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## ПОЛІТИКА ПРОСУВАННЯ БРЕНДІВ З УРАХУВАННЯМ ІННОВАЦІЙНИХ ХАРАКТЕРИСТИК ТОВАРНИХ КАТЕГОРІЙ

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## ПОЛИТИКА ПРОДВИЖЕНИЯ БРЕНДОВ С УЧЕТОМ ИННОВАЦИОННЫХ ХАРАКТЕРИСТИК ТОВАРНЫХ КАТЕГОРИЙ

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## POLICY OF PROMOTING BRANDS WITH THE INNOVATIVE FEATURES OF PRODUCT CATEGORIES

### Structural abstract.

**Purpose.** The purpose of the article lies in development of conceptual foundations of the brands promotion system improvement including principles of innovation marketing and innovation-based economy potential.

**Methodology.** In the course of research it was used: the methods of theoretical generalization and comparison (for specification of such notions as «innovative demand», «branded contract»), Delphi method (for estimation of the branded capital of Innovative products brand on the basis of a customer loyalty factor).

**Findings.** On the grounds of the carried out research within a framework of innovation marketing there were identified the special aspects and mechanisms of economic development of innovative type and particularly terms of origination of “innovative demand”, innovative products and consumption possibilities and market needs. The methodology of a branded capital of an enterprise with the use of coefficient *loyalty to innovation product brand* was improved for performance evaluation of innovative product brands promotion that enables to take into account qualitative factors during estimation of practicality and efficiency of taken decisions in the process of improvement of the system of Innovative products brands promotion.

**Originality.** There was improved a scientific-methodological approach to study of the process of goods brand promotion with innovative features which unlike existing ones are based on specification of the role of innovation marketing in

present-day innovation process and enables to estimate efficiency of the system of Innovative products brand promotion taking into account a level of customer loyalty.

**Practical value.** Obtained findings are directed to enhancement of the role of brand-technology in the practice of performance evaluation of innovation projects and also give scientific credence position of innovation marketing in the terms of improvement of the system of Innovative products brand promotion and allow raising position of innovation marketing to the stage of practical application.

**Keywords:** *innovative demand, brands promotion, innovation marketing, branded capital, customer loyalty.*

**Problem statement and its connection with the most important scientific and practical tasks.** Under current conditions the productivity enhancement can be reached predominantly due to development of innovation processes getting final expression in new technologies, new kinds of competitive product. Development of new technologies and organizational-technical decisions, improvement of basic principles of management with respect to specificity of the domestic market create conditions for renewal of reproduction processes at enterprises and give additional impulses for economic growth. By virtue of their nature innovations comprise not only technical and technological developments but also any improvements in all spheres of scientific and production activity including improvement of organization, sales, system of sales promotion etc.

Presence of a strong trade mark (brand) of the company is a strategical lever of its *competitive recovery*. Trade marks (brands) are first of all the indexes of an income level and social status in consumer society and also can be an expression of a life style, fantasies and repercussions of aesthetic choice. To a large extent brands became psychological context of a human essence and means of coordination of culture and working language between companies and consumers. At present brands language is formed in accordance with certain international “rules of the game” and consumers agree to accept life suggestions emblemized by brands.

At the beginning of the XXI cent. practically at all economic markets (especially at developed ones) *innovations of technical or content-related feature are accompanied by the innovation of forms and images in more and more greater degree* which are formed in consumer’s imagination. Brand promotion continues to play a major role in information-oriented society which is accomplished by development of steady positive images and associations related to the brand. Increase of the role of images and associations also led to formation of new vision of innovations within the framework of communicative conception of formation of competitive advantages - of a consumer innovation.

In this connection the interest to development of the theory and methodology branding as to an integral component of realization of scientific and technical potential of enterprises, territories and another subjects of economics in the conditions of market is increased in economic science.

Primary significance of innovations for dynamic economic development and competitive growth of enterprises brings forth a problem of development of

theoretical and methodological bases of the system of brands formation and Innovative products promotion to a number of topical problems of economy.

**Analysis of studies and publications.** Research of the phenomenon of innovations in close interrelation with branding of companies in the native and foreign literature are recognized as insufficient by most of the specialists. A number of authors considered consumption and production innovations in interrelation with technological ones and significance of marketing constituents for realization of innovative projects was proved (Ilyashenko S.N. [Ошибка! Источник ссылки не найден.], Lepa R.N., Solovyev V.P. and others.). Though, in the native literature devoted to innovations an inadequate attention is paid to wide-ranging studies of special aspects, methodology and performance evaluation of the strategy of brands promoting of product categories with innovative features and questions associated with this.

On the other hand it should be noted multilateral previous study of the most generic issues of branding in the foreign and native literature that allows to "sharpen" modern methodologies and approaches for development of strategies of formation, positioning and brands promotion of innovative goods.

In this connection it seems appropriate to use the following conceptions: *evolution and modern understanding of a brand and branding* (G.L. Bagiyev, S.G. Bozhuk, A.S. Reshetnikova [Ошибка! Источник ссылки не найден.], A.V. Kendyukhov [Ошибка! Источник ссылки не найден.], D.S. Fayvishenko, O.A. Tretyak and others), *branding emotional constituent* (D. Aaker, L.A. Radkevich [Ошибка! Источник ссылки не найден.], E. Joachimsthaler), *competitive branding* (T. Nilson, T.O. Zagornaya, M.P. Matsykanich), *on industrial marketing distinctions from consumer goods and services* (E.M. Azaryan [Ошибка! Источник ссылки не найден.], Oшибка! Источник ссылки не найден.), A.A. Shubin [Ошибка! Источник ссылки не найден.], O.Yu. Yuldasheva and others), *psychological tools of brand promotion and consumer behaviour inquiry* (O.V. Kuzheleva [Ошибка! Источник ссылки не найден.], E.A. Iskra etc.).

**Problem definition.** Taking into account pattern of problems of innovative product promotion, a higher level of risk of decision making within the framework of innovations marketing it is proposed to identify special aspects and mechanisms of economic development of an innovative type, particularly conditions of "innovative demand". Innovative products and consumer innovations due to close interaction of technological possibilities and marketing needs, to show a role of innovation marketing in a present-day innovation process.

**Primary material presentment.** Innovation-based economy assumes maximization of knowledge, ideas, elaborations, patents irrespective of whether they would be raised to production and a consumer. At the same time competition among financial institutes, investors of the infrastructure entities and competition for financing receipt of innovative entrepreneurs should occur.

The analysis show that at developed countries demonstrated occurrence of innovation-based economy (as it is described in the papers of A. Toffler, F. Fukuyama, D. Bell, J. Naisbitt, V. L. Inozemtsev etc.), a high degree of saturation of

traditional commodities market promoted to qualitative improvement of society needs simultaneously with appearance of a so-called «*innovative demand*». We are of the opinion that the innovative demand is a nutritional medium for innovations and conditions of their realisation. Its beginning is possible in case of quantitative saturation of a market when familiarity and finick of consumers grow first of all in relation to quality that makes companies to search and implement innovations. «Innovative demand» becomes one of the external factors of competitive advantages of business [Ошибка! Источник ссылки не найден., с. 19].

Sharing opinion of the author we also think that the *innovative demand* reflects readiness for maximization of the added value and stimulates aspiration of a manufacturer to represent new benefits to product consumers which he is able to estimate. According to studies [Ошибка! Источник ссылки не найден., p. 110] the «innovative product spread in economics in a path near to an exhibitor». Such form of a curve of its evolution is explained by that fact that the *competitors aspire to repeat success of a leader and «copy» its Innovative products taking into account own peculiarities that contribute to approximation of growth rate of the branch to dynamics of leader in innovations*. It results in appearance of additional services, new goods with the use of primordial innovation - id est to formation of "cluster of innovations". Describing this process, Yu. A. Yudanov [12, p. 115] gives such basic mechanisms of diffusion of innovations within the framework of industry as an "imitation, rivalry and synergy".

Under the current conditions of a global market and dynamic innovative economy in leading countries there is strengthening of *competition which is expressed in rise of competition pressure and expulsing of poor players*. Logic of branches development with intensive technological changes leads to that the marketing conception of development of a firm and promotion of its brand (brands) become a key element of strategic management in the most developed countries.

The author identifies with researchers [7] who consider that *problems of domestic enterprises today* are not "in research potential" [7, p. 141-146] and not in financing of developments and more specifically "*in the qualitative system of marketing, able to develop hight-growing developing markets*" [7, p. 442-466] as well as markets of Europe, USA, Japan and other countries – the traditional consumers of expensive hi-tech products. It is easy to explain the fact that the most considerable innovative breaches arise up around scale technological projects, realization of which is possible only with participation of resources controlled by the state. Creation of strong national brands in perspective branches and their international markets promotion are able to support the tendency of creation of innovative, dynamic type of economy in Ukraine.

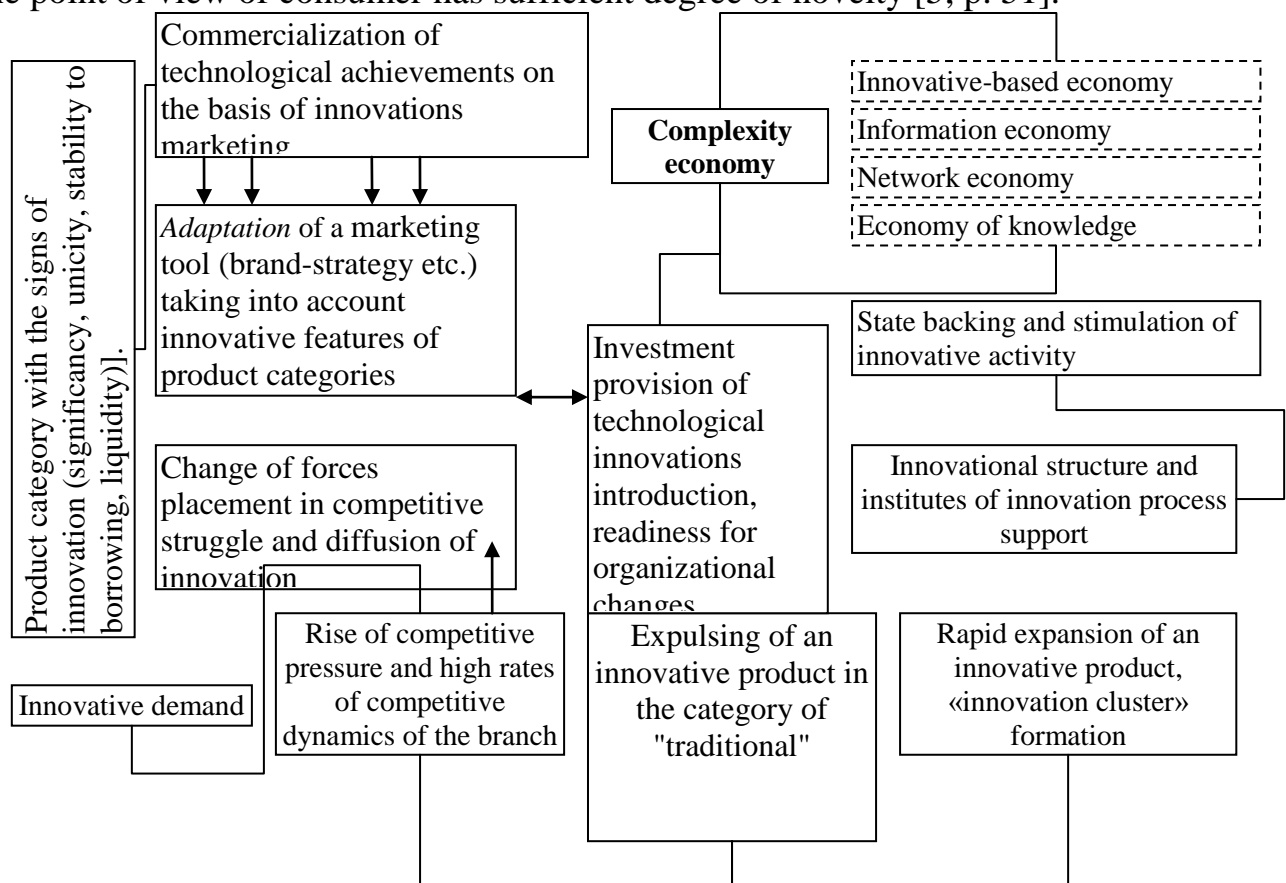
An innovative process can be represented as a result of close interaction of technological capabilities and market needs most adequately. Exactly the *necessity of commercialization of technological achievements makes a major role of marketing as an integrale feature of a modern innovation process that forms a special type of marketing management – innovation marketing*.

Innovation marketing is the sphere of enterprise activity directed to interaction with new sales markets and needs formation of potential and real consumers based on

development of innovative potential. Sumy scientific school under the leadership of the professor Ilyashenko S.N. [7] succeeded to achieve the maximum results in innovation marketing development in Ukraine. The main objective of innovation marketing consists in development of novation entry strategy at the market. Market research with the following development of market segments, organization and formation of demand, modeling of a customer behavior and analysis of mechanisms of influence on this behavior are put in the basis of strategic marketing research.

Thus *innovation marketing* in the modern understanding is marketing technology that assumes unity of strategies, functions and company management procedures in commercialization of technological achievements in terms of especially keen competitive struggle for innovative demand conditioned by rareness of "balancing savings" under redundancy of an innovative offer (fig. 2).

Process of "innovative demand" formation – a nutritious medium for innovations realization - in many instances is related to a *brand factor* with formation of senses and associations by which a brand accompanies goods. From the point of view of communicative conception of marketing the basic instrument of which is a brand, in no less considerable degree than technological basis, marketing constituent is important for innovation promotion which helps to form steady distinctive brand images in consciousness of a consumer. At the beginning the XXI cent. practically at all economic markets (especially at developed ones) *innovation of content-related feature is accompanied in more and more greater degree by the innovation of forms and images* which are formed in imagination of a consumer. It allows to speak of *consumer innovation* – a product of communicative activity of an enterprise which from the point of view of consumer has sufficient degree of novelty [5, p. 51].



### **Figure 1. Marketing role in the innovation process realisation** (author's approach)

Within the framework of this approach a novation is a cluster of features of features characterizing radicalism of object changes from a perspective of emotional perception of these changes by a consumer. In this case brand-strategy is not just support; it is an instrument of formation of steady demand, strategy to "accustom" a consumer to permanent changes, to make them a basis of competitive advantages.

An author shares positions of a number of researchers [2, 3, 9] that the modern brands have a system of defining (material and non-material) properties formed in consciousness of a consumer – at that not only due to a technical mass brand awareness but also due to certain emotional mobility in perception of consumers.

The emotional influence of organization on a consumer is based on *brand individuality* that is understood as "*totality of outstanding features with which brand is associated*". Image branding, emotional associations and additional services related to the commodity acquire a greater value. Moreover, consumers increasingly frequently prefer brands which try to designate something essential in people's life. The most successful modern brands not only have original ideas but also able to provide a peace of mind to consumers, satisfaction of creative and even spiritual needs. Successful development of an enterprise in such system in a long-term perspective is possible *not due to manipulation by consumers but due to formation of relationships with them* and their acquainting with values of the brand [4, p. 68].

The notion of «Innovative products brand" is referred to commodity markets (of branches) with the high rates of innovation implementation. Description of such industries and commodities are "subversive innovations" or so-called destructive technologies. Firstly they dissatisfy needs of already-existing clients and do not promise large sales therefore potential destructive technologies are ignored by market leaders without limitation. But if some of new technologies improve then the companies have been placing their bets on them oust the markets leaders. A wrong strategic decision can turn into leave from a market for some competitors, thus there are the highest risks of wrong strategic decisions in regard to perspective technologies in these branches.

The purpose of brand promotion is conquest of consumer audience and holding of this audience when as a result of communications relations there are built relations allowing forming the category of consumers loyal to the brand. In opinion of a number of authors, the central link of such influence is development and maintenance of *brand identity (brand identity, «brand maintenance") providing identification functions, differentiation and influence on consumer behavior* [2, p. 118].

The basis of the methodology of innovative products brand promotion offered by an author is formation of multilevel adherence of customers through differentiation of a branded contract on the basis of creation and maintenance of relationships with a consumer of two types simultaneously: "rent brand" and "friendship with a brand". A *branded contract* is a set of promises by which product manufacturer has in view to satisfy needs of actual customers and to attract new

onces, i.e. he must show the real expectations of customers and intentions of a company regularly actualizing them.

The "breadth of conditions" of a branded contract stipulates its strategic stability. For conclusion of a maximally "broad" contract it is necessary to find an "axis" of consumers' motivators, the potentials of which are outermost from each other, that will mean that the maximally multiple set of motivators (core values and emotions) is covered.

Effectiveness of a branded contract use is represented by the parameters of a branded capital increase. A *branded capital* (brand capital) most often is calculated as a specific net present value of receivable money flows generated due to the trade marks of the company, and reflects a size of value of the branded products for consumers. In this connection, a process of brand estimation applied by the recognized evaluation companies has a purpose to set by which way the loyalty of consumers is provided, what factors and in what degree are able to influence on this, however a part of estimation procedures of many brands remains non-transparent or based on subjective estimations. At the same time, an investment association trusts to brand estimations executed by authoritative international companies as they are based on scale sociological and marketing research. We consider that for estimation of *innovative products brand capital* outside of international evaluating companies, the method of expert estimations is completely applicable. Adequate selection of factors characterizing qualitative influence on brand capital and construction of intelligent polling questionnaire compensate the inevitable subjectivity constrained with the use of method of expert estimations in this case. Through the special coefficient the author suggests to take into account weighted influence of a set of factors (indexes, parameters of estimation) having influence on loyalty of consumers and accordingly - qualitative influence on a brand capital of innovative products (table. 1)

Table 1

Indexes having influence on a brand capital of innovative products

Index name	Ground for introduction into estimable parameters	Approximate weight in estimation
1. Degree of technological perfection and quality	Functional description of innovative products brands	25%
2. Hedonistic features (ability to provide hedonistic satisfaction)	Unlike functional (practical) advantages shown in an index 1, hedonistic features of innovative products brands must foremost generate cheerfulness and admiration, to bolster self-esteem of a possessor. The last one takes place on the basis of aesthetic or tangible impressions upon physical contact, bringing pleasure and gladness. Hedonistic features also can be named as "affect caused by a product or trade mark"(D. Aaker).	15%
3. Features of a branded contract possessing duality: 3a) possibility of "rent" of innovative	Placed on the "axis" of consumers' motivators, potentials of which are outermost from each other, that would mean that a maximally broad set of values is covered, that makes potentially	40%

products brands; 3b) possibility of "friendship" with the innovative product brand	possible maximization of brand profits (brand capital) for a long-term period.	
<i>Capacity to development</i> (analogue of an index «Brand multiplier» from the methodology of Optimor company Millward Brown)	Reflects which potential of a profits growth of innovative product brand is, from the viewpoint of its economic and communicative efficiency.	20%
RESULT		100%

A name  $K_{\text{loyal}}$  – a *loyalty coefficient to innovative product* is provided to a weighted average value of parameters value.

In estimating of indexes for calculation of a loyalty coefficient to the innovative product brand the author offers to use the range of estimations [0,5; 2] for denotation and substantiation of result deviation from an average market level. Thus, a coefficient value obtained by means of expert estimations decreases or increases result of calculations of a brand capital of the innovative product in two times on the basis of standard reduction method of forecasting money flows.

**Conclusions and perspectives of the following research.** Under the current conditions of complexity economy development, development of conceptual bases of innovation marketing is facing an acute problem. Innovative features of a product during brand promotion require revision of the branding theory in terms of relations establishment between a mechanism of economic development of innovative type and formation of innovative demand. Thus according to the findings of the conducted research we proved methodology of innovative products brands promotion forming multilevel adherence of customers through differentiation of a branded contract on the basis of creation and maintenance of relationships with a consumer of two types simultaneously: "brand rent" and "friendship with a brand" being on the "axis" of consumers' motivators, potentials of which are outermost from each other with the scope of maximally wide set of values.

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