

The Impact of Innovation in Marketing Strategy

Maksud Kurolov

Assistant Teacher, Tashkent State University of Economics, Tashkent, Uzbekistan

ABSTRACT

The purpose of this article is to share a vision of how today's organisations increase their effectiveness by promoting internally among their members (including top management), the development of the capacity to generate innovative ideas that can be incorporated into the production processes of goods and services and even into corporate development plans. Innovation is associated with the discovery or invention of something radically new, linked to aspects of high technology or representing a substantial change in a given field. Planning carried out by the company to successfully channel the process of innovation or generation of new and impacting ideas among its members, must be considered as the most important marketing strategy to face competitiveness and, therefore, to obtain greater profitability.

KEYWORDS: *business, innovation, marketing, strategy, competitiveness, profitability*

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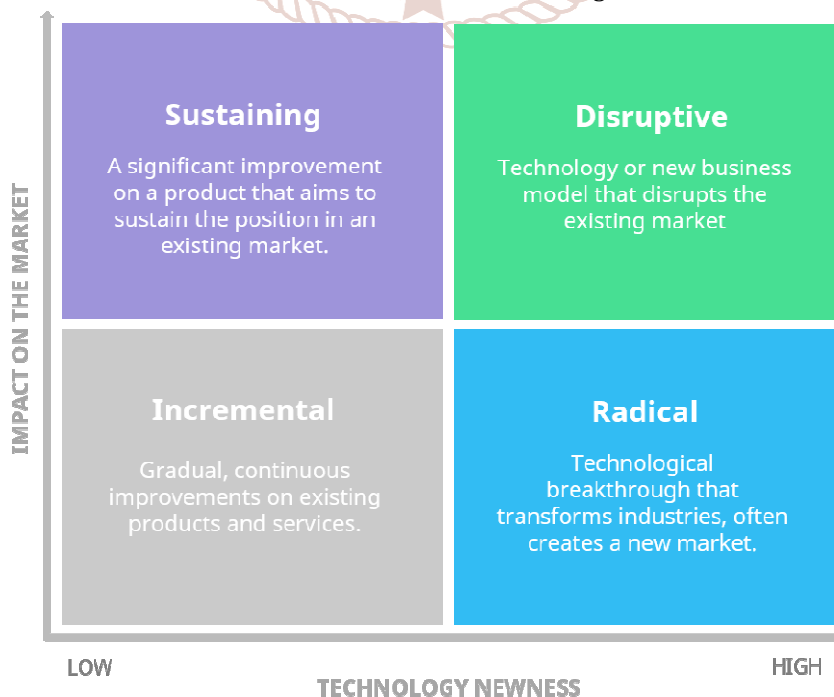
INTRODUCTION

In an open business environment, the strategies and policies put in place should increase the ability of companies to become more innovative, flexible and competitive, which will allow them to increase productivity and thus profit margins.

In an economic context of this nature, one of the greatest challenges facing an organisation is the creation of a competitive industrial structure to generate goods and services that satisfy the desires and needs of consumers.

However, achieving this objective is complicated by the fact that companies face a complex decision-making process in the market, which is becoming more and more acute as they operate in a global economy.

Innovation can be categorized in many ways, and some of those categorizations are more or less overlapping. The purpose of this post is to help you understand different approaches to innovation and how different types of innovations given in the Picture-1.



Picture-1 Types of innovation

Modern management approaches are developed on the basis of the creation of new products, services, designs, procedures, etc., oriented towards a globalised world, which offers consumers the possibility of satisfying their needs.

In these times, when past experiences are no longer the most important reference for measuring future events, companies face new situations: accelerated technological change, increasingly global markets, a highly competitive environment, effective requirements for detecting and satisfying customer needs, personalised attention to users and improvements in processes, designs and ways of doing things.

Appropriate and timely innovation will be the main strategy to compete, gain market share, increase profitability and achieve success, especially in times of recession.

A proactive attitude towards innovation on the part of marketing managers as an effective marketing strategy to compete and develop new comparative advantages over their rivals favours their positioning in the market and represents an issue of fundamental importance for companies in the current economic and social context of the country.

In the business world, and even more so in the marketplace, it is not enough to produce a product or provide a service for the customer to accept. The products offered in both contexts must have certain attributes that provide the customer with the possibility of covering at least one unsatisfied need and at the same time make him feel highly motivated to purchase them. Of course, this is not an easy task, considering that there are countless competitors in the market, willing to maintain their niche through a competitive, if not competitive, at least productive effort. The struggle to maintain this niche, among other things, involves the need for the company to design and successfully implement a programme of tactical and strategic actions, so that users can consider the attributes of the good or service and finally materialise it through their purchase.

Now, this is easy to achieve if one considers an economy in good times. But it is clear that what is seen today as economic productivity may tomorrow turn into a highly recessionary situation, as a result of misguided government or business policies, or ultimately both.

Given this situation, it is important to point out that crises do not depend on the behaviour or actions of a specific sector of the economy, since no productive unit sets itself the goal, much less the objective, of provoking a crisis and then operating successfully in the midst of it; rather, they are associated with a set of actions of a conglomerate that on occasions, in pursuit of sectoral benefits, contribute to the detriment of another or other social and/or economic entities, causing a situation of difficulty for the latter.

While it is true that productive companies do not look for an economic crisis where their production capacity is limited, it is no less true that strategically they can prosper even in adverse situations of great difficulty, demonstrating that when they want to, they can fight and achieve survival in the markets, however complex they may be. To do this, it is necessary to navigate within the sea of situations produced by the recession, trying to find critical elements to exploit the positive aspects of the problems faced, i.e., to look for something good in what is perceived as bad. For example,

when a significant number of companies abandon markets because they cannot sustain their production costs, or when they perceive that the medium-term outlook is becoming adverse, it is clear that they are thinking with a short-term vision. A truly entrepreneurial businessman, with a broader vision of the business field, takes advantage of such a situation to design innovative tactics and strategies, in order to achieve, among other things, a better positioning of the company.

The market in the future; after all, crises are not usually permanent.

In the light of the above, organisations are faced with the dilemma of finding alternative solutions to invest their resources in a global economic context, which exhibits a practically generalised crisis in Latin American countries and especially in Venezuela. It seems imperative for business organisations to incorporate the concept of innovation into their production processes, through internalisation by their members as a true philosophy. This article presents some ideas on the subject, which may point in the appropriate direction leading to managerial decision-making. In general terms, innovation is associated with the discovery or invention of something radically new, linked to aspects of high technology or representing a substantial change in a given field. However, it is possible to find other different views in this sense.

From the perspective of this article, innovation is a strategy for the production of goods and services aimed at satisfying collective needs. For the detection of these needs, marketing knowledge is used.

RESEARCH AND METHODS

In this respect, Rosemberg (1997) for example, considers that "innovation is the creation of a new production function, which may involve a new product, a new form of organisation or the opening of a new market". This statement encapsulates the idea that innovation is a way of creating methods and procedures to introduce new products or improve production functions.

For Ivancevich (1997), "innovation is the generation of a new idea and its incorporation into a new product, process or service, leading to national economic growth, increased employment and profits". According to this author, innovation is a way of adding value to a product (new or already existing), process or service, whose commercialisation contributes to national development while being profitable for the organisation itself.

Kuczarski (1997), states that "innovation is a mindset, a pervasive attitude or a way of thinking that focuses beyond the present...". He also states that: "although it cannot be touched, smelled, heard, seen or tasted, innovation can be felt, thought and perceived. Innovation can best be described as an attitude that permeates and spreads, allowing companies to go beyond the present and create a vision of the future.

For Kuczarski, innovation refers to the creation of new products or services, ideas, processes, designs and strategies. He thinks that innovation is an idea, a method or a new mechanism, in short, a novelty, but he emphasises it as a mental attitude, which is materialised with the concretisation of skills, values, creativity and convergent points of view of many people, which allows the organisation to create a successful vision of the future.

Ramirez (1997) defines innovation in a generalised way as the ability to find solutions to problems. This definition allows for a wide range of situations. Indeed, if one considers the multiplicity of problems in an organisation, it is easy to understand that the search for solutions in any area will give rise to a large number of initial ideas and from there to possible solutions.

The authors considered above somehow coincide in considering innovation as the realisation of new ideas that can be systematically related to the production processes of goods and services in more favourable conditions for the company, in terms of a better positioning in the market and a greater degree of competitiveness.

In this order of ideas, Drucker (1988) establishes seven (07) areas in which the company must continuously, deliberately and systematically look for opportunities to innovate. These seven situations can serve as a source of inspiration to develop the capacity for innovation, they are:

- Unexpected success or failure.
- The incongruence between reality as it is and what it was supposed to be.
- Innovation that is based on the need for a process.
- The "breakdown": the sudden change in industry or market structure, or one that catches you unawares.
- Population change.
- Changes in perception, modality and meaning.
- New scientific knowledge.

Of the situations outlined above, the third is very closely linked to the closely with the needs of customers as a fundamental element in an innovative process. Drucker mentions the difference between the customer's perception of value and that of the company, suppliers and producers; and he points out that understanding what the consumer really wants or desires, involves understanding that in innovation as an incessant search for new and successful ideas, the importance of customers and then suppliers must be prioritised as the number one priority.

In this sense, a set of aspects can be considered that describe the position of a manager towards certain elements that denote his or her attitude towards innovation associated with the importance given to customer expectations. Amongst others, the following can be mentioned:

- The need to constantly seek out the preferences of customers and suppliers.
- Detect what customers and suppliers like and dislike about the company.
- The perception of the need to be in close contact with customers and suppliers.

INNOVATION AS A PROCESS

Innovation is not the concept of something mechanical, which can be used as a recipe to eradicate all ills. It should be understood as a systematic and complex process of elaboration of ideas, which once materialised contribute to the satisfaction of collective needs and to the recovery and economic development of the organisation.

For Salazar (2001), this aspect is very important and evident in people who believe in innovation. Managers who are convinced that innovation is the main source of competitive advantage are always on the lookout for new ideas, motivating other members of the organisation to bring about changes and improvements and stimulating the

creation of new ideas among staff. However, it is not enough to look for ideas, to promote them, it is necessary to give them an adequate treatment, and once accepted as possible, to promote their development through stages. All this requires planning, parameters for measuring the idea and its evolution.

The final destination of the process described by Salazar in the previous paragraph is the materialisation of the idea, that is, the result obtained as a product of the conjunction of resources related to the idea and the critical element that has been strengthened. Of course, a process of this nature must be considered a true research work in terms of the objectives pursued, and therefore, it must rely on the effort and knowledge of an interdisciplinary team.

INNOVATION AND VISION ON TEAMWORK

Innovation is not the work of a single person in any of its phases, which is why teamwork is necessary from the very beginning of its planning. However, it is not an easy task to work efficiently in a team. Teams are made up of people, each of whom has his or her own view of things and particular experiences and motivations. The mere consideration of this aspect gives an idea of the difficulties that can arise in teamwork. Add to this the fact that teams should preferably be multidisciplinary, and the implications of diverse preferences and interests are broader and deeper.

Drucker (1988), when referring to the need to structure a work team, states that it takes several years to put together a management team, so it must begin to be formed well in advance. Surely, this observation is valid for almost any type of team, from the one in charge of the management of a company to the one more strongly linked to the operations of the organisation. If the company decides to undertake an innovative process, the nature of the teams to be formed should be in line with the approaches outlined above.

What the manager thinks about the teams, their composition, functioning and the remuneration of each member, is a key factor that will denote their tendency towards the search for innovation. If his position on teamwork is reactive, given the need for collective work to achieve innovation, the degree of innovative mentality in the members of the organisation in this aspect will surely be weak. Kuczarski (1997), points out that innovation is only possible through the action of motivated teams; it requires working with people; directing and guiding them involves a high dose of motivation. According to this author, innovation must be sought, a culture of innovation must be created; therefore, certain types of individuals are required to lead innovation and the manager, for his part, must promote it.

INNOVATION AS A MARKET STRATEGY

The establishment of a climate of co-responsibility of each and every one of the members of the organisation, in terms of creativity and generation of new ideas aimed at increasing efficiency and solving internal and external business problems, can be considered as the most important change strategy to achieve success, so that innovation from the internal point of view, should be included as a relevant policy in the planning process.

A manager who attaches great importance to this strategic concept thinks of it as a vital element for the organisation, on which its future depends, and it must therefore be

included in development plans. The perception of this strategy and its prospective relevance are largely linked to the process and plans for the production of goods and services; firstly, because innovation has a deliberate and systematic character, and secondly, because due to the dynamics of the globalisation phenomenon, it is necessary to anticipate the future in order to face it successfully.

On the other hand, from the external point of view, the product, process or service that is innovated must be supported with an aggressive dose of marketing, which manages to have an impact on the customer, in such a way that their perception and then their satisfaction generates a multiplying effect on the rest of the consumers in the market.

In relation to the above, according to Ramírez (1996), "when an innovative product is generated, it is necessary to follow it up to ensure its success, because at the beginning it requires a lot of marketing, and it is vital that the product succeeds in order to convince the whole organisation of how relevant creativity is for a business to remain".

Marketing, as a set of techniques used for the commercialisation and distribution of a product, process or service among different consumers, is currently presented as a complex process of functions that must be developed prior to the start of the production process; among others, market research, design, development and testing of the final product. It emphasises the analysis of consumer preferences in order to develop a more objective perception of consumer needs and to decisively influence customer behaviour and product purchase. In this, research plays a major role as the most effective marketing strategy in the markets, even in times of crisis.

CONCLUSIONS

The incessant search for alternative solutions to the different problems of companies, caused by the progressive progress of the globalisation process in the world economy, is an obligatory goal for organisations in the new century that has just begun.

The effects of this phenomenon greatly increase the difficulties of less powerful firms and those in non-industrialised countries in maintaining an adequate cost structure for the production of goods and services to meet the growing needs of consumers in a timely manner. These deficiencies are most directly manifested in the low responsiveness of firms to rising raw material costs as a consequence of operating in highly inflationary economies. Added to this, there is the added ingredient of having to look for new formulas that allow them to successfully face competition in an increasingly global market.

In today's dynamic business environment, the strategies and policies implemented by companies should be aimed at increasing their capacity for innovation, i.e. the use of the ability to radiate within the company, the development of staff skills in general, in terms of the generation and capitalisation of new ideas, to improve efficiency, productivity and therefore competitiveness.

Novel ideas contribute to the appropriate directionality of the organisation in the search for new activities, processes

and the production of goods and services different from those traditionally offered. This can contribute to the progressive consolidation of one of the greatest challenges facing organisations: "creating a competitive industrial base" that will lead them to the goal of effectively satisfying the needs of their customers and remaining in business for a long time.

In this sense, an innovation policy in an adequate and timely manner should be considered as a strategy to face competition, win new markets and increase productivity rates. Therefore, a positive mental attitude towards innovation by marketing management as a vital market strategy inexorably leads the organisation to define and capitalise on other comparative advantages and thus to achieve market consolidation and exhibit higher levels of profitability.

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