Analyzing the Factors for Creating Competition among Products

Mohsin Alvi and Mohammad Haris Mirza and M. Mubashir Q. Khan and Beenish Aqeel and Midra Ikram

University of Karachi, Federal Urdu University of Arts, Science and Technology, Government of Sindh Law and Business Administration, Engro Fertilizer, Institute of Clinical Psychology

20 March 2016

Online at https://mpra.ub.uni-muenchen.de/71894/
MPRA Paper No. 71894, posted 13 June 2016 14:40 UTC
Analyzing the Factors for Creating Competition among Products

Mohsin Hassan Alvi  
University of Karachi  
mohsinhassanalvi@hotmail.com  
Karachi, Pakistan

Mohammad Haris Mirza  
Federal Urdu University of Arts, Science and Technology  
m.harismirza@gmail.com  
Karachi, Pakistan

M. Mubashir Q. Khan  
Government of Sindh Law and Business Administration  
mubashirrazakhan@gmail.com  
Karachi, Pakistan

Beenish Aqeel  
Engro Fertilizers Limited  
beenish.aqeel87@gmail.com  
Karachi, Pakistan

Midra Ikram  
University of Karachi  
midraikram@hotmail.com  
Karachi, Pakistan

Abstract
There are so many reasons of competition among products; the purpose of this study was to find different factors on which competition was dependent. Hypotheses were generated to find the impact of factors on competition. A cross-sectional design research study was conducted through a survey form where a total of 260 respondents participated. Result was derived with the help of statistical tool i.e. one sample T-test and mean value was assigned 4. The end result concluded that competition is dependent on all the factors (availability of goods, delivery on time, discounted pricing by suppliers, cost of products, quality of products, promotional activities and number of variations) except one factor (product support services). This study to some extend
gave a view that product services created no difference for customers to buy but other factors related to cost and quality mattered.

Keywords: Competition, Products, Customer, One Sample T-test,

1. Introduction

Competition has increased worldwide, due to more advanced technology the processes through with companies manufactures the products had become very fast, every function started operating rapidly, time became short and competition got tougher among people, brands, products, services and organizations. The purpose of this study was to work on the different variables which created competition among the products. The factors on which competition was dependent could be brand equity or brand name, product creativeness or every step was involved while producing a product or after sales services. Various products were made for various reasons, same way competition among products had various factors like cost, promotional activities, discounting schemes, supply chain, innovativeness, and customer services. In this era where technology rules, it’s very tough to compete with each other. It is not necessary competition among brands is due to brand itself, but there could be many stages involved for a product to reach to end users like promotional activities, designing, logistics and many other strategies. End users only judge a product according to their perceptions, quality, pricing and availability. Before internet era competition among the products used to be in retail shops, people had very less access to survey the market and for consumers their priority product used to be good brand name with high brand equity, quality and availability. Competition among products was very less and companies/manufacturers used to focus on quality and brand equity. In late 90’s when the use of internet started growing, perception of consumers changed. Consumer needs more variety and variation in products, cost effective products, better quality, easily available and easy to use products. Due to these factors competition among every industry and products have increased at its peak. Organizations major focus is on cost efficiency, supply chain which includes delivery on time and availability, quality, promotional activities to attract consumers, variations in products and services attached with products or after sales services. Factors increased competition among products are availability of goods, delivery on time, discounted pricing by suppliers, cost of products, quality of products, promotional activities,
number of variations and product support services. Competition among products varies from industry to industry, if it’s a food industry quality of food, ambiance and service will be the competitive advantage, whereas if it’s fast moving consumer products then quantity, availability, price and variation will be the competitive advantage. Clothing industry have different competition advantage like designs, brand equity and brand name, styles and quality of the product and if its telecommunication then brand name, cost effectiveness, variety of applications in one mobile and same for electronic compliances.

2. Problem Statement
To study and find the factors creating competition among products where there are numbers of reasons for competing and variety of similar products available. In this technology world where everyday a new and innovative product is launched it has become more complicated to focus on one factor and every industry and product do not have same competing factors.

3. Hypotheses of the Study
H1: There is significant impact of availability of goods on competition.
H2: There is significant impact of delivery on time on competition.
H3: There is significant impact of supplier's discounted pricing on competition.
H4: There is significant impact of Cost of products on competition.
H5: There is significant impact of Quality of products on competition.
H6: There is significant impact of Promotional Activities on competition
H7: There is significant impact of Number of products available on competition
H8: There is significant impact of Product Support Service on competition.

4. Literature Review
While explaining the important of supply chain, it was focused that competition was not mostly among organizations but among supply chain. This research conceptualized supply chain management five dimensions consumer relationship, quality of information sharing, postponement, strategic supplier partnership and level of information sharing. A total of 196 organizations were taken into account and with the help of structural equations model framework
was tested. The end result showed that competitive advantage and better organizational performance occurred due to high level of supply chain practiced in organizations Lia, Nathan, Nathanb and Rao (2004). The role of the products with the benefits provided to customer by delivering different services. In this study new approach for operations and different supply chain strategies were enlightened. Operation management was used to synthesis and reviews the entire concept, and for the economic related areas. Different services were kept as examples to evaluate the results and compared different product related approaches and combinations. Out of four, three areas were identified as presently used with the help of operation management and IHIP. The results proved that services provided to customers added the value to the product and positive response was noticed Spring and Araujo (2009). An attempt was also made in order to elucidate the importance of branding of telecommunication (mobile phone), manufacturers, consumers and retailers. In this study it was assumed that high sales can be caused by high brand equity, and in Philippine mobile phones subscription growth was found faster than any other country. Furthermore advertisement and promotion were considered between manufactures and service providers of mobile phone, and consumers mobile phones brand choices was affected by various activities. A total of 800 correspondents were questioned through questionnaire, and with the help of regression analysis data was interpreted and result was concluded. Results showed a negative relation price and variable of choice and positive relation with conceptualizing and branding Liu (2002). Other authors and strategists believed that to be successful product it is necessary to maintain level of innovation. In this study it was demonstrated that innovativeness was not the only success factor for a product to make place in market, a U-shaped relation between both the variables (innovative and commercial success) was developed. It was proved that both levels (high and low) of innovativeness products were successful in the market and had almost same level of sales. Furthermore it was concluded that to measure a product’s success many other factors like quality, brand image, price, durability, demand, advertisement and many more factors were involved along with innovativeness Kleinschmidt and Cooper (2003). Another research was promotional sales activities for product categories and other specific characteristics. The study highlighted from retailers perspective rather than particular brand as sales and revenue are more closely related to retailers. From 25 different SAMI categories 2000 brands were obtained from major grocery chains. The data suggested that as the discounts increased sales
frequency, but if the frequency of discounts increased it showed negative impact on sales. Furthermore, sales for bulky items it was found that competition was very high and variability in sales was exhibited very low Raju (1992). Authors investigated on the variable customer loyalty for brand. The goal was to reduce customer’s reliance on different promotional scheme and win customer loyalty for service business. The use to two promotional activities advertising specialties by giving free giveaways and price promotions were highly used for Chinese food delivery and drycleaner services. The study was conducted in United States metropolitan areas through a behavioral measure on field experiment. The experiment was conducted with the help of different businesses by giving consumers repeated business and stopped the other promotional activities, and in some experiments generated pricing promotions. The result prompted that consumers purchasing were more towards specialty gifts and repeated opportunities but without these promotional activities there were no brand loyalty Kendrick (1998). It has been worked earlier on the most important factor information, where it was discussed clearly new technological information would bring in competitive advantage for the products in future. In this study authors analyzed the significance of technology and showed that technology brought big change in the functions of organizations, it even made the processes fast and efficient. Organizations with high technology had the competitive advantage in contacting with employees, suppliers and customers very rapidly. With the help of value chain and value system models every step was explained in detail and with the technological information incorporated in every step made the processes faster which became most important part of success factor (Porter and Millar, 1985).

In this study it was investigated about the two substitutes manufactured by same organization in the sensitive time and pricing markets. The differentiating factors were price and delivery time, in which it was assumed that standard capacity and delivery time were specified to each of the product. The main objective of the firm was to figure out which product was cost effective and had more reduction in capacity. Firm studied both the products and developed an integrated pricing model, and decisions on costs effectiveness with delivery time. Author showed that firm should adapt to bring in change on operating dynamics to create differentiation of products and lead the market. It was suggested by the model that cost brought internal efficiency for the firm whereas time delivery won the competitive advantage for the product (Boyachi and Ray, 2003).
5. Methodology

A cross sectional design study was conducted in the Karachi, Pakistan. In this study, quantitative paradigms were adapted and data was gathered through questionnaires. Data was gathered randomly from 260 respondents, all the questionnaires covered each hypothesis and factor. Survey was conducted in order to gathered unbiased data that used for revealing the results of hypotheses. It was assumed all the assumptions presented the truly reflect the entire population. The unrestricted non-probability sampling technique was used where the subjects were chosen based on the easy accessibility to the researcher. Data was collected through self-administered questionnaire from different people using multiple products who were manufacturers, retailers and customers. Closed ended questionnaire were used using likert scale of 1 to 6 to record the response of the sample. Statistical technique used in this research was one sample t-test with population mean value 4.

6. Results

Table 6.1: One Sample T-test

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of products</td>
<td>260</td>
<td>4.190</td>
<td>0.686</td>
<td>0.000</td>
<td>0.190</td>
</tr>
<tr>
<td>Delivery on time</td>
<td>260</td>
<td>4.267</td>
<td>0.462</td>
<td>0.000</td>
<td>0.267</td>
</tr>
<tr>
<td>Suppliers discounted pricing</td>
<td>260</td>
<td>4.446</td>
<td>0.470</td>
<td>0.000</td>
<td>0.446</td>
</tr>
<tr>
<td>Cost of Products</td>
<td>260</td>
<td>4.325</td>
<td>0.546</td>
<td>0.000</td>
<td>0.325</td>
</tr>
<tr>
<td>Quality of Products</td>
<td>260</td>
<td>4.314</td>
<td>0.521</td>
<td>0.000</td>
<td>0.313</td>
</tr>
<tr>
<td>Promotional Activities</td>
<td>260</td>
<td>4.335</td>
<td>0.499</td>
<td>0.000</td>
<td>0.335</td>
</tr>
<tr>
<td>Number of products available</td>
<td>260</td>
<td>4.235</td>
<td>0.494</td>
<td>0.000</td>
<td>0.235</td>
</tr>
<tr>
<td>Product Support Service</td>
<td>260</td>
<td>3.935</td>
<td>0.469</td>
<td>0.025</td>
<td>-0.065</td>
</tr>
</tbody>
</table>

The Table 6.1 shows the results in terms of comparing the different factors to explain the intensity of competition due to several numbers of products available in the market and their characteristics. The impact of variables was categorized including both nominal and ordinal scales. Summed up the hypothesis it concluded all factors have positive impact on competition.
among products except one factor. As mentioned earlier eight factors were considered creating competition, for concluding the data and analysis one sample T-Test has been used with test value 4. All the factors; availability of goods (with mean difference 0.198), delivery on time (with mean difference 0.267), discounted pricing by suppliers (with mean difference 0.446), cost of products (with mean difference 0.325), quality of products (with mean difference 0.3134, promotional activities (with mean difference 0.3346), number of variations (with mean difference 0.2346) have mean values above 4, whereas product support services (with mean difference -0.0654) has mean value below 4. The result showed competition is dependent on all of the factors except one predictor product support service.

7. Discussion

This has been observed that competition among products occurs due to many of the various factors, and the reason behind high competition was awareness, accessibility, internet (online availability and delivery) which gives consumers comfort and saves their time. Another reason of increasing competition are local manufacturers, they have made substitutes of all the products available in the markets with low prices and different packet size as well. This changes the perception of people towards consuming smaller packet size. As a result of this, sachet or small pack of product sold out quickly as compare to large packet Alvi (2015). If these local manufacturers will be eliminated from the markets then the big manufacturers will keep the prices high with less availability, furthermore they challenge big manufacturers of developing or making same product as they make. This will encourage the manufacturers to come up with new and innovative ideas.

8. Conclusion

Result revealed that hypotheses associated with predictors (availability of goods, delivery on time, discounted pricing by suppliers, cost of products, quality of products, promotional activities and number of variations) have impacted on competition positively whereas one predictor product support service has impacted negatively on competition. This clearly shows that if none of the factors mentioned above will be presented then there will be no reason for competition, which will lead towards monopoly of the product. But product support service has
nothing to do with the competition as this is usually considered as after sales service. It is necessary for the product to be sold to the end user then support service will intervene. A manufacturing organization must work on these factors to compete and make place in market. Dependency of these factors on competition showed that any organization without one factor can stand out and will lose the market share. There can be more factors which can be tested for future research like designing, creativeness, brand equity, brand name, just in time and other supply chain factors, advertisements and others.

References


