<u>Kodak Case Write-up</u>

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Introduction

As a company, Kodak had the ability to lead the photography industry for a long period until it decided to fill for bankruptcy in 2012 due to a failure to keep up with changes in the digital industry. Despite making early advancements in digital photography, Kodak has never been able to shift from its profitable sale of analog films. In this case, the essential features of the two worlds of photography – the analog and digital are examined, the disruptive effect of the digital image is discussed and potential approaches employed by Kodak in response to this disruption are assessed.

1. Analog vs. Digital World

The film years had high and ongoing consumer costs, this included purchasing the actual films as well as development cost. Kodak's business model was based upon what is often called the "razor-blade" strategy cameras were inexpensive, but film and development services brought in huge profits. The innovation cycle in this world was understandably quite slow, striving mainly to iteratively enhance the quality of film or do various things with camera designs. Kodak also had a strong physical presence in its distribution channels, relying on films and photo-finishing services to drive the digital ecosystem.

The digital world was, in some ways a real challenge. It is a change in the cost structure as you had high setup costs for digital cameras with no re-occurring film and development. Tech evolution of digital cameras quickly accelerated after the prediction by that technology-related advancements should come with twice as much power every two years (Moore's Law). Anything digital had a short innovation cycle and was rapidly improving in image quality, storage ability, and user experience. It also changed the way images were distributed, instant digital dissemination over the internet bypassing physical retail outlets altogether.

Disruptions started by adhering to the ray of conditioned design principles namely getting a cheaper, worse product in comparison with technologies available already but ultimately catching up and surpassing incumbents. With Kodak, digital cameras began with quality inferior to that of film but quickly grew higher and thus caught them sleeping. The trouble was that Kodak managers could not see the end of this path, even though it clearly led to technology disruption and ultimately their lucrative film business.

2. Impact of Digital Substitution on Kodak and the Film Industry

Kodak was upended by digital photography along the entire value chain from manufacturing to retail. Under the old film-based industry, Kodak also managed production of consumables (like photo paper and chemicals) as well as development processes. Then digital imaging turned off these high-profit faucets era. The company was structured around the old core of manufacturing film and cameras, which did not facilitate to innovate effectively in digital camera technology. Even Kodak's high-level R&D in film technology was no longer as cutting edge, since innovation around digital imaging was being led by players like Sony and Canon. Retail networks were also broken up and no longer were consumers constrained to taking their film (or disks) into retail photo-finishing services for development as they could now view the digital images on computer screens and share them with friends online.

The demand for Kodak film and development services were decreased due to this change. Kodak was an early adopter of digital technology, but the company failed to react in time for what would eventually become their new normal and thus continued its emphasis on film sales and photo-printing kiosks. Products like the Photo CD displayed their hybrid approach, that ended growing in demand by a public hungering for totally digital.

3. Changes in the Value Chain with Digital Cameras

The transition, from film to cameras brought changes to the imaging industry's supply chain dynamics. During the era of analog photography when Kodak reigned supreme across all aspects of the industry – from manufacturing film and cameras to offering photo finishing services – the landscape shifted with the advent of technology. In this realm contenders emerged at various stages of the value chain. Sony Canon and Nikon emerged as frontrunners in camera production while Hewlett Packard and Epson asserted dominance in the printing segment, with their range of home photo printers. Digital pictures also brought in storage and sharing choices like drives and memory cards, along with cloud services which ultimately weakened Kodak's typical dominance, over the value chain.

To keep up with the changing times and technology trends, in photography industry Kodak tried to make changes by launching cameras well as setting up kiosks and online photo services; however, they were slow in adapting to this new era of digital photography that consumers were embracing so quickly. The management at Kodak failed to acknowledge the change in consumer preference towards photography as they remained fixated on their traditional film business which hindered them from seizing opportunities in emerging digital services such, as photo sharing and storage platforms.

4. What Kodak Could Have Done Differently

The reason Kodak struggled to keep up with changing technology was due to the reluctance of its managers to embrace ideas and their dedication to preserving film based practices in the business realm." Drawing from insights offered by theories, on innovation " Kodak's management team had opportunities to react more efficiently.

1. **Embrace the change:** Kodak possessed the technology to develop cameras. Chose not to support it and instead hid it away due, to concerns about its impact on their film sales revenue stream They failed to seize the opportunities presented by the advancing future in hindsight embracing this transformation could have positioned them as leaders, in the era.
2. **Target the new markets:** Focus on expanding into markets; Initially digital photography wasn't poised to steal Kodak's customer base; it was set to attract fresh demographics such, as tech enthusiasts and early adopters. Those who had little interest, in traditional film photography before.
3. **Separate the digital from the analog:** Kodak's major blunder was attempting to blend the realms of film and operations instead of establishing a distinct division solely for digital products free, from the constraints of the film industry's legacy.
4. **Go beyond hardware**: Kodak's digital camera offerings were not enough to sustain the company. They should have leveraged their strong brand to provide digital services, such as photo storage, sharing, and editing, similar to how companies like Shutterfly and Instagram evolved.

Conclusion

In the end, Kodak's downfall wasn't a failure of technology, but it was a failure of vision. They had the tools to thrive in the digital era, but they tried protecting the old ways to see the new world rising around them. Disruption isn't kind, and it doesn't wait for anyone. Kodak's fall is a cautionary tale for every industry staring down the barrel of digital transformation. Adapt or perish—it's as simple as that.