Innovation Strategies and the Business Perspective: A Synthesis of Existing Research and a Composed and Comprehensive Framework

Ahmet Çubukcu*, Yekta Özcan Özözer**, Ayşe Hande Erol Bingüler***

Necmettin Erbakan University, Turkey*
Sürekli Gelişim Consulting and Training, Turkey**
Marmara University, Turkey ***

Received: April 26, 2023; Revised: July 14, 2023; Accepted: Oct 5, 2023

Abstract: Innovation has a direct impact on competitive business environments. Nowadays, it is an ordinary need for organizations to implement and pursue innovative business strategies. For this purpose, many innovation-oriented strategies have been developed. The analysis and observations we made within the framework of our literature analysis show that a more unified, comprehensive, and holistic innovation strategy approach is needed. The innovation strategies of organizations should become a dynamic structure due to the unsteady conditions of the market and competitive environment and the shortening of product life cycles. Therefore, we proposed a new synthesized innovation strategy framework focused on the needs of different businesses.

Keywords: Agile strategy, Blue ocean strategy, Business model, Innovation strategy, Strategy

Introduction

With the emergence and implementation of innovations in today's business world, perpetual competitive advantages have begun to emerge (Lee and Yoo, 2021) (Sulistyo and Ayuni, 2020). Innovation contributes a sustainable benefit to the extent of embracing opportunities for achieving profit maximization through customer orientation in specific markets in which organizations still maintain business operations (Doner and Efeoglu, 2020). Many studies show that innovation has a direct effect on domestic and international markets on business performance as well as competitive benefit and an organization’s success (Ali et.al.,2020) (Hameed et.al., 2021) (Striteska and Prokop, 2020). Porter and Ketels (2003) demonstrated that innovation is widely seen as the basis of a competitive economy, and business success in the market is also dependent on goals and strategies.

Innovation is about creating “added value” or “improvement” to a product or service, a process of production, or making the business differently (Kline and Rosenberg, 2010) (Striteska and Prokop, 2020). This process consists of developing, implementing, and putting innovative ideas to the market. We should consider innovation as an ecosystem structure that is not only

https://doi.org/10.51659/josi.23.192
something new and valuable for someone but also includes collaboration, mechanisms of competition/substitution, and items like products, services, resources, technologies, etc. (Granstrand and Holgersson, 2020). Innovation practices should therefore be considered holistically, and it should require a more comprehensive strategy.

Niewöhner et al. defined six fields (impulses for innovation, idea generation, innovation organization, culture, strategy, and implementation) of action for all innovation management activities as a holistic picture of connections (Niewöhner et al., 2019). Adams et al. (2006) examined the innovation management literature in seven categories. These include input management, organizational culture, innovation strategy, knowledge management and structure, project management, portfolio management, and commercialization. Igartua et al. also reviewed the literature and found that innovation management consists of different components and requires management of a variety of areas, including the strategy of innovation (Igartua et al., 2010).

Strategy emerges as one of the most important components of an organization’s innovation activities. While the literature argues many aspects of innovation such as lean startup, design thinking, and open innovation, there is a need for a holistic and systematic approach to show how organizations might create unique value in the presence of competitors (Felin and Zenger, 2020) (Felin et al., 2019). At the same time, many organizations have a business model, but many of them do not have a strategy/a plan of action for possibilities that may arise. For example, Stammnitz et al. studied medium-sized companies, the strategy process confronts these with major tasks, while many of them do not have a clear strategy process. According to 16 expert interviews, a guideline is developed that contains models of the documentation of the strategy process with checklists (Stammnitz et al., 2023). In this case, innovation strategies are starting to play a critical role in the use of the right innovation tools, techniques, and processes. In other words, the strategic attitude of an organization shows its innovation behavior (Ammar and Chereau, 2018). According to Felin and Zenger, increased attention to firm-specific theories and associated searches will yield more powerful models of both strategy and innovation (Felin and Zenger, 2020).

The importance of strategy in innovation and the gap in the literature in this field led us to the need to frame an innovation strategy for organizations. First, we review studies on innovation strategies and strategy typologies of innovation put forward by different authors. Then, we examine the most buzz approaches and frameworks such as Porter’s Generic Competitive Strategies, Blue Ocean Strategy, Agile and Open Innovation Strategies, and Business Model Strategy related to innovation and strategy. After that, we observed the need for a unified and holistic strategic framework that includes and combines existing studies. Thus, we offer a comprehensive and systematic innovation strategy framework that can be applied in different businesses and sectors, including existing studies. We also present this framework by supporting it with a guideline set and two firms’ perspectives.

**Innovation Strategies**

The question of which innovation strategies to pursue is critical, because organization executives have multiple strategies for achieving innovation at their disposal (Rothaermel and Hess, 2010). Innovation strategy is generally known as an organization’s innovation posture regarding its competitive environment in terms of its market
development and new product plans (Dyer and Song, 1998). Researchers generally have modified studies from strategic management research to explore innovation strategy's nature, existence, and extent (Felin and Zenger, 2020).

Many organizations do not have an innovation strategy (Pisano, 2015) (Minaeva et al., 2018). While organizations generally have a business strategy that includes finance, marketing, research, and development (R&D) activities, most of them rarely align innovation efforts with their business strategies.

Within the scope of strategic planning, organizations can have many sub-plans and strategies. As with many strategies, innovation strategies also start with a clear understanding and defining achievable goals to sustain the competitive advantage in the market or create an uncompetitive market (Pisano, 2015). According to Pisano, a robust innovation strategy should answer the following questions: 1. How will the value of innovation be created for potential customers? 2. How will the organization capture a share of the value of its innovation generation? and 3. Which types of innovations allow the enterprise to create and capture value and what resources should each type receive? (the need for efforts on technological innovation or business model innovation) (Pisano, 2015).

There are various typologies for the strategy and innovation setting of organizations. These typologies are commonly based on the time of entry of the product on the market in the organization’s strategy department or innovation policy in the competition area (Moraes et al., 2010).

**Innovation Strategy Typologies**

The first historical typology was suggested by Ansoff and Stuart (1967), as shown in Table 1. Pisano (2015)’s three strategic pillars mentioned above can be supported by the typology proposed by Ansoff and Stewart (1967), where the strategies are based on marketing such as the time of the product entrance of the market (Ansoff and Stewart, 1967), market segmentation or cost minimization supports Pisano’s first and second strategic pillars. To be first on the market is related to creating a temporary monopoly market and enabling the organization to capture a share of the value from its innovations. This can be done with strong R&D facilities, creating new business models or technological innovations that support the third strategic pillar suggested by Pisano (2015). Following the leader or being second in the market means following a stance close to the first. The third item in Ansoff and Steward’s model is related to creating niche markets with strong engineering applications. The last strategy focuses on increasing efficiency and reducing costs with process and product innovations.
Table 1. Typologies for innovation posture

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First on the market</td>
<td>Prospectors</td>
<td>Leader</td>
<td>Proactive</td>
<td>Offensive</td>
<td>Exploitative</td>
<td>Rationalist</td>
<td></td>
</tr>
<tr>
<td>Follow the leader or second on the market</td>
<td>Defenders</td>
<td>Follower</td>
<td>Reactive</td>
<td>Defensive</td>
<td>Explorative</td>
<td>Incrementalist</td>
<td></td>
</tr>
<tr>
<td>Engineering application and market segmentation</td>
<td>Analyzers</td>
<td>Niche</td>
<td>Imitator</td>
<td></td>
<td></td>
<td>Traditional</td>
<td></td>
</tr>
<tr>
<td>“Me Too” or Minimization of Cost</td>
<td>Reactors</td>
<td>Rational</td>
<td>Dependent</td>
<td></td>
<td></td>
<td>Opportunist</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from (Hong et.al., 2011), (Moraes et.al., 2010)

The second milestone in the typology belongs to Miles et al. (Miles et.al., 1978). They made a classification of a competitive environment. We can combine these strategies with Gilbert (1994)’s proposed strategies. Miles et al. proposed defenders, prospectors, and analyzers as proactive strategists. Defenders enact a stable organization and try to maintain it in a narrow market (Miles et.al., 1978). Although they are open to certain innovations within their fields, they hardly go out of their boxes. They attempt to improve efficiency in existing domains. Prospectors respond to the target market in a manner that is almost the opposite of the defenders. They always try to find and exploit new products and market opportunities and may use Blue Ocean Strategies. The Analyzer is a unique combination of defender types and prospectors. They try to minimize risk factors while maximizing market opportunities. In other words, they try to take advantage of both methods. The Reactor is a “residual” strategy arising when one of the other three strategies is inappropriately pursued (Minaeva et.al., 2018). They are aware of the change but do not take a step toward it.

The typology of A. D. Little (1981) consists of four strategies. Leaders form and maintain a competitive position through exploitation and development in a certain market, providing a dominant position in this market. Followers try to maintain their positions in the market by focusing on organizational strategy rather than technological leadership. The niche strategy is to emphasize a limited number of critical technologies to seed leadership. The rational strategy comprehends the strategy that keeps knowledge in a selected group of technologies (Moraes et.al., 2010).

The other milestone in the typology belongs to Freeman and Soete (Freeman and Soete, 1997). Offensive strategies are mainly based on the other authors’ contributed strategies: Prospectors,
leaders, or first on the market. Defensive strategies are also strongly related to the defenders’ strategy of Miles et al. (Miles et al., 1978). Imitators are those who follow the leader or consent to be second on the market. Dependent strategies are reactive strategies defined also by Gilbert (1994) and defined as reactors by Miles et al. (1978) (Gilbert, 1994). Changes in the product in these strategies can be made only in line with the demand of the market. Traditional strategies are those with the least innovation activities because the market has no such expectation. The focus is on areas such as process improvement and quality. Opportunist innovation strategy focuses on the weaknesses of the competitor and enables the organization to make the most of the opportunities in the market and act.

He and Wong (2004) considered exploitative and explorative innovation strategies. Exploitative innovation strategy consists of a reaction to basic knowledge and learning and results in adjustments to technological practices. Inversely, the explorative innovation strategy is related to the search for new knowledge and technologies (Morgan and Berthon, 2008).

Another and last strategy typology of innovation belongs to Tidd et al. (Tidd et al., 2005). They argued that the strategic approach pioneered by Michael Porter correctly identifies the nature of the environment to enable enterprises to position themselves against competition but underestimates the power of technology and new product development. They put forward two innovation strategies: rationalist and incrementalist strategies. Rationalist strategy is strongly based on strategic planning where we first analyze the environment, then determine, and implement an action plan considering the analysis. Incrementalist strategy can be evaluated as an agile strategy. This strategy argues that a complete understanding of change and complexity is impossible. Therefore, the ability to comprehend both the present and future predictions is unavoidably limited (Tidd et al., 2009). Strategists should be ready to adapt the strategy in terms of new understandings and developments.

While the section up to this point is more generic and high-level strategies, more market- and business-oriented strategies are discussed in the subsections.

Porter’s Generic Competitive Strategies

It is also important to examine the general strategies that support innovation along with the innovation-oriented strategies. In his Generic Competitive Strategy analysis, Porter argues that if an organization positions itself well either at a “low cost” or “differentiation” position, it may earn high rates of return, although the industry structure is unfavorable and average profitability is therefore modest. Each of the generic strategies includes an essentially different route to competitive advantage, combining a choice about the type of competitive advantage sought with the scope of the strategic target by which competitive advantage is to be achieved. Cost leadership and differentiation strategies pursue competitive advantage in a broad range of industry segments, while focus strategies aim at cost advantage or differentiation in a narrow segment (Porter, 1985).

Porter’s generic competitive strategy positioning is complementary to Ansoff and Stuart’s (1967) Model (Ansoff and Stewart, 1967), as shown in Figure 1. The researchers’ “Me Too” or "Minimization of Cost“ strategy is coinciding with Porter’s “Lower Cost” generic positioning. “First on the market” can reinforce an organization’s competitive strength on either of Porter’s competitive advantages as it can also create a scale of the economy by being first in the industry.
Figure 1. Porter’s Four Generic Marketing Strategies (Porter, 1985)

<table>
<thead>
<tr>
<th>Competitive Scope</th>
<th>Competitive Advantage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad Target</td>
<td>Lower Cost</td>
<td>1. Cost Leadership</td>
</tr>
<tr>
<td></td>
<td>Differentiation</td>
<td>2. Differentiation</td>
</tr>
<tr>
<td>Narrow Target</td>
<td>3A. Cost Focus</td>
<td>3B. Differentiation focus</td>
</tr>
</tbody>
</table>

Blue Ocean Strategy

The Blue Ocean Strategy (BOS), developed by Kim and Mauborgne (2004), creates new markets by including differentiation and low cost. In their study, 150 significant strategic tactics in 30 different industries and 108 new organizations were examined. Only 14% of these organizations were successful in raising new markets. However, 61% of total profits came from these takeoffs creating new markets, which authorizes the significance and effectiveness of Blue Ocean Strategies in increasing profitability (Mızrak and Baykal, 2019). If an organization chooses to relocate into a new market space where there is a marginal competition or changes its product dynamics, it is called the Blue Ocean Strategy (BOS) (Gwal and Gwal, 2016). With BOS, there is a pursuit of fulfilling customers’ needs by creating new values through the configuration of the organization’s strategies (Kim and Mauborgne, 2005b). Blue Oceans can also be created from scratch to create an uncontested market, which could be an opportunity for highly profitable growth for a company (Kim and Mauborgne, 2005a).

Hong et al. noted that because of overcrowded supply and declining demand, there is only limited room for real growth anymore (Hong et al., 2011). Therefore, instead of focusing on competition in existing markets, BOS posits value innovation to create an uncontested market space and break away from competition to achieve highly sustainable and profitable growth. The cornerstone of BOS is value innovation, which means pursuing low cost and differentiation simultaneously to create a leap in value for both buyers and organizations to break from the competition and create uncontested market space and new customer demand, and we can point out that this leap also completes Porter’s cost leadership and differentiation Generic Competitive Strategy positions.
In line with Ansoff and Stuart’s (1967) First on the Market, A. D. Little’s (1981) Leader, Gilbert’s (1994) Proactive, and He and Wong’s (2004) Explorative strategies, the Blue Ocean Strategy is a strategy of departure from the typical existing market.

**Agile, Start-Up, and Open Innovation Strategies**

When we look at the development of strategy typologies for innovation posture, agile innovation strategies become compulsory in an environment that consists of increasing uncertainty, rapid information dissemination/adaptation, and intense competitiveness. The growth of digitalization in technologies and the increasing innovation digitalization processes highlight significant enhancements in various business and innovation processes (Andersen, 2020).

Agile innovation strategies force the push to push the boundaries of the organizational innovation system and make it permanent (Böhmer and Lindemann, 2018). According to Böhmer (2018), the agile innovation strategy takes inspiration from start-up strategies to manage the fuzzy-front end of innovation. Strategies should be self-managed, user-focused, and consist of interdisciplinary teams. Close collaboration, flexible communication, a learning culture, and continuous improvement are key elements of an agile innovation strategy.

Open innovation strategies in which an organization exploits knowledge sources and connections to partners encourage flexible and agile innovation strategies despite market competition (Muguira, 2014). Böhmer (2018) also stated that agile innovation strategy manages the fuzzy front end of innovation, which is an important branch when implementing open innovation strategies (Böhmer, 2018). Schamberger et al. proposed that organizations should work together with several external innovation partners in exploration and balance these collaborations (Schamberger et.al., 2013). In this context, we can demonstrate that the agile innovation strategy should include: 1. Start-up strategies and 2. Open innovation strategies to better exploit higher capacities out of the organization itself.

**Business Model Strategy**

Although the concept of a business model has a history of over 60 years, it has often recently been associated with innovation in the literature (Chesbrough, 2010) (Lindgardt et.al., 2009) (Massa and Tucci, 2013). Briefly, the common use of business model terminology seems to be intrinsically connected with technology-based organizations. Internet-based organizations could not be valued based on their past performance since there were no precedents and this situation resulted in the term innovative business models (DaSilva and Trkman, 2014). While there is no single consensus definition of a business model, we can define Business Model Innovation (BMI) as the process of integrating a new logic of doing business into an established firm to create and capture value or to capitalize on new business opportunities (Trapp et.al., 2018). The business model states how an organization will create revenue from its concept offering and control costs through its operations to produce profitability (Niewöhner et.al.,2019).

While research on BMI is extensive across a variety of fields, including technology, strategic management, information systems, and innovation management, it is still at the beginning of its academic elaboration when compared with other studies in the field of innovation (Remane et.al., 2017). To avoid conflicts when participating in a new business model, managers should establish a concern on understanding the BMI content and effects that are collectively shared at all levels of the organization (Osterwalder and Pigneur, 2010).

Another related area of the business model and innovation is strategy. Business Model redirects an organization’s realized strategy. (Casadesus-Masanell and Ricart, 2010), and BMI is the
implementation of a business model that is new to the organization (Björkdahl and Holmen, 2012). BMI is the realization of the appropriate strategy determined by the organization to synchronize with changing internal and external contingencies effectively (Ammar and Chereau, 2018). Lanzolla and Markides accept that the business model is consistent with strategy, and it does bring a different lens to examining competitive advantage, one that has at its heart the construct of interdependencies among value chain activities (Lanzolla and Markides, 2020).

A Comprehensive Innovation Strategy Framework for Business

Methodology and Analysis

In this study, we conducted an exploratory analysis. Through the exploratory analysis of the literature addressing the review of studies on innovation strategies, strategy typologies of innovation, and the most buzz approaches and frameworks, we observed the need for a unified and more holistic strategic framework that includes and combines existing studies. We asked the following two research questions when conducting the exploratory literature analysis: 1. Are there any innovation strategies that have been put forward to guide businesses? 2. To what extent do current innovation strategies support businesses in creating a realistic innovation strategy?

To the extent that the literature responds to our research questions, we offer a comprehensive and systematic innovation strategy framework presented in Figure 2 that can be applied in different businesses and sectors, including the most existing studies that we examined. We also present this framework by supporting it with a guideline set and two firms’ perspectives.

We have seen that many structures support our first research question. These strategies guide the business to a certain extent by focusing on innovation and strategy. The point that these typology strategies generally lack is that they did not go beyond the categorization structure or none of them presents a “comprehensive model” directly applicable to organizations, covering from the beginning to the end by a step-by-step guideline. BOS, Business Models, and Agile-oriented strategies present some theories and practices for their specific areas. Nevertheless, with changing market conditions and developing technology, a more synthesized and unified framework starting from a larger market analysis, then finding the opportunity segments till delivering innovative products/services and indicating the interactivity among these steps is needed for enterprises.

Within the framework of our second research question, we observed the need for a unified and more holistic strategic framework since recently developed strategies should be dynamic, inclusive of rapidly changing market conditions and newly developing business opportunities. The structure that we revealed is supportive and complementary to the existing innovation strategy typologies. Our main motivation and aim are to reveal an applicable innovation strategy by supporting the framework model we have put forward with cases from existing businesses.

In this part, we combined a literature search, found some missing parts of the present frameworks or mindsets, and brought them together, demonstrating that indeed they support each other in a larger framework that is coherent with market cases. The 8-step Innovation Strategies Framework of the ComplInnoS model in the current literature is presented in Figure 2, and why all these 8 stages should be addressed adaptively are explained below.
Step 1:
An organization should first determine its values, mission, and vision preferably with its key stakeholders. Then its (main) “Corporate Strategy” and “Goals” must be set forward as the top level of the organization’s overall strategies, since its Innovation Strategies and Organization Operations need to be aligned with its Values, Mission, Vision, Corporate Strategy, and Goals.

Step 2:
Many innovation trials suffer from the fact that innovation potential in terms of market size, market growth potential, and reachable profits are very limited, or sometimes these markets are already in saturation and values are migrating out of them. Organizations initially need to assess the size and future expansion potential of the markets to be invested in, even when they try to develop breakthrough innovative products or services.

Step 3:
Market analysis in Step 2 might be affected by the change dynamics triggered by many outside factors in the environment and vice-versa. Therefore, External Factors and Consumer Trends must be analyzed, even for B2B Organizations as their customers will eventually be affected by the latter.

Steps 4, 5, and 6:
After understanding the market potential and external factors, an organization needs to form its business strategies, which are formed of Marketing, Operational, Technological, Financial, and HR Strategies in Step 4. These strategies will be transformed towards organizations’ field operations as Functional Strategies and Innovation Strategies in Step 5 to deliver business results more concretely while searching for potential new markets in Step 6. Step 6 is needed since all these dynamics together with existing competition levels in these markets will also enable the organization to realize profits at high potential zones which will affect Business Strategies (in Step 4) and Functional Strategies and its position in the Innovation Typology.
Steps 4, 5, and 6 are methodologically highly interactive among themselves. After defining rising markets and their market and external dynamics in Steps 2 and 3, an organization might also define new high-potential submarkets in Step 6 to form the right marketing strategy in Step 4 and a Functional Strategy combined with an innovation strategy in Step 5.

Similarly, in each of the 8 steps in general, Business Strategies as the core at Step 5, influence one another in a due innovation process, as the market and external factors change as well as Functional Strategies and organization culture and internal dynamics develop together. Therefore, organizations should refine their innovation strategies while progressing on these steps and delivering business results.

Step 7:
At the right potential market defined in Steps 2, 3, and 6 and using the right Business Strategies, including Business Model (Step 4) and value formation as well as the most suitable Innovation Typologies in Step 5, the organization needs to install a proper Organizational Structure and Operations at Step 7.

Step 8:
The organization’s “Business Strategies” in Step 4 and its Operations in Step 7 must be reviewed and must then need to be revised by “Compliance & Controls” procedures.

Guidelines and Toolsets Supporting the Framework
As a further step, we have provided practical guidelines and toolsets for the Innovation Strategies Framework (the ComplInnoS Model) for organizations and managers to apply in their businesses. These guidelines and toolsets enable the theoretical framework to achieve business results in different industries’ specific conditions, product groups, and market and environmental conditions. Like the framework itself, these practical steps are also in an interrelated structure as shown in Figure 3. We try to explain in detail below some already existing industry practices that fit to our proposed framework.

Fig.3. A Composed and Comprehensive Innovation Strategy Framework CompInnoS (in regular fonts) having the Innovation Strategy Guidelines (in italics)
As noted in the framework, an organization should first determine its values, mission, and vision and determine its “Corporate Strategy” and “Goals”. First, the organization can use practical strategy tools such as the BCG matrix or the GE McKinsey matrix to compose its top-level corporate strategy.

Step 2:
An important stage in discovering the innovation potential is the initial search for the market size, future growth potential, and competitive environment. At this step, organizations can use Porter's Five Forces Analysis, market surveys, focus group works, qualitative interviews, as well as some internet-based search resources like ITC's Trademap, research reports, social media listening, etc.

Step 3:
In field application, organizations can use Consumer Trends analyses and the typical PESTEL/PESTLE (Political, Economic, Social, Technological, Legal, Environmental) aspects tool in Step 3. These external macro dynamics may increase or diminish the innovation future potentials of the targeted markets in the coming periods. Organizations might need to review and revise their Corporate and Business Strategies in a more dynamic form due to today’s increasingly volatile, uncertain, complex, and ambiguous VUCA world.

Steps 4, 5, and 6:
In the business application of Steps 4, 5, and 6 of the frameworks, organizations may start with Porter’s Generic Marketing Strategies to determine their marketing positions, which will also influence their Business Strategies. For instance, if the unreached potential profit zone is at a high-income narrower market, then Differentiation Focus with high quality and innovative products might be a better strategy for the organization in Step 4. This might be supported by...
the “First on the market” position at Step 5 to attract high-income customers by giving a perception that it is “this corporation” that enables product innovations to emerge and ensures this high quality.

Also in applying to their businesses, organizations need to consider Business Strategies in Step 4 and Functional Strategies in Step 5 reciprocally affecting each other, either; i) to “Strategically Fit” their structures, cultures, resources, and capabilities with their existing environment, or ii) “Strategically Stretch” all these factors with the new opportunities can be found at Step 6 in their external environment, or iii) both of approach simultaneously. Through Step 2 and Step 3, they eventually have also to be matched from-bottom-to-up and from-top-to-bottom by Corporate Strategies, to overcome any possible Strategy Gap (McKeown, 2012).

In the targeted market defined in Steps 2, 3, and 4, supported by the strategic and innovative models in Steps 4 and 5, there must also be value created for the targeted customers, and the organization must benefit part of this value. This is why in Step 6, the organization needs to focus on creating and sharing this value, which will eventually turn into a sustainable profit stream through sound Business Strategies in Step 4, and this strategy may be supported by the Business Model Canvas or Lean Canvas.

As a guideline for many industries, the level of competition in a targeted market is highly influential on the profit margins and hence on Business Strategies and generally also on the Business Model of Step 4. In a targeted market, there may be some Blue Ocean opportunities found in Step 6, where the competition is very low in these areas, presenting much more lucrative profits compared to highly competitive Red Ocean markets.

The high-profit potential of Blue Ocean zones can be better exploited using certain Business Models suggested by Porter’s Four Generic Marketing Strategies. For example, if there is an untapped huge potential low-income consumer market, the organization might use a Cost Leadership strategy for this Broad Target-Low-Cost market in Step 4. Here, “Me Too” or Minimization of Costs with low-cost operational and supply chain expenses (rather than high R&D expenses for new products) will be a supportive innovative strategy for this organization in Step 5 to expand its client base.

Step 7:
Organizational operations are where our framework turns into business reality. To establish a proper organizational structure and operations, an organization can simultaneously use digitalization, the right HR policies, Talent Selection, Development and keeping HR Intellectual Properties (to generate organizational IPs), Open Innovation policies, agile teams, and strong leadership to preserve its business continuity.

Step 8:
While the organization’s strategies and its business operations are reviewed by “Compliance & Controls” procedures, some of these operations may urge Compliance, Governance & Controls to be amended as the latter sometimes needs to be tightened (for example due to rising Cyber Security risks) or relieved (i.e., to increase the operational processes).

Applying the Framework: Southwest Airlines and Ryanair Perspectives

The organization, after setting its Values, Mission, and Corporate Strategies, may conduct Market Research and Targeted Market Size Analyses (in Step 2) and take into consideration Consumer Trends & Political, Economic, Social, Technological, Legal, Environmental
(PESTLE) Trends (in Step 3) by exploiting definitely “Increasing Travel/Vacation”, “Economical Lifestyle”. Perhaps “Lifelong Learning” and “Fantasy Adventure” consumer trends (Mann and Ozozer, 2009) may focus on the low-cost traveling industry, which also coincides with the Economy and Social parts of PESTLE. It can also use some developments in the technological aspect of PESTLE to create more and more opportunities for web- and mobile-based distance services, solutions, and automated daily operations or solutions, while it may force organizations eventually to relinquish their conventional sales channels or manual operations. Consequently, the Human Transportation Services industry can be evaluated as a potential for high growth and promising business opportunities.

This guide the company in Step 4, as **Southwest Airlines** in 1973 in the US or **RyanAir** in 1985 in Ireland/Europe, to launch a low-cost carrier airline service to choose Porter’s “Cost Leadership” strategy. Here, the “Broad Target” Competitive Scope is to increase the economies of scale and higher number of lines synergy, which can then be best achieved if it is “first” in Step 5 in that segment of their country markets of Ansoff & Stuart’s approach and followed by the Blue Ocean Strategy in Step 6 as it also creates an untapped potential sub-market in the entire airline services industry. As can be easily seen in these steps, Porter’s “Cost Leadership”, which is generally better achievable by a “Broad Target” (since the more consumer it has, the lower its per consumer cost) and by being “First” in this newly discovered Blue Ocean market. For instance, the classical airline industry might not offer high-profit margins in the next decades, even when they offer an innovative service, due to cut-throat competition in the market, unless they find very niche areas. On the other hand, traveling to space might present much higher profit margins triggered by new developing technologies, as this is a not-yet-fully-explored potential Blue Ocean market.

In Step 8, new Low-Cost business venture addresses Pisano’s three questions as follows: 1. Creates value for both non-flying people in the low-income segment of the market for them to fly and those in other segments who wish to fly cheaper. 2. Being the “First” in this sub-market will possibly enjoy capturing profits. 3. Our company will need an innovative Low-Cost Business Model (which also refers to Step 7) that will use software & technologies in all its operations, ticketing, reservations, etc. through internet channels as well as some CRM applications. SouthWest Airlines & Ryanair and their operations have been run through an Innovation Leadership, which enables these enterprises to benefit from Agile, Digitalization, Motivated and Creative Employees who also develop creative solutions (Ozozer, 2017) and its Innovative Culture in improving customer services and solutions (and if needed Open Innovation let say with its passengers).

**Applying the Framework: Samsonite International S.A.’s Perspective**

In another case, a Hong Kong-based company is chosen. The company conducts some market research and targeted market size analyses (in Step 1) and when considering Consumer Trends & PESTLE (in Step 3), it determines that there are “Increasing Travel/Vacation”, “Wander Luxe” and perhaps “Brand Addiction” “Fantasy Adventure” consumer trends (Mann and Ozozer, 2009), which might be beneficial for the luggage industry if high quality, durable and functional luggage are offered to certain segments of consumers (in Step 4). Offering high-quality (“Differentiation”) pricy products will naturally urge them toward a narrow target scope, resulting in a “Differentiation Focus” strategy. Its early entrance into that luggage industry’s that sub-segment (i.e. “First” mover in Step 5) will help creating a new lucrative and fresh Blue Ocean segment (in Step 6). For Pisano’s three questions (in Step 8), this move will generate both values (1. New value for high-segment people by offering them light but strong,
high-quality luggage, services, and product guarantees, and 2. Value for Samsonite International S.A. as its sales will have a high-profit margin and 3. This will necessitate the company to use high engineering solutions in its strong R&D department in the US, Belgium, and Asia, particularly in material composition and design research and a Business Model (also Step 7) by which the organization offers value to customers penetrating by local dealers in almost all major cities and major airports.

Samsonite International S.A. through Innovation Leadership may also use Agile, Digitalization, Motivated and Creative Employees in offering better customer services and solutions (Ozozer, 2017). With its strong Innovation Culture, Samsonite can follow open innovation strategies in its US and Belgium R&D centers, particularly with consumers to better understand their needs and with universities and research institutions in developing strong, light, functional suitcases.

As seen in the practices of three real-life cases, the “intra-active” (Transactional) 8 steps in our framework (ComplInnoS) provide a coherent strategically innovative roadmap. Market Research and Targeted Market Size analyses (in Step 2) will be much healthier if these are supported by related Consumer Trends and PESTLE effects (in Step 2) on these market analyses in deciding the right potential market(s) to go in. Unless the company does not position itself at the strategically best point in Porter’s generic marketing grid, it cannot launch a successful venture (in Step 4).

Porter’s model and Ansoff & Stuart’s approach together co-create a more balanced and complementary sub-structure. For example, a company that desires to position itself at Porter’s “Cost Leadership” needs to follow Ansoff & Stuart’s “Cost-Minimization” innovative strategy, while a “Differentiation Leadership” mostly needs to be supported by successful R&D engineering projects, or vice-versa. Not all but some of these strategic fits like these two last ones (and some Potential new market searches) might be supported by Blue Ocean opportunities. On the other hand, each of these four strategic fits should address Pisano’s three questions positively (in Step 8) and constitute a right Business Model if the company wishes to be successful in innovation.

Conclusions and Discussions

Innovation strategies constitute a very important and critical stage in the field of innovation management. The innovation literature argues that there are many mechanisms for the innovation process to quickly engage with stakeholders and learn from their feedback, but no featured mechanism shows how firms might create unique value in the presence of competitors. Also, many organizations have a business model and business strategy, but many of them do not have an innovation strategy. To fill this gap, many typologies of innovation strategies have been proposed over the years. The point that these typologies generally lack is that they did not go beyond the categorization structure. The buzz approaches and frameworks are in presence of a great contribution to innovation and strategy practices, but they have some missing parts when we look holistically. To fill this gap, we proposed a framework, supplemented the framework with some guidelines and toolsets, and used some organizations’ perspectives to reinforce the framework.

The framework we propose is necessary for transforming high- and low-level strategies and at this stage to reveal successful innovations in environments where uncertainties and variability
are high. For example, agile approaches do not reveal much about market research or new market opportunities, and the Blue Ocean approach does not indicate much about the operational dimension. Likewise, traditional strategic approaches fall short in understanding and analyzing the customer. Although each existing framework and approach fills an important gap in terms of literature and practice, these frameworks and approaches should be considered holistically and should lead organizations step by step where necessary. In this study, this relationship and connection has been tried to be constituted. The contribution of a structure where practice and theory are intertwined to corporate strategies is inevitable. In this way, the study offers the following contributions.

Theoretical Contributions, Limitations, and Future Studies

“Innovation strategies” are not generally studied as part of innovation management as a holistic approach in the literature. In other words, we see the implementation of specific innovation strategies rather than the strategy of innovation. By examining the limited studies on the strategy of innovation, we answer the first research question: Are there any innovation strategies that have been put forward to guide businesses? Table 1 shows the strategy typologies for innovation posture. These typologies are very convenient for classifying the strategies in the field of innovation. But they do not provide enough information about how the innovation strategy roadmaps of enterprises should be. Forming a business strategy supported by a sound business model, finding new markets (like BOS), and Agile-oriented strategies fill these gaps to a great extent. Nevertheless, with changing market conditions and developing technology, a more synthesized and unified framework is needed for enterprises. This answers our second research question: 2. To what extent do current innovation strategies support businesses in creating a realistic innovation strategy? Therefore, we put forth a unified and holistic strategic framework that includes and combines existing studies.

The first serious theoretical contribution of our study is to bring these typologies, frameworks, and approaches, which are used to address relatively narrower spans, to end-to-end broader areas in a more exploratory and complete framework, where one’s output is an input for another, as shown in Figure 3. The second contribution is to match this framework with already existing successful innovative products and services, demonstrating that practical implementation to the market is possible.

We expect to contribute to the literature on the strategy of innovation. The main limitations of this study are the limited number of studies in the field and the inadequate observation of data-focused results. In future research, in terms of effectiveness, we want to implement our proposed framework and perform a real-life study to obtain results as an innovative business strategy.

Managerial Implications and Future Studies

The main contribution of the study is practical. While the theoretical contribution is the bringing together of the existing studies in a certain harmony, the output of this harmony guides the organizations in the determination and implementation of innovation-oriented strategies. Our study can contribute new solutions for “how the company should be positioned in the ecosystem of innovation” by combining the perceptions of managers. In future research, this framework will be applied to some enterprises selected to measure the effectiveness of the draft. It can be easily implemented by determining key factors for each step.
References


Ozøzer, Y.O. (2017). 27.5 Methods of Creative Thinking (Yaratıcı Düşünmenin 27,5 Yöntemi), MediaCat Books.


