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Does Managerial Cognition Help or Hinder Product Innovations of a Company? A Case Study of Smith Corona's Typewriter

by

Jessie Ann Harris

An Honors Capstone submitted in partial fulfillment of the requirements for the Honors Diploma

to

The Honors College of The University of Alabama in Huntsville

Date

11/19/2018

Honors Capstone Director: Dr. Kevin Bao Associate Professor Department of Management, Marketing, and Information System

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Executive Summary

This project covers the business strategy and product concept of Smith-Corona Co.'s Electric Typewriter and how it revolutionized the consumer typewriter market. Because this company is now obsolete, I had to do some extra digging to find resources that would give me an accurate representation of this company's innovation and impact in the market. I was able to find Newspapers.com which provided me the wealth of resources from actual newspapers published in the late 19th-early 20th century. By pouring through many different newspapers, articles, and company history sites, I was able to determine their product design, market entry, and how their company's business decisions brought them to a close. Smith-Corona was one of the most successful mergers of typewriter companies, providing cheap, portable typewriters to the consumer market (which was a novel concept for the time) and bringing their typewriter uncanny success. While it was very successful for decades, the PC industry became a massive competitive threat to Smith-Corona that eventually put them out of business. This study will cover their initial technology and product concept, followed by their product design, market introduction strategies, and close with the results and recommendations Smith-Corona Corporation could have implemented to give them a potential chance to maintain their business

Technology and Product Concept

Smith-Corona Company was known as one of the most popular typewriter companies in the nation. Since the late 1980s, the typewriter industry went through drastic changes. The industry standard of the typewriter was officiated in 1895, however, by 1923 there were over three-hundred typewriters in the market. This variety was difficult for consumers and distributors because of the vast array of options. To counteract this issue, the target market was consolidated

to only five versions of typewriters, and many companies decided to merge. The most successful merger that took place in 1926 was L.C. Smith & Bros. and Corona Typewriter. Corona was famous for their light-weight, portable typewriters and the Smith brothers brought their durable framework to maintain profitability even during the Great Depression (Company-Histories.com). Once the stock market crashed in 1929, Smith-Corona knew that the typewriter market would suffer, so they determined to transition their target market from plain business typewriters to colorful, portable typewriters for families and students to use. After World War II, electric typewriters were becoming increasingly popular, and in 1955, Smith-Corona developed their version of an electric typewriter for organizations. According to newspapers, the new Smith-Corona electric typewriter was “The most beautiful of all electric-typewriters, the easiest to use” and “...all [the features] combine to make this the most satisfying and easiest-to-use of all the electric typewriters” (“Boyd Typewriter Company...”). Their latent-mover mentality is what kept them as one of the top typewriting companies until they lost to the PC industry in 1995 and filed for bankruptcy.

Since Smith Corona developed their ideas to utilize new technology, instead of creating their own, I believe their product is a radical innovation. They took the existing design, or standard, of the typewriter and combined their strengths to become the industry leaders for almost 20 years. By adopting the new concepts of technology and modifying it to meet their customer’s latent needs, they were able to replace the “standard” typewriting technology with electric typewriters and control the market.

Each degree of change that the typewriter market faced was embraced and resolved by L.C. Smith & Corona Company. In 1929, shortly after their merger, the Great Depression struck the market. This impacted Smith & Corona to change their target audience to include home and

family life. So, instead of seeing a basic black Smith & Corona typewriter for the business place, “Smith & Corona began marketing entire lines of brightly colored portable typewriters, as well as new models, branded Silent L.C. Smith and Sterling, which were quieter than their predecessors” (Company-history.com; “74 SEC filings...”) which allowed them to maintain some market share during the depression and World War II. In 1955, Smith-Corona Inc. introduced an electric typewriter fit for businesses with “ a scientifically sloped keyboard fitted to natural finger movements, more controls in the keyboard area than any other electric typewriter, and automatic repeat actions on all keys.” (Company-Histories.com). Because of these added features, it is evident that Smith-Corona wanted to meet the need for easy and efficient typing for those business secretaries typing and creating most of the memos within an organization. Another factor that Smith-Corona addressed in their newer “home and family” target market was the lack of typing skill within the working class. One advertisement found in the Sunday, 1958 edition of The Indianapolis Star was for the new “FREE with any Smith-Corona Portable—this complete home typing course on records!” (“Now Anyone Can Learn...”). This ad shows that there was a need for people to learn how to type, and Smith-Corona was fulfilling that need. This electric typewriter was a top-of-the-line technology that was creating excitement and anticipation in many users. According to many different newspaper articles covering the release of the Smith-Corona electric typewriter, this typewriter was revolutionary with features like a sloped keyboard for comfortable typing, coordinated scales, print-perfect "write," Exclusive Total Tab-Clear Lever, and many other features (“Typewriter Called World's Fastest”). The unique of these technologies was the keyboard. It was all-inclusive with room for multiple control keys on the keyboard and also a revolutionary sloped keyboard that was designed for easy and efficient typing (“10 Years In The Making...”).

Essentially, Smith-Corona wanted to make their electric typewriter the easiest, lightest, and quickest typewriter that business people or everyday consumers could take and use anywhere and everywhere. Based on the descriptions I can find in their initial advertisements, they adopted a take on the "Component Control" product concept. According to a 1955 Detroit Free Press advertisement: "See Smith-Corona's *revolutionary new Keyboard Slope*. Note that both the keyboard and the keytops are scientifically slanted to fit the natural movements of the fingers..." The definition of "Component Control" is finding a new connection between a component internal to the product (the keyboard) and one external to the product (the slanted to fit technology). One of the most emphasized points in this article was focused on the keyboard with more features and a new format to change the typing experience completely. By understanding this connection and the latent need of more natural, more comfortable typing, Smith-Corona was able to develop an excellent new resource for all typists.

Product Design

Based on the information I was able to find from the typewriter manual, Smith-Corona adopted an integrated keyboard design. Integrated design is when each component of a product is connected to the point where it is not made to be disassembled. In the Smith-Corona Coronet Electric typewriter handbook, it states that any services should be sent to specialized technicians to be cleaned and repaired (*Typewriter Manuals*). If it was a modular design, you could easily take out and replace a specific broken piece, while if one key breaks on the integrated design, you have to change the entire keyboard/typewriter. It's easier to use, the entire keyboard with every control button made typing more efficient, the "Instant-Set Margins Print-perfect 'write' Coordinated scales..." etc. were not all located on other keyboards. Smith-Corona was also first to highlight a slanted keyboard that was able to make the typing easier on the wrists and more

fun to type on for the average user and secretaries. More notable features one 1957 Denton Record-Chronicle: "...a colorspeed keyboard, page gauge, quickset margins, synchronized line space lever, full control of impression [how hard the plates hit the paper] and exclusive keyboard touch control" ("Typewriter Called World's Fastest"). These features replaced manual keyboards with flat keys that had little flexibility with the typing. Before, typists would have to carefully think about where they placed their paper and guessed when they should end their writing on the pages so they would not run off the paper. This could be very frustrating and cumbersome to revise or fix. This new electric typewriter eliminated this guesswork by implementing the quickset margins and synchronized line space lever. These are just a few of the areas where Smith-Corona was able to improve and upgrade the typing experience compared to their previous models.

Market Introduction

According to Encyclopedia.com, George Blickensderfer produced the first electric typewriter in 1902, but practical electric typewriters were not manufactured until about 1925. By 1945 Remington and IBM began to dominate the business market with their electric typewriters (Huskinson). When Smith-Corona began to introduce their electric typewriter, they determined the best option would be to target the average consumer. They began to market towards college students, homemakers, and men in the workforce. One advertisement describes their new marketing goal nicely: "Do much writing in your family? If So, you could use a Smith-Corona portable typewriter...Dad, Mom and all the family will enjoy Smith-Corona's full-size keyboard and its smooth touch and action...just like an office typewriter. You can own a Smith-Corona complete with carrying case for as little as \$92.50 plus tax..." ("Carrol Daily Times Herald"). They used warehouses and technology stores like Frear's ("Frear's SALE! Business Machines"),

Hower's Warehouse ("Hower's Warehouse Sale..."), The Office Supply Store ("Carrol Daily Times Herald"), and even independent distribution stores like, "Jonhstown Typewriter Company (Exclusive Smith-Corona Typewriter Agency)" ("New 1949 Smith-Corona Office Typewriter"). These are just a few of the examples of different distributors that Smith-Corona employed across the Nation. As for their pricing strategy, they were working towards being cost leaders. Based upon looking at a few advertisements selling the typewriters, Smith-Corona was a big name and was cheaper compared to their major competition like Remington, Underwood, and I.B.M. ("Hower's Warehouse Sale..."). This strategy was a large factor for them to enter into the consumer market with their typewriters, because, again, most typewriters were seen as high price items that were only found in businesses or very wealthy households. They needed to reduce the price and make their product easier for everyday consumers to purchase. As mentioned before, they even gave away complementary "learn to type" materials to help teach everyone in the family how to use their new typewriter ("Now Anyone Can Learn...").

Because typewriters were more of a "specialty" or -expensive item during the late 20s late 50s, the main places to find them were in businesses or very wealthy households. When the stock market crashed in 1929, sales plummeted dramatically due to companies going bankrupt. To counteract this, Smith-Corona determined that they would market their portable typewriters to the home/families. However, during their transition to these more diverse typewriters, their company was told to halt production of typewriters and use their manufacturing plants into facilities to create percussion primers for bombs as well as rifles during World War II. This was a common happenstance for many typewriter manufacturers; however, once the government had plenty of military supplies, they realized they needed someone to make more typewriters; thankfully, Smtih-Corona kept all their typewriter equipment in storage and were able to quickly

meet the demands required of them (Company-Histories). Because of this good fortune, they were able to ramp up production and begin their fresh, new, marketing campaign reaching all the moms, homemakers, college students, and workers across the nation.

With the stock market crash and WWII, money was running tighter within families, so Smith-Corona also adapted their processes to make their consumer typewriters cheaper, more efficient, and easy to use. The Smith-Corona Electric typewriter was successful in the market primarily because they pursued direct consumers with their Blue Ocean strategy. A Blue Ocean Strategy is a very successful movement for companies in highly competitive industries because they move away from the target market that the competition is fighting over (a Red Ocean) and move to market for a different consumer. Typewriters were typically sold to businesses, but when the economy crashed, Smith-Corona determined that they could move to reach the consumer market to keep their sales up and meet new needs. They began to take their already popular portable typewriter concept, and adapt it to fit family budgets and style preferences. They reduced their prices and expanded their aesthetics to include a wide variety of popular pastels and patterns (Company-Histories.com).

Recommendations

Based on the research provided, I believe that Smith-Corona did very well during the introduction of their electric typewriter, their product concept, and their product design. It became a standard typewriter for college students, housewives, and the average men. Smith-Corona was one of the most famous typewriters in the nation. They adopted their product to embrace latent needs of consumers (making the typing easier with their revolutionary keyboard).

The reason they were not able to survive was that of the rapid development of the Personal Computer (PC) Industry. Typewriters became the old technology that was vastly overshadowed by the PC market. Smith-Corona was faced with the unfortunate Innovator's Dilemma. Innovator's Dilemma occurs when a new disruptive technology enters the market. Companies have to decide whether or not they want to *completely* abandon their current product technology and embrace the new, or keep their existing technology and try to improve it enough for it to stay relevant in the market. Even though they tried to adapt to the changing technology, it was not enough: "Under increasing pressure from recent innovations and changing economic conditions, the company undertook a variety of efforts to meet the challenges of the new era [1985]. It introduced several word processing machines, hoping to entice consumers with their facility of use and low price. However, few anticipated the speed with which the quality of PCs would go up, and prices would come down" (Company-Histories.com). If Smith-Corona company had abandoned the idea of typewriters and tried acquisitioning or partnering with companies establishing their PC technology, their name might have survived the transition. Other than that option, there was no other chance for Smith-Corona typewriter company to survive because their technology had just reached the end of its lifecycle.

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