

INNOVATION STRATEGIES IMPLEMENTATION, SOURCE OF COMPETITIVE ADVANTAGE

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Abstract: *Competitive advantage can be defined as the achievement, by an organization, of superior products or services from a significant point of view for consumers, compared to the offers of similar items by competitors. The effective acquisition of the competitive advantage can be manifested by the renewal of the product, technology, equipment, management, marketing, financing, personnel, information, etc. The innovation strategy implemented in the respective business is based on the innovation method, through which the competitive advantage is achieved. The inclusion of innovative strategies in the development strategy of a company aims to improve the sustainability of production through new processes and technologies, while incorporating customer requirements. After analyzing the main types of strategies that can be applied by a company depending on its economic situation, the choice and implementation of those strategies that best correspond to the internal and external conditions in constant change must be the major concern of senior management. The theoretical aspects based on the literature are concretized in the case study approached in this paper.*

Key words: *strategy, innovation, development, production.*

Classification JEL: *L1, O32, O1.*

1. Introduction

The identification of competitive advantages at the organizational level can be manifested by the realization of products or services that present superior qualities for consumers, both in terms of quality and in terms of costs, so as to outperform similar offers of competitors.

The effective obtaining of the competitive advantage can be manifested by the renewal of the product, the technology, the equipment, the management, the commercialization, the financing, the personnel, the information, etc. There are a multitude of such factors that determine the competitive advantage that can be identified in the fields of: marketing and distribution; research & development; production and operations management; Financial Accountant; personnel and labor relations.

The integration of an innovative strategy in the organization's strategy can be a strong point through which the organization can succeed, in the long run, to increase its performance. This type of managerial approach must be manifested by adopting strategic decisions at the level of the top management of the organization.

In general, development strategies aim to improve the sustainability of production by integrating new processes and technologies, while also incorporating customer requirements. In order to reduce production costs, organizations that want to gain competitive advantage through innovative strategies must create and maximize the synergy created between the use of modern decision-making methods and the optimal and efficient use of all resources.

The choice of the strategy that best corresponds to the ever-changing internal and external conditions must be of major concern to senior management. The formulation of the strategy must provide concise information regarding: the company's presence on the market; strategies followed at company level; economic objectives pursued; other aspects of the unit's activity.

Following the analysis of the main types of strategies, which can be applied by a company depending on its economic situation, an innovative strategy can be defined to ensure the identification and maintenance of a competitive advantage generating added value and development opportunities.

2. Innovation strategies, the basis for obtaining competitive advantages

The definition of an innovation strategy is based on taking into account several determinants, resulting from those presented in the previous chapter: the political, socio-economic, technological and commercial environment of the organization; the creative-innovative, productive and marketing potential of the innovative organization; its available resources, depending on these factors, an organization may opt for one of the following innovation strategies or a combination of them.

The implementation of innovation strategies must be based on and generate technological advantages, as an important part of the strategy of a productive or service company. An argument in their favor would be that the technologies of a company, very expensive, change more difficult than the products that can be offered on the market and therefore their acquisition and capitalization must be thought out very carefully. The creation of competitive advantages in the competitive race can be manifested, in this case, by highlighting the equipment, technologies that the organization already has, so as to create the possibility of differentiation from competitors.

In order to gain competitive advantage by implementing innovative strategies, organizations have the opportunity to implement in their overall strategy, one or more such strategies (Figure 1).



Figure no. 1. Types of innovative strategies

Source: Processing after Albu, 2014

At the level of organizations that occupy the leading position in a market or one of the leading positions, a position that manifests itself technically and technologically or commercially, an offensive strategy can be implemented. This type of strategy has the role of determining the organization to maintain its positive trend on the market, by constantly increasing the market share or by identifying and accessing new markets. The competitive

advantage of these organizations can be manifested by diversifying production and improving product quality. Increasing the rate of customer attraction can be achieved by entering new markets, diversifying the field of activity, offering new benefits to customers.

When we talk about organizations that aim to maintain a market position, this fact can be manifested by adopting a defensive strategy whose main role is not to obtain a better market position but to maintain the current one, the continuous integration of technical and technological innovations and the use of weaknesses of competitors. Competitive advantages can also be noted in this case and they mainly involve the security generated by activation in a known field, approaching a path that involves fewer risks.

At the level of small organizations, which adopt a role of supplier of strong organizations, innovation strategies can be manifested by creating a dependence on large organizations, a dependency that can bring them various benefits, from obtaining contracts that offer them, in the long run a marketplace, as well as the chance to be noticed by other organizations. This kind of innovation strategy is called dependency strategy and can generate a competitive advantage derived from the advantages of large, strong organizations.

Organizations that have a significant capital, can express their desire to take over the news in the field, generated by other companies that occupy top positions in that field. In this case, by adopting an imitative innovation strategy, the organizations concerned can benefit from the latest developments in the field, even if this is manifested with some delay.

Starting from the use of one of the most well-known managerial tools, namely SWOT analysis, organizations can analyze the top companies, in terms of research, development and innovation, so that they can make the most of their weaknesses. This kind of approach is manifested by the implementation of an interstitial strategy.

The competitive advantages that can be obtained by applying such an approach can be generated by making the most of the weaknesses of other organizations working in the field.

One argument in favor of implementing innovation strategies in order to gain competitive advantage is that organizations must be able to make the most of new technologies in their field. This can create an undisputed advantage in the competitive game.

3. Competitive development through innovation. Illustrative example British American Tobacco

Regardless of the field in which an organization operates, its main objective is to develop and increase market competitiveness. Based on the theoretical considerations presented above, it can be stated that one way in which competitive advantages can be generated is to integrate in the own activity of organizations some technologies, products and services based on scientific research, development and innovation. Access to new developments in the field is costly and therefore organizations need to establish a strategy that allocates sufficient funds in this regard.

The strategic approach of innovation includes several major directions of action, including the finalization of the European Research Area (Zaman, Georgescu, 2013).

Increasing the capacity of some organizations to include state-of-the-art technologies in their work can be an important competitive advantage.

An example of this is the work of British American Tobacco. In order to include in its own activity new technologies, new manufacturing processes and especially new products, the company approaches the innovation strategies in several ways such as:

- promoting innovative business culture

- optimizing the use of research resources
- intensifying access to scientific research in its field of activity
- concentrating investments on the innovation side
- training of its own staff in order to increase their capacity to access news in the field

Not infrequently, on the occasion of various events attended by members of the company's management, they stated that the most important thing for British American Tobacco is innovation.

The inclusion of new, innovative products in the portfolio can lead to major changes in the history of a sector of activity such as the tobacco industry.

From the beginning of its activity and especially in recent years, British American Tobacco has approached the development strategy as focusing on rapid transformations that can only be achieved by integrating innovative strategies.

The needs of society in general and consumers in particular are changing at an accelerated pace. Everyone's expectations are growing and growing. Therefore, the strategy must include innovations in the field that meet the requirements of customers to the highest degree and generate competitive advantages for the organization. The basis of the innovation strategies approached by the company taken as a case study, consists in its desire to create a portfolio of products with low risk potential, which can offer the prospect of a better future for consumers.

As a result of this strategic approach, British American Tobacco's strategic portfolio consists of a growing range of potentially low-risk products. They are currently available in 28 countries around the world and will be launched in other markets. In this sense, the British American Tobacco company aims to offer consumers less risky variants of products containing tobacco and nicotine.

Starting from the presented aspects, it can be stated that the organization presented as a case study approaches an offensive innovation strategy. This type of strategy has the role of determining the organization to maintain its positive trend on the market, by constantly increasing the market share or by identifying and accessing new markets.

As part of this strategy, British American Tobacco has entered into a partnership agreement with McLaren Applied Technologies. This agreement is manifested primarily through an exchange of expertise and experience in the field of technology.

There is also an exchange of know-how regarding the construction of batteries, as well as the use of the most advanced materials that can be used in the manufacture of products and design (Economica.net, 2019). Both companies are willing to exchange ideas both in the field of product and process innovation and in the field of good practice.

In order to generate sustainable development in this field of the tobacco industry as well, companies must consider innovation as a primary objective of their activity.

Stimulating innovation in the existing supply chain at the level of British American Tobacco is also manifested through the collaboration with Kuehne + Nagel. According to the website of this major international logistics and transportation company, the collaboration between the two companies will lead to optimizing the management of the end-to-end supply chain for all commodities, inbound and outbound, worldwide, through a platform of information.

According to official data presented by the company and having a strategic science and technology division in its internal structure, British American Tobacco has invested over £ 1 billion in scientific research and product and technology development over the last four years (Ciutacu, 2021). In this way it was able to create a clear competitive advantage over the competition.

A major competitive advantage of including innovations in the field in the company's production activity is the reduction of the impact on health, by producing a range of products less risky for consumers.

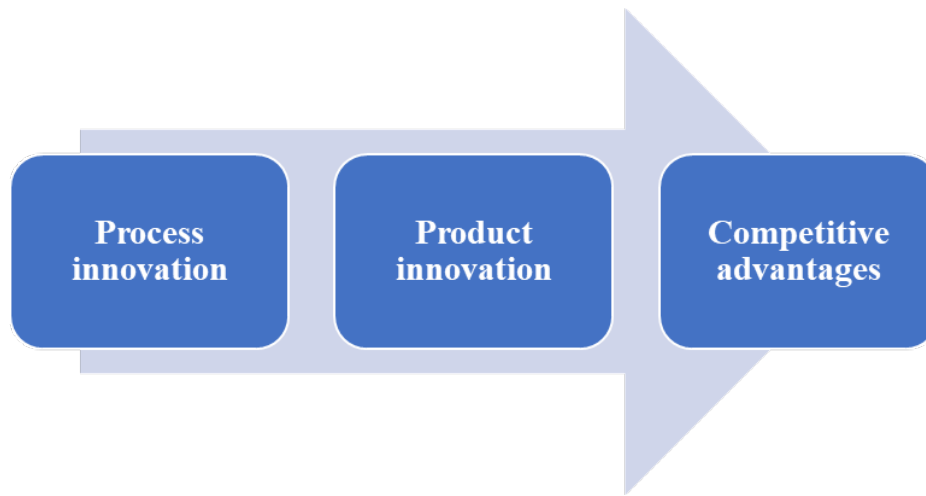


Figure no. 2. Competitive advantage, effect of innovative aspects
Avantajul competitiv, efect al aspectelor inovative

4. Conclusions

Starting from the theoretical aspects presented in the paper as well as based on their exemplification through the case study, it can be argued that there are many advantages obtained as a result of synergy and complementarity between process innovation, products and integration of innovation strategies in organizational strategy. In the context of the implementation of innovation strategies, investments can be made in the development of advanced technologies that can generate competitive advantages over the competition.

Collaboration between innovative companies, support for scientific research and the development of innovation projects are advantages that economic entities must use. Supporting innovation initiatives involves costs that organizations must base on the overall strategy and in particular on innovation strategies.

Approaching a strategy that best corresponds to the internal and external conditions in which the company operates must be the major concern of managers. The formulation of an innovation strategy must generate concrete information regarding: the company's presence on the market; strategies followed at company level; economic objectives pursued; other aspects of the unit's activity.

The identification, maintenance and continued use of the competitive advantages generated by the integration of innovation strategies into the strategy of organizations implies a synergistic approach to all aspects of economics, science and innovation.

As part of innovation management, innovation strategies determine the extent to which innovation can be included in the organization's strategy to determine its competitive advantages.

In order to choose the optimal innovation strategy for their own business, managers must analyze the characteristics of each type of strategy so that they can implement a set of aspects that generate competitive advantages.

Through the case study approached, it was possible to illustrate the fact that, regardless of the field of activity, innovation has the role of generating benefits for the

organization. At British American Tobacco, innovative strategies have contributed to the launch of new products with outstanding features. Because it is a health-damaging industry, differentiating it from the competition can be quite difficult.

A major competitive advantage of including innovations in the field in the company's production activity is the reduction of the impact on health, by producing a range of products less risky for consumers.

The exchange of know-how regarding the development of new technologies, as well as the use of the most advanced materials that can be used in the manufacture of products generates major changes in the history of a sector of activity such as the tobacco industry. be considered an innovative company in its field of activity.

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