

COMPETITIVE OPPORTUNITIES OF REGIONAL PRODUCERS ON GROWING MARKETS OF INNOVATIVE GOODS

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The rationale is justified by gaps in knowledge of entrance and terms of competitiveness on growing markets, that makes number of producers of growing areas unable to enter the market smooth and make a competitive advantage. In connection to this the article is aimed on revealing goods' properties which make them attractive, features of their life cycles, evolution of their markets' competitive environment in conditions of changeable external PEST-factors. The complex of test methods, including the analysis of five competitive powers, product life cycle, external environment, sources and company abilities, which were used interactionally and complementarily, was chosen as a primary approach. There are lint and new linen products market and high-qualified cheese and milk for its production markets described in this article. It is grounded that a new vector in farm and consumer goods industry is being formed. As a result of the analysis of named goods' life cycle, competitive environment on their markets, external environment it is set, that there are favourable terms for the entering these markets by regional firms. Successful integration and creation of a competitive advantage are possible in the frames of an adequate level of resources, abilities and their ideal combination. Exercising of a successful entering strategy is allowing to widen own share on the industry market in the future. Article material have a practical value for the innovative goods producers, entering growing markets.

Keywords: Innovative goods, new markets, growth vector, resources and abilities, competitive advantage.

INTRODUCTION

The rationale of the theme is justified by the fact that nowadays in a deepening division of labour and technological progress conditions new product lines becoming growth vectors are being formed. A real opportunity to enter such markets and through living up to potential occupy remarkable shares seems to appear for regional producers. But these opportunities are not used enough as the process of growth vector evolution is not researched deep enough. The same reason lies in the process of not always successful realization of the strategy of integration to these segments, adaption to them and creating a competitive advantage. Getting modern and proved knowledge about these procedures is allowing to improve the effectiveness of an implementation regional producers in these segments and occupy profitable positions on new markets.

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The subject of the research is the process of growth vectors creation on innovative goods markets and the evolution of competitive relations between these markets participants.

The researchers of competitive relations in the process of growth vectors creation and the strategy of firms entering growing innovative industries point a necessity of choosing properly product lines, to markets of which the entering firm should draw its attention (Tumalanov & Pavlova, 2016). Moreover, it is recommended to bear in mind the phase of the goods life cycle (Fleisher & Bensoussan, 2005). The dynamics of the competitive environment on considering markets is also in the centre of attention (Porter, 1985).

Necessary to point that nowadays courses and power of influence of close and further external environment factors on the goods markets is getting a special meaning. These factors are able to change sharply the competitive environment on markets according to all “five powers” parameters in a short span of time. Technological conditions of production and distribution are also worth the attention, because they influence goods growth and sale limits. The main role in the process of entering the industry is played by resources and abilities of such entering firms (Grant, 2008; Prahalad, 1990). It is needed to create the whole clear vision of national firms provided by them and estimate the prospect of such job prospect. This is a necessary condition of choosing entering strategy and widen own market share.

MATERIALS AND METHODS

The process of growth vectors creation and firm integration to them together with competitive advantage creation are considered in the frames of strategic and competitive analysis from the five powers model position (Porter, 1985). At the same time the analysis of considered product lines’ life cycle and external environment is effected on PEST layout (Fleischer, 2005).

The analysis of regional firms’ resources and abilities is applied for discovering and grounding their functional abilities operating on growing goods markets (Wernerfelt, 1984; Peteraf, 1993). Necessary for entering and competitive strategy basis parameters, which can help to determine and describe growth vectors’ types are listed below:

- 1) product features, peculiarities of their market circulation, making these markets attractive for entering and regional producers integration;
- 2) condition and tendencies of competitive environment evolution in the frames of “five powers” model;
- 3) peculiarities of internal and external market environment interaction in the process of PEST-factors changing;
- 4) peculiarities of goods’ life cycle and their distribution;

- 5) adequacy and elasticity of regional firms' resources and abilities to the growing markets.

RESULTS

It is set that product lines having a real potential of growth vectors are those connected with farm industry and its products' processing in food and consumer goods industries. There are the market of lint and products of its processing and also high-qualified cheese and milk for its production markets.

The analysis of the market of lint and products of its processing on a new technological level allowed to point that there is a new appearing product. It is grounded that it has all features of an innovation, although lint itself is cultivated for ages. This product is not only presented as a new one but also as a result of a new production way. It creates new market as well, appeared due to well-known raw material used as an innovative on the other production. Finally, it is the new organisation that may help national and regional producers, particularly, to gain monopolistic position. As a result, all five grounded features of innovation are obvious (Schumpeter, 1982).

It is grounded that new product (ultra-clean linen cellulose) features make it dramatically attractive for the consumers both on price and quality. It is made from wasting material, short grain, useless for linen fabric production. The market of lint and products of its processing has all basis for growth and widening. It is reviving and he vector can step into the second phase of its life cycle – growth.

Peculiarities of competitive environment evolution of the market of lint and products of its processing are revealed. These markets have different competitive environment, nature and its evolution directions. It is evident that ultra-clean linen cellulose has vast market prospects as a competitive innovative product. The future of long grain and its products depends on development and changes of substitute-products market (most of all, cotton). Absorbing material for pets' toilet made of green linen mass entered the market full of other producers. Successful competence depends on market policy, ability to use competitive advantages and gain high consumer valuation. Conditions of further external environment work on the whole on the benefit of these products, making substitute goods producers in conditions of unstable exchange course buy mostly less expensive and low-quality cotton and produce not qualitative enough goods. So the competitiveness from substitute goods producers is not critically dangerous.

The necessity of having high level of resources and abilities of national producers for entering this goods markets and successful is grounded. Despite the simplicity of lint cultivation, its technology demands very subtle approach as the slightest breach of conditions and times of seeding, harvest and after-ripening makes products useless. It is obvious that the technology of the end goods production is not simple as well. On the whole, constant staff training and usage the experience

effects are necessary for maintaining competences and abilities on appropriate level.

It is set that the prospective growth vector in modern conditions of the national market is the production of a high-qualified cheese. Cheese production is profitable as it allows creating the highest added value on the stage of milk processing. It is proved that this national industry suffers from a deep crisis. Products, labelled as cheese contain supplements not allowed not only from the point of technology but also from the common sense. There is a great demand of such products and their production promises high profitability and opportunity to reach vast share on the food market due to the expensiveness and low quality of the products imported.

It is set that the number of conditions is necessary for making cheese production a new growth vector. First, milk of an appropriate quality, satisfying requirements of traditional cheese production recipes on its microbiological content. Breeding cattle and high-qualified feeding are needed respectively. The latter is not a problem as there are many waste lands in the country. And there is a great choice on the abroad breeding cattle markets. No problems of choosing the suppliers.

There are a prevailing number of foreign competitors in the high-qualified cheese segment, which was set after researching the competitive environment on the market. National companies occupy only slightest share. There is also lack of competitors ready to enter it. Main reasons to that are revealed in the article. Cheese production demands resources and competence of the highest level, most of all among the staff. Milk production demands strict following to cows' keeping, feeding and milking regimes. What and how is given to them influence the quality of the milk which cheese producers will get (preferably from the milking operation zone through pipelines). The process of cheese making itself demands aseptic purity of all elements, ability to combine ferments, enzyme rennet, other ingredients and the number of accompanying competences.

The base reason of why despite of favourable conditions for milk and cheese producers (considering natural goods, without ferments, high-qualified) national producers suffer problems in entering these farm and food markets and becoming competitive. It is needed to have special abilities and competences. Based on the basis meaning of the word "industry" («industrius» (lat)), what is "active, dedicated, eager", producers should begin to collect competences, needed for entering specific segments of potential growth vectors, which are of great number on national markets, on innovative as well.

Weak characteristics of regional firms are revealed based on the notion that the firm is a complex of different resources and abilities. It is grounded that a specific combination of resources and abilities reinforced by key competences is needed for them to gain competitive advantage on mentioned markets. The firm should also use different resources categories: tangible assets, intangible assets, organising abilities for different resources transformation into goods and key competences (Prahalad,

Hamel, 1990). Our firms are not always successful in combining usual (routine) staff skills and dressing them (as if with yeasts) with special talents of several special persons. That's why special organising power valuable in transformation of tangibles, intangibles and competences into market price of the product cannot be created. In the end during market test (entering of an innovative product) they rarely gain stable income source(s) mentioned by famous authors: from having valuable resources, specific firm peculiarities, legal mechanisms of market power creation (patents), innovations on a risky background (Mahoney & Pandian, 1992).

On the whole, recognizing that considered segments can become growth vectors for the number of regional economics of the country, we should point that national producers are needed to have not only favourable market conditions, most of them already exist, but also additional terms, usually provided by the government (Kharlamov & Kharlamova, 2016). The most important activity sphere of the government in this direction lies in properly working institutions on all levels, beginning from the Civil Code to separate directives regulating private relations ("rules of the game", control and sanctions for their breach) (Tumalanov & Urusova, 2010; Kharlamov & Shkodinsky, 2015).

DISCUSSION AND CONCLUSION

Many foreign and Russian economists made researches of the competitive sphere on new growing markets. The most prominent contribution to the process of learning this scientific area was made by R. Grant (1991), M Porter (1985), J. Schumpete (1934), K. Fleisher (2005), B. Bensoussan (2005), P. Varadarajan (1984), R. Rumelt (1991), P. Kotler (1989) and others. J. Black & K. Boal (1994), D. Collis & C. Montgomery (1997), C. Prahalad & J. Mahoney (1992), B. Wernerfelt (1984) and others devoted their works to the questions of resources, abilities, competences needed for the creation of a competitive advantage.

However despite of the biggest amount both on volume and usefulness of scientific job being done, there are gaps in this sphere including punctual and proved identification of prominent productions, determination of entrance innovative markets, grounding terms and possibilities for creation of competitive advantage on attractive, reborn market segments.

It is set that new growth vectors are being formed on the farm, food and consumer goods markets. The fact that innovation both of the market and the product, abilities of a new organisation, constant technology improvement and the following widening of the market, make them attractive for the entrance and successful competence of Volga region producers is grounded. The reasons for growth in market popularity of these goods, their properties most attractive for consumers are grounded. Favourable conditions for entering firms, peculiarities of their products' life cycle, competitive environment on market nowadays and in the future are grounded.

It is proved that regional producers need to reach high level of own resources and abilities, to have specific competences and constantly improve them for a successful entrance on these markets and create a competitive advantage.

The results of the research can be viably used for development and realisation of regional firm of corresponding industries strategies during the entering on markets with formed and forming innovative products growth vectors.

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