

Polaroid getting new shot

Buyers bet on licensing, digital 'instant camera'

By Donna Goodison | Sunday, May 10, 2009 | <http://www.bostonherald.com> | Business & Markets

The last time Polaroid had a big hit was in 2003 - and it was only as part of the catchy "shake it like a Polaroid picture" line in hip-hop artist Andre 3000's Grammy Award-winning "Hey Ya!"

The 72-year-old company that debuted its instant photography camera in 1948 got pushed to the sidelines with the digital revolution, but the new stewards of the brand plan to leverage it into global licensing opportunities for a relaunch.

Boston's Gordon Brothers Brands and Toronto-based Hilco Consumer Capital envision licensing Polaroid's name to vendors for products ranging from lighting and security to binoculars and GPS devices - in addition to new instant digital photography items.

"The big change in the business model is that instead of a build/sell model, it will be a license/royalty model," said Stephen Miller, co-president of Gordon Brothers Brands. "We believe that it's an opportunity to put Polaroid back into a premier position in the market."

Gordon Brothers, Hilco and several other investors purchased Polaroid's assets, including the brand, intellectual property and inventory, for \$87.6 million in federal bankruptcy court under a deal that closed Thursday.

Their global licensing strategy mirrors efforts they're employing with The Sharper Image, Bombay Co. and Linens 'n Things brands, which were also bought out of bankruptcy. In the last year and a half, the two companies have been aggressively targeting what they consider high-profile, iconic brands that can be restructured and repositioned, according to Miller. Acquired last May, Sharper Image already is tracking toward \$500 million in annual sales for 2010, he said.

"The difference between Polaroid and other brands that we recently acquired was Polaroid really did have about 100 percent consumer brand awareness around the globe," Miller said. "It's a very unusual set of circumstances."

Polaroid will remain headquartered in Minnetonka, Minn., where it moved under former owner Petters Group Worldwide after it acquired the Bay State icon in 2005. Other offices will be located in Boston, New York and Toronto. Former Polaroid executive vice president and general manager Scott Hardy was named president last week.

Gordon Brothers and Hilco already signed what they call a major licensing agreement with a company that will produce digital cameras and digital photo frames for Polaroid.

"We believe those are two major categories that retailers globally want to support," said Miller, who noted Polaroid accessories such as photo paper, scan readers and Web cameras also are possibilities.

Another licensing category being pursued is security cameras and technology for institutional users such as airports, train stations and sports stadiums.

Before it got into instant photography, Polaroid introduced polarized eyeglasses in 1937, and its new owners are in the process of re-assuming that contract to sell Polaroid glasses in North America and Europe as a core product.

The executives also have fielded calls from snowboard and ski companies interested in Polaroid cameras that could be installed in helmets to take photos and video and communicate with devices using Bluetooth technology.

Petters Group, the last owner of Polaroid, milked the brand by stamping it on various consumer electronics such as portable DVDs and flat-panel TVs. But the company collapsed late last year after its founder was charged in a massive Ponzi scheme, prompting Polaroid's bankruptcy.

Although Miller and Salter liken Polaroid's global brand awareness to that of McDonald's, Nike and Coca-Cola, Robert



Photo by Gretchen Ertl

Passikoff believes Polaroid's time has come and gone for consumers.

"I don't think the brand has the level of resonance that it had 20 years ago," said Passikoff, president of Brand Keys Inc., a New York brand and customer loyalty consulting firm. "When is the last time anyone whipped out a Polaroid camera?"

Unlike McDonald's, Nike and Coca-Cola, three classic brands that have turned a profit for many, many years, Passikoff said, the same can't be said for Polaroid.

"Longevity is not a substitute for engagement or profitability," he said. "General Motors has been around for a long time, too."

Even as they expand the brand, the new owners won't ignore Polaroid's instant photo roots.

"The biggest challenge to Polaroid over the last 10 to 15 years was their inability to move from the analog age to the digital age," Miller said. "In today's world, where technology is changing so quickly . . . we want to be able to leverage that with Polaroid."

Polaroid already has debuted its PoGo Instant Mobile Printer, a pocket-sized, inkless digital printer that produces full-color photos wirelessly from cell phones and digital cameras. And early this summer, it will roll out its PoGo digital camera with an integrated printer, a single device that produces 2-by-3-inch prints in 60 seconds.

"You'll be able to be at a family party or function and take a picture and print your picture right off the camera," Miller said. "So the instant camera will be back."

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