



**KAPITEL 5 / CHAPTER 5<sup>5</sup>**  
**INCREASING THE COMPETITIVENESS OF AN INDUSTRIAL  
ENTERPRISE BY IMPROVING MARKETING ACTIVITIES**

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### **Introduction.**

The emergence of the marketing concept as a key direction in the development of economic science led to increased scientific interest in the study of the external competitive environment, which gradually turned into a determining factor in the internal development of enterprises. In the scientific tradition of Western countries, the term competitiveness has become widespread relatively recently, since previously the concepts of competitive position, competitive strength and competitive advantage were mainly used. However, these categories did not always have a clear semantic distinction, which made it difficult to form a single theoretical basis for their interpretation.

I. Ansoff, one of the founders of strategic management, in his works “Strategic Management” and “New Corporate Strategy” used the concept of competitive position to denote both the sequence of actions within the framework of competitive analysis and the actual position of the enterprise in the market from the point of view of the expediency of its nomenclature diversification. Thus, the researcher considered the competitive position rather as an analytical category that allows describing the place of the enterprise in the competitive space, and not as an indicator of its competitiveness in a narrow sense.

In the works of British scientists G. Hoole, J. Saunders and N. Pearce, in particular in the well-known monograph “Marketing Strategy and Competitive Positioning”, the use of the term competitive position in connection with the analysis of the principles of segmentation, positioning and selection of market targets is also traced. In the Ukrainian version of this publication, the terminology was adapted as “competitiveness analysis”, which indicates a certain terminological uncertainty in the national scientific

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environment.

A significant contribution to the development of the concept of competitiveness was made by M. Porter, who was one of the first to use this term to characterize the economic potential of a nation. In his fundamental work “Competition”, he noted that “a country’s competitiveness depends on the ability of its industry to innovate and modernize”. However, the researcher himself later emphasized that the direct carriers of competitiveness are not states, but enterprises, since it is they who carry out competitive actions in international markets. This statement actually shifted the focus of the study from the macroeconomic to the microeconomic level[1-3].

At the same time, M. Porter introduced into scientific circulation the concept of competitor’s capability, by which he understood the set of characteristics that determine the potential of an enterprise in competition with other market participants. He included organizational, personnel, technological and managerial factors that indirectly affect the competitive capabilities of an enterprise. Thus, competitor’s capability is a component of a broader category of competitiveness.

**1. Current condition.** The scientific understanding of the essence of competitiveness gradually formed two approaches to its understanding:

- in a narrow sense – as the ability of an enterprise to compete effectively in the market;
- in a broad sense – as an integral characteristic of the success of an enterprise, reflecting not only its market position, but also adaptability, innovation, organizational potential and the effectiveness of management decisions.

## **5.1 Expansion of the scientific understanding of the concept of competitiveness**

The gradual expansion of the scientific understanding of the concept of competitiveness has taken research beyond its formal and terminological definition. Researchers have focused on identifying the essential features, structural elements and factors that determine the competitive capabilities of an enterprise in a dynamic market environment.



One of the leading areas of analysis has been the resource approach, according to which competitiveness is interpreted as the ability of an enterprise to effectively use its resource potential to achieve long-term advantages. This approach is organically combined with the concept of cost-constrained competitiveness, according to which an enterprise can maintain competitive positions only if the optimal level of costs is maintained in comparison with competitors. As A. A. Thompson and A. J. Strickland noted, the company must maintain costs “approximately at the level of competitors”, otherwise its advantages will be lost. At the same time, the authors emphasized that cost efficiency is not the only indicator of success, since financial results may not reflect the true level of a company's competitive strength [4-6].

Thus, researchers emphasize the need for a balance between the financial and competitive orientation of an enterprise's activities, since short-term financial success does not always mean strategic stability and market advantage.

The domestic scientific school also pays considerable attention to the resource-cost nature of competitiveness. In particular, N. O. Yevtushenko and V. V. Varnitsky define it as "the totality of an enterprise's capabilities to effectively use its resource potential in order to obtain the desired profits." A similar approach is followed by O. S. Shumilo, D. S. Rudas, and V. M. Sukulsky, who emphasize that competitiveness is not only a characteristic characteristics of current business efficiency, but also an indicator of the potential development of the enterprise.

However, the identification of competitiveness with efficiency has its limitations. Efficiency reflects the ratio of costs and results, while competitiveness has a systemic and relative nature, comparing the results of the activities of one enterprise with other market entities. It is this relativity and multidimensionality that makes the concept of competitiveness a separate scientific category.

A more comprehensive vision is offered by O. E. Kuzmin, who defines competitiveness as “a complex systemic concept that reflects the competitive advantages of an enterprise over others in terms of a set of economic, financial, production, market, personnel and other parameters”. This approach allows us to consider competitiveness as an integral characteristic that combines quantitative and



qualitative indicators of the organization's development.

The authors of the collective monograph edited by O.G. Yankov, who interpret competitiveness as a complex economic category that reflects the interaction of internal and external factors that determine the ability of an enterprise to sell products in a particular market.

Some authors, such as P. R. Putsetailo, emphasize the multifaceted nature of the category, treating competitiveness as both a criterion and an indicator of efficiency, but this position somewhat complicates its scientific identification. Excessive expansion of the content of the concept leads to the loss of its clear boundaries, when competitiveness begins to be used to describe any successful phenomena in the activities of an enterprise.

In fact, competitiveness should be considered as the result of the interaction of the enterprise's potential, market conditions and management quality, and not only as a derivative of efficiency or profitability. Summarizing the analysis of scientific approaches, we can conclude that the competitiveness of an enterprise is an integrated economic category that reflects the ability of an enterprise to effectively use resources, adapt to environmental changes, introduce innovations and maintain stable market positions. It combines strategic, financial, marketing, personnel and technological aspects of activity, turning into a multifactorial characteristic of business performance (Table 1).

Summarizing the results of the theoretical analysis, it is worth emphasizing that competitiveness is a multilevel scientific category that combines both fundamental and applied content. In the system of economic knowledge, it acts as a component of the formation of the theoretical basis of market competition, and in the practical dimension - an evaluative characteristic of the actual competitive capabilities of the enterprise, which allows comparing its market positions with other business entities [7-9].



**Table 1.1 - Evolution of scientific approaches to determining the essence of enterprise competitiveness**

Author/School	Main Idea	Key Emphasis	Strengths of the Approach	Limitations
I. Ansoff	Competitive position as a reflection of the firm's market position	Analysis of strategic position	Taking into account market dynamics	Lack of systematicity in the assessment of internal factors
M. Porter	Competitiveness as the ability to innovate and modernize	Innovation, industry structure	Combining macro and micro levels	Limited role of intangible resources
A. Thompson, A. Strickland	Cost efficiency as the basis of competitive advantage	Cost control, resource efficiency	Application to mass production	Underestimating the role of marketing and social factors
O. E. Kuzmin	Complexity and systematicity of competitiveness	Synthesis of economic and social parameters	A holistic view of the nature of competitiveness	The complexity of quantitative measurement
O. G. Yankovy	Competitiveness as a result of the interaction of internal and external factors	System of relationships and adaptations	Harmonization of resource and environmental approaches	Generalizability of indicators

**5.2 Economic category, competitiveness.**

As an economic category, competitiveness in a broad sense reflects indirect marketing relationships between market entities that compete for possession of the subject of competition - a consumer, resources or market share. In a narrow interpretation, it covers direct economic relations between competitors regarding the seizure of consumer purchasing power through the sale of goods, services or innovative solutions.

From an applied point of view, competitiveness is an integral evaluative characteristic that combines the potential, functional and realized capabilities of an



enterprise in gaining a share of the consumer market, attracting investments and retaining qualified personnel. Its assessment involves the analysis of not only economic results, but also managerial, technological, marketing and social aspects of activity.

Thus, competitiveness should be considered as a systemic property of an enterprise, reflecting its ability to effectively realize economic potential in a dynamic market environment, using adaptive, innovative and marketing mechanisms. It is an integral indicator of the viability of the enterprise, its resilience to external challenges and the ability to ensure sustainable development in the long term.

In general, it can be noted that the competitiveness of an enterprise is a complex characteristic that reflects the ability of a business entity to stably maintain or improve its market position through the effective use of resource potential, adaptation to changes in the external environment and the introduction of innovations. Its formation is based on the interaction of internal factors (organizational structure, technology, personnel, finances) and external (market conditions, consumer behavior, competitor activity, state regulation) [10].

In the modern economic system, competition is the main driving mechanism for the development of market relations. Its essence lies in the constant competition between business entities for resources, sales markets, influence and consumer loyalty. It is the competitive environment that forms the conditions under which enterprises are forced to improve production, introduce innovations, improve product quality and reduce costs.

The term "competition" comes from the Latin *concurrentia* - "coincidence, consistency", which symbolizes the interaction of market entities in the struggle for favorable conditions of activity. In the economic sense, competition is a process of interaction and rivalry of producers for the best positions in production, sales of goods and achieving the maximum possible profit.

According to the Law of Ukraine "On Protection of Economic Competition", competition is defined as a competition between economic entities for achieving advantages due to their own results, which creates a choice for consumers and prevents monopoly dictates in the market. Thus, the legal definition of competition emphasizes



its market balance and mutual benefit for both producers and consumers [11].

In the context of the modern global market, the concept of competitiveness acquires crucial importance. It is an indicator of the viability of an enterprise in an environment where innovations, technological advances and changes in consumer preferences occur extremely quickly. Enterprises that do not form a systematic policy of maintaining competitiveness risk losing market share, profitability and strategic stability.

Therefore, competitiveness can be considered as the property of an enterprise or its product to successfully function in market competition, attracting consumers and maintaining a market position. It is defined as an integral characteristic of the technical, economic, consumer and managerial parameters of the enterprise's activities.

The key determinants of competitiveness include: the level of innovation and technological development; product quality and price; effectiveness of marketing policy; brand reputation; personnel qualifications; access to financial and information resources; level of adaptability to changes in the market environment [12-13].

Thus, competitiveness is an indicator of the market power of an enterprise and a determining factor in its stability and development in a competitive environment. Enterprise competitiveness management is an important component of modern management, aimed at creating, developing, implementing and maintaining competitive advantages, as well as ensuring the viability of an enterprise in a constantly changing competitive environment. This is a process that combines strategic, tactical and operational aspects of the enterprise's activities, forming an integrated system of adaptation to market challenges.

The generalizing feature of competitiveness as an economic category and an applied evaluative characteristic of business entities is its marketing nature. Marketing is the management paradigm that determines the way an enterprise adapts to market conditions, its ability to form and implement competitive advantages.

Enterprises carry out marketing activities in an environment of fierce competition, where contradictions between economic and consumer goals inevitably arise. On the one hand, enterprises strive to maximize profit, on the other hand, to ensure a more



complete satisfaction of consumer needs. On the surface, competition is expressed in indirect rivalry between manufacturers of the same type of product, competing for the loyalty of the buyer. However, in reality, there is a dynamic contradiction between the degree of satisfaction of consumer needs and the level of profitability of the enterprise, due to the action of the main categories of the market - demand, price and value.

The logic of this contradiction is that demand, as a solvent need, has certain limits that limit the volume of consumption. An enterprise can theoretically satisfy the consumer by reducing the price to the cost level or even lower, but in this case the target orientation of marketing to make a profit loses its meaning. Therefore, effective marketing management should provide an optimal balance between consumer satisfaction and the profitability of the enterprise [14].

The resolution of this contradiction occurs in the plane of balanced management of the enterprise's competitiveness, which is determined by three interrelated structural determinants: marketing result, marketing potential and marketing functionality.

Marketing result is the actual volume of products sold (in kind or value terms), which reflects the degree of satisfaction of consumer needs. It characterizes the real income of the enterprise obtained as a result of market exchange and determines its share in the total sales volume in the industry. In other words, marketing result is an indicator of realized competitiveness.

Marketing potential is a reserve of possible growth in product sales, which can be achieved by reducing the price, improving the quality, expanding the range or improving the sales system. It reflects the unused capabilities of the enterprise to attract new consumers and expand the sales market. The maximum value of the marketing potential correlates with the marginal level of profit that the enterprise can receive through the optimal use of its resources and competitive advantages.

Marketing functionality covers a set of marketing tools (marketing mix), with the help of which an impact on sales volumes is achieved. The main elements of the functionality include price, assortment, terms of sale, methods of promotion, forms of payments and service. The decisive role among these factors belongs to pricing policy, especially in cases of high elasticity of demand. With the help of marketing



functionality, the enterprise adjusts the ratio between its marketing potential and the result, ensuring the achievement of marketing goals at the appropriate stage of development.

Marketing result, potential and functionality are closely interdependent: changing the parameters of the functionality (for example, price or communication strategy) directly affects the realized result, as well as the amount of potential that remained unrealized. Such a ratio indicates the complex nature of marketing activities as a basic element of the competitiveness management system.

## **Conclusions.**

For a more complete understanding of the marketing essence of the competitiveness of an enterprise, it is important to identify its main structural determinants, which form a system of interconnected management elements. These include marketing results, marketing potential and marketing functionality. It is through the interaction of these components that the market efficiency of the enterprise is formed, its ability to maintain competitive positions and respond to changes in the external environment.

Marketing results reflect the actual effectiveness of the implemented strategy, marketing potential - the possibilities of further development, and marketing functionality - the tools for achieving them.

The synergy of these three elements creates the basis for a sustainable increase in the competitiveness of the enterprise, as it allows it to flexibly respond to changing market conditions, optimize the use of resources and form an effective marketing policy. Balanced management of these determinants ensures a harmonious combination of economic performance efficiency, satisfaction of consumer demand and growth of the market value of the enterprise.

The modern concept of competitiveness management is based on the principles of management science, which provide for the relationship between the goal, object, subject, methodology, principles, process and management functions. In this system,



the object of management is the competitiveness of the enterprise as an integral property of its resources, organizational structure, personnel and market behavior. The subject of management is the management of the enterprise, managers of various levels and professional services that carry out planning, analysis, forecasting, control and coordination of management actions [15].

The goal of enterprise competitiveness management is to ensure the stability and efficiency of the enterprise's functioning regardless of the influence of external factors - economic, political, technological, environmental and social. This involves not only maintaining competitiveness at the achieved level, but also its constant increase through the development of internal potential and effective response to changes in the external environment.