The Marketing Imagination

by Theodore Levitt*

"Nothing drives progress like the imagination. The idea precedes the deed. The only exceptions are accidents and natural selection, but these cannot be willed. Ideas can be willed, and the imagination is their engine. Though progress starts with the imagination, only work can make things happen. And work itself works best when fueled, again, by the imagination. An idea or a new conceptualization usually requires the imaginative application of effort to get the intended result. Thus the imagination gets the idea and then, to be effective, must help convert it into results.

The marketing imagination is the starting point of success in marketing. It is distinguished from other forms of imagination by the unique insights it brings to understanding customers, their problems, and the means to capture their attention and their custom. By asserting that people don't buy things but buy solutions to problems, the marketing imagination makes an inspired leap from the obvious to the meaningful. "Meaning" resides in its implied suggestion as to what to do – in this case find out what problems people are trying to solve. It is represented by Charles Revson's famous distinction regarding the business of Revlon: 'In the factory we make cosmetics. In the store we sell hope.' It is characterized by Leo McGinneva's famous clarification about why people buy quarter-inch drill bit: 'They don't want quarter-inch bits. They want quarter-inch holes.' It leads to Professor Raymond A. Bauer's famous point that when buyers select a known vendor or known brand over another it is more meaningful to think of the choice as an act of risk reduction rather than as the expression of a brand preference.

Each of these reconceptualizations found a deeper meaning in customer behavior, thus causing marketing programs to be reshaped in ways better to attract and hold customers. To attract a customer, you are asking him to do something different from what he would have done in absence of the programs you direct at him. He has to change his mind and his actions. The customer must shift his behavior in the direction advocated by the seller. Hence the seller must distinguish himself and his offering from those of others so that people will want, or at least prefer, to do business with him. The search for meaningful distinction is a central part of the marketing effort. If marketing is seminally about anything, it is about achieving customer-getting distinction by differentiating what you do and how you operate. All else is derivative of that and only that.

Differentiation represents an imaginative response to the existence of potential customers in such a way as to give them compelling reasons to want to do business with the originating supplier. To differentiate an offering effectively requires knowing what drives and attracts customers. It requires knowing how customers differ from one another and how those differences can be clustered into commercially meaningful segments.

If you're not thinking segments, you're not thinking. To think segments means you have to think about what drives customers, customer groups, and the choices that are or might be available to them. To think segments means to think beyond what's obviously out there to see. If everybody sees segments as obviously consisting of certain demographics, industries, user groups, buying practices, certain influencing groups, and the like, then the thinking that gives real power is thinking that transcends the ordinary...

The discovery of the simple essence of things is the essence of the marketing imagination...

Imagination means to construct mental pictures of what is or is not actually present, what has never been actually experienced. To exercise the imagination is to be creative. It requires intellectual or artistic inventiveness. Anybody can do it, and most people often do – unfortunately, however, only in daydreams and fantasies, when they are not constrained by convention or conviction. To do it in business requires shedding these constraints but also discipline, especially the discipline of dissociation from what exists and what has been. It usually requires combining disparate facts or ideas into new amalgamations of meanings.

In marketing...the object is to get and keep a customer, and also to get existing buyers to prefer to do business with you rather than your competitors. In marketing, therefore, the imagination must constantly focus on that objective...

The essence of competition...is differentiation: providing something different and providing it better than your competitor. Sometimes even an obvious functional difference doesn't sell unless it is also presented or positioned differently...

Let us repeat: The purpose of a business is to get and keep a customer. Without customers, no amount of engineering wizardry, clever financing, or operations expertise can keep a company going. To be the low-cost producer..., to have the best salesmen of what's not wanted or wanted only by the few whose ability to pay won't even pay for the overhead – these can't save you from extinction. To do well what should not be done is to do badly.

What should be done can be defined only by reference to what customers do, can do, or might do in the market place. No amount of imagination can bail out companies intent on inappropriate purposes. The history of all succeeding and successful companies is a history of right purposes at the right times, executed with means right for their situations. Nor is selecting growth sectors on which to concentrate company efforts a solution to the problem of stagnation. A lot of other companies are likely to have hit on the same target opportunities. The trick is to know how to convert opportunity into disproportionately opportune results. This means getting an edge over the other competitors...

The trick is to combine price competitiveness with competitiveness in all other respects. In short, the trick is to provide the most competitive value...

Business success is a matter of the disproportionate and enduring attraction of certain proportions of customers at certain enduring levels of relative price. Most significantly, it is a story that defines the purpose of business in terms of marketing – once again, getting and keeping customers. This therefore installs marketing at the center of what's done in corporate strategic planning.

Strategic planning involves defining what's to be done, the allocation of resources for their maximization. Maximization is, and must inevitably be, getting the desired results in the market place...To decide correctly what's to be done and how to do it requires having good data about customers, competitors, and markets. Even more, it requires the imaginative conversion of these data into meaningful and usable information. The best way is to know your prospects in a way that is more fundamental and compelling than what's usually yielded by the purely metrical methods so common in market research today.

The difference between data and information is that while data are crudely aggregated collections of raw facts, information represents the selective organization and imaginative interpretation of those facts. This requires knowing, in some sort of direct and systemic way, the

world with which one presumes to deal. It requires getting inside the lives and work of the people one is trying to understand...

Good data about customers, converted meaningfully into good information, have the power to improve strategic decisions in the right directions. Strategic planning can be mechanistically, and therefore incorrectly, defined as deciding how to allocate resources among the possibilities of what's to be done. This definition is incorrect, because it presumes that these possibilities are self-evident. They are not. It is wrong to say that the most important and creatively challenging act of corporate decision-making is about choices regarding what's to be done. The most important and challenging work involves thinking up the possibilities from among which choices have to be made. To select among stipulated possibilities is to make choices of preferences, not decisions about appropriateness. A possibility has to be created before it can be chosen. Therefore to think up the possibilities from which choices might be made is to engage in acts of creative imagination.

Strategic planning involves defining what's to be done. It is inescapably rooted in marketing matters, in the need to respond to realities, the actualities of the market's unyielding requisites. To get done what strategic planning has decided to do requires realistic plans for implementation at the center of the competitive vortex. If the plans are not realistic, and if those who must convert the plans into action are not persuaded regarding their feasibility, the results will be disastrous. Subordinates will, perhaps grudgingly, carry out plans and programs they think are silly or wrong. But they will not seriously attempt to implement plans and programs they think are not realistic, that is, not implementable...

To be successful a strategy must also be simple, clear, and expressible in only a few written lines. If it is elaborate and complex, and takes a lot of space or time to communicate, few people will understand it or march to its tune. Complexity tends usually to mask a vague or unsubstantial sense of the realities that face the enterprise. The most dramatic and visible realities that so obviously destroy companies are usually fiscal: insufficient cash flow to finance debt and interest payments, to pay vendors, and the like. These usually make the headlines, because they lead so often and so obviously to bankruptcy. Often they are due to wrong decisions about purely financial affairs. Most commonly such wrong decisions are based on miscalculations or plain dumb assumptions about the market place – that sales would be sufficiently good, prices sufficiently high, accounts receivable sufficiently low and short-term. Hence, fiscal failure originates in the market place.

Marketing is inescapable in the determination of corporate results. The reason is that marketing deals with the sources and levels of the revenues that help determine the corporate fate. Since marketing means getting and keeping customers in some acceptable proportion relative to competitors, it is to the marketing imagination one must look to gain differential advantage over competitors. Assuming that the costs of what it sells are reasonably competitive, it remains the burden of the marketing imagination to find ways to attract and hold customers. It usually takes a lot of long and sweaty effort to get things done, and that itself may take a lot of imagination. But unless the decision as to what to do is appropriate, which is to say, unless it is imaginatively right, nothing can save the enterprise from disaster. Good work in pursuit of wrong purposes is more damaging than bad work in pursuit of right purposes. In business, the marketing imagination is the central tool for deciding on what the purposes are to be."

^{*}Excerpt from Chapter 7: 'The Marketing Imagination', of Professor Theodore Levitt's book, *The Marketing Imagination*, New York/London, Copyright © 1983 by The Free Press

Theodore (Ted) Levitt

July 2006 Update: in memoriam

is the Edward W. Carter Professor of Business Administration Emeritus at the Harvard Business School and former editor of the Harvard Business Review. One of the most widely read and respected authorities in management and marketing today, Professor Levitt is the author of The Marketing Imagination, the acclaimed best-seller now in eleven languages. He is also author of numerous articles on economic, political, management, and marketing subjects.

A four-time winner of the McKinsey Awards competitions for best annual article in the Harvard Business Review; winner of Academy of Management Award for the outstanding business books of 1962 for Innovation in Marketing; winner of John Hancock Award for Excellence in Business Journalism in 1969; recipient of the Charles Coolidge Parlin Award as "Marketing Man of the Year," 1970; recipient of the George Gallup Award for Marketing Excellence, 1976; recipient of the 1978 Paul D. Converse Award of the American Marketing Association for Major Contributions to Marketing; recipient of the 1989 William M. McFeely Award of the International Management Council for Major Contributions to Management.

Books by Theodore Levitt

Celebrate Marketing: Secrets of Success (1999)

Rick Crandall (Editor), Contributions by Tom Peters, Theodore Levitt, Ken Blanchard

Thinking about Management (1990)

The Marketing Imagination (1983)

Marketing for Business Growth (1974)

The Third Sector: New Tactics for a Responsive Society (1973)

Marketing: A Contemporary Analysis (1972)

with Robert D. Buzzell, Robert E. M. Nourse, and John B. Matthews, Jr.

The Marketing Mode (1969)

Marketing (1964)

with John B. Matthews, Jr., Robert D. Buzzell, and Ronald Frank

Industrial Purchasing Behavior: A Study of Communication Effects (1964)

Innovation in Marketing: New Perspectives for Profit and Growth (1962)

Harvard Business Review articles by Theodore Levitt

- * Advertising: The Poetry of Becoming. (March/April 1993)
- * The Case of the Migrating Markets. (July/August 1990)
- * After the Sale Is Over. (September/October 1983)
- * The Globalization of Markets. (May/June 1983)
- * Marketing Intangible Products and Product Intangibles. (May/June 1981)
- * Marketing Success Through Differentiation Of Anything. (Jan/Feb 1980)
- * The Industrialization of Service. (September/October 1976)
- * Production-Line Approach to Service. (September/October 1972)
- * Why Business Always Loses. (March/April 1968)
- * Innovative Imitation. (September/October 1966)
- * Exploit the Product Life Cycle. (November/December 1965)
- * Marketing Myopia. (July/August 1960)

In memoriam

"Harvard Business School Professor Theodore (Ted) Levitt, a monumental and iconoclastic figure in the field of marketing and former editor of Harvard Business Review, who influenced generations of both scholars and practitioners with his groundbreaking, carefully crafted, always provocative, and often controversial books and articles, died yesterday (Wednesday, June 28) at his home in Belmont, Mass., after a long illness. He was 81 years old."

This is the first paragraph from a long and thorough obituary that appeared on AScribe Newswire on June 29, 2006. Other obituaries are available and among the more substantial ones see:

Theodore Levitt Dead at 81
Businessweek online June 29, 2006

Theodore Levitt, 81, Who Coined the Term 'Globalization', Is Dead New York Times July 6, 2006



JUNE 29, 2006

B-SCHOOL NEWS
By Louis Lavelle

Theodore Levitt Dead at 81

The respected author and Harvard Business Review editor is credited with elevating the role of marketing in business

Theodore Levitt, an influential scholar and former editor of *Harvard Business Review* whose writings radically altered the way marketing is practiced and studied, died Wednesday at his home in Belmont (Mass.) after a long illness. He was 81.

An iconic figure in the world of marketing, Levitt joined the Harvard Business School faculty in 1959 and established his reputation a year later with the publication of "Marketing Myopia," an *HBR* article that went on to sell 850,000 reprints—making it one of the business publication's best-selling articles of all time. In it, he argued that companies that define their mission too narrowly do so at their peril and will soon find themselves overtaken by competitors.

In all, Levitt went on to write 25 articles for the magazine, making him and the late management guru Peter Drucker its most prolific and influential authors. In 1983, he pointed the way to the future—and coined the term "globalization"—with "The Globalization of Markets," an article that examined the new international markets for standardized consumer products and set the stage for the globalization debates of today.

PUBLISHING VETERAN. Born in 1925 in Vollmerz, Germany, a small town near Frankfurt, Levitt, his parents, and three siblings fled the Nazi regime a decade later for Dayton, Ohio, where he did his first stint as an editor—in the fifth grade. With a young Erma Bombeck, he started a newspaper in his elementary school. In high school, he worked as a reporter for the *Dayton Journal Herald* and helped Bombeck land a job there. Levitt was drafted into the U.S. Army while still in high school, serving in Europe during World War II. After the war, he earned a doctorate in economics from Ohio State University.

Bombeck went on to become a nationally syndicated columnist, and Levitt went on to author eight books on marketing, from *Innovation in Marketing* (1962) to *The Marketing Imagination* (1983). In his books and articles, Levitt elevated marketing from a secondary pursuit in a corporate world consumed with creating and selling products to the primary preoccupation of management. A careful writer, he once claimed he never published anything without at least five serious rewrites.

In 1985, Harvard Business School Dean John McArthur appointed him editor of the *Harvard Business Review*, a position he held until 1989. During his four years at the helm, he published shorter articles on more subjects and introduced a cleaner design, changes that transformed the publication from an academic journal to a mass-market management magazine. For Levitt, attracting a broader readership that included top executives in a position to put ideas into practice was critical. "If people don't read what you write," he once said, "then what you write is a museum piece."

HARVARD MAN. At Harvard, Levitt had a reputation as a popular, yet demanding, teacher. His thick mustache and bushy black eyebrows made him instantly recognizable on campus, and his classes were made up of equal parts pedagogy and theater. Striding up and down the aisles, he would sometimes toss chalk at blackboards, not to mention the occasional student. Even many years later, his teaching style was hard to forget. "Ted Levitt taught the first class I took as a student at Harvard Business School," said HBS Dean Jay Light in a written statement. "He had an enormous influence and presence on this campus and was an immense figure in the field of marketing. Ted's work set the highest standards for all of us who worked with him and learned from him. He is a giant in the history of Harvard Business School."

Over the course of his career, which included brief stint as a consultant to the oil industry, Levitt racked up a number of prestigious awards, including four McKinsey awards for his *HBR* articles and the Academy of Management Award for outstanding business books of 1962 for *Innovation in Marketing*. He also won the John Hancock Award for Excellence in Business Journalism in 1969.

Levitt retired from the Harvard faculty in 1990, after more than three decades, but continued to spend time on campus, socializing with colleagues, up until a few weeks before his death. The last time he appeared in public at Harvard was in 2003, at a colloquium on globalization. Unable to attend due to poor health, he engaged in a videotaped discussion with long-time friend and Harvard marketing professor Stephen A. Greyser.

For Levitt, Greyser says, the academic life was never about the research, though. Levitt, he says, was at play in the world of ideas. And nothing made him happier than when top executives—"important people in important companies," in his phrase—took those ideas and ran with them. "He became a giant because he had that kind of influence," Greyser says. "If you had an all-star team of management thinkers? Ted Levitt would be the [marketing] guy from Harvard Business School."

Lavelle is BusinessWeek's B-school editor

The McGraw·Hill Companies



July 6, 2006

Theodore Levitt, 81, Who Coined the Term 'Globalization', Is Dead

By BARNABY J. FEDER

Correction Appended

Theodore Levitt, a former professor at the Harvard Business School credited with coining the term "globalization" and with championing the undervalued role of marketing in defining what businesses should make and sell, died June 28 at his home in Belmont, Mass. He was 81.

The cause was prostate cancer, according to his son, Peter.

Mr. Levitt, known as Ted, gained widespread attention for his marketing insights in 1960, the year after he joined the Harvard faculty. He published an article called "Marketing Myopia" in The Harvard Business Review that criticized business executives for too narrowly defining what their companies did. He argued, for instance, that the railroad industry had lost customers to the airlines, trucking and auto industries in part because its top executives thought they were in the business of running trains instead of providing transportation.

More than 1,000 companies ordered 35,000 reprints in the weeks after publication, a total that has since risen to 850,000 reprints, according to The Harvard Business Review.

His concept that business was becoming globalized, which Mr. Levitt defined as the changes in technology and social behaviors that allow multinational companies like Coca-Cola and McDonald's to sell the same products worldwide, first appeared in a 1983 Harvard Business Review article "The Globalization of Markets." In his sweeping style, he said, "Gone are accustomed differences in national or regional preferences."

Although unapologetic about exaggerating, Mr. Levitt would readily concede that companies actually had to balance persistent national cultural patterns with the general trend toward the embrace of global brands. Thus, he approved tactics like McDonald's supplementing its standard menus with local fare like vegan meals in India.

Mr. Levitt's zest for intellectual combat reflected his view of writing as an extension of his Harvard classroom, which he prowled as he lectured, occasionally tossing chalk for emphasis. "His technique in class was to be provocative to get you to think," said Michael Berolzheimer, a former student, who credited a strategy session with Mr. Levitt as the roots of his company's successful marketing of DuraFlame fireplace logs.

In addition to writing eight marketing books and frequently consulting, Mr. Levitt was also editor of The Harvard Business Review from 1985 to 1990. Under his direction, the review began running shorter articles and cartoons in addition to its longer analytical articles and "how to" reviews of management practices.

Theodore Levitt was born March 1, 1925, in Vollmerz, Germany. His father, Boris, a cobbler, and his wife, Rachel, moved the family to Dayton, Ohio, a decade later. Mr. Levitt and Erma Fiste, who became the syndicated humor columnist Erma Bombeck, founded a newspaper together as fifth graders. Mr. Levitt was drafted into the Army before graduating and served in Europe during World War II.

After the war, he worked as a sports writer for The Dayton Journal Herald, completed high school through a correspondence course, then enrolled at Antioch College, graduating in 1949. He earned his Ph.D. in economics from Ohio State University in 1951. He taught at the University of North Dakota and worked as an oil industry consultant in Chicago before moving to Harvard in 1959.



(continued from previous page)

July 6, 2006

Theodore Levitt, 81, Who Coined the Term 'Globalization', Is Dead

Mr. Levitt is survived by his wife of 58 years, the former Joan Levy; two sons, Peter, of Boston, and John, of Sarasota, Fla.; two daughters, Kathryn Wells, of Lexington, Mass., and Laura Levitt Beaudry, of Belmont, Mass.; six grandchildren; and two sisters, Ann Brenner, of Winston-Salem, N.C., and Dorothy Engelhardt, of Dayton, Ohio. A daughter, Frances Levitt Byington, and a brother, Albert, died before him.

Correction: July 11, 2006

An obituary and headline on Friday about Theodore Levitt, a marketing scholar at the Harvard Business School, referred incorrectly to the origin of the word globalization. While Mr. Levitt's work was closely associated with the idea of globalization in economics, and while he published a respected paper in 1983 popularizing the term, he did not coin the word. (It was in use at least as early as 1944 in other senses and was used by others in discussing economics at least as early as 1981.)

Copyright 2006 The New York Times Company