

Global Competition and Ways to Ensure Business Competitiveness

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Abstract

In the era of globalization and the domination of world monopolies, competition in international relations is growing and its forms are becoming tougher. Global competition becomes a form of international competition in which the position of an enterprise in one country affects its competitive position in other countries. As a result, companies are competing among themselves for international leadership. As a result of such a struggle, the economy is globalizing. The preservation and strengthening of the positions of the business is realized through increasing their competitiveness. In the context of global uncertainty, the level of economic security of a company should ensure the preservation and strengthening of its positions both in the domestic and international markets. All this makes it possible to defend against emerging threats, respond to new challenges and develop sustainably. The higher the level of development of the factors that determine the competitiveness of a company, the more stable and viable it is in the face of constantly emerging external and internal threats. At the same time, one should not forget about competitors, who represent the most important component of the external microenvironment of any company. Therefore, in market conditions, the success of any company significantly depends on how competitive its products, goods or services are and what actions the company takes to maintain it in the changing conditions of the modern market. Thus, ensuring the required level of competitiveness is the main strategic task of any company, especially in a rapidly changing market in the context of the global crisis caused by the pandemic. In order to successfully operate in a highly competitive market and maintain the required level of competitiveness, companies are mastering new types of services, introducing new forms of doing business, stimulating their employees and fighting to attract each client. When planning its activities, the company takes into account not only the needs of customers, but also the strategies of competitors. Based on the information received in the course of studying the conditions of competition, the strategy of the enterprise for the development of the market is largely formed, as well as the general strategy of the enterprise.

The article deals with the issues of global competition and ways to ensure the competitiveness of business.
The following tasks were solved in the article:

- study the theoretical aspects of competitiveness;
- analyze the Chinese company Lenovo in the international market
- explore Lenovo's competitive strategy in the global international market.

In this article, the authors attempt to analyze the basic principles of company competition in the international market of international companies.

The article examines various sources of information, analysis of the information received, methods of analysis and synthesis, study and generalization, classification.

Keyword: Competition, international market, business, competitiveness, strategies.

Theoretical Aspects of Competitiveness

It is advisable to start considering this issue with the concept of the term competitiveness. It should be noted that there are many definitions of competitiveness in modern literature. Various aspects of a company's competitiveness are considered in the works of many researchers. But, despite the fact that competitiveness is an object of study for many researchers, there is no common understanding of this concept. The most optimal is the definition of competitiveness, according to which competitiveness is understood as the ability to adapt and adapt to working conditions in constantly changing market relations [1].

Competitiveness gives an enterprise an advantage over competitors both domestically and abroad.

Global competition is a form of international competition in which businesses are guided by the activities of competitors around the world. At the same time, the competitive advantage of a company in one country directly affects its position in other countries. There is a difference in understanding the concepts of a company's competitiveness and product competitiveness. The competitiveness of a company is understood as the ability to profitably produce and sell products at a price not higher and not worse in quality than any other counterparties in their market niche. Under the competitiveness of a product is meant the combination of its quality and cost characteristics, which ensures the satisfaction of the specific needs of the buyer and favorably differs for the buyer from similar competing goods [2].

The competitiveness of a company can be characterized as its potential quality, including [3]:

1. The company's ability to identify real expectations of target groups of consumers and correctly identify trends in consumer behavior. The company must objectively, accurately and timely analyze the needs of the consumer, both in the current time and for the forecast period in the future. Such an analysis can be carried out with the target consumer group and find out its psychological, economic and socio-cultural factors;
2. The ability of the company to organize production, the results of which will meet the expectations of consumers, in terms of price - quality. In this case, we are talking not only about the consumer qualities of the product, but also about its marketing properties (guarantee, price, service, etc.);
3. Ability to implement effective marketing policy;
4. The ability of the company to find and create conditions for reducing the costs of providing factors of production, namely: labor, capital, energy, raw materials and materials;
5. Ability to create and maintain technological production in comparison with industry competitors. Consequently, there is a need for a constant and timely technological update;
6. Ability to create and implement an effective marketing and production strategy based on innovation;
7. Ability to create and implement, at the executive and managerial levels, high human resources. The staff is of high quality if it is able to effectively use the production technologies existing in the company and is ready to master new technologies and effectively use market opportunities.

The implementation of these qualities enables the company to create real competitive advantages, expressed in the strengthening of brands, the growth of market value and the creation of additional stability in relation to the adverse effects of the external environment [2].

Taken together, this helps to expand the capabilities of the company and reduce its unit costs, which in turn is reflected in the price of products or services produced and profit.

The essence of competition, according to A. Smith, is a set of interrelated attempts by sellers to establish control in the market in the long term. Consequently, competition is a process of reaction to a new force and a way to achieve a new equilibrium, the essence of which is the struggle of competitors for relative advantages [10].

Free competition is interpreted by A. Marshall as a way of organization, leading to the optimal division of labor and ensuring the efficiency of the economy. Studying the possible consequences of free competition, A. Marshall thereby substantiates its advantages over other forms of organization of the economy [11].

Each company has many strengths and weaknesses compared to its competitors. Michael Porter articulated that competitive advantage can only be formed in two directions: cost reduction and product differentiation.

The strength or weakness of a company is ultimately determined by its ability to reduce costs as much as possible relative to its competitors, or to achieve greater differentiation of its product compared to competitors.

These two main types of competitive advantage allow a company to choose three of the most common competitive strategies by which the company can achieve a level of performance above the average in the segment of the industry in which the company operates [1]:

1. Strategy for leadership in minimizing costs;
2. Strategy for product differentiation;
3. Focusing strategy: (1) focusing on costs and (2) focusing on product differentiation.

So, competition is the engine of progress, which over time develops into significant change and brings rival companies to a new stage of development. Nevertheless, competition not only contains the ability to unleash the potential of competitors, but also leads to a fierce struggle between them. This struggle can be accompanied by the use of brutal measures against a competitor in the struggle for better conditions in the domestic and foreign markets.

Analysis of the chinese company lenovo in the international market

This article discusses the competitive advantages of the Chinese company Lenovo Group.

Since its founding in 1984, Lenovo Group Limited has enjoyed immense success and is today one of the world's largest technology companies.

Lenovo's corporate slogan "New World. New Thinking ", which translates as " New world. New thinking ", the whole philosophy of the company is perfectly reflected - it is the active use of innovative technologies and the constant improvement of products in accordance with the requirements of today. Lenovo has a large number of technical solutions (6,000 patents worldwide) that have become useful not only on Earth, but also in space.

The company is constantly expanding its range of products, and at the same time increasing the scale of its production. In particular, Lenovo's factories have been opened in the USA, European countries, India and Mexico. In addition to factories, Lenovo has a large number of research centers.

Due to the growing global demand for its personal computers and smart devices, the Chinese company Lenovo Group announced its best results for 2020 in an analytical report.

The strong performance reflects the strength of the Lenovo Group amid the economic downturn and global turmoil caused by the COVID-19 pandemic.

For the second year in a row, the company's revenues exceed the \$ 50 billion mark. Profit for 2020 is up more than 19% compared to 2019, reaching about \$ 1.02 billion before taxes. Net income for the full year reached \$ 665 million, which is 12% more than its net income recorded in the previous year [4].

Table 1. Revenues of Lenovo Group (in million USD) [6]

Period until:	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Total income	60742,31	50716,35	51037,94	45349,94
Gross profit	9767,89	8357,3	7370,64	6272,13
Operating income	2180,41	1438,6	1177,82	386,72
Net profit	1210,84	718,85	650,1	235,64

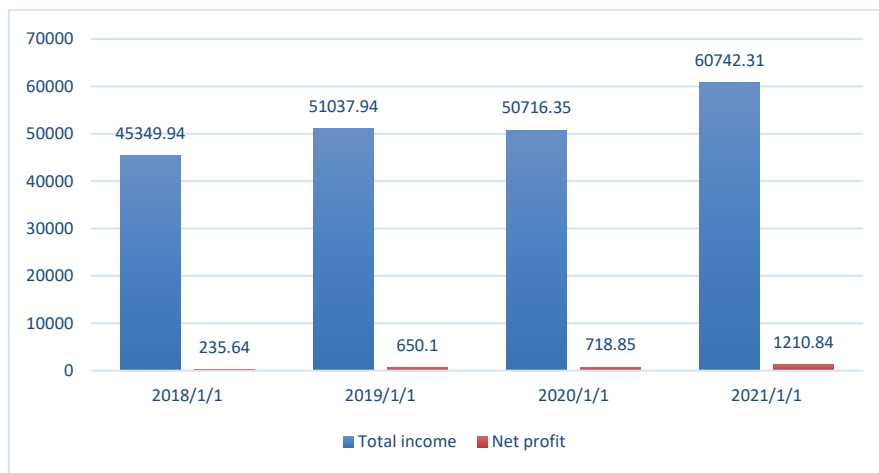


Figure 1. Lenovo Group Revenues (USD million)

During the global crisis, Lenovo Group managed to leverage its extensive supply chain. The company continues to leverage its strengths and its global capabilities to transform and grow its business using new opportunities.

The Lenovo Group attributes its success to flexibility and the ability to quickly adapt to market changes. Thanks to these principles, the company continues to serve its customers around the world.

In the domestic market of China, according to statistics, Lenovo is actually the first brand in the IT industry [8]:

- Lenovo's total computer market share in China reached 21%, significantly ahead of competitors;
- Lenovo has a 24% share of the tablet market, well above the internationally recognized monopoly;
- The company's business computer market share is 14%.

In the international market, Lenovo is one of the top three manufacturers of personal computers and tablets in terms of turnover statistics. According to the results of 2020, Lenovo's market share in monetary terms was 25%, the HP brand was in second place, and Acer closed the top three (Figure 2) [6].

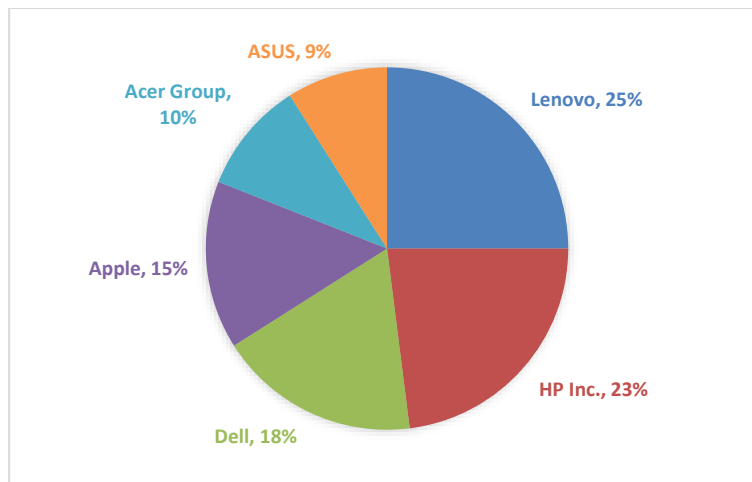


Figure 2. Lenovo market share in monetary terms (2020) [6]

The company's goal is to become the world's first manufacturer of personal computers, tablets, smartphones in the near future. Although the share of the company's smartphones is now low, the number of devices sold is increasing.

Strengths of the company:

- Lenovo brand products and services are of good quality;
- good reputation and brand awareness;
- an expanding marketing strategy for global markets;
- product diversification;
- good public relations and sponsorship.

Today, the Lenovo brand continues to carry on a proud tradition of good quality products and services, founded a long time ago by the company, which will be of great benefit in the years to come.

Lenovo's competitive strategy in the global international market

Lenovo is building its competitiveness in the global, international marketplace through a strategy known as "defense and attack," which was put in place by CEO Yang Yuanqing. As the name suggests, this strategy combines defensive and offensive elements. On the defensive, Lenovo is committed to cementing its success in China, where it currently dominates China's largest (and global) PC maker. In the attack, Lenovo seeks to grow internationally by leveraging acquired assets and expanding sales to emerging markets. [7]

This strategy employs two interrelated business models that Lenovo executives refer to as "Transactional" and "Relationship" as their business models. The transactional model focuses on selling to retail consumers and small and medium-sized businesses, both directly (through Lenovo online stores and physical stores) and indirectly through distributors and retailers.

The relationship model is targeted at corporate clients such as educational and government agencies, as well as large enterprises. Sales through this model are enhanced with personalized service from Lenovo staff and are handled through a combination of internal sales representatives and business partners. Lenovo's most impressive advantage in China is its huge network of distribution channels. Lenovo has access to thousands of points of sale in its Chinese sales network, most of which are exclusive distributors of Lenovo products.

Lenovo executives have made it clear that protecting these competitive advantages in China is a top strategic priority. But they also made it clear that their ambitions didn't end there.

Having established itself as leaders in the Chinese PC market, Lenovo continues to expand its presence in emerging markets such as India, Russia and Brazil. Today, Lenovo is active in many countries, including America, Europe, Africa, the Middle East and Asia, where it actively competes with regional brands and fights for the consumer in each country. Lenovo's competitive strategy is tailored to the specifics of each international market, as each country has unique consumer preferences, competitive environments, and regulatory regimes.

Initially, Lenovo's entry into international markets caused an operating loss. But with the development of the Lenovo brand, this loss-making period ended and the company shifted its priority to growth and profit.

If Lenovo's defense-and-attack strategy is successful, the company will need to continue to assert its leadership in China and the global PC market, while expanding its position in emerging markets and in the smartphone and tablet product categories.

While the long-term potential of Lenovo's strategy remains to be seen, few can deny that the company has made significant strides in recent years.

Lenovo managed to achieve success and become competitive in the global market not only thanks to a successful business strategy, but also thanks to the hard work, dedication and professionalism of each employee. A special philosophy based on the principles of corporate social responsibility has made the company both a reliable business partner, and the best employer, and even a prominent public figure.

Lenovo has always paid special attention to customer service, encouraged the entrepreneurial inclinations of its employees, and, whenever possible, brought their brightest and most extraordinary ideas to life. Honesty, openness and transparency of activity from the first day became the main rules of the company's business. Today, these key values are manifested in every aspect of work: they are spelled out in fundamental long-term strategies, expressed in ensuring high quality and safety of each manufactured product, in guarantees of a decent and secure life for employees, in respect and adherence to the rules of corporate ethics. In addition to the above, the company does not remain indifferent to the state of the environment, and also develops and finances various social programs.

Lenovo considers its employees to be its most important asset. The company does everything to ensure safe and healthy working conditions for its employees, to prevent accidents, injuries and diseases. In addition, Lenovo provides competitive financial compensation to all employees. As a result, the company is recognized as a leading global employer.

In addition to the impeccable observance of the labor rights of its employees, Lenovo is known throughout the world for its participation in charity, concern for the environment, and high ethical standards.

Using Lenovo as an example, we see that the company is striving to create a new market and derive benefits.

Conclusions

From the foregoing, it can be concluded that the company uses effective competitive strategies in its activities, the choice and use of which is based on the results of the analysis of the goals and economic potential of the company, on the study of competitors, consumers and the specifics of each international market. As such, Lenovo continually improves its global competition tools and implements a successful corporate business strategy tailored to the specifics of each international market. As a result, Lenovo's global competitive strategy has earned the company worldwide recognition and respect.

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