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When "Stuck in the Middle" is Not a Danger?

"Ortada takılı kalma" ne zaman bir tehlike değildir?

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In the new IT-enabled network marketing, the competition goes to global and the needs and expectations of the customers change rapidly. It is easy to reach the information about the price and the quality of the competing products and services via the web by the increased accessibility and availability of market information for both buyers and sellers. It requires to compete in both cost effective and differentiated way to compete globally. In this study, the competitive forces and the competitive strategies to come up with these forces is explained in detailed and also the growing effect of the Internet and global competition on the strategy choice of the companies is discussed. This study supports the idea that being "stuck-in-the middle" is not a danger in IT-enabled network marketing and also it is necessary to be successful in the global competition.

Keywords: *Marketing strategy, Internet, Network marketing, IT-Enabled marketing, Stuck in the middle.*

Jel Codes: *L14, L86, M15, M31.*

Yeni IT-destekli ağ pazarlamasında rekabet giderek globalleşmekte ve müşterilerin ihtiyaç ve beklentileri hızla değişmektedir. Pazar bilgilerine erişilebilirliğin artması ile hem alıcılar hem de satıcılar için web üzerinden rakip ürün ve hizmetlerin kalitesi ve fiyatı hakkında bilgilere ulaşmak kolaylaşmıştır. Bu durum, küresel olarak rekabet edebilmek için hem maliyet etkin hem de farklılaştırılmış bir şekilde rekabet etmeyi gerekli kılmaktadır. Bu çalışmada, rekabet güçleri ve bu güçlerle başa çıkabilmek için uygulanan rekabet stratejileri detaylı olarak açıklanmakta ve ayrıca İnternetin ve küresel rekabetin işletmelerin strateji seçimlerindeki artan etkisi tartışılmaktadır. Bu çalışmada, "Ortada Takılı Kalma"nın IT-destekli ağ pazarlamasında bir tehlike oluşturmadığı ve küresel rekabette başarılı olmak için gerekli olduğu fikri desteklenmektedir.

Anahtar Kelimeler: *Pazarlama stratejisi, İnternet, Ağ pazarlaması, IT-Destekli pazarlama, Ortada takılı kalma.*

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1. INTRODUCTION

In the changing global economy, it is necessary to compete in many ways (quality, service, price… etc) to meet the rapidly changing needs and expectations of customers. IT-enabled network marketing increased the market transparency. It is easy to reach the information of market for both buyers and sellers via the Internet. Therefore, it is easy to reach the information of the competitors' strategic choices. Managers must adapt to the changes in the market and choose the right competitive strategy. In most studies, it is discussed that being stuck in the middle is a danger and it doesn't provide competitive advantage to a firm. But in the new economy, it becomes a disadvantage to choose a pure strategy and compete in one way. It can be said that it becomes a necessity to compete in both cost effective and differentiated way.

There are lots of studies about the sustainable competitive advantage and also about the generic strategies (Akan et al., 2006; Allen & Helms, 2006; Booth & Philip, 1998; Bowman, 1992; Bakos, 1991; Campbell-Hunt, 2000; Dess & Devis, 1984; Dess & Rashed, 1992; Dickson & Ginter, 1987; Gopalakrishna & Subramanian, 2001; Kim et al., 2004; Kim & Lim, 1988; Miller, 1988; Porter, 1980; Porter, 1991; Proff, 2000; Powers & Hahn, 2004). In these studies, it is feasible to reach the qualitative and also quantitative research solutions on different organizations in different industries.

To search for the answer of our question, we are going to make conceptual study and find out different ideas from different perspectives.

2. GLOBAL COMPETITION

Global competition, continuous technological innovation and change in business growing pressure from business to product, quality, functionality and eliminate its grip on the sales price been removed. Managers operate in a complex, uncertain environment and tend to form simlified models in order to cope with this environment and make competitive strategic decisions.

Today, firms and governments face significant international competition and this become their most important case. It is not a new subject. Nations have been trading for hundreds of years and the international trade is among the oldest subject in economics. Yet today, the interest in international competition has arguably never been greater, not only among managers but among researchers as well (www.infogmbh.de).

Around the mid-1950s, something interesting started happening when the growth in world trade began to exceed significantly the growth in Gross National Product, while foreign investment has been significant and growing rapidly since the 1960s (www.britannica.com). The 1950s marked the beginning of fundamental change in the international competitive environment. Recently, danger of international competition bound countries inseparably and competing internationally is an obligation rather than an issue of discretion for many of the corporations. Today, many firms must conceive and implement overall strategies for competing globally. And also the international competition should be relearned because of a rapidly changing environment (www.infogmbh.de).

New age of international competition has been developed by globalization (Lawlor, 2007). Global organization and how countries rise and fall within these industries best explains this new age of international competition. In the last decade of 20th century, global organization of industries are connected to concept of the value added chain straight forwardly by a new structure called Global Commodity Chains (GCCs). The significance of global buyers was on the increase (brand marketers and retailers or manufacturers without factory) and it was the locomotive of the data of internationally dispersed production and trade networks.

When the new millennium started, organizational context of marketing and its relationship with customers varied enormously. This huge amount of change is supported by knowledge-rich environment and hierarchical organizations of 1900s divided into different networks. These are internal network, vertical networks, intermarket networks and opportunity networks. Marketing became to serve as an agent of buyer rather then serving as an agent of seller. And then, marketing changed from being a marketer of goods and services to customer consultant and manager of his or her saleable consumption assets. For this reason we consider that the perspective of marketing changed considerably (Walter & Ritter, 2000).

The trend toward globalization has been driven by three important forces (Oh & Lucas, 2006):

1. A large and growing number of highly efficient multinational enterprises
2. Sharply declining costs for international transport and communication
3. Rapidly accelerating technological innovation.

Competitiveness in the new global economy is not simply the ability to deliver abroad at the lowest price. First, competitiveness as with charity, begins at home. Most companies face foreign competition because of the extent of imported goods in this market. Second, the service shouldn't be uneven or delivery unreliable and the quality varies. Managers should change their view of what is competitive and also change their idea of management (Ülgen & Mirze, 2016).

Globalization force companies to compete in global markets. Especially in recent years, by the growing usage of the IT-enabled technologies and the Internet, the direct selling industry became a major importance for the economies of many developed or developing countries. (Powell & Dent-Micallef, 1997). One form of the direct selling which does not place such a high reliance on levels of infrastructure support that of Network Marketing. Network marketing (Internet marketing) has boomed in recent years. Most companies have used it mainly for advertising or promoting corporate images. But in recent years, companies utilize the power of Internet Marketing as a new channel for handling transactions on the Internet. Trading directly on Internet has numerous benefits for corporations. Benefits can be staged into three channels depending on the executed functions (Kiang et al., 2000):

- Communication channel: data exchange between buyers and seller
- Transactional channel: sales activities
- Distribution channel: physical exchange of products and services.

Channel choice is influenced by 4 conventional factors (Kiang et al., 2000):

1. Ease of value addition to the product
2. Specialty of goods
3. Order complexity
4. Convenient location.

Companies can take the advantage of Internet as a communication channel for exchanging and communicating information with customers or take the advantage for marketing activities to adapt market changes and meet customer preferences for individual customers within much more accurately and on time.

24/7 available Internet access wrecked borders and opened doors of wide range of customer database for companies. Delivery of digital or informational products or services are related with accomplishment of Internet marketing. To achieve these, we use its logistics function (www.nibusinessinfo.co.uk).

The fast development and progress of online computing technology makes businesses have to take into account the Internet to gain competitive advantage. Dialog between organization and consumer is directly established by a web site. Market transparency is augmented by IT by the enhanced accessibility and availability of market information with electronic markets. Additionally, the costs of buyers and sellers are alleviated and eligibility is provided by IT-enabled electronic markets. By this way, managers determine and update their strategies adopting to the changes in the market to be successful in global competition (Song & Zahedi, 1998). The main point here is that which competitive strategy will provide sustainable competitive advantage for a company in the long run? And should the company focus on just one strategy or focus on two or more of them?

3. COMPETITIVE FORCES

Porter suggests five competitive forces that effects an industry (Porter, 1980). These forces are; supplier power, buyer power, threat of substitute products or services, threat of new entrants, rivalry among existing competitors.

3.1. Supplier Power (The Bargaining Power of Suppliers)

Threatening to increase the costs or decrease quality are the weapons of suppliers to exert bergaining power on participants. It can be said that the supplier group is more powerfull when they are more intensive then the industry they sell to, if the customer group has no significance, if buyers need their products as a necessary input for their business, or there are switching costs or the suppliers threat for forward integration (Porter, 1980).

3.2. Buyer Power (The Bargaining Power of Customers)

With the bergaining power, buyers can force the competitors to establish low costs and high quality. Bargaining power can be identified by these major factors; that are volume (relative to seller sales), does the product represent a major fraction of the buyer's costs or purchases, differentiation or standard product, switching costs, buyer profitability (hence their price sensitivity), threat of backward integration, importance to the quality of the final product, and level of knowledge and information of the buyer of industry demand, actual market prices and supplier cost (Porter, 1980).

3.3. Threat of Substitute Products or Services

They are the products or solutions that performs same functions but generally based on another technology. It can be said that according to the level of abstraction, nearly everything can be a substitution. The crucial factor here is the shift in technology (Porter, 1980).

3.4. Threat of New Entrants

These are the threats for new competitors who attempt to enter the market in an industry. Scale economies (advantage of experience, learning and volume), differentiation (brand image and loyalty), capital requirements (new entrants will face a risk premium), switching cost involved by the customer, access to distribution channels and cost disadvantages (patents, location, subsidies) are the major components of the threats for new entrance (Porter, 1980).

3.5. Rivalry among Existing Competitors

If there are not too many major competitors in the industry, there will be no huge gaps among the offerings. Number of competitors, high fixed costs, industry growth, capacity augmented in large increments, lack of differentiation, diversity in type of competitors and strategic importance of the business unit are fundamental factors that designates magnitude of aggressiveness (Porter, 1980).

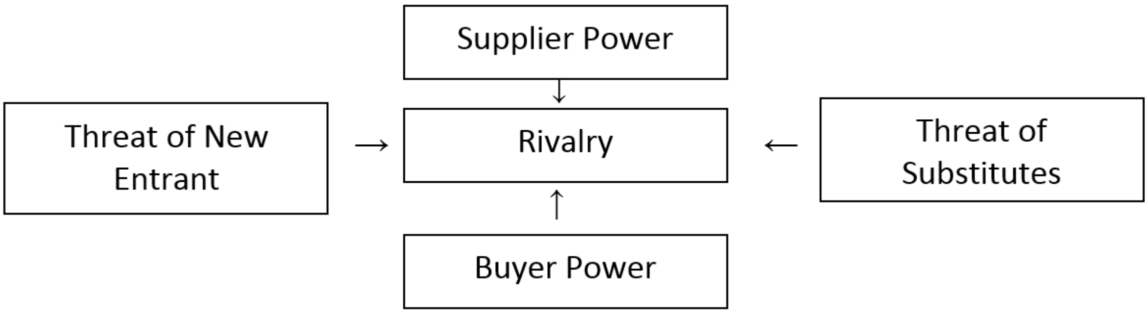

Fig 1. Diagram of Porter's 5 Forces (Porter, 1980; Porter, 1985; Murray, 1988)

Awareness of these forces can help a company stake out a position in its industry that is less vulnerable to attrack.

Generic competitive strategies were also supported by Porter. First usage of the term 'generic strategies' is early 1980s and today it becomes more popular. Three main strategic options for organizations were outlined by Porter that accomplish a long term competitive advantage.

According to Porter (1980), companies' basic options are fundamentally the scope of markets which would be operation zone of companies and how companies would endure competition in the target market. The focus of competitive strategies is the most possible advantage position for the company in its industry that can be obtained by differentiating their products and services and low costs. Additionally, products can be targeted by companies via a wide range of targets of market or companies can deal with a small range of targets in the market. Three generic strategies were developed by Porter. He suggests that these strategies are to protect company's position in the market and surpass competitors (either they work nationally or internationally). Also he adds that these strategies can be used singly or in combination. These strategies can be applied as a solution of many circumstances and contexts so it is said that they are generic strategies.

Are the sources of competitive advantage "differantiation" of products in any way or "lowest costs" in the industry? As the competitive scope; does the companies target a broad market or does it focus on a narrow niche market?

4. GENERIC COMPETITIVE STRATEGIES

According to Porter (1980), strategies can be applied to many kinds of circumstances and contexts so they are generic. These generic strategies that offered by Porter are; overall cost leadership strategy; differentiation strategy; and focus strategy. Control procedures of firms, their incentive systems and organizational arrangements are designed by corporations under the guidance of generic strategies.

4.1. Overall Cost Leadership Strategy

Overall cost leadership strategy is to develope policies to become and remain the lowest cost producers and also the lowest cost distributers in the industry. By this strategy, companies have the control on the costs with construction of efficient scale facilities, avoidance of marginal customer accounts, tight control of costs and overhead and also the tight control of labor costs, minimization of operating expenses, reduction of input costs and lower distribution costs. Competitive advantage can be gained by being the low-cost leader who offers lowest costs than competitors in the market (Porter, 1980).

Especially in network marketing, overall cost leadership comes with potential problems. If two or more firms began to compete for cost leadership, this price wars ends with very low profit levels. The advantge of using cost leadership strategy can not be easily copy by others in the market. Also the cost leaders have to maintain their investments with state-of-the-art equipment of they will face the possible entry of more cost effective competitors. Production process may be altered dramatically by large amount of technological advancement thus previous technological investments for production lost their efficiency. Finally, by sacrificing their precious alterations in production and marketing the companies may stuck with idea of maintaining low costs. If it is a non-stable environment, applying this strategy may be more difficult because, expenses that firms cut or reduced are R & D costs or marketing research costs which are essential to compete and race with other firms in the same market (www.pondiuni.edu.in).

4.2. Differentiation Strategy

Differentiating the product or service is the second generic strategy (Porter, 1980). In this strategy, it is essential for a firm to create unique specifications for its product and services in the industry. The unique specifications of the products and services - whether they are real or they are just in the mind - should take place in the minds of the customers that these products and services have qualities that are not generally exist in competing products and services and also the customers should be relatively price insensitive. This is because adding features brings extra costs either on production costs or distribution costs of differentiated product. To succeed in differentiation strategy, customers should be willing to pay more than the marginal cost of adding differentiated features.

Differentiation can be achieved through many features which make the product or service unique. Possible strategies to achieve differentiation may include:

- warranties
- brand image
- technology
- features
- service
- quality/value
- dealer network

It doesn't mean that differentiation allows a company to ignore costs, it just makes the company's products and services less responsive to their cost than their competitors because consumers of the company see the products and services as unique and they are ready to pay extra for the product and service to have the desired characteristics. To achieve differentiation, companies either produce a high technology extra featured product or advertise to provide perception that the product is unique.

By differentiation, customer brand loyalty can be provided and that results with reduced price elasticity. And also by differentiation, higher profit margins can be provided and the need for low cost leadership can be reduced. Customers are willing to pay extra for the differentiated features of the products and services when they like these features and see these features as unique and different from competing products and services. The profit margin may increase when the company offers higher selling prices that are more than the marginal costs of adding these features. Companies should either carefully observe the incremental costs for differentiation and make sure that the difference between the differentiation and its costs to them is reflected in the selling price or they may better produce generic, undifferentiated products.

Compared to the companies that pursue cost leadership strategy, the companies pursuing differentiation strategy are more vulnerable to different competitive threats. For cost savings, customers can sacrifice differentiated features, exclusive services or images. Price sensitive customers may forego desirable features in favor of an alternative that is less costly. It can be seen in store brands and private labels. The firms that produce name brand products also produce private label products that are physically identical but even so have lower prices. It is beacuse the firms pay so little money for advertising these differentited private label products.

Imitation reduces the perceived differences between their products when the competitors copy the differentiated features of the products and services of a firm. To recover the R&D costs, firms should add product featues that can not be easily copied.

Changing customer choice and perceptions, that means the customerr tastes, are the final risk for differentiaiton strategy. This instability leads customers do not like a product or find its features attractive this year which they like and be impressed last year or vice versa. Network marketing reduces this problem by the ability to adopt the changes easily via the web. By the transparency of the market, information about the market is more accessible and it is easy to follow up the change in demand and also forecast the future trends (Porter, 1980).

4.3. Focus Strategy

Cost leadership and differentiation strategies are oriented for industry wide recognition. Focus strategy, as the final generic strategy, involves focusing on a particular customer, a geographic area, a stage in the production process, a product line, a channel of distribution or a niche market (Porter, 1980). This strategy is also called niche or segmentation strategy. The underlying idea of the focus strategy is that, a company may serve a limited segment more effectively than competitors that serve a broader range of customers. Firms that pursue focusing strategy, apply differentiation or cost leadership strategy to a specific segment of the larger market. By focusing strategy, firms may differentiate themselves by meeting customer wants and needs or achieve lower costs in limited markets. This strategy is most effective in the markets that customers have exclusive preferences and specialized requirements (Porter, 1980).

The focus strategy is generally suitable for small and aggressive businesses who do not have enough resources or ability to be involved in marketing efforts nationwide. And also this strategy is suitable if the target market is very small to encourage large scaled operations. Firms that pursue focus strategy concentrate on supplying the specialized requirements of its customers. All the products and services will be designed adapting to meet the needs of customers. There is one approach; firms can serve either to industrial buyers or to consumers. But they can not provide service for both of them. Firms which generates a focus strategy may also be better able to tailor advertising and promotional efforts to a particular market niche. Products may be designed specifically for a customer. Costomization starts with individually designing a product according to a customer pereference and ends with customer participation to the finished product. On the other hand, for industry-wide orientated firms, giving individualized attention to customers maynot be feasible. Also other forms of customization allow customers to choose the predetermined options from a menü like the fast food industry.

Potential difficulties related with the focus strategy contains narrowing the differences between industry and the limited market. National firms generally take into consideration of the strategies of competing firms in different submarkets and than copy the successful strategies. In effect, the national firm allows the focused firm to develop the concept. Then, the strategy of the smaller firm may be imitated by the national firm or this may be acquired as a means of gaining access in to its processes and technology. This imitation increases the ability to enter the niche markets while reducing the costs of serving a narrow market.

There is a constant problem for companies which follow a focus strategy. That problem is the market size. The target market should be sufficiently large to support and maintain business by providing an acceptable return. Another potential danger for firms pursuing a focus strategy is that competitors may find submarkets within the target market. At that point, network marketing provides opportunities to focus a wide range of market segment via the web. Firms have the ability to change their target customers depending on the change in demand and also the change in the market more easily (Porter, 1980).

5. COMBINATION STRATEGIES

Can the forms of competitive advantage be combined? Porter suggests that a market position should be staken out aggressively by a company for a successful strategy and these different strategies contain different approaches for firms to compete and operate. Organizations that pursue differentiation strategy look for competitive advantage by offering products or services that are differentiated and unique from others offered by competitors through features, design, technology, brand image or customer service. Another way, an organization who seeks cost leadership strategy trys to get competitive advantage which is gained through being the overall low-cost provider of a product or service. Many scholars think that there is no distinct competitive advantage in being "stuck in the middle" which is inferred from "all things to all people". The difference between being "stuck in the middle" and "successfully pursuing combination strategies" merits discussion. Inspite the fact that hazards of not being accomplished in either cost leadership or differentiation strategy is pointed out by Porter, some firms can have succeed by accomplishing combination strategies.

Porter says that in some cases, it is feasible that a firm can be a cost leader and at the same time can maintain a differentiated product. As an accomplished example we can look into Southwest Airlines. Both cost cutting measures and differentiation has been combined by them. The company did not assign seating on its planes and eliminate the meals to reduce costs. The success behind this situationn is company's advertisement as "one does not get tasteless airline food on its flights" has become popular among customers. The fares were low enough to attract substantial number of pessengers that leads the airline to succeed.

Combination strategies may actually be demanded by some industry environments. In highly complex environments like health care industry, executives do not have the chance to prefer only one strategy with ignoring the others. They have to combine them in order to be successful in hospital industry. Because hospitals should compete on different fronts. More complicated combination strategies are both possible and also an obligation for competing successfully (Pelham, 1999).

It is suggested by Kim and Mauborgne (2005) that firms have to go where growth and profits are, and where the competition does not exist. This is the "Blue Ocean Strategy" which is a proven system for breaking out of fierce bloody competition and creating new uncontested market spaces for achieving profitable growth.

There are two metaphors as red and blue oceans that defines the whole market universe. Red oceans are the known market spaces that includes all the industries in existence today. Boundaries of industries are identified and accepted and also the competitive rules of the game are known. As the market space becomes crowded, profits and growth expectancy decreases and than the competition turns to bloody. But in contrast, the blue ocean denote all the industries that are not in existence today. The market space is unknown and untainted by the competition. Demand is created rather than fighting over. There is enough chance and opportunity for both profitable and quick growth. Rules of the game are waiting to be determined and therefore competition is irrelevant. It is an analogy to define the deeper and wider potential of the market space that is not explored yet. It is also the "Value Innovation" of the firms. The blue ocean strategy is created when the firm achieves value innovation that creates value simultaneously for both buyers and the firm itself.

In the blue ocean strategy, the authors discuss the Porter's strategy which suggests that the successful businesses are either niche players or low cost providers. Instead, they offer finding value that passes conventional market segmentation and also offering value and lower cost.

Furthermore, Hill (1988) suggested that Porter's model was erroneous because differentiation may mean for companies to accomplish low cost. He suggested that the combination of differentiation and low cost will be essential for firms to reach a sustainable competitive advantage.

On the other hand, Ridderstrale and Nordström (2002) suggested similar ideas that competitive strategy is the route to nowhere. Firms need to create "Sensational Strategies" that means "playing a different game" and also pure strategies may not guarantee success.

Depending on all these ideas, especially in IT-enabled market spaces, it becomes a necessity to succeed in all dimensions. The Internet provides the opportunities to easily combine the strategies.

6. GENERIC STRATEGIES AND THE INTERNET

These generic competitive strategies were not only relevant for the old economy, but are just as vital today. The opportunities of a company to reach distinctive strategic positioning can be widened by the Internet and a company should better to use Internet as a tool to make their distinctive strategic positioning stronger. At the business level, effective strategy formulation should be in concert with the Internet, not in spite of it.

Operational effectiveness (doing the same activities as competitors but doing them better) and strategic positioning (doing things differently and delivering unique value for customers) are two methods that companies set themselves apart. Operational effectiveness and strategic positioning are effected by the Internet in various ways. On the one hand, Internet makes it harder to sustain operational advantages but on the other hand, it opens new ooportunities to reach and strengthen the distinctive strategic positioning which is a necessity for the company. Despite the fact that the Internet can be use as a tool for improving operational effectiveness, imitations made by rivals makes these improvements can not be sustained alone. The importance of defining a unique value proposition for the firm is elevated with these states of affairs. Internet technology is a very important but not the whole component of a successful strategy. In fact, Internet applications handle activities that are not decisive in competition such as processing transactions, informing customers and supplying inputs when necessary. Proprietary product technology, skilled personnel, efficient logistical systems are critical corporate assets that remain intact and sufficient to maintain existing competitive advantages.

To compose a defendable business strategy, methods provided by generic business strategies of Porter can be used alone or in combination. To surpass the competitors in the industry and gain competitive advantage, firms can use them successfully. For competitive advantage firms has two choice that are either offering the lowest costs or differentiating their products to make a perceived difference between the products of competitors and themselves. Companies' strategy can be followed on national or regional level.

In e-businesses, firms that pursues a "hybrid strategy" to reach cost leadership and differentiation exposes the highest performance. These strategies that involves both cost leadership and differentiation are named as "Hybrid Strategies", "Integrated Strategies", "Mixed Strategies" or "Combination Strategies". Generally, it can be said that combination of cost leadership and differentiation is a necessity to be successful in e-business (Baroto & Abdullah, 2011).

The possibilities of improving position in differentiation and cost leadership strategies depend on two main arguments (Day, 1989; Porter, 1985). On the one hand, differentiation strategy requires higher costs and on the other hand cost leadership requires lowest prices than competitors. As seen, different skills and resources are required for these two generic strategies. And also these strategies associate with different systems, organizational requirements and control mechanisms.

There are two arguments that defend the compatibility of these two generic strategies. Initially, achieving a strong position in one of these strategies develops an advanced position in the other strategy. If a firm succeeds in differentiation (creating a brand image or improving quality through investments in advertising and modern technologies), this will lead to an increase in demand and a growth in the market share that allows the firm to exploit certain economies of scale. To have a strong position in cost leadership will bring firms to invest the profits in marketing, product attributes or service. And these investments will bring stronger position in differentiation. Secondly, it can be said that there are certain business practices where it is possible to develope both positions. They are "Quality Management" and "Environmental Management". Quality management suggests higher quality, lower costs and also increased productivity. Through quality management, a firm can find a higher market share and higher level of competitiveness. Additionally environmental management which can be achieved by pollution prevention leads the firms to save and control the costs (input and energy consumption). With the achievement of ecological reputation, the environmental management may help the firms strengthen their image and increase the demand by having an influence on environmentally sensitive customers (Miles and Covin, 2000).

The "stuck-in-the middle" option refers to a "middle-market" position. This "middle-market" position is taken by firm through a middle position in both differentiation and costs in compared to its competitors.

As we discussed before, especially in network marketing and also in a highly competitive environment, there may be some disadvantages of choosing pure strategies. First of all, products should satisfy the significant market. Quality, style, reliability, convenience, novelty, price and servives are the ways for any product to satisfy the market. Companies may lose their customers unless all the major obstacles are exceeded. The second danger is that pure strategies are much easier to be copied than hybrid strategies by competitors. Companies that combine the strategies with creative ways are much more advantageous than companies that pursue pure strategies. Thirdly, according to the changes in the market, the requirements and tastes of the customers evolve and rivals invent new challenges. But the companies that pursue pure strategies and focus on only one thing (as producing at the lowest costs or serving perfect quality) are vulnerable to these changes. As an example, changing technologies is particularly hard for pure cost leaders. Pure cost leaders has less chance to conserve abilities that are required to adapt these changes for the long term. Firms' resilience and adaptability are diminished via concentrating on a single strength.

Choosing hybrid strategy has numerous advantages. Customer needs can be addressed better by the firms; imitations of them are harder than other strategies; scope of them are more flexible and broad. Changes in the market environment particularly in the supply and demand conditions make both strategies (cost leadership and differentiation) necessary at the same time.

In network marketing it is easy to change the strategy adopt to the changes. Oh and Lucas (2006) suggested that market transparency has increased by IT because of market information's enhanced accessibility and availability with electronic markets. This enables price discovery for both buyers and sellers via the web. They test how managers determine and change the prices in electronic markets by analyzing the data taken from the online computer commodity market. Depending on the results of their analysis, it can be said that price strategies of the online sellers are altered frequently. Managers can more easily see and analyze other competitors' prices online than they can in physical markets. This study provides empirical evidence that increased market transparency allows sellers to better coordinate with each other and continue to change their strategies adopt to the market changes.

This study also supports our suggestion about the availability of the firms' choosing hybrid strategies adapt to the changing competitive environment. It can be said that firms can change their strategies easily in network marketing and it is possible and also necessary to be a cost leader with differentiation to be successful in the global competition.

7. CONCLUSIONS

In the new system that is created by the Web 2.0 revolution of Internet and digital technologies, communication networks enables content creation and development. By this way, sharings on social media become a crucial factor that directly affects consumer behavior. Therefor, in this new system firms operates in highly competitive, complex and rapidly changing global environment. So, it has become a necessity to compete in many ways.

Today, to compete globally does not mean to deliver goods and services abroad at lowest prices. The view of what is competitive varies so the ideas of management should be changed.

By the growing usage of IT-enabled Technologies and the Internet, firms utilize the power of network marketing. 24/7 Internet access wrecks borders and opens doors of wide range of consumer database for the firms.

Today, the competition is global and by the help of the new technological opportunities, network marketing is more effective in the new economy. The needs and expectations of the customers have a rapid change depending on the usage of network marketing and the easy reach to the goods and services in abroad. These rapid changes shorter the life cycle of the goods and services on network marketing. Firms tend to adapt to Internet marketing not to lose their market share and catch the growth of competitors. So firms determine and update their strategies to adopt the changes in this global market to gain competitive advantage.

In the light of all these discussions, the main point here is which strategy will give the company an advantage in the long run. And another point here is that the company should focus only on one or more strategies.

In this highly competitive environment, it is necessary to compete in cost and differentiation at the same time. Possibility of success through pure strategies is very low. To have a look from the standpoint of demand, price becomes less important as a sales argument. And the demand becomes more differentiated. On one hand, the requirements of the customers are converging and on the other hand, the needs of the customers are becoming more individual and so the life styles of customers are becoming more diverse. Along with the development of the network organizations, mass customization requires flexible and creative combination of multiple strategies and also provides the situation to make it possible. So it can be said that the combination of both cost leadership and differentiation strategies should be followed by the firms in a harmony.

In short, the pursuit of hybrid strategies may yield multiple sources of advantage over rival firms especially in highly competitive network marketing environment. And it is possible to achieve higher performance levels in hybrid strategies than in pure strategies.

At the beginning, we had the question that when stuck in the middle is not a danger and the answer is; highly competitive IT-enabled network marketing.

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