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by Amy Gallo

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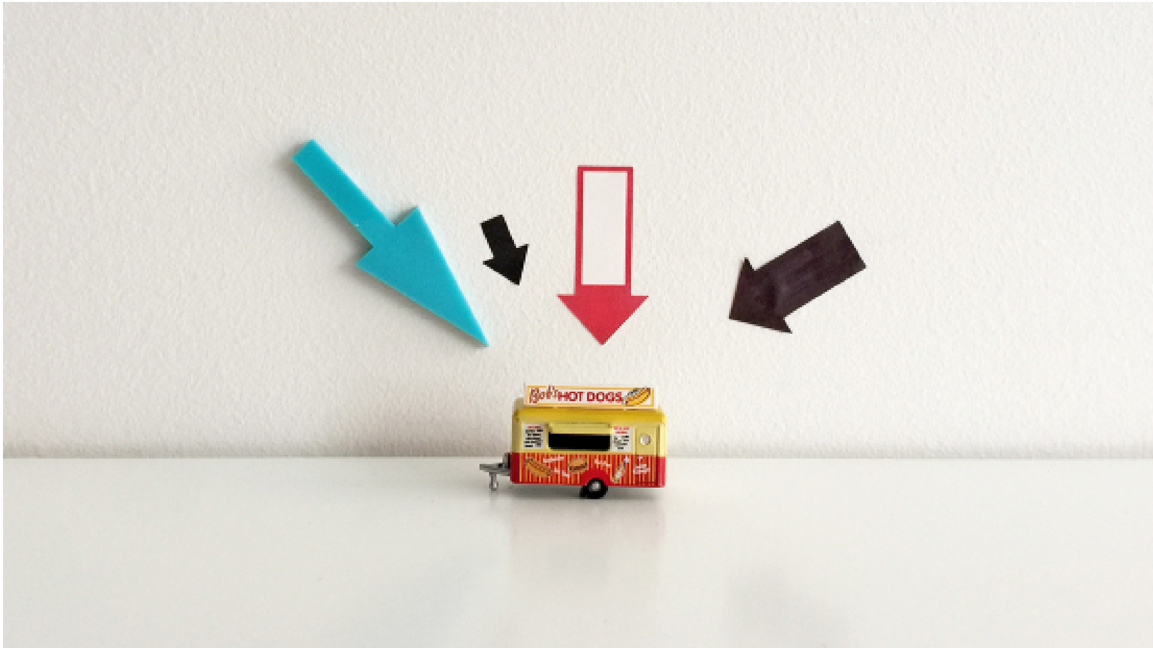

PAUL GARBETT FOR HBR

Every year, a large majority of product launches fail. There's debate about exactly what percentage—some say it is 75%, others claim it's closer to 95%. Regardless of which number is right, there is no doubt that a lot of time and energy go into marketing products that will no longer exist in a year. Why is this? Some of the failure is likely attributable to the fact that many company leaders, including executives, have what's called ***marketing myopia***—a nearsighted focus on selling products and services, rather than seeing the "big picture" of what consumers really want.

I talked with John Deighton, a professor at Harvard Business School and an authority on consumer behavior and marketing, to better understand this classic concept, its origins, and its relevance to organizations today.

Where did the concept originate?

The term was coined by the late Harvard Business School marketing professor, Theodore Levitt, in a 1960 article by the same name (republished in 2004). The "heart of the article," according to Deighton, is Levitt's argument that companies are too focused on producing goods or services and don't spend enough time understanding what customers want or need. Therefore, he "encouraged executives to switch from a production orientation to a consumer orientation." As Levitt used to tell his students, "People don't want a quarter-inch drill. They want a quarter-inch hole!"

"The genius of the original article is that it is so easy to be myopic when it comes to marketing," says Deighton. "Any marketer is obligated to be concerned with programs, tactics, campaigns, etc. Unfortunately, the clock never stops long enough to answer the question, 'Why are you doing what you are doing?' So it's far too easy to lose sight of the big picture." The other thing that made the article so significant at the time of its publication is that it reminded CEOs that marketing is part of their job: "[Levitt] tells the leader of the organization: you are in business because you have a customer. Therefore you have to think about marketing," Deighton explains.

What is marketing myopia?

The myopia that Levitt describes is a lack of insight into what a business is doing for its customers. Organizations invest so much time, energy, and money in what they currently do that they're often blind to the future. They get lulled into thinking they're in a "growth industry," which, according to Levitt, don't exist. Instead, there are really only companies continuously capitalizing on growth opportunities.

There are several examples in the article that illustrate the main concept, that your product is not your business. Perhaps the most famous is the railroad lines, which Levitt argues fell into steep decline because they thought they were in the train business rather than the transportation business. If those leaders had seen themselves as helping customers get from one place to another, they might've expanded the business into other forms of transportation like cars, trucks, or airplanes. Unfortunately, they let other companies seize those opportunities and steal away their passengers instead.

Luckily, there is a cure for marketing myopia. Levitt suggests that leaders ask themselves: *What business are we really in?* Deighton says that the best way for leaders to answer that question is by asking themselves another: What are we really doing for the customer? Successful companies focus on customer needs, not their own products and services, which can—and will—be replaced by competitive alternatives, either ones they make themselves or those produced by existing or potential competitors.

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How relevant is it today?

Deighton says the idea of marketing myopia is "still very applicable" today, "in part because the original idea wasn't very prescriptive. Levitt didn't offer 'ten steps to eliminate marketing myopia'. Instead, he was all about provoking people to think differently." In fact, Deighton still uses the concept frequently when he introduces what marketing is to business school students.

And you don't have to look very far to see companies or industries that are suffering from this malady today. Deighton points to an example close to home for this writer: the publishing industry. He suggests that it's time for publishers to ask Levitt's central question: What business are we really in? "There seems to be a myopic attachment to the word 'publish' that is a production-oriented take on the industry. But what are customers really looking for?" They don't want newspapers or magazines, he says. "They want to be entertained, informed, stimulated, by people more interesting than their friends and acquaintances," he argues. "Only a production-oriented publisher would defend the form of delivery over the value of the experience it delivers."

There are, of course, contemporary companies that are taking Levitt's advice to heart. Deighton points to IBM Interactive Experience, IBM's consultancy that combines analytics, design, and technology (and brings in $2 billion in revenue) as an "attempt to think past what they produce and say, 'we're not in the business of information processing, we're delivering the communications that are valued by consumers.'"

How has marketing myopia evolved?

The concept has stayed in tact over the last 50-plus years. Deighton says that that is because the original article was like a "polemic, almost like a religion. And any attempts to augment, complicate, or interfere with the polemic don't work." The idea has become the foundation of modern marketing.

That's not to say it doesn't have its limits. In 2010, Craig Smith at INSEAD, Minette Drumwright at UT Austin, and Mary Gentile at Babson, published a paper called "The New Marketing Myopia." They posited that marketers have taken Levitt's advice to an extreme, creating a new kind of short sightedness, marked by a single-minded focus on the customer, a narrow definition of the customer, and a failure to address the multiple stakeholders who have arisen out of the "changed societal context of business". There is no doubt that Levitt believed the entire corporation must be viewed as a customer-creating and customer-satisfying organism, and Deighton admits that this is one of the potential pitfalls of Levitt's original idea: it "puts great trust in the consumer." In his original article, Levitt acknowledged how difficult it can be to listen to customers; he wrote: "Consumers are unpredictable, varied, fickle, stupid, shortsighted, stubborn, and generally bothersome." But Smith, Drumwright, and Gentile go even further, arguing that it's not just about listening to consumers but about hearing all of the stakeholders who contribute to your company's success, such as employees, suppliers, shareholders, competitors, media, and community members.

Deighton says that the concept of "industries" has also been challenged over the last decade or so. The industry a company is in today may not be the same one it's in next year: "In today's very fluid times, it's more accurate to say 'eco-system.' Disruptions are constantly challenging the stability of industries." Take programmatic ad buying. As Deighton explains. "People who apply technology to ad targeting don't necessarily think they are in a particular industry. They recognize that the product will change, the medium will change, everything on the production side is in play. The only constant is the consumer need they fill."

Marketing myopia remains an important reminder of the risks your company runs if you don't pay close attention to your consumers' needs. Levitt believed that executives couldn't predict the future —and shouldn't try. Instead, by concentrating on meeting customer needs rather than on selling products—by always keeping in mind the business that they're really in—companies could be better prepared for whatever the future would bring.

Amy Gallo is a contributing editor at Harvard Business Review and the author of the *HBR Guide to Managing Conflict at Work*. She writes and speaks about workplace dynamics. Follow her on Twitter at @amyegallo.