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AS A SOURCE OF COMPETITIVE  
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## MARKETING INNOVATIONS AS A SOURCE OF COMPETITIVE ADVANTAGE OF THE UNIVERSITIES

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### Summary

The issue of innovativeness and innovation in the higher education sector is becoming increasingly important. Universities adopt the *outside-inside* type of attitude in order to strengthen their position in the education market and to conform to new circumstances.

The desirability and possibility of implementation of pro-innovation attitudes by Polish universities was discussed in the paper. Starting from the literature review in terms of innovation, determinants forcing innovativeness on research units were discussed and also organizational and managerial issues were presented. The paper was summed up by examples of marketing innovations that have been implemented in selected Polish universities.

**Keywords:** innovativeness, marketing innovations, university



## Introduction

The issue of innovation and innovativeness of an organization has been a subject of research and analyses for many years. Nevertheless, it still remains in the centre of attention of people dealing with theory and practice of management. This is associated with the role that innovations play in the development and building competitive advantage, not only of commercial entities, but also non-profit organizations, public institutions, or scientific units.

Universities, similarly as many other non-commercial entities, are forced to compete with each other on the market of educational services in order to achieve strong competitive position. Currently universities play a different role than just two decades ago. They have to be more open to the environment in which they are functioning, they have to adapt to the needs of the market, follow the changes taking place not only in their closest, but also further environment.

What constitutes an answer to new challenges that universities have to face, are innovations making it possible to improve the educational offer, facilitate the processes of provided services, or develop the architecture of relations with the stakeholders. What deserves particular attention are marketing innovations, which are associated with marketing activity by now little known to universities. The goal of this article is identification and analysis of universities' innovative behaviours, especially those associated with the change of their market position and boosting their competitiveness on the market. The work contains both an overview of literature and observation of marketing practices applied by scientific units.

## Innovativeness and innovations

From the beginning of the 20th century scientific theories concerning innovativeness and innovations have been growing dynamically in the area of various branches of science. Innovations have also become a subject of interest of management sciences, which have been investigating companies' innovation strategies and dealing with the theories of new product

development. Sociology and communication sciences investigated the dissemination of innovations in organizations and other social groups (diffusion of innovation by Rogers).

The concept of innovativeness was introduced to economics at the beginning of 20th century by Austrian scientist Joseph A. Schumpeter. He highlighted innovation as a factor stimulating economic development. According to this economist, innovativeness means activity characterized by mental creativity. Entrepreneurs looking for profits implement innovations by creating new combinations of means of production in course of so-called "creative destruction", where old economic structures are destroyed by new, better and more efficient ones (Schumpeter, 1934). Schumpeter regarded the issue of theory of innovation solely from the perspective of economy and enterprises. Nevertheless, his theory became an inspiration for other researchers and introduced the subject of innovativeness to social-economic sciences for good.

Peter Drucker had a different view of the phenomenon of innovativeness. He thought that innovations are above all a phenomenon of social and economic character. According to him, social innovations are not directly related to economic phenomena, but they can influence the conditions for business activity in an indirect way (e.g. changes in the system of education). The researcher regarded changes caused by an organization itself, or its environment as the same as a chance for implementing an innovation (Gust-Bardon, 2012).

Another definition of innovation was proposed by Whitfield, who defines innovation as a sequence of complicated actions involving solutions to problems. As a result, a complex and complete novelty is created (Whitfield, 1979).

Everet Rogers defines innovation as concept, practice (action), or object regarded as new by the unit carrying out the adoption (Rogers, 1995). In his research he looked mainly into the phenomenon of spreading innovation in various systems (in a society, among enterprises and consumers). Rogers' theory of innovation diffusion is now regarded as a classic theory. Terms such as: *adoption of innovation*, *innovative-decision-making process*, *rate of innovation*, or units' innovation proposed by the researcher have become an integral part of the theory of innovation and are commonly used in works from the area of innovation. Rogers also came up with a division of units

adopting innovations depending on how fast they do it. He also highlighted the attributes of innovations that may determine their success, or failure.

Niedzielski treats innovativeness as a "feature of economic entities, or economies, meaning the ability to create and implement innovations, as well as absorbing them, which is associated with active involvement in innovative processes and taking actions aimed at innovation; this also means involvement in acquiring resources and skills needed to participate in these processes". Innovativeness is often measured with the number of introduced innovations and the scale of spending on actions associated with innovation. Innovativeness is closely related to the possessed resources, as well as with the ability to use that, that is, innovative activity (adequate level of organizational culture making it possible to take advantage of the held resources) (Niedzielski, 2005, p. 74–75).

Eurostat and OECD in their guide to researching innovation in companies titled Oslo Manual (Oslo Manual 2005) define innovation as: "the implementation of a new, or substantially improved product (product, or service), or process, new marketing method, or new organizational method in business practice, organization of the workplace, or relations with the environment". This approach deviates from the assumptions of Schumpeter, who thought that innovation should constitute a completely new solution. According to the definition of the Guide, innovations are not only the solutions that have been initiated by an organization for the first time, but also solutions adapted from other entities through diffusion. The same approach was adopted by R. Johnston, who maintained that the term of innovation can be applied not only to the first implementation of a product, or method of production, but to further implementations, when changes are adopted by other companies, branches of the industry, or countries (Janasz, Kozioł, 2007, p. 15).

Many authors point to the necessity of creating the innovativeness of organizations and introducing innovations as the basis of their strategies. According to Porter, innovations are one of the key factors determining the rules of competition on the market and Kotler adds that the development of a new product treated as a symptom of innovation is one of four basic strategies of growth by Ansoff (Kotler, 2005).

## The reasons for growing interest in innovations among universities in Poland

The fact that universities start to focus on innovations is a signal for universities' employees, who can expect not only new solutions, but are also invited by university authorities to search for and implement innovations. For the environment, such focus is a symptom of development, being open to changes and readiness to follow changes.

Polish universities don't have much experience in implementing innovations, as for a very long time there was no need for that. Public units didn't have to cope with shortage of funds for their operations and didn't feel their competition's pressure that much, their situation in the academic environment was stable and situation in the surroundings was predictable. At the same time, non-public units, which for less than three decades have been supplementing the market of higher education, have been developing comparably easily taking advantage of high demand for education among adults and the baby boom. Over the past few years the situation on the Polish market of educational services has changed visibly. A period of low birth rates, which will be affecting the situation for the coming 6–7 years, excessive number of universities resulting in very high level of fragmentation of the branch, dropping quality of education (looking for reduction of costs) observed mainly in the weakest units, new statutory requirements obliging universities to introduce curriculum modifications, implement processes guaranteeing the quality of teaching, the quality of scientific research, transparency of actions, or mobility of students and many other things lead to a situation in which changes in university management are necessary. These changes should help a scientific unit not only to adapt to new challenges arising from changes in the environment, but also help anticipate further changes which may take place in the future and prepare for them, so that instead of a *strategy following changes*, they could have a *strategy of creating changes*.

Both in the first and the second case a change in the distribution of power and allocation of resources is implemented in an entity in order to achieve new value which can improve the entity's competitive position in the market environment. The concept of change is inextricably tied to



innovativeness and innovations, which, according to many authors dealing with the subject of management, are the force driving the development of every organization. Taking the above-mentioned conditions it is possible to draw the conclusion that readiness and ability to implement innovations at universities have become a greater challenge than ever, a challenge that they have to face in order to avoid weakening one's competitive position in light of the coming, dynamic changes (see: Targalski, 2008).

### **Attributes of innovativeness at universities**

In every organization innovations can be implemented incidentally, in an unpredictable way, but they also can be planned and constitute an element of development strategy. Approaching innovations as a part of the general plan of action is a much better solution, but we shouldn't disregard and ignore innovations coming up randomly as side-effects of works conducted for a different purpose. Thus, innovations can be continuous, or periodical in character, some of them concern strategic issues and others have an operational, short-term dimension which serves the purpose of implementing other changes. This is the approach assumed by Gryffin, who associated innovations with the permanency of the process of implementing changes and distinguishes between continuous and non-continuous innovations. Strategic innovations concern ventures of long-term character and serve the purpose of carrying out strategic goals. At the same time, operational innovations concern all current changes in products, technologies of production and work organization which makes it possible to raise the efficiency of management and correct prevailing trends (Bogdaniecki, 2004).

As the above-mentioned definitions and understanding of innovation show, the term describes a certain process and not a one-off action. For this reason universities may be at various levels of innovativeness, depending on how long and how effectively they have been implementing their innovations.

A university's level of innovativeness is defined above all by its involvement in innovative processes, the position of innovation in the university management system, as well as number and type of

innovations implemented in a particular period. Thus, it depends not only on the accuracy of taken actions, but also on their frequency, as you have to reckon with the possibility that not every innovation will turn out to be a successful and valuable solution. For this reason, the knowledge about potential sources of innovations becomes particularly valuable. On the one hand, the awareness of the diversity of innovation sources makes it possible to order and classify them and thus better identify the chances for university's development. On the other hand it raises the likelihood of introducing innovations faster than other scientific units, which plays a major role in the process of building competitive advantage.

Taking into consideration the source of marketing innovations at universities, it is possible to propose a distinction into *inside-outside* innovations and *outside-inside* innovations. Inspiration for marketing innovations can come from outside a university and in this case we can talk of *outside-inside* innovations. It is also the university itself that may be a source of innovation and in this case we are dealing with inside-outside innovations. Taking into consideration the source of innovation according to its place in the structure within an organization such as a scientific institution, we can also talk of *upside-downside* innovation — if ideas come from the authorities and are implemented as a system for the whole university, or we can talk of *downside-upside* innovations — if we are dealing with bottom-up initiatives, that is, initiatives from employees, or employee teams, whose ideas get implemented in the whole university only after some time (see: Kłos, 2012).

The level of innovativeness is directly associated with the term of innovative potential. K. Poznańska explains that the term means the ability of an organization to effectively implement innovations, that is, new products, new technologies, organizational methods, or marketing innovations (Poznańska, 1998). Potential understood this way is formed by four key elements:

- financial potential,
- human potential,
- material potential,
- knowledge.

The above elements, as components of innovative potential, can be found in every organization, both commercial and non-commercial. However, it is necessary to note that their engagement aimed at stimulating innovativeness at universities may encounter greater difficulties than in companies focused on making profits, as both financial assets, scientific and administrative personnel, as well as accumulated knowledge have up till now been used for different purposes, not necessarily for the purpose of competing on the market, creating a university's image, raising the attractiveness of the educational offer, or maintaining contacts with the environment.

## Kinds of innovation

An organization's innovative actions concern various areas. The first classification of the kinds of innovations was proposed by Schumpeter, who distinguished between two main kinds: *radical*, which exert a strong influence and cause abrupt changes in the development of the economy and *gradual innovations*, which stimulate the process of transformation only to a small extent. Both the approach to innovations and the division of innovations have been evolving and developing in time, as they have been subject to scientific research. Currently, in literature on the subject we can find many proposals for the division of innovations. Below only a few chosen divisions are presented. At the same time, an attempt was made to show their diversity and show the examples related to the market of educational services.

Assuming the criterion of originality, the following types of innovations can be distinguished:

- original innovations (new solutions that haven't been known and applied until now),
- secondary innovations (created thanks to the phenomenon of diffusion, or adaptation).

If we assume the source of the process of innovation as a criterion, we can distinguish the following:

- innovations created on the basis of the results of primary and applied research, as well as development works conducted in external centres. In case of universities they may be new forms of communication with students using mobile IT solutions.
- innovations created through utilization of market research and consumer preference surveys. We can talk of this type of innovation when a university as a result of students' periodical assessment of the university's performance introduces new forms of education taking advantage of the coaching formula, more attractive for the students.
- Innovations created as a result of actions aimed at facilitating processes, or products. An example of such an innovation is a continuous exam session allowing students to avoid taking all required exams in a short period of time, as is normally the case.
- innovations inspired by changes in the environment of an organization (involving the identification of the competitive edge over the rivals). In light of ever increasing mobility of students and scientific employees, it would be an innovation to prepare a curriculum offered to foreigners in a foreign language.
- Innovations based on the phenomenon of imitation, diffusion and adaptation of original innovations (changes which have brought positive effects in one organization naturally encourage other organizations to go in the same direction). What may be regarded as such an innovation is the innovation that was earlier implemented in another scientific unit. This type of competitive behaviour is known also as benchmarking.
- Voluntary innovations, that is, innovations which a university implements voluntarily with the aim of improving the university's market position.
- Forced innovations — that is, innovations that have to be introduced due to changes in legal regulations. In theory, these innovations should be introduced by every university, but in practice, not all universities do it in the same time, or within the same scope, which also opens up the opportunity for improving your position on the market.

In literature on the subject the most common division of innovations is the following (OECD, 2005):

- product innovations — meaning the introduction of a new material product, or service to the market, possibly also a substantial improvement of products already offered in terms of their characteristics, or purpose (this may concern technical specifications, components, materials, functionalities, or other utilitarian qualities),
- process innovations (technological) — means the implementation of new, or significantly improved methods for production, delivery, or processes of provided services, e.g. educational services in the operations of an organization,
- organizational innovations — meaning the application of a new concept for the organization of operations,
- marketing innovations — this kind of innovation involves introducing to the sphere of marketing activity new, or improved solutions (changes) in the area of product, brand, packaging, positioning, price policy, promotional activity, or a management model resulting from a new marketing strategy.

Marketing innovations may constitute a precious source of universities' competitive advantage. The specific character of marketing innovations is associated with the fact that they concern what happens at the meeting point of an organization (university) and its environment. For this reason they are also of key importance for building the market position of a unit and directly affect the most important, strategic issues including, among others:

- acquiring student candidates,
- improving the quality of the processes of education,
- improving the efficiency of administrative activities associated with serving students,
- building the image of a university on the market,
- internationalization of a university,
- raising the flexibility of actions and the speed of reacting to changes,
- establishing cooperation with business entities.

## Examples of marketing innovations in the area of mobile technologies at Polish universities

Growing number of mobile Internet users, especially people from the Y generation born in 1980–2000, as well as the M generation (mobile generation), that is, people born in the 1990's and later, made universities, first American universities and later universities from other countries, including Poland, to reach for innovative solutions from the area of mobile marketing, which will soon become a standard form of universities' communication with their students, employees, potential candidates, as well as media and other stakeholders. Mobile marketing and marketing innovations applied in the area of mobile marketing contribute to the development of electronic commerce. They play a major role in raising the innovativeness and competitiveness of universities. Functionality, omnipresence, personalization, flexibility and location are the basic features of mobile technologies.

Currently, such tools of communication as own mobile application, Snapchat communicator, NFC technology, or students' blogs with a university's website are becoming more and more popular among universities. What can also be noticed is increasing presence of universities in social media. Many universities already have their fan page on Facebook, as well as accounts on Instagram, LinkedIn, Youtube, Twitter, Vkontakt and other social media portals. What can also be observed is greater activity of lecturers who promote their universities by means of posts on social media portals with both traditional Internet websites and mobile websites, as well as in form of applications such as Twitter, or Facebook.

Analysing the division of innovations proposed by the Oslo Manual (2005), university's own mobile application can be classified as a kind of marketing innovation of the category titled: "significant change in the positioning of a product on the market" (new channels of sale of goods and services to clients), as well as a "substantial change in the promotion of a product". It can also be classified as marketing innovation from the category titled "innovation in digital activity" and

"innovation in multi-channel marketing", where mobile application constitutes one of the channels<sup>1</sup>.

Universities' mobile applications serve three basic functions: informative, promotional and educational. They don't serve a sales function, which is ascribed to most applications of commercial brands, but they could serve this function. For example, Koźmiński University has on its website a shop called *Kozminsky Boutique*, where you can buy clothes and other products with the logo of the university, which are popular among students. The university hasn't included the shop in its own application called *i Kozminsky*, but perhaps it will do it in the future.

Mobile applications of universities contain above all information for future and current students, news, updates, announcements and the list of events organized at the campus. Moreover, you can browse the grades, credits, as well as information about lectures and workshops with the option of downloading workshop materials in form of pdf files directly to your mobile phone. Applications are usually combined with maps and the function of positioning on the map, which facilitates finding your way around the campus. Some offer such interesting options as downloading a university's ringtones, or wallpapers, as well as links to their profiles and channels in social media. In some applications you can find information about the weather as well as access to bulletins and multi-media materials. Some applications offer the possibility of enrolling online. Many universities have already introduced mobile applications (for example, Poznań University of Economics, Wrocław University of Economics, Kraków University of Economics, Łódź University of Technology, or Warsaw University of Technology). Currently, mobile application is slowly losing the character of a marketing innovation, but there is still room for the introduction of new elements to a mobile application which can distinguish it from other applications.

An example of such a marketing innovation is the application constituting the main product of the *SmartUni* project, which fits in the strategy of development of the University of Łódź in the area of internationalization. The application is available in four language versions: Polish, English, Chinese and Russian. The application provided

by the University of Łódź offers not only the information modules usually included in the applications of other Polish universities, but also innovative modules offering the users the possibility of interaction, which together with a smartphone forms an intelligent assistant for the foreign student. Thanks to practical elements of the application students find it easier to function in the academic environment in an alien country. The application uses *beacons* to mark important locations at the university, such as dean's office, library, student houses, etc. Beacons are small devices emitting signal, which can communicate with the mobile phones of students using the application, informing, among others, about what you can do in a particular location at the university. They also make it possible to navigate around buildings. Thanks to this the student is informed about the required documents and is directed to the right building and even the right storey. Foreign student candidates can learn about the educational offer of the University of Łódź, about the region's and country's attractions in an interesting and modern way. They can also find out why the university should be a part of their future. For the current students using the application means greater inclusion in the life of the university. Thanks to the implementation of the SmartUni project, a significant growth of interest in the university's offer has been observed among foreign candidates. In 2014 the project placed third in the contest of the Ministry of Science and Higher Education for the most innovative concept for promoting a university among foreign student candidates and took the second position in the international contest EUPRIO (*European Universities Public Relations and Information Officers*). EUPRIO prizes are awarded every year to innovative and excelling projects from the area of communication with students, mainly through engagement in social media<sup>2</sup>.

Another example of an interesting marketing innovation is the product of Koźmiński University called *New Media Club* which is addressed to the international community of the university's students. One of the main tools is the *studentsinwarsaw.com* blog, where students can post their materials without having the university interfere in the content. The university also got journalists and opinion leaders writing on their blogs about Poland and opportunities for studying in Warsaw involved in the project. Among others, in course of the *New Media Club*



project three influential German bloggers were invited to visit the university. Later the bloggers discussed the themes associated with their visit to the Polish university on their blogs. The project won the first prize in 2014 in the competition of Ministry of Science and Higher Education titled "Promoting education at Polish universities among foreigners".

An example of marketing innovation which efficiently uses the advantages of communication by means of images and videos is *Snapchat*. Currently, it is becoming the most popular communicator among high school and university students. Using the application you can take photographs, or record a short video and send them to friends. Koźmiński University (34th place in the brand ranking of Polish Snapchat Hash.fm) and University of Economics in Katowice have recognized the promotional potential of this innovation and the students of both these universities have the possibility of using Snapchat to create so-called stories, which allow them to share their experiences from their life at the university, or in its surroundings. Communicator, which in a natural and interesting way shows the life of a university from the inside, serves the function of promoting the university and the function of entertainment for the students.

## Conclusions

Despite the fact that actions that may be regarded as innovative have been observed at universities for a long time, now they have gained a particular significance. This comes above all from the dynamic changes taking place in the environment of scientific units, as well as — in the context of these changes — a different role that universities, or non-public schools are starting to play in social and economic life. On the one hand, innovativeness has become a necessity, a condition for their survival and on the other hand it is a chance to improve their competitive position. Adopting a pro-innovative approach it is worth remembering the phenomenon of diffusion of innovation well known in literature. Out of numerous ideas that may appear in the process of search for improvements and changes, the most useful are those which

cannot be spread easily, as only such ideas can lead to achieving the so-called durable competitive advantage. Among such solutions there are, for example, business incubators, spin-off companies, or studies leading to obtaining two diplomas of partner universities. Innovations with a high rate of diffusion give a chance for achieving a competitive advantage, but only a non-durable one, which lasts just a short time. An example of such innovations are novelties associated with marketing communication forms based on mobile technology, or social media. They can be easily imitated by other universities and thus they quickly lose the quality of distinguishing the unit that was the first to introduce them.

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