

The research results of the competitive capacity of enterprises' formation through marketing strategies

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Abstract

The article points out that without a developed and functioning marketing strategy, an enterprise engaged in the production of any goods or services will not be able to withstand competition, to act effectively in accordance with market requirements. Creating a new business, merging and acquiring, developing a new market niche, narrowing or expanding the product line, choosing suppliers and partners – all these and many other decisions are made within the marketing strategy. Marketing itself is defined as the management of development, production and sale of goods and services demanded by society carries a systematic approach to solving problems of obtaining the maximum effect from sales with minimal and commercial risks. It is also stated that one of the most common methods is matrix analysis of the business portfolio. In order to assess the company's competitiveness, the author used the McKinsey matrix. The matrix built by the consulting firm for General Electric is considered in part. The characteristic and marketing alternatives of strategic zones on the given matrix are given. Formation peculiarities of competitive positions at researched enterprises in the kitchen market with the help of marketing strategies are revealed. As a result of the scientific researches problem's analysis the author has come to a conclusion that both investigated firms-competitors are in a zone of selective development. While choosing a marketing strategy, it is necessary to focus on the main features of the marketing strategy, such as: long-term orientation; based on the results of strategic marketing analysis; a certain subordination in the hierarchy of enterprise strategies; the market orientation of activity (in relation to consumers and competitors) is defined, and also on need of the further scientific researches of a problem.

Keywords: marketing; strategy; marketing activities; marketing strategy.

Результати дослідження конкурентоспроможності формування підприємств за допомогою маркетингових стратегій

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Анотація

У статті вказано, що без розробленої та функціонуючої маркетингової стратегії підприємство, яке займається виробництвом будь-яких товарів чи послуг, не зможе протистояти конкуренції, ефективно діяти відповідно до вимог ринку. Створення нового бізнесу, злиття і поглинання, освоєння нової ринкової ніші, звуження або розширення асортименту, вибір постачальників і партнерів – всі ці та багато інших рішень приймаються в рамках маркетингової стратегії. Сам маркетинг визначається як управління розробкою, виробництвом і реалізацією затребуваних суспільством товарів і послуг, що несе системний підхід до вирішення завдань отримання максимального ефекту від збуту з мінімальними і комерційними ризиками. Також зазначено, що одним із найпоширеніших методів є матричний аналіз бізнес-портфеля. Для оцінки конкурентоспроможності компанії автор використав матрицю McKinsey. Частково розглянута матриця, побудована консалтинговою фірмою для General Electric. Наведено характеристику та маркетингові альтернативи стратегічних зон на даній матриці. Розкрито особливості формування конкурентних позицій на досліджуваних підприємствах на ринку кухні за допомогою маркетингових стратегій. У результаті аналізу проблеми наукових досліджень автор дійшов висновку, що обидві досліджувані фірми-конкуренти знаходяться в зоні селективного розвитку. При виборі маркетингової стратегії необхідно орієнтуватися на основні ознаки маркетингової стратегії, такі як: довгострокова орієнтація; за результатами стратегічного маркетингового аналізу; певна підпорядкованість в ієрархії стратегій підприємства; визначається ринкова спрямованість діяльності (по відношенню до споживачів і конкурентів), а також на необхідність подальших наукових досліджень проблеми.

Ключові слова: маркетинг; стратегія; маркетингова діяльність; маркетингова стратегія.

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Introduction

Marketing as the management of the development, production and sale of goods and services required by the company is a systematic approach. This approach aims to solve problems to achieve the maximum effect for the producer and consumer from the sale of results with minimal and commercial risks and is a source of payment, including currency.

However, in order to really use marketing as a reliable tool for success in business, commercial and any other economic activity, it is necessary to master its modern methodology. Under these conditions, marketing becomes the basis of long-term and operational planning of production and commercial activities of the enterprise, preparation of export production programs, organization of scientific and technical, technological, investment and production activities and sales and marketing activities, is the most important element of enterprise management.

Creating a new business, mergers and acquisitions, developing a new market niche, dealer policy, narrowing or expanding the product line, choosing suppliers and partners – all these and many other decisions are made in the marketing strategy. The whole enterprise's success, its competitiveness depends on the correct choice of marketing strategy of the company.

Issues of marketing and marketing strategies are widely covered in the literature by Ukrainian, Russian and foreign authors. Strategic marketing management, a component of strategic marketing and analysis were covered by: Balabanova L.V. [1], Babchenko L.V. [2], Golovchuk Yu.O. [3]. Methodical aspects of the marketing environment research at the enterprise were considered by: Demidenko S.L. [4], Zhegus O.V. [5], Zalizniuk V.P. [6]. Features of the marketing strategies formation were revealed in the works of Kudenko N.V. [7], Kobtsa D.L. [8], Kriveshko O.V. [9]. The marketing management main aspects of enterprise competitiveness have taken an important place in the works of Kendyukhov O.V. [10], Raika D.V. [11], Ryabukha I.S. [12] and others.

However, despite the recognition of the marketing strategy's important role in the enterprise success in the market, in practice, the development of its provisions is given insufficient attention. This can often be explained by a lack of consistency in making long-term marketing decisions, as well as insufficient qualifications of management staff. These problems have a strong impact on retailers or small businesses that provide various services to the public.

The purpose of this article is to reveal the theoretical and applied aspects and features of the competitive position's formation at LLC "Factory CLASS" and LLC "Roda" in the kitchen market through marketing strategies.

Methods and materials

The research methodological basis is the principles of dialectical logic and a systematic approach to solving problems in the chosen direction of research. Theoretical and applied developments are based on the provisions of modern economic theory, strategic management theory, marketing theory and the use of special methods, such as: logical generalization and comparison – to clarify and streamline the conceptual apparatus; statistical analysis.

Currently, there are at least two thousand definitions of "marketing". Not only individual researchers, but also entire firms invest in this concept a qualitatively different meaning. Marketing comes from the English word "market" and, accordingly, means market activity i.e., the sale and purchase of goods. Marketing is understood as an activity that turns the needs of the buyer into the company's income and aims to meet the needs through exchange [11].

Marketing is a systematic activity related to the development, production and sale of products to meet personal or social needs. Due to the fact that marketing forms a holistic system of opinions, on the basis of which the company builds its practical activities, we usually talk about the concept of marketing, i.e., a system of opinions, approaches, dispositions [3].

Marketing as a systemic phenomenon acts primarily as a unit of research, development and sale of goods. At the same time, marketing acts as a concept of company management, focused on success in the outside world, where the necessary and rigid elements are competitors, consumers, the entire external environment. Finally, marketing acts as a kind of business philosophy, which must be socio-ethical: the company must act on strictly moral principles, with full consideration and respect for the opinions and requirements of consumers. Honesty, decency, consistency, professionalism are the main requirements for marketing activities, and, at the same time, these qualities are the main capital of any businessman who participates in a market transaction.

Modern marketing is becoming the only technological process that focuses not only on commercial success, but also on the development of social relations, the consolidation of ethics and social morality. As a result, all the requirements of a systems approach (using the theory of large systems) are applied to marketing [2].

One of the most common methods is matrix analysis of the business portfolio. The matrix can be built on the basis of any pair of indicators that characterize its strategic position. Analysis tools include the well-known Boston Consulting Group's growth and market share matrix, the McKinsey tool, the strategic business planning matrix, and a number of other lesser-known tools, such as the

Table 3

Characteristics and marketing alternatives of strategic zones according to the matrix «McKinsey – General Electric»

Factor	
Market attractiveness	SBU competitiveness
Indexes	Indexes
1. Market capacity: national market, export-import balance 2. Market growth rates 3. Profitability 4. Level of competition: number of competitors, concentration of competitors, their market share 5. The amount of investment required 6. Market 7. Availability and availability of material and technical resources 8. State regulation of the market	1. Product quality 2. Absolute market share 3. Relative market share 4. Attractiveness of the range 5. Efficiency of sales channels 6. Price level 7. Financial resources 8. The effectiveness of advertising 9. Production capacity

Source: generated by the author

ADL lifecycle matrix, Larange's planning matrix, and Harrigan's final game analysis. Porter.

An alternative approach, which eliminates some of the BCG matrix shortcomings, was proposed by McKinsey to analyze General Electric's business portfolio.

Two enterprises were selected for the study: LLC "CLASSUM Factory" (Zhytomyr) and LLC "Roda" (Kyiv). The latest technologies, highly qualified staff, a modern production complex, which is equipped with these enterprises, have taken one of the first places in the domestic market of kitchen furniture manufacturers.

In order to assess the competitiveness of enterprises, we use this matrix, its choice is justified by the following factors:

- the McKinsey matrix is more accurate than the BCG matrix and allows to take into account industry trends;
- in Ukraine, the kitchen furniture market is periodically monitored, which allows to assess industry trends.

It includes nine quadrants and is based on an assessment of the long-term industry attractiveness and the competitiveness of the strategic business unit. The matrix is based on two factors – the market attractiveness and the competitiveness of the strategic business unit (SBU). Indicators that reflect the essence of market attractiveness and SBU competitiveness are reproduced in table 1.

Results

Regarding the factory "CLASS" strategic business units should be called the main and auxiliary production by product groups, i.e. SBU for the production of kitchens, SBU for the production of windows, SBU for the production of doors.

Stages of matrix construction:

1. Indicators are formed on the basis of factors of "market attractiveness" and "competitiveness", depending on the characteristics of a particular enterprise SBU.

2. For each indicator within each of the two factors are determined by the weights.

When assigning weights, we take the weight of the coefficient per unit (1.00), and the weight of each indicator in this factor is determined based on its specific weight in this factor (i.e. based on the effect that a certain indicator has on the size of the factor). The weight ranges from 0.01 to 0.99.

There is also a practice of determining the weight of indicators not in coefficients but in percentages: the weight of the factor is taken as 100%, and the weight of the indicator is determined according to its specific weight as a percentage.

3. For each indicator within each of the two factors, the rank is determined.

The title is set based on a range of one to five (or one to ten). Characterizes the state of the indicator at the enterprise level. The lowest rank – «1», the highest – «5» or «10».

4. For each indicator, the total score is determined by multiplying the weight of this indicator by its rank:

5. Overall scores are summed for each factor, and thus we obtain an overall score for the coefficient.

6. Construct a matrix field: on a horizontal line place the coefficient of competition in the range from «5» to «1» in the range from «1» to «5» or in the range from «10» to «1» (in the appropriate range of rank), along the vertical line, we postpone the factor of market attractiveness in the range from «1» to «5» (or to «10»).

Table 2

*Determination of the indicators of the matrix «McKinsey – General Electric»
on SBU for the production of kitchens of the factory «CLASS»*

Indexes	Weight coefficient	Rank	Overall rating
By the factor "Market attractiveness"			
Market capacity	0,20	4	0,80
Annual market growth rate	0,20	5	1,00
Profitability	0,15	4	0,60
Level of competition	0,15	2	0,30
Technological equipment	0,15	4	0,60
Prone to inflation	0,05	3	0,15
Energy equipment	0,05	2	0,10
Tendency to change in the furniture industry	0,05	3	0,15
TOTAL	1,00	X	3,7
By factor "Competitiveness"			
Market share	0,10	4	0,40
Market share growth rate	0,15	2	0,30
Product quality	0,10	4	0,40
The prestige of the brand	0,10	5	0,50
The efficiency of the commodity movement system	0,05	4	0,20
Advertising effectiveness	0,05	3	0,15
Production capacity	0,05	3	0,15
Production efficiency	0,05	2	0,10
Total costs	0,15	3	0,45
Logistics	0,05	5	0,25
Research support	0,10	3	0,30
Staffing	0,05	4	0,20
Total	1,00	X	3,4

Source: built by the author according to the company's data

7. The matrix field is divided into 9 squares. The distribution lines pass through the values of 2.33 and 3.67, respectively (in the case of a change of rank from «1» to «5»).

8. The position of each strategic business unit in the matrix is determined by the postponement of its overall assessment by factors of competitiveness and market attractiveness.

9. The position of each SBU is displayed in the field of the matrix in the form of a circle, the diameter of which corresponds to the size of the market. The shaded segment indicates the market share of our company.

10. Marketing strategy is formed for each strategic business unit.

We consider the matrix built by the consulting firm «McKinsey» for the company «General Electric». As part of the «General Electric» was allocated 49 strategic business units. In our example, LLC «Factory CLASS» we will consider the location of three SBU – the production of kitchens, windows and doors in the McKinsey matrix.

In the following stages, we determine the weights and rank of each indicator within the relevant factor.

The rank was assigned in the range from «1» to «5». To do this, use the results of a report on practice. Then, by multiplying the weighting factor by rank, we determined the overall score for each indicator and for each factor. The results of the calculations are presented in Table 2.

At the first stage, we will determine the indicators of the factors «market attractiveness» and «competitiveness» in the production of kitchens. Indicators of the attractiveness of the kitchen market are as follows: market capacity, annual market growth rate, profitability, level of competition, technological staffing, propensity to inflation, energy staff, propensity to change the environment.

The next step involves building a matrix field:

- vertically postpone the attractiveness of the market in the range from «1» to «5»,
- on a horizontal line we postpone competitiveness in the range from «5» to «1»,
- the matrix field is divided into 9 squares (Fig. 1).

Indicators of kitchen production competitiveness: company market share, market share growth, product quality, brand image, efficiency of the

product movement system, advertising efficiency, production capacity, production efficiency, total costs, logistics, research, staff.

In order to show the position of SBU on the production of kitchens in the matrix, we postpone the generalized assessment of the factors «market attractiveness» and «competitiveness» (respectively 3.7 and 3.4) on the respective lines of the matrix. The position of SBU for the production of kitchens in the matrix is shown in the form of a circle, the size (diameter) of which is adequate to the size (capacity) of the kitchen market. The shaded segment indicates the market share of Roda: in the kitchen market in Ukraine, it is 14%.

During the strategy's formation, the matrix field is divided into three zones.

The first strategic zone covers squares 1, 2, 3 – growth zone:

- box 1 includes SBUs that operate in a very promising market and have a strong competitive position in it;
- box 2 includes those SBUs that also have a strong competitive position but operate in a medium-attractive market;
- square 3 includes the average competitive state of SBU, which operate in an attractive market.

For the first zone the strategy of growth, investment, expansion of production is recommended.

The second strategic zone (selective development zone) covers squares 4, 5, 6:

- square 4 includes SBUs of high competitiveness operating in an unattractive market;
- square 5 includes the average level of competitiveness and the level of attractiveness of the market strategic business units of the enterprise;
- square 6 includes uncompetitive SBUs operating in a highly attractive market.

For the second strategic zone, a strategy of selective development is recommended, which is focused on obtaining the maximum profit, as well as the search for strategic opportunities for the transition of these SBU to the first zone.

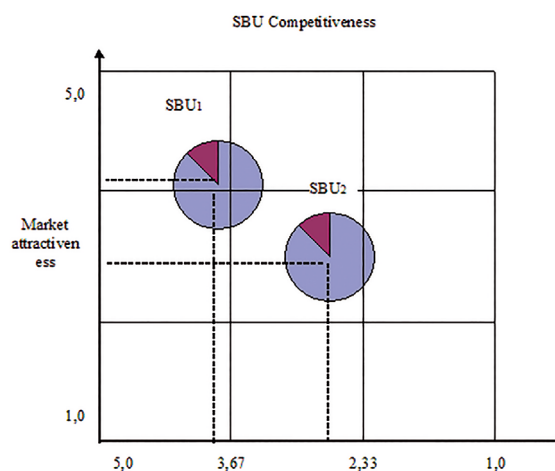


Fig. 1. Competitive positions of SBU LLC «Factory CLASS» and Roda LLC in the kitchen market

The third strategic zone (harvest zone) covers squares 7, 8, 9:

- square 7 includes the average level of competitiveness of SGP operating in an unattractive market,
- square 8 includes non-competitive SGPs operating in a medium-attractive market,
- Box 9 includes uncompetitive SGPs in an unattractive market.

More detailed strategic recommendations for each square of the McKinsey matrix are presented in Table 3.

Both competing firms are in the zone of selective development. The only difference is that LLC «Factory CLASS» evaluates the attractiveness of the kitchen market in Ukraine with higher values than LLC «Roda» (Kyiv). Based on this situation, a strategy of specialization on the firm's strengths is recommended for Factory Klasum LLC.

In particular, the high quality of products, the ability to constantly change the range, product compliance with world quality standards ISO 9001, the presence of intermediaries and sales offices

Table 3

Characteristics and marketing alternatives of strategic zones according to the matrix «McKinsey – General Electric»

Zone	Marketing zone characteristics	Strategic alternative
Growth zone	Promising market Strong competitive position of SGP	Development strategy Strategy for maintaining competitive positions
Selective development zone	Average or diametrically opposite indicators of market attractiveness and SBU competitiveness	Specialization in promising segments Specialization on the strengths of the firm Selective investment (taking into account profitability and risk)
Harvestzone	Unpromising markets Weak competitive positions of SBU	Niche search Minimum investment. Elimination

Source: formed by the author according to the company

outside the country – allows the factory to further strengthen its competitive position.

Thus, at the same time LLC «Factory CLASS» chooses a strategy of selective investment, which will be determined by the profitability of manufacturing a particular product for a particular market, as well as calculating the investment efficiency of each individual project. Such a policy will certainly reduce the extra costs of the enterprise and forces to look for profitable offers for investment.

Discussion and conclusions

When choosing a marketing strategy, it is necessary to focus on the goals, the main features of the marketing strategy, such as: long-term orientation; based on the results of strategic marketing analysis; a certain subordination in the hierarchy of enterprise strategies; defined market orientation (in relation to consumers and competitors). In addition, the marketing strategy of the company identifies its strengths, which allow you to win the competition.

To determine the factors that optimize the activities of companies, a large number of studies aimed at quantitative analysis, such as the PIMS project (the impact of marketing strategy on profits), which aimed to determine the relationship between the implementation of management measures and create a model that determines the causes successful business. These studies have led to a number of tools and approaches to analyzing the structure of the asset portfolio, which are still widely used today.

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