

Achieving Performance in an Organization through Marketing Innovation

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Abstract—Innovation is becoming more and more important in modern society. There are a lot of researches on different kinds of innovation but marketing innovation is one kind of innovation that has not been studied frequently before. Marketing innovation is defined as a new way in which companies can market themselves to potential or existing customers.

The study shows some key elements for marketing innovation that are worth paying attention to when implementing marketing innovation projects. Examples of such key elements are: paying attention to the neglected market, suitable market segmentation, reliable market information, public relationship, increased customer value, combination of market factors, explore different marketing channels and the use of technology in combination with what? Beside the key elements for marketing innovation, we also present some risks that may occur, such as cost, market uncertainty, information leakage, imitation and overdependence on experience.

By proposing a set of indicators to measure marketing innovation, the article offers solutions for marketing innovation implementation so that any organization can achieve optimal results.

Keywords—Innovation, marketing innovation, performance in an organization.

I. INTRODUCTION

A search on “marketing innovation” in the literature will return many results. Most of these results, though, describe how to market an innovation rather than innovation in marketing function. In fact, “innovation” and “marketing” have been analyzed deeply in the last decades [1].

With a certain understanding of marketing management, we will focus on innovation in marketing. Research in marketing innovation started in the 1980s, but the focus was primarily on its practical aspects and did not form a standard theoretical system [2].

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A. Innovation Necessity

International competition, growing customer demands, rapid technological development as well as new guidelines and norms pose high requirements for the development and management of new products and services [3].

Innovations are an important factor of success in a competition which is getting increasingly intense. Only those who are able to invent themselves over and over again and thus gain new competitive advantages will be able to survive in the long run. This is true for companies, organisations, teams, employees and countries [4]-[7].

Today there is more and more discussion about the necessity for innovation in companies, which is subject to various factors. Fig. 1 presents the connection between the factors and the necessary innovations [3].

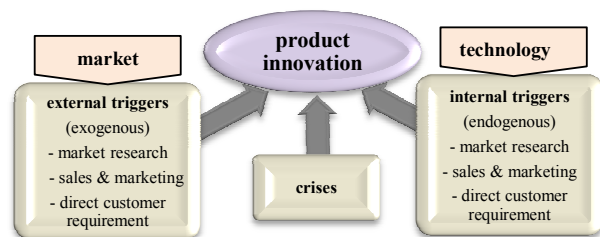


Fig. 1 Innovation necessity, (according to [3])

The competence of customer oriented and at the same time cost and time-efficient creation of development processes thus is becoming an increasingly important factor of success for companies [3].

Investing in innovation has become a strategic imperative for companies wanting to successfully compete in their sector [8], [9].

B. Defining Marketing Innovation

Johne (1999) thinks marketing innovation to be concerned with improving the mix of target markets and how to serve chosen markets better. The first purpose of marketing innovation is to identify new potential markets and new ways to serve target markets. The most important thing to do in marketing innovation is to identify the potential markets through market segmentation, which is to say, divide a whole potential market into smaller and manageable parts. The second purpose of marketing innovation is concerned with serving chosen markets better. This requires the analysis of customers buying preferences. Johnne (1999) insisted that

suppliers in all industries should understand the changing needs of their customers and concern themselves with market innovation. Marketing innovation could help suppliers by combining product line management with market opportunity analysis. When marketing innovation is done well, it not only means the developing of new business, but also safeguarding existing business [2].

Innovation in marketing refers to significant changes in how the company markets supports changes in design and packaging for goods and services. Marketing innovation lead to major changes in product design and how their packaging, new product promotion and distribution methods, creating new brand, new sale methods, new methods in pricing policies, new methods of presentation, opening of new markets, etc. In order to succeed in the era of knowledge economy and to promote their core competitive power, companies should make major efforts in developing marketing innovation [10], [11].

C. Elements Which Influence Marketing Innovation

Marketing is not only sales, it means the whole company's orientation towards the customers' changing needs. We can market segmentation, market research) and operative marketing (marketing mix). The marketing instruments (4 Ps: product, price, place (distribution), promotion) are oriented on the events on the market [3].

Marketing innovation can be influenced by a number of elements. The positive elements for marketing innovation can be [2]:

- ⊕ *Information*. In determining the company's strategy is very important to have information about the market and customers.
- ⊕ *Market segmentation*. A smart choice of proper methods of market segmentation can have very positive impact move in collecting, recording and analyzing data.
- ⊕ *Relationship with customers*. A company survives through customers.
- ⊕ *Attention to the neglected market*. Opportunities present on less studied market may bring unexpected results.
- ⊕ *The technology* - Very important for all types of innovation, including innovation in marketing.

Besides the positive elements there are of course also some negative elements. Risks are different and many of them are unpredictable. In Fig. 2 we identified only some of them, namely [2]:

- ⊖ *The market uncertainty*. Market changes are unavoidable, and this makes the implementation of marketing innovation is much more difficult.
- ⊖ *The information leakage*. Knowing the importance of information in today's market, any information leakage can be a problem for marketing innovation
- ⊖ *Cost*, even if it is not a new risk in innovation but is really a big problem.
- ⊖ *Imitations*. There are many imitators and continuous innovation is very important.
- ⊖ *The experience*. Having a rich experience is a good thing but to do marketing innovations, there must be something nobody has done successfully before.

II. MARKETING INNOVATION INDICATORS

Research on the literature shows that although it is known the importance of innovation, the measurement of innovation so far has been largely fragmentary, incomplete, and accidental. Profit increasing for company need for monitoring and benchmarking their innovation performance is the main reason for this change.

Both in the public and the academic one researcher are studying the identification of metrics for measuring innovation. On this article we identified a number of marketing innovation indicators, shown in Table I.

TABLE I
SET OF INDICATORS FOR MARKETING INNOVATION (AUTHOR PROPOSAL)

Set of indicators for marketing innovation
Number of significant changes to the design and mode of packaging products
Number of studies on competition
Number of new methods of improving market image
Number of new distribution channels
Number of new markets
Number of new customers
Number of new internal / external partners
Number of new suppliers
Number of innovations on existing and already saturated market
Number of innovations in a market where the environment is suitable for new products
Number of innovations on how to increase the market share
Number of collaborations with other companies for marketing innovation
Number of employees dealing with innovation in marketing
Number of questionnaires to obtain customer feedback
Return on marketing innovation (profit obtained / invested capital)

Because marketing is, for a company, profitable satisfaction of its customers' needs, customer habits and requirements must be recognized and analyzed and the competitor's behavior must be known [3], [12]-[15]. In this context, we identify the major requirements of our clients and we have presented in Table II.

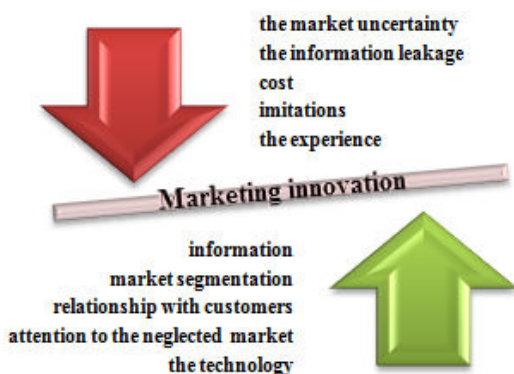


Fig. 2 Elements that influence marketing innovation (author proposal)

TABLE II
CUSTOMER REQUIREMENTS (AUTHOR PROPOSAL)

Customer requirements
High degree of satisfaction regarding a need
Low price
Quality
Comfort
Pleasant visual impact
utility
Shorter delivery
Reduced search / selection time
Reliability
Safety
Performance
Economy
Durability
Service
Effectiveness
Improving the lives

If you carefully study the set of indicators proposed for marketing innovation and customer requirements set as they are systematized in Tables I and II we find that there are strong relationships between different aspects of them. In order to highlight more clearly these issues and analysis, presented in Fig. 3, based on graphic support QFD method, was conducted.

House of Quality																				
Requirements	Marketing innovation indicators	Number of significant changes to the...																Importance to Customer	Unique Selling Point	Relative Importance
		Number of studies on competition	Number of studies on competitors	Number of new methods of improv...	Number of new distribution channels	Number of new markets	Number of new customers	Number of new internal / external p...	Number of new suppliers	Number of innovations on existing a...	Number of innovations in a market w...	Number of innovations on how to inc...	Number of collaborations with other ...	Number of employees dealing with ...	Number of questionnaires to obtain ...	Return on marketing innovation (prof...	Number of significant relationships			
High degree of satisfaction regardin...		19	17	1	7	2	12	22	6	4	13	13	18	1	2	5	3	8	0,1	19,5%
Low price		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	10	0,0	2,6%
Quality		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	23	0,1	6,7%
Comfort		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	11	0,1	5,7%
Pleasant visual impact		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12	0,0	0,0%
Utility		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	0,0	2,7%
Shorter delivery		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	0,0	1,9%
Reduced search / selection time		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	10	0,0	2,1%
Reliability		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	7	0,0	2,9%
Safety		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12	0,1	9,0%
Performance		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16	0,1	7,8%
Economy		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	10	0,0	3,7%
Durability		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	0,1	6,5%
Service		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0,0		3,6%
Effectiveness		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	0,0	3,2%
Improving the lives		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	9	0,0	2,6%
Number of significant relationships		19	17	1	7	2	12	22	6	4	13	13	18	1	2	5	3			
Importance		6,3%	5,8%	1,1%	2,5%	0,5%	4,3%	11,3%	4,4%	4,5%	7,6%	7,6%	13,1%	0,7%	0,7%	1,9%	1,7%			

Fig. 3 Analysis of links between customer requirements and the marketing innovation indicators (using Qualica QFD)

As it can be seen, there is a strong connection between certain requirements and certain indicators. This is a clear indication that the proposed set of indicators meets the customer requirements.

III. A PROPOSAL FOR A MARKETING INNOVATION FRAMEWORK

The success of marketing innovation lies in its framework. A framework is required in any field in order to progress, as it gives the necessary steps to perform. Most organizations adopt an innovation methodology without having a solid framework; this can only lead to an accidental innovation.

In order to be (close to) ideal, a marketing innovation framework should be useful to all types of organizations, whether large or small, public or private, and must necessarily address and organize a broad range of issues.

This framework needs to manage a rigorous marketing innovation progress it requires specific tools and most of all it needs to remain simple and accessible [16].

After exploring many options available in the innovation field today, the authors propose a framework, illustrated in Fig. 4 that meets the conditions above mentioned, and represents a base for future development of marketing innovation.

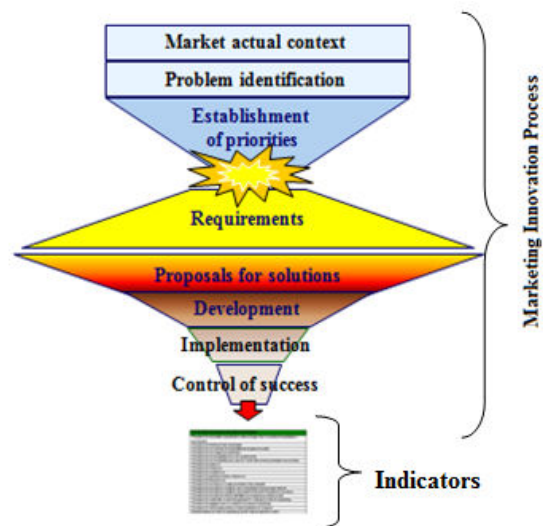


Fig. 4 The framework proposal for marketing innovating (authors proposal)

The proposed model for innovation in marketing, illustrated in Fig. 4 can be described in the following steps:

- ▲ *Market actual context*
- ▲ *Problem identification* with vision, strategy, budget, targets
- ▲ *Establishment of priorities*
- ▲ *Requirements* of market & customer
- ▲ *Proposal for solution* by creative thinking, organizational facilitation , opportunity identification
- ▲ *Development* of the best ideas
- ▲ *Implementation*
- ▲ *Control of success* - the use of indicators to improve future innovation projects

The marketing innovation framework can be easily integrated into an organization. Having an effective and

sustainable innovation framework will minimize frustrations, risks, cost overruns and system failures associated with innovation activities [16].

IV. CONCLUSIONS

Today any organization, regardless of the specific activity must be prepared to face radical and continuous changes, which characterizes knowledge-based society. In a rapidly changing environment, innovation has an important and mandatory place.

The need for innovation is simple: changes are accelerating, which means that we do not know what is coming up in the future, which means more uncertainty, which means we would better innovate to both prepare for changes and make changes. This framework is the basis for further development of an innovation management model.

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