Competitive and Anti-Competitive Behavior of Organizations from a Marketing Perspective

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Abstract. Managers of organizations have always sought the best decisions to achieve positive results in their activity.
From a marketing perspective, the adoption of managerial decisions requires careful analysis of the target market to discover and capitalize on opportunities, and knowledge of direct competitors that operate within that field of activity. Directly or indirectly, consciously or unconsciously, organizations develop competitive behavior caused by the use of a range of methods, techniques and marketing strategies. It is desirable that this market-oriented behavior be adopted consciously focused on achieving performance targets and aiming at finally getting a competitive position on the relevant market. Through the implementation of marketing strategies can be achieved marketing objectives of the organization. But at the same time, increasing competition causes a strong competitive rivalry between these organizations and as a result, some of them will resort to anti-competitive behavior from a desire to gain market supremacy. These anti-competitive behavior seriously affects the competitive environment and consumers. This article, based on the literature in the field, shows the types of competitive and anti-competitive behavior and proposes a set of recommendations for the implementation of marketing strategies which will position the organization among the best performing competitors on the market.

Key words: competitive and anti-competitive behavior, competitive rivalry, marketing capabilities, marketing strategy
JEL classification: M31

1 Introduction

Whatever the activity of an organization, regardless of portfolio of products / services offered, sooner or later, it will face other competitors in the reference market. Marketing decisions made in this regard will lead the organization to success planned or to failure. Because of this possibility, it is important that managers understand the complexity of decisions and adopt competitive behavior designed to give all the chances of success.
Competitive behavior cannot be accidentally developed by the organization. It requires knowledge and marketing skills to develop strategic marketing oriented decisions (segmentation, target market selection, positioning) and the tactical decisions marketing (product, price, distribution, communications). Slater and Olson (2001, p. 1056) believes that “marketing strategy is concerned with decisions relating to market segmentation and targeting, and the development of a positioning strategy based on product, price, promotion and distribution decisions“. Therefore, strong competition involves demonstrating skills of choice of marketing strategies. These marketing strategies need to place the organization in the best competitive position. Currently, knowledge of the most advanced techniques and methods of analysis of competition is an increasing need because these abilities of the organization can make the difference between market leader and other competitors. The authors Morgan and Strong, (1998), Verona (1999), Kotler and Keller (2009) have clearly shown the abilities of the organization which involve first, understanding the strategy of competitors and secondly, a rapid response to competitors' actions. Also, targeting opportunities for competitive advantage and initiating actions in marketing research, marketing strategy and marketing mix strategy represent concrete abilities of organizations with strong competitive behavior contoured. Finally, strong competition in the market compel managers and marketing specialists at the same time, to

develop strong competitive abilities to ensure long-term organizational success.

2 Essential marketing abilities necessary for a strong competition

Manifested in the context of strong competition among organizations competing in the same market segment, managers with the organization's marketers must define a conceptual framework between the marketing and business performance. Morgan (2012) describes the conceptual framework of the necessary marketing abilities which the organization uses towards the implementation of marketing decisions and obtains an advantageous competitive position.

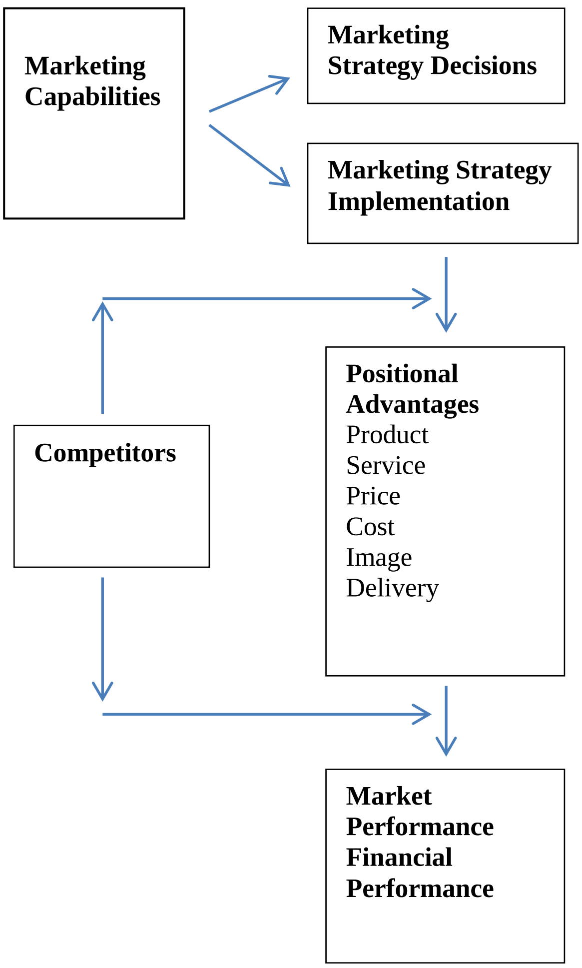

Figure 1. A conceptual framework linking marketing and business performance
Source: Adaption from Neil A. Morgan, Marketing and business performance, Journal of the Academy Marketing Science (2012) 40:102-119, p. 104

To describe the marketing abilities needed by the organization, Morgan (2012) suggests the development of four distinct categories:

1. *Dynamic* - market learning, resource reconfiguration, capability enhancement;
2. *Architectural* – strategic market planning, marketing strategy implementation;
3. *Cross-functional* - brand management, CRM, new product development;
4. *Specialized* – product management, pricing management, channel management, marketing communications, selling, market research.

Therefore, the competitive behavior involves adapting the organization to the competitive environment conscious actions and manifestations with the clear aim to compete and gain a dominant position in the market. The existence of direct competitors, their expression through the adoption of marketing strategies assumes a competitive rivalry. In fact, competition is synonymous with competitive rivalry. This term clearly describes what is happening in every field of activity in which competitors seek to gain an important position in the market. According to Porter (1985), competitive rivalry is a strong competitive power manifested through a series of actions, specific marketing strategies and tactics designed to lead to obtaining favorable position in the reference market. The number and size of competitors affects the intensity of competition in the sense that a large number of competitors in a market increases the rivalry between them. But even in a situation where there is a smaller number competitors of approximately equal forces, competitive rivalry will manifest as strong as they will try a series of strategies and tactics to gain a better competitive position. This orientation, clearly determined to eliminate other competitors often resorting to anti-competitive behavior, is marked by a lack of loyalty and fairness and breach of legislation on competition. To determine the ability of the organization we should use a thorough comparative analysis of what the organization possesses compared to other direct competitors. Once known strengths of its competitors, managers will focus on developing the ability to learn faster than other competitors and turn this into a real competitive advantage (Dickson, 1992). This competitive advantage should be seen ”as a superior *marketplace position* that captures the provision of superior customer value and/or the achievement of lower relative costs, which results in market share dominance and superior financial performance” (Hunt and Morgan, 1995).

According to Morgan (2012, p.111) positional advantages included:

- ”Product-based positional advantages such as innovative product features, product quality, product/service convenience, and product packaging;
- Service-based positional advantages such as pre- and after-sales service and service quality
- Price-baced positional advantages such as low product or service offering prices;
- Cost-based positional advantages such as unit costs and cost of goods sold;
- Image-based positional advantages such as brand image, quality reputation, and corporate image;
- Delivery-based positional advantages such as product/service availability and accessibility, delivery lead-times etc.”
- Comparative analysis on competitors pursues and creating a competitive information system will provide pertinent answers to a series of questions such as:
- What are the major market objectives pursued by competitors?
- Which are the resources and skills available to competitors?
- Which is the intensity of competition on the relevant market?
- What are the strengths and weaknesses of competitors?
- Which are marketing abilities held by competitors in the competitive fight?
- What are the strategies implemented by the competitors?

Benefic competition rather oriented towards consumer satisfaction and competitive rivalry oriented towards eliminating direct competitors active on the same market segment will cause marketers to think strategically and implement the best marketing strategies. But there are not good strategies, or less good strategies. There are, however, wish to compete and win the best position on the market through marketing strategies.

Mooradian, Matzler and Ring (2012, pp. 158-159) argues that “a marketing strategy describes how to compete in a particular market or market segment” and “a comprehensive marketing strategy must specify 5 Ws and 1 H:

1. *1.Who* the company will serve – the customer segments and products;
2. *2.Where* the firm will do business – the geographic markets and regions;
3. *3.What* the firm needs will meet – needs that a firm can meet better than the competitors and lead to a sustainable differentiation;
4. *4.How* will the company serve the customers and needs – the means (core competences and activities of the value chain);
5. *5.When* the firm will act – the speed and sequence of the firm’s actions;
6. *6.Why* the firm will do these things – the compelling business model and economic logic.”

As can be seen, organizations with a competitive behavior will be guided by a simple relationship: marketing strategy adopted after a careful analysis of the competitive environment and the needs of target consumers will pursue the organization's financial performance materialized, thus specific tactics most effective marketing mix. Choosing the most effective marketing tactics can be considered competitive behavior oriented both to the differentiation from other competitors as well as toward the satisfaction and loyalty of consumers. Therefore, it is recommended that these marketing decisions should be made by the team of experts of the organization and based on a careful analysis of market opportunities. Both the marketing department and the sales department have a significant role in the development of competitive behavior because they both collaborate and are involved in programs of market oriented activities.

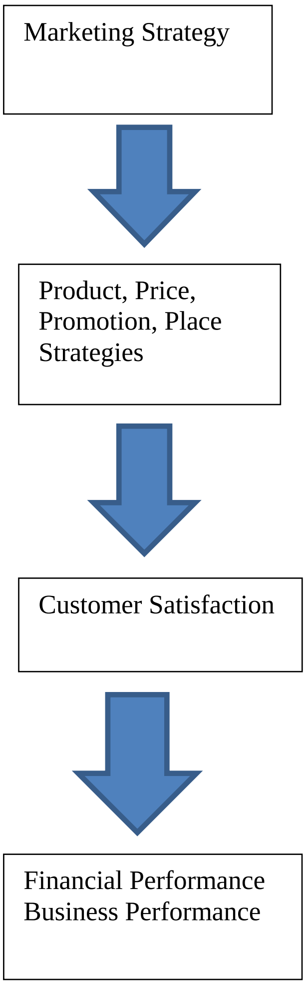

Figure 2. Role of marketing strategy

It may be considered that there is a strong link between marketing strategy adopted and market orientation of the organization, which involves on the one hand, the focus on meeting the needs of consumers and, on the other hand, knowledge of competitors. The authors Morgan and Strong (1998), Hunt and Morgan (1995), Kohli and Jaworski (1990), Narver and Slater (1990) believe that market orientation organization is characterized by the following features:

1. Understanding the needs of current and potential customers;
2. Providing consumers value based on competencies;
3. Identification of direct competitors and knowing their strengths;
4. Exploitation of business opportunities and avoid existing threats.

3 Specific manifestations, competitive and anti-competitive behavior of organizations

The purpose of developing a competitive or anti-competitive behavior is to gain a strong competitive position in the relevant market. But how to achieve this competitive position is a question mark for managers of organizations. It is considered that there are two steps for obtaining the competitive position (Darling, 2001):
1. Establishing the initial market offering in the minds of consumers and
2. Differentiating the market offering from competitors in the minds of consumers.
Therefore, the competitive behavior of organizations can be characterized by the following manifestations:

- Conscious and active approach to competition in the field of activity in which it operates;
- Competitive actions initiated are based on loyalty and fairness to other competitors, but also to consumers;
- The aim pursued by adopting competitive behavior may be the elimination of direct competition, or satisfaction on better terms target consumers;
- Developing organizational skills and competitiveness of the organization;
- Concentrating organization efforts towards implementing effective marketing strategies and marketing tactics specific to the product, price, distribution and promotion.

In practice, these rules of manifestation of the competitive behavior are not always respected by the organization.
From the desire to achieve immediate gains and dominate, market managers often resort to anti-competitive behavior. As the name suggests this type of behavior, it seriously harms the competitive environment. In accordance with the EU Treaty on competition policy, anti-competitive behavior can be described by resorting to acts or facts which have the effect of:

- Restriction of competition - the removal of elements that define the competitive environment;
- Impeding competition - blocking market entry of competitors;
- Distortion of competition - any manifestation that harms consumer welfare and the society in general.

Knowledge of these aspects of anticompetitive behavior enables the organization to properly and periodically assess the type and nature of the actions we take in the reference market to avoid committing this dangerous and harmful behavior. Specific manifestation forms of anticompetitive behavior can be listed:

1. Competitive actions in the field are approached consciously, with the clear intention of eliminating direct competitors, or unconsciously, in ignorance of the effects of marketing activities undertaken
2. All marketing demarches focus on eliminating the organization's direct competitors and distortion of competition in the field of activity
3. The stated purpose of the organization is anti-competitive behavior to obtain a dominant position and the abuse of that position
4. The lack of identifying and focus on satisfying consumer marketing activities, as main objective of the marketing policy
5. The lack of existence of a long-term development strategy of the company.

As observed in practice, often from the desire to gain significant profits and to dominate the market, competitors resort to methods and techniques that are not characterized by a competitive behavior based on loyalty and fair play. This type of behavior known as anti-competitive behavior has distinctive characteristics. With regard to the typology of anticompetitive behavior there can be achieved the following classification:

- Anticompetitive practices mentioned in European competition law (agreements between undertakings and abuse of dominant position);
- Unfair competition (denigration of competitors, competition parasites, unlawful competition, practice of dumping prices);
- Anticompetitive actions grouped around the components of the marketing mix, such as piracy and counterfeiting, dumping prices, concerted fixing of prices on vertical agreements and horizontal agreements in distribution, comparative advertising, subliminal advertising, advertising that violates human dignity, etc.

4 Conclusions

The success of a business depends on many factors, but it is obvious that one of them, perhaps the most significant is competition. Knowledge of competitors on the market, rather than simply identifying them, involves identifying the type of competitive or anti-competitive behavior developed by other organizations. Organization which carries out such an analysis, in its turn develops a certain type of competitive or anti-competitive behavior. Beneficial to consumers first, and for the other competitors, secondly, it is considered when all marketing activities are based on competitive behavior. Managers and marketers must clearly define the aims of the competition level. The desire to win should be supported by well-defined marketing activities and adopting obvious competitive behavior. Most marketing decisions will be made in compliance with this rule on competition. However, there are also forms of illegal competition practiced by other competitors who want to win at any cost. Therefore, the organization must develop their abilities in the competitive marketing materialized through the actions for the identification and analysis of direct competitors by developing and implementing competitive marketing strategies. It should be emphasized that, from the consumer perspective, an organization involved in the competitive fight deliberately oriented to adopting competitive behavior is much more appreciated in relation to these other organizations with rivals' image. Involvement in social responsibility actions and communication actions will build in time the

image of a responsible company with strong competitiveness.
The organization must know their managerial and marketing abilities and evaluate them compared to those of its competitors. It is recommended that all marketing strategies be adopted after careful analysis of the market and objectives. Any marketing decision made will take into account the actions of other competitors. Marketing abilities will be maximized, particularly in the implementation of competitive strategies that will lead to business performance. Therefore, analysis of competitors and adopting competitive strategies are some of the most important competitive behavior specific actions assumed by organization. Training of specialists in the field of competition becomes a necessity for the marketing department. These together with the marketers will make the most appropriate decisions, and will capitalize on the abilities and market advantages of the organization. For managers, knowing how competitors react to marketing strategies is necessary. They should not forget that many of the marketing actions initiated by the organizations are visible to consumers.
Thus, consumers observe the manner in which competitive behavior is developed, how to compete in the market and, of course, if these organizations put their profit above the interests of customers. Development of competitive behavior, focusing more on those decisions, actions, methods and techniques which take into account the legislation in the field of competition constitutes a significant factor in achieving business performance.

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