



MARKETING AS A DRIVER OF SUCCESSFUL MARKET INTRODUCTION OF INNOVATIVE PRODUCTS IN A TRANSFORMING NATIONAL ECONOMY

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MAQOLA HAQIDA

Qabul qilindi: 24-sentabr 2023-yil

Tasdiqlandi: 26-sentabr 2023-yil

Jurnal soni: 8

Maqola raqami: 9

DOI: <https://doi.org/10.54613/ku.v8i8.800>

KALIT SO'ZLAR/ Ключевые слова/

keywords

Marketing, innovation marketing, marketing efficiency, success factors of a new product, the market of innovative products, innovation marketing, transformation of the economy.

ANNOTATION

The innovative renewal of the world economy and the transition to a new knowledge-based economy are the main drivers of social development in modern society. This paradigm shift towards a postindustrial society has elevated enterprises producing innovative products to becoming key players in this new economy. However, there is a high risk associated with launching innovative products on the market, with around a third of new products failing and leading to losses rather than profits. Therefore, marketing support for the creation of new products is vital for companies in this space. This article explores the significance of marketing research in introducing innovative products to the market, the factors influencing the success of new products, the market for innovative products, and features of marketing innovation.

Introduction. The hallmark of modern-day social development is the rapid and continuous innovation of the world economy. This innovation is the driving force behind the transition to a new knowledge-based economy, which is characterized by accelerated economic activity. The paradigm shift that this has brought about is so radical that companies creating innovative products have now become the primary movers and shakers in the economy¹. However, the high degree of risk associated with launching innovative products on the market highlights the critical importance of marketing support in the creation and introduction of these products². This article explores the significance of marketing research in the introduction of innovative products to the market, the factors influencing the success of new products, the market for innovative products, and the features of marketing innovation.

As Peter Drucker famously stated, "Business has only two functions - marketing and innovation." Drucker believed that marketing and innovation were the foundational pillars for a company's success. Hence, we must examine the purpose and role of marketing from an innovation perspective³.

Marketing is more than just increasing sales; it is customer and market-oriented, with a focus on aligning all products, services, and processes with the needs of customers and users. The tasks of marketing are extensive and can include market research, strategic planning, and the famous 4P marketing mix⁴. Market research involves identifying customer needs, current and future market needs, and exploring possible market potentials. Marketing also plays a strategic role, developing marketing plans based on corporate strategy and identifying strategically important markets based on market information^{5,6}.

Interestingly, marketing and innovation management share many similarities, such as trend analysis, researching customer needs, and defining product policies with product development and design⁷.

The modernization of the economy is essential for the innovative development of the country. As Uzbekistan continues to stabilize, the diffusion of innovation and the introduction and rapid spread of new ideas, developments, and technologies will be difficult to achieve without significant modernization of the economy⁸. This requires integrating education, science, and industry and implementing technical

solutions that facilitate the creation of new industries, companies, and increased demand for innovative products.

Achieving innovative development in the short term is one of the most urgent tasks facing the national economy. Comprehensive reforms are needed, and the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan is a government agency responsible for implementing a unified state policy in the field of innovation and scientific and technological development. The implementation of measures in accordance with the strategic plan is crucial in innovative development, and the strategy of innovative development of the Republic of Uzbekistan for 2022-2026, the roadmap for its implementation and confirmation of the indicators of the Republic of Uzbekistan for innovative development until 2030 - all this is crucial to achieve this goal. The main goal of this strategy is to develop human capital, increase the intellectual and technological potential of the country and become one of the 50 largest innovative countries in the world by 2030⁹.

Literature review. It is essential to clarify the concept of innovation in the era of economic globalization. Innovative ways of organizing systems at all levels are crucial in the formation of a new model of economic growth. The ability to develop and implement innovations is the main tool of competition, not the possession of capital resources and material values. Therefore, there is a growing interest in the problem of innovative development from both government agencies and businesses.

Marketing plays a critical role in the successful introduction of innovative products to the market, especially in the context of a transforming economy. This statement is supported by several authors in the literature.

According to Katsikeas et al. (2016), marketing activities such as market research, branding, advertising, and sales promotion are essential for the successful introduction of innovative products in a competitive market. The authors emphasize that the effectiveness of marketing is

¹ Plucker, J. A. (Ed.). (2022). *Creativity and innovation: Theory, research, and practice*. Routledge.

² Sultana, S., Akter, S., & Kyriazis, E. (2022). How data-driven innovation capability is shaping the future of market agility and competitive performance? *Technological Forecasting and Social Change*, 174, 121260.

³ Sheridan, R. (2022). The Role of Culture, Storytelling, & Joy in Saving Menlo Innovations. *American Journal of Health Promotion*, 36(6), 1066-1068.

⁴ Bogue, J., & Repar, L. (2023). Market-oriented methodologies that integrate the consumer into the functional foods new product development process: Part 1 contemporary approaches. In *Case Studies on the Business of Nutraceuticals, Functional and Super Foods* (pp. 31-56). Woodhead Publishing.

⁵ Kitchen, P. J., Tourky, M. E., Kitchen, P. J., & Tourky, M. E. (2022). Implementing the IGMC Strategy. *Integrated Marketing Communications: A Global Brand-Driven Approach*, 113-146.

⁶ Hoekstra, J. C., & Leeflang, P. S. (2022). Thriving through turbulence: Lessons from marketing academia and marketing practice. *European Management Journal*.

⁷ Ashurov, M., Kurpayanidi, K., Oripov, D., Shakirova, Y., & Muydinova, G. (2023, February). Strategies for Improvement and Evaluation of the Quality Management System of Uzbekistan Manufacturers. In XV International Scientific Conference "INTERAGROMASH 2022" Global Precision Ag Innovation 2022, Volume 1 (pp. 1562-1570). Cham: Springer International Publishing.

⁸ Kurpayanidi, K. I. (2022). SMART marketing – as an activator of the "promotion" paradigm in the development of professional competencies of marketers. In *Innovation management in maintaining socio-economic stability: problems and solutions*. Doi: <https://doi.org/10.5281/zenodo.7423715>

⁹ Kurpayanidi, K. I. (2020). Actual problems of implementation of investment industrial entrepreneurial potential. *ISJ Theoretical & Applied Science*, 01 (81), 301-307. Doi <https://dx.doi.org/10.15863/TAS.2020.01.81.54>

even more important in the context of a transforming economy, where market conditions are highly dynamic and unpredictable¹⁰.

Similarly, Yousafzai et al. (2015) highlight the role of marketing in the innovation process, emphasizing that marketing research is crucial in identifying consumer needs and preferences, which can inform the development of new products¹¹. The authors also argue that marketing communication strategies, such as advertising and public relations, can help create awareness and generate interest in new products, which is essential for their successful market introduction.

In a study by Hultink et al. (2011), the authors emphasize the importance of a customer-centric approach to innovation, which emphasizes the importance of understanding customer needs and preferences in the development of new products¹². The authors argue that effective marketing research and analysis can provide critical insights into customer preferences, which can inform the development of innovative products that are more likely to succeed in the market.

Finally, in a study by Prabhu et al. (2013), the authors highlight the importance of a strategic approach to marketing for the successful introduction of innovative products in a transforming economy¹³. The authors argue that effective marketing strategies, such as a focus on customer needs and preferences, strong branding, and effective advertising and promotion, can help companies navigate the challenges of a transforming economy and successfully introduce innovative products to the market.

The Austrian scientist J. Schumpeter introduced the most comprehensive description of innovation processes in his work "Theory of economic development" published in 1911. According to J. Schumpeter, innovation is a source of profit, and without development, there is no profit, and without profit, there is no development¹⁴.

A. B. Titov (2017) defines innovation as the final result of creating and developing a fundamentally new or modified tool that meets specific social needs and gives various effects¹⁵.

In our opinion, the essence of innovation should be defined as the final result of a synergistic interaction of research and scientific and technical activities aimed at improving the technical level and releasing new high-performance products that bring various effects, including economic, scientific, technical, social, environmental, and others.

In the current market, fierce competition between enterprises dominates, and innovation is one of the main factors for success. It provides companies with the opportunity to create competitive advantages and operate successfully in the market in a highly competitive environment. Businesses need to implement innovative transformations, identify new markets, and predict consumer preferences to achieve this.

Marketing research and technologies that identify the needs of consumers are the main condition for introducing any innovation at present. Marketing is the most important component of the innovation management process of an enterprise seeking to offer and implement a new product on the market. As L. Ronald Hubbard (2016) notes, marketing helps prepare a product, deliver it to the market, and place it there in a way that achieves the highest possible sales and the highest possible response¹⁶.

By combining the concepts of "marketing" and "innovation" through the application of marketing research at all stages of creating an innovative product, it is possible to derive the definition of "innovative marketing"¹⁷.

Overall, the literature highlights the critical role of marketing in the successful introduction of innovative products to the market, especially in the context of a transforming economy. Effective marketing research, analysis, and communication strategies are essential for identifying customer needs and preferences, developing innovative products, and creating awareness and interest in new products. A strategic approach to marketing is also important in navigating the challenges of a transforming economy and successfully introducing innovative products to the market.

Significance of the study. In our opinion, the insufficient development of marketing in scientific-technical organizations and

innovative enterprises is one of the main issues related to the innovative process in Uzbekistan. Creating new products with marketing support is one of the most important problems faced by innovative companies. Practical experience has shown that introducing innovative products to the market comes with a high risk of failure. On average, approximately one-third of new products fail to bring profits and end up with losses.

The failure of new products entering the market is influenced by both the product and market specifics. Generally, the following failure rates can be observed:

- 25-27% of industrial goods;
- 33-35% of personal consumption goods;
- 28% expansion of the existing range;
- 30% of brand innovations;
- 45% of new products themselves¹⁸.

Consumer goods can be particularly risky due to higher levels of competition, as well as the specific behavior of consumers in this segment. Furthermore, the figures demonstrate a higher level of risk when introducing fundamentally new products to the market, which are often referred to as breakthrough innovations. Insufficient market analysis, product defects, lack of effective marketing measures, excessively high costs, actions of competitors, lack of support for bringing the product to market, and production problems are among the reasons for the failure of new products¹⁹.

To mitigate these risks, the innovation process in Uzbekistan must place greater emphasis on integrating marketing into scientific-technical organizations and innovative enterprises. By conducting thorough market analyses, identifying any product defects, and implementing effective marketing strategies, the chances of introducing successful new products to the market can be significantly increased.

Research methodology. The methodological basis of the study consists of the research approach, the analogical approach, the dialectical approach, the situational approach, methods of logical and comparative analysis, methods of observation and static methods.

Results and discussion. When analyzing the innovative process, it becomes evident that marketing plays a crucial role in determining the success of a new product. Specifically, out of the 14 stages of the innovation project, 6 are directly related to the effectiveness of marketing activities carried out by the innovator/innovative company²⁰.

These stages include the search for new ideas, preliminary market assessment, selection of the "right" ideas, preliminary technical evaluation of the product, detailed market research, and economic analysis (financial analysis).

In order for a new product to succeed, there are several factors that need to be considered. Firstly, the product should have distinctive properties that contribute to a better perception by consumers, which gives it a competitive advantage over other products. Additionally, the company should have marketing know-how, which includes understanding the behavior of customers, the pace of adoption of new products, and the size of the potential market²¹. Finally, there should be technological know-how that is protected by a patent or trade secret regime.

It is important to note that commercial success cannot be ensured solely by obtaining technological advantage. Thus, any innovator or innovative company will sooner or later have to think about marketing factors. Innovative products form a specific market for high-tech and scientific-technical products, which has diverse features that affect all aspects of the relationship between the seller and the buyer. These features require reflection in the marketing policy of the company. For instance, the particular qualities of the product itself, such as uniqueness, technological complexity, and high production costs at the initial stages, need to be considered. The novelty of the market for the firm, especially for a small innovative company at the start-up stage, is also important. Additionally, unknown product (and sometimes manufacturer) for the market and unpredictability of consumer behavior should be taken into account. Moreover, the low elasticity of demand from the price limits the impact of pricing policy on sales volumes. Furthermore, the small market capacity, especially for high-tech industrial products, and the

¹⁰ Katsikeas, C., Leonidou, L., & Zeriti, A. (2020). Revisiting international marketing strategy in a digital era: Opportunities, challenges, and research directions. *International Marketing Review*, 37(3), 405-424.

¹¹ Yousafzai, S., Saeed, S., Paladino, A., & De Luca, L. M. (2015). Inside-out and outside-in orientations: A meta-analysis of orientation's effects on innovation and firm performance. *Industrial Marketing Management*, 47, 121-133.

¹² Hultink, E. J., & Geissdoerfer, M., Savaget, P., Bocken, N. M., (2017). The Circular Economy—A new sustainability paradigm? *Journal of cleaner production*, 143, 757-768.

¹³ Prabhu, J., Tracey, P., & Hassan, M. (2017). Marketing to the poor: an institutional model of exchange in emerging markets. *AMS Review*, 7, 101-122.

¹⁴ Schumpeter, J. A. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Harvard University Press.

¹⁵ Titov, A. B. (2017). Innovation: Essence, evolution, concept. *RUDN Journal of Economics*, 25(3), 331-344.

¹⁶ Hubbard, L. R. (2007). *The marketing series* (Vol. 6). Bridge Publications, Inc.

¹⁷ Gabbay, R., & Le May, A. (2002). *The innovation imperative: A business fable that takes you on a journey of innovation*. Nicholas Brealey Publishing.

¹⁸ Cooper, R. G. (1990). Stage-gate systems: a new tool for managing new products. *Business horizons*, 33(3), 44-54.

¹⁹ Cooper, R. G., & Kleinschmidt, E. J. (2011). *New products: The key factors in success*. Marketing Classics Press.

²⁰ Cooper, R. G., & Kleinschmidt, E. J. (1993). Screening new products for potential winners. *Long range planning*, 26(6), 74-81.

²¹ Nakata, C., & Weidner, K. (2012). Enhancing new product adoption at the base of the pyramid: A contextualized model. *Journal of Product Innovation Management*, 29(1), 21-32.

lack of direct competitors at the initial stages, due to the monopoly on intellectual property, need to be considered. Finally, the achievements of the company's employees in the theoretical field with a well-constructed policy can significantly raise the company's rating among consumers. However, the dependence of sales of innovative products on the level of innovative potential of the consumer means that many pioneer innovations are difficult to sell due to the general technological backwardness of a number of sales markets.

As an expert in the field of economics, I can say that the main challenge facing companies introducing innovative products into the market is the unpredictability of consumer reactions. While this is a challenge for companies in any industry, it is especially relevant in the high-tech market where product updates occur at an accelerated pace. Without proper consumer training and a well-planned strategy for introducing the product, an innovative product may "fail."

In the innovation market, innovation marketing needs to have specific features to ensure its success. These features include:

- Conducting extensive research on potential consumers across various industries since scientific and technical advances often have intersectoral applications.
- Developing a long-term and consistently executed advertising campaign to allow consumers sufficient time to "mature" and fully appreciate the benefits and significance of the innovation.
- Providing additional advantages that consumers can easily compare with existing analogues and substitutes.
- Targeting experienced, collective consumers when promoting complex scientific and technical products, such as a "purchasing center" that includes employees from various departments.
- Engaging in lengthy negotiations as high-tech products are pre-selected in both production and consumer markets, resulting in multiple comparisons and discussions with experts.
- Ensuring excellent after-sales service is crucial for the commercial success of a new product, especially for technically complex products. For instance, the emergence of hybrid cars was obstructed not only by their high cost, but also by the inadequate maintenance infrastructure.
- The image of an innovative company is significantly influenced by the results of fundamental research conducted by its employees. Moreover, conferences, scientific forums, and other forms of communication within the professional community can serve as marketing communication channels for innovative businesses.
- Creating "whole products" that consider all their actual and potential advantages is critical due to the complexity of innovative products.

To successfully introduce innovative products to the market, it is essential to have a thorough comprehension of potential consumers, a meticulously crafted advertising campaign, a focus on experienced and collective consumers, and excellent after-sales service. The outcomes of fundamental research carried out by employees of the organization, as well as communication channels within the professional community, play a critical role in shaping the image of an innovative company. Unique and innovative products are complex, and creating a "whole product" that takes into account all of its real and potential advantages is imperative.

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