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50 EXAMPLES OF CORPORATIONS THAT FAILED TO INNOVATE

Change is inevitable and innovation is no different"

WELCOME

A lot of companies that experience innovation success, grab onto it and believe that it's their secret to an everlasting success. This mindset puts any company at risk of failure but refusing to evolve with the market can be even more devastating.

"Without a robust and resilient innovation strategy, no company can survive," says Phil McKinney, CEO of CableLabs.

This E-book will cover 50 examples of corporations that failed to innovate.

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Kodak

"We developed the world's first consumer digital camera but we could not get approval to launch or sell it because of fear of the effects on the film market."

- Don Strickland
Former vice-president of Kodak -

Kodak, a technology company that dominated the photographic film market during most of the 20th century.

The company blew its chance to lead the digital photography revolution as they were in denial for too long. Steve Sasson, the Kodak engineer, actually invented the first digital camera back in 1975.

"But it was filmless photography, so management's reaction was, 'that's cute—but don't tell anyone about it," says Sasson.

The leaders of Kodak failed to see digital photography as a disruptive technology. A former vice-president of Kodak Don Strickland says:

"We developed the world's first consumer digital camera but we could not get approval to launch or sell it because of fear of the film market."

The management was so focused on the film success that they missed the digital revolution after starting it. Kodak filed for bankruptcy in 2012.

Listen more: NPR's fascinating dive into the downward spiral of Kodak, "The End of Loyalty, The Rise and Fall of Good Jobs in America" by Terry Gross.

Nokia

"It wasn't just that Nokia failed to recognize the increasing importance of software, though. It also underestimated how important the transition to smartphones would be. And this was, in retrospect, a classic case of a company being enthralled (and, in a way, imprisoned) by its past success."

- James Surowiecki
The New Yorker's Contributor -

Nokia, a company founded in Finland was the first to create a cellular network in the world. In the late 1990s and early 2000s, Nokia was the global leader in mobile phones.

With the arrival of the Internet, other mobile companies started understanding how data, not voice, was the future of communication. Nokia didn't grasp the concept of software and kept focusing on hardware because the management feared to alienate current users if they changed too much.

Nokia's mistake was the fact that they didn't want to lead the drastic change in user experience. This caused Nokia to develop a mess of an operating system with a bad user experience that just wasn't a fit on the market.

The company overestimated the strength of its brand and believed they could arrive late in the smartphone game and succeed. In 2007 Steve Jobs launched the iPhone, a phone without a keyboard, which was revolutionary at the time. Really, watch the video and listen to people losing their minds the first time the watch someone using a touchscreen. In 2008 Nokia finally made the decision to compete with Android, but it was too late. Their products weren't competitive enough.

The New Yorker article deconstructs "Where Nokia Went Wrong" by James Surowiecki.

Xerox

"Xerox's failure to conquer the personal computing market — this despite developing revolutionary technology — demonstrates the importance of aligning all segments of your organization in the pursuit of innovation."

- Maxwell Wessel
General Manager of SAP.iO -

Xerox was actually first to invent the PC and their product was way ahead of its time.

Unfortunately, the management thought going digital would be too expensive and they never bothered to exploit the opportunities they had.

The CEO David Kearns was convinced that the future of Xerox was in copy machines. The digital communication products invented weren't seen as something that could replace black marks on white paper. Xerox failed to understand that you can't keep perpetually making money on the same technology.

Douglas K. Smith and Robert C. Alexander even wrote a book about Xerox called: "Fumbling the Future: How Xerox Invented, then Ignored, the First Personal Computer."

Blockbuster

"The internet didn't kill Blockbuster, the company did it to itself."

- Jonathan Salem Baskin
Forbes's Contributor -

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The video-rental company was at its peak in 2004. They survived the change from VHS to DVD but failed to innovate into a market that allowed for delivery (much less streaming).

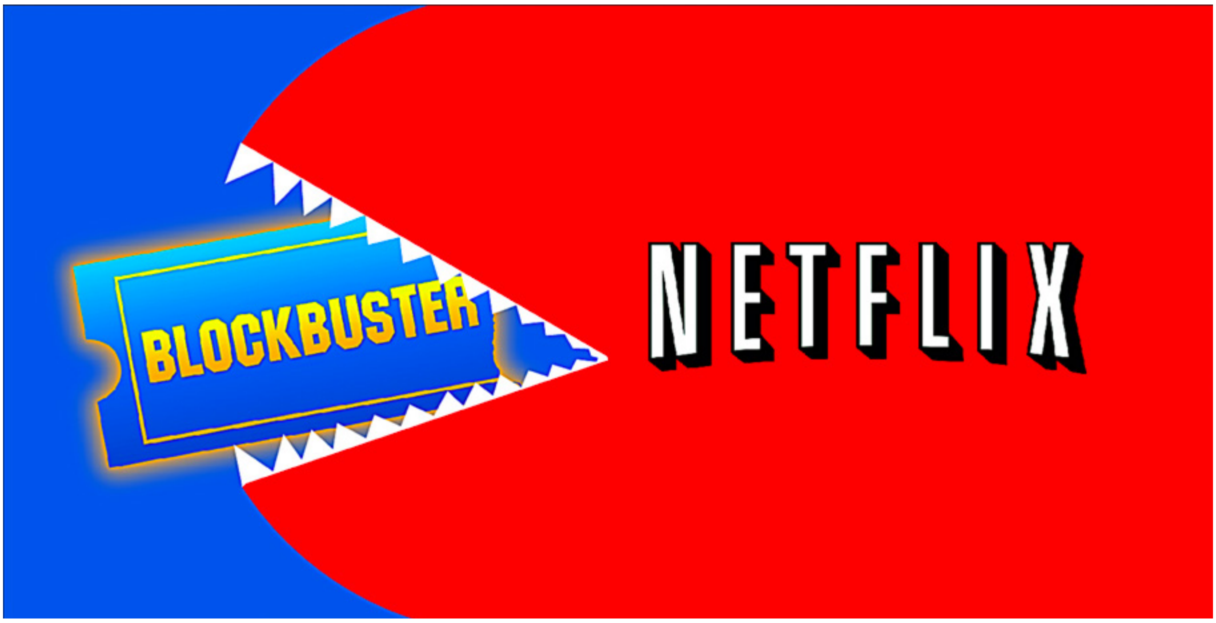
While Netflix was shipping out DVD's to their consumer's homes, Blockbuster figured their physical stores were enough to please their customers. Because they had been the leader of the movie rental market for years, management didn't see why they should change their strategy.

Back in 2000, the founder of Netflix Reed Hastings proposed a partnership to the former CEO of Blockbuster John Antioco.

Netflix wanted Blockbuster to advertise their brand in the stores while Netflix would run Blockbuster online. The idea got turned down by Antioco because he thought it was ridiculous and that Netflix's business model was *"niche business"*.

Little did he know that Hasting's idea would have saved Blockbuster. In 2010 Blockbuster filed for bankruptcy and Netflix is now a $28 billion dollar company.

The Forbes article that aptly describes what exactly happened to Blockbuster, "The internet didn't kill Blockbuster, the company did it to itself."



Yahoo

"What went wrong with Yahoo? It was once worth almost $125 billion, but today sold to Verizon for $5 billion."

- Vindu Goel and Michael J. Merced
The New York Times's Contributors -

In 2005 Yahoo was one of the main players in the online advertising market.

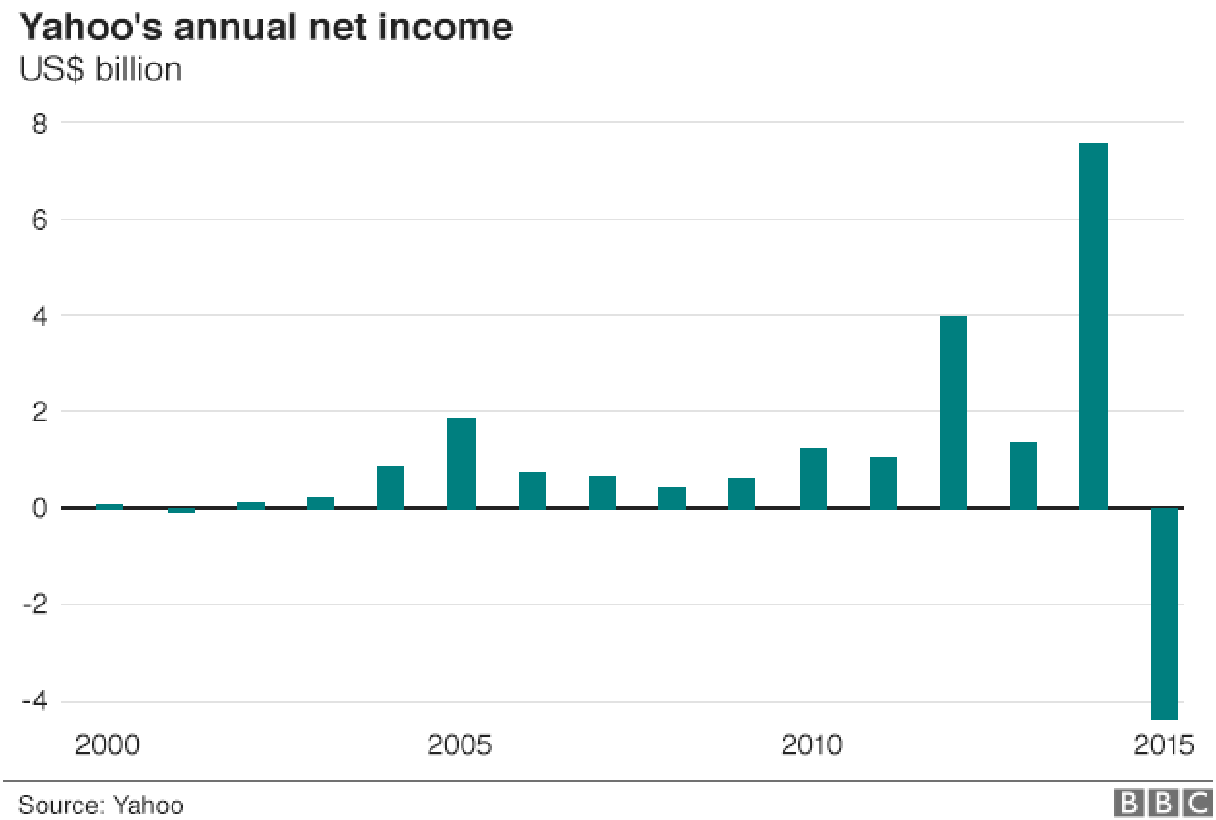
But because Yahoo undervalued the importance of search, the company decided to focus more on becoming a media giant.

The decision to focus more on media meant they neglected consumer trends and a need to improve the user experience. Yahoo managed to gain a massive number of viewers to view content but failed to make enough of a profit in order to scale.

Yahoo also missed out on a lot of opportunities that could have saved them.

For example, in 2002 they almost had a deal to buy Google, but the CEO of Yahoo refused to go through with it. And in 2006 Yahoo had a deal to buy Facebook, but when Yahoo lowered their offer, Mark Zuckerberg backed out. If the company had taken a few additional risks, maybe we would all be yahooing right now instead of googling.

Walter Frick of Harvard Business Review breaks down what happened to Yahoo, "The decline of Yahoo in its own words."



Segway

"The Segway PT is a two-wheeled, self-balancing battery electric vehicle invented by Dean Kamen. It was launched in 2001 in a blizzard of publicity. Yet it has failed to gain significant market acceptance and is now something of a curiosity."

- Paul Sloane -

The Segway was a personal motorized scooter invented and brought to the market in 2001 was designed with the intention of being a revolutionary transportation option.

An easier to use invention perfect for short journeys and more fuel efficient. Yet, Segway didn't appeal to the masses and the price matched that of a newer motorcycle.

Even though the product was revolutionary, the few that could afford the $5,000 price tag were having difficulty finding practical uses for it.

There were questions as to whether it was safe for street handling. Many critics were asking why would anyone invest in something that expensive which you were not allowed to use?

Peter Shankman, one of the first five people in NYC to buy a segway said:

"The police didn't know what to do with it. I didn't know where to ride it. Plus every time I used it, I got called lazy more times that I could count. Not a good recipe for success."

These days the two-wheeler is now mostly used by mall cops and tour groups.

Jordan Golson of wired explains why the market and pricing was never meant for a segway revolution.

IBM

"The key to success is massive failure."

- Thomas Watson
President IBM -

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International Business Machines (IBM), nicknamed "Big Blue", is an American multinational technology company that had its breakthrough in the 1960s with the IBM System/360 – a family of computers designed to cover the complete range of applications.

In the early 1990s, IBM failed to adjust to the personal computer revolution and thus began their downfall. The company adjusted their focus back on hardware instead of software solutions.

Today, after going through several transitions, IBM is one of the most powerful names in enterprise software. They turned their luck around with new management. An ending that most companies don't see.

Jack Schofield breaks down what went wrong at IBM and why their master plan failed to deliver.

JCPenney

"JCPenney is in serious trouble. There's no sugarcoating it. The department store chain, famous for its Christmas catalogs, is losing money — and customers. It has a lot of debt. And not much cash."

- Paul R. La Monica
CNN's Contributor -

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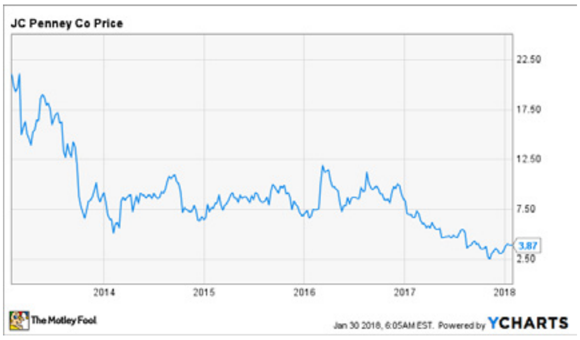
An American department store, JCPenney, has maintained as one of the largest catalog retail business in the US.

Their stores used to be the place where you went to buy clothes for work, church, and children. But when the market around them was changing, JCPenney couldn't find its new niche and faced an identity crisis.

Revenue started to dry up drastically when Ron Johnson took over as CEO in 2012. During his time at JCPenny, the company lost about $985 million, 19,00 employees, and 138 stores were closed. This lead to the mass exodus of its loyal customers.



By the time Mike Ullman took over it was too late to fix the damages that had been done. Today, their online and catalog business is what keeps them alive. And in mid-2017 JCPenney stated they had lost about $62 million in its second quarter, which lead to another 127 stores getting permanently closed.

Panos Mourdoukoutas explains a strategic mistake that still haunts JCPenney.

Tie Rack

"Tie Rack is simply a victim of changing circumstances. You just don't need a standalone tie shop any more, as fewer people are wearing ties and there are plenty of other outlets where people can buy shirts and ties."

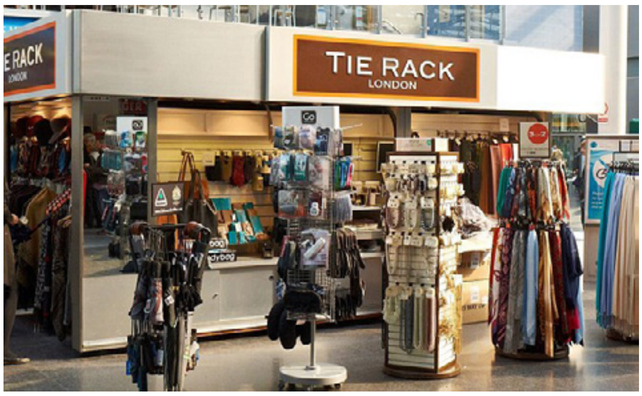
- Neil Saunders
Retail Analyst Conlumino -

This British tie retailer, founded in 1981, failed to do its research about men's shopping behavior.

Their stores only sold scarves, ties, and cufflinks, but it turned out men were mostly buying their ties when they bought shirts.

Even though Tie Rack offered quality ties, it wasn't enough to wow its target. In 1999 the chain store was bought by Frandi SpA Group and has since benefited from being able to sell its products under their brand.

Rob Davies and Kieran Corcoran from Mail Online write [where Tie Rack went wrong]



Blackberry

"BlackBerry thought it had more time and room for error than it actually did"

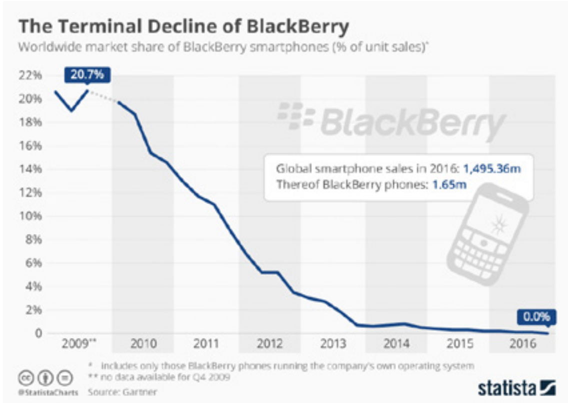
"Focusing on the tens of millions of customers it already had, BlackBerry missed out on the billions that were to come."

- Vlad Svov
The Verge's Contributor -

BlackBerry, a line of smartphones and tablets, was a smashing success in 1998.

They changed the game in the mobile industry by offering a device with an arched keyboard. Their encryption even into the early 2000s was second to none but they weren't thinking of user experience.

Just a few years later the entire mobile industry started focusing on bigger touchscreen displays, while BlackBerry was more concerned about protecting what it already had. Failing to adapt to changes, in 2017 the CEO John Chen announced that BlackBerry was out the smartphone manufacturing business and that the company has built a new strategy.



"Under this strategy, we are focusing on software development, including security and applications."

The company plans to end all internal hardware development and will outsource that function to partners.

"This allows us to reduce capital requirements and enhance return on invested capital," adds John Chen.

Vlad Savov of The Verge explains why "Blackberry's success led to its failure."

MySpace

"MySpace, though clearly the dominant player, got complacent and never innovated."

- Chunka Mui
Forbes's Contributor -

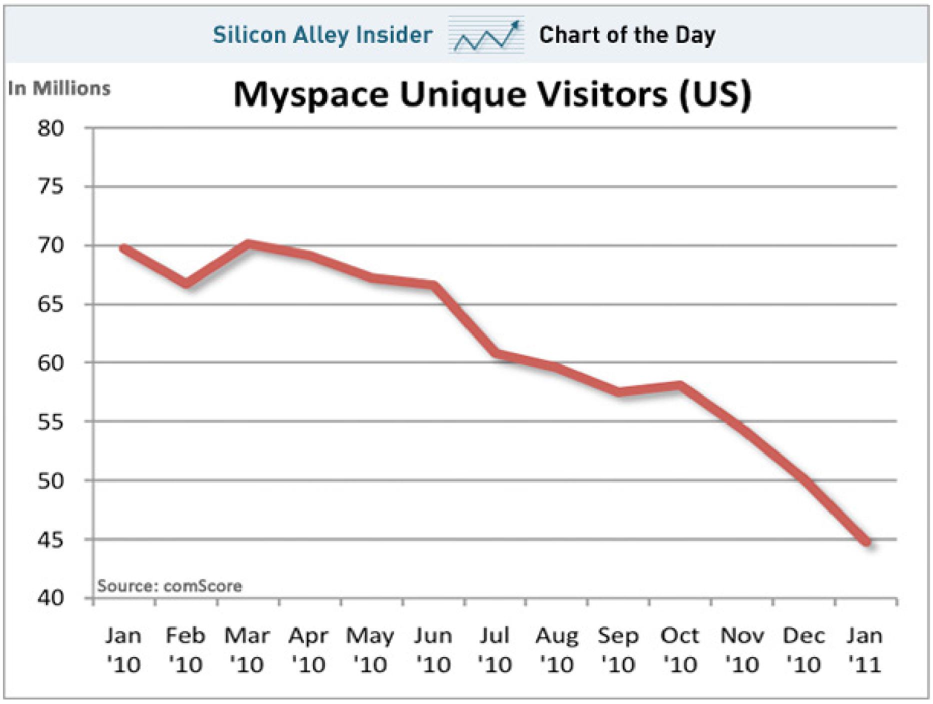
MySpace, a website that was once the dominating social networking until Facebook came onto the scene.

Funny enough, in 2005 Myspace CEO Chris DeWolfe actually met up with Facebook founder Mark Zuckerberg to discuss business together. Mark offered to sell Facebook to Myspace for $75 million, which Chris ended up saying no to.

Because of the growth of Facebook, MySpace started seeing a decline of their users and decided to change its niche. The flexibility and free expression allowed on the myspace platform was once its biggest differentiator had become the most common reason for users leaving.

In 2011 the company changed its focus from social networking to entertainment and music only. But later that year MySpace fired nearly 500 employees after a sustained loss of users.

Amy Lee describes how the social network fell apart.



Sears

“Sears was once the king of retailers. Now it’s a cash-starved shell of itself whose very survival is in doubt.”

- Chris Isidore
CNN’s Contributor -

Sears, a department store company, had one the tallest towers in the world in 1973 and was in general a success.

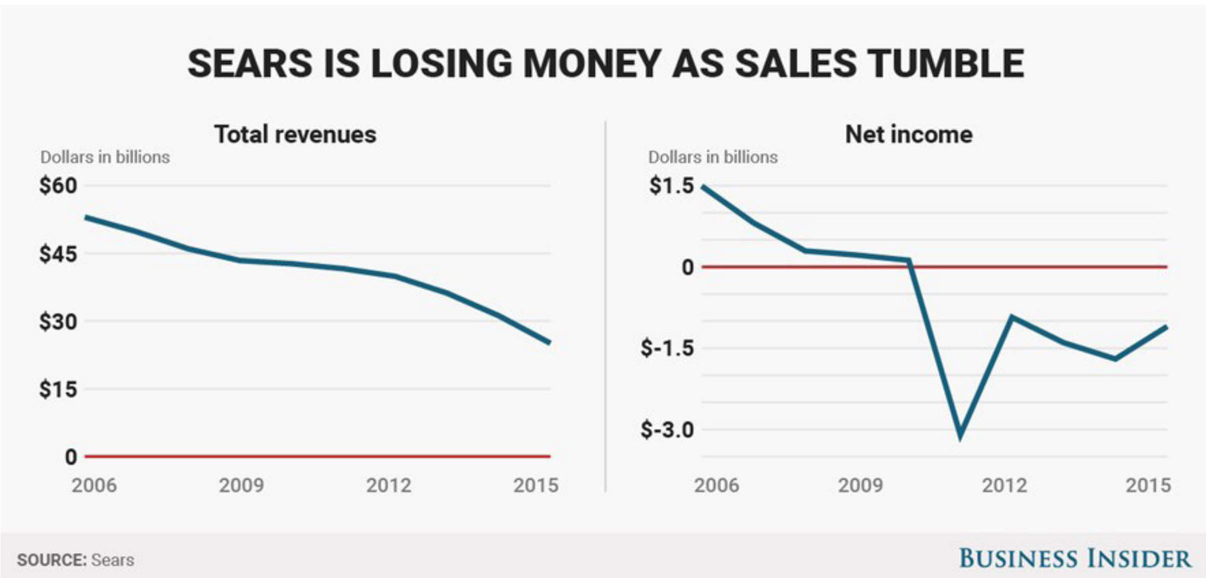
But when a new generation of large retailers like Walmart and Kmart came around, Sears lost sight of what they were good at.

Sears used to be a place that helped conjure dreams of a better American life, offering anything from dresses to sewing machines.

The competitors shifted away from the general store model, while Sears found it difficult to adapt to the changing consumer tastes. The management of Sears was certain that a discount store such Walmart wasn't competition for Sears.

The company to this day continues to experience declining in-store foot traffic and sales because they have a tough time shifting to digital. Sears continues to lose money and is cutting the hours, pay and headcount of retail staff to save cash. This all causing the stores and customer experience to worsen. Recently Sears announced that they are closing about 166 stores nationwide.

Mark Milke breaks down why Sears failed.



Macy’s

“Macy’s recently announced its tenth consecutive quarter of declining comparable store sales. Ten negative quarters is not a blip. It’s not an anomaly. It’s more than just a trend. It is, in fact, signaling the potential of a catastrophic failure of the business.”

- Mark Cohen
Forbes’s Contributor -

Macy's, an American department store chain that still to this day is known as America's largest department store.

Built more than 100 years ago, the store had it all and was a huge success. People loved Macy's so much that two couples even got married at the department store.

In 1980 Macy's was presented with a bold idea: Why not start a cable television channel selling their merchandise? But Macy's thought they knew their customers well and wanted to keep their concept of a traditional store.

Because Macy's said no to the idea, a company called QVC was started shortly after and is now one of the biggest competitors to Macy's. Instead of forcing customers to go to an actual store, the store came to them via the QVC channel. It worked because it was more convenient to the customers.

Today, Macy's CEO Terry Lundgren is under the impression that shoppers prefer to shop in the bricks and mortar stores. But the numbers say otherwise, as revenue continues to fall.

Hitachi

"The electronics industry isn't what it used to be. Time was when gadget makers could inspire lust in certain segments of consumerdom, charge high prices and come away with healthy profits.
These days, the electronics industry finds itself dealing with a different kind of Japanese consumer, one who cares about price and only price. As a result, the industry has fallen into a fragile situation."

- Hiroaki Nakanishi
Hitachi Chairman -

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Japanese brand Hitachi used to be an electronic giant together with Sony, Panasonic, and Sharp.

It was one of those brands that you'd spot in almost every household. Now the company is losing billions of dollars a year. The reason? The digital revolution.

The electronics industry has changed, where consumers don't have as high of a desire for their high price products. The digital revolution not only changed the way electronic gadgets work, they changed the way they are manufactured.

Gerhard Fasolt, an economist, thinks:

*"Look at Apple, they make iPods and iPhones. Apple makes at least 50% profit margins on those. People say iPhones are made in China, but maybe only 3% of the value of an iPhone stays in China. So it's hard to become rich today on the scale of just by manufacturing – you have to do a lot more".*In 2012 Hitachi announced that they will stop manufacturing TVs, but the factory used for it will instead start producing projectors and chips.

Hitachi's chairman Hiroaki Nakanishi gives his opinion on the brand's opportunities now and what went wrong.

Polaroid

"There's a nostalgia to instant photography for generations of consumers who grew up with it, and there's a novelty to it for generations of consumers who grew up in the digital age and have never held an actual photo in their hands until recently."

- Scott W. Hardy
Polaroid's President and CEO -

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Founded in 1937, Polaroid was one of America's early high-tech success stories.

The company became a hit 1972 when they introduced the SX-70, the camera that superseded the old peel-back Polaroids with a picture that developed as you watched. In the late 90's Polaroid was at its peak.

In 2001, due to the boom of digital photography, the company filed for bankruptcy. The leaders of the company continued to believe paper print was what customers wanted. Gary DiCamillo, CEO of Polaroid from 1995-2001, said in an interview:

"People were betting on hard copy and media that was going to be pick-up-able, visible, seeable, touchable, as a photograph would be. It's amazing, but kids today don't want hard copy anymore. This was the major mistake we all made: Mac Booth, Gary DiCamillo, people after me…. That was a major hypothesis that I believed in my marrow that was wrong."

There might still be hope for the type of photos and nostalgia that only comes with a Polaroid camera. In recent years the demand for instant cameras has grown significantly. Polaroid's President and CEO Scott W.Hardy states:

"There's a nostalgia to instant photography for generations of consumers who grew up with it, and there's a novelty to it for generations of consumers who grew up in the digital age and have never held an actual photo in their hands until recently."

Commodore Corp

"Computers for the masses, not the classes"

- Commodore's Slogan -

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In the 1970s and 1980s, Commodore's desktop computers were a success.

Due to their lower resources and economy of scale, Commodore couldn't keep up with the PC advancements. Their customers started to complain about the custom ECS chipsets, which failed to match the features of the PC and Mac display hardware at the time. Commodore failed to innovate and filed for bankruptcy in 1994.

Listen to an interview with Commodore's former director David John Pleasance and Trevor Dickinson on [why the company failed](#).

Toshiba

"There were a few laptops out before then but they all had compromises. That's why Toshiba got off to a fast start. We had a laptop that performed like a desktop."

- John Rehfeld
Toshiba's Former Employee -

Another Japanese company that used to be a tech giant is now struggling to stay alive.

Back in the mid-1980s, Toshiba was one of the world's most innovative companies. During that time they launched the T1100, its first mass-market laptop. John Rehfeld, a former employee of Toshiba who helped sell the laptop overseas said:

"There were a few laptops out before then but they all had compromises. That's why Toshiba got off to a fast start. We had a laptop that performed like a desktop."

The Internet killed Toshiba's growth, people were buying their competitors computers for lower prices online. In 2016 Toshiba announced that they would stop making PCs for European consumers, but will continue to sell computers to businesses in Europe and the US.

In 2017 Toshiba announced that they are considering selling its prized memory chip business to pay down debt. Later that year the world's second-largest producer of NAND memory chips Bain-Led Group stated that they bought the chip business for $18 billion.

Josh Horwitz explains *"How it took Toshiba 70 years to reach its peak and just a decade to fall into an abyss."*

RadioShack

*"I wouldn't even call this a failure.
I'd call it an assisted suicide."*

- Scott Galloway
New York University's Professor -

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RadioShack, an American retailer founded in 1921 operated a chain of electronics stores for more than 50 years.

The company was at its peak in 1999 when it was known for supplying the best and latest electronics.

Competition with Amazon and Walmart and RadioShack's failed attempts to spice up their game with new marketing strategies, lead them further into the red. Smartphones also lead to a decline in Radioshack's sales as the modern smartphone could do nearly everything that radioshack sold, see an old ad for radioshack sales on reddit.

In 2009 RadioShack had a craving to sound more hip so they started calling itself as "The Shack".

The campaign didn't go so well, because, for the public, it just sounded ridiculous. The critics found that this strategy just showed the company had more problems than just its name.

The company completely missed the *"maker movement."* A movement where DIYers applied their work onto tech- and engineering pursuits. By the time RadioShack caught on, and engineering pursuits. By the time RadioShack caught on, customers were already sourcing their materials elsewhere. On top of this, RadioShack lacked the inventory that many of the DIYers were looking for.

In 2015 RadioShack filed for bankruptcy and since 2017, RadioShack has only 28 remaining corporate locations, which are currently owned by General Wireless Operations.

Borders

"All good stories must to come to an end, and Borders bookstore is no exception to this rule. The 40-year-old book seller announced earlier this week that it will be closing all remaining stores and laying off 10,700 employees after a failed attempt to sell the company at auction. Even though it's a very un-fairy tale ending for the nation's second-largest bookstore chain, we know it had a good, long run."

- Business Insurance -

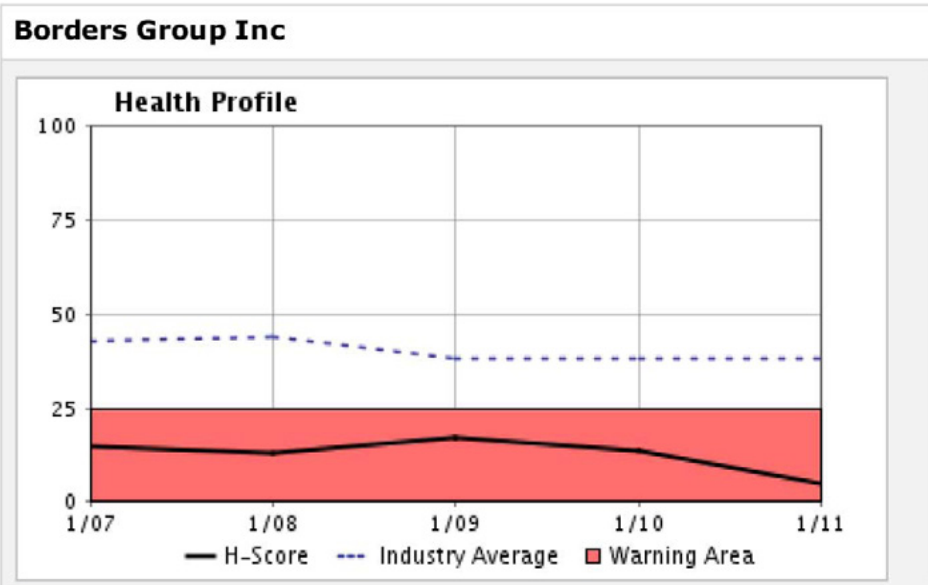
Borders Group opened its first bookstore in 1971 and they were a success for years.

But in the mid- 2000s Borders failed to adapt to new technologies and never embraced the Internet like Amazon and Barnes & Noble. As more people began to order their books online, the fading of a giant like Borders was inevitable.

Amazon Kindle came out on in 2007, Barnes & Noble debuted Nook in 2009 and Apple's iPad launched in 2010. Border's Kobo (which is still alive) came out a little too late in 2011. It wasn't just the Internet and competition that killed the company, it was their overall strategy.

Borders opened too many stores making it harder to shed unprofitable locations and there were many. In 2011 Borders filed for bankruptcy, closing 399 stores and laying off 10,700 employees.

Listen here: [Why Borders Failed While Barnes & Noble Survived](), by Yuki Noguchi.



Health Scores	01/07	01/08	01/09	01/10	01/11
H-Score	15	13	17	14	5

Motorola

“Battery lifetime was 20 minutes, but that wasn’t really a big problem because you couldn’t hold that phone up for that long.”

- Marty Cooper
Motorola’s Vice President -

Motorola demonstrated the first handheld phone in 1973.

The brands vice-president Marty Cooper said:

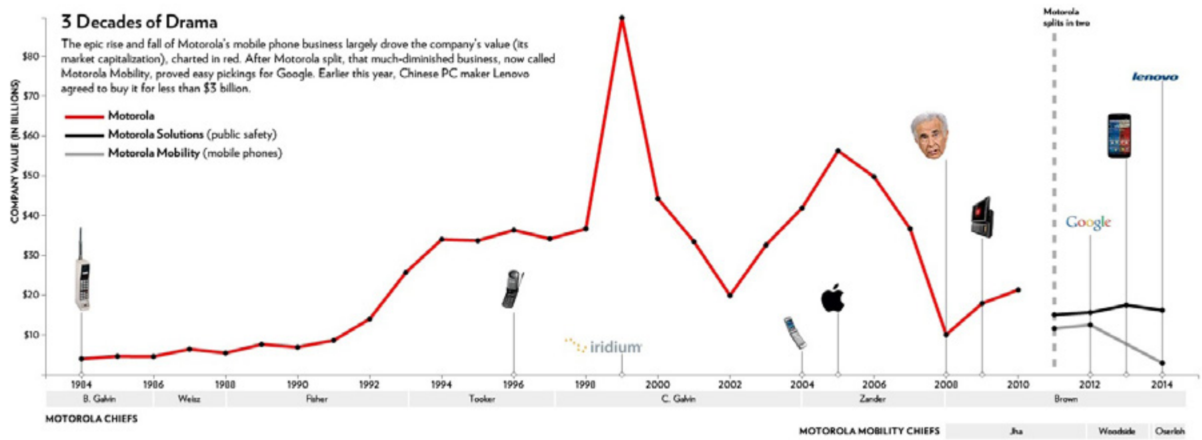
"Battery lifetime was 20 minutes, but that wasn't really a big problem because you couldn't hold that phone up for that long."

Even though Motorola kept producing various versions of its cellphone, they failed to see that customers wanted innovation in software rather than hardware.

Clearly lacking market knowledge, Motorola's new products in the early 2000s weren't enough to grow the business. The products weren't user-friendly and Motorola completely missed the movement to 3G.

Essentially, Motorola didn't implement 21st-century communication to its products, making it hard to compete with smartphones on the market. On August 2011 Motorola was acquired by Google.

Motorola CEO Greg Brown states in an interview that "Failure was our fault, not economy."



NOTES: Numbers are not adjusted for inflation. Charted value of the public companies (Motorola, Motorola Solutions, and Motorola Mobility until mid-2012) is measured by market cap (total value of shares outstanding); data are as of the last trading day of each calendar year except for 2014, when they are as of June 30. Motorola Mobility's value in 2012 and 2014 is measured by the sum its acquirers paid or have agreed to pay. SOURCES: Google; Motorola Solutions; Thomson Reuters Datastream. PHOTOS: (Icahn) Mark Lennihan/AP; (Rosenberg) courtesy of Google; (all others) courtesy of © Motorola Mobility/Legacy Archives Collection/Reproduced with permission

Palm

"Palm just couldn't find the formula for over-the-air synchronization with Microsoft Outlook, which business users demand and RIM nailed with its BlackBerry device."

- ZDNet -

Palm, one of the top three companies that dominated the market for Personal Digital Assistants (PDAs).

These were the predecessors of the first smartphones in 2005. Because of the launch of Apple's iPhone and BlackBerry, Palm was unable to respond to its success. The company was too slow to realize that smartphone customers wanted wireless voice and data from the device.

According to ZDNet,

"Palm just couldn't find the formula for over-the-air synchronization with Microsoft Outlook, which business users demand and RIM nailed with its BlackBerry device."

David Meyer of Fortune thinks Palm might be overdue for a comeback in 2018.

Sony

“The bottom line is: if you want to be perceived as a creator of cool tech, you have to create cool tech. The challenge for Sony is that those examples have not been there, and they haven’t been there now for a number of years.”

- Steve Beck
Founder of CG42-

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Sony, a manufacturer of electronic products, changed the way we listen to music with the invention of the Walkman in 1979.

By the 90s Walkman was a must have gadget for every teen. It was the iPhone of its day. But when MP3 players were introduced to the market, the sales of the Walkman started to drop. The iconic Walkman was killed by the MP3 players, which were later killed by smartphones.

Sony didn't adapt to technological innovations such as digitalization, the shift towards software, and the growth of illegally downloadable music online. Sony actually had the technology to launch a product even better than the iPod, but it never happened.

The company was too afraid to test out something new, thinking it would threaten their compatibilities on the market. John Kay explains in an article "Why Sony did not invent the iPod."

Hipsters still love the Sony Walkman. There's always room for nostalgia.

Pan Am

"it's no wonder that, coupled with bad press, fear, a lack of travel agents and of public confidence, Pan Am's fate was sealed -- crushing at the same time the lives, hopes and dreams of thousands of hard-working Americans and many overseas employees of the Pan Am family."

\- The Washington Post -

Pan American World Airways, an airline that was once known as a brand ahead of its time.

The airline became a major company credited with many innovations, such as jet aircraft and jumbo jets, that shaped the airline industry today. The company was a cultural icon of the 20th century.

Their slogan *"World's Most Experienced Airline"* was accurate. Because of tragic accidents and terrorist attacks, Pan Am suffered a reputational set back that they couldn't recover from.

Trust was lost from its customers and Pan Am was associated with being the *"unsafe"* choice of airlines.

Their innovative ideas couldn't save the company so in 1991 Pan Am went bankrupt and shut down.

National Geographic

"For the same reason I read the National Geographic, I like to see places I will never visit."

- Edward Bernays -

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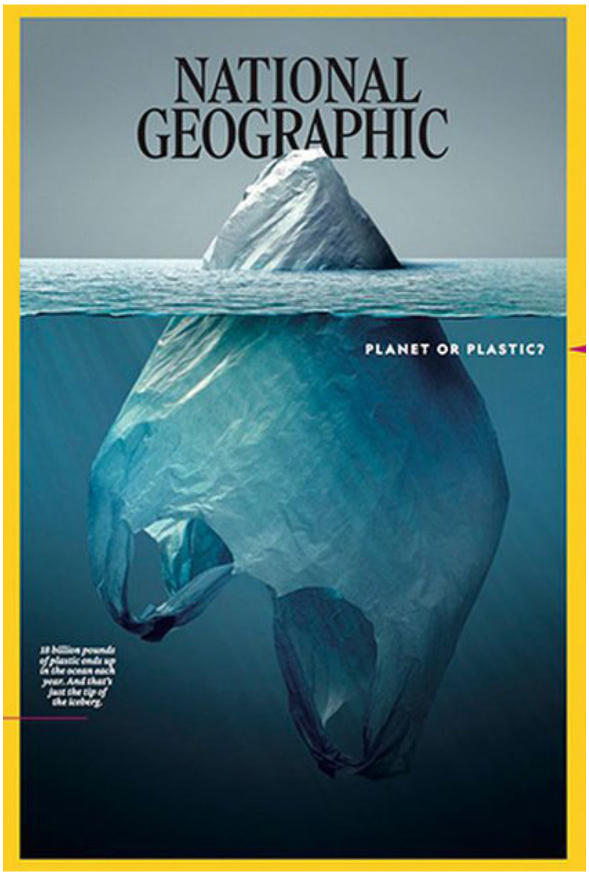
One of the most respected brands in history, National Geographic started as the official magazine of the National Geographic Society published continuously since 1888.

A magazine that mastered the art of visual storytelling and inspired photographers and filmmakers all over the world. The magazine was able to capture images never seen before and spread them to every corner of the globe.

These were the first pioneers of amazing content.

The company was presented with an idea to start a new NG cable channel in the 1980s. The idea was refused and the group of producers who pitched the idea decided to do their own thing and launched Discovery Channel along with the History Channel and others.

Seeing their success, National Geographic decided to launch their own cable and satellite channel a little too late in 1997.



Nike

"Considering Nike did such a good job setting the pace, it's a shame the firm is dropping out now the real race is underway. It seems like such a missed opportunity."

- Chris Smith
Wareable's Contributor -

A bracelet for fitness-tracking, Nike FuelBand, was launched in 2012 by Nike.

There was a lot of hype around it because it represented the future of wearable computing.

It didn't go all that well for Nike. Some time after the launch, almost 50 people were fired from the Nike FuelBand team due to the failure on the marketplace. The gadget didn't take off on the market as Nike expected.

An anonymous post on a platform called Secret revealed:

"The douchebag execs at Nike are going to lay off a bunch of the eng team who developed The FuelBand, and other Nike+ stuff. Mostly because the execs committed gross negligence, wasted tons of money, and didn't know what they were doing."

Even though people loved the idea of having a cool wearable, the product wasn't really a necessity that needed to exist. Nike is now continuing to improve the product but plans on exiting the wearable device business and sticking to software.

Chris Smith explains the rise and fall of Nike Fuel Band "The wearable that started it all."

Circuit City

"Circuit City got its start as Wards TV, which had a bustling showroom in Richmond, Va., in 1960. The Rise and Fall of Circuit City The Richmond-based retailer became wildly successful — and then disappeared."

- Jessue Romero -

VALUER+

Circuit City was an American multinational consumer electronics retail company founded in 1949 and was one of the pioneers in 1970s in marketing televisions, stereos, and boomboxes.

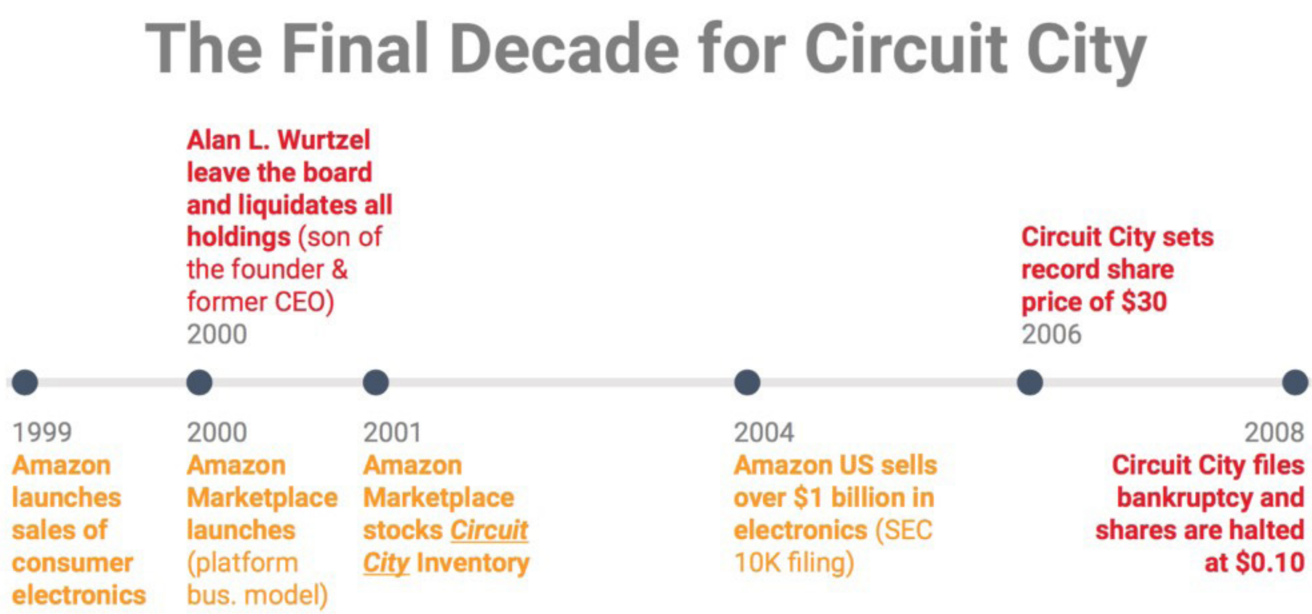
In the 1990s, Circuit City tried out a concept of mass retailing automobiles called "CarMax," where the company built big lot inventories for used vehicles. Consumers were able to pick out and customize the vehicles they wanted. The concept was a hit, but during that time the company let a lot of talented management go and thus began the downfall.

Their competitor, Best Buy, started taking off and Circuit City didn't know how to compete.

To save money Circuit City fired 3,400 of its most experienced salespeople. Best Buy had better products and customer service. People started complaining about the lack of knowledge of its salespeople and that the stores were too big and impersonal.

In 2008 Circuit City announced that it will close 155 stores and filed for bankruptcy.

Jessie Romero gives an in-depth look at what happened to Circuit City in his article: "The Rise and Fall of Circuit City."



Google

"Two and a half years after Sergey Brin unveiled Google Glass with a group of skydivers jumping from a zeppelin above San Francisco, the computer you wear on your face is falling to its death. It's still not a finished consumer product. It's not even close to being something people yearn for, at least not beyond the Glass Explorers who each paid $1,500 for early access."

- Rachel Metz
MIT Technology Review -

An American multinational technology company specialized in Internet-related services and products are known for being one of the most innovative companies in the world.

Remember the days when the Internet was hyping up the Google Glass? The product was one of the first large-scale attempts at capitalizing on artificial reality. The buzz around the product was crazy and it had so much potential. But when the product launched in 2015, its high price and privacy concerns never made the product to go mainstream.

Google Glass had a vocal and passionate fanbase but it wasn't catching on with the masses.

The Daily Show's Jason Jones, put out a scathing report about some of the fanatics of Google Glass as the technology's popularity spiraled downward.

Google is now looking into ways to better integrate the tech within the glasses for a more usual look. But they are nothing compared to the Vaunt's new AR glasses.

Hummer

“It is a great, great vehicle that really does anything you want it to do,” Mr. Hill said. “It had a great concept to it. It’s a real shame that it’s going away, because the people who own Hummers, they just love them.”

- Nick Bunkley
The New York Times’s Contributor -

Hummer, a vehicle that was first created for the military, was made famous by Arnold Schwarzenegger who purchased the first civilian Hummer.

It was a big, expensive and tough vehicle that fit the action hero's image.The car was nothing more than a status symbol. It showed power and wealth, but now it just raises eyebrows and concerns, as consumers have become increasingly environmentally conscious with their purchases.

There was an element of shame in many popular television shows that quickly cast broad generalizations onto its owners in a negative light. Nobody wants to look and feel awful driving an expensive new car in this day and age.

A gas guzzler; the H1 was reported to get a whopping 8-12 mpg (Miles Per Gallon).
peak of the 2000s energy crises, sales of this vehicle plummeted for "gas-sippers" instead. Sales went down and the brand shut down in 2009.

Give a closer read to how the military truck took off in Martin Padgett's book "Hummer: How the Little Truck Company Hit the Big Time, Thanks to Saddam, Schwarzenegger, and GM."

Netscape

"Netscape's story reads like a proper fairy tale: takeovers, fierce and hostile competition, split-ups, a giant payout and even a dragon! While Netscape may now only be a sweet, sweet memory to those who used it to first discover the web, the browser's monstrous impact has cemented it as one of the first and most important startups to shape the internet. "

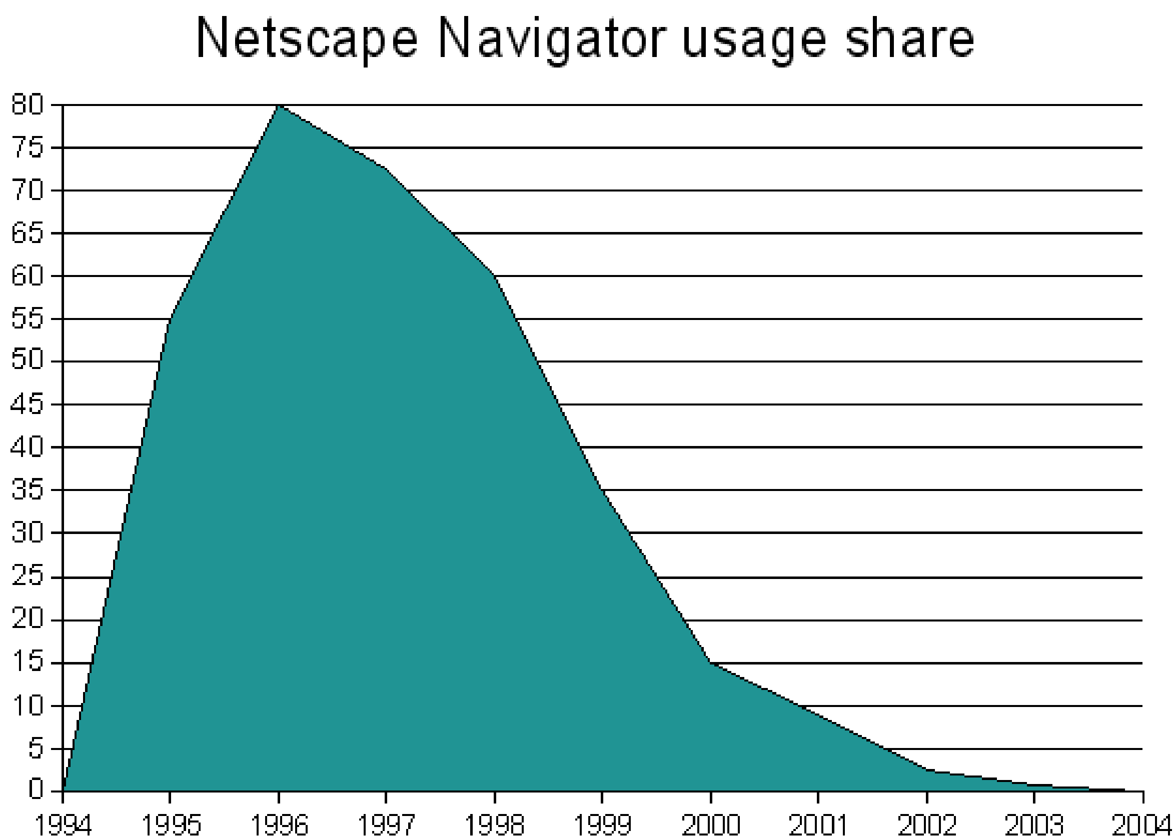
- Sean Cooper
Engadget -

VALUER+

Netscape was one of the most popular internet browsers in the late 90s and was a favorite for academia in early days of the internet when dial-up was the most common way to access the internet.

Once an independent Internet browsing service, Netscape is now owned by Oath. The company was built with an outstanding technological innovation mixed with a great leadership. But the company lost its battle to Internet Explorer and other competitors.

Sean Cooper explains the companies downfall in his article "Whatever happened to Netscape?"



Abercrombie & Fitch

"Sex sells. That's why we hire good-looking people in our stores. Because good-looking people attract other good-looking people, and we want to market to cool, good-looking people. We don't market to anyone other than that."

- Mike Jeffries
A&F's CEO -

American fashion brand Abercrombie & Fitch was once one of the trendiest casual wear and accessory brands in the early 2000's.

Their main target was teenagers who in the 2000's were influenced by the pop culture that shaped the way teens wanted to look and dress.

Times have changed and the large logos, high prices, and brand affiliation don't appeal to a younger audience. "Fast Fashion" brands like H&M, Forever 21, and Charlotte Russe, offer a constantly revolving selection of cheap clothing at a fraction of the price.

Abercrombie now just comes off as outdated and offensive now to teens. In 2006 the CEO of A&E Mike Jeffries stated:

"Sex sells. That's why we hire good-looking people in our stores. Because good-looking people attract other good-looking people, and we want to market to cool, good-looking people. We don't market to anyone other than that."

On top of that statement, one of A&E district managers added:

"We would rather burn clothes than give them to poor people."
This all causing a scandal that the brand couldn't recover from. The store is now completely out of touch with its target audience.

Even though the brand is desperately trying to rebrand, it still remains as one of the most hated brands in the U.S Here's a deeper look at Fast Fashion and why teens are ditching older brands for cheaper alternatives.

Atari

"Although the PlayStation and Xbox generation might find it difficult to believe, Atari is one of the most important names in video game history and the news of its recent bankruptcy marked a sad day for the industry."

- Mark Langshaw
Digital Spy -

Atari was a pioneer in arcade games, home video game consoles and home computers.

Their innovative products such as Pong and Atari 2600 were the games that helped define the electronic entertainment industry in the 1970s.

Their views towards gaming as an industry were flawed. They viewed gaming as an individual process rather than a shared experience which was the complete opposite of their original design.
Former Atari developer Howard Scott Warshaw said in an interview that:

"Under the leadership of CEO Ray Kassar, Atari underwent a transformation from being a technically innovative company to one focused on licensed games. Once you had that property tie-in, that's all there was to a game," he said-

"All you needed was something to stick in a box and sell. Development got shorted."

Mark Langshaw gives his perspective about Atari in his article "The rise and fall of a gaming giant."

MapQuest

"Mapquest arguably "owns" the mapping brand online. It has been the dominant mapping site for years by a wide margin. But that dominance may now be slipping under pressure from Google. "

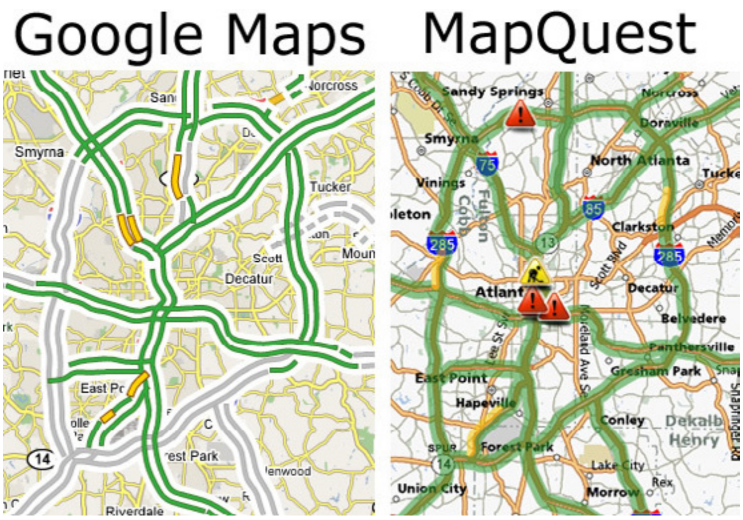
- Greg Sterling
Search Engine Land -

VALUER+

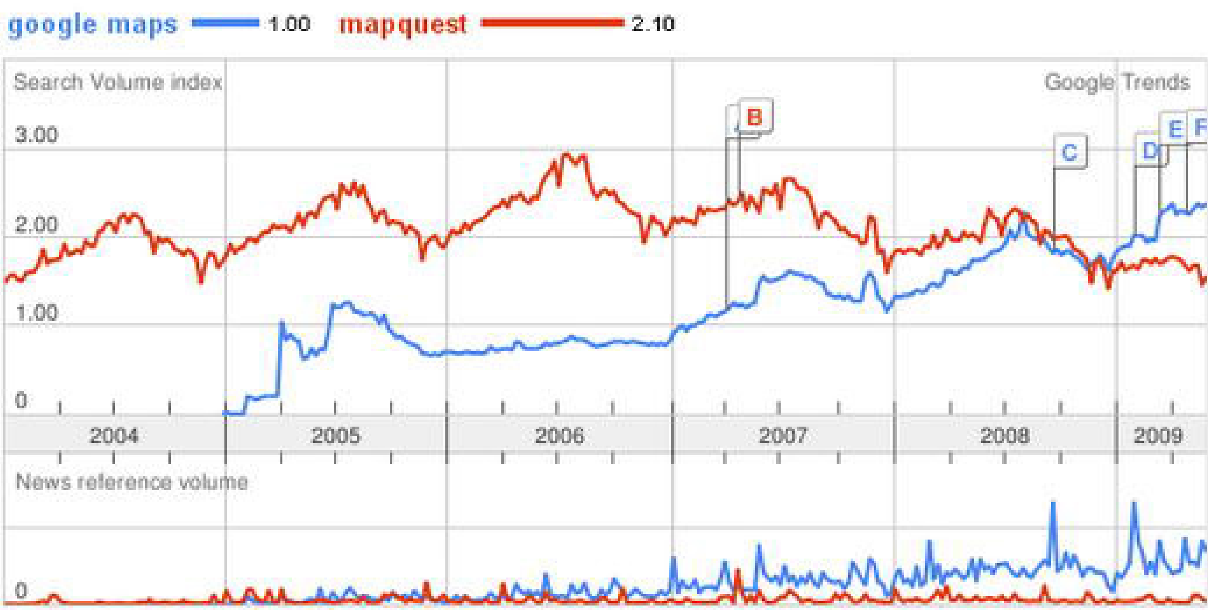
MapQuest used to be one of the best options for a web mapping service.

Before satellite navigation hardware or Google Maps and Apple Maps took over, people were getting driving directions from MapQuest.

The company failed to adapt to changes, their service isn't as popular as it used to be. When Google Maps launched in 2008 the traffic to Mapquest remained flat year after year and went down 20% in the first 6 months, while Google Maps site traffic soared 135%.



Somewhere along the way Mapquest lost is way, in terms of their primary mission, which was all about simple, informative directions. If you compare Google Maps and Mapquest now, the Mapquest interface is a mess, where it's hard to even understand where to look at.



Toys R Us

"Barring a last-minute buyer, Toys 'R' Us will soon disappear from U.S. shopping centers, but the name and its iconic Geoffrey the Giraffe mascot are likely to survive for another generation of Toys 'R' Us kids."

- Del Wilmington
Reuters's Contributor -

A kids toy retailer, Toys R Us, was once one of the largest toy store chains.

The brand signed its own death when signing a 10-year contract to be an exclusive vendor of toys on Amazon.

Despite the deal, Amazon allowed other toy vendors to sell on its site too. Toys R Us sued, but as a result, missed the opportunity to develop its own e-commerce presence.

In 2017 the company filed for bankruptcy, because of its huge debt and retail competition. But the physical stores continue to be open.

Gary Vaynerchuk shares his passionate description of what went wrong with the toy giant.

Pets.com

"You should be so lucky to create a brand icon and a company that achieved over $45M in revenue in nine months --leaving its competition in the dust and have a management team around you that makes hard decisions."

- Julie Wainwright
Former Pets.com CEO -

VALUER+

Pets.com, launched in 1998, used to be an online business selling pet accessories and supplies.

At first, it was a success, but because there was no plug and play solutions for e-commerce management and customer service that could scale.

Due to the brand's weak fundamentals and poor timing, their 300 million dollar investment capital vanished along with the company in 2000 during the dot.com bubble. Now Pets.com is the main example of the flop from the dot.com bubble.

Their famous marketing campaign, which was a sock puppet running around the streets interviewing people is a remnant of an era that promised so much delivered very little.

Former Pets.com CEO Julie Wainwright gave an interview where she explains the real reason the business bloomed and failed.

HMV

"HMV could have put together a strong online offering when the going was good in the late 90s, but instead it took a wrong turn."

- The Guardian -

CD, VHS and video game retailer HMV is a brand that was popular in the 1990s. It was known as the place to browse.

But the company began to struggle with the digital disruptions. At first, HMV refused to believe the bloom of online retailers or that people will start downloading music. The leaders of the company felt confident about their brand and loyal customers who in their heads loved coming to the shop for the floor experience.

In 2013, Hilco Capital purchased HMV, taking the company out of administration and saving 141 of its stores.

Philip Beeching gives his opinion on why he thinks HMV failed.

Tower Records

"Tuesday mornings, I would be at Tower Records," John says in the film. "And it was a ritual, and it was a ritual I loved. I mean, Tower Records had everything. Those people knew their stuff. They were really on their ball. I mean, they just weren't employees that happened to work at a music store. They were devotees of music."

\- Elton John -

A retail music chain that was first to create the concept of the retail music store. In the stores, you could get CDs, cassette tapes, DVDs, electronic gadgets, video games, and accessories.

Despite the success at first, Tower Records couldn't keep up with digital disruptions such as music piracy and streaming services. Napster, a peer-to-peer file sharing Internet service, spread like a virus when it launched in 1999. And so began the downfall of the record industry.

Even after the death of Napster, people were able to download music from the Internet through illegal services such as Limewire, Kazaa, BitTorrent.

It was fast and easy to get music for free. Solomon that shows the journey of the brand and its legacy. Tower Records filed for bankruptcy in 2004 due to its large debts. Total revenue from U.S music sales plunged to $6.3 billion in 2008.

"All Things Must Pass: The Rise and Fall of Tower Records" is a documentary by its founder Russ Solomon that shows the journey of the brand and its legacy.

Compaq

"Compaq had a storied life that included 15 years at the top of the PC industry, but its fall came swiftly in 2001. Why did Compaq fail? Because it got distracted."

- Dave Farquhar -

VALUER+

Compaq was a company founded in 1982 that sold, developed, and supported computers. It used to be one of the largest sellers of PCs in the 1990s.

They produced some of the first IBM PC compatible computers, being the first company to legally reverse engineer the IBM Personal Computer. The company struggled to keep up with the price wars against Dell and was acquired for 25 billion dollars by HP in 2002. The brand remained in use by HP until 2013.

David L. Farquhar gives his opinion about Compaq in his article "Why did Compaq fail?"

Clinton Cards

"Clinton Cards was once a mainstay of nearly every shopping centre in Britain. As the Lewin family that founded the chain always said: "Birthdays and anniversaries never go out of fashion." But today it looks as if it will collapse into administration, putting more than 8,000 jobs at risk."

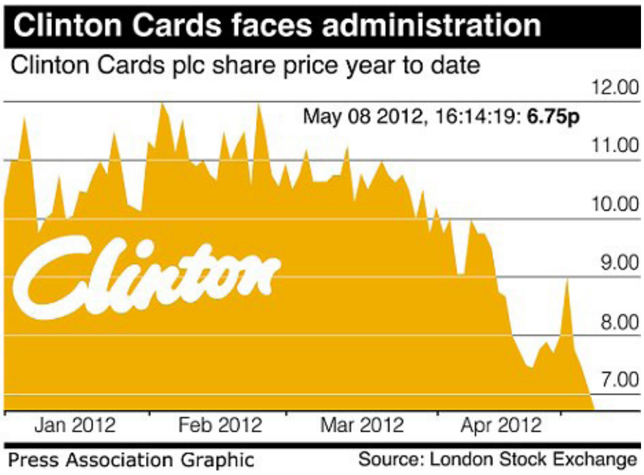
- Harry Wallop
The Telegraph's Contributor -

VALUER+

Known for their greeting cards, Clinton Cards used to hold a 25% share of the greeting card market.

Their appeal to their customers were their physical stores on the high streets of UK. When everything started to shift online, their stores started losing the appeal and Clinton Cards became a dying business.

Clinton Card's philosophy, *"birthdays and anniversaries never go out of fashion"* wasn't exactly accurate. The way we gifted for these occasions changed, not the popularity of the occasion.



The brand was bought by American Greetings in 2012 and renamed to Clintons.

Harry Wallop gives his opinion on what happened to Clinton Cards in his article "Clinton Cards: what went wrong."

Enron

"The story of Enron Corp. is the story of a company that reached dramatic heights, only to face a dizzying fall. Its collapse affected thousands of employees and shook Wall Street to its core. At Enron's peak, its shares were worth $90.75; when it declared bankruptcy on December 2, 2001, they were trading at $0.26."

- Investopedia -

Enron Corporation was an American energy, commodities, and services company, which was named as America's most innovative company by Fortune from 1996 to 2001.

At the end of the 1990s, the Dotcom Bubble was on the rise and Enron decided to participate by creating Enron Online in 1999, an electronic trading website. By mid-2000 EOL was executing nearly $350 billion in trades.

That same year the dotcom bubble burst and Enron quickly began building high-speed broadband telecom networks. This project ended up costing a fortune for the company with no return in profit.

The CEO of that time Jeffrey Skilling had been hiding the losses from the company.

When Ken Lay took over as CEO in 2001 Enron's broadband division reported a massive $137 million loss. In December, Enron filed for bankruptcy and in 2002 the Justice Department launched a criminal investigation, where Enron's accounting firm, Arthur Andersen was convicted of obstructing justice.

Troy Segel deconstructs and analyses the "Enron Scandal": "The Fall of a Wall Street Darling."

Enron Stock Price from August 23, 2000 to January 11, 2002

Hostess

"The Hostess story is a microcosm of larger economic and political issues on the national stage, including the perils of debt and the inertia of unions on workplace reform."

- Susan Adams
Forbes's Contributor -

VALUER+

Later on, fueled by the huge demand of nostalgic fans, the brand was rescued by a billionaire Dean

Metropoulos and re-opened as Hostess Brands. In 2015 the company gained a $2 billion win.

Susan Adams gives her opinion on "Why Hostess had to die."

Long gone are the days when almost every kid in America had a Twinkie in their lunchbox.

Due in part to a "healthier" snack craze that has more consumers watching their nutrition, the purchasing of twinkies dwindled. Yet Hostess continued to churn out highly processed foods.

Their failure to keep up with taste trends and rebrand themselves caused them to file for bankruptcy in 2012 laying off its 18,500 workers and putting its snack brands up for sale.

General Motors

"GM makes cars people don't want. GM is too slow to innovate because of its size. GM is too bureaucratic and unable to adjust to changing markets. GM's dealer network is too large. GM sold off its formerly profitable financing business GMAC."

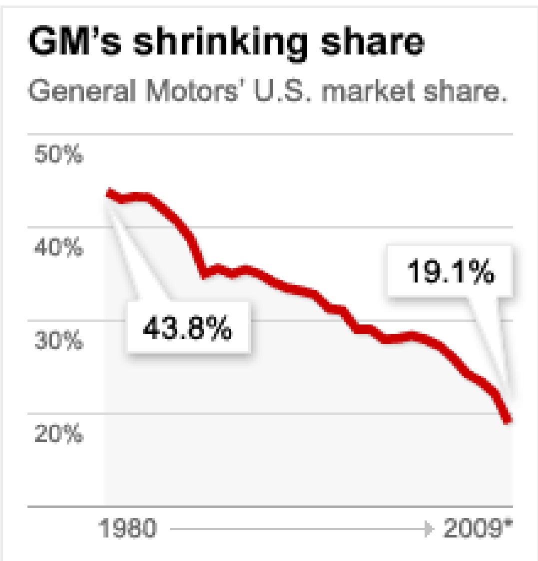
- Harvard Business Review -

General Motors (GM), was a corporation that used to design, market, manufacture, and distribute vehicles and vehicle parts.

Founded in 1908, the company was the largest automobile manufacturer from 1932 through 2007.

By failing to innovate and ignoring the competition, GM found themselves at the doorstep of the largest bankruptcy in American history. The company leaders only cared about making a profit and they chose not to invest parts or products that were reliable.

They avoided investing in new technologies that could have improved the quality of its product to meet the changing needs of customers. The current company,



*SHARE THROUGH APRIL 2009. MARKET SHARE FOR DOMESTIC BRANDS; SAAB NOT INCLUDED.
SOURCE: AUTODATA

General Motors Company (GMC) was founded in 2009 and purchased the majority of the assets of the old company.

A relatively unknown joint venture between Toyota and GM in California during the summer of 1984, was the result of an unlikely pairing of two competitors. The partnership was named NUMMI (New United Motor Manufacturing Inc) Both Toyota and GM agreed to come together and processes and "secrets" in order to build more innovative cars for the American public. Ultimately NUMMI was a failure, but the lessons learned allowed GM to continue to innovate and learn from its mistakes years into the future.

Must Listen: NPR tells the story of what was learned by two large corporations with NUMMI.

American Online

"AOL, the one-time king of media, is a shadow of its former self. Its deal for Time Warner is regarded as the high-water mark of the dot-com bubble."

\- The New York Times -

In the mid-1990s America Online (AOL) was one of the only providers of the Internet together with Trumpet Winsock. Their Instant Messenger platform was one of the best messaging apps when it first came out. But because of Microsoft's Messenger AOL feared losing its customers and failed to come up with a new strategy. Additionally, the decline of dial-up and rise of broadband led to a rapid decline in monthly customers.

Later in 2000, AOL attempted to merge with Time Warner, a large media company. A deal that was worth an estimated $350 billion, fell flat for a slew of reasons resulting in the biggest failed merger of the 21st century attempts to rebrand failed and in 2015 AOL was acquired by Verizon Communications.

The New York Times released an in-depth article on "AOL's History of Growth and Decline".

The Sharper Image

"The chain's downfall came because it remained the same—stainless steel tools that streamlined "your life by .002 percent"—while the rest of the world changed."

- Jason Chen -

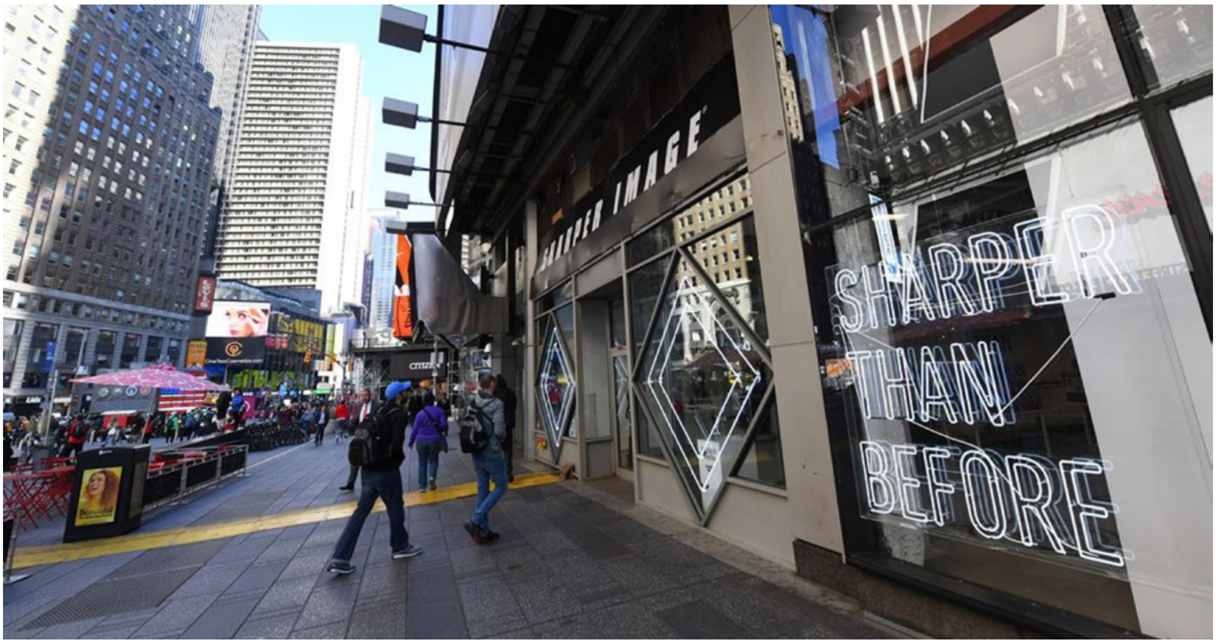
VALUER+

The Sharper Image, a consumer electronics and lifestyle product company, was founded in 1977 and got massively popular due to its Ionic Breeze air purifier. The business grew into a $760 million company with 196 stores.

Things started to shift for The Sharper Image In 2005. While the rest of the world was changing The Sharper Image remained the same while also making a lot of strategic missteps. The company depended too much on the air purifiers success and Consumers Reports started questioning the safety of the product.

Because the air purifiers criticism, masses of people started returning the faulty item. The company was losing so much money that in 2008 The Sharper Image declared bankruptcy and closed down 90 out of its 196 stores.

Jason Chen explains exactly what went wrong with Sharper Image.



TiVo

"Business model innovations sound great as a strategy and if successful you can create a new market and escape the traditional competitors in your ex-industry. But the most important point in any innovation is not to have an idea, is not great execution, but the adoption of the innovation by customers. And that is the crux of business model innovation: The diffusion of the innovation. The TiVo is a perfect example."

- Business Model Innovation -

After VCR's began fading into obscurity, there was a gap in the market for people that wanted to record their favorite show and avoid commercials. Tivo was one of the first digital video recording (DVR) products to come on the market and fill a need. People were easily able to record shows that they weren't home to watch in real-time without the hassle of programming clunky VCR or awful DVD recorder. It was an instant success.

The reason TiVo is on this list is that the brand decided to play nice on the market. They attempted to sue cable companies too late; who came out with their own DVRs. By the time they court documents were filed, DVRs were everywhere. At its peak in 2007, Tivo had 4.4 million users.

The streaming media era began in 2008 but it would leave Tivo behind. By mid-2011, Netflix had about 25 million paid subscribers and TiVo's customer base had dropped to 2 million.

Jeannie Chan goes into depth about TiVo's rise and fall.

Pebble

"Pebble got out to a great start in a new category, and indeed helped define it. However, they didn't get the lead they needed to be one of the market leaders. As the smart watch and activity tracker subcategories converged, they got squeezed out. "

- Forbes -

The predictions of wearables booming on the market were falsely tied to the success of smartphones. The market was still very small and not mature enough to sustain the type of predicted growth. In 2016 the company called it quits and sold their technology to Fitbit.

The founder of Pebble Eric Migicovsky tells his side of [the story behind Pebble's demise.]

Pebble corporation developed a line of smartwatches.

Their campaign on Kickstarter became one of the most-funded product of all time. Based on the fast evolution of the wrist-worn wearable market, most major consumer electronics manufacturers jumped in on the fun and made their own.

XFL

"The underpinnings of the XFL business model wasn't a failure at all. The XFL created all of these technologies that we see in the NFL today–the Skycam, interviewing players during the game, mic'ing players . . . None of that existed before the XFL."

- Charlie Ebersol
Film Producer -

VALUER+

Originally the XFL was operated between NBC and the World Wrestling Federation and it was made as an outdoor football league.

Early ratings of XFL were promising, as they planned on combining drama and "showbiz."

Their competitor NFL was already showing football and the XFL football league didn't present anything new and the teams played their only season in 2001. The XFL had approximately 14 million viewers in its debut, but the following week the ratings dropped to 4.6 and at the end of the season to 1.5.

"This Was The XFL" Director Charlie Ebersol on why the XFL failed–but might work now.

DeLorean Motor

“The DeLorean DMC-12 became and remained famous as the time-traveling car in the Back to the Future movies—but the actual automobile was infamous for years before Marty McFly stepped inside one in 1985. And, though the fiction is better remembered today, the real story of the DeLorean is just as dramatic.”

- Lily Rothman
Time’s Contributor -

VALUER+

from the Back to the Future film trilogy.

"Car Crash– The DeLorean Story" is a documentary that explores the brand's story and the man behind it John DeLorean.

The DeLorean Motor Company was an American automobile manufacturer founded in 1975 in Northern Ireland.

In 1981 production began for DeLorean DMC-12. A car that was supposed to be safe, long lasting and sustainable.

It's iconic look with gull-wing doors hyped up the car to masses. Because of the cars shoddy performance, DeLorean produced fewer than 9000 cars and filed for bankruptcy. Although the car was a failure, it left a mark with its innovative design and is known

The Concorde

"Where else in tech do you have a capability and then you go backward? It's kind of crazy on the face of it"

- Blake Scholl

Founder of Boom Technology -

VALUER+

The Concorde was a British-French turbojet-powered airline that closed its doors in 2003. An airline founded in 1976 used to have one of the fastest and greatest designed aircraft.

Even though the total flight time to cross Atlantic was less than four hours, its high energy consumption forced airline companies to look for better options. It didn't help that the Concorde was also incredibly noisy. Blake Scholl, the founder of Boom Technology says:

"Where else in tech do you have a capability and then you go backward? It's kind of crazy on the face of it"

Due to all the technical flaws and financial challenges The Concorde flew its last plane in 2003.

Every few years, there's talk of bringing back the Concorde, but nobody has taken up the challenge as of yet. Vox put out an incredibly interesting miniature documentary, What happened to the plane that could cross the Atlantic in 3.6 hours? Why did it fail?

Interesting Engineering breaks down in an article "The Real Reason Why the Supersonic Passenger Jet Failed."

The Daily

"The Daily was a bold experiment in digital publishing," News Corp. Chief Executive Rupert Murdoch said in a statement. "Unfortunately, our experience was that we could not find a large enough audience quickly enough to convince us the business model was sustainable in the long term."

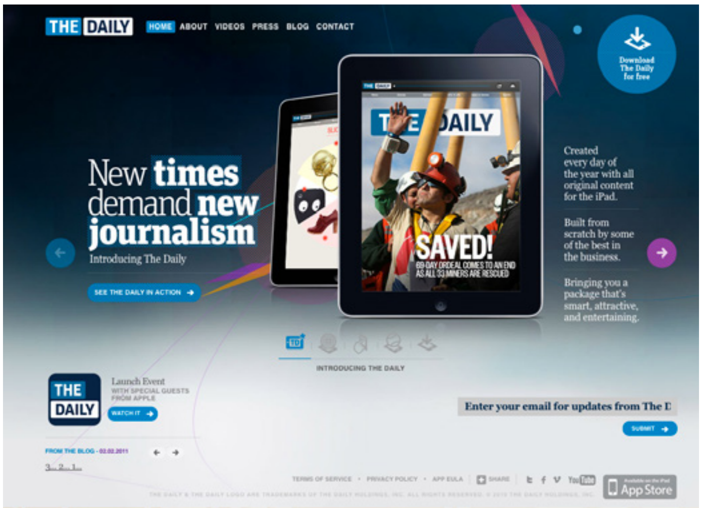
- Dawn C. Chmielewski
Los Angeles Times's Contributor -

The first digital iPad-only newspaper launched in 2011.

It featured flashy graphics, video and new ways for readers to interact with the content. Readers were only able to access the newspaper through a paid subscription through the iTunes store. The revenue The Daily gained was split between Apple but that model was unsustainable and after less than two years, The Daily shut down.

Rupert Murdoch, a media mogul, said in a statement:

"From its launch, The Daily was a bold experiment in digital publishing and an amazing vehicle for innovation. Unfortunately, our experience was that we could not find a large enough audience quickly enough to convince us the business model was sustainable in the long-term."



Dawn C. Chmielewski explains "Why the Daily failed: A Postmortem."

Nortel

"Canadian telecom giant Nortel collapsed because of losing the confidence of its clients amid a culture of "arrogance and hubris."

- CBC News -

VALUER+

Nortel was a multinational telecom and data networking equipment manufacturer.

The company had a vision that voice, data, and images would extend to every person and device in the world. The Leaders were blamed for fraud and fired in 2004 and by the time a new CEO took over it was already too late.

Their research and development team had fallen behind and the business began to decline because of broadband and VoIP.

Plus around the year 2000 Nortel had misstated their financials, which wasn't discovered for a number of years, bringing them to a downfall. In 2009 the company filed for bankruptcy.

Jamie Sturgeon's take on where Nortel went wrong.

About Us

Welcome to Valuer.ai – the direct path to bright startups.

Valuer is all about the perfect match between the agile startup and the resource strong corporate. We took the best from accelerators, startup competitions and pitch events and made it into a digital platform and a simple tool. A tool where corporates can track startups.

Our main goal is to matchmake the brightest startups with the right corporate, at the right time.

Key facts:

Founded in **2017**

12.000+
startups curated

2578
technology scouts worldwide

152
matches made

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