

TABLE OF CONTENTS

CHAPTER TWO: LITERATURE REVIEW	2
2.1 Introduction to the Chapter	2
2.2 An Overview of Product Standardization.....	2
2.3 An Overview of the Selected Case Study (Jaguar)	3
2.4 Relationship of Product Standardization with Innovation	4
2.5 Role of Standardization of Product on Jaguar’s Innovation Approaches.....	4
2.6 Influential Factors of Product Standardization that lead to Innovation.....	6
2.7 Strategies for Improving Product Standardization.....	7
2.8 Theoretical Framework.....	8
References	10
Appendices	15
Interview Questions	15

**THE ROLE OF PRODUCT STANDARDIZATION IN INNOVATION - A CASE
STUDY OF JAGUAR**

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction to the Chapter

Literature review section is considered as the most important subdivision of research project because it contains comprehensive information about the research questions that could be extracted from the previous studies. This chapter incorporates the core information related to the research topic i.e. the role of product standardization in innovation particularly to the case study of Jaguar. The researcher has gathered the most relevant and appropriate information in order to address the key research aim and objectives. Since the design of study was qualitative in nature, the investigator has collected secondary information from different sources such as journals, articles, and books in order to derive a meaningful conclusion.

2.2 An Overview of Product Standardization

Kampker et al. (2014, p.n.d) has explained the notion of product standardization as the uniform depiction of various attributes of the product or service such as constituents that have been used in manufacturing, quality of the material, product name, packaging, allocation of the product in market either local or international, and pricing of product. From a historical viewpoint, the strategic emphasis of the product standardization has been established from typical production and the approaches regarding product or service with an additional focus on consumer and the societal needs. On the contrary, the research study of Baud-Lavigne, Agard and Penz (2012) has recommended that product standardization can be

specified with an approach of 'One Size Fits All' that means the standardization of products has acquired a great attention from the practitioners since the last couple of years.

In comparison with product adaption, standardization of products tells that the companies sell and market a standardized product in the global perspective whereas product adaption enables companies to adapt product to the domestic market (Acemoglu, Gancia, and Zilibotti, 2012, p. 570). Furthermore, there are some high end products such as automobiles and electronics that are more pertinent to product standardization in contrast with the consumer goods. Thus, it has established that the product standardization is a crucial determinant that have been considering by modern firms in order to ensure innovativeness and creativity in the product mix.

2.3 An Overview of the Selected Case Study (Jaguar)

Jaguar is one of the most thriving and prominent automobile car manufacturers in United Kingdom that has been manufacturing luxury cars specifically Jaguar Land Rover. The company is owned by the famous business group of India i.e. Tata Group. Efficient product quality and strong brand image are one of the key strengths of Jaguar Automobiles by which the organization upgraded its distribution channels certainly in the world leading and emerging economies. Since the leaders and managers of Jaguar are more prone towards product standardization, they have been constantly working on research and development and allocating more budget for ensuring creativity and innovativeness in their business strategy (Annual Report, 2016, p.n.d). Moreover, the current business plan of Jaguar is grounded on the core values of customers by connecting points between formulating new business solutions that can discover potential and sustainable business. In addition, the managers execute their responsibilities in a way that transform their portfolio by inventing most anticipated, premium automobiles and services in order to inspire car lovers. So, the overall

product standardization efforts of Jaguar are much effective and efficient that can enhance firms' innovation and productivity.

2.4 Relationship of Product Standardization with Innovation

In the contemporary business world, innovation has become an important domain of the economic growth as it assists companies in encouraging growth and economic development within a country. In other words, European Commission (2016) has explained innovation as the application of modern ideas within the perspective of new procedures, products, and other factors or the firm executions which eventually lead to increase the value for the consumers. However, innovation can be perceived from two different frameworks that include process innovation and product innovation. Initially, the product innovation can be elucidated as the invention of new products or an imperative change in the qualitative features of an existed product (De Brentani, Kleinschmidt and Salomo, 2010, p. 143). On the other hand, product standardization has a direct and significant relationship with innovation strategies because recent managers are more prone to instigate new features and attributes in their products or services in order to increase their profitability. The more organization will focus on innovation, the more product standardization targets will be achieved.

2.5 Role of Standardization of Product on Jaguar's Innovation Approaches

According to the research study of Mithas and Arora (2015, p. 2), there is a huge substantial importance of product standardization with respect to innovation because it empowers the engineers to instigate innovative designs within the products along with the most accurate approach. The role of product standardization is significant in innovation as it provides a strong indication of the innovation which is executed in a way to amplify the product mix of a particular brand. Since this research has mainly discussed the importance of

product standardization for Jaguar innovation strategy, the researcher has examined the case study of Jaguar. Kurylko (2013, p.n.d) has conversed about the crucial role of product standardization in promoting innovation in Jaguar Automobiles. The author depicted that Jaguar owners aim to modernize their product standardization by ensuring innovation in terms of design, quality, services, and price. The leadership of Jaguar Vehicles is considered innovation as a major ingredient to formulate new technology for the satisfaction and retention of customers. For this purpose, the workers have been constantly working on research and development in order to encourage innovative-driven ideas for their luxury products such as Land Rover.

The Annual Report (2016) has incorporated figure one in order to explain the role of product standardization for the successful innovation strategies of Jaguar. The authors further elucidated that the organization is more interested to place their products and services in a way that will satisfy its customers and make organization more profitable. Thereby, it is established that Jaguar innovation strategy is dependent on product standardization.

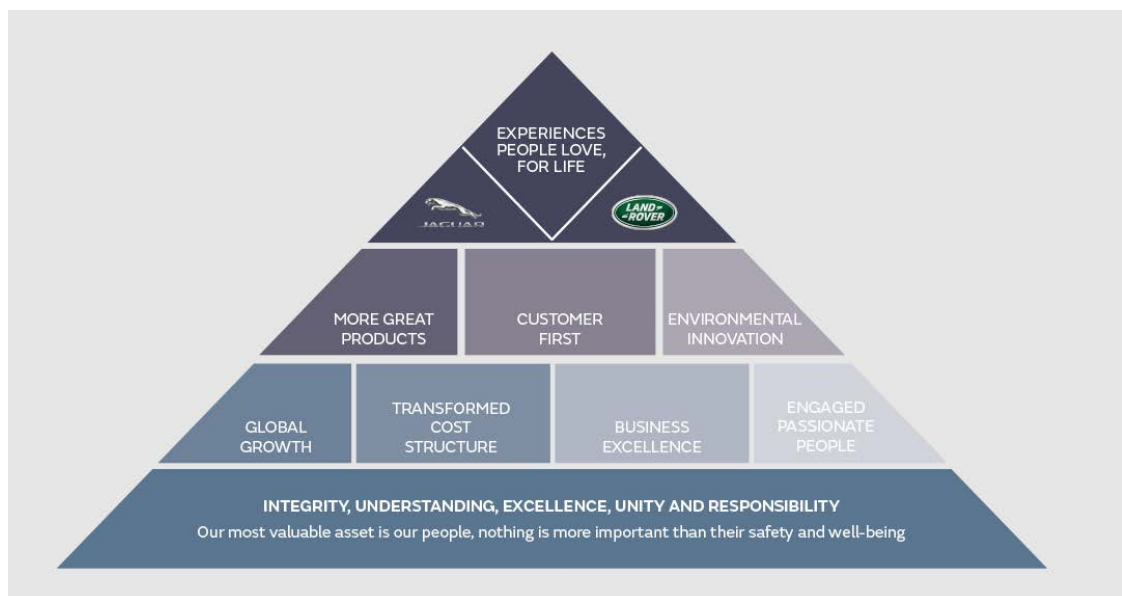


Figure 1 Jaguar Blueprint for Success (Annual Report, 2016, p. 24)

2.6 Influential Factors of Product Standardization that lead to Innovation

In today's world of globalisation it is constantly told that new and different things should be valued however it should be noted that standardization is considered to be a strong driver of transformation and innovation. Various innovations in the world up to the date such as railways, manufacturing sector, agricultural sector etc. have experienced innovation due to product standardization. The organizations which want to innovate and transform their operations can benefit in various ways by incorporating the factor of standardization (Wang et al., 2016, p 79). Some of the factors of product standardization which leads to innovation are listed below.

With the help of product standardization the organization is able to rationalise the different varieties for products which are available to the customers. This helps the organization or the company to come up with innovative and transformed variety of the already existing products and services (Xie et al., 2016, p. 69). Through product standardization the company is able to monitor the demand and supply of the products in a rather efficient manner and through this they are able to save the money by manufacturing the products in accordance to the needs and expectations of the customers (Miranda Silva et al, 2014, p. 1307). This resultantly helps the company to focus on the quality of the products which lead to innovation.

Through efficient product standardisation the organizations are in a better position to monitor the manufacturing process of the product. Through this monitoring they can ensure that the quality of the products which are manufactured by the company for its customers is not compromised in any manner. Since the product standardization helps the organization to keep an eye on the different processes in an efficient manner it facilitates the organization to manage the orders in an efficient manner along with ensuring the innovation and transformation.

Due to product standardization the organization is able to ensure pre-set and accepted quality of the products which they sell to their customers. With the high quality of the products they provide they are able to focus more on transforming their products according to the changing needs of the customers and contemporary business environment (Shin, Kim, and Hwang, 2015, p. 152). In the present era of globalisation and high competition the organizations are making sure to ensure that their products are innovative by product standardization.

When an organization is bringing in a new product in the market it is important for them to have gains in cost and also ensure standardisation in order to have profit. Standardisation is also referred as conventional wisdom which helps and facilitates the organization rise above the continuum and finds a balance between standardization and innovation (Jiang et al., 2016, p. 229). It is extremely important that the organizations should equate inside the box thinking with standardisation and to equate out of the box thinking with innovation. All the organization irrespective of their domains needs to maintain an optimal balance between product standardization and innovation because with the help of these two factors they are able to survive in the highly competitive contemporary business environment.

2.7 Strategies for Improving Product Standardization

According to past literature and practical examples product standardization is considered to be an advantageous strategy as it offers the organization with cost cutting benefits. An organization can increase standardization in its products in order to ensure that the most focus is given to the quality which is provided to the customers in comparatively lower price (Grestleberger, Praest Knudsen, and Stampe, 2014, p. 131). At first the company can focus on different components or raw materials which are required to produce a product. The products which are manufactured by a company should be selected such that the

components which will help the organization in various ways. Packaging is also a component which can be standardized by the company without making changes in the actual product (Poturak and Durman, 2014, p. 252). This way the company is able to cut cost and ensure that their products are standards and consistent with the needs and expectations of the customers.

2.8 Theoretical Framework

For every company in order to expand into different foreign markets or even local markets require them to have a precise decision making because there are various aspects such as internationalisation. Literature shows that for an organization the most crucial and critical decision is regarding their mix (Tan and Sousa, 2013, p. 711). Therefore it is important for an organization to make sure that the objectives and goals which they form while entering a new market or even expansion in the existing market is done accordingly. Theoretically there are two different strategies from which the organization can choose product standardization and product adaptation as for this research the focus is on product standardization (Akgun, Keskin, and Ayar, 2014, p. 609). This section of the research discusses the theoretical framework of product standardization.

Literature shows that product standardization has been broken into two perspectives which are standardization of marketing process and marketing programs. The first one is concerned with the technology and factors which are used for the purpose of marketing decision while the second one is more concerned about the marketing mix (Hussain and Khan, 2013, p. 353). Over the past years there are various authors who have analysed the concept of product standardization in great detail. Most of the past studies have been concerned with the marketing aspect however there are very few studies which has actually discussed about the relationship of innovation with product standardization. Most of the authors have supported the idea of product standardization because according to theory that

the world is becoming more and more homogenous which has led to tastes and cultures being homogenous hence product standardization has helped organization to incorporate innovation and transformation (Liu et al., 2016, p. 357).

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Appendices

Interview Questions

- Q1. What is the significance of product standardisation at your organisation?
- Q2. To what extent product standardisation is applied in your organisation?
- Q3. In your opinion, what benefits you perceive underlies the standardisation of the products?
- Q4. What are major challenges for product standardization when innovation is promoted in this process?
- Q5. What are major challenges for product standardization when innovation is promoted in this process?
- Q6. In your opinion, does the product standardisation helps in sustaining competitive advantage for your organisation?
- Q7. In your opinion, does the product standardisation have an optimistic future in the automotive industry?
- Q8. Please provide some suggestions on the role of product standardisation in innovation within the automotive industry?