

Marketing Strategies for Increasing the Competitive Advantage of Enterprises

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Abstract. Competitive advantage refers to factors that allow a company to produce goods or services better or more cheaply than its rivals. This paper has investigated marketing strategies for increasing the competitive advantage of enterprises.

Keywords: marketing, competitive potential, competitive advantage of enterprises, competitors, marketing strategies.

1. INTRODUCTION

In the first case, firms strive to create production at low costs. The second strategy assumes the presence of a “non-price” attribute. Focused firms, on the other hand, focus on narrow product lines, customer segments, and geographic markets. [1] New and small businesses should especially pay attention to competitive advantage, because in the 21st century it is important to understand with what advantage a business can enter such a competitive market. There are critical and core tasks in competitive advantage. Plunkett's 2008 Almanac of Midsize Companies identifies critical tasks as parts of a company that can help them gain a competitive advantage. These parts are different for each company, since the markets and concentration are different. Some use R&D to find new products and ways to monetize their services and goods. Other tasks may consist of various market analyses, or strategic collaborations with other companies. From another point of view, core tasks are those tasks that must be performed by business mechanics. This includes working with employees and production. Such tasks do not have competitive advantages, but they are mandatory and important for the operation of the enterprise. To find a competitive advantage, firms must understand the differences between critical and core tasks, and also correctly allocate resources to them. [2] There is also an economic advantage and this follows from the efficiency result. Efficiency is the ratio of costs and benefits. Costs may include: materials, labor, expenses, raw materials, etc. The result is the number of products produced or services provided. Firms have higher profits and lower costs when they can achieve high efficiency for 1 product or service. There are many different ways and methods through which you can increase your efficiency. For example, you can reduce costs while keeping production volume constant or increase production volume but leave costs unchanged; you can also reduce labor costs by training staff in new techniques and theories in order to reduce the time it takes to produce goods and provide services. Productivity can be increased by increasing the number of units of a product that will be produced in a certain period of time. Reducing downtime can also improve productivity. [3] Many argue that it is easier for large enterprises to achieve high efficiency. This is due to the fact that they can achieve economies of scale. Large enterprises offer a large selection products and services in each line, thereby increasing the chance of satisfying needs and achieving greater value for customers. For example, if a buyer is not sure about one of the products, then he can easily choose another product that will exactly meet his needs. In this case, the buyer may think that small businesses will be too specialized. Large businesses reach more people due to their scale, while small businesses have far fewer resources and materials to develop product lines.

How does an organization begin to define competitive advantage? To identify what makes a company special, managers need to study and analyze their competitors and competing methods related to the supply, marketing of goods, the introduction of new technologies and innovations. Only after carefully studying its competitors can a company find a niche where it can achieve better results than others. [4]

When studying its competitors, a company should pay special attention to:

- Who are its competitors;
- How many competitors are there in the market;
- In which countries do they operate;
- Main characteristics of competitors;
- How the company obtains information about its competitors.

It is worth paying special attention to industry magazines, as they can be very useful. Public companies also publish financial statements that are available to everyone on the Internet. By studying such publications and articles, a company can prepare for the introduction of new software, innovations, technologies, digital tools, but most

importantly, a company can identify and understand how to create differentiation - important and unique qualities of products and services that will help achieve competitive advantage.

2. LITERATURE REVIEW

In the economic literature there are different points of view on the set of conditions and factors that determine competitive potential, which, in turn, affects the differences in methodological approaches to its assessment. In our opinion, when determining this category, the following must be taken into account:

The competitive potential of an enterprise cannot be identified with the competitive potential of its products, since the latter is only an integral part of the former. This is indicated by the following features:

- the competitiveness of a product applies to a specific type of production; my products, and the potential of the enterprise covers the entire range of products it produces;
- the legitimacy of assessing the competitive potential of an enterprise based on the results of the period is made by the market itself, and the decision to release or discontinue production of a specific type of product is made solely by the manufacturer at a specific point in time;
- temporary differences in the life cycle of an enterprise and its specific types of products. In one life cycle, an enterprise can repeatedly change its product range in whole or in part.

Competitive potential is not a constant value, since it depends on many variable factors and market conditions.

The concept of competitive potential should reflect the ability of an enterprise to quickly adapt its internal state in response to a dynamically changing external environment¹.

Competitive potential can only be considered in comparison with other enterprises or industries, thus, a basis is needed for comparing the objectivity of the results.

Competitive potential is considered from the point of view of crisis-free functioning, since in the event of financial difficulties or problems of a different nature, the question of availability of potential is reduced to the ability to quickly respond and solve current problems. [5]

It should be noted that currently there is no single generally accepted method for assessing the competitive potential of an organization. Each company evaluates its competitive potential, guided by its own ideas. For example, the comparative advantage assessment method, which is based on an assessment of the costs of selling an enterprise's products, is quite common. Other methods for assessing the competitive potential of organizations are based on the use of various indicators of analysis of production activities, financial position, investment efficiency, etc. Within the framework of this approach, there is a methodology that involves the selection of a system of indicators of the efficiency of the enterprise's production activities, financial position, efficiency of sales organization and product promotion, competitiveness of the product and the effectiveness of the innovative project. The integral indicator is obtained by the method of desirability theory, and the overall indicator is calculated in the form of a weighted geometric mean, which, if the weight coefficients are equal, is converted to the form of a simple geometric mean of partial indicators of the enterprise's performance. This methodology considers a large number of factors influencing the competitive status of an enterprise. However, the technique has its drawbacks. Thus, if an enterprise has an absolutely unacceptable criterion for any indicator, then it is assigned a zero value for the desirability function. In this case, due to the equality of the partial desirability function to zero, the competitive potential also equals zero². The reliability of the assessment in this case depends on the qualifications of experts and is largely subjective, since the integral indicator is calculated using weights determined by experts. An assessment of the formation of competitive potential should be based on a comprehensive analysis of the competitive advantages that make up the potential, the presence or absence of which is the main reason for the leading position in the market of some companies and the failure of others³. That is why the key to the successful operation of an enterprise is the identification and development of competitive advantages. [6]

Historically, the concept of international competitiveness is based on the theory of using the comparative advantages of national economies in the international division of labor. Among them, first of all, are rich natural resources, favorable geographical, climatic, infrastructural factors, and cheap labor. Possessing certain comparative advantages, a country has the opportunity to export its products to those countries that have certain advantages compared to the national economy of the importing country. Comparative advantages are objective, i.e. static, but with economic development, competitive advantages based on scientific and technological achievements are formed. The most sustainable competitive advantages are those based on innovation. Integrating a country's comparative and competitive advantages enhances its global competitiveness. National competitiveness is determined by the country's ability to

use their competitive advantages and create conditions for long-term economic growth and efficient use of resources in order to ensure the quality of life of the population.

Within the country, the achievement of economic success by organizations is also associated with the constant maintenance of a high level of competitiveness. At the same time, each individual market segment has a number of significant distinctive characteristics that must be taken into account by industry enterprises in order to correctly position their competitive advantages and focus their activities on increasing competitive potential.

Competitive advantage is those characteristics and properties of a product that create for the enterprise a certain superiority over its competitors, and for the consumer - the optimal combination of consumer characteristics of the product. Superiority is assessed in comparison, therefore it is a relative characteristic and is determined by various factors. Today, the concept of competitive advantage is more important than ever as the growth of companies around the world has slowed and competitors have become increasingly aggressive. The main thing was not just to achieve and identify a competitive advantage, but to make it sustainable. To do this, the company needs to develop a general strategy. Various sources of economic literature provide three main strategies for obtaining competitive advantages: cost leadership, price differentiation and the very concept of classification of competitive advantages [7]

Competitive advantage is not a single entity; rather, it is the result of many separate activities that are part of the development, production, marketing, delivery and service of each company's product. Competitive advantages can be broadly divided into two types: lower costs and specialization. In the first case, this is not just a lower amount of production costs than competitors, but the ability to develop, produce and sell a product more efficiently, that is, to carry out a shorter and lower-cost cycle of all operations with a product from its design idea to sale to the final buyer. Any link in this cycle is extremely important, since the success of the whole depends on it. [8]

Specialization involves meeting the specific needs of the buyer and obtaining a premium price for this, that is, on average higher than that of competitors. It is necessary to distinguish competitors and sell the buyer something that is significantly different from their offers with a set of non-standard properties. At any given moment, an enterprise can choose only one strategy out of two: cost leadership or price differentiation. Following the considered interpretation of the types of competitive advantages, the most appropriate strategy for ensuring and maintaining competitive potential is selected.

Striving to have the lowest production costs in the industry (cost leadership strategy) involves offering world-class products. [7]

Finding ways to differentiate manufactured products from competitors' products (differentiation strategy). Differentiation is the ability to provide a company with unique and greater value in the form of new product quality, special consumer properties or after-sales service. In this case, competitive advantage is a consequence of the firm's unique (compared to its competitors) ability to satisfy the needs of consumers who prefer one or another feature of its products. In this strategy, it is necessary to study demand for a long time in the most thorough way in order to find out the opinion of customers regarding the value and significance of certain features. Successful implementation of this strategy allows you to set a premium markup on products, sell a larger volume of products (due to an additional number of buyers), and popularize the brand (some consumers become attached to the signs of differentiation).

Focusing on a narrow portion rather than the entire market (niche strategy) is often used by businesses with limited resources to concentrate efforts not on a small portion of a large market, but on a significant portion of one or more market segments. This solution allows you to achieve narrow specialization, and, as a result, more effectively satisfy the needs of a small market share, but a significantly studied one, and earn a good reputation. Market segments favorable to a concentration strategy must have one or more of the following characteristics:

- the segment is large enough to make a profit;
- the segment has high potential for development;
- the segment does not give complete success to most competitors;
- the enterprise concentrating on the segment has the qualifications and resources necessary to effectively serve the segment;
- a business can protect itself from competitors through established good customer relationships and better customer service capabilities in the segment.

However, if the target segment is significantly processed by other companies, this strategy will not bring the desired results. For example, Coke and Pepsi have occupied almost the entire segment of the soft drink industry, presenting a fairly extensive range to customers. Thus, the introduction of smaller producers into this market is hardly justified.

Strategies can change and be combined as the company develops. Having successfully introduced several types of products, you can begin to implement another strategy, for example, increase production and range. You can take a different route, directing all income to improve the quality of goods, which will lead to selective specialization.

Ultimately, this will ensure a high level of profitability. The choice of competitive strategy depends on the capabilities of the enterprise. For example, a company with good design developments, significant capital investments, and unique equipment can focus on the highest level of quality and originality of ideas, which will justify the high price of its products to customers.

All types of competitive advantages can be divided into low- and high-order advantages. Low-order advantages are associated with the possibility of using cheap labor, raw materials, and energy. The low order of competitive advantages is due to the fact that they are not sustainable and can be easily lost (increasing wages, prices, competitors using similar cheap resources). High-order advantages usually include: unique products, technology, specialists, and a good reputation of the company. These advantages are more competitive due to their high cost and barriers to competitors (patent, expensive equipment). However, the most important advantage of this group can be considered the company's reputation.

Drawing a conclusion, it should be noted that to start operating a company, a focus on reducing costs is necessary, however, as capital increases, emphasis should be placed on a more reliable and sustainable strategy based on the uniqueness of the offer, quality, and selective specialization.

Based on the analysis of various approaches to determining the competitive advantages of an enterprise⁶, their classification can be proposed. Special studies have established that for enterprises the main competitive advantages in any product market are price, order execution time, fame and image of the company, level of customer service and compliance of product quality with international standards. Meanwhile, the formation of these competitive advantages is influenced by a number of factors and conditions, the systematization of which is shown in Fig. 1.

Competitive Advantage Model

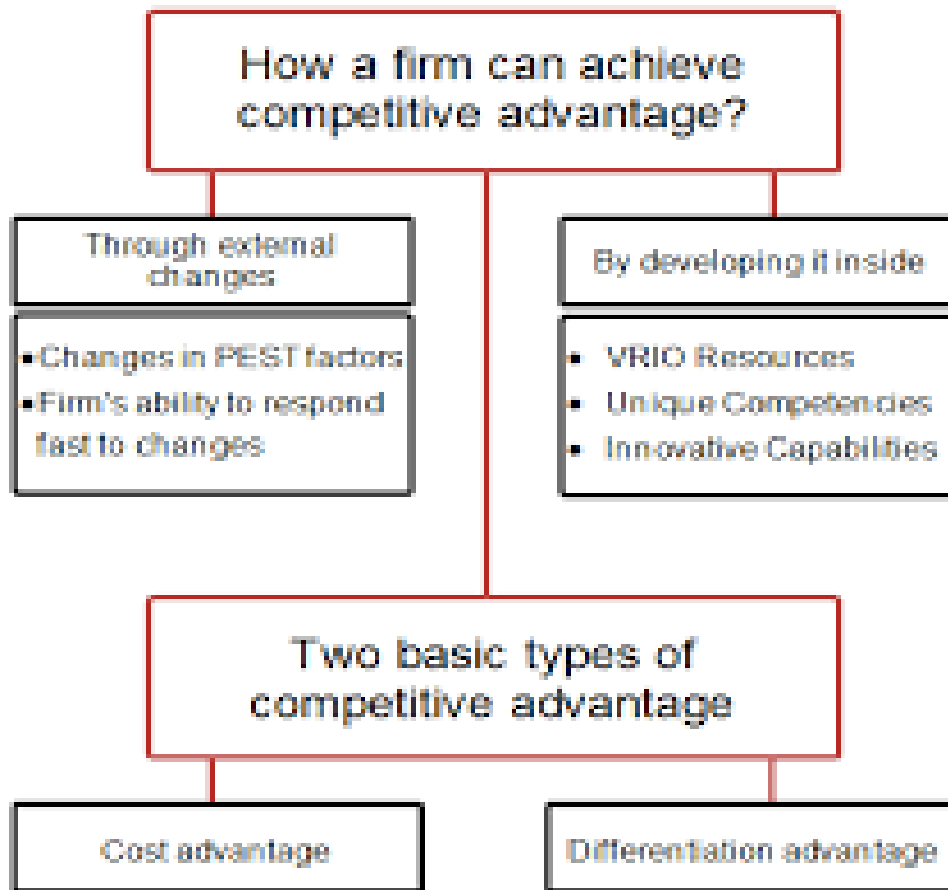


Fig. 1. Classification of competitive advantages of an enterprise [10]

Any organization has a competitive advantage if it overcomes the forces of external competitive pressure better than its rivals and does the job of attracting customers. It is important not only to identify and use a competitive

advantage, you also need to maintain, strengthen and stabilize its operation. An example of such activity is the high reputation of the company.

Thus, the effectiveness of managing the process of ensuring and developing competitive potential must be considered, in our opinion, from the standpoint when the competitive advantages of an organization are manifested as follows.

In general terms:

- in a longer period of provision and development of competitive advantages by the organization;
- in receiving and implementing orders;
- in ensuring the reliability of their livelihoods and socio-economic development.
- In terms of subject matter:
- in the volume, terms, guarantees of contractual obligations and the quality of satisfaction of the needs and interests of consumers;
- in reducing the risks of loss of orders, underutilization of production capacity;
- in the production of more competitive services;
- in ensuring the advantage of rhythmic receipt of orders, allowing to ensure an optimal level of utilization of existing production capacities, and to build up new capacities.

In general, it should be noted that the formation and maintenance of competitive potential affects the entire mechanism of the enterprise's activities related to the technological chain and interaction with partners. At the same time, in the context of intensified competition in product markets, in our opinion, the most sustainable thing is to ensure innovative competitive advantages, that is, competitive advantages based on the use of innovations. Innovations create competitive advantages with a significant degree of sustainability. It seems obvious that the key influence on the competitive potential of an enterprise is exerted by competitive advantages of an innovative nature, since it is the innovative provision of competitive potential that has a temporal extent in the future tense.

In general, innovative development is the basis for the formation and maintenance of the competitive potential of a modern enterprise. The term "innovation" was introduced by the Austrian economist J. Schumpeter. The term took into account five main types of changes (innovations), in which scientific and technical activity was not explicitly present:[9]

- use of new technology, new technological processes, new market support for production;
- introduction of products with new properties;
- use of new raw materials;
- changes in the organization of production;
- emergence of new markets.

In the second half of the 20th century, innovations were considered primarily from the point of view of the development of science and technology⁷.

Innovation orientation means development based on innovation. Schumpeter gave an original interpretation of the concept of "development". These are qualitative changes that occur as a result of entrepreneurs implementing "new combinations," which mean:

- production of a new good or creation of a new quality of a particular good (product);
- introduction of a new method of production or commercial use of a particular product;
- development of a new sales market;
- obtaining a new source of raw materials and semi-finished products;
- carrying out a reorganization that ensures the entrepreneur's monopoly position in the market or undermines the monopoly of competitors [8].

According to Schumpeter's views, the functional role of the innovator-entrepreneur in the economy comes down to disequilibrium, the creation of a disequilibrium state in the markets due to innovation, which brings him, in addition to entrepreneurial profit, excess income, which in modern science is called "innovation rent." Thus, only innovating firms, the first to implement basic innovations, and follower firms, implementing improving innovations, increase their market share, productivity, receive temporary monopoly power, increase the value of the firm and the competitive potential of the enterprise [9].

3. CONCLUSIONS

Thus, the formation and maintenance of competitive potential affects the entire mechanism of the enterprise's activities associated with the technological chain and interaction with partners. At the same time, in the context of intensified competition in product markets, in our opinion, the most sustainable thing is to ensure innovative

competitive advantages, that is, competitive advantages based on the use of innovations. Innovation creates competitive advantages with significant degree of stability. Summarizing the above, we note that innovative support for the competitive potential of an enterprise can be understood as the creation and implementation of innovative competitive advantages in the field of quality characteristics of services offered to the market, cost parameters, methods for creating a range of services, organizing production and management at the enterprise, forming and maintaining the business reputation of the enterprise, as one of the most important competitive advantages.

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