

## **CREATING COMPARATIVE ADVANTAGE THROUGH MARKETING RESEARCH COMPANIES**

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### **ABSTRACT**

Marketing researching is a systematic and objective approach to development and information supply, making decision in the process of marketing management. This process includes the system, objectivity, awareness and rationality in making decisions. In fact, the marketing researching includes systematic planning, analysis, data and findings reporting for the specific marketing situation facing a specific company. The marketing managers are responsible to make decisions on the base of the marketing researching information, whereby the managers and marketing researchers is necessary to be creative, good planners, implementers and auditors. In marketing researching that significantly affects competitive advantage of the companies especially should be observe the phases of the process starting with problem definition and objectives, researching project, data sources, forms and method for data collection, method of sample, processing and data analysis and research report. Such separation in of the phases in the researching process allowstonoticethe distinction between the problem and opportunity.

According the importance of marketing research there is no dilemma about its application. The time and resources spent on marketing research is a good investment which contributes for right decisions. The consequences of making inappropriate decisions based on intuition are larger and long-term than the costs made during the researching process. So entrepreneurs have to pay for the mistakes they have made, also for the marketing research for the market which can help to avoid such mistakes.

**Keywords:** marketing research, competition, competitive strategy, market follower, market orientation.

## **СОЗДАВАЊЕ НА КОНКУРЕНТСКА ПРЕДНОСТ ВО КОМПАНИИТЕ ПРЕКУ МАРКЕТИНГ ИСТРАЖУВАЊЕ**

Маркетинг истражувањето е систематски и објективен приод на развојот и обезбедување на информации за донесување одлука во процесот на маркетинг менаџментот. Во овој процес вклучена е систематичноста, објективноста, информираноста и рационалноста во донесувањето на одлуките. Всушност, маркетинг истражувањето опфаќа систематско планирање, собирање, анализирање и известување за податоците и наодите значајни за специфична маркетиншка ситуација со која се соочува една компанија. Маркетинг менаџерите имаат одговорност да донесуваат одлуки врз база на информациите од маркетинг истражувачите, при што и менаџерите и истражувачите неопходно е да бидат креативни, добри планери, имплементатори и контролори. При маркетинги истражувањето кое значително влијае на конкурентската предност на компаниите посебно треба да се почитуваат фазите на процесот кои започнуваат со дефинирање на проблемот и целите, истражувачки проект, податоци и извори, методи и форми за собирање податоци, метод на примерок, обработка и анализа на податоците и извештај од истражувањето. Со ваквото разграничување на фазите при истражувањето се овозможува да се направи разлика меѓу она што значи проблем и она што значи можност.

Имајќи го во предвид значењето на маркетингистражувањето, дилемата околу неговата примена не постои. Времето и средствата што се трошат за маркетингистражување се корисна инвестиција која придонесува за правилни одлуки. Последиците од донесувањето на погрешни одлуки за сновани на интуиција, се многу поголеми и подолгорочни од трошоците што би се направиле со истражувањето. Значи, претприемачите мораат да плаќаат-било за направените грешки, било за маркетиншко истражување на пазарот кое може да помогне тие грешки да се избегнат.

**Клучни зборови:** маркетинг истражување, конкуренција, конкурентска стратегија, пазарен следбеник, пазарна ориентација

## INTRODUCTION

The competitive advantage is an important element in the formulation of the business and development policy and strategy of the companies. To plan an effective marketing strategy, a company must find out what is necessary for its competitors. The company must constantly compare its products, prices, distribution channels and promotions with those of the competitors. Thus the company can find branches with a potential competitive advantage or disadvantage. Also the company can launch more effective marketing campaign against its competitors and prepare more effective

defense of the activities that can be taken by the competitors.

Hence, first the competitors should be determinate, as well as their goals and strategy, advantages and disadvantages and make a variety of competitors to attack or avoid. At any time the marketing – managers of the company should have a full access to reliable information that might effect to their decisions on any of their competitors. To accomplish this requires a proper marketing strategy that depends of the position of the company, its objectives, opportunities and resources.

## IDENTIFICATION OF THE COMPANY

The competition is one of the most important elements of the market economy without which the market mechanism cannot function. It should provide an effective supply of the market with quality products and affordable prices, and other conditions associated with the purchase. The firm and the intensity of competition on the market largely depend on the exercise price of the company.

Many companies identify the competitors of industrial perspective (industry is a group of firms offering products and services that are close substitute to each other). But some companies identify the competitors from a market perspective rather than industrial. Here are considered the competitors that

persist to supply a client or same group of clients. Generally, the market research to competition provides companies an extended aspect of real and potential competitors that leads to better long-term planning of the market.

The methodological approach to the study of the competition includes the following activities:

1. Identifying of the competition and establishing a database:
2. Analysis the basic parameters of the business and development policy of competitors at domestic and foreign market.

Within the first stage it is necessary to:

- Identify and analysis the competitors' offering system:
  - Identify and analysis the competitors' post-sale services:
  - Identify the strength and weakness of competitor:
  - Analysis the usage of the instruments of marketing mix in supplying formation on different markets:
  - Identifying the criteria on the base on which the costumers evaluate binding of different competitors.
- ❖ In the second stage the competitors are classified according a certain criteria especially on the effect of business policy of the competitive firm. It is made to determinate the basic parameters and relations toward the competition firms and develop an application on particular perspective for maintaining the required level of competitive ability of their own company.
  - ❖ The identification of competition means creating an information base to all companies producing products that supply the same need (same or substitutes). Database should contains information regarding the number of competitors, location, market area activity, development strategy, technical and technological capability, marketing and management facility, sales potential, market implementation, range of product dimensions, quality of the product, additional activity, location of sales-network marketing, export, total export share production, main suppliers, development of public relations, cooperation with scientific institutions, etc.
  - ❖ Important for the company are data products of competition, their characteristics, delivery terms, delivery method, etc. Also sales channels, price, discounts, the communication technique with costumers etc. should be analyzed.
- ❖ When the main competitors are identified marketing – management team have to find an answer to the requirement of each competition on the market and what arose its behavior?
  - ❖ Initially may be assumed all competitors tend to maximize the profit and arrange the activities. But the companies differ according the emphasis put on a short term rather than long-term profits, some competitors are oriented towards satisfying rather than maximizing profits. They have profitable objectives that satisfy even though the strategies can increase the profit.
  - ❖ Marketing – managers must look beyond the competitor's profit objective, because each competitor has mixed objectives, each objective is with a different importance. The company wants to know the relative importance that competitors put on the current profit of increment of market share that takes the cash flows, technological leadership, service delivery leadership and other objectives.

Through knowledge or identifying the objectives of the competitor, the company finds out whether it is satisfied with the current situation and what their further reactions will be. For example, a company that tends for a leadership that is not expensive will react very strongly to the breakthrough of competitive production that has decreased the expenses than the increased advertising of the same competitor. If the company determines that competition has discovered a new segment which can be consider as competition's opportunity. If the company discovers the competition plans new strokes on the current segments then the company will be prepared and disposed to react.

## ASSESSMENT OF THE COMPETITIVE REACTION SCHEMES

- ❖ The competitor's objectives, strategies, advantages and disadvantages explain the possible actions and reactions as reducing prices, increasing of promotion or presentation of a new product. Every management has its own working philosophy, specific internal culture and leading investments. Therefore, if marketing managers want to understand how the competitor will react, they need deeper understanding of competitor's mentality. Thus they receive indications how to react and defend their current position.
- ❖ When the target clients are determinate, the distribution channels and marketing mix strategy, the company has already determinate the main competitors, as well as the strategic group to which it belongs.
- ❖ Most companies prefer to direct their attacks against weaker competitors that it takes less time and resources. But the activities should be direct to the competitors whereby they sharpening the skills.
- ❖ Analysis of the customer value is useful tool to determine competitor's strengths and weaknesses, establishing which benefits they value and how they appreciate the company compared to the competition. This analysis shows the vulnerable parts of company in terms of competing activities.
- ❖ In this context, it is important to keep in mind that a company really needs the competitors and their benefits. The existence of competitive outcomes results with the following benefits:
  - Helps to increase overall demand;
  - Provides larger differentiation of the products and services;
  - Stimulates the introduction and application of new technologies;
  - Stimulates faster and more dynamic development;
- ❖ However, despite the mentioned strategic objectives, it is important to keep in mind that there are two types of competition:
  1. A competition that acts according the rules at a certain branch, favors reasonable prices in costs relation, motivates other companies to decrease the costs or enhance the difference and accept a reasonable level of market share and profits:
  2. A competition that does not respect the rules, undertakes risks, invests in excessive capacity that lead to destabilization.
- ❖ If we consider the previous comprehension of creating competitive advantage of a company, we realize for leader in certain activity is necessary to act on 4 different segments:
  - the company must find a way to increase entire manufacture;
  - try to increase its market share even though the market is not changed;
  - reduce the costs;
  - protect its market share through good offensive and defensive tactics;

### Competitive strategy

New market demand  
New users  
Larger utilization

Improvement of productivity  
Decreasing the costs  
Improving the production mix  
Improving the value

Gaining market share  
Gaining new costumers  
Gaining a loyalty

Defending the position  
Static defense  
Proactive defense  
Reactive defense

## ANALYSIS OF THE MARKET FOLLOWERS STRATEGIES

- ❖ The market leader often bears the enormous costs associated with development of new products and new markets, the cost of distributive channels and market information and education. Such work ensue a reward but also a risk that is result of the market leadership. On the other hand the market follower can use the experience of the market leader to improve the products, services and marketing program with lower investment. Although the follower cannot reach the leader he can also make a profit.
- ❖ Considering the fact that the market follower in significantly copies the leader realizes that the follower do not have to develop own marketing strategy. But in practice each market follower must have own strategy on which will strive to take characteristic advantages in its entire market (location, services, financing). This means that the following is not the same as the passive behavior because it must define its increasing path, have quality products and high level services and lower market costs.
- ❖ Firms “market followers” belong to one of the following type:
  1. **Cloners** – entirely copy the products, distribution, advertisement and other marketing movements of market leader. Because of this they cannot create anything and try to maintain on the leader investments.
  2. **Imitators** – copy some things of the leader, but keep certain differences in a manner of realization, packing, prices etc. Usually the leader does not mind the imitator’s acting in avoiding the monopoly costs until it does not attack seriously.
  3. **Adjusters** – the leader’s products are rewarded also the marketing programs are improved at the same time. Often the adjuster appears on

different markets to avoid conflict with the market leader.

- ❖ To create competitive advantages through marketing research it is necessary to consider the strategy of the firms that appear as participants in a specialized part of the market. Their objective is not the entire market but market’s separate segments or sub-segments. This particularly applies to small firms with limited resources and with a small share can highly be profitable through reasonable sub-segmentation.
- ❖ The main reason for the profitability of these firms is that the participant on the specialized market investigates the target group of customers and contends their needs and may impose a significant amount of the costs on a certain value.

At the same time the idea of the participants in specialized market is the specialization within the market, the object, the product or the market mix. Thus the following specialist services are created on the market:

- End user specialist products;
- Specialist of vertical levels;
- Customer range specialist;
- Specialist for specific customers;
- Geographic specialist;
- Ratio specialists ( quality – price)
- ❖ When a company is a market leader the challenger or the follower company must find competitive marketing strategy that will positioned most effectively despite its competitors. The company must constantly adapt its strategy to the rapidly changing competitive environment. The positive is the company constantly searches for weaknesses in its position and reveals the weaknesses of the competitors, but the negative is instead the company focus to the clients its main occupation is directed to the competitors. If we

look back in the history the companies have passed through four orientations or levels. First they were oriented to the products, without giving attention to the competitors and clients, second they have been oriented to the clients and even on the third level they have oriented to the competitors. Today the companies need to be market- oriented and equally dedicated influence and balance between the clients and competitors.

To prepare an effective market strategy a company must scan the competitors as well as the permanent and potential clients. The company must analyze the competitors and develop competitive market strategies which will make it effective in relation to its competitors, also will have the strongest possible competitive advantage.

## CONCLUSION

- ❖ At any time the marketing – managers of the company should have a full access to reliable information that might effect to their decisions on any of their competitors. The main alternative competitor positions are management costs, differentiation and focus. Many companies fail because they did not follow the above mentioned competitive positions so they remain stuck in the middle.
- ❖ Which of the competitive market strategy is the most significant depends on the company's position in a given industry and of its objectives, possibilities and resources. The company's competitive market strategy depends on whether the company is a market leader, market challenger, market follower or a participant in the specialized market. The market leader wants to find a way how to expand the market, the leader also looks for new costumers, new and grater usage.

The market challenger is a company that stridently tries to increase its market share

and attacks the market leader, other smaller and associated companies in the industry.

- ❖ The challenger as an attack can choose one of the different strategies including the frontal attack, sideways attack, the rounding attack, the surrounding attack and the guerrilla attack.
- ❖ The participant in the specialized market is a small firm serving a market share that is unlikely to attract larger firms. The participants in the specialized market often become specialists for a certain products for definitive usage, for vertical levels, the greatness of the client, the geographic area or some other remarkable characteristic of the product or service.
- ❖ The competitive orientation is important for the market today, but the companies should not exceed the focusing on the competition. The companies that balance the importance between costumer and competitor practice the real market orientation.

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