

Dynamics in the competitive position of importers of new cars in Bulgaria

Yulia Hristova
University of Economics - Varna,
julia_hristova@ue-varna.bg

Abstract.

The high intensity of competition on the market for new cars in Bulgaria, the market power of producers during negotiations and well-developed market for used cars are prerequisite for development of a good competitive strategy, by the side of existing competitors in the market, which requires good competitive positioning through the use of sustainable resources of competitive advantages. In the economics literature, there is a wide interest, but different views in the definition and measurement of the competitive position of micro level. There are a number of indicators, whose role is recognized as a measure of achieved results and success in the competitive struggle. The systematic and continuous process of monitoring and benchmarking the competitive position and the desire to occupy a more favorable, this is the main task of any enterprise in achieving a sustainable competitive advantage. In this aspect, the main aim of this article is to positioning in momentary and dynamic period of five years, five most preferred importers of new cars in Bulgaria on key performance indicators and indicators for growth, which determine the sustainability of their competitive advantages. By using DuPont analysis, Sustainable Growth Rate analysis, statistical analysis of structural changes and coefficients of normalization, applied to various indicators, is defined competitiveness of new cars importers and is given a proof, that their competitive positioning is stable, but there is strong variations in the obtained results and efficiency and need to use multidimensional set of indicators to define competitive position.

Keywords: competitive position, sustainable, new car, importers, dynamics, structural differences, structural changes.

1. Introduction.

Current processes of globalization, market oversaturation, rapid economic development, customers' high expectations and uncertainty lead to intensification of competitive struggle between companies. The existence and future development of economic subjects are progressively less dependent on the influence of isolated and slow-developing in time factors. Increasing role in the struggle for scarce resources acquires competitive behavior and interaction as a form of reaching and retaining competitive advantage.

For decades companies have fought to improve their performance in a situation of uncertainty and dynamics of competitive markets. Likewise, the strategy management theory has sought ways for achieving superior performances (Porter 1985; Porter 1996; Grant 1991; Peteraf 1993; Eisenhardt & Martin 2000; Proff & Fojcik 2011; Rumelt 1991). Holding a superior competitive position on the market requires from companies: to constantly seek and exploit innovative sources of competitive advantages; to implement strategies adequate to changes in the business environment and competitive dynamics in the market; and to apply 'isolating mechanisms' against creative distraction of competitive position. Nevertheless, a causal correlation between superior companies 'performance and competitive advantages has not been fully proven (Ma 2000; Powell 2001) and the content of sources of competitive advantage has not been uniquely defined, sustainable competitive advantage is considered a factor in achieving high companies' performance (and sometimes as a synonym for those). On other hand, superior performances are an indicator of competitive advantage, adequacy of the implemented strategies and management decisions by the firm. Dynamics in companies' competitive behavior alter sectors positioning chart fast and therefore, momentary measuring of business performance is not sufficient, and their sustainability attainable only if constantly adapting, setting up and retaining innovative sources of competitive advantages. There are differences in the content, number and scope of business performance at positioning, but most scholars direct their attention to utilizing a multidimensional set of indicators, due to differences in their importance for the company and the links between them.

Although automotive industry is one of the most significant and dynamically developing sectors both on a world scale (72.3m cars are produced at 70.9m car registration in 2014), and in Europe (provides for 5.6% of the workforce, generates positive trade balance of E 95.1 billion and invests E 41.5 billion in innovations annually) (ACEA 2016), new car dealers' business as the next link in the supply chain is relatively less researched. Automotive industry as a high concentrated sector with large players have market power at negotiations with car importers in different countries, which makes the sector less attractive for dealers and increases their dependency on internationally renowned car manufacturers' interests. Therefore, a research of competitive positions is of serious interest for business and in particular for companies specialized in new car trade in Bulgaria, whose studies are partial and limited. The competition intensity among the twenty-two official importers of new cars in Bulgaria is dictated by the lack of distinctive advantages (except car brand) and well developed market of used

cars. A research conducted among managers of car dealers in Bulgaria shows that they seldom perform exhaustive competitive intelligence and rely on secondary sources of information, current practices and intuition to make a management decision (Hristova 2013).

The significance of business performance as a starting point for making adequate management decisions, related to competitive behavior, and achieving sustainable competitive advantages; as well as, the lack of sufficient competitive research in car market in Bulgaria; is a prerequisite for positioning the five most preferred new car importers by key performance coefficients and growth indicators both momentary and dynamically for a five-year period (from 2010 to 2014).

Competitive positioning is implemented through a set of various indicators grouped into two (a) key performance coefficients (MS, ROA, ROE, GPM, NPM, OPM, OROA, TAT, IT, Cost Of Good Sold Ratio (COGSR), Sustainable Growth Rate (SGR), Equity Multiplier (EM)), and (b) growth indicators, related to momentary indicators within the five-year period (growth rate indicators and indicator variances). Momentary and dynamic positioning of leading competitors on the new car market can identify: presence or absence of sustainable competitive advantages in their business, successfulness of activities initiated and opportunities for more favorable positioning in the future.

2. Literature review.

Competition is a process of continual change in firm's capability to know competitors and outperform them, which enforces continuous measuring current competitive position on the market. Occupying superior competitive position is related to the opportunity to achieve sustainable competitive advantage and implementation of competitive strategy which means business performance will not be hindered by 'creative destruction' by competitors (Grant 1991; Porter 1985; Baraskova & Krystallis 2010; Yamin et al. 1999; Horwath 2006). A range of business performance measuring tools stand at the basis of determining competitive position. A range of business performance that vary in amount, content and scope, stand at the basis of determining competitive position. They reflect competitive advantages achieved by a company and its capability to resist to the influence of market forces (Porter 1985).

Economists, researchers and practitioners have been questioning the method of achieving and retaining superior performance in industry for years on end. According to strategy management literature, favorable sustainable competitive positioning by business performance is linked to presence and retaining of sustainable competitive advantages (Barney 1991; Porter 1979; Grant 1991; Ismail et al. 2011; Yamin et al. 1999; Porter 1996). But the causes behind differences in competitors' business performance within an industry and their relation to competitive advantage is a subject of discussions in literature (Ma 2000). Thus, for instance, according to Market - Based View (MBV) in Strategy Theory market structure and industry attractiveness, along with firms' capability to adapt their behavior and strategy to defend their competitive position toward market powers, are at the basis of firms' profitability differences (Caves & Porter 1977; McGahan & Porter 1997; Fidalgo & Victoria 2007). Conversely, according to Resource-Based View (RBV) enterprises with value, rareness, inimitability, and non-substitutability resources achieve sustainable competitive advantage and outperform others (Rumelt 1991; Barney 1991; Mahoney 2001; Grant 1991; Fiol 2001; Lockett & Thompson 2001). As sources of competitive advantages and performance boosters can be viewed and: know-how and information (Hayek 2002; Wiklund, J., Shepherd 2003); capabilities (Grant 1991; Bani-Hani & Faleh 2009); relational rents (Dyer & Singh 1998), dynamic capabilities (Teece et al. 1997; Proff & Fojcik 2011; Smith, K. Ferrier, W. Ndofofor 2001; Eisenhardt & Martin 2000). Therefore, both the content of sources of competitive advantages, and their definition remain a controversial issue (Rumelt & Kunin 2003), but are considered a basis for achieving successful competitive positioning and superior business performance.

In most cases achieving superior performance is directly and highly correlated with companies' competitive advantages (for example, Wiklund and Sheferd prove causal and direct dependence between the resources and business performance (Wiklund, J., Shepherd 2003)), which is recognized both by the theory of market structure, and by the resource approach, but yet, it is not identical to them (Ma 2000; Ma 1999; Rose & Abdullah 2010). It is likely for a firm to hold competitive advantages, which managers are not aware of, and thus, not to utilize their potential; not to own good combination of advantages, which are hard to imitate; or factors not dependent on the firm to get involved, which can lead to negative relation between performance and competitive advantages (Ma 2000). From this perspective, competitive advantages are not universal and reshape in different context, industries and time period. A unique and favorable competitive position based on business performance cannot be informative for specific competitive advantages which a company holds but is a possible indicator that such exist.

Without any doubt, to achieve superior business performance is the main objective of all organizations. The sustainability of the achieved results relates to firms' interests and it is their priority. Superior business performance for a continuous period of time, as well as sustainable competitive advantage, require adequate competitive behavior on the market. Traditional competitive strategies on cost leadership, differentiation and focus are static in their essence and do not reflect on the necessity of dynamics and adjustment to changes in external environment (Proff & Fojcik 2011; Cockburn et al. 2000). Based on competitive dynamic theory,

accordingly with the hypercompetition conditions, enterprises perform network of actions and reactions aiming attack and defend the achieved competitive position and even enhance it, which is only possible with constant monitoring of the changing positioning map (Smith, K. Ferrier, W. Ndofofor 2001; Teece et al. 1997; Eisenhardt & Martin 2000). At the dynamics of competitive environment, each company strive to imitate and capture the position of a stronger competitor, which forces them to apply ‘isolating mechanisms’ against creative destruction (Smith, K. Ferrier, W. Ndofofor 2001). From this point of view, an achieved competitive advantage is temporary due to the dynamics of firm’s competitive behavior (Fiol 2001), and business performance sustainability achieved only if constantly adjusting, researching and implementing innovative sources of competitive advantages. There is a direct and strong relation between achieved business performance and the time to respond to a competitor’s action (Boyd & Bresser 2008), which shows the necessity to monitor business performance for a prolonged period of time. Porter points that short-term changes in business performance are firm’s operational management objective and due to permanent strive for enhancement and utilizing key resources and capabilities managers cannot see the overall picture of their business and apply a strategy for achieving sustainable competitive advantage and results (Porter 1996). The performance sustainability is related to a prolonged period of time during which it can be retained (Porter 1985). From this point of view, firm performance benchmarking at a momentary given period of time shows temporary and inexact picture of competitive positioning, which may reflect unrealistically the achieved firms’ competitive advantages.

Dynamic competitive positioning by firms’ performance provide enterprises with information about obtained success toward competitors, the correctness and adequacy of implemented competitive strategy and the required competitive behavior consistent with competitive dynamics in the future. Competitive positioning may be implemented both through management, and customers’ point of view, and a range of methods and models are known so to measure the position through various in amount, scope and content indicators. Competitive positioning by business performance, which suggests it’s benchmarking, is the basis of competitive behavior for achieving higher performance and it is related to comparing to particular business indicators with those of past periods of time and those of competitors (Eldanfour & Abushaiba 2004). While initially performance measuring was based on one key indicator (e.g., ROI, ROE or Market Share), with the theory and contradictions of the connection between the separate indicators development, the necessity of implementing a multidimensional set of performance is acknowledged for measuring competitive position along with lack of isolation of business performance and strategic management decisions (Bourne & Neely 2003). A considerable amount of authors analyze the connection between firm performance indicators, such as market share and profitability; and while some observe a positive correlation between them (Chu 2011; Buzzle et al. 1974; Yannopoulos & Business n.d.; Farris & Moore 2004), others observe a negative and indirect correlation (Jacobsen 1988; Rumelt, R. 1981; Davidsson, Per., Steffens, Paul R., Fitzsimmons 2009). The inconsistency between the relations of indicators requires competitive positioning thru a set of various indicators; and thus, to obtain a precise perspective of business and to set more adequate competitive goals and strategies (Kaplan, R. Norton 1992; Pintea 2012; Bourne & Neely 2003). Therefore, firm performance benchmarking should involve both financial measuring tools– ROE, ROI, ROS, FL, TAT; and nonfinancial (operating) ones, such as market share, putting new products on the market, marketing efficiency(Venkatraman & Ramanujam 1986; Yamin et al. 1999). In accordance to this paper objectives, in this research mainly financial performance measuring tools are used, which are base of performance set in most strategy research (Venkatraman & Ramanujam 1986; Yasar 2010). Using financial results as a basis for dynamic firm positioning gives better access to information and comparison at data output, yet it is criticized for not giving account of business variables, external focus and retrospective orientation, which predetermine the limits of the study.

3. Methodology.

This research is based on calculating key performance coefficients and growth indicators for the period 2010-2014, using data from the financial statement of the five most preferred new car importers in Bulgaria. As key performance indicators are used: Market Share (MS), Return on Assets (ROA), Return on Equity (ROE), Gross Profit Margin (GPM), Net Profit Margin (NPM), Operating Profit Margin (OPM), Operating Return On Assets (OROA), Total Assets Turnover (TAT), Inventory Turnover (IT), Cost Of Good Sold Ratio (COGSR), Sustainable Growth Rate (SGR), Equity Multiplier (EM). Applying these indicators is extensively used in theory and practice, while each of them has a cognitive significance for the company’s operational activity, its capability to generate profit, to perform effectively and efficiently, and compared to competitors to generate superior performance (Walsh 2013; Fleisher, Craig S.; Bensoussan 2003). Key performance indicators are analyzed not only momentary, each year of the period, but also in dynamics. That leads to calculating growth indicators for each key performance coefficient. Thus, using mean relative growth rates (RGRm) and Integrated Coefficient of Inequality in Structure (ICIS), which shows irregularity or differentiation in distribution of a given indicator among structural units (Gatev 2007), explore the dynamics of the competitive positioning. For the purpose of establishing the concentration on the market of new cars in Bulgaria for each year individually and mean, concentration ratio of the five biggest competitors on the market (CR₅) is measured, which define the intensity degree of competitive struggle. To determine difference in market share distribution and competitors’

profitability (through the years of the period and mean), the Integrated Coefficient of Structural Differences – ICSD is used, which would confirm or reject the hypothesis of lack of direct relation between company's size and performance indicators (Gatev 2007). Sustainability of indicators distribution in time between companies is studied through calculating Integrated Coefficient of Structural Changes - ICSC (Gatev 2007; Kovaleva 2015; Yelhina 2014). DuPont Analysis and Sustainable Growth Rate analysis are used to determine the relations and dependences between each indicator and the reasons behind them. Applying those types of analyses is considered applicable to competitive positioning in search for the factors behind position achieved and capabilities of enhancement. A procedure of unity-based normalization of rescale the value of each indicator is applied in order to ease determining the exact importer's position by each indicator, calculating each importer's general competitive position and the differentiation between them.

4. Results and discussion of dynamics in competitive positioning of importers of new cars in Bulgaria.

New car market in Bulgaria is extremely dynamic, where suppliers- world renowned car manufacturers, customers with comparatively low income and their preference for second-hand cars have important influence. The data taken from the Automobile Manufacturers' Association and their authorized dealers in Bulgaria and the European Automobile Manufacturers' Association (ACEA) show 100,934 new cars in total were sold in Bulgaria in the 2010 – 2014 period. The sales trend is inconsistent and while in 2011 they are increased 14.23% toward 2010, then decreased 9.8% in 2013 toward 2011 and then, again went up 5.2% for the last year of the period. So the mean relative growth rate in sales on the whole market is increased 2.37%. Twenty-two new car importers operate on the market and they are often authorized dealers of a particular manufacturer and its brands for the Bulgarian market. The number of competitors is comparatively low, yet concentration is relatively high - CR5 is about 60 % and rising in the last couple of years. That serves as a proof for Bulgarian customers' preference to these particular importers and their car brands.

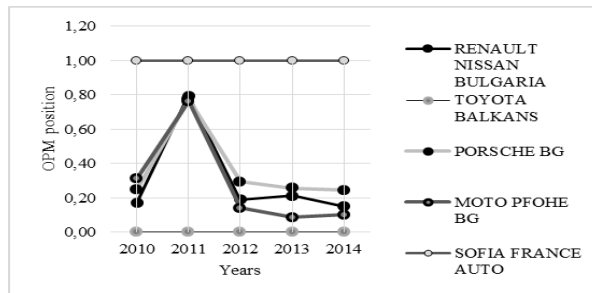
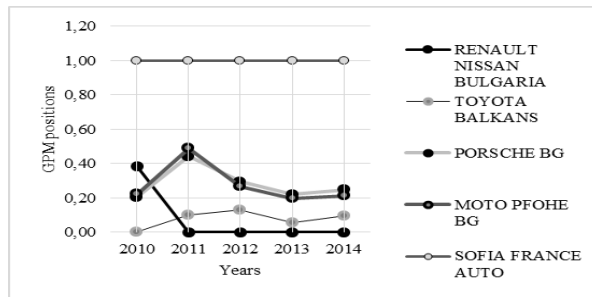
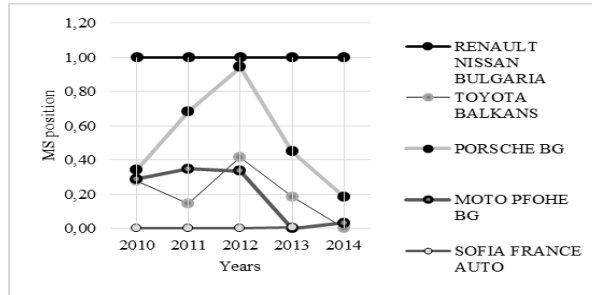
Table 1 shows key performance indicators and growth indicators for the 2010-2014 period of the five most preferred new car importers in Bulgaria, which are: Renault Nissan Bulgaria, Toyota Balkans, Porsche BG, Moto Pfohe BG and Sofia France Auto. The first importer is an authorized dealer for Renault, Dacia and Nissan; the second one for Toyota and Lexus; the third one imports Volkswagen and Audi; the fourth one for Ford, Volvo, Jaguar and Land Rover; and the fifth one for Peugeot. Table 1 and Figure 1 show no significant changes in market share positioning for the period. Leading importer is Renault Nissan Bulgaria, followed by Porsche BG, Toyota Balkans, Moto Pfohe BG and Sofia France Auto. The leader Renault Nissan Bulgaria has the highest rise in market share, and Toyota Balkans the lowest.

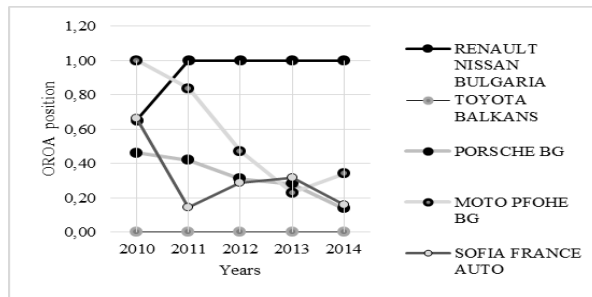
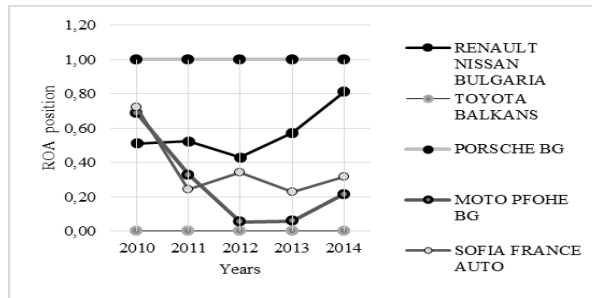
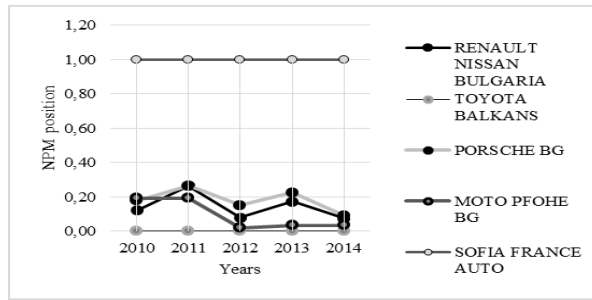
Firms' sale performance is characterized with rise in car sales for all importers, with highest for Renault Nissan Bulgaria and Porsche BG, and lowest for Toyota Balkans and even distribution (ICIS on sales between 0.07 and 0.35). Gross profit margin is the highest for Sofia France Auto, which means that the importer market power in negotiations both with suppliers and customers. The indicator rises approximately 3.28% each year of the period, while the same falls for the others importers regardless better sales performance. This may be an indicator for better price strategy, or more likely, for superior position at negotiations with suppliers, which reduces commodity investments (proved by significantly lower levels of Cost of Good Sold Ratio for Sofia France Auto). Sofia France Auto's OPM and NPM dominate, as well, which state management capabilities and owners' flexibility to turn revenues into profit, to manage and optimize OPEX and fund their activity with other resources but sales revenue. The competitors' operational and net profit on every 100 lv revenue are several times lower, which puts them a competitive disadvantage at OPEX management and this of financial expense. Although commodity investment management efficiency, expenses on personnel and advertisement are not so good as those of Sofia France Auto, the OPM and NPM mean growth rate for Toyota Balkans and for Renault Nissan Bulgaria shows increase respectively with 175% and 139% and approximately 14% average per year. ICIS of NPM indicates relatively even development with Toyota Balkans exception, where more fluctuations in net profit on every 100 leva revenue occurred.

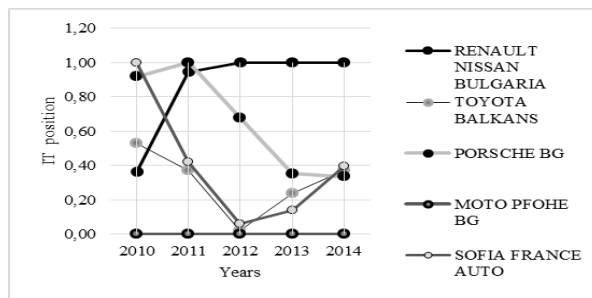
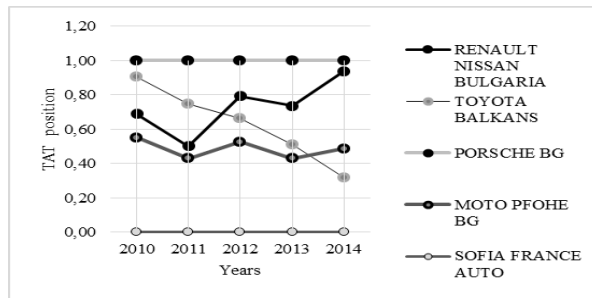
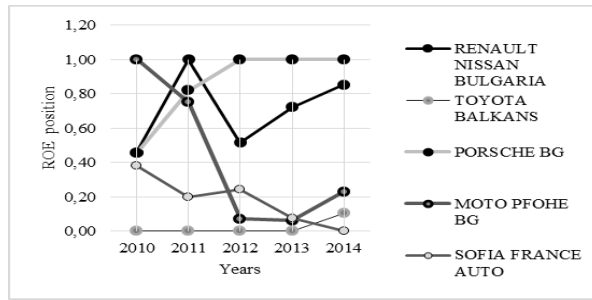
The highest rate of return on assets is observed by Renault Nissan Bulgaria, which succeed to achieve higher operational profit than its competitors regardless of less invested funds and slightly lower net profit on assets than that of Porsche BG. Growth rate of ROA и OROA are satisfactory in Renault Nissan Bulgaria (on average 33,25% OROA growth rate per year and 31,5% ROA), but they are even better in Toyota Balkans, which - contrary to disadvantages in performance, is capable to increase investment profitability over 130% on average per year but inequality in time.

Figure 1 clearly shows, that the competitive position of Renault Nissan Bulgaria (the sales leader) enables achieving high inventory turnover in 2014 - 13.45 turns in comparison to approximately 7 per competitor (Moto Pfohe BG, the weakest performer– 4,61 turns). Inventory Turnover growth is higher for the sales leader, while Porsche BG show slight turnover slowdown, which is linked to non optimal and groundless investment in inventory. Leaders in total asset turnover are Porsche BG and Renault Nissan Bulgaria, which in respect to inventory turnover positioning means, that Porsche BG take competitive advantage of noncurrent assets use, accounts receivable and short-term investments.

DuPont analysis shows that profit on every 100 leva equity invested by the owners is highest in Renault Nissan Bulgaria and Porsche BG – over 30%, with relatively stable distribution in time and increasing approximately 30% per year. The weakest achiever is Sofia France Auto, which generate lower return for the owners, with the lowest growth rate but relatively stable for the period. In Toyota Balkans ROE is 11.74%, yet, contrary to its high mean growth rate – 138.19%, it is the lowest for the 2010-2013 period and immensely fluctuating (ICIS of ROE=0.52).







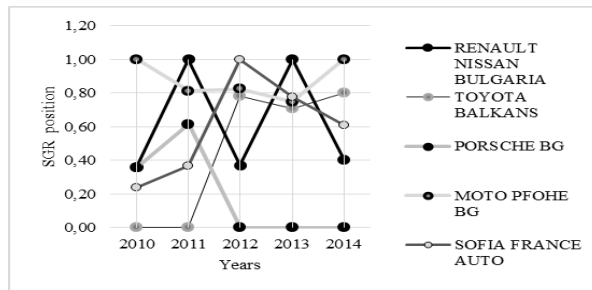
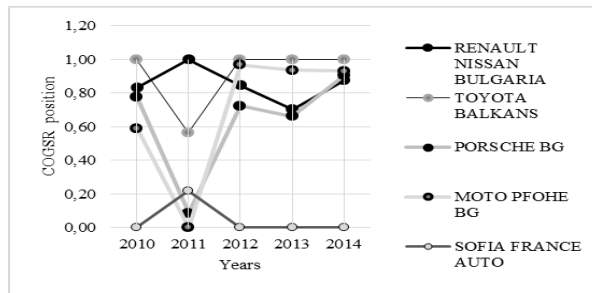
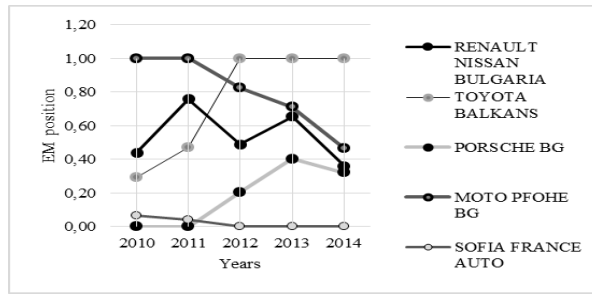


Figure 1. Dynamics in competitive positioning in Key Performance Indicators for a five year period

As it is known, increasing ROE not always have advantageous impact on business performance and may be linked to high financial risk due to prevalent liabilities. The dynamic relation between NPM and TAT (Fig.2)

illustrates importers' strategy and policy differences. While Renault Nissan Bulgaria, Porsche BG, Toyota Balkans and Moto Pfohe BG implement similar strategies - using assets effectively in a situation of lower return on sales through the years of the period, Sofia France Auto have significantly higher assets value, which is not effective in sales revenue, but generate high net profit for the owners. The first four market share importers generate considerable OPEX, financial expenses and have low-price strategy, but use assets more rationally. Conversely, Sofia France Auto rely to greater extend on equity and even on financial funds from other activities, hold good negotiation position with suppliers (high GPM indicates that), optimize expenses on personnel and advertisement, and accumulate more financial income than expenses (NPM is higher than OPM). EM proves these conclusions. As a measuring tool of financial leverage, Equity Multiplier is two and more times lower for Sofia France Auto than that of the competitors, which is an indicator for lower financial risk, but as well, for higher owners' investment to generate profit. The other four competitors rely to greater liabilities to finance their business and utmost loading and using their assets for generating profit. None of the firms has managed to achieve a position of maximum profit which would be the case in upper right corner of Figure 2.

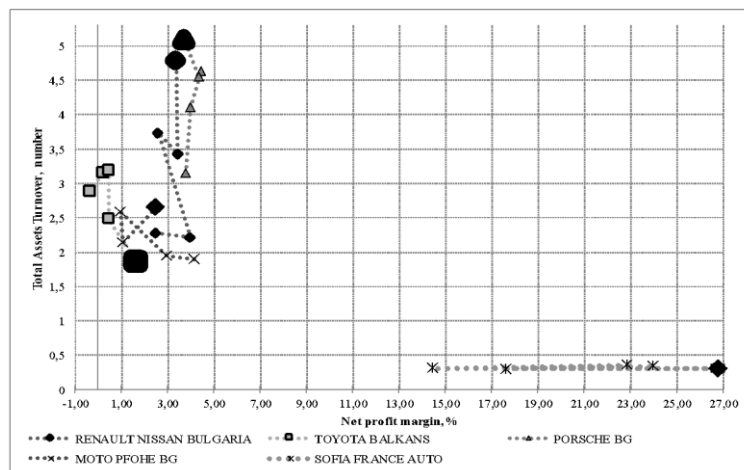


Figure 2. Dynamic competitive positions of five importers of new car in Bulgaria in NPM and TAT

Sustainable growth rate is a measure for companies' potential to generate sales at established levels of profit margin, total assets turnover, financial leverage and dividends policy. Figure 1 shows Moto Pfohe BG have highest sales growth potential, followed by Toyota Balkans. In 2014 both importers reached such a correlation between funding their business and its performance, that enables them to prolong the existing strategy in order to generate more sales; but yet, sustainable growth rate positions are dynamic in time. Porsche BG have the most negative SGR, which is due to dividends policy - more dividends paid and not reinvesting in business, as it is with Renault Nissan Bulgaria - with hardly 4.19% growth potential with the implemented strategy in 2014.

In Table 1 is analyzed the hypothesis of sustainability of competitive positioning, competitive results and presence of variations in distribution of each indicator in time.

Table 1. Structural changes, inequalities and differences in sales, NPM, ROA and ROE for a five year period

	2010	2011	2012	2013	2014	geometric mean
Integrated Coefficient of Inequality in Structure (ICIS)						
sales	0,17	0,19	0,25	0,28	0,24	0,22
NPM	0,65	0,56	0,71	0,64	0,65	0,64
ROA	0,34	0,46	0,50	13,49	0,37	0,83
ROE	0,43	0,41	0,46	0,52	0,36	0,43
Integrated Coefficient of Structural Changes (ICSC)						
sales	0,09	0,08	0,10	0,13	0,22	0,11
NPM	0,18	0,16	0,23	0,12	0,08	0,15
ROA	0,31	0,26	0,16	0,10	0,19	0,19
ROE	0,56	0,35	0,36	0,14	0,20	0,29
Integrated Coefficient of Structural Differences (ICSD)						

sales to NPM	0,995	0,997	0,998	0,998	0,996	1,00
sales to ROA	0,997	0,997	0,996	0,997	0,997	1,00
sales to ROE	0,993	0,994	0,994	0,993	0,993	0,99

Data show that no crucial changes have occurred in sales distribution, NPM, ROA and ROE during the 2010 – 2014 period. In practice, no significant fluctuations in indicators value or dynamics in competitive positioning of importers are present for the period. Meanwhile, a considerable structural inequality of NPM and ROA among importers exists in the years, which assumes differentiation in strategy and policy toward expenses, business funding and utilizing assets. The research results are consistent with the hypothesis of variances in sales distribution and performance measure indicators, such as NPM, ROA and ROE. Thus, the firm with most sales generated is not the most profitable. Competitive positioning only by sales or market share, or any other single indicator would lead to hasty and unrealistic measurement of a competitive position. Therefore, a multidimensional set of indicators is applicable.

General competitive positioning by momentary key performance indicators and growth rate indicators (Table 2) suggest that Renault Nissan Bulgaria have a superior position on the market with 13.84 units, followed by Sofia France Auto with 11.62 units, Porsche BG, close by Toyota Balkans and last Moto Pfohe BG. Renault Nissan Bulgaria leader positioning is due to fine balance between momentary position by KPI and dynamic positioning by growth rate indicators. The importer outperforms others at Market share, OROA and IT, and also it has the highest growth rate of MS, sales, IT. It is positioned highly by ROA, ROE, TAT, ICIS of NPM, ICIS of ROE. Likewise, Sofia France Auto has fine balance between momentary and dynamic position. PM, EM, COGSR, RGRm GPM, ICIS of NPM, ICIS of ROA, ICIS of ROE are on the basis of its good competitive positioning. The third ranked performer, Porsche BG, balances its momentary and dynamic results and outperforms by ROA, ROE, TAT, ICIS of NPM, ICIS of ROA and ICIS of sales. Toyota Balkans and Moto Pfohe BG occupy the last two places, and while the first has weak momentary position in 2014, the latter lacks strong positions in general, mainly from dynamic perspective. General competitive positioning shows that results would not be consistent if only either momentary or dynamic positioning were measured; thus, balance on superiority by separate group indicators is important for achieving higher competitive positioning.

As main strategic opportunities for repositioning of the importers can be listed: Renault Nissan Bulgaria - optimization of OPEX and better position toward market forces; Toyota Balkans - differentiation and product portfolio approach, better position toward market forces, optimization of expenses, lowering financial risk, utilizing assets more effectively and efficiently; Porsche BG - better positioning, optimization of expenses, more rational approach to inventory and changes in dividend policy; Moto Pfohe BG - rise in sales through more adequate price strategies and warranty and post-warranty car service, better positioning toward market forces and higher resource efficiency; Sofia France Auto - improvement in customer loyalty policy, product utility, implementing a product portfolio approach and other strategic drivers for higher levels of sales and market share.

Table 2. Total dynamic competitive positions of five importers of new cars in Bulgaria for five years, normalized values

Indicators to competitive positioning		RENAULT NISSAN BULGARIA	TOYOTA BALKANS	PORSCHE BG	MOTO PFOHE BG	SOFIA FRANCE AUTO
		<i>Normalized values</i>				
Key Performance indicators	Market Share (MS)	1,00	0,00	0,18	0,03	*
	Gross Profit Margin (GPM)	0,00	0,10	0,25	0,21	1,00
	Operating Profit Margin (OPM)	0,15	0,00	0,24	0,10	1,00
	Net Profit Margin (NPM)	0,07	0,00	0,09	0,04	1,00
	Return on Assets (ROA)	0,81	0,00	1,00	0,22	0,32
	Operating Return on Assets (OROA)	1,00	0,00	0,14	0,34	0,16
	Return on Equity (ROE)	0,85	0,11	1,00	0,23	0,00
	Total Assets Turnover (TAT)	0,94	0,32	1,00	0,49	0,00
	Inventory Turnover (IT)	1,00	0,37	0,34	0,00	0,40

	Equity Multiplier (EM) ¹	0,64	0,00	0,68	0,53	1,00
	Cost of Good Sold Ratio (COGSR) ¹	0,12	0,00	0,09	0,07	1,00
	Sustainable Growth Rate (SGR)	0,40	0,80	0,00	1,00	0,61
Total position on key performance indicators:		7,00	1,70	5,01	3,26	6,48
Relative Growth Rates mean (RGRm) and Integrated Coefficient of Inequality in Structure (ICIS)	RGRm sales	1,00	0,00	0,58	0,34	0,27
	RGRm Market share	1,00	0,00	0,41	0,17	0,47
	RGRm GPM	0,04	0,53	0,26	0,00	1,00
	RGRm OPM	0,11	1,00	0,06	0,00	0,19
	RGRm NPM	0,10	1,00	0,00	0,09	0,09
	RGRm OROA	0,18	1,00	0,10	0,00	0,16
	RGRm ROA	0,18	1,00	0,01	0,11	0,00
	RGRm ROE	0,19	1,00	0,18	0,06	0,00
	RGRm IT	1,00	0,36	0,00	0,28	0,31
	ICIS sales ¹	0,72	1,00	0,86	0,90	0,00
	ICIS NPM ¹	0,83	0,00	1,00	0,37	0,79
	ICIS ROA ¹	0,60	0,00	1,00	0,33	0,85
	ICIS ROE ¹	0,89	0,00	0,81	0,29	1,00
	Total position on Relative Growth Rates mean (RGRm) and Integrated Coefficient of Inequality in Structure (ICIS)		6,85	6,89	5,27	2,95
Total competitive position		13,84	8,59	10,28	6,21	11,62

¹-Normalized value is reduced with 1, because of negative meaning of indicator to competitive position

5. Conclusion.

Strategy management, the theory of competitive advantages and competitive dynamics are in a constant struggle to find the reasons and factors behind superior competitive positioning of enterprises. Companies' capability of attaining sustainable competitive advantages stands on the basis of achieving superior performance and its sustainability in time. Respectively, positioning toward market forces or firm's superiority by valuable, rare, inimitable and non-substitutable resources, capabilities and behavior are on the basis of sustainable competitive advantages. The direct dependence and almost sameness between superior business performances and competitive advantages are not proved fully, but accepted in a number of researches. Sustainability of competitive advantages in the state of hypercompetition on current markets is less and less achievable and depends on enterprise's competitive behavior, which leads to dynamic changes in competitive positioning by performance indicators. From this perspective, momentary superiority can be destructed by competitors' actions, and thus, the positioning map needs to be observed dynamically in order to establish the sustainability of the results. The content of indicators used to measure competitive position is not unambiguously defined, but necessity of implementing a multidimensional set of indicators is recognized in order to avoid conflicts in relations and dependences between them.

The dynamics competitive positioning of the five most preferred new car importers in Bulgaria for the 2010-2014 research is unique in its nature and the following conclusions can be made:

1. The most favorable positioned importer is Renault Nissan Bulgaria, and the least favorable - Moto Pfohe BG.

2. Competitive positioning by performance indicators provides guideline to the presence and type of competitive advantages and disadvantages, and the possible management decisions leading to better positioning in the future. That serves as a proof to the many scholars' thesis for a positive relation between the number and quality of competitive advantages and superior performance.

3. The research shows that there are significant structural differences in distribution of MS, and of other performance indicators like: NPM, ROA, ROE. Therefore, it is necessary competitive positioning to be conducted by a multidimensional set of indicators with different use and significance for determining a realistic picture of the achieved competitive advantages and making adequate management decisions for future development.

4. Importers' positions are sustainable in time, but highly inconsistent in performance and its efficiency. This determines competitive advantage sustainability, but also the difference in the way results are achieved and their magnitude.

5. Achieving superior competitive position according to the research conducted is dependent not only on the size of more favorable readings of separate indicators, but also on the number of the achieved more favorable results and the balance between their momentary and dynamics readings.

A direction for future researches in this field is that of competitive dynamics and the network of concrete actions and reactions among the five competitors on the new car market in Bulgaria, leading to exact level of competitive positioning, and also including performance indicators of customers' satisfaction and preferences in the multidimensional set of indicators.

References:

- ACEA, 2016. *The automotive Industry Pocket Guide*, Available at: www.acea.be [Accessed September 1, 2016].
- Bani-Hani, J.S. & Faleh, A.A., 2009. The Impact of Core Competencies on Competitive Advantage : Strategic Challenge. *EuroJournals*, 6(6), pp.93–104.
- Baraskova, J. & Krystallis, A., 2010. *Strategic Positioning and Sustainable Competitive Advantage in Food Industry*, Case Study.
- Barney, J., 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), pp.99–120.
- Bourne, M. & Neely, A., 2003. Implementing Performance Measurement Systems : A Literature Review John Mills and Ken Platts. *Business Performance Management*, 5(1), pp.1–24.
- Boyd, J.L. & Bresser, R.K.F., 2008. Performance Implications of Delayed Competitive Responses : Evidence from the U. S. Retail Industry. *Strategic Management Journal*, 29, pp.1077–1096.
- Buzzle, R.D., Bradley, T.G. & Sultan, R.G., 1974. Market Share: A Key to Profitability. *Harvard Business Review*, 53(1), pp.97–106.
- Caves, R.E. & Porter, M.E., 1977. From Entry Barriers to Mobility Barriers: Conjectural Decisions and Contrived Deterrence to New Competition. *Quarterly Journal of Economics*, 91(2), pp.241–261.
Available at:
<http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=4624170&site=bsi-live> [Accessed September 1, 2016].
- Chu, H., 2011. Is Enlarging The Market Share The Best Strategy For Maximizing Profits? *African Journal of Business Management*, 5(20), pp.7992–7999. Available at: <http://www.academicjournals.org/AJBM> [Accessed September 1, 2016].
- Cockburn, I.M., Henderson, R.M. & Stern, S., 2000. Untangling the Origins of Competitive Advantage. *Strategic Management Journal*, 21(10/11), pp.1123–1145. Available at:
<http://18.7.29.232/handle/1721.1/3822>
<http://www.jstor.org/stable/3094430> [Accessed September 1, 2016].
- Davidsson, Per., Steffens, Paul R., Fitzsimmons, J.R., 2009. Growing Profitable or Growing From Profits: Putting the Horse In Front Of the Cart? *Journal Business Venturing*, 24(4), pp.388–406.
- Dyer, J.H. & Singh, H., 1998. The Relational View: Cooperative Strategy and Sources of Interorganizational Competitive Advantage. *The Academy of Management Review*, 23(4), pp.660–679.
- Eisenhardt, K.M. & Martin, J. a., 2000. Dynamic Capabilities: What Are They? *Strategic Management Journal*, 21, pp.1105–1121. Available at:
<http://www.jstor.org/stable/3094429> [Accessed September 1, 2016].
- Eldanfour, I. & Abushaiba, I.A., 2004. Benchmarking of Performance Measurement System to Support Cost Competitive Advantage and Financial Performance - A Conceptual Paper. *International Journal of Humanities and Management Sciences (IJHMS)*, 3(2), pp.115–119.
- Farris, P.W. & Moore, M.J., 2004. *Profit impact of marketing strategy projects*, New York: Cambridge University Press.
- Fidalgo, E.G. & Victoria, J.V., 2007. Strategic Heterogeneity and Industry Performance: Evidence from Spanish Manufacturing. *Revista de Economia Aplicada*, 15(43), pp.1–28.
- Fiol, C.M., 2001. Revisiting an Identity-Based View of Sustainable Competitive Advantage. *Journal of Management*, 27(6), pp.691–699.
- Fleisher, Craig S.; Bensoussan, B., 2003. *Strategic And Competitive Analysis: Methods And Techniques For Analysing Business Competition* Russian la., New Jersey: Prentice Hall.
- Gatev, K., 2007. *Methods of analysis of structures and structural effects*, Sofia: Stopanstvo.
- Grant, R.M., 1991. The Resource-Based Theory of Competitive Advantage: Implications for Strategy Formulation. *California Management Review*, Spring, pp.114–135.
- Hayek, F.A., 2002. Competition as a Discovery Procedure. *The Quarterly Journal of Austrian Economics*, 5(3), pp.9–23.
- Horwath, R., 2006. The Origin of Strategy. *Strategic Thinking Institute*, pp.1–5. Available at: http://strategyskills.com/Articles_Samples/origin_strategy.pdf [Accessed September 1, 2016].
- Hristova, Y., 2013. “Blind Spots” In the Management of the Automotive Business. *Vanguard Scientific Instruments in Management Volume*, 2(7), pp.233–247.
- Ismail, A.I. et al., 2011. The Relationship between Organizational Resources and Systems: An Empirical

Research. *Asian Social Science*, 7(5), pp.72–80.

Jacobsen, R., 1988. The Persistence of Abnormal Returns. *Strategic Management Journal*, 9(5), pp.415–430.

Kaplan, R. Norton, D., 1992. The Balanced Scorecard - Measures That Drive Performance. *Harvard Business Review*, (January-February), pp.72–79.

Kovaleva, T., 2015. Statistical Indicators in the Analysis of the Structure of Social Economic System. *Innovatcionnaia Nauka*, 4, pp.63–71.

Lockett, A. & Thompson, S., 2001. The Resource-Based View and Economics. *Journal of Management*, 27(6), pp.723–754.

Ma, H., 2000. Competitive Advantage and Firm Performance. *Competitiveness Review*, 10(2), pp.15–32. Available at: <http://www.emeraldinsight.com/doi/abs/10.1108/eb046396> [Accessed September 1, 2016].

Ma, H., 1999. Creation and Preemption for Competitive Advantage. *Management Decision*, 37(3), pp.259–267.

Mahoney, J.T., 2001. A Resource-Based Theory of Sustainable Rents. *Journal of Management*, 27(6), pp.651–660.

McGahan, A.M. & Porter, M.E., 1997. How Much Does Industry Matter, Really? *Strategic Management Journal*, 18, pp.15–30.

Peteraf, M.A., 1993. The Cornerstones Of Competitive Advantage: A Resource-Based View. *Strategic Management Journal*, 14, pp.179–191.

Pintea, M.-O., 2012. Performance Evaluation: Literature Review and Time Evolution. *Annals of the University of Oradea, Economic Science Series*, 21(1), pp.753–758. Available at:

<http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=86068816&site=eds-live&scope=site>. [Accessed September 1, 2016]

Porter, M., 1996. What is Strategy? *Harvard business review*, (november-december), pp.1–20.

Porter, M.E., 1985. *Competitive Advantage. Creating and Sustaining Superior Performanse*, New Yourk: The Free Press.

Porter, M.E., 1979. The Structure within Industries and Companies Performance. *The Review of Economics and Statistics*, 61(2), pp.214–227.

Powell, T.C., 2001. Competitive Advantage: Logical and Philosophical Considerations. *Strategic Management Journal*, 22, pp.875–888.

Proff, H. & Fojcik, T.M., 2011. Effects of Dynamic Strategies on Capital Market Performance: A Test among Automobile Companies in Japan, North America and Europe. *International Journal of Management*, 28(4, part 2), pp.304–320.

Rose, R.C. & Abdullah, H., 2010. A Review on the Relationship between Organizational Resources, Competitive Advantage and Performance. *The Journal of International Social Research*, 3(11), pp.488–498.

Rumelt, R., R.W., 1981. *Market Share and Business Profitability: Testing the Stochastic Hypothesis*, University of California, Los Angeles.

Rumelt, R. & Kunin, E., 2003. *What in the World is Competitive Advantage?*, Available at: http://www.anderson.ucla.edu/faculty/dick.rumelt/Docs/Papers/WhatisCA_03.pdf [Accessed September 1, 2016].

Rumelt, R.P., 1991. How Much Does Industry Matter? *Strategic Management Journal*, 12(3), pp.167–185. Available at: <http://www.jstor.org/stable/2486591> [Accessed September 1, 2016].

Smith, K. Ferrier, W. Ndofor, H., 2001. *Competitive Dynamics Research: Critique and Future Directions*, London: Handbook of Strategic management, Blackwell Publishers.

Teece, D.J., Pisano, G. & Shuen, A., 1997. Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18(7), pp.509–533. Available at:

<http://links.jstor.org/sici?sici=0143-2095%28199708%2918%3A7%3C509%3ADCASM%3E2.0.CO%3B2-%23>

Venkatraman, N. & Ramanujam, V., 1986. Measurement of Business Performance in Strategy Research: A Comparison of Approaches. *The Academy of Management Review*, 11(4), pp.801–814.

Walsh, C., 2013. *Key management Ratios* 3th ed., London: Prentice Hall.

Wiklund, J., Shepherd, D., 2003. Knowledge-Based Resources, Entrepreneurial Orientaton, and the Performance of Small and Medium-Sized Businesses. *Strategic Management Journal*, 24(13), pp.1307–1314.

Yamin, S., Gunasekaran, A. & Mavondo, F.T., 1999. Relationship between Generic Strategies, Competitive Advantage and Organizational Performance : An Empirical Analysis. *Technovation*, 19, pp.507–518.

Yannopoulos, P. & Business, F., The Market Share Effect : New Insights from Canadian Data.

Yasar, F., 2010. Competitive Strategies and Firm Performance: Case Study on Gaziantep Carpeting Sector. *Journal of Social Sciences Institute*, 7(14), pp.309–324.

Yelhina, I., 2014. Structural Shifts and Structural Differences of Economic Systems in Russia. *Vestnik of Saratov State Socio-Economic University*, 4(53), pp.38–41.