

Surviving of polaroid in camera market essay sample

[Finance](#), [Market](#)



Surviving of Polaroid in camera market

Polaroid Corporation was founded in 1937 by Edwin Land who dropped out of Harvard College in order to focus on the research on the polarization of light. He developed the first instant camera in 1948. From that time onwards the instant camera was the main product of the company. 90% of the company's efforts were tied up to this product over the next decades. Within four decades, sales of the firm grew from \$142000 to over \$1 billion. Significant break-through of Polaroid included:

- > Instant Black & White film (1954)
- > Instant color film (1960)
- > And the SX-70 camera and film (1972)

Protected by patents, the competition for the company in the field of instant photography was low. The attempts to diversify its product line basically failed. At the end of 1995, photographic products were still accounting for 90% of Polaroid's revenues. In the digital area, Polaroid is facing various large competitors, such as Xerox, Sony and 3M. However, Polaroid's research and development in that area is subject to heavy start-up costs in 1996. The case takes place in late March 1996. A new CEO Gary T. DiCamillo has been appointed in November 1995, as the first outsider. He is supposed to bring the company back on track after 10 years in which the share price has been lacked behind the market. The former president of Black & Decker's Power Tool unit proposed a new restructuring plan through which the existing Polaroid brand should be exploited aggressively, new product extensions

should be introduced and the entering into new emerging markets, such as Russia, should further increase the performance of the firm.

<http://www.fujifilmusa.com/>

Industry overview

Polaroid's core business is the design, manufacture, and sale of instant photographic imaging products. Photographic products represent over 90 percent of Polaroid's total company revenues (Appendix B). In February of 1996, Polaroid reorganized the management of their core business into three areas: consumer, commercial, and new business (www.polaroid). Polaroid felt this would allow the company to react quicker to customer requirements and the changing market conditions (www.polaroid). The contents of this report will focus on the consumer division with an emphasis on instant cameras and film. The Consumer Imaging division of Polaroid represents well over half of the company's total sales. The divisions sales are expected to increase 3%-5% per year through the year 2001. To achieve this growth Polaroid's focus now expands to include many new and emerging markets. The company feels by targeting countries with little or no film developing infrastructure they will be early arrivers into these markets. Some of the countries Polaroid focuses their targeting efforts on include Russia, China, India, Brazil, Africa, and Latin America.

In 1995 Polaroid's sales in Russia reached \$200 million, making it the company's second largest market. Unfortunately, emerging markets are often very unstable, and Polaroid's sales in Russia fell by 40% in 1996 (Prudential, 2). The company is still very optimistic about sales in emerging

<https://assignbuster.com/surviving-of-polaroid-in-camera-market-essay-sample/>

markets and hopes tariff reductions, targeted pricing campaigns, and customized product offerings will increase sales in many of these markets (Prudential, 2). Polaroid holds a rather unique strategic competitive position in the market of instant cameras. Polaroid introduced their first instant camera in December of 1948 (Abeil, A2). The company continued selling instant cameras unchallenged, because of a strong patent, until 1976. From 1976-1985 Kodak began selling a line of instant cameras called Kodamatic's (Abeil, A2). Polaroid sued Kodak in 1976 accusing them of violating Polaroid's patents (Abeil, A2). The case was finally settled in 1985 and Polaroid was awarded \$909.5 million in damages (Abeil, A2). With the exception of the brief period between 1976-1985 Polaroid has had a virtual monopoly on instant cameras. The company's patent did expire in 1990, but competition has been slow to enter the market place because of the products mature position in the product lifecycle Polaroid's threats are not from direct competitors; they are from the indirect competitors. Polaroid's instant cameras have continually lost market share to disposable, 35mm, video, and digital cameras. The company also continues losing market share because of one hour photo processing shops and a reduction of shelf space at many outlets

b) Company's core problem

In the mid-1990's, Polaroid faced imposing challenges to their core instant photography business—growth of their traditional instant cameras and film was slowing, digital photography was gaining momentum and the overall competitive landscape was becoming increasingly hostile. The Company

could continue to leverage strong brand equity, but its consumer base was growing

older and less active. Lacking new products to re-energize the current markets or open up new ones, Polaroid began a process of revitalizing its core imaging business. In a 1997 conference call, chairman and chief executive Gary DiCamillo announced Polaroid's goal of introducing between 20 and 25 new products or product line extensions per year. Polaroid quickly delivered on DiCamillo's promise. Praised by the analyst community for becoming more in touch with its consumers than many of its competitors, Polaroid translated its efforts into financial success by 1999, accelerating top-line growth. Combined with restructuring efforts, sales growth boosted profit performance, erasing operating losses generated in the previous years. Unfortunately, this financial turnaround was not sustainable. By the first quarter of 2001, the Company again faced very serious problems with its overall product line. Following repeated earnings shortfalls due to weak sales and a cyclical downturn in the economy, the analyst community downgraded the stock and the market price tumbled.

Credit agencies responded as well—Standard & Poor's lowered its overall corporate credit rating to double B-minus, from double-B and Fitch lowered its rating from stable to negative. As a result, DiCamillo announced suspension of the \$0.15 quarterly dividend—the first such suspension in over 30 years—a move expected to save \$27 million. The Company also announced plans to lay off 11% of its workforce, or 950 employees—including approximately 475 from Massachusetts—aimed at saving \$30

million annually. The stock price, which had exceeded \$50 a share in 1997, was trading around \$5.00. The Company also faced takeover rumors, similar to the mid-1990's when the stock price took a similar hit.

Background

a) History of the company

Edwin Land, an American scientist and inventor with over 500 patent awards, develops the first Synthetic polarizer that would be used in a variety of products ranging from photographic filters, sunglasses and glare-reducing airplane windows. In 1944, Land creates a one-step photographic system that would lead to the invention of the first instant camera. The introduction of the Polaroid Land camera, in 1948, marks the beginning of the brand's legacy in instant photography. By 1950, more than a million packs of film have been sold.

Polaroid debuts colored film in 1963

In 1972, Polaroid introduces the SX-70 – a fully-automatic, motorized, folding, single lens reflex, which ejects self-developing, self-timing color prints. By 1976, sales of Polaroid cameras exceed 6 million units. In 1977, Polaroid introduces the OneStep Land camera, an inexpensive, fixed-focus camera that would become the best selling conventional or instant camera in the U. S. for over four years. Well before its time, Polaroid begins selling its first digital camera, the PDC 2000 in 1996. In 2008, Polaroid introduces the Polaroid PoGo™ Instant Mobile Printer, the first truly mobile digital printer that prints images from a cell phone via Bluetooth or a digital camera with a USB cord. Polaroid introduces the second product in its Polaroid PoGo™ line

of digital instant photography products. The Polaroid PoGo™ Instant Digital Camera is the digital version of Polaroid's iconic instant camera. It is the first digital camera/printer combo that is portable enough to take anywhere.

Traditional Instant Polaroid Film cameras are re-launched in to the market place with the new Polaroid 300, featuring a retro design that comes in Black, Blue and Red and prints out 2×3" photo's instantly. 1 b) Sales and development highlights

Feature Highlights:

c) * Easy to use, intuitive interface produces quality edits in seconds d) * 36 authentic frames in the Polaroid Classic Border Logo format e) * 20 photo effects for innovative pictures

f) * Easily share via Instagram, Facebook, Twitter, Flickr, Tumblr or email g) * Control flash, grid, and front or rear camera

h) * High resolution output - 2282 x 2271px

Industry's Competitors:

a) Nikon

The Nikon Historical Society back in 1997 and thought I could lend a hand to patch some missing resources on the network as well.

Nikon has helped us see and retain history, emotion, joy, happiness, sad moments, fond memories, the bright and ugly side of where we lived... and painted the world with different perspective and angles.

On the other hand, along with the process of recording history and all those memorable moments in our life faithfully, it made history for itself, creating

influential trends in the important development of image-making hardware and optics.

Here is a site, within the best of my knowledge, dedicated to all the Nikon followers/users around the globe, to further assist those who have a specific interest or for those wishing to understand more about the basics of the huge Nikon photographic system, which started with – the camera.

b) Sony

Originally called Tokyo Tsushin Kogyo (Tokyo Telecommunications Engineering Company), Sony's roots go back over half a century to 1946 when it was founded by Masaru Ibuka and Akio Morita. In the crippled post-war Japanese economy Ibuka and Morita made their living repairing radios and manufacturing small numbers of voltmeters whilst looking to develop a future in designing and manufacturing new electronics. Perhaps surprisingly, their first electronic innovation was an automatic rice cooker. Its success was limited but it was the first in a long line of innovations which continue today. Ibuka and Morita were global thinkers. They realised the need for a global brand which crossed cultural and language borders in order to expand the business in the US and later Europe. Today Sony UK employs around 4, 500 people in functions including Manufacturing, Sales and Marketing. Sony's UK Headquarters are located at Brooklands, near Weybridge, in Surrey, on the site of the old Brooklands Racing Circuit, just inside the M25.

c) Fuji

Which established in 1934 and it is the world's largest photographic and

imaging company, Fujifilm was one of the early innovators in the consumer compact camera market, and is in fact usually credited with introducing the first true digital camera, the DS-1P, in 1988.

In 1999 Fujifilm introduced a proprietary sensor system, Super CCD, which promised improved resolution and sensitivity thanks to a novel pixel architecture and some fancy image . Although the early generations of Super CCD failed to impress, the latest version (Super CCD EXR) is generally considered one of the better compact camera sensors. For many years Fujifilm also offered a DSLR system (based on adapted Nikon bodies) but hasn't introduced a new model since 2006. At Photokina 2010 Fujifilm announced the X100, a fixed lens APS-C sensor compact.

<http://www.fujifilmusa.com/>

d) Canon

CANON INC. is a manufacturing company. The Office segment develops, manufactures and sells office complex machines and copiers, personal copiers, laser complex machines and printers, digital production printing systems, business high-speed continuous printers, wide format printers and document solutions. The Imaging System segment develops, manufactures and sells digital cameras with interchangeable lenses, compact digital cameras, digital video cameras, digital cinema cameras, interchangeable lens, ink-jet and large-sized ink-jet printers, business photo printers, image scanners, broadcasting equipment and calculators. The Industrial Equipment and Others segment develops, manufactures and sells semiconductor and

<https://assignbuster.com/surviving-of-polaroid-in-camera-market-essay-sample/>

flat-panel display (FPD) exposure equipment, digital radiography, ophthalmic instruments, vacuum thin-film deposition systems, organic electroluminescence (EL) display manufacturing equipment, micro motors, computers, handy terminals and document scanners.

For Canon, image is everything. The company makes printers, multifunction document equipment, and other computer peripherals for home and office use (more than half of sales). It also remains a force in the consumer and professional photography industry, making still and video digital cameras, LCD projectors, lenses, and binoculars. Canon also operates an industrial segment, featuring such diverse products as semiconductor manufacturing equipment, television broadcast lenses, and devices used for eye examinations. Customers in its home country of Japan generate just 20% of the company's revenues.

Polaroid value chain activities

a) Primary activities

Inbound logistics(The activitiesof receiving, storing of incoming goods or materials for production use.)

To the most parts of the world its exporting by Holland and the raw materials are coming from some African countries and South east Asian countries, there are a lot of indirect retailer shops which has licences to sell its product in several countries. but the scarcity of raw materials and the shift from film had numbered its days.

Most of the Polaroids operations were based on R&D department because camera or electronic industry is changing by some innovations everyday. All of the technology industry members are using this strategy nowadays. In addition to efforts to capture share of the digital camera market. Polaroid was also working on a wireless, mobile device that would print digital photographs onto film, which, although similar to instant film in some respects, was a much higher-performance medium. Outbound Logistics (transport and storage for finished goods despatched by a business) Vespa scooters were sold beyond Europe and North America. When expanding into these markets it was common for Vespa to partner with, or license certain models to, existing manufacturers. Bajaj Auto in India was the first licensed manufacturer of Vespa in India. Dan motor Vespa Indonesia was a joint venture between Indonesian interests and the East Asiatic Company, which was based in Denmark. Vespa had a various partnerships and presence in Taiwan. Marketing and Sales

Polaroid's core product line, instant cameras, is mature and is in a no growth industry. Traditionally, Polaroid's main customers are insurance adjusters, real estate agents, and interior designers who needed immediate photographic images. With the introduction of digital cameras and camcorders, along with the increasing number of one-hour processing labs, the demand for the once "magical" instant photographic development seriously declined. Early in 1996, Polaroid faced the task of rejuvenating demand for its product and chose to spend approximately \$50 million on an aggressive advertising campaign.

b) Support activities

1. Core business process

Challenges to Polaroid's Core Business

In the mid-1990's, Polaroid faced imposing challenges to their core instant photography business—growth of their traditional instant cameras and film was slowing, digital photography was gaining momentum and the overall competitive landscape was becoming increasingly hostile. The Company could continue to leverage strong brand equity, but its consumer base was growing older and less active. Lacking new products to re-energize the current markets or open up new ones, Polaroid began a process of revitalizing its core imaging business. In a 1997 conference call, chairman and chief executive Gary DiCamillo announced Polaroid's goal of introducing between 20 and 25 new products or product line extensions per year. Polaroid quickly delivered on DiCamillo's promise. Praised by the analyst community for becoming more in touch with its consumers than many of its competitors, Polaroid translated its efforts into financial success by 1999, accelerating top-line growth. Combined with restructuring efforts, sales growth boosted profit performance, erasing operating losses generated in the previous years.

2. Environmental unsustainability

In 1989, Polaroid first began reporting on its environmental performance (for calendar year 1988) to show its commitment to the important issues that affect the health and safety of our employees, as well as the communities and the environment where we work. Six years later, we publicly affirmed our belief in the necessity for protecting the Earth by

endorsing the CERES principles; a 10-point code of conduct that companies can follow to help become responsible stewards of the environment.

Today, our annual report on the environment also includes matters related to “sustainability,” which Polaroid generally defines as “using resources today in a manner that meets our needs without compromising future generations.” In this report, we have combined the GRI guidelines with CERES questions from the previous year, to provide a more useful document to help stakeholders chart our progress. In addition to environmental issues, we will also discuss economic and social performance. At Polaroid, environmental sustainability means using our resources wisely today to continue to meet our ongoing business needs for the future.

We are committed to the development of sustainable business practices, and will continue to report on our progress in achieving our environmental goals, as we have for more than 10 years now. The year 2000 was an important transition year for the company, with record camera sales and exciting new product lines featuring our digital imaging products. We also continued to improve some measures of our environmental performance as we worked diligently to improve revenue, earnings and cash flow. Also in 2000, I spoke with Polaroid’s worldwide Health, Safety and Environment (HSE) staff, product managers and designers, on the role each of us has in managing the many requirements for environment and safety that products must meet in today’s worldwide marketplace. One notable accomplishment in this area: We achieved reductions in total waste and energy despite the increase in product manufacturing volumes in our business this year.