

# ["you kodak’s fail from 4 different angels,](https://assignbuster.com/you-kodaks-fail-from-4-different-angels/)

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“ You Press theButton, We Do the Rest” was the Kodak’s legend marketing slogan coined by its founder, George Eastman. You can always see Kodak’s logo when you look at old times’pictures, Kodak films recorded generations’ memories and many historicalmoments, and now, it seems Kodak itself was buried in the history. On January 19thof 2012, Kodak fielded a bankruptcy protection document in the United StatesDistrict Court for the Southern District of New York. Then the bad news cameone after another.

In August 2012, Kodak sought to sell its patents to remedythe situation. However, the market was cold, in December 2012, Kodak had toreach the deal with Intellectual Ventures and RPX to sell its valuated 2. 6billion dollars patents at 525 million.

In the buyers, Intellectual Venturesstands for Apple, RPX Corporation represents Google. At this point, century-oldenterprise, Kodak, dismembered by the new world digital giants. On January 24thof 2013, Kodak announced to financing 844 million from Center Bridge Partnersto complete the reorganization, it is expected to break away from bankruptcy inmid-2013. However, nobody gives a heed to Kodak’s optimism, “ Kodak is a fallingcompany” …I will analysisKodak’s fail from 4 different angels, they are industry life cycle model, corporate innovation, five force analysis and porter’s diamond model. I interviewedMs. Ping Chen to share her opinions about Kodak’s fail. Ms. Chen is the CMO(chief marketing officer) of Nanjing Yusen Digital Photo Paper Co Ltd.

She has14 years professional experiences in the photo paper industry. The company sheworks at has an indirect relationship with Kodak. Kodak outsourced its digitalphoto paper business in China to FANTAC and FANTAC’s main supplier is YusenDigital. Kodak’s briefhistory background l  In1880, George Eastman established “ Eastman dry-plate manufacturingcompany” in the United States, Rochester, New York.  l  In1888, Eastman formally introduced the Kodak cassette camera, with the famousslogan: “ You just need to press the shutter and leave it to us.

“ l  In1891, Kodak company entered the field of film, and has maintained a monopoly sofar. l  Eastman at the end of the nineteenth Century, large-scale into theworld market, in Germany, France, Italy and other European countries set upsales offices, and soon established a sales network in Europe. l  At thebeginning of the 20th century, Kodak’s products had penetrated South Americaand Asia. Until 1908, Kodak’s employees worldwide had exceeded 5, 000. l  In1930, Kodak took place 75% of the world’s photographic equipment market, profits accounted for 90% of this market. l  In1935, Kodak developed color film, “ Kodak chrome”, the world’s first color filmand one of Kodak’s most successful products. l  In1963, Kodak developed a revolutionary product – the “ instamatic” series of point-and-shoot cameras. From 1963 to 1970, a total of more than 50million cameras were sold.

l  In1975, Kodak’s engineer, Steven Sasson, developed the world’s first digitalcamera. l  In 1986, Kodak lost the patent lawsuit with Polaroid, and therefore quit the instantcamera industry. l  In 2002, Kodak received the 100% rating of its first “ corporate equity index,” which is evaluated by the Human Rights Campaign Foundation. And in 2003 and2004 continue to maintain the rating. l  OnJanuary 13, 2004, Kodak announced that it will discontinue the production oftraditional film cameras in the United States, Canada and Western Europe. Bythe end of 2004, Kodak will stop making cameras that use APS and 35mm film. Film production will continue. l  OnApril 22, 2005, Kodak suffered a loss of US $ 142 million.

Standard ‘ s downgraded Kodak Credit Ratings to the junk status because it was toolate for the digital market to make money and the traditional film market wasshrinking rapidly. l  OnJanuary 24, 2013, Kodak announced that it has obtained the approval of U. S. bankruptcy court to raise $ 844 million from Center Bridge Partners LP tocomplete the reorganization.

It is expected that the bankruptcy will becompleted by mid-2013. The industrylifecycleThe development ofany industry will follow a cycle path and go through a process of reincarnationand regeneration. However, many enterprises, especially some leading industrialenterprises, have lost their ability to innovate because of their leading positionin the industry.

They cannot clearly recognize that at the time when humansociety has entered a new era, the emergence of new things will instantlychange the path of the development of an industry. For example, emergingtechnologies represented by the Internet and digital technologies have had adisruptive effect on traditional industries, especially those related to theconsumer industries, and their impact has not drawn enough attention from theglobal industry.       According to the textbook, a industry will follow a five stages life cycle, they are introduction, growth, shakeout, maturity and decline. Kodak followed thelife cycle described above.

When the traditional imaging industry reached itspeak, which is in a “ mature stage”, Kodak realized the impact of the newdigital technologies on the imaging industry and took the lead In Japan andother competitors. (https://www. popsci. com/best-whats-new/article/2012-11/top-25-innovations-last-25-years#page-5)On November 15th, 2012, the “ Popular Science” magazine punished an article “ The Top 25 Innovations of the last 25 years”, andthe fourth item was Kodak digital camera system introduced by Kodak company in1991.

The magazine pointed out that Kodak’s digital camera system is built onthe Nikon F3 body however, it put the “ Digital” in front of “ SLR”. The modernKodak digital camera is self-contained and more compact, it was one of thegreatest innovation in camera industry. What is being ironic is that, Kodakforesaw and implemented the technology and system innovation ahead of Japanesecompetitors, but failed to continue the implementation of innovativetechnologies and adhere to the traditional imaging industry route. Any industry follows the industry life cycle when it reachesits peak, which is at the maturity stage, it will then go decline. Kodak violatedthe laws of the industrial life cycle.

Kodak belies that the life cycle of theoriginal industry can be extended (or even extended indefinitely) through itsown efforts (developing its core technology and expanding marketing). Kodak’smanagement may be overly convinced that their ability to control the industry, mistakenly thought that as long as keeping improving the digital camera’stechnology, it can strategically and technically contain the new digitaltechnology for chemical imaging based on the traditional principles oftechnology. Kodak can also find many successful cases to support their ownideas, such as the enduring Coca-Cola in the carbonated beverage industry. However, the fact is that the speedof influence of new technologies represented by digital technologies on thefield of consumption and industry is subversive.

Not only the industry and itspeers have rapidly introduced new digital technologies, but also broughtdigital imaging technologies to market in an all-round way. Since the 90s ofthe last century, the rapid development of digital technology in Japan hasfully proved this point. Second, Kodakignores the extent to which the new digital technologies impact consumerbehavior and habits. Since the 1980s, Japan’s rise of the consumer electronicsindustry in the world has been for the European and American electronicsindustry constitutes a substantive impact, for some time Japanese brands ofconsumer electronics products has become the world’s young people to pursuefashion lifestyle and value Symbol of orientation.

Japan’s electronics industryalso achieved tremendous growth by leveraging on the application of digitaltechnologies and established its position in the industry and its brand nameuntil the 21st century. However, Kodak still showed “ calmness” and” restraint”, so that after the accelerated decline of traditionalimage technology and industry (Curve C), it still lags and eventually dictatesthe failure of today. Therefore, perhaps Kodak’s vision has been the emergence of digital technology, but due tothe dominant position in the field of traditional film for a long time, Kodakis not willing to abandon their traditional strengths, on the other hand theyare too confident that they have the ability to dominate the development of theindustry, to enable digital technology to be used by me, thus consolidating itsown “ monopoly empire” in the field of civilian traditional film. Tothis end, contrary to Fuji’s strategy, Kodak is a generous investment in anindustry that its peers think has dwindled. In the first five years of the 21stcentury, the impact of digital photography has shown its power to maintain thetraditional mode of expansion and open many photo processing and photographyspecialty stores in all corners of the world, resulting in huge fixed assetsInvestment and labor costs. With the development of industrial technology, theglobal film consumer market rapidly shrinks at a rate of 10% per annum. Notonly have these dedicated assets not become resources, they have quickly becomea burden on Kodak and further squeeze Kodak’s profit margins and make Kodak inthe final decision to transition difficult. Back in 2005, Pang Antai, then CEOof Kodak, had tried to reduce costs by reducing the number of flushing shopsand layoffs, but it was too late.

The aboveanalysis at least one revelation that the understanding of the industrialdevelopment cycle must be fully integrated with industry characteristics, newtechnologies and consumer behavior analysis of multiple elements in order tograsp and comply with the direction of industrial development. Otherwise, itwill be against industry and history and lead to failure. In the new century, the impact of new technologies has made the life cycle of products and servicesshorter and shorter. Take the high-tech industries such as consumer electronicsas an example, the time span of the whole market has shortened to” month” as the unit of measure, from the research and development ofnew products to the market, to the saturation and then to the launch of a newround of products. The challenge for producers and service providers in thistrend is to continually increase R & D and market investment and recoverthose costs in as short a time as possible to support the new round ofinvestment. Therefore, if you still follow the traditional model of the productand industry life cycle, step by step, the outcome is conceivable.

When thecurve C appears, we should pay more attention to the strategy, clarify theoverall changes in the industry, or the stage of the industry fluctuations inorder to obtain changes in the opportunities for continued development. Nowonder the industry is saying that it is possible to forget it now if it takesa nap. Strategic transformationSo, inaddition to research and tracking business life cycle and industrial life cycle, how can companies get from the strategic level, take advantage of thisadvantage and decision-making ability? Let us recall the Five Forces Model ofIndustry Competition, another simple but important management model forbusiness managementThe five-forcemodel of industrial competition put forward by Michael Porter, a leadingacademic in world management circles in the 1980s, has become a compulsorymodel that every day large and small business schools and strategic planningdepartments study. Five forces model to guide industry practitioners to settheir own strategic positioning and competitive strategy.

However, this is themost basic and the most classic strategic analysis model, and has not beenreally valued and applied by industry and management scholars. First, theenterprises are not fully aware that the five forces model is a dynamicprocess. During the different stages of enterprise development, the five forcesmodel can be applied to continuously correct the existing strategic positioningof the enterprise and realize the strategic transformation in differentperiods. Second, business and management scholars often lack the sensitivity toalternative products, services or models that affect the industry. This isoften fatal to business or industry, and Kodak’s case fully embodies this” lethality.” If when Kodakintroduced the world’s first digital camera in 1991, it seriously studied thedevelopment strategy of the imaging industry in accordance with the originalidea of the five-force analysis model and the result will be. At that time, Kodak Company was competing with some world-class cameras, film and videocompanies represented by Japan and Germany.

The industrial competition patternwas relatively clear, and Kodak formed a horns position with Japanese brands. However, while Kodak is aware of the technological leadership of digitaltechnologies, it ignores its due positioning as a “ replacement” fordigital technology from a strategic perspective. Because the development ofdigital technology not only bring about the complete change of traditionaltechnology, but also will lead to the consumer behavior and the complete changeof business model. The newdigital technology undoubtedly far outpaces the complexity and professionaloperational processes required for traditional chemical imaging. Moreimportantly, consumers’ new preferences for digital imaging technologies willrevolutionize the business model of the original video production service. Theoriginal consumer needs based on the traditional process of video production, photo printing, decorating and other operations and processes can be omitted, the essential changes in consumer needs.

At this point, Kodak still clings tothe obsolete business model of video production and continues to try to guideconsumers in their usual ways. To this end, Kodak Company has also worked hardto develop an APS camera system based on the new electronic control system andis trying to give the Kodak brand value to digital technology. However, theseinitiatives have neither been able to re-establish the benefits of traditionalimaging technologies nor have they enabled the brand to reinvent Kodak as adigital leader. Because, one fact is that if the five forces model analysis, one of the Japanese competitors in the field of traditional imaging, Fuji, Konica and other brands have quickly realized the digital technologytransformation; and in the digital technology applications, Canon, Minolta, Japanese brands such as Sharp, Sony and Casio have surpassed Kodak. Kodakcannot win in both ways, failure has become inevitable.

Taking theoriginal Fujifilm in Japan as an example, it has now been successfullytransformed into a high-tech brand spanning imaging, medical systems, lifescience systems, high performance materials, optical components, printingsystems, recording media, office and industrial products, And even innovativeskin care products. Similarly, on the other hand, Lucky Film, therepresentative of traditional Chinese film, has now developed into a high-techmaterial manufacturer focusing on the new energy field after years of painfultransformation. We can assume that after Lekai fully analyzed the elements ofindustrial competition by using the most fundamental management and analysismodel of WuLiJi, it resolutely transformed and re-established the strategy inthe new industry by utilizing the core capabilities accumulated in the thinfilm processing field Positioning. Therefore, inthe broadest sense, “ alternatives” include products, services, business formats and business models.

Especially in the new field of scienceand technology represented by Internet technology and digital technology, theimpact on the traditional field is unprecedented in breadth, depth and speed. The reality cannot becompletely copied by theoretical models. However, it is necessary to develop amodel of strategic thinking. If all companies are able to make good use of thethree classic management tools and models covered in this article, or willreduce the tragedy of Kodak-like companies, or will create more brilliant.