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## CREATING INNOVATIVE MARKETING SOLUTIONS TO THE POLISH SECTOR OF THE FOOD INDUSTRY

**Summary.** The paper presents general characterisation of innovativeness, the issues of internal and external sources of inspirations and conditions for innovative activity of enterprises. The analysis of the share of Polish innovative enterprises in the EU market, and the level and structure of spending on innovations in enterprises, has been related to the Polish sector of the food industry. The paper identifies methods and techniques for stimulating employees' creativity in the aspect of modern forms of innovative marketing that meets expectations and needs of market participants.

**Keywords:** innovativeness, innovative marketing, food industry, innovative enterprise.

## KREOWANIE INNOWACYJNYCH ROZWIĄZAŃ MARKETINGOWYCH POLSKIEGO SEKTORA PRZEMYSŁU SPOŻYWCZEGO

**Streszczenie.** W artykule przedstawiono ogólną charakterystykę innowacyjności, problematykę wewnętrznych i zewnętrznych źródeł inspiracji oraz uwarunkowań dla działalności innowacyjnej przedsiębiorstwa. Analizę badań udziału polskich przedsiębiorstw innowacyjnych w rynku unijnym, a także poziom i strukturę nakładów innowacyjnych w przedsiębiorstwach odniesiono do polskiego sektora przemysłu spożywczego. Zidentyfikowano metody i techniki stymulacji kreatywności pracowników w aspekcie współczesnych form prowadzenia innowacyjnego marketingu spełniającego oczekiwania i potrzeby uczestników rynku.

**Słowa kluczowe:** innowacyjność, innowacyjny marketing, przemysł spożywczy, przedsiębiorstwo innowacyjne.

## **Introduction**

Ongoing processes of globalisation in the economy and increasing competition force enterprises to react in unconventional and innovative ways. Focus on innovativeness has become a basic method for a company to survive on the market, and even strengthen its competitive position.

The source of traditional, supply innovations are inspirations derived from the development of science and technology, as opposed to demand-stimulated innovations, referred to as demand innovations. The latter consist in production of goods and provision of services that meet current needs of buyers. The demand-based approach to creating innovations differs from the traditional, supply-based approach in that it better understands customers, their needs and expectations and directly includes customers into the innovation process by allowing them to participate in and co-create innovations, which leads to offering innovative products that are in demand. Innovative activity is a result of complex interactions between an enterprise and its environment and is a flexible reaction to changing market needs.

Innovations created from the perspective of the customer bring bilateral benefits, both to the company-innovator and the customer [Skowron-Grabowska 2013, p. 212]. The company gains a reliable customer, information and positive impressions, which increases the value of the customer for the company. The company also gains a new competition tool and creates conditions for reducing the risk that a given innovation will not find a buyer and will not achieve market success. Customers, in turn, receive an offer that maximally suits their needs, i.e. values that they expected and co-created [Dobiegała-Korona 2010].

Increasing relationships between the innovator and customer at the micro-, mezo- and macroeconomic levels are the result of modern social and economic processes and existing globalisation links, which vary across different areas of the economy. This particularly applies to the sectoral structure, as there are strongly internationalised sectors and ones that rely on foreign markets to a lesser extent [Wierzejski, Gornowicz 2014]. Links with the global market are especially characteristic of the agricultural and food sector, including the highly internationalised Polish (and not only Polish) food industry, which implies appropriate innovative activities. Hence, this paper attempts to identify the issue of the creation of innovative marketing solutions in this industry.

### **1. Innovations, their character and forms**

Innovations are the result of current needs of entrepreneurs who are interested in ideas that will increase the value of their products and services and that will be implemented through

good relations with entities from their external environment and a dialogue maintained with them, reducing thus the risk of the lack of consumers' acceptance. Innovations are attuned to the needs reported by customers, and entrepreneurs learn about them from accurate and reliable information sources and the Internet, which is becoming an important information channel [Lis, Tomski, Bajdor 2014].

The main motive for innovations is the need to make the buyer interested in products or services, which is connected with the existing competition processes, and the fundamental aim of implementing innovations is to improve the situation in the area of an enterprise's functioning and to strengthen its market position and reduce operating expenses.

The current conditions of conducting business activity force enterprises to focus on factors that impact competitive edge [Mesjasz 2014, p. 27-39]. Introduction of innovations is usually expensive and labour consuming, and involves doing a lot of tests and experiments. However, enterprises take risk connected with seeking and implementing innovations, striving to strengthen their competitive position.

Changes caused by the technological development, development of the service sector, as well as changes in the models of the functioning of enterprises resulted in changes and clarification in the definition of innovations. At the end of the 20th century, Drucker defined [Drucker 2004, p. 35-37] innovation as an idea, conduct or thing that is new in terms of quality and differs from those already existing. Kirzner defined entrepreneurship as "alertness to opportunities", i.e. readiness to seize opportunities that have not been noticed earlier, where readiness to create new useful objectives and use new available resources is an entrepreneurial element of every human activity [Kirzner 1973/2010].

An important determinant of innovation is its purposefulness, i.e. possibility to achieve positive effects or economic objectives as a result of changes. Innovation is a process of creating something new in relation to its source.

Traditional models of innovative processes underpin closed innovation, which is based on the conviction that an innovative process relies only on its own resources, is protected from competition, controls innovative activity and requires large investments in research and development, which makes it available to and implemented only by large, financially strong organisations.

Currently, in the 21st century we see the development of the open innovation approach, as according to the latest theories, innovations are a result of numerous, complex interactions between enterprises, organisations and the environment in which they operate. The most important element of the concept of open innovation is assumption that in the world of widespread and available knowledge, enterprises cannot rely only on their own research, but they should share their knowledge and purchase solutions from other enterprises and make their own solutions available to other entities through sale, e.g. licence [Kozioł-Nadolna 2012, p. 297-298].

However, the most widespread definition of innovation is currently the definition included in the Oslo Manual, according to which: "Innovation is implementation of a new or significantly improved product (good or service) or process, a new marketing method or a new organisational method in economic practice, workplace organisation or relationship with the environment" [Podręcznik Oslo 2008, p. 48-58].

In figure 1, product and process innovations were classified as so-called "hard" (technological) innovations, whereas marketing and organisational innovations - as so-called "soft" innovations (non-technological), which currently become increasingly important.

In the past, progress was mainly caused by technological inventions and referred mainly to a product. Nowadays, a new dimension of innovation started to be noticed - organisational and marketing innovation, on which most enterprises in a well-developed economy focus. [Pilarczyk 2011].

An important division of innovations, which has been adopted in this paper, is division by reasons and motivations for their creation. This leads to distinguishing autonomous innovations (supply-related) and induced innovations (demand-related). In the first case, we deal with the traditional situation in which innovations are introduced into the market on an enterprise's own initiative (their source is usually Research and Development), and then they are verified by the market. In the second case, innovativeness is forced by market needs, especially consumers' needs.

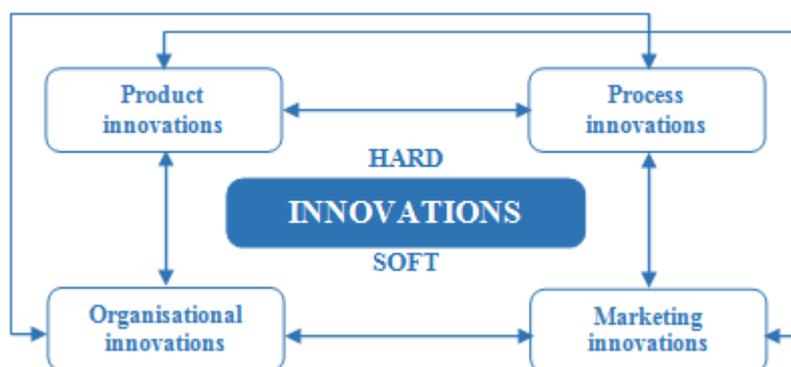


Fig. 1. Areas and forms of innovations in an enterprise

Rys. 1. Obszary i formy innowacji w przedsiębiorstwie

Source: own elaboration [based on: Bigliardi, Dormino 2009, p. 226].

Demand-related innovations take into account values for the customer, as they are based on recognising customers' needs and preferences, and often on an extensive dialogue with the customer - by means of modern marketing methods and instruments. Activities in the area of recognising, acknowledging and meeting customers' needs and preferences are an activity defined as marketing innovation.

## 2. Innovativeness of the Polish food industry

The share of innovative enterprises (active in the area of products or services and innovative in the area of marketing and organisational innovations) is one of the basic measures of innovative activity and defines the level of innovativeness of enterprises in a given country.

The aim of the food industry is to satisfy fundamental needs of population, which on the one hand are determined by the consumer's needs, and on the other hand - by the needs and possibilities of the agriculture. It is characterised by large diversity and involves both preliminary processing of agricultural crops and obtaining highly processed products. The food sector<sup>1</sup> includes manufacturers of food products (intended both for people and animals) and manufacturers of beverages, including alcoholic beverages<sup>2</sup>, and its output accounts for 18% of the overall industrial output sold. Poland is in eight place among EU food exporters.

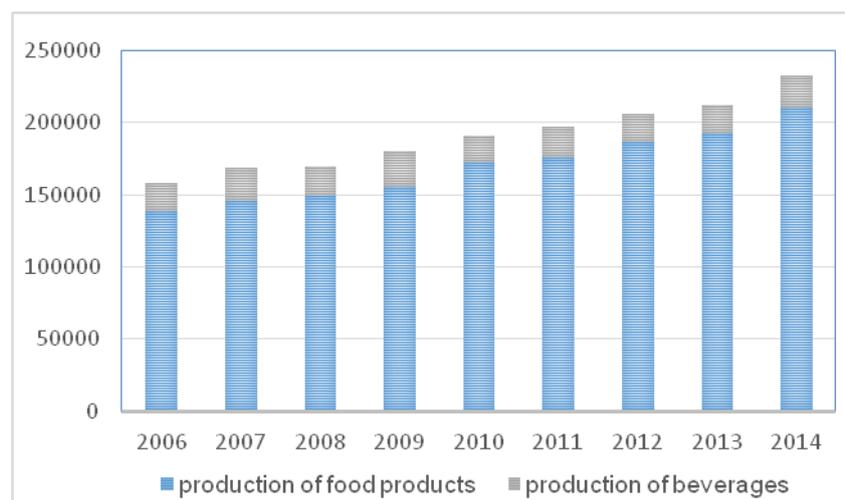


Fig. 2. Value of the output sold of the Polish food industry between 2006 and 2014 (fixed prices in 2012, in PLN million)

Rys. 2. Wartość produkcji sprzedanej polskiego sektora spożywczego w latach 2006-2014 (ceny stałe 2012 roku w mln zł)

Source: Own elaboration [based on: Departament Informacji Gospodarczej 2006-2014].

<sup>1</sup> There are 2559 enterprises operating in the food industry, each employing over 9 people. 95% of them manufacture food products (the other manufacture beverages). Almost half of these enterprises employ up to 49 people, 40% of them have between 50 and 249 employees, and 11% employ at least 250 people. Companies from the last group account for 63% of revenues from the sale of the overall food sector. The share of large enterprises (250 and more employees) is higher among manufacturers of beverages (14.1% of the number of enterprises, accounting for 81% of revenues from sales) than among manufacturers of food products (10.9% of the number of enterprises, accounting for 60% of revenues from sales). Main Statistical Office, Financial results of economic entities in 2012.

<sup>2</sup> Section C of the Polish Classification of Economic Activities (industrial processing), divisions 10 and 11. The food sector often includes producers of manufactured tobacco (section C, PCEA, division 12). It doesn't include however producers of agricultural crops, livestock keepers or fisheries or fishing enterprises, which are included in section A of PCEA, or business of food distribution, included in section G of PCEA, division 46, wholesale trade.

In 2012, the value of the output sold of the food sector was PLN 204.6 billion. This accounted for 21.4% of the industrial processing output sold (which is one of higher results in the European Union) and 18% of the overall industry sale. The relation of spending on innovative activity to the value of sales in the food industry, showing the so-called innovation intensity<sup>3</sup>, is relatively low. This may indicate that innovative activity of food operators has not had so far any significant impact on the observed increase in the sales and competitiveness of Polish food producers<sup>4</sup>.

Analyses show that the main element of spending on innovative activity in food operators and the main source of investments are spending on "innovative" machinery and plant, which accounted for 61-70% of spending on innovative activity between 2003 and 2010. The share of spending on marketing of new and improved goods was relatively small and accounted for 3.3-10.8% in this period, whereas for R&D this percentage was even smaller and accounted for 2-10%.

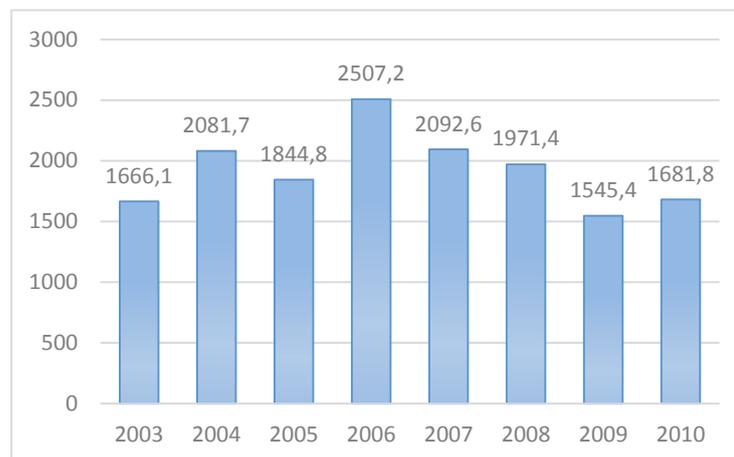


Fig. 3. Value of investment into innovative activity in the area of product and process innovations in the food industry [in PLN million]

Rys. 3. Wartość nakładów na działalność innowacyjną w zakresie innowacji produktowych i procesowych w przemyśle spożywczym [w mln zł]

Source: Own elaboration [based on: Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej 2012, p. 46].

A popular type of marketing methods among industrial enterprises that introduced this type of innovations between 2012 and 2014 was implementation of significant changes to the new media or techniques for product promotion (5.4%), and among enterprises from the services sector – design/construction or packaging of goods or services (4.4%).

<sup>3</sup> Rate of innovation intensity – expressed as percentage of the relation of internal investment in research and development activity in the industry to the value of the output sold (B+R/PROD), regarded here as one of the indicators anticipating the development of knowledge-based economy.

<sup>4</sup> Data refer to enterprises employing over 9 people. Main Statistical Office, Investment into and results for the industry in 2012.

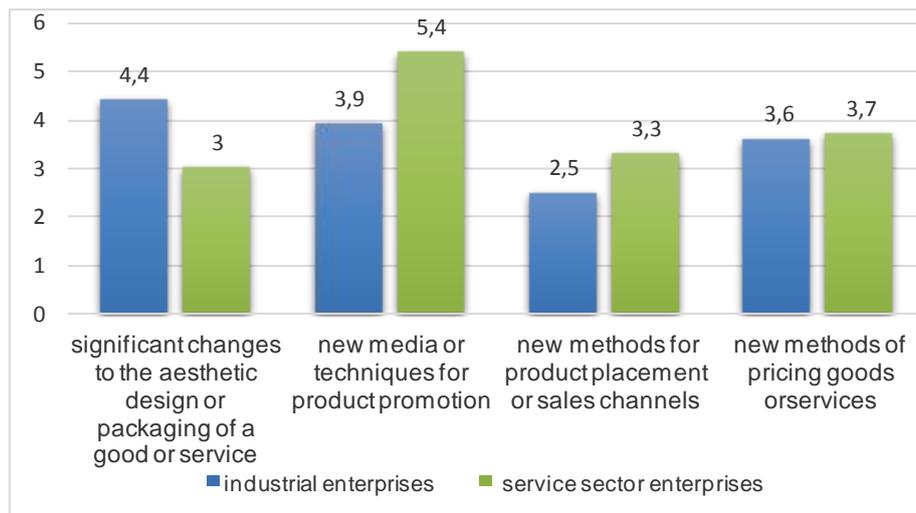


Fig. 4. Enterprises which introduced marketing innovations in years 2012-2014 by innovations types  
 Rys. 4. Przedsiębiorstwa, które w latach 2010-2014 wprowadziły innowacje marketingowe według rodzajów innowacji

Source: Own elaboration [based on: Main Statistical Office 2012-2014].

### 3. Modern innovative marketing

Innovation involves not only implementation of a new product or service, but also introduction of an improved product or service, or the whole process, into the market. Thus, innovation is also improvement of this process or a new method of marketing and organisation in terms of business practices, workplaces, relations with the external environment, i.e. sustainable development.

Many industries create innovations in a natural way, popularising their marketing tools and, consequently, contributing to globalisation. In the turbulent environment of the intense process of globalisation and strong competition, enterprises have to introduce and implement innovative marketing tools. Although Poland has been investing in the development of innovations for almost 10 years, their level is still insufficient to meet the objectives of the strategy Europe 2010, which requires spending 3% of GDP on research and development. We should make realistic the statement that the spirit of innovation not only builds creativity and efficiency, but it also affects the quality of offered goods and their production. Innovativeness is thus present in today's marketing, underlying the fundamental use of progressive instruments of communication in the area of human resources management or coaching, which provides basis for intensification of managerial competences and release of employees' effectiveness.

New tools designed to stimulate employees for innovative forms of reaching customers are usually effective, bringing numerous benefits to enterprises, which are often hard to achieve through traditional means of communication. Very popular are social media, which

are focused on openness and possibility of a dialogue with an enterprise. The definition of social media includes a broad range of forms and means of communication. They can be defined as a set of relations, behaviour or interactions between customers, brands, where there is multidirectional communication by means of advanced communication tools [<http://www.egospodarka.pl/54820,Sieci-spolecznościowe-w-służbie-biznesu,2,39,1.html>].

According to a different definition, social media are media that are available mainly on the Internet and mobile devices, allowing for information exchange between users. These are media that combine technology, telecommunications, social interactions with image, text and sound. Enterprises are aware of their role, as according to one report, in 2010 almost a million Polish entrepreneurs allocated part of their marketing budgets to campaigns conducted on social services.

Marketing innovations include, among other things, significant changes to the design of products or packaging, aimed at better satisfying customers' needs, opening up new markets or new positioning of an enterprise's product on the market for increasing its sale. Changes in packaging refer to products (e.g. food products, beverages, cleaning products) whose packaging affects the appearance of the product. In the case of the design or construction of products, the change to the appearance of products does not lead to a change in their functional or performance properties (e.g. introducing new tastes of a food product). In terms of the distribution of products, solutions involve the use of new sales channels and include: introduction of franchising system, direct sale, exclusive retail sale, and product licensing.

Marketing innovation in the area of prices may be e.g. new structures of price discounts aimed at increasing sale or entering new markets. It is important to be able to create innovations using the psychological impact of the price on customers. This is achieved by loyalty programmes or individual prices or introduction of new systems of financing value exchange. Marketing innovation in the area of distribution means, among other things, introduction of new sales channels (e.g. in online sale). In the area of promotion, marketing innovation can be a new way of promoting goods and services, i.e. the use or development of new information tools that stimulate or enable competition on the market. New marketing methods in the area of product promotion refer to the use of new concepts of promoting goods and services, e.g. the first use of media, product placement in films, a famous person shown as the user of a specific product [publ. OECD&EUROSTAT 2006].

Marketing innovation also includes introduction of a system for information personalisation in an enterprise, e.g. a system of regular customer cards. Personalisation also includes providing customers with online tools allowing them to choose desired properties of the product and check the price of a given combination. This type of personalisation is an increasingly seen form of introducing marketing innovations. It is important for customers to have a quick access to resources they look for, to be able to select appropriate content matched to their individual needs, whereas for enterprises using personalisation on the Internet it is important to: attract attention of Internet users, define the target group, initiate

and maintain communication with specific users. In the marketing perspective, this will include: use of personalised advertising offer, getting positive opinions about the website and enterprise. The customer receives the product that he/she expects, and the enterprise – recommendation, another visit on the website and loyalty of the customer [Ostrowska 2011].

The character of innovations, especially in economically advanced countries, which base their competitiveness on innovations, is gradually changing. The existing practice of implementing "hard" innovations (product and process innovations) is significantly supported by implementation of "soft" innovations (marketing and organisational ones). Due to globalisation trends and widely available Internet, enterprises cannot rely only on their own research, but they have to systematically follow the development of knowledge worldwide, purchase patents or licenses or even buy other companies that are attractive in terms of their market place or technology. Often, they can benefit from making their unused inventions available to other enterprises by selling patents or granting licenses.

Nowadays, the Internet allows enterprises to reach their customers, including niche customers, much more quickly and at a low cost, which is very important in the case of demand-related innovations. The Internet also makes it possible to provide appropriate content exactly when the recipient expects it. In addition, the Internet allows an enterprise to communicate directly with the recipients (purchasers of products and services).

In this context, marketing should focus not on a standard thinking about consumers, but on building a strategy of communication, consisting in using the Internet to reach a wide group of consumers and on introducing the consumer to the process of purchase by means of appropriate Internet content. Consumers expect a form of communication that is most convenient for them, therefore enterprises should use forms of communication that will enable them to directly communicate with their customers [Scott 2009].

The forms indicated above differ from each other e.g. in the arrangement of communicated messages or technologies, but in each case their main role is to provide necessary and useful information and to meet specific needs of users. Presented above are the most important forms of enterprises' presence on the Internet from the perspective of maintaining contacts and relations with customers.

The concepts and trends of supporting innovations and innovativeness show that the way of understanding innovations is changing. Innovations inspired by the R&D infrastructure of enterprises and research institutions have been replaced by innovations created in the environment of enterprises, including customers.

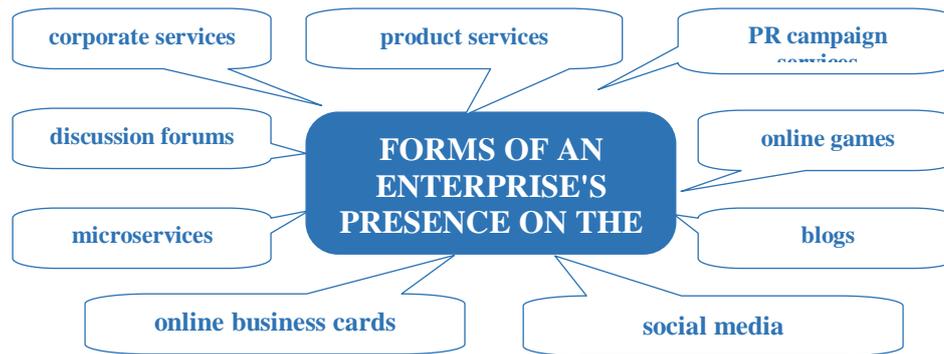


Fig. 5. Forms of an enterprise's presence on the Internet

Rys. 5. Formy obecności przedsiębiorstw w Internecie

Source: Own elaboration [based on: Scott 2009].

## Summary

Summing up, analysis of the innovativeness of the Polish food industry shows that its level is too low compared to the EU average, and the share of spending on innovative activity in the value of the food industry sales has for many years been below 2%. In the structure of spending on innovative activity, expenses connected with investing in fixed assets, i.e. machinery and equipment and buildings and constructions, dominate, which results from the necessity for enterprises to comply with EU production standards.

Despite a relatively low level of innovativeness, the Polish food industry is gradually growing within the enlarged European Union, shows high resistance to crisis phenomena, but in the long run, without an increase in the level of innovativeness, in terms of both product and marketing innovations, further economic growth and competitiveness of this sector of economy may decrease.

In terms of creating innovative marketing solutions, apart from identification and indication of methods and techniques for stimulating employees' creativity, an important area of modern marketing is the Internet, which supports mainly those types of innovations that refer to the customer's perspective, i.e. product and marketing innovations. In terms of marketing innovations, the Internet offers a wide field for activity. This applies to both the core business and activity within the process of product personalisation. It is also important to stress the role of the aspect of social media, used by companies to build their own community and to build or strengthen their brand.

The approach towards innovations and the way they are created in enterprises are systematically changing, and these changes are directly connected with the emergence of new concepts and methods, that view the process of creating innovations at the level of production and service units in an increasingly comprehensive way. New trends in innovativeness refer both to the process of creating products and changes taking place in the structure of an

enterprise (non-technological innovations, organisational and marketing ones). New forms of innovations require that enterprises acquire new capabilities and systematically pursue an active policy for stimulating the creation of this type of innovations.

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### **Omówienie**

W artykule przedstawiono ogólną charakterystykę innowacyjności, kwestie wewnętrznych i zewnętrznych źródeł inspiracji oraz warunki dla działalności innowacyjnej przedsiębiorstw. Analiza udziału polskich przedsiębiorstw innowacyjnych na rynku UE a poziom i struktura nakładów na innowacje w przedsiębiorstwach zostały powiązane z przedsiębiorstwami i polskim sektorem przemysłu spożywczego. Artykuł określa metody i techniki pobudzania kreatywności pracowników w aspekcie nowoczesnych innowacyjnych form marketingu, które spełniają oczekiwania i potrzeby uczestników rynku.