

# COMPETITIVE SPACE DEMANDS ACCELERATOR AND ITS IMPACTS ON IMPORTANCE AND SUSTAINABILITY OF COMPETITIVE ADVANTAGES

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**Received: February 11, 2013**

## Abstract

ZICH ROBERT, VESELÁ JITKA: *Competitive space demand accelerator and its impacts on importance and sustainability of competitive advantages*. Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis, 2013, LXI, No. 2, pp. 529–538

A determined effort of companies to improve their potential of success-ability through a development of their own competitiveness is very significantly reflected in the nature of their competitive environment. A question can be asked: what changes are introduced and what their mechanism is. The main objective of this article has been to define a theoretical background to a principle of a competitive space demands accelerator and its impacts on deterioration and sustainability of competitive advantages. The methodology used is based upon a success-ability concept. The success-ability concept describes behavior of companies in the way which – from the point of an approach to competitiveness development – is able to identify specific features, frequently neglected by conventional approaches. Presented paper defines a mechanism of growing level of demands of competitive environment especially in the context of three key factors – company, its competitors and customers and their needs. The paper explains a paradox - an endeavor to gain higher level of advantage results in a rapid deterioration of new, achieved level of such advantage, in the sense of a lead over competitors, practically very soon after securing of such advantage.

competitiveness, competitive advantage, success-ability concept, competitive space demands accelerator, competitive space, customer need

Approximately since the 1990s we have been reading a repeated statement on growing intensity and changing character of the competition, demanding higher level of competitiveness, more and more often. This widespread assumption is unambiguously accepted premise not only theoretical, but also practical. The effort of companies to improve their potential of success-ability through development of their own competitiveness is very significantly reflected in the nature of their competitive environment.

A question can be asked: what changes are introduced and what their mechanism is. A problem of request for permanent growth, though in so-

called sustainable form, can be connected with theoretically unlimited growth of market demands; a corresponding development of abilities of companies should correspond with such demands. Nevertheless, what is a mechanism of mutual interdependence of development of abilities of companies and market demands? Assumptions that companies respond (or, preferably, even anticipate) to any growth of market demands and adapt their competitiveness to such growth accordingly need not to be the only logical explanation. A supposition can be made that just these activities, which are to strengthen the position of companies, play significant – or even dominant – role in the

growth of market demands. By a curious paradox, a certain self-destruction of strengths of one's own competitive advantages can occur. The objective of this article is to define a theoretical framework of this principle on the basis of selected theoretical approaches. Such objective requires to find a description of parameters with a considerable impact on changing conditions as well as to explain impact on companies' ability to succeed in competition.

## MATERIALS AND METHODS

A key approach applied is the success-ability concept (Zich, 2009a, 2009b, 2010). Mentioned concept describes behavior of companies in the way facilitating to identify specific features of competitive behavior, frequently neglected by conventional approaches. A philosophy of said success-ability concept evaluates competitive environment in a rather complex way and defines so-called "competitive space", framed by general environment, industrial environment, competitive rules, competitive relations, particularities of competitive market in the area of resources and products and last but not least, links among individual factors, so-called "competitive strings". These ideas are confronted with conventional approaches defining competition, competitive environment, development of competitive advantage and competitive advantage.

## RESULTS AND DISCUSSION

### Understanding of competitive environment and competition

The characteristic conclusion of the intensity of competitive environment, stating its nearly permanent growth, can be drawn for its evaluation. In principle, a forecast predicting a significant diminution of competitive rivalry – framed as a logical conclusion of any analysis – is highly improbable. Companies reflect these changes either absolutely as an "increase in demands" or they experience a specific manifestation connected, for instance, with a pressure on price cut, quality improvement, requirements for innovations etc.

A market dynamics, as the key topic (Griffith, Tamer Cavusgil & Xu, 2008; Panagiotou, 2006; Prieto, Revilla & Rodríguez-Prado, 2009; Arbuthnott, Eriksson & Wincent, 2010), is then demonstrated in every aspect of behavior of companies. Mentioned dynamics can be linked with many factors. A usual starting point is the connection of increasing intensity of competition and market uncertainty, linked with a growing number of competitors (Hammond & Groose, 2003; Jones, 2002 in Chaiprasit, 2008). Globalization as such is associated with the effort of companies to respond promptly to opportunities and threats by change in their strategies, competence, structure etc.

(Jones, 2002; Ng & Li, 2003 in Chaiprasit, 2008 or Busbin, Johnson & DeConinck, 2008).

Dominant discussed themes are also both technological level increase in connection with needs of customers (Piirainen, Kortelainen, Elfvingren & Tuominen, 2010; Busbin, Johnson & DeConinck, 2008; Prieto, Revilla & Rodríguez-Prado, 2009) and need for changes and promotion of image or trademarks of companies (Rindell & Strandvik, 2010). The effort to overtake competitors with more intense activity in the field of innovations represents a common starting point for the evaluation of company behavior (Hitt, 2011; Yang & Cipolla, 2007). Such behavior should help companies to improve their performance and maintain their competitiveness (Yang & Cipolla, 2007).

Some authors speak about an interconnection between organizations and their environment. Said interconnection shapes a coherent system in which the environment operates as a source of pressure on organizations (O'Regan & Ghobadian, 2005). On the other hand, it is quite obvious that organizations themselves have a significant influence on the nature of competitive environment, namely measure of demands of competitive environment. This fundamental question is just the mutual causality of behavior of companies and growth of needs of customers. Lindman states that development of many products goes far beyond customer preferences from the point functionality of such products (Lindman, Scozzi & Otero-Neira, 2008). Panagiotou (2006) notes that most studies analyze competitive environment in the context of theoretical hypotheses, which are based on the idea that business environment is formal and objective.

A human element, in particular a role of managements of companies, is neglected from the point of changing competitive environment. As regards the fact that decisions made by management influence the operation of organizations as such, such a simplification represents a severe restriction of all considerations (Panagiotou, 2006).

Competition, perceived as the pillar of capitalism, can stimulate **innovation**, improve effectiveness or decrease prices (see Schumpeter in Samuelson & Nordhaus, 1995). Schumpeter explains the task of innovation as follows: in his view an innovator (i.e., an innovating company) invents, develops, promotes, identifies and launches technological improvements and implements them successfully into the practice. Innovators are dynamic factors of capitalism, who – for a short time, with advantage – will generate their profits; nevertheless, only until the moment when imitating competitors will deprive these innovators of such profit (Samuelson & Nordhaus, 1995, p. 871).

Porter operates with a **competitive rivalry**, which he understands as a rivalry to achieve a certain position applying tactics such as price competition, advertising rivalry, launching of products onto market, improvement of quality of services rendered

to customers etc. (Porter, 2004, p. 17). In his view, such rivalry has its origin in a feeling of danger or perception of an opportunity to improve market position (Porter, 2004, p. 17). In most industries a competitive movement of one company would influence also other competitors (Porter, 2004, p. 17).

Hitt defines “**competitive dynamics**” as all competitive behavior, i.e., all individual activities – operations of a company and responses from all companies competing in a particular market. Competitive rivalry is then represented by competitive actions and competitive reactions among competitors competing for better market position. Competitive behavior as such represents competitive actions and competitive reactions facilitating companies to gain or protect their competitive advantages and improve their market position (Hitt, Ireland & Hoskinsson, 2004, p. 138). Three factors influence competitive behavior – awareness, motivation and ability of company. Awareness is represented by the fact how a particular company analyzes its situation and competitors. Motivation means what such company wants to achieve. Abilities are expressed by available resources (Hitt, Ireland & Hoskinsson, 2004, p. 140).

Analyzing competitive dynamics, Hitt further describes **three types of markets**: slow-cycle, standard-cycle and fast cycle (Hitt, Ireland & Hoskinsson, 2004, p. 155). Mentioned three types of markets considerably differ from the point of sustainability of competitive advantages. Competitive advantages, in slow-cycle markets, are non-imitable from the long term point of view and their imitation is expensive. On the contrary, fast cycle markets are characterized by a short period of time when a particular advantage cannot be imitated; imitation costs are usually low, too. Standard-cycle markets are a sort of centre between these two poles (Hitt, Ireland & Hoskinsson, 2004, p. 156–158).

To properly formulate any strategy not only standard characterization of general environment is essential, but also characterization of many other influences, which – very frequently – have profound impacts on necessary level of competitiveness. These influences are demonstrated both by the character of competition as such and by the influence of factors, which are largely neglected. Last but not least, mutual connections among individual factors, influencing the character of competitive environment, represents a new dimension of competitive influence, which – as such – places another source of pressure on companies.

**Success-ability concept** (Zich, 2009a, 2009b, 2010) perceives market environment as so-called “competitive space”. To understand the competitiveness within the framework of competitive space dynamic component of competition, setting of competitive space parameters and company objectives must be perceived. Mutual links of competing subjects represent dynamic component, parameters form

the character of the individual components of competitive space and objectives define a necessary framework of company behavior. The individual components of competitive space can be defined by factors of general and industrial environment, competitive relations and regulations, evaluation of importance of market for products and resources.

Primarily, possible interconnections are crucial to frame an optimal strategy, besides the individual factors. Finding the connections among the individual components of competitive space, considerably influencing competition as such, is essential. E.g., should there exist any strong political influences forming competitive behavior of companies, an assumption cannot be made that any analysis of industrial environment focusing on its attractiveness would be sufficient to define such competitive strategy, directing companies to success. These connections are labeled as “competitive strings”, defining both individual components and their mutual causality.

#### **Understanding of competitive advantage as company response to development of environment**

Response from companies to the dynamics of market environment development evokes development and strengthening of their own competitive advantages. Porter defines that competitive advantage is the core of company efficiency in the markets with existing competition. Competitive advantage spreads from the value which the company is able to create for customers, exceeding the costs of company spent for its creation. The value is the sum which the customer is willing to pay for a service – product. The objective of competitive strategy is to build a profitable and sustainable position towards forces making decision on the ability of competition (Porter, 2004).

E.g., Coff (2003) speaks about a knowledge-based theory of competitive advantage. In his view, dissimilarity of economic and managerial point of view on the competitiveness is apparent (from the point of knowledge-based approach) in the explanation of resources of advantage, pre-requisites of sustainability of competitive advantage, factors specifying contributions linked with competitive advantage. Connor connects two terms: competitiveness as an attribute facilitating a company to compete in a particular moment, and meta-competitiveness related to further development of organization. I.e., it is an ability of organization to change itself accordingly as regards the change of conditions existing in the market or industry. Mentioned ability could be understood as a competence of strategic management and as meta-competitiveness (Connor, 2003).

Hitt defines that a company has its competitive advantage provided that it employs such a strategy, which company's competitors are not able to imitate, or – as the case may be – such imitation would be too expensive for them (Hitt, Ireland &

Hoskinsson, 2004). According to Cockburn, the essence of competitive advantage is in its ability to correctly identify and respond to incentives of the environment with maintenance of performance orientation and out of it resulting incomes (De Toni & Tonchia, 2003). Very simply Collis states that if a company carries-out any activity far more effectively than its competitors, such company can potentially gain a competitive advantage (Collis, 1994). In this context D'Aveni (1994) asserts that a key aspect of any success is a permanent liquidation and renewal of competitive advantages, always on the basis of new factors, and not on the basis of utilization and consolidation of resources and competences (De Toni & Tonchia, 2003).

Collis (1994) notifies of certain problems, resp. at least three reasons why the post of competitive advantage generated by organizational abilities shall not be sustainable, even if non-imitable as such. These are erosion of abilities linked with the fact how the company tries to adapt to the external competitive changes, substitution with other abilities and overreaching with better abilities. The success-ability concept accepts the idea that competitive advantage represents, in principle, any advantage compared with competitors; nevertheless, only on the understanding that three types of competitive advantages shall be differentiated: purely competitive advantages, semi-competitive advantages, pseudo-competitive advantages (Zich, 2009a, 2009b, 2010).

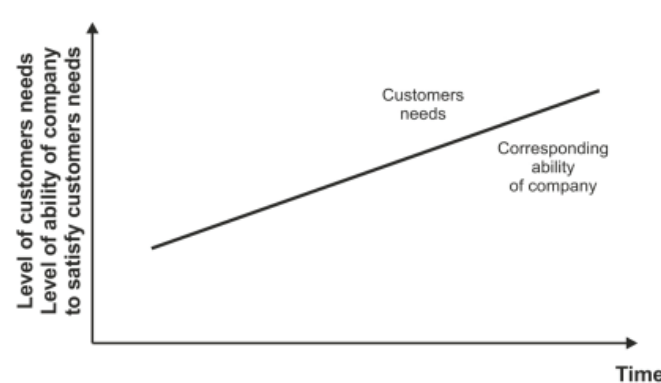
The key to differentiate the type of competitive advantage is mainly in the method of their development. Whereas purely competitive advantages are primarily based on the internal ability of organizations, semi-competitive advantages are usually gained in link with some external partner. Pseudo-competitive advantages then also use factors, which can be considered as unacceptable either from ethical or legal point of view (Zich, 2009a, 2009b, 2010).

### **Definition of competitive space demands accelerator on the basis of determination of relations among abilities of company, abilities of its competitors and expectations of customers**

Generally, an assumption is accepted that both needs of customers and abilities of companies to satisfy their needs are growing. Nevertheless, a question is phrased – whether such growth of abilities of companies is always encouraged by stronger needs of customers. Undoubtedly, such idea would correspond with a general statement about the necessity to respond to needs of customers (Fig. 1). Such company, addressing needs of its customers best and as fast as possible, would gain an advantage over its competitors.

In reality, many offered products, irrespective whether commodities or services, greatly exceed the level which customers really need. As a final consequence needs of customers can rather stagnate, without any external impacts for example in the form of innovations of companies. Companies – in principle rather logically – try to offer their customers more than such customers really need in the particular moment so as to gain an advantage over competitors. On one hand, such behavior is rather understandable; on the other hand, it can exert various negative impacts on companies themselves.

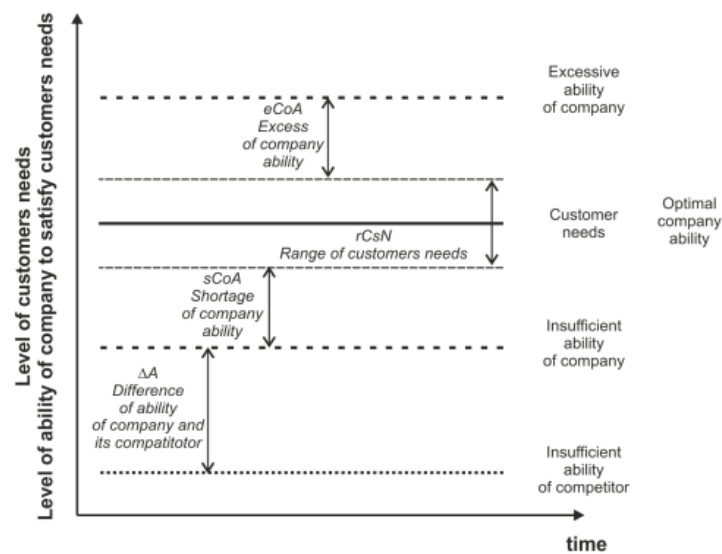
A reason of quest of companies for higher level of their advantages, i.e., higher ability to satisfy the expectations of customers, is linked with a plain and understandable fact: importance of competitive advantage is not given only by the link of perception of advantages and factors, forming it from the point of company and customer. Within the framework of so-called “product competitive triangle” (Zich, 2009a, 2009b, 2010), i.e., in the context of three key factors – company, its competitors and its customers, resp. their needs, a relative comparison with competitors decides on the importance of advantage first and foremost. Influences explaining relatively natural growth of level of demands of competitive



1: General expectation of growth of needs of customers and ability of company to satisfy them

Source: Own results





2: Demarcation of relation of level of needs of customers and level of abilities of companies from short term point of view  
Source: Own results

environment can be identified from this point of view. In spite of the fact that such growth can be stimulated also by factors laying beyond it, either in the form of government interventions or economic crisis, the dominant role plays three peaks of this triangle.

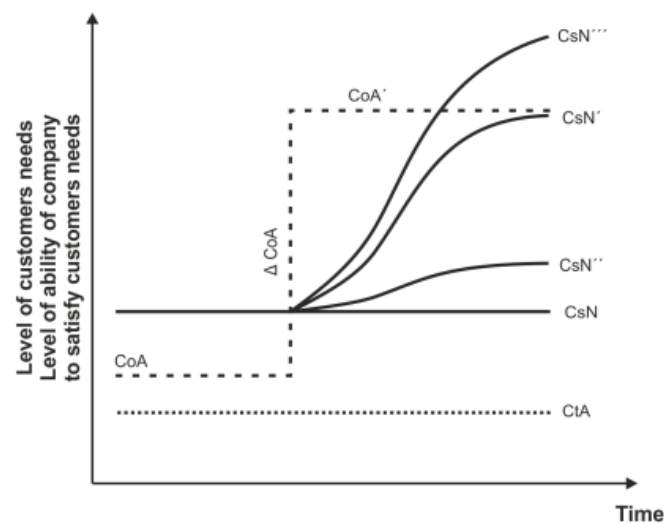
The factors, shown in the previous figure (Fig. 2), can be used to evaluate the situation encountered in the market. The scheme illustrates a situation in a relatively short time period, with individual levels practically constant. For simplification we can understand the level of needs of customers as a starting point. For example, such level can be connected with need for a certain price or product parameters. Such company, whose abilities meet this need, has its chance to succeed. Nevertheless, in most cases needs of customer can be defined as oscillating in a certain range, which can be defined as a range of needs of customer, i.e., an interval between minimal and maximal level of fulfillment of customer's needs –  $rCsN$ . If the idea of customer as regards the price equals to 1,000, it is highly probable that he would accept the price both 999 and 1,001. The span of such range is individual, depending on a series of factors.

The understanding of low or high level of fulfillment of needs of customers, still acceptable for customers, is not always easy. Even in case of price a general statement cannot be made that the lowest price would be just "the" correct advantage, especially if differing by several orders of magnitude compared to competitors. Undeniably, a certain group of customers would be certainly addressed, but for most of customers such a low price would be rather suspicious. A company, able to cover the span of needs best at a particular moment, would be acceptable for customers. Whether such company would offer its competitor any advantage depends

both on abilities of its competitor and difference between abilities of company and competitor –  $\Delta A$ . Limited ability to satisfy customer is then expressed by a deficit of ability of company –  $sCoA$ .

The key question – in relation to customers – can be whether it is better to try to aim at the target within the framework of span of needs, or try to offer more, which is expressed by the surplus of ability of company –  $eCoA$ . Why companies should try to do that? Certainly, many good reasons can be suggested why to follow just this way. Companies can come out from probably generally accepted pre-requisite of continuous growth of customer needs. The objective is (in a certain scope) to prevent companies coming to tow of growing needs; on the contrary, companies try to form market in their own way. Another usual reason is the effort to improve level of competitiveness within the meaning "running away from competitors", trying to exaggerate difference between their abilities and abilities of their competitors. Such approaches are typical of dominant companies. The analogy is then the situation when – on the contrary – weaker companies are trying to win recognition. They can attain a position when – owing to their deficit – they do not reach needs of customers or level of competitors, and they are trying by fits and starts to win some advantage compared to more successful companies, and to achieve better position either from short-term or long-term point of view.

A question can be posed as regards the impacts of above mentioned behavior. Let's consider the idea that demands of market need not necessarily to be increased in the particular context by the growth of needs of customer, but it is rather an opposite dependency. Let's assume that needs of customer change at least in some measure just in connection with behavior of companies. What does it mean?



3: Possible responses from customers to growth of abilities of company  
Source: Own results

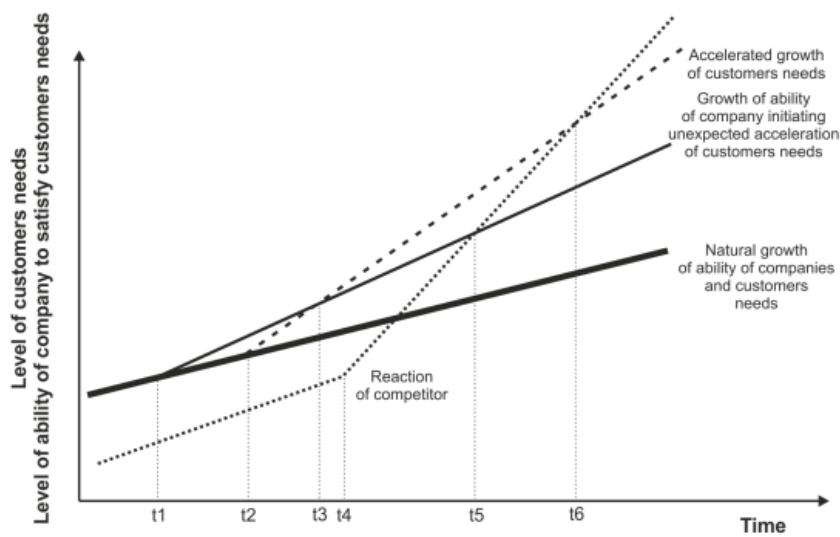
The following figure (Fig. 3) introduces this mechanism, called competitive space demands accelerator. In an ideal case better ability of company, resp. higher level of advantage ( $CoA'$ ) should call corresponding growth of needs of customer ( $CsN'$ ). This should call an inclination of customer towards an offer of company, as in the particular case the offer of competitor ( $CtA$ ) does not sufficiently meet his needs. In this case the company successfully “imposes” new product or new advantage upon the customer, thus increasing the lead over its competitors. Nevertheless, a situation can develop that the response of customers is rather reserved ( $CsN''$ ).

In simple words, customers “refuse” to increase their needs and desires to such new level. Provided that additional advantage is connected with some innovation (as an example), which the company wants to be adequately paid for, such higher price can turn out to be unacceptable for majority of customers. A serious risk incurs that customers will incline towards an offer of competitors, which – in spite of not reaching such high level – would better satisfy their needs. In both mentioned cases from long-term point of view – when company would repeatedly try to improve the level of its advantage – would occur the growth of competitive demands of particular market, related to higher needs of customers. From the point of companies such growth can be controlled in a certain range, resp. corresponds with the level they are able to master. Nevertheless, completely different situation arises in the moment when such new level of advantage calls demands – needs, which will exceed them quickly ( $CsN''$ ). Such situation can lead to a series of negative impacts on company or companies, which practically invoked it. Firstly, they cannot be able to satisfy newly born need. Secondly (which is maybe the most serious problem), from the long-term point of view such increase of competitive demands of

market can have significantly faster dynamics than the abilities of development of companies. Thirdly, potentially negative impact can have a situation when competitors are able to respond to new level of needs better.

#### Principle of competitive space demands accelerator due to development of competitiveness

A statement can be made that the growth of demands of competitive space is called – to a large degree or oftentimes also primarily – by the effort of companies to find new resources of competitiveness and to achieve higher level of competitive advantages. By a curious paradox, a situation arises when the endeavor to reach higher level of advantage results in its fast deterioration, in the sense of the lead over competitors, practically very soon after the moment of its achieving by such company. The improvement of level of competitive advantage, e.g., from the point of quantity or scope of offered services, in reality means the formation of certain level of differentiation from competitors. If positively accepted by customer, a company gains its competitive advantage with certain significance. Nevertheless, very frequently a situation comes into existence that this better offer calls higher or absolutely new inquiry of customers not in the sense of quantity of products, but in the sense of offered utility properties (as an example), which, however, said company is not able to satisfy any more. Thus, a space for dissatisfaction of customer is created; subsequently, such dissatisfied customer is then more opened to offer made by company's competitor. Moreover, competitor himself can respond to these new needs more positively and can completely eliminate the lead, which original innovating company achieved previously. Another problem is then a situation in which customer does not accept a product with new level of quality



4: *Competitive space demands accelerator – mechanisms of breaking of dynamics of development of abilities of company by dynamics of growth of needs of customers and response of strong competitor*  
Source: Own results

and moves toward more comprehensible or more traditional offer of competitors.

Such formulated principle can be interpreted as a new dimension to competitive dynamics, as a sort of competitive space demands accelerator, which is primarily the function of character of behavior of company, character of behavior of competitors and responses from customers. Hypotheses, on the basis of which such principle is formulated, seem to be absolutely relevant. An integration of such principle into the process of formulation and implementation of strategy, which should direct a company to successful accomplishment of its objectives, has both theoretical and practical aspects. In the theoretical level it means – besides the identification as such – a reassessment of view on importance and sustainability of competitive advantage as well as logics of competitive strategy itself. In the practical level it means in what scope companies can increase demands on them placed by their own effort to strengthen competitiveness as well as whether they are able to eliminate this impact, in principle rather negative for them. From the point of competitive strategy companies must come to realize that a situation can happen very easily that dynamics of growth of needs of their customers would overreach their own dynamics of ability to develop their advantages to satisfy needs of their customers – see following illustration (Fig. 4).

A typical example can be the effort to win through a lower price in the field of rendered mobile services or internet connection in the Czech market. If a customer receives any discount, undoubtedly such customer is satisfied in that particular moment (t1). Nevertheless, what would happen if such discount would be offered for a certain limited period of time only? After the end of such period and “increase” of discounted price to its original level said, customer perceives it – quite naturally – rather negatively (t3). A

space for dissatisfaction is made and such customer can easily respond to an offer made by competitors, proposing him more advantageous terms and conditions (t6). On the grounds of market responses such competitor can start to modify his offer very flexibly (t4) and can overcome mentioned company quickly (t5). The existing operator – to attract his customer – would have to respond with even more attractive offer, which could take him back to the game. Therefore, he would offer a new price, again lower. If he would not be able to do so, he would lose his customer. In case of repetition of a.m. situation the willingness of customer to pay a “standard” price will be – quite logically – absolute minimal from the long-term point of view. It is necessary to have in mind that low-price offer of original company has triggered the growth of customer needs, the same spiral can be triggered by offer of competitor. Consequently, market will demand more substantial discounts compared to what companies originally intended to offer. Naturally, customer needs not to feel any gratefulness for a temporary period with discount; on the contrary, quite logically he asks why to pay more in the future when – until now – it has worked with lower price.

## CONCLUSION

Above mentioned described mechanism of growing level of demands of competitive environment within the framework of competitive space is evaluated in the context of three key factors – company, its competitors and customers and their needs. Within the framework of this triangle we can identify influences causing a relatively natural growth of intensity of competitive environment. This can be called by the factors situated beyond it, either in the form of governmental actions or economic crises; nevertheless, a key role plays its

three points. However, mentioned growth does not necessarily have to be called by growing needs of customer, which is – again – a relatively generally accepted pre-requisite. It is possible to state that the increase of these needs in a certain range – or maybe frequently also primarily – is called by the effort of companies to find new sources of their competitiveness and to accomplish higher level of their competitive advantages. By a curious paradox, a situation arises when the endeavor to reach higher level of advantage results in its fast deterioration, in the sense of the lead over competitors, practically very soon after the moment of its achieving by such company. The improvement of level of competitive advantage, e.g., from the point of quantity or scope of offered services in reality means the establishment of certain level of differentiation in comparison to competitors. If positively accepted by customer, a company gains its competitive advantage with certain significance. Nevertheless, very frequently a situation comes into existence that this better offer calls higher or absolutely new inquiry of customer not in the sense of quantity of products, but in the sense of offered utility properties (as an example), which, however, said company is not able to satisfy any more. Thus, a space for dissatisfaction of customer is created; subsequently, such dissatisfied customer is then more opened to offer made by company's competitor. Moreover, competitor himself can respond to these new needs

more positively and can completely eliminate the lead, which original innovating company achieved previously. Another problem is then a situation in which customer does not accept a product with new level of quality and moves toward more comprehensible or more traditional offer of competitors.

Mentioned principle has a significant impact on competitive strategy of companies. First and foremost, an idea should be considered that improperly controlled development of competitiveness can result in extremely fast deterioration of value of advantage. The most serious problem is the fact that such deterioration is accompanied with influences, the prediction of which is rather difficult. Moreover, these influences can be exercised above the framework of the applied triangle "company – competitor – customer". A detailed investigation of influence and demonstrations of this mechanism should focus not only on behavior of companies and responses of customers, but also on the identification of mentioned competitive strings within competitive space. A pre-requisite is that relevant results can be achieved only from the combination of qualitative and quantitative research. The combination of these approaches shall be essential as regards anticipated nonexistence of the single universal scenario, which would be able to describe the situation of any company.

## SUMMARY

The main objective of this article has been to define a theoretical background to a principle of a competitive space demands accelerator and its impacts on deterioration and sustainability of competitive advantages. The methodology used is based upon a success-ability concept. Within the framework of a product competitive triangle we can identify influences causing a relatively natural growth of intensity of the competitive environment. This triangle can be called by the factors situated beyond it, either in the form of governmental actions or economic crises; nevertheless, a key role plays its three points. However, a growth does not necessarily have to be called by growing needs of customers, which is – again – a relatively generally accepted pre-requisite. It is possible to state that increase in these needs in a certain range – or maybe frequently also primarily – is called by the effort of companies to find new sources of their competitiveness and to accomplish higher level of their competitive advantages. By a curious paradox, a situation arises when the endeavor to reach higher level of advantage results in its fast deterioration, in the sense of the lead over competitors, practically very soon after the moment of its achieving by such company. The improvement of competitive advantage, e.g., from the point of quantity or scope of offered services, in reality means the establishment of certain level of differentiation in comparison to competitors. If positively accepted by its customer, a company gains its competitive advantage with certain significance. Nevertheless, very frequently a situation comes into existence that such better offer calls higher or absolutely new inquiry of customers not in the sense of quantity of offered products, but in the sense of offered utility properties (as an example), which, however, said company is not able to satisfy any more. Thus, a space for dissatisfaction of customer is created; subsequently, such dissatisfied customer is then more opened to offer made by company's competitor. Moreover, competitor himself can respond to these new needs more positively and can completely eliminate the lead, which original innovating company achieved previously. Another problem is then a situation in which customer does not accept a product with new level of quality and moves toward more comprehensible or more traditional offer of competitors. Mentioned principle can be understood as a new dimension of competitive dynamics, as a sort of competitive space demand accelerator.



### Acknowledgement

This article discusses the result of the project “Determinants of Development of Management and Marketing in the Context of Transforming European Union”.

### Abbreviations

rCsN.....range of customer's needs  
 $\Delta A$  .....difference between ability of company  
 and its competitor  
 eCoA.....excess of company ability  
 sCoA .....lack of company ability  
 CoA, CoA'.....company ability  
 CsN, CsN', CsN'', CsN''' .....needs of customer  
 $\Delta CoA$ .....change of company ability, difference  
 between new and previous ability  
 CtA.....ability of competitor

$t_1$  .... moment when a company offers higher level of  
 its ability  
 $t_2$  .... moment of response from customer  
 $t_3$  .... moment when needs of customer reach/exceed  
 new company ability  
 $t_4$  .... moment of response from competitor  
 $t_5$  .... moment when competitor reaches/exceeds  
 ability of company  
 $t_6$  .... moment when competitor reaches accelerated  
 needs of customer

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