

# Market share essay



**ASSIGN  
BUSTER**

Whitney Williams MKT 428 MW 2: 00-3: 15 September 20, 2008 The Brita Products Company John Deighton January 15, 2002 1. To what do you attribute Brita's success? •It is owned by a well established and successful company, Clorox. •They own a large amount of market share. •Each pitcher sale starts a flow of filter sales. •Their customer lifetime value was remarkable. The retention rate is also a high 80%.

•They didn't give up in the early years when sales were very slow because they believed in their product. They have a large advertising budget. •They focused advertising equally on how it worked and tasted. •They were so much bigger than all of their competitors, and no one could really compete on their level.

PUR is the only one that comes close. •They have the R&D team that most companies only wish they had. 2. What marketing assets has Clorox acquired in these years of vigorous growth, and what is the best use to which the assets can be deployed? Over the years Clorox has gained substantial market share in the filtered pitcher market.

They also have a lot of brand recognition, a large marketing budget, and an experienced research and development team. Clorox can use their large market share to attract customers to new or improved products. Their customers know what types of products they produce and will not be hesitant to purchase them. Brand recognition will be very important in the sale of the faucet filtration systems. They claim to have the best tasting water and according to their research, customers are more concerned about that than removing contaminants.

Even though the Brita products are a bit more expensive, people are willing to pay that price for great tasting water. Because Clorox is so successful, they have a significantly large marketing and R&D budget. This gives them a huge advantage over their competitors. The more money they can spend on advertising, the more people are going to see the product and potentially buy it. 3.

What are the prospects for filter sales? What are the prospects for the faucet-mount system? Which would you favor? Filters have been on a continuous upward slope since being launched, but from 1994 to 1998 they really took off and sales were very high. They are showing no sign of slowing down or decreasing. The more pitchers they can sell the better chance of filter sales increasing even more. There are basically two ways to increase filter sales.

First, you have to encourage people to use their pitchers more so that the filters will need to be changed more frequently. Second, you have to sell more pitchers. The ACNielsen Vantis study showed positive signs for the faucet-mount system. Launching the product will increase the likelihood of someone buying a product from the Brita line.

Even though it is higher priced, people said they will still purchase it. Also, a great deal of people said they will use both products together. Not only is Brita trying to target new customers with the faucet-mount, but also existing ones. They can be used together because the faucet mount is for convenience and removing contaminants while the pitcher is for great tasting water. Personally, I would have both the faucet-mount and the

pitcher. I don't always have time to stop and fill up the pitcher and wait five minutes.

I would want the faucet mount there for when I need a quick drink from the faucet. Then when I do have time I would want the pitcher for cold, great tasting water. 4. How will you defend against the new competition? So far Brita has done a great job fending off their competition. When you own about 80% of the market share it is hard for anyone to compete with you.

The only company that really even comes close is PUR. They need to use their large market share and brand recognition to their advantage. They should stick behind their products and continue to market them as a product that makes water taste great. Brita is a brand that people know and trust and I don't see them losing many of their existing customers to their competition as long as they continue to produce quality products. Conclusion Couric's final decision should be to put the weight of their resources behind building a whole new installed base in faucet-mounts. Reason Launching a new product line of mounted-faucets will increase Brita's market share and have a positive impact on revenues.

Evidence After calculating customer lifetime value and net present value for each scenario, I chose to go ahead and launch the faucet-mount because it had the highest CLTV and NPV. The numbers show that it will be a successful product and have a positive impact on Brita. The ACNielsen Vantis study proved that the faucet could live side-by-side with the pitcher and that it would increase the likelihood of buying a product from the Brita line.

Because Brita has already acquired about 80% of the market they have a

huge advantage over their competition. They already have a steady customer base and can use that as a starting point when launching the faucet-mounts.

Brita is unique because they use “ great taste” as their advertising strategy while everyone else uses contaminant elimination. So far, it has been a successful strategy for Brita and they should continue to use that to promote their products. In the following pages you will see my calculations and reasoning behind choosing to launch the faucet-mount.