**The Value of Monitoring Market Share: A Comparative Analysis with Absolute Performance Measures**

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**Abstract**

The research paper examines the value of tacking market share as a performance indicator as opposed to utilizing absolute metrics. In assessing an organization’s competitive position, growth potential, and overall market effectiveness, the research paper emphasizes the importance of market share. The study also examines the scope of a company’s marketing audit and the crucial components of a successful marketing audit.

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**Introduction**

To guarantee long-term success in today’s extremely competitive business environment, businesses need to establish and maintain a strong market position. To gauge their performance and effectiveness in the market, businesses rely on various performance measures. Two of these approaches in evaluating performance are monitoring market share and using absolute measures. This study examines the value of tracking market share over using strict performance measures. In addition, the paper also investigates the scope of an organization’s marketing audit and the essential elements of a successful audit.

***Background***

Market share, as a performance indicator, offers useful insight into an organization’s competitive position within its industry. Market share is representative of the portion of the market that the company controls in terms of unit sales and revenue (Buzzell et al., 2019). Monitoring market share offers an indication of a company’s ability to draw clients, gain market traction, and outperform competitors. Market share is therefore viewed as a crucial indicator for evaluating an organization's success in the market and its strategic positioning.

Absolute performance indicators, on the other hand, concentrate on accessing an organization’s internal performance without accounting for its positioning in the market or industry. These metrics cover a range of financial and operational indicators, including revenue, profit margin, return on investment, and customer satisfaction (Smith-Godfrey, 2021). However, absolute performance measures often fail to capture the broader market dynamics and competitive contexts that shape a company’s performance.

***Purpose of the Study***

To assess an organization's success, this research study compares the merits of tracking market share against the use of absolute performance measurements. This study aims to shed light on the various advantages that market share monitoring gives in evaluating an organization's competitive position, growth potential, and marketing efficiency by studying the advantages and limits of both methodologies.

The research also investigates the scope of a marketing audit, which is a methodical assessment of a company's marketing initiatives. An organization's internal and external marketing environments, customer and competitor analysis, competitor analysis, marketing strategy review, marketing mix analysis, and performance analysis are all useful insights that the marketing audit offers. By understanding the elements and scope of marketing audit, organizations can gain a comprehensive perspective of their market performance to help pinpoint areas for development, and make wise strategic decisions.

**Market Share as a Performance Measure**

Market share refers to the percentage of total sales revenue or units sold by a company or brand within a specific market or industry. Market share gives a perspective on a company’s product or service competitiveness in its industry (Camilleri et al., 2023). It is calculated by dividing a company’s total sales by the total sales of the industry it operates, then expressed as a percentage. A higher market share implies that the company is capturing a larger portion of the market compared to its competitors, indicating a capability to attract and meet the needs of its customers, and outperform rivals in terms of sales volume and revenue. Tracking market share offers organizations with several advantages.

***Competitive Positioning***

Competitive positioning as an aspect of market share analysis provides insights into how an organization’s market share compares to its competitors. Examining competitive positioning helps companies understand their relative strength, weakness, and market standing to inform decision making. By understanding market share in relation to competitors, organizations can assess whether their products, services or brand offerings resonate with consumers. A higher market share may indicate effective differentiation and provision of superior value to customers. In addition, competitive positioning can help identify threats and opportunities, benchmark performance, and develop effective growth strategies (Gellweiler, 2019). Companies may use market share statistics to guide decisions that will improve their competitive positioning and lead to long-term success in the marketplace.

***Industry and Market Trends***

Understanding and contextualizing market share requires an understanding of industry and market dynamics. Industry and market trends help organizations discover growth possibilities, competitive challenges, and areas of specific emphasis by assessing market share in the context of industry growth, saturation, segmentation, advances in technology, the competitive landscape, and consumer behavior (Zhao et al., 2021). In an evolving business environment, this knowledge empowers businesses to align their strategies, adjust to current market dynamics, and preserve or grow their market share.

***Marketing Effectiveness***

Market share analysis must consider marketing effectiveness since it provides insight on the effectiveness and impact of a company’s marketing initiatives. By examining market effectiveness, organizations can assess the efficacy of their marketing strategies, for example, brand awareness, client acquisition and retention, competitive positioning, market penetration, return on marketing investment, and marketing mix optimization (Katsikeas et al., 2019). Marketing effectiveness is therefore a vital aspect of market share analysis as it measures the extent to which an organization’s marketing efforts translate into market share gains and losses.

**Absolute Performance Measures**

Absolute performance metrics are used to assess an organization’s internal performance without taking into account its position in the market or the nature of its competitors. These measures center on calculating certain elements of the business operations, finances, and customer satisfaction (Kenton, 2023). Absolute performance measures include revenue, profit margin, return on investment, customer satisfaction, employee productivity, and cost per unit.

Absolute performance measures have the advantage of offering a comprehensive snapshot of internal performance, enabling companies to monitor advancement, pinpoint areas of improvement, and establish benchmarks. However, absolute measures have limits since they frequently disregard the competitive environment and market dynamics favoring just internal considerations (Smith-Godfrey, 2021). Organizations that only depend on absolute performance indicators risk missing external factors that may impact long-term success and fail to have a thorough knowledge of their overall performance.

**Comparative Analysis: Market Share vs Absolute Performance Measures**

Market share and absolute performance metrics offer valuable insights into an organization’s performance, but they offer different scopes and advantages. While absolute performance measures offer comprehensive snapshots of internal performance, they often disregard the competitive environment and market dynamics in favor of internal considerations (Otto et al., 2019). Dependance on absolute performance indicators poses the risk of missing external factors that may impact the long-term success and limit the knowledge of the overall performance.

Analyzing market share enables access to factors like competitive positioning, growth potential, marketing efficiency and market trends. In addition, market share captures the company’s position in the market and offers a comparative measure of performance (Otto et al., 2019). A higher market share indicates differentiation and provision of superior quality to consumers. This information is crucial for making informed decisions and developing effective growth strategies.

**The Scope of Marketing Audit**

The primary objective of a marketing audit is to evaluate the performance of an organization’s marketing strategies, spot areas of potential improvement, and coordinate marketing initiatives with organizational objectives. A marketing audit is a methodical and comprehensive assessment of a company's marketing operations, procedures, and tactics. It entails evaluating several marketing-related factors, including as internal operations, the external environment, customer and competition analysis, marketing strategy assessment, marketing mix, and performance analysis (Selamet et al., 2022). This evaluation is conducted as a diagnostics tool to identify strengths, weaknesses, opportunities, and threats in the marketing domain and provide recommendations for strategy implementation.

**Elements of a Marketing Audit**

***Environment Analysis***

An environmental analysis entails both the internal environment analysis and the external environment analysis. The internal environment analysis involves examining factors such as organizational structure, marketing goals, marketing capabilities, resources, and the overall marketing process. The internal analysis helps identify internal strengths, and weaknesses that impact marketing performance (Pimenta da Gama, 2019). The external environment analysis, on the other hand, entails evaluating external factors such as market trends, industry dynamics, regulatory environment, economic conditions, and technological advancements. The external analysis provides insight into threats and opportunities that may sway the organization’s marketing efforts.

***Customer Analysis***

Customer analysis provides insights into the target customer’s persona, including their needs, preferences, and behavior. For example, understanding the customer’s demography, such as their age, gender income, education, occupation, and geographical location helps segment the market and tailor the company’s efforts to meet specific needs provides insights into the target customer’s persona, including their needs, preferences, and behavior (Lehnert et al., 2020). Other aspects included in customer analysis include psychographic analysis, behavioral analysis, Preferences, satisfaction, loyalty, and the customer’s journey mapping.

***Competitor Analysis***

The competitor’s analysis involves gathering information about the competitor’s strategy, strengths, weaknesses, and market positioning. It also involves collecting competitor intelligence, which involves activities such as collecting data and information about the competitor's product, pricing, marketing campaigns, and customer perceptions (Fuertes et al., 2020). This intelligence helps organizations make informed decisions with its pricing, product development, promotional activities, and other marketing initiatives.

***Marketing Mix Analysis***

The marketing mix analysis, commonly referred to as the 4Ps, involves analyzing the four elements which are product, price, promotion and place (distribution). The analysis assesses the effectiveness of these four aspects and their alignment to organizational goals. This analysis helps align company activities to the customer’s needs. Secondly, it helps identify opportunities to differentiate company products and/or services from competitors to gain competitive advantage (Lahtinen et al., 2020). Finally, marketing mix analysis helps in the effective allocation of resources and refined strategy development.

**Importance of a Comprehensive Marketing Audit**

For several reasons, a thorough marketing audit is essential. It offers a comprehensive evaluation of the company's marketing performance, facilitating strategic planning and decision-making. It aids businesses in locating areas for development, seizing chances, and mitigating risks. In addition, a marketing audit is beneficial in resource allocation, maximization of the return on marketing investments, and ensuring alignment between marketing initiatives and organizational goals. Finally, it helps businesses to adapt to shifting market conditions, maintain their competitiveness, and experience long-term commercial success (Cameran et al., 2020). An organization may review, improve, and optimize its marketing strategy and operations by using a marketing audit**.**

**Conclusion**

The discussion highlights the significance of market share as a performance metric and its comparison to absolute performance metrics. Market share offers important information about competitive positioning, potential for growth, marketing efficacy, and market trends. Absolute performance measurements, on the other hand, provide a thorough analysis of internal performance but may overlook the market dynamics and competitive environment. Organizations may better understand their target market, competitive environment, and the efficacy of their marketing initiatives by completing a thorough marketing audit that includes customer analysis, competition analysis, and marketing mix analysis.

Organizations may use a marketing audit to pinpoint their strengths, weaknesses, opportunities, and threats so they can decide how best to use their marketing resources. A market audit also helps maximize return on investment, coordinating marketing initiatives with organizational objectives, and fostering long-term corporate expansion. Ultimately, firms may get useful insights and make strategic decisions to achieve long-term success in their specific industries by utilizing both market share and absolute performance measurements and completing a complete marketing audit.

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