

The value chain as a strategic tool for the generation of competitive advantage in a beauty products company

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-----ABSTRACT-----

The increase of business competitiveness, coupled with the effects of globalization, open new challenges and opportunities for small and medium enterprises; the reviewing of literature confirms that the grade of competitiveness, results from an effective combination of each organization's own resources, the effectiveness of planning these resources allows the development of capacities that can become central competences, which will allow the construction of sustainable strategies face of its competitors and which will serve as a strategic guide for its future performance; therefore, It is of interest to know the degree of performance that a company dedicated to the marketing of beauty products can have, face of the management of the development of its backing and support activities. To this end, an instrument (questionnaire) is adapted where aspects of the diverse activities of the value chain are collected, with a structure of open and closed questions to contemplate the quantitative and qualitative approach concerning the different variables to be analyzed.

KEYWORDS; -Value chain, competitiveness, strategic tool and competitive advantage.

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I. INTRODUCTION

Now days, the world economy is experiencing moments of accelerated changes, characterized primarily by phenomena such as globalization, scientific and technological advances, the development of better communications, increasing demands and in the quality of products and services, as well as instability in customer expectations; these effects do not respect nationalities or borders, there is no industrial sector that can escape the globalization of markets; In this sense, it is necessary to search for tools to optimize a proactive and energetic planning capable of meeting the complexity of the current needs.

The research submitted is focused on the analysis of the value chain as a strategic planning tool that allows improving the degree of competitiveness in a company dedicated to the marketing of beauty products; Survival and success in these turbulent times depends primarily on the assets and processes that are carried out within each organization, which are the main source of competitive advantage; These assets are the resources created as infrastructure and internal processes that seek as a main goal the increase of profits and customer satisfaction. The variables to be considered in the study are the elements of the value chain, broken down into an instrument (questionnaire) and with a kind of descriptive research-of longitudinal type, since it manifests the behavior and attributes of the subject to be analyzed in different periods of time.

Obtaining and maintaining a competitive advantage does not seem easy when considering the complexity of markets, however, it is important to clarify that resource-based strategies that are valuable and difficult to imitate are proving to be more efficient, being considered as the main drivers of the creation of sustainable competitive advantages. (Kharub, 2017).

II. FUNDAMENTALS AND METHODOLOGY

Fundamentals

Dentro de las metodologías existentes una de las más conocida a nivel estratégico y de procesos es el análisis de la cadena de valor; que proporciona un modelo útil para analizar las ventajas que posee la empresa permitiendo encajar las fuentes de diferenciación desde el lado de la demanda y de la oferta Dentro de las metodologías existentes una de las más conocida a nivel estratégico y de procesos es el análisis de la cadena de valor; que proporciona un modelo útil para analizar las ventajas que posee la empresa permitiendo encajar las fuentes de diferenciación desde el lado de la demanda y de la oferta Strategic planning is directly related to the resources available to the company to achieve its objectives efficiently, several studies

have expressed that the strategies created by the companies are not really applied; for this reason there is a variety of strategic tools that encourage management to describe methods or techniques that allow the representation and simplification of complex situations, for the purpose of obtaining information to assist managers in enhancing the effectiveness of the development, implementation and control of their processes. (Gunn y Williams, 2007).

The strategic tool to be discussed is the model of the Value Chain disclosed by Michael Porter in 1986 which sought to seek with his research to identify the decisive activities of the companies, his works were about the competitive advantage and studies of industrial sectors and the competition; the methodology of interest, tries to provide a general visualization that allows to systematically capture the activities of any organization, the chain is made up of a series of value aggregation stages, so that it also provides a coherent scheme to diagnose the position of a company against its competitors, serves as a procedure to stipulate the operations that will give a tendency to develop a sustainable competitive advantage (Porter, 1988). Therefore, each company is a unique set of activities that serve the fulfillment of designing, producing, marketing, delivering and tracking your products. The value chain of a company and the way it performs its individual activities are a reflection of its history, its strategy, its approach to implementing decisions and the fundamental economies to the activities themselves; for this reason, this tool contributes significantly to the improvement of an effective organizational structure, because it makes possible to integrate or separate the activities that must be established as a guarantee mechanism for a better operational coordination, such that it offers a systematic way of dividing all the processes into individual activities, to study how the tasks are currently and to serve us to configure them with a more optimal design.

On the other hand, it is important to remember that the value chain is geared to satisfy market demands, to create higher value differentiated products and to obtain a shared commitment to meet market requirements in terms of: quality, traceability, volumes and frequency; This tool has an extensive flow of information and knowledge, combining clearly defined coordination relations, roles and rules of the game. It is clear that when talking about differentiation, these are aspects related to competitiveness, which aims at the sustainability of business activities and processes; this concept is closely related to the competitive advantage that Porter mentioned in his 1991 works, which refers, like all the characteristics or attributes that a product or service gives it some superiority over its immediate competitors. These characteristics or attributes can be of a varied nature and refer to the same product or service, to the necessary or added services that accompany the base service, or to the modes of production, distribution and sale. Consequently, the sources of competitive advantage lie in two approaches, the first being addressed, which is, in value chain activities and the second going hand raised by the authors (Wernerfelt, B., 1984) and (Prahalad C.1990), which show that resources are the main source with which the company can develop outstanding competitive advantages; concluding that both approaches are complementary although the sources of competitive advantage lie in resources, these should translate into a superior performance of each of the activities; Below is the diagram corresponding to the tool used:



Diagram I. Value chain, **Source:** (Porter, 1988) own adaptation.

In the current context characterized by global markets and a broad commercial opening in Mexico the beauty industry has become a necessary luxury for Mexicans, according to data from the study of "consumption and use of cosmetics" carried out by the Merca 2.0 magazine in 2017, just over 80% of Mexicans use daily some product for skin beautification and care; in 2014 the cosmetics and personal toiletries industry contributed 1.3 percent of the country's Gross Domestic Product (GDP), besides of generating around 250 thousand direct and indirect jobs, according to statistics from the Secretary of the Economy. According to the classification of the type of sales of the Mexican Direct Selling Association (2015) points out that the beauty products are in the second place of the products with the highest sales participation in the country, nutrition being the first place and household products being the third.

III. METHODOLOGY

The methodology for the preparation of the value chain, is developed in two phases, the first, started from a Sipoc diagram, which is shown in diagram II:

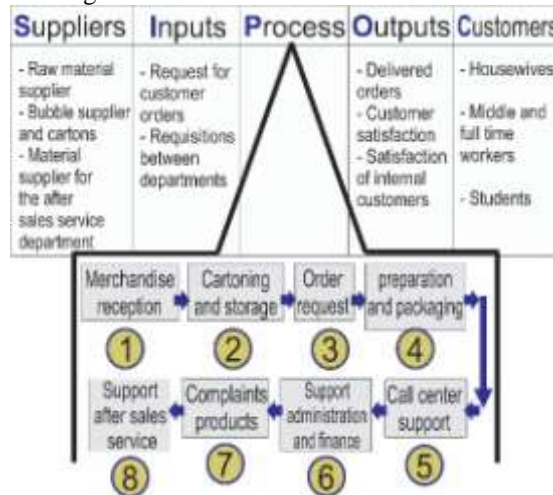


Diagram II SIPOC. Source: own elaboration.

This technique helped to characterize the process from the receipt of goods to the delivery of orders requested by the sales network, in such a way that it helped to identify the different actors, its functions, as well as its inter dependencies which facilitated the recognition of the links to be studied, the information to be collected and the direction to be taken for the next step of development.

As a later stage, data collection was carried out through the application of a measurement tool (questionnaire) which consists of two sections, the first for primary activities and the other for support activities, each was performed by the company staff trained in the nearest and most relevant area for the questionnaire, with an average leadership position; the instrument used and readapted according to the needs of the company case study was carried out by Argentine researchers of the National University of the Center of the Province of Buenos Aires and was taken from an investigation appointed "Value chain and impact of key activities on the competitive behaviour of SMEs" (Paravié, Rohvein, Urrutia, Roark and Ottogalli 2012).

It is worth mentioning that the questionnaire, in addition to looking for research axes that focus on support and support activities, focuses the questions on the synergy of the value chain by finding out the resources and management of these activities, which are used in each of the activities; an effective combination of resources allows the development of capacities that can be transformed into core competencies that differentiate it from its competitors; Table 1.2 shows the correspondence between activities and resources, detailing the aspects considered in the development of the instrument.

Primary activities				
Entry logistics	Operations	Exit logistics	Marketing	Service
Input control Warehouse Costs control	Machines and equipment Planning techniques Process control	Inventory Means of distribution	Market Relation-ship with the client Means of promotion	Post-sale Custo-mer satisfa-ction Claims
Support activities				
Infrastructure	Human resource		Shopping	Tech nolo gy
Objectives Quality management Safety and hygiene management	Recruitment and selection techniques Training and motivation Teamwork Communication		Availability of supplies Purchase planning Relationship with suppliers	N/A

Table I Activities and resources. Source:(Paravié, Rohvein, Urrutia, Roark y Ottogalli 2012),Own elaboration

Corresponding to the previous paragraph, it should be noted that no aspect of technology was considered in the gathering instrument, due to the spin and process in the enterprise case study, does not devote

efforts to topics related to technological development or activities that involve improving or innovating a process.

Aside from the adaptation of the questionnaire and the correspondence of the activities and resources mentioned in the above table, the information gathering tool was validated by the test software SPSS 2018 version, In order to analyze the degree of reliability and internal consistency between the items (with port of call type Likert), an Alpha of Cronbach is obtained. 91% with 29 elements, denoting a respectable index of reliability for research, it is assumed that the items measure the same construct and are highly correlated with each other.

Alfa de Cronbach	Number of elements
.89	29

Table II Reliability statistics. **Source:** Own elaboration.

The data processing instrumentation was executed by means of an analysis of the results in Excel, observing the greater impact of the Likert scale versus the variables of the activities of support and value chain.

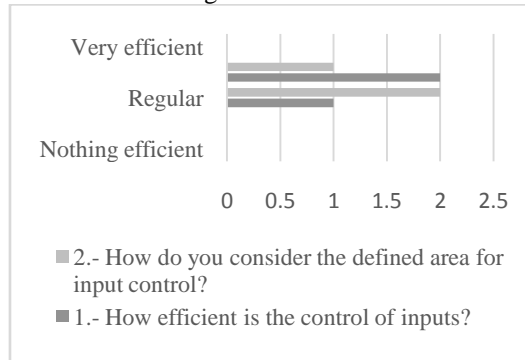
IV. RESULT VIEW

In terms of the selected variables, the results of the study made it possible to identify the following trends, in the primary activities the resources with the most findings and relevance for the value chain are:

Actividades primarias:

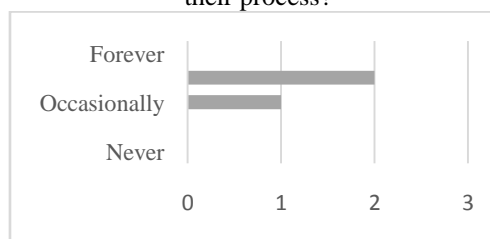
Logistics of entry:

Graph 3.1 Control management and defined area for supplies.



Source: Own elaboration, 2018.

Graph 3.2 Is the availability of inputs permanently controlled, so that their lack does not cause interruptions in their process?



Source: Own elaboration, 2018.

Graph 3.3 Are you satisfied with the costs of the inputs?

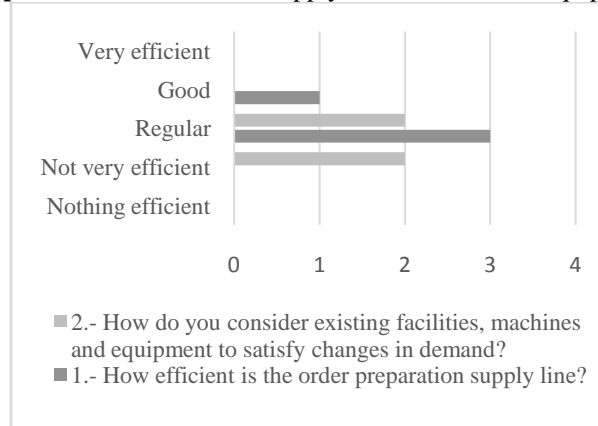


Source: Own elaboration, 2018.

There are no controls on the inputs required for its operation, these products are received empirically and concerning its suppliers, there is no catalogue of suppliers, finally to manage these internal logistics operations the company does not handle any software for its checking and inspection, even though there are few products the supply is requested until the stock is running out without proper planning.

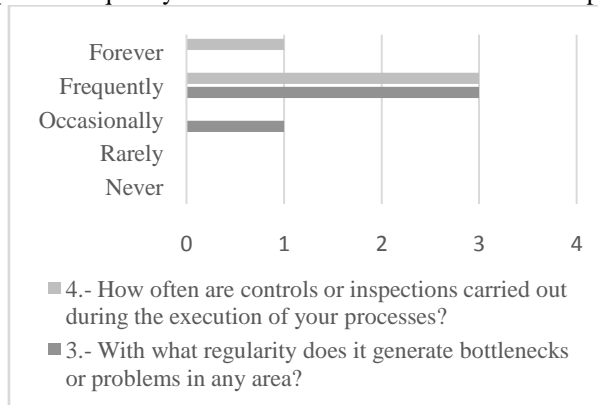
Logistics of operations:

Graph 3.4 Evaluation of the supply line, facilities and equipment.



Source: Own elaboration, 2018.

Graph 3.5 Frequency of bottlenecks and controls over their process.



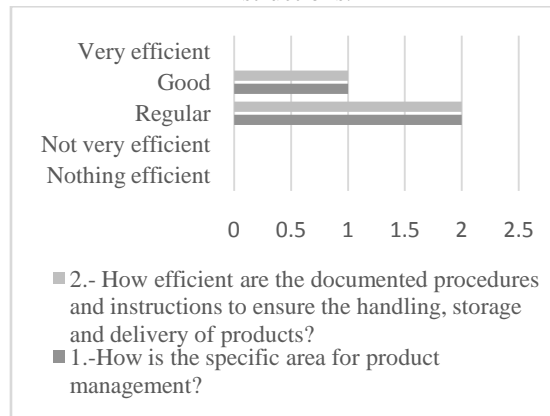
Source: Own elaboration, 2018.

The information obtained shows deficiencies in the supply process, machines and frequency of problems in the warehouse transfers, taking advantage of these deficiencies as areas of improvement for the analysis of the value chain. Regarding the reception of beauty products, it should be mentioned that it can be by sea or air shipments: this process consists in giving entrance to the products that come from the corporate, one of the disadvantages that arise is due to the type of products, by receiving very small pieces and by the urgency of the orders, in the boxes that arrive, the amount of the label with what actually arrives is not corroborated; another situation of care, is when the same reference is accommodated in different spaces by the type of chaotic warehouse that there is, however when these parts are required to supply, the operator has to be running around the warehouse looking for a single product located in several places.

For the storage, fixed means are used, which are 3 shelves, classified according to the level of demand of the products; the means of transport used are hand pallet trucks, forklifts and utility trolleys, these demonstrate in the observation of the process that most of them are impractical to take them back and forth. The most frequent bottlenecks are the lack of product location, the delay of the housing and the final packaging; they have radio frequency terminals to make the operation "faster", however, the system they handle is so slow that in campaign closures they prefer to print each order on a sheet, rather than display it in the terminal itself.

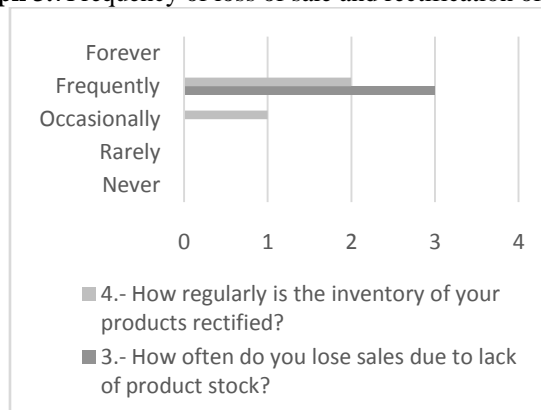
Logistics of exit:

Graph 3.6 Evaluation on the specific area for him sent orders and efficiency of documented procedures and instructions.



Source: Own elaboration, 2018.

Graph 3.7 Frequency of loss of sale and rectification of stock.

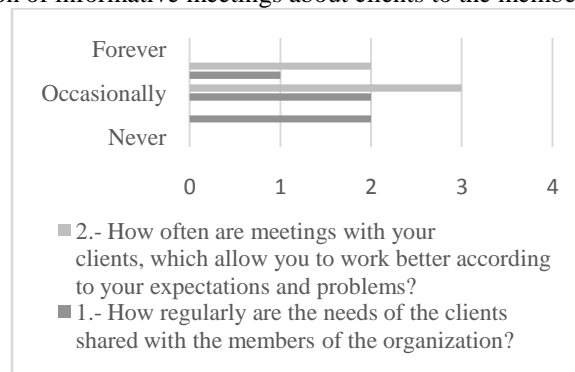


Source: Own elaboration, 2018.

In this section it can be perceived that the specific areas for the output of products and documentary information are not the most efficient for staff; likewise, the lack of stock results in constant delays in the preparation of completed orders; on the other hand, distribution operations are carried out by an external intermediary, which has never been evaluated as much in the service and attention it gives to the company.

Marketing:

Graph 3.8 Evaluation of informative meetings about clients to the members of the organization.



Source: Own elaboration, 2018.

Graph 3.9How efficient is your customer's database?

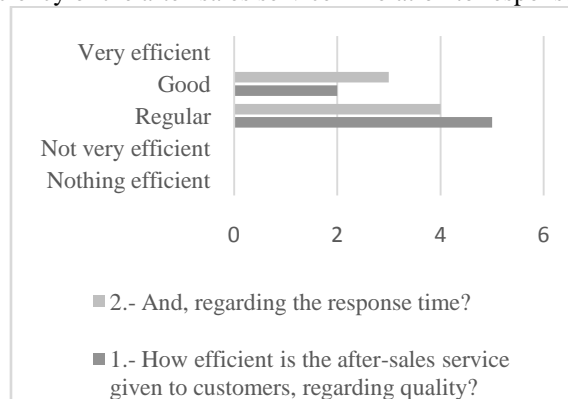


Source: Own elaboration, 2018.

There is a lack of communication about the needs of the clients towards the members of the organization; moreover, it was possible to contemplate that their sales system is not so structured and strong, in order to be able to search for customers in new market sectors. The advertising that is carried out, is generated directly from the corporate, lacks effective advertising campaigns aimed at the final consumer; and has little presence on the internet, with promotions, competitions and invitations to be part of the sales team.

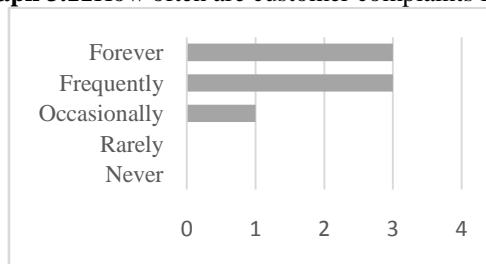
After-sales:

Graph 3.10Efficiency of the after-sales service in relation to response time and quality.



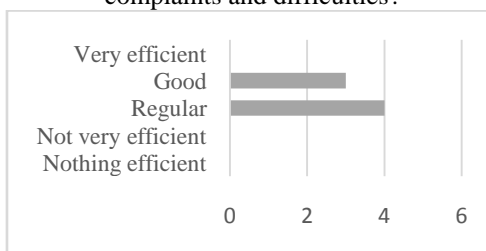
Source: Own elaboration, 2018.

Graph 3.11How often are customer complaints filed?



Source: Own elaboration, 2018.

Graph 3.12How is the written record of the problems encountered considered, for the prevention of future complaints and difficulties?



Source: Own elaboration, 2018.

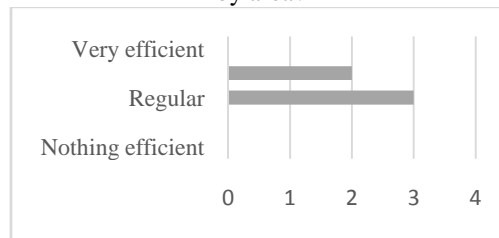
Note that negative results are submitted in terms of the care and quality of the after-sales service, the current strategies this department is taking do not have great impact when having a large number of claims;

besides of not making any measurement of customer satisfaction to recognize and improve difficulties, in the processes, written constancy does not fully support the easy solution to the problems. The main activity of the after-sales service, is located in the repair procedure, which, is not designed efficiently, having no control and the poor distribution of its working materials, convert this activity into a system prone to waste of time and increase of errors.

Activities of support:

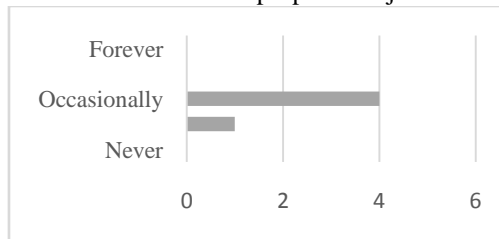
Infrastructure:

Graph3.13How do you consider the proposed objectives that the company currently has, general and specific by area?



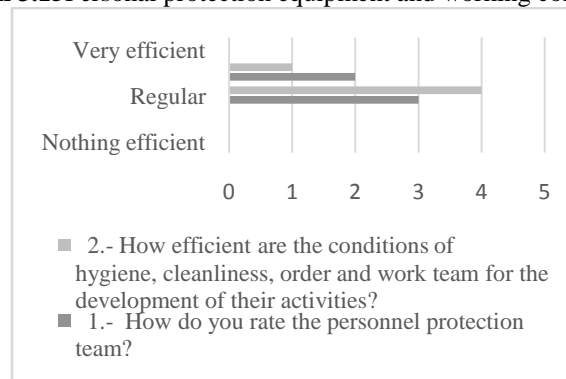
Source: Own elaboration, 2018.

Graph3.14How often are the proposed objectives reviewed?



Source: Own elaboration, 2018.

Graph 3.15Personal protection equipment and working conditions.

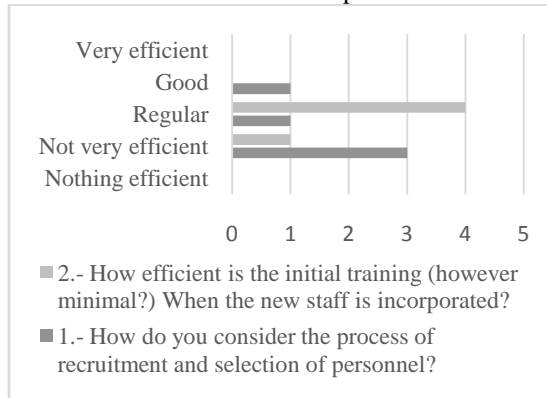


Source: Own elaboration, 2018.

In addition to the hardship you have with the company's objectives due to occasional reviews, the rating of efficiency on protective equipment and hygiene conditions, cleanliness, order and work areas score "regular", above poor control over the objectives and working conditions, the company Cristian Lay does not have a formal organizational chart, However, they have an informal planning by department, the only targets that are given the most importance are sales.

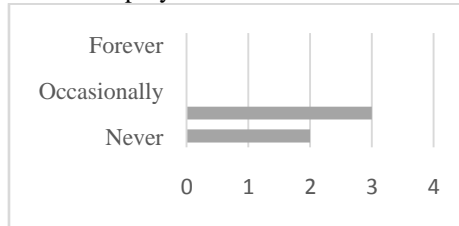
Human resource:

Graph 3.16 Recruitment and selection process and initial training.



Source: Own elaboration, 2018.

Graph 3.17 Are employee satisfaction measurements taken?



Source: Own elaboration, 2018.

Graph 3.18 How do you evaluate communication channels with your immediate boss and top management?

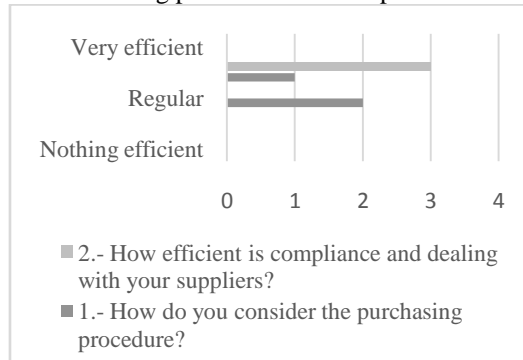


Source: Own elaboration, 2018.

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Purchases:

Graph 3.19 Purchasing procedure and compliance with suppliers.



Source: Own elaboration, 2018.

There is no purchasing department as such, the activities related to this function are carried out in the same department of administration and finance; as a company marketing beauty products, the purchases are concentrated from office supplies, stationery materials, as well as items necessary for the delivery of orders, such as cardboard boxes, bubble roll to pack, etc. The value and importance of this work is not taken very carefully, the planning and programming of purchases, is carried out every time the materials are becoming scarce, there's no supplier catalogue in case of emergencies and the supply process is ambiguous and informal.

Technological development:N/A (not applicable).

V. CONCLUSION

Without a doubt the changes generated in the world economy force organizations to take actions that allow them to acquire advantages over its competitors and therefore to have a better position in current markets, so it must be recognized that one of the main factors is the demarche of general management, which, having the work of management in a dynamic and changing world, will be responsible for ensuring the necessary cohesion in its direction towards achieving its objectives, that's to say, it must lead its work towards the optimization of the resources placed under its responsibility in the operational, administrative and human-social areas; being the first leader to take into account the necessary managerial capacity to coordinate the use of resources based on objectives and the role of the appropriate strategic with the aim of being able to transmit it and communicate it to the entire organization.

Clearly, competitiveness is not a goal, it is a means to achieve economic development, this concept opens several opportunities for economic entities to develop and perform in a better way, this means that competitiveness is an essential element for the medium and small enterprises seeking to maintain and improve a certain position in the socioeconomic environment in which they operate.

Based on the estimated value chain made in the beauty product marketing company, two conclusions can be drawn: the first is that the value chain tool is directly related to the added value of the products it offers, what the customer is willing to pay for the products of the company and which allows to measure its competitive position; accordingly, it is fundamental for the companies in this field to have this type of analysis tools, which guide and empower them to carry out a complete study of the processes, their relationship and the synergy of their joint work.

The second is that based on the analysis of the value chain, the main problems to which corrective actions should be addressed were identified; highlighting issues related to infrastructure, process management, suppliers, the marketing, training and training of human resources, among others; the identification and resolution of such problems, accompanied with the introduction of improvements converted into strategies and actions, are key elements to achieve greater cohesion in the company and optimizing its market share.

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