

Mass Media Coverage

Professor J. Scott Armstrong

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Myth of the Market Share

Corporations that want to remain strong over the long term should emphasize profit maximization and worry less about competitors and increased market share, according to J. Scott Armstrong, associate professor of marketing.

In a recent study (“Impact of Competitor-Oriented Objectives on Profits of U.S. Firms”), Armstrong analyzed 20 major U.S. companies over four decades and found that those firms which

specified their objectives as “beating our competitors” or “gaining market share” earned substantially lower profits over the period.

“many firms seem to have a warfare mentality,” says Armstrong. “It’s a very dangerous analogy for business, because in warfare the intent is to destroy (wealth), while in business the intent is to create wealth.”
