

## **THEORETICAL FOUNDATIONS OF THE THEORY OF COMPETITIVE ADVANTAGES**

In the modern conditions of business development, an important place is occupied by the company's competitive position and competitive advantages, which will allow to correctly define an effective development strategy for the company. Therefore, the study of the theory of competitive advantages and its theoretical basis is clearly relevant.

In order to understand the very concept of competitive advantage, it is first of all necessary to consider the enterprise as a whole system. The interaction of all types of activities that the firm is engaged in forms the competitive position of the company on the market. The result of this thought was the formation of a new term "value chain". So, the business model of this chain shows the entire step-by-step path of the company's activities leading to the final product. The main goal is to increase production efficiency, find weak points and further eliminate them, and minimize costs. In addition, Porter's value chain reflects the complete history, strategies, and approaches that a company uses in its operations.

The most common classification of competitive advantages:

- technological: the latest patented equipment that is unavailable to competitors;
- resource: a situation in which the firm has access to cheap or higher quality raw materials or suppliers;
- management: highly qualified workers and an effective personnel management system;
- market: this type includes a working advertising campaign, a large share of the market at the start, a customized sales and after-sales service system;
- administrative: exclusive access to certain state preferences;
- innovative: use of modern technologies and constant improvement of production due to scientific research;
- cultural: successful application of the specifics of the country's culture.

A sustainable competitive advantage is the basis of the company's effective operation in the long term. A competitive advantage is considered sustainable if it has the means to stay ahead of competitors in the battle for customer loyalty. There are only two types of competitive advantages:

1. Cost reduction.

2. Product differentiation - that is, giving the product certain qualitative or organizational characteristics that distinguish it from similar products.

The two main types of competitive advantages, combined with the field of activity in which the company tries to achieve these advantages, allow it to develop the three most common competitive strategies, precisely with the help of which it is possible to achieve a level of performance that exceeds the average indicators in the industry:

1. Primacy in cost minimization.

2. Differentiation.

3. Focusing. This strategy has two manifestations: focusing on costs and focusing on differentiation.

In order to ensure a strong competitive position in today's market conditions, companies must clearly distinguish their own competitive advantages, on the basis of which the company's development strategy will be chosen and implemented in the future.