

Abstract of the Article
“Practical Aspects of M. Porter Strategic Model Application”
by N. Babenko, S. Ohienko

The economic crisis in Ukraine brought the majority of firms to a collapse and forced a part of the firms to make unpopular strategic decisions. This resulted in the majority of firms weakening their competitive positions: their efficiency has been lowering, the market share has reduced, and most importantly they have lost target clientele, at which the firm strategy, including marketing strategy, was directed.

The enterprise marketing strategy is an instrument of efficient enterprise development policy implementation; it is a means for an enterprise to harness its self-potential and succeed in the environment. Choosing a certain strategy the results of the external environment existing conditions analysis and forecast as well as enterprise performance strengths and weaknesses should be taken into account. On the basis of literature analysis the most widespread present-day approaches to enterprise strategy planning are: performance capabilities matrix on commodities and markets; Boston consulting group matrix; MacKinze matrix; PIMS analysis (Profit Impact of Marketing Strategies); Porter strategic model.

The external environment variable factors on the one hand and its proper mission realization on the other force domestic enterprises to perform constant market monitoring, to adjust to the external conditions and to define appropriate strategic priorities. In connection with this the joint research conducted by M. Porter and McKinsey Company have practical value. According to M. Porter strategic model competitor firms that perform on one market are divided into three strategic groups depending on their utilized strategies: price leadership, differentiation and effort concentration.

Hence, competitive strategy choice is an important strategic decision, which demands the following:

- firstly, firms should not base their activity on using the goods and the characteristics of the goods that, according to the results of ABC and SWOT analyses were estimated as weak and complicating competitive activity;

- secondly, it is reasonable for firms to consolidate their position and to develop in the spheres, in which they have advantage over competitors; this will enable them to enhance their competitive position within their strategic group;

- thirdly, firms should use every possibility to create barriers, which make new competitor entry to the market more competitive, including preservation of high expenses on advertising to improve the firm’s image, to extend the assortment of goods in order to fill the new niche, to patent new goods, to control the sources of raw materials, and to achieve the economy provided by the production scale.