INNOVATION STRATEGIES AS A TOOL TO GAIN COMPETITIVE ADVANTAGE

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ABSTRACT
The emerging developments by globalization process force the organizations to compete each other in order to keep in step with changing world conditions. Thus the organizations apply the competition strategies to continue their existence and not to fall behind the rivals. Lately innovation has become a new approach in competition. Thereby innovation activities play a part in the studies in behalf of outmaneuvering. The radical and incremental innovation activities like product, service, process, marketing and organization are being applied. These innovation activities can provide a competition advantage as attacker, defensive, imitator, dependent, traditional and innovation strategy which use the opportunities according to rival companies or site of action.

Key words: Innovation, Strategies, Competitive Advantage

1. INTRODUCTION
It would seem that to maintain life of the businesses depends on insistence about innovativeness. For businesses having innovative talents is the need and justification of creating a competitive advantage. A contrary strategy means that the business will not benefit from environmental opportunities in the long term. Such kind of improvement will increase the degree of influence by the risks (Demirel and Seçkin, 2008). Therefore it can be said that; innovation is a significant resource of economic growth, increasing employment and life quality. Thereby innovation has an important role on development of countries and achievement of businesses (Çalıpmar and Baç, 2007).

In the competitive environment in the world it is getting more and more difficult to survive copying others’ works and products. For businesses answering the consumer needs influentially, utilizing the strategic market opportunities with strengths and be a leader in competition are possible with innovation. Businesses set an innovation strategy based on their expectations from innovation (Ecevit Satı and Işık, 2011). Because one of the best ways of succeed in competition environment be the business is determining a proper innovation strategy. For innovation strategy formulation some factors like; external environment conditions, competition strategy, possessed resources and innovativeness of organizational structure of organization are important (Mesci, 2011). Innovation strategies which form the innovativeness degrees according to objectives of businesses can be ranged as the strategies that; aggressive, defensive, imitator, dependent, traditional, following opportunities.

2. CONCEPTIONAL FRAME
2.1. Concept of Competition
In this part of the study; the concepts like competition, competition environment, competition advantage and competitive pressure have been evaluated. The concept of competition with the word meaning at least two people mention the race between concept, event etc. (Köseoğlu, 2007:68). In globalizing world, the existence of competition which is an inescapable reality has not been discussed in any country and any business. Instead the art of struggle in competition environment is being tried to learn (Cassiman and Veugelers, 1998). Adam Smith, who first mentioned the competition concept, predicted a potential race among
producers and consumers because of production with limited source and in return consuming so he dealt with the concept of competition scientifically (Altunüç, 2007:130). Smith regarded the competition not as a “situation” but as a dynamic process. According to this dynamic sense, the demand will increase as a result of the race as selling more products with low . Increasing demand and competition will cause growing the market whipping the production up and market growth will make contribution to co-operation which provides new technologies to be born (Çolak, 2006:8). To mention the competition some factors have to be referred. These factors are respectively (Timurçin, 2010:12);

- Existence of actual or potential participants more than one. Competition is a fact that comes in sight among more than one people and unit.
- Independence of participation and quit: to bring any limitation has limiting affects on competition (Yılmaz, 2009:42).
- Showing production sharing performance in famine environment
- Goal of achievement: to get a competition everybody certainly has to have a goal to achieve and existence of others has to land this goal with achievement (ÖZkan, 2007:4)
- Fair competition conditions and existence of rules: realization of the competition, as in all races obliges some rules and limits. For example; opponents cannot be stopped from entering and quitting, they cannot be pushed out forcible and cannot be tricked. Otherwise an unfair competition environment emerges.

It is observed in the following Chart 1 that the competition which is formed with the existence of factors above has been defined in various ways by various writers.

<table>
<thead>
<tr>
<th>Writer/ writers</th>
<th>Year</th>
<th>What is competition?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porter</td>
<td>2000</td>
<td>It is one of the main factors which is the basis of success and failures of businesses, provide contribution to performance of the business and determine the suitability of business functions.</td>
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<tr>
<td>Çolak</td>
<td>2006</td>
<td>In social life in some cases that who the best is unknown it is the way to determine it. In other parts of social life while the competition shows us who successful is in particular time as well as in economic life, it has affects on people like putting effort to be better than even the second one.</td>
</tr>
<tr>
<td>Gök</td>
<td>2009</td>
<td>It is the mutual struggle of various people or organizations to reach to same goal.</td>
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<tr>
<td>Samur</td>
<td>2009</td>
<td>It is a concept that formed from whole of the environment and conditions that affect the activities of businesses which try to offer product to market directly or indirectly.</td>
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<tr>
<td>Yılmaz</td>
<td>2009</td>
<td>It may be identified as a game or a race between more than one player with the aim of sharing a scrimpy thing or gaining a prize within the frame of particular rules and limitations in an environment in which human rights are under guarantee and there is no benefit or discrimination</td>
</tr>
<tr>
<td>Ülgen and Mirze</td>
<td>2010</td>
<td>In a sense, it means to struggle in the market with the strategies that satisfy their expectations and create values for them while meeting the needs of customers</td>
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According to Yorgancılar (2011:383) and information obtained from the definitions, the competition event is the basis dynamic for human since existence for surviving, sustaining their existence and the purposes of reaching the ideal order as a natural result of the wish of being the best. While eliminating the weak and insufficient ones is a natural result of competition also is a key for making more systematic and functional and attaining better.

Considering the competition concept as a strategic thinking the meaning it expresses according to Aslan (2008:126) it is a struggle for existence. When the businesses prove their existence in the sector they are in service winning this war successfully with strategic business process applications they would attain competitive advantage. And again according to Bayındır (2007:244), the business to business competition bases on the factors like quality, service etc. and have influence on achieving their goals. Thus, according to Dinçer (2007:197) businesses struggle for maintaining their existence in a competitive environment and becoming more effective in the market.

The concept of competitive environment is defined as an environment in which competitive pressure is felt and created (Karabiyik, 2005:7). Competitive environment has various types. The first of them is “The Perfect Competition Environment” in which there are too many purchasers and vendors and all commodities
are homogeneous. (Çolak, 2006:6). The second one is “Imperfect Competition Environment” consisting of the environments called monopoly, monopolistic competition, oligopoly, oligopsony, duopoly, duopsony and bilateral monopoly and one or few characteristics of Perfect Competition environment cannot be provided in (Dinler, 2008).

In all environments in which a competition exist, the strategy will be pursued is highly important (Cingula and Veselica, 2010). The businesses have to apply stronger and more effective strategies upon their rivals to get a competitive advantage. No matter how good the strategies that businesses develop are unless ensuring the coordination with the results of competitive environment analysis they would not achieve the goals of existence. (Ülgen and Mirze, 2010:32).

Apart from all these to achieve success in the global competition environment it is essential to be open to change and new ideas (Yorgancılar, 2011:393). Because according to Sintes and Mattsson’a (2009) innovation is one the key determinants of innovation and competitive ability.

Competitive capacity is the superiority of competing businesses to each other in the competition process (Karabıyık, 2005:10). The businesses which are in the outmanoeuvring effort have to be informed about any steps of their rivals and have to be able to perceive how these steps would reflect on them (Göl, 1996:31). Thus according to Doğan (2000) the formative facors determining the competitive capacity of the businesses are; production cost, compliance with quality and standards, qualified labor force, R&D actions with production technology and market share. Within this rocky road which accompanies the fluctuation and development, the business whose competitive capacity regresses will lose the market share and its profitability will decrease. Thereby analyzing the internal and external environmentregularly, the mendatory strategies have to be formed, competitive capacity have to be reacquired (Güvercin, 2008:98; Bayındır,S., 2007:245).

Nowadays the factor that provides competitive capacity is regarded as “innovation”. Competitive capacity is based on the competitive advantages the sectors and businesses have. In terms of providing competition capacity, the three basic strategies like “cost leadership”, “differentiation” and “focusing” are determinative factors of competitive capacity of the businesses (Saylı et.al, 2006:34). The three basic strategies at issue have been assessed under the title of “Competitive Strategies” which is the last subject title of this chapter.

The businesses are faced with an intense competitive pressure by the effect of globalization. The concept of competitive pressure can be described as a power which prevents the businesses to operate or force them in an undesirable action. On one hand the businesses are exposed to competitive pressure on the other hand they may cause pressure over other businesses. These pressures make the businesses innovate in their activities, follow the developments and comply with these developments (Bayındır, S. 2007:244).

When the development and change of the competition is analyzed in the light of all these instructions (Figure 1), especially in the period from the World War II to 1970s the main element of competitive advantage has been seen as production power. After 1970s while the financial based competition had started, in 1980s quality extend was added into this development. Along with 1990s determinants of competitive capacity has been faced as flexibility, speed and innovation. Within the scope of these developments competitive capacity can briefly be defined as: cost, quality, innovation, flexibility, speed and the talent of competition talent with other companies (Altay, 2008:217).

Figure1. Changes Encountered in Competition in the Last 40 Years

Reference (Doğan, 2000).
2.2. Competitive Advantage

At the present time, developing technology and taking on a global dimension of communication required businesses to review their policy and strategies (Goh, 2001). Due to this situation with the effect of emerging conditions, businesses have gone into the effort of meeting the changing needs of customers and providing a competitive advantage. (Tenekecioğlu, et.al., 2003:120). According to Altuntuğ (2007:149) in today’s business life in which the alteration is unavoidable, the only fact that never changes is that competitive advantages continuously change and they are not sustained.

To provide a competitive advantage is the main goal of organizations. Because even if the competition advantage is not enough to show performance above average in the long term it is a necessary prior condition (Soyer, 2007:45). According to Porter competitive advantage is the heart of a performance of a company in competitive markets. Porter asserts that for a company to show a performance better than its rivals depend on its ability to turn the competitive strategies into competitive advantage (Beal, 2001). There are some factors which determine the competitive advantages of businesses in internal and external markets. According to Kibritçioglu (1996:115) the factors that are effective on determining the competitive advantage are remarked in Chart 2.

<table>
<thead>
<tr>
<th>Chart 2. The Factors Determining Competition Advantage</th>
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<tr>
<td>*Prices (Cost + profit margin)*</td>
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<tr>
<td><em>Intense of Competition in Relevant Market</em></td>
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<tr>
<td><em>The Habit of Capacity of Determining and Profit Margin</em></td>
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<tr>
<td><em>Average Size of Business in the Sector (Economies of Scale)</em></td>
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<tr>
<td><em>Financing Conditions in Capital Markets</em></td>
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<tr>
<td><em>Competitive Advantages of Domestic and Foreign Businesses in terms of Price and Non-Price</em></td>
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<tr>
<td><em>Capacity of Making Innovation</em></td>
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<tr>
<td><em>Advantages Originated by the Site of Establishment (Region or Country)</em></td>
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<td><em>Organizational Manner of the Business</em></td>
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</table>

Businesses can gain competitive advantage over rivals with different methods. Competition advantage from time to time may end up with counter attacks of rivals. Therefore the competitive advantage has to be sustainable strategically to serve a purpose (Bülbü, 2003:28). According to Elmacı and Kurnaz (2004:6) sustainable competitive advantage is a strategy application of the business to be able to keep their otherness against present and future rivals. In this context Porter emphasizes that businesses have to be careful about especially five factors to gain advantage in the global competitive environment (Tekin ve Çiçek, 2005:64) etmeleri gerektiğini vurgulamaktadır. These factors are;

- Competitive Advantage is resulted from research and development and innovation and change,  
- Competitive Advantage includes all value system of a business,  
- Competitive Advantage can only be sustained thanks to the Research and Development,  
- Maintenance of Competitive Advantage requires improving the resources consistently,  
- To maintain Competitive Advantage a global strategy has to be developed.

After indicating the factors that determine the competitive advantage and necessary to gain competitive advantage, it would be helpful to mention the conditions which will make these advantages meaningful. In this context according to Coyne (1986) competitive advantage gains meaning only in case of the following conditions have been met. These conditions are:

- When customers perceive viable variations about the important quality of product service over the product or service of rivals,  
- When this variation is a result of talent vacuum between the rivals,  
- When both the variation in important quality and talent vacuum are expected to continue in time.

According to Ulrich ve Lake (1991) there are two elements make competitive advantage meaningful. The first of them is, perceived customer value which means that the employees understand the customer needs and satisfy these needs. The second one is uniqueness which equals to developing inimitable talents special to the business.

To provide competitive advantage it is important for business having strategically scarce and valuable sources precisely (Cassiman and Veugelers, 2002) is an important advantage. Being imitated with the advantageous sides may influence the profitability of the businesses. Maintaining the competition advantage requires the valuable strategies of businesses not to be imitated and applied by rivals (Samur, 2009:21). The factor which will provide this discrepancy according to Yorgancilar (2011:381) is the innovation talent of businesses. According to Regan and Ghabadian (2005) to provide a sustainable growth and a competition
advantage, innovation matters to businesses. But (Doğan, 2000) according to many strategy writers, making competition sustainable is not possible. Because the economic system continuously changes and renews correspondingly the policies and competitive advantages also continuously change. In spite of this according to Ülgen and Mirze (2010:31) and Karacaoğlu (2006:52) the effort of sustaining advantages for the businesses is possible with determining the competitive strategies.

According to Çamlı (2010:30) all product, marketing and service innovations may be determinative on the customers’ ideas about the hotel, on the feeling about the quality of service they got and about thinking to come again or not.

3. INNOVATION STRATEGIES AS A TOOL TO GAIN COMPETITIVE ADVANTAGE

As a result of globalization, increasing rate of change, improvement in information and communication technology (Fallah and Lechler, 2008), changing the production factors; require the business to make differences in their structure and competitive strategies. The businesses which are able to achieve competitive advantage, will increase their sustainable competitive advantage with innovations (Örücü et.al., 2011:62).

For businesses Innovation became a subject which has a strategic importance. Also the innovation strategies shows at what degree the the businesses are interested in innovation. Actually the innovation strategies emergent as a result of basic strategies of the business are the sub-strategies (Gökçek, 2007:69). According to Baykal (2007:37) innovation strategies are strategic roles which identify the strategic mission of new product or services. When viewed from this aspect actually the innovation strategy is both an innovation planning document and a guide for people which makes them think why they are making innovation.

It is seen that innovation strategies of the business can be defined by the effects of external environment and operating assets. Besides according to (2006:45) organizational culture, capital, directors’ perspective on innovation, technologic substructures and educational levels of labours are among the factors that have an act on determining innovation strategies of the businesses. According to Kurt (2008:75) the factors like branch of industry is efficient on determining the innovation strategies. For example the competitive intense of an industrial structure in business is an important factor for deciding whether an innovation will be made or not. According to Örücü and friends (2011:62) while businesses may change the innovation strategies they selected due to internal and external changing environmental conditions also applying more than one strategy can be discussed.

A business has to win the competition war in its own lane to be in existence. The most important weapon for this is a strategy which has been prepared well, assimilated and applied successfully. According to Kuzu (2008:74) in a business the success of innovation activities is depend on being entegrated with general strategy of the business. To increase the innovation strategy;

- Understanding the needs and expectations of employees of the business
- To recognize the marketing field
- To know who the stakeholders are and what their expectations are
- To compound the needs of shareholders and employees with a proper vision
- To provide this vision to be shared by everybody
- The businesses have to prepare their goals, missions and strategic plans. Later on they have to form innovation strategies on the direction of needs expressed in vision, mission and goals

In the study “Contribution of Innovation Strategies to Entrepreneurial Competitiveness” by Cingula and Veselica (2010) who examine the competitive strategy and innovation strategy of a business it has been observed that a positive result emerges

This study which makes the strong relation between competition and innovation strategy out as a result of a technical analysis shows that; innovation strategy is an important factor providing a sustainable competitive advantage.

3.1. Aggressive Innovation Strategy

“Aggressive” innovation strategy is the strategy which is applied to get the market leadership developing a product or production process before the rivals (Guan et.al., 2009).

According to Aygen (2006:45) increasing the product and process innovations and as a consequence to be able to follow this strategy which aims to get the advantage of being the first in the existing market it is
necessary to transfer considerable amount of funds to research and development activities. According to Gökçek’e (2007:72) r&d activities usually take a long time. By reason of these activities since the innovation will necessitate time to extend to the market and will impose burden, this situation poses risk.

In businesses that apply aggressive strategy the speed and efficiency of communication carry a great importance. In such businesses, having a powerful information, being open to innovations and taking risk of human resources and senior staff, being in a good manner at internal relations and communication, having a flexible and learning quality for organization are very important (Zerenler et.al., 2007:663)

3.2. Defendive Innovation Strategy

For the most part these strategies are the studies related to avoid risks of being the first in the market and benefit from the opportunities the leader businesses of the market bring out (Aygen, 2006:47). According to Bulten (2003:17) it can be considered of a strategy used by businesses which aim the diversification applications like increasing the original product, producing with low price, adding new qualities.

As in the aggressive strategy also in defensive strategy there are r&d studies. This is because they want to follow the making innovation strategy by getting information about deficiency and mistakes of first risk bearer businesses (Zerenler et.al, 2007:663). According to Hobikoğlu (2009:152) the businesses which follow the aggressive strategy may have to switch to defensive strategy. In general to be able to offer the innovation to market with low prices is one of the main goals this strategy pursues.

3.3. Imitator Innovation Strategy

The businesses which use this strategy do not take place on the top of the market, play safe, and have low cost, material and work force (Aygen, 2006:48). These businesses usually try to use the current technology and information following innovations at a distance. If they can find new markets may gain profit more than the innovations they are following. They have the cost advantage since their general expenses are lower. Therefore they are able to offer the product to markets on the cheaper way (Gökçek, 2007:74). It has the characteristic of being the common strategy type in the markets in which thechnology presses forward and changes. Generally most South African countries have been using this strategy (Özkan, 2009:62).

While the businesses which follow aggressive strategy aim to offer new products, the businesses which follow defensive stratevotiongy aim to make innovation benefiting from deficiency and mistakes of aggressive strategy followers, the businesses which imitator strategy produce the imitation of the products of aggressive strategy followers and defensive strategy followers one to one without having to bear the costs of others have to bear.

3.4. Dependent Innovation Strategy

Dependent strategy is a strategy which can be used in the manner of providing competitive advantage as growth or reduction strategy for businesses. The followers of this strategy adopt the role of being satellite or sub- structure of another strong business. Dependent business cannot take step in the direction of technical changes in their product unless a significiant request come from the major business. They are generally small and capital intensive businesses which have no attempt on product design and research development studies. Fully dependent businesses in a way work as a department or workshop of big businesses (Örüçü et.al, 2011:63; Zerenler et.al, 2007:664).

3.5. Traditional Innovation Strategy

Traditional innovation strategies have been applied by businesses take place in the markets which are usually stable and there is less competition. Due to decrease in changing demands and not forcing the rival businesses for a changing their innovation necessity has been extremely low (Gökçek, 2007:75). These businesses do not allocate the essential importance and grant for r&d activities. Thereby it can be understood that it is not easy for them to get over with the technologic innovations (Aygen, 2006:50). These businesses have not scientific and technologic talents to make a product innovation. They can only make some design changes in the meaning of “fashion”more than a reformed method. There is no request by the market or competition does not force this. The reason of being approved in the market is the feature of product which they produce (Özkan, 2009:64).
3.6. Opportunist Innovation Strategy

Opportunistic strategies are types of strategies that reveal innovation by the means of offering a new product never-before-thought and may create demand following the lacks seen in the market. The entrepreneurship and creativity of these businesses have to be in high degree (Gökçek, 2007:76).

The companies which apply the opportunist strategies have an innovative identity. Research studies are intensive. They wait for an opportunity to offer differentiated products to market. They have a characteristic to switch to other product easily finding the rivals’ fences. Accordingly they have been trying to outmaneuver and to extend their market share. In the matter of following this strategy the capacity of gaining necessary information and knowledge, relation with other companies and own capital of the company have important place (Özkan, 2009:6).

4. CONCLUSION

After the factors force the hotel businesses for competition and the studies of competitive advantage have been determined, the competitive strategies followed by businesses arise. As it is also mentioned in literature all environments in which the competition exist it is extremely important what strategy the businesses will follow. Thereby competitive strategies which have been considered in the scope of research are generic competitive strategies of Michael Porter. These strategies are cost leadership strategy, differentiation strategy and focusing strategy. In this regard it is concluded that seven of the fifteen hotel businesses which have been included in this research apply cost leadership strategy, five hotel businesses apply focusing strategy and three hotel businesses apply differentiation strategy.

The innovation studies applied in hotel businesses have been evaluated in the dimension of “incremental” and “radical” innovation. Therefore it reveals that most of the directors who participated in the research apply product and service innovation activities within the scope of incremental innovation dimension. Besides it is among the achieved information that in some hotel businesses process innovation actions have also been applied as well as product and service innovations. The main subject titles of product and service innovation activities which have been evaluated within the scope of incremental innovation can be listed as: changing and increasing the physical properties of the hotel, making variation in menu according to customer profile, going into differentiation in services, making changes due to the necessities of the time and guest requests, following and applying the technologic factors which care about environmentalism and energy-saving etc.. Process innovation is an innovation type which provides productivity to the business in terms of cost and time. In this regard; the usage of the web sites which introduce the hotel services and provide convenience for booking, are evaluated as a part of this innovation. On the other hand product, service and marketing innovation activities which have been evaluated under the radical innovation dimension are obtained with the opinions of four directors. These directors defend the opinion that the services which other hotel businesses do not have are included by their businesses.

REFERENCES


