FROM THE EDITOR'S DESK

Greetings!

Competitiveness is basically an enterprise-level concept, referring to the relative performance of firms in particular product markets. It is the ability of a country's enterprises to sustain superior market positions and profitability relative to their domestic and international competitors by producing products and services of superior quality and functionality, at competitive prices, delivered on time to both domestic and international buyers. Dynamic competitiveness i.e. competitiveness over the longer term refers to the ability of enterprises to respond flexibly, quickly and in a sustained manner to changes in demand, technology and resource availability and to the actions of competing firms. This can be achieved through adjustments in, among other things: (a) the efficiency of the production process; (b) product differentiation; and (c) innovative capacity, including both process and product innovation, and by developing entirely new markets for existing and new products.

Many interacting factors at different levels shape the competitive performance of an enterprise, including:

- Its resources (people, skills, physical capital and technology, among other things);
- Its market power, for example through branding and customer loyalty;
- Its capacity to respond effectively to competitors, including potential substitutes for its products;
- Its capability and flexibility to respond to changing circumstances, for example in the availability of key resources, capacity for process and product innovation;
- Its capability to create new market niches;
- The business environment which conditions its performance, such as the process of business licensing that controls ease of entry;
- The policy and regulatory environment, for example tax policy, competition laws and export/import procedures; and
- Supporting services provided by both public and private organizations, for example the quality of physical infrastructure and logistics systems, and both general and specific skill-related education services.

Most of the organizations try to enhance their profit margin but it is not possible for an organization to charge higher price for a product due to competitive market. Effective pricing strategy brings competitive advantage in an organization.

For most businesses, pricing is a combination of costs and a reasonable profit. If the market is perfectly competitive, all companies will charge the same price for a similar product. In this situation if a business charges price above the average then the customers will go elsewhere and if charges price below the average then it will be difficult to stay in business. Beyond that, there are strategic decisions that could affect price point.

When an organization sets price for its product it makes sense to look at the price of competitive offerings. Every product has a price range, the new organization at first look at its competitors pricing to find the range for its product or it can compare its product to those of its competitors. The products with the most features can charge the highest price, so again an organization should ensure what are the extra attributes it is providing than its competitors before charging a higher price. Core features of all the products should be similar, if not the same, so the organization needs something special to raise the price of your product.

This issue presents a good number of articles and interview by distinguished experts and authors on the 'Price & Cost Competitiveness', the cover story theme of this issue. The new section, 'Letters to the Editor' that started a few issues ago, continues. We look forward to constructive feedback from our readers on the articles and overall development of the journal under this section. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.