

INNOVATION AND MARKETING STRATEGIES OF ENTERPRISES ON THE INNOVATIVE FOOD PRODUCTS MARKET

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INTRODUCTION

The present paper examines marketing research and the formation of marketing strategies for introducing new products to the market, in order to reduce enterprise expenses and potential losses. The process of creating a new product always involves risks for the manufacturer. Once the product enters the market, it may be revealed to be of low quality or fail to attract the interest of consumers, to name just two problems that can shrink profits. Today, given consumers' constantly changing demands for new technologies and new competitors, enterprise survival depends on the new products being developed and introduced onto the market. However, even after a product has been introduced, it and the prevailing market situation must be constantly monitored so that changes in marketing and innovative strategies may be introduced. Effective marketing strategies should be applied for new products according to the stages of their life cycle: birth, growth, maturity and gradual replacement of products from the market, and customer satisfaction.

The practical significance of this study is that companies can use its results to improve the process of introducing new products to market and optimise their position in the future. In other words, preliminary marketing research and formation of marketing strategies for new products are necessary to make a new product successful in the long run. A significant contribution to the theoretical understanding of marketing strategies has been made by the following scientists: I. Ansoff, M. Porter, J.J. Lamben, among others. The concept of innovation and product innovation has been discussed in papers by B.F. Zabolots'kyj, S.M. Illiashenko, S.V. Mocherny, O.V. Prokopenko,

C.B. Twiss, R.A. Fathutdinov, B. Sandberg and others. The work of Kh. Gladiy, O. Kalaman, N. Krykovtseva, N. Stelmashchuk are noteworthy in the field of marketing strategies in the food industry.

PURPOSE AND OBJECTIVES OF THE RESEARCH

The purpose of the research is to identify the essence of innovative products and to define the features of marketing strategies for innovative products on the food market. The research objectives are the following:

- to clarify the meaning of the term innovative product;
- to consider the factors that affect the popularity and success of innovative products;
- to define hierarchical levels of marketing and innovative strategies;
- to define a current strategy to promote innovative food products.

METHODOLOGY

In researching marketing strategies for innovative products, companies use scientific methods, laws and principles, as well as specific statistical and marketing methods. A systematic approach is essential for researching marketing strategies, since it considers the business strategy as a tiered system based on hierarchical principles. The principles that guide enterprise marketing strategies today primarily include the following:

- prioritising customer requirements for products;
- integrating with competitors or partners as a basis for creating scale effect or unique value;
- prioritising long-term relationships with customers (marketing relations) over one-time benefits;
- enabling consumer participation in forming the concept of goods with special value;
- prioritising production processes and enterprise specialisation;
- treating the enterprise, which is only a superstructure, as secondary;
- taking a realistic approach and giving the perspective employed vision;
- using an iterative approach (phased process);
- dealing with complexity by covering all of the functional directions of activities;
- seizing the opportunity to enter target markets through appropriate distribution and communication channels;
- activity, differentiation and adaptation.

From a methodological position, companies that produce innovative food products should form and implement marketing strategies in accordance with general strategy and the specific stage of the product life cycle. This is because trends in consumer demand development and its preference for innovative products has become a prerequisite for commercial success.

Statistical methods were also applied to research the dynamics of innovation activity of enterprises in the food industry of Ukraine. This tool made it possible to compare the

number of companies in the food industry to have implemented innovative activity or produced innovative products. It indirectly indicates the application of strategies on the innovative food products market.

INNOVATIVE PRODUCTS DEFINITION AND SUCCESS OF INNOVATIVE FOOD PRODUCTS KEY FACTORS

As it is commonly understood, the term innovation was first used by Schumpeter, who discussed the concept in the “Theory of Economic Development” [1912]. In modern scientific literature on innovation management and innovation development, there is currently no single approach to understanding the categories of innovation and innovative product. Some researchers consider innovation a process [Twiss 1986, Zabolots’kyj 2007]. Twiss defines innovation as a process in which an invention or idea attains economic status [Twiss 1986]. According to Zabolots’kyj, innovation is the process of forming new thinking, creation, development, introduction to industrial use and propagation of new technical, trade, systemic, social, environmental or other solutions (innovations) which satisfy certain industrial, social needs or national interests [Zabolots’kyj 2007]. However, there is also another point of view in the scientific community, according to which innovation is considered a result [Fathutdinov 1998, Illiashenko and Prokopenko 2003]. In particular, Illiashenko and Prokopenko consider innovation to be the final result of the creation and use of novelties embodied in the form of improved or new products (goods or services), technologies of their production, management practices at all stages of production and the marketing of products that contribute to the development and increasing efficiency of operation of the enterprises which use them [Illiashenko and Prokopenko 2003]. This view is shared by Fathutdinov: innovation is the end result of implementing novelty for the purpose of changing the control object and obtaining economic, social, technological, environmental or other effect [Fathutdinov 1998]. A more comprehensive market-oriented interpretation of innovation is presented in the economic encyclopaedia edited by Mocherny: implementation of new techniques, technology, production engineering and marketing of products that enables an advantage to be gained over competitors [Mocherny et al. 2005].

I define innovation as the process of bringing ideas of scientific or technical invention into practical use and converting them to income (transforming production and implementing the idea). However, if innovation means introducing novelties into production, then the innovative product constitutes the entrance of innovation to the market. Innovation must respond to the demand on the market, possess novelty and be profitable. Product innovations include the use of new materials, semi-products and components. The acceptance of innovative products is also presupposed. The end result of the innovation process in food production enterprises is technologically new or technologically improved products, characterised by a set of essential basic qualities and safety, energy and food value, adequate amounts of functional ingredients and food safety.

In accordance with Schumpeter's classical theory, innovative food products can be defined as those made of unconventional materials, by means of the latest technologies, using new methods of processing and storage, and/or innovative tools of marketing promotion. Table 1 presents a detailed understanding of the term food product innovation.

TABLE 1. Essential characteristics of the concept of food product innovation

Schumpeter's fundamental features of innovation	Detailed characteristics of innovative products in the food industry
Making a new product or a known product with new properties	Creating a radically new food or functional ingredients using advanced technologies that allow for technologically new products; or providing a new quality of traditional foods, mainly enrichment composition and obtaining a new or improved food product through advanced technology
Introduction of new, previously unknown technologies	Low temperature, disintegration, electro, cryogenic and freezing technologies
Development of a new market	Propagation of food culture among the population; new discoveries in biochemistry, physiology, nutrition indicate the priority impact of food ingredients on physical and mental health. Today, in advanced countries, the 80–90% of population is provided wellness products. In Ukraine, the share of these products is less than 2% of the total. That is why the market for new food is constantly growing
Attaining new sources of raw materials or semi-finished products	Healthcare products should be available to all parts of the population, regardless of their materials. Compared to traditional products, healthcare products have optimal vitamins, mineral elements, antioxidants etc. From this perspective, it is necessary to use wild-grown raw materials (berries, mushrooms), secondary raw materials in the process of production of wine, juices, and various semi-medicinal plants
Reorganisation (organisational restructuring)	New organisational reforms require new approaches including technological and economic ones. This reorganisation primarily involves strengthening integration processes in order to increase market opportunities of enterprises and their impact on consumers, as well as diversifying processes with a focus on improving nutrition

Source: the author based on Schumpeter 2011.

Producing and selling innovative products can be done successfully if the manufacturer adheres to the following requirements [Sandberg 2008]:

1. Determining the scope of the product. It is important to identify for which market (regional or national) a new product is being created.
2. Identifying potential customers. A successful product cannot be useful for all customers; the manufacturer has to decide to whom he or she will market.
3. Determining the importance of the product, its value for the consumer, society and the company.
4. Defining the marketing strategy, including the strategy of positioning the new product and its price.
5. Determining the main characteristics of the new product, its benefits, requirements and characteristics.

There are two main criteria that lead to a successful product at this stage [Sandberg 2008]:

1. Scope creep means that the definition of the functions and characteristics of the product may fluctuate in the process of creating it. Initially, the product can be created for a certain consumer, then it can be designated for several groups of potential customers, and ultimately for the entire market. Therefore, it is important to adhere to a single goal in creating the product.
2. Unstable product specs mean that at the production stage, the product must be improved as part of the goal.

Robert Cooper, the author of the book “Winning at New Products: Creating Value Through Innovation”, identifies major success factors, which are analysed below [Cooper 2011].

1. Well-planned production process. The production process of a new product should be transparent at each stage. The new technologies must be used in production, since this will help reduce expenses. Careful development of technology strategies is also important as they ensure effective allocation of resources in production, and enable the choice of the best niche product, which will allow one to reach potential customers.
2. Alignment of priorities. Typically, companies work simultaneously on several projects. They can launch several new products, along with the work on existing projects, and develop ideas for other new products. The experience of organisations releasing new products and achieving success shows that it is necessary to decide which project has the highest priority, and which requires more commitment. It is better to reduce the number of new projects, selecting the best of them. It is also important to combine several projects, which may perhaps complement each other’s development.
3. Focus on the company’s key activity. The use of a product in a completely new area usually leads to failure. However, careful collaboration and innovation will help to avert risks.
4. Assessment of market attractiveness. It is necessary to determine the composition of attractive markets – the market size, the possibility of expanding and the position of competitors. It is important to fine-tune a new product when placing it in an existing market.

Two main components of market attractiveness should be taken into account when forming strategy [Rafinejad 2007]:

- market potential: a favourable market environment and a large and growing market, which is where the needs of consumers in new products appear and grow;
- competitive state: intensely competitive markets are not favourable for introducing new products, which will struggle to compete with existing analogs because of pricing competition. Furthermore, unlike newcomers, long-term market players can afford to reduce the price of goods.

It is necessary to research the market and customers before marketing strategies can be formed. This is particularly important for innovative products. We know that marketing research is quite costly, but it leads to good results. However, there are some paradoxes of marketing research. For starters, it is difficult for consumers to articulate their own needs. Secondly, innovative companies should consider market data in developing and evaluat-

ing their innovative ideas. Finally, successful innovative companies analyze considerable amounts of information before taking a final decision. Here information received from potential customers is of crucial importance. It is also necessary to use feedback in developing new products and to effectively allocate resources for data collection.

The need for marketing research has been demonstrated on the examples of successful businesses. Expenses incurred in conducting marketing research include the costs of research and salaries of personnel employed in such studies. The evaluation of costs for research for various industries makes it possible to identify that such costs in the food market amount to, on average, 0.5% of sales, and the number of personnel engaged in marketing research, is about 18 people.

For traditional products we used virtually the same marketing research tools as those used for consistently innovative products.

ENTERPRISE INNOVATION ACTIVITY DYNAMICS IN UKRAINE'S FOOD INDUSTRY

A study of innovation in the industry has shown that the most successful and largely completed innovations are in the food industry. Rapid turnover and constant demand for essential goods have allowed many businesses to use this fact to accumulate funds, store and forward them to update fixed assets, expand their product range, and institute new market policies. The results of changes in food enterprises directly affect the quality of the products they offer, and innovations become apparent to consumers. For this reason, innovation studies should focus on companies producing dairy, bakery, meat and confectionery products.

In general, innovation in the food industry in Ukraine is characterised by instability, unbalanced financial resources, and a lack of clearly defined priorities. From 2010 to 2012 in Ukraine the number of enterprises implementing innovations rose, with the highest number (348) being rolled out in 2012. Unfortunately, the numbers subsequently declined, due particularly to the general economic downturn in the country, increasing inflation, and rising raw materials costs. In 2015, compared to 2014, the number of food industry enterprises implementing innovations decreased from 265 to 165 (nearly 38%).

Figure 1 shows that in Ukraine until 2012 the number of enterprises implementing innovative processes and resource-saving technologies was growing.

However, in 2013 and the years that followed, the number of enterprises implementing innovative processes fell – 2015 levels were 12% less than in 2014, and a full half of the 2012 figures. The number of enterprises implementing energy saving and low-waste technologies decreased by 18% in 2015 compared to 2014, and more than sixfold compared to 2012. The number of companies that produced innovative products also fell dramatically (by almost 31% in 2015 compared to 2014 levels and twofold over 2012 levels). This indicates not only that there are adverse external conditions for innovation to occur, but also the weak link in innovation activities in this industry is the market itself – that is, putting a product on the market.

The data in Figure 2 confirm the preliminary conclusion that the amount of innovative products produced for the market rapidly declined. This downward trend started in 2014,

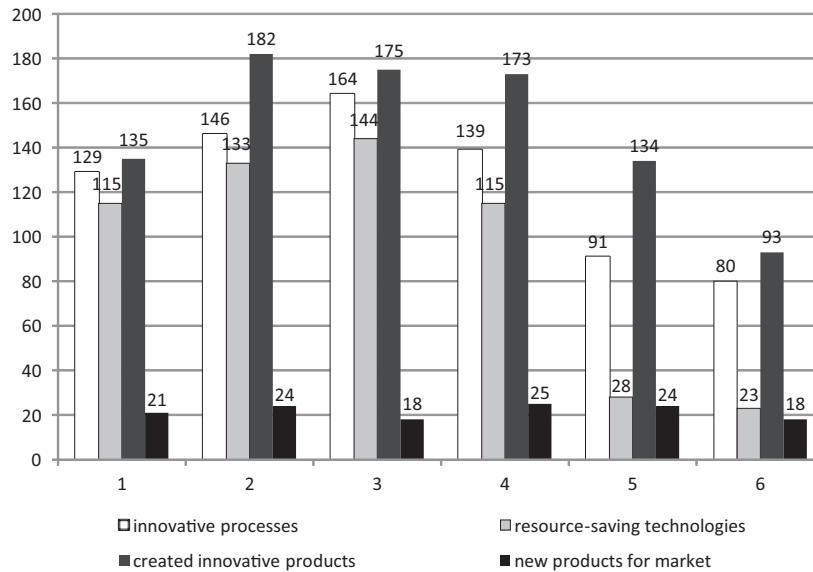


FIG. 1. The number of food industry enterprises implementing innovations in Ukraine

Source: the author based on WWW 1.

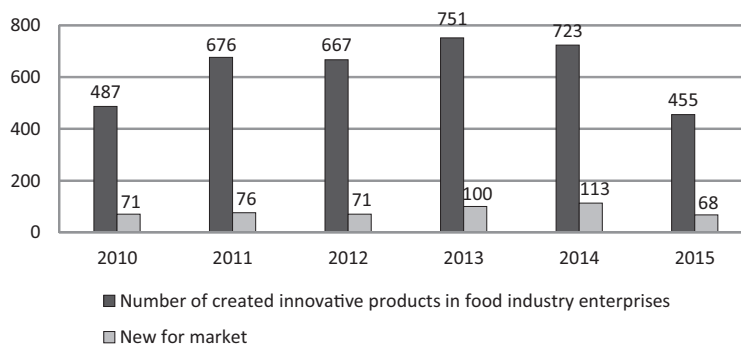


FIG. 2. The number of innovative products created by food industry enterprises in Ukraine in 2010–2015

Source: the author based on WWW 1.

and in 2015 became threatening. While the general decrease in the number of innovative products in the food industry in 2014–2015 was 37%, the production of fundamentally new products for the market decreased by 40%. This means products were rolled out with insufficient marketing research having been done, followed by ineffective marketing strategies.

Figure 3 demonstrates that the number of food industry enterprises which implemented innovative products decreased by 35% in 2015 compared to 2014, and twofold from

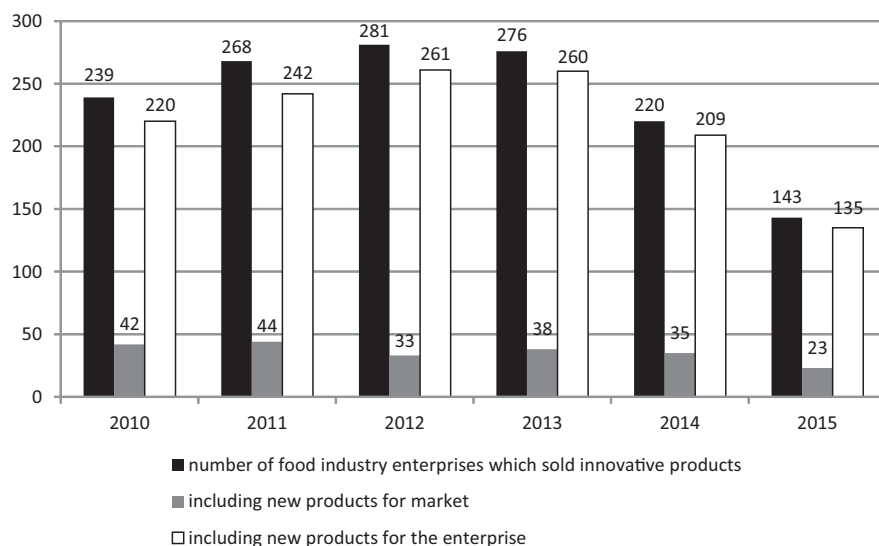


FIG. 3. The number of food industry enterprises which sold innovative products in Ukraine in 2010–2015

Source: the author based on WWW 1.

2012 levels. The reduction amounted to 35% in the last five years (2010–2015), and the number of manufactured products, which are new for the enterprises, declined nearly twofold. This indicates companies lacked resources for their own scientific and technical developments.

New foods include those in the following product categories: health, functional, fortified, probiotic, and organic products. Of these, only physiologically functional products require guaranteed content of a particular ingredient amounting to 10–50% of the daily requirement. The most popular product categories on the global market include:

- organic products, which are characterised by improved quality and safety, no risk of contamination by xenobiotics, and the preservation of useful properties from raw materials during production;
- physiologically functional products, characterised by positive changes in indicators due to the modification of nutrients.

These two new categories of food products are mainly targeted by food innovations.

INNOVATIVE STRATEGIES AND STRATEGIES FOR INNOVATIVE FOOD PRODUCTS

Research on innovation strategy is associated with the development of any modern enterprise which is focused on innovation and aspires to develop a comprehensive ability to use different types of innovations in order to reach the market. Pavlenko states that “innovation strategy, as a part of the overall business strategy, constitutes a purposeful activity to identify critical areas, the choice of priorities of perspective enterprise develop-

ment, and the invention of complex measures needed to achieve them” [Pavlenko 2006]. Akmayeva has a similar opinion, defining innovation strategy as “purposeful activity for the prioritisation of perspective enterprise development and its achievement, resulting in new quality production and management” [Akmayeva 2009].

According to Kovtun, innovative strategy in general is “a superstrategy [...] a logical system of the enterprise’s orientation for offering innovations (and at a deeper level – for investment in innovation) by various factors (both typical and uncharacteristic), which are objects of competition in a particular area of business, and which determines the direction of favourable conditions and opportunities for the innovation process and innovation in the enterprise to promote and obtain effective results” [Kovtun 2013]. This definition accurately characterises the present category. However, depending on the market position of the enterprise, its financial capabilities and priorities of innovative strategies may or may not play a key role in setting strategy. The systematic approach to the study of phenomena and processes involves consideration of strategies at several levels (depending on the scope of activities, complexity of organisational structure and richness of the economic portfolio). Innovative strategy is a leading functional strategy at high-tech enterprises. It involves the formation of a comprehensive set of measures for technological improvement of the production process, changes in the company’s organisational structure, and implementation of modern management technologies. In other words, the strategy is a detailed multilateral plan for the comprehensive achievement of the company’s objectives. The strategy involves a sequence of market behaviours that allow the company to position itself in the environment, and the change in strategy is a response to changing external conditions.

Figure 4 shows that the innovative strategy is closely linked to marketing strategies, because innovation becomes an innovative product only when it finds its own customers and gains the market. Marketing strategies in turn are divided into sub-strategies within the marketing mix: product, price, marketing and promotion strategies. They are intended to actively promote innovative products on the market.

However, is it possible to identify innovative strategies and marketing strategies regarding innovation products? After all, they are different, if closely related concepts. To understand the difference, the company’s activities on the market should be considered from the standpoint of product life cycles. The product is considered innovative at the first stage of its life cycle, and may partially preserve the characteristics of innovation at the second stage, which is why marketing strategies and activities at these stages will be effective for innovative products. It is advisable to form an integrated system of measures within the marketing mix for each stage (Table 2).

In understanding the innovative strategy in a particular pattern of the enterprise’s behaviour within the new market conditions, there are two groups of strategies: active and passive. The first type is also known as a technological strategy, and constitutes a response to changes in the environment because of the constant introduction of technological innovations [Kovtun 2013]. The enterprise selects an active strategy focusing on the use of new technological ideas. Among active innovation strategies there are two types of strategies: market leader and market follower. The fundamental difference between them is this: If a technology embodied in a new product or service is completely new to the market, the firm’s strategy is built around technological leadership. In imitation strategy, the leader company uses an already known technological idea.

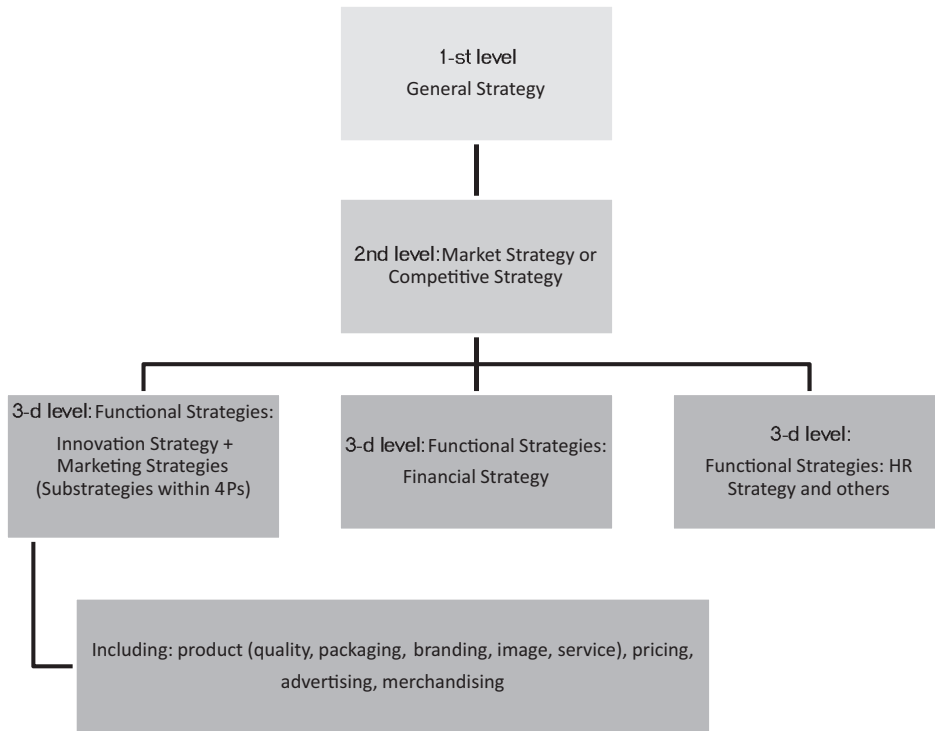


FIG. 4. Levels of enterprise strategies

Source: the author based on Larina 2008.

TABLE 2. Comparison of strategies for innovative food products at different stages of the life cycle

Substrategies within 4P	Stages of the life cycle			
	implementation	growth	maturity	degression
Product	offering products created by means of new technologies	offering organic products	offering innovative products like traditional products	gradual elimination of non-profit assortment positions
Price	setting prices for the purpose of market penetration	setting prices based on tangible value to consumer	pricing products according to competitors' prices	lowering prices to dump product
Sales	creating selective sales system, targeting	creating aggressive sales system	providing more intensive sales	sellout, finishing sales of unprofitable products
Advertising	informing	convincing	reminding	limited
Sales promotion	promoting customers to trial purchase	reducing incentives for the use of large customer demand	strengthening sales promotion to encourage the transition of conservative consumers to new products	minimising sales promotion

Source: the author based on Krikovtseva 2011.

Passive innovative strategies are constant innovations in “out-of-technology” areas, such as management and marketing. In this case, the company chooses the most innovative strategies in product differentiation, service, and image while it identifies new competitive advantages. Based on market segmentation, the company can reposition its products, branding. Passive innovative strategies may include the use of new forms and methods of marketing and unconventional means of promotion.

Innovative food products (food and drinks) are a part of the FMCG market, which particularly affects the formation of business strategy. This market is characterised by tough competition and oversupply. Formation of effective strategies, the creation of successful brands and profitable business activity in this market are more complicated and require a tailored approach and knowledge. The main features of the FMCG market include the following (Table 3).

In the market there are always difficulties in implementing marketing strategies, branding and promoting products. The FMCG sector has a number of “limiting” factors that create additional difficulties for doing business and implementing strategies. These include:

- the mass market focuses on a set of very different customers, and manages a wide range of products;
- the marketing chain has a complex structure, including a large number of intermediaries; in addition, existing sales channels are intense and a high “entrance fee” accompanies one’s entrance to the market with a new product name;
- high sensitivity to price, and easy to compare products, blurring the boundaries between comparable products;
- the need for branding and development of “saleable” packaging design, in order to distinguish one product from others;
- a large number of consumer purchases are emotion- and impulse-driven.

TABLE 3. The main features of the FMCG market and their influence on strategy formation

Features of the FMCG market	Influence on formation of strategy
High turnover of goods	Consumers buy FMCG goods daily or several times a week. As a result, the consumer has already established the consumption model. In the process of strategy formation, a consumer behaviour model should be considered
Low level net profit	Due to low marginal revenue of goods, producers receive lower net profit. In this market, there are two scenarios: low sales and high income or low income with high-volume sales. The solution is a clear definition of the target segment before the sales launch
High demand	The high demand from target consumers in the FMCG market makes economies of scale easy to achieve
Low involvement of consumers	Routine and everyday purchases gradually reduce the attention and involvement of consumer interest in the purchase process. Buyers seek to reduce the time of purchase to a minimum, making purchases by habit, buying a trademark chosen years ago. Producers should contribute financially for branding and positioning strategy
Easy substitutability of goods	A large number of products offered in the market, leading to oversupply, making product substitution fairly easy. To solve the problem, justify competitive strategy and actively respond to the moves of competitors

Source: the author.

All the brands in the FMCG sector can be divided into one of three groups:

- monoproduct brands – the brand name under which the market is represented by one type of product or category, for example, Coca-Cola;
- brands focused on two or three types of products – such as Wimm-Bill-Dann, which produces dairy products and juices, or Cadbury Schweppes, which sells both soft drinks and confectionery products;
- multiproducts – brands that produce more than three products, for example, Nestlé and Unilever.

In this case, the product is a strategic business unit as a separate part of the company, within the same category of goods and a uniform system of marketing communications.

Strategies of leading brands in the FMCG sector include [Prosvirina 2015]:

- Seeking prospects in emerging markets. Over the last five years, FMCG brand producers have been looking to expand into new markets, primarily developing countries with their massive market growth being twice that of developed countries. If the welfare of the population of these countries increases, so too will consumption, followed by a shift in demand towards higher-end products.
- Acquisition of leaders in profitable and attractive segments. Acquiring market leaders and restructuring branded products are the most common methods of increasing multibrand sales.
- Alliance with competitive brands. Well-known global brand company Coca-Cola is one of the most famous creator of alliances with competitors. Several years ago it created a joint product with the Nestlé company – a chocolate drink called Choglit, and entered into an alliance with Nestlé’s direct competitor, Danone. Transforming direct and indirect competitors into business partners is one of the most common and effective strategies in the FMCG market.

An enterprise’s image affects the capacity for competitiveness, pricing, product image, attractiveness [Simahina and Naumenko 2015]. International studies in creating a positive company image are rapidly developing, and this experience can be successfully used in domestic enterprises.

Today, the main competitive advantage of any enterprise is high-quality service. It can form the basis for development strategies as an important influence on a particular food product market, including recreational purposes. At this stage, innovation means comprehensive management of customer service at a high level of awareness regarding health-improving food products, their rational use, and the conditions under which they most effectively affect the human body.

One of the aspects of such awareness is the formation of consumer attitudes towards correct eating behaviours, based on twenty-first century nutrition theories and basic principles. The main factors behind consumer behaviour stereotypes are national and cultural traditions, product range, material and educational level, professional activity, the degree of awareness of nutrition and its impact on health, the quality and safety of food products, their usefulness or presence of harmful components, the threat of nutritional diseases and ways of preventing them.

While forming pricing policy, consumers’ ability to afford healthy food and lifestyle, and find the ultimate “quality to price” ratio must be taken into account. For example, Hoffman La Roche’s long-term experience shows that the price of enriched bakery and

dairy products is only 1–4 and 5–10%, respectively, of the prevailing traditional cost [Prosvirina 2015].

In realising marketing strategy, merchandising, a set of measures aimed at increased sales of products directly on the trading floor, is of crucial importance. These include:

- thoroughly planned product placement (separate shelves for baby food, gerontology nutrition, sport supplement, etc.);
- promotional materials for innovative products with detailed information about the product's general properties, its new ingredients and their impact on human health etc.;
- providing the maximum possible range of new products;
- attractive packaging with all necessary information;
- making available instructions for use and explanatory information regarding the usefulness of the product.

CONCLUSIONS

The end result of innovation in food enterprises is technologically new or technologically improved product, characterised by a set of necessary basic qualities and safety, energy and food values, adequate amounts of functional ingredients and food safety. Based on Schumpeter's theory, I define the innovative food product as one made of unconventional materials, by means of the latest technologies, using new methods of processing and storage, and/or innovative marketing and promotional tools. The following are innovative food product categories: healthcare, functional, fortified, probiotic, organic products. The two most popular product categories on global markets are organic and physiologically functional products.

Innovative and marketing strategies are third level, or functional, strategies. Innovative enterprise strategy is closely linked to marketing strategies, because innovation becomes an innovative product only when it finds its own customers and carves out a market. Innovative strategy is the leading functional strategy within high-tech enterprises. It comprises a set of measures aimed at improving the production process, changes in organisational structure, and the introduction of modern management technologies. In other words, the strategy is a detailed comprehensive plan the company uses to achieve its objectives. Marketing strategy is developed using the 4Ps: product (quality, packaging, branding, image, service), pricing, place (forming distribution channels, merchandising), promotion (advertising, direct sales).

The marketing strategy involves consistency of market behaviour that allows a company to position itself in the market, and the change in strategy is a response to changing external conditions. Innovative food products are a part of the FMCG market, which is characterised by tough competition and oversupply. Forming effective strategies, creating successful brands and profitable business activity in this market are all more complicated endeavours, and require a specific approach and knowledge. Strategies of the leading brands in the FMCG sector include searching for prospects in emerging markets, acquiring leaders in profitable and attractive segments and forging alliances with competitive brands. Other important aspects of

marketing strategies for innovative food products are high-quality services, pricing policy and merchandising.

Summary. The purpose of the present paper is to identify the particular use of marketing strategies for innovative products and to define the features thereof. Innovative food products can be defined as those made of unconventional materials, with the use of the latest technologies and new methods of processing and storage, and/or innovative tools of marketing promotion. In the paper I show that innovative strategy is a leading functional strategy of high-tech enterprises. It involves producing a comprehensive set of measures for improving technological aspects of the production process, changes in the company's organisational structure, and the implementation of modern management technologies. The strategy requires companies to act consistently, which allows them to position themselves in the market. A change in strategy is a response to changing external conditions. Innovative food products belong to the FMCG market, which is characterised by tough competition and oversupply. Forming effective strategies, creating successful brands and profitable business activity in this market requires an approach tailored to this market. Strategies of leading brands in the FMCG sector include seeking out prospects in emerging markets, acquiring leaders in profitable and attractive segments and forming alliances with competitors.

Key words: innovation, innovative product, innovative food product, innovative strategy, FMCG sector

JEL: M31, O32, O33

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