

## THEORETICAL ANALYSIS OF THE CONTENT AND CHARACTERISTICS OF MARKET COMPETITION

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**Abstract:** *The article attempts to theoretically analyze the content and characteristics of market competition in the current context.*

**Key words:** *market, market relationship, market economy, competition, private interest, supply and demand, price.*

In the context of the negative impact of the coronavirus pandemic, as a result of consistent measures taken to stabilize the consumer market, there is a steady increase in the mass of goods offered to the domestic market and expanding consumer choice. Investments for these purposes are increasing the economic capacity and technological potential of producers. As a result, the situation in the national market of the country is changing significantly and has a positive impact on the content of competition in the market.

It is well known that a competitive environment and free competition are necessary for market relations to fully serve the well-being of the population and to demonstrate its advantages. Since market competition is expressed as a struggle for the acquisition and ownership of economic resources, from the outside, it almost always manifests itself as a struggle for consumer money, i.e., demand for a limited amount of solvency. Sellers are trying to outdo each other by offering better quality goods and services at lower prices, while buyers are offering higher prices. Payment for a product in practice determines the level of value of a product or service to society. In this case, the wealth or well-being of a producer depends on how valuable his product is to society. The place of a producer in society is determined by the buyer (consumer) of the product he produces. The role of consumers in the market remains key, as it is they who, by voting in soums, economically approve or reject the expansion of this or that type of production activity.

For an business entity, the economic result, the amount of profit, is not only the purpose of production, but also, in essence, an indicator of competitiveness. The competitiveness of a producer is determined by the fact that he can sell his product at the maximum price in the market, in addition to what he produces, and thus retain the ability to produce. The concept of competition is applied in the economic sense to individual firms, as well as to entire countries, as well as to different models and concepts of economic development. It is important to keep in mind that competitiveness begins with the enterprise, market participants, competing companies or individuals, and their ability to provide better conditions for themselves.

Competition is the broad emergence of economic relations. At the heart of competition is the freedom to decide on the use of resources, that is, first of all, the freedom of entrepreneurship. The

entrepreneur decides independently what, how much and how to produce. In doing so, it assumes full economic responsibility for the consequences of the decisions taken. The advantage in the competitive process is formed entirely by the freedom of choice of individuals who have the best ideas or try to better serve the market by offering better opportunities. Whether or not such opportunities are scarce, any voluntary obstacle in the way of the market is a limitation of competition in the market process.

Freedom of choice in a market economy implies that private ownership of resources takes precedence. The right of subjects to own and use property, including productive capital, should not only be declared but also guaranteed by the state. This means that free competition in the market implies that the country has a legal framework that meets the requirements of a market economy. In general, the creation and development of a competitive environment implies the regulation and development of property rights. It is also important to create a mechanism for the transfer of property rights from one person to another on the basis of market rules. This mechanism ensures the redistribution of resources from inefficient owners to efficient owners.

market freedoms and free competition also applies to the consumer. The consumer moves independently in the market as a whole, and the options for using money depend only on his or her willingness and ability to pay.

In a market economy and the conditions of free competition in it, private interests are the main motivating stimulus in the behavior of subjects. However, institutional barriers that limit the number of competitors may not allow entities to compete in the relevant sector of the market. This situation leaves a limited number of competitors in the market and leads to the appearance of monopoly.

In order to have a place in the structure of the social division of labor, a participant in market relations must prove that he is able to better meet the needs of consumers than others. The social function of competition is to offer society the best designed goods and services in quantities that correspond to the structure of society's demand and at the level of available technologies. That is, free competition serves to form a trend of optimal allocation of resources.

Freedom of private property and entrepreneurship allows everyone to take risks: commercial success, which corresponds to the share of more capable and successful economic agents, creates a strong incentive to find their own path to development.

In market relations and free competition, entities will have a desire to meet their needs as much as possible at minimal cost, and their interests will inevitably lead to conflicts of interest. This situation can both serve the development of society and be an obstacle in its path. This means that the market mechanism will establish harmony in society only if it has appropriate legal rules and institutional structures that ensure free competition.

In particular, in the context of the negative impact of the coronavirus pandemic, the importance of legal regulation of economic relations is growing, as a result of which government intervention in the economy should increase. Of course, the role of the state in a market economy has nothing in common with the role it plays in an administrative-command economy. The state no longer assigns orders to manufacturers and sets deadlines for their execution. It influences the volume and structure of production and consumption of material goods by economic methods. In particular, the formation and maintenance of a competitive environment is becoming the most important function of the state in the market. The competitive environment is a system of economic relations in which each economic agent is not only obliged to prove his right to a share in the wealth of society, but also to have a place in the social structure of society, but also has the opportunity to do so.

Manufacturers' competition can take many forms. However, the external diversity of these forms certainly stems from two types of competition: internal competition in the network and cross-sectoral competition.

Internal competition in the industry is a struggle between enterprises belonging to the same industry to make production and sales more profitable. Individual costs for producing the same product in different manufacturers are not the same, it depends on the organization of production, staff qualifications, level of management, differences in marketing policy, and so on. Due to intra-industry competition, the same market value and market price are set for the same goods. Despite the differences in the individual costs of each manufacturer, the same goods are valued equally by the buyer. As a value, only the costs necessary for the society, i.e., the costs that the buyer agrees to pay, emerge.

There are two ways to gain a competitive advantage:

- increase production and reduce unit costs as a result of the scale of production (leadership at lower costs);
- focusing on product quality characteristics and offering consumers products that are not similar to competitors (product differentiation).

Having a competitive advantage by reducing individual production costs allows a manufacturer to either reduce the cost of its product and thereby increase production or sell the product at the same price as the competitors and increase profits in both cases. Leadership at lower costs is, in essence, price-related competition, whereas standardization goods are intended to serve the entire market, while differentiation policies focus on modifying standard products. This is a non-price competition. It takes better account of the social differences associated with consumption in society. The policy of differentiation is, first of all, the integration of specific consumer quality characteristics in the product. The decisive role in this is played by the quality of the product, its novelty, design, corporate style, packaging, service and so on.

market economy, demand can only be demand if it is solvent. At the same time, market saturation makes buyers more and more demanding in meeting their needs. Different requirements for product quality and value lead manufacturers to differentiate goods in response.

Cross-sectoral competition arises due to differences in the timing of the conversion of funds invested as capital through the sale of products and differences in the structure of capital between industries in different sectors of the economy. Capital tends to be where the rate of return is higher. Cross-sectoral competition is a struggle between entrepreneurs operating in different sectors for more profitable placement of capital. It covers internal competition in the network and is its development.

The main role in the formation of market price is played not only by the struggle between buyers and sellers, but also by the struggle between buyers when demand is higher than supply and the struggle between sellers when supply exceeds demand. As profits fall, so do profits. This occurs in industries where supply exceeds demand. It is logical to assume that it will be more profitable to invest capital in sectors where prices are rising as demand exceeds supply. As a result, capital flows from industries where there is a surplus of supply to industries where there is a shortage of goods and services.

The adaptation of the direction of production activity to changing conditions is based on the fact that the income received for each type of elephant activity varies. Even simple support of the level of well-being achieved in an ever-changing environment requires some people to constantly change direction. Of course, this happens when the fee for one type of activity increases and decreases for the other.

The ratio between supply and demand in different industries varies, firstly, with changes in the amount of capital used in them, and secondly, with changes in the structure of society's needs. As it strives for more profit, the entrepreneur reduces supply in industries where price is less profitable and increases it in industries where price allows more profit. Thus, through market competition, the structure of social production is constantly adapting to the structure of social needs.

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