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The competitiveness of the enterprise as a factor of its market superiority

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Abstract. Currently, many issues related to ensuring the enterprise competitiveness, the formation of its market superiority, improving the efficiency of production and development of the pork market, the necessity for its regulation, taking into account the conditions of import substitution, remain far from being resolved. This fact predetermined the research relevance to improve the competitiveness of the pig complex LLC APC “Chistogorsky” (Limited Liability Company Agricultural Production Complex “Chistogorsky”). State policy aimed at economic security, places the global development of pig complexes in all regions of the Russian Federation into the list of priorities. The goal is quite obvious – domestic chilled pork should displace imported chilled and frozen meat. The movement in this direction will provide a large national producer with comfortable conditions for development, and the end user with inexpensive and high-quality products.

Currently, the volume of pork consumption in slaughter weight in Russia is 3.5 million tons per year. However, only 73% of pork consumption is provided by domestic production, the rest is imported.

In general volume of the internal production, 26% is the share of the three largest Russian pork producers – groups of companies “Miratorg”, “Cherkizovo” and “Agrobelogoriye”.

Since the beginning of the priority national project “Accelerated development of agro-industrial complex” in 2006 the cost of paying the interest rate on loans aimed at the construction, reconstruction of livestock complexes began to be compensated, the pig-breeding industry of the country has developed rapidly, showing an average growth rate of 5.9% per year.

In modern conditions, after the introduction of Russia’s embargo on the import of certain food products, which included meat and dairy products, fish, vegetables, fruits and nuts, the Russian pig-breeding industry needed to increase the growth rate of production by 6-8% in order to meet domestic demand.

The ban on meat supplies to Russia from the EU and anti-sanctions on the main types of meat was accompanied by a very important factor – the ruble devaluation, which had a serious impact on the behavior of importers. Devaluation shock has made the import of pork and poultry economically inexpedient for many companies-importers [1, 6].

The survey conducted by the Foundation “Public opinion” among 1,500 respondents in 104 settlements of 53 subjects of the Russian Federation, including the Kemerovo region, showed that citizens began to buy products of cheaper brands (40%), refused some products or generally reduced the volume of purchased products (by 30%). In addition, 13% go to the store for food more seldom. According to 50% of respondents, in the last six months they began to save on food more than before, 4% – less. Meanwhile, for 35% of Russians in this regard, nothing has changed, and 8% said that they never saved on food. First of all, the expenses on meat and poultry were shortened (29%).

The increase in food prices led to a decrease in meat consumption per capita [2].

Experts of conjuncture institute in the agrarian market [6] note that in the near future competition in the Russian meat market will intensify. This is due to the contradictory trend, on the one hand, the decline in real incomes of the population and, as a consequence, consumer activity, and on the other hand, the further growth of meat production. Reduced consumption of imported meat led to a decrease in meat consumption with an increase in domestic pork production. In the future, meat imports will continue to decline and at the same time domestic production will increase. In addition, the trend towards the consumption of the cheapest animal protein, chicken meat, will continue, and prices for other types of meat will inevitably decline. Taking into account the cost growth that occurred in 2015, many small regional enterprises will be on the verge of negative margins and some of them will be forced to leave the market, repeating the 2013 scenario.

In order to obtain reasonable and reliable information about the main aspects of the population’s demand for meat products, a survey of meat product buyers in Kemerovo was conducted. The survey form was questionnaire. The sample totality size amounted to 355 people. The method of sampling was the deterministic selection. The sample totality included 60% of women and 40% of men. According to the level of income per person in the family, respondents were distributed into the following categories: from 16 to 20 thousand rubles – 26%, more than 21 thousand rubles – 25%, from 11 to 15 thousand rubles – 23%, from 5 to 10 thousand rubles – 18%, the smallest share was made by consumers with the level of income up to 8 thousand rubles (8%) [3].

It was revealed during the research that 37% of the participants buy meat products 1 time per week, 1 time per 2 weeks – 21% and the least make purchases daily – 9%.

17 % of respondents prefer beef, 16 % – pork and poultry, boiled sausage from the range of meat products.

Respondents prefer to buy meat products in large stores (37%), as well as in branded stores of the manufacturer (24%), in markets (20%), and in stores near the house (19%).

Economic sanctions and embargoes on the import of meat products from many countries have created a favorable climate for the development of domestic regional producers. The majority of respondents– the Kuzbass citizensare acquainted with such producers represented at the market of Kemerovo as “The peasant farm of A.P. Volkov” (25%), “Kemerovo meat-packing plant” (17%), the least respondents know “Siberian food company” (3%), APC “Chistogorsky” (3%) and “Tomsk pig-breeding complex” (2%).

Most of the respondents buy meat products of “The peasant farm of A.P. Volkov” (38%) and products of “Kemerovo meat-packing plant” (16%). Fewer respondents buy products of other manufacturers: “Dymov”–10%, “Angerskmeat-packing plant” – 9%, “Omsk bacon”– 7%, “Kuzbass food processing plant”– 5%, “Barnaul food producer”– 5%, “Mikoyanovsky meat-packing plant” – 3%, APC “Chistogorsky” – 2%, “Siberian food company” – 2 %. The share of other producers is insignificant. The advice of acquaintances (34%) and the seller (13 %), tasting (22%) can convince respondents to buy meat products; the least convincing factor is advertising in mass media– 1%.

The choice of respondents when buying meat products is influenced by such criteria as: the composition of the product (35.5%), freshness (14%), price (10.5%); the manufacturer’s popularity was ranked the last place.

When choosing a package of meat products, 45% of respondents prefer the natural coating and 30% choose the vacuum coating.

Analysis of the research results allowed to establish the amount that respondents are willing to spend at a time when buying meat products and sausages. 42% of respondents are ready to pay more than 300 rubles for one purchase of meat and sausage products; 33% – from 201 to 300 rubles; 22% – from 100 to 200 rubles.

During the focus group, the main participants of which were representatives of Kemerovo retail chains and heads of the consumer market and business development administration of Kemerovo, identified the main competitiveness factors of meat and sausage products: compliance of the price with the income of buyers (an indicator especially relevant in the crisis), as well as an indicator of the product quality.

In addition, the retail representatives noted that buyers have high brand dependence, but they can change their preferences if the manufacturer of meat products conducts an active advertising, and the products will be recognized by consumers. Price segment, knowledge of consumers and brand are important for modern retail chains.

The information obtained as a result of the research can help producers and sellers of meat products to offer customers goods that match their preferences [4].

The analysis of the received competitiveness assessment of LLC APC“Chistogorsky” allowed to reveal strengths and weaknesses in all studied directions which formed the basis of the actions development for consolidation of strengths and elimination of weaknesses.

While carrying out these activities it is necessary to focus on consolidation of strengths – indicators that characterize the range of products for which LLC APC “Chistogorsky” is a leader, standing out by the product range variety and by the compliance with the range structure of end customers’ requirements.

The weakness of the APC is the indicator of price compliance with the income of buyers (an indicator especially relevant in a crisis), as well as an indicator of the product quality. Among the indicators characterizing additional benefits for wholesale buyers, the experts noted the low level of the delivery organization.

During the assessment of the products competitiveness in LLC APC “Chistogorsky” the following tasks were set:

- to develop the list of indicators, through the evaluation of which the calculation of group and integrated indicators of products competitiveness of LLC APC “Chistogorsky” and enterprises-competitors will be carried out.
- to calculate competitiveness indicators and assess the actual competitiveness of the company’s products using the method of expert assessments.
- to assess the competitiveness of individual groups of factors while constructing the competitiveness polygon.
- to develop recommendations in order to improve the competitiveness of the company’s products and to determine the direction of competitive advantage formation.

During the analysis, the method of group and integral indicator determination of the enterprise competitiveness as a whole on the basis of expert assessments was chosen. Then the method of constructing a competitiveness polygon was used to analyze the competitiveness of individual groups of factors.

The set of indicators [5, 7, 8] used in determining competitiveness and their characteristics are given in table 1.

Table1. Characteristics of the assessment indicators complex.

Indicator	Characteristics
Indicators characterizing the product range	

1) Width	It is determined by the number of product groups offered for sale. It reflects the diversity of the products range.
2) Depth	It is determined by the number of varieties of the product particular type or the number of items in each product group. It reflects the richness of the product range. The great range depth allows to satisfy most fully various needs and preferences of different groups of buyers.
3) Completeness	It depends on the number of product varieties of a certain group and type. It reflects the degree of the product range detailed specification. It determines the possibility of meeting alternative demand, allowing the interchangeability of goods.
4) Availability of new products	It is determined by the number of new product names among all the products that make up the range, as well as the availability of exclusive products.
5) Compliance of the range structure with the preferences of customers	Compliance of the range structure with the structure of customer demand of those market segments, which, first of all, are focused on the enterprise activities.
6) Quality of goods	Consumer properties of goods that determine their suitability to meet current and future needs in accordance with their purpose.
7) Environmental purity and safety of goods	Naturalness of raw materials, absence of GMO, preservatives, dyes, etc.
	Indicators characterizing the popularity of the manufacturer
8) Awareness of buyers	Availability of information for buyers about the manufacturer and its products
	Indicators characterizing additional benefits for buyers
9) Payment terms	– availability of deferred payment; – period of deferred payment; – availability of discount
10) Delivery terms	– delivery by manufacturer's transport; – frequency of delivery

"The peasant farm of A.P. Volkov", "Kemerovo meat-packing plant", "Dymov", "Anzhersky meat-packing plant", "Omsk bacon", "Kuzbass food-processing plant", "Barnaul food producer" were identified as the main competitors of LLC APC "Chistogorsky" according to survey result of buyers in Kemerovo.

The uninterested people belonging to the target audience of LLC APC "Chistogorsky" and having the necessary knowledge in the field of economy in general and, in particular, the sphere of trade, having a sufficient understanding of the estimated objects were chosen as experts. This choice allowed to reduce the subjectivity of the results, but it is impossible to completely exclude the influence of the human factor when using the method of expert assessments.

Each indicator for each group of factors was evaluated by several experts on a five-point, so-called "school" scale, which was presented as follows:

- rating "1" – terrible (never meets the needs, have never seen anything worse);
- rating "2" – poor (almost never meets even basic needs);
- rating "3" – satisfactory (insufficiently meets the requirements and needs);
- rating "4" – good (fully meets all needs and requirements);
- rating "5" – good (exceeds all expectations).

The coefficient of the indicator significance was determined by experts simultaneously with the scoring, and the indicator weight was determined both by the general list as a whole and within individual groups. In assessing the importance of individual competitiveness indicators, their sum was taken as 100%. According to the results of experts' assessments, the importance of the first group of indicators (characterizing the range) was 25%, the second group (characterizing the price-quality ratio of goods) – 25%, the third group (characterizing the popularity of the manufacturer) – 20%, the fourth group (characterizing additional benefits for buyers) – 30%. Figure 1 illustrates the contribution of individual groups of indicators to integrated competitiveness indicators.

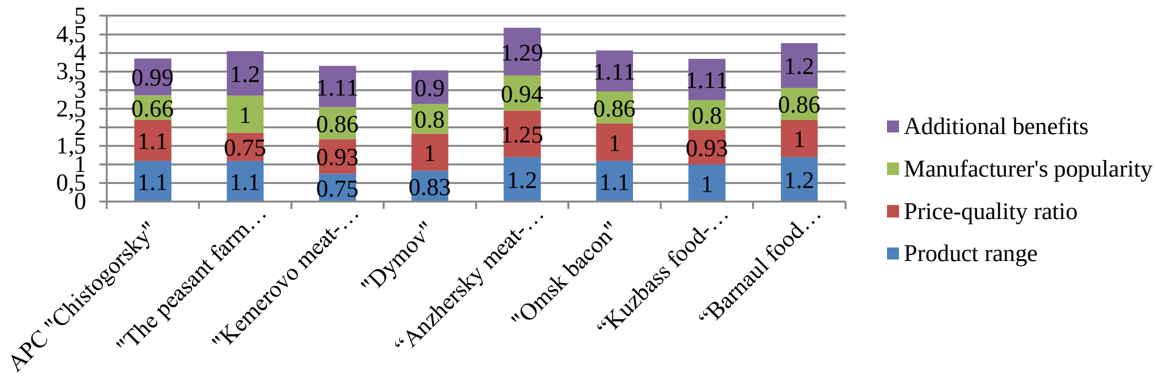

Figure 1. Shares of individual groups of indicators in values of integrated competitiveness indicators.

Thus, the most important groups of indicators are those that characterize the product range and additional benefits. For all groups of indicators APC "Chistogorsky" shows a good level of performance assessments, but none of the indicators exceeds the leading competitors. The greatest lag is observed among the groups of indicators characterizing the manufacturer's popularity and additional benefits for buyers. At the same time, the results of assessments of indicators groups characterizing the range of APC and the price-quality ratio are not much inferior to the competitors' indicators, and the last indicator of APC ranks second among competitors, slightly inferior to the leader – "Anzhersky meat-packing plant". Therefore, it is useful to consider each group of indicators in more detail to identify strengths and weaknesses.

In accordance with figure 2 "Anzhersky meat-packing plant" has the highest competitiveness (4.655 points); "Barnaul food producer" occupies the second place with the rating of 4.235 points; "Dymov" has the lowest rating (3.525 points).

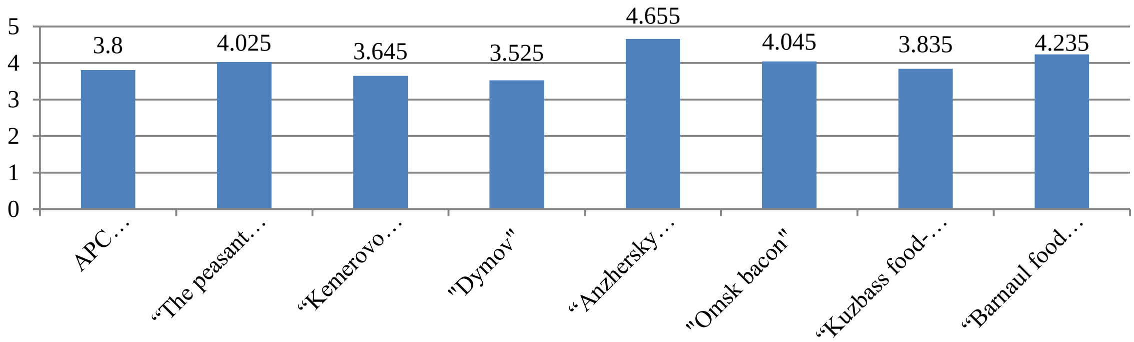

Figure 2. The integral competitiveness indicators.

APC "Chistogorsky" is a leader in the group of indicators characterizing the product range, standing out by such indicators as the range width and depth. Slightly inferior to it are such competitors as "Anzhersky meat-packing plant" and "Omsk bacon".

In the group of indicators characterizing the price-quality ratio of goods, APC "Chistogorsky" shares third place with the "Kuzbass food-processing plant". The first two are "Anzhersky meat-packing plant" and "Barnaul food producer", respectively. The weakness of APC is the indicator of price compliance with the income of buyers (an indicator especially relevant in a crisis), as well as an indicator of the product quality. Among the indicators of additional benefits for wholesale buyers, the experts noted the low level of organization of delivery to APC.

On the basis of the analysis on the received competitiveness assessments of LLC APC “Chistogorsky” strengths and weaknesses in all studied directions which formed the basis of development of actions for consolidation of strengths and elimination of weaknesses were revealed.

The first step aimed at improving the enterprise competitiveness will be a clear indication of its position, turning out from competitors. To achieve this goal, it is necessary to apply the strategy of differentiation and positioning on the basis of the price according to the income of buyers (an indicator that is especially relevant in a crisis). It makes sense to promote their products and brands to focus on the fact that the company operates on environmentally friendly domestic raw materials, receiving it directly from its farm. Besides, the enterprise needs to stabilize quality of goods, to solve issues of the delivery organization to Kemerovo, to pay serious attention to formation of the enterprise popularity in the regional center. While carrying out these activities one should focus on consolidating the strengths – indicators that characterize the product range for which APC “Chistogorsky” is a leader, standing out by the width and depth of the range, compliance with the structure of the end customers’ requirements.

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