

Chapter 1 : Analysis: A competitive environment? – theinnatdunvilla.com

Competitive Environment: Definition. A competitive environment is the dynamic external system in which a business competes and functions. The more sellers of a similar product or service, the more.

Forward-looking statements In this section we present a glossary of terms used in the Annual Report and Financial Statements and some analyses of our share ownership at the end of . We also provide a range of information designed to be helpful to shareholders and contact details for the Company and for a number of service providers. Market and competitive environment This Business Review for the financial year ended 31 December provides a review of the business and strategy of InterContinental Hotels Group PLC the Group or IHG , commentaries on the development and performance of the business, employee and environmental matters and a description of the risks and uncertainties impacting the business. Global economic events and industry cycle The economic conditions of the last year have had a significant impact on IHG and the wider hotel industry. We continue to monitor key trends and business fundamentals, such as revenue per available room RevPAR to ensure our strategy remains well suited to the developing environment and our capabilities, and we believe our business is resilient. Accordingly, our strategy remains unchanged. However, we see short-term risks in the pace of future openings and the recovery in consumer demand, particularly business travel. The downturn continued to be severe in , with a sharp decline in global industry RevPAR and bookings. Our industry has always been cyclical and there are signs that business and consumer confidence is returning and RevPAR is beginning a slow recovery. Historically as an industry, in previous cycles, we have experienced periods of five to eight years of RevPAR growth followed by up to two years of declines in RevPAR. Demand has rarely fallen for sustained periods and it is the interplay between hotel supply and demand in the industry that drives longer-term fluctuations in RevPAR. IHG profit varies more with hotel revenue demand than it does with hotel profit performance. We believe we are well placed over the coming year compared with competitors who own hotels, rather than simply operate them, as IHG does. Market size The global hotel market has an estimated room capacity of 18 million rooms. Competitors in the market include other hotel companies, both large and small, and independently owned hotels. Drivers of growth US market data historically indicates a steady increase in hotel industry revenues, broadly in line with Gross Domestic Product GDP , with growth of approximately 1. Globally, we believe demand is driven by a number of underlying trends: Within the global market, just under half of hotel rooms are branded; however, there has been an increasing trend towards branded rooms. Over the last three years, the branded market as represented by the nine major global branded hotel companies has grown at a 3. Branded companies are therefore gaining market share at the expense of unbranded companies. IHG is well positioned to benefit from this trend. Hotel owners are increasingly recognising the benefits of franchising or managing with IHG which can offer a portfolio of brands to suit the different real estate opportunities an owner may have, together with effective revenue delivery through global reservations channels. Furthermore, hotel ownership is increasingly being separated from hotel operations, encouraging hotel owners to use third parties such as IHG to manage their hotels. Other factors Potential negative trends impacting hotel industry growth include the possibility of increased terrorism and increased security measures, environmental considerations and economic factors such as the longevity of the downturn.

Chapter 2 : global competitive environment - definition - English

This text combines a discursive treatment of the theory and practice of competition in the European Union with analysis, through case studies, of the real experience and reaction of European business.

General and Competitive Marketing Environment Article shared by: The most basic tenet of strategic marketing is that a manager must adjust marketing strategy to reflect the marketing environment in which a business operates. One of the recent marketing research study analyzed data on 1, businesses scattered across eight different environments in two different time periods, and found that the environment-strategy link was consistently an important factor in explaining differences in the business financial performance levels in the US. Similar conclusions have come from research on businesses at different stages of development, such as start-ups, and on businesses in different parts of the world. The role of environmental analysis is to detect, monitor, and analyse those current and potential trends and events that will create opportunity or threats to the firm. Environmental analysis can be divided into five areas shown in Table 2. Expert opinions often are helpful in environmental forecasting. It is usually worthwhile to consider the cross-impact of one environmental development on others. Scenario analysis provides rich descriptions of future environments and, as such, can be a useful forecasting device. Scenario analysis involves the creation of two to four possible future scenarios, the development of strategy appropriate to each, the assessment of scenario probabilities, and the evaluation of the resulting strategies across the scenarios. An impact analysis can help identify and prioritize information-need areas. The approach is to systematically assess the impact and immediacy of the trends and events that underlie each potential information- need area. The external environmental influences strategy in different ways, such as: Providing opportunities and holding threats: The external environment is the source of many of the opportunities and threats good strategies are meant to capitalize on and also the source of threats they are meant to avoid. As you will learn, the structure of the industry in which a firm competes can have a profound impact on the nature of the competition that firm faces. Influencing the availability of critical resources: For example, demographic trends may influence the availability of suitable employee or interested customers. Affecting the likely returns from alternative investments: Ultimately a firm does not exist in a vacuum in which it alone can determine its destiny. Rather, organizations exist amidst a blend of opportunities and threats to which a company must respond, and this response helps determine its financial returns. The conclusion is inescapable: Six broad dimensions appear most relevant: Systematic analysis of the factors comprising the general environment can identify major trends in various industry segments. Easing regulations on Foreign Direct Investment FDI in organized retailing led to public furors as vested interests middlemen highlighted the point that nearly half a million hawkers may lose employment and their sole source of livelihood. Now the government of India is reviewing the policy to allow the entry of MNCs in retailing. The competitive environment refers to the situation facing an organization within its specific arena of operation. Threat of new entrants: When a business begins operation in a new market, we say it has entered that market; when it ceases to operate in a market, we say it has exited. A new entrant in an industry represents a competitive threat to established firms, sometimes called the incumbents. The entrant adds new production capacity and the potential to erode the market shares of incumbents. To reduce these threats, incumbent firms depend on what we call barrier to entry to discourage new entrants. These exist whenever large-volume firms more likely the incumbent than the entrants enjoy significantly lower production costs than smaller volume operators. This discourages new firms with less volume and higher production costs from entering the market. For instance, it is difficult for a new firm to enter the paper business because efficient production requires production volumes larger that a start-up can reasonably expect to achieve, forcing the entrant to operate at a cost disadvantage. Learning or experience effects: As firms produce, they grow more efficient as experience teaches better ways of doing things. This allows their costs per unit to decline along the entire experience curve, or the learning curve. Since incumbents have more experience than new entrants do. Saving on cost of production can leads to lowering of MRP and can combat the sluggish demand situation exists in early Cost disadvantages independent of scale: These advantages are unrelated to

the size of the operation. They may include proprietary product knowledge, such as patents; favourable access to raw materials, such as favourable locations; and government subsidies. In the present environment it may not be possible for a firm to limit its operation within the national or regional boundaries. The globalization forces are sweeping everywhere and competition is universal. In this context, knowledge about the global marketing environment is imperative. The implications for environmental analysis of these different types of environmental condition are illustrated in Table 2. Diffenbach has identified three distinct stages in the evolution of corporate environmental analysis. These are, he suggests: An appreciation stage typically resulting from the emergence of books and articles which argue case for looking beyond the short-term and for considering the wider implications of the economic, technological, social and political factors which make up the business environment. It was the emergence of this thinking which led to the appearance in the s and s of numerous books on environmental scanning Delphic analysis and environmental forecasting iii. The application stage in which very real attempts are made to monitor the environment, assess the implications for change and incorporate staff evaluations into strategy and plans.

Chapter 3 : Market and competitive environment - IHG Annual Report and Financial Statement

The European Competitive Environment is unique in combining a discursive treatment of the theory and practice of competition in the European Union with analysis, through case studies, of the real experience and reaction of European business to these issues.

Now the rest of the world is racing to catch up. Virtually every important trading partner has declared innovation to be central to increasing productivity, economic growth, and living standards. They are implementing ambitious, farsighted, and well-financed strategies to achieve that end. This chapter will describe how different nations studied by the STEP Board are addressing their innovation challenge. Indeed, just as the global movement toward free markets in the 1990s became known as the Washington Consensus, the first decade of the 21st century has seen the emergence of what could be described as the Innovation Consensus. Governments everywhere have been sharply boosting investments in research and development, pushing universities and national laboratories to commercialize technology, building incubators and prototyping facilities for start-ups, amassing early-stage investment funds, and reforming tax codes and patent laws to encourage high-tech entrepreneurialism. Underlying this trend is an emerging understanding of what makes a nation globally competitive. Dahlman of Georgetown University notes that economists traditionally have viewed competitiveness as a function of factors such as capital, the costs of labor and other inputs, and the general business climate. In a more dynamic world in which information technology and communications enable knowledge to be created and disseminated at ever-greater speeds, competitiveness increasingly is based on the ability to keep pace with rapid technological and organizational advances. In some cases, governments are implementing policies modeled after those of the United States. In others, they are borrowing from successful models pioneered in Europe and East Asia that leaders regard as more attuned to the competitive realities of the 21st century global economy. This section presents a number of case studies from those symposia and our research. While it is of course difficult to generalize, a number of common policy themes recurred through this extensive dialogue. The paramount importance of investment in education to provide the skills base upon which an innovation-led economy is based. The value of increasing public and private investment in research and development, with at least 3 percent of GDP generally viewed as a desired target. The importance of establishing a far-thinking national innovation strategy that lays out broad science and technology priorities and a policy framework that addresses the entire ecosystem, including skilled talent, commercialization of research, entrepreneurship, and access to capital. Such national strategies require attention of top political leadership, coordination of government agencies, sustained funding, and collaboration with stakeholders at the regional and local level. An increasingly prominent role for public-private partnership in which industry, academia, and government pool resources to accelerate the translation of new technologies into the marketplace. Focus on programs to encourage firms to transform basic and applied research into new products and manufacturing processes. Greater policy emphasis on the institutional framework needed to sustain new business creation, such as intellectual property-right protection, competitive tax codes, and an efficient and transparent regulatory bureaucracy. This chapter will describe how different nations studied by the STEP Board are addressing these and other issues. The chapter describes the innovation policy approaches of nations at three tiers of development. In the first tier are the emerging economic powers. We looked at China and India in some depth. Both nations have charted ambitious innovation agendas for improving living standards and moving well beyond labor-intensive manufacturing and low-skill services to high-tech and knowledge-intensive industries. They are leveraging their large domestic markets and low-cost workforces to attract foreign investment in next-tier industries and are developing globally competitive corporations. They also are making strategic choices about technologies that address domestic needs and in which they are best positioned to compete globally in the future. In the second tier are the more mature newly industrialized economies. We focus on Singapore and Taiwan, which have extraordinarily well-educated populations and have attained world standards in industries such as high-tech electronics, biotechnology research, and chemicals. The third tier represents mature industrialized nations. In

most cases, it is too early to offer a full assessment of whether the strategies and policy tools selected by other nations will achieve their stated targets. Yet they offer many valuable lessons for U. China has emerged as a major exporter of everything from solar cells to high-end telecommunications equipment and has accelerated the construction of high-speed trains. That commitment continues to grow. When it comes to creating truly innovative products, however, China still is regarded as an underachiever. But these investments in themselves do not mean that China will become a leading innovator in the near term. In particular, there is a general lack of openness and transparency in funding decisions, which negatively affects the ability of China to recruit first-rate scientists. As a result, the quality and quantity of cutting-edge basic research is still small compared to that of the United States. China has seen a sharp increase in patents and published papers, but few have commercial relevance. Programs that focus on acquiring new and established technologies can help develop the technological competitiveness of the Chinese economy and provide the opportunity for commercial success, first within China and next in export markets, thus laying the foundation for steadily higher levels of commercial application of advanced technologies. To address these challenges to its innovation system, the World Bank recommends that China concentrate on raising the technical and cognitive skills of its university graduates, building a few world-class research universities with links to industry, increasing the availability of patient risk capital for start-ups, and fostering clusters that bring together dynamic companies and universities and allow them to interact without restriction. The National Academies Press, , page The World Bank, World Bank, , pages “The strategy is embodied in The National Medium and Long-Term Program for Science and Technology Development, ”, a document drafted over two years and that received input from some 2, experts. Although the stated goal is to achieve an innovation-driven economy led by market forces and enterprises, the technology drive is built around large state-led projects. Although the strategy acknowledges that China needs multinational investment and greater international collaboration, it is intends to extract technology from foreign companies to create domestic champions that will eventually compete directly against them. As of , China had 27 million post-secondary students, compared to 18 million in the U. China has extraordinarily high savings and investment rates of around 40 percent of GDP, double the rate of most other nations. After its victory in , the Communist Party implemented Soviet-style central planning. Private industrialists fled to Hong Kong and Taiwan, and state took control of the factories left behind. Scientists and academics were purged in an anti-rightist campaign and again during the Cultural Revolution from to , when educated Chinese were banished to manual work in the countryside and universities were shut to virtually all but workers, farmers, and soldiers. That year period cost China a generation of top scientists and engineers whose absence is still felt. As the demographic bulge ages, the numbers of those in their early 20s, who are usually the best educated and most productive members of society, will have halved. The apparently endless stream of cheap labour is starting to run dry. Despite pools of underemployed country-dwellers, China already faces shortages of manual workers. As the workforce starts to shrink after , these problems will worsen. The Chinese Academy of Sciences assumed control of basic research. Applied research was the responsibility of thousands of research institutes controlled by central ministries and provincial governments, while state enterprises developed products. Universities focused on human resource development. The government also shifted much of the implementation of its policies from central ministries to local and provincial authorities. Instead, more research funds instead were allocated to specific projects through a competitive process. Organizational changes also encouraged different research organizations to establish horizontal linkages and encourage scientists and engineers to become entrepreneurs. The leadership launched a series of reforms to decentralize, depoliticize, and diversify the higher education system in Provincial and local governments assumed operating control, and universities were given more management autonomy. Universities also were encouraged to become more commercially viable, compete for faculty and research funding, and cooperate with industry and government. Hundreds of universities were merged and restructured, and the number administered by central government ministries dropped from to The CAS hired hundreds of overseas Chinese scientists and consolidated its institutes into Coordinated by the Ministry of Science and Technology” which leads development of science policy and overseas many national funding programs to implement projects--and the Chinese Academy of Sciences, the government launched a two-year project to draft a new national strategy

for science and technology. The year plan addresses framework conditions for a national innovation system, such as the need to put enterprises at the center of innovation, policy support for venture capital, improving protection of intellectual property rights, and investments in infrastructure, human resource development, and promoting public understanding of an innovative culture. The megaprojects include extra large-scale semiconductor manufacturing, next-generation wireless broadband, advanced nuclear reactors, control of AIDS and hepatitis, and large aircraft manufacturing. They include year tax holidays for production plants, exemption from sales tax income earned through technology transferred via foreign investment, low cost or free land, direct equity stakes by government investors, and procurement regulations that favor domestic production.

Chapter 4 : What Is the Meaning of Competitive Environment? | theinnatdunvilla.com

Environment policy helps green the EU economy, protect nature, and safeguard the health and quality of life of people living in the EU. Green growth Protecting the environment and maintaining a competitive EU presence on the global market can go hand in hand, and environment policy can play a key role in creating jobs and stimulating investment.

Industry Description Hartley Grimm A. History of the Airline Industry “ Since its inception the air transportation industry has been a dynamically changing industry. From the leaps and bounds that technology has brought on, through the terrorist attacks in , there are many challenges that the air transportation industry has faced. From through air transportation grew and a fast rate. In the airlines were transporting nearly million passengers, growing to million in the year Unfortunately for the financially tight airlines, the recession and terrorist activities on September 11th immediately cut passenger levels back to their equivalents. A move that all companies within the industry were not anticipating, setting many up for bankruptcy. Characteristics of the Airline Industry “ The Airlines are grouped in many ways, including their size and what they transport. The most common classifications for airlines are the major passenger airlines, low-cost carriers, air freight, and regional or commuter carriers. The major airlines are composed of 14 major airlines. Three of which have a priority on cargo transportation. Six of these in this category are often referred to as the "Big 6"; however after the events of September 11th, there has been a shuffle and not such a high labeling for the top six airlines. The major airlines typically operate a traditional hub and spoke service. These flights are the type many passengers are accustomed too. There are main "hubs" that are at few airports across there servicing area. Theses are larger airports that can accommodate much larger aircraft and traffic volumes. Off of these hubs are smaller routes with smaller planes that make up the spokes. To get from point A to point B usually revolves around a trip to a hub as a connection before reaching your final destination. In contrast to operating of the Big 6 major airlines there are a dozen or so low cost and low fare carriers. In contrast to the hub and spoke system, carriers such as Southwest utilize a direct flight route. The downfall many critics have claimed is their limited travel availability to specific cities. Despite these negative reports of the low far carriers they have thrived and continue to see new entrants in this highly competitive area of the air transportation sector. This is in part due to their target audience of leisure travelers who are focused on routes of under miles. Without the many intertwining flights and simplified schedules they are able to attract their target market with their lower fares. The Current State of the Airline Industry “ The regional and commuter section is a rapidly changing sector in the air transport industry. There are just over 25 such carriers in the country. Many of these are owned by independent companies, but have been contracted out by the major carriers and carry the names like "US Express. The major change in this sector is stemming from the regional jet phenomenon. Due to passenger perception of the safety of turbo prop type aircraft, many companies such as Continental Express are on a high priority mission to convert to all smaller regional jets. The air cargo or air freight segments make up a substantial portion of the industry as well. Cargo sections are those that hold scheduled flights for shipment of cargo. Cargo can be carried on cargo portions of passenger aircraft as well as specifically designed aircraft that carry only cargo. These are not the destination delivery options, but this section only includes the air transit part. This sector is home to some of the most profitable companies in the air transport category. With high debt ratios riding the balance sheets of many companies, the downturn of passenger travel has many of even the major airlines scrambling for survival. Nearly all of the former Big 6 major airlines have filed for bankruptcy or looked for government assistance. Dwindling profits are expected to rise among major airlines as the low cast carriers continue to lure the passengers from the struggling giants. Encompassed with the extreme costs facing major airlines it is a true fight for their life. Despite the bleak look for the industry, there is hope on the horizon. The key is in proper strategic management of their assets, cash flow, labor, and scheduling. The industry is already seeing an increase in travel that is expected to continue. Unfortunately due to the many factors from terrorism to government regulations clouding the view, it is tough to make sound predictions for any specific airline. It is for sure to say that domestic travel by air is here to stay for the business and leisure travel. We may see new strategies and sectors emerge within the air transport industry due

to the struggle for survival; however, they will serve the fundamental needs of the passengers and cargo that need to reach their destination. Company Description Kristen Barson A. The plan was to start a low cost airline that would take passengers between San Antonio, Dallas, and Houston. King had a simple business concept that was pretty straight forward. This concept was simply to attract customers by flying convenient schedules, getting them to their destinations on time, presenting very low fares, and be sure to present the best customer service possible. In , papers were filed to incorporate the new airline. On June 18, , the airline started service. Southwest charged twenty dollars, which was well below rival fares. Even though the prices of flights were a steal; the numbers of passengers on flights were fewer than on all of the 18 flights. Another idea was to add an out of state service to add more flights to the Love Triangle, by purchasing a fourth Boeing Customer service and satisfaction was a top priority for Muse. He made it a point to question the flight attendants about what customers were saying so that he could get a better idea of what more he needed to do in order to strive for complete customer satisfaction. Muse also spent 25 to 30 hours every month, riding on the flights himself so he could personally interact with the customers and check out what was happening in the terminals. Muse came up with a pricing structure. Weekday flights departing before 7pm were twenty-six dollars, and all other seats on the other flights were only thirteen dollars. Kelleher wanted to keep up the low fare, short haul airline that everyone knew about; although, he did want to make one change. This change consisted of adding additional cities outside of Texas. It was also the leading carrier in California, Texas and Florida. Southwest Today â€” Recently, Southwest airlines announced its 31st consecutive year of profitability and began offering online boarding passes via southwest. This online feature provides additional convenience to Customers by allowing them to proceed to their departure gate without stopping at the ticket counter, skycap, or self-service kiosk. On May 9, Southwest Airlines launched service to Philadelphia, its 60th airport. With the addition of its Philadelphia service, Southwest now operates 2, daily flights to 60 airports in 59 cities across the United States. Scope of Competitive Rivalry â€” Seller rivalry is primarily national, but competition does occur regionally and internationally as well. Rivals â€” There exists about 12 major airlines in the United States. There also exists a number of smaller national and regional airlines that compete on a smaller scale. Customers â€” Customers include mostly individual travelers and organizations. Vertical Integration â€” No real significant backward or forward integration Ease of Entry â€” Fairly strong barriers to entry exist in the form of capital requirements for investing in equipment and regulations. Also, there exists some market saturation in certain markets that discourage entry. Technology and Innovation â€” Service technology is somewhat slow to technological change; use of new technology has changed distribution e-tickets. Product Differentiation â€” The actual service of transporting passengers from one location to another is fairly standardized. Differentiation exists in customer service and the locations in which an airline flies. The less time a plane in idle on the ground and the more time its active in the air, generally results in more flights and more revenue from passengers. Capacity Utilization â€” Load factor was Added to this is the unpredictable nature of fluctuating oil prices. Airlines primarily compete on price and service; however, to a lesser extent they do compete on frequency of flights, frequent-flyer programs, reliability of flights, and other amenities. In recent years, pressures have somewhat eased as established carriers have stayed within their existing geographical areas of dominance, concentrating more on returning to profitability than expansion. However, there have been pressures from low-cost carriers Southwest, JetBlueâ€¦ whom have been in a state of expansion. Potential New Entrants â€” Weak to Moderate. Also, the capital-intensive, labor-intensive, and energy-intensive nature of the industry can cause difficulties for new entrants. Substitute Products â€” Moderate. Passenger rail lines, bus services, and personal transportation cars are all substitutes that exist in relation to air travel. They are generally lower cost and considered more convenient for shorter distance travel; however, air travel in the U. Supplier Bargaining Power â€” Moderate to Strong. For an airline company, aircrafts are costly and vital pieces of equipment. With regard to commercial passenger aircraft manufacturers, there are really only two suppliers that exist: The limited nature of this industry gives these aircraft suppliers greater power in setting prices. Air travel is also a fuel-intensive industry, thus making the airlines very sensitive to swings in fuel prices offered by fuel suppliers. Buyer Bargaining Power â€” Weak. Buyers of airline tickets include many individuals and organizations. With such a large pool of separate customers, little

power is exerted by the buyers as a cohesive group. Drivers of Industry Change The Rise of the Internet Economy “ The internet and e-commerce has completely altered the airlines distribution the booking and ticketing of passengers for air travel. This has allowed airlines to bypass travel agent commissions, nearly eliminate wasteful paperwork, and reduce airline staffs. Globalization “ Growth potential in the global travel market has led to a drive for globalization in the air travel industry. To facilitate international growth, U. These treaties are bilateral agreements that essentially deregulate travel between the involved countries, thus opening up certain markets to competition. Low-cost Competition “ The rise of the low-cost carriers has forced a change in the competitive environment of the air travel industry.

Chapter 5 : The New Global Competitive Environment - Rising to the Challenge - NCBI Bookshelf

The term "competitive environment" refers to the number and types of companies against which a given business competes in its industry. Direct competitors are those that sell very similar goods and services. Indirect competitors are those that sell unrelated goods and services, but to similar target.

Consequences[edit] Competition can have both beneficial and detrimental effects. Many evolutionary biologists view inter-species and intra-species competition as the driving force of adaptation , and ultimately of evolution. Some social Darwinists claim that competition also serves as a mechanism for determining the best-suited group; politically, economically and ecologically. Positively, competition may serve as a form of recreation or a challenge provided that it is non-hostile. On the negative side, competition can cause injury and loss to the organisms involved, and drain valuable resources and energy. In the human species competition can be expensive on many levels, not only in lives lost to war, physical injuries, and damaged psychological well beings, but also in the health effects from everyday civilian life caused by work stress, long work hours, abusive working relationships, and poor working conditions, that detract from the enjoyment of life, even as such competition results in financial gain for the owners. Biology and ecology[edit] Main article: Competition biology Competition within, between, and among species is one of the most important forces in biology, especially in the field of ecology. However, competition among resources also has a strong tendency for diversification between members of the same species, resulting in coexistence of competitive and non-competitive strategies or cycles between low and high competitiveness. Third parties within a species often favour highly competitive strategies leading to species extinction when environmental conditions are harsh evolutionary suicide. When resources are limited, several species may depend on these resources. Thus, each of the species competes with the others to gain access to the resources. As a result, species less suited to compete for the resources may die out unless they adapt by character dislocation, for instance. According to evolutionary theory , this competition within and between species for resources plays a significant role in natural selection. At shorter time scales, competition is also one of the most important factors controlling diversity in ecological communities, but at larger scales expansion and contraction of ecological space is a much more larger factor than competition. Game theory Game theory is "the study of mathematical models of conflict and cooperation between intelligent rational decision-makers. Game theory is a major method used in mathematical economics and business for modeling competing behaviors of interacting agents. A common assumption is that players act rationally. In non-cooperative games, the most famous of these is the Nash equilibrium. A set of strategies is a Nash equilibrium if each represents a best response to the other strategies. If all the players are playing the strategies in a Nash equilibrium, they have no unilateral incentive to deviate, since their strategy is the best they can do given what others are doing. Competition economics Merriam-Webster defines competition in business as "the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms". Competition, according to the theory, causes commercial firms to develop new products, services and technologies, which would give consumers greater selection and better products. The greater selection typically causes lower prices for the products, compared to what the price would be if there was no competition monopoly or little competition oligopoly. However, competition may also lead to wasted duplicated effort and to increased costs and prices in some circumstances. For example, the intense competition for the small number of top jobs in music and movie acting leads many aspiring musicians and actors to make substantial investments in training which are not recouped, because only a fraction become successful. Critics have also argued that competition can be destabilizing, particularly competition between certain financial institutions. It has been argued that competition-oriented objectives are counterproductive to raising revenues and profitability because they limit the options of strategies for firms as well as their ability to offer innovative responses to changes in the market. The most narrow form is direct competition also called category competition or brand competition , where products which perform the same function compete against each other. For example, one brand of pick-up trucks competes with several other brands of pick-up trucks. Sometimes, two companies are rivals and

one adds new products to their line, which leads to the other company distributing the same new things, and in this manner they compete. The next form is substitute or indirect competition, where products which are close substitutes for one another compete. For example, butter competes with margarine, mayonnaise and other various sauces and spreads. The broadest form of competition is typically called budget competition. Included in this category is anything on which the consumer might want to spend their available money. This form of competition is also sometimes described as a competition of "share of wallet". In addition, companies also compete for financing on the capital markets equity or debt in order to generate the necessary cash for their operations. An investor typically will consider alternative investment opportunities given his risk profile and not only look at companies just competing on product direct competitors. Enlarging the investment universe to include indirect competitors leads to a broader peer universe of comparable, indirectly competing companies. Competition does not necessarily have to be between companies. For example, business writers sometimes refer to internal competition. This is competition within companies. The idea was first introduced by Alfred Sloan at General Motors in the s. Sloan deliberately created areas of overlap between divisions of the company so that each division would be competing with the other divisions. For example, the Chevrolet division would compete with the Pontiac division for some market segments. The competing brands by the same company allowed parts to be designed by one division and shared by several divisions, for example parts designed by Chevrolet would also be used by Pontiac. The company was organized around different brands , with each brand allocated resources, including a dedicated group of employees willing to champion the brand. Each brand manager was given responsibility for the success or failure of the brand, and compensated accordingly. Finally, most businesses also encourage competition between individual employees. An example of this is a contest between sales representatives. The sales representative with the highest sales or the best improvement in sales over a period of time would gain benefits from the employer. This is also known as intra-brand competition. Shalev and Asbjornsen also found that success i. The literature widely supported the importance of competition as the primary driver of reverse auctions success. Competition often is subject to legal restrictions. For example, competition may be legally prohibited, as in the case with a government monopoly or a government-granted monopoly. Tariffs , subsidies or other protectionist measures may also be instituted by government in order to prevent or reduce competition. Depending on the respective economic policy, pure competition is to a greater or lesser extent regulated by competition policy and competition law. Another component of these activities is the discovery process, with instances of higher government regulations typically leading to less competitive businesses being launched. Race to the bottom Competition between countries is quite subtle to detect, but is quite evident in the world economy. Countries compete to provide the best possible business environment for multinational corporations. Such competition is evident by the policies undertaken by these countries to educate the future workforce. For example, East Asian economies such as Singapore, Japan and South Korea tend to emphasize education by allocating a large portion of the budget to this sector, and by implementing programmes such as gifted education. First, it prohibits agreements aimed to restrict free trading between business entities and their customers. For example, a cartel of sports shops who together fix football jersey prices higher than normal is illegal. One case in point could be a software company who through its monopoly on computer platforms makes consumers use its media player. Competition authorities could for instance require that a large packaging company give plastic bottle licenses to competitors before taking over a major PET producer. In recent decades, competition law has also been sold as good medicine to provide better public services , traditionally funded by tax payers and administered by democratically accountable governments. Hence competition law is closely connected with the law on deregulation of access to markets, providing state aids and subsidies, the privatisation of state-owned assets and the use of independent sector regulators, such as the United Kingdom telecommunications watchdog Ofcom. Behind the practice lies the theory, which over the last fifty years has been dominated by neo-classical economics. Markets are seen as the most efficient method of allocating resources, although sometimes they fail , and regulation becomes necessary to protect the ideal market model. Behind the theory lies the history, reaching back further than the Roman Empire. The business practices of market traders, guilds and governments have always been subject to scrutiny and sometimes severe sanctions. Since the twentieth

century, competition law has become global. The two largest, most organised and influential systems of competition regulation are United States antitrust law and European Community competition law. The respective national authorities, the U. Competition law is growing in importance every day, which warrants for its careful study. Trade[edit] Competition is also found in trade. For nations, as well as firms it is important to understand trade dynamics in order to market their goods and services effectively in international markets. Balance of trade can be considered a crude, but widely used proxy for international competitiveness across levels: Research data hints that exporting firms have a higher survival rate and achieve greater employment growth compared with non-exporters. Using a simple concept to measure heights that firms can climb may help improve execution of strategies. International competitiveness can be measured on several criteria but few are as flexible and versatile to be applied across levels as Trade Competitiveness Index TCI [34] Politics[edit] Competition is also found in politics. In democracies , an election is a competition for an elected office. In other words, two or more candidates strive and compete against one another to attain a position of power. The winner gains the seat of the elected office for a predefined period of time, towards the end of which another election is usually held to determine the next holder of the office. In addition, there is inevitable competition inside a government. Because several offices are appointed, potential candidates compete against the others in order to gain the particular office. Departments may also compete for a limited amount of resources, such as for funding. Finally, where there are party systems , elected leaders of different parties will ultimately compete against the other parties for laws , funding and power. Finally, competition also exists between governments. Each country or nationality struggles for world dominance, power, or military strength. For example, the United States competed against the Soviet Union in the Cold War for world power, and the two also struggled over the different types of government in these cases representative democracy and communism. The result of this type of competition often leads to worldwide tensions, and may sometimes erupt into warfare. The Olympic Games are regarded as the international pinnacle of sports competition. While some sports and games such as fishing or hiking have been viewed as primarily recreational, most sports are considered competitive. The majority involve competition between two or more persons sometimes using horses or cars. For example, in a game of basketball , two teams compete against one another to determine who can score the most points. When there is no set reward for the winning team, many players gain a sense of pride.

Chapter 6 : Regulatory competition - Wikipedia

These days, you can assume that nearly every work environment is a competitive environment. The primary source of the competition can vary from one work area to another, but there's competition.

Competition can emerge seemingly from nowhere, with the emergence of new products that replace current products with more desirable products or with products that provide the same benefits at dramatically lower costs. One oft-cited model describes the competitive environment as having five distinct elements. Who Is Michael Porter? Not many economics articles remain current for four decades, and most that do were written by Nobel Prize winners. For the same reason, it has been and continues to be particularly influential on forward-thinking companies looking for a competitive edge. He proposes that competition in a given industry depends upon the interaction of five separate forces. How profitable or difficult the competitive environment may be varies widely among given industries. Producers of steel cans, for example, operate in a competitive environment which ensures that profits remain generally low. Other industries, such as manufacturers of soft drinks and toiletries, exist in competitive environments "where there is room for quite high returns. In an industrialized economy, a company can make a strategic decision to enter an area for any number of reasons, among them: The shape of the competition changes nearly continuously. As it turned out, the most significant competition was a company that in sold a grand total of 35, relatively inexpensive hobby products worldwide. Threats can come from anywhere, and are difficult to anticipate. In fact, Porter maintains that concentrating on future sources of competition rather than on present products is key for company survival. Supplier Power Porter points out that when there are only a few sources of supply but many buyers, suppliers will dominate and command a greater share of profits. Apple, for instance, has more than Chinese component suppliers for its iPhone. Competition among these suppliers for a single buyer has repeatedly driven down supplier prices to the point where workers have been mistreated and forced to work long hours without breaks under difficult conditions. Sometimes, however, the substitute can come from an unpredictable place. The volume of first-class mail the U. Postal Service handles has declined dramatically since the introduction of email. Suppliers of components for gasoline and diesel-powered automobile engines may soon find that the coming proliferation of electric cars over the next decade or so threatens their industries with substitution of components for electric vehicles, whereas other suppliers have more experience and are better equipped to compete. Competition can come from anywhere, from innovative new products, from the emergence of powerful new suppliers or buyers who control the marketplace, or from product substitutions made possible by deregulation, innovation or more cost efficient industrial processes, relying on innovative technology, a lower-cost labor force, or both. What this means, Porter argues, is that businesses need to look beyond existing products, the current shape of the marketplace and the current competition and to focus on where competition may come from in the near and intermediate future. Overlooking latent and emerging competitive sources and potential new substitutes for current products will cost myopic businesses future market share or even -- as was the case with Polaroid -- the survival of the company.

Chapter 7 : Competitive Environment of the Airline Industry

Competitive Environment: The German Automotive Industry Bradley Owens The European Business Environment: Institutions and Enterprise Professor Hugh MacDonald 21 February This preview has intentionally blurred sections.

Chapter 8 : General and Competitive Marketing Environment

German activities in energy and the environment, information and communications technology, and transportation illustrate how high-minded policy goals are integrated with strategies to develop globally competitive export industries.

Chapter 9 : Competition - Wikipedia

The most basic tenet of strategic marketing is that a manager must adjust marketing strategy to reflect the marketing environment in which a business operates. Research on the subjects has repeatedly found strong links between business performance and the alignment between a firm's environment and.