

The Strategy of Geographical Diversification of Sales as a Means of Increasing the Competitiveness of an Industrial Enterprise

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Abstract—Diversification strategy is a marketing strategy that allows the company to identify and develop additional business areas that differ from the current products and services. In the context of growing competition, the strategy of diversification of production becomes an excellent tool for risk management; it avoids excessive focus on one direction of the company's work. When properly implemented, the diversification strategy helps to maintain the company's efficiency and profits during the economic downturn, stagnation or a sharp change in the principles of the industry. The strategy can bring clear benefits to the firm and improve business stability, but requires a detailed assessment of the company's internal resources, environmental factors and in-depth knowledge of market trends. In this article we will tell you about the possible types and classification of corporate diversification strategies.

Keywords—Increasing the competitiveness, corporate diversification, strategy.

I. INTRODUCTION

The term strategy is one of the most commonly used words in Russian [3], but this word has deep historical roots, since around the 5th century BC in ancient Greece military leaders were called strategists, and the art of achieving victory was a strategy [4].

Such foreign authors as Roger Martin (a well-known business theorist) and Alan Lafley (an American businessman) in their studies proposed the following definition of the strategy: "The strategy is an integrated set of strategic solutions that provides a unique positioning of the company in the relevant industry, aimed at creating a sustainable advantages and unique value for consumers, allowing to surpass competitors" [5]. It is important to note that the organization's strategy should be not only proactive - aimed at achieving the intended results, but also reactive - regularly adapting to changes in the external and internal environment [6].

At the same time, the authors propose the classification of the strategy based on the degree of coverage of the elements : the strategy at the microeconomic level; strategy at the national level; strategy at the international level. **Sample Heading**

(Third Level). Only two levels of headings should be numbered. Lower level headings remain unnumbered; they are formatted as run-in headings.

II. DISCUSSION

At the same time, the authors propose the classification of the strategy based on the degree of coverage of the elements : the strategy at the microeconomic level; strategy at the national level; strategy at the international level.

The classification cited by the authors is ordered by elements in accordance with the time factor. In 2015, a statistical study of the analytical data on sectors of the real sector of the economy was conducted, on the basis of which the main causes of the deterioration of the organizations' condition were cited [9]: Decrease of solvency and strengthening of debt load; falling asset turnover and reduced demand; deterioration of credit conditions and financial condition in the industry.

In the above list, it is also necessary to include unfavorable international relations and their consequences for the country's economy, since the polemics of relations between countries have become particularly complicated in modern conditions. In particular, according to the research institute "Center for Macroeconomic Analysis and Short-Term Forecasting", the number of bankruptcies of small and medium-sized businesses in the economy in the fourth quarter of 2017 increased by 13.2% compared to the fourth quarter of 2016 [10].

Large business is more resistant to unfavorable economic conditions. For the same period, the number of bankruptcies of economic entities with revenues of more than 800 million rubles. per year increased by 1.2%, and for the period from the IV quarter of 2015 to the IV quarter 2017 - by 2.0%. Structural analysis shows that in the metallurgical industry over the two-year period, an average growth of 5% is observed [10].

Unsatisfactory degree of stability, as a negative external factor, is one of the reasons for the deterioration of the financial and economic state of enterprises and their bankruptcy. This possible perspective motivates the subjects of the economy to develop their development strategies, determining the

vector of their development for a certain planning horizon, taking into account the influence of external and internal factors.

Further, additions are made to the problems of motives, according to which it is expedient for economic entities to develop effective and justified strategies for their development. The supplement is that, in addition to the considered factor of the dynamics of the development of the national economy, the nature of competition in the industry market also has a huge impact on the state of the economic entity. Between the two factors (the nature of competition and the stability of the national economy) there is a close relationship, for the definition of which it is necessary to familiarize in detail with the model of the driving forces of competition.

Modern trends of globalization, scientific and technological progress (NTP), deregulation of markets, innovative nature of competition are making their own adjustments. In aggregate, under the influence of the above factors, the nature of competition in the world is becoming increasingly severe: companies should react instantly to changes in the market conditions, economic and social conditions, introduce innovative technologies and compete with the economies of other countries exporting their products. This is the close relationship between competition and external economic trends and development rates, as the determinants of its development. Competitiveness depends on the organization's ability to adapt to changing environmental conditions [13].

The above corrective tendencies are extremely contradictory. From one point of view, these trends are positive, as the factors of production are used more rationally, the "price-quality" ratio of products and services is improving - on the whole, the unconditional benefit of consumers is traced. But on the other hand, in the future, destabilizing influence on traditional and established economies of countries is revealed, where national economies do not maintain competition and leave the market, because of globalization, market conditions and the nature of demand change, NTP due to the emergence of new technologies and innovations can cause crisis of whole industries.

For example, ultimately, the degree of influence of substitute goods on the nature of competition in metallurgy can become a dominant force. Therefore, in view of the negative aspects of the current trends of world development, their supporters and opponents (antiglobalists and other associations) appear in the society.

The decline of whole industries due to the emergence of revolutionary new technologies is quite a rare phenomenon. But the frequency of the emergence of innovative products, technological patents, know-how and developments is much higher. In order to remain competitive, any organization must not only adapt flexibly to permanent changes, but also focus on all aspects of competition (costs, quality of products or services, technology, labor, financial position, market position, and much more).

Among these aspects, it is necessary to note the presence of not only external elements in relation to the organization, but also internal ones. Indeed, in the course of its functioning, the

organization is exposed from outside, and also depends on the state of the elements within itself, as a system.

The development of a strategy to improve competitiveness allows to take into account the multidimensionality of the internal and external environment, and in the long term to correct the necessary elements. The developed and implemented strategy, depending on the goals set, will allow the economic entity to develop and profit, strengthen its competitiveness, enter new profitable markets, create a goodwill and achieve any set goals.

How already it was noted, to development of strategy with hand organizations are involved significant amount factors production - own and involved. Under this it is understood that the economic entity to this process can attract its own labor resources or use the services of outside consulting organizations. A comparison shows that the first way is characterized by access to a sufficient amount of information for the development of a strategy and relatively low capital costs. But the level of professionalism of the responsible personnel in the organization, the availability of experience and technology of strategy development impose limitations on the application of this method. Bypassing the limitations and leveling out the shortcomings allows a combined approach, involving the development of a strategy in the process of master classes and trainings.

In the world at the turn of the 20th and 21st centuries, the theory of strategic management in the organization developed and improved at the most intensive rates. This is explained by the fact that the motives of strategic management considered earlier increased significantly or were developed precisely in this historical period. The competitiveness of the organization became more dependent on external factors, which led to an objective need to monitor the external environment and adequately respond to changes in it.

In the most competitive firms, a systematic analysis of the external environment with a view to developing a strategy usually includes the following stages [14]:

- 1) scanning of all segments of the environment to detect changes that occurred and identify early signals of potential changes in it;
- 2) regular monitoring of key environmental factors for accurate diagnosis of the nature of the changes occurring and their process;
- 3) use forecasting methods to make predictions about what changes can occur in the external environment and when;
- 4) determining the significance of the changes and the degree of their impact on the organization, as well as assessing the expediency of prompt response to them.

Already at the early stages of the development of the theory of strategic management, the need to form competitive advantages through establishing symbiotic links of the organization's resources with the conditions of the external environment was proved. In the process of evolution of the theory in 1991, the resource concept of the organization became widespread, on the basis of which the stability of the competitive advantage of an economic subject is determined by the availability of VRIN-resources. Distinctiveness, individuality and adequacy of the

external environment are key features of VRIN-resources, which can be material and non-material assets of the organization, opportunities and development potential.

In the period of the origin of the resource concept, VRIN-resources were considered as a long-term source of formation of competitive advantages. At the initial stages, economic entities were concentrated on the formation of advantages through the development of tangible assets - expansion of production, increased extraction of raw materials and the attraction of additional labor. The way of formation of advantages due to extensive factors of production does not lose its effectiveness in stably developing systems of evolutionary type.

But in the process of analyzing the motives of strategic management, it was pointed out that the period at the turn of the 20th and 21st centuries was extremely dynamic for the subjects of economic activity and was weakly susceptible to forecasting. The analyzed historical period is characterized by the process of transition of a number of countries from the industrial type of development to the information or postindustrial type. A significant share in the GDP structure of these countries began to be formed at the expense of technological and knowledge-based industries, as well as services. The transition process was accompanied by an increase in the innovative sector of the economy and a reduction in the share of inefficient raw materials industry.

The trends that have been observed in this historical period have led to positive developments in the concept of strategic management. The efficiency and relevance of the strategies of extensive development have decreased, which was replaced by an understanding of the need to create competitive advantages through innovation and a qualitative improvement of factors of production-an intensive type of development.

But we should not ignore and underestimate the importance of another controversial process that occurred in the world in parallel with the transition to a postindustrial type of economy and a reorientation to create competitive advantages through an intensive type of development. These factors and circumstances had a significant impact on the genesis and development of this process in the future.

In order to determine the essence of the parallel process, it should be noted that in the practice of strategic management there is a fairly wide classification of types of strategies. The diversification strategy is one of the elements of the classification. The diversification strategy contributes not only to increasing the efficiency of the organization's activities, but also helps to increase the sustainability of the business by minimizing risks. From a business perspective diversification can be treated as a product range, sales takikrynkam. But the choice This strategy should always reinforce oneself detailed analysis internal environment organization, her opportunities and a long-term forecast of the needs and demands of the market.

The determinism of long-term forecasting in the conditions of the formation of the post-industrial economy is negligible, in order to develop a strategy of diversification based on forecasts. The probability of a forecast error is quite high, which is due to the volatility of consumer demand. There is a risk that the costs of diversification due to changes in demand will not

pay off. As a result, in order to minimize risks, it is advisable to avoid diversification strategies, and to develop a strategy based on the most predictable development scenarios. At the theoretical level, this means that there is an inverse relationship between the effectiveness of the diversification strategy and the degree of uncertainty of the external environment. Consequently, in the transitional period of the world economy development under the influence of exogenous stimuli of the strategic management of the organization with the aim of increasing competitiveness, it is necessary to neglect the strategy of diversification, creating competitive advantages through the development and implementation of innovations.

But this dependence is only reliable in theory, since the relevance of diversification strategies to the present time remains high. This contradiction is caused by the fact that in practice innovative strategies and diversification strategies have entered into an artificially created symbiosis, which helped to remove restrictions on the range of application of the diversification strategy in conditions of uncertainty of the external environment.

III. CONCLUSION

The organizations took control of consumer demand and at the expense of certain methods of influencing the consumer began to create in his mind the necessary preferences. There is an artificial gap between the development of innovation and its introduction into the economy. In conclusion of the section it is necessary to emphasize that the development of a strategy is a permanent and complex process due to a constant change in environmental conditions and internal factors. However, without question, the importance of effective strategic management for any organization remains.

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