

## COMPETITIVENESS AND COMPETITIVE STRATEGIES IN WINE PRODUCTION

**Nikolai V. Logodashki<sup>1</sup>**

Received: 7.10.2020 Accepted: 30.10.2020

---

### ***Abstract***

*The topics of competitive advantages and competitive strategies of the enterprise in the wine production sector are becoming increasingly relevant today, given the fact that most enterprises operate in conditions of high competition and minimal resources. Competitive advantages and competitive strategies are one of the main processes that make the company commercial, successful and profitable. The main purpose of this study is to consider the importance of competitive advantages and competitive strategies for the winery. The main research methods used in the paper are content analysis, the method of comparison, intuitive and systematic approach, the method of analysis and synthesis.*

**Keywords:** *competition, competitiveness, competitive factors, competitive advantage, competitive strategies, wine production, enterprise, product*

**JEL Codes:** *L26*

---

### **Introduction**

In today's market conditions, it is very difficult to achieve stable business success if its effective development is not planned, if the information about the company's prospects and opportunities, the state of the target markets, the position of its competitors and its own competitiveness is not studied and analyzed (Filipova, 2004, p.81). Disclosure of the company's competitors is an important issue from the point of view of developing competitive strategies through which the business aims to maintain the conquered market positions, to reveal its competitive advantages and to increase its competitiveness (Kyurova, 2014, p.102). The authors and claims about competitive advantages and competitive strategies are extremely diverse. These topics are vitally relevant, because they are the basis of a progressive, successful and profitable wine production enterprise, in the conditions of constantly evolving technologies and innovations on the one hand, and constantly changing consumer requirements on the other hand. Sustainable business

---

<sup>1</sup> Department of Management and Marketing, Faculty of Economics, SWU "Neofit Rilski" Blagoevgrad, PhD student, e-mail: [nikolay.logodashki1985@gmail.com](mailto:nikolay.logodashki1985@gmail.com)

development is unthinkable without its adaptation to new market conditions. The companies operate in a highly competitive environment and it demands to synchronize the company's activities to market trends, which appear as an essential prerequisite for acquiring competitive advantages. The intensifying competition reflects on the achievements of increased innovation (Zlateva & Kalaidjieva, 2016, p.130). In the conditions of the free market and excessive competition, the survival of the wine production enterprise is unthinkable without a clear and well-developed competitive strategy, based at the same time on competitive advantages, which it has at its disposal. These are prerequisites that determine the relevance of the topics of competitive advantages and competitive strategies in the future.

In the wine sector, the study of competitive advantages and competitive strategies is important because:

- they are the basis of any progressive, successful and profitable wine production enterprise
- competitive advantages lead to the competitiveness of the wine production enterprise
- the competitive strategy is the way and one of the obligatory conditions for future success, which the wine-producing enterprise must follow in its competitive struggle with the competition in the industry

Based on the study of the literature on competitive advantages and competitive strategies, we can determine that in order to consider the competitive advantages and competitive strategies of the wine production enterprise, we must inevitably consider it first at the product level and then at the enterprise level. It is important to point out that the two levels are directly related, therefore both levels are vital for the competitive advantages and competitive strategies of the wine production enterprise.

## **Discussion**

At the product level, according to Ph. Kotler, for the successful development of a new product, the company must have an effective organization to manage the process of its creation and use the best analytical tools and concepts at each stage of this process (effective organization of work, marketing concepts and tools, dynamics of quality competition)(Kotler, 1996, p.388). When developing new products, it should be borne in mind that products and markets have a life cycle that requires a change in marketing strategies over time. Each new need follows a life cycle of search that goes through stages of emergence, accelerated growth, slow growth, maturity and decline. Every new technology that emerges to meet this need manifests a life cycle of demand-technology. ...

Companies need to anticipate new product qualities that the market needs. The winner is the one who first introduces new and valuable benefits for consumers. The search for these new qualities can be done on the basis of customer research, by intuition, through dialectical judgment or on the basis of a hierarchy of needs. Successful marketing is due to the creative application of the developing market potential (Kotler, 1996, p.563-464). Filipova points out that the competitiveness of a product depends on the degree to which it meets the needs of consumers and the efficiency of the processes that produce and maintain it (Filipova, 2005). In addition, Kyurova's view is that the competitiveness of the company's product should be seen as an expression of the positive relationship between the product's characteristics and the consumer's preferences, ie his satisfaction with these characteristics (Kyurova, 2018, p.101). Dimitar Donchev argues that the competitiveness of the product means the possibility for it to be realized in the presence of analogue products on the market. Production is considered competitive if it is able to provide the manufacturer with a profit at each stage of its life cycle. In this sense, the company's profit is a general measure of competitiveness, as the maximum rate of profit in the long run provides economic advantages of the company compared to competitors - manufacturers of analogue products (Donchev et al, 1998, p. 267). According to M. Ribov, The term Competitiveness of Production entered the literature as a consequence of the operation of the economic law of anarchy and competition in the capitalist mode of production. It is most often associated with the opposition of producers to each other in the constant struggle for markets for more favorable conditions of production. Therefore, the competitiveness of production is a private matter and is largely seen as a subordinate case of competition between producers, which in addition to the product and the conditions of its sale also includes the application of various methods and means to combat the rivals (Ribov, 1985, p.7). He further states that after the recession in the capitalist countries and the changes in the market that took place, the quality of production became the main driving force of competitiveness. ... During this period, the quality of production is increasingly becoming a major tool in the competition, displacing in the background the widely used traditional means of competitiveness - price, payment terms, guarantees, etc. This trend determines the so-called. "Non-price competition", one of the main forms of which is "quality competition (Ribov, 1985, p.8). According to Ribov, products of competitive quality are characterized by a high technical level and perfection of production performance. This quality is assessed by comparison with similar products, recognized on the international market and having high competitiveness for the given period. As a result of this assessment, the output may be of high or low competitiveness (Ribov, 1985, p.11). M. Ribov accepts that quality indicators must meet a number of requirements (Ribov, 1985, p.13) - requirements for functionality, requirements for reliability, technological requirements, ergonomic requirements, aesthetic requirements, requirements for standardization and unification of products, requirements for patentability and patent purity, environmental requirements, requirements for economy, etc. He also points out

that the characteristics or properties of a product give it a certain advantage over the products offered by competing companies. In this connection, the term competitive advantage is used. The characteristics or properties that determine it relate not only to the product, but also to the company that offers it. Competitive advantage is established by comparing with the product of an individual competitor and in this sense it is relative. This means that it varies depending on whether the comparison is made with the leader, sub-leader or other a competitor in one market or another (Ribov, 1997, p.11). Ensuring the competitiveness of the product is a management tool. This is a set of planned and systematic activities necessary to maintain the competitiveness of the product so as to meet the identified or anticipated needs of the customer. Ensuring competitiveness requires constant assessment of the factors and conditions that affect the compliance of regulatory requirements with the intended use of the product, as well as verification and study of operations for its supply, production and provision to the customer (Ribov, 1997, p.122). Filipova and Yuleva consider competitiveness a fundamental complex indicator, a concentrated expression of economic health of each company, summarizing the efficiency of functioning of its economic, social, financial, institutional and other subsystems (Filipova & Yuleva, 2018, p.224). Manol Ribov agrees, that the competitiveness of the product is that part of the consumer value that is provided free of charge to the buyer (Ribov, 2005, p.59). It is important to know that competitiveness is highly dependent on people, on their knowledge, skills, work habits and behavior. ... Companies manage to improve their technologies and products, to increase their profits mainly through people. Only human resources are those that combine the material, financial and information resources in the product. They are the ones who produce the product, who plan, organize and control the processes (Ribov, 1997, p.122). Regarding the competitive advantage of the product, D. Stoyanov writes that the characteristics or properties possessed by the product or the brand, which give them a certain superiority over the immediate, closest competitors (Stoyanov, 1995, p.5).

There are many definitions and statements about the competitiveness of the product and we cannot describe them all, so we will focus on some..., expressing the essence of the concept of "competitiveness of products / services", namely:

The competitiveness of the product expresses the comparative characteristic of consumer and value parameters of a given product in relation to the competing product.

The competitiveness of the product expresses the ability to produce quality goods and services that can be sold on the domestic and international market, and lead to an increase in the standard of living.

The competitiveness of the product expresses a set of product characteristics and services accompanying its sales and consumption, distinguishing it from analogue products in terms of satisfaction of consumer needs, level of costs for its production (acquisition)

and sale. The quality of the products and the price are the main components of its competitiveness.

The competitiveness of the product is a set of technical and economic characteristics of the specific product or a set of advantages that are inherent in the product in terms of free supply and direct competition with analogue products manufactured by other manufacturers. This is a relative category related to the specific market and time for sale and has an evaluative-subjective character.

The competitiveness of the product (the possibility of its sale on a given market) can be determined only by comparison with the goods of competitors. Each consumer buys the product that satisfies his personal needs, and the mass of consumers - that product that meets the public need more fully than the goods of competitors. As each buyer has his own criteria for assessing the degree of satisfaction of a given need, competitiveness acquires an individual nuance.

The competitiveness of a product is its ability to oppose to the market of other goods with the same purpose or to other goods with an analogous purpose.

The competitiveness of the product expresses the subjective consumer assessment of the higher level of the perceived value of the company's product compared to this level of competitors in the target market (Nenov & Minkov, 2015, p.145-146).

Based on the mentioned above, we can say that the competitiveness of the product of the wine production enterprise is formed by all those qualities that ensure its preference by consumers, against the background of satisfaction, conquering new markets, giving it a competitive advantage and increasing competitiveness of the enterprise that produces it.

Filipova points out that an expression of the competitiveness of the enterprise is its adaptability, expressing the adequacy of its responses to the impact of the environment and compliance with changes in environmental dynamics (Filipova, 2004, p.85). According to Mladen Velev, the competitiveness of the enterprise is its ability through continuous renewal and improvement to create sustainable competitive advantages, leading to high economic results in the long run (Velev, 2004, p.15). Savelyeva shares the opinion that the competitiveness of the enterprise is a multifaceted concept, characterizing its dynamic, manageable property, determined by the set of competitive advantages and weaknesses, including the formed factors of the external economic environment and expressed in the ability to withstand the competition on the internal and external markets of products, capital and labor in the considered period of time (Savelyeva, 2009, p.42). M. Ribov agrees that it is especially important to understand that the elements of the environment have a great influence on the competitiveness of the company. At the micro level, it covers suppliers, the public, competitors, intermediaries and consumers. It is characteristic that it directly affects the activity of the company. The other elements form the macroenvironment. They

affect the company directly and indirectly through the elements of the microenvironment. These include natural, geographical, economic, political, legal, technological, social and cultural factors (Ribov, 1997, p.20).

Based on the cited literature sources above, we can summarize that the competitiveness of the wine production enterprise (company) is its ability to conquer new markets, while unprecedentedly preserving the old, while increasing wealth, meeting needs and dominance of the product (service) on the market.

The factors that determine the strength of competition in industry markets are: number of companies; market size; market growth rate; production facilities; barriers to market entry and exit; size requirements for the necessary investments; economies of scale; price; level of standardization of goods; mobile technology modules; vertical integration; rapid renewal of the product range; differences between enterprises; acquisitions and mergers (Dimitrova, 2018). Operational productivity implies utilizing the capacity of all production resources of an enterprise in the best possible way. ... The adaptability of enterprises to the changing conditions of the market environment is achieved through the company's strategy. Thus, the adaptability of the enterprise is a manifestation of its competitiveness, and the company's strategy is established as the fulcrum of this competitiveness (Dimitrova, 2018).

Based on the mentioned above, we can say that the competitiveness of the wine production company leads to competitive advantages, and we can also assume that competitive advantages lead to its competitiveness. In this regard, we can assume that the factors for the formation of competitive advantages are precisely those that shape the competitiveness of the wine production enterprise.

These factors can be divided mainly into two types - external and internal factors.

External factors include:

- the level of competitiveness of the country;
- the level of competitiveness of the industry;
- the level of competitiveness of the region;
- state support for small and medium business in the country and the region;
- the legal regulation of the functioning of the economy of the country and the region;
- the openness of society and the market;
- the scientific level of the management of the economy of the country, the branch, the region, etc. and the implementation of the instruments of a competitive economy;
- the national system for standardization and certification;
- state support for human development;
- state support for science and innovation;

- the quality of the information provision of the management at all hierarchical levels;
- the level of integration within the country, as well as the framework of the world community;
- tax rates in the country and the regions;
- the availability of affordable and cheap natural resources;
- the system for training of the managerial staff;
- the climatic conditions and the geographical position of the country and the region;
- the level of competition in all areas of activity in the country.(Dimitrova, 2018, p.36-37)

*Table 1. The internal factors can be represented by the following table:*

<b>Group of factors</b>	<b>Factors in the group</b>
Structural factors	Production structure of the enterprise
	Organizational structure of the enterprise
	Degree of concentration and specialization of production
	Level of unification and standardization of the output and its constituent elements
	Reporting and regulation of production processes
	Staff
	Information and normative-methodical base of the management
	Strength of the competition at the input and output of the system
Resource factors	Access to quality and cheap raw materials and other resources
	Reporting and analysis of the use of all types of resources at all stages of the life cycle of large enterprises
	Functional and value analysis of the produced production and the elements of the production
	Optimization of resource efficiency
	Patented products
	Patented technologies
	Equipment
	Quality of production

Management factors	Managers
	Analysis of the implementation of the laws of the organization
	Functioning of the control system
	Functioning of the quality management system
	Conducting internal and external certification of products and systems
Market factors	Uniqueness of the company's products
	Uniqueness of the channels for realization of the company's products
	Uniqueness of the advertising of the company's products
	Efficiency of the system for stimulating sales and after-sales service
	Forecasting the pricing policy and the market infrastructure
Efficiency of functioning	Performance indicators
	Intensity of capital use
	Financial sustainability of the functioning of the enterprise
	Share of exports of science-intensive products

*Source:* Adapted from Dimitrova, 2018

The level of competitiveness at the micro level, ie of enterprises, is a consequence of the influence of various factors. Taking into account their interrelation and dependence, they can be divided into two main groups - factors for the competitiveness of the enterprise and factors for the competitiveness of the product (Dimitrova, 2018, p.41). Despite the presence of many competitive factors and their different significance for individual industries and activities, in summary there are five main factors determining the competitiveness of a production: price, quality, technology, innovation, time. ... The factors for product competitiveness are analyzed in several aspects: in terms of quality; of the marketing mix; of consumer value and price (Dimitrova, 2018, p.44-45). To summarize, it can be said that all these factors in their complex, interdependence and interaction form the competitive advantages (respectively competitive weaknesses) of the enterprise and its products and hence determine the level of its competitiveness. Their knowledge on the part of the enterprise and the disclosure of the degree of their influence is essential for the enterprise of adequate and active actions to increase its competitiveness (Dimitrova, 2018, p.49).



After a detailed analysis of the cited literature sources, we can assume that factors for the competitiveness of the wine production enterprise are all those external and internal influences on itself that have a direct or indirect impact on its competitiveness. We also assume that factors for the competitiveness of the product of the wine production enterprise are all those influences that together with the qualities and properties of the product affect the realization of the product itself and the satisfaction of consumer needs.

There is a close interrelationship and interdependence between competitive advantages and competitive strategies. The successful operation and development of the company in competitive markets requires it to have a competitive advantage over its competitors. Therefore, competitive advantages are the basis for the formation and implementation of the competitive strategy of the enterprise.(Dimitrova, 2018, p.37) In order to be competitive, modern enterprises must build their strategies on a completely new basis, based on new technologies, uniqueness of processes and products, meeting all customer requirements and high quality products.(Filipova, 2005, p.53) The development and implementation of competitive strategies should increase the level of competitiveness of the enterprise. In principle, different types of competitive strategies are considered and used in literature and practice:

- strategies for achieving competitive advantages;
- strategies for the company's behavior in the competition;
- strategies determined by the competitive status of the enterprise.

1. There are many areas of competitive strategies of the enterprise, based on achieving competitive advantages, which M. Porter combines into three types of competitive strategies: cost leadership strategy; differentiation strategy; focusing strategy. These typical competitive strategies are basic and have a universal application. Businesses need to apply only one of them to a specific strategic business unit.

1.1 Cost leadership strategy – it is based on achieving a level of costs lower than that of the main competitors, while maintaining the quality of production, not lower than the industry average. This allows either selling at prices lower than those of competitors, ... or selling at a price similar to that of competitors... .(Dimitrova, 2018, p.139)

1.2 Differentiation strategy - the company offers products with unique characteristics, with higher value and quality, with better marketing conditions compared to those of competitors. Successful differentiation allows the realization of higher profitability, at the expense of the fact that the market accepts a higher price for the presented product with non-standard properties and characteristics, for additional service, for better service, etc. In this strategy, the quality of the offered products is higher than the

average for the industry. The differentiation strategy is based on product, service, staff and image differentiation.(Dimitrova, 2018, p.141-142)

1.3 Focusing strategy - involves fixing on one market element or a specific group of consumers without striving to cover the entire market. The aim of the strategy is to meet the needs of the selected target market segment better than competitors. The focus strategy can be based either on differentiation or cost leadership, or on both, but only within the target segment. The strategy is also based on the barriers that separate the target segment from other segments of the industry market. It is such barriers, determined by the specific needs of the customers of the target segment (which the competitors making large deals on the industry market do not serve well enough), are the main reason for choosing the strategy of differentiation. The main idea of this strategy is to focus on a limited target segment and the ability to maximize the company's product to the needs of consumers in the target segment.(Dimitrova, 2018, p.144)

2. Competitive strategies based on market share. Ph. Kotler distinguishes four types of competitive strategies in this group.

2.1. The 'market leader' strategy - the most famous brands fall into the category of leaders. The leading company has a dominant position, which is recognized by its competitors. Often the leader is the "starting point" for competitors, which they imitate or avoid. The leader company can base its activity on several strategic alternatives: expansion of the primary demand, ... defense strategy, ... attacking strategy, ... demarketing strategy.(Dimitrova, 2018, p.145-147)

2.2. The 'challenging' strategy - an aggressive strategy aimed at taking the place of the market leader. The classic "challenge" strategy is to launch a price attack, ie. offering the same product, but at a significantly lower price. This strategy is all the more effective, the larger the market share of the leader is, because for them the reduction of the price means very big losses. The company that implements the challenge strategy suffers significantly less losses, especially if it is not large.(Dimitrova, 2018, p.147)

2.3. The 'leader-following' strategy - companies carefully maintain their market share, do not seek to attack the leader, try to keep their customers without giving up their share in emerging markets. An important feature of this strategy is that the company stays away from intense competition and concentrates its attention on the amount of profit.

2.4 The 'specialist' strategy - coincides with the strategy of concentration. The specialist is not interested in the market as a whole, but only in one or several segments. When choosing a niche, the problem arises for the criterion against which to specialize the company. Such a criterion could be related e.g. with technical characteristics of the product, its distinctive properties or with elements of marketing pressure.(Dimitrova, 2018, p.148-149)

Referring to the summarized cited literature sources, we can state that the competitive strategy of the wine production enterprise is the way in which the enterprise must go in the competitive struggle with the competition in the branch. This strategy must be carefully calculated, including all available information of the company at the time of its definition. It must predetermine (guarantee) the achievement of the company's goals, regardless of the constant internal and external influences of all objective and subjective factors. In addition, it must be adequate to meet all the challenges of competitors in the industry.

## CONCLUSION

The attempt made in the paper to systematize and derive the vital importance of competitiveness, competitive advantages and competitive strategies for the wine production enterprise gives us grounds for formulating the following important conclusions:

*First*, in order to understand the mechanism for the formation of competitiveness, it is necessary to study the nature of competitive advantages.

*Second*, the competitiveness of the product of the wine-making enterprise is formed by all those qualities and characteristics that ensure its preference by consumers, against the background of satisfaction, conquering new markets, giving it a competitive advantage and increasing the competitiveness of the enterprise.

*Third*, there is a close interrelationship and interdependence between competitive advantages and competitive strategies. The successful operation and development of the company in competitive markets requires it to have a competitive advantage over its competitors. And they, in turn, are the basis for the formation and implementation of the competitive strategy of the enterprise.

*Fourth*, the competitive strategy of the wine production enterprise is the way the enterprise must go in the competitive struggle with the competition in the branch. It must predetermine (guarantee) the achievement of the company's goals, regardless of the constant internal and external influences of all objective and subjective factors. In addition, it must be adequate to meet all the challenges of competitors in the industry.

## REFERENCES

- Dimitrova, R., (2018), Competitiveness and Competitive Strategies, College of Tourism, Blagoevgrad
- Donchev, D., Velev, Ml., Dimitrov, Y., (1998), Enterprise economy , "Siela" Publishing House, S.

- Filipova, M., (2004), Increase the competitiveness of the breweries companies, Publ. „Korekt“, S.
- Filipova, M., (2005), Managing of the Competitiveness in Brewery industry, In 10-th National Symposium “Quality, Competitiveness, Sustainable Development”, UNWE Press, Sofia
- Filipova, M., (2005), Assessment of the competitive advantage of the brewery, Journal of Economics and Management, issue 2
- Filipova M., R., Yuleva, (2018), Innovative management as competitiveness factor, Entrepreneurship, Issue 2, ISSN (print) 1314-9598, ISSN (online) 2367-7597
- Kotler, Ph., (1996), Marketing management, Volume I, “Graphema“ Publishing House, S.
- Kyurova, V. (2014). Marketing in entrepreneurial activity, Neofit Rilski University Press, Blagoevgrad
- Kyurova, V. (2018). Seasonality and competitiveness in the hotel business, Neofit Rilski University Press, Blagoevgrad
- Nenov, T., Minkov, I., (2015), Management of Competitiveness and Growth, University of Economics - Varna, Naouka I Ikonomika Publishing House, V.
- Ribov, M., (1985), Quality and competitiveness of goods for export, Naouka I Izkustvo Publishing House, Sofia
- Ribov, M., (1997), Competition and competitiveness of the tourist product, “Stopanstvo” University Press, S.
- Ribov, M., (2005), Tourism without borders, competitive advantages in tourism, Nova Zvezda Publishing House, Sofia
- Savelyeva, N.A., (2009), Management of company competitiveness, Phoenix Publishing House, Rostov na Don
- Stoyanov D., (1995), Competition and strategies - analysis and choice. “Stopanstvo” University Press, S.
- Velev Ml., (2004), Assessment and analysis of company competitiveness, Softrade, S. ISSN:2367-7600; 1312-594X
- Zlateva, D., Atanasova, A., Kalaidjieva, V. (2016) Entrepreneurship, innovation and online marketing as factors to increase the companies’ competitiveness , Sixth International scientific conference: The possible, the real and the virtual in the modern world: proceedings 2016, p.130,. ISBN 978-608-4574-75-0, <http://www.eurm.edu.mk/novosti/sestakonf/zborniktrudovi16elek.pdf>