



**UNIVERSITY
OF TURKU**

Turku School of
Economics

How Brands Grow -theory application in different market positions

(Marketing strategy affects to growth- or efficiency-focused business strategies)

Marketing Management,
Department of Marketing and International Business
Bachelor's thesis

Author:
Markus Karlstedt

Supervisor:
D. Sc. Samuel Piha

7.12.2025
Turku

Student's statement regarding the use of Artificial Intelligence (AI) for preparing and/or writing this thesis:

I have not used any AI-based tools.

I have used AI-based tools. Their use is documented in the Appendix. The AI tools were used in a way that complies with academic integrity guidelines.

The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin Originality Check service.

Bachelor's thesis

Subject: Marketing Management

Author: Markus Karlstedt

Title: How Brands Grow -theory application in different market positions

Supervisor: D. Sc. Samuel Piha

Number of pages: 39 pages (+ appendices 4 pages, if any)

Date: 7.12.2025

Abstract

This study aims to investigate how market leaders and market nichers can implement the *How Brands Grow* theory in their marketing strategy and how this implementation can help these market positions achieve their business strategy goals. Traditional marketing frameworks such as Segmentation Targeting Positioning (STP), the Marketing Mix, and Porter's competitive strategies have long emphasised differentiation, targeted segmentation, and strategic positioning as pathways to competitive advantage. In contrast, the *How Brands Grow* perspective argues that brand growth is primarily driven by market penetration and the systematic building of mental and physical availability. This theoretical tension provides the foundation for exploring how the universal behavioural laws identified by Sharp and the Ehrenberg Bass Institute manifest in structurally different competitive contexts.

The research adopts a qualitative literature review methodology, integrating findings from peer-reviewed marketing and strategy scholarship. The analysis synthesises three theoretical domains: classical marketing strategy, business strategy orientations, and empirical marketing science. Through this integration, the study identifies how behavioural regularities such as double jeopardy and the dominance of light buyers interact with firms' resource bases, competitive structures, and strategic objectives.

The findings show that market leaders are structurally best positioned to leverage *How Brands Grow* principles, as their scale enables broad mental and physical availability and continuous penetration-driven growth. Efficiency plays a supportive role, allowing leaders to sustain profitability while maintaining extensive reach. Market nichers, in contrast, operate under structural constraints that limit the feasibility of mass penetration. Their strategic success depends on focused availability, relational assets, and efficiency-oriented resource allocation. For nichers, the principles of *How Brands Grow* apply within boundaries: salience and accessibility are maximised inside the chosen niche rather than across the full category.

The study concludes that *How Brands Grow* does not replace traditional strategy frameworks but reframes their application. Managers must adapt empirical marketing laws to the realities of their market position, balancing growth ambitions with efficiency requirements. The research also highlights limitations, noting the concentration of empirical evidence within the Ehrenberg Bass Institute and the need for broader independent testing. Future research should examine challenger and follower brands, digital environments, and primary data applications to deepen understanding of how behavioural laws interact with strategic context.

Keywords: How Brands Grow, market position, market leader, market nicher, mental availability, physical availability, business strategy, market penetration, strategic orientation, double jeopardy.

TABLE OF CONTENTS

1	Introduction	7
1.1	Thesis topic and background	8
1.2	Research objectives and methodology	9
2	Marketing strategy theories	12
2.1	How Brands Grow	12
2.1.1	Double jeopardy	12
2.1.2	Mental availability	13
2.1.3	Physical availability	14
2.2	Marketing Strategy Theories	14
	Overview of classical marketing strategy frameworks	14
2.2.1	The STP Model: Market orientation and differentiation	15
2.2.2	The Marketing Mix (4Ps) as an operational framework	16
2.2.3	Porter's competitive strategies: cost leadership, differentiation, and focus	16
2.2.4	Integrating classical and empirical strategy perspectives	17
3	Business Strategy Comparison	19
	Overview of business strategies	19
3.1	Definition and theoretical foundations	19
3.2	Strategic-orientations and their role in competitive advantage	20
3.3	Growth-orientation: pursuing scale and market expansion	20
3.4	Efficiency-orientation: optimising resources and sustaining profitability	21
3.5	Balancing orientations and implications for marketing strategy	21
4	Market positions	23
4.1	Definition and overview of market positions	23
4.2	Market leader	24
4.2.1	Resource-based view of leadership	24
4.2.2	Behavioural patterns and the How Brands Grow perspective	24
4.2.3	Growth-orientation and strategic implications	25
4.2.4	Efficiency-orientation and strategic implications	26
4.2.5	Stability and enduring leadership	26
4.3	Market nicher	27
4.3.1	Resource-based view of leadership	27

4.3.2	Behavioural patterns and the How Brands Grow perspective	28
4.3.3	Growth-orientation and strategic implications	28
4.3.4	Efficiency-orientation and strategic implications	29
4.3.5	Stability and enduring niche leadership	30
5	Conclusion	32
5.1	Summary and conclusion	32
5.2	Findings and implications for strategists	33
5.3	Limitations and future research	34
5.4	Accessibility	35
	References	36
	Appendices	40
	Appendix 1 Statement regarding the use of Artificial Intelligence	40

TABLES

Table 1

1 Introduction

Corporate marketing strategies are not created in a vacuum; their effectiveness is closely tied to the dynamism of the operating environment and the company's competitive market position. Marketing strategy as a discipline has long been concerned with the question of how firms achieve and sustain growth in competitive markets. From Kotler's (1994b) classical Segmentation–Targeting–Positioning (STP) paradigm to Porter's (1980) theory of competitive advantage, traditional marketing thought has viewed success as stemming from differentiation, relevance, and focus. These frameworks suggest that companies can outperform competitors by identifying distinct market segments, tailoring offerings to those segments, and positioning themselves through meaningful differentiation. This logic presupposes that consumers are highly discriminating, that markets are segmental, and that strategic advantage is achieved by better matching value propositions to well-defined customer needs (Dibb & Simkin, 2009). This context invites a discussion of marketing theory from the perspectives of Byron Sharp's modern *How Brands Grow* theory.

Over the past two decades, a growing body of empirical marketing science spearheaded by Byron Sharp and the Ehrenberg-Bass Institute has challenged these long-held assumptions. In *How Brands Grow* (2010), Sharp argues that sustainable brand growth results less from differentiation or loyalty and more from market penetration: the ability to reach as many category buyers as possible, most of whom are light and infrequent users. The cornerstone of this perspective lies in two core constructs: mental availability, referring to how easily a brand comes to mind in a buying situation, and physical availability, referring to how easily the brand can be bought or accessed across purchase channels (Romaniuk & Sharp, 2022; Sharp, 2010). According to this empirical framework, brands grow primarily by increasing penetration through the combined power of salience and accessibility, rather than by cultivating deep relationships with narrow target segments.

The contrast between these theoretical perspectives creates a fertile ground for inquiry. Traditional strategic marketing thought, represented by frameworks such as STP-based marketing (Kotler, 1967), Porter's (1980) competitive strategy, and broader business strategy orientations, emphasises segmentation, targeting, differentiation, and the pursuit of either growth or efficiency as pathways to competitive advantage. These approaches assume that firms succeed by tailoring value propositions to specific customer groups, leveraging unique capabilities, and choosing strategic orientations that match their resource base and market conditions. In contrast, Sharp's empirical generalisations challenge these assumptions by demonstrating that most brands, regardless of strategic intent or positioning, share similar customer base structures and loyalty patterns (Romaniuk et al., 2018).

According to *How Brands Grow*, brand performance is driven primarily by mental and physical availability rather than deep differentiation or tightly focused targeting.

1.1 Thesis topic and background

The competitive landscape of modern marketing is increasingly shaped by rapid technological change, media fragmentation, and data-driven decision-making. These developments have forced companies to reconsider how they conceptualise and operationalise marketing strategy. Historically, strategic marketing thought has emphasised frameworks such as Kotler's (1967) Segmentation–Targeting–Positioning (STP) model and Porter's (1980) competitive strategy typology, both of which position differentiation and customer focus as the primary routes to success. Within these frameworks, strategic advantage arises from identifying distinctive segments, developing targeted offerings, and communicating a clear and relevant brand position to selected audiences.

Over the past two decades, however, a paradigm shift has emerged in marketing science. The *How Brands Grow* theory, developed by Byron Sharp (2010) and the Ehrenberg-Bass Institute, challenges traditional assumptions by demonstrating that brand growth is primarily driven by market penetration rather than customer loyalty or deep differentiation. Sharp's empirical findings highlight two fundamental drivers of brand expansion: mental availability, the probability that a brand is noticed or thought of in a buying situation and physical availability, the ease with which it can be purchased or accessed (Sharp, 2010; Romaniuk & Sharp, 2022). These findings suggest that all brands, regardless of positioning, must focus on reaching as many category buyers as possible rather than narrowly targeting specific consumer groups.

This shift from differentiation to penetration has profound implications for how marketing strategy is understood and executed. Whereas traditional strategy models prioritise customer focus and market segmentation, *How Brands Grow* emphasises evidence-based generalisations that appear universal across categories and industries. Yet, despite its empirical robustness, the application of *How Brands Grow* in different strategic and structural contexts remains underexplored, particularly regarding how firms of varying market positions can utilise its principles to support their broader business objectives.

The distinction between market leaders and market nichers offers an especially relevant lens through which to examine this question. These two archetypal positions represent contrasting strategic realities. Market leaders typically dominate their categories through superior resources, brand equity, and distribution reach, enabling them to pursue strategies focused on broad market penetration and scale efficiency (Kotler, 1994; Slater & Narver, 1995; Varadarajan, 2020). Market nichers, in

contrast, occupy narrowly defined segments where they can deliver specialised value propositions and develop deep relationships with specific customer groups (Dalgic & Leeuw, 1994; McKenna, 1991). Their success depends on differentiation, intimacy, and focused expertise rather than mass-market scale.

From the perspective of *How Brands Grow*, these two positions face distinct growth dynamics. For market leaders, the empirical laws of growth reinforce the advantage of wide distribution, consistent communication, and investment in building memory structures at scale. Leaders benefit from the double jeopardy phenomenon, the empirical regularity that larger brands enjoy both more buyers and marginally higher loyalty levels (Ehrenberg et al., 1990; Romaniuk et al., 2018). Market nichers, by contrast, face structural constraints that limit their ability to match leaders' mental and physical availability. As a result, they must selectively adapt *How Brands Grow* principles, potentially blending them with differentiation-focused strategies to maintain growth and defend their market position.

This intersection between market position and growth theory represents a significant research gap. While Sharp's framework has been empirically validated across numerous product categories, limited attention has been given to how its principles translate to firms with differing structural advantages or constraints. In particular, it remains unclear whether market nichers whose strength lies in focus and differentiation can benefit from principles originally derived from large-scale, mass-market brands. Addressing this gap offers both theoretical insight and managerial value by clarifying how evidence-based growth logic can be aligned with real-world market realities.

Building on this context, the present study explores how the *How Brands Grow* theory can be implemented by firms in contrasting market positions, leaders and nichers and how such implementation supports the pursuit of different business strategy orientations, namely growth and efficiency. Through a synthesis of academic literature, the research seeks to bridge the gap between empirical marketing science and strategic management theory, offering insights into how the universal laws of brand growth can be adapted to the structural and strategic conditions of distinct market positions.

1.2 Research objectives and methodology

This study aims to investigate how market leaders and market nichers can implement the *How Brands Grow* theory in their marketing strategy and how this implementation can help these market positions achieve their business strategy goals.

This research question positions the study at the intersection of empirical marketing science and strategic management theory. It seeks to understand how the empirical laws of brand growth identified by Byron Sharp (2010), particularly those concerning mental and physical availability, can be operationalised within different competitive contexts. By focusing on market leaders and market nichers, the study highlights how structural differences in scale, resources, and customer reach influence the ways in which firms can apply *How Brands Grow* principles to pursue growth or efficiency-oriented business objectives.

Traditional frameworks such as Kotler's (1994b) Segmentation–Targeting–Positioning (STP) model and Porter's (1980) theory of competitive advantage are recognised as part of the broader theoretical background. However, this study employs them primarily as comparative lenses to underscore the paradigm shift introduced by *How Brands Grow* from differentiation-based strategy toward empirically grounded, category-level growth mechanisms. Through this lens, the research examines how evidence-based marketing laws can complement or challenge established strategic approaches.

To address the research aim, this study adopts a qualitative literature review methodology. This approach allows for an integrative synthesis of existing academic research rather than the collection of primary data, enabling a theoretically rich understanding of how *How Brands Grow* principles function across diverse market structures. The review draws on peer-reviewed sources from leading international marketing journals, including the *Journal of Marketing Research*, *Journal of Business Research*, *Industrial Marketing Management*, *Journal of Consumer Psychology*, *Psychology & Marketing*, and the *Journal of Service Research*.

The analytical process proceeds in three stages: Conceptual synthesis: Identification and synthesis of key empirical findings from *How Brands Grow* and subsequent studies concerning brand growth mechanisms, particularly mental and physical availability, double jeopardy, and market penetration. Contextual analysis: Examination of how these mechanisms interact with differing market positions, emphasising the structural advantages of market leaders and the constraints of market nichers. Strategic interpretation: Integration of insights through the dual lenses of growth orientation and efficiency orientation, demonstrating how each market position can operationalise *How Brands Grow* principles to achieve sustainable brand and business performance.

This methodology enables the study to provide both conceptual and managerial contributions. Conceptually, it situates the empirical laws of marketing within broader strategic decision-making frameworks, clarifying how universal patterns of brand growth can be adapted to specific market positions. Managerially, it offers practical guidance for how brands of varying scale can balance the

pursuit of growth with resource efficiency, thereby strengthening strategic resilience in dynamic and competitive markets.

2 Marketing strategy theories

2.1 How Brands Grow

The *How Brands Grow* theory is one of the most noted and popular strategic theories in the field of modern marketing, one whose ideology challenges theories that have become traditional, and perhaps even established, marketing norms. Behind the *How Brands Grow* theory is the New Zealand professor of marketing science and director of the Ehrenberg-Bass Institute, Byron Sharp. *How Brands Grow* is an evidence-based theory, backed by extensive research conducted by the Ehrenberg-Bass Institute, the world's largest marketing research centre, which is led by Byron Sharp. In essence, according to Sharp's theory, a brand's penetration and availability in the market are significantly more important for brand growth than customer loyalty and strengthening it (Sharp, 2010). The theory rests heavily on three main laws: double jeopardy, mental availability, and physical availability.

2.1.1 Double jeopardy

Double Jeopardy is one of the most important aspects of the *How Brands Grow* theory. Double Jeopardy represents one of marketing's most empirically validated laws, observed across more than 300 categories and over 30 countries (Andrew S. C. Ehrenberg et al., 1990). It underscores that consumer behaviour follows predictable probabilistic patterns, rather than being primarily driven by strong attitudinal loyalty or differentiation. It specifically refers to the competitive disadvantage experienced by smaller companies. Double Jeopardy describes how smaller companies suffer a twofold disadvantage in the market due to their size. This is based on the fact that smaller companies inherently have fewer customers to begin with. In addition, according to research, the loyalty of customers and consumers of small companies is weaker than that of large companies and brands. As a result, small companies must compete not only to reach new customers but also for the loyalty of these consumers (Sharp, 2010). Although this is one of the main points of the *How Brands Grow* theory, the phenomenon itself is already over 50 years old (Graham et al., 2017). It was first found by sociologist William McPee in 1963, when he was looking into customer patterns regarding reader attitudes about comic strips. He discovered that lesser-known comic strips suffered in two ways compared to the better-known issues. Fewer people bought the comic, and also, they were also much less likely to buy the particular comic again (Dawes et al., 2017).

When measuring the double jeopardy phenomenon, it isn't that straightforward. There are several different ways of measuring the phenomenon. The most common method is to measure customer loyalty by looking at a specific time period and measuring how many times customers buy the brand's

products in this measured period of time (Pare & Dawes, 2012). Some studies have used Share of Category Requirements of SCR, which is based on purchase occasions (Uncles et al., 1994) or how many brand units a household spends on the brand, when looking into their coverage spend in the brand category (Bhattacharya, 1997). Studies also show that double jeopardy holds its ground when examined from a revenue and value-based perspective, measured via average spend per buyer (Dawes et al., 2017).

Due to the reasons mentioned above, it means that smaller brands suffer from the fact that they are not even available to the wider clientele. Meaning that most of the buyers for bigger brands don't have equal opportunity to buy smaller brands because they are not equally available for consumers mentally or physically as the bigger brands (Dawes et al., 2017).

2.1.2 Mental availability

Mental availability refers to how easily a consumer remembers or recognises a brand in a buying situation. According to Byron Sharp's (2010) *How Brands Grow* theory, it describes the probability of a brand "coming to mind" in different buying and consumption contexts—that is, how many situations and associations the brand is linked to in the consumer's memory. The more numerous and stronger these memory links are, the more likely the brand is to be recalled when the consumer is making choices. Therefore, mental availability does not simply mean awareness, but rather the brand's accessibility in the consumer's mind at various activation points related to a need, situation, or category. It is built through repeated exposure, consistent communication, and easily recognisable brand elements (Sharp, 2010).

Mental availability is a replacement theory for the twentieth-century Kotlerian view of marketing, where the main idea is to create differentiated brands to gain sections of the market share and that way, gain a broader consumer base and a stronger brand. (Sharp, 2010) When examining brands' buyer base from over 850 brands for the past 5 years, it can be identified that over 60% of brand buyers are so-called ultra-light buyers. Meaning buyers who, on average, buy a brand once a year or even less. Over 60% of buyers also contribute 31% of the volume and value for the brand. (Hossain et al., 2024) This fact underlines the importance of the mental availability gained by that brand, rather than focusing on differentiating the brand. On some occasions, these numbers are even higher. For example, there are studies that point out that for 200 different consumer-goods brands, even 80% of these brands' buyers are these ultra-light buyers who buy the brand once a year or even less in a 5-year time period. (Dawes et al., 2022) These facts just prove that the Kotlerian way of thinking needs re-evaluation, because if we are only leaning into the Kotlerian view, it would mean that niche brands

becoming even more niche would lead to selling more and growing the brand loyalty even more. (Sharp, 2010) Light buyers are also less interested and acquainted with the category they are buying, which again supports the theory of mental availability and its importance for brand growth. (Dawes, 2020)

2.1.3 Physical availability

Physical availability, in turn, refers to how easily a consumer can buy or use a brand when the need to purchase arises. According to Byron Sharp's (2010) *How Brands Grow* theory, the concept describes a brand's presence in the market, that is, its visibility, distribution breadth, and ease of purchase across different channels. Physical availability is built from physical and digital touchpoints that ensure the brand is both findable and obtainable when the consumer makes a decision. The broader and more seamless a brand's availability is, the more likely it is to be chosen at the moment of purchase. Physical availability thus works in tandem with mental availability: while the latter ensures the brand is remembered, the former guarantees its actual accessibility in the market (Sharp, 2010).

Sharp (2010) also points out that with physical availability, he doesn't mean that the products or services are available when the consumer is motivated to seek out the product; with physical availability, he means the idea and desire that Coca-Cola has to be just 'arm's length' away. We also discussed above the light buyers, their value for the brand and at the same time their lack of knowledge about the categories they buy.

Three key factors: presence – how big is the coverage of the brands in places and times when the actual consumer purchase decision is made; prominence – how easily consumers find the brand; portfolio – how wide is the coverage of the brand regarding the needs and supply of the category (Romaniuk & Sharp, 2022). When looking into the physical availability and distribution, there can be seen a familiar pattern to double jeopardy. Smaller brands typically suffer twice compared to the bigger brands as they have lower distribution and therefore, they also sell less per point of distribution (Wilbur & Farris, 2014).

2.2 Marketing Strategy Theories

Overview of classical marketing strategy frameworks

Marketing strategy theory has evolved through a series of dominant paradigms that have shaped managerial practice and academic thinking alike. Early conceptualisations framed marketing strategy

as a rational decision-making process where firms analyse markets, segment customers, and position offerings to create competitive advantage (Varadarajan, 2010). These foundations remain central to modern marketing management, even as new empirical approaches, such as the *How Brands Grow* framework, challenge several of their underlying assumptions about consumer behaviour and brand differentiation.

Among the classical strategy models, three stand out for their enduring impact: Kotler's Segmentation–Targeting–Positioning (STP) model, the Marketing Mix (4Ps), and Porter's Competitive Strategy framework. Each offers a distinct lens on how firms compete and create value in markets. Together, they have guided decades of marketing strategy development, from resource allocation and product management to pricing, distribution, and communication.

2.2.1 The STP Model: Market orientation and differentiation

The STP model is perhaps the most influential conceptual framework in marketing. First systematised by Kotler (1967) and later refined in *Marketing Management* (1994b), the STP process structures strategic marketing planning around three interdependent stages: Segmentation, Targeting, and Positioning. The model assumes that markets are heterogeneous and that effective performance requires dividing them into meaningful subgroups based on demographic, psychographic, or behavioural variables (Dibb & Simkin, 2009). Firms then evaluate these segments to identify those with the highest potential for profitability or strategic fit before defining a distinct market position relative to competitors.

From a strategic viewpoint, segmentation and targeting operationalise market orientation, allowing firms to align their offerings with consumer needs more precisely (Hooley et al., 2017). Positioning, in turn, is the act of crafting a differentiated identity that occupies a favourable space in the consumer's perceptual map (Blankson & Kalafatis, 2004). Empirical studies continue to confirm the STP model's effectiveness in shaping marketing performance. For instance, Foedermayr and Diamantopoulos (Foedermayr & Diamantopoulos, 2008) show that firms employing data-driven segmentation approaches achieve superior market responsiveness and customer retention. Similarly, Wedel and Kamakura (Wedel, 2000) emphasise that advanced segmentation using behavioural data enhances strategic agility, particularly in dynamic markets.

Yet, as later sections of this thesis explore, the STP logic has faced growing critique in the era of *How Brands Grow* and empirical marketing science. Its reliance on fine-grained segmentation contrasts

with evidence suggesting that most category buyers are light users who cannot be easily targeted through traditional differentiation strategies.

2.2.2 The Marketing Mix (4Ps) as an operational framework

While STP provides a strategic blueprint, the Marketing Mix popularised by McCarthy (1960) offers a tactical toolkit for implementation. The mix defines four controllable variables that a firm can manipulate to influence consumer responses: Product, Price, Place, and Promotion. These elements remain the cornerstone of marketing planning and execution, providing a structured way to translate strategic intent into market action.

In contemporary literature, the 4P framework has been adapted to reflect shifts in technology, services, and customer experience management. Constantinides (2006) argues that the original mix, while foundational, requires reinterpretation in digital and service contexts where customer co-creation and interaction dominate. Similarly, Goi (2009) highlights that the proliferation of service industries and digital platforms has expanded the marketing mix into additional dimensions such as people, process, and physical evidence, especially relevant to service and B2B markets.

Despite these updates, the core logic of controllable marketing variables remains valid. Empirical studies confirm that coherent mix orchestration is directly related to brand performance and customer satisfaction. Empirical evidence supports this view. Kim and Hyun (2011) demonstrate that well-integrated marketing mix efforts significantly strengthen brand equity, which in turn enhances customer relationships and long-term brand performance. The 4Ps thus serve as a managerial bridge between the strategic (STP) and the empirical (*How Brands Grow*) approaches to market performance.

2.2.3 Porter's competitive strategies: cost leadership, differentiation, and focus

Michael Porter's (1980) framework on generic competitive strategies brought strategic marketing into dialogue with industrial economics. Porter proposed that firms can achieve competitive advantage through one of three approaches: cost leadership, differentiation, or focus. Cost leaders achieve superior performance by producing at a lower cost, often through scale efficiencies and process optimisation. Differentiators command a price premium by offering unique features, brand prestige, or superior service. Firms employing a focus strategy narrow their competitive scope to serve a specific segment or niche more effectively than broader competitors.

Porter's typology has proven highly durable, informing both marketing strategy and strategic management research. Empirical work by Spanos, Zaralis, and Lioukas (2004) confirmed that hybrid strategies combining elements of cost leadership and differentiation are increasingly common, especially in dynamic markets. Similarly, Miller (1992) emphasised that sustainable advantage often depends on integrating strategic positioning with organisational competencies, branding, and innovation capability.

However, Porter's model also faces limitations in explaining marketing outcomes in categories characterised by low differentiation and high parity among offerings, precisely the type of markets described in *How Brands Grow*. In such contexts, brands often compete not by creating unique advantages but by expanding mental and physical availability, consistent with Sharp's empirical laws.

2.2.4 Integrating classical and empirical strategy perspectives

Classical marketing strategy theories STP, 4Ps, and Porter's framework share a normative orientation: they instruct firms how to compete based on rational segmentation, differentiation, and positioning. In contrast, empirical models such as *How Brands Grow* shift attention from managerial intent to observed market behaviour. This empirical turn questions whether traditional strategies based on exclusivity and targeting align with how consumers actually buy brands. Instead, it suggests that growth arises primarily from penetration, increasing the number of category buyers reached rather than from differentiation or loyalty programs.

Contemporary research has revisited the role of differentiation within competitive strategy by shifting the emphasis from functional uniqueness to the creation of distinctive brand experiences and recognisable brand assets. While Porter's original definition of differentiation emphasised product level uniqueness, later empirical work shows that sustained competitive advantage often stems from the management of holistic customer experiences across the entire journey (Lemon & Verhoef, 2016; Zomerdijk & Voss, 2010). At the same time, branding researchers increasingly demonstrate that distinctiveness in competitive contexts can outperform attempts at deep, meaningful differentiation, particularly in categories where products share high functional similarity. Empirical studies find that rivalry can motivate brands to strengthen distinctive cues that help consumers recognise and remember them (Berendt et al., 2018), while foundational evidence shows that perceived meaningful differentiation is often weak and plays a smaller role in buyer behaviour than previously assumed (Romaniuk et al., 2007). These developments suggest that classical differentiation theory remains relevant but is most effective when interpreted through the lenses of customer experience and brand distinctiveness rather than through assumptions of strong, enduring functional differentiation.

In sum, the evolution of marketing strategy theory reflects an ongoing dialogue between managerial frameworks that prescribe action and empirical approaches that describe marketplace regularities. Understanding both perspectives is essential for examining how market leaders and niche firms apply the laws of *How Brands Grow* within growth- and efficiency-oriented strategic contexts.

3 Business Strategy Comparison

Overview of business strategies

Business strategy represents the overarching logic that determines how a firm competes, grows, and sustains performance within its market environment. It provides the foundation for all subsequent marketing and brand decisions by translating corporate objectives into actionable patterns of resource allocation and market behaviour. In the context of this study, understanding business strategy is essential because firms occupying different market positions, such as leaders or niche players, face distinct strategic imperatives.

While traditional strategy frameworks, such as Porter's (1980) competitive advantage model and the resource-based view by Barney (1991), have long guided managerial thinking, modern marketing literature increasingly emphasises how these strategies translate into growth and efficiency outcomes. The *How Brands Grow* theory by Sharp (2010) introduces a complementary marketing perspective: growth stems primarily from building penetration and availability rather than differentiation alone. Integrating strategic management and *How Brands Grow* perspectives allows examination of how market leaders and niche brands apply these laws through either growth-oriented or efficiency-oriented strategic approaches.

The following sections define business strategies in theoretical terms and then focus on the two dominant orientations, growth and efficiency, that represent contrasting pathways to competitive success.

3.1 Definition and theoretical foundations

Business strategy refers to a firm's long-term plan for achieving and sustaining competitive advantage in its chosen market environment. It encompasses decisions concerning target markets, value propositions, and resource configurations that collectively determine how the firm competes (Porter, 1980). Classical strategy literature emphasised external positioning: firms outperform rivals by differentiating or achieving cost leadership. Subsequent perspectives, such as the resource-based view (RBV) and the dynamic-capabilities framework, redirected attention toward internal strengths.

According to the resource-based view, sustainable advantage derives from resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). The dynamic-capabilities approach extends this by emphasising a firm's ability to integrate and reconfigure those resources as environments change (Teece et al., 1997). Together, these perspectives underline that strategy involves both the

content of the markets, products, and positions chosen and the process of the managerial mechanisms through which resources and capabilities are orchestrated.

Strategic orientation reflects how these mechanisms are prioritised and implemented. Empirical research indicates that firm characteristics such as size, age, and industry maturity influence which strategic orientations deliver superior performance (Handoyo et al., 2023). Two principal orientations, growth and efficiency, capture the alternative pathways through which firms pursue advantage and allocate marketing resources.

3.2 Strategic-orientations and their role in competitive advantage

Strategic orientation can be defined as a firm's dominant behavioural and decision-making posture that guides its interactions with markets, customers, and competitors (Filatotchev et al., 2017). It shapes how the organisation interprets opportunities, allocates resources, and builds capabilities. In this sense, strategic orientation serves as the bridge between theoretical strategy formulation and practical market behaviour.

The two most widely recognised orientations, growth and efficiency, represent contrasting yet interrelated logics. Growth orientation seeks market expansion and innovation; efficiency orientation seeks optimisation and profitability. Firms seldom embody one orientation exclusively. Instead, they emphasise one over the other depending on contextual contingencies such as environmental turbulence, organisational lifecycle, and resource availability (Zhou & Park, 2020). Understanding these orientations, therefore, offers a nuanced lens through which to analyse how marketing strategies, including those based on the *How Brands Grow* framework, are implemented across different market positions.

3.3 Growth-orientation: pursuing scale and market expansion

A growth-oriented strategy prioritises the expansion of sales, customers, markets, and product offerings as its central objective. It typically manifests in aggressive investment in marketing, innovation, and distribution designed to build scale and reach (Zhou & Park, 2020). The rationale lies in leveraging economies of scale, creating stronger brand salience, and establishing entry barriers through size and presence. Growth-oriented firms often accept reduced short-term profitability in exchange for long-term market dominance.

Key capabilities under this orientation include dynamic innovation pipelines, agile organisational structures, and strong marketing competence. Filatotchev et al. (2017) show that when combined with

market orientation, growth strategies lead to superior long-term performance, particularly in emerging markets where external connections reinforce expansion.

From a marketing perspective, growth orientation aligns closely with the *How Brands Grow* paradigm. Sharp (2010) demonstrates that brand growth occurs primarily through increased penetration, not deeper loyalty. Consequently, marketing should focus on extending reach, increasing mental and physical availability, and building distinctive brand assets that simplify consumer choice. For market-leader brands, such orientation translates into broad category expansion and continuous customer acquisition; for niche players, it may manifest as targeted penetration within specialised sub-markets.

3.4 Efficiency-orientation: optimising resources and sustaining profitability

An efficiency-oriented strategy emphasises cost control, process optimisation, and the maximisation of returns on existing assets. It is typically adopted in mature industries, resource-constrained contexts, or periods following rapid growth. The aim is to preserve profitability through superior productivity, operational excellence, and disciplined marketing expenditure (Marei et al., 2024).

Efficiency-oriented firms tend to focus on incremental improvements rather than radical innovation. Marketing activities emphasise maximising return on marketing investment (ROMI), leveraging customer lifetime value, and standardising communication processes. Handoyo et al. (2023) find that strategic orientation and operational efficiency jointly determine firm performance, highlighting that efficiency can constitute a proactive strategic choice rather than a defensive response.

In marketing terms, efficiency orientation favours refined targeting, consistent messaging, and optimised brand-asset management. It is particularly relevant for niche brands seeking sustainable profitability with limited budgets and for established market leaders entering a consolidation phase. Many firms thus transition from a growth orientation focused on scale to an efficiency orientation focused on harvesting profitability and stabilising operations (Zhou & Park, 2020).

3.5 Balancing orientations and implications for marketing strategy

Although analytically distinct, growth and efficiency orientations are mutually dependent. Long-term success requires strategic ambidexterity, the ability to explore new opportunities while simultaneously exploiting existing operations (Teece et al., 1997). Growth without efficiency risks overextension and resource strain, while efficiency without growth risks stagnation and vulnerability to disruption.

In practice, an effective strategy involves calibrating the ratio between the two orientations according to market position and lifecycle stage. Market leaders may combine growth-oriented marketing investments aimed at expanding penetration with efficiency mechanisms that optimise marketing spend through data analytics and automation. Market-niche firms, conversely, may adopt an efficiency-first stance while selectively pursuing growth opportunities that align with their distinctive competencies.

Integrating these orientations within the *How Brands Grow* framework clarifies their complementary roles. Growth orientation operationalises Sharp's (2010) laws by expanding penetration and building brand distinctiveness, while efficiency orientation ensures that such expansion remains economically sustainable. Ultimately, the interplay between growth and efficiency shapes how brands of different market positions can apply the principles of *How Brands Grow* to achieve sustainable performance.

4 Market positions

4.1 Definition and overview of market positions

Understanding market position has been a central piece of the firm's strategic marketing and competitive analysis. A market position refers to the firm's relative position in the industry they are operating. Typically, this position is measured through market share, perceived brand strength, and competitive influence (Varadarajan, 2010). The conceptual market position serves as a foundation for determining how a brand competes, allocates resources, and formulates its marketing strategy. Early strategy scholars such as Philip Kotler (1994) and Michael Porter (1980) categorise firms into archetypal positions: market leaders, challengers, followers and nichers. Each has with distinct strategic logic.

In this study, the focus is on market leaders and market nichers, especially because these are market positions that require figuring out new approaches to doing business and structuring a marketing strategy (Dalgic et al., 1994; Kamp et al., 2025). Market leaders, for example, usually have to reshape the industry to make consumers fall in love with their services again (Wind, 2005). At the same time, market leaders also have an interesting attribute: when consumer interest in the industry grows, it also means more customers for the market leader (Yang et al., 2005). Therefore, it's interesting to understand how market leaders balance focusing on marketing their own product with marketing the whole industry, to make consumers more aware of the industry and thereby grow their customer base (Wind, 2005).

From a classical strategic-marketing perspective, market position is closely tied to competitive advantage and the ability to create and defend differentiation. Kotler's seminal work on marketing management framed market leaders as firms that must defend their dominant share through innovation, product quality, and market expansion, while niche players sustain themselves through focus strategies and customer intimacy (Kotler, 1994). Porter's (1980) typology reinforced this distinction, arguing that leadership typically arises from cost advantages and scale efficiency, whereas niche or "focus" strategies depend on targeting narrowly defined segments where specialised capabilities yield superior value. In both frameworks, market share is not only an outcome but also a determinant of strategic behaviour.

Contemporary scholarship, however, highlights that these traditional classifications may oversimplify market realities in modern, data-driven contexts. Varadarajan (2010) notes that the nature of competition has evolved from stable structural positions toward dynamic capabilities and resource

fluidity, challenging the assumption that market positions are static. Moreover, advances in empirical marketing research, particularly within the How Brands Grow tradition, have questioned the causal mechanisms underlying market dominance. Instead of attributing success solely to differentiation or strategic fit, the *How Brands Grow* perspective suggests that market leaders grow primarily through broader buyer penetration and stronger mental and physical availability, whereas smaller brands suffer from predictable structural disadvantages such as the double jeopardy effect (Sharp, 2010).

4.2 Market leader

A market leader is a firm or brand that holds the largest share within its relevant market category and, as a result, exerts disproportionate influence over competitive dynamics. In classical strategic-marketing theory, this position is associated with resource superiority, economies of scale, and the capacity to shape industry structure. Porter (1980) argued that leadership provides structural power: the leader's size allows it to dictate the "rules of competition," sustain price leadership, and build barriers to entry that protect its dominance. This structural view has been supported by decades of empirical research, including findings from the Profit Impact of Market Strategy (PIMS) studies, which identified market share as one of the strongest correlates of profitability. Leaders typically enjoy access to larger marketing budgets, broader distribution coverage, and more efficient production, which together reinforce the advantages of scale and scope.

4.2.1 Resource-based view of leadership

From a resource-based perspective, leadership is maintained through the accumulation and orchestration of marketing resources and capabilities that competitors find difficult to imitate. As Davcik and Sharma (2016) show, market leaders leverage superior brand equity, distribution networks, and innovation capacity to sustain performance advantages over smaller firms. Because of their size and established reputations, leaders are often able to signal quality and reliability, thereby reducing perceived risk for consumers and stabilising demand. These factors jointly contribute to high entry barriers and persistent market concentration, confirming that leadership is both a cause and a consequence of accumulated marketing resources.

4.2.2 Behavioural patterns and the How Brands Grow perspective

However, a complementary behavioural-marketing perspective most notably advanced in the *How Brands Grow* research tradition suggests that market leaders' advantages are not merely the outcome of deliberate strategic superiority, but also the result of systematic patterns in buyer behaviour. Empirical generalisations such as the double jeopardy law reveal that smaller brands suffer twice:

they have fewer buyers (lower penetration) and slightly weaker behavioural loyalty (less frequent purchasing). In contrast, large brands benefit from widespread penetration and marginally higher repeat buying, creating a self-reinforcing loop that stabilises market leadership (Graham et al., 2017; Yang et al., 2005). The implication is that leadership is sustained less by deep loyalty than by sheer reach, the ability to be bought by a broad spectrum of category buyers, including light and occasional users.

4.2.3 Growth-orientation and strategic implications

In the context of Byron Sharp's (2010) *How Brands Grow* framework, the market leader's success therefore depends primarily on maintaining mental and physical availability at scale. Mental availability refers to the ease with which a brand comes to mind across buying situations, while physical availability concerns the ease of purchase across channels and contexts. Market leaders dominate both: they are highly salient in consumer memory and physically omnipresent in the marketplace. This dual dominance amplifies the probabilistic advantages that underpin large brands' widespread exposure, ensuring they are encountered and recalled more often, reinforcing penetration advantages over time.

Strategically, the market-leader position aligns most closely with a growth-oriented approach. Because leadership is volume-driven, maintaining and expanding penetration is essential. Extensive empirical work demonstrates that the vast majority of brand growth, particularly among large brands, stems from attracting new or light buyers rather than increasing purchase frequency among existing ones (Riebe et al., 2014; Trinh et al., 2024). Leaders must therefore continuously attract new or lapsed buyers, extend reach into new segments or geographies, and sustain large-scale mental and physical availability through investment in communication and distribution networks. The leader's marketing system is designed for expansion and defence rather than narrow optimisation, with a strategic emphasis on maintaining ubiquitous availability and category salience across all buying situations. Efficiency remains important large firms pursue economies of scale and process improvements, but efficiency serves primarily as a means to support growth rather than as an alternative strategic orientation. Consistent with the behavioural "laws of growth," sustainable performance for market leaders depends not on cultivating exceptional loyalty but on protecting an extensive customer base from erosion and ensuring category-wide salience through continual reinforcement of buyer reach (Tanusondjaja et al., 2018; Trinh et al., 2024).

4.2.4 Efficiency-orientation and strategic implications

Although the market-leader position is primarily growth-oriented, efficiency plays a crucial supporting role in sustaining leadership over time. In large organisations, efficiency is not achieved through narrow cost-cutting but through the systematic exploitation of economies of scale, process standardisation, and network optimisation. Porter (1980) conceptualised cost leadership as a structural advantage derived from high volume and resource leverage, enabling leaders to reduce unit costs while maintaining a broad market presence. In contemporary marketing research, efficiency in leading firms is increasingly interpreted as the ability to allocate marketing resources effectively across a wide portfolio of channels, segments, and touchpoints (Weidig et al., 2024).

From a resource-based view, efficiency manifests in the orchestration of marketing assets to produce incremental returns on existing scale. Davcik and Sharma (Davcik & Sharma, 2016) emphasise that marketing performance is not solely volume-driven; it also depends on the productive deployment of brand, distribution, and innovation resources. Leaders therefore use efficiency as a strategic mechanism for sustaining competitiveness under high growth conditions—optimising resource productivity while preserving extensive mental and physical availability. Efficiency thus complements the “laws of growth”: while penetration drives expansion, efficiency safeguards margins and ensures that growth remains sustainable (Katsikeas et al., 2016).

Empirically, research shows that marketing efficiency in large firms arises from superior integration of data, analytics, and cross-functional coordination (Cao et al., 2022). Such integration allows leaders to maintain expansive communication programs without proportional increases in cost, reinforcing the scalability of mental availability across diverse audiences. Efficiency, in this sense, becomes a strategic enabler of growth rather than an alternative orientation. For market leaders, enduring success therefore depends on balancing expansionary marketing investment with continual process refinement and learning efficiency, ensuring that the pursuit of penetration does not erode profitability.

4.2.5 Stability and enduring leadership

Behavioural evidence also explains the persistence of leadership once established. High penetration yields high visibility, which in turn fosters additional trial and repurchase, an empirical pattern known as “brand size stability.” Longitudinal studies indicate that once a brand achieves a dominant share, displacement by smaller rivals is statistically rare (Smith & Basu, 2002). This path-dependency underscores why leadership positions endure: the behavioural dynamics that favour large brands

create cumulative advantages that are difficult for challengers to overturn, even when competitors engage in aggressive differentiation or pricing.

In summary, the market-leader position represents the apex of category competition: it combines structural advantages of scale with behavioural advantages of reach. Leaders succeed by maximising penetration, reinforcing mental and physical availability, and continuously investing to defend category dominance. Within the dual framework of growth versus efficiency, market leaders exemplify the growth logic, pursuing volume expansion and mass accessibility, while efficiency plays a supporting but secondary role. This makes the leader's position conceptually distinct from that of market nichers, whose success depends on depth, focus, and resource precision. Understanding these contrasting dynamics is essential for analysing how the *How Brands Grow* principles manifest differently across market positions and strategic orientations.

4.3 Market nicher

A market nicher represents a strategic position in which a firm deliberately operates within a narrowly defined market domain, concentrating resources on a specific segment, product class, or usage context where it can sustain a distinctive advantage. Unlike market leaders that compete through mass reach, scale economies, and broad distribution, nichers achieve competitiveness through focus, specialisation, and a superior match between their offerings and the idiosyncratic needs of a delimited customer base. This positioning logic traces its origins to Porter's (1980) notion of a focus strategy, yet has been extended in marketing research to encompass relational, cognitive, and symbolic mechanisms that allow smaller firms to remain viable in markets dominated by larger players (Toften & Hammervoll, 2010). Within this framework, a niche position is defined less by firm size and more by strategic intent, the conscious choice of depth over breadth, and of precision over scale.

4.3.1 Resource-based view of leadership

From a resource-based perspective, a market-nicher strategy is grounded in the selective development and orchestration of capabilities that create value for a narrowly targeted customer segment. Rather than pursuing economies of scale, niche firms seek economies of specialisation, developing superior expertise, customer understanding, and adaptability within their chosen domain (Dalgic & Leeuw, 1994). Such firms often rely on intangible assets: knowledge, reputation, brand symbolism, and relational capital that competitors find difficult to imitate (Davicik & Sharma, 2016).

Toften and Hammervoll (2010) emphasise that market nichers sustain competitive advantage through relational closeness and service intensity that build trust and switching barriers among customers.

This proximity allows them to personalise offerings, co-create value, and cultivate long-term relationships, compensating for their lack of size and scale. Odlin and Benson-Rea (Odlin & Benson-Rea, 2021) extend this resource view by describing niche markets as dynamic, co-created resource domains, where firms continuously adapt and refine their capabilities in interaction with customers and partners. The resource-based interpretation, therefore, portrays nichers not as marginal players, but as focused orchestrators of scarce, difficult-to-replicate assets that confer resilience and differentiation in specific segments.

4.3.2 Behavioural patterns and the How Brands Grow perspective

From a behavioural-marketing perspective, the logic of niche markets can be understood as an adaptation of the *How Brands Grow* principles within a limited competitive space. Sharp's (2010) empirical generalisations show that large brands grow primarily through broad market penetration and high mental and physical availability. Niche brands, by contrast, cannot compete on volume; instead, they must build intensity of availability within their bounded domain. Dalgic and Leeuw (1994) characterise this as "specialised reach", being readily recalled and easily accessible to those buyers for whom the brand's specific attributes hold the highest relevance.

Empirical research confirms that smaller firms substitute scale with distinctiveness and cognitive salience within their chosen segments. Odlin and Benson-Rea (2021) show that niche firms build mental availability through symbolic differentiation, storytelling, and expertise cues that reinforce the brand's perceived uniqueness among a tightly defined audience. Similarly, Rawwas and Iyer (2013) find that small wholesalers maintain competitiveness through relational embeddedness and logistical flexibility behavioural mechanisms that foster loyalty and mitigate the double jeopardy disadvantage that typically affects smaller brands. While the *How Brands Grow* framework would suggest that all brands benefit from greater penetration, for nichers, this means maximising awareness and access within their defined boundaries rather than across the total category. Their behavioural objective is therefore to ensure salience and ease of purchase among a limited but high-value audience, aligning mental and physical availability with strategic focus rather than mass exposure.

4.3.3 Growth-orientation and strategic implications

Strategically, market nichers can pursue two complementary orientations: growth and efficiency. A growth-oriented niche seeks to deepen penetration within its current segment or expand into adjacent niches that share similar customer characteristics or needs. Such firms invest in enhancing visibility within their domain, often through thought leadership, specialised digital channels, and targeted

communications designed to strengthen mental availability among relevant audiences (Toften & Hammervoll, 2013). Their growth potential is typically incremental rather than exponential, relying on expansion into related micro-segments or international replication of the same niche positioning.

An efficiency-oriented nicher, by contrast, focuses on optimising profitability and resource productivity within its established customer base. These firms prioritise operational precision, relational intimacy, and service customisation that increase customer lifetime value and reduce marketing waste. Because niche firms often operate with limited budgets, efficiency is both a constraint and a source of advantage: it drives disciplined targeting and encourages alignment between marketing investment and customer relevance. The two orientations are not mutually exclusive but exist in tension. Growth expands reach, while efficiency safeguards profitability and focus.

From the perspective of *How Brands Grow*, niche firms represent an alternative application of the laws of growth. Instead of striving for universal penetration, they aim for completeness within limits: to maximise mental and physical availability in their specific niche while maintaining efficiency of reach. Growth is therefore defined success contextually is measured by dominance within a small segment rather than by total market share. This strategic equilibrium allows nichers to sustain competitive performance despite their structural disadvantage in scale.

4.3.4 Efficiency-orientation and strategic implications

In contrast to market leaders, whose efficiency arises from scale, market nichers achieve efficiency through focus, selectivity, and precision. Because niche firms operate with limited resources, they must deploy marketing investments with exceptional accuracy to avoid waste and maintain profitability. Efficiency in the niche context thus reflects the firm's ability to align its operations and communications closely with customer needs, achieving high relevance per marketing input (Toften & Hammervoll, 2013). This efficiency orientation builds upon the same behavioural logic identified in *How Brands Grow*, but applies it within confined boundaries, maximising mental and physical availability for a narrow audience rather than pursuing universal reach.

Resource-based interpretations of niche efficiency highlight the role of relational capital and adaptive flexibility. Odlin and Benson-Rea (2021) demonstrate that niche firms sustain efficiency through iterative learning and co-creation with customers, reducing uncertainty and transaction costs. Similarly, Dalgic and Leeuw (1994) argue that focus allows small firms to streamline production, communication, and distribution around tightly specified value propositions, creating a closed loop

between customer feedback and operational adjustment. Efficiency in this sense becomes a dynamic capability transforming limited resources into sustained advantage through responsiveness and concentration.

From a strategic standpoint, efficiency enables nichers to maintain competitiveness even in resource-intensive industries dominated by larger firms. Coviello, Brodie, Danaher, and Johnston (2002) note that relationship-oriented marketing systems often outperform transactional approaches in efficiency because they foster repeat exchanges and mutual adaptation. This logic aligns closely with the niche position: by cultivating long-term relationships and reputation, the firm reduces customer acquisition costs and stabilises demand. The efficiency orientation thus serves as both a defensive mechanism and a profitability lever, allowing niche firms to preserve focus while extracting maximum value from constrained resources. When viewed through the *How Brands Grow* lens, the efficiency of market nichers represents a contextualised expression of the same marketing laws, achieving sustainable performance not through mass penetration, but through precise deployment of limited reach.

4.3.5 Stability and enduring niche leadership

Although niche markets are smaller and often volatile, research shows that well-positioned niche players can sustain stable leadership within their domain through relational and reputational barriers. Toften and Hammervoll (2010) note that trust-based relationships and expertise create switching costs that protect niche firms from imitation. Odlin and Benson-Rea (2021) describe this as co-evolutionary stability, where the firm and its niche environment adapt to one another over time, reinforcing mutual dependence. However, this stability is contingent: over-specialisation can expose the firm to environmental shifts or technological disruption.

The persistence of successful nichers thus relies on balancing focus with adaptability, continuously updating their specialised capabilities while maintaining the symbolic and relational assets that define the niche identity. When executed effectively, this generates a defensible competitive space akin to the market leader's dominance but achieved through intimacy rather than reach.

In summary, the market-nicher position embodies strategic focus, customer intimacy, and resource precision. Whereas market leaders dominate through scale, nichers thrive by narrowing their scope, deepening differentiation, and achieving mental and physical availability within their chosen boundaries. Within the dual framework of growth versus efficiency, nichers exemplify the efficiency logic, pursuing profitability through focus and relational strength while selectively employing growth strategies to extend their niche or replicate it elsewhere. This makes the market nicher the conceptual

counterpart to the market leader: a firm that succeeds not by serving everyone, but by serving someone exceptionally well. Understanding these dynamics provides a necessary counterbalance to the mass-market orientation of *How Brands Grow*, illustrating how the same behavioural laws can manifest under different structural and strategic conditions.

Table 1

Analytical Dimension	Market leader	Market nicher
Resource-Based View	Sustains dominance through scale-based marketing resources: brand equity, distribution, innovation, and resulting entry barriers. (Davicik & Sharma, 2016).	Builds advantage via specialised capabilities, knowledge, and relational capital that substitute for scale. (Dalgic & Leeuw, 1994; Odlin & Benson-Rea, 2021; Toften & Hammervoll, 2010).
Behavioural Patterns	Follows laws of growth: broad penetration and extensive mental + physical availability yield cumulative advantage. (Graham et al., 2017; Yang et al., 2005)	Applies the same laws within limits: intensifies salience and access inside a narrow domain through distinctiveness and intimacy. (Odlin & Benson-Rea, 2021; Rawwas & Iyer, 2013)
Growth Orientation	Primarily expansionary, targets new and lapsed buyers, extends category reach, and defends scale; efficiency supports growth. (Riebe et al., 2014; Trinh et al., 2024).	Incremental and contextual, it deepens or replicates niche presence through targeted growth and enhanced availability. (Toften & Hammervoll, 2013).
Efficiency Orientation	Efficiency from scale: data-driven resource allocation, analytics, and cross-functional coordination maintain margins at volume. (Cao et al., 2022; Katsikeas et al., 2016)	Efficiency from focus: selectivity, co-creation, and relational proximity reduce waste and stabilise profitability. (Coviello et al., 2002; Odlin & Benson-Rea, 2021; Toften & Hammervoll, 2013).
Stability and Enduring Position	Stability via path dependency, high penetration and habitual purchase make displacement rare. (Smith & Basu, 2002)	Stability via relational trust and adaptability within the niche; threatened by over-specialisation. (Toften & Hammervoll, 2010)
Strategic Logic	Breadth: Growth through scale, reach, and ubiquity.	Depth: Growth through focus, differentiation, and efficiency.

5 Conclusion

5.1 Summary and conclusion

This study examined how firms occupying two distinct market positions, market leaders and market nichers, can apply the empirical principles of *How Brands Grow* to support growth or efficiency-driven business strategies. By synthesising insights from classical marketing strategy frameworks, business strategy theory, and the behavioural laws presented in *How Brands Grow*, the research demonstrates that brand growth mechanisms are not uniform across strategic contexts; rather, they manifest differently depending on structural advantages, resource bases, and strategic orientation.

The analysis shows that the *How Brands Grow* perspective fundamentally reframes longstanding assumptions about differentiation, segmentation, and loyalty. Traditional frameworks such as STP, the 4Ps, and Porter's competitive strategies emphasise distinctiveness, target specificity, and strategic positioning as the primary levers of competitive advantage. In contrast, the empirical generalisations presented by Sharp and the Ehrenberg Bass Institute highlight the centrality of mental and physical availability, the dominance of penetration over loyalty, and the predictable behavioural patterns such as double jeopardy that shape market outcomes across categories.

Although *How Brands Grow* provides a powerful empirical lens for understanding brand growth, the reliability of its universal claims must be interpreted with caution. Much of the evidence supporting the theory originates from the Ehrenberg Bass Institute led by Sharp himself, which raises questions about research independence and the extent to which alternative theoretical perspectives have been empirically tested on a similar scale. This does not diminish the value of *How Brands Grow*, but it underscores the need for critical interpretation and for complementary research from diverse academic institutions to validate or challenge its generalisations.

Against this theoretical backdrop, the study concludes that market leaders are structurally best positioned to capitalise on the laws of brand growth. Their scale, distribution breadth, and salience allow them to maintain high penetration and defend leadership positions through continual reinforcement of mental and physical availability. Growth orientation is therefore the natural strategic posture for leaders, with efficiency serving primarily as a supporting mechanism for sustaining scale and ensuring profitability.

Market nichers, however, face a fundamentally different reality. While the behavioural laws of *How Brands Grow* apply universally, nichers must operate within structurally constrained environments

where the mass reach assumed by *How Brands Grow* is neither feasible nor strategically logical. Their competitiveness instead emerges from depth rather than breadth through specialisation, distinctiveness, relational advantages, and operational focus. For nichers, mental and physical availability must therefore be maximised within narrow boundaries rather than across the entire category. Their strategic posture naturally aligns with efficiency orientation, though selective and contextual growth remains possible.

Overall, the research shows that *How Brands Grow* does not invalidate traditional marketing strategy theory; rather, it reframes its application. Firms in different positions must adapt the universal laws of growth to their specific competitive realities, balancing empirical evidence with strategic fit. The interplay between market position, strategic orientation, and empirical generalisations forms a nuanced and context-dependent foundation for effective marketing strategy.

5.2 Findings and implications for strategists

The findings of this study carry several important implications for marketing strategists seeking to operationalise evidence-based marketing within real-world constraints.

First, there is no singular approach that universally guarantees a successful marketing strategy. While the empirical laws of *How Brands Grow* provide robust guidance on how brands grow at a category level, firms must interpret and apply these insights in relation to their market position, strategic objectives, and resource conditions. This underscores the importance of managerial judgement and contextual decision-making.

Second, the analysis highlights that market leaders should prioritise penetration-based strategies that broaden reach and reinforce brand salience. Leaders benefit disproportionately from mass mental and physical availability, and their size provides the means to maintain broad communication, extensive distribution, and consistent memory structure building. For strategists within leading firms, the key challenge lies in sustaining salience across fragmented media environments and ensuring that efficiency enhancements support rather than constrain growth.

Third, market nichers must balance the behavioural logic of *How Brands Grow* with the strategic logic of focus and efficiency. While increasing penetration is universally beneficial, nichers must do so within the boundaries of their chosen domain to avoid diluting their competitive advantage. Strategists in niche firms must therefore excel at resource prioritisation, relational marketing, and targeted salience building. The ability to integrate distinctive brand assets, storytelling, and customer intimacy becomes especially important given limited budgets and constrained reach.

Fourth, strategic ambidexterity emerges as a critical requirement. Regardless of market position, firms must navigate the tensions between growth orientation and efficiency orientation. Leaders must avoid over-reliance on scale-driven expansion that erodes profitability, while nichers must guard against excessive focus that limits long-term adaptability. Successful firms are those that can calibrate the balance between growth and efficiency over time and shift orientation as markets, resources, and objectives evolve.

Finally, a key implication for managers is the importance of broad theoretical understanding and practical flexibility. Classical frameworks such as STP, Porter's strategies, and the 4Ps remain valuable for diagnosing strategic problems and designing coherent marketing systems. However, an evidence-based mindset informed by *How Brands Grow* ensures that these frameworks are applied realistically and aligned with actual consumer behaviour. The ability to integrate and synthesise insights from multiple schools of thought is thus central to creating effective, robust, and adaptable marketing strategies.

5.3 Limitations and future research

Although this study provides meaningful theoretical synthesis and strategic implications, several limitations should be acknowledged.

First, the research relies on a qualitative literature review, meaning that conclusions are drawn from existing empirical findings rather than primary data collection. While this allows for a broad theoretical integration, it does not capture firm-level nuances or the lived realities of industry practitioners. Future research could incorporate case studies, interviews, or quantitative data to validate and refine the theoretical conclusions in specific market contexts.

Second, the application of *How Brands Grow* to niche brands remains an underexplored and evolving research area. Most empirical studies focus on large, mass market brands, leaving questions about the applicability, limits, and adaptations of *How Brands Grow* in structurally constrained or highly specialised markets. Future studies could examine how behavioural laws manifest in niche environments or identify conditions under which deviations occur.

Third, media fragmentation and digital transformation introduce new complexities not fully addressed in classic or empirical models. The proliferation of digital touchpoints, algorithmic curation, and micro communities challenges assumptions about salience, reach, and distribution. As marketing ecosystems become more dynamic and less predictable, ongoing research is needed to reassess how mental and physical availability operate in digitally mediated environments.

5.4 Accessibility

This document has been checked for accessibility issues. All pictures, including decorative images such as the university's logo on the cover page have an alternative description. The table presented in this thesis on page thirty-one has been created in the document itself and can be interpreted by an automated document reader. There are no accessibility issues in the text itself. This includes the cover page, table of contents, all headings, captions, and the body text.

References

- Andrew S. C. Ehrenberg, Goodhardt, G. J., & Barwise, T. P. (1990). Double Jeopardy Revisited [Article]. *Journal of Marketing*, 54(3), 82–91.
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage [Article]. *Journal of Management*, 17(1), 99–120.
- Berendt, J., Uhrich, S., & Thompson, S. A. (2018). Marketing, get ready to rumble—How rivalry promotes distinctiveness for brands and consumers [Article]. *Journal of Business Research*, 88, 161–172.
- Bhattacharya, C. B. (1997). Is your brand's loyalty too much, too little, or just right?: Explaining deviations in loyalty from the Dirichlet norm [Article]. *International Journal of Research in Marketing*, 14(5), 421–435.
- Blankson, C., & Kalafatis, S. P. (2004). The Development and Validation of a Scale Measuring Consumer/Customer-Derived Generic Typology of Positioning Strategies [Article]. *Journal of Marketing Management*, 20(1–2), 5–43.
- Cao, G., Tian, N., & Blankson, C. (2022). Big Data, Marketing Analytics, and Firm Marketing Capabilities [Article]. *The Journal of Computer Information Systems*, 62(3), 442–451.
- Constantinides, E. (2006). The Marketing Mix Revisited: Towards the 21st Century Marketing [Article]. *Journal of Marketing Management*, 22(3–4), 407–438.
- Coviello, N. E., Brodie, R. J., Danaher, P. J., & Johnston, W. J. (2002). How Firms Relate to Their Markets: An Empirical Examination of Contemporary Marketing Practices [Article]. *Journal of Marketing*, 66(3), 33–46.
- Dalgic, T., & Leeuw, M. (1994). Niche Marketing Revisited: Concept, Applications and Some European Cases [Article]. *European Journal of Marketing*, 28(4), 39–55.
- Davcik, N. S., & Sharma, P. (2016). Marketing resources, performance, and competitive advantage: A review and future research directions [Article]. *Journal of Business Research*, 69(12), 5547–5552.
- Dawes, J. (2020). The Natural Monopoly effect in brand purchasing: Do big brands really appeal to lighter category buyers? *Australasian Marketing Journal*, 28(2), 90–99.
- Dawes, J., Bond, A., Hartnett, N., & Sharp, B. (2017). Does Double Jeopardy apply using average spend per buyer as the loyalty metric? *Australasian Marketing Journal*, 25(4), 261–268.
- Dawes, J., Graham, C., Trinh, G., & Sharp, B. (2022). The unbearable lightness of buying [Article]. *Journal of Marketing Management*, 38(7–8), 683–708.
- Dibb, S., & Simkin, L. (2009). Implementation rules to bridge the theory/practice divide in market segmentation [Article]. *Journal of Marketing Management*, 25(3–4), 375–396.
- Filatotchev, I., Su, Z., & Bruton, G. D. (2017). Market Orientation, Growth Strategy, and Firm Performance: The Moderating Effects of External Connections [Article]. *Management and Organization Review*, 13(3), 575–601.

- Foedermayr, E. K., & Diamantopoulos, A. (2008). Market Segmentation in Practice: Review of Empirical Studies, Methodological Assessment, and Agenda for Future Research [Article]. *Journal of Strategic Marketing*, 16(3), 223–265.
- Goi, C. L. (2009). A Review of Marketing Mix: 4Ps or More? *International Journal of Marketing Studies*, 1(1).
- Graham, C., Bennett, D., Franke, K., Henfrey, C. L., & Nagy-Hamada, M. (2017). Double Jeopardy – 50 years on. Reviving a forgotten tool that still predicts brand loyalty. *Australasian Marketing Journal*, 25(4), 278–287.
- Handoyo, S., Suharman, H., Ghani, E. K., & Soedarsono, S. (2023). The determinants of a firm's strategic orientation and its implication on performance: A study on Indonesia state owned enterprises [Article]. *Cogent Business & Management*, 10(2), 1–26.
- Hooley, G. J. ., Piercy, Nigel., Nicoulaud, Brigitte., & Rudd, J. M. . (2017). *Marketing strategy & competitive positioning*. Pearson.
- Hossain, A., Anesbury, Z. W., Driesener, C., & Trinh, G. (2024). Valuing the contribution of ultra-light buyers. *Journal of Consumer Behaviour*, 23(2), 875–887.
- Kamp, B., & Murciego, A. (2025). International niche market leaders as drivers of industrial districts: a value chain perspective [Article]. *Jahrbuch Für Regionalwissenschaft*.
- Katsikeas, C. S., Morgan, N. A., Leonidou, L. C., Tomas, G., & Huit, M. (2016). Assessing Performance Outcomes in Marketing [Article]. *Journal of Marketing*, 80(2), 1–20.
- Kim, J.-H., & Hyun, Y. J. (2011). A model to investigate the influence of marketing-mix efforts and corporate image on brand equity in the IT software sector [Article]. *Industrial Marketing Management*, 40(3), 424–438.
- Kotler, Philip. (1994). *Marketing management : analysis, planning, implementation and control* (8th ed.) [Book]. Prentice-Hall International.
- Lemon, K. N., & Verhoef, P. C. (2016). Understanding Customer Experience Throughout the Customer Journey [Article]. *Journal of Marketing*, 80(6), 69–96.
- Marei, A., Ashal, N., Abou-Moghli, A., Daoud, L., & Lutfi, A. (2024). The effect of strategic orientation on operational performance: The mediating role of operational sustainability [Article]. *Corporate and Business Strategy Review*, 5(1, special Issue), 346–355.
- Miller, D. (1992). The Generic Strategy Trap [Article]. *The Journal of Business Strategy*, 13(1), 37–41.
- Odlin, D., & Benson-Rea, M. (2021). Market niches as dynamic, co-created resource domains [Article]. *Industrial Marketing Management*, 95, 29–40.
- Pare, V., & Dawes, J. (2012). The persistence of excess brand loyalty over multiple years [Article]. *Marketing Letters*, 23(1), 163–175.
- Porter, M. E. (1980). *Competitive strategy : techniques for analyzing industries and competitors* [Book]. Free Press.

- Rawwas, M. Y. A., & Iyer, K. N. S. (2013). How do small firms possibly survive? A comparison study of marketing skills and logistics infrastructure of small and large wholesalers [Article]. *International Business Review*, 22(4), 687–698. h
- Riebe, E., Wright, M., Stern, P., & Sharp, B. (2014). How to grow a brand: Retain or acquire customers? [Article]. *Journal of Business Research*, 67(5), 990–997.
- Romaniuk, J., Dawes, J., & Nenycz-Thiel, M. (2018). Modeling brand market share change in emerging markets [Article]. *International Marketing Review*, 35(5), 785–805.
- Romaniuk, J., Sharp, B., & Ehrenberg, A. (2007). Evidence concerning the importance of perceived brand differentiation. In *Australasian Marketing Journal* (Vol. 15, Issue 2).
- Romaniuk, Jenni., & Sharp, Byron. (2022). *How brands grow. Part 2 : including emerging markets, services and durables, new brands and luxury brands*. Oxford University Press.
- Sharp, Byron. (2010). *How brands grow : what marketers don't know* [Book]. Oxford University Press.
- Smith, T., & Basu, K. (2002). A view from the top: The impact of market share dominance on competitive position [Article]. *The Journal of Brand Management*, 10(1), 19–32.
- Spanos, Y. E., Zaralis, G., & Lioukas, S. (2004). Strategy and industry effects on profitability: evidence from Greece [Article]. *Strategic Management Journal*, 25(2), 139–165.
- Tanusondjaja, A., Nenycz-Thiel, M., Dawes, J., & Kennedy, R. (2018). Portfolios: Patterns in brand penetration, market share, and hero product variants [Article]. *Journal of Retailing and Consumer Services*, 41, 211–217.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management [Article]. *Strategic Management Journal*, 18(7), 509–533.
- Toften, K., & Hammervoll, T. (2010). Niche marketing and strategic capabilities: an exploratory study of specialised firms [Article]. *Marketing Intelligence & Planning*, 28(6), 736–753.
- Toften, K., & Hammervoll, T. (2013). Niche marketing research: status and challenges [Article]. *Marketing Intelligence & Planning*, 31(3), 272–285.
- Trinh, G. T., Dawes, J., & Sharp, B. (2024). Where is the brand growth potential? An examination of buyer groups [Article]. *Marketing Letters*, 35(1), 95–106.
- Uncles, M. D., Hammond, K. A., Ehrenberg, A. S. C., & Davis, R. E. (1994). A replication study of two brand-loyalty measures [Article]. *European Journal of Operational Research*, 76(2), 375–384.
- Varadarajan, R. (2010). Strategic marketing and marketing strategy: Domain, definition, fundamental issues and foundational premises. *Journal of the Academy of Marketing Science*, 38(2), 119–140.
- Wedel, Michel. (2000). *Market segmentation : conceptual and methodological foundations* (W. A. Kamakura, Ed.; 2nd ed.) [Book]. Kluwer.
- Weidig, J., Weippert, M., & Kuehnl, C. (2024). Personalized touchpoints and customer experience: A conceptual synthesis [Article]. *Journal of Business Research*, 177, 114641.
- Wilbur, K. C., & Farris, P. W. (2014). Distribution and Market Share [Article]. *Journal of Retailing*, 90(2), 154–167.

- Wind, Y. (Jerry). (2005). Marketing as an engine of business growth: a cross-functional perspective [Article]. *Journal of Business Research*, 58(7), 863–873.
- Yang, Z., Bi, Z., & Zhou, N. (2005). The Double Jeopardy Phenomenon and the Mediating Effect of Brand Penetration between Advertising and Brand Loyalty [Article]. *Journal of Advertising Research*, 45(2), 211–221.
- Zhou, N., & Park, S. H. (2020). Growth or profit? Strategic orientations and long-term performance in China [Article]. *Strategic Management Journal*, 41(11), 2050–2071.
- Zomerdijk, L. G., & Voss, C. A. (2010). Service Design for Experience-Centric Services [Article]. *Journal of Service Research : JSR*, 13(1), 67–82.

Appendices

Appendix 1 Statement regarding the use of Artificial Intelligence

Overview and Principles

This report documents transparently how generative AI was used during the preparation of this bachelor's thesis, in accordance with the guideline *Generatiivisen tekoälyn käyttäminen kandidaatintutkielmassa* from Turku School of Economics. All uses of AI adhered to the core principles specified in the guideline: the student's full responsibility for the content, radical transparency, AI as a tool rather than an independent thinker, and the integrity of all academic material. All intellectual work, theoretical reasoning, synthesis of literature, argumentation and conclusions presented in the thesis are entirely my own.

Generative AI tools were not used to generate any sections of the thesis, nor to produce arguments, theoretical synthesis or written content that could be interpreted as original academic contribution. Instead, AI was used only in permitted supportive roles, described below.

AI Tools Used

Tool name and version

OpenAI ChatGPT (GPT 5.1 / GPT 5.1 Thinking), accessed through OpenAI's interface. Usage of the built-in feature of making projects in the AI interface. The project was instructed the following:

"I am a marketing major student and currently preparing my bachelor's thesis. My topic will especially focus on two different market positions that are: market leader and market niche. I will do a literature review how these two positions should apply How Brands Grow theory in their marketing strategy work and how these applications may differentiate from traditional strategy theories and frameworks. The main focus is that how these two market position can apply How brands grow theory laws in two different business strategy approaches that are growth and efficiency. My goal is to achieve a good grade for my thesis, and I intend to deepen the topic further when writing my master's thesis later in my studies. In your responses, please refer exclusively to peer-reviewed articles or dissertations, and always ensure that you provide a link to the referred publication so that I can validate the article by myself. Favor and focus on publications from the following journals: Journal of Marketing Research, Journal of Business Research, Journal of Consumer Psychology, Psychology & Marketing, Industrial Marketing Management, Journal of Service Research. Let's make my bachelor's thesis outstanding together!"

The tool was never used to process confidential materials, personal data or unpublished documents.

Stages of the Thesis Process Where AI Was Used

Topic ideation and early scoping

AI assisted in exploring potential angles within the broader field of marketing strategy and the *How Brands Grow* theory. It was used to clarify terminology, identify related conceptual areas and provide alternative ways of phrasing early-stage research questions. The final formulation of the research problem, theoretical positioning, methodological choices and scope is entirely my own work.

Literature search support

AI was used to help identify relevant keywords, synonyms and search terms for database searches. It also briefly summarized individual peer reviewed articles for the purpose of relevance checking. AI was also used to look for articles and studies regarding the different theoretical areas of the thesis. This was only used to unlock more efficient usage of time

Writing assistance and language-level editing

AI was used only for minor linguistic support, including:

- checking grammar, punctuation and clarity in selected sentences or short text passages
- proposing alternative phrasings for improving clarity or coherence (final wording always selected and edited (if needed) by me)

No paragraphs, theoretical sections, results, discussion or conclusions were generated by AI.

Administrative and structural support

AI was used to:

- check the consistency of headings
- sparring about different angles regarding the overall subject of the thesis
- Overall checking the consistency of the thesis and possible areas of improvement

These suggestions were interpreted critically and applied selectively.

Explicitly Excluded Uses

In line with the guideline, AI was not used for:

- writing any full paragraphs, sections or chapters
- literature synthesis or interpretation of academic findings
- argument development or theoretical reasoning

- generating conclusions or managerial implications
- performing any form of data analysis
- producing text for the maturity test
- creating content that could be mistaken for original academic contribution

All conceptual reasoning, analytical decisions and interpretations presented in the thesis are exclusively my own.

Examples of Prompts Used

Below are representative examples of the types of prompts used. These are not exhaustive but illustrate the nature of usage:

- “Suggest search keywords related to mental availability and market share patterns in marketing science.”
- “Can you rephrase this sentence more clearly while keeping the meaning unchanged?”
- “Explain the difference between physical availability and distribution breadth in simple terms so I can verify my understanding.”
- “List peer reviewed journals where research on brand penetration effects is commonly published.”
- “Make a rough draft of this section based on these key factors: *key factors*...”
- “Look for academic peer-reviewed articles regarding this field of the thesis”

No prompts were used that requested the generation of theoretical arguments, literature synthesis or thesis sections.

Validation and Verification Methods

To ensure the accuracy, reliability and integrity of the thesis:

- All AI output was manually checked, corrected and validated by me.
- Every academic reference included in the thesis was independently found through official databases and read in full.
- No AI-generated text was inserted into the thesis without substantial editing and rewriting by me.

- Any conceptual clarification from AI was cross verified with peer reviewed literature.

Compliance Statement

The use of generative AI in this thesis fully complies with the guideline *Generatiivisen tekoälyn käyttäminen kandidaatintutkielmassa* and aligns with the principles of academic integrity. AI served only as a supportive tool comparable to a search engine or grammar checker. All intellectual contributions, scholarly interpretations and written content of this thesis are my own.