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Main content

Abstract :

Does the strategy of linking market share to profits really work? This investigation argues that there is simply no causal relationship between market share and profits. In highly volatile industries, market-share-based strategies can be misleading. The authors provide evidence from two studies, one using the FTC Line of Business data and the other employing data on the performance of sixty-three companies in three countries. In the first case, companies that maintained stable operations were more profitable than those that maintained stable market shares. In the latter, Japanese companies in a wide variety of industries had more stable operations than comparable U.S. firms. (Reprinted by permission of the publisher.)

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Share this page: Are US Managers Superstitious About Market Share? Management article. - Reference no. Does the strategy of linking market share to profits really work? This investigation argues that there is simply no causal relationship between market share and profits. In highly volatile industries, market-share-based strategies can be misleading. The authors provide evidence from two studies, one using the FTC Line of Business data and the other employing data on the performance of sixty-three companies in three countries. In the first case, companies that maintained stable operations were more profitable than those that maintained stable market shares. Many U.S. managers are superstitious as well, particularly about business strategy. The false notion that higher market share causes higher profits has had a huge impact on companies' performance, the associated welfare of employees and shareholders, and society in general. Unfortunately, corporate goals and executive incentive systems are often partially based on market share achievements. Obviously, we do not like his market-share-based analyses, but his overall point that Japan is still prominent is salient. 12. Our favorite quote is: "No wonder the wits at AT&T Corporation quip that chairman Robert Allen will soon fire everyone but himself, and AT&T will stand for Allen & Two Temps." Market share is the percentage of a market (defined in terms of either units or revenue)

accounted for by a specific entity. "Marketers need to be able to translate and incorporate sales targets into market share because this will demonstrate whether forecasts are to be attained by growing with the market or by capturing share from competitors. The latter will almost always be more difficult to achieve. Market share is closely monitored for signs of change in the competitive landscape, and it also tells us how a marketing manager differs from a sales manager. "A manager whose primary task is to manage the marketing resources of a product or business." "A marketing manager can be in charge of a single product or brand or can be a general manager responsible for a broad array of products and services." What does a marketing manager do? A marketing manager researches, determines, examines, and assesses demand for a product or service. The marketing manager is responsible for establishing and maintaining a product's brand. They need to make sure that the brand complies with the business' vision and values. The roles of a marketing manager are quite different from those of a sales manager. Market orientation Marketers often talk about market orientation: the fact that everything they do is designed to meet the needs of the market. They may describe themselves as market-driven, market-led or market-oriented. **Business Vocabulary** in Use. 21 .I Look at A and B opposite. Read the article and answer the questions. Most people and many managers do not understand the role of marketing in modern business. Marketing is two things. First, it is a strategy and set of techniques to sell an organization's products or services. This ... Thank you, for helping us keep this platform clean. The editors will have a look at it as soon as possible. x.