

Competitive models behaviors

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Abstract. Modern forms of organization of activities have led to the need for strategic management of industrial business. The complexity and uncertainty of the external environment have of strategic partnership. The implemented cooperation strategy creates conditions for the integration of economic interests. Competition limits the growth of prices and promotes the use of various methods of struggle in the market. The system of strategic marketing planning has a cyclical character, the author has developed and justified the content and logic of its functioning. It is established that marketing activity is a set of practical actions to achieve marketing goals. The paper presents a theoretical justification for the development of marketing strategies and forms of competition. It is proved that the marketing planning system allows solving the problems associated with the introduction of new products to the industrial market, the main characteristics of the strategy and conditions for the successful implementation of innovative products are determined. Keywords: Strategy, Planning, Strategic Management, Competitors, Innovation, Marketing, Interaction, Industrial Market.

1 Introduction

The instability of the external environment, its constant changes necessitate the creation of strategies. The term «strategy» is traditionally associated with planning and strategic management. Translated from Greek means "stratus" – army and agein «to lead». Strategy is «the use of individual companies for the purposes of war", war is "nothing but the continuation of state policy by other means» [1]. According to A. Chandler, strategy is «a method of establishing the main long-term goals of an organization, its action program and priority directions for the allocation of resources» [2]. A. Chandler defines strategy as long-term goals and an action plan to achieve them. A strategy is a program of responding to the challenges of the external environment, taking into account internal resources. «Careful formulation of the strategy brings a significant economic effect, at least by virtue of coordinating the policy (if not the actions) of the company's divisions and orienting it to achieve some common set of goals» [3].

«Strategy is a pattern or plan that integrates the main goals of an organization, its policies and actions into a coherent whole. A properly formulated strategy allows you to organize and distribute the resources of the organization in an extremely efficient and only correct way

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based on internal competence, foreseeing changes in the external environment and taking into account possible counter-actions of opponents» [4].

The implementation of the strategy requires resource provision and the availability of appropriate competencies from employees. Competitive advantages require resource provision and monitoring of opportunities. Competition strategies determine the content of future competitive advantages [5].

The complexity and uncertainty of the external environment determines the range of new tasks facing industrial business. The use of strategic tools to adapt to changes, neutralize risks and threats has created conditions for a new form of inter-organizational relations - competitive cooperation. The strategy of «co-competition» (coopetition) is the cooperation of competitors whose interaction is aimed at making a profit. A. Brandenburger and B. Neilbaff in 1996 the necessity of combining the relations of competition (redistribution) and cooperation (value creation) into a single mechanism was substantiated [6]. The development of strategic partnership with competitors will allow on the one hand to compete, and on the other hand to cooperate. A. Brandenburger and B. Neilbaff developed the model of the five forces of M. Porter and added a complementary organization, the purpose of which is to increase the value of the product for the consumer [7]. Competitive cooperation has the following characteristics: complex and strategic nature of relations, separation of responsibilities, interdependence and complementarity of resources and skills, durability. Maintaining the balance of competitive relations of cooperation relations is a complex problem, which is based on constant development, mutual benefit, openness and instability of relations. At the competitive level, there are three levels of value creation: macro-level (clusters), meso-level (companies), micro-level (business units). However, certain difficulties may arise: lack of trust, different levels of market power, antimonopoly regulation and erasing the boundaries of competitive advantage. Determining the direction and content of the development strategy, economic entities face a choice: confrontation (competition) or cooperation (mutually beneficial cooperation). The functioning of industrial ecosystems is based on the methodology of strategic marketing, which determines the purpose of the work to develop a cycle of strategic marketing planning.

The purpose of strategic planning is to take into account environmental factors necessary to ensure a stable position of the company in the market, which will expand the geography of sales and reduce costs.

The strategy is a planning tool, the implementation of which corresponds to the company's areas of activity and determines the directions of development in the industrial ecosystem. On the other hand, strategy is a strategic process that integrates the content of economic processes in the real and digital environment, the functioning of strategic goals of advanced development. The development of industrial business requires new models of competitive behavior, which determines the relevance of the study.

2 Research Methodology

The theoretical and methodological basis of the study was the work of foreign and Russian authors in the field of strategic marketing, which is the foundation of marketing management, the basis for the formation of marketing strategies. The research has a scientific-analytical and practical orientation, methods were used: comparison, generalization, systematization, synthesis and analysis.

3 Research Results

New areas are emerging where cooperation wins over competition – the production of knowledge and knowledge-intensive products, the network and digital economy. According to V.M. Polterovich, competition is when the rejection of interaction strategies is beneficial to participants. Cooperation is when the rejection of interaction strategies is unprofitable for them [8, 9].

Entrepreneurship leads to the aggravation of competitive relations, the formation of a culture of entrepreneurship. International law proclaims the principles of antimonopoly policy and the protection of fair competition. Unfair competition is an abuse of the right to competition by business entities, that is, actions of entities committed within the framework of their proper right to competition, but in violation of the antimonopoly legislation established in Russia or aimed at obtaining advantages. Russian competition law creates conditions for fair competition. The legal factors of the implementation of production activities determine the balance of economic interests between self-regulation and state regulation. Competition helps to reduce prices, increase sales, and increase profitability. A feature of price leadership is price dumping (price reduction below cost), which will allow you to make a profit in the future or provides competitive advantages inaccessible to other market participants. Price competition can be used if price is a key factor determining the choice of purchase or the company has sufficient financial strength, which allows you to reduce the price of goods to a level that competitors cannot afford. The implementation of this strategy is possible provided that the company has achieved cost reduction, significantly reduced the cost of production. The minimum level of costs allows you to ensure the amount of cost that competitors cannot afford. Direct price competition – notification of price reduction. Hidden price competition is the presentation of an innovative product on the market, but at a price lower than that of competitors, that is, we implement a strategy of low prices. Attracting a buyer not by changing the price, but by using new technologies, improving the quality of the design and characteristics of the product - these are the areas of implementation of non-price competition. It is used when cost reduction is impractical or in a situation where demand exceeds supply. The use of price competition has economic consequences for the company – the loss of additional profits, non-price competition through the implementation of a differentiation strategy allows, without reducing the cost of creating a product, to satisfy a variety of consumer needs.

Competition has become the main element of the strategy, as a result of this integration, the category «strategy of competitive behavior» has appeared [10].

«Competition is the rivalry of economic entities, in which the independent actions of each of them exclude or limit the possibility of unilaterally influencing the general conditions of circulation of goods in the relevant commodity market» [11].

To achieve competitive advantages form the basis of strategy development [12]. The competitive situation is analyzed at two levels:

- strategic (identification of dangerous competitors (SOC));
- operational (development of a competitive map).

Private and state structures are engaged in entrepreneurial activity, the purpose of which is to make a profit through the sale of products. Competition can occur between all participants of the distribution channel both at the horizontal (channel participants of the same level) and vertical (between participants of the vertical chain of the sales channel) level. The goal of strategic marketing when choosing a competitive strategy is to develop an action plan that will allow you to gain a sustainable competitive advantage, that is, the company will move from its current position to a stronger one [13].

In order to gain a competitive advantage, it is necessary to use marketing tools and strategic management capabilities, the synergy of which is based on resources and

organizational solutions. The development of the state, economy and society requires that the competition takes place within the framework of the current legislation.

There are two approaches to the analysis of the activities of economic entities: classical (the effectiveness of instruments of market supply and demand) and institutional (the processes of market interaction, intra-company relations, reduction of transaction costs).

An industrial company in a competitive environment can choose different options for interaction with competitors. It can implement a strategy of cooperation or competition. The implementation of the strategy of competition is carried out through the conclusion of an agreement, including cartel (oligopoly markets) or as a result of «tacit consent». The level of quality of cooperation is determined by the specified conditions. The implementation of the cooperation strategy and supplement key competencies, which leads to a reduction in operating costs and costs associated with the movement of goods. The implementation of cooperation presupposes not only commercial interests, but also mutual trust. «Trust is a set of certain expectations of the subject in relation to the interacting party that it will act in accordance with the established contractual agreements, observing the principles of honesty and decency» [14]. The strategy of rivalry can be implemented in the form of a defense or offensive strategy (see Fig.1).

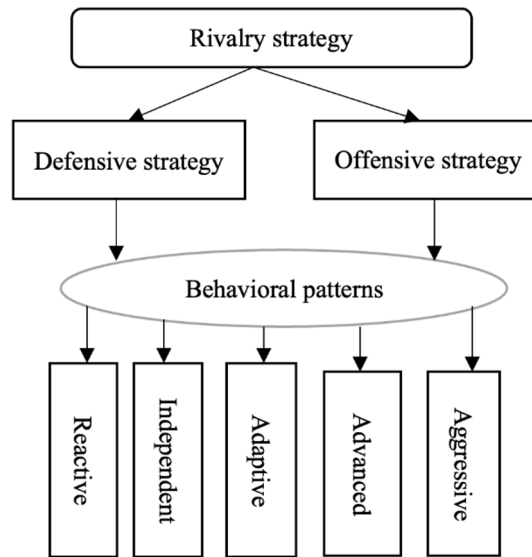


Fig. 1. Rivalry strategy: behavioral models. Source: [Compiled by the author based on materials 15].

The competitive advantage can be external and internal. External competitive advantage (market power) is the ability of a company to force the market to accept its commercial conditions (price, sales, etc.). However, the availability of production, scientific, technical, and marketing resources underlies the formation of market forces. Internal competitive advantage is achieved due to the «experience effect», which allows to reduce costs (availability of qualified personnel and cheaper resources). Resource theory asserts that the competencies and work experience of personnel play a large role in the formation of internal competitive advantage. Automation of business processes, availability of unique technologies for working with clients, financial sources form internal competitive advantages.

The above makes it necessary to form a cycle of strategic marketing planning of an industrial company (see Fig. 2).

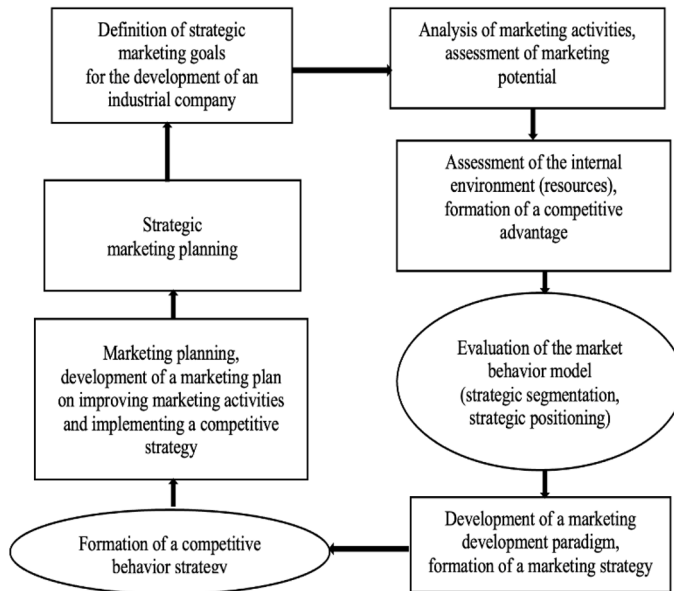


Fig. 2. The cycle of strategic marketing planning of an industrial company. Source: developed by the author.

The system of strategic marketing planning has a cyclical nature, which is due to the scale and complex of tasks to be solved. The assessment of marketing potential provides information about the resource provision of an industrial company necessary for the formation of an internal competitive advantage.

The market activity of an industrial company can be conditionally considered as an activity aimed at supplying products to the sales market. A market is a place where a transaction is made between a seller and a buyer (commodity–money exchange).

Segmentation is a targeted marketing strategy that forms the content of positioning and determines the algorithm of the company's behavior in the market.

The development of a marketing development paradigm allows you to form a client-centric business model, determine the content and directions of development of the marketing strategy. The formation of a competitive behavior strategy defines two models of competitive behavior: cooperation or rivalry. A new direction of strategic marketing is to ensure the growth of the company's market value, which can be achieved through rationalization (cost reduction, investment and price increases), or by focusing on customer interaction and the development of a new business. A promising direction for increasing the value of the company is the presence of a well-thought-out marketing strategy, the implementation of which is aimed at stimulating consumer demand and increasing investment attractiveness with the help of intangible assets (trust and reputation). This will allow us to determine further areas of improvement of marketing activities, to develop a competitive strategy. M. McDonald states: «Those engaged in marketing planning will always despise all those who are not engaged in it» [13]. The relevance of strategic marketing planning is due to the complexity, which will determine the strategic marketing goals of the development of an industrial company, ensure a stable balance of economic goals industrial ecosystem.

4 Discussion of the Results

The implementation of the strategic marketing concept creates conditions for the adaptation of marketing solutions to market conditions, to the introduction of new products. The theory and methodology of strategic marketing has been considered in the works of Russian researchers: Bagiev G.L. [16], Bondarenko V.A. [17], Golubkov E.P. [18], Zyablitskaya N.V. [19], etc. and foreign scientists: Kotler F. [15], Lamben J.-J. [20], McDonald M. [13], Preisner A. [21], Hall S. [22], etc. Marketing strategy is included in the formation of the goals of an industrial company, is a tool for solving strategic tasks. The variety of marketing strategies is a modification of basic strategies that have a certain effectiveness under specific market conditions and the state of the marketing environment. Companies should identify three priority areas of strategic planning: «1) management of the company as an investment portfolio, 2) assessment of the growth rate of the market and the position of the company on it, 3) strategy formation» [19]. It is necessary to determine what is valuable for our customers and which methods of competitive interaction will be the most effective? Strategic goals and marketing strategies should correspond to the company's mission, determine the direction of development in the areas in which it intends to compete. Marketing activities are practical actions to achieve marketing goals, marketing indicators are used to evaluate the implementation of marketing plans and programs. Competitive conditions require the use of innovations, the implementation of innovative products, new demand is formed, market segments are expanding. The promotion of innovative products in the B2B market is difficult, since the decision on promotion is made collectively, tenders are held, procurement commissions work. Products offered for sale on the B2B market have an impact on business reputation and competitiveness, which determines additional requirements for promotion. Currently, in the scientific literature, the issues of formation of marketing planning, development and implementation of marketing strategies are represented by a fairly large volume of publications. However, the theoretical justification for the development of marketing strategies and forms of competition is not provided enough. Competitive positions of an industrial company focused on expanding the geography of sales through the sale of innovative products [23]. The implementation of innovative projects requires the creation of a favorable innovation environment [24], the use of marketing tools that will determine the forms of competitive interaction and create the necessary business climate for the implementation of innovations. The system of "adapted planning" ensures the interaction of different levels of management [25], creates conditions for the integration of the actions of participants in the industrial ecosystem and the harmonization of their economic interests through the achievement of strategic goals. An effective marketing design model includes two components: marketing planning and marketing management (see Fig. 3).

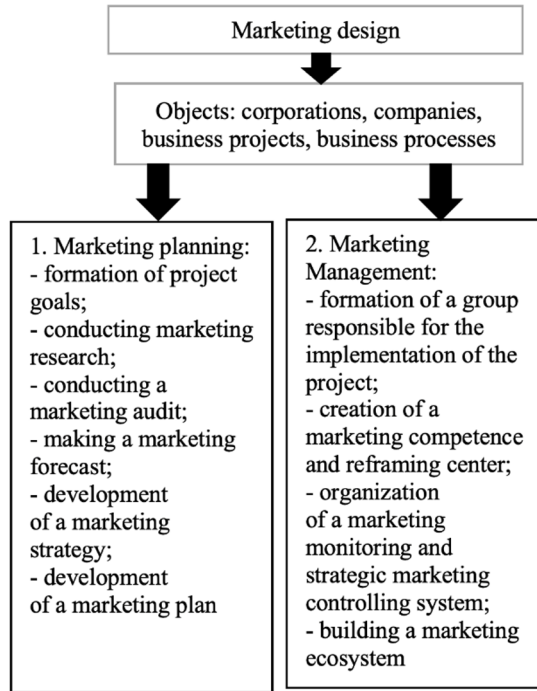


Fig. 3. Marketing design system. Source: developed by the author.

The rationality of decisions made in the B2B market is due to the complexity of technical solutions when creating innovative products, the type of production, industry specifics. The innovative activity of industrial companies has created startups, the formation of the online ecosystem of the startup Innoloft [26]. The ecosystem nature of industrial activity and the digitalization of the production landscape create conditions for accelerating the processes of scaling innovations, bringing innovative products to the market. The marketing planning system allows solving the problems associated with the introduction of innovative products to the market. The experience of implementing foreign and domestic projects is presented at the open platform of digital technologies in Moscow [27]. The risky nature of innovative products requires the use of marketing forecasting of consumer demand and the selection of promising market segments. The formation of a conceptual product offer of a new product helps to reduce the planning horizon to 1-2 years. Consequently, the specifics of making marketing decisions in the corporate procurement market require marketing support of procurement activities. For the successful implementation of the strategy of launching a new product on the B2B market, it must have the following characteristics: take into account the specifics of the corporate strategy, have a small planning horizon and proven value from customers, rely on the readiness of the management of an industrial company to implement new ideas, have a favorable business climate within the company.

5 Conclusions

The complexity of the external environment necessitates the formation of strategies, which corresponds to the new challenges facing the industrial business. Strategy is the foundation of planning, the implementation of which corresponds to the company's mission and determines the strategic direction of activity. The development of industrial business leads to

an aggravation of competitive relations. Competitive relations are carried out within the framework of the current legislation, conditions for fair competition are created. The formation of competitive advantages is based on the use of marketing tools, create conditions for the formation of a strategic marketing planning cycle of an industrial company. The concept of strategic marketing defines the content of the mechanism of adaptation of marketing solutions to the conditions of the business environment. The variety of marketing strategies has an impact on the effectiveness of the marketing environment. Marketing activities are practical actions to achieve marketing goals. Competitive conditions require the use of innovations, the implementation of innovative products. The promotion of innovative products in the B2B market is a complex strategic process. The marketing planning system makes it possible to solve problems related to the introduction of innovative products to the market, creates a favorable business climate within an industrial company.

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