

Actual Aspects of Ensuring Strategic Competitiveness in Commerce

Larisa Nyurenberger

Federal State-Funded Educational Institution of Higher Education “Novosibirsk State University of Economics and Management”
Novosibirsk, Russia
l.b.nyurenberger@nsuem.ru

Ivan Sewruikov

Federal State-Funded Educational Institution of Higher Education “Novosibirsk State University of Economics and Management”
Novosibirsk, Russia
ivan.sewruikov@gmail.com

Olesya Sevostyanova

Federal State-Funded Educational Institution of Higher Education “Novosibirsk State University of Economics and Management”
Novosibirsk, Russia
opt_el@mail.ru

Natalia Shchetinina

Federal State-Funded Educational Institution of Higher Education “Novosibirsk State University of Economics and Management”
Novosibirsk, Russia
n.a.shchetinina@edu.nsuem.ru

Olga Leushina

Federal State-Funded Educational Institution of Higher Education “Novosibirsk State University of Economics and Management”
Novosibirsk, Russia
lov@bk.ru

Tatyana Varyuha

Federal State-Funded Educational Institution of Higher Education “Novosibirsk State University of Economics and Management”
Novosibirsk, Russia
privalova.71@mail.ru

Abstract— the article summarizes strategic directions of activity to ensure competitiveness of trading enterprises. A distinctive characteristic of presented generalized model is detailing the process of analyzing prerequisites and the process of unifying competitive advantages of retail enterprises, starting with the classification and diagnosis of a company and ending with the development of an organizational and economic mechanism to ensure competitiveness and parametric characteristics of the final control. The effectiveness of introduction of a generalized model is substantiated. The model improves competitiveness of an enterprise and forms competitive advantages in organizational aspects, taking into account the specifics of commercial sector activities.

Keywords: *enterprise competitiveness, retail, services, strategy, organizational and economic mechanism, competitiveness model*

I. INTRODUCTION

Increased competition in retail services market necessitates the development of approaches to the choice of competitive strategies that will ensure competitiveness of retailers in the modern digital economy environment. The main problems of

retail services development include: a relatively small share of their own brands in retail turnover - about 5%, which is 7.5 times lower than in the European Union; a low share of sales through modern formats, compared to traditional ones; low level of e-commerce development. The volume of e-commerce market in Russia in 2017 amounted to 1103 billion Rub. (3.8% of total retail turnover), with the global average rate hovering at 5% [1]. A negative aspect of development of retail services sector is a significant share of imported goods in volume of online sales. Thus, at the end of 2016, foreign orders of consumer goods accounted for 52% of the market (135 million out of 260 million orders), and in 2017 the share of similar imports rose to 61% (250 million out of 410 million orders on the market).

The need to solve a number of problems related to the competitiveness of retailers and to the formation of competitive strategies has given the relevance of the topic of study.

The aim of the study is to develop theoretical and methodical aspects of ensuring strategic competitiveness and to form competitive retail strategies. This goal has

predetermined the following objectives: to study current models of enterprise competitiveness and to adapt them to retailers; to explore ways of assessment competitiveness of businesses and suggest ways to improve them for retail services; to explore mechanisms of ensuring competitiveness and propose an organizational and economic mechanism to ensure strategic competitiveness of enterprises in retail services sector.

II. METHODS

The systematization of approaches to the problem of ensuring competitiveness of trade enterprises made by Russian and foreign scientists allows **offering the author's methodology**, demonstrating close connection of components of the retailers enterprises competitiveness, their strategic goals with key factors of success in competition. The methodology includes three steps. At the first stage, classification signs are distinguished, allow taking into account the target audience of consumers, including: "number of formats", "number of sales channels", "number of price segments." The second stage is the formation of groups of enterprises to implement the choice of competitive strategies. The third stage defines the key indicators of competitiveness, and the assessment of integrated competitiveness is carried out. At the fourth stage, the organizational and economic mechanism for managing the competitiveness of the enterprise is being formed. The presented test of the methodology on the example of trade enterprises in Novosibirsk region confirms effectiveness of implementation of organizational and economic mechanism for managing competitiveness, as it helps enterprises in 2020 to increase revenue by 25%, profit by 15%, and profitability by 9%. **The conducted research can be interesting** for enterprises to adjust their competitive strategies and to ensure a sustainable competitive position in the long term.

III. RESULTS

The development of a generalized model of ensuring strategic competitiveness of retailers implies validity of each step of design, detailed elaboration of general requirements for retail services industry and then combining individual characteristics into separate groups of enterprises to determine the development vector.

A. Stage 1. Company classification.

The problem of classification of network trade enterprises is considered in works of many authors. Often enough, researchers highlight criteria that are distinctive to retailers, such as sales methods, trading space [2]. Differentiation of retail trade enterprises based on organizational and legal form, a set of functional features allows distinguishing the following criteria: stationary, mobile, seasonal, parcel and commission [3].

The review of existing approaches to classification of retail enterprises suggests that most of these approaches correspond neither to the current trends in trade development sphere nor to the tasks of building a generalized model for ensuring strategic competitiveness of retailers. As a result of the study, five classification criteria were identified:

- dependence on market participants;
- territorial scale;
- sales formats;
- sales channels;
- price segments of the market.

The results of classification of retail businesses enables us to understand which aspects of the enterprise's economic activity require detailed analyses.

It is necessary to answer the existing question about the presence of a well-defined corporate strategy for retail business.

Quite often companies define strategy as a set of certain rules of actions on the market, which has been proved for many years, a permanent assortment matrix and annual marketing events. The lack of clear and measurable business objectives (or if targeted profit is the only goal) may seriously obstruct the task [4].

In case of a negative answer to this question, construction of a generalized model of ensuring strategic competitiveness of an enterprise should be postponed until time of formation of this strategy. If the answer to the above question turns out to be positive, it is possible to start analyzing strategic course of retailer.

B. Stage 2. Formation of groups of enterprises and choice of competitive strategies.

Based on the study of organization's competitiveness theory, we propose to consider a set of actions and rules to achieve strategic goals under concept of a competitive retail strategy. These actions and rules are grounded on in-depth analysis of company's strategic plan, on the specifics of its implementation in such dimensions as "territorial scale of activity", "trade formats", "channels of trade", "price segment" [5, 6, 7]. The presented vision of strategy leads to methodical approach to choice of competitive strategies of retail enterprises.

The main criteria for selecting groups of enterprises as part of a rationally designed generalized model of ensuring strategic competitiveness of retailers in order to form competitive strategies are presented in the Table I.

TABLE I. CRITERIA FOR IDENTIFYING GROUPS OF RETAILERS

Type of enterprise	Criteria
Network retail (single-channel, single-format, wide assortment)	Territorial scale, Price segment
Network retail (single-channel, multi-format, wide assortment)	Territorial scale, Formats, Price segment
Network retail (two-channel, one-format, wide assortment)	Territorial scale, Trade channels, Price segment
Network retail (two-channel, multi-format, wide assortment)	Territorial scale, Formats, Trade Channels, Price Segment
Traditional (non-networked) retailers	Price Segment

Analysis of publications of foreign and domestic researchers in business competitiveness reveals complex

approaches to analyzing competitive strategies of commercial enterprise to obtain information, which is necessary for building generalized models of ensuring competitiveness:

- cost minimization strategy;
- patient (niche) strategy;
- commute (adaptive) strategy;
- explorative (pioneer) strategy;
- strategy of differentiation from competitors;
- customer-centric strategy [8, 9, 10].

The initial information obtained in this way can be organized using competitive strategy modeling tools (Figure 1).

		Strategic advantage	
		Uniqueness	Low costs
Strategic goal	Broad scope	strategy of differentiation from competitors	cost minimization strategy
	Narrow segment	explorative (pioneer) strategy	commute (adaptive) strategy
	Targeted segment	customer-centric strategy	patient (niche) strategy

Fig. 1. Matrix of the choice of competitive strategy

At this point, it is necessary to draw conclusions about possibility of applying a competitive strategy that reflects characteristics of each retailer. The basis for these conclusions are characteristics of the research objects, formats and channels of trade, the number of price segments and the number of brands in the range of goods [11].

C. Stage 3. Competitiveness of retailers assessment.

The study of domestic and foreign economists' works suggests that differentiated approaches to assessing competitiveness of retailers involve the use of quantitative and qualitative indicators [12, 13, 14]. The proposed methodology for assessing competitiveness of retailers is presented with an expanded system of indicators of effectiveness use of strategic potential of a relative nature, which allows comparing the parameters of assessing the competitiveness of enterprises of different formats and scales of activity.

Six components of the retail business's strategic capacity were identified: financial opportunity component; a component that characterizes trading potential; product competitiveness component; a component that characterizes labor potential; a component that characterizes logistical capacity; component of brand competitiveness, and assessment criteria were grouped for them [15, 16]. The formulas to calculate individual components and the integral index of competitiveness are presented in Figure 2.

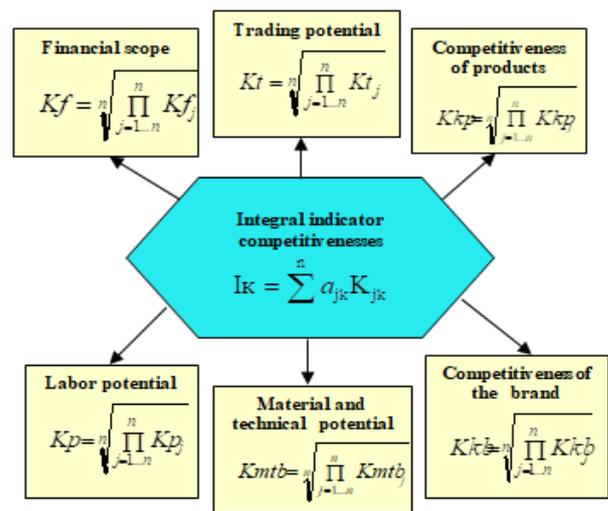


Fig. 2. Calculation of the integral index of competitiveness

The analysis of the obtained estimated indicators allows to identify weak links in enterprise of retail service performance in a timely manner and to adjust the indicators purposefully, ensuring their most rational values.

The proposed methodology was tested on such retailers as OOO"Shoes of Russia" (Limited Liability Company), OOO"Kari" (Limited Liability Company), OOO"Monroe" (Limited Liability Company), and it proved the possibility of its use to compare different enterprises by the scale of activity presented by price segments, channels and sales formats. The received results of the integrated competitiveness calculation are presented in Table II.

TABLE II. INTEGRATED COMPETITIVENESS INDICATORS

Enterprises	2015	2016	2017
OOO"Shoes of Russia" (Limited Liability Company)	0.625	0.829	0.789
OOO"Kari" (Limited Liability Company)	0.508	0.450	0.409
OOO"Monroe" (Limited Liability Company)	0.312	0.346	0.358

The integrated competitiveness of OOO"Shoes of Russia" (Limited Liability Company) is determined to be higher than that of OOO"Kari" (Limited Liability Company) and OOO"Monroe" (Limited Liability Company). That is due to application of competitive customer-centric strategy by OOO"Shoes of Russia" (Limited Liability Company), and differentiation from competitors, that allows attracting buyers of different age groups with different needs and financial capacities.

The footwear company OOO"Kari" (Limited Liability Company) conducts its own business within the framework of franchising, focusing the implementation of competitive strategies on quantitative rather than qualitative growth. OOO"Monroe" (Limited Liability Company) pays great attention to the quality of retail services, presents high-priced

footwear and uses a niche strategy, but does not increase the network of its brand stores.

D. Stage 4. Formation of an organizational and economic mechanism for ensuring strategic competitiveness.

Organizational and economic mechanism for ensuring strategic competitiveness of retailers involves highlighting of the main stages of competition management:

- determining strategic competitiveness targets;
- management of a strategic competitiveness (organization and coordination);
- control of strategic competitiveness;
- evaluation of strategic competitiveness on key indicators;
- analysis of strategic competitiveness management steps;
- adjustment of management decisions [17, 18].

Integrated approach in designing organizational and economic mechanisms helps to unite the efforts of all structural units of an enterprise into a single system and helps to direct their management in order to ensure competitiveness.

Organizational and economic mechanism of ensuring strategic competitiveness of retail trade enterprises carries out the transformation of strategic goals into the final result with the most effective of all alternative variants of using strategic potential of the enterprise, including: financial resources, trade potential, competitiveness of products sold, labor potential, logistic capacity, competitiveness of the brand.

To achieve strategic goals, relevant principles and methods were formed; strategic resourcing was provided, including: information, methodological and legal; organizational and economic procedures for ensuring and strategic management of competitiveness were developed.

Therefore, if the goal is to increase the competitiveness of the brand, then the following tasks are to be solved:

- gross sales increase under the influence of brand power;
- profits increase generated by brand factors;
- effectiveness of marketing activities increase;
- number of loyal buyers increase;
- long-term attachment to the brand.

The main step to achieve the goal and objectives of management of brand reputation competitiveness is the introduction of a customer loyalty program [19].

To increase consumer loyalty, retailers are encouraged to create special mobile applications that will benefit both retailers and potential customers:

- timely information about promotions with SMS notifications for potential and real buyers, allowing you to save significant PR funds on promotional brochures;

- using mobile device Mobilizer for payment will save time at cash service, quickly scanning information from smartphones and other mobile devices [20].

IV. DISCUSSION

Analysis of the economic situation in the Russian market shows the increasing role of competition and competitiveness of retailers. Current scientific studies of enterprise competitiveness assessments are concentrated mainly in the area of financial and logistical competitive advantages, while competition is moving away from the field of resources toward competitive strategies sector.

Innovative technologies contribute to development of modern retail trade, including payments for services and goods via smartphone, interactive screens for obtaining information about goods - novelties, the Internet, the possibility to select necessary size of shoes and clothes with the help of 3d screening of buyers [21].

The formation of organizational and economic mechanism for ensuring strategic competitiveness of retailers contributes to increasing business stability, business reputation strengthening and to the brand power.

V. CONCLUSIONS

In order to solve highlighted problems, a number of recommendations for Heads of commercial enterprises were developed:

1. The choice justification of competitive strategies for retail service companies should be based on the identification of a group of classification criteria of trade enterprises, which allows forming a target audience of consumers depending on the formats of trade, channels of trade, price segments.

2. The evaluation of competitiveness of trade enterprises, proposed by the authors, allows assessing the state of competitiveness of an enterprise, to identify and correct weak points in retail enterprises' performance purposefully and in a timely manner, ensuring the most rational values of business activity.

3. In developing the organizational and economic mechanism for ensuring strategic competitiveness of trade enterprises, it is necessary to identify the key factors of competitiveness by implementing the stages of formation of competitive advantages of retail enterprises. The formation of organizational and economic mechanism for ensuring strategic competitiveness of retailers contributes to increasing business stability, strengthening the business reputation and to the brand power.

REFERENCES

- [1] Federal'naya sluzhba gosudarstvennoj statistiki [Electronic resource]. Available at: <https://gks.ru> (Accessed: 30 September 2019).
- [2] Y. S. Valeeva and O. V. Martynova, "Development typology for retail networks in the Russian Federation", *Mediterranean Journal of Social Sciences*, 2015, 6 (1S3), 155 p.

- [3] O. V. Chkalova and M. V. Efremova, "Retail development under the conditions of globalization", *International Journal of Trade, Economics and Finance*, 2015, vol. VI IV, pp. 205–209.
- [4] N. L. Rogaleva and E. N. Klimova, "Innovatsionnaya kontsepsiya marketinga uslug [Innovative concept of services sector marketing]", *Nauka, obrazovanie, innovatsii: putirazvitiya, Materialy Devyatoj vsrossijskoj nauchno-prakticheskoy konferentsii, Otvetstvennyj za vypusk N.G. Klochkova*, 2018, pp. 161–165.
- [5] O. V. Martyanova, "Methodological tools for analysis in modeling the management of the organization's foreign trade activity efficiency under conditions of economic uncertainty", *Modern European Researches*, 2018, no. 2, pp. 53–63.
- [6] I. V. Shevchenko, E. S. Puchkina and N. S. Tolstov, "Akcionery I menedzhery: konflikt interesov v rossijskih korporacijah [Shareholders and management: conflicts of interest in russian corporations]", *Ekonomicheskij zhurnal vysshej shkoly ekonomiki*, 2019, vol. 23, no. 1, pp. 118–142.
- [7] O. G. Sevostyanova, Z. A. Kapelyuk, and N. A. Popova, "Formirovanie konkurentnoj strategii predpriyatiya sfery torgovyh roznichnyh uslug [Formation of competitive strategy of an enterprise in retail services sector]", *Novosibirsk: SibUPK*, 2018, p.169.
- [8] A. Grossler, "The development of strategic manufacturing capabilities in emerging and developed markets", *Operations management research*, 2010, vol. 3, no. 1-2, pp. 60–67.
- [9] M. Porter, "Konkurentnaya strategiya: metodika analiza otraslej i konkurentov [Competitive strategy: methodology for analyzing industries and competitors] ", per. s angl. I. Minervina, M.: Al'pina Pabliisher, 2011, 454 p.
- [10] N. Sharafutdinova, L. Shargu and Y. S. Valeeva (2016), "Customer-oriented approach in retail networks management", *Innovation Management, Entrepreneurship and Corporate Sustainability*, Published by Vysokáškolaekonomická v Praze, NakladatelstvíOeconomica, Praha, 2016, pp. 648–660.
- [11] A. E. Arkhipov and A. N. Arshinova, "Tekhnologicheskie aspekty funkcionirovaniya roznichnykh torgovykh predpriyatij [Technological aspects of commercial enterprises performance] ", *Innovatsii v sovremennom mire. Sbornik statej Mezhdunarodnoj nauchno-prakticheskoy konferentsii, SHajbakov Rif Nasibullovich (otv. redaktor)*, 2015, pp. 15–17.
- [12] YU. YA. Eleneva, "Razrabotka I vnedrenie sistemy obespecheniya konkurentosposobnosti v komplekse «predprinimatel'skoe delo» [Development and implementation of competitiveness system in «entrepreneurial business»]", *Marketing v Rossii I za rubezhom*, 2017, no. 8, pp. 27–32.
- [13] T. Grass, L. Yushkova, and N. Tereshchenko, "Competitiveness of food market in Siberia", *Innovation Management and Education Excellence through Vision 2020, Proceeding of the 31st International Business Information Management Association Conference*, 25-26 April 2018, Milan, 2018, pp. 1659–1663.
- [14] E. V. Kashintseva, "Metodika analiza urovnya konkurentosposobnosti kommercheskoj organizatsii [Methodology of analysis of a commercial organization competitiveness]", *Ekonomicheskij analiz: teoriya I praktika*, 2016, vol. 7, no. 20, pp. 15–20.
- [15] E. I. Makrinova, "Obnovlenie funkcional'nyh elementov sistemy upravleniya personalom v kontekste organizacionnogo razvitiya kadrovyyh sluzhb [Updating the functional elements of HR system in organizational development of human resources sector]", *Ekonomicheskij vestnik rostovskogo gosudarstvennogo universiteta*, 2007, vol. 5, no. 3-2, pp. 187–210.
- [16] O. G. Sevostyanova and N.A. Popova, "Aktual'nye problemy otsenki konkurentosposobnosti brenda [Current issues of assessing brand competitiveness]", *Mir ekonomiki I upravleniya*, 2016, vol. 16, no. 1, pp. 116–126.
- [17] AM. Aho and L. Uden, "Strategic management for product development", *Business process management journal*, 2013, vol. 19, no. 4, pp. 680–697.
- [18] E. V. Bokareva, A. A. Silaeva, V. A. Danilova, V. K. Romanovich, V. I. Boboshko, and N. M. Boboshko, "Development of a business strategy based on project management", *International journal of engineering and advanced technology*, 2019, vol. 8, no. 5, pp. 1020–1024.
- [19] N. A. Pop and D. C. Dabija, "Handels management (retail management)", 2010, vol. 12, no. 27, pp. 248–253.
- [20] N. G. Antonchenko and N. V. Kalenskaya, "Developing a methodology for assessing the efficacy of managerial decisions in entrepreneurial establishments", *Life Science Journal, SPEC*, 2014, 11, issue 7, pp. 365–369.
- [21] L. Nyurenberger, N. Luchina, I. Sewruikov and G. Tikhomirova, "'2GO" format innovative technologies in tourism: augmented reality of travelling", *42nd International Scientific Conference on Economic and Social Development*, London, 2019, pp. 318–326.