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INNOGROW
Interreg Europe

POLICY BRIEF 7

STIMULATING INNOVATIVE
PRODUCTS DEVELOPMENT

SUMMARY

This brief communicates the lessons learned from a series of INNOGROW research and expertise exchange activities focusing on rural SMEs innovative growth. Specifically, it discusses two specific topics related to creating favorable conditions for SMEs to adopt innovative technologies and practices in all stages of design, production and supply of products. The first topic addressed relates to the support SMEs need with patents' use. The second topic addressed relates to support needed by SMEs in determining the feasibility of innovation uptake.

Patents use

The establishment of a patent is an essential part of the process of innovation and has to be carried out before the product goes into production. A patent is defined as an exclusive right given by law to inventors to make use of, and exploit their inventions for a limited period of time. Particularly for the rural economy SMEs support from public authorities through the implementation of various measures is necessary, in order to establish and sustain the essential operational foundations for driving regional economies. Regional authorities may support rural SMEs in this process by the following methods:

Organization of explanatory meetings and seminars- specifically designed for corporate managers and R&D developers, which will introduce issues on intellectual property rights, as well as strategic acquisition of intellectual property rights that will meet particular regional needs.

Workshops and consultation services on industrial property rights – individually accustomed sessions by experts for guidance on specific issues related to intellectual property rights and patent use. Additionally, the dedicated staff can provide assistance regarding the examination of requests, applications and filing processes.

Other services could include:

- Support for examinations and appeals of industrial property applications
- Reduction of fees and costs.

Studies for New Products Commercial Potential

Targeted **market research and studies** for new products development in the global markets and the international competitive landscape is essential in order to understand consumer behaviour, preferences as well as the market opportunities of a particular industry. Doing so jointly, with the support/cooperation of public authorities and/or other SMEs specialising in related products or technologies entails that their market potential commercial will be beneficial for all players, ensuring the following:

- costs are kept to a minimum
- uncertainty is limited
- products' commercial potential is maximised

Identifying the potential of a new technology is vital for determining and implementing successful commercialization strategies.

Feasibility assessments for new technologies

Feasibility assessments are costly, however they determine the potential economic viability of a process or technology and therefore constitute a crucial step before its introduction in the production process and innovation. Feasibility studies aid to identify if a technology is well suited for a particular process and thus limits economic inefficiencies, eliminates the possibility of incompatibility but also verifies the safe introduction of a technology in the work place.

The main types of feasibility assessments for new technologies, which should be carried out prior to the introduction of the new technological process should include the following:

Technical feasibility: Do rural economy SMEs have the technical resources required for the implementation of a particular technology?

Economic feasibility: Does the SME have the financial capacity required to install the technology and machinery?

Schedule feasibility: Will the technology allow for the completion of the product in the required time limits?

Operational feasibility: Is the technology compatible with the product production, requirements and objectives? Are there the necessary resources to ensure the efficient operation and maintenance of the technology in the long-run?

Legal and ethical feasibility: Is the technology in line with relevant national laws and regulations or are there any specific certifications which have to be obtained prior to its use?

When investing in new Products Development, there are usually high risks and uncertainty involved in the process. Other recommendations for rural SMEs New Product Development include:

- Adoption of policies which will **further encourage efficient cooperation** between public authorities and rural SMEs and enhance financial support by introducing national or EU funding programs, on a regional, national and European level.
- Introduction of **educational programmes** will help workers develop the required skills and facilitate the introduction and integration of new, more advanced technologies/techniques in the work place.
- The use of **best practices** and **elimination/tackling of barriers to entry**, particularly through specialized training and education of existing/new employees. Regional Promotion and a suitable marketing strategy for the new product launch.
- **Simplification of legal** issues and **bureaucratic** procedures.
- **Testing** and **piloting** of the product before launching stage.

Some of the most common issues enterprises are facing when considering to invest in new product development are briefly described below:

- **Product differentiation:** Does the product solve a current problem (ex. inconvenience, inefficiency) or introduce a new product/ idea to the market, responding to current consumer trends and needs? The product should be customer-centric focused, targeting a niche market and therefore will it succeed in gaining market share.
- **Obtaining a Competitive advantage:** in terms of quality, time or cost, in order to gain market share
- **Ability to respond** to the market size, standards and requirements, in an existing competitive environment
- **Lengthy and time consuming procedures** in order to research and understand the particular market structure, competition and international landscape. Technology is progressing at a fast rate and therefore enterprises should ensure that they are up-to-date.
- Challenging to acquire the required specialized capital (technology and financial) and skilled labour for the production process
- Protection of initial idea and intellectual property rights