

# COMPETITIVENESS OF ENTERPRISES AS A SUCCESS FACTOR ON THE EXAMPLE OF A MANUFACTURING COMPANY

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***Abstract:** Competitiveness is one of the categories that is valued by economic theoreticians and practitioners. In the microeconomic scale competitiveness refers to enterprises that in order to achieve market success have to gain and maintain an appropriate competitive position. Its acquisition is possible thanks to the possession of assets valued by the market. These assets include, among others, the price and quality of products, customer service, innovation, socially useful activities or environmental initiatives. After the times of the pandemic and in the face of the ongoing war in Ukraine, it is particularly evident that organisations prepared for competitive struggle do best.*

***Keywords:** business competitiveness, business innovation, market success*

## I. INTRODUCTION

Polish manufacturing enterprises and service organisations operate in a permanently changing reality. The turbulent environment makes economic entities strive to improve their adaptation skills in order to dynamically adjust to changing conditions and be competitive.

To achieve success, companies strive to better anticipate an uncertain future and create attractive strategies for stakeholders. Organisations strive to be competitive by, among other things:

- reducing the costs of their operations,
- improving the quality of work and management,

- introducing new attractive offers consisting of innovative products and services,
- incurring expenditures on promotion of their products,
- shaping partnership relations,
- effective use of intangible factors such as: knowledge, intellectual capital or information.

Competitiveness actually applies to all organisations, but its intensity and effects vary. Entrepreneurs (managers) are looking for the most efficient methods of competitive struggle. Efficient decision-making fundamentally influences the positioning of the enterprise in the market reality, which by intensified globalisation processes (where internationalisation of activities is one of their manifestations) is very unstable. In the context of globalisation, decisions concerning the company's development path and the way it competes on the market are of particular importance.

Operating on a global or inter-national market is sometimes a necessity resulting from the struggle taking place in a given area. Year by year, there are more and more companies aware of the great role that implementation of concepts based on a systemic approach plays in building solid foundations of the competitive position of enterprises. Every organisation would like to have the ability to distinguish itself competitively from the rest of the market participants. Such enterprises are able to adapt to changing economic conditions, they show at the same time greater flexibility of operation, they are able to satisfy not only customers, but also the employees themselves, shareholders, suppliers and finally other stakeholders such as media financial institutions, local government authorities, environmental and consumer organisations.

The examined company was launched in February 1998 under the name F.P.H. Poloniny. From the very beginning of its activity it dealt with the production

of mineral water in glass containers. In the first years of the company's existence, the activity was carried out in a rented building of a former water and beverage bottling plant. In June the building was purchased by the company. The main recipients of their products at that time were small and medium-sized work establishments in the Podkarpackie voivodship.

In 2003, due to the location of the bottling plant near Iwonicz Zdrój, the company started cooperation with the Iwonicz Spa and the production of water under the brand name Iwoniczanka. Water in easy-to-use glass packaging of the Twist-Off type was introduced to production.

Since 2004, sales of the Iwoniczanka water have been conducted in the direct supply system. The product is distributed in two basic segments, i.e. sales to individual customers (a sales representative supplies customers of a given location once a week) with direct delivery and using the Company's own distribution network, and sales to institutional customers.

In November 2009, the company started the project "Launching an innovative line for producing water in glass bottles in the bottling plant in Brzozów" co-financed by the European Union from the European Regional Development Fund and the state budget within the framework of the Regional Operational Programme of the Podkarpackie Province for 2007-2013. The project created an opportunity to increase production and sales capacity as well as improve the company's organisational structure and reduce operating costs.

The company continues to develop strongly and their products are becoming available in more and more places in Poland. Operations began in the Podkarpacie Province, followed by the Małopolskie, Lubuskie, Świętokrzyskie and Śląskie Provinces. Iwoniczanka places great emphasis on development, so the number of Polish regions is bound to grow.

The history of the Iwoniczanka brand of water dates back to 2003. The then Board of the Iwonicz Health Resort S.A. came to the conclusion that a good form of promotion of the Resort would be to start production of water under the Iwoniczanka brand. The Iwonicz Health Resort is famous for its very good mineral waters, but directly within its area it has typically therapeutic waters with very high mineralisation, which due to their specific nature are not suitable for large-scale bottling. Hence, the idea was born to establish cooperation in this regard with the bottling plant in Brzozów, located not far from Iwonicz and operating under the name of Połoniny. This was in accordance with the legal regulations in force at that time and is also in accordance with the currently binding Regulation of the Minister of Health on natural mineral waters, spring waters and table waters of 31 March 2011.

Both Iwonicz and Brzozów are situated in close proximity, in a similar geological region and geographically adjacent.

In addition, in accordance with the requirements of § 6 p.3, the label of the Iwoniczanka water indicates the name of the borehole or the group of boreholes constituting the intake and their location with an indication of the place or the locality, the commercial (invented) name of the packaged water, the name of the water producer and the place of production with addresses. In this way the consumer is accurately informed of the location of both the production plant itself and the water intake.

The correctness of the name used has been confirmed by the statement of the National Institute of Public Health - National Institute of Hygiene of the Department of Spa Products, and the name and labelling has been confirmed by the Decision of Podkarpackie Voivodship Sanitary Inspector.

The company's mission is the production and distribution of water in glass, returnable packaging. The main advantages of the company are cooperation with

the Iwonicz Health Resort, cooperation with the producer of drinks and juices, as well as emphasis on ecology through the use of returnable packaging. Cooperation with the Spa has brought about the increasingly recognisable name of the company, which evokes positive associations with the Spa among older customers. Establishing cooperation with Fantic, a company that produces carbonated and non-carbonated drinks and juices in many flavours, has allowed us to significantly expand the number and variety of products on offer. This translated into a much wider range of customers and also reaching young people. When ordering products from this company, the customer receives a container with bottles, which is exchanged for a full one at the representative's every week. The benefit for the customer is a reduction in waste, as empty containers are collected and reused, thus improving the quality of the environment. In addition, the delivery and handling by the representative does not cost anything for the buyer. The company headquarters and production are located in the Podkarpacie region, but its products can be purchased in the following provinces: Podkarpackie, Lubuskie, Małopolskie, Świętokrzyskie and Śląskie.

Iwoniczanka was established in 1998 and from the beginning has been rapidly building its position in the market, which can be considered as a strong point of this company. Over these years, the company has been able to gather extensive information on the production of water and its innovative distribution along with beverages. Care has been taken to develop the company by taking advantage of opportunities, i.e. participation in EU programmes to gain funds for the purchase and improvement of production equipment as well as distribution tools. Another aspect that is given great emphasis is customer convenience. Free home delivery means that the buyer does not have to leave home and carry heavy packaging. It is also a benefit to the customer that they can be served even when they are away from home or business. There is a pre-payment process that allows the water box to be

placed at a prearranged location in the front yard of the home or business. Social responsibility and care for the environment.

The use of glass, returnable packaging reduces the amount of waste. In contrast to traditional shopping, where after consumption the bottle, label and cap are disposed of. Here, the only waste left from such a process are the caps. Another advantage introduced by the company is the use of Twist-Off caps. They allow the bottle to be opened without a special opener and resealed to preserve freshness. These caps allow the bottle to be unscrewed and screwed back on. The use of glass also brings benefits in the quality of water and beverages. In the case of plastic packaging, additional preservatives and neutralisers must be used to eliminate the smell of plastic. Glass is characterised by the fact that it does not have such an intensive smell, so there is no need to use additional chemicals to obtain the same tasting drink.

Direct competitors include the Pierrot company, which was established somewhat later, in 2003. Unlike Iwoniczanka, Pierrot produces water and beverages on its own. By comparing the offers of both companies, Iwoniczanka has a much wider assortment. In addition to water and carbonated drinks, the Iwoniczanka offer also includes non-carbonated drinks and juices made from concentrated fruit juices. Which is also a strong point. Pierrot uses the same distribution model as Iwoniczanka. The competition includes all kinds of shops and hypermarkets. In this comparison, Iwoniczanka loses by a significantly lower recognition of the products and the width of the offer. Products in shops are often promoted with additional advertisements. However, the advantages again include free delivery and glass packaging, which is later recycled.

Another key aspect that is a strong opportunity for Iwoniczanka is taking care of a good image. At a time when public awareness of the problem of the planet's climate is growing and a healthy lifestyle is cultivated, the introduction of

water in a returnable glass is a good move. In addition, the company ensures contact with its customers by maintaining pages on social networking sites, as well as a clear website that contains a lot of information about the history of the company, as well as events in which it participates. There are frequent posts on social media encouraging healthy living, reminders about the recommended amount of water a person should consume, and information about competitions for customers.

The multitude of ways to reach the customer is also a strength. Using the internet, the customer can place an order on the manufacturer's website or through a page on a social networking site. However, it is more effective to acquire customers directly through sales representatives who also deliver the goods. If the representative creates a basic customer base for his service, customers very quickly begin to multiply through word-of-mouth marketing. The quality of service is at a high level. As a result, customers are generally satisfied with the company and recommend it to others. This leads to a constant demand for new employees as representatives. At a certain point, the representative is no longer able to serve as many customers, especially during the summer season when there is a peak in demand. Therefore, some localities are prescribed to a new representative. An excess of customers in the service of one representative would eventually lead to a decline in the quality of service.

Political and economic factors are a big threat. In April 2020, changes were made to the VAT rate matrix and prices rose from £1 to £5 per box depending on the product. Many customers stopped deliveries at that time claiming it was too much for them. January 2021 brings further turmoil in the form of the sugar tax. Another price hike is again likely to reduce the number of regular customers.

Glass bottles have many benefits, but they do have their drawbacks. Unlike plastic, they are very easy to damage. Which often happens during transport. On top of that, bottles of sparkling water or fizzy drinks at high temperatures sometimes

have a cap that can pop off on its own, making the product unfit for use. Negative temperatures are also a problem, as water and drinks freeze and burst the bottles.

The leading product of the Iwoniczanka company is spring water of their production. It is medium mineralized, so it is suitable for everyone. It is offered in three variants: non-carbonated, slightly carbonated, carbonated. The basic sales unit is 1 transporter, which contains 24 0.3 l bottles. It is possible to mix non-carbonated and carbonated water in one shipment. Availability of water in individual packages depends on location. The price of one water carrier is PLN 19.

Carbonated beverages are produced on the basis of water from a deep well. The use of "Twist-Off" caps allows for easy opening of the bottle by twisting the cap. Similarly as in the case of water, the basic unit of sale is 1 transporter, which contains 24 0.33l bottles. Within one carrier of carbonated beverages, flavours can be freely selected. There are 12 flavours on offer: orange, peach, grapefruit, lemon, lime, tropical fruit, pineapple, kiwi, cola, tonic, red orangeade, white orangeade. The price of one carrier of carbonated drinks is PLN 22. From February 2021, as a result of the introduction of the sugar tax, the price will be raised to PLN 28.

Still drinks are made from concentrated fruit juices. Thanks to the use of pasteurization during their production they do not contain preservatives. The use of "Twist-Off" caps allows for easy opening of the bottle by twisting the cap. Also in their case, the basic unit is 1 carrier, which contains 24 bottles of 0.33l. and flavours can be freely selected. The drinks are very similar to the popular in-store Tymbark drinks. There are 10 flavours to choose from: apple currant, apple, cherry apple, peach apple, forest fruit apple, pear apple, mint apple, orange apple, grape apple, and multi-fruit. The price of one carrier is PLN 29, but as with the carbonated drinks, it will be raised to PLN 31.

Juices and nectars are made from concentrated fruit and vegetable juices and purees. They are sold in the same form as soft drinks and you can also choose from

a variety of flavours. Choose from: apple juice, orange juice, tomato juice, currant nectar. There are also nectars "Boguś" addressed to children in flavours: apple carrot peach, apple carrot banana, apple carrot strawberry. The current price of one carrier is 43 PLN, after the introduction of the new price list in February it will be 46 PLN.

Iwoniczanka's prices are competitive with Pierrot, which is its main rival in the market. The sugar tax, which is certain to reduce sales, will have an impact on the entire industry. In times of popularisation of healthy lifestyle and care for the environment, Iwoniczanka should continue its strategy and popularise its leading product. It has not been subjected to additional tax and, through its own production, it earns much more on water sales. A great solution is home or business delivery at no additional cost. In Podkarpacie it regularly cooperates with schools and other institutions when some events are organised.

## **II. SUMMARY**

The presented example shows how important in terms of competitiveness of enterprises is the accumulated, developed knowledge, gained experience in creating processes, flexibility, effectiveness and care and customer orientation. All these factors keep the company on the market while allowing it to be a local "player". The conviction and trust of customers in the developed brand has saved the company from being completely eliminated from the market. Cheap labour is important for business owners who turn everything into profit, but customers require cooperation with reliable and trustworthy suppliers.

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