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COMPETITIVE ADVANTAGES OF BUSINESSES

Mr. Prateek Thodkar
Assistant Professor, School of Commerce, JAIN (Deemed-to-be University), Bangalore
Email Id- t.prateek@jainuniversity.ac.in

Abstract

The competitive advantage applies to a variety of reasons or capabilities that allow the company to compete better than its rivals. A total of 59 papers were analyzed in eight separate areas (strategic management, marketing strategic management, IT, information management, resource theory, entrepreneurship, and staff management).The results showed that among several available methods, majority of businesses employ Porter's triple strategies (differentiation, centralization, and cost leadership) to gain competitive advantages. Among the triple strategies, the strategy of differentiation has drawn highest attention and simultaneous utilization of the three strategies is a rare case.

Keywords: *Business growth, Competitive advantage, Casual ambiguity, Improved performance, Management.*

I. INTRODUCTION

The acquisition of a competitive advantage is a simple aim or also a business concept since it is important and is now commonly discussed in management literature, although it cannot guarantee an above average result at long last. In the other hand, the lack of strategic edge is a prelude to the decline of firms [1]. While competitive advantages are an incredibly important issue, they are often very difficult to research. One explanation is that the meanings that the authors apply to this concept are overlapping. 'Anything which distinguishes a company or its products favorably from that of its rivals for consumers or end-users' is competitive advantage.' This concept takes a very narrow view of competitive advantages, though, since it lacks the many assets and abilities which have created these products by concentrating on the things the consumer sees. An alternative definition and the one used in this paper very clearly describe competitive advantage as "specific advantage." This description is broader and represents the (later established in this article) view that the competitive edge, whether for a corporation or organization, is focused on the full spectrum of capital available to the company [2].

Competitive advantages can be obtained from various sources and nearly any report on the topic of improved business or better management of an enterprise can be viewed as having a competitive advantage. As such, the competitive advantages literature is lengthy and definitely too vast for one paper to consider. The paper would then analyses briefly and reconciles what the most important literature, primarily concerned with competitive advantage, is thought to constitute [3].

II. LITERATURE REVIEW

A. **Routes to Competitive advantage: -**

There are only two ways to gain strategic advantages, but they can depend the company's market on a wide or narrow basis. One route is based on costs and the other on separating the commodity. An organization is pursuing "overall cost management" and "overall product differentiation" as implemented in a broad-based manner [4]. The organization aims to gain cost containment or product division in a directly applicable market field in which case the company is moving on a "niche" or "focus" strategy. Companies differentiate in terms of prices and product differentiation, but the comparative edge is largely extracted from either a cost advantage or a disparity within the product. A business which achieves competitive gain by being a cost leader must compete to achieve the lowest costs in a given market, while also maintaining a degree of parity or a reduction in price-costs margins ± with its rivals in terms of product differentiation. Inverse, a business which has a competitive edge by product distinction, which delivers something which the consumer enjoys but which is also unique, must meet a degree of parity or cost-effectiveness with its rivals [5].

Some authors make an error in equating the lowest market location with the cheapest price. While a lowest cost position enables a firm to demand the lowest price, a return to the business will not be maximized until all rivals are expelled. If the price is set on a level close to that of rival, Ceteris Paribus would gain the most in earnings. Porter claimed that companies have either a cost control route or a product differentiation route to achieve competitive advantage or that they cannot succeed successfully [6]. They will be "stuck in the middle," they will go nowhere and fail eventually. The Paradigm for Porter's interpretation of competitive advantages was opposed by some on the grounds that it has little objective arguments, general tactics are loosely described, the idea that businesses can compete on only one tactic is false because they use both in practice. However, this system remains widely respected by marketing scholars and specialists alike, perhaps because it depends heavily on well-established marketing principles and seems very stable after research. For the later sections of this article, the system is also a valuable structure [7].

B. **Assets and Skills as the sources of Competitive advantage: -**

The two generic strategic advantage tactics recommended by Porter are known as 'advantage positions.' This differentiates them from the 'gain streams' of the 'asset' and 'skills' of an undertaking. Any properties of a corporation such as 'something your industry has, whether a brand name or retail site superior to the competition.' Likewise, an organization has a know-how that is "more effective for your enterprise than competitors like publicity or efficient production." It is important to note that this definition sees skills as belonging to the organization and This does not only apply to how people do something, but also to how the organization does business [8]. These properties have formed alternate terms. Skills as 'capabilities' may well represent a propensity for skills to serve as a business's willingness to invest its money. But the more general concept of 'skill' is what our discussion would use. The tools on which a business can base its marketing strategies and draw on competitive advantage are assets and expertise. This approach to marketing strategy has been formally recognized as the `resource-based' view of competitive advantage [9]. The word 'different competences' is important at this stage. Assets and competences are not unique competences unless they build advantages for the broader group of consumer's ± the customers appreciate the advantages, customers are able to pay, and the asset and competencies profile should be retained over time. A organization with one commodity or talent will have a competitive edge. Only the low price of a vehicle will mean that customers with little money are the only way to afford it. Here, a competitive advantage will be the lowest price. Yet in reality, an organization with a particular asset or talent never has a competitive edge. In reality, it is often a specific profile of assets and abilities or even the mixture of assets and capabilities that provides a competitive edge. Although a company's competitive edge is created by assets and expertise, the manner in which they are integrated relies on the company strategy [10]. The tactics in this situation are "drivers of competitive advantage." We now address multiple 'cost benefits and differential advantages' in our discussions.

C. **Drivers of Cost advantage: -**

In an industry, there should only be one cost leader. Cost management should, therefore, be of considerable significance to both firms, since in order to execute a competitive differentiation plan, a similar cost base as competition must be operated. If an organization with a differential approach cannot hold expense at a fair amount, the profit margin ± that is profit ± is decreased. As a result, businesses have to actively attempt to cut prices, which ensure that some scholars use the 'cost generators' as sources of cost advantages.

The experience curve is one of the strongest principles that strategists use now to grasp costs. The experience curve is used to illustrate how prices contribute to cumulative quantities and to define some of the primary cost drivers. The belief that the first business to enter into a branch would gain an edge over future applicants is implicit to the principle of the experience curve. In the case of secondary firms, infinitely more goods have been created by the first company than the other company, with infinitely more expertise and thus fewer prices, given there are no other interfering variables. This influence is known as the 'first mover gain.' Also, the first-mover position can also offer differential advantage in some cases. For example, goods of the first enterprise in a market act as the benchmark to which subsequent competitors are judged, and a benefit is obtained for the first enterprise because it is more difficult to convince later entrants to spend the time and effort to analyses the products of the new enterprise.

However, although it is possible that there are cost savings to be achieved by joining the market or the sector first, the plan must be eligible because it is based on a variety of regulating and unregulated powers to obtain those benefits. In reality there is a counterargument which indicates that a late (following) in a sector or competition could also offer substantial cost benefits. In order to demonstrate this, adherents would pay better salaries to deal with transaction costs and attract jobs, but thereby attract the best people who are making less mistakes and implementing more productive manufacturing processes. Moreover, the benefits of the followers are that they can clone goods and lower the leader's price.

III. CONCLUSION

This paper introduced an original, integral competitive advantage model following an analysis, criticism and interpretation of a varied literature to help marketing practitioners understand and concentrate their thinking among marketing academics. The philosophical essence of competitive advantage was outlined in the first section of the paper. In order to analyses the assets and abilities on which competitive advantage is based, a quantitative structure was used to examine chosen drivers of cost and difference advantage. In the sections which followed, the literature relating to the nature of competitive advantage was brought together in an original model of competitive advantage and some potential drivers of competitive advantage in the future were reviewed in addition to the literature on sustainability.

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