MARKETING OF INNOVATION IN TURBULENT MARKET: INTRODUCTION OF AN AMBIDEXTROUS MARKETING INNOVATION PARADIGM

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ABSTRACT
Turbulence, risk and uncertainty are now the normal situation of firms, markets and industries. This normality is underlined by periodic and irregular upturns and downturns which has two main effects. One is vulnerability, against which companies deploy their defensive shield. The latter is opportunity, which should be constantly exploited. This study aims to present a new ambidextrous marketing innovation paradigm for firms which running in a turbulent and complex environment. The model is composed of four main vectors as content, channel, community and context which seem to be influential on stimulating companies' dynamic capabilities to achieve competitive advantage in turbulent markets. It is assumed that these vectors might influence companies’ capabilities to tackle their two substantial issues of survival in turbulent environment which are their vulnerability against ever changing environment as well as discovery and exploitation of opportunities. This study is supported by establishing common domain between complex theory, dynamic capability theory and innovation theory. The theoretical underpinning of relationship between innovation approach and turbulent environments are investigated. The approaches suggested by complex theory are contrasted with innovation orientation approaches to evaluate the validity of model. With finding a clear gap in this research area, the proposed model will provide an illustration of how companies might be survived successfully in a complex and turbulent environment.

Keywords: Competitive advantage, Innovation, Sustainability, Turbulence

1. INTRODUCTION
In year 2000, A.G. Lafley, CEO of P&G realized that they couldn't deliver their planned growth by only increasing on the spending amounts of their in-house R&D. Hence, he shifted from the company's age-old innovation approach which was "invent it ourselves" and instead adopted a "connect and develop" paradigm. P&G realized it could create more effective and cheaper products, even faster, by identifying great feasible ideas across the world and applying its own capabilities to them. For instance, they found better solution for one of their problems by connecting to external communities, and receiving service from a freelancer chemist who geared them with a better solution that they could not get in-house (Huston and Sakkab, 2006). The same holds true for the story of commercialization of automobile by Henry ford. There is his famous statement saying, “If I had asked people what they wanted, they would have said faster horses” (Shih, 2013). Ford did not limit himself to existing customer needs and went far beyond that, however, this does not mean that he had ignored the customers’ needs and wants but it emphasizes on the point that looking for better opportunities through the core of the business would not always lead to adequate innovative result. Better solutions usually could be found out of the box and beyond existing core
business and capabilities. The abovementioned examples imply that there are strategic opportunities outside the core of business which are called white space and firms usually facing great challenges, while trying to identify and harness them (Johnson, 2010). On the other hand, the example of P&G brings this issue on the surface that firms have significant limitation to generate all new ideas, concepts and solutions in-house. To tackle this obstacle they need to be connected to the huge and powerful sources for idea generation out of their own core capabilities and core business. This study intends to present an ambidextrous marketing innovation paradigm which aims to illuminate how companies from marketing perspective can manage to concurrently explore and exploit the strategic opportunities in the white space of market through enhancing organizational ambidexterity to sustain in turbulent market (O’Reilly and Tushman, 2008). The model hinges on four vectors namely content, channel, community and context from marketing innovation standpoint. This study is based on comparison of three main theories such as complex theory, dynamic capabilities theory and innovation theory. The emergence of web 2.0, empowerment of customers, democratization of distribution channels, expansion of the communities and connectedness of society, among other factors have driven companies to a quite new and complex context in which they have to differently devise their marketing strategies and their interactions with market stakeholders. Despite many research conducted in innovation and marketing field, there are very few studies undertaken to broaden the literature specifically in this area. Hence, study at hand draw on existing literature to fill the gap and contribute to adding value to the body of knowledge.

2. SUPPORTING THEORIES
There is bilateral interaction between innovation and increasing level of the complexity and turbulence of business environment (Mason, 2014). The scarcity of resources, necessity for sustainability, and propensity for growth and competitive advantage drive innovative firms to make changes in their business. These changes range from incremental change on the product line, process, technology, channel, business model and to the radical changes which reform the industry structure and business environment (Tinoco, 2009). For instance, the need for broad utilization of computation capabilities in daily life and mandate to overcome such an important shortage drove Apple, IBM and Microsoft just name a few among other major market players to make huge changes in social, economic, and environmental dimensions of society (Kotler and Caslione, 2009). They set new culture, new trends, new industries, new markets, and so forth while delivering new value to the society. In the nutshell, it is to be stated that as Schumpeter (1934) suggested in his creative destruction manifest, the chaotic and complex environment, per se, will result in innovation and those innovation which lie in the radical change, would lead society to another level of uncertainty and complexity which today is becoming as a normality of business environment. Having had this premise, it is perceived that there is intimate similarity and complementing characteristic between innovation, dynamic capabilities and complex theory (Mason, 2014).

2.1. Complexity and chaos theory
Marketers need to be capable of anticipating, tackling and adapting to the external environmental changes. Adaptation in a predictable business environment seems to be relatively manageable. But as the complexity of the environment increases, and changes take place more swiftly, adaptation turns out to be a more difficult and challenging task (Kotler and Caslione, 2009). Edward Lorenz (1963) discovered one of the substantial principles of chaos theory known as the Butterfly Effect. He suggested that the organizational environment consists of a set of relationships among actors, stakeholders and other dynamics that might be out of the control of the organization (Mason and Staude, 2009). Application of the number of
simple rules over iterations can result in creation of the systems. In addition to this there is a fact that interaction of the parts of system which adapt one another has significant impact on the nature and functioning of the system (Meade and Rabelo, 2004). Mason (2014) suggests that the choice of different marketing communications activities is influenced by the nature of the company’s external environment, when viewing the environment through a complexity theory lens. He also argues that the choice of the contents and channels to communicate with customer have more impact over the changes of customer behavior in turbulent market in comparison to more stable situation (Burnes, 2005).

2.2. Dynamic capabilities in turbulent

Eisenhardt and Martin, (2000) argue that dynamic capabilities in turbulent environment are highly experimental and fragile processes with unpredictable consequences. Dynamic capabilities are the key organizational mechanism to match and even to develop changes in the turbulent environments. Hence, effective routines should be greatly adaptive, to fit or generate the required changes, which can make dynamic capabilities with unpredictable results (Cao, 2011). Zollo and Winter (2002) believe that dynamic capabilities originate from the “co-evolution of tacit experience accumulation processes with explicit knowledge articulation and codification activities”. They argue for an equilibrium between explicit learning (Nonaka, 1994; Nonaka et al, 2006) and implementation activities (Christensen, 1997b; Von Hippel and Tyre, 1995), stressing on the critical need for allocating efforts consistently between thinking and practicing. Particularly, in turbulent environment, firms need to tap into dynamic capabilities to be able to sustain their long-run competitive advantage. Cao (2011) suggests that in such environments, dynamic capabilities can develop a path breaking strategic logic of change which can be applied to work out new resource configurations in order to lead the firm into new positions, markets, capabilities and products. Teece (2007) disaggregated dynamic capabilities into three capabilities. (1) to feel and form opportunities and threats, (2) to grasp opportunities and (3) to uphold competitiveness through revolutionizing and reconfiguring the firm’s intangible and tangible assets. He also identified the crucial activities of the firm that are linked to these different capabilities.

2.3. Innovation theories

There are plenty of theories explaining different aspects of innovation. This study picks the most related ones among others to support the concept of ambidextrous marketing innovation paradigm in the context of turbulent environment. Kristal et al (2010) discussed that exploration is the pursuit for novel external opportunities and knowledge. Sarkees et al (2010) emphasized on radical innovation development and enhancing and organizational capability and agility to adapt to the changes of the market. On the other hand, exploitation refers to the employment and alignment of firm’s internal knowledge (Kristal et al., 2010) and processes that enable the firm to figure out incremental changes and tap into opportunities exist in the streamline markets (Sarkees et al., 2010). Subramaniam and Youndt (2005) suggest that exploration and exploitation both playing critical roles in generation and diffusion of innovation. Andriopoulos and Lewis (2009) believe that these innovation processes are also significant factors to keep organizational capabilities in evolutionary process and in turn assist the organizational sustainability. Another theory of interest is the distributed innovation which suggested by Sawhney and Prandelli (2000b). They defined it in conjunction with “communities of creation”. They believed that firms can no longer develop their required knowledge alone in such context but rather they have way to collaborate with their counterparts, external communities, users and customers to generate knowledge. They refer that communities play very important role in knowledge development and specialization, a mechanism that creates linkage between thoroughly open-source approach, closed and
autonomous firm-based approaches. Other approach supporting this study is open innovation paradigm. Open Innovation stresses on integration of technological competencies and various capabilities, outside or inside the firm, and links them to commercial ends (Chesbrough, 2010). NineSigma and InnoCentive are proper example for these type of organizations that tapping into the capabilities of crowd knowledge, freelancers, and specialists and empowering communities of interest to explore and exploit novel knowledge and business value.

3. AMBIDEXTROUS MARKETING INNOVATION PARADIGM
Ambidextrous organization is considered as a new topic in organizational adaption studies (O’Reilly and Tushman, 2013), which is defined as capability of organization to balance explorative and exploitative practices concurrently. Ambidexterity is a sort of reconceptualization of the discussion on dynamic capabilities, which emphasizes on the organizational choice over flexibility and stability, as well as the mode of dealing with innovation, risk propensity, and handling environmental threats and opportunities. The central point that gains interest of researcher about ambidexterity is how dynamic capabilities – the organizational learning methods – which are developed in ambidextrous organizations can tackle the effects of the turbulent market (Güttel and Konlechner, 2009). This paradigm assumes that firms can and should identify and integrate their strategic marketing capabilities in constant discovery and generation of innovation from one side and also diffusion and exploitation of innovation at other side to become fast responsive in interaction with external environment. This takes place through constant receiving and sending signals and content from and to the external stakeholders and market players. The ambidextrous marketing innovation model (figure 1) suggests that four elements namely Content, Community, Channel, and Context, are the main factors which connecting internal capabilities of the firm to its external environment (Sawhney and Prandelli, 2000b). Customers identify and give credit to companies based on the integrity and feature of these essential vectors (Pulizzi and Barrett, 2009).

Figure 1: Ambidextrous marketing innovation model
This model emphasizes on four major factors which seem to be essence of marketing approach. These vectors as presented in (Table 1) can have direct and indirect impact on each other which in turn influence the architecture and design of business model of the firm. The famous statement of ‘Content is king’ refers to the value that embedded in information, massage, knowledge, discourse, and etc. that being transmitted from creator, diffuser and sender to receiver, through channel of communication. Content needs to be of enough value and impact on experience of audience to be attracted, entertained, reacted and probably be transformed in the process of communication by the receivers who in business context are referred to as consumers, users or market actors. The value of innovation content and the rate of its circulation depend on the nature of context, efficiency of channel and collaboration of communities. The theory of reasoned action (TRA) and also the extension theory both support the idea that market actors demonstrate positive behavior towards adoption and diffusion of innovation content only if it is communicated in right context and through proper channel and the actors experience some benefits from that interaction (Röling, 1988, Parminter and Wilson, 2003).

<table>
<thead>
<tr>
<th>Vectors</th>
<th>Ambidextrous marketing model</th>
<th>Exploitative marketing</th>
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<tbody>
<tr>
<td>Content</td>
<td>Novel, disruptive, trend setter, multiactor generated, value based, flexible</td>
<td>adopted, incremental, trend exploitation, ROI based, brand centered, structured, manipulated</td>
</tr>
<tr>
<td>Channel</td>
<td>Organic, disruptive, democratized, assimilator of ideas and innovation, Omni potent and present channels, socially integrated</td>
<td>Mechanistic, structured, authoritative, Diffusion oriented, assimilator of attention, multiple channel, economically integrated</td>
</tr>
<tr>
<td>Communities</td>
<td>Multidimensional, connected externally and internally, Value creators, value oriented, Interactive, heterogeneous Innovativeness, flexible, risk seeking, democratized, Trust based, transparency, consumer empowerment, cooperative, future back, co-creation, co-design, value exploration based, long term orientation, opportunity generation, social shopping</td>
<td>Formal, department based, strategic partners, organized, homogeneous Efficiency, stable, risk averse, autocratic, Profit based, limited information, brand empowerment, competitive, present forward, co-production, co-development, value exploitation based, short term orientation, opportunity exploitation, personal shopping</td>
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Marketing innovation paradigm mainly substantiates the generation and flow of innovation content which is the essence of innovation through community and channel in a appropriate context (Hafkesbring and Schroll, 2014). Basically this model emphasizes on the opportunities exist for companies to generate diverse spectrum of marketing strategies based on what features of these vectors they decide to use as ingredient of their marketing strategy.

4. CONCLUSION

The main redeeming feature of this model is being ambidextrous which is combination of explorative and exploitative perspective that illuminates how companies with high dynamic capabilities can identify their surrounding opportunities and threats in order to tap into or handle them while interacting with their turbulent environment. There is not one best fit-size innovative marketing model for all companies, because the main components of the firm and environment are quite dynamic and they keep changing based on the interaction of the actors in different times and contexts. Any small change on a component such as content has potential to lead to a significant change in context, community and channels’ nature and vice versa.
LITERATURE


