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**JOSEPH ALOIZ SCHUMPETER'S SCIENTIFIC HERITAGE AND TODAY:  
A VIEW FROM THE PAST INTO THE FUTURE**

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The materials of the conference are based on the results of Joseph Schumpeter's research in content of his scientific achievements. Theoretical heritage of scientist and its formation and evolution, modernization mechanisms of socio-economic systems are considered. Also there is a analysis of market transformation, of factors that make economic security of business mare strengthened, of trends that are shaping new parameters of international economic relations, of regional economy and industry markets. Social entrepreneurship is exuded like innovative mechanism of social changes and increasing quality of life.

Authors express their own opinion that is concerning on the solving of actual problems. Most of them are from leading educational institutions of Ukraine, Austria, Norway.

It's for all who conducts economic research: scientists, practitioners, school teachers, postgraduates, students.

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## **THE DEVELOPMENT OF MODERN COMPANIES BY MEANS OF INNOVATION ADVERTISING METHODS**

Market relations mean that the enterprises, big as well as small, have to increase their competitiveness. To do so, they use advertising in order to promote their goods and services. Therefore, it is crucial to create, improve and apply the innovative means of advertising.

The following domestic and foreign researchers have contributed to shaping the advertising strategy: Voichak A., Harkavenko S., Herasymchuk V., Zahorulko V., Mova V., Zavadskyi I., Moroz L., Pocheptsov H., Romat Ye., Starostina A., Shchelkunov V., Aaker D., Batra R., Barnett G., etc.

According to the purpose, the following **objectives** have been completed:

- 1) The essence of innovation and innovative process has been reviewed;

- 2) Theoretical approaches to definition and functions of the innovative advertising means has been reviewed;
- 3) The value of the innovative advertising means has been revealed.

The innovative advertising means are **the object of this study**, and the development of modern companies by means of innovation advertising methods is **the topic**.

### **Schumpeter's waves of innovation**

The Austrian economist Joseph Schumpeter assumed that innovations appeared not evenly, but rather as clusters. The latter means a totality of innovations that define the state of the economic for a long time.

J. Schumpeter was M. Kondratiev's follower. He believed that the long waves were created through concentration of significant innovations in certain branches, and each basic innovation gave way to secondary ones that improved the current goods, thus starting a secondary wave. Schumpeter categorized the waves that had taken place throughout mankind's history by the factors crucial to their expansion:

- 1) 1790-1840 (based upon mechanization in the textile industry);
- 2) 1840-1890 (invention of the steam engine and development of railway transport);
- 3) 1890-1940 (global electrification and development of siderurgy [black metallurgy]);
- 4) 1940-1990 (the development of petroleum industry and organic chemistry products).

The researchers that addressed this question ascertained that Kondratiev's 5th wave had begun in the 1990s, and its key factor was the development of microelectronics and computers.

Schumpeter's theory states that the new does not descend from the old, but rather appears beside it, then substitutes it, causing structural rearrangements. Further development is not continuation of the earlier tendencies, but a new turn caused by different conditions and sometimes different people [9].

### **Progressive means of advertising**

Advertising has been used for hundreds of years. Everyone who sold goods knew of it. However, today's means of advertising are significantly different, as it becomes increasingly difficult to draw the consumer's attention. The reason is that any innovative means of advertising eventually becomes common, as more and more vendors apply it. Thus, the consumers stop reacting to such identical advertisements. That is why new advertising means are invented more frequently. As expected, most of them hinge on microelectronics and computer technologies.

Some of the progressive means of advertising:

1. Product Placement,
2. Above the Line-method,
3. Below The Line-method,
4. Sensory branding,
5. Alternative Reality Game,
6. Collaboration
7. Celebrity-marketing [2, 3, 5].

Product Placement is the most famous method of influencing the consumers. The product placement in movies, media, TV shows, video games, and song texts amounted to \$7,6 billion. According to PQ Media, the world market of product placement grew annually by 27,9% from 2005 to 2010. The growth of product placement market exceeds that of regular advertising market. Because the advertisers face the legislative restrictions on the regular advertising markets, they put up efforts to develop product placement on the American and Asian markets. Hidden advertising is more strictly in Europe. The USA is a leader when it comes to product placement, which has shown 48,7% growth [1].

Sensory branding is used to promote the goods on the market, to increase sales, recognizability, etc. Visual branding focuses the customer's attention on the appearance. Auditory branding lies in influencing the customers through music that they will later associate with certain goods. Gustative branding consists in creating unique gustative qualities distinguishing an item from others on the market. Aroma Marketing draws attention by using specific scents. Tactile branding focuses on the feelings experienced by customers when touching the product [2, 3].

Equally popular are ATL & BTL - methods which are decrypted as Above the line & Below the line [6, 7]. The first method was still in use of shares in the media, advertising on television, placing banners. But now these methods are not new. Therefore, experts have come up with a better way to use the principles of ATL. They consist in providing information to the target audience of anyone who will call them the desire to use the services of the company and distribute this information to their friends and start a kind of pyramid dissemination.

Quite popular option is the use of the method ATL ordering the articles in popular online authors. Readers do not realize that their idols did not write an objective view and they are easy to nibble on all the hidden appeals of these articles. Also popular is the use of positive comments about the products on forums given by specially employed people [5, 6].

BTL-method involves a combination of direct marketing, sales promotion, PR. The key point is the possibility of direct contact of company representatives with consumers. It means sending direct mail messages to others. Examples include promotion game HALO3 by Microsoft, which provided a series of competitions, could create a large number of commercials, organized several shows at game shows and even developed a statue of the main hero of the game and put his exhibit at Madame Tussah in London. Due to this method, this game has become the best selling success in the history [5, 7].

Collaboration is the process of two or more people or [organizations](#) working together to realize or achieve something successfully. Nowadays collaboration with firms, is called more stylish (collab). One of the brightest examples of collabs is cooperation of Adidas and Kanye West work. It's a very effective method of product promoting. One of the oldest collaborations is the cooperation of Michael Jordan and Nike. The joint ventures of Rihanna and Puma, Adidas Run DMC are also very popular. A lot of companies, mainly clothes brands, are working out clothes lines with celebrities to rise selling of some goods.

Celebrity-marketing – involving of celebrities into advertizing or PR-company – has rather big life story and it is marked by high value. It was extremely popular in 90s of the previous century. At that time multimillion advertizing budgets were spent to pay fees of stars. At the same time such practice was applied in our home business although in our country different companies invited stars to promote goods taking into account intuition and omitting the results of research.

The latest and most innovative advertising method in advertising is ARG or Alternative Reality Game [4]. This new method is just beginning to gain popularity. The main idea is the passage of new interactive games with dynamic plot and solving puzzles to get necessary information encrypted in any real advertising message, the site of a company, etc. [5].

Without advertising activities, even the most successful companies reduced the level of sales, number of customers and total revenue. All leading companies use various advertising methods impact on consumers.

No wonder Vance Packard said: "Advertising is the *art of aiming* for the head and hitting the walle"(Vance Packard, 1989). Without a successful advertising consumer will not even know the existence of good company. And therefore cannot achieve their main goal – profit.

Do not get hung up on the use of a single method of advertising. After all, the leading companies skillfully combine various promotional activities. Not all of them produce the desired result, but with a large number of advertising chance that products will not be noticed, will be minimal.

Modern companies under the influence of competition and innovative develop advertising themselves. To concede to competitors, the companies improve production technology and product quality. Also today the companies are trying to please the customer, paying attention to details such as interior car scent and so on. Due to heavy competition every day there are more newer and newer methods of advertising. Each company is trying to come up with something new that will impress consumers more than an idea or technology competitor. Thus we can say that companies do not just come up with innovative methods of advertising, but also that new advertising techniques contribute to the improvement of modern companies.

So we come to the conclusion that today touch marketing, product placement, ATL & BTL - methods and Alternative Reality Game are relevant technologies and impact on consumer psychology and behavior. Sensory branding is popular in the automotive sector, and product placement is popular in the film industry. ATL & BTL – methods are used by companies producing equipment. Alternative Reality Game is promising new technique that shows its effectiveness and has great future of advertising methods to influence the psychology of consumers.

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