USE OF INNOVATION IN MARKETING MANAGEMENT OF SLOVAK BUSINESS ENTERPRISES

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Abstract. The main aim of the paper is to create a model of the key elements affecting the use of innovation in marketing management on base of detailed analysis of literature and conducted research. This model should be supported by designed system how to work with innovations and knowledge of the business. The paper contains recommendations for the successful exploitation of innovation in marketing management as well as the proposed system. These recommendations should serve mainly to marketing managers like a valuable tool in the use of innovation in marketing management. The paper also identified areas of potential problems to those the managers have to focus on achieving a seamless work with innovations and knowledge of the business enterprise. The research used the following methods: comparative method, a method of qualitative evaluation, the structured and unstructured interviews, observation methods, analysis of documents (method of content analysis) and the questionnaire method.

Keywords: innovation, innovative potential, innovative management, marketing management, business, research.

JEL Classification: O31, O32

Introduction

Marketing managers today have a difficult challenge – how to improve their products to market characterized by hyper-competition and ever more detailed segmentation. Today customers are becoming immune to all the tools of sales promotion and perceive homogenous products. In this competitive environment, business enterprise should to combine several concepts of products into one offer, which is wanted and desired market. This can be achieved by applying innovations in marketing, allowing to the Business be succeed in a competitive competition with other business enterprises.

An important prerequisite for successful innovation is to establish a suitable environment. Marketing managers must properly understand the need to innovate and get it into a successful marketing management. Important role in this process is management. Innovation plays an important role, especially in today’s period marked by the action of the global economic crisis. Just those business enterprises that invest in the innovation will be best prepared when crisis period finish. Also they will receive favourable starting position in the struggle for redistribution of markets (Lendel 2010).

1. Objective and methodology

The main aim of the paper is to acquire new knowledge in the field of innovation management focusing on the area of marketing and highlight the possibility of creating a model of the key elements affecting the use of innovation in marketing management. Proposal of the key elements of the use of innovation in marketing management can significantly help to identify weaknesses of a business in this area and identify space for further improvement. The paper contains recommendations for the successful exploi-

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tation of innovation in marketing management as well as the proposed system. These recommendations should serve mainly to marketing managers like a valuable tool in the use of innovation in marketing management. The paper also identified areas of potential problems to those the managers have to focus on achieving a seamless work with innovations and knowledge of the business enterprise. Solution of the examined issues in the paper requires the use of several methods depending on the character of each part of the solution.

For the acquisition and collection of information were used method of analysis of documents (when analyzing current and historical data relevant to the issue), questionnaire method and the method of semi-structured interviews (data collection in empirical research), method of observation (visiting businesses).

For the information processing was used mainly method of quantitative assessment (formation of statistical averages, percentages, application of statistical tests and other statistical methods) and the comparative method (when comparing data obtained from the relevant empirical research and the collation of data from the analysis of secondary sources).

For solve of the problem were used methods of induction, deduction, synthesis (in developing of model of the key elements affecting the use of innovation in marketing management and formulation of key elements), abstraction and modelling.

2. The current state of dealing with the issue

The word innovation comes from Latin and means “renewal”. Despite the fact that content is constantly updated and reviewed, terminological and methodological apparatus is developed, in understanding the nature of the term “innovation” in academic and professional circles is a consensus. The base of innovation in most scientific disciplines it means planned and controlled change of a new, better condition (Ondáková 2010).

At present, in domestic and foreign literature may be encountered with the use of multiple definitions of innovation, which dominated the following characteristics: application of new ideas, new idea, a change for the better and invention (Kovařová 2009: 183). From the wide spectrum of opinion marketing theorists and practitioners can be chosen the most accurate definition of innovation. Table 1 summarizes the definitions of the term innovation.

Based on the study of domestic and foreign literature can be said that the base of innovation most accurate rendered Kovařová (2009). Because according her the innovation is driven process of the creation, transfer and implementation of ideas into a practical application that produces a significant qualitative change and the customer will appreciate it as a new added value, for which he is willing to pay. She worked also the definition and categorization of innovation.

She points out that while creativity is engaged in generating new ideas, innovation extends creativity to the implementation of these ideas. Research again changing money on knowledge and innovation converts knowledge into money.

According Sivák (2009) innovation must meet the minimum conditions that a product, process, marketing method or organizational method for the company, which provides them a new (or significantly improved). Dado et al. (2006) says that adoption of innovations is dependent on consumer perceptions of innovation with respect to five characteristics: relative advantage, compatibility, communicability, divisibility and complexity (Ďadó et al. 2006).

Tidd et al. (2007) accents that the essential innovation is the ability to see the connection, to notice and exploit the opportunities. According to him, innovation is not just about opening new markets, but also shows their ability to provide new ways of action in existing markets. Important role he ascribes to knowledge when he said “It is about creating new opportunities by combining different sets of knowledge.”

Wright (2010) provides three levels of innovation:

- **Gradual (incremental):** it is implausible, to have seen dramatic changes in business performance. However, continuous innovations in this area are needed to power the continuous improvement of products, processes and business aspects. This step is necessary to prevent the fall of the company over its competitors, and ensure the business enterprise prospects for long-term survival.

- **Material:** provides greater opportunity to add value to the company because it creates many business opportunities and provide competitive advantage. This level of innovation, however, requires considerable investment and effective strategies for managing innovation and it has since its inception, through development to successful commercialization.

- **Radical:** it can turn the industry upside down. It creates a new basis for power, new competitors and new business models. This level of innovation is seen in all sectors and appears as the subject of articles and Economic Studies.

In domestic literature is most often used term marketing innovation. Slovak Statistical Office defines this term follows: “Marketing innovation is the implementation of a new marketing concept or strategy that is significantly different from existing of marketing methods of the company and wasn’t previously used. This requires significant changes in design or product packaging, product placement, promotion and pricing of products.”

This definition can be regarded as a sufficient definition of the problem of application of innovation in all areas of business marketing. Based on this fact for the use of innovation in marketing management innovation marketing business direction at the choice of marketing objectives, met-
opportunities, knowledge and application of lateral thin-
king. The data gave a complete view to the preparedness
of Slovak companies to use (implement) innovations in
marketing management.

The sample consists of 318 managers of medium and
large companies operating in the Slovak Republic. Most
managers were contacted through an electronic question-
aire (84.7%). 15.3% of managers were contacted through
personal questioning by a structured interview. In the pro-
cess of information processing have been used χ2 test of
independence marks of quality and cluster analysis.

The lack of literature on the issue of innovation in mar-
keting management (definition, structure and procedures
of application) is reflected in the fact that very few managers
have documented processes and understand the issue.

Only 31.2% of surveyed respondents did not occupy
with the issue of innovation in marketing management. In
contrast, only 23.5% of respondents said they apply innova-
tions in marketing management, which can be considered as

hods and ways to develop and fully exploit the innovative
potential of the company in favour of marketing activities.

In foreign literature rarely occurs also the term innova-
tive marketing strategy. According to organisation Forrester,
an innovative marketing strategy is a vision for the future
involvement of customers in the process of creating pro-
ducts and services that define the ways and methods of
marketing and learning achievements of marketing results
(Kemp et al. 2010).

3. The situation in Slovak companies – results of
empirical research

In the period from January to November 2010 was carried
out research whose primary task was to obtain and interpret
information about level of innovation using in the mar-
ting management of Slovak companies. The main purpose
of research was to identify key elements of innovation in
marketing management, system of work with innovations,

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<th>Author</th>
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<tr>
<td>Valenta (1969)</td>
<td>Innovation should be understood as any changes in the original structure of the production organism, i.e. transition to a new state of the internal structure and the effects can be considered any changes in the behaviour of the production organism.</td>
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<td>West &amp; Farr (1990)</td>
<td>Innovation is the intentional introduction and application of ideas, processes, products or procedures in the role, groups or organizations that are new to the relevant department and have significant benefits for the individual, group, organization or wider society.</td>
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<td>Green Paper on Innovation (1995)</td>
<td>Necessary step towards putting (perhaps better application) of new and improved products, services and processes on the market. It includes not only the technological part, but also organizational, managerial, commercial and training requirements that contribute to the economic competitiveness of the company and thus the regional economy, to which it belongs.</td>
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<td>Crawford &amp; Di Benedetto (2005)</td>
<td>Common understanding of the concept of innovation, “changes in the industry, particularly in the technological development and their application in products, production processes and services”.</td>
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<td>Christensen (1997)</td>
<td>Innovation is a condition that goes from disturbing existence to somewhat amicable environment.</td>
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<td>Tureková &amp; Mičieta (2003)</td>
<td>Innovation is the practical transfer of ideas into new products (goods and services), processes, and systems of social relations.</td>
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<td>Hamel (2006)</td>
<td>Innovation is a deflection from traditional management principles, processes and practices or a deflection from customary organizational forms that significantly change the way management.</td>
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<td>Dupaľ et al. (1997)</td>
<td>Innovation is a creative process that combines existing two or more things in a new way with an intention to produce a unique new thing.</td>
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<td>Čimo &amp; Mariáš (2006)</td>
<td>Innovation is a new way to use existing resources of company to obtain new business opportunities – finding new ways to increase revenues from business enterprise activities of the company.</td>
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<td>Wright (2010)</td>
<td>Innovation is the successful exploitation of new ideas to increase customer value and create wealth for society.</td>
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<tr>
<td>Chlebiková (2009)</td>
<td>Innovations are the practical transfer new people’s ideas into products, services, processes, systems, and social relations.</td>
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a positive development. In the phase of the study is 8.9% of businesses surveyed, 6.1% are in the process of deciding on its relevance to business and to 30.3% of managers surveyed said they are trying to implement innovations in marketing management.

All ideas are recorded and, if necessary used only by 49.1% of respondents (Fig. 1). To contrast, only 8.6% of respondents recorded no innovative ideas. 22.7% of surveyed respondents reported that their innovative ideas in business are always generated from scratch if necessary. 23.6% of surveyed respondents use analysis of innovative ideas in created groups. Only 8.3% of respondents have developed rating system of innovative ideas, which is necessary for successful implementation of innovations in marketing management.

The main problems hindering the use of innovation in marketing management managers identified the lack of necessary funds (43.7%), lack of enabling environment to support development of innovation (35.6%) and inefficient work with innovative ideas (34.4%).

The χ2 test of independence of qualitative characters showed that there is no dependency between the application of marketing strategy and business enterprise preparedness to exploit innovations in marketing management.

Based on the results of cluster analysis can be stated that the majority of companies surveyed (54.8%) falls within a cluster. It is made up of marketing managers who attach great importance to the two crucial elements for the use of innovation in marketing management, and product and lateral thinking. They realize all the benefits of applying lateral thinking in relation to the product. Lateral thinking understood as a way to achieve product innovation providing new needs for new customer groups.

A very small part of the business enterprise does not apply any upgrade (only 6.2%). The most frequently used product innovations include a focus on new opportunities to use the product (38.3%). 32.6% of respondents use some variation of the characteristics of the product. The positive trend can be seen that only 28.7% of surveyed respondents transforms product, which then meets the new needs. The least used product innovations are changing the size or shape of packing (only 11.4%), change the product (20.4%) and facilitate the purchase of the product (24.5%).

More than half of respondents (53.1%) identified as the primary objective of innovation policy products reach new target groups of customers. 23.7% considered the main objective of stabilizing the current market share. 16.5% of surveyed respondents want to create new market space. Only 6.7% of respondents consider extending the product life cycle as its principal objective of innovation policy products.

Almost half of surveyed marketing managers (49.1%) stated that the innovation of products accessed regularly. 12.4% of respondents accessing product innovation only in case of decline of the identified indicators such as sales decline, the number of customers and so on. 24.7% of respondents in this area is governed by competition and 13.8% based on customer needs (Fig. 2).

Fig. 2. Intensity approach to product innovation
Source: own research
4. Key elements affecting the use of innovation in marketing management

Based on the detailed carried out analysis of domestic and foreign literature it can be concluded that the use of innovation in marketing management affects six basic (core) elements. It can be written in the form function with six variables that affect the operation and use of the very essence of innovation in marketing management:

\[ I_{MR} = f (I_M, I_{PMS}, L_M, P_K, O_S, P), \]  

where

- \( I_{MR} \) – innovation in marketing management,
- \( I_M \) – innovation management,
- \( I_{PMS} \) – innovative potential of marketing strategy,
- \( L_M \) – lateral thinking,
- \( P_K \) – pro-innovation climate,
- \( O_S \) – organizational structure,
- \( P \) – product.

Key elements affecting the use of innovation in marketing management can be presented in a hexagonal star model (Fig. 3). It is important that all the links and relationships between elements of the model were conducted with a focus on the customer.

![Hex star-model key elements affecting the use of innovation in marketing management](image)

**Fig. 3. Hex star-model key elements affecting the use of innovation in marketing management**

Source: own research

According hexagonal star model is the use of innovation in marketing management seen as an integrated system based on corporate strategy involving ingenuity, knowledge, product design, innovation processes, their resources, goals and metrics directly linked to innovation.

The focus of hexagonal star model is the customer and his needs. The output of the model is created value, which brings to customers the expected benefits. It consists of new product attributes (services), innovation, customer benefits and new offerings.

The first important factor influencing the use of innovation in marketing management is *innovation management*. Its mission is to create a working environment that encourages innovative atmosphere. This means above all trust management to innovation, ensuring effective communication and leadership to teamwork (Blašková 2010). Also, application of innovative processes, methods and resources management, leadership styles and initiatives leading to improvement and higher use of innovation in marketing management. Important and irreplaceable role in the use of innovation in marketing management are marketing managers. They determine marketing goals and create corporate policies, which are derived from innovative marketing activities (Hitmár 2006).

The second identified factor is an *innovative potential of marketing strategy* represents a degree of innovative marketing strategies that would be achieved by optimal use of all sources of innovation strategy. The level of innovation potential strategies while depending on the level and quality of the various components of innovative resource strategies.

Innovative resource strategies can be considered innovative opportunities, skills, knowledge, experience, invention and innovation, which are available in the company, or it is able to get in time. Innovative resource strategy consists of four basic, interrelated, modules, namely:

- **Bank of inventions**: a place to find, create, and store ratings inventions that may be involved in the next phase in the creation of marketing innovation;
- **Bank of innovative opportunities**: a place to store and work with the identified innovative opportunities;
- **Knowledge Base**: provides a platform for providing space for the collection of all knowledge (e.g. from experts) that can be used in the innovation process;
- **Bank of Innovations**: retains all created by innovation and creating an environment for the efficient management and their conversion into a successful marketing strategy.

Innovation strategy is expressed by degree such as innovation potential strategy actually achieved, respectively by degree at which they are actually used innovative resource strategies.

The third important element is *lateral thinking*. Using innovations in marketing management must be supported by an appropriate lateral thinking, which allows the company’s innovation potential in innovation and in their innovation activities. Lateral thinking explores new ways of looking at the problem rather than to proceed according to selected logical steps (Sloane 2003: 7). Lateral thinking offers a wide range of non-traditional practices, methods and techniques. Its main feature is that the detection of one view of the matter focuses on another. This is the generation of alternative solutions and generates ideas.
Key elements may include a pro-innovative climate (environment), which significantly affects the use of innovation in marketing management. Pro-innovation climate is characterized by change, learning, flexibility, creativity and development.

Equally important key element is a organizational structure. Using innovations in marketing management is usually associated with changes in organizational structures. Innovative processes require new demands for changes in relation to existing structures (e.g., a new department for a new product, a new business enterprise division...).

The last element is a product. The goal of the marketing should be optimizing total offer of business enterprise in relation to market requirements also included the goal of company marketing strategy. The main tool for achieving this goal is the application of innovation.

5. Identification of the major problems in working with innovation in marketing management and the design of appropriate recommendations

The most frequently occurring problem is the non-use of the innovative potential of the company. The company does not know either their innovative potential or not the company created sufficient conditions for its development and implementation (Lendel, Varmus 2012). Symptoms of this problem are varied. These are primarily led to confusion, expense and ineffective implementation of processes (often to multiple repetitive).

Marketing manager for the company can be advised to pay attention to their detailed analysis of company and innovation. The company must keep track of their knowledge, experience, resources, property and managerial skills as well as skills that are already available and can be fully used in the development and management of innovation in the field of product policy. This requires, however, that the top management team has an accurate understanding of the work of innovation, which must be reflected in the marketing strategy and marketing plan, underpinned by the corresponding human and financial resources. Marketing managers must actively communicate with the marketing staff and involve them in the development of marketing strategies. Also, top management can create an incentive to recommend a program that will encourage marketers in bringing innovative new ideas and suggestions.

Another risk area is the lack of evidence inventions, innovative opportunities and innovation. Innovative ideas come from external and internal environments are often not recorded. This leads to situations where marketers follow just one inventive or engaging in coming inventive.

To marketing managers can be recommend to register their innovative ideas, innovations and opportunities for innovation in the databases related to information systems. Everyone in the company in case a motion to innovation must know exactly how to load it. This will be able only by reliable evidence about the state of inventions, innovation opportunities and innovation. To marketing managers may be also recommend registering all innovative ideas (invention), i.e. and those that are not currently apply.

The failure may also occur in the process of recording itself innovative ideas. The problem is the inefficient work with innovative ideas. To business managers can be recommend a system to work with innovative ideas, knowledge and innovation. They also create a knowledge base that contains a summary of the knowledge, experience and skills useful in developing new products for new target groups of customers. An important prerequisite for the success of this system is to link the marketing information system and the use of an expert.

One of the most frequent problems is closely bordered innovation policy based on the principles of vertical marketing. In this case, the company in its product policy applies current marketing practices based on an analysis of customer needs. The company accesses only minor modifications of the product to changes in material, colour, shape or size of the packing.

To marketing manager of the company can be advised to use lateral thinking based on an attempt to come up with new solutions using unconventional methods. Managers of the company should inform and explain the benefits marketers, resulting in the application of lateral thinking.

A very serious problem is the lack of an enabling environment to support the creation of innovation. To marketing managers can be recommend to focus on the creation of pro-innovative business culture with appropriate set incentive schemes. In addition to the above mentioned recommendations, the application of which results in improving the work environment of innovation, it is necessary to focus on the marketing staff. Top management should seek to encourage the creation of appropriate business enterprise environment that will ensure open communication, discussion of innovative ideas and work in teams. Marketers must transmit their enthusiasm to new solutions.

Conclusion

Innovation activities of companies are currently significant development potential especially for those business enterprises that do not have sufficient capital or technological strength in order to succeed in a competitive contest with business members of the European Union. Its competitiveness must therefore build on the rapid and flexible response to on-going developments in the market. In this area, small and medium-sized enterprises dominate, unless the entrepreneur can effectively evaluate their innovative potential. There is a place for the application of marketing efforts based on the exploitation of market opportunities arising through innovation.
The goal of company marketing should be continuous improvement of products, carrying new ideas, visions and emotions into them and enter them on the market as yet unopened areas, where they develop to meet new customer needs. To serve this purpose, the use of innovation in marketing management.

To success production and use in the company, it is essential that the following elements were analysed, in the company practice applying and bond formed between them:

- Innovation management,
- Innovation potential of marketing strategy,
- Lateral thinking,
- Pro-innovative climate,
- Organizational structure,
- Product.

The seamless use of innovation in marketing management recommendations have been made, which are valuable tool for managers in developing and implementing innovations in marketing management. Recommendations are to be deployed not only to reduce the likelihood of problem areas and to prevent, but as a tool for improving innovation processes in the company.

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References


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