Case Study: Failure of Kodak

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**Introduction**

Kodak is an American technology company that produces camera related products. There was a time when Kodak was the world’s biggest film making company. This company could not keep itself with the changing in the technology and digital revolution in the camera-related products. Kodak was the leader of the production, marketing, and design in the manufacturing of photographic equipment. Although Kodak invested billions of dollars in digitalizing, it failed to covert itself fully according to the needs of new technology. Kodak failed to invent digital devices for the mass market because of the fear of disregarding it’s the all-important business of film making. Kodak could not communicate effectively with its customers. The competitors of Kodak like the Japanese firm Canon availed this opportunity and made it fully digitalized and as a result, grasp the major share of the market. In 2012, this company filed for bankruptcy and closed most of its business. Kodak re-emerged in 2013 as comparatively a very smaller company, and its concentration was on serving commercial customers.

**Literature review**

Kodak received the major setback in 2012 due to the lack of its ability to digitalize it and its reluctance to fully convert it from a film making company to a digital corporation. Two other companies faced the same problem of lacking in technology. Polaroid was a well-known company that produced Polaroid instant film and cameras. This company was founded in 1937 and it captured a huge market due to the lack of competitors. This company made the same mistake as the mistake of Kodak, as it failed to equip it with modern technology. Polaroid failed to anticipate the impact of the digitalization of cameras and films. This company fell into its success trap and continued to produce the equipment which had historically good business in the market. This company neglected the need to explore new ideas and technology and as a result, affirmed bankrupt In 2001 and all of its possessions were sold off.

Compaq is another firm whose failure pattern resembles the failure patter of the two already discussed companies. This company was founded in 1982 and it remained the biggest seller of computer-related goods and services till the late 1990s. Compaq was the first firm that legally engineers the IBM Personal Computer. But at the very beginning of the 21st century, this company had to face severe financial crises. Again the reason was the same as the reason behind the failure of the other two companies Kodak and Polaroid. This company did not give due respect to the concept of research and development as compared to its competitors like HP and Dell. Dell was the company that paid much attention to acquiring the new technology that was much more cost-effective as compared to the technology that was used by the Compaq. As a result, Compaq was overtaken by HP in 2002 (Munir, 2012). The brand name of Compaq was being used by HP for its lower-end system until 2013.

**Analysis of Communicative problems**

Kodak Company was established on September 4, 1888. Almost during the whole of the 20th century, Kodak remained the leading company in the production of films, cameras, and related products. During the 20th century, Kodak products were an essential part of any event. This company started to struggle financially in the late 1990s. The core problem for the crises of Kodak was the digitalization of cameras and photography. Cameras, photography and related products were the key source of revenue for the company. In the late 1980s, the photography industry started to shift its trend from analog photography to digital photography. For Kodak Company, the Logical demand of the time was to shift its business from traditional ways of photography to the new and digital technology of filming and photography. Although this company also start participating in the production of digital cameras and related products, traditional films and cameras remained the focus of the company and the company could not reinvent itself according to the latest technology. They try to overlook the new technology by assuming that it would not hurt their traditional business of filming and it would go away by itself. Here the company failed to communicate effectively with its consumers and could not understand their needs (Lehman & DuFrene, 2016). Not adopting and promoting new technology was the fundamental reason behind the failure of Kodak. Besides this core problem, some other reasons played their role in kick out Kodak from the market. Like, many other competitors also join the market of traditional films and cameras and smart mobile phones with cameras can also be considered as reasons behind the failure of Kodak (Anthony, 2016). Lack of forecasting market trends and consumer’s needs on behalf of the company’s top management can also be considered as a source of Kodak’s failure to survive in the 21st century.

**Analysis of data**

Till the 1990s, although there was digital technology that was growing and establishing its share in the market but still the traditional business of Analog films and cameras of Kodak was not affected. Kodak's core business had no pressure from competing for digital technology. So, until the end of the 20th century, there was no need to worry or try to shift its business from traditional filming to the digital one. But consumers gradually started moving towards the new technology. At the start of the 21st century, Kodak had to face a sharp decline in the sale of its products. At this time Kodak was trying to overhaul itself according to the needs of the consumer. The company started the production of the digital cameras. Daniel Carp was the CEO of Kodak at that time when the company launches its digital cameras of the EasyShare family. Then Kodak spent a tremendous amount of resources to find out consumer preferences. According to its finding of market demand, Kodak entered in the market of digital cameras. But still, it failed to fully anticipate how fast the demand for digital cameras was growing. The company was still in need of spending more on research and development because the technology that was used by the Kodak at that time was much expensive. Although Kodak declared at spot two (behind Sony) in the race of capturing the market for digital cameras, the company had to face a loss of $60 on every camera sold due to a lack of cost-efficient technology. On the other hand, the film business where the company was enjoying the great profits faced an 18% fall in sales (Shih, n.d.). The company that had a share of 27% in the market in 1999 had to face a huge fall in demand for its products and its share in the market shrunk to just 7% by the year 2010 (Munir, 2012).

**Conclusion**

To survive in the market of production, every company must have to adapt the requirements of the market. In this age of technology, innovations can disrupt the market and its demand preferences. To survive in today's market where the consumer's choice is the priority, any company had to spend a lot in the areas of research and development and to figure out the new trends in the consumer's market. Now the customers have the choice to go wherever they want to go and being a producer you have to respect their choices. All the producers should take competition seriously and try to make a struggle to be prominent. Companies who fail to give due importance to its customer’s choice and cannot modify their technology according to the needs of their consumers, feel it difficult to survive in this age of competition. Companies who want to survive in the market should learn from the mistakes of companies like Kodak.

**References**

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