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**INNOVATIVE MARKETING IN THE FOCUS OF THE ECONOMY  
ON INNOVATIVE DEVELOPMENT**

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**Abstract**

The authors investigate the issue of manifested and justified focus of the Russian economy on innovative development. The authors emphasize the existence of expert forecasts highlighting the need of Russia to increase the presence of innovative institutions and infrastructure while maintaining a high position in terms of human capital and entrepreneurship. This situation emphasizes the demand for marketing skills. In this context, the authors study the importance of marketing in positive innovation-oriented transformations of the economy. The authors follow the focus on innovative development, highlighting the role of marketing and its innovative component providing the adaptive transformation of market agents' activities under the current market environment. The authors analytically examine the evolution of views on marketing of innovations, commercialization, inter-entrepreneurial marketing and innovative marketing. The authors identify the most used concepts of marketing of innovations and innovative marketing in the general framework of economic systems' innovative orientation. The authors concluded that it is reasonable to use the innovative marketing as broader, more representing and complex term the following contexts: 1) bringing an innovation to the market through creative solutions and innovative marketing tools; 2) bringing out and/or maintaining the market position of the product which is no longer innovative in terms of technology, but also brought to the market with the help of non-standard solutions. This seems to be significant in innovative updates relevant to the overall focus of the economy on innovative development.

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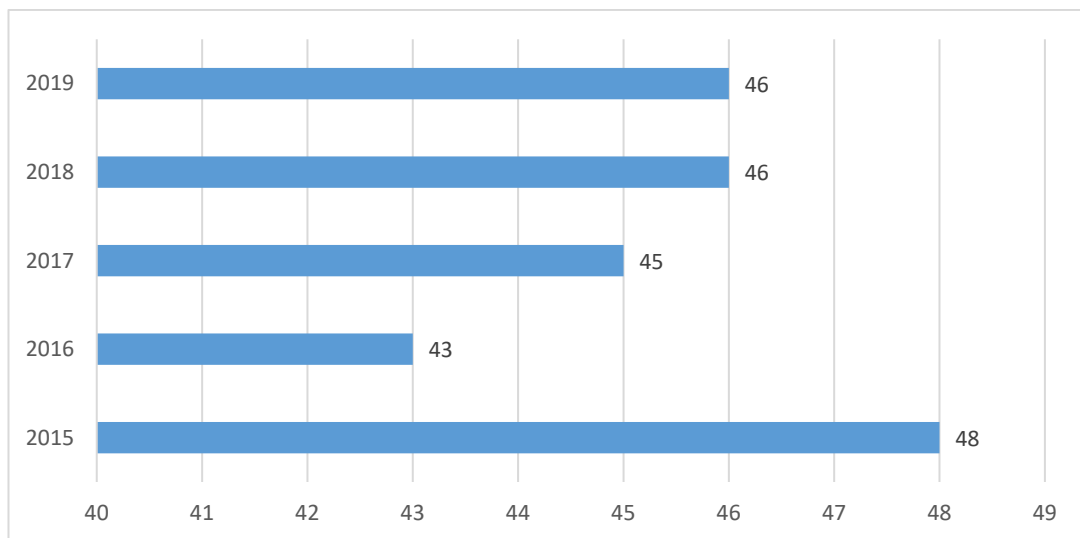


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## 1. Introduction

In the current situation, the opportunities of economic systems in terms of successful development are increasing due to the focus on innovations and their widespread implementation in various sectors and spheres. The vector of innovative development is also a priority for the Russian economy, which was reflected in the Strategy for Innovative Development of the Russian Federation for the period until the year 2020 (Strategy for Innovative Development of the Russian Federation until 2020, 2011) and the provisions of the Strategy for Scientific and Technological Development of the Russian Federation until 2035 (Strategies for Scientific and Technological Development of the Russian Federation until 2035, 2016), that consolidate the priorities in modernization and achieving leading positions in a number of areas in the world market.

The current position of Russia in the world market in terms of innovation activity is characterized by the place in the global innovation index (Figure 1).



**Figure 1.** Dynamics of Russia's position in the Global Innovation Index (GII) in 2015 – 2019 (Global Innovation Index – 2019, 2019)

The data presented above should be interpreted positively, since, for example, in 2013, this indicator for Russia was characterized by position 62 (Vlasova & Rud, 2019). Nevertheless, the leaders in this ranking, forming the top 10, are such countries as Switzerland, Sweden, USA, Netherlands, UK, Finland, Denmark, Singapore, Germany and Israel. Russia is also behind, for example, South Korea, China and Japan (Global Innovation Index – 2019, 2019).

As predictions of the future experts for Russia as strengths in terms of the potential for further growth in the index of innovative development, describe human capital research component, as well as the development of entrepreneurship, knowledge economy and technology. The problematic elements include, mainly, such as the lack of development of institutions providing innovation and infrastructure support (Vlasova & Rud, 2019). Overcoming the difficulties noted, according to a number of specialists, is possible by improving the management component aimed at responding to the challenges of the environment, and ultimately at innovative development (Global Innovation Index – 2019, 2019). Innovative development in

terms of attracting the necessary personnel, readiness of business and society to such changes requires appropriate marketing support processes, increasing their adaptability.

## **2. Problem Statement**

The chosen path to innovative development for the Russian economy seems to have no alternative and, objectively, requires changes in terms of positive evolutionary development of institutional and infrastructural components. In the noted focus on innovative development, it is necessary to clarify the role belonging to marketing, namely its innovative component, allowing to adaptively transforming the activities of market agents under the transformation of market realities. There is also a question of correlation of the concepts of innovation marketing and innovation marketing in the general fairway of the innovative orientation of economic systems.

## **3. Research Questions**

Within the limits of the given research the questions of relevance of marketing decisions in transformation of economy, connection of marketing of innovations and innovative marketing with success of production and introduction of novelties to the markets, realization of general innovative orientation of development are subject for analytical consideration. In addition, the range of tasks of research includes correlation of concepts of marketing of innovations, innovative marketing, marketing of commercialization of innovations and, along with the role of this phenomenon in positive transformations of economy, to find the concept reflecting modern filling of this process.

## **4. Purpose of the Study**

The purpose of the study is to correlate the concepts of marketing innovation and innovative marketing to find a conditional, reflecting reality, the formula of this phenomenon - marketing transformation in modern reality, as well as to clarify its role in the innovative orientation of economic development.

## **5. Research Methods**

In our opinion, it is the pursuit of an innovative trajectory that can ensure the success of the development of Russian regions (Kuznetsov, et al., 2020). This actualizes the relevance of marketing as an agent of positive market transformation. Thus, we believe that marketing creates opportunities to strengthen mutually beneficial partnerships, which enhances business opportunities and expands the potential of its innovative orientation (Osovtsev & Bondarenko, 2016). Technologies of marketing-management refers to the transformative, in terms of the focus on creating conditions for innovative development of economic systems (Bondarenko & Kozlov, 2017).

Thus, in an innovation-oriented economy the successful development of enterprises and organizations is possible through continuous improvement of their activities, offering the market new products, popularity of goods and services based on anticipating trends, creating innovative trends. Such

activity is possible due to marketing, which provides understanding of consumer needs, awareness of the direction of market development, anticipation of emerging trends, and ability to timely respond to requests and predict new needs. Ideally, an important quality, which contributes to success, is the ability to create new products and bring them to the market as a creator of a new consumption trend. This is what generates interest in marketing activities that enable the production and introduction of novelties to the market.

Conversely, in the B2B segment, the high level of competition for consumer choice also mediates the introduction of innovation in the creation and promotion of goods and services, because updated or brand-new products, having exclusive characteristics, have greater customer value and are in demand from potential consumers.

A large number of new products are constantly being introduced to the consumer market, but not all of them turn out to be in demand for various reasons. According to generalized expert data, more than 40% of new products fail and are withdrawn from the market (Ermakova et al., 2014; Ivanchenko, 2013). The reasons for these consequences are, on the one hand, the policy pursued by competing organizations offering their innovations to the market; setting a high price level for the promoted innovative product (pricing strategy "cream skimming"); the presence of technical deficiencies, flaws in the new product, as well as incorrect consumer expectations or interpretation of consumer preferences and needs manufacturers (Ermakova et al., 2014).

A number of experts in Russia also attribute the reasons for such failures to the lack of full-fledged marketing study of the process of positioning a novelty and its promotion, which, in their opinion, complicates the effective launch of up to 80% of domestic innovative products into the market (Tian, 2013). One way or another, it turns out that the possibility of levelling difficulties in introducing new products or reduce the risk of misperception and, consequently, the rejection of the target audience, lies in the implementation of marketing activities or marketing innovation.

Despite the intuitive understanding of what marketing of innovations is many researchers interpret it from different positions, noting, the most significant from their point of view, and certain facets of this phenomenon. For example, Permichev and Paleyeva (2007) say that it is marketing activity associated with the design and introduction to the market of new goods, services with sustainable competitive advantages provided by novelty.

Ivanchenko and Belotserkovskaya (2014) characterizes the marketing of innovations as an activity to produce and sell products (goods and services), which have competitive advantages due to the novelty.

Markova and Kuznetsova (2005) define marketing of innovations as a process that consists of the stages of interaction between the organization and the external environment, promotion and sale of a novelty for profit

Kurcheva and Makurina (2012) first, note that the marketing of innovation in practical terms is the application of marketing solutions at all stages of the life cycle of the product - novelty. These researchers also believe that innovation marketing, in the broad sense of the word, is a concept of marketing management, which is aimed at extracting the maximum possible benefits from the process of full satisfaction of the target audience by bringing innovative products and services to market (Kurcheva & Makurina, 2012). They emphasize, above all, that the usefulness for consumers of goods and services

brought to market was the maximum, and this lays the foundation for the use of marketing communications, spectacular distribution system to meet the consumer with a new product in a convenient place for him, etc.

There is a group of researchers who attribute to the marketing of innovation all types and options of marketing activities that are implemented in their practice, the company - innovator, for example, the creation and promotion of new products, stimulating consumer interest in the innovation (Korotkova et al., 2016).

Kalieva and Frolova (2012) emphasize the essence and importance of innovations and the role of marketing activity in taking a desirable position in the market by the company. For this reason, they believe that the combination of these phenomena leads to the emergence of a new concept of marketing of innovations, which promotes actual innovations to the market. Let us note also that according to the point of view of Kalieva and Karelin (2019) it is expedient to speak about the independent concept of marketing of innovations, combining the innovative development and marketing activities, associated with the support of new products.

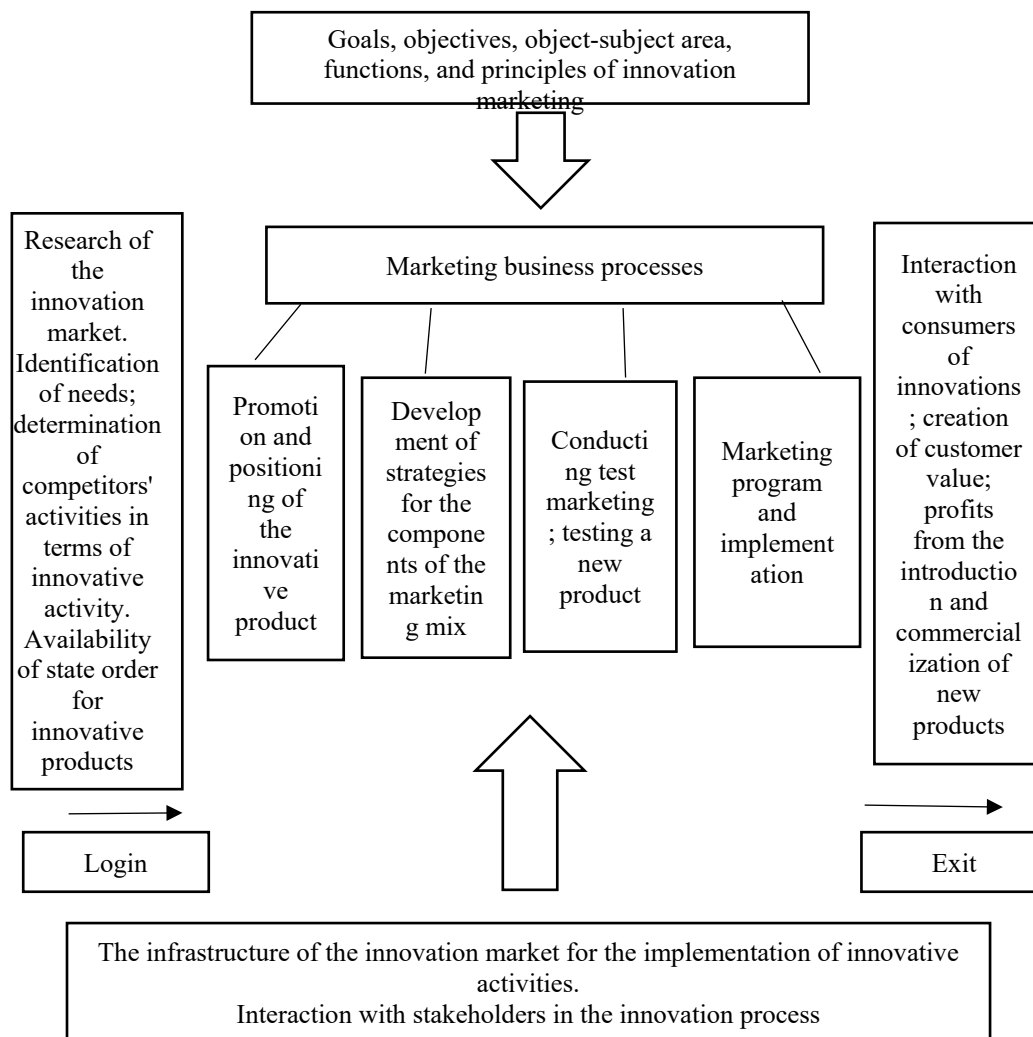
Describing this concept, the authors characterize the goal setting, a set of tasks, the basic principles, and functions, object-subject composition and marketing tools. According to Kalieva and Karelin (2019) the target setting within the framework of the concept of marketing of innovations is the study of market conditions, the number and position in the market of competing organizations, as well as start-up and potential opportunities of the company in terms of creation and promotion of innovation in the developed market. In determining the range of tasks, the authors proceed from the need to: clarify the typology of innovation; acquire company management and employees competencies for the commercialization of new products; clarify the features of consumer behaviour in terms of interest in the innovations brought to market (Kalieva & Karelin, 2019).

The above tasks are reflected in a set of marketing, which is transformed under the emerging needs of the company - innovator.

These authors schematically display the following constructions regarding the concept of marketing innovation (Figure 2).

In our opinion, this scheme reflects the existing processes within the framework of innovation marketing, but at the same time, it gives an idea of the classical variants of bringing new products to the market, the interest in which has been confirmed by research. In practice, novelties are often created and a need and/or even a new market is formed for them.

Continuing the study of the essence of innovation marketing, we note that the classics have three basic directions, embodied in the relevant concepts, called the entrepreneurial marketing (which manifests itself in the phase of creating an idea for a new product and bringing it to market); standard marketing (which includes the allocation of segments, positioning, promotion costs); international marketing, which embodies the creative approach in the marketing activities undertaken (Kotler, 1973).



**Figure 2.** Schematic reflection of the concept of innovation marketing (Kalieva & Karelin, 2019)

These stages of marketing activity are associated with different stages of the lifecycle of the new product brought to the market. The characteristic of the stages of life cycle, accents in the undertaken marketing decisions and their orientation are given in Table 1.

**Table 1.** Characteristics of basic areas of innovation marketing, associated with different stages of the life cycle of a product - novelty (Kotler, 1973; Korotkova et al., 2016)

Concept	Product life cycle stage - new	Marketing efforts undertaken
Entrepreneurial marketing	Creation of an idea for a new product; practical implementation of the idea and introduction of the new product to the market	Marketing communications in terms of informing and attracting a wide range of consumers (innovators, early and late majority)
Standard marketing	Business development and growth phase in terms of new product sales	Market research, segmentation, concentration on target segments and positioning of the novelty; brand creation and investment in its promotion
Cross-business marketing	Maturity and saturation stage	Emphasis on growing focus on creative solutions that increase customer value

It turns out that according to the given point of view, in the final stages of the life cycle of a new product, creative solutions are in demand, which involve innovative formats for marketing activities that involve overcoming existing templates.

Let us also note that in the development of the theory of this direction - marketing activity in the creation and introduction of innovations to the market, Matkovskaya (2010) introduces the term marketing of commercialization of innovations, focusing on the acquisition of commercial effect from the market promotion and successful sales of innovation.

We believe that this term arose for the reason that in the Russian context, traditionally the time lag of innovation and its commercialization is long (Bondarenko et al., 2020a) compared to other states that have stepped up processes to reduce the time lag between the creation of a novelty and its commercialization (Bondarenko et al., 2020b). Accordingly, for other countries such a term as marketing of commercialization of innovation is not highly relevant and, apparently, for this reason, not actively researched.

A number of Russian scientists allocate a certain independent direction, called innovation marketing, representing the development of the basic direction - marketing of innovations. For example, Golubkov (2010) believes that it is a concept characterizing the activity associated with the constant development and improvement of marketing technologies, research methods, products and services offered to the market.

In this vein, based on similar ideological positions, Korotkova and Vlasov (2012) refer to innovative marketing as processes associated with the creation, launching into serial production and sales of innovative products, in the format of more successful implementation of these activities compared to competitors, which indicates the innovativeness of marketing techniques and tools.

Ogoleva (2004) emphasizes that innovation marketing, as a concept and a pool of practices, is broader than innovation marketing, because it includes managerial and behavioral attitudes that allow an organization to become truly innovation-oriented, rather than simply follow the prevailing fashion under the influence of outside.

Within the framework of generalization of the presented points of view on essential filling of innovative marketing, we give the point of view of Ermakova et al. (2014) which emphasize that innovative marketing is a differentiated direction in the theory and practice of marketing, which is based on the application of innovative technologies, solutions and methods of marketing activity.

Of great importance in the innovative orientation of marketing solutions for appropriate economic development is the training of appropriate personnel with marketing competencies (Bondarenko et al., 2020c) and capable of creating and bringing to markets new products, as well as creating demand for certain innovations and establishing themselves in market niches.

## **6. Findings**

We believe that depending on the specifics of the market, the idea created, the products produced the level of competition, the ability to use analytical methods, the degree of innovation of the industry, in general, differentiation of methods and tools of innovative marketing will be manifested. Let us note also, that, in our opinion, in modern practice, it is not expedient to use separately the concept of marketing of commercialization of innovations as creation and introduction of a novelty to the market in its successful embodiment initially assumes effect of commercialization. While the application of the concept of

innovative marketing in an expansive interpretation in comparison with the concept of innovation marketing seems to us, quite, justified.

In terms of decisions made and actions taken in discrete time intervals marketing of innovations and innovative marketing can coincide, the second phenomenon is broader and accommodates the first. Their comparative characteristic is shown in Table 2

**Table 2.** Comparison on a number of criteria of innovation marketing and innovation marketing (Ermakova et al., 2014; Kurcheeva & Makurina, 2012)

Criterion	Marketing Innovation	Innovation marketing
Content	The use of traditional tools, solutions methods from the arsenal of marketing to market new products	The above + Independent direction in marketing, associated with the use of innovative tools, solutions and methods, including those associated with the introduction and sale of new products
Subject	Novelty at all stages of the innovation process	Previously listed + New or existing product, accompanied by innovative tools, solutions and methods in the implementation of the innovation process
Technology and solutions	Traditional (applicable to novelty)	Innovative (applicable to an existing product and a novelty)
Subject	Marketing management of the innovation process	The entire range of marketing activities applied to the entire cycle of the innovation process, from market analysis and product idea creation to the marketing of a new or existing product to the consumer
Tools used	Assessing the potential for innovation, market demand for the innovation, managing the innovation	The above + new types of analytical work, promotion and positioning

Going back to the issues related to the directions of innovation marketing in relation to the lifecycle of a novelty product, it can be noted that the direction of inter-entrepreneurial marketing in its essence and interpretation coincides with the understanding of innovation marketing, as it relies on the use of creative solutions and innovation in the marketing actions undertaken, both for a novelty product and for an already existing product.

Accordingly, based on the arguments presented above, we can agree with the current view that innovation marketing comprises two main components:

- The marketing of innovation itself (across the entire cycle of the innovation process);
- Marketing innovation itself (both in terms of product and in terms of technologies, solutions and methods) (Kurcheeva & Makurina, 2012).

Accordingly, in the current realities, it can be noted that it is advisable to start from the practice of using the term innovative marketing as a broader term that represents complex processes in which it is possible to bring an innovation to market with creative solutions and innovative marketing tools; it is also possible to bring and/or maintain a market position for a product that is no longer innovative in terms of technology but is also brought to market with unconventional solutions.



## 7. Conclusion

Innovation marketing itself is an ambivalent process involving, on the one hand, studying the demand for innovations and implementing product and service responses to these demands; and, on the other hand, shaping demand and new market niches/markets for innovations that significantly change consumption patterns or require finding potential markets and consumer groups after their actual emergence. The orientation towards adaptive solutions in terms of bringing out new products, the focus on innovative innovations demanded by the spectrum of innovative marketing, is relevant to the overall focus of the economy on innovative development.

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