Marketing Myopia: An Interesting Fact to Marketers

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ABSTRACT

It is commonly believed that marketing knowledge is useful. Marketing knowledge comes in many forms and perspectives. Sellers need buyers and vice versa. In marketing, a transaction will only be completed when there is an exchange from both parties. But selling, again, is not marketing. Selling concerns itself with the tricks and techniques of getting people to exchange their cash for the product. It is not concerned with the values that the exchange is all about. It does not as marketing invariably does, view the entire business process as consisting of a tightly integrated effort to discover, create, arouse and satisfy customer needs. The customer is somebody "out there" who, with proper cunning, can be separated from his loose change. Marketers must not ignore the marketing myopia that may exist between them and their customers.

Keywords: *marketing myopia, marketing knowledge, marketers.*

Introduction

Meeting customers' needs sounds simple, but many companies seem to face problem with it. Rather than looking at what they do from the buyer's point of view, in terms of customer benefits, they see themselves solely as producers. A marketing professor, Theodore Levitt, came up with a name for the product orientation that many marketers use to define their business: marketing myopia; a situation when companies view themselves as supplying products rather than as fulfilling customers' needs and wants.

It has been four decades since Theodore Levitt wrote the classic article, "Marketing Myopia", that appeared in the Harvard Business review. The article has been the most widely read and quoted piece, ever to be published in Harvard Business review or perhaps by any other journals. Within the field of marketing, the article went a long way in shaping the future direction and thoughts of marketing practitioners and academicians in the 1970s and 1980s.

According to Levitt (1960), to continue growing, companies must ascertain and act on their customers' needs and desires, not bank on the presumptive longevity of their products. Returning to the example of the railroad industry cited by Levitt (1960), a railroads company got into trouble because the customers' needs was filled by others (cars, trucks, airplanes and other mode of transportation) and not filled by the railroads operators themselves. They let others take their customers away from them because they assumed themselves to be in the railroad business rather than in the transportation business. Their reasons behind and definition of the industry construction was wrong because they were railroad-oriented instead of transportation-oriented; they were product-oriented instead of customer-oriented.

In his article, Levitt mentioned on building upon the trenchant statement: 'The history of every dead and dying "growth" industry shows a self-deceiving cycle of bountiful expansion and undetected decay.' Levitt proposes four factors which make such a cycle inevitable (Baker 1987):

- A belief in growth as a natural consequence of an expanding and increasingly affluent population.
- A belief that there is no competitive substitute for the industry's major product.
- A pursuit of the economies of scale through mass production in the belief that lower unit cost will automatically lead to higher consumption and bigger overall profits.
- Preoccupation with the potential of research and development (R&D) to the neglect of market needs (i.e. a technology push rather than market pull approach).

The product life cycle distinguishes four basic stages in the life of the product: introduction, growth, maturity and decline. Marketers must not forget that consumers, like producers are motivated by self-interest rather than loyalty and will be quite willing to switch their allegiance if another new product comes along which offers advantages not present in the existing offering. If marketers are so taken away in producing their products then as a result, marketing myopia will appear.

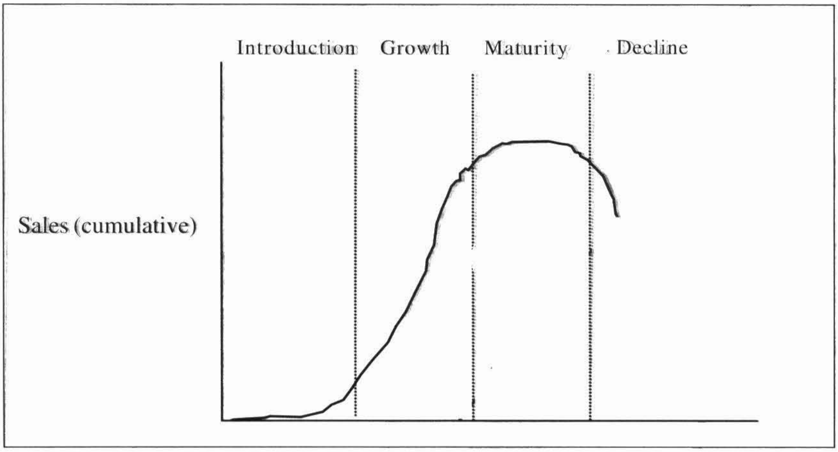

Fig. 1: The product life cycle

Source: Baker (1987).

Myers (1986) said that the difference between marketing and selling is more than semantic. Selling focuses on the needs of the seller, marketing on the needs of the buyer. Selling is pre-occupied with the seller's need to convert his product into cash, marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster-of-things associated with creating, delivering and finally consuming it.

The sellers will offer their products, whilst, the buyers will pay their money and get the product. The most important question here is, whether the buyers will be satisfied with the products or services provided? In the light of the new millennium, the sellers must take charge, open their eyes and be very pro-active in delivering their goods and services, on top of that satisfying the needs and wants of their customers. Organizations must define their industries broadly to take advantage of growth opportunities.

The Dangers of Myopia

Over the years we have found that many companies define their markets in terms that are convenient to them but have little relation to reality. Why do company managers separate "their" market from the real market? Explanations include holding onto outdated market definitions, viewing a market in terms of a company's products or services and defining a market based on a company's organization or record keeping.

Regardless of the reason, the result is the same: overlooked markets, missed opportunities for growth, even loss of customers and eventual market share (Lele 1997).

Companies must give a serious thought to the question of what businesses are they really in, as consumers are becoming more demanding with the latest technology to create new products and innovation. The organization must learn to think of itself not as producing goods or services but as buying customers, as doing the things that will make people want to do business with it.

Kotler and Armstrong (1996) said that many sellers make the mistake of paying more attention to the physical products they offer than to the benefits produced by these products. They see themselves as selling a product rather than providing a solution to a need. A manufacturer of drill bits may think that the customer needs a drill bit, but what the customer really needs is a hole. These sellers may suffer from "marketing myopia". They are so taken with their products that they focus only on existing wants and lose sight of underlying customers' needs. They forget that a physical product is only a tool to solve a consumer problem. Levitt showed how whole industries faded away because management did not discover the eroding changes that had occurred (Ottesen & Gronhaug 2002).

Analysts use the term marketing myopia to describe firms that develop shortsighted visions. For example, in the 1980s, Kodak faced intense competition from Japanese film and camera companies that had developed electronic cameras capable of storing images digitally on compact disks. The future of filmless photography came a giant step closer and exciting advancement but not the greatest news for Kodak, which viewed itself as being in only the film business.

Abounding its product oriented myopic vision, Kodak now says, it is in the "imaging" business – a consumer oriented with a focus on products that process and converts images both on film and in the form of electronic data. This broader view leds to the development of successful new products and Kodak now is "off camera" as it has become involved in electronic publishing, medical and graphics arts imaging, printing and digital scanning (Solomon and Stuart 2002).

There were many cases that proved to us the dangers of myopia. Some of them are:

i. A company that involved in oil business where it should define itself as an energy business company.

ii. Hollywood defined its business incorrectly. It thought it was in the movie business when it was actually in the entertainment business.
iii. Railroad business rather than in the transportation business.

The implications of marketing myopia may result to unsatisfied customers, sales faltering and even profits and market share. Organizations must not define themselves too narrowly as it will endanger their future. They must properly define their industries in order to become a customer creating and customer-satisfying organism.

The most basic idea of defense is to build an impregnable fortification around one's territory. Simply defending one's current position or products is a form of "marketing myopia." Even such strong brands as Coca Cola cannot be relied on by their companies as the main sources of future growth and profitability (Kotler et al. 1996). Marketers suffer from marketing myopia when they view their business as providing products, rather than as meeting customers' needs. Myopic companies are extremely vulnerable to changes in their marketing environment. Imagine two radio broadcasting companies in the days before television.

Exhibit 1

Marketers	The Good Old Days Before Television	The Introduction Of Television	Television Becomes The Dominant Medium
Radio Broadcaster #1	"We provide radio programmes."	"TV doesn't apply to us; we do radio."	"Hey! What happened to our sales?"
Radio Broadcaster #2	"We meet people's desire to be entertained."	"People now want tonbe entertained on TV as well; we'll start offering TV programmes too."	'Our sales are just fine, thank you."

Source: Adapted from Bovee, Houston, Thill, J.V. (1995)

Effectiveness comes from meeting customer needs with a total product offering. Even a relatively inefficient company which is effective at creating and keeping customers will survive. Companies who fail to satisfy customers are basically ineffective and they will die over time (Figure 2).

	Inefficient	Efficient
Inefficient	Die quickly	Survive
Efficient	Die slowly	Thrive

Fig. 2: The Contrast Between Efficiency and Effectiveness.

Source: Adcock, D et al. (1995)

The Product Concept

There are five competing concepts under which organizations conduct their marketing activities and the product concept unlike others leads to " marketing myopia," a focus on the product rather than on the customer's needs. Organizations that practices product concept, holds that consumers will favour those products that offer the most quality, performance or innovative features. Managers in these product-oriented organizations focus their energy on making superior products and improving them over time. These managers will keep on producing the products despite looking into what the market really desires. They assume that buyers admire quality, performance and innovative features. They will then jump into conclusion and feel that the customers like and enjoy using their products. This phenomenon will lead to "marketing myopia" where managers are caught up in a love affair with their product and fail to appreciate that the market may be less "turned on."

Product oriented companies often design their products with little or no customer input. They trust that their engineers will know how to design or improve the product. Too often they will not even examine competitors' products because "they were not invented here." A General Motors executive said years ago; "How can the public know what kind of car they want until they see what is available?" General Motors designers and engineers would develop plans for a new car. Then, manufacturing would make it. Then, the finance department would price it. Finally, marketing and sales would try to sell it. No wonder the car required such hard selling by the dealers!

General Motors failed to ask customers what they wanted and never brought in the marketing people at the beginning to help figure out what kind of car would sell (Kotler et al. 1996). This kind of problem is not merely faced by General Motors but many car producers as well. Again, the "marketing myopia" will continuously exist if the managers keep on focusing on the product rather than on the customers' needs and wants. Railroad management thought that users wanted trains rather than transportation and overlooked the growing challenge of the airlines, buses, trucks and cars.

Slide rule manufacturers thought the engineers wanted slide rules rather than the calculating capacity and overlooked the challenge of pocket calculators. Department stores, communication, entertainment and consumer goods industry all assume that they are offering the public the right product and wonder why their sales falter. These organizations too often are looking into a mirror when they should be looking out of the window. If not, some businesses are dead without managers really knowing it.

The Power of Paradigms and Reengineering

Marketers always define their markets that are convenient to them but have little relation to reality. They need to shift their mindset and face the fact. Customers are one of the key success factors in the marketing world, to be specific the loyal customers. Marketing practitioners and academicians know that attracting new customers are far more difficult than maintaining the existing ones. Thus, there is a need of paradigm shift and management reengineering to stay ahead. In any case, it should be obvious that building an effective customer-oriented company involves far more than good intentions or promotional trick; it involves profound matters of human organization and leadership.

Companies that are functionally organized have converted to product, brand or market-based organizations with the expectation of instant and miraculous results. The outcome has been ambiguity, frustration, confusion, corporate infighting, losses and finally a revision to functional arrangements that only worsened the situation (Levitt 1975). Furthermore, management has expanded their product lines and added new lines of business without first establishing adequate control systems to run more complex operations.

To behave rationally, managers need multiple knowledge such as through observation of outcomes, competitors, customers' reaction and also trial and error. Although such learning can be imperfect at first but, as time goes by 'marketing myopia' can be eliminated slowly and entirely.

Managers are responsible for organizational performance. They are confronted with multiple tasks and demands, whereby they need to understand the market reality.

The marketing world is full of endless needs and demands. Marketing practitioners need to fulfill what the market demands and not just producing products. The managers must be alert with the demand by the new market entrants such as the millennium generation. Often managers do not (Lele 1997) recognize that their market has changed and that its original "boundaries" are no longer accurate.

In the interests of coordination many companies have adopted particular forms of organization for product development. Marketers should have a particular guidance role to play in product development, if only to ensure that customers realities remain a focus of the development task. The experience of many marketers is that R&D personnel, unsupported by market guidance, fall prey to a 'technology myopia' (Baker 1987), an interest in the (research) chase itself rather than the (marketplace) end product.

A market-centred approach to development is, therefore, an iterative process, involving a dialogue with outside parties, primarily potential customers and internally with various functional specialists within the organization. Both internal and external sides are critical in facing today's competitive climate. Furthermore, they are mutually interdependent.

Companies need to move parallel with the market requirements. Paradigm shifts need marketers to adapt to changes sooner rather than later. No organizations can achieve greatness without a vigorous leader who is driven onward by his own pulsating will to succeed (Levitt 1960). He must try to be extraordinary and think of a vision, company's style, direction and goals that can attract eager followers in great numbers. In business, the followers are the customers.

Levitt's achievement (Adcock et al. 1995) was to get individual businesses to look at themselves from the customer's viewpoint and assess their offerings in terms of customer benefits. This includes not only the basic product but the added features and service which make up the total product that is effective in satisfying customers (Figure 3).

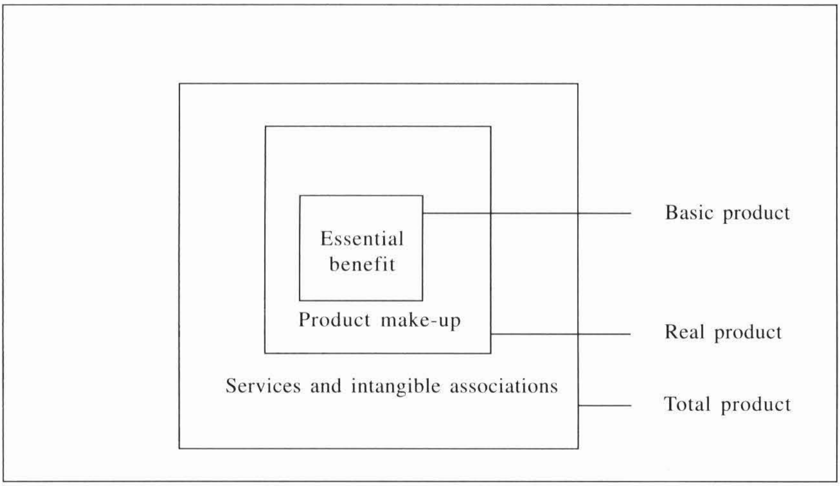

Fig. 3: Three Facets of the Product

Source: Adcock et al. (1995)

Conclusion

In eliminating "marketing myopia", managers need to revamp their concept particularly focusing on product orientation. Excellent companies know how to adapt and respond to a continuously changing market place through the practice of customer orientation planning. Marketing views the entire business process as consisting of a tightly integrated effort to discover, create, arouse and satisfy customer needs. The marketing managers must continue to be concerned with finding out about customers and assessing expectations through accumulated knowledge and experience.

Companies should "serve" customers by practicing a customer-creating value satisfactions in its products or services. By pursuing certain options, the marketers can try to reduce and hopefully eliminate the marketing myopia that hinders them from improving. To act, managers need knowledge about how to proceed, e.g. how to analyze competitors and customers, how to negotiate and so on, i.e. procedural knowledge. They also need knowledge about their actual competitors, their strategies, market size and developments, etc, i.e. declarative or contextual knowledge. Such knowledge is needed because firms do not operate in a vacuum. They are context bound and, thus, knowledge about the context in which they are embedded is needed to operate rationally. In other words, managers, like others, need and make us of both procedural and contextual knowledge (Ottesen & Gronhaug 2002).

In addition, the term must not be forgotten which has a significant impact on business thought and practice. It is an interesting yet meaningful article written by Theodore Levitt on marketing myopia. Some marketers may have a lackadaisical attitude in delivering its goods or services and not knowing whether it can fulfill the needs and wants of the customers. What matters most is customers are willing to buy. Some steps of recommendations to avoid having marketing myopia; taking a general view of the firm, continuously monitor other industries, engage with the environment, recruiting the right marketing people and finally always be flexible. In fact, by focusing on correct marketing strategy and the customer's lifetime value can rise above myopia to a certain extent. This requires firm to use the long-term profit objectives.

Firm can use the customer lifetime value to show to marketers how much they can spend to acquire a new customer, provides a level profitable spending to retain a customer and finally provides a basis for targeting new customers who look like a company's most profitable customers. Companies again must ask themselves whether they wish to be masters of certain technologies for which they would seek markets or be masters of markets for which they would seek customer satisfying products and services. Fulfilling the needs and desires and make the customers satisfied is not an easy task. The marketers must properly define the business first so that it will not face any consequences later on. What specifically must other companies do to avoid this fate? Marketing orientation is the answer.

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