

In this activity, you'll explore how Kodak—a once-dominant photography brand—lost its competitive edge by failing to respond to changing consumer needs. Through a short case study, you'll examine the strategic missteps that led to its decline and consider how strategic analysis could have changed its trajectory.

Background

Kodak was once a global leader in photographic film, holding over **80% of the U.S. market** and **50% globally** during its peak. The brand was synonymous with photography, and the term “Kodak moment” became part of popular culture. However, despite its dominance, Kodak filed for **Chapter 11 bankruptcy in 2012**.forbes

The Strategic Misstep

In 1975, Kodak engineer **Steven Sasson** invented the first digital camera. Instead of embracing this innovation, Kodak’s leadership suppressed it, fearing it would cannibalise their profitable film business. As digital photography gained traction, Kodak failed to pivot, even though it had the technology and talent to lead the transition.forbes

Kodak’s reluctance to adapt was not due to a lack of foresight—it was due to a failure in strategic analysis. The company did not adequately assess changing **consumer behaviours**, the **rise of digital technology**, or the **threats to its business model**. By the time Kodak responded, competitors like Canon, Sony, and later smartphone manufacturers had captured the market.harvard

Current Status

Kodak has since restructured and now focuses on niche imaging products and commercial printing. It posted a modest profit of **\$12 million in Q3 2016**, a far cry from its former glory.forbes

Discussion Questions

1. **What internal and external factors should Kodak have analysed to anticipate the shift to digital photography?**
2. **How could analysing the environment have helped Kodak maintain its competitive advantage?**
3. **What role does consumer behaviour play in strategic analysis, and how did Kodak misread it?**
4. **If you were a strategist at Kodak in the 1990s, what recommendations would you have made?**
5. **What lessons can modern businesses learn from Kodak’s failure to act on its own innovation?**