

# Marketing myopia definition and analysis



Most of the major industries today were once considered as growth industry's. However some of the industries that are on the rise up the mountain or undergoing a boom in business may very much be in the shadow of downfall. Other industries which are considered as veteran growth industries have in reality ceased to grow. In every case the reason for this stint is not because the market is impregnated, it is because of the failure of management as they have fallen prey to a phenomenon called ' Marketing Myopia'.

### Purpose of the Study

The purpose of this study on Marketing Myopia is to answer the basic question " How can a company ensure its continued growth"? It also analyses the reasons for occurrence of such a phenomenon in organisations along with the impact it has on the future of the organisation and finally the ways to avoid it from happening.

### Significance of the Study

Marketing Myopia has been in existence for several decades now and is a result of narrow focus of the top level management in its planning functions. It is of extreme relevance in today's world as many entrepreneurs while starting their business need to plan their activities for the future and hence should ensure they don't enter the Marketing Myopic trap. Effectively speaking, an organization should start to perceive itself not as producing goods or services but as doing the things that will make people want to do business with them. Though being a collaborative effort the onus in every case, lies with the chief executive who is responsible for creating a

conducive environment that reflects this mission. He has the burden of being aware of “ marketing myopia” and have the ability to understand the complexity of the consumer-needs by developing an approach that justifies it.

## **CHAPTER 2: WHAT IS “ MARKETING MYOPIA”?**

### **Defining Marketing Myopia**

‘ Marketing myopia’ is a term made up of two words: Marketing and Myopia which is used to describe the short sighted (myopic) approach adopted by organizations which often leads to their premature decay. The term was coined by ‘ Theodore Levitt’ in a paper which was published in the Harvard Business Review in the year 1960. This paper has been regarded by several industry experts as a revelation for the modern marketing era. It has set aside most of the myths and has proposed a visual modality for the modern day CEO and is being successfully implemented by most of the biggest corporate houses in existence today.

His theory suggests that “ most of the industries are restricted in their thought process and implementation of their future endeavours”. He felt that the world was living in the ‘ selling concept’, where the objective was to follow a push model instead of a pull model thereby forcing the customer to buy whatever you produce. Profits earned in the short term were regarded as a measure of success for the organisations. Organizations hence were hence living a lie and failed to see the larger picture. This form of marketing could fetch them profits in the short run; however, as time faded, this led to the customer being dissatisfied accompanied with brand switching, tapering sales figures, and eventually, closedown. Levitt also advised CEOs ‘ to <https://assignbuster.com/marketing-myopia-definition-and-analysis/>

extend their horizons, delimitate their corporate objectives, and most importantly have a vision'. The basic ideology was to broaden the vision from a product level to an industry level or for that matter to a more generic level. The idea was well assimilated among the organisations and finally realised that what they were missing was a well defined vision which could serve them in the future. Levitt illustrated about the of oil companies several times in his publication. His stand was that, " at a generic level, the oil companies were in the business of providing energy, and not petroleum, as was the norm then". The ideology overturned the industry, which is now one of the most productive industries of the modern era.

The moral to be ascertained is that thinking unconventionally and differently is what is the order of the day to drive any business. He suggested that one has to get out of the ' comfort zone' (of doing what we do) and explore the undiscovered. For an example, if performance in a particular niche is good, the concept needs to be extended further. Once this is done the next logical step would be to climb up the ladder and to capture the segment, then a market, and finally the industry. Things may not always go as planned, but built on the basis of logic; they definitely provide the foundation to a thriving business in the long run.

### **Why does it occur?**

The reasons for occurrence of such a phenomenon are as stated with cited examples from the industry:

## **Fateful Purposes**

The reason lies with the failure at the top management level where the decision making is done. The executives who deal with the policy making and who document the objectives are the ones responsible for this. It is their myopic view of the industry or the product which often leads to reduction of scope of the product as a whole.

As cited by the management guru Theodore Levitt who coined the term ‘Marketing Myopia’, the railroads did not cease to grow because the need for passenger or freight transportation declined. That was almost always increasing steadily; it was because the need was filled and capitalised by others (trucks, cars, airplanes, or for that matter telephones) but because it was not filled by the railroads themselves. He others literally snatched the customers away from them and did not react appropriately because they were confined to only the boundaries of the railroad business rather than the transportation business i. e. they were oriented towards the product rather than being oriented towards the customer.

Another example involved the Hollywood industry. The Hollywood narrowly escaped the surge by television. In reality, all the established companies went through drastic reorganisations. They all get into trouble not because of TV’s inroads but because of their own short-sighted vision of the entertainment industry. They defined their business incorrectly. They were always under the impression that they were a part of the movie business when actually they were just a small part of the bigger fish ‘ the entertainment industry’. “ Movies” implied a specific, limited product. Due to this misconception the movie industry never saw the TV as a threat to its

business. Hollywood despised and rejected TV when it really should have greeted it as a chance to expand the entertainment business. At last what saved Hollywood and accounted for its resurgence was the flurry of young blood who had heaps of talent in the form of writers, directors and producers whose previous achievements in the TV industry had decimated the old movie companies.

Still the bottom-line remains that the industries are now endangered not because of lack of opportunity in the market but because of not defining their business in a broader perspective and not having a customer oriented approach.

### **Error of analysis**

The error of analysis refers to the defining the industry, or a product, or a cluster of know-how so narrowly as to ensure its untimely ageing. What is lacking is not the opportunity but some of the managerial imaginativeness and audacity to make them great.

### **Impact of Marketing Myopia**

As already stated in the preceding paragraphs, having a myopic vision not only reduces the scope of the industry but also leads to stagnation of the product which may have tremendous potential. It is analogous to saying that Marketing Myopia leads to falling into a trap called the ‘ Self-deceiving’ cycle. The cycle consists of majorly 2 end states of existence; bountiful expansion and undetected decay. The conditions which generally ensure this impact are as illustrated:

This is related to the population myth that growth of an industry is ensured by an expanding and more affluent population. This was supported by the common ideology that a market which is on the rise will keep the manufacturer from having to think out of the box.

The notion that there is no competitive substitute for the industry's major product.

Having excess amount of faith in mass production and being under the impression that output rises as unit costs decrease.

Engrossment with a product that lends itself to carefully controlled scientific experimentation, improvement, and manufacturing cost reduction.

### **CHAPTER 3: CASES OF MARKETING MYOPIA**

The effect of the marketing myopia syndrome has been in existence for several decades now. There are various cases pertaining to this phenomenon which is illustrated below:

#### **The Indian Classic Vintage car: Ambassador**

Ambassador entered the fray in 1958. The great Hindustan Motors (HM) launched the Indian version of the classic ' Morris Oxford' as the Ambassador in the year 1958. From then on for about three decades the Ambassador was the king of the road. At that point in time there were only two stalwarts in the Indian market – Ambassador and Premier Padmini. Issues like the licensing, lack of capital and less conducive economic policies ensured that the above mentioned enjoyed a healthy duopoly. All said and done the year 1983 saw the emergence of a new epoch in the Indian car market. During

this period Maruti Udyog Ltd surged into the market with their epic Maruti 800 model. Eventually the Ambassador lost its numero-uno position to Maruti. Ambassador's major target audience the 'family segment' which was the largest segment in the car market embraced Maruti. The Ambassador was soon reduced to a marginal player a short period of time. One of the major market segments for Ambassador was the Indian Government. More than 16 % of the brand sales was courtesy the Government. So much so to say the Ambassador was used as the Prime Minister's car till 2002.

Soon the officials at Hindustan Motors also lost interest in the brand. With other automobile makers entering the Indian scenario resulted in a substantial drop in the orders from the Government. For four decades, the brand has not taken its customer seriously. Reasons are plenty for brand's failure, the fundamental issues related to the product and price.

From the product's point of view, the Ambassador never changed with time. There were a lot of minor changes to the appearance of the model from 1958-2000 in the form of three major upgrades namely as Mark II, Mark III and Mark IV without any significant value addition between these upgrades. It still looked like a rock with four wheels and the architecture never changed. However one of the major transformations undergone by this brand was in their 1800 Isuzu engine. The new and improved Ambassador with the Isuzu engine managed to increase the sales marginally. But the euphoria was short lived. HM's inability to offer product changes with changing times and with the onset of new players in the market made the brand stale.



The other issue which that worked against them was the price of the vehicle. HM never bothered to rationalize the price of the brand as they were of the ideology that decreases in price would correspondingly mean decrease in quality. Even now Ambassador costs more than Rs 4, 80, 000 a price at which one could afford a grander Indigo sedan.

Reports suggest that, the HM plant had achieved full depreciation by the year 2000. But it never crossed the minds at the company to pass on this reduction in cost to their customers. If the company had rationalized the price of Ambassador in 2000, the brand could have fought of competition.

A final hammering came with the launch of Indica which took away the taxi car market from Ambassador which was then the mainstay for the brand. Now even their Unique Selling Proposition of producing diesel run cars was lost as individual consumers had a better affordable modern car in Indica as compared to the ageing Ambassador.

In another attempt to boost their sagging sales, HM launched a radically designed Ambassador variant named “ Avigo” in the year 2004. Even with this radical styling, there was a cold response from the customer.

The automobile industry today has so much to offer that the Indian consumer is now not restricted to choices . Competition has increased manifold with new and improved models rolling out of showrooms by the day.

In today’s scenario considering the value proposition domain, Ambassador never even figures in the radar of the consumers. The reduced price gap

between diesel and petrol has also eroded the value in investing in an outdated Ambassador.

To top it all of HM never thought of investing surplus cash for this brand and hence closed all doors of escape for this product.

This is a classic example of Marketing Myopia from an Indian context.

### **Dettol and Proctor & Gamble's Safeguard soap**

Dettol was market leader for a very long time because of its multi uses and category leadership strategies. For years, it reaped profits without the need of innovating and giving its customers that extra bit of value. This strategy worked fine for them until there weren't other strong players in the market. In came Proctor and Gamble's Safeguard soap with a completely new approach that not many would have thought of. They came out with a soap having better fragrance and launched a campaign that targeted kids. The campaign was based on a super hero cartoon character called Commander Safeguard that created waves amongst children. Children, being strong influencers worked as wonders for Safeguard and their sales saw remarkable rise. Eventually, because of the un-reactive approach of Dettol and the extremely customer centric and creative approach of Safeguard, it gained market share and market leadership from Dettol; a clear case of marketing myopia on Dettol's behalf.

Hence, it is essential companies now keep innovating and designing all their strategies keeping the customer's ever changing needs and value requirements in mind because if you don't, someone else surely will.

## **The Business Smartphone: Blackberry**

The brand was officially launched in the year 1999 and made its presence felt in India by 2004. It didn't find the need for advertising because it was a product which clearly satisfied a need. During the time of its launch, the definition of a smart phone or web enabled phones was unknown, thereby offering a solution to stay connected while travel. Suiting the business environment, the product was almost immediately absorbed by Corporate India. The year 2007 witnessed a huge paradigm shift in its product with Blackberry repositioning itself. It was no longer a brand that was targeting the CEO's and high rank officials in the business world but had set their sight on the Gen Next. This move made Blackberry come into direct contention with big players such as Nokia and Motorola. When Blackberry started business their devices never looked like phones, they were in fact pagers. The shape was different and the instrument had a QWERTY keypad with its iconic Track Wheel + Click feature. Slowly they emerged into the cell phone market. By doing so they have grabbed the opportunity to make it big. The numbers speak for themselves as the sales increased considerably due to the paradigm shift.

## **CHAPTER 4: AVOIDING MARKETING MYOPIA**

Over the past half century, marketers have given their advice on how to avoid Marketing Myopia. They primarily focus on the fact that the customer is the most important element in marketing and hence the sole focus should be on them. The problem with this approach is that the advice has been taken too seriously thus resulting in a new type of myopia, which may cause deformation in strategic vision and could possibly lead to business failure.

The result of doing so would however lead to other consequences as listed below:

A single-minded focus on the customer could lead to the exclusion of other important people in the organisation like the stakeholders.

Narrowly defining the customer's needs.

A failure to recognize the changed societal context of business that necessitates addressing multiple stakeholders.

Thus having an extremely customer scopic view is not the solution to this marketing syndrome. The following are the measures which could be adopted to avoid or mitigate the problem:

Mapping the company's stakeholders to show who influences or should influence the company and what issues most concern them.

Determining stakeholder salience.

Researching the stakeholder issue, their expectations and the measure impact.

Engage with stakeholders as they are also an integral part of the decision making process and in most cases fund the particular programme.

Embedding a stakeholder's involvement.

## **CHAPTER 5: CONCLUSION**

### **Conclusion**

To build an effective customer-oriented company entails much more than good intentions or marketing gimmicks; it demands unfathomed matters of human organisation and leadership. A company has to do whatever it takes to survive in the market. In addition, it should have the ability to conform to the requirements of the market, and it needs to be done quick before it is too late. Just survival can also not last forever hence the catch is to survive chivalrously, to feel the heaving impulse of commercial supremacy; not just to experience the sweet smell of success, but to have the intuitive feel of entrepreneurial greatness. In business, the followers are in most cases the customers and in order to produce such customers, the entire organisation must be deemed as a 'customer-centric' and 'customer-needs-fulfilling' organism. Management must have the ideology of not just producing products but as providing customer creating value satisfactions. In short, the organisation must learn to think that it is not in business only for producing goods or services but as buying the customers, as a result doing the things that compels people want to do business with it.