

Innovation And Competition in International Marketing

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ABSTRACT

Innovation in international marketing has always played a crucial role, It is most commonly employed in terms of creating differentiated and innovative products and market strategies that help companies and brands gain a competitive advantage in the global market.

On the other hand, competition in international marketing in retrospective as well as modern times has turned out to be fierce with companies from all over the world eying for the same customers. In order to remain competitive, companies must continuously evaluate their products and marketing strategies, making changes as necessary to stay ahead of their competitors.

This study on innovation and competition in international marketing has been primarily conducted to look upon how both innovation and competition effect the global market as both of the aforementioned factors can become the primary foundation for brands and various companies to expand their business in the international markets.

The objective behind conducting this research is to find conclusive results as to how innovation and competition has become the major cruxes for brands and businesses to sustain and expand their product and service portfolios in international markets which has become immensely volatile in the modern-day scenario.

This research study will primarily employ secondary research methodology including case studies, research papers, articles for gathering data and relevant information. As competition and innovation have become crucial factors in determining as to how long brands and companies these days will sustain themselves in the market, this research study focuses upon the innovation and competition which has assisted certain brands to emerge in the mark

INTRODUCTION

Innovation in marketing refers to incorporation of new marketing methods and techniques that differentiates a brand or a company from its competitors which involve significant changes in products, promotion, design, packaging and placement. It assists brands and companies improve a product or a service to tap into a wider market.

Whereas, competition in international marketing refers to the rivalry among companies that are operating in different countries, trying to gain a competitive advantage in the global marketplace. Companies face competition not only from their domestic competitors but also from international players, which can make the competition more intense.

As the consumer of today, is being made aware of its needs, wants and experiences every day, both innovation and competition goes hand in hand for the brands sustain and tap into the international markets.

Nowadays, companies and brands thrive upon the principle of innovation and perceive competition as opportunities to improve and serve their markets better overall.

This research study will employ a combination of correlational and descriptive research design as to identify the following:

- Defining innovation and competition.
- Impact of innovation and competition on businesses and international markets.
- Types of Marketing Innovation and Competitors.
- Case Studies.
- Innovation as a competitive advantage.

LITERATURE REVIEW

I. DEFINING INNOVATION AND COMPETITION

Innovation, according to King (2009), is the act of doing things in novel ways in order to produce noteworthy results and significantly outperform competitors. The primary objective behind innovation is to bring out beneficial changes and improve something or someone. To accomplish this, ideas must be tested and evaluated. Testing identifies the concepts that do not work. The invention process includes failure at its many stages. Failing involves collecting data and proof about the changes that companies desire to undergo.

Mulgan and Albury (2003), who describe innovation as new ideas that work and contend that a successful innovation can be attained through the development and use of new procedures, goods, services, and modes of delivery, support this point of view.

In marketing, rivalry between established businesses, services, or goods that are present in a certain market is referred to as competition. To assist specific organizations stand out from other market competitors, marketing experts take competition into account when planning their marketing strategies.

This competition can be advantageous for the industry in that it can lead to improvements in products and services as well as increased innovation, but it can also harm companies that are unable to compete. In order to help your business become more competitive in its industry, it is crucial to comprehend marketing competition.

Most businesses base their fundamental marketing strategies on their rivals. Companies can learn what portion of the customer's wants the competition satisfies by understanding the competition. The competition may provide goods or services of a higher calibre, provide better warranties, provide better customer support, or better reflect the essential values of their target market. After conducting a competitor study, the business decides how to modify its marketing tactics to more effectively target and convert the competition's existing client base.

II. IMPACT OF INNOVATION & COMPETITION IN BUSINESSES AND INTERNATIONAL MARKETS

Impact of Innovation on businesses and international markets consists of the following:

- i. **Increased Competition:** With the rise of technology, businesses now have access to a global market, allowing them to compete with companies from all over the world. This increased competition has led to the need for companies to constantly innovate and find new ways to stand out in the market.
- ii. **Better Customer Insights:** With the growth of big data and the use of analytics, companies now have access to a wealth of information about their customers, allowing them to better understand their needs and preferences. This helps companies tailor their marketing strategies to specific audiences, resulting in higher conversion rates and stronger customer relationships.
- iii. **More Effective Marketing Channels:** Innovations in digital marketing have created new and more effective channels for reaching consumers. For example, social media platforms have become a powerful tool for businesses to connect with consumers, while mobile marketing has allowed companies to reach customers on the go.
- iv. **More Personalized Marketing:** Personalization has become a key component of marketing, and innovation has made it easier for companies to deliver personalized experiences to customers. With the use of AI and

machine learning, companies can now analyse customer data to create targeted and relevant marketing campaigns, leading to higher engagement and conversions.

- v. **Greater Access to Global Markets:** The rise of e-commerce and online marketplaces has made it easier for companies to reach customers from all over the world. This has increased the potential for companies to expand into new international markets and reach a wider audience. Nowadays Instagram marketing has become the most influential which assist companies in globally marketing their product and services.
- vi. **Risky returns on business investments:** The research in this regard is highly uncertain and there is no surety subject to the revenues and profits in future. Longer developmental timescale leads to greater risk pertaining to research which is being overtaken by competitors as well.
- vii. **Obtainability of financial resources :** Just like various multiple business activities, Research and Development takes place at the stake of scarce cash. In spite of the risks involved, R & D activities calls for a higher rate of returns. Which means if businesses having restrictive cash resources probably have a higher cost of opportunity risk involved pertaining to R & D.

Impact of Competition on businesses and international markets consists of the following:

- i. **Innovation:** Competition drives companies to innovate their products, services, and marketing strategies, leading to better quality and more attractive offerings for consumers. Examples: **Chromatic lenses in eyewear, EVs in automobile, etc.**
- ii. **Increased efficiency:** Competition can lead to increased efficiency as companies strive to produce better products at lower costs. It is advantageous to both companies and their customers.
- iii. **Better pricing:** Competition often leads to lower prices for consumers as companies try to undercut each other to win market share. Hence the consumers get to choose from a diverse segment of prices pertaining to the products and services which they desire.
- iv. **Improved quality:** Competition can lead to improved quality as companies strive to differentiate themselves from their competitors and offer better products and services. This, in turn, leads to better products being available to consumers.

- v. **Overpricing:** Increased competition in the international market can lead to a reduction in prices, giving consumers access to more affordable products. However, in a market with limited competition, prices tend to be higher, which can be a burden on consumers and consequently the products and services might be perceived as overpriced by the consumers. Examples: **Aquafina and Dasani bottled water, Designer jeans, etc.**
- vi. **Decreased profit margins:** Increased competition can lead to decreased profit margins for companies as they are forced to lower their prices to remain competitive.
- vii. **Market saturation:** In highly competitive markets, there may be too many companies offering similar products or services, leading to market saturation and decreased demand. At this point a company or a brand can only achieve further market growth unless they improve their products and services or expand their portfolio. The biggest example of such market saturation are **FMCG products** which are available in the market.

III. TYPES OF MARKETING INNOVATION

- **Radical innovation**

As the name implies, a radical innovation actually alters a brand's conditions, whether in terms of the market or the dynamics of the organisation.

A company's posture, working style, procedures, services, and goods it offers, as well as how it interacts with clients, can all alter drastically.

Apple's iPhone is an illustration of dramatic innovation. Smartphones already existed when it was debuted, but Apple added features that altered the industry and increased its appeal.

- **Incremental innovation**

Incremental innovation is another type of innovation. It adds new features to a product, brand, or manufacturing method without promoting a significant change.

It is typically an evolution of an innovation already implemented by the brand that complements and improves, whether it is to employees, customers, or business features.

Gmail, for example, was created with the goal of sending emails quickly - but over time, different features were added to improve the customer experience and make it more useful and competitive.

- **Disruptive innovation**

In recent decades, technological and behavioural changes have favoured the emergence of disruptive innovation.

This type of innovation is more influenced by the market than by a specific brand, product, or service. It can be leveraged by something a company has offered and thus made their name, but in general, it is a scalable change that reaches a large number of people at the same time.

Netflix is an example of disruptive innovation, as the market previously relied on companies such as Blockbuster for movies and TV series. Netflix began providing DVD-by-mail rental services but later decided to innovate. It began offering video streaming services via monthly subscription, effectively driving Blockbuster out of the market. This provided Netflix with predictable monthly revenue in addition to being innovative.

- **Architectural Innovation**

Architectural innovation simply takes lessons, skills, and general technology and applies them to different markets. This innovation is great for adding new customers as long as the new market is receptive. In most cases, the risk associated with architectural innovation is low due to reliable technology and its reuse. In most cases, however, this requires adaptation to meet the demands of new markets.

In 1966, NASA's Ames Research Center tried to improve the safety of airplane airbags. They managed to create a new type of foam that responds to this pressure but magically returns to its original shape. It was initially marketed commercially as table pads for medical equipment and as sports equipment before finding success in mattresses. This "slow spring foam" technique is an architectural innovation. This is commonly known as memory foam.

IV. TYPES OF COMPETITORS PRESENT IN INTERNATIONAL MARKET.

- **Direct Competitors**

Direct competitors most likely come to mind whenever we think of competition in the market, these are the companies that offer similar (or identical) products or services in the same market. They are also competing in the marketplace for the very same customer base.

Some famous examples of direct competitors are Apple Vs. Android, Pepsi vs. Coca-Cola and Netflix Vs. Hulu. However, direct competition is not limited to well-known national or international brands. Two shoe stores in a country town are direct competitors. So, there are a handful of properties that serve one area.

Digital companies too face direct competition. For example, after the success of Twitter's Periscope app, Facebook focused on live video to stay relevant.

Because direct competitors sell similar products in the same way, this type of competition is often a zero-sum game—that is, a customer who buys your competitor's product does not buy yours. For example, if you buy a hamburger at McDonald's, it is unlikely that you will buy at another Burger King.

- **Indirect competitors.**

Indirect competitors are companies in the same category that sell different products or services to solve the same problem.

For example, Taco Bell and Subway belong to the same category - fast food - but offer completely different menu options. Although both are trying to solve the same problem (feeding the hungry), they offer different products to solve it.

Here's another example - residential painters compete indirectly with home improvement chains like Home Depot or Lowes. Again, the category is the same but the product offering is different.

Indirect competition is not necessarily a zero-sum game. Think of someone buying supplies at Lowe's to repaint their home - only to end up doing a sloppy job. They can call a local painter to fix the mistakes.

- **Replacement competitors.**

A substitute competitor offers an alternative to the product or service you offer. You are both trying to solve the same pain points, but the tools are different.

For example, a restaurant and a coffee shop in the same neighbourhood can be substitute competitors. Walking down the street, some customers may take their lunch with them from a cafe, while others prefer a restaurant.

The idea is that customers use the same means to buy a substitute product that they could use to buy your offering.

These competitors are potentially dangerous if there is more than one way to solve the same problem you are trying to solve. In addition, these competitors are the most difficult to identify. After all, we cannot read people's minds and understand all the choices that led them to us.

But we find other ways to get this information out there - like asking customers for feedback or watching what they mention on social media. This information allows you to better understand your audience and identify substitute competitors.

When you try to identify your competition, you may find more than you expected. Don't get overwhelmed. Remember that not all competitors are the same - some are less threatening than others.

Case Studies

Tesla Motors Innovation & Competitive Advantage in International Markets

Introduction

Tesla Incorporation is an American company founded in 2003 and has been in business for about 15 years. The company specializes in the production and sale of electric vehicles, solar panels and energy storage systems. It manufactures and sells solar panels through one of its subsidiaries, SolarCity. Since its inception, Tesla has grown tremendously to become one of the leading electric vehicle manufacturers in the United States. According to the company's CEO, Elon Musk, Tesla's main goal is to become a leading manufacturer of affordable electric cars. Over the past decade, the company has achieved several milestones that have made it a key player in the electric car industry. Its Model S, Model X and Model 3 cars sold big, fuelling its success. Tesla's continued growth is due to its business strategies, structure and model.

Competitive Advantages:

Tesla's competitive advantages include the adoption of advanced technologies, diversification into other businesses, creation of a **battery** network, superior **design** and an organizational culture based on **integrity**.

- **Adoption of New Technologies**

According to some accounts, Tesla is a business which creates technological platforms for diverse uses. In this respect his cars are better than other electric cars. For example, the BMW i3, Nissan Leaf, Chevy Bolt, and Mercedes B-Class have received criticism for using old technologies that are not compatible with Tesla's technologies (Thursby, 2016). Most functions of Tesla cars are controlled by special software. This feature allows the company to continuously collect and analyse data to improve the performance of the cars (Thursby, 2016). The utilization of new technological advancements provides Tesla an upper hand over its several other electric automobile makers. (Weikart, 2013). In 2016, the CEO announced that the company would use its advanced technologies to develop a ride-sharing platform known as the Tesla Network for its customers.

- **Diversification**

Tesla is famous for its electric vehicles. It has, however, expanded into different industries, such as the production of solar panels and energy storage. Moreover, the business produces lithium-ion batteries for energy storage and home photovoltaic panels (Weikart, 2013). The Tesla Powerwall, Powerpack batteries, solar panels, and solar roof tiles are additional items (Thursby, 2016). These products have had great success in the marketplace. When Tesla unveiled its Powerwall battery packs, for instance, it received orders worth around \$800 million (Team, 2017). Once Tesla's Giga plant is open, the cost of producing battery packs will drop by roughly 30%. Together, the Powerwall and the solar roof tiles are used because their purposes complement one another. Its integration has been compared to the iPhone, a gadget that combines functions including music, computer apps, and phone. Tesla is providing systems in order to improvise energy storage and looks forward to reduce manufacturing expenses by multiplying the demand for its products ..

- **Supercharger Network**

One of the biggest difficulties Tesla had to face was charging the cars. In contrast to other electric vehicle producers, the business has developed widely dispersed fast-charging stations for its clients (Chew, 2016). As other automakers refrained from it, Tesla is at a competitive advantage. The network includes 480-volt

supercharging locations with the capacity to complete a full charge in around 75 minutes (Chew, 2016). More than a thousand supercharger stations have been built by Tesla. In 2014, the business gave restaurants, hotels, and shopping malls chargers that are more potent than standard charges (Thorsby, 2016). In order to help drivers locate the closest charging station in the event that their batteries run out, charge locations are integrated into the navigation system of the vehicle.

- **Superior Designs and Honesty**

Like Apple, Tesla has established a reputation for producing excellent products. The Tesla Roadster, for instance, altered public attitudes of electric vehicles. Many people thought electric cars were small and slow until it was unveiled (Weikart, 2013). The Model S has won numerous accolades for its exceptional design, new technology that enhance safety and navigation, and its incorporation of these features. The public's acceptance of electric vehicles has increased due to Tesla's reputation for quality (Team, 2017). The business is likewise dedicated to providing consumers with honest service and refraining from offering services purely for financial gain. The cost of Tesla's products is considerable. They do, however, match the quality of the cost.

Tesla's Innovative Marketing Strategies.

- **Status Driven Products**

Tesla built its business through. Electric cars, based on the concept of status-oriented business, which always prevails in the market. Such status-oriented products draw customers to them instead of investing money to get their attention.

- **Customer Experience**

Tesla is working on an efficient and effective advertising method, i.e., a word of mouth. Customers spread the company's goodwill to prospective customers. Tesla provided the best customer experience it could for the money, making its customers happy and excited about its product. They offer high quality cars with sensible fashion and huge use of technology like autopilot which is attracting attention in this digital and technology driven world.

- **Tesla's Social Media Marketing**

Tesla's CEO Elon Musk has given Tesla's presence in the market a major boost. His active social media presence frequently leads to minor controversies. His idealistic demeanour draws a large following, and his social media

presence develops into a vehicle for Tesla promotion. Every tweet from Elon Musk creates a shift in the stock market. Social media presence of such a degree sooner or later turns out beneficial for Tesla's advertising campaign. Elon Musk has always been committed to creating excitement across the internet. His latest buzz was his window glass test of the newly launched cyber truck, which wasn't meant to break but caused great excitement for Tesla, which turned out to be an advertisement for Tesla's cyber truck.

- **Distribution Centres**

Tesla does not operate like a general car company. It has no franchise offerings for investors. They have created sales centres that work for sales and service at the same time. Sometimes these franchisees work more for the incentives than the brand. These centres are operated by Tesla itself and therefore reduce franchisee incentive-based performance.

- **Interacting with the Audience**

Tesla always makes what it plans loud and clear and stays true to its audience. Their launch events with crazy car tests and communication with the public via online platforms make the brand active in the market.

Starbuck's Innovation and Competitive Advantage in International Market

Introduction

The headquarters of the international chain of coffee shops Starbucks Corporation are located in Seattle, Washington, in the United States. In 1971, a lone little store was established; by the turn of the millennium, it had expanded into a massive coffee empire. Starbucks is the driving force behind the coffee revolution in the US and beyond. Jerry Baldwin, Zev Siegl, and Gordon Browker were the three individuals who first founded the shop. For the first nine months, Starbucks purchased coffee from Peets Coffee. Starbucks opened five locations in the first ten years.

Its Innovative International Marketing Strategies consists of the following:

- **Loyalty Programme**

Starbucks has a great way to reward customers who buy their products. The Starbucks Rewards program incentivizes product purchases with free in-store refills, free products (after a certain amount of money has been

spent), and additional in-store offers and discounts. Not to mention that the mobile app makes it easy for customers to pay upfront and find a store location. Regardless of whether it's a punch card or a basic mobile app software.

- **Friendly Customer Service on Social Media**

They also use their social media channels (mainly Twitter) to have conversations with their fans and customers similar to those their baristas would have in store. They frequently cover the customer's relationship with the business in brief, charming talks.

- **Using FOMO**

Another way of creating buzz around their products is that Starbucks employs "Fear of missing out" as an effective marketing strategy. For example: Take their red holiday cups, for example. Since 1997, this has become a mainstay of their holiday promotion. The kicker? It's only available for a short while, and no holiday cup is ever exactly the same.

Competitive Advantage in catering international markets

- **Targeting a Niche**

The creators of Starbucks observed that many coffee drinkers were dissatisfied with the options available, were seeking a naturally processed, authentic coffee beverage, and were even willing to grind their own beans at home. Due to their own love of coffee, the founders could relate to the issues those individuals were experiencing. They had a whiff of a market and were prepared to meet it. In order to cater to this tiny subset of gourmet coffee lovers, they opened the first shop in Seattle selling real coffee beans. By word of mouth, the brand's calibre spread.

- **Roast**

Providing authentic and top-notch coffee is one of Starbucks' fundamental principles. The process of roasting plays a crucial role in producing high-quality coffee, and the company relies heavily on "dark roast" because it brings out the full flavor of the bean.

Leading coffee companies cut costs by blending less expensive Robusta beans into blends during the 1960s and 1970s price wars. Starbucks, on the other hand, has a staunch commitment to quality and has always used the best Arabica beans.

- **Consumer Education**

Because the original founders of Starbucks were so enthusiastic about their coffee, their mission included teaching customers about the pleasures of fine coffee, roasting and brewing coffee, and maximizing the coffee's quality. They had no desire to create a business empire; instead, they were more than happy to spend hours with anyone who was genuinely curious about the best coffees in the world. Howard Schultz and other staff members of the business picked up on this attitude.

Baristas were encouraged to gain in-depth knowledge of coffee. They played a crucial role in assisting customers in choosing beans, grinders, coffee makers, and espresso machines rather than in actually selling the beans. The baristas were more concerned with creating enduring connections.

V. INNOVATION AS A COMPETITIVE ADVANTAGE.

Products within the same marketing from each provider are very similar in a competitive environment, making it challenging for customers to distinguish between them. By identifying or discovering a new or better way to compete in a market and introduce products into it, innovation capability is the key productivity that generates competitive advantage. The relative advantage of innovation is one of the success factors.

The most crucial component of a company's competitive advantage today, as well as the first mover advantage when gaining significant market acceptance, is innovation. In the long run, maintaining product innovation is the best way to maintain a competitive advantage and stimulate productivity growth for the company's continued competitiveness. But new process technology always accompanies product innovation.

One of the creative businesses that stands out from the competition is Apple, for instance. The distinctively fashionable design of Apple products leaves a lasting impression on customers. The product was developed by the research and development team by fusing the requirements of external customers with internal technological capabilities. Not all of Apple's products are original creations; some of them have been updated with cutting-edge technology, like music players and mobile phones. Apple hasn't been successful since the initial product launch,

but they have learned from their mistakes. After the invention of the music phone, Apple gained a competitive edge through its innovation and maintained it by consistently developing new products like the iPhone and iPad.

One of the leading manufacturers of hardware and software technologies is IBM. Internal research and labs are used to create cutting-edge technology, assuring customers of improvements in price and performance. "Putting the customer first" is one of IBM's core principles, and it was developed by Gerstner, the company's CEO from 1993 to 2002.

One of the creative ideas that can be applied in different ways to fit the needs of each company is the IBM mainframe. Additionally, Gerstner took the strategy and implemented it further in the IT market as a way to outperform competitors.

For instance, IBM spent a lot of money on developing innovative internet-based products during the browser wars, while the rivals were struggling with the same issue. Gerstner thought that the internet was not only a tool for advertising but also the primary force behind e-commerce. To share all resources and data, IBM created a virtual computer, which helps to reduce costs and time. IBM gains a competitive edge from this ground-breaking strategy, which has helped it rise to the top of the technology industry.

VI. CONCLUSION.

Therefore, Innovation in international marketing has always played a crucial role, It is most commonly employed in terms of creating differentiated and innovative products and market strategies that help companies and brands gain a competitive advantage in the global market. This study on innovation and competition in international marketing has been primarily conducted to look upon how both innovation and competition effect the global market as both of the aforementioned factors can become the primary foundation for brands and various companies to expand their business in the international markets.

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As the consumer of today, is being made aware of its needs, wants and experiences every day, both innovation and competition goes hand in hand for the brands sustain and tap into the international markets. This competition can be advantageous for the industry in that it can lead to improvements in products and services as well as increased innovation, but it can also harm companies that are unable to compete. This increased competition has led to the need for companies to constantly innovate and find new ways to stand out in the market.

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