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Developing an Organizations Competitive Strategies: Staying Ahead of the Competition

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Abstract. As organizations face increasing levels of competition, the need to have a sustainable competitive advantage grows ever more important. Organizations are required to be more flexible, adaptable to the changing environment in the market, nurturing their core competencies to stay ahead of the competition. In order to be able to compete successfully, organizations need to craft strategies that dictate the moves and approaches needed to achieve its targeted objectives and how it intends to stay ahead [5].

Keywords: Strategy, second to market strategy, fast mover strategy, competition, competitive strategy, innovative culture strategy

1. Introduction

This paper evaluates two (2) different strategies that have been embraced by global organizations and discusses some of the factors that contribute to the successes and failures of these particular types of strategies. The strategic positions that are to be discussed are the second to market strategy and the innovative culture strategy.

2. Second to Market Strategy

The second to market strategy, or sometimes recognized as the fast second strategy or second-mover strategy, is defined as the strategy used by organizations to innovate or add value to what is existing in the marketplace, and introduce this improved offering, sometimes at a better price [16]. La Salle went on to add that being a follower in some markets was actually beneficial. A salient example of this was the man coined the father of mass production, Henry Ford – he didn't invent the automobile but he certainly took full advantage of it as a product.

The second to market strategy includes studying and learning from first movers' mistakes, innovating the product or service, and is especially valuable for large, established organizations contemplating entering an emerging market [19]. Second to market organizations can also benefit from "piggybacking" on the pioneer's development spending and as Hendricks further described, other second-mover advantages can come from leveraging first-mover investments in researching technology, refining products, developing markets, sourcing materials and even lobbying for regulatory changes [13].

IBM is another example of a company that was not first into the personal computer market, but when it realised the market potential of the first personal computers that were being sold it quickly moved into the market, as a fast second company. In doing so IBM virtually stole the business, making IBM and IBM compatibly the industry standard or norm. As Markides & Geroski again postulated, by IBM eschewing first-mover status, they found considerable success in the mainframe market, amongst others [13]. As computer technology became commonplace and PC's became a 'cheaper' commodity that could be built by almost any technology company they exited the market for desktop PC's. IBM remained in the laptop market but, of recent years, as laptop technology became commonplace and the laptop moved to become a commodity product, IBM also exited that business. Thus, for IBM, their PC strategy was a classic "fast second" strategy

- get into the business early and exit when, or if well planned and timed, before the business it is in becomes commoditised [16]. But equally a fast-second company has to be as ready to move as any first mover—it must have mastered the new technology and must have a product design, a set of manufacturing and distribution plans, and a marketing strategy in place to capitalise. In fact, it needs to do everything that a first mover does, all while continuing to run and operate its core business and watching to see whom the first mover will be [5].

Harvard Business School cited Apple's strategy as being second to market, with specific reference to its dominance in the music scene [3] [12]. There have been some discussions that Apple has the first mover's advantage in high end technology; however, there is a strong belief that their second mover advantage is more prominent [15]. The Apple Computer was the first commercially marketed digital assistant and had existed long before Microsoft came into the picture with its operating Windows [21] [25]. However, it would seem that the setback was only temporary. Back under the influence of Steve Jobs, it would appear that Apple made a slow, but steady come-back, by being second to market. The impact though of Steve Jobs recent demise is yet to be determined and industry experts and the market itself are closely watching subsequent developments within Apple.

In both music and computing, Apple has managed to revolutionize and improve the existing offering, and come up with innovative products that fit the customer's palate. Apple's Mac, with the new and improved operating software soon outshone Microsoft's Windows, a product that customers were becoming dissatisfied with [2].

Blackberry was also the first brand to introduce mobile email, compatible with corporate requirements, but its previously strong grip in the market was thrown into disarray with the introduction of Apple's iPhone [23]. Again, although Apple did not invent the MP3 player, they managed to capitalise on it with the introduction of iTunes, various iPod series, and now significant advances via both the iPhone together with the iPad. The impending launch of the latest version or iteration of the iPad expected in late March of 2012 has industry observers quite excited.

Apart from the clear advantage second movers have on revising the products, they are able to study the effects first movers have in the market and obtain feedback about the products and services experienced by the customers. After which they can craft their own products and services to fit the gaps that the first movers have inadvertently identified. Not only has Apple cornered the smartphone market but all that is associated with it, including Apple retail stores, both physical and online, Apple stores for applications, the operating system on the iPhone, maximizing the market with non-exclusive telco deals [22]. Clever products, a clear marketing campaign and the reputation and goodwill engendered by its brand further propels Apple's dominant position in the market.

In 2008, an international online poll of marketers, based on 2,000 respondents who answered the survey, named Apple as the most successful brand in the world [28]. According to the latest research conducted by Strategy Analytics, Apple has managed to surpass long-time leader Nokia for the top spot for global smartphone shipments [4]. The research indicates, as is depicted in the Table 1 hereunder, that within a year, Apple's market share has grown 5%, as global shipments increased by almost 12 million, a big jump within 12 months [4].

Table 1: Global smartphone shipments & market share in Q2 2011 (Business Wire 2011)

Global Smartphone Vendor Shipments (Millions of Units)	Q2'10	Q2'11
Apple	8.4	20.3
Samsung	3.1	19.2
Nokia	23.8	16.7
Others	27.1	53.8
Total	62.4	110.0

Global Smartphone Vendor Marketshare %	Q2'10	Q2'11
Apple	13.5%	18.5%
Samsung	5.0%	17.5%
Nokia	38.1%	15.2%
Others	43.4%	48.9%
Total	100.0%	100.0%

It is estimated that the iPhone will see a 141.8% year on year increase in market share [14]. According to a recent newspaper article, 69% of smartphones sold in America run on either Apple's iOS or Google's Android platform [27]. Apple has also recently overtaken Exxon for the top spot as the world's largest company [24]. For the moment, it would be thought safe to say that Apple has succeeded in implementing the second to market strategy with new and continuous improvements (evolutionary as well as revolutionary) keeping them at the top.

3. Innovative Culture Strategy

The innovative culture strategy focuses on innovation as a driving force for businesses to grow and succeed in the short and long term [17]. For businesses to capitalize on this strategy, it requires the creating of a social system that would be a conduit for new ideas and a culture that enables quick critical decision making [18]. But, while constancy in terms of innovation is a known trademark of successful companies, actually staying ahead of the competition requires considerable inventiveness at the individual, group, and company levels.

As companies grow, market demands and competition can force them to try to maintain a culture of nonstop innovation [6]. Growth, however, also creates a need for structure and control, which can make a culture of innovation difficult to sustain and as Deloitte further described, organizational complexity erodes flexibility - as companies implement a more formal organization, the entrepreneurial culture that has driven their particular success can become quite strained. This is coupled with the fact that a company's tolerance for risk and uncertainty also reduces as it grows because stakeholders generally expect companies to evolve into stable and results-oriented growth organizations that manage their risk exposure and produce viable returns for them.

Innovation is at the heart of Google's business strategy. To support this, it has adopted a 20% factor in its human resource policy where employees get to spend 20% of their time on projects that are not specifically work related, but yet are both ethical and legal [11]. Apart from that, the work environment encourages sharing of ideas and opinions, with every employee wearing several hats and recruitment is based on ability over experience. Employees are encouraged to experiment and every failure is seen as a positive contribution to something better [9]. Google has a large portfolio of failures amongst its successes such as Google News, Google Suggest, Adsense and Orkut but the company's policy tolerances sees this as a necessary "evil" and simply a part of its innovative company policies and practices [10].

Giving employees' power over how they use their time is important to cultivate the culture of creativity and innovation. At Google, ideas are visionary, without the requirement of a committee to identify a requirement, a key component to its continued innovative products [11]. Allowing them space, time and funding to create and be innovative brought about such creations as Gmail [8].

As Google has a hand in many different industries, the competition is varied, from search engines to social networking sites, from established organizations to emerging start-ups [7]. Nevertheless, the internet space is increasingly crowded, with social networking sites such as Facebook, Twitter, Yelp and specialty search engines such as Kayak and WebMD, the competition has grown beyond that of Microsoft and Yahoo [26]. In order to stay ahead, Google needs to continue innovating and creating relevant products that consumers can rely on. The development of Android and intention to purchase Motorola Mobility in an attempt to compete against Apple is allowing Google to expand into different markets, beyond that of the Internet [29]. This would increase the number of potential competitors and markets. However, if Google continues to stay creative and relevant, it could still get a handle on the markets that it has entered.

Figures reproduced below in Table 2 show that, as of June 2011, Google had Total Assets of USD65 million, approximately a USD4 million increase from previous years, with a reported Net Income of USD4.3 million, a USD5 million increase from 2010 [7].

Table 2: Top 10 Search Providers {20].

Top 10 Search Providers for January 2010. Ranked by Searches (U.S.)			
Rank	**Provider**	**Searches (000)**	**Share of Searches**
	All Search	**10,272,099**	**100.0%**
1	**Google Search**	**6,805,424**	**66.3%**
2	**Yahoo! Search**	**1,488,476**	**14.5%**
3	**MSN/Windows Live/Bing Search**	**1,116,546**	**10.9%**
4	**AOL Search**	**251,762**	**2.5%**
5	**Ask.com Search**	**194,161**	**1.9%**
6	**My Web Search**	**112,356**	**1.1%**
7	**Comcast Search**	**59,608**	**0.6%**
8	**Yellow Pages Search**	**35,101**	**0.3%**
9	**Nex Tag Search**	**34,736**	**0.3%**
10	**BizRate Search**	**20,123**	**0.2%**
Source: The Nielsen Company			

According to the table above, in 2010, Google still ranks No.1 in terms of share of searches, with a 66.3% share of the market, although this is a slight decline from the 67.3% in 2009 [10]. Nonetheless, Google still dominates as the 'best search service on Earth', however this position may become more 'contestable' or questionable as they begin to delve into other markets [1].

4. Conclusion

Thus, as one can see, the business-savvy organisations of new century are increasingly becoming far more strategic in their attempts to deal with and manage the duality of the realities of global competition and the dynamism of the global marketplace. Presented above are but two (2) of the myriad of approaches that multinational corporations are crafting and utilising in an attempt to retain, or more optimistically, increase market share and stay ahead of their competitors.

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