

3.5 GENERAL PRINCIPLES OF CONDUCTING A COMPETITIVE MARKETING RESEARCH OF INDUSTRIAL MARKET ENVIRONMENT

Marketing research is an integral part of any enterprises activity and at different stages of the life cycle of an entity can entirely satisfy the need for information provision in order to solve the strategic and tactical tasks. An analysis of the competitive environment is important for businesses of all areas.

A phenomenon of competition in today business environment is one of the fundamental factors of progress and development in general. Characteristics of competition and competitive environment are thoroughly explained in the papers by M. Porter, J. Robinson, Fatkhutdinova R. A., J. Schumpeter, J-J. Lambe, I. Ansoff and others. The analysis of scientific sources on the subject suggests the existence of conceptual and categorical uncertainty about the concepts of "competition" and "competitive environment".

Thus, since there is no general point of view on the concept, it can be explained, in our opinion, by a rapid development of economy and emergence of innovative approaches to running business.

According to the marketing theory and the theory of competition the term "competition" is defined by M. Porter as the struggle between the five forces:

- 1) potential competitors (the possibility of the emergence of new competitors in the field);
- 2) goods-substitutes;
- 3) producers within one industry;
- 4) suppliers, partners (the ability to change the conditions of cooperation);
- 5) buyers (the ability to significantly influence market processes by establishing of appropriate requirements).

According to Noble scholars K. R. McConnell and S. L. Brue, the term "competition" should be understood as a set of a large number of consumers and producers on the market, entry or exit of which is unlimited and uncontrolled.

This concept is elaborated more by Fatkhutdinov R. A. in his papers: struggle of entities, aimed at limiting of the influence of each other on the general conditions of goods sale in specific markets.

From the regulatory point of view, particularly in the Law of Ukraine "On Protection of Competition" [7] and the Law of Ukraine "On the Antimonopoly Committee" [8] competition is defined as "competition between entities in order to obtain advantages through their own achievement over other entities, resulting in consumers, businesses who have an opportunity to

choose between several sellers, buyers, where a separate entity cannot determine the terms of sales of goods in the market" [7]. To summarize, we note that there are three generally accepted approaches to understanding of the concept of "competition":

- 1) identification of competition as a rivalry in the market [9; 10; 11];
- 2) competition as a part of the market mechanism of supply achieving and demand balance in the market [1; 2; 4; 5; 6].

3) competition as a criterion for determining of the type of industry market [3; 12].

1. It should be noted that the plurality of approaches to the understanding of the concept of "competition" is caused by its dynamic nature – a factor regulating the interests of various market actors. In terms of marketing, competition – is a process of competition between market subjects (firms and individuals) who are engaged in entrepreneurial activities and are interested in achieving of specific goals [9, p. 64-67].

Thus, competition can have a nature of a phenomenon, which is a prerequisite for market/entity development and progress, and is manifested in various processes taking place in the market under the influence of interdependent and interrelated market economy events or as a result – market participants' behavior. Also, competition may be the one of the properties of a market where, depending on the degree of perfection competition different types of markets are distinguished: monopoly, oligopoly, monopolistic competition, perfect competition.

So, today the market in general and the entities are operating in a competitive environment that is presented by a set of phenomena and processes that influence the development of competition in a particular economy sector.

2. This concept has a major character, which is evidenced by its multilevel structure [18, p. 162-168]:

- global level (international groups environment, between which there is competition);
- macro-level (national economies competitive environment);
- meso-level (regions/sectors competition environment);
- micro-level (entity competition environment);
- nano-level (competition between different individuals – subjects of market relations).

3. The competitive environment consists of a set of factors and processes that are aimed at balancing out the interests of all subjects of market relations. The impact of a particular component of the competitive environment, as well as the direction, significantly affects the nature of competition in a particular market segment and also the relationships between entities. As rightly pointed out in his book V. Heyets [7, p. 2-5], the competitive advantage in the current stage of economics development is losing its strategic properties and it is necessary to apply the

innovative nature of the activity – innovation of production during the whole period of entity's activity, what becomes possible due to the integration process on the market, in order to maintain a competitive position in the market and expand it. Innovative development becomes a key to the long term effective functioning of a company, where much attention is paid to establishing of the relationship between scientific developments and their implementation technology. In particular, it is a business scheme "science - technological knowledge - technology" [17, p. 80-85].

In order to achieve outstanding results in proceedings of innovative activity, it is necessary to fund scientific and applied researches in a sufficient amount, create an appropriate mechanism for the legal protection of intellectual property rights and also to form favorable conditions for the operation of small and medium-sized businesses as for those that are more flexible to innovation [22, p. 42-46].

4. Differentiation of measures for retention of competitive advantages in the market depends on the degree of country's development. Thus, in developed countries high-tech processes are used to produce high quality products and to capture new markets (segments) in order to expand export opportunities in developing countries – competition comes down to reducing of the cost of raw materials and consumables and lowering the revenues from exports, what inevitably leads to a loss of human capital [6, p. 68-72].

5. This approach of companies in developed countries creates the phenomenon of globalization, which leads to a reorientation of the essential concepts of competitiveness, changing forms and methods of competition and so on.

6. The key areas of getting competitive advantages for industrial enterprises can be considered [9, p. 64-67]:

- concentration of company's resources in order to prevent the actions of competitors;
- retention of initiative and leadership in the competition;
- ensuring of resource potential to achieve goals, that were set;
- development of flexible system of entity's activity scheduling in the industrial market by establishing of an effective strategy for cooperation with competitors.

Hence, successful operation of industrial enterprises, as well as companies of any sector of the economy depends primarily on the strength of influence of a competitive environment. At the same time, competitive environment depends on factors affecting it.

Traditionally, scientific studies distinguish internal and external factors in relation to the object of study. Considering the competitive environment as a system of interdependent and interrelated subjects of market relations that are influenced by market forces, it is useful to distinguish the following groups of factors:

- external;
- internal;
- strengthening;
- weakening;
- of direct influence;
- of indirect influence.

List of all the factors within the designated groups is presented in Table 3.3.

Table 3.3

Factors of industrial market competitive environment

[Author's adaptation based on 5; 8]

Group of factors		List of factors
1		2
Strengthening		<ul style="list-style-type: none"> – denationalization; – privatization; – creation of new organizational structures; – differentiation of goods and services; – diversification; – sectoral barriers (entry and exit from the market); – reduction in product life cycle under the influence of scientific and technological progress; – liberalization of investment policy.
Weakening		<ul style="list-style-type: none"> – reducing of the number of enterprises in the sector; – low trading area provision for the citizens; – adverse of tax policy; – term of return on investments; – increased migration and labor resource mobility.
External		<ul style="list-style-type: none"> – country's membership in international organizations and associations; – arrangements and agreements between countries; – established world system of transporting and communications; – globalization.
Internal	macro-economic factors	<ul style="list-style-type: none"> – political (legislation: tax and credit policies, licensing and standardization, the degree of governmental control and its intervention in the economy, increasing conflicts and economic crises in emerging economies); – economic (market development trends, market saturation, pricing policy, level of unemployment and inflation, administrative barriers); – technological (development of computer technology, improvement of production technology and communication processes); – sociocultural.
	micro-economic factors	<ul style="list-style-type: none"> – favorable location; – customer base; – suppliers and partners; – innovative technology of production and service; – progressive methods of sale; – staff needs and requirements for the organization of leisure, work organization, humanizing work places, staff education; – labor discipline; – the possibility of different forms of business organization; – level of internal competitiveness.
of direct influence		<ul style="list-style-type: none"> – country location (legislation, national competitors, substitute products, customers, potential competitors); – international market (tools of supranational regulation of competitive relations, foreign competitors, substitute products, customers, competitors, increased integration). – development of human capital.

Table 3.3 Continuation

1		2
of indirect influence		<ul style="list-style-type: none"> – economic freedom; – division of labor; – forms and stage of market development; – concentration and centralization of production; – pursuit of monopoly; – commodity and money markets state; – processes of mergers and acquisitions; – differentiation of products and services.
Controlled	by governance	<ul style="list-style-type: none"> – field type and purpose of the entity; – role of marketing and other corporate functions; – corporate culture.
	by marketing service	<ul style="list-style-type: none"> – selection of target markets; – marketing goals identification; – organization of marketing activities; – structure of marketing activities management.
Uncontrolled		<ul style="list-style-type: none"> – consumers; – competition; – public authorities; – economy; – technological innovations; – independent media.

As can be seen from the Table 3.3, there are many factors influencing the competitive environment and largely determine the direction of the market. In this context it should be noted that in today conditions of market economy, competitive environment is self-regulating, however, as can be seen from the Table 3.3, the state can significantly affect the nature of its development. The role of government, within this, is to facilitate the emergence and effective functioning of stimulating of business activity and compliance of principle of equal opportunities by all the market participants. Thus, there is need to respect the key principles of a competitive environment development [14, p. 26-37]:

- unity (requirements for the operation of economic entities on the market must be the same throughout all the territory);
- freedom (equal rights for all business entities, as well as security of property rights);
- fair competition (the issue of state regulation and support of effective and equitable competitive environment);
- protection (the presence of an effective regulatory support for prevention, control and suppression of monopolistic activity and unfair competition).

In today environment of entities' functioning increased competition is seen due to the rapid pace of scientific and technological progress, reduced product life cycle, product market saturation and so on. Competition today is seen in three strategic directions [16, p. 156-159]:

- researching the consumer needs based marketing orientation system of the entity;
- predicting of the competitive environment development dynamics in order to identify and implement competitive advantages;
- researching and forecasting of competitive strategies of competitors, their strengths and weaknesses, developing and implementing of measures to strengthen the competitive position in the market.

Competition managing aims to provide the most favorable position for maintenance or expansion of competitive advantage at the expense of evaluating potential competitors and their actions and determining of the degree of competitive threat. Today there are many tools of competitive struggle, but it is always important to analyze the competitive environment . Thus, the main component of effective competitive struggle is the analysis (diagnosis, monitoring, audit) of competitive environment. The key approaches to the understanding of this concept are characterized below.

As mentioned above, in scientific and methodical literature the term "analysis of the competitive environment" is used in various forms. Thus, those are the synonyms of this term that can be considered: monitoring / competitors analysis, competitive environment / competition diagnostics, competitors` activity analysis and so on. Scientific approaches to the interpretation of the essence of this concept can be divided into three groups:

- 1) specification of certain directions and the purpose of analysis.

According I. K. Belyayevsky, the competitive analysis is an evaluation and a forecast of competitors` opportunities and possible actions through the research and the study of collected information and expert findings.

A similar interpretation of the concept presented in the works of A. A. Frenkel and G. Assel, which are focused on researching and predicting of the actions of competitors and researching of their strengths and weaknesses. In our opinion, none of the mentioned definitions of the concept is complete. Represented directions of analysis are very generalized and incomplete. At the same time, we consider it inappropriate to disclose all the possible directions of conducting the analysis, while it can lead to cumbersome definitions and essence core loss of the concept.

- 2) competitive analysis as a form or a direction of market research.

Within this group, the competitive analysis is understood as a form of market research, within which the activity of collecting of substitute products and competitors data base is held in order to analyze their behavior and forming own strategies of market activity.

- 3) processual approach.

Competitive analysis is part of a continuous process of market research aimed at studying practices of competitive struggles in order for specific entity to obtain some competitive advantages.

In our opinion, it is not correct to define the purpose of the competitive analysis as "the pursuit of competitive advantages", based on the fact that the analysis makes it possible to obtain the appropriate conclusions, only on basis of which a market activity strategy can be built.

Hence, competitive analysis should be defined as the collection and processing of information from different sources in order to make management decisions that improve the competitiveness of the entity. In terms of this research, competitive analysis should be considered as a part of market research. The multiplicity of approaches to the understanding of the concept of "competitive analysis" determines the various understanding of its conduction stages. Some scholars generally reveal the main stages of analysis: identification of competitors, their business strategy, strengths and weaknesses studying, particularly they are F. Kotler, V. V. Voylenko and A. I. Kovalyov.

More thoroughly reveal the approach to gathering information within competitor analysis scholars G. L. Azoyev, I. K. Belyayevsky, G. L. Bahiyev and A. M. Tarasevych: identification purposes, boundaries of the market, a study of the market subjects in order to identify competitors and analyze their goals, strategies, calculation of their market share, price trends, marketing policy, assessment of competitors' financial stability.

We believe that this approach to revealing of the stages of competitive research is comprehensive and systematic, although it needs further development in the context of the communication policy of competitors and their strengths and weaknesses. Thus, the key stages of the competition analysis are defined below (Fig. 3.4).

Based on the data presented in Figure 3.4, competitive analysis shall sign consistency and comprehensiveness, as evidenced by the stage of development of the conceptual framework of analysis conduction, field and analytical stages.

It should be noted that the main purpose of competitor analysis is their detection, investigation, competition overall in a particular market segment, as well as the factors that affect it. Along with specifying of competitive analysis purposes, the basic tasks that can be brought to the researcher during its implementation are defined below:

- researching trends in the global competitive environment development;
- identification of key existing and potential competitors;
- identifying of size of enterprises competing, their forms of organization and resource potential;

- calculation of market share, that is occupied by competitors;
- characterization of intensity and the direction of competition;
- evaluation of competitive advantages;
- evaluating the strengths and weaknesses of competitors, their strategy and the competitiveness of their products;
- behavior of competitors forecast construction, as well as predicting of their response to specific marketing activities.

Confirming of opinion on the complexity of the analysis of the competitive environment, we define the basic parameters (technical specifications) of its conduction:

- 1) identification of goals and fundamental objectives of the study;
- 2) strategic analysis techniques;
- 3) study of external and internal environment factors;
- 4) application of analysis tools;
- 5) establishing of key product features in order to develop a marketing strategy.

In the scientific literature, the concept of competitive environment analysis is often used along with the diagnosis, monitoring and auditing. We will briefly review the characteristics of each category in the context of this study.

Monitoring of the competitive environment is a dynamic process of continuous learning of competitive environment throughout the life of the company. Its essence lies in developing and implementing competitive strategy of the entity.

Conclusions and the data obtained by monitoring are a prerequisite for a more thorough and comprehensive analysis and also for an initial stage of development or adjustment of entity's strategy in competitive markets. The process of monitoring of the competitive environment can be represented as in Fig. 3.5.

As shown in Fig. 3.5, the process of monitoring of the competitive environment is clearly structured and consistent, which greatly facilitates the control over performance and enables previous, current and final marketing control at each stage of the business process.

A different set of methods of research can be used for each area of monitoring of the competitive environment. Thus, while monitoring competitive activity continuous and discrete marketing methods should be combined.

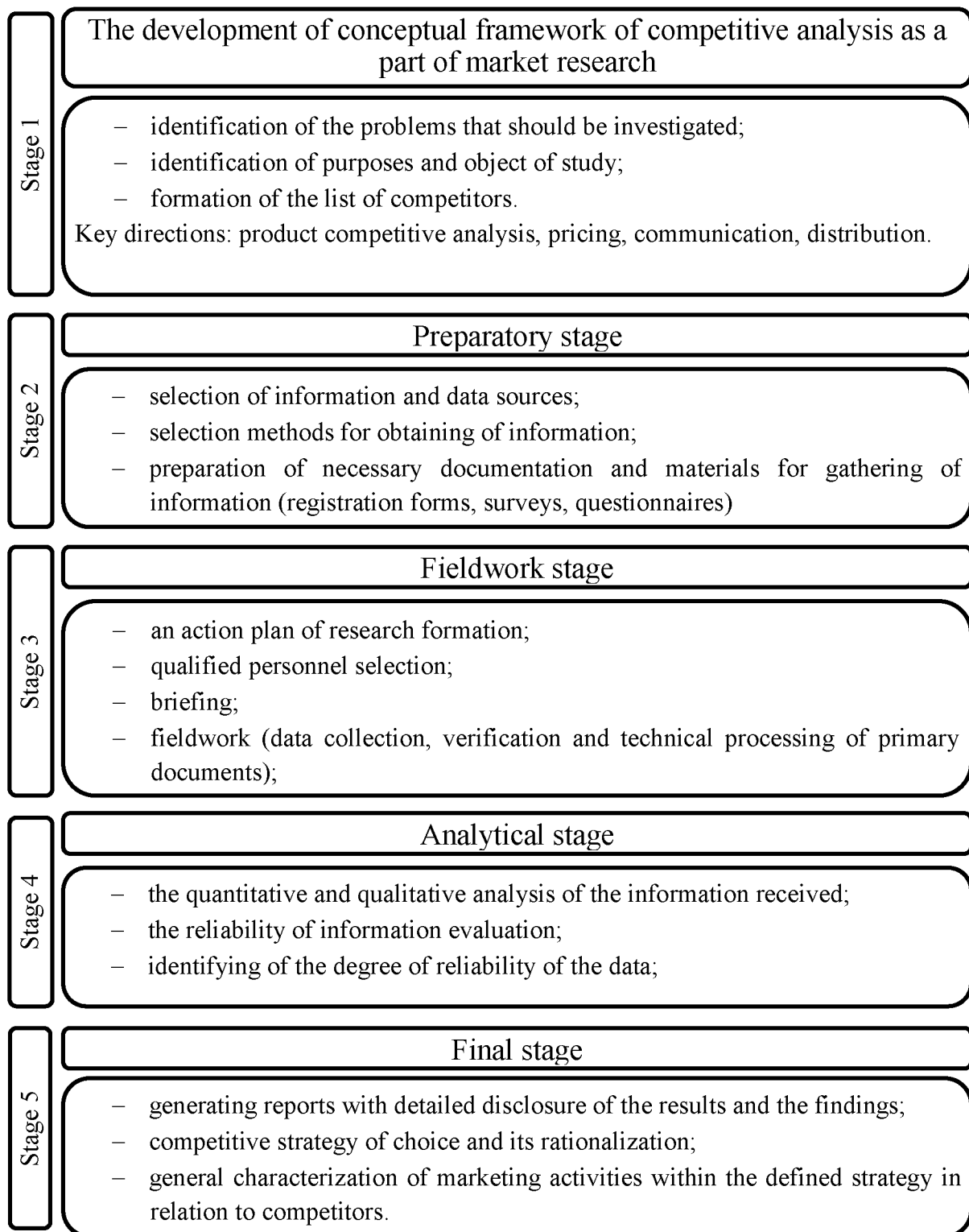


Figure 3.4 – Stages of competitive analysis

[Author's adaptation based on 4; 6; 9]

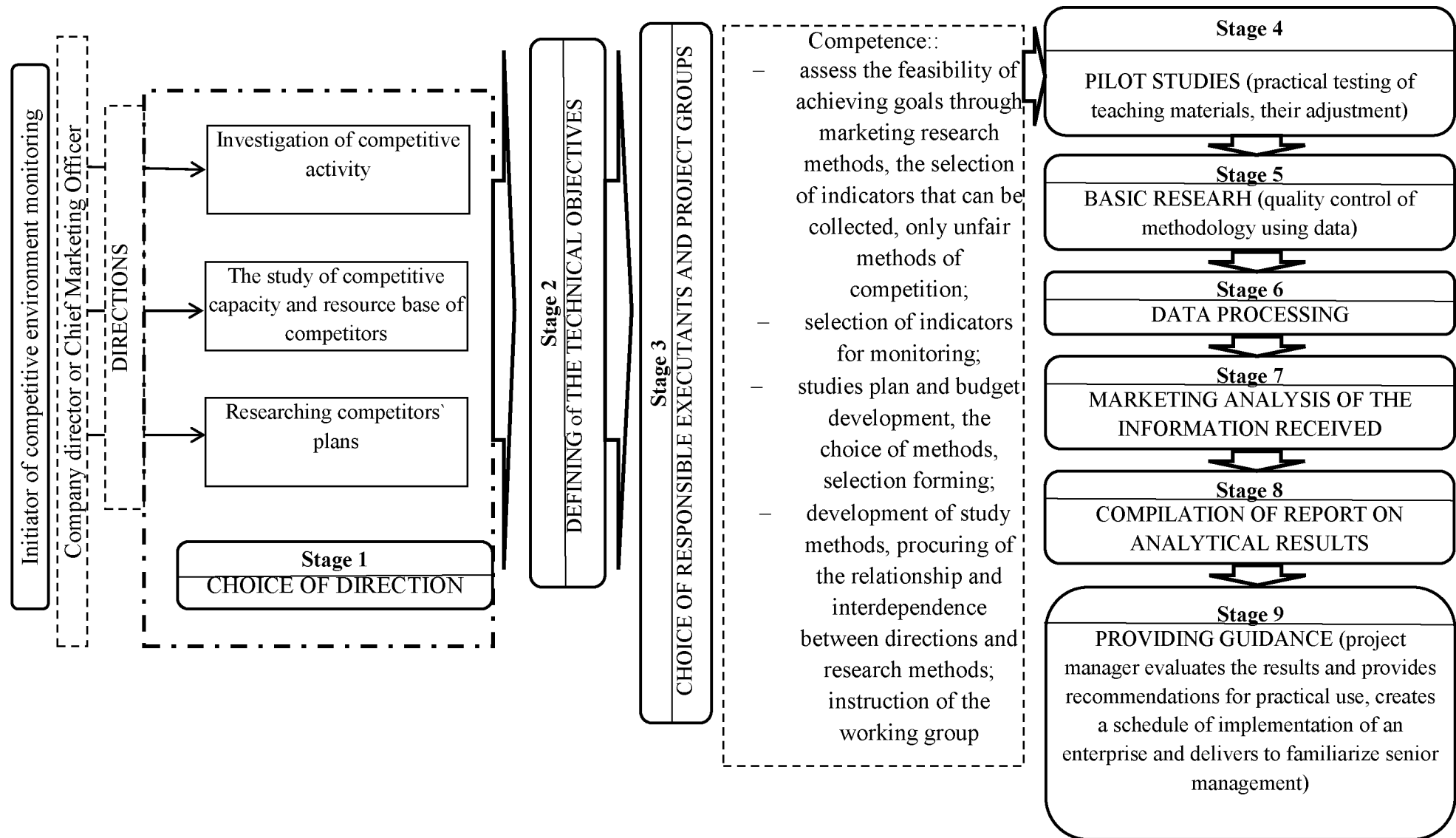


Figure 3.5 – The mechanism of competition monitoring as a separate business process [Author's adaptation based on 8; 9: 11]

During the monitoring of the competitive capacity and resource base of competitors it is advisable to use special tools of competitor's information field content analysis on a regular basis, particularly the following software : "Analyticheskiy Kuryer", "Galaktika ZOOM», IPK «Trend», RCO Fact Extractor, Web- Observer, YAS "Astarta ", IES "Analytic- 2", TAS "Semanticheskyy arkhiv" and MAC SmartSearch. Monitoring of competitors' plans is also performed by using of content analysis, but often companies use unfair methods of competition in order to disclose the trade secrets (competitors' plans) [16, p. 156-159].

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3.6 ALTERNATIVE MANAGEMENT AS A CONCEPTUAL MODIFICATION OF EDUCATIONAL PROCESSES FOR SUSTAINABLE DEVELOPMENT IN HIGHER EDUCATION INSTITUTIONS

“Of identical or almost identical profits, each man, by nature, tends to use part of his/her capital in the way which will probably allow to support national production to the greatest possible extent and will generate income and employment for the highest number of people in his own country. Secondly, each person who places his capital within national production necessarily tries to direct this production, so that its product constitutes the greatest possible value” [5].

Constant pressure exerted on higher education institutions in order to adapt their educational processes to the corporate requirements is a kind of misunderstanding. It is as if children were forced to fulfil their parents' expectations. A contemporary graduate of a higher education institution is an educated person with a need to introduce changes and a considerable intellectual capital as well as a vision of using it in the professional context. In an enterprise, however, it is sometimes the case that the employer – standing in loco parentis – wishes to