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ASSESSMENT OF THE COMPETITIVE ADVANTAGES OF RETAIL ENTERPRISES AT THE STAGES OF THEIR LIFE CYCLE

Abstract

It is revealed that assessment of competitive advantages of retail enterprises has grown more essential in the conditions of European integration. Approaches to the choice of tools for assessing the competitive advantages of retail enterprises are studied. Their debatable nature, lack of consensus and impossibility of application in retail enterprises without adaptive transformations are revealed. The paper highlights the basic prerequisites for the development of a multi-criteria integrated assessment system: the dual nature of competitive advantages and suitability for a certain stage of their life cycle; specifics of content

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and typology of competitive advantages of retail trade enterprises as a consequence of the peculiarities of the industry.

The authors develop a system for assessing the competitive advantages of retail enterprises with the differentiation of criteria and indicators by stages of the life cycle: establishment, implementation, development. The use of individual and generalized assessment indicators at each stage is substantiated. Economic and mathematical modelling is used to calculate generalizing indicators. It is proposed to use them to assess the competitive indicators of the enterprise: competitive potential, competitiveness and sustainable competitiveness. The system of assessment of competitive advantages at chain retail enterprises has been tested. It is confirmed that the results of research have been adopted by retail enterprises for implementation and have been used to develop measures for the creation, implementation and development of competitive advantages.

Key words:

competitive advantages; retail; creation; implementation; development; assessment; multiplicative model; additive model.

JEL: C52, C81, L81, O29.

Literature Review and Problem Statement

Modern business conditions (rapidly changing market conditions, globalization of markets, burgeoning foreign retail in the domestic consumer market caused by European integration processes, development of information technologies, high price volatility, changes in customer demands) encourage companies to actively seek new, more efficient ways to prevail over competitors.

Competition in business becomes a process of creating and using the company's own competitive advantages and managing them in order to reach specific goals in a specific market and a specific period of time.

Competitive advantages are the result of competition. However, at the same time, should they be effectively created, implemented and developed, they are a fundamental property and foundation. They can provide an opportunity to

form a competitive potential sufficient to ensure sustainable success, achieve competitiveness and leading position in a market, create and confirm the high competitive status of the enterprise, ensure sustainable competitiveness, which will contribute to the stable long-term development of the enterprise.

Therefore, competitive advantages due to their properties and formative role require close attention of business entities to their creation and opportunities for implementation, maintenance and constant search for innovations.

Assessment is an important step in solving problems of creation, implementation and development of competitive advantages, which not only gives an idea of their characteristics, but also helps to establish the significance of the phenomenon, its compliance with certain standards, is the basis for decision making.

The effectiveness of assessment is determined by the adequacy of both the theoretical and methodological basis and the quality of applied tools, which include assessment criteria and indicators. Through a system of indicators, the criteria link the purpose of the assessment with the means of its implementation and characterize the degree of achievement of the goals, which explains the researchers' perpetual interest in this problem.

Substantiation of tools for assessing the competitive advantages of retail trade should be based on the specifics of the industry and the resulting features of the competitive advantages, both traditional for this area and those that have arisen due to European integration and have not been explored fully yet. Retail trade has a significant number and a most diversified structure of different enterprises due to their functional purpose, consumer orientation, significant differentiation of needs, and individualization of demand. Accordingly, the competitive advantages of retailers are characterized by both qualitative features and a broad typology. This becomes especially important in the absence of systematic developments in this area and requires the use of special tools for their assessment.

Due to the significance of the problem, scientists pay considerable attention to the justification of the assessment criteria. Foreign and domestic researchers who have addressed these issues include Yu. Ivanov, H. Ivashchenko, I. Lifits, O. Mlotok, V. Oberemchuk, Kh. Faskhiev, D. Yatskovy, and others.

The results of scientific research demonstrate the ambiguity of approaches to the choice of assessment system of competitive advantages and are debatable.

Most authors consider the assessment of competitive advantages in the context of the analysis of competitiveness, sustainable competitiveness, competitive status and other competitive indicators, which is quite natural, given the productive nature of competitive advantages. However, such studies reveal neither the factorial features of competitive advantages nor the directions for their creation and development.

The question of choosing the criteria for assessing the competitive advantages and competitiveness is highly debated. Some researchers like V. Oberemchuk (2011), H. Ivashchenko (2005), E. Mlotok (1998) do not distinguish between such elements of assessment as criteria and indicators. As criteria, they identify the indicators by which the assessment is conducted.

In our opinion, this approach somewhat simplifies the assessment and reduces its objectivity, completeness and specificity of the results, because it is the criterion that characterizes the feature on which the assessment is conducted and is a measure of such an assessment. With its help the conformity of the result to the set goal is checked or the estimation of the level of its realization is given. Meanwhile, the degree of manifestation, qualitative formation, definiteness of criteria is expressed in specific indicators. Indicators are a characteristic of any property of an economic entity, process or phenomenon. They are more dynamic compared to the criteria.

In applied research, a significant numbers of scientists use the traditional general theoretical tools of assessment, based on well-known theories of comparative advantage, effective competition, product quality, etc. Accordingly, the scientists' proposals for indicators differ depending on the chosen basic theory and method of assessment. Thus, researchers who adhere to the theory of effective competition, provide an assessment of competitive advantage and competitiveness on the basis of performance indicators. For example, V. Oberemchuk (2011) identifies 8 groups of performance indicators. The investigations of Kh. Faskhiev and A. Krakhmaleva (2015) systemize 77 indicators of efficiency of various enterprise activities in 6 groups. E. Mlotok (1998) identifies 4 groups of indicators, D. Yatskovy (2013) – 6 groups. Scientists' assessment systems differ not only in the number of proposed indicators, but also in their content. Some authors (Yatskovy, 2013; Ivashchenko, 2005; Faskhiev & Krakhmaleva, 2015) distinguish the characteristics of efficiency in production, sales, financial management, innovation, business activity, etc. Others (Mlotok, 1998; Oberemchuk, 2011) expand their list by adding the competitiveness of the product and competitive potential.

Although it is important to characterize and evaluate the effectiveness of various activities of the enterprise, as they are a significant source of competitive advantage, if the assessment takes into account only those aspects, such an essential characteristic of the advantage as the exclusive value of the trade service according to customers is ignored. That is, there is no assessment of the benefits directly related to the subject of retail trade - trade services.

Researcher I. Lifits (2005), who supports the theory of product quality, chooses the consumer value of products as a criterion for assessment. The conclusion about competitive advantages and competitiveness of the enterprise is made on the basis of the indicators characterizing properties of products in comparison with competitors. Assessment of the competitive advantages of a particular product in retail enterprises cannot indicate the advantages of the enterprise

that would apply to the entire list of assorted goods or certain product groups, as retail entities usually offer a wide range products. For this reason, the use of product quality indicators to evaluate the competitive advantages of retail is limited.

The use of matrix methods by researchers to assess competitive advantages limits their scope to several indicators, among which the most commonly used are market share and turnover growth in order to ensure simplicity and clarity of results. These indicators are certainly the result of both the creation and implementation of competitive advantages, as well as important indicators of competitiveness and sustainable development. However, they do not disclose which advantages have led to this result and do not provide an opportunity to identify problem areas. It is difficult to adapt these methods for small businesses, which make up the majority in retail.

Much of the research is aimed at assessing competitiveness (realized competitive advantages), ignoring such stages of their life cycle as the creation and development. The developments of Yu. Ivanov and co-authors (2003) are exemplary in this direction, as they propose to evaluate potential competitive advantages using the criteria of efficiency and sustainability. Sustainability metrics include the level of competitors' copying costs and the time required to do so (Ivanov et al., 2003).

There is no single position of experts on the criteria and indicators for assessing the competitive advantages of retail enterprises. Researchers have different views on assessment based on a system of indicators or using generalizations. A. Mazaraki, I. Blank and L. Ligonenko (2006) propose to determine the level of competitiveness on a set of indicators that characterize various aspects of enterprise activity. This assessment makes it possible to identify advantages and problems in certain areas, but does not provide an assessment of the overall competitive position of the enterprise and the activities aimed at creating competitive advantages (Mazaraki et al., 2006). N. Pavlova proposes to assess competitive advantages using a set of indicators of the degree of customer satisfaction. The author (Pavlova, 2005) allocates such characteristics as assortment; complex of services; the level of prices and their changes; location and availability; mode of operation; quality of service. This approach leaves out the economic and financial results of the enterprise. Moreover, customer satisfaction can only indirectly indicate the level of competitive advantage, as it does not involve comparison with competitors.

The use of generalized indicators to assess the competitive advantages of retail enterprises is the subject of consideration of most researchers dealing with this problem, namely M. Chorna and co-authors (2018), T. Hushtan (2018), D. Harynovych-Yavorska (2013), N. Mahas (2014), I. Smolin (2017) and others. However, the aforementioned scientists offer different indicators that are included in the integral, as well as varying methods and ways of calculating the generalized characteristics. As a rule, these indicators take into account only selective aspects of competitive activity, which does not reflect the real state of activity on

the creation, implementation and development of competitive advantages. In addition, the use of different assessment indicators provides results that do not match each other.

Thus, although researchers pay considerable attention to assessing the competitive advantages of retailers, a clear system of its criteria and indicators remains undeveloped, and the life cycle of the advantage itself is not taken into account. Furthermore, given the significant number of approaches to the selection of assessment indicators, users have a hard time choosing an adequate assessment method, obtaining reasonable results, and correctly determining the strategy for further development. This calls into question the successful development of retail enterprises under conditions of uncertainty and dynamic changes of the consumer market, thus requiring the development of an adequate system for assessment of the competitive advantages of retail enterprises.

The aim of the article is a theoretical and methodological justification of a comprehensive system for assessing competitive advantages at the stages of creation, implementation and development, as well as summary of its testing by retail enterprises.

Research Methods

Building an effective system of competitive advantage becomes possible through continuous feedback between decisions made in this direction and the consequences of their implementation. The establishment of such a connection is ensured in the process of assessment as a logically sound, systematic procedure for consistent problem solving using certain approaches and assessment methods to make a final judgment about the process. Assessment is a certain activity aimed at establishing the extent of actually achieved results as opposed to the planned goals. These provisions are important to understand the necessity for assessment and to justify the assessment system of competitive advantages of retail enterprises.

The basis for building a system for assessing the competitive advantages of retail enterprises includes

- the essence of the characteristics, nature and properties of competitive advantages;

- sectoral features of retail enterprise operation and the specifics of the content typology and manifestation of competitive advantages in this area of activity;
- principles of building the assessment system and requirements for its elements.

The implementation of this task occurred taking into account several provisions.

First, authors view competitive advantages of retail trade enterprises as unique properties and conditions that provide advantages over competitors in a particular market and form exclusive value of trade services, created as a result of effective performance by economic entities (Chorna et al., 2018). This definition is fully consistent with the focus of assessment on forming judgments about the value of the assessment subject and determining the compliance of its properties to any valuation criteria. That is, the assessment makes it possible to identify the extent to which this value is exclusive and allows the enterprise to stay ahead of competitors, as well as to make informed decisions about creating, maintaining and developing advantages.

Second, life cycle of competitive advantage is taken into account and its active stages – creation, implementation and development – are distinguished. Distinguishing the stages of the life cycle makes it possible to identify the correspondence of competitive potential (potential opportunities for the creation of competitive advantages) to the level of implementation of advantages (competitiveness) and opportunities for their development (ensuring sustainable competitiveness). Additionally, this helps to determine the level of management activity at each stage of the process.

Third, the factorial and productive nature of competitive advantages allowed us to take into account the relationship between the stages of the life cycle and identify opportunities for development.

Fourth, substantive aspects of assessing the competitive advantages of retail enterprises were specified through a system of principles that takes into account the complexity, heterogeneity and intricacy of the category as an object of assessment, as well as remains consistent with the general scientific principles of assessment of economic processes. In our opinion, in order to be consistent with the purpose and objectives of the study of competitive advantages of retail enterprises, a system must include general system principles and specialized ones. General system principles are inherent in any assessment system (scientific approach, adequacy, systemic nature, complexity, effectiveness, efficiency, hierarchy. Specialized principles reflect the specific conditions and rules for assessing the competitive advantages of retail enterprises (opposite goals and means, multicriteria, optimality, relativity, continuity, taking into account the stages of the life cycle of the competitive advantage and the specifics of the industry).

Research Findings

Based on the formulated provisions, a comprehensive system for assessing the competitive advantages of retail enterprises has been developed (Fig. 1).

The multifaceted nature of competitive advantage research implies that the choice of one criterion will not ensure the solution of research tasks, as the former cover different types of competitive advantages at each active stage of the process. The assessment criteria were chosen in view of the need for a comprehensive study of competitive advantages and the necessity of creating a more coherent understanding of the conditions and stages of their life cycles. The criteria are as follows

- creation – endowment and equivalence;
- implementation – effectiveness;
- development – sustainability.

The endowment criterion characterizes the availability of all types of resources (financial, material, labour, spatial, investment, etc.) of the retail trade enterprise for purposes of creating specific advantages, while the equivalence criterion refers to the comparison between the endowment of the retail trade enterprise to that of its competitors.

The criterion of efficiency allows to reveal the implemented competitive advantages and to estimate their efficiency.

Sustainability as a criterion characterizes the maintenance of competitiveness for a long period, which is ensured through constant creation and development of competitive advantages by retail enterprises.

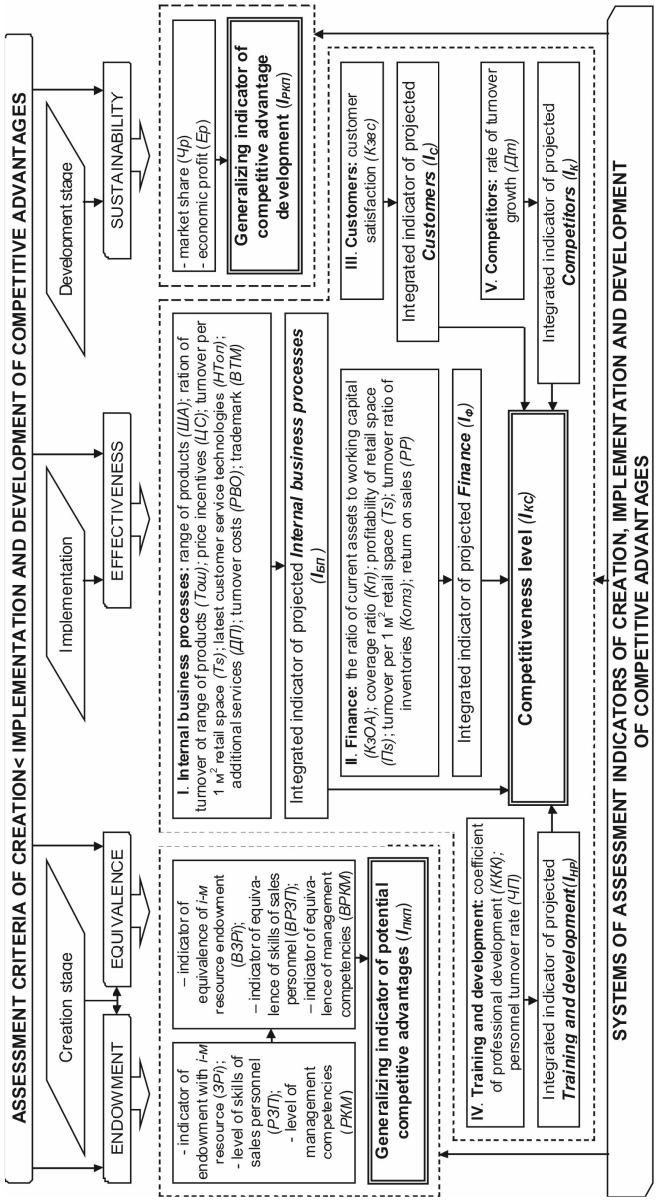
We believe that the defined criteria for the study of competitive advantages of retail enterprises meet the basic recommendations for their establishment, namely, provide sufficient coverage of the essential features of the object of evaluation, are adequate and consistent.

If the criteria are the signs by which one can judge the difference between the state of one phenomenon from another, then the degree of their manifestation, qualitative formation, and certainty are expressed in specific indicators. Through indicators, theoretical positions are transformed into empirical values.

The multi-criteria assessment of competitive advantages determines the choice of a system of indicators that is logically constructed, provides complete and reliable information, as well as includes an optimal number of indicators.

Figure 1

A comprehensive system for assessing the creation, implementation and development of competitive advantages of retail enterprises



As we characterize the system of indicators for assessing competitive advantage, several key points can be determined.

1. The selected indicators are differentiated according to the stages of the life cycle and assessment criteria, have a direct relationship with the typology of competitive advantages and activities of retail enterprises, reflect the specifics of their manifestation in these entities.

2. The system of indicators takes into account the specifics of trade services, making the characteristics of its components its basis. This enables a more accurate and objective identification and assessment of the competitive advantages of these services.

3. The indicators that assess competitive advantages at the implementation stage were chosen in accordance with the concept of balanced scores. In favour of this we can note the following:

- If a system uses characteristics of the enterprise's spheres of activity, it allows for a more comprehensive estimation of the impact that internal processes of retail entities have on the creation of competitive advantages. This is fully consistent with the situation at retail outlets, where the value of the trade service is created by almost all processes.
- The fact that the system of balanced scores characterizes the processes rather than the end results also corresponds to the content of the assessment of competitive advantages.
- Both financial characteristics and indicators of efficiency of interaction with customers are used for an estimation.
- The structure of this model connects the causes (competitive advantages of each area of activity) and consequences (results obtained in the process of their implementation). The logic of the relationship is that financial results can be obtained when the needs of the target group of customers are met.

According to the concept of balanced scores, there are 4 projections of activity research. However, taking into account the peculiarities of competition in the national consumer market and the specifics of retail trade, these projections should be supplemented by the projection of «competitors», which will describe the main measures of competition.

This set of indicators for the assessment of competitive advantages at the implementation stage is chosen on the basis of expert evaluation by representatives of the scientific community and retail management, who have selected them from the list developed by the authors in terms of content and quantity. The method of statistical analysis of variation series of expert survey results was used to substantiate some indicators.

4. Compliance of indicators with the requirements of information transparency, including

- logical substantiation by survey method (breadth of variety, price incentives, latest technologies, customer satisfaction, etc.);
- clear calculation algorithm (indicators of resource security, equivalence of endowment, efficiency of financial and economic activities);
- measurement method (expert survey using points to determine the levels of management competencies and staff abilities).

5. The use of indicators that have a relative nature, i.e. the same measurability, provides an opportunity for comparison and generalization in assessing competitive advantage at the stages of the life cycle.

6. The proposed indicators are significant in terms of the ability to make management decisions (assessment is carried out to identify the current state of creation, implementation and development of competitive advantages and identify ways and trends of their further maintenance and improvement).

Assessment by individual indicators allows for identification of the specific types and areas of manifestation resulting from the creation and implementation of competitive advantages, as well as the level of their development. At the same time, the calculations of local indicators do not always provide a final assessment of the general situation due to the diversity of results. This problem can be solved if generalizing indicators are defined at the final stage of the assessment through application of adequate methodical tools. The use of the latter enables assessment of the effectiveness of activities aimed at maintaining competitive advantages, while taking into account the diversity of causal relationships and dependencies of all elements of the system.

Economic and mathematical modelling is proposed for the general assessment of competitive advantages at the stages of the life cycle.

In order to build such a model that contributes to a generalized assessment of the creation of competitive advantages, we proceeded using the following four considerations.

First, at the stage of creation, a certain set of competitive advantages in different areas and from various sources is formed, i.e. the possibilities of the enterprise to obtain competitive advantages in the market, which characterize its competitive potential, are identified and substantiated.

Second, the competitive advantages are created as a result of the interaction of different resources and different activities, and it is characterized by a synergistic effect.

Third, the generalizing indicator of potential competitive advantages comprehensively assesses, on the one hand, potential opportunities of creating com-

petitive advantages, and on the other – efficiency of management in terms of creating competitive advantages in a competitive environment.

Fourth, the criterion of equivalence is more significant when compared to the criterion of endowment when assessing the creation of competitive advantages, as it reflects the resource endowment, personnel skills and management competencies in the view of and relation to the corresponding capabilities of competitors. Therefore, it is proposed to express the generalizing indicator of potential competitive advantages ($I_{пкп}$) as a multiplicative model (1):

$$I_{ПКП} = \sqrt[5]{ВЗРi_1 \times ВЗРi_2 \times .... \times ВЗРi_п \times ВЗРП \times ВРКМ} \quad (1)$$

where *ВЗРi* – indicator of equivalence of *i-м* resource endowment;
ВРЗП – indicator of equivalence of skills of sales personnel;
ВРКМ – indicator of equivalence of management competencies.

It is proposed to conduct generalized assessment of projected implementation of competitive advantages by calculating integrated indicators. Various methods and techniques can be used in the process of assessing the implementation of competitive advantages of retail enterprises. One of the most common tools is the method of distances, which involves determining the position of each company in a particular set of specific areas of creation and implementation of competitive advantages, and a generalizing indicator (based on the calculated partial indicators) of the implementation of competitive advantages for each projection.

Given that the result of the implementation of competitive advantages is expressed by a certain level of competitiveness, the final assessment at this stage of the life cycle is aimed at determining this level.

One of the possible methods of determining the level of competitiveness on the basis of a multiplicative model is considered by conceptual bases. However, under the conditions of using the method of distances at the stage of calculation of integrated projected indicators, we consider it expedient to determine the level of competitiveness on the basis of the additive model (2):

$$I_{кс} = I_{бп} + I_{ф} + I_{с} + I_{нр} + I_{к} \quad (2)$$

where $I_{кс}$ – level of competitiveness;
$I_{бп}$ – integrated indicator of projected *Internal business processes*;
$I_{ф}$ – integrated indicator of projected *Finances*;
$I_{с}$ – integrated indicator of projected *Customers*;
$I_{нр}$ – integrated indicator of projected *Training and development*;
$I_{к}$ – integrated indicator of projected *Competitors*.

Management activities of the enterprise aimed at developing competitive advantages provide the maximum level of competitiveness over a long period, i.e. competitiveness.

A comprehensive indicator of the level of development of competitive advantages can be determined using a multiplicative model (3):

$$I_{РКП} = \sqrt{Чр \times Ер} \quad (3)$$

where $I_{ркп}$ – generalizing indicator of competitive advantage development;
Чр – market share;
Ер – economic profit.

If the company suffers operation losses, the value of economic profit is equal to 0, which indicates the lack of potential for the development of competitive advantages.

The developed assessment system for the study of competitive advantages of retail enterprises connects the single content of the assessment process at the stages of creation, implementation and development, its directions at each stage and the information obtained as a result of the assessment (Fig. 2).

Application

The comprehensive system for assessment of comparative advantages has been tested at 10 retail enterprises, which are part of the regional trade networks of Kharkiv and sell mainly food products. The selected companies belong to the same strategic group because they operate in the same segment of the consumer market, work in the same format, offer customers similar services, have a similar range of products, use the same distribution system, similar advertising tools, identical service technologies, strategic guidelines and management goals, etc.

Using the general assessment of comparative advantages at the stages of creation, implementation and development, a rating was compiled (Table 1).

Assessment of competitive advantages according to the criteria of endowment and equivalence has revealed:

- Significant variation of endowment indicators for all types of resources per 1 m^2 of retail space both by business entity and over time.
- Enterprise No. 6 is best endowed with commodity resources and capital, and its equivalence has the maximum value among competitors throughout the studied period (3 years). Other companies lag far behind the leader in terms of equivalence. Compared to most members of the strategic group, enterprise No. 4 has slightly better opportunities for creating competitive advantages through capital.

Figure 2

Analytical assessment system for the study of competitive advantages of retail enterprises

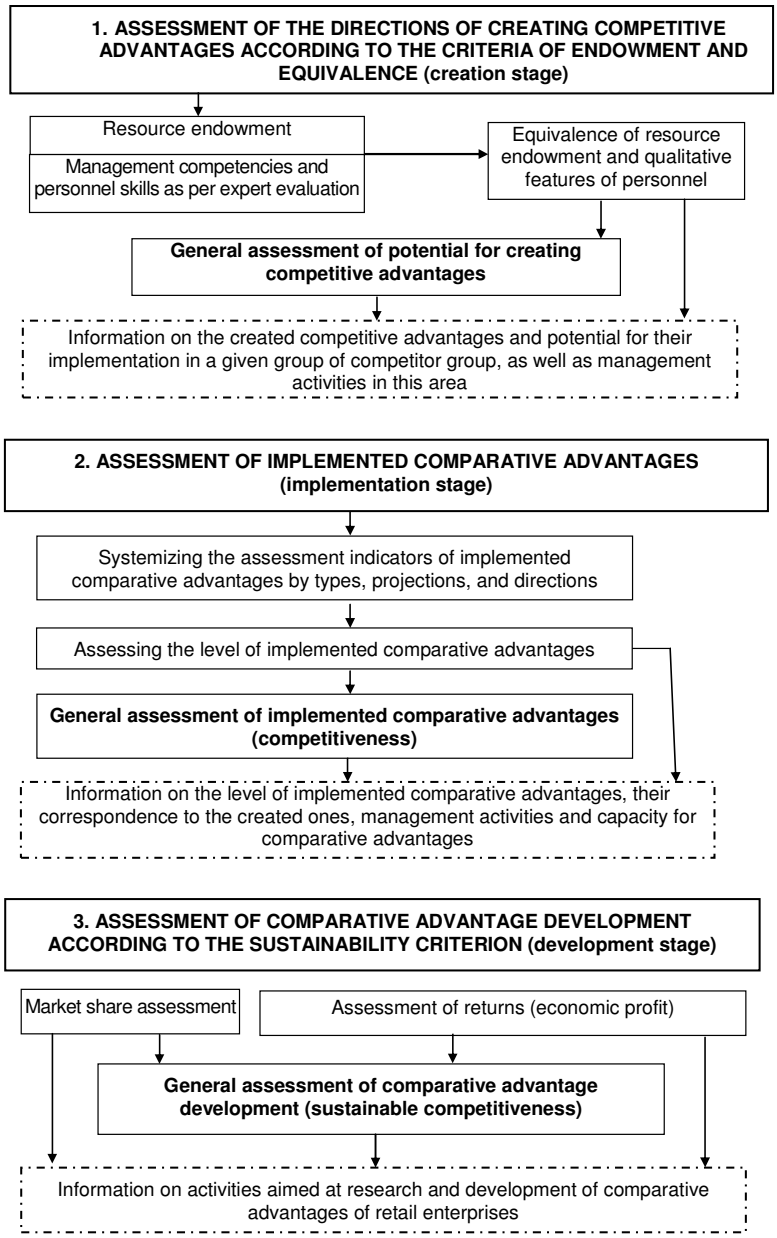


Table 1

Rating of retail enterprises according to the general assessment of comparative advantages at the life cycle stages

No.	Stage								
	Creation			Implementation			Development		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
1	2	2	2	2	2	2	3	2	3
2	8	5	4	4	4	4	1	1	1
3	6	7	7	7	8	10	10	10	10
4	3	3	5	3	3	3	2	3	2
5	4	4	3	8	5	5	6	8	7
6	1	1	1	1	1	1	9	9	9
7	5	6	6	9	8	8	7	7	8
8	7	8	8	5	6	7	4	4	4
9	9	9	10	6	10	9	5	5	5
10	10	10	9	10	7	6	8	6	6

- Enterprise No. 1 (leader of the competitive group), No. 5 and No. 6 work more productively on creating competitive advantages due to the labour resources of said enterprises. A number of supermarkets not only fail to provide advantages in this area, but also have negative trends compared to the leader.
- The levels of personnel skills and management competencies indicate a sufficiently high qualification of employees, which allows them to form, maintain and develop competitive advantages based on intellectual and professional capital. However, enterprise No. 7 lags far behind competitors in this area.

Assessment results on the implementation of the competitive advantages of the strategic group showed that no systematic work is being conducted in this direction in supermarkets. None of the surveyed companies realized the existing advantages in full.

Most of the formed advantages were realized by the enterprises No. 1, No. 2 and No. 9, which hold the same positions on the creation and implementation of competitive advantages.

Enterprises No. 3, No. 5, No. 7 lag far behind the leaders not only in terms of competitive potential, but also in terms of implementing the advantages that have already been formed. Their positions on the implementation of competitive advantages are worse than on the creation, i.e. even the already created advan-

tages were not realized by these entities. These companies are not engaged in the development of competitive advantages, as evidenced by their competitive position.

Enterprises No. 2, No. 4, No. 8, No. 10 have better positions on implementation of competitive advantages than on their creation, which speaks to their creation activities at the previous stages of operation and to exhaustion of potential. These companies show positive results in the development of advantages. Despite the positive results, these supermarkets should think about forming new advantages, as without creating sufficient potential they can quickly lose competitive positions.

Conclusions

Thus, a comprehensive multi-integrated system for assessing the formation, implementation and development of competitive advantages of retail enterprises is a synthesis of systems of relevant local indicators built on the selected assessment criteria at the stages of creation (endowment, equivalence), implementation (effectiveness) and development (sustainability), as well as generalizing integrated indicators.

Assessment of competitive advantages on the basis of an integrated approach is a system-forming link in the management system of retail enterprises. It is also the basis of management information system and the foundation for making managerial decisions on the creation, implementation and development of competitive advantages of retail enterprises. Finally, it is both a tool for operational control over the approved decisions and an effective means of identifying reserves for the creation and development of competitive advantages and ensuring competitiveness.

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