Significance of Innovations in Marketing for the Success of a Company

Dr. Jyoti Rana
DAVC College, Faridabad, Delhi (NCR), India

Dr.Satish Ahuja
Principal in DAVC College, Faridabad, Delhi (NCR), India

Innovation is the leading force which directs all the businesses, companies to achieve success and growth. Innovation is not a short term process. It takes years to innovate. It adds value to the product, service, technology, market, price and application of the company. In the competitive scenario, the companies have options either innovate or die. The innovative companies are few, especially in India, in comparison to the global prospective. Innovation has different interpretations. For intelligent innovations, the companies should identify disruption, develop new products, markets and business models but for imaginative innovations, the companies must focus on creativity, application and market models. Innovation is about the commercial implementation of the best ideas, be they new products, services or new ways of thinking and doing things. Innovation should not be confused with invention. Invention is the first idea clicked in mind; innovation helps it to carry it out into practice. It refers to the radical changes in thinking, in processes or in services. Some might see it as a creative opening up of bright thoughts, others as a business strategy. Innovation is an opening up and closing down the process. Indian firms are facing both a domestic and a global competitive environment. To remain competitive in the world, every firm must focus on innovations and make it a part of their strategy and planning. The present paper focuses on how companies innovate? Why it is important? What is the state of innovation in Indian Companies? How it can be made possible in maximum companies?

“Innovation – any new Idea – by definition will not be accepted at first. It takes repeated attempts, endless demonstrations, and monotonous rehearsals before innovation can be accepted and internalized by an organization. This requires courageous patience.’

– Warren Bennis

Innovation is the leading force which directs all the businesses, companies to achieve success and growth. Innovation is not a short term process. It takes years to innovate. It adds value to the product, service, technology, market, price and application of the company. In the competitive scenario, the companies have options either innovate or die. The innovative companies are few, especially in India, in comparison to the global prospective. Innovation has different interpretations. For intelligent innovations, the companies should identify disruption, develop new products, markets and business models but for imaginative innovations, the companies must focus on creativity, application and market models. Innovation is about the commercial implementation of the best ideas, be they new products, services or new ways of thinking and doing things.

Innovation – different notions

Innovation should not be confused with invention. Invention is the first idea clicked in mind; innovation helps it to carry it out into practice. It refers to the radical changes in thinking, in processes or in services. Some might see it as a creative opening up of bright thoughts, others as a business strategy. Innovation is an opening up and closing down the process.

In other words:

\[
\text{Innovation} = \text{Foresight} + \text{Insight} + \text{Action}
\]
Innovation happens at three levels—concept, context, and cosmetic level. Some companies innovate at ‘Product Level’, ‘Concept Level’ and ‘Market Level’. Innovation takes place when questions like how does the company innovate? What is the role of creativity? Is market ready for innovations? How the best ideas are selected? are being answered. The systematic steps of innovation process reduce the chances of failure.

First, companies should identify the problems, challenges and opportunities within the market and the environment. Creative Ideas are needed to give the best results but all these ideas can’t be materialized that is why articulation of these ideas is necessary. Filtration of ideas should be against risk, cost and return. Ideas must be capable to deliver profitability. The profitable ideas lead more profitability if markets. ITC’s E-choupal is the relevant example in this context. **E-Choupal** is an initiative of ITC (A large diversified group in India) to link directly with rural farmers for the procurement of agricultural/aquaculture produce like soya, coffee, and prawns. E-Choupal was conceived to tackle the challenges posed by the unique features of Indian agriculture, characterized by fragmented farms, weak infrastructure and the involvement of numerous intermediaries. Traditionally, these commodities were procured in ‘mandis’ (major agricultural marketing centers in rural areas of India). Where the middleman used to make the most of the profit. These Middlemen used unscientific means to judge the quality of the product, used to set the price, the difference in the payout for good quality and inferior quality was less and hence no incentive for the farmers to produce good quality yield. With e-choupal role of the middleman is eliminated.

Sometimes innovations result with some changes and modifications only. It also varies for different age groups consumers. Dale, Melissa (1992) discuss five barriers to new product adoption by older people. The study offers marketing solutions to these barriers: sell value, communicate through children, segment the elderly market, design intergenerational products, utilizes relationship marketing and promote product trial. It concludes that marketing innovations to the elderly is different than for other age groups, with a requirement to focus specifically on need, not newness. The companies must identify the issue which is to be innovated. After exploring the different dimensions like product, application, solution or model, the company should explore how these can be more profitable.
Innovation and Marketing

Innovation is the integral part of marketing. The marketing mix is also affected by innovation. In fact, Innovation is involved in every aspect of marketing such as: Products, services, market, application, promotion, channels etc. Companies that understand how customers value time in relation to their offerings were more successful in today's economy and often achieved a competitive advantage, Stan Abraham, (2012).

The analysis in terms of the marketing mix can be helpful. Some examples are given below for the reference.

**Product**: Be it a Soft-Top, 10-Seater Rural Transport Vehicle (Commander), an urban utility vehicle (Armada) or a stylish and contemporary sports utility vehicle (Scorpio), Mahindra & Mahindra has innovated in the auto industry.

**Price**: India’s first low cost carrier Air Deccan made possible for Indians to visit frequently from one place to another at a lower price.

**Place**: Multi Level Marketing started by different companies. They innovated a new way of distribution. “Tupperware” deals in kitchenware with a different concept of distribution.

**Promotion**: Promotion is an important way to touch the heart of the consumers. The companies can create magic by innovating their ways of promoting the products or services. The little pug, which had become the face of erstwhile Hutch and Vodafone’s brand campaigns. The adorable pug, with a cherubic girl, stars in Vodafone’s Happy To Help Commercials on Consumer Care. Clearly, the brand just can’t seem to do without the pug’s magic.

Moreover, Market Shaping Companies most fundamentally innovate their markets – the needs of customers, the structure of players, the channels that connect them, the rules by which they work. Marketing itself must be innovative, in the design and delivery of brands and propositions, in its use of channels and media, pricing and services, promotions and rewards. Marketing must innovate.
the market not only at the strategic level, but also at a tactical level – creating the right context, the right attitude to ensure that the best ideas achieve competitive and commercial success.

**Innovations - Global Perspective**

“Google” started by Larry Page and Sergey Brin in 1995, is one of the best innovative companies of the world. Google tries a lot of innovative things, and many of them have become huge successes. They have the Google Labs and “beta” labels. Indeed, most marketing firms today start with ‘a Google’. Thousands of advertisers use Google Ad words to promote their products and services on the web with targeted advertising, the largest program of its kind. Blackberry, in another example is used to keep in touch with your e-mail on the move. It has become essential and addictive to working life, and life beyond work, taken everywhere, on the beach. Innovations are taking place with a very fast speed on a global level. On the one side 3M ‘an innovative company’ is putting challenges in the world, On the other side ‘IKEA’, ‘STARBUCK’, ‘NIKE’, ‘CIRQUE DU SOLEIL’ are established names and known as innovative companies with new concepts, products and business models.

**Innovation in India**

Indian firms are facing both a domestic and a global competitive environment. To remain competitive in the world, every firm must focus on innovations and make it a part of their strategy and planning. Some have taken important steps towards building the kinds of leadership, strategy, systems, partnerships, and culture required for innovation. But some focus on the performance management. The performance management is focused on adherence to planned and expected results. An innovative organization must necessarily have a high tolerance for failure. Whereas frugal innovations were so far driven primarily by affordability for the consumer and economies of scale for the manufacturer, a shift towards value proposition was discovered. Intensifying competition and growing customer aspirations are changing the character of frugal innovations and the customer is looking for factors such as attractive designs. Better-designed products, in turn, have a positive impact on the lead market potential, creating a virtuous cycle. The study also discovered that frugal innovations are increasingly taking place in “open global innovation” networks and are no more a purely national or “Jugaad” affair. Rajnish Tiwari, Cornelius Herstatt, (2012)

**Table 1: Indian Scenario – Emerging Trends & Opportunities**

<table>
<thead>
<tr>
<th>Spending Power</th>
<th>Rise in the Indian Salaries about 14% during 2006-07 (Hewitt Associates)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Number one position followed by Russia, China, Vietnam (A.K. Kearney Survey)</td>
</tr>
<tr>
<td>Food</td>
<td>Spending on meals outside the home has more than doubled.</td>
</tr>
<tr>
<td>Biotech</td>
<td>One of the five emerging biotech leaders in the Asia-Pacific.</td>
</tr>
<tr>
<td>Automobiles</td>
<td>1.5 million new cars every year. 2nd largest two-wheeler market.</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Largest film industry. 3rd largest television.</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5th in the list of 30 emerging markets.</td>
</tr>
<tr>
<td>Information Technology</td>
<td>Fastest growing hub.</td>
</tr>
<tr>
<td>Tourism &amp; Hospitality</td>
<td>4th most attractive destination.</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>Fastest growing sector.</td>
</tr>
</tbody>
</table>

In the above scenario Indian companies are trying to focus on innovations more and more. Indian CEOs also have realized the importance of innovation. Bharti Airtel’s “least-cost business model”, where just about every activity from network operation in IT is outsourced, has got the global
cellular phone operators sitting up and taking note. They are focusing on a ‘four-pillar strategy’ covering Network, Distribution, Service and Brand Building.

The Tata Motor’s Nano – provides an example of a game – changing innovation that’s got global players in a tizzy. It is the ‘people’s car’ and rewrote global automotive history. At Rs. 1 lakh, the Nano is the world’s cheapest car and a unique example of innovation. If what was once a thriving but persecuted Tobacco company is today a conglomerate with a booming FMCG business, it’s because of the ITC’s ability to constantly reinvent itself. Samsung Electronics India drives innovation by “Creating a sense of urgency and a willingness to change”. It also has an internal “innovation team” and most members of the company’s India leadership team are each assigned specific innovation – related responsibilities. Samsung’s goal : Win Indian Consumers with its superlative products.

Similarly other Indian Companies like Reliance, Jet Airways, Dabur, ICICI Bank, Infosys, Wipro, Future Group, Amul, Zee Entertainment, Dr. Reddy’s Laboratories, Apollo Hospitals, Crossword are continuously working in the same direction.

But these innovations take birth in the innovative environment. The Innovative environment includes the internal as well as external environment of the company. The internal environment consists of strategy, committed leadership and structure. It evaluates every idea in terms of risk, cost and return. The external environment in terms of culture of Industry, the competition puts pressure on companies to innovate.

Today, the majority of Indian Companies says they believe in promoting an open, innovative culture and environment. But creating such a culture and environment does not come easily to Indian companies. The Indian Education system is based on theory not the practical approach. Some companies believe in authoritarian approach. Some do not want to take the risk of failure, while 3M believes that no “Mistake” is a failure unless the same mistake is repeated. Risk of failure diminishes the employees’ desire to take initiative. There are some barriers in innovations. S. Ram, Jagdish N. Sheth, (1989) identifies functional barriers such as usage, value, and risk, and psychological barriers such as tradition and image. They conclude that successful innovation lies not in bowing down to consumer resistance, but in understanding the causes and developing a marketing strategy to attack them.

The positive attitude of a CEO leads a company towards innovation. This trust and belief in his employees encourage them to generate new ideas. They start believing in their creativity and power of innovation. Moreover, companies that emphasize inside-out open innovation are more likely to create radical innovations and tend to sell a greater number of new products. Companies pursuing closed innovation are more likely to exhibit a higher incremental product innovation performance. Matthias Inauen, Andrea Schenker-Wicki, (2012)

The organizations must reward his employees for innovation – related activities. It maintains healthy relations with employees and building marketing relationships can improve the viability of companies,
Erik A. Borg, (2009). Innovation for companies is important in today’s competitive environment. Those are not able to innovate in the changing environment conditions eventually disappear.

References: