

Marketing as an Effective Control of Progressive Innovations

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Abstract – The article shows marketing and innovation as the central elements of business that contribute to the creation and maintenance of a customer base. The theory and practice of the role of innovation in the modern scientific and technological revolution is considered. The forms of sales promotion by marketing services and sales departments by consulting companies are investigated. It is necessary that in conditions of high competition, the area of the marketing complex should be the focus of attention of the top management of the company.

Keywords – brand, business structure, innovation, integration, marketing, price strategy

1. Introduction

According to the definition of the founder of the marketing theory, American scientist P. Kotler, marketing is a type of human activity aimed at satisfying needs through exchange [1].

None of the areas of applied economics is connected so closely with product innovations in any enterprise as the marketing activity. This attitude is due to the fact that marketing and innovation are central elements of business that contribute to the creation and preservation of the customer base. Marketing is connected with the defining of a business structure, and innovation is necessary to bring time-relevant ideas and technologies [2].

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Innovative activity is stopped by the low solvent demand for scientific and technical products from the state and non-state sectors of the economy. In conditions of severe restrictions on "demand", enterprises primarily reduce the manufacture of high-tech products, partially replacing them with technically simpler and cheaper ones.

Macroeconomic stabilization is necessary but not sufficient condition for the Russian economy to overcome the crisis. Significant physical and moral depreciation of the technical fleet will not allow withstanding competition with Western manufacturers, even in the domestic market.

There is the following question: will the renewal of the production fleet continue, or will the innovation policy, as a powerful lever to overcome recession in the economy, ensure its structural restructuring and saturation of the market with various competitive products. This will require a sharp expansion of investment and innovation activity, otherwise the country will be thrown back not only in terms of actual production, but also in terms of its technological capabilities.

The weakest side of the state strategy in the field of innovative development of Russia is the unresolved problems of intellectual property, insufficient development of its coordinating role, lack of a circumspect motivational mechanism, of information and innovation infrastructure, of resources, including unreasonably weak attention to the training of scientists [3]. The most important thing is the lack of real measures for the economic use of the scientific and technological potential created in Russia and effective care for consolidating and developing their innovative positions in the world economy in the world market. There is a clear and hidden process of embezzlement of Russian innovative achievements, which is also noticeable for Western experts. The innovative concept of the state needs serious revision.

The development of new equipment and technologies is the most significant incentive for changes in society. The world in which we live was created as a result of the application of human knowledge accumulated over centuries [4].

2. Theoretical Basis

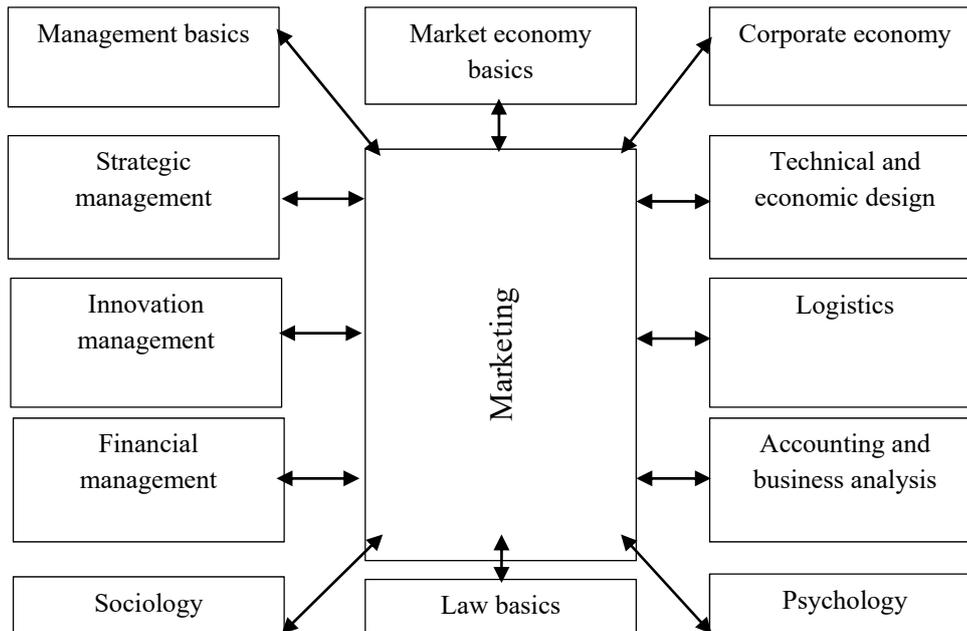


Figure 1. The main relationship of "Marketing" with other areas

Studying marketing, we see how closely it is connected with other economic areas and social sciences (Figure 1.).

It should be noted that the role of scientific and technological progress as a factor in increasing the efficiency of socio-economic development grows many times in the imbalance in the Russian economy, with a drop in production volumes of the main sectors of the national economy, and attempts to transfer to a regulated market.

Firstly, the instability of the commodity-money market can be overcome only on the basis of a significant expansion of the range and production of high-quality customer goods, which is unthinkable without the technical re-equipment of this sector of the economy [5].

Secondly, the lag of the technical level of many sectors of the economy from the level of developed countries of the world community requires a radical upgrade of the production base of most enterprises using new types of equipment, technologies, management methods, and organization of production.

Thirdly, the development of foreign economic relations and Russia's entry into the world market is impossible without increasing the competitiveness of domestic products, and this is also the task of scientific and technological progress [6].

The real possibilities for increasing the efficiency of production processes are in the field of large-scale implementation of progressive innovations. It requires a comprehensive analysis of all aspects of the functioning of production and, above all, the state of the management system. This system should be

clearly aimed at achieving the maximum effect from the activities of individual production and functional departments and their units. Moreover, it should be evaluated not only from an economic point of view, but also from a scientific, technical, social, environmental, legal, etc. In other words, the overall management efficiency depends on the management efficiency of individual processes. Despite the known variety of such processes, we can distinguish those that have the greatest impact on the final results of the functioning of production: the innovative ones [7].

Evaluation of the effectiveness of any innovation project is based on the following methodological principles [8]:

- combination of scientific and technical analysis with social, commercial, financial, and economic analysis;
- comparison of costs and results of innovation with the change in the value of money over time;
- registration of risks associated with the implementation of the project.

At the same time, innovations require powerful marketing software because of two main reasons. The first one is the development and implementation of new products, which determine significantly higher costs compared to the manufacture of traditional products. The second one is the introduction of new products on the market characterized by high commercial risk. Thus, on average, only 4-5 out of 100 new product ideas have a success in the market [9].

Market research, production management and regulation, and marketing of goods and services based on information show the data about the situation of goods on the market and external factors: customer behavior, competition, achievements and technological innovations, actions of the government and legislation, media, state and forecasts of economic development, inflation, dynamics of production costs, etc. [10].

It is obvious that in this way the most financially effective product projects will be selected during market research, but they will require high initial investments. Primarily, they may seem unrealistic for entrepreneurs, but when financing high initial investments using borrowed funds, we can find them by inviting investors and lenders to participate in the expected profit. However, the remaining small in percentage terms future profit, in its absolute value, will provide the initiator of the corresponding product project with a quite satisfactory return on equity investments.

However, marketing of innovations is practically not represented in Russian economic literature, due to the specific national content of a number of provisions of the theory of marketing and the weak information base accumulated to date in domestic economic studies. Thus, the aim of this work is to present the main marketing methods and approaches developed by the author in the management consulting of innovative activities of a number of large enterprises of the Ural region [11].

Now, there is a clear idea in economic literature about marketing as a logical, consistent, and transparent discipline that has the necessary tools for the practical actions of company managers. The sequence of stages of an innovative marketing complex can be represented in the form of marketing research, target market selection, product development, pricing policy, distribution, and product promotion [12].

Marketing research is the basis for a direct impact on appearance, product price, production and sales parameters (size and place of distribution, distribution channels and mode of transport, suppliers, intermediaries, etc.), and terms of product promotion (advertising, sales promotion, etc.).

Regularly marketing research is the key to the correct positioning of the product on the market and, accordingly, they help to reduce commercial risks in the manufacture [13]. If there are financial opportunities, the company should conduct primary research (field and laboratory) using a wide range of modern marketing tools from surveys and observations to experiments and panel studies of costumers. A more accessible and relatively cheap

way to study the market is to organize a secondary study, as an analysis of the existing problem based on previously collected or already published information.

3. Methodology

Constantly conducted marketing research allows predicting sales of new products. In this case, quantitative estimation (trend extrapolation, indicator forecasts, regression analysis) and qualitative forecasting methods (Delphi method, scenarios) can be used. The results of all marketing research should be send into the company's marketing information system, which includes marketing plans and the results of their implementation, as well as a marketing tracking system, with which we can constantly analyze the changing external environment of the company [14].

Since one of the most important marketing tools is a reasonable choice of the target market, all segmentation criteria that have been developed should be used, including regional and demographic factors. When choosing alternative segments, the influence of the deceptive value and the ignored segment must be taken into account. When developing several segmentation plans, we can select local market segments that are traditional for the company. In the modern economy, numerous models of costumer behavior have been developed and can be used in market segmentation. So, in the industrial sector, Levitt, Baygrid, and Cardozo models are successfully used.

In the context of business internationalization, it is important to choose foreign markets based on the use of segmentation algorithms. Identification of customer group profiles in each target segment allows developing differentiated marketing strategies for each foreign market or each local market segment. Market segmentation must comply with five principles: differences between segments, similarities between customers in the same segment, ability to measure customer characteristics, sufficiency of size to ensure sales and expenses, and ease of achievement for marketing activities.

Once a company determines its target market, it must determine its position relative to competitors. They can be evaluated by comparing the competitiveness training grounds, analyzing the goals, strategies and tactics, achievements, and capabilities of competitors in a particular target market of the analyzed company. The final step in choosing a target market can be an assessment of the company's performance in forecasting sales in each selected segment [15].

4. Results

An obligatory element of the company's marketing activities in the development of products should be the evaluation of products by the company, carried out by comparing sales volumes and covering costs for each product. For example, the sales structure can be estimated using concentration ABC analysis, which ranks products by their share in gross sales of the company in monetary terms.

The next direction of marketing is the company's activities in designing products that meet modern requirements of form, color, and material. The complexity of this work is, firstly, the need to coordinate the actions of the marketing service of the company and the department of research and development, which is the developer of all products and does not want to have third-party intervention; secondly, in the appropriateness of evaluating product design with the "classic" marketing approaches, such as matching the color of the product with the company's philosophy or the right balance of local traditions and fashion.

Packaging design is an integral part of product development, and its importance, especially in the case of customer products, is often underestimated. Therefore, the manager should draw the attention of marketers to the full use of all the functions of product packaging: volume limitation and protection, usability, communication with the customer, market segmentation, sales support, and formation of a new product. An important area of product development is the proper use of the trademark. Here we should analyze the four most important factors for creating a brand: brand as a corporate symbol, philosophy for creating a brand, choosing brand name, and using brand by a company.

Evaluation of a company's pricing policy should include an analysis of the entire pricing process: setting goals, choosing a pricing method, developing its strategy, and price differentiation. An important point is the assessment of the pricing method used. The range of these methods is quite wide: from "cost plus profit" methods and company break-even analysis to demand or competition oriented ones. The main thing is that the company achieves its goal in pricing, while applying modern marketing approaches. After analyzing it, we should evaluate the pricing strategy used by the company. Unfortunately, most companies do not adhere to any particular pricing strategy, believing that prices are determined by short-term benefits. In this case, we can choose from a complete set of modern pricing strategies: skimming, market breakthrough, price drop strategy, and preferential price.

An even more flexible tool for generating additional profit, in comparison with pricing

strategies, is the use of pricing tactics. Its methods include the following: long-term prices, segment price differences, geographical price changes, price differentiation through a discount system, and price changes to stimulate sales. An important point in the implementation of tactics may be price discrimination, which manifests itself in the offer of identical goods or services at different prices. We can use various forms of price discrimination: associated with the form and use of product, brand image of product, location of product or service, addition to services from time to time, lower prices for the range, pricing for special equipment, or inclusion in the packaging of goods.

The next important section of marketing complex management is the analysis of product distribution channels. The first direction in this section is planning distribution of products, which should take into account the following factors: adherence to the marketing program, forming relationships with distribution channels, accounting for costs and profits, traditional distribution channels, and controlling the distribution structure.

5. Discussion

Decisive importance in the marketing structure after the product sales planning procedure is the actual choice of distribution channels, because, firstly, the selection of the right reseller ensures the completion of the pricing process through a system of trade margins; secondly, the choice of distribution channels is influenced by a number of different factors (characteristics of customers, companies, actual product, competitors, intermediaries); thirdly, when choosing product distribution channels, a wide range of different alternatives can be used (vertical and horizontal integration, exclusive or selective use intensity, direct or indirect channels, etc.).

When assessing the management of the innovation and marketing complex, we can analyze the state of the relationship of the company with wholesale intermediaries. As the authors' experience shows, Russian companies often do not use the whole range of wholesale functions, which leads to a depletion of the marketing activities of the company as a whole and, as a result, to the loss of profit in the sale of goods.

An important point in the marketing complex for large industrial companies is the use of sales agents, whose purposeful and thoughtful application can provide significant acceleration and increase in sales of new products. We should also pay attention to monitoring the status of the dealer network of the company. Good and stable relations between the manufacturer and dealers are the key to stable sales of the product.

The “pick” of marketing is the use of various types of product promotion. However, since all types of it, including advertising, are expensive elements of the company’s activities, they require special attention from the company's management. Early planning should include identification of missed opportunities in the formation of promotion goals, structure, and its budget.

As a rule, advertising campaigns require the greatest financial investments, therefore, when managing innovations, it is necessary to carefully plan advertising campaigns. This planning process must necessarily include setting goals for the advertising campaign (approved by the senior management of the company), determining the budget, choosing the topic and slogan of the advertising campaign, and creating an image. When preparing significant promotions, we can recommend using a wide range of available features of modern advertising tools.

In many situations, especially in the industrial market or when selling large quantities of goods in the customer market, it is necessary to use the personal sale procedure. Therefore, this type of product promotion should also be analyzed when managing the marketing mix of innovation. One of the areas of work of the personal sales department is the creation of company sales offices. The presence of local sales representatives facilitates the promotion of finished products, and, consequently, full sale of goods. The most important point in planning personal sales is the creation of constant partnerships with potential customers, which are the key to the entire marketing strategy of the company as a whole.

6. Conclusions

In this regard, the system of training and monitoring of sales agents should be estimated necessary. Since, in accordance with the law on personal selling, the buyer acquires not only the goods, but also the sales agent as a consultant. Thus, a product can only be sold when the customer realizes the benefits of their purchase. When managing an innovative marketing complex, special

attention should be paid to the preparation and conduct of trade presentations necessary for promoting the company's products. Now, there is a significant developed amount of methodological material for trade presentations.

When controlling marketing, it is also necessary to evaluate the planned activities of the company in sales promotion, that is, how full the marketing service and the sales department of the consulting company use all forms of sales promotion: trial offers, gifts to customers, souvenirs with reminders about the product, coupons for branded products, storefronts, trade discounts, competitions, and lotteries. It is also important to choose a reasonable sales promotion structure that will allow to most effectively using all the advantages of various forms of sales promotion.

As a rule, Russian companies use all the opportunities to form public opinion ("public relations") very bad. Departments created in some places to promote this type of product often limit their work to only occasional mass media. Therefore, company management should pay close attention to the planning of "public relations", especially in the context of innovation. It should be noted that in this promotion, in addition to mass media, there are promotion of goods and companies through specialized periodicals, lobbying of companies in government bodies, and promotion of new products through consulting services.

Of course, the most important thing is working with the mass media, which ensures the targeted formation of a favorable attitude of potential buyers to the company's products only when the company's marketing service is focused and prepared. When working with it, we recommend using various methods: holding press conferences and briefings, preparing a television or radio interview, sending out press releases, or writing review articles for industry magazines. Assessing the activities of specialists in the formation of public opinion, we should also pay attention to the existing system of forming the company's image. In conditions of high competition, this area of the marketing should be the focus of the top management of the company.

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