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THEORETICAL AND METHODOLOGICAL APPROACHES TO THE CLASSIFICATION OF COMPETITIVE STRATEGIES OF ENTERPRISES

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ABSTRACT

Based on the theory of strategic marketing and management, the article deals with the classification of competitive strategies of enterprises. It is explored that the variety of strategies is quite significant, and their classification is sufficiently branched. It has been established that under present conditions there is no single theoretically grounded consistent point of view regarding the logical classification or even the correct selection and interconnection of certain types or types of competitive strategies of the enterprise into a holistic harmonic system. It is determined that the development of competitive strategies extends to a set of strategic actions in relation to rivals who carry out activities in strategic business areas of the company. It was found that enterprises tend to either neutralize rivals, or to use them for the purpose of strengthening their own positions, or to one and the other at the same time. It is substantiated that, depending on the circumstances, some companies target their actions to completely eliminate competitors, others - to isolate them from them, the third — to rapprochement with competitors, the fourth — to self-liquidation on favorable terms.

The article discusses competitive strategies proposed as foreign ones (Johnson J., F. Kotler, M. Porter, Ries A., Strickland A., Thompson A., Trout J., Whitton R., C. Scholes, A. Yudanov), as well as domestic scientists (Oborska S., Shershnyova Z.) in the field of strategic management and marketing, as well as the peculiarities of their approaches to the classification of strategies according to certain attributes. In this regard, based on the analysis of existing types of competitive strategies, a classification of competitive strategies that takes into account the level of competitive activity of the enterprise is proposed. Three main types of competitive strategies are distinguished: high level of competitive activity (advancing), with average competitive activity (defensive) and low level of competitive activity (simulation). It is substantiated that the proposed classification of competitive strategies is the most suitable for use in the practical activities of domestic enterprises.

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ТЕОРЕТИКО-МЕТОДОЛОГІЧНІ ПІДХОДИ ДО КЛАСИФІКАЦІЇ КОНКУРЕНТНИХ СТРАТЕГІЙ ПІДПРИЄМСТВ

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Зважаючи на теорію стратегічного маркетингу та менеджменту, в статті розглянуто класифікації конкурентних стратегій підприємств. Досліджено, що різноманіття стратегій є досить значним, а їх класифікація — достатньо розгалуженою. Встановлено, що в сучасних умовах не існує єдиної теоретично обґрунтованої несуперечливої точки зору щодо логічної класифікації або взагалі коректного виокремлення та взаємозв'язку певних видів чи типів конкурентних стратегій підприємства у цілісну гармонійну систему. Визначено, що розробка конкурентних стратегій поширюється на комплекс стратегічних дій стосовно суперників, які здійснюють діяльність у стратегічних галузях бізнесу компанії. З'ясовано, що підприємства прагнуть або до нейтралізації суперників, або до їх використання з метою укріплення власних позицій, або до одного та іншого одночасно. Обґрунтовано, що залежно від обставин одні підприємства спрямовують свої дії на повне усунення конкурентів, інші — на відособлення від них, треті — на зближення з конкурентами, четверті — на самоліквідацію на вигідних умовах.

Розглянуто конкурентні стратегії, запропоновані як зарубіжними (Дж. Джонсон, Ф. Котлер, М. Портер, Е. Райс, А. Стрікланд, А. Томпсон, Дж. Траут, Р. Уїткінгтон, К. Шоулз, А. Юданов), так і вітчизняними вченими (С. Оборська, З. Шериньова) у галузі стратегічного менеджменту і маркетингу, а також особливості їх підходів до класифікації стратегій відповідно до певних ознак. У зв'язку з цим, на основі проведеного аналізу існуючих видів конкурентних стратегій, запропоновано класифікацію конкурентних стратегій, яка враховує рівень конкурентної активності підприємства. Виділено три основних типи конкурентних стратегій: з високим рівнем конкурентної активності (наступаючі), із середнім рівнем конкурентної активності (обороняючі) та з низьким рівнем конкурентної активності (імітаційні). Обґрунтовано, що запропонована класифікація конкурентних стратегій є найбільш прийнятною для використання в практичній діяльності вітчизняних підприємств.

Ключові слова: стратегічні галузі діяльності, ринкове середовище, конкурентна стратегія, промислові підприємства, конкурентна боротьба, диверсифікація, конкурентна активність.

The posing of problems. In connection with the rapid growth of competition, globalization and the increasing complexity of the economy, the transition of

enterprises to strategic management is the basis for their existence and successful development in a highly competitive market environment. At present, every enterprise needs to determine the main direction of development for its sustainable functioning, therefore the choice of a competitive strategy is an important task.

The analysis of recent research and publications on the theory of strategic management and marketing regarding the classification of the main types of competitive strategies suggests that the variety of strategies is quite significant, and their classification is sufficiently branched. The information search shows that under present conditions there is no single theoretically substantiated consistent point of view regarding the logical classification or even the correct identification and interconnection of certain types or types of competitive strategies of the enterprise into a coherent harmonic system. But more or less successful attempts at typology of the strategies were carried out on several occasions, in particular by such domestic and foreign scholars as I. Ansoff, A. Gradov, J. Johnson, F. Kotler, S. Oborska, M. Porter, A. Ries, J. Strikland, A. Thompson, J. Trout, R. Whittington, R. Fatkudinov, A. Chandler, Z. Shershnyov, K. Scholes, A. Yudanov and others.

The purpose of this article is to develop theoretical and methodological approaches to the classification of competitive strategies in the enterprise management system, which must ensure consistency between the chosen strategy and the internal potential of the enterprise and the style and kind of management, taking into account the level of competitive activity of the enterprise.

Presentation of the main research material. The development of competitive strategies extends to a complex of strategic actions with respect to competitors operating in strategic business areas of the company [2, p. 205]. Enterprises tend to either neutralize rivals, or use them to strengthen their own positions, or to both at the same time. Depending on the circumstances, some enterprises aim their actions at complete elimination of competitors, others – on isolation from them, the third – on rapprochement with competitors, the fourth – on self-elimination on favorable terms. In this regard, particular attention is paid to the classification of different types of competitive strategies.

In the modern literature on strategic management, competitive strategies are classified according to various grounds: the type of competitive advantage, market share, type of strategic behavior, consumer preferences, etc.

Consider different points of view of domestic and foreign authors on the classification of competitive strategies.

Z.E. Shershneva, S.V. Oborskaya distinguish the following reference (basic) strategies of the enterprise: growth strategies, limited growth, reduction (Figure 1).

The growth strategy (concentrated, integrated, differentiated) presupposes the expansion of the enterprise's activity, increase of its assets, as well as the growth of investment volumes. The strategy of limited growth (or stability strategy) is aimed, first of all, at preserving market share and market niche. The reduction strategy is aimed at minimizing the costs of the enterprise in those areas of activity that cause losses to it [7, p. 103].

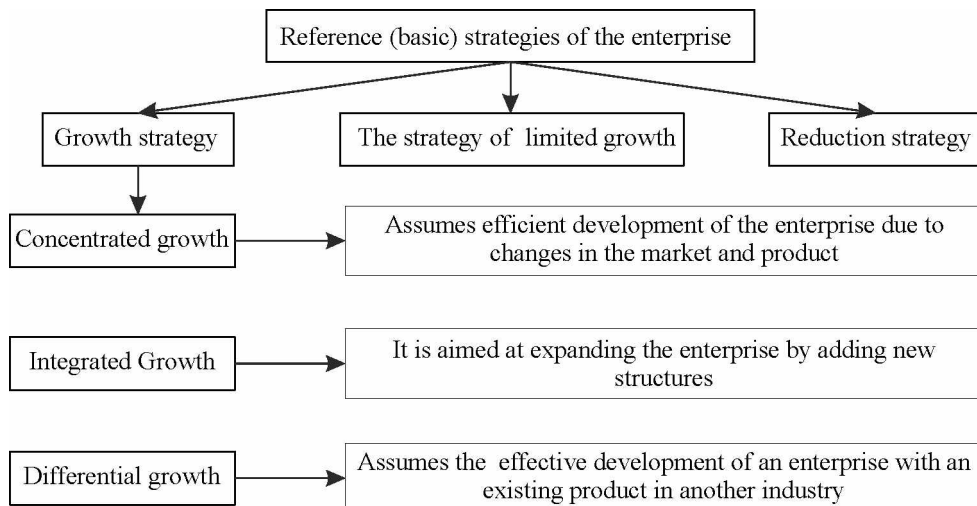


Fig. 1. Reference Enterprise Strategies

F. Kotler classifies competitive strategies based on the market share held by the enterprise and identifies the strategies of the market leader, the applicant for leadership, the follower, the inhabitant of the niche (“nisher”) (Fig. 2).

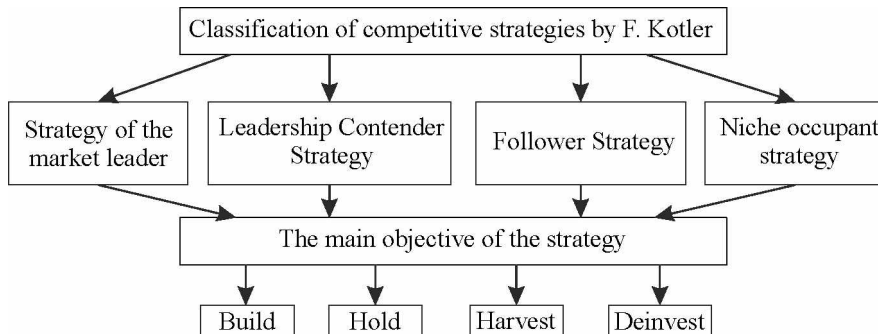


Fig. 2. Classification of competitive strategies by F. Kotler

The strategy of the market leader, as a rule, is used by large enterprises / organizations that occupy the leading (dominant) position in the market / industry. For companies that are striving to become market leaders, the candidate’s leadership strategy is characteristic. The main goal of the follower’s strategy is to preserve the market share. For enterprises focused on a small market share and specializing in specific types of products / services, the “Nisher” strategy is characteristic [1, p. 66].

Professor of the Harvard Business School, M. Porter, grouped the strategies of competitive struggle by the type of competitive advantage, and outlines the following strategies: leadership in costs, differentiation, and focusing (Figure 3).

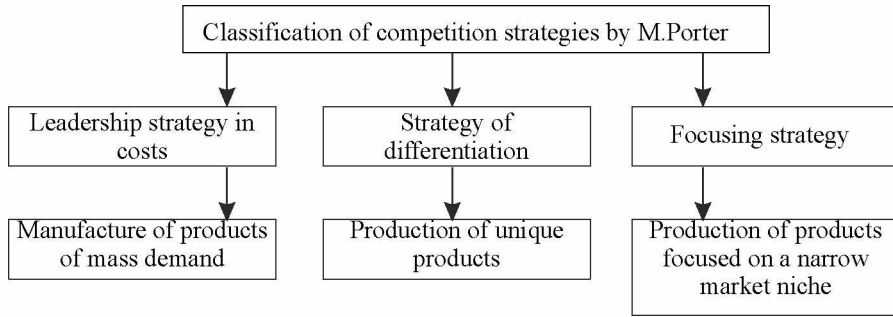


Fig. 3. Classification of competitive strategies M. Porter

The strategy of leadership in costs is used by large enterprises that produce and sell mass demand products. For companies specializing in the production and sale of unique (exclusive) products, a differentiation strategy is characteristic. The strategy of focusing is used by enterprises focused on a narrow market niche [9, p. 57].

American scientists J. Johnson, K. Scholes, R. Whittington in the book “Corporate Strategy. Theory and practice” unite all types of competitive strategies in the so-called “strategic clocks” and distinguish their following types: price strategy, strategy of differentiation, hybrid strategy.

A “no-frills” strategy is a combination of low price, low product characteristics and focus on a price-sensitive market segment. For enterprises seeking to keep prices lower than competitors, while maintaining the same perceived characteristics of the product / service, a low-price strategy is characteristic. The strategy of differentiation involves the production of goods / services that are different from competitors and attractive to buyers. For enterprises seeking to simultaneously use and differentiation, and a price lower than those of competitors, a hybrid strategy is characteristic [4, p. 38].

Professor A. Yudanov classifies strategies of competition by the type of strategic behavior and distinguishes between the violet, patented, exploitative, and commutator strategies (Figure 4).

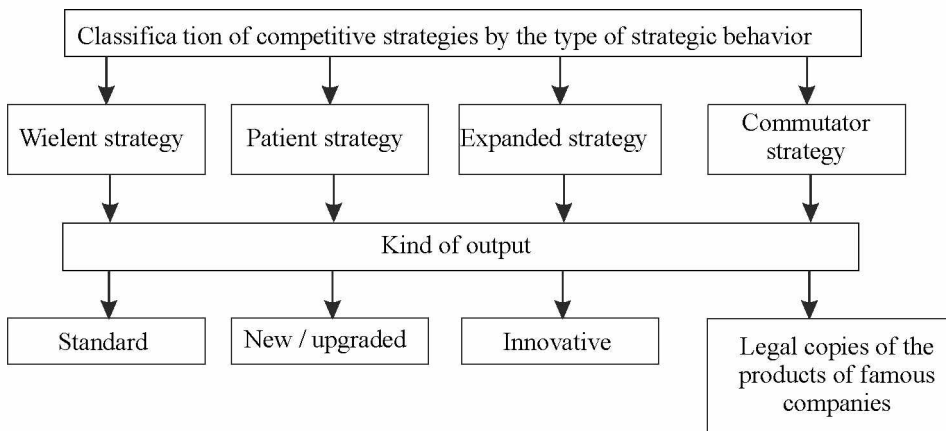


Fig. 4. Classification of competitive strategies by the type of strategic behavior

Wielentstrategy is typical for the leading industrial enterprises that carry out mass production of standard products. Enterprises specializing in the production of new / upgraded products for a limited number of consumers use a patented strategy. The operational strategy is typical for enterprises that produce and sell innovative products. For small enterprises focused on a narrow market niche, the commutator strategy is characteristic [8, p. 59].

J. Trout and A. Ries, the founders of the consulting firm “Trout & Partners”, in the book “Marketing Warfare” describe the so-called strategic square, which consists of four types of competitive strategies and methods of conducting competition (Figure 5).

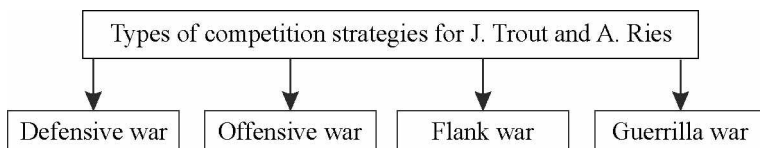


Fig. 5. Types of competition strategies by J. Trout and A. Ries

For companies that are market leaders who seek to protect their market segment and use different defensive strategies, a defensive war is characteristic. Offensive warfare is typical for enterprises seeking to become market leaders using all sorts of offensive strategies. For enterprises followers of the leader is characterized by a flanking war. A feature of the flank war is the implementation of various flank strategies: the use of new distribution channels, increase / decrease in prices, the introduction of innovations in production. Partisan warfare is typical for enterprises focused on a narrow market niche, which uses the following partisan strategies to preserve the market share: creation of a franchise network, concentration on unique products, concentration on customers from a certain industry [4, p. 248].

A. Thompson and A. Strickland singled out the following types of competitive strategies [10, p.36]:

- the strategy of cost leadership — pursues the goal of attracting buyers by minimizing production costs;
- the optimal cost strategy — is aimed at increasing consumer value due to higher product quality than competitors;
- the strategy of wide differentiation — pursues the goal of attracting buyers by maximizing the difference between the products of the enterprise and similar products of competitors;
- focused (niche) strategy based on low costs — is focused on a narrow segment of consumers and aims to drive out competitors due to lower production costs;
- the focused (niche) strategy based on product differentiation — is aimed at a narrow segment of consumers and aims to drive out competitors by offering products/services more satisfying the needs of customers.

Based on the results of the analysis of the classification of competitive strategies, the following conclusions need to be drawn: first, the competitive strategy is an effective means of maintaining the competitiveness of the enterprise. Secondly, none of the considered strategies of competition is suitable for absolutely any enterprise. Thirdly, when choosing a competitive strategy, it is necessary to

take into account the size of the enterprise, its market share and consumer preferences.

In formulating possible variants of competitive strategy, we propose to use the classification of competitive strategies in terms of the level of competitive activity of the enterprise (Figure 6), highlighting the following types of competitive strategies [4, p.257]:

- Offensive — with a high level of competitive activity;
- defensive — with an average level of competitive activity;
- imitation — with a low level of competitive activity.

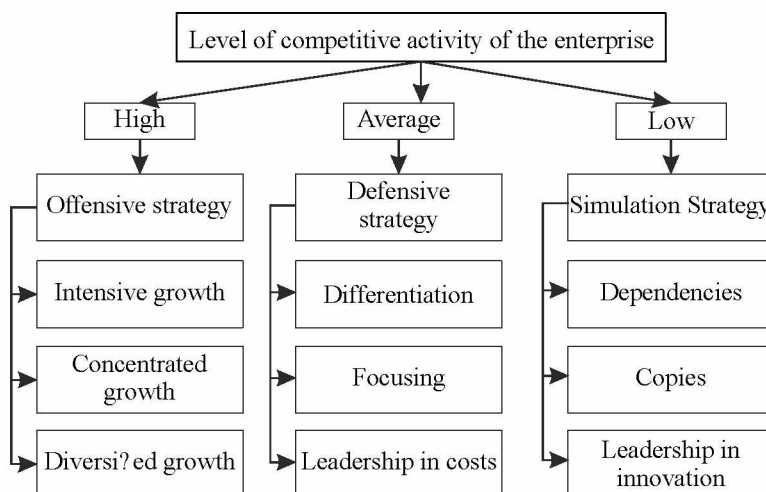


Fig. 6. Classification of strategies for the level of competitive activity of an enterprise

The proposed classification of competitive strategies:

- systemizes competitive strategies, combining them into three large blocks — with high, medium and low levels of competitive activity;
- the most suitable for use in the practical activities of industrial enterprises.

An upcoming competitive strategy, or strategy of market leadership, is typical for large industrial enterprises, specializing in the production and sale of completely new types of products. We will outline the following offensive strategies: intensive growth, concentrated growth, diversified growth.

Defensive competitive strategy, or the strategy of following the leader, is typical for industrial enterprises claiming to be a leader, and involves the development, production and sale of a differentiated (improved) version of competitors' products. Let us outline the following defensive strategies: differentiation, focusing, leadership in costs.

An imitative competitive strategy is typical for enterprises following both groups of leaders, imitating their strategies. Let us highlight the following imitation strategies: the strategy of copying, dependence and leadership in innovation.

Conclusions

Thus, in modern market conditions, the most important component of the successful operation of the enterprise is the development of a competitive strategy.

The competitive strategy serves as a means of increasing the competitiveness of the enterprise and allows to determine the current position of the enterprise in the market and to forecast the prospects for its development, to identify the problems that arise in the process of the enterprise's functioning and to choose the ways of their solution. In addition, the development and implementation of a competitive strategy can determine the basic needs of the market and extend the period of effective operation of the enterprise.

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