

EXAMPLE 11.3

The Shrinking Share of Dominant Firms

Generally, a dominant firm's share of an industry's sales shrinks over time. Consider 13 unregulated major industries in which firms compete on a national or international basis. Using the *Fortune 500* rankings to determine the leading firm in each industry, Pascale (1984) traced these firms' shares of industry sales over a 20-year period:

Industry Share Trends in 13 Key Industries

Leading Firm	Industry	Industry Share		
		1962	1982	Percent Change
Sears	Mass-market retailing	5	5	0
International Harvester	Farm tractors	24	18	-25
U.S. Steel	Finished steel	26	19	-27
Goodyear	OEM tires	29	27	-7
General Electric	Electrical appliances (refrigerators)	40	53	+33
RCA	Color TVs	49	20	-59
Boeing	Commercial wide-body jet aircraft	51	60	+18
General Motors	Passenger cars	52	46	-12
General Electric	Generators	59	61	+3
IBM	Mainframe computers	60	68	+13
Kodak	Photographic film	85	65	-24
Harley-Davidson	Motorcycles	100	36	-64
Xerox	Plain copiers	100	42	-58

Of these 13 leading firms, eight lost share, and one firm's share remained unchanged over the period. Three firms lost over half of their share of industry sales (RCA, Xerox, and Harley-Davidson), including both firms that made essentially all their industry sales in 1962.