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## COMPETITIVE APPROACH TO THE FORMATION OF MARKET STRATEGY AT INDUSTRIAL ENTERPRISES

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### Key words:

competitors, competitive strategies, industrial market, competitive advantages, level of competitive advantages

The article is devoted to topical issues of formation of modern competitive market strategy of industrial enterprises. The issue of identifying the current level of competitive advantages in the industrial market was considered. The differences of the industrial market in the framework of the formation of the competitive strategy of the enterprise are determined. The matrix of market situations according to the level of competitive advantages of the enterprise is built, which considers the level of competitive advantages as a relative value and takes into account the actions of competitors in a given market. The probable reasons why the enterprise under study may find itself in one of the situations under consideration are considered, and a descriptive analysis was carried out for each situation. The negative consequences that may affect the enterprise are also predicted, and the possibilities of their avoidance are considered. Separately, it should be noted that the article provides recommendations on approaches to the formation of a competitive strategy for the enterprise under study, based on the predicted situations. The relevant conclusions on the process of forming an actual competitive strategy in the industrial market are presented.

## КОНКУРЕНТНИЙ ПІДХІД ЩОДО ФОРМУВАННЯ РИНКОВОЇ СТРАТЕГІЇ НА ПРОМИСЛОВИХ ПІДПРИЄМСТВАХ

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### Ключові слова:

конкуренти, конкурентні стратегії, промисловий ринок, конкурентні переваги, рівень конкурентних переваг

Стаття присвячена актуальним питанням формування сучасної конкурентної ринкової стратегії промислових підприємств. Було розглянуто питання виявлення актуального рівня конкурентних переваг на промисловому ринку. Встановлено відмінності промислового ринку у рамках формування конкурентної стратегії підприємства. Побудовано матрицю ринкових ситуацій згідно рівня конкурентних переваг підприємства, яка розглядає рівень конкурентних переваг як відносну величину та враховує дії конкурентів на заданому ринку. Розглянуто ймовірні причини, за яких досліджуване підприємство може опинитися в одній з розглянутих ситуацій, та було проведено описовий аналіз відповідно кожної ситуації. Також прогнозовано негативні наслідки, що можуть вплинути на підприємство, розглянуто можливості їх уникнення. Окремо слід зазначити, що в статті було надано рекомендації з підходів до формування конкурентної стратегії для досліджуваного підприємства, які виходять з прогнозованих ситуацій. Представлено відповідні висновки щодо процесу формування актуальної конкурентної стратегії на промисловому ринку.

### Statement of the problem

Today, perhaps, there are no such industries where there is no fierce competition. Even those goods that at first glance do not have proper analogues, very often in the shortest possible time get competitors in their field, which begin to intercept their market share, and this gives reason for enterprises to analyze not only their consumers, but

also the activities of competitors in their industry. There are many factors of the external and internal environment, on the analysis and reaction of the enterprise depends on its success in this competition, which in turn raises the question of the formation of a modern competitive strategy, especially in highly competitive areas where the number of consumers of goods is low, but the market volume is large,

in particular mining, processing industry, construction, electricity, gas, water supply and sanitation, transport, warehouses and communication services [1].

**Analysis of recent researches and publications**

The issue of formation, coherence and implementation of competitive strategies and activities of industrial enterprises was studied by the famous scientist M. Porter [2]. It was he who provided a more in-depth concept of strategy as a directed activity of the enterprise. The possibility of improving competitive advantages in the context of modern trends in mechanical engineering was studied more deeply by A. Adamik [3]. She also noted that partnership in creating unique competitive advantages is possible, but now enterprises are quite specialized. It should also be noted that O. Zozulov [4; 5], V. Vyshnevska [6], T. Iichenko [7], L. Barsuk [8] studied certain aspects of the industrial market, made certain conclusions about its specifics and their generalized form is given in this paper. The issue of the importance of competitive advantages was also raised by M. Sajdak [9], and innovative methods of creating competitive advantages were studied by P. Juszczuk [10].

**Objectives of the article**

The article is aimed at developing theoretical and methodological provisions and practical recommendations for the formation of competitive strategies of enterprises for the production of industrial goods.

**The main material of the research.**

When there is a sustained struggle between long-standing competitors, their skills start to improve. In recent years, leading companies in various fields, be it transport, mechanical engineering or electrical equipment manufacturing, have been continuously working on their competitive strategies. It is the improvement of theoretical aspects of competitive strategy that gives them the opportunity to reach new levels of competition. The modern definition of competitive strategy is a deliberate activity that distinguishes you from competitors [2]. Based on this, we can conclude that the improvement of competitive strategy is associated with the improvement of competitive advantages. That is why enterprises primarily focus on them, thus providing the consumer with a unique experience of using their products, which in turn increases the competitiveness of the enterprise in the eyes of the consumer [9].

However, the competitiveness of an enterprise is a relative value, and varies both within a certain geographical region and within individual fields of activity. Of course, the more sellers there are in a market, the stronger their competition, but the physically limited number of buyers is also a significant factor in driving the development of competitive methods. Such an example is the industrial market, within which some researchers, in particular O. Zozulev, distinguish closed markets [4]. The features of industrial markets that should be taken into account when forming a competitive strategy are as follows:

- competitive advantage is measured to a greater extent by the technical characteristics of the product [5];
- high competitive requirements for Internet marketing [6];
- multi-purpose orientation of sales promotion [7];
- direct sales are the most effective among the promotion tools [8].

As for the interaction with closed markets, the peculiarity of the approach to them is the advantage of old players [4].

It should be noted that in order to form an actual competitive strategy, it is necessary to analyze the dynamics of competitiveness in recent years. The trend of changes in competitiveness will help to choose the direction of the competitive strategy of the enterprise. To obtain the necessary information on competitiveness, one should use the matrix of changes in competitive advantages.

When building the matrix, the decline in the level of competitive advantages of enterprises was not considered, due to the assumption that the decline in competitive advantages is likely to be caused by unfavorable external factors that would equally affect all enterprises, and since the author considers competitive advantages in relation to other enterprises, in this case the situation will be similar to sustainable competition.

Table 1 – Directions of changes in the level of competitive advantages of the enterprise

Competitive advantages of the researched enterprise / other enterprises	Increasing the level of competitive advantages of other enterprises	Sustainable level of competitive advantages of other enterprises	There are no direct competitors or they are not represented in this market
Increasing the level of competitive advantages of the researched enterprise	Intense competition	Ahead of competitors	Partial or full monopoly
Sustainable level of competitive advantages of the researched enterprise	Lagging behind competitors	Sustainable competition	Partial or full monopoly

Thus, after assessing the change in competitive advantages, five possible situations can be obtained:

1. Intense competition.
2. Ahead of competitors.
3. Lagging behind competitors.
4. Sustainable competition.
5. Partial or full monopoly.

Each of these situations has its own causes and consequences and requires separate actions, so let's consider each of them separately.

Intense competition. This situation will arise if the level of competitive advantages of the enterprise under study and its competitors increases. In some cases, such a situation may arise under three scenarios:

1. Enterprises improve their joint competitive advantages.

2. Enterprises improve their unique competitive advantages.

3. Mixed case involving three or more enterprises.

According to the scenarios, you can seize the initiative in the most profitable way. In the first scenario, having a common focus on competitive advantages, the one who has them more qualitatively expressed will be more competitive. Of course, the conditions cannot be completely mirrored, so you should look for those aspects where you can get more benefit with minimal effort. Trying to improve those aspects in which the competitor is stronger means spending a lot of resources without a guarantee of benefit or equalization of these indicators. Having a greater advantage in the same competitive indicators it will be more efficient to improve them further. In the second scenario, you should pay attention to the competitive advantages of other enterprises and try to implement them. Copying in modern market conditions is a very reliable strategy, but, as a rule, only the best are copied. In the third case, you should pay attention to the segment leaders, their competitive advantages. If they are attractive, you may be tempted to copy them, but in such a diverse situation, you should first of all take care of your own identity.

As for the possible consequences, it can be said that if the active phase of competition continues for a long time, it will lead to the depletion of resources of sellers in this segment and vulnerability to new market entrants with a new view of competition. Therefore, it is desirable to narrow your own segment, thus getting rid of some of the competitors, and to consolidate the already won market share with defensive marketing actions.

Ahead of competitors. This situation will arise under the condition of increasing the level of competitive advantages of the researched enterprise and a stable level of competitive advantages of other enterprises.

This situation may arise in at least two scenarios:

1. Adverse external conditions or crisis phenomena delayed the development of competitive advantages of other enterprises or they caused their deterioration, and the researched enterprise was able to overcome them, which became its competitive advantage.

2. The success of a certain risky measure or know-how has caused a greater increase in the level of competitive advantage.

According to any scenario, recalling the recommendations to the rules of chess: if you have an advantage in development, you must implement it. Indeed, if it is an innovative technology, competitors will use it, and if it is a unique competitive advantage, it can be reproduced. Therefore, during this time, when competitors will try to carry out certain manipulations, you should quickly and decisively capture their market share using attacking strategies. However, depending on the situation, it may be advisable to spend time on consolidating the existing market share.

As for the possible consequences, we can say that they are successful if the profit from the new market share

is greater than the cost of gaining greater competitive advantages.

Lagging behind competitors. This situation is undesirable. It can arise in at least three ways:

1. Unfavorable external conditions and crisis phenomena that had a greater impact on the enterprise under study or lack of resources to overcome them.

2. The researched enterprise is a relatively new and unknown market participant.

3. Steady lag over time, which arose due to certain mistakes in the enterprise strategy.

Considering the first scenario, it should be noted that the external conditions are quite volatile, and it may be necessary to choose a strategy of protection and use a minimum of resources, waiting for a successful option to return to the same level. In this case, guerrilla strategies are very suitable. The general recommendation would be to follow the trends and avoid risky strategies. In the second scenario, the strategy should include the use of intensive marketing and innovation. Having the necessary amount of resources it is appropriate to use risky strategies. Regarding the third scenario, it should be noted that industrial enterprises, unlike the consumer sector, understand that there are no unoccupied market segments when developing their competitive strategy, and any loss of consumers is critical due to their size and small number. Therefore, the situation should be corrected as soon as possible. This often happens with old enterprises that require significant investments and restructuring. However, it should be noted that despite the fact that there are no unoccupied segments in the industrial market, sometimes new needs are spontaneously created, which grow into sectors of industry, and such new markets are a great opportunity for enterprises lagging behind competitors.

As for the consequences, they are unfavorable, and the company needs to demonstrate some success to enter the league of medium-sized market players.

Sustainable competition. This situation arises in the absence of improvement of competitive advantages at enterprises, and can be created in at least two ways:

1. The high cost of improving competitive advantages, which casts doubt on their feasibility.

2. Lack of ambition or unwillingness to take risks among market participants.

Considering the first scenario, it can be noted that it should be considered as one of the possible options in combination with the second scenario and concerns primarily expensive complex products, such as industrial ventilation systems, substations for electric transport, etc. In some cases, the life cycle of a product from market launch to modernization can take decades. This may be due not only to the cost and time of improving the existing product model, but also to the change of means of production and adjustment of production lines. As for the second scenario, it can be both a separate reason and in combination with the first one. In any case, the enterprise should focus on affordable, less resource-intensive methods of improving its competitiveness and competitive advantages. For example, improve pre-sale and after-sale service, or even resort to innovative

methods of creating new competitive advantages through special communications with the consumer [10].

In the case when there is a certain crisis of improving competitive advantages, it makes sense to integrate efforts to protect the market from foreign companies that have greater resource potential [3].

As for the possible consequences, sustainability leads to the vulnerability of market participants to new players.

Partial or full monopoly. In case of offering a new product for a certain market, an enterprise may become a temporary monopolist.

This can be considered as a certain advantage over future competitors. The main thing during this time is to gain a significant market share, because with the emergence of at least one direct competitor, the monopolist will lose part of the market. Often, in order to reduce such losses, an industrial enterprise tries to reduce the compatibility of its goods with substitute goods or complementary goods of foreign production. For example, LLC "Pluton" produces the only in Ukraine arcless DC circuit breaker of ultra-fast action, which is completed in traction substations on a turnkey basis, which increases the cost of the order several times. Competitors on the contrary will try to increase the level of compatibility of

goods with the market leader.

As for the possible consequences, this situation can change very quickly, so you should focus on consolidating your market share.

Thus, the choice of competitive strategy depends on the situation in which the enterprise is, the reasons that led to it and the relevance of the direction of development of the enterprise.

### Conclusions

The analysis can be the reason for the following conclusions:

1) the level of competitive advantages, both of the enterprise under study and of other market participants, requires observation to establish it;

2) compliance with a certain level of competitive advantages provides information about the general state of the enterprise in the market and the industry as a whole;

3) competitive strategy will become more reasonable if its development takes into account the state of the enterprise and other market participants;

4) the same state of the level of competitive advantages may have different ways of formation and require different market actions.

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