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## METHODOLOGICAL BASIS OF COMPETITOR MONITORING

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*The article is devoted to the monitoring competitors in marketing It is a topical issue of modern Belarusian companies. Monitoring competitors results are used for development of marketing plan, formulation of marketing strategy, management decisions in the company marketing.*

*The author notes the necessity of monitoring competitors and gives the analysis of literature devoted to this subject. The article represents the approaches to the definition of the competitive analysis and the essence of the concept of monitoring the competition. In this research the algorithm for the monitoring and evaluation of competitors are proposed, the types of competitors according to the elements of the marketing competition are defined. Marketing scenarios of counter rivals according to the type of competitor are also proposed.*

Nowadays it is very difficult to find a company that doesn't focus on competitors when planning marketing activities. The monitoring of competitors is the basis for developing and implementing competitive strategy of any business entity, regardless of its size, location, management concept, goals and objectives of the activities. The main factors determining the importance of the organization of effective competitor monitoring in marketing of modern enterprises are: the high level of uncertainty of competitors' activities, a significant factor dynamics of the competitive environment of enterprises, limited financial, material and human resources allocated to monitoring activities, large scale of unfair competition and the need to integrate this factor in marketing activities. These facts form the scientific and practical interest in the problem of analysis and assessment of the impact of the competitive environment on the marketing activities of enterprises.

Some aspects of the organization of competitor monitoring in the marketing of the company are observed in the works of G. Bagiev, A. Gavrilov, B. Gerasimova, V. Zinchenko, D. Lehmann, E. Mazilkina, G. Panichkina, Yu. Panov, E. V. Terehova. D. Aaker, I. Ansoff, G. Assel, P. Dixon, P. Doyle, E. Dihtl, P. Druker, Kotler, Jean-Zh. Lamben, M. Porter, D. Tis, F. Hayek are the foreign researchers in the development and implementation of marketing strategies in a competitive environment.

In spite of the variety of theoretical and applied works on marketing and competition the issues of organizational support of the competitor monitoring, definition of the types of competitors according to the status of their marketing, the use of the scenario approach to counter competitors are still poorly studied.

The aim of the research is to develop methodological and practical recommendations on the organization of monitoring marketing activities of competitors, identification of the types of competitors according to the state of the elements of the marketing mix and formation of marketing scenarios of countering of competitors.

There are different approaches to understanding and implementation of competitive analysis. Lots of definitions of the term competitive analysis are offered in the research works, for example: "Diagnostics of competitive environment" (G. Bagiev, E. Bogdanova), "the analysis of competitor activities" (G. Azojev, Kotler, P. Romanenko), "competitor analysis" (M. Porter, D. Lehmann, R. Wenger), "monitoring of the competitive environment" (A. Berezkina M. Maksimova, E. Terehova) [1, 2, 3, 4]. The analysis of the literature allowed identifying some approaches to the determination of the term competitive analysis:

*1. Competitive analysis as a marketing research area.* Many researchers pay define competitive analysis as one of the marketing research areas conducted by the company (Kotler, E. Golubkov, T. Maslova, S. Bojuk, L. Kovalik and etc.) in order to get the necessary information. S. Romanenko determines competitive analysis as a type of marketing research based on the formation of database information about competing products and firms. That gives the opportunity to understand why competitors act this way and develop their own strategy of market behavior.

2. *Competitive analysis as a research procedure not associated with marketing research.* G. Azoev defines the term competitive analysis as a part of the permanent process of marketing research. It is aimed at studying the practice of competitive struggle in order to provide advantages over the competitors. [2] This definition coincides with the position of V. Voylenko and A. Kovalev, who consider the competitive analysis to be the study of competitors' activities, consisting of the identification of the actual and potential competitors, collection and analysis of information on various aspects [5].

3. *Competitive analysis with the position of a definition its separate directions and goals.* For example, G. Assel believes that competitive analysis is an assessment of the strengths and weaknesses of competitors [6]. A. Frenkel defines it as a study and prediction of the competitor actions; identification of their potential opportunities, assessment of the competitiveness of competing products [7, c.34].

The author sticks to the term competitor monitoring and offers the following definition: *competitor monitoring* is the process of systematic collection and analysis of data on product policy, pricing, marketing, communication policy of competitors, using the technique of benchmarking and the development of scenarios in order to develop management solutions to enhance the competitiveness of enterprise and provide benefits over competitors. This definition is universal as there is specified purpose of the research of the competitors and we can trace the link between monitoring process and marketing research.

The external environment is dynamic, so competitor analysis should be carried out constantly. However, it should be noted that most of the modern Belarusian enterprises hold the researches of competitors' activity once a year before the preparation of marketing plan or do not hold at all, that significantly weakens the competitive position and reduce the financial results of the enterprise. Existing methodological approaches to monitoring competitors do not include the features of development and implementation of marketing strategies in a competitive environment and characterize by excessive universality and lack of specificity.

The main elements of the proposed methodology for monitoring competitors' activities are presented in Table 1.

Table 1 – Elements of methodology for monitoring the activities of competitors

Elements of methodology for competitor monitoring	Characteristic the elements of methodology for competitor monitoring
1. <i>Objectives of monitoring</i>	collecting and analyzing information about competitors, monitoring the competitors' behavior, identifying the strengths and weaknesses of competitors, the development of measures to combat competitors
2. <i>Subjects of monitoring</i>	the management of the enterprise, marketing specialists of the enterprise, marketing agencies
3. <i>Monitoring objects</i>	market, competitors' behavior, goods, prices, sales, marketing communications of competitors
4. <i>Methods of monitoring</i>	survey, observation, experiment, panel, benchmarking
5. <i>Application of results</i>	development or adjustment of marketing plan, formulation of marketing strategy, development of marketing scenarios counter rivals

Source: developed by the author

It is necessary to note that the monitoring of competitors' activities should be guided by the following principles:

- *the principle of objectivity*, which means ensuring high reliability of the results of the competitive analysis;
- *the principle of comprehensiveness*, which means maximizing the full coverage of all the essential aspects: resources, costs and results of financial-economic, production, marketing, innovation, investment activity;
- *the principle of hierarchy* that requires a multilevel study of the situation and changes in the competitive environment;
- *the principle of flexibility*, assuming timely adaptation to the changes taking place in the clash of the competitive forces in the industry, region, international market;
- *the principle of efficiency*, which involves the requirement to obtain economic effect from improved competitive positions of the company, whose value would exceed the cost of implementation of competitive intelligence and competitive analysis.

The author proposes to supplement the above list of principles such as:

- *the principle of innovation*, which involves the registration and use of the latest innovative developments, approaches, technologies for monitoring of competitors;

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- *the principle of risk taking*, which covers the full accounting of the risk factor and the unpredictability of the results of the competition for the evaluation, diagnosis, prognosis and implementation of competitive strategy.

As a result of conducted researches, *the algorithm for monitoring and evaluation of competitors* was developed, which consists of the following stages:

1. Determining of objectives of competitor monitoring;
2. Identification competitors. Forming the base of competitors;
3. Monitoring of product policy, pricing, marketing and communication policy of competitors;
4. Analysis of quantitative and qualitative information about competitors on the basis of marketing researches and benchmarking;
5. Evaluation of the strengths and weaknesses of competitors;
6. Evaluation of the spectrum of possible reactions of competitors;
7. Ranking competitors in order of importance. The choice of competitors, that should be attacked and that should be avoided;
8. Development and implementation of marketing scenarios based on the data of competitor monitoring.

To understand how the company should act relative to its competitors, there have been identified the *types of competitors* depending on the status of their marketing complex (Table 2)

Table 2 – Types of competitors depending on the status of the marketing complex

Elements of marketing complex	Elements of marketing complex	State of the elements of marketing complex			
	<i>Goods</i>	Innovative Qualitative Constantly updated	Innovation towards to one type of product Qualitative Updated as necessary	Innovations are introduced progressively Qualitative Seldom updated	Innovations are not used There are claims of consumers to the quality of the goods Are not updated practically
	<i>Prices</i>	Price differentiation by consumer groups	Flexible, change depending on the demand, application of discounts and discount cards	Rarely change, stable	Inflexible
	<i>Sale</i>	Active Presentations, promotions, tastings are used	Changes depending on the demand	Stable	Passive
	<i>Marketing communication</i>	Active, innovative, directed to the customer	Active, directed to the customer	Conducted in accordance with the marketing plan, periodically	Are not conducted practically
	<i>Leaders</i>	<i>Applicants for leadership</i>	<i>Main competitors</i>	<i>Outsiders</i>	
<i>Type of competitor</i>					

Source: developed by the author

Depending on the type of competitors the author developed corresponding scenarios of marketing activities that will allow resisting to the competitors or neutralizing their negative impacts (Table 3)

Table 3 – Marketing scenarios depending on the type of competitors

<i>Type of competitors</i>	<i>Marketing scenario</i>
Leaders	Innovative (“Breakthrough”)
Applicants for leadership	Offensive (“Attack”)
Main competitors	Active (“Exploration”)
Outsiders	Stable (“Position control”)

Source: developed by the author

Let's examine the proposed marketing scenarios that can be applied in the competitive struggle. (Table 4)

Table 4 – Marketing scenarios used against competitors

Marketing scenario	Characteristic of scenario activities
<i>Innovative</i> (“Breakthrough”)	active benchmarking of competitors’ activities; release of new items; individual work with consumers; introduction of new forms of marketing (internet shops); price differentiation by consumer groups; training of personnel; active advertising campaign, brand building; innovation in production.
<i>Offensive</i> (“Attack”)	increasing production; implementation of release differentiated products; an active advertising campaign; introduction of discount cards; search of ways of superiority over competitors; introduction of loyalty programs.
<i>Active</i> (“Exploration”)	active marketing researches; expanding the range of goods; flexible pricing; sales promotion of products (presentations, tastings, discounts); training marketers; search for new markets.
<i>Stable</i> (“Position control”)	active monitoring of the environment; periodic updating of assortment of the goods; planned work on innovations in production, inventory, working with customers and staff, business partners; maintaining prices at a stable level, acceptable for consumer and enterprise; optimization of expenses on marketing communications.

*Source: developed by the author*

Analysis of the competition is the most important task of the marketing enterprise activity, largely providing its success and survival in the modern terms. The results of conducted research are the following:

- refined the essence of the term competitor monitoring;
- developed algorithm of the process of monitoring and evaluation of competitors, which clearly defines the areas of work relative to its competitors, including the use of benchmarking techniques and developing marketing scenarios.
- defined types of competitors depending on the state of the elements of the marketing complex of competitors;
- developed marketing scenarios counter rivals depending on the type of competitor.

Monitoring in marketing is a systematic and routine surveillance of the market for the purpose of its assessment, study of trends, competitive environment research. Implementation of the competitor monitoring will allow developing effective methods of dealing with the competing enterprises, studying and using the positive experience of competitor activity, improving the financial performance of their own enterprise.

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