



The Demise of Kodak

Kodak was leading the imaging industry for about a hundred years and it got the lead because of their innovation, but the real trouble started in the early 2000s when they lost control not only because of diversifying into multiple product lines but also because they weren't able to keep up with the changing consumer patterns. They did not pay attention to stepping into the digital world because they thought that it would not affect their existing product lines. However they did somehow manage to initiate the digital camera but by the time they did, it was already too late as other brands had been established strongly enough. For an in-depth analysis, it is important to first analyze the rise of Kodak and then its fall.

Rise of Kodak

When Kodak was at its peak about 70 percent of the film market in America was exclusively handled by Kodak, and along with that, they distributed internationally too. Kodak was the brand which introduced the concept of photography in everyday life, and their first camera was sold for about \$1 in 1900. In 1920s, it came up with the idea of motion pictures with sound. Apart from the technological advances, many people say that the rise of Kodak can be greatly attributed to their advertising campaigns. They gave an entirely new concept to photography and became every individual's preference when talking about pictures or photography. A major chunk of their consumer market was attracted by their campaigns with slogans like, "Kodak as you go," which had a lot of emotional connections with the audience as well as a colourful attraction. By 1960 it was so successful that it started selling cameras at a lower price just to make sure that the sales of their films were guaranteed.



Climactic invention

In the 1970s, an electrical engineer at Kodak came up with the invention of the digital camera. Its picture quality was not that good, but still, it was a milestone because this did not require the installation of a film reel.

Fall of Kodak

Leaving the World's First Digital Camera made by Kodak Unattended

Kodak was too much involved in the profits that they were getting from their film reels and would not even think about anything else. They thought that no one would like to use the digital camera. Due to these reasons, they didn't pay much attention and didn't even spend that much on the digital camera that they invented. A huge invention by them was left unattended.

Losing to Fujifilm because of their low priced films

Other than this, a Japanese film company, Fujifilm came with their low priced films in the 1980s and started distributing those in places like Wal-Mart. Now Kodak's film was seen as being expensive when compared to the Japanese one, which saw their sales fall rapidly.

Getting sued by Polaroid for copying Instant camera in 1990s

This rise of digital photography was a major reason for the demise, but this wasn't the only one. Instant photography was invented by Polaroid, and they even came up with cameras to complement the feature. When Kodak too introduced their instant photography products, they were immediately sued by Polaroid, and as a result, they had to give a fine of \$909 million which gave a huge setback to their financial position.

Purchasing and then reselling the pharmaceutical company



In between all this chaos, Kodak also bought an American pharmaceutical company Sterling Drugs Inc. in 1988 but that too didn't work out, and they had to sell it back in 1994 for a price much less than its purchase price to pay their debts.

Another firm sold by Kodak was Eastman Chemical Co. which provided chemicals for Kodak. It was also sold in 1994. They considered it lower profit firm as its role in providing chemicals had decreased. However, now Eastman Chemical Co. lies in the list of world's top ten chemical firms.

Launching of Digital Products by Canon and Sony

During the 1990s, other firms like Sony and Canon came into prominence and they straight away came up with their digital camera products. This gave Kodak a huge competition and not only competitive threat, but the image was attacked as well. By the early 2000s, digital cameras had taken the market by storm, and now Kodak was viewed as a second class brand with their outdated products.

Despite having the edge of inventing the digital camera, Kodak still wasn't able to fully capitalize on it. In 2011, Kodak loses more than 80 percent of their sales because their employees weren't happy. The employees had issues and clashes over the pension costs. Due to all this in 2013, they filed for chapter 11 bankruptcy and from then on the graph has ever been going down for Kodak. It even sold its digital imaging patents to other companies like Microsoft and Apple. The company clearly lost all its appeal and almost became non-existent in the market when other brands took over.

Lessons learnt

Move with the times and progress rather than focusing on the products giving profit



Kodak just focused on its profits from the films and never looked for the shifts in the marketplace. They were not only facing market shifts but also their products, production and manufacturing methods along with their core research was becoming obsolete. The digital cameras gave customers completely new ways of doing same things which kicked Kodak out of competition.

If Kodak would have realized that the trend could shift instead of putting in all the efforts in film rolls, the situation would have been much different as the first digital camera was invented by Kodak.

Never leave your invention for others to take advantage of it

This story of Kodak should be taken as a great lesson by other organizations, and the crux of it teaches them that if/when you invent something of your own, then you should not ignore it or leave it for other firms to take advantage of. It is your own asset, and you should make good use of it to become its evident leader in the market.

One should never be afraid of being the pioneer of starting a new trend. Keeping an eye on the marketplace trends along with keeping up with them is essential but, if you are able to come up with new and better technology or product never be afraid to market it. With the rise of social media, you can get reviews from customers regarding the new product, and more positive reviews mean that it would more likely be a successful product if launched. Never discard an idea thinking it would not be accepted.

Diversification isn't always good

When Kodak saw that their growth rate was fluctuating, they thought that it was viable to step into other industries which weren't in any way related to their own field of expertise. They tried their luck in businesses like pharmaceuticals, hardware, medical diagnostic and lab research firms but none of them turned out to be a



successful venture. In fact, situations turned, and they went bankrupt because they had to sell the businesses back at a loss. Some firms they sold later became very successful.

This shows us that diversification should not be opted for in situations as risky as this because there is always a risk of losing money. Diversification is a big risk and therefore should only be opted when your current business is in good form, not when it is bad..

What to do if you have opted for diversification along with a business at risk?

If you have opted for diversification, then keep the new business separate from the original one. Focus on its progress separately. It is an independent business and should not be compromised for the older one. If it has more chances of success then focus can be shifted entirely to it.

Kodak sold the pharmaceutical and chemical businesses it owned or had purchased for much lower price to pay debts and keep its film business working. Whereas the Eastman Chemical Co. later became quite successful. If Kodak had focused on each business individually it may well have been much different.

Top positions should always be kept original

During this entire situation, Kodak thought that if it brought people from other organizations, then that would bring in new ideas and things would become better for them. The mistake that they did was that they straight brought people onto the top most positions like CEO. Now, this turned out to be a bad decision because the employees weren't happy and they weren't comfortable working with the new authorities. As a result, instead of improvement the production and overall management of the company deteriorated.



While going through a transitional phase changing the top management is not a good idea. Changes should be gradual, and sudden changes from the top would just disrupt the whole process.

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