

# Innovation Communication: A Firm's Capability to Enhance Competitive Advantage

“Even a mistake may turn out to be the one thing necessary to a worthwhile achievement.” *Henry Ford*

## How Do Make Innovation Careers?

Nowadays innovations are one important means for a company leading to profitability and competitive advantage. Ideas, new concepts and practices as well as new features of products contribute to stakeholder's value by offering worthwhile benefits for multiple consumer groups.

With respect to logistics, technology competences can facilitate market innovations and technology application may represent a competitive advantage by offering new values for customers. For example, the flexible DHL ParcelRobot unloading parcels from containers and swap bodies 24 hours or the DHL Packstation providing the opportunity to pickup the parcel by the customer at any desired time. Thus, a company's capability to be innovative and to launch new products successfully in the market have a significant effect on its market position and company value.

However, the positive influence of innovations on a company's competitive advantage is not guaranteed. Beside the fact that companies differ from its capacity of being innovative and its innovation/technology portfolio, empirical observations state that the profitability created by innovations is ambiguous.

Therefore, the question arises which are the enablers and determinants of the commercialisation of an innovation.

It is widely accepted that the need of companies to generate new products or services and also to pay attention to a successful market penetration is build up an efficient and effective innovation management. This includes different activities concerning organisational change such as the planning aspect of technology/innovation portfolios, the creation of innovations in cross-functional processes across the firm and across the firm's

boundaries with its partners such as suppliers, customers, etc., and the integration of technologies into markets to satisfy customers' needs used to improve company's business.

Due to the latter aspect and the commercialisation of innovations the interface between R&D and marketing affect the new product development process positively. Further, internal and external communication perform as key factors for the assimilation of ideas and the attraction of stakeholder's attention for newness. Further, it is a mean value to illustrate company's innovative capability in order to invest in innovation reputation.

Accordingly, innovation communication is a crucial resource for companies regarding both the career of its innovations as well as stakeholder's trust in the innovative capability of a firm.

## Innovation Communication: A New Concept as a Source of Influence

*Organisational Capabilities in Strategic Management*  
Since the 1990s the perspective in strategic management concentrates on internal sources within a company. This refers to the assumption that firms are heterogeneous concerning its resources and organisational capabilities. With respect to the dynamic capability approach, strategic management has to deal with the capacity to manage organisational resources as well as competences in order to achieve innovative forms of competitive advantage in a changing environment.

Taking this aspect into closer consideration and linking it with the necessity to develop and launch successfully new products, innovation communication may constitute an important dynamic capability facilitate as a firm's capital the enhancement of company value (see figure 1).



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**Innovation Communication: A Firm's Capital**

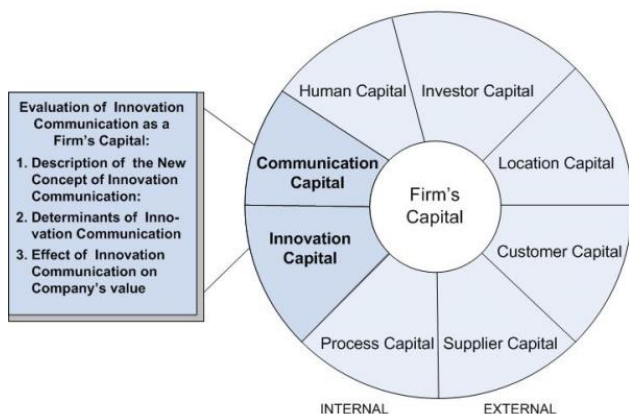


Fig. 1: Innovation communication as a firm's capability

*Innovations need communication. But communication also needs innovation.*

Status Quo: The empirical study 'Innovate 2006' identified some main issues regarding barriers and challenges for communicating innovations such as the following three aspects:

- Early communication of ideas, new concepts or practices may include two factors of risk: 1. informing competitors about its business and 2. losing stakeholder's credibility if the innovation fail
- The lack of information for communicating about innovations in terms of suboptimal internal and external information flows, especially to external disseminators such as journalists, and media
- Due to the dynamic of new product development processes concentrating predominantly on product extensions, the term 'innovation' is used nowadays inflationary which leads to a short-coming of stakeholder's perception

Regarding the literature on innovation communication, scholars have been primarily focused on marketing-centred activities or on interpersonal communication, no more than a few years some scholars consider innovation communication as a new research field. But there is still a shortcoming of a managerial concept of innovation communication in corporate communication in order to overcome the fragmentation of communicating innovations considering company's product, resource, and communication markets. It encompasses a conceptual definition and a system of concepts for investigating the cause-and-

effects of innovation communication. Thus, a modern perspective and a new concept of innovation communication is necessary focussing on a managerial perspective to obtain accordance to changing environments with the aim to overcome the risks, for instance, occur in communicating early about innovations.

## Research and Methodology

In order to make a contribution to the research field as well as practical management of innovation communication, the objective of the PhD thesis is split into three parts.

- Firstly, a comprehensive description of a capability-based concept of innovation communication is given and a system of concepts is established in order to provide a consistent basis for the conceptual framework (see figure 2).

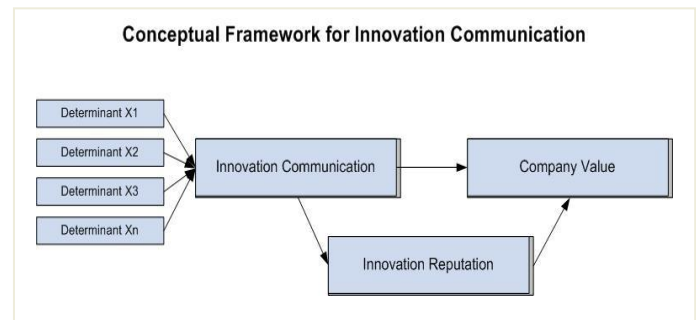


Fig. 2: Research model for the examination of innovation communication

- A second, analytic objective represents the development of a structural equation model (SEM-Methodology) in order to identify the determinants of innovation communication and explain the linear relations between innovation communication, innovation reputation and company value.
- Thirdly, managerial implications are deduced for the management of innovation, communication, information, and reputation. Moreover, an outlook for future research in this field is given.

Linking company's innovative capability to the communicative capability, the current PhD thesis presents a modern perspective and an integrated concept of innovation communication, which leads apparently to a range of challenges for the management of innovation, communication, and information, but similarly it also emerges new strategic options for a company's strategic asset management.