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Approach to Determining the Competitive Position of An Enterprise

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Abstract: The article presents a methodological approach to determining the competitive position of modern enterprises in the market, based on the volume of production, cost and sales price of products. Such concepts as analysis of the results of the enterprise, competitive potential, profit, production volume, production cost, average selling price of products are considered. Disclosed are the differences between price and non-price competition, features of a growing, stable and falling market. The effective competitive strategies that ensure the successful functioning of enterprises in various market conditions are considered.

Key words: competitiveness, competitive position, profit, production volume, production cost, product price and quality.

In modern conditions, the competitive position of an enterprise, regardless of the form of ownership, correlates with its resistance to constantly changing market conditions, profitability, and economic growth prospects. As a result, the ability of the enterprise to attract investments for its development. That is why the issues related to the analysis, implementation and evaluation of the competitive position of an enterprise in modern economic research are relevant [1]. We share the concepts of competitive position and competitiveness. Competitive position is the position a company occupies among its competitors. It is difficult to study, including because it cannot be reduced to single quantitative or qualitative parameters. Competitiveness is the real or potential ability to satisfy a specific need to a greater or lesser extent in comparison with analogues [2].

One of the main criteria for the effectiveness of the enterprise is profit. The higher its size and the higher the level of profitability, the more economically justified and competitive the enterprise will be. Therefore, the search for opportunities to increase profits and profitability is one of the key issues in ensuring competitiveness.

In the process of cost management, it is important to analyze and evaluate the results of activities. Performance analysis is used to assess the competitiveness of an enterprise, to find opportunities to get more benefits from it, to develop measures for the formation and effective use of competitive potential.

Competitive potential is the ability of an enterprise to compete effectively in the market, creating a competitive advantage using tangible and intangible resources.

Competitive potential also represents the possibility of achieving synergistic efficiency using this set of resources [3].

The profit of the enterprise from its activities is directly related to three factors: the volume of production (P); depends on the cost of production (S) and the average selling price of products (T):

thousand sum (1)

The volume of production can have both a positive and a negative impact on the amount of profit at the same time. While an increase in the volume of products with a high level of profitability leads to an increase in profits, the supply of goods or services on the basis of fixed prices set on certain types of products by government authorities (for example, urban public transport) can lead to a decrease in profits.

The cost of production is inversely proportional to profit. A decrease in cost leads to an increase in profit, or vice versa. The change in the average selling price is directly proportional to the profit.

Based on the above considerations, it can be noted that the competitiveness of an enterprise depends on the range of its products or services, the demand for them in the market and the effectiveness of managing the financial system. In modern conditions, the main goal of the enterprise is to achieve competitiveness and profitability, which means competition for a certain market share by establishing control over production costs. For a competitive company, the problem of improving product quality and reducing its cost is one of the most urgent.

It is well known that in world practice it is customary to distinguish between price and non-price competition. The main way to compete in price competition is to lower prices compared to competitors. Non-price competition can be carried out in other ways, such as quality, guaranteed service, range of goods (services).

Based on the analysis of special literature, the transport services market can be divided into 3 types [4,5]:

- growing market;
- stable market;
- falling market.

Emerging markets are characterized by an increase in the output of goods and services as a result of a steady growth in consumer demand. Under such conditions, the income of enterprises will increase due to the increase in production. There may also be the possibility of higher product prices due to increased demand.

By increasing their profits, enterprises will be able to develop, enter new markets, diversify their activities, save on production costs through the use of innovations, digitalization of infrastructure, robotization of production processes, automation of management processes [6] and other opportunities. However, the emerging market is also not free from various negative factors. An example of this is, first of all, the state of the market and related infrastructure. For example, the road network, the low capacity of the logistics system, the lack of warehouses, etc.

A stable market situation is characterized by a balanced and constant nature of the factors affecting the enterprise, production volume and selling prices are constant, growth is very low and mainly depends on seasonal demand. The infrastructure problem does not have such a strong impact on competitiveness as it does in an emerging market. Ensuring competitiveness in a stable market environment will depend on the internal factors of the enterprise or how much they can change their strategic goals.

In a falling market, any enterprise focuses on minimizing production costs as much as possible. Against the backdrop of a falling market, those enterprises that do not have enough funds to cover financial risks stop selling goods and services with a deferred payment, pay for raw materials and equipment in advance, refuse marketing and PR services, and tie the cost of products to the inflation index. At the same time, incurring minimal financial losses, an enterprise with such a strategy can lose sales,

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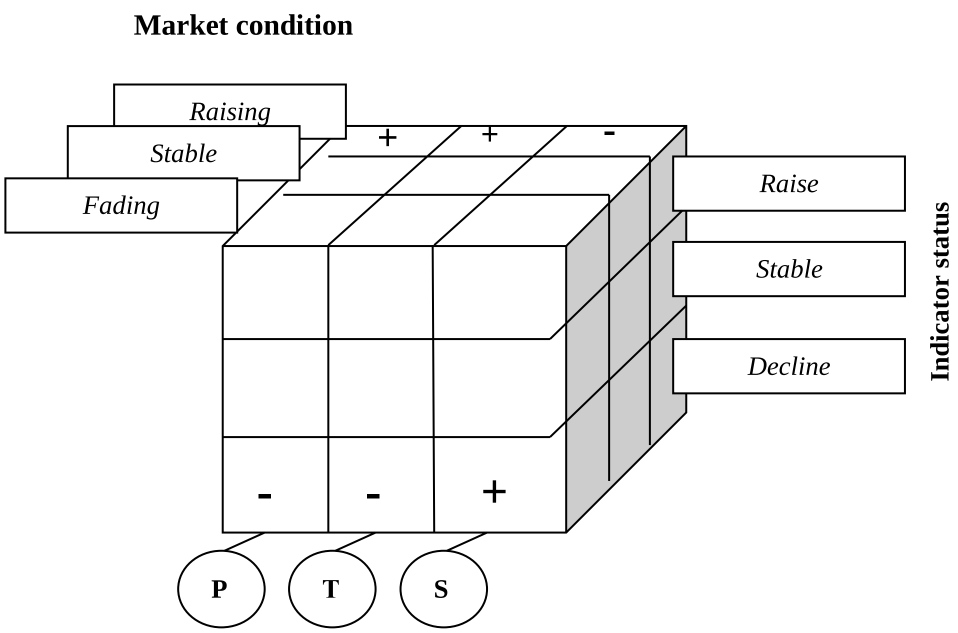
lose customers and valuable employees. These negative factors will not exist only if all competitors in the niche they occupy do the same.

There is another strategy - risk-investment, which in a falling market can be implemented only if the fall is a temporary phenomenon and the prospects of the market or the segment occupied by the enterprise are beyond doubt. The strategy is feasible if any enterprise has sufficient margin to take financial risks. Then it will be able to increase its market share during the period of decline and stagnation, displacing less efficient competitors. With such a risk-investment strategy adopted by the enterprise, low prices are set for the consumer, sometimes below cost, and payment deferrals are offered. New strategies for effective sales are being implemented [7]. The focus is on human resources and innovative solutions to improve the quality of goods and services and at the same time reduce costs. These are interrelated areas, since the preservation of one's own valuable personnel, the recruitment of specialists who find themselves on the labor market as a result of the "freezing" of competitors' projects, allows you to intercept and implement promising business ideas. In the current situation, an enterprise that adheres to such a strategy loses profit and profitability. However, in the long term, such actions make it possible to capture a large market share, push out competitors in a falling market, and in the future, in the conditions of growth and development, strengthen their positions.

One of the important tools for businesses in a market environment characterized by a drop in demand to benefit is the expansion of the range, the offer of related products or services that attract additional consumers, as well as the offer of a prestigious product - at a higher price, of higher quality.



The best possible combination is that in a growing market situation, an increase in production (P) and price (T) can lead to an increase in profits by reducing costs (S). In the worst-case scenario, with reduced production capacity (P) and falling prices (T), the focus is on reducing costs (S) in order to operate without loss or survive in the market.

In both cases, reducing the cost of production becomes one of the key factors in increasing the competitiveness of products. One of the main tasks here is to save production costs and implement an effective system for controlling settlements with suppliers. It is also necessary to look for opportunities to implement innovative measures to prevent cost overruns and reduce unit costs.

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