

THE COMPETITIVE POSITIONING OF THE SME'S ON THE MARKET

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Having in view at the same time the possibilities identified for the development of the competitiveness of the Romanian SMEs in order to face the new challenges and the use of the opportunities to operate on the inner market as well as the on the level of the European Union, the strategy has in view a series of measures and actions that are connected to a series of priorities. These priorities and related actions were established on basis of the present-day situation of the SMEs carried out by the ANIMMC. According to the position of the SMEs on the market, these can choose different types of marketing strategies with the aim of attaining in a certain period of time of the objectives established and at the same time their consolidation on the market.

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Introduction

The market of the SMEs has a distinct and complex character. The objectives and motivations of the SMEs are significantly different from those of the large companies, their objective strategies ranging from their wish to develop till the simple ensuring of the incomes of stable cash-flow. Frequently, in the case of the SMEs, the need to solve current problems – solving clients' requests and maintaining competitiveness – shadows the strategic „image” perspective. The providers have to concentrate upon adapting their products and services to these special needs and to support the SMEs to identify their essential problems they have to cope with.

According to a study ordered by the Cisco Systems and carried out in the month of October 2005 by the marketstudy company Caleman parkes, because of the large number of competing companies – SMEs on the European market, it isn't surprising at all that these type of companies state as their prime priority the preserving of their competition position they presently hold.

Having in view that the problems of competitiveness are generated by the small enterprises as well as by the large ones, the lack of resources may seriously hinder the capacity of the SMEs to face the competitive pressures. The wish to counter and avoid competitiveness, is really to be considered the permanent reason of “insomnia” of the SMIs, being considered to be the main catalyst of investments in technologies in the present as well as in the near future.

One of the aspects of foremost importance for the SMEs is the choice of the products or services that may assure maximum commercial advantages.

1.The SME's in the present-day integrationist trend

The attentive analysis of the issues of the SME's in Romania in the preaccession period allows a series of conclusions of generalising character.

First of all we note the continuous fragileness of the positions of the SMEs on internal as well as on international level, compared to the large enterprises. The whole activity of the ANIMMC shows the process of improving awareness of some support measures for the SMEs, for there is the danger of their disloyal elimination from the market, this fact bringing about a very serious social and economic impact. The thorough and very diverse activity of the ANIMMC, activity

that in fact is the result of the threats the SME's are confronted with, is, by itself, a measure of this reaction, of this threatening that makes it necessary.

Moreover, the activity of the Agency unfolds in the general framework of the Chart of Lisbon, therefore the problem of the SMEs is not a Romanian problem, but a European one, and what is more, we may state that it is a problem of the extension of the EU. Generalizing it is a problem of any integrationist phenomenon, and inclusively that of the process of globalization. The mechanisms by which the competitive position of the SMEs is continuously, systematically and objectively raised, in competition with the large enterprises, are the following:

- The scale economies. This refers to the well known phenomenon, but whose complex effects and dynamics for long periods are, probably scarcely studied, through which the mass product is competitively favoured in front of the product processed in small quantities.

As long as we discuss the theme of the scale economies only in the terms of the quantity and of the unit price, the phenomenon has a direct, mathematical explanation. Thus, the independent costs of the production volume (research-development, promotion, marketing) being the same, no matter of the quantity processed – the share of these costs in the unit price decreases as the production increases, because they are distributed at a larger number of products.

The approach may be extrapolated: a small or a middle size entrepreneur has generally the possibility to optimize his production by the short-term optimizing methods, by adapting the labour force to the fix existing capital. Even if he has the necessary knowledge for the procession optimizing for long-term, through establishing of the ideal relationship between the costs with the labour force and those with fixed capital, he usually doesn't have the necessary liquidities to make these procedures operational, especially from the point of view of enlarging the fixed capital and cannot obtain these liquidities but only through cost generating credits and supplementary risks.

From our notes it is clear that the scale effect may be extrapolated on-goingly to economic and extra-economic phenomena, deforming the competition equity as the result of the competition depends less and less on the relative merit of the competitors but more and more on the dimension of the resources they have at their disposal.

For example, one of the factors entirely associated with the initiative, that is, the risk, is also subject to a scale effect: the implication of the same volume of capital in an enterprise with the same risk factor may be discouraging for a small entrepreneur, who risks his entire capital into that enterprise, and the attraction for a large one, who risks only a small percentage out of his available capital.

We may also speak about a whole series of scale phenomena, economical or extra-economical, in which the size favours success: scale propriety, scale notoriety, scale net-work-communication a.s.o.. It is about situations in which the entity spoken about – propriety, notoriety, communication – has reached such dimensions that it self-generates and maintains itself without effort.

Scale phenomena and particularly scale economies should be regarded with discrimination from the perspective of competition and competitiveness. On the one hand, they normally represent the result of accumulating in time that had been generated by a superior competitiveness, under the conditions of a loyal competition. On the other hand, at the moment of analysis they decorrelate the economic result of labour and initiative, favouring the owner of large capital compared to the small and middle size entrepreneur.

- Assymetries – These can be material assymetries- the bigger economic power of the enterprise, that makes it more attractive as a client, more feared of as a competitor a.s.o. – then the institutional assymetries- the increased lobby capacity of the large companies etc – and maybe the most important ones the information assymetries. All these systematically defavour the SMEs in the so-called free competition on the market.

All these defavour systematically the SMEs in competition with the large enterprises, leading to what we call perfect competition to naturally transform into monopolist competition, this later on into oligopoly competition and than into monopoly, that is – into the situation where there is no more competition between the producers, but a competition between the unique producer and the consumer himself.

2. The market strategy of the enterprise

The necessity of adapting the company to the social-economic environment in which he unfolds his activity, represents an important condition for the development of an efficient activity.

This capacity of adaptation measured by the synergy of the enterprise depends on the material, human and financial power that it possesses as well as on the way it is carried out compared to the market. Every action of the enterprise finally is the result of the encounter between some needs of consume with the knowledge to satisfy them at the best-ever known level, thus, practicaly, out of the direct confrontation of the demand with the offer. In order to accomplish this aspect it is of outmost importance for the enterprise to carry out two very important things:

- to study and understand the market it acts on
- to adapt its activty in such a way that it can be able to put into value the best market offered opportunitues (avoiding at the same time the possible dangers).

In order to carry out these things it is necessary to have a strategic vision over one's own activity, a vision that is more and more imposed by the new situations in which he develops his activity. It is about the analysis of evolution in time and space of the inner resources of the Enterprise (organising, technical and human) as well as of the external ones to it (competition in the field of providers-suppliers and of the clients, the modification of technologies, the modification of the leadership a.s.o.) The identification and materialization of the major objectives of the enterprise, around a strategical vision, as well as the strengthening of the postion on the market, the growth of the turnover, the improvement of the efficieny performances, a.s.o. - represent objectives of marketing policy of any economic organization.

3.The importance of positioning as a strategical option

The positioning is a basic element of the strategic planning of marketing, because any decision referring to spoitioning has direct and immediate implications over the whole marketing mix and at foremost it represents a communication strategy.

Positioning is a competitive strategy that places it in the contextual frame of the international marketing essence. Positioning should be competitive because the firstmost requirement is the differentiation among competitors on basis of a competitive advantage. This advantage may be obtained to the extent in which the enterprise grants its clients a superior value compared to that of the competition.

In order to properly solve the specifical problems of each aspect of positionin on the target markets, the SMEs have to use the relevant criteria and variables step by step in several successive phases. For some of the SMEs the choice of position is relatively easy. Others may face difficulties and end up by being positioned on the same positions with other competitors. In such situations, the strategies have to identify and create a portfolio of competitive advantages attractive for the target market and later ot communicate them and to let them be known in a convincing manner. From this point of view, that of competitiveness, the process of positioning includes three phases, respectively:

- the identification of the possible competitive advantages of the enterprise or brand (product);
- deciding over those that have to be stressed;
- the concretization (exact stating) of the concept of positioning.

These phases focused on the competitive differentiation may be included in a larger process that allows the highlighting of the aspects that facilitated the approach focused on the competitive advantage.

Conclusions

According to the position of the SMEs on the market, these may express their option for different types of marketing strategies towards which they should face to. These marketing strategies have in view a wholeness of „long-term” actions that move human resources as well as financial, material ones of the SMEs in order to attain in a given period of time the traced objectives and implicitly their consolidation on the market. It is implemented with tactics, techniques and of a very well determined instrumentation.

The marketing strategies have a pronounced diversity and are classified according to multiple criteria. The applying of a strategic variant or another stays at the choice of the management team of the SMEs. It is important to express option for a proper “recipe” for the possibilities of the enterprise and of the given moment. Because the non-adequate application of a strategy may destroy the whole structure of the business built with toil and sacrifices, sometimes for whole long years.

The strategic axis of an enterprise can be modified from one phase to an other. But when the company takes action in a turbulent surrounding, where unforeseen events may happen which do not comply with the usual risk calculus, the strategic alternance becomes a common fact.

These strategies investigate and find the ways of placing the offer of the small and middle size enterprises, in accordance with the necessities, preferences and perceptions of the envisaged groups of clients, with the demands of the target market as a whole that also include the competitors with their resources, experience, the components and competitive advantages of the company which they use in order to take the selected position.

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