

Market Share

There are two different theories on market sharing.

Pie Theory

The belief that the market is like a fixed sized pie and everybody in that market gets a piece of that pie. If someone new comes into the market, they'll be taking some of that pie - perhaps some of your piece. The "pie theory" comes from fear that every new business coming into the market will reduce your share of the market.

Dam Theory

The belief that the market is like boats floating in a lake created by a dam. If market participants work cooperatively to raise the dam level, the lake will hold more water and float more boats. The "dam" theory comes from expectation that bringing more businesses into the market expands the entire market, making it larger and more profitable for everyone in it. Many that support the "pie" theory sometimes refer to this as the "dam" theory.

Comparison

Individuals that accept the "pie" theory oppose all competition - real or imagined and foreign or domestic. They fear competition from local artisans as much as they fear it from imports. Individuals that accept the "dam" theory support all participants - foreign or domestic. They believe that more participants (foreign or domestic) expand the market while simultaneously creating the competitive pressures that create innovation and improvement.

Results

Without competition, any industry stagnates into complacency and mediocrity. Open competition creates a vibrant self-sustaining and self-sufficient industry.