

THE IMPACT OF THE IMPLEMENTATION OF INNOVATIVE TECHNOLOGIES ON THE COMPANY'S PROFITABILITY

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In modern economic conditions, the development of any enterprise is impossible without the introduction of innovation policy, development of science and technology, modernization of equipment and facilities, etc. Innovation has become crucial for all organizations and companies.

With the purpose of being competitive, a company must differ from others in the market, which means, introduce a differentiation policy, or be a price leader, in other words, offer goods of the proper quality but at a lower price. Innovation is essential in both cases. Speaking of companies that have chosen a differentiation strategy, with the aim of offering the product that differs from similar ones on the market, the companies have to apply an innovative approach and improve a product that stands out from the rest. Those companies that have chosen to be price leaders must constantly innovate primarily in production technology in order to minimize costs. In addition, there are companies that have achieved success and become world leaders by launching an innovative startup. The problems of this research are considered in the works of domestic and foreign scientists (Santa, R. et al., 2017 [5]; Birdi, K. et al., 2008 [6]; Levchenko, V. et al., 2018[7]; Kendiukhov, I. et al., 2017 [8]; Vasylieva, T. et al., 2018 [9]; Lyulyov, O. et al., 2017 [10]; Bublyk, M. et al., 2017 [11]; Domashenko M. et al., 2020 [12,14]; Njegovanović, An., 2019 [13]; Obeid, H. et al., 2020 [15]; Thomas, G., 2020 [16];. Yelnikova, Yu. et al., 2020 [17]; Abolfazl Akhondzadeh, 2019 [18]; Kandel, B.K. et al., 2018 [19]; Khan, Md et al., 2018 [20]; Delanoy, N. et al., 2020 [21]; Brimah, B. A. et al., 2020 [22]; Tran, C. et al., 2020 [23]; Karaoulanis, A. et al., 2020 [24]; Skrynnyk, O., 2020 [25]).

One of the main goals of every enterprise is development and introduction to the market of new goods. Obviously, new products are the relative concept. Thus, according to global estimates, only 10% of products that appear on the market can be referred to the global novelties. Accordingly, these goods and services set the trend and create a new market. For most products, innovation is primarily a modification of existing products, rather than absolute functional changes.

Nowadays it is extremely important for companies to invest in Research & Development (R&D) of their enterprises in order to conduct researches to identify the directions of future growth and the ways of improvement of existing products that can be interesting for their shareholders. In scientific works (Gu, L., 2016 [1];

Alam, A., 2020 [2]) the authors represent the role of R&D investments in the performance of companies.

Innovation can influence the company's profitability in different ways. Firstly, by implementation of innovation, firms can improve existing products and services. Customers are no longer interested only in cheap products, they pay attention on global problems and how the companies react to them. That is why companies try to develop their products in a way it can benefit and contribute to both its profitability and sustainable development. For instance, the automobile manufacturer BMW is famous for its innovative measures towards sustainability, and in 2019 the company reduced the CO_2 emissions by 70% in comparison to 2006, which corresponds to annual reduction of more than 40 million tons of CO_2 [3]. Another example is world leader of tobacco industry - British American Tobacco (BAT). Working in a quite controversial industry, the company invests in innovation in order to offer new products to the market that are less harmful to both human health and the environment. According to its Sustainability Report 2020 [4], BAT has introduced a wide variety of non-combustible products like vapour products, tobacco heating products as well as modern oral products, which have less negative effect on the deforestation, carbon emissions and human health in comparison with ordinary tobacco products. Innovation helps companies to become more competitive and to attract new customers that accounts for growth in profitability.

Second of all, introduction of innovative technologies in the business is not something voluntary, it is a necessity business need to follow in order to stand out from the rest of the competition. Technologies are developing so fast and product can be out-of-date quite rapidly. For this particular reason such companies as Nokia and Kodak failed to catch up with time and competition and in the end went out of business. On the other hand, it is simple to distinguish Tesla among other car manufacturers and Tesla's innovative technologies account for it. Being competitive and innovative causes the rise of prices and thus the increase of revenue.

Moreover, innovative technologies in marketing can attract an immense amount of new customers. Marketing innovations, or innovations in marketing, can be described as the use of improved or new marketing methods and tools during the process of creating or distributing goods (technologies, services, management decisions) in order to more effectively meet the needs and demands of consumers and producers. Speaking of marketing of new products on the market, the launch of a new product on the market should be supported by appropriate marketing measures, which have certain different features in comparison with the marketing of a known product. Marketing innovations are aimed at better meeting the needs of consumers, expanding their list and quality, opening new markets to increase sales and ensure the effectiveness of marketing activities of industrial enterprises in today's changing environment. Speaking of new technologies in marketing, it is becoming widely popular to use Virtual Reality or Augmented Reality with the aim

for representing products in a new creative way. For example, several years ago a Spanish clothes retailer Zara launched Augmented Reality App for shoppers, by using which consumers can check in advance how that particular clothes would appear which can significantly influence the sells and as a result the profit of company. One of the examples is the creation of innovative packaging for goods, namely, eco-friendly packaging, which is less harmful to the environment. Examples of such innovative policies in attracting buyers are many companies such as PUMA, H&M, Danone etc.

Finally, innovation affects also operational management and employees in general. In scientific works (Santa, R. et al., 2017 [5]; Birdi, K. et al., 2008 [6]); the authors describe the role of innovation in operational management. New technologies help to facilitate the process of division of responsibilities and tasks as well as to control different business processes. It is no longer necessary to spend hours on attending staff meetings, where workers just waste their time. There are a lot of online platforms where it is easily to divide and control certain process. By using it, workers can concentrate more on their responsibilities, which influences both the productivity and the profitability. The main functions of innovation management include: planning, marketing, organization, control and analysis of the effectiveness of innovation. Based on the listed functions, the main stages of the implementation of innovation management can be distinguished as collection and analysis of information; setting goals for the innovation process; development of common innovation strategies as well as making management decisions.

To conclude, innovation has a big influence on the business and it can enhance its profitability by multiple ways: from increasing attractiveness of the products to improving operational management. The main goals of innovation are improving competitive positions in the market, improving production and sales activities, increasing the efficiency of organizing workplaces, as well as reducing the negative impact on the environment. In order for a business to be successful, companies need to constantly improve products and services, and also offer new products on the market. That is the reason why it is extremely essential for companies to implement innovative technologies otherwise business would collapse.

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