

Focusing on innovation

Technology



Nowadays, companies are experiencing significant pressures from increasing level of competitions. In order to keep the positions in such highly competitive environment, companies are increasingly focusing on innovation. Innovation is described as successfully creating and exploiting any new or improved products, processes or organizations through the direct application of a scientific or technological development (Science Ireland, 2002). Innovation is best described as a pervasive attitude that allows businesses to see beyond the present and create a future vision (Kuczmariski, 1996).

Although these definitions describe innovation in different ways, they identify that the core element of innovation is about creative thinking. Innovation is affected by technology push which means that science pushes organizations to design and manufacture new products. Innovation is also affected by market pull which suggests that customer needs encourage innovation. Innovation is vital for growth and the maintenance of competitiveness. According to Forrest, 1990 (in Ussman et al, 2001, p111) managers recognize that innovation is a key factor in firms' competitiveness and, therefore, a basic factor in their dynamic markets.

Because firms need to adapt themselves to a changing external environment, they need an aggressive in innovation policy in order to convert innovation into competitive advantage (Gonzalez et al, 1997, in Ussman et al, 2001, p111). Innovation and adoption of technologies are part of overall firm strategy, and for success must be carried out in a way appropriate to the attributes of the particular firm at a particular time and in a particular environment. Innovation capacities can be developed and

maximized as part of a continuous improvement of firm competitiveness (Clark & Guy, 1997).

In this essay, Vodafone Group plc is used as the case study to evaluate the importance of innovation in securing competitiveness of organizations. Vodafone is the largest mobile telecommunications network company in the world. It has interests in mobile networks in 28 countries across five continents. In June 2002, Vodafone had over 103 million proportionate customers worldwide. By market capitalization, Vodafone is one of the largest companies in Europe (Vodafone Group plc Annual Report, 2002). The UK mobile phone market is highly competitive and in the mobile market, innovation is vital to remain competitive.

Innovation drives competitiveness. Since Vodafone is the longest mobile phone network in the UK, the company provides leading products and services with high quality, and it is the most reliable network in the UK. In addition, the business strategy of Vodafone is focusing on global mobile telecommunications and providing network coverage to allow its customers to communicate using mobile products and services. One of the ways in which it achieves its strategic objectives and maintains competitive position is through innovation.

Vodafone is investing heavily in continual innovation in order to help to maintain its competitive advantage. Innovation helps Vodafone maintain its competitive advantage of leading products and services. For example, with the development of mobile market and increase of customers, Vodafone went to pricing innovation before other networks. The company realized that

most customers wanted a non-contractual mobile service and so released the UK's first 'Pay As You Talk' proposition and Vodafone PrePay. These new billing structures enabled customers did not have to sign a contract.

Vodafone continues to be the most reliable network in the UK by launching new services such as 'Pay As You Talk' and PrePay. And with the new service, the company also gains competitive advantage by attracting a wide range of customers with contract free. As the rapid development of information technology, Vodafone catches the opportunity that IT brings to mobile phone industry and is more successful in innovation to gain and maintain its competitive advantage. The company now opens General Pack Radio Service (GPRS) in its major markets.

Such new innovation allows customers to surf the Internet at about four times the speed of existing mobiles. As Vodafone is the first network to provide this service, it maintains its competitive advantage by providing such a high quality service. Innovation also plays a significant role in maintaining the company's competitive advantage of providing high quality service. For example, the company launched the UK's first commercial GSM digital service which formed part of pan-Europe GSM system being implemented throughout Europe.

With this innovation, the company was able to increase the coverage of customers and improve the quality of communications to commercial customers. Innovation contributes to maintain Vodafone 's competitive advantages of leading products and services with high quality service and being the most reliable network in the UK. With the maintenance of these

competitive advantages, Vodafone is able to keep another competitive advantage -- good reputation. Conclusion Innovation is a key factor of securing competitive advantages of a business.

All the examples of innovation mentioned in the case study evaluate that innovation is a key factor of securing the competitiveness of a business. Although other networks provide similar products and services to their customers, as Vodafone was the first of above examples, it had gained market share and maintained the leading position before other networks launched their products and services. Continual innovation enables Vodafone to maintain its competitive advantages and maintain the leading position in the UK mobile phone industry.

The most recent innovation of Vodafone is Vodafone Live! which got nearly 400, 000 customers in the first three months of launching. From the case study of Vodafone, the models of innovation are evaluated as well. The innovation of Vodafone is influenced by both technology and market. As the application of technology in mobile phones, mobile networks are forced to adopt advanced technology into innovation. Moreover, it shows in the example of 'Pay As You Talk', customer demand drives innovation.