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## Analysis of Design-Driven Innovation Practices in Turkish and Swedish Furniture Firms

### An Exploratory Approach

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# Analysis of Design-Driven Innovation Practices in Turkish and Swedish Furniture Firms: An Exploratory Approach

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*Abstract: This study explores and analyzes recent design-driven innovation (DDI) practices in the furniture industries in Turkey and Sweden.[2] The study was conducted in three phases: an in-depth literature review; the identification and selection of furniture companies; and analysis of the selected companies based on the strategic, operational, market-entry and organizational dimensions. We used case-study methods and conducted semi-structured interviews with designers and design managers of leading furniture companies from Turkey (Nurus, Ersa, Burotime, and Tuna Ofis) and Sweden (Offecct and Skandiform). Through cross-case analysis of national outcomes, we propose additional drivers to DDI theory, such as product segmentation, activity research, culture research and concept/designer research. The results of this study are crucial for all parties involved, as they suggest ways to achieve incremental and radical design-driven innovations.*

*Keywords: Design-Driven Innovation, Design Management, Innovation Strategies, Exploratory Approach, Turkish and Swedish Furniture Firms*

## Introduction

Innovation is one of the most repressive elements of competitive advantage (Porter 1998); even the survival of companies is dependent on product innovations (Lee and Zhou 2012). Product innovations, independent of their degree of novelty, have a positive effect on firm value via market share increase (Rubera and Kirca 2012). For firms, especially in emerging countries such as Turkey, successful product innovation is of foremost importance.

Innovation in Turkey has been gaining value, as seen from news on the internet about innovation, including seminars, workshops, meetings, fairs and training sessions. Governmental support for innovation has increased through the introduction of new support programs by TUBİTAK (The Scientific and Technological Research Council of Turkey), KOSGEB (Small and Medium Enterprises Development Organization), Kalkinma Bakanligi (Ministry of Development), and several other institutions. Despite the increase in innovation activities and programs supporting research and development in Turkey, however, it is not a leading country in terms of technology development and application. In fact, it is mostly dependent on imported technologies for increasing its innovation capabilities.

Mardiros and Dicu (2014, 315) state that in Turkey, "the Expected Incremental GDP in the next ten years will be larger than the average of the G7 economies, excluding the US countries." Turkey is listed as an emerging economy and market in the BBVA-EAGLEs and Dow Jones indexes (Ortiz et al. 2014; Jones 2012). Furthermore, in terms of various criteria, it is specified as, an advanced emerging economy (FTSE 2015, 2016), an emerging-market economy in the E11 list (BOAO 2014), and an emerging economy in the G20 list. While the region—which

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includes the EU28, Iceland, Norway, Switzerland, the Balkans, and Turkey—still performs above the global average in terms of competitiveness (4.72 average score in Europe versus an average score of 4.11 among the rest of the world (Schwab 2016)), Turkey lacks technological innovations. In other words, the source of innovation is not driven by technology in Turkey. The firms need a strategy regarding other sources of innovation but not the technology.

In general, firms develop product innovation strategies through two ways: *market-pull* and *technology-push* approaches. In market-pull strategy, firms must forecast and satisfy changing user demands by focusing on the users' needs. The voice of the market regarding the customer's expressed or observed explicit needs is the main source of innovation. User-centered design, as one particular approach in market-pull strategy, emphasizes that, product development process should start with a deep analysis of user needs (Kembaren, Simatupang, and Larso 2011). Asking users about their needs, observing them while they use existing products and tracking their consumption processes and behaviors are the sources of knowledge in market-pull strategy (Sigolotto 2010). On the other hand, argued in technology-push approach, research and development activities are the starting point of product development process. Besides, identification and development of new technologies on the base of recent research allow firms to create innovative products (Abernathy and Clark 1985; Henderson and Clark 1990).

In addition to market-pull and technology-push strategies, Verganti, (2009) outlines a third approach as *design-push* in design-driven innovation (DDI) process. He defines DDI as "an innovation where novelty of message and design language is significant and prevalent compared to novelty of functionality and technology." The knowledge of innovation is the "knowledge about the signs that can be used to deliver a message to the user and about the socio cultural context in which the user will give meaning to those signs." (Verganti 2003; 2006). DDI represents design as the process of "making sense of things" (Norman and Verganti 2014). DDI, namely *meaning innovation*, strategy focuses on to understand, anticipate and yet influence emerging new product meanings.

Semantic value and product languages are the main research areas in design-push approach rather than technology or market. Hence, a socio cultural life context in regards from all the users to *interpreters* such as trendsetters, designers, sociologists, artists and so on is the scope of DDI. Transferring the knowledge of socio cultural life context between various interpreters, it is a networked research process (Sigolotto 2010). In this network, *gatekeepers* interpret the knowledge while communicating with other gatekeepers but the designers.

In DDI, the designers as *brokers of languages* are expected to create new languages and meanings regarding a material world, but human skills and tools are both needed in technology-push strategy (Kembaren, Simatupang, and Larso 2011). Emerging countries lacking of sufficient know-how and technological investments on R&D, would benefit from this perspective proposing design as the driver of innovation. Adopting DDI practices in emerging countries and firms would be cost and time efficient, easier to access, transform and apply. Our motivation here, is this approach suggesting not technology and market, but design as the main source of innovation.

Researchers (e.g., Atuahene-Gima and Murray 2007; Khavul et al. 2010; Lee, 2010; Lee and Zhou 2012; Tracogna 2013) have been attracted to studying innovations in emerging economies such as Brazil, China and India. There are also some studies about DDI practices in emerging countries (i.e., China, Indonesia) (i.e., Zhang et al. 2016; Kembaren et al. 2014). However, there is no study on firm based DDI practices from Turkey. In fact, possessing a geopolitical advantage of bridging Europe and Asia but bridging the cultures, Turkey has the potential to *listen*, *interpret* and *address* this cultural acquisition to new product languages and meanings.

This research focuses on the analysis of design-driven innovation (DDI) practices in the Turkish and Swedish furniture industries via case studies from both countries. The literature about DDI has focused mostly on global market leaders as cases for exploration of the theory in practice. This study adds the analysis of DDI practices of an emerging country, Turkey, and of a