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Point of Inflection: Growing and Protecting Market Share

By Theo Rose & Linda Mason

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“IT IS NOT THE STRONGEST OF THE SPECIES THAT SURVIVES, NOR THE MOST INTELLIGENT, BUT THE ONE MOST ADAPTIVE TO CHANGE.”

Charles Darwin’s observation about the animal kingdom back in 1868 is a pitch-perfect assessment of today’s business environment. We must adapt or die.

Point of Inflection: Growing and Protecting Market Share

In a companion paper about Brand Building and Brand Preservation we talked about all the activities a brand employs to make a connection with the consumer. The hope is that this will result in a purchase and a long-term relationship. Brands, exercising a decided lack of imagination, never anticipated customers would engage with their products any place but a store. With this, they were content to let much of the responsibility for customer engagement, and with it the customer's relationship to their brand, default to the stores.

In those simpler times, department stores provided an acceptable level of assistance. This is no longer the case. Complexities abound, and each customer interaction must be about more than a single purchase. Interactions must culminate in persistent engagement. It is these engagements that both form and inform a strategy for product innovation.

Consumer expectations and market share

Growing and protecting market share is dependent upon two factors:

- Product innovation
- The consistency between physical products and the perception of the brand

A lack of consistency between physical products and the perception of the brand creates an uncertainty within the consumer that the brand will continue to represent the value and qualities as it has in the past. Companies that have been successful in driving market share are the companies that have actively managed the tension between consumers' brand perceptions and product innovation.

There are myriad examples of products that missed the mark, but upon review it is now easy to see that these failures were a result of the incongruency between the product itself and consumers' expectations.

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Take, for example, the 2013 release of Google Glass. The innovation of this product clearly had a cool factor: a sleek new device that would access the internet and take pictures from a light eyeglass frame. Though early sales were brisk from consumers who wanted the latest and greatest technology, sales never developed any momentum beyond this limited group. While Google understood clearly how the product fit with their brand perception as technology innovator, they utterly failed to consider consumer perception of value. While Google Glass was undeniably cool, it was a prohibitively expensive way to search the web and take pictures when compared to the same function on a mobile device. The failure of Google Glass serves as the lesson that the brand's perception of the product and the consumers perception of value must be in perfect alignment.

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Data improvements feed the consumer relationship

Maintaining alignment requires constant attention. Companies that have tried to do this piecemeal are invariably unsuccessful because they lack the technology, the processes and the culture to execute this with a disciplined program. Any program to grow and protect market share must be fact based and data driven.

Today, there are more types and sources of data available than were imagined even in the recent past. Two decades ago, a focus group combined with POS data was generally sufficient to show how a brand and its products were perceived by the consumer. Today, sales data is about more than just the purchase. We now have insight into customer journeys that lead them to where they make the purchase… or NOT.

Making sense of all the new data, and new actors external to the brand like social media and influencers, requires a more comprehensive approach to interact with consumers. This does not happen by accident, and successful brands have recognized and embraced this.

In the past, the calendared introduction of new products is what cued customers to shop. The explosion of new products and micro brands online has disrupted the cadence of new product introductions. The low overhead, fast turn and small lot production of these upstart companies has upended the stately pace that retailers and brands have enjoyed for decades. Offering products online defies the traditional cadence consumers had been forced to accept. The flatfooted response to this by retailers and brands opened an opportunity to buy products how and when the consumer wanted. The result has caused a significant erosion of market share.

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Final thoughts on growing and protecting market share

Retailers and brands continue to fail because they cannot imagine that the consumer would behave in a manner other than the way in which they were conditioned. Collapsed market share and shuttered storefronts demonstrate the utter foolishness of this lack of imagination. The wounded survivors must shake off the past and recognize that without action there will be continued loss of market share. To be competitive once more, they must develop and execute a practical and strategy. Window dressing is no longer enough.

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