Marketing myopia

Marketing myopia is a term used in marketing as well as the title of an important marketing paper written by Theodore Levitt. This paper was first published in 1960 in the *Harvard Business Review,* a journal of which he was an editor. Marketing Myopia refers to "focusing on products rather than customers."

The Myopic culture, Levitt postulated, would pave the way for a business to fail, due to the short-sighted mindset and illusion that a firm is in a so-called 'growth industry'. This belief leads to complacency and a loss of sight of what customers want.

Some commentators have suggested that its publication marked the beginning of the modern marketing movement. Its theme is that the vision of most organizations is too constricted by a narrow understanding of what business they are in. It exhorted CEOs to re-examine their corporate vision; and redefine their markets in terms of wider perspectives. It was successful in its impact because it was, as with all of Levitt's work, essentially practical and pragmatic. Organizations found that they had been missing opportunities which were plain to see once they adopted the wider view. The paper was influential. The oil companies (which represented one of his main examples in the paper) redefined their business as energy rather than just petroleum. By contrast, when the Royal Dutch Shell embarked upon an investment program in nuclear power, it failed to demonstrate a more circumspect regard for their industry.

One reason that short sightedness is so common is that people feel that they cannot accurately predict the future. While this is a legitimate concern, it is also possible to use a whole range of business prediction techniques currently available to estimate future circumstances as best as possible.

There is a greater scope of opportunities as the industry changes. It trains managers to look beyond their current business activities and think "outside the box". George Steiner (1979) is one of many in a long line of admirers who cite Levitt's famous example on transportation. If a buggy whip manufacturer in 1910 defined its business as the "transportation starter business," they might have been able to make the creative leap necessary to move into the automobile business when technological change demanded it.

People who focus on marketing strategy, various predictive techniques, and the customer's lifetime value can rise above myopia to a certain extent. This can entail the use of long-term profit objectives (sometimes at the risk of sacrificing short term objectives).

Similar terms

At some point in its development, every industry can be considered a growth industry based on the apparent superiority of its product. However, in case after case, industries have fallen under the shadow of mismanagement. What usually gets emphasized is selling, not marketing. This is a mistake, because selling focuses on the needs of the seller, whereas marketing concentrates on the needs of the buyer. In this widely quoted and anthologized article, first published in 1960, Theodore Levitt argues that "the history of every dead and dying 'growth' industry shows a self-deceiving cycle of bountiful expansion and undetected decay." But, as he illustrates, memories are short. The railroads serve as an example of an industry whose failure to grow is due to a limited market view. Those behind the railroads are in trouble not because the need for passenger transportation has declined or even because cars, airplanes, and other modes of transport have filled that need. Rather, the industry is failing because those behind it assumed they were in the railroad business rather than the transportation business. They were railroad oriented instead of transportation oriented, product oriented instead of customer oriented. For companies to ensure continued evolution, they must define their industries broadly to take advantage of growth opportunities. They must ascertain and act on their customers' needs and desires, not bank on the presumed longevity of their products. In short, the best way for a firm to be lucky is to make its own luck. An organization must learn to think of itself not as producing goods or services but as doing the things that will make people want to do business with it. And in every case, the chief executive is responsible for creating an environment that reflects this mission. Kotler and Singh (1981) coined the term *marketing hyperopia*, by which they mean a better vision of distant issues than of near ones. Baughman (1974) uses the term *marketing macropia* meaning an overly broad view of your industry.

We always know when an HBR article hits the big time. Journalists write about it, pundits talk about it, executives route copies of it around the organization, and its vocabulary becomes familiar to managers everywhere—sometimes to the point where they don't even associate the words with the original article. Most important, of course, managers change how they do business because the ideas in the piece helped them see issues in a new light.

"Marketing Myopia" is the quintessential big hit HBR piece. In it, Theodore Levitt, who was then a lecturer in business administration at the Harvard Business School, introduced the famous question, "What business are you really in?" and with it the claim that, had railroad executives seen themselves as being in the transportation business rather than the railroad business, they would have continued to grow. The article is as much about strategy as it is about marketing, but it also introduced the most influential marketing idea of the past half-century: that businesses will do better in the end if they concentrate on meeting customers' needs rather than on selling products. "Marketing Myopia" won the McKinsey Award in 1960.

Every major industry was once a growth industry. But some that are now riding a wave of growth enthusiasm are very much in the shadow of decline. Others that are thought of as seasoned growth industries have actually stopped growing. In every case, the reason growth is threatened, slowed, or stopped is *not* because the market is saturated. It is because there has been a failure of management.

Fateful Purposes

The failure is at the top. The executives responsible for it, in the last analysis, are those who deal with broad aims and policies. Thus:

> The railroads did not stop growing because the need for passenger and freight transportation declined. That grew. The railroads are in trouble today not because that need was filled by others (cars, trucks, airplanes, and even telephones) but because it was filled by the railroads themselves. They let others take customers away from them because they assumed themselves to be in the

> railroad business rather than in the transportation business. The reason they defined their industry incorrectly was that they were railroad oriented instead of transportation oriented; they were product oriented instead of customer oriented.
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> Hollywood barely escaped being totally ravished by television. Actually, all the established film companies went through drastic reorganizations. Some simply disappeared. All of them got into trouble not because of TV's inroads but because of their own myopia. As with the railroads, Hollywood defined its business incorrectly. It thought it was in the movie business when it was actually in the entertainment business. "Movies" implied a specific, limited product. This produced a fatuous contentment that from the beginning led producers to view TV as a threat. Hollywood scorned and rejected TV when it should have welcomed it as an opportunity—an opportunity to expand the entertainment business.

Today, TV is a bigger business than the old narrowly defined movie business ever was. Had Hollywood been customer oriented (providing entertainment) rather than product oriented (making movies), would it have gone through the fiscal purgatory that it did? I doubt it. What ultimately saved Hollywood and accounted for its resurgence was the wave of new young writers, producers, and directors whose previous successes in television had decimated the old movie companies and toppled the big movie moguls.

There are other, less obvious examples of industries that have been and are now endangering their futures by improperly defining their purposes. I shall discuss some of them in detail later and analyze the kind of policies that lead to trouble. Right now, it may help to show what a thoroughly customer-oriented management can do to keep a growth industry growing, even after the obvious opportunities have been exhausted, and here there are two examples that have been around for a long time. They are nylon and glass—specifically, E.I. du Pont de Nemours and Company and Corning Glass Works.

Both companies have great technical competence. Their product orientation is unquestioned. But this alone does not explain their success. After all, who was more pridefully product oriented and product conscious than the erstwhile New England textile companies that have been so thoroughly massacred? The DuPonts and the Cornings have succeeded not primarily because of their product or research orientation but because they have been thoroughly customer oriented also. It is constant watchfulness for opportunities to apply their technical know-how to the creation of customer-satisfying uses that accounts for their prodigious output of successful new products. Without a very sophisticated eye on the customer, most of their new products might have been wrong, their sales methods useless.

Aluminum has also continued to be a growth industry, thanks to the efforts of two wartime-created companies that deliberately set about inventing new customer-satisfying uses. Without Kaiser Aluminum & Chemical Corporation and Reynolds Metals Company, the total demand for aluminum today would be vastly less.

.Marketing myopia is an advertising strategy that does not focus on the needs and wants of consumers, but the desires of a company to sell specific goods or services in the economic market. Classic economic theory attempts to explain that consumers will tell companies the type of goods and services desired through the economic behavior demonstrated by individual consumers. Companies can benefit from this behavior by actively researching how consumers are spending their money and what goods are services are currently popular in the economic market. Marketing myopia can distort the company's view when managers focus more on what the company can produce rather then what consumers are willing to buy.

A classic example of marketing myopia is seen by Ford Motor Company's development of the Edsel. The Ford Edsel was a late 1950s model passenger car built under the marketing strategy that it was going to revolutionize the automotive industry. The car was designed with the intent of being a large, stylish vehicle that would meet the driving needs for thousands of U.S. consumers and families. Although the Edsel was released with much fanfare and publicity from marketing agencies and media outlets, it was an almost immediate failure in the consumer market. While reviews at the time cited the vehicle's poor workmanship and styling, business experts have attributed the failure to marketing myopia and a failure to understand consumer desires. The name Edsel is now a business term synonymous with business or marketing failure.

Marketing myopia may also occur when a business focuses on developing advertising strategies for wrong target markets or demographic groups. Individuals in the economic market usually view advertising strategies or techniques in different ways; their perceptions are built upon culture, race, age or other personal opinions. Companies that fail to understand the perceptions of consumers when advertising goods or services usually wind up with marketing myopia.

Companies in today's business environment often spend copious amounts of money conducting marketing research before releasing new products or services. This research or focus group activity may be related to the utter failure of the Ford Edsel marketing campaign. Rather than spending huge sums of money on national advertising or marketing campaigns, companies will use test markets to determine the strength of consumer demand for goods or services prior to a national rollout of new products. These test markets may also help companies build specific marketing strategies based on the feedback they receive from individual consumers. Any information gleaned can help companies avoid the terrible results of marketing myopia.

Indian Example

Maruti Gypsy : RIP

Brand : Gypsy
Company: Maruti Suzuki

Brand Count : 182

Gypsy was one of India's first sports utility vehicles. The vehicle created a breakaway category of SUV offroader from the existing jeep category which was dominated by Mahindra. Born in 1985, the brand was considered as an aspirational one by many young at hearts.The brand was positioned on the basis of its ruggedness. The brand was promoted as a pure offroader. The ads used to say that Gypsy could even climb trees. The positioning was reinforced by the success of the brand in rally and offroad events. Maruti also promoted such events to boost the brand as the ultimate offroader. The brand had the tagline of “There is a Gypsy in Everyone".

But the brand failed to capitalise on the first mover advantage although it is still considered to be one of the sportiest looking SUV in the Indian market. The brand is now confined to certain niche markets like Police and Army vehicle segments.
Gypsy was the rebadged version of Suzuki Jimny. Although Jimny is still surviving, Gypsy is in the last stage of its product life cycle. The brand which pioneered the offroader category sadly is dying when the SUV category has started growing. The brand failed because of the apathy of the company in investing in the brand. The product had inherent problem that created negative word of mouth and the company didn't cared to look at the negatives of the brand.
Gypsy although considered as a tough vehicle lacked many important attributes valued by a customer. The driving quality and the mileage was awful. The product was priced at a ridiculous premium which was not justified in terms of the delivery of value.
The brand was priced at around Rs 5 lakh which is comparable with an entry level sedan. The product although looked excellent outside was a mess inside. The vehicle lacked space and comfort especially for the rear seat. It had all the qualities for an offroader but failed to understand that Indian consumers use offroaders on roads (cities).The mileage was awful and that ensured that only those who fall head over heels over the looks only will buy this brand. Since MUL at that time was in the public sector, the brand was sold to Police and army. For the ordinary consumers, the brand did not made any sense.
Gypsy also did not change itself in tune with the changing industry requirements. The vehicle initially was severely underpowered for an offroader.

The company enhanced the power from 975cc to 1300 cc only after 11 years. Gypsy King was launched in 1996 sported the more powerful Esteem engine but was priced steeply.

The last four years has shown that SUV category is growing very fast fuelled by the success of the likes of Mahindra Scorpio. Most of the global bigwigs in the SUV segment is now there in India. Suzuki also has launched its brand Grand Vitara in this segment. But in the current scheme of things, Gypsy was sadly not in the picture.

Compare the picture of the Suzuki Jimny (given in the blog) and Gypsy and see the difference. Had this brand changed its looks and feel in tune with the emerging category requirements, Gypsy could have been a major brand. But Alas.... the brand's fate is to be cited as an example of Marketing Myopia or is it Marketing Laziness.