

RRI 2016
International Conference «Responsible Research and Innovation»

INNOVATIONS MARKETING SYSTEM AT ENTERPRISES

Diana T. Sabirova (a), Natalia A. Kovalenko (a)*, Nail R. Davletgareev (a),

Karina V. Izvekova (a)

* Corresponding author

(a) National Research Tomsk Polytechnic University, Lenin Avenue, 30, Tomsk, 634050, Russia, natalie@tpu.ru

Abstract

The demand for innovations at the enterprises of different industries grows every year. Innovative enterprises exist due to the unique products. The relevance of marketing activities while working with the innovation leaves no doubt. In this paper, we consider the marketing mix in introducing a new product to market. The innovations marketing system is developed on the basis of various Russian and foreign methods of innovative products introduction. A complex of marketing communications was thoroughly revealed by the example of the Russian company. The results of the research are methodological and practical marketing recommendations for company representatives. We used the methods of an experimental and theoretical level: synthesis, analysis and hypothesis. Information for the creation of marketing innovations complex was synthesized. The analysis of the company current situation and a list of new strategies on pricing and the introduction of new products were proposed. Profiles of potential consumers were compiled hypothetically.

© 2017 Published by Future Academy www.FutureAcademy.org.uk

Keywords: Innovations, marketing, innovations introduction stages, innovations marketing system, marketing mix, marketing communications complex.

1. Introduction

The introduction of a new product on the market requires a thorough study of external and internal environment of the company. A qualitative innovation project of introducing the product in the market is drawn up. As a rule, the project consists of several stages, starting with the search for new product ideas and ending with the implementation of a finished product in the market with subsequent control of work efficiency.



This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

According to the international standards, the innovation is the eventual result of innovation activities that is, a new type or an improved product or process that is implemented in the market. Innovations help companies to be ahead of competitors and to increase their profits.

Innovations at the enterprise do not always give a positive dynamics of the company; it may be associated with low-quality market research and marketing strategy chosen unsuccessfully. Many different factors can affect the result, for example, the sensitivity of customers to innovation.

An innovations marketing system is a set of marketing activities that helps to maximize profitable introduction of innovations in the market.

The aims of this research work was to develop a universal set of marketing activities for companies introducing innovations and to offer methodological and practical marketing advice at the stage of goods sale.

2. Material and Methods

According to Russian and foreign investigations, there can be 2-14 stages of introducing a new product. The reason of such wide range of stages is the specifics of enterprises working in certain areas. A number of scientists divide the innovations development in two stages: the scientific-technical development and marketing development (Shkarupa, 2011).

The first part of the innovation process can be divided into three phases:

- Phase of generating ideas.
- Phase of survey.
- Phase of business analysis.

Creation of innovation is the second part of the innovation process, which consists of the phase of an innovation program, a research and development phase and a production phase, too (Zaušková et al., 2015).

We used the methods of experimental and theoretical level: synthesis, analysis and hypothesis. Information for the creation of marketing innovations complex was synthesized. The analysis of the company current situation and a list of new strategies on pricing and the introduction of new products were proposed. Profiles of potential consumers were compiled hypothetically.

3. Results and Discussion

Marketing, as one of the youngest sciences, is prone to make changes in all areas of activity. This peculiarity of marketing to optimize and restructure fundamentally any other science with which it came in contact, brought benefits in the fields innovations (Onisor, 2015). A marketing process solves different problems at all stages of the innovation project. A right innovation strategy (IS) can help firms to gain a sustainable competitive advantage (Porter, 2008). We offer a universal system of innovations marketing for enterprises (Figure 1).

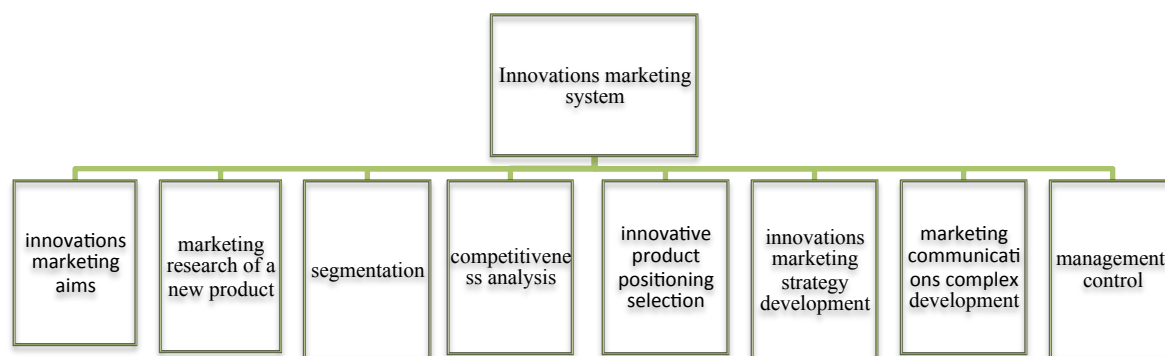


Fig. 1. Innovations marketing system at enterprises

The research work consists of methodical and practical recommendations on introducing a new product in the market. Each block of the innovations marketing system will be considered. Innovation is one of the key factors for the success, a sustainable competitive advantage, and survival of firms (Jimenez, & Sanz-Valle, 2011).

The process of product introduction starts with setting goals and objectives. We carry out marketing research and define potential audience. As an example, the results of potential consumers' analysis of the dairy products manufacturer, which had planned to launch the production of meat products in St. Petersburg, were examined

The target audience analysis revealed the target segments and their needs, motives and barriers that can cause problems (Table 1).

Table 1. The results of meat products consumers of a Russian company analysis

Segment	Needs	Motives	Barriers
People with average and above average income	To buy products near the residence/place of work	Products accessibility	No store within walking distance
	To consume high-quality, natural and healthy products	Taste characteristics	Breach of manufacturing techniques
			Non-compliance of the products quality with what was declared
	To consume products, ensuring environmental safety at the stages of production, marketing and waste and packaging processing	To support environmental safety	No waste recycling system
			Lack of used containers collection centers
	To consume products at reasonable prices	Awareness of compliance "price-quality"	High prices
	Need to buy products in nice convenient packages	Nice packaging colour	Products deformation
		Catching products colour	Shelf life expires or has already expired
	Need to buy products corresponding to the state quality standards	State confirmation of the declared quality	No documents

			The absence of conformity marks on the packaging
Dealers and public catering establishments	Need to buy products meeting the needs of the final consumer	Products quality awareness	Not knowing the taste qualities of products
			Not knowing the attitude of potential consumers to the product
	Need to buy wholesale products at competitive prices	Acceptance of fixed price	Denial of price
	Need to buy products corresponding to the state quality standards	State confirmation of the declared quality	No documents
			The absence of conformity marks on the packaging
	Need to buy a list of necessary products (comply with assortment matrix)	Free space on the shelves for meat products	The absence of space on the shelves in the store (filled with goods of competitors)

The target audience was divided into 3 groups, but the results of the study show that the needs, motives and barriers are similar for segments 2 and 3 (dealers and public catering establishments). And they are more specific for segment 1 (people with average and above average income).

Then, we analyze the possible competitors. According to the research of meat products market competitors more than 525 companies specializing in meat production were identified in the city of St. Petersburg and Leningrad region (Orlova, & Sabirova, 2014). We should also take into account non-core stores: hypermarkets, supermarkets, department stores, shops, pavilions and kiosks, which sell a variety of products (including dairy products).

St. Petersburg and Leningrad region industrial and commercial organisations

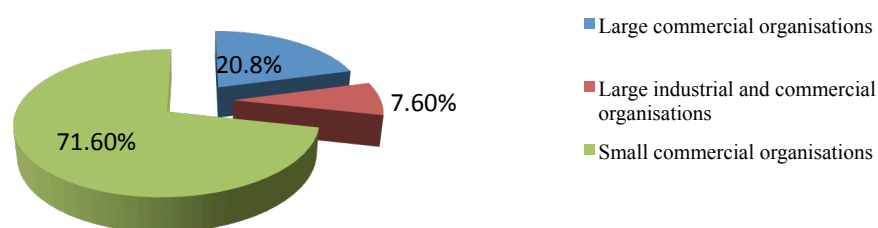


Fig. 2. St. Petersburg and Leningrad region industrial and commercial organisations

Figure 2 shows industrial and commercial organisations investigations results in St. Petersburg and Leningrad region.

The first sector (red, 7.6%) includes large organisations that produce their own meat products and sell in wholesale and retail. This group of competitors is the most vulnerable audience while creating their own manufacture of meat products.

The next sector (blue, 20.8%) consists of large commercial organisations. Companies of this sector are competitors with respect to the examined enterprise, but could be considered as potential resellers of meat products.

The third sector (green, 71.6%) includes small commercial organisations. Companies of this sector are especially dangerous from the point of view that they compete with the company at the level of sales outlets. It is recommended to build a competitive scheme indicating the places where you want to sell products. It is necessary to conduct constant work analysis of pricing policy, methods of promotion and merchandising.

We form our market position in the mind of the consumer. For example, the examined company was recommended to position their new products as high-quality meat for consumers who appreciate the freshness and naturalness of the product. Process innovations involve the introduction of new methods of production, including new ways of handling a good or a service commercially (Tavassoli, & Karlsson, 2016).

Marketing strategies are the result of the consumer behavior's investigations, which assist marketers in satisfying consumers. The 5Ws and 1H including who, what, where, when, why and how, were designed to investigate the 7 characteristics regarding consumer behavior and to analyze potential responsive marketing strategies for distribution and promotion (Wongleedee, 2015).

Service innovation is a significant factor in maintaining a firm's competitive advantage in an increasingly service-centered economy. Although there is a rich body of research on the role of service innovation in value creation for firms, little attention has been paid to the effect of service innovation on new product development (Chen, 2015).

As a result of research and the identification of the company features one of two strategies was offered:

- The strategy of deep market penetration (high quality and average price);
- The strategy of premium supplements (high quality and high price).

Choice of strategy depends on the costs and producer capabilities. Feasibility of medium or high prices can be attributed to the fact that the product is of high quality. Such policy of the company allows having a safety margin and preventing rise in prices (at least significant), even in the period of the resource prices increase that may negatively affect the consumer opinion and confidence.

We should develop strategies for the introduction and implementation of the product. Based on the goals and objectives, as well as the company's problems with higher prices for the products an intensive marketing strategy is offered to use. This strategy involves the establishment of a high price for a novelty in view of the marketing high costs, positioning the new products as a high quality for consumers who appreciate the freshness and naturalness of the product.

The success of the new product as a result of the innovation process is determined by the quality of implementation of all its parts and not only scientific research and technical activities and marketing (Zaušková et al., 2015). Communication with the priority audience is set up through advertising, PR, sales promotion, direct marketing, online marketing, merchandising and event.

With regard to advertising, we recommend the creating a series of commercials about the company and products, possibly with the use of a corporate hero. Advertisement in the local print media ("Industrial Bulletin", "Meat sphere", "Russian food market", etc.) is also advisable. A corporate edition issue can serve as an additional recommendation.

Another tool of marketing communications is a PR. Information education of target audience through articles in the press about the mission promotes the company in order to attract the target audience.

Involvement of journalists and bloggers in the variety of special events is also very effective. Perhaps, offering a famous person to become a company official makes people believe in our positioning idea (appreciation of the freshness, naturalness and healthy nutrition).

The next tool of marketing communications is sales promotion. The company arranges a promotional campaign. Customers taste new products, and if after tasting, they purchase promoted products, the buyers get branded souvenirs or a discount on the purchase of further products. This proposal is intended to create loyal customers and to develop their habits to buy products of this company. A good idea is to sell expensive products with a gift, for example, to develop a series of magnets / puzzles with a company logo. Such details are not expensive for the company, but are pleasant to the buyers and will serve as a good reminder of the company. Those who collect magnets will purchase products to complete their collection, since it is now quite popular and fashionable.

Creating a new packaging format for new products (and possibly the entire production) could also be promotional. The main idea is to create in people's minds the image of the individual responsibility for every piece of manufactured products, and thereby to increase consumer confidence. To implement these idea, the pictures of people who created these products are placed on the packages with a short interesting story about them.

If a customer of the company store is not ready to buy a new product today, he is invited to try it free of charge to establish trust relationship. After having tasted the products, it will be more difficult psychologically to abandon it (this action is preferably carried out at a new product implementation phase).

Other promotional actions are: theme holidays cards (small cards, usually affixed to gifts), which are attached to the products (packaging); "product of the day"; "2+1" (you buy two items and get the third as a gift); "two products for the price of one product"; "special prices for pensioners in the morning"; "lunchtime discounts".

It is possible to introduce a discount card: discount or collect bonuses to purchase products in the future.

Direct marketing is very efficient. You should use personal communication to satisfy customers' needs and to conquer new market as it causes additional confidence.

Technology and information facilitate marketing innovation in competitive markets (Gupta et al., 2016). One of the important components is internet marketing: continuous sales promotion in FaceBook, Instagram, Foursquaer and others; conducting various competitions related to the company's products; publication in the thematic groups and groups of target consumers in order to maintain consumer interest; information placement in a variety of guidebooks and maps of stores in which the products of the company are presented. Examples of guides are 2GIS, Google Maps, Navitel, etc.

It is also necessary to use different methods of SEO (search engine optimization), it is proposed to establish Google Analytics elements, which have a number of analytical tools, tracking and fixing the set of indicators from the "analysis of the site loading speed" to "analysis of conversion" and "analysis and trends of users activity in the social networks".

Recipes that customers could find on the company's website should be made in the format of video recipes with participation of famous people representing the company. It promotes the company to the new level and forms consumers trust relationships.

Now the sale of the company's products is through website: cleverfood.ru. We offer to introduce their own official website and to sell all the products.

One more effective way to promote products is merchandising. It is performing goods display using effective methods: volume, colour, price and frontal methods. Among recommended POS (points of sale) materials are mobiles, floor figures of a corporate hero, necktails, neckhangers (for milk bottles), brand tags, extra displays, presenters, brand cheque boxes, garlands of flags, banners with meat products, the light signs. It is advisable to use aroma marketing in retail stores. Using music is an effective way to slow down customers' movement in the shop. Even if the sales outlet is clean and all the rules of merchandising are kept, it is important not to forget about the behavior of their own employees who communicate directly with the store visitors. The solution of this problem is in a careful selection on the position of "seller" and the impact on employees through an incentive system (material and immaterial).

It is important to mention the event: master classes, festivals and trips to production factory. Various events, such as gastronomic exhibitions, giving information about the mission and values of the company should take place.

At the final stage of innovations introduction, there is a need to control all the processes from creation to the final element in the supply chain.

4. Conclusion

As a result of the research marketing mix, the bringing of the product to the market was proposed. The innovations marketing system is developed on the basis of various Russian and foreign methods of innovative products introduction. This technique can be applied not only at the product implementation stage, but also at other stages of the innovation project.

The problems of the company positioning and the choice of a new products introduction strategy were solved. We also provide recommendations to improve the company communication policy on a number of selected criteria. The need for these measures was caused by the expansion of the types of products and the company's desire to keep customers loyal and attract new audiences.

This study should be seen as a good example of how enterprises can solve the problem of a new product introduction with of the maximum use of marketing strategies.

Acknowledgements

The programme was realized and subsidized within the framework of the Programme for enhancing Tomsk Polytechnic University's competitiveness. The results presented herein were obtained with the assistance of the Russian Foundation.

References

- Chen K.-H. et al. (2015). Service innovation and new product performance: The influence of market-linking capabilities and market turbulence. *Int. J. Production Economics*, 172, 54–64
- Gupta et al. (2016). Marketing innovation: A consequence of competitiveness. *Journal of Business Research*, 1, 1-11.
- Jimenez, J. D. & Sanz-Valle, R. (2011). Innovation, Organizational Learning and Performance. *Journal of Business Research*, 64, 4, 408–417.

- Onisor, L.-F. (2015). Marketing techniques enhance closed innovation to form open innovation. *Procedia Economics and Finance*, 32, 298 – 306.
- Orlova, A. &, Sabirova, D. (2014). Razrabotka pozicionirovanija novoj produkcii s cel'ju minimizacii rynochnyh riskov (na primere kompanii «Losevo») [Development of new products positioning in order to minimize market risks (on the example of the company “Losevo”). *Impulse: materials of the XI International scientific-practical conference of students, young scientists and entrepreneurs in the field of economics, management and innovation of TPU*, 208-211.
- Porter, M. E. (2008). Competitive advantage: Creating and Sustaining Superior Performance. *New York: Simon and Schuster*.
- Shkarupa, T. (2011). Markening innovatsionnih tovarov [Marketing of innovative products]. *Author's abstract of dissertation on candidate of economic sciences degree*, 8.
- Tavassoli, S. & Karlsson Ch. (2016). Innovation strategies and firm performance: Simple or complex strategies? *Economics of Innovation and New Technology*, 25:7, 631-650.
- Wongleedee, K. (2015). Marketing Mix and Purchasing Behavior for Community Products at Traditional Markets. *Procedia - Social and Behavioral Sciences*, 197, 2080–2085.
- Zaušková, A. & Bezáková, Z., & Grib, L. (2015). Marketing Communication in Eco-innovation Process. *Procedia Economics and Finance*, 34, 670–675.