Łukasz Wojciechowski
University of Economics and Innovation in Lublin
lukasz.wojciechowski@wsei.lublin.pl
ORCID ID: orcid.org/0000-0002-9403-6412

Sylwia Skrzypek-Ahmed
University of Economics and Innovation in Lublin
Sylwia.Skrzypek-Ahmed@wsei.lublin.pl
ORCID ID: orcid.org/0000-0002-1211-0683

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# ECONOMIC AND SOCIAL CONDITIONS OF LAUNCHING A NEW PRODUCT ON THE MARKET

# UWARUNKOWANIA EKONOMICZNE I SPOŁECZNE WPROWADZANIA NOWEGO PRODUKTU NA RYNEK

## Abstract

The creation of new products and services and their introduction to the market is the lifeblood of the modern economy and is largely indicative of its maturity and innovation. The reasons that stimulate companies to launch new products on the market can be divided into internal and external. The first group includes factors such as the search for opportunities to increase profit or reduce costs, generate higher sales revenues, or seek to build a positive corporate image among buyers and competitors. External factors, on the other hand, are generated by the company's environment and include: increasing competitive pressure, changing legal regulations, emerging new technologies, or demographic and socio-psychological changes.

## Streszczenie

Tworzenie nowych produktów i usług oraz ich wprowadzanie na rynek jest siłą napędową współczesnej gospodarki i w dużej mierze świadczy o jej dojrzałości i innowacyjności. Przyczyny, które stymulują przedsiębiorstwa do wprowadzania nowych produktów na rynek, można podzielić na wewnętrzne i zewnętrzne. Do pierwszej grupy zalicza się czynniki, takie jak poszukiwanie możliwości zwiększenia zysku czy ograniczenia kosztów, generowanie wyższych przychodów ze sprzedaży lub też dążenie do zbudowania pozytywnego wizerunku firmy wśród jej nabywców i konkurentów. Z kolei czynniki zewnętrzne generowane są przez otoczenie przedsiębiorstwa i wymienia się wśród nich: narastającą presję konkurencyjną, zmieniające się regulacje prawne, pojawiające się nowe technologie, czy też zmiany natury demograficznej oraz społeczno-psychologicznej.

**Keywords:** *market products, sales efficiency, economic market relations, product implementation*

**Słowa kluczowe:** *produkty rynkowe, efektywność sprzedaży, ekonomiczne relacje rynkowe, wdrażanie produktu*

# Introduction

The creation of new products and services and their introduction to the market is the lifeblood of the modern economy and is largely indicative of its maturity and innovation. The reasons that stimulate companies to launch new products on the market can be divided into internal and external. The first group includes factors such as the search for opportunities to increase profit or reduce costs, generate higher sales revenues, or seek to build a positive corporate image among buyers and competitors. External factors, on the other hand, are generated by the company's environment and include: increasing competitive pressure, changing regulations, emerging new technologies, or demographic and socio-psychological changes. The readiness of a product can be expressed by its "innovativeness" in the process of satisfying customer needs. Innovation is an important driver of economic growth and competitiveness (Wołowiec, 2021, p. 55-58).

Every market in the process of its development requires the introduction of new products or services. The development (creation) of a new product consists of many elements of economic, social, technical, organizational and technological nature (Altkorn, 2004, p. 138-157, Kotler, 1999, p. 34, Michalski, 2003, p. 205-206). From the perspective of the company, a new product is a complete novelty or modification, depending on the goals and organizational capabilities of companies, due to the needed financial outlay (costs) associated with the development and implementation of the product (service) in the market: a new product in the world, in the country, in the region (e.g., a new product in a new market); new production line; new way of providing services (organizational model, process model); complement to an existing production line (a new product complements an existing assortment) or adaptation of the way of providing hear to the new requirements of the socio-economic environment;changing or improving an existing product / service and directing an existing product or service to a new market (Sojkin, 2003, p. 34-39, Sosnowska, 2003, p. 12).

Thus, every company must – in the process of planning and marketing new products / services – distinguish eight stages (milestones of the process): exploration of an idea for a new product / service, evaluation and selection of the idea, marketing analysis, product / service marketing strategy plan, economic analysis, product creation, market testing and commercialization (Fedirko, Zatonatska, Wołowiec, Skowron, 2021, p. 3-26). Searching for a new product idea. This stage involves searching for a variety of ideas to create a new product. The main sources of new ideas are: marketing data, the market, consumers, vendors, competitors. The goal of this stage is for companies to generate as many ideas as possible. There are various methods for generating new ideas: brainstorming, the 635 method, the morphological method, the innovation checklist, etc.

Idea evaluation and selection. In this stage, a preliminary evaluation of all ideas is carried out and the one that both matches the company's goals and the possibility of its implementation is determined. There are two mistakes that can be made at this stage: giving up on a good idea (project) and allowing ill-conceived ideas (projects) to be implemented.

Marketing analysis. At this stage, an idea is tested and a product concept is developed. The purpose of this stage is to determine the attitude of consumers towards the concept of the new product, to gain knowledge about who is interested in our product, who will use it and for what purposes. At this stage, a marketing strategy plan for the new product is designed.

Economic analysis. At this stage it is necessary to have the support of experts, so that you can get an answer to the question: what is the probability that the real sales volume, such as market share and profits from the sale of the new product will correspond to the developed marketing strategy of the company. The sales volume forecast is built based on the analysis of sales of existing and similar products in the market. Similarly, a revenue and cost forecast is built.

Product (service) creation. This stage is followed by the creation of the actual product based on its concept proposed by the company.

Market testing. The sixth stage consists of testing the product in real market conditions. The purpose of this stage is to test the product / service and the proposed marketing (sales strategy), observe the reactions of potential consumers and competitors.

Commercialization. On the information, collected during the testing of the product (service) depends on whether this product will be produced (offered service) or not.

The purpose of the article is a theoretical analysis of the process of introducing a new product to the market, taking into account economic and social aspects. This analysis was carried out on the basis of literature research, reports, analyses and expert reports of national and international institutions.

Induction was used as the main research method. It involves drawing general conclusions or establishing regularities on the basis of analysis of empirically established phenomena and processes. It is a type of inference based on details about the general properties of a phenomenon or object. Inductive methods include the various types of analysis of public and private institutions (including consulting forms), expert opinions, statistical data and scientific documents (scientific articles and monographs) used in social research, which were examined for the purpose of this study.

In addition, the paper uses two general research methods, i.e. analytical and synthetic methods, characterized by a particular approach to the study of reality. Analytical treats reality as a collection of individual, specific features and events. Following this research method involves breaking down the object of study into parts and studying each part separately or detecting the components of that object.

The research methods used in the work are comparative analysis, functional analysis and the dynamic research method. The synthetic method treats reality as a collection of features, its implementation consists in searching for common features of various phenomena and events, and then tying them into a unified whole. Thus, the synthetic method examines and determines the totality of the object of study. Using a comprehensive (hybrid) research approach, the so-called triangulation of data sources was also applied, i.e. comparing information on the process of introducing a new product to the market from a microeconomic perspective, as well as from a systemic – macroeconomic perspective.

## Launching a new product on the market – an operational approach

Preparation for the launch of a new product is a key element that will allow us to maximize its chances of appearing in the consumer's mind. It is therefore necessary to analyze and define the needs, behavior, purchase paths of the potential customer. This knowledge is necessary to build the final product (service), but also the strategy for product development and subsequent promotion. In the process of implementation strategy, it is necessary to establish such elements (activities) as name, logo, packaging, market analysis, marketing strategy, as well as sales strategy (including distribution and sales channels).

If possible, it is advisable to organize fully professional marketing research (qualitative and quantitative) in the target group. In situations where it is not possible to conduct such research, it is worthwhile to conduct an audit of the outlets that will offer our product. Without a comprehensive analysis of the customer in terms of the real motivators prompting him to buy, it is difficult to create an effective company offer. All the tools and forms of communication that will not correlate with the real needs of the customer will not induce him to buy.

The introduction of a new product must be preceded by a precise market analysis. Also, the analysis of opportunities and threats, weaknesses and strengths (SWOT analysis) cannot be omitted. Porter's 5 forces concept is also useful, which refers to the bargaining power of suppliers, buyers, rivalry within the sector, the possibility of the emergence of new producers or substitutes. An analysis of the sales forecast for a product or an entire category (package) of products for several years should also be developed. Usually uncomplicated methods of market analysis are not tratted as independent commercial strategies. Much more often they are used to confirm and evaluate the results of other methods, tools or systems. The advantages of analysis include ease of application and knowledge of the tool that affects the market. Despite the slight difficulty in using the method, experience and familiarity with the market are necessary. Monitoring and analyzing market chart formations is often challenging and not a simple matter. Using advanced mathematical functions, it is sometimes possible to determine the market situation with the help of sophisticated computer systems. The discussion of their effectiveness is still ongoing, even though they often give very good results. These systems drive the sale of software that facilitates the construction of, for example, neural networks (NeuroShell, etc.) or market analysis in terms of fractals or chaos theory. The degree of sophistication and the need for programming skills is often a major obstacle to building similar systems. They can also require large capital resources, due to the need to follow the signals generated, as we cannot determine which are correct and which are false. The most popular methods of analysis are (Surdel, 2006, p. 14, Czubała, 2012, p. 273): SWOT analysis; product life cycle; portfolio strategic analysis; and PEST analysis.

The entire product development strategy will be derived from, among other things, an analysis of companies that offer an assortment that falls within the segment. Competitive analysis involves obtaining as much information as possible about the entities competing in the market with the company. This includes information on the number of competitors, the level of development of competing companies, as well as their ways of behaving in the market (Pilarczyk, Mruk, 2006, p. 46). Competitor analysis helps to understand what tactics the competition is using, what they want to gain and what they are better or weaker at than our enterprise, and thus adjust their way of operating accordingly. Analysis of competitors' actions is also used when creating a media action plan (Kaznowski, 2008, p. 151). When analyzing competition in a given market, attention is paid primarily to (Igantiuk, 2011, p. 13): the companies that compete; the planes of competition; the form of competition; the size of competition; the intensity of competition; and what the companies are competing for (Wrzosek, 2012, p. 78).

Sales strategy allows you to effectively control sales processes or build a long-term action plan. It does not come down only to the preparation of an attractive offer, but also includes marketing activities or the customer service process. It is also necessary to define distribution channels. At the initial stage of introducing a new product, it is worth taking advantage of the knowledge and experience of, for example, a local distributor who will "familiarize" us with the market. The specific course of action depends on the types of goods offered by a given company and consumers, but usually the tasks of a sales strategy are as follows (Reśko, Wołowiec, Żukowski, 2010, p. 34-48):

- forecasting – finding new consumers;
- planning – determining how much time to devote to current and future customers;
- communication – informing consumers about the products offered or services provided by a specific company;
- selling – starting a relationship with a specific customer, making a presentation, clarifying doubts and signing a contract;
- service – unraveling customer difficulties, proposing technical service, guaranteeing a source of financing and preparing the delivery of a good or service;
- information gathering – performing market analysis and intelligence activities;
- allocation – the process of selecting customers when there is a shortage of a particular product or service.

Consumer communication strategy. This type of strategy focuses on how communication with consumers will be carried out. A well-constructed offer is not enough to successfully market a product. It is also necessary to create the right relationship with customers. To do this, it is necessary to characterize the audience groups, implement procedures for auditing the communications carried out by companies offering a product that falls into a particular segment. A pyramid of differentiators defining the most relevant features of the product will be helpful. Other elements that make up the communication strategy include defining the big idea, the guiding theme that defines the product, as well as the tone of voice, the characteristic style of communication. We also can't forget about the appropriate choice of communication channels.

## Stages of creating a communication strategy for product launch

The consumer communication strategy should be carefully designed, written out, and then implemented step by step. Preliminary audit – is a baseline analysis, that is, to determine where the company stands in terms of communication. It also involves an analysis of its past activities in the market and the background of the competition. It will also allow you to review should A good starting point is a SWOT analysis, which will determine the current situation of the company and its potential. It will also allow you to review the tools and channels used for communication by competitors and the main differentiators that characterize it. Audience characteristics – this is an analysis of the target groups to which the message is to reach. We distinguish between strategic groups: direct: which usually include the company's potential customers and tactical groups, and indirect – through which we can influence the behavior of strategic groups, i.e.: the media, experts, opinion leaders in the field, bloggers, etc. Defining target groups involves specifying exactly who the target audience is, what their needs are, what they are concerned about, what problems they have. Market and competitor analysis – this is an analysis of market expectations, determining where the company is now, how it communicates with competitors, what tools it uses and what it communicates to its audience. At this stage you should prepare a list of major competitors and analyze their activities. Determination of goals – is to find an idea, i.e. a big idea, on the basis of which public relations activities will be prepared. This is the main idea consistent with the strategy, expressed in two sentences, very much related to the company's mission and vision. In addition, you need to specify: the business objective – the goal of the organization for which the strategy is created. Usually this is to sell a product, in the case of, for example, a non-governmental organization, it may be to obtain grants for its activities, the strategic goal – the direction of communication activities, and the communication goal – the goal of PR activities expressed in measurable terms. Communication style – is a set of norms, phrases, slogans and rules by which messages are created. Determining a brand's individual communication style, i.e. tone of voice, makes it possible to tailor messages to the needs of the audience. Tools and channels of communication – is the choice of specific means to be used to implement the tactics, selected on the basis of the capabilities and needs of the audience, as well as about their personal and time resources. Results research – is the determination of measures of goal achievement to assess whether the goals have been met and the intended results achieved is extremely important.

ROI (return of investment, return on investment) will show whether and how the invested budget returned in image benefits, i.e. whether it was profitable. KPIs (key performance indicators), on the other hand, are the translation of goals into concrete results, such as a 100 percent increase in the number of downloads of an e-book, 40 publications in the media, 80 shares on Facebook. Any company wishing to appear in the minds of consumers should show its identity, define the values on which it will build a story and relations with the environment – customers, consumers, government organizations, partners or the media. A communication strategy allows you to conduct PR activities so that they support your business goals, building a consistent and engaging message. It helps discover a company's potential and new ideas for promoting it. Its preparation requires time and effort, but in the long run it brings multidimensional benefits. Moreover, it avoids haphazard decisions, blindly following trends or wasting resources on ineffective activities. When preparing a PR communication plan, it is also important to keep in mind the company's products and services, as each of their elements carries a message. Beginning with the logo, website design, product packaging, placement in a specific context, content styles in publications, to expert and consumer opinions. All this is information, making up the brand image created in the minds of the public (Wołowiec, Bogacki, 2021, p. 95-100).

## The ability to profile – individual approach to the customer

In the era of intensive development of the Internet and mobile technologies, social media is an ideal tool for two-way communication. Through them, firstly, it is possible to create engaging content that is conducive to standing out from the competition, getting the audience interested in your offer and building a positive image. Secondly, visitors to the profile can share their opinions and suggestions. Such feedback is an extremely valuable source of knowledge that companies can use in the future and, based on it, offer products and services that fully meet the expectations and needs of their customers. Thus, in relationship marketing, the ability to profile, that is, to approach the customer individually, is crucial. Gathering information about one's consumers and creating databases is the foundation of such activities. The message will only be relevant if it is individually targeted. To facilitate this task, information technology is providing companies with more and more new tools, such as Customer Relations Management, or CRM, software. Personalized mailing and contextual advertising, tailored to the individual profile of the Internet user, have also developed in recent years. Some brands have adopted Customer Experience Management (CXM)-focusing on the overall customer experience-as their main driver. This is how American chain coffee shop Starbucks, among others, operates. Before relationship marketing developed, companies sold products. Today, a brand is sold, and with it the entire value package. Companies no longer target consumers' wallets, but their hearts – loyalty and a range of positive brand associations are key. How do you convince people to buy this particular soda, even though it's similar to a mass of others, and on top of that costs a bit more? Relationship marketing answers: tie it to lifestyle. Consumers buy certain things not because of who they are, but who they want to become (Dejnaka, 2002, p. 13).

Traditional marketing is statistical segmentation of customers grouped by: age, education, earnings, habits or buying behavior. The target segment in such a situation is always anonymous, as are the actions taken with respect to the selected group. There is no way to divide customers and take specific actions for the most valuable ones. As a result, mass projects tend to be extremely expensive. As a rule, this type of marketing falls short of the company's goals. Customers are not properly motivated to be loyal to the brands they choose. In this regard, partnership (relationship) marketing is an important proposal for strengthening competitive advantages. Appropriate actions lead to cost reduction, concentration on the most significant customers, recognition of their preferences and increase in satisfaction with products and services provided. As a result, a sustainable base of loyal customers is developed and thus the barrier to leaving to competitors is strengthened. It is worth noting that relationship marketing also requires the cooperation of all company departments. Building customer value should take place at the economic, technical, social and legal levels (Jasiak, 2013, p. 91-103). At the time of working out relations with customers, therefore, attention should be paid to: the nature of current company-customer relations with regard to what dimension they can be improved, – precise definition of what constitutes customer value, careful listening to customer needs and expectations, and conducting surveys of the degree of customer satisfaction with the company's products. The above-mentioned elements are very important, because the goal of marketing is to know and understand the customer so well that the product or service fully meets his needs. Only companies that will offer added value to customers while keeping prices unchanged will not find themselves on the losing end (Wołowiec, 2010, p. 71-92).

In summary, relationship marketing should be largely based on (Wołowiec, Reśko, 2013, p. 91-112):

- creating new value for the customer,
- giving a central role to individual customers not only in the buying process, but also when determining the type of benefits,
- requires the company to design and adapt processes, communication tools, technology and people so that it creates the value the customer expects,
- guarantees a lasting relationship between buyer and seller,
- allows to evaluate customers on the basis of the total value of purchases made throughout the period of purchasing activity,
- helps create a chain of partnerships not only within the company, but also with external partners, i.e. suppliers, intermediaries and shareholders.

The process of improving sales effectiveness itself can be put into the following phases:

**DIAGNOSIS OF THE SITUATION => ANALYSIS => IMPLEMENTATION PLAN => IMPLEMENTATION => MEASUREMENT OF RESULTS.**

Inefficiency of sales people, lack of support from other departments, problem with lead qualification – these are common challenges of Polish companies (Wołowiec, Burzyński, 2008, p. 71-82). A way to deal with them may be to introduce a division of labor in sales. How to do it and do the benefits compensate for this not easy change? Salespeople waste most of their time on tasks that could be done by someone else – less competent and less expensive. This phenomenon has been analyzed by Justin Roff Marsh (Roff-Marsh, 2015, p. 20-15, who urges companies around the world to redesign their sales processes. The Proudfoot study he cites found that salespeople around the world spend 11% of their time on sales (the lion's share of their work time is consumed by travel and administrative duties). Justin Roff Marsh has created a special method of Sales Process Engineering SPE (Sales Process Engineering – Synchronization of Marketing and Sales), which organizes efforts to optimize sales processes, through a division of labor. By implementing SPE in sales, it is possible to shift the focus from individual action to concentration of forces and synchronization of various activities (Muzyczyszyn, 2013).

## Professional management of the implementation of new products at the individual level

An effective system for managing the implementation process of new products/services encourages the cooperation of sales representatives and improves joint operations. Using a sales management system or CRM, you can improve the efficiency of the implementation process, the quality of the team's work, as well as automate some tedious tasks and achieve the set implementation and then sales goals (Rudawska, 2004, p. 12-16).

Customer Relationship Management (CRM) means customer relationship management or customer contact management. Reading this name, the thought comes to mind that CRM systems are only for managing knowledge about customers and the ability to monitor their behavior. This is not true. Customer Relationship Management systems have the enormous potential of making the customer more important to the company by providing the right infrastructure and IT tools. It makes it possible to change the customer-company relationship, which in the future must pay off with increased profits. In other words, CRM is a business strategy, enriched by technological solutions and organizational infrastructure, to manage customers in such a way as to result in long-term benefits. CRM requires the introduction of a customer-focused way of doing business, ensuring effective marketing, sales and service processes. The overall goal of an organization applying the principles (strategy) of CRM is to take care of the satisfaction, trust and retention and loyalty of profitable customers, and to make the best possible use of their purchasing potential by appropriately forming products and offerings saving customers' time in searching and reducing the company's promotion and advertising costs (Nulman, 2004, p. 56-59).

Thus, the CRM system primarily performs three basic functions, and these are. First: customer relationship acquisition – this mainly involves matching products and services to customers' needs, as well as gaining knowledge about them, in order to provide customers with the greatest possible convenience when making purchases from a given company. This function also includes responding quickly to signals from them. Second: maximizing customer relationships – involves focusing on increasing the value of sales per customer. The CRM system enables activities such as cross-selling – this is cross-selling, which involves selling customers products logically related to those they have already purchased, and up-selling – this is enhanced selling, which involves selling or persuading customers to buy a more expensive version of the products they are interested in. Third: maintaining customer relationships – this involves gaining further knowledge about customers, which will increase the ability to serve them, as well as developing new products tailored to current consumer needs. It is also important to properly motivate employees, so that they make an effort to keep the customer with them. In addition, CRM systems make it possible to automate such activities as: personalizing sales;

communicating with customers, e.g. encouraging them to talk, etc.; developing and running personalized advertising campaigns; preparing discounts for particular products or customers; determining the customer's purchasing capabilities; and predicting future consumer behavior.

The CRM system works on the basis of three basic subsystems. The first is operational CRM (front-office) – this database contains information about transactions and contracts like sales and orders. It covers customers, products, company employees and major market competitors. This subsystem is used in areas such as customer service, marketing, order management, billing and invoicing. The second is analytical CRM (back-office) – it is responsible for the analytical part, and therefore analyzes and processes data on customers and their purchasing behavior. It makes it possible to understand customers' needs based on the information gathered from the operational subsystem. The third is the interaction (communication) CRM – through it, direct contact with customers is possible using traditional and modern technologies, including e-mail, newsgroups, websites, telephone communication, call centers, fax, etc. (Wołowiec, 2021, p. 40-50).

## The advantages of the customer relationship building process

Accepting with relevance the theory of the existence of the need to establish relationships in business, its sources cannot be overlooked. The idea of forming business ties is to take advantage of the synergistic effect between all stakeholder groups of the sales process. Companies strive for a situation in which the result of cooperation will be greater than the sum of their individual actions using the same inputs. Close cooperation with partners is intended to lead both parties to better results and a favorable return on investment in this relationship. Managers should remember that the company itself generates costs, while customers are the source of profit, which is why relationships are so important. On the other hand, however, building lasting relationships requires additional effort and investment. At this point, it is important to return to questions about the essence of loyalty and consider what benefits accrue to the seller from creating lasting ties. In addition, it would also be necessary to consider what such a relationship would look like without incurring additional costs with the title of building a loyal relationship and leaving it purely transactional in nature.

The basic rationale behind companies entering into cooperation with each other is to gain a competitive advantage and a better position in the market (Iacobucci, D., Hibbard, 1999, p. 21). It should be noted that building customer loyalty can sometimes not only be a factor in building competitive advantage, but can condition the survival of a company. Winning together in the market is an overall and broadly defined value for businesses. It is realized through a number of benefits such as greater production and sales capabilities, as well as a wider range of activities (Stankiewicz, Juszczyk, 2010, p. 48). In the context of concrete and measurable effects from ongoing cooperation, theories and models for measuring customer value, such as the Lifetime Customer Value index or the RFM model, are applicable. The former presents a formula suitable for calculating nominal values and can support financial decisions, while the latter is a model based on the ranking method (Novo, 2004).

The RFM model is one of the marketing analysis tools used to segment customers based on their buying behavior over a given period. The RFM model includes the concepts of: recency – the amount of time since the last purchase (e.g., short, medium, long); frequency – the frequency of purchases (e.g., occasional, regular, high) and monetary value – the total value of purchases made (e.g. frugal, average, high). There are no strictly defined values in the RFM model. The manager decides what can be considered a high frequency of purchases, a high value of purchases or a short time since the last purchase. The RFM indicator will be highest if a given customer frequently shops with us, the value of his transactions is high, and at the same time he has made a purchase relatively recently (such people are often called Champions). On the other hand, people who use our offerings very rarely and have not done so for a long time, and the value of their purchases is small, will be assigned a low RFM index. The greater your knowledge of your customers' needs, behaviors and habits, the more effectively you can reach them with your offer. Segmentation through the RMF model, i.e. assigning customers to appropriate groups based on analysis of their buying behavior, brings numerous benefits to the company. Allows you to get answers to the following questions:

- Who are our best and most loyal customers?
- Who has the potential to join the group of most valuable customers?
- Which customers in particular should be fought for so that they don't abandon our offer.
- Which customers can we reach with marketing campaigns that increase engagement?
- What sales and marketing strategies should we apply to each customer group to maximize sales?

Based on our own RFM model settings, we can segment our customers. Then, we apply different sales and marketing strategies for each segment.

Nowadays, building relationships with customers is extremely important, as the customer is becoming a key factor in an organization's competitive advantage. In the whole process, therefore, it is extremely important to measure the real value of the customer, i.e. the Customer Lifetime Value (CLV) indicator. The purpose of this indicator is to calculate the value of the current income that the organization will achieve through transactions with a given customer over the period in which they shop. Why is this important? Because knowing how much a given customer is worth helps answer the question: how much investment can an organization make in acquiring a customer and maintaining a relationship with them to make the investment worthwhile? So, an important advantage of using the CLV indicator is the ability to estimate whether it is financially beneficial for the company to acquire, retain or regain a given customer. This, in turn, makes it possible to evaluate the effectiveness of various strategies before implementing them and choosing the one that is most beneficial to the organization. Many times, it may also turn out that maintaining relationships with current customers will be more effective than acquiring new ones. Knowing customer value translates into making effective decisions in the area of tactical operations. Such decisions will include, for example, the choice of promotion method or the profitability of maintaining a given communication channel.

Ongoing, loyal cooperation also brings tangible benefits in terms of minimizing the cost of doing business. Assuming that the market in which an entity operates requires certain investments for its exploration, exploration and expansion, by dividing the costs of reaching consumers among cooperating companies, they can be less financially burdensome than if companies incurred them individually by multiplying investments. As part of cost reduction, a key aspect is achieving cheaper supplies. A company can enter into close cooperation with an item preceding it in the supply chain and gain under this agreement discounts, favorable delivery times, assured liquidity of goods, and thus minimize inventory holding costs. Costs are also reduced by eliminating unnecessary intermediaries. Instead of investing in vertical diversification of operations or the cost of searching for new sales entities, a company can start a permanent cooperation with an entity that is another link in the supply chain. Permanent cooperation minimizes business risks, facilitates distribution of products or services and improves customer service. An enterprise that has not developed a strong brand of its own, entering into cooperation with an entity that has such an image, also benefits from its positive effects. Value creation is thus positively correlated with the achievement of competitive advantage. The relational approach can be seen simultaneously as a theoretical and methodological direction in management science, as it incorporates almost all orientations of company management, including market, strategy, process, human resources, change and knowledge orientations. At the same time, it requires the coordination of all the elements mentioned.

It is also worth noting that customers are also not the only external partners with whom a company can build lasting relationships. Such entities as suppliers, intermediaries, the labor market, competitors or government institutions should also be included in partner marketing efforts. Mature companies should maintain an appropriate balance between the efforts and benefits of managing relationships with these entities taking into account their impact on the value created for the customer and the company's market value (Deszczyński, 2016, p. 2-9). The parties to the relationship evaluate the costs and benefits of the relationship compared to the benefits they could achieve and the investments they would have to make without the relationship.

Loyalty and promotion of a supplier by a customer is therefore not just about systematically buying and recommending it to others in the market. Loyalty can also manifest itself in a willingness to talk to and give feedback to the supplier about the cooperation and hints about what the supplier can add or change to deliver even more value and satisfaction from the relationship to the customer. Indeed, customer loyalty is not a company resource. It is derived from the relationship the parties have built between themselves and sustained through trust and the delivery of benefits to both parties.

Retail, by definition, is anonymous. So to use CRM methods in it, you need to personalize it beforehand. While this will help CRM, it can hurt sales. A customer accustomed to anonymity may not accept the change or demand great benefits in return, if only in the form of a loyalty program. However, retail sales are also statistical. One can broaden the definition of CRM and move from managing relationships with specific customers to managing relationships with entire groups of them. Preferably just ones that stand out statistically in some way.

## Conclusions

An effective and successful introduction strategy should include the following elements:

- Analysis and definition of the needs and behavior of the potential consumer of the new product. If it is possible, it is a good idea to launch professional marketing research on the target group (quantitative and qualitative). If there is no such possibility, run your own audit on the planned outlets.
- Market analysis and forecast: sales forecast for the entire category for the coming years, definition of seasonality (or lack thereof), Porter's 5 forces concept, SWOT and other tools as needed.
- Competitor analysis: development of volume and value sales of the nearest competitors, identification of strong and weak aspects of the competition.
- Analysis of category promotion strategy: expenses, how to spend, promotion places and analysis of activities in sales channels, use of media
- Product architecture: preparation of a plan for expanding product lines/variants for the next few years and preliminary timing of their introduction

- Product definitione (brand essence, ladder of benefits, identification of opportunities and threats – SWOT, pricing strategy, recommendation sources, portrait of the consumer: defining the target group and its parameters, definition: USP/ESP, positioning, RTB, POD/POP, main product/brand benefits, and others and consumer insight – knowledge of the consumer)
- Sales strategy: distribution channels, method of outreach, channel activities.
- Communication strategy: choosing the way and method of communication with the consumer.
- P&L: sales development forecasts – short and long-term (min. 3 years), A&P budget forecasts, product profitability forecast.
- Implementation schedule: defining all stages of product development, marketing and sales strategy – up to product launch.

Building a sales strategy should include the most important processes, namely:

- Sales planning and budgeting;
- Route-To-Market (RTM) distribution and outreach strategy, and in it on: Customer segmentation, definition and management of sales channels, RTM modeling and distribution models and the resulting size of the sales department;
- SWOT analysis of the market, the company and its competitive environment.
- Business terms and conditions and price list development.
- Key account management process and tools.
- Sales promotion tools and methods.
- Mechanisms for evaluating (measuring) sales results versus costs – ROI.
- KPI's – goals, objectives and measures of success.
- Cost effectiveness of the sales process – profitability analysis of product categories and individual customer groups.

Sales planning and budgeting is undoubtedly one of the most strategically important processes for any manufacturing, trading or service sector company. Planning the most important sales parameters, such as volume, sales channels, prices, terms of trade, sales promotion costs are the basis for shaping the company's annual budget. Budgeting, in turn, is the process of planning all flows of financial resources related to the implementation of a given sales plan.

The most common sales planning methods are based on:

- time periods,
- contracts held,
- product categories or groups,
- customer demand.
- In turn, the key parameters to be included in the sales budget are:
- sales volume,
- prices and terms of trade,
- distribution costs, sales promotion, sales structures.

Sales planning and budgeting – how to develop recommendations.

When preparing a recommendation for planning and budgeting sales of new products / services, it is necessary to take into account such parameters as:

- market conditions and trends,
- Market structure and competitive environment,
- sales channels, taking into account new channels and potential customers,
- sales history and its seasonality,
- production and distribution capabilities of the company,
- price changes,
- launch of new product lines,
- customer and consumer preferences.

RTM distribution strategy – creating a Route-to-Market (RTM) definition. Until recently, the most important role of the RTM process was to ensure distribution of the product/service to as many points of sale as possible. With the development and greater complexity of the market, clearly specialized distribution channels have undoubtedly emerged. The scope of RTM must therefore also change. The market strategy must be consistent with the distribution strategy. This is because the idea is to achieve the desired penetration of products and services to hit a designated and well-defined market niche.

Choosing the right RTM model in today's market environment depends on the type of distribution and market strategy adopted. We can define two types of RTM distribution strategies. First it's a numerical distribution – this is used in a mass market strategy, with a significant volume of products/services sold. They come from multiple sales channels with an emphasis on being present at every available point of sale. To make the product or service available to the widest possible customer or consumer base. Second it's weighted distribution – is suitable for more sophisticated market strategies, targeting a selected market niche. The focus should be on a smaller number of outlets that are frequented by specific and returning customers/consumers (target customers). This model works best in the premium goods segment.

In order to well design the right RTM model for your company, you need to consider the following elements and process. Among the most important of these are:

- segmentation of the customer base,
- definition and management of sales channels,
- development of an optimal RTM model,
- determining the size and structure of the sales and customer service department along with cost analysis.

Modern RTM practices harmonize the needs and competencies of the company's sales, marketing and distribution areas. The interaction here is based on partnership. The distributor's role and responsibilities are clearly defined and communicated. Objectives are known and defined. The requirements for an effective RTM platform are met in one of the following ways:

The sales department is one of the key, but also the most expensive, components of the organizational structure. This fact naturally entails the need to study its effectiveness, which is a key task of the company's management. Additional pressure comes from globalization and consolidation of markets. Hence, increasing competition places even greater demands on sales managers. The effectiveness of sales, both the process and the functioning of the department – is the most important indicator for evaluating the performance of the organization.

We should view sales effectiveness from two perspectives:

1. the effectiveness of the sales process, i.e. the sales organization, the Route To Market (ROM) business conditions, sales logistics, customer service, sales costs, financial flows;
2. the effectiveness of the sales department, i.e. market coverage, effectiveness of sales visits/contacts, results achieved by the sales team (quantitative and qualitative), retention costs vs. added value for the organization.

The process of measuring sales effectiveness itself can be more or less complex. It depends on: the industry, the scale of the organization, the complexity of internal and external processes, but it is always a difficult and responsible process. What questions do company boards ask themselves in this light. Here are the most important ones:

- How to maintain or increase market coverage, the availability of goods or services to the consumer, for example, by attracting new customers?
- How to reduce the share of so-called lost sales?
- How to attract, motivate, develop and increase the results of salespeople?

What result measurement tools to use and how to effectively use the acquired information to properly manage sales? (CRM)

How to use market data – the ability to make sales decisions. The process should include part of the steps:

- Building a mindset in the organization to use data. The term "data-driven" refers to what the information we collect is, how to collect it and where, and then what to do with it. Data is useless if organizations are unwilling or unable to turn it into valuable business information. This must become part of the company's business culture.
- Ensure access to the right tools. A modern sales strategy requires the right sales tools. An organization cannot properly use data without instrumentation to acquire it. It is essential to collect trusted, accurate and reliable data. Having the right technology in sales to collect and analyze valuable data translates into efficiency. It allows you to quickly increase sales performance and ensures that more decisions based on facts are made.

- Establish common organizational goals. Organizations operating in today's "data age," succeed not only because they have more data or that the data is better. It's also because they have leadership teams that set clear goals based on that data. They effectively communicate what success looks like. Indeed, we don't want to collect data just for the sake of art. We need to make sure we have a solid understanding of what is being measured every time. Why it is important and how it affects sales strategy and processes. Sales managers need to have an idea of how data will help predict and optimize business results.
- Provide ongoing training and coaching. Sales coaching and training based on the use of market data can produce results even faster than those implemented through traditional methods. Sales leaders can also use market data to identify areas for improvement. There is also room here for setting specific and quantified development goals.
- Support sales people with data analysis. Many companies do not conduct (or conduct superficial) data analysis of their salespeople's performance. As a result, they fail to identify the strengths and weaknesses of the sales department's performance. The best way for companies to increase their profitability is to start using data. They will help determine which elements of the sales process are the most effective and profitable. This can include the sales channel, sales region, product lines, sales techniques, promotions, etc. The important thing is that the information thus obtained should go to salespeople as examples for further development.
- Data-driven decision-making. Sales leaders need to track many relevant indicators related to the sales process, and then be able to draw conclusions from this information. With the right and relevant data, they can make more informed decisions about sales strategy and the sales process. Sales managers can benefit from reported KPIs such as conversion rates, visit (call) frequencies, average transaction value, sales cycle length and other quantitative and qualitative parameters. These "measurement" points are essential for any sales team. This is because they allow you to understand which factors affect the success of the

company more and which less. In addition, and this is very important , what changes will improve sales productivity and efficiency.

Marketing Automation, is the answer to modern marketing's need for technology. Today, there is a sizable shift in consumer behavior. Consumers seek information multichannel using multiple devices, information sources and communication channels. Therefore, marketing needs a technology that can connect multi-channel communication with a specific consumer and his needs. Then collect and analyze data and respond accordingly. Marketing Automation class systems are a natural response to the real needs of modern marketing. Their most important ability is the ability to connect an individual person with the series of actions he was subjected to and their effect. Building a profile of each acquired contact, the Marketing Automation system combines data from many different sources. Most Marketing Automation systems have similar functionalities, which and include the following subject categories: monitoring the online behavior of contacts; e-mail marketing, CRM and contact management, marketing and sales automation, analytics and reports and advanced functionalities.

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Marketing Automation allows you to create automated processes for forwarding and handling contacts. The small and medium-sized business sector, too, can choose from end-user-focused platforms, which, thanks to their user-friendly interface and simple implementation, can be implemented in a company in just a few days. However, regardless of size, they can count on the following benefits. Automating time-consuming, manual tasks of creating, managing and personalizing content, preparing campaign setup, database hygiene, lead nurturing or communicating with the sales department reduces the cost of ongoing activities and increases productivity. Marketing Automation, based on demographic, behavioral (online behavior) and scoring data, makes it possible to generate leads more efficiently and deliver them to the sales department at the moment they are ready to contact the salesman. Marketing Automation systems are now integrated with multiple customer communication channels. The solution provides a holistic profile of each customer and a better understanding of their needs.

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