COMPETITIVE FLOWS, MEANS AND MECHANISMS POSTADHERING ON THE AUTOMOTIVE MARKET

BĂLDAN CRISTINA FLORENTINA,
ASSOCIATE PROFESSOR PH.D., UNIVERSITY OF PITESTI, PITESTI, ROMANIA, 
e-mail: baldan.cristina@gmail.com
BĂRBULESCU MARINELA,
LECTURER PH.D., UNIVERSITY OF PITESTI, PITESTI, ROMANIA, 
e-mail: marinela.tanascovici@yahoo.com
BRÎNZEVA VICTORIA-MIHAELA,
ASSISTANT PH.D., UNIVERSITY OF PITESTI, PITESTI, ROMANIA, 
e-mail: mihaelabranzea@yahoo.com

Abstract
Any enterprise develops its activity in a determined environment, where it keeps quasi-permanent relationships with the market, because, in this case, it intervenes as a supplier as well as a beneficiary. Surely, the efficiency of the activity depends a lot on its way of integrating in market relations, where a series of economic agents occur, with which it enters in competition in order to obtain better conditions of production, retail, effectuation of banking operations or other activities for obtaining as many advantages as possible. Because of the fact that competition is a permanent struggle, where the economic interests have priority and which always ends with the winners and the vanquished, every enterprise must know very well the structure and the intensity of competition, the cause of important competitors’ successes, the ways in which it manifests itself, so that on these grounds to evaluate the chances for survival.

Key words: Competition, extraeconomic instruments, competitive mechanism, automotive market.

JEL classification: D43

Introduction
The automobile market from our country, in 1990, consisted from the three Romanian brands (DACIA, ARO ŞI OLTCTT). In our days approximate 51 brands imported and the two local brands, Dacia Group Renault Mioveni and Ford, which have a sales network in fully development in the entire country ensure the automobile market in our country. The high competition between importers of the same brand and those multi-brand transforms this market in a battlefield in which the arms are the marketing strategies, the commercial campaigns or the generous discounts (Bâldan C., 2007).

Any organization, whether it is found in a provider or beneficiary situation, acts on the market, establishing relationships with various actors in this environment and the efficiency of its activity depends on a good knowledge of the structure and of the intensity of the competition, which ensure the alignment of the objectives to the market realities and allows the adoption of the most appropriate strategies. The complex of connections in which an economic agent enters in a struggle to create, maintain or enlarge his advantage in comparison with the other economic agents with which he disputes either the resources or the clients, either one or another, this constitutes the system of competitive relations.

1. Flows of competition on the automotive market
The manifestation of competition is the expression of economic development and liberalization degree, and that’s why its intensity is different from one stage to another, from one domain to another, in accordance with the rapport between the supply and demand, generally reflecting the measure in which the society is able to stimulate the economic agents’ creativity, assuring the normal functionality of the economic system. In this way, through the maintenance of competition within normal limits, the competitive mechanism proves its reason of existing, and that is the one of serving the customer.

The most evident aspect of the competitive relations is the one named proper competition which occurs between producers, so between enterprises as offerers, who dispute their priority in attracting the customer (the client), each of them trying to satisfy as much as possible his necessities in conditions of maximum efficiency. For this reason, each economic agent will use a large range of ways and means as: as good as possible quality of the product, its originality, as accessible as possible prices, appropriate, attractive presentation, promotion, etc. The concept of competition does not have a unanimous accepted definition, the vision regarding this concept being different from one author to another, and its signification being dependent on the context of its approach.
We consider that in its economic meaning, the competition is strictly connected to the freedom of choosing. It represents the direct confrontation between economic agents representing the supply, in order to attract the customers, the representative of demand on the same market. At the same time, the competitive behavior of economic agents is different from one market to another, in accordance to their peculiarities and the sector of activity. That is why, within the competitive struggle, the enterprises may aim at the same consumption needs or different needs, offering them identical products, similar or substantially different products. According to these, the competition finds itself in various situations.

Enterprises may also compete by offering similar products which satisfy in a different measure same needs. In this case, the competition is realized through the qualitative differentiation of products. Usually this kind of products may be substitutive in consumption. Together, their producers make up an industry, and the competition between them is called competition at an industrial level. In such a position the firms from the automotive industry, etc. find themselves.

In both situations where the enterprises address themselves to the same needs, with similar products (or identical), a direct competition is taking place.

Being a barometer for the orientation of enterprises meaning that these ones have to manufacture and deliver what the consumers demand, at the lowest prices, the mechanism of the competition assures a beneficiary percentage for the producers, and the satisfaction of the solvable needs for the customers. The competition mediates on the free market the continuous adaptation of the supply at expressed demand, acting in a strong determination with the sale price. The rivalry is more intense on a market when the prices diminish and the demand for goods increases.

This leads to a reactive behavior, competitive from the economic agents point of view that are acting in the same sector, each of the competitors aiming at the maximization of their own profits and of the profitability of the invested capital utilization.

The competition force and its implication in the mechanism of the market depend on the number and the position of those who confront themselves. Concerning that fact, in the economic practice we meet different situations, in accordance with the typical of the sectors of activity and markets.

Thus, the competition is completely missing in the situation of monopoly, respectively when the production (the distribution) of a product focuses in only one firm. Such a situation is rarer in practice, and in some countries, in order to hinder the concentration of an activity sector in only one firm and thus eliminating competition; they act even through the legislation agency. When such a situation cannot be avoided, the state intervenes with some settlements, for instance, regarding the price setting.

2. Competitive economic and extraeconomic means

As we have seen in the previous subchapter, within the competition numerous means are being used which have evolved at the same time with the market and the competition. With general and synthetically title, they may be presented as economic and extra economic instruments (means).

Among the economic means we may notice: (Ciucur D. et al., 2004)

- Costs cutting;
- Quality improvement;
- Diversification and renewal of assortments;
- Advertising;
- Accordance of some advantages for customers;
- And in some situations even the costs cutting under the ones of the competitors.

The instruments and the means used within the struggle for competition, previously presented, are based on the continuous improvement of the economic agents’ activities, in our case, of the native producers of automobiles, the importer and dealers of automobiles in Romania.

Taking into account the communicated data by APIA (Automotive Manufacturers and Imports Association in Romania) for 2007, we may notice that the most sold brand in our country has remained Dacia, followed by Renault, Volkswagen and Skoda. This classification shows the fact that the diversification and the renewal of the assortments of the most important native producer of automobiles, led to obtaining the expected results, but this renewal was also accompanied by the improvement in quality of products.

When launching on the market the Dacia Logan model (the most sold automobile in 2007, with 94,949 units), the native producer took into account, for the first time, the costumer’s opinion, a determinant factor for the success that this model had on the Romanian market and not only on this one. But the enterprise from Mioveni took also into account another economic competitive means, and that is the publicity. This was also made in the press, as well as at the radio and television. (Băldan C., 2007)

Concerning the situation of local automobile sales in the analysed period we can notice a big decrease influenced by the auto market crash in 2009 caused by the economic crisis. Comparing with the first analysed year we can notice constant decreases, in 2008 we can see a decrease of 26.1%, i.e. 81,945 comparing with 110,902 autos in 2007. The descendent trend is even more abrupt starting with 2009 when, despite the efforts of sustaining the auto market with “Rabla” programme, we can notice a decrease of 65% comparing with 2007 with a level of only 38,736 units. 2010 continued in the same note, with a decrease of 65% comparing with 2007 with a level of only 38,736 units.
smaller level of decrease, indeed, comparing with 2009, but not sufficient to bring an increase in sales, the level being 34,400 units, with 4,336 less autos than in 2009 (figure no. 1).

According with the latest statistics, Dacia is leader on the Romania market, with 26,055 vehicles sold, the Romanian manufacturer being followed by Volkswagen, with 9,456 sold units and Renault, with 7,179 units. As always, the bestseller model in Romania was in the first months from 2011 Dacia Logan, still representing the cheaper new automobile. Nevertheless, the Logan market share decreased in this year, as happened also with the sales volumes, lower than in previous year. The reason is the increased age of this model, cumulated with the expectation level of customers that is higher and higher, especially for those one’s that had the necessary resources to buy a new car in a crisis year. The price of the Logan starts at 6,500 Euros, from where we can take out the “Rabla” tickets. Comparing with the first 6 months in 2010, in 2011 Dacia loss was 26.20%, a high one, over the market mean. Statistically, Dacia is one of the players that influenced the decrease in the first half of 2011. This means that the most affected by the economic crisis and the other conditions are the buyers with less money. In March 2010, there were registered only 836 Dacia cars, from which only 86 Sandero’s. In the first trimester, Dacia registered a decrease of 77.6% comparing with 2009, and if we compare with 2008, when in the first three months we had 21,338 Dacia cars registered, we can notice that the constructor from Colibasi loose about 92%. Therefore, on internal plan, Dacia is not having the great success as in the external plan.

Same negative situation is also for sales of imported cars which from 2007 until 2010 suffered a decrease of 64.8% in some cases, wit a number of over 130,000 automobiles.

For imported brands, the situation is different by one case to another. The biggest importer, Volkswagen, closes the first half of 2011 with an increase of 5.27%. In normal conditions, this evolution has been considered a modest one, at most normal, but in 2011 we can appreciate this as a performance. Thus, the Romanian importer seems to be sustained by VW
Group, which targets at global level important increases. The next brand in the rankings is Skoda, group partner, which obtains a similar result with the one from last year. For Skoda a detail that probably changed the evolution from 2011 is the replacement of Octavia Tour model. Renault was ranked the third, at a big distance comparing with the Czech constructor, after a good precedent year when they can claim the second rank. Even if the Frenchs consider they have one of the best adapted portfolio of cars from the Romanian market, the sales for Symbol and Fluence are inconstant, leading to a loss of 21.34% in 2011. Recent changes of organisation at national level, by opening a new distribution company, are for sure in correlation with these results and are targeting the revival of sales in Romania. Opel and Chevrolet, two brands that impressed last year by positive evolutions, have documented a regression of sales this year, especially the second one, which registered lower sales (-36% comparing with last year), have practically the biggest decrease from top 20. Between those two, is positioned Ford, also with a big decrease in volumes, one of the main reasons being the lack of a cheap product in the portfolio, by comparison with the competition.

In the area with good increases, the best performance can be considered the one of Nissan, that basically doubled the digits from last year, even if in absolute values we talk about a supplemental volume of only few hundreds automobiles. Mercedes-Benz, Audi, BMW are models that have better sales comparing with last year, but in addition of this premium brands exists also volume brands, as especially Hyundai, but also Peugeot, Seat and Mitsubishi that discovered the right formula for getting out from the crisis impasse.

![Situation of imported automobile sales- December 2010](source: Statistic Auto Bulletin – APIA, 2011)

The sales of imported vehicles decreased in 2011 versus 2010 with 7.8 %, from 71,928 units at 66,287 units. The sales of local vehicles registered a higher decrease, with more than 17 %, from 34,400 at 28,337 units.

The view concerning brands and types, both for local vehicles and for imported ones, for 2011, is presented in table no. 1.

<table>
<thead>
<tr>
<th>Top models (2011)</th>
<th>Units</th>
<th>Top models (2011)</th>
<th>Units</th>
</tr>
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<tbody>
<tr>
<td>Dacia Logan</td>
<td>15,808</td>
<td>Dacia</td>
<td>28,337</td>
</tr>
<tr>
<td>Dacia Duster</td>
<td>7,249</td>
<td>Volkswagen</td>
<td>10,043</td>
</tr>
<tr>
<td>Skoda Octavia</td>
<td>4,318</td>
<td>Skoda</td>
<td>8,260</td>
</tr>
<tr>
<td>Renault Clio</td>
<td>3,920</td>
<td>Renault</td>
<td>7,229</td>
</tr>
<tr>
<td>Volkswagen Golf</td>
<td>2,922</td>
<td>Ford</td>
<td>5,547</td>
</tr>
<tr>
<td>Dacia Logan MCV</td>
<td>2,761</td>
<td>Opel</td>
<td>4,872</td>
</tr>
<tr>
<td>Dacia Sandero</td>
<td>2,519</td>
<td>Hyundai</td>
<td>3,405</td>
</tr>
<tr>
<td>Opel Astra</td>
<td>2,222</td>
<td>Chevrolet</td>
<td>3,027</td>
</tr>
<tr>
<td>Volkswagen Polo</td>
<td>1,957</td>
<td>Toyota</td>
<td>2,902</td>
</tr>
<tr>
<td>Volkswagen Passat</td>
<td>1,750</td>
<td>Peugeot</td>
<td>2,425</td>
</tr>
<tr>
<td>Opel Corsa</td>
<td>1,655</td>
<td>Suzuki</td>
<td>2,111</td>
</tr>
</tbody>
</table>

The importers and the dealers of automobiles for the import have also acted in order to gain their market by quality improvement, by aggressive advertising made through all means of mass-media, and not lastly, by giving some advantages to buyers. The offered advantages for buyers materialized in: (Băldan C., 2007)

- Prices cuttings at categories: mini, small, compact and average;
- Richer equipments of automobiles, especially at high and luxury class.

Using the economic means in the struggle for competition, the recorded sales on the automotive market in Romania, in 2007 have recorded some record levels surpassing far greater the foreseeing made at the beginning of 2007. And for the running year, it is foreseen that the automotive market will record a temperate increase, by almost 5-10%.

The economic instruments (means) used within the struggle for competition aim at a better knowledge and satisfaction of needs, and on this grounds, the attraction of customers; such a competition proves to be benific for customers as well as for the general needs of the society, assuring its progress. It develops in the legal background, being not only admitted, but also stimulated through various means.

The competition developed within the legal background having at its basis the improvement of its own activity is known under the name of loyal competition.

Among the extraeconomic instruments (means) used within the competition the following ones are frequent: (Balaure V. et al., 2002)

- Obtaining information regarding the competitors;
- Sponsoring some social-cultural activities;
- Economic espionage;
- And in limit cases, the corruption, blackmail, boycott or even open violence.

There are numerous the situations when, from the desire of gaining the market, some enterprises resort to unfair means, directly harming the competitors’ activity. Such a competition is known under the name of disloyal competition. The disloyal practices-sanctioned in most of the countries through special laws made in this sense-are various. More frequently used are the following practices:

- The disparagement of competitors by putting into circulation some inexact statements about their activity;
- Obtaining some advantages as a consequence of the confusion that may be created between their own activity and the competitors’ activity (confusion) of brands, also known under the name of parasite competition.
- Infringement of laws, especially of the fiscal ones, and obtaining on this account some reduced costs and the possibility of practicising lower prices (illicit competition, fiscal fraud);
- The practicing of lower prices, sacrificing their own profit (dumping).

Currently, in our country although the disloyal competition is sanctioned by a special law, because of the insufficient mechanism of action which was set, the protection system is practically out of order. That’s why, further clarifications are necessary regarding the more exact definition of disloyal practices and the accomplishment of a simple efficient system of sanctioning the disloyal competitors.

3. Competitive mechanism

Being the expression of stimulating the economic agents for the more efficient utilization of production factors, goods and services, having the highest level of utility, the competitive mechanism confer to the market economy a very high level of economic efficiency because it eliminates without any kind of tolerance, the inefficient economic activities.

The competitive mechanism assures in the economic market system a very severe “economic selection”, therefore, the economic agents who succeed in their businesses and also the consumers take advantage of this selection.

Because of the fact that the competitive mechanism is part and parcel from the market economy, its evolution determines some particular features to the entire economic system based on the market. At its turn, the evolution of competition is caused by the development of economic activity and by the role of the economic agents in this context. Starting from these grounds, in the evolution of the competitive mechanism and also of the market, two periods are distinguished.

Further on we will analyze the mechanism through which these phenomena occur. Let’s imagine that we find ourselves on a market with a high level of free competition that is in a situation with perfect competition. But, as we have seen, the term “perfect” is used with certain wideness. In reality, there are little variations between the economic proficiency of competitors, variations which, only from economic reasons, tend to accumulate themselves, to create asymmetry between competitors, which amplifies through a process of positive reaction. This diminishes the degree of free competition, leading to a market of oligopoly type, dominated by a harsh competition, but not by a free one.

Now we have the necessary instruments to also analyze the reverse mechanism, the one through which, after it came close to the unitary value, the degree of free competition will tend to increase. But, for this phenomenon, there are economic and extraeconomic causes, about which we are going to talk further on. One of the economic causes for which a society may get out from the obstruction of an external oligopoly or monopoly which rises a lot the barriers when entering on the market, diminishing a lot the degree of free competition, is the opening of new grounds for competition, as a consequence of the general progress of the society.
Another economic cause for market instability with a reduced degree of free competition is the degradation of the quality of the management act. That is why we identify two major cases for this evolution, on one hand, the fact itself of the reduction of the degree of free competition (which is accompanied by a decrease of the economic competition percentage in the extraeconomic one’s advantage) represents a decrease of the professional challenges to which the managers are submitted, a reduction of their challenge and, in time, of their professional tonus: deprived of new, surprising challenges, of new-flanged situations. For this reason, the way there is a law of the decreasing efficiencies which results from the marshallian theory and it applies to the labor force; there is also, symmetrically a law of decreasing efficiencies which applies to management. (Prahoveanu E., 1998)

Another economic cause for unleasing the increasing pulsation of the degree of free competition is a tendency of customers’ destructuring on a long term, within some market structures with elastic demand. The markets dominated by cooperating oligopolies and by monopolistic markets have adverse global effects on the consumers’ interests, because they extract a part of their profits from the consumer’s surplus, and that is, from that part of incomes which the price (inferior) set on a market with a high degree of free competition, “lets” it to the consumer.

To these economic causes the extraeconomic ones are also added for the instability in time of structures with a reduced degree of free competition. According to what we have seen, in the case of the oligopoly, the less oligopolists we have, the more the cooperative behavior is possible and tempting, being accompanied by boosted profits, of quasi-monopoly. On the contrary, in the case of a “weak” oligopoly, with many oligopolists, respectively of a system with higher degree of free competition than in the previous case, the cooperative behavior is almost impossible, because the probability that one of the oligopolists to be tempted by the extraordinary profits achieved when encroaching the market share is a big one. This increase in profit is being realized on the account of the other oligopolists, and that time the cooperative behavior dissolves.

But the cooperative behavior of oligopolies is not an economic behavior, but a metaeconomic one. Within it, the profits are not obtained by cutting off prices, by the optimization of output, the optimization of the rapport between labor and capital that means by economic proceedings, but by agreements in order to elude these proceedings, through a political behavior of association of many oligopolists around a common interest. Therefore, if in the case of an uncooperative oligopoly we have to deal with an economic competition, be it less free, in the case of a cooperative oligopoly we have to deal with a metaeconomic competition. In the first case, the oligopolists compete between themselves with the result of prices decrease and improvement in the products quality of which the consumers benefited. In the second case, these advantages of consumers disappear, so we can say that the economic competition between producers does not take place anymore, but only a competition between the cartel of producers and the ensemble of consumers. From the competitive point of view, the cartel of producers, if it maintains the internal cooperation, behaves as a monopolistic one. But, in the case of monopoly we have to deal with an instability extra- economically induced because there appears the tendency that the rapports between the actors found in competition – monopoly, on one hand and the ensemble of consumers, on the other hand –be settled not economically, but socially.

Therefore, as the degree of free competition diminishes metaeconomic phenomena appear and interfere with economic phenomena. These ones function as some non- linearity of these extraeconomic restrictions which lead to the instability of the system, determining it to advance towards forms with higher degree of free competition. A concrete form widely spread of these non- linearity, of these extraeconomic restrictions, is represented by the antitrust legislation, which operates in many countries and which urges on a political-social way, the market towards a high degree of free competition, even if the economic mechanisms impose to it a contrary tendency. In some countries, even the cooperative oligopoly behavior is forbidden by law. The aspects presented above are synthesizes in table no. 2.

<table>
<thead>
<tr>
<th>Causes</th>
<th>Observations, examples</th>
<th>Economic</th>
<th>Extraeconomic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.Discovering new technologies</td>
<td>Digital technology</td>
<td>1. The extraeconomic competition between oligopolies</td>
<td>The struggle is being carried out of the market</td>
</tr>
<tr>
<td>2.Apparition of a new consumption necessity</td>
<td>Internet</td>
<td>2. Public settlement of the activities of monopolies</td>
<td>- when using it</td>
</tr>
<tr>
<td>3.Opening some geographical areas previously closed from natural reasons</td>
<td>Colonization of West of the USA</td>
<td>3. Public settlement of the activities of oligopolies (antitrust legislation)</td>
<td>- when transferring it</td>
</tr>
<tr>
<td>4.Opening some geographical areas previously closed from artificial reasons</td>
<td>Post communist area</td>
<td>4. Restriction on the property</td>
<td>The struggle is being carried out of the market</td>
</tr>
</tbody>
</table>

Table no. 2 Mechanisms of starting the positive oscillation of the competition degree
5. Degradment of management quality as an effect of reducing the degree of free competition

6. Degradment of management quality as an effect of the transfer with sub-unitary efficiency (epigones)

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What we have presented above confirms a previous affirmation, and that is the one that the reduction of the degree of free competition is accompanied by a decrease of the percentage of economic competition in the advantage of extraeconomic one. Indeed, in an economic system dominated by monopolies or (and that is the same thing) by cooperative oligopolies, we have seen that essentially the competition unfurls between consumers and monopoly/oligopoly. It partially looses its character of economic competition and gets a character of social-economical competition, the main “struggle” carrying on for its existence and for the legislation content: it will be or it won’t be an antitrust law?

**Conclusions**

The oligopolies with uncooperative behavior find themselves in a harsh competition between themselves, but the nature of this competition is not always a pure economic one; in comparison with small entrepreneurs found in perfect competition, the oligopolists have the resources in order to intervene on extraeconomic ways too, through lobby, through political pressures, etc, in order to favor the interests in the detriment of buyers. But the oligopoly with an uncooperative behavior, as we have seen, generally corresponds to a higher degree of competition than in the case of perfect competition, we have more free competition and, comparatively, a lower percentage of extraeconomic competition; that means the degree of free competition is accompanied by an increase in the percentage of extraeconomic competition.

Concerning the situation of local automobile sales in the analysed period we can notice a big decrease influenced by the auto market crash in 2009 caused by the economic crisis. Comparing with the first analysed year we can notice constant decreases, in 2008 we can see a decrease of 26.1%, i.e. 81.945 comparing with 110.902 autos in 2007. The descendent trend is even more abrupt starting with 2009 when, despite the efforts of sustaining the auto market with “Rabla” programme, we can notice a decrease of 65% comparing with 2007 with a level of only 38,736 units. 2010 continued in the same note, with a smaller level of decrease, indeed, comparing with 2009, but not sufficient to bring an increase in sales, the level being 34,400 units, with 4,336 less autos than in 2009.

In 2010, due to Rabla Program were scrapped 189,323 of used vehicles and were bought 62,550 of new vehicles, of which 25,263 from the local production. The best seller remained Dacia, with 11,352 units, but registering a decrease with 27.12 % in comparison with the last year, when 15,576 of new units were sold. In the first five months of 2009, the selling of new vehicles reached a decrease of 49% in comparing with the same period of the year before, representing 57,894 units. During the same period, the registrations of new cars decreased during May with 53 %, at 11,475 units, but with 4% more than the last month, according with the figures published by the Direction of Regime Licenses and Registrations of Vehicles. Regarding the number of second hand vehicles, this reached 17,705 units, representing a increase of 64% comparing with last year. According to DRPCTV, in October 2010 there were registered 8,281 of new vehicles, representing more than 21% versus August figures, and with 9,4% versus October 2009.

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