

# By itself, market share leadership isn't worth a dime

*From Dr Andreas Hinterhuber.*

Sir, Lex suggests (“Unilever”, July 26) that market share is a proxy for pricing power. This is a widely held myth and may explain why chief executives covet market share leadership.

The travails of bankrupt former number ones such as GM, American Airlines, Blockbuster, Suntech or Polaroid suggest that market share leadership, by itself, is not worth a dime. I teach students that pricing power stems from the ability to create products or services that address customers’ latent needs. Pricing power is thus the result of understanding customer needs better than customers themselves understand their own fleeting desires. Superior abilities to create customer value sometimes translate into superior market share (see Apple, for example), but not the other way round.

**Andreas Hinterhuber,**  
**Partner,**

**Hinterhuber & Partners,**  
**Innsbruck, Austria**

**Visiting professor, USI Lugano**