COMPETITIVE ADVANTAGE ON THE BASIS OF THE STRATEGY LOW PRICE

Abstract

The main objective of the work stems from just a definition of competitiveness that is gaining market advantages of applying the basic elements that make up a strategy of low prices. Adequate adopted business strategy to achieve strategic and operational objectives of the enterprise market. The paper wants to achieve such a strategic market access to the basis of the elements that make a successful strategy of low prices allow the company a competitive advantage. The aim is to analyze the competitive advantage of low price strategy that will enable practical implementations benefit the company in relation to the competitive compared to competing on the basis of market applications based on marketing principles. The aim of the research is to know the level and degree of satisfaction of consumers buying products or services at reasonable prices. On the basis of theoretical views known authors in the field of competitiveness of enterprises or the authors’ experiences both in theoretical and practical knowledge of the problems is that economic theory contribute to a better understanding and improve the competitiveness of existing knowledge in both theory and practice.

Key words: competition advantage, low price strategy, market, prices, efficiency

JEL Classification: O12, M31

КОНКУРЕНТСКА ПРЕДНОСТ НА ОСНОВУ СТРАТЕГИЈЕ НИСКИХ ЦЕНА

Антикрат

Основни циљ рада произилази из саме дефиниције конкурентности а то је стицање тржишне предности применом основних елемената који чине стратегију ниских цена. Адекватно усвојена пословна стратегија омогућава постижење стратешких и оперативних циљева предузећа на тржишту. Радом се жели постићи такав стратешки приступ тржишту који ће на основу елемената који чине успехну стратегију ниских цена омогућити предузећу конкурентску предност. Циљ рада је да анализа предности конкурентске стратегије ниских цена која ће практичном реализацијом омогућити предност предузећу у односу на конкурентску на основу тржишне примене на маркетинг заснованим принципима. Циљ истраживања је спознаја нивоа и степена задовољства потребника укупном производу или
Introduction

The main objective of the study was to analyze the existing situation in this field but also wishes to point out the changes and remove obstacles to the strategic positioning of enterprises in the market. Modern global market economy involves huge competition and survival on the market and the aim of this paper is that the strategy of low prices, to enable effective decision making based on product or service quality win, retain and win new customers in order to achieve business goals and survive in the market. The subject of analysis stems from the planned objectives that the company wants to achieve in the market in the form optimizing competitiveness and gain strategic advantages over the competition. The theoretical hypothesis arises on the basis of analysis literature and knowledge by studying scientific papers that deal with this economic area. The research base on the application of latest methods of knowledge and methods of marketing research, as well as methods of logical reasoning, and as auxiliary methods used statistical and other methods of data processing.

The new economy is characterized by pro me in communication activities with the inverse target market segment or a particular target group. From this point there was an application of the new concept of integrated marketing communications, which implies the need of coordinating and combining instruments of communication mix, and developing an integrated strategy to communicate with the selected companies, market segments and other public. This concept involves various market groups and segments of the public. On the name, the main target group of companies consists of a consumer or buyer that the basic message recipient companies. Therefore, when defining the communication strategy of the enterprise, based on the need to make the needs and demands of consumers for precise sending communication messages. One to search and gather information about consumers basic postulate send specific communication messages (Prdić, 2012).

Based on the above mentioned opinions should be emphasized that the precondition to economic efficiency of enterprises, really good communication with that target group that is interested in the products or services of the company in the market. When comes to the effectiveness of the strategy of “low price” which is the subject of this paper it should be noted that the effects of low prices reflect and to other business strategies or are directly linked to them, whose effective implementation depends on the realization of marketing strategy in the market.
Basic elements of strategy low price

1. The quality of the product or service as the basis for the implementation of the strategy

Quality of services realized year or the first and basic precondition for the realization of the strategy which is based on a market perception that the quality product with all its positive performance benefits for customers and consumers, benefiting the company in the form of strategic positioning in the market or market segments.

It happened that the dominant industrial sectors, based on the classic technology and extensive capital investment, because growing competition in developing countries, began record slowing growth and employment and reducing the share of world trade. (Prokopović, 2014)

Term “costs of quality” has different meanings for different people. Some think that this is mostly found the costs of poor quality and that, in this case, finding the bad goods or poor service (Ristic i dr. 2013).

Competitive strategies in complex market conditions give primacy to a quality product or service, which, with reasonable price favored by attracting new and retaining existing customers and consumers. Quality product has properties specific properties that belong to finally when it comes to beneficial effects for the customer and therefore it is necessary to continuously check the level of quality as well as performance and attitudes of users.

The basic postulate of the modern market business is in adapting these market processes in order to maintain stable price levels and competitive advantage based on the quality of products and services. Integrated processes in the company are based on the integration of price and quality of products or services as well as integrated marketing communications when it comes to establishing quality relationships between buyer – consumer – company. Modern market circumstances are quite addition in the form of increased competition but a chance to enterprises whose business strategy quality product or service and reasonable price based on the interests of customers, consumers and other interested parties.

Quality in business means comparison of products or services competition products and based on the known method of checking the quality, optimal use value and utility as well as other information that may be used to check the quality of products or services. A quality product or service contribute an affordable price that the end user is willing to pay to meet the needs.

How do I say quality product primarily refers to its features in terms of the ultimate usefulness of the purchaser or consumer or not the characteristics of the product in terms of quality assessment. High quality product with reasonable price certainly makes strategic advantage is on the market.

2. Low prices as a basis for the realization of the set strategy

Low prices are one of the most important instruments of micro-economic and macro-economic policy of a country in order to maintain economic and political stability.
Therefore, this paper and is one of the theoretical works that contribute to a successful analysis of opinions and attitudes that can initiate scientific and professional public to a greater extent adapt this strategy, which is a strategic approach to the business interests of firms in the market.

Trust is one of the most important elements in all transactions. An ideal model of a market economy starts with the assumption that customers are rational and will not spend more than they at their disposal. (Babić I dr. 2015)

Competitive devaluation of currencies of the country have the ability to increase demand for their products because they become cost-competitive (Gligorić i dr. 211).

Price level provides the company strategic planning in the sale and transport of products or services and also contributes to the stability of the exchange rate and foreign trade balance.

Competitive commitment is a function or a more efficient service customer value than its competitors (low cost) or carry out activities with a similar cost but in unique ways that create greater customer value than its competitors and, therefore, can determine the highest price (differentiation) (Hidl, 2006).

The strategic position of low prices with all the appropriate elements of the marketing strategy certainly brings real basic earnings enterprise. Such a position of the company in the market and provides real income workers of the company but also the collection of taxes and contributions to the state. However it should be noted that the „low prices“ do not always have a decisive importance in terms of the structure, ownership, existence and objectives of the enterprise market.

Determination of low initial price with the aim of market penetration strategy is based on the assumption that the average production costs per unit of output will continue to decrease in parallel with an increase in cumulative production volume. Potential profits in the early stages of the product life cycle sacrifice still anticipates that the volume in later periods to generate profits that will be enough that the product generates higher gross profit during its life cycle (Aker, i dr. 2008).

Different methods of evaluation of competitive advantage:
- Natural curve of experience
- Breakpoint
- The cost of product units sold additional market segments
- Cost competitors
- Prediction phase „decline“ in the product life cycle (Aker, i dr. 2008).

In some cases price possible not but equilibrium. Inasmuch as it is not an equilibrium, or there will be an excess supply or excess demand, depending on whether it is above or below the equilibrium price. However, these imbalances encouraged price changes to the equilibrium price. Markets have a mechanism for self-correction. Some of the fundamental issues in the economy deal with time how fast the price is adapted to the specific markets regained balance (Beg, i dr. 2010).

When it comes to the interests of the company low prices allow for preserving strategic market positions and predictable number of customers and consumers. Strategy of low prices and satisfactory quality of enterprises and protect the domestic market of products and services as the goods from abroad will be more expensive and less competitive in the market. Of course, this does not mean opening the national economy
but rather allows local entrepreneurs and companies that represent the domestic market and later on regional and other economic markets. Regional market countries approximate level of development contributes to the development of enterprises at the domestic and regional market. It may be noted that companies that do not have barriers to domestic and regional markets have a greater chance to qualify to other developed world markets.

3. Market assessment of the competitive advantages of the strategy of low prices

Buy a basic modulator existence of an enterprise with all of its properties and characteristics. The survival of the enterprise market is a confirmation of his identity as an entity whose purpose is realistic based on the value of indicators in the business. When the company competitive in the market based on different methods of assessment of competitiveness can talk about the fulfillment of conditions for the strategic direction of its development.

Modern enterprise here in terms of fluctuations in demand for its products and services, provided that the changes in the market needs in a timely manner in order to predict the company can flexibly adjusted (Prdić, 2012).

Competitor advantage can be percentages of the immediate ways. The methods can be broadly classified into methods of market assessment and evaluation methods of the manufacturing process. The market estimate is based on a direct comparison with a few targeted competitors and assessment of production processes based on a comparison of the methods used by competitors to achieve his distinctive front.

Methods of estimating market advantages: of the production process:

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Strategic plan market presents an overview of methods and resources that are needed to meet the goals of the organization within a specific target market (Macura, 2008).

Competitive advantage is the basis for the success of any company in competitive markets (Župljanin, 2010).

Famous Russian economists Nureev, Simkin, Korhej, analyzed the very important relationship trini.,The market in which quality product is displaced from the market by products whose quality is lower (Šolak, 2003).

It is very important knowledge about the present conditions where possible in large retail chains across and low quality products with price which is acceptable but left
to answer a real need for customer or consumer product with which to meet the basic, intermediate or higher level of need depending on what product is working on scale value of the customer or consumer.

The manner of price formation which is adopted in order to achieve increasing market share should: (Aker, i dr. 2008).

- Offer a lower price (even below cost price) when they appear on the market
- Maintain price at the same level until the cost per unit does not generate the desired percentage increase in the rate of profit
- Reducing the cost of the savings to the rate of profit had the same (desired) percentage share in the costs.

Based on the research conducted through a questionnaire, directly at the fairs in Belgrade and Novi Sad, as the most important instruments for gaining competitive advantage by using a strategy of low prices, in the opinion of the enterprises surveyed are, sales volume (81%), profit (76%), market (71%), liquidity (65%), and marketing expenses (59%). It should be noted that the respondents had the opportunity to assess more instruments considered relevant to the status of a company on the market.

It is necessary to emphasize the importance of market share in the domestic and regional markets because their scope is the economic impact in terms of higher product brand positioning and creating a positive image of a company that has economic and human resources to produce, and increase sales volume.

4. Human resources as a competitive advantage

Businesses in a competitive market tend to gain competitive advantage by finding new business structure based on their own vision of business structure and quality management and enterprise development. Human resources are an important part of the survival of the company in the market and represent its business culture. Market approach to business includes strategic relationship with the selection of personnel who are part of the adopted business behavior culture.

Job security, compensation, safety, harassment, prejudice, and even the quality of work experience, are all aspects which are important ethical. (Mihailović i dr. 2015)

Many Serbian entrepreneurs are heavily in favor of the activities of human resource management, although they are aware of possible risks as a result of neglect of the formal activities of human resource management (Salai, 2010).

Human resources as a competitive advantage are essentially a confirmation own identity but also a complex analysis of the weaknesses and strengths of the company as a market entity. Companies with built business culture have a strategic approach to business and human values.

Human resources are the main instruments to carry out adequate business strategy to develop new ideas in order to achieve growth and development and the elimination of destructive thinking that protect the reputation of business in society and their own market. Companies with the adopted business strategy of low prices and adequate quality of products or services for the realization of their goals using the tools of marketing and marketing strategies for a profit in the market and increase productivity in business,
deliberately adopted a strategy that is key to success in the market to increase investment in knowledge. Companies with the adopted business strategy of low prices and adequate quality of products or services for the realization of their goals using the tools of marketing and marketing strategies for a profit in the market and increase productivity in business, deliberately adopted a strategy that is key to success in the market to increase investment in knowledge.

Modern approach to strategic human resource management involves the idea that the basis of business performance in productivity, efficiency and economy of human resources who can achieve corporate objectives in the market. It can be concluded that human resources are crucial for the future of the company in the market but successful career employees effective strategy for human resources management, based on low prices and cost of investment, contribute to the development of enterprises. Time employee adaptation to changes in the market increases the importance of competence give them the possibility to achieve their own ambitions.

Human resources in this work are viewed as one of elements of the strategy “low price” and from that point of view observe their contribution to the realization of the planned strategy. Their contribution to the realization of the respective strategy depends primarily on the knowledge that enables the implementation of the strategy as well as knowledge of how to implement the planned strategy when it comes to communication with customers and consumers or other interested parties.

5. Brand as a value competitive advantage

Communication with customers and consumers is extremely complex and the interests based process. The most important task of the management of enterprise management is to deal with conflicts with customers and establish long-term strategic objectives for mutual benefit. The credibility and competence of the management of enterprise management contributes greatly to the establishment of a knowledge-based management, which will result in the establishment of strategies best business relations.

Brand value as a competitive advantage is defined as a number of its strengths and weaknesses, which increase or decrease the value of the relevant products or services for the company or its customers (Aker i dr. 2008).

These advantages or disadvantages must be linked to name or symbol of the brand. Advantages and disadvantages on which it is based brand value will vary depending on the context. No matter may be practical reasons fall into five categories:

• Brand loyalty
• Familiarity with the name
• Perceived quality
• Associations that are associated with the brand in addition to perceived quality feet
• Another protected property brand such as patents, trademarks, refers to the channels, etc. (Aker, i dr. 2008).

The most important product company that has specific weight in terms of achieving higher revenues as compared to other products is the „brand“ or the product.
A product with a specific weight for company a higher profile and communicating with business and other public, because it represents the corporate identity and image of the company. Brand product, there are plenty of visual identity of the company and is its real market opportunities. The increase in sales is given to the product a special image and compared to competitive enterprises with a strategic advantage in the marketplace. The value „brand product“ is one of the most important competitive advantages, of course, when the quality of the product at the required level, with a price that makes it attractive to increase the number of purchases. It should be noted that the „brand“ of the product, the identity of the company and one of the basic elements in the implementation of competitive strategy of low prices, to dominate the market.

6. Marketing as a competitive advantage

Marketing is the business activity of the company that directly affect better communication because of her staying on the market. Communication with the target companies and other public represents a continuation of the realization process of selling a product or service known or new customers and consumers. Marketing is in fact one of the essential instruments of selling products or services. The sale is a result of good communication between the company and its business partners as well as other social public, which contributes to its better image.

To be able to plan an effective marketing strategy, the company needs to know everything about their competition. It must constantly compare their products, prices, channels and advertising to those with direct competition. It this way we can find areas of potential competitive strengths and weaknesses. It can launch more effective marketing campaigns against their competitors and prepare a stronger defense against acts that prepare competitors (Kotler, I dr. 2007).

The objectives of marketing activities are conditions or situations in which you want to reach undertaking marketing activities. The aim of marketing activities will not be difficult to determine if we are previously well defined mission (Milisavljević, 2001).

Marketing management can be defined as the craft and knowledge dialing target markets and building profitable relationships with them. This includes the acquisition, retention and development of the consumer through the creation, administration and information about the ultimate value for the consumer. Thus marketing management includes demand management, which means managing relationships with consumers (Kotler, i dr. 2007).

The point is that it highlights the importance of communicating with consumers of all organizational units and functions in the company, combining different forms and media. Consumer perceptions of the enterprise or its various brands are the synthesis of all the messages they receive or all contacts they have, such as advertising, pricing, packaging design, direct marketing, publicity, sales promotion, websites, etc. (Stanković, i dr. 2006).

Based on the definition of famous international and domestic author can conclude that the special scientific and marketing business which makes direct contact between the company and its target audience. The marketing contribution is reflected in, and what makes it one of the last links that represents a product or service to direct users, and has
a decisive importance for the implementation of the business strategy of „low“ price, as well as other positive values with customers and consumers as well as with other interested public.

How is the essence of this work a competitive advantage based on low price strategy, the role of marketing as an instrument for the implementation of the strategy is seem in terms of product quality, price communication and sales. Those tools are part of the pledge ahead of the views expressed in terms of the observed elements of the strategy. The importance of marketing in this paper stems from its importance as a direct communication link between businesses and the public concerning its activities.

7. Consumer satisfaction as a competitive advantage

The consumer is the last link, which provides a baseline assessment of the overall value of the enterprise in the market. Consumer satisfaction is a “half success” when it comes to the market position of the company and its market share. Estimate the value of production or service companies is seen in the number of repeated purchases production or services by permanent, and potential new customers or consumers. Competitive advantage for the company is the best when users evaluate its products or services and represents its real value in the market.

Dissatisfaction with customer product or service arises, ignorance attitude of buyers and their perceptions when it comes to knowledge about the values of a product or service. A conflict with consumers occurs when buyers are long attached to a product or a service company and their sense of confrontation increased because they believe that they already have certain rights. Of course, the greatest pleasure in establishing business relations with customers and consumers because the next steps in the perception of the initial level when it comes to product and services companies. A serious company with a vision and clearly defined goals relations with customers and consumers and on the strategy of low prices, which is the subject of research in this paper, makes it all possible concessions to the users of their products or services in the form of numerous post sales service or services that enable realistic assessment of the value of products. Buy and customers post-sale service check the use value production and services, both in terms of quality inspection, and acceptance of purchases with low prices, have strategic importance and practical marketing based on the longevity involved in managing the company.

Consumer satisfaction or customer manufacturing companies primarily depends on its interest to products with reasonable price. Quality product and long-term price stability are an integral part of the strategy, which is the subject of this paper. It can be concluded that the buyer or the consumer is a basic postulate of longevity survival of companies in the market which is certainly contributing to the continued sale of a product company. Constant buy from regular and potential customers contribute to the realization of this strategy and the building of such relationships based on usefulness to consumers and companies better market.
8. Measuring the effects of competitive strategy of low prices

Today efficiency is one of the main factors that determine business success, market position and survival of the modern enterprise. Efficiency can be defined as a measure to achieve the objective (Prdić, i dr. 2014).

The efficiency is achieved by the management company based on knowledge, communication, application of modern methods in work and moral attitude toward social issues. (Prdić, 20015)

Cost accounting as a segment of an integrated accounting information system by generation of the relevant information provides significant support for both financial and managerial accounting. (Savić i dr. 2014).

Measurement and control of the results achieved in the enterprise market represents a basic connection that makes the reporting of the governing bodies of the results obtained. Efficiency in reaching the goals set gives the company the identity and in economic terms the possibility of further improving the quality of products or services with reasonable price.

Productivity market is the realization of higher earnings for the same amount of sales. The advantage by market leaders that their size could allow them to lower the cost of those has competition (Kotler, i dr. 2007).

The process of creating wealth and value maximization can see from two perspectives - from the perspective of the company and the consumer angle. Companies focused on the customer both processes from the perspective of consumers, helping them to realize the value that maximizes the market such as:

- They provide services that help customers make decisions more easily on the basis of good information regarding the purchase of better and cheaper products
- Helping consumers to maximize efficiency, productivity and market value of their personal property, money, time, information, attention, and emotional
- They offer what is relevant from the standpoint of the unique features of a particular customer and who care about what customers want now to achieve.

In the spotlight are consumers, and create value for them is more important than anything else (Aker I dr. 2008).

The most optimal approach to strategy „low price“ is the one based on consensus in the company, its customers and consumers as well as targeted public and other interested individuals and groups. The strategic orientation of the company must be based on a consensus of interests of all stakeholders in the interest of firms in the market. After conducting analysis and views known experts as well as theoretical and other studies when it comes to the effects of the strategy of low prices on the market, can be performed to a certain conclusion that it is necessary to continuously measure that set strategies and adapting to new market conditions of importance for the efficiency in achieving the objectives of the company market. The establishment of consumer confidence and the credibility of enterprises create the conditions and the impression is about the competence of companies that adopted the strategy can achieve all planned goals in the market. Studious analysis that strategic approach to consumers established on the basis of data on consumers and customers, post sales services, continuous communication with the public and other interested partners will enable real basis for obtaining competitive advantage and positioning the company as a stable market operator, continuous communication with the public and other interested partners will enable real basis
for obtaining competitive advantage and positioning the company as a stable market operator, which on the basis of low price strategy builds positive effects in terms of work efficiency and long retains its customers and consumers as a guarantee of market.

**Conclusion**

The man objective of this research is, how to choose an adequate strategy by which a company can achieve its planned goals. The advantage on the basis of theoretical views known authors and their analysis, and their own attitudes. The author of this work gives priority to the strategy of low prices of products or services compared to other business strategies. Hypothesis based on the view that the business strategy favorable to the overall status of the company on the market, or parts of the target market. It can be concluded that this long-term business strategy gives greater stability of the company and the possibility of expanding its potential compared to other business strategies in the short or medium term, bringing more revenue the company. Concrete conclusion when it comes to practical implementation of the strategy of low prices, is the implementation of all the elements that make a successful strategy of low prices that it would have a real impact on the business status of the company. It should be noted that the „low prices“ does not represent, prices below cost, which represents the amount of funds invested for a specific product or service. One of the most important elements of this strategy is „quality product“ whose characteristic and usefulness for the customer or consumer give this strategy the importance and long-term advantage compared to other business strategies but also the stability of the company in the market. The most important segment of the undertaking in the modern way of doing business is measured by market share or sales volume, and can be confirmed hypothesis that long-term stability of the company, depending on the planned investments that will increase its importance in the market and make real revenue based on an assessment of the management team applying the adopted strategic. After, to achieve a stable market position and market share the company can develop and „tactics“ to create so-called „brand“ products or services in addition to increasing income, contribute image by using appropriate marketing strategies as an element for the implementation strategy of low prices on market. The immediate fact which should be noted as the main conclusion is that it is necessary to measure, compare, analyze and propose some changes in the implementation of these strategies depending on that actions of competitors, and the interests of the company and its end users. It should be noted in conclusion that the full implementation of the strategy „low price“ and its practical application is bringing longterm stability, loyalty and consumers as well as the recommendation to continuously research and application of positive values and other indicators of businessness strategy, contributing to the establishment of good communication and increase sales.

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