ST. MARY'S UNIVERSITY COLLEGE FACULTY OF BUSINESS DEPARTMENT OF MARKETING MANAGEMENT

AN ASSESSMENT ON THE PRACTICE OF NEW PRODUCT DEVELOPMENT: IN THE CASE OF KALITY FOOD S.C

BY:

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JUNE 2013 SMUC ADDIS ABABA

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ABSTRACT

This study assed on the practice of new product development in the case of Kality Food S.C. The reasons that initiate the student researcher to conduct this study includes, the company does not make research on customers need and want before producing new product, they have deficiency of using quality input, the company have no research and development department and also they don't fund enough budget for research and development, finally they only use internal source of idea generation.

This research paper has given an answer for the following research questions, how the company new product match with consumer expectation, the challenges that the company face in developing new product, how the company solve problem of new product failure, and also how the company seek to improve its product.

In this study descriptive research design method was used, and also the participant were marketing manager and final customers of Kality Food S.C, in addition student researcher used non probability sampling approach among from this convenience or accidental sampling technique employed in this study. Student researcher collected primary data from questioner and interview, secondary data from publication, book etc..

The major recommendations that provided by the student researcher includes, Kality Food S.C must develop new product by considering customer need and want, also the company must improve its quality, package, taste of its biscuit.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Monga and Anand product is central theme of the entire marketing process. Price, promotion, and place exist because of the product exists. No matter how hard the company tries to inject excellence in to the product. It is successful only when the users are satisfied to the fullest. (Monga and Anand, 2003: 281).

Kotler and Armestrong (2006: 274) mention that a firm can obtain new product in two ways. One through acquisition by buying the whole company, patent, or license to produce someone else's product the other is through new product development in the company own research and development department by new product improvement, product modification, and new brand that the firm develops through its own research and development efforts.

Based on Saxena (2002: 226) a new product is any product which is perceived by the customer as being new. This could involve repositioning of offering the exits product at lower price, or making improvement in the existing product, or adding new product item to the existing product line, or for that matter, taking up a product line, which is totally new to the organization or new to the world.

As stated by Donald and Russell (2002: 269) the development of new product typically occurs in stage. At each stage, the product evaluated to determine whether it makes sense to proceed to the next stage. Most product follow pattern such as idea generation, concept development, feasibility screening, concept testing, product development, product testing, market testing and commercialization

Kality Food S.C, commonly known as Ceralia with reference to its long standing flagship brand, was established in 1930 E.C during the 5 year Italian occupation. As of 1935, it was run by the royal family. Like many companies, it was nationalized during the Derg regime. In October 1992, its form of business changed into a share company. The company was later up for a privatization auction and was acquired by Romel General Trading PLC in June 2010. The current parent company took over Kality Food S.C. as of July 2010. The company is located at a 15km distance from center at the main road to Debrezeit. The company mainly produces wheat flour, pasta, macaroni, different types of biscuits and bread.

The student researcher tried to investigate problems on new product development in Kality Food S.C. Therefore student researcher works to minimize the gap between what the theory says and the practice of the company and finding possible solution.

1.2 Statement of the Problem

Every product seems to go through a life cycle. It born, goes through several phases, and eventually dies as newer product comes along that better serve consumer need. This product life cycle present to major challenges. First, because of all products become decline a firm must be good at developing new product to replace aging once and focus on the challenges of new product development. Second, the firm must be good at adapting its marketing strategy in the face of changing tastes, technology, and competition as product pass through life cycle stage or the challenge of product life cycle stage. (Kotler and Armstrong, 2005: 274)

Moreover, Kotler and Armstrong (2006: 272) mentioned that new products are the lifeblood of organization. However, new product is risky and many new products are failing. Every product passes through several life cycle stages and that each stage passes new challenges requires different marketing strategies and tactics. To create successful new product a company is required to understand consumer, market, competition and

develop a product that deliver superior value to the consumer. It must carry out strong new product development process for finding and growing new product.

The preliminary investigation conducted by the student researcher reveals right with the aforementioned requirements. Currently the company produces new product without making detail or enough research on customers need and want. The Company does not work on changing customers negative perception about their product; the organization produce new product almost the same as the existing products. When it produces new biscuits, the company focuses on satisfying variety seeking customers. In addition, when the company involve in auction to purchase the inputs they will buy inputs that have poor quality because they want to reduce their cost. Moreover the company uses less promotional practice for existing and new products, finally the company use mostly internal source of idea generation.

As the company's currently practice seen in light with the aforementioned requirements some gaps observed, that is significant enough to conduct this study. The problems stated as follow, the company has failure on making research on customers need and want before producing new product. Even if the company knows that, their customers have negative perception about their product rather than changing customer perception they produce new product for the existing market. In addition to these problems, the company also has a deficiency on using quality input also there are Product differentiation related problems, the company have no Research and Development department plus does not fund enough budget for Research and Development, not use modern technology as well awareness creation problem about their new product before and after the product lunch to the market. Finally, only using internal source of idea generation is also big problem of the organization because they may loss potential and many good ideas from external source.

1.3 Research Questions

Based on the above problem student researcher has been answered the following basic research questions.

- 1. To what extent the company's new products match with consumers expectation?
- 2. What are the challenges and prospect that the organization faces in developing new product?
- 3. How the company solve the problem of new product failure?
- 4. To what extent the company seek to improve its product?

1.4 Objective of the Study

1.4.1 General Objective

The overall objective of this study is to assess the practice of new product development in case of Kality Food S.C.

1.4.2 Specific Objective

The specific objectives of this study are;

- To investigate the extent to which company's new product match with customer's expectation.
- To identify challenges and prospect that the company face when developing new product.
- To identify how the company solve the problem of new product failure.
- To examine the company's activity in improving its product.

1.5 Significance of the Study

In this research, the student researcher tried to show the gap between the company's new product development practice and what the theory says about new product development. This study conducted with the conviction that employee and management of Kality Food S.C will be aware about what they have to follow to be effective and efficient on their product development practice. Furthermore, this research will be a blue print for other student researchers who would like to study further on the title of new product development. Mostly this research is important for the student researcher to translate what he has learned in to practice.

1.6 Scope of the Study

This study was focused on an assessment on the practice of new product development in case of Kality Food S.C which produces Biscuit, Pasta, Bread, Macaroni, etc. In particular, this research focused only on final customers that are located in Addis Ababa. Even if the company utilized new product development practice on different products, this study focused on new product development practice on biscuits only. Beside this, the company is doing its business all over the country, to include all those it require much time and huge amount of finance, so that this study focused only on Addis Ababa region, head office of Kality Food S.C. that located at Akaki kality sub city. Moreover, to make the study more manageable, to get current information, to make it reliable, and to update the researches that is conducted by this title student researcher was limited the time from 2009-2013.

1.7 Research Design and Methodology

1.7.1 Research Design

This study used descriptive research design method. Because it would enable the student researcher to gather and depict descriptive information and provide information for formulating more sophisticate studies.

1.7.2 Population, Sample Technique, and Sample Size

Population

In this survey, marketing manager and final customer who use or consume biscuits of Kality Food S.C. were considered as participant of this study. In addition, interview with the marketing manager considered. Because of customer population size is infinite, or it is difficult to list down all population only selected population were participant of this study.

Sample Technique

Since Kality Food S.C has large number of final customers in Addis Ababa it makes difficult for student researcher to manage and list all population, so that student researcher conducted non-probability sampling approach. Among the non-probability approach student researcher used convenience or accidental sampling technique because it uses for testing and gaining idea or rough impression about subject of interest.

Sample Size

Based on the recommendation provided by Malhotra (2006:339) with respect to non-probability sampling, when the population of the study is not defined and for large population size, student researcher can use minimum size of 200 as a sample. So that, student researcher by considering possibility that some questionnaire might not be filled properly, by considering late respondents, student researcher forced to reject the questionnaire. In order to compensate the rejected questionnaires, student researcher has added 30 additional respondents resulting 230 respondents.

1.7.3 Type of data Collected

Student researcher employed both primary and secondary data for this study. The primary data collected from final customer and the marketing manager of Kality Food S.C. In addition to the primary data student researcher was used secondary data that obtained from different sources and publications such as book, internet, articles etc.

1.7.4 Method of data Collection

To support the research findings by primary data the student researcher collected the primary data through questionnaire and guide interview. The questionnaire were distributed to the company's final customers and the interviews conducted with the company's marketing manager.

1.7.5 Data Analysis Method

Data analysis is important in interpreting the results so that the information can be put in use of decision making. As a result, the response from the quantitative method put in terms of frequency, percentage, and has been presented in pie chart and table, and also interview put in qualitative description method.

1.8 Limitation of the Study

During the preparation of this study, the student researcher constrained by various restrictions among the limitations, some major once includes lack of finance and adequate time, some customers were reluctant to fill the questionnaire and also the marketing manager hide confidential information that could assist this study.

1.9 Organization of the Study

The study consisted of four chapters. The first chapter includes background of the study, statement of the problems, objectives of the study, significance of the study, scope of the study, research design and methodology, limitation of the study and organization of the study. The second chapter deals with review of related literature. The third chapter includes presentation, analysis and interpretation of data. The fourth chapter consists of summary, conclusion and recommendation part. Finally the bibliography and appendixes are attached with this research paper.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Overview of New Product Development

2.1.1 Definition of Product

According to Kahn (2001: 4) A product is a particular offering that a company provide for customers. This does not mean that the product is in a form that would be recognizing by the final consumer market; the product may be a raw material for the buyer's product planning process.

According to Philip Kotler Product is anything that can be offered to a market to satisfy a want or need. Product have five levels, each level adds more customer value. the most fundamental level is core benefit, then marketers turn the core benefit in to a basic product, expected product, augmented product, the fifth and the final level is stand the potential product. (Kotler, 2002:394).

2.1.2 Attributes of Product

Product is a set of basic attributes assembled in an identifiable form. Each product identified by a commonly understood descriptive or generic name. A product is a set of tangible and intangible attributes, which may include design, color, packaging, price, quality, and brand, plus the seller service and reputation. A product may be a good, service, or idea. In a sense, customers are buying much more than a set of attributes when they buy a product. They are buying want satisfaction in the form of product. (Etzel et.al, 2004:208).

2.1.3 Importance of Product

According to Kotler and Armestrong (2010: 222) new product are important to both customer and the marketer who serve them. For companies, new products are the key source of growth. For customers, they bring new solution and variety for their lives. Yet innovation can be very expensive very risky.

2.1.4 New Product Development

According to Lehmann and Winer (2005: 267) new product can be introduced for either offensive to gain sales, share or defensive to match or block competitors purpose. In addition, firm can obtain new product in two ways. One through acquisition by buying the whole company, patent, or license to produce someone else's product the other is through new product development in the company own research and development department by new product improvement, product modification, and new brand that the firm develops through its own research and development efforts.(Kotler and Armestrong, 2006:274).

2.1.5 Importance of Product Innovation

According to Kumar (2003: 76) the importance of product innovation are, Product innovation satisfies its customers while making profit, it enables the company to sell good product in the long run product innovation is quite helpful in product life cycle, increased consumer selectivity had led to innovated new product, it also help to protect the environment by bringing out good packaging that are better for the environment in their manufacture, use, and disposal.

2.2 Type of New Product

According to Lamb and et.al (2004: 316) new product can be categorized in to;

New to the world Products -also called discontinuous innovation these products create an entirely new market. New to the world products, represent the smallest category of new products.

New Product Lines -these products which the firm has not previously offered, allow it to enter an established market

Additions to existing product Lines- this category include new products that supplement a firm's established line.

Improvements or Revision of existing Products- the new and improved product may be significantly or slightly change. Most new products fit into the revision or improvement category.

Repositioned Products-these are existing products targeted at new markets or market segments.

Lower-Priced Products- this category refers to products that provide performance similar to competing brands at a lower price.

2.3 Factor Influencing Product Development

Based on Beri (2000: 378) a company may find itself in a situation where it may be advisable to develop a new product. When sales of its current range of a product have been decline over the past few years or where it receives complaints about its product from customers, distributors, retailers, it may have to find the possible reason for the improving of existing product or the development of all together new product. In addition, the concept of product life cycle suggest that a product pass through different stages when a company find that some of its product have entered the decline stage; it

may have to take concern measures to replace them. This can be achieving in two ways; acquisition and innovation.

2.4 New-Product Strategy

According to Etzel and others (2004: 220) new product strategy is a statement identify the role of a new product is expected to play in achieving corporate and marketing goal. A new product might be design to protect market share, meet a specific return-on-investment goal, or establish a position in new market. On the other hand, new products role might be it maintain the company's reputation for innovation or social responsibility. If the company goal is to defend market share, product strategy must be introducing an addition to an existing product line or revise an existing product or if the company's goal is to strength a reputation as an innovator, product strategy will be introduce really new product not just an extension of an existing one. In addition, a new product strategy can also help the company avoid the problem of numerous products under development but few actually becoming ready for the market. The priority in the strategy can be use to determine which prospect products should need special attention, which should go on the "back burn", and which should be scraped.

In addition, Baker (2000:316) mention that new product development should be guide by new product strategy, it is important that the strategy is not so prescriptive as to restrict, or stifle, the creativity necessary for new product development. In addition to the stating the level of newness, a new product strategy encompass the following

Technology and Marketing; this is seen as a dichotomy between allowing the market to pull new product from companies and companies pushing new technology to the market. The advantage of the former one is that new product, derived from customers, are more likely to meet their need, while the advantage of the later is that new technology will meet needs more effectively and will be hard for competitors to emulate, leading to greater sales, profit and competitive advantage for longer period of time. Each however, has disadvantage. With new product development through market

pull, there is a greater tendency of the new product to be better than existing product, leading to product proliferation, possible cancelation of brands. With technology push products, there is the risk that the new technology is not, in fact, relevant for customers and is rejected by them. As ever, the emphasis should be on achieving a balance between the two.

Product advantage; product strategy that emphasizes the search for different advantages, through the product itself, it may comprising the following elements: technical superiority, product quality, product uniqueness, product attractiveness.

Synergy; is the relation between the new product development and existing activities, known as the synergy with existing activity. High levels of synergy are typically less risky, because a company will have more experience and expertise, although perhaps this contradicts the notion of pursuing product differentiation.

Risk acceptance; finally, the creation of an internal orientation or climate which accept risk is high limited as a major role for new product strategy. Although synergy might help avoid risk association with lack of knowledge, the pursuit of product advantage must entail acceptance that some project will fail.

2.5 New Product Development Processes

2.5.1 Idea Generation

Based on sexena (2002: 228) the process of new product development starts with the search for product idea. To be successful, it is important that this search should not be casual. The top managements should spell out corporate mission an objective for new product.

> Source of New Product Ideas

Based on sexena (2002: 228) source of new product development includes;

Customers: Customers are sometimes able to discuss their requirements and offer ideas that will meet those problems.

Competitors: Systematic comparison or bench marking with the competition may offer good source of new product ideas.

Distributors: Suggestions from distributors and their problems in handing present products often thrown up new ideas.

Creative techniques: Brainstorming, focused interviews, and technological forecasting enable one to find out the latent capabilities of innovations.

External world: The external world, especially the use of their technology, offers a good source of ideas for implementation in the home market.

Research and development: Create new product ideas through R&D.

From initial generation of ideas to full commercialization and well into the mature age of a product, the developers should strive to control what is in their power to control a do to monitor what is beyond their control. No single fact of new product development can assure success. Few facts are so detrimental that they are cannot be at least alleviated. Because of the probabilistic nature of new product development, planning and assessments must consider long-term repercussions.

2.5.2 Idea Screening

Kumar and Mittal (2001: 172) the purpose of idea generation is to create a large number of idea. The purpose of the succeeding stage is to reduce that number. The first idea reduce stage is idea screening, which help spot good ideas and drop poor ones as soon as possible. Product development cost rising greatly in later stage, so the company want to go head only with a product idea that are mostly likely to turn in to profitable products.

2.5.3 Concept Testing

When the idea moves pass the screening step, it is evaluate more carefully. Getting reaction from customers about how well a new product idea fits their need. Concept testing use marketing research, such as, ranges from informal focus group to formal survey of potential customers. Companies can often estimate likely cost, revenue, and profitability at this stage. In addition, market research can help identifying the size of potential market. Even informal focus groups are useful, especially if they show that the potential users are not existed about the new idea. If results are discouraging, it may be best to kill the idea at this stage. (Perreault and McCarth, 1999: 284).

2.5.4 Business Analysis

It involves specifying the features of the product and the marketing strategy needed to commercialize it and making necessary financial projection. This is the last checkpoint before significant capital is invested in creating a prototype of the product. Economic analysis, marketing strategy review, and legal examination of the proposed product are conduct at this stage, it is at this point that the product is analyzed relative to existing synergy with the firm's marketing and technological strengths. The marketing strategy review studied the new product idea in relation to the marketing program to support it. The proposed product is assessing to determine whether it will help or hurt sales of existing products. Likewise, the product is examined to assess whether it can be sold or

through existing channels or if new outlets will be needed. Economic consideration focused on several issues, starting with cost of R&D, production, and marketing. For financial projection, the firm also forecast the possibility revenue from future product sales and forecast market shares.(Berkowitz and others, 1994:305).

2.5.5 Product Development

According to Kotler and Keller (2012: 585) Up to now, the product has existed only as a word description, a drawing, or a prototype. The next step represents a jump in investment that dwarfs the costs incurred so far. The company will determine whether the product idea can translate into a technically and commercially feasible product. If not, the accumulated project cost will be lost, except for any useful information gained in the process.

2.5.6 Market Test

According to Lehmann and Winer (2005: 267) the purpose of such test is to; predict sales and profit from major product launch, and practice so that marketing, distribution, and production skill are developed before entering full scale operations. Several decisions must make.

- Action standard; Standard for evaluating the result should be set up in advance.
 This standard should specify when the various possible decisions on stop the test, continue the test, revamp the product, go national will be implemented.
- Where to test; the choice of where to test market is a serious problem, so that the firm have to be seriously focus on the where the market have to be tested.
- How long: The question of how long to run a test is not easily answered.
 Obviously, a long run give more information, but it is also cost more and gives competitors more time to formulate a counterattack. Repeat usage as well as trial can be accurately assessed.

- Cost; for a consumer package good, test marketing cost, advertising, and promotion costs.
- Information gathering; during test market, a variety of information is gathered, most of it related to actual sales.

2.5.7 Commercialization or Launch

This is the final stage of the initial development process and is very costly. Decision such as when to launch the product, where to launch it, how to launch it and to whom based on information collected through the development process. Launch strategy includes any advertising and trade promotion necessary. The sales force may require extra training in order to sell the new product effectively. (Baker, 2000:319).

2.6 New Product Life Cycles Strategy

After launching new product, management wants the product to enjoy a long and happy life. Although it does not expect the product to sell forever, the company wants to earn a decent profit to cover all the effort and risk that want in to launching it. Management is aware that each product will have a life cycle, although the exact shape and length is not known in advance. The product life cycle have five distinct stages.

2.6.1 Introduction

During the first stage of product life cycle, it is launched into the market in a full scale promotion and marketing program. The entire product may be new or the basic product may be well known but have a new features or accessory that is in introduction stage. Strategy for entry stage; in the management of product life cycle, a crucial question concerns the timing to entry into the new market. Should we enter during the introductory stage or should we wait and plunge in during the early part of the growth stage, after innovation companies have prove that there is a viable market. (Etzel and others, 1999:200).

Kumar and Mittal (2001: 170) one of the crucial decision to be taken in the market pioneering stage is the price strategy to be adopted for the product. No past data or comparisons are available and the firm normally options for one of the following pricing strategy.

- Market skimming; the skimming strategy involve high price, taking advantage of early entry.
- Market penetration; penetration pricing will involve low price with the view
 of having a good market coverage and eventually by mass market for the
 product.

2.6.2 Growth

In the growth stage or market acceptance stage, both sales and profit rise, often at rapid rate. Competitors enter the market in large number if the profit outlook is particularly attractive. Sellers shift to a secondary demand rather than primary demand promotional strategy. The numbers of distribution outlets increase, economics of scale are introducing, and price may come down a bit. Typically, profit start to decline near the end of the growth stage. (Etzel and et.al, 1999: 200).

2.6.3 Maturity

During the first part of this period sales continue to increase, but at a decreasing rate. While sales are leveling off, the profit of both producer and retailers are declining, marginal producers are force to drop out of the market, price competition intensifies, and the producer assumes a greater share of the total promotion effort in a fight to retain dealers and shelf space in their stores. New model are introduce as producer broaden their lines, and trade in sales become significant. *Strategy for maturity stage*, a product line may be extending during the maturity stage of its life cycle by making product modification, design new promotion, or devising new uses. (Etzel and et.al 1999: 200).

2.6.4 Decline

Based on Kumar and Mittal (2001: 172) at the decline stage, the sales begin to fall, the demand for the product shrinks probably due to new and functionally advanced products becoming available in the market or the market become apathetic to the product. In any case, price and margin get depressed; the total sales and the profit diminished. *The strategy for decline stage*; the strategy will depend on the companies. Some firms at this stage may try to link the sales of this product with some other premium products they have developed and thus try to stretch out the life of a product but most firm perceive properly the impending; total decline and prepare for the gradual stage phasing out of a product. Successful firms quite often keep new product ready in a line to fill the vacuum created by the decline of existing product.

2.7 Buyer Decision Process for New Product

According to Kotler and Armestrong (2006: 160) buyers may pass quickly or slowly through this stage, and some of the stages may even be reverse. Much depend on the nature of the buyer, the product, and buying situation. So that, Adaptation process is the mental process through which an individual passes from first learning about an innovation to final adaptation and adaptation as the decision by individual to become regular user of the product.

2.8 New Product Adoption and Diffusion

The likely hood of achieving success with a new, especially a really innovative product, is increased if management understands the adoption and diffusion processes for that product. Once again, we stress that organizations need to understand how prospective customers behave. The adoption process is the set of successive decision an individual person or organization makes before accepting an innovation. Diffusion of a new product is the process by which an innovation spreads through out a social system over time. By understanding these processes, an organization can gain insight into how a

product is or is not accepted by prospective customers and which groups are likely to buy a product soon after it is introduce, later on, or never. This knowledge of buying behavior can be valuable in designing an effective marketing program. (Etzel and other, 2004: 225).

2.9 Stages in Adoption Process

According to Kotler and Armestrong (2006: 160) consumers go through five stages in the process of adopting new product.

2.9.1 Awareness-

The consumer becomes aware of the product, but lacks information about it.

2.9.2 Interest-

The consumer seeks information about the product.

2.9.3 Evaluation-

The consumer considers whether trying the new product makes sense.

2.9.4 Trial-

The consumer tries the new product on small scale to improve his or her estimate of its value.

2.9.5 Adaptation-

The consumer decides to make full and regular use of new product.

2.10 Factors Influencing the Adoption Process

Marketers recognize the following characteristics of the adoption process differences in individual readiness to try new products, the effect of personal influence, differing rates of adoption, and differences in organizations' readiness to try new products. Some researchers are focusing on use diffusion processes as a complement to adoption process models, to see how consumers actually use new products. (Kotler and Keller ,2012:589).

2.11 Stages in Adoption Process

Based on Kotler and Keller (2012: 589) the degree to which an individual is relatively earlier in adopting new ideas than the other members of his social system. Some people are the first to adopt new product. After a slow start, an increasing number of people adopt the innovation, the number reaches a peak, and then it diminishes as fewer non-adopters remain. The five-adopter groups differ in their value orientations and their motives for adopting or resisting the new product.

- Innovators are technology enthusiasts; they are venturesome and enjoy tinker with new products and mastering their intricacies. In return for low prices, they are happy to conduct alpha and beta testing and report on early weaknesses.
- Early adopters are opinion leaders who carefully search for new technologies that might give them a dramatic competitive advantage. They are less price sensitive and willing to adopt the product if given personalized solutions and good service support.
- Early majority are deliberate pragmatists who adopt the new technology when its benefits are proven and a lot of adoption has already taken place. They make up the mainstream market.

- Late majority are skeptical conservatives who are risk adverse, technology shy, and price sensitive.
- Laggards are tradition bound and resist the innovation until the status quo is no longer defensible.

2.12 New-Product Failure

According to Kotler and Keller (2012: 570) products are fail by many reasons, ignored or misinterpreted market research; overestimates of market size; high development costs; poor design or ineffectual performance; incorrect positioning, advertising, or price; insufficient distribution support; competitors who fight back hard; and inadequate payback. Some additional drawbacks are:

- Shortage of important ideas in certain areas; There may be few ways left to improve some basic products.
- Fragmented markets; Companies must aim their new products at smaller market segments, which can mean lower sales and profits for each product.
- Social, economic, and governmental constraints; New products must satisfy consumer safety and environmental concerns. They must also be resilient if economic times are tough.
- Cost of development; a company typically must generate many ideas to find just one worthy of development and thus often faces high R&D, manufacturing, and marketing costs.
- Capital shortages; some companies with good ideas cannot raise the funds to research and launch them.
- Shorter required development time; Companies must learn to compress development time with new techniques, strategic partners, early concept tests, and advanced marketing planning.

- **Poor launch timing;** new products are sometimes launch after the category has already taken off or when there is still insufficient interest.
- Shorter product life cycles; rivals are quick to copy success.
- **Organizational support;** the new product may not mach with the corporate culture or receives the financial or other support it needs.

CHAPTER THREE

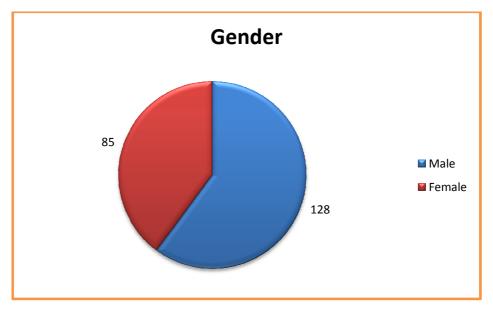
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This part of the research paper deals with presenting, analyzing, and interpreting of the collected data through questionnaires and interviews.

The information obtained from marketing manager and final customers of the company are summarized by using descriptive statistics where by raw data is computed in percentages, frequency. The summarized data, then analyzed by applying descriptive analysis method using tables, following detail explanations, at last interpretation is made to demonstrate implications of major findings.

As indicated by Malhotra (2006:339) the minimum size of respondent must be 200 as a sample, so that student researcher distributed 230 questionnaire to final consumer of Kality Food S.C of which 213 questionnaires were filled and returned but the remaining 17 questionnaires are not returned, also it includes interview with the company's marketing manager. Therefore, the following analysis was made by taking into the insight of those respondents who has filled and returned their responses.

Figure 3.1 Gender



As it is illustrated in the figure 3.1 out of 213 respondents, 128 (60 %) respondents participated in this study were male and the remaining 85(40%) were female. This implies that male who consume Kality Food S.C biscuit have the majority participation than female in this study.

 Table 3.1
 General Characteristics of Respondents

Item NO.	Item	Description	NO. of Respondents	Percentage (%)
1.		Less than 18	55	26
		18-25	61	29
		26-35	37	17
	Age	36-45	37	17
		46 and above	23	11
		Total	213	100
2.		Primary	49	23
		High school	73	34
	T 1	Certificate/ Diploma	18	9
	Education	First Degree	61	29
		Second Degree and above	12	5
		Total	213	100
3.	Occupation	Government employee	43	20
		Private organization	24	11
		Student	97	46
		Self Employed	49	23
		Other	0	0
		Total	213	100

As it can be depicted from table 3.1 item number 1 which is presented by the table shows that 61 (29%) of the respondents lay in the age of 18-25, 55 (26 %) respondents are below 18, both respondents in the age of 26-35 and 36-45 have same proportion 37 (17%) and the remaining 23 (11%) of the respondents lay at the age greater than 45. As the student researcher observed from the respondents response more than half of the respondents are youngsters which means that youngsters have more participation in this study and also, it shows that this study include less participants in the age above 46.

When the educational background of the respondents as observed by the student researcher in the table 3.1 item number 2 from the total number of 213 respondents, 73(34%) respondents are on high school level, 61(29%) respondents are in the level of 1st degree, 49(23%) respondents are in the primary level, 18(9%) are found in certificate or diploma level, and the rest 12(5%) respondents have second degree and above. This implies that most of the respondents are in the high school and first degree level so that they can easily understand and filled the questionnaire prepared for this study.

In the same table 3.1 item 3 from the presented data on the occupation of respondents from the total of 213, 97 (46 %) are students, 49 (23 %) respondents are self employed, 43(20 %) are government employees, while the rest 24(11 %) respondents are in private organization. According to this study, the company's biscuit mainly consume by students so that they might not buy if the product is not attractive enough because most students get the money from family.

3.2 Analysis of Major Finding

Table 3.2 Customers Observation on Improvement

Item	Item	Scale	NO. of	Percentage
NO.			Respondents	
1.	For how long have you been	Less than 1 years	85	40
	customer of Kality Food S.C?	2-3 years	73	34
		4 – 6years	55	26
		6-8 years	0	0
		More than 9 years	0	0
		Total	213	100
2.	Since you become customer of	Yes	134	63
	Kality Food S.C. have you ever seen any improvement on its	No	79	37
	biscuit	Total	213	100
3.	If your answer for no 2 is "yes" in what aspect	Attractive package	24	18
		Design difference	11	8
		Price	79	59
		Taste difference	20	15
		Other	0	0
		Total	134	100

In the first item of the above table 3.2 which tells about for how long have the respondents being customer of Kality Food S.C biscuits.85(40%) have been customers of the company for less than one year, 73 (34%) have been customers for 2-3 years, the other 55 (26%) respondents are customer of the company between 4 up to 6 years. This implies that the majority of the respondents have been customer of the company for less than one year that means most of the respondents are new customers of Kality Food S.C and the rest 26% of the respondents can be considers as loyal customers.

As illustrated in the table 3.2 item number 2 the existing data on observing any improvement on Kality Food S.C biscuit from the total of 213 respondents 134 (63%)respondents respond Yes and the rest 79 (37%) answered No. This implies that 63% of the respondents believe that there is improvement on the company's biscuit.

In the same table 3.2 item number 3 which request in what aspect that the company's biscuit is improved. From the total number of 134 respondents, 79(59%) believed that there is improvement on the price, 24(18%) reply the improvement is on designing attractive package, 20 (15 %) think that there is improved taste difference on the biscuits, and the rest 11(8 %) respondents answered there is improved designed difference on the biscuit. According to the respondents response the company mostly improve the price of the biscuit when comparing to the other options.

Table 3.3 Attitude on the New Biscuit.

Item NO.	Item	Scale	NO. of Respondents	Percentage
1.	To what extent do you evaluate	Very good	0	0
	the quality of Kality Food S.C	Good	19	9
	new biscuit	Medium	30	14
		Bad	91	43
		Very bad	73	34
		Total	213	100
2.	To what extent do you evaluate	Very good	30	14
	the package of Kality Food S.C	Good	13	6
biscuit.	biscuit.	Medium	67	31
		Bad	103	49
		Very bad	0	0
		Total	213	100
3.	How do you evaluate the taste	Very good	0	0
	of the company's new biscuit	Good	19	8
		Medium	30	14
		Bad	103	49
		Very bad	61	29
		Total	213	100

As shown In the table 3.3 item number 1 that presents a data on evaluating the quality of Kality Food S.C new biscuit out of 213 respondents asked 91 (43%) responded bad, 73 (34%) answered very bad, 30 (14%) replied medium, while the rest 19 (9%) of respondents have answered good. The result that the student researcher get from the respondents implies that most respondents have bad attitude on the quality of Kality Food S.C new biscuits, although there are some respondents who have good attitude about the quality of the company's new biscuits.

In the table 3.3 item number 2 from the collected data regarding to the respondents attitude about the package of Kality Food S.C. Out of 213 respondents 13(6%) responded good, 30 (14%) said very good, 67 (31%) answered medium, , while the rest 103(49%) of respondents have answered bad. Based on the data collected from the respondents, the student researcher observes that the package of Kality Food S.C biscuit is not preferable.

In the same table 3.3 item 3 From the total of 213 respondents response regarding the issue of evaluating the taste of the company's new biscuit 103 (49%) react bad, 61 (29 %) reply the taste is very bad, 30 (14 %) respond medium, and the rest 19 (8%) said the taste of the company's biscuit is good. From this information, what can be said is even if some of the respondents still prefer the taste of the company's biscuit but most of the respondents do not prefer it by its taste.

Table 3.4 Superiority of the Biscuit

Item	Item	Scale	NO. of	Percentage
NO.			Respondents	
1.	Kality Food S.C biscuit is	Strongly Agree	6	3
	superior to other company's	Agree	12	6
	biscuit	Neutral	67	31
		Disagree	67	31
		Strongly disagree	61	29
		Total	213	100

Regarding from the above table 3.4 from the total of 213 respondent's reaction on the issue of superiority of Kality Food S.C. biscuits from its competitor's biscuit. The two different group of respondents responded both disagree and neutral 67(31 %), 61(29 %) of respondents answered strongly disagree, while 18 (9 %)respondents thought the biscuit is superior from other company's biscuit . As it is observed from this facts, it is clear that majority of the respondents do not believe on the superiority of the company's biscuit.

Table 3.5 Customers Interest on the New Biscuit.

Item	Item	Scale	NO. of	Percentage
NO.			Respondents	
1.	Do you think Kality Food S.C is	Yes	79	37
	offering customer oriented	No	134	63
	C	Total	213	100
	Biscuit			
	How do you rate your interest	Very high	6	3
2.	to accept the newly introduced	High	12	6
	1 ,	Medium	37	17
	biscuit of the company	Low	91	43
		Very Low	67	31
		Total	213	100
3.	To what extent do you think the	Very High	8	2
	new product of Kality Food S.C	High	18	9
	new product of Ranty 1 ood 5.e	Medium	43	20
	match with your expectation	Low	60	29
		Very Low	84	40
		Total	213	100

As it can be describe from table 3.5 item number 1 show that the collected data on offering customer oriented Biscuit. From the 213 respondents 134 (63 %) of the respondents said the company did not provide customer oriented biscuit and the remaining 79(37 %) respondents declare Yes. As this study indicates, many of the respondents believe that the company produce biscuit without understanding what the customer want.

In the same table 3.5 item number 2 the presented data on rating respondents interest to accept the newly introduced biscuit of the company out of the 213 respondents, 6 (3%) of the respondents has very high interest to accept new products of the company, 12 (6%) respond high, 37 (17 %) of the respondents has medium interest to accept, 67(31%) of the respondents have very low interest to buy the newly introduce biscuits of the company, also the rest 91 (43 %) of the respondents has low interest on the newly introduce biscuits of the company. As the student researcher observed from the above data large number of respondents have low interest on the new biscuit of the company

this indicates that the company lunch new biscuit without knowing what customer need.

From the 213 respondents reaction on table 3.5 item number 3 in the issue of how new product of Kality Food S.C match with respondents expectation, 8(2 %)of respondents said very high, 18(9%) answer high, 43 (20 %) react medium, and 60 (29%) responded low, 84 (40 %) of respondents reply very low. From this information, one can understand that the new product of Kality Food S.C biscuit not match with respondents expectation.

Table 3.6 Customer Preference

Item NO.	Item	Scale	NO. of Respondents	Percentage
1.	Which Kality Food S.C Biscuit you preferred more?	TicTak	79	37
	you preferred more:	Tea Time	67	31
		Glucose	43	20
		Knick Knack	24	12
		Total	213	100

Regarding From the table 3.6 out of the total 213 respondents preference on Kality Food S.C Biscuit 79(37%) of respondents prefer Tic Tak, 67 (31%) replied their preference is Tea Time, 43 (20%) respondents believe that Glucose is the best, and the rest 24 (12%) respondents replied Knick Knack is their number one choice. This means that Tic Tak and Tea Time are the most preferable biscuits of the company for the respondents.

Table 3.7 Biscuit Fit with Customer Expectation

Item NO.	Item	Scale	NO. of Respondents	Percentage (%)
	Tr'1 Tr 1	77 TT' 1		
1A.	Tik Tak	Very High	91	43
		High	48	23
		Medium	43	20
		Low	24	11
		Very low	6	3
		Total	213	100
1B.	Tea Time	Very High	43	20
		High	84	40
		Medium	43	20
		Low	24	11
		Very low	19	9
		Total	213	100
1C.	Glucose	Very High	19	8
		High	36	17
		Medium	43	20
		Low	54	26
		Very low	61	29
		Total	213	100
1D.	Knick Knack	Very High	48	23
		High	18	9
		Medium	66	31
		Low	44	20
		Very low	37	17
		Total	213	100

Beyond 213 respondents asked if Tik Tak biscuit fit with their expectation, 91(43%) responded very high, 48(23%) answered high, 43 (20 %) responded medium, 24 (11 %) of the respondents have answered low in a sense that Tic Tak don't fit with their expectation also the rest 6(3 %) of the respondents respond Very low. According to respondents reaction one can denote that Tic Tak is the leader biscuit of the company that highly fit with respondent expectation.

As it is observed in the table3.7 item number 1B out of 213 respondents, 84 (40 %), 43(20%), 43(20%), 24 (11 %), 19 (9 %) respond high, very high, medium, low and very low respectively. Based on the response of the respondents even if Tea Time full fill what customers expect from the biscuit but still it do not satisfy respondents like Tik Tak.

In the same table 3.7 item 1C from the collected data on the issue of the company's biscuit to fit with respondents expectation out of the 213 respondents 36 (17 %)of the respondents has high expectation, 54 (26 %) of the respondents has low expectation, 43 (20 %) of the respondents answered medium, 19 (8%) react very high, while the rest 61 (29%) respondents has very low expectation. This shows that most respondents have very low expectation on the Glucose biscuit this means that Glucose biscuit lack good expectation from the respondents so that the company must improve the biscuit based on customers bad attitude about it.

Regarding From the table 3.7 item number 1D respondents asked about the issue of the company's biscuit to fit with respondents expectation 66(31%) of respondents said medium, 48 (23 %) replied very high, 44 (20 %) responded low, and 37 (17 %) replied very low, 18 (9 %) said high. This indicates that Knick Knack biscuit fit with respondent's expectation in medium level.

Table 3.8 Frequently used Biscuit

Item	Item	Scale	NO. of Respondents	Percentage
NO.				(%)
1A. Tik Tak		Very often	126	60
		Often	24	11
		Sometimes	43	20
		Rare	20	9
		Very rare	0	0
		Total	213	100
1B.	Tea Time	Very often	54	26
		Often	84	40
		Sometimes	49	23
		Rare	26	11
		Very rare	0	0
		Total	213	100
1C.	Glucose	Very often	26	12
		Often	36	17
		Sometimes	36	17
		Rare	72	34
		Very rare	43	20
		Total	213	100
1D.	Knick Knack	Very often	48	23
		Often	60	29
		Sometimes	48	23
		Rare	36	17
		Very rare	21	8
		Total	213	100

In the table 3.8 item no 1A the collected data from the total of 213 respondent who use Tic Tak frequently 126 (60 %) answered very often, 43 (20%) responded sometimes, 24(11 %) responded often, the rest 20(9%) said rare. This shows that respondents very frequently use Tik Tak biscuit than the other biscuits.

For the question how often respondents use Tea Time biscuit frequently on the table 3.8 item 1B, out of 213 respondents 84 (40 %) replied often, 54 (26 %) answer very often, 49 (23 %) react sometimes, and the rest 26(11 %) counter rare. From this the student researcher understands that more than 50% of respondents use Tea Time biscuit frequently.

In table 3.8 item 1C from the presented information 72 (34 %) answered rare, 43(20 %) replied very rare, both who replied often and sometimes have equivalent value of 36(17 %), while the rest 26(12 %) of the respondents said very often. As observed by the student researcher most respondent respond rare for Glucose biscuit this implies that Glucose biscuit consumed less frequently by the respondents of this study.

In the same table 3.8 item 1D depending on hand data of respondents response on the consumption of Knick Knack biscuit frequently, out of the 213 respondents 60 (29%) of the respondents use Knick Knack biscuit often, 48 (23 %) of the respondents response both very often and sometimes, 36 (17 %) of the respondents answered rare, while the rest 21 (8 %) of the respondents replied very rare. This shows that most respondents frequently use Knick Knack biscuit than Glucose.

Table 3.9 Customers Suggestion

Item	Item	Scale	NO. of	Percentage
NO.			Respondents	(%)
1.	Do you have any complain	Yes	152	71
	on Kality Food S.C biscuit	No	61	29
		Total	213	100
	If your answer is "Yes" to	High price	24	16
2.	the above question what is	Less variety	55	36
	most of your complains	Taste		
	about	Poor	45	30
		Packaging		
		Poor in	28	18
		providing		
		new biscuit		
		Other	0	0
		Total	152	100
3.	What do you think is the	Not knowing	60	29
	major problem of Kality	what		
	Food S.C new product to	customer		
	meet your expectation	need		
		Lack of	50	23
		quality		
		No Variety	60	28
		taste		
		Its package	43	20
		Other	0	0
		Total	213	100

As it is illustrated on the table 3.9 item number 1 that presents a data on if the respondents have any complain on Kality Food S.C biscuit from the total respondents of 213, 152 (71 %) of the respondents said Yes, 61(29 %) responded say No. This implies that most of the respondents or final customers of the company have made complaints on the biscuit. Furthermore, from the total respondents who have said they have made complaints, 24 (16%) have made complain on the products high price, 28(18%) have made complain on its ability to provide new biscuits to the market, 45(30 %) have made complain on less Varity taste biscuits availability. Therefore, it can be inferred from the above table that the majority of respondents have made complaints on the poor availability of variety of biscuit tastes offered by the company. Hence, the company's ability of offering different variety a product with different tastes is very poor.

Regarding from the table 3.9 item number 3 that presents data on the major problem of Kality Food S.C new product to meet respondents expectation from the total of 213 respondents, 60 (29 %) respondents answered that the problem is not knowing what customers need, 60 (28 %) respondents believe that the problem of the company is not providing Varity taste, 50 (23 %) the problem of Kality Food S.C new product is lack of quality, and the rest 43 (20%) of respondents replied that major problem of the new product is its package. Based on most respondents complain the company have problem on knowing what customer need and providing variety taste.

3.3 Analysis of Interview with the Marketing Manager

• What challenges your company face in developing new product or modifying the existing product?

To make change in the product there should be information about what customers need and want also there should be adequate finance for the research. Our company lacks professionals who work in R&D this is because the company have no R&D department so that the marketing department will be done the research this will create work load for this department in addition the company does not provide a system for customers to give any of their suggestions regarding the product.

• What are the major procedures that the company follows in developing new product?

Our company will conduct a managerial meeting specially marketing and production department with top-level mangers and the idea which is forwarded from the marketing manager and from sales force will be brain stormed and the product will be tested in the market but in here student researcher is not fully confidential by the answer given by the marketing manager because the manager is not interested to give each and every procedures that the company use .

- How could you evaluate the market coverage of new product?
 The market coverage is evaluated from the sales report that will be provided by the sales force.
- What is your major source of getting ideas for developing new product?
 Since we does not have R& D department majority ideas are forwarded from the marketing department and the sales force of course competitors products are the stimulants, this means that we can also get ideas from our competitors activity.

- To what extent the company focus in satisfying need and want of customers?
 I don't want to say much without a satisfied customers the disintegration of our company is inevitable.
- How did the company get complain about new product from final customers? The company gets complains from two sides that is from business customers and final customers. With the business customers, our companies communicate personally, face to face as well as by phone calls and the final consumers complain heard through business customers and from the sales person of the company who work in our out let.
- Did the company allocate sufficient budget for new product development?

Even if The marketing manager said that the allocation of the budget for new products are comparatively good in this year, but some staff member of marketing department still don't agree on it.

 To what extent the company work on research and development before producing new product?

As it mentioned above the company does not have its own R&D department rather the marketing department is engaged in holding the R&D department through it so it will be good if the company had its own R&D department in order to make relevant research on producing new product.

How the company solve the problem of new product failure?

By analyzing and ensuring that there is adequate demand existing for the product, by producing a product that will be acceptable by the society, by selecting a product that would exactly fit in to the existing market structure of the company, by using continuous and efficient demand creation method, by selecting a product that should reflect the company's image already created in all respects specially with regard to quality and price.

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This part of the research paper deals with summery, conclusion and recommendations of what has been study so far.

4.1 Summary of Major Finding

- Among 213 respondent majority of them are males and considering the age group 55% of the respondents were below 25.
- ➤ Majority of the respondents were in high school and primary level, also regarding to the occupation part students are the highest participant of this study they cover 46 % from the total 213.
- ➤ Most of the respondents were consumers of the company's biscuit for more than a year. According to the response on the improvement of the company's biscuit majority of them believe there is improvement, from those who react there is improvement most of them think that there is improvement on the price, designing attractive package, taste difference, and designing difference on the biscuit respectively.
- ➤ In the issue of evaluating the quality of Kality Food S.C biscuit most of the respondents have bad attitude on it. Hand in hand to this the greater part of respondent believed that the company's package is not attractive enough and concerning the taste of the new biscuit more than half (164) of them replay they did not prefer the biscuit by its taste.

- ➤ On the subject of offering customer oriented biscuit from the total respondents 134 of them imply the company did not offer customer oriented biscuit. Also 74% of them has little interest on the newly introduce biscuits of the company. According to the issue of how new product of Kality Food S.C match with respondents expectation 69 % of respondents have low expectation on the biscuit.
- ➤ Regarding the preference of the company's biscuit most of respondents desire Tic Tak and Tea Time also this biscuits fit with respondents expectation more than the others biscuit.
- ➤ Concerning the question if respondents have complain on Kality Food S.C biscuit From the total respondents of 213, 71 % of the respondents said yes, 29 % responded say no. Out of those who have complain 34% of them have complain on the price, and on its ability to launch new biscuits, 66% complain on the packaging and on providing Varity taste biscuit.
- > 57 % respondents answered that there is a problem in knowing what customers need and on providing Varity taste, 43 % thought the new biscuit lack quality and the package is not attractive.

4.2 Conclusion

According to the findings point out above, the following conclusion are drawn.

- ➤ Depending the final customers response, majority of the participants in this study are not new user of the company's biscuit.
- As it can be seen from the study, most of final customers believe that there is improvement on the company's biscuit. From those who consider that there is improvement, price will take the first place also the package and the test upgrade in addition there is progress on the design.
- As per the outcome of the study, most final customer responded that quality of Kality Food S.C new biscuit is not good enough or it lack requirements that is needed from it. Also on evaluating, the package of the biscuit participants of this study thought that the package is not attractive and it does not encourage them to choose the product. In addition, regarding the test of the biscuit, customers who consume the biscuit does not prefer it by it taste.
- ➤ As this research study represents, the majority of final customers don't agree on the superiority of the company's biscuit.
- ➤ From the viewpoint of customers, Kality Food S.C produces and launches biscuit without considering consumers need and want because this majority of consumers who consume the company's biscuit has little interest on accepting the new biscuit of the company or they do not believe that they will get special benefit from the new one. The student researcher concludes that, the product that launch to the market by the company does not match with the expectation of final customers.

- ➤ From the research finding on preference of biscuit that manufactured by Kality Food S.C, Glucose and Knick Knack consumed by final customers following Tick Tack and Tea Time.
- As per the outcome of the study, what can be said is that when comparing the company's biscuit with regard to customers expectation Tick Tak highly accepted by consumers and it full fill what customer expect from it also Tea Time get acceptance by users but Glucose and Knick Knack has still little acceptance in the market. This indicate that Tick Tak regularly used by final customers after that Tea Time also frequently consumed by users, while Glucose and knick Knack consumed less frequently.
- ➤ Regarding whether customers have complain or not, most of the final customers have complain on the company's biscuit in different feature. Most of the complain goes to the company's ability in producing Varity taste biscuit then there are also complains on the package of the biscuit also consumers are not satisfied by the company's activity in producing new biscuit the last complain goes to the price of the biscuit.
- As observed by final customers in the previous section, the problem of the new product of Kality Food S.C to full fill what is expected from it was first the company produce new product without knowing what customer need, also the taste of the new biscuit is similar to the previous ones, the product lack quality, and the package is not attractive.

4.3 Recommendation

Based on the major research findings that have been discussed so far the following points are recommended by the student researcher.

- Depending the information that the student researcher get from the marketing department staff member, Kality Food S.C buy low quality wheat when they participates in auction, because of this reason the quality of the company's biscuit become weak so that, the company should improve the quality of raw material and produce a biscuit that will satisfy customers.
 - ➤ Package is the buyer's first encounter with the product, so that Kality Food S.C should design a package that can easily attract customers and encourage them to purchase the product because a good package has power to directly trigger the emotions of the consumer to try the biscuit and designing attractive package will turn a need into purchase decision.
 - ➤ In view of the fact that the taste of Kality Food S.C is not preferable by final customers, so that what the student researcher suggest is the company have to produce new biscuit or improve the taste of the existing biscuit as customers need, in addition if the company produce biscuit that have a coffee flavor customers will be satisfied and may prefer it because currently the biscuit market is lead by coffee flavor biscuits.
 - ➤ Since the company's management, want the product to enjoy a long and happy life. Although it does not expect the product to sell forever. Among the biscuits that Kality Food S.C launch to the market Tik Tak and Tea Time considered as a best biscuit that customers like to purchase when relating this with the product life cycle stage both biscuits are in growth stage because their sales and profit rise with rapid rate, While the other two biscuits Glucose and Knick Knack are on maturity stage in a sense there sales and profit increase in a decreasing rate.

- ➤ Kality Food S.C must follow up how its new product accepted by prospective customers and must know how it fulfill what customers expect to get from the product, but still there are customers who does not get the new product of the company as they expected this will lead the company to loss target customers and will destroy the aim of developing new product to gain sales and match competitors in the market.
- A company offer a product to the market in order to satisfy customer need and want and earn a profit because of this reason Kality Food S.C must develop a product based on the needs of customers otherwise in this competition based world its new and loyal customers will shift to others who will satisfy there need.
- New product develop to bring new solution and Varity for customers also customers like to purchase new product because they think it will provide them better benefit. when it come to Kality Food S.C customers interest about the new biscuit produced by the company even if customers choose Tik Tak and Tea Time among the other two biscuits but still student researcher can suggest that final customers are not interested. What can been seen from this is the company's new biscuit is the same with the existing biscuit or they don't acquire any additional benefit from it so instead of satisfying customers by producing new product, the company is spending unnecessary money on the new product so it must make marketing research and try to improve its new product development process.
- ➤ The company should cope up with its competitors that are engaged in the same business this can be done by using latest technology in producing products, by producing products that will satisfy customer needs, by using quality raw materials, by designing the product in attract full manner, by promoting the product through different promotional methods and by following every competitors activity. If the company can manage this all it will fit its competitors in the market and get high market share.

As customers are the back bone of the company their complain and suggestion must be carefully examined and try to work on the area that customers had complain about the biscuit so that Kality Food S.C customers had complain on different areas that the company have to improve. First they must work on producing biscuit that have taste difference from the existing once, have to design attractive package to catch the attention of buyers, the other thing is it must launch new biscuit to the market by supporting it with good advertising all in all if the company can improve the above it will satisfy its customers and can earn a huge profit,

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APPENDIX A

St. Mary's University College

Business Faculty

Department of Marketing Management

Questionnaire to be filled by Kality Food S.C customers

This questionnaire has been prepared by prospective graduate of St. Mary's university college in the field of marketing management. This study entails to assess the new product development practice of Kality Food S.C. Therefore, you are selected to fill this questionnaire because student researcher have full trust on you to get complete and real information that are required for this research. Thank you for your cooperation.

Notice;

- It is not necessary to write your name.
- Please put a " $\sqrt{}$ " mark on the space provided.

I. Personal information

1.	Sex			
	A. Male B. Fema	ale \square		
2.	Age			
	A. Below 18 yrs	C. 26 - 35	E. More tha	n 45 🔲
	B. 18 − 25	D. 36 – 45		
3.	Education Background			
	A. Primary	C. diploma	certificate	
	B. High School	D. first degr	ee \square	
	E. second degree and above			
4.	Occupation			
	A. Government employee		C. Student	
	B. Private organization		D. Self Employee	d \square
	E. other, please specify			

II. Questions related to product development in Kality Food S.C. 1. For how long have you been customer of Kality Food S.C? A. Less than 1 yrs C. 4-6 yrs \square B. 2-4 yrs D.6-8yrs E. more than 9 yrs 2. Since you become customer of Kality Food S.C. have you ever seen any improvement on its biscuit? A. Yes B. No 3. If your answer for no 2 is "yes" in what aspect? (You can choose more than one answer from the given option). A. Attractive package C. price B. design difference D. Taste difference E. If other please specify it-----4. To what extent do you evaluate the quality of kality food S.C new biscuit? A. Very Good C. Medium E. Very Bad B. Good D. Bad 5. To what extent do you evaluate the package of Kality Food S.C biscuit? A. Very good □ C. Medium E. Very Bad B. Good D. Bad 6. How do you evaluate the taste of the company's new biscuit? A. Very good C. Medium B. good D. bad E. Very bad 7. kality Food S.C biscuit superior to other company's biscuit? A. Strongly Agree C. Neutral B. Agree D. Disagree E. Strong Disagree 8. Do you think Kality food S.C is offering customer oriented Biscuit? A. Yes B. No 9. How do you rate your interest to accept the newly introduced biscuit of the company?

C. Medium

A. Very high

B.	high		D.	low		Е	E. Very 1	ow
10. To v	what extent d	lo you thin	k the new j	produ	ct of Kali	ty Food S.C	match w	ith your
expe	ectation?							
A.	Very High		C. Me	dium	ı 🔲	E. Very l	Low [
B.	High		D. Lo)W				
11. W	Which Kality	Food S.C	Biscuit you	ı pref	erred mor	re?		
A.	TicTak	B. Tea tir	ne \square C.	Gluc	ose 🗀	D. knick l	knack	
12. T	o what exter	ıt do Kality	Food S.C	new	biscuit fit	with your e	xpectatio	on?
			Very High		High	Medium	Low	Very low
	A. Tik Tak							
	B. Tea tim	e						
	C. Classes							
	C. Glucose	,						
	D. Knick k	nack						
13 W	Vhich Biscui	t of Kality	S C vou us	e fre	auently?			
13. (villen biseur	t of Kanty	b.C you us	,c 11 c	quentry:			
			Very ofte	an	often	sometimes	rare	Very rare
			Very ord	J11	onen	sometimes	raic	very rare
	A. Tik	Col.						
	B. Teat							
	C. Gluc							
		k knack						
14.0			in on Vali	4., D.	040011			
	o you have a	_		ıy Fo	ou S.C bi	scuit?		
A.	Yes		B. No					

15. If your answer is "Yes" to the a	above question what is most of your complains about				
(you can choose more than one)?				
A. high price	C. poor Packaging				
B. Less variety taste	B. Less variety taste D. poor in providing new biscuit				
E. other, please specify					
16. What do you think is the major problem of Kality Food S.C new product to meet					
your expectation?					
A. Not knowing what customer r	need C. No Variety taste				
B. Lack of quality	D. its package				
E. If there is other please specify	it				

የቅድስተ ጣርያም ዩኒቨርስቲ ኮሌጅ ቢዝነስ ፋክሊቲ *ማርኬቲንባ ጣኔጅመንት ትምህርት* ክፍል በቃሊቲ ምግብ አከስዮን ማህበር ደንበኞች የምሞላ መጠይቅ

ይህ ጣቢይቅ የተዘጋጀው በቅድስተ ጣርያም ዩኒቨርስቲ ኮሌጅ የጣርኬቲንባ ሜኔጅማንት ተሙቂ ተጣሪ ነው፡፡ ይህ ጥናት የሚያተኩረው ስለቃሊቲ ምግብ አክስዮን ማህበር የአዲስ ምርት ትግበራ ላይ ነው፡፡ ስለዚህ ለዚሁ ጥናት የተሟላ እና ትክክለኛ መረጃ ለማግኘት የጥናቱ አጥኚ በእርስዎ ሙሉ እምነት ኖሮት ይሄንን ጣቢያቅ እንዲሞሱ መር ተዎታል፡ ፡

ስለትብብርዎ አማነግናለሁ፡፡

_	ስ ምዎን	መ ፃፍ	አስፈላገ	አይደለም

ማነሰቢያ

-	እባክዎን	ρ "✓"	ምልክት	በመልስ	በታው ላይ	<i>ያስቀም</i> ጡ

– እባክዎን የ"✓" ምልክት በመልስ ቦታው ላይ ያስቀምጡ
ክፍል 1: <u>ጠቅላላ መረጃ</u> 1.ፆታ ሀ . ወንድ
2. እድሜ v . h18 በታች
3. የትምህርት ደረጃ ሀ . 1ኛ ደረጃ ለ . 2ኛ ደረጃ ሐ. ሰርተፍኬት /ዲፕሎማ
መ. የመጀመሪያ ዲባሪ
4. የስራ ሁኔታ v . የመንግስት ሰራተኛ ለ . የባልሰራተኛ ሐ . ተማሪ መ. ነጋኤ
<i>w</i> . ሴላ

ክፍል 2: በቃሊቲ ምባብ አክሲዮን ማህበር አዲስ ምርትን ስለማምረት የሚ*መ*ለከቱ ጥያቄዎች

ሀ. ከአንድ ዓመት በታቸ
ለ. ከ <i>ሁ</i> ለት እስከ አራት ዓ <i>ማ</i> ት 🔃
ሐ. ከአራት እስከ ከስድስ ዓ <i>መ</i> ት
መ. ከስድስት እስከ ስምንት ዓ <i>መ</i> ት
ሥ. ከዘጠኝ ዓመት በላይ
2. የቃሊቲ ምግብ አክስዮን ማህበር ደንበኛ ከሆኑ ጀምሮ በብስኩቶቹ ላይ ያዩት ለወጥ አለ ወይ?
υ. λΛ . ΥΛΦ
3. የ <i>ሁለተኛው ፕያቄ ማ</i> ልስ "አለ" ከ <i>ሆ</i> ነ በምን አይነ <i>ት ማ</i> ልኩ?
(ከተሰ <i>ጡ</i> አ <i>ማራጮ</i> ቸ ወስጥ ከአንድ በላይ <i>ምርጫ መ</i> ምረጥ ይቸላሉ)
ሀ. የማሸጊያ ልዩነት ሐ. የዋጋ ልዩነት
ለ. የብስኩቶች ቅርጽ ልዩነት መ. የጣዕም ልዩነት
<i>ພ</i> . ከዚህ ውጭ <i>ሞ</i> ልስ ካለዎት በባዶ ቦታው ላይ <i>ሞ</i> ልስዎን ይስጡ
4. የቃሊቲ ምግብ አክስዮን ማህበር ብስኩት ጥራትን በምን ያህል ጣጠን ይገ <i>መ</i> ግመታል?
ሀ. በጣም ጥሩ መጥፎ
ለ. ፕሩ
ሐ. <i>መ</i> ካከለኛ 🔲
F. O.L. Prop. 1 bloom manage and bloom of the control of the contr
5. የቃሊቲ ምባብ አክሲዮን ማህበርን የብስኩት <i>ማ</i> ሸጊያ እንዴት ይገ <i>መ</i> ግመታል?
υ. በጣም ጥሩ መ. መጥፎ
υ. በጣም ፕሩ መካር
υ. በጣም ፕሩ ለ. ፕሩ
ሀ. በጣም ጥሩ ለ. ጥሩ ሥ. በጣም ሙጥፎ ሐ. ሙክክለኛ
ሀ. በጣም ተሩ መ. መጥፎ ለ. ተሩ ሥ. በጣም መጥፎ ሐ. መካከለኛ 6. የድርጅቱ አዲስ ምርት(ብስኩት) ጣሪም እንዴት ይገመገመታል?
ሀ. በጣም ፕሩ መ. መፕፎ ለ. ፕሩ ሥ. በጣም መፕፎ ሐ. መካከለኛ 6. የድርጅቱ አዲስ ምርት(ብስኩት) ጣሪም እንዴት ይገመገመታል? ሀ. በጣም ፕሩ ሐ. መፕፎ
ሀ. በጣም ጥሩ መ. መጥፎ ለ. ጥሩ ሥ. በጣም መጥፎ ሐ. መካከለኛ 6. የድርጅቱ አዲስ ምርት(ብስኩት) ጣሪም እንዴት ይገመገመታል? ሀ. በጣም ጥሩ ሐ. መጥፎ ለ. ጥሩ መ. በጣም መጥፎ
ሀ. በጣም ጥሩ መ. መጥፎ ለ. ጥሩ ሥ. በጣም መጥፎ ሐ. መካከለኛ 6. የድርጅቱ አዲስ ምርት(ብስኩት) ጣሪም እንዴት ይገመገመታል? ሀ. በጣም ጥሩ ሐ. መጥፎ ለ. ጥሩ መ. በጣም መጥፎ ሐ. መካከለኛ
ሀ. በጣም ጥሩ

8. ቃሊቲ ምባብ አክቢዮን ማህበር አያቀረበ ያለው ደንበኖተን ያማሰለ ብበኩተ ነው ወይ?	
υ. አዎ ለ. አይደለም	
9. ድርጅቱ የሚያመርተውን አዲስ ብስኩት የመቀበል ፍላጎትዎን እንዴት ይመዝኑታል?	
υ. በጣም ከፍተኛ ሐ. <i>መ</i> ካከለኛ	
ለ. ከፍተኛ ም. በጣም ዝቅተኛ	
ሐ. ዝቅተኛ	
10. የቃሊቲ ምግብ አክስዮን ማህበር ብስኩት በምን ያህል ማጠን ከእርስዎ ግምት ጋር ይዛ <i>ማ</i> ዳል?	
υ. በጣም በከፍተኛ ደረጃ መ. በዝቅተኛ ደረጃ	
ለ. በከፍተኛ ደረጃ ሥ. በጣም በዝቅተኛ ደረጃ	
ሐ. <i>መ</i> ካከለኛ ደረጃ	
11. የተኛውን የቃሊቲ ምግብ አክሲዮን ማህበር ብስኩት ከሌላው አስበልጠው ይመርጠቃል?	
υ. ቲክ ታክ ሐ. ግሉኮስ	
ለ. ቲ ታይም መ. ኒክናክ	
12. የቃሊቲ ምግብ አክሲዮን ማህበር ብስኩቶች በምን ያህል ማጠን ከእርስዎ ፍላጎት ጋር ይጣጣሜል?	
በጣም ከፍተኛ ከፍተኛ መህከለኛ ዝቅተኛ በጣም ዝቅተኛ	
v. th th	
ለ. ቲ ታይም	
ሐ. ባሉኮስ	
<i>ማ</i> . ኒክናክ	
13 የትኛውን የቃሊቲ ምግብ አክሲዮን ማህበር ብስኩት በብዛት ይጠቀማሉ?	
በጣም ብዙ ጊዜ ብዙ ጊዜ አንዳንዴ በትንሹ በጣም በትንሹ	
υ. th th	
ለ. ቲ ታይም	
ሐ. ባሉኮስ	
መ. ኒክናክ	
14. በቂሊቲ ምግብ አክሲዮን ማህበር ብስኩት ላይ ቅሬታ አለዎት ወይ?	
υ. አለኝ 🔲 ለ. የለኝም 🔲	
15. ለጥያቄ ቁጥር 14 መልስዎ "ቅሬታ አለኝ" ከሆነ ከታች ከተዘረዘሩት ምር <i>ጫ</i> ዎች ውስጥ ቅሬታዎ የትኛው	ላ ይ
ነው? (ከአንድ በላይ ምር <i>ጫ መ</i> ምረጥ ይቸላሉ)	
υ. ክፍተኛ ዋጋ ሐ. የማይስብ ማሸጊያ 	
ለ. ዝቅተኛ የጣሪም ልዩነት 🔲 ማ. አዳዲስ ብስኩቶችን የማምረት ድክመት 🔙	

ሥ. ከተዘረዘፉት ወጪ ሌላ <i>ሞ</i> ልስ ካለዎት በተሰጠው ባዶ ቦታ ላይ ይግለጹ?	
 16. የቃሊቲ ምባብ አክስዮን ማህበር የእርስዎን ፍላጎት ለማሟላት ያሉበት መጎረታዊ ቸግሮች ምንድን ናቸው	
ብለው ያስባሉ?	
ሀ. የደንበኞችን ፍለጎት ያለማወቅ መ. ማሸጊያን የተማለከተ ችግር	
ለ. የፕራት ደረጃ	
ሐ. የብስኩቶቹ <i>ጣዕም መ</i> ማሳሰል	
ሠ. ሌላ የተለየ <i>መ</i> ልስ ካለዎት በተሰጠው ክፍት ቦታ ላይ ይግለጹት?	

APPENDIX B

St. Mary's University College

BUSINESS FACULTY

DEPARTMENT OF MARKETING MANAGEMENT

INTERVIEW CHECKLIST

Interview with Marketing Manager of Kality Food S.C

- 1. What challenges your company face in developing new product or modifying the existing product?
- 2. What are the major procedures that the company follows in developing new product?
- 3. How could you evaluate the market coverage of new product?
- 4. What is your major source of getting ideas for developing new product?
- 5. To what extent the company focus in satisfying need and want of customers?
- 6. How did the company get complain about new product from final customers?
- 7. To what extent the company satisfies potential customers and attract new customers?
- 8. How the company allocate sufficient budget for new product development?
- 9. To what extent the company work on research and development before producing new product?
- 10. How the company solve the problem of new product failure?

DECLARATION

Candidate's Declaration

I, the undersigned, declare that this senior essay is my original work, prepared under the

guidance of Fitsum Ambachew. All sources of materials used for the manuscript have been duly
acknowledged.
Name: Abrham Ashenafi
Signature:
Place of Submission: - ST.MARY'S UNIVERSITY COLLEGE DEPARTMENT OF MARKETING MANAGEMENT
Date of Submission
ADVISOR'S DECLARATION
This paper has been submitted for examination with my approval as the university college advisor
Name Fistum Ambachew
Signature
Data

Appendices