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по подготовке студентов к монологической речи

по теме **«Конкуренция»**
по курсу **«Иностранный язык»**

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Аннотация

Методические указания по подготовке студентов к монологической речи по теме «Конкуренция» по курсу «Иностранный язык» английский (1 иностранный язык) предназначены для студентов экономических специальностей.

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Оглавление

WHAT IS COMPETITION?

Competition - the struggle of independent economic actors for limited economic resources. It economic process of interaction, relationships and the struggle between acting on the market enterprises in order to ensure the best opportunities to market their products to meet varied needs buyers.

Competition, although to varying interpretations, all as determined as rivalry between economic entities. Here are the most common definitions:

- competition for the market in the absence of a monopoly;
- adversarial businesses, entrepreneurs, when they were independent actions effectively limit the ability of each to influence the general conditions of circulation of goods in the market and stimulate the production of those goods that require the consumer;
- competitive, competitive relations between two or more economic entities of economic activity, manifested as the desire of each of them bypass the other in achieving a common goal, to get higher result, to oust a rival;
- rivalry between the participants of the market economy for better conditions of production, purchase and sale of goods;
- competition in the market among producers of goods and services for market share, profit maximization or achieve other specific purposes;

What is the role of competition? First, competition promotes the establishment of equilibrium price the equation of supply and demand. On a purely competitive market, individual firms exercise little control over the cost of production, are so small portion of total production, which increase or reduce its production will have no appreciable effect on the price of goods. Manufacturer, as well as the buyer must always rely on market price. Thus, competition promotes compromise between sellers and buyers. It can be noted and that competition creates the identity of private and public interests. "Firms and suppliers of resources, seek to increase their own profits and operating under highly competitive struggle, as both would sent "invisible hand" - contribute to public or public interests ".

Secondly, competition supports socially normal conditions production and sales of goods and services. She seemed to suggest producers, how much capital they must invest in production of a product. Suppose that one seller has spent on production of a commodity more money than the other. In such situation where the market equilibrium price is established for this type of product, more profit will be the last seller, that is the one who made the goods at a lower cost. And with an excess of this type of product occur, as already noted, the sharp drop in the price and the seller, which spent to produce a lot of money, suffer losses.

Thirdly, competition stimulates technological progress and production efficiency. Since the competition is uravnitelnitsey prices, we can conclude that if the market competition will defeat those who have high-quality goods and most low cost.

We can select the following functions competition.

1. The function of regulation. To persevere in the struggle, the entrepreneur should offer products that prefers the consumer (consumer sovereignty) . Hence factors of production under the influence of the price directed to sectors where they are most needed.

2. The function of motivation. For the entrepreneur competition means a chance and risk at the same time: -enterprises that offer the best quality products or produce her with lower production costs, receive remuneration in the form of profits (positive sanctions). It stimulates technical progress; enterprises that do not respond to customers ' wishes or violation of the rules competition with their rivals on the market , receive punishment in the form of losses or squeezed out of the market (negative sanctions) .

3. Distribution function. Competition not only includes incentives to higher productivity, but also allows to distribute income among enterprises and households in accordance with their effective contribution. This responding to the ruling in the competition principle of remuneration for results.

Vocabulary:

1. Competition – конкуренция, соперничество, конкурентная борьба;
2. Monopoly – монополия, монополист;
3. Participant – участник, участница, слушатель, конкурсант;
4. Purchase – покупка, приобретение, закупка, купля, выкуп, закуп, скупка;
5. Equilibrium price – равновесная цена.

Give Russian equivalents.

a. profit.
b. absence of a monopoly
c. competitive relations
d. sales of goods and services
e. purely competitive market
f. high-quality goods
g. supply and demand
h. to rely on market price
i. total production
j. to spend on production.

Discuss what strategies companies in the following sectors might use to compete with their rivals.
a) supermarkets b) construction equipment c) luxury cars

THREE STRATEGIES TO GAIN A COMPETITIVE ADVANTAGE

Cost leadership is perhaps the clearest of the three strategies. In it, a firm sets out to become the low-cost producer in its industry. The firm has a broad scope and serves many industry segments, and may even operate in related industries; the firm's breadth is often important to its cost advantage. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, technology, preferential access to raw materials and other factors.

The second strategy is differentiation. In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.

The means for differentiation are peculiar to each industry. Differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach, and a broad range of other factors. In construction equipment, for example, Caterpillar Tractor`s differentiation is based on product durability, service, spare parts availability, and an excellent dealer network.

The third strategy is focus. This strategy is quite different from the others because it rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. By optimizing its strategy for the target segments, the focuser seeks to achieve a competitive advantage in its targets segments even though it does not possess a competitive advantage overall.

A firm that engages in each strategy but fails to achieve any of them is "stuck in the middle". It possesses no competitive advantage. This strategic position is usually a recipe for below-average performance. A firm that is stuck in the middle will compete at a disadvantage because the cost leader, differentiators, or focusers will be better positioned to compete in any segment. In most industries, quite a few competitors are stuck in the middle.

Answer these questions about the text.

1. Which sentence best expresses the main idea in paragraph one?
   A firm can get a competitive advantage by:
   a. selling goods in many markets.
   b. making as wide a range of goods as possible.
   c. producing goods more cheaply than its rivals.

2. Which sentences best expresses the main idea in paragraphs two and three?
   When a firm uses a differentiation strategy:
   a. it tries to persuade consumers that its products have special qualities.
   b. It tries to reach a small group of loyal customers.
   c. It wants to attract as many buyers as possible.

3. Which sentences best expresses the main idea in paragraph four?
   If a firm chooses focus as its strategy, it tries to:
   a. do better than its rivals in a small part of the market.
   b. prevent other firms from entering the market.
   c. do business in a large number of narrow markets.

4. In the final paragraph, does the writer say it is a good or bad thing for firms to be stuck in the middle? Why?

Discuss these questions.

1. Can you think of companies which use one of the strategies in the text? What about your own company or a company you know well?
2. Can you think of any companies which are stuck in the middle? What do you think they could do to improve their competitive position?

Pre-reading questions

1) Who are the main competitors of the following companies?
Coca-Cola Nike Nokia Avon
2) What actions can a company take to compete against its rivals?
3) Suggest five words or phrases which you associate with Nokia?

NOKIA AND THE INSISTENT RINGING OF COMPETITION

In 1983, Nike enjoyed dominance of its industry, with a market share of more than 35 %, having crushed Adidas, its original rival. But a tiny competitor was about to knock it sideways: Reebok.

A similar situation exists today with Nokia and Samsung. Although the Finnish company's share of the global market for mobile handsets is similar to Nike's in athletic shoes 21 years ago, its South Korean competitor has momentum. Samsung's camera phones, with twisting flip-up screens that allow users to take, send and display photos quickly and easily, are hot; Nokia`s are not.

Samsung's market capitalization exceeded that of Nokia last week as this fact become evident in the companies` first-quarter results. Even more annoying for Nokia is the transfer of something intangible, yet highly valuable: market leadership. The high end of the market – phones that retail for $300 or more in the US – is no longer Nokia`s. Samsung makes the expensive camera phone that a young consumer wants to have.

Nokia seems to realize how potentially serious its situation is, but two obstacles stand in the way of Nokia regaining authority. One (product design) should be solvable, given the company's heritage. The other (that Samsung is South Korean) will be harder to tackle, as other western companies are likely to find as well.

Design should be Nokia`s strength, since it originally overtook Motorola by turning handsets into handsome goods, rather than bland technological objects, yet in its recent models, Nokia appears to have forgotten the first rule of modernist design – that form follows function. Instead, it has placed most emphasis on making its handsets colourful and zappy, with snap-on covers.

Samsung's approach to digital communication has more substance. Its twisting flip-up screen is a neat way of making the most of camera technology. The screen can even be folded outwards, so friends` photos appear when they call.

There is no obvious reason why Nokia should not regain its lead in design. But Samsung has another advantage, which is more difficult for any European rival to counter: the willingness of young South Koreans to pay high prices for new electronic devices. In terms of access to broadband and telecommunications infrastructure, Samsung happens to be sitting in one of the world's most wired- and wireless-markets.

Nokia has a similar advantage in Finland in the 1990s and exploited it to establish a strong presence round the world, including in Asia. But Europe has trailed Asia inn high-speed mobile services. South Korea has more than 5m subscribers to third-generation services. That has helped Samsung to develop better designs for camera handsets at home before applying the lessons in Europe and the US.

One thing Samsung learnt – and Nokia did not – was to make its camera handsets small. MasamichiUdagawa, co-founder of Antenna Design in New York, says he was "shocked" when he saw one of Nokia`s first camera phones in Tokyo; companies such as Panasonic and Sharp were already making much smaller models for Japan. "It was a nice design, with a sliding lid, but its sheer size made it unacceptable", he says.

For consumer companies in Europe and US, Nokia`s experience points to a broader challenge. Nike has remained innovative by developing a range of premium-priced shoes in the US and then selling them around the world.

Samsung has shown that companies in Asian economies can use their own domestic markets to develop global products. Of course, Japanese companies, including Sony and Toyota, have done that for several decades, blending design and technology in ways unmatched by western companies. But countries such as South Korea have a demographic advantage over Japan and Europe – a plentiful supply of young people. As south-east Asian economies develop, those consumers will become increasingly valuable.

WHAT MAKES A "GOOD" COMPETITOR?

A good competitor has a number of characteristics. Since its goals, strategy, and capabilities are not static, however, the assessment of whether a competitor is good or bad can change.

Credible and Viable. A good competitor has sufficient resource and capabilities to be a motivator to the firm to lower cost or improve differentiation, as well as to be credible with and acceptable to buyers. The competitor cannot serve as a standard of comparison or aid in market development unless it has the required resources to be viable in the long term and unless buyers view it as at least a minimally acceptable alternative. The credibility and viability of a good competitor are particularly important to its ability to deter new entry. a competitor must have resources sufficient to make its retaliation a credible threat to new entrants and it must represent an acceptable alternative to buyers if they are to forgo looking for new sources. Finally, a competitor must be strong enough to keep the firm from becoming complacent.

Clear, Self-perceived Weakness. Though credible and viable, a good competitor has clear weaknesses relative to a firm which are recognized. Ideally, the good competitor believes that its weakness will be difficult to change. The competitor need not be weaker everywhere, but has some clear weaknesses that will lead it to conclude that it is futile to attempt to gain relative position against a firm in the segments the firm is interested in.

Understands the Rules. A good competitor understands and plays by the rules of competition in an industry, and can recognize and read market signals. It aids in market development and promotes the existing technology rather than attempting strategies that involve technological or competitive discontinuities in order to gain position.

Knowledge of Costs. A good competitor knows what its costs are, and sets prices accordingly. It does not unwittingly cross-subsidize product lines or underestimate overhead. A "dumb" competitor is not a good competitor in the long run.

A strategy that Improves Industry Structure. A good competitor has a strategy that preserves and reinforces the desirable elements of industry structure. For example, its strategy might elevate entry barriers into the industry, emphasize quality and differentiation instead of price cutting, or mitigate buyer price sensitivity through the nature of its selling approach.

Reconcilable Goals. A good competitor has goals that can be reconciled with the firm's goals. The good competitor is satisfied with a market position for itself which allows the firm to simultaneously earn high returns. This often reflects one or more of the following characteristics of good competitor:

1) has moderates strategic stakes in the industry. A good competitor does not attach high stakes to achieving dominance or unusually high growth in the industry. It views the industry as one where continued participation is desirable and where acceptable profits can be earned, but not one where improving relative position has great strategic or emotional importance. A bad competitor, on the other hand, views an industry as pivotal to its broader corporate goals. For example, a foreign competitor entering what it perceives to be a strategic market is usually a bad competitor. Its stakes are too high, and it may also not understand the rules of the game.
2) Accepts its current profitability. A good competitor, while seeking to earn attractive profits, is typically satisfied with its current returns and knows that improving them is not feasible. Ideally the competitor is satisfied with profitability that is somewhat lower than the firm's in segments that they jointly serve. In such a situation the competitor is not prone to upset the industry equilibrium in order to improve its relative profitability, and its modest returns may serve to discourage entry by new competitors.
3) Desires cash generation. A good competitor is interested enough in generating cash for its stockholders or corporate parent that it will not upset industry equilibrium with major new capacity or a major product line overhaul. However, a good competitor does not harvest its position in the industry because this will threaten its credibility and viability.
4) Has a short time horizon. A good competitor does not have so long a time horizon that it will fight a protracted battle to attack a firm's position.
5) Is risk-averse. A good competitor is concerned about risk and will be satisfied with its position rather than take large risks to change it.

Sometimes a competitor can be a good competitor to a firm but the firm is not a good competitor to it. One competitor plays by the rules, but the other attacks it anyway. Industries are most stable when firms are mutually good competitors – the segment one competitor focuses on is profitable for it but not of interest to the other, for example. Mutually good competitors play to their respective strengths and succeed at doing so given their respective internal standards.

METHODS OF COMPETITIVE STRUGGLE

Competition can be divided into fair competition and unfair competition. The main methods of fair competition are:
- improvement of quality of production
- decrease of prices (a "price war")
- advertising
- development of pre - and after-sales service
- creation of new goods and services using STC advances etc.

One of the traditional forms of competitive struggle is manipulation prices, so-called "price war". It is in many ways: decrease prices, local changes of prices, seasonal sales, provision of a larger volume of services at current prices, an extension of deadlines consumer credit and other mainly price competition is used to propel the market with weaker players or penetration already
untapped market.
More effective and more modern form of competition is the struggle for the quality of the offered on the market the goods. The supply of the market higher quality products or new use value hampers the response by a competitor, because the build quality pass a long cycle, starting with the accumulation of economic and scientific and technical information.

The main methods of unfair competition are:
- economic (industrial espionage)
- fake products of competitors
- bribery and blackmail
- the deception of consumers
- manipulation of business reporting
- cyber
- concealment of defects etc.

Vocabulary

1. *decrease – уменьшать*
2. *provision – предоставление*
3. *accumulation – накопление*
4. *espionage – шпионаж*

5. *fake – подделка*
6. *bribery – взяточничество*
7. *blackmail– шантаж*

TYPES OF COMPETITION IN THE MODERN MARKET CONDITIONS

Competition can only exist in a particular state market. Different types of competition (and monopoly) depend on certain market indicators. Key indicators are:

1) Number of firms (economic, industrial, commercial enterprises having legal personality), supplying goods to market; 2) product differentiation

3) Freedom of entry into the enterprise market and exit from it; 4) Availability of information

5) Control over the market price

6) non-price competition

7) sector of the economy, which dominates this structure.

There are several types of competition. Consider the classification of types of market competition on a number of grounds.

I. Types of competition-scale development projects

Scale development identified the following types:
- private (one participant of the market tends to take its place under the sun - choose the best conditions for the sale of goods and services);
- local (among the depositors of some territory);
- industry (in one of the branches of the market there is a struggle for obtaining the highest income);
- interindustry competition representatives of different sectors of the market for reaching out into customers to monetizing);
- national (domestic competition depositors within the country);
- global (fight enterprises, business associations of various countries on the world market).

II. Types of competition on character development

By the nature competition is divided into free and regulated. Competition is divided on the price and non-price.

- Price competition occurs, as a rule, by artificial churning prices for the product. Widely used price discrimination that takes place, and, where this product is sold at different prices and these price differences are not justified by differences in costs. Price competition is most often used in the services sector, providing services of transportation of goods; sale of goods, which is redistribution from one market to another (transportation of perishable products from one market to another).
- Non-price competition is conducted mainly through the improvement of product quality, production technology, innovation and nanotechnology, patenting and branding and conditions of its sale, «сервизации» sales. This fork competition is based on the desire to capture part of the industrial market through the issue of new goods, which are fundamentally different from their predecessors, or are modernized version of the old model.

III. Types of competition, depending on the prerequisites of competitive equilibrium market

You can select the perfect and imperfect competition.

- Perfect competition - competition based on the fulfillment of the preconditions of competitive equilibrium, which include the following: existence of many independent producers and consumers: the possibility of a free trade of the factors of production; the independence of subjects of management; uniformity and comparability of the products; the presence of availability of information about the market.
- Imperfect competition is a competition based on a violation of the prerequisites of competitive equilibrium. Imperfect competition has characteristics: the division of the market between several major firms or complete domination of the limited independence of enterprises; differentiation of products and control of segments of the market.

IV. Types of competition, depending on the ratio of supply and demand (goods, services)

We can distinguish the following types of competition (a kind of perfect and imperfect competition):
- net;
- олигополистическая:
- monopolistic.

- Net competition represents a limiting case of competition and refers to the kind of perfect competition. The key characteristics of the market of perfect competition are: large number of buyers and sellers who do not have enough force to affect prices; undifferentiated, fully interchangeable goods, which are sold at prices determined by the ratio between demand and supply (similar goods, many товарозаменителей); the complete absence of market power.

- Oligopoly competition is a competition related to the imperfect sight. The key characteristics of an oligopolistic market competition are: a small number of competitors, creating a strong relationship; greater market power: the power reactive position, as measured by the elasticity of the reactions of the company the actions of competitors; the similarity of the goods and the limited number of their sizes. Formation олигопольного market (the whole volume of deliveries is provided by just a few companies) is characteristic for the following industries: chemical industry (production of polyethylene, rubber, technical oils, ethyl fluid, some types of resins); machine building and metal processing industry (production of machinery and equipment, the way, rails, tubes, etc.).

- Monopolistic competition is a competition, imperfect. Main characteristics of the market of monopolistic competition: a great number of competitors and steadiness of their forces; дифференцированность товаров (from the point of view of the buyer the goods have distinctive qualities that are perceived as such by all the market). Differentiation can take various forms: the taste of the drink, the special technical characteristics, original combination of characteristics, quality and range of services, the strength of the trade mark; the increasing of the market forces at the expense of differentiated goods that protects the company and generate profit above market average. The formation of a monopoly market is typical for sectors where competition is complicated owing to their technological features (infrastructure sector: transport, communications, energy).

V. Types of competition in accordance with the requirements laid down in the basis of the goods

You can select the horizontal and vertical types of competition.

- Horizontal competition is a competition between manufacturers of the same type of goods. Is a kind of intra-industry competition, i.e. competition for the most best production of functional properties and parameters of the goods (TV manufacturers compete on the size of the diagonal, brightness, sound, additional services: service maintenance, delivery terms and other). Leaders are those. who applies innovations in technology, the goods, packaging, know-how and other
- Vertical competition is a competition between manufacturers of various products that can satisfy the same need of the buyer. For example, with the help of TV, you can satisfy the need for information, entertainment, education and other The need to obtain information, in addition to TV, you can meet with your phone, Newspapers, magazines, radio and other sources, which belong to other branches of production of goods, and is a form of inter-sectoral competition.