existing operations.

4. Conglomerate Diversification:

The conglomerate diversification is similar to unrelated diversification, there is no relationship between the new business or product and the existing business or product in any way.

ADVANTAGES OF DIVERSIFICATION

The following are the advantages of diversification:

1. As the economy changes, the spending patterns of the people change. Diversifying into a number of industries or product line can help create a balance for the entity during these ups and downs.

2. There will always be unpleasant surprises within a single investment. Being diversified can help in balancing such surprises.

3. It helps to maximize the use of potentially underutilized resources.

4. Certain industries may fall down for a specific time frame owing to economic factors. Diversification provides movement away from activities which may be declining.

DISADVANTAGES OF DIVERSIFICATION

The following are the disadvantages of diversification:

1. Entities entirely involved in profit-making segments will enjoy profit maximization. However, a diversified entity will lose out due to having limited investment in the specific segment. Therefore, it limits the growth opportunities for an entity.

2. Diversifying into a new market segment will demand new skill sets. Lack of expertise in the new field can prove to be a setback for the entity.

3. A mismanaged diversification or excessive ambition can lead to a company over expanding into too many new directions at the same time. In such a case, all old and new sectors of the entity will suffer due to insufficient resources and lack of attention.

4. A widely diversified company will not be able to respond quickly to market changes. The focus on the operations will be limited, thereby limiting the innovation within the entity.

INTRODUCTION TO DISTRUPTION

Business disruption refers to any innovation within an industry that radically and lastingly changes the way all companies in that industry operate. In this one product becomes popular enough to replace another product or service.

Many times, this product starts off at the bottom of the market. However, because of lower costs or higher accessibility to the customer, the product eventually gains such popularity that it replaces a product that was seemingly superior.

In most markets competition over time converges around a common definition of who the target market is and that in response, companies specialize in serving the needs of those particular segments which they protect at all costs.

To retain market share, as customer needs increase, companies must actively innovate, continually launching improved versions of their products to increase their perceived value for customers.

If a company stops improving its products, or if the pace of improvements is lower than the rate at which customers' needs increase, the product will lose relevance within that segment.

This behaviour in pretty much any industry. From smartphone vendors making their devices increasingly smarter, packing more features into every new model, to makers of consumer goods such as detergents and personal care products continually re-inventing their formulas and adding more valuable features to customers alo fil cameras market developed into digital camera.

They are all part of a race of continually increasing the perceived value of their products in the eyes of target customers.

However, because they are competing with other companies for the same customers and along the same dimensions of value (selling a better mousetrap), differentiation usually only provides temporary advantages.

Once a company joins that race, it has to run faster than the others, or it will be left behind. If the company stops improving its products, or if the pace of improvements is lower than the rate at which customers' needs increase, the company's products will lose relevance in that segment.

If a company produces a product that is way superior to other that all the sales of all the other products became zero and they are no longer able to sell in the market than it is called disruption

ADVANTAGES OF DISRUPTION

If a business can recognize disruption and adapt to it, it may often find new ways to grow. Businesses that take advantage of disruption may also change the industry they operate in, with the potential to profit off of its structure in the future. Advantages of disruption for a business include:

Improved business flexibility: -

Flexibility gained from disruption better prepares a business for the future. Because responding to the innovations of disruption requires a quick turnaround, businesses can learn to turn ideas into products or results faster. Disruption encourages a less rigid hierarchy.

New opportunities for growth: -

New markets and ways to increase sales may not be disruption itself, but business can discover growth opportunities during the disruption process. For example, if a business participates in disruption by creating a new mobile marketing campaign, they may also discover a new way to advertise or a new market they can sell products in.

Increased customer satisfaction: -

Because disruption results often align with customer needs, participating in disruption can increase your customers' satisfaction with your products or services.

DISADVANTAGES OF DISRUPTION

While disruption may ultimately aid a business in many ways, there are some inherent disadvantages to the nature of disruption and the effect it has on other businesses, including: -

Requiring risk: -

Disruption, even when done well, may not prove effective. Ideas may need to go through many phases of improvement before they become genuinely disruptive. There is not a single formula for disruption that guarantees success. Through testing and alterations, you may discover that your ideas fall short of becoming disruptions due to Marketing shifts, Stagnation and Unsustainable practices

Being unexpected: -

By nature, disruption is unexpected, and a business may cause a disruption by accident. To cause a successful disruption on purpose and achieve your desired results is rare. Often, the results of a company not adjusting to a disruption can be detrimental, possibly replacing the business altogether.

Taking time: -

Because disruption proposes the idea of replacing a marketable product with another similar one, the process can take a lot of time. Customers need time to understand, purchase and use a product. Building enough customer traction and retention could take many years.

COMPANY PROFILE

COMPANY PROFILE

Company name	FUJIFILM Corporation
Founded	January 20, 1934; 88 years ago
Founder	Daicel Corporation
Headquarters	Midtown West, Tokyo Midtown Akasaka, Minato, Tokyo, Japan
Area served	Worldwide
CEO	Teiichi Goto
Chairman	Kenji Sukeno
Products	Digital imaging, medical imaging, Photographic materials, Biologics manufacturing, equipment and services
Revenue	JP¥2.32 trillion (FY 2019)
Operating income	JP¥186.57 billion (2019)
Net income	JP¥124.99 billion (2019)
Total assets	JP¥3.32 trillion (2019)
Number of employees	73,906 (2019)
Website	www.fujifilm.com

FUJIFILM Corporation, Fujifilm, or simply Fuji, is a Japanese multinational conglomerate headquartered in Tokyo, Japan, operating in the realms of photography, optics, office and medical electronics biotechnology and chemicals.

The offerings from the company that started as a manufacturer of photographic films, which it still produces, include: document solutions, medical imaging and diagnostics equipment, cosmetics, pharmaceutical drugs, regenerative medicine, stem cells, biologics manufacturing, magnetic tape data storage, optical films for flat-panel displays, optical devices, photocopiers and printers, digital cameras, colour films, colour paper, photofinishing and graphic arts equipment and materials.

History

Former Fujifilm logo. The "Fuji" logo on the left was introduced in 1980, while the "Fujifilm" wordmark on the right was introduced in 1992. Both were replaced with the current logo in 2006.

Fuji Photo Film Co., Ltd. was established in 1934 as a subsidiary of Daicel with the aim of producing photographic films. Over the following 10 years, the company produced photographic films, motion-picture films and X-ray films. In the 1940s, Fuji Photo entered the optical glasses, lenses and equipment markets.

After the Second World War, Fuji Photo diversified, penetrating the medical (X-ray diagnosis), printing, electronic imaging and magnetic materials fields. In 1962, Fuji Photo and UK-based Rank Xerox Limited (now Xerox Limited) launched Fuji Xerox Co., Ltd. through a joint venture.

From the mid-1950s, Fuji Photo accelerated the establishment of overseas sales bases. In the 1980s, Fuji Photo expanded its production and other bases overseas, stepping up the pace of its business globalization. Meanwhile, Fuji Photo developed digital technologies for its photo-related, medical and printing businesses.

As a result, it invented computed radiography (CR), which solved a number of issues of traditional radiography, resulting a decrease of radiation exposure to both technician and patient. Fujifilm's systems were marketed and sold under the FCR brand.

Like its rival Eastman Kodak which dominated in the US, Fuji Photo enjoyed a long time near-monopoly on camera film in Japan. By becoming one of the title sponsors of the 1984 Los Angeles Olympics (an opportunity that Kodak passed on), offering cheaper camera film, and establishing a film factory in the US, Fuji gained considerable market share there, while Kodak had little success in penetrating Japan.

In May 1995, Kodak filed a petition with the US Commerce Department under section 301 of the Commerce Act arguing that its poor performance in the Japanese market was a direct result of unfair practices adopted by Fuji. The complaint was lodged by the US with the World Trade Organization. On January 30, 1998, the WTO announced a "sweeping rejection of Kodak's complaints" about the film market in Japan.

The new millennium witnessed the rapid spread of digital technology, and demand for photographic films plunged in line with the growing popularity of digital cameras. In response, Fuji Photo implemented management reforms aimed at drastic transformation of its business structures. Even as early as the 1980s, the company had foreseen the switch from film to digital, so "it developed a three-pronged strategy: to squeeze as much money out of the film business as possible, to prepare for the switch to digital and to develop new business lines."

While both film manufacturers recognized this fundamental change, Fuji Photo adapted to this shift much more successfully than Eastman Kodak (which filed for bankruptcy in January 2012). Fuji Photo's diversification efforts also succeeded while Kodak's had failed; furthermore, Kodak built up a large but barely profitable digital camera business that was undone quickly by smartphone cameras.

In March 2006, Noritsu and Fuji announced a strategic alliance for Noritsu to manufacture all of Fuji's photofinishing hardware, such as minilabs. Each company produces its own software for the minilabs.

On September 19, 2006, Fujifilm announced plans to establish a holding company, Fujifilm Holdings Corp. Fujifilm and Fuji Xerox would become subsidiaries of the holding company.

A representative of the company reconfirmed its commitment to film, which accounts for 3% of sales.

On January 31, 2018, Fujifilm announced that it would acquire a 50.1% controlling stake in Xerox for US$6.1 billion, which will be amalgamated into its existing Fuji Xerox business. The deal was subsequently dropped after intervention by activist investors Carl Icahn and Darwin Deason. In late 2019, Fujifilm announced its acquisition of Xerox's 25% stake in the 57-year-old joint venture, Fuji Xerox.

In December 2019, Fujifilm acquired Hitachi's diagnostic imaging business for US$1.63 billion.

Amid the 2020 COVID-19 pandemic, one of Fujifilm Toyama Chemical drugs, i.e. favipiravir, an antiviral commercially named Avigan, is being considered as a possible treatment for the virus, after having been approved by China, Russia, and Indonesia authorities by June 2020.

In June 2020, Fujifilm announced a US$928 million investment to a Denmark-based biologics production facility, which it acquired from Biogen a year earlier for around US$890 million, to double the manufacturing capacity. A tape cartridge using strontium ferrite that could store up to 400TB was showcased by Fujifilm in the late same month.

CORPORATE PHILOSOPHY

Fujifilm uses leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide.

VISION OF COMPANY

Anchored by an open, fair and clear corporate culture and with leading-edge, proprietary technologies, Fujifilm is determined to remain a leading company by boldly taking up the challenge of developing new products and creating new value.

CODE OF CONDUCT

Fujifilm established the Fujifilm Group Charter of Corporate Behaviour and the Code of Conduct to instil the spirit of our corporate philosophy and vision into every Group employee in Japan and abroad. The establishment and revision of this Charter for Corporate Behaviour and Code of Conduct shall be decided by the ESG Committee of FUJIFILM Holdings Corporation, and reported to its board of directors.

CAUSE OF DISRUPTION

Disruption is a recurring cycle of "creative destruction"—a term coined by economist Joseph Schumpeter—that tends to cause market destabilization and, often, industry panic. It occurs when a product or service is replaced by a better developed product, rendering our product obsolete or inefficient.

If the product that replaces the previous product is developed by the same firm, it may be helpful to the company and help it gain profits. However, if the new innovative product is created by another firm, it may result in many losses and eventually lead to bankruptcy. As a result of such disruption, numerous businesses have gone bankrupt or closed down.

Disruption is not only result of innovation or creative destruction but also cause by many other factors such as: -

Technology: -

The development or appearance of new technology can also cause disruption since it renders all previous technology obsolete. It also incurs significant costs for a corporation to bring in new technology and entirely modify its corporate structure to meet the technology. Many corporations are unable to afford such costs, resulting in the firm's closure.

Economy: -

Economic disruptions are often unforeseen and difficult to plan for. The financial crisis of 2008 and 2009, while some would argue should have been evident, caught most people off-guard. Businesses collapsed, the labour market was in tatters and seemingly overnight, the credit markets dried up. This severely hampered many companies' ability to access cash and credit to run their businesses.

Weather and Seasonality: -

weather-related disasters could occur overnight, affecting your ability to complete projects in a timely manner and force you to incur expenses for labour and maintenance which you could not anticipate. Equipment can also be severely affected by adverse weather – hurricanes, floods, tornadoes.

Legal &/or Legislative Regulations: -

legal and/or legislative changes can bring a multitude of disruptions it includes fines and lawsuits – either levied against your company, or brought by your company against another entity. Failure to comply with regulations can result in legal action against your company and many businesses don't have the funds necessary to address such problems.

Personnel and Customer Issues: -

Personnel changes can be extremely disruptive to the day-to-day operations of a business. Similarly, the loss of a key customer could cause significant disruptions. Loss of revenue is a concern, but if a company is stuck with inventory or work-in-process that it can no longer sell then it can huge losses which may lead to disruption

DIVERSIFICATION AS A SOLUTION TO DISRUPTION

Diversification can be done with market, product or both. when a company is facing disruption, it can diversify to dilute risk. The more a company has diversified market and product the lesser is the risk. Diversified companies have significantly less volatile or less risky returns than their focused counterparts. Companies that are diversified have extra cushion to ease them during disruption

Diversification during disruption can bring the following befits to the company: -

1. The company can join a new market without undergoing significant adjustments to its operations.

2. The cost of diversification is lower than the cost of beginning an entirely new firm.

3. It spreads risk more efficiently, especially during a crisis.

4. It broadens the client base and creates additional prospects for growth.

5. It aids in the improvement of one's competitive position

6. Although businesses diversify, they do not expand into wholly irrelevant markets, allowing enterprises to keep their advantages and core skills.

7. diversified companies have competitive and financial edge over its counterparts

When a company's core market starts to shrink it needs to find the solution to diversify into new market. A company can combine its assets, resources and their expertise to enter into new market.

The new market can be selected by a company on basis of its core competencies and its advantages above its competitors.

A company needs to explore new, unexpected applications for technology and products that allows the company to re-deploy its enormous assets and conquer new markets

FUJIFILM BEFORE DISRUPTION

Fuji film made positive film for motion picture after its establishment in 1934 it sold X-ray and graphic art film and then diversified its business operation into the medical, graphic system and related films.

It forged a robust position as a manufacturer of comprehensive photosensitive material. It then expanded into lens and optical fields

During 1960 it commenced the development of global network by establishing local overseas subsidiaries and offices. It established fuji Xerox Co. Ltd., as a joint venture with rank Xerox Ltd in United Kingdom . It pioneered the Successful research, development and commercialization of colour negative films

In 1980s it accelerated the pace of globalization by developing oversee production base to forge a widely recognized global prestige. It pioneered the efforts to digitalize the photography, medical and graphic systems field

Fujifilm produced cameras, their core business was centred on film and post-processing sales. . In 2000, just before the digital transition, sales related to film accounted for 60% of Kodak revenue and 66% of its operating income

The film business was relatively secure and profitable. The market was animated for decades by the Fuji-Kodak duel, while Agfa and Konica played in the second and third league.

Each company had prominent shares on their domestic market which generated a continuous and safe stream of revenue despite temporary price_wars like the one launched by Fuji against Kodak in the 80s and 90s

FUJIFILM DURING DISRUPTION

In 2001, the film sales peaked worldwide but then the market began shrinking very slowly, then picked up speed and finally plunged at the rate of twenty or thirty percent a year. In 2010, worldwide demand for photographic film had fallen to less than a tenth of what it had been only ten years before.

But, initially, the market didn't vanish, it changed. Following the internet and personal computer democratization of the 90s, consumers started to purchase digital cameras. Unfortunately, for film manufacturers, the transition from analog to digital imaging represented tremendous difficulties. First, semiconductor technology platform had nothing to do with film manufacturing.

the digital era was the exact opposite of the comfortable "silver halide" business model where a few players shared a secured market with good margins. The core business of film and post-processing disappeared, but the commercialization of digital cameras didn't make up for the loss.

In 2003, the digital tide hit Fujifilm hard. Two-thirds of the company's traditional business was wiped out. Once popular film kiosks quickly went from processing 5,000 rolls of a film a day (on average) to 1,000 or less. Between 2005 and 2010, the sales of colour film declined from 156 billion yen to 33 billion while the photo finishing segment shrunk from ¥89 billion to ¥33 billion.

All of a sudden Fujifilm was forced to leave their quasi-duopoly and compete against dozens of companies in the low margin business of digital cameras. Unlike colour films, anyone could put a sensor and processor together and introduce a product to the market. Therefore, numerous company selling digital camera entered the market

FUJIFILM OVERCOMING CRISIS AND THRIVING

The Fujifilm overcame the disruption crisis through diversification. The film market dropped to less than 10% compared to 2000. But Fujifilm, which once made 60% of its sales with film, diversified successfully and managed to grow its revenue by 57% over this ten years period.

Faced with a sharp decline in sales from its cash cow product Fujifilm acted swiftly and changed its business through innovation and external growth.

Under the decisive grip of Shigetaka Komori, appointed president in 2000, Fujifilm quickly carried out massive reforms. In 2004, Komori came up with a six-year plan called VISION 75 in reference to the 75th anniversary of the group.

The goal was simple and consisted of "saving Fujifilm from disaster and ensuring its viability as a leading company with sales of 2 or 3 trillion yen a year."

First, the management restructured its film business by downscaling the production lines and closing redundant facilities. In the meantime, the research and development departments moved to a newly built facility to unify the research efforts and promote better communication and innovation culture among engineers.

But realizing that the digital camera business would not replace the silver halide strategy due to the low profitability of his sector, Fujifilm performed a massive diversification based on capabilities and innovation.

Even before launching the VISION 75 plan, the president ordered the head of R&D to take inventory of Fujifilm technologies, its seeds and compared them with the demand of the international market.

After a year and a half of technological auditing, the R&D team came up with a chart listing the all-existing in-house technologies that could match future markets.

The president saw that "Fujifilm technologies could be adapted for emerging markets such as pharmaceuticals, cosmetics, and highly functional materials."

For instance, the company was able to predict the boom of LCD screens and invested heavily in this market. Leveraging the photo film technologies, the engineer created FUJITAC, a variety of high-performance films essential for making LCD panels for TV, computers, and smartphones.

Today, FUJITAC owns 70% of the market for protective LCD polarizer films.
The company also targeted unexpected markets like cosmetics. The rationale behind cosmetics comes from the 70 years of experience in gelatine, the chief ingredient of photo film which is derived from collagen.

Human skin is seventy percent collagen, to which it owes its sheen and elasticity. Fujifilm also possessed deep knowhow in oxidation, a process connected both to the aging of human skin and to the fading of photos over time. Thus, Fujifilm launched a makeup line in 2007 called Astalift.

When promising technologies that could match growing markets didn't exist internally, Fujifilm proceeded by merger and acquisition (M&A). To develop new business ventures, the group made active use of M&A.

By acquiring companies that already penetrated a market and combine their assets with Fujifilm's expertise, the Japanese firm could release new products to the market quickly and easily.

Based on technological synergies, it acquired Toyoma Chemical in 2008 to enter the drug business. Delving further into the healthcare segment, Fujifilm also brought a radiopharmaceutical company now called Fujifilm RI Pharma. It also reinforced its position in existing joint ventures such as Fuji-Xerox which became a consolidated subsidiary in 2001 after Fujifilm purchased an additional 25% share in this partnership.

In 2010, nine years after the peak of film sales, Fujifilm was a new company. Whereas in 2000, 60% of its sales and two-thirds of the profit came from the film ecosystem, in 2010 the Imaging division accounted for less than 16% of the revenue. Fujifilm managed to ride out of the storm via a massive restructuration and diversification strategy.

DIVERSIFICATION WITH REFERENCE TO FUJIFILM

Diversification refers to business growth and development that occurs when a company engages in new product development in new markets. Diversification is an important and allows businesses like the Fujifilm to remain competent, innovative, and competitive – thereby remaining relevant for the consumer markets.

5.1. Vertical diversification

Vertical diversification for the Fujifilm means looking for growth and business development by introducing new products under existing product lines. Fujifilm introduced new products LCD panels, panels for smartphones, camera lenses etc

In this type of diversification, the new product developments and launches by the Fujifilm were similar to, and categorized under existing product groups and categories.

5.2. Horizontal diversification

Horizontal diversification occurs when the Fujifilm decides to introduce and engage with new product developments and launches that are not associated with the existing products for example cosmetics, medical imaging, chemical and drugs etc

It is however beneficial to introduce new products launches and developments for products that share similar economic environments with the visiting products.

5.3. Diversification towards a new business

The Fujifilm also diversified into becoming a conglomerate by engaging in a different business altogether. It started producing imaging systems, equipment and services, biologics manufacturing etc

Diversification through a new business involved the Fujifilm to explore new business ideas and option to launch or acquire for purposes of growth and development

5.3.1. Mergers and acquisitions

One of the ways through which the Fujifilm explore conglomeratic growth of entering new businesses is through mergers and acquisitions. it acquired Toyoma Chemical in 2008, Fujifilm also brought a radiopharmaceutical company, it also entered in joint venture as fuji xerox

The Fujifilm can partner with, or acquire companies and businesses that interest it in an effort to diversify into new markets and new consume groups with products and services that are completely new, and not related to existing offerings

IMPACT OF DIVERSIFICATION TO FUJI FILM

When confronted with a crisis, Fujifilm did not instantly diversify. It takes time to diversify. When revenues began to fall, Fujifilm began to innovate, resulting in a massive transformation of the corporation. Vision 75 was a six-year plan to save Fujifilm, which implies it required six years of study and work to pull Fujifilm back from the brink of bankruptcy.

The first move taken by Fuji was to halt manufacturing of the disruptive product. This may appear to be a simple decision, but for a firm to halt production of a product that is the heart of its business and accounts for the majority of its sales is a significant decision. It was also deemed a dangerous decision at the time.

When faced with disruption, many businesses refuse to accept it and continue to produce their product even if it produces no revenue. This contributes to their losses since sales produced are minimal and operating costs stay constant or even keeps on rising . They end up in loss cycles this manner.

Fujifilm invested a significant amount of money and effort conducting research to find a way out. They studied new markets they might enter or new products they could develop using their existing resources.

They then entered completely new markets based on their analysis and implemented new sets of operations to retain their market position. This is a challenging phase since entering a new market is not an easy undertaking. It requires extensive study and effort to learn about the new market and the products that might produce value in the new market. It's as though you're entering uncharted land.

When entering a new market, a corporation must conduct market research, pick a target demographic, settle on a product, and develop marketing tactics. All of this requires a significant investment and hence carries a significant degree of risk.

When Fujifilm did not hold the technology required to enter the new market, it acquired it through merger and acquisition. Acquiring firms also made it easier for Fujifilm to enter new markets.

BENEFITS OF DIVERSIFICATION TO FUJIFILM

Fuji film benefited a lot from the diversification some of the notable benefits derived from diversification by Fujifilm is as follows

1. Fujifilm managed to come out of disruption due to diversification.

2. Diversification has prevented Fujifilm from further losses

3. Diversification mitigates risks in case of further disruption since Fujifilm has already diversified it can dilute risk in case of future disruption

4. It helps to generate more sales and increase the revenue

5. Diversification has allowed Fujifilm for more variety and options for products and services. It has provides a tremendous boost to brand image and company profitability.

6. Diversification can be used as a defence. By diversifying products or services, fuji film was able to protect itself from competing companies

LITERATURE REVIEW

The project report is inspiration from the book "Never Stop - Winning Through Innovation" by Philip Kotler and Shigetaka Komori.

FUJIFILM Holdings Chairman and CEO Shigetaka Komori and Professor Kotler both share the same view that "Marketing is not simply a sales promotion tool. Rather, it should be used by corporations as a business strategy to fulfil their social responsibility." This also coincided with Fujifilm's vision. Referring to Fujifilm's reinvention as a case study, the book provides insight to those who seek to disrupt in a changing, uncertain environment. The book introduces the Kotler-Komori way as an essential element to overcome new challenges, create innovation, and to diversification done by them.

Another article by OLIVER KMIA "Why Kodak Died and Fujifilm Thrived: A Tale of Two Film Companies." which compares Fujifilm with its competitor Kodak in terms of how one firm succeeded while the other went bankrupt It describes how Fujifilm adapted to the forthcoming changes and diversified, whilst Kodak remained focused on its traditional industry.

RESEARCH STUDY

PROBLEM DEFINATION

The basic Idea behind selecting the topic “An Analytical study of Fujifilm with Reference to Diversification” is to in determining whether diversification is a viable option during a time of disruption. In this day and age, innovation occurs on a regular basis, bringing change to the company's structure or transformation in business models.

Many organisations struggle to cope with this shift; thus, it is critical to find a way out during a disruption. It also helps to understand how Fujifilm addressed the disruption crisis.

OBJECTIVE

Every task is undertaken with an objective. Without any objective a task is rendered meaningless. The main objectives for undertaking this project are

1. To determine if diversification is a way-out during disruption

2. To know how Fujifilm dealt with disruption

HYPOTHESIS

The hypotheses or the result that I expect from the study might be-

H0- Diversification is an effective strategy when disruption occurs

H1- Diversification improves a company's chances of surviving disruption

H2- Fujifilm is able to survive because they used the strategy of diversification

SCOPE OF STUDY

The benefit of the study for the researcher is that it helped to gain knowledge and experience and also provided the opportunity to study and understand the prevalent recruitment and selection procedures.

The key points of my research are:

1. To identify the Benefits of Diversification during disruption
2. To determine how Fujifilm diversified.
3. To analyze how Fujifilm addressed the crisis of disruption.
4. To identify the advantages of diversification for Fujifilm

LIMITATION

Every research has limitation or parts that cannot be covered Therefore, this is not an exception. The limitations of this report are been stated below:

1. There is no primary data in the project
2. The research has been conducted with secondary data due to geographical restriction as the company selected for the research is foreign company
3. The data provided by the company may not be 100% correct as the Company have.

RESEARCH METHODOLOGY

RESEARCH DESIGN-

The design used in this research is descriptive research design. The research design in this project includes need of the present study, objectives of the study, hypothesis, scope of the study, limitation of study etc.

Descriptive research is also called Statistical Research. The main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations.

Although this research is highly accurate, it does not gather the causes behind a situation. Descriptive research is mainly done when a researcher wants to gain a better understanding of a topic.

The data used in research is secondary data

SECONDARY DATA:

Secondary information is collected by a researcher not associated with the analysis/ research study; however, this is collected for some different purpose and at the completely different time in the past.

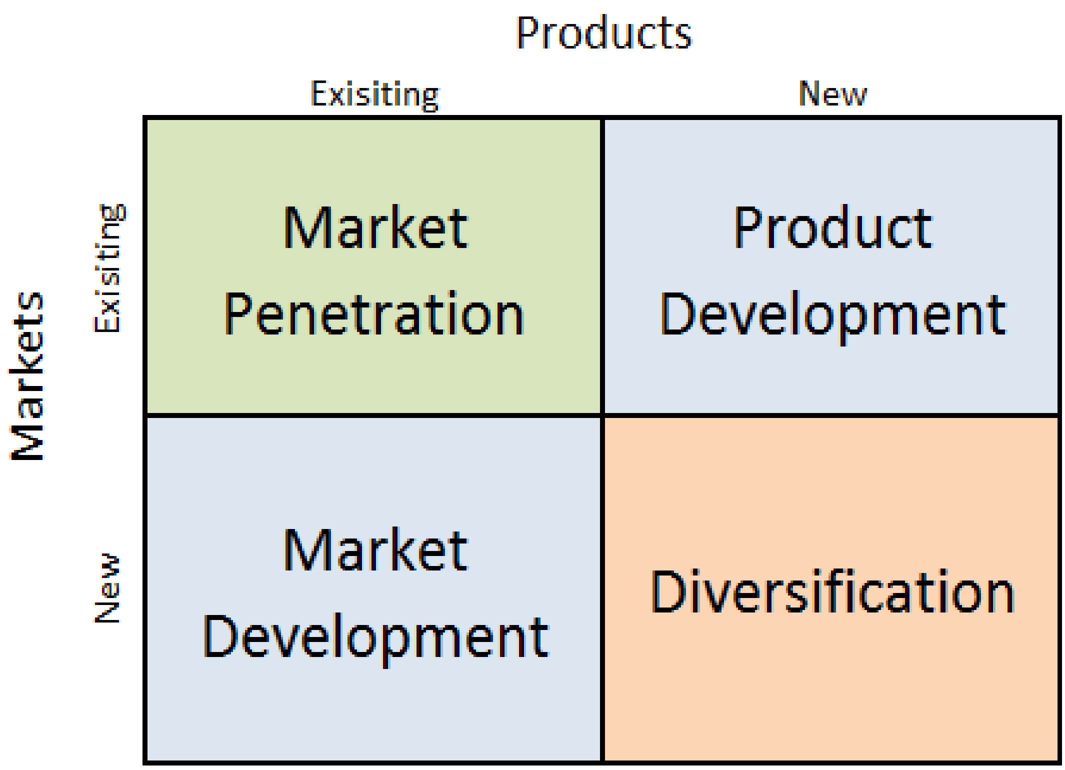
If the individual uses this data, then it becomes secondary information for present users. This information may be accessible in written, typed or in electronic forms. Secondary information is also used to add original insight into the study problem.

Secondary data is classed in terms of its supply—either internal or external. Internal, or in-house, is secondary information obtained within the organization where the study is being carried out. External secondary information is obtained from outside sources. There are various advantages and disadvantages of using secondary data.

In this research we are using the data collected through secondary sources which uploaded another websites and researches, the news articles, books etc.

DATA ANALYSIS AND INTERPRETATION

ANSOFF MATRIX



INTERPRETATION

The above diagram is of Ansoff matrix The matrix was developed by applied mathematician and business manager, H. Igor Ansoff, and was published in the Harvard Business Review in 1957. The Ansoff Matrix has helped many marketers and executives better understand the risks inherent in growing their business.

he Ansoff Model helps marketers identify opportunities to grow revenue for a business through developing new products and services or "tapping into" new markets. So it's sometimes known as the ‘Product-Market Matrix’ instead of the ‘Ansoff Matrix’.

The Ansoff Model's focus on growth means that it's one of the most widely used marketing models. It is used to evaluate opportunities for companies to increase their sales through showing alternative combinations for new markets (i.e. customer segments and geographical locations) against products and services offering four strategies as shown.

The four strategies of the Ansoff Matrix are:

Market Penetration: - This focuses on increasing sales of existing products to an existing market.

Product Development: - Focuses on introducing new products to an existing market.

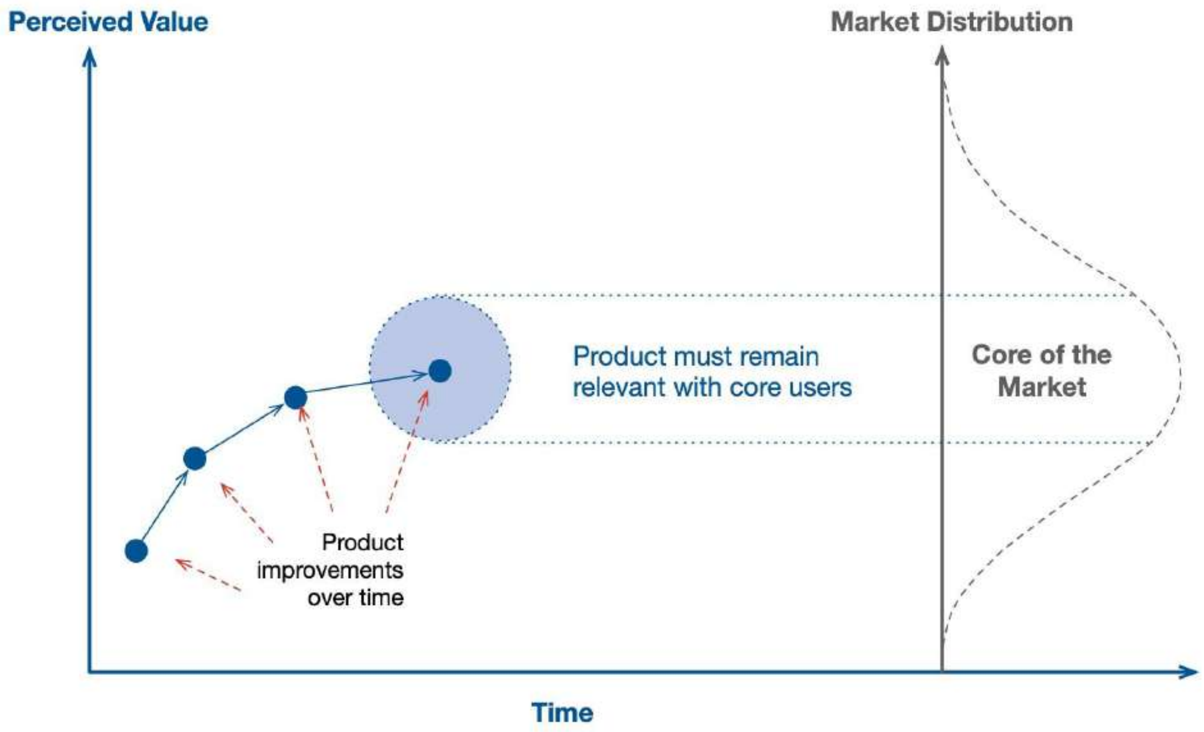
Market Development: - This strategy focuses on entering a new market using existing products.

Diversification: - Focuses on entering a new market with the introduction of new products.

Of the four strategies, market penetration is the least risky, while diversification is the riskiest.

This matrix helps companies to diversify and is used by firms to analyze and plan their strategies for growth.

PERCIVED VALUE OF PRODUCT WITH TIME

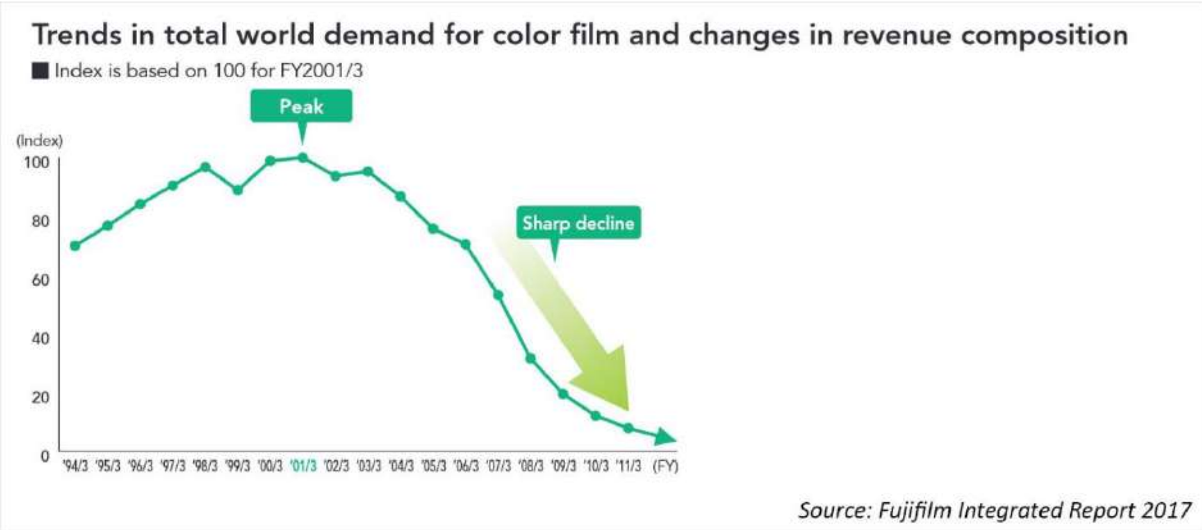


INTERPRETATION

The x axis in the graphic represents time, while the y axis represents the value felt by the client from a product. The blue dot depicts a product that has yet to reach the core market because the perceived value of the product is low. As time passes, the product evolves as the perceived value of the product rises.

This can be achieved by innovation, marketing strategy, or product development, and the product has now reached the core market. To maintain consistent sales, the product must maintain its position in the core market. As a result, it must be constantly improved. However, a product cannot stay forever, and a new product or rival replaces it, causing market disruption. This graph shows that to maintain relevance with your target consumers, you must continually improve your products

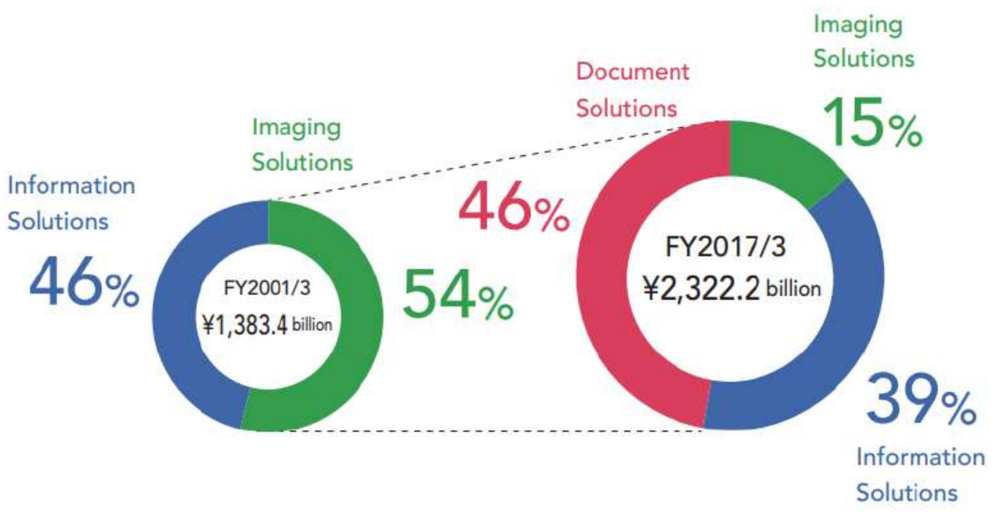
<u>DEMAND FOR COLOUR FILM</u>



INTERPRETATION

The graph above depicts the trends in demand for colour film from 1994 to 2011. The x axis depicts the history, while the y axis depicts the consumer index. As indicated in the graph, the customer index in 1994 was 60, and it continued to rise until it reached 90 in 1998. From then, it fluctuated but remained above average. It peaked in 2001, and it began to fall sharply in 2003. It hit its lowest point of 20 in 2011. As per data provided by company in 2017

COMPARISION OF CONTRIBUTION OF VARIOUS DEPARTMENTS IN REVENUE



INTERPRETATION

The graph above depicts the amount of money earned by Fujifilm's various divisions between 2001 and 2017. During the fiscal year 2001, 46 percent of sales were accounted for by information solutions, while 56 percent were accounted for by imaging solutions, which included xerox, films for film cameras, and so on.

In 2017, the document solution accounted for approximately 46 percent of the information solution, which declined to 39 percent, and the image solution decreased to as little as 15 percent.

According to the graph above, demand for image solutions fell by 39% as demand for film cameras declined. In addition, the firm is more diversified in fiscal year 2017; the loss from image solution is compensated by document solution in 2017. Despite disruption, sales climbed dramatically in 2017 compared to 2001

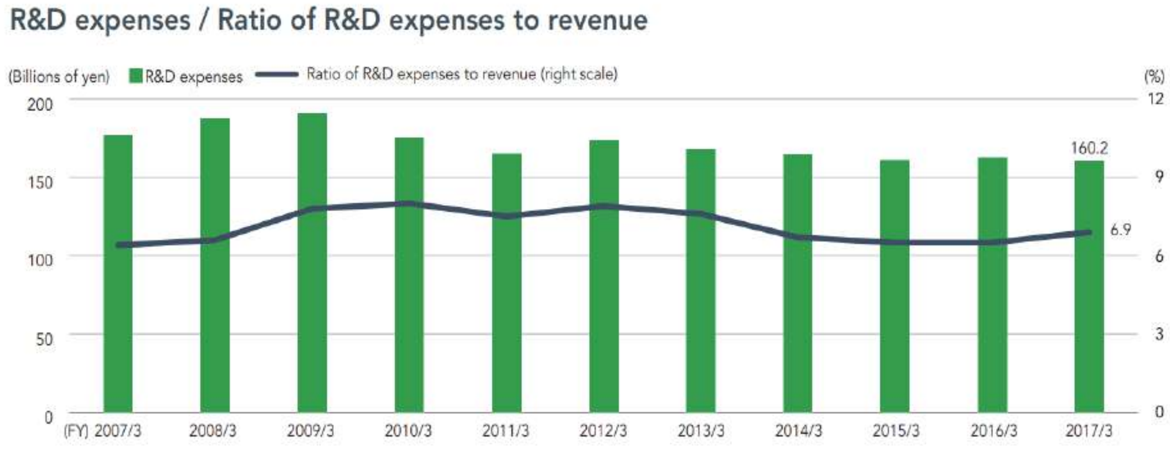
REVENUE OPERATING INCOME AND OPERATING MARGIN

INTERPRETATION

The graph above depicts Fujifilm's revenue, operating income, and operating margin from 2007 to 2017. The chronology is depicted on the X axis. The income is shown in billions of yen on the Y axis. The sales peaked in 2008 at 2900 billion yen and fell to its lowest point in 2010.

The operational income peaked in 2008 at 2100 billion yen and peaked again in 2010. The operational income was negative in 2010. The operating margin increased from 2007 to 2008, but declined from 2008 to reach its lowest point in 2010. The operating margin went negative in 2010. It rapidly increased from 2010 to 2011 and then stayed nearly steady with minimal fluctuation. It is as per the data provided by company in the financial report of 2017

RESEARCH AND DEVELOPMENT EXPENSES OVER THE YEARS

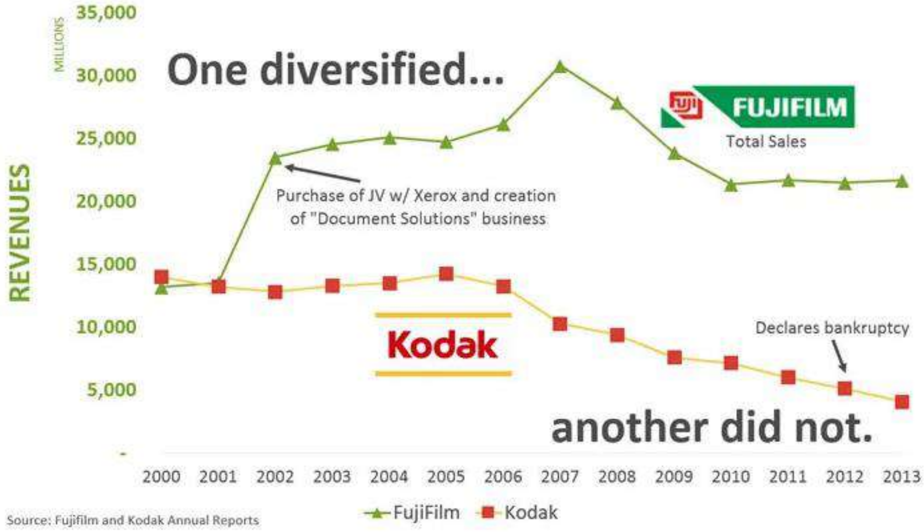


INTERPRETATION

The graph above depicts Fujifilm's R&D expenditures to develop their product. As demonstrated in the graph, Fujifilm's R&D spending have been consistent with little variation. R&D spending were the highest in fiscal year 2009, at 180 billion yen. In 2015, R&D costs were at their lowest. It as per the data provided by company in the financial report of 2017

Firms gain a competitive advantage by performing in some way that their rivals cannot easily replicate. If R&D efforts lead to an improved type of business process—cutting marginal costs or increasing marginal productivity—it is easier to outpace competitors. Fujifilm has long prioritised research, as seen by its R&D investment. It was research that enabled Fujifilm to enter an unanticipated market and helped the business emerge from upheaval.

COMPARSION OF REVENUE OF FUJIFILM AND KODAK



INTERPETATION

The graph above shows a comparison between Fujifilm and Kodak. As indicated in the graph, both firms had virtually identical revenues of 13,000 million yen in 2000 and 2001. Following then, Fujifilm's income increased steadily until it peaked in 2007 at 31000 million yen. Starting from 2007, revenue began to decline. Since 2010, the income has been consistent at 20,000 million yen.

Kodak's revenue was the same as Fujifilm's in fiscal year 2001. Since then, income has remained very consistent with little change. Kodak's income began to fall in fiscal year 2007, reaching a low of 10,000 million yen, and continued to fall until 2013, when it reached its lowest level of 3,000 million yen.

Fujifilm and kodak both are competitors. With the same consumer base and market, both firms shared a common ground. The reason behind the difference in their revenue is that Fujifilm accepted the changes and diversified while kodak refuse the changes and continued to operate its business without bringing any change. Fujifilm survived the disruption and continued to increase its revenue. Kodak did not survive the disruption and became bankrupt.

FINDINGS

1. Diversification is a way-out during disruption
2. Diversification helps dilute risk even before disruption occurs
3. Diversification can be done based on Ansoff matrix
4. It should be done when a customer does not perceive a vale from a product
5. Fujifilm survived disruption due to diversification
6. Fujifilm diversified at the right time before the disruption completely hit the market
7. Fujifilm diversified into new markets and product due to its extensive research
8. Fujifilm has a great fore sight

CONCLUSION

CONCLUSION

Diversification can rewind a company which is in verge of closure. The more the company is diversified the more it will dilute the risk. Diversification ensures that a company does not entirely depend on a product for its revenue so to ensure that even if a product becomes obsolete the company can still survive.

Fujifilm may well represent an example of growth hacking at its finest. The legacy company found a way to reinvent its business and find value iteratively, in the manner of a new upstart. photography transitioned from film to digital and Fujifilm was able to see the implications and adapt to the new reality. That's why we can still buy a Fuji camera.

A Company needs to be a trend-spotter or a trend-setter. Diversification can be proactive instead of reactive — offering something to customers that they themselves didn't even realize they needed or being the first to market with a new solution.

Often, this form of diversification doesn't come from inventing something new, but instead by being the first to apply a solution in a new way and helping the customers stay educated. By being their portal for learning about the latest technologies or solutions, you can be their trend-setter.

Times of disruption can put tremendous pressure on companies, but they can also offer excellent opportunities to diversify if the venture is managed correctly. Diversification can save a core business that can no longer support the company on its own, and provide a path for the future when times and customer needs have changed dramatically. Knowing the customer and what is driving the business today and into the future will help a company position itself to provide the support it needs along the way.

As demonstrated by Fujifilm, a dose of humility and a willingness to adapt are a good starting point for continued survival and success.

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