

## **Innovation in Marketing**

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### **Abstract**

India is one of the largest emerging markets with a total population above one billion. After post-liberalization the presence of MNC showing intense competition among companies for their product. Marketing innovations are present throughout the business world as part of an organization's marketing activities in creating, communicating, and delivering value and in managing customer relationships. Innovations has direct role in developing new products and in developing the industrial enterprises furthermore customer expectations towards new product. Innovation helps penetrate existing markets. In such a cut-throat-competition era companies are coming with differentiated and innovative products. For organizations, marketing innovations should accompany radical product innovations in order to capture the dominant design and market share. Approximately 73 percent of the population lives in rural area while rest 28 percent in urban agglomerations. Since the major Indian population resides in rural area so there is a need to replace traditional urban strategy with innovative rural strategy. Over the decades we have seen firms innovate constantly in their products, business, process and technology. However, the most radical changes have been seen in the field of marketing. The paper attempts to discuss the role of innovative marketing and few innovative concepts that have emerged in the market and its impact on customers.

**Keywords:** innovations, sustainability, competitive advantage, strategy, synergy.

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### **Conceptual framework**

Innovation is certainly a key competitiveness factor for firms as it can help to significantly increase performance by improving products and services, processes, business models and marketing strategies. It is, however, unclear how to measure it. This is why it is very important to take a broad perspective on innovation and not see it solely as a linear process based on an investment, a R&D activity and an output or return on the original investment. In fact, the Oslo Manual specifies that "Innovation activities include all scientific, technological, organizational,

financial and commercial steps which actually lead, or are intended to lead, to the implementation of innovations”. Finally, innovation only happens when it develops as a social practice, when it changes practices and habits. If we look at the list of the top most innovative companies in the world published yearly by Business Week and The Boston Consulting Group, we find that not only most of the top 50 companies in the ranking have extensive sustainability policies, but many of them are seen as leaders in the field of sustainability. These include Microsoft, IBM, Toyota, GE, Nokia, Unilever or Tata to name a few. Inversely, if we look at a ranking centered on sustainability such as the Global 100 Most Sustainable Corporations in the World published by Corporate Nights and Innovest, we find that many of the leading sustainable companies are the same that appear in the rankings of the most innovative. The conclusion is that there seems to be a connection between innovation and sustainability. At the centre of the debate on innovation as a linear versus a dynamic, complex and unpredictable process is the question of what drives innovation. Ultimately, innovation has been generally about generating profits for the firm, while today there seems to be a tendency to understand innovation as the effective application of new processes and products designed to benefit the company as well as its stakeholders. The difference may seem mild, but it takes innovation from a process designed to generate profits for the firm, to a process focused on generating value for both the public and the firm. That is, innovation must generate some sort of public value beyond the sole satisfaction of the customers. The innovation drivers are very important because there is some evidence that the manner in which the firm innovates determines what the firm innovates. In other words, a firm that uses exploration throughout its ranks understands that the basic unit of innovation is not a department, but rather a network which aims to generate public and private good. As Prahalad and Rangaswami proposed in 2009, “we find that smart companies now treat sustainability as innovation’s new frontier”.

## **Innovation**

Joseph Schumpeter can be considered the father of innovation as a key management concept, from his seminal work of 1934 where he argued that economic development is driven by innovation by a process of “creative destruction”. He argued then that innovations could be

considered “radical” when they generate major disruptive changes, while if these innovations produced small improvements generating a slow change process they could be considered “incremental”. Finally, he proposed that there are five types of innovations: (1) introduction of new products; (2) introduction of new methods of production; (3) opening new markets; (4) development of new sources for raw materials or other inputs; and (5) creation of new market structures in an industry. Most works on innovation depart from this framework.

According to the Government of India, National Knowledge Commission innovation is defined as a process by which varying degrees of measurable value enhancement is planned and achieved in any commercial activity. Innovation is a broad concept which is not limited upto launching new products, but it also includes the integration of marketing and technology knowing customer and providing them knowledge for purchasing a product and enhancing the customer’s overall experience.

There are different types of Innovation which serves different objective as per need of the organization such as-

**a) Incremental innovation**

Small changes in existing products and services via improvements in technology or changes to the business model.

**b) Breakthrough innovation or Radical innovation**

Technological knowledge required to exploit. It usually originates from R&D or other forms of formal creative activity.

## **Marketing Innovation**

Marketing innovation is the application of new method of marketing involving a significant change in product price, product place, promotion and product design. It aims at better customer need satisfaction, capturing new market, positioning product in market and customer’s mind by increasing sales. A firm can use innovative marketing for new as well as existing product. Innovative marketing is the new method or strategy adopted by a firm for it’s product which is not previously used

Innovation mainly require 4 things-

1. An identified need
2. Competent people
3. Suitable technology
4. Financial support

However, before undergoing innovation process it is necessary to identify the need of customers and competent people using required technology along with financial support for R &D purpose. Organizational innovation is linked with organizational goal, business planning and market competitive strategy.

### **Innovation for Sustainability**

As the world turns its attention to sustainability, Parnell (2008) reminds us that sustainability in strategy now extends beyond enduring marketplace performance and has entered the realm of environmental sustainability. A unique extension of this research, then, is to look at organizational strategy in innovation that includes product, process, marketing and sustainability. Past research has linked corporate responsibility to positive firm financial performance outcomes (Margolis and Walsh, 2001; Orlitzky, Schmidt, and Rynes, 2003). 16 Logically, corporations can boost and theoretically sustain top performance by marketing their products innovations and their innovative sustainability efforts to attain greater market success. FedEx appears to be a prime example of a large US corporation that has made strides into environmental innovations that impact their corporate performance. Lester (2008) highlights the company's strategic efforts in services innovation, process innovations centered on the creative use of information technology, as well as the innovative efforts in environmental sustainability that includes a patented noise reduction kit for its aircraft. Tinoco (2009) also analyzes the broad, multidimensional approach to FedEx's innovation platform, finding prima facie evidence that innovation, particularly in services and marketing, leads to their continued success. Certainly, aircraft and airlines stand a greater chance of winning over customers with innovative services and products, combined with environmental innovations, whose value is communicated to customers through marketing

innovations. All firms, particularly those that severely impact the environment through manufacturing must acknowledge the need for and implement a multidimensional innovation strategy, including innovation for sustainability, in order to capture and sustain competitive advantage. Research in transformative innovation suggests that organizations are currently focused on corporate social responsibility with company leaders encouraging a gradual shift to sustainability (Bright, Fry, and Cooperrider, 2006). This would indicate that innovation for sustainability is still at its infancy, but the future is foreseeable. Customers are beginning to find value in products produced with environmental sustainability in mind. For example, recently Wal-Mart received significant unwanted attention based on the negative environmental impacts from raw material creation and garment production. As such, the company has addressed the toxic production processes used to create cotton garments sold in its stores, identifying sustainability initiatives in raw material cotton farming to final garment 17 assembly. Transformative innovations in production process were necessary for organically produced cotton to occur (Bright, Fry, and Cooperrider, 2006). Certainly, Wal-Mart realizes that future profitability and firm performance hinges on innovations in sustainability being designed and implemented now, requiring a change in strategy, organizational values and business models. Extending the notion of innovation for sustainability on firm performance, it is anticipated, that similar to marketing innovations, positive synergy can be gained through the interaction of this element with other forms of innovation, leading to greater firm performance than one type alone. The implications can be startling for the firm as well as for society and the world at large. While no propositions are offered at this time, examining innovation for sustainability adds to the academic argument that a multidimensional approach to studying innovation is necessary to fully understand the strategic implications for firms today.

## **Review of literature**

According to Drucker, organization has only two basic functions-Marketing and Innovation for the success of a product. It is necessary to sustain in the market and increase its customer base and it is only possible through continuous innovation. A lot of studies are already done in

the area for knowing the importance of innovation and it's need in the current market scenario.

- **Daston and Mangles (1997)** stated that innovation has a direct role in developing new products and in developing the industrial enterprises. The study indicates that customer expectations towards new productive Innovation helps penetrate existing markets. Further, it claimed that the industrial enterprises have to continue developing quality, reducing costs, and increasing the effectiveness of labor, which was confirmed by Kholi and Jaworski (1999).
- **Voss and Voss (2000)** aimed at determining the relationship between the strategic marketing orientation of the organization and performance. They claimed that there are a set of variables in between including: innovation of product characteristics, which is fully associated with the competitive position of the organization in terms of both cost leadership and differentiation. This approach was measured by product orientation, whereas the performance has been measured by market share (MS), financial performance, and new product development. The results found out that the interrelationship between the strategic marketing orientation and performance depends on the quality standards, taken to measure performance. Unfortunately, this study was limited to two indicators while our study relied on four indicators for measuring marketing performance.
- **Baringer and Bluedorn (2000)** identified the characteristics of innovation of industrial small projects and market strategy in addition to its impact of the project performance. The study found out that business organizations characterized by leadership, Innovation and initiative are successful in developing creative marketing strategies, based on the collection of accurate information about the total environment and its role in participating with all the activities within the project. This is considered as one of market orientation components, confirming the relationship with marketing innovation.
- **Matsuno and Mentzer (2000)** aimed at determining the impact of type strategy to adopt the concept marketing and its relationship to performance. The study selected a random

sample from the American community of industrial projects, taking into consideration that they represent the unit of study, which, in turn, do not go in harmony with the current study. Concerning the secondary variable, they relied on growth sales and market share which is in line with the current study.

- **Hausler et al.(2006 )** focused the study on relevancy of innovation in marketing science. They integrated areas of research on innovation in terms of marketing science and revealed from the study that innovation should be continuously improved for better performance of organization. Mohr & Sarin (2008) studied Drucker insight on market orientation and innovation and found that it was explored in respect of high-tech-companies: developing and implementing a marketing orientation through breakthrough innovation.
- **Krishnan (2012)** focused his studies on innovation strategies and tried to understand role of innovation for Indian market leaders and found that it focuses on affordability for business model innovation and they also need new organization process model.

### **Objective of research**

This research work has a wider scope for innovation is a continuous process and this research has the following objectives-

- 1) To understand the need for innovation.
- 2) To identify the areas of Innovation in marketing.
- 3) To understand the impact of innovation on market

### **Research methodology**

Descriptive research designs have been undertaken in this research study. Secondary data were initially collected from books, journals and the internet. The study aims to highlight the recent or emerging innovations in marketing and how companies successfully adopted the concept of innovation.

### **Importance of innovation in marketing-:**

Studies have confirmed that all businesses want to be more innovative. One survey identified that almost 90 per cent of businesses believe that innovation is a priority for them. The

conclusion is that the importance of innovation is increasing, and increasing significantly. In the current day economic scenario, innovativeness has become a major factor in influencing strategic planning. It has been acknowledged that innovation leads to wealth creation. Even though efficiency is essential for business success, in the long run, it cannot sustain business growth. Most often planned and measured combination of ideas, objects and people leads to innovation resulting in new business ideas and technological revolutions. In order to be termed valuable innovations, new products and services need to be strong enough to progress through rigorous commercialization processes and into the marketplace. **Management expert Peter Drucker said that if an established organization, which in this age necessitating innovation, is not able to innovate, it faces decline and extinction.** Many organizations are adopting measures to strengthen their ability to innovate. Such companies are creating a dependable operating system for innovation, an important indicator of corporate sustainability. Research has indicated that **competition combined with strong demand is a major driver of innovation.** Intensity of competition is the determinant of innovation and productivity. Innovation, besides products and services, also includes new processes, new business systems and new methods of management, which have a significant impact on productivity and growth. Today, we need innovators more than any time before. Every organization and business is feeling the impact of globalization, migration, technological and knowledge revolutions, and climate change issues. Innovation will bring added value and widen the employment base. Innovation is imperative if the quality of life in these trying circumstances is to improve. Innovation will make the world a better place for the younger generation. Innovation may come from anywhere, whether it be the Marutas (a generator powered people carrier in rural Punjab), the chudi wali`s (an organization of over 10,000 women who use an interactive medium to sell chudi`s in the rural parts of Gujarat and Rajasthan), or the direct EEEE., have been fascinating. In order to be successful, today`s companies must become marketing oriented. This is because, only effective marketing will ensure it to separate its business from the competition and then eliminate those competitors from the minds of prospect customers. Innovation is the profitable exploitation of new ideas. It is a tangible process and the need for an innovate work environment is widely recognized as being one of

the key success factors in gaining competitive advantage in the global market place. Firms today realize that investing in innovation is crucial to business success. For years there has been a fierce debate on the key elements of the correct marketing strategy to win in the Customer Age. The debates revolved around three solutions: **Automate, Innovate, and Collaborate**. Over the years, innovation has taken the lead as the key solution. Productive advertisement accurate Innovation, enables a firm to be proactive in anticipating emerging consumer trends, and thus addresses them via effective marketing strategies. It allows it to stay ahead of the pack, the fundamental difference between success and failure. This holds particular significance today, the market place of the 21st century, which is more exciting and unpredictable than ever before.

### **Emerging innovations in the field of marketing-**

- **Cloud computing-** Dell is using Cloud computing technology in which the delivery of computing services—servers, storage, databases, networking, software, analytics and more—over the Internet (“the cloud”). Companies offering these computing services are called cloud providers and typically charge for cloud computing services based on usage, similar to how you are billed for water or electricity at home.

**Cisco:** Focuses on the Cloud and Mobile:-Cisco website and publicized through its social media pages, tell the "personal" and "powerful" stories of "how young professionals, entrepreneurs, artists, and students are using connected technology to achieve goals and realize dreams." This is just one more way the company is reinforcing its "human" image.

- **Content Marketing:-** Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action. Quality content is part of all forms of marketing:

- ✓ **Social media marketing:** Content marketing strategy comes before your social media strategy.
- ✓ **SEO:** Search engines reward businesses that publish quality, consistent content.

- ✓ PPC: For PPC to work, you need great content behind it.
- ✓ Inbound marketing: Content is key to driving inbound traffic and leads.
- ✓ Content strategy: Content strategy is part of most content marketing strategies
- **Neuro Marketing:-** Neuromarketing is a field that claims to apply the principles of neuroscience to marketing research, studying consumers' sensor motor, cognitive, and affective response to marketing stimuli. Researchers use technologies such as functional magnetic resonance imaging (fMRI) to measure changes in activity in parts of the brain and Steady state topography (SST) to measure activity in specific regional spectra of the brain response; sensors to measure changes in one's physiological state, also known as biometrics, including heart rate, respiratory rate.
- **Green Marketing:** - Green marketing consists of marketing products and services based on environmental factors or awareness. Companies involved in green marketing make decisions relating to the entire process of the company's products, such as methods of processing, packaging and distribution. Excessive pollution has provoked the Nature and the Nature starts behaving in unnatural ways (in form of global warming v/s global cooling, heavy rains v/s draught, and other natural calamities like frequent earthquakes and tsunami, cyclones, epidemics, and so forth). Economic growth via production and consumption threatens peaceful life of human being on the earth. Green marketing is an attempt to protect consumer welfare and environment (the nature) through production, consumption, and disposal of eco-friendly products.

#### **Some of the innovative ideas used by the companies-**

- **L&T:** The cabins of all the executives are with sensor electricity facility i.e. if someone walks out of the corridors of the cabin then the lights are off automatically and vice versa. It has already discontinued the use of ozone depleting substances.
- **Reva,** India's very-own Bangalore-based company was the first in the world to commercially release an electric car. Reva is being sold in countries like UK, Ireland, Belgium, Spain, Cyprus, Greece and Norway. Reva, India's very-own Bangalore-based



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- **Starbucks: Works on Connecting with Customers-** The well-known coffee chain has effectively created an emotional connection with its customers. In countries like the U.K. and Ireland, this connection made the company's recent campaign to have its baristas start connecting with customers on a first-name basis that much smoother. The company launched the campaign with a promotion promising customers a free latte to come in and introduce themselves. Starbucks, a pioneer in mobile advertising, is clearly savvy about connecting in more ways than just in person and online. Named Mobile Marketer of the year in 2010, the company launched an app the following year that accepted mobile payments and, less than a year later, saw 26 million mobile transactions, with mobile devices accounting for \$110 million worth of funds reloaded to customers' Starbucks cards.
- **Van Heusen** introduced Eco shirts in Indian Markets.
- **ITC** has created with the greenest luxury chain of hotels in the world - an identity that helped the company position differently in the market. All its hotel properties are LEED Platinum certified. Leadership in Energy and Environmental Design (LEED) is a rating system developed by Green Building Environment council in the US that sets standards for sustainable buildings.
- The **Taj chain**, is in the process of creating eco rooms which have energy efficient mini bars, Organic bed linen and napkins made up of recycled papers

## **Implications for the companies**

### **❖ New strategies for new times**

The changed economic conditions are affecting consumer behavior and attitudes. The marketing strategies based on the understanding of the consumers in the prosperous times still hold water now. Consumers are changing their behavior in several different ways and various underlying

attitudes and values govern these changes. It is critical for us to re-look at the consumer and refresh our understanding to fine tune the marketing strategies.

#### ❖ **Segment and decide**

All the consumers do not react to the environmental changes in the same way. Different consumers have different reactions to the financial challenge – ranging from an extreme tightening of the purse-strings, to a nonchalant continuation of the current indulgences. Tightening may be reflected in different tangible and psychological ways. Manufacturers also need to offer a range of different solutions and propositions to meet these changes in behavior. Additionally, different consumer segments may be affected to different extent – and growth may vary from segment to segment.

#### ❖ **Find new pastures**

In these times, growth may be easier to come about through geographical expansion, than competitive fight in the current markets. The impact of the slowdown is more pronounced in larger cities – though the smaller towns and villages are also affected if they relied on export based industries. Hence while growth may be challenged in the larger cities, it may be a good time to set forth and explore new markets in county towns, townships and villages. These are the markets which are growing at a faster pace and offer greater return for investments.

#### ❖ **Emphasize value – re look at brand portfolio**

It does not take rocket science to conclude that in these times the consumers will look for value. The challenge is to offer value without compromising the image. There are different strategies to deliver value – some are appropriate and some ill-advised – some will damage the brand equity permanently, some will keep the image intact but still help adjust to the times. Research shows that direct price reductions are likely to damage more than temporary discounts and decreasing pack sizes more harmful than increasing pack size at the same price.

❖ **Look at the distribution channels**

A strained economic situation not only changes the consumer, but also changes the shopper. Consumers are normally more attached to the brand than the retail store, hence their first choice is not to change the brand, but try to locate the same brand at a cheaper price at another store.

With more time at hand and greater incentive to economize, more consumers are likely to shop at hyper markets than the more ubiquitous but pricier supermarkets and convenience stores. The search for value and bargains will also turn the shoppers to internet shopping—the only channel that will grow even faster than hypermarkets

❖ **Help the consumer – teach them, train them, comfort and reassure them**

Research indicates that Chinese consumers’ response to the economic challenge is cerebral. When opportunities are fewer and the competition more fierce the Chinese consumers will want to further enhance their skills and knowledge. Clearly it is very good news for companies teaching English or computer programming. But the opportunity is not confined to these firms – the FMCG industry could also take a more educative communication stance - wine makers could try to educate the consumers about appreciating fine wines, cosmetic companies could offer lessons on skin care and food companies could coach on diet and nutrition.

❖ **Communication**

The communication messages of today needs to reflect sentiments of care and protection, rational and considered behavior and performance and value. These tones of communication, which always appealed to the Chinese consumers, are likely to find even greater resonance in these times.

❖ **Go digital**

For the largest internet population in the world, internet has so far been a tool of entertainment and information – less so a tool for commerce. However the initial barriers are being overcome and consumers are discovering the joys of internet shopping. The attributes consumer associate

with internet shopping are variety, enables detailed evaluation and comparisons and competitive prices. These are the attributes the consumer will be looking in the times of economic slowdown.

❖ **Should Keep a permanent hand on the pulse of the consumer**

Things are changing at a phenomenal pace. As a result, so is the consumer mood and sentiment, which will have an effect on her decision making and the brands and products that she buys. If marketers don't feel her pulse all the time, they could go wrong. One cannot just listen to the consumer once a year - marketers need to put their ears firmly on the ground and listen to every change of beat, every nuance of the consumer mood and continue to fine tune the strategy.

**Conclusion:-**

In the end we can conclude that Marketing innovations are present throughout the business world as part of an organization's marketing activities in creating, communicating, and delivering value and in managing customer relationships. Innovations has direct role in developing new products and in developing the industrial enterprises furthermore customer expectations towards new product. Innovation is the profitable exploitation of new ideas. The paper tries to highlight various innovations which have emerged in the field of marketing over time like green marketing, content marketing, neuro marketing, and cloud computing etc which has changed the face of marketing. In order to be successful, today's companies must become marketing oriented because only effective marketing can ensure to separate its business from the competition and then eliminate those competitors from the minds of prospect customers

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