

The role of marketing in business performance

Meryem AHMAME

FSJES, Mohammed Premier University, Oujda, Morocco.

Abstract. In an ever-changing economic environment, companies face unprecedented challenges in maintaining their competitiveness and ensuring their growth. Two key elements can play a decisive role in their success: marketing and innovation, two crucial variables that determine the sustainability, success, development, and growth of a company. Marketing plays an important role in understanding consumer needs and responding to their expectations and desires, as well as communicating effectively (Kotler & Keller, 2016). Innovation promotes value creation by introducing new ideas for differentiated products, processes, or services (Schumpeter, 1942; OECD, 2005). This article is in line with studies reviewing theoretical work on innovation and marketing and their impact on business performance. It is based on a literature review of several articles published between 1942 and 2020 in leading international journals in economics and management. The literature review made it possible to define innovation and marketing, classify their types, list their measurement indicators, identify the internal factors that stimulate them, and determine their impact on business performance (March, 1991; Gupta et al., 2006). In this paper, we explore the importance of these two aspects and how they can influence overall performance by highlighting their synergistic role in business success. Our objective here is to contribute to this paper. As we have not conducted a survey, our discussion will be purely theoretical.

Keywords: *Innovation; Marketing; Performance; Competitiveness.*

1. Introduction

Today, in a constantly changing business environment marked by globalization, fierce competition, and growing consumer expectations, innovation and marketing are at the heart of business development and are key drivers of performance (Teece, 2010). All companies are feeling the effects of technological innovation and rapid technological change, climate change issues, fierce competition, and more sophisticated and demanding customers. Technological innovation has become essential to meeting all these needs and is now an important variable in business performance (Chapman et al., 2001). Innovation is recognized as a key factor in maintaining business competitiveness.

The originality and added value of our article lie in its contribution to a better integrated understanding of the synergistic role between innovation and marketing in improving business performance. While many studies address these two areas separately, this work highlights their interdependence and shows how their strategic combination creates a sustainable competitive advantage, which is crucial in an ever-changing economic environment.

Thus, this paper has a real double added value: it offers an innovative integrated theoretical framework that sheds light on the complex dynamics between marketing and innovation, and it proposes concrete strategic avenues for companies wishing to maximize their performance in a competitive environment. This original positioning enriches both academic literature and managerial practices by emphasizing the need for a holistic and coordinated approach.

The objective of this article is to explore in depth the impact of innovation and marketing on business performance. We will examine how these two areas interact and complement each other to stimulate growth, strengthen competitiveness, and promote commercial success (Kotler

& Keller, 2016; Schumpeter, 1942). In addition, we will highlight the importance of developing a culture of innovation and implementing effective marketing strategies to achieve sustainable results.

In short, this article will highlight the critical importance of innovation and marketing in today's competitive landscape, emphasizing their synergistic role in driving business growth and performance. By exploring the multiple dimensions of this dynamic relationship, we hope to provide valuable insights and practical recommendations for professionals and decision-makers seeking to thrive in an ever-changing economic environment. Hence, our research question is formulated as follows: What is the impact of innovation and marketing on business performance? To this end, the paper is structured as follows: the first part defines the concept of innovation, its approaches, and its types; the second part presents marketing; finally, a last section explores the impact of innovation and marketing on business performance.

2. Definition of the concept of innovation in companies

a. Innovation in semantic terms

The notion of innovation is a multidisciplinary and polysemic concept (Leymarie, 2003). It comes from the Latin word "innovare": the prefix 'in' means "in," and the verb "novare" means to renew, invent, or change.

b. Innovation in management science

The definition of innovation in management science can be formulated as follows: Innovation in management science refers to the process by which a company develops and implements new ideas, methods, products, services, or processes with the aim of creating value, improving its performance, and distinguishing itself from the competition in the market.

This concept encompasses both technological innovations, which are related to the creation or improvement of products, services, or processes through technological advances, and non-technological innovations, which concern organizational changes, business strategies, management practices, and innovative economic models. Innovation in management science goes beyond the simple invention or creation of a new idea. It also involves putting the necessary resources in place, adapting the organization, managing risks, and accepting change. Innovation can come from both internal sources within the company, such as research and development, and external sources, such as partnerships, strategic alliances, or technology acquisition.

The specialized literature in management science offers a wealth of information on innovation and its crucial role within companies. Here is an overview of the main contributions of this literature:

- Essential approaches:

Joseph Alois Schumpeter (1942) defines innovation based on the concept of exploration. For him, innovation is "creative destruction that constantly revolutionizes the economic structure from within, continually destroying its aged elements and continually creating new ones" (Deubel, 2003; Montoussé, 2003).

He also sees it as "...the introduction of new products, ..., the opening of new markets or a new source of supply, the Taylorization of work, improved distribution, the establishment of a new business organization, such as chain stores." Thus, his work (1935) states that innovation is the implementation of new combinations of means of production. This combination can be both a source of growth and a source of crisis, depending on the means deployed by the company.

The founding father of innovation theory also highlighted the role of the entrepreneur in

innovation by introducing the concept of the innovative entrepreneur.

The OECD's Oslo Manual, for its part, provides a definition based on a classification by type. It defines innovation as “the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new method of organizing the workplace or external relations” (OECD, 2005).

Vyas (2009) proposes five manifestations of innovation, namely: the creation of new products or qualitative improvements to existing products, the use of a new industrial process, the opening of new markets, the development of new sources of raw materials or other new entrants, and new forms of industrial organization. (Vyas, 2009)

The French National Institute of Statistics and Economic Studies (INSEE) (2013) also explains innovation as a "significant change of a technical, commercial, organizational, structural, logical, or relational nature that has a noticeable impact on the company's activity and its competitive environment. It is based on the results of new technological developments or the use of other knowledge acquired by the company. (INSEE, 2013)

- Exploration/exploitation approaches:

March (1991) distinguishes between innovation resulting from exploitation and innovation arising from new products or services based primarily on the company's existing skills. Exploration-based innovation, on the other hand, is more focused on disruption and the creation of new strategic knowledge and skills. (March, 1991).

Gupta et al. (2006) believe that it is necessary to reconcile the two notions that form the basis of the concept of ambidexterity, which refers to "the simultaneous pursuit of exploration and exploitation through differentiated but closely linked subunits or individuals, each of which specializes in either exploitation or exploration. " (Gupta et al., 2006)

Therrien et al., on the other hand, base their thinking on innovation solely on the concept of exploitation. They believe that innovation is a complex process linked to changes in production functions and processes. Companies seek to acquire and exploit their technological skills, which constitute resources to be transformed through innovation capabilities. (Therrien et al., 2011).

- Creativity-based approaches:

Amabile (1988) defines innovation as “the implementation of ideas arising from creativity,” and creativity in organizations as "the production of new and useful ideas by an individual or a group of individuals working together " (Amabile, 1988).

Woodman, Sawyer, and Griffin (1993) believe that organizational creativity is considered a subset of the field of innovation, which itself is a subset of organizational change. (Woodman et al., 1993)

c. Types of innovation in businesses

Many economists and stakeholders have considered classifying types of innovation. Here are a few examples.

- Schumpeter's classification:

Economist Joseph A. Schumpeter proposes five types of innovation:

- The manufacture of products and goods: whether goods or services. This first type of innovation includes radical transformations (new products) but also more limited ones, which are referred to as incremental innovations.

- Production methods (processes): this concerns production methods, whether in terms of tools, logistics, or organizational methods.
- Opening up new markets (opportunities): This innovation corresponds to the opening up of new markets, such as the emergence of a collaborative economy that brings with it new market behaviors.
- Renewal of raw materials (sources of supply): The development of new sources of supply, raw materials, and energy.
- Work organization: innovation in the way workers cooperate within an organization.

- Market classification:

Market classification proposes five types of innovation:

- Disruptive innovation changes suppliers, competitors, products, and/or is accompanied by disruptive technology. For example, the shift from VHS to DVD.
- Radical innovation involves inventing new series of goods or services that are new to both the market and the company. It does not respond to any existing problem. Example: virtual reality headsets, which are new to the market.
- Incremental innovation involves making small changes to a product without disrupting its conditions of use. Example: the transition from landline to mobile telephony.
- Assembly innovation involves combining several products or innovations that already exist on the market to create something new. Example: the first package deals in tourism: hotels, spas, etc.
- Adaptive innovation is the adoption of a new solution known for another use.

Example: Auto lib (a public car-sharing service) inspired by Velib (a public bicycle-sharing service).

- The Oslo Manual classification

The Oslo Manual also proposes four types of innovation according to (OECD, 2005):

- Product innovation corresponds to the introduction of a new product or the improvement of its characteristics: quality, reliability, use, etc., with the aim of differentiation. (For example, replacing materials with improved characteristics: breathable textiles, resistant composites, environmentally friendly plastics, etc.).
- A process innovation is the renewal of equipment, software, and the improvement of a production or distribution method. Its objective is to reduce costs and increase productivity in order to lower prices or increase margins... (For example, installing new or improved manufacturing technology, such as automation equipment or real-time sensors that can adjust processes, or developing computer-aided products).
- Organizational innovation corresponds to the implementation of a new organizational method in company practices. It is a broad concept that includes structural (efficiency and production), behavioral (HR), and strategic (product/service quality) dimensions (Gera, Gu, 2004). It can affect the internal organization of the workplace or its external relations. (For example, the first introduction of management systems for general production or procurement operations, such as supply chain management, business reengineering, lean manufacturing, and quality management systems).
- Marketing/commercialization innovation involving significant changes in the design,

packaging, placement, promotion, or pricing of a product. Its purpose is to best meet the needs, desires, and expectations of customers in order to increase profits and market share. (For example, significant changes in the design and manufacture of a furniture line to give it a new image).

3. Marketing as a driver of growth

a. Definition of marketing

Marketing theory can be defined as a set of concepts, principles, and models that aim to understand and explain the processes involved in the creation, communication, distribution, and exchange of products and services in markets. It seeks to analyze consumer behavior, identify market needs and expectations, and formulate marketing strategies and tactics to achieve business objectives. ("Marketing Management" by Philip Kotler and Kevin Lane Keller)

- According to Le petit Robert:

“Marketing is the set of actions aimed at analyzing the current or potential market for a good or service and implementing the means to satisfy demand or, where appropriate, stimulate it.”

- According to KOTLER:

“Marketing is the economic and social mechanism by which individuals and groups satisfy their needs and desires through the creation and exchange of products and other entities of value to others.”

b. The Role of Marketing

Marketing plays an essential role in the growth of a business. It involves identifying, anticipating, and satisfying customer needs in a profitable manner. Here are some of the ways marketing can contribute to business performance:

- Customer acquisition:

Marketing helps attract new customers and expand the existing customer base. Effective marketing strategies can improve the company's visibility, increase its reputation, and generate qualified leads.

- Competitive differentiation:

In a saturated market, marketing helps differentiate the company from its competitors by highlighting its competitive advantages. A clear value proposition and strong positioning strategies enable the company to stand out and gain market share.

- Customer loyalty:

Marketing is not limited to simply acquiring customers; it also aims to retain them. An effective loyalty strategy increases customer retention, encourages repeat purchases, and promotes positive word of mouth, contributing to the long-term growth of the company.

c. Marketing as the key to success for modern businesses

In a constantly changing world, where competition is fierce and consumer expectations are increasingly high, marketing plays a key role in business success. Whether it's to attract new customers, retain existing ones, or stand out from the competition, a well-designed and implemented marketing strategy can make all the difference. This article highlights the importance of marketing in today's environment and explores the key strategies and tools used by businesses to achieve their goals.

- Understanding consumer needs:

The first step for any business is to understand the needs and desires of its customers. Marketing enables companies to conduct in-depth market research, analyze consumer behavior, and segment the market according to specific preferences and characteristics. This in-depth knowledge of consumers allows companies to develop products and services that perfectly meet their expectations.

- Creating a value proposition:

Once consumer needs have been identified, marketing helps to create a unique value proposition. This involves defining the advantages and distinctive features of the company's offering and communicating them effectively to potential customers. A strong value proposition helps to differentiate the company from its competitors and attract consumers' attention.

- Promotion and communication:

Marketing is also responsible for promoting and communicating the company's products or services. Through targeted communication techniques such as advertising, public relations, social media, and digital marketing, companies can effectively reach their target audience and inform them about the benefits and features of their offering. Well-planned communication strengthens brand awareness, creates interest among consumers, and encourages them to take action.

- Customer relationship management:

Marketing is not limited to acquiring new customers; it also plays a key role in customer loyalty and satisfaction. Customer relationship management involves building strong relationships with existing customers, understanding their changing needs, and offering them personalized experiences. Strategies such as relationship marketing, after-sales service, and personalized offers help strengthen customer loyalty and generate positive recommendations.

4. The interaction between marketing and innovation: an integrated approach

Marketing and innovation are closely linked and reinforce each other with a synergistic interaction that is essential for improving the overall performance of the company. Innovation creates new opportunities for marketing, while marketing provides valuable information to guide innovation. Here's how these two areas interact:

a. Consumer insights

Marketing gathers valuable information about consumer needs, expectations, and preferences, which can inspire new ideas for innovation. The data collected by marketing can help R&D teams develop products and services that meet specific customer expectations and demands, thereby improving customer satisfaction and loyalty.

b. Communication of innovation

Marketing plays a crucial role in communicating and promoting the company's innovations. It helps create demand in the market by highlighting the unique benefits and features of new products or services. Effective communication reaches a wide audience and generates rapid adoption of innovations.

c. Customer feedback

Also known as customer feedback-driven innovation: Marketing enables the collection of comments and facilitates the gathering of feedback and customer responses to innovations. This information is valuable and can be used to improve existing products, develop and identify new

features and opportunities for innovation, and guide future innovation efforts in R&D.

5. The impact of innovation and marketing on business performance

Innovation and marketing play a key role in a company's performance. Their impact can be seen in several ways:

a. Competitive advantage

Innovation allows a company to differentiate itself from its competitors by offering unique and innovative products or services. Marketing, on the other hand, promotes these innovations to potential customers. By combining innovation and marketing, a company can create a significant competitive advantage by responding to customer needs and desires more effectively than its competitors.

b. Growth and expansion

Innovation can stimulate business growth by introducing new products or improving existing ones. Marketing plays a key role in identifying the most attractive market segments, developing effective marketing strategies, and reaching target customers. Together, innovation and marketing can help a company expand its presence into new markets, attract new customers, and increase its revenue.

c. Customer satisfaction

Innovation makes it possible to respond to changing customer needs by offering innovative, high-quality products or services. Marketing, meanwhile, makes it possible to effectively communicate the benefits and value of these innovations to customers. By combining innovation and marketing, a company can offer a better customer experience, strengthen customer loyalty, and generate positive recommendations.

d. Resource optimization

Innovation can also enable a company to optimize the use of its resources by improving internal processes, reducing costs, and increasing operational efficiency. Marketing can help maximize the value of these innovations by strategically positioning them in the market and optimizing sales and promotional efforts. This combination of innovation and marketing enables a company to generate economies of scale, improve profitability, and achieve better financial results.

e. Innovation as a performance driver

Innovation is a key driver of business performance and competitiveness. It involves developing new ideas, products, services, or processes that respond to changing consumer needs. Here's how innovation can influence business performance:

- **Sustainable competitive advantage:** Innovation creates a sustainable competitive advantage by introducing unique products or services to the market. Companies that invest in research and development (R&D) and encourage creativity and experimentation are better positioned to stand out from the competition.
- **Adaptation to market changes:** Companies that innovate are better able to adapt to market changes. By anticipating emerging trends and developing innovative solutions, they can proactively respond to consumer needs and remain competitive in a rapidly changing environment.
- **Improved operational efficiency:** Innovation is not limited to products or services; it can also be applied to internal business processes. Adopting innovative technologies and

more efficient work methods can improve productivity, reduce costs, and increase overall profitability.

6. Conclusion

In conclusion, the analysis clearly demonstrates that innovation and marketing are essential and complementary levers for improving business performance. According to Kotler and Keller (2016), marketing goes beyond simple commercialization to become a major strategic function that identifies, anticipates, and satisfies consumer needs while creating value. This ability to build lasting customer relationships and effectively segment the market promotes increased market share and loyalty, which are key elements of organizational performance.

Innovation, a concept studied in depth by Schumpeter (1934), is a vital driver of growth, as it not only develops new products and services but also transforms internal processes to optimize productivity and increase efficiency. Innovation thus enables companies to respond quickly to technological developments and market changes while stimulating research and development, which is a determining factor in a competitive environment.

The synergy between marketing and innovation generates a sustainable competitive advantage by providing a better understanding of customer expectations and promoting product differentiation. This interaction also strengthens companies' ability to adapt to market disruptions (Teece, 2010). An integrated and collaborative approach between these two functions encourages an organizational culture conducive to creativity, agility, and overall performance.

Thus, to ensure their long-term competitiveness and growth, companies must adopt a strategy that coherently integrates innovation and marketing, while stimulating communication and cooperation between these areas. This strategic orientation is a key factor for thriving in a dynamic, constantly changing economic environment that is increasingly demanding in terms of added value for consumers.

In conclusion, the strategic integration of marketing and innovation is crucial to stimulating growth, competitiveness, and sustainability for businesses in a dynamic economic environment. Successful companies are those that promote close collaboration between these two functions, leverage customer data to innovate, and communicate effectively to ensure rapid adoption of their innovations in the marketplace.

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