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Marketing Myopia – An Update (How Theodore Levitt Changed Our World? A Look at the Impact on Corporate Management after Five Decades)

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Abstract

Marketing Myopia was written by the late Theodore Levitt over 55 years ago. His proverbial question, "What business are you in?" cautioned the corporate world to refrain from operating with myopic thinking and "tunnel vision" leading to industry decline. Levitt's main thesis – companies must stay relevant to survive and thrive in the changing world. He reminded business leaders to look at the "big picture" – the "forest" rather than getting absorbed myopically and fixated at the "trees" This paper illustrates the significant impact of Levitt's thesis decades later. It is more relevant today than ever before. It demonstrates how his suggestions changed the corporate world. His advice helped companies reframe themselves so they could adapt to new competitive environment. Those companies that subscribed to Levitt's advice had grown leaps and bounds by constantly reinventing themselves via "corporate metamorphosis" to anticipate and satisfy consumer needs and wants. However, those corporate managers ignoring Levitt's advice in Marketing Myopia should be reminded of the fate of Kodak, Wang computer, Blockbuster, Circuit City, Borders and the ailing U.S. Postal service.

Keywords: Marketing, Marketing Management, Marketing Myopia, Strategic Management, Competitive Strategy, Corporate Management, Corporate Strategy, Mergers, Acquisition & Integration, Tunnel Vision, Branding, Consumer Marketing, Corporate Policy, Vertical Integration, Masdar Institute.

The late Theodore Levitt shook up the business world with his *Harvard Business Review* article of "Marketing Myopia (1) over half a century ago. Levitt's fundamental question, "What business are you in?" while seemingly obvious, awakened the C-Suites in industries across the globe. He urged business leaders to always explore the big picture –to see the whole forest rather than getting fixated at the individual trees. He cited the old railroads, petroleum producers and traditional Hollywood elite, etc. as prime examples of myopia leading to their complacency and eventual industry's decline. Instead, Levitt convincingly argued, they should have repositioned themselves as being in the transportation business, the energy business and the entertainment businesses.

Levitt encouraged C-Suite leaders to look at the long term growth prospect of their business rather than just be enamored with short term gains. Since his ground-breaking article over the years many paid attention to Levitt's advice. The article has been widely quoted (3,589 citations) and is one of the popular reprints sold by *Harvard Business Review* (more than 300,000 reprints).His impact can still be felt in various industries globally today. A plethora of examples can be found in both the old economy such as the oil industry and consumer products companies as well as the new economy represented by high tech firms.

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(1.1) The New "Oil" Industry

The effect of Levitt's "Marketing Myopia" can be seen throughout the oil industry. For example, Conoco Inc. and Phillips Petroleum merged in 2002 to form Conoco Phillips; Exxon acquired XTO Energy in December2009. Both Companies saw the need to diversify into other forms of energy alternatives rather than relying solely on oil drilling. They accelerated the energy merger trendy diversifying into natural gas and other unconventional resources to cover up their shortcomings in those areas. Likewise, companies such as Chevron, Royal Dutch Shell and BP are engaged in the exploration, development, production, and marketing of natural gas and other unconventional resources. As a result of their diversification, they enjoyed significant growth and share gain. Until the recent plunge of oil prices in 2015, Chevron's stock price jumped from $33.24 on December 31st 2002 to $112.18 on December 31st 2014, a net increase of 238%. Conoco's shares realized a big upsurge of 184% from $24.30 on November 18th2001, the day before the merger was announced to$69.06 on December 31st2014. Similarly, Exxon went up from$72.18 on December 11th2009 to $92.45 on December 31st 2014, a net gain of 28% despite global decline in oil prices.

As a sign of this shift, BP (British Petroleum) created a slogan that BP signifies "Beyond Petroleum", which tells the public that the company engages in energy production for heat and light, lubricants for engines, and petrochemicals products for industrial use worldwide. Many of the consumer products that we buy today are made with some derivative of petroleum from plastic to cellophane, cosmetics and lip balm. New exploration technology and development of shale gas in recent years further the industry movement to become less dependent on petroleum. The result is a brand new high-tech exploration technology industry creating thousands of high-paying jobs. That has been the catalyst for why North Dakota has the lowest unemployment rate in the entire country (2)According to the U.S. Energy Department, shale gas provided only 1% of U.S. natural gas production at the turn of the new millennium. In 2010 it was over 20%. They also forecast that by 2035, over 46% of the United States' natural gas supply will come from shale gas. With this "Big Picture Vision" of these newly transformed "energy" companies, the U.S. is now the #1 producer of natural gas in the world(3). More importantly, the country as a whole is reducing its reliance on the production and importation of crude oil and petroleum consumption which produces harmful emissions. Instead, our increased usage of natural gas and alternative fuel to make our country more energy independent and more eco-friendly. Additionally, the recent emphasis to shift away from petroleum consumption has paved the way for the development of solar energy and wind energy. As of 2013, the U.S. has become the second biggest producer of solar panels in the world after China. This further creates a booming new eco-friendly industry. Importantly, it utilizes a renewable natural resource that has an endless supply – the sun.

(1.2) Even deep in the heart of a Middle East petro state, Levitt's message of diversification, being in the energy, not the oil business has been well received. Oil rich Abu Dhabi, with one of the biggest oil reserves in the world, built a planned city, Masdar, powered entirely by renewable energy and its aim is to be the "greenest" city in the world. They built a gigantic solar-panel farm, the size of 300football fields to supply all energy needs for the entire city. In an interview with Bloomberg TV (4), the CEO of the city, Dr. Sultan Ahmed Al Jaber reminded everyone of the virtue of renewable energy. Unlike oil from the ground which would run dry someday in the future, it does not run out. He also noted that sun and wind are now part of the country's energy portfolio albeit a very small part at the time. They have an endless supply of sun and wind in the middle of the desert. Not to mention that they are free (other than the cost of storage and distribution).With the enormous wealth created by oil, the government also founded the Masdar Institute, which partners with Massachusetts Institute of Technology scientists – to research and develop future energy systems in addition to improve water, environmental and health systems. An example of this partnership is Hector Hernandez, MIT's Professor of Chemical Engineering, who has been growing algae in the Masdar Laboratory for the past five years to develop the next generation of fuel for airplanes, trucks and automobiles (5).In the foreseeable future, according to Al Jaber and Hernandez, Abu Dhabi would also export solar energy and alternative fuels besides crude oil – maximizing untapped and underutilized assets with endless supply. Abu Dhabi is attempting to reframe themselves from just being another oil producer into an energy producer – practicing Levitt's main tenet of "looking at the forest" instead of being fixated at the "trees" as described in "Marketing Myopia".

(1) Levitt's World of Consumer Product Companies

(2.1) Technology– Apple

Apple is a perfect company to illustrate the metamorphosis expected of a smart marketers advocated in Levitt's thesis. It began from a garage to become a leading computer company with cool, user-friendly designs. But Steve Jobs, Apple's founder constantly was shifting to take advantage of changes in technology to "reframe" the business model of Apple. While Xerox first developed the computer mouse, it was Jobs and Apple that built an entire operating system around it. But his greatest impact came when the entire music industry was turned upside down with the invention of Napster, which was the Internet file sharing service cofounded by Sean Parker, John and Shawn Fanning to freely share and pirate music online. They were the first movers, uprooting the music industry and eventually making the brick and mortar music store obsolete. Music lovers would simply download their favorite music online as an mp3 file for free, so they no longer needed to buy records and CDs in a physical store. In the midst of chaos in the record industry, Steve Jobs was innovative enough to seize the opportunity to usurp file-sharing system by selling music online for just99 cents per song. First and foremost, Jobs' business model would allow artists to receive compensation that they would not otherwise get under the Napster's file-sharing model. By doing so, Jobs eventually gained support from the artists and the music industry. Equally important, with the Apple's iTunes store which was open for business online in April 2003, consumers could easily buy music online legally at minimal cost.

(2.2) this middle-ground solution led to widespread consumer adoption with the concurrent launch of iPod and later on with the iPhone. Apple created an entirely different eco-system that allowed for the explosive growth of ancillary products like the iPad which led to the expansion of the E-reader category. The Amazon launch of Kindle followed by iPad and other tablets has made newspaper and book-reading more convenient and consumer friendly. This has also created a new phenomenon in our everyday life – It is no longer necessary to carry a bulky laptop around. Consumers may now access their emails, watch a video or movie on a tablet wherever Wi-Fi is available. Not to mention tablets offers many more functions that laptops lack such as taking pictures, playing piano and shooting video besides convenience and portability. This has caused a significant decline in personal computer sales. Tablets have become ubiquitous and changed consumer habits. Apple has created totally new "blue ocean"(6) that made other competitors irrelevant while fostering an eco-system that propagates exponentially. By doing so, Apple also enlarged the entire cell phone universe–expanding the primary demand while capturing a bigger piece of the phone "pie "along the way. Equally significant, they brought in new users of all ages from various demographics.

(2.3) Apple's iPhone is a mobile miniature computer which has many times the power, functions and capacity of an old IBM 360 supercomputer found in typical corporate headquarters basement decades ago. It is a hand held personal computer with a telephone, camera, video recorder, voice recorder, calculator, music player, health monitor and much more. It also has many other functions and services supplied by different businesses in the form of apps. The Apple iPhone is a platform playing landlord to many upstart businesses offering their services on iPhone via apps. This has fueled the explosive growth of upstart services such as YouTube, Facebook, Instagram, Pinterest, Snapchat, WeChat, Whats App, voice recording, video recording, Twitter, Uber and Lyft, etc. An example of the financial impact can be seen by the July 6th launch of the Pokemon Go, the popular mobile game that broke the record of being the most-downloaded app in the history of Apple app store. According to *Fortune* (7),in just one week, Pokemon Go had 7.2 million downloads. For comparison, the popular Candy Crush Saga and Angry Birds 2had 1.8 million and 2.2 million downloads respectively. In a CNBC interview, Laura Martin, Managing Director of Needham & Co. calculated that Apple would receive $3 billion income from the 30% "commission" resulting from the Pokemon mobile download in the next 12 to 24months.*Businessweek* reported that "Over the past couple of weeks, the smartphone game *Pokémon Go* has more than doubled Nintendo's share price and reintroduced the Pokémon Co.'s digital monsters to the mainstream"(8).

(2.4) With the invention of groundbreaking apps, smartphone consumers can now make overseas telephone calls for free by using WeChat, WhatsApp, etc. Many consumers have also discontinued their traditional landlines by using cell phones only. Not to mention the convenience, cost saving, portability and functions that landlines cannot offer.This trend drastically reduces the business of traditional telephone companies such as AT&T and Verizon. The financial implications are significant.

YouTube was so successful that in 2006 it was acquired by Google for $1.65 billion. This immediately transformed two college kids into multi-millionaires. Likewise, Twitter was IPO in November 2013. Twitter's IPO price was set at $26 per share. However, it closed on the first dayat $44.90 a share with a market cap of $25 billion. This was a 73% jump in a single day. At present, Uber is considering an IPO in the near future with a valuation of over $40 billion to $60 billion. One of the reasons for the Uber enthusiasm is that they disrupted an old entrenched industry – taxicab and car service businesses by taking advantage of the smartphone technology. It is worth comparing that Caterpillar Inc., the company that manufactures construction equipment worldwide has a market cap of $42.6 billion. Deere & Co., which makes farming equipment John Deere tractors and lawn mowers, etc. for the global market has a market cap of only $25.68 billion.

Here are some more "food for thought" examples to provide a stunning contrast between the "old economy" versus the "new economy" -- The Hershey Co., the century old candy manufacturer selling Hershey bars worldwide has a market cap of $20.9 billion only. Likewise, Campbell Soup, another century old company's market cap is merely $19.26 billion; General Motors and Ford, marketing and manufacturing cars all over the world, have market caps of $44.02 billion and $49.74 billion respectively. WhatsApp, the Internet instant messenger service, was bought by Facebook in 2014 for $22 billion (9). As of June 2016, WhatsApp has over one billion active users worldwide. This means one out of seven people on earth no longer needs a landline for long distance and overseas calls. In lighting speed, the new world of technology and mobility enabled by the Internet and propelled by the growth of the smartphone has uprooted the traditional form of commerce. As a result, Verizon bought AOL (America Online) in 2015for $4.4 billion in order to expand into the mobile Internet related businesses. Both AT&T and T-Mobile individually tried to merge with Sprint but failed due to objections from the U.S. Justice Department. On July 25, 2016, Verizon agreed to purchase Yahoo's media and Internet assets for $4.83 billion in order to reinvent them in light of the new competitive environment. On October 22, 2016, AT&T agreed to buy Time-Warner for $84.5 billion to transform themselves into a multiplatform media company by vertical integration due to changing consumer habit – mobile access of programming.

(2.5) Apple's iPhone has bluntly disrupted the old-line telecommunication business and changed the paradigm and landscape of commerce. Companies like AT&T and T-Mobile are all in a hurry for a corporate makeover to survive. Likewise, consumers no longer need to use Skype for a face to face conversation on the Internet. In its place, they could easily use Facetime at their convenience. Similarly, taking pictures and video recording using a smartphone have practically made the traditional camera and video camcorder obsolete. Not to mention that as built-in functions in a smartphone, cameras and video recorders provide consumers with convenience, impromptu responses and portability. Consumers no longer have to carry a camera and a video camera separately. As a result, sales of cameras and camcorders have plunged to the abyss. Companies such as Nikon, Fuji and Canon have been hit hard. On the other hand, the convenience of picture taking with a smartphone accelerates the growth of YouTube, Instagram, Shutterfly, Flickr, Smugmug, Pinterest and Picasa, etc. Similarly, Apple's Facetime has diminished the popularity of Skype. Meanwhile the smartphone has also created other industries that are ubiquitous – mobile gaming and video and movie streaming, etc. This led to the popularity of mobile video games like Candy Crush Saga marketed by King.com as well as the record-breaking Pokemon Go. This is another example of how Apple has evolved from just a computer manufacturer into a universe of infinite commerce opportunities by growing a self-replicating eco-system.

(2.6) The Apple Watch is embedded with activity / fitness apps that monitor personal health and exercise routine, personal connectivity software and much more besides telling time. Additionally, Apple has made wearing a watch fashionable again. It is not just a time piece. It has become a fashions tatement. In China, throughout Europeand Middle East being able to wear an Apple Watch is even considered a status symbol. In 2007, Apple TV was introduced to the public. It led to the millennial trend of "cord-cutting" of TV viewing habits which used to be dominated by the "establishment" – cable companies such as Time Warner and Comcast, etc. This expanded their presence in entertainment business. Even though Apple was not the first mover, the launch of Apple Pay, (especially with the convenience of Apple Watch) enabled Apple to invade the space of mobile payment. By providing the significant consumer benefits of convenience, Apple shook up the credit card payment business. Companies such as American Express, Visa and MasterCard are scrambling to protect their market shares.

They have been actively marketing their respective cards to young professionals with various promotions and no fees cards with attractive loyalty programs features. Apple has now become an aspirational brand with products that are on every consumer 'swish list. Many other computer companies, such as Hewlett Packard's $25 billion purchase of Compaq (10), were obtusely fixated with the computer hardware business, myopically fighting for market share in the hardware segment. However, Steve Jobs simply transformed and reframed Apple from just another computer manufacturer into an aspirational brand, marketing consumer products that everyday consumers desire and want. He wisely steered Apple to Kim/Mauborgne's "Blue Ocean"(11)while leaving the rest of the industry fighting in the bloody "Red Ocean". Not only did Steve Jobs look at the "big picture" as Levitt advocated, Jobs and Apple essentially created, grew and expanded the "forest" into a new consumer product universe. When the Apple Macintosh was first launched on January 22, 1984, Apple stock closed at $0.51 a share. The stock hit an all-time high of $134.54 on April 28, 2015, a stunning 26,380%increase after a 7 to1 stock split in 2014(12).It is one of the largest and most valuable company in the world by market cap. Due to Jobs' vision, our world has been inspired to venture into a totally unchartered techno-economic odyssey.

3. Amazon

(3.1) Another tech example in this "space" is Amazon. Jeff Bezos, the founder and CEO started his company to sell books online in 1994. Essentially, Amazon has created a personal emporium for consumers that never close - It is open for business 24/7 at your own convenience. Over time, he converted it into the e-commerce store consumers rely on beyond books – to everything under the sun. In fact, Amazon actually markets themselves as the "everything store". *As Brad Stone, author of "Jeff Bezos and the Age of Amazon"(13)*described in his book*, "The company has nearly perfected the art of instant gratification delivering digital products in seconds and their physical incarnations in just a few days".* Amazon is currently testing online grocery with home delivery to compete with supermarkets and services like Fresh Direct– further expanding Amazon's business presence in the world of commerce. Amazon has just launched "Style Code Live" on TV - a fashion show on HSN (Home Shopping Network) broadcast promoting fashion and beauty products that are featured on Amazon website.

The fashion show is essentially a live TV broadcast selling beauty and apparel products. However, the video is streamed free across all platforms so anyone could watch the show live and make impromptu and spontaneous purchases on a mobile phone or a tablet wherever Wi-Fi is available. This is a direct assault on the retail industry establishment like Macy's and Target. Since July 2015, Amazon has been producing movies exclusively for their movie streaming service available only on Amazon. This new business venture is a direct attack on the "establishment" – the entire supply chain of the movie business from Hollywood to theater chains and the traditional TV broadcast delivery systems such as Cablevision, Time Warner and Comcast, etc. The streaming service enables consumers to access original movies on demand without the need of watching movies in a theater or via traditional TV channels at specific times. This further accelerates the growing trend of "cord-cutting" – young millennials dropping their cable bundled-services for ala carte choices by subscribing only the channels that they are interested to watch whenever they want. This "cherry picking" movement further exacerbates the decline of the cable business. The significant impact could be evidenced by MSG (Madison Square Garden Co.) selling their cable TV network business, Cablevision Systems Corp., to the French Cable and Telecom giant Altice for a whopping price tag of $17.7 billion. This was followed by Comcast merging with Time Warner Cable for a hefty price of $45.2 billion.

(3.2) Since June 2015 Amazon launched Echo, a voice-command device responding to the call-name "Alexa". The cylindrical device is 9.25 inches in height with a built-in speaker and a seven-piece microphone array. It is designed to be a virtual "personal assistant" performing simple functions such as voice interaction, setting alarms, streaming podcasts, music playback, providing real time traffic and weather reports, making to-do lists, playing audio books and providing other real time information besides ordering Chinese food and pizza delivery.

This is meant to be Amazon's consumer answer to IBM's Watson's, Apple's Siri and Microsoft Windows 10's Cortana by mass marketing AI (artificial intelligence).In a recent product review(14) CNET described "The smart speaker that can control your whole house. ... Amazon *Echo*: So much more than a smarts peaker. ... The Good Amazon's voice-activated smart home speaker is undeniably futuristic, but it's also practical and accessible. …The Echo may be the closest thing we'll have to a Star Trek computer at home."

By selling Echo at a retail price of $179, Amazon attained quick adoption by the consumers. The launch was considered a success. In 2015, its first year, Amazon sold one million units of Echo. By the end of May, sales of Echo already reached three million units in 2016. It is expected to exceed five million units by the end of the year delivering nearly $1 billion in revenue. Presently, Amazon is preparing to launch their own music streaming service to compete directly with Spotify, Pandora and Apple Music. Although Amazon already offers on-demand streaming through Prime Music, this service only contains a partial catalog of more than a million songs. In comparison, Apple Music and Spotifyres pectively boast a catalog of more than 30 million. Based on a recent report by Reuters, Amazon is preparing to launch a stand-alone subscription music service to be priced at $9.99 per month. With the synergy of the Amazon "umbrella", it is expected to make a significant inroad into the media subscription service industry. According to The *Verge,(15)*a technology news and media network, Apple Music has over 10 million paid subscribers, just about half as many paid subscribers as Spotify.

(3.3) To further expand Amazon's universe, Amazon secretly tested their own airfreight delivery operation since summer 2015 by using five Boeing 767 air freighters. Accordingly to a report by the *Seattle Times* (16) Amazon leased those 767 freighters from an aircraft leasing company ATSG (Air Transport Services Group) so Amazon could put their own merchandise exclusively and ship them directly to their own distribution centers around the country rather than relying on third party logistics companies such as FedEx, DHL and UPS (United Parcel Service). The idea is to shorten the delivery time by controlling their own logistics so they could expedite customers' orders directly from their own distribution centers.

Through centralized computer information, Amazon could streamline the entire logistics process from order to final delivery. It is estimated to cut delivery time by half, from an average of four days to two. This would enable Amazon to promote their two-day or same day delivery service. Not only that the delivery operation would help Amazon cut delivery time and cost, it would also give them bragging rights besides being a marketing tool. Equally important, such centralized logistics would pose a competitive threat to the traditional duopoly - UPS and FedEx. Hence Amazon could obtain better performance and better pricing from UPS and FedEx. Amazon also confirmed the report and that they plan to expand their air cargo network with ATSG by four times its size. To show Amazon's commitment, they agreed to the right to buy nearly one-fifth of ATSG shares for $600 million.

Additionally, Amazon also acquired the right to utilize ATSG's base in Wilmington, Ohio as their logistics hub along with a vacant $200 million package-sortation center left behind by DHL since the latter withdrew from the domestic U.S. market (17)After the Seattle report was made public, Amazon has been negotiating with Boeing to buy a fleet of twenty air freighters. According to *Bloomberg Business week* (18)as early as 2013, Amazon has been quietly developing "an aggressive global expansion of the Fulfillment by Amazon (FBA) service, which provides storage, packing, and shipping for independent merchants selling products through Amazon.com." Their goal is to set up a global delivery network that controls the flow of goods from factories in China and India to customers all over the world. The project, dubbed "Dragon Boat", would directly compete with FedEx and UPS besides China's e-commerce giant Alibaba. Acquiring a fleet of Boeing 767 freighters is one of the necessary steps to master the global logistics network. In reality, Bezos is practicing vertical integration by taking control of their entire customer experience beginning with customer order, processing, fulfillment, logistics and delivery.

(3.4) Amazon is truly the "innovative disruptor"(19)changing the way of retail consumer outreach. With an eye toward the future, Amazon has been developing and testing the use of drones for the ultimate direct delivery service. Bezos simply practiced the principles described in Levitt's "Marketing Myopia" by being "consumer-oriented" with laser focus on satisfying consumers instead of being "product-oriented". Rather than selling books like the traditional bookstore, Bezos created his own "Blue Ocean" (20) by changing the consumer habit of buying books from bookstores chains such as Barnes &Noble and Borders. Bezos essentially revised the rules of the game by selling directly to consumer, by passing the conventional supply chain. In doing so, he was able to offer substantial saving to consumers while providing additional benefits such as wider selection and convenient delivery options. Now Amazon customers may shop for virtually any item 24/7 in the comfort of their own home, office or pretty much anywhere with cellphone service using a smartphone.

(3.5) Bezos also revolutionized the book publishing business by creating the Kindle Digital Text Platform (KDP), a program that allowed authors to self-publish their work in the U.S. Kindle store. This created a new frontier for authors to gain public exposure. Unknown authors may now bypass the traditional publishers by publishing directly to consumers. The traditional model was further threatened by Apple jumping into the bandwagon. By investing in KDP, Amazon has expanded the "book universe" that would feed his Kindle business at lowest cost to consumers.

(3.6) Besides providing convenience, Amazon also disrupted the industry by offering something that traditional bookstores have long ignored - selling used books online at substantial discounts, especially text books, and turned the publishing industry upside down. Additionally, the launch of Kindle created a new habit of reading while promoting more book-selling on Amazon. Amazon is changing the paradigm of shopping – innovatively disrupting most brick and mortar stores by offering a more satisfying experience to consumer.

(3.7) With Bezos's respective purchases of Shopbop (designer clothing for women), IMDb (Internet Movie Database for online movie and video sales), Audible.com (audio books and radio TV programs), Wag.com (pets), YoYo.com (toys), Zappos.com (shoes) and Quidsi, which owns the website Diapers.com (baby), Amazon propagated their e-commerce universe exponentially to fulfill the needs of consumers by offering two salient attributes – substantial cost savings and convenience.

(3.8) In 2002, Amazon introduced Amazon Web Services (AWS) which marked their first venture into cloud storage and later in 2006 cloud computing services. By June 2016, AWS with over $10 billion revenue contributed 10% of Amazon's total revenue but nearly 50% of total profit. As Brad Stone put it, "Amazon redefined itself yet again as a versatile technology firm that sold the cloud computing infrastructure known as Amazon Web Services as well as inexpensive, practical digital devices like the Kindle electronic reader and the Kindle Fire tablet"(21) It has gradually become the cross-selling juggernaut by taking advantage of technology and the halo of their broad-scale portfolio of products and services. Amazon has permeated into the fabric of our daily lives by practicing Levitt's theories being "consumer-oriented" instead of being "product-focus". In the annual letter to shareholders in March 2014, Jeff Bezos reiterated his conviction that "Nothing gives us more pleasure at Amazon than *reinventing normal* – creating inventions that customers love and resetting their expectations for what normal should be"(22) On May 15, 1997, Amazon had an IPO at $18 per share. As of December 29th, 2015, Amazon share closed at 693.97, a remarkable 3,855% increase and three stocks split (23).

(4) Non-Tech Category:

There are quite a few non-technology companies that have successfully followed and practiced Levitt's theory; none of them have been more successful over the course of time than Procter & Gamble (P & G) and Disney.

(4.1) Procter & Gamble

William Proctor and James Gamble founded Proctor & Gamble as a candle and soap company in 1837. Fifty years later, P&G marketed a new product, a soap bar that floats in water – Ivory soap. When the washing machine was invented, P&G introduced laundry detergent to the consumer. Consumers no longer needed to use a soap bar to wash clothes on a "scrub board". At its core, laundry detergent, such as Tide (in powder form) essentially is bar soap reformulated and crushed into powder. Likewise, dishwashing liquid such as Ivory and Joy is bar soap reformulated and liquefied to clean dishes. The category expanded further when automatic dishwashers became available. P & G then met consumer needs by launching Cascade – again, basically reformulated "bar soap" crushed into powder for dishwasher.

(4.2) Rather than just staying preoccupied with bar soap and becoming irrelevant and marginalized over time like the railroad industry, P&G changed with the time and anticipated the shift in consumer needs. Leveraging the same "soap" cleaning idea, P & G further advanced into personal hygiene category – Crest (toothpaste); Head & Shoulders, Pantene (shampoo); Scope (mouthwash); Oral B (tooth brush); Secret & Sure deodorant).

But why stop at personal hygiene only? What about one's kitchen? Subsequently, "Mr. Clean" was introduced to help solve a nagging consumer problem –the back-breaking chore of cleaning a kitchen floor. Then, P&G also made another laborious consumer chore easier – bathroom cleaning with "Spic &Span" and "Comet" (24) the idea was further broadened when P&G launched another consumer product to revolutionize the category –Disposable baby diapers. Pampers was introduced in 1961 to ease the dirtiest parental chore.

It eliminated the unpleasant routine of collecting and cleaning soiled cloth diapers. Furthermore, Pampers changed consumer habits in more ways than one: No more hand-washing dirty cloth diapers, just like no more hand-washing clothes on a scrub-board with a bar soap. Not only did this shift improve baby hygiene, it accelerated the consumer habit of using disposable products during the baby boom years. The subsequent launch of Bounty paper towel and later Bounty dinner napkins further expanded P&G's "umbrella" of cleaning. It is important to note that the new-found habit of disposables would lead to product replacement – the frequent repeat purchases of the product year-round. Then P & G parlayed their success of Bounty further with the development and unveiling of Puffs (facial tissues), Always feminine pads and subsequently Always Discreet (feminine incontinence pads and liners to solve a common problem for female baby boomers– bladder control).In 1999, P&G rolled out Swiffer – an easily assembled plastic mechanical mop that necessitates the repeated use of paper towel. This is analogous to Gillette's "razor and replacement-blades strategy"(25) Actually, Gillette is a company that P&G purchased to expand their portfolio of personal hygiene products.

(4.3) meanwhile, the Swiffer has become P&G's "top-selling" tool for consumers to trade up their traditional mop. By doing this, P&G disrupted the mop category and marginalized traditional mops by making an arduous household cleaning task into a simpler, more convenient and pleasant experience for consumers. This "disposable household cleaning" idea was further extended with the ensuing launch of the Swiffer Duster. The P & G Swiffer Duster has made the traditional feather duster obsolete while increasing repeat sales of "refill" –essentially a different version of paper towels that P&G already mass produced.**(4.4)**P&G, rather than just complacently rest when they dominated the entire bar soap business nearly two centuries ago, constantly evolved and reframed themselves – from just a bar soap company into a customer-centric "consumer care" marketer by breaking away from marketing myopia. As described by A.G. Lafley, Executive Chairman and former CEO of P&G in "The Game-Changer"(26), the book he coauthored with Ram Charan, P & G must always "reinvent" itself to stay relevant and keep up with the changing needs of consumers. It is noteworthy to recognize that P&G is in every way the innovative disruptor (27) – constantly innovating to anticipate and meet the next consumer need. The reward of following Levitt's theory is an extraordinary 1,860% gain in P&G's stock price, from $4.27 on December 31, 1980 to $79.41 on December 31¸ 2015 with four stock splits.

(5) The Walt Disney Company

Disney is a classic example of how a Hollywood studio successfully transformed into a mega-conglomerate by avoiding the pitfalls of marketing myopia. Walt Disney and Roy Disney founded the cartoon studio in Burbank, California in 1923 to produce cartoon and animation for Hollywood. For the next three decades, Disney Productions was on top of the movie world, producing favorite hits that every child growing up in the western world would cherish such as "Mickey Mouse", "Snow White and the Seven Dwarfs", "Peter Pan" and "Cinderella", etc.

(5.1) Parlaying the popularity of movie characters such as Mickey Mouse and Snow White, Walt Disney developed and opened up Disneyland in Anaheim, Californiain 1955.It became an instant hit. Visitors lined up for hours to get admitted on opening week. The theme park attracted visitors from near and far. Equally important, they brought in families big and small. Their commercial success led to the subsequent opening of the much bigger Disney World in Orlando, Floridain 1971. Today, Disney World theme parks and resorts are found in major population centers across the globe, notably, Tokyo, Hong Kong, Paris and Shanghai which was just opened on June 16, 2016 with lots of fanfare. The *Los Angeles Times* reported that tens of thousands Chinese waited for over two hours in the rain for the opening extravaganza (28).

The opening ceremony was officiated by Bob Iger, Disney's Chairman & CEO and the Vice Premier of China, Wang Yang. According to *LA Times*, *ABC TV* and *CNBC*, there were long lines throughout the 1,000 acres property. But people did not seem to mind.

(5.2) It is significant to note that the Boston Consulting Group researched thatover330 million middle-class Chinese, more than the entire population of the United States, live within three hour drive of Disney China compound in Shanghai. These are the well-educated Chinese who have higher disposable income yearning for a taste of family entertainment and Western culture. Disney expects about 10 to 12 million visitors in its first year. They also project that close to 50 million middle-class Chinese will visit the largest Disney property before the end of the decade. In the words of Disney's CEO, Bob Iger, this $5.5 Billion investment of Shanghai Disney is just the kind of new venture that provides the company with the "booster rocket" and "brand building" vehicle to increase their presence in China.

This is simply their ticket to enter the Chinese market with the full blessing of the Chinese government. This is noteworthy because *Fortune* reported that as of October 2015, China has surpassed the United States in the number of billionaires(29).It was widely reported that Greater China (Mainland China, Hong Kong, Macau and Taiwan) has a total of 715 billionaires compared to 537 in the U.S. Mainland China alone has 596 billionaires. Hong Kong, Macau and Taiwan account for the rest. Just imagine the prospect of selling directly to over 300 million middle-class consumers out of a growing population of 1.4 billion. Furthermore, visiting the Disney theme park would certainly increase sales of Disney's apparel, toys and merchandise. The halo effect would in turn promote Disney's movies on the big screens and DVDs besides merchandising other Disney products in China.

(5.3) Disney's China's strategy was initially market-tested in Hong Kong when they opened the theme park in September 2005. This was an opportunity to try out the "Think global, act local" strategy (30),an extension of Levitt's Marketing Myopia theory. Many of the attractions in the park have been adapted to local Chinese culture with Chinese characters that the locals can relate to. They also modified their rides and themes based on local taste. Some of the popular Disney songs are also sung in Mandarin Chinese. This is consistent with Levitt's tenets stated in Marketing Myopia. Until recently, China officially maintains their "one child policy" which leads to their "little-emperor focused" norms. Usually the entire family of seven (with three generations - two parents and two sets of grandparents besides the child) go out as a group. Consequently, Disney designed many large park benches to accommodate the entire family. This presents Disney the opportunity to cater their business to the entire family by creating more rides and attractions that the whole family can enjoy. It is significant to note that beginning January 2016, China will allow each couple to have two children in every family.

(5.4) But why limit Disney's theme parks to land-based properties only? Why not Disney at sea? The result was Disney Cruise Lines which were launched to provide a different consumer entertainment experience. In fact, Disney owns and operates some the largest cruise liners in the world to take advantage of the growing consumer interest in cruises. In addition to Disney Studios, Theme Parks and Resorts, Disney's other businesses include Consumer Products Division, Disney's Media Network and Disney Interactive. These businesses are all complementary to one another. They provide synergy and feed one another with new customers. For instance, selling consumer products such as Mickey Mouse shirts and toys would spread children's interest in Disney movies and cartoons produced by Disney's Studio and vice versa. Such productions have been successfully broadcast under the banner of Disney's Media Network.

(5.5) Disney's universe is further amplified via their Disney/ABC Television Group which owns and operates the ABC Television Network, ABC News, Cable Television Networks such as Disney Channel, A&E Network, ABC Family, publishing, ABC Radio and TV Stations group and merchandising. Equally significant, they also own and operate ESPN, the popular sports channel that attracts viewers of all ages worldwide.

(5.6) To keep up with the changing technology world, Disney developed since 2008, Disney Interactive to create high-quality interactive entertainment across digital media platforms, including mobile, social and console games. The online virtual world would help propagate everything under the Disney umbrella while providing direct access to fans across the globe 24/7.

This in essence, is what Christopher Lovelock described as "Flower of Service"(31)– an offshoot of Levitt's "Big Picture" concept as advocated in "Marketing Myopia".

(5.7) From a modest cartoon studio making movies back in Burbank, Disney grew and blossomed into a gigantic entertainment empire while expanding their business universe to all corners of the globe – a prevalent manifestation of Levitt's thesis in Marketing Myopia. A share of Disney's stock closed at $1.07 on December 31st1980. Fast forward to New Year eve of 2015, Disney's closing price was $105.08 -- a spectacular9,821% increase after three stock splits(32).

(6.1) Conclusion

Even though "Marketing Myopia" was written and published over fifty years ago, the concepts espoused by Levitt are just as pervasive and relevant today if not more. The impact can be seen and felt all over the world. Just witness the tremendous growth of the conglomerates since the 1960's in addition to the examples cited above. They have flourished significantly both in size and in numbers. Instead of just focusing selling books online (Levitt's proverbial trees), Bezos is selling virtually everything under the sun by catering to consumer needs and wants 24/7. In reality, he created a virtual "personal general store" (the proverbial forest) for consumers at their fingertips for their convenience and instant gratification. As of July 2016, Amazon has become one of the six U.S. companies with the largest market cap ($355.1 billion), surpassed only by #4 Facebook ($357.5 billion), #3 ExxonMobil ($374 billion), #2 Google ($525.8 billion) and #1 Apple ($562.7 billion)(33).Likewise, Apple transformed a computer desktop into a portable mega-universe with an ever-growing, self-replicating multi-functional ecosystem.

(6.2) Ted Levitt should be very proud that many companies have followed his advice to look at the bigger picture. Those companies have been richly rewarded. On the other hand, those who ignore the pitfalls highlighted in Marketing Myopia should be reminded of the fate of Kodak, Circuit City, Wang Computer, Blockbuster, Borders and the ailing US Postal Service.

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(24) "Spic & Span" and "Comet" were subsequently sold to Prestige Brands in 2001 due to the new CEO A.G. Lafley's strategic refocus.
(25) The "Razor & replacement-blade strategy" was initiated by Gillette which was later acquired by P&G in 2005 under A.G. Lafley. The idea is to sell the razor at low price to invite initial purchase. The company will then make money by frequent repurchases of replacement-blades. This strategy is widely followed in many industries. A prime example is HP's printer business – selling printers at low price but making huge profits from repeated purchases of ink-cartridges.
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