

Strategies of Gaining Competitive Advantage Based on Focusing on Customers and Market Strategy for Extension and Development of Medicinal and Ornamental Plants Enterprises in Ilam Province

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Oil revenues reliant of Iran's economy and the impact of political and economic issues caused vulnerability of the economy. One way of dealing with this challenge is to develop new products that while the domestic economic recovery will boost non-oil exports. Medicinal and ornamental plants are one of the most valuable resources in a wide range of natural resources in Iran. In the case of scientific knowledge, cultivation, development and proper utilization, can play an important role in public health and employment and increase of non-oil exports. In this regard, important, this study explores strategies of gaining a competitive advantage of medicinal herbs in Ilam province based on the strategy of focusing on customers and markets. This research, in terms of purpose, is applied and in terms of the paradigm is mixed (qualitative - quantitative). In the quality section the Delphi method and in a quantity section the Analytic Hierarchy Process has been used and the population in quality part was marketing experts, entrepreneurship and herbs in Ilam province that 12 patients were selected based on using purposive sampling method, and in the Medicinal and ornamental plants section the number of 33 cases were detected which were census. The required data were collected using a paired comparison and by using the software Expert Choice11 were analyzed that the results showed, in addition to all identified solutions in the Medicinal and ornamental plants contribute to competitive advantage, Identify the strengths and weaknesses of competitors, play the most important role in Ilam province and in the advantage of delivering medicinal plants.

Abstract

Keywords: Competitive advantage, Medicinal and ornamental plants , Ilam Province.

INTRODUCTION

Given that the development and release of income single-product exports are Iran's economic goals for independence, self-sufficiency and education exchange attention to products that there is potential for their exporting, is necessary some of these products can referred to medicinal plants. Medicinal plants are one of the most valuable resources in a wide range of natural resources in Iran in case of scientific knowledge, cultivation, development and proper utilization can play an important role in public health and employment and increasing non-oil exports. On the other hand, the rapid changes and global multilateral change the organizations operating environment in such a way that organizations and managers for adapting to global changes organizational measures to find new ways to remain in competitive domestic and global scene or in other words, achieve sustainable competitive advantage (potkan, 2013). So firms should continue with competitive look to their work so that they can increase their share in domestic and foreign markets and find various markets to offer their new product. So the main issue focuses on ways to increase the sustainable competitive advantage. Porter's competitive strategies studied in three areas. Sometimes companies because of their special circumstances can have less cost severe than other companies. For this reason, they have competition power in terms of pricing, like companies with fewer resources better human resources and better use of production capacity have better cost all the intensity of competitiveness on the market. In fact, the will become determinant of market price. In some cases, the most important competition arises from each the distinctive elements of the mixed marketing, such as distinguishing of colors, packaging, appearance and model, After-sales service, price and way of its receipt, distribution channels and advertising. These factors attract a variety of customers and increase the company's market share relative to competitor. The third strategy is selection kind of the market that is called "market focus", means the selection of part of the market and profound influence on it so that competitors cannot or will not deal with it (Bierly and Daly, 2007).

Of Porter's view, these strategies allow organizations to advantage three different bases exploit the competitive advantages that as follows leadership in costs, or distinction between different products and services, and focus on the product and specific services. Porter's called these three bases generic strategies or public strategies. In the cost leadership, the company produced standard products the intensity of each unit cost decreases for the consumer (someone who is sensitive to price). Cost leadership strategy, is a strategy that in which an organization tries to have the lowest costs in the industry and large-scale production of products and services for. Till customers through economies scale and technological or operational efficiencies access to raw materials (Blanekson, 2002). According to the research literature on the subject of medicinal plants, we realize that more research done to identify the particular species of Medicinal and ornamental plants and the use of these herbs to treat a variety of diseases and research about commercialization and attention on entrepreneurial and achieve competitive advantage hasn't been taken about medicinal plants. Therefore, the aim of this research is that based on Porter's strategy of focusing on strategies to gain competitive advantage identify and prioritize Medicinal and ornamental plants in Ilam province.

A review of the literature

When the discussion of competitive advantage or disadvantage arises should consider to its origin and the most important discussed theories in this context. Raised theories of competitive advantage and its origin include industrial organization theory and source oriented theory. T introduces external environment and the internal environment of the company. Source oriented and theory existed model in it believe that every company has create own qualifications, competencies and capabilities. The competence with the impact on the four famous elements of competitive advantage (Quality, efficiency, innovation and responsiveness to customers) Lead to create a competitive advantage for the company and thus affect its profitability (Yaegari et al., 2005). Attitude Based approach believes that the basis of competitive advantage is its resources provided a rare

properties the value, the slight replacement and have the problem of imitation. Provided that have the properties their rarity, valuable, functionality and difficulty of imitation. In other words, the source of competitive advantage is resources if these resources have above four features (Coper *et al.*, 2014).

Products in terms of the competitive nature greatly vary and all products do not provide equal opportunities for sustainable profitability. Porter believes that in any industry whether in indoor and international nature of the competition included in five competitive forces that are visible on the screen 1.2.

1. The threat of new competitors
2. The threat of products and substitute services
3. Bargaining power of suppliers
4. Bargaining power of buyers
5. The competition between existing competitors (Dess *et al.*, 2005).

The power of these 5 forces that determine long-term profitable of an industry is vary from one industry to another. Because these 5 forces form prices that companies can determine, the costs that must be incurred, and investment they need to make up the competition in the industry. The threat of entry of new competitors limits the overall potential profits in an industry, because new competitors create new capacities in the market and cause to decrease share and profit margins.

Porter's competitive strategies studied in three areas. Sometimes companies due to special conditions can have less cost severe than other companies. For this reason, they have competition power in terms of pricing, like companies with fewer resources, better human resources and better use of production capacity, better than competitors that cost all the intensity of competitiveness on the market. In fact, they will be the determinant of the market price. In some cases, the most important competition power arises from the distinguishing each of the elements such as kind of color, packaging, appearance and model, after-sales service, price and manner of its receipt, distribution channels and advertising. These factors attract a variety of customers and increase the company's market share relative to competitor. The third strategy is on the selection of the type of market that called "market focus", means the selection of the market and its profound influence on it so that competitors cannot or will not deal with it (Bierly and Daly, 2007).

From Porter's view, these strategies enables organizations to exploit competitive advantages of three different bases that include leaders in costs, the distinction or difference of products or services, and focus on specific products and services. Porter's called these three bases as the generic strategies or public strategies. In the cost leadership, the company produces and supplies standard products that the cost of all intensities per unit decreases for customer (A person who is sensitive to price). Cost leadership strategy is a strategy in which an organization tries to have the lowest costs in the industry and large-scale production of products and services for customers. Through economies

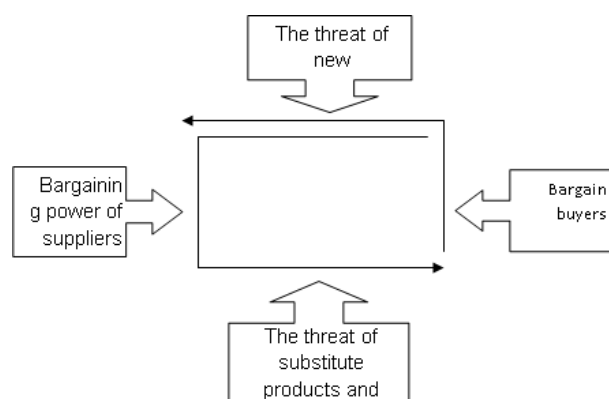


Fig. 1. Model of five competitive forces

of scale, technological or operational efficiencies access to raw materials (Blanekson, 2002).

The purpose of differentiation strategy is to provide products and services that consider unique in the industry in question as the product or service, and will be available to customers who are not very sensitive to price. The purpose of the concentrate is attention to the products and specific services that will serve the needs of small groups of consumers.

Porter strategies to different organizational structures, need incentive systems, and control procedures. Larger companies, which have access to more resources, compete on cost leadership or distinctive products and services compared to competitors offer, but often, smaller companies pay attention to the specific products and services. Porter emphasizes in time of applying these strategies to assess existing and potential companies and business units' participation occasion "of the cost-benefit analysis method is used. Participation in opportunities and resources enable organization with using competitive advantage reduced costs, or produce products and distinctive services. Porter, in addition to encouraging participation in opportunities, emphasizes companies can exchange the skills between independent business units with effective method to take advantage of Members of competitive advantages. Due to factors such as kind of industry, size, and largeness of companies and the nature of competition, can with using various strategies (in terms of cost leadership, differentiation of product or a particular attention to small groups of consumers), achieve certain benefits. Porter argues that in order to assess the ability to compete in the marketplace, organizations must choose one of three general strategies (Dhliwayo, 2014).

Wakhan (2009) in his research investigate the relationship between focusing on competitors, focusing on customers on marketing performance of marketing of private companies and came to the conclusion that focusing on customers and focusing on competitors have a direct and positive impact on the performance of marketing of private companies. It also concluded that the role of focusing on customers is greater than focusing on competitors.

Rezvani *et al* (2012), in his research titled identifying innovative marketing components in small and medium technology-driven companies concluded that innovative marketing components include, marketing variables, customer focus, focus on the market and networking.

Mokhtar (2013) in his study titled the impact of customer focus on new product performance concluded the focus on customers affects product performance. Also customer satisfaction is as the main criterion of focusing on the customers.

Molina *et al* (2015) in their study investigated the effect of quality and environmental management on competitive advantage in fifteen studied hotel and came to the conclusion that quality and Environmental Management improves competitive advantage. Also hotels with planning to improve the quality of obstacles in the way reduce environmental management.

Herrera (2015) in a study titled "gaining competitive advantage through corporate social innovators in big company" try on the development of basic theory in the field of social innovation. This research focuses on social innovations that create social value and competitive advantage. Herrera three components of increasing corporate social innovation defined as strategic alignment, institutional elements and clearly in targets. According to Herrera, active institutional elements include stakeholders, operational structure, processes and corporate culture. Herra concluded that increasing of social innovation of companies done by the introduced components and this social innovation can lead to competitive advantage.

Parsons *et al* (2015) with analyzing 49 airlines in Asia searched to identify the intangible sources of gaining competitive advantage. Their business model in order to identify Airlines intangible resources such as network airlines, low-cost and low-cost carrier's subsidiaries examined. For this purpose they VRIO framework that features valuable resources advantage, rare, inimitable and irreplaceable knows, was used. They concluded that in all the 49 airlines surveyed the most important sources of competitive advantage, brand and product reputation. The nuclear resources as sources of competitive advantage are. In their model, corporate culture and focus on customer are in the next business of competitive advantage.

Main purpose of the research

The aim of this study is identification and prioritization strategies of gaining competitive advantage of medicinal herbs in Ilam province based on focusing on customers and market strategy and leverage these solutions are Medicinal and ornamental plants Ilam province has a competitive advantage.

Secondary research purposes

1. Identify and prioritize strategies to gain competitive advantage over rivals Medicinal and ornamental plants in Ilam province based on focus on competitors strategy
2. Identify and prioritize strategies to gain competitive advantage of Medicinal and ornamental plants in Ilam province based on business based on customer satisfaction strategy
3. Identify and prioritize strategies to gain competitive advantage of Medicinal and ornamental plants in Ilam province based on principle of market-oriented strategy

Research method

This research in terms of purpose is applied and in terms of the paradigm is the mixed research (qualitative - quantitative). In quality section Delphi method and in the quantity section hierarchical analysis is used. This study was conducted in two parts. In the first part, the Delphi method is used to identify strategies of gaining competitive advantage of Medicinal and ornamental plants in Ilam based on Michael Porter's strategy of focusing on customers and competitors in the second part, the Analytic Hierarchy Process (AHP) is used. Strategies identified in the first part are prioritized using software Expert Choice11.

Studied population, in the first part, which aims to identify solutions and strategies to gain competitive advantage Medicinal and ornamental plants with the entrepreneurial vision it seemed logical that marketing experts and university professors Comments should be enjoying this purpose. So, with preparation a list of qualified individuals using purposive sampling this was achieved that 12 people were identified as members of the Delphi panel.

The population in the second part, professionals in field of Medicinal and ornamental plants and people who have done research in the field of medicinal plants, totally 33 people were identified and selected and were census. The main tool for this research is the completion of a questionnaire by interview, inquired information was collected.

Research findings

In the qualitative part of the study by using the Delphi technique was identified sub-criteria relating to the strategy of focusing on customers and market and then related solutions to any of the following criteria were identified. In the next step, these detected sub-criterions were prioritized by using analytical Hierarchy. Weighting coefficient of each sub-criterion represents its importance to the other sub-criteria that its findings are in accordance with Table 1.

The results of the table 1 shows that among sub-criteria focusing on customers and market strategy, the strategy focusing on competitors with relative weights of 0.55 has the utmost importance and then is the strategy of customer satisfaction of product with the relative weight 0.24. As well as a market-oriented principle in medicinal plant industry in Ilam province with relative weight of 0.21 has less important than the other two strategies. The inconsistency coefficient of this priority is 0.02 that is acceptable. Also among the measures customer satisfaction Medicinal and ornamental plants of Ilam, Mechanisms to create a direct phone line in order to give expert advice to customers with the relative weight of 0.371 is more important than the other approaches. The inconsistency coefficient of this priority is 0.03 that is acceptable.

Among the sub criteria strategy of focusing on competitors a competitive advantage of me-

Table 1. Weighting coefficient of each sub-criterion represents its importance to the other sub-criteria.

Detected sub-criterion using the Delphi technique	Weighting coefficient of the following criteria	Detected strategies using the Delphi	technique weighting coefficient of each sub criteria	Inconsistency factor prioritize strategies
focusing on competitor	0.55	1. Identifying the strengths and weaknesses of competitors. 2. Identifying the marketing strategies of competitors 3-identifying distribution network and sales of competitors	0.333 0.333 0.333	0
customer satisfaction	0.24	1.Creating a hotline for health advice 2.Creating a way to direct meeting with company representatives 3.satisfaction feedback from customers 4.Free sending of Products 5. sales cheaper to provinces with lower income	0.371 0.275 0.16 0.104 0.089	0.03
The market-oriented principle	0.21	1. Active participation in international exhibitions 2. dealership in the provincial capitals 3.Identify potential market needs 4.creating a team of experts analyze the market.	0.4 0.278 0.178 0.144	0.04

dicinal plant in Ilam, identifying the strengths and weaknesses of competitors, identifying marketing strategies of competitors and identifying network distribution and sale of competitors' relative weight and relative importance equal to 0.333. Also incompatibility coefficient of this prioritize is zero that indicate high reliability of this priority.

Among the criteria for market-oriented strategy in the medicinal plant industry in Ilam, active participation in exhibitions and seminars with the relative weight of 0.4 has the utmost importance and creating experts' team with the relative weight of 0.144 has the least importance. Incompatibility coefficient of this prioritize is 0.04 that is acceptable.

CONCLUSION

Entrepreneurs in order to implement the strategy focusing on competitors and market should always have a special look to competitors. Identifying competitors' strategies and anticipating their moves in the future can help bring a lot of advantages of Ilam province's medicinal plants. As well as to enhance focusing on customers and market strategy in the medicinal industry in Ilam, focusing on competitors, increasing customer satisfaction and the principle of market-oriented placed in order of priority of entrepreneurs.

Direct communication path to connect consumers with experts to provide advice on medicinal plants, getting feedback is taken into account. These ways can be in person, by phone, through social networks and so on. Medicinal and ornamental plants entrepreneurs of Ilam province should have active participation in specialized seminars and conferences. In addition to the industry's reputation, lead to a better understanding of the industry to market.

With this interpretation, it can be concluded that in order to gain competitive advantage Medicinal and ornamental plants of Ilam, should have special attention to market of these products. Identifying the strengths and weaknesses of competitors and identifying strategies related

to market makes that appropriate strategies designed properly in a way that competition in the market become easier.

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