

**DEVELOPING NEW PRODUCTS AND MEETING THE MARKET  
CHALLENGES: THE EXPERIENCE OF NIGERIA BOTTLING  
COMPANY'S FANTA LEMON**

**BY**

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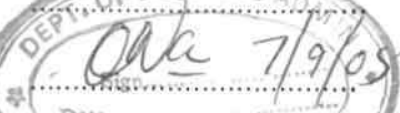


**A PROJECT SUBMITTED TO THE POSTGRADUATE SCHOOL  
AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF  
MASTER OF BUSINESS ADMINISTRATION (MBA)**

**DEPARTMENT OF BUSINESS ADMINISTRATION  
FACULTY OF ADMINISTRATION  
AHMADU BELLO UNIVERSITY**

**JUNE, 2002**

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## **DEDICATION**

This piece of work is dedicated to the memories of my late Grand father Alh. Gambo D/Ma, Late Hadiza Gambo, Late Wasila Tanimu and Late Abubakar Abba Ama; may their souls rest in perfect peace *(ameen)*.

## **ACKNOWLEDGEMENT**

Firstly, I would like to express my profound gratitude to Almighty Allah from whom all my inspirations and strength are drawn, who has made it possible for me to achieve a sound rewarding success in all my undertakings. My Special thanks goes to my Supervisor Mal. Mukhtar A. for his helping advice, suggestions and constructive criticism up to the conclusion of this research. The success of this work is greatly attributed to him, may Allah's guidance be with him at all time.

Similarly, my special regards and appreciation goes to my parents, my wife Humaira Tanimu Gambo, my son Ibrahim and my brother Mansir Gambo for their moral and financial support.

I would like to express my appreciation and thanks for tremendous help, patience and understanding of my brothers and sisters, friends and course mates, too numerous to be mention. Moreso, I do not forget the positive impact and contributions of the various Lecturers of the Department of Business Administration. They have been a source of encouragement and courage to me. I also wish to express my sincere gratitude to all MBA class members and especially Mal. Umar Z. Tutare, Ahmad Alkali, Alh. Salisu, Baffa, Amina Galangi and all those that I have not mentioned.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 BACKGROUND INFORMATION

The manufacturing organization has come to realize the contribution of product development in their survival. Given the intense competition in most markets today companies that fail to develop new products expose themselves to great risk. Their existing products are bearable to changing consumer needs, tastes, new technologies shorten, product lifecycle and increased domestic and foreign competition.

The point of finding a product is not the most difficult task in a manufacturing company. In fact it can be one of the easiest task. The most important task is finding a large group of people who have an unfulfilled need. Manufacturers must create products or services that have genuine reason for their existence, and realistic differences from those around them. So many make the mistake of finding or creating a product first and then spending a lot of money trying to market that product. It is not advisable to spend a lot of money on a product until you know that people are willing to buy it.

Once a company has carefully segmented the market chosen its target customer group and determined the desire market positioning, it then has to develop and launch a new product. Every company must carry on a new product development if for no other reasons than that some existing company products will enter the decline stage. Replacement products must be found in order to maintain and or build company sales. Furthermore, customers want new products and competitor will do their best to supply them.

product to a particular market not trying to adopt a market to product.

While the development of new product is fundamental to improve our standard of living, some people believe that the rate and quality of product innovation has reached its peak in the world. Recent product developments and innovation have tended to build on existing state-of-the-art. Successful new product development requires the company to establish an effective organization for managing the new product development process. The company must also apply the appropriate analytical tools and concepts in each stage of new product development process.

## **1.2 STATEMENT OF THE PROBLEM**

The purpose of this research is to evaluate the importance of new product development to the general performance of a manufacturing firm and how the market reacts. The definition of new for the purpose of this research will mean original products, improved products, modified products and new brands. The research will try to find

sayings. It is in this regards that the objectives of this study specifically be as follows:

- a. To examine the factors that influence new product development
- b. The research will identify and analyze the problems associated with new product development
- c. It will analyze factors accountable for new product success record.
- d. To examine the role of new product in making a company profitable
- e. To analyze how a new product improve the standard of living of consumers
- f. It will design a strategy in managing new product development process.
- g. To make recommendations.

#### 1.4 ***SIGNIFICANCE OF THE RESEARCH***

Much has been said and written about new product development. It is the intention of this research to highlight possible problems of new product development and suggest solutions to these problems. This will show or reflect whether the company can identify any tangible progress in their business as a result of new product development they carry out.

The research will be of great assistance to students with business bias that might want to carry out a research in related field. It will also be useful to manufactures, experts and appraise the importance of new product development. It will try to suggest ways and methods where by the Nigerian Bottling Company Plc., can improve the profitability through product development at the same time improve the general standard of living of consumers.

#### 1.5 ***LIMITATION OF THE STUDY***

In view of limited time and finance the researcher will limit this research on the development of new products and the market challenges using the Nigerian Bottling Company Plc., Kaduna plant only. This is because the researcher will have easy access to data that is required and necessary. But information relating to competition actions and activities will not be for public consumption. It is however expected that the findings and recommendation would be applicable to the organization as whole.

## 1.6 *RESEARCH HYPOTHESIS*

The research work has to identify and analyze the problems associated with the new product development encountered when introducing new product to the market. It will also advice companies on the importance of introducing new product. Thus the research hypotheses are:

H<sub>10</sub>: New product development make new product superior to an old product.

H<sub>11</sub>: New product development do not make new product superior to an old product

H<sub>10</sub>: New product development improves the standard of living of consumers.

H<sub>11</sub>: New product developments do not improve the standard of living of consumers.

H<sub>10</sub>: New product improves and maintains the company level of sales of the company.

H<sub>11</sub>: The new product does not improve and maintain the company level of sales.

H<sub>10</sub>: Consumers have adequate information on new products.

H<sub>11</sub>: Consumers do not have adequate information on new product.

H<sub>10</sub>: The company general produce qualitative product.

111: The company do not produce qualitative product.

110: The company encounters problems when introducing a new product into the market.

111: The company does not encounter problems when introducing a new product into the market.

### 1.7 ***DEFINATION OF TERMS***

For the avoidance of misconception of the following technical words that will be used in this research, these terms will be defined to reflect their meanings within the scope of this research.

**ADVERTISEMENT:** Any paid form of public information of presentation and promotion of good service or idea.

**CONSUMER:** The ultimate user of a product or services, the person who drives the satisfaction or the benefit offered.

**MARKET:** All potential customers sharing a particular need or want and willing to engage exchange to satisfy that need or want.

**MARKETING:** Human business activity directed at satisfying need and want through exchange process.

**MARKETING STRATEGY:** The marketing logic, which the business limit hopes to achieve marketing objectives.

**MARKETING MIX:** The marketing variables, which include products, promotion and channels in an integrated marketing programme.

**NEW PRODUCT:** Good or Services that is perceived by some potential and existing customers as new.

**PRODUCT:** Anything that can be used or consumed that satisfies any known human want, needs and desire.

New product means original product, product improvement, product modification and new brands that a firm develops through its research and development efforts. Whether or not the consumer perceives the item as new is another subject of entirely.

Booz Allen and Hamilton (1993) identified six categories of products in terms of their newness to the company and to the market place. These categories are:-

- a. **New to the world product:** New products that create an entirely new market.
- b. **New Product Lines:** New products that allow a company to enter an established market for the first time.
- c. **Additions to Existing Product Lines:** New products that supplement a company's established product line.

- d. **Improvement in Revision to Existing Products:** New products that provide improved performance or greater perceived value and replace existing products.
- e. **Repositioning:** New products that are targeted to new markets segments.
- f. **Cost Reductions:** New products that provide similar performance at lower cost. As we have pointed out, a new product has several categories and each separate category may require a different marketing techniques and programs to ensure a reasonable probability of market success (Davidson 1974). These categories of new products according to Davidson (1974) are as follows:

- (i) ***Products that are really innovative:*** These are products that are quite difficult to substitute but satisfy the same needs of some other products. For example, Television has replaced cinema movies and metal and solar power competes with one another source of energy.
- (ii) ***Imitation of Products:*** These are new products to a particular company but not new to the market. The company simply wants to capture part of an existing market. Perhaps the key criterion as to whether a given product is new is how the intended market perceives it.

If the buyers perceive that a given item is significantly different in some characteristics then it is a new product.

- (iii) Replacement for existing products that are significantly different from the existing goods. New fashion in clothing belongs to this category. The manufacturers usually introduce a new design and discontinue with existing ones that can no longer fulfil sales profit expectations.

The introduction of new product (Baker 1979) requires expenditure of money and thus become an investment in the future of a firm. As with any investment, there are associated risks. In comparison with investment in new machinery or larger storage facility or the recruitment of more employees, new product is more risky and more difficult to evaluate and to predict its results. But it leads to a far greater return in investment, because successful new product development is the key to firm future.

## **2.2 ORGANIZATIONAL ARRANGEMENT FOR NEW PRODUCT DEVELOPMENT**

In every business organization there is an organizational structure that handles the process of production. However this structure differs from one organization to another. Management is ultimately accountable for a new product success records. To Management must establish specific criteria for acceptance of new product. The criteria can vary with specific strategic roles that the product is expected to play. Booz Allen and Hamilton (1993) identified six major role that companies set for new products. These are:

- a) Maintain position as product innovator
- b) Defend a market – shape position
- c) Establish a foothold in a future new market
- d) Preempt a market segment
- e) Exploit technology in a new way
- f) Capitalize on distribution strength.

However, (Hopkins 1979) identified the most common organizational structure for new product development amongst firms.

- (i) New product department
- (ii) Venture team and
- (iii) New product committee

In a new product development the manufacturer has to analyze some processes or stages in order to determine the exact nature of products to be manufactured. These processes are divided into three categories, Product Innovation, product Life-cycle and Product differentiation strategies.

A major decision facing top management (Kotler 1993) is how much to budget for a new product development. Research and development outcomes are so uncertain that it is difficult to use normal investment criteria for budgeting. Some companies solve this problem by encouraging and financing as many projects as possible hoping to achieve a few winners. Other companies set their research and development budget by applying a conventional percentage to sales figure or by spending what the competition spends. Still other companies decide how many successful new products they need and look backward to estimate the required research and development investment.

There is no magic for success in new product development. Successful new product development involves good planning and efficient allocation of resources.

New product requires constant communication between the marketing, general management and research and development team. Marketing research is the tool for analyzing the market place and possibilities for innovation and new product development. Research and development is where the technical expertise translate these possibilities into product. General management gives direction, trust and resources for this to be done. This was buttressed by (Michael J. Thomas 1995) who went further by saying that "research and Development should be proactive to market reactions but subject their ideas to market place evaluations before they proceed along the development path. Research and development and marketing should have continuous interactions. Some research and development ideas will not pass muster on commercial grounds, some marketing ideas will not be translatable to real products, but the right creative climate needs to be nurtured.

### 2.3 ***IMPORTANCE OF NEW PRODUCT DEVELOPMENT***

Any attempt to measure the rate at which a new product(s) influence a firm's profitability and growths bedeviled by a lack of consensus as to that constitutes a new product. However Michael J. Thomas (1995) points out that the importance of new products development as:

1. New products are a way of getting new and keeping old customers
2. New products are an effective way of obtaining a competitive advantage
3. New products are a source of growth and hope in the perception of both employees and other stakeholders. An innovative company is more existing than a conservative company.

Ability to adapt to changes needs and desire of consumers determines a company life cycle. New product help a company remain competitive in a market place. They replace those company products that are no longer generating satisfactory profit. Mc Kinsey Quarterly magazine, 1972, identified three types of new product.

These are:

- a. Market driven product
- b. Market pull product
- c. Technological push product

A market oriented product leads to low risk product modification, extension and style changes. A market pull model generally yields good return for industries such as package goods. While a technological push model has been frequent source of commercial failure. Finally in the real world of business competition, each survivor is unique superior to others in some significant way, no matter how little the difference. That firm dominates its competitors, is usually due to innovative product development.

#### 2.4 *PRODUCT INNOVATION*

Product innovation is the development of a product idea to develop something that is entirely new or to improve on that which is already in existence in the market. Until recently the focus has been on creating an entirely new product, but product development is not always about new products. The care and nature of old products is in fact a development strategy and one requires great skills if competitors are constantly biting at your heels.

The idea of product innovation is to simulate or induce the buyers or consumers to buy a product in the sense that it is improved or changed completely to new product or devices.

According to Booz Allen and Hamilton (1993) the most successful innovating companies have made a consistent commitment of resources to new product development. They have designed a new product strategy that is linked to their strategic planning process and have established formal and sophisticated organizational arrangements for managing the new product development process.

#### 2.4.1 STEPS IN PRODUCT INNOVATION (DEVELOPMENT) PROCESS:

In any business organization before a new product comes to existence, there exist some steps through when it must pass through. At each step management must decide objectively whether to move to the next step, abandon the product or seek additional information based on what is analyses.

Product development process consist of eight steps (Kotler 1993) they are:

##### (i) **Idea Generation**

Idea generation is the first stage in new product development process. This calls for a careful and systematic defining the firm's business domains, objectives and strategies for the new product development programme. A company can derive new idea from different sources, which includes:

- a) Customers
- b) Workers
- c) Scientist
- d) Sales force
- e) Competitors
- f) Management
- g) Supplier
- h) Suppliers

**(ii) Idea Screening:**

Idea generation stage creates a number of good ideas and succeeding stages would reduce the number of ideas. The first among them is idea screening. At this stage two types of errors must be avoided:

- a. **A Drop:** A drop error occurs when the company dismisses an otherwise good ideas because of lack of vision of it's potentials.
- b. **A go:** Go error occurs when the company lets a poor idea to proceed to development and commercialization stages.

**(iii) Concept Development and Testing:**

The ideas after screening would undergo further development into full product concepts.

- a. **Concept Development:** Since consumers do not levy product ideas rather product concept. The marketer task therefore is to develop idea in some alternative product concepts, evaluate their relative appeal to top customers and choose the best.
- c. **Concept Testing:** This calls for taking these consumers and getting their reaction. The concepts may be presented Symbolically or Physically.

- (iv) **Marketing Strategy Development:** This calls for developing a preliminary concept of marketing strategy. This is necessary in order that the full product and marketing concept can be evaluated from a business point of view. In the next stage, the marketing strategies consist of three (3) points.
- a. Size structure and behavior of the target market
  - b. Outline products intended prices distribution strategy and marketing budget for the first year
  - c. Description of long run sales and profit and marketing strategies over time.
- (v) **Business Analysis:** By the time the management develops a satisfactory product concept and marketing strategy, it is now in a position of analysis of the business attractiveness of the proposal.
- (vi) **Product Development:** At the end of business analysis, if the product scores high in the business analysis the research and development department develops the concepts into a physical product. The R and D department undertakes the development of one or more physical versions of the defined product concept. This action succeeds if it finds a prototype that satisfies the following criteria.

(vii) **Marketing Testing:** If the management is satisfied with the prototype functional performance and consumer initial response, then it will be courage for the manufacture of certain volume to be used in further market testing. Market testing is the stage where the product and marketing programs are introduced into more authentic consumer setting to learn how consumers and dealers react to handling, using and purchasing the product and how large the market is.

(viii) **Commercialization:** The market testing usually gives enough information to management whether to launch or not to launch the new product. If the company decides to go ahead with commercialization, it requires high capital out lay to cover cost of production, advertisement and sales.

#### 2.4.2 **ADVANTAGES OF PRODUCT INNOVATION**

These advantages of product innovation include the following (Stanton 1975):

- a. Product innovation helps companies to grow and expand as a result of higher profit than before
- b. Unsatisfied needs and wants of customers can be met through new product development
- c. New product helps in the creation of customer selectivity

- d. Introduction of new product serves as a source of complementary items for instance shoes and polish, pen and ink, toothbrush and toothpaste, petrol and car e.t.c.
- e. Product innovation also leads to increase in profit of a company as a result of new trials.

## 2.5 **PRODUCT LIFE CYCLE**

Product life cycle portrays distinct stages in the sales history of a product. Corresponding to these stages are distinct opportunities and problems with respect to marketing strategy and profit potential (Kotler 1993). To say that a product has life cycle is to assert four things:

1. Products have limited life
2. Product sale pass through distinct stages, each posing different challenges to the seller.
3. Profit rises and falls at different stages of product life cycle
4. Products require different marketing, financial manufacturing, purchasing and personnel strategies a product passes through before it finally dies in a market place. These stages are:

- a. ***Introductory Stage:*** This is a period when the product is first introduced into a market. During this stage sales volume is very low because many people are not aware about the existence of the product. Growth in the sales is very low. The promotional expenses are very high. The initial price of the product is normally high and there are a few or no competitors since not everybody is aware about the product and its technology is also new to the environment.
- b. ***Growth Stage:*** When the product grows, many customers will try to make rapid purchase because the producer is well known and fully accepted in the market. This stage is characterized by high sales volume high profit, emergence of many competitors, high promotional effects and expansion of the distribution channels or outlets.
- c. ***Maturity Stage:*** The peculiar characteristics feature of this stage is that sales and price increases but at a decreasing rate. Profit reaches climax and brand loyalty become more stable. The cost of production becomes less than in the introductory and growth stages. The company here, because of many competitors tries to differentiate its product from those of its rivals in terms of colour, size, design, packaging, price and Flavour.
- d. ***Saturated Stage:*** At this stage most of the characteristics feature of maturity stage becomes intensive. Sales volume reaches climax and profit begins to decline.

- e. **Declining Stage:** This is a period at which the total sales of the product and profit are declining. Many people at this stage are not ready and willing to purchase more of the product. Promotional activities are therefore extensively carried out and the company tries to modify the product by adding other features to it.
- f. **Abandonment Stage:** When the declining stage becomes severe, the company would find it worse to continue with the production of the product. Therefore it becomes extremely necessary for the company to abandon the product.

It is however, varies from one product to another. Some products do not reach the growth stage before they die, whereas some do grow up to the abandonment stage. The product life cycle or duration vary from one product to another.

## 2.6 WHY NEW PRODUCTS FAIL

Kotler (1993) said that in one survey, the responding executive gave the following reasons listed in the order frequency mentioned for the failure of new product:

- a. Inadequate market analysis
- b. Product deficiencies
- c. Lack of effective marketing effort
- d. Higher cost than anticipated
- e. Competitive strength or reaction
- f. Poor timing of introduction
- g. Technical or production problems

After analyzing the above reaction, points become quite clear. Typical failures were within the quarters and marketing related combined business production engineering and purchasing.

Forget the product life cycle “was the command made by (Dhalla and Yaspeh 1976) on their own postulation about product failure. Initially most literature are of the opinion product life cycle is biological metaphor”. That like all living things, products goes through a cycle of birth, growth, maturity and inevitable decline and death.

Their command was based on conceptual and operational arguments. The conceptual arguments were that:

- a. Products are not living things hence the “biological metaphor” is entirely misleading.
- b. The life cycle of a product is the dependent variable, being a function of the way in which the product is managed over time, certainly is not an independent variable.
- c. The product life cycle cannot be valid for product class, from and for brands indeed an important function of a brand name is to create a franchise that has value over time permitting changes to take place in the product formation.
- d. Trying to form product life cycle curves into empirical sales data is a stencil exercise in taxonomy.

The main operative arguments include:

- a. The stages or phases in life cycle are not clearly definable
- b. It is impossible to determine at any moment in time exactly where a product is in its cycle hence:
  - (i) The concept cannot be used as a planning tool
  - (ii) There is evidence that companies who have tried to use the product life cycle as a planning tool have made costly errors passed up promising opportunities. Clearly it is not a universally valid model but rather an ideal type from which fundamental insight into the behaviors most products from over time can be deducted.

Sales history is a fundamental tool of the product history but sales history is not the only variable controlling the future of the product. As Michael Porter (1980) has demonstrated the context in which the product life cycle is applied is also significant. Porter focuses on the nature of the industry in which the product is located suggesting that the evolution of the industry from emergent to dealing is at least as important as the stage in the life cycle of the particular product that is the subject of analysis.

So many companies (Terry Thomas 1999) make a mistake of finding or creating a product first and then spend a lot in trying to market a product. This type of marketing is costly at best and disastrous at worst. Do not spend a lot of money trying to sell a product until you know that people want to buy it. You must be objective in your perception of a product. Just because you think it is the greatest product does not necessarily mean that others will think so. This is where a lot inventors or developers of products get into trouble. They look at the product subjectively instead of objectively and cannot understand why people are not flocking to their door to buy it (Terry Thomas 1999).

However the successful companies do not even think about creating the product unless they have a certain degree of confidence that the product will sell. They are selling a product to a particular market not trying to adapt a market to the product.

## **2.7 CONSUMER – ADOPTION PROCESS**

The consumer – adoption process begins where the firm's innovation process leaves off. It describes how potential customers learn about new products, try them and adopt or reject them. Management must understand this process in order to build an effective strategy for early market penetration. Consumers differ in their interest in new products and brands. Many heavy users are loyal to their existing brands, some heavy users are earlier adopters than others. Many new products manufacturers now aim at those consumers who are early adopters (Kotler 1993).

According to the early adopter theory:

- a. Persons within a target market differ in the amount of lapsed time between their exposure to a new product and trial.
  - b. Early adopters share some traits that differentiate them from late adopters
  - c. Efficient media exist for reaching early adopter types
  - d. Early adopters tend to be opinion leaders and helpful in “advertising” the new product to other potential buyers
- The adoption process focuses on “mental process through which an individual passes from first hearing about a product to the final adoption” (Rogers 1993).

#### 1. STAGES IN ADOPTION PROCESS

Adopters of new products have been observed to move through the following five stages:

- (i) *Awareness*: The consumer becomes aware of the product but lacks information about it.
- (ii) *Interest*: The consumer is stimulated to seek information about the innovation.
- (iii) *Evaluation*: The consumer considers whether to try the product.

These are:

a. **Individual Difference:** People differ markedly in the readiness to try new products. People can be classified in assorted categories as follows:

- (i) *Venturesome:* People that are willing to try new ideas some risk.
- (ii) *Early Adopters:* They are guided by respect and they are opinion leaders in their community. They also adopt new ideas early but carefully.
- (iii) *Deliberate:* They adopt new ideas before the average person, although they rarely are leaders.
- (iv) *Skeptical:* The late majority of people that adopt a product only after a majority of people have tried it.

over night whereas others take a long time to gain acceptance.  
This is influenced by:

- (i) Relative Advantage
- (ii) Compatibility
- (iii) Complexity
- (iv) Divisibility
- (v) Communicability

- d. Influence of organizational buyers: Organization can also be classified as to their readiness to buy and adopt a new product. Adoption is associated with variables in the organization's environment (community income and progressiveness), organization itself (size profit), and the administrative staff (Education age e.t.c).

million bottles per day (NBC Annual report). Coca-Cola is by far the most popular of its products. Fanta Orange is also a leading product in the orange segment and sprite is the most widely sold lemon-lime drink in Nigeria. Other products bottled by the Nigerian Bottling Company Plc. include Fanta, Ginger Ale, fanta lemon, Fanta Diet, Chapman, others include Fanta tonic, Fanta soda and Krest E. The product of this research (Fanta lemon) was introduced in 1996.

Since the first plant was established in Lagos in 1953 the Nigerian Bottling Company Plc. has up to 17 plants and 81 depots nationwide. The success of the Coca-Cola company has brought with it the development of sister industries and subsidiaries. The Delta Glass Company in Ughelli Delta State supplies the millions of bottles required to keep a large bottling company in operation. The Crown Products factory is sited in Ijebu-Ode and Kano manufacture the metal crowns to seal the bottles. The Benin Plastic Company makes plastic crates for carrying the bottles. The main offices and Headquarters of the Nigerian Bottling Company Plc. is situated at the plant in Lagos.

This study is solely concerned with importance of new product development in a manufacturing firm, the importance of new product development can not be over emphasised. The population of the study will be based on the Nigerian Bottling Company Plc. Kaduna plant. The plant is located in Kakuri industrial estate area of Kaduna South. The plant has staff strength of 195 comprising of 45 senior staffs and 149 junior staffs. The senior and management staffs were chosen to answer the questionnaire and interviews. The consumer population was selected across the city of Kaduna to give wide spread and it covers across different types of occupation, tribes and religion.

### **3.3 SAMPLING TECHNIQUES**

This refers to the procedure of deciding on and selecting a number of items called sample from a group of items called population with a view to test the sample and use the result to obtain as a basis for the formulation of an opinion.

The sampling technique to be used in this work is purposive or judgement sampling. This is a non-probability sampling technique from its name it can be seen that it is a technique where the purpose and or judgement of the research about sample to be used is the crucial determining factor. This means selecting a sample of appropriate size on the basis of the sampler judgement or what is desirable. It could be called purposive sampling or "seat of pait" approach.

The total sample size of this study to be selected for Administration of questionnaires is hundred (100) comprising of various categories of staff and consumers. The reasons for selecting this sample size are last consideration, time constraint and the availability of operational facilities

#### **3.4 METHOD OF DATA COLLECTION**

The nature of this research suggests the use of Survey Research methods. Primary data was collected via means of responses to questionnaires and personal interview of some company staff. The essence is to aid the management staff of the company in using the finding from this research as an aid to adopting an effective new product development strategy.

The questionnaire contained both structured and unstructured questions. It was designed with the aim of translating the subject of the research into simple and specific questions so as to give optimal results. The designs of the structured questions were a standardized type. Closed or optional question was drawn from the respondents. In this regards, they are required to tick "YES" if any statement is consented to or tick "NO" if there is disagreement with any of the statements. There are some instances in which they have no options to give their views concerning the issue involved.

### **3.5 METHOD OF DATA ANALYSIS**

In a research that generates extensive data, the researcher need to state before hand how they plan to process the data generated. The data collected were not all that extensive that may require the use of modern electronic like computer. Therefore the simple frequency count and statistical computation was done manually. This was to ensure easy understanding of information, avoid ambiguity in the report and maximum accuracy and also ensure good appropriate dissemination of information.

### **3.6 METHOD OF EDITING, RECORDING AND TABULATION**

The purpose of analysis is to reduce the data to interpretable form so that the research hypothesis can be studied and tested.

The editing recording and tabulation has been done with accuracy to ensure that the report of good classification to related data to make meaningful and also the editing, recording and tabulation will be done sequentially with the tabulation done using frequency and percentages e.t.c.

1. **Editing:** When the data gathered in the research is collected, these data would be edited. That is to say the researcher would eliminate irrelevant information specially in open-ended research questions.
2. **Recording:** After editing, the researcher is to record the edited data gathered through interview conducted.
3. **Tabulation:** Any data gathered in the course of the research will be tabular form. This is to smoothen the analysis and interpretation of data collected with a view to test the hypothesis (research problem) and reveal findings.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### INTRODUCTION

The new product, the fanta lemon has comparative advantage over the other rival drinks not only in its flavour but also from its nutritional content as the chemical analysis shows it has lower sugar content than the orange flavour which is detrimental to one's health if taken in excess.

The idea of the introduction of the new product into the market came about after a thorough appraisal of the prevailing products whereby it was observed that most soft drinks that are obtainable in the market are either of the orange or cola flavour and as such the introduction of an entirely new product would not only appeal to the teeming consumers but also put the company in a vantage position over its rival firms.

#### 4.2 HYPOTHESIS 1: HOW NEW PRODUCT DEVELOPMENT MAKE NEW PRODUCT SUPERIOR TO AN OLD PRODUCT:

The questionnaire concerned with the testing of this hypothesis will be analysed. This include both questions from the management questionnaire and consumers questionnaire. The two (2) tables below show consumers and management opinion on the superiority of new product.

**TABLE 4.2.1 NEW PRODUCT SUPERIORITY OVER OLD PRODUCT**

Item (Consumers Item)	Response		Percent	
	YES	NO	YES	NO
Does the quality of new product satisfy?	41	29	59%	41%
Do you agree that new products are of superior quality?	40	30	57%	43%

*Source: Fieldwork*

The table above shows that 59% of the consumers are satisfied with the quality of the new product while 41% are not satisfied. The table also shows that 57% are of opinion that new products are superior to old products while 43% think otherwise. Those respondents (consumers) that believe that new products are superior were further asked to give the factors or reasons responsible. The reasons were summarised to five (5) categories. These includes:

- a. Cheaper Price
- b. It produces alternatives and varieties
- c. Better taste and quality
- d. Better packaging
- e. It is entirely different from the old product and better innovation.

**TABLE 4.2.2 REASONS WHY NEW PRODUCTS ARE SUPERIOR TO OLD PRODUCT**

Item	Response	Percentage
Cheaper Price	5	12.5%
It provides alternatives	5	12.5%
Better taste and quality	17	42.5%
Better packaging	10	25%
Better Innovation	3	7.5%
<b>Total</b>	<b>40</b>	<b>100%</b>

*Source: Fieldwork*

From the table above, it is clear that respondent feel that new product is superior because of better taste and quality, this account for 42.5% of the respondent response. Also better packaging accounts for 25%, cheaper price 12.5%, it provides alternatives 12.5% and better innovation 7.5%.

### 4.3: HYPOTHESIS 2: NEW PRODUCT DEVELOPMENT IMPROVE THE STANDARD OF LIVING OF CONSUMERS

The Hypothesis will be tested by extracting data from the consumer questionnaire. The questionnaires will be examined in the table below:

**TABLE 4.3.1 HOW NEW PRODUCT IMPROVE STANDARD OF LIVING**

Item Consumer Questionnaire	Response	Percent	
		Yes	No
Do you agree that new product development improve standard of living of consumers	Yes 42	60%	40%
	No 28		

*Source: Fieldwork*

The table reflects that 60% of respondent feel that new product development improve the new product do not improve the standard of living of consumers.

The reasons given by respondents that felt that new products improve the standard of living were summarised into five (5) broad reasons. This is shown in the table below:

**Table 4.3.2 reasons why new product improve standard of living**

Item	Response	Percentage
It is more affordable and cheaper	8	19%
It provides choice and alternative	9	21%
Reduction in calories and sugar content	4	10%
It meets modern challenges and innovation	14	33%
Better nutritional value and quality	7	17%

*Source: Fieldwork*

Based on the table illustrated above respondents are of the opinion that new product improve standard of living by meeting modern day challenges and innovation (33%). Others are affordable and cheap (19%), providing choice and alternatives (21%) reduction calories and sugar (10%), better nutritional value and quality (17%).

**4.4 HYPOTHESIS 3: NEW PRODUCT IMPROVES AND MAINTAIN THE COMPANY LEVEL OF SALES.**

Among the key element's of new product development is maintaining and improving the company's level of sales. The above hypothesis will try to analyse or be tested by extracting data from the consumer questionnaire. The questionnaires will be examined in the table below.

**TABLE 4.4.1 SHOW HOW NEW PRODUCT IMPROVES AND MAINTAIN LEVEL OF SALES**

Item Management	Response	Percentage		
		Yes	No	
Does the new product improve and maintain your company sales?	17	8	68%	32%
Does your company achieve it goals through product development	16	9	64%	36%

*Source: Fieldwork*

The table above indicate that (68% of respondents are of the view that new product help to improve and maintain the company level of sales. While (32%) do not share that view. Also (64%) are of the opinion that new product helps in achieving product development, while (36%) feels that it does not help to achieve the company's objective. This is a clear reflection that new product are essential to the company maximisation of sales and market share.

**TABLE 4.4.2 SHOW HOW NEW PRODUCT EFFECT THE LEVEL OF SALES**

Item	Response	Percentage		
		Old Product	New Product	Old Product
Management Item	New Product	Old Product	New Product	Old Product
Which of the product sells more?	14	11	56%	44%
Which of the product is more expensive?	15	10	60%	40%

*Source: Fieldwork*

The table above shows that (68%) of respondents are of the opinion that new products sells more and 44% feel old product sell more. While 60% believe that new product are more expensive and 40% believe that old product are more expensive.

From the two tables above it is suggested that despite the fact that new product are more expensive, it sells more.

**4.5 HYPOTHESIS 4: CONSUMERS HAVE ADEQUATE INFORMATION ON NEW PRODUCTS.**

One of the key elements of new product is about consumer getting adequate information about new product. This hypothesis above will try to analyse there questionnaires on how to disseminate information to consumers. It also try to analyse the means and method of how the consumers get information.

**TABLE 4.5.1 HOW CONSUMERS GET INFORMATION ABOUT NEW PRODUCTS.**

Consumer (Item)	Variable	Response	Percentages
How did you get to know about the new product?	Advertisement	34	48%
	Personal Selling	4	6%
	Friends/Colleagues	14	7%
	Retailers Store	6	20%
	Others		8.5%
Management Item	Advertisement	11	44%
	Personal Selling	6	12%
	Display	3	12%
	Promotion	2	24%
	Other Methods		8%
Which among the following media is more effective in creating awareness?	Radio	9	36%
	Television	7	28%
	News	5	20%
	Paper/Magazine	3	12%
	Exhibition	1	4%
	Others		

*Source: Fieldwork*

The table above indicates that 48% respondents (consumers) get to know about new product through advertisement, while 17%, 20%, 6%, 8.5% got to know about the product through friends and colleagues retailers store, personal selling and other methods respectively.

It also shows that the company disseminates information through advertisement (44%) promotion 24% display 12%, personal selling 12% and other methods 8% respectively.

### QUALITATIVE PRODUCT.

This hypothesis will be tested by analysing the questionnaire responses of consumers on the quality of products produced generally by the company.

**TABLE 4.6.1 REACTION TO THE COMPANY'S PRODUCT**

Item (Consumer Item)	Response		Percentage	
	Yes	No	Yes	No
Does the company produce qualitative product?	48	22	68%	31.5%

*Source: Fieldwork*

From the available information on the table about consumers 68% respondents are of the opinion that the company produces qualitative products while 31.5% feel otherwise.

**TABLE 4.6.2 WHY CONSUMERS REACT TO NEW PRODUCTS.**

Consumer Item	Response		Percentage	
	Yes	No	Yes	No
After taking the product for the first time, do you repeat purchase?	53	17	76%	24%

*Source: Fieldwork*

The table above shows that 76% of consumers repeat purchase after the first purchase while 24% do not.

When asked further, consumers that repeat purchase give the reasons in the table below:

**TABLE 4.6.3 WHY CONSUMERS REPEAT PURCHASE**

Consumer Item	Variable	Response	Percentage
If your answer to the above question is Yes, what factors are responsible?	Good first impression	18	35%
	Price	21	40.5%
	Product quality	21	40.5%
	Friend/Colleague	2	3.5%
	Advertisement	4	7%
	Others	4	7%

*Source: Fieldwork*

Out of the 53 respondents that repeat purchase of a new product 40.5% believe products quality was responsible. Another 35% believe that first good impression of the product was responsible. While 70% are of the view that friend/colleague influence, price and other are responsible respectively.

The factors responsible for consumers not to repeat purchase are shown in the table below.

**4.6.3 WHY CONSUMERS DO NOT REPEAT PURCHASE ITEM**

Consumer (Item)	Variable	Response	Percent
If your answer is not to the above factors are responsible?	Bad first impression	2	12%
	Poor product quality	8	47%
	Product unavailability	1	6%
	Price	5	29%
	Others	1	6%

*Source: Fieldwork*

The table illustrates that poor product quality account for 47% of the reasons why consumers do not repeat purchase. The process of the product account for 29% while 12% believe that bad first impression is responsible. Product un-availability and other reasons account for 6% each.

**4.7 HYPOTHESES 6: THE COMPANY ENCOUNTER PROBLEMS WHEN INTRODUCING A NEW PRODUCT INTO THE MARKET.**

This is to examine the various problems encounter when introducing a new product.

**TABLE 4.7.1 THE EFFECT OF COMPETITION ON NEW PRODUCT**

Management (Item)	Response		Percentage	
	Yes	No	Yes	No
Do competition affect your new product	19	6	76%	24%

*Source: Fieldwork*

The table shows that 76% of the respondents feel competition affects the new product development while 24% feel otherwise.

The problems usually encountered when introducing new product were summarily categorised into five broad reasons. This is illustrated below:

**TABLE 4.7.2 PROBLEMS ENCOUNTERED WHEN INTRODUCING NEW PRODUCT**

Management Item	Problems	Response	Percent
	Difficult in marketing	5	20%
	High cost of marketing	7	28%
	Consumer resistance	6	24%
	High cost of distribution	4	16%
	Low sales	3	12%

*Source: Fieldwork*

As shown by the table above 28 of respondents feel that high cost of marketing is problem that is usually encountered when introducing new product. Difference in market penetration represents 24%. High cost of distribution represent 16% and low sales represents 12%.

The questionnaire went further to seek for the opinions of consumers on how the company can improve it products. These opinions and suggestions were summarised to five (5) broad categories. This is illustrated in the table below:

**TABLE 4.7.3 HOW TO IMPROVE NEW PRODUCT DEVELOPMENT**

<b>Consumer Item</b>	<b>Variables</b>	<b>Response</b>	<b>Percent</b>
Keep the price low	Keep the price low	19	27%
Keep it up	Keep it up	13	19%
Should improve the quality	Improve the quality and taste	15	21%
	Invest on research and development	14	20%
	Reduce sugar content	3	4%
	Protect interest of consumers	6	9

*Source: Fieldwork*

The table above shows that 27% of consumers want the company to keep the price low while 19% want the company to keep up its effort in new product development. While 21% of the respondents feel that the company should improve the quality and taste. Another 20% are of the opinion that the company should invest more on research and development yet another 4% want the company to reduce the sugar content of its product and another 9% want the company to protect the consumers' interest.

#### 4.8 **RESEARCH FINDINGS:**

The major finding from data analysis is that all Null hypotheses were proven to be right as summarised below:

A careful study of table 4.2:1 shows that new product development makes new product superior to older ones as evidenced by 59% of respondents who gave reasons such as cheaper price, better taste and quality as well as providing them with alternative.

Also, table 4:3:1 indicates that 60% of the respondents agree that introduction of new products improves their standard of living by way of cheaper and affordable prices, provision of choice as well as better nutritional value and quality.

Introduction of the new product improves and maintains the company's level of sales as shown by table 4:4:1 where 68% of the respondents are of this view, this is to the fact that new products are very essential to the maximisation of sales and market share thus improving the profitability of the company, which is the overall goal of any business firm.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 SUMMARY

Product development is a pervasive topic and it forms the core managerial and marketing management function. It is in this regards that this research was carried out to critically examine and analyse role and importance of new product development to manufacturing company. Companies are increasingly recognising the necessity and advantages of regularly developing new product and services. Their more mature and declining products must be replaced by newer products.

The new product development process consists of eight stages: Idea generation, Idea screening, Concept development and Testing, Marketing strategy development, Business analysis, Product development market testing and Commercialisation. The purpose of each stage is to decide whether the idea should be further develop or dropped. The company wants to minimise the chance that poor ideas will move forward and good ideas will be rejected. New product in recent times has become weapon of competitive strategy. Every competitor that survives must be superior to others. That domination may be by a thin margin, if the competitor fails to be superior on its own turf it will inevitably be crowned out.

In the environment of global competition and accelerating technological development trading environment, every company must be thinking about product development. It must focus on markets or product categories which it can suitably exploit, consistent with the company's objectives, resources, capabilities and strengths. Product

study was given. Also method of data collection and analysis is discussed. The method of data analysis was descriptive in nature. In chapter four, the data collected were condensed and interpreted. In the last chapter which includes the summary, conclusion and recommendations. This will give an overview and insight into the research problems and suggested possible solutions.

## 5.2 CONCLUSION

After a careful analysis and interpretation of data available it can be said that importance of new product development to the Nibbani Bottling Company Plc. can not be over emphasised.

Specifically the NBC Plc has been able to maintain a large market share in the soft drink industry because of its Fanta lemon. This research has come to realise that new product development has contributed to the survival of NBC Plc. in a very competitive soft drink industry. A high rate of repeat purchase means that customers are satisfied. Sales are likely to stay high even after the first-time purchase takes place.

It also clear that consumers feel that new product improve their standard of living. Also new product has helped the company in improving and maintaining it sales. The company's promotion and advertisement can be said to be effective because consumers seem to have adequate knowledge about the new product. Good marketing research and marketing intelligence are prime source of new product ideas and the intelligence was generated from the battlefield from (consumers) in the market place.

The study also found out that new product development is risky and the failure rate of new product especially consumer product is disturbing. New product development is usually faced with the problem of extraneous and un-controllable factors such as competition, economic condition, consumers performance and tastes. There is also problem of obtaining a set of markets that is reasonably a representative of the country as a whole.

As in the case of the new product (Fanta lemon) the product does not require setting up a new infrastructure of distribution channels, transportation or dealers. The dealers readily accept and promote the new product. Direct marketing which is an interactive system of marketing which uses one or more advertising media as being widely used by the company. This has proven to be effective as measurable response has indicated. Sales promotion covers a wide variety of short-term incentive tools designed to stimulate consumer markets.

The research study also show that the new products (Fanta lemon) is superior to other brands/products manufactured by the company. It is important to note that new products also help the company to improve and maintain it level of sales.

Competition is the major problem confronting the company when introducing a new product. Other factors are consumer resistance, high cost of marketing and low sales in the period of introduction.

Generally one then safely conclude that the introduction of this particular new product (Fanta lemon) has being a success and has positively impact the fortune of the company. The consumers also seem to be satisfy with the quality of the new products.

### 5.3 RECOMMENDATION

Despite the success of the new product (Fanta lemon) in the market as the research has shown, it process of its development is not impeccable. It is in this view that the researcher will make such suggestion and recommendations:

- a) Product policy needs to be refocused on markets, markets segments and segment productivity and profitability. The competition of the future will be for space on retailers shelve and retailers the best of them in any case have sharp eye of productivity. Technical and marketing development should move along together, one should never lead the other for very long. The market place is dynamic, a good opportunity defined yesterday need to be re-tested tomorrow. Good marketing research would give you information about what your competitors are doing and what your customers think about them.

- b) New products, however can fail. The risks of successful innovation lies in developing better organisational arrangements for handling new product development process. With regards to new products consumers respond at different rates, depending on the consumers characteristics and the products characteristics. The company should try to bring their products to the attention of potential early adopters, particularly those with opinion-leaders characteristics.
- c) Companies must try to anticipate new attributes that the market wants. Profits go to those who introduce new and valued benefits early. The search for new attributes can be based on empirical work, intuition and dialectical reasoning. Successful marketing comes through creatively visualising the markets evolutionary potential.
- d) As a product passes through the successive stages of its product life cycle, both its rate of sales growth and its rate of return on investment change. This should be managed through market fragmentation and consolidation.
- e) Middlemen should use more efficiently and effectively. This is because they carry out the most important channel functions of information, promotion, negotiation, ordering, financing, risk taking and physical possession.
- f) Another recommendation is that companies should try and produce sufficient quantities of their products to meet the demand of every potential customers.

- g) Finally, the company should not depend on their existing products. They should always be looking for ways of introducing more new products. If that is not possible, they should modify the existing products by assigning extra features.

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- 1) How did you get to know about the new product
- a. Advertisement
  - b. Personal Selling
  - c. Friend/Colleagues
  - d. Retailers store
  - e. Others please specify .....

- 2) What motivated you to buy the new product?
- a. Price
  - b. Brand Name
  - c. Packaging
  - d. Advertisement
  - e. Others

- 3) Does the quality of the new product satisfy you?  
YES ( ) NO ( )

- 4) Do you agree that new products are of superior quality?  
YES ( ) NO ( )

- 5) If the answer in No. 4 above is Yes, why do you prefer product that an old one?

.....  
.....

6) Do you agree that new product development improve the standard of living of people?

YES ( ) NO ( )

7) If your answer is Yes in the question 6 above. Why?

.....  
.....

8) After taking a product for the first time do you repeat purchase?

YES ( ) NO ( )

9) If your answer is Yes to No. 8 above, what factors are responsible?

- |                          |                                |
|--------------------------|--------------------------------|
| a. Good first impression | b. Products quality            |
| c. Price                 | d. Friend/Colleagues influence |
| e. Advertisement         | f. Others                      |

10) If your answer is No to the question 8 above, what are the factors responsible?

- |                         |                            |
|-------------------------|----------------------------|
| a. Bad first impression | b. for product quality     |
| c. Price                | d. Product un-availability |
| e. Others               |                            |

11) Does the company generally produce qualitative products?

YES ( ) NO ( )

12) What advice will you give the company with respect to new product development?

.....  
.....  
.....

## APPENDIX TWO

### MANAGEMENT QUESTIONNAIRE

The questionnaire is intended to obtain data in relation to developing new products and meeting the market challenges. Your company has been chosen as the case study. Please tick the options that best correspond to your opinion(s) as your response are purely and will be treated confidentially. Please fill in the gap where necessary. Thank you for your co-operation. N.B. The new product here is **FANTA LEMON**

- 1) What are your sources of new product idea?
  - a. Consumers
  - b. Research and Development Departments
  - c. Management and Employees
  - d. Companies sales
  - e. Other sources
  - f. Force and Dealers
  
- 2) How do you get the product known to the consumers?
  - a. Advertisement
  - b. Display
  - c. Personal selling
  - d. Promotion
  - e. Other methods
  
- 3) Which among the following media is more appropriate in creating awareness of new product?
  - a. Radio
  - b. Television
  - c. Newspapers and Magazines
  - d. Exhibition
  - e. Others
  
- 4) Does the new product improve and maintain your company sales?  
YES ( ) NO ( )

- 5) If Yes in question 4 above, how well does it improve the sales?
- a. Excellently                      b. Very good    c. Good  
d. Fair                                      e. Un-decided view
- 6) Did your company achieve its goals through new product development?  
YES ( )                      NO ( )
- 7) Does competition affect your new product development?  
YES ( )                      NO ( )
- 8) What are the problems that are usually encountered when launching a new product in the market?  
.....  
.....  
.....
- 9) Which product in terms of sales sells more than the other?  
New product ( )                      Old product ( )
- 10) Which product is more expensive?  
New product ( )                      Old product ( )
- 11) When your company is making decision on new product development/innovation which one is more appropriate?
- a. Modification                      b. Improvement  
c. New Brand                              d. Acquisition  
e. Others