# DEVELOPMENT OF NEW PRODUCTS IN A PHARMACEUTICAL INDUSTRY: A CASE STUDY OF ZARIA PHARMACEUTICAL COMPANY LIMITED

BY

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## DECLARATION

I hereby declare that this write up being a product of my research findings has been solely conducted by me under the able guidance of my supervisor Mr. A.B. Akpan.



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## CERTIFICATION

This project entitled DEVELOPMENT OF NEW PRODUCTS IN A PHARMACEUTICAL INDUSTRY - A CASE STUDY OF ZARIA PHARMACEUTICAL COMPANY LIMITED, ZARIA by SHUAIBU INUWA MORA meets the requirements and regulations governing the award of the degree of Masters of Business Administration (MBA) of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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## DEDICATION

This project is dedicated to my late daughter Khadijat Shuaibu Mora. May her gentle soul rest in perfect peace, Amin.

**ACKNOWLEDGEMENT**

Foremost, I thank the Almighty Allah who has given me the strength and ability to complete this work. It is also my wish to express my sincere appreciation and thanks to my Supervisor, Mr. A.B. Akpan whose contribution, criticism and day to day guidance helped in no small measure towards the successful completion of the project. Thank you.

I wish to acknowledge the encouragement and moral support rendered consistently by my father, Alhaji Muhammed Inuwa Mora, my wife, Karimah S. Mora for also enduring it all and to all others whom because of space limitation will not be able to mention their names. Their valuable contributions are highly appreciated.

## ABSTRACT

This study was carried out to see how the Nigerian Pharmaceutical Industries can effectively plan, develop and introduce new products with particular reference to Zaria Pharmaceutical Company (ZPC), Zaria, Kaduna State.

Data for the study were collected by means of questionnaires administered on the staff of the company (Zaria Pharmaceutical Company) as well as dealers of the pharmaceutical products. Direct personal interviews were also used in collecting relevant marketing information. The published literatures also provided a rich source for secondary data.

The study revealed capital shortage, high cost of developing new products and shortage of important new product ideas as the major problems facing new product develoment and introduction.

The study also cited lack of support from Management, weakness in distribution and poor timing as the major causes of new pharmaceutical product failures.

The study however, recommended a new product policies to be clearly spelt and enforced, and the organisation as a whole to be effectively involved in the new product development programmes.

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# CHAPTER ONE

## 1.1 INTRODUCTION

The development of new product can be said to be clearly one of the firm's most critical activities. This has become an extremely important responsibility of the market group - to help the company identify new market needs and opportunities and respond to them with appropriate and effective product solutions. This must be done with success because some existing products in the company's port folio are in or will shortly enter the decline stage. Replacement products and business must be found in order to maintain or build the company's sales. Furthermore, customers want new products, and competitors will do their best to supply them.

This project is aimed at highlighting how new pharmaceutical products are developed and introduced into the market. It is a unique and very interesting research. This is because it is a study about 'pharmaceutical products' and not just ordinary products. The uniqueness of pharmaceutical products is that they are among the basic necessities of life, without them, life would be difficult.

Developing and introducing new products is expensive, time consuming and risky. It is risky because one may not know what the response of the consumers will be of such products. The response may be favourable or other-

wise unfavourable. Hence developing and introducing pharmaceutical product is different from introducing ordinary products because to produce a brand of medicine, the company must research, conduct clinical tests, provide facilities and eventually market their products. Regulatory authorities attempt to make it mandatory for all pharmaceutical marketers to provide full names of drugs therapy which are likely to grow. The increasing government control of pharmaceutical marketing through NAFDAC poses a great challenge to ethical pharmaceutical marketing right from the product introductory stage to it's maturity or decline stage.

In the subsequent chapters this study will talk about product, product life cycle, new products, the marketing mix, promotional tools and many other aspects. This is to be able to show the different phases or a new product from the time it has been developed, introduced to the time it has been marketed and how consumers respond to it.

In introducing new products, the most important consideration is to establish the product on the market. Awareness of the product's existence must be built up in the minds of wholesalers, retailers and customers.

For the purpose of this research work, a case study is made on ZARIA PHARMACEUTICAL COMPANY LTD (ZPC), Zaria in Kaduna State, in a bid to narrow down the entire

scholarly research work to a unit study. With the advent of new pharmaceutical products, consumers can look foward to new remedies for their various ailments.

## 1.2 STATEMENT OF THE PROBLEM

The Nigerian Public Utility Companies are not the only organisations that customers are dissatisfied with, our pharmaceutical industry has a reasonable share of the complaints emanating from such dissatisfaction. These complaints range from poor pharmaceutical product to higher prices that are not commensurate with quality. The effect of this is clearly dramatised in the market place where customers or buyers have strong preference for imported drugs. Since the local companies are unable to match their pharmaceutical products with the expectation of the buyers, they stand the risk of going out of business.

The research problem will focus on such areas as:

(i) Price of commodity: At the onset, they have to go up for the cost of production.

(ii) Consumer awareness:- Not all consumers are aware of their new pharmaceutical products.

(iii) Consumers taste: Some products do not meet the requirements of the consumers, others are placement of commodities and of course test marketing.

## 1.3 OBJECTIVE OF THE STUDY

Generally, this study is designed to see how the Nigerian Pharmaceutical Industries can effecitvely plan, develop and introduce new pharmaceutical products. This study will attempt to fulfil the following goals.

1. Identifying those responsible for new product planning and development.
2. Determine the importance of promotion at the introductory stage of new products.
3. Reasons for planning and developing new products.
4. Give adequate prescriptions on the effective strategies to adopt in the development and introduction of new pharmaceutical products.
5. Sources of new product ideas
6. The steps involved in developing a new product.
7. Find out if the decline of an old product necessitates the development and introduction of a new product.
8. How we are faced with the problem of new products, their development and introduction into the market

## 1.4 SCOPE OF THE STUDY

It is a known fact that it will be practically impossible for the Researcher to look at the whole pharmaceutical companies in Nigeria during his course of research study.

Therefore, the research shall be concerned with the planning, development and introduction of pharmaceutical products as it relates to pharmaceutical industries with particular reference to Zaria Pharmaceutical Company Limited (ZPC).

## 1.5 LIMITATIONS OF THE STUDY

As a result of the limited time given for the completion of this study coupled with the financial constraints, only one pharmaceutical industry will be taken as a case study. The company under study is Zaria Pharmaceutical Company (ZPC), Zaria in Kaduna State.

The researcher also anticipates some limitations apart from the ones mentioned above in the course of carrying out this study. Paramount is the dearth of original literature in this study. Consequently, to the larger extent, findings will be based on primary sources. It is however hoped that the findings from the study will provide useful inputs for planning, development and introduction of new pharmaceutical products.

## 1.6 SIGNIFICANCE OF THE STUDY

The significance of this study are as follows:-

(1) To make firms and companies appreciate the need for intensive promotion of new products at the introductory stage.

(2) To establish the importance of effective manipulation of the marketing mix at the introductory stage of new products.

(3) To help improve on methods used in the planning, development and introduction of new products into the market and to ensure how the existence of such products can be a success in future.

(4) To show that the decline of an old product does not necessitate the introduction of a new product.

## 1.7 RESEARCH METHODOLOGY

Data for this study will come from two major sources - primary and secondary sources. The primary data will be collected through the use of carefully designated questionnaires which will be administered and filled by the management and employees of the organsiation (Zaria Pharmaceutical Company Limited). The questionnaires will also be administered on major pharmaceutical retail outlets. Completed questionnaires will be collected and collated. The data will also be collected through personal interviews with both the employees and management of the company. Secondary data will also be collected from text books, past researches, journals, publication units and from the management of Zaria Pharmaceutical Company Limited (ZPC).

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 INTRODUCTION : COMING UP WITH NEW IDEAS

The aim of this chapter is to give basis for the study. Having a good idea is often the basis of a new product. Some ideas come quickly and others are years in deyeloping. Some products are innovative, while others are simple copies or adaptations of existing products.

Good idea or bad, all products start off with an original idea.[1] Any organisation wishing to develop new product should therefore address themselves to the problem of creating the right sort of environment and atmosphere to encourage new ideas and hence new products. All new products involve risk, which is at its highest when the investment is high.[2] In order to reduce risks, the greatest possible care should be taken during the stages of "exploration", "screening" and "specification".

New product development has become a major dimension of competitive activity but despite difficulties in distinguishing precisely what constitute a 'new' product, a considerable proportion of all new products introduction are considered failures and represent a considerable loss both to individual firm and the community at large. Promotional tools have to be brought in when products

are first introduced into the market so that the consumers may be aware of the availability of that product. It is pertinent at this juncture to define what a product is.

## 2.1 WHAT IS A PRODUCT?

'A product is anything that is seen as being able to satisfy a need or want'[3]. 'Suppose one is thirsty, this state of felt deprivation can be expressed as a desire or want for water or soft drink. Here the water or soft drink is the want satisfying product'[4]. A product can also be seen as a complex tangible and intangible attributes, including packaging, colour, price, manufacturer's and retailer's services, which the buyer may accept as offering satisfaction of wants or needs.[5] It is in the light of this that drugs produced by our pharmaceutical industries are being viewed by buyers - something that meets their needs or wants.

Edger defines a product as 'the non financial component in a lease or sales transaction'[6]. A tube of toothpaste, service, asprin, all qualify to be products. From the seller's point of view, products are seen as the sources of revenue while from the buyer's/user's point of view, they represent potential consumption benefit.

## 2.2 PRODUCT POLICIES

Product policies are managerial guides regarding what product will be made or sold and what attributes these products will have. Such policies are end-product of the organisation's consistent customer and marketing orientation.[7] Management's adoption of these orientations recognises the fact that, the organisation's ultimate success, whether measured by total profits, return on investment, market share or any other criterion, is largely dependent upon its product policy.

Infact, an organisation's product policy is fundamental to the whole operation of the business.[8] When an organisation determines to produce a specific product or group of products, it is this decision which dictates the industry to which it belongs, the market it will serve, and the nature and extent of the resources, methods and techniques it will employ.[9] Very often these factors tend to be ignored, as most organisations become inextricably linked with their product line. They fail to define their organisational mission effectively, and in the process find themselves serving a narrow market. Be it as it may, let us not hurry into saying that our pharmaceutical industries have taken a narrow view of their market, because they think in terms of their product offering (the form, style and quality of which are determined

overseas) rather than in terms of the fundamental needs (indigenous needs) which these products thrive to satisfy.

Marketers must therefore avoid viewing the products area of marketing as a given or uncontrollable element in the marketing mix. They must remember that, the mere fact that they still have products or are still in business is because there are customers out there making demands.[10] Once the production or service fails to fulfil a need in the market place, its sales will decline and its marketability may be finished.[11] Many of our pharmaceutical companies see their products as those activities that take place in distribution, promotion and pricing, after the product or service has been developed. This is a faulty thinking because it depicts a product rather than a market orientation.

The Managers must remind themselves constantly that intelligent product strategy is dependent upon a good market input just as are the other three marketing sub-strategies of channels, promotion and price.[12]

## 2.3 THE CONCEPT OF THE PRODUCT LIFE CYCLE: IMPLICATIONS' FOR MARKETING MANAGEMENT

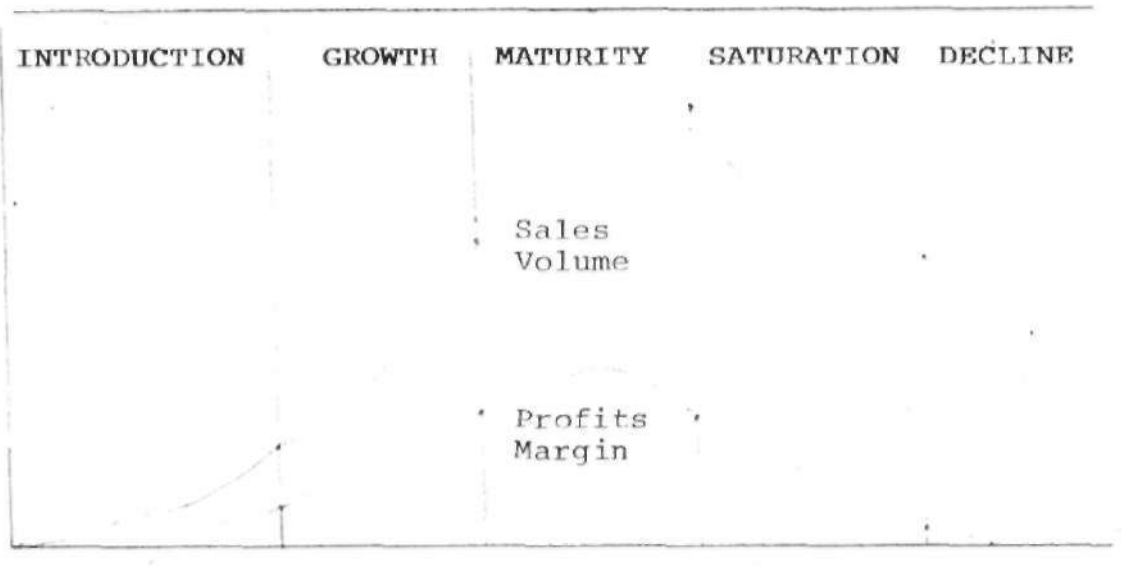



Fig. 2.1 : ADAPTED FROM EUGENE KELLY, MARKETING PLANNING AND COMPETITIVE STRATEGY (EAGLEWOOD CLIFFS N.I : PRENTICE HALL INC., 1972) p. 85

It is only logical that 'over time, man develops new and better ways of satisfying basic needs, with the result that as new products are introduced, established products become obsolescent and eventually pass unto oblivious.[13] Baker likens this process to the human life cycle, with its phases of birth, growth, maturity, seriality and death. This according to him has given rise to the concept of the product life-cycle.

The product life cycle refers to the products sales growth from its introduction to its peak, followed by a decline and its eventual withdrawal from the market'.[14]

The forces that affect the life-cycle of products are purely external to the organisation and such factors include competition, government and consumer demand.

During the introductory stage, profits are almost non-existent due to the promotional and other introductory costs. Profits increase during the growth stage and reaches a peak at the maturity stage of the life cycle. On the saturation stage the product reaches its potential among buyers and the sales curve passes its peak. From this point both sales and profits start declining until they come to zero.

'A business enterprise needs to phase the introduction of new products so that its product mix is well distributed across the various stages of the product life-cycle, without an under concentration at any one point. Too many products at the same stage may age together, and present the risk of simultaneous obsolescence to a substantial proportion of the total product range'[15]

Morden goes on to propose that a business should have a product mix which has a varied 'age structure', so that it has a range of products from 'young' through 'mature', and manages those products which are 'elderly' so that their obsolescence does not unduly demand the future commercial prospects of the enterprise. In line with this he strongly suggest that 'the business must

therefore plan for a flow of profitable and cash generating products to maintain and appoint this age distribution and to offset the development cost of new products'[16]

## 2.4 PROACTIVE PRODUCT DEVELOPMENT STRATEGY

An organisation may be the first to break the new grounds or deliberately take the lead in new developments. This is a proactive development strategy. In Morden's words, 'such a policy carries with it both the maximum risk of failure, and the greater opportunity for the generation of profit and cash'[17]

## 2.5 REACTIVE PRODUCT DEVELOPMENT

Any product development strategy that is designed to follow developments elsewhere is said to be reactive. The advantage here is that the risk of failure is lessened, since the enterprise will try to learn from the mistakes and failures of its more adventurous competitors. The proactive strategy launches the product into the pioneering stage and has the risk of delayed market acceptance. Companies adopting the reactive strategies will wait until someone else has prepared the ground, and launch under more favourable circumstances. Burden notes that reactive development strategies can also take the form of fast seconding. According to him, 'this means the development and marketing of competitive products shortly after their introduction by other companies'[18] The advantage here is that it exploits the promotional activity undertaken by

rivals, especially where the fast seconder is able to gain intensive distribution on a very short time scale.

## 2.6 UNIQUE SELLING PROPOSITIONS

For a new or modified product to gain acceptance of the market, it must possess significant advantages over competing products. Such advantages are sometimes described as UNIQUE SELLING PROPOSITIONS (USP's) or 'Product Pluses' and some examples are listed below.[19]

(a) Accurate product or brand positioning on wants and requirements of specific market segments.

(b) Functional advantage : These include product or service form, design, quality and reliability. They should all relate to the usage context in which the purchaser will make use of the product.

(c) Performance : How well does the product or service perform within the usage context for which it was purchased, relative to customer requirements or expectations of its performance (or manufacturers claims)?

(d) Purchaser Psychology: How well does the product or service match the role and motivational needs of the customer in buying and using it?

(e) Product Philosophy : What are the customers perceptions about the product and 'what it does best'? How does this perception or the philosophy presented by promotional media, fit the perceptions of the target market segments?

(f) Product Presentation : The presentation has to combine and enhance all of the product advantages and build up its philosophy in the minds of the potential customers. It should also reinforce brand loyal behaviour by maintaining a favourable image in the minds of existing customers.

(g) Market Advantage : This will be based upon favourable cost, volume, and price factors relative to competing and substitute products already on the market.

(h) Consistency or positioning, packaging and presentation : Consumers like consistency and stability. People hate change for changes' sake. The reward for consistency is customer loyalty. He or she can always rely on the brand.

## 2.7 NEW PRODUCT SOURCES

Internal Research and Development (R&D) may provide necessary ideas for new products. Copying from competitors and adapting foreign products are among the most widely used sources.[20] The danger here is that consumers will call the quality of the new entrant to question.

Moden believes that, product development and modification must, of course, be related to:

i) Market research

ii) Company knowledge of consumer and buyer behaviour; and

iii) Product positioning requirements of market segmentations and customer targeting.

## 2.8 WHAT IS A NEW PRODUCT?

'Strictly speaking, a new product is one that serves an entirely new function or a major improvement on existing function. The real test of newness is what the product does to the consumer'[21] Thomas S. Robertson classifies newness into the following categories:

i) CONTINOUS INNOVATIONS are minor changes that have little influence on established consumer behaviour. Product alteration is involved rather than the establishment of a totally new product.

ii) DYNAMICALLY CONTINOUS INNOVATIONS are mere disruptive changes and include major product changes and creation of some new products. These have more disrupting effects that continous innovations although they do not generally alter established patterns of behaviour. It may involve the creation of new products or the alteration of existing items.

iii) 'DISCOUNTINOUS' INNOVATIONS : Establish new products, new patterns of consumer behaviours.

## 2.9 THE IMPORTANCE OF NEW PRODUCTS

A major reason for developing new products is to achieve growth in the firm's sales and profit. It is not uncommon for 30 to 40 percent of a firm's current sales nairas and profits to come from products that were not as its product portfolio five years ago.[22] Busch and Houston[23] cite positive consumer reaction to a competitor's new product as a likely reason for a firm to introduce its own. In industries where technology is rapidly improving, new products may be introduced to replace obsolete or unsuccessful ones. Smoothing out seasonal sales fluctuations, exploring new opportunities, and using excess plant capacity are additional reasons for developing new products.[24]

## 2.10 ALTERNATIVE NEW PRODUCT STRATEGIES

Baker provides the following ways in which a firm which is a leader or follower can add to its product line:[25]

1) Modification of an existing product, e.g adding a new ingredient in a detergent, toothpaste, etc.

2) Addition of a complementary product, e.g a new brand of cigarette, a new flavour in a beverage or food; the development of a new model of car.

3) Entry into existing market new to the firm, e.g Cadburys entry into the cake market.

4) Development of a new market through the introduction of a totally new product, e.g Television, Computers, etc.

## 2.11 *THE NEW PRODUCT DEVELOPMENT DILEMA*

Given the intense competition in most industries today, companies that fail to develop new product are vulnerable to changing consumer needs and tastes, new technologies, shortened product life cycles and increased domestic and foreign competition. At the same time new product development can be very risky. Philip Kotler[26] provides reasons for the fact that successful new product development may be even harder to achieve as time goes on. The reasons are:

1. Shortage of important new product ideas
2. Fragmented markets
3. Growing social and government constraints
4. Capital shortage
5. Costliness of new product development process
6. shortage life spans of successful products.

Thus management faces a dilema; it should develop new products, yet the odds weigh heavily against their success. The answer must be in conducting new product development in a way that reduces the risk of failure.[27]

## 2.12 WHY NEW PRODUCTS FAIL

It is a truism that the mortality rate for new product is extremely high sometimes put at 90%. Davidson[28] analysis of 50 successes and 50 failures in the British Market since 1960 offers an insight into the reasons for new product failures. In his book Offensive Marketing, he holds significant price or performance advantage as pertinent. According to the findings, products will fail because they have nothing to distinguish them from brands already in the market. Some fail to succeed because they differ from those already in the market. However, some products with good performance still fail. Davidson explains their misfortune by their high prices, their promotional failings or small size of the segment to which they appealed.

In 1979 conference, Board Inc surveyed 148 machines and large sized American manufacturers that launched major product during the last 5 years. A failure rate of one in three rather than the cited 90% rate of failure was found. According to this source, there are eight reasons why products fail.[29] These are:-

1. Inadequate market analysis
2. Product defects
3. Higher costs than anticipated
4. Poor timing
5. Insufficient sales effort

6. ·Competition
7. Insufficient marketing effort
8. Weakness in distribution.

## 2.13 PRESSURES FOR NEW PRODUCT DEVELOPMENT

Oliver provided the following pressures that might impel companies into developing a new product.[30]

1. Entry of a Competent new Competitor
2. Consumer income effects
3. Technical obsolescence of the product class or form
4. Fashion and taste changes
5. Product cost effect; gross changes in raw materials costs or labour costs with the implied price rise may drastically reduce demand.
6. Neglect of the existing; reduction in the quality and quantity of management and promotional efforts.
7. Government actions.

## 2.14 THE NEW PRODUCT COMMITTEE

The new product committee is probably the most common form of organisational structure for managing new products[31]. The Committee is formed from top - management ranks. Usually its members represent the firm's major functional areas, including manufacturing, finance, accounting, engineering and marketing. The committee tends to be structured on an informal basis and meets as the need arises.[32]

The new product Committee's functions can be identified.[33]

1. Search team : Responsible for idea generation.
2. Screening team:- Charged with evaluation of product proposals.
3. Project Team:- Entrusted with controlling and coordinating the development ideas into full-fledged products.
4. Product Team:- In charge of test marketing and introducing new products[34]

There are advantages and disadvantages to the New Product Committee. They are:[35]

Advantages

1. Top management involvement makes it easier for the ideas to be pooled.
2. Conflicts between line and staff are reduced.[36]
3. The decision is likely to be accepted by the firm because they were made by the firm's own management
4. There is a lot of flexibility regarding when it meets and the functions it performs.

Disadvantages

1. The Committee activity takes valuable executive time from other responsibilities.
2. A lack of clear lines of authority may result in buck-passing.[37]

3. Committee members tend to be more concerned with their own departmental goals than with the firm's overall goals.[38]

## 2.15 NEW PRODUCT MANAGERS

This position profesionalises the new product function. On the other hand, new product managers tend to think in terms of product modifications and the line extensions limited to their product market. There are distinct advantages and disadvantages according to Busch and Houston. They are:[39]

Advantages

1. The product manager is sensitive to product opportunities, so new products are likely to meet customer needs.
2. The product manager can manage the new product from the idea stage to the market place.
3. They know their market and can detect any erosion in share.[40]

Disadvantages

1. The product manager has actual responsibility for both old and new products.
2. New product development may be neglected or given a secondary role because of the above factor.

3. New product efforts may be short range and hurried.

4. Product managers may lack the broad perspective, especially in technical or other non-marketing considerations.[41]

THE NEW PRODUCT DEPARTMENTS

Large companies sometimes establish a new product department headed by a manager who has substantial authority and access to top management. The department's major responsibilities include, generating and screening new ideas, working with the REsearch and Development (R&D) department and carrying out field testing and commercialisation.
A major weakness here is the likelihood of conflict between the department and others in the organisation. To minimise this, channels of communication and authority have to be clearly established. 'The continual support of top management can be a major factor in successfully dealing with potential conflicts."[42]

The functions of new product department include:

i) Recommending new product objectives
ii) Planning and exploring new product ideas
iii) Screening new product ideas
iv) Assisting in development of new product specifications
v) Recommending and implementing market testing, and coordinating inter departmental efforts during the evolution of the product.[43]

## 2.16 VENTURE TEAM

This is the freshest organisational structure for management of new product process. Firms use this approach to develop products that are entirely new to the firm and are to be sold to markets the firm has never sewed. They are seperated from the existing structure of the firm. This forestall a spirit of creativity and innovation. Team members are drawn from the various functional areas in the firm and remain together until the team's assigned objectives are achieved.[45] The venture team manager needs authority to make major decisions about the product. He should also be given direct access to top management.

## 2.17 CONCEPT TESTING

The success or failure of any new product depends on the level of consumer response. Concept testing is designed to test this response. Group discussions are helpful here. Groups of about eight consumers are concerned to discuss the product or the concept (Oliver, p. 157).[46] To avoid confusion, packages and mock-up advertisement to convey a more meaningful impressions of the product designed. The discussion brings out the real meaning of the concept to the consumers. Advanced warning may be derived that the concept will be a mismatch because it matched in unforseen ways with other concepts that the consumers held. There may be a possibility of the consumers disconcerting what the company believed was a major feature and, instead, focus on a minor dent. 'For example,

a new foodstuff may be seen by the manufacturer as having the important advantage of reduced preparations time. Consumers in discussion groups may centre on its novel storage requirements. That introduces another problem,' (Oliver).[47] Concept testing is very useful. It is the first contact the product has with the market. New idea concerning usage, design change and competitive stance may be sparked off.

## 2.18 PRODUCT TESTING

With availability of prototypes, more meaningful evaluations are possible. Most products are dropped at this stage for being technically unfeasible. The main objective here is to see whether the product is technically feasible, and will be commercially attractive. This includes both prototype development branding and packaging.

## 2.19 TEST MARKETING

Here the marketer trys to measure the reactions of potential consumers to the real product. The goal of test marketing is to validate and extend the results obtained from prototype testing and early consumers research. It is a mini-launch, a last check against the financially high risk of a market wide introduction. Some companies do not test market. They stand the risk of losing important distributors if they happen to launch a failure.

Those who go by market testing make decisions regarding how many markets to test in, how long the test should run, what information it should collect, and how the results should be interpreted. Packaging, pricing, promotional approaches and distribution strategies can as well be tested. Choosing the right town to test in is however a problem.

## 2.20 MARKETING STRATEGIES FOR THE INTRODUCTION OF NEW PRODUCTS'

A marketing manager has to do with a lot of work to introduce a really new product, and this should be reflected in the marketing strategy. Money must be spent designing and developing new products. Even if a product is unique, this does not mean that everyone will immediatley come running to the producer's door. The firm offering special incentives to win cooperation promotion is needed to build demand for the whole idea, not just to sell a specific brand. Because all this is expensive, it may lead the marketing manager to try to 'skim' the market - charging a relatively high price to help pay for the introduction costs.

The correct strategy however, depends on how fast the product life cycle is likely to move - that is how quickly the new idea will be accepted by customers and how quickly competitors will follow their own versions of the product. When the early stages the cycle will be fast, a low initial price may make sense - helping to develop loyal customers

early and keep competitors out. Also relevant is how quickly the firm can change its strategy as the life cycle moves on. Some firms are very flexible - and are able to compete effectively with larger, less adaptable competitors by adjusting their strategies more fequently.

Product planning as a marketing activity has gain greatly importance in the last decade due to the high rate of technological development, the past war wave of mergers and acquisitions, increasing competition in world markets, and the maintaining cost of new plants' (E. Raymond Corey, Professor of Business Administration, Harvard University).[48]

Product planning is an increasingly important activity in a modern economy because it is no longer very profitable to see just 'commodities'. The product life cycle concept is especially very important to marketing strategy because it shows that different marketing mixes and even strategies are needed as a product moves through its cycle.

## 2.21 PRICING NEW PRODUCTS

'The real price is everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it'[49].. Adam Smith. The term price can mean many things. Buckman has described it to mean 'the structure of prices a consumer can acquire the goods for which he spends his money income'[50]

Pricing is placing value on a product or service. A product or service has to have a price so that the prospective buyer knows what he or she will have to pay for that product or service. Price can also be described as the quantity of one thing that is exchanged in barter or sale, to acquire something else. A marketer when setting prices for new products must put into consideration the cost demand, competition, the law and social responsibility.

## 2.22 PRICING STRATEGY

The pricing strategy is the task of defining the initial price range and planned price increment through time that the company will use to achieve its marketing objectives in the target market'[51] Kotler (1980). Price is influenced by cost, demand and competitive factors. Consequently, pricing is a complex and crucial decision area for marketing management.

There are two basic types of pricing tactics: the psychological and discount pricing tactics. The psychological involves setting prices that take the psychology of the buyer into account. It consists of the even pricing, price living, prestige pricing and the promotional pricing. Discount pricing tactics is typical when a list price is offered and set off discounts from the list price and allowances given to the buyer as incentive.

## 2.23 PLACE

Place is the third element in the marketing mix. It is concerned with the selection and use of marketing specialist, middlemen, transportation and storage facilities to provide the target customer with time and possession utilities. Place utility is created through distribution function bymiddlemen. Distribution bridges the spatial separation between customer and producer which is achieved by establishing efficient channels of transporting the goods from places of production to places of consumption and storing the goods in warehouse, at strategic locations to facilitate delivery to customers and for final consumption.

A channel of distribution 'is a set of independent organisations involved in the process of making a product or service available for use or consumption'.[52] A channel of distribution is not a static network. Not only are new channels created for new products as they appear, but also, new channels are often developed for existing products. Two words accurately define distribution - availability and accessibility. Customers are lazy, and if your product is not available and accessible easily, they will not seek you out, they will buy elsewhere!

Examples of distribution channels.

Manufacturer _____ End user

Manufacturer ___Retailer _____ End user

Manufacturer ____ Wholesaler ____ Retailer ___End user

Manufacturer __Agent __ Wholesaler __ Retailer__ End user.

## 2.24 PROMOTION OF NEW PRODUCTS

Promotion is any marketing effort whose function is to inform, persuade and influence actual or potential consumers about the merits of a product or service for the purpose of inducing either to continue or to start purchasing the company's product or service at some (given) price.[54] James et al (1980). Also 'promotional strategy is that portion of an organisation's overall marketing strategy designed to communicate to the market place, usually through a set of activities, the nature of the organisation and its market offering.'[55] Paul S. Busch and Michael J. Houston (1985).

Companies need promotion at the introductory stage of their new products to aid in differentiating its products, to persuade the buyer and to bring more information into the buying decision of the consumer. In developing promotional strategy for new products, management commonly uses four basic forms - personal selling, publicity, advertising and sales promotion. These basic forms of promotion are rather complimentary than substitutes for

each other. Promotional strategies vary in their objectives, according to the needs of individual companies. Some possible objectives are such as; making an immediate sale, to inform markets about the availability of a product or service, to serve primary demand for type of product, etc.

In determining which promotional tool or activity to emphasize, consideration must be given to the following factors among others for effectiveness and efficiency in their over all marketing programme.[56]

1. Market size and segment
2. Product features
3. Correlation with product life cycle stage
4. Costs
5. Company policies
6. Personal service
7. Competitors promotional mix.

## 2.25 TOTAL QUALITY MANAGEMENT

**TOTAL QUALITY**: It is performance superiority in delighting customers. The means used are people committed to employing organisational resources to provide value to customers, by doing the right things, right the first time and everytime[55] (Akpan A.B 1994).

Others define Total Quality Management as a phylosophy of management that stires to make the best use of all available resources and opportunities by constant improvement.

**WHY IS IT TOTAL?**

In total quality, the performance standard is 'zero defects'. 'That is close enough '. It is apparent that *no single individual in an organisation can bring them* about'. Total quality so called because:

1. It involves everybody in the organisation.
2. It invovles every single piece of work done in the organisation.
3. It requires total (management) commitment, uncompromising pursuit of excellence, perfection, continuous improvement, customer satisfaction and astonishment.

## 2.26 THE BASIC GOAL OF TOTAL QUALITY MANAGEMENT

The basic goal of Total Quality Management is customer satisfaction, and in trying to achieve this Total Quality Management utilizes six key concepts:

1. Customers (External and Internal)
2. Never ending improvement
3. Control of Business Process
4. Upsteam Preventive Management
5. Ongoing preventive action
6. Leadership and teamwork (PERA)

CUSTOMERS (EXTERNAL AND INTERNAL)

Organisations that have succeeded in meeting or exceeding customers requirements understand that 'customers' are not only people from outside but also their internal staff. Cordial employee relations will therefore give rise to cordial customer relations. The emphasis here is that employees should treat fellow employees as their customers. In doing this, they create dependency which enhances the sustainable competitive advantage (SCA) of the organisation.

*NEVER ENDING IMPROVEMENT*

Organisations should never stop making improvement. The aim should be to attain higher levels of product, process and service efficiency. The 'difference that is clear' is the competitive advantage gained over static or show changing competitors. It is also logical to say that since the environment is dynamic, the improvement should be dynamic. There should be a strategic intent - the desire to grow in terms of quality.

CONTROL OF BUSINESS PROCESS

The quality of any organisation's products or service is a function of the processes that create them. It therefore follows that 'if the chain of processes is made efficient and effective there, the resulting products or services will also be efficient and effective (Pera International). Long processes can therefore result in delayed service.

Organisations should therefore concentrate their efforts in controlling the process rather than concentrating just on direct, specific controls of products or services - (*e.g inspection*). *Such controls emphasise* symptoms rather than the real causes of problems which are found in the processes.

**UPSTREAM PREVENTIVE MANAGEMENT**

Successful organisations are proactive rather than reactive. They seek out potential problems or improvement opportunities) and do not wait for a failure to identify an area for improvement. Here emphasis is shifted from past even inspection to present event planning and prevention activities.

**ON-GOING PREVENTIVE ACTION**

The root causes of problems or causes of problems or potential problems are often attacked by successful organisation. Such hinderance should be identified by staff. Therefore, management and staff should decide and implement appropriate corrective and preventive action. This way the common fire fighting approach or panic management will then be minimized.

**ENVIRONMENTAL IMPLICATIONS**

Any business environment is risky and complex, especially when we consider the banking industry in Nigeria. Previous experience infirms this position.

The internal variables include such influencing factors as human resources, physical facilities, finance and organisational structure. These to a large extent are controllable by corporate management. The external factors on the other hand include those facilitating and/or constraining variables originating in the world outside the business or the economy itself. Prominent among these are the economic, demographic, social and cultural, political and legal, competitive and technological factors. These factors exert the most significant pressure on marketers decisions and actions.

**CONCERNING COMPANY QUALITY**

Moller identifies 17 hall marks of a quality company. These are:

1. Focus on quality development. Quality development is just as much as part of company life as budgets and accounts.
2. Management participation in the Quality process. Management visibly strives to meet the high standards the programme sets for efficiency and human relations.
3. Satisfied customers/users. They remain loyal to the company.

4. Committed employees. Employees thrive turnover and absenteeism are below normal.

5. Long-term quality development. The company invests more in long-term quality development then in short-term profits.

6. Clearly defined quality goals. Quality goal for all areas are clearly defined. Results are published.

7. Quality Performance recorded. Quality performance is recorded visibly and is a pre-requisite for promotion.

8. Quality Control perceived positively. Quality Control is not perceived as a sign of distrust, but rather as a means to develop and maintain quality.

9. Next person in work process is a valued customer

10. Investment in personnel training and development. Employees are the company's most important resource.

11. Prevention/Reduction of mistakes. Sizeable investments are made to prevent and limit mistakes.

12. Appropriate decision level. The level of decision making is placed no higher in the organisation than necessary.

13. Direct route to end users. Products and services are produced and delivered by the most direct method available.

14. Emphasis on both technical and human quality. The two are inseparable.

15. Company Actions directed towards customer's needs. Meeting the customer's needs is reflected in all company's actions.

16. *On going value analysis. Work which does not* create value is dropped.

17. Company recognition of its role in society. The company assumes its role in contributing to society.

2.27 **BARRIERS TO QUALITY**

These include:

- The differences in people.
- Believing that customers are expendable
- Unwillingness to pay the price.
- Supervised committment
- Listening but not hearing, looking but not seeing.
- *Using assembly line principles for service* delivery
- Quality service is hard to define and measured
- The protected shield of policies, procedures and protocol
- Preoccupation with short term results
- Over selling.

## WHY TOTAL QUALITY MANAGEMENT MAY FAIL

- A lack of management commitment
- A lack of vision and planning
- A satisfaction with the quick fix
- The word 'quality' becomes constraining
- The culture change and project approach become bureaucratic
- Management did not change its behaviour
- The people were not really involved
- A lack of business measurables

## LEADERSHIP AND TEAM WORK

Total quality requires the highest standards of leadership and teamwork (Pera/U.H). Infact service quality organisations are not led by managers or administrators, but by dynamic leaders, people who demonstrate tremendous conviction in what they are doing and commitment to doing the right thing for the customer. It is this quality that gives rise to a strong team spirit - everyone is pulling towards the same goal, that is, that of the leader.

John Marous supported this position by saying that 'implementing Total Quality Management requires strong emotional commitment at apersonal level from the Chief Executive'.

**WHAT IS LEADERSHIP?**

Leadership means:

- Working closely with all employees
- Developing team spirit
- Listening to and responding to the suggestions of those closest to the job
- Focusing performance on the positive
- Being in partnership of excellence in business relationships with staff
- Accepting tomorrow's challenge.

**THE DUTIES OF A LEADER**

It is the leader's duty to:

- Create shared vision
- Strengthen and coah people under him
- Build relationships of trust
- Do long-range planning
- Scan horizon and look at stock holders' needs
- Study the trends of the market
- Work on system and create allignment.

2.28 **THE QUALITY OF A PRODUCT**

What is Quality? This refers to the totality of features and characters of a product or service that bears on its ability to satisfy stated or implied needs.

Mike Robson defined quality as 'meeting the agreed requirements of the customer now and in the future.

Quality for aproduct or service has two aspects (Wakilu 1995). The first relates to the features and attributes of the product or service. These ensures that the product or service meets the needs of its users. The second aspect concerns the absence of deficiencies in the product. The users of product (customers) are satisfied by a product only if it meets their expectations through their attributes.

Few Nigerian organisations owe their success to good service quality. Companies that differentiate the basis of service can ask higher prices for comparative products or services and achieve superior profit margins. These same companies are more resistant in economic downturns and experience greater growth in economic boom periods (Hon Vitz & Panak 1993). They also have an average lower advertising costs, lower sick leave rates, and higher employee retention rate.

Consequently, service quality excellence has become the most recent 'buzz' phrase in management circles and the strategic objective of many major firms. Companies who find it difficult to compete on the basis of price or technology, find service quality an attractive option. It is an attractive option because unlike most

strategies, a strategy based on excellent service, quality service is nearly impossible to immitate or be duplicated.

A good service company has a personality in its customers eyes, and every good service company has a performality which is unique and different from any other. Most customers who have already experienced good service with a company will not want to take risk of experiencing a bad service with a new company. Customers will always be willing to pay a slightly superior price for a guarantee of good service.

It is hard to achieve service quality. This is because service is complex quality and multidimensional. According to Horovitz and Panak, selling a service means not only selling a commitment to do something, it also means selling the way in which it is done. Thus the service quality battle is fought on two fronts - design and delivery. In order to be a service leader, companies must do both well. Customers generally have expectations on a number of aspects of the service.

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CHAPTER THREE

## 3.0 RESEARCH METHODOLOGY

Research methodology is particularly concerned with the methods used in collecting or gathering data information for any project assigned as part of an academic exercise or research work undertaken by an organisation to solve any particular problem.

The researcher of this study is undertaking a research on planning, development and introduction of new pharmaceutical product with particular reference to Zaria Pharmaceutical Company (ZPC), Zaria in Kaduna State. Thus, for the purpose of this study and the time constraints, the Reséarcher intends to employ descriptive research methods and also simple percentages to compute the data. In this study therefore, the two methods of data collection -interview and questionnaires will be used.

## 3.1 SAMPLE POPULATION

This study has more or less a local coverage. The study does not require an extensive field work. This is because most of the data required could be obtained from the company chosen as a case study as well as retail pharmaceutical shops. In the process of gathering these data, structured questionnaires were administered to some management staff and employees as well as operators of

retail pharmaceutical shops and customers in Zaria. Personal interviews were also conducted to obtain missing information. The Researcher restricted his interview to some selected areas because of time and cost outlay involved. The Researcher also found it convenient to employ research assistants whichhe made use of in the collection and administration of data from questionnaires.

A total of one hundred and fifty questionnaires were administered.

## 3.2 SAMPLE DEFINATION

From scholars point of view it has been asserted that statistical theory tells us that fairly accurate result concerning the characteristics or responses to a given enquiry can be obtained by analysing or surveying only a small part of the population under study. However, a good method or technique must be used in selecting the sample in such a way that it reflects all characteristics or as much of them as it is possible to obtain of the parent population from which it is drawn.

The Researcher has chosen Zaria as the sample area for pharmaceutical industries. Data have been collected through the employees/staff of the company as well as dealers in the pharmaceutical product. Also some Managers in the industry under study were contacted for interview.

A total of seventy questionnaires were duly completed and returned.

## 3.3 TECHNIQUE OF DATA ANALYSIS

This study, as earlier stated is purely descriptive research. The data collected is analysed using such statistical methods such as percentages and charts. Percentage like ratio is a simple mathematical expression of the relationship of one item to another. Relationship between two items may be expressed as a ratio or as a percentage.

## 3.4 CLASSIFICATION OF DATA

These are two generic classifications of data on which research designs depend:-

1. Primary data
2. Secondary data

### 3.4.1 PRIMARY DATA

Primary data are data collected by the investigator himself for the first time for the purpose of statistical analysis. The data has to be collected by either one of:-

- Observation
- Interview
- Questionnaire

The primary data provides better avenues for decision making since filteration is done before collection, it

is also intended to solve the problem at hand. The REsearcher used the interview and the questionnaire methods of collecting data for the purpose of this research work.

An investigator using primary data may encounter certain problems like respondents being bias and providing wrong answers. There is also limited time available for collecting data, as such data or information are hurriedly collected.

### 3.4.2 SECONDARY DATA

Secondary data are data that are collected for some other purpose rather than helping to solve the problem at hand. Secondary data are data that have already been collected before and not collected for the first time. They can be collected from available records either internally or externally. The secondary data when compared to primary data is much quicker to gather and inexpensive. The personal basis of using this data are minimal.

The primary source of data is usually preferred in all statistical enquiries because the secondary data may be out of data or in most cases, may not relate to the required period, thus making comparison difficult or the sample size may have been too small for reliable inferences to be made.

One of the merits of the secondary data is that findings already obtained on primary research can be verified.

The Researcher has used secondary data in the case of this project work, especially the literature review where other people's views were reviewed. Sources of secondary data could be through journals, magazines, published texts and verbal discussions made with the staff of Zaria Pharmaceutical Company (ZPC).

## 3.5 METHODS OF DATA COLLECTION

### 3.5.1 INTERVIEW METHOD

An interview is a conversation carried out with the aim of obtaining information for a specific objective. It is a technique used by researchers to gather required data from others in a face-to-face contact. This method is mostly used for surveys as human population census, market prices survey and other statistical enquiries where personal contact of the interviewer with the respondent is necessary. However, the success of this interview depends mostly on the response of the respondents. There are two broad kinds of interview: structured or standardised and unstructed or unstandardised:

ADVANTAGES OF INTERVIEW METHOD

1. Since the interviewer is in possession of the schedule, he can explain to the respondents any difficult question.
2. The interviewer can arrange his visits at times convenient to the informants and thus avoid the problem of non-response due to 'not-at-home'.
3. It is easily applicable to children and illiterates.
4. The interviewer can observe both what the respondents says and how he says it.

DISADVANTAGES OF INTERVIEW METHOD

1. It is expensive; much money is spent on transportation cost, feeding, accommodation, and so on. All these tend to increase the total cost of survey.
2. It is time consuming
3. There is also the problem of interviewer bias - this may affect the result of the interview.
4. Most informants may refuse to answer questions of a confidential nature of a face-to-face interview. Others may deliberately give wrong answers to impress the interviewer.

### 3.5.2 QUESTIONNAIRE METHOD

This is another means of data collection. It is a formal list of question designed to gather responses from consumers on a given topic. It is a kind of instrument which contains a list of printed questions to be filled by respondents. The questionnaire is a method of collecting specific information about a defined problem so that data offer being analyzed and interpreted results in a later appreciation of the problem.

ADVANTAGES OF THE QUESTIONNAIRE

1. It is a cheap and quick means of data collection.
2. More accurate information could be obtained because the informant would have enough time to consult documents where necessary.
3. If annonymous, honesty and frankness may be encouraged.
4. A large number of respondents can be covered.

DISADVANTAGES

1. There is the possibility of misinterpretation of questions.
2. There is the problem of non-response due to people's reluctance to fill and return the forms to the office carrying out the survey.

In this research work, the respondents for the questionnaires interviews were the staff of Zaria Pharmaceutical Company (ZPC) and also dealers of pharmaceutical products as well as customers.

CHAPTER FOUR

## 4.0 DATA PRESENTATION AND ANALYSIS

### 4.1 INTRODUCTION

The analysis and interpretation of data of a research are the means by which the research is answered and the stated hypothesis are tested.

Analysis is defined as 'the ordering and breaking down of data into constituent parts' it consists of the statistical calculations performed with the raw data to provide answers to the questions initiating the research. It is on this background that this chapter would be devoted to data analysis.

The interpretation takes the result of the analysis, makes inferences pertinent to the research relations studies and draws conclusion about these relations. The data would be analysed in this chapter is purely based on the primary data collected during the research survey carried out by the Researcher in the company chosen.

*Different questions were framed and responses used* accordingly. The various responses to the question asked in the questionnaire would be analysed with necessary explanations. The Researcher used simple percentages to analyse all the responses to the questionnaire.

As stated earlier one hundred and fifty questionnaires were administered. Out of this number, seventy questionnaires were completed and returned. The analysis of the data is given below.

## 4.2 ANALYSIS OF DATA INFORMATION

1. Analysis on the existence of marketing department: The respondents were asked if there exist a marketing department in the company. All the seventy respondents agreed that the company has a marketing department.

2. Analysis of the existence of Product policies in the company. The respondents were asked if the company has product policies, and their response were given as indicated below.

TABLE 4.1

| Response | No. of Respondents | % of Total |
|---|---|---|
| Yes | 60 | 87.5 |
| No | 10 | 12.5 |
| Total | 70 | 100.0 |

Source : Questionnaire

According to the table above, 87.5% of the respondents believed that the company has product policies while 12.5% of the respondent disbelieve the fact.

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3. Analysis of who is responsible for new product development: The respondents were asked to indicate who is responsible for a new product development and their responses were obtained as shown below:-

Table 4.2

| Response | No. of Respondents | % of Total |
|---|---|---|
| Manager (Marketing) | 50 | 71.4 |
| Manager (Production) | 15 | 21.4 |
| All Staff | 5 | 7.2 |
| Total | 70 | 100.0 |

Source : Questionnaire

From the table above, it is seen that 71.4% of the respondents indicated that Marketing Manager is responsible for new product development while 21.4% and 7.2% indicated that the Manager - Production and All the staff of the company were responsible for new product development respectively.

4. Analysis of whether the company is using proactive or reactive product strategy: The respondent were asked if the company has proactive or reactive product strategy and their responses were given as follows:-

Table 4.3

| Response | No. of Respondents | % of Total |
|---|---|---|
| Proactive | 15 | 21.4 |
| Reactive | 55 | 78.6 |
| Total | 70 | 100.0 |

Source : Questionnaire

From the table above, 21.4% of the respondents agreed that the company is proactive in the product development while 78.6% of the respondents said that the company has reactive product strategy.

5. Analysis of whether the old product should be modified without necessarily introducing a new product. The respondents were asked if it is important to modify the old products without necessarily introducing new products and their responses were indicated as follows:-

Table 4.4

| Response | No. of Response | % of Total |
|---|---|---|
| Yes | 38 | 83 |
| No | 32 | 17 |
| Total | 70 | 100 |

Source : Questionnaire

From the table above 83% of the respondents indicated that it is important to modify the old product than introduction of new product while 17% of respondents were against it.

6. Analysis to show which stage of the product life cycle is best for promotion: The respondents were asked what stage of the product life cycle was the best for promotion and the respondents indicated their responses as follows:-

| Response | No. of Respondents | % of Total |
|---|---|---|
| Introduction | 38 | 54.3 |
| Growth | 12 | 17.1 |
| Maturity | 10 | 14.3 |
| Decline | 10 | 14.3 |
| Total | 70 | 100.0 |

Source : Questionnaire

From the table above 54.3% of the respondents indicated that promotion was necessary at introduction stage while 17.18, 14.3% and 14.3% of the respondents indicated that promotion was important at Growth, Maturity and decline stages respectively.

7. The respondents were asked of the problem faced in new product development and the respondents cited the following problems as major ones

1. Capital shortage
2. High cost of developing new products
3. Lack of general acceptance of new product
4. Shortage of important new product ideas.

8. Respondents were also asked of the alternative ways of adding to the existing products and they cited the following alternatives:

1. Modification of existing products
2. By giving a new name to an existing product without major modifications in style and quality.

# CHAPTER FIVE

## 5.0 SUMMARY, RECOMMENDATIONS AND CONCLUSION

### 5.1 SUMMARY OF FINDINGS

We have before now been researching to find answers to the problems stated in chapter one. The Researcher set out with the primary aim of how new pharmaceutical could be planned, developed and introduced into the market. In order that the research work is too wide, Zaria Pharmaceutical Company (ZPC), Zaria, was chosen as a case study.

The Researcher also arrived at finding out whether intensive promotional effort is necessary at the point of introduction of new products. The REsearcher also investigated to find out if the company has new product policies. The invesigator also researched to find out if it was important to modify old product without necessarily introducing new products. The research was also carried out to know whether the company has proactive or reactive product development strategy.

Data were collected (primary and secondary data), tested and analysed and the findings obtained as follows:

a) It was discovered that it was important to modify the old products without necessarily introducing a new product

b) Promotion is necessary at the point of introducing new products.

c) The company is using reactive product development strategy rather than proactive product development strategy.

d) The investigation also revealed that it is the Marketing Manager that is responsible for new product planning.

e) The alternative ways of adding products to the existing products as cited by respondents include;

i) Modification of the existing products

ii) Giving a new name to an existing product without major modifications in style and quality.

From the findings it is necessary that promotion should be brought in when new products are first introduced to the market so that the consumers may be aware of the availability of that product, to aid in differentiating the company's product and for the continuous survival of the products.

Naturally, demand has to be created during the product's initial market introductory stage. How long this takes depends on the product's degree of newness, how it fits into consumer needs and the presence of competitive substitutes. Promotional strategies have to be brought in here and this should not be to target consumers alone, but also be extended to trade distributors since they are the link between manufacturers and

consumers. It was also gathered from the investigation that ideas for new product development comes from the market competitors or overseas.

## 5.2 RECOMMENDATIONS

Based on the findings of this study the following recommendations are made:-

1. The company should have an efficient Research and Development department which would handle the research work on its products since products grow, mature and decline.

2. The marketing department should be more involved in new product development. In the absence of a Research and Development department, a unit or department of the organisation should be given the responsibility of planning and developing new products.

3. The company should not necessarily introduce a new product when the old product is declining but rather modify the old product instead of introducing new products entirely.

4. Product policies should be clearly spelt out and enforced, since such policies determine what products and how the products will be produced.

5. The company should increase its expenditure on promotion of its new products at the introductory stage so that consumers far and wide can be captured.

6. In order to avoid new product failures, new products should be adequately supported by management. Distribution should be very purposeful and the timing quite right.

7. The organisation as a whole should be concerned and effectively involved in new product development programs. This calls for effective communication that leads to proper coordination within the organisation.

8. To be innovative, and survive the stiff competition in the global pharmaceutical industry, the company has to pursue a proactive strategy of new product planning and development.

## 5.3 CONCLUSION

Although in the Nigerian Pharmaceutical industries, efforts are being made year in year out in terms of planning, development and introduction of new products, a lot still have to be understood about the processes of how these new products can be introduced and be successful in the market.

Some companies achieve favourable results but cannot explain meaningfully how and why their products were successful.

Similarly, most companies are not aware of the reasons why their new products are a total failure. The findings show that promotional effort is very necessary at the point of introduction of new product into the market. It is also noted that promotional activities are necessary to be adopted by manufacturing companies because it is the only tool for conveying information and attitude about the new products and even old products to the consumers. This will willingly motivate them towards the purchase of such products.

Finally, for a product introduction to be successful, considering the global competition in the industry (Pharmaceutical industry), adequate planning and research must be carried out on the acceptability and profitability of such a product.

It is also worthy of note that no matter how much money is spent in producing the product, no matter good the quality may be, the success of such new product will still depend on adequate promotional efforts.

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APPENDIX

QUESTIONNAIRE

PRODUCT PLANNING AND DEVELOPMENT

INSTRUCTIONS : Please circle (O) or tick (√) each relavant answer where necessary.

Name of Respondent: .....

Position in Organization: .....

Department: .....

Years in Service: .....

1. Does your organisation have a formal Marketing Department? Yes No

2. do you have any set down product policies? Yes No

3. Who in your organisation is responsible for new product development?

.....

.....

4. Is your organisation proactive or reactive in new product development?

.....

5. When do you normally introduce new products?

.....

6. How do you come about the ideas ofyour new product?

.....

7. Do you follow the conventional steps of planning and developing a new product?

.....

8. Do you think it would be wise for your company to modify the old products without necessarily introducing a new product?

.....

9. What stage of the product life is best for promotion?

.....

10. Do you think the prices of the old products should be manipulated instead of introducing a new product?

.....

11. Is the introductory stage of the company's new product so far been successful?

.....

12. What are the problems your organisation faces in new product development and introduction?

.....

13. In your own opinion, what are the major causes of new product failure?

.....

14. Is your company making any impact in the pharmaceutical industry as a whole?

.....

15. What other ways can your company add to existing product? .....