



The Primary Objective of any Business is to Build Sustainable Competitiveness in the Market

Rade Kovac¹

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Abstract: *Building a competitive advantage in the market is the basic goal of every company and represents an organizational ability to create significantly more value for the customer and differentiate itself from its competitors. It also represents the power of the company to adapt and respond to customer demands and desires and the challenges of competition that arise in times of daily change and dynamic environment of the company, it serves as the ability of the company to consistently, in the long-term, beat its competitors in the market.*

The competitive advantage of a company consists of owning or creating certain features that customers seek and accept with which the company differs from the competition.

Competitive advantage, on which TQM is based upon, refers to the correct segmentation and selection of target market and positioning, defining and using a tactically correct recipe of the marketing mix, selection of effective strategy and its implementation, thus control of each step in order to redefine timely activities.

1. INTRODUCTION

In order to achieve the goals of the company, in the conditions of increasing market instability, the well designed strategies and their effective implementation are paramount for the survival of the company. Building sustainable competitiveness and creating advantages is a long-term process, it makes the company special compared to other, competing companies, and allows it to more easily overcome the economic crisis and the business crisis.

The company owns a competitive advantage over the other companies when makes a profit that exceeds an average in its branch of industry.

The goal of business strategies is to maintain a competitive advantage, and this can be achieved in terms of price competitiveness and differentiation.

Competitive advantage is an organizational ability that allows a company to create significantly more value for the customer compared to its competitors. A set of factors that differentiate a company from its competitors and provides a unique position in the market is a competitive advantage. In simple terms, this is an advantage that you have over your competitors.

The competitive ability of a company represents the force of response to the demands of customers and arising challenges of competition in the environment of an organization, thus it represents the ability of the company to win their rivals in the long term.

However, the ability to satisfy the wishes of customers today does not guarantee that it will be possible tomorrow. There are trends in every industry, and new steps that will sooner or later require the response of the company.

¹ Service for Foreigners' Affairs, Ministry of Security, Bosnia and Herzegovina

The companies that successfully adapt to market demands will survive and grow, while those that fail to adapt are doomed to failure and disappearance from the market. Successful adaptation of a company to changes and environmental requirements is becoming one of the main sources of sustainable competitiveness and a source of the longevity of the company. The competitive advantage consists of owning or creating certain features that customers seek and accept and how the company differs from the competition. A company has a competitive advantage if it is better than the competition in creating value for customers. The company should constantly look for new sources of competitive advantage.

2. THE DIMENSIONS OF COMPLETE AND INCOMPLETE COMPETITIVE ABILITY OF COMPANY

If a company can significantly influence the market price of its products, then it is classified as an “imperfect competitor”. Imperfect competition prevails when individual sellers have some control over the price of their products. The participants in the perfect competition are “PRICE TAKERS” (they make decisions only about the size of production) while the participants in the imperfect competition are “PRICE MAKERS” (they make decisions about the amount of production and the price).

Thereby, we differ few types of imperfect competition and these are the forms of imperfect competition where just one company controls the overall offer, then where two companies control the overall offer, then where several companies participate in the overall offer and at the end when a large number of different sizes of companies participate in the sector offer.

Perfect competition occurs when no producer can influence the market price. In such conditions, we have many small companies where each of them produces an identical product, and each of them is too small so that could affect the price.

According to Jović (1900) „*A company that is an integral part of the community in which it operates and with which it interacts in performing its basic economic task should take responsibility and manage the consequences of its actions on society and the environment. This opens the need to consider the competitiveness and social responsibility of the company in modern business conditions, as well as to revise the role of management, strategy process and marketing approach in a socially responsible company. The competitiveness of a company arises from its competitiveness or an advantage. Businesses survive and grow in the long run by creating and maintaining competitiveness.*“

Porter (2008) emphasizes the current relation of the competitive advantage and social responsibility of a company: „*I think we see how the competitive advantage in economic terms and social responsibility of the company, which were once considered as two different things, are the things that can be intertwined. The companies that show sensitivity for the environmental issues, which can develop the processes and ways of works beneficial for their community acquire very often the competitive advantage just because of that social responsibility. This is the new mentality in the companies, not to think only in the narrow economic frameworks, but to tend to embed an important social dimension in its strategy.*“

Globally, the competition is increasing every day. Nowadays, it is not enough only to know the customers, but also the competitors and their target customers. Today, experts teams in the big companies have a task just to follow the competition so the company can be in a position to attack the competition or defend (efficiently) themselves from that competition.

According to Holweg (2007) „*The competition from market aspect exists when several companies satisfy identical needs or desires of the certain group of consumers. This is the case when a computer component manufacturer sees competition in another computer component manufacturer. But computer buyers expect a computer on which they can write texts and use the Internet. I can satisfy this need with the simplest computer. But manufacturers are improving and making computers into multifunctional devices that can meet different customer needs. In that way, they start to function on the market and plan for the long term. There is a confrontation between products and markets. If a company wants to bring a product to market, it will have to assess the size of that market, the share of competitors in that market, the capabilities of competitors, their strategies and goals, and entry and exit barriers.*“ (page 227)

On the other hand, competitors are constantly assessing the weaknesses of the company, and according to its resources, they develop its strategy. Official statistics on some companies are just part of input data. It is appropriate to rely on surveys, publications, comparisons and other available sources when it is necessary to analyse at least three important sections: general perception, emotional perception and market participation when gathering information.

3. EFFECTIVE SELECTION AND APPLICATION OF STRATEGY PREREQUISITE OF SUCCESS IN BUSINESS

Today's business environment is characterized by global competition, which requires a strategic approach from each participant in making business decisions.

The company shall become competitive inferior if the competitive environment is neglected. Therefore, the great environment brings many business opportunities, and on other hand many risks and large competition. Companies, therefore, form strategic partnerships and internationalize activities with the goal of active risk managing.

Each product or service must have a clearly defined market position. The position in the minds of consumers is a complex set of perceptions, impressions and feelings by which one product differs from another.

The positioning strategy requires special attention and determination of the target group. By combining of mix marketing elements, the company tends to satisfy the desires and needs of the market.

On the other hand, the adaptation strategy according to Jović (1990) “*treats each segment of the international market as a separate, individual market with many specifics that arise precisely from the domain of a nation's culture, and which must not be neglected because of major cost-effectiveness, but must adjust to it.*”

When entering the international market, the company very often harmonizes, or even conditions each other, product decisions and promotion decisions. There is no single marketing strategy that is optimal for competitive positioning in the international market. Each company must determine its purpose in the international market, its marketing and business goals, strengths, weaknesses, opportunities and limitations, and based on all this to formulate adequate and specific marketing strategies.

The position of the dominant company may be based on the leadership in various categories, and it is rarely a position that is historically built in the first place in the minds of consumers. Gillette is a synonym for razors, Pampers for diapers, Nescafe for instant coffee, etc. Companies are gaining their dominant position by the combination of high quality and low prices. Most international markets have recognized market leaders. The market leaders may or may not be admired or respected, but other companies recognize the leader position. Generally, the market leader needs to find ways to increase the number of customers/users and opportunities for purchase/use.

4. THE CURRENT COMPETITIVE ABILITY OF THE ECONOMY IN BIH

OECD has defined competition as the ability of the country to produce goods and services in the free and equal market terms, which pass the test of an international market, with simultaneous increase of real population income. As apparent, the definition of increase of citizens life standard imposes as the main goal of competition advance. The key assumptions for the development of competition are the stable economic growth, thus balanced trade and current account in order to feel fewer fluctuations in the international market capital. If we observe more carefully the countries of Western Balkans, and Bosnia and Herzegovina itself, we may notice that these countries are significantly behind the EU countries according to the competition.

Namely, the countries from the region passed in the past several phases of accelerated economic growth which mostly has been assisted by external funding which inevitably brought to the increase of external debt. However, when it comes to the decrease of capital inflow from abroad, the economic growth has been stopped, so these countries never made it to catch the connection for the rest of Europe. This may be seen when the GDP- per capita is compared to PPP which is the main instrument for measuring the treasure or life standard. So, the current living standard of the citizens in the countries from the region is far more below the average of EU28 and it is from 60% in Croatia up to 30% in Bosnia and Herzegovina and Albania.

It is important to emphasize that the living standard of the citizens in BiH during ten years slightly increased by 5 p.p concerning the European average which is not a satisfactory result. To improve the living standard of the citizens and join the EU, Bosnia and Herzegovina must achieve sustainable economic growth during the following period per rate of 5%. The low level of competitiveness in the countries of Western Balkans is the negative balance sheet of the current account which is mostly the consequence of unfavorable trade balance in foreign trade with the world. In other words, the countries of the region are not able to meet consumption with their production, nor is their export base sufficiently developed to cover imports.

The truth is that the situation has partially improved over the last few years as a result of increased exports, but also a drop in domestic demand due to the global financial crisis. During the observed period, Bosnia and Herzegovina partially improved its trade balance from over 30% of GDP in the pre-crisis period to 17.9% at the end of 2016.

One of the main reasons for low competitiveness both in the countries of the region and in Bosnia and Herzegovina is the weak production base, ie the low share of the processing industry and exports of goods within GDP. This is specially referred to Albania and Montenegro. On the other hand, Hungary and Slovenia managed to develop their production base to a good extent, which resulted in high productivity, high wages and a higher level of GDP per capita in PPP, and the share of manufacturing and exports in GDP is over 20% and 60% respectively. As for Bosnia and

Herzegovina, it is worth noting that during these ten years it managed to partially improve the production base, which confirms the increase in its share in the structure of GDP by 2 percentage points. However, for countries like Bosnia and Herzegovina, which base their economic development strategy on exports, it is necessary to intensify the process of reindustrialization, ie to raise the share of the processing industry in GDP to the level of Central and Eastern European countries.

Another important reason is the weak foreign trade integration of the Western Balkan countries in international markets. This is best seen if we look at the share of medium and high-tech products such as machines, appliances and car parts in total BiH. export. Only Serbia and Macedonia have managed to make a step forward in this segment in the last few years because they have raised the share of exports of these products to about 30% by the end of 2016. A decade earlier, this share in Macedonia was below 10% of total exports.

5. THE COMPETITIVE ABILITY OF COCA-COLA PRODUCTS HBC BIH

One of the most significant milestones in the field of strategy in general and environmental analysis is certainly the theory of competitive forces published in 1979 by the young economist and assistant Michael E. Porter in his article “How Competitive Forces Shape Strategy” in Harvard Business Review. (<https://zir.nsk.hr> date of approach 18 May 2020)

From this text begins a revolution in the formulation of strategies, not only in for-profit institutions, but also in the strategies of states, regions, and nonprofit institutions around the world. At that time, as a young man, with little experience, M. E. Porter certainly had no idea what impact his theory would have on the further development of strategies, but also on the development of the company in general. Price as an element of the marketing mix and an indicator of quality is the amount of money that must be set aside to buy a product or service. It must be strictly aligned with the value of the product. Promotion is a very important element of the marketing mix because it includes a series of activities by which the company communicates with consumers and promotes its product to the target market. It includes advertising, sales promotion, public relations and direct marketing.

It is generally known that the Coca-Cola product has the best advertisements in the world, especially during the holidays, both in our country and globally. The last element is distribution, and it refers to the activities that the company carries out to efficiently deliver products to customers in the market. It is the reason why Coca-Cola HBC has branches in many countries, in order to bring its products closer to the target market.

When the usefulness or quality of consuming a known beverage and its price are put in the relationship, we come to the value of the product. The value of Coca-Cola products is a matter of subjective consumer assessment, ie. his perceptions of her. Value is what the consumer expects and demands, and that is the satisfaction of his needs, desires at the lowest possible price.

We live in an era of increasing globalization of the world market, the accelerated development of high technologies whose application is increasingly growing in business organizations. This is reflected, among other things, in the strong strengthening of competition, which is supported by the ban on monopolies on the market of all goods, including non-alcoholic soft drinks. We are witnessing the offer of various competitors of cheaper copies of the famous drink, such as Pepsi, Sky Cola, Cola Windy, Fis Cola, that are also looking for their market share in our economy.

Therefore, Coca-Cola must respond to the onslaught of competition with even greater quality and safety of consumption to its many consumers.

The only real answer to these and similar international challenges is the concept of quality, which presupposes the involvement of the entire company, all its business processes, employees and management, and this means active participation in creating changes from the existing state of quality to the ultimate goal and it is not short-term, but long-term, more precisely permanent. It comes down to the production and distribution of products following the needs and even the desires of consumers, without flaws. From the point of view of consumers themselves, quality is most often associated with value, usefulness, or price.

It can also be defined as “satisfying or exceeding” the needs of consumers. In this case, the beverage delivery service itself must be suitable for use by consumers. It is this suitability for use that is related to the value that the customer receives and, ultimately, to his satisfaction. In order for the company Coca-cola HBC BiH to have the quality of service under European standards, it is necessary to research the market, ie. identify the needs of the wider market.

According to Kotler & Lee (2009) „*Since there are different ways of satisfying the need for a known beverage by consumers, it is necessary to develop a special flavor content, and it then results in a set of specifications. The quality of the taste is important here, but also the overall usefulness that the product itself offers*”.

6. CONCLUSION

In today's times of pronounced international competition, effective management is imperative for the successful, responsible and sustainable business of every company, including Coca-Cola HBC BiH. Many companies are failing, and many are growing at an incredible rate and destroying all the competition in front of them. The dynamic environment in which the company operates is increasingly uncertain and changes from hour to hour. Companies must carefully choose each step to survive as long as possible, they must provide their customers with something else, new and better than their competition, ie. they must be innovative and competitive, which is why the customer will be delighted and keep coming back. To create a somewhat secure future, companies need to devise a strategy that will lead them to the successful and long-term business they want. The strategy must not only be well designed, but it must also be well implemented, flexible and adaptable to the daily changes that occur both in the internal and external environment of the company. It is this constant and dynamic environment that is important for the correct selection and creation of a new and adaptation of an already designed strategy through clearly defined steps whose order of fulfillment and implementation must be respected if the set goals are to be achieved and ultimately to achieve continuous business success.

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