

Investment implications from... Kodak? \$KODK

Last week, I said SPACs were the most ludicrous bubble we'll ever see. In less than 10 days, I may be forced to eat my words because Kodak's current run certainly tops any SPAC for craziness.

Better people than me have already touched on how ridiculous Kodak is. This piece from Epilson theory is a tour de force of how large a grift Kodak is (and includes a throwback to the last time Kodak tried to ride a hype train by pivoting to the blockchain!), and I'm eagerly awaiting nongaap's corporate governance piece on Kodak.

Anything I tried to write on how large a grift Kodak is or how much insiders are making (stealing?) with it would pale in comparison to those two pieces (and I'm sure many more out there!), so I thought about not writing anything on Kodak.

But then I thought, "What's the point of having a blog with dozens (DOZENS!) of readers if I can't comment on something as insane as Kodak?"

So I wanted to provide a slightly different take on Kodak: I wonder if there are any investing implications here?

Most likely, the answer is no. There's a ~95% probability that Kodak is just some one off situation that lucked out from the

perfect combination of a company with a storied brand, a management team eager to take advantage of the latest stock crazy, and an administration with a remarkable nostalgia for the 80s + a penchant for awarding huge contracts to loyalists and friends regardless of merit.

But this administration will be here for at least a few more months, and even once they leave I think both they and the stock market have proven that a lot of people will be willing and eager to get behind some pretty ridiculous stuff if it's got a storied brand supporting it (even if that brand is no longer relevant or even operational).

So my investing implication is pretty simple: there may be a lot more positive optionality to these legacy brands than most people would suspect. The brands might not have much value in their current form, but with the right management team and promotion behind them, the brands can grab a lot of attention quickly and (thanks to the power of the internet) turn that attention into literal gold.

An example might show this best: you could buy up some of the defunct department stores (Sears, J.C. Penny, etc.), ditch the legacy store footprint, and turn them into online only outfits specifically using facebook to target seniors who still have a connection to those brands.

Note that that's probably not the best example. It doesn't come close to how good the "use the legacy power of the Kodak brand to get pharma money from an administration desperate to cure a pandemic." But marketing / gifting isn't my game. There are thousands of defunct brands out there that some people still have a powerful connection to. People with a lot

more marketing experience / talent than me can be looking through those brands and coming up with some very creative ways to leverage those brands. Either legally to start up real businesses, or on the edge of legally to win some government funding. Maybe both.

Kodak just showed the way. Take a defunct legacy brand, get someone excited about it, and use it to make a lot of money. Preferably do it through a publicly traded company so that you can get some day traders excited about it and quickly lock in some stock gains.

What a world we live in.