What Is an Average Price?

Average price is the mean price of an asset or security observed over some period of time. It is calculated by finding the simple arithmetic average of closing prices over a specified time period. When adjusted by trading volume, the volume-weighted average price (VWAP) can be derived on an intraday basis.

The average price of a good, such as a gallon of regular gasoline, may also be computed by surveying vendors or producers over a specific period of time.

While often related, average price should not be confused with average return.

KEY TAKEAWAYS

- Average price is the mean price of an asset or security observed over some period of time.
- In situations where there is a range of prices, it can be useful to calculate the average price to simplify a range of numbers into a single value.
- For intraday averages, the volume-weighted average price (VWAP) is an important metric for traders and investors.
- For technical traders, moving averages (MAs) are used for a variety of trend and reversal indicators.
- A bond's average price is computed from its face value and market price and is used to derive its yield to maturity (YTM).

Understanding Average Prices

In basic mathematics, average price is a representative measure of a range of prices. It is calculated by taking the sum of the values and dividing it by the number of prices being examined. The average price reduces the range into a single value, which can then be compared to any other point to determine if the value is higher or lower than what would be expected.

In situations where there is a range of prices, it can be useful to calculate the average price to simplify a range of numbers into a single value. For example, if, over a four-month period, you earn $104, $105, $110, and $115 from your investments, the average return on your portfolio will be ($104 + $105 + $110 + $115) / 4 = $108.50.

Median vs. Average

The median of a set of values is that value where half of the values in the set are lower and half of the values in the set are higher. The average of a set of values is the total of those values divided by the number of items in that set.

The average price of a bond is calculated by adding its face value to the price paid for it and dividing the sum by two. The average price is sometimes used in determining a bond's yield to maturity (YTM), where the average price replaces the purchase price in the YTM calculation.

Average Price FAQs

How Do You Calculate Average Stock Price?

Since the purchase price of common stock typically changes every day due to market forces, common stock purchased at different points in time will cost different amounts of money. To calculate the average cost, divide the total purchase amount by the number of shares purchased to figure the average cost per share.

What Is a Simple Moving Average?

A simple moving average (SMA) calculates the average of a selected range of prices, usually the closing prices of a security, by the number of periods in that range.

How You Find Average Price?

Average price is calculated by taking the sum of the values and dividing it by the number of prices being examined.

How Do You Calculate the Average Cost?

Average total cost is calculated by dividing the total cost of production by the total number of units produced.

What Is the Difference Between Median Price and Average Price?

Median price is the middle point for prices. It is not the same as the average price. The median price is the price in the very middle of a data set, with exactly half of the data set priced at values that are less than the median price and the other half of the data set priced at values that are more than the median price. The average price adds up all the prices and divides them by the total number of values in a data set.

What Does Average Unit Price Mean?

Average unit price is the average price an item is sold for in a specific time period. Average unit price is calculated by dividing the total revenue or net sales amount by the number of items sold.

What Is Average Traded Price?

Average traded price is what buyers have paid for one share on average, over the course of a specific time period. Average traded price is also referred to as volume-weighted average price.

What is Brand Share and How to Optimize It

Brand share is defined as the percentage of a given product category's sales that is attributed to one brand. For example, in the women's sandal category, what percent of products sold or what percentage of the revenue generated can be attributed to a company like Clarks? This is the foundational data that a brand needs access to.

Say you are TOMS and want to make sure you are showing up when it counts and not getting beaten by the competition. Your strategy may change across marketplaces where you both sell, but at its essence, the simplest answer is to carry the most appealing products and offer them at prices that encourage shoppers to check out.

But creating a best in class assortment doesn't come easy. It takes mountains of data to sift out the long term winning products from short-lived trends. Getting access to this assortment data is the first step to shoring up your own brand share strategy. It sheds light on which products sell best in categories that are most relevant to your existing assortment.

Finding the Best Category-Level Data

The best data sources illuminate how competitors stack up across categories and how you might improve your positioning against them. This slice of data incorporates ratings for top products, as well as the quality and quantity of their reviews. After all, if you are considering adding new products to your assortment, you want them to be high quality and have a shelf life that makes them worth marketing and selling.

Lastly, you'll need a constant flow of this brand share data, as winners and losers in product categories can change significantly from day-to-day.

How Pricing Impacts Brand Share

After a brand locks down the products they need to add to their assortment, then the next step is to determine the best starting price. But let's face it, even if you are able to gather countless rows of pricing data, making sure it is relevant and acting on it quickly will be difficult for any brand. But on the other hand, avoiding this seemingly herculean task puts revenue at risk.

The solution that leading retail brands have put into place is to tap into best seller intelligence data, which enables instant identification of which products are top sellers across the categories that are most important to their consumers. Achieving this “best seller” label on Amazon, in particular, adds credibility for any brand and can help boost brand share over time.

While the exact formula that helps a brand’s product make it onto Amazon’s best seller list is unknown, what we do know is that consumers trust products with this designation. It removes the extra step of checking reviews and product content to verify the quality of the product since it already has Amazon’s stamp of approval.

Mining this best seller data is complex, as top marketplaces like eBay or Walmart don’t make it easy for a brand to understand category performance. Even if you are able to manually pull the top-selling product overall, there is an important distinction between the top-selling products and the top-selling products by category.

In order to make the most informed decisions, brands need to have metrics within the relevant context. In this case, filtered out by category. This helps them focus on the products that they should be adding to their inventory, instead of getting sidetracked by popular products that wouldn’t actually increase brand share or drive consumer loyalty. For example, knowing that running shoes are overall industry best sellers for women doesn’t help TOMS or Clarks improve their brand share for the subcategory of women’s sandals.

How Automation Helps Brand Share

With such a high volume of competitors and their products on top marketplaces, it is critical to be able to analyze competitors and understand their product offerings in order to inform your own marketing and sales strategies. This is all possible by automating data aggregation and export across top categories on relevant marketplaces. Automating this process helps brands break down key product attributes, such as category, brand, price, and rating.

Want to optimize your brand share? Learn more about Wiser’s Best Seller Intelligence solution to make more informed assortment decisions at scale based on timely marketplace performance data.

Market share is the percent of total sales in an industry generated by a particular company. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company in relation to its market and its competitors. The market leader in an industry is the company with the largest market share.

KEY TAKEAWAYS

- Market share represents the percentage of an industry, or a market's total sales, that is earned by a particular company over a specified time period.
- Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period.
- This metric is used to give a general idea of the size of a company in relation to its market and its competitors.
- A market leader is a company in an industry that has the highest market share and generally wields the most influence.
- Ways to increase market share include implementing new technologies, generating customer loyalty, and acquiring competitors.

Understanding Market Share
A company's market share is its portion of total sales in relation to the market or industry in which it operates. To calculate a company's market share, first determine a period you want to examine. It can be a fiscal quarter, year, or multiple years.

Next, calculate the company's total sales over that period. Then, find out the total sales of the company's industry. Finally, divide the company's total revenues by its industry's total sales. For example, if a company sold $100 million in tractors last year domestically, and the total amount of tractors sold in the U.S. was $200 million, the company's U.S. market share for tractors would be 50%.

The calculation for market share is usually done for specific countries or regions, e.g. companies will report their North American or Canadian market share. Investors can obtain market share data from various independent sources, such as trade groups and regulatory bodies, and often from the company itself; however, some industries are harder to measure with accuracy than others.

Formula for Market Share

Market Share = Total Company Sales / Total Industry Sales

Benefits of Market Share
Investors and analysts monitor increases and decreases in market share carefully as this can be a sign of the relative competitiveness of the company's products or services. As the total market for a product or

service grows, a company that is maintaining its market share is growing revenues at the same rate as the total market. A company that is growing its market share will be growing its revenues faster than its competitors.

Gains or losses in market share can have a significant impact on a company's stock performance, depending on industry conditions.

Market Share Impact

Changes in market share have a larger impact on the performance of companies in mature or cyclical industries where there is low growth. In contrast, changes in market share have less impact on companies in growth industries. In these industries, the total pie is growing, so companies can still be growing sales even if they are losing market share. For companies in this situation, the stock performance is more affected by sales growth and margins than other factors.

In cyclical industries, competition for market share is brutal. Economic factors play a larger role in the variance of sales, earnings, and margins, more than other factors. Margins tend to be low and operations run at maximum efficiency due to competition. Since sales come at the expense of other companies, they invest heavily in marketing efforts or even loss leaders to attract sales.

In these industries, companies may be willing to lose money on products temporarily to force competitors to give up or declare bankruptcy. Once they gain greater market share and competitors are ousted, they attempt to raise prices. This strategy can work, or it can backfire, compounding their losses; however, this is the reason why many industries are dominated by a few big players, such as discount wholesale retail with stores including Sam's Club, BJ's Wholesale Club, and Costco.

How Can Companies Increase Market Share?

A company can increase its market share by offering its customers innovative technology, strengthening customer loyalty, hiring talented employees, and acquiring competitors.

New Technology

Innovation is one method by which a company may increase market share. When a firm brings to market a new technology its competitors have yet to offer, consumers wishing to own the technology buy it from that company, even if they previously did business with a competitor. Many of those consumers become loyal customers, which adds to the company's market share and decreases market share for the company from which they switched.

Customer Loyalty

By strengthening customer relationships, companies protect their existing market share by preventing current customers from jumping ship when a competitor rolls out a hot new offer. Better still, companies can grow market share using the same simple tactic, as satisfied customers frequently speak of their positive experience to friends and relatives who then become new customers. Gaining market share via word of mouth increases a company's revenues without concomitant increases in marketing expenses.

Talented Employees

Companies with the highest market share in their industries almost invariably have the most skilled and dedicated employees. Bringing the best employees on board reduces expenses related to turnover and training, and enables companies to devote more resources to focus on their core competencies. Offering competitive salaries and benefits is one proven way to attract the best employees; however, employees in the 21st century also seek intangible benefits such as flexible schedules and casual work environments.

Acquisitions

Lastly, one of the surest methods to increase market share is acquiring a competitor. By doing so, a company accomplishes two things. It taps into the newly acquired firm's existing customer base, and it reduces the number of firms fighting for a slice of the same pie by one. Shrewd executives, whether in charge of small businesses or large corporations, always have their eye out for a good acquisition deal when their companies are in a growth model.

Market Share Example

All multinational corporations measure success based on the market share of specific markets. China has been an important market for companies, as it is still a fast-growing market for many products. Apple Inc., for example, uses its market share numbers in China as a key performance indicator for the growth of its business.

Apple's market share for China's smartphone market was tied for second place in Q4 2020 with Vivo and Oppo at 17%. At the time, 29% of China's mobile phone market was made up of many other brands. Over the course of Q1 to Q3, Apple saw its market share in China drop to 12%, losing out to Vivo and Oppo. In Q4 2021, Apple experienced a bounce back to 22%. In Q1 2022 it remained at 18%.[1]

What Is Market Share?

Market share shows the size of a company, a useful metric in illustrating a company’s dominance and competitiveness in a given field. Market share is calculated as the percentage of company sales compared to the total share of sales in its respective industry over a time period. A company’s market share can influence its operations significantly, namely, its share performance, scalability, and prices that it can offer for its product or services.

Why Is Market Share Important?

Simply put, market share is a key indicator of a company’s competitiveness. When a company increases its market share, this can improve its profitability. This is because as companies increase in size, they too can scale, therefore offering lower prices and limiting their competitors' growth.

In some cases, companies may go so far as operating at a loss in some divisions in order to push out the competitors or force them into bankruptcy. After this point, the company may increase its market share, and further increase prices. In financial markets, market share can greatly affect stock prices, especially in cyclical industries when margins are narrow and competition is fierce. Any marked difference in market share may trigger weakness or strength in investor sentiment.

What Strategies Are Used to Gain Market Share?
To gain greater market share, a company may apply one of many strategies. First, it may introduce new technology to attract customers that may have otherwise purchased from their competitor. Second, nurturing customer loyalty is a tactic that can result in both a solid existing customer base and expansion through word of mouth. Third, hiring talented employees prevents costly employee turnover expenses, allowing the company to instead prioritize its core competencies. Finally, with an acquisition, a company can both reduce the number of competitors and acquire their base of customers.

How Do You Measure Market Share?
To determine a company's market share, you take the total sales of a company and divide it by its industry's total sales over a given period. For example, if a company sold $2 million worth of dishwashing liquid and the industry's total sales were $15 million, the company would have a market share of 2/15 = 13.3%

What Is a Low Market Share?
A low market share is considered to be a market share that is less than half of the market share of the industry leader. So if the industry leader has a market share of 40% and another company has a market share of 10%, that company would be considered to have a low market share as 10% is less than 20% (half of 40%).

The Bottom Line
Market share is the percent of total industry sales that a company has. The higher the market share, the more sales a company has than its competitors in their given industry. Market share is an indicator of how large a company is and the amount of influence it has in its industry. It can also be an indicator of growth and success.

Companies generally seek to increase their market share. Ways to do this are by implementing new technologies, delivering a higher quality product, implementing good marketing, acquiring competitors, and generating customer loyalty.