

THE BASIS OF COMPETITIVENESS OF ENTERPRISE PRODUCTS

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Abstract. The article deals with a systematic approach to the level of enterprise competitiveness, which is based on the results of comparative monitoring of competitors' products, analysis of the enterprise products and competitors. The author identifies the strengths and weaknesses of the enterprise products. This approach is aimed at achieving a high level of competitive advantage in a particular segment of the consumer market. It has contributed to achieving a high level of efficiency of marketing activity in the conditions of the specific market situation.

Keywords: competitiveness of products, enterprise, consumers, competitive advantage, market segment.

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Introduction

The competitiveness of products is a complex characteristic which takes into account a large number of interrelated factors. The evaluation of competitiveness should include consumer attractiveness and the producers' interests in production and sales of these products. The economic factors determine the competitiveness of goods which reflects the interests of consumers and producers. Moreover, competitive factors reflect not only the parameters of similar products, but also characterize the needs of potential buyers.

The products competitiveness is often a complex, material-intensive and knowledge-intensive phenomenon. It is not always easy to sell products in the market conditions for the reason that it is necessary to reach a balance between the producer's costs and value of products and meet customer's needs. However, only in this case, the producers will win a competition.

The company requires continuous improvement of products competitiveness, increase of sales volumes in the market segment by improving the quality of existing, or issuing new products that meet the needs of consumers at a higher competitive level.

The competitiveness of company products

Under market conditions competition is a natural, objectively existing phenomenon. It's a law of commodity economics. It's a main goal of producers to increase productivity of their company, expand production scale and implement innovation, new forms of management of production and wages, etc.

The positive role of competition in a market economy is evident in a number of functions that it performs. It directly affects the efficiency of production, raising its technical level, providing improvement of quality and expansion of the product.

The competing products on the market are compared by consumers for compliance with its requirements. The category "competitive product" is based on the determination of certain conditions, which allow classifying consumer product characteristics. The products can meet a need of both mass market and the sphere of personal consumption, it is necessary that parameters of products match the parameters of the consumer needs. The marketing activities of the enterprise should be based on study of technical and economic indicators which usually give quantitative characteristics of products. These indicators are widely used in evaluation of the products competitiveness. The producers should make management decisions which will strengthen the competitive advantages of its products on the markets. In this case producer needs evaluation of products' competitiveness in a particular market situation.

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In today's economy, the evaluation of the products competitiveness is an area of analysis. The results of such analysis can be applied in the following areas:

- as an information basis for marketing decision making in planning innovative, technical and marketing policy of the enterprise;
- in determination of development reserves for new markets;
- in formation of regulation mechanism of competitiveness of products to strengthen the competitive position of products in a particular market segment.

However, only a systemic approach to determination of company competitiveness can give chance to achieving a high level efficiency of business activities.

The results of the study indicate a large number of products competitiveness factors classifications. The level of competitiveness of enterprise depends on certain factors. So we should use comprehensive approach to classification of the factors. It is important to highlight:

- the focus of their impact on the competitiveness of products;
- sphere of origin, depending on whether it is a competitive advantage over competitors. It creates elements of attraction among similar products on the market.

In general, the factors of competitiveness of enterprises can be divided into two groups according to the factors which we can influence upon and those factors that are not subject of company control.

The factors, which are controlled by company, include the following items:

- characteristic features of products (the level of its quality, including compliance with international and national standards, aesthetic and ecological level, security status, patentability of the product, etc.);
- level of pre-sale and after sale services quality;
- the conditions ensuring spare parts and necessary technical documentation availability during the warranty and post-warranty service, warranty period, availability of service centres, the quality and completeness of maintenance;
- terms and conditions of products payments (ability to obtain credit, deferred payments, granting attractive discounts for intermediaries);
- high skilled company staff, rationality of organizational and production structures;

- scientific level of the control system;
- image of the company;
- participation in fairs and exhibitions.

The factors of products competitiveness, which are not controlled by enterprises are macroeconomic factors considering marketing policy aimed at increasing the complex index of products competitiveness. These factors include the following items: the level of competitiveness of country, industries and enterprises; the level of organization of production, labour and management of the intermediaries and consumers of goods; the number of enterprises competing in the industry, the level of competition among suppliers of raw materials, materials and other resources; the emergence of new needs on the market, etc.

The priority of the marketing policy of each enterprise is reducing the cost of production due to low level of paying capacity of consumers. The biggest competitive advantage of domestic products is the low level of prices. The competition increases quality of products, the level of service, investment by increasing the share capital in joint stock ventures with leading foreign companies, exports and competitiveness of the domestic economy.

The high level of competitiveness of enterprises products should be related with the general system of measures which aimed to strength the economic stability of the national economy. It is effective public policy, namely: the adoption of effective legislative acts and their actual implementation in the practice of management, and analysis of the influence of external and internal factors on competitiveness of products and the study of the main groups of indicators of competitiveness of products.

The level of the competitiveness of the enterprises products depends much more on the internal environment, so the evaluation of internal capabilities of the enterprise, along with the analysis of the external environment, has a higher degree of importance. The factors of the external environment can be taken into account to make better decisions when we choose a competitive strategy to improve the competitiveness of products and to win in the completion for market share. In specific market conditions, the factors of the first level of competitiveness can be the quality of the product, the price, the cost of consumption, quality of service and marketing activities to promote products on the market.

The determination of product competitiveness depends on the level of meeting both needs of producers and consumers of products. The producer considers competitiveness to be an ability to increase their income as fast as the competitors do, providing the necessary level of investment to maintain this trend in future.

On the other hand, for the competitive advantages of products producers need to increase the amount of expenses from the income of the enterprise. Therefore, for the producer conditions of the products competitiveness in practical terms is estimated as the ratio of total revenue from sales to gross costs of production, transportation and product service.

From the point of view of the consumer, the competitiveness is higher, in comparison with its competition, the ratio of the quality characteristics of products and cost of its use or consumption. The criteria of estimation of competitiveness of production should be interrelated as integral parts of one system «producer/consumer».

The contradictions between the requirements of producers and products consumer should correlate to market mechanism so that the process of production and sales of these products will be mutually beneficial. The correlation between producers and consumers is only possible when the solution of some problems is caused by contradiction.

At first, it is an efficient level of product price which is acceptable to all participants in

the process of production and sales. Secondly, the production of products should meet requirements of scientific and technical progress. Thirdly, the problem of creating the infrastructure to meet the needs of the buyer, but one which is no special interest from the point of view of obtaining the highest profit for the producer.

One of the most important components of competitiveness is the level of product quality. However, the improvement of its quality has a downside. With the improvement of quality the cost of production and the price of product increase. It is not beneficial for the consumer. There is optimal ratio between these components of the competitive mechanism that will satisfy both of them and allow products to be competitive, and the enterprise to be profitable.

The optimization must be implemented at all stages of products competitiveness increasing. Therefore, producers should identify the target market. The marketing and design departments intensify the work in this direction. It gives opportunity to react quickly to all changes that occur in the market and suit the consumer needs and wants in each market segment.

According to market economy and the indicators of product quality competitiveness, the support of usable products is the most important issue. There are few variations of technical and economic indicators of modern cars. Therefore, an argument for consumer's choice of products is the scope of services, offered warranty and post-warranty service.

Consequently, both product and service market are to be based on principles, norms and rules followed by the producers. This kind of market is to be improved taking into consideration the needs and wishes of consumers. In addition, the enterprises need to identify the target market, market research, consumers and competitors. The enterprises have marketing and design department, which are able to respond quickly to changing market conditions.

There are contradictions based on the interdependence between the indices of product competitiveness: on the one hand, improving technical productivity and, consequently, increasing the level of product quality ensure the increase of its competitiveness; on the other hand, the higher level of quality causes increase of both costs and prices.

The basis of appropriate level of product quality is solving the following contradictions: on the one hand, improving competitiveness by rising productivity and reliability demands increase in production expenses as well as selling prices; on the other hand, reducing costs of use, maintenance and repair of the products by improving its reliability, increasing productivity, energy efficiency cause increased production expenses as well as selling prices.

The most acceptable quality of products is reached when producer gets the desired profit, and the consumer satisfies the needs. This strategy could be implemented by reducing the technological production costs, introduction of energy saving production technologies, increase of qualitative characteristics of equipment, reducing downtime.

These measures allow, on the one hand, improving the quality of the product and on the other hand, reducing unproductive expenditures, that result in decreasing the price of consumption products.

There are main development strategies aimed to improve and maintain the competitive advantages of products depending on the requirements of each market segment:

- the «price-quality» strategy;
- the strategy of improving the level of «additional competitive advantages»;
- the strategy based on the combination of the «price-quality» strategy and strategy of

improving the level of «additional competitive advantages».

The «price-quality» strategy has the goal of providing the most effective ratio between the quality and the price of products.

The strategy of «additional competitive advantages» in practical activities is aimed to improve the productivity of products service and marketing promotion of products. The producers should improve the quality of corporate services, informing about properties of products, high-quality commercial work with customers, implementation of leasing operations, the notification of participation in fairs and exhibitions, creating a positive image of the producer and so on.

The choice of the approach based on the «price-quality» strategy and the strategy of «additional competitive advantages» is to be considered its purpose and implementation sphere. It depends on the particular market situation. The engineering enterprises should use combined strategy of improving competitiveness of products.

Making a detailed study of the analysed problem concerning the reliability of recommendations of improving the level of competitiveness of manufacture enterprises within the calculating of the level of product competitiveness in a particular market segment one needs to take into account the results of research of consumer benefits for this segment.

Marketing activity of the company in a competitive market requires constant attention to improving product quality within the growing needs and demands of consumers. The study of accounting in the price of consumer characteristics of products will enable the company from a more objective position to approach the problem of determining such price level which for a given product quality boosts demand.

The algorithm of above stated methodical approach to foundation of the level of competitiveness of manufacturing enterprises is shown in Figure 1. It gives foundations of the level of competitiveness of manufacturing enterprises basing on following results: monitoring of competitors` products; comparative analysis of the company products and competitors; identifying strengths and weaknesses of the company products.

The choice of the enterprise most powerful position in the market considering the comparison of the estimations of the competitiveness of competitors and their market strength is the basis for efficient allocation of the resources. Therefore, company could obtain higher profit by investing in business that has a strong position in a moderately attractive industry than investing in business with weak position in the most attractive sectors of the economy. Accordingly, the enterprise in conditions of diversification could concentrate its resources in those sectors where it can become a leader, or withdraw from areas of activity where it has no chance to occupy a strong position among competitors. It needs the assessment of the level of product competitiveness.

The necessity of selection of target segments of consumer appliances is due to the fact that each market segment is determined by its own characteristics of development (existing competition, the state of solvency of consumers, the degree of development of the market infrastructure, the size of the existing demand for products, and etc.) that affect the level of customer requirements to the indicators of competitiveness of products. Therefore, it should be noted, that the competitiveness of enterprise products would be different for different segments of the consumer market.

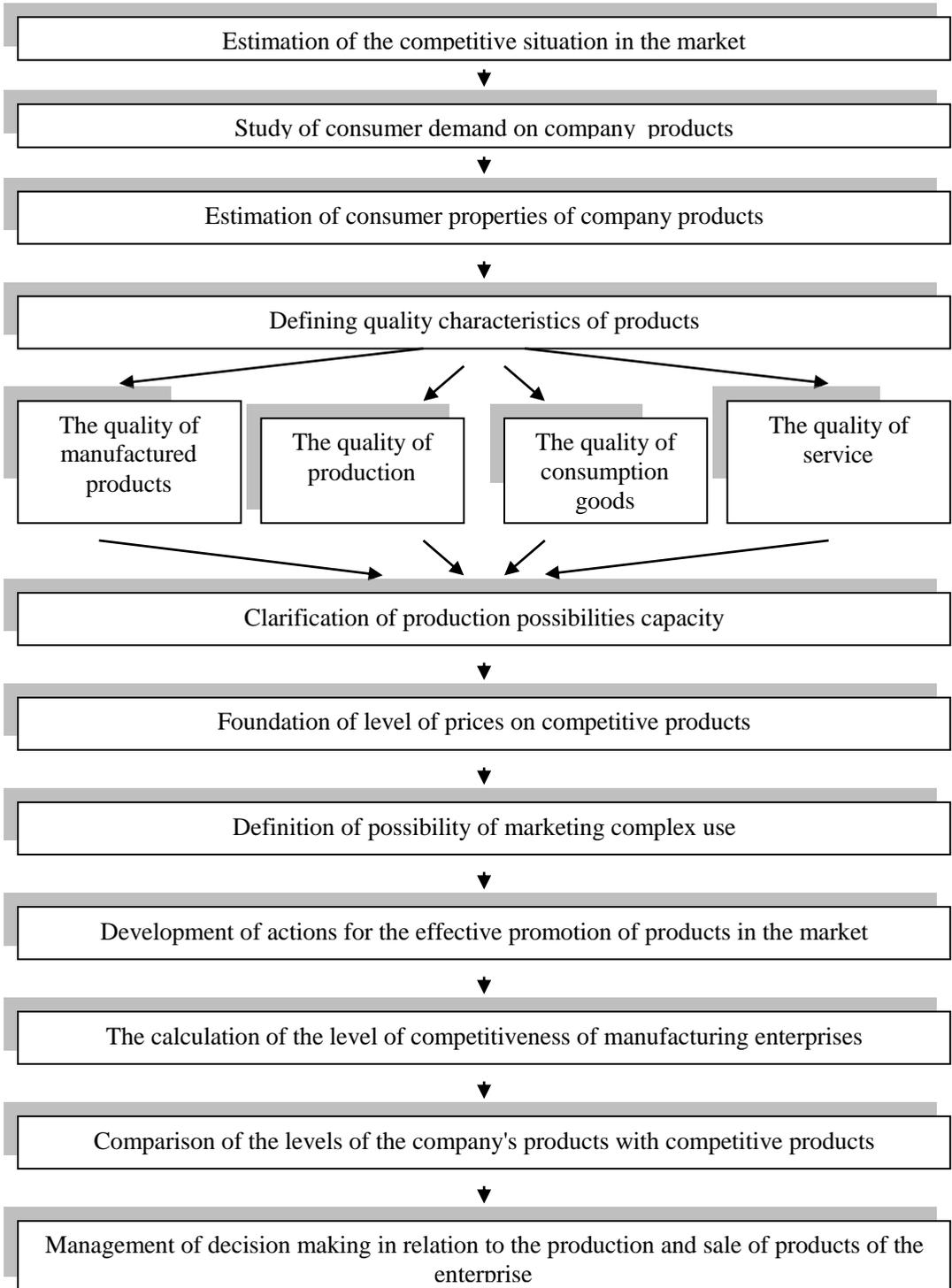


Fig. 1. Algorithm of foundation of the level of enterprise competitiveness

The proper selection of appropriate segments gives a rational basis for further evaluation of the product competitiveness, because the problem is clearly focused on a specific group of consumers. The main criteria for allocating a segment of the market is the similarity of views of the main representatives of consumers, the magnitude of competitive effects, the volume and structure of the segment. The main customer segments could be discovered within processing statistical information and expert survey of dealer firms which specialize on the sale of domestic products in the target regions.

The methodical approach for the foundation of the offered complicated index of competitiveness of enterprise products could be used at all stages of the product life-cycle and addressed to any problems of estimation.

The advantages of the offered method are such as:

- taking into consideration almost all specific features of the analysis of the product competitiveness;
- more precise procedure for evaluation of the competitiveness of enterprises;
- detailed analysis of group and single indicators of production;
- considering market segmentation of consumers within the analysis of product competitiveness;
- calculation of the weight coefficients of the indicators of competitiveness from the point of view of both consumers and professional experts;
- creating instruments for modelling competitiveness of majority of products in competitive markets.

To sum up, the methods of estimation of level of product competitiveness developed by Ukrainian and foreign authors, give us opportunity to systematize them according to certain classification criteria. In contrast, the offered methodological approach allows obtaining a structured set of characteristics that clearly describe such a thing as «the competitiveness of engineering enterprises» in various segments of the market.

Thus, the provision of the competitiveness of the company products is quite complex marketing problem. Its decision should be subject to the activity of all structural divisions of the manufacturer. A systematic approach to the process of foundation of level of product competitiveness allows achieving a high level of competitive advantage in a particular segment of consumer market.

The performance of the process of foundation of level of product competitiveness of the enterprise is determined through the increasing of value of level of complex index of product competitiveness. Significant competitive advantage could be achieved through rational quality of products and sustainable additional competitive advantages. The main direction of marketing activity is to increase production of new products which are in demand, which price is much lower than the competitor's one and the quality indices are much higher.

Conclusions

The competitiveness of the enterprise with the requirements of a particular market or segment is caused by the most acceptable ratio for both consumers and manufacturers between the main components of the studied indicators, such as follows: product quality, cost, consumption, nature of marketing promotion of products in the market and the level of service. The methodological approach allows defining quantitative terms of the complex index of product competitiveness of enterprises in various market segments.

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