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THE IMPORTANCE OF THE INNOVATION PROCESS IN THE B2B MARKET

The previous century was a period of substantial technological progress, invention after invention, which has changed the environment dramatically and set the tempo for future evolution. The invention of new products has become a frequent way of expanding business, which requires companies to constantly monitor the market and invest in research and development departments.

A new product should correspond to one of the following criteria:

- Include new consuming functions (to be used in new areas and/or to satisfy new consumers)
- Cover new groups of consumers, markets or market segments
- Have new production technology.[5]

Innovations in the B2B market are not a privilege anymore but a necessity. There is a strong relationship between a firm's performance and technological innovation, which depends on several factors.

First of all, the ability of firms to transfer technology investments into innovation is likely to be influenced by firm-specific resources such as managerial skills, technology know-how, experience, the presence of technical experts and prior technological investments.

Secondly, the type and suitability of innovation that emerges from the firms' R&D investments to complement their business activities.

Thirdly, the intensity of the markets' competition which relates to the timing of the innovation (whether the firm is a first mover, a follower, or a laggard in implementing a particular innovation), the price elasticity of demand, the absolute size of the market, and the negotiation power of the innovating firm vis-à-vis suppliers and customers.

And last but not least, choosing an appropriate strategy. For example, creating new hard-to-imitate products will be beneficial and can help the firm to gain more profits from innovations, suggesting that the success of these tactics is likely to vary across industries and with the type of innovation carried out. [3]

In such a scenario, where companies are unable to gain competitive advantages from their innovation, competitors can gain through open competition.[2,4] To evade the issue, companies normally seek out earnings through innovation by employing various strategies, including confidentiality, lead time, patents, and the use of complementary

capabilities.[1] However, the effect on a firm's performance will still depend on the strategy chosen.

Nowadays, the use of up-to-date technologies is emphasizing the status of a company and forms its reputation by providing customers with an effective and modern solution. Customers in the B2B market can understand and appreciate the number of resources involved in the process of implementing innovations into the product, which benefits consumer long-term loyalty.

Businesses are interested in the development of new products as it gives them an opportunity to:

- Expand sales
- Increase income
- Increase the effectiveness of R&D investments
- Use the present experience in construction engineering, technical engineering, and technical production stuff
- Increase the production and capacity utilization
- Increase the effectiveness of the logistic system
- Create and maintain the face of an “innovative company”
- Liquidate the adaptation of consumers to the existing product stimuli.[5]

The greatest benefit of innovation is that there is no limit to it, and it can be involved in solving any problem existing with the required motivation and resources.

For instance, there is an issue of constant delays in product transportation by rail because Ukrainian and European railways differ in size, which results in the need for reloading at the border due to the change of gauge, which takes 12 to 20 hours. The problem can only be solved by innovative technologies. The invention of such technology will take place eventually, however, the company that uses it the fastest and the wisest is to benefit from it. This is why the market of railway transportation should invest in R&D departments and constantly monitor the latest technological developments to react quickly when needed.

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