ЕКОНОМІЧНІ НАУКИ

UDC 658.8.012.12

Getman Larysa
PhD in Economics, Associate Professor,
Associate Professor of the Department of Management and Administration
Kharkiv State Academy of Culture

Pshynka Anna
PhD in Philosophy, Associate Professor,
Head of the Department of Management and Administration
Kharkiv State Academy of Culture

FEATURES OF FORMATION OF MARKETING ACTIVITY IN THE CONDITIONS OF MARKET OF MONOPOLISTIC COMPETITION

Summary. *The article considers the problems of monopolization of markets and marketing processes in such markets. The trend of the modern economy is the process of globalization: already large cities are growing, billion-dollar companies are moving beyond their competitors, in most developed markets, up to 90% of the total turnover falls on only a few players.*
Key words: *monopolization, marketing activities, company growth, customer service, new market, business processes.*

The scientific works of many scientists are devoted to the problems of formation and functioning of marketing activity in the market of monopolistic competition. This aspect in foreign economic theory has been studied by scientists Brenner M., Bedor L. [1], Handley L. [4], Rosemann M., Kowalkiewicz M., Dootson, P. [7] and other. Ukrainian scientists worked on this issue: Diehtiar A. [2] Getman L., Kaliuha O. [3], Pshynka H. [5], Strii L., Zakharchenko L., Holubiev A. [8] and other. In their works the theoretical principles of formation of the system of marketing activity at the enterprise, as well as the content of the economic category monopolistic competition, are investigated and analyzed. In our opinion, the question of forming marketing activities in the monopolistic market has not been sufficiently studied. There are differences in the work of scientists on the approach to winning new markets. Deficiencies in the formation of the marketing system in the monopolistic market are also observed, which is one of the most common reasons for the ineffective activity of marketing activities of enterprises. This issue remains relevant, despite the large amount of research in this area, and therefore necessitates in-depth research.

The purpose of the article is to reveal the essence of the emergence of monopoly through marketing processes. Below we consider the stages in the development of the company necessary to achieve success in the monopolistic market.

At the first stage, a new business is launched. At the first stage, a team of enthusiasts (with a reduced sensitivity to risks and a desire to change the world) selects an unformed market and offers it a new business model and a competitive offer [1]. And if the team did everything right, the company begins to earn its first profit, to show growth dynamics above the industry average, and it invests all its resources in further development.

There are seven main areas in which companies invest to conquer the market and create lasting benefits:

- Product quality.
- Service level.
- Team.
- Sales performance.
- Recognition and brand loyalty.
- Management systems.
- Automation and cost management.

What happens next: so a competitive product, thanks to new investments, begins to acquire even more positive characteristics. This gives customers even more incentive to purchase this product and recommend it to their friends. The company invests superprofits in the development of customer service. This dramatically increases customer satisfaction, conversion to sales, the length of the client's life cycle in the company, their readiness for recommendations, which greatly increases the profitability of marketing. Sales growth opens up opportunities for receiving wholesale discounts and favorable payment terms from suppliers and other contractors and partners [2]. All this has a beneficial effect on the cost of the product, so the company can afford to reduce pricing for the client, while maintaining the target margin level, which also leads to even greater sales growth, especially in markets with high elasticity of demand for prices.

The presence of a high-quality product, a successful business model and steadily growing financial results allows the company to attract strong managers, marketers, project managers and other specialized specialists into the team, as well as invest in their training and development. A strong, trained, organized and motivated team at a completely different level works on the creation and development of company products, creates more effective management systems, more predictable sales systems, and significantly increases the return on any dollar invested in the system. The team invests additional income in automation, which leads to a sharp reduction in the costs of basic operations, more predictable results at all levels and a multiple increase in the productivity of the entire system. At the same time, the company invests in brand recognition and loyalty, and as a result, 9 out of 10 customers are interested in the offer of this company when choosing a product, and the best personnel include the company in the list of those considered when choosing an employer; the percentage of refuseniks and staff turnover decreases.

The company creates its ecosystem. The business continues repeating the reinvestment cycle, constantly improving the quality of the product and service for the client, the effectiveness of sales and management systems, the strength and competence of the team, brand recognition and the requirements for automation and working with costs.

The second step is to scale success.

The company is the industry leader in the local market, the business model has shown its effectiveness: the client receives a high-quality product with unique characteristics and advantages, excellent and timely service, and all this at a very affordable price in the price / quality ratio [3]. Each market participant benefits.

At the same time, the main business processes have already been debugged, assets have been accumulated, the team is qualified, therefore, management announces the start of geographical expansion. And if the market in new regions can also be characterized as developing, rather than formed, and there are no major players (the share of three leaders is less than 45%), then the company with its successful business model repeats success in very short time and becomes the leader in every new region.

Each new market is a unique competitive environment, unique cases and difficulties. The system simultaneously learns immediately in dozens of different markets, gaining tremendous experience in solving unique problems. So the company develops its product and business model competitiveness even faster, and each new successful experience gained in the regions, the company scales immediately across the network, thereby dramatically increasing the speed of updating and development.

At the same time, the company continues its reinvestment cycles. Moreover, due to the increase in margin, the share of the investment budget in the cost structure is growing, which only increases the pace of development of the company and the likelihood of its success in the future.

The third stage is an unattainable separation from competitors.

A large republican network forms a completely different attitude to the brand in the minds of the client. This is not a local company "on its knees", but a large-scale brand that you can trust [4]. These are just two fundamentally different categories of companies for the client and partners. It's like the "Premier League" — it is not for everyone, but everyone wants to go there.

Due to the economies of scale, large financial reserves, special conditions with partners and access to government, the company has the opportunity to create unique trading offers for customers that are simply not available to companies from the lower and middle leagues. To do this, they use four accelerators:

1 accelerator: resource concentration

For example, due to the volume of accumulated analytics, understanding of customers and the availability of financial funds, a company can take huge risks and give customers various guarantee programs. Or at the expense of huge turnovers and leverage, a company can go into large co-brands with partners and offer a joint product, sharing costs, but increasing the customer's advantages in terms of price, quality, service or acquisition conditions. Not to mention the complex client loyalty programs that create a full-fledged consumption infrastructure with significant financial benefits for the client and partners.

2 accelerator: technological breakthrough

With huge investment budgets at its disposal, a company can integrate costly technological developments into its business model. This may be the latest installation for production, as a result of which the percentage of rejects is significantly reduced, which increases the quality of the product and reduces the costs of rejection. Or artificial intelligence technologies (AI), which allow companies to better understand the client, create very complex personalized products, solutions and approaches for him and improve his experience in interacting with the brand.

3 accelerator: the ability to make mistakes

Leading companies can not rely on the experience of competitors, simply copying their development. Rather, it is the destiny of the middle and lower categories — to take the best already tested and implement it for yourself. The leader company, in order to maintain the pace of development, it is necessary to constantly innovate in their solutions, which the market has not yet met. And this is a zone of high uncertainty and a complete lack of guarantees of success. Therefore, the company has to test a large number of developments, realizing that only some part will be successful. But due to the absolute novelty, these developments provide extra added value for the client, create unique product properties, and move the company and the industry forward. Therefore, the profit from their implementation more than covers all the costs of failed development.

4 accelerator: buying competencies

Competition is the engine of innovation and the economy as a whole. Therefore, in the conditions of the free market, other successful startups and products may appear. One practice is not an attempt to fight and compete with a developing startup, but instead agree with him on a merger or purchase of technology. And then with the help of business size, this technology can scale in the shortest possible time and immediately benefit a huge mass of consumers throughout the network. And this will bring profit to the company and reduce the cost of overcoming competition.

This category includes the situation when a company outbids and takes the best minds that have developed really strong and competitive offers in other companies. And now these minds work for the benefit of a much wider range of consumers.

The client receives a really good offer, with a number of unique characteristics that are constantly evolving, adapting to the growing and changing needs of the market [5]. The offer complements the high level of service, the convenience of channels and methods of acquisition, the quality of counseling, after-sales service, the loyalty program and various guarantees for all occasions. And all this at a reasonable price, which suits the market in terms of price / quality ratio.

Moreover, the stability of the model is not provided by the product itself — it is quite easy to copy. You can even try to reproduce the service and invest in brand awareness. But what is really difficult to copy is the strength and quality of the team, the corporate spirit, skills and competencies of those who work on creating the product, who form the service, who make sales and represent the company when working with partners and authorities [7]. It is difficult to copy management models, approaches to motivation, personal qualities of company leaders and their ability to charge a team for accomplishments, and it is almost impossible to reproduce the whole path and experience of the company, as well as built relationships with customers over the years.

Therefore, customers "vote with money" for the products of this company, and its profit and success is only a reflection of the needs of customers in its offer. And this is beneficial to everyone: to customers, and business owners, and partners, and even to the state and society as a whole.

References

1. Brenner M. and Bedor L. (2015). The content formula: calculate the ROI of content marketing & never waste money again. PA: Marketing Insider Group, West Chester. PP. 36–47.

2. Diehtiar A. O. Systema upravlinnia znanniamy iak faktor pidvyshchennia konkurento-spromozhnosti orhanizatsii / A. O. Diehtiar // Visnyk Natsionalnoho universytetu tsyvilnoho zakhystu Ukrainy: zb. nauk. pr. Kharkiv: Vyd-vo NUTsZU, 2016. Vyp. 2 (5). S. 177–183. (Seriia "Derzhavne upravlinnia").

3. Getman L. H., Kaliuha O. O. Rol′ liuds′koho kapitalu v rozvytku suspil′stva / L. H. Getman, O. O. Kaliuha // Mizhnarodnyi naukovyi zhurnal "Internauka". K: 2019. № 4.

4. Handley L. (2017). Half of all advertising dollars will be spent online by 2020, equaling all combined "offline" ad spend globally. URL: https://www.cnbc.com/2017/12/04/global-advertising-spend-2020-online-and-offline-ad-spend-to-be-equal.html.

5. Pshynka H. V. Rozvytok sotsial′noho kapitalu pidpryiemstva ta ekonomichnoyi povedinky personalu pid vplyvom kul′turnykh zmin [Elektronnyi resurs] / H. V. Pshynka // Mizhnarodnyi naukovyi zhurnal "Internauka". 2018. № 16(56). PP. 17–22.

6. Rethinking B2B sales in the digital economy (2018). URL: https://www.forbes.com/sites/forbestechcouncil/2018/04/25/rethinking-b2b-sales-in-the-digital-economy/#26b3f9367d4f

7. Rosemann M., Kowalkiewicz M., & Dootson P. (2017). Digital strategy of the future. PwC Chair in digital economy. Published by Pw C. PP. 1–17.

8. Strii L. O. Rynkovi mekhanizmy i struktury ekonomiky infokomunikatsiinykh posluh / L. O. Strii, L. A. Zakharchenko, A. K. Holubiev // Ekonomika: realii chasu. Naukovyi zhurnal. 2014. № 1 (11). S. 134–141.