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# **THE RESEARCH OF THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF WINERY ENTERPRISES'S INTERNATIONAL COMPETITIVENESS**

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**Abstract:** Competitiveness is a determining factor in the survival, stabilization and development of industries, as well as their individual industries, sub-industries and enterprises. In European and world markets, national and sectoral competitiveness focuses on the performance of enterprises and individual industries, on the one hand, and the competitiveness of enterprises and similar industries, on the other. Thus, in the modern conditions of international integration, innovative development, the international competitiveness of the enterprise acquires special significance. Today's economy defines specific requirements for increasing the level of enterprises competitiveness, rapid response to changes in the economic situation in order to support sustainable development, strengthen financial stability, continuous improvement of internal business processes in accordance with changing market conditions. The wine industry is an important area of economic development in Ukraine and Odessa region. For the successful development of the viticulture and winemaking complex in Ukraine and in the region there are favorable soil and climatic conditions and sufficient provision of labor and other resources. However, today the stable and efficient operation of wineries is hampered by a number of problems, including the general crisis of the country's economy, insecurity of domestic producers, lack of proper state support, military aggression and blockade of seaports in Odessa region. In this regard, the problem of increasing the international competitiveness of products and enterprises in general is of particular importance in the management system of enterprises in the wine industry. The tool for solving strategic tasks of increasing the international competitiveness of wineries is a comprehensive approach to developing

and building a model of competitiveness of enterprises and products of the wine industry, the development of an effective mechanism for managing their competitiveness. The paper considers the theoretical and methodological foundations of the study of the winery's international competitiveness. Factors influencing the winery's international competitiveness are studied and the methods of assessing the winery's international competitiveness are systematized.

**Keywords:** competition, international competitiveness of a wine enterprise, model of five forces of competition, world market of wine products, competitive advantages, methods of assessing the enterprises's international competitiveness.

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## **1. The essence and peculiarities of of the winemaking enterprises's international competitiveness' study**

### **1.1. Theoretical foundations of the enterprise's competitiveness' study**

The development of the world economy, characterized by the markets' globalization, increased competition, the convergence and openness of international markets, led to the study of the essence, main factors of influence and assessment of the enterprise's international competitiveness. The search for sources of competitive advantages, which are formed under the influence of internal and external factors, forms the basis of the enterprise's competitive strategy and forms the level of the enterprise's international competitiveness. Confrontation among enterprises operating in international markets can lead both to their development and to crisis situations, therefore, today's urgent issue is the search for competitive advantages of the enterprise, which are the basis for the enterprise's international competitiveness.

The study of competitiveness is impossible without an analysis of the historical transformation of scientific ideas about it. At the same time, their evolutionary development is connected with the gradual expansion of perception of the essence of competition and competitiveness. In particular, at first only certain factors of competitiveness were identified and the tools for influencing them were developed (first stage) (see Table 1.).

**Table 1.** Evolution of economic opinion regarding the enterprise's competitiveness

Period	Characteristics of the period	Theories of competitiveness	The study's object	Economic thoughts' features
XVII–XIX century	Industrial revolution. Markets of pure competition. The emergence of monopolists	Theories of price competition	Individual factors of competitiveness and tools of influence on them	Accumulation of knowledge about competitiveness
The first half of the 20th century	Industrialization of the economy. Markets of monopolistic competition	Theories of effective management.	Groups of competitiveness factors and influence tools on them	Systematization and generalization of knowledge about competitiveness
The second half of the 20th century..	The emergence of the phenomenon of rapid overtaking of stable market leaders by newly created companies	Theories of strategic management.	Methodology of formation of competitive advantages.	Strategic approach to the study of competitive advantages
1990s and later	Globalization and informatization of the economy. Development of integration processes	Theories of competition	Algorithm of conducting competitive struggle	Synergistic approach to research of competitive advantages

Source: compiled by the author according to [1, p. 115-120; 2, p. 112]

Later, economists combined these factors by a number of characteristics into classes (price and non-price factors) and began to consider the tools of influence on them within the resulting groups (tools of price and non-price competition) (second stage). After realizing that each enterprise is unique, scientists focused on developing a general methodology for identifying unique competitive advantages, only taking into account which in the future it would be possible to form one's own specific competitiveness management toolkit (third stage). A systematic understanding of the essence of competition made it possible to develop a universal algorithm for conducting a competitive struggle, which involves the integration of the external and internal environment of the enterprise, which should become the basis for the formation and maintenance of the already mentioned competitive advantages (fourth stage).

Another difference between the theories of different stages were the factors of the company's competitiveness (Table 2). Given the narrow specialization of producers in the 17th–19th centuries, the subject of research by economists at that time was the competitiveness of products, which reflected the level of competitiveness of the economic entity itself. All attention was focused on the factors of price competition, namely on resource costs.

**Table 2.** Characteristics of the enterprise competitiveness' theories

Theories of competitiveness	Factors of competitiveness	Representatives
Theory of price competition	Productivity	A. Smith (1776) D. Ricardo (1817) K. Marx (1849–1883)
	Scale of production, latest technologies	N. Senior (1836) J. Mill (1848)
	Savings on the use of basic means of production	K. Marx (1849–1883)
	Ratio of means of production (based on the use of cheaper resources), scale of production	L. Walras (1877) A. Marshall (1890–1891)
Theory of effective management	The ability of management personnel to implementation of innovations	J. Schumpeter (1911)
	The ability of management personnel to forecasting and its risk appetite	F. Knight (1921)
	Product price differentiation	J. Robinson (1933)
	Product differentiation by price, quality characteristics and advertising costs	E. Chamberlin (1933)
	The ability of management personnel to respond adequately to changes in the external environment	J. Hicks (1939)
Theory of strategic management	The ability to adequately choose an activity strategy	M. Porter (1980) M. Tracy, F. Wiersema (1995)
	The ability to master and adequately use valuable, exclusive, unique and irreplaceable resources and capabilities of the enterprise	J. Barny (1986) B. Vernelfelt (1984) R. Grant (1991)
	The ability to create future markets	G. Hamel, K. Prahalad (1990s)
The theory of co-competition	Effectiveness of interaction with competitors's organization	F. Moore (1996) A. Branderburger, B. Nailbuff (1996) K. Prahalad, V. Ramaswamy (2004)

Source: compiled by the author according to [1, p. 115-120; 2, p. 113]

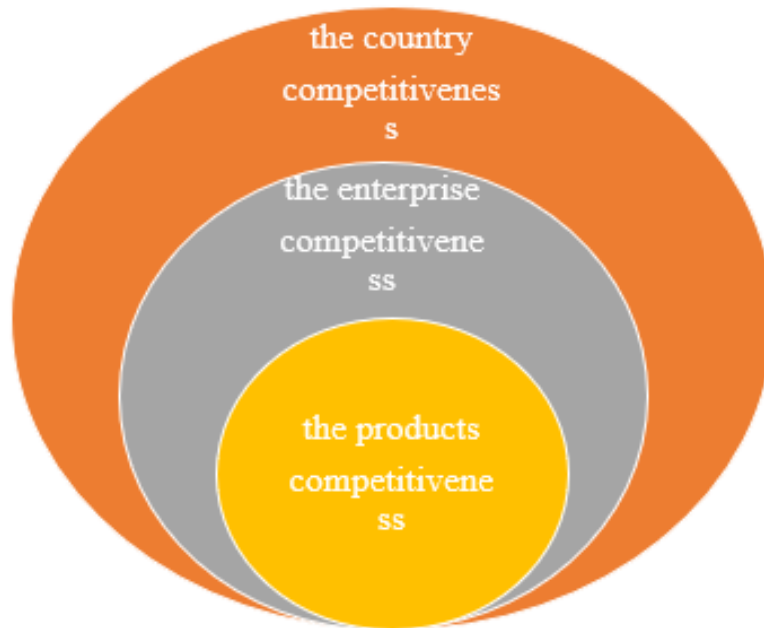
Later, when the mere fact of manufacturing cheap products was not enough for survival and effective functioning on the market, scientists established that within the limits of product competitiveness, non-price factors play no less importance than price factors. In addition, economists noted that it is impossible to ensure an acceptable level of product competitiveness without competitive management personnel. It was at this stage that the object of the study was the enterprise' competitiveness of the in its modern sense.

The representatives of the third stage of the theory of competitiveness's evolution deepened the conclusions of their predecessors, proving that the management of the enterprise competitiveness should be strategic in nature and focus on the future, but

already determined, sustainable result. As for modern scientific thought, it is based on the systemic interaction of the enterprise and the economic systems within which it functions. Therefore, the enterprise should first be presented in the form of a complete business system followed by its structural analysis, determination of constituent components and laws of their interaction, as well as research of its place in the external environment. As a result, a system of cause-and-effect relationships between the elements of the external and internal environment of the enterprise will be formed, the totality of which forms its competitiveness. Conducting such a theoretical analysis requires the formation of the conceptual apparatus of the theory of competitiveness and a clear and unambiguous interpretation of key concepts, their features and characteristic features.

Ensuring the enterprise competitiveness is a prerequisite for its long-term and effective functioning in a dynamic and uncertain external environment. The above testifies to the necessity of organizing competitive business activities of domestic economic entities as the basis of the Ukraine's economic system. This, in turn, requires the practical application of the theory of enterprise competitiveness, which will serve as the basis for the formation of competitiveness management systems at the level of each individual business entity. However, this is complicated by the existence of more than a dozen theories of competitiveness. Among the reasons for such diversity, it is necessary to highlight not only the lack of a single universal interpretation of competitiveness, but also, often, the contradiction between the existing definitions of the concept's content. Therefore, the interpretation of competitiveness, taking into account the multifaceted nature of this phenomenon, is considered relevant.

In the scientific literature devoted to the consideration of economic problems, considerable attention is paid to the issues of ensuring the improvement of the enterprises competitiveness. However, there is still no unified view on the formulation of the concept of competitiveness. K. McConnell, in turn, considers competitiveness as "...a characteristic of some object, the role of which can be played by both a product and an enterprise..." [3, p. 219]. According to V. Geets, "the competitiveness of a country is determined by the effectiveness of the use of its resources" [4, p. 94]. He also determined the relationship between types of competitiveness, which can be tentatively depicted in Fig. 1.



**Fig. 1.** Interrelationship of competitiveness's types

Source: [4, p. 94].

However, this scheme is imperfect, because currently an important place in the economy is occupied by products in a certain industry, besides, it is impossible to maintain competition without solving global problems, including environmental ones.

In pursuit of success in competition, countries specialize in those industries where their enterprises are more competitive and acquire those products and services in which their enterprises are inferior to other countries.

In the scientific literature, we often meet the assessment of competitiveness, which is related to the assessment of the product competitiveness and is based on the assessment of its value by the consumer. As a rule, the product competitiveness of a manufacturer is characterized by its profitability. At the same time, if when assessing the competitiveness of the manufacturer, its level of productivity is put in the first place, then in the market conditions, such important factors of competitiveness as the novelty of the product, its price, ease of use, reliability, compliance with international standards etc.

## **1.2. Peculiarities of the study of the enterprise's international competitiveness**

In the modern conditions of the turbulent external environment, the main criterion for the successful functioning of economic entities on the world market is the level of their international competitiveness. The enterprise competitiveness on the international market

is formed by its abilities and competences, which can become competitive advantages. The search for competitive advantages is carried out on six main processes that create product value - from technology to service.

International competitiveness - comparative (with changes in leading competitors and markets) and systematically identified, formed, developed from within, the stable ability of a product manufacturer to methodically and comprehensively build up its own competitive advantages for accelerated and economical provision of international advantage and systematic overtaking of world market leaders in favor of more complete satisfaction ( within the framework of legal, ethical and environmental norms) material and social needs (employees, consumers, investors, owners) [5, p. 256].

The enterprise' international competitiveness is the ability of the enterprise to create and sell products, the price and non-price qualities of which are more attractive than those of similar products of competitors on the foreign market [6, p. 3]. International competitiveness is the ability of an enterprise to function effectively on the foreign market, as well as the ability to achieve effective financial and economic, foreign economic activity and leading positions in the conditions of a competitive environment [7, p. 35].

Each scientist interprets this concept from different positions. Some consider the enterprise international competitiveness from the standpoint of compliance of the enterprise's results with the requirements of international markets, taking into account the main factors that form competitive advantages in the international market. Accordingly, it is necessary to highlight a number of essential characteristics, according to which international competitiveness is [8, p. 63]:

- productive and efficient use of resources from the point of view of the international division of labor;
- the ability of national enterprises to produce products that meet international needs in conditions of free competition;
- the main characteristic of high development of the scientific and technical sector of the economy and sustainable economic growth of the state and enterprises in particular;
- an objective process that reflects the continuity and dynamism of the development of the economic system and its integration into the international community.

International competitiveness is manifested in the company's achievement of competitive advantages in international competition and is characterized by certain basic principles [9, p. 215]:

1. competitive advantage is formed on the basis of innovations, improvements and changes;
2. competitive advantage is formed on each component of the value creation system. The value creation system is the entire range of activities that take part in the process of creating a product or service, its use, and includes the company's stakeholders: suppliers, intermediaries, buyers;

3. competitive advantage is maintained through continuous improvement. There are few competitive advantages that are difficult or impossible to copy;
4. maintaining competitive advantage requires improvement of its sources. The competitive advantage of an enterprise can arise from any activity in the value chain, starting with product development and ending with service;
5. maintaining advantages requires a global approach to strategy. A company cannot long maintain a competitive advantage in international competition if it does not use and expand its advantages that are associated with being based in its country through a global approach to strategy.

Competition in the market is under the influence of five competitive forces, which include [10, p. 25]:

- rivalry between competing sellers representing the same industry;
- attempts by enterprises from other industries to entice buyers with the help of substitute goods;
- potential entry into the field of new enterprises;
- market power and implementation of control over the terms of agreements on the part of resource suppliers;
- market power and control over the terms of agreements on the part of buyers of goods (services, products).

The model of the five forces of competition is the main conceptual tool in studying the main influence of competition on the market and making an assessment of its strength and weakness. Using the presented model makes it possible to gain an understanding of how competition functions [11, p. 428].

The development of the world economy at the current stage is characterized by increased competition in world markets, and new trends fundamentally change the structure of competitive advantages of many countries. This imposes a great responsibility on manufacturers, specialists and scientists regarding the rational use of available resources in order to increase the competitiveness of manufactured products. The development of competition is most keenly felt in the food sector, where one of the prospectively developing markets is the world market for grape wines and wine materials. The viticultural and wine-making sub-complex of the agricultural sector is a significant and promising component of the agricultural sector of the economy of many countries, which has an important economic significance and is endowed with a powerful export potential both on the scale of regions and on the scale of individual states.



## **2. The formation's factors of the winemaking enterprises's international competitiveness**

### **2.1. External and internal environmental factors**

The level of the enterprise's international competitiveness is influenced by two groups of factors: external and internal.

Environmental factors are divided into the following groups:

- factors of the world economy;
- macroeconomic factors;
- industry factors.

Factors of the world economy include the state of world markets, the international division of labor, the dynamics of exchange rates, and international agreements in the field of foreign trade.

Macroeconomic factors that belong to the external environment are:

- regulatory and legal regulation of the market;
- customs policy of the state;
- fiscal policy of the state;
- the country's reputation on the international market;
- state participation in trade associations;
- exchange rate fluctuations;
- long-term programs for the development of economic sectors;
- level of infrastructure development;
- the income level of the population;
- level of competition on the market;
- demand for products;
- the price of the product or service.

Industry factors include:

- sectoral programs of industrial development and their relationship with development programs of related industries;
- the effectiveness of the functioning of industry professional associations;
- introduction and support of grant programs with the assistance of international funds and professional industry associations;
- stimulating the introduction of integration formations;
- activity of industry in the highest bodies of state power;
- availability of incentives for the development of industrial enterprises;
- investment attractiveness of the industry.

International factors of the enterprise's competitiveness are determined by the situation outside the country, the state and conjuncture of world markets, the requirements of international institutions, etc. They include the following groups:

1. general economic, in particular: the stage of the development cycle of the world economy, the state of world commodity markets, the foreign economic policy of foreign countries, the globalization of competition and world economic processes, the development of integration processes in the world economic space, the regionalization of international economic interaction, etc.;

2. scientific and technological, in particular: technological protectionism, technological stratification of countries, narrowing of the open technology market and the formation of "technological networks", etc.;

3. military and political, in particular: the policy of foreign countries regarding socio-economic and political transformations in Ukraine, the political climate and the state of development of international relations; military-political conflicts in certain regions of the world, etc.;

4. institutional and economic, which are related to the requirements of foreign countries regarding the level of quality, safety, environmental friendliness of imported goods, and the activities of international institutions, etc. The influence of international factors on the formation of the company's competitiveness is direct, as it directly interacts with foreign business entities.

Internal factors affecting the level of the enterprise international competitiveness are formed at the enterprise and are completely subordinated to it. The enterprise can influence the level of manifestation of these factors, so it needs to manage them in order to get a positive result for making management decisions. There are also different approaches to distinguishing internal factors of competitiveness: activities of the management and management apparatus of the enterprise, organization and production structure, professional and qualified level of management personnel; technological equipment system; resource; product sales [12, p. 431] or management system; financial support; production facilities and production potential; innovations; access to high-quality and cheap resources [13, p. 182].

## **2.2. Factors influencing the winemaking enterprise's competitive advantages**

In our opinion, a very important aspect of the study of the enterprise's competitiveness is the determination of competitive advantages. Competitive advantages are a set of key success factors different from rivals, which contribute to providing the enterprise with a stable leading competitive position on the market for a certain period [14, p. 41]. Competitive advantages are divided into external, which characterize the market advantage of the enterprise in meeting the needs of the consumer, and internal, which are based on the functional areas of the enterprise. The company's image on the market, the

properties of customer service, the price-quality ratio of products, the perception of the company's innovations by customers are manifestations of external competitive advantage. Internal competitive advantages – managerial, production, marketing, financial, investment and innovation activities. Ensuring competitive advantages depends on such factors as:

- excellent quality, which represents increased value for buyers either by reducing their costs or by increasing the efficiency of products to meet consumer needs;
- key competencies – a special skill or technology that creates unique value for consumers;
- emergence of new technologies;
- new customer requests or those requests that have changed;
- the emergence of a new segment of the industry due to the development of new products;
- change in cost or types of production components;
- change in state regulation in areas such as standards, environmental protection;
- speed of creation and implementation of innovations;
- the ability to abandon an existing competitive advantage in favor of forming a new, more effective one;
- improvement of own production;
- effective use of all types of resources and their optimal structural ratio.

In the conditions of global competition, the company's competitive advantage is ensured by its activities in all markets. At the same time, the competitive advantages that the company received in the domestic market are supplemented by the advantages that emerged during international operations.

M. Porter singles out two types of competitive advantages of the enterprise: competitive advantages, which are caused by lower costs of the enterprise; competitive advantages, which are due to the differentiation of the company's goods, which increases their consumer value.

In order to be competitive in the foreign market, the enterprise must possess unique competitive advantages, for which the conditions for their sustainable development are created. Due to advantages in available resources or advantages that provide operational efficiency, you can achieve only a temporary result, so you need to focus on the unique positioning of the company, targeting unique types of activities. This will ensure long-term competitive advantages.

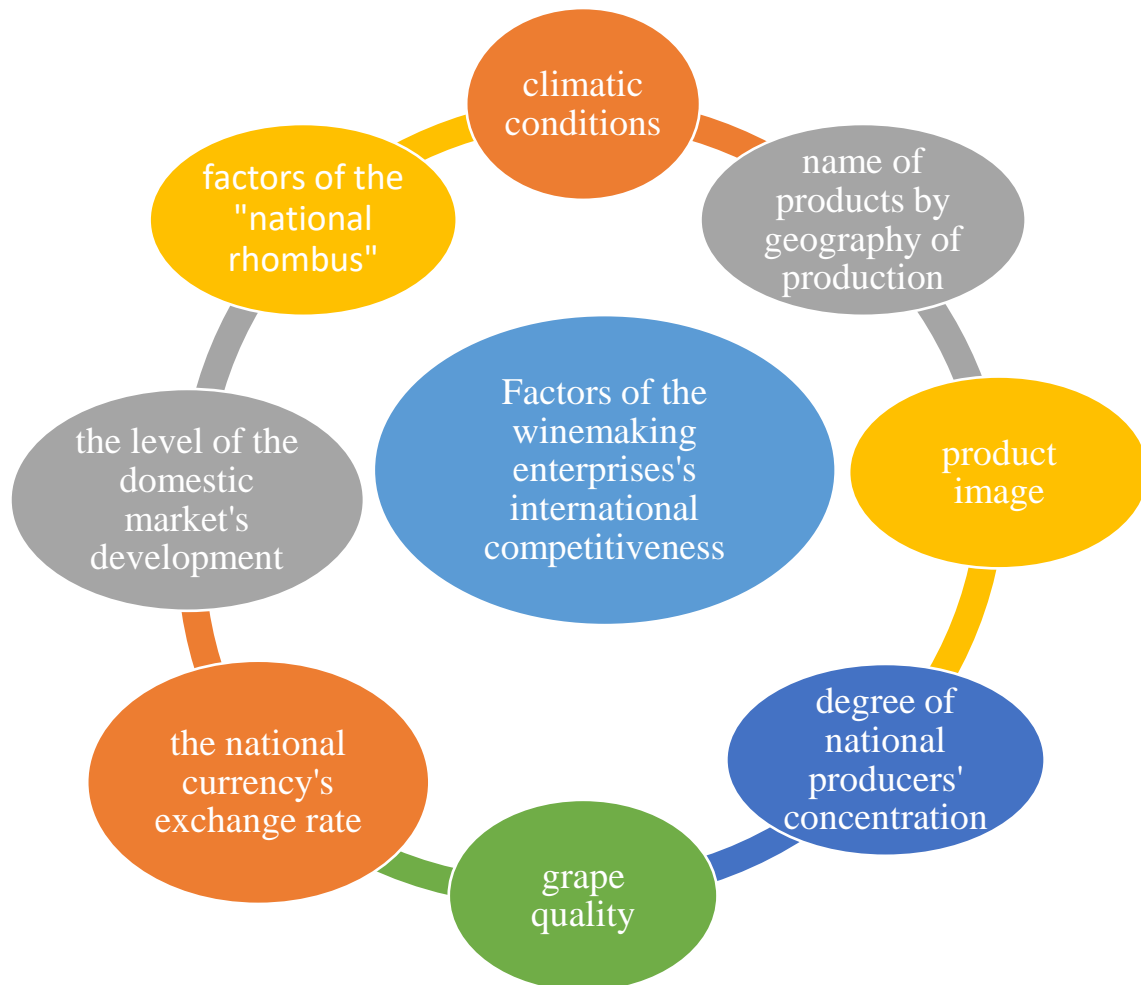
Each competitive advantage has its own resource, therefore the market position of the enterprise in the world market is determined by the number of competitive advantages, their importance and the duration of the life cycle of the competitive advantage. The greater the number of unique, hard-to-copy competitive advantages and the duration of their life cycle, the stronger the company's strategic position.

Under the influence of the turbulence of the external environment, the competitive advantages of the enterprise may decrease or disappear altogether. The main reasons for the loss of competitive advantages are: deterioration of factor conditions (increase in costs, decrease in the qualification level of employees, etc.), decrease in the investment attractiveness of the enterprise and its innovation potential, decrease in the ability to adapt (use of obsolete equipment, long-term creation of new products, etc.), decrease in competition on market, low incomes of the main groups of the country's population, which lead to a decrease in demand for the quality of goods and their variety.

In the business environment, there is not only competition, but there is also a close relationship and interdependence of enterprises, therefore, in addition to creating mutual business advantages, the competitive advantages of all business areas should be developed, which will ensure the international competitiveness of enterprises in turbulent operating conditions.

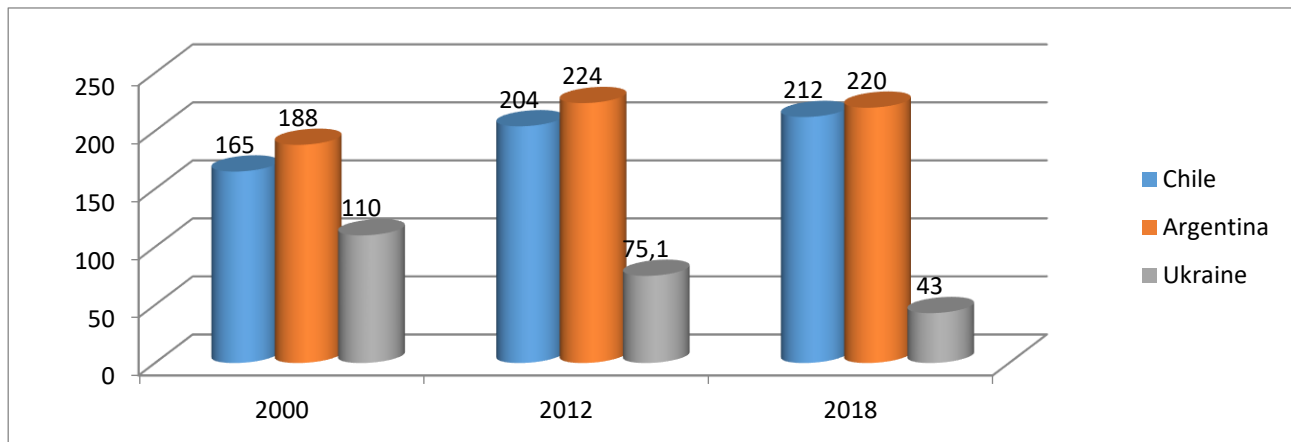
Regarding the factors affecting the winemaking enterprises's international competitiveness in the world wine market. Traditionally, an important place on the world wine map was occupied by European countries with long traditions of winemaking. But at the end of the 70s of the XX century New World producers appeared who offered their original ideas and fresh, bright modern interpretations of classic European wines. Australia, which led this trend, was joined by New Zealand, and recently by Chile, Argentina and South Africa [15].

The high degree of influence of grape varieties on the position of producing countries in the world wine market can be illustrated by the example of Chile and Argentina. In the 90s of the XX century. the quality of Chilean and Argentinian wines was assessed by wine critics as very low [1]. There was practically no demand for these wines in other countries. However, the situation changed dramatically when, as part of the programs of reorientation of the national wine-making industries to the international market, a bet was made on high-quality grape varieties brought from France (see Fig. 2).



**Fig. 2.** Factors influencing the winemaking enterprises's international competitiveness. Source: compiled by the author according to [16, p. 35].

The contribution of the grape quality factor to the growth of wine exports can be traced by the ratio of the rate of increase in the area of grape plantations and the export of wine in natural terms. So, for example, in Argentina for the period from 2000 to 2018, these indicators increased by 13% and 238%, respectively. In Chile - by 21% and 170% (see Fig. 3). In Ukraine, after the annexation of Crimea, there was a significant decrease in the area of grape plantations to 43 thousand hectares.



**Fig. 3.** Area of vineyards, thousand hectares.

Source: compiled by the author according to [17; 18].

The next specific factor that determines the quality and level of competitiveness of the product is climatic conditions. These include: the availability of water resources, the "quality" of sunlight, the frequency of frosts and precipitation. Such countries as China, Germany, and Hungary are most prone to the risk of frost and insufficient amount of sunlight per year. Australia, Chile, Spain and Portugal suffer from drought. These countries have to resort to artificial irrigation, which entails additional costs. The natural and climatic characteristics of the region are combined into the concept of terroir - the territory of growing grapes and other agricultural crops, which has certain constant characteristics of climate, soil, topography, etc. over the entire area. However, terroir has become an institutional concept for the development of the wine market. A grape-growing region is a valuable revenue-generating asset, and mentioning it is part of the strategy.

Returning to Chile and Argentina, it should be noted that during the planting of French grape varieties within the framework of programs for the development of the industry, an area was selected for each type that maximally corresponds to the ideal conditions for its growth. In Chile, according to a law from 1994, information about the region can be indicated on the label only if 75% of the wine in the bottle is produced from grapes growing in this area [16]. This system was called "Denomination of Origin" (Denominacion de Origen - DOC). The share of DOC wines is constantly growing. In Argentina, a similar law was adopted in 1999 and applied to three regions: Lujan de Cuyo, San Rafael and Rio Negro. The National Institute of Viticulture and Winemaking approved 25 appellations (territorial zones).

In order for the area of grape growth to be indicated on the bottle, its entire volume (100%) must be collected from the vineyards of this zone [16].

On January 1, 2020, the Law of Ukraine "On Legal Protection of Geographical Indications" came into force. The law is a framework and is expected to be followed by

three sectoral laws regulating the use and protection of geographical indications for agricultural products and foodstuffs, as well as for wines and spirits.

On September 20, 2019, the Verkhovna Rada adopted the law "On Amendments to Certain Legislative Acts of Ukraine on Improving the Legal Protection of Geographical Indications." A geographical indication is a sign that is applied to the packaging of a product and indicates its high quality, a long tradition of production and a special connection with the territory where it is produced [19].

An important characteristic of products that affects their competitiveness is image. To illustrate the importance of working on the image of national wine, we will give several examples from national practice. Let's return to the analyzed situation of transition to high-quality varieties of French grapes in Chile and Argentina. Argentina did not increase its planting area as much as Chile (13% vs. 21%, respectively, for the period under study), but received a much greater return in the form of increased exports (238% vs. 170%, respectively) [16]. The reason for this ratio lies in the positioning of products at the time of their entry into the world market. If in Chile they bet on low prices, high quality, fruity flavors and pure varieties of wines, immediately making deliveries to the world market of large volumes of wine, then Argentine producers chose the segment of more expensive wines with high personalization, increasing exports gradually. As a result, Chilean winemakers fell into the "trap" of quality cheap wines. The essence of the problem is that Chilean wines have a significant potential to increase the price of products compared to the one at which they are sold. However, they cannot implement it. The reason for this discrepancy between price and quality is the lack of a product style that would be noticeable to consumers on the world market. A similar strategy of conquering world markets is possible for Ukrainian winemaking enterprises.

At the same time, Poland also consumes Ukrainian alcoholic products. In Poland, due to the increase in demand, more and more wine production has been opened in recent years. Labor migrants drag the domestic product with them. Therefore, not only our wine, but also other drinks are exported to those countries where the number of the Ukrainian population is growing. Producers also actively send wine to Israel. For example, "Chateau Chizay" released a separate line of kosher wine, which is also exported to Israel, the USA and Australia.

Wine from Ukraine is still in demand in the EU countries, especially interest is growing in Germany, but the CIS countries remain the leaders in the consumption of the Ukrainian drink. Also in 2018, Ukrainian wine reached the Czech Republic, UAE, African countries and Azerbaijan. The largest importers to Ukraine are Italy, France and Georgia. According to the State Fiscal Service, in 2018, wine and grape must were imported by 3.26% more in volume (48 thousand tons) and 20% more in monetary value (125 million USD) [16].

Various approaches can be used to assess the following aspect of the competitiveness of national winemakers. For example, the concept of "national rhombus" includes 4 groups of interdependent factors:

1. strategies of firms, their structure, level of competition;
2. parameters of demand, i.e. capacity of demand, dynamics of its development, differentiation by types of products, demandingness of buyers;
3. parameters of production factors - material and non-material conditions necessary for the formation of a competitive advantage;
4. presence and level of development of related and supporting industries.

In addition, there are additional factors that affect the listed aspects of competitiveness: random events that strengthen or weaken competitive advantages, and the role of governments, whose policies directly affect all factors. Constituent elements of the potential are: the degree of control over suppliers regarding the growth strategy, the ability to position the product in competitive markets, the availability of sufficient financial and raw material resources. An important parameter characterizing the level of competition is concentration in the industry (Table 3).

**Table 3.** Degree of national producers in winemaking' concentration

Country	Number of leaders	Share in national production, %	Company names
France	10	25	LVMH, Val d'Orbieu, Groupe Bois set Marie Brizard & Roger International, Philippe de Rothschild, Pernod-Ricard
New Zealand	4	85	Montana Wines, Nobilo Vintners, Villa Maria Estate, Corbans
South Africa	2	80	Distell Group, KWV
Australia	4	60	Southcorp, Fosters/Beringer Blass, BRL, Hardy, Orlando Wyndham
Argentina	10	50	Tittarelli, Bodegas y Vinedos Etchart, Bodegas Chandon, Bodegs Norton
USA	4	50	E&J Gallo, Constellation Brands, The Wine, Robert Mondavi
Chile	5	25	Concha y Toro, Vina San Pedro, Vina Santa Rita, Vina Santa Carolina
Portugal	10	20	Santa Maria, Sogrape, José Maria de Fonseca
Spain	5	15	Freixnet, Codorniu, Bodegos y Bedidas, Arco Bodegas Unidas
Italy	8	13	Zonin, Antinori, Ruffino, Caviro, Gruppo Italiano Vini, Coltiva, Riunite
Germany	4	12	Oetker, Schloss Weinheim, Rotkaepchen, Peter Mertes
Ukraine	5	58	"Koblevo", "Tavria" agricultural company, "Niva" company, "Shabo", "Fruit Master Foods"

Source: [16].



It should be noted that an oligopoly situation has developed in most national markets. The level of development of the domestic market serves as the next factor in the competitiveness of countries. Depending on the size of domestic demand and the degree of its saturation, 3 groups of countries can be distinguished:

- exporting countries with a large share of imports in the domestic market. For example, Germany exports 40% of wine production in natural terms, while the volume of wine imports into the country exceeds the volume of domestic production by 70%;
- countries with wine production focused primarily on meeting domestic demand; export volumes are small (for example, China);
- countries with an export-oriented industry and a high share of exports (for example, Chile exports about 77% of wines produced in the country).

The influence of state regulation in the concept of the "national rhombus" is presented as a separate factor affecting the four main ones. The amount of state support in the wine sector cannot be accurately estimated because, in most cases, this information is not publicly available. It can be carried out by financing collective programs (creating trade offices abroad, business consulting offices, organizing advertising campaigns, the beneficiaries of which can be all producers in the industry), or by providing direct assistance to an individual company. A set of applied state policy measures can both facilitate and complicate the work of wine producers on foreign markets (Table 4.).

**Table 4.** The elements of the national wine markets's regulation

Elements	EU	USA	Chile	Argentina	Australia	New Zealand	South Africa
Wine export promotion programs	+	+	+	+	+	+	+
Refund of taxes and liabilities		+					
Support for the promotion of national brands			+	+		+	+
Support for research and innovation	+		+		+		+
Control of production potential	+						
Label design rules	+	+					
Origin designation systems	+	+			+		+

Source: [16].

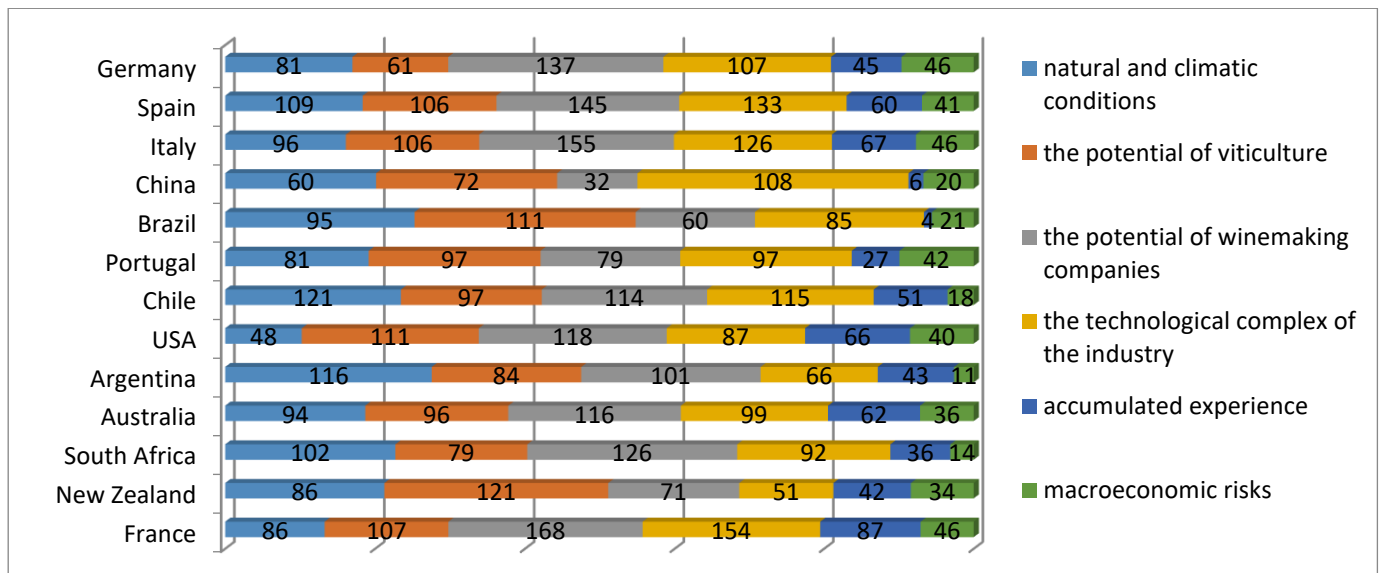
The development of the wine sector, like all other sectors of the economy, is strongly influenced by exchange rate fluctuations. For example, the drop in the dollar exchange rate and the yen contributed to the increase in the price of imports of European wines in this country.

In addition to the "national rhombus", there are several other approaches to assessing the competitiveness of producing countries in the world wine market. Since 1998, the

wine committee of France has been conducting an analysis based on the assessment of 6 elements of competitiveness:

- natural and climatic conditions;
- the potential of viticulture;
- the potential of winemaking companies;
- technological complex of the industry;
- accumulated experience;
- macroeconomic risks.

The sum of points for each of the parameters gives a general indicator of competitiveness (Fig. 4).



**Fig. 4.** Evaluation of the wine-producing countries competitiveness, 2018 (in points)  
Source: [20, p. 5222].

This assessment of competitiveness is tied to the current state of manufacturers and their ability to maintain existing market share while remaining attractive to consumers. The involved countries were divided into 3 groups:

- countries with a score of up to 400 are producers with limited growth opportunities or have recently entered the world market (China, Brazil and New Zealand);
- the sum of points up to 500 - includes countries that implement an aggressive commercial policy aimed at increasing exports, but often the quality of produced wines remains below European standards (Argentina, Portugal, South Africa, USA, Germany);
- tops the list of the top three: Spain, Italy, France. The main competitive advantage of France, according to the proposed methodology, is the accumulated experience

and technological complex. French winemaking is characterized by such features as the rigidity of legislation and the small average size of the wine industry, which limits the possibility of changing the quality of products in accordance with mass consumption and strengthening the position of national wine on the world market. Spain, which once topped the list, has combined modern management techniques typical of New World companies with European winemaking traditions. The strongest competitors of Western European wine producers are American companies, the most famous of which are located in California. The high positions of Californian wines on the domestic and foreign markets are explained by their high quality, compliance with the needs of the mass consumer in "pleasant, light" wine and significant investments in their promotion by large American wine holdings.

Thus, the analysis of the factors affecting the competitiveness of wine-producing countries and winemaking enterprises on the world market showed that it is based on the potential opportunities of national producers to meet the needs of the market, the initial conditions of viticulture and winemaking, the ability of national winemakers to conquer new markets, as well as the level of national organization of the industry and the degree of its support from the state.

### **3. Methods of analysing the enterprises's international competitiveness**

#### **3.1. Comprehensive methodology for analysing the enterprises's international competitiveness**

Today, Ukrainian enterprises face many strategically important and necessary tasks to maintain their viability. One of the main tasks for domestic enterprises is survival and ensuring further economic development. The effective solution to this task is based on ensuring the competitiveness of enterprises, formation, implementation and comprehensive assessment of their competitive advantages.

The assessment of competitiveness is carried out based on the final results of the reaction of a specific market (consumer) to a specific product, and the assessment of competitive advantages is carried out at the early stages of investment, before the start of business, during the technical and economic substantiation of innovative and investment projects. Further monitoring of the implementation of the competitive advantage is carried out at the stages of the production process and logistics, up to the sale of the product.

Currently, there is no generally accepted methodology for assessing the international competitiveness of enterprises. The assessment of the enterprise's competitiveness is a complex multifactorial task, which boils down to the interpretation and assessment of a set of indicators characterizing various aspects of the enterprise's activities that form its competitive advantages.

With a comprehensive approach to assessing competitive advantages, it is necessary to evaluate the following factors of influence on the competitiveness of the enterprise, including: economic (enterprise profitability, financial stability, etc.), technical (technical level of product production), scientific (introduction of the latest technologies and scientific developments), market (marketing research, analysis of potential competitors, market segmentation), legal (stability of democratic reforms, systematicity and justification of legislative acts from various areas of law), organizational (organization of production, labor and management, logistics, organization of market infrastructure, etc.) and others.

T. Myronyuk and V. Tsyoma emphasize that there are a large number of methods for analyzing the enterprises's international competitiveness, namely [21, p. 35]:

- Boston Consultative Group (BCG) model;
- M. Porter's model;
- "McKinsey" method;
- Shell/DRM model;
- LOTS method;
- the RIMS method;
- situational analysis (SWOT analysis);
- method of expert assessment;
- Hofer/Schendel model;
- financial and economic method;
- method of mapping strategic groups.

Those authors consider it appropriate to divide the specified assessment methods into three groups depending on the indicators and variables used in the analysis, namely:

1. methods characterizing the market position of the enterprise: BKG model, M. Porter model, McKinsey method, Shell/DRM model, RIMS method, Hofer/Schendel model;

2. methods characterizing the level of enterprise management: LOTS method, GAP method, situational analysis, expert evaluation method, strategic group mapping method;

3. methods characterizing the financial and economic activity of the enterprise: financial and economic method, method of marginal analysis.

The product competitiveness (PC) depends on its quality. In the agricultural sector, in particular in viticulture, the quality of the produced products is a primary indicator of assessing its competitiveness. Taking into account the specifics of agriculture, it is possible to ensure the competitiveness of products in terms of quality, primarily due to meaningful compliance with the requirements of the production technology of certain types of it.

Therefore, in order to ensure the quality of products, it is necessary to carry out thorough quality control of products from production to the moment of their arrival to the

consumer, this should be ensured by categories of regulatory documents (standards, technical conditions, certificates, quality certificates, etc.) both national and international. In addition, the the product competitiveness should be evaluated from the point of view of profitability for the consumer and efficiency for the producer. Studies of consumer behavior have shown that they will buy the product in which the ratio of the useful effect (P) to the costs of its purchase and use (C) is the largest compared to other similar products.

$$PC = \frac{P}{C} \rightarrow \max \quad (1.)$$

This method of analyzing the agricultural products's competitiveness is not very accurate. It is not possible to determine a beneficial effect for all agricultural products. Moreover, it is impossible to take into account the costs of operating a product of this type.

### 3.2. Indicators of analyzing the enterprises international competitiveness

Other authors, taking into account the needs of the consumer, offer methods of evaluating the product's competitiveness using a group parametric index. For this, it is necessary to take into account the influence of quantitative and economic parameters on the product competitiveness. At the same time, the totality of each parameter is taken into account separately, taking into account the influence of each. The group index of competitiveness according to quantitative parameters is defined as [22, p. 175]:

$$\int n = \sum_{j=1}^n a_j i_j \quad (2.)$$

where: n is the number of quantitative parameters analyzed;  $a_j$  – weight of the jth parametric index;  $i_j$  – is the parametric index of the jth parameter.

Group index of competitiveness by economic parameters [22, p. 175]:

$$\int e = \sum_{j=1}^m a_j j_i \quad (3.)$$

where: m is the number of analyzed economic parameters;  $j_i$  – parametric index of the jth parameter.

The integral indicator of competitiveness is equal to [22, p. 176]:

$$IC = \frac{\int n}{\int e} \quad (4.)$$

That is, the essence of this indicator is the extent to which the quantitative properties of this or that product satisfy the economic values invested in its purchase. This method of assessing competitiveness must be used in the production of processing products.

The compliance of the product with market requirements, the possibility of selling it on a specific market can be determined by comparing competing products with each other. Comparison with normative or basic parameters is a necessary element of assessing the level of quality of any product. At the same time, the reference product must meet

consumer requirements in all parameters. When choosing a product in the agricultural sector, the influence of technical and economic parameters should be taken into account. At the same time, the former make up the beneficial effect of using the product and determine its main properties (sugar content, fat content, mineral content, etc.). The others determine a set of economic parameters of the product - the cost of purchasing the product and its use. As an economic indicator of the agro-industrial complex products' competitiveness, such as price, cost price, and level of profitability can act.

Calculating the integral indicator allows you to determine the maximum effect when using the product, taking into account the funds invested in its production. Most scientists determine this indicator according to the following formula [22, p. 176]:

$$IC = \frac{I_t}{I_e} \quad (5.)$$

where: IC is an integral indicator of competitiveness;  $I_t$  indicator of competitiveness according to technical parameters;  $I_e$  – is an indicator of competitiveness in terms of economic parameters.

This is a composite indicator that synthesizes individual units and reflects the level of competitiveness according to the same groups of parameters (economic, technical-technological, organizational, environmental, etc.). As the  $I_t$  index increases, competitiveness increases, and as  $I_e$  increases, it decreases.

Thus, if IC is greater than one, the studied product is superior in terms of competitiveness to the analog product, if it is less than one, it is inferior in terms of its properties. If it is equal to one, it is on the same level as the competitor product.

Assessing the level of the products competitiveness of the viticulture sub-complex is a rather difficult task, because, firstly, competitiveness summarizes all indicators of quality and costs for its production, and secondly, there are currently no international standards for assessing its competitiveness.

Researchers pay considerable attention to determining the level of competitiveness of grapes and wine products, but there is no single method. We believe that generally accepted indicators, previously proposed by scientists, should be used for evaluation, but taking into account the specifics of the industry. The most adequately reflected essence of the competitiveness of the products of the viticulture sub-complex are indicators based on production costs, the degree of market saturation, and the level of purchasing power of end consumers.

Some scientists single out the price as one of the indicators for assessing competitiveness. Yes, Yudanov A.Yu. proposes to define it as the difference between the price of products on the market and the price of the consumer. However, there are two obstacles in using this approach. First, it is not possible to determine the price that the buyer is willing to pay for the product. People are different, they have different material

incomes and desires. In addition, the price is often shaped by chance and intuition. That is, it is practically impossible to determine not only for one, but also for a group of buyers. Secondly, with this method, it is possible to determine the competitiveness of only the product, but not of the enterprise, region or country.

The analysis shows that the most common formula of the competitiveness coefficient as a ratio of product prices is:

$$K_c = \frac{P_p}{P_e} \quad (6.)$$

де:  $P_p$  – product price;  $P_e$  – is the price of the benchmark, products of basic condition.

The benchmark price is taken at the level of products of the same type that are sold on the market at the highest price. In agriculture, there is no way to define a product standard, this term is more suitable for industrial products. Therefore, it is suggested to take the value of the indicator in the most profitable year, that is, the base year or period, as a standard. As for viticulture, we suggest returning to the method of determining the price of the basic condition differentiated by ampelographic varieties. In viticulture, a sugar level of 16% is taken as a basis. For each percentage, there should be a premium to the price at the level of, for example, 5-6%. Thus, the determination of the price taking into account the quality parameters (P) has the following form:

$$P = P_e + \sum_{i=1}^n P_e P_i \quad (7.)$$

where  $P_i$  – is the quantitative change of the product quality parameter in comparison with the standard ( $i = 1, 2, 3, \dots, n$ ),  $n$  is the number of parameters, which include sugar content, acidity of berries, the presence of damaged, scattered and dry berries, etc.

Price assessment, as a factor in the formation of competitiveness, is an important element. But, in our opinion, this indicator can reflect only the level of demand for products, i.e. the possibilities of buyers, and does not take into account supply. As you know, the agricultural products's competitiveness is not only the production of high-quality products, but also investing in them with the lowest costs. That is, it is desirable to take into account its cost in the calculation of the product's competitiveness. We believe that when determining the competitiveness of agricultural products (including grapes), it will be appropriate to use the level of profitability in the calculations, which will fully reflect the significance of the products produced.

#### 4. Conclusions

According to the results of the research carried out in the article, the stages of the evolution of economic thought regarding the the enterprise competitiveness were systematized and the characteristics of the theories of the the enterprise competitiveness were given.

Approaches to determining the enterprise international competitiveness were also summarized and it was stated that the enterprise international competitiveness is the ability of the enterprise to create and sell products, the price and non-price qualities of which are more attractive than those of similar products of competitors on the foreign market.

The article determined that the level of the enterprise international competitiveness is influenced by two groups of factors: external and internal. But the essence of the factors influencing the winemaking enterprises international competitiveness was revealed.

Methodical approaches to assessing the winemaking enterprises international competitiveness were systematized. But it is determined that in the agricultural sector, in particular in viticulture, the quality of the produced products is a primary indicator of assessing its competitiveness.

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