

Integrated assessment technology in management of competition efficiency in business corporations

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Abstract. To date, the banking sector is subsidized. The state co-finances players in the domestic banking sector against the background of reduced availability of foreign debt financing. On the one hand is an additional source of competitive advantages, on the other hand, the question is how commercial banks use their capabilities. In a fast growing sector of banking services, increased competition, rapid growth in the breadth and richness of banking service range it is necessary to use the entire arsenal of marketing tools that determine the competitiveness of services and effectiveness of company. The economic importance of technologies development for integrated assessment of competition efficiency is that banks have to be able to use different methods of competition for adaptation to ambient conditions changes and ensure competitive success. The article describes an integrated assessment approach to effectiveness of management of price and non-price competition in business corporations based on sample of banking market. The technology that proposed in article helps to identify the main target segments of consumers, investigate the influence and perception factors of price and non-price competition to the banking service consumers; to form the main ways and directions in management of competition efficiency; to evaluate the effectiveness of interventions.

1 Introduction

Banking competition is an important part of banking activities, defining the bank's strategy in the promotion of banking products to the market of financial services. The main objective is to ensure optimal speed and promotion of banking services all the way: from banking institutions to the end user (customer), i.e. a speed at which would combine the most favorable rates of sales and money turnover, as well as minimal storage costs of financial resources, on the one hand, with the ability to fully and timely meet the demand of customers, on the other. Banks around the world are paying a lot of attention and money to

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advertising and learning the strategy and tactics of competitors. Some banks marketing services provide an analysis of market situation, study its dynamics, to prepare proposals on improving the management of the marketing policy.

This technology based on the use of different methods and tools to determine which psychographic characteristics help customers to distinguish price and non-price methods of competition in banking services, to determine the main characteristics of buyers who perceive pricing methods and who perceive non-pricing methods of competition. As well as it offers to identify the main target segments of banking services consumers, to assess the level of price and non-price competition and identify their basic components, to explore the impact and perception of price and non-price competition factors for individuals and entities to form the basic ways and directions in management of competition efficiency concern of price and non-price competition, to evaluate the effectiveness of interventions [1-12].

2 Methods

In the face of increasing market competition approaches to competition between enterprises in different fields, especially in service market, should be based on a flexible combination of methods and forms of price and non-price competition.

In these modern conditions it is particularly important to identify the most valuable in theory and practice of forms and methods of price and non-price competition research, and on this basis, propose a mechanism for selection of such methods, which, on the one hand, should meet features of a particular business, on the other hand, of current market situation and trends of its development. At the same time to understand the mechanism of competition it is important to correctly identify the reasons due to which it is possible to beat the competition, that is, the causes and sources of competitive advantage. In banking practice it used to allocate the price and non-price factors, as well as their corresponding types of competition. The purpose of this study is to develop the scientific basis and technologies for integrated assessment of the competition management in business corporations. The objects of research are economic relations of business corporations in banking market related to methods of price and non-price competition. The study used techniques of polling, monitoring, modeling, observation and generalization. The theoretical basis of research was works of the classics of economics, researches of modern economists on issues of competition and competitiveness of services, management, marketing, and banking. There are three approaches to definition of competition (Table 1).

Table 1. Approaches to definition of competition.

#	Author	Definition
		The first approach characterizes the competition as a contestation for the better conditions regarding the existence, operation and development of firms. The contestation for the relatively better conditions is permanent because of its limited nature, so everyone cannot get it at once
1	Ambartsumov A.A., Strelikov F.F. (1) Kirzner I. (2) L. von Mises(3) Porter M. (4) Yudanov A.Yu. (5) Grigor'ev M.N. (6) Azoev G.L. (7)	Competition is a permanent mechanism of free contestation, rivalry of companies in order to achieve the best results of their business activities

2	KorotkovA., Tret'yakovN. (8)	Competition is a contestation between market actors in order to provide better opportunities for their products to meet a variety of customer needs
3	Rubin Yu.B. (9)	A simple definition of competition can be understood as conflict contestation for the achievement of better conditions regarding the existence, operation and development
4	Nosova N.S. (10)	Competition is commonly understood as a set of market actors' actions, competition between them in order to achieve advantages over competitors
5	Tot'ev K.Yu. (11)	Competition is a contestation, a rivalry of individuals, groups and organizations to achieve better results in a particular public sphere
6	Korobova G.G. (12)	Competition is a rivalry where competing parties interested in achieving the same goal, trying to win, to determine his opponent
7	SvetunkovS.G. (13)	Competition is controversial, rivalry relationships between two or more economic entities, manifested in the form of commitment to bypass the others to achieve a common goal, to get a better result, push out the opponent
8	Lifits I.M. (14)	Competition is a form of mutual rivalry between subjects of market economy
9	Fathutdinov R.A. (15)	Competition is competitiveness, rivalry, intensive struggle of individuals or entities for the buyer (for his money), for own survival in conditions of hard competition law as an objective process of "washing out" low-quality goods and services in the framework of anti-monopoly and customer rights legislation
10	Lygina N.I. and Lyapina I.R. (16)	The competition of economic entities when their independent actions effectively restrict the ability of each other to unilaterally influence general conditions of circulation of goods on the relevant market
11	Kiperman G.L. (17)	Competition is the process of interaction, relationships and struggle of manufacturers and suppliers during sales; it is economic rivalry between the distinct producers or suppliers of goods (services) for the most favorable marketing conditions
12	The Federal Law of Russian Federation (18)	Competition is a rivalry between economic entities, whereby their independent actions effectively restrict ability of each of them to unilaterally influence general conditions of goods circulation in the relevant product market
13	SmithA. (19)	Competition is fair competition between sellers for more favorable terms of their products sale
14	Porter M. (4)	Competition isn't a balance, but constant changes
15	Ozhegov S.I. (20)	Competition is a struggle, a fight
16	MarshallA. (21)	Competition is a contest between persons especially when selling or buying anything
The second approach considers the competition as an element of market mechanism balancing supply and demand. It is the economic process of interaction, relationships and the struggle between companies in market in order to provide the best market opportunities for their products, to meet different customer needs and obtain maximum profit.		

1	AzoevG.L., Zav'yalovP.S., LozovskyL.Sh., PorshevA.G., RaizbergB.A. (22)	The economic process of interaction, relationships and the struggle between companies in market in order to provide the best market opportunities for their products to meet the diverse needs of customers
2	PertsovskyN.I. (23)	The economic process of interaction, relationships and the struggle between companies in the market in order to provide the best market opportunities for their products, meet customer needs and achieve the greatest profits
3	SpiridonovI.A. (24)	The economic process of interaction, relationships and the struggle between companies in market in order to provide the best market opportunities for their products, meet different customer needs and obtain maximum profit
4	Svetun'kovS.G. (25)	Competition is a contestation between market economy participants for better conditions of production, purchase and sale of goods
5	Lygina N.I., Lyapina I.R. (16)	It is element of market mechanism, the shape of market actors competition for the most favorable conditions for capital investments
6	Hayek F. (26)	Competition is a strive for the purpose to meet criteria of access to rare goods
7	Yudanova A.Yu., Murashkin N.V., Murashkin A.N., Tyukina O.N., Senic N.M., Yallay V.A. (27)	Competition is a struggle for a limited amount of effective consumer demand on the available market segments
The third approach considers analysis of market structure and of conditions that prevail there. It is the monitoring mechanism in market economy, because it forces manufacturers to properly meet desire of consumers		
1	Lygina N.I., Lyapina I.R. (16)	Competition is a control mechanism in the market economy, because it forces manufacturers to properly meet the desire of consumers.
2	McConnell C., Brue S. (28)	Competition is a situation where many units compete, they are independent and are free to enter and leave market.
3	Svetun'kovS.G. (25)	Competition is a rivalry between economic entities in the market, it's a contention between producers of goods and services for market share in order to maximize profits or achieving other specific purposes
2	Zav'yalov P.S. (29)	Competition is a part of market environment; developed market is inconceivable without competition.
3	Romanov A.N. (16)	Competition is the cheapest method of economic control, which has no equal.
4	KirznerI. (18)	Competition is a "situation" rather than a process
5	SidorovichA.V.(22)	Competition is a part of market space, where producers appear as acting independently competitive sellers of goods and services

Thus, examining the approaches to the concept, we can conclude that the competition is an economic process of balancing supply and demand where firms enter a rivalry for the

relatively better conditions of existence in the market, seeking to best suit consumers' needs.

3 Results

The purpose of management of methods and forms of price and non-price competition is to obtain additional benefits by firm. Managing the price competition, company can gain control of a large number of market segments and customers, as well as accelerated training to provide new services while reducing their costs. Managing the methods and forms of non-price competition, company achieves the improvement of their service quality higher than those of competitors [12-22].

Technology of management of methods and forms of price and non-price competition in the market of banking services designed for effective functioning of the proposed mechanism. It helps using different methods and tools to determine which psychographic characteristics help customers distinguish between price and non-price methods of competition in banking services, to determine the main characteristics of buyers who perceive pricing methods and who perceive non-pricing methods [9-18]. This technology:

- identifies the main target segments of banking services consumers;
- assesses the level of price and non-price competition and identifies their basic components;
- explores the impact and perception of the factors of price and non-price competition for individuals and entities;
- forms the basic ways and directions for increase of management efficiency in price and non-price competition;
- evaluates the effectiveness of interventions.

Table 2. Technology of comprehensive assessment of effectiveness in competition management in entities.

Stages	Measures	Methods
1. Strategic analysis of market situation		
1.1. Analysis of company's environment	The analysis aims to study the process by which a strategic plan developers monitor external factors in order to determine the opportunities and threats for the company: 1. Analysis of the population size and standard of living. 2. Analysis of the retail development. 3. Analysis of paid services value . 4. Analysis of legislation and regulations governing a company's activities.	Expert methods, SWOT, mathematical and statistical analysis
1.2. Analysis of competitors	The analysis should be done in the following areas: 1. Definition of product and geographic boundaries of the market. 2. Identification of market participants and determining the size of their market share. 3. Determination of the competition intensity in the banking market. 4. Assessment of price and non-price competition in markets of individuals and entities.	Diagnosis of the competitive market environment, building a competitive profile, analysis of financial and economic activity
1.3. Analysis of company's potential	Analysis of company's abilities in terms of: 1. Advantages and disadvantages. 2. Market position	Conduct marketing research

	3. Price and non-price competition in markets of individuals and entities	
2. Comprehensive assessment of the real level of price and non-price competition in the target market		
2.1. Description of the target groups in terms of the perception of price and non-price competition in the banking market	Determination of the main buyers' characteristics who perceive pricing methods and who perceive non-pricing methods of competition in the market of banking products: 1. Perception of the factors of price and non-price competition in the market of banking services to individuals. 2. The perception of price and non-price factors of competition in the banking market of legal entities.	Discriminant function analysis
2.2 Determination of the target segment to assess the perception of price and non-price competition	A study carried out for markets of individuals and legal entities in terms of the perception of the factors of price and non-price competition. It should identify the criteria for segmentation (the most important factors), then segmentation and counting their numbers.	Cluster analysis
3. Formation of the main directions for increasing the efficiency of price and non-price competition		
3.1. Determination of the main components of price and non-price competition	Based on survey of opinion of competent specialists in banking service to individuals and entities was identified 16 factors of price competition and 23 factors of non-price competition. As a result was built the questionnaire of factors of price and non-price competition for legal entities and individuals.	Based on expert survey
3.2. Identification of the main directions for increasing the efficiency of price and non-price competition	Research is carried out in the following areas: 1. Study the influence of price competition factors on individuals. 2. Study the influence of price competition factors on legal entities. 3. Study the influence of non-price competition factors on individuals. 4. Study the influence of non-price competition factors on legal entities.	Expert methods, factor analysis
4. Management of improvement of the efficiency of price and non-price competition in the banking market		
To implement programs of improvement of the efficiency of price and non-price competition in the bank should be formed a marketing department that coordinates the entire complex of measures on banking competition, as well as responds quickly to actions.		
5. Evaluation of management effectiveness of the forms and methods of price and non-price competition		
5.1. Qualitative assessment of management	Using the balanced scorecard need to assess the degree of implementation of the proposed measures for management of price and non-price competition. Then it is required to calculate the total factor values	Evaluation method on the basis of qualitative assessments

of price and non-price competition	for different periods.	
5.2. Assessment of economic efficiency	Cost-effectiveness of measures in management of price and non-price competition is based on the determination of the effectiveness of growth index, which is based on a comparative evaluation of price and non-price competition before and after the event	$E = F_t - F_{t-1}$ $= \left(\sum F_{ind} + \sum F_{ent} \right)_t - \left(\sum F_{ind} + \sum F_{ent} \right)_{t-1}$ <p><i>E</i> – growth index score</p>

Perception analysis of price competition factors in the market of individuals proves that increasing discount and bonus for a good credit history and lower interest rates for early withdrawal of funds from the deposit bank improves its position in the banking market (Figure 1).

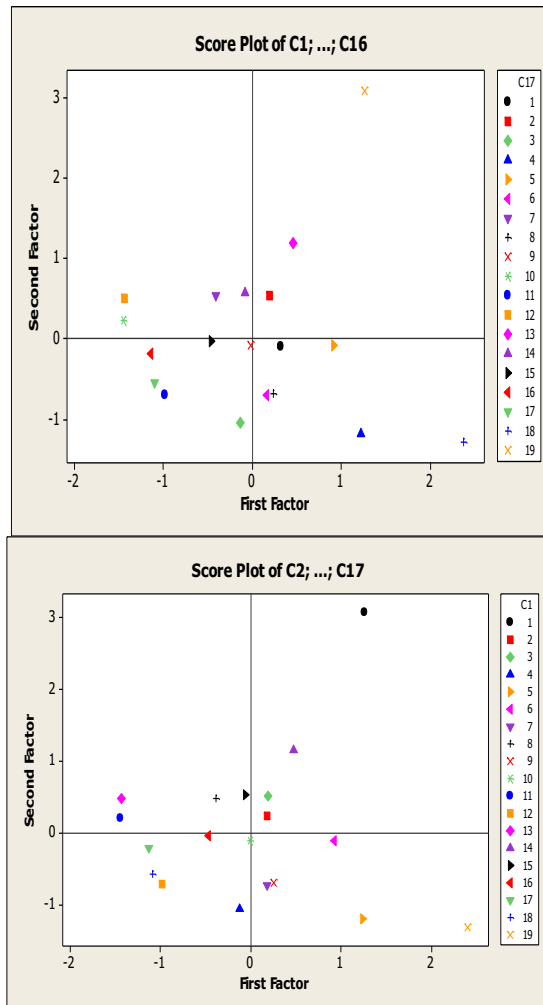


Fig.1. Map of price competition factors perception by individuals in the banking market before and after the implementation of measures.

Expanding the range of services and increasing working hours bank also improves its position in the market of banking services of individuals, based on in the perception of non-price competition factors (Figure 2).

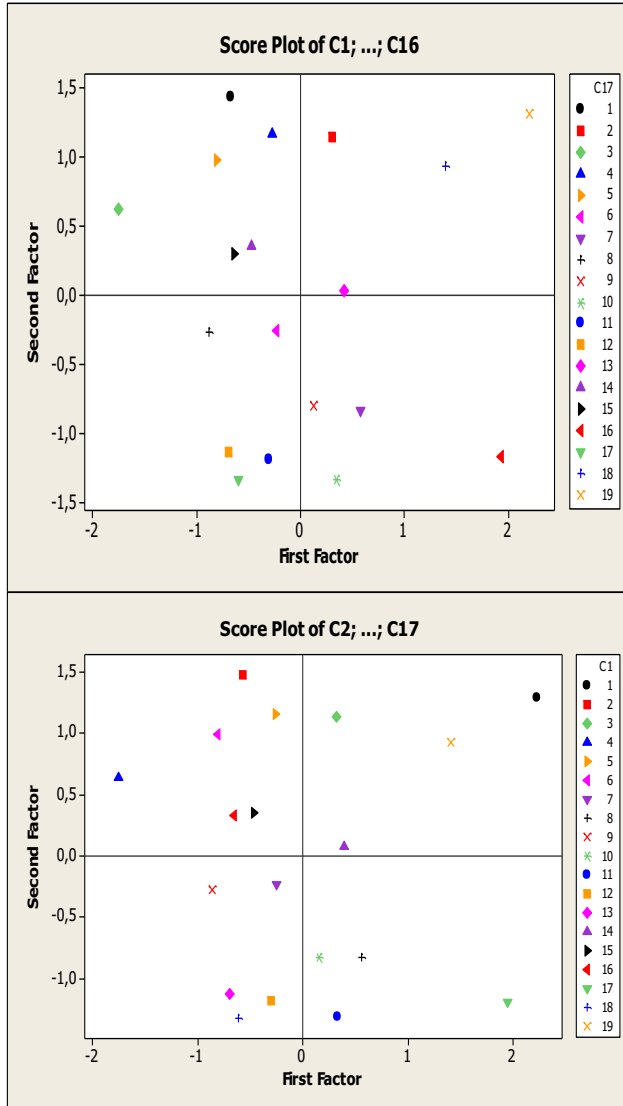


Fig.2. Map of non-price competition factors perception by individuals in the banking market before and after the implementation of measures.

Improving indicators such as credit and debit transactions in account and discount and bonus for regular customers, bank became the leader on the perception of price competition in the market of legal entities (Figure 3).

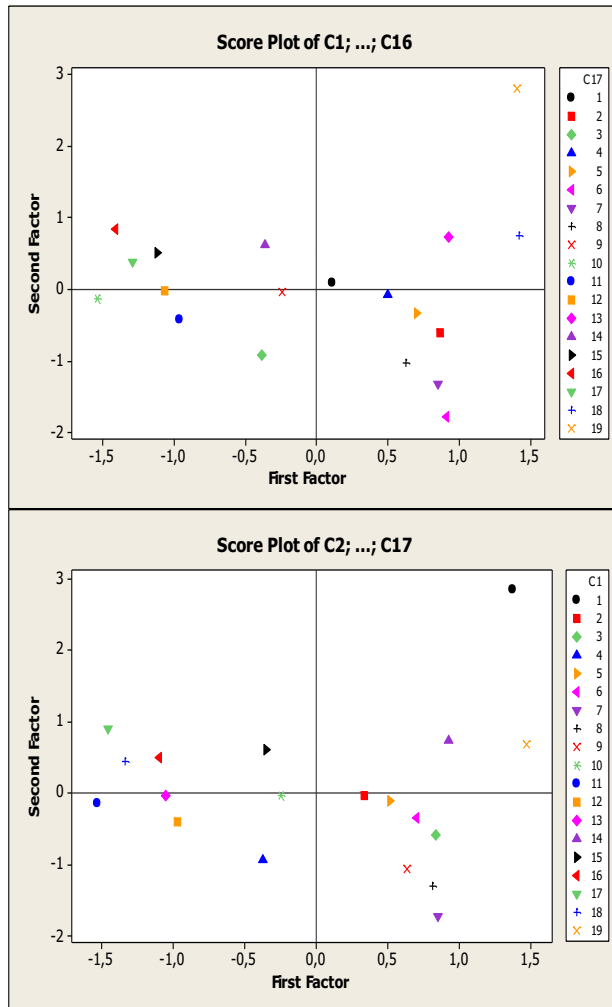


Fig.3. Map of price competition factors perception by entities in the banking market before and after the implementation of measures.

By providing the opportunity to use service free of charge or on favorable terms, as well as increasing the operating hours, bank receives a leading position on the perception of non-price competition by legal entities (Figure 4).

Competition has a positive impact on the banking services market. In a competitive environment forms an adequate offer: the perfect product for the consumer. From the bank's perspective, the competition helps to realistically assess their capabilities. Today the distribution of credit institutions speaks about high competition in the banking market.

Study of the basic psychographic characteristics which help customers to differentiate between price and non-price methods of competition in the banking services, we can conclude:

- The market of individuals is divided into two groups: those who perceive the price competition, and those who perceive non-price competition. In addition, it was found that gender, education, social status, place of residence of groups do not differ much. To distinguish groups much important are characteristics of age and marital status;

- The market of legal entities is also divided into two groups: those who perceive the price competition, and those who perceive non-price competition. Groups do not differ greatly on parameters such as the size of company, its location, and the level of demand in credits. The size of entity and the scope of its activities are much important when distinguishing between groups.

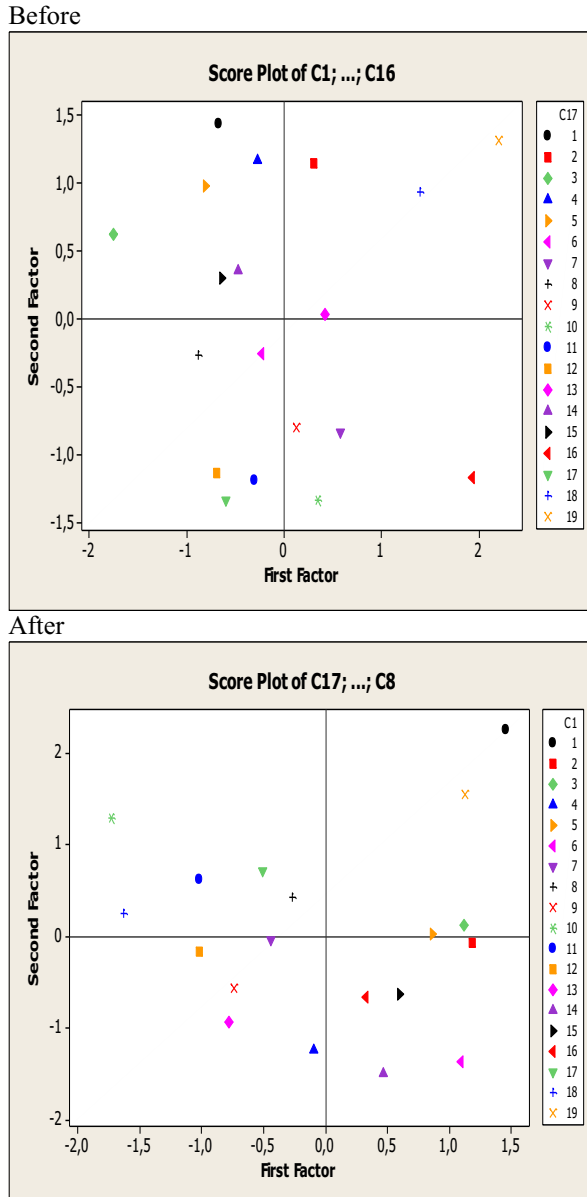


Fig.4. Map of non-price competition factors perception by entities in the banking market before and after the implementation of measures.

Determination of basic target segments based on cluster analysis helps to draw the following conclusions, in terms of the perception of price competition factors:

- market of individuals is divided into four segments: the first is more susceptible only to the credit policy of the bank, the second, third and fourth perceives as credit as deposit policy of the bank;
- market of legal entities divided into three clusters: the first one is more interested in the credit policy of the bank and cash management customer service; the second cluster pays attention to credit and deposit policy of the bank; the third cluster is only interested in the credit policy of the bank;
- in terms of the perception of non-price competition factors:
- the first segment includes individuals who are most interested in the speed and accuracy of service; the second cluster focuses on the quality of provided services; the third cluster in addition to the quality of services highlights the price competition factor of confidence to bank;
- legal entities are divided into three clusters: the first cluster includes companies more susceptible to the quality of services, their range and information about them; the second cluster includes respondents who pay the highest attention to staff qualification, as well as to the level and speed of service; the third cluster pays the most attention to payments by credit card [5,6-8,10,20,21].

Factor analysis showed that individuals affected by price competition factors such as payment processing and transactions in deposits, discounts and bonuses for regular customers, cost of credit and amount of overpayment. While non-price competition is influenced by such factors as corporate identity and image of the bank, advertising and information support, level of service and qualified personnel. Entities affected by price competition factors such as payment processing and transactions in deposit, bonuses and discounts for regular customers, cost of credit and penalties. While non-price competition affected by factors such as confidence to the bank, level of service, the bank's image [6].

To strengthen the position of the regional banking market entities, as well as to provision of high quality banking services, it is necessary to use at all levels forms and methods of price and non-price competition. Their conceptual framework is based on the promotion of high-quality competitive banking products at reasonable prices. One of the constructive directions in system of measures should be the formation of confidence to the bank for target segments.

4 Discussion

Nowadays in the world practice has developed several models and methods for assessing the effectiveness of the bank's such as the model of Du Pont, parametric and non-parametric methods, methods of cash flow, techniques based on the principle of residual income, model based on the growth in stocks value or the value of business .

of evaluating the effectiveness of the bank's activities. However, a unified technology of effectiveness assessment does not exist. Given this feature, banks use many different techniques to assess the effectiveness of its activities. Evaluating the effectiveness of the bank's activities on the basis of quantitative methods involves the calculation of the efficiency in terms of value.

5 Conclusion

The aim of a business corporation policy is to attract customers by expanding the scope of sales of its products and services, gain market and finally increase profits. Specifics of bank marketing are explained by features of a banking product: the abstractness, the form of

money, the contractual nature of deal with the buyers, the extension in time of banking products and services use. These features complicate the marketing work in banks.

The emergence of competitors and hardening competition are natural processes, so it is necessary to build the bank's policy correctly and clearly, based on the technology of a comprehensive assessment of the effectiveness of price and non-price competition. It helps to make use of different methods and tools to identify the main characteristics of banking services to consumers, who perceive price or non-price methods of competition. The methodology consist of key target segments allocation, assessment of price and non-price competition level, study of the impact and perception of the factors of price and non-price competition on individuals and entities, formation of the main directions for efficiency of management of price and non-price competition increasing, and evaluation of interventions effectiveness.

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