

Digital Transformation and Marketing Performance Measurement – How the “Old” Market Share-Performance Relationship Does not Hold Anymore

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Abstract

Extensive research has studied the relationship between market share and financial performance. However, recently a research gap has been identified concerning the impact of digitization on this relationship. This paper addresses the issue by analyzing market share- performance elasticities for digital and non-digital companies. To develop the research hypotheses, we investigate the influence of digitization on the theoretical mechanisms behind the market share-performance relationship. Due to the impact of digitization on production and marketing activities, the main hypothesis is that the market share-performance elasticities are less positive for digital than for non-digital companies. Based on a sample including data of S&P 500 firms for the last 20 years we find significantly lower elasticities for digital than for non-digital companies. Our results suggest that companies should exercise caution when relying on market share as a metric for marketing performance measurement.

Keywords: *Financial Performance; Market Share; Digitization*

Track: Marketing Strategy & Theory