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Original Paper

An Integrated Framework of Competition in Consumer Markets

A Synthesis of Patterns of Competitive Dynamics in 24 U.S. Markets

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Abstract

The objective of this paper is three-fold. One is to evaluate the results of Hierarchical Cluster Analysis (HCA) of 24 consumer markets, and learn about the picture of competitive dynamics revealed by this review.

Second--and most importantly--is to propose an integrated framework of competition in consumer markets.

Third, the important lessons--and valuable insights--we can learn from this extensive research.

The path to market share leadership does not lie in lower price founded in cost leadership strategy, as Michael Porter suggests. Rather, it is based on the premise that it is customer-perceived quality that is crucial to long-term competitive position and profitability. So, the answer to market share leadership for a business is to differentiate itself by offering quality better than that of the nearest competition.

The best route to market share leadership lies in serving the middle class by competing in the mid-price segment. This is the socio-economic segment that represents about 40% of households in America.

The 24 U.S. consumer markets have been divided into six groups.

Employing Hierarchical Cluster Analysis (HCA), we have tested two hypotheses for each market:

- *Hypothesis I: That the market leader was going to be a member of the mid-price segment.*
- *Hypothesis II: That the unit price of the market leader was going to be higher than that of the nearest competition.*

Results in fourteen markets supported Hypothesis I: a 58% success rate that is surely *remarkable.*

Results in eleven markets supported Hypothesis II.

Next, we present the philosophical foundation of a business:

- *That there is only one valid definition of business purpose: To create a customer.*
- *That the concept of a customer can be both a philosophy and a practical guide.*

Next, we present an integrated framework of competition in consumer markets.

> *Because its purpose is to create a customer, a business has only two entrepreneurial functions: marketing and innovation. Marketing is the first entrepreneurial function. It is a concern that must permeate all of an enterprise. It is the lens through which one can see the whole business from the customer's point of view.*
>
> *Innovation is the second entrepreneurial function. Like marketing, innovation, too, cuts across the entire business*.

We have learnt three important lessons from this extensive research:

- It is at the *Brand* level where *real* competition takes place, and where the rich *dynamics* of competition reveal themselves.
- *A deep understanding of customers should be the primary mission of a business*
- *The importance of Brand Equity*

We have gained two valuable insights from this major endeavor

- *Coffee prices on the world market are lower than the cost of production.*
- *Industrialization of American food has led to heart disease, diabetes, stroke, and cancer*

1. Introduction

The objective of this paper is *three-fold*. One is to *evaluate* the results of Hierarchical Cluster Analysis (HCA) of 24 consumer markets, and learn about the picture of competitive dynamics revealed by this review.

Second--and most *importantly*--is to propose an *integrated* framework of competition in consumer markets.

Third, the important *lessons*--and valuable insights--we can learn from this extensive research.

The genesis of this research goes back to my paper: *"Market Segmentation: An Integrated Framework."* It took *four* long years after I submitted it for consideration towards publication, to finally get it published. This is because it challenged conventional wisdom (Datta 1996; 2025a).

Every market has *two* sides: demand and supply, customers and suppliers. It is only when the two sides *interact* that a market develops. While this meaning of the term 'market' is widely accepted, marketers and strategists have traditionally adopted a rather *limited* view that is *demand*-oriented. They define market segmentation in terms of *customers*—with a focus on 'people' characteristics, e.g., demographics, social class. An opposite view, which may be called 'product' segmentation, is *supply*-oriented which *starts* with *product* characteristics, e.g., quality, price, benefits (*ibid*).

Barnett (1969) points out that the traditional marketing approach to market segmentation has *not* been very successful. So, he suggests an alternative that is more promising: one which *shifts* the primary focus *from* "*whom* you reach' to "*what* characteristics you build into the product" (*ibid*, *italics* added).

Thus, we need an *integrated* approach to market segmentation which includes *both* the demand and supply sides of the competitive equation, and where 'people' [customer] and 'product' characteristics are *not* mutually exclusive paths to market segmentation, but, rather, two sides of the *same* coin (Datta 1996).

The basic premise of this research is that the *product*-characteristics approach is both *easier* and more *actionable* way of looking at how a market is—or can be—segmented than the traditional marketing approach. It focuses *both* on customer benefits or needs *and* the *resources* necessary to satisfy them (*ibid*).

Similarly, I had a great deal of difficulty to get another paper of mine published because it charted a *new* direction. And that paper is: *"A Critique of Porter's Cost Leadership and Differentiation Strategies"* (Datta, 2010a; 2025a). In that paper I have argued that the path to market share leadership does *not* lie in lower price founded in *cost leadership* strategy, as Michael Porter (1980) suggests. Rather, it is based on the premise—according to the PIMS database research (Note 1)—that it is *customer*-perceived *quality* that is crucial to long-term competitive position and profitability. So, the answer to market share leadership for a business is to *differentiate* itself by offering quality *better* than that of the nearest competition (Datta, 2010a; 2025a).

To make this idea *operational* requires *two* steps. The *first* is to determine *which* price-quality segment to compete in? Most consumer markets can be divided in three *basic* price-quality segments: *premium*, *mid-price*, and *economy*. These can be extended to *five* by adding two more: *ultra-premium* and *ultra-economy* (Datta, 1996; 2025a).

The answer lies in serving the *middle* class by competing in the *mid-price* segment. This segment represents a price range most middle-class consumers would find *affordable* (Datta, 2010b; 2025a).

The *middle class* represents about 40% of households in America (Table 1). It is also the segment that Procter & Gamble (P&G), the largest American multinational corporation, has successfully served in the past (Datta 2011, 2010b; 2025a).

The *second* step for a business seeking market share leadership is to *position* itself at a price that is *somewhat* higher than that of the nearest competition (Datta, 1996, 2010a, 2010b; 2025a).

This is in accord with P&G's practice based on the idea that although higher quality does deserve a "price premium," it should *not* be excessive (Datta, 2010b).

A higher price offers *two* advantages: (1) It promotes an *image* of quality, and (2) It ensures that the strategy is both profitable and sustainable in the *long run* (*ibid*).

A classic example of price positioning is provided by General Motors (GM). In 1921 GM rationalized its product line by offering "a car for every purse and purpose"—from Chevrolet to Pontiac, to Oldsmobile, to Buick, to Cadillac. More importantly, GM *positioned* each car line at the *top* of its segment (Datta, 1996, 2010a; 2025a).

A more recent and familiar example is the *economy* chain, Motel 6, which has positioned itself as "offering the *lowes*t price of any national chain" (Datta, 2017; 2025a).

Another example is the Fairfield Inn. When Marriott introduced this chain, it targeted it at the *economy* segment. And then it positioned Fairfield at the *top* of that segment (Datta, 1996, 2010b; 2025a).

As mentioned above, *customer*-perceived *quality* is the most important factor contributing to the long-term success of a business. However, quality *canno*t really be separated from price. Quality, in general, is an *intricate*, multi-dimensional concept that is difficult to comprehend. So, consumers often use *relative* price—and a brand's *reputation*—as a symbol of quality (Garvin 1987; Datta1996, 2010b, 2025a).

The *third* paper, *complementing* the above two--and completing the *circle*--was my article: *"Rising Economic Inequality and Class Divisions in America--A Socio-economic Class Lifestyle Profile."* Whereas my previous two papers focused largely on "product" characteristics of market segmentation—quality and price--this paper, in contrast, looked at "*people*" characteristics, e.g., demographics like *income*, and sociographics like *social class* (Datta, 2011, 2022, 2025a).

The socio-economic *lifestyle* profile of America reveals *three* broad income groups, giving rise to *six* social *classes*, or *categories*. More importantly, the *six* social classes are *not* merely a statistical construct, but rather a picture of *reality* (Table 1).

In this paper I have shown that America is a deeply-divided nation, refuting the *myth,* long perpetuated by Conservatives, that America is a classless society (*ibid*).

Income inequality in America has been going up unrelentingly for 45 years from 1974 to 2018, *squeezing* the middle class. It has now widened so much that it *rivals* the highest level recorded in 1928 that led to the Great Depression of 1929 (Datta: 2011, 2022, 2025a).

By the end of World War II, there was a lot of *pent-up* demand for basic *durable* goods. This was further bolstered by the needs of Europe and Japan because their economies had been *devastated* during the war (Datta 2022).

The years 1947-1973 are considered the golden years of America's middle class: a golden age the U.S. will perhaps *never* experience again (*ibid*).

Within the space of a *single* generation, 1947 to 1973, the real U.S. Domestic Product (GDP) more than doubled. More importantly, Median Family Income went up a *whopping* 83% during the same period (Datta 2022).

Contrary to popular belief, the upper class does *not* consist of the top 1% earners: but rather the top 0.5%, with the *Upper Middle Class* occupying the 80-99.5th percentile (Table 1; Datta: 2011, 2022, 2025a).

Finally, thanks to the extraordinary *generosity* of A.C. Nielson Co., I was extremely fortunate to get the invaluable U.S. *national* retail sales data of 24 markets for 2008 and 2007, without which this entire research campaign would *not* have been possible.

Ansoff & Stewart (1967; Datta 2010b) have proposed an elegant scheme of R&D strategy for a technology-based business:

(1) "First to market"

(2) "Follow the leader"

(3) "Application engineering"

(4) “Me too”

They suggest that a business seeking market share leadership has a choice of two R&D strategies: either “first to market” or “follow the leader” (*ibid*).

Employing Hierarchical Cluster Analysis (HCA), we have tested *two* hypotheses for each market:

- Hypothesis I: That the market leader was going to be a member of the *mid-price* segment.
- Hypothesis II: That the unit price of the market leader was going to be *higher* than that of the nearest competition.

The 24 markets have been organized into *six* groups is as follows:

I—The Food Group—Discretionary

- The U.S. Beer Market
- The U.S. Cola Carbonated Beverage Market
- The U.S. Non-Cola--Lemon-Lime Regular Carbonated Beverage Market
- The U.S. Potato Chip Market

II—The Food Group—Non-Discretionary

- The U.S. Coffee Market
- The U.S. Canned Soup Market
- The U.S. Shredded/Grated Cheese Market
- The U.S. Refrigerated Orange Juice Market

III—Personal Grooming/Health

- The U.S. Shampoo Market
- The U.S. Toothpaste Market
- The U.S. Men’s Razor-Blade Market
- The U.S. Women’s Razor-Blade Market
- The U.S. Men’s Shaving Cream Market

IV—Personal Hygiene

- The U.S. Toilet Paper Market
- The U.S. Disposable Diapers Market
- The U.S. Deodorant Market
- The U.S. Sanitary Pads Market

Va—Laundry and Dishwashing Detergents

- The U.S. Heavy-Duty Liquid Laundry Detergent Market
- The U.S. Automatic-Dishwasher Detergent Market
- The U.S. Hand-Dishwashing Detergent Market

Vb—Household Cleaning and Alkaline AA Battery

- The U.S. Paper Towel Market
- The U.S. Facial Tissue Market

- The U.S. Household Liquid Non-Disinfectant Cleaner Market
- The U.S. Alkaline AA Battery Market

Table 2 shows the results of *Hierarchical Cluster Analysis* (HCA) for *2008* indicating which *price-quality* segment a *market leader* was a member of in each of the 24 U.S. consumer markets

Thirteen out of 24 markets supported Hypothesis I –that the *market leader* was going to be a member of the *mid-price* segment.

Hypothesis II is based on the idea that that the *unit price* of the market leader was going to be *higher* than that of the nearest competition.

Results in *eleven* markets supported Hypothesis II.

This paper has been divided in *seven* parts.

Part I: Analyzing the HCA Results of 13 U.S. Consumer Markets that Supported Hypothesis I

Part II: Analyzing the HCA Results of 11 U.S. Consumer Markets that Did Not Support Hypothesis I

Part III: An Overall Evaluation of the HCA Results of 24 U.S. Consumer Markets

Part IV: The Philosophical Foundation of a Business

Part V: An Integrated Framework of Competition in Consumer Markets

Part VI: Important Lessons we can Learn from this Extensive Research

Part VII: Valuable Insights we have Gained from this Endeavor

Part I: Analyzing the HCA Results of 13 Consumer Markets that Supported Hypothesis I

1. The U.S. Beer Market: Bud Light --Market Leader

The U.S. Beer market is the *most* competitive *global* market in America

In 2008 Anheuser Busch's Bud Light had a market share of 17.9% (Table 2).

Thanks to the entrepreneurship of Adolphus Busch, the first *American Adjunct Pale Lager* was born in 1876. He added *rice* as an *adjunct* because he believed it imparted *crispness* and *clean* taste to beer (Datta 2017).

He named it Budweiser (*ibid*).

This new beer was so successful that it *changed* the face of American brewing for *all* time and did so almost *overnight* (Datta 2017, 2025a).

The momentous nature of this historic development can be gauged by the fact, that even *today* more than 80% of all beer sold world-wide is the *American* A*djunct Pale Lager* (Datta 2017, 2025a).

Thus, Anheuser Busch is perhaps the best example of the spectacular success as a result of following the "First-to-market" R&D strategy (Ansoff $ Stewart, 1967; Datta 2010b).

The U.S. Beer industry is a *global mega*-market. It had 2008 net retail sales of $9.5 billion (Table 2).

The industry is quite *complex*. The *variety* it offers to customers is so immense that it is in a league of its *own*.

A glimpse of this variety is provided by the number of *brands*. In 2008 the U.S. *lager* segment had 122 brands followed by 79 brands in the *ale* segment (Datta 2017, 2025a).

Now let us look at the various ways the U.S. Beer market is segmented:

- *Process* of production: *Lager* vs. *Ale*
- *Presence* of Adjunct grains: (Bud Light, Budweiser, Corona)
- *Calories*-based classification: *Regular* (Budweiser) vs. *Light* (Bud Light)
- *Color* styles: *Pale* (Bud Light, Budweiser) vs. *Dark* (Negra Modelo's Munich Dunkel lager)
- *Major Lager* groups:
  - *Traditional* (Budweiser, Bud Light)
  - "*Imports"* (Corona, Heineken)
  - *Craft* (Samuel Adams, Yuengling, Anchor Steam)
- *Drinkability*--Session Beer: It is a beer that by the end of the evening one looks *forward* to repeating the experience again.

2. The U.S. Potato Chip Market: Frito Lay's--Market Leader

In 2008, PepsiCo's Frito Lay's had a dominating market share of 44.1% (Table 2).

The secret of Frio-Lay's phenomenal success in the Potato Chip market is *two*-fold:

- Frito-Lay's *unique* "store-door" *channels of distribution* (*marketing channels*)--system that has become the *envy* of the industry.
- But, *most* importantly, the *driving force* behind Frito-Lay's highly profitable operations is its 10,000-person sales force and its 99.5% service level (Datta 2020d, 2025a).

3. The U.S. Canned Soup Market: Campbell Soup--Market Leader

In 2008 the Campbell Soup Co. was a run-away market leader with a 52.8% share of the canned soup market (Table 2).

President Dorrance followed the "The First-to-Market" R&D strategy.

At the turn of the century, America was *not* a soup-eating country, but a meat-and-vegetable nation. So Dorrance was successful in *inducing* Americans to eat *more* soup (Datta 2020b, 2025b).

Campbell soups were an instant *success*. Once Americans were convinced of their high quality, they realized that the price of 10 cents a can was indeed a bargain (*ibid*).

Within a year Dorrance came up with *five* varieties of condensed soups: *Tomato, Consommé, Vegetable, Chicken, and Oxtail:* an act that turned out be a *masterpiece* (*ibid*).

4. The U.S. Shredded/Grated Cheese Market: Kraft—Market Leader

In 2008, Kraft-Heinz Group's Kraft had a market share of 27.5% (Table 2).

No individual has left a deeper footprint on the U.S. Dairy Industry than James L. Kraft.

Kraft followed "The First-to-Market" R&D strategy.

One of his important innovations was the introduction of *processed* Cheddar cheese that had a *long* shelf life. But even more consequential was his introduction of *Kraft Singles* (Datta, 2018b, 2025b).

5. The U.S. Refrigerated Orange Juice Market: Tropicana—Market Leader

In 2008, PepsiCo's Tropicana was the predominant market leader with a market share of 38.9% (Table 2).

Tropicana pursued "The First-to-Market" R&D strategy that offered one innovation after another (Datta 2018c):

- Tropicana introduces pasteurized Ready-to-Serve (RTS) Orange Juice
- Tropicana stores RTS Orange Juice in above-ground tunnels
- Tropicana switches to aseptic tanks for a *cheaper* alternative
- Tropicana faces a challenge from reconstituted frozen concentrate ("Recon")
- Tropicana r*epositions* RTS (ready-to-serve) orange juice as "Not from Concentrate" (NFC)
- The campaign *succeeded* beyond expectations as the customers perceived NFC as being *fresh* squeezed

6. The U.S. Shampoo Market: Pantene—Market Leader

In 2008, P&G's Pantene had a market share of 15.6% (Table 2).

The most notable picture of the U.S. Sampoo market for 2008 is its extraordinarily *competitive* nature with an *international* flavor, represented by Unilever and L'Oreal (2018a).

7. The U.S. Toothpaste Market: Crest—Market Leader

In 2008, P&G's Crest had a market share of 34.7% (Table 2), with Colgate, the *runner-up,* right on its heals with a market share of 33.5% (Datta 2020a).

Colgate-Palmolive adopted the "First to market" R&D strategy a long time ago (*ibid*).

In the early years of the twentieth century, Colgate did *more* than any other company to promote toothpaste (Datta 2020a, 2025c).

P&G's Crest, too, followed the "Fist to market" strategy. In 1960 Crest became the *first* brand of toothpaste to earn an endorsement from the American Dental Association (*ibid*).

So, it is reasonable to argue that because Colgate-Palmolive had such a long *head start* over P&G, that it had enabled the former to go *toe-to-toe* with a *formidable* competitor, P&G: a company that *dominates* every market in which it has a presence (Datta 2025c).

8. The U.S. Men's Shaving Cream Market: Edge Gel—Market Leader

When S.C. Johnson & Son entered the personal care market, it followed the "First to market" R&D strategy. *Edge* went on to dominate the men's shaving *gel* market and has become a "mega" brand. More importantly, while the market for men's shaving *gel* has expanded steadily, the demand for shaving *foam* has relatively become much smaller. This is because *gel* provides *extra* lubrication and protection that is preferred by many consumers over the *foam* shaving cream (Datta 2012, 2025c).

9. The U.S. Automatic Dishwasher Detergent Market: Cascade—Market Leader

P&G's *Cascade* is a *super-mega* brand with a market share of share of 63.3% in 2008 (Table 2).

Cascade has been following "First-to-market" R&D strategy (Datta 2024b, 2025e).

Cascade is the *dominant* brand in the dishwasher detergent market due to a combination of factors, including a long history of product *innovation*, strong brand recognition, and effective marketing and advertising strategies.

Cascade has been a *household* name for decades, and its association with clean dishes and effective cleaning is deeply ingrained in consumers' minds (*ibid*).

10. The U.S. Hand Dishwashing Detergent Market: Palmolive—Market Leader

Colgate-Palmolive's *Palmolive* had a market share of 24.4% in 2008 (Table 2).

11. The U.S. Facial Tissue Market: Kleenex—Market Leader

Kimberly Clark's Kleenex is a *mega* brand with a 48% market share in 2008 (Table 2).

12. The U.S. Alkaline AA Battery Market: Energizer—Market Leader

Energizer Holdings' Energizer had a market share of 36.2% in 2008 (Table 2).

13. The U.S. Household Liquid Non-Disinfectant Cleaner Market: Formula 409—Market Leader

In a highly competitive market, Clorox Corp.'s Formula 409 had a market share of 13.1% in 2008 (Table 2).

Part II: Analyzing the HCA Results of 11 Consumer Markets that Did Not Support Hypothesis I

1. The U.S. Cola Carbonated Beverage Market: Coca-Cola--Market Leader

In 2008 Coca-Cola had a commanding market share of 56% with a rare membership of the *super-premium* segment (Table 2).

Pharmacist John Pemberton who created Coca-Cola in 1886 deserves a lot of credit for inventing the cola drink which has now become by far the leading soft drink in America. This was the result of his following, like Anheuser Busch, the "First-to-Market" R&D strategy (Datta 2024f, 2025a).

The Cola Carbonated Beverage market is a *duopoly* in which the Coca-Cola Co had a 56% market share in 2008, followed by PepsiCo's share of 39%, totaling a 95% share of the Cola market (*ibid*).

That has enabled Coca-Cola Co.—and the *runner-up* PepsiCo—to charge *super-premium* prices.

It is true that Coca-Cola and Pepsi charge *super-premium* prices in *relative* terms. However, in realty, both Coca-Cola and Pepsi are quite affordable in terms of *absolute* price, as we have indicated below (*ibid*).

The important question is how the Coca-Cola Co. managed to become the leader of such a powerful duopoly?

The *two* most vital factors that have contributed to this powerful duopoly are (Datta 2024f, 2025a):

- The Coca-Cola Co has kept the *formula* for Coca-Cola a closely-guarded trade *secret*--that then results in the production of *syrup concentrate*: a feature unique to the carbonated beverage industry.
- The other key factor is the *channels of distribution* (*marketing channels*). This is the system by which the Coca-Cola Co. sells the *syrup concentrate* throughout the world to *bottlers* who hold *exclusive* territories created by the company's *franchise* system

Other factors are (*ibid*):

- The iconic Coca-Cola *contour* bottle has been celebrated in art, music and advertising as a representative of *mass culture*.
- When the Cola industry switched from sugar to *cheaper* high fructose corn syrup (HFCS), the industry generally *increased* the *size* of their cola bottles rather than significantly lowering the price of the drink.
- America has some of the *highes*t rates of soft drink consumption in the world. Some of the health risks associated with such high consumption of soda include: diabetes, weight gain, and cavities.
- The poorest Americans drink considerably *more* sugary drinks than the richest.
- Neuroscientists have concluded that the *sugar*, *caffeine,* and *carbonation* of soft drinks are designed to deliver intense and *addictive* experiences that leave you wanting more.
- For 2008 the promotional sales of the Cola market averaged 70% of net retail sales, by far the highest in the Discretionary Food Group.
- The Cola industry is relying on *heavy* promotion because these soft drinks are highly *addictive*.

2. The Non-Cola--Lemon-Lime Regular Carbonated Beverage Market*:* Mountain Dew--Market Leader

Mountain Dew had a market share of 14.3% in 2008 with a membership of the *premium* segment (Table 2).

Mountain Dew is owned by PepsiCo, which along with Coca-Cola Co., exercise a monopoly power in the carbonated beverage market. And this has therefore enabled Mountain Dew to compete in the *premium* segment (Datta 2025a).

3. The U.S. Coffee Market: Folgers--Market Leader

In 2008 P&G's Folgers was the market leader with a market share of 21.8%, and a membership—surprisingly—of the *economy* segment (Datta 2020c, 2025b).

There are two main types of coffee: Arabica and Robusta. Arabica accounts for about *two-thirds* of coffee production in the world. Arabica is known for its *complex* and *delicate* flavors, often featuring fruity, floral, or nutty notes. Arabica is the coffee used by Starbucks (*ibid*).

However, Robusta suffers from a major *flaw*: its *taste*. Even the best Robusta brews taste harsh, flat, and bitter (Pandergast, 1999, pp. 152-153; Datta 2020c, 2025b).

One result of *embrace* of Robusta by many American coffee makers in 1954 was that they "*locked* themselves into a *downward* spiral of coupons-off deals, premium offers, and price wars (Pandergast, p. 261; *ibid*).

A coffee expert commented that one could hardly call these poor-quality coffees as "blends," because they were "almost like a form of *deception* to pack *low*-quality coffee in the expensive vacuum tins. It certainly is the l*owering* of a proud standard, the *crumbling* of a tradition" (*ibid*, p. 261, *italics* added; Datta, 2020c, 2025b).

Adrian Slywotzky, writing in *Value Migration*, suggested that "the customer was *not* driving decision-making at P&G, General Foods, or Nestle, where coffee had become *commoditized*. On the other hand, she added, the "smaller gourmet roasters were providing the *value* that had 'migrated' from the big boys (Pendergast, p. 387; Datta 2020c, 2025b).

In the early 1970s *specialty* coffee roasters and coffeehouses started to appear with growing frequency in America. Across America many consumers began to realize that for just a *little* more money, they could buy coffee of *fine* quality that tasted *good*. By 1980, *specialty* coffee was *entrenched* in *big* cities on *both* coasts (Pendergrast, pp. 312, 325-326; Datta 2020c, 2025b).

By 1991 Starbucks had over one hundred stores. So, given this success, Schultz says he was afraid of waking up sleeping giants: Maxwell House, Folgers and Nestlé. He added that "If they had started to sell *specialty* coffee early on, they could have *wiped* us out" (Pendergrast, p. 371, *italics* added; Datta 2020c, 2025b).

He was lucky that the sleeping giants kept sleeping (*ibid*).

By the mid-1990s industry observers clearly saw that while gourmet small-scale roasters were flourishing, the major roasters had lost their way. In 1995 *Forbes* summarized the latter's status in one-word headline: "Oversleeping." Addressing their message to Maxwell House, Folgers, and Nestle, *Forbes* said: "Wake up and taste the freshly ground coffee" (*ibid,* p. 366).

Adrian Slywotzky further noted that P&G—the owner of Folgers—which had introduced new brands "more skillfully than anybody else, …*missed* the boat this time. P&G could afford to invest $50-$100 million over two years to build a *new* national brand." But, unfortunately P&G *didn't* (*ibid*, p. 388; *italics* added; Datta, 2020c, 2025b).

From the above discussion it is clear that the *market leader*, Folgers—and the *runner-up* Maxwell House—were *both* following *cost leadership* strategy (Porter 1980) competing on *low* price—and *low* quality--in the *economy* segment (*ibid*).

However, the most remarkable aspect of this revelation is that of all the *twenty-four* consumer markets that are the subject of this study, Folgers and Maxwell House are the *only* market leaders who chose to compete in the *economy* segment (Datta 2020c, 2025b).

Yet, it is P&G's policy to compete in all price points —*super-premium*, *premium*, *mid-price, and* economy--*except* the *economy* segment (Datta 2010b).

That is why P&G *sold* Folgers to the J. M. Smucker family in 2008 (Datta 2020c, 2025b).

So, in view of the foregoing arguments we suggest that the HCA result for Folgers does *not* negate our theory.

4. The U.S. Men's Razor Blade Market: Gillette Fusion—Market Leader

In 2008 P&G's Gillette Fusion was the market leader, with a market share of 22.9%, and a membership of the *super-premium* segment (Table 2).

The technology for making Men's and Women's Razors and Blades has now become quite *intricate* which, in turn, raises the *cost* of production. (Datta 2019a, Datta 2025c).

Gillette--now owned by P&G--has been pursuing the "First-to-market" R&D strategy of *innovation* and constant improvement since its founding in 1901 by King Gillette. But more importantly, Gillette serves as a *model* for today's managers of how to maintain commitment to *innovation*, how to advertise *creatively* against the competition, and above all, how to translate a consistent vision of *global* growth into *superior* results in the marketplace (*ibid*).

Gillette's philosophy enunciated by King Gillette--and still followed by Gillette—is:

- "We'll stop making razor Blades when we can't make them better" (*ibid*).

Gillette has been offering new features—and benefits—than ever before, which has consequently made it possible now for it to charge *premium* and *super-premium* prices (*ibid*).

Gillette's virtual *monopoly* of the industry is another factor, that has enabled it to position itself in the *premium* and *super-premium* segments: rather than the *mid-price* segment. In 2008 Gillette had an overall 90% share of the men's razor-blade market (Datta 2019a).

Many men—and women--consider shaving an important part of *personal grooming*, for which they are willing to pay *premium* prices: because they regard it an "affordable luxury" (*ibid*).

5. The U.S. Women's Razor-Blade Market: Gillette Venus—Market Leader

In 2008 P&G's Gillette Venus was the market leader with a market share of 19.1%, and a membership of the *premium* segment (Table 2).

Gillette had an overall market share of 61% in the Women's razor-blade market in 2008 (Datta 2019b).

The comments about Gillettes' philosophy of innovation and constant improvement apply equally to the Women's Razor-Blade market as well.

6. The U.S. Toilet Paper Market: Charmin—Market Leader

In 2008 P&G's Charmin was the market leader with a market share of 24.1% and a membership of the *premium* segment (Table 2).

The history of toilet paper in America was that it was a *taboo*, and that no one wanted to ask for it by name. So, it was an *uphill* battle to get the Americans to buy the toilet paper openly (Datta 2023b, 2025d).

It was Hoberg Paper Co. which introduced Charmin in 1928. Hoberg marketed Charmin with a logo that depicted a *beautiful* woman. The *ingenuity* of this campaign was that by projecting *softness* and *femininity*, the company was able to *avoid* talking about the *real* function of toilet paper, that no one wanted to talk about (*ibid*).

And this made Charmin a *successful* brand, and helped it to survive the Great Depression of 1929 (*ibid*).

In 1957 P&G acquired Hoberg Paper Co (*ibid*).

Toilet activity is quite complex, in which personal *hygiene* plays a critical role. Although a *bidet* is quite popular in Europe, few people in America use it (Datta 2023b, 2025d).

So, in the absence of a substitute, Americans are willing to pay *premium* prices for toilet paper, because it serves an *important* need: an *antidote* to germs and disease (*ibid*).

7. The U.S. Disposable Diapers Market: Pampers—Market Leader

In 2008, P&G's Pampers had a market share of 37.3% (Table 2).

But most surprisingly, *both* the *market leader*, Pampers, and the *runner-up*, Huggies were found to be members the *super-premium* segment: a rather *rare* event (Datta 2023d, 2025d).

We can cite *three* reasons for this (*ibid*).

- First, in the words of Peter Drucker, *Pampers* disposable diapers "*created* customers" and served them *better* than the competition.
- Second is the rising cost of *pulp*--a raw material used to make disposable diapers--and higher transportation and freight costs.
- Third, disposable diapers serve an *important* need--personal *hygiene*—and as in the case of Toilet Paper, an *antidote* to germs and disease.

8. The U.S. Deodorant Market: Secret—Market Leader

In 2008 P&G's Secret was the market leader with a market share of 16.1%, and a member of the *premium* segment (Table 2).

Unlike other deodorant brands, *Secret* was designed and marketed to *women* who desired a product that would contribute to their "feelings of femininity, daintiness and freshness:" for which they were willing to pay a *premium* price (Datta 2024e).

9. The U.S. Sanitary Pads Market: Always--Market Leader

For most of human history, *menstruation* has been associated with *taboos* and *stigma*. More importantly, menstruation is an activity that is so complex that it is synonymous with *femininity* itself. Thus, disposable diapers serve an *important* need--personal *hygiene*—and as in the case of Toilet Paper, and Disposable Diapers--an *antidote* to germs and disease (Datta 2024a, 2025d).

So, it is not surprising that many women are willing to pay *premium* prices for such a fundamental need (*ibid*).

10. The U.S. Heavy-Duty Liquid Laundry Detergent Market: Tide—Market Leader

In 2008 P&G's Tide was the market leader with a commanding market share of 45.2%, and a membership of the *premium* segment (Table 2).

Tide is the *top-selling* liquid laundry detergent brand in the *world* with about 14.3% of *world* market share.

Following the "First-to-market" R&D strategy, *Tide* has continued to *innovate*, and to respond to consumer *preferences* and *environmental* concerns (Datta 2024d).

Tide liquid laundry detergent is known for its powerful *stain removal*, ability to clean *deep* into fabric fibers, and its *fresh*, long-lasting *scent*. It is also recognized for *whitening* and *brightening* clothes (*ibid*).

For P&G's national and international record in *sustainable* development, and *eco-friendly* products, the Environment Possibility Award conferred the "Environmental Heroes of the Year" to Tide in 2020 (*ibid*).

In some communities, *Tide* has become such a *hot* commodity, that *criminals* steal it from stores to resell. Police call the detergent "liquid gold" on the black market, where it is often traded or sold for illegal drugs (*ibid*).

11. The U.S. Paper Towel Market: Bounty—Market Leader

P&G's Bounty was the *market leader* and a member of the *super-premium* segment—an extremely *rare* event. It had a market share of 38.9% in 2008 (Table 2).

The company *revolutionized* the industry with a 2-ply paper towel, Bounty, that was not only soft and strong but was *unmatched* in being *quick* and *absorbent* on spills (Datta 2023c, 2025e).

Whereas makers of most paper towel were marketing the *strength* or *softness* of their paper towel, P&G discovered that consumers generally *preferred* something else: *absorbency* (*ibid*).

And that is why P&G uses the slogan "The Quicker Picker Upper" in its advertisements for Bounty (*ibid*).

In its report on Bounty Towel, *Consumer Reports* says that *more* strength seems to result in *less* absorbency.

In 2009 *Consumer Reports* rated Bounty as the *best* paper towel (*ibid*).

However, the paper towel industry is facing major *criticism* from environmentalists. According to Google, on the whole, paper towels are *not* sustainable. The production and consumption of paper towels lead to deforestation, chemical pollution in freshwaters, and fill-up of our landfills. Another drawback of paper towels is that they are made for *single*-use and *disposal* (*ibid*).

Part III: An Overall Evaluation of the HCA Results of 24 Consumer Markets

1. The main strength of our framework is that it is grounded in a solid foundation: *Quality*.

If we include the coffee market, as we have argued earlier, then *fourteen* of twenty-four markets supported Hypothesis I—that the market leader was going to be a member of the *mid-price* segment--a 58% success rate. Since our framework is based on just *two* variables—quality and price--a success rate of 58% is surely *remarkable*.

2. Kenneth Boulding: People Find it Easier to Understand Categories Rather than Numbers

"In his writings celebrated economist and systems scientist Kenneth Boulding, frequently highlighted the human tendency to prefer *simpler*, *categorical* understandings of the world over complex numerical data. Boulding's work often explored the *limitations* of human cognition and the need to *simplify* complex systems for easier comprehension. This aligns with the idea that people often rely on *categories* and *qualitative* assessments rather than intricate numerical analysis. This preference for categorization stems from the brain's capacity to process information, which is more *efficient* when dealing with manageable *categories* and *patterns* than with large sets of numbers" (Note 2, *italics* added).

The wisdom and insight of Boulding have provided the very foundation of our theoretical framework which is grounded in the price-quality segmentation framework that recognizes five *categories*: *ultra-economy*, *economy*, *mid-price*, *premium* and *super-premium.*

However, we had to rely upon the technique of *Cluster Analysis* that can then convert numerical data into price-quality *categories* mentioned above.

Another part of our theoretical framework is *A Socio-economic Class Lifestyle Profile of America.* This profile reveals *three* broad income groups, giving rise to *six* social classes or *categories*. More importantly, the *six* social classes are *not* merely a statistical construct, but rather a picture of *reality* (Table 1).

In our entire research project, we have used *Hierarchical Cluster Analysis*. So, based on the advice of Ketchen & Shook (1996) we have taken several steps to make this effort as *objective* as possible (Datta 2024d):

- First, this study is *not* ad-hoc, but is grounded in a *theoretical* framework, as laid out below.
- Second, we are fortunate that we were able to get *national* U.S. sales data for our study for *two* years.
- Thus, this extra data point provided a *robust* vehicle for subjecting cluster consistency and reliability to an *additional* test.
- Third, we wanted to use two different techniques—KMeans and Hierarchical—to add another layer of cluster consistency and reliability. However, we found Hierarchical cluster

analysis to be *superior* in meeting that test. So, we did *not* consider it necessary to use the KMeans technique.

3. Theoretical Foundation for Determining Number of Clusters—and Their Meaning

- As already stated, a major purpose of this paper is to identify the market share *leader* and determine the price-quality segment—based on unit *price*—it was competing in.
- An important question in performing cluster analysis is to figure out the *number* of clusters based on an *a priori* theory. Most consumer markets can be divided in three *basic* price-quality segments: *premium*, *mid-price*, and *economy*. These three basic segments can be extended to *five*: with the addition of *super-premium* and *ultra-economy* segments (Datta, 1996).

Therefore, *three* represents the *minimum* and *five* the *maximum* number of clusters (Datta 1996).

An equally crucial issue is to find out what each cluster (e.g., *economy*, *mid-price*, *and premium*) really *means*.

Perhaps a good way to understand what each price-quality segment stands for in *real* life is to look at a socio-economic *lifestyle* profile of America. It reveals *six* classes (Table 1). Each class is associated with a price-quality segment typified by the retail stores where they generally shop: each a symbol of their *lifestyle* (Datta, 2011).

4. Guidelines for Cluster Consistency and Reliability

In addition to laying a theoretical foundation for the *number* of clusters, we set up the following guidelines to *enhance* cluster consistency and reliability (Datta 2024d, 2024f):

- In general, there should be a *clean break* between *contiguous* clusters.
- The *anchor* clusters—the top and the bottom—should be *robust*. In a cluster-analysis project limited to a range of three to five clusters, a robust cluster is one whose membership remains *constant* from three- to four-, *or* four- to five-cluster solutions.
- Finally, we followed a step-by-step procedure to determine the optimal solution. First, we start with *three* clusters. Thus, the bottom cluster obviously becomes the *economy* segment, and the top cluster the *premium* segment. Next, we go to *four* clusters, and *tentatively* call them: *economy*, *mid-price*, *premium*, and *super-premium*. Then we go to *five* clusters. If the membership of the *bottom* cluster remains unchanged from what it was in the four-cluster result, it clearly implies that the *ultra-economy* segment does *not* exist. Then, if the membership of the *top* cluster also remains the same from a four- to a five-cluster solution, then the *top* cluster becomes the *super-premium* segment.
- This signifies that even in a five-cluster solution we have only *four* price-quality segments: *economy*, *mid-price*, *premium*, and *super-premium*.
- It means that either the *premium* or the *mid-price* segment consist of *two sub*-segments.

5. External Evidence to Validate Results of Cluster Analysis

Whenever possible, we have tried to seek *external* evidence to validate the results of cluster analysis. For example, many companies identify on their websites a certain brand(s) as a *premium* or luxury brand. A case in point is that of P&G which says that its plan is to compete in all "price points": *super-premium*, *premium*, and *mid-price: except* the *economy* segment (Datta, 2010b).

6. Need For a More Comprehensive Theoretical Framework

In analyzing the results of Hierarchical Cluster Analysis in our long journey spanning 24 U.S. consumer markets--as discussed in Parts I and II—three factors stand out: (1) Research and Development (R&D) Strategy, (2) Marketing Channels (channels of distribution), and (3) Technology.

Although we have recognized R&D strategy as a vital competitive factor throughout this entire research project, yet it has *not* been an integral part of our theoretical framework.

The second key factor is *Marketing Channels* (channels of distribution).

In 2008, PepsiCo's Frito Lay's had a dominating market share of 44.1% (Table 2).

The secret of Frio-Lay's phenomenal success in the Potato Chip market is *two*-fold:

- Frito-Lay's *unique* "store-door" *channels of distribution* system that has become the *envy* of the industry.
- But, *most* importantly, the *driving force* behind Frito-Lay's highly profitable operations is its 10,000-person sales force and its 99.5% service level.

Marketing Channels are also *central* to creating a duopoly in the Carbonated Cola market: with the *market leader* Coca-Cola's market share of 56%, and Pepsi, the *runner-up*, with a market share of 39%, totaling a 95% share of the Carbonated Cola market.

The *third* factor missing from our framework is *Technology* which played an important role in many markets.

Part IV: The Philosophical Foundation of a Business

In his classic book, *The Practice of Management*, first published in 1954, Drucker made a statement that was astounding at that time. He said the *purpose* of a business is to create a *customer* (Drucker, 1974, p.61; Datta, 1997, 2010b):

- "To know what a business is, we have to start with its purpose. Its *purpose* must lie outside of the business itself. In fact, it must lie in society since business enterprise is an organ of society. There is only one valid definition of business purpose: *to create a customer*" (*italics* in the original).

Levitt (1986, p. 137) also suggests that the purpose of a business is "*getting and keeping customers*" (*italics* added). In a similar vein, Biggadike (1981) believes that the concept of a *customer* can be both a philosophy and a practical guide (Datta, 1997, 2010b).

Procter & Gamble (P&G), the leading consumer products company in the world, has listed five *core* strengths. The *first* in that list is a "deep *understanding* of consumers and placing them at the *center* of all decision making" (Lafley & Charan, 2008, pp. 96-100; *italics* added; Datta 2010b).

A *big* benefit of a *customer*-focused business is that it can create *Brand Equity* that can then lead to brand *loyalty*. We will discuss this subject in Part VII.

Part V. An Integrated Framework of Competition in Consumer Markets

1. In the previous section, we haves laid the philosophical foundation for a business. Now, let us try to give it a more practical shape.

(1) Marketing Strategy:

- Quality
- Price
- Marketing Channels (Channels of Distribution)
- Advertising and promotion

(2) Research and Development (R&D) strategy

(3) Technology

2. Marketing as the First Entrepreneurial Function

Drucker (1974, chap.6) says that because its purpose is to create a customer, a business has only two entrepreneurial functions: marketing and innovation. He considers marketing as the *first* entrepreneurial function. He says marketing is so basic that it cannot be regarded just another function, but a *concern* that must permeate *all* areas of an enterprise. According to him, it is the *lens* through which one can see the *whole* business from the *customer's* point of view (Datta 2010b).

It is essential to point out that Drucker is not using marketing in the traditional sense of a function or discipline, but rather as a *philosophy* grounded in the *customer* (Datta, 1997, 2010b).

3. Innovation as the Second Entrepreneurial Function

Drucker (1974, pp.65-66) points out that it is not enough for a business to sell just any goods and services; it must provide *better* and more economic goods. However, only the customer can judge the merit of an innovation. Like marketing, innovation, too, cuts across the entire business (Datta, 1997, 2010b).

Supporting Drucker's view, Levitt (1969) observes that the pursuit of innovation is part and parcel of the marketing concept (*ibid*).

4. Customer-Perceived Quality Central to Competitive Success

As mentioned earlier, we have argued that the path to market share leadership does *not* lie in lower price founded in *cost leadership* strategy, as Michael Porter (1980) suggests. Rather, it is based on the premise—according to the PIMS database research (Note 1)—that it is *customer*-perceived *quality* that is crucial to long-term competitive position and profitability. So, the answer to market share leadership for a business is to *differentiate* itself by offering quality *better* than that of the nearest competition (Datta, 2010a; 2025a).

As mentioned above, *customer*-perceived *quality* is the most important factor contributing to the long-term success of a business. However, as mentioned earlier, quality *canno*t really be separated from price. Quality, in general, is an *intricate*, multi-dimensional concept that is difficult to comprehend. So, consumers often use *relative* price—and a brand's *reputation*—as a symbol of quality (Garvin 1987; Datta 1996, 2010b).

5. Quality and Customer Benefits Intricately Intertwined

In a *path-breaking* article Garvin (1987) has identified *eight* dimensions of quality:

- Performance
- Features
- Reliability
- Conformance
- Durability
- Serviceability
- Aesthetics
- Perceived quality

Garvin says that reliability and durability are closely *linked*, and that they are more relevant to *durable* goods (*ibid*). Clearly the eight dimensions of *quality* represent customer *benefits* which demonstrates how deeply the two are interconnected together.

6. Marketing Channels

By far the *most* valuable resource in marketing are the marketing channels. Their value lies in a highly-motivated, well-trained sales force, and delivery organization that has an *intimate* knowledge of its customers and their needs (Datta 1986).

It is the *field* service organization that is able to generate customer loyalty through the quality of its service. It is in the network of strong wholesale, retail, and service *dealers* who can keep the customers happy.

The marketing channels represent an asset that requires *patience* and a *long-term* commitment of considerable investment (Datta 1986).

6.1 Market-related Diversification More Successful than Technology-related

According to Drucker, unity through *market* is likely to be *more* successful than through technology. It is much *tougher* to diversify into different markets using a single *technology*, than to diversify into different technologies that serve the same market. This is because expertise in *technology* is "rational" and more *easily* acquired. On the other hand, expertise in *marketing* is more *subtle* because it is based on “experience,” “feel,” and “understanding” (Datta 1986).

6.2 Marketing Channels Offer Much Stronger Unity Than Technology

An enormously large number of products can be sold through a single intermediate customer, such as a *supermarket.* So, because of the large variety of products involved, unity in technology is clearly *not* possible, unlike marketing channels (Datta 1986).

7. Advertising & Promotion

Very often different products offer a variety of benefits. For example, in the case of *paper towel* three characteristics are important: softness, strength, and absorbency. Whereas makers of most paper towel were marketing the *strength* or *softness* of their paper towel, P&G discovered that consumers generally *preferred* something else: *absorbency* (Datta 2023c).

And that is why P&G uses the slogan “The Quicker Picker Upper” in its advertisements for Bounty (Datta 2023c).

Now let us take another example.

The *first* toilet paper in America was invented in 1857. In 1890, two brothers, Clarence and Irvin Scott, popularized the concept of toilet paper on a roll. However, Americans remained *embarrassed* by bodily functions. Toilet paper was such a *taboo*, that no one wanted to ask for it by name (Datta 2023b).

In 1928, Hoberg Paper Co. of Green Bay, Wisconsin, introduced a brand called *Charmin*, and marketed it with a logo that depicted a beautiful woman. The *ingenuity* of this campaign was that by projecting softness and femininity, the company was able to *avoid* talking about the real function of toilet paper, that no one wanted to talk about.

And this made Charmin a *successful* brand, and helped it to survive the Great Depression of 1929 (Datta 2023b).

In 1957 P&G acquired Hoberg Paper Co (*ibid*).

Charmin was the *market leader* with a brand market share of 24.1% in 2008 (*ibid;* Table 2).

When a business launches a new brand, it often offers significant *discounts* to bolster sales. A good example is the launching by P&G of a major brand in 2006: Gillette Fusion. So, to boost the sale of Fusion *blades*, Gillette offered a discount on various brands of Fusion *razors* that ranged from 41% to 54% during 2008 (Datta 2019a).

8. Research & Development Strategy

As mentioned in the Introduction, Ansoff & Stewart (1967) have proposed an elegant scheme of R&D strategy for a technology-based business in which a business seeking market share leadership has two choices: either “First to market” or “Follow the leader” strategy (Datta 2010b).

Throughout this entire research project, we have been emphasizing the importance of “First to market” R&D strategy. The following brands became *market leaders* as a result of having followed this strategy:

- Anheuser Busch in the Beer market
- Coca Cola in the Cola Carbonated Beverage market
- Campbell Soup in the Canned Soup market
- Kraft in the Shredded-Grated Cheese market
- Tropicana in the Refrigerated Orange Juice market
- Kleenex in the Facial Tissue market
- Charmin in the Toilet Paper market
- Pampers in the Disposable Diapers market
- Always in the Sanitary Pads market
- Tide in Liquid Heavy-Duty Detergent market
- Cascade in Automatic Dishwasher Detergent market
- Gillette Fusion in Men's Razor-Blade market
- Gillette Venus in Women's Razor-Blade market
- Edge Gel in Men's Shaving Cream market
- Energizer in Alkaline AA Battery market

9. Technology

The *complexity* of technology in a product-market can be broadly visualized as *low-tech*, *mid-tech*, and *high-tech*.

The driving force behind the success of the *leading* brands in the *mid-tech* and *high-tech* markets has been *superior* technology. This has resulted in *high-quality* products that offer benefits customers like. Here is a list of such brands:

- Gillette Fusion: Men's Razor-Blade market
- Gillette Venus: Women's Razor-Blade market
- Tide: Heavy-Duty Liquid Laundry Detergent market
- Cascade: Automatic Dishwasher Detergent market
- Pampers: Disposable Diapers market
- Always: Sanitary Pads market
- Bounty: Paper Towel market
- Crest and Colgate: Toothpaste market

Part VI: Important Lessons we can Learn from this Extensive Research

1. Real Competition in Business Occurs at the BRAND Level

Abell (1980, chap.2) says that a business can be defined along *three* dimensions: (1) customer groups served, (2) customer functions served, and (3) technologies utilized. He points out that Ansoff (1965, pp.105-106) also implies the same three dimensions. Datta (1996), too, supports the ideas of Abell and

Ansoff (Datta 2010b).

Datta (2010b) has extended Abell's framework from *three* to *seven* dimensions.

Instead of treating "customer function" as a single dimension, he has been split it into *four* parts.

The *starting* point of this new framework is customer *need*, followed by customer *benefit*, customer *function* and customer *mission* (Datta 2010b, Fig. 2).

The same point is also made by (Datta 1996, Fig. 1): That the *starting* point of business strategy should be *customer need*.

Now let us look at the product-market portfolio of a large global consumer products company. We could not have chosen a better example than P&G whose Sector Business Units are as follows (Note 3):

- Beauty
- Grooming
- Health Care
- Baby
- Feminine and Family Care

Clearly each Sector Business Unit reflects a different customer *need*.

Let us take the case of a fictional company's Strategic Business Group (SBG): *Personal Grooming.* It has three Strategic Business Units (SBUs): *Hair Care*, *Shaving for Men*, and *Shaving for Women* (Figure 1).

These SBUs lead us to three individual *product-markets*: Shampoo and Conditioner; Razor-Blade for Men; and Razor-Blade for Women.

Next come the BRANDS: *Pantene* in the Shampoo and Conditioner market; *Gillette Fusion* in the Men's Razor-Blade market; and *Gillette Venus* in the Women's Razor-Blade market.

Each brand was the *market leader* in 2008.

Thus, Figure 1 provides an illustration of a *powerful* idea: That it is at the *Brand* level where *real* competition takes place, and where the rich *dynamics* of competition reveal themselves (Datta 2010b).

2. Deep Understanding of Customers Should be the Primary Mission of Business

As mentioned earlier, Procter & Gamble (P&G), the leading consumer products company in the world, has listed five *core* strengths. The *first* in that list is a "deep *understanding* of consumers and placing them at the *center* of all decision making." So, it is not surprising that P&G has become the most *successful* and the *largest* consumer products company in the world.

3. The Importance of Brand Equity

Underscoring the importance of brand equity, Hamel and Prahalad (1994, p.237) suggest that in today's highly competitive markets it is very important for a business to create a "share of mind" among global customers. They say that what convinces a buyer to purchase a product from "Sony, Canon, or Toyota is less the length of the warranty period than the strength of the quality warrant implicit in the *brand*" (*italics* added; Data 2010b).

Garvin (1987) also says "high quality means pleasing consumers."

Benefits that a brand can yield can not only be tangible but intangible as well. As mentioned above, the very *name* of a famous brand can be reassuring to a customer when buying a product, especially if the purchase price is substantial (Datta 2010b).

Other important benefit of brand equity is *brand loyalty* (Aaker, 1991, pp.16-17; Datta 2010b).

Testimonial from a reputable organization can also add considerably to the reputation of a brand. An example is P&G's Crest toothpaste securing the first-ever endorsement from the American Dental Association (Datta, 1996, 2010b, 2020a).

Another benefit is that is tied to a product's *use* or *association*. One example is the old reputation of Arm & Hammer's baking soda as a deodorizer and freshener: a standing that enabled Church & Dwight to successfully launch its Arm & Hammer Dental Care toothpaste. While, the market leaders—P&G and Colgate—were primarily focusing on *therapeutic* benefits, Arm & Hammer positioned its toothpaste on a different dimension—*aesthetics*—by emphasizing the benefit of "clean and fresh" feeling (Aaker, 1991, pp.16-17; Datta, 1996, 2010b).

Part VII: Valuable Insights we have Gained from this Major Endeavor

1. Coffee Prices on the World Market are Lower than the Cost of Production

Coffee is a crop that is *produced* around the globe in developing countries that are generally *poor*. But it is largely *consumed* in developed countries, like the United States and Europe, that are *affluent* (Datta, 2020c).

There is an important aspect of the coffee business that we have *not* explored yet: the *prices* the coffee producers get on the world market for coffee.

The extraordinarily *low* prices that are "currently paid to the producers of coffee is leading to the largest *enforced* global lay-off of workers in history." According to *Wall St. Journal*, 125 million people depended on coffee in 2002. The World Bank has estimated that there are 25 million *small* producers in developing countries for whom coffee is the *only* source of income. Also, an astounding 500 million people are globally involved directly or indirectly in the coffee trade (Wild, 2004, p. 1, *italics* added; Datta, 2020c).

As long as the price of coffee continues to be *lower* than the cost of production, *small* coffee producers must *subsidize* coffee consumers. But they cannot do so indefinitely. The result is *loss* of livelihood on a massive scale. According to a World Bank estimate, between 2000 and 2002, about 600,000 workers in the coffee industry *lost* their jobs in Central America alone (Wild, p. 2; Datta, 2020c).

2. Industrialization of American Food Has Led to Heart Disease, Diabetes, Stroke, and Cancer

A crucial change occurred in the first half of the twentieth century. Looking back at the past, Americans realized that they did not like the idea of their mothers and grandmothers toiling long hours making food in the kitchen. Associating modernity with *convenience,* they gave up flavor and nutrition of home-cooked food for bland *processed* food: e.g., canned soup¸ vegetables, fruit; factory-made Wonder Bread: light and textureless; “instant” coffee, TV dinners, and so on (Ogle, 2006, pp. 228-229; Datta 2017).

Nevertheless, more a food is processed the more it loses its *flavor*; moreover, processing adds extra *sugar* to food (Ogle, 2006, p. 228; Datta 2017).

Yet, one important reason for processing food is the need to *preserve* it. However, industrial processing goes far *beyond* extending food shelf life. Instead, it is particularly calculated to “sell us *more* food by pushing our *evolutionary* buttons—our *inborn* preferences for *sweetness* and *fat* and *salt*” (Pollan 2008, pp. 149-150; *italics* added; Datta 2017).

Pollan (2008, pp. 9-10) says that the American diet, or what he calls the “Western” diet, is fast becoming the world diet. He warns that this diet is increasingly making us “sick and fat.” He adds that *four* of the top causes of death are *chronic* diseases with *proven* links to diet: “coronary heart disease, diabetes, stroke and cancer” (Pollan 2008, pp. 9-10; Datta 2010).

Table 1. A Socio-economic Class Lifestyle Profile of America: 2017

Source; Table 3, Datta 2022

Broad Income Group	Percentile	Economic Class	Lifestyle Profile	Percentile	Income Threshold
		The Super Rich	*"Masters of the Universe"*	Top 0.01%	$11,797,000
The Upper Class	Top 0.5%	*The Very Rich*		Top 0.1-.01%	$2,221,000
		The Rich	*"Conspicuous Consumption"*	Top 0.5-0.1%	$748,040
		The Upper Middle Class	*"Cultured Affluence"*	80-99.5%	$127,144
The Middle Class	40-99.5%	*The Traditional Middle Class*	*From "Keeping up with the Joneses" to "Good quality Public Schools"*	40-80%	$48,002
The Lower Class	Bottom 40%	*The "Near Poor"* *The Poor*	*"Just Making It"* *Survival*	20-40% Bottom 20%	$24,913

Table 2. Results of Hierarchical Cluster Analysis:

Profile of Market Leaders in 24 U.S. Consumer Markets: 2008

Name of Market	Product Category	Market Sales 2008	Market Leader	Mkt.Sh.	Corp. Parent	PQ Segment
Markets that Supported Hyp. I						
Beer	Food--Discretionary	$9.5 Billion	Bud Light	17.90%	AB In-Bev	***Mid-Price***
Potato Chip	Food--Discretionary	$3.1 Billion	Lay's	44.10%	PepsiCo	***Mid-Price***
Canned Soup	Food--Non Discretionary	$3.4 Billion	Cambell	52.80%	Campbell Soup Co.	***Mid-Price***
Shredded-Greated Cheese	Food--Non Discretionary	$3 Billion	Kraft	27.50%	Kraft-Heinz Group	***Mid-Price***
Refrigerated Orange Juice	Food--Non Discretionary	$2.6 Billion	Tropicana	38.90%	PepsiCo	***Mid-Price***
Shampoo	Personal Grooming	1.4 Billion	Pantene	15.60%	P&G	***Mid-Price***
Toothpaste	Personal Health/Grooming	$1.3 Billion	Crest	34.70%	P&G	***Mid-Price***
Men's Shaving Cream	Personal Grooming	$154 Million	Edge Gel	34%	Edgewell Personal Care	***Mid-Price***
Automatic-Dishwasher Detergent	Laundry/Dishwashing Detergents	$491 Million	Cascade	63.30%	P&G	***Mid-Price***
Hand-Dishwashing Detergent	Laundry/Dishwashing Detergents	$599 Million	Palmolive	24.40%	Colgate -Palmolive	***Mid-Price***
Facial Tissue	Household Cleaning/AA Battery	$1 Billion	Kleenex	48%	Kimberly Clark	***Mid-Price***
Alkaline AA Battery	Household Cleaning/AA Battery	$667 Million	Energizer	36.20%	Energizer Holdings	***Mid-Price***
Household Liq.Non-Disinfectant Cleaner	Household Cleaning/AA Battery	$381 Million	Formula 409	13.10%	Clorox Co.	***Mid-Price***
Markets that Did Not Support Hyp. I						
Coffee	Food--Non Discretionary	$3.8 Billion	Folgers	21.80%	P&G	*Economy*
Cola Carbonated Beverage	Food--Discretionary	$6.6 Billion	Coca-Cola	56%	Coca-Cola Co.	*Super-premium*
Non-Cola Lemon-Lime Reg.Beverage	Food--Discretionary	$5.4 Billion	Mountain Dew	14.30%	PepsiCo	*Premium*
Men's Razor-Blade	Personal Grooming	$591 Million	Gillette Fusion	22.90%	P&G	*Super-premium*
Women's Razor-Blade	Personal Grooming	$192 Million	Gillette Venus	19.10%	P&G	*Premium*
Toilet Paper	Personal Hygiene	$4.1 Billion	Charmin	24.10%	P&G	*Premium*
Disposable Diapers	Personal Hygiene	$2.4 Billion	Pampers	37.30%	P&G	*Super-premium*
Deodorant Market	Personal Hygiene	$1.3 Billion	Secret	16.10%	P&G	*Premium*
Sanitary Pads	Personal Hygiene	$881 Million	Always Uthin/Wgs.	56.10%	P&G	*Premium*
Liquid Heavy-Duty Laundry Detergent	Laundry/Dishwashing Detergents	$3 Billion	Tide	45.20%	P&G	*Premium*
Paper Towel	Household Cleaning/AA Battery	$2.4 Billion	Bounty	38.90%	P&G	*Super-premium*

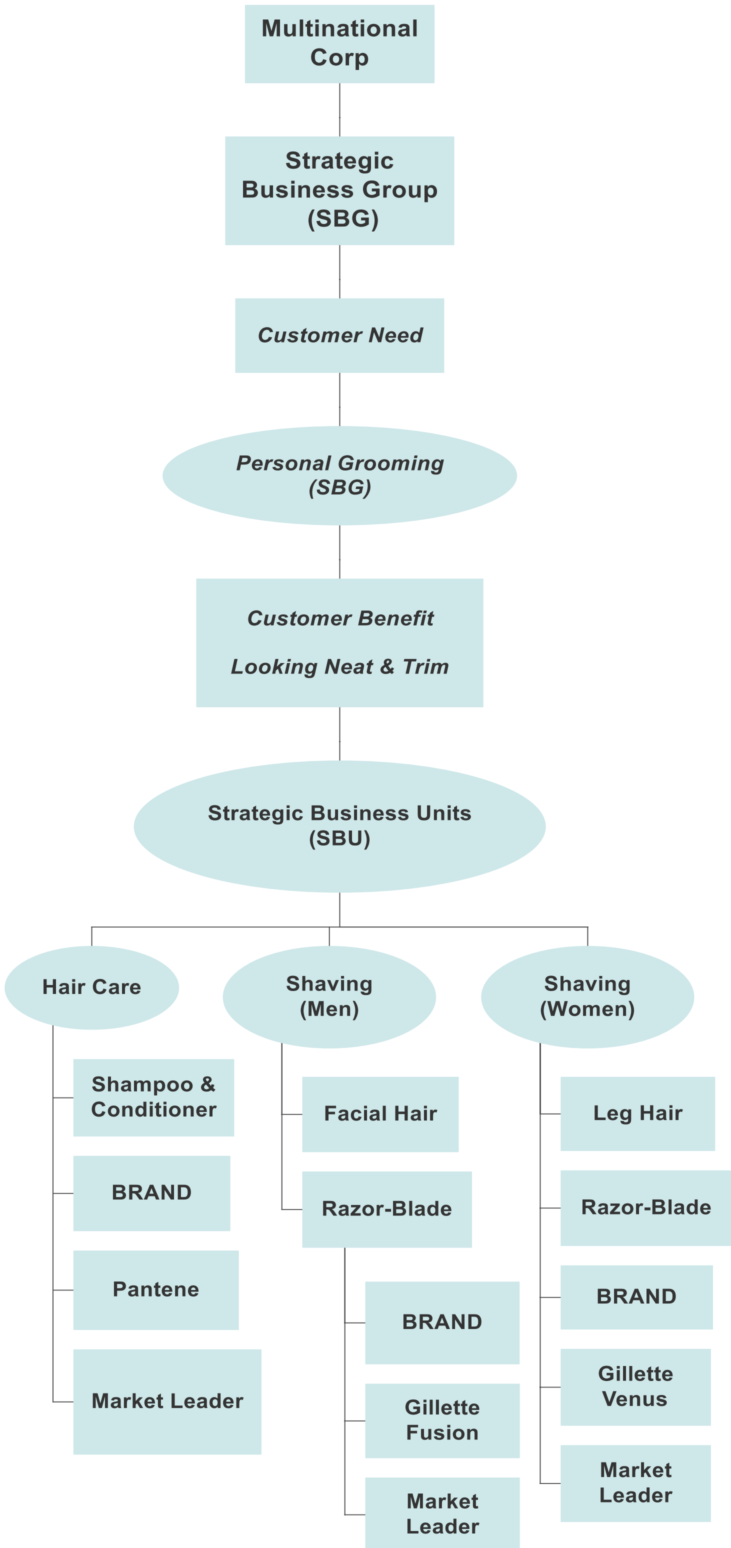

Figure 1. Strategic Business Units (SBUs): Hair Care and Shaving, 2008

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Notes

Note 1. Profit Impact of Market Strategies.

Note 2.

https://www.google.com/search?q=kenneth+Boulding+wrote+in+one+of+his+books+that+people+have+difficulty+understanding+numbers.+So+they+prefer+categories+that+are+easier+to+understand.&sca_esv=777c07ccfe2c70ac&rlz=1C1RXQR_enUS1087US1087&biw=1069&bih=586&sxsrf=AE3TifN

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Note 3.

https://www.google.com/search?q=WHt+are+the+business+goups+of+P%26G&rlz=1C1RXQR_enUS1087US1087&oq=WHt+are+the+business+goups+of+P%26G&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIJCAEQIRgKGKABMgkIAhAhGAoYoAEyCQgDECEYChigATIJCAQQIRgKGKAB0gEKMzc2MTBqMGoxNagCCLACAfEFA4vgN4zQIlDxBQOL4DeM0CJQ&sourceid=chrome&ie=UTF-8