Marketing Doctor

Marketing Check-up

Kodak

As of February 27, 2024

Condition: Chronic

The camera it invented and shelved

In December 1975 a Kodak engineer showed the first picture from a digital camera he had built. Kodak decided to stay focused on film and paper, the products that paid the bills. Twenty-five years later, digital photography arrived anyway, led by others. This check-up looks at the marketing choices behind that decision, what Kodak tried next and what growing companies can learn about the product that threatens their best seller.

Key takeaways

- Kodak engineer Steven Sasson built a working digital camera in 1975, but the company chose to protect film sales rather than market the new product.
- By 1997 Kodak was losing customers to Fuji and cutting prices to keep them, a sign its value story had weakened.
- Sales almost halved between 2005 and 2010 as customers moved to digital, and Kodak filed for Chapter 11 in January 2012.
- Today the famous name sits on a commercial print business, and later announcements in cryptocurrency and pharmaceuticals had little to do with what customers knew Kodak for.

Marketing health check

Area	Finding
Positioning	Unclear to consumers. A camera-and-film name on a commercial print business.
Distinctive assets	Famous but idle. The name is widely known and partly licensed to other companies.
Innovation	Early but unused. Kodak invented digital photography and let others lead it.
Pricing	Weak. It answered Fuji with price cuts instead of a stronger reason to choose Kodak.
Brand extension	Overstretched. Crypto and pharma announcements sat far from what customers trusted Kodak for.

Timeline

When	What happened
Dec 1975	Steven Sasson takes and displays the first picture from his digital camera.
Dec 1978	Sasson’s digital camera patent is granted.
1988	Kodak’s global workforce peaks at 145,300.
1991	Kodak announces a professional digital camera system priced at about $20,000.
Mar 1997	Kodak warns sales are below plan after losing customers to Fuji and cutting prices.
2009	Kodachrome film is discontinued after 74 years.
Jan 2012	Kodak files for Chapter 11.
Sep 2013	Kodak emerges as a technology company serving imaging for business markets.
Jan 2018	Kodak announces KodakCoin, a cryptocurrency for an image rights platform.
Jul 2020	A proposed government loan to launch Kodak Pharmaceuticals is announced, then put on hold.

What happened: Kodak invented the future and kept selling the past

In December 1975, Kodak engineer Steven Sasson took and displayed the first picture from a digital camera he had built. It was about the size of a toaster, weighed about eight pounds and recorded 10,000 pixels. Kodak decided to stay focused on its core business of film and paper. A 2015 New York Times account, quoted by Snopes, says Sasson was told the company could sell the camera but would not, because it would eat away at film sales.

Kodak did keep working on digital. In 1991 it announced a professional digital camera system priced at about $20,000. That price told the market who digital was for: professionals with budgets, not the families who bought Kodak film every summer. The everyday customer, the one Kodak knew best, was left for others to win.

Film itself came under pressure first. In March 1997 Kodak warned that sales were below expectations after it lost customers to Fuji and cut prices. When the main reason to choose you is habit, a cheaper rival can break it.

The diagnosis: four marketing problems

- **The best seller set the strategy.** Film and paper paid the bills, so the product that threatened them was managed, not marketed.
- **Digital was priced for the few.** A $20,000 professional system in 1991 kept digital away from the mass market Kodak already owned.
- **Price became the argument.** Against Fuji, Kodak cut prices instead of giving customers a stronger reason to stay.
- **The name was stretched too far.** After 2013, announcements about cryptocurrency and pharmaceuticals had nothing to do with what customers trusted Kodak for.

The treatment: a retreat to business customers

The shift to digital cut Kodak's sales almost in half from 2005 to 2010. On January 19, 2012, it filed for Chapter 11. It sold and licensed its digital imaging patents for about $525 million and emerged in September 2013 as, in CEO Antonio Perez's words, "a technology company serving imaging for business markets."

The new Kodak tried to borrow attention from the news. In January 2018 it announced KodakCoin, a cryptocurrency for an image rights platform. In July 2020 a proposed government loan to launch Kodak Pharmaceuticals was announced and then put on hold within days. Both drew headlines. Neither gave customers a reason to buy what Kodak actually sells.

The result: a famous name on a different business

Kodak now calls itself "a global manufacturer focused on commercial print and advanced materials and chemicals." It had about 4,200 employees at the start of 2023, against 145,300 at its 1988 peak. In 2022, printing brought in most of its revenue, while licensing the Kodak name to other companies brought in $17 million.

A marketing audit of Kodak today would find a name people know from cameras and film, attached to a business most of them have never bought from. The brand outlived the strategy that built it.

Lessons for your marketing

1. If a new product could eat your best seller, give it its own team, its own targets and its own budget.
2. Price the new thing for the customers you already have, not only for early adopters with big budgets.
3. Answer a cheaper rival with a stronger reason to choose you, not just a lower price.
4. Lead the change you can see coming. If you don't, a competitor will market it for you.
5. Stretch a famous name only into places customers believe it belongs. Headlines are not demand.

The doctor will see you now.

Book a free marketing check-up at marketingdoctor.ca/contact. We'll examine your marketing, show you what's holding growth back and prescribe what to fix first.

Sources

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