

"you kodak's fail from 4 different angels,

[Design](#), [Photography](#)



" 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 | In1880, George Eastman established " Eastman dry-plate manufacturingcompany" in the United States, Rochester, New York. | In1888, Eastman formally introduced the Kodak cassette camera, with the famousslogan: " You just need to press the shutter and leave it to us.

" | In1891, Kodak company entered the field of film, and has maintained a monopoly sofar. | 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. | At thebeginning of the 20th century, Kodak's products had penetrated South Americaand Asia. Until 1908, Kodak's employees worldwide had exceeded 5, 000. | In1930, Kodak took place 75% of the world's photographic equipment market, profits accounted for 90% of this market. | In1935, Kodak developed color film, " Kodak chrome", the world's first color filmand one of Kodak's most successful products. | 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.

| In1975, Kodak's engineer, Steven Sasson, developed the world's first digitalcamera. | In 1986, Kodak lost the patent lawsuit with Polaroid, and therefore quit the instantcamera industry. | 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. | On January 13, 2004, Kodak announced that it will discontinue the production of traditional film cameras in the United States, Canada and Western Europe. By the end of 2004, Kodak will stop making cameras that use APS and 35mm film. Film production will continue. | On April 22, 2005, Kodak suffered a loss of US \$ 142 million.

Standard & Poor's downgraded Kodak Credit Ratings to the junk status because it was too late for the digital market to make money and the traditional film market was shrinking rapidly. | On January 24, 2013, Kodak announced that it has obtained the approval of U. S. bankruptcy court to raise \$ 844 million from Center Bridge Partners LP to complete the reorganization.

It is expected that the bankruptcy will be completed by mid-2013. The industry life cycle The development of any industry will follow a cycle path and go through a process of reincarnation and regeneration. However, many enterprises, especially some leading industrial enterprises, have lost their ability to innovate because of their leading position in the industry.

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

When the traditional imaging industry reached its peak, which is in a "mature stage", Kodak realized the impact of the new digital technologies on the imaging industry and took the lead in Japan and other 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 published an article "The Top 25 Innovations of the last 25 years", and the fourth item was Kodak digital camera system introduced by Kodak company in 1991.

The magazine pointed out that Kodak's digital camera system is built on the Nikon F3 body however, it put the "Digital" in front of "SLR". The modern Kodak digital camera is self-contained and more compact, it was one of the greatest innovation in camera industry. What is being ironic is that, Kodak foresaw and implemented the technology and system innovation ahead of Japanese competitors, but failed to continue the implementation of innovative technologies and adhere to the traditional imaging industry route. Any industry follows the industry life cycle when it reaches its peak, which is at the maturity stage, it will then go decline. Kodak violated the laws of the industrial life cycle.

Kodak believes that the life cycle of the original industry can be extended (or even extended indefinitely) through its own efforts (developing its core technology and expanding marketing). Kodak's management may be overly convinced that their ability to control the industry, mistakenly thought that as long as keeping improving the digital camera's technology, it can strategically and technically contain the new digital technology for chemical

imaging based on the traditional principles of technology. Kodak can also find many successful cases to support their own ideas, such as the enduring Coca-Cola in the carbonated beverage industry. However, the fact is that the speed of influence of new technologies represented by digital technologies on the field of consumption and industry is subversive.

Not only the industry and its peers have rapidly introduced new digital technologies, but also brought digital imaging technologies to market in an all-round way. Since the 90s of the last century, the rapid development of digital technology in Japan has fully proved this point. Second, Kodak ignores the extent to which the new digital technologies impact consumer behavior and habits. Since the 1980s, Japan's rise of the consumer electronics industry in the world has been for the European and American electronics industry constitutes a substantive impact, for some time Japanese brands of consumer electronics products has become the world's young people to pursue fashion lifestyle and value Symbol of orientation.

Japan's electronics industry also achieved tremendous growth by leveraging on the application of digital technologies and established its position in the industry and its brand name until the 21st century. However, Kodak still showed "calmness" and "restraint", so that after the accelerated decline of traditional image technology and industry (Curve C), it still lags and eventually dictates the failure of today. Therefore, perhaps Kodak's vision has been the emergence of digital technology, but due to the dominant position in the field of traditional film for a long time, Kodak is not willing to abandon their traditional strengths, on the other hand they are too confident that they

have the ability to dominate the development of the industry, to enable digital technology to be used by me, thus consolidating its own "monopoly empire" in the field of civilian traditional film. To this end, contrary to Fuji's strategy, Kodak is a generous investment in an industry that its peers think has dwindled. In the first five years of the 21st century, the impact of digital photography has shown its power to maintain the traditional mode of expansion and open many photo processing and photography specialty stores in all corners of the world, resulting in huge fixed assets investment and labor costs. With the development of industrial technology, the global film consumer market rapidly shrinks at a rate of 10% per annum. Not only have these dedicated assets not become resources, they have quickly become a burden on Kodak and further squeeze Kodak's profit margins and make Kodak in the final decision to transition difficult. Back in 2005, Pang Antai, then CEO of Kodak, had tried to reduce costs by reducing the number of flushing shops and layoffs, but it was too late.

The above analysis at least one revelation that the understanding of the industrial development cycle must be fully integrated with industry characteristics, new technologies and consumer behavior analysis of multiple elements in order to grasp and comply with the direction of industrial development. Otherwise, it will 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 services shorter and shorter. Take the high-tech industries such as consumer electronics as an example, the time span of the whole market has shortened to "month" as the unit of measure, from the research and development of new products to the market, to the saturation

and then to the launch of a new round of products. The challenge for producers and service providers in this trend is to continually increase R & D and market investment and recover those costs in as short a time as possible to support the new round of investment. Therefore, if you still follow the traditional model of the product and industry life cycle, step by step, the outcome is conceivable.

When the curve C appears, we should pay more attention to the strategy, clarify the overall changes in the industry, or the stage of the industry fluctuations in order to obtain changes in the opportunities for continued development. Nowonder the industry is saying that it is possible to forget it now if it takes a nap. Strategic transformation So, in addition to research and tracking business life cycle and industrial life cycle, how can companies get from the strategic level, take advantage of this advantage and decision-making ability? Let us recall the Five Forces Model of Industry Competition, another simple but important management model for business management. The five-forces model of industrial competition put forward by Michael Porter, a leading academic in world management circles in the 1980s, has become a compulsory model that every day large and small business schools and strategic planning departments study. Five forces model to guide industry practitioners to set their own strategic positioning and competitive strategy.

However, this is the most basic and the most classic strategic analysis model, and has not been really valued and applied by industry and management scholars. First, the enterprises are not fully aware that the five forces model

is a dynamic process. During the different stages of enterprise development, the five forces model can be applied to continuously correct the existing strategic positioning of the enterprise and realize the strategic transformation in different periods. Second, business and management scholars often lack the sensitivity to alternative products, services or models that affect the industry. This is often fatal to business or industry, and Kodak's case fully embodies this "lethality." If when Kodak introduced the world's first digital camera in 1991, it seriously studied the development strategy of the imaging industry in accordance with the original idea 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 video companies represented by Japan and Germany.

The industrial competition pattern was relatively clear, and Kodak formed a horns position with Japanese brands. However, while Kodak is aware of the technological leadership of digital technologies, it ignores its due positioning as a "replacement" for digital technology from a strategic perspective. Because the development of digital technology not only bring about the complete change of traditional technology, but also will lead to the consumer behavior and the complete change of business model. The new digital technology undoubtedly far outpaces the complexity and professional operational processes required for traditional chemical imaging. More importantly, consumers' new preferences for digital imaging technologies will revolutionize the business model of the original video production service. The original 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 to the obsolete business model of video production and continues to try to guide consumers in their usual ways. To this end, Kodak Company has also worked hard to develop an APS camera system based on the new electronic control system and is trying to give the Kodak brand value to digital technology. However, these initiatives have neither been able to re-establish the benefits of traditional imaging technologies nor have they enabled the brand to reinvent Kodak as a digital 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 technology transformation; and in the digital technology applications, Canon, Minolta, Japanese brands such as Sharp, Sony and Casio have surpassed Kodak. Kodak cannot win in both ways, failure has become inevitable.

Taking the original Fujifilm in Japan as an example, it has now been successfully transformed into a high-tech brand spanning imaging, medical systems, life science systems, high performance materials, optical components, printing systems, recording media, office and industrial products, And even innovative skin care products. Similarly, on the other hand, Lucky Film, the representative of traditional Chinese film, has now developed into a high-tech material manufacturer focusing on the new energy field after years of painful transformation. We can assume that after Lekai fully analyzed the elements of industrial competition by using the most

fundamental management and analysis model of WuLiji, it resolutely transformed and re-established the strategy in the new industry by utilizing the core capabilities accumulated in the thin film processing field Positioning. Therefore, in the broadest sense, “ alternatives” include products, services, business formats and business models.

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