

## Does “Market Myopia” Limit Your Association?

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Like it or not, associations are operating in an increasingly competitive world. Not-for-profit organizations, as well as profit-based businesses, are working hard to provide new and more useful products and services to members and customers. The focus is on increasing value in the face of increasing competition for the customer dollar. Today we know that every association member is faced with the question, “Why should I write a check to this association?” In the old days, when membership was mostly valued for the privilege of belonging to a group, the answer was easier than it is today. As the value of “belonging” has changed, and many new alternatives have sprung up, even old-time members may have to think twice about how to answer that question.

Why is the question even being asked? After all, don’t Associations provide unique and valuable services, communications, and products to their members? Before you respond with a resounding “Yes!” you might want to consider some research that was done a long time ago. One particular study has met the test of time: it could be relevant to your association’s challenges today. In 1960, Theodore Levitt, Professor of Marketing at the Harvard Business School, argued many businesses were afflicted with “market myopia”. Professor Levitt found some executives defined their business in terms of what they sold – he called this a product orientation. Other executives defined their business in terms of what their customers wanted and needed – he called this a customer orientation. Product orientation causes Market Myopia.

**“Market Myopia” is the tendency to view the world from one’s own point of view, instead of seeing it from the customer’s point of view.** Levitt said, “In every case, the reason growth is threatened, slowed, or stopped is *not* because the market is saturated. It’s because there has been a failure of management.” Organizations become complacent when they are banking on the assumed superiority and longevity of their products – instead of finding out what their customers need and acting on *that*. As a result, some executives get out of touch with their customers, which can start a decline in revenue, and force a scramble to restore financial health.

A myopic organization will lose customers because its business is defined too narrowly. For example, Hollywood executives once thought they were in the movie business, so they scorned and rejected television. If they had realized they were really in the entertainment business, they might have seen TV as an opportunity for an expansion of their market. Instead, Hollywood’s movie industry was devastated by TV. Railroads were similarly ravaged by the expanding number of cars and trucks – railroad executives thought they were in the railroad business, and didn’t recognize they were really in the transportation business. They defined their business too narrowly, and missed seeing new dimensions for growth and impact.

When association executives see their organization primarily in terms of its history, they can miss an opportunity to re-think their strategies and visions in today’s terms. Today’s environment provides many new opportunities to reach out and grow along new dimensions. The changes around us could be an opportunity for growth, but if we define ourselves in yesterday’s terms, we can fail to see new opportunities for growth and development.

Could some form of Myopia be limiting your association? Are you limiting your association's future viability because of an attachment to a narrow interpretation of history and tradition? One way to make that determination is to review the 3 Myths of Myopia. Which ones do your Board or Staff members still believe?

**Myth 1: Our financial strength is assured by a stable membership base. We are really the only association that serves this particular population.** It is easy for associations to assume that their viability is assured because “there will always be this kind of population, and they need and want our special kind of representation”. But trades and professions are changing, and their position in the changing economic environment has shifted their interests and requirements for survival and success. The population you serve may have changed greatly from what the association was founded to serve.

**Myth 2: There is really no competitive substitute for our products and services – we are indispensable.** Do people in your association feel you offer value that is vastly better or different from anything available elsewhere? Do they think members have no choice but to get that information or those services from you? Another pitfall in this area is to believe your association is so much better than those “money hungry” for-profit companies, or think that members will stick with you because you do “good” work without a profit motive. Are there people on your Board or Staff who think your association has no competition?

**Myth 3: We know what they need.** Many people in associations are firmly convinced that “we know best” what members need. This is at the very heart of Market Myopia – it is the basis of a product-orientation mindset, and can close off opportunities for a fresh look at the world from a customer's perspective. Have you ever heard anyone in your association say, “I know what our members really need”? That might be Market Myopia speaking.

When any of these myths crop up in the conversations of your Board or Staff, it is possible that Market Myopia is limiting what your association can accomplish for its members - and for other potential customers too. Recent discussions among association executives have underlined this point in their struggle to find new ways to improve their non-dues revenue streams.

If there are 50 ways to add new revenue, you can be sure that not all of them will be a good fit for your association. Some new revenue streams will be too small to support the trouble it takes to maintain them. Others may be low maintenance, but they are not mission-relevant. Remember, a customer orientation beats a product orientation no matter *what* strategic decisions you need to make.

How do you develop workable plans for the future of your association? Have you taken a fresh look at what your members really need to be successful in *today's* world? Being a customer-oriented association requires a commitment to create and capitalize on growth opportunities. Focus on what your members say they need to be successful. Then find new ways to give them *that*. This customer orientation will erase any Market Myopia in your association – and at the same time it will also improve your bottom line.