

THE SELECTED ASPECTS OF THE SOURCES OF COMPETITIVE ADVANTAGE AS AN IMPORTANT MARKETING TOOL FOR STARTING A FUTURE

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Abstract: *The article discusses the importance of searching for and building a permanent source of competitive advantage in a wide range of businesses in a turbulent market environment. In the first part, the author analyzes the critical changes in the world market and the market environment, which influence not only the dynamics of changes in supply and demand, but also the changes needed and future needs. The authors rely on their own research findings from piece engineering production in the Czech industrial companies and submit their own knowledge in terms of investigating the effectiveness of selected marketing tools. They note especially the decline in the effectiveness of marketing mix, such as feedback system links for the gradation of demand in relation to price elasticity. Based on the research it emphasizes the need for a continuous search for sources of competitive advantage and uncovering future needs of the market and customers as a new stage of a practical application of marketing in terms of business entities.*

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JEL Classification: *F17, M31*

1. COMPETITIVE ADVANTAGE AND ITS SPECIFICS

The issues of a search for and retrieval of sources of competitive advantages of the industrial businesses represents a critical point of a continuity of the reproduction of resources in the real market environment. Due to the fact that this issue is not subject to a conventional control set of economic indicators of business performance, especially in terms of profitability and financial health as part of the senior management and by the banks it remains hidden until the time when the real competition will introduce a new product, or set a price that characterises a step change in cost savings or productivity. The experience of the research in the field of engineering application shows the need for new tools for the future establishment of an industrial company.

Establishing sources of competitive advantages is not only a more increasingly important factor in management control and decision making, but also in asset management and in business activities and business relations. This fact is documented by a number of authors in the field of the marketing strategy. For instance M. Scott in his article "The power of business model" highlights the fact that the classical compilation of a business plan is not strategic management, but only tactic continuity [1]. Henry Mintzberg in the book "The Rise and Fall of Strategic Planning strategy" stated that "the vast majority of managers have a strategy, a road map, where it is possible to calculate the exact distance and can plan everything"[2]. This in practice means a real continuous process, coupled with the creation and cultivation of sources of competitive advantage.

2. ESTABLISHING SOURCES OF COMPETITIVE ADVANTAGES

In terms of the actual practice, and due to a high turbulence of changes in the world market, it is evident that competitive advantage may be difficult to plan, and in both

time and volume of the achieved effects. Principles of establishing sources of competitive advantage in the industrial sector represent a wide range of factors that affect the effective evaluation of business processes, business strategies and tactics: In this context some of them may be noted.

Internal sources of industrial firms for the creation of competitive advantages.

The basis of internal resources for setting up competitive advantage with industrial firms in today's turbulent market environment, in particular is:

- Intellectual capital
as a potential source for areas:
 - a/ competitive advantages achieved by innovations of products and services,
 - b/ change management process in particular, in the area of the efficiency of production and business activities.
- Knowledge Capital
As the potential for perceptions of the causes and contexts of the market development, supply and demand.
- System integrity and coherence
As the potential for fulfilling the strategic goals of teamwork and perceived value.

External resources for the creation of competitive advantages of the industrial firms.

In terms of external sources for building competitive advantage, it is necessary to realize the entire area of the world market in a wide range of market segments and dynamic changes in individual disciplines, sectors and their interfaces.

In this regard we can formulate a subset of knowledge that leads to the creation of competitive advantages, such as in particular:

- Division of roles

With the specialization in any elements of the delivered whole.

– Higher SUB-SUPPLIER FUNCTION

With supplies and services grouped into higher units ORGANIZATION of customer segments

Where you can find the same or related characters and further increase in the utility value of products and services.

3. ESTABLISHMENT OF FUTURE COMPETITIVE ADVANTAGES

Establishing future competitive advantages is the process that within the marketing strategy plays a dominant role. It is all about the ability and capacity to prepare an industrial company by means of systemised methods for entering the market environment in the horizon, which exceeds the threshold generally indicated on the interface longer than three years

Creating future competitive advantages it is not only a result of a cognitive and analytical marketing process, but particularly of setting the technology and ways to achieve competitive advantage.

The industrial companies mainly include the following key areas:

– Decisions on future investments

The main focus deals with relatively simple answer to the question:

"Which customers will ensure economic return on these investments?"

– Decisions on launching of new products to the market

Here we examine in particular the sensitivity to both customers and customers for customers, but also the reaction of the entire market environment to the change the stated product causes. In principle, among other things, it is also the matter of the time span of the deployment of the product and the correct timing of the selected market segment.

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Here it is basically about achieving future competitive advantage by changing the behaviour of the whole organism of companies and by means of the manoeuvre. Trends in the development of the market environment may cause reactions that may not always be based on the effective movement in the future market environment. Therefore, what matters most is a close interaction process of strategic marketing and managerial decision-making, especially in situations where cost-effective and efficient strategic operations can eliminate the process of establishing competitive advantages such as:

- outsourcing
- establishment of joint ventures
- reengineering and others.

Each such operation should be assessed in terms of efficiency realized in the future market environment.

4. THE RESEARCH IN ENGINEERING SECTOR AFTER TRANSFORMATION

The aim of the field research of 100 selected engineering firms was to obtain an overall view and deployment of niche industries and products that can form the future potential of successful growth towards global market space. The disintegration of technology and product chains in the former Czechoslovakia created the need for finding new non-traditional disciplines and also the conjunction of disciplines and sectors, which are mutually related or which are very different. Such example is the emergence of a relatively large group of companies that deal with a hydraulic lifting device or group that is concerned with the purification and recycling of water and waste disposal. These companies, with some exceptions, do not cooperate together.

The research was conducted by using interview methods in diagnostic missions and through monitoring. In addition, the secondary data processing desk research supplement the results of field research. In order to confirm the hypothesis, diagnostic mission methods have been used along with the horizontal and vertical analysis of selected indicators, as well as methods of expert estimations.

The research results are based mainly on a comparison of the available production potential and technological capabilities of the particular researched companies or industries and the actual outcomes of these companies.

The outcomes of this research brought the following findings:

- Business units that took over the property of the individual parts of technologies were forced to look for the fulfillment of their capacities by foreign direct sources (direct export) without additional links to near surroundings. They often work on several manufacturing operations only or they revenue usually cover only labor costs .
- Result of low skills intersectoral cooperation is primarily manifested in the area of export performance in terms of finalizing the products supplied and the low added value.

This research continues in relation to the business of the region. Currently, work is underway in the Moravian-Silesian and Olomouc region.

5. BASIC CHARACTERISTICS OF THE DYNAMIC MODEL OF WORK WITH A COMPETITIVE ADVANTAGE

Based on empirical evidence from the research of engineering firms and decision-making processes in the field of strategic characteristics it is possible to formulate some basic causes of a low efficiency of the market implementation source of competitive advantage as follows:

- a. Sources of competitive advantages are searched for and formulated on the base of experience and data from the previous processes, behaviour, and reactions of the market, customers, and competition (e.g. on the basis of the SWOT matrix, and others)
- b. Sources of competitive advantages are missing a certain level of complexity, as a base for the efficiency in the real market environment
- c. The application of sources of competitive advantage is not perceived as a strategic management tool, but as a

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tool of tactics. They are often used only a part of these resources in the process of trade policy as a tool for tactical management.

In this context, the model was assembled with dynamic elements of work with a competitive advantage, especially as an instrument of the market perception of changes over time that elapses between two processes:

- A. Through the process of establishing sources of competitive advantage
- B. Through the implementation process of market competitive advantage

The conducted analysis on a sample of engineering companies confirmed the fact that the function of both processes has a continuous character. In this context, it is clear that the planning process at the interface of tactical and strategic decisions for the competitive advantages has certain specifics. Therefore, there was the effort to create a model that would respond to these facts.

6. FRAMEWORK STRUCTURE OF THE "DYNAMIC MODEL OF WORK WITH A COMPETITIVE ADVANTAGE"

The issue associated with the search of competitive advantage sources is based on findings of the conducted research on the selected field of engineering. Mostly it is a response to any stimulus of competition. The aim of management is a fast reaction, with no relation to this stimulus. The result is reaction which is often anticipated by the competitors. The dynamic model of cultivation and the implementation of competitive advantage sources represent the ability to work with time in relation to the fair market environment. Therefore, it is necessary to insert the update process in order to check the validity of the conditions for which the source of competitive advantage being prepared for entry to real market.

„The basic diagram of the structure can be viewed in Figure 1.”

7. CONCLUSION

The dynamics of changes in the world market environment creates entirely new conditions for the implementation of sources of competitive advantages. This

is not just about traditional marketing indicators associated with a competitive advantage, such as market share and market position. These factors do not create automatically the right for a successful implementation of a competitive market advantage.

For setting up future sources of competitive advantages based on the findings of the research it is necessary to perceive primarily the necessary degree of the complexity of the factors associated with the application of competitive advantage (i.e. accompanying competitive advantage to potential customers) and the time difference between the creation and implementation.

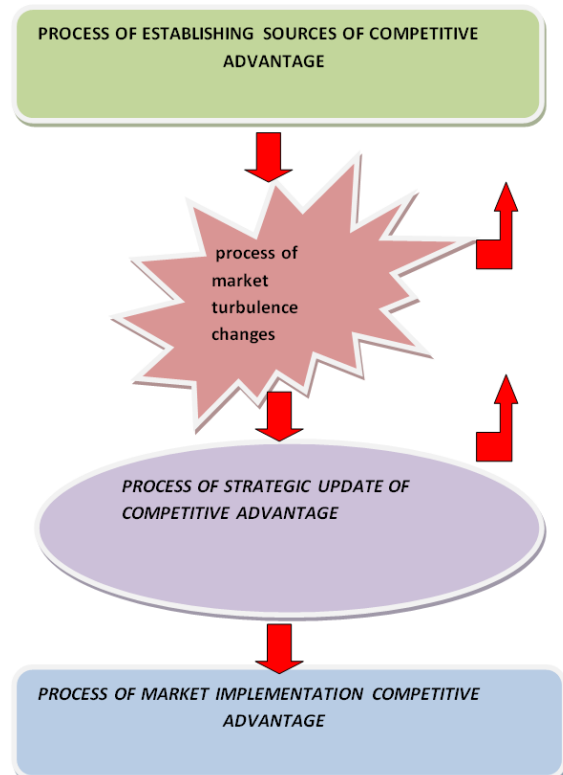


Figure 1 The dynamic model of work with a competitive advantage"

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