Marketing Strategy Evaluation – Part 2

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Date: December 3, 2022

Walden University

WMBA 6060: *Marketing for Competitiveness*

Executive Summary

Marketing is a core factor in business-increase. Understanding the best strategy to employ is the subject of a marketing strategy evaluation. This dissertation begins with the premise that an organization seeking to incorporate a lower-end product can retain existing customers and capture additional market share. This proposition is the subject of every company's conversations about expansion and comes up as companies must find effective ways to gain competitive advantages and increase their market share without disenfranchising existing customers.

Perhaps the foundation of this study is the business blueprint, otherwise known as the business plan. Without a well-thought-out business plan, the firm may well be tossed about by market forces. Market analysis enables management to create the plan for future growth. With market analysis having been conducted, marketing and sales plans can be crafted (Williams, 2022). In considering these, the firm will consider four components: Product, price, placement, and promotion (Emerald Works Limited, 2021); then a specific selling strategy will be selected based on the type of relationship the firm desires to have with customers in the future. This dissertation covers four major selling strategies, to wit; script-based selling, needs-satisfaction selling, consultative selling, and strategic partnering.

Persuasion and value proposition are two factors that are used to gain market share and attract customers (Flick, 2021). On the other hand, these are balanced with methods to capture value that companies employ to leverage more money for their product line or sustain advantages over competitors (Strategyzer AG, 2019). These are brought into balance with Porter's Five Forces, a framework which includes: Buyer power, supplier power, rivalry within the industry, the threat of substitutes, and the threat of new entrants (Menai Insight, LLC, 2021). Each of these considerations is covered in depth.

Finally, methods are covered which can be used by companies to gauge relative performance, namely the market share approach.

Part 3: Incorporating Market Share Capturing

Consumer Confidence

Corporations can rely on many different methods to gauge their performance relative to other competitors in the market. Perhaps one of the most effective methods of analysis is the market share approach. Market share is a metric which refers to the percentage a business has out of the total revenue in a given industry (Riserbato, 2021). Market share is evaluated as a percentage, but is based on metrics of revenue or sales within the industry (Riserbato, 2021). However, in some online businesses, market share can be based on active users or website traffic (Nickolas, 2021). Applied more liberally, market share can even be based on the total number of customers or even units sold (Nickolas, 2021). Regardless of the business stat which is compared against the industry total, market share is calculated for a specific period of time, which may be over a year's time, a quarter of a year, or even a month (Riserbato, 2021).

Many statistics and methods of business evaluation have correlations to other key metrics. A neat correlation can be made between market share and consumer confidence. This is because market share is an indicator of success and profitability (Kramer, 2019). For this reason, market share and consumer confidence share a direct relationship: As consumer confidence increases, so does market share. People frequent companies they trust and that put out reliable products that they enjoy; and, companies do well when consumers place their confidence in the company. The relationship is reciprocal. Finally, consumers feel better about companies that care what they think. Having a market share approach means companies are concerned about what consumers want so that they can perform better in the market (Kramer, 2019).

Market Share Analysis

The market share approach brings many benefits for the organization, its operations, and profitability (Kramer, 2019). These benefits present themselves as competitive advantages and give the company an edge over others in the industry. First, the company will often be able to receive better prices from suppliers because with larger orders comes increases in the firm's buying power (Kramer, 2019). Second, the company will be able to decrease production costs which is something typically seen as companies scale and they develop a cost advantage over competitors (Corporate Finance Institute, 2022). Third, existing customers will purchase more products because of the firm's increased popularity. This expression, known as brand loyalty, will allow the firm to see improved sales which will reinforce growth and increases in market share (Kramer, 2019). In addition to existing and brand-loyal customers increasing their patronage of the brand, the company will also experience increases in the size of the overall customer base. As the company experiences greater success, their reputation will increase and this will carry with it its own contributions to increased sales and enhancements to other areas of the business, namely increased bargaining power, and more talented and skilled employees (Kramer, 2019).

Supporting Overall Marketing Strategy

There are a few key ways to increase market share, to wit; lowering prices, advertising, and increasing quality (Corporate Finance Institute, 2022). Lowering prices typically works to increase market share because customers can often become price conscious and any discount which brings a product's price below the market average can tip the odds in that company's favor. The effect is a widened customer base and an overall increase in sales, which brings about an increase in market share. If the additional revenue is greater than the increases to revenue this strategy brings about, then we have a recipe for success. Second, advertising is often expensive, but it greatly helps raise awareness for a given brand (Corporate Finance Institute, 2022). Ultimately, greater awareness leads to increased sales and thus market share. Thirdly, increasing product quality may take time to result in increased market share, but as customer reviews document the product's build quality and longevity, it will start to give the improvements in market share that the firm is seeking (Corporate Finance Institute, 2022). Often this sort of reputation takes time to build but can be destroyed quickly with the release of one poor quality product.

In addition to the above three methods of increasing market share, some strategies support the overall marketing strategy while capturing market share for the company. As aforestated, value capture describes a company's ability to retain some value that it has created (Menai Insight, LLC, 2021). Generally, the more value the company retains, the more it can charge for its products and the more potential for recurring revenue that it has. The first involves innovation. Innovation could involve a new product, or a new production method (Corporate Finance Institute, 2022). As a company begins to do something more unique or in a more novel way, they begin to attract more consumers and with more consumers and purchases comes greater market share. Innovation often enables a firm to gain a competitive edge and take over the market (Corporate Finance Institute, 2022). Second, a firm could increase their market share with stronger customer relationship management (CRM) (Corporate Finance Institute, 2022). As a firm increases the strength of their relationships with customers, they create a kind of customer-loyalty. This happens as customers either feel their satisfaction is more valued or highly sought, or as customers actually experience increased satisfaction (Corporate Finance Institute, 2022). As is often said, the best form of advertising is word-of-mouth, and that is what begins to happen as the firm builds a deeper relationship with its customers. A third way to boost market share is with acquisitions (Corporate Finance Institute, 2022). Effectively stated, acquiring competitors is a sure way to dominate an industry; this is because two benefits instantly come, to wit; a reduction in competition and instant access to a new customer base (Corporate Finance Institute, 2022).

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