**Ch16 Marketing Strategies for Growth Markets**

**16.1: Opportunities and Risks in Growth Markets**

* Followers are attracted to rapidly growing markets because:
* It is easier to gain share when a market is growing.
* Share gains are worth more in a growth market than in a mature market
* Price competition is likely to be less intense
* Early participation in a growth market is necessary to make sure that the firm keeps pace with the technology.
* Each of these premises may be misleading for a particular business in a specific situation.
* Many followers attracted to a market by its rapid growth rate are likely to be shaken out later when growth slows because either the preceding premises did not hold or they could not exploit growth advantages sufficiently to build a sustainable competitive position.
1. **Gaining Share is Easier**
* It is easier for a new entrant to attract first-time users than to take business away from entrenched competitors.
* The new entrant must be able to develop a product offering that new customers perceive as more attractive than other alternatives, and it must have the marketing resources and competence to effectively persuade them of the fact.
* Competitors may have higher expectations for increased revenues when the market itself is growing.
* Competitors are likely to react aggressively when sales fall below expected levels whether or not their absolute volumes continue to grow.
* The leader’s market share might drop from a high of 100 percent at the beginning of the growth stage of 50 percent by the maturity stage, even though the firm’s absolute volume shows steady growth.



1. **Share Gains Are Worth More**
* The premise that share gains are more valuable when the market is growing stems from the expectation that the earnings produced by each share point continue to expand as the market expands.
* The business can hold its relative share as the market grows. The validity of such an assumption depends on a number of factors:
* **The existence of positive network effects.** Pioneers in new product-markets enjoy several potential competitive advantages that they can – but don’t always manage to – leverage as the market grows. For information-based products, such as computer software or Internet auction sites, one of the most important such advantage is the existence of positive network effects, the tendency for the product to become more valuable to users as the number of adopters grows. Such network effects increase the likelihood that an early share leader can sustain, and even increase, its relative share as the market grows.
* **Future changes in technology or other key success factors***.* If the rules of the game change, the competencies a firm relied on to capture share may no longer be adequate to maintain that share.
* **Future competitive structure of the industry***.* The number of firms that ultimately decide to compete for a share of the market may turn out to be larger than the early entrants anticipate, particularly if there are few barriers to entry. The sheer weight of numbers can make it difficult for any single competitor to maintain a substantial relative share of the total market.
* **Future fragmentation of the market.** As the market expands, it may fragment into numerous small segments, particularly if potential customers have relatively heterogeneous functional, distribution, or service needs. When such fragmentation occurs the portion in which a given competitor competes may shrink as segments splinter away.
* A firm’s ability to hold its early gains in market share also depends on how it obtained them. If a firm captures share through short-term promotions or price cuts that competitors can easily match and that may tarnish its image among customers, its gains may be short-lived.
1. **Price Competition Is Likely to Be Less Intense**
* Pioneer, or one of the earliest followers, might adopt a penetration strategy and set its initial prices relatively low to move quickly down the experience curve and discourage other potential competitors from entering the market.
1. **Early Entry Is Necessary to Maintain Technical Expertise**
* The early experience gained in developing the first generation of products and in helping customers apply the new technology can put the firm in a strong position for developing the next generation of superior products.
* Later entrants, lacking such customer contact and production and R&D experience, are likely to be at a disadvantage.
* Sometimes an early commitment to a specific technology can turn out to be a liability. This is particularly true when multiple unrelated technologies might serve a market or when a newly emerging technology, adopting a new one can be difficult.

**16.2: Growth-Market Strategies for Market Leaders**

* The leader is the pioneer, or at least one of the first entrants, who developed the product-market in the first place. Often, that firm’s strategic objective is to maintain its leading share position in the face of increasing competition as the market expands.
* Two important facts must be kept in mind and they are:
* First: the dynamics of a growth market make maintaining an early lead in relative market share very difficult. The continuing need for investment to finance growth, the likely negative cash flows that result, and the threat of governmental antitrust action can make it even more difficult.
* Second: a firm can maintain its current share position in a growth market only if its sales volume continues to grow at a rate equal to that of the overall market, enabling the firm to stay even in absolute share. However, it may be able to maintain a relative share lead even if its volume growth is less than the industry’s.
1. **Marketing Objectives for Share Leaders**
* Share maintenance for a market leader involves two important marketing objectives:
* First: the firm must retain its current customers, ensuring that those customers remain brand loyal when making repeat or replacement purchases.
* Second: the firm must *stimulate selective demand among later adopters* to ensure that it captures a large share of the continuing growth in industry sales.
* Third: stimulating primary demand to help speed up overall market growth. This can be particularly important in product-markets where the adoption process is protracted because the technical sophistication of the new product, high switching costs for potential customers, or positive network effects.
1. **Marketing Actions and Strategies to Achieve Share-Maintenance Objectives**
* Share maintenance involves multiple objectives, and different marketing actions may be needed to achieve each one, a strategic marketing programme usually integrates a mix of the actions.

**Exhibit 16.2** **Marketing actions to achieve share-maintenance objectives**

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|  | **Marketing objectives** |  | **Possible marketing actions** |
| *Retain current customers by:* |  |  |
| • | Maintaining/improving | • | Increase attention to quality control as output expands. |
|  | satisfaction and loyalty | • | Continue product modification and improvement efforts to increase customer benefits and/or reduce costs. |
|  |  | • | Focus advertising on stimulation of selective demand; stress product’s superior features and benefits; reminder advertising. |
|  |  | • | Increase salesforce’s servicing of current accounts; consider formation of national or key account representatives to major customers; consider replacing independent manufacturer’s reps with company salespeople where appropriate. |
|  |  | • | Expand postsale service capabilities; develop or expand company’s own service force, or develop training programmes for distributors’ and dealers’ service people; expand parts inventory; consider development of customer service hotline. |
| • | Encourage/simplify repeat purchase | • | Expand production capacity in advance of increasing demand to avoid stock outs. |
|  |  | • | Improve inventory control and logistics systems to reduce delivery times. |
|  |  | • | Continue to build distribution channels; use periodic trade promotions to gain more extensive retail coverage and maintain shelf facings; strengthen relationships with strongest distributors/dealers. |
|  |  | • | Consider negotiating long-term requirements contracts with major customers. |
|  |  | • | Consider developing automatic reorder systems for major customers. |
| • | Reduce attractiveness of switching | • | Develop a second brand or product line with features or price more appealing to a specific segment of current customers (*flanker strategy – see* Exhibit 17.9 and Exhibit 17.10). |
|  |  | • | Develop multiple-line extensions or brand offerings targeted to the needs of several user segments within the market (*market expansion*). |
|  |  | • | Meet or beat lower prices or heavier promotional efforts by competitors – or try to pre-empt such efforts by potential competitors – when necessary to retain customers and when lower unit costs allow (*confrontation strategy*). |
| *Stimulate selective demand among later adopters by:* |
| • | Head-to-head positioning against more competitive offering or potential offerings | • | Develop a second brand or product line with features or price more appealing to a specific segment of potential customers (*flanker strategy*). |
|  |  | • | Make product modifications or improvements to match or beat superior competitive offerings (*confrontation strategy*). |
|  |  | • | Meet or beat lower prices or heavier promotional efforts by competitors when necessary to retain customers and when lower unit costs allow (*confrontation strategy*). |
|  |  | • | When resources are limited relative to competitor’s, consider withdrawing from smaller or slower-growing segments to focus product development and promotional efforts on higher-potential segments threatened by competitor (*contraction or strategic-withdrawal strategy*). |
| • | Differentiated positioning against competitive offerings or potential offerings | • | Develop multiple-line extensions or brand offerings targeted to the needs of various potential user applications, or geographical segments within the market (*market expansion*). |
|  |  | • | Build unique distribution channels more effectively to reach specific segments of potential customers (*market expansion strategy*). |
|  |  | • | Design multiple advertising and/or sales promotion campaigns targeted at specific segments of potential customers (*market-expansion strategy*). |

* There are five internally consistent strategies as shown from the graph above, that a market leader might employ, singly or in combination, to maintain its leading share position: a **fortress** or **position defense, strategy; a flanker strategy; a confrontation strategy; a market expansion strategy;** and a **contraction,** or **strategic withdrawal, strategy.**
* Which or what combination of these five strategies is most appropriate for a particular product-market depends on : (1) the market’s size and its customers’ characteristics, (2) the number and relative lengths of the competitors or potential competitors in that market, and (3) the leader’s own resources and competencies.

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**Exhibit 16.4** **Marketing objectives and strategies for share leaders in growth markets**

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|  | **Share-maintenance strategies** |
| **Situational variables** | **Fortress or position defense** | **Flanker** | **Confrontation** | **Market expansion** | **Contraction or strategic withdrawal** |
| Primary objective | Increase satisfaction, loyalty and repeat purchase among current customers by building on existing strengths; appeal to late adopters with same attributes and benefits offered to early adopters. | Protect against loss of specific segment of current customers by developing a second entry that covers a weakness in original; improve ability to attract new customers with needs or purchase criteria different from those of early adopters. | Protect against loss of share among current customers by meeting or beating a head-to-head competitive offering; improve ability to win new customers who might otherwise be attracted to competitor’s offering. | Increase ability to attract new customers by developing new product offerings or line extensions aimed at a variety of new applications and user segments; improve ability to retain current customers as market fragments. | Increase ability to attract new customers in selected high-growth segments by focusing offerings and resources on those segments; withdraw from smaller or slower-growing segments to conserve resources. |
| Market characteristics | Relatively homogeneous market with respect to customer needs and purchase criteria; strong preference for leader’s product among largest segment of customers. | Two or more major market segments with distinct needs or purchase criteria. | Relatively homogeneous market with respect to customers’ needs and purchase criteria; little preference for, or loyalty towards, leader’s product among largest segment of customers. | Relatively heterogeneous market with respect to customers’ needs and purchase criteria; multiple product uses requiring different product or service attributes. | Relatively heterogeneous market with respect to customers’ needs, purchase criteria and growth potential; multiple product uses requiring different product or service attributes. |
| Competitors’ characteristics | Current and potential competitors have relatively limited resources and competencies. | One or more current or potential competitors with sufficient resources and competencies to effectively implement a differentiation strategy. | One or more current or potential competitors with sufficient resources and competencies to effectively implement a head-to-head strategy. | Current and potential competitors have relatively limited resources and competencies, particularly with respect to R&D and marketing. | One or more current or potential competitors with sufficient resources and competencies to present a strong challenge in one or more growth segments. |
| Firm’s characteristics | Current product offering enjoys high awareness and preference among major segment of current and potential customers; firm has marketing and R&D resources and competencies equal to or greater than those of any current or potential competitor. | Current product offering perceived as weak on at least one attribute by a major segment of current or potential customers; firm has sufficient R&D and marketing resources to introduce and support a second offering aimed at the disaffected segment. | Current product offering suffers low awareness, preference and/or loyalty among major segment of current or potential customers; firm has R&D and marketing resources and competencies equal to or greater than those of any current or potential competitor. | No current offerings in one or more potential applications segments; firm has marketing and R&D resources and competencies equal to or greater than those of any current or potential competitor. | Current product offering suffers low awareness, preference and/or loyalty among current or potential customers in one or more major growth segments; firm’s R&D and marketing resources and competencies are limited relative to those of one or more competitors. |

1. **Fortress, or Position Defense, Strategy**
* The most basic defensive strategy is to continually strengthen a strongly held current position- to build an impregnable fortress capable of repelling attacks by current or future competitors. This strategy is part of a leader’s share-maintenance efforts.
* Strengthening the firm’s position makes particularly good sense when current and potential customers have relatively homogeneous needs and desires and the firm’s offering already enjoys a high level of awareness and preference in the mass market.
* In some homogenous markets, a well- implemented position defense strategy may be all that is needed for share maintenance.
* **Actions to Improve Customer Satisfaction and Loyalty**
* As competitors enter or prepare to enter the market, the leader’s advertising and sales promotion emphasis should shift from stimulating primary demand to building selective demand for the company’s brand. This usually involves creating appeals that emphasize the brand’s superior features and benefits. While the leader may continue sales promotion efforts aimed at stimulating trial among later adopters, some of those efforts might be shifted toward encouraging repeat purchases among existing customers.
* Firms that relied on independent manufacturer’s reps to introduce their new product might consider replacing them with company salespeople to increase the customer orientation of their sales efforts.
* Firms whose own salespeople introduced the product might reorganize their sales forces into specialized groups focused on major industries or user segments.
* A leader can strengthen its position as the market grows by giving increased attention to post sale service. Rapid growth in demand not only can outstrip a firm’s ability to produce a high-quality product but it also can overload the firm’s ability to service customers. This can lead to a loss of existing customers as well as negative word of mouth that might inhibit the firm’s ability to attract new users.
* The growth phase often requires increased investments to expand the firm’s parts inventory, hire and train service personnel and dealers, and improve the information content on the firm’s website.
* **Actions to Encourage and Simplify Repeat Purchasing**
* Some market leaders, can take more proactive steps to turn their major customers into captives and help guarantee future purchases.
* A firm might negotiate requirements contracts or guaranteed price agreements with its customers to ensure future purchases, or it might tie them into a computerized re-order system or a tightly integrated supply-chain relationship.
* Those actions are all aimed at increasing customers’ repeat purchases and loyalty in order to maximize their lifetime value. While it makes good sense to begin building a strong customer relationships right from the beginning, they become more crucial as the market matures and competition to win over established customers becomes more intense.
1. **Flanker Strategy**
* To defend against an attack directed at a weakness in its current offering, a leader might develop a second brand (**a flanker or fighting brand)** to compete directly against the challenger’s offering. This might involve trading up, where the leader develops a high-quality brand offered at a higher price to appeal to the prestige segment of the market.
* A flanker brand is a lower-quality product designed to appeal to a low-price segment to protect the leader's primary brand from direct price competition.
* A flanker strategy is always used in conjunction with a position defense strategy. The leader simultaneously strengthens its primary brand while introducing a flanker to compete in segments where the primary brand is vulnerable.
* A flanker strategy is appropriate only when the firm has sufficient resources to develop and fully support two or more entries. A flanker is of little value if it is so lightly supported that a competitor can easily wipe it out.
1. **Confrontation Strategy**
* If the leader’s competitive intelligence is good, it may decide to move proactively and change its marketing programme before a suspected competitive challenge occurs.
* A confrontational strategy, is more commonly reactive. The leader usually decides to meet or beat the attractive features of a competitor’s offering – by making product improvements, increasing promotional efforts, or lowering prices- only after the challenger’s success has become obvious.
* A confrontation based largely on lowering prices creates an additional problem of shrinking margins for all concerned. Unless decreased prices generate substantial new industry volume and the leader’s production costs fall with that increasing volume, the leader may be better off responding to price threats with increased promotion or product improvements while trying to maintain its profit margins.
* The leader can avoid the problems of a confrontation strategy by re-establishing the competitive advantage eroded by challengers’ frontal attacks.
1. **Market Expansion Strategy**
* A market expansion strategy is a more aggressive and proactive version of the flanker strategy.
* The leader defends its relative market share by expanding into a number of market segments.
* This strategy’s primary objective is to capture a large share of new customer groups who may prefer something different from the firm’s initial offering, protecting the firm from future competitive threats from a number of directions.
* This strategy is appropriate in fragmented markets if the leader has the resources to undertake multiple product development and marketing efforts.
* A leader can implement a market expansion strategy by developing line extensions, new brands, or even alternative product forms utilizing similar technologies to appeal to multiple market segments.

**16.3: Share-Growth Strategies for Followers**

1. **Marketing Objectives for Followers**
* Many followers, particularly larger firms entering a product-market shortly after the pioneer, have more grandiose objectives. They often seek to displace the leader or at least to become a powerful competitor within the total market. Thus, their major marketing objective is to attain *share growth,* and the size of the increased relative share such challengers seek is usually substantial.
1. **Marketing Actions and Strategies to Achieve Share Growth**
* A challenger with visions of taking over the leading share position in an industry has two basic strategic options, each involving somewhat different marketing objectives and actions. Where the share leader and perhaps some other early followers have already penetrated a large portion of the potential market, a challenger may have no choice but to *steal away some of the repeat purchase or replacement demand from the competitors’ current customers.*
* The challenger can attempt through marketing activities to give an advantage in a head-to-head confrontation with a target competitor.
* It can attempt leapfrog over the leader by developing a new generation of products with enough benefits to induce customers to trade in their existing brand of a new one.
* Secondarily, such actions also may help the challenger attract a larger share of late adopters in the mass market.
* If the market is relatively early in the growth phase and no previous entrant has captured a commanding share of potential customers, the challenger can focus on *attracting a larger share of potential new customers* who enter the market for the first time.
* The primary marketing activities for increasing share via this approach should aim at *differentiating* the challenger’s offering from those of existing competitors by making it more appealing to new customers in untapped or underdeveloped market segments.
* There are five share-growth strategies: frontal attack, leapfrog strategy, flanking attack, encirclement , and guerilla attack. Shown in the exhibit below

**Exhibit 16.5** **Marketing actions to achieve share-growth objectives**

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|  | **Marketing objectives** |  | **Possible marketing actions** |
| *Capture repeat/replacement purchases from current customers of the leader or other target competitor by:* |
| • | Head-to-head positioning against competitor’s offering in | • | Develop products with features and/or performance levels superior to those of the target competitor. |
|  | primary target market. | • | Draw on superior product design, process engineering and supplier relationships to achieve lower unit costs. |
|  |  | • | Set prices below target competitor’s for comparable level of quality or performance, but only if low-cost position is achieved. |
|  |  | • | Outspend the target competitor on promotion aimed at stimulating selective demand: |
|  |  |  | – | Comparative advertising appeals directed at gaining a more favorable positioning than the target competitor’s brand enjoys among customers in the mass market. |
|  |  |  | – | Sales promotions to encourage trial if offering’s quality or performance is perceptively better than target competitor’s, or to induce brand switching. |
|  |  |  | – | Build more extensive and/or better-trained sales force than target competitor’s. |
|  |  | • | Outspend the target competitor on trade promotion to attain more extensive retail coverage, better shelf space and/or representation by the best distributors/dealers. |
|  |  | • | Outperform the target competitor on customer service: |
|  |  |  | – | Develop superior production scheduling, inventory control and logistics systems to minimize delivery times and stock outs. |
|  |  |  | – | Develop superior postsale service capabilities; build a more extensive company service force, or provide better training programmes for distributor/dealer service people than those of target competitor. |
| • | Technological differentiation from target competitor’s offering in its primary target market. | • | Develop a new generation of products based on different technology that offers superior performance or additional benefits desired by current and potential customers in the mass market (*leapfrog strategy*). |
|  |  | • | Build awareness, preference and replacement demand through heavy introductory promotion: |
|  |  |  | – | Comparative advertising stressing product’s superiority. |
|  |  |  | – | Sales promotions to stimulate trial or encourage switching. |
|  |  |  | – | Extensive, well-trained sales force; heavy use of product demonstrations in sales presentations. |
|  |  | • | Build adequate distribution through trade promotions and dealer training programmes. |
|  |  |  |  |
| *Stimulate selective demand among later adopters by:* |
| • | Head-to-head positioning against  | • | See preceding actions. |
|  | target competitor’s offering in established market segments. | • | Develop a differentiated brand or product line with unique features or price that is more appealing to a major segment of potential customers whose needs are not met by existing offerings (*flanking strategy*). |
| • | Differentiated positioning focused |  | Or |
|  | on untapped or underdeveloped segments. | • | Develop multiple line extensions or brand offerings with features or prices targeted to the unique needs and preferences of several smaller potential applications or regional segments (*encirclement strategy*). |
|  |  | • | Design advertising, personal selling and/or sales promotion campaigns that address specific interests and concerns of potential customers in one or multiple underdeveloped segments to stimulate selective demand. |
|  |  | • | Build unique distribution channels to more effectively reach potential customers in one or multiple underdeveloped segments. |
|  |  | • | Design service programmes to reduce the perceived risks of trial and/or solve the unique problems faced by potential customers in one or multiple underdeveloped segments (e.g. systems engineering, installation, operator training or extended warranties). |

1. **Deciding Whom to Attack**
* When more than one competitor is already established in the market, a challenger must decide which competitor to target:
* **Attack the market-share leader within its primary target market***.* Involves either a *frontal assault* or an attempt to *leapfrog* the leader through the development of superior technology or product design. It may seem logical to try to win customers away from the competitor with the most customers to lose, but this can be a dangerous strategy unless the challenger has superior resources and competencies that can be converted into a sustainable advantage. In some cases, a smaller challenger may be able to avoid disastrous retaliation by confronting the leader only occasionally in limited geographic territories through a series of *guerrilla attacks*.
* **Attack another follower who has an established position within a major market segment***.* Involves a *frontal assault*, but it may be easier for the challenger to gain a sustainable advantage if the target competitor is not as well established as the market leader in the minds and buying habits of customers.
* **Attack one or more smaller competitors who have only limited resources**. Because smaller competitors usually hold only a small share of the total market, this may seem like an inefficient way to attain substantial share increases. But by focusing on several small regional competitors one at a time, a challenger can sometimes achieve major gains without inviting retaliation from stronger firms.
* **Avoid direct attacks on any established competitor.** In fragmented markets in which the leader or other major competitors are not currently satisfying one or more segments, a challenger is often best advised to ‘hit ’em where they ain’t.’ This usually involves either a flanking or an encirclement strategy, with the challenger developing differentiated product offerings targeted at one large or several smaller segments in which no competitor currently holds a strong position.
1. **Frontal Attack Strategy**
* To successfully implement a frontal attack, a challenger should seek one or more ways to achieve a sustainable advantage over the target competitor.
* Such an advantage is usually based on attaining lower costs, or a differentiated position in the market. If the challenger has a cost advantage, it can cut prices to lure away the target competitor’s customers or it can maintain a similar price but engage in more extensive promotion.
* The best way for a challenger to effectively implement a frontal attack is to differentiate its product or associated services in ways that better meet the needs and preferences of many customers in the mass market. If the challenger can support those meaningful produce differences with strong promotion or an attractive price, but usually the unique features or services offered are the foundation for a sustainable advantage.
* Variables that might limit the competitor’s willingness or ability to retaliate can also improve the chances for successful frontal attack. A target competitor with a reputation for high product quality may be loath to cut prices in response to a lower-priced challenger for fear of cheapening its brand’s image. And a competitor pursuing high ROI or cash flow objectives may be reluctant to increase its promotion or R&D expenditures in the short run to fend off an attack.
1. **Leapfrog Strategy**
* Leapfrog strategy: it is an attempt to gain a significant advantage over the existing competition by introducing a new generation of products that significantly outperform or offer more desirable customer benefits than do existing brands.
* Such a strategy often inhibits quick retaliation by established competitors. Firms that have achieved some success with one technology often are reluctant to switch to a new one because of the large investments involved or a fear of disrupting current customers.
* To be successful, the challenger must have technology superior to that of established competitors as well as the product and process engineering capabilities to turn that technology into an appealing product.
1. **Flanking and Encirclement Strategies**
* Flanking and Encirclement seek to avoid direct confrontations by focusing on market segments whose needs are not being satisfied by existing brands and where no current competitor has a strongly held position.
* **Flank Attack**
* A flank attack is appropriate when the market can be broken into two or more large segments, when the leader and/or other major competitors hold a strong position in the primary segment, and when no existing brand fully satisfies the needs of customers in at least one other segment.
* A successful flank attack need not involve unique product features. Instead, a challenger can sometimes meet the special needs of an untapped segment by providing specially designed customer services or distribution channels.
* **Encirclement**
* Involves targeting several smaller untapped or underdeveloped segments in the market simultaneously.
* The idea is to surround the leader’s brand with a variety of offerings aimed at several peripheral segments.
* This strategy makes most sense when the market is fragmented into many different applications segments or geographical regions with somewhat unique needs or tastes.
* This strategy involves developing a varied line of products with features tailored to the needs of different segments.
1. **Guerrilla Attack**
* The challenger should use guerrilla attacks in limited geographic areas where the target competitor is not particularly well entrenched.
* A challenger can choose from a variety of means for carrying out guerrilla attacks. These include:
* sales promotion efforts
* Local advertising blitzes
* Legal action.
* Short-term price reductions through sales promotion campaigns are a particularly favored guerrilla tactic in consumer goods markets. They can target specific customer groups in limited geographic areas; they can be implemented quickly; and they are often difficult for a larger competitor to respond to because that firm’s higher share level means that a given discount will cost it more in absolute dollars.
* Carefully targeted direct mail or Internet marketing campaigns also are an effective guerrilla tactic.
* The ultimate objective of a series of guerrilla attacks is to prevent a powerful leader from further expanding its share or engaging in aggressive actions to which it would be costly for the followers to respond.
1. **Supporting Evidence**
* The marketing programmes and activities of businesses that successfully achieved increased market share differed from their less successful counterparts in the following ways:
* Businesses that increased the quality of their products relative to those of competitors achieved greater share increases than businesses whose product quality remained constant or declined.
* Share-gaining businesses typically developed and added more new products, line extensions, or product modifications to their line than share-losing businesses.
* Share-gaining businesses tended to increase their marketing expenditures faster than the rate of market growth. Increases in both sales force and sales promotion expenditures were effective for producing share gains in both consumer and industrial goods businesses. Increased advertising expenditures were effective for producing share gains primarily in consumer goods businesses.
* Surprisingly, there was little difference in the relative prices charged between firms that gained and those that lost market share.